

Order No. 107/18

**THE RURAL MUNICIPALITY OF DUFFERIN
DUFFERIN STEPHENFIELD WATER UTILITY
ACTUAL OPERATING DEFICIT RECOVERY FOR 2016**

July 31, 2018

**BEFORE: Marilyn Kapitany, B.Sc. (Hons), M.Sc., Panel Chair
Carol Hainsworth C.B.A, 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 July 16, 2018 the Board received a deficit application for an actual utility operating deficit for 2016 in the amount of \$58,682 from the Rural Municipality of Dufferin (RM), Water & Wastewater Utility (Utility). The application was accompanied by Council Resolution No. 15, requesting that the deficit be recovered through the Utility accumulated surplus.

The RM stated that the deficit was attributable to insufficient revenues, increased water transmission/distribution expense and a reduction in transfer revenue from the General Operating Fund for debenture debt payments.

Rates were last set in Board Order No. 83/18.

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 2017 audited financial statements for the Utility, the most recent information available, the working capital surplus at December 31, 2017 is as follows:

	2017	2016
Utility accumulated fund surplus	\$8,143,318	\$8,210,216
Deduct tangible capital assets	\$7,995,220	\$8,186,527
Add long term debt	\$188,934	\$216,048
Add utility reserves	\$419,762	\$373,280
Equals Working Capital Surplus	\$756,794	\$613,017
Operating costs	\$811,684	\$839,378
20% of operating costs (target)	\$162,337	\$167,876

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 of the deficit and for a recovery methodology.

The Board approves the 2016 utility operating deficit of \$58,682 recovered through the Utility's accumulated surplus account.

3.0 IT IS THEREFORE ORDERED THAT:

1. The actual utility operating deficit, when calculated for regulatory purposes, for 2016 in the amount of \$58,682 incurred in the Rural Municipality of Dufferin – Stephenfield 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

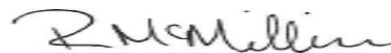
Board decisions may be appealed in accordance with the provisions of Section 58 of *The Public Utilities Board Act*, or reviewed in accordance with Section 36 of the Board's Rules of Practice and Procedure (Rules). The Board's Rules may be viewed on the Board's website at www.pubmanitoba.ca.

THE PUBLIC UTILITIES BOARD

"Marilyn Kapitany, B.Sc (Hon), M.Sc."
Panel Chair

"Rachel McMillin, B.Sc."
Acting Secretary

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issued by The Public Utilities Board



Acting Secretary