

Order No. 139/20

**RURAL MUNICIPALITY OF ELLICE-ARCHIE
MCAULEY WATER AND WASTEWATER UTILITY
2019 ACTUAL OPERATING DEFICIT RECOVERY**

November 25, 2020

**BEFORE: Marilyn Kapitany, B.Sc. (Hon), M. Sc., Panel Chair
Mike Watson, 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 a 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 October 9, 2020, the Board received an application from the Rural Municipality of Ellice-Archie (RM), McAuley Water and Wastewater Utility (Utility), for approval of a 2019 deficit in the amount of \$35,113.

Along with the application, the RM submitted Council Resolution No. 246-20, requesting the recovery of the deficit through the Utility's Accumulated Surplus.

The application stated that the deficit was due to an abnormal amount of repair expenses for both the Water Treatment Plant (WTP) and the Sewer Lift Station. These repairs required additional staff wages, contract services for troubleshooting and the purchase of new pumps.

Rates for the Utility were last set in Board Order Nos. 87/19 and 93/19.

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 2019 audited financial statements for the Utility, the most recent information available, the working capital surplus at December 31, 2019 is as follows:

	2019
Utility Fund Accumulated Surplus	\$156,626
Deduct Tangible Capital Assets (TCA)	(\$139,962)
Add Long Term Debt	\$0
Add Utility Reserves	\$65,359
Equals Working Capital Surplus (Deficit)	\$82,023
Expenses	\$60,794
20% of Expenses (Target)	\$12,159

2.0 Board findings

The Board has reviewed the application and determined the Utility has adequate working capital surplus to absorb the deficit. The Board approves the 2019 deficit of \$35,113 to be recovered through the Utility's Accumulated Surplus.

3.0 IT IS THEREFORE ORDERED THAT:

1. The 2019 actual operating deficit, when calculated for regulatory purposes, in the amount of \$35,113, incurred in Rural Municipality of Ellice-Archie, McAuley Water and Wastewater 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

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

"Rachel McMillin, B.Sc."
Assistant Associate Secretary

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issued by The Public Utilities Board



Assistant Associate Secretary