

Order No. 155/16

**MUNICIPALITY OF MONTCALM
ST. JOSEPH WATER UTILITY
ACTUAL OPERATING DEFICIT for 2014**

December 8, 2016

BEFORE: The Hon. Anita Neville, P.C., B.A. (Hons.), Acting Chair
Allan Morin, B.A., ICD.D, Member
Sharon McKay, B.G.S., 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 October 6, 2016 the Board received an application from the Rural Municipality of Montcalm (RM) requesting PUB approval for the 2014 operating deficit for the St. Joseph Utility (Utility) in the amount of \$5,314. The application was accompanied by Council Resolution No.16 260, requesting that the deficit be recovered through the Utility's accumulated surplus account. Rates were last set in 2008 in Board Order No. 164/08 and have since been revised only for pass through rates approved for the Pembina Valley Water Coop, from whom the Utility purchases all treated water.

The application advised that the deficit was a result of repair costs, amortization expenses and the lack of rate review since Public Sector Accounting Board practices came into effect.

The RM advised that it is considering the possibility of dissolving the St. Joseph Utility and amalgamating the existing customers/connections with the Montcalm Utility. A consultant has been contracted to conduct a rate review and possible amalgamation of the Rural Municipality of Montcalm utilities.

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 utility operating deficit of \$5,314 for St. Joseph Utility to be recovered through the Utility's accumulated surplus account.

The Board will also approve the 2013 utility operating deficit of \$4,789 for St. Joseph Utility recovered by the previous transfer from the Utility's reserve fund.

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 2014 actual operating deficit of \$5,314, incurred in the Rural Municipality of Montcalm - St. Joseph Utility is HEREBY APPROVED to be recovered from the Utility's accumulated surplus account.
2. The 2013 actual operating deficit of \$4,789, incurred in the Rural Municipality of Montcalm - St. Joseph Utility is HEREBY APPROVED to be recovered by the previous transfers from the Utility's reserve fund.
3. The Rural Municipality of Montcalm file an application for revised rates for the St. Joseph Utility on or before 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. 155/16
issued by The Public Utilities Board

Acting Secretary