

**Order No. 153/16**

**MUNICIPALITY OF MONTCALM  
LETELLIER WATER and WASTEWATER UTILITY  
ACTUAL OPERATING DEFICITS for 2012, 2013 and 2014**

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**December 8, 2016**

**BEFORE: The Hon. Anita Neville, P.C., B.A. (Hons.), Acting Chair  
Allan Morin, B.A., ICD.D, Member  
Sharon McKay, B.G.S., 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;

### **Deficits**

On October 6, 2016 the Board received 2013 and 2014 audited financial statements for the Rural Municipality of Montcalm (RM).

Upon review, the Board confirmed utility operating deficits of \$15,110 for 2012, \$7,740 for 2013 and \$24,397 for 2014 for the Letellier Utility (Utility). The RM did not file any deficit applications for the Board's approval, despite the fact that applications were filed for the RM's other two utilities, St. Joseph and Montcalm. No explanation for this oversight was provided.

Rates were last set in 2009 in Board Order No. 92/09 and have since been revised only for pass through rates approved for the Pembina Valley Water Coop, from whom the Utility purchases all treated water.

## 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 remind the RM of its reporting obligations and should any future deficits be incurred, the RM is responsible to file an application for Board approval of the deficit and its recovery. Given the receipt of the RM's other deficit applications and evidence of transfers from reserves, the Board feels that the failure to apply for PUB approval of these deficits is an oversight on the part of the RM. The Board was able to process the deficits using the information provided on the applications submitted for the St. Joseph and Montcalm utilities.

The Board will approve the deficits of \$15,110 for 2012, \$7,740 for 2013 and \$24,397 for 2014 for the Letellier Utility to be recovered by previous transfers from the reserves fund.

The Board makes this decision due to the fact that the RM has previously advised that a consultant has been contracted to conduct a rate review and possible amalgamation of the Rural Municipality of Montcalm's utilities, including the Letellier Utility.

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 of \$15,110 (2012), \$7,740 (2013) and \$24,397 (2014) incurred in the Rural Municipality of Montcalm – Letellier Utility are HEREBY APPROVED to be recovered by the previous transfers from the Utility's reserve fund.
2. The Rural Municipality of Montcalm file an application for revised rates for the Letellier Utility on or before June 30, 2017.
3. The Rural Municipality of Montcalm submit future deficit applications as required.

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. 153/16  
issued by The Public Utilities Board

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Acting Secretary