

DECISION

NSUARB-W-LAW-R-11
2011 NSUARB 97

NOVA SCOTIA UTILITY AND REVIEW BOARD

 IN THE MATTER OF THE PUBLIC UTILITIES ACT

- and -

IN THE MATTER OF AN APPLICATION of the **Village of Lawrencetown**, on behalf of **its Water Utility**, for Approval of Amendments to its Schedule of Rates and Charges for Water and Water Services and its Schedule of Rules and Regulations

BEFORE: Kulvinder S. Dhillon, P.Eng., Member

APPEARING: **VILLAGE OF LAWRENCETOWN**

Kelly Rice
Clerk Treasurer

Melony Robinson, CMA
Consultant

HEARING DATE: April 27, 2011

FINAL SUBMISSIONS: May 11, 2011

DECISION DATE: **June 24, 2011**

DECISION: **Schedule of Rates and Charges approved, as amended.
Schedule of Rules and Regulations approved, as amended.**

I SUMMARY

[1] The Village of Lawrencetown (the "Village") applied to the Nova Scotia Utility and Review Board (the "Board") on behalf of its Water Utility (the "Utility") for amendments to its Schedule of Rates and Charges for Water and Water Services and its Schedule of Rules and Regulations pursuant to the *Public Utilities Act* (the "Act"), R.S.N.S. 1989, c.380, as amended. The existing Schedule of Rates for Water and Water Services and Schedule of Rules and Regulations have been in effect since April 1, 2008 and January 1, 2007, respectively.

[2] A Rate Study to support the Application, dated December 2010, was prepared by Melony Robinson, CMA and was submitted to the Board on January 17, 2011 (Exhibit L-2). Revisions to the Rate Study were filed on January 26, 2011 to provide consistency among its schedules in terms of the dates, fire protection charges, and the calculation of the return on rate base (Exhibit L-3). A further error with respect to the rates for the 4" meter size customer was corrected in a revised Schedule 13 to the Rate Study filed on January 27, 2011 (Exhibit L-4). The advertised notice of the public hearing (Exhibit L-10) as well as the Applicant's presentation during the public hearing was based upon the revised Rate Study (Exhibit L-3) and revised Schedule 13 (Exhibit L-4).

[3] The Application proposes rates for 2011/12, 2012/13 and 2013/14 (the "Test Years"). The proposed rate increases for the 5/8" metered residential customers, for each of the Test Years, based upon an average quarterly consumption of 47 cubic metres are 45.5%, 4.0% and 2.8%, respectively. For all other metered customers (i.e., meter sizes of 3/4", 1", 1 1/2", 2" and 4"), based upon the average quarterly consumption of

each meter size, the proposed rate increases are between 38.3% to 46.6% in 2011/12, 3.8% to 4.5% in 2012/13 and 2.7% to 5.8% in 2013/14.

[4] The Applicant has one unmetered customer. Based upon an estimated quarterly consumption of 68 cubic metres, the proposed rate increases are 42.4%, 4.3% and 3.1%, respectively, in each of the Test Years.

[5] The Application further proposes amendments to the annual public fire protection charge paid to the Utility. Currently, this charge is to be paid by both the Village and the Municipality of Annapolis County (the "County", the "Municipality"). The proposed amendment is that only the Village will pay the annual public fire protection charge. In addition, the annual public fire protection charges are proposed to decrease by 13.9%, followed by increases of 4.5% and 2.1%, respectively, in each of the Test Years.

[6] The public hearing was held at the Nova Scotia Community College (Annapolis Valley Campus) on April 27, 2011, after due public notice. Melony Robinson, CMA, represented the Utility. The Utility was also represented by Kelly Rice, the Village Clerk Treasurer. The Board received one letter of comment on March 9, 2011 from Sandy McLain, a Utility customer, which included a series of questions to the Utility (Exhibit L-5). The Utility responded to the questions in correspondence dated March 28, 2011 (Exhibit L-7). Three members of the public spoke during the hearing.

[7] Attached to the Undertaking responses from the Applicant were two rate studies, one to address the issues discussed during the hearing (i.e., to correct the return on rate base; include the revenue from unmetered customers; and eliminate the capital from revenue) and one to allow for the "smoothing" of the rates.

[8] A rate increase is approved, as amended. The Rules and Regulations are approved, as amended by the Utility.

II INTRODUCTION

[9] The Utility's source of supply is groundwater from two wells, with a gravity fed distribution system. The water is pumped to a 500,000 gallon storage tank. At the time of its last rate application in 2006, it was noted that the Utility's water exceeded the maximum allowable concentration of Arsenic levels, as set out in the *Guidelines for Canadian Drinking Water Quality* ("GCDWQ"). The Utility has since constructed a new production well, transmission main and monitoring system, which was approved by the Board in a letter dated June 10, 2008, at a total cost of approximately \$600,000, with 2/3 funding from Federal and Provincial governments. With the new infrastructure in place, the Utility now produces water which meets the GCDWQ, and is in accordance with the provisions of Nova Scotia Environment ("NSE")'s *A Drinking Water Strategy for Nova Scotia*.

[10] The Applicant currently serves 322 customers all within the Village. The Rate Study projects no customer growth over the Test Years.

[11] The Application was presented to the Board based upon the Utility's present financial requirements, in particular to provide funds for its increased operating costs and necessary capital improvements.

III REVENUE REQUIREMENTS

1. Operating Expenses

[12] For the year ended March 31, 2010, the Utility had an excess of revenue over expenditures of \$14,971 and an accumulated operating deficit of \$11,264. The Rate Study (Exhibit L-3) projects that at current rates, the Utility will have increasing excess of expenditures over revenue, ranging from \$27,908 in 2010/11 to \$58,389 in 2013/14.

[13] In addition to the operating revenue from the sale of water to customers and the provision of public fire protection, the Rate Study projects Miscellaneous operating revenue in the annual amount of \$1,900 over each of the Test Years.

[14] The Utility explained its budgeting process in response to the Information Requests ("IRs") (IR-19, Exhibit L-6). A breakdown of the actual operating expenses thus far in the 2010/11 fiscal year (i.e., to December 31, 2010) was also provided by the Utility (IR-18(a), Exhibit L-6). The Applicant noted that the transmission and distribution expense may be slightly less than budgeted due to the purchase of a new truck for the Utility which will eliminate the previous truck allowance costs, however, it was noted that no major differences are forecast at this time (IR-18b, Exhibit L-6).

[15] The Applicant noted the allocation of costs between the Village and the Utility:

Administration Salaries – 70% Water and 30% Village
PW Superintendent Salary – 70% Water and 30% Village
PW Labour Assistants – 30% Water and 70% Village
Office Expenses (including Telephone) – 70% Water and 30% Village
Insurance – 50% Water and 50% Village
All other expenses strictly incurred by the Utility are 100% allocated to the Utility

[Exhibit L-6, IR-20]

[16] Ms. Rice noted that these allocations are the result of recent reviews, which included actions such as reviewing time cards, staff journals of activities, and consultation with the auditors. Given the Village's other activities, such as sewer, sidewalks, property management among others, the Board questioned whether the 70% allocation to the Utility of salaries and office expenses was reasonable. Ms. Rice responded that the Utility takes up the bulk of the work, noting:

And not just physically working. There's a lot of reports. There's monitoring. There's doing testing. So for the superintendent, 70 percent of his work is the Water Utility. We have a very simple, if I may use the term, sewer system that practically takes care of itself. We're very fortunate.

[Transcript p. 51]

[17] It was further noted by the Applicant that there have been recent changes in staff, with a new Village Clerk Treasurer in 2008 and a new Superintendent of Public Works in 2010, and that both of these positions were filled at higher wages than the previous incumbents (IR-14, Exhibit L-6). The Applicant provided the salaries of both of these positions as at April 1, 2011 in response to the Confidential Undertaking U-2.

[18] For the purposes of the Rate Study, the 2010/11 budget includes both an increase of \$9,989 in Administrative Salaries and an increase of \$10,887 for Public Works salaries, which the Applicant explained:

The operating expense increase of \$9,989 used for Administrative Salaries can be found under Operating Expenses, Administration on Schedule 2 [Rate Study], included in the \$46,300. Although the year over year increase on this Schedule is only \$3,607, of the various individual line items that make this figure up, Administrative Salaries were increased by \$9,989.

The operating expense increase of \$10,887 for Public Works Salaries can be found under Operating Expenses, Transmission and Distribution on Schedule 2 [Rate Study], included in the \$51,030. Although the year over year increase on this Schedule is \$19,830, of the various individual line items that make this figure up, PW Salaries were increased by \$10,887.

[Exhibit L-6, IR-9]

[19] Ms. Robinson further explained that in the past, various expenses, including salaries and Workers' Compensation, were incorrectly allocated to the Village and they have now been allocated to the Utility. In response to Undertaking U-1, the Applicant noted that approximately \$30,000 of the total operating expenses for 2011/12 is due to the reallocation of costs from the Village to the Utility:

	Village of Lawrencetown Estimate of Operating Expenses 2011/12 Water Rate Application	Village of Lawrencetown Estimate of Operating Expenses 2011/12 using past practice allocating costs from the Village to the Utility
Source of Supply	\$ 34,214	\$ 31,400
Water Treatment	\$ 8,500	\$ 8,500
Transmission and Distribution	\$ 54,030	\$ 40,660
Administration	\$ 47,500	\$ 35,257
Depreciation	\$ 39,848	\$ 39,848
Professional Services	\$ 7,500	\$ 5,357
Total Operating Expenses	\$191,592	\$161,022

[Response to Undertaking U-1]

[20] The projected operating expenditures in the Rate Study for the Test Years are based upon the Utility's budget for 2010/11. During the Test Years, administrative costs are increased annually by 2.5%, while transmission and distribution and source of supply expenses are increased by 5% to 6% per year, in order to bring the salaries in line with industry averages. The water treatment expense is projected to remain constant over the test period with the exception of an estimated 6% increase in 2013/14. Professional services expense, which the Applicant explained relates to auditing fees, is projected to remain constant in each of the Test Years.

[21] The depreciation rates used for the Utility's current assets are in accordance with the Board's *Water Utility Accounting and Reporting Handbook* ("*Accounting Handbook*"). The Utility noted that the depreciation expense associated with pumping equipment in 2010/11 should be \$1,201.40 and not \$3,711.78 as indicated. (IR-22, Exhibit L-6).

[22] The Utility's amount of non-revenue water is 12,000 cubic metres or approximately 16%. Although not specifically identified in the operating expenses, the Utility indicated that it has a leak detection program.

Findings

[23] It appears that there has not been a proper allocation of costs to the Utility by the Village in the past. This has been recently corrected, based upon a review of staff time, and is included in this Application. The Board accepts the Utility's explanation of its budgeting process as well as the allocation of costs between the Village and the Utility. The Board directs the Utility to review these allocations and revise them if necessary, prior to the next rate application.

[24] Based upon the information provided, the Board accepts the operating expenses including the salaries, as contained in the Rate Study (Exhibit L-3).

[25] The Board accepts the depreciation expenses over the test period which are in accordance with the *Accounting Handbook*. The depreciation expense in 2010/11 associated with the pumping equipment should be corrected. As this is the year prior to the test period, it will have no impact on rates, and will only affect the balance in the Utility's depreciation fund.

[26] The Utility does not appear to have a major issue with non-revenue water and has a leak detection program in place. Given increased Utility operating costs, the Board encourages the Utility to remain active in its leak detection efforts.

2. Capital Budget

[27] The Rate Study shows the Utility's current capital assets and proposed additions for the time period of 2010/11 to 2014/15. As noted above, the Utility has recently constructed new components of its groundwater system, at a cost of \$600,000, which was funded 2/3 by senior levels of government, and the remainder funded through long term debt. The Applicant noted that the asset costs indicated in the Rate Study are based upon the net cost to the Utility (IR-21, Exhibit L-6).

[28] The only capital addition indicated is the purchase of a new truck at \$25,000 in the 2010/11 fiscal year (December 21, 2010), which was funded through depreciation.

[29] The Utility's financial statements for the year ended March 31, 2010 indicate a depreciation fund balance of \$104,261. The Applicant indicated that the balance as at March 31, 2010 was \$80,733, with the majority of the difference reflecting the funding of the new truck.

[30] The financial statements for the year ended March 31, 2010 further contain a liability line item on the operating fund indicated as 'Due to water utility, capital fund' in the amount of \$167,182, which is shown as an asset on the capital fund as 'Due from general section, revenue fund'. The Applicant explained:

With regards to that 167,182 that was the transfer of the due to/from water operating to water capital as a result of the water capital paying back the Village general fund with MRIF funds.

[Response to Undertaking U-7]

Findings

[31] The Utility recently had a major capital expenditure in new components of its groundwater system, which was necessary to meet NSE's Regulations. The Board accepts the Utility's methodology of depreciating only its net cost of the project.

[32] The Board accepts the Utility's explanation of the \$167,182 amount indicated as a due to/due from on the 2010 financial statements operating/capital fund, which indicates that this amount is not an unfunded liability in the depreciation fund.

[33] As the Utility does not project any capital projects over the Rate Study's test period, it appears that it has sufficient depreciation funds to cover any minor capital items, such as the annual \$5,000 originally budgeted as capital from revenue, and to transfer \$18,900 from the fund towards principal debt payment in 2011/12. Both of these items are discussed further below.

3. Non-operating Revenue and Expenditures

[34] In the fiscal year ended March 31, 2009 the Utility had as non-operating revenue, an amount of \$99,303, identified as grant for water source study. The Applicant explained the amount:

The other revenue is the federal gas tax owed from the County (\$50,000) and the MRIF/Capital Grant (\$49,303) owed to the Village relating to the water utility project.

[Exhibit L-6, IR-4c]

There is no non-operating revenue indicated in 2010/11 or in any of the Test Years.

[35] The non-operating expenditures over the test period consist: existing debt charges and capital expenditures from revenue. The Applicant confirmed that the line item identified as debt principal less depreciation, in the annual amount of \$18,900 should be listed as debt principal only. The annual interest charges, which prior to

2010/11 are combined with the debt principal as one line item, are indicated as \$8,508 in 2010/11 and as \$7,582, \$10,793, and \$10,438, respectively in each of the Test Years. In response to the Board's question as to why the interest amount increases in 2012/13, the Utility provided a breakdown of its debt over the test period, indicating that on March 31, 2012, the outstanding debt of \$52,000 is to be refinanced over five years (Undertaking U-3).

[36] As a part of its response to the Undertakings, the Utility requested that, in order to smooth the rates proposed in the first two Test Years, the Board approve the transfer of \$18,900 from the depreciation fund to pay for debt principal. Revised rate studies, including this payment, were filed as an attachment to the Undertaking responses.

[37] The Rate Study includes an annual amount over each of the Test Years of \$5,000 identified as capital from revenue. The Applicant noted that the purpose of this line item is to have a provision for small capital expenditures if needed (IR-15, Exhibit L-6). Ms. Robinson further explained that this amount is in the Utility's budget. The Board noted that the projected capital works included in the Rate Study do not include any projects associated with the \$5,000 and without any defined projects this amount cannot be included as a part of the revenue requirement. In response to the Undertakings, the Applicant removed the annual \$5,000 as a non-operating expense – capital expenditure from revenue.

[38] The calculations in the Rate Study (Exhibit L-3) result in a return on rate base of 4.85%, 5.76% and 6.12%, in each of the Test Years, respectively. The Applicant noted in the response to an information request (IR-27, Exhibit L-6) and

confirmed during the hearing that the miscellaneous revenue, in the amount of \$1,900 over each of the Test Years, should be deducted in the above calculations. The Utility corrected this in response to Undertaking U-4 and in the revised rate studies attached to the undertaking responses. The revised calculations result in a return in rate base of 4.03%, 4.88% and 5.18%, over each of the three Test Years, respectively. With the proposed elimination of the debt principal in 2011/12, the return on rate base in the first test year is revised to 0.93%.

Findings

[39] The Board accepts the Utility's explanation of the amount identified as grant for water source study in 2008/09. This is a non-operating revenue prior to the Test Years and does not affect the proposed rates. The Board further accepts the proposed existing debt payments identified as non-operating expenditures, with the refinancing of the outstanding amount in 2011/12.

[40] The Board approves the transfer of depreciation funds for debt principal payment in 2011/12 in order to reduce the rate increase in the first year and provide a smoothing effect.

[41] The Utility has removed the \$5,000 as capital expenditures from revenue in its revised rate studies attached to the Undertaking responses, which the Board accepts. The Board notes that if the Utility has capital expenditures which require funding, it can utilize its depreciation funds.

[42] The elimination of the principal debt payment in 2011/12, the removal of the capital expenditure from revenue and deduction of the projected miscellaneous

revenue affect the return on rate base calculations. The Board finds the revised calculations of return on rate base to be reasonable and they are approved.

IV ALLOCATION OF REVENUE REQUIREMENTS

1. Public Fire Protection

[43] The methodology used to determine the public fire protection is consistent with the *Accounting Handbook* as well as the methodology used by the majority of other water utilities in the Province.

[44] The calculated percent allocation of utility plant in service to fire protection, at 40.9%, is lower than that calculated in the previous rate application in 2006, of between 46.4% and 48.1%. This results in a reduction to the public fire protection charge. The Applicant explained:

The public fire protection revenue projected in 2011/12 actually decreases due to the Production assets that were added (New PW 3 – well and test well) that are allocated 90% to General Service and 10% to Fire Protection as shown in Schedule 5 [of the Rate Study]. This changes the percentage mix and therefore the allocation.

[Exhibit L-6, IR-7]

[45] The correction to the return on rate base to deduct the miscellaneous revenue (Undertaking U-4) has the effect of lowering the proposed public fire protection charge from that proposed in the Rate Study (Exhibit L-3). In addition, the Utility's revised Rate Study to phase-in rates, as discussed below, further lowers the public fire protection charge in the first test year.

[46] The Utility's current Schedule of Rates and Charges states that the total fire protection charge payment to the Utility is to be apportioned between the Village and the County, based upon the number of hydrants in each jurisdiction as at January 1 of each year. Currently there are 44 hydrants in the Town and three in the County. The

Applicant confirmed that its request is to allocate public fire protection charges to the Village only, noting:

There are three fire hydrants in the Municipality. These hydrants were to provide public fire protection. However, the Municipality of the County of Annapolis, upon receiving their first bill for these from the Utility, directly billed the homeowners' where these hydrants were located. Collection could not be made and the letter dated May 15, 2009 from the County of Annapolis was received, in which it states that the hydrants are not required for fire protection outside Village limits. They also requested that the hydrants be removed. However, the Village taking into consideration the high cost of removal, left them as they are. Recently, the Lawrencetown and area fire department have requested they not be removed.

[Exhibit L-6, IR-3a]

[47] Ms. Rice noted that the Village has a very good relationship with the Municipality and explained that the Village has reviewed the issue. She added that she has not received any negative comments with respect to the Village paying for the fire protection from the Village's taxpayers. A copy of the letter dated March 31, 2011 from the Lawrencetown and District Volunteer Fire Department supporting keeping the three hydrants in the County in place was attached to the Undertaking responses.

Findings

[48] Based upon the information provided, the Board accepts and approves the methodology used to determine the annual public fire protection charge, which is consistent with the *Accounting Handbook*. The Board further accepts the explanation for the Village paying all of the public fire protection charge, as proposed, on the basis that the Utility is being funded the total amount of public fire protection charge due.

[49] The Board finds the revised rate studies filed with the Undertaking responses to be reasonable. Accordingly, the Board approves the public fire protection charges as amended.

2. Utility Customers

[50] The remaining revenue requirements, after the allocation to fire protection charges, are to be recovered from the rates to the Utility's customers. The methodology used to allocate the remainder of the expense amounts to determine the base and consumption charges is consistent with the *Accounting Handbook*, with the exception of the allocation of the transmission and distribution, which is allocated at 50/50 to base/delivery, compared with the suggested allocation in the *Accounting Handbook* of 100% to delivery. The Applicant explained:

In the Utility's previous rate study, there were no separate categories for water treatment costs or Professional Services. 2009/10 was the first year using computerized accounting. This allows for greater detail. The methodology used in this Schedule and previous rate studies is the same. However the percentage attributed to Fire Protection has decreased because of the mix in assets...

[Exhibit L-6, IR-30]

[51] In the Rate Study (Exhibit L-3), miscellaneous revenue is deducted from the delivery charge allocation. In the revised rate studies filed in response to the Undertakings, this item is removed as it is used in the calculation of the return on rate base, as discussed above (Undertaking U-4).

[52] In the revised rate studies filed in response to the Undertakings, the Applicant has included the revenue anticipated from the unmetered customer, which was previously omitted (Undertaking U-6).

[53] The Rate Study indicates that the Utility sells approximately 71,500 cubic metres of water annually, which is not projected to change over the Test Years which is a reduction from 83,000 cubic metres indicated in the Utility's 2006 rate application, which the Applicant explained is due to more leaks than at the current time (IR-41, Exhibit L-6).

[54] The Applicant noted that it followed the *Accounting Handbook* in its determination of the proposed rates. However, given the significant increase proposed in the first Test Year, it would like to consider phasing-in of the increases over the three year test period. In response to the Undertakings, the Utility provided revised rate studies, which addressed the issues noted during the hearing and provided some smoothing of the proposed rates.

Findings

[55] The Board accepts the methodology used to calculate the base and commodity charges, which are based upon the *Accounting Handbook*, with the exception of the allocation of the transmission and distribution expense. The Board notes that the *Accounting Handbook* is used as a guide only. The 50/50 allocation of the transmission and distribution expense to base/delivery has been used by other small utilities in the past to provide a better balance between the base and commodity charges.

[56] With respect to the phasing-in of rates, the Board has reviewed the revised rate studies filed as a part of the Undertakings, which lowers the percentage increase in the first test year by approximately 10%, and finds it to be reasonable. While the majority of the increase is still in the first test year, it is the Board's understanding that further 'smoothing' over the test period through reducing the initial test year rates, would result in the Utility incurring an operating deficit.

V SUBMISSIONS

[57] Prior to the public hearing, the Board received correspondence on March 9, 2011 from Sandy McLain, a customer of the Utility, which posed a number of questions with respect to the Rate Study and the projected revenue requirements (Exhibit L-5). Mr. McLain proposed that the Application be cancelled and an interim Application be submitted for a one year period. He suggested that the interim Application keep the current base and fire protection charge, but increase the consumption rate from \$0.71 to \$0.89 per cubic metre in order to encourage conservation and keep the Utility viable.

[58] The Utility provided a response to Mr. McLain's letter in correspondence dated May 28, 2011 (Exhibit L-7):

Lawrencetown has consistently been running a deficit with the Water Utility and has been subsidizing it from the Village's General Funds. Due to improved handling of Village finances over the past two and a half years we have had a much better cash flow, but unfortunately, the Water Utility is in a deficit. We have been paying our bills, but have not been able to meet our required Amortization payments.

Two and a half years ago we operated out of one set of books. We have now separated the water utility and the Village's general fund and they are two completely separate entities. This is also a requirement for Municipal Units that operate a water utility. Every time there is new or upgraded infrastructure, the costs go up, thus we have a higher cost ratio per customer.

We have 322 paying customers, but unlike larger centers, our community profile does not change much from year to year. In comparison, other smaller Water Utilities, such as Annapolis Royal which has 400 customers within the town, are sometimes also able to service out-lying areas, such as Lequille and Granville Ferry, thus reducing their cost ratio. It is interesting to note that Annapolis Royal's base rate and consumption charges still far exceed our own, plus they also charge the base rate even if a customer is disconnected during the winter months. Lawrencetown has been very successful in keeping our rates down and are envied by many other municipalities.

As Village residents and taxpayers, the Commission also has no intention to increase any costs if we can avoid doing so. We take our positions very seriously, and endeavour to govern our Village very prudently.

[Exhibit L-7, pp. 4-5]

[59] Mr. McLain spoke during the hearing. He questioned the 70% allocation of the Superintendent of Public Works' and the Clerk's salaries to the Utility. He noted

that based upon his discussions with former employees, the allocation of the Superintendent's salary should be 70% to Public Works, 15% to wastewater and 15% to the Utility.

[60] He further commented on the Schedule of Rules and Regulations, in particular, Regulation 5 'Payment of Bills' which states that interest charges will be incurred if bills are not paid after 30 days of the date rendered; and Regulation 8 'Suspension of Service for Non-Payment of Bills', which states that after 40 days of non-payment, the Utility shall have the right to suspend service. He noted that this may be an issue if someone is away, or there is a mail disruption. Ms. Rice responded that a customer would not be cut off in less than 60 days and that there would be numerous notifications.

[61] Two other members of the public spoke during the hearing. Roy Acker also questioned the 70% allocation of the Public Works Superintendent's salary to the Utility. He further questioned how the proposed increases will affect sewer rates, to which the Board noted that the current Application deals with the water utility only. Peter Redden spoke with respect to the significant increase proposed in the first test year, and smoothing the increases over the three years.

[62] With respect to the comments dealing with the allocation of the Superintendent's wages, Ms. Rice stated that the opinions expressed are not accurate regarding the job description. In response to the general comments made by customers, the Utility noted in its Post Hearing Submission which included the Undertaking responses:

The Village Commissioners of Lawrencetown would like to assure the Board that although there were comments to the contrary, they have done their utmost to keep this process as realistic, accountable and in the best interest of the residents of Lawrencetown as possible. They are also ratepayers in the Village and therefore understand the importance of keeping costs to a minimum.

[Post Hearing Submission dated May 10, 2011, pp. 1-2]

Findings

[63] The Board understands that significant increases in water rates are proposed, which will impact the Utility's customers. The Utility had a significant capital expenditure, which was required to meet NSE's Regulations, with 2/3 of the project cost funded through external sources. The water delivered to Utility customers now meets the GCDWQ.

[64] The Board notes that in accordance with the *Act*, a utility may charge rates which cover prudent expenses and return on rate base. Section 45(1) of the *Act* states, in part:

Amount utility entitled to earn annually

45 (1) Every public utility shall be entitled to earn annually such return as the Board deems just and reasonable on the rate base as fixed and determined by the Board for each type or kind of service furnished, rendered or supplied by such public utility, ...

(2) Such return shall be in addition to such expenses as the Board may allow as reasonable and prudent and properly chargeable to operating account, and to all just allowances made by the Board according to this Act and the rules and regulations of the Board.

[65] The Board has reviewed the Application and the expenses included in the revenue requirements, as revised by the Utility in its response to the Undertakings, which the Board deems to be reasonable. The Board's role is to ensure that the costs charged to the Utility are reasonable and do not interfere with the Utility/Village operations. The Utility has provided a reasonable explanation of the allocation of costs, including wages. However, the Board has not been provided with sufficient evidence, only opinions, to revise these allocations.

[66] The revised rate increases provide some phasing-in of rates to the extent possible, without leaving the Utility in an operating deficit position. While the increases are still significant, particularly in the first year, the Utility must have the revenue available in order to operate efficiently and provide an expected level of service to its customers.

VI MISCELLANEOUS RATES AND CHARGES

[67] In addition to the rates for water supply to its customers, the Schedule of Rates and Charges includes a number of miscellaneous rates and charges. The Applicant explained that there are no new miscellaneous charges proposed and there are no revisions proposed to the existing charges (IR-48, Exhibit L-6). The only amendment proposed is the elimination of the current rate for bulk water, which the Applicant stated is no longer necessary (IR-49, Exhibit L-6).

Findings

[68] The Board approves the miscellaneous charges as filed, with the elimination of the bulk water rate, which are generally consistent with other water utilities in the Province.

VII SCHEDULE OF RULES AND REGULATIONS

[69] The Applicant noted that the only change proposed to the current Schedule of Rules and Regulations is with respect to Regulation 9 'Public Fire Protection Service Charge' (IR-51, Exhibit L-6). Currently Regulation 9 states that the Utility will render an account for public fire protection service to both the Village and the

Municipality, which the Applicant wishes to change. The Applicant proposed the following wording:

Regulation 9 – Public Fire Protection Charge: The Utility shall annually render to the Village of Lawrencetown not later than the last day of September, an account for fire protection service as approved by the Nova Scotia Utility and Review Board for the calendar year.

[Exhibit L-6, IR-52]

Findings

[70] The Board approves the Utility's Schedule of Rules and Regulations, with the revision to Regulation 9, as set out above.

VIII CONCLUSION

[71] The Board approves the rates as amended by the Utility in response to the Undertakings. The main differences between the proposed rates set out in the Rate Study and amended Schedule (Exhibit L-3 and Exhibit L-4) are: the removal of the annual \$5,000 non-operating expense (capital from revenue) in each of the Test Years; the inclusion of revenue from the unmetered customer in the revenue requirements; correction of the return on rate base; and the elimination of the \$18,900 non-operating expense (debt principal) in 2011/12 only. All of the revisions have the effect of lowering rates.

[72] With these changes, the increases for an average residential customer are approximately 33.2%, 12.1% and 2.9%, as compared with the proposed increases of 45.5%, 4.0% and 2.8%. While the bulk of the increase is in the first year, it is the Board's understanding that if rates are further reduced to attempt more "smoothing", the Utility will incur an operating deficit, which cannot be recovered during the test period,

and will result in further deterioration of the Utility's financial health. In addition, as discussed below, the rate increase will not be in effect until the second quarter of 2011/12, and the revenue requirements projected will most likely not be met.

[73] The Application requests that the initial rate increase be effective April 1, 2011, which is not possible given the timing of the hearing. The Board approves the Schedules of Rates and Charges for Water and Water Services supplied on and after July 1, 2011, April 1, 2012 and April 1, 2013, with the amendments noted above and are attached hereto as Schedules "A", "B" and "C". The approved annual public fire protection charge for the 2011/12 fiscal year (Schedule "A") is based upon prorating the existing rate from April 1, 2011 to the effective date of this Decision and the newly approved rate over the remainder of the 2011/12 test year.

[74] The Board approves the Schedule of Rules and Regulations, with the revision noted above, attached hereto as Schedule "D", with an effective date of July 1, 2011.

[75] An Order will issue accordingly.

DATED at Halifax, Nova Scotia, this 24th day of June, 2011.



Kulvinder S. Dhillon

K. Schuller

SCHEDULE "A"

VILLAGE OF LAWRENCETOWN WATER UTILITY

**SCHEDULE OF RATES AND CHARGES
FOR WATER AND WATER SERVICES**

(Effective for water and water services supplied on and after July 1, 2011)

R A T E S

The rates set out below are the rates approved by the Board for water and water services when payment is made within 30 days from the date rendered as shown on the bill.

When payment is made after 30 days from the date rendered as shown on the bill, the rates will include interest charges of 1% per month, or part thereof.

Each bill shall show the amount payable within 30 days from the date rendered as shown on the bill.

In this Schedule, the word "Utility" means the Village of Lawrencetown Water Utility.

1. RATES:

(a) Unmetered (Total Charge Per Quarter) \$ 110.67
(Assuming 272 cubic meter annual consumption)

(b) Base Charges Quarterly

Size of Meter

5/8"	\$ 56.95
3/4"	83.76
1"	137.39
1.5"	271.45
2"	432.33
3"	861.34
4"	1,343.98

(c) Consumption Rates

\$0.79 per cubic metre

(d) Minimum Bill

The minimum bill shall be the Base Charge.

2. Public Fire Protection Rate

The Village of Lawrencetown shall pay to the Water Utility for public fire protection services, the sum of \$58,002 commencing April 1, 2011.

3. Rates for Sprinkler Service

Each building having a sprinkler system installed shall pay for each twelve-month period as follows:

Each building serviced by a sprinkler service pipe of 6" or less in diameter	\$250.00
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Each building serviced by a sprinkler service pipe of 8" or more in diameter	\$300.00
------------------------------------------------------------------------------	----------

4. Water for Buildings or Works Under Construction

The Utility may furnish water to any person requiring a supply thereof for the construction of a building or other works. This person shall deposit with the Utility such sum as may be determined by the Utility as is sufficient to defray the cost of making the necessary connection to any water service or main, together with the cost of the meter to be installed to measure the water consumed. Upon completion of the work and the return of the meter to the Utility, a refund will be made after deducting the cost, if any, of repairing the meter and of testing the same and payment of the base and connection charges and the consumption rates in respect to such installation.

5. Rates for Water Supplied from Fire Hydrants

Whenever the use of any fire hydrant is desired for supplying water for any purpose, excepting those of the Fire Department, the Utility may grant a permit containing such terms and conditions as it may provide, including arrangements regarding supervision of the opening and closing of the hydrant, and a service charge for commercial consumers of \$60.00 for connection and disconnection and a consumption charge for the amount of water used, as estimated by the water utility, at meter consumption rates.

6. Private Hydrant Rates

Per hydrant per year \$200.00.

7. Charges for Re-establishing Water Service

When water service has been suspended for any violation of the Rules and Regulations of the Utility, such water service shall not be re-established until a reconnection charge of \$25.00 has been paid to the Utility.

8. Connection Fee

The Utility shall charge a \$25.00 fee for the creation of a water account, reconnection of a water meter or for the installation of a water meter.

The fee shall be \$100.00 if water is turned on after normal working hours of the Utility.

9. Charge for Non-Negotiable Cheques

The Utility shall charge a \$15.00 administration fee for cheques that, due to non-negotiability, have been rejected by the Utility's bank.

10. Charge for Missed Appointment by Customers

Where an appointment has been made by a customer to have a water service hooked up or a meter inspected, or water turned on to a property, or other visits to the property for the inception or maintenance of water service to the property, and the customer fails to keep the appointment or the plumbing is not completed to allow for installation of a water meter and the Utility's staff have to return to the property, there may be a charge of \$25.00 for each visit if, in the judgment of the Utility, it is required.

K. Schiller

SCHEDULE "B"

VILLAGE OF LAWRENCETOWN WATER UTILITY

SCHEDULE OF RATES AND CHARGES
FOR WATER AND WATER SERVICES

(Effective for water and water services supplied on and after April 1, 2012)

R A T E S

The rates set out below are the rates approved by the Board for water and water services when payment is made within 30 days from the date rendered as shown on the bill.

When payment is made after 30 days from the date rendered as shown on the bill, the rates will include interest charges of 1% per month, or part thereof.

Each bill shall show the amount payable within 30 days from the date rendered as shown on the bill.

In this Schedule, the word "Utility" means the Village of Lawrencetown Water Utility.

1. RATES:

(a) Unmetered (Total Charge Per Quarter) \$ 124.81
(Assuming 272 cubic meter annual consumption)

(b) Base Charges Quarterly

Size of Meter

5/8"	\$ 61.57
3/4"	90.65
1"	148.81
1.5"	294.21
2"	468.70
3"	934.00
4"	1,457.46

(c) Consumption Rates

\$0.93 per cubic metre

(d) Minimum Bill

The minimum bill shall be the Base Charge.

2. Public Fire Protection Rate

The Village of Lawrencetown shall pay to the Water Utility for public fire protection services, the sum of \$63,375 commencing April 1, 2012.

3. Rates for Sprinkler Service

Each building having a sprinkler system installed shall pay for each twelve-month period as follows:

Each building serviced by a sprinkler service pipe of 6" or less in diameter	\$250.00
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Each building serviced by a sprinkler service pipe of 8" or more in diameter	\$300.00
------------------------------------------------------------------------------	----------

4. Water for Buildings or Works Under Construction

The Utility may furnish water to any person requiring a supply thereof for the construction of a building or other works. This person shall deposit with the Utility such sum as may be determined by the Utility as is sufficient to defray the cost of making the necessary connection to any water service or main, together with the cost of the meter to be installed to measure the water consumed. Upon completion of the work and the return of the meter to the Utility, a refund will be made after deducting the cost, if any, of repairing the meter and of testing the same and payment of the base and connection charges and the consumption rates in respect to such installation.

5. Rates for Water Supplied from Fire Hydrants

Whenever the use of any fire hydrant is desired for supplying water for any purpose, excepting those of the Fire Department, the Utility may grant a permit containing such terms and conditions as it may provide, including arrangements regarding supervision of the opening and closing of the hydrant, and a service charge for commercial consumers of \$60.00 for connection and disconnection and a consumption charge for the amount of water used, as estimated by the water utility, at meter consumption rates.

6. Private Hydrant Rates

Per hydrant per year \$200.00.

7. Charges for Re-establishing Water Service

When water service has been suspended for any violation of the Rules and Regulations of the Utility, such water service shall not be re-established until a reconnection charge of \$25.00 has been paid to the Utility.

8. Connection Fee

The Utility shall charge a \$25.00 fee for the creation of a water account, reconnection of a water meter or for the installation of a water meter.

The fee shall be \$100.00 if water is turned on after normal working hours of the Utility.

9. Charge for Non-Negotiable Cheques

The Utility shall charge a \$15.00 administration fee for cheques that, due to non-negotiability, have been rejected by the Utility's bank.

10. Charge for Missed Appointment by Customers

Where an appointment has been made by a customer to have a water service hooked up or a meter inspected, or water turned on to a property, or other visits to the property for the inception or maintenance of water service to the property, and the customer fails to keep the appointment or the plumbing is not completed to allow for installation of a water meter and the Utility's staff have to return to the property, there may be a charge of \$25.00 for each visit if, in the judgment of the Utility, it is required.

K. S. Wilson

SCHEDULE "C"

VILLAGE OF LAWRENCETOWN WATER UTILITY

SCHEDULE OF RATES AND CHARGES
FOR WATER AND WATER SERVICES

(Effective for water and water services supplied on and after April 1, 2013)

RATES

The rates set out below are the rates approved by the Board for water and water services when payment is made within 30 days from the date rendered as shown on the bill.

When payment is made after 30 days from the date rendered as shown on the bill, the rates will include interest charges of 1% per month, or part thereof.

Each bill shall show the amount payable within 30 days from the date rendered as shown on the bill.

In this Schedule, the word "Utility" means the Village of Lawrencetown Water Utility.

1. RATES:

(a) Unmetered (Total Charge Per Quarter) \$ 128.72
(Assuming 272 cubic meter annual consumption)

(b) Base Charges Quarterly

Size of Meter

5/8"	\$ 62.76
3/4"	92.39
1"	151.66
1.5"	299.84
2"	477.65
3"	951.81
4"	1,485.25

(c) Consumption Rates

\$0.97 per cubic metre

(d) Minimum Bill

The minimum bill shall be the Base Charge.

2. Public Fire Protection Rate

The Village of Lawrencetown shall pay to the Water Utility for public fire protection services, the sum of \$64,747 commencing April 1, 2013.

3. Rates for Sprinkler Service

Each building having a sprinkler system installed shall pay for each twelve-month period as follows:

Each building serviced by a sprinkler service pipe of 6" or less in diameter	\$250.00
Each building serviced by a sprinkler service pipe of 8" or more in diameter	\$300.00

4. Water for Buildings or Works Under Construction

The Utility may furnish water to any person requiring a supply thereof for the construction of a building or other works. This person shall deposit with the Utility such sum as may be determined by the Utility as is sufficient to defray the cost of making the necessary connection to any water service or main, together with the cost of the meter to be installed to measure the water consumed. Upon completion of the work and the return of the meter to the Utility, a refund will be made after deducting the cost, if any, of repairing the meter and of testing the same and payment of the base and connection charges and the consumption rates in respect to such installation.

5. Rates for Water Supplied from Fire Hydrants

Whenever the use of any fire hydrant is desired for supplying water for any purpose, excepting those of the Fire Department, the Utility may grant a permit containing such terms and conditions as it may provide, including arrangements regarding supervision of the opening and closing of the hydrant, and a service charge for commercial consumers of \$60.00 for connection and disconnection and a consumption charge for the amount of water used, as estimated by the water utility, at meter consumption rates.

6. Private Hydrant Rates

Per hydrant per year \$200.00.

7. Charges for Re-establishing Water Service

When water service has been suspended for any violation of the Rules and Regulations of the Utility, such water service shall not be re-established until a reconnection charge of \$25.00 has been paid to the Utility.

8. Connection Fee

The Utility shall charge a \$25.00 fee for the creation of a water account, reconnection of a water meter or for the installation of a water meter.

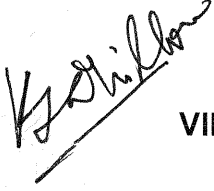
The fee shall be \$100.00 if water is turned on after normal working hours of the Utility.

9. Charge for Non-Negotiable Cheques

The Utility shall charge a \$15.00 administration fee for cheques that, due to non-negotiability, have been rejected by the Utility's bank.

10. Charge for Missed Appointment by Customers

Where an appointment has been made by a customer to have a water service hooked up or a meter inspected, or water turned on to a property, or other visits to the property for the inception or maintenance of water service to the property, and the customer fails to keep the appointment or the plumbing is not completed to allow for installation of a water meter and the Utility's staff have to return to the property, there may be a charge of \$25.00 for each visit if, in the judgment of the Utility, it is required.



SCHEDULE "D"

VILLAGE OF LAWRENCETOWN WATER UTILITY

**SCHEDULE OF RULES AND REGULATIONS
GOVERNING THE SUPPLY OF WATER AND WATER SERVICES**

(Effective July 1, 2011)

1. In these Rules and Regulations, unless the context otherwise requires, the expression:

"Village" means the Village of Lawrencetown.

"Utility" means the Water Utility of the Village of Lawrencetown.

"Customer" means a person, a property owner, firm or corporation who or which contracts to be supplied with water at a specified location or locations.

"Clerk" means the Clerk of the Village of Lawrencetown.

"Domestic Service" means the type of service supplied to the owner or his authorized agent or to the occupant or tenant of any space or area occupied for the distinct purpose of a dwelling house, rooming house, apartment, flat, etc.

"Commercial Service" means any type of service other than domestic and fire protection.

"Flat Rate Service" means that type of unmetered service charged for all flat rates.

"Metered Rate Service" means that type of service charged for at metered rates and is supplied to customers other than those supplied by fixture and flat rate service. Metered rate service is required for all new services except mobile homes.

2. Liability for Payment of Water Bill:

- A. An agreement is deemed to exist between a customer and the Utility for the supply of water service at such rates and in accordance with these Regulations by virtue of:

- i) the customer applying for and receiving approval for water service;
- ii) the customer consuming or paying for water service from the date that the customer who is a party to an agreement pursuant to clause (i) (the customer of record) moves out of the premises, in

which case the customer of record shall remain jointly and severally liable for the water service account up to the date the Utility is notified that the customer of record wishes to terminate the supply of water service.

At the discretion of the Utility, a property owner who rents or leases a property or self-contained unit to a tenant or lessee may be required to open an account for the provision of water at the property rented or leased.

- B. Any person, business or corporation that receives water service without the consent of the Utility shall be liable for the cost of such water service which cost shall be determined in the sole discretion of the Utility based upon its reasonable estimate of the amount of water utilized.
3. Deposits: When required, an applicant for service shall deposit with the Utility a sum equal to the estimated charges for such service for a period of six months. The estimated charges will be based on the flat rate for flat rate customers and on the minimum bill for metered rate customers. This deposit shall be held by the Utility as collateral security for the payment of the customer's bills, but is not to be considered as a payment on account thereof. When the customer ceases to use the service and discharges all his liability to the Utility in respect of such service, the deposit shall be returned to him with interest based on the rate of four percent (4%) per annum, not compounded.
4. Refusal of Service: Service may be refused or suspended to any customer who has failed to discharge all of his liabilities to the Utility.
5. Payment of Bills: Bills shall be rendered to each customer at intervals of either monthly or approximately three months and are due and payable when rendered. Bills not paid within thirty (30) days of the date rendered shall incur an interest charge of 1% per each month or part thereof.
6. Adjustment of Bills:
- (a) Any customer desiring to question a water bill must do so in writing within one month of the bill being rendered.
 - (b) (Where meters exist) If the seal of a meter is broken or if a meter does not register correctly, the bill for that water service shall be estimated in accordance with the best data available.
 - (c) Customers Under-billed - Should it be necessary for the Utility to make a billing adjustment as a result of a customer being under-billed for any reason, such adjustment shall be retroactive for a maximum of four billing periods or one year, whichever is the longest. Notwithstanding the above, in the event that a billing adjustment is the result of the customer's illegal connection to the water system or wilful interference or damage of

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Rules and Regulations

metering equipment (where they exist), the billing adjustment in such circumstances will not be limited to one year or four billing periods, but rather the customer shall be responsible for all payments of such accounts from the date such illegal connection or interference to meter equipment took place.

- (d) Customer Over-billed - Shall it become necessary for the Utility to make a billing adjustment as a result of a customer being over-billed for any reason, such adjustment will be estimated by the Utility, and the Utility will be responsible for payment of the over-billed amount with interest calculated on the basis of current simple interest paid by the bank.
7. Estimated Readings for Billing Purposes - Metered Customers: If the Utility is unable to obtain a meter reading for billing purposes, after exercising due diligence in the usual practice of meter reading, the bill for that service shall be estimated in accordance with the best data available, subject, however, to the provision that in no circumstance will an estimated reading be used for more than two consecutive billing periods. If an estimated bill is rendered for two consecutive billing periods, the Utility shall notify the customer by regular mail that arrangements must be made for the Utility to obtain a reading and, failing such arrangements, the Utility may suspend service until such arrangements are made. When such meter reading has been obtained, the previous estimated bill or bills shall be adjusted accordingly.
8. Suspension of Service for Non-Payment of Bills: The Utility shall have the right to enter onto customers' premises within reasonable hours to suspend service to customers whose bills remain unpaid for more than forty calendar days after the date rendered. The customer shall pay the sum of \$25.00 for reconnecting after each suspension.
9. Public Fire Protection Service Charge: The Utility shall annually render to the Village of Lawrencetown not later than the last day of September, an account for fire protection service as approved by the Nova Scotia Utility and Review Board. The account shall be calculated in the manner set out in the most recently approved schedule of rates and payable within 30 days of the date rendered.
10. Water to be Supplied by Meter: The Utility may at any time install a meter on the premises of any customer. The Utility shall determine the size and type of meter to be installed in each case. All meters shall be the property of the Utility.
11. Installation and Removal of Meters: Meters shall be installed and removed only by employees or duly authorized representatives of the Utility, and no other person shall install, alter, change or remove a meter without the written permission of the Utility. The plumbing and connections shall be properly prepared to receive the installation of such meters to the approval of and without expense to the Utility.

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12. Meter Readers: Each meter reader shall be provided with an official identification, which he/she shall exhibit on request.

13. Access to Customer's Premises: Representatives of the Utility shall have right of access to all parts of a customer's property or premises at all reasonable hours for the purpose of inspecting any water pipes or fittings, or appliances, or discontinuing service, or for the purpose of installing, removing, repairing, reading or inspecting meters. The Utility shall have the right to suspend service to any customer who refuses such access.

14. Location of Meters: The Utility shall have the right to refuse service to, or suspend the service of, any customer who does not provide a place which, in the opinion of the Utility, is suitable for the meter. It should be in the building served, at or near the point of entry of the service pipe, in a place where it can be easily read and exchanged and where it will not be exposed to freezing temperatures.

Where the premises of a customer are of such a nature that a meter cannot be properly installed in a building, or if the building is not sufficiently frost-proof as to guarantee the safety of the meter, the Utility may order the construction of a suitable frost-proof box in which the meter can be installed. Service to such premises may be refused or suspended until such a frost-proof box approved by the Utility is installed.

15. Damage to Water Meters: Each customer shall be responsible for the meter installed on his service and shall protect it. He shall be liable for any damage to the meter resulting from carelessness, hot water or steam, or the action of frost or from any other cause not the fault of the Utility or its employees. The cost to the Utility occasioned by such damage to the meter shall be paid by the customer. If, after the rendering of a bill by the Utility to the customer for such cost, the same is not paid within forty days from the date rendered, the supply of water to the customer concerned may be suspended until all charges are paid.

16. Meter Testing: On the request of a customer to have his meter tested (5/8 inch to 1 inch), the Utility may charge the sum of \$50.00 to defray, in part, the cost of making the test. In the case of meters 1½ inches and larger, the actual cost of the test will be paid by the customer. If the test shows that the meter is over-registering by more than one and one-half percent (1½%) for positive displacement meters and three percent (3%) for turbine or compound meters, the sum so deposited will be refunded to the customer.

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17. Plumbing to be Satisfactory: All plumbing, pipes and fittings, fixtures, and other devices for conveying, distributing, controlling, or utilizing water, which are used by a customer and are not the property of the Utility, shall be installed in the manner provided by the Regulations of and be approved by the proper official of the Village of Lawrencetown and/or the operators of the Utility. The water shall not be turned on (except for construction or testing purposes) until the applicant for service has satisfied the Utility that these requirements have been met. The supply of water may be discontinued to any customer at any time if, in the opinion of the proper official of the Village of Lawrencetown and/or the operators of the Utility, the plumbing, pipes, fittings, fixtures or other devices as hereinbefore mentioned, or any of them, fail to comply with the above requirements, or if any part of the water system of such customer or the meter is in any unsuitable, dirty, unsanitary, or inaccessible place. Service shall not be re-established until such condition is corrected to the satisfaction of the Utility.
18. Remote Registering Water Meters: When a remote registering water meter is installed on a customer's premises under a general outside register installation program of the Utility, then the cost of the meter and its installation shall be paid by the Utility.

The meter shall become the property of the Utility which shall become responsible for its operation, maintenance and replacement. Any damage to the meter caused by the negligence or wrongful acts or omissions by the customer, his agents or members of his family, shall be paid for by the customer, and the failure by the customer to make the payment shall entitle the Utility, after making a forty day written demand for the payment, to disconnect the water service to the customer.

19. Cross Connection Control & Backflow Prevention (BFP)
- (a) No owner, consumer, customer or other person hereinafter collectively referred to in this rule and regulation as "person" shall connect, cause to be connected, or allow to remain connected to the water system, or plumbing installation, without the express written consent of the Utility, any piping fixtures, fittings container or appliance in a manner which, under any circumstances, may allow water, wastewater, or any other liquid, chemical or substance, to ingress or egress the water system.
 - (b) Where, in the opinion of the Utility, there may be a risk of contamination to the potable water system, notwithstanding the provisions of subparagraph (a), the Utility may require the customer, at the customer's sole cost and expense, to install at any point on the customer's water service connection or water service pipe, one or more backflow prevention (BFP) devices, which devices shall be of a quality and type approved by the Utility.
 - (c) All BFP devices shall be maintained in good working order. Such devices must be inspected and tested by a certified tester, approved by the Utility, at the expense of the customer. Such inspections shall take place upon

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installation, and thereafter annually, or more often if required by the Utility. The customer shall submit a report in a form approved by the Utility on any or all tests performed on a BFP device within 30 days of a test. A record card shall be displayed on or adjacent to the BFP device on which the tester shall record the name and address of the owner of the device; the location, type, manufacturer, serial number and size of the device, and the test date, the tester's initials, the tester's name, the name of his employer, and the tester's license number.

- (d) Installation, maintenance, field-testing and selection of all BFP devices shall fully conform to the latest revision of CSA B64.10 and CSA B64 series.
- (e) In the event of any breach, contravention or non-compliance by a person of any of the provisions and regulations in sub-paragraphs (a), (b), (c), or (d), the Utility may:
 - (i) suspend water service to such person, or
 - (ii) give notice to the person to correct the breach, contravention or non-compliance within 96 hours, or a specified lesser period. If the person fails to comply with such notice, the Utility may immediately thereafter suspend water service to such person.

20. Dangerous Connections: No connection shall be permitted to any installation; equipment or source in such a manner as may allow any contamination to pass from such installation, equipment or source into the Utility's water supply system. If any such connection exists, the Utility may discontinue the supply of water to such customer.

21. Prohibited Devices: Service may be refused or suspended by the Utility to any customer who installs or uses any device or appurtenance as, for example, booster pumps, quick-opening or quick-closing valves, flushometers, water-operated pumps or siphons, standpipes, or large outlets which may occasion sudden large demands of short or long duration, thereby requiring oversize meters and pipelines, or affect the stability or regulation of water pressure in the Utility's system. Permission to install or use any such device or appurtenance must be obtained from the Utility, which permission shall specify what special arrangements, such as elevated storage tanks, surge tanks or equalizing tanks, etc., must be provided by the customer.

22. Improper Use or Waste of Water: No customer shall permit the improper use or waste of water, nor shall he sell or give water to any person except upon such conditions and for such purposes as may be approved in writing by the Utility.

23. Service Pipes: Upon receipt of an application for service to any premises located on any portion of a street through which portion a main water pipe is laid and which premises are not already provided with water service, the Utility shall

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install a service pipe which it considers to be of suitable size and capacity. No pipe smaller than 3/4" in diameter shall be laid for any service.

The cost of supplying and laying 3/4" service pipe and fittings between the main pipe and the street line shall be carried out by the Utility. From the street line to the premises the cost shall be paid by the customer.

The necessary excavation for the laying of the service pipe, backfilling, and replacement of the street and sidewalk surfaces from the water main in the street to the street line, shall be carried out by the Utility at a fixed cost to the applicant of \$1,200.00. The applicant shall be responsible for the excavation and laying of water service pipe from the street line to the premises and all such work shall be performed without cost to the Utility.

In the case of a new subdivision, the sub-divider shall provide the service line from the main to the street line at no cost to the Utility.

For services larger than 3/4", the whole cost shall be borne by the customer, less the cost of a 3/4" service pipe and curb stop from the main to the street line.

Should any person make application for more than one service to his premises, the decision as to the necessity of the additional service shall be made by the Utility, and if the additional service is installed, the total cost thereof from the main to the customer's premises shall be paid by such applicant.

All services must be installed in accordance with Rules and Regulations of the Village of Lawrencetown infrastructure standards.

When a service has been installed without objection from the customer as to the location of the same, no subsequent removal of or alteration to the position of the pipe shall be made except at the expense of the customer requesting such removal or alteration.

Each customer desiring the Utility to install a new service shall deposit with the Utility a sum equal to the estimated cost of the work.

24. Repairs to Services: If a leak or other trouble occurs it shall be repaired as soon as possible. If the leak or trouble occurs in a service line providing non-fire protection water supplies between the main and the property line, it shall be repaired by the Utility at its expense. If the leak or trouble occurs elsewhere in a service line providing non-fire protection water supplies, it shall be repaired by the customer at his/her expense.

If the leak or trouble occurs in a service line which provides private fire protection services (sprinkler or hydrant) it shall be repaired by the customer at his expense.

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The Utility may make such repairs for any customer provided the customer agrees to pay the cost of same. When required, each customer desiring the Utility to do such work shall deposit with the Utility a sum equal to the estimated cost of the work.

If a leak or trouble occurs on the customer's portion of his service pipe and, after being notified of same, they refuse or unduly delays to have repairs made, the Utility may discontinue the supply of water to such service pipe if, in its opinion, such action is necessary in order to prevent wastage of water. The Utility shall notify the customer affected of its intention to discontinue such supply.

The Utility may make such repairs for any customer providing the customer agrees to pay the cost of same.

25. Unauthorized Extensions, Additions or Connections: No person shall, without the written consent of the Utility, make or cause to be made any connections to any pipe or main or any part of the water system or in any way obtain or use water therefrom in any manner other than as set out in these Regulations.
26. Special Service Charge: A special service charge of \$25.00 shall be made to each customer receiving a necessary or requested service, such as the shutting off or turning on of water service or other special services not provided for elsewhere in these Regulations. In the case where the shutting off is requested because there is no operable shut off valve serving the dwelling, an isolation valve must be installed at the customer's expense.
27. Season for Laying Pipes: The Utility shall not be required to lay any pipe at any season of the year or at any time which, in its opinion, is not suitable.
28. Private Fire Protection: Fire protection lines within buildings shall be installed so that all pipes will be open and readily accessible for inspection at any time, and no connection for any purpose other than fire protection shall be made thereto. Unless approved by the Utility in writing, no fire protection line shall be connected in any way to a metered service.
29. Liability of Utility: The Utility shall not be deemed to guarantee an uninterrupted supply or a sufficient or uniform pressure and shall not be liable for any damage or injury caused or done by reason of the interruption of supply, variation of pressure, or on account of the turning off or turning on of water for any purpose.
30. Interference with Utility Property: No person, unless authorized by the Utility in writing, shall draw water from, open, close, cut, break, or in any way injure or interfere with any fire hydrant, water main, water pipe, or anything the property of the Utility, or obstruct the free access to any hydrant, stop cock, meter, railway siding, building etc., provided, however, that nothing in this paragraph contained shall be deemed to prevent an officer or member of a Fire Department engaged in the work of such Department, from using any hydrant or other source of water supply designated by the Utility for such purpose.

31. Suspending Service for Violation: Whenever, in the opinion of the Utility, violation of any of these Rules and Regulations is existing or has occurred, the Utility may cause the water service to be suspended from the premises where such violation has occurred or is existing and may keep the same so suspended until satisfied that the cause for such action has been removed.
32. Resumption of Service: In all cases where water service has been suspended for violation of any of these rules, service shall not be restored until the cause for violation has been removed and a \$25.00 reconnection charge (\$100.00 if reconnection is completed outside of regular working hours) has been paid.
33. Requests for Connection or Reconnection: A charge of \$100.00 will be paid for water service connected or reconnected outside of regular working hours. There will not be a charge for water service connected or reconnected during regular working hours, except as described in Regulation 32.
34. Sprinkler Service Mains and Hydrant System: The customer shall be responsible for the cost of installing and maintaining a sprinkler service pipe from the main in the street to the building. It shall include a proper size control valve so that the service may be shut off if necessary. If requested by the applicant, a domestic service pipe may be connected to the sprinkler service pipe, but only if it is connected outside the building foundation wall and is provided with an approved shutoff valve located outside the building to permit control of the domestic service pipe without the necessity to enter the building. Before any domestic service pipe is connected to a sprinkler service pipe, the applicant must obtain approval from the appropriate authority and provide the Utility with a certified copy of such approval. The Utility shall supervise the installation of same. When the private fire protection system includes private hydrants, these hydrants must be flushed during the Utility's regular flushing periods, under the supervision of the Utility's personnel. These hydrants shall be maintained in a manner, or on a regular basis, as approved by the Utility.
35. Pressure Reducing Valves: Where, in the opinion of the Utility, it is necessary for proper water service, a customer shall install on the service pipe, between the meter and the shut off valve on the supply side of the meter, a pressure reducing valve of a type satisfactory to the Utility. The customer shall be responsible for the cost of installing and maintaining the pressure reducing valve at all times.
36. Pressure Relief Valves: Whenever a pressure reducing valve has been installed by a customer in accordance with Regulation 35, the customer shall, for his own safety and protection, install on his hot water boiler and any other hot water heating device connected to the building's plumbing system, a pressure relief valve of an approved type, as well as an approved temperature limiting device. It shall be the customer's responsibility to maintain and keep in service the pressure relief valve at all times.

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37. Extensions: Upon request of any owner or owners of property situated on a street or highway in which a water main has not been laid, for the extension of water service thereto, such extensions may be made upon execution of an agreement with the owner or owners on such terms and conditions as may be approved by the Utility and as approved by the Nova Scotia Utility and Review Board.

38. Deposits in Advance: When a customer requests the Utility to do work for which they are required to pay and the Utility agrees to do the work, the Utility may require before the work is started, a sum of money equal to the Utility's estimate of the probable cost of said work. When the actual cost is determined an adjustment in the payment shall be made. Regular service shall be established by the Utility until all charges are paid in full.

39. No Reselling Water: The Utility shall supply water only to customers for which there exists a contract. Water resold to others without the expressed written consent of the Utility is prohibited. In the event that a customer is reselling water to others without prior approval by the Utility, the Utility may suspend service to the premises until such times the activity or approval to resell water is granted.