

M A N I T O B A) Order No. 88/13
)
THE PUBLIC UTILITIES BOARD ACT) July 31, 2013

BEFORE: Susan Proven, P.H.Ec., Acting Chair
 Marilyn Kapitany, B.Sc. (Hons.), M.Sc., Member

RURAL MUNICIPALITY OF ROSSER
GROSSE ISLE WATER AND SEWER SYSTEM
AND
ROSSER RURAL REGIONAL WATER SYSTEM
COST ALLOCATION METHODOLOGY APPROVAL

Application

In Board Order No. 25/13 the Board ordered the following: "The RM of Rosser, in collaboration with the RM of Rockwood, develop a shared cost allocation methodology for shared services and equipment on or before September 30, 2013 and submit same for approval by the Board."

Allocation Plan for Shared Costs:					
<u>Shared Overhead:</u>			Activity Based	Tracked Increments	Flat Rate
Includes all direct and indirect costs related to the administration of the utility.					
Sub-Category	Activity	Expenses (object)			
Direct Overhead Costs	Meter reading	<ul style="list-style-type: none"> • Salaries & wages • Benefits 	X		
	Billing		X		
	Receipting and Collection				X
Indirect Overhead Costs	General Administrative costs	• CAO salaries and benefits			X
		• Council costs			
		• Audit and Legal	X		
	Shared office costs	• Lease costs	N/A		
		• Interest cost on office space	N/A		
		• Utilities (i.e. telephone, heat)			X
		• Photocopying (etc.)			X

<u>Shared Direct Operating Costs:</u>			Activity Based	Tracked Increments	Flat Rate
Sub-Category	Equipment/Activity	Expenses (object)			
Includes all costs directly attributable to the maintenance and repair of the utility. Public works employees repair and maintain both transportation and utility infrastructure. A portion of the cost for the public works department should be allocated to the utility.					
Direct Equipment Costs	Public works building	<ul style="list-style-type: none"> • Maintenance • Insurance • Amortization 	The Utility is operated out of the Grosse Isle Pump House.		
	Vehicles Machinery and equipment Road construction and maintenance equipment	<ul style="list-style-type: none"> • Maintenance • Fuel • Insurance • Amortization • Interest cost on equipment • Lease costs 	Charge an hourly rate for any equipment used for property maintenance		
Direct Labour	Labour costs directly attributable to the maintenance and repair of utility TCA.	<ul style="list-style-type: none"> • Salaries and wages • Benefits 	X		

<u>Shared Capital Costs:</u>			Activity Based	Tracked Increments	Flat Rate
Sub-Category	Equipment/Activity	Expenses (object)			
<p>These shared costs should not be directly charged to utility operations. Capital costs should be capitalized as a tangible capital asset (TCA) and amortized to utility operations over its useful life.</p> <p>Includes all costs directly attributable to the development and construction of a TCA for a utility. Public works projects often construct transportation and utility assets at the same time. In these cases a portion of the road work should be allocated to utility TCA based on the relative fair market value of the assets. The cost of TCA can include interest costs on debt directly attributable to the development and construction of a TCA. Only interest owed to external parties such as banks or debenture holders. Capitalization of interest cost must end when there is no construction or when the asset is put into use,</p>					
Direct Overhead Costs	Administrative	<ul style="list-style-type: none"> • Legal fees • Survey fees • Design and engineering fees • Interest on debt 	X		
Indirect Overhead Costs	Operating costs for <ul style="list-style-type: none"> • Vehicles • Machinery and equipment • Road construction and maintenance equipment 	<ul style="list-style-type: none"> • Maintenance • Fuel • Insurance • Amortization • Interest cost on equipment • Lease costs 	X		
Direct Labour	Labour costs directly attributable to the development and construction of a utility TCA	<ul style="list-style-type: none"> • Salaries and wages • Benefits 	X		

Summary

By this Order, the Public Utilities Board (Board) approves the application for approval of the Cost Allocation Methodology made by the Rural Municipality of Rosser (RM) for the Community of Grosse Isle.

This methodology must be applied consistently in the future and can only be varied with approval by the Board.

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.

IT IS THEREFORE ORDERED THAT:

1. The Cost Allocation Methodology as applied for by the RM of Rosser in collaboration with the RM of Rockwood is hereby APPROVED.

Fees payable upon this Order - waived

THE PUBLIC UTILITIES BOARD

"SUSAN PROVEN, P.H.Ec."
Acting Chair

"JENNIFER DUBOIS, CMA"
Acting Secretary

Certified a true copy of
Order No. 88/13 issued by
The Public Utilities Board

Acting Secretary