

NOVA SCOTIA REGULATORY AND APPEALS BOARD

IN THE MATTER OF THE PUBLIC UTILITIES ACT

- and -

IN THE MATTER OF AN APPLICATION by the **TOWN OF STELLARTON** on behalf of its **WATER UTILITY** for approval of amendments to its Schedule of Rates for Water and Water Services and amendments to its Schedule of Rules and Regulations

BEFORE: M. Kathleen McManus, K.C, Ph.D., Member

APPLICANT: **TOWN OF STELLARTON**

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

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

Alanna Grover
Chief Administrative Officer

Bonnie Coulter
Director of Finance

Blaine Murray
Town Engineer

HEARING DATE: July 3, 2026

FINAL SUBMISSIONS: July 23, 2026

DECISION DATE: **September 23, 2026**

DECISION: **Schedules of Rates for Water and Water Service are approved, with the effective dates of October 1, 2026, April 1, 2027, and April 1, 2028.**

Schedule of Rules and Regulations is approved, with the effective date of October 1, 2026.

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1.0 SUMMARY

[1] On April 14, 2026, the Town of Stellarton (Town), on behalf of its water utility, applied to the Nova Scotia Regulatory and Appeals Board (Board) to increase water rates for its customers, effective July 1, 2026, with further increases effective April 1, 2027, and April 1, 2028. Due to the timing of the hearing, the utility updated its request for the effective date of the first test year to October 1, 2026. The utility also requested that the fire protection charges paid to the utility by the Town and the Municipality of the County of Pictou (Municipality) remain the same in the first test year, then increase in each of the following two years.

[2] A rate study to support the application dated March 31, 2026, was prepared by the utility's consultants, G.A. Isenor Consulting Limited, in association with Blaine S. Rooney Consulting Limited, and was submitted to the Board on April 14, 2026. Information Requests (IRs) were issued by Board staff on May 27, 2026, and the utility filed responses on June 4, 2026.

[3] In the 2024/25 fiscal year, the utility had an operating deficit of \$89,210 and projects a deficit of about \$45,000 for 2025/26, leaving it with an accumulated surplus of \$693,774. Based on existing rates, the utility is projecting annual operating deficits over the test period of about \$15,000 for the 2026/27 fiscal year, \$227,000 in 2027/28, and almost \$251,000 in 2028/29. These projected deficits would leave the utility with an estimated accumulated surplus of over \$201,000 on March 31, 2029.

[4] The rate study proposed to transfer \$200,000 of its accumulated surplus, in each of the first two test years, to non-operating revenue to reduce the size of the rate increases over those years. This proposal, along with the other assumptions from the rate

study, results in required changes to rates for all unmetered and metered customers for fiscal years 2026/27, 2027/28 and 2028/29.

[5] For unmetered residential customers that will remain unmetered by the end of the first test year, their quarterly bill increases in each of the test years by 13.3%, 12.9% and 8.9%, respectively. The unmetered rates are based on quarterly consumption of 50 m³ per quarter. For 5/8" metered customers, based upon average quarterly consumption, the proposed increases in each of the test years are 14.2%, 9.5% and 8.8%, respectively. Customers that were charged the unmetered rate in 2025/26, but now have a meter, will see quarterly bills increase by an average of 1.8% in the first test year, then the same increases as 5/8" metered customers for the rest of the test period.

[6] For all other metered customers, based upon average quarterly consumption of each meter size, the proposed rate increases are between 13.9% and 18.4% in 2026/27, 10.5% and 15.5% in 2027/28, and 8.5% and 9.5% in 2028/29.

[7] The utility also wholesales water to the Municipality, which the Municipality then sells to its own customers. The Municipality currently pays an average of \$18,901.47 per quarter for water. Based on the assumptions in the rate study, the amount charged to the Municipality is expected to decrease by 8% in 2026/27, then increase by 10.9% and 7.3% in the final two test years.

[8] The application also proposed increases to the annual charge paid by the Town and Municipality for water for its fire protection service in the final two test years. The total annual public fire protection charge, currently \$776,190, is proposed to remain the same in 2026/27, then increase to \$805,024 in 2027/28, and to \$934,415 in 2028/29.

[9] Following public notice, the Board held a public hearing at the Stellarton Fire Hall on Friday, July 3, 2026. The utility's consultants represented the utility and were accompanied by Alanna Grover, Chief Administrative Officer; Bonnie Coulter, Director of Finance; and Blaine Murray, Town Engineer. No members of the public requested to speak during the hearing, and the Board received no letters of comment. The public notice of the hearing was advertised in the Pictou Advocate on April 29, 2026, May 6, 2026, and May 13, 2026 [Exhibit S-2].

[10] In addition to the utility's operating costs increasing, the cost of capital additions and replacing aging infrastructure must also be included in rates. These capital improvements and any associated funding over the test period were budgeted in the rate study submitted with the application. The utility's planned spending for capital projects includes \$500,000 in 2026/27, \$1,350,000 in 2027/28, and \$695,000 in 2028/29.

[11] The utility has been rolling out a program to install new meters for residential customers. Most flat rate customers have already been switched over, and the utility expects remaining customers will have a meter by the end of the first test year.

[12] The Board reviewed the rate study and the other evidence provided. The Board finds that the proposed rate changes are reasonable and approves the Schedules of Rates for Water and Water Services. The utility proposed limited changes to its Schedule of Rules and Regulations, and the Board approves it as filed.

2.0 BACKGROUND

[13] The utility's source of supply is the East River. Raw water is treated at the water treatment plant, which provides coagulation/flocculation, clarification, filtration,

rapid sand filtration, ultrafiltration and disinfection. The utility has two reservoirs, each having storage of 5,000 m³.

[14] The distribution system is divided into two pressure zones. The distribution network serves 1,718 customers in Stellarton, and the utility sells water to the Municipality for a small population in the Riverton Community. The utility is projecting no change in the number of customers served over the test period. The rate study assumes stable water consumption by all customer classes other than 5/8" metered customers, over the test period, with 5/8" metered customers' average consumption decreasing by 3% per year. This 3% is to account for customers that were unmetered now being charged a metered rate and being able to influence their bills by lowering consumption.

[15] Since the last rate application in 2023, the utility has focused its capital work on asset replacement, including distribution main renewal and water meter rollout. The utility requires rate adjustments to continue meeting its operational obligations, address its operating deficit, and carry out necessary capital improvements. The utility's consultants prepared a rate study dated March 31, 2026, supporting the application.

[16] The rate study calculated quarterly rate increases for unmetered residential customers, based on quarterly consumption of 50 m³. The current quarterly bill is \$153.96 and is proposed to increase to \$174.51 in 2026/27 (13.3%), \$196.96 in 2027/28 (12.9%), and \$214.57 in 2028/29 (8.9%). For 5/8" metered customers, based on average usage, the proposed increases are 14.2% in 2026/27, 9.5% in 2027/28, and 8.8% in 2028/29.

[17] Customers who have recently had a meter installed but have been charged the unmetered rate are moving to the 5/8" meter rate class. For these customers, the increase in the first test year is 1.8%, with the other test years following the 5/8" meter

class, noted in the previous paragraph. For all other metered customers, based on average usage for each meter size, average rate increases are proposed to be between 13.9% and 18.4% in 2026/27, 10.5% and 15.5% in 2027/28, and 8.5% and 9.5% in 2028/29.

[18] The utility also provides water to the Town and Municipality for fire protection. The fire protection charge is currently \$776,190 and is proposed to remain the same for 2026/27, then increase to \$805,024 in 2027/28, a 3.7% increase, and to \$934,415 in 2028/29, a 16.1% increase. The utility's calculation of the charge is based on the cost-of-service allocation methodology set out in the Board's *Water Utility Accounting and Reporting Handbook (Handbook)*, other than for reservoirs, transmission mains, and distribution mains. For these categories, the utility calculated the allocation using the same method as was used in the previous rate study, which resulted in the allocations of 18.5% to general service and 81.5% to fire protection.

[19] During its last rate application, the utility noted that it estimated non-revenue water because the majority of its customers were unmetered, so the actual amount could not be calculated. In response to IR-7, the utility noted that the most recent estimate of non-revenue water, based on total water produced, was 6%. The utility noted that its non-revenue water calculations will become more accurate as the remaining customers are metered and actual usage is recorded. The utility also noted that work done on water main replacements in 2023, 2024 and 2025 would have reduced non-revenue water, as fewer breaks and leaks have occurred.

3.0 REVENUE REQUIREMENTS

3.1 Operating Expenditures

[20] For the fiscal year ended March 31, 2025, the utility had an excess of expenses over revenue of \$89,210 and an accumulated operating surplus of \$739,195. For the year ended March 31, 2026, the utility projects an excess of expenses over revenues of \$45,421, lowering the accumulated surplus to \$693,774.

[21] The rate study projects that, at current rates, the utility's expenses will exceed revenues by \$14,659 in 2026/27, \$226,942 in 2027/28, and \$250,782 in 2028/29. The utility proposes to use \$200,000 of its accumulated surplus in both 2026/27 and 2027/28 to offset the increases in those two years. Without a rate adjustment, the utility projects an accumulated surplus of \$201,391 at the end of the test period.

[22] Board staff asked for additional information on significant changes in cost items from the 2024/25 actual amounts to the 2025/26 projected amounts. In its responses, the utility provided the rationale for these changes. The operating expenses in the test years are based on the utility's 2025/26 budget, then applying annual increases of 3% to all but one cost line item, which increased by 2.2% in the first test year (Other – Hydrometric Monitoring Water Intake for DFO (Department of Fisheries and Oceans Canada)).

[23] The utility described its budgeting process in response to IR-19 as follows:

The budget is prepared at a detailed level by GL Account comparing the results for the past years with the most recent year and adjusting for changes anticipated for the budget year. The detailed budget is reviewed with the CAO, Engineer, Water Manager and Finance. The budget is then reviewed with Council for final approval. There have been no changes in the process since the last rate case.

[Exhibit S-3, p. 16]

[24] In response to IR-20, the utility explained how costs are allocated between the utility and the Town, as follows:

Public Works' employee hours are tracked and charged to the Utility at actual hours worked. The Engineer and Superintendent are charged to the Utility based on an estimate of total hours spent on Utility business (20%). Administrative staff and expenses are charged based on the percentage of time spent on Utility payroll, payables, billing, receipts, collections and general oversight. Administrative facility costs are allocated to the Utility at 30%. There has been no change in these allocations since the 2023 rate application. The allocations are reviewed annually and were reviewed for the March 31, 2026 year end. The utility is confident the current allocations are reasonable. There is no allocation of Council honorariums, training or conferences to the utility

The shared facilities are allocated at 30% to the Utility and the allocation is reviewed annually and was reviewed as of March 31, 2026. The utility is confident the current allocation is reasonable.

[Exhibit S-3, p. 16]

[25] The projected depreciation expense in each test year is based on current depreciation expense plus the projected depreciation on planned capital additions in each test year. The utility noted that the depreciation rates used for the various asset classes conform to the guidelines set out in the *Handbook*. Capital items not identified in the *Handbook* are depreciated based on the estimated useful life of the asset.

3.1.1 Findings

[26] Without an increase in rates, the utility's accumulated surplus will likely be eliminated in the first year following the test period (2029/30), and then it will face a growing accumulated deficit in subsequent years.

[27] The Board reviewed the various operating expenses and the explanations provided for the budgeted amounts. The annual increases in operating expenses are generally based on increases of 3% per year over the test period. The Board accepts the explanations for the increases and assumptions provided by the utility. The operating expenses requested by the utility over the test period are reasonable and appear to be required for the proper functioning of the utility.

[28] The Board also accepts the utility's explanation for the allocation of expenses between the Town and the utility, as well as its budgeting procedures. The Board reminds the utility to continue to review these allocations and revise them when necessary to reflect its share of common costs.

[29] The Board finds the projected depreciation expense, and the explanation provided for the depreciation on capital works not included in the *Handbook*, to be reasonable.

3.2 Capital Budget and Funding

[30] The rate study included the utility's capital additions of \$1,634,500 in 2025/26 and its proposed capital additions for each of the three test years. The proposed capital additions are \$500,000 in 2026/27, \$1,350,000 in 2027/28, and \$695,000 in 2028/29.

[31] Worksheet B-3 in the rate study included the funding sources for the projects for the test years as follows:

	2026/27	2027/28	2028/29
External Funding	\$0	\$50,000	\$0
Depreciation Funds	\$500,000	\$550,000	\$695,000
Long-Term Debt	\$0	\$750,000	\$0

[32] In response to IR-27, the utility noted that there are no programs available for external funding for the required projects over the test period, so it does not anticipate applying for any. During the hearing, the Board questioned the \$50,000 of external funding for 2027/28, given the IR response noted that no funding programs are available. During the hearing, the utility clarified that it hopes to obtain \$50,000 from the Provincial

Capital Assistance Program as a funding source for the electrical pumping equipment expenditure of \$75,000.

[33] In response to IR-26, the utility provided a list of the projects included in each year's capital budget by function. Most of the work over the test period is for distribution main replacements. The distribution mains being replaced are based on age and history of breaks. In addition to distribution main work, the utility is looking at replacing both of its vehicles over the test period, as well as one treatment membrane and a pump.

[34] The balance in the depreciation fund on March 31, 2025, was \$424,282, as provided in Worksheet B-3. After the contributions and expenditures over the test period, the fund is expected to have a balance of just \$72,929 at the end of the final test year.

3.2.1 Findings

[35] The utility explained its planned capital projects and their anticipated timelines. The Board accepts the utility's proposed level of capital spending as filed in the rate study. The utility's projected depreciation fund balance will be reduced from its current balance to just \$72,929, due to the proportion of funding for its proposed capital program coming from depreciation funds.

[36] Although the balance in the depreciation fund will be relatively depleted at the end of the test period, given the amount of capital spending, the depreciation expense and associated transfers to the depreciation fund will increase to over \$600,000 per year in the final test year. These transfers will increase the amount of funding available from depreciation each year going forward.

[37] The utility is reminded that including the proposed capital projects in the rate study for the purpose of setting rates does not constitute Board approval of these projects.

Section 35 of the *Public Utilities Act*, RSNS 1989, c 380, states that Board approval is required for any capital projects that require the expenditure of more than \$250,000.

3.3 Non-Operating/Other Revenues and Expenditures

[38] The utility's other operating and non-operating revenue offsets the amount of revenue required to be collected from customers and fire protection charges. In contrast, non-operating expenses increase the amount of revenue required from those sources.

[39] Other operating revenue totals \$12,800 in each of the test years. This amount consists of \$2,200 from sprinkler services, \$2,000 from connection/disconnection charges, and \$8,600 from metered penalties. In its response to IR-15, the utility explained that the meter penalty line item is for interest charged on overdue accounts.

[40] The non-operating revenue from interest and other income for the test years is projected to be \$10,000, \$7,500 and \$5,000, respectively. In addition, the utility proposes to recognize transfers from the accumulated surplus of \$200,000 in 2026/27 and 2027/28 as non-operating revenue, to reduce the revenue required from other sources. Although the utility has been running small annual operating deficits since 2021, it is still sitting on an accumulated surplus estimated to be \$693,774 as of March 31, 2026. The surplus was accumulated over several years, prior to the previous rate case.

[41] The rate study includes non-operating expenses consisting of debt charges on existing and new debt taken out by the utility over the test period, totalling \$453,494 in 2026/27, \$542,687 in 2027/28, and \$525,242 in 2028/29.

[42] For existing debt, the utility based the interest and principal payments on the actual cost of servicing the debt. For the new debt taken over the test period, the utility included it at an interest rate of 6% over a 20-year term.

[43] The utility's calculated return on rate base, using the assumptions and projections in the rate study, is -1.79%, 2.37% and 3.69%, in each of the test years, respectively. The return on rate base is calculated based on non-operating expenditures less non-operating and other non-operating revenue. The first two test years' rates of return are lower, in large part because of the transfers from the accumulated surplus to non-operating revenues.

3.3.1 Findings

[44] The Board finds the utility's other operating and non-operating revenue to be reasonable, and accepts it as presented in the rate study, including recognizing the transfer from the utility's accumulated surplus of \$200,000 in each of the first two test years.

[45] The Board notes that carrying a surplus on its books year after year can create intergenerational inequity as much as accumulated deficits can. This inequity occurs because the individuals whose rate payments contributed to the surplus may not be the ones who will benefit from it. The sooner a surplus is used, whether towards capital improvements or to offset rate increases, the less likely intergenerational inequity will occur.

[46] The Board accepts the non-operating expenditures as presented in the rate study regarding new and existing debt.

[47] The Board is aware that in some cases planned capital projects may be delayed or cancelled, creating an unexpected surplus in a given year. The Board expects

that if this happens, the funds will be held for future capital use and not used for general operating expenses or postponing rate applications. Depending on context and financial circumstances, the Board may direct any such excess funds into capital reserves.

[48] The Board encourages the utility to consider applying to set up a capital reserve where it may deposit unspent principal and interest costs, depreciation, transfers to reserves, and the expenses identified in a rate study as part of its revenue requirement for the test years, but not expended during those years because of major project delays or cancelled capital projects.

[49] The utility is entitled to a reasonable rate of return, and the Board accepts the calculated rates of return as reasonable.

4.0 REVENUE REQUIREMENT ALLOCATION

4.1 Public Fire Protection

[50] The methodology used in the rate study to determine the public fire protection charge follows the *Handbook*, other than the allocation for reservoirs and transmission and distribution assets. The rate study calculated the allocation for these costs based on the maximum daily flow rate and the maximum fire demand flows required. A similar calculation was done in the previous rate study. This rate study allocated these costs at 18.5% to general service and 81.5% to fire protection. The previous rate study allocated these costs at 20.4% to general service.

[51] The allocation of utility plant in service to public fire protection is calculated in Worksheet B-5 as 54.4% in 2026/27, 54.8% in 2027/28, and 55.1% in 2028/29. These allocations, along with 10% of all other expenses, are used to calculate the fire protection

allocation and rates. For the first test year, the utility is asking to keep the current fire protection charge in place to avoid it decreasing, followed by two years of increases. To do this, the utility is proposing to allocate utility plant in service at 61% for 2026/27. This approach results in total costs allocated to fire protection of 34.0%, 32.3% and 34.0% for each of the three test years, respectively.

[52] Based upon the rate study, the fire protection charge is proposed to remain \$776,190 in 2026/27, then increase to \$805,024 (3.7%) in 2027/28, and to \$934,415 (16.1%) in 2028/29. The fire protection charge is billed to the Town and the Municipality.

[53] In the Board's decision for the previous rate application, the Board directed the utility to complete a fire underwriters' survey to determine the maximum fire demand before the next rate application. In 2025, the utility engaged CBCL to calibrate its water model. The CBCL report was provided in response to IR-4 in this matter. The report outlined the available fire flows but did not address the maximum fire flow demand. The utility relied on the previous report from 2005 (2005 study) for the maximum demand. This issue was canvassed at length during the hearing. Mr. Isenor noted that this study was not completed because there is no longer anyone who performs that type of testing. As such, the utility relied on the previous study and noted that there have been no major changes in the system for either the Municipality or the Town that would affect the maximum demand.

[54] Based on the CBCL report noted above, the utility has available flows of 3,464 gallons per minute, which is greater than the amount required for fire protection by either the Town or the Municipality, based on the 2005 study. The fire protection charge is billed based on the maximum fire flows required by each entity, with the Municipality

requiring 3,000 gallons per minute and the Town requiring 3,200 gallons per minute. This works out to be 48.4% of the fire protection charge being billed to the Municipality with 51.6% to the Town.

4.1.1 Findings

[55] The Board accepts the methodology used to determine the total public fire protection charge, and the request to maintain the current fire protection charge for the first test year.

[56] The Board accepts that the utility has the capacity to provide the maximum required fire flows to both the Town and the Municipality, though the Board is concerned that the utility did not update the 2005 study regarding maximum demand, as directed. The concern is not that the system can or cannot provide the service required, but rather that the allocation of the charge to the Town and Municipality is being done on possibly outdated data.

[57] For allocating the fire protection to the Town and Municipality, the Board is not convinced that the utility should continue to rely on 21-year-old maximum flow requirements. The Board notes that many utilities who provide fire protection to the surrounding municipalities allocate fire protection charges based on the number of hydrants servicing each entity. There was insufficient evidence before the Board to determine if this methodology would be appropriate for this utility.

[58] For this application, the Board accepts the allocation of fire protection charges to the Town and Municipality as presented in this rate study. Prior to the utility's next rate application, the Board directs the utility to confirm the maximum fire flow required

in the Town and Municipality or to develop an alternative method for allocating fire protection charges between the two entities.

4.2 Utility Customers

[59] After the allocation to fire protection, the remainder of the utility's revenue requirement is recovered from its customers. The utility's customers consist of a wholesale customer, the Municipality, and its metered and unmetered retail customers.

4.2.1 Wholesale Customer

[60] The Municipality is a wholesale customer. To set appropriate wholesale rates, the utility must categorize costs as joint or not, then allocate those costs to the wholesale customer. The joint use methodology used to calculate charges for the Municipality is based on whether the entity uses the assets. The calculation also includes an allocation of unaccounted for water to the Municipality.

[61] To calculate the rates for the Municipality, the utility allocated costs based on what portion of expenses are joint. The utility determined that all its expense categories are considered joint use, with the amount considered joint ranging from 1% (transmission and distribution) to 100% (source of supply, power and pumping, purification and return on rate base). Once the percentage for joint expenses was identified, the utility then allocated the portion of joint expenses to the Municipality. The allocation of joint use expenses is based on metered sales to the Municipality as a percentage of overall sales, plus a portion of water loss, less 1% for flushing for the Municipality. This approach had joint expenses being allocated to the Municipality of 6.29% in 2026/27, 6.38% in 2027/28, and 6.47% in 2028/29.

[62] Appendix 2 of the rate study includes the calculations for the percentage of joint use expenses, as well as for the joint use allocations. The utility confirmed that this

was the same methodology used for calculating the wholesale rate in the previous rate application, and for other recent rate applications in which a utility sells to a wholesale customer.

[63] The Municipality currently pays an average of \$18,901.47 per quarter for water. Based on the joint percentages and joint use allocations noted above, the quarterly bill is estimated to drop by 8% in 2026/27 to \$17,391.12, then increase by 10.9% in 2027/28 to \$19,292.12, and by 7.3% in 2028/29 to \$20,706.54.

[64] The Municipality did not register as an intervenor or provide a letter of comment regarding the proposed changes to its rates.

4.2.2 Findings

[65] The Board finds the method used by the utility to classify expenses as joint, and the allocations to distribute those expenses to the Municipality are appropriate.

4.2.3 Retail Customers

[66] After the allocation to fire protection and to its wholesale customer, the remainder of the utility's revenue requirement is to be recovered from its retail customers. The cost-of-service methodology the utility used to allocate the revenue requirement to customer, base, delivery and production charges is consistent with the *Handbook*, with the exception of depreciation expenses. The utility proposes to allocate depreciation 100% to base charges for all three test years. The *Handbook's* suggested allocation for depreciation is 40% to base, 30% to delivery and 30% to production. The allocations proposed by the utility were done to keep the base charges in the 40% range of total revenue, at 38% in the first test year and 40% in each of the final two test years, allowing the utility to maintain better cash flow stability.

[67] The application projects that the number of customers will remain the same, at 1,718. Many of the unmetered customers will be moving to the 5/8" metered rate in the first test year, as their meters have already been installed.

[68] The utility used the projected customer count to calculate the proposed base charges. It assumes an estimated consumption of 172 m³ per year for residential customers. Because many of the 5/8" metered customers are moving from a flat rate to a metered rate, the utility estimates that 5/8" metered customers' average usage will drop by 3% per year. This drop in usage is included in the rate study.

[69] For customers with other meter sizes, the utility based its calculation of consumption charges on the actual annual water consumption of those customers, assuming no change in consumption.

4.2.4 Findings

[70] The Board accepts the utility's method of allocating expenses among base, customer, delivery and production charges. The Board accepts allocating depreciation 100% to base charges to help ensure revenue stability.

[71] The Board accepts the projected number of customers over the test period and finds the projected consumption amounts, and changes to 5/8" consumption, to be reasonable, given the utility's recent history.

[72] Based on the information filed, the Board approves the methodology for setting customer rates as presented in the rate study.

5.0 SCHEDULE OF RATES FOR WATER AND WATER SERVICES

[73] The utility did not propose any additional amendments to its miscellaneous rates and charges. In its 2023 rate application, the utility made updates to several rates and charges to better reflect the cost to provide the service, and these changes were approved by the Board at that time.

5.1 Findings

[74] The Board has reviewed the Schedules of Rates for Water and Water Services and finds them to be reasonable. The updated Schedules of Rates for Water and Water Services are approved effective October 1, 2026, April 1, 2027, and April 1, 2028, respectively.

6.0 SCHEDULE OF RULES AND REGULATIONS

[75] The utility's response to IR-36 listed the proposed changes to its Schedule of Rules and Regulations, which are generally administrative in nature. Two of the four amendments were about the new radio frequency meters. The other two amendments deal with theft of service and cross-connection control and backflow prevention, with all amendments aligning with other water utilities in the province that have had recent amendments.

[76] One of the amendments regarding the meters included a charge of \$75 per meter read for those that opted out of the radio frequency meter. Meters are read quarterly, so the charge could add up to \$300 per year, assuming no estimated bills.

[77] This \$75 charge was discussed at the hearing and was the subject of an undertaking to explain how the amount of \$75 was determined and whether other utilities

charge a similar amount. In response to Undertaking U-2, the utility explained that the estimated cost of sending staff to a customer's location and manually reading the meters is approximately \$50, and the cost of staff to enter the reading manually into the utility's billing system is approximately \$25. The response also referenced the Lunenburg Water Utility that had the same charge added to its rules and regulations as part of its most recent rate application (M12759).

6.1 Findings

[78] The Board finds that the proposed changes to the Schedule of Rules and Regulations are reasonable and approves the updated Schedule of Rules and Regulations as filed as Schedule D in the rate study, effective October 1, 2026.

[79] The Board reminds the utility that it can request approval to update its Schedule of Rules and Regulations or add new items at any time. The utility does not need to wait until a general rate application is filed.

7.0 CONCLUSION

[80] The Board approves the Rates for Water and Water Services, as Schedules A, B and C to the rate study, as amended by this decision. The schedules will come into effect on October 1, 2026, April 1, 2027, and April 1, 2028, respectively.

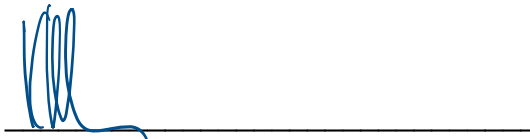
[81] The Board approves the Schedule of Rules and Regulations, as Schedule D to the rate study. This schedule is effective on October 1, 2026.

[82] The utility is directed to either confirm the maximum fire demand in the Town and Municipality or develop an alternative approach to allocating the fire protection

charges between the two entities, prior to its next general rate application.

[83] An Order will be issued accordingly.

DATED at Halifax, Nova Scotia, this 23rd day of September 2026.



M. Kathleen McManus