

**M A N I T O B A** ) **Order No. 8/16**  
 )  
**THE PUBLIC UTILITIES BOARD ACT** ) **January 14, 2016**

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

**RURAL MUNICIPALITY OF VICTORIA BEACH**  
**ALBERT BEACH WATER UTILITY**  
**OPERATING DEFICIT 2012**

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 December 22, 2015 the Board received a deficit application for 2012 for Albert Beach Water Utility (Utility) from the Rural Municipality of Victoria Beach (RM). The submission was accompanied by Council Resolution No. 2015/225, requesting the 2012 operating deficit of \$5,228 be recovered from the Utility's accumulated surplus.

The RM stated that the former CAO budgeted for a transfer from the Utility's reserve for 2012, without the Board's approval. The transfer was not completed, which resulted in the 2012 operating deficit. The RM provided the 2013 and 2014 statements in March and July 2015, but did not state if its rates are adequate.

On March 29, 2012, the RM submitted an application for approval of the 2011 deficit of \$5,445. The deficit figure was based on the RM's estimate of 2011 results, as the 2011 audited financial statements were not yet available. The Board accepted the RM's estimate and approved the 2011 deficit to be recovered from the Utility's reserve fund. The Board approved the 2011 deficit recovery and revised water rates in Board Order Nos. 125/12 and 144/12.

## **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 approves the 2012 deficit of \$5,228, to be recovered from the Utility's accumulated surplus.

On December 29, 2014, the Board received the Utility's audited financial statements for 2011 and 2012. A review of the statements showed that the Utility's actual deficit for 2011 was \$5,231 which was less than the estimated amount provided by the RM, for the 2011 deficit.

The Board notes from the Utility's audited financial statements that the Utility is operating very close to the breakeven point. The Board will request that the Utility file a rate application, or statement of rate adequacy with rationale, on or before July 31, 2016.

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 deficit, when calculated for regulatory purposes, for 2012 of \$5,228 incurred in the Rural Municipality of Victoria Beach – Albert Beach Water Utility is HEREBY APPROVED to be recovered from the Utility's accumulated surplus.
2. The Rural Municipality of Victoria Beach - Albert Beach Water Utility review its water rates for adequacy and file an application for revised rates on or before July 31, 2016.
3. The Rural Municipality of Victoria Beach - Albert Beach Water Utility provide its audited financial statements for 2015, as soon as they are available.

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. 8/16  
issued by The Public Utilities Board

\_\_\_\_\_  
Acting Secretary