DECISION **2023 NSUARB 109**
M10990

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE PUBLIC UTILITIES ACT

- and -

IN THE MATTER OF AN APPLICATION of the **MUNICIPALITY OF THE COUNTY OF INVERNESS** on behalf of its **WATER UTILITY** for Approval of Amendments to its Schedule of Rates and Charges for Water and Water Services and its Schedule of Rules and Regulations

BEFORE:	Steven M. Murphy, MBA, P.Eng., Member
APPLICANTS:	**INVERNESS COUNTY** Gerry Isenor, P.Eng. G.A. Isenor Consulting Limited Blaine Rooney, CPA, CA Blaine S. Rooney Consulting Limited Keith MacDonald Chief Administrative Officer Tanya Tibbo Former Chief Financial Officer Chestley Carr Director of Public Works
HEARING DATE:	May 24, 2023
FINAL SUBMISSIONS:	May 26, 2023
DECISION DATE:	**June 23, 2023**
DECISION:	**Schedules of Rates and Charges effective July 1, 2023, April 1, 2024, and April 1, 2025, are approved, as amended by the Utility in Undertaking U-1.** **Schedule of Rules and Regulations effective July 1, 2023, is approved, as amended by the Utility in Undertaking U-1.**

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I SUMMARY

[1] The Municipality of the County of Inverness (Municipality) applied to the Nova Scotia Utility and Review Board on behalf of its water utility (Utility) to amend its Schedule of Rates and Charges for Water and Water Services and its Schedule of Rules and Regulations. The existing rates and charges have been in effect since April 1, 2020, while the Schedule of Rules and Regulations has been in effect since July 1, 2018.

[2] A rate study to support the application, dated January 16, 2023, was prepared by G.A. Isenor Consulting Limited, in association with Blaine S. Rooney Consulting Limited, and was submitted to the Board on February 10, 2023.

[3] Information Requests (IRs) were issued by Board staff on March 14, 2023, and responses were filed by the Utility on April 11, 2023, with updates to IRs-20e) and 25a) filed on April 17, 2023.

[4] The rate study proposed amendments to rates for the fiscal years 2023/24, 2024/25, and 2025/26, for all customers. Based on average quarterly consumption for 5/8" meter customers, the proposed increases in each test year were 57.0% in 2023/24, 8.4% in 2024/25, and 3.6% in 2025/26. For all other metered customers, based on the average quarterly consumption of each meter size, the proposed rate increases were between 38.3% and 97.0% in 2023/24, 8.4% to 9.0% in 2024/25, and 2.8% to 4.8% in 2025/26. The proposed rate increases for unmetered customers were 73.6% in 2023/24, 8.2% in 2024/25, and 2.7% in 2025/26.

[5] The Utility also proposed amendments to the annual public fire protection charge paid by the Municipality for the provision of water for fire protection services. The total annual public fire protection charge, currently $216,629, was proposed to increase to

$435,801 (a 101.2% increase) in 2023/24, to $482,196 (a 10.6% increase) in 2024/25, and to $508,809 (a 5.5% increase) in 2025/26.

[6] Following public notice, the Board held a hearing at the Port Hood Fire Hall at 1:00 p.m., on Wednesday, May 24, 2023. Gerry A. Isenor, P.Eng., of G.A. Isenor Consulting Limited, and Blaine Rooney of Blaine S. Rooney Consulting Limited represented the Utility. In addition, the Utility was represented by Keith MacDonald, Chief Administrative Officer, Tanya Tibo, former Chief Financial Officer, and Chestley Carr, Director of Public Works.

[7] No members of the public requested to speak during the hearing, and the Board received one letter of comment from a customer of the Utility.

[8] A revised rate study was filed in response to Board IRs, and a final rate study was filed in response to the undertakings on May 26, 2023. It is the final rate study that is discussed in the remainder of this decision, unless otherwise noted.

[9] The rate study, filed in response to undertakings, updated consumption volumes, the number of customers, and several expense line items. These amendments led to the Utility requesting amendments to the base charges for all meter sizes, new consumption rates, and amended fire protection charges over the test period, from what was in the original rate study.

[10] Based on average quarterly consumption for 5/8” meter customers, the revised proposed increases in each test year are 30.2% in 2023/24, 8.6% in 2024/25, and 4.0% in 2025/26. For all other metered customers, based on the average quarterly consumption of each meter size, the proposed rate increases are between 12.8% and 44.0% in 2023/24, 8.8% to 9.2% in 2024/25, and 3.4% to 5.8% in 2025/26. The proposed

rate increases for unmetered customers are 36.4% in 2023/24, 8.5% in 2024/25, and 3.2% in 2025/26.

[11] The Board approves the rates and charges as filed in response to Undertaking U-1 for each of the test years.

II INTRODUCTION

[12] The Utility operates water systems in a number of communities within the Municipality.

[13] The community of Inverness has had a central water system since the early 1900s. The central water system for the community is supplied by two wellfields consisting of four production wells. Wellfield #1 consists of one Production well (PW1) established in 1973 and Wellfield #2 consists of three Production wells, PW3&4 established in 2018 and PW8 established in 2022. PW2 was commissioned in 2004 and together with a 750,000-gallon bolted steel water tower, combined with PW1, was upgraded at that time to include 32 media filters for iron and manganese removal, a sub-surface chlorine contact tank, new well and distribution pumps, online analyzers and monitoring through the municipality's SCADA system. At both wells, treatment plants provide green sand filtration and chemical disinfection (sodium hypochlorite). The filtration systems are operated by a PLC-based control panel. The control system is equipped with an operator interface to enable the operator to adjust process variables such as backwash times and to monitor process parameters such as chlorine residual and differential pressure. Treated water from PW1 flows into an underground 6,500 Imp Gal clear-well/chlorine contact tank from where it is pumped into the distribution (and water tower) based on the level of the water tower.

Treated water from PW2 flows directly into the distribution system (and water tower) based also on the level of the water tower.

[14] The community of Judique has a central water system that is supplied by a surface water source that is fed by runoff from the River Denys Mountains. The surface water source consists of a dammed containment area that is located approximately 2.5 km northeast of the community on Rory Brook. The intake is situated at the bottom of the dam and draws the necessary flow to maintain volumes in the clear well downstream of the treatment plant. The water treatment train consists of chemical coagulation, clarification by dissolved air flotation (DAF) and sand filtration. The treated water flows through a chlorine contact chamber into a clear well. High lift pumps deliver the treated water to the distribution system and the 180,000-gallon water storage tower (installed in 2018).

[15] The Mabou water supply generally consists of a production well which pumps through a treatment building into a storage reservoir. The water then flows to the distribution system. Treatment consists of chlorine injection as well as an in-line UV disinfection unit which follows a series of three pressure filters. Upon leaving the building, the water enters the adjacent 230,000 Imp Gal water storage tower where chlorine contact time is provided.

[16] The central water system for the community of Port Hood is supplied by two production wells: Production well No 1, (PW1) and Production well No 2. (PW2). The Greensand water treatment is manually operated and discharges directly to the distribution system. Backwash is directed to an outdoor settling pond that ultimately drains overland to the shoreline. At the pump house, there are turbidity and chlorine residual analyzers and two single chlorine injection pumps. The treatment plant removes iron and manganese

and was commissioned in 1997. The treatment process is a proprietary filtration system manufactured by Pureflow. The raw water from the wells flows into the plant and passes through a pair of pressure vessels which act as contact tanks for chemical reaction. The flow then passes through a pair of pressure filters. Each filter is equipped with automatic controls and piping arrangements to facilitate automatic backwash and filter-to-waste operation. The disinfection equipment is a Prominent metering pump package. The treated water is stored in an adjacent 220,000 Imp Gal storage tower or directed into the distribution system.

[17] The Port Hastings system purchases treated water from the Town of Port Hawkesbury water utility. A water storage tower on the line provides system operating volume, firefighting and emergency water storage.

[18] The Whycocomagh water supply generally consists of a pair of production wells which pump through a treatment building into a storage reservoir. The water then flows to the distribution system. Although there is no treatment apart from chlorination at present, the building has been constructed with sufficient space to house additional equipment as may be required. Duplex prominent metering pumps are used to inject sodium hypochlorite for disinfection. The water upon leaving the building enters the adjacent 200,000 Imp Gal water storage tower where chlorine contact time is provided. The line leaving the water tower passes through the water treatment building where the chlorine residual is analyzed.

[19] The Cheticamp water system is comprised of a wellfield and a distribution system. Groundwater wells supply water to a chlorination and monitoring building where the well water is disinfected and stored in a 250,000 US Gal tank. The water is chlorinated

before distribution. The SCADA system is located within the monitoring building and can be accessed remotely by operators and provide call-out alarms. The main water system consists of 4” and 8” distribution piping.

[20] The Utility currently serves approximately 1,803 customers. It projects the number of customers will increase by five, 5/8” customers in the first test year and 10, 5/8” customers per year over the final two test years. At the time the last rate study was filed, the Utility had 1,562 customers.

[21] The Utility confirmed that all of its water systems meet the Nova Scotia Environment’s Drinking Water Strategy, and noted in the previous rate hearing that source water protection plans have been implemented for all systems.

[22] The rate study projected the average consumption per customer for each meter size to remain the same over the test period, except for 5/8” metered customers. The 5/8” customers are projected to see average consumption drop by 0.5% per year over the test period. This decrease in consumption is included in the rate study and projected new rates.

[23] In its previous rate application, the Utility noted that although the metering of unmetered customers did not happen before that review, the Utility still planned on metering the existing unmetered customers. At the time of the last review, the Utility had 385 unmetered customers. At the time the current application was filed, the Utility only had 65 unmetered customers. In response to IRs, the Utility noted that its metering program was more successful than it anticipated.

[24] In its previous rate application, the Utility noted that it had been using lower depreciation rates on its assets than those set out in the *Water Utility Accounting and*

Reporting Handbook (*Accounting Handbook*). The Utility has continued to use those depreciation rates on existing assets, which has the effect of lowering the annual depreciation expense by approximately $30,000. The depreciation rates for the asset additions included in the previous application were based on the *Accounting Handbook* guidelines. As a result, the Board directed the Utility to review its depreciation calculation on its assets and to propose any necessary revisions before the current application.

[25] In reply to Board staff IR-10 of the current proceeding, the Utility noted:

> … The depreciation calculation was reviewed and corrected after the previous rate decision and now follows the Handbook or the projected useful life if the assets are different from those detailed in the Handbook. The current application includes full depreciation rates.
>
> [Exhibit I-5, p. 9]

[26] In response to IR-6, the Utility noted that its non-revenue water was in the 65% to 70% range. This issue was also discussed during the hearing, including possible measures the Utility is taking or should consider taking to find and address leakage.

[27] The Utility presented the application to the Board based on the need to amend rates to cover increased operating costs, lower the accumulated deficit, and fund necessary capital improvements. To help with the accumulated deficit, the Municipality has agreed to provide the Utility with a grant of $1 million over the test period. This grant will help keep rates lower than if the Utility requested earnings to cover the accumulated deficit.

III LETTER OF COMMENT

[28] The Notice of Hearing invited members of the public to send letters of comment to the Board or appear at the hearing to speak. The Board received one letter of comment from a residential customer that spends the summer and fall in Port Hood.

[29] The customer noted that as a person on a fixed income, an increase as large as that being requested, along with the recent property tax increases, would be a “terrible set back.” The letter urged the Board to give this issue “contentious consideration”.

[30] The Board notes that this letter was submitted based on the Utility’s original application, which asked for a rate increase of approximately 57% for 5/8” customers. Since that time, in response to undertakings, the Utility revised the rate increase to approximately 30% for the same customer class.

IV REVENUE REQUIREMENTS

a) Operating Expenditures

[31] Schedule B-1 of the rate study indicated that the Utility’s expenses were estimated to exceed revenues by $439,494 in 2022/23, increasing the Utility’s existing accumulated deficit to $1,640,351. Without a rate adjustment, the Utility expects expenses to exceed revenues by $560,069 in 2023/24, $724,714 in 2024/25, and $809,505 in 2025/26. These annual deficits lead to an estimated increase in the calculated accumulated deficit to $3,734,639 at the end of the test period.

[32] In response to Board staff IR-26, the Utility described how costs are currently allocated between the Municipality and the Utility:

> Allocations of costs are typically for wages. The allocations have been 70/30, with 70% allocated to the Municipality. This has not changed.
>
> [Exhibit I-5, p. 20]

[33] In response to Board staff IR-27, the Utility summarized its budgeting process as follows:

> The Director of Public Works, CFO and CAO meet to review the budget requirements line by line. Staffing requirements are confirmed and allocated. A draft is presented to Council who make a motion to approve.
>
> [Exhibit I-5, p. 20]

[34] The Utility also confirmed that this rate study includes the full depreciation of existing and proposed additions to plant and equipment. In the previous rate study, depreciation on existing assets was not being fully recognized in rates.

[35] The projected operating expenses for the test years are generally based upon the Utility's budget for 2022/23 plus an annual increase of 3% to cover higher operating expenses. In response to Board staff IRs-29 to 33, the Utility explained the year-over-year changes in expenditures that varied from 3%.

[36] Within the operating budget, the Utility has included roughly $15,000 for leak detection in each of the test years. When discussed at the hearing, the Utility noted that this expense relates to checking any magnetic flow meters that might be over-registering water produced, then addressing any related issues with the meters that may be required.

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

Findings

[38] The operating expenses over the test years are generally based on an annual increase in expenses which the Board finds reasonable. The Board accepts the explanations for the increases provided by the Utility.

[39] The Board accepts the allocation of expenses between the Municipality and the Utility for this rate study. The Board understands costs allocated between the

Municipality and the Utility are primarily related to wages and are allocated 70% to the Municipality and 30% to the Utility. The Board encourages the Utility to review its allocation of wages before its next rate application.

[40] The Board commends the Utility in its planned efforts for leak detection, given the high amount of non-revenue water in the systems. In addition, as noted in its letter sent to all water utilities, the Board encourages the Utility to consider the use of the standard water balance model, promoted through AWWA, to aid in leak detection efforts.

[41] The Board accepts the depreciation expenses for the test period, which are based on the current depreciation expense plus annual depreciation for capital additions over the test period. This includes the full depreciation expense on existing assets, which is a change from the previous rate applications.

b) Capital Budget and Funding

[42] The rate study included the Utility's capital budgets for 2022/23 and the three test years, totalling $3,560,298, $4,616,483, $3,763,0310, and $770,408, respectively. In response to Board staff IR-34, the Utility provided a list of the planned projects and their proposed funding over the test years.

[43] The capital budget consists of distribution main work, source of supply structures, well testing and development, water treatment projects, and various required tools and equipment. Because the Utility consists of a number of separate small water systems, the capital requirements are substantial, as each of the systems has its specific issues that need to be addressed. The proposed funding for the capital budget is summarized in the following table:

	2023/24	2024/25	2025/26
External Funding	$2,752,909	$2,866,110	$770,408
Depreciation Fund	$1,200,000	$ 600,000	
Long Term Debt	$ 663,574	$ 296,921	
Total	**$4,616,483**	**$3,763,031**	**$770,408**

[44] The Utility noted that the sources of outside funding were not confirmed at the time the IR responses were filed and that if funding is not secured, the scope of the work or delaying projects might be required.

[45] The rate study indicated that the Utility's depreciation fund balance at the beginning of the test period is projected to be $764,469. The rate study projects that, with the proposed funding, the depreciation fund balance will be $822,749 at the end of the test period.

Findings

[46] The Utility is focused on repairing and replacing problem watermains, increasing sources of supply, and dealing with aging infrastructure on several small systems that make up the overall utility. The Board accepts that these projects are necessary to keep the systems in proper working order, while also dealing with growth in some of the systems. The Board also accepts the Utility's proposed capital program and funding as set out in the rate study.

[47] The Board understands that some of the proposed capital projects are relying on outside sources of funding. If that funding is not secured, some of the projects might

not be undertaken during the test period or the scope may need to be re-evaluated. If that happens, and since the funding and depreciation expense are built into rates, the Board suggests that the Utility put aside the equivalent of the depreciation expense for those projects in a reserve account for future capital works. In addition, the revenue earmarked for interest expense and principal repayment on the proposed new debt could be used to increase the Utility's operating surplus for a given year, thereby lowering the accumulated deficit.

[48] In the event outside funding is not secured, the Utility is directed to apply to the Board for permission to set up a capital reserve. Based on section 3080 of the *Accounting Handbook*, such an application to the Board must contain at least the following:

- The purpose of the reserve;
- The term, including estimated termination date;
- The treatment of interest and income earned in the reserve;
- The amount, frequency, and source of payments into the reserve;
- The qualified disbursements from the reserve; and
- The type and frequency of financial reporting of transactions related to the reserve.

[49] The Utility is reminded that the inclusion of the proposed capital projects in the rate study does not constitute Board approval of these projects. Separate Board approval is required for projects more than $250,000 as set out in s. 35 of the *Public Utilities Act*, regardless of the source of funding.

c) Non-Operating/Other Revenues and Expenditures

[50] The amount of non-operating revenue in the first two test years, for the Amortization of Deferred Government Assistance (DGA), totals $85,000 in 2023/24, and $40,000 in 2024/25. $85,000 was also budgeted for 2022/23.

[51] In response to Board staff IR-14, the Utility clarified what the DGA relates to, as well as why it is proposing to recognize it as non-operating revenue in the first two test years:

> The amortization of "Deferred Government Assistance" (DGA) was phased out in the approved rates in 2018/19 but PSAB accounting requires that the amortization of the DGA continue until the asset is fully depreciated. The Board's Accounting and Reporting Manual permits that full depreciation be included in the rates and not be offset by the amortization of the DGA.
>
> …
>
> It is proposed to phase out the "Deferred Government Assistance" in the second year due to the projected large increase in rates in the first test year.
>
> [Exhibit I-5, pp. 13-14]

[52] In addition to recognizing DGA to help mitigate rate shock for the first test year, the Municipality has agreed to provide a grant in the amount of $1,000,000 over the test period to help pay down the Utility's current accumulated deficit. This is broken down to $333,000 in each of the first two test years and $334,000 in the final test year.

[53] Although the grant is not shown as a non-operating revenue, it is included in worksheet B-1 below the operating/accumulated deficit figure and acts to reduce the accumulated deficit.

[54] The non-operating expenses include debt repayments and corresponding interest expenses on existing debt and any new debt issued over the test period. For rate-making purposes, an interest rate of 6% is used on any new debt, with actual principal and interest payments used for existing debt.

[55] The rates of return on rate base calculated in the rate study are 1.21%, 1.79%, and 2.21%, respectively, in each of the test years.

Findings

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

[57] The Board accepts the use of deferred government assistance as a non-operating revenue line item in the first two test years to reduce rate shock. The Board also accepts the phasing out of recognizing deferred government assistance as a source of non-operating revenue by the end of the second test year, to ensure that rates are covering the full cost of operating the Utility.

[58] The Board accepts the non-operating expenditures for existing debt and new debt, including using a 6% interest rate as a proxy. The Board notes that only actual interest expense incurred will be used for this debt on its financial statements and in the next rate study.

[59] The Board finds the proposed returns on rate base over the test years to be reasonable.

V REVENUE REQUIREMENT ALLOCATION

a) Public Fire Protection

[60] The methodology used in the rate study to determine the public fire protection charge paid by the Municipality to the Utility follows the *Accounting Handbook* except for the allocation of the Cheticamp system. The Cheticamp system assets are allocated 100% to general service, as the Utility does not offer public fire protection service on that portion

of the system. The proposed allocations are the same as the previous rate application approved by the Board.

[61] The Utility confirmed it had conducted a fire flow study on the Inverness system. The study identified some issues, which the Utility is working to correct. The Utility plans on having each of the distribution systems computer-modelled, including fire flows, over the next two years.

[62] The percentage allocation of utility plant in service to public fire protection is calculated in the rate study to be within a range of 34.5% to 35.0% in each of the test years. This results in total costs being allocated to fire protection of 24.4%, 24.7%, and 24.9%, for the three test years, respectively.

[63] This calculation results in large increases in the fire protection charges paid to the Utility from the Municipality, due in part to the large capital investment planned. As noted above, the fire protection charge is requested to increase from the current $216,629 in 2022/23, to $432,475 in 2023/24, to $479,202 in 2024/25, and to $505,014 in 2025/26. The first test year's increase is due to capital investments since the last rate application and a general increase in costs.

Findings

[64] The Board accepts the methodology used to determine the allocation of costs to general service and public fire protection as set out in the rate study. This includes the allocation of the Cheticamp system 100% to general service.

[65] The Board notes that due to the timing of the hearing and this decision, the fire protection charge for the first test year will be prorated for the amount of time each rate is in effect for 2023/24. Based on the date the rates become effective, the 2023/24 fire

protection charge will be calculated by taking one quarter (25%) of the current rate and three quarters (75%) of the new approved rate for 2023/24. The fire protection charges for the second and third test years are approved as included in the rate study filed in response to Undertaking U-1.

b) Utility Customers

[66] After the allocation to fire protection, the remaining revenue requirement is recovered from the customers of the Utility. The Utility currently has 1,803 customers, which is expected to grow by five, 5/8" customers in the first test year, followed by 10, 5/8" customers in each of the final two test years.

[67] The Utility is projecting no change in average consumption volume per customer for all meter sizes for the test years, except for the 5/8" metered customers. The average consumption for the 5/8" customers is projected to decrease by 0.5% per year in each of the test years.

[68] The supplemental notes to worksheet C-3 noted the following about allocating costs to base, delivery, and production, for the allocations that deviate from the *Accounting Handbook*:

> The allocation of the Depreciation has been set at 90% to Base, 5% to Delivery and 5% to Production in the first test year and 80% to Base, 10% to Delivery and 10% to Production in the final two test years. The allocation for Depreciation was 100% to base in the previous rate study.
>
> The allocation of the Return on Rate Base has been set at 100% to Base in all three test years. The allocation for Return on Rate Base was 40% to Base, 30% to Delivery and 30% in the previous rate study.
>
> The request is made for rate design purposes to keep the revenue from the base charge between 39% and 40% of revenue from water sales.
>
> [Exhibit I-2, p. 3]

[69] With the projected rates, about 60.6% of the Utility's revenue from customers will be derived from the consumption charges in 2023/24, 60.4% in 2024/25, and 59.5% in 2025/26. This amount of revenue derived from base and commodity charges provides some revenue stability for the utility while also providing incentive for the customers to reduce consumption.

Findings

[70] The Board accepts the methodology used by the Utility to distribute expenses to base, customer, delivery, and production charges, which generally follows the *Accounting Handbook,* except for depreciation and return on rate base.

[71] Based on the information presented, the Board finds the projected decrease in consumption of 0.5% for 5/8" customers to be reasonable. The Board also accepts the projected number of customers over the test period. The Board approves the customer rates, including the unmetered rate, as presented in the rate study.

VI SCHEDULE OF RATES AND CHARGES

[72] Except for the amendments for the rates for water supply to its customers and the fire protection charges, the application proposes no additions or changes to any of the miscellaneous rates and charges. The Schedules of Rates and Charges were updated during the previous application and do not require any other changes at this time.

Findings

[73] The Board approves Schedules A, B, and C, as filed in response to Undertaking U-1, with the effective dates of July 1, 2023, April 1, 2024, and April 1, 2025, respectively.

VII SCHEDULE OF RULES AND REGULATIONS

[74] In response to IR-52, the Utility noted that it only proposed one addition to an existing regulation and no other amendments to its Rules and Regulations. This addition was added to the end of number 11., "Installation and Removal of Meters". The change is requested to clarify the Utility's procedure for requesting a change to the size of meter and outlines the responsibilities of the Utility and the customer. The proposed wording is as follows:

> If a customer wishes to change the meter size, either increase or decrease, the change must be approved in writing by the Utility. The Customer shall be fully responsible for undertaking and paying for all required plumbing changes for the new meter size to the satisfaction of the Utility. The Customer shall pay the Utility the Special Service Charge for the removal of the old meter and the installation of the new meter as outlined in the Schedule of Rates and Charges. The Utility shall supply the new meter at no cost to the Customer."
>
> [Exhibit I-5, p. 41]

Findings

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

[76] The Board approves Schedule D, as presented in response to the undertakings, effective July 1, 2023.

VIII CONCLUSION

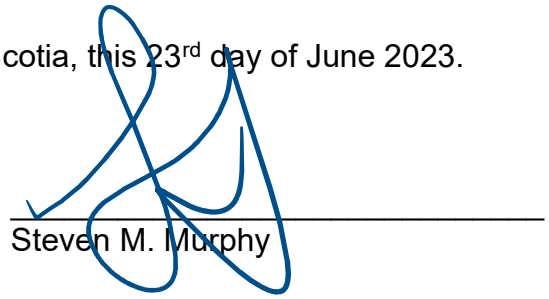
[77] The Board approves the Schedules of Rates and Charges for Water and Water Services for 2023/24, 2024/25, and 2025/26 as filed in response to Undertaking U-1, as Schedules A, B, and C, with effective dates of July 1, 2023, April 1, 2024, and April 1, 2025, respectively.

[78] The Board approves the Schedule or Rules and Regulations, effective July 1, 2023, as Schedule D.

[79] In the event outside funding is not secured for its proposed capital projects, the Board directs the Utility to apply to the Board for permission to set up a capital reserve.

[80] An Order will issue accordingly.

DATED at Halifax, Nova Scotia, this 23rd day of June 2023.



Steven M. Murphy