

**NOVA SCOTIA UTILITY AND REVIEW BOARD**

**IN THE MATTER OF THE PUBLIC UTILITIES ACT**



- and -

**IN THE MATTER OF AN APPLICATION** of the **TOWN OF MAHONE BAY**, on behalf of its Water Utility, for approval of amendments to its Schedule of Rates and Charges for Water and Water Services and amendments to its Schedule of Rules and Regulations

**BEFORE:** Stephen T. McGrath, LL.B., Member

**APPEARING:** **TOWN OF MAHONE BAY**  
Gerry Isenor, P.Eng.  
G. A. Isenor Consulting Limited

Blaine Rooney, CPA, CA  
Blaine S. Rooney Consulting Limited

Dylan Heide  
Chief Administrative Officer

Luke Wentzell  
Manager of Finance

Meghan Rafferty  
Water/Wastewater Operator

**HEARING DATE:** August 22, 2019

**UNDERTAKINGS:** September 3, 2019

**DECISION DATE:** **October 30, 2019**

**DECISION:** **Schedule of Rates, and Schedule of Rules and Regulations approved, as amended by the Utility.**

## I SUMMARY

[1] The Town of Mahone Bay applied to the Nova Scotia Utility and Review Board on behalf of its Water Utility for amendments to its Schedule of Rates for Water and Water Services and Schedule of Rules and Regulations pursuant to the *Public Utilities Act*, R.S.N.S. 1989, c. 380 (*Act*). The existing Schedule of Rates for Water and Water Services and Schedule of Rules and Regulations have been in effect since April 1, 2016 and July 1, 2014, respectively.

[2] The application was supported with a rate study dated April 9, 2019 that was prepared by G.A. Isenor Consulting Limited in association with Blaine S. Rooney Consulting Limited. The Utility also received and responded to Information Requests (IR) from Board staff. The Utility's IR responses on June 20, 2019, included a revised rate study (Rate Study) which added the Utility's unmetered customer and corrected the Utility's depreciation expense and utility plant in service (distribution mains) to align with its financial statements. The Rate Study attached to the IR responses contains the proposed rates and was reviewed by the applicant during the public hearing. It is the Rate Study referenced in this Decision, unless otherwise noted.

[3] The Utility proposed increases in customer rates in its fiscal years 2019/20, 2020/21 and 2021/22 (Test Years, Test Period). For 5/8" metered, residential customers, the proposed average bi-monthly increases in the application are: 8.9% in 2019/20; 6.8% in 2020/21; and 2.9% in 2021/22. For all other metered customers (i.e., meter sizes of 3/4", 1", 1½" and 2"), based upon the average bi-monthly consumption of each meter size, the proposed increases are between 7.8% and 9.1%, 6.3% and 7.5%, and 2.9% and 3.0%, respectively, in each of the Test Years. Proposed increases to an annual public

fire protection charge paid to the Utility by the Town, are: 16.2% in 2019/20; 34.7% in 2020/21; and 3.3% in 2021/22.

[4] A public hearing was held at the Mahone Bay Fire Hall on August 22, 2019, after due public notice. Gerry Isenor, P.Eng., of G.A. Isenor Consulting Limited and Blaine Rooney, CA, of Blaine S. Rooney Consulting Limited, represented the Utility. The Utility was also represented by Town staff: Dylan Heide, Chief Administrative Officer; Luke Wentzell, Manager of Finance; and Meghan Rafferty, Water/Wastewater Operator. There were no formal intervenors in the proceeding. No members of the public requested to speak during the hearing, and no letters of comment were received by the Board.

[5] The Schedule of Rates and Charges and the Schedule of Rules and Regulations are approved, as amended in an Undertaking response by the Utility, as outlined in this Decision.

## **II INTRODUCTION**

[6] The Utility's source of supply is Oakland Lake. Raw water is pumped through a transmission main to the Utility's water treatment plant, where the water is treated to meet current Provincial standards. The treated water is distributed to the Utility's customers through approximately 8 km of watermain. A lined and covered earthen 2,000 m<sup>3</sup> reservoir is located next to the plant. Since the Utility's last application in 2014, flow meters connected to the Utility's Supervisory Control and Data Acquisition system were installed at the source of supply, at the treatment plant and at the point in the system where the Utility begins to distribute water to its customers.

[7] In its last application in 2014, the Utility discussed complaints it received from customers about dirty water on a dead-end pipe which was scheduled to be

replaced. In the present application, the applicant explained that the pipe was not replaced because it prioritized other cast iron main replacements. However, the Utility has implemented a scheduled dead-end flushing program which it states appears to be effective in dealing with the issue.

[8] The Utility continues to have a significant amount of non-revenue water, at approximately 51%. In its 2014 application, the Utility reported non-revenue water at 48%. Since the last application, the applicant has employed a leak detection consultant to aid in locating leaks in the system for repair. The applicant further noted that the Rate Study includes both capital and operating budget items related to the reduction of water loss.

[9] The Utility requests that a Water Filter Replacement Reserve Fund (Reserve Fund) be established to fund the replacement of water filters at the water treatment plant, avoiding a large expenditure in a single year. It is proposed to fund the Reserve Fund through an annual addition to operating expenses, beginning in the 2019/20 Test Year. The establishment of the Reserve Fund was requested and approved in a previous application by the Utility, but it was never set up. Since the 2014 application, one filter was replaced as a capital item.

[10] Prior to the 2014 application, the Utility did not take full depreciation of its assets, using a depreciation rate of 1.5% on all assets, and not depreciating donated assets. As a part of the 2014 application, the Board approved the Utility's proposed phase-in of full depreciation on all assets, using rates set out in the Board's *Water Utility Accounting and Reporting Handbook (Accounting Handbook)*. This allows the Utility to fully fund its depreciation fund to be used in the replacement of capital assets. The current

application proposes to phase-out, over the Test Years, the Town's historical annual appropriation to the Utility, which was established due to the Town's concerns with the lack of capital funds to finance the Utility's capital needs. The purpose of the proposed elimination of the Town's contribution is to establish water rates which cover the full costs of operating the Utility.

[11] The Utility currently serves 488 customers, all of which are metered, except the Town Wharf, which is connected to the system each year in the spring and disconnected in the fall. The application projects annual growth of three residential customers over each of the Test Years, based upon a review by the Utility and an anticipated conservative projection.

[12] The application was presented to the Board based upon the need to adjust rates as a result of increased operating costs and to fund a projected capital program.

### **III REVENUE REQUIREMENTS**

#### **1. Operating Expenditures**

[13] For the year ended March 31, 2018, the Utility had an excess of revenue over expenditures of \$24,480 and an accumulated operating surplus of \$68,132. The Utility projects an accumulated operating deficit of \$439,417 by 2021/22 without a rate increase, based upon the assumptions in the Rate Study.

[14] The Utility's 2018 financial statements contain assets and liabilities involving transfers between the Utility and the Town's electric utility, which were questioned by the Board. In a response to Undertakings, the applicant explained that the Town has one main bank account for revenues and one for payment of expenses. A "due to/from" entry is automatically generated by the Town's system to ensure that the entries

between the funds balance. The Undertaking response stated that it was recommended by the Town's auditors during the 2018/19 audit that the accounts be cleared at the end of each fiscal year.

[15] The applicant explained that the Utility's budgeting process begins with the water treatment operator submitting operating and capital budgets for the upcoming year to the Manager of Finance for review. Any new budgeted items are discussed to determine their necessity. After review, the Manager of Finance prepares the actual budget, considering both the previous year's actual and budgeted results. The budgets are then presented to Town Council for approval.

[16] With respect to the allocation of costs among the Town, the Utility and the electric utility, the applicant explained that office staff and Public Works employees' salaries are allocated based upon the time spent on water utility issues. Council Honorariums and Town Hall costs are allocated 10% and 15%, respectively, to the Utility.

[19] The Utility's actual operating expenses in the 2017/18 fiscal year total \$488,319, and it estimates this will increase by 15% in 2018/19 to \$560,881. The applicant explained the main contributors to the 15% increase. The Power and Pumping maintenance budget was increased by approximately \$2,000 based upon feedback from the Treatment Plant Operator. The 2017/18 Water Treatment electricity expense was an anomaly, being significantly under historical costs, with the 2018/19 expense increasing by approximately \$17,000. The Transmission and Distribution expense increased due in part to increased labour costs (\$7,000), and increased maintenance costs of \$13,000, for the reservoir and distribution mains which had no maintenance done in 2017/18. The 2018/19 Administration and General expense included \$1,000 in account write-offs not

done in 2017/18, CPI increases in administrative staff salaries and an additional \$11,000 related to the new Manager of Finance position, which is allocated 20% to the Utility. The applicant also said that initial results for the 2018/19 fiscal year indicate that its actual deficit will be lower than that projected in the Rate Study.

[20] The projected operating expenses for the Test Years are based upon the Utility's estimates for 2018/19 plus an annual increase of 3%. Exceptions to this are expenses related to Water Treatment, and Administration and General expenses.

[21] The Water Treatment expense is budgeted to decrease from \$153,625 in 2018/19 to \$142,151 in 2019/20. The applicant explained that the budgeted decrease is due to the findings of a recent investigation which showed that changing the timing of treatment plant processes results in significant decreases in the electricity demand charge. The budgets for this expense line item were prepared to reflect this decrease.

[22] The Utility budgets Administration and General expenses to decrease slightly from \$165,100 in 2018/19 to \$163,542 in 2019/20. This is the result of two line items, Audit Fees and the Water Rate Study. The Water Rate Study (\$10,000) is a one-time expense item in 2018/19, which does not appear in the Test Years. This decrease is somewhat offset by an increase in audit fees from \$5,100 in 2018/19 to \$8,500 in 2019/20. The applicant noted that when the Town recently hired a new Manager of Finance, it was decided that its auditors would prepare its financial statements, a task previously carried out by the Town. The applicant explained that this allows a neutral third party to ensure that the statements are accurately prepared.

[23] The annual tax expense, budgeted at \$650 over the Test Years, relates to taxes on Utility assets which are located within the Municipality of the District of Lunenburg.

[24] The Utility proposes an annual operating expense of \$12,000 in each of the Test Years for the Reserve Fund. The IR responses set out that the purpose of the Reserve Fund is to have enough funds to replace filters without negatively impacting the Utility's expenses. The applicant further explained that the requested annual operating expense amount is based upon the estimated cost of the filter replacement modules, of approximately \$100,000, divided over an estimated ten-year useful life of the filters.

[25] The Board questioned the necessity of the Reserve Fund for what appears to be a capital cost, and noted that this appeared to be a practice which was different than the usual way capital projects were funded. Mr. Isenor described the predictability of the timing of the replacement of the filters in comparison to other assets such as pipes. Mr. Rooney noted that similar reserve funds have been established for other water utilities. He added that the Reserve Fund establishment relates to financing, with the theory that when the filters need to be replaced, the customers using the filters have contributed towards the replacement without the need to borrow funds. With respect to both establishing the Reserve Fund and depreciating the filters, he noted that the cost of the filters will most likely increase significantly over ten years. Mr. Rooney also compared the proposed funding of the Reserve Fund with borrowing for a water main replacement, which is depreciated, but also has associated debt servicing costs.

[26] With respect to treatment of the proposed Reserve Fund, Mr. Isenor confirmed that the plan is to keep these funds, along with any associated investment

return, segregated in a separate account in the Utility's financial statements. He added that it is his understanding that any disbursements from the fund require Board approval and would only be made for the filter replacement.

[27] During the hearing, the Board questioned the applicant with respect to the high amount of non-revenue water, at approximately 51% in 2018/19. The applicant noted that the operating cost associated with the volume of treated water lost in 2018/19 is \$43,435. Mr. Isenor explained that the Utility has several dead-end pipes through which water passes to maintain chlorine residual. He added that the Utility regularly engages leak detection services. The Utility further plans to install automated flushing devices which will limit the amount of water needed to keep chlorine residuals, reducing the non-revenue water, as well as allowing for a more accurate measure of the amount of water necessary for residual maintenance.

[28] The Utility fully depreciates its assets, as approved by the Board in its last rate application. The projected depreciation expense in the Rate Study is based upon current assets and proposed capital additions over the Test Years. The depreciation rates used are as set out in the *Accounting Handbook*, with the Utility providing an explanation for any deviations, in terms of the assets expected useful life.

### **Findings**

[29] The Board accepts the Utility's explanation of its budgeting process as well as the allocation of costs between the Town and the Utility. The Board was advised at the hearing that the Utility intends to look at doing an investigation to ensure that its allocations are in line with its estimates, and the Board encourages the Utility to review

the allocations on a regular basis to ensure that an accurate portion of its costs are recovered.

[30] The Board has considered the Utility's proposed establishment of the Reserve Fund, funded annually in the amount of \$12,000. The Board notes that, although not a common practice, it has in the past been approved for other utilities for expenditures known with some certainty to be cyclic. Also, it is acknowledged that in smaller utilities, such items can have an impact on the utility's operations in the year of the expenditure. The Board approves the Reserve Fund as proposed, with the understanding that the funds are to be segregated in an interest bearing account and used solely for the purpose of filter replacement unless otherwise approved by the Board.

[31] The Utility's amount of non-revenue water continues to be high, with no decrease from the previous application, despite regular leak detection. The Board reminds the Utility of the importance of repairing leaks, which will help to reduce operating expenses, and encourages the Utility to continue with its leak detection efforts, including the planned installation of automated flushing devices.

[32] The Board finds the projected operating expenses, including depreciation, to be reasonable, and approves them. The Board encourages the Utility to investigate any further operating options, such as the timing of water treatment processes described, which could potentially reduce expenses.

## **2. Capital Budget**

[33] The Utility's capital budget for 2018/19 is \$55,000, which includes a back-up generator (\$50,000) and services (\$5,000), funded from the Utility's depreciation fund. The Rate Study included the Utility's capital budgets in each of the three Test Years,

totaling \$1,315,560, \$1,714,322 and \$72,500, respectively. The budgets include mains in the amount of \$1,224,060 in 2019/20 and \$1,625,822 in 2020/21. The applicant explained that the 2019/20 watermain project relates to replacement of mains on two streets, and the 2020/21 project is the expected cost to replace 2.4 km of distribution mains as part of a large project involving water, wastewater and stormwater systems.

[34] The Board questioned whether the impact of the proposed main replacement on the reduction of non-revenue water has been assessed. Mr. Heide explained that although significant condition assessment work has been done, the improvement in non-revenue water results has not been quantified. He added that based upon break frequency, the Utility is confident that the mains which have the largest potential to be contributing to the water loss have been prioritized for replacement.

[35] The proposed funding for the Test Years' Capital Budget is as follows:

	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Outside Funding	\$ 891,985	\$ 1,186,196	
Depreciation Fund	\$ 300,000	\$ 175,000	\$ 72,500
Long Term Debt	\$ 123,575	\$ 353,126	
Total	\$1,315,560	\$ 1,714,322	\$ 72,500

[36] The applicant explained that the outside funding source in 2019/20 and 2020/21 is the Investment in Canada Infrastructure Program which has been applied for but is, to date, not confirmed. It noted that if the outside funding is not received, the Utility will have to reevaluate the proposed projects.

[37] The projected funding through long term debt is based upon a 20-year term and an interest rate of 6.0%. Mr. Isenor explained that the decision was made to use

more depreciation funding to cut down on long term debt. He added that most of the depreciation funding was used in the first Test Year, with less in the second Test Year to try to balance the customer rate increases in 2019/20 and 2020/21.

[38] Based upon the proposed funding drawdown, and the addition of the annual depreciation expense as proposed, the balance in the depreciation fund is estimated to be \$141,318 at the end of the Test Years. The applicant noted that this balance is adequate for emergencies. It further stated that the reliability of the transmission system will be improved as a result of the significant capital work planned during the Test Years.

### **Findings**

[39] Most of the Utility's capital budgets in the Test Years focus on main replacements to reduce leaks and reduce the amount of non-revenue water. Given the Utility's significant water losses, which negatively impact its financial position, the Utility should continue to identify and prioritize mains for replacement. The Board understands that the Utility's capital program may need to be adjusted, depending upon the receipt of outside funding.

[40] The Board finds the proposed capital budget and funding for each of the Test Years to be reasonable. The Utility is reminded that inclusion of the proposed capital projects in the Rate Study does not constitute Board approval of these projects. Separate Board approval is required prior to construction for all capital projects in excess of \$250,000 as set out in s. 35 of the *Act*.

### 3. Non-operating Revenue and Expenditures

[41] Projections of non-operating expenditures and non-operating/other revenue are included in the revenue requirements for the Test Period. Other operating revenue includes: Sprinkler Service of \$1,440 annually; Special Services-Connection Services of \$5,000 annually; and Sundry-Tower Lease/Rent of \$7,200 annually. The annual non-operating revenue items are Interest and Other Income (\$1,000), Other (\$500), and Appropriation from the Town, which is proposed to be phased out at \$25,000, \$15,000 and \$0, respectively in each of the Test Years.

[42] Mr. Isenor explained that historically there has been an appropriation from the Town to the Utility. Town Council voted to remove the appropriation, given the change approved in the Utility's last application to increase the annual depreciation expense to fund the depreciation reserve, following the *Accounting Handbook* guidelines.

[43] The non-operating expenses include the current debt servicing payments, and interest and principal payments in each of the Test Years related to the funding of previous capital projects. The existing debt principal payment is budgeted to increase in 2019/20 for new debt to replace interim financing. Also included as non-operating expenses are other interest charges of \$100 annually and new debt charges of interest and principal payments associated with funding the capital budgets in the Test Years.

[44] The Test Years' budgeted non-operating expenses include an item in the annual amount of \$1,063, identified as both Interfund and Short Term Interest on Capital Projects. In an Undertaking response, the applicant explained that this item relates to interest paid by the Utility on a loan from the Town's Cemetery Fund, and that it is classified as "Interfund" as it is a loan payable to an internal party of the Town. The

applicant further explained that the principal payment for the loan is included in the existing principal debt payments in the Rate Study.

[45] The rates of return, which are calculated using the total non-operating expense revenue requirement, are 2.58%, 3.68% and 3.89%, respectively in each of the Test Years.

### **Findings**

[46] The Board finds the Utility's other and non-operating revenues and expenses, including the explanation of the Interfund amount, to be reasonable and accepts them as presented.

[47] The Board finds the Rate Study's calculated return on rate base to be reasonable and accepts it as presented.

## **IV ALLOCATION OF REVENUE REQUIREMENTS**

### **1. Public Fire Protection**

[48] The methodology used in the Rate Study to determine the public fire protection charges is generally consistent with the *Accounting Handbook*, which allocates production assets at 90% to general service and 10% to fire protection, and demand assets at 40% to general service and 60% to fire protection. The only exception is the allocation of the transmission main, a demand asset, at 90% to general service and 10% to fire protection, instead of the suggested 40% to general service and 60% to fire protection in the *Accounting Handbook*.

[49] The applicant explained that the transmission main runs water from the lake to the treatment plant. The treatment plant can only produce water at a certain rate and

is allocated at 90% to general service and 10% to fire protection. Mr. Isenor said that even if the transmission main could deliver more water to the treatment plant, it would not change the plant's capacity. He advised the Board that the transmission line was not sized in any way to fight fires. As such, the transmission main was allocated on the same basis as the water treatment plant.

[50] The percentage allocation of the utility plant in service to public fire protection is calculated in the Rate Study to be within a range of 30.1% to 35.6%, compared to approximately 28% in the last rate application. Mr. Isenor explained the increase is primarily due to the significant replacement of distribution mains, allocated at 60% to fire protection, thereby increasing the overall allocation to fire protection.

[51] The annual public fire protection charge to be paid by the Town is proposed to increase from the current amount of \$111,496, to \$129,629, \$174,663, and \$180,479, respectively, in each of the Test Years. Mr. Isenor noted that although the Town is phasing out their annual \$25,000 appropriation to the Utility, it will be charged more for fire protection with the proposed capital improvements.

## **Findings**

[52] The Board finds the explanation for the allocation of transmission mains to be reasonable. The Board accepts the Utility's determination of the fire protection charges as presented in the Rate Study and approves them as requested.

## **2. Utility Customers**

[53] The remaining revenue requirements, after the allocation for fire protection charges, are to be recovered from rates to the Utility's customers. The methodology used

to allocate the remainder of the expenses, to determine the base and consumption charges, is consistent with the *Accounting Handbook*, with the exception of the allocation of the transmission and distribution expense, which is allocated at 50% to base and 50% to delivery in the Rate Study, while in the *Accounting Handbook* the allocation is 100% to delivery.

[54] There are two differences in the allocations from the Utility's last rate application. The transmission and distribution expense followed the *Accounting Handbook* in the previous application. The allocation of depreciation expense in the current Rate Study is 40% to base, 30% to delivery and 30% to production. In the 2014 application the depreciation expense was allocated at 100% to base. With respect to the proposed allocations, Mr. Isenor explained that it is common for smaller sized utilities to make some changes for rate design purposes to maintain revenue from the base charge at approximately 45% to provide revenue stability.

[55] The Utility currently has 488 customers, including one unmetered customer, the Town Wharf, which is connected to the system each year in spring and disconnected in the fall. In response to Undertakings, the applicant filed a revised rate study which included the unmetered customer in 2021/22, as it was omitted in error in the Rate Study. The consumption estimated for the unmetered customer is projected to remain constant throughout the Test Years.

[56] In its IR responses, the Utility stated that consumption for the 5/8" meter size residential customer is projected to decrease by 1% annually in each of the Test Years, based upon an average 0.8% annual decrease in the past five years. The Rate Study indicated an annual consumption decrease for all metered customers. Mr. Isenor

noted that it is difficult to predict consumption patterns for larger meter size customers as the end use can change significantly with changing ownership. The revised rate study filed in response to the Undertakings is based upon a 1% annual consumption decline for the 5/8" meter customer only, with the consumption for all other meter sizes remaining constant in the Test Years.

[57] Mr. Isenor noted that the Utility's rates will continue to be among the highest in the Province. He explained that the high consumption rates are driven by the complex raw water, which requires an involved water treatment process.

[58] The Utility currently bills its residential customers on a bi-monthly basis and proposes to continue with this billing schedule. Mr. Wentzell confirmed that the Utility provides monthly billing to its commercial customers.

### **Findings**

[59] The Board accepts the allocations of the expenses to base and consumption charges as proposed.

[60] The Board accepts the projected declining residential consumption, based upon historical levels, which has been the trend among water utilities.

[61] The Board further accepts the revised rate study filed in the Undertaking response which added the unmetered customer in the final Test Year and maintained the current consumption levels of customers other than the residential customers over the Test Years, which is consistent with other water utility applications.

[62] The changes made in the revised rate study provided in the Utility's Undertaking response result in minimal changes in the rates calculated, with the base charge in 2021/22 and the consumption charges in all Test Years decreasing slightly.

## **V SCHEDULE OF RATES AND CHARGES**

[63] In addition to the rates for water supply to its customers, the application proposed one amendment to its Schedule of Rates and Charges, which was an increase to Rates for Sprinkler Service for consistency with other water utilities in the Province.

### **Findings**

[64] The Board has reviewed the proposed amendment included in the Schedule of Rates and Charges and finds it to be reasonable.

[65] The Board notes that as this Schedule's approved effective date is part way though the Utility's 2019/20 fiscal year, the annual public fire protection charge for the year will be prorated using the current rate and the rate approved in this application.

## **VI SCHEDULE OF RULES AND REGULATIONS**

[66] The application proposed three amendments to the Schedule of Rules and Regulations.

[67] Regulation 7(c) Adjustment of Bills-Customer Over-Billed is proposed to be amended to limit the time period to five years that the Utility must reimburse a customer who has been over-billed. The applicant noted that the time period is based on other previously approved water utility regulations in the Province.

[68] During the hearing the interpretation of the intent of Regulation 7(c) was discussed, referring to similar discussions in other recent water utility rate hearings. As a part of the revised rate study filed in response to the Undertakings, the applicant further revised Regulation 7(c) to be consistent with the new wording adopted at other recent water rate hearings in the Province.

[69] The Board approves the following wording for Regulation 7c):

Customer Over-billed – Notwithstanding 7(a) above, in the event a customer has been billed in error for a Service they did not receive, the Utility will reimburse such customer the amount billed to and paid by the customer, together with interest calculated as simple interest paid on savings accounts by the Utility's bank, respecting the period during which the customer was incorrectly billed by the Utility, such period not to exceed five years.

[Exhibit M-5, pgs. 45-46]

[70] The application proposed to add Regulation 37 Curb Stop/Control Valve Service Box and Regulation 38 Water Conservation Directives. The response to the IRs noted these Regulations have been added to clarify issues related to the curb stop/control valve such as buried valves, and to give the Utility the ability to shut-off water in cases where customers do not adhere to water conservation directives.

### **Findings**

[71] The Board finds that the proposed Schedule of Rules and Regulations, as filed in the Undertaking response, is consistent with most other water utilities in the Province which have had recent rate applications, and approves it as requested.

## **VII CONTINGENCY PLANNING**

[72] In response to the IRs, the applicant provided general information on its efforts related to contingency planning and emergency preparedness. It noted that it has completed an internal risk assessment which has facilitated the creation of contingency plans. It was further explained that the Town has an emergency plan in place dealing with the loss of water supply and that it is a part of the Regional Emergency Management Organization for Lunenburg County, which provides for mutual assistance.

[73] The Utility stated that it has successfully achieved Protected Water Area Designation for the Oakland Lake Watershed, and its Source Water Protection Plan is reviewed annually by staff.

[74] The Board reminds the applicant of the importance of maintaining and updating its contingency and emergency preparedness strategies and the associated communication plans.

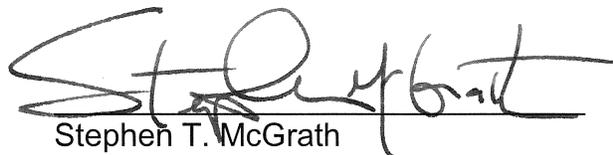
## VIII CONCLUSION

[75] The Board has considered the information presented and approves the Schedule of Rates and Charges for Water and Water Services as revised by the applicant in response to the Undertakings, with effective dates of November 1, 2019, April 1, 2020, and April 1, 2021. The public fire protection charge for 2019/20 is to be prorated based upon 7 months at the current rate and five months at the new rate.

[76] The Board further approves the Schedule of Rules and Regulations as proposed and amended in the Undertakings, effective November 1, 2019.

[77] An Order will issue accordingly.

**DATED** at Halifax, Nova Scotia, this 30<sup>th</sup> day of October, 2019

  
Stephen T. McGrath