

Order No. 117/16

**MUNICIPALITY OF CLANWILLIAM-ERICKSON
WATER AND WASTEWATER UTILITY
BUDGETED OPERATING DEFICIT for 2016**

September 7, 2016

**BEFORE: The Hon. Anita Neville, P.C., B.A. (Hons.), Acting Chair
Carol Hainsworth, C.B.A., Member**

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 April 9, 2016 the Board received an application for approval of a budgeted deficit for 2016 of \$5,333 from the Municipality of Clanwilliam-Erickson Utility (Municipality or Utility). The application was accompanied by Council Resolution No.108/16 requesting that the deficit be recovered through the Utility's accumulated surplus account.

The application reported that the budgeted deficit was due to a sewer line repair estimated at \$30,000. To help with the expense, \$16,000 was transferred from the Reserve Fund resulting in a deficit of \$5,333 to be recovered.

The Municipality's most recent rate increase was effective for January 1, 2016 and the first billing had just been completed at the time of submitting this application; therefore the adequacy of the rates was reported as still to be determined.

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 budgeted 2016 deficit to be recovered through the Utility's accumulated surplus account.

Once the audited results for 2016 are available, if the actual deficit exceeds the previously approved amount by either \$10,000 or 5% of the utility's operating budget or is caused as a result that differs from that upon which said approval was granted. The Municipality must apply for approval again.

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 budgeted operating deficit, when calculated for regulatory purposes, is \$5,333 for 2016 incurred in the Municipality of Clanwilliam-Erickson water and wastewater utility is HEREBY APPROVED to be recovered from the Utility's Accumulated Surplus.
2. Once audited results are reviewed and **should the actual deficit exceed the previously approved amount by either \$10,000 or 5% of the utility's operating budget or is caused as a result that differs from that upon which said approval was granted.** The Municipality must apply for approval again.

Fees payable upon this Order - \$150.00

THE PUBLIC UTILITIES BOARD

"The Hon. ANITA NEVILLE, P.C., B.A. (Hons.)"
Acting Chair

"JENNIFER DUBOIS, CPA, CMA"
Acting Secretary

Certified a true copy of Order No. 117/16
issued by The Public Utilities Board

Acting Secretary