

**NOVA SCOTIA UTILITY AND REVIEW BOARD**

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

- and -

**IN THE MATTER OF AN APPLICATION** by the **VILLAGE OF BADDECK** 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:** Steven M. Murphy, MBA, P.Eng., Panel Chair  
Bruce H. Fisher, MPA, CPA, CMA, Member  
M. Kathleen McManus, K.C., Ph.D., Member

**APPLICANTS:** **VILLAGE OF BADDECK**  
Gerry Isenor, P.Eng.  
G.A. Isenor Consulting Limited  
  
Blaine Rooney, CPA, CA  
Blaine S. Rooney Consulting Limited  
  
Roman Braun-Huettner  
Village Manager

**HEARING DATE:** December 14, 2023

**FINAL SUBMISSIONS:** December 18, 2023

**DECISION DATE:** **February 12, 2024**

**DECISION:** **Schedules of Rates and Charges effective April 1, 2024, are approved, as amended by the Utility in Undertaking U-2.**  
  
**Schedule of Rules and Regulations effective April 1, 2024, are approved, as amended by the Utility in Undertaking U-2.**

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## **I SUMMARY**

[1] The Village of Baddeck (Village) applied to the Nova Scotia Utility and Review Board on behalf of its water utility (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, 2013, while the Schedule of Rules and Regulations has been in effect since July 1, 2011.

[2] A rate study to support the application, dated August 18, 2023, was prepared by G.A. Isenor Consulting Limited, in association with Blaine S. Rooney Consulting Limited, and was submitted to the Board on September 5, 2023.

[3] Information Requests (IRs) were issued by Board staff on October 20, 2023, and responses were filed by the Utility on November 3, 2023.

[4] Initially, the rate study proposed amendments to rates for the fiscal years 2023/2024, and 2024/2025, for all customers. Based on average quarterly consumption for 5/8" meter customers, the proposed increases in each test year were 14.3% in 2023/24, and 13.8% in 2024/25 for those customers. For all other metered customers, based on the average quarterly consumption of each meter size, the proposed rate increases were between 15.7% and 30.8% in 2023/24, and 13.4% to 13.8% in 2024/25.

[5] The Utility also proposed amendments to the annual public fire protection charge paid by the Village and the Municipality of the County of Victoria for the provision of water for fire protection services. The total annual public fire protection charge, currently \$84,999, was proposed to increase to \$100,059 (a 17.7% increase) in 2023/24, and to \$128,572 (a 28.5% increase) in 2024/25.

[6] Following public notice, the Board held a hearing at the Victoria County Court House at 1:00 p.m., on Thursday, December 14, 2023. Gerry A. Isenor, P.Eng., of G.A. Isenor Consulting Limited, and Blaine Rooney of Blaine S. Rooney Consulting Limited represented the Utility. In addition, the Utility was represented by Roman Braun-Huettner, Village Manager.

[7] No members of the public requested to speak during the hearing, and the Board did not receive any letters of comment from residents of the Village.

[8] A revised rate study was filed in response to Board IRs, and a final rate study was filed in response to the undertakings on December 18, 2023. It is the final rate study that is discussed in the remainder of this decision, unless otherwise noted.

[9] The rate study, filed in response to undertakings, updated the revenues from water sales, and the capital costs for two items. As the 2023/2024 fiscal year was more than half over, the implementation date was changed to April 1, 2024, effectively combining the two test years. These revisions led to the Utility requesting amendments to the base charges for all meter sizes, new consumption rates, and amended fire protection charges over the test period, from what was in the original rate study.

[10] Based on average quarterly consumption for 5/8" meter customers, the revised proposed increase for these customers in the 2024/2025 test year is 27.1%. For all other metered customers, based on the average quarterly consumption of each meter size, the revised proposed rate increases are between 29.1% and 47.2% in 2024/2025. The total annual public fire protection charge, currently \$84,999, was revised to increase to \$127,937 (a 50.5% increase) in 2024/2025.

[11] The Board approves the rates and charges as filed in response to Undertaking U-2 for the 2024/2025 test year.

## **II INTRODUCTION**

[12] In 2011, at the time of its last rate case, the Utility's source of supply was surface water from Peter's Brook, a tributary to the Baddeck River. At that time, the Utility was constructing a new groundwater source of supply, including well development, power and pumping structures (booster station and chlorination station) and approximately eight kilometers of water transmission main. This system was designed to meet the Guidelines for Canadian Drinking Water Quality and was in accordance with the provisions of Nova Scotia Environment's (NSE) "A Drinking Water Strategy for Nova Scotia". The system which pre-dated this was out of compliance with NSE regulations.

[13] The Village is now provided with water from two drilled wells. Each well site has a pumphouse that encloses above-ground valves, piping, instrumentation, and control equipment. The two wells pump to an open concrete-lined reservoir with a nominal capacity of 3,700 cubic meters. The water treatment plant consists of a sodium hypochlorite system, which was changed over from gas chlorination in 2023. Treated water is stored in a 1,079 cubic meter steel water storage tank upslope of the water treatment plant, which maintains water pressure to the Village.

[14] The Utility currently serves approximately 632 customers. At the time the last rate study was filed, the Utility had 570 customers. In response to IR-11-b), the Utility advised that two 5/8" customers were added to its system in 2021/2022, another two in 2022/2023, and four in 2023/2024. The Utility projects that the number of 5/8" customers

will increase by four in 2024/2025. Structures associated with those customers are currently being built and some are occupied, so the Utility has full confidence in four customers being added in 2024/2025.

[15] The Utility confirmed that its water systems now meet the NSE's Drinking Water Strategy.

[16] The rate study noted that the average water consumption for 5/8" customers has increased since the previous rate study. The average annual 2013/2014 water consumption for a 5/8" customer was estimated at 145 m<sup>3</sup>, while the current rate study shows this amount as 189 m<sup>3</sup> for 2022/2023<sup>1</sup>. When asked the reason behind this increase in IR-12, the Utility was unsure, although surmises it could relate to changes in land use for customers who have 5/8" meters.

[17] In its previous rate application, the Utility noted that it had two unmetered customers, however the current application shows that all customers are now metered.

[18] In response to IR-6, the Utility noted that its non-revenue water was approximately 40% of production, and that it considers this high level of non-revenue water to be an issue. The Board had directed the Utility to undertake a leak detection program in its Order from the last rate hearing. In response to IR-6, the Utility stated that it has experienced significant staff changes since the previous rate study. The Board understands the Utility's response to imply that, while current Utility staff can produce no such evidence, a leak detection program may have been undertaken. The Board notes that the Utility's prior rate study included approximately 45% non-revenue water and recognizes that a reduction to 40% is a small improvement. The Utility also notes that the current

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<sup>1</sup> Calculated as actual annual current water consumption for all 5/8" customers of 106,298 m<sup>3</sup> divided by 563 customers.

application does not include any change in the volume of non-revenue water, and it includes an item in the operating budget to undertake a leak detection program.

[19] The Village of Baddeck has been experiencing a period of instability since its former Chief Administrative Officer was removed from her position in October 2021. The Village found that financial records were missing and that audited financial statements required by the province had not been completed. The Village has noted that there are no financial records for the 2019/2020 fiscal year and only partial records for the following year. The rate application was developed from various sources, including the draft financial statements that are being prepared by the auditors using available bank statements and other records, as well as their professional expertise in evaluating the need for such items as repair and maintenance or chemicals. The Utility stated that they may not have every item in the correct “slot” but feel in total there are sufficient funds to operate the utility and to start to build a “baseline” for the future. In the hearing, Mr. Isenor stated that the Utility is only applying for one test year given that “there’s been a significant changeover of staff, and the Utility really doesn’t know the condition it is in at this point in time.” He also stated that “as far as the Utility’s needs, what is in deficit, what should be replaced and rebuilt, there isn’t really anything to work from”, and that, “part of the application that they are submitting includes funds to perform a detailed study of the Utility and to try to gain a handle on exactly what is needed.” They identified the main risks as pipe breaks due to frost, maintenance issues, and the need to develop a capital program.

[20] Although the Utility presented the application to the Board based on the need to amend rates to cover increased operating and infrastructure costs, Mr. Isenor indicated that the Utility anticipates submitting another rate study to the Board sometime in fiscal

2024/2025, once it has a better idea of its costing and operational needs.

[21] The Board understands the difficult position the Utility is in and accepts that the current application is the Utility's best estimate of its current costs and projected needs based on the available information.

[22] The original rate study was filed by the Utility with the intent to raise rates on January 1, 2024, and then again on April 1, 2024. IR-51 asked the Utility what date they would propose to implement new rates, if the proposed date of January 1, 2024, was not feasible. In response, the Utility requested the rates be set for April 1, 2024.

### **III REVENUE REQUIREMENTS**

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

[23] Worksheet B-1 of the rate study indicated that the Utility's operating expenses were estimated to exceed operating revenues by \$159,617 in 2022/2023, decreasing the Utility's existing accumulated surplus to \$548,392. Without a rate adjustment, the Utility expects expenses to exceed revenues by \$125,330 in 2023/2024, and \$131,143 in 2024/2025. These annual deficits would lead to an estimated accumulated surplus of \$361,919 at the end of the 2024/2025 fiscal year.

[24] In response to IR-22, the Utility indicated that costs between the Village and the Utility are allocated as incurred where identifiable. Otherwise, estimates for allocation are made.



[25] In response to IR-23, the Utility summarized its budgeting process as follows:

Budgeting is based on previous year's financials, factoring in any planned expenditures for the upcoming fiscal year. The budget is prepared by staff and presented to the Village Commission who review it and make changes as they deem necessary. The final budget is approved by the Village Commission.

[Exhibit B-5, p. 16]

[26] The Utility confirmed that this rate study includes the full depreciation of existing and proposed additions to plant and equipment and that all depreciation rates conform to the Nova Scotia Utility and Review Board *Water Utility Accounting and Reporting Handbook (Handbook)*, apart from the 'Infrastructure Needs Study'. The Board inquired about the annual depreciation rate for that item listed as 5% in Worksheet B-3. The Utility advised that it projects the need to do another complete review of its needs by an outside firm in 20 years. When asked if the Utility has been properly funding its depreciation fund since its last rate application, the Utility stated:

The current management is unable to determine whether the depreciation fund has been properly funded since the last rate application. Since the fund has a projected balance of \$453,213 at March 31/23 it appears that it has been funded at least partially. The projected capital fund balance sheet at March 31/23 indicates that there was a due from the Water Operating Fund in the amount \$226,684 and this may include some underfunding.

[Exhibit B-5, p. 22]

[27] The Utility stated that this rate application shows the actual costs of operating the Utility, from a repair and maintenance perspective, as well as inflationary pressures. The Utility noted that the other cost driver is the elimination of the amortization of capital cost contributions which up until this time, has offset the depreciation calculation.

[28] Depreciation has been calculated by taking the current full depreciation expense on existing assets, plus the estimated annual depreciation expense of the capital additions over the test years.

[29] During the hearing, the Board noted that in Worksheet B-2 a/b/c/d/e, there are no 'Repairs and Maintenance' expenses associated with the Power and Pumping operating expenditure. The Utility advised that if there are any, they would likely be included under the Water Treatment or the Source of Supply operating expenditures. The Board suggested that, in the next rate study, it may be helpful to separate those costs and have a separate line item for 'Repairs and Maintenance' expenses under the Power and Pumping operating expenditure, which would make those costs more transparent and easier to track. The Utility agreed that in the next rate case it would look at both the Source of Supply and Water Treatment operating expenditures to see if some of the 'Repairs and Maintenance' expenses associated with those would be better suited as being categorized under Power and Pumping. The Board directs the Utility to do so.

### **Findings**

[30] The Board understands that the operating expenses for 2022/2023 were projected based on what the Utility believes the expenses were during that time. The Utility is now working on better tracking of what the true costs of the system are in 2023/2024, and projecting estimates of these costs over the test years while adding in inflationary pressures, which the Board finds reasonable. The Board accepts the explanations for the changes provided by the Utility.

[31] The Board accepts the allocation of expenses between the Village and the Utility for this rate study. The Board understands costs allocated between the Village and the Utility are primarily related to items that do not have a direct allocation available, and that the Utility does not have a solid foundation to understand the most appropriate cost

allocations at this time. The Board directs the Utility to review its allocation of these expenses before its next rate application.

[32] The Board commends the Utility in its planned efforts for leak detection, given the high amount of non-revenue water in its systems.

[33] 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.

**b) Capital Budget and Funding**

[34] The rate study included the Utility's capital budgets for 2022/2023, 2023/2024 and the test year, 2024/2025, totalling \$23,341, \$615,071, and \$50,000, respectively. In response to IR-31, the Utility provided a list of the planned projects over the test years.

[35] The capital budget consists of distribution main work, replacement of aging services and hydrants, an infrastructure needs study, water rate study, and installation of replacement meters. 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	\$0	\$482,871	\$0
Depreciation Fund	\$23,341	\$132,200	\$50,000
Total	<b>\$23,341</b>	<b>\$615,071</b>	<b>\$50,000</b>

[36] The Board notes that the Utility applied for the replacement meters under a separate capital application, M11117 (Baddeck Smart Meter Upgrade), which the Board

approved in June 2023 for a total cost of \$482,871. In response to IR-32 a), where the Board asked for a status update on the smart meter project, the Utility stated the following:

The Smart Meter changeover was done during September and October. Currently there are 20 customers that did not respond to requests for the meter change. The Village is reaching out to these accounts and is organizing the changeover. There are 23 larger sized meters which had to be reordered. Lead time on these meters is about 5 months. At this time it is anticipated that these meters will be installed in April 2024.

[Exhibit B-5, p. 20]

[37] In Worksheets B-3 and B-4 of the original rate study, \$450,000 was included as an addition to the Meters asset category, and in IR-32 b), the Utility confirmed that the capital cost of the project remains at \$482,871, including the Utility's HST rebate. This subject was discussed in the hearing, and the Board noted that the amount shouldn't differ between the full cost of the project, and the amount included in the rate study.

[38] In IR-33, Board Staff asked where in Worksheet B-3 the cost for belt clip meter readers mentioned in M11117 was. The Utility noted that the cost was not included because it was working on an alternative to this purchase to have meter readings collected in collaboration with the Municipality of the County of Victoria who already have the equipment. When asked about this in the hearing, the Utility advised that it decided to purchase its own belt-clip meter reader because it will allow the Utility to do the readings more often, and they were able to purchase one for around \$7,000. The Board advised that this cost should be added to the capital budget in Worksheet B-3, along with the revision to the metering project, to reflect the full costs of \$482,871.

[39] The rate study indicated that the Utility's depreciation fund balance at the beginning of the test year is projected to be \$691,309. The rate study projects that, with the proposed funding, the depreciation fund balance will be \$828,484 at the end of the test year.

## Findings

[40] The Utility is focused on repairing and replacing problem water mains, replacement of aging hydrants, installing a new water metering system, and undertaking both an infrastructure needs and a water rate study. The Board accepts that these projects are necessary to keep the systems in proper working order, and that the new metering program should reduce non-revenue water and increase accuracy of meter readings. The infrastructure needs study and the water rate study are necessary expenditures for the Utility to gain a better understanding of the overall costs and needs of the system. The Board also accepts the Utility's proposed capital program and funding as set out in the rate study.

[41] Undertaking U-2 provided a revised rate study, with adjustments to the capital costs for the smart meter program and the addition of the clip reader in Worksheet B-3. Undertaking U-2 also adjusted the date in the rate study to accommodate the one larger, all-encompassing rate change on April 1, 2024, as opposed to two smaller increases in 2024; one on January 1, and one on April 1.

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

[42] The amount of non-operating revenue for the Amortization of Capital Contributions was \$127,890 in both 2020/2021 and 2021/2022, \$127,800 in 2022/2023 and then \$70,000 in 2023/2024.

[43] In response to IR-21, the Utility clarified what the Amortization of Capital Contributions relates to, as well as why it is proposing to decrease and then eliminate it as non-operating revenue in the current year and test year:

The amortization of capital contributions is the amortization of the grant funding received for infrastructure projects. It is the required PSAP accounting treatment for such grants where

they are set up as deferred revenue and amortized on the same term as the assets to which the funding applied.

...

The Board's Accounting and Reporting Handbook permits that this amortization not be deducted from the revenue requirement so that full depreciation is included in the rates and the depreciation fund. The rate study is phasing this in over the test years.

...

The amount is \$0 in 2024/25 as the amortization will be fully removed as an offset to the revenue requirement and the full depreciation included in the rates and therefore will not appear in the future except in the financial statements where the amortization will continue to comply with the PSAP accounting standards.

[Exhibit B-5, p. 15]

[44] There was a lengthy discussion during the hearing regarding the treatment of the amortization of deferred capital contributions as revenue. The Board understands that there are conflicting requirements and preferences between PSAP accounting and the Board's *Handbook*. All parties agreed that these conflicting requirements are confusing when setting water rates and attempting to fully understand the costs of a water utility. The Board notes that amortization of deferred capital contributions is a PSAP requirement but not a relevant line item in a rate study. During the hearing, the Utility stated that the intent of including amortization of deferred capital contributions in the rate study was to provide a means of phasing in the rate increase over the test period.

[45] There are no other non-operating revenue or expenses over the test year.

[46] Other operating revenue includes \$7,000 for both 2023/2024 and 2024/2025, which the Utility described in response to IR-25 as the hookup fees for new customers.

[47] The rates of return on rate base calculated in the rate study are (11.70%) in 2022/2023, (6.39%) in 2023/2024, and (0.57%) in the 2024/2025 test year. The Board notes that, as in the prior rate study, without any appreciable debt or non-operating expenditures, the required return on rate base is not pertinent.

## Findings

[48] The Board finds the Utility's other operating revenue to be reasonable and accepts it as presented for the test year.

[49] For the current rate study, the Board accepts the phasing out of recognizing deferred capital contributions as a source of non-operating revenue by the test year. However, for future rate applications, the Board directs that amortization of deferred capital contributions are not included as a line item in the rate study. If the Utility wishes to phase in rate increases over a test period, it should propose an alternative means of doing so.

[50] The Board finds that the proposed return on rate base for the test year to be reasonable, given that the Utility has no non-operating expenditures during the year.

## IV REVENUE REQUIREMENT ALLOCATION

### a) Public Fire Protection

[51] The methodology used in the rate study to determine the public fire protection charge is consistent with the *Handbook*. The proposed allocations are the same as the previous rate application approved by the Board.

[52] The Utility noted that it cannot locate the results of a fire flow study or analysis that was done in the past year, and that it will endeavor to have the flow tests completed in 2024. IR-42 c) asked the Utility the following:

Under Matter M08760, the Board directed the Utility to provide copies of its completed hydrant inspection forms for 2018, 2020, 2021 and 2022. The forms for 2022 have yet to be provided to the Board. Please provide copies of the 2022 completed forms.

[Exhibit B-5, p. 23]

In response, the Utility advised that it could not locate records of any of the flow testing in the years noted above. During the hearing this was discussed, and an undertaking

(Undertaking U-1) was requested to provide the Board with either the 2022 hydrant inspection reports, or, if not available, to provide the 2023 hydrant inspection reports as an acceptable alternative by March 1, 2024. The 2022 Hydrant Inspection reports were provided by the Utility on December 15, 2023, and are included in the records for this Matter, as Exhibit B-6.

[53] The percentage allocation of utility plant in service to public fire protection is calculated in the rate study as 40% for the test year, which results in a 25.4% allocation of total costs to fire protection for the test year.

[54] This calculation results in a large increase in the fire protection charges paid to the Utility from the Village and the Municipality of the County of Victoria. The fire protection charge is proposed to increase from the current \$84,999 in 2023/2024, to \$127,937 in 2024/2025.

[55] The total fire protection charge payment to the Utility is apportioned to the Village and the Municipality of the County of Victoria, based upon the number of hydrants in each jurisdiction as of April 1 of each year.

### **Findings**

[56] 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, which is consistent with the *Handbook*. The Board further accepts and approves the methodology used to apportion the total charge between the Village and the County, which is consistent with the methodology used by other utilities.



**b) Utility Customers**

[57] After the allocation to fire protection, the remaining revenue requirement is recovered from the customers of the Utility. The Utility currently has 632 customers, 563 of which are 5/8" customers, which is expected to grow by four customers in the test year.

[58] The Utility is projecting no change in average consumption volume per customer for all meter sizes for the test year.

[59] The methodology used to allocate the remainder of the expense items to determine the base and consumption charges is consistent with the *Handbook*. This was the same as in the Utility's prior rate study, except that in the last study, the Utility included a 50/50 allocation of the transmission and distribution expense to the base/commodity charge. The *Handbook* suggests a 100% allocation of the transmission and distribution expense to delivery for inclusion in the commodity charge, and this has been changed in the current rate study to reflect that allocation.

[60] With the projected rates, about 65% of the Utility's revenue from customers will be derived from the consumption charges in 2024/2025. This amount of revenue derived from base and commodity charges provides some revenue stability for the Utility while also providing incentive for the customers to reduce consumption.

**Findings**

[61] The Board accepts the methodology used by the Utility to distribute expenses to base, customer, delivery, and production charges, which follows the *Handbook*.

[62] The Board accepts the projected number of customers over the test period. The Board approves the customer rates as presented in the rate study submitted with Undertaking U-2.

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

[63] Other than the amendments for the rates for water supply to its customers and the fire protection charges, the application proposes five changes and one addition to the Utility's Schedule of Rates and Charges.

[64] Three of these five changes relate to the charges for regular and after-hours work for re-establishing water service, the disconnection fee, and the special service charge. The Utility is proposing the charge for regular hours increased from \$50 to \$60, and the fee for after-hours work increased from \$100 to \$160.

[65] The Utility proposed increasing the Connection Fee/Account Creation Fee from \$50 to \$100 and the Charge for Non-Negotiable Cheques from \$20 to \$25. The Utility noted that these increases are being requested to cover the cost of the service provided.

[66] The addition is a new charge related to theft. The Utility advised that this charge is being requested to allow the Utility to charge penalties for illegal connections.

### **Findings**

[67] The Board finds that the proposed increase in charges and new charge are reasonable.

[68] The Board approves Schedule A as filed in response to Undertaking U-2, with the effective date of April 1, 2024.

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

[69] In response to IR-53, the Utility noted that it proposed four amendments and two additions to its Rules and Regulations within this new rate study.

[70] The first amendment was to Rules and Regulations #2 b), Liability for Payment of Water Bill. This amendment was to make the property owner, who rents or

leases a property or self-contained unit to a tenant or lessee the customer, liable for water service.

[71] The second amendment was to Rules and Regulations #3, Deposits. The Utility advised that the wording of this regulation was amended to be consistent with other utilities in the province, and to update the interest charge on deposits to a fixed rate of 1.5%. In the prior rate study, the interest was based on the rate of interest obtained by the Village on its surplus cash balances on deposit with its banker as of March 31 of each fiscal year.

[72] The third amendment was to Rules and Regulations #7 c), Adjustment of Bills. The Utility advised that the wording of this regulation was amended to limit the time for the customer being overbilled to not exceed five years. The Utility advised that this proposed wording change is consistent with other utilities in the province, and that the records beyond five years are difficult to obtain.

[73] The fourth amendment was to Rules and Regulations #25, Service Pipes. This was amended to increase the fee for the provision of service pipe from \$1,000 to \$2,500 to reflect increased costs.

[74] The two additions were made to Rules and Regulations #30, Reselling of Water, and #41, Curb Stop/Control Valve Service Box. These are new Rules and Regulations that the Utility has proposed to prevent customers from reselling water without the Utility's approval, and to clarify the responsibility of the customer and the Utility regarding access to curb stops and control valves.

## **Findings**

[75] The proposed Schedule of Rules and Regulations is generally consistent with most other water utilities in the province which have had recent rate applications. The Board approves the amendments and additions to the Rules and Regulations noted above.

[76] The Board approves Schedule B, as presented in response to Undertaking U-2, effective April 1, 2024.

## **VII CONCLUSION**

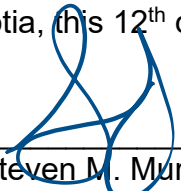
[77] The Board notes that the Village of Baddeck is very dependent on tourism and during the COVID-19 pandemic there was a significant drop in business for the Village. This drop in consumption furthers the uncertainty surrounding the prior year numbers. The Board also notes that the Utility has been replacing water meters, which usually tends to result in increased sales as older meters generally under-register consumption amounts. The Board looks forward to receiving a water rate study from the Utility in the near future, when the Utility has a higher level of confidence in the consumption amounts, the capital needs of the system and the operating costs of the Utility.

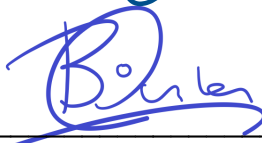
[78] The Board approves the Schedules of Rates and Charges for Water and Water Services for 2024/2025 as filed in response to Undertaking U-2, as Schedule A with an effective date of April 1, 2024.

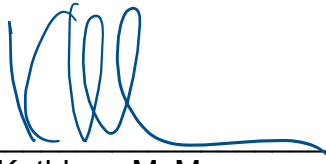
[79] The Board approves the Schedule or Rules and Regulations, as filed in response to Undertaking U-2, as Schedule B with an effective date of April 1, 2024.

[80] An Order will issue accordingly.

**DATED** at Halifax, Nova Scotia, this 12<sup>th</sup> day of February 2024.

  
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Steven M. Murphy

  
\_\_\_\_\_  
Bruce H. Fisher

  
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M. Kathleen McManus