**DECISION** **NSUARB-W-STEL-R-05**
**2006 NSUARB 36**



## NOVA SCOTIA UTILITY AND REVIEW BOARD

### IN THE MATTER OF THE PUBLIC UTILITIES ACT

- and -

**IN THE MATTER OF THE APPLICATION** of the **Town of Stellarton**, 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:** Peter W. Gurnham, Q.C., Chair

**APPEARING:**

**Town of Stellarton**
William H. Gates, M.B.A., P. Eng.
W.H. Gates Utility Consultants Ltd.

John T. Redden
Fire Underwriters Survey Representative
CGI Information Systems and Management Consultants Inc.

Joyce Eaton
Town Clerk and Treasurer

A.T. (Tony) Addis, P. Eng.
Town Engineer

**INTERVENORS:**

**Municipality of the County of Pictou**
C. William Hayward, FCA, CMC
Consultant

Brian Cullen
Chief Administrative Officer

**Riverview Home Corporation**
Nancy M. Clarke, RN, BScN, MN(c)
Chief Executive Officer

**Clarence Porter**
Resident

Harry Munro, Q.C.

MacIntosh, MacDonnell MacDonald
(On behalf of Clarence Porter)

**On His Own Behalf**
A. Robert Funke
Property Owner

**HEARING DATE:** January 25, 2006

**FINAL SUBMISSIONS:** February 15, 2006

**DECISION DATE:** **April 24, 2006**

**DECISION:** **Schedule of Rates and Charges Approved as Amended**
**Schedule of Rules and Regulations Approved as Amended.**



## INTRODUCTION

[1] This is a decision of the Nova Scotia Utility and Review Board (the "Board") concerning an application of the Town of Stellarton (the "Town"), on behalf of its Water Utility (the "Utility", the "Applicant") for amendments to its Schedule of Rates and Charges and Schedule of Rules and Regulations pursuant to the **Public Utilities Act** (the "**Act**"), R.S.N.S. 1989, c. 380. The existing Schedule of Rates for Water and Water Services has been in effect since January 1, 1990. The existing Schedule of Rules and Regulations has been in effect since July 1, 1981. A Board Order dated September 16, 2002 eliminated the Utility's discount period and replaced it with a monthly interest charge to be applied to overdue accounts.

[1] The hearing was held at the Town of Stellarton Council Chambers on January 25, 2006. William H. Gates, M.B.A., P. Eng., of W.H. Gates Utility Consultants Ltd. represented the Utility. John T. Redden of CGI Information Systems and Management Consultants Inc. ("CGI") provided evidence with respect to the calculation of fire protection charges and the allocation of those charges between the Town and the Municipality of the County of Pictou (the "Municipality, the "County"). Also appearing on behalf of the Utility were representatives from the Town, including Joyce Eaton, Town Clerk and Treasurer and A.T. (Tony) Addis, P. Eng., Town Engineer.

[2] There were four formal intervenors in the proceeding: the County; Riverview Home Corporation ("Riverview"); Clarence Porter, Resident; and A. Robert Funke, Property Owner. The County was represented by Brian Cullen, Chief Administrative Officer. C. William Hayward, FCA, CMC, was a witness for the County. Nancy M. Clarke, RN, BScN, MN(c) appeared as a witness on behalf of Riverview. Harry Munro, Q.C., represented Clarence Porter. The Board received two letters from

residents of the Town, expressing concern with respect to the magnitude of the proposed rate increase.

[3] The Utility's source of supply is the East River. The existing water treatment plant provides clarification, filtration and chlorination. The Utility's reservoir, constructed approximately 115 years ago, is an uncovered, unlined, earth berm reservoir which has a capacity of 1.125 million imperial gallons. The Utility's distribution system is divided into two pressure zones. Adequate pressures and flows are available in the lower level zone. In the upper level zone there are times when there are insufficient domestic and fire pressure and flows.

[4] A System Assessment Report, dated July 2003, was prepared by the Town Engineer for the Utility as part of the requirements of the Nova Scotia Department of Environment and Labour (NSDEL)'s *Drinking Water Strategy*. The Report identified a number of concerns, including the lack of a source water protection plan; the inability of the existing treatment plant to meet turbidity requirements and chlorine contact times; the uncovered reservoir; and the problem of insufficient pressures and flows. The Application includes costs associated with the capital improvements identified in the System Assessment Report to resolve these concerns.

[5] The Application is based upon the need, in the Utility's opinion, to increase rates as a result of the financial requirements of the Utility, in particular to provide funding to meet the rising costs of maintaining the existing level of service; to provide funding for costs associated with a proposed new water treatment plant and reservoirs; and to provide funding to meet the costs associated with compliance with the *Drinking*

*Water Strategy*. A Rate Study to support the proposed rate increases, dated November 5, 2005, was prepared by W.H. Gates Utility Consultants Ltd. (the "Rate Study") [Exhibit S-1]. Prior to the hearing the Utility was advised that external funding was available to cover a portion of the costs of a capital project identified in the Rate Study. A revised Rate Study dated January 23, 2006, which included the external funding identified, was filed during the hearing [Exhibit S-8].

[6] The Utility serves approximately 2,180 customers in the Town. Approximately 2,120 customers are unmetered, although all large Utility customers are metered. Included in the 2,120 unmetered customers are approximately 629 apartment units. The Utility does not plan to become fully metered in the near future. Fire protection is provided through both hydrants and sprinklers. The Utility provides water to the County through metered connection points. In addition, the Utility provides fire protection to the County.

[7]

[8]The Application seeks rate increases for the years 2006/07, 2007/08 and 2008/09. Currently one rate applies to all unmetered customers. The Rate Study proposes two rates for the unmetered customers. Apartment units are assumed to have an annual consumption of 40,000 gallons, which results in proposed increases of 5.9%, 29.3% and 1.7%, respectively. For other unmetered customers, assumed to have an annual consumption of 60,000 gallons, the proposed increases are 51.2%, 29.5% and 1.7%, respectively. For an average 5/8" metered customer, the proposed increases are 36.2%, 29.2% and 1.7%, respectively. With the elimination of the block rates for large consumers, the proposed increases for the 4" metered customers are 158.4%,

31.4% and 2.0%, respectively. All other metered customers (meter sizes of 3/4", 1", 2" and 3") have proposed increases between 35.7% and 119.1% in 2005/06; between 29.2% and 31.2% in 2006/07; and between 1.7% and 2.0% in 2007/08. Some of these customers are also affected by the request to eliminate the block rate structure.

[9] The monthly wholesale rate for water supplied to the Municipality is revised from the current charge of $830.10 per month plus $1.00 per thousand gallons, to $561.54 per month plus $2.00 per thousand gallons in 2006/07, to $636.55 per month plus $3.09 per thousand gallons in 2007/08, and to $644.05 per month plus $3.17 per thousand gallons for 2007/08. The Application assumes that the Municipality purchases approximately 9.224 million gallons of water annually from the Utility.

[10] The Application also proposes amendments to the fire protection charges to be paid by the Town and the County. The proposed total fire protection charges, currently $224,397 are $508,836, $613,156 and $618,737 respectively for each of the three test years. It is proposed that the Town's share of the charge, currently $221,557, be increased to $262,625, $316,467 and $319,348, respectively, while the County's share, currently $2,840, be increased to $246,211, $296,688, and $299,389, respectively.

[11] The Utility also proposes a number of changes to its Schedule of Rules and Regulations mainly to update the Schedule and make it comparable to other utilities in the Province.

## EVIDENCE - APPLICANT

**Revenue Requirement**

[12] The Rate Study was reviewed by Mr. Gates. The Application is based on revenue requirements from water customers of $775,917 in 2000/07, $1,009,671 in 2007/08 and $1,027,657 in 2008/09, which reflect increases in the various cost categories. The assumptions made for the purposes of the Rate Study are as follows:

1) The operating expenses are based upon the Utility's budget for 2005/06 with annual increases of 3% over the test period for each of the line items with the exception of power and pumping, water treatment and depreciation, which are projected as follows:

   i) the power and pumping expenses increase by 3% in 2006/07, decrease by $64,607 in 2007/08 due to this cost being included in the water treatment expenses of the proposed water treatment plant, and increase by 3% in 2008/09;

   ii) the water treatment expenses increase by 3% in 2006/07, increase by the estimated costs of operating the plant in 2007/08, and increase by 3% in 2008/09; and

   iii) the depreciation expense is calculated based upon the Utility's projected capital program over the three year period.

2) There is no non-operating revenue over the test period;

3) The non-operating expense consists of:

   i) new debt associated with funding the proposed capital additions. It is proposed that there will be borrowing in the amount of $8,897,092 in 2006/07 at an annual rate of 6% over 20 years. Debt servicing costs are assumed for one half year of debt at $387,824, with debt servicing costs for a full year in 2007/08 and 2008/09 of $775,688. The debt servicing costs for each of 2007/08 and 2008/09 are proposed to be reduced by $150,000 per year through the use of depreciation funds; and

   ii) capital out of revenue amounts of $200,000 in 2006/07.

[13] An explanation of the amount of time which has passed since the last rate increase in 1990 was the subject of an information request. The response stated:

> Over the past 15 years the utility has been operated very efficiently with minimum capital expenditures. As a result the utility has been able to have an operating surplus and a depreciation fund balance of approximately $1,000,000.

[IR-5, Exhibit S-2]



**Expenses**

[14] The reasonableness of the projected increases in the Utility's operating expenses over the three year test period was reviewed. The response to an information request [IR-14, Exhibit S-2] indicated that a 3% annual increase was projected during the test period for the majority of the operating expenses. This was considered by the Applicant as reasonable based upon trends in labour and material costs. An additional expense item, source of supply, was added during 2005/06 year in the amount of $35,000 and is projected to increase annually by 3%. The response to an information request [IR-16a), Exhibit S-2] explained that the amount is an estimate by the Town's engineer to cover costs associated with testing and a public education program.

[15] The basis of the projected water treatment operating costs, increasing from $144,689 in 2005/06, to $149,030 in 2006/07, to $375,911 in 2007/08 and to $387,188 in 2008/09, was discussed in response to an information request:

> The water treatment for 05/06 is the Town Engineer's estimate of the added power and maintenance. ...06/07 is increased by 3%. In 07/08 the new treatment plant will be in operation and the cost estimate is contained in the CBCL Preliminary Engineering Design report, page 32. In 08/09 the expense has been increased by 3%.
>
> [IR-18, Exhibit S-2]

A copy of the CBCL Report which supports the $375,911 operating cost projected in 2007/08, was submitted to the Board.

[16] The projected depreciation expense is based upon the Utility's capital program contained in the Rate Study for the three year test period. The response to an information request [IR-24c), h), Exhibit S-2] identified errors in the depreciation rates

applied to various capital items and concluded that the depreciation expense is understated.

[17]

The non-operating expenditures include debt charges for one half year in 2006/07 and for full years in 2007/08 and 2008/09 associated with borrowing $8,897,092 to fund the Utility's capital program. The Utility proposed to reduce the debt servicing costs, beginning in 2007/08, through the use of $150,000 annually from its depreciation fund. The application requests Board approval to continue with this practice for the 20 year term of the debt. [IR-20, Exhibit S-2].

[18] The Rate Study contains capital out of revenue of $200,000 in 2006/07 as a funding source for that year's capital program. Mr. Hayward examined this issue with Mr. Gates:

> Mr. Hayward: Now, if you didn't include the $200,000 capital out of revenue as an expenditure, would the rates be lower for - - well, everybody?
> Mr. Gates: For everybody, yes, of course.
> Mr. Hayward: But the County of Pictou?
> Mr. Gates: Yes. But also, the - - the customers of the Stellarton utility as well.
> [Transcript p. 86]

When questioned by the Board as to whether it is his opinion that the use of capital out of revenue is an appropriate method of funding a portion of the proposed capital expenditures in 2006/07, Mr. Gates stated that it is. [Transcript p. 135]

[19] The Rate Study contains the Utility's proposed capital budgets of $1,451,333 in 2005/06, $9,577,002 in 2006/07, $122,832 in 2007/08 and $124,633 in 2008/09. During the hearing, Mr. Gates advised that it was recently discovered that green funds in the amount of $104,800 were available to the Utility to be used towards

the proposed 2005/06 capital projects. His revised Rate Study includes the external funding. Although the external funding is not applied towards capital projects included in a test year, it does provide an increase in available operating surplus in 2006/07 to be used as a funding source. This reduces the debt requirement in that year from $8,897,092 to $8,792,291.

[20] Mr. Munro questioned Mr. Addis with respect to the proposed capital expenditures and whether less expensive alternatives had been investigated. Mr. Addis responded:

> Yes. There was - - in the upgrade study for the treatment plant, there were two alternatives which were less expensive than the membranes. However, they do not provide the level of security that the membranes do. And the water utility and the town council felt that the additional increase in capital expenditure was fully justified by the security given by the new system.
>
> [Transcript p. 111]

**Fire Protection Rates**

[21]

The proportion of current utility plant in service attributed to fire protection was determined to be 51.0%. This is based upon an allocation to fire protection/general service of 10% / 90% for production assets and 68% / 32% for demand assets. The 68% figure is based upon the results of the most recent CGI (formerly the Insurance Advisory Organization) Survey. The methodology used results in a total fire protection charge to be recovered from the Town and the County for 2006/07, 2007/08 and 2008/09 of $508,836, $613,156 and $618,737 respectively.

[22] The total fire protection charges are allocated between the Town and the County based upon the required fire flow methodology. The maximum required fire

flows for the Town and the County used in the Rate Study are those contained in a letter from CGI to the Town dated June 14, 2005; being 3,200 imperial gallons per minute (igpm) and 3,000 igpm respectively. This results in the apportionment of the fire protection charge as 51.61% to the Town and 48.39% to the County.

[23] Mr. Redden of CGI reviewed the methodology used in determining the required fire flows of the Town and the County. Upon questioning by Mr. Gates, he explained the results of one of the waterworks flow tests which indicated a required fire flow of 2,400 igpm for an area of the County.

> Mr. Gates: So this [2,400 igpm] in no way reflects the maximum required in that area, in the county area...
> Mr. Redden: No.
> Mr. Gates: ...supplied by hydrants?
> Mr. Redden: No. It would come as a factor of that maximum but the - - what I calculated for the basic, which is the whole area, is 3,000.
>
> [Transcript p. 32]

His opinion is that the use of fire flows is the correct way to apportion fire risks between the Town and the County, Mr. Redden stated:

> Yes. The - - those numbers are the numbers that we would use in evaluating their fire protection and setting their insurance grade, in that I would set the town at a basic fire flow of 3,200 gallons a minute and the county at 3,000 gallons a minute.
>
> [Transcript p. 33]

[24] Mr. Hayward questioned the allocation of demand assets at 68% to fire protection which differs from the methodology used in the previous rate study prepared in 1989. Mr. Gates responded:

> Yes. As I've given evidence earlier, and this has been in most rate studies that have not had a current analysis done by CGI or its predecessor. We had used a split of 60/40, 60 fire for those demand assets and 40 to general service. And where there is a recent study, then we have used - - we've developed the calculation as we have done in this study and which came out to the 68%. And as a matter of interest, and I'm sure you probably remember this, Mr. Hayward, that in Westville we did the same calculation, and instead of 68 it was 83 percent, the calculation was, and it was used in the rate study.
>
> [Transcript pp. 84,85]

[25] The use of existing assets in determining the allocation of utility plant in service to fire protection was questioned by Mr. Hayward. Mr. Gates agreed with Mr. Hayward that the percentage of asset allocation to fire protection would decrease if the asset additions proposed in the Rate Study were included in the calculation. When questioned by Mr. Hayward as to whether, in his opinion, there was a "disconnect" in including the increased costs of the proposed assets in the calculation of rates, but using only existing assets in the allocation to fire protection; Mr. Gates responded that the methodology used in the Rate Study is consistent with that used in other rate studies that he has prepared. In response to the Board's question as to whether the projected assets should be included in the allocation, Mr. Hayward commented:

> Oh, yeah, because you're setting rates for operations and assets that are not in place at the time you set the rates. You can - - if you can go from a - - if you can go for projected expenditures, you can certainly go for a projected asset. There's a basic inconsistency of not doing it that way. I do know - - of course, having done water studies for a few years, I do know that originally we really just - - we went with existing assets and existing expenditures in order to get new rates, because there was a lot more stability. The thing that's happening right now with the change, particularly the introduction of water treatment plants, is that the biggest factor in terms of the assets and what the assets are used for is the new assets. The old assets, I mean, are being dwarfed by this system. I mean, we're talking about a 10 million dollar capital program here that's imposed upon a 4 million dollar historical cost utility. ...
>
> [Transcript pp. 82,83]

[26] Mr. Hayward questioned Mr. Redden with respect to the required fire flows for the Town. He noted that some of the required fire flows for the Town exceed the 3,200 igpm used in the Rate Study. In particular, he referred to the old Sears facility in the Town's Industrial Park with a fire flow requirement of 10,000 igpm. Mr. Redden responded:

> Yes, sir. The Sears building is a massively large building but it's a singular - - singular point. It's a singular flow of that type, which again, when Mr. - - Mr. Gates asked me the

> end of last week, that they were talking about putting the sprinkler system back online and he asked if it would reduce the town's required fire flow. And I said no because it didn't impact the town's fire flow - - fire flow, basic fire flow as a singular entity. None of the - - none of the systems that we use to calculate or most people use to calculate, such as the American Waterworks Association or Iowa State, our system, when you have that massive a singular flow, such as a - - if there was a tire storage facility or whatever, then you don't put that singular flow into the full impact of the town. You let - - let that corporation pick up the insurance, the insurance costs.
> [Transcript pp. 73,74]

[27] The Utility seeks to change the methodology of allocating fire protection charges to the County from the current hydrant charge. Mr. Gates advised that the proposed methodology is based upon the Board's 2001 decision with respect to fire protection allocations between the Town and the County in Antigonish. When further questioned by the Board, Mr. Gates confirmed that it is his opinion that the proposed methodology is fair.

**Customer Rates**

[28] The Rate Study allocates the total revenue requirements calculated, less the fire protection calculated, to joint use in order to determine the base and commodity charges for the County. Source of supply and water treatment are allocated 100% to joint use. The other allocations are described in the Rate Study [Exhibit S-1]:

> Approximately 66% of pumping costs are at the treatment plant and joint use. Only 2.5% of the distribution system is used to supply water to the County. Collection and Administration expenses are for the most part overhead costs and 50% to joint use is considered reasonable.
>
> The percent joint use depreciation is based on the depreciation of the joint use assets as a percent of the depreciation in 04/05. In an amount of 15%. Taxes were assigned to joint use based on the value of joint use assets as a percent of the total assets as of March 31, 2005. In an amount of 30%. The 52% of return on rate base is base[d] on the capital budget that is considered joint use.
> [Exhibit S-1, Notes to Worksheet B-2]

[29] The joint use power and pumping expense was the subject of an information request, the response to which stated:

> The 66% of power and pumping represent the cost at the existing treatment plant; the remaining 34% is pumping in the distribution system that is not joint use. The joint use power and pumping should have no joint use in 07/08 and 08/09. ...
>
> [Exhibit S-2, IR-33a)]

[30] The joint use figures are further allocated to the County at 5.85%, being the annual amount of water consumed by the County (9,224,085 gallons) as a percent of total annual water sold by the Utility (157,461,657 gallons). The Rate Study assumes that the amount of water sold to the County remains constant during the test period.

[31] It was indicated in a response to an information request [IR-34, Exhibit S-2] that the allocation of transmission and distribution expense to the County should be to commodity only and not to base and commodity as is indicated in the Rate Study. This correction and the correction to the power and pumping joint use allocation described above were made in the revised Rate Study.

[32] The remaining revenue requirement after the allocation to fire protection and to the County is to be recovered from the Town's customers. The Utility explained in response to an information request that the allocation of transmission and distribution expense at 100% to delivery is "...to be consistent with the last rate study and to promote conservation among the large user group." [IR-39, Exhibit S-2].

[33] The Rate Study proposes apartment units as a separate class of unmetered customer with an annual consumption of 40,000 gallons compared to 60,000 gallons annual consumption estimated for the remaining unmetered customers. The response to an information request further explained:

> It is recognized that an apartment unit does not normally consume as much water as a single family residence. The Utility's Consultant reviewed consumption from seventeen metered apartment buildings with from two to six units. The result was an average of 34,382 gallons per unit. Given that in Stellarton the apartment units are not metered, the average was increased by 20% for an average of 41,258 reduced to 40,000 gallons per year.
>
> [IR-45, Exhibit S-2]

[34] Mr. Funke requested further clarification with respect to the derivation of the estimated consumption figure for apartments. Mr. Gates explained that the figure is based upon a review of a sample of consumption figures for apartments collected in Halifax Regional Municipality ("HRM"). Mr. Munro questioned the use of data from HRM, which he described as having different demographics than Stellarton. He noted and Mr. Gates confirmed that "...We have no facts with respect to this calculation that reflect on this specific community." [Transcript p. 127].

[35] The Board questioned Mr. Gates with respect to the use of a reduced capacity ratio of 0.75 to calculate the proposed base charges to be applied to apartment units. Mr. Gates explained:

> Yeah. That was strictly an attempt on my part to recognize that the apartment unit - - units should not pay the same base charge as a single family house. I mean, I could have used 60 percent or some other percent. I - - I took - - what I did was I assumed that any apartment unit other than - - other than two units would probably require a 3/4 inch meter, and that I took half that.
>
> [Transcript p. 149]

The Board expressed concern that the proposed methodology appears to be difficult to explain.

[36] The information presented in the Rate Study indicates that the total amount of water produced annually by the Utility is 266,449,000 gallons, while the total annual consumption by Utility customers is 157,461,657 gallons, which translates to

approximately 40% unaccounted for water. The Utility commented with respect to this in response to an information request:

> The estimated consumption for domestic customers is 60,000 gallons per year and for apartment units at 40,000 gallons per year. These estimates could be lower than the actual. The areas of unaccounted water include treatment plant backwash, fire department use including filling wells, and system leaks.
>
> [IR-37, Exhibit S-2]

[37] When questioned by the Board with respect to the high percentage of unaccounted for water, Mr. Addis explained that "...at least part of that 40% is due to a higher consumption than the 60,000 which is being used in the rate application." [Transcript p. 139]. The Utility further indicated in response to an information request that there are no current plans to meter domestic customers [IR-42, Exhibit S-2].

[38] Mr. Hayward examined the issue of unaccounted for water. He questioned whether the Utility has a leak detection program, to which Mr. Addis responded:

> Yes, we - - we've done a recent leak detection survey, which was favourable, and what we find is with the - - with the soil conditions that we've got here, is that a water leak will normally surface very quickly, and so obviously any water leaks that surface get repaired immediately. We feel that we're not losing a lot of water through leaks.
>
> [Transcript p. 89]

[39] Mr. Hayward questioned why, in the interest of conservation, the system is not fully metered. Mr. Addis responded that:

> The capital cost of installing meters is one reason that we're not intending to install meters. The cost of reading them, and the cost of the administration side of billing the varying water quantities.
>
> [Transcript p. 93]

Upon further examination, Mr. Addis added:

> I believe that the - - the administrative costs and the maintenance of meters, I believe that those costs would probably outweigh the additional pumping costs, pumping and treatment.
>
> [Transcript p. 93]

[40] Mr. Funke examined the issue of metering with the Utility:

> Mr. Funke: ...you've indicated that the utility feels that - - that you don't have leaks that justify this amount [of unaccounted for water]. So you've done two leak detection surveys. Your leaks are being checked. I read your report. It seems good. Yet, you have 40%. You indicate that primarily the reason is residents running water down on the streets. And with this - - with this amount of unaccountable [water], you still felt that there's no need for meters in any of these sectors, apartments or single families?
>
> Mr. Addis: It's not only water running down on the street from sprinklers. As I said, we use a considerable amount of water when we're irrigating our soccer fields. But you are correct, we haven't seen a need for metering.
>
> [Transcript pp. 98,99]

[41] The Board requested that the Utility file documentation which indicates the percentage of water which is lost through leaks in the system, as an undertaking U-1.

**Block Rates**

[42] The Utility presently has a three block consumption rate structure. The first block is defined as consumption up to the first 25,000 gallons per quarter, at a rate of $2.32 per thousand gallons. The second block is defined as the next 75,000 gallons per quarter at a rate of $1.89 per thousand gallons. The third block is defined as all consumption greater than 100,000 gallons per quarter, at a rate of $1.01 per thousand gallons. The Rate Study proposes to eliminate the block structure. The proposed consumption rates per thousand gallons per quarter are $3.16 in 2006/07; $4.17 in 2007/08; and $4.26 in 2008/09. The response to an information request explained:

> The decision was taken to eliminate the block rate because there are only two customers that consume significant amounts of water in the third block and one has value added to the water used.
>
> [IR-48a), Exhibit S-2]

[43]

Approximately 23 customers of the Utility will be affected by the proposed elimination of the block rates [IR-50, Exhibit S-2].

[44] The Rate Study proposes rates on a quarterly basis rather than the current annual basis. The response to an information request explained:

> Due to the increase in rates, and to be more consistent with other utilities in Nova Scotia, the utility and the Town Council took the decision to bill customers on a quarterly basis.
> [IR-56, Exhibit S-2]



**Rules and Regulations**

[45] Mr. Gates explained that the changes proposed to the Schedule of Rules and Regulations are an attempt to standardize them with the majority of other water utilities in the Province [Transcript p. 52]. In response to an information request, it was agreed that Regulation 5 “Payment of Bills” should refer to an interest charge of 1% per month or part thereof to be consistent with the proposed Schedule of Rates [IR-68, Exhibit S-2].

## EVIDENCE - INTERVENORS

### County

[46] The County filed a Report entitled “Pictou County Municipality Stellarton Proposed Water Rate Increase Summary of Comments” dated January 22, 2006, prepared by C. William Hayward (the “Report”) [Exhibit S-4], which was reviewed by Mr. Hayward during the hearing. The Report identifies a number of specific issues of

concern to the County with respect to the assumptions and methodologies of the Rate Study.

[47] Mr. Hayward commented on the allocation of utility plant in service to fire protection, noting that the use of 68% allocation of demand assets has resulted in a higher allocation to fire protection of 51% than the 34% figure calculated in the previous rate study prepared in 1989. He suggested that using the previous figure would significantly reduce the fire protection charge to be allocated to both the County and the Town. The Report further compares the 68% figure to the allocations of 52% and 60% used in the New Glasgow rate studies of 1999 and 2003, respectively. Mr. Gates again noted that the allocation of demand assets in a recent Westville Water Utility application was 83%.

[48] The use, in the Rate Study, of the required fire flows for the Town and the County of 3,200 igpm and 3,000 igpm, respectively, was discussed by Mr. Hayward. He referred to the reports prepared by CGI dated May 27, 2005 and June 14, 2005 which indicated areas in the Town with required fire flows greater than 3,200 igpm. He further questioned the required fire flow used in the Rate Study for the County noting that:

> ...Waterworks Flow Test #5 shows a required Fire Flow (RFF) of 2400 IGPM versus the 5362 IGPM being available. ...
>
> [Attachment PC-3, Exhibit S-4]

[49] He concluded:

> ...If I was to pick fire flows to use, I would use 2,400 for the county and I would use 4,900 for the town.
>
> [Transcript p. 163]

[50] Mr. Gates responded by referring to Mr. Redden's evidence that the required fire flows presented in the flow test result for the County, attached to the May

27, 2005 letter, relates to a specific hydrant location and is not representative of other areas in the County. He further suggested that the 2,400 igpm figure, which is indicated in the May 27, 2005 letter, may not be the highest required rating in the County.

[51] In terms of the proposed fire protection charge to the County, the Report notes that the revision in the methodology used from the current hydrant charge to the calculation based upon required fire flows has resulted in a significant increase in annual charges to the County from $2,840 to $246,211. Mr. Hayward added that:

> ...this whole change by this method has a massive impact on the county for a very limited number of facilities in a small area at the end of Stellarton. ...
>
> [Transcript pp. 163, 164]

[52] The Report identifies an alternative method of calculating fire protection, based upon assessment values. It concludes that :

> ...
>
> If fire protection were allocated on the basis of assessment the share for the County would be 6% or $30,530 and for the Town 94% or $478,306. This is what the result would be if there was a single municipal unit involved rather than the existing two units.
>
> [Attachment PC-8, Exhibit S-4]

[53] Mr. Gates commented that the methodology of allocation of fire protection charges between municipal units was the subject of a Board Decision in 2001 in relation to Antigonish (**Antigonish (County) v. Town of Antigonish Water Utility**, [2001] NSUARB-W-ANT-C-97). He noted that the approved methodology has also been applied in a number of applications since that time. He added that the assessment method of the allocation of fire protection charge was discussed in the 2001 Antigonish decision and was not recommended.

[54] The Report expresses concern with the use of existing assets in the determination of the allocation of utility plant in service to fire protection, which does not take into consideration the Utility's capital additions of approximately $12 million over the test period. Mr. Hayward explained:

> If we look at the - - Mr. Gates' table of A2, we see that the major cause of the need to raise additional funds is operating expenses for the water treatment plant and the requirements for retiring interest and debt on the new program. And that basically is, I guess, such a major thing that these increased expenditures are so major and the increase in assets is so major that I feel it is essential that the asset allocation be amended to incorporate the new assets.
>
> [Transcript p.164]

[55] He further provided a calculation [Exhibit S-12] which indicated that if the proposed capital additions are incorporated in the determination of the allocation of utility plant to fire protection, the allocation decreases from the 51% calculated in the Rate Study to approximately 41% in 2007/08. Mr. Gates questioned Mr. Hayward as to whether he was aware of any rate studies which used proposed assets in the calculation of utility plant allocated to fire protection, to which Mr. Hayward responded that he was not.

[56] Mr. Hayward commented on the proposed funding of the Utility's capital program, which includes an amount of $200,000 as capital out of revenue in 2006/07. The Report notes that the use of capital out of revenue rather than depreciation funds results in higher rates for that year. The Board questioned Mr. Hayward with respect to the issue:

> The Board: Is it your view that, if depreciation funds are available, you should never have capital out of revenue?
>
> Mr. Hayward: Well, if there's an operating surplus, as there was in - - as there was in 04/05, I mean, I don't see any reason not to use it for capital expenditures. I mean, it...
>
> The Board: Okay, but if there isn't.

Mr. Hayward: But if there isn't, then I think depreciation funds should be used for assets first.

[Transcript p. 168]

[57] Mr. Gates noted that the County is benefiting from the use of $150,000 from depreciation funds "...generated in most part by the water users of Stellarton..." being used to reduce the debt payments [Transcript p. 193].

[58] The Report further discusses the issue of the high level of unaccounted for water and suggests:

> If the percentage of "unaccounted for water" was at a[n] more acceptable level of 15% much less cost would be incurred by the utility for pumping and water treatment. ...
>
> [Attachment PC-7, Exhibit S-4]

[59] During the hearing, Mr. Hayward stated:

> …Now, I guess I hesitate to suggest this, but if somebody is not prepared to deal with an unaccounted for or lost water situation, I don't know what the penalty is. The county's position is that if this unaccounted for water is going to be permitted to be - - continue - - and remember, we have no part in any of these decisions as to dealing with it - - it's my contention that we should reduce the charges to the county by the indicated amounts for water consumption and base charge and reduce the fire protection expenditures, and at least we wouldn't be paying in the county for water loss that has nothing to do with us because we can't even be losing this water because we're so close to the water plant there's no room to lose the water before it gets to our line. ...
>
> [Transcript p. 170]

He provided calculations outlining the reduction of water treatment and pumping costs to the County based upon 15% unaccounted for water [Exhibit S-11]. This procedure would result in a reduction of both the wholesale charge and the fire protection charge to the County.

[60] In response, Mr. Gates stated:

> ...it is the belief of the water utility that the savings - - if we were to cut the pumpage and water treatment from 41 percent to 20 or 15 percent, that the savings would not outweigh the extra cost of providing meters and reading them and billing them. That - - that was the position of - - as I understand it, of the utility. ...
>
> [Transcript p. 196]

[61] The Report recommends that a joint study be conducted with respect to the organization of water supply and distribution in the area. It lists the following options to consider in such a study:

1) The extension of the towns' water service to cover the urbanizing areas of the County adjacent to the Towns.
2) A shared services arrangement for a number of services
3) Revenue sharing covering an agreed development area
4) A single water utility covering the whole agreed development area

[Attachment PC-9, Exhibit S-4]

[62] Mr. Hayward concluded his direct evidence with the statement:

> …I think that in this particular circumstance we need a moratorium on a fire protection charge based on required flows for a two year period in order that we get an opportunity to have this joint study and see if there is a more appropriate way to deliver fire protection services and other services in this area. ...
>
> [Transcript p. 177]

[63] During the hearing, Warden Allister MacDonald spoke on behalf of the County. He noted that the County purchases water from New Glasgow, Westville, Stellarton and Trenton, each of which, with the exception of Trenton, have submitted water rate applications in the past few years. He presented the County's concerns with the issue of rising costs and the effect on its small water utility of approximately 500 customers, and outlined the available options as:

> ...first of all, we'll have to go to Public Utilities, after Trenton, and look for a rate increase. Number two is to disband the utility, and number three, we certainly hope that the units will consider a regional water utility. And whatever the Board can do in its authority to see that we have that study, I would appreciate it....
>
> [Transcript p. 182]

[64] The Board questioned Warden MacDonald with respect to the issue of direction from the Board to prepare a regional water study:

> The Board: Well, let me ask you the question. You obviously think it would be a useful thing for the Board to do?
> Warden MacDonald: Um, I would hope that the Board would - - if- - at least suggest to the units that now is the time to have a regional water study done. That would be my comment.
> The Board: As opposed to ordering it? As opposed to ordering it?
> Warden MacDonald: As opposed to ordering it, yes.
>
> [Transcript p. 184]

**Riverview**

[65] Ms. Clarke spoke during the hearing on behalf of Riverview. In an attachment to a letter to the Board dated January 24, 2006 [Exhibit S-5], she outlined that the proposed increases and the impact on the operations of Riverview are concerns. The document further noted that the Town and Municipal offices were contacted in order to clarify the financial impact of the proposed rates on the organization, but the information requested was not received "...raising concerns regarding the transparency of the process and the ambiguity of the cost of the proposed water utility increases" [Exhibit S-5].

[66] During the hearing it was explained to Ms. Clarke that the impact on Riverview, which is located in the County, cannot be determined until the County decides how it will deal with the Utility's approved rate increases. This will be the subject of a future application by the County.

**A. Robert Funke**

[67] Mr. Funke, a property owner in the Town, expressed his concerns with respect to the Application. Prior to the hearing he posed a series of questions to the Utility in a letter to the Board dated January 5, 2006 [Exhibit S-6], which was forwarded to the Utility. The Utility responded to the information requested in a letter January 19, 2006. [Exhibit S-7]. Several of the questions dealt with the issue of unmetered customers, which Mr. Funke stated is his main concern.

[68] Mr. Funke discussed the response received from the Utility to one of his questions dealing with the source of supply in the East River:

> ...Mr. Addis replied to me and forwarded a copy of a study done by CBCL and I just want to quote one area. I assume it's the conclusion. It's the only conclusion I could draw from this supply versus demand, and I'm quoting here. 'In comparison of the estimated yield of the East River, the town's current water demand indicates that maximum demand based upon the current treatment plant capacity is approximately 76% of the estimated yield of the river.' To me, peak day, you're using 76% of what's going down. You've got a 40% unaccountable loss. You have no water meters. I mean, that's a concern. ...
>
> [Transcript p. 207]

[69] Mr. Funke commented with respect to the proposed water rates, stating:

> There's an imbalance between the residential customers and the commercial customers. They get a chance to control how much they're using. The residential customer in Stellarton is paying more because they're saying, "Go ahead, use more", but you're not given a chance to reduce your 80% increase. It's a lifestyle choice.
>
> [Transcript pp. 209, 210]

[70] He further noted that his concern is not with the proposed rates, but it is his opinion that "...everybody who wants a water meter, residential or apartments, should be allowed to have a water meter..." [Transcript p. 211].

**SUBMISSIONS**

[71] Steve Krinsky, a citizen of the Town, spoke during the hearing. He provided a brief history of the Utility, which he stated was founded in 1892, noting that the issue of establishing a stand alone or a joint water utility with a surrounding community was discussed before the Utility's inception.

[72] He stated that it is his opinion that large businesses in the area are concerned with the proposed rate increases. He questioned whether a small town like Stellarton can afford the rates necessary to support the proposed projects.

[73] Mr. Krinsky commented on the reliability of the Utility's water source, noting that in the summer "...there is a trickle of water coming down that river" [Transcript p. 218]. In terms of metering, he stated that this issue has come up in the past at Council meetings and it is his opinion that it should be done. He further noted that a regional study should be ordered by the Board.

## POST HEARING SUBMISSIONS

### Applicant

[74] The Applicant provided a final submission attached to a letter to the Board from Mr. Gates dated February 7, 2006. Many of the points presented in the submission were discussed during the hearing and will not be repeated in this section. Attached to the submission was a letter dated February 1, 2006 from CGI to Mr. Gates which further addresses the required fire flows used in the calculation of the allocation of the fire protection charge between the Town and the County. Sections of that letter state:

> The URB hearing on January 25, 2006 brought a number of questions to my attention which I feel should be addressed. The first is that Mr. Hayward who was intervening on behalf of the county did not have all of the figures required to compare the county fire flow requirements to fire flow requirements of the town of Stellarton. The county has not completed a required fire flow study. The flow of 2400 imperial gallons per minute was a singular number for the required fire flow at the first hydrant in the county system. The basic fire flow of 3000 imperial gallons per minute is a blended number which the Fire Underwriters developed from a number of required fire flows in the area. ...
>
> The County representative asked why a number of fire flow requirements within the Town reflected required fire flows of 3400 imperial gallons per minute while the basic fire flow was 3200 imperial gallons per minute. They questioned why the Sears building was identified with a requirement of 10,000 imperial gallons per minute and that this amount seemed to have no impact on the final basic fire flow. This is because the Sears building is a singular isolated flow which is not weighted heavily in the calculation due to the situation surrounding the building and its present use. The number of commercial properties within the Town when calculated into the basic fire flow reduced the basic flow requirements of the Town from the higher individual flows.
> ...
>
> [Letter dated February 1, 2006 attached to Applicant's final submission]

[75] With respect to the issue of the use of capital out of revenue in the amount of $200,000 to fund a portion of the 2006/07 capital budget as opposed to depreciation, as suggested by Mr. Hayward, the Applicant's final submission states:

> ...The Utility wants to retain a reasonable level of funds in the depreciation reserve to cover unexpected capital projects and overruns in the proposed capital projects. …

[76] The final submission reiterates the Utility's position that the costs associated with metering would be more than any resulting savings in unaccounted for water. The final submission adds:

> ...The utility is in the process of developing a method of checking night flows that may help in determining where some of the unaccounted water is going. …

[77] The final submission discusses the issue of the preparation of a joint study of water service. It notes that a review of Council minutes with respect to the issue indicate that while the Town is prepared to discuss matters relating to sharing of some services, it is not in favour of the formation of a regional water utility. A letter dated February 6, 2006 from Mr. Addis to Mr. Gates, a copy of which was received by the Board on February 10, 2006, states in part:

> ...The Stellarton Town Council is not interested in the Stellarton Water Utility becoming part of a Regional Water Utility. The Stellarton Town Council is not prepared to participate in a Regional Water Utility Study.
>
> However, the Council has confirmed in writing, to the Warden Allister MacDonald, that Stellarton is prepared to take part, without commitment, in discussions on the sharing of services, understanding that all services (police, fire public works, recreation and administration) are under discussions. ...

Documentation supporting these statements were attached to the letter dated February 6, 2006.

**County**

[78] Mr. Hayward, on behalf of the County, provided a rebuttal to the final written submission of the Applicant in a document dated February 15, 2006. Many of the points presented in the submission were discussed during the hearing and will not be repeated in this section. A main focus of the rebuttal is the issue of the methodology of calculating the fire protection charge and its allocation to the Town and the County.

[79] The rebuttal submission states that the County accepts the Applicant's explanation as to how the figure of 68% allocation of demand assets to fire protection

was calculated using fire flow data, but still has concerns with the increase in the allocation from that used in the previous study.

[80] After reviewing the evidence and submission of the Applicant, it is the County's position that if the required fire flow methodology is used to allocate the fire protection charge between the Town and the County, the required fire flows of 5,300 igpm and 2,400 igpm should be used for the Town and the County, respectively. However, the submission reiterated the County's position that the allocation of fire protection to the County should be on an assessment basis, noting:

> ...Recovery of fire protection charges by the taxation of all assessable property is standard practice in municipal government in Nova Scotia. Use of total assessment to allocate fire protection between the County and Stellarton would be consistent with operation of a joint water utility and this basis would be neutral in any discussion of a joint utility. ...

[81] The level of unaccounted for water is discussed in the rebuttal submission which at 41% is described to be "...not acceptable to Pictou County as a basis for calculation of charges." A revised set of calculations setting out requested reductions in the charges to the County based upon 15% unaccounted for water was attached to the submission. The rebuttal states that the proposed reductions should remain in place until the level of unaccounted for water is reduced to a "reasonable level". It is further suggested that the Utility conduct an "unaccounted for water" study.

[82] The County's rebuttal submission comments on the concept of the preparation of a joint study of water service:

> It is the position of the County that the decision in this case should be neutral in terms of its potential impact on the consideration of a joint water utility and phase in the increased charges to the extent possible while being consistent with the reasonable revenue requirements of the water utility.

## BOARD FINDINGS

### Rates

[83] The Board has reviewed the Application, the responses to the information requests and the information presented by the Utility, as well as the information filed and presented by the Intervenors, and the responses to the undertakings.

[84] The Utility's capital budget for the test years were included as part of the Rate Study. In a letter dated February 9, 2006, the Board approved the Utility's capital budget for 2006/07 which totalled $9,577,002 and included the proposed water treatment plant and reservoirs. There was some discussion during the hearing as to the necessity of these projects and related costs. It is the Board's opinion that these matters were dealt with in a separate process and as such are not part of the current application. The Application includes the costs associated with proposed capital items in 2007/08 and 2008/09. The Board reminds the Utility that separate Board approval is required for projects in excess of $25,000 as set out under **s. 35** of the **Act**.

[85] The Board has reviewed the projected operating expenses, in particular the water treatment operating costs which are proposed to increase substantially over the period of the Rate Study. The Board notes that the projected treatment expenses are supported by an engineering design report. The majority of the other operating expense line items, with the exception of depreciation, are projected to increase

annually by 3%. The Board accepts the proposed increases in the operating expense items.

[86] A response to an information request [IR-24, Exhibit S-2] indicates errors in the calculation of the depreciation expense included in the Rate Study. The Board accepts this and has made the necessary revisions.

[87] The Application proposed a capital out of revenue amount of $200,000 in 2006/07. It is the Board's opinion that generally, capital out of revenue should be used as a funding source for routine capital items, not major expenditures as is proposed in this case. The Board has reduced this amount to $20,000, with the remainder of the funding to come from debt at the terms contained in the Rate Study.

[88] The Board has considered the request of the Utility to annually reduce the debt servicing costs by $150,000 from the depreciation fund. It was stated in response to an information request [IR-20, Exhibit S-2] that it is the Utility's intent to continue with this practice for the term of the debt. The Board approves the request for the next five fiscal years, or until the next rate application. At that time, the Utility is directed to apply to the Board, if it wishes to continue with the use of depreciation funds for the reduction of debt payments.

[89] For the determination of the fire protection charge, the Application has used a 68% allocation to fire protection of demand assets, based upon the maximum fire flow of 3,200 igpm which is contained in the letter from CGI to the Town dated June 14, 2005. While the County has stated that it accepts the use of fire flow figures to determine the 68% figure, it is concerned with the increase in the figure from that used in the previous study. The Board notes that the method proposed by the Town is the

same which was approved in the Board's Decision of November 16, 2001 which dealt extensively with the issue of fire protection charges and allocation between the Town of Antigonish and the Municipality of the County of Antigonish. It is the Board's opinion that there is not sufficient evidence at this time to alter this methodology. Accordingly, the Board approves the 68% allocation.

[90] Another issue of concern to the County is the allocation of current utility plant in service between general service and fire protection to arrive at the percentage of total assets allocated to fire protection. It is the County's position that this allocation should be calculated on a year by year basis in order to include the proposed increase in the Utility's assets. The funding for the proposed asset additions is used in the determination of the Utility's revenue requirement and, in the County's opinion, for consistency, the proposed assets should be included in the allocation to fire protection. Mr. Gates has stated that the use of existing assets in the allocation has been used in past rate studies which have been approved by the Board. The Board notes that generally this is only an issue in circumstances where, as is the case here, there are significant capital additions proposed. The Board finds that the allocations should be calculated on a year by year basis to take into consideration the asset additions and to provide consistency in the Rate Study calculations. This is appropriate when the Utility intends to invest over $11 million in plant between 2005/06 and 2008/09 which has a value, as at March 31, 2005, of approximately $4.4 million. This results in a lower allocation of the revenue requirement to fire protection and a larger allocation to be recovered by water rates.

[91] Mr. Hayward's Report further comments with respect to the methodology used to allocate the total fire protection charge between the Town and the County, using fire flow requirements. Based upon a review of the CGI test results attached to the letter to the Town dated May 27, 2005, Mr. Hayward expressed concern with the magnitude of the fire flows used in the allocation for the Town and the County, and has suggested that the figure be decreased for the County and increased for the Town. Mr. Hayward further recommends that an alternative methodology, based upon assessments, be used to allocate fire protection between the Town and the County. The Board notes that the County has not completed a required fire flow study and for the purposes of this Application, the Board accepts the figures presented by CGI. The Board does not believe that there is sufficient evidence to revise the methodology from that approved in its November 16, 2001 Decision with respect to Antigonish, and used by the Utility in this Rate Study and adopted by the Board in various decisions since 2001.

[92] The Board notes that the errors identified in the responses to the information requests with respect to the joint use allocations of power and pumping [IR-33a), Exhibit S-2] and transmission and distribution [IR-34, Exhibit S-2] expenses to the revenue requirement to the County were corrected in the revised Rate Study [Exhibit S-8]. The Board accepts these revisions.

[93] The Board has reviewed the proposal to define apartment units as a separate class of customer with an estimated annual consumption of 40,000 gallons per year as compared to the 60,000 gallons per year estimated for all other unmetered customers. The Application further proposes to reduce the "base charge" to be applied

to apartment units through the use of a capacity factor which is 75% that of other unmetered customers. Based upon the information provided, it appears to the Board that the assumptions used in the calculations are arbitrary. The Utility was not able to provide any acceptable rationale for the change. Indeed, the only evidence related to usage in HRM. It is the Board's opinion that the change in methodology was not justified. Therefore, the Board denies the request for a separate rate for apartment units. The calculations have been revised to provide a uniform rate for all unmetered customers, based upon the base charge for a 5/8" meter customer and an average quarterly consumption of 13,517 gallons.

[94] The issue of metering was raised by several parties. The Utility's position with respect to metering is not consistent with the trend of utilities in the Province. The Utility appears to have a high percentage of unaccounted for water and there have been concerns raised with respect to available source of supply. The Board has reviewed the Utility's response to undertaking U-1 which calculates the estimated water loss in the system through leaks as 5%. The Board notes that this figure is based upon approximations and estimates of repair times and flows.

[95] The Board is concerned with the Utility's resistance to metering. The use of meters and having customers pay for all water used would be a significant step in promoting conservation. The Board directs the Utility to conduct a detailed investigation with respect to unaccounted for water. The Board further directs that the Utility prepare a detailed cost benefit analysis on whether customers should be metered. Both of these reports should be filed by the end of the 2006/07 fiscal year.

[96] The Board has reviewed the calculations provided by the County which support the suggestion that rates to the County be reduced by the excess costs associated with the high unaccounted for water. While the Board understands the concerns of the County, without the benefit of metering it is difficult to determine whether the amount of water lost through the system justifies any reductions in costs allocated to the County. It is, therefore, the Board's opinion that the charges to the County should not be reduced based upon calculations related to unaccounted for water.

[97] The Rate Study proposes to eliminate the current three block structure in 2006/07. Although the information presented indicates that this will affect approximately 23 customers, there appeared to be no opposition to the proposal presented during the application process. The Board notes that this follows the current trend of water utilities in the Province. However, a main reason for the elimination of the block structure in other utilities is to promote water conservation, which does not appear to be a priority of the Utility, given the lack of metering of residential customers. With the understanding that the issues of metering and unaccounted for water are to be further reviewed, as directed above, the Board approves the elimination of the block consumption rate structure.

[98] The Application proposes to set rates to the Utility's customers on a quarterly basis as opposed to the current annual basis. It is further proposed to set the wholesale rate to the County on a monthly basis from the current per annum charge. The Board approves these changes.

[99] The information submitted with respect to a regional water study has been considered. The Board notes that only the views of the Town and the County on the matter were presented. As was expressed during the hearing, the Board is reluctant to order such an investigation without all of the municipal units involved having the opportunity to present their views. The Board, therefore, recommends that the municipal units meet to discuss the matter and present any findings for the Board's consideration at a future date.

[100] The rates proposed for the first year of the Rate Study, 2006/07, were proposed to be effective for water supplied on and after April 1, 2006. This is not possible given the timing of the Application and hearing. The rates, with the revision to depreciation expense; reduction of the capital out of revenue funding; allocations of plant assets to fire protection determined on a year by year basis; revision of joint use allocations (as contained in the Rate Study dated January 23, 2006); and uniform unmetered rate, as set out above, are approved for water and water services effective May 1, 2006, April 1, 2007 and April 1, 2008.

[101] The approved rates are attached hereto as Schedules "A" , "B" and "C". The detailed calculations supporting the approved rates are set out in Attachment 1 (Worksheets A-1 to A-6, B-1 to B-8 and C-1).

**Rules and Regulations**

[102] The Board has examined the proposed changes to the Utility's Schedule of

Rules and Regulations and finds that these changes are acceptable with one exception. The wording of Regulation 2 “Liability for Payment of Water Bill” was revised by the Board for consistency with other utilities. The approved Schedule of Rules and Regulations is attached hereto as Schedule "D" and is effective May 1, 2006.

An Order will issue accordingly.

**DATED** at Halifax, Nova Scotia, this 24th day of April, 2006.

Peter W. Gurnham, Chair

SCHEDULE "A"

TOWN OF STELLARTON WATER UTILITY

SCHEDULE OF RATES AND CHARGES
FOR WATER AND WATER SERVICES

(Effective for water and water services supplied on and after May 1, 2006)



## **R A T E S**

The rates set out below are the rates approved by the Board for water and water services when payment is made within 30 days from the date rendered as shown on the bill.

When payment is made after 30 days from the date rendered as shown on the bill, the rates will include interest charges of 1% per month, or part thereof.

Each bill shall show the amount payable within 30 days from the date rendered as shown on the bill.

In this Schedule, the word "Utility" means the Water Utility of the Town of Stellarton.

1. RATES:

(a) Base Charges — Quarterly

| | |
|---|---|
| Unmetered (total charge) | $ 67.72 |
| **Metered** | |
| 5/8" | $ 28.29 |
| 3/4" | 42.06 |
| 1" | 69.60 |
| 1 ½" | 138.44 |
| 2" | 221.05 |
| 3" | 441.36 |
| 4" | 689.20 |
| 6" | 1,377.64 |

(b) Consumption Rates

$2.92 per 1,000 gallons.

(c) Minimum Bills

The minimum bill shall be the Base Charge for metered customers.

(d) Wholesale Rate to the County of Pictou

For water supplied to the County of Pictou at metered service points, a monthly base charge of $499.49 plus $1.86 per 1,000 gallons.

2. Public Fire Protection Service

The Town of Stellarton shall pay to the Water Utility for public fire protection services for the period of April 1, 2006 to March 31, 2007, the amount of $201,505.

The Municipality of the County of Pictou shall pay to the Water Utility for fire protection services for the period of April 1, 2006 to March 31, 2007, the amount of $ 171,838.

3. Rates for Sprinkler Systems

Each building having a sprinkler system installed shall pay annually for the service as follows:

| | |
|---|---|
| Each building serviced by a sprinkler service pipe of 6" or less in diameter | $160.00 |
| Each building serviced by a sprinkler service pipe of 8" or more in diameter | $200.00 |

4. Water for Buildings or Works Under Construction

The Utility may furnish water to any person requiring a supply thereof for the construction of a building or other works. This person shall deposit with the Utility such sum as may be determined by the Utility as is sufficient to defray the cost of making the necessary connection to any water service or main, together with the cost of the meter to be installed to measure the water consumed. Upon completion of the work and the return of the meter to the Utility, a refund will be made after deducting the cost, if any, of repairing the meter and of testing the same and after payment of the base and connection charges and the consumption rates in respect to such installation.

5. Rates for Water Supplied from Fire Hydrants

Whenever the use of any fire hydrant is desired for supplying water for any purpose, excepting those of the Fire Department, the Utility may grant a permit containing such terms and conditions as it may provide, including arrangements regarding supervision of the opening and closing of the hydrant, and a service charge of $60.00 for connection and disconnection and a consumption charge for the amount of water used, as estimated by the Utility, at consumption rates.

6. Private Hydrant Rate

Per hydrant per year $200.00.

7. Charges for Re-establishing Water Service

When water service has been suspended for any violation of the Rules and Regulations of the Utility, such water service shall not be re-established until a reconnection charge of $25.00 has been paid to the Utility. (If reconnected outside regular working hours, the charge is $100.00).

8. Connection Fee

The Utility shall charge a $25.00 fee for the creation of a water account or the installation of a water meter, notwithstanding that no physical disconnection of the system may have occurred.

This fee shall be $100.00 when a meter is installed, or water is turned on, after normal working hours of the Utility.

9. Charge for Non-Negotiable Cheques

The Utility shall charge a $15.00 administration fee for cheques that, due to non-negotiability, have been rejected by the Utility's bank.

10. Charge for Missed Appointment by Customers

Where an appointment has been made by a customer to have a water service hooked up or a meter installed, or water turned on to a property, or other visits to the property for the inception or maintenance of water service to the property, and the customer fails to keep the appointment or the plumbing is not completed to allow for installation of a water meter and the Utility's staff have to return to the property, there may be a charge of $25.00 for each visit if, in the judgment of the Utility, it is required.

SCHEDULE "B"

TOWN OF STELLARTON WATER UTILITY

SCHEDULE OF RATES AND CHARGES
FOR WATER AND WATER SERVICES

(Effective for water and water services supplied on and after April 1, 2007)



## **R A T E S**

The rates set out below are the rates approved by the Board for water and water services when payment is made within 30 days from the date rendered as shown on the bill.

When payment is made after 30 days from the date rendered as shown on the bill, the rates will include interest charges of 1% per month, or part thereof.

Each bill shall show the amount payable within 30 days from the date rendered as shown on the bill.

In this Schedule, the word "Utility" means the Water Utility of the Town of Stellarton.

1. RATES:

(a) Base Charges

| | Quarterly |
|---|---|
| Unmetered (total charge) | $ 105.54 |
| Metered | |
| 5/8" | $ 44.39 |
| 3/4" | 66.19 |
| 1" | 109.81 |
| 1 ½" | 218.84 |
| 2" | 349.67 |
| 3" | 698.57 |
| 4" | 1,091.08 |
| 6" | 2,181.38 |

(b) Consumption Rates

$4.52 per 1,000 gallons.

(c) Minimum Bills

The minimum bill shall be the Base Charge for metered customers.

(d) Wholesale Rate to the County of Pictou

For water supplied to the County of Pictou at metered service points, a monthly base charge of $730.93 plus $3.11 per 1,000 gallons.

2. Public Fire Protection Service

The Town of Stellarton shall pay to the Water Utility for public fire protection services for the period of April 1, 2007 to March 31, 2008, the amount of $260,691.

The Municipality of the County of Pictou shall pay to the Water Utility for fire protection services for the period of April 1, 2007 to March 31, 2008, the amount of $244,398.

3. Rates for Sprinkler Systems

Each building having a sprinkler system installed shall pay annually for the service as follows:

| | |
|---|---|
| Each building serviced by a sprinkler service pipe of 6" or less in diameter | $160.00 |
| Each building serviced by a sprinkler service pipe of 8" or more in diameter | $200.00 |

4. Water for Buildings or Works Under Construction

The Utility may furnish water to any person requiring a supply thereof for the construction of a building or other works. This person shall deposit with the Utility such sum as may be determined by the Utility as is sufficient to defray the cost of making the necessary connection to any water service or main, together with the cost of the meter to be installed to measure the water consumed. Upon completion of the work and the return of the meter to the Utility, a refund will be made after deducting the cost, if any, of repairing the meter and of testing the same and after payment of the base and connection charges and the consumption rates in respect to such installation.

5. Rates for Water Supplied from Fire Hydrants

Whenever the use of any fire hydrant is desired for supplying water for any purpose, excepting those of the Fire Department, the Utility may grant a permit containing such terms and conditions as it may provide, including arrangements regarding supervision of the opening and closing of the hydrant, and a service charge of $60.00 for connection and disconnection and a consumption charge for the amount of water used, as estimated by the Utility, at consumption rates.

6. Private Hydrant Rate

Per hydrant per year $200.00.

7. Charges for Re-establishing Water Service

When water service has been suspended for any violation of the Rules and Regulations of the Utility, such water service shall not be re-established until a reconnection charge of $25.00 has been paid to the Utility. (If reconnected outside regular working hours, the charge is $100.00).

8. Connection Fee

The Utility shall charge a $25.00 fee for the creation of a water account or the installation of a water meter, notwithstanding that no physical disconnection of the system may have occurred.

This fee shall be $100.00 when a meter is installed, or water is turned on, after normal working hours of the Utility.

9. Charge for Non-Negotiable Cheques

The Utility shall charge a $15.00 administration fee for cheques that, due to non-negotiability, have been rejected by the Utility's bank.

10. Charge for Missed Appointment by Customers

Where an appointment has been made by a customer to have a water service hooked up or a meter installed, or water turned on to a property, or other visits to the property for the inception or maintenance of water service to the property, and the customer fails to keep the appointment or the plumbing is not completed to allow for installation of a water meter and the Utility's staff have to return to the property, there may be a charge of $25.00 for each visit if, in the judgment of the Utility, it is required.

SCHEDULE "C"

TOWN OF STELLARTON WATER UTILITY

SCHEDULE OF RATES AND CHARGES
FOR WATER AND WATER SERVICES

(Effective for water and water services supplied on and after April 1, 2008)

## **R A T E S**

The rates set out below are the rates approved by the Board for water and water services when payment is made within 30 days from the date rendered as shown on the bill.

When payment is made after 30 days from the date rendered as shown on the bill, the rates will include interest charges of 1% per month, or part thereof.

Each bill shall show the amount payable within 30 days from the date rendered as shown on the bill.

In this Schedule, the word "Utility" means the Water Utility of the Town of Stellarton.

1. RATES:

(a) Base Charges — Quarterly

| | |
|---|---|
| Unmetered (total charge) | $ 107.39 |
| **Metered** | |
| 5/8" | $ 44.96 |
| 3/4" | 67.04 |
| 1" | 111.20 |
| 1 ½" | 221.60 |
| 2" | 354.09 |
| 3" | 707.38 |
| 4" | 1,104.83 |
| 6" | 2,208.86 |

(b) Consumption Rates

$4.62 per 1,000 gallons.

(c) Minimum Bills

The minimum bill shall be the Base Charge for metered customers.

(d) Wholesale Rate to the County of Pictou

For water supplied to the County of Pictou at metered service points, a monthly base charge of $739.91 plus $3.18 per 1,000 gallons.

2. Public Fire Protection Service

The Town of Stellarton shall pay, annually, to the Water Utility for public fire protection services, commencing in the year ending March 31, 2009, and in subsequent years, the sum of $262,848 or

(a) The sum of 40.9 % of transmission and distribution, taxes and depreciation expenses of the Utility and return on rate base of the immediately preceding year, plus

(b) 10% of all other expenses.

whichever is the greater.

The Municipality of the County of Pictou shall pay, annually, to the Water Utility for public fire protection services, commencing in the year ending March 31, 2009, and in subsequent years, the sum of $246,420, or that amount plus a percentage increase equal to the percentage increase in the Town of Stellarton Fire Protection Charge, whichever is the greater.

3. Rates for Sprinkler Systems

Each building having a sprinkler system installed shall pay annually for the service as follows:

| | |
|---|---|
| Each building serviced by a sprinkler service pipe of 6" or less in diameter | $160.00 |
| Each building serviced by a sprinkler service pipe of 8" or more in diameter | $200.00 |

4. Water for Buildings or Works Under Construction

The Utility may furnish water to any person requiring a supply thereof for the construction of a building or other works. This person shall deposit with the Utility such sum as may be determined by the Utility as is sufficient to defray the cost of making the necessary connection to any water service or main, together with the cost of the meter to be installed to measure the water consumed. Upon completion of the work and the return of the meter to the Utility, a refund will be made after deducting the cost, if any, of repairing the meter and of testing the same and after payment of the base and connection charges and the consumption rates in respect to such installation.

5. Rates for Water Supplied from Fire Hydrants

Whenever the use of any fire hydrant is desired for supplying water for any purpose, excepting those of the Fire Department, the Utility may grant a permit containing such terms and conditions as it may provide, including arrangements regarding supervision of the opening and closing of the hydrant, and a service charge of $60.00 for connection and disconnection and a consumption charge for the amount of water used, as estimated by the Utility, at consumption rates.

6. Private Hydrant Rate

Per hydrant per year $200.00.

7. Charges for Re-establishing Water Service

When water service has been suspended for any violation of the Rules and Regulations of the Utility, such water service shall not be re-established until a reconnection charge of $25.00 has been paid to the Utility. (If reconnected outside regular working hours, the charge is $100.00).

8. Connection Fee

The Utility shall charge a $25.00 fee for the creation of a water account or the installation of a water meter, notwithstanding that no physical disconnection of the system may have occurred.

This fee shall be $100.00 when a meter is installed, or water is turned on, after normal working hours of the Utility.

9. Charge for Non-Negotiable Cheques

The Utility shall charge a $15.00 administration fee for cheques that, due to non-negotiability, have been rejected by the Utility's bank.

10. Charge for Missed Appointment by Customers

Where an appointment has been made by a customer to have a water service hooked up or a meter installed, or water turned on to a property, or other visits to the property for the inception or maintenance of water service to the property, and the customer fails to keep the appointment or the plumbing is not completed to allow for installation of a water meter and the Utility's staff have to return to the property, there may be a charge of $25.00 for each visit if, in the judgment of the Utility, it is required.

SCHEDULE "D"

TOWN OF STELLARTON WATER UTILITY

SCHEDULE OF RULES AND REGULATIONS
GOVERNING THE SUPPLY OF WATER AND WATER SERVICES

(Effective May 1, 2006)



1. In these Rules and Regulations, unless the context otherwise requires, the expression:

**"Town"** means the Town of Stellarton.

**"Utility"** means the Water Utility of the Town of Stellarton.

**"Customer"** means a person, firm or corporation who or which contract to be supplied with water at a specified location or locations.

**"Domestic Service"** means the type of service supplied to the owner or his authorized agent or to the occupant or tenant of any space or area occupied for the distinct purpose of a dwelling house, rooming house, apartment, flat, etc.

**"Flat Rate Service" (Unmetered)** means that type of unmetered service charged for at flat rates.

**"Metered Rate Service"** means that type of service charged for at metered rates and is supplied to customers other than those supplied by flat rate service.

2. Liability for Payment of Water Bill:

A. An agreement is deemed to exist between a customer and the Utility for the supply of water service at such rates and in accordance with these Regulations by virtue of:

i) the customer applying for and receiving approval for water service;

ii) the customer consuming or paying for water service from the date that the customer who is a party to an agreement pursuant to clause (i) (the customer of record) moves out of the premises, in which case the customer of record shall remain jointly and severally liable for the water service account up to the date the Utility is notified that the customer of record wishes to terminate the supply of water service.

At the discretion of the Utility, a property owner who rents or leases a property or self-contained unit to a tenant or lessee may be required to open an account for the provision of water at the property rented or leased.

B. Any person, business or corporation that receives water service without the consent of the Utility shall be liable for the cost of such water service which cost shall be determined in the sole discretion of the Utility based upon its reasonable estimate of the amount of water utilized.

3. Deposits: When required, an applicant for service shall deposit with the Utility a sum equal to the estimated charges for such service for a period of six months. The estimated charges will be based on the flat rate for flat rate customers, and on the minimum bill for metered rate customers. This deposit shall be held by the Utility as collateral security for the payment of the customer's bills, but is not to be considered as a payment on account thereof. When the customer ceases to use the service and discharges all his liability to the Utility in respect of such service, the deposit shall be returned to him with interest at the rate of four percent (4%) per annum, not compounded.

4. Refusal of Service: Service may be refused or suspended to any customer who has failed to discharge all of his liabilities to the Utility.

5. Payment of Bills: Bills shall be rendered to each customer at intervals of approximately three months and are due and payable when rendered. Bills not paid within thirty (30) days of the date rendered, shall incur an interest charge of 1 % per each month or part thereof.

6. Adjustment of Bills:

(a) (Where meters exist) If the seal of a meter is broken or if a meter does not register correctly, the bill for that water service shall be estimated in accordance with the best data available. Any customer desiring to question a water bill must do so in writing, within the 30 day period referred to in Regulation 5 above, in order to avoid interest charges.

(b) Customers Under-billed - Should it be necessary for the Utility to make a billing adjustment as a result of a customer being under-billed for any reason, such adjustment shall be retroactive for a maximum of four billing periods or one year, whichever is the longest. Notwithstanding the above, in the event that a billing adjustment is the result of the customer's illegal connection to the water system or wilful interference or damage of metering equipment (where they exist), the billing adjustment in such circumstances will not be limited to one year or four billing periods, but rather the customer shall be responsible for all

payments of such accounts from the date such illegal connection or interference to meter equipment took place.

(c) Customer Over-billed - Shall it become necessary for the Utility to make a billing adjustment as a result of a customer being over-billed for any reason, such adjustment will be estimated by the Utility, and the Utility will be responsible for payment of the over-billed amount with interest calculated on the basis of current simple interest paid by the bank.

7. Estimated Readings for Billing Purposes - Metered Customers: If the Utility is unable to obtain a meter reading for billing purposes, after exercising due diligence in the usual practice of meter reading, the bill for that service shall be estimated in accordance with the best data available, subject, however, to the provision that in no circumstance will an estimated reading be used for more than two consecutive billing periods. If an estimated bill is rendered for two consecutive billing periods, the Utility shall notify the customer by regular mail that arrangements must be made for the Utility to obtain a reading and, failing such arrangements, the Utility may suspend service until such arrangements are made. When such meter reading has been obtained, the previous estimated bill or bills shall be adjusted accordingly.

8. Suspension of Service for Non-Payment of Bills: The Utility shall have the right to enter onto customers' premises within reasonable hours to suspend service to customers whose bills remain unpaid for more than forty calendar days after the date rendered. The customer shall pay the sum of $25.00 for reconnecting after each suspension.

9. Public Fire Protection Service Charge: The Utility shall annually render to the Town of Stellarton, and the Municipality of the County of Pictou, not later than the last day of May, an account for fire protection service. The account shall be calculated in the manner set out in the most recent schedule of rates and payable within 30 days of the date rendered.

10. Water to be Supplied by Meter: The Utility may at its discretion install a meter on the premises of any customer. The Utility shall determine the size and type of meter to be installed in each case. All meters shall be the property of the Utility.

11. Installation and Removal of Meters: Meters shall be installed and removed only by employees or duly authorized representatives of the Utility, and no other person shall install, alter, change or remove a meter without the written permission of the Utility. The plumbing and connections shall be properly prepared to receive the installation of such meters to the approval of and without expense to the Utility, by a certified plumber.

12. Connection Fee: The Utility shall charge a $25.00 fee for the creation of a water account or the installation of a water meter, notwithstanding that no physical disconnection of the system may have occurred.

    The fee shall be $100.00 when a meter is installed, or water is turned on, after normal working hours of the Utility.

13. Meter Readers: Each meter reader shall be provided with an official identification, which he/she shall exhibit on request.

14. Access to Customer's Premises: Representatives of the Utility shall have right of access to all parts of a customer's property or premises at all reasonable hours for the purpose of inspecting any water pipes or fittings, or appliances, or discontinuing service, or for the purpose of installing, removing, repairing, reading or inspecting meters. The Utility shall have the right to suspend service to any customer who refuses such access.

15. Location of Meters: The Utility shall have the right to refuse service to, or suspend the service of, any customer who does not provide a place which, in the opinion of the Utility, is suitable for the meter. It should be in the building served, at or near the point of entry of the service pipe, in a place where it can be easily read and where it will not be exposed to freezing temperatures.

    Where the premises of a customer are of such a nature that a meter cannot be properly installed in a building, or if the building is not sufficiently frost-proof as to guarantee the safety of the meter, the Utility may order the construction of a suitable frost proof box in which the meter can be installed. Service to such premises may be refused or suspended until such a frost proof box approved by the Utility is installed.

16. Damage to Water Meters: Each customer shall be responsible for the meter installed on his service and shall protect it. He shall be liable for any damage to the meter resulting from carelessness, hot water or steam, or the action of frost or from any other cause not the fault of the Utility or its employees. The cost to the Utility occasioned by such damage to the meter shall be paid by the customer. If, after the rendering of a bill by the Utility to the customer for such cost, the same is not paid within forty days from the date rendered, the supply of water to the customer concerned may be suspended until all charges are paid.

17. Meter Testing: On the request of a customer to have his residential meter tested, the Utility may charge the sum of $45.00 to defray in part the cost of making the test. In the case of meters 1-1/2 inches and larger, the actual cost of the test will be paid by the customer. If the test shows that the meter is over-registering by more than one and one-half percent (1 ½%) for positive displacement meters and three percent (3%) for turbine or compound meters, the sum so deposited will be refunded to the customer.

18. Plumbing to be Satisfactory: All plumbing, pipes and fittings, fixtures, and other devices for conveying, distributing, controlling, or utilizing water, which are used by a customer and are not the property of the Utility, shall be installed in the manner provided by the Regulations of and be approved by the proper official of the Town of Stellarton and/or the operators of the Utility. The water shall not be turned on (except for construction or testing purposes) until the applicant for service has satisfied the Utility that these requirements have been met. The supply of water may be discontinued to any customer at any time if, in the opinion of the proper official of the Town of Stellarton, and/or the operator of the Utility, the plumbing, pipes, fittings, fixtures or other devices as hereinbefore mentioned, or any of them, fail to comply with the above requirements, or if any part of the water system of such customer or the meter is in any unsuitable, dirty, unsanitary, or inaccessible place. Service shall not be re-established until such condition is corrected to the satisfaction of the Utility.

19. Remote Registering Water Meters: When a remote registering water meter is installed on a customer's premises, then the cost of the meter and its installation shall be paid by the Utility.

The meter is the property of the Utility which becomes responsible for its operation, maintenance and replacement. Any damage to the meter caused by the negligence or wrongful acts or omissions by the customer, his agents or members of his family, shall be paid for by the customer, and the failure by the customer to make the payment shall entitle the Utility, after making a forty day written demand for the payment, to disconnect the water service to the customer.

20. Cross Connection Control & Backflow Prevention

(a) No owner, consumer, customer or other person hereinafter collectively referred to in this rule and regulation as "person" shall connect, cause to be connected, or allow to remain connected to the water system, or plumbing installation, without the express written consent of the Utility, any piping fixtures, fittings container or appliance in a manner which, under any circumstances, may allow water, wastewater, or any other liquid, chemical or substance, to ingress or egress the water system.

(b) Where, in the opinion of the Utility, there may be a risk of contamination to the potable water system, notwithstanding the provisions of subparagraph (a), the Utility may require the customer, at the customer's sole cost and expense, to install at any point on the customer's water service connection or water service pipe, one or more backflow prevention (BFP) devices, which devices shall be of a quality and type approved by the Utility. All new service connections to the

Utility's distribution system shall have backflow prevention devices at the customer's sole cost and expense.

(c) All BFP devices shall be maintained in good working order. Such devices must be inspected and tested by a certified tester, approved by the Utility, at the expense of the customer. Such inspections shall take place upon installation, and thereafter annually, or more often if required by the Utility. The customer shall submit a report in a form approved by the Utility on any or all tests performed on a BFP device within 30 days of a test. A record card shall be displayed on or adjacent to the BFP device on which the tester shall record the name and address of the owner of the device; the location, type, manufacturer, serial number and size of the device, and the test date, the tester's initials, the tester's name, the name of his employer, and the tester's license number.

(d) Installation, maintenance, field-testing and selection of all BFP devices shall fully conform to the latest revision of CSA B64.10 and CSA B64 series.

(e) Customers shall provide access to the Utility for inspection, maintenance and certification testing of the backflow prevention device on an annual basis. Any device that fails the certification test shall be serviced by the Utility at the customer's cost.

(f) In the event of any breach, contravention or non-compliance by a person of any of the provisions and regulations in sub-paragraphs (a), (b), (c), (d) or (e), the Utility may:

(i) suspend water service to such person, or

(ii) give notice to the person to correct the breach, contravention or non-compliance within 96 hours, or a specified lesser period. If the person fails to comply with such notice, the Utility may immediately thereafter suspend water service to such person.

21. Dangerous Connections: No connection shall be permitted to any installation; equipment or source in such a manner as may allow any contamination to pass from such installation, equipment or source into the Utility's water supply system. If any such connection exists, the Utility may discontinue the supply of water to such customer.

22. Prohibited Devices: Service may be refused or suspended by the Utility to any customer who installs or uses any device or appurtenance as, for example, booster pumps, quick-opening or quick-closing valves, flushometers, water-operated pumps or siphons, standpipes, or large outlets for supplying locomotives, etc., which may occasion sudden large demands of short or long duration, thereby requiring oversize meters and pipelines,

or affect the stability or regulation of water pressure in the Utility's system. Permission to install or use any such device or appurtenance must be obtained from the Utility, which permission shall specify what special arrangements, such as elevated storage tanks, surge tanks or equalizing tanks, etc., must be provided by the customer.

23. Improper Use or Waste of Water: No customer shall permit the improper use or waste of water, nor shall he sell or give water to any person except upon such conditions and for such purposes as may be approved in writing by the Utility.

24. Service Pipes: Upon receipt of an application for service to any premises located on any portion of a street through which portion a main water pipe is laid and which premises are not already provided with water service, the Utility shall install a service pipe which it considers to be of suitable size and capacity. No pipe smaller than 3/4" in diameter shall be laid for any service.

The cost of supplying and installing a 3/4" service pipe and fittings between the main pipe and the property line shall be paid by the Utility. From the property line to the premises the cost shall be paid by the customer.

For services larger than 3/4" the whole cost shall be borne by the customer, less the cost of a 3/4" service from the main to the property line.

Should any person make application for more than one service to his premises, the decision as to the necessity of the additional service shall be made by the Utility, and if the additional service is installed, the total cost thereof from the main to the customer's premises shall be paid by such applicant.

All services must be installed in accordance with Rules and Regulations of the Town of Stellarton and to the satisfaction of the Utility.

When a service has been installed without objection from the customer as to the location of the same, no subsequent removal of or alteration to the position of the pipe shall be made except at the expense of the customer requesting such removal or alteration.

25. Repairs to Services: If a leak or other trouble occurs it shall be repaired as soon as possible. If the leak or trouble occurs in a service line providing non-fire protection water supplies between the main and the property line, it shall be repaired by the Utility at its expense. If the leak or trouble occurs elsewhere in a service line providing non-fire protection water supplies, it shall be repaired by the customer and his/her expense.

If a leak or trouble occurs in a service line which provides private fire protection services (sprinkler or hydrant) it shall be repaired by the customer at his expense.

The Utility may make such repairs for any customer provided the customer agrees to pay the cost of same. When required, each customer desiring the Utility to do such work shall deposit with the Utility a sum equal to the estimated cost of the work.
If a leak occurs on the customer's portion of his service pipe and, after being notified of same, he refuses or unduly delays to have repairs made, the Utility may discontinue the supply of water to such service pipe if, in its opinion, such action is necessary in order to prevent wastage of water. The Utility shall notify the customer affected of its intention to discontinue such supply.

26. Unauthorized Extensions, Additions or Connections: No person shall, without the written consent of the Utility, make or cause to be made any connections to any pipe or main or any part of the water system or in any way obtain or use water therefrom in any manner other than as set out in these Regulations.

27. Special Service Charge: A special service charge of $25.00 shall be made to each customer receiving a necessary or requested service, such as the shutting off or turning on of water service or other special services not provided for elsewhere in these regulations. In the case where the shutting off is requested because there is no operable shut off valve serving the dwelling, an isolation valve must be installed.

28. Season for Laying Pipes: The Utility shall not be required to lay any pipe at any season of the year or at any time which, in its opinion, is not suitable.

29. Private Fire Protection: Fire protection lines within buildings shall be installed so that all pipes will be open and readily accessible for inspection at any time, and no connection for any purpose other than fire protection shall be made thereto. Unless approved by the Utility in writing, no fire protection line shall be connected in any way to a metered service.

30. Liability of Utility: The Utility shall not be deemed to guarantee an uninterrupted supply or a sufficient or uniform pressure and shall not be liable for any damage or injury caused or done by reason of the interruption of supply, variation of pressure, or on account of the turning off or turning on of water for any purpose.

31. Interference with Utility Property: No person, unless authorized by the Utility in writing, shall draw water from, open, close, cut, break, or in any way injure or interfere with any fire hydrant, water main, water pipe, or anything the property of the Utility, or obstruct the free access to any hydrant, stop cock, meter, building etc., provided, however, that nothing in this paragraph contained shall be deemed to prevent an officer or member of a Fire Department engaged in the work of such Department, from using any hydrant or other source of water supply of the Utility for emergency firefighting purposes.

32. Suspending Service for Violation: Whenever, in the opinion of the Utility, violation of any of these Rules and Regulations is existing or has occurred, the Utility may cause the water service to be suspended from the premises where such violation has occurred or is existing and may keep the same so suspended until satisfied that the cause for such action has been removed.

33. Resumption of Service: In all cases where water service has been suspended for violation of any of these rules, service shall not be restored until the cause for violation has been removed and a $25.00 reconnection charge ($100.00 if reconnection is completed outside of regular working hours) has been paid.

34. Sprinkler Service Mains and Hydrant System: The customer shall be responsible for the cost of installing and maintaining a sprinkler service pipe from the main in the street to the building. It shall include a proper size control valve so that the service may be shut off if necessary. The Utility shall supervise the installation of same. When the private fire protection system includes private hydrants, these hydrants must be flushed during the Utility's regular flushing periods, under the supervision of the Utility's personnel. These hydrants shall be maintained in a manner, or on a regular basis as approved by the Utility.

35. Pressure Reducing Valves: Where, in the opinion of the Utility, it is necessary for proper water service, a customer shall install on the service pipe, between the meter and the shut off valve on the supply side of the meter, a pressure reducing valve of a type satisfactory to the Utility. The customer shall be responsible for the cost of installing and maintaining the pressure reducing valve at all times.

**ATTACHMENT 1 IS NOT AVAILABLE ELECTRONICALLY. IF YOU WISH TO RECEIVE A HARD COPY, PLEASE CONTACT THE BOARD.**