

**Order No. 109/18**

**RURAL MUNICIPALITY OF ROSEDALE  
LOCAL IMPROVEMENT DISTRICT OF EDEN WATER UTILITY  
ACTUAL OPERATING DEFICIT RECOVERY FOR 2014**

---

**July 31, 2018**

**BEFORE: Shawn McCutcheon, Panel Chair  
Michael Watson, Member**

The Public Utilities Board (PUB) issued Order No. 151/08 on November 07, 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 \$10,000 or represents 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 June 15, 2018 the Board received a deficit application from the Rural Municipality of Rosedale (RM), Local Improvement District of Eden (LID) Water Utility (Utility) for approval of an actual utility operating deficit for 2014 in the amount of \$1,942. The application was accompanied by Council Resolution No. 18/140, requesting the deficit be recovered through the Utility's accumulated surplus account.

The RM noted that the deficit was incurred as a result of lower than anticipated water sales and higher than projected administration costs.

Rates were last set on an interim basis in Board Order No. 23/15 and finalized in Board Order No. 70/18.

### **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 2016 audited financial statements for the Utility, the most recent information available, the working capital surplus at December 31, 2016 is as follows:

	2016	2015
Utility accumulated fund surplus	\$57,355	\$48,228
Deduct tangible capital assets	\$3,258	\$3,622
Add long term debt	\$0	\$0
Add utility reserves	\$0	\$0
<b>Equals Working Capital Surplus</b>	<b>\$54,097</b>	<b>\$44,606</b>
Operating costs	\$14,359	\$6,699
<b>20% of operating costs (target)</b>	<b>\$2,872</b>	<b>\$1,340</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 approves the 2016 deficit of \$1,942 to be recovered through the Utility's accumulated surplus account.

### 3.0 IT IS THEREFORE ORDERED THAT:

1. The actual operating deficit, when calculated for regulatory purposes, for 2016 of \$1,942 incurred in the Rural Municipality of Rosedale – Local Improvement District of Eden Water Utility is HEREBY APPROVED to be recovered from the Utility's accumulated surplus, 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](http://www.pubmanitoba.ca).

THE PUBLIC UTILITIES BOARD

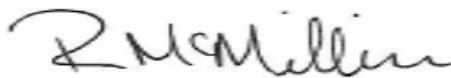
"Shawn McCutcheon"

Panel Chair

"Rachel McMillin, B.Sc.,"

Acting Secretary

Certified a true copy of Order No. 109/18  
issued by The Public Utilities Board



Acting Secretary