

DECISION

**NSUARB-W-ANNR-R-05
2006 NSUARB 24**

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE PUBLIC UTILITIES ACT

- and -

IN THE MATTER OF an Application of the **TOWN OF ANNAPOLIS ROYAL**, 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: Murray E. Doehler, C.A., P.Eng.

APPEARING: **TOWN OF ANNAPOLIS ROYAL**
(on behalf of its **WATER UTILITY**)

Amery Boyer
Chief Administrative Officer

Melony Robinson
Director of Finance

Kevin McLean
Superintendent of Public Works

HEARING DATE: January 10, 2006

DECISION DATE: **March 10, 2006**

DECISION: Schedule of Rates Approved, as amended. Schedule of Rules and Regulations Approved, as amended.

SUMMARY

[1] The last Annapolis Royal Water Utility (the "Utility") rate hearing was held on September 28, 2001. Since then, the administrative and financial staff of the Town of Annapolis Royal (the "Town") have changed. The Application for the proposed rate increase was prepared by this new staff which asked for general water usage rate increases of between 2% and 13% in the year ending March 31, 2006, and between 3% to 6% in each of the next two years.

[2] There was no opposition to the proposed rate increases. The only comments from witnesses concerned the water pressure in two subdivisions located in the Annapolis County (the "County").

[3] The Rates and the Rules and Regulations are approved as amended.

INTRODUCTION

[4] The water source for the Utility is a well field in the County that jointly serves this Utility and the Granville Ferry Water Utility. The Utility supplies water to 389 metered customers and to a privately owned 2" distribution pipe that then serves two subdivisions that are located in the County. The connection point to the privately owned system is not metered and, except for two cases, the houses in these subdivisions are not metered.

[5] The Utility has been conducting extensive engineering studies on its system to define a systematic approach for new additions and the replacement of older infrastructure. It has also been incurring losses over the past two years, although it still has an operating fund surplus. For these reasons it has requested changes in its rates for the three test years ending March 31, 2006, 2007 and 2008.

RATE REVIEW

a) Operating Expenses

i) Facts

[6] The Board notes that the actual Source of Supply and Transmission and Distribution expenses increased 8% in 2003/04 and 13% in 2004/05. No explanation for such a large increase was offered by the Utility. The cost of Source of Supply is projected to decrease 1% in the first test year and then increase 5% per year thereafter. Transmission and Distribution is projected to increase 11% in the first test year and 5% per year thereafter.

[7] In response to undertaking U-1 the Utility amended the projected Source of Supply cost to be increases of 35% in the first test year and 27% every year thereafter without any background costing details. The projected Transmission and Distribution costs are expected to be increases of 8% in the first test year, 6% in the second and 5% in the third. These later cost increases were supported by a detailed listing of the costs elements for the past three years projected forward for each of the three test years.

[8] The Utility has budgeted its professional services to increase 454% in the first test year and 4% per year thereafter. The need for this continued high level expense was, as explained by the Utility, to explore various projects, some of which will be expensed and not capitalized. As stated by Ms. Boyer:

...So we're going to have some [projects] that will lapse into operating the lapsed projects, the ones that don't go ahead, and we're anticipating we're going to have quite a few of those until we get the right fix.

[Transcript pages 44,45]

[9] The total of the remaining operating expenses (water treatment,

administration, taxes) are projected to increase 5% in the first test year and 4% per year thereafter.

[10] The first test year, at the time of the hearing, is almost complete. This test year shows that, without any rate increase and after the application of depreciation to repay the principal portion of debt, the Utility will incur a loss of \$48,142. Ms. Robinson stated that:

...when I did a December 31 financial statement, the Water Utility has a loss of twenty-five thousand.

[Transcript page 18]

[11] The Utility has not been in the habit of preparing an annual operating budget. The preparation of a budget normally includes a review of past expenditures and assumptions about all elements of increases and decreases. Such assumptions would be based on contractual arrangements (third party and employees), method of operation, need for increased or decreased activity and the inclusion and/or elimination of "one-time" costs. The lack of documentation of such a budget process makes it difficult for staff, particularly when they are new and lack "corporate memory" to develop sound budgets and meaningful projections and/or explain large variations in past activities.

ii) Findings

[12] The achievability or reasonableness of the projected expenses used in the three test years was questioned by the Board because of: the large differences in two apparently separate projections of future costs for two expense categories; the difference in the first test year projection and the actual results for the nine months ended December 31, 2005; and the lack of budgeting.

[13] The Board accepts expense increases in the 4% to 5% range as reasonable,

however, increases outside of that range without supporting documentation, have a greater degree of uncertainty than that which is normally seen for water utilities. The large variation in projected Source of Supply costs for the first test year (from a 1% decrease to a 35% increase) is neither explained nor supported. Accordingly, the Board accepts neither. The application of an acceptable increase of 5% to the Source of Supply expense and the application of the supported increase of 8% to the Transmission and Distribution expense in the first test year results in the total operating expenses decreasing to \$229,717. The total operating expenses in the Application for the first test year are \$229,823, the potential decrease is insignificant. Accordingly, the total operating costs for the first test year is accepted as filed.

[14] The second test year shows a total operating cost increase of 4.5%. This is also accepted as filed. The Board finds that there is insufficient evidence to support the operating expenses for the third test year.

b) Non-operating Revenue and Expenditures

i) Facts

[15] The Utility plans to continue its program of replacing the old Transmission and Distribution infrastructure. The cost for these capital improvements and the funding are in the rate study and will be subjected to future engineering studies.

[16] The rate study shows that the Utility will be funding most of the capital additions with debt. The debt bears interest at 5% and is amortized over ten years. The shortfall in funding is to be from grants and/or borrowed from the Town with, at present, no terms of interest or repayment. The Utility shows a return on rate base of approximately

5% for the three test years.

[17] The Board had ordered that the Utility can apply its annual depreciation funding to the reduction of debt principal up to and including the year ended March 31, 2005. The Utility has asked that this order be extended to include the three test years of the Application.

ii) Findings

[18] If the Utility is going to be asked to repay the Town loans, the terms of repayment and interest rate must be established when they are issued, otherwise the interest and capital repayments cannot be charged against the revenue from customers. This potential repayment charge is not included in the rate study.

[19] Utility debt can be amortized over more than ten years, meaning that the amount allocated for its servicing in the first and second test years could accommodate increased borrowings if the period was extended. If the Town decides to lend funds to the Utility with terms, then there is sufficient capacity within the payments in the first and second test years to service the additional debt if the amortization period is extended. The Board accepts the non-operating expenses as filed.

[20] The application of depreciation funds to principal debt repayment for the first test year is approved by the Board.

[21] To discontinue the application of depreciation funds to debt could cause a large increase in rates, especially when there are other upward pressures on the operating expenses. Accordingly, the Board approves the continued application of the historical depreciation expense to fund debt repayment. For the sake of clarity, this is established at \$30,000 per year, starting in the second test year ending March 31, 2007. To enable the

Utility to gradually increase rates, and to fund its depreciation reserve, the amount to be used for debt repayment is to be reduced by \$6,000 in each subsequent year.

c) Allocation of Revenue Needs to Customers

i) Facts

[22] The majority of allocations of expenses between fire protection and the various categories under revenue required from metered rates were done using the same ratios as employed in the last rate study with the remainder on a "judgment basis". The allocations are not supported by a rigorous analyses of expense behaviour or attachment to certain activities. As well, the allocations are sometimes determined using different bases (sometimes the percentage is applied to the total expense category, sometimes only to the revenue required from metered customers).

[23] The fire protection charge has been calculated in the first test year at \$91,846. The fire protection charge for 2004/05 was \$99,324. Hence, the new charge is less, even though the operating expenses are higher. No explanation was offered as to why this was the result. Since there may be some inconsistencies, the Board agrees with Ms. Robinson, who stated:

I don't think there should be a reduction.

[Transcript page 89]

[24] The homes in the subdivisions are experiencing low water pressure. To compensate for this sub-standard service, the Utility, in calculating a total rate for the subdivision, has assumed each home will use 40m³ of water per quarter. This is less than normal average usage.

ii) Findings

[25] The fire protection rate, from the last rate hearing, was set at \$99,324 for the year ending March 31, 2005. The same rate of \$99,324 per year is approved by the Board for the first and second test years.

[26] The change in allocation of the revenue required from metered customers between base and delivery has shifted the burden to consumption charges. Unfortunately, it has not been done on a logical basis as outlined in paragraph 22, however, it is within the range of that used by other utilities. The Board accepts the allocations as filed.

[27] The Board also notes the request to eliminate the second block rate. This is in agreement with a trend among all utilities. The elimination of the second block rate, starting in the second test year, is approved by the Board.

[28] When the Utility calculated the total annual rate for the two subdivisions combined (Undertaking U-5), they based it on two 2" connections, whereas the evidence states that there is only one such connection. Using the second test year rates, the annual charge is calculated as follows:

1½" meter base charge (second test year)	\$356.85
Consumption: 40m ³ x 25 homes x \$0.49	<u>490</u>
Total quarterly charge:	<u>\$846.85</u>
Total annual charge:	<u>\$3,387.40</u>

[29] There is some doubt as to the accuracy of the operating and non-operating expenses and the allocation of these expenses to the various revenue elements. This, in addition to other matters raised at the hearing, were best summed up by Ms. Boyer, who stated:

I think that's one of the reasons for an annual – for review in another 12 months.

[Transcript page 46]

The Board agrees with this view and, accordingly, has only granted increases based on the second test year (year ending March 31, 2007). The Utility is encouraged to submit a new rate review within the next 12 months. By that time, the Utility should be in a better position to understand its expense behavior, reduce the number of unknowns, and the direction it wishes to undertake for all capital requirements and their financing.

[30] The approved rates are attached hereto as Schedule "A" and are effective as of April 1, 2006.

RULES AND REGULATIONS

[31] The Utility's rate calculations have assumed that all metered customers will pay the base rate throughout the year. There are in excess of 15 water customers who are considered to be seasonal customers. These customers will have the water shut off for half the year and then have it turned back on the following year. This is a loss of revenue to the Utility for base charges, which are needed to recover the annual maintenance and debt repayment for the infrastructure.

[32] In response to Undertaking U-3, the Utility has submitted a wording change to the Regulations to allow them to bill the base charge for the whole year, regardless of

whether or not the water has been shut off. This amendment has been approved by the Board.

[33] The Rules and Regulations, as amended, are approved by the Board. The approved Rules and Regulations are attached hereto as Schedule "B" and are effective as of April 1, 2006.

FRANCHISE AREA

[34] The Utility is uncertain as to the area it is supposed to serve, in particular, the two subdivisions in the County. A legal opinion on the matter had been sought and was submitted to the Board as Undertaking U-4. There are no records at the Board that indicate a transfer of assets from the subdivision developers to the Utility.

[35] The Board agrees with the opinion of the solicitor that the Utility's responsibility ends at the point of the connection of its transmission line to the 2" water line that serves the subdivisions. Hence, the Utility should not install meters in the homes unless they are willing to take ownership and responsibility for the interconnecting infrastructure. This would mean maintaining the distribution lines and providing a solution for the low water pressure problems.

FUTURE RATE HEARING

[36] The Utility has expressed its intent to submit an application for a rate review within the next year or so. For a new rate application the Board recommends that it be for a three year period and that the following items be included:

- Operating expense budgets with explanations of all variances, including those from historical data and for the three test years.
- A more definitive capital budget, including the source of funding for the total of all additions (not just a portion as was presented in this Application).
- Increase the depreciation expense so that it takes into account all new budgeted capital additions. Also, to reduce the amount of depreciation funds used to repay the debt.
- An analysis of the operating costs as to the cost drivers (a from of activity based costing), so that the expenses can be better allocated to the rate revenue components (ie. fire protection, base charge and consumption charges).

[37] An Order will issue accordingly.

DATED at Halifax, Nova Scotia, this 10th day of March, 2006.

Murray E. Doehler

SCHEDULE "A"

TOWN OF ANNAPOLIS ROYAL WATER UTILITY

SCHEDULE OF RATES FOR WATER & WATER SERVICES

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

RATES

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 1.5% 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 Town of Annapolis Royal Water Utility.

1. UNMETERED RATES

Alden Hubley Drive and Hillside Drive subdivisions (in total)	\$3,387.40 per year
All others (individual connections)	\$105.43 per quarter

METERED RATES

(a) Base Charges

<u>Size of Meter</u>	<u>Quarterly Charge</u>
5/8"	\$ 76.03
3/4"	\$ 111.13
1"	\$ 181.34
1 1/2"	\$ 356.85
2"	\$ 567.47
3"	\$1,129.12

(b) Consumption Rates

\$ 0.49 per Cubic Metre

(c) Minimum Bill

The minimum bill shall be the Base Charge.

2. **PUBLIC FIRE PROTECTION RATE**

The Town of Annapolis Royal shall pay, annually, to the Water Utility for Public Fire Protection Services, the sum of \$99,324.

3. **RATES FOR SPRINKLER SERVICE**

Each building having a sprinkler system installed shall pay for each twelve-month period, \$290.00 for each building served by a sprinkler service pipe.

4. **LEQUILLE**

The rates for water services for Lequille shall be the same as the rates set out for the Town of Annapolis Royal.

5. **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 payment of the base and connection charges and the consumption rates in respect to such installation.

6. **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 the keeping of a record of the time the hydrant is used.

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 \$20.00 has been paid to the Utility.

8. **RESUMPTION OF SERVICE AND CONNECTION FEE**

The Utility shall charge a \$20.00 fee for the creation of a water account or the installation of a water meter.

9. **CHARGE FOR NON-NEGOTIABLE CHEQUES**

The Utility shall charge a \$20.00 administration fee for cheques that, due to non-negotiability, have been rejected by the Utility's bank.

SCHEDULE "B"

TOWN OF ANNAPOLIS ROYAL WATER UTILITY

SCHEDULE OF RULES AND REGULATIONS

(Effective April 1, 2006)

1. In these rules and regulations, unless the context otherwise requires, the expression:

“**UTILITY**” means the Annapolis Royal Water Utility operated by the Town of Annapolis Royal.

“**TOWN**” means, as the context may require, the Town of Annapolis Royal.

“**CAO**” means, the Chief Administrative Officer of the Town of Annapolis Royal.

“**SUPERINTENDENT**” means the Superintendent of the Water Utility of the Town of Annapolis Royal.

“**CUSTOMER**” means a person, firm or corporation who or which contracts to be supplied with water for some distinct purpose at a specific 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.

“**COMMERCIAL SERVICE**” means any service other than a domestic service as herein defined.

2. **LIABILITY FOR PAYMENT OF WATER BILL**: 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:

- a) The customer applying for and receiving approval for water service.
- b) The customer consuming or paying for water service from the date that the customer who is a party to an agreement pursuant to clause (a) (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.

- c) 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, each Applicant for service shall deposit with the Utility a sum of \$100.00, or such lesser amount as the Utility may demand. This deposit shall be held by the Utility as collateral security for the payment of its bills, but is not to be considered as a payment on account thereof. When such customer ceases to use the service and discharges all his liability to the Utility in respect of such service, the deposit shall be returned with interest thereon at the rate of five percent 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. **BILLING:**
 - a) If a contract is entered into or terminated at any time other than a regular billing date, the amount to be charged to the customer shall be the pro rata proportion to the next month, of the regular service charge for the billing period, plus the consumption charge, if any.
 - b) The Utility charges the base rate for the entire year for seasonal users. The quarterly base rate charge will still apply regardless of water turn-offs.
 6. **PAYMENT OF BILLS:** Bills shall be rendered to each customer at intervals of approximately three months. All bills are due and payable when rendered. Bills not paid within 30 days of the date rendered, shall incur an interest charge of 1.5 % per each month or part thereof.
 7. **ADJUSTMENT OF BILLS:**
 - a) 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 30 days.
 - b) Customer 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 willful interference or damage of metering equipment, 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

- 8. **ESTIMATED METER READINGS FOR BILLING PURPOSES:** 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 that estimated reading be used for more than two consecutive billing periods. The Utility shall notify the customer by first class 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.
- 9. **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 \$20.00 for reconnecting after each suspension.
- 10. **PUBLIC FIRE PROTECTION SERVICE CHARGE:** The Utility shall annually, on or before the last day of May, render to the Town an account for public fire protection service for the fiscal year.
- 11. **WATER TO BE SUPPLIED ONLY BY METER:** Except where water is used for construction purposes from a hydrant under the supervision of the Utility and except as in these regulations otherwise provided, all services other than those used exclusively for fire protection shall be metered. Any building occupied by more than one tenant shall have a separate meter with appropriate isolation valves for each tenant. With the Utility's approval, such a building may be serviced by one meter, provided the landlord is the 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. Users currently subject to flat rates shall be subject to meter rates effective the first billing following the date of installation of a meter.

12. **INSTALLATION AND REMOVAL OF METERS:** Meters and outside registers shall be installed and removed only by the employees of the Utility, or its agent, utilizing a type and quality of connection acceptable to the Utility. No other person shall install, alter, change, or remove a meter without written permission of the Utility. The connections for such meters shall be installed without expense to the Utility.
13. **METER READERS:** Each meter reader shall be provided with an official badge or letter 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 purposes of inspecting any water pipes, fixtures 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:** Each customer shall 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 where the service pipe enters the building, in a place where it can be easily read and where it will not be exposed to freezing temperatures.

When 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, at the customer's cost, 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 or the replacement of a meter seal either broken or removed illegally, shall be paid by the customer. The cost shall be charged to the customer in the form of a bill consisting of the amount of actual costs incurred or a \$25.00 minimum charge, whichever is the greater. 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 day rendered, the supply of water to the customer concerned may be suspended until all charges are paid. Repetitive occurrences of damage to the meter or the illegal breaking or removal of the seal of the meter may result in the suspension of water services to that customer by the Utility.
17. **METER TESTING:** On the request of a customer to have his residential meter

tested, the Utility may charge the sum of \$25.00 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 (1½%) for positive displacement meters and three percent (3%) for turbine or compound meters, the sum so deposited will be refunded to the customer.

18. **SATISFACTORY PLUMBING:** Connection shall not be made to piping on the supply side of a meter without special written permission from the Utility. All plumbing, pipes and fittings, fixtures, and other devices for conveying, distributing, controlling, or utilizing water, which are used by a customer and not the property of the Utility, shall be installed in the manner satisfactory to the Utility and Plumbing Inspector. All new installations and changes shall conform to the current National Building Code. The water shall not be turned on (except for construction or testing purposes and only after inspection by the proper official of the Town) until a temporary connection permit has been issued. Permanent service connection will only be made after an Occupancy Permit has been issued. The supply of water may be discontinued to any customer at any time if, in the opinion of the proper official of the Town, 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 customers' premises under a general outside register installation program of the Utility, then the cost of the meter and its installation shall be paid by the Utility.

The meter shall become the property of the Utility which shall become 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 AND 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 sub-paragraph (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.
 - (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) 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) or (d) 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. **ALTERNATE WATER SUPPLY PROHIBITED:** Connection of any customer's installation served by the Utility to any other source of water supply is prohibited. Failure to comply with this regulation shall entitle the Utility to suspend the service.
22. **PROHIBITED DEVICES:** Service may be refused or suspended by the Utility to any customer who installs or uses any device or appurtenances as, for example, booster pumps, quick-opening or quick-closing valves, water-operated pumps or siphons, stand pipes, or large outlets, etc., which may occasion sudden large demands of short or long duration thereby requiring oversize 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 sell or give water to any person except upon such conditions and for such purposes and may be approved in writing by the Utility.
24. **SERVICE PIPES**: Upon receipt of an application for new water service to any premises on a street and there exists in this section of the street a Utility owned and active water main and the premises is not already provided with water service, the Utility shall install a service pipe which it considers to be of suitable size to provide the demand required. No water service smaller than 3/4 inch in diameter shall be installed.

The cost of supplying and laying 3/4 inch water pipe and fittings in the trench provided by the owner, between the main pipe and the street line, shall be paid by the Utility. From the street line to the premises, the cost shall be paid by the customer.

For water service pipes larger than 3/4, the whole cost shall be borne by the customer, less the cost of 3/4 inch service pipe.

Should any person make application for more than one service pipe to a premises, the decision as to the necessity of the additional pipe shall be made by the Utility. All service pipes shall be installed in accordance with the Rules and Regulations of the Municipality and to the satisfaction of the Utility.

When a service pipe 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 service pipe shall be made except at the expense of the customer requesting such removal or alteration.

No customer shall turn off the water supply which would affect the supply to another user.

25. **REPAIRS TO SERVICES**: If a leak or other troubles occur in a service pipe, it shall be repaired as soon as possible. If the leak or trouble occurs between the main and the street line or easement, it shall be repaired by the Utility at its expense. If the leak or trouble occurs elsewhere on the service, it shall be repaired by the customer at his cost.

If a leak occurs on the customer's portion of his service pipe, 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. **DEPOSITS IN ADVANCE:** Whenever a customer requests the Utility to do work for which he is required to pay and the Utility agrees to do the work, he shall deposit with the Utility before the work is started, a sum of money equal to the Utility's estimate of the probable cost of said work. When the actual cost is determined, an adjustment in the payment shall be made. Regular service may not be established by the Utility until all charges are paid in full. For any request for service after normal working hours there will be a minimum charge of \$60.00.
27. **SPECIAL SERVICE CHARGE:** A special service charge of \$20.00 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 of valve serving the dwelling, an isolation valve must be installed.
28. **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 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.
29. **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.
30. **PRESSURE REDUCING VALVES:** When, 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 valve at all times.
31. **PRIVATE FIRE PROTECTION:** Fire protection lines within buildings shall be so installed 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.
32. **LIABILITY OF UTILITY:** The Utility shall not be deemed to guarantee and 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 cause.
33. **SUSPENDING SERVICE FOR VIOLATION:** Whenever, in the opinion of the Utility, violation of any of these rules and regulation 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.

34. **RESUMPTION OF SERVICE:** In all cases where water service has been suspended for violation of any of these works, service shall not be restored until the cause for violation has been removed and a reconnecting charge of \$20.00 has been paid.
35. **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 deemed to be the property of the Utility, or obstruct the free access to any hydrant, stop cock, meter, railway siding, building, etc., provided, however, that nothing in this paragraph shall be deemed to prevent an officer or member of the Fire Department engaged in the work of such department from using any hydrant or other source of water supply of the Utility for such purpose.
36. **SPRINKLER SERVICE MAINS AND HYDRANT SYSTEM:** Where required by the Utility, 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 either install the service pipe at the customer's cost or it 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.