

Order No. 148/18

**THE TOWN OF SNOW LAKE
TOWN OF SNOW LAKE WATER AND WASTEWATER UTILITY
APPROVAL TO WITHDRAW RATE APPLICATION**

October 29, 2018

BEFORE: Marilyn Kapitany, BSC. (Hon), M.Sc., Panel Chair
Shawn McCutcheon, Panel Member

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1.0 Executive Summary

By this Order, the Public Utilities Board (Board) approves a request to withdraw the current rate application made by the Town of Snow Lake (Town) for the Town of Snow Lake Water and Wastewater Utility (Utility).

Rationale for the Board's decisions may be found under "Board Findings".

2.0 Application

On December 9, 2015, the Town applied to the Board for revised water and wastewater rates for the Utility. A rate study accompanied the application, prepared by the Town's consultant, and By-law #944/15 having had first reading on December 1, 2015. A Public Notice of Application was issued on December 21, 2015, with no stakeholder responses received.

Board Staff were in contact with staff of the Town on a number of occasions to clarify and request more information regarding the Town's application. However, Town staff were unable to provide the requested information, mostly due to staff turnover.

In June 2018, the Board was advised that the Utility had an operating deficit in 2017. The Town was advised that a deficit application would have to be submitted to the Board for approval of the recovery method. To date, a deficit application has not been received from the Town.

On October 2, 2018 the Board sent a letter to the Town, indicating that the rate application was incomplete and unable to be processed without clarification of the application and requesting submission of deficit applications for years the Utility experienced an operating deficit.

On October 22, 2018, the Board received Council Resolution #340/18 from the Town formally requesting withdrawal of the rate application as the information is incomplete. The

Town advised that a consultant has been hired to complete a new rate application and study that will be submitted to the Board in November 2018.

3.0 Board Findings

The Board approves the Town's request to withdraw the rate application as it finds the rationale reasonable.

The Board is concerned with the amount of time taken by the Town to address issues with the rate study dating back to December 2015. While the Board understands resource limitations, this application has been incomplete for quite some time and the Board was unable to proceed.

The Board would like to remind the Town that it needs to be more diligent in conducting regular reviews of its revenue requirements and its responsibilities in reporting to the Board. The Board urges the Town to review *The Public Utilities Board Act* and general Board Order Nos. 151/08 and 93/09 to have a better understanding of its reporting responsibilities.

Regular rate reviews submitted on a timelier three-year period, as per the Board's Guidelines, protect the financial position of the Utility and may mitigate the need for substantial rate increases. In some cases, the additional cost of a rate rider becomes necessary to recover utility deficits.

The Board is also concerned that the Town may have incurred deficits as the Town's last rates were approved in January 2012. The Board orders the Town to file for recovery approval of any operating deficits that may have been experienced between the years 2012 and 2017, on or before December 1, 2018.

The Board directs the Town to submit an application for revised rates and full rate study by no later than December 1, 2018.

