

MANITOBA) Order No.39/14
)
THE PUBLIC UTILITIES BOARD ACT) April 11, 2014

BEFORE: Susan Proven, P.H.Ec., Acting Chair
Regis Gosselin, B.A., MBA, CGA, Chairman

RURAL MUNICIPALITY OF TACHE
LORETTE AND LANDMARK UTILITIES
WATER AND SEWER UTILITIES
COST ALLOCATION METHODOLOGY APPROVAL

Application

In Board Orders 128/13 and 129/13, the Board ordered the following: "The RM of Taché's Cost Allocation Methodology be finalized and adopted by Council, and the related Resolution submitted to the Board for approval by March 31, 2014."

The RM submitted their proposed cost allocation methodology on March 28, 2014.

The Board has reviewed the proposed allocations and finds them to be reasonable.

Board Findings

By this Order, the Public Utilities Board (Board) approves the application made by the Rural Municipality of Taché (RM) for approval of the Cost Allocation Methodology applicable to the Lorette and Landmark Utilities.

This methodology must be applied consistently in the future and can only be varied with the approval of the Board. The approved Methodology for the RM of Tache is as follows:

Allocation Plan for Shared Costs-Landmark Water & Sewer System

In response to PUB Order No. 128/13

Shared Overhead:

Includes all direct and indirect costs related to the administration of the utility.

Sub-Category	Activity	Expenses	Allocation Method
Direct Overhead Costs	Meter reading		Will be expensed directly as invoices are paid
	Billing	Paper	
	Receipting & Collection	Postage	
Indirect Overhead Costs	General Admin Costs	Salaries/Benefits	
		-Administrative Staff	7% of total wages
		-Committee Costs	20% of total indemnity
	Shared Office Costs	Audit/Legal	10% of total fee
		Utilities (phone/heat)	7% of total office utilities

Shared Direct Operating Costs:

Includes all costs directly attributable to the maintenance & 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.

Sub-Category	Activity	Expenses	Allocation Method
Direct Equipment Costs	Public Works Buildings	Maintenance	Direct Billing
	Vehicles, Machinery & Equipment, Road Construction &	Fuel	Direct Billing
		Insurance	
		Amortization	Immaterial
Direct Labour	Labour costs directly attributable to the maintenance and repair of Utility TCA	Salaries/Wages & Benefits	42% of total wage expense for PW/Utility Employees

Allocation Plan for Shared Costs-Lorette Water & Sewer System

In response to PUB Order No. 129/13

Shared Overhead:

Includes all direct and indirect costs related to the administration of the utility.

Sub-Category	Activity	Expenses	Allocation Method
Direct Overhead Costs	Meter reading		Will be expensed directly as invoices are paid
	Billing	Paper	
	Receipting & Collection	Postage	
Indirect Overhead Costs	General Admin Costs	Salaries/Benefits	
		-Administrative Staff	13% of total wages
		-Committee Costs	20% of total indemnity
	Shared Office Costs	Audit/Legal	10% of total fee
		Utilities (phone/heat)	13% of total office utilities

Shared Direct Operating Costs:

Includes all costs directly attributable to the maintenance & 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.

Sub-Category	Activity	Expenses	Allocation Method
Direct Equipment Costs	Public Works Buildings	Maintenance	Direct Billing
	Vehicles, Machinery & Equipment, Road Construction & Mtce Equipment	Fuel	Direct Billing
		Insurance	
		Amortization	Immaterial
Direct Labour	Labour costs directly attributable to the maintenance and repair of Utility TCA	Salaries/Wages & Benefits	48% of total wage expense for 2 permanent employees

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 Rural Municipality of Taché, Lorette and Landmark Utilities BE
AND IS HEREBY APPROVED.

Fees payable upon this Order - \$150.00

THE PUBLIC UTILITIES BOARD

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

"JENNIFER DUBOIS, CMA"
Acting Secretary

Certified a true copy of
Order No. 39/14 issued by The
Public Utilities Board

Acting Secretary