

M A N I T O B A) Order No. 107/14
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THE PUBLIC UTILITIES BOARD ACT) September 17, 2014

BEFORE: Susan Proven, P.H.Ec., Acting Chair
The Hon. Anita Neville, P.C., B.A. (Hons.), Member

TOWN OF CHURCHILL
ACTUAL DEFICIT 2011 AND 2012

WHEREAS the Public Utilities Board (Board) issued Order No. 151/08 on November 7, 2008 requiring all water and/or sewer utilities to report an actual year-end deficit to the Board if the utility:

1. had not received prior approval for the deficit from the Board and such deficit either exceeds \$10,000 or represents 5% of the utility's operating budget; or
2. had received prior approval for the deficit from the Board and the actual deficit:
 - a. exceeds the previously approved amount by either \$10,000 or 5% of the utility's operating budget; or
 - b. is caused as a result that differs from that upon which said approval was granted;

AND WHEREAS the Town of Churchill Water and Sewer Utility incurred a deficit of \$587,943 at the end of the 2011 operating year;

AND WHEREAS the Town of Churchill Water and Sewer Utility incurred a deficit of \$663,520 at the end of the 2012 operating year;

AND WHEREAS it is proposed that the reasons for said deficits are insufficient consumer water rates, declining and seasonal population, excessive and inefficient water consumption through the use of spills required to prevent freezing of lines during the winter months;

AND WHEREAS it is proposed that the 2011 and 2012 deficits be recovered through the accumulated surplus;

Application

The Town of Churchill (Town) submitted applications to approve the 2011 and 2012 deficits on June 16, 2014. Rates were last set in 2005 in Board Order No. 67/05. The application states that a rate study is being prepared for submission in 2014.

Board Order No. 93/09 established that utilities should maintain a minimum working capital surplus, in an amount equal to 20% of annual expenses. The working capital surplus is defined as the Utility fund balance, excluding any capital related items plus Utility reserves.

The applications were accompanied by the 2011 and 2012 audited financial statements. The working capital surplus at December 31, 2012 is calculated as follows:

Town of Churchill	2012
Fund Surplus	\$ 3,376,960
Deduct Tangible Capital Assets	\$ 4,622,898
Add Long-Term Debt	\$ -
Add Utility Reserves	\$ 4,961,133
Working Capital Surplus	\$ 3,715,195

Board findings

The Board will approve the Town of Churchill's application for approval of the 2011 and 2012 operating deficits.

The Board is concerned about the deficits experienced in recent years, and will require the Town to submit a rate study, with application for new rates if required, on or before January 31, 2015. The Board is particularly interested in the excessive amounts held in reserve as of December 31, 2012, and will require the Town to provide detailed plans for those monies held in reserve.

IT IS THEREFORE ORDERED THAT:

1. The 2011 and 2012 deficit applications for the Town of Churchill is HEREBY APPROVED to be recovered through the accumulated surplus;
2. The Town of Churchill is to submit to the Board a rate study, with rate application if required, on or before January 31, 2015;
3. The Town of Churchill is to provide the Board with a copy of the audited 2013 financial statements, as soon as they are available.

Fees payable upon this Order - \$150.00

THE PUBLIC UTILITIES BOARD

"SUSAN PROVEN, P.H.Ec."
Acting Chair

"JENNIFER DUBOIS, CMA."
Acting Secretary

Certified a true copy of
Order No. 107/14 issued by
The Public Utilities Board

Acting Secretary

Board decisions may be appealed in accordance with the provisions of Section 58 of *The Public Utilities Board Act*, or reviewed in accordance with Section 36 of the Board's Rules of Practice and Procedure (Rules). The Board's Rules may be viewed on the Board's website at www.pub.gov.mb.ca.