

**Order No. 18/22**

**ROSSBURN MUNICIPALITY  
ROSSBURN WATER AND WASTEWATER UTILITY  
2019 AND 2020 ACTUAL OPERATING DEFICITS RECOVERY**

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**February 16, 2022**

**BEFORE:** Marilyn Kapitany, B.Sc. (Hon), M.Sc., Panel Chair  
Shawn McCutcheon, Panel 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 that the Utility proposes.

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 October 1, 2021, the Board received an application from the Rosburn Municipality (Municipality), Rosburn Water and Wastewater Utility (Utility) for approval of the following deficits

• 2019	\$ 105,797
• 2020	<u>\$ 49,912</u>
Total	\$ 155,709

Along with the application, the Municipality submitted Council Resolution No. 2021-285, requesting approval for the recovery of the deficits through a rate rider of \$4.13 per 1,000 gallons over five years.

The application stated the deficits were due to increased costs, aging water system infrastructure and undetected water leaks.

The Board last granted approval for revised Utility rates in Board Order No. 64/21 for rates effective October 1, 2021.

## 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 2020 audited financial statements for the Utility, the most recent information available, the working capital deficit at December 31, 2020 is as follows:

	2020	2019
Utility Fund Accumulated Surplus	(\$197,018)	(\$126,329)
Deduct: Tangible Capital Assets	\$520,114	\$497,962
Add: Long Term Debt	\$496,371	\$29,532
Add: Utility Reserves	\$82,636	\$81,796
<b>Equals: Working Capital Surplus (Deficit)</b>	<b>(\$138,125)</b>	<b>(\$512,963)</b>
Expenses	\$314,829	\$307,953
Target (20% of Expenses)	\$62,966	\$61,591

The Utility's working capital does not meet the Board's minimum requirement of 20% of its operating expenses.

## 2.0 Board Findings

The Board grants approval of the 2019 and 2020 actual operating deficits, when calculated for regulatory purposes, in the amounts of \$105,797 and \$49,912 to be recovered through a rate rider of \$4.13 per 1,000 gallons beginning April 1, 2022 for a period of five years or until the deficits have been fully recovered, whichever comes first.

### 3.0 IT IS THEREFORE ORDERED THAT:

1. The 2019 and 2020 actual operating deficits, when calculated for regulatory purposes, in the amounts of \$105,797 and \$49,912, incurred in the Rosburn Municipality, Rosburn Water and Wastewater Utility, are HEREBY APPROVED to be recovered through a rate rider of \$4.13 per 1,000 gallons beginning April 1, 2022 to be collected over five years or until the total deficit of \$155,709, has been fully recovered, whichever comes first.

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](http://www.pubmanitoba.ca).

THE PUBLIC UTILITIES BOARD

"Marilyn Kapitany, B.Sc. (Hon), M. Sc."  
Panel Chair

"Jennifer Dubois, CPA, CMA"  
Assistant Associate Secretary

Certified a true copy of Order No. 18/22  
issued by The Public Utilities Board

  
Assistant Associate Secretary