

**M A N I T O B A** ) **Order No. 119/15**  
 )  
**THE PUBLIC UTILITIES BOARD ACT** ) **November 23, 2015**

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

**MUNICIPALITY OF NORTH NORFOLK**  
**TOWN OF MACGREGOR WATER AND WASTEWATER UTILITY**  
**OPERATING DEFICITS 2010, 2011 and 2012**

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;

### **Application**

On September 21, 2015 the Board received deficit applications for 2010, 2011 and 2012 for the MacGregor (Utility) from the Municipality of North Norfolk (Municipality). Prior to amalgamation on January 1, 2015 the Utility was part of the Town of MacGregor. Rates were last implemented September 1, 2013, as approved in Board Order No. 152/12.

The submission included a copy of the Municipality's Council Resolution No. 321/2015. The Resolution acknowledges the following deficits, when calculated for regulatory purposes:

2010 - \$25,798

2011 - \$73,553

2012 - \$14,500

The Resolution requests that they be recovered by the Utility's accumulated surplus.

The application advised that the deficits were a result of a significant increase in water costs in 2011. Deficits are not expected to recur since the Utility increased rates January 1 and September 1, 2013.

### **Working capital calculation**

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.

As per the 2014 audited financial statements, the most recent information available, the working capital surplus at December 31, 2014 was:

Fund surplus	1,025,601
Less: Tangible capital assets	-1,200,467
Add: Long term debt	174,763
Add: Reserves	198,164
<b>Total Working Capital Surplus</b>	<b>198,061</b>

### **Board findings**

By law, Manitoba utilities are not allowed to incur deficits. In the event that a deficit does occur, a Utility is required to obtain Board approval for a recovery methodology. The Board approves the 2010, 2011 and 2012 deficits to be recovered through the accumulated surplus account.

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](http://www.pub.gov.mb.ca).

**IT IS THEREFORE ORDERED THAT:**

1. The actual operating deficits, when calculated for regulatory purposes, are 2010 of \$25,798, 2011 of \$73,553 and 2012 of \$14,500 incurred in the Municipality of North Norfolk – MacGregor water and wastewater utility are HEREBY APPROVED to be recovered from the Utility Surplus.
2. The Municipality of North Norfolk – MacGregor water and wastewater utility review its water and wastewater rates for adequacy and file a report with the Public Utilities Board, as well as an application for revised rates if required, by no later than August 31, 2016.

Fees payable upon this Order - \$150.00

THE PUBLIC UTILITIES BOARD

“SUSAN PROVEN, P.H.Ec.”

Acting Chair

“JENNIFER DUBOIS, CPA, CMA”

Acting Secretary

Certified a true copy of Order No. 119/15  
issued by The Public Utilities Board

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Acting Secretary