

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

**BEFORE:** Jennifer L. Nicholson, CPA, CA Panel Chair  
Bruce H. Fisher, MPA, CPA, CMA, Member  
Julia E. Clark, LL.B., Member

**APPLICANTS:** **TOWN OF OXFORD**  
  
Gerry Isenor, P.Eng. (Absent)  
G.A. Isenor Consulting Limited  
  
Blaine Rooney, CPA, CA  
Blaine S. Rooney Consulting Limited  
  
Linda Cloney  
Chief Administrative Officer  
  
Ruth Anne Perkins  
Senior Accountant

**HEARING DATE:** December 6, 2022

**FINAL SUBMISSIONS:** December 12, 2022

**DECISION DATE:**           **March 8, 2023**

**DECISION:**                   **Schedules of Rates and Charges effective April 1, 2023, and April 1, 2024, are approved, subject to a compliance filing.**

**Schedule of Rules and Regulations effective April 1, 2023, is approved.**

## **I SUMMARY**

[1] The Town of Oxford applied to the Nova Scotia Utility and Review Board on behalf of its water utility to amend its Schedule of Rates and Charges for Water and Water Services and its Schedule of Rules and Regulations. The existing rates and charges have been in effect since April 1, 2021, while the Schedule of Rules and Regulations has been in effect since October 1, 2019.

[2] A rate study to support the application dated July 4, 2022, was prepared by G.A. Isenor Consulting Limited, in association with Blaine S. Rooney Consulting Limited, and was submitted to the Board on July 18, 2022. Information Requests (IRs) were issued by Board staff on September 9, 2022, and responses were filed on October 13, 2022.

[3] The rate study proposed amendments to rates for the fiscal years 2022/23, 2023/24, and 2024/25 for all customers. Based on average quarterly consumption for 5/8" meter customers, the proposed changes in each test year are a decrease of 7.5% in 2022/23, an increase of 0.6% in 2023/24, and another decrease of 0.1% in 2024/25. For all other metered customers, based on the average quarterly consumption of each meter size, the proposed rate changes are between -10.2% to 14.5% in 2022/23, -0.8% to 14.7% in 2023/24, and -0.4% to 4.3% in 2024/25. For unmetered customers, the proposed rate decreases by 4.7% in 2022/23, then increases by 2.3% in 2023/24, and by 0.7% in 2024/25. The utility proposed to eliminate its two-block consumption rate structure.

[4] The utility also proposed amendments to the annual public fire protection charge paid by the Town for the provision of water for fire protection services. The total

annual public fire protection charge, currently \$157,773, is proposed to remain unchanged in 2022/23, then increase by 0.2% in 2023/24, and by 4.8% in 2024/25. The fire protection charge is calculated to decrease in the first test year, but the utility proposes to hold the current rates until the second test year.

[5] Following public notice, the Board held a hearing at the Town of Oxford's Council Chambers at 10:30 a.m., on Tuesday, December 6, 2022. Blaine Rooney of Blaine S. Rooney Consulting Limited represented the utility. In addition, the utility was represented by Linda Cloney, Chief Administrative Officer, and Ruth Anne Perkins, Senior Accountant. No members of the public requested to speak during the hearing, and the Board received one letter of comment from Oxford Frozen Foods Limited (OFFL), the utility's largest customer.

[6] Due to the timing of the hearing the first test year rates will not apply. Going directly into the second test year from current rates, the utility's customers, other than OFFL, would face average decreases of 2.5% and 10.9% on April 1, 2023, under the initial proposal. OFFL would see an increase of 31.3% instead of 14.5% in 2022/23 followed by an increase of 14.7% in 2023/24 and an increase of 4.3% in 2024/25.

[7] The rate study had originally proposed that the allocation to depreciation be 80% to base, 10% to commodity and 10% to production in 2022/23, before being reduced to 50%, 25% and 25% in 2023/24 and 40%, 30% and 30% in 2024/25. To reduce the rate shock to OFFL, the Board is approving the allocation of depreciation as 80% to base, 10% to commodity and 10% to production in 2023/24 and 2024/25. Besides reducing OFFL's increase, other meter size customers would now see small increases, as opposed to decreases, from this change.

[8] The Board approves the removal of the second block rate in the final test year (2024/25).

## **II INTRODUCTION**

[9] The sources of water supply for Oxford are from four groundwater wells in Leicester that have been in operation since 2001. Disinfection is provided by a gas chlorination system. The main transmission line runs approximately 10 km into town. The water system has a 350,000 imperial gallon storage reservoir. Approximately 95% of the Town of Oxford is served by the utility's distribution system. There have been no changes to the system since the last rate application.

[10] The utility currently serves approximately 528 customers. It projects the number of customers to remain stable over the test period. At the time of the last rate study, the utility had 530 customers.

[11] The rate study projected the average consumption per customer for each meter size to remain the same over the test period, except for 5/8" metered customers. The 5/8" customers are projected to see average consumption drop by 0.5% per year over the test period. This decrease in consumption is included in the rate study and projected new rates.

[12] The utility stated that it was not able to calculate the amount of non-revenue water at the time of the rate study, as the "...SCADA system has malfunctioned and daily recorded flows from the supply wells have not been recorded for some." At the time of the previous rate study, non-revenue water was 13%, which was up from 8% from the previous study. Although neither 8% nor 13% is an exceptionally high percentage of

water loss, it represents a large volume of water. The amount of water used by OFFL skews the percentages, as 13% water loss represents more volume of water than the water consumed by all non-OFFL customers combined.

[13] The utility has experienced numerous leaks recently and continues to address them as funding becomes available. In response to IR-6, the utility noted:

The Utility is concerned over the number of breaks in the system and the associated water loss. Every effort is being made to replace aging infrastructure as finances permit.

...

... replacement projects are very expensive and can only be managed every 2-3 years and depend on the availability of capital funds. The T & D Maintenance & Services has been increased to help facilitate the increase cost and incidence of water breaks[.]

[Exhibit O-4, IR-6 b) and c), p. 4]

[14] The utility presented the application to the Board based on the need to amend the rates due to higher operating costs and the removal of the two-block rate structure. The utility also needs to fund its projected capital program.

### **III LETTER OF COMMENT**

[15] The Notice of Hearing invited members of the public to send letters of comment to the Board or appear at the hearing to speak. The Board received one letter of comment from Jordan Burkhardt, Director of Administration of OFFL, on behalf of OFFL, the utility's largest customer. In addition to being the largest customer, OFFL is the only customer with the meter sizes (3" and 4") originally proposed for a rate increase.

[16] Mr. Burkhardt's letter expressed OFFL's concern that eliminating the two-block rate structure targets OFFL, as no other customer consumes enough water to meet the second tier of consumption. He also made note of OFFL's \$750,000 contribution to

the system when it was installed and said that the contribution is not being recognized if the second block gets eliminated.

[17] The letter asks the Board to consider maintaining the two-block consumption rate structure and to recognize the company's upfront capital contribution to the system.

#### **IV REVENUE REQUIREMENTS**

##### **a) Operating Expenditures**

[18] Schedule B-1 of the rate study indicated that, without a rate adjustment, the utility's revenues are estimated to exceed expenses by \$4,487 in 2022/23, increasing the utility's existing accumulated surplus to \$117,829. The utility expects expenses to exceed revenues in the final two test years, by \$30,427 in 2023/24, and \$31,962 in 2024/25. This decreases the calculated accumulated surplus to \$55,440 at the end of the test period.

[19] Worksheets B-1 and D-1 use different assumptions for water sold. If the same assumptions for volume in the rate study were used in developing both worksheets, the results, with no change in rates, would be consistent. In response to IR-11, the utility resubmitted worksheet B-1 using the assumptions from the rate study. This showed that the utility would have an operating deficit in the first test year and larger deficits in the final two test years, resulting in an accumulated deficit of \$47,775 at the end of the test period, as opposed to an accumulated surplus of \$55,440, a difference of greater than \$100,000.

[20] In response to Board staff IR-13, the utility described how costs are currently allocated between the Town and the utility, and noted that changes are being made regarding how expenses are tracked going forward:

The tracking system to track public works hours related to the Water Utility was recently revised to simplify it and to get better results. The wage and other costs allocated to water for this study are based on a percentages [sic] previously used, all departments agreed that this provided the best result. General expenses allocated to water are 30% of admin salaries and benefits, we process 6 invoices a year, 4 which are water related, so 70% of the total budget for postage and office supplies, plus advertising (notices in paper for review) is allocated to water. 27% of the Audit fee is allocated to water, 2 of the 5 funds are water related so this seems reasonable if not very conservative. 30% of public works supervisor hours and 18% of the public works crew hours are currently allocated to water. Due to the increased number of water breaks from our aging infrastructure, the utility believes this is also very conservative but the new tracking system will be able to provide accurate information.

[Exhibit O-4, IR-13, p. 8]

[21] In response to Board staff IR-14, the utility summarized its budgeting process as follows:

Staff prepares budget estimates in February and March of each year based on historic results and known changes and inflation. These are reviewed at a further staff/council level and the approved budget amounts are passed by Resolution of Council usually in May of each year.

[Exhibit O-4, IR-14, p. 8]

[22] The projected operating expenses for the test years are generally based upon the utility's budget for 2021/22 plus an annual increase of 3% to cover higher operating expenses. Depreciation is calculated by taking the current depreciation expense plus the estimated annual depreciation expense of the capital additions over the test years. In response to Board staff IRs-16-19, the utility explained the year-over-year changes in expenditures that varied from the 3%.

### **Findings**

[23] The operating expenses over the test years are generally based on an annual increase in expenses which the Board finds reasonable. The Board accepts the explanations for the increases provided by the utility. While the Board accepts the



underlying assumptions on inflationary pressures, it notes that the current environment is volatile and there are risks around the utility's inflation assumptions.

[24] The Board accepts the allocation of expenses between the Town and the utility. The Board commends the utility for implementing a new tracking system to more accurately allocate costs to the utility and looks forward to future rate studies that will be, in part, based on more accurate allocations.

[25] The Board accepts the depreciation expenses for the test period, which are based on the current depreciation expense plus annual depreciation for capital additions over the test period.

[26] The Board had some concerns with the assumptions underlying the projected test years' water revenues in Worksheet B-1. In response to Board staff IR-11, the utility provided an updated worksheet B-1 that incorporated the assumption for consumption over the test period to derive the revenue and any shortfall, if rates remained unchanged. The Board urges the utility to use the same assumptions for consumption and other factors in all worksheets it produces, with or without a rate increase. This allows the Board and the public to better understand the current and proposed financial state of the utility and relate that information to any increases in rates requested.

**b) Capital Budget and Funding**

[27] The rate study included the utility's capital budgets for 2021/22 and the three test years, totalling \$82,000, \$95,000, \$900,000, and \$350,000, respectively. In response to Board staff IR-20, the utility provided a summary of the planned projects over the test years.

[28] The capital budget consists of distribution main work, a cross connection program plan, and the rate study included in this application. The majority of funds are allocated to the distribution main work. The proposed funding for the capital budget is summarized in the following table:

	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
External Funding		\$657,000	\$175,000
Depreciation Fund	\$75,000	\$208,000	\$135,000
Capital out of Revenue	\$20,000	\$ 35,000	\$ 40,000
<b>Total</b>	<b>\$95,000</b>	<b>\$900,000</b>	<b>\$350,000</b>

[29] The rate study indicated that the depreciation fund balance at the beginning of the test period is projected to be \$182,318. The rate study projects that, with the proposed funding, the depreciation fund balance will be reduced to \$76,201 at the end of the test period.

[30] In response to Board staff IR-21, the utility noted that outside funding has not been confirmed at this time. The watermain replacements are linked to external funding.

### **Findings**

[31] The utility is focusing on repairing and replacing problem mains over the test period, with most of the work taking place over the final two test years. The Board accepts the proposed level of funding from the utility's depreciation fund over the test years. The Board also accepts the utility's proposed capital program and funding as set out in the rate study.

[32] The Board understands that some of the proposed projects including the watermain replacement projects, are relying on outside sources of funding and that if that funding is not secured, some of the projects might not be undertaken during the test period. If that happens, the Board suggests that the utility put aside the equivalent of the depreciation expense for those projects in a reserve account for future capital works, as opposed to adding it to an operating surplus for a given year.

[33] The utility is urged to apply to the Board for permission to set up such a capital reserve. Based on section 3080 of the *Accounting Handbook*, such an application to the Board must contain at least the following:

- The purpose of the reserve;
- The term, including estimated termination date;
- The treatment of interest and income earned in the reserve;
- The amount, frequency, and source of payments into the reserve;
- The qualified disbursements from the reserve; and
- The type and frequency of financial reporting of transactions related to the reserve.

[34] The utility is reminded that the inclusion of the proposed capital projects in the rate study does not constitute Board approval of these projects. Separate Board approval is required for projects more than \$250,000 as set out in s. 35 of the *Public Utilities Act*, regardless of the source of funding.

**c) Non-Operating/Other Revenues and Expenditures**

[35] The annual amount for non-operating revenue in each of the test years is for interest on arrears and sales of services, totalling \$5,501 in each of the test years. This amount is the same as budgeted for 2021/22.

[36] The non-operating expenses include debt repayments and corresponding interest expenses on existing debt, and capital out of revenue. No new debt is projected over the test period.

[37] Capital out of revenue is requested in the application due to the drawdown in the depreciation fund over the test period. If capital out of revenue was not used as a funding source, the depreciation fund would be depleted, or the utility would have to seek long-term debt to fund its capital program.

[38] The rates of return calculated in the rate study are 2.94%, 3.13%, and 3.09%, respectively, in each of the test years.

### **Findings**

[39] The Board finds the utility's other operating revenue to be reasonable and accepts it as presented for the test years.

[40] The Board accepts the non-operating expenditures related to existing debt and the use of capital out of revenue to help fund the capital program in each of the test years, as presented in the rate study.

[41] The Board finds the proposed returns on rate base over the test years to be reasonable.

## **V REVENUE REQUIREMENT ALLOCATION**

### **a) Public Fire Protection**

[42] The methodology used in the rate study to determine the public fire protection charge paid by the Town to the utility follows the *Accounting Handbook* except for the allocations for transmission and distribution mains. The proposed allocations are the same as the previous two rate applications approved by the Board.

[43] The rate study notes that distribution mains are allocated 55%/45% to general service/fire protection, while transmission mains are allocated 75%/25% respectively. The *Accounting Handbook* indicates that both asset classes are to be allocated 40%/60% to general service/fire protection. In response to IR-25, on the subject of these allocations, the utility explained its rationale and provided the calculations used to determine the allocations as follows:

...the allocation of the distribution mains on worksheet B-5 as 55% to general service and 45% to fire protection and the transmission main 75% to general service and 25% to fire protection was done to recognize the significant draw that Oxford Frozen Food places on the system. At peak demand Oxford Frozen Foods draws approximately 900 imperial gallons per minute (igpm) or approximately 75% of the total transmission main capability (1200 igpm) of the Utility. The allocation of the Transmission main has been adjusted to reflect this demand. The distribution allocation has also been adjusted to reflect this significant peak demand which when added to the calculated peak demand for the remaining customers (200 igpm) yields a max demand of 1100 igpm. Based on fire flow in the Town of 2000 igpm this represents approximately 55% of the total flow for general service and 45% for fire protection.

[Exhibit O-4, IR-25, p. 13]

[44] The utility confirmed it had not conducted a fire flow analysis as recommended by the Board in the last rate decision. It has not made changes to the system since then.

[45] The percentage allocation of utility plant in service to public fire protection is calculated in the rate study to be within a range of 31.0% to 33.7% over the test years. This calculation results in a decrease in the fire protection charge paid to the utility from the Town in the first test year, which would then increase each year, reaching \$165,794 in the final test year.

[46] Instead of lowering fire protection rates to the calculated rate for the first test year, the utility proposes to use the existing fire protection charge for the first test year, then the calculated amounts for the final two test years. The utility calculates this charge by allocating utility plant in service to fire protection of 36.3% in 2022/23, then the

calculated 33.1% in 2023/24, and 33.7% in the final test year. This results in total costs being allocated to fire protection of 24.2%, 22.7%, and 23.1%, for the three test years, respectively.

### **Findings**

[47] 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 distribution and transmission mains as presented, which differs from the *Accounting Handbook* due to the large demands placed on the system by OFFL.

[48] The Board notes that due to the timing of the hearing and this decision, only the fire protection charges for the final two test years will be approved. The current fire protection charge would remain in place for 2022/23.

#### **b) Utility Customers**

[49] After the allocation to fire protection, the remaining revenue requirement is recovered from the customers of the utility. The utility currently has 528 customers, which is expected to remain the same over the test period.

[50] The utility is projecting no change in average consumption volume per customer for all meter sizes for the test years, except for the 5/8" metered customers. The average consumption for the 5/8" customers is projected to decrease by 0.5% per year in each of the test years.

[51] The supplemental notes to worksheet C-3 noted the following about allocating costs to base, delivery, and production:

The allocation of the Administration and General expense has been set at 80% to Base, 10% to Delivery and 10% to Production in 2022/23 for rate design purposes. The allocation for 2023/24 has been set at 50% to Base, 25% to Delivery and 25% to Production for rate

design purposes. The allocation in the final test year is set at 40% to Base, 30% to Delivery and 30% to Production as set out in the Accounting and Reporting Handbook.

[Exhibit O-2, p. 3]

[52] With the projected rates, about 61% of the utility's revenue from customers will be derived from the consumption charges in 2022/23, 64.7% in 2023/24, and 66% in 2024/25. The majority of non-OFFL customers' bills will come from the base charge. Depending on the meter size, average bills for non-OFFL customers will be 75% to 95% from the base charge. This large percentage of the bill covered by base charges provides little incentive for customers to save money by lowering consumption. In other utilities, most meter-sized customers have 35-50% of the bill covered by base charges, leaving more room to lower their bills by using less water.

[53] OFFL is the opposite with only 9% of its bill covered by the base charge in 2022/23, 7.7% in 2023/24, and 7.3% in 2024/25. This much of the utility's largest customer's bill based on the commodity charge provides very little revenue protection to the utility should OFFL's consumption decrease for any reason.

[54] The utility currently has a two-block consumption rate structure based upon 140,000,000 gallons per year per customer for the first block and anything above 140,000,000 for the second block. The utility is proposing to eliminate the second block in the second test year, which will become the first test year, due to the timing of the hearing and decision.

[55] Only one customer, OFFL, is subject to the second block rate, as all other customers combined are still well below the top end of the first block's consumption. The utility noted that there is no cost-of-service reason for having a two-block rate structure.

[56] OFFL noted in its letter of comment that it made a \$750,000 contribution to the system when it was installed and that the contribution is not being recognized if the second block is eliminated.

### **Findings**

[57] The supplemental notes for Worksheet C-3 referred to the allocation of administrative and general expenses, rather than the allocation of depreciation, as should have been addressed. The response to IR-28 confirmed that it was the allocation of depreciation that was being changed over the test years to reflect the *Accounting Handbook*, not administration and general.

[58] The Board accepts the methodology used by the utility to distribute expenses to base, customer, delivery, and production charges, which generally follows the *Accounting Handbook*, except for depreciation.

[59] The Board finds that changing the allocation of depreciation from the current 100% to base, to the *Accounting Handbook's* recommended allocation, was the largest driver in OFFL's substantial bill increases in each of the test years. As such, the Board is approving a different allocation of depreciation: to 80% to base, 10% to production, and 10% to commodity for 2023/24 and 2024/25. This lessens the immediate impact to OFFL. If the utility wishes, it can include a further transition towards the *Accounting Handbook's* allocation of depreciation in future rate applications.

[60] Based on the information presented, the Board finds the projection of a decrease in consumption of 0.5% for 5/8" customers to be reasonable. The Board also accepts the projected number of customers over the test period.

[61] In its 2019 decision (M09173) the Board approved an increase in the first Block structure from 45 million imperial gallons to 140 million imperial gallons. In the



current rate proposal, the Board accepts the utility's evidence that there is no cost-of-service rationale for the two-block rate structure. The Board approves the elimination of the two-block rate structure in the final test year rather than in 2023/24 as requested in the rate application.

[62] The Board notes only about 8.5% of OFFL's current consumption is subject to the second block rate. The elimination of the second block shifts that 8.5% of OFFL's consumption into the first block, putting downward pressure on the first block rate. This change is not readily apparent in the rate study because the proposed allocation of depreciation is increasing commodity rates over what they would be otherwise. As noted previously, the Board has altered the allocation of depreciation to reduce the impact on OFFL.

[63] The Board further notes that although OFFL contributed to the system build-out, rates must be set to include the full cost of assets, as has been done in this rate application.

[64] There is risk to the utility having one customer responsible for almost 90% of the water consumption and the majority of that customer's bill coming from the commodity charge. There may be value in understanding the specific cost of service factors impacting the utility.

[65] The utility is directed to file a compliance filing, which must include an updated rate study and Schedules of Rates and Charges that allocates depreciation 80% to base, 10% to commodity, and 10% to production for both 2023/24 and 2024/25, as well as keeping the second block rate structure in 2023/24 with its removal moved to 2024/25.

## **VI SCHEDULE OF RATES AND CHARGES**

[66] Besides the amendments for the rates for water supply to its customers and the fire protection charges, the application proposes no additions or changes to any of the miscellaneous rates and charges. The Schedules of Rates and Charges were updated during the previous application and do not require any other changes at this time.

[67] Due to the timing of the hearing, Schedule A rates (April 1, 2022) will not be implemented. Schedule B should be renamed to Schedule A (April 1, 2023) and Schedule C renamed to Schedule B (April 1, 2024).

### **Findings**

[68] The Board notes that the effective date requested of January 1, 2023, for Schedule A, will not be met. As such, the Board accepts omitting the Schedule A filed, as included in the rate study, and new Schedules A and B, based on the compliance filing, noted above, effective April 1, 2023, and April 1, 2024, will be approved.

[69] The compliance filing is to include a new schedule A and B incorporating the findings noted above.

## **VII SCHEDULE OF RULES AND REGULATIONS**

[70] In response to IR-36, the utility provided a table outlining the proposed changes and reasons for the changes to five of the existing rules in its schedule of rules and regulations. These changes are mainly housekeeping items that clarify the intent and another that updates the charge for meter testing if required.

[71] The utility indicated that approximately 50 of its customers have non-registering water meters. The utility has had difficulty obtaining replacement meters and

sought the Board's guidance on how to bill these customers until new meters are installed. In response to undertaking U-7, the utility provided a draft amendment to its Schedule of Rules and Regulations to address these circumstances. The proposed regulation requires the utility to replace a non-registering meter as soon as possible and allows a customer with a non-registering meter to be billed as an unmetered service, which the utility says allows a reasonable estimate of actual use

### **Findings**

[72] The current Schedule of Rules and Regulations is generally consistent with most other water utilities in the province which have had recent rate applications. Currently, a number of 5/8 meters have failed and, due to supply constraints, the utility has been unable to replace those meters. The utility has proposed that such customers be treated as unmetered until the meter can be replaced. While the Board accepts the addition of a new regulation allowing the utility to bill customers with non-registering meters, it notes that under the utility's rate schedules, unmetered customers are charged more than the average 5/8 metered customer. Therefore, the Board approves the new regulation but, rather than collecting an unmetered rate, the utility must bill those customers as if they had the average consumption level for the previous year for all 5/8 meter size customers. The regulation puts an onus on the utility to replace a meter as soon as possible, and limits the billing practice to circumstances that prevent immediate replacement of a meter. In other circumstances where a meter cannot be read, the utility

is bound by the existing provision about estimated readings. The Board directs a compliance filing for this regulation, to include the following wording:

**BILLING FOR CUSTOMERS WITH NON-REGISTERING METERS.**

If a 5/8 metered customer has a non-registering water meter the utility shall replace the meter. If the Utility, because of supply chain issues, cannot acquire a replacement meter the customer will be assumed to have a consumption level equal to the previous year's average consumption level for all 5/8 customers, until such time as the utility is able to obtain and install a replacement meter. The utility shall replace the non-registering meter as soon as it can acquire a replacement meter and arrange with the customer for installation of the new meter.

[73] The Board approves the updated Schedule C, as presented in response to the undertakings. The effective date of the Rules and Regulations is to be April 1, 2023.

**VIII CONCLUSION**

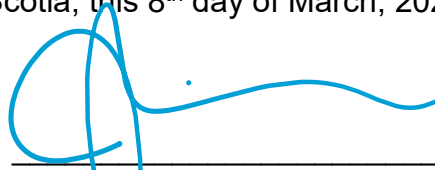
[74] The Board approves the Schedule of Rates and Charges for Water and Water Services for 2023/24 and 2024/25, subject to a compliance filing.

[75] The compliance filing is to include:

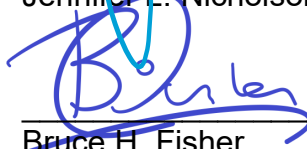
- An amended rate study to include eliminating the 2<sup>nd</sup> block rate structure in the final test year;
- Allocating depreciation 80% to base 10% to commodity and 10% to production for 2023/24 and 2024/25; and
- Updated Schedule of Rates and Charges effective April 1, 2023, and April 1, 2024, as Schedules A and B, respectively.
- Updated Schedule or Rules and Regulations, including the wording for non-registering meters noted above in paragraph [72], effective April 1, 2023, as Schedule C.

[76] An Order will issue accordingly.

**DATED** at Halifax, Nova Scotia, this 8<sup>th</sup> day of March, 2023.



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Jennifer L. Nicholson



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Bruce H. Fisher



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Julia E. Clark