

Decision in a Nutshell

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M12257

Halifax Regional Water Commission
– 2025 General Rate Application



What happened?

The Regulatory and Appeals Board approved Halifax Water's application to increase its rates. However, the Board is not allowing the utility to raise its rates as high as it requested.



What are the main issues of this decision?

- How much money Halifax Water needs to operate
- Which costs the utility may pass on to customers
- The magnitude of proposed rate increases



It's about striking a balance between sustainability for the utility and just and reasonable rates for customers.



Why is the Board not allowing Halifax Water to raise its rates as high as requested?

- While higher rates are needed to cover rising costs from inflation and other pressures, the Board determined that some of the costs Halifax Water requested to pass on to customers were **not justified** or **overestimated**.
- Additionally, the Board found that the magnitude of the proposed rate increases, implemented over just three months, would constitute **"rate shock"** for customers.
 - For example, the utility proposed raising residential water and wastewater service rates by **15.8%** on January 1, 2026, followed by another **17.1%** increase on April 1, 2026. This would have resulted in a combined, compounded increase of 35.6% over three months.



Which costs are NOT allowed to be passed on to customers?

- While the Board is denying or adjusting several costs that Halifax Water requested to pass on to customers, the most significant is related to "deficit elimination."
 - "Deficit elimination" refers to the utility's proposal to recover **\$24.5 million** it didn't collect during the final nine months of 2025 due to a delay in filing its rate application.
- The Board denied the utility's request to recover this revenue shortfall by adding \$24.5 million to customer bills beginning April 1, 2026. Instead, the utility must propose spreading recovery over several years in its next rate application.



What is the impact on customers?

- The final impact on customers remains to be determined.
- Without the "deficit elimination" alone (not including other reductions directed by the Board), the increase to residential water and wastewater service rates on April 1, 2026 would **drop from a proposed 17.1% increase to a 7% increase**.



What happens next?

- Halifax Water is to re-calculate its rates, within one week, based on the Board's findings in its decision. New rates will take effect January 1, 2026, and April 1, 2026.
- **UPDATE:** The Board issued an Order on January 13, 2026, confirming the new rates. Residential rates will increase by **12.1% as of January 1, 2026**, and a further **6% on April 1, 2026**.