

Order No. 129/19

**TOWN OF POWerview-PINE FALLS
WATER AND WASTEWATER UTILITY
2016 ACTUAL OPERATING DEFICIT RECOVERY**

September 4, 2019

BEFORE: Shawn McCutcheon, Panel Chair
Robert Vandewater, Member

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 recovery methodology.

The Public Utilities Board (Board) issued Order No. 151/08 on November 7, 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 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 Deficit Application

On July 19, 2019, the Board received an application from the Town of Powerview-Pine Falls (Town), Water and Wastewater Utility (Utility), for approval of the 2016 actual operating deficit in the amount of \$31,279.

Along with the application, the Town submitted Council Resolution No. 2019-198, requesting the recovery of the deficit through the Utility's Accumulated Surplus.

The application stated that the deficit was due to an operational expense that was not covered by the existing rates.

Interim *ex parte* rates were set for the Utility in Board Order 61/13. Revised rates for July 1, 2015 and January 1, 2016 were finalized in Board Order 50/15.

The Board directed the Town to submit a rate application by December 31, 2019 in Order No. 89/19.

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 2015 audited financial statements for the Utility, the most recent information available, the working capital surplus at December 31, 2016 is as follows:

	2016
Utility Fund Accumulated Surplus	\$1,398,801
Deduct Tangible Capital Assets	(\$1,258,381)
Add Long Term Debt	\$0
Add Utility Reserves	\$0
Equals Working Capital Surplus	\$140,420
Expenses	\$483,789
20% of Expenses (Target)	\$96,758

2.0 Board findings

The Board has reviewed the application, determining there is sufficient working capital, and approves the 2016 deficit in the amount of \$31,279, to be recovered through the Utility Accumulated Surplus Account.

3.0 IT IS THEREFORE ORDERED THAT:

1. The actual operating deficit, when calculated for regulatory purposes, of \$31,279 in 2016, incurred in Town of Powerview-Pine Falls, Water and Wastewater Utility, is HEREBY APPROVED to be recovered through the Utility's Accumulated Surplus Account, 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


"Shawn McCutcheon"

Panel Chair

"Rachel McMillin, BSc."

Assistant Associate Secretary

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issued by The Public Utilities Board



Assistant Associate Secretary