

NOVA SCOTIA REGULATORY AND APPEALS BOARD

IN THE MATTER OF THE PUBLIC UTILITIES ACT

- and -

IN THE MATTER OF AN APPLICATION by the **MUNICIPALITY OF THE COUNTY OF COLCHESTER** on behalf of the **DEBERT WATER UTILITY**, for approval of amendments to its Schedule of Rates and Charges for Water and Water Services and amendments to its Schedule of Rules and Regulations

BEFORE: Julia E. Clark, LL.B., Vice Chair
Bruce H. Fisher, MPA, CPA, Member
Darlene Willcott, LL.B., Member

APPLICANT: MUNICIPALITY OF THE COUNTY OF COLCHESTER

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

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

Michelle Boudreau
Director of Public Works

Scott Fraser
Director of Corporate Services

HEARING DATE: June 23, 2025

FINAL SUBMISSIONS: July 4, 2025

DECISION DATE: **September 26, 2025**

DECISION: The Schedules of Rates and Charges are approved as provided in the revised rate study and the Schedule of Rules and Regulations is approved, as provided in response to the Undertakings.

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1.0 SUMMARY

[1] On April 3, 2025, the Municipality of the County of Colchester (Municipality), on behalf of the Debert Water Utility (Utility) applied to the Nova Scotia Regulatory and Appeals Board (Board) to amend its Schedule of Rates and Charges for Water and Water Services and its Schedule of Rules and Regulations.

[2] The Utility's existing rates and charges have been in effect since April 1, 2013, and its Schedule of Rules and Regulations has been in effect since July 6, 2011. The Utility needs to adjust rates to continue to meet operational obligations, address its accumulated deficit, and to carry out necessary capital improvements. A rate study supporting the application was prepared by the Utility's consultants, G.A. Isenor Consulting Limited and Blaine S. Rooney Consulting Limited.

[3] Information Requests (IRs) were issued by Board staff on May 27, 2025, and responses were filed on June 9, 2025. In preparing responses to IRs, the Utility reviewed the depreciation allowances for its capital works. In doing so, it realized that the capital works on the reservoir, including automation and piping valve changes (estimated to cost \$250,000) should be considered at a 50-year life instead of the 75-year life in the originally submitted water rate study. The Utility filed an updated rate study with its IR responses changing this assumption, and the changes in rates were not significant. The Board reviewed this revised study during the public hearing, and it is the rate study referred to in this decision.

[4] The revised rate study proposed rates for fiscal years 2025/2026, 2026/2027, and 2027/2028 (Test Years) for its customers. For residential customers (5/8" meter), the current average quarterly water bill based on average quarterly consumption is \$152.03, and it is proposed to increase to \$188.08 (a 23.7% increase) in 2025/26;

\$199.64 (a 6.1% increase) in 2026/27; and \$216.43 (an 8.4% increase) in 2027/28. For all other metered services, based on the average quarterly consumption for each meter size, the Utility is requesting increases ranging from 0% to 31.8% in 2025/26; 0% to 7.4% in 2026/27; and 0% to 10.1% in 2027/28. The Utility is requesting the rate changes take effect on October 1, 2025, and April 1st for the remaining Test Years.

[5] The Board held a public hearing on June 23, 2025, at the Debert Hospitality Center in Debert, Nova Scotia, after due public notice. The Utility's consultants, Gerry Isenor and Blaine Rooney, represented the Utility, accompanied by the following representatives from the Municipality: Michelle Boudreau, Director of Public Works and Scott Fraser, Director of Corporate Services. There were no intervenors in the matter, and the Board did not receive any letters of comment or requests to speak from members of the public.

[6] The Board reviewed the rate study and responses to the IRs during the hearing. The Board asked the Utility to submit more information and consider revisions to the Schedule of Rules and Regulations, which the Utility undertook and filed on July 4, 2025.

[7] The Utility has no bulk water fill stations, but the bulk water rates were calculated as \$12.08, \$13.01 and \$14.54 per cubic metre for each of the Test Years, respectively.

[8] The Board finds the Utility justified its rate needs and approves the Schedules of Rates and Charges as presented in the revised rate study submitted with the IRs. The Schedule of Rules and Regulations are approved, as amended in the Utility's response to the undertakings (U-2).

2.0 INTRODUCTION

[9] The Utility assumed ownership of its assets from the province in 2008. Before provincial ownership, the assets were held by the Canadian military. The Utility's source of supply is from two groundwater supply wells which are disinfected with chlorine. One of the wells produces 95% of the water. The system includes approximately 27 kilometres of transmission and distribution mains, two water towers, and 108 hydrants. Since the last rate study in 2011, there have been no significant changes to the system and no capital expenditure exceeding \$250,000, except for a new water tower built in 2018 to replace an aging tank, which was approved by the Board under matter M07323.

[10] During the 2011 rate application process, the Board observed that some recommendations from a "Groundwater Under the Direct Influence of Surface Water" (GUDI) assessment were in the process of being addressed. The Utility confirmed that all recommendations had been fully implemented, and in 2017, the Nova Scotia Department of Environment and Climate Change issued a letter confirming that all items were complete and the well is no longer considered GUDI.

[11] The Utility services 211 customers including 144 residential and 51 commercial properties. Although Municipal representatives confirmed the potential for future growth (reviving an old military era well and expanding the system for development on MacElmon Road) the Utility assumes no growth in customers over the Test Years based on its recent operating history and due to the risk of relying on increased revenues that are not confirmed.

[12] The application was presented to the Board based upon the Utility's need to adjust rates to meet its present financial requirements, move to full depreciation

funding, and to provide funds for projected increases in operating costs and necessary capital improvements.

[13] The last rate application was in 2011, and the Utility justified this by stating that the Utility recorded a surplus during most of this time, so a rate application was not required. The last time the Utility had a surplus was in 2022/23.

3.0 REVENUE REQUIREMENTS

3.1 Operating Expenditures

[14] Operating expenses are expected to rise due to the transition to accounting for full depreciation, higher labour costs, increases in costs of insurance, power, and supplies, as well as a growing need for repairs and maintenance of aging infrastructure. During the hearing, it was noted that the Utility's maintenance costs are elevated due to the extensive pipe network. Originally constructed by the military in the 1940s, the system was designed with built-in redundancy, resulting in a total of 27 kilometres of pipes.

[15] For the fiscal year ended March 31, 2024, the Utility had an excess of expenditures over revenue of \$118,103 and an accumulated operating surplus of \$89,038. For the year ended March 31, 2025, there was an excess of expenditures over revenue of \$87,832 and an accumulated operating surplus of \$1,206.

[16] In its responses to IR-19, the Utility explained the projected changes in certain operating expense line items from its actual expenditures in 2023/24 to its projected expenses in 2024/25. The rate study projects that at current rates, the Utility's expenditures will increasingly exceed revenues by \$118,542 in 2025/26; \$155,208 in

2026/27; and \$216,633 in 2027/28, leading to an accumulated deficit of \$489,177 by the end of the test period.

[17] In response to IR-22, and in the hearing, the budget process was explained as a “zero based” approach where the Utility reviews anticipated activity and builds in its costs for the year. For the most part, the rate study’s operating expenses in the Test Years are based on the Utility’s 2024/25 budget, with annual increases of approximately 3% for inflation. Salary increases and standby collective pay, related to the unionized labour force, will contribute to increases in operating costs. The Utility noted that there have been no changes to its budgeting process since its last rate application.

[18] Staff review the allocation of common costs between the Municipality and the Utility annually. In recent years the Utility has moved away from cost sharing with the Municipality. Three staff and a manager are currently shared between the Debert and Tatamagouche water utilities. In response to IR-18 the Utility explained:

No costs are shared with the Town of Truro or Town of Stewiacke. Staff are shared between Tatamagouche and Debert and salaries are allocated to each utility based on usage. One truck is shared 50/50 between Tatamagouche and Debert.

[Exhibit D-4, p. 11]

[19] Non-revenue water is the amount of treated water lost or used in the system but not sold. At the time of the Utility’s last rate application in 2011, the non-revenue water was approximately 32% of total production. The Utility estimates that the non-revenue water has increased and is currently 39%. A leakage study has not been completed, but the Utility has engaged a leak detection consultant several times over the past five years in an effort to identify leaks in the system. In response to IR-13 and Undertaking U-3 the Utility provided the 2024 Unaccounted for Water Plan. The Utility believes the non-revenue water is an issue, but not unexpected given the spider web design of the assets

and the pipe length. Expenses associated with reducing the non-revenue water account are included in the rate study, including auto flushers and the cost of the leak detection consultant. To reduce water losses the Utility will: conduct site visits to inspect commercial and industrial meters for bypassing; perform nighttime system isolation to locate loss areas; hire a leak detection consultant for a detailed five-day sweep; install three auto flushers at dead ends to replace continuous bleeders; obtain detailed water usage data from the Fire Department; and analyze historical meter readings using the new platform to identify irregularities.

[20] The Utility responded to IR-11 by stating that it complies with Nova Scotia Environment and Climate Change regulations for drinking water, based on a 2022 System Assessment Report. The report confirms compliance with treatment requirements but highlights several operational priorities, including risk mapping, filling committee vacancies, addressing chlorine reading issues, implementing the Cross Connection Program, assessing an asbestos cement waterline, reducing non-revenue water, and purchasing a spare jockey pump. Most actions are in progress or planned between 2025 and 2027.

[21] The Utility maintains a depreciation reserve account, with depreciation calculated annually, although it has had to correct several past errors in calculating the required contributions. In response to Undertaking U-1, the Utility provided a continuity statement covering April 1, 2014, to March 31, 2025, outlining annual additions and withdrawals to the reserve, with explanations.

[22] Historically, the Utility used a fixed annual contribution (\$17,970) to the depreciation reserve. However, in fiscal year 2021/22, a change in accounting required

by the Utility's auditors temporarily inflated contributions using full depreciation values. After the fiscal year ended, the Utility changed its calculations in 2022/23 to revert to the original method of partial funding. In fiscal year 2023/24, after consulting with the Board, the Utility found that assets acquired after 2012 had been omitted from depreciation calculations, contrary to the expectations in the *Handbook*. At that time, an adjustment was made. Additionally, the Debert water tower, which is a major asset, was found to have been depreciated using an incorrect 25-year lifespan. The depreciation schedule was corrected to a 75-year straight-line basis. A one-time correction was applied, resulting in a transfer of \$11,959 from the operating fund to the capital fund in 2023/24.

[23] The Utility estimates its depreciation fund balance to decrease to \$204,238 by the end of the test period in 2028 but considers it adequate for a Utility of its size in the short term for emergency situations.

3.1.1 Findings

[24] Errors in depreciation calculations on contributed assets and increases in general operating expenses over several years have significantly contributed to the Utility's recent operating deficits and increases in its accumulated deficit. The Board has some comfort that after discussions with staff and its consultants, the Utility has remedied past issues with its depreciation calculations and will ensure full funding of its depreciation account going forward.

[25] Following its last rate hearing, Debert did not contribute the depreciation amounts expected under the *Water Utility Accounting and Reporting Handbook (Handbook)*. The Utility has since made additional contributions to account for past depreciation amounts that were missed on those new assets, although it may not have accounted for all outstanding amounts related to the existing assets. Based on the

information provided, however, the Board finds the operating expenses contained in the rate study to be reasonable. The Board also finds the depreciation expenses for the test period, which are based on the current actual depreciation expense plus annual depreciation for the gross capital additions, to be reasonable. The Board commends the Utility for correcting past errors but emphasizes the importance of funding its depreciation reserve. These reserves, when funded sufficiently, offer a stable funding source for future asset replacement and upgrades for smaller utilities.

[26] The Board accepts the Utility's explanation for the allocation of expenses between the Municipality and the Utility and the Tatamagouche Water Utility. The Board reminds the Utility to review these allocations periodically and revise them as necessary.

[27] The Board is satisfied that the Utility has generally managed its finances well since its last rate application. However, filing rate applications on a regular basis could have avoided the stark increase in rates and rate shock that will be experienced by customers given the need to recover the current deficits. While rising costs would still have caused customer rates to rise, an earlier rate application would have produced more gradual rate increases rather than the significant and sudden increases in rates presented in this application, which are more difficult for customers to manage. An earlier application would also have provided the Utility and the Board with the opportunity to examine the depreciation accounts and discuss their treatment.

[28] The Board expects utilities to file rate applications before finding themselves in financial difficulties that could lead to rate shock, the inability to transfer full depreciation, or incurring large deficits.

3.2 Capital Budget and Funding

[29] The Utility's capital budget is developed between finance and public works staff. The rate study included the proposed capital additions of \$10,000 in 2024/25; \$578,500 in 2025/26; \$321,500 in 2026/27; and \$1,016,500 in 2027/28. The planned capital additions and funding for the Test Years is summarized in the table below:

Capital	2024/25	2025/26	2026/27	2027/28
Well piping/Power and pumping	10,000			
Distribution Reservoirs		18,000	250,000	
Well replacement		275,000		
Other cap wells			15,000	
Fire pump replacement		80,000		
Equipment		34,000	49,000	9,000
Mains Distribution		150,000		1,000,000
Hydrants		7,500	7,500	7,500
Water Rate Study		14,000		
	10,000	578,500	321,500	1,016,500
Funding				
Outside Sources		425,000	259,000	
Depreciation fund	10,000	153,500	62,500	500,000
Long Term Debt				516,500
Capital out of revenue				
	10,000	578,500	321,500	1,016,500

[30] The Utility described the major capital expenditures in response to IR-37, IR-38 and IR-39. The rate study assumes no growth; however, the Utility has allocated capital funds to support potential future system expansion and new customers. This includes \$275,000 in 2025/26 to rehabilitate an old well from the military era as an additional water source. The well has not been operated since at least 2008 but testing has demonstrated that the well has good volume and water quality. The capital funds will be used to construct a proper wellhead and install disinfection systems. The Utility has allocated \$150,000 in 2025/26 to extend the water distribution system by 100 metres

along MacElmon Road to service a new 17.6-acre commercial development, expected to create three to eight new lots. The work is scheduled to coincide with the Municipality's planned construction of a roundabout in the same area, allowing for cost savings by completing both projects at the same time.

[31] There is \$1,000,000 planned for 2027/28 for Phase 1 of a two-phase project to replace and upsize the aging watermain on Ventura Drive. This upgrade is recommended in the 2024 Debert Water System Capacity Review and is required to improve fire flow and support future growth.

[32] Other planned projects include \$250,000 in 2026/27 to upgrade the pumping system and controls at the PS2 reservoir, allowing it to transition from a backup supply to full-time operation. Additionally, the fire pump at the same location is scheduled for replacement in 2025/26, with a budget of \$80,000.

[33] Funding for the capital program comes from outside sources (the Canada Community Building Fund), the depreciation fund and long-term debt. The approach to the proposed funding sources for the Test Years is to first seek grant funding when available, followed by using depreciation funding and any remaining funds are raised through long term debt.

[34] The new debt is required in 2027/28 to fund the Ventura Water Main replacement at an interest rate of 6% for 20 years. The Utility stated during the hearing that the Canadian Building Fund grant is received on an annual basis and does not require a yearly application, but the Municipality makes the decision on where the funds are applied. No grant funding is expected for this project, and available depreciation funds are insufficient to cover the full cost. The project is estimated to cost \$1,000,000 with

\$500,000 funded from the depreciation fund and the remaining cost for all capital projects for the year coming from long term debt. The Utility stated in response to IR-40 that if any of the capital projects were not completed the Utility will defer the funds and outside source funding will be reserved for future use. Savings from the principal and interest payments and estimated depreciation from the rate study would be put in a reserve for future use on the project.

3.2.1 Findings

[35] The Board finds the Utility's proposed capital program and funding as set out in the revised rate study to be reasonable. The Utility has not built in expected revenue from new customers but is taking steps to ensure its system is adequate to meet the needs of its customers and able to accommodate new growth.

[36] The Utility indicated that it would use a reserve account to save for capital projects. The Board encourages the Utility to consider establishing such a reserve for future capital projects and to accumulate unspent funds and variances in depreciation, principal and interest expenses. The reserve funds can then be used as a capital funding source for the same or future projects; and to hold the principal, interest and depreciation costs for postponed or underspent capital projects, as opposed to adding any such funds to an operating surplus for a given year.

[37] The Utility may wish to apply to the Board for permission to set up such a capital reserve. Based on page 3080 of the *Handbook* (3080-Reserves), an application to the Board for a reserve must contain at least the following:

- The purpose of the reserve;
- The term, including estimated termination date;
- The treatment of interest and income earned in the reserve;

- The amount, frequency and source of payments into the reserve;
- The qualified disbursements from the reserve; and
- The type and frequency of financial reporting of transactions related to the reserve.

[38] The Board finds that the Utility's projected depreciation fund balance by the end of the test period appears adequate, given the Utility's size and the current state of its assets.

[39] The Board reminds the Utility that any capital expenditures over \$250,000 require separate Board approval.

[40] The Board notes that the Utility lacks a long-term asset replacement strategy and recommends conducting a comprehensive assessment of all assets to develop a sustainable plan for the future.

[41] During the hearing, it was noted that up to 3% of service lines were abandoned a decade ago, and the Utility did not seek Board approval prior to that abandonment. The Utility believed this was an oversight, as customer service was not affected. The lines were not in use and did not service any customers. The age of the infrastructure reassures the Board that the assets were fully depreciated and at the end of its useful life. The Board reminds the Utility of its obligation under s. 53 of the *Public Utilities Act* to provide notice to the Board and obtain written consent, which requires notifying the affected municipality and conducting a proper inquiry, prior to abandoning any part of its line or lines, or works. In this case, the Municipality, representing the Utility, had clear notice of the abandonment and no customers or services were impacted. The Board has no authority to grant retroactive consent to the abandonment but is otherwise satisfied that the Utility's operational decision was prudent.

3.3 Non-Operating/Other Revenues and Expenditures

[42] The Utility is projecting non-operating expenditures consisting of principal and interest payments for debt and earnings during the test period. The rate study includes earnings in the final two Test Years of \$20,000 and \$10,000 and debt of \$45,031 in the last Test Year. The deficit at the end of the Test Years is projected to be \$28,065. The Utility said the earnings were a part of its plan to pay down the accumulated deficit in about six years. The Utility states in response to IR-57 that the remaining deficit will be addressed in the next rate study by including earnings in the revenue requirement.

[43] A municipal grant for fire protection is received each year as a result of area growth over time, which results in excess funds generated by ratepayers. These are forwarded to the Utility in the form of a grant. The Utility recognizes the grant as non-operating income with \$51,326 received in 2023/24 and \$53,948 in 2024/25 with a 3% increase per year through the Test Years.

[44] The Utility's rate base in each of the Test Years is the gross utility plant in service, less the accumulated depreciation and unamortized capital contributions. Its return on rate base is determined from its non-operating revenue less non-operating expenses. The operating expenditures are more than the operating revenue through the Test Years so the rate of return on rate base is negative for all Test Years and shows 0% in the rate study.

[45] The Utility explained in response to IR-29 that the Utility's property is not taxed as the Property Valuation Services Corporation has the Utility property assessed as commercially exempt.

3.3.1 Findings

[46] The Utility will use outside funding sources, depreciation reserve and debt to fund its capital program over the test period. The Board finds the Utility's non-operating revenue and expenses to be reasonable as presented in the rate study.

[47] The Board agrees that the grant from the Municipality will help to reduce the Utility's revenue requirements and is consistent with past practice. In the last application, however, the Board urged the Utility to reconsider this approach and ensure that it is asking for sufficient rates.

[48] For the purpose of this application, the Board finds the earnings as proposed in the rate study to be reasonable, and the calculated rate of return on rate base as nil.

4.0 REVENUE REQUIREMENT ALLOCATION

4.1 Public Fire Protection

[49] Fire protection is provided through the water towers, fire hydrants, and a fire pump. Fire hydrants are distributed along the full water distribution system, serving areas including MacElmon Road, Plains Road, Lancaster Crescent, Dakota Road, Hudson Street, and the former military base. Aside from the replacement of one water tower in 2018, no major changes have been made since 2011. The fire protection charge in 2023/24 was \$154,683 but it is represented as \$103,358 in the rate study due to the application of a municipal grant of \$51,326. The grant is applied as assessment growth occurs, and the area rate for fire protection generates excess revenue for the Utility. The fire protection charge is projected to increase from the current level of \$103,358 to

\$119,588 in 2025/26; \$151,819 in 2026/27; and \$183,218 in 2027/28. The municipal grant is applied with a 3% increase per year through the Test Years.

[50] The methodology the Utility used to allocate the utility plant in service costs between general service and fire protection is consistent with the *Handbook*. The allocation of utility plant in service to public fire protection is calculated in the rate study as 49.3% in 2025/26 and 2026/27 and 50.5% in 2027/28. The total expenses being allocated to fire protection are 30.4% in 2025/26; 31.4% in 2026/27; and 33.6% in 2027/28.

[51] The methodology the Utility used to allocate revenue requirement to customer, base, delivery, and production charges, is consistent with the *Handbook* except for the depreciation allocations. In response to IR-24 and IR-50, the Utility stated depreciation allocations are different to stabilize the revenue stream due to the size of the customer base (211 customers) and to keep the revenue from base charge in the 40% range for the Test Years for financial stability of the Utility while allowing customers to influence their bills by consumption. The allocations the Utility used for these expenses, and under the *Handbook*, are set out in the table below:

Depreciation		Customer	Base	Delivery	Production
2025/26	Utility		100%		
	<i>Handbook</i>		40%	30%	30%
2026/27	Utility		90%	5%	5%
	<i>Handbook</i>		40%	30%	30%
2027/28	Utility		80%	10%	10%
	<i>Handbook</i>		40%	30%	30%

[52] These allocations result in revenue from the customer and base charges of 43% in 2025/26; 42% in 2026/27; and 40% in 2027/28. The fire protection charge and revenue for 2025/26 is based on six months at the existing rates and six months at the projected rates because the rates are set to go into effect October 1, 2025.

4.1.1 Findings

[53] The methodology used to determine the total public fire protection charge conforms to the methodology set out in the *Handbook*. The Board approves the Utility's proposed fire protection charges and approves the application of the municipal grant to offset the fire protection charge as it is consistent with previous years.

[54] The Board approves the proposed allocation of depreciation expenses, which were set to reduce revenue risk to the Utility by moving more expenses to the base charge than the *Handbook's* suggested allocations.

4.2 Utility Customers

[55] The Utility currently has 211 customers, an increase of 16, since the 2011 rate application. New connections primarily occurred in the last five years. The application

projects that the number of customers will stay the same during the test period. The Utility used the projected number of customers to calculate the proposed base charges in each of the Test Years.

[56] The current mix of customers consists of the following:

Customer Meter Size	Number of Customers
5/8"	172
3/4"	0
1"	16
1 1/2"	5
2"	17
3"	1
Total	211

[57] The calculation of overall consumption charges in the rate study is based on actual annual water consumption of 54,811 m³ in 2024/25. There has been a 1.8% decrease since the last rate application in 2011 mainly due to changes in the industrial base and unrelated to residential customers. The average quarterly water usage for residential customers with 5/8" meters is currently 30 m³, which ranks among the lowest in the province. As a result, the Utility projects a slight annual consumption decline of 0.5% over the Test Years. The Utility has not developed a demand side management program to assist customers in reducing consumption as it is not currently a high priority and the consumption is already low.

[58] Based on its assumptions about the number of customers and consumption volumes in the Test Years, the Utility has proposed rate increases in each of the three Test Years, with the largest of the increases occurring in the first Test Year.

4.2.1 Findings

[59] The Board finds the projected number of customers over the test period and the projected consumption amounts to be reasonable, given the Utility's recent history.

[60] Given the size of the increases proposed in this application, the Board is concerned about rate shock for customers, but these customers have also benefited from having stable rates for more than a decade. The rate increase would be approximately a 2% increase per year if it had been rolled out consistently over time. The Board carefully considered the impacts to the Utility and its ratepayers, both in absolute dollars and in percentage terms, and to similar situations it has reviewed. While the percentage increase is considerable the Board notes that the dollar amounts are less than in other situations.

[61] The Utility noted that it has had operating deficits for a few years and is expected to remain in an accumulated deficit throughout the Test Years. Based on the information filed, the Board approves the customer rates as presented in the revised rate study including the earnings in the final two Test Years. The Board encourages the Utility to file a rate application before the end of the final Test Year, so it can update rates to include paying down the accumulated deficit at that time.

5.0 SCHEDULE OF RATES AND CHARGES

[62] In addition to the proposed rate changes for water supply to its customers, the Utility proposed changes to its Schedule of Rates and Charges, increasing the connection/disconnection fee and the charges for re-establishing water service from \$50 to \$60, and the after hours calls from \$100 to \$120. The fee for missed customer

appointments will increase from \$25 to \$60. The cost increases are required to reflect the higher cost of providing the service.

5.1 Findings

[63] From the information presented, the Board finds that the Utility's proposed Schedule of Rates and Charges is reasonable. The Board approves Schedules A, B, and C in the revised study. The rates in these schedules will come into effect on October 1, 2025, April 1, 2026, and April 1, 2027, respectively.

6.0 SCHEDULE OF RULES AND REGULATIONS

[64] In response to IR-61, the Utility listed proposed amendments to 12 of its Rules and Regulations and proposed six new ones. In most cases the fees and regulations are being updated to make them consistent with other water utility regulations in Nova Scotia. The new rules added are summarized below:

Rule 4 – Billing: Clarify billing procedures for customers who begin or end service between regular billing periods, and to explain how base charges apply to seasonal customers.

Rule 31 – Reselling of Water: Utility approval required before reselling water.

Rule 35 – Theft of Service: Establish penalties for theft of service.

Rule 40 – Extension: Clarity for owners/developers seeking water system extensions.

Rule 41 – Boundary for Water Service: defines the boundary for water service.

Rule 42 – Curb Stop/Control Valve Service Box: guidance on when curb stop valves are not accessible.

[65] During the hearing, the Board questioned the Utility about Regulation 40 regarding Extensions, as it appeared to the Board that subsection (2) introduced a new/different standard for refusal considering that the extension approval can only be granted if the pre-conditions set out in subsection (1) are met. The Utility provided revised wording in response to Undertaking U-2.

6.1 Findings

[66] The proposed Schedule of Rules and Regulations is generally consistent with most other water utilities in the province that have had recent rate applications. The Board approves the amendments and additions to the Schedule of Rules and Regulations noted above, as filed in response to Undertaking U-2.

[67] The Board reminds the Utility to regularly review its Regulations to ensure that they meet its needs and provide certainty for its customers. The Board notes that the Utility can request Board approval to update existing regulations or add new ones at times other than a general rate application.

[68] The Board approves Schedule D, as presented in response to undertakings, effective October 1, 2025 [Exhibit 5, p. 8].

7.0 CONTINGENCY PLANNING

[69] In response to IR-20 and IR-21, the Utility provided general information about its efforts related to contingency planning, emergency preparedness, and cybersecurity. The Utility has not prepared a formal risk assessment, but a contingency plan is reviewed annually. The Utility states that the contingency plan sufficiently addresses the risk of the assets.

[70] The Utility has taken steps to protect the water source by establishing a Source Water Protection Committee. The Committee is focused on public education and awareness and watershed signage, site inspections, and groundwater monitoring. There is a budget for capping of abandoned wells in 2026/27. The water conservation plan is ready to be implemented during water shortages or interruptions, though it has not yet been needed.

[71] The Utility has received a few complaints over the past five years with respect to dirty water, and low and high-water pressure. The dirty water and low-pressure issues were determined to be an owner issue or as a result of a water main break or flushing. The high-pressure issue was caused by a fire pump running. There have been two boil-water advisories issued in the past three years as a precaution due to watermain repairs.

[72] The Utility retained a third party to complete a cybersecurity audit to evaluate systems in place and recommend enhancements that have since been implemented. The Utility has cybersecurity insurance coverage and a business continuity and data recovery plan in place to mitigate the impact of a cybersecurity breach.

7.1 Findings

[73] The Board notes that the Utility has taken steps to protect the water source by establishing a Source Water Protection Committee. The Board notes that the Utility has taken proactive steps to evaluate its cybersecurity protections and readiness and encourages it to work on continuous improvement in this area. The Board reminds the Utility of the importance of maintaining and updating its contingency and emergency

preparedness strategies and the associated communication plans.

8.0 CONCLUSION

[74] The Board approves the Rates and Charges for Water and Water Services, effective October 1, 2025, April 1, 2026, and April 1, 2027, as shown in Schedules A, B, and C from the revised rate study [Exhibit D-4, pp. 64-73].

[75] The Board approves the Schedule of Rules and Regulations, as filed in response to the undertakings, as Schedule D [Exhibit D-5, pp. 8-18], with an effective date of October 1, 2025.

[76] The Board encourages the Utility to apply to establish a capital reserve fund to save for capital projects and to deposit any unspent variances in depreciation, principal and interest expenses not expended for a project.

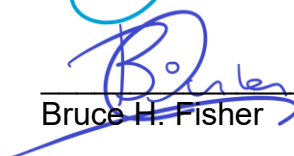
[77] The Board further encourages the Utility to file a rate application before the end of the final Test Year (March 31, 2028).

[78] An Order will issue accordingly.

DATED at Halifax, Nova Scotia, this 26th day of September 2025.



Julia E. Clark



Bruce H. Fisher



Darlene Willcott