

M A N I T O B A) **Order No. 131/15**
)
THE PUBLIC UTILITIES BOARD ACT) **December 1, 2015**

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

RURAL MUNICIPALITY OF VICTORIA
CYPRESS RIVER WATER AND WASTEWATER UTILITY
OPERATING DEFICIT 2014

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 October 19, 2015 the Board received a deficit application for 2014 for the Cypress River Utility (Utility) from the Rural Municipality of Victoria (RM). The deficit application was accompanied by Council Resolution No. 224/2015 requesting the 2014 deficit be recovered through the accumulated surplus fund.

Rates were last set in 2012, in Board Order No. 133/12. The Board previously approved the 2012 and 2013 operating deficits in Board Order No. 48/15. This Order also included a directive requiring the RM to file a statement of rate adequacy as well as an application for revised rates if required, on or before September 30, 2015.

The 2014 deficit application advised the Board that they have contracted a consultant to prepare a rate study and plan to submit a rate application. The RM gave no notification of when the Board would receive the submission.

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 will approve the recovery of the 2014 deficit through the Utility's accumulated surplus account.

The Board is concerned that the RM has failed to comply with the directive from Board Order No. 48/15. No request for an extension has been received or approved by the Board. Please note that all items found under "IT IS THEREFORE ORDERED THAT" are directives not recommendations, and must be complied with or appealed as outlined below. Pursuant to *the Public Utilities Board Act*, the Board has available enforcement methods and can apply penalties for non-compliance.

The Board will give the RM until January 1, 2016 to file a rate application. No extensions will be granted beyond this date.

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.

IT IS THEREFORE ORDERED THAT:

1. The 2014 actual operating deficit, when calculated for regulatory purposes, of \$15,186 incurred in the Rural Municipality of Victoria - Cypress River water and wastewater utility is HEREBY APPROVED to be recovered through the accumulated surplus fund.
2. The Rural Municipality of Victoria - Cypress River water and wastewater utility file an application for revised rates on or before January 1, 2016.
3. The Rural Municipality of Victoria - Cypress River water and wastewater utility provide a copy of the audited 2015 financial statements to the Public Utilities Board as soon as they are available, with deficit application if required.

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. 131/15
issued by The Public Utilities Board

Acting Secretary