

**Order No. 135/17**

**RURAL MUNICIPALITY OF WHITEMOUTH  
WHITEMOUTH WASTEWATER UTILITY  
2015 ACTUAL OPERATING DEFICIT RECOVERY**

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**December 18, 2017**

**BEFORE: Carol Hainsworth, C.B.A., Panel Chair  
Susan Nemec, FCPA, FCA, 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.

## 1.0 Application

On January 19, 2017, the Board received an application from the Rural Municipality of Whitemouth (RM) Whitemouth Wastewater Utility (Utility) for approval of a 2015 utility operating deficits in the amount of \$19,673. Along with the application the RM also submitted Council Resolution No. 13/17, which requested the deficits be recovered through a rate rider over a two year period

The RM has 158 customers connected to the system. Of the 158 customers, 3 are unmetered. The RM proposed to have a rate rider of \$0.25 per cubic meter for metered customers and a flat rate rider based on estimated consumption for unmetered customers. Unmetered customers are charged based on 40 cubic meters usage per quarter.

The application stated that the deficit was the result of an unusually high expense for sewage lift station repairs. The RM looked at the options for recovering the deficit and concluded that a rate rider is the best option. The reserve and accumulated surplus have been depleted from previous deficits/expenditures in 2013 and 2014. The application also states that the current rates the RM is charging is not sufficient and a rate application has been submitted to the Board for review in May 2016. Rates were last set in 2010 in Board Order 140/10.

### 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 is defined as the Utility fund balance, excluding any capital related items plus Utility reserves.

As per the 2016 audited financial statements, the most recent information available, the working capital surplus at December 31, 2016 is in a deficient position from the Board's recommended target.

	2016	2015
Utility accumulated fund surplus	\$213,547	\$217,579
Deduct tangible capital assets	\$235,121	\$245,187
Add long term debt	\$8,337	\$17,727
Add utility reserves	\$259	\$12,174
<b>Equals Working Capital Surplus (Deficit)</b>	<b>(\$12,978)</b>	<b>(\$2,293)</b>
Operating costs	\$44,855	\$59,089
<b>20% of operating costs (target)</b>	<b>\$8,971</b>	<b>\$11,878</b>

## 2.0 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 recovery of the 2015 operating deficit of \$19,673 by a rate rider of \$0.25 per cubic meter based on consumption over 2 years (or until fully recovered, whichever comes first) commencing on January 1, 2018.

In the case of unmetered customers, a flat rate rider, of \$10.00 quarterly, would be charged based on the estimated consumption of 40 cubic meters included in the flat rate charge.

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).

### 3.0 IT IS THEREFORE ORDERED THAT:

1. The actual operating deficit, when calculated for regulatory purposes, for 2015 of \$19,673.00, incurred in the Rural Municipality of Whitemouth – Whitemouth Wastewater Utility is HEREBY APPROVED to be recovered by a rate rider of \$0.25 per cubic meter for metered customer and a flat rate rider, of \$10.00 per quarter, based on estimated consumption for unmetered customers. The rate rider will be over two years or until the deficit is paid in full, whichever comes first. The rate rider is effective from January 1, 2018.
2. The Rural Municipality of Whitemouth provide a notice to its customers regarding the decisions made in this Order, with a copy to the Public Utilities Board.

Fees payable upon this Order - \$150.00

THE PUBLIC UTILITIES BOARD

“Carol Hainsworth, C.B.A.”

Panel Chair

“RACHEL MCMILLIN, B.Sc.”

Acting Secretary

Certified a true copy of Order No. 135/17  
issued by The Public Utilities Board

*“original signed by”*

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Acting Secretary