

**Order No. 31/16**

**RURAL MUNICIPALITY OF ELLICE-ARCHIE  
ST. LAZARE WATER AND WASTEWATER UTILITY  
OPERATING DEFICITS 2014**

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**March 8, 2016**

**BEFORE: Susan Proven, P.H.Ec., Acting Chair  
The Hon. Anita Neville, P.C., B.A. (Hons.), 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 March 1, 2016 the Board received a deficit application for the year 2014 in the amount of \$40,127, for the St. Lazare Utility (Utility) from the Rural Municipality of Ellice-Archie (RM). The deficit application was accompanied by Council Resolution No. 41/16 requesting the 2014 deficit be recovered from the Utility's accumulated surplus fund. Prior to amalgamation on January 1, 2015 the Utility was part of the Village of St. Lazare. Rates were last set in 2004.

The application advised that 2014 deficit was as a result of the implementation of the Public Sector Accounting Board Standards. The RM advised the Board that the Utility installed water meters in every property in 2015 and anticipates hiring a consultant in March 2016 to prepare a rate study and to submit a rate application by mid 2016, so as to avoid further deficits.

The RM advised the Board that they are aware of the Utility's history of non-compliance and are working hard at correcting it.

## 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. Board approves the 2014 deficit to be recovered from the Utility's accumulated surplus fund.

The Utility has incurred deficits consecutively for the last 3 years and the Board still anticipates further deficits until revised rates are implemented. The audited financial statements clearly indicate that the Utility's rates are not sufficient to cover the cost of its operations.

The Board will direct the RM to submit a rate application on or before September 1, 2016. The Board urges the RM to make efforts to submit this rate application as soon as possible, as further delays may lead to significant deficits that could create undue hardships for the Utility's customers.

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, when calculated for regulatory purposes, of \$40,127 incurred in the former Village of St Lazare - St Lazare water and wastewater utility is HEREBY APPROVED to be recovered through the Utility's Accumulated Surplus Fund.
2. The Rural Municipality of Ellice-Archie – St Lazare water and wastewater utility file an application for revised rates on or before September 1, 2016.
3. The Rural Municipality of Ellice-Archie – St Lazare water and wastewater utility file provide copies of their audited financial statements as soon as they are available, including deficit applications as 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. 31/16 issued  
by The Public Utilities Board

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Acting Secretary