

Order No. 139/16

**GRANDVIEW MUNICIPALITY
URBAN WATER AND WASTEWATER UTILITY
ACTUAL OPERATING DEFICIT FOR 2014**

November 1, 2016

BEFORE: The Hon. Anita Neville, P.C., B.A. (Hons.), Acting Chair

Carol Hainsworth, C.B.A., 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 July 29, 2016 the Board received a deficit application for 2014 of \$71,558 for the Urban Utility (Utility) from the Grandview Municipality (Municipality). The application was accompanied by their Council Resolution No. 2016-217, requesting that the deficit be recovered through a rate increase over 4 billing cycles based on water usage. The Municipality reported that a rate study is currently being prepared due to rising costs and that rates were last revised in 2013 in Board Order No. 38/11.

The application advised that the deficits were a result of the significant amount of frozen water lines and increased water breaks. The Municipality is in the process of working on a 10 to 15 year plan to renew the water and wastewater mains and accompanying infrastructure which should mitigate the amount of water main breaks in future. They have also completed installation of remote read water meters to over 90% of the connections in hopes of improving record keeping.

Upon review of the application, Board staff discovered that the deficit amount was miscalculated for regulatory purposes and that the *PUB Schedule 9* did not include the correct amount in the *Amortization of Contributed Tangible Capital Assets* section. The application included Council Resolution No. 2016-217 stating a non specific method of recovery. Board staff requested that the Municipality reconsider their application.

On September 8, 2016, the Municipality submitted an amended application for a deficit recovery in the amount of \$49,215. The Municipality requested that the Board consider the recovery of the deficit by a rate rider of \$ 2.33 per 1,000 gallons over 6 billing cycles or 1.5 years. This request was accompanied by Council Resolution No. 2016-273.

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 deficit to be recovered by a rate rider of \$ 2.33 per 1,000 gallons over 6 billing cycles or 1.5 years.

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.

IT IS THEREFORE ORDERED THAT:

1. The actual operating deficit, when calculated for regulatory purposes, for 2014 of \$49,215 incurred in the Grandview Municipality – Urban water and wastewater utility is HEREBY APPROVED to be recovered by a rate rider of \$ 2.33 per 1,000 gallons of consumption beginning **January 1, 2017**, for a period of 6 billing cycles (1.5 years) or until the revenue for the rate rider has reached \$49,215, whichever comes first.
2. The Grandview Municipality submit a rate application on or by no later than 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. 139/16
issued by The Public Utilities Board

Acting Secretary