

Order No. 148/19

**RURAL MUNICIPALITY OF THOMPSON
THOMPSON RURAL WATER UTILITY
2017 and 2018 ACTUAL OPERATING DEFICIT RECOVERY**

October 3, 2019

BEFORE: Carol Hainsworth, Panel Chair
Shawn McCutcheon, Panel 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 September 13, 2019, the Board received an application from the Rural Municipality of Thompson (RM), Thompson Rural Water Utility (Utility), for approval of the following deficits:

- 2017 \$11,294
- 2018 \$26,751

The total deficit amount to be recovered is \$38,045. Along with the application, the RM submitted Council Resolution No. 14/09/19, requesting the recovery of the deficit through the Utility's Accumulated Surplus. The application stated that the deficits were due to increased costs and insufficient revenue.

Rates for the Utility were last set in Board Order No. 26/19.

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 2018 audited financial statements for the Utility, the most recent information available, the working capital surplus at December 31, 2018 is as follows:

	2018
Utility Fund Accumulated Surplus	\$1,678,934
Deduct Tangible Capital Assets	(\$1,643,391)
Add Long Term Debt	\$0
Add Utility Reserves	\$40,770
Equals Working Capital Surplus (Deficit)	\$76,313
Expenses	\$147,482
20% of Expenses (Target)	\$29,496

2.0 Board findings

The Board has reviewed the application, determining that the Utility has sufficient working capital, and approves the 2017 deficit of \$11,294 and 2018 deficit of \$26,751 to be recovered through the Utility Accumulated Surplus.

3.0 IT IS THEREFORE ORDERED THAT:

1. The actual operating deficit, when calculated for regulatory purposes, of \$11,294 in 2017 and \$26,751 in 2018, incurred in Rural Municipality of Thompson, Thompson Rural Water Utility, are HEREBY APPROVED to be recovered through 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

"Carol Hainsworth"

Panel Chair

"Rachel McMillin, BSc."

Assistant Associate Secretary

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issued by The Public Utilities Board



Assistant Associate Secretary