

**Order No. 154/16**

**RURAL MUNICIPALITY OF MONTCALM  
MONTCALM WATER UTILITY  
ACTUAL OPERATING DEFICIT for 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;

### **Application**

On October 6, 2016 the Board received an application from the Rural Municipality of Montcalm (RM) requesting PUB approval for the 2014 operating deficit for the Montcalm Utility (Utility) in the amount of \$36,105. The application was accompanied by Council Resolution No.16 261 requesting that the balance of the deficit of \$13,105, after a transfer from reserve funds of \$23,000, be recovered through the Utility's accumulated surplus account. Rates were last set in 2009 in Board Order No. 91/09 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.

The application advised that the deficit was a result of water leaks, amortization expenses, higher than normal purification and treatment expenses and the lack of rate review since Public Sector Accounting Board standards came into effect.

The RM advised that it is considering the possibility of dissolving the St. Joseph Utility and amalgamating the existing customers/connections with the Montcalm Utility. A consultant has been contracted to conduct a rate review and possible amalgamation of the Rural Municipality of Montcalm utilities, including the Montcalm Utility.

## 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 2014 utility operating deficit of \$36,105 for Montcalm Utility to be recovered by the previous transfer from reserves of \$23,000 and \$13,105 from the Utility's 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 2014 actual operating deficit of \$36,105, incurred in the Rural Municipality of Montcalm – Montcalm Utility, is HEREBY APPROVED to be recovered by the previous transfer from reserves of \$23,000 and \$13,105 from the Utility's accumulated surplus account.
2. The Rural Municipality of Montcalm file an application for revised rates for the Montcalm Utility on or before June 30, 2017.

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. 154/16  
issued by The Public Utilities Board

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Acting Secretary