DECISION **2020 NSUARB 68**
M09507

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 ANTIGONISH**, on behalf of its **WATER UTILITY**, for Approval of Amendments to its Schedule of Rates and Charges for Water and Water Services and to its Schedule of Rules and Regulations

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

APPEARING: **TOWN OF ANTIGONISH WATER UTILITY**

Gerry Isenor, P.Eng.
G.A. Isenor Consulting Limited

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

Ken Proctor, P.Eng.
Director of Public Works

Kyle Meisner
Supervisor of Facilities

Brian Luciano
Acting Director of Corporate Services

HEARING DATE: April 7, 2020

DECISION DATE: **May 13, 2020**

DECISION: **The application is approved as amended.**

I SUMMARY

[1] The Town of Antigonish applied to the Nova Scotia Utility and Review Board to amend its water utility's Schedule of Rates and Charges for Water and Water Services (Rates and Charges) and its Schedule of Rules and Regulations (Rules and Regulations). The application was made under the *Public Utilities Act*, R.S.N.S. 1989, c. 380 (*Act*). The utility's existing Rates and Charges have been in effect since April 1, 2019, and its Rules and Regulations have been in effect since July 1, 2017. The utility proposed to increase its Rates to offset increased operating costs, to reduce its accumulated deficit, and to fund a projected capital program.

[2] The application was supported by a rate study dated November 10, 2019, which was prepared by G.A. Isenor Consulting Limited, in association with Blaine S. Rooney Consulting Limited. The rate study proposed rate increases for the fiscal years 2020/21, 2021/22, and 2022/23 (Test Years or Test Period). As originally filed, proposed increases in each of the Test Years are 0%, 1.0%, and 4.5% respectively, for 5/8" metered customers. For all other metered retail customers, the proposed increases are 0% in 2020/21, 2.8% to 5.0% in 2021/22, and 3.9% to 4.8% in 2022/23. The estimated rate changes for metered customers are based on average consumption.

[3] In addition to serving customers in the Town, the utility sells water to the Municipality of the County of Antigonish at a wholesale rate. The increases to the County's wholesale rate proposed in the utility's original application, based on consumption, are 9.1%, 5.0%, and 5.7% in 2020/21, 2021/22, and 2022/23, respectively.

[4] During the proceeding, the utility chose to slightly reduce the part of its expenses related to its return on rate base that it assigns to the County. This change affected only the third Test Year. As a result of this change, the final proposed rates in

the third year would see an additional increase in rates for 5/8" metered customers bringing the overall proposed increase compared to the prior year to 4.9%, while rate changes for other metered retail customers would range from 4.3% to 5.2%. At the same time, the rate increase to the County in the third year would reduce to 4.6%.

[5] The utility also proposed changes to the annual charge paid by the Town and the County for water for fire protection service. This charge is allocated to each municipal unit based on the maximum required fire flows, adjusted for fire flow availability to the County. The proposed total annual public fire protection increase is 11.7%, 7.6%, and 7.4%, resulting in charges of $410,735 in 2020/21, $442,105 in 2021/22 and $474,850 in 2022/23, respectively.

[6] Board staff issued Information Requests (IRs) to the utility on January 20, 2020. The utility filed its response to the IRs on February 20, 2020.

[7] The Board held a public hearing on April 7, 2020. There were no formal intervenors in the proceeding, and the Board did not receive any letters of comment or requests to speak at the hearing. The utility responded to undertakings requested by the Board on April 8, 2020.

[8] As a result of the imposition of restrictions in response to the COVID-19 pandemic, the hearing went ahead as a telephone conference. The hearing was also broadcast over the internet through a link made available on the Board's website. The telephone conference was the audio component of the broadcast, and documents referenced during the hearing were displayed digitally via the video component of the broadcast.

[9] The Board approves the Rates and Charges and the Rules and Regulations filed in the rate study, except for Schedule C. The Board approves the updated version of Schedule C that was filed by the utility in its response to Undertaking U-1.

II INTRODUCTION

[10] The Town's water is supplied by the James River, where the utility maintains and operates the James River Dam. This is an earth-filled concrete structure, providing gross storage of approximately 31 million gallons. The dam was reinforced with armor stone in 2017 to meet current dam certification standards.

[11] The raw water is gravity fed through the utility's transmission system to the Brierly Brook Water Treatment Plant. This dissolved air floatation facility was commissioned in 2006 and has a capacity of approximately 1.8 million gallons per day.

[12] The distribution system is comprised of 32 km of ductile iron distribution piping with approximately 300 isolation valves. It includes two storage tanks with capacities of 1.2 million gallons and 800,000 gallons.

[13] Since its last rate application, the utility upgraded its online instrumentation equipment, including its SCADA system, and its sludge management systems.

[14] In its response to IR-4, the utility advised that the amount of non-revenue water in its system is approximately 17% of total production. This is the volume of water that is lost or used within the utility's system and is therefore not able to be sold to recover expenses relating to the collection and treatment of the water. This is an improvement from the utility's last application when its non-revenue water was reported to be about 22%.

[15] The utility noted, in response to IR-3, that it currently complies with Nova Scotia Environment's regulations for drinking water. As a result of past complaints about

water quality, the utility has been looping previously dead-end mains, and it continues to do so.

[16] The utility currently serves 1,601 retail customers, slightly more than the 1597 customers indicated in the rate study for the utility's last rate application. Most of its customers (1306) are residential (5/8" meter size) customers. The utility also supplies the County through eleven metered connection points. The utility projects that its customer base will remain stable over the Test Period.

[17] The rate study noted that the average flow for 5/8" customers has been decreasing by approximately 1% per year since the last rate application. The utility projects that this trend will continue throughout the Test Period.

[18] At the time of its last rate application, the utility's annual financial statements were not being prepared using the operating expense line items set out in the *Water Utility Accounting and Reporting Handbook* (*Accounting Handbook*). This resulted in the need to reallocate expense items to prepare the rate study. In response to IR-6, the utility noted that its financial statements are now prepared following the *Accounting Handbook*.

[19] The utility said that it needs to adjust its rates to cover increased operating costs, to fund its projected capital program, and to supply earnings to apply against its accumulated operating deficit.

III REVENUE REQUIREMENTS

(A) Operating Expenditures

[20] The utility estimates that its revenues will exceed its expenses by $18,144 in the 2019/20 fiscal year, and that its accumulated operating deficit will reduce to $210,552. Without a rate adjustment, however, the utility expects an annual revenue deficiency of $268,846 in the final Test Year, and that its accumulated deficit will grow to

$732,250 at the end of 2022/23 (including a proposed earnings component in the revenue requirement over the Test Years).

[21] In response to Board IR-16, the utility described its budgeting process:

> The Director of Corporate Services generally prepares a first draft budget for each department of the Town using previous year's figures adjusted for known changes, such as debt payments, expected wage increases, etc. In the case of the Water Utility, draft budget numbers used for forecasting in the water rate study would be the starting point. The drafts are then distributed to Department Directors, in the case of the Water utility it is distributed to the Director of Public Works, for further review and input of items expected to change. After discussion between Department Directors and Director of Corporate Services, the operating budget is finalized.
>
> [Exhibit A-3, p. 10]

[22] The utility's budgets for the Test Period are based on its estimated 2019/20 financial results. From there, the utility escalates its expenses through the Test Period. The majority of the utility's projected annual operating expense increases in the Test Years are 3%, and most are in the 2% to 4% range. The utility provided explanations for any significant deviations outside of this range.

[23] The utility estimates its depreciation expense by adjusting its current expense for projected capital additions during the Test Period. The depreciation rates used by the utility for its various asset classes are the same as indicated in the *Accounting Handbook*, except for items where the projected useful life of the asset differs or where no specific depreciation rate is indicated.

Findings

[24] The utility projects that its accumulated operating deficit will steadily increase unless its rates are changed, leading to an accumulated deficit of $732,250 by the end of the Test Period ($627,250, with proposed earnings excluded). The majority of the proposed operating expenses over the Test Years are based on an annual increase

of 3%, which is consistent with other rate applications recently approved by the Board. The Board accepts the annual 3% increase adjustments as reasonable. For the cost categories that increase by an amount other than 3%, the Board finds the budgeting process and explanation for those differences in costs to be reasonable and accepts them as presented in the rate study.

[25] In some cases, certain expenses are incurred by the Town and allocated to the utility or other operating units within the Town. The Board accepts the allocation of expenses between the Town and the utility, which were used to project expenses in the rate study and were updated before the last rate application. The Board reminds the utility to continue to review these allocations periodically to ensure that they remain appropriate.

[26] The Board accepts the depreciation expenses projected by the utility for the Test Years, and the utility's explanation for the rates used in the rate study that differ from, or are not included in, the *Accounting Handbook*.

(B) Capital Budget and Funding

[27] The utility projects capital additions in 2019/20 totaling $408,000, and in each of the Test Years in the amounts of $404,883, $660,000, and $793,500, respectively. These amounts include individual capital projects planned during the Test Period and annual capital expenditures. In its response to IR-24, the utility identified the capital projects planned for each of the Test Years. The utility includes annual expenditures for distribution mains, meters, hydrants, and services. The distribution main expenses exceed $120,000 each year.

[28] In its response to IR-16, the utility described the process for developing its capital budget:

> Capital budgets are prepared by the water utility generally two to five years in advance. Capital items are slotted into years where they meet priority, or where they can be completed in conjunction with other Town General projects to avoid duplication of efforts. For example, a water line replacement or repair will be planned prior to a street needing to be repaved, rather than after. Funding for water capital projects from sources such as provincial funding or depreciation fund are looked at together with projected operating results and possible capital out of revenue contributions. Occasionally, larger projects will be deferred in the capital budget when possible to align with other sources of funding such as PCAP or Federal Investment Programs. Town Council approves operating budgets in alignment with the water rate study, with any significant variances being addressed in the year. Capital funding amounts are generally approved three years in advance, after discussion with town staff. Variation in project timing would be addressed in the year of the planned change.
>
> [Exhibit A-3, p. 10]

[29] The utility describes the proposed funding for its capital budget as:

	2019/20	2020/21	2021/22	2022/23
Depreciation Fund	$ 408,000	$ 404,883	$ 500,000	$ 460,000
Long-term Debt			$ 160,000	$ 333,500
Total	**$408,000**	**$404,833**	**$660,000**	**$793,500**

[30] The utility estimates the balance of its depreciation fund at $173,363 for the year ending March 31, 2020. Based on its projected expenses, the utility expects the fund's balance to be $62,731 at the end of the Test Period.

Findings

[31] The Board accepts the utility's asset replacement program, and its continuing management practices to reduce the amount of non-revenue water in the system through replacement of the utility's aging and problem distribution mains. The Board finds the proposed capital budget and associated funding to be reasonable.

[32] The Board notes that the balance in the depreciation fund at the end of the Test Period is lower than it has been over the last number of years. Now that the utility is fully depreciating its assets, it should be able to maintain and increase this balance, so it is available as a funding source for asset renewal.

[33] The utility is reminded that the inclusion of proposed capital projects in the rate study is not Board approval of these projects. Separate Board approval is required for projects exceeding $250,000, as set out in s. 35 of the *Act*.

(C) Non-Operating/Other Revenues and Expenditures

[34] The utility's projected revenue requirements for the Test Years includes estimated non-operating revenues and expenditures. For non-operating revenue, the utility projects miscellaneous income of $250 each year and interest on overdue accounts, amounting to $7,000 each year, for a total of $7,250 per year.

[35] The utility projects non-operating expenditures of $215,049 for 2019/20. For the 2020/21, 2021/22, and 2022/23 Test Years, the utility projects non-operating expenditures of $228,400, $255,536, and $277,321, respectively. These non-operating expenditures include debt charges for existing and new debt associated with capital additions. The actual amount of interest paid for existing debt is included in the rate study, while an interest rate of 6% is used for new debt.

[36] The projected non-operating expenditures also include earnings of $20,000, $35,000, and $50,000, respectively, in each Test Year. In its response to IR-10, the utility said it intends to retire the accumulated deficit with these earnings within a reasonable time while keeping rate increases for wholesale and retail customers at reasonable levels. The utility estimates that at the requested level of earnings, it will take about five years to eliminate the accumulated deficit.

[37] The utility calculates its return on rate base using its non-operating expenditures less non-operating and other revenue. Using the assumptions and projections in the rate study, this amounts to 2.12% in 2019/20, and 2.27%, 2.51% and 2.66% in each of the Test Years, respectively.

Findings

[38] The Board finds the utility's non-operating revenue over the Test Period to be reasonable and accepts it as presented in the rate study.

[39] The Board also finds the non-operating expenditures, including earnings, in each of the Test Years to be reasonable. The Board notes that the interest rate of 6% used in the rate study, for new debt only, is consistent with other rate applications recently approved by the Board. The Board accepts the non-operating expenditures related to new and existing debt in each of the Test Years, as presented in the rate study.

[40] The Board finds the utility's proposed return on rate base over the Test Years to be reasonable.

IV REVENUE REQUIREMENT ALLOCATION

(A) Public Fire Protection

[41] The methodology used in the rate study to determine the public fire protection charge is consistent with the *Accounting Handbook,* except for the allocation of demand assets. The utility allocated 67% of these assets to general service with the balance to fire protection, rather that the 40% allocation to general services shown in the *Accounting Handbook*. The utility included the calculations producing the proposed allocation in Appendix 4 of the rate study, and in its response to IR-26, said that this calculation reflects the capability of the system. The proposed allocations were approved by the Board in the utility's last rate application.

[42] The allocation of overall utility plant in service to public fire protection in the rate study is 32.6%, 33.3% and 33.6% in each of the Test Years, which leads to an allocation of estimated expenses to fire protection of 23.5%, 24.1%, and 24.5%,

respectively. As a result, the utility's proposed fire protection charge increases from its current amount of $367,650 to $410,735 in 2020/21, $442,105 in 2021/22 and $474,850 in 2022/23.

[43] After the total fire protection charge is calculated, it is allocated to the Town and the County using a methodology that has been previously approved by the Board. The application of the methodology results in the total fire protection charge being allocated 60.3% to the Town and 39.7% to the County.

Findings

[44] The Board accepts the methodology used to determine the allocation of costs to general service and public fire protection as set out in the rate study. This includes the allocation of the demand assets as presented, which differ from the *Accounting Handbook* due to the specifics of the system.

[45] The Board further accepts the methodology used to allocate the public fire protection charge between the Town and the County, which is consistent with that previously approved by the Board.

(B) Wholesale Rate to the County

1. Allocation of Expenses to Joint Use

[46] The remaining revenue requirement, after the allocation to fire protection charges, is to be recovered from the utility's customers. To determine how much of the revenue requirement should be allocated to the County, the utility identifies the assets that are jointly used, and expenses jointly incurred, to provide service to both the County and the utility's other customers.

[47] Expenses relating to the source of supply, power and pumping, and purification are considered to have been 100% jointly incurred to provide service to the County and retail customers.

[48] For expenses relating to transmission and distribution, the utility determined that 50.66% are jointly incurred to supply service to the County retail customers. The utility explained that this is based on the percentage of the transmission and distribution system, by length, that serves both the County and retail customers. This includes the transmission main from the treatment plant to the distribution system in the Town. The transmission main around the core of the distribution network is also considered to be jointly used, because it connects to the County feeder lines. In addition, one pipe crossing through the distribution network, which is the most direct route of water flow from one side of the Town to the other, is also considered to be jointly used.

[49] The utility considers only part of its administration and general expenses as jointly incurred to supply service to the County and retail customers. The utility deducts all costs associated with meter reading and collection, half of Town employee salaries, and half of all other costs. What is left is considered joint costs. For the Test Period, this amounts to 45.93%, 46.00%, and 46.08% of all administration and general costs in each of the three Test Years respectively. This is slightly lower than those in the previous rate study.

[50] In calculating joint depreciation expenses, the utility excludes the transmission and distribution assets that are not jointly used (as discussed above), and the capital costs for all meters, hydrants and services. Depreciation relating to the remaining assets is considered to be jointly incurred. Based on this methodology, 78.39%, 79.24%, and 80.83% of the utility's total depreciation expense is considered to

be jointly incurred to provide service to the County and retail customers in each of the Test Years, respectively. This is same methodology used by the utility in its previous rate application.

[51] A joint use allocation of 31.27% for taxes is based on the percentage of taxes on jointly used watershed and other lands, and is consistent with the utility's last rate application.

[52] In Worksheet C-3a in the rate study, return on rate base was identified as an expense that was 100% jointly incurred to provide service to the County and retail customers in each of the Test Years. However, Appendix 2 contains calculations to determine the portion of the return on rate base to be considered jointly incurred that are based on the sum of the annual debt servicing costs for the loan for the utility's water treatment plant and the amount of proposed earnings, compared to the return on rate base determined in Worksheet C-2 of the rate study. This calculation produces a result greater than 100% in the first two Test Years, but only 92.43% in the third Test Year. In its response to Undertaking U-1, the utility amended the allocation of return on rate base in the third Test Year to the calculated amount of 92.43%, and filed an updated rate study and Schedule C.

Findings

[53] The rate study provided supporting calculations to identify jointly incurred expenses, using a methodology that was consistent with the previous application. The Board accepts the joint use expenses presented in the revised rate study in Undertaking U-1 and finds them to be reasonable for each of the Test Years.

2. Allocation of Joint Use Expenses

[54] The joint use expenses are allocated between the County and the utility's other retail customers based on the amount of water sold to the County, compared to the amount sold to the utility's other customers plus unaccounted water attributed to the Town. The utility said that this methodology is consistent with its previous application and with recent water rate applications for other utilities which involve wholesale rates. As a result, joint costs are allocated to the County as follows in the Test Years: 2020/21 (29.86%); 2021/22 (29.92%) and 2022/23 (29.97%). This is about two percent higher than the previous application due to less leakage and lower consumption by the Town, combined with higher projected consumption volumes in the County.

[55] The expenses to be recovered by the utility from the County are then split into base and consumption (or commodity) charges to be paid by the County. Expenses relating to the source of supply, power and pumping, and purification are allocated to the County's commodity charge, while administration and general, depreciation, and tax expenses are allocated to the base charge. Transmission and distribution expenses are split equally between base and consumption charges. Return on rate base is allocated as 40% to the County's base charge and 60% to the commodity charge. These allocations are consistent with the calculations approved by the Board in the previous application, with the exception of the transmission and distribution expenses, which were previously allocated 100% to the commodity charge.

Findings

[56] The Board accepts the methodology used to allocate the joint use expenses, based on consumption volume, which is consistent with that recently approved by the Board for other utilities with wholesale rates. The Board also accepts the projected

consumption volume of the County, noting that due to decreased consumption volume of the Town, the percentage allocation to the County, and therefore the revenue requirement allocated to the County, increased slightly from the previous application.

[57] The further allocation of the revenue required from the County to base and commodity charges is generally consistent with the utility's last application and with other utilities in Nova Scotia. The Board notes that the change in the allocation used for the transmission and distribution charge is also consistent with the allocation used by the utility for retail customers in this application.

[58] Based on the evidence presented in the rate study submitted with the response to Undertaking U-1, the Board approves the allocation of the revenue requirement to the County.

(C) Retail Customer Revenue Requirement

[59] After allocating part of the utility's revenue requirement to charges for fire protection and for water service to the County, the remaining revenue requirement must be recovered from the Town's retail customers.

[60] The methodology used in the rate study to allocate the remainder of the revenue requirement to determine the various components of customer rates is consistent with that used by the utility in its last rate application, except for transmission and distribution, which is proposed to be split equally between base and commodity charges instead of entirely to the commodity charge. The allocations in the rate study are also the same as indicated in the *Accounting Handbook,* except for transmission and distribution, and for depreciation, which is proposed to be allocated 100% to the base charge. In the methodology set out in the *Accounting Handbook*, transmission and distribution charges

are allocated entirely to commodity charges (delivery), and depreciation is allocated 40% to base and 60% to consumption (split equally between delivery and production charges).

[61] At the hearing, when questioned about the allocation of transmission and distribution expenses, Mr. Isenor said that it was to keep the base charge at about 40% of the revenue requirement providing more revenue stability for the utility, which for smaller utilities can be an issue. In response to Undertaking U-3, Mr. Isenor provided a calculation that showed the utility would end up with 48-49% of its revenue from base charges, and not 40% as indicated at the hearing and in the IR response.

[62] The utility has slightly more customers than it did at the time of its previous application (1,601 customers compared to 1,597). Of its 1,601 current customers, 1,306 are 5/8" metered customers. The utility projects no change in the number of customers during the Test Period.

[63] The utility noted that it is projecting lower annual consumption over the Test Period. It projects that its 5/8" customers will reduce their average consumption by 1% in each of the Test Years, with no changes in consumption for any other metered customers.

[64] Although the rate study projects a slight decrease in rates for retail customers in the first Test Year, the application proposes that the rates remain unchanged in that year, before increasing in year two. Holding rates steady is expected to lead to an excess of revenues over expenditures of $11,055, which if realized, will be added to the $20,000 in earnings to pay down the accumulated deficit.

Findings

[65] Generally, the Board accepts the methodology used by the utility to distribute expenses to base, customer, delivery, and production charges. The Board also

accepts the equal allocation of transmission and distribution related expenses between base and commodity charges to ensure more revenue protection for the utility but has some concerns about this.

[66] Compared to the allocations suggested in the *Accounting Handbook*, the utility's allocation tends to shift costs from higher volume users to lower volume users. At the hearing, the Board asked the utility's witness panel to comment on evidence recently filed in another proceeding by the Halifax Regional Water Commission that referred to a recommendation from the Alliance for Water Efficiency that no more than 40% of a utility's revenues should come from base charges. Mr. Isenor felt that this might be appropriate for larger utilities, but he said smaller utilities are less able to manage fluctuating revenues from changes in consumption. He felt smaller utilities could be a bit higher.

[67] The Board agrees with Mr. Isenor's comments, but this must be assessed carefully in each case. Shifting more of a utility's revenue requirement to base charges dampens price signals that may drive customers to conserve water use. It also means that customers, such as low-income customers, are less able to offset water rate increases by reducing the amount of water they use.

[68] In this case, base charges account for more than 48% of the utility's revenue requirement. For some rate classes, the proportion is even higher. For example, Worksheet D-1 in the rate study, for the 2021/22 Test Year, shows a proposed average quarterly bill for 5/8" customers of $85.30, comprised of a base charge of $53.57 (62.8%) and a commodity charge of $31.72 (37.2%).

[69] There are other concerns that heighten the need to consider revenue stability, at least in the short term. The utility expects that the demand from at least one of its large customers, St. F.X. University, will be impacted by operational changes

required while dealing with the COVID-19 situation. Considering this, the Board accepts the allocation of revenue requirement to the various rate components proposed by the utility in this application. However, these allocations should be specifically reviewed by the utility, in the context of the Board's comments above, at the time of its next rate application.

[70] The Board finds the projected decrease of 1% of consumption per year for 5 /8" metered customers to be reasonable.

[71] The Board also accepts the utility's request to hold retail rates stable in the first Test Year and use any excess revenue that results to pay down the accumulated deficit.

V SCHEDULE OF RATES AND CHARGES

[72] The utility did not propose any amendments to its Rates and Charges, other than to the rates charged to its customers and the fire protection charges, discussed above. As part of the utility's response to IR-37, the utility reiterated this point:

> There are no proposed changes in Schedules A, B and C.
>
> [Exhibit A-3, p. 24]

[73] The utility submitted an updated Schedule C, as part of its response to Undertaking U-1, which corrected the joint allocation percentage and therefore amounts allocated between the County and retail customers.

Findings

[74] The Board notes that, other than the rates charged to its customers and for fire protection, the utility did not request any amendments to its Rates and Charges.

[75] The Board accepts and approves Schedules A and B, as filed with the rate study, and Schedule C, as filed in response to Undertaking U-1 on April 8, 2020.

VI SCHEDULE OF RULES AND REGULATIONS

[76] In response to Undertaking U-2, the utility listed proposed amendments to its Rules and Regulations:

> Rule 8 (c) – Adjustment of Bills
>
> - Wording updated to include "notwithstanding 7 (a) above"
>
> Rule 23 – Sprinkler Service Mains and Hydrant System
>
> - Wording in the first paragraph (second sentence) changed to include:
>
>   "It shall *be designed to current code requirements by a licensed Professional Engineer, and must* include a proper size, customer owned and maintained control valve so that the service may be shut off if necessary."
>
> - Wording in the third paragraph changed to include reference to renovations:
>
>   "The location and spacing of hydrants in new construction *and/or developments undergoing renovations* shall be installed in accordance with the Antigonish Water Utility requirements."
>
> Rule 31 – Private Fire Protection - Last sentence changed to include "isolation valves" in list of requirements
>
> Rule 37 – Pressure Reducing Valves – Last sentence in Sections (a) and (b) changed to include "and related piping" in the list of items to be installed and maintained by the customer.
>
> Rule 42 – Curb Stop/Control Valve Service Box – New clause [Emphasis in original]
>
> [Exhibit A-5, p. 1-2]

[77] The Board notes that Undertaking U-2 corrected information provided in response to IR-39 that incorrectly reproduced changes proposed by the utility in Schedule D in the rate study. The text in Schedule D was correct as filed in the original rate study and did not require any corrections.

Findings

[78] The Board finds that the proposed amendments to the Rules and Regulations are reasonable and approves the Rules and Regulations as filed with the rate study, with an effective date of July 1, 2020.

VII CONCLUSION

[79] The Board approves the Rates and Charges, effective July 1, 2020, April 1, 2021, and April 1, 2022, as shown in Schedules A and B included in the rate study, and Schedule C as received by the Board in response to Undertaking U-1.

[80] The public fire protection charge in 2020/21 is to be prorated at nine months at the new rate and three months at the current rate.

[81] The Board approves the Rules and Regulations as shown in Schedule D in the rate study, effective July 1, 2020.

[82] An Order will issue accordingly.

DATED at Halifax, Nova Scotia, this 13th day of May, 2020.

Stephen T. McGrath