

The background of the slide is a light gray gradient with several realistic water droplets of various sizes scattered across it. The droplets have highlights and shadows, giving them a three-dimensional appearance.

# **PUBLIC UTILITIES BOARD WATER AND WASTEWATER SIMPLIFIED FILING APPLICATIONS**

PRESENTED BY MANITOBA PUBLIC UTILITIES BOARD

APRIL 28, 2021

# OUTLINE

1. INTRODUCTION – GENERAL BOARD INFORMATION AND WEBINAR NAVIGATION
2. THE SIMPLIFIED FILING PROCESS:
  - a. BACKGROUND, OBJECTIVES, AND BENEFITS
  - b. DESIGNATED CRITERIA
  - c. MINIMUM FILING REQUIREMENTS
  - d. WHAT HAPPENS ONCE AN APPLICATION HAS BEEN FILED
  - e. CHECKS AND BALANCES

# ABBREVIATIONS

Board – Public Utilities Board

Application – Simplified Filing Application

Municipality – City, Rural Municipality, Town, Municipality, or other administrative division owning and/or operating a municipal utility

MMO – Manitoba Municipalities Online Database

# GENERAL INFORMATION

- The Board is a quasi-judicial administrative tribunal, responsible for the regulation of Manitoba public utilities and other matters as defined under *The Public Utilities Board Act*.  
(<https://web2.gov.mb.ca/laws/statutes/ccsm/p280e.php>)
- Board Composition (as at April 28, 2021)
  - Full-Time Chair
  - 9 Part-Time Board Members
  - 8 Full-Time Staff

# GENERAL INFORMATION

- Board Orders contain directives and may also contain recommendations. Board Orders carry the weight of a Court of Queen's Bench decision.
- Anything written under the heading "IT IS THEREFORE ORDERED THAT" is a directive, and must be complied with or appealed.
- A list of water and wastewater Board Orders, dating back to 2000, can be found at: <http://www.pubmanitoba.ca/v1/proceedings-decisions/orders/water-orders.html>

# WEBINAR NAVIGATION

- Please note, this particular series of webinars on the Simplified Filing Process is intended to be watched sequentially.
- For information on a specific topic, simply click the corresponding link next to your desired topic.
- A pdf. version of the slides to this presentation are available by clicking on the link below on this page.
- For information regarding other Board related topics, such as Deficit Applications, the Board will be adding and updating other webinars on various topics from time-to-time at the following link:

[PROVINCE OF MANITOBA | V1 - WATER AND WASTEWATER - EDUCATIONAL WEBINARS \(PUBMANITOBA.CA\)](https://pubmanitoba.ca/v1-water-and-wastewater-educational-webinars)

# **CONTACT INFORMATION**

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# THE SIMPLIFIED FILING PROCESS



# SIMPLIFIED FILING PROCESS BACKGROUND

- In Board Order No. 86/17 the Board introduced new policies to expedite water and wastewater rate applications for qualifying municipally owned water and wastewater utilities.
- The new simplified rate application process was created to:
  - Have a reasonable process that allows qualifying utilities to implement smaller rate increase, which are more tolerable for ratepayers.
  - Streamline the application process for eligible utilities, to reduce wait-times.

# SIMPLIFIED FILING PROCESS BACKGROUND

- Details of the Simplified Rate Application Process and applicable Minimum Filing Requirements can be viewed in Board Order No. 86/17:

<http://www.pubmanitoba.ca/v1/proceedings-decisions/orders/pubs/2017%20orders/86-17.pdf>

- Additional details, sample documents, and requirements for filing Simplified Applications with the board can also be found at the following link:

<http://www.pubmanitoba.ca/v1/regulated-utilities/w-ww/ratepayer/simplifiedrate.html>

# SIMPLIFIED FILING PROCESS OBJECTIVES AND BENEFITS

- Allows utilities to keep up with increasing operating costs.
- Provides incentive for Municipalities to remain compliant and current.
- Introduce smaller rate increases on a regular basis – preferred by customers.
- Decrease the backlog of rate and deficit applications with the Board.
- Process Simplified Filing Applications in an expedited manner.
- Allows the Board to focus resources on utilities that require more assistance.

Note – The process is NOT intended to allow non-compliant utilities to circumvent the normal rate application process.

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# **SIMPLIFIED FILING DESIGNATED CRITERIA**

# SIMPLIFIED FILING DESIGNATED CRITERIA

1. The Utility **MUST** be in compliance with all regulatory reporting including, but not limited to:

- a. Audited Financial Statements being relied upon for evidence by the Board in the Utility's application must be current and prepared in compliance with *The Municipal Act* section 190.

**Requirement** – If an applicant's audited financial statements are not up to date at the time of filing, an applicant does not qualify for Simplified Filing.

# SIMPLIFIED FILING DESIGNATED CRITERIA

Example of Most Recent Audited Financial Statements:

Current Date – February 18, 2021

Requirement – 2019 Audited Financial Statements

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Current Date – October 16, 2021

Requirement – 2020 Audited Financial Statements

# SIMPLIFIED FILING DESIGNATED CRITERIA

b. All outstanding deficits should have received approval of the Board.

**Requirement** – By law, Manitoba utilities are not allowed to incur deficits. In the event a utility does incur a deficit, the utility is required by *The Municipal Act* to obtain Public Utilities Board approval AND recovery methodology as soon as it is known.

IF you have an actual audited deficit that has not been approved by the Public Utilities Board, you do not qualify for Simplified Filing.

# SIMPLIFIED FILING DESIGNATED CRITERIA QUESTION - DEFICITS

- QUESTION – If my Utility has a budgeted and/or forecasted deficit for the current year, can I still apply for Simplified Filing?
- ANSWER – Maybe??
  - What is the cause of the budgeted/forecasted deficit? If the deficit is the result of insufficient rates, the Utility would not want to file for simply a 3% (or less) rate increase.
  - Timing – Sometimes a deficit could be the result of the timing of the amortization or a debenture, collection of property taxes, and/or receipt of grants. The Board will consider anomalies such as these in analyzing if a Utility meets the designated criteria for simplified filing.



# SIMPLIFIED FILING DESIGNATED CRITERIA

- c. All directives from previous Board Orders should have been followed, including submitting copies of all By-Laws after third reading, as required.

**Requirement** – All statements in Public Utilities Board Orders following the statement “IT IS THEREFORE ORDERED THAT:” should be/have been followed and/or completed.

For example, IF due dates have been missed, required information is outstanding, and/or any directive has not been followed in its entirety, you do not qualify for Simplified Filing.

# SIMPLIFIED FILING DESIGNATED CRITERIA

2. The Utility must not be experiencing an operating deficit which is the lower of \$10,000 or 5% of operating expenses, when calculated for regulatory purposes.
  - This includes the appropriate adjustments for capital grants and contributed assets as outlined in Board Order No. 151/08, found at:  
<http://www.pubmanitoba.ca/v1/pdf/08water/151-08.pdf>

# SIMPLIFIED FILING DESIGNATED CRITERIA QUESTION – FOR REGULATORY PURPOSES

- QUESTION – What is the meaning of “WHEN CALCULATED FOR REGULATORY PURPOSES”?
- Answer - Operating results adjusted to exclude revenue from capital grants or contributed assets and to include one year’s amortization of same.
- Short Answer - A Utility’s Net Operating Surplus/(Deficit) less Government Transfers related to Capital plus the amortization of capital grants included in the Public Utilities Board Note.

# SIMPLIFIED FILING DESIGNATED CRITERIA DEFICIT CALCULATIONS

For more information on how to properly perform deficit calculations for a utility, please use the following web-address and click the link(s) to view the webinar:

<http://www.pubmanitoba.ca/v1/regulated-utilities/w-ww/water-ww/w-ww-educational-webinars.html>

# SIMPLIFIED FILING DESIGNATED CRITERIA

3. The Utility is not experiencing an unexplained annual operating surplus which is in excess of 20% of operating expenses, when calculated for regulatory purposes. This includes the appropriate adjustments for capital grants and contributed assets as outlined in Board order No. 151/08.

Examples of Explained Surpluses – Connection fees, timing of grants/payments/taxes, and/or one-time expenditure savings/reductions.

Explained surpluses must be defensible to both the Board and utility customers.

# SIMPLIFIED FILING DESIGNATED CRITERIA ANNUAL OPERATING SURPLUSES

Important Note – An operating surplus, is not the same as the Working Capital Surplus/(Deficit) calculation.

Another Important Note – If the surplus can be explained, reasonably, and is not a result of utility rates that are too high, the Utility may still qualify for Simplified Filing.

- All details and supporting documentation explaining the excess surplus should be provided to the Board with the application.

# SIMPLIFIED FILING DESIGNATED CRITERIA

## QUESTION – WHY IS A BIG SURPLUS A BAD THING

- QUESTION – Why would the Board be concerned, if a Utility has a surplus in excess of 20%? Isn't this a good thing?
- Answer – For the same reason the Board does not want Utilities charging too little for rates, to support the financial well-being of the Utility. The Board ALSO does not want the Utility to be charging what could be deemed excessive rates to customers.

# SIMPLIFIED FILING DESIGNATED CRITERIA ANNUAL OPERATING SURPLUSES - CALCULATION

TOTAL ANNUAL EXPENSES X 20% = MAXIMUM ALLOWABLE SURPLUS

Note - If the Utility cannot provide a satisfactory explanation for the surplus in excess of 20%, the Utility does not qualify for Simplified Filing.



#

## SCHEDULE 9

## SCHEDULE OF UTILITY OPERATIONS - Name of Utility

#

	Budget	2018	2017
<b>REVENUE</b>			
<b>Water</b>			
Water fees	\$ -	\$ 500,000	\$ -
Bulk Water fees	-	-	-
sub-total- water	-	500,000	-
<b>Sewer</b>			
Sewer fees	-	160,000	-
Lagoon tipping fees	-	-	-
sub-total- sewer	-	160,000	-
<b>Property taxes</b>	-	415,000	-
<b>Government transfers</b>			
Operating	-	-	-
Capital	-	825,000	-
sub-total- government transfers	-	825,000	-
<b>Other</b>			
Hydrant rentals	-	20,000	-
Connection charges	-	145,000	-
Installation service	-	-	-
Penalties	-	5,000	-
Contributed tangible capital assets	-	-	-
Investment income	-	-	-
Administration fees	-	-	-
Gain on sale of tangible capital assets	-	-	-
Other income (specify)	-	-	-
sub-total- other	-	170,000	-
<b>Total revenue</b>	-	2,070,000	-

#

## SCHEDULE 9

## SCHEDULE OF UTILITY OPERATIONS (cont'd) - Name of Utility

#

	Budget	2018	2017
<b>EXPENSES</b>			
<b>General</b>			
Administration	-	45,000	-
Training costs	-	-	-
Billing and collection	-	3,000	-
Utilities (telephone, electricity, etc.)	-	-	-
Other (specify)	-	-	-
sub-total- general	-	48,000	-
<b>Water General</b>			
Purification and treatment	-	215,000	-
Water purchases	-	-	-
Transmission and distribution	-	145,000	-
Hydrant maintenance	-	-	-
Transportation services	-	2,000	-
Connection costs	-	-	-
Other (specify)	-	-	-
sub-total- water general	-	362,000	-
<b>Water Amortization &amp; Interest</b>			
Amortization	-	210,000	-
Interest on long term debt	-	180,000	-
sub-total- water amortization & interest	-	390,000	-
<b>Sewer General</b>			
Collection system costs	-	35,000	-
Treatment and disposal cost	-	10,000	-
Lift Station costs	-	32,000	-
Transportation services	-	-	-
Connection costs	-	-	-
Other sewage & disposal costs (specify)	-	1,000	-
sub-total- sewer general	-	78,000	-
<b>Sewage Amortization &amp; Interest</b>			
Amortization	-	110,000	-
Interest on long term debt	-	-	-
sub-total- sewer amortization & interest	-	110,000	-
<b>Total expenses</b>	-	988,000	-
<b>NET OPERATING SURPLUS</b>	-	1,082,000	-
<b>TRANSFERS</b>			
Transfers from (to) operating fund	-	-	-
Transfers from (to) reserve funds	-	-	-
<b>CHANGE IN UTILITY FUND BALANCE</b>	\$ -	1,082,000	25
<b>FUND SURPLUS, BEGINNING OF YEAR</b>		-	-
<b>FUND SURPLUS, END OF YEAR</b>		\$ 1,082,000	\$ -

#  
**SCHEDULE OF UTILITY OPERATIONS (cont'd) - Name of Utility**  
 #

**SCHEDULE 9**

	<u>Budget</u>	<u>2018</u>	<u>2017</u>
<b>EXPENSES</b>			
<b>General</b>			
Administration	-	45,000	-
Training costs	-	-	-
Billing and collection	-	3,000	-
Utilities (telephone, electricity, etc.)	-	-	-
Other (specify)	-	-	-
sub-total- general	<u>-</u>	<u>48,000</u>	<u>-</u>
<b>Water General</b>			
Purification and treatment	-	215,000	-
Water purchases	-	-	-
Transmission and distribution	-	145,000	-
Hydrant maintenance	-	-	-
Transportation services	-	2,000	-
Connection costs	-	-	-
Other (specify)	-	-	-
sub-total- water general	<u>-</u>	<u>362,000</u>	<u>-</u>
<b>Water Amortization &amp; Interest</b>			
Amortization	-	210,000	-
Interest on long term debt	-	180,000	-
sub-total- water amortization & interest	<u>-</u>	<u>390,000</u>	<u>-</u>
<b>Sewer General</b>			
Collection system costs	-	35,000	-
Treatment and disposal cost	-	10,000	-
Lift Station costs	-	32,000	-
Transportation services	-	-	-
Connection costs	-	-	-
Other sewage & disposal costs (specify)	-	1,000	-
sub-total- sewer general	<u>-</u>	<u>78,000</u>	<u>-</u>
<b>Sewage Amortization &amp; Interest</b>			
Amortization	-	110,000	-
Interest on long term debt	-	-	-
sub-total- sewer amortization & interest	<u>-</u>	<u>110,000</u>	<u>-</u>
<b>Total expenses</b>	<u>-</u>	<u>988,000</u>	<u>-</u>
<b>NET OPERATING SURPLUS</b>	<u>-</u>	<u>1,082,000</u>	<u>-</u>
<b>TRANSFERS</b>			
Transfers from (to) operating fund	-	-	-
Transfers from (to) reserve funds	-	-	-
<b>CHANGE IN UTILITY FUND BALANCE</b>	<u>\$ -</u>	<u>1,082,000</u>	<u>-</u>
<b>FUND SURPLUS, BEGINNING OF YEAR</b>		<u>-</u>	<u>-</u>
<b>FUND SURPLUS, END OF YEAR</b>		<u>\$ 1,082,000</u>	<u>\$ -</u>

# SIMPLIFIED FILING ANNUAL OPERATING SURPLUS CALCULATION

$$988,000 \times 20\% = \$197,600$$

The Maximum Allowable Surplus is \$197,600.

The Net Operating Surplus is \$1,082,000 and exceeds the Maximum Allowable Surplus by \$884,400, however, this amount needs to be adjusted for regulatory purposes.

Note – Can the amount in excess of 20% be explained?

SCHEDULE 9

#  
**SCHEDULE OF UTILITY OPERATIONS - Name of Utility**  
 #

	<u>Budget</u>	<u>2018</u>	<u>2017</u>
<b>REVENUE</b>			
<b>Water</b>			
Water fees	\$ -	\$ 500,000	\$ -
Bulk Water fees	-	-	-
sub-total- water	<u>-</u>	<u>500,000</u>	<u>-</u>
<b>Sewer</b>			
Sewer fees	-	160,000	-
Lagoon tipping fees	-	-	-
sub-total- sewer	<u>-</u>	<u>160,000</u>	<u>-</u>
<b>Property taxes</b>	<u>-</u>	<u>415,000</u>	<u>-</u>
<b>Government transfers</b>			
Operating	-	-	-
<b>Capital</b>	-	825,000	-
sub-total- government transfers	<u>-</u>	<u>825,000</u>	<u>-</u>
<b>Other</b>			
Hydrant rentals	-	20,000	-
<b>Connection charges</b>	-	145,000	-
Installation service	-	-	-
Penalties	-	5,000	-
Contributed tangible capital assets	-	-	-
Investment income	-	-	-
Administration fees	-	-	-
Gain on sale of tangible capital assets	-	-	-
Other income (specify)	-	-	-
sub-total- other	<u>-</u>	<u>170,000</u>	<u>-</u>
<b>Total revenue</b>	<u>-</u>	<u>2,070,000</u>	<u>-</u>

# SIMPLIFIED FILING EXAMPLE

First we revise the Net Operating Surplus for regulatory purposes by deducting the \$825,000 one-time capital:

$$\$1,082,000 - \$825,000 = \$257,000$$

## **UTILITY EXPLANATION FOR SURPLUS IN EXCESS OF MAXIMUM ALLOWABLE:**

“The revenues include \$145,000 of connection fees. This revenue is not anticipated to be recurring. The surplus, adjusted to account for the non recurring nature of the connection fees, would be \$112,000, which is no longer in excess of the maximum allowable.”

# SIMPLIFIED FILING DESIGNATED CRITERIA

4. The municipality must have reviewed the utility operations and expects the requested rate will be adequate to meet operating costs for the year.

What This Means – While current Audited Financial Statements are the foundation upon which forecasts should be formulated, it is the forecast itself that should determine the Utility's rates.

What THAT Means – When forecasting, Utilities must consider what will be happening in the year for which rates are being requested.

#

## SCHEDULE 9

## SCHEDULE OF UTILITY OPERATIONS - Name of Utility

#

	Budget	2018	2017
<b>REVENUE</b>			
<b>Water</b>			
Water fees	\$ -	\$ 500,000	\$ -
Bulk Water fees	-	-	-
sub-total- water	-	500,000	-
<b>Sewer</b>			
Sewer fees	-	160,000	-
Lagoon tipping fees	-	-	-
sub-total- sewer	-	160,000	-
<b>Property taxes</b>	-	415,000	-
<b>Government transfers</b>			
Operating	-	-	-
Capital	-	-	-
sub-total- government transfers	-	-	-
<b>Other</b>			
Hydrant rentals	-	20,000	-
Connection charges	-	-	-
Installation service	-	-	-
Penalties	-	5,000	-
Contributed tangible capital assets	-	-	-
Investment income	-	-	-
Administration fees	-	-	-
Gain on sale of tangible capital assets	-	-	-
Other income (specify)	-	-	-
sub-total- other	-	25,000	-
<b>Total revenue</b>	-	1,100,000	-

#

## SCHEDULE 9

## SCHEDULE OF UTILITY OPERATIONS (cont'd) - Name of Utility

#

	Budget	2018	2017
<b>EXPENSES</b>			
<b>General</b>			
Administration	-	45,000	-
Training costs	-	-	-
Billing and collection	-	3,000	-
Utilities (telephone, electricity, etc.)	-	-	-
Other (specify)	-	-	-
sub-total- general	-	48,000	-
<b>Water General</b>			
Purification and treatment	-	215,000	-
Water purchases	-	-	-
Transmission and distribution	-	145,000	-
Hydrant maintenance	-	-	-
Transportation services	-	2,000	-
Connection costs	-	-	-
Other (specify)	-	-	-
sub-total- water general	-	362,000	-
<b>Water Amortization &amp; Interest</b>			
Amortization	-	210,000	-
Interest on long term debt	-	180,000	-
sub-total- water amortization & interest	-	390,000	-
<b>Sewer General</b>			
Collection system costs	-	35,000	-
Treatment and disposal cost	-	10,000	-
Lift Station costs	-	32,000	-
Transportation services	-	-	-
Connection costs	-	-	-
Other sewage & disposal costs (specify)	-	1,000	-
sub-total- sewer general	-	78,000	-
<b>Sewage Amortization &amp; Interest</b>			
Amortization	-	110,000	-
Interest on long term debt	-	-	-
sub-total- sewer amortization & interest	-	110,000	-
<b>Total expenses</b>	-	988,000	-
<b>NET OPERATING SURPLUS</b>	-	112,000	-
<b>TRANSFERS</b>			
Transfers from (to) operating fund	-	-	-
Transfers from (to) reserve funds	-	-	-
<b>CHANGE IN UTILITY FUND BALANCE</b>	\$ -	112,000	-
<b>FUND SURPLUS, BEGINNING OF YEAR</b>		-	-
<b>FUND SURPLUS, END OF YEAR</b>		\$ 112,000	\$ -

#

## SCHEDULE 9

## SCHEDULE OF UTILITY OPERATIONS - Name of Utility

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<b>REVENUE</b>			
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<b>Government transfers</b>			
Operating	-	-	-
Capital	-	-	-
sub-total- government transfers	-	-	-
<b>Other</b>			
Hydrant rentals	-	20,000	-
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Installation service	-	-	-
Penalties	-	5,000	-
Contributed tangible capital assets	-	-	-
Investment income	-	-	-
Administration fees	-	-	-
Gain on sale of tangible capital assets	-	-	-
Other income (specify)	-	-	-
sub-total- other	-	25,000	-
<b>Total revenue</b>	-	1,100,000	-

#

## SCHEDULE 9

## SCHEDULE OF UTILITY OPERATIONS (cont'd) - Name of Utility

#

	Budget	2018	2017
<b>EXPENSES</b>			
<b>General</b>			
Administration	-	45,000	-
Training costs	-	-	-
Billing and collection	-	3,000	-
Utilities (telephone, electricity, etc.)	-	-	-
Other (specify)	-	-	-
sub-total- general	-	48,000	-
<b>Water General</b>			
Purification and treatment	-	215,000	-
Water purchases	-	-	-
Transmission and distribution	-	145,000	-
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<b>Sewer General</b>			
Collection system costs	-	35,000	-
Treatment and disposal cost	-	10,000	-
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Interest on long term debt	-	-	-
sub-total- sewer amortization & interest	-	110,000	-
<b>Total expenses</b>	-	988,000	-
<b>NET OPERATING SURPLUS</b>	-	112,000	-
<b>TRANSFERS</b>			
Transfers from (to) operating fund	-	-	-
Transfers from (to) reserve funds	-	-	-
<b>CHANGE IN UTILITY FUND BALANCE</b>	\$ -	112,000	-
<b>FUND SURPLUS, BEGINNING OF YEAR</b>		-	-
<b>FUND SURPLUS, END OF YEAR</b>		\$ 112,000	\$ -



# SIMPLIFIED FILING DESIGNATED CRITERIA

Items to consider when forecasting for a utility:

- One-time or Expiring Revenues – Taxes, grants, etc.
- Customer Base – It is increasing, is it declining, or is it staying the same?
- Conservation – Is there potential for customers to reduce consumption?
- Costs – Are utility cost requirements changing?
- Water Quality Standards – Are they changing and if so, could this lead to increased costs?
- Are replacements or upgrades to the utility system required?
- Are there any large changes to amortization for new capital assets or for assets that will soon be fully amortized?

# SIMPLIFIED FILING DESIGNATED CRITERIA

5. The Utility must be seeking a rate increase of no more than 3% over the current utility rate and the current utility rate must have been in effect for a minimum of one year from the date of application under the Simplified Filing Process.

Note – If the Utility is using Step Rates, the requested increase must be applied equally to all “steps” of the rates.

# SIMPLIFIED FILING DESIGNATED CRITERIA

6. Requests for multi-year increases will be denied.

What This Means – A utility may not request multi-year increases.

Note – Utilities may, however, make requests annually for rate increases using the Simplified Filing Process so long as the Utility continues to meet these designated criteria.

# SIMPLIFIED FILING DESIGNATED CRITERIA

7. The Simplified Process is at discretion of the Board.

What This Means – Applicants may be subject to the Full Rate Application Process at any time.

# SIMPLIFIED FILING IMPORTANT NOTE

It is the responsibility of the Applicant to analyze the designated criteria to determine if a Utility meets the requirements to qualify for the Simplified Filing Process.

IF a Utility clearly does not meet the designated criteria and submits a Simplified Filing Application, the Board will **deny the Application AND charge a processing fee of \$500.00.**

The slide features a light gray background with a subtle gradient. In the top-left and bottom-right corners, there are clusters of realistic, 3D-rendered water droplets of various sizes, some overlapping. The main text is centered in a bold, black, sans-serif font.

# **SIMPLIFIED FILING MINIMUM FILING REQUIREMENTS**

# SIMPLIFIED FILING MINIMUM FILING REQUIREMENTS

There are five minimum filing requirements for filing applications for revised rates under the Simplified Process as follows:

1. A utility rates By-Law after having received first reading, that details the rates, billing information, fees, etc. and has rescinded the past By-Law. (include Word version)
2. A copy of the past By-Law.
3. A signed affidavit asserting the utility meets the Board's designated criteria, the utility is not experiencing an operating deficit, and the requested rate is expected to be adequate to meet operating expenses for the year.
4. An explanation for an annual operating surplus in excess of 20% of operating expenses or a statement the utility is not experiencing an operating surplus in excess of 20% of operating expenses.
5. The Audited Financial Statements and budget information must be up to date on MMO, or submitted directly to the Board for review.

# SIMPLIFIED FILING

## MINIMUM FILING REQUIREMENTS

A Simplified Filing Application MUST include the following:

1. A Utility revised rates By-Law (first reading)

- It is to include – requested rates, billing information, penalties, other fees, etc. and rescinding of the previous By-Law.

Why does the Board need this? – The By-Law clearly outlines to the Board (and to the customers) what is being charged, as of what date, penalties and consequences of not paying bills, and the authorities of the Utility. It also helps identify any potential discrepancies within the Utility's Application and justification for revised rates.

- An existing By-Law can only be amended or deleted by another By-Law.



# SIMPLIFIED FILING MINIMUM FILING REQUIREMENTS

2. A copy of the previous By-Law.

Why does the Board need this? – It is a reference point for comparison between the existing rates/fees and the requested rates/fees.

- It identifies to the Board if the Utility has made revisions since the Board last approved rates/fees.
- It helps the Board and Board staff ensure they have the most up-to-date records for the Utility.

# SIMPLIFIED FILING MINIMUM FILING REQUIREMENTS

3. A signed affidavit asserting the Utility meets the Board's designated criteria, the Utility is not experiencing an operating deficit, and the requested rates are adequate to meet the operating cost requirement for the year rates are being requested.

Why does the Board need this? – This is the legal document outlining the Utility's assertion it meets the designated criteria for the Simplified Filing Process.

CANADA ) IN THE MATTER OF \_\_\_\_\_  
PROVINCE OF MANITOBA ) \_\_\_\_\_  
TO WIT: ) FOR THE SIMPLIFIED RATE APPLICATION PROCESS.

I, \_\_\_\_\_ of the  
\_\_\_\_\_ of \_\_\_\_\_ in the Province of  
Manitoba, \_\_\_\_\_, do solemnly declare as follows:

1. THAT, the utility is compliant with all regulatory reporting, including but not limited to:
  - 1.1. Audited financial statements are current and prepared in compliance with *The Municipal Act* section 190.
  - 1.2. All outstanding deficits have been approved by the board.
  - 1.3. All directives from previous Board Orders have been followed, including submitting all by-laws after third reading.
2. THAT, the utility is not experiencing an operating deficit lower than \$10,000 or 5% of operating expenses, when calculated for regulatory purposes. This includes the appropriate adjustments for capital grants and contributed assets as outlined in Board Order No. 151/08.
3. THAT, the utility is not experiencing unexplained annual operating surplus which is in excess of 20% of operating expenses, when calculated for regularity purposes. This includes the appropriate adjustments for capital grants and contributed assets as outlined in Board Order No. 151/08.
4. THAT, the municipality reviewed the utility's operations and expects the requested rates will be adequate to meet operating costs for the year.
5. THAT, the utility is seeking a rate increase that does not exceed 3% over the current utility rates, and the current rates have been in effect for one year, or more from the date of this application.

AND, I make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath and by virtue of "*The Canada Evidence Act*".

DECLARED before me at the \_\_\_\_\_ )  
\_\_\_\_\_ of \_\_\_\_\_ )  
in the Province of Manitoba. )  
this \_\_\_\_ day of \_\_\_\_\_ 20\_\_ )

\_\_\_\_\_  
(signature)

\_\_\_\_\_  
Commissioner of Oaths in and for  
the Province of Manitoba. My  
Commission expires \_\_\_\_\_ 20\_\_.

# SIMPLIFIED FILING MINIMUM FILING REQUIREMENTS

4. A detailed explanation for an annual operating surplus that is in excess of 20% of operating expenses or a statement the utility is not experiencing an operating surplus in excess of 20% of operating expenses.
  - This includes all detailed calculations and supporting documentation justifying to the Board the reason for the surplus.

Why does the Board need this? – Clear justification to the Board and to the Utility's customers rationalizing the surplus funds and that customers are not being overcharged for the utility service.

# SIMPLIFIED FILING MINIMUM FILING REQUIREMENTS

5. A copy of the most recent Audited Financial Statements. This may be done by directing the Board and/or Board staff to Manitoba Municipalities On-line (MMO) or by submitting a copy of the Statements directly to the Board.

Why does the Board need this? – To have a basis to properly analyze the current financial status of the Utility and the financial requirements of the Utility.

- To ensure the Utility has used the most recent financial data in projecting the requested rates.

**REMINDER – If the most recent required Audited Financial Statements have not been used/are not available, the Application will be rejected.**



# SIMPLIFIED FILING MINIMUM FILING REQUIREMENTS

**If a utility fails to submit all items for the Simplified Rate Application as previously outlined, the Application will be rejected.**



# WHAT HAPPENS ONCE AN APPLICATION HAS BEEN FILED

# SIMPLIFIED FILING PROCESS

## STEP 1

The Utility has filed a Simplified Rate Application, what happens next?

1. Board Staff review the Application.

What This Means – The Application is reviewed to ensure it includes all necessary forms, documents, explanations, calculations, etc.



# SIMPLIFIED FILING PROCESS

## STEP 2

2. A Notice of Application is drafted, approved in conjunction with the Utility, and issued to the Utility for publishing.

What This Means – As with the “regular” Rate Application process, a draft Notice of Application is sent to the Utility contact for review and approval. Once approved by the Utility, it is finalized and sent to the Utility for publishing.

# SIMPLIFIED FILING PROCESS

## STEP 2 - NOTE

NOTE – No later than one week after the Notice has closed, an affidavit is to be attached to the Final Notice and returned to the Board.

- The affidavit is to include all places and times the Notice was published.

# SIMPLIFIED FILING PROCESS

## STEP 3

3. The Board reviews the Application and determines if a paper-based review or a public hearing review is required.

What This Means – The Board analyzes and scrutinizes the Application, any public responses, and all supporting evidence/documentation to determine if the information is sufficient to make a decision, and whether to proceed by way of paper based review or hold a public hearing.

# SIMPLIFIED FILING PROCESS

## STEP 4

4. A decision is rendered by the Board and an Order is provided to the Utility and posted on the Board's website.

The background of the slide is a light gray gradient. It is decorated with several realistic water droplets of various sizes, some in the top-left and top-right corners, and others in the bottom-right corner. The droplets have highlights and shadows, giving them a three-dimensional appearance.

# **SIMPLIFIED FILING CHECKS AND BALANCES**

# SIMPLIFIED FILING CHECKS AND BALANCES

1. Has the Utility's most recent financial statements been filed?
  - a) Is there any other outstanding regulatory reporting related to the Utility?
2. Does the Utility have any outstanding deficits?
3. Is the Utility currently experiencing an operating deficit?
  - a) Remember to check the Public Utilities Board Note for amortization of capital grants.

# SIMPLIFIED FILING CHECKS AND BALANCES

4. If the Utility has a surplus, does it exceed 20% of operating expenses?
  - a) If the Utility has a surplus AND it exceeds 20% of operating expenses, can it justify the excess to the Board and to the Utility's customers?
  
5. Has the Utility followed all directives from all Board Orders?

# SIMPLIFIED FILING EXAMPLE CHECKS AND BALANCES

5. Has the Utility followed all directives from all Board Orders?

Public  
Utilities  
Board

Régie  
des  
services  
publics

4.0 IT IS THEREFORE ORDERED THAT:



# SIMPLIFIED FILING CHECKS AND BALANCES

6. Is the rate being requested in the Utility's Simplified Filing Application adequate?
  - a) Have historical financials been thoroughly analyzed?
    - Are there any anomalies and can they be explained?
    - Can the applicant identify any trends that should be considered?
  - b) Has the applicant created a forecast for the year for which rates are requested.
    - Are all past revenue streams to continue? If so, at the same rate?
    - Are any expenses increasing?
    - Are there any new expenses?
  - c) Is the rate required and/or the rate requested in excess of 3%.

# SIMPLIFIED FILING EXAMPLE CHECKS AND BALANCES

7. How many years of rates are requested?

Hint – It better not be more than one!

8. Have the existing rates been in effect for at least one year?

9. Have the miscellaneous factors been considered?

a) When was the last time a full rate study was completed?

# **CONTACT INFORMATION**

## **THE PUBLIC UTILITIES BOARD**

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