

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 **TATAMAGOUCHE 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

INTERVENOR: PROVINCE OF NOVA SCOTIA (Department of Municipal Affairs)

Lyndsay Scovil, Counsel

HEARING DATE: June 23, 2025

FINAL SUBMISSIONS: August 6, 2025

DECISION DATE: September 25, 2025

DECISION: The application is approved, as amended by the Alternate Rate Study 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 or County), on behalf of the Tatamagouche 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, 2019, and its Schedule of Rules and Regulations has been in effect since January 1, 2018. 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] The rate study proposed rates for fiscal years 2025/2026; 2026/2027; and 2027/2028 (test years) for its customers. For residential customers (5/8" meters), the current average quarterly water bill based on average quarterly consumption is \$203.91 and is proposed to increase to \$256.65 (a 25.9% increase) in 2025/26; \$270.46 (a 5.4% increase) in 2026/27; and \$278.60 (a 3.0% 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 31.7% in 2025/26; 0% to 5.9% in 2026/27; and 0% to 4.1% in 2027/28. The Utility is requesting the rate changes to be effective as of October 1, 2025, for 2025/26, and April 1st for each of the remaining test years.

[4] The Board held a public hearing on June 23, 2025, at the Colchester East-Hants Public Library in Tatamagouche, 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. The Minister of Municipal Affairs on behalf of the Province of Nova Scotia requested to intervene in the matter and filed a letter of comment on June 18, 2025. The letter outlined concerns about the affordability of the new rates and the current economic challenges facing residents in the area and provided information on provincial actions to address affordability issues. Lindsay Scovil observed the hearing on behalf of the Province. The Board did not receive any letters of comment or requests to speak from members of the public but notes that the hearing was well attended.

[5] The Board reviewed the rate study and responses to the Information Request (IRs) during the hearing. The Board asked the Utility to submit more information and an alternate rate study with the changes requested by the Board, which the Utility undertook and filed on July 4, 2025. In particular, the Utility was asked to update the rate study to smooth the 2026/27 two-year depreciation expense increase (from \$74,196 to \$184,500) over a two-year period. This resulted in changes to the proposed rates for all of the test years.

[6] The alternate rate study results in the smoothing out of the rates over the test years, with the residential 5/8" metered customers' current average quarterly water bill increasing from \$203.91 to \$227.91 (an 11.8% increase) in 2025/26; \$259.39 (a 13.8% increase) in 2026/27; and \$278.60 (a 7.4% increase) in 2027/28. For all other metered services, based on the average quarterly consumption for each meter size, the increases range from 0% to 17.8% in 2025/26; 0% to 14.4% in 2026/27; and 0% to 8.6% in 2027/28.

[7] The Utility has no bulk water fill stations, but the bulk water rates were calculated as \$10.08, \$10.96 and \$11.38 per cubic metre for each of the test years, respectively.

[8] The Schedules of Rates and Charges are approved as submitted in the rate study provided with the undertakings, and the Schedule of Rules and Regulations are approved, as amended in the Utility's response to Undertaking U-6.

2.0 INTRODUCTION

[9] The Utility's source of supply is from French River. Prior to distribution, raw water is treated at the water treatment plant, which the Utility confirmed meets current Nova Scotia Environment and Climate Change requirements. The system includes approximately nine kilometres of mostly PVC transmission and distribution mains installed in the mid 1970's, an elevated storage tank, and 48 hydrants. The sand filter at the treatment plant was upgraded to ultra filtration in 2008. There have been no major changes to the system since the last rate study in 2017, and the Utility has not completed any capital expenditures over \$250,000 since the last rate application. The Utility stated in the hearing that its assets are in good condition and, because most of the mains are PVC, they are well within their expected life span. Any issues usually arise at the metal laterals.

[10] The Utility services 284 customers. Although there is potential for future growth in the community, the Utility assumes no growth over the test years due to the risk of relying on increased revenues that are not confirmed. The Municipality indicated that significant growth was not expected within the test period.

[11] The Utility indicated that rate changes are needed now because of its anticipated operating deficits, the need to move to full depreciation funding, and to provide funds for projected increases in operating costs and necessary capital improvements.

3.0 REVENUE REQUIREMENTS

3.1 Operating Expenditures

[12] Operating expenses are expected to rise due to the transition to fully funding the depreciation reserve, higher labour costs, increases in costs of insurance, power, and supplies, as well as a growing need for repairs and maintenance of aging infrastructure.

[13] For the fiscal year ended March 31, 2024, the Utility had an excess of expenditures over revenues of \$24,582 leading to an accumulated operating deficit of \$127,447. For the fiscal year ended March 31, 2025, in the rate study, a grant from the Municipality for the deficit of \$158,173 and a transfer of depreciation expenses of \$62,401 was applied, offsetting the accumulated deficit.

[14] 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 \$112,172 in 2025/26; \$155,205 in 2026/27; and \$176,292 in 2027/28, leading to an eventual accumulated deficit of \$443,669 by the end of the test period.

[15] The Utility responded to IR-10 by stating that it complies with Nova Scotia Environment and Climate Change regulations for drinking water, based on a 2022 System

Assessment Report. However, it has included additional operational items in the current budget, including:

- Risk-based mapping for the lead sampling program
- Annual cyanobacteria testing
- Updates to standard operating procedures for ultrafiltration units
- Implementation of a cross-connection program
- Retaining a consultant to review aluminum concentrations in backwash discharge
- Addressing condensation in electrical conduits

[16] The financial statements for 2023/24 show a bank indebtedness line item of \$167,411 and the 2024/25 balance is \$260,115. In response to Undertaking U-3, the Utility provided details of the outstanding debt owed to the bank and explained that:

A number of transactions (transfers) between the Utility bank account and the Municipal operating bank account remain outstanding. This creates a positive cash balance at the bank due to outstanding transfers. The approach mitigates overdraft fees being incurred as the Municipality's operating bank finances the Utility's overdraft.

[Exhibit T-7, pp. 3-4]

[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 those 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. The Utility also accounted for salary increases and standby collective pay, related to the unionized labour force. In response to Undertaking U-2, the Utility provided inflation rates for goods and services and noted that the inflation assumptions are consistent when compared to the Nova Scotia Consumer Price Index data and

economic trends in the province. The Utility noted that there have been no changes to its budgeting process since its last rate application.

[18] The allocation of common costs between the Municipality and the Utility is reviewed annually. In response to IR-18 the Utility also explained:

Operating costs are shared for labor between the Tatamagouche and Debert Utilities. Some administrative costs are shared between the two utilities such as management costs, Training & Development costs, etc.

[Exhibit T-4, p. 10]

[19] The Utility has two reserve accounts: the filter replacement reserve and the depreciation fund reserve. In response to IR-9, the Utility provided the projected additions and balance of those two accounts for each of the test years. These were corrected in a post-hearing submission of Worksheet B-3 on August 22 [Exhibit T-9]. The balances to the end of 2027/28 are projected to be \$1,090,447 for the depreciation reserve and \$169,599 for the filter replacement reserve, for a total balance of \$1,260,046.

[20] The annual contribution to the filter replacement reserve that was set up to fund expected ultra-filter and nano filter replacements is proposed to be \$12,300 in each of the test years. The ultra-filters were last replaced in 2018, and the nano filters are budgeted for replacement in 2025/26 at a cost of \$35,000. This is consistent with the practice since the last rate application to provide a funding reserve for the periodic replacement of filters in the water treatment plant. The fund is high compared to what has been spent historically, but the Utility explained in the hearing that the filter replacement costs are expected to increase.

[21] Additions to depreciation are based on the previous year's depreciation expense plus depreciation on new capital additions. The 2017 Board decision [2017 NSUARB 199] noted the concern that the Utility had not fully funded the depreciation

reserve and expected the Utility to continue phasing in the remaining depreciation. For the year ended March 31, 2025, a transfer of depreciation expense of \$62,401 was done, as recommended by the Utility's auditors. The current balance of the depreciation reserve is \$855,835. In developing the rate study, the Utility's consultants advised the Utility of the Board's requirement to fully fund the depreciation reserve. A primary goal of this rate application is to accomplish this.

[22] 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 2017, the non-revenue water was approximately 25% of total production. The Utility estimates that the non-revenue water has decreased and is currently 19%. The decrease is attributed to the Utility using a consultant every two years to identify leaks, understanding the fire department water uses, and using water tower elevation data to identify leaks in the system.

[23] The Utility believes the non-revenue water is reasonable considering the age of the system. There are no expenses included in the rate study associated with reducing the non-revenue amount.

3.1.1 Findings

[24] Several years of understated depreciation on contributed assets and increases in general operating expenses caused the Utility's recent operating deficits and the increase in its accumulated deficit. The Utility's delay in filing for earlier rate increases contributed to these annual deficits, the accumulated deficits and the magnitude of the rate increases.

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

[26] Based on the information provided, the Board accepts the operating expenses contained in the rate study. The Board accepts the depreciation expenses for the test period, which are based on the current actual depreciation expenses plus annual depreciation for the gross capital additions.

[27] The Board is satisfied that the Utility managed as best it could since its last rate application. However, filing a rate application earlier could have avoided adding to the accumulated deficit. An earlier application would also have provided the Utility and the Board with the opportunity to complete the phasing in of the remaining depreciation and fully fund its reserve sooner. While rising costs would still likely 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 initially presented in this application, which are more difficult for customers to manage.

[28] The Board urges all utilities to follow a regular schedule of rate review to avoid having to “catch up” with higher increases that could lead to rate shock or otherwise find themselves in a financial position where they are unable to transfer full depreciation to ensure available funding for future projects or otherwise incur 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 proposed capital additions of \$8,000 in 2024/25; \$288,500 in 2025/26; \$1,537,500 in 2026/27; and \$7,500 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
Structures & Improvements		210,000		
Distribution Reservoirs			1,300,000	
Water Treatment Plant			200,000	
Fire pump replacement Equipment	8,000	60,000	30,000	
Hydrants		7,500	7,500	7,500
Water Rate Study		11,000		
Total	8,000	288,500	1,537,500	7,500

Funding	2024/25	2025/26	2026/27	2027/28
Outside Sources		135,000	1,500,000	
Depreciation fund	8,000	153,500	37,500	7,500
Total	8,000	288,500	1,537,500	7,500

[30] The Utility described the major capital expenditures in response to IR-39. No growth is assumed in the rate study within the test years, but the Utility included some capital funds that will support potential future system expansion and new customers. These items include \$1,300,000 to design and build a new water storage tank. The new tank is recommended based on a 2024 capacity study which identified the need to address an existing shortfall in fire protection and the requirement for future growth. The current tower is not tall enough to provide adequate pressure for required fire flow protection.

[31] Additional capital items include \$100,000 for funding a hydrological study to identify additional sources of water, and \$200,000 to improve controls and communications in the water treatment plant to allow for 24-hour operation, as the plant currently only runs for half of each day. This will allow monitoring without additional staff costs.

[32] In response to Undertaking U-2, the Utility provided information on why the Utility has capitalized the hydrological study, stating:

In management's view, if a study is directly attributable to the acquisition or development of a new water source, then the cost of that study should be capitalized as part of the related asset.

[Exhibit T-7, p. 3]

[33] The Utility follows the Public Sector Accounting Standards and the Board's *Water Utility Accounting and Reporting Handbook (Handbook)* for determinations. If the hydrological study concludes there is no viable water source, then the cost of the study would be expensed in the year incurred.

[34] Funding for the capital program will come from outside sources (the Canada Community Building Fund and provincial grant programs) and the depreciation fund. The Utility explained its approach to project funding within the test years as grant funding is always sought first when available, and then the Utility will use depreciation funding. The Utility stated during the hearing that it receives annual notifications about available funding opportunities and applies for those grants and opportunities when eligible to help offset capital funding costs. The Utility stated in response to IR-41 that if any of the planned capital projects are not completed for any reason, the 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. As discussed in the previous section of this decision, the Utility said it expects its depreciation fund balance to increase to \$1,090,447 by the end of the test period in 2028 and considers it adequate for a utility of its size.

3.2.1 Findings

[35] The Board accepts the Utility's proposed capital program and funding as set out in the rate study. The capital plans appear reasonable in light of the current and

future fire flow protection needs, source water issues and system safety. The Board reminds the Utility that any capital expenditures over \$250,000 require separate Board approval.

[36] The Board has directed municipal utilities to fully fund depreciation including contributed assets as a way to provide smaller municipal utilities with available funds for needed capital expenditures, asset upgrades, and repairs. 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. The Board notes that the Utility lacks a long-term asset replacement strategy and recommends conducting a comprehensive assessment of all assets to develop and record a sustainable plan for the future.

3.3 Non-Operating/Other Revenues and Expenditures

[37] The Utility's property is taxed, and the Municipality provides a grant to offset these costs. The Utility recognizes the grant as non-operating income in the amount of approximately \$28,200 in each of the test years. The Municipality also covered the accumulated deficit for the year ending March 31, 2025, in the form of a grant in the amount of \$158,173, ahead of the rate application.

[38] The Utility is projecting non-operating expenditures including earnings during the test period. The rate study included earnings in the final two test years of \$3,000 and \$12,000. The Utility explained this was part of its plan to pay down the accumulated deficit in about six years. The Utility stated in response to IR-57 that the remaining deficit will be addressed in the next rate study by including earnings in the revenue requirement.

[39] 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 revenues 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.

3.3.1 Findings

[40] The Utility has not projected any long-term debt and is using outside funding sources and its depreciation reserve to fund its capital program over the test period.

[41] The Board finds the grant from the Municipality for taxes to be appropriate as it helps to reduce the Utility's revenue requirements.

[42] 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. Taking some earnings may allow the Utility to elect to gradually retire the accumulated deficit within a reasonable time. The Utility's proposal is to take no earnings in the first year when rate increases are necessarily higher.

[43] The Board finds the Utility's non-operating revenue and expenses to be reasonable as presented in the rate study.

4.0 REVENUE REQUIREMENT ALLOCATION

4.1 Public Fire Protection

[44] The fire protection charge is the annual charge to the Municipality for water for fire protection service. This charge is projected to decrease from the current level of \$94,565 to \$84,506 in 2025/26, followed by an increase to \$117,501 in 2026/27 due to

the planned addition of a new reservoir to meet existing fire flow needs for adequate fire protection. For the purposes of rate design and smoothing, the Utility proposes to maintain the 2025/26 charge at \$94,565 and apply percentage-based adjustments for the remaining test years.

[45] The methodology the Utility used to allocate the utility plant in service costs between general service and fire protection is consistent with the Board's *Handbook*. The allocation of utility plant in service to public fire protection is calculated in the rate study as 21.9% in 2025/26; 29.9% in 2026/27; and 30.0% in 2027/28. The total expenses being allocated to fire protection are 17.3% in 2025/26; 19.8% in 2026/27; and 19.9% in 2027/28.

[46] The remaining revenue requirement, after the allocation to fire protection charges, is to be recovered from the Utility's customers. The methodology the Utility used to allocate revenue requirement to customer, base, delivery, and production charges, is consistent with the *Handbook* except the depreciation allocations. In response to IR-51, the Utility stated depreciation allocations are different to stabilize the revenue stream due to the size of the customer base (284 customers) and to keep the revenue from base charges in the 40% range for the test years for financial stability of the Utility. The previous rate study deviated from the *Handbook* for rate design purposes and had the depreciation allocated at 100% to base in the test years. The allocations the Utility used for these expenses, and under the *Handbook*, are set out in the table below:

Depreciation		Customer	Base	Delivery	Production
All Years	Utility		80%	10%	10%
	<i>Handbook</i>		40%	30%	30%

[47] These allocations allow the revenue from the customer and base charges to be 39% in 2025/26 and 40% in 2026/27 and 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

[48] 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 maintaining the 2025/26 charge at \$94,565. 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 rather than the *Handbook's* suggested allocations. This approach is fairly common among utilities with a small customer base.

4.2 Utility Customers

[49] The Utility currently has 284 customers, an increase of 13, since the 2017 rate application. 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.

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

Customer Meter Size	Number of Customers
$\frac{5}{8}$ "	261
$\frac{3}{4}$ "	1
1"	13
1 $\frac{1}{2}$ "	3
2"	5
3"	1
Total	284

[51] In response to IR-6, the Utility stated that meter installations or replacements have been completed for all customers except three residential and three commercial customers which are planned to be replaced by 2026/27. The Utility is using estimates from the old meters for these customers and does not require unmetered rates.

[52] The calculation of overall consumption charges in the rate study is based on actual annual water consumption of 75,243 m³ in 2024/25. The residential consumption is forecast to decrease by 1% per year over the test years. The Utility provided data to back up this assumption. The average quarterly consumption for 5/8" metered residential customers is 36.8 m³. The consumption and decreasing trend are in line with other water utilities in the province. The Utility has not developed a demand side management program to assist customers in reducing consumption as it is not a high priority at this time. The Utility has a water conservation plan that is implemented during water shortages or interruptions.

[53] 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

[54] The Board finds the projected number of customers and consumption amounts over the test period to be reasonable, given the Utility's recent history. Although the Municipality's representatives were optimistic about development potential in the area, there are no planned developments or expected population growth within the test years that would significantly alter the customer base or consumption calculations.

[55] Given the size of the increases initially proposed in this application, the Board is concerned about rate shock for customers. The Utility noted that it has had operating deficits for several years and is expected to remain in an accumulated deficit throughout the test years. The Board understands that the Utility's customers have benefited from stable rates over the past few years, although at levels that did not cover the actual costs incurred by the Utility to provide them with water service.

[56] 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. The alternate rate study gives some relief to the customers by smoothing out the yearly rate increases over the test years. The phasing in of depreciation would result in a reduction in the depreciation fund of \$75,000 but would still leave a healthy balance of \$1,169,225 in the final test year, for a Utility of this size. In this application, the Board heard that the proposed increase in the first year could impact customers' ability to pay. Smoothing the increases over the test years may allow a more gradual increase and give time for customers to implement measures to try to reduce their water consumption and their bills.

[57] Based on the information filed, the Board approves the customer rates as presented in the alternate rate study provided in response to the undertakings, 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 a predictable schedule, continue to pay down its accumulated deficit, and fully fund its depreciation reserve.

5.0 SCHEDULE OF RATES AND CHARGES

[58] In addition to the proposed rate changes for water supply to its customers, the Utility proposed one change to its Schedule of Rates and Charges, increasing the fee for missed customer appointments from \$25 to \$60 to reflect the higher cost of providing the service.

5.1 Findings

[59] 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 with the direction to refile the schedules to correct for the duplication of charges for re-establishing water service (charges 7 and 10). 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

[60] In response to IR-60, the Utility listed proposed amendments to 11 of its Rules and Regulations and proposed three 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 31 – Reselling of Water: Utility approval required before reselling water.

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

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

[61] 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 pre-conditions set in (1) are met. The Utility provided revised wording in response to Undertaking U-5.

6.1 Findings

[62] 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-5.

[63] 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.

[64] The Board approves Schedule D, as presented in response to undertakings, effective October 1, 2025 [Exhibit T-7, pp. 45-55].

7.0 CONTINGENCY PLANNING

[65] 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.

[66] The Utility has taken steps to protect the water source by establishing a Source Water Protection Committee which had the French River Watershed designated as a protected watershed under the Province's *Environment Act* in 2022 as a result of

mining and landfill use in the area at the time. The Utility has a source water/watershed protection plan in place. The Committee is focused on public education and awareness, watershed signage, and continuing work with Dalhousie University on cyanobacteria awareness.

[67] The Utility has received a few complaints over the past five years with respect to water quality, but each issue was determined to be an owner issue and not a Utility issue. There were two false positive coliform readings in 2024, but lab tests confirmed no presence of bacteria.

[68] 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

[69] 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.

[70] 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 PROVINCIAL CONCERNS

[71] The letter from the Minister of Municipal Affairs for the Province of Nova

Scotia highlighted concerns regarding affordability and economic challenges of residents in the area. The Board is keenly aware that the cost of living is already challenging for many, and any utility rate increase can be difficult, especially for low-income customers and those on a fixed income. The Tatamagouche Water Utility is a small utility with few discretionary expenditures, and thus limited options for reducing rates without affecting the quality and availability of its services. Deferring maintenance, capital projects and full depreciation reserve funding is not prudent utility management in this case. The impact of not doing these would result in an increase in operational and financial risk and, inevitably, even higher rates in future applications.

[72] The Utility has not had a rate increase since 2019. No rate increase is ever welcomed by ratepayers but access to safe drinking water and fire protection is a necessity. The Utility's proposed capital projects are required and reasonable in the near term to keep the water services and the water quality sufficient for the residents of Tatamagouche and to set the Utility up to meet future growth needs, if required.

9.0 CONCLUSION

[73] 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 filed in response to the undertakings [Exhibit T-7, pp. 36-44].

[74] The Board approves the Schedule of Rules and Regulations, as filed in response to the undertakings, as Schedule D [Exhibit T-7, pp. 45-55], with an effective date of October 1, 2025.

[75] The Board encourages the Utility to file a rate application before the end of the final test year (March 31, 2028).

[76] An Order will issue accordingly.

DATED at Halifax, Nova Scotia, this 25th day of September 2025.



Julia E. Clark



Bruce H. Fisher



Darlene Willcott