



NOVA SCOTIA REGULATORY AND APPEALS BOARD

Water Utility Accounting and Reporting Handbook

April 1, 2007

(Amended by Order dated July 13, 2010)

(Amended by the Board on April 25, 2013)

(Amended by the Board on January 10, 2020)

(Amended by the Board on December 12, 2025)

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	Section: 1000 – Introduction	Date Issued: March 29, 2007
	Subject: 1010 – Purpose	Revisions:

The purpose of the “Water Utility Accounting and Reporting Handbook” (Handbook) is to establish uniform and consistent reporting and accounting policies and procedures to be followed by all regulated water utilities in Nova Scotia as prescribed by the Nova Scotia Regulatory and Appeals Board (Board).

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 1020.1
	Section: 1000 – Introduction	Date Issued: March 29, 2007
	Subject: 1020 – Authority	Revisions: July 13, 2010

The Board is governed by the *Public Utilities Act*, Chapter 380 of the Revised Statutes of Nova Scotia, 1989 as amended (*Act*).

The authority for the publication of this Handbook is contained in Section 49 of the *Act*. Sections 18, 25, 27, 28, 34 and 51(1), (2) and (3) support this authority.

The more commonly used sections in the *Act* are as outlined below.

S.35 Approval of improvement over \$250,000

No public utility shall proceed with any new construction, improvements, or betterments in or extensions or additions to its property used or useful in furnishing, rendering or supplying any service which requires the expenditure of more than two hundred and fifty thousand dollars without first securing approval thereof by the Board. RS, c 380, s 35; 2001, c 35, s 30; 2010, c 380 s 35.

S.41 Rates of utility to include allowance for depreciation

In fixing rates, tolls and charges to be paid to a public utility for any service, the Board shall include proper allowances for depreciation. RS, c 380, s 41.

S.42 Separate rate base for each service supplied

(1) The Board shall fix and determine a separate rate base for each type or kind of service furnished, rendered or supplied to the public by a public utility.

Factors considered in establishing rate base

(2) In establishing a rate base the Board shall determine the value of the physical assets of the public utility in accordance with the provisions of this *Act*, including in such value the actual reasonable and necessary cost of labour and supervision up to and including gang foreman, and the Board may, in its discretion, make allowances for the following matters, and for such other matters as the Board deems appropriate:

- (a) necessary working capital;
- (b) organization expenses to the extent of such sum as the public utility may establish to the satisfaction of the Board to have been reasonably and prudently expended out of capital account in respect of organization expenses as defined by the regulations of the Board;

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- (c) construction overheads to the extent of such sum as the public utility may establish to the satisfaction of the Board to have been reasonably and prudently expended out of capital account in respect of engineering, superintendence, legal services, taxes and interest during construction, and like matters not included in the valuation of the physical assets; expenses of valuations to the extent of such sums as may have been expended in respect of a valuation by the Board and, with the approval of the Board, charged to capital account;
- (d) costs in whole or in part of land acquired in reasonable anticipation of future requirements.

Amortization of organization and valuation expense

- (3) The Board may direct that a public utility shall make such provision as to the Board seems proper for the amortization of the sums allowed in a rate base for organization expenses and expenses of valuations, and may direct that the sums required annually for such amortization shall be charged as an operating expense.

Revision of rate base

- (4) The Board may from time to time revise any rate base making due allowance for extensions and additions to, improvements or alterations in and withdrawals or retirements from, the property and assets of the public utility.

Existing rate base

- (5) Until a rate base is determined by the Board for any public utility pursuant to this Section, the present rate base for such public utility as from time to time revised or accepted by the Board shall continue in effect and shall be the rate base for such public utilities provided that the Board may direct that any such public utility shall make such provision as to the Board seems proper for the amortization of the sums allowed, in such rate base for organization expenses, expenses of valuations or allowances not mentioned in subsection (2) and may direct that the sums required annually for such amortization shall be charged as an operating expense. RS, c 380, s 42; 1992, c 8, s 35.

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S.43 Each category of service treated as separate unit

Where any public utility furnishes, renders or supplies more than one type or kind of service, the Board shall segregate such types or kinds of service into distinct classes or categories of service, and, for the purposes of determining the rate base for a particular service furnished, rendered or supplied, and for the purpose of annual and other returns or reports to be made to the Board, each distinct class or category of service shall be considered as a separate and self contained unit, the rate base for which shall be determined and fixed without regard to the rate base determined and fixed for any other unit. RS, c 380, s 43.

S.45 Amount utility entitled to earn annually

(1) Every public utility shall be entitled to earn annually such return as the Board deems just and reasonable on the rate base as fixed and determined by the Board for each type or kind of service furnished, rendered or supplied by such public utility; provided, however, that where the Board by order requires a public utility to set aside annually any sum for or towards an amortization fund or other special reserve in respect of any service furnished, rendered or supplied, and does not in such order or in a subsequent order authorize such sum or any part thereof to be charged as an operating expense in connection with such service, such sum or part thereof shall be deducted from the amount which otherwise under this Section such public utility would be entitled to earn in respect of such service, and the net earnings from such service shall be reduced accordingly.

Earnings are in addition to expenses and allowances

(2) Such return shall be in addition to such expenses as the Board may allow as reasonable and prudent and properly chargeable to operating account, and to all just allowances made by the Board according to this *Act* and the rules and regulations of the Board. RS, c 380, s 45.

S.52 Duty to furnish safe and adequate service

Every public utility is required to furnish service and facilities reasonably safe and adequate and in all respects just and reasonable. RS, c 380, s 52.

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	Section: 1000 – Introduction	Date Issued: March 29, 2007
	Subject: 1020 – Authority	Revisions:

S.55 If Changes by Utility Detrimental to Other Utility

- (1) No public utility shall make any extensions to or changes in its line, plant or system which are likely to be detrimental to the service supplied by any other public utility without first giving reasonable notice in writing by prepaid post of the same to the chief office in the Province of such other public utility, and the public utilities directly concerned may agree upon methods and specifications which will, so far as reasonably possible, minimize the detrimental effect on the service of such other public utility.
- (2) Without being limited by the foregoing provisions in this Section, the Board may at any time order a public utility to serve any particular territory not then served, provided, however, that no such order shall be made if, in the opinion of the Board, it would place an unreasonable financial burden on the public utility. RS, c 380, s 55.

S.64 Approval of schedule of rates and charges of utility

- (1) No public utility shall charge, demand, collect or receive any compensation for any service performed by it until such public utility has first submitted for the approval of the Board a schedule of rates, tolls and charges and has obtained the approval of the Board thereof.

Filing with Board

- (2) The schedule of rates, tolls and charges so approved shall be filed with the Board and shall be the only lawful rates, tolls and charges of such public utility, until altered, reduced or modified as provided in this Act. RS, c 380, s 64.

S.67 Equal rates and charges for similar services

- (1) All tolls, rates and charges shall always, under substantially similar circumstances and conditions in respect of service of the same description, be charged equally to all persons and at the same rate, and the Board may by regulation declare what shall constitute substantially similar circumstances.

S.71 No rate or charge by utility other than as in schedule

No public utility shall charge, demand, collect or receive a greater or less compensation for any service performed by it than is prescribed in such schedules as are at the time in force, or demand, collect or receive any rates, tolls or charges not specified in such schedules. RS, c 380, s 71.

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	Section: 1000 – Introduction	Date Issued: March 29, 2007
	Subject: 1020 – Authority	Revisions:

S.83 Complaint against public utility

- (1) Upon complaint made to the Board against any public utility by any municipal corporation or by any five persons, firms or corporations, that any of the rates, tolls, charges or schedules are in any respect unreasonable or unjustly discriminatory or that any regulation, measurements, practice or act whatsoever affecting or relating to the operation of any public utility is in any respect unreasonable, insufficient or unjustly discriminatory or that the service is inadequate or unobtainable, the Board shall proceed, with or without notice, to make such investigation as it deems necessary or expedient, and may order such rates, tolls, charges or schedules reduced, modified or altered, and may make such other order as to the modification or change of such regulation, measurements, practice or acts as the justice of the case may require, and may order on such terms and subject to such conditions as are just that the public utility furnish reasonably adequate service and facilities and make such extensions as may be required, but no such order shall be made or entered by the Board without a public hearing or inquiry first had in respect thereof.
- (2) The Board, when called upon to institute an investigation, may, in its discretion, require from the complainants the deposit of a reasonable amount of money or other security to cover the costs of the investigation, which money or security shall be dealt with as the Board directs, should the decision be given against the complainants. RS, c 380, s 83.

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	Section: 1000 – Introduction	Date Issued: March 29, 2007
	Subject: 1030 – Effective Date	Revisions:

The requirements of this Handbook are effective April 1, 2007.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 1040.1
	Section: 1000 – Introduction	Date Issued: March 29, 2007
	Subject: 1040 – Amendments to Handbook	Revisions:

Overview

The Handbook provides current requirements for accounting, financial reporting and operational reporting to be followed by water utilities in Nova Scotia.

From time to time, it may be necessary to amend certain policies and procedures to reflect changes in:

- Governing legislation and regulations;
- Generally accepted accounting and reporting principles for public entities generally and for water utilities specifically; and
- Financial and operational management methods.

The master control copy of the Handbook is maintained by the Board which is responsible for coordinating updates and for informing users of new or revised policies and procedures.

The full Handbook is available on the Board's internet site: www.nsuarb.ca.

Policy

It is the policy of the Board to maintain and update the Handbook to ensure that it reflects the current requirements of the Board and for the users of the Handbook.

Procedures

1. The Board will undertake a full review of the Handbook periodically.
2. However, all users are encouraged to submit suggested amendments. The suggested amendments should be submitted, in writing or by electronic communication, to the Regulatory Affairs Officer/Clerk of the Board and provide at least the following information:
 1. Complete description of the section(s) of the Handbook proposed to be amended;
 2. Reason(s) for the changes in the policy or procedures;
 3. The expected impact(s);

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 1040.2
	Section: 1000 – Introduction	Date Issued: March 29, 2007
	Subject: 1040 – Amendments to Handbook	Revisions:

4. Any supplementary information that would support the need for changes; and
5. Name and organization of the entity suggesting any amendments and contact information.

Depending upon the nature of the proposed amendment, it may be acted upon immediately or deferred and combined with other changes to be made at a later date.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 2002.1
	Section: 2000 – Annual Report	Date Issued: March 29, 2007
	Subject: 2002 – General Policy	Revisions:

Overview

The Annual Report is an essential component of accountability and an efficient method of reporting performance information which can be reviewed by the Board between more detailed reviews normally done at rate adjustment hearings.

The objectives of the Annual Report to the Board can be summarized as follows:

- (i) To provide the Board with information necessary for proper regulatory review; and
- (ii) To stimulate and encourage improved management of all water utilities in Nova Scotia.

Policy

Every water utility in Nova Scotia shall submit an Annual Report, the minimum information contents to be as described in this Handbook, within 180 days of the end of the fiscal year.

Procedures

1. The Annual Report to the Board is comprised of two separate sections:
 - (i) Financial; and
 - (ii) Operational Compliance.

The financial section includes audited financial statements, capital budgets and operating budgets as described in the following sections of the Handbook.

The operational compliance section includes a certificate stating that all procedures in this Handbook have been followed and that all other regulations regarding the operations of a water utility (e.g. Dept. of Environment and Climate Change) have been met.

2. Each utility, in addition to the Financial and the Operational Compliance information, must submit annually a schedule of the names of all members of the council, commission or board responsible for governing the operation of the water utility (Governing Body) plus the senior operational staff showing name and position or title for each.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 2002.2
	Section: 2000 – Annual Report	Date Issued: March 29, 2007
	Subject: 2002 – General Policy	Revisions:

3. The Chair of the Governing Body and the senior non-elected officer of the municipal unit or commission responsible for operation of the water utility should sign, on behalf of the utility, to certify any reports required by this Handbook.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 2010
	Section: 2000 – Annual Report	Date Issued: March 29, 2007
	Subject: 2010 – General Financial Policy	Revisions:

Policy

The Annual Report from each water utility must contain current and future financial information so the Board can assess the current financial position and the anticipated financial results of the operations over the next three years.

Procedures

1. Each water utility is required to file the following financial documents as part of its Annual Report to the Board:
 - Audited financial statements;
 - Capital budget; and
 - Operating budget.

Further details on the information to be included in each document are in the following sections.

2. The financial information, in the Annual Report, must be filed within 180 days of the end of the water utility's fiscal year end.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 2020.1
	Section: 2000 – Annual Report	Date Issued: March 29, 2007
	Subject: 2020 – Audited Financial Statements	Revisions:

Policy

The annual financial statements for a water utility must be audited and the reports on the financial position and operations of the utility prepared on the conventional fund basis following the prescribed requirements of the Handbook and appropriate accounting authorities.

Procedures

1. The audited financial statements, using fund accounting principles, must have, as a minimum, the following for each water utility:
 - Statement of Financial Position of the Water Utility Operating Fund;
 - Statement of Financial Activities of the Water Utility Operating Fund;
 - Statement of Financial Position of the Water Utility Capital Fund;
 - Statement of Financial Activities of the Water Utility Capital Fund; and
 - Schedule of Investment in Water Utility Plant and Equipment.
2. The Statement of Financial Activities of the Water Utility Operating Fund usually reports the total revenues and expenditures for the current year actual and budget plus the comparative actuals for the prior year. In addition, the water utility must maintain and provide to the Board, upon request, schedules which show a further analysis of the expenditures in the following expenditure categories:
 - Source of Supply;
 - Power and Pumping;
 - Water Treatment;
 - Transmission and Distribution; and
 - Administration and General.
3. The notes to the audited financial statements must be included in the Annual Report.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 2020.2
	Section: 2000 – Annual Report	Date Issued: March 29, 2007
	Subject: 2020 – Audited Financial Statements	Revisions:

4. Any annual water utility financial statement must be accompanied by an Auditor's Report. If the water utility's financial statements are consolidated in a municipality's general purpose financial statements, the capital fund, the operating fund and the use of funds statements must be shown as supplementary schedules and be acknowledged in the Auditor's Report, which would include a fourth paragraph covering supplementary information.

The wording in the fourth paragraph of the Auditor's Report could be as follows:

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

5. The general formats of the financial statements are as described in Section 4100.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 2030
	Section: 2000 – Annual Report	Date Issued: March 29, 2007
	Subject: 2030 – Capital Budget	Revisions:

Policy

All water utilities must prepare three year capital budgets and file them as part of the Annual Report.

Procedures

1. The three year capital budget should have:
 - A brief description of each project and project number (if applicable);
 - The year in which the capital project is to be done, or if multi-year, state accordingly;
 - The total cost of the project; and
 - The utility plant category in which the project is to be recorded.
2. The three year capital project budget should be updated and filed with the Board annually.
3. All significant assumptions for each budget year must be stated.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 2040
	Section: 2000 – Annual Report	Date Issued: March 29, 2007
	Subject: 2040 – Operating Budget	Revisions:

Policy

All water utilities must prepare three year operating budgets and file them as part of the Annual Report.

Procedures

1. A three year operating budget is required for those applicable revenue and expense items included in the chart of accounts presented in this Handbook.
2. The operating budget format should be consistent with the sample operating budget presented in Section 2041 of the Handbook. Appendix A contains detailed schedules which should be used where possible in developing the operating budgets. The Board may request these details from time to time.
3. All significant assumptions for each budget year must be stated and specifically with respect to future water rate adjustments.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 2041
	Section: 2000 – Sample Operating Fund Budget	Date Issued: March 29, 2007
	Subject: 2041 – Statement of Budgeted Financial Activities of the Operating Fund	Revisions:

		20XW		20XX	20XY	20XZ
		(last fiscal year)		(this year)	(year 2)	(year 3)
		Budget	Actual	Budget	Budget	Budget
OPERATING REVENUE						
11000	Metered					
12000	Flat Rate					
13000	Fire Protection					
14000	Sprinkler Service					
15000	Sales to Other Utilities					
17000	Other Operating Revenue					
TOTAL OPERATING REVENUE						
OPERATING EXPENDITURES						
21000	Source of Supply					
22000	Power and Pumping					
23000	Water Treatment					
24000	Transmission and Distribution					
25000	Administration and General					
26000	Depreciation					
27000	Taxes					
28000	Other Operating Expenditures					
TOTAL OPERATING EXPENDITURES						
NET OPERATING REVENUE						
18000	NON-OPERATING REVENUE					
	Grants from Province of Nova Scotia					
	Land Rights					
	Transfer from Depreciation Fund for Repayment of Principal on Capital Debt					
29000	NON-OPERATING EXPENDITURES					
	Debt charges					
	Principal					
	Interest					
	Capital Expenditures out of Operations					
EXCESS OF REVENUE OVER EXPENDITURE						
SURPLUS (DEFICIT) BEGINNING OF YEAR						
SURPLUS (DEFICIT) END OF YEAR						

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 2050
	Section: 2000 – Annual Report	Date Issued: March 29, 2007
	Subject: 2050 – General Operational and Compliance Policy	Revisions:

Policy

Water utilities are required by the Province of Nova Scotia (Department of Environment and Climate Change) to comply with the Water and Wastewater Facilities and Public Drinking Water Supplies Regulations, the Guidelines for Monitoring Public Drinking Water Supplies and their Approval to Operate. The Board requires confirmation that the utilities have complied with the regulations and guidelines.

Procedure

The most senior individual responsible for the operations of the water utility must sign an operations compliance certificate as shown on page 2051 and submit it as part of the Annual Report of the water utility to the Board.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 2051
	Section: 2000 – Annual Report	Date Issued: March 29, 2007
	Subject: 2051 – Compliance Certificate	Revisions:

Nova Scotia Regulatory and Appeals Board

**Operations Compliance
For**

**(name of utility)
for the Year Ended March 31, 20__**

We confirm, for the above-named water utility that:

1. The water utility held a valid Approval to Operate, issued by Nova Scotia Department of Environment and Climate Change, for the entire period described above.
2. The water utility complied with all of the Water and Wastewater Facilities and Public Drinking Water Supplies Regulations, the Guidelines for Monitoring Public Drinking Water Supplies and their Approval to Operate, except as noted in its Annual Report to Nova Scotia Department of Environment and Climate Change. A copy of these exceptions is attached hereto.
3. The water utility has complied with all of the requirements of the Nova Scotia Regulatory and Appeals Board Water Utility Accounting and Reporting Handbook unless otherwise specifically approved by the Board.

(signature)

(date)

(Chair)

(signature)

(date)

(Senior Operating Officer)

NOTE: Any exceptions to the above statements should be set out on an attached sheet.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 3010
	Section: 3000 – Accounting Principles and Practices	Date Issued: March 29, 2007
	Subject: 3010 – General Policies	Revisions:

Policies

1. System for Accounting

The financial statements for water utilities in Nova Scotia are to be prepared in accordance with the requirements of this Handbook and the Canadian Institute of Chartered Accountants (CICA) Standards as outlined in the Public Sector Accounting (PSA) Handbook. Where the PSA Handbook is silent, the statements should follow the CICA Accounting Handbook. Where policies and procedures for specific accounting and financial reporting topics in this Handbook differ from the CICA Standards or the PSA Handbook, the water utility must follow the required methodologies prescribed in this Handbook. Where this Handbook conflicts with a requirement contained in a statute or regulation, the requirements in the latter shall prevail.

2. Fund Accounting

The accounting unit shall be the Fund which is an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities or balances and changes therein which are segregated for the purposes of a separate water utility.

All water utilities must follow the fund accounting methodology. Consequently, each water utility must maintain a complete set of self balancing accounts – normally revenue, expenditure, asset and liability accounts. In the case of Reserve Funds, information about the composition of the opening balance(s), the flows in and out by meaningful captions and the closing balance(s) must also be shown.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 3020
	Section: 3000 – Accounting Principles and Practices	Date Issued: March 29, 2007
	Subject: 3020 – Regulated Municipal Utilities and Enterprises Accounting	Revisions:

Policies

1. All water utilities are required to follow the accounting principles and practices presented in this Handbook.
2. All water utilities must use the revenue and expenditure classifications presented in this Handbook.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 3030
	Section: 3000 – Accounting Principles and Practices	Date Issued: March 29, 2007
	Subject: 3030 – Interest Earned on Investments	Revisions:

Policy

Interest earned on investments in Depreciation or any other funds is to be recorded as revenue within the respective funds, unless otherwise approved by the Board.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 3035.1
	Section: 3000 – Accounting Principles and Practices	Date Issued: March 29, 2007
	Subject: 3035 – Capital Assets	Revisions:

Policies

1. For purchased assets, capital assets shall be recorded at historic costs, including all applicable ancillary costs, at the time of acquisition.
2. For constructed assets, the costs shall include all direct material costs, labour costs and ancillary expenditures associated with the construction project.
3. For assets constructed by the utility which are partially or totally funded by federal and provincial grants, these capital assets may be recorded at the gross cost. More specifically, the gross cost shall be the sum of the net expenditure to the utility, plus the grants and other contributions specifically related to the capital assets constructed.
4. Capital assets acquired by a utility with a cost which is reduced by the amounts of capital grants or donations received, may record the cost of the acquired asset at the current net book value plus external grants or donations deducted. Under no circumstance can the grossed up cost exceed the original capital cost.
5. Capital assets acquired by a gift or payment of a nominal sum may be recorded at a fair value at the date of acquisition but the recorded amount shall not exceed the original capital cost of the acquired assets.
6. The original capital cost is defined as the sum of all appropriate capital related expenditures to initially construct the capital asset.
7. Capital assets acquired by a utility from another utility, whether through an acquisition or amalgamation, shall be recorded at an Assigned Value as Capital Assets in the Water Capital Fund. The Assigned Value is the lesser of the net book value or the original capital cost of the donated or transferred assets, or at some other value as directed by the Board.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 3035.2
	Section: 3000 – Accounting Principles and Practices	Date Issued: March 29, 2007
	Subject: 3035 – Capital Assets	Revisions:

Procedures

1. When expenditures of a capital nature are incurred in the utility operating fund, these costs are to be reflected as “Capital Expenditures out of Operating Fund” and as “Capital Assets” in the Water Capital Fund.
2. The capital asset cost may include the following types of expenditures:
 - Purchase price;
 - Construction costs: materials, labour, project management (see also Section 42(2)(c) of the Act), overhead, etc.;
 - Site preparation;
 - Engineering costs;
 - Professional fees; and
 - Interest cost during construction.
3. The Capital Assets in the Water Capital Fund shall include the gross cost of the expenditures. These expenditures could have been financed from:
 - Water Operating Fund;
 - capital borrowings;
 - funds of the municipality which owns the utility;
 - the Depreciation Fund;
 - assistance received from federal, provincial or municipal government sources; and
 - private sources such as developers.
4. For constructed capital assets, the Water Capital Fund entry to record the cost of the asset would be:

DR Capital Asset
 (e.g. Transmission Main)
 CR Capital Debt, and/or
 CR Depreciation Fund, and/or
 CR Working Capital (cash)

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	Section: 3000 – Accounting Principles and Practices	Date Issued: March 29, 2007
	Subject: 3035 – Capital Assets	Revisions:

5. For donated capital assets or capital assets purchased at a nominal value, the Water Capital Fund entry to record the asset would be:

DR Capital Asset
(e.g. Transmission Main)

CR Deferred Contributions
CR Working Capital (cash)

6. For assets constructed by the utility which are partially or totally funded by federal and provincial grants, the Water Capital Fund entry would be:

DR Capital Asset

 CR Long Term Debt, and/or
 CR Deferred Contributions, and/or
 CR Depreciation Fund, and/or
 CR Other (e.g. liabilities)

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 3036
	Section: 3000 – Accounting Principles and Practices	Date Issued: March 29, 2007
	Subject: 3036 – Transitional Provisions	Revisions:

Policy

Effective April 1, 2007, utilities are permitted to include in the capital asset costs, the gross cost of the capital asset rather than the net cost (i.e. gross cost less government grants and donations).

Procedures

1. For capital asset acquisitions and construction projects completed prior to March 31, 2006, the new policies and procedures do not apply.
2. For capital asset acquisitions and construction projects completed during the fiscal year ending March 31, 2007 or in progress at March 31, 2007, the utility may follow the new accounting rules for donated assets and capital grants used to partially fund new projects.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 3040
	Section: 3000 – Accounting Principles and Practices	Date Issued: March 29, 2007
	Subject: 3040 – Depreciation	Revisions:

Policies

1. With the exception of land and construction in progress, a water utility shall record depreciation based on the utility's cost or the assigned value of its capital assets, as determined in accordance with Page 3035.
2. Unless the Board directs otherwise, depreciation will be calculated using the straight line method based upon the remaining useful life of the asset.
3. Capital contributions arising from donated assets or grants received to acquire or construct assets shall be amortized at the same rate as the capital assets to which the donations and grants apply.
4. Depreciation shall include depreciation and amortization of all depreciable capital assets which include those acquired or constructed with the benefit of grants and donations or contributions.

Procedures

1. Any utility presently using depreciation rates prescribed by the Board should continue to do so until such time as the Board approves new rates.
2. Depreciation shall be calculated on the gross cost of the capital asset as recorded in the ledger and in accordance with the capital asset cost rules in this Handbook.
3. The general entry for recording depreciation would be as follows:

DR Depreciation
(Operating Fund)

CR Accumulated Depreciation (Capital Fund), and/or
CR Accumulated Amortization of Contributions (Capital Fund)

4. Unless otherwise directed by the Board, the utility shall use the guidelines on page 3042 to determine depreciation rates. Any deviations from the guidelines must be approved by the Board in advance.
5. All meters are to be capitalized and depreciated in accordance with the approved depreciation rates. Some utilities may wish to depreciate residential service meters at the rate of 100% which is also acceptable to the Board.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 3042
	Section: 3000 – Accounting Principles and Practices	Date Issued: March 29, 2007
	Subject: 3042 – Capital Asset Useful Life Guidelines	Revisions:

Asset Classification	Useful Life	Annual Depreciation Rate
Land and Land Rights		
Source of supply	No depreciation	NIL
Reservoir	No depreciation	NIL
Transmission	No depreciation	NIL
Structures and Improvements		
Brick/concrete	50 yrs	2.0%
Frame	30 yrs	3.3%
Intakes	75 yrs	1.3%
New wells	25 to 40 yrs	2.5% to 4.0%
Pumping	50 yrs	2.0%
Distribution reservoirs and standpipes	75 yrs	1.3%
Treatment plant	50 to 75 yrs	2% to 1.3%
Equipment		
Pumping	5 to 20 yrs	5.0% to 20.0%
Water treatment	10 to 20 yrs	5.0% to 10.0%
Transportation	5 yrs	20.0%
Tools and work equipment	5 yrs	20.0%
Office furniture and equipment	5 yrs	20.0%
GIS System	5 to 7 yrs	20% to 14.3%
Mains		
Transmission	75 yrs	1.3%
Distribution	75 yrs	1.3%
Meters		
Residential (5/8")	20 yrs	5.0%
All Other Meters	25 yrs	4.0%
Hydrants	75 yrs	1.3%
Services	50 yrs	2.0%

NOTE: The above useful life is a guideline based upon industry averages. Any water utilities wishing to use a different depreciation rate should determine the useful life of capital assets using supplier specifications, technical studies and own experience. The data should be presented in advance to the Board for approval of depreciation rates to be used.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 3050
	Section: 3000 – Accounting Principles and Practices	Date Issued: March 29, 2007
	Subject: 3050 – Depreciation Fund	Revisions: July 13, 2010

Policies

1. An amount of cash equal to the depreciation claimed is to be set aside annually out of earnings and carried in a Depreciation Fund.
2. The monies in the Depreciation Fund may be expended only for new construction, extensions (to serve the current customers), replacements or additions to capital property and all such uses in excess of \$250,000 require approval in advance from the Board.
3. The Board, upon application by the water utility, may direct that depreciation funds be used for other purposes.

Procedures

1. The Board may consider applications for approval to repay principal of long term debt out of the Depreciation Funds.
2. Transfers from the Depreciation Fund for principal repayments are to be recorded in the Non-Operating Revenue Section of the Statement of Financial Activities of the Water Utility Operating Fund.
3. The continuity of the Depreciation Fund must be shown in the annual statements.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 3060
	Section: 3000 – Accounting Principles and Practices	Date Issued: March 29, 2007
	Subject: 3060 – Valuation Allowances	Revisions:

Policy

A water utility is to provide a valuation of estimated losses that will be incurred in collecting accounts receivable outstanding.

Procedure

The allowance for doubtful accounts may be reported as a reduction in the value of the working capital asset.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 3070
	Section: 3000 – Accounting Principles and Practices	Date Issued: March 29, 2007
	Subject: 3070 – Interest During Construction	Revisions:

Policy

Interest incurred during construction on capital projects is to be capitalized as part of the total capital project cost in the year incurred.

Procedure

An estimate of the interest to be incurred during the construction period of a capital project must be included in the capital expenditure request application submitted to the Board for approval prior to the commencement of the project.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 3080
	Section: 3000 – Accounting Principles and Practices	Date Issued: March 29, 2007
	Subject: 3080 – Reserves	Revisions: July 13, 2010

Policy

All reserves not provided for in this Handbook must be approved in advance by the Board and accounted for separately.

Procedures

1. A utility must apply to the Board for permission to set up a reserve fund and the application to the Board must contain at least:
 - 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.
2. Water utility reserve balances and transactions are to be separately disclosed in the utility financial statements.
3. A utility must apply to the Board for permission to reduce or eliminate the reserve fund, or to withdraw an amount from the reserve fund in excess of \$250,000. All reserve fund withdrawals are to relate only to the purpose that the reserve was established, as approved by the Board.
4. The continuity of all reserve funds must be shown in the annual statements.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 3090
	Section: 3000 – Accounting Principles and Practices	Date Issued: March 29, 2007
	Subject: 3090 – Surplus (Deficit)	Revisions:

Policy

All water utilities should schedule water rate adjustment applications to avoid creating an operating deficit or an excessive surplus.

Procedures

1. Future surplus amounts (where revenues exceed the expenditures in a fiscal year) from the operations of the utility must be added to the surplus or used to reduce the deficit.
2. Future deficit amounts (where expenditures exceed the revenues in a fiscal year) from the operations of the utility must be deducted from the surplus or added to the deficit balance.
3. A permanent transfer from the municipal unit's general operations must be recorded in the non-operating revenue section of the Statement of Financial Activities of the Water Utility Operating Fund.
4. If the utility has a deficit for the fiscal year, the utility must evaluate the timing of the next application for water rate adjustments. If the conclusion is to defer any application for rate adjustments beyond one year, the utility must send a letter to the Board within 180 days of the fiscal year end explaining why rate adjustments are not needed at this time and how the deficit will be eliminated.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 3100
	Section: 3000 – Accounting Principles and Practices	Date Issued: March 29, 2007
	Subject: 3100 – Capital Asset Disposals	Revisions:

Policy

As required in Section 62 of the *Act*, no utility shall sell, assign or transfer any assets without prior approval of the Board.

Procedures

1. When a capital asset is replaced or disposed of, the original utility cost (actual cost less assistance received) is to come out of the capital asset account and the depreciation accumulated for the asset is to come out of the depreciation reserve account. The difference is to be a decrease in the investment in capital assets account. Where a utility's records provide insufficient information, a reasonable estimate of cost and accumulated depreciation should be used.
2. In addition, if the capital asset to be replaced or disposed of had been acquired after April 1, 2006 and has an amount for grants, contributions or donation, the added amount in the capital asset account and the corresponding amount in the Accumulated Amortization of Contributions must be removed. The difference is to be a decrease in the Deferred Contributions account.

The accounting entry would be of this form:

DR	Deferred Contribution
DR	Accumulated Amortization of Contributions
CR	Capital Asset (asset account related to the specific asset which was or to be disposed)

3. Net proceeds from the sale or disposal of capital assets are to be placed in a capital reserve for the water utility in the capital fund.
4. Approval may be obtained from the Board to use the proceeds from the disposal of a capital asset for the acquisition of a replacement asset in the same year. In this situation the proceeds need not be placed in a capital reserve.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 3110.1
	Section: 3000 – Accounting Principles and Practices	Date Issued: March 29, 2007
	Subject: 3110 – Allocation of Municipal Costs to Water Utility Funds	Revisions:

Background

Frequently a municipal unit and its water utility need similar personnel and equipment resources. Where the utility cannot financially justify sole and exclusive use of such resources, there is a mutual benefit to share common resources.

Policies

1. Common costs and services to the municipality and the water utility are to be allocated using methodologies that closely account for the benefits received and related costs.
2. The methodologies and assumptions used must be reviewed annually or when:
 - Any of the assumptions in the methodology are no longer valid; or
 - Any of the services change significantly.

Procedures – shared service costs

1. The methodology selected to allocate the costs shared by both the municipal unit and the water utility should be on the basis that reflects the benefit received by each.
2. The costs to be allocated should be the actual costs incurred to deliver the service.
3. The allocations should be made using measured use of each resource such as time spent, units used, kilometres driven, etc. Where actual data is not available, a reasonable estimate should be made. For example:
 - (a) Personnel – based upon hours spent on each entity; and
 - (b) Vehicles – based upon kilometres driven.
4. The basis of allocating the shared costs is to be disclosed in the utility's financial statements.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 3110.2
	Section: 3000 – Accounting Principles and Practices	Date Issued: March 29, 2007
	Subject: 3110 – Allocation of Municipal Costs to Water Utility Funds	Revisions:

Procedures – interest

1. Interest is to be recorded on balances due between water utility funds and other funds during a reporting year.
2. The method of calculating said interest is to be disclosed in the utility's financial statements.

Procedures – taxes

1. Where a utility is exempt from taxes, this fact should be disclosed in the utility's financial statements.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 3130.1
	Section: 3000 – Accounting Principles and Practices	Date Issued: March 29, 2007
	Subject: 3130 – Rate Base and Rate of Return	Revisions:

Background

The rate base is the value of the property and plant and selected disbursements upon which the utility determines its allowable earnings (rate of return).

Policies

1. The rate base is approved by the Board and may include:
 - Undepreciated capital cost of utility plant in use,
 - Necessary working capital,
 - Organization expenses,
 - Expenses of valuation, and
 - Costs in whole or in part of land acquired in reasonable anticipation of future requirements.
2. Donated assets and portions of asset cost for which assistance has been received are not included in the utility's rate base.
3. Rate of return – should to the extent possible provide a just and reasonable return on the rate base employed. This rate should allow the utility to earn a sufficient return on its investment to maintain the integrity of the investment.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 3130.2
	Section: 3000 – Accounting Principles and Practices	Date Issued: March 29, 2007
	Subject: 3130 – Rate Base and Rate of Return	Revisions:

Procedures

1. The calculation of the rate base is:

Capital cost of physical assets (net of assistance, grants or donated assets)

Less: accumulated depreciation

Add: other items as approved by the Board, including,

- working capital
- various organization expenses
- construction overheads
- valuation expenses
- costs of land acquired for future requirements

= Rate Base

2. The notes to the water utility financial statements are to include disclosure of the current year's Rate of Return on Rate Base.
3. The calculation of the Rate of Return is as follows:

Formula:
$$\frac{\text{Operating Revenues} - \text{Operating Expenses}}{\text{Net Operating Revenue}}$$

Net Operating Revenue

Net Operating Revenue x 100% = Rate of Return on Rate
Base
Rate Base

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 3130.3
	Section: 3000 – Accounting Principles and Practices	Date Issued: March 29, 2007
	Subject: 3130 – Rate Base and Rate of Return	Revisions:

Example:

Net Operating Revenue

<u>Operating Revenue</u>	\$ 484,904
<u>(Operating Expenses)</u>	<u>(377,996)</u>
<u>Net Operating Revenue</u>	<u>\$ 106,908</u>

Rate Base

Utility plant in service	\$ 1,924,197
Less: accumulated depreciation	(607,076)
Add: other items as approved by Board	0
= Rate Base	<u>\$ 1,317,121</u>

Rate of Return on Rate Base

$$\frac{\$ 106,908}{\$1,317,121} \times 100\% = 8.12\%$$

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 3130.4
	Section: 3000 – Accounting Principles and Practices	Date Issued: March 5, 2009
	Subject: 3130 – Rate Base and Rate of Return	Revisions:

Rate Applications:

In the determination of a reasonable rate of return to be used in rate applications, the following two methodologies are acceptable to the Board:

(1) A simplified approach, which sets the rate of return (ROR) less than or equal to the Utility's cost of debt, R_D , or, in the case of no Utility debt, the Utility may use the Municipal Finance Corporation's cost of borrowing as a guide;

or

(2) A more complex approach which sets the rate of return based upon the following formulae:

$$ROR = WACC \text{ (Weighted Average Cost of Capital)}/\text{Rate Base}$$

$$WACC = (E_{Muni}/V * R_{EMuni}) + (D/V * R_D) + (E_{Util}/V * R_{EUtil})$$

Where:

E_{Muni}/V = Percentage of financing that is contributed by the parent Municipality

E_{Util}/V = Percentage of financing that is contributed by the Utility's customers

D/V = Percentage of financing that is debt

D = Market value of the Utility's debt

R_D = Cost of debt

E_{Util} = Value of equity contributed by Utility customers

[Total Equity (on balance sheet) – E_{Muni}]

E_{Muni} = Value of equity contributed by the Municipality

R_{EUtil} = Cost of equity contributed by the Utility's customers

R_{EMuni} = Cost of equity contributed by the parent Municipality, to be determined using an appropriate methodology, such as the buildup method, capital asset pricing model (CAPM), etc.

V = $D + E_{Muni} + E_{Util}$

If option (2) is used in a rate application to determine a reasonable rate of return, additional supporting information must be filed with the Board. Further details with respect to the supporting information will be discussed with the individual Utility in conjunction with the specific rate application.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 4010
	Section: 4000 – Sample Financial Information	Date Issued: March 29, 2007
	Subject: 4010 – General Comments	Revisions:

Policy

The Board requires audited financial statements to be filed annually.

Procedures

1. Section 4100 (pages 4100, 4110, 4120, 4130, 4140, 4150 and 4160) describes the minimum information to be reported in the annual audited financial statements of each utility.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 4100.1
	Section: 4000 – Sample Financial Information	Date Issued: March 29, 2007
	Subject: 4100 – Sample Financial Statement Information	Revisions:

Background

The Board recognizes that the financial statements of a water utility are often integrated with or consolidated into the financial statements of a municipality. However, for the Board to effectively assess the financial operations of a utility leading to just and reasonable rates for water and water services, audited information must be filed annually.

Policy

Every water utility must file annually (or as schedules to consolidated municipal statements) audited financial statements including:

- Auditors Report or Auditors Report for supplementary information as per Section 2000 – Annual Report, Page 2020;
- Statement of Financial Position of the Water Utility Operating Fund;
- Statement of Financial Activities of the Water Utility Operating Fund;
- Statement of Financial Position of the Water Utility Capital Fund;
- Statement of Financial Activities of the Water Utility Capital Fund;
- Statement of Financial Position of the Reserve Funds;
- Statement of Financial Activities of the Reserve Funds;
- Statement of Debt Issued (or equivalent information disclosed in a note to the financial statements);
- Schedule of Investment in Water Utility Plant and Equipment;
- Schedules to the Statement of Financial Activities of the Water Utility Operating Fund; and
- Notes to the Consolidated Financial Statements of the municipality if not available separately for the water utility.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 4100.2
	Section: 4000 – Sample Financial Information	Date Issued: March 29, 2007
	Subject: 4100 – Sample Financial Statement Information	Revisions:

Procedures

1. Audited, non-consolidated financial statements must be filed annually with the Board.
2. The minimum financial information is provided in the following:
 - Statement of Financial Position of the Water Utility Operating Fund (page 4110);
 - Statement of Financial Activities of the Water Utility Operating Fund (page 4120);
 - Statement of Financial Position of the Water Utility Capital Fund (page 4130);
 - Statement of Financial Activities of the Water Utility Capital Fund (page 4140);
 - Schedule of Investment in Water Utility Plant in Service (page 4150);
 - Schedules to the Statement of Financial Activities of the Water Utility Operating Fund (page 4160);
 - Notes to Financial Statements; and
 - Schedule of Capital Debt Charges and Term Debt (which could be included in the notes).

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 4110
	Section: 4000 – Sample Financial Information	Date Issued: March 29, 2007
	Subject: 4110 – Statement of Financial Position of the Water Utility Operating Fund	Revisions:

(Name) Water Utility

**Statement of Financial Position
of the Water Utility Operating Fund**

March 31, 20xx

	Current Year 20xx	Previous Year 20xx
ASSETS		
Cash and Cash Equivalents		
Receivables		
Rates (less allowance for doubtful accts)		
Province of Nova Scotia		
Due from other funds (Gen Cap, Water Cap, Gen Op)		
Other		
Inventories, At Cost		
Inventory held for resale		
Inventory not held for resale		
Investments		
Loans and Advances		
Loan to other funds (Gen Cap, Gen Op)		
Other		
Prepaid Expenses		
Other	=====	=====
LIABILITIES		
Payables and Accruals		
Due to other funds (Gen Cap, Water Cap, Gen Op)		
Other payables and accruals		
Loan from Other Funds		
Other	=====	=====
SURPLUS (DEFICIT)	=====	=====

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 4120
	Section: 4000 – Sample Financial Information	Date Issued: March 29, 2007
	Subject: 4120 – Statement of Financial Activities of the Water Utility Operating Fund	Revisions:

(Name) Water Utility

**Statement of Financial
Activities of the Water Utility Operating Fund**

Year Ended March 21, 20xx

		Current Year Budget	Current Year Actual	Prior Year Actual
	OPERATING REVENUE	_____	_____	_____
11000	Metered			
12000	Flat Rate			
13000	Public Fire Protection			
14000	Sprinkler Service			
15000	Sales to Other Utilities			
17000	Other Operating Revenue			
	TOTAL OPERATING REVENUE	_____	_____	_____
	OPERATING EXPENDITURES	_____	_____	_____
21000	Source of Supply			
22000	Power and Pumping			
23000	Water Treatment			
24000	Transmission and Distribution			
25000	Administration and General			
26000	Depreciation			
27000	Taxes			
28000	Other Operating Expenditures			
	TOTAL OPERATING EXPENDITURES	_____	_____	_____
	NET OPERATING REVENUE	_____	_____	_____
18000	NON-OPERATING REVENUE	_____	_____	_____
	Grants from Province of Nova Scotia			
	Land Rights			
	Transfer from Depreciation Fund for Repayment of Principal on Capital Debt			
29000	NON-OPERATING EXPENDITURES	_____	_____	_____
	Debt Charges			
	Principal			
	Interest			
	Capital Expenditure Out of Operations			
	EXCESS OF REVENUE OVER EXPENDITURE	_____	_____	_____
	SURPLUS (DEFICIT), BEGINNING OF YEAR	_____	_____	_____
	SURPLUS (DEFICIT), END OF YEAR	_____	_____	_____

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 4130
	Section: 4000 – Sample Financial Information	Date Issued: March 29, 2007
	Subject: 4130 – Statement of Financial Position of the Water Utility Capital Fund	Revisions:

(Name) Water Utility

**Statement of Financial Position
of the Water Utility Capital Fund**

March 31, 20xx

	Current Year 20xx	Prior Year 20xx
ASSETS		
Cash		
Depreciation		
Other		
Receivables		
Province of Nova Scotia		
Due from other funds (Gen Cap, Water Op, Gen Op)		
Other		
Inventories, at Cost		
Inventory held for resale		
Inventory not held for resale		
Investments		
Loans and Advances		
Loan to other funds (Gen Cap, Gen Op)		
Other		
Utility Plant and Equipment (Capital Assets)	=====	=====
LIABILITIES		
Short Term Borrowings (Bank Loan)		
Payables		
Due to other funds		
Other liabilities		
Term Debt		
Debentures issued to federal government or its agencies		
Debenture issued to provincial government or its agencies		
Other debentures		
Long-term borrowings not secured by debentures		
Loans from special funds		
Other		
Deferred Contributions		
Accumulated Depreciation		
Accumulated Amortization of Contributions		
Other	=====	=====
INVESTMENT IN CAPITAL ASSETS	=====	=====

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 4140
	Section: 4000 – Sample Financial Information	Date Issued: March 29, 2007
	Subject: 4140 – Statement of Financial Activities of the Water Utility Capital Fund	Revisions:

(Name) Water Utility

**Statement of Financial Activities
of the Water Utility Capital Fund**

Year Ended March 31, 20xx

	Current Year Budget	Current Year Actual	Prior Year Actual
REVENUE	_____	_____	_____
Capital Contributions	_____	_____	_____
Recovery from Outside Sources	_____	_____	_____
Proceeds on Sale of Assets	_____	_____	_____
Sales of Service	_____	_____	_____
TOTAL REVENUE	_____	_____	_____
EXPENDITURES	_____	_____	_____
Capital Expenditures	_____	_____	_____
Extraordinary and Special Items	_____	_____	_____
TOTAL EXPENDITURES	_____	_____	_____
NET REVENUE (EXPENDITURE)	_____	_____	_____
FINANCING AND TRANSFERS	_____	_____	_____
Transfers to/from Own Reserves, Funds and Agencies	_____	_____	_____
Changes in Equity	_____	_____	_____
CHANGE IN FUND BALANCE	_____	_____	_____
BEGINNING FUND BALANCE	_____	_____	_____
ENDING FUND BALANCE	_____	_____	_____

Note: Capital Contributions includes grants and donations

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 4150
	Section: 4000 – Sample Financial Information	Date Issued: March 29, 2007
	Subject: 4150 – Schedule of Investment in Water Utility Plant and Equipment	Revisions:

(Name) Water Utility

**Schedule of Investment Water Utility
Plant and Equipment**
March 31, 20xx

	Current Year 20xx	Prior Year 20xx
Land and land rights		
Source of supply	\$ -	\$ -
Reservoir	=====	=====
Transmission	=====	=====
Structures and improvements		
Source of supply		
Intakes		
Pumping		
Water Treatment		
Distribution reservoirs and standpipes	=====	=====
Equipment		
Pumping		
Water treatment		
Transportation		
Tools and work equipment		
Office furniture and equipment		
Other	=====	=====
Mains		
Transmission	=====	=====
Distribution	=====	=====
Services		
Meters		
Hydrants		
	\$ -	\$ -

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 4160
	Section: 4000 – Sample Financial Information	Date Issued: March 29, 2007
	Subject: 4160 – Schedules to Statement of Financial Activities of the Water Utility Operating Fund	Revisions:

(Name) Water Utility

**Schedules to
Statement of Financial
Activities of the Water Operating Fund**

Year Ended March 31, 20xx

	Current Year 20xx	Prior Year 20xx
Source of supply		
Supervision and engineering	_____	_____
Supplies and expenses	_____	_____
Maintenance of plant	_____	_____
Power and Pumping		
Power	_____	_____
Maintenance	_____	_____
Water Treatment		
Supervision and engineering	_____	_____
Labour	_____	_____
Supplies and expenses	_____	_____
Maintenance of structures and improvements	_____	_____
Maintenance of equipment	_____	_____
Transmission and distribution		
Supervision and engineering	_____	_____
Maintenance of mains	_____	_____
Maintenance of other distribution plant	_____	_____
Rents	_____	_____
Stores expenses	_____	_____
Transportation expenses	_____	_____
Shop expenses	_____	_____
Administration and general		
Supervision	_____	_____
Consumer contracts and orders	_____	_____
Consumer billing and accounting	_____	_____
Uncollectible accounts	_____	_____
Employee benefits	_____	_____
General office expenses	_____	_____
Audit	_____	_____
Regulatory expenses	_____	_____
Maintenance of general property	_____	_____
Miscellaneous general expenses	_____	_____

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 4250.1
	Section: 4200 – Capital Budget	Date Issued: March 29, 2007
	Subject: 4250 – Capital Approvals	Revisions: July 13, 2010 April 25, 2013 November 29, 2019 January 10, 2020

Policies

1. Each capital acquisition or construction project costing \$250,000 or more (in excess of \$1 Million for large scale public utilities) must be approved in advance by the Board. If a capital item/project is included in either a rate case or the three year Capital Budget it must still be submitted for subsequent approval as a standalone application.

Procedures

1. The application for a capital acquisition or expenditure approval (all projects of \$250,000 and over, or in excess of \$1 Million for large scale public utilities) must have, as a minimum, the following information:
 - Background information giving the reasons and need for the project;
 - A brief narrative describing the project;
 - Project cost showing where possible the costs by major category:
 - Contractor
 - Materials/supplies
 - Professional fees
 - Engineering and design
 - Communications
 - Equipment purchase or rental
 - Other labour
 - Administrative
 - Land purchase
 - Capitalized interest (see section 3070)
 - The proposed project funding by funding source, including interim financing during construction, with copies of any letters committing the funding.
2. Other useful information:
 - A brief narrative describing how and why the funding plan is appropriate for the water utility;

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 4250.2
	Section: 4200 – Capital Budget	Date Issued: March 29, 2007
	Subject: 4250 – Capital Approvals	Revisions: July 13, 2010 April 25, 2013

- A cash flow statement for multi-year projects showing capital expenditures and sources of funds by year;
- For donated assets, or partially donated assets, provide the gross capital cost, the value or amount of the donation, the net capital cost and the name(s) of the donor;
- The measurable and not measurable benefits to be obtained and where possible the related cost justification;
- The impacts of the project on the revenues and expenditures of the water utility plus an estimate of the impact on the water rates;
- If a corresponding rate adjustment is an outcome, indicate the planned timing to file an application for adjustments to the rates for water and water related services; and
- Copies of available related documents or reports such as consultant reports, engineering and design materials, alternative solutions analyses, cost estimates or funding commitments.

NOTE: The Board understands that certain capital applications for approval can be adequately justified without providing all of the above detail.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 4251.1
	Section: 4200 – Capital Budget	Date Issued: April 25, 2013
	Subject: 4251 – Changes to Approved Capital Projects	Revisions: January 10, 2020

Policies

1. No project may be substituted for another project, and the approved funding cannot be shifted to a different project without prior approval.
2. Board approval for Authorization to Overspend (ATO) is required any time a capital project:

For a large-scale utility:

- Has an increase in the estimated cost that brings the project's total cost to over \$1,000,000, if the original was under \$1,000,000 and did not have prior Board approval; or
- The actual project costs exceed the greater of \$250,000 or 5% of the previously estimated cost.

For all other utilities:

- Has an increase in the estimated cost that brings the project's total cost to over \$250,000, if the original was under \$250,000 and did not have prior Board approval; or
- The actual project costs exceed the greater of \$250,000 or 5% of the previously approved amount.

Procedures

1. The application for the abandonment of a capital acquisition or expenditure must have, as a minimum, the following information:
 - A brief narrative describing the reason for the abandonment;
 - How the Utility plans on addressing the issue that the project was intending to solve; and
 - The date in which the utility expects to undertake this project in the future, if applicable.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 4251.2
	Section: 4200 – Capital Budget	Date Issued: April 25, 2013
	Subject: 4251 – Changes to Approved Capital Projects	Revisions: January 10, 2020

2. If the project is to be replaced with another capital project, the utility will follow the procedures as they relate to **Subject: 4250 – Capital Approvals** for the new project.
3. For large-scale utilities, projects with cost overruns that exceed the greater of \$250,000 or 5% of the previously estimated cost, the project must be applied for under **Subject: 4250 – Capital Approvals**. For all other utilities, projects that originally cost less than \$250,000 and cost overruns cause the project to breach the \$250,000 threshold and prior approval was not granted by the Board, the project must be applied for under **Subject: 4250 – Capital Approvals**.
4. For projects that had previously received Board approval and require an ATO due to cost over runs, the utility must, as a minimum, provide the following information:
 - A brief description of any changes made to the project (i.e. scope);
 - A project analysis showing the variances by major expense (i.e. Contractor; Materials/Supplies; Professional Fees; Engineering and Design; Communications; Equipment Purchase or Rental; Other Labour; Administrative; Land Purchase; Capitalized Interest (see section 3070);
 - An explanation of the variance in each of the above accounts, if applicable; and
 - The proposed funding of the cost overruns.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 5010
	Section: 5000 – Chart of Accounts	Date Issued: March 29, 2007
	Subject: 5010 – General	Revisions:

Policy

All water utilities in Nova Scotia must use the chart of accounts prescribed by the Board.

Procedures

1. The prescribed chart of accounts is required for water utilities in Nova Scotia.
2. It is recognized that some of the smaller utilities may not find it necessary to use all of the accounts.
3. Many account numbers or account categories are the same for the Operating Fund and the Capital Fund. For example, the Chart of Accounts has assigned 31000 for Cash and Cash Equivalents for both the Operating Fund (Page 5030) and the Capital Fund (Page 5040). It is expected that all utilities will (or have) implemented methodologies in their accounting and financial reporting systems to differentiate between the operating fund accounts and the capital fund accounts.
4. The Handbook has assigned the same account numbers to the actual cash cost and contributed amounts for the acquisition or construction of assets. This reflects that the depreciation rate of the actual cash cost and the amortization rate of the contributed amount must be the same. Each Utility must differentiate the accounts for the cash component and the contributed component by using a numeric or alphabetic suffix. For example, on Page 5160, the account number for Water Treatment Structures is 34350 and indented 34350 for Water Treatment Structures – Contributed. Depending upon the accounting system used, one method of differentiating the accounts would be to have 34350-1 as the account for Water Treatment Structures – Contributed.
5. Account 18500 is used for operating assistance funding. Any grants or government funding received for the purpose of acquiring or constructing utility assets are considered to be contributions or contributed assets for the purposes of definition in this Handbook and should be recorded in the Capital Fund.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 5020
	Section: 5000 – Chart of Accounts: Water Utility Operating Fund	Date Issued: March 29, 2007
	Subject: 5020 – Summary of Operating Fund Account Classifications	Revisions:

REVENUE

- 11000 METERED SALES
- 12000 FLAT RATE SALES
- 13000 PUBLIC FIRE PROTECTION
- 14000 SPRINKLER SERVICE
- 15000 SALES TO OTHER UTILITIES
- 17000 OTHER OPERATING REVENUE
- 18000 NON-OPERATING REVENUE

EXPENDITURES

- 21000 SOURCE OF SUPPLY
- 22000 POWER AND PUMPING
- 23000 WATER TREATMENT
- 24000 TRANSMISSION AND DISTRIBUTION
- 25000 ADMINISTRATION AND GENERAL
- 26000 DEPRECIATION
- 27000 TAXES
- 28000 OTHER OPERATING EXPENDITURES
- 29000 NON-OPERATING EXPENDITURES

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 5030
	Section: 5000 – Chart of Accounts: Water Utility Operating Fund	Date Issued: March 29, 2007
	Subject: 5030 – Summary of Financial Position Account Classifications	Revisions:

ASSETS

31000	CASH AND CASH EQUIVALENTS
32000	RECEIVABLES
33000	INVESTMENTS
34000	TANGIBLE ASSETS
39000	OTHER FINANCIAL ASSETS

LIABILITIES

41000	SHORT TERM BORROWINGS
42000	PAYABLES
43000	OTHER LIABILITIES
44000	ASSET VALUATION ALLOWANCE
49000	SURPLUS AND OTHER EQUITY

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 5040
	Section: 5000 – Chart of Accounts: Water Utility Capital Fund	Date Issued: March 29, 2007
	Subject: 5040 – Summary of Capital Fund Account Classifications	Revisions:

ASSETS

- 31000 CASH AND CASH EQUIVALENTS
- 32000 RECEIVABLES
- 33000 INVESTMENTS
- 34000 UTILITY PLANT AND EQUIPMENT
- 35000 WORK IN PROGRESS
- 39000 OTHER ASSETS

LIABILITIES AND EQUITY

- 41000 SHORT TERM BORROWINGS
- 42000 PAYABLES
- 43000 LONG TERM DEBT
- 44000 OTHER LIABILITIES
- 45000 DEFERRED CONTRIBUTIONS
- 46000 RESERVES
- 49000 INVESTMENT IN CAPITAL ASSETS

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 5050
	Section: 5000 – Chart of Accounts: Water Utility Operating Fund	Date Issued: March 29, 2007
	Subject: 5050 – Revenue	Revisions:

10000 REVENUE

11000 METERED SALES

- 11200 Metered Sales
- 11400 Vessels and/or bulk

12000 FLAT RATE SALES

13000 FIRE PROTECTION

- 13100 Public Fire Protection
- 13200 Public Fire Protection (other Municipalities)
- 13300 Private Fire Protection (other)

14000 SPRINKLER SERVICE

15000 SALES TO OTHER UTILITIES

17000 OTHER OPERATING REVENUE

- 17100 Special Services
- 17200 Rents

18000 NON-OPERATING REVENUE

- 18100 Jobbing and Contract Work
- 18200 Interest
- 18300 Grants
- 18400 Appropriations from Other Funds
- 18600 Transfer from Depreciation Fund
- 18900 Other Non-Operating Revenue

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 5060
	Section: 5000 – Chart of Accounts: Water Utility Operating Fund	Date Issued: March 29, 2007
	Subject: 5060 – Source of Supply	Revisions:

21000 SOURCE OF SUPPLY

21100 SUPERVISION AND ENGINEERING

21200 OPERATION LABOUR

21300 OPERATION SUPPLIES AND EXPENSES

21400 MAINTENANCE OF SOURCE OF SUPPLY PLANT

- 21410 Maintenance of Impounding Reservoirs
- 21420 Maintenance of Intakes
- 21430 Maintenance of Wells and Springs
- 21440 Maintenance of Other Source Structures

21500 WATER PURCHASED

21600 RENTS

21900 OTHER SOURCE OF SUPPLY EXPENSES

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 5070
	Section: 5000 – Chart of Accounts: Water Utility Operating Fund	Date Issued: March 29, 2007
	Subject: 5070 – Power and Pumping	Revisions:

22000 POWER AND PUMPING

22100 SUPERVISION AND ENGINEERING

22200 OPERATION LABOUR

22300 FUEL

22400 POWER PURCHASED

22500 MAINTENANCE OF PUMPING PLANT

22510 Maintenance of Structures and Improvements

22520 Maintenance of Pumping Equipment

22600 RENTS

22900 OTHER PUMPING EXPENSES

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 5080
	Section: 5000 – Chart of Accounts: Water Utility Operating Fund	Date Issued: March 29, 2007
	Subject: 5080 – Water Treatment	Revisions:

23000 WATER TREATMENT

23100 SUPERVISION AND ENGINEERING

23200 OPERATION LABOUR

23250 POWER

23300 OPERATION SUPPLIES AND EXPENSES

23310 Chemicals and Additives

23390 Other Supplies and Expenses

23400 MAINTENANCE OF TREATMENT PLANT

23410 Maintenance of Structures and Improvements

23420 Maintenance of Treatment Equipment

23600 RENTS

23900 OTHER WATER TREATMENT EXPENSES

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 5090
	Section: 5000 – Chart of Accounts: Water Utility Operating Fund	Date Issued: March 29, 2007
	Subject: 5090 – Transmission and Distribution	Revisions:

24000 TRANSMISSION AND DISTRIBUTION

24100 SUPERVISION AND ENGINEERING

24200 MAPS AND RECORDS

24300 OPERATION LABOUR

- 24310 Operation Labour – Mains
- 24320 Operation Labour – Meters

24400 MAINTENANCE OF TRANSMISSION AND DISTRIBUTION

- 24410 Maintenance of Distribution Reservoirs and Standpipes
- 24420 Maintenance of Structures and Improvements
- 24430 Maintenance of Mains
- 24440 Maintenance of Other Distribution Plant
 - 24441 Maintenance of Services
 - 24442 Maintenance of Meters
 - 24443 Maintenance of Hydrants

24500 RENTS

24600 STORE EXPENSES

24700 TRANSPORTATION EXPENSES

24800 SHOP EXPENSES

24900 OTHER TRANSMISSION AND DISTRIBUTION EXPENSES

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 5100
	Section: 5000 – Chart of Accounts: Water Utility Operating Fund	Date Issued: March 29, 2007
	Subject: 5100 – Administration and General	Revisions:

25000 ADMINISTRATION AND GENERAL

25100 CONSUMER ACCOUNTING AND COLLECTING

- 25110 Supervision
- 25120 Meter Reading
- 25130 Consumer Billing and Accounting
- 25140 Collection
- 25150 Uncollectible Accounts
- 25160 Other Accounting and Collection Expenses

25200 SALARIES

- 25210 Officers and Executives Salaries and Benefits
- 25220 Salaries Allocated from Municipal Unit
- 25290 Other General Office Salaries and Benefits

25300 GENERAL OFFICE EXPENSES

- 25310 Officers and Executives Expenses
- 25320 General Office Employees Expenses
- 25330 General Office Expenses and Supplies
- 25340 General Office Expense Allocated from Municipal Unit

25400 PROFESSIONAL FEES

- 25410 Auditors
- 25420 Legal
- 25430 Special Services (Engineering Studies)

25500 REGULATORY EXPENSES

25600 INSURANCE

25700 RENTS OF GENERAL PROPERTY

25800 MAINTENANCE OF GENERAL PROPERTY

25900 OTHER ADMINISTRATION AND GENERAL EXPENSES

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 5110
	Section: 5000 – Chart of Accounts: Water Utility Operating Fund	Date Issued: March 29, 2007
	Subject: 5110 – Non-Operating Expenditures	Revisions:

29000 NON-OPERATING EXPENDITURES

29100 REDEMPTION OF LONG TERM DEBT

- 29110 Principal Instalments on Long Term Debt
- 29120 Sinking Fund Requirements

29200 INTEREST ON LONG TERM DEBT

29300 OTHER INTEREST

- 29310 Bank Charges
- 29320 Interest on Temporary Borrowings
- 29330 Interest on Interfund Borrowings

29400 CAPITAL EXPENDITURES OUT OF OPERATING FUND

29900 OTHER NON-OPERATING EXPENSES

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 5120
	Section: 5000 – Chart of Accounts: Water Utility Operating Fund	Date Issued: March 29, 2007
	Subject: 5120 – Operating Fund Assets	Revisions:

30000 OPERATING FUND ASSETS

31000 CASH AND CASH EQUIVALENTS

- 31100 Cash on Hand
- 31200 Cash in Bank
- 31300 Petty Cash

32000 RECEIVABLES

- 32100 Consumer Accounts Receivable
- 32200 Due from Other Funds
- 32300 Accrued Revenue
- 32900 Other Receivables

33000 INVESTMENTS

34000 TANGIBLE ASSETS

- 34100 Materials and Supplies
- 34900 Other Tangible Assets

39000 OTHER FINANCIAL ASSETS

- 39100 Prepaid Expenses
- 39200 Deferred Charges
- 39900 Other Current Assets

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 5130
	Section: 5000 – Chart of Accounts: Water Utility Operating Fund	Date Issued: March 29, 2007
	Subject: 5130 – Operating Fund Liabilities and Equity	Revisions:

40000 OPERATING FUND LIABILITIES AND EQUITY

41000 SHORT TERM BORROWINGS

- 41100 Bank Loans
- 41900 Other Temporary Borrowings

42000 PAYABLES

- 42100 Trade Accounts Payable
- 42200 Accrued Payables
 - 42210 Accrued Interest Payable
 - 42290 Other Accrued Payables
- 42300 Consumer Deposits
- 42400 Due to Other Funds
- 42900 Other Payables

43000 OTHER LIABILITIES

- 43100 Deferred Revenue
- 43900 Other Current Liabilities

44000 ASSET VALUATION ALLOWANCES

- 44100 For Uncollectible Consumer Accounts
- 44200 For Other Doubtful Receivables
- 44900 Other Allowances

49000 SURPLUS AND OTHER EQUITY

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 5140
	Section: 5000 – Chart of Accounts: Water Utility Capital Fund	Date Issued: March 29, 2007
	Subject: 5140 – Capital Fund Assets	Revisions:

30000 CAPITAL FUND ASSETS

31000 CASH AND CASH EQUIVALENTS

- 31100 Cash in Banks
- 31200 Depreciation Funds
- 31900 Other Special Funds

32000 RECEIVABLES

- 32100 Due from Other Funds
- 32900 Other Receivables

33000 INVESTMENTS

34000 UTILITY PLANT AND EQUIPMENT

35000 WORK IN PROGRESS

39000 OTHER ASSETS

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 5150
	Section: 5000 – Chart of Accounts: Water Utility Capital Fund	Date Issued: March 29, 2007
	Subject: 5150 – Capital Fund Liabilities and Equity	Revisions:

40000 CAPITAL FUND LIABILITIES AND EQUITY

461000 TEMPORARY BORROWINGS

- 41100 Bank Loans
- 41900 Other Temporary Borrowings

42000 PAYABLES

- 42100 Trade Accounts Payable
- 42200 Due to Other Funds
- 42900 Other Payables

43000 LONG TERM DEBT

- 43100 Debentures
- 43900 Other Long Term Debt

44000 OTHER LIABILITIES

45000 DEFERRED CONTRIBUTIONS

46000 RESERVES

- 46100 Depreciation Reserve
- 46200 Amortization Reserve
- 46900 Other Reserves

49000 INVESTMENT IN CAPITAL ASSETS

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 5160.1
	Section: 5000 – Chart of Accounts: Water Utility Capital Fund	Date Issued: March 29, 2007
	Subject: 5160 – Utility Plant and Equipment in Service	Revisions:

34000 UTILITY PLANT AND EQUIPMENT IN SERVICE

34100 INTANGIBLE PLANT

- 34110 Organization
- 34190 Other Intangible Plant

34200 LAND AND LAND RIGHTS

- 34210 Source of Supply Land
- 34220 Water Rights
- 34230 Reservoir Land
- 34240 Pumping Land
- 34250 Water Treatment Land
- 34260 Transmission Land and Rights of Way
- 34270 Office Land
- 34280 Stores, Shops and Garage Land
- 34290 Other Land and Land Rights

34300 STRUCTURES AND IMPROVEMENTS

- 34310 Source of Supply Structures
- 34320 Collecting and Impounding Reservoirs
 - Collecting and Impounding Reservoirs – Contributed
- 34330 Lakes, Rivers and Other Intakes
 - Lakes, Rivers and Other Intakes – Contributed
- 34340 Pumping Structures
 - Pumping Structures – Contributed
- 34350 Water Treatment Structures
 - Water Treatment Structures – Contributed
- 34360 Distribution Reservoirs and Standpipes
 - Distribution Reservoirs and Standpipes – Contributed
- 34370 Office Buildings
 - Office Buildings – Contributed
- 34380 Stores, Shops and Garage Buildings
 - Stores, Shops and Garage Buildings – Contributed
- 34390 Other Structures and Improvements
 - Other Structures and Improvements – Contributed

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 5160.2
	Section: 5000 – Chart of Accounts: Water Utility Capital Fund	Date Issued: March 29, 2007
	Subject: 5160 – Utility Plant and Equipment in Service	Revisions:

34000 UTILITY PLANT AND EQUIPMENT IN SERVICE (cont'd)

34400 EQUIPMENT

- 34410 Pumping Equipment
- 34420 Water Treatment Equipment
- 34430 Office Furniture and Equipment
- 34440 Transportation Equipment
- 34450 Stores Equipment
- 34460 Shop Equipment
- 34470 Garage Equipment
- 34480 Tools and Work Equipment
- 34490 Other Equipment

34500 MAINS

- 34510 Transmission
 - Transmission Mains – Contributed
- 34520 Distribution
 - Distribution Mains – Contributed

34600 SERVICES

34700 METERS

34800 HYDRANTS

34900 OTHER TANGIBLE PLANT

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 7010
	Section: 7000 – Rate and Service Adjustments	Date Issued: March 29, 2007
	Subject: 7010 – Rate Determination Policies	Revisions:

General

The Board, authorized under the *Public Utilities Act*, is required to approve water billing rates and terms of service for all water utilities in Nova Scotia. The request for adjustments to current water billing rates is a formal process started by the water utility. It is a formal application to the Board, and after a publication process followed by a public hearing, the Board renders its decision in the form of an order.

The purpose of this section of the Handbook is to provide the policies to be followed regarding water rate adjustments and the application for water rate adjustments.

Policies

1. Water utilities are experiencing continual change in standards and level of services expected to be provided. The utilities are expected to make changes to rates regularly so as to avoid deficit operations in the utility itself and to avoid sudden increases to the users of water and water services.
2. If a water utility finds that there is no need to apply for water rate adjustments after five years following the last rate adjustment, then the water utility must inform the Board, in writing, why it does not need to adjust its rates at this time and when the next request for water rate adjustments will be submitted.
3. Any new or amended depreciation rates used in the rate application which are not in the guidelines or have not been approved in advance by the Board, must be identified and the Board requested to approve the rates as part of the rate application.
4. All significant assumptions made and used to calculate the adjustments to the water rates and services should be stated in the appropriate schedule or worksheet.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 7020
	Section: 7000 – Rate Setting	Date Issued: March 29, 2007
	Subject: 7020 – Rate Setting Principles	Revisions:

Rate setting is a multi-step process. The first step is to determine the costs of the utility in providing service. The second step is to allocate those costs to each customer class based upon the cost of providing service to that class. This is done in a cost of service study. The final step is rate design. The determination of cost of service is an exercise that is separate from rate design. The cost of service attempts to determine the cost of providing service to each customer class. Rate design is based on cost of service but is driven by considerations other than just cost, such as simplicity, clarity of design, understandability, sending appropriate price signals and customer impacts.

Some of the principles which are to be followed in setting rates include:

- Cost of Service –** Rates charged for a public service should, to the extent possible, be commensurate with the cost of providing the service.
- Return –** Rates charged for a public service should, to the extent possible, provide a just and reasonable return on the rate base employed in the delivery of that service.
- Equity –** Rates charged for a public service should, to the extent possible, be charged equally when service is provided under substantially similar circumstances and description.

A utility is entitled to earn a return on its rate base.

A utility's return on rate base should be just and reasonable as determined by the Board. The utility must meet all operating costs, earn a sufficient return to maintain the integrity of the investment. Enabling a utility to do these things is the main objective of a regulatory body.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 7030
	Section: 7000 – Rate Setting	Date Issued: March 29, 2007
	Subject: 7030 – English to Metric Conversions	Revisions:

Many water utilities still have components and services specified in English units. The conversions to metric used by the Board are as follows:

English	Metric
Pipe, service and meter diameter	
5/8"	15 mm
3/4"	20 mm
1"	25 mm
1 1/2"	40 mm
2"	50 mm
3"	75 mm
4"	100 mm
6"	150 mm
8"	200 mm
10"	250 mm
12"	300 mm
24"	600 mm
Area	
1 acre	.40 Ha
Flow	
220 gal	1 m ³
Length	
1 foot	.3 m
Dosage	
1 part per million	1 mg/l

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: 7040
	Section: 7000 – Rate Setting	Date Issued: March 29, 2007
	Subject: 7040 – Application for Adjustments to Water Rates and Services	Revisions:

Policy

In order to establish a uniform methodology for the determination of rates for water and water services in Nova Scotia, all utilities must calculate water rates in accordance with the policies in this Handbook. Suggested formats are in Appendix B of the Handbook.

APPENDIX A

Detailed Schedules for Developing Operating Budgets

APPENDIX A CONTENTS

DETAILED SCHEDULES FOR DEVELOPING OPERATING BUDGETS

Operating Revenue	A4320
Source of Supply	A4330
Power and Pumping	A4340
Water Treatment	A4350
Transmission and Distribution	A4360
Administration and General	A4370
Non-Operating Revenue	A4375
Non-Operating Expenditures	A4380

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: A4320
	Section: A4300 – Sample Operating Fund Budget	Date Issued: March 29, 2007
	Subject: A4320 – Operating Revenue	Revisions:

10000-17999 OPERATING REVENUE

		20XW (last fiscal year)	20XX (this year)	20XY (year 2)	20XZ (year 3)
		Budget	Actual	Budget	Budget
11000	METERED SALES				
11200	Metered Sales				
11400	Vessels and/or bulk				
	Total Metered Sales	_____	_____	_____	_____
12000	FLAT RATE SALES				
	Total Flat Rate Sales	_____	_____	_____	_____
13000	FIRE PROTECTION				
13100	Public Fire Protection				
13200	Public Fire Protection (other Municipalities)				
13300	Private Fire Protection (other)				
	Total Fire Protection Sales	_____	_____	_____	_____
14000	SPRINKLER SERVICE				
15000	SALES TO OTHER UTILITIES				
17000	OTHER OPERATING REVENUE				
17100	Special Services				
17200	Rents				
	Total Other Operating Revenue	_____	_____	_____	_____
TOTAL OPERATING REVENUE		_____	_____	_____	_____

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: A4330
	Section: A4300 – Sample Operating Fund Budget	Date Issued: March 29, 2007
	Subject: A4330 – Source of Supply	Revisions:

21000 SOURCE OF SUPPLY

		20XW (last fiscal year) Budget	20XX (this year) Budget	20XY (year 2) Budget	20XZ (year 3) Budget
21100	SUPERVISION AND ENGINEERING	_____	_____	_____	_____
21200	OPERATION LABOUR	_____	_____	_____	_____
21300	OPERATION SUPPLIES AND EXPENSES	_____	_____	_____	_____
21400	MAINTENANCE OF PLANT				
21410	Reservoirs	_____	_____	_____	_____
21420	Intakes	_____	_____	_____	_____
21430	Wells and Springs	_____	_____	_____	_____
21440	Other	_____	_____	_____	_____
	Total Maintenance of Plant	_____	_____	_____	_____
21500	WATER PURCHASED	_____	_____	_____	_____
21600	RENTS	_____	_____	_____	_____
21900	OTHER	_____	_____	_____	_____
	TOTAL	_____	_____	_____	_____

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: A4340
	Section: A4300 – Sample Operating Fund Budget	Date Issued: March 29, 2007
	Subject: A4340 – Power and Pumping	Revisions:

22000 POWER AND PUMPING

		20XW (last fiscal year) Budget	20XX (this year) Budget	20XY (year 2) Budget	20XZ (year 3) Budget
22100	SUPERVISION AND ENGINEERING	_____	_____	_____	_____
22200	OPERATION LABOUR	_____	_____	_____	_____
22300	FUEL	_____	_____	_____	_____
22400	POWER PURCHASED	_____	_____	_____	_____
22500	MAINTENANCE OF PLANT				
22510	Structures and Improvements	_____	_____	_____	_____
22520	Pumping Equipment	_____	_____	_____	_____
	Total Maintenance	_____	_____	_____	_____
22600	RENT	_____	_____	_____	_____
22900	OTHER	_____	_____	_____	_____
	TOTAL	_____	_____	_____	_____

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: A4350
	Section: A4300 – Sample Operating Fund Budget	Date Issued: March 29, 2007
	Subject: A4350 – Water Treatment	Revisions:

		23000 WATER TREATMENT				
		20XW (last fiscal year)		20XX (this year)	20XY (year 2)	20XZ (year 3)
		Budget	Actual	Budget	Budget	Budget
23100	SUPERVISION AND ENGINEERING					
23200	OPERATION LABOUR					
23250	POWER					
23300	OPERATION SUPPLIES AND EXPENSES					
23310	Chemicals and Additives					
23390	Other					
	Total Operation Supplies and Expenses					
23400	MAINTENANCE OF PLANT					
23410	Maintenance of Structures					
23420	Maintenance of Equipment					
	Total Maintenance of Plant					
23600	RENTS					
23900	OTHER					

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: A4360
	Section: A4300 – Sample Operating Fund Budget	Date Issued: March 29, 2007
	Subject: A4360 – Transmission and Distribution	Revisions:

24000 TRANSMISSION AND DISTRIBUTION

		20XW (last fiscal year) Budget	20XX (this year) Budget	20XY (year 2) Budget	20XZ (year 3) Budget
24100	SUPERVISION AND ENGINEERING	_____	_____	_____	_____
24200	MAPS AND RECORDS	_____	_____	_____	_____
24300	OPERATION LABOUR				
24310	Mains	_____	_____	_____	_____
24320	Meters	_____	_____	_____	_____
	Total Operation Labour	_____	_____	_____	_____
24400	MAINTENANCE OF PLANT				
24410	Reservoirs	_____	_____	_____	_____
24420	Structures and Improvements	_____	_____	_____	_____
24430	Mains	_____	_____	_____	_____
24440	Other	_____	_____	_____	_____
24441	Maintenance of Services	_____	_____	_____	_____
24442	Maintenance of Meters	_____	_____	_____	_____
24443	Maintenance of Hydrants	_____	_____	_____	_____
	Total Maintenance of Plant	_____	_____	_____	_____
24500	RENTS	_____	_____	_____	_____
24600	STORE EXPENSES	_____	_____	_____	_____
24700	TRANSPORTATION	_____	_____	_____	_____
24800	SHOP EXPENSES	_____	_____	_____	_____
24900	OTHER	_____	_____	_____	_____
	TOTAL	_____	_____	_____	_____

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: A4370
	Section: A4300 – Sample Operating Fund Budget	Date Issued: March 29, 2007
	Subject: A4370 – Administration and General	Revisions:

25000 ADMINISTRATION AND GENERAL

		20XW (last fiscal year)	20XX (this year)	20XY (year 2)	20XZ (year 3)
		Budget	Actual	Budget	Budget
25100	CONSUMER ACCOUNTING AND COLLECTING				
25110	Supervision				
25120	Meter Reading				
25130	Billing and Accounting				
25140	Collection				
25150	Uncollectible Accounts				
25160	Other				
	Total Consumer Accounting and Collection	_____	_____	_____	_____
25200	SALARIES				
25210	Officers and Executives				
25220	Allocated				
25290	Other				
	Total Salaries	_____	_____	_____	_____
25300	GENERAL OFFICE EXPENSES				
25310	General Officers				
25320	General Office Employees				
25330	General Office				
25340	Allocated				
	Total General Office Expenses	_____	_____	_____	_____
25400	PROFESSIONAL FEES				
25410	Auditors				
25420	Legal				
25430	Special Services				
	Total Professional Fees	_____	_____	_____	_____
25500	REGULATORY EXPENSES				
25600	INSURANCE				
25700	RENTS OF GENERAL PROPERTY				
25800	MAINTENANCE OF GENERAL PROPERTY				
25900	OTHER				
	TOTAL	_____	_____	_____	_____

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: A4375
	Section: A4300 – Sample Operating Fund Budget	Date Issued: March 29, 2007
	Subject: A4375 – Non-Operating Revenue	Revisions:

18000 NON-OPERATING REVENUE

		20XW (last fiscal year)	20XX (this year)	20XY (year 2)	20XZ (year 3)
		Budget	Actual	Budget	Budget
18000	NON-OPERATING REVENUE				
18100	Jobbing and Contract Work				
18200	Interest				
18300	Grants				
18400	Appropriations from Other Funds				
18500	Amortization of Deferred Assistance				
18600	Transfer from Depreciation Fund				
18900	Other				
Total Non-Operating Revenue		_____	_____	_____	_____
TOTAL		_____	_____	_____	_____

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: A4380
	Section: A4300 – Sample Operating Fund Budget	Date Issued: March 29, 2007
	Subject: A4380 – Non-Operating Expenditures	Revisions:

29000 NON-OPERATING EXPENDITURES

		20XW (last fiscal year) Budget	20XX (this year) Budget	20XY (year 2) Budget	20XZ (year 3) Budget
29100	REDEMPTION OF LONG TERM DEBT				
29110	Principal				
29120	Sinking Fund				
	Total Redemption of Long Term Debt	_____	_____	_____	_____
29200	INTEREST ON LONG TERM DEBT				
29300	OTHER INTEREST				
29310	Bank Charges				
29320	Temporary Borrowings				
29330	Interfund				
	Total Other Interest	_____	_____	_____	_____
29400	CAPITAL EXPENDITURES OUT OF OPERATING FUND	_____	_____	_____	_____
29900	OTHER	_____	_____	_____	_____
	TOTAL	_____	_____	_____	_____

APPENDIX B

Guidelines for Calculation and Preparation of an Application for Adjustments to Water Rates and Services

APPENDIX B CONTENTS

SAMPLE FOR CALCULATING ADJUSTMENTS TO WATER RATES AND SERVICES	B0000
General	B0010
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Source of Supply	B0030
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Power and Pumping Operating Expenditures: Worksheet B-2b	B0240
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Calculation of Base and Customer Charges: Worksheet C-5	B0295
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Projected Revenues Over Expenditures: Worksheet D-2	B0320
Projected Statement of Financial Position of the Water Capital Fund: Worksheet D-3	B0325

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0010
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0010 – General	Revisions:

General

The purpose of this Appendix is to describe the suggested information, documentation to be included and the format to be followed in an application for adjustments to water rates and services.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0020.1
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0020 – Contents of Applications	Revisions:

The application for water rate adjustments has four major sections:

- A – System Description;
- B – Historical and Projected Financial Information;
- C – Methodology and Calculations of Water Rates; and
- D – Proposed Rates and Revenues Impacts

A – System Description

This part of the application provides the Board with information on the system as it exists including sources of supply, transmission and distribution infrastructure, fire protection and customers.

The specific information needed for Section A is described in the following:

<u>Page</u>	<u>Subject</u>
B0030	Source of Supply
B0100	Transmission and Distribution
B0140	Water Consumption
B0150	Customers
B0152	Customer Service Statistics
B0154	Fire Protection Statistics
B0170	Customers: Inter-municipal Services Form
B0180	Public Fire Protection

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0020.2
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0020 – Contents of Applications	Revisions:

B – Historical and Projected Financial Information

This part of the application provides the historical financial statements, the projected financial statements before proposed rate increases, depreciation and amortization calculations and allocation of plant between general service and fire protection.

More specifically, the statements and worksheets to be shown in this part of the application are:

<u>Page</u>	<u>Subject</u>	<u>Worksheet</u>
B0225	Comparative Statement of Financial Activities of the Water Utility Operating Fund	B-1
B0230	Statement of Operating Expenditures and Revenue Requirements	B-2
B0235	Source of Supply Operating Expenditures	B-2a
B0240	Power and Pumping Operating Expenditures	B-2b
B0245	Water Treatment Operating Expenditures	B-2c
B0250	Transmission and Distribution Operating Expenditures	B-2d
B0255	Administration and General Operating Expenditures	B-2e
B0260	Depreciation Calculation	B-3
B0265	Amortization Calculation	B-4
B0270	Allocation of Utility Plant	B-5

C – Methodology and Calculations of Water Rates

This part of the application provides the calculations leading to the determination of the proposed water rates.

The worksheets to be shown in this part of the application are:

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0020.3
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0020 – Contents of Applications	Revisions:

<u>Page</u>	<u>Subject</u>	<u>Worksheet</u>
B0275	Calculation of Fire Protection Charges	C-1
B0280	Calculation of Rate Base and Return	C-2
B0285	Calculation of Revenue by Billing Category	C-3
B0290	Service Connections and Equivalents	C-4
B0295	Calculation of Base and Customer Charges	C-5
B0300	Water Consumption by Block	C-6
B0305	Calculation of Consumption Charge	C-7
B0310	Projected Operating Revenue at Proposed Rates	C-8

D – Proposed Rates and Revenues Impacts

This part of the application provides a comparison of the current rates to the proposed rates for individual water users and a projection of the water utility financial activities using the proposed rates.

The specific worksheets to be included in this part of the rate application are:

<u>Page</u>	<u>Subject</u>	<u>Worksheet</u>
B0315	Comparison of Current Water Rates with Proposed Rates	D-1
B0320	Projected Revenues Over Expenditures Using Proposed Rates	D-2
B0325	Projected Statement of Financial Position of the Water Capital Fund	D-3

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0030
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0030 – Source of Supply	Revisions:

1. Information for Rate and Service Adjustment Application

The application for rate and service adjustments must contain a brief description of the sources of water supply commenting in summary form the more detailed information that must be available should the Board request it.

The application should include a current map locating source of supply, transmission mains and distribution mains.

2. Additional Source of Supply Information

Each water utility must be able to submit, either at a public hearing, or at any time that the Board may request, additional information with respect to the Utility's source of supply, including watersheds.

3. Indicate whether the system has a master meter installed.

4. Watersheds

Provide a brief description of the watershed for each major water source supplying the utility and provide a description of any features or controls designed to protect the watershed.

Indicate whether the watershed is owned by the utility or municipal unit responsible for operating the utility. If a watershed is partially owned by the utility or by the municipal unit responsible for operating the utility describe the amount and location owned. For those watersheds not completely owned indicate whether the utility or municipal unit responsible for operation of the utility has provided a reserve in its financial statements for future acquisition.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0100
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0100 – Transmission and Distribution	Revisions:

1. Information for Rate and Service Adjustment Application

The application for rate and service adjustments must contain a brief description of the transmission and distribution systems and any significant changes made since the last rate hearing, or since the last system description was submitted to the Board.

2. Water Consumption and Losses

Water utilities must report their water loss experience for the year. Water supplied from source is the total of water supplied from all lake or river systems and wells and is best measured by a master meter installed near the source. If a master meter is not in place, estimates can be obtained by measuring the flows at various times during a year.

Water used by non-metered customers can be estimated by determining the average use per non-metered customer for each class of customer and multiplying that amount by the number of customers in each class. Water used by metered customers should be taken from internal records and annualized to correct for fluctuations in billing periods.

Provide the number of breaks in the system per year since the last application for adjustments to the water and water related services rates.

Specify the estimated water loss both in percentage of total from source(s) of supply and in cubic metres per year since the last application for adjustments to the water and water related services rates.

If non-revenue water is higher than 20 percent provide a description of the reasons why and any action contemplated or taken to correct the situation. See form on page B0140.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0140
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0140 – Water Consumption	Revisions:

WATER CONSUMPTION

	Percent of Water Supplied
1. Water supplied from source	_____
2. Water used by non-metered customers	_____
3. Water used by metered customers	_____
4. Gross non-revenue water (1 minus 2 minus 3)	_____

If non-revenue water is higher than 20 percent provide a description of the reasons why and any action contemplated or taken to correct the situation.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0150
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0150 – Customers	Revisions:

1. Customer Information

In the determination of the new billing rate calculations data is required on the current and projected customers by meter size. The summary information to be provided is shown on page B0152.

For each customer class (e.g. metered, flat rate) indicate the frequency of billing and the billing dates during the year. Indicate whether customers are billed in advance or in arrears and the date of the utility's last rate increase.

2. Fire Protection Statistics

The required hydrant and sprinkler data to be submitted with the Application for Water Rate and Service Adjustments is as shown on page B0154.

3. Inter-municipal Services

Provide a description of services provided to adjacent municipalities or customers located in adjacent municipalities. In this description include the name of the adjacent municipality, location and number of customers served, and the type of service provided.

Describe the water utility plant employed in providing the above service. Indicate whether the plant is used solely for purposes of serving the adjacent municipality/customers or is used jointly with service to customers residing in your municipal unit.

The form on page B0170 requests additional information on inter-municipal services.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0152
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0152 – Customer Service Statistics	Revisions:

CUSTOMERS

Meters

Size	Time of Application	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
5/8"	15 mm			
3/4"	20 mm			
1"	25 mm			
1 1/2"	40 mm			
2"	50 mm			
3"	75 mm			
4"	100 mm			
6"	150 mm			
8"	200 mm			
Greater than 8"	> 200 mm			

Non-metered
customers

Residential

Other

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0154
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0154 – Fire Protection Statistics	Revisions:

At Last Rate Current Balance
Hearing

Hydrants
 Private hydrants
 Sprinkler lines

What is the frequency of flushing the public hydrants?

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0170
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0170 – Customers: Inter-municipal Services Form	Revisions:

CUSTOMERS

Inter-municipal services

If water and/or water services (e.g. fire protection) are provided to an adjacent municipality or customers located in an adjacent municipality, describe the services provided.

Describe water utility plant employed in providing this service including the following:

- Transmission main
- Distribution main
- Water storage
- Hydrants
- Meters
- Service lines

Indicate whether the above listed plant is used exclusively for providing this service or is used jointly with service to customers residing in your municipal unit.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0180
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0180 – Public Fire Protection	Revisions:

1. Information for Rate and Services Adjustments Application

The application for rate and service adjustments should have a brief description of the public fire protection provided and the significant changes since the last rate hearing.

2. Additional Public Fire Protection Information

Some utilities will have a fire underwriters survey conducted. If one has been completed, please file a copy of the most recent survey with the Board. The survey should contain the following information:

- Year of the survey;
- Grade of the water system;
- A copy of the recommended improvement program as prepared by the rating agency; and
- A copy of the flow test tables (which are included with the survey report).

If a separate grade for the water utility has not been made available this should be obtained directly from the fire underwriters.

If the classification of the system is not satisfactory, provide a description of any action contemplated or taken to correct the situation. _____

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0200
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0200 – Rate Calculations	Revisions:

The Board is responsible to set just and reasonable rates for water and water services delivered to customers by all water utilities in Nova Scotia. The purpose of this section is to provide a methodology and to provide guidelines on how rates should be calculated.

This methodology applies to a situation where there are no inter-utility or inter-municipality connections.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0210.1
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0210 – Rate Calculations: Comments	Revisions:

General

The rate calculation methodology is reflected in a series of spreadsheets, shown in the Handbook as worksheets. These worksheets, with the accompanying preparation comments should be sufficient for water utilities to calculate the changes in water rates needed to recover the Net Operating Revenue plus calculate the return on rate base needed to recover the non-operating expenditures.

The balance of this section gives comments on each of the worksheets.

Comparative Statement of Operations – Worksheet B-1 (page B0225)

The worksheet is intended to show comparative historical results and projected results using the current approved water and water services rates.

In addition to this worksheet, the application must include the audited financial statements of the water utility for the most recently completed fiscal year.

Statement of Expenditures and Revenue Requirements – Worksheet B-2 (page B0230)

This schedule shows how to determine the Revenue Required from Fire Protection and Water Customers for the future test years. The supporting worksheets for the operating expenditures are Worksheets B-2a (page B0235) to B-2e (page B0255). Note that the assumptions used must be shown on the worksheets. In many cases the test years' expenditures will be the same as used in projections for Worksheet B-1.

Depreciation Calculation – Worksheet B-3 (page B0260)

This worksheet should show how the depreciation was calculated by asset category using the depreciation rates approved by the Board. This should be calculated for each of the test years.

Any unusual items or assumptions should be disclosed on the schedules or by separate comments.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0210.2
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0210 – Rate Calculations: Comments	Revisions:

Amortization Calculation – Worksheet B-4 (page B0265)

This worksheet shows how the annual amortization was calculated on the Capital Contributions received by the water utility. This should be calculated for each of the test years.

The Capital Contributions must be recorded by asset category and the Board approved rates used to calculate the annual amortization.

Any unusual items or assumptions should be disclosed on the worksheets or by separate comments.

Allocation of Utility Plant – Worksheet B-5 (page B0270)

This worksheet is used in the determination of the charge for fire protection services.

The purpose of Worksheet B-5 is to approximate the total percentage share of the plant used for General Service and for Fire Protection.

This total percentage will be used in Worksheet C-1 (page B0275).

The actual allocation percentage between General Service and Fire Protection would normally require engineering and technical analyses of the complete water system and are usually based on the fire flow requirements as measured by a rating agency (see page B0180). However, where such engineering analyses are not available, or not economically worth doing, the suggestions in Worksheet B-5 may be used.

Note that the amounts to be used in this worksheet are the sum of the actual cost plus the amount of the contribution for each item of water utility plant in service.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0210.3
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0210 – Rate Calculations: Comments	Revisions:

Asset Category	Percent Allocation	
	General Service	Fire Protection
Source of Supply	90%	10%
Power and Pumping – Demand	40%	60%
Power and Pumping – Production	90%	10%
Water Treatment	90%	10%
Administration and General	90%	10%
Services	100%	0%
Hydrants	0%	100%
Working Capital	100%	0%
Meters	100%	0%
Transmission Mains	40%	60%
Distribution Mains	40%	60%
Distribution Reservoirs and Standpipes	40%	60%

Calculation of Fire Protection Charge: Worksheet C-1 (page B0275)

Worksheet C-1 calculates the portion of the total operating expenditures plus the return on rate base that should be recovered as the public fire protection charge. The allocation percentages are shown on Worksheet C-1 on page B0275.

Calculation of Rate Base and Return: Worksheet C-2 (page B0280)

This worksheet is used to calculate the rate base and the required return on the rate base.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0210.4
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0210 – Rate Calculations: Comments	Revisions:

Calculation of Revenue by Billing Category: Worksheet C-3 (page B0285)

This worksheet allocates the total revenue required (by expenditure category) to the four billing categories: Customer, Base, Delivery and Production.

The general guidelines, when there are no empirical evidence or reasons to vary from the guidelines, for allocation of the revenue requirements are:

	Customer	Base	Delivery	Production
Source of Supply				100%
Power and Pumping				100%
Water Treatment				100%
Transmission and Distribution			100%	
Collection and Administration	10%	90%		
Depreciation		40%	30%	30%
Amortization		40%	30%	30%
Taxes		100%		
Return on Rate Base		40%	30%	30%
Capital Out of Revenue		40%	60%	

NOTE: It is recognized that in certain cases other allocation percentages may be appropriate.

Service Connections and Equivalents: Worksheet C-4 (page B0290)

This worksheet provides data on the number of customers by service size and the system equivalents. The capacity ratios are to be universally used. This information should be the same as given on B0152. This should be calculated for each test year.

Calculation of Base and Customer Charges: Worksheet C-5 (page B0295)

This worksheet shows how the base charge and customer charge are calculated for each service size.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0210.5
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0210 – Rate Calculations: Comments	Revisions:

Consumption by Block: Worksheet C-6 (page B0300)

This worksheet shows the total consumption by block used in Worksheets C 7 and C 8.

Calculation of Consumption Charge: Worksheet C-7 (page B0305)

This worksheet is used to calculate the consumption charge per cubic metre of water by block where the water utility has two blocks. If the water utility has only one block, then total costs are divided by the total consumption resulting in a single rate.

Projected Revenue at Proposed Rates: Worksheet C-8 (page B0310)

This worksheet determines the total water service revenues the water utility would earn using the new rates using the number of customers and consumption estimates. This is a checking worksheet to ensure that all expenditures are being recovered.

Comparison of Current and Proposed Rates: Worksheet D-1 (page B0315)

This worksheet will show the percentage change in the base charge, commodity charge and total quarterly charge by customer service size. This should be calculated for each test year.

Projected Revenues Over Expenditures: Worksheet D-2 (page B0320)

This worksheet shows the excess (deficiency) of revenues over expenditures using the new proposed rates.

Projected Capital Fund Balance Sheet: Worksheet D-3 (page B0325)

This worksheet shows the projected balances of depreciation fund, utility plant in service, accumulated depreciation, accumulated amortization of contributions, capital debt and investment in capital assets.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0225
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0225 – Comparative Statement of Financial Activities of the Water Utility Operating Fund – Worksheet B-1	Revisions:

Worksheet B-1

(Name) Water Utility
Comparative Statement of Operations

Fiscal Years Ending March 31st

	20XT (Actual)	20XU (Actual)	20XV (Actual)	Current Year (Forecast)	Projection Using Current Rates			
						20XX	20YY	20XZ
OPERATING REVENUES								
Flat Rate Sales								
Metered Sales								
Public Fire Protection								
Sundry								
 Total								
OPERATING EXPENDITURES								
Source of Supply								
Power and Pumping								
Water Treatment								
Transmission and Distribution								
Administration and General								
Depreciation								
Taxes								
 Total								
OPERATING PROFIT (LOSS)								
NON-OPERATING REVENUES								
Interest and other Income								
Grant								
Transfer from Depreciation Fund								
 Total								
NON-OPERATING EXPENDITURES								
Debt Charges - Principal								
Debt Charges - Interest								
Sinking Fund								
New Debt - Principal								
New Debt - Interest								
Permit Fee								
Interim Financing								
Capital out of Revenue								
 Total								
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES								

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0230
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0230 – Statement of Operating Expenditures and Revenue Requirements: Worksheet B-2	Revisions:

Worksheet B-2

(Name) Water Utility

Statement of Operating Expenditures and Revenue Requirements

	Account Number	Current Year	20XX	20XY	20XZ
Operating Expenditures			—	—	—
Source of Supply	21000	*	—	—	—
Power and Pumping	22000	*	—	—	—
Water Treatment	23000	*	—	—	—
Transmission and Distribution	24000	*	—	—	—
Administration and General	25000	*	—	—	—
Depreciation	26000	*	—	—	—
Taxes	27000		—	—	—
Total			—	—	—
Add Non-Operating Expenditures	29000				
Debt Charges					
Principal		*			
Interest		*			
Capital Expenditures from Revenue		*			
Total			—	—	—
Less Non-Operating Revenues	18000				
Province of NS Grants					
Transfer from Depreciation Fund			—	—	—
Less Other Operating Revenues	17000				
Sprinkler Service	14000				
Private Hydrant Charge	13300		—	—	—

Revenue Required from Fire

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0235
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0235 – Source of Supply Operating Expenditures: Worksheet B-2a	Revisions:

Worksheet B-2a

(Name) Water Utility

Statement of Operating Expenditures

	Account Number	Current Year	20XX	20XY	20XZ
SOURCE OF SUPPLY					
Supervision and Engineering	21100				
Operation Labour	21200				
Operation Supplies & Expenses	21300				
Maintenance of Source of Supply Plant	21400				
Maintenance of Impounding Reservoirs	21410				
Maintenance of Intakes	21420				
Maintenance of Wells and Springs	21430				
Maintenance of Other Source Structures	21440				
Water Purchased	21500				
Rents	21600				
Other Source of Supply Expenses	21900				
		<hr/>	<hr/>	<hr/>	<hr/>
		-	-	-	-

ASSUMPTIONS

- 1
- 2
- 3

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0240
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0240 – Power and Pumping Operating Expenditures: Worksheet B-2b	Revisions:

Worksheet B-2b

(Name) Water Utility

Statement of Operating Expenditures

Account Number	Current Year	20XX	20XY	20XZ
POWER AND PUMPING				
Supervision and Engineering	22100			
Operation Labour	22200			
Fuel	22300			
Power Purchased	22400			
Maintenance of Pumping Plant	22500			
Maintenance of Structures	22510			
Maintenance of Equipment	22520			
Rents	22600			
Other Pumping Expenses	22900			
	-----	-----	-----	-----

ASSUMPTIONS

- 1
- 2
- 3

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0245
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0245 – Water Treatment Operating Expenditures: Worksheet B-2c	Revisions:

Worksheet B-2c

(Name) Water Utility

Statement of Operating Expenditures

	<u>Account Number</u>	<u>Current Year</u>	<u>20XX</u>	<u>20XY</u>	<u>20XZ</u>
WATER TREATMENT					
Supervision and Engineering	23100				
Operation Labour	23200				
Power	23250				
Operation Supplies and Expenses	23300				
Chemical Additives	23310				
Other Supplies and Expenses	23390				
Maintenance of Treatment Plant	23400				
Maintenance of Structures	23410				
Maintenance of Equipment	23420				
Rents	23600				
Other (bacterial sampling)	23900				
		—	—	—	—

ASSUMPTIONS

- 1
- 2
- 3

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0250
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0250 – Transmission and Distribution Operating Expenditures: Worksheet B-2d	Revisions:

Worksheet B-2d

(Name) Water Utility

Statement of Operating Expenditures

	Account Number	Current Year	20XX	20XY	20XZ
TRANSMISSION AND DISTRIBUTION					
Supervision and Engineering	24100				
Maps and Records	24200				
Operation Labour	24300				
Operation Labour-Mains	24310				
Operation Labour-Meters	24320				
Maintenance of Transmission and Dist.	24400				
Maintenance of Dist Resevoirs & Standpipes	24410				
Maintenance of Structures	24420				
Maintenance of Mains	24430				
Maintenance of Other Dist Plant	24440				
Maintenance of Services	24441				
Maintenance of Meters	24442				
Maintenance of Hydrants	24443				
Rents	24500				
Stores Expense	24600				
Transportation Expenses	24700				
Shop Expenses	24800				
Other (telemetry monitoring)	24900				
		—	—	—	—

ASSUMPTIONS

- 1
- 2
- 3

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0255
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0255 – Administration and General Operating Expenditures: Worksheet B-2e	Revisions:

General Officers Expense

Workshop B-2e

(Name) Water Utility

Statement of Expenditures

	Account Number	Current Year	20XX	0	20XY	20XZ
ADMINISTRATION AND GENERAL						
Consumer Accounting and Collection	25100					
Supervision	25110					
Meter Reading	25120					
Consumer Billing and Accounting	25130					
Collection	25140					
Uncollectible Accounts	25150					
Other	25160					
Salaries	25200					
Officers and Executives Salaries & Ben.	25210					
Salaries Allocated from Municipal Unit	25220					
Other	25290					
General Office Expense	25300					
General Office Employees Expense	25310					
General Office Expense and Supplies	25320					
General Office Expense Allocated from Municipal Unit	25330					
General Office Expense Allocated from Municipal Unit	25340					
Professional Fees	25400					
Auditors	25410					
Legal	25420					
Special Services	25430					
Regulatory Expenses	25500					
Insurance	25600					
Rents of General Property	25700					
Maintenance of General Property	25800					
Other Admin Expense	25900					
		—	—	—	—	—

ASSUMPTIONS

1

2

3

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0260
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0260 – Depreciation Calculation: Worksheet B-3	Revisions:

20XX

Worksheet B-3

(Name) Water Utility

**Calculation of Depreciation
on Tangible Plant at Total Cost**

Description	Cost of Utility Plant in Service	Depreciation Rate	Annual Depreciation
LAND AND LAND RIGHTS			
Source of Supply Land			
Land - General			
STRUCTURES AND IMPROVEMENTS			
Source of Supply Structures			
Power and Pumping Structures			
Purification			
Distribution Reservoirs and Standpipes			
Water Treatment Plant			
General			
Other Water Source Structures			
ELECTRICAL PUMPING EQUIPMENT			
OTHER EQUIPMENT			
PURIFICATION EQUIPMENT			
TRANSMISSION MAINS			
DISTRIBUTION MAINS			
DISTRIBUTION MAINS EQUIPMENT			
SERVICES			
SPRINKLER CONNECTIONS			
METERS			
HYDRANTS			
OFFICE FURNITURE AND EQUIPMENT			
TRANSPORTATION EQUIPMENT			
SMALL TOOLS AND WORK EQUIPMENT			
METER SHOP EQUIPMENT			
GIS SYSTEM			
OTHER EQUIPMENT			
 TOTAL	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0265
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0265 – Amortization Calculation: Worksheet B-4	Revisions:

Worksheet B-4

(Name) Water Utility

**Calculation of Amortization
on Capital Contributions (to Plant)
20XX**

Description	Capital Contributions to Utility Plant in Service	Amortization Rate	Annual Amortization
LAND AND LAND RIGHTS			
Source of Supply Land			
Land - General			
STRUCTURES AND IMPROVEMENTS			
Source of Supply Structures			
Power and Pumping Structures			
Purification			
Distribution Reservoirs and Standpipes			
Water Treatment Plant			
General			
Other Water Source Structures			
ELECTRICAL PUMPING EQUIPMENT			
OTHER EQUIPMENT			
PURIFICATION EQUIPMENT			
TRANSMISSION MAINS			
DISTRIBUTION MAINS			
DISTRIBUTION MAINS EQUIPMENT			
SERVICES			
SPRINKLER CONNECTIONS			
METERS			
HYDRANTS			
TRANSPORTATION EQUIPMENT			
 TOTAL	_____	_____	_____

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0270
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0270 – Allocation of Utility Plant: Worksheet B-5	Revisions:

Worksheet B-5

(Name) Water Utility

**Allocation of the Total Cost of Utility Plant in Service
Between General Service and Fire Protection
20XX**

Description	(a) Utility Plant in Service	(b) Percent	(a) * (b) General Service	(c) Percent	(a) * (c) Fire Protection
Intangible Plant					
Organization and Working Capital		100.0%			0.0%
Tangible Plant					
LAND AND LAND RIGHTS					100.0%
Source of Supply Land		90.0%			10.0%
Land - General		90.0%			10.0%
STRUCTURES AND IMPROVEMENTS					100.0%
Source of Supply Structures		90.0%			10.0%
Power and Pumping Structures		90.0%			10.0%
Purification		90.0%			10.0%
Distribution Reservoirs and Standpipes		40.0%			60.0%
Water Treatment Plant		90.0%			10.0%
General		90.0%			10.0%
Other Water Source Structures		90.0%			10.0%
Equipment					
Electrical Pumping		40.0%			60.0%
Purification Equipment		90.0%			10.0%
Office Furniture and Equipment		90.0%			10.0%
Transportation		90.0%			10.0%
Tools and Work Equipment		90.0%			10.0%
GIS System		100.0%			0.0%
Distribution Mains Equipment		40.0%			60.0%
Meter Shop Equipment		90.0%			10.0%
Other Equipment		90.0%			10.0%
Mains					
Transmission		40.0%			60.0%
Distribution		40.0%			60.0%
Meters		100.0%			0.0%
Hydrants					
Sprinkler Connections		0.0%			100.0%
Services		100.0%			0%
TOTALS					
	\$ A	\$ B / A	\$ B	\$ C / A	\$ C To Wksht C-1

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0275
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0275 – Calculation of Fire Protection Charges: Worksheet C-1	Revisions:

Worksheet C-1

(Name) Water Utility

Allocation of Fire Protection Charges Using Projected Expenses for Year

	20XU Estimated Expenses (a)	Percent Allocation to Fire Protection (c)	Fire Protection Charge (a) * (c)=(d)
Source of Supply		10.0%	\$ -
Power and Pumping		10.0%	
Water Treatment		10.0%	
Transmission and Distribution		Wkst B-5 %	
Administration and General		10.0%	
Depreciation		Wkst B-5 %	
Taxes		Wkst B-5 %	
Return on Rate Base		Wkst B-5 %	
TOTAL	\$ A		\$ D
		(D) / (A)	

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0280
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0280 – Calculation of Rate Base and Return: Worksheet C-2	Revisions:

Worksheet C-2

(Name) Water Utility

**Calculation of Rate Base and Required Return on Rate Base
Years Ending March 31st**

	Current Year	20XX (Estimate)	20XY (Estimate)	20XZ (Estimate)
RATE BASE				
Utility Plant in Service March 31st				
Less Accumulated Depreciation on actual cost of plant in service (Estimated)				
Less unamortized amount of capital contribution for plant in service				
Estimated Rate Base at Year End				
REQUIRED RETURN				
Non-operating Expenditures (Worksheet B-2) LESS				
Non-operating and Other Revenue (Worksheet B-2)				
Required Rate of Return (Req'd Return / Est Rate Base)				

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0285
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0285 – Calculation of Revenue by Billing Category: Worksheet C-3	Revisions:

Worksheet C-3

(Name) WATER UTILITY
Calculation of Revenue Required for Each Billing/Cost Category
20XX

(a)	(b)	(a)-(b)=(c)	(d)	(c)*(d)		(e)	(c)*(e)	(f)	(c)*(f)		(g)	(c)*(g)
				Revenue	Required				Charge	Commodity Charge		
				Total Revenue Required	Fire Protection Revenue	From Metered Rates	Customer	Base	Delivery	Production		
Source of Supply	\$ -	\$ -									100%	0
Power and Pumping	-	-									100%	-
Water Treatment	-	-									100%	-
Transmission and Distribution	-	-							100%	0		
Administration and General	-	-	10%	0	90%	0						-
Depreciation	-	-			40% to 100%	0	30% to 0				30% to 0	-
Taxes	-	-			100%	0						-
Return on Rate Base	-	-			40% to 100%	0	30% to 0			0	30% to 0	
Capital out of Revenue						40%					60%	
SUBTOTAL:	-	-				0	0	0		0	0	
LESS:												
Sprinkler Service											100%	-
Private Hydrant Charge											100%	-
Miscellaneous Revenue											100%	-
TOTAL:	0	0		0	0	0	0	0		0	0	
Column	1	2		3		4		5		6		7
												8
												9
												10

SOURCE OF DATA

Column	Worksheet
(a)	B-2
(b)	C-1

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0290
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0290 – Service Connections and Equivalents: Worksheet C-4	Revisions:

Worksheet C-4

(Name) Water Utility

Service Connections and Equivalents

Meter Size	Number of Services	Capacity Ratio	System Equivalents
Unmetered		1	0
5/8"		1	0
3/4"		1.5	0
1"		2.5	0
1.5"		5	0
2"		8	0
3"		16	0
4"		25	0
6"		50	0
8"		90	0
TOTAL	<u>0</u>	<u>0</u>	<u>0</u>

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0295
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0295 – Calculation of Base and Customer Charges: Worksheet C-5	Revisions:

Worksheet C-5

(Name) Water Utility

Calculation of Base and Customer Charges
20XX

BASE CHARGE PER SERVICE EQUIVALENT

$$\text{Charge per service equivalent} = \frac{\text{Total Base Revenues Required (Wksht C-3 Col. 6)}}{\text{Number of service equivalents}} = \text{A}$$

CUSTOMER CHARGE PER CONNECTION

$$\text{Customer charge per connection} = \frac{\text{Total Customer Revenues Required (Wksht C-3 Col. 4)}}{\text{Number of Customers}} = \text{B}$$

DETERMINATION OF TOTAL BASE CHARGE BY CUSTOMER

Meter Size	Capacity Ratio	(a)	(b)	(c)	
		Base Charge	Customer Charge	Total Base Charge	
				Annual	Quarterly
Unmetered	1	A * 1	B	Col (a)+(b)	Col (c)/4
5/8"	1	A * 1	B	Col (a)+(b)	Col (c)/4
3/4"	1.5	A * 1.5	B	Col (a)+(b)	Col (c)/4
1"	2.5	A * 2.5	B	Col (a)+(b)	Col (c)/4
1.5"	5	A * 5	B	Col (a)+(b)	Col (c)/4
2"	8	A * 8	B	Col (a)+(b)	Col (c)/4
3"	16	A * 16	B	Col (a)+(b)	Col (c)/4
4"	25	A * 25	B	Col (a)+(b)	Col (c)/4
6"	50	A * 50	B	Col (a)+(b)	Col (c)/4
8"	90	A * 90	B	Col (a)+(b)	Col (c)/4

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0300
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0300 – Water Consumption by Block: Worksheet C-6	Revisions:

Worksheet C-6

(Name) Water Utility

Water Consumption by Block

Meter Size	Actual Current Consumption		20XX Consumption	
	1st Block (Cubic Meters)	2nd Block (Cubic Meters)	1st Block (Cubic Meters)	2nd Block (Cubic Meters)
Unmetered				
5/8"				
3/4"				
1"				
1.5"				
2"				
3"				
4"				
6"				
8"				
	=====	=====	=====	=====
Column	1	2	3	4
TOTAL BOTH BLOCKS	_____		TOTAL BOTH BLOCKS	_____
				To Wksht C-7 To Wksht C-8

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0305
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0305 – Calculation of Consumption Charge: Worksheet C-7	Revisions:

Worksheet C-7

(Name) Water Utility

Calculation of Consumption Charge

20XX

	BLOCK 1	BLOCK 2
NET PRODUCTION EXPENSES		
Worksheet C-3 Col. 10 - Total Charge	Total Charge	Total Charge
_____	Quantity	Quantity
Worksheet C-6 Cols. 3 and 4 - Quantity		
NET DELIVERY EXPENSES		
Worksheet C-3 Col 8. - Total Charge	Total Charge	
_____	Quantity	
Worksheet C-6 Col. 3 - Quantity	_____	_____
TOTAL CONSUMPTION CHARGE PER CUBIC METER	\$ / C.M.	\$ / C.M.
Column	1	2

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0310
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0310 – Projected Operating Revenue at Proposed Rates: Worksheet C-8	Revisions:

Worksheet C-8

(Name) Water Utility

Projected Operating Revenue at Proposed Rates

20XX

BASE CHARGE

	(A)	(B)	(A) * (B)
Meter Size	Number	Base Rate	Dollar Revenue
Unmetered		Col (c) WkshtC-5	Col (A) * (B)
5/8"		Col (c) WkshtC-5	Col (A) * (B)
3/4"		Col (c) WkshtC-5	Col (A) * (B)
1"		Col (c) WkshtC-5	Col (A) * (B)
1.5"		Col (c) WkshtC-5	Col (A) * (B)
2"		Col (c) WkshtC-5	Col (A) * (B)
3"		Col (c) WkshtC-5	Col (A) * (B)
4"		Col (c) WkshtC-5	Col (A) * (B)
6"		Col (c) WkshtC-5	Col (A) * (B)
8"		Col (c) WkshtC-5	Col (A) * (B)

TOTAL BASE REVENUE

CONSUMPTION REVENUES

	(C)	(D)	(C) * (D)
1st Block	Per Wksht C-6 Col. 3 Quantity X	Wksht C-7 Col. 1 \$ / C.M.	= \$
2nd Block	Per Wksht C-6 Col. 4 Quantity X	Wksht C-7 Col. 2 \$ / C.M.	= \$
TOTAL CONSUMPTION REVENUE			\$ _____
TOTAL OPERATING REVENUES FOR YEAR (BASE + CONSUMPTION)			\$ _____

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0315
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0315 – Comparison of Current Water Rates with Proposed Rates: Worksheet D-1	Revisions:

Worksheet D-1

(Name) Water Utility

Comparison of Current Water Rates with Proposed New Rates

20XX

Meter Size	Base Charge		Percent Change	Commodity Charge		Percent Change	Quarterly Water Bill		Percent Change
	Current	Proposed		Current	Proposed		Current	Proposed	
Unmetered									
5/8"									
3/4"									
1"									
1.5"									
2"									
3"									
4"									
6"									
8"									

NOTE: One of these schedules should be prepared for each of the test years.

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0320
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0320 – Projected Revenues Over Expenditures: Worksheet D-2	Revisions:

Worksheet D-2

(Name) Water Utility

Projected Revenues Over Expenditures Using Proposed Rates

Fiscal Years Ending March 31st

	Current Year	20XX Test Yr 1	20XY Test Yr 2	20XZ Test Yr 3
OPERATING REVENUES				
Flat Rate Sales				
Metered Sales				
Public Fire Protection				
Sundry				
Total				
OPERATING EXPENDITURES				
Source of Supply				
Power and Pumping				
Water Treatment				
Transmission and Distribution				
Collection and Administration				
Depreciation				
Taxes				
Total				
OPERATING PROFIT (LOSS)				
NON-OPERATING REVENUES				
Interest and other Income				
Grant				
Transfer from Depreciation Fund				
Total				
NON-OPERATING EXPENDITURES				
Capital Out of Revenue				
Debt Charges - Principal				
Debt Charges - Interest				
Sinking Fund				
New Debt - Principal				
New Debt - Interest				
Permit Fee				
Interest on Interim Financing				
Total				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				

Nova Scotia Regulatory and Appeals Board	Water Utility Accounting and Reporting Handbook	Page: B0325
	Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services	Date Issued: March 29, 2007
	Subject: B0325 – Projected Statement of Financial Position of the Water Capital Fund: Worksheet D-3	Revisions:

Worksheet D-3

(Name) Water Utility

**Statement of Financial Position
of the Water Capital Fund**

March 31, 20xx

	Current Year	20xx Test Yr 1	20xy Test Yr 2	20xz Test Yr 3
ASSETS				
Cash				
Depreciation				
Other				
Receivables				
Province of Nova Scotia				
Due from other funds (Gen Cap, Water Op, Gen Op)				
Other				
Inventories, at Cost				
Inventory held for resale				
Inventory not held for resale				
Investments				
Loans and Advances				
Loan to other funds (Gen Cap, Gen Op)				
Other				
Utility Plant in Service (Capital Assets)	=====	=====	=====	=====
LIABILITIES				
Short Term Borrowings (Bank Loan)				
Payables				
Due to other funds				
Other liabilities				
Term Debt				
Debentures issued to federal government or its agencies				
Other debentures				
Long-term borrowings not secured by debentures				
Loans from special funds				
Other				
Deferred Contributions				
Accumulated Depreciation				
Accumulated Amortization of Contributions				
Other				
INVESTMENT IN CAPITAL ASSETS	=====	=====	=====	=====

APPENDIX C

Summary of Handbook Amendments

SUMMARY OF HANDBOOK AMENDMENTS

New Section Number	Subject	Comment	Old Section Number
1000	Introduction	No change	1000
1020	Authority	New page	1000
1020	Selected Clauses from the <i>Public Utilities Act</i>	Renumbered	Appendix A and 11080
1030	Effective Date	New page	1000
1040	Amendments to Handbook	New page	1000
2000	Annual Report	New title	2000
2002	General Policy	New page, includes	7010
2010	General Financial Policy	New title	2010
2020	Audited Financial Statements	Updated	2020
2030	Capital Budget	Updated & Expanded	2030
2040	Operating Budget	Updated	2040
2050	General Operational and Compliance Policy	New	
2051	Compliance Certificate	New	
3000	Accounting Principles and Practices	No change	3000
3010	General Policies	New content	3010
3020	Regulated Municipal Utilities and Enterprises Accounting	No change	3020
3030	Interest Earned on Investments	Modified	3030
3035	Capital Assets	New content	3035
3036	Transitional Provisions	New	3035
3040	Depreciation	Modified	3040
3042	Capital Asset Useful Life Guidelines	Updated	3040
3050	Depreciation Fund	Updated	3050
3060	Valuation Allowances	Updated	3060
3070	Interest During Construction	Modified	3070
3080	Reserves	Modified	3080
3090	Surplus (Deficit)	Modified	3090
3100	Capital Asset Disposals	New	
3110	Allocation of Municipal Costs to Water Utility	Modified	3110
3120	Not allocated	No change	3120
3130	Rate Base and Rate of Return	Modified	3130
4000	Sample Financial Information	No change	4000
4010	General Comments	New	
4100	Sample Financial Statement Information	Modified	4100
4110	Statement of Financial Position of the Water Operating Fund	Modified	4120

SUMMARY OF HANDBOOK AMENDMENTS

New Section Number	Subject	Comment	Old Section Number
4120	Statement of Financial Activities of the Water Operating Fund	Modified	4110
4130	Statement of Financial Position of the Water Capital Fund	Modified	4130
4140	Statement of Financial Activities of the Water Capital Fund	New	
4150	Schedule of Utility Plant and Equipment	Updated	4140
4160	Schedules to Statement of Financial Activities of the Water Operating Fund	Updated	4160
	Statement of Investment in Capital Assets	Deleted	4150
	Notes to Financial Statements	Deleted	4170
	Schedule of Capital Debt Charges and Term Debt	Deleted	4180
	Schedule of Capital Projects Funding	Deleted	4190
	Capital Budget	Deleted	4200
4250	Capital Approvals	New	
	Source of Financing Schedule 3	Deleted	4220
	Source of Financing – Utilities Schedule 3A	Deleted	4230
4300	Sample Operating Fund Budget	Updated	4300
4310	Statement of Budgeted Financial Activities of the Operating Fund	Updated	4310
A4320	Operating Revenue	Updated	4320
A4330	Source of Supply	Updated	4330
A4340	Power and Pumping	Updated	4340
A4350	Water Treatment	Updated	4350
A4360	Transmission and Distribution	Updated	4360
A4370	Administration and General	Updated	4370
A4375	Non-Operating Revenue	New	
A4380	Non-Operating Expenditures	Updated	4380
5010	Chart of Accounts – General	Modified	5010
5020	Summary of Operating Fund Account Classifications	Updated	5020
5030	Summary of Financial Position Account Classifications	Updated	5030
5040	Summary of Capital Fund Account Classifications	Updated	5040
5050	Revenue	Modified	5050
5060	Source of Supply	No change	5060

SUMMARY OF HANDBOOK AMENDMENTS

New Section Numbers	Subject	Comments	Old Section Number
5070	Power and Pumping	Updated	5070
5080	Water Treatment	No change	5080
5090	Transmission and Distribution	No change	5090
5100	Administration and General	Modified	5100
5110	Non-Operating Expenditures	Updated	5110
5120	Operating Fund Assets	Updated	5120
5130	Operating Fund Liabilities and Equity	Updated	5130
5140	Capital Fund Assets	Updated	5140
5150	Capital Fund Liabilities and Equity	Modified	5150
5160	Utility Plant and Equipment	Modified	5160
	Instructions for Filing Operating Information	Deleted	6010
7000	Rate and Service Adjustments	New	
7010	Rate Determination Policies	New	
7020	Rate Setting Principles	New	
7030	English to Metric Conversions	Renumbered	6020
7040	Application for Adjustments to Water Rates and Services	New	
2051	Treatment	Deleted – See 2051	7020
2051	Quality of Water	Deleted – See 2051	7030
B0100	Transmission System	Deleted – See B0100	7040
B0100	Distribution System	Deleted – See B0100	7050
B0150	Customers – Fire Protection	Deleted – See B0150	7060
B0150	Customers – Meters	Deleted – See B0150	7070
B0100	Water Consumption	Deleted – See B0100	7080
B0020	Billing and Rate Increases	Deleted – See B0020	7090
2002	Certification	Deleted – See 2002	7100
B0000	Sample for Calculating Adjustments to Water Rates and Services	New	
B0010	General	New	
B0020	Contents of Applications	New	
B0030	Source of Supply	New	
B0100	Transmission System	Modified	8040
B0100	Distribution System	Modified	8050
B0100	Storage	Modified	8060
B0140	Water Consumption	Modified	9080
B0150	Customers	Modified	8070
B0152	Customer Service Statistics	Modified	9070

SUMMARY OF HANDBOOK AMENDMENTS

New Section Number	Subject	Comment	Old Section Number
B0154	Fire Protection Statistics	Modified	9060
B0150 and B0170	Inter-municipal Services	Modified	8080
B0180	Fire Protection Capability	Modified	8090
	Sample Forms Fly Sheet	Deleted	9000
	Officers and Directors	Form deleted	9010
B0100	Transmission System	Form deleted	9040
B0100	Distribution System	Form deleted	9050
	Frequency of Billing	Form Deleted	9090
	Sample Forms for Filing Periodic Operating Information	Deleted	10000
	Surface Water (Lakes or Rivers)	Deleted	10010
	Ground Water (Wells)	Deleted	10020
	Watersheds – General	Deleted	10030
	Watersheds – Protection and Control	Deleted	10035
	Transmission System	Deleted	10040
	Distribution System – Pipe	Deleted	10050
	Distribution System – Storage	Deleted	10060
B0170	Customers – Inter-municipal Services	Renumbered	10080
B0180	Fire Protection Capability	Renumbered	10090
B0200 to B0325	Sample for Calculating Adjustments to Water Rates and Services	New	

- On December 12, 2025, all references to the Nova Scotia Utility and Review Board were changed to be the Nova Scotia Regulatory and Appeals Board. Also, any references to the Department of Environment and Labour were changed to be the Department of Environment and Climate Change. There were minor editorial updates to align language with the Board's style standards. There were no other substantive changes to any handbook sections.