

Order No. 106/19

**RURAL MUNICIPALITY OF DE SALABERRY
OTTERBURNE WASTEWATER UTILITY
2009, 2010 and 2011
ACTUAL OPERATING DEFICIT RECOVERY**

July 24, 2019

**BEFORE: Shawn McCutcheon, Panel Chair
Bob Vandewater, Member**

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 recovery methodology.

The Public Utilities Board (Board) issued Order No. 151/08 on November 7, 2008 requiring all water and/or wastewater 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.

1.0 Deficit Application

On May 30, 2019, the Board received an application from the Rural Municipality of De Salaberry (RM), Otterburne Wastewater Utility (Utility), for approval of the following deficits:

- 2009 \$8,429
- 2010 \$5,224
- 2011 \$9,350

Along with the application, the RM submitted Council Resolution No. 2019-313, which requested the recovery of the deficits through the Utility's Accumulated Surplus.

The application stated that the deficits were due to insufficient revenue.

Rates for the Utility were last set in Order No. 34/19.

Working Capital Calculation

Board Order No. 93/09 established that utilities should maintain a minimum working capital surplus, in an amount equal to 20% of annual expenses. The working capital surplus/deficit is defined as the Utility fund balance, excluding any capital related items plus Utility reserves.

As per the 2017 audited financial statements for the Utility, the most recent information available, the working capital surplus at December 31, 2017 is as follows:

	2017
Utility Fund Accumulated Surplus	\$187,128
Deduct Tangible Capital Assets	(\$127,951)
Add Long Term Debt	\$0
Add Utility Reserves	\$23,853
Equals Working Capital Surplus	\$83,030
Expenses	\$17,890
20% of Expenses (Target)	\$3,578

2.0 Board findings

The Board has reviewed the application, determining there is sufficient working capital, and approves the 2009 deficit of \$8,429, the 2010 deficit of \$5,224, and the 2011 deficit of \$9,350, to be recovered through the Utility Accumulated Surplus Account.

3.0 IT IS THEREFORE ORDERED THAT:

1. The actual operating deficits, when calculated for regulatory purposes, of \$8,429 in 2009, \$5,224 in 2010, and \$9,350 in 2011 incurred in Rural Municipality of De Salaberry, Otterburne Wastewater Utility, are HEREBY APPROVED to be recovered through the Utility's Accumulated Surplus Account, effective the date of this Order.

Fees payable upon this Order - \$150.00

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.pubmanitoba.ca.

THE PUBLIC UTILITIES BOARD

"Shawn McCutcheon"

Panel Chair

"Jennifer Dubois, CPA, CMA"

Assistant Associate Secretary

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issued by The Public Utilities Board



Assistant Associate Secretary