

NOVA SCOTIA REGULATORY AND APPEALS BOARD

IN THE MATTER OF THE PUBLIC UTILITIES ACT

- and -

IN THE MATTER OF AN APPLICATION by **LANDRIE LAKE 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: Stephen T. McGrath, K.C., Chair
Steven M. Murphy, MBA, P.Eng., Member
M. Kathleen McManus, K.C., Ph.D., Member

APPLICANT: **LANDRIE LAKE WATER UTILITY**
Dillon Trider, Counsel

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

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

INTERVENORS: **EVERWIND FUELS LTD.**
Alexandra Gosse, Counsel

NOVA SCOTIA POWER INC.
Jennifer Power, Counsel

HEARING DATE: May 20, 2026

FINAL SUBMISSIONS: June 3, 2026

DECISION DATE: **July 23, 2026**

DECISION:

The Schedule of Rules and Regulations is approved as set out in the application. Approval of the Schedule of Rates for Water and Water Services is subject to a compliance filing.

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1.0 SUMMARY

[1] The Landrie Lake Water Utility (Utility) applied to the Nova Scotia Regulatory and Appeals Board (Board) to amend its Schedule of Rates for Water and Water Services and its Schedule of Rules and Regulations. In addition to the proposed amendments to rates for the Utility's existing customers, the application proposes the establishment of rates for a new customer, EverWind Fuels Ltd. (EWF), who is proposing to build a hydrogen and ammonia production facility that will use raw water supplied by the Utility.

[2] The ownership of the assets and the operation of the Landrie Lake Water System were transferred from the Province of Nova Scotia (Province) to the Municipality of the County of Richmond (County) and the Town of Port Hawkesbury (Town) on April 1, 2019. The Municipality and the Town established the Utility. In an Order dated March 29, 2019 (Matter M09116), the Board approved the service area of the Utility, an Interim Schedule of Rates for Water and Water Services and an Interim Schedule of Rules and Regulations, all effective April 1, 2019. The Utility subsequently filed a general rate application with the Board in 2020. In an Order dated November 13, 2020 (Matter M09763), the Board approved the Utility's current Schedule of Rates for Water and Water Services, effective April 1, 2022, and Schedule of Rules and Regulations, effective, December 1, 2020.

[3] The current application states that the Utility needs to adjust rates due to increased operating costs and its capital program needs. A rate study dated February 17, 2026, prepared by the Utility's consultants, G.A. Isenor Consulting Limited, in association with Blaine S. Rooney Consulting Limited, was submitted to the Board on March 11, 2026.

The application proposes rate increases for the Utility's existing customers and a rate for EWF for each of 2026/27, 2027/28, and 2028/29 (test years).

[4] The application also included legal submissions from the Utility's counsel, dated March 10, 2026. The Book of Authorities, which included the caselaw referenced in the legal arguments, was submitted to the Board on March 20, 2026. The legal arguments noted that, as part of the application, given the unique water service requirements presented, the Utility is seeking the Board's determination on the following issues related to EWF's proposed water withdrawals from Landrie Lake:

- Should EWF's withdrawal of raw water from Landrie Lake be regulated by the Board?
- Should EWF be classified as a distinct customer class of the Utility, and what is an appropriate rate for such class of customer?

[5] The Board issued Information Requests (IRs) on April 20, 2026, to which the Utility responded on May 5, 2026. In response to the IRs, the Utility filed a revised rate study, which included amendments and corrections related to:

- reducing the proposed earnings amount and including it in the joint-use allocation to EWF;
- including the cost of the Water Withdrawal Study to joint-use allocation to EWF;
- a further breakdown of expense line items to be used in the joint-use allocation to EWF;
- the joint-use cost allocation percentage to EWF;
- corrections to:
 - the depreciation rate for the Heat Pump-Maintenance Shop in 2027/28,
 - the estimated utility plant in service,
- accumulated depreciation, and,
 - the unamortized amount of capital contribution in each of the test years; and,
- the addition of an unmetered base charge for EWF.

[6] The revised rate study also included rate smoothing and presented the resulting proposed rate increases on a customer basis, as opposed to a meter size basis.

[7] The Board held a public hearing on May 20, 2026, at the Port Hawkesbury Civic Centre. In response to direction in the Board's Order for the matter, the Utility provided confirmation that EWF received a copy of the Notice of Hearing and Hearing Order. The Utility was represented by counsel, Dillon Trider. The Utility's consultants, Gerry Isenor and Blaine Rooney, presented evidence and were accompanied by the Town staff: Terry Doyle, CAO; Brian Luciano, Director of Finance; and Jason MacMillan, Water Resource Development Project Manager; who all appeared on behalf of the Utility.

[8] EWF and Nova Scotia Power Inc. were formal intervenors in the matter. No IRs were issued and no evidence was presented by either of the formal intervenors. There were no requests to speak from members of the public. The Board received one letter of comment from the Maritime Aboriginal Peoples Council. The letter focussed on ensuring that EWF, and not existing customers, be responsible for any costs that are directly related to EWF's development. The letter further requested that engagement with the Native Council of Nova Scotia and local communities be made a priority as the EWF project moves forward, including the opportunity to participate in early engagement in future environmental assessments.

[9] Mr. Isenor presented the revised rate study during the hearing, which was reviewed by the Board along with the IR responses. As an undertaking, the Board requested the Utility submit an additional revised rate study, based upon several amendments discussed and agreed to by the Utility during the public hearing. In

response, the rate study submitted to the Board as an undertaking on June 2, 2026, included:

- eliminating proposed earnings in the third test year and replacing it with a one-time charge to EWF in 2026/27 of \$9,204, representing 25% of the project management-growth expense for the year, and reducing the project-management growth expense of the Utility by the same amount, based on approved new rates in effect July 1, 2026;
- reducing the depreciation fund annual payment by \$8,343 in 2027/28 as the Utility's truck will be written-off at the end of 2026/27 and accordingly adjusting the depreciation expense joint-use allocation to EWF;
- correcting an addition error in the depreciation amount in 2027/28; and
- revising the percentage allocation of joint-use costs assigned to EWF based on average daily consumption, instead of the safe yield of Landrie Lake.

[10] The Board requested additional undertakings to clarify several items, to which the Utility submitted responses on June 2, 2026, with a revised response filed on June 3, 2026.

[11] The rate increases proposed in the rate study, filed in response to the undertakings, for each of the Utility's five existing customers are:

Customer Meter Size	2026/2027	2027/2028	2028/2029
4"	3.4%	9.9%	6.8%
4"	3.4%	9.8%	6.8%
8"	5.1%	6.9%	5.2%
10"	5.1%	6.4%	4.9%
10"	5.2%	6.5%	5.0%

The proposed quarterly rates for the new customer, EWF, are \$18,662, \$18,529 (0.7% decrease), and \$18,910 (2.1% increase), respectively, in each of the test years.

[12] The Utility does not have fire protection capability and therefore proposed no rates for public fire protection.

[13] Approval of the Schedule of Rates is subject to the Utility's completion of a compliance filing, based on amendments to the rate study, filed in response to the undertakings, as discussed in this decision.

[14] The Board approves the Schedule of Rules and Regulations as presented in the application and requested by the Utility.

2.0 INTRODUCTION

[15] The Landrie Lake Water System was constructed by the Province in the late 1960's to provide raw, untreated water to industrial customers in the Point Tupper area of Cape Breton. The system was upgraded in 2016 with the installation of four submersible pumps, a pressure relief valve and associated piping. The current system remains unchanged from that described by the Utility in its 2020 rate application, consisting of a reservoir intake and wet well, a centralized pumping station complete with three vertical turbine pumps and four submersible pumps, dam, spillway and reservoir infrastructure, and a transmission system delivering raw water to customers.

[16] At the time of its 2020 application, the Utility's non-revenue water was 5%, and is currently between 8% and 10%, which was noted to include operational items such as flushing, maintenance and testing. The Utility does not consider the amount of non-revenue water to be excessive. However, it recognizes that, given the scale of the system, even modest losses are material. Therefore, it intends to continue to emphasize system flow monitoring, customer metering, and operational monitoring. The Utility does not anticipate that the addition of EWF will impact the amount of non-revenue water.

[17] The Utility currently serves the same five customers as described in its 2020 rate application, which include: Tupper Industrial Developers Ltd., EverWind Terminals, Nova Scotia Power Inc., Port Hawkesbury Paper and the Town of Port Hawkesbury. Other than EWF, no new customers, or increase in consumption volumes are expected during the test years. The current average system demand is 6 million litres per day (MLD), with the consumption volume of the 10" meter size customers representing approximately 85% of the total volume of water sold. At the time of the application, the Utility was operating under a provincial water withdrawal approval of up to 36 MLD, which was subject to renewal in June 2026. Based upon the information presented in the application, the Utility expects the amount will be reduced to 34 MLD.

[18] At its cost, EWF will construct and operate its own dedicated water supply infrastructure, which includes its own intake structure, pumping station, and transmission main, with the Utility coordinating withdrawals through its water withdrawal approval and reservoir management framework. This arrangement is different than the Utility's other customers, who take service from the Utility's pumping station and transmission system.

[19] The Utility and EWF entered into a Water Supply and Operating Agreement (Agreement), dated September 15, 2025, which was filed in response to the IRs. Article 2.1 of the Agreement states that the Utility will supply fresh, untreated raw water to EWF, in accordance with defined supply requirements, in exchange for the payment of applicable rates, as approved by the Board.

[20] EWF's proposed development of a green hydrogen and green ammonia production facility, along with related projects, are expected to require a continuous raw water supply of up to 10 MLD. The Utility currently has a total commitment of 20.97 MLD

for existing customers (including a short-term standby and growth factor for Port Hawkesbury Paper). Assuming a water withdrawal limit of 34 MLD, EWF's potential water volume usage represents approximately 29% percent of the safe yield volume of Landrie Lake. This water demand will necessitate careful oversight to ensure that EWF's withdrawals do not compromise the existing raw water supply available to the Utility's current customers.

[21] The management of the increase in water system demand with the addition of EWF was the subject of IRs and questioning at the hearing. The Utility can curtail the supply of water to EWF under Article 4.1(b) of the Agreement. The Utility further noted that it is managing these overall water supply risks through demand management and staged curtailment protocols, as set out in its Water Shortage Contingency Plan. The IR responses stated that Municipal drinking water, supplied to the Town's utility, is treated as a priority essential use, with the industrial users subject to progressive staged water reduction should conditions warrant such actions.

[22] The legal arguments filed referred to investments to safeguard the Utility's system reliability, including reinstating the Little River Water Supply to maintain lake levels and protect source integrity. The Utility indicated that the Little River project involves re-establishing a previously decommissioned water transfer system to supplement the Utility's existing reservoir water supply. The intention of re-commissioning this system is to provide an additional, reliable source of raw water to support the area's current and future demand and to enhance the Utility's long-term water supply security.

[23] The response to the IRs included the Dillon Consulting Preliminary Design Report, *Landrie Lake Water System Upgrades Project - Little River Reservoir and*

Transmission System, dated March 2024. The Utility noted that there is no immediate need to connect Little River to the Landrie Lake reservoir and there is no impact on the current rate application associated with the Little River project, as any related costs to date have been covered through external grant funding.

3.0 LEGAL FILING

[24] The application included the Utility's counsel filing of legal arguments and Book of Authorities, which were the subject of several IRs. The focus of the legal arguments related to the withdrawal of water by EWF as an activity to be regulated by the Board and the classification of EWF as a distinct customer class of the Utility, with specific rates to be approved by the Board.

[25] The legal arguments provided definitions of "public utility" and "service" from the *Public Utilities Act*, RSNS 1989, c 380. In response to IR-29, the Board asked the Utility to identify any plant or equipment that it owns, operates, manages or controls that will be used to produce, transmit, deliver or furnish water to EWF. The Utility responded that the September 2025 Agreement, attached in response to IR-28, defines the equipment to be provided by EWF for its sole use. It noted that infrastructure that is used for the maintenance of the Utility's watershed, including dams and spillways, are common equipment that benefit both EWF and the Utility's supply to its other customers. These common use assets, necessary to supply water to both EWF and other Utility customers, cannot be separately provided.

[26] The legal arguments cited the Board's past decisions relating to Halifax Regional Water Commission's proposed District Energy System, which was deemed to be a public utility, with rates to be approved by the Board, and summarized:

[34] Despite the case law referenced in these submissions, the LLWU [Utility] emphasizes that there is scant precedent directly applicable to the circumstances now before the Board. Our review has identified no Canadian or Nova Scotian decision with analogous facts involving a private industrial entity seeking to withdraw large volumes of water from the sole source of an existing regulated water utility. The jurisprudence relied upon, including *Re Halifax Regional Water Commission*, provides helpful principles but does not address a situation where an unregulated withdrawal risks impairing a regulated utility's ability to serve existing ratepayers. As such, there is no clear analogy from which the Board can draw a ready comparison.

[35] In conclusion, the LLWU [Utility] submits that EverWind's proposed withdrawal requires the Board to apply the governing statutory framework and the contextual factors articulated in *Re Halifax Regional Water Commission* to a novel set of circumstances. However, when applied to the facts, the outcome is clear: EverWind's large-scale, continuous withdrawal from the LLWU [Utility]'s sole source of supply must be subject to Board regulation to protect the integrity of the Landrie Lake system and the interests of existing and future ratepayers. Moreover, consistent with the parties' mutual agreement and the statutory requirements governing the creation of customer classes and rate bases, EverWind should be treated as a distinct class of customer of the LLWU [Utility], with a tariff rate established by the Board that reflects both EverWind's unique infrastructure configuration and the system costs its withdrawal necessitates. This pathway ensures a fair, coordinated, and sustainable approach to managing the region's critical water resource and resolves the inherent resource conflict in a manner that is transparent, equitable, and firmly grounded in the public interest.

[Exhibit L-1-ii, paras. 34-35]

[27] In response to a Board question during the hearing, the purpose of the Agreement between the Utility and EWF was explained. Mr. Doyle stated that it was the Utility's desire to have EWF as a customer, and the arrangement around the provision of water and financing had to be defined. How the Utility deals with EWF is a unique circumstance and it was considered by all parties that an agreement was needed. The parties worked with the Province and legal teams to provide a contractual agreement for the provision of water to ensure that there was no burden to existing customers due to providing service to EWF, and that protections were in place with respect to environmental aspects and the control of water withdrawals.

[28] The Board noted that while the Agreement was referenced in the application to the Board, it was not provided as part of the application but rather included in response to the IRs as background information. Board approval of the Agreement is not being sought as part of the application.

[29] During the hearing, the Board sought to clarify whether it is being requested to rule on the legal arguments related to the possibility of EWF obtaining its own withdrawal permit to use the Landrie Lake resource without going through the Utility and thus constituting it as a public utility. Mr. Trider explained that this was not the intent, rather it related to the stewardship of the watershed. The Utility's position is that it needs to be the steward of the watershed and be able to make decisions for the good of all customers. Finally, in terms of future growth, the Utility argued that public utility decisions need to be made about withdrawals from the source water, and it is believed that this is the correct venue for this.

[30] The Board understands the purpose of the legal submission is to review what constitutes a regulated public utility to aid in satisfying the Board that there is a regulated service provided in the relationship between the Utility and a new customer, EWF. From the information provided, the Board finds the service to EWF is one provided by a public utility.

[31] The *Public Utilities Act*, s 2(f)(v) defines the service that a water utility provides as including "the production, transmission, delivery or furnishing to or for the public by a public utility for compensation of water." In the context of the Landrie Lake Water Utility, it maintains a dam, spillway and reservoir infrastructure to ensure that the Landrie Lake water resource can safely and reliably supply water to its customers.

Additionally, the water withdrawn by EWF from Landrie Lake will fall under the withdrawal permit issued to the Landrie Lake Water Utility by the Province.

[32] EWF intervened in this proceeding and did not object to the Utility's submission that the arrangements between the Utility and EWF contemplate a regulated service under the *Public Utilities Act*. Indeed, while the terms of a private agreement cannot dictate whether the *Public Utilities Act* applies, the Agreement between EWF and the Utility clearly contemplated this:

- 2.1 Upon the satisfaction of the conditions precedent set out in Section 3.1 hereof, LLWU shall supply raw untreated fresh water to EverWind in accordance with the supply requirements set out in Schedule "D" hereto (the "**Supply Requirements**") in exchange for the payment of the applicable tariff rates set by the Nova Scotia Regulatory and Appeals Board (the "**NSRAB**") in respect thereof in accordance with the *Public Utilities Act*. [Emphasis in original]

[Exhibit L-6(vi), p. 3]

[33] Since the service the Utility will provide to EWF is a regulated service, the rates, rules and regulations relating to that service will be as approved by the Board under ss. 64 and 65 of the *Public Utilities Act*. As the statute says, the Board-approved rates, rules and regulations are the Utility's only lawful rates, rules and regulations applicable to the provided service. To be clear, if there is any conflict between anything in the Agreement between the Utility and EWF relating to matters subject to rates, rules and regulations approved by the Board, the service is governed by what the Board has approved or may, from time to time, approve or direct.

4.0 REVENUE REQUIREMENTS

4.1 Operating Expenditures

[34] For the fiscal year ended March 31, 2025, the Utility had an excess of expenditures over revenues of \$2,328, and an accumulated operating surplus of \$38,552.

The rate study filed in response to the undertakings, with the amendments discussed in this decision, projects that without an increase in rates, there will be accumulated operating deficits in each of the test years of \$60,402, \$170,583, and \$301,203, respectively. The Utility projected it would continue to have an operating deficit in the test years providing service only to its existing customers.

[35] In addition to depreciation expense, the Utility has two main operating expense line items, consisting of: Pumping, Transmission and Distribution; and Administration and General. This differs from most regulated water utilities in the province, which have more refined operating expenses, with separate line items for each of Source of Supply, Power and Pumping, Transmission and Distribution, Water Treatment, and Administration and General. This difference is due to the Utility not operating as a typical regulated water utility in that it only supplies raw (untreated) water to its customers.

[36] The Utility's total operating expenses, including depreciation, are projected to decrease from the 2024/25 actual amount of \$749,377 to \$601,031 in 2025/26 and are budgeted to further decrease to \$427,224 in 2026/27, the rate study's first test year. These changes in total operating expenses are mainly attributed to the Pumping, Transmission and Distribution line item. The applicant explained that the prior operating expenses included grant funded studies related to environmental assessment and pre-design of the Little River watershed project, that was initiated in 2024/25 and completed in 2025/26. The previous expenses also included funding a full-time project manager to manage the projects. With completion of the study and design work in 2026/27, the project

manager's time has been reduced to 30%, with this expense to be fully funded with the proposed flat rate charge to EWF.

[37] The breakdown of operating expenses included in the Pumping, Transmission and Distribution expense line items in the original application was revised in both the responses to the IRs and the undertakings. In response to the IRs, there was a reallocation of general maintenance and labour costs, with no change to the total expense in each of the test years. The labour costs were reduced to remove 70% of the project management salaries, as only a portion of time is needed to directly manage the oversight of EWF's construction obligations, with this remaining amount to be funded under EWF's proposed rate. Spillway and watershed maintenance expenses and annual expenses for snow removal and summer dam maintenance were removed from general maintenance and included as a separate line item. The Utility owns a Ford F350 truck with a snowplow. Vehicle allowance, including fuel expense, was removed from the general maintenance expense line item and shown as a separate line item. The applicant confirmed that these expenses were broken out of the labour and general maintenance expense to aid in properly allocating costs to be assigned to EWF.

[38] The Pumping, Transmission and Distribution expense item also includes a line item identified as project management – growth expense. The Utility explained that this line is only separated to show that it is 100% funded by the EWF proposed rate. In response to the undertakings, this expense was reduced by 25% of the projected total (\$9,204) in 2026/27, based on the assumption that rates, including the new rate to EWF will be approved effective July 1, 2026, and be in place for the remaining three quarters of the 2026/27 fiscal year.

[39] In response to the undertakings, the Utility confirmed that the EWF facility is not projected to be operational during the term of the current rate study, and the current rate study does not include any costs related to the proposed water meter at the EWF facility.

[40] Generally, the Utility applied an annual 3% increase to the budgeted expense items in each of the test years to account for inflation. The Pumping, Transmission and Distribution expense includes a permit expense line item that relates to a yearly Department of Environment and Climate Change water withdrawal permit, and fees to the Board. Budgeted power expenses are directly related to water sales for the test years.

[41] The IR responses included a copy of the Landrie Lake Inter-Municipal Agreement, dated March 6, 2019, summarizing cost allocations between the Town, the County and the Utility. The Utility is supported directly by Town staff, and a table was provided showing Town staff positions, activities, times, rates, and percentage expense allocation to the Utility.

[42] It was noted during the 2020 rate application proceeding that as the Utility's budgeting process was inherited from the Province, it differed from that generally used by other Board-regulated water utilities. The Utility stated that it has since aligned its budgeting and reporting to match that required under the Board's *Water Utility Accounting and Reporting Handbook (Handbook)*. It described its budgeting process as consisting of staff reviews of Utility customers' consumption patterns and rates, along with reviews with operations staff of any upcoming capital and operating needs. Staff further review changes to items such as contracts, salaries and Utility rates and incorporate these

changes into the Utility's budget. The draft budget is then presented to the Board of Directors for approval.

[43] The Utility stated that it did not phase-in depreciation as requested in its 2020 rate application, and approved by the Board, because it was able to stay at an approximate break-even point without the phase-in. In response to the IRs, the Utility provided a breakdown of its current assets and depreciation of those assets, supporting the \$66,161 in annual depreciation carried into 2025/26. Further information on the current depreciation expense was submitted in response to Undertaking U-2, in which the Utility explained that before the transfer of assets, the Province used a blanket rate of 5% (20 years) for depreciation for all assets. When the assets were transferred to the Utility, depreciation was adjusted to follow the guidelines set out in the *Handbook*.

[44] The projected depreciation expense in the test years is based upon the proposed capital additions in those years. The Utility confirmed that depreciation rates for capital additions are consistent with those set out in the *Handbook*, with any capital items that are not listed in the *Handbook* assigned a depreciation rate based on their projected useful life. As an example, the Utility explained that the proposed depreciation of the "Dam Safety Review Project" is over seven years, in accordance with the Canadian Dam Safety Association, that requires periodic reviews. The Landrie Lake Dam is classified as high consequence, requiring a seven-year review interval.

[45] The depreciation of the Utility's truck identified as a "2021 Ford F350", included in its current asset listing, was discussed during the hearing. The asset listing notes that the truck is to be depreciated over six years; however, it appears from the annual depreciation expense included in the rate study's revenue requirements that the

truck continued to be depreciated throughout the test years. In response to the undertakings, the Utility confirmed that the truck cost will be fully depreciated by the end of 2026/27, and the annual depreciation expense in the remaining test years was reduced by \$8,343 in the revised rate study. The revised rate study filed in response to the undertakings also corrected an error in the calculation of the annual depreciation expense in 2027/28 which carried forward to 2028/29.

[46] The original rate study proposed rates in which a significant majority of the total rate increase occurred in the first of three test years. For example, for a 4" meter customer, the rate increases were 22.9%, 8.7% and 3.2%, respectively, in each of the test years. In response to the IRs, the applicant proposed to smooth the rate increases over the test years by deferring the depreciation on both the 2026/27 expenditure of the Landrie Lake Master Plan (\$15,000 from 2026/27 to 2027/28) and the 2027/28 expenditure of Electrical Pumping Equipment (\$10,500 from 2027/28 to 2028/29). With this change, again using the 4" meter size example, the proposed increases are 16.4%, 18.1% and 7.3%. It should be noted that there were amendments and corrections in the IR rate study from the original, so this is not a direct comparison.

[47] The Utility filed a revised rate study in the undertaking responses that contains revisions as directed by the Board during the public hearing, as discussed in this decision. With the changes, for comparison purposes, the 4" meter size customers proposed rate increases are approximately 3.4%, 9.9% and 6.8%, respectively, in each of the test years.

[48] As an undertaking, the Utility filed a worksheet, based on assumptions in the revised rate study filed in the undertakings, but without the deferral of depreciation on

the Master Plan and the Electrical Pumping Equipment capital projects. With this change, the proposed rate increases for the 4" meter customer are approximately 11.6%, 7.0% and 1.7%, respectively, in each of the test years. Although the rates proposed for EWF will be discussed later in the decision, it is noted that under this scenario, the rate for EWF is proposed to decrease slightly in the second test year, 2027/28.

[49] The Utility's projected balance in its operating and reserve cash fund, which includes the \$400,000 paid by the Province to the Utility at the time of the transfer of assets, was approximately \$420,000 on March 31, 2026. This balance is projected to decrease to approximately \$340,000 at the end of the test years, 2028/29, because it is being proposed as a funding source for capital additions identified in the rate study. During the hearing the Board questioned if there are any restrictions on the use of this reserve, and could it be used to offset the Utility's projected deficit, thus providing some rate relief. In response to the undertakings, the Utility provided an excerpt from the Asset Transfer Agreement between the Province, the Town and the County that states:

2.5 Additional Payments

(a) The Province agrees to pay to the Water Utility, on the Closing Date, Four Hundred Thousand Dollars (\$400,000.00), such amount to be used by the Water Utility solely for construction, repairs and maintenance, operating expenses, and/or to establish a reserve fund for the Water Utility

[Exhibit L-8, pp. 4-5]

4.1.1 Findings

[50] The Board notes that the Utility inherited a budgeting system that did not follow the suggested *Handbook* cost categories, including depreciation rates, and level of detail. This resulted in the need for further clarification in the Board's review. It appears from the information filed that the Utility is now following the guidelines set out in the *Handbook*.

[51] The Board accepts the explanations given for the change in total operating expenses in 2025/26, which are carried through the test years, and finds the 3% annual increase over the test years to be reasonable. The Board further accepts the explanations provided for any deviations from the annual 3% increases, and the separation of certain expense items, for clarity to aid in cost allocations to EWF. However, it is noted that the 25% reduction in the project management-growth expense is based on the effective date (July 1, 2026) of the approved rates and will need to be adjusted with a different effective date.

[52] The Board accepts the allocation of costs from the Town to the Utility.

[53] The depreciation rates used in the rate study filed in response to the undertakings have been corrected and revised, as discussed above, and generally follow those in the *Handbook*. The Board accepts the depreciation expenses, except for the depreciation associated with the rate study cost. It was discussed during the public hearing that the cost of the rate study (\$15,000 in 2025/26), which is capitalized and depreciated over three years, is to be funded by EWF, and should be removed from the application's capital projects. It was not removed in the undertaking response, and as such, the annual depreciation expense of \$5,000 should be removed in each of 2025/26, 2026/27 and 2027/28. This will reduce the revenue requirement by that amount in each of the first two test years.

[54] The Board has reviewed the rates calculated with the assumptions of the undertakings, with and without smoothing. With the changes to the original rate study, resulting from both the information request responses, and the discussions during the public hearing as reflected in the undertakings, the rates for existing customers have

decreased from those originally proposed, while the rates for EWF have increased. The rates proposed in response to the undertakings, both with and without smoothing, are based upon corrections and adjustments to cost allocations, and pending further amendments discussed in this decision, represent assumptions that appear reasonable to the Board. Without the proposed smoothing, the bulk of the rate increases in the test years are in the first test year. Based on the information provided, the Board accepts rate smoothing through the deferral of depreciation as presented in the rate study filed in response to the undertakings.

[55] , The Board questioned the use of the reserve to offset the Utility's accumulated operating deficit, without the use of earnings in the revenue requirement. In response, the Utility provided an excerpt from the Transfer Agreement outlining the use of the reserve cash fund. However, the Board notes that with the changes made in the undertakings, earnings are no longer proposed, as discussed later in the decision.

4.2 Capital Budget and Funding

[56] In response to the IRs, the Utility provided a listing of its current assets as of March 31, 2025 [Exhibit L-6-vii]. The response included the breakdown by assets of the annual depreciation amount (\$66,161) prior to the test years, the assets' net book value, and the unamortized capital contributions as of that date. This exhibit was the subject of review by the Board both in terms of the assets listed and the depreciation of those assets, which has an impact on the revenue requirements in the application.

[57] As noted above, in response to the undertakings, the Utility corrected the annual depreciation expense associated with the 2021 Ford F350 truck to have a six-year useful life and therefore be fully depreciated by 2027/28. It was also discussed during the hearing if the asset item listed as "regulating tank", with a cost of \$1.12 million and

associated annual depreciation of \$23,184, is correctly described. The Utility indicated during the hearing that the regulating tank has been decommissioned and is no longer in service, and that it was replaced with an air release vacuum valve, with modifications to the pumping station at the same time. Mr. Isenor added that the issue may be mislabelling of the asset, and not that the annual depreciation amount shown is incorrect. The Utility stated in response to the undertakings:

Given the limited data provided by the Province on the asset transfer, this item does not include the cost of the tank, but rather the removal and construction of required infrastructure to replace the tank's function. This appears to be a descriptive naming issue from the Province where they called it the regulating tank, rather than a more appropriate labeling of the infrastructure work.

[Exhibit L-8, p. 1]

[58] The application included a breakdown of the Utility's 2025/26 capital budget, the year prior to the test years of the rate study. The 2025/26 budget totals \$133,000 and includes: roof replacement (\$30,000); water withdrawal study (\$88,000); and the cost of the water rate study (\$15,000). The Utility stated during the hearing that EWF is responsible for the cost of the water rate study. When questioned by the Board, the Utility agreed that the water rate study capital cost of \$15,000 should be removed in 2025/26 along with the related annual depreciation of \$5,000 over 2025/26, 2026/27 and 2027/28. The rate study filed in response to the undertakings did not remove these amounts.

[59] The application included the Utility's capital budgets in each of the three test years of 2026/27, 2027/28 and 2028/29, totalling \$303,000, \$285,000 and \$0, respectively. The Utility stated that there are currently no infrastructure needs that are directly associated with EWF's water withdrawal from Landrie Lake.

[60] In 2026/27, the capital projects include: the Landrie Lake water utility master plan (\$150,000); dam safety review project (\$70,000); electrical equipment (\$37,000); boat and electric motor/trailer (\$24,000); hatch repair in intake (\$10,000); engineering

review intake dock lifting jib (\$7,000); and heat pump - office trailer (\$5,000). The Utility explained that the last dam safety review was completed in 2020 as part of the asset transfer from the Province. A recent engineering review noted that the Landrie Lake dams are classified as high consequence and the Canadian Dam Association guidance documents state that dam safety review inspections are periodically required.

[61] The 2027/28 capital projects include: electrical equipment (\$210,000); Landrie Lake water utility master plan (\$50,000); meters – engineering Landrie Lake water utility customer meters (\$20,000); and heat pump - maintenance shop (\$5,000). The electrical equipment project relates to the engineering, supply and installation of a new vertical turbine pump, variable frequency drive and corresponding pump phasing programming, to replace an existing pump and provide a separate variable frequency drive. The meter project relates to engineering services necessary to review and assess metering arrangements with Utility customers, to make recommendations, including costing for modern Utility owned metering solutions. In response to the undertakings, the Utility confirmed that the rate study does not include any costs related to the proposed water meter at the EWF facility as the facility is not projected to be operational during the rate study's test years.

[62] During the hearing, given the proposed rate increases, the Board questioned the necessity of the master plan project at this time, with budgeted capital costs of \$150,000 in 2026/27 and \$50,000 in 2027/28. The Utility described the master plan/integrated resource plan as a comprehensive long-term planning study to evaluate the condition, capacity and future requirements of the Utility's infrastructure and service area. It added that the plan is needed to support long-term decisions as the Utility

transitions from an historically low-demand system to potentially facing significant industrial growth. With respect to the question of delaying the master plan project, the Utility focussed on the potential for significant industrial development soon and stated that it would be prudent to gather the necessary information related to providing service to this expanded customer base as soon as possible.

[63] The capital projects in 2025/26, and in the 2026/27 and 2027/28 test years, are proposed to be funded by the Utility's depreciation fund. An error in the calculation of the depreciation expense in 2027/28 was corrected in the rate study filed in the undertaking responses. As noted above, for rate smoothing purposes, the depreciation expense associated with the master plan and the electrical equipment - vertical turbine pump projects are proposed to be deferred by one year. The projected depreciation fund balance in the original rate study was \$196,315, which the Utility commented is acceptable, given the annual depreciation expense contribution and the condition and limited amount of the Utility's plant and equipment. However, the Board notes that the balance in the revised rate study at the end of the test years is \$152,549.

4.2.1 Findings

[64] The Board has considered and accepts the Utility's explanation in support of including the master plan project in the current test years, noting that it is proposed to be funded through depreciation funds, with the one-year deferral of its associated depreciation expense for rate making purposes. The Board accepts the remaining projects and funding in the test years.

[65] Although not in the test years, the 2025/26 capital budget item of the water rate study, funded through the Utility's depreciation fund, should be removed, as it is not

a Utility expense. This will impact both the annual depreciation expense and the depreciation fund balance carried forward in the rate study's test years.

[66] With the Board's approval of the proposed depreciation phase-in, it appears that the Utility's projected depreciation fund balance at the end of the test years will be adequate. The Board reminds the Utility that it is important to continue to maintain a healthy depreciation fund balance to be used for funding future asset replacements.

[67] While there are no capital projects in excess of \$250,000 included in the test years' proposed capital budgets, the Board reminds the Utility that separate Board approval is required for projects with costs greater than \$250,000, as set out in s. 35 of the *Public Utilities Act*.

4.3 Non-Operating/Other Revenues and Expenditures

[68] The application shows grant revenue as non-operating revenue in each of 2024/25 and 2025/26 of \$392,673 and \$235,664, respectively, which are not carried through in the test years. The applicant explained that the grant revenue directly offsets the operating costs incurred for project management labour, environmental studies and pre-design work of the Little River Water Supply project and was fully expended prior to the test years.

[69] Other than earnings, in the amount of \$3,000 in 2028/29, there are no non-operating or other revenues and expenditures in each of the test years. The applicant stated that this amount, which was originally proposed as \$4,000, is intended to reduce the projected operating deficit at the end of the current fiscal year.

[70] During the hearing, the timing of the proposed earnings was discussed. As the inclusion of earnings, as part of the revenue requirement in the final test year, results in the amount being carried forward until the next rate application, the Utility was directed

to switch the earnings to the first test year in the rate study filed in response to the undertakings.

[71] In the undertaking response, the Utility stated that earnings are no longer needed as they have been replaced by a one-time charge to EWF in 2026/27 of \$9,204. This amount represents 25% of the project management-growth expense for the year based on receiving new rates effective July 1, 2026, as discussed above.

[72] With this change, the rate study filed in response to the undertakings has no non-operating or other revenues and expenditures in each of the test years. As such, the return on rate base is calculated as zero throughout the test years of the application.

4.3.1 Findings

[73] The Board accepts the projected non-operating and other operating revenues, and non-operating expenditures, as presented in the rate study filed in response to the undertakings. This includes the elimination of the earnings that were proposed as a non-operating expense in the earlier versions of the rate study. The Board further accepts the calculated rate of return on rate base, as presented in the undertaking response rate study.

5.0 REVENUE REQUIREMENT ALLOCATION

5.1 EverWind

5.1.1 Separate Rate Class

[74] The *Public Utilities Act* requires that “[a]ll 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” (s. 67). In essence, this means customers must be charged the same rate for the same service.

[75] However, the circumstances and conditions under which customers take service can be different. The assignment of customers into various rate classes reflects these differences. There may be some variance in the costs to serve individual customers in a rate class, but it is not practical or cost effective for a utility to precisely determine the costs of serving every single customer. Even if the utility could do so, the calculation would not be precise given the need for assumptions about the use of common infrastructure and services. The classification of customers into rate classes is necessary, and as a result, customers in a class pay the average cost of serving a customer in that class.

[76] Most customers of a utility are grouped into larger rate classes of customers whose service is substantially similar. However, rate classes may sometimes consist of a small number of customers, or even a single customer, whose service is markedly different from other customers. Grouping customers into classes that receive service under substantially similar circumstances and conditions requires judgment. Many factors influence the exercise of such judgment. In L.R. Nash, *Public Utility Rate Structures* (New York and London: McGraw-Hill Book Company Inc., 1933), p. 273, the author states:

Discrimination is commonly understood to mean a difference in rates or service conditions relating thereto for service of substantially the same characteristics, taking into account volume, load factor, load density, time of use, character of use, and any other significant factors. Because of the many factors involved in discrimination, its precise definition is necessarily left to the judgment of the regulatory commissions in each case.

[77] In this case, the Utility submitted that EWF's installation of its own dedicated infrastructure places it in a distinct customer class and asked the Board to approve a suitable rate for the new customer class. The Board finds this is appropriate. The circumstances and conditions of service for EWF will be different than other customers. The service to EWF centers around the operation and maintenance of the Utility's dam,

spillway and reservoir infrastructure, which the Utility uses to manage the water resource to ensure safe and reliable service to its customers. This is common amongst all the Utility's customers; however, unlike the Utility's other customers, EWF will construct its own intake structure, pumping station and transmission piping. It will not use the intake facilities, pumping station and transmission system used to deliver raw water to the Utility's other customers. The Board approves the creation of a separate rate class for EWF.

5.1.2 Allocation of Costs

[78] The proposed rates for EWF are based on the revenue required to cover its share of the Utility's operating expenses. These expenses fall under the Pumping, Transmission and Distribution expense line-item categories of project management-growth, spillway and watershed maintenance, vehicle allowance including fuel, and permit. In addition, a portion of the depreciation expense associated with assets used by EWF and categorized as joint-use is allocated to EWF.

[79] Mr. Isenor explained that in the rate study filed in response to the IRs, some of the Pumping, Transmission and Distribution expense line items were separated out from those shown in the original application to calculate rates for EWF using the proposed methodology.

[80] Under the 2026/27 labour expense, 70% of the project management labour was removed from salaries because only a portion of the time is now needed to directly manage the oversight of EWF construction obligations. This is fully funded under the EWF proposed rate. The spillway and watershed maintenance expense, and the snow removal and dam maintenance expense which were originally included in the general maintenance expense in the test years, were separated and shown as a line-item

expense in each of the test years. Vehicle costs, which were also originally included under the general maintenance expense line item, were separated as a new line item under “vehicle allowance, including fuel” in each of the test years.

[81] To allocate expenses to EWF, the annual depreciation expense has been broken down into non-joint-use and joint-use depreciation expenses. The Utility explained that the capital assets were reviewed and the associated annual depreciation of the capital items that were used by EWF were included in the calculation of joint-use depreciation. These items include:

2025/2026	2026/2027	2027/2028	2028/2029
Ford Truck	Ford Truck		
Water Withdrawal Study	Water Withdrawal Study	Water Withdrawal Study	Water Withdrawal Study
	Dam Safety Review	Dam Safety Review	Dam Safety Review
		Landrie Lake Utility Master Plan	Landrie Lake Utility Master Plan

[82] As discussed elsewhere in this decision, the Ford truck will be fully depreciated by 2027/2028 and the start of the depreciation expense associated with the Master Plan was deferred until 2027/2028. Additionally, the cost of the Water Rate Study was paid by EWF and not shown above. The Board also notes that the dam, spillway and other reservoir infrastructure appear to be fully depreciated and not included in the Utility’s ongoing depreciation expense.

[83] The joint-use depreciation expense associated with the items in the table, as shown in the rate study filed in response to the IRs, amounts to \$42,146 in 2026/27 and \$47,146 in each of 2027/28 and 2028/29. In the rate study filed in the undertaking responses, the depreciation expense assigned to EWF was adjusted to exclude the truck

being written off, as noted above. With this amendment, the joint-use depreciation in each of 2027/28 and 2028/29 is reduced to \$38,800.

[84] As there are no Administration and General expenses allocated to EWF, the application proposes a base charge for EWF, based upon EWF being an unmetered customer. Mr. Isenor described the proposed base charge as the best attempt to include a rate based on the cost-of-service principles, given that EWF is pumping water to their site at its own cost.

[85] The Board questioned the magnitude of the proposed annual base charge to EWF, in the range of \$800 to \$900 over the test years, which represents approximately 2% of the Utility's overall annual administration and general expenses. Mr. Isenor explained that it is difficult to justify applying a percentage allocation to EWF related to administration and general expenses such as training, professional and legal fees as the related costs are not used by EWF, so the base charge was used. It was further confirmed by counsel that any legal costs associated with the supply of water to EWF have been borne by EWF.

[86] After the determination of the joint-use expense line-item categories and their amounts, as revised in the undertaking responses, the next step in the process of allocating revenue requirements to EWF is the determination of the joint-use percentage.

5.1.3 Percentage of Joint-Use

[87] The application stated that the Utility's expense allocations to EWF are based on the estimated percentage use of each cost centre. There are some cost centres that will not be used by EWF and are allocated at 0%. In the original rate study, the cost centres for those expense items used by EWF were allocated based on the percentage of EWF's water consumption to the amount of water available for sale, or the safe yield

of the Utility's water source. The rate application filed in response to the IRs calculated this percentage as 29%. This calculation is based on the information provided in the *Landrie Lake Surface Water Withdrawal and Storage Application*, dated December 19, 2025, prepared by Stantec Consulting Ltd. (Stantec Report) [Exhibit L-6-iv] that was filed in response to the IRs. In the Stantec Report, EWF's maximum daily flow is projected to be 10 MLD, while current safe yield of Landrie Lake is 34 MLD.

[88] The Utility stated that it adopted the joint-use methodology due to its similarity to the method approved by the Board for the calculation of wholesale rates for water sold from one utility to another utility. In response to the Board's question of the appropriateness of allocating joint-use costs based on consumption alone, given EWF's significant water demand, the Utility noted that although EWF water demand will be significant, it will be providing its own intake structure, pumping station and transmission piping, and will not be utilizing the existing physical assets of the Utility.

[89] The Board also questioned the calculation of the joint-use percentage based on the amount of water available, instead of consumption volumes, which has been the normal procedure in rate applications before the Board involving the joint-use allocation of costs to wholesale customers. In response to the IRs, the applicant explained that the allocation, based on the available water for sale, not sold, reflects a more appropriate distribution of costs, as the Utility has committed a 10 MLD raw water supply volume to EWF. As such, it is not available to other Utility customers whether EWF uses the full allocation or not.

[90] The use of water availability to determine the joint-use percentage was further explored during the hearing. The Board noted that if the percentage is only based

on the sustainable yield of the lake, there is no connection to the amount of water used by EWF. Mr. Isenor agreed that other water utilities base this percentage on water sold. He further confirmed that this situation is unique in that there are no other water utilities regulated by the Board that allocate costs based on the water availability. He commented that other methods, such as using total committed water use, could be used, adding that water sold may be a better way to calculate the percentage. Mr. Isenor agreed with the Board's comment that basing the joint-use percentage on water sold will result in a higher allocation to EWF, adding that he hasn't looked at what that percentage would be.

[91] In the rate study filed in response to the undertakings, the joint-use allocation percentage assigned to EWF was revised based on using the projected average daily consumption for EWF and the average daily consumption for the Utility's existing customers. The average daily consumption for the Utility's existing customers comes from the Utility's current total annual consumption of 440.9 million imperial gallons per year, which is projected to remain constant during the test years. This amount translates to 5.5 MLD. In the Stantec Report, it is projected that EWF's average consumption in 2028 will be 8.4 MLD. Combined with the existing customers, the total projected Utility consumption volume in the undertaking response is 13.9 MLD. Based upon these projected consumption figures, the calculation of joint-use allocation to EWF was revised to 60.5% (8.4 MLD/13.9 MLD).

[92] The 60.5% percentage is applied to each of the Pumping, Transmission and Distribution expense joint-use items of spillway and watershed maintenance, vehicle allowance including fuel, permit, and to the joint-use depreciation expense in each of the test years. The Pumping, Transmission and Distribution expense line-item project

management growth cost centre is allocated 100% to EWF. As noted above, this expense was reduced by 25% of the projected total (\$9,204) in 2026/27, based on the assumption that rates will be approved effective July 1, 2026, and be in place for the remaining 75% of the 2026/27 fiscal year.

[93] The proposed annual charge to EWF in each of the test years is the sum of these allocations plus the base charge noted above. The charges are presented on a monthly and quarterly basis in the Schedule of Rates and Charges included in the undertaking responses.

5.1.4 Findings

[94] As discussed in this application, the calculation of rates related to the supply of raw water to EWF is unique to water utilities regulated by the Board. The Utility has refined the operating expenses presented in the original application to aid in allocating costs to EWF. While the Board notes that there is no manual or other guidance for calculating joint-use percentages in the allocation of revenue requirements to determine rates, joint-use percentages based on water consumption appears to be the most reasonable methodology. This methodology has been approved by the Board in past rate applications involving wholesale rates for the sale of water from one utility to another. As such, the Board accepts the methodology presented in the undertaking responses, using a joint-use percentage based on projected water consumption.

[95] The Board notes that the revised percentage of joint-use methodology, based on water consumption and not available water supply, results in increases to the calculated annual charge to EWF, due to the increase in the percentage of joint-use allocation from 29% in the IR response rate study to 60.5% in the undertaking response rate study.

[96] Regarding the base charge to EWF, which is proposed as there are no joint-use administration and general expenses, the Board agrees that it is difficult to assign a cost to EWF, given its unique situation of using its own infrastructure to supply its water. In reviewing these costs, including administration labour, office supplies and cell phone, audit and legal fees, and training fees, it appears that the addition of EWF would not result in significant cost increases. In the absence of an alternative method that can be justified, the Board accepts the base charge methodology.

[97] A concern raised in the letter of comment received by the Board was ensuring that EWF, and not existing customers, be responsible for any costs that are directly related to EWF's development. From the available information, including the projections, and revisions contained in the undertaking responses, the Board finds the methodology used to allocate costs to EWF to be reasonable.

[98] The Board approved rates for EWF, based upon this methodology, including the 25% reduction in the project management-growth expense in 2026/27, subject to any amendments discussed in this decision.

5.2 Other Utility Customers

[99] After the allocation to EWF, the Utility's remaining revenue requirement in each of the test years is to be recovered from its existing five customers. With the amendments made in the rate study filed in the undertaking response, this remaining revenue requirement is reduced from the original application. The application noted that the allocations of expenses among customer, base, delivery and production charges are consistent with the *Handbook*. The Utility further confirmed that the allocations are the same as those used in the previous rate application.

[100] Based on these calculations, the base charge has been allocated approximately 19% of the existing customers' revenue requirements, similar to the previous application. Although this may be considered low relative to other water utilities regulated by the Board, the applicant indicated that it continues to view this as an acceptable percentage, as this is a supply only utility with a limited number of customers.

[101] The total annual consumption of the Utility's existing five customers is projected to remain stable over the test years, at the current volume of 440.9 million gallons. This is an increase from the amount of 425.7 million gallons in the 2020 rate application, while the Utility's annual consumption volume was noted to be 521.0 million gallons in 2010. The Utility stated that based upon annual consumption volume fluctuations, and the difficulty in predicting trends in usage of the large industrial customers, the projections in the rate study do not include any increases or decreases in consumption.

[102] The original application provided a table that showed the proposed increase in quarterly water bills by meter size, which is standard in most rate applications filed with the Board. The applicant indicated that Tupper Industrial Developers Ltd., one of the 4" meter customers, did not have any recorded consumption last year (2025/26). It further noted that the two 10" meter size customers had annual consumption volumes of 201.4 million gallons and 173.9 million gallons. There is only one 8" meter size customer. Due to the variations in consumption volumes within the meter size categories, both of the revised rate studies (filed in the IR responses and in response to the undertakings) provided proposed rate amendments for each of the five customers, by meter size.

[103] In response to IR-38(a)(i), the Utility stated that there are meters for EverWind Terminals and the Port Hawkesbury Water Utility which are read monthly, while the NS Power and Port Hawkesbury Paper customers provide monthly water usage reports from internal SCADA tracking. Tupper Industrial Developers Ltd. uses trace amounts of water as the site is inactive and is billed a flat base charge.

[104] During the hearing, the applicant stated that the meter reading system is not like those for other water utilities in that the meters are not owned by the Utility, and the customers self report water usage. The Utility added that as it has a small customer base, it has a good relationship with all its customers and is informed with respect to any changing trends in water consumption volumes.

5.2.1 Findings

[105] The Board accepts the Utility's methodology to allocate the remaining revenue requirements to base and consumption charges, which is consistent with both the *Handbook* and the previous rate application. The Board further accepts the annual projected consumption volumes, and the rationale presented for not projecting amendments to the current total consumption volumes over the test years.

[106] The Board finds the presentation of proposed rates broken down by customer within each meter size to be informative, given the variations in consumption volumes by individual Utility customers. The Board notes that this is possible due to the Utility's small number of customers and would not be practical in larger water utility rate applications.

[107] The Board-approved rates, based upon this methodology, will be subject to any amendments discussed in this decision.

[108] The Board notes that there appears to be uncertainty around the potential for future industrial customers consumption volumes and water supply availability to meet future demands. As such, the Board reminds the Utility of the importance of having reliable water consumption data, through having access to accurate metering information. This information should be readily available to the Utility, without the reliance on customers to provide the information. The Board expects the Utility to make improvements in how it collects consumption data.

6.0 CONTINGENCY PLANNING

[109] In response to Board IR-26, the Utility provided general information about its efforts related to contingency planning and emergency preparedness. At the time of the 2020 rate application, the Utility indicated that it was in the process of updating its Emergency Preparedness Plan, which was prepared by the Province in 2011. The Utility noted that this update was completed in 2023. It added that it has taken steps towards a Dam Safety Management Program, developed with the Canadian Dam Association. This includes a formal Emergency Response Plan for dam safety that is part of a broader dam safety management system, including the Operations, Maintenance and Surveillance Manual and Emergency Preparedness Plan.

[110] The Utility explained that although staff have reviewed and are familiar with the Emergency Response Plan, it has not implemented formal, structured staff training specific to the Plan. The Utility indicated that to date, it has not conducted a formal tabletop exercise for the Emergency Response Plan. It added that it intends to improve response preparedness through training opportunities and professional development,

including engaging external expertise as needed, and participating in Canadian Dam Association conferences.

[111] During the hearing the Board expressed concern with the Utility's lack of both formal staff training and a tabletop exercise related to its Emergency Response Plan. Mr. MacMillan concurred with the Board's concerns, stating that the Utility will work to complete these training exercises soon.

[112] The Utility has a Source Water Protection, Monitoring and Enforcement Plan that was prepared in 2023. The plan was described as a "living document" that is reviewed and updated periodically to reflect any changes in regulatory requirements, environmental conditions, such as climate change impact, and development pressures.

6.1 Findings

[113] The Board notes that the Utility has taken steps since its last rate application in 2020 to complete its Emergency Preparedness Plan, including developing a Dam Safety Management Program, to ensure compliance with the Canadian Dam Association Safety Guidelines.

[114] The Utility has recently completed a Source Water Protection Plan, which, given the potential for growth and industrial development, will need to be enforced and reviewed on a timely basis to ensure that its valuable water resource is protected.

[115] The Board expects the Utility to provide sufficient training to staff, including tabletop exercises, to ensure that staff is fully prepared to respond to any emergencies. The Board further reminds the Utility of the importance of maintaining and updating its contingency and emergency preparedness strategies and the associated communications plans.

7.0 SCHEDULE OF RATES AND CHARGES

[116] In addition to the rates for water supply to its customers, the application includes several miscellaneous rates and charges.

[117] In response to the information requests, the Utility confirmed that there are no changes proposed to the existing miscellaneous charges included in the Schedule of Rates and Charges.

7.1 Findings

[118] The Board finds the miscellaneous charges proposed in the application are reflective of those of other water utilities in the province that are regulated by the Board and accepts them as filed for each of the test years.

8.0 SCHEDULE OF RULES AND REGULATIONS

[119] The application includes a proposed Schedule of Rules and Regulations, with only one change, the addition of Regulation 34, Water Conservation Directives, proposed from the Utility's existing Regulations. The Utility explained that this clause was added so water conservation directives could be issued to all customers during drought conditions.

[120] Regarding Regulation 19, Cross-Connection Control and Backfill Prevention, the Utility noted that it does not have a formal program in place, as it has a small staffing complement and limited resources, which makes it difficult to currently implement such a program. It added that it recognizes the importance of preventing backflows and protecting system integrity and will work towards implementing a cross-

connection and backflow prevention program as the system grows and its resources permit.

[121] The Utility confirmed that there are no changes to the existing Regulations because of the addition of EWF as a customer, including the proposed addition of Regulation 34. It stated that a water conservation directive clause has been added to many water utilities in the province.

[122] In response to the Board during the hearing, the Utility further confirmed that all its Board-approved Regulations will apply to EWF. The Board referred to Regulation 27, Liability of Utility, and questioned if the Regulation will apply to EWF. Regulation 27 states:

The Utility shall not be deemed to guarantee an uninterrupted supply or a sufficient or uniform pressure and shall not be liable for any damage or injury caused or done by reason of the interruption of supply, variation of pressure or on account of the turning off or turning on of the water for any purpose.

[123] The Utility confirmed that the Regulation will apply, while Mr. Isenor noted that the Utility is supplying water, but will not be supplying water under pressure as noted in the Regulations.

8.1 Findings

[124] The Board finds that the proposed Schedule of Rules and Regulations, including the addition of Regulation 34, Water Conservation Directives, is reasonable and generally consistent with those of other water utilities in the province. As confirmed by the Utility, the Regulations will apply to all Utility customers, including EWF.

[125] The Board approves the Schedule of Rules and Regulations, as filed in the application.

9.0 SUMMARY OF BOARD FINDINGS

[126] The Board expects the Utility to provide sufficient training to its staff, including tabletop exercises, to ensure that staff is fully prepared to respond to any emergencies. The Board further reminds the Utility of the importance of maintaining and updating its contingency and emergency preparedness strategies and the associated communications plans.

[127] The Board reminds the Utility of the importance of having reliable water consumption data, through having access to accurate metering information. This information should be readily available to the Utility, without the reliance on customers to provide the information. The Board expects the Utility to make improvements in how it collects consumption data.

[128] The Board approves the Rates for Water and Water Services, including the rates for EWF, as Schedules A, B and C, subject to a compliance filing, using the rate study filed in response to Undertaking U-3, as the basis to make the changes. The schedules will come into effect on August 1, 2026, April 1, 2027, and April 1, 2028, respectively.

[129] The Board approves the Schedule of Rules and Regulations, as Schedule D to the rate study filed in response to Undertaking U-3. The schedule will be effective on August 1, 2026.

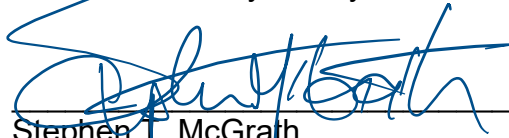
[130] The Utility is directed to submit a compliance filing that includes a revised rate study addressing the following:

1. Removing the water rate study capital cost of \$15,000 from the 2025/26 capital budget along with the related annual depreciation expense of \$5,000 in each of 2025/26, 2026/27 and 2027/28.

2. Adjusting the reduction in the project management-growth expense from 25% based on the effective date of July 1, 2026, to 33%, based on an effective date of August 1, 2026.

[131] An Order will issue accordingly.

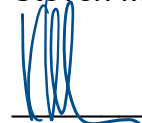
DATED at Halifax, Nova Scotia, this 23rd day of July 2026.



Stephen T. McGrath



Steven M. Murphy



M. Kathleen McManus