

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE PUBLIC UTILITIES ACT

- and -

IN THE MATTER OF THE REGION OF QUEENS MUNICIPALITY, 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: Jennifer L. Nicholson, CPA, CA, Member

APPEARING: **REGION OF QUEENS MUNICIPALITY**

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

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

Chris McNeill
Chief Administrative Officer

Joanne Veinotte
Director of Corporate Services

Adam Grant
Director of Engineering and Public Works

HEARING DATE: November 29, 2021

DECISION DATE: **January 20, 2022**

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

I SUMMARY

[1] The Region of Queens Municipality (Municipality) 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, 2004, and its Rules and Regulations have been in effect since July 1, 2002.

[2] The application was supported by an initial rate study dated July 27, 2021, which was prepared by G.A. Isenor Consulting Limited, in association with Blaine S. Rooney Consulting Limited.

[3] Based on Board staff issued Information Requests (IRs) to the utility, a revised rate study was filed. It is this revised rate study that was reviewed during the public hearing and is referred to in this decision.

[4] The proposed average increases for the 5/8" metered customers are 13.1%, 0.4%, and 3.9%, respectively, in each of the three Test Years. For all other metered customers, the proposed increases range from 15.9% to 22.8% in 2022/23, 0.4% to 1.6% in 2023/24, and 3.7% to 3.9% in 2024/25. The unmetered rate is proposed to increase by 14.1%, 0.5% and 3.9%, respectively in each of the Test Years. The annual public fire protection charge is proposed to be set at \$196,427 for each of the three Test Years.

[5] Due to the COVID-19 pandemic, the public hearing of the matter was held by GoToWebinar videoconferencing on November 29, 2021, after due public notice. Gerry Isenor, P.Eng., of G.A. Isenor Consulting Limited, and Blaine Rooney, CPA, CA, of

Blaine S. Rooney Consulting Limited, represented the utility. The utility was also represented by Municipal staff: Chris McNeill, Chief Administrative Officer; Joanne Veinotte, Director of Corporate Services; and Adam Grant, Director of Engineering and Public Works.

[6] There were no formal intervenors in the proceeding. The Board received one letter of comment. The letter focussed on concerns with the determination of the Municipality's sewer charge, which the resident complained is a fixed rate, not based upon consumption, thus not providing an incentive to conserve water. The letter stated that this should be reviewed now, at the time that water rates are being reviewed. The Board regulates the water utility but has no jurisdiction, however, in the review of sewer/wastewater rates in the Municipality.

[7] During the public hearing, additional information and clarification were requested and were filed as undertakings. In preparing the response to the undertakings, the applicant identified an error in the interest payment on existing debt, which was understated in the rate study by \$3,037 in the first Test Year, 2022/23. A revised rate study, including revised Rates and Charges, was filed in response to the undertakings that corrected this error, resulting in slight increases in rates proposed to utility customers in the first Test Year only. The revised average rate increases in 2022/23 for the 5/8" residential customer and unmetered customer are 13.7% and 14.7%, respectively. For all other metered customers, the proposed increase ranges from 16.5% to 23.1%.

[8] The Board approves the Rates and Charges, as were filed by the utility in its response to undertaking U-1. The Board approves the Rules and Regulations, as were

filed by the utility in response to the IRs, with the correction to a typo in the response provided to the Board on December 13, 2021.

II INTRODUCTION

[11] The utility's source of water supply is Town Lake in Milton. Since the last rate application in 2002, the utility constructed the South Queens Water Treatment Facility, to which water from Town Lake is gravity fed. The treatment plant uses conventional treatment consisting of three dissolved air floatation chambers, four gravity media filters and a gas chlorine disinfection system. Water is pumped from the treatment facility to a storage reservoir that feeds back to the facility for filter backwashing and supplying the transmission system. The utility's transmission and distribution system consist of approximately 35 km of pipe ranging in age from new to over 120 years old. Since the 2002 rate application, the utility has expanded its water service to the community of Brooklyn, adding 148 customers.

[12] The utility currently serves 1,226 customers, which includes three unmetered, seasonal customers. The rate study projects, based upon the history since the last rate study, and forecasted population, that the number of utility customers will remain constant throughout the Test Years.

[13] The rate study indicated that the average consumption for a 5/8" meter residential customer has remained relatively constant since the last rate application, at 37 cubic metres per quarter. Based on this, no change from current average consumption levels is projected for customers during the Test Period.

[14] The utility stated that its amount of non-revenue water is approximately 60.3%, which is of concern. The revenue requirements in the application include capital

and operating costs associated with the replacement of older distribution mains, which are prone to leaks; and leak detection efforts, to aid in the reduction of non-revenue water. Also included are annual expenses associated with the maintenance/replacement of meters to aid in accurately recording water sales, which impacts the amount of non-revenue water recorded.

[15] The Applicant noted that as part of the orientation of new Municipal staff in 2020/21, rigorous reviews were conducted of department operations, including revenues and expenses, staffing, and cost allocations to various functions and activities. As a result, adjustments were made to the water treatment, transmission and distribution, and administration expenses indicated in the utility's draft 2020/21 financial statements, to reflect these cost centres more accurately in the rate study. A further review of how costs are allocated from the Municipality indicated that some utility costs were not being allocated to the utility. This has been corrected in the rate study, with the Test Years reflecting the reallocation of costs.

[16] The application is based upon the necessity to adjust utility rates to cover increased operating costs, and to fund the projected capital program.

III REVENUE REQUIREMENTS

(A) Operating Expenditures

[17] The utility's financial statements for the year ended March 31, 2021, included in the application, indicate that its expenses exceed revenues by \$21,882, with an accumulated surplus of \$599,157. Without a rate adjustment, however, the utility expects a revenue deficiency of \$120,218 in the final Test Year, and a reduction of the accumulated surplus balance to \$42,735 at the end of 2024/25. With the correction made

in the revised rate study filed in response to the undertakings, an accumulated deficit of \$78,039 is projected at the end of 2024/25. Included in these projections is a payment of \$245,604 from operating surplus in the 2022/23, the first Test Year to pay off a balloon payment on an existing loan.

[18] The rate study noted that in preparing the application, the utility's operating expense line items (water treatment, transmission and distribution, and administration) were reviewed and adjusted to reflect the cost centres more accurately. During this review, it was discovered that there were both errors in the allocations within the utility and in the allocation of costs from the Municipality to the utility. The utility had not had a rate increase since 2004. The applicant noted that for the last fifteen years, the Municipal Directors who oversaw the financial and operational aspects of the utility presented operating and capital plans which did not require a rate increase. These two positions were recently filled with new staff, who determined that the utility was not operating self-sufficiently, with expenses being underbudgeted and certain costs being paid for by non-utility accounts.

[19] In response to the Board's questions during the public hearing, Mr. McNeill further described the staff changes in the Engineering and Finance departments, which provided an ideal time to thoroughly review the system and make necessary changes to ensure proper accounting. Ms. Veinotte noted that although both she and Mr. Grant are relatively new, it is believed that the changes made to the accounts and allocations because of the review are accurate. She added that in the coming years, with experience, the reviews will continue, thus building up confidence in the system.

[20] The original rate study and the rate study filed in response to the IRs, omitted estimated operating results for 2021/22, the year prior to the first Test Year. The comparative statement of operations presented the 2020/21 actual results, and “skipped” to the Test Year projections, beginning in 2022/23. This was corrected in the rate study filed in response to the undertakings. This omission had no impact on the projections for the Test Years, but when the 2021/22 year is added, it clearly shows the change in the allocations in the cost centres between the actual 2021 fiscal year results, and the estimated 2021/22 amounts, which forms the basis of the Test Year amounts.

[21] One change between the 2020/21 actual and the 2021/22 estimated operating expenses is the addition of the line item for source of supply expenses. The applicant explained that in the past no budget was allocated to this part of operations, although source of supply costs were incurred. As part of the review process, staff determined the source of supply related costs and removed them from other parts of the budget or reallocated them from general Municipal funds. The estimated source of supply costs are shown in each of the Test Years as a separate line item.

[22] Another major change in the reallocation between 2020/21 and 2021/22 is staffing costs which were found upon review to not be reflective of the actual time spent on utility operations. The proposed new allocations were described by the applicant to reflect the time more accurately spent by staff on water utility operations versus non-utility activity. These new staffing cost allocations resulted in an increase in water treatment and transmission and distribution expenses and a reduction in administration and general expenses.

[23] The review further resulted in the correction of several expense items in 2021/22 that were determined to be out of line with their current values. As an example, the water treatment plant power costs had been budgeted at \$10,000 to \$15,000 less than the actual costs for several years. This was adjusted in 2021/22 and on a go forward basis in the Test Years.

[24] Another example is the water treatment expense of backwash residue disposal, that had been budgeting annually at \$15,000, although the utility stated that there were no plans for future projected costs for the service. The applicant explained that this expense has been removed from the Test Years as there is sufficient revenue in the operating surplus to cover this cost. During the hearing, Mr. Isenor provided further details, noting that there is currently a balance of \$180,000 available for this item, which is found in the accounts payable account. As an undertaking, the utility requested Board approval to establish a new "Backwash Residue Reserve Account" and allocate the \$180,000 from accounts payable to this new reserve account. It further explained that these funds are to be used to properly dispose of backwash residue from the water treatment process.

[25] The rate study projects a 3% increase in each of the Test Years for the operating expense items. In response to the IRs, the utility explained its operating budget process, which involves a review of the previous five years and considers the current year's operating budget. Utility staff and the Director of Engineering and Public Works review the expected operating costs for the upcoming year, as well as any capital projects planned as a part of the Municipality's five-year capital plan. The draft budget is then

presented to Council for a detailed review, prior to adopting the budgets for the required three-year budget submission to the Board.

[26] The applicant further described how costs are allocated between the Municipality and the utility. Water utility only costs are separated out and allocated directly to the utility. Staffing costs are estimated based upon the amount of time each staff person spends on water utility tasks. The Clerk position is fully allocated to the water utility, and administrative supplies are allocated to the water utility based upon usage. Capital expenditures are allocated to that aspect of the project that it relates to. The allocations are to be reviewed each year for accuracy and will be adjusted when deemed necessary.

[27] Included in the transmission and distribution expense, beginning in the first Test Year, is a line item, Leak Detection, which is projected at \$25,000 in 2022/23, and \$10,000 in each of 2023/24 and 2024/25. The applicant explained that to address the significant amount of non-revenue water, at approximately 60%, it is proposing to initiate an ongoing leak detection program to identify leaks to aid in reducing this percentage. The transmission and distribution expense also includes the item, Maintenance of Meters, in the amounts of \$26,400, \$29,040, and \$31,944, respectively, in each of the Test Years. Mr. Grant explained that this may aid in reducing the amount of water loss recorded as inaccurate meters may be measuring less water sold than actual, contributing to the magnitude of non-revenue water. Mr. Isenor noted that given the significant amount of non-revenue water, it will take several years to decrease the percentage.

[28] The depreciation expense projected in each of the Test Years is based upon the depreciation associated with the capital additions, at rates set out in the *Water Utility*

Accounting and Reporting Handbook (Accounting Handbook). In response to the IRs, the Utility revised the depreciation rate for the budgeted bulk water station in 2022/23 from 2% to 4%, noting that the expected life for the station is 25 years.

Findings

[29] In preparing the rate study, the applicant underwent a thorough review of the allocations of costs to the utility from the Municipality, as well as the allocation of costs to the proper utility expense line items. It was explained that the addition of new staff to the Engineering and Finance departments provided the opportunity to correct previous practices. The Board accepts the changes as presented and encourages the utility to continue to review the allocations at regular intervals to ensure that the utility's expenses are properly allocated. However, the Board has concerns with the amount of time, of almost 20 years, since the utility's last rate application, which most likely contributed to the allocations not being reviewed for an extended period. The Board reminds the utility of the importance of timely rate applications.

[30] The operating expenses over the Test Years are generally based upon an annual increase of approximately 3%, which the Board finds to be reasonable. The utility provided explanations for items that differed from the 3% annual increase, which the Board accepts. The Board further accepts the payment of \$245,604 from operating surplus in the first Test Year, to pay off a balloon payment on existing debt.

[31] Included in the operating expenses are leak detection costs to aid in reducing the utility's amount of non-revenue water. The Board sees this as an important initiative, given the significant amount of water that appears to be lost in the system, representing an increased utility expense. The Board expects that the utility will continue

with its leak detection efforts, which along with the meter maintenance/replacement program should aid in reducing the amount of water recorded as lost in the system.

[32] In an undertaking, the applicant requested Board approval to establish a new Backwash Residue Reserve account, and to allocate the amount of \$180,000 in “Backwash Residue” funds from accounts payable to the new account. The Board approves the request and reminds the utility that the amounts in this reserve are only to be used for the reserve’s purpose, to dispose of backwash residue from the water treatment process.

[33] The Board accepts the depreciation expenses projected by the utility for the Test Years, including the revision to the bulk water station filed in response to the IRs.

(B) Capital Budget and Funding

[34] The utility projects capital additions in 2021/22 totaling \$355,100, consisting of transmission mains (\$140,000) and distribution mains (\$215,100) funded through the utility’s depreciation fund (\$266,000) and external funding (\$89,100). The source of external funding was explained in response to the IRs to be from the Municipality’s Gas Tax Fund, which has now been renamed the Canada Community Building Fund (CCBF).

[35] The utility’s capital budget in each of the Test Years is \$388,100, \$408,750, and \$350,000, respectively. In 2022/23, the capital projects include the bulk water station (\$39,100), transmission mains (\$250,000), and distribution mains (\$99,000). Transmission mains in the amount of \$250,000 are included in each of 2023/24 and 2024/25. Distribution mains are included in 2023/24 and 2024/25 in the amounts of \$158,750 and \$100,000, respectively.

[36] The response to the IRs provided details of the budgeted transmission main capital expenses, noting that the utility is currently in the third year of a 10-year process to replace its existing circa 1899 and circa 1929 transmission main lines with a larger diameter PVC main. The applicant explained that with the larger amounts budgeted in the Test Years, it is hoped that the project can be completed in six to seven years. Descriptions of the streets involved in the budgeted distribution main upgrades were also provided in response to the IRs.

[37] The proposed funding for the utility's capital budget in the Test Years is through depreciation and external funds, with no new long-term borrowing. The depreciation fund is proposed to fund the amounts of \$289,100 in 2022/23 and \$250,000 in each of 2023/24 and 2024/25. The remainder of the 2022/23, 2023/24 and 2024/25 capital budgets, in the amounts of \$99,000, \$158,750 and \$100,000, respectively, are proposed as external funding, from the CCBF in 2022/23 and 2024/25, and from a combination of CCBF and the Municipal sewer reserve, in 2023/24. The applicant explained that the external funding has been given preliminary funding approval through the approval of the Municipality's five-year capital plan. It added that if the funding is not formally approved for a particular fiscal year, either the proposed project will not proceed, or alternative funding sources will be used.

[38] With the corrections made in the IRs and undertaking responses, based upon the projected expenses and funding, the utility expects the balance of its depreciation fund to be \$504,080 at the end of the Test Period. The applicant described the projected depreciation fund balance as adequate for the utility, as its aging

infrastructure is being addressed, while it is contributing more than \$100,000 annually to the fund.

Findings

[39] The Board has considered the information presented with respect to the proposed capital projects and associated funding.

[40] The Board accepts the utility's plan to annually budget an amount to be used towards the replacement of aging infrastructure. The Board finds the proposed capital budget to be reasonable.

[41] The utility has projected no new borrowing for capital project funding in the Test Years, with funding proposed from depreciation funds and external funding. The external funding sources have received preliminary approval from the Municipality. With the proposed use of depreciation funding, the utility's projected depreciation fund balance at the end of the Test Period appears reasonable. The Board accepts the proposed funding of the utility's capital budget.

[42] 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) Other Operating Revenues and Non-Operating Expenditures

[43] The utility's projected revenue requirements for the Test Years include estimated other operating revenues and non-operating expenditures. The projected other operating revenue in the Test Years includes revenue associated with: sprinkler service, in the annual amount of \$4,320; late fee and shutoff in the annual amounts of \$1,600, \$1,700 and \$1,800, respectively; lateral connection fee in the annual amounts of \$1,450,

\$1,500, and \$1,550, respectively, which was corrected in the response to the IRs; and connection fee in the annual amounts of \$2,900, \$3,000 and \$3,100, respectively.

[44] Also included as projected other operating revenue is the revenue collected from the sale of bulk water, from the new bulk water station. The sales are projected to begin in 2023/24, with revenue of \$5,000, increasing to \$7,500 in 2024/25. The application proposes a new bulk water rate, using a similar methodology to that used in calculating other bulk water rates that have been approved by the Board. Based upon the projections in the application, and the corrections made in response to the IRs and the undertakings, the proposed bulk water rates per cubic meter of water sold are \$3.60, \$3.62, and \$3.74, respectively in each of the Test Years.

[45] The estimated non-operating expenditures in each of the Test Years include the debt charges on the utility's existing debt associated with three debentures related to the construction of the water treatment plant, and the water portion of the recent water line extensions to Brooklyn in 2018 and 2019. The response to the undertakings corrected the interest portion of the debt charge in 2022/23 which was found to be understated by \$3,037. With this correction, the utility's debt charge is projected to decrease from \$89,525 in 2021/22 to \$40,698 in the first Test Year of 2022/23 due to the balloon payment of \$245,604 from operating surplus in 2022/23 on the debenture associated with the water treatment plant. The debt charges in each of the remaining two Test Years are \$33,834 and \$33,336, respectively.

[46] 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, and the corrections in response to the IRs and undertakings,

the rate of return on rate base is calculated as 0.46% in 2022/23, 0.27% in 2023/24, and 0.22% in 2024/25. The utility explained that the magnitude of the calculated rate of return on rate base over the Test Period is low as it has very little outstanding debt.

Findings

[47] The Board finds the utility's other operating revenues over the Test Period to be reasonable and accepts them as presented in the rate study. The Board further accepts the proposed new bulk water rates, which are calculated based upon the same methodology as has been used in other bulk water rates that have been approved by the Board. The application projects revenue from bulk water sales in the final two Test Years.

[48] The Board also accepts the non-operating expenditures in the Test Period, related to the existing debt, as set out in the response to the undertakings. The Board notes that the annual debt expenses have been reduced during the Test Years with the balloon payment from operating surplus.

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

IV REVENUE REQUIREMENT ALLOCATION

(A) Public Fire Protection

[50] The rate study calculates the public fire protection charge, using a methodology that is consistent with the *Accounting Handbook*. This results in an allocation of overall utility plant in service to public fire protection of 39.4%, 40.2%, and 40.9%, respectively, in each of the Test Years. Mr. Isenor noted that at the time of the last rate study, approximately 20 years ago, the percentage was 45.2%. He added that the fire protection charge is higher than it should have been. This is due to the

construction of the water treatment plant, which has a lower allocation to fire protection since the rate was set. Mr. Isenor stated that with the higher fire protection charge, the customer rates were lower than they should be.

[51] Using the methodology as set out in the *Accounting Handbook*, the annual fire protection charge in the application is projected to decline from the current level of \$197,235, to \$187,075, \$187,633, and \$195,474, respectively in each of the Test Years. The application has requested that the fire protection charge be set during the entire Test Period at \$195,474, the rate calculated for the third Test Year. The applicant explained that this is proposed so that the charge does not drop in the first Test Year, and then increase in each of the next two Test Years, and as a rate design measure to limit the increase in rates for customers in the first Test Year. Mr. Isenor noted that the Board has approved similar requests in the past.

[52] With the revisions made in response to the IRs and the undertakings, the fire protection charge calculated in the third Test Year is \$196,427.

Findings

[53] The Board accepts the applicant's explanation for the request to set the fire protection charge in each of the Test Years at \$196,427, the amount calculated in the final Test Year using the methodology set out in the *Accounting Handbook*.

(B) Customer Revenue Requirement

[54] After allocating part of the utility's revenue requirement to charges for fire protection, collected from the Municipality, the remaining revenue requirement must be recovered from the utility's customers.

[55] The methodology used in the rate study to allocate the remainder of the revenue requirement to determine the various components of customer rates are generally the same as indicated in the *Accounting Handbook*, except for transmission and distribution, depreciation, and return on rate base. In the *Accounting Handbook* transmission and distribution expense is allocated 100% to delivery (consumption charge), whereas the rate study allocates transmission and distribution as 60% to the base charge and 40% to the delivery charge. Both depreciation and return on rate base are allocated 100% to the base charge in the *Accounting Handbook* and as 40% to base, 30% to delivery and 30% to production in the rate study. The applicant explained that these changes from the *Accounting Handbook* are proposed for rate design purposes and to maintain the base charge at approximately 40% of water revenue, as a risk management strategy for the small water utility.

[56] The utility currently has 1,226 customers, which includes three unmetered customers, revised from the two unmetered customers included in the original rate study. The application projects that the number of customers will remain unchanged in the Test Years. The applicant explained that the number of utility customers regularly fluctuates based upon several factors such as the demolition and construction of buildings and the transient nature of accounts opening and closing. It noted that most new customers since the time of the last rate application are from the extension of water services to the Brooklyn area. The applicant added that outside of this service expansion, the number of customers from year to year has remained consistent, and there is no data to indicate that this number will significantly increase or decrease over the Test Years.

[57] The applicant described the three unmetered customers as seasonal properties, owned by the Municipality, which do not have heat or winter insulation. It added that there are no plans to meter these unmetered customers due to their low water consumption, and the meter cost that could be subject to potential damage.

[58] The rate study noted that as the average quarterly consumption for the 5/8" meter residential customer has remained constant since the utility's previous rate application, at approximately 37 cubic metres, it is projected that there will be no change in average consumption rates during the Test Period. In response to the Board's question as to how the 37 cubic metres compares with other utilities, Mr. Isenor noted that this volume is similar to what has been seen in other water utilities. He added that the meter maintenance/replacement program may result in a slight increase in this amount due to more accurately measuring consumption,

[59] In response to the IRs, the estimated total annual unmetered consumption was revised from 500 cubic metres to 522 cubic metres. The revised unmetered quarterly rate, based upon an average annual unmetered consumption of 174 cubic metres per customer, or 43.5 cubic metres per quarter, was included in the Schedule of Rates and Charges filed in response to the undertakings.

Findings

[60] The Board accepts the methodology used by the utility to distribute expenses to base, customer, delivery, and production charges, which is consistent with the *Accounting Handbook*, except for transmission and distribution, depreciation and return on rate base. The Board accepts the utility's explanation for these changes from

the suggested allocations in the *Accounting Handbook* to mitigate risk through providing revenue stability.

[61] Based upon the information presented, the Board finds the projection of constant consumption volume per year for 5/8" meter customers to be reasonable, as well as the projected constant number of utility customers. The Board further finds the explanation for the existence of the unmetered customers, with no plans for metering to be reasonable.

V SCHEDULE OF RATES AND CHARGES

[62] The utility proposed amendments to its Rates and Charges, other than to the rates charged to its customers and the fire protection charges, discussed above. The utility's response to IR-51 outlined these proposed revisions.

[63] The application proposes to amend the interest rate charged on late payments from 12% per year to 1 % per month. In addition, the rates charged for sprinkler service, water supplied from fire hydrants, re-establishing water service, the creation of an account, charge for non-negotiable cheques, and charge for missed appointments are proposed to be amended. The utility further proposes to add a private hydrant rate, disconnection fee and special service charge. The miscellaneous charges also include the new bulk water rate, discussed above.

[64] Mr. Isnor explained that the changes proposed are to both bring the miscellaneous charges in line with those of other water utilities in the province, as well as to reflect the utility's cost of providing the service.

[65] The utility submitted updated Schedules A, B, and C as part of its response to the undertakings, that incorporated the revisions made in both the responses to the undertakings and the IRs.

Findings

[66] The Board finds the proposed changes to the utility's miscellaneous charges, based upon the cost to supply the service, to be reasonable and accepts them as proposed.

[67] The Board accepts and approves Schedules A, B, and C, as filed in response to the undertakings.

VI SCHEDULE OF RULES AND REGULATIONS

[68] In response to IR-53 the utility listed the proposed amendments to its Rules and Regulations. Mr. Isenor stated that the main reason for the proposed revisions is to update the Regulations and make them comparable to other water utilities in the province, as they have not been revised in over ten years.

[69] Several typos to the Rules and Regulations filed with the rate study in the application were noted in response to the IRs, and a new Schedule was filed. Upon review it was found that a portion of the wording in Regulation 30, Private Fire Protection, was missing. The applicant corrected this and refiled the Schedule of Rules and Regulations with the Board on December 13, 2021.

Findings

[70] The Board finds that the proposed amendments to the Rules and Regulations are reasonable, and consistent with other water utilities in the province. The

Board approves the Rules and Regulations as filed in response to the IRs, with the typo correction submitted on December 13, 2021, with an effective date of April 1, 2022.

VII CONTINGENCY PLANNING

[71] In response to IR-67, the applicant provided general information on its efforts related to contingency planning and emergency preparedness for the utility. It stated that as a part of the utility's license and permit from Nova Scotia Environment, it is required to have an operational plan that includes a review of risks and strategies to be taken to mitigate risk to the utility and its water supply. The applicant added that it is in the process of re-writing the operations manual and re-establishing a Watershed Advisory Committee. It noted that the operations manual, including Contingency Plans and Emergency Response Plans, as they relate to potential fires at the screen house and transmission main failure, are reviewed on an annual basis.

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

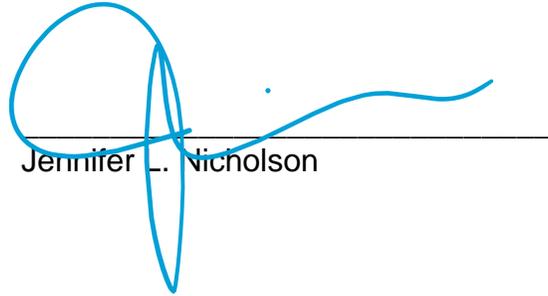
VIII CONCLUSION

[73] The Board approves the Rates and Charges, including the public fire protection charge, effective April 1, 2022, April 1, 2023, and April 1, 2024, as shown in Schedules A, B, and C, as received by the Board in response to the undertakings.

[74] The Board approves the Rules and Regulations, effective April 1, 2022, as shown in Schedule D, as filed in response to the IRs, with the correction to a typo in the response provided to the Board on December 13, 2021.

[75] An Order will issue accordingly.

DATED at Halifax, Nova Scotia, this 20th day of January, 2022.



Jennifer L. Nicholson