

**M A N I T O B A** ) **Order No. 109/15**  
)  
**THE PUBLIC UTILITIES BOARD ACT** ) **October 30, 2015**

BEFORE: Susan Proven, P.H.Ec., Acting Chair  
The Hon. Anita Neville, P.C., B.A. (Hons.), Member

**MUNICIPALITY OF SWAN VALLEY WEST  
BENITO WATER AND WASTEWATER UTILITY**

**ACTUAL DEFICITS 2013, 2014 and  
COST ALLOCATION METHODOLOGY**

## **Application**

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;

On May 27, 2015 the Board received a deficit application for 2013 for the Benito water and wastewater utility from the Municipality of Swan Valley West (Municipality). Prior to the amalgamation on January 1, 2015 utility was part of the Village of Benito. Rates were last set in Board Order No. 83/14 with rates effective January 1, 2015.

The submission included Council Resolution No. 7 that requested the Board consider the 2013 deficit for Benito be recovered by a transfer from the Utility Accumulated Surplus Fund.

On August 24, 2015 the Board received the 2014 audited financial statements regarding the Benito utility and on October 2, 2015 PUB Schedule 9 was forwarded from the Municipality. This confirmed the deficits for 2013 and 2014 as \$17,714 and \$25,967 respectively. The reason for the aforementioned deficits was a result of increasing operational costs.

On October 19, 2015 the Board received Council Resolution No. 8 that requested the Board consider the 2014 deficit for Benito be recovered by a transfer from the Utility Accumulated Surplus Fund.

## Cost Allocation Methodology

The Board requires all municipalities to review the costs shared between the general operations of the Municipality and the Utility, and to allocate appropriate and reasonable costs to the Utility, based on a policy known as a Cost Allocation Methodology. This policy must be submitted to the Board for approval and cannot be changed without receiving approval from the Board. The Board's requirements regarding cost allocation methodologies can be found in Board Order No. 93/09.

The Board previously ordered the Benito Utility to apply for approval of a revised Cost Allocation Methodology in Board Order No. 83/14.

The proposed Cost Allocation is calculated as:

<b>Shared Overhead:</b>	
Direct overhead costs	30%
Indirect overhead costs (ie CAO salary, Council)	30%
<b>Shared Direct Operating Costs:</b>	
Direct equipment costs	30%
Direct labour	30%

## Board Findings

The Board will approve the recovery of the 2013 and 2014 deficits through the Utility's accumulated surplus account. The Board will also approve the Cost Allocation Methodology, and reminds the Municipality that this methodology must be used consistently in the future, and requires Board approval should any further changes be considered.

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.pub.gov.mb.ca](http://www.pub.gov.mb.ca).

**IT IS THEREFORE ORDERED THAT:**

1. The 2013 and 2014 actual operating deficits, when calculated for regulatory purposes, of \$17,714 and \$25,967 respectively incurred in the Municipality of Swan Valley West – Benito water and wastewater utility is HEREBY APPROVED to be recovered from the Utility Accumulated Surplus Fund.
2. The Cost Allocation Methodology submitted by the Municipality of Swan Valley West – Benito water and wastewater utility is HEREBY APPROVED.
3. The Municipality of Swan Valley West – Benito water and wastewater utility provide copies of their audited financial statements as soon as they are available, including deficit applications as required.

Fees payable upon this Order - \$150.00

THE PUBLIC UTILITIES BOARD

“SUSAN PROVEN, P.H.Ec.”

Acting Chair

“JENNIFER DUBOIS, CPA, CMA.”

Acting Secretary

Certified a true copy of Order No. 109/15  
issued by The Public Utilities Board

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Acting Secretary