

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 PICTOU**, 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: Bruce H. Fisher, MPA, CPA, CMA, Member

APPEARING: **TOWN OF PICTOU**

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

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

Kyle Slaunwhite
Chief Administrative Officer

Iain MacIsaac
Town Engineer

David Nicholson
Manager of Finance

HEARING DATE: April 10, 2024

DECISION DATE: **June 26, 2024**

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

Schedule of Rules and Regulations approved, as amended by the Utility.

I SUMMARY

[1] The Town of Pictou (Town), on behalf of its Water Utility (Utility), applied to the Nova Scotia Utility and Review Board (Board), under the *Public Utilities Act*, R.S.N.S. 1989, c.380 (*Act*) to amend its Schedule of Rates and Charges for Water and Water Services (Rates and Charges). The Utility's existing Rates and Charges have been in effect since April 1, 2023. The application proposes no changes to the Utility's Schedule of Rules and Regulations (Regulations), which have been in effect since October 1, 2021.

[2] The application was presented to the Board based upon the Utility's need to adjust rates because of increased capital costs and to fund the capital program. The Utility supported its application with a rate study prepared by G.A. Isenor Consulting Limited in association with Blaine S. Rooney Consulting Limited. The rate study was dated November 17, 2023, and filed with the Board on December 20, 2023.

[3] Information Requests (IRs) were issued to the Utility by Board staff on February 12, 2024, and responses were filed on March 4, 2024. In preparing responses to the IRs, the Utility's consultant corrected some errors in the worksheets and filed a revised rate study, dated March 4, 2024, with the IR responses. One amendment revised several operating expense lines items in 2023/24 to reflect the correct amounts used later in the rate study, which impacted the operating deficits projected but not the rates proposed. The other amendment was a correction to the projected residential consumption volumes, which resulted in slight increases to the proposed consumption charges. The revised rate study was reviewed during the public hearing and is the rate study referred to in this decision.

[4] Following public notice, a public hearing was held at the Town's Council Chambers on April 10, 2024. The Utility was represented by Gerry A. Isenor, P.Eng., of G.A. Isenor Consulting Limited, and Blaine S. Rooney, CPA, CA, of Blaine S. Rooney Consulting Limited. The Utility was also represented by Kyle Slaunwhite, Chief Administrative Officer of the Town of Pictou; Iain MacIsaac, Town Engineer; and David Nicholson, Manager of Finance. There were no formal intervenors in the proceeding and no requests to speak at the hearing. The Board received two letters of comment on the application.

[5] During the public hearing, the Board requested additional information on the Utility's expenses, which the Utility filed as an Undertaking on April 16, 2024.

[6] The application proposes rate increases for the fiscal years 2024/25, 2025/26, and 2026/27 (test years). For 5/8" metered residential customers, the current average quarterly water bill is \$144.97, and it is proposed to increase to \$163.54 (a 12.8% increase) in 2024/25; \$176.89 (an 8.2% increase) in 2025/26; and \$178.00 (a 0.6% increase) in 2026/27. For all other metered services, based upon average metered consumption, the Utility is requesting increases ranging from 13.5% to 17.6% in 2024/25; 9.0% to 11.4% in 2025/26; and 1.1% to 2.2% in 2026/27.

[7] For unmetered customers, the current quarterly water bill is \$207.25, and it is proposed to increase to \$244.28 (a 17.9% increase) in 2024/25; \$272.21 (an 11.4% increase) in 2025/26; and \$278.48 (a 2.3% increase) in 2026/27.

[8] The application also proposed amendments to the annual charge paid to the Utility by the Town for the provision of water for fire protection service. The current annual public fire protection charge of \$326,844 is proposed to increase to \$376,538 (a

15.2% increase) on July 1, 2024, and will be pro-rated for 2024/25; \$437,484 (a 16.2% increase) in 2025/26; and \$456,592 (a 4.4% increase) in 2026/27.

[9] As set out in this Decision, the Board approves the Utility's requested Schedule of Rates and Charges. While no changes to the Regulations were requested in the Utility's application, they were refiled as part of the IR response to correct a typo and are approved by the Board.

II INTRODUCTION

[10] Water for the Town is supplied by four active groundwater wells, including a new well that went into operation in August 2023 and improved water quality. It is further expected that the new well will reduce long-term maintenance costs.

[11] The source of supply wells feed into the Utility's green sands water treatment plant that has been in operation since 2019. After the treatment process, the Utility's distribution system consists of a 3,850 m³ water storage reservoir and 37.5 km of mainly cast iron and ductile iron pipe. The average age of the piping is approximately 70 to 80 years. The water system only serves the Town of Pictou. The Utility provides water that complies with the Nova Scotia Environment and Climate Change Regulations for drinking water.

[12] The Utility currently serves approximately 1,420 customers, including five unmetered customers. The application projects an increase of five residential customers in each of the final two test years based upon planned development in the Town.

[13] The Utility's non-revenue water is currently 23%, with unaccounted for water estimated to be 15% when subtracting water used during hydrant flushing and treatment plant backwashing. This is a reduction from the approximately 32% non-revenue water

level referenced in the Utility's 2021 rate application. The Utility indicated that it has replaced several older mains and has identified and repaired many leaks. It continues to do so in its efforts to reduce non-revenue water. The test years' capital budgets in the current application include costs associated with the replacement of distribution mains and service lines. In addition, leak detection equipment has been purchased, and the Utility plans to start a leak detection program in 2024.

[14] In response to IR-4, the Utility confirmed that it has phased out the amortization of contributed capital projected in the 2021 rate application. The current application does not include any amortization of contributed capital as an offset to depreciation, as set out in the Board's *Water Utility Accounting and Reporting Handbook (Accounting Handbook)*.

[15] The Board's decision regarding the Utility's 2021 rate application (Matter M10017), directed the Utility to monitor the allocations to base and commodity charges for its next rate application, as it may be appropriate to shift more costs to commodity as consumption volumes stabilize. In response to IR-6, the Utility indicated that in preparing the current rate study, it reviewed the allocations to base and commodity charges and has increased the percentage allocations to commodity from the 48% used in the previous rate study to 55%, 59% and 61%, in each of the test years.

III REVENUE REQUIREMENTS

(A) Operating Expenditures

[16] The rate study projects the Utility's expenses will exceed its revenues with a deficit of \$140,476 in the 2023/24 fiscal year. This results in an accumulated deficit of

\$61,044 at the end of that year. Without a rate adjustment, the Utility's annual deficit in revenues is projected to increase to \$407,727 in the 2026/27 test year, with the accumulated deficit growing to \$1,042,705 at the end of that year.

[17] The Utility's budgets for the test years are based upon its 2023/24 budget year. Annual increases of 3% are generally applied to expenses, except for any expenses that were known or, it was felt, could be better estimated in some other way. In response to the Board's question about the adequacy of the 3% figure, Mr. Nicholson said that it is the best estimate. Mr. Isenor added that applying 3% to all expenses helps, as there may be some increases above and below that amount.

[18] The Utility explained that its key cost drivers were inflation for labour costs and operating expenses, especially power, chemicals, and construction materials associated with the installation and repair of distribution mains. In addition, depreciation and debt servicing on new capital were described as cost drivers.

[19] The projections of various operating expenses over the test years set out in the rate study were supplemented with further details provided in the Utility's IR responses.

[20] Significant increases in maintenance expenses related to power and pumping, and water treatment were estimated for 2023/24, which are carried through the test years. In response to IR-29d) and IR-30c), the Utility explained that it is following the water treatment manager's advice, who was hired in August 2022, to invest more in preventive maintenance.

[21] The Utility explained during the hearing that, in addition to increasing preventative maintenance, it has taken steps to improve water quality, through the new

wells, diligent flushing (an updated hydrant flushing program began in 2023), and steps to maintain chlorine residuals. This work also included actions to reduce the amount of non-revenue water. The Utility indicated that a consultant was hired to perform leak detection and routine checks for leaks.

[22] In response to IR-26, the Utility explained cost allocations with the Town:

For the most part the Utility and the Town pays for items that they solely need separately. I.e Expenses relate to the operation of the water treatment plant would be allocated solely to the Water utility. Some costs are of benefit of both the Utility and the Town. The most significant are salaries for administrative staff. Key staff provide an estimate of their time allocation on annual basis; these estimates would have changed since the last rate study. Operational staff keeps time cards and record whether their time is spent working for the Water Utility or for the Town's public works/WWTP needs.

[Exhibit P-4, p. 16]

[23] The increase in administration and general – office salaries expense in 2023/24, is carried through the test years. The Utility stated in response to IR-32a) that the increase is due to both inflation and updating the allocation of Town staff time spent on Utility administration. In response to Undertaking U-1, the Utility provided a breakdown of the shared costs between the Town and the Utility for the three test years, by dollar amount, including the basis of the allocations.

[24] Generally, the Utility's projected depreciation expense in each test year is determined by adding the depreciation associated with proposed capital additions in the test year to the prior year's depreciation expense. The depreciation rates used for the various asset classes are generally in accordance with the *Accounting Handbook*.

Findings

[25] The Utility projects that its annual operating deficit will steadily increase without an amendment to its rates. The Board has reviewed the Utility's various operating expenses and considered the explanations for the budgeted amounts provided in its IR

responses and at the hearing. The Board notes that many of the increased expense items relate to the Utility's increased efforts for preventative maintenance, including the reduction of non-revenue water. The Board accepts the operating expenses as projected over the test years.

[26] The Board accepts the allocation of costs between the Town and Utility and reminds the Utility to regularly review these allocations to ensure accuracy.

[27] The Board accepts the depreciation expense in each of the test years, as projected in the rate study.

(B) Capital Budget and Funding

[28] The rate study includes capital additions for the 2023/24 base year totaling \$455,000, and for each of the test years in the amounts \$722,000, \$672,000, and \$672,000, respectively.

[29] Each of the test year's capital budgets includes distribution mains in the amount of \$600,000, for a total of \$1.8 million in distribution main related capital over the three years. The applicant explained that it has been replacing sections of distribution mains each year that are old and have a high break history. The response to IR-35a) described the projected distribution main work for 2024/25, noting that capital for 2025/26 and 2026/27 have not yet been determined, and will be based on a risk assessment report that is to be completed by June 2024.

[30] The proposed capital budgets have some other items that are included in multiple test years and are described in the responses to the IRs. Well-head upgrades (\$75,000 in 2024/25, \$25,000 in 2025/26 and \$25,000 in 2026/27) include the costs associated with the replacement of a building (\$75,000) and pumps (\$25,000).

Purification equipment, budgeted at \$10,000 in each of 2025/26 and 2026/27, was described as a place holder for sensors and plant meters that may fail. Meters are budgeted at \$10,000 in each of the test years to supply meters for new development and to replace failing meters. Hydrants are budgeted at \$10,000 in each of the test years to cover the annual replacement of up to two hydrants. An annual amount of \$15,000 is budgeted for the replacement of aging service lines.

[31] In response to IR-42, the Utility provided a copy of the document, 'Servicing Assessment for Beeches Road Future Growth Area', dated January 23, 2023, prepared by CBCL Limited. The document assessed the capacity of the existing water distribution system to provide an adequate level of service to proposed development projects. It listed options for the Utility to improve the level of service and available fire flows. The options included providing larger diameter mains in sections of the water system to increase hydraulic capacity and replacing older or small diameter mains throughout the system.

[32] The rate study sets out the proposed funding of the capital budget as:

Funding	2024/25	2025/26	2026/27
Depreciation Fund	\$360,000	\$375,000	\$400,000
Long-term Debt	\$362,000	\$297,000	\$272,000
Total	\$722,000	\$672,000	\$672,000

[33] In response to IR-38, the Utility explained the reasoning for the proposed split of funding from depreciation and long-term debt. It stated that the rationale for capital budget funding is to first access any external funding, then use any available funding from depreciation, and then use debt financing for the remainder. The Utility noted that it is projecting to maintain a depreciation fund balance of \$100,000 for emergencies during the test years.

[34] The proposed funding from the depreciation fund, which had a balance of \$606 at the beginning of the 2023/24 fiscal year, is expected to result in a fund balance of \$119,314 at the end of the test years (March 31, 2027). In response to IR-33, the Utility stated that the \$606 beginning balance is low but it has been using depreciation funds to lower borrowing costs and to help fund its capital program, which has been large in recent years. In response to IR-39, the Utility also described the depreciation fund balance at the end of the test years to be on the low side, noting that the balance is adequate for an emergency. It added that by the end of the test years, there will be approximately \$400,000 in depreciation generated annually and added to the fund.

[35] During the hearing, the Board expressed concerns with the Utility's high level of debt, noting the debt service ratio is projected to reach approximately 25% during the test years. Mr. Nicholson noted that the Town's debt service ratio is around 7%, and the debt taken on by the Utility will not impact the Town. In response to the concerns with the Utility's level of debt, Mr. Rooney explained that in the last few years the Utility has taken steps to address several issues through significant infrastructure upgrades, such as a new water treatment plant, wells and distribution main replacements, resulting in the need for debt funding. He noted the Utility will soon be generating \$400,000 annually in depreciation funds for infrastructure upgrades. Mr. Slaunwhite added that it is the long-term plan for the Utility to fund capital through depreciation and eliminate the need for additional debt.

Findings

[36] The Utility's capital budget contains several projects, with most of the budget in the test years associated with distribution mains, replacing aging infrastructure, and increasing fire flows, as set out in the CBCL report.

[37] The Board finds the proposed capital budget to be reasonable and accepts it as presented.

[38] The rate study proposes to fund the capital budgets in the test years through depreciation and long-term debt. The Utility's depreciation fund, which is currently almost depleted, is projected to reach a balance at the end of the test years that the Utility describes as adequate for emergency, with increased depreciation to be generated for funding in the near future. The Board continues to have concerns about the Utility's level of debt but understands that there have been significant capital upgrades in recent years. The Board encourages the Utility to seek external funding for capital, while finding a balance between depreciation and debt funding that does not negatively impact the Utility's financial health. Based upon the information provided, the Board accepts the funding of the test years' capital budgets as presented.

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

(C) Non-Operating/Other Revenues and Expenditures

[40] The rate study projects the Utility's revenue requirements for the test years, including estimates of non-operating and other revenues and non-operating expenditures.

[41] The only source of non-operating revenue projected in the rate study is interest earned on overdue accounts of \$13,702, \$13,844, and \$13,897, in each of the test years. The Utility explained that the amount is expected to grow as revenue increases. There is other operating revenue in the amount of \$4,255 in each of the test years associated with the provision of sprinkler service.

[42] The projected non-operating expenditures in the rate study amount to \$369,839 for the 2024/25 test year. This consists of debt charges associated with the Utility's existing debt and new debt required to fund 2024/25 capital additions. For the 2025/26 test year, the projected non-operating expenditures total to \$494,844, consisting of debt charges on existing debt, including a balloon payment of \$104,000, and new debt associated with capital additions over the first two test years. The rate study explained the addition of the balloon payment is to allow for future borrowing for capital works to replace aging infrastructure. The applicant further explained in response to IR-15a):

The Utility did consider that not refinancing the balloon payment would lead to higher rates in 2025/26 and lower rates in the following years (The remaining amortization on the debt). The NPV of the 10 years of debt payments would be higher than \$104k because the return on assets is less than the cost of debt. So the rates will be able to be kept lower in the long term by not refinancing the balloon payment. There is a financing charge based upon the size of the debt; so the utility incurs a lower effective rate if we borrow for 20 years instead of 10 years (remaining amortization of debt with balloon payment).

[Exhibit P-4, p. 11]

[43] For the 2026/27 test year, the projected non-operating expenditures total \$469,739, consisting of debt charges on existing debt, new debt associated with funding capital additions over the test years, and earnings in the amount of \$75,000. The rate study explained that the earnings are requested by the Utility in the final test year to pay off the existing deficit, which is projected to increase in 2024/25 due to the timing of the rate application. In response to IR-15b), the Utility explained the earnings amount of

\$75,000 was selected to pay off the debt in a timely manner while having a minimal impact on rates.

[44] The response to IR-24 explained that most of the Utility's existing debt relates to the water treatment plant that was completed in the 2019/20 fiscal year, with the remaining debt relating to work on the standpipe, pumping equipment, meters and distribution mains. The existing debt associated with the water treatment plant is scheduled to be retired in 2035.

[45] The response to IR-25 stated that a 6% interest rate for new debt has historically been approved by the Board for the majority of water rate applications in the province. Mr. Isenor stated that it is a conservative rate, and he further noted that the rate will be adjusted to the actual borrowing rate at the next rate application.

[46] The Utility calculates its required return on rate base using its non-operating expenditures less non-operating and other revenue. Using the assumptions and projections in the rate study, this amounts to 4.09%, 5.31%, and 4.83% in each of the test years, respectively.

Findings

[47] The Board finds the Utility's non-operating and other operating revenue to be reasonable and accepts it as presented for the test years.

[48] The Board accepts the non-operating expenditures related to new and existing debt in each of the test years, including the balloon payment in 2025/26 as presented in the rate study, and the estimated 6% interest rate on new debt.

[49] The Board has considered the information presented with respect to the proposed earnings and accepts those amounts, to be used towards reducing the Utility's accumulated operating deficit.

[50] The Board finds the Utility's proposed return on rate base over the test years to be reasonable.

IV ALLOCATIONS OF REVENUE REQUIREMENTS

(A) Public Fire Protection

[51] The methodology used in the rate study to determine the public fire protection charge complies with the *Accounting Handbook*, except for the treatment of transmission mains. Transmission mains are allocated 90% to general service and 10% to fire protection in the rate study, as opposed to 40% to general service and 60% to fire protection in the *Accounting Handbook*.

[52] The application explained that the Utility's transmission mains are used to deliver water from the wells to the treatment plant and do not deliver fire flows. The allocation reflects their limited use for fire protection and is consistent with that used in the previous rate study. In response to the IRs, the Utility explained that the 90% general service / 10% fire protection split is the same as that used for the pumps supplying water to the transmission mains.

[53] Mr. Isenor noted that in the previous rate application, the allocation of utility plant in service to public fire protection was approximately 29%, compared to the range of 29.5% to 31.4% in the current application. He explained the increase is due to capital expenditures related to distribution mains, that have a 60% cost allocation to public fire protection.

Findings

[54] The Board accepts the Utility's explanation for allocation of transmission mains of 90% to general service and 10% to fire protection, which is consistent with the previous rate application.

[55] The Board also accepts the Utility's methodology used to determine the fire protection charges for the test years, with the amount for 2024/25 to be prorated using the current and new charges based upon the effective date of the new rates.

(B) Utility Customers

[56] The methodology used in the rate study to allocate the remainder of the revenue requirement to determine the base, customer, delivery, and production charges is consistent with the methodology used in the *Accounting Handbook*, except for the allocation of depreciation expense. The *Accounting Handbook* suggests that the depreciation expense be allocated as 40% to base, 30% to delivery and 30% to production. This differs from the allocation used as described in the rate study's

Supplemental Notes on Worksheets:

Depreciation is allocated 90% to Base, 5% to Delivery and 5% to Production in 2024/25, 70% to Base, 15% to Delivery and 15% to Production in 2025/26, and 60% to Base, 20% to Delivery and 20% to Production in 2026/27 for rate design purposes. This allocation maintains projected revenue from the Base charge at 45% in 2024/25, 41% in 2025/26, and 39% in 2026/27. All of the other allocations on Worksheet C-3 follow the Handbook.

[Exhibit P-2, p. 3]

[57] In the Utility's previous rate application in 2021, both depreciation and return on rate base were allocated 80% to base, 10% to delivery and 10% to production for each of that application's three test years. Mr. Rooney explained that at the time of the last rate application, the Utility had recently completed meter installation and there was a lack of necessary data to begin to look at how to reach an appropriate split in revenue recovered

from base and commodity charges. He added that for smaller utilities, it appears that revenue recovery in the 40% - 60% range for base/commodity charges is the optimum split. This provides financial stability, while allowing the customers to have some control on their water bills through reducing consumption.

[58] Currently, the base charge recovers approximately 45% of the revenue requirement. Mr. Isenor explained that this will decrease to about 41% in the second test year with the proposed allocations.

[59] Of the Utility's current 1,420 customers, five are unmetered, an increase of three unmetered customers since the 2021 rate application. The applicant noted during the hearing that some existing homes have no foundations, which causes meters to freeze and stop working. Because of this the five unmetered customers have been carried forward in the test years, as a place holder.

[60] It is projected that the number of 5/8" residential customers, currently 1,277, will increase annually by five customers in each of the last two test years, based upon planned development levels. Mr. Isenor added that the number of customers on the water system has remained relatively constant.

[61] The rate study includes a 0.5% annual reduction in consumption for the 5/8" residential customers in each of the test years. The Utility's 2021 rate application was based upon an annual 1% decrease in residential consumption. The Utility noted that the actual decrease in residential consumption since that time has been approximately 0.6%, which forms the basis for the current projected consumption volume.

[62] With the projections in the rate study, the average quarterly consumption of a 5/8" residential customer is approximately 34 m³ to 35 m³. A quarterly consumption

volume of 68 m³ is used for billing unmetered customers. The Utility explained that the unmetered consumption has been set at this level which is the same as the amount used in the previous rate application.

Findings

[63] The Board accepts the methodology used in the rate study to allocate expenses to the base, customer, delivery and production charges, including the allocations of the portion of the Utility's revenue requirement associated with depreciation for rate design purposes. The Board notes that, on balance, this results in a decrease in the proposed base charges in each of the test years, while increasing consumption charges. This will give customers some more control over their water bills through monitoring their consumption levels.

[64] The Board also accepts the projected number of 5/8" metered customers and unmetered customers per year and the projected level of consumption volumes.

V LETTERS OF COMMENT

[65] Two letters of comment were received by the Board with respect to the application. A letter was received on March 6, 2024, from the Pictou Agricultural Society, a non-profit organization, which operates recreational facilities that are used by residents of the Town and surrounding areas. The letter expressed concern with the impact of the proposed water rate increase on the Society, as a non-profit organization, which must pass on costs to the users of its facilities.

[66] While the Board understands the concerns raised about the impact of increased rates on Utility customers, the Utility's proposed rate increases are based upon cost of service. These costs include operating costs and capital costs that are necessary

to run the water system and replace aging infrastructure. As noted above, the proposed reduction in base charges will give customers the ability to reduce water bills through reducing water use.

[67] Wayne MacKinnon, who owns a parcel of land on the west side of the Town that is not served by the Town's water or sewer system, provided comments in correspondence to the Board dated April 2, 2024. Mr. MacKinnon explained:

I own a parcel of land on the west side of the Town. The property is wooded throughout, with limited access on the east side by a long standing right of way. This right of way is an extension of Municipal Drive which is the property of the Municipality of Pictou County. The property is within the Town, but is not served by town water or sewer. There are no fire hydrants on the adjacent route 376 or on Municipal Drive. A single fire hydrant located on the MOPC property is designed and constructed to provide fire protection to the administration building. Fire protection from the Towns water distribution system on the west side of highway 106 is further compromised by undersized and aged transmission mains, and the lack of a looped network of pipes. Despite these conditions, property owners in the area are billed a hydrant tax by the Town. We trust the Board will recognize these comments and respond accordingly.

[68] With respect to Mr. MacKinnon's concerns, as part of this application, the Board approves the allocation of the Utility's revenue requirement to public fire protection, which is charged to the Town. The Utility's application contains capital budgets, which include costs associated with aging mains. How the Town recovers the fire protection amount from its residents is not within the Board's jurisdiction. As such, the Board cannot comment on the "hydrant tax" billed by the Town.

VI SCHEDULE OF RATES AND CHARGES

[69] In addition to the changes to rates for water supply to its customers, the Utility proposes amendments to four existing miscellaneous Rates and Charges. These amendments were listed in the Utility's response to Board IR-54:

No.	Item Name	Change
7	Charges for Re-establishing Water Service	Charge for regular hours increased from \$60 to \$70. Charge for after regular hours increased

		from \$200 to \$250. The increase is requested to cover the cost of the service provided.
8	Account Creation Fee	The Charge has increased from \$60 to \$70. The increase is requested to cover the cost of the service provided.
9	Disconnection Fee	Charge for regular hours increased from \$60 to \$70. Charge for after regular hours increased from \$200 to \$250. The increase is requested to cover the cost of the service provided.
10	Special Service Charge	Charge for regular hours increased from \$60 to \$70. Charge for after regular hours increased from \$200 to \$250. The increase is requested to cover the cost of the service provided.

[Exhibit P-4, p.33]

Findings

[70] The Board has reviewed the proposed amendments included in the Schedule of Rates and Charges and finds them to be reasonable.

[71] The Schedule of Rates and Charges for the test years are approved, as reflected in the rate study.

VII SCHEDULE OF RULES AND REGULATIONS

[72] In response to Board IR-55, the Utility stated that it is not requesting any changes to its Regulations. In reviewing the Regulations, a typo was found in Regulation 16 'Plumbing to be Satisfactory', which was confirmed by the Utility in response to IR-57, and the Regulations were refiled with the correction.

[73] With respect to Regulation 26 'Cross Connection Control and Backflow Connection', the Utility noted that it has an active cross-connection control and backflow prevention program in place. In response to IR-58, the Utility filed a copy of the document "Cross-Connection Control Program – Pictou Water Utility", prepared July 2020.

Findings

[74] The Board approves the Regulations as filed in response to the IRs.

VIII CONTINGENCY PLANNING

[75] In response to IR-14, the Utility provided general information about its efforts related to contingency planning and emergency preparedness. The Utility is in the process of preparing an assessment report, which at the time of the application was expected to be completed by June 2024. The identified primary risks for the Utility include the age of its distribution system, non-functioning valves, and the necessary replacement of a poor performing well to meet the Town's future growth. The assessment report will be used as a guide to Council when selecting the Utility's capital projects.

[76] The Utility's source water protection plan is updated as needed and is currently being reviewed with an update planned for December 2024. The Utility has purchased land within its watershed, with the intent of limiting development in that area.

[77] The Utility has an emergency preparedness plan that has been in place for 10 years, which is intended to primarily address boil order advisories. The plan is reviewed annually, with no recent events resulting in the need to change the plan. The Utility indicated that it has no formal procedures in place for staff training related to emergency preparedness, and it has not conducted tabletop exercises to test plans.

[78] The Board reminds the Utility of the importance of maintaining and updating its contingency and emergency preparedness strategies, including training and associated communication plans.

IX CONCLUSION


[79] The Board approves the Rates and Charges, as filed in response to the IRs, effective on July 1, 2024, April 1, 2025, and April 1, 2026, as shown in Schedules A, B

and C attached to the IR responses. The public fire protection charge in 2024/25 is to be prorated as presented in Schedule A in the response to the IRs.

[80] The Board approves the Regulations as filed in response to the IRs, effective July 1, 2024.

[81] An Order will issue accordingly.

DATED at Halifax, Nova Scotia, this 26th day of June, 2024.



Bruce H. Fisher