

Order No. 53/18

**RURAL MUNICIPALITY OF ROSEDALE
KELWOOD WATER UTILITY
ACTUAL OPERATING DEFICIT RECOVERY FOR 2016**

April 20, 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 February 12, 2018, the Board received a deficit application from the Rural Municipality of Rosedale (RM), Kelwood Water Utility (Utility) for approval of a utility an actual operating deficit for 2016 in the amount of \$7,503. The application was accompanied by Council Resolution No. 18/55, 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 as a result of repairs to the system.

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 to be recovered through the Utility's accumulated surplus account.

Rates were last set in 2012 in Board Order No. 84/12. An application for a rate increase based on the Simplified Rate Application Process (Board Order No. 86/17), was submitted on October 26, 2017. However, at the time of submission, the RM did not meet the stipulated criteria as set out in the Public Utilities Board Order No. 86/17 (Section 3: subsection 1(b)), which require that, "All outstanding utility deficits should have received approval of the Board", to qualify to apply for revised rates using the Simplified Process.

The Board notes that the Utility has incurred deficits for years 2009, 2010, 2012, 2014 and now 2016 and that rates were last set six years ago. The Board is concerned that the Utility rates are not adequate and will require the RM to file a rate application for the Kelwood Water Utility, by no later than October 31, 2018.

The Board recommends the RM review general Board Order Nos. 151/08 and 93/09 (available on the PUB website at www.pubmanitoba.ca) to ensure that they continue to understand and comply with the required reporting responsibilities of the utility.

3.0 IT IS THEREFORE ORDERED THAT:

1. The actual operating deficit, when calculated for regulatory purposes, for 2016 of \$7,503 incurred in the Rural Municipality of Rosedale – Kelwood Water Utility is HEREBY APPROVED to be recovered from the Utility's accumulated surplus, effective the date of this Order.
2. The Rural Municipality of Rosedale – Kelwood Water Utility provide copies of their 2017 audited financial statements as soon as they are available.
3. The Rural Municipality of Rosedale – Kelwood Water Utility review its water rates for adequacy and file an application for revised rates with the Public Utilities Board, by no later than October 31, 2018.

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.

THE PUBLIC UTILITIES BOARD

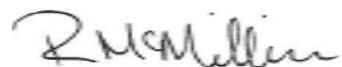
"Shawn McCutcheon"

Panel Chair

"Rachel McMillin, B.Sc."

Acting Secretary

Certified a true copy of Order No. 53/18
issued by The Public Utilities Board



Acting Secretary