

DECISION

NSUARB-W-WEST-R-10
2011 NSUARB 19

NOVA SCOTIA UTILITY AND REVIEW BOARD

RA

IN THE MATTER OF THE PUBLIC UTILITIES ACT

- and -

IN THE MATTER OF AN APPLICATION of the **Town of Westville**, on behalf of its **Water Utility**, for Approval of Amendments to its Schedule of Rates and Charges for Water and Water Services and its Schedule of Rules and Regulations

BEFORE: Murray E. Doehler, CA, P.Eng., Member

APPEARING: **TOWN OF WESTVILLE**

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

William H. Gates, MBA, P.Eng.
W.H. Gates Utility Consultants Ltd.

Scott Fraser
Chief Administrative Officer

HEARING DATE: December 9, 2010

FINAL SUBMISSIONS: December 10, 2010

DECISION DATE: January 27, 2011

DECISION: Schedule of Rates and Charges approved, as amended.
Schedule of Rules and Regulations approved, as amended.

I CERTIFY THAT THE WITHIN IS A
TRUE AND CORRECT COPY OF THE
ORIGINAL DECISION OF THE BOARD

DATED THIS 27 DAY Jan., 2011
Nancy Munn
CLERK

I SUMMARY

[1] The Town of Westville (the "Town") applied to the Nova Scotia Utility and Review Board (the "Board") on behalf of its Water Utility (the "Utility") for amendments to its Schedule of Rates and Charges for Water and Water Services and its Schedule of Rules and Regulations pursuant to the *Public Utilities Act* (the "Act"), R.S.N.S. 1989, c.380. The Utility provides water at a wholesale rate to the Municipality of the County of Pictou Water Utility (the "Municipality"). The existing Schedule of Rates for Water and Water Services and Schedule of Rules and Regulations have been in effect since April 1, 2006 and April 1, 2005, respectively.

[2] The Utility's current Schedule of Rates and Charges contains rates for customers experiencing inadequate water pressure, as identified in a list filed with the Board as a part of the Utility's last rate application in 2004. The Board was advised by the Utility that no customers are being charged these reduced rates as pumps have now been installed to provide adequate pressure to all.

[3] A Rate Study to support the Application, dated August 24, 2010, was prepared by G.A. Isenor Consulting Limited in association with W.H. Gates Utility Consultants Ltd. and was submitted to the Board on September 17, 2010 (Exhibit W-1). Revisions to the Rate Study were filed as a part of the information requests (Exhibit W-2) and included minor amendments with respect to: the Utility's calculated return on rate base; the joint use percentage in 2012/13 used to calculate wholesale rates to the Municipality; projected consumption volumes for residential customers; rounding of the calculated public fire protection charges; and revisions to the wording of the proposed

rates, rules and regulations. The Applicant noted that these revisions have a minimal impact on rates.

[4] In correspondence to the Board dated October 18, 2010, the Utility advised that it is converting its billing system from consumption measured in gallons to consumption measured in cubic metres. In a letter to the Utility dated October 20, 2010, the Board noted that this change in consumption units will be made to the Utility's Schedule of Rates and Charges at the time of its next rate application, which is the current Application before the Board.

[5] The Application proposes rates for the test years of 2010/11, 2011/12 and 2012/13. The proposed rate increases for the 5/8" meter residential customers, for each of the test years, based upon an average quarterly consumption of 9,743 gallons are 37.7%, 4.9% and 4.5%, respectively. For all other metered customers(i.e., meter sizes of 3/4" to 2") based upon the average quarterly consumption of each meter size, the Application proposes rate increases between 36.3% to 37.4% in 2010/11, 4.3% to 7.1% in 2011/12 and 4.1% to 5.9% in 2012/13.

[6] The wholesale rate to the Municipality, based upon a yearly consumption of 2,497,000 gallons, which is projected to increase by 1% annually over the test period, is proposed to increase by 27.2%, 5.5% and 3.3% respectively over the test years.

[7] The Application further proposes amendments to the annual public fire protection charge to be paid to the Utility by the Town and the Municipality for each of 2010/11, 2011/12 and 2012/13. The fire protection rates for the Town and the Municipality are proposed to be amended by -5.2%, 19.4% and 8.3%, respectively.

[8] The public hearing was held at the Town of Westville Council Chambers on December 9, 2010, after due public notice. Gerry A. Isenor, P. Eng., of G.A. Isenor Consulting Limited, and William H. Gates, MBA, P. Eng., of W.H. Gates Utility Consultants Ltd., represented the Utility. The Utility was also represented by Scott Fraser, the Town's Chief Administrative Officer. The Board received one letter of comment from Mr. Gary MacLaughlin, a former Town Councillor, who spoke during the hearing.

[9] A rate increase is approved, as amended by the Utility. The Rules and Regulations are approved, as amended and requested by the Utility.

II INTRODUCTION

[10] The Utility purchases treated water at a wholesale rate from the Town of New Glasgow Water Utility. The water is stored in a reservoir in the Town prior to distribution to the Utility's customers. The Utility is responsible for any final treatment required as well as the maintenance and construction of its distribution mains.

[11] The Utility's distribution system is old and in need of upgrades. The Rate Study includes the increased operating costs associated with maintaining the system, as well as \$850,000 in capital costs for main replacements.

[12] The Applicant currently serves 1,466 customers, of which 34 are located outside of the Town's boundaries, in addition to the Municipality which is a wholesale customer. The Rate Study projects that there will be growth of seven residential customers per year for each of 2011/12 and 2012/13.

[13] The Application was presented to the Board based upon the need to adjust the rates as a result of the increased operating costs and the projected capital program.

III REVENUE REQUIREMENTS

1. Operating Expenses

[14] The Application indicates that the Utility has an accumulated operating surplus as at March 31, 2010 of \$46,931. The Rate Study projects that at current rates, the Utility will have increasing expenses over revenues, which will result in an accumulated operating deficit of \$614,090 at the end of 2012/13.

[15] A breakdown of the Utility's operating expenses was provided for 2008/09, the year prior to the information presented in the Rate Study, which indicated a significant increase in the maintenance of distribution mains expense from \$66,291 in 2008/09 to \$148,438 in 2009/10. When questioned by the Board with respect to this increased cost, Mr. Isenor explained that it is due to deferred maintenance on the mains, noting:

...I think what you're seeing is the pipes just probably corroding away and, until you can afford to replace the whole street, you're going to find yourself doing 20- foot sections, which is not in the best long-term interest but it's probably the only thing you can do on a cash-flow basis. In other words, you have to keep patching what you have.

[Transcript p. 43]

The maintenance of distribution mains expense is projected to increase by 3% annually over the test period.

[16] With respect to the transmission and distribution expense, the Applicant stated that it has had a leak detection program in place since the early 1990's, due to the significant number of leaks. The amount of non-revenue water is approximately

28%. The Utility explained that the use of residue from coal mines as pipe backfill results in a chemical reaction with the pipe material causing leaks. The leak detection operating expense was \$11,600 in 2009/10 and is projected to increase annually by 3% over the test period. The Utility added that it is felt that the best solution in dealing with leaks is to establish a capital replacement program based upon the condition of the mains (IR-19c, Exhibit W-2).

[17] It was noted by the Applicant that as a result of a recent analysis of cost causation, new allocation rates between the Town and the Utility were determined, as provided in response to the Information Requests (IR-13, Exhibit W-2). Mr. Fraser explained that the allocations had been in existence since the early 1980's and the review determined that the Utility was not paying its fair share of the costs.

[18] The Applicant explained its budgeting process in response to the Information Requests (IR-12, Exhibit W-2). The Board reviewed the Utility's financial statements for the year ended March 31, 2010 (IR-4, Exhibit W-2), noting its concern that some of the expense items had a wide variance between budget and actual. In response to Undertaking U-1, the Utility explained that there was an error in the submission to the Board in that the 2009 budget was presented instead of the 2010 budget. The correct budget information was submitted, with the explanation that the noted variances from actual figures for both the administration and general and transmission and distribution expenses are due to the allocation changes made by the Town after finalizing the budget.

[19] The Utility's source of supply expense is based upon the wholesale rate for water purchased from the New Glasgow Water Utility. Mr. Isenor explained that the

projected source of supply expense is based upon the existing wholesale rate, with some cushion for future rates, which may not be sufficient. He further noted that the projection is based upon the best information available at the time.

[20] In the projections of the operating expenses in 2010/11, the Rate Study reallocates the supervision and labour costs, which in previous years were distributed equally among the cost centres of source of supply, power and pumping, water treatment, and transmission and distribution. In 2009/10, the total supervision and labour cost of \$61,200 was allocated as \$15,300 to each of the four cost centres. In 2010/11, the total cost is projected to increase by 3% to \$63,036, with the reallocation, as set out below, having the effect of reducing the source of supply, power and pumping and water treatment expenses, and increasing the transmission and distribution expense.

Source of Supply	\$5,000
Power and Pumping	\$5,000
Water Treatment	\$8,000
Transmission and Distribution	<u>\$45,036</u>
Total	<u>\$63,036</u>

[Exhibit W-2, IR-15]

[21] The Applicant explained that the reallocation of the supervision and labour costs is considered to be representative of the amount of time spent in each of the cost centres. In 2011/12, due to a redistribution of staff costs by the Town, which results in more costs assigned to the Utility, the total supervision and labour cost is projected to

increase to \$70,000. In 2012/13, the supervision and labour cost is projected to increase by 3%.

[22] In 2011/12 and 2012/13, the operating expenses, with the exception of supervision and labour, as noted above, and depreciation, are proposed to increase in the order of inflation, or approximately 3%. The depreciation expense is based upon the projected asset additions over the three test years.

[23] The depreciation rates for the proposed asset additions are as set out in the Board's *Water Utility Accounting and Reporting Handbook* ("Accounting Handbook"). The depreciation expense related to the asset additions over the test period is based upon claiming 50% of the depreciation in the year of becoming used and useful and full rates in the following year. The response to Information Request IR-20 indicates that this methodology is based upon the premise that new assets are, on average, only used and useful for six months in the year in which they are constructed.

Findings

[24] The Board is concerned with the significant number of leaks described by the Utility. It notes that it is especially important for the Utility to reduce any non-revenue water, given that it purchases water from New Glasgow, so any reduction in the volume purchased results in a direct reduction in source of supply operating expenses. The Board encourages the Utility to continue its leak detection efforts and to establish a program to replace mains, as discussed later in this Decision.

[25] It is the Board's understanding that the reallocation of expenses between the Town and the Utility reflects current data and provides a more accurate basis than

that previously used. This allocation should be reviewed periodically, at more frequent intervals than the 20 years since the last review, to ensure its accuracy. It further appears that the reallocation of the supervision and labour expense is based upon an analysis of the time spent in the cost centres, providing a more accurate representation.

[26] The Board accepts the Utility's explanation of its budgeting process as well as the allocation of costs between the Town and the Utility and the allocation of costs among the Utility's cost centres. Based upon the information provided, the Board accepts the operating expenses as contained in the Rate Study.

[27] The Board further accepts the depreciation expense, based upon the 50% calculation in the first year of asset acquisition, as contained in the Rate Study.

[28] The Board reminds the Utility to ensure that the preparation of its budgets is as accurate as possible in order to provide Council and management with the best financial information available when making decisions.

2. Capital Budget

[29] The projected capital budget for the three test years consists of distribution main replacements in the amounts of \$50,000 in 2010/11, \$700,000 in 2011/12 and \$100,000 in 2012/13, for a total of \$850,000. The Applicant explained the concentration on main replacement in the capital budgets:

The Westville system is old and in need of significant upgrading. The replacement of the aging distribution network is a priority to maintain service.

[Exhibit W-2, IR-21]

Mr. Isenor noted that the rate of failure of mains in the system, given that it is suffering from external corrosion, increases with time. He added that a million dollars in piping "...doesn't go very far." (Transcript p. 43).

[30] The proposed funding of the projected main replacements is from depreciation funds in 2010/11 and 2012/13. In 2011/12, the \$700,000 budget is proposed to be funded \$200,000 from depreciation funds, with the remaining \$500,000 from long term debt. The debt is to be repaid over 20 years at a 6% annual interest rate.

[31] Mr. Isenor explained that the Utility's depreciation fund is in a favourable position, with a current balance of approximately \$229,000. With the funding of the capital budgets, and the proposed transfer of depreciation funds in the amount of \$11,500 as non-operating revenue in 2010/11, the depreciation fund balance at the end of the test period is projected to be approximately \$31,000.

[32] The Rate Study does not project any external sources of funding for the capital projects. The Applicant explained that while it constantly searches for external funding opportunities, no programs are currently available.

Findings

[33] The proposed capital budget is based upon establishing a main replacement plan to deal with the Utility's significant leaks, which the Board finds to be reasonable. As discussed, with respect to operating expenses, any reduction in leaks, through increased maintenance, and through increased capital spending by replacing mains on a priority basis, will, over time, result in a decrease in the Utility's non-revenue water and a decrease in the Utility's expenses.

[34] The Board accepts the proposed funding of the capital projects through depreciation and long term debt. The Board notes that the depreciation fund balance is proposed to decrease significantly over the test period due to both the proposed funding

and the transfer to non-operating revenue, discussed below. The Board reminds the Utility of the importance of maintaining an adequate depreciation fund balance in order to provide funding for future capital asset replacements. Given that the main replacement program requires significant capital expenditures to deal with the corroded mains and leaks, the Board encourages the Utility to continue to seek external sources of funding.

[35] The Utility is reminded that the inclusion of the proposed capital projects in the Rate Study does not constitute Board approval of these projects. Separate Board approval is required for projects in excess of \$250,000 as set out in s. 35 of the *Act*.

3. Non-operating Revenue and Expenditures

[36] The Rate Study proposes to transfer an amount of \$11,500 in 2010/11 from the Utility's depreciation fund as non-operating revenue, in order to moderate the rate increase. The Applicant explained that the proposed amount is based on annual repayment of the principal portion of the Utility's present outstanding debt and noted that, given the relatively small magnitude of the proposed transfer, the impact on the ability to fund future capital projects will be minimal.

[37] The projected non-operating expenditures are: existing debt charges in each of the test years; new debt charges in each of 2011/12 and 2012/13; and owner's return on rate base (dividend to owner) in 2012/13. The Applicant noted that the existing debt relates to the replacement of distribution mains and booster pumps, with the loan in the amount of \$20,248 to be retired in 2016 and the loan of \$170,190 to be retired in 2020. The new debt charges are related to borrowing \$500,000.

[38] The Rate Study includes \$30,000 in 2012/13 as owner's return on rate base, which the Applicant agreed to refer to as "Dividend to Owner". The Applicant stated that the amount was adopted by the Town of Westville Council (IR-10a, Exhibit W-2). Mr. Isenor explained that the purpose of the dividend is to reduce the deficit, which is projected to be approximately \$95,000 at the end of the current, 2010/11 fiscal year. He added:

...And the third year was the only year where we could get sort of any opportunity to do it because the rate increase is just from getting things realigned was too much in the first couple of years.

[Transcript p. 48]

[39] The calculations in the Rate Study result in a return on rate base of 0.16%, 1.60% and 2.36% for 2010/11, 2011/12 and 2012/13, respectively. These figures were amended to correct an error in the accumulated depreciation figures in each of the test years (IR-26, Exhibit W-2). The revised calculations result in a return on rate base of 0.12%, 1.17% and 1.69%, respectively. Mr. Isenor stated that the projected low return on rate base during the test years indicates that the Utility is "...certainly in good shape financially." (Transcript p. 18).

Findings

[40] The Board accepts the non-operating expenses as outlined in the Rate Study, relating to the existing and new debt charges.

[41] The Board further accepts the transfer from the Utility's depreciation fund in 2010/11 to be used to pay a portion of the existing debt charges and moderate the rate increase. The Board approves the transfer as requested by the Utility, but again cautions the Utility that, given the state of its distribution mains, a healthy depreciation

fund balance should be maintained to ensure that funding is available for the Utility's future capital program.

[42] The Board has considered the treatment of the transfer of depreciation funds as non-operating revenue on the calculation of return on rate base. If the amount is removed in the calculation in 2010/11, the resulting calculated return on rate base is 0.38%. This does not bring the figure close to the assumed 6.0% cost of borrowing (which is a Board allowed benchmark for return on rate base) and does not affect the calculation of rates. For the purpose of this Application, the Board accepts the calculations with the proposed transfer included; however, this practice will be reviewed by the Board on a case by case basis.

[43] The revised calculations for the return on rate base do not appear to be unreasonable. The Board approves the requested "dividend to owner" in 2012/13, on the understanding that the amount is not actually paid out of the Utility, but is retained to reduce the deficit.

IV ALLOCATION OF REVENUE REQUIREMENTS

1. Public Fire Protection

[44] The Application revises the methodology used to determine the annual public fire protection charge, which is to be paid by each of the Town and the Municipality. The Applicant noted that the methodology proposed is consistent with the *Accounting Handbook* as well as the methodology used with the majority of other water utilities in the Province. Mr. Isenor explained that in the previous rate study, the Utility's demand assets (i.e., distribution reservoirs, transmission and distribution mains) were

allocated to fire protection using fire flows, which resulted in an allocation percentage of approximately 80%, as opposed to the standard 60% used in the majority of rate applications. He noted that upon review, the previous allocation appeared to be out of balance with what was known about the characteristics of other utilities around the Province. He added:

... Therefore, we are recommending that this utility go back and use the standardized one from the Board because using the fire flow one doesn't appear to be appropriate, mainly because they haven't any built infrastructure that would warrant that kind of a distribution. There just isn't any oversized pipes or dramatically changed distribution network that would justify swaying it in that direction.

[Transcript p. 13]

[45] As a result of the change in methodology, the total public fire protection charge is proposed to decrease from the current \$278,114 to \$263,418 in 2010/11, followed by increases to \$314,557 in 2011/12 and \$340,544 in 2012/13. Mr. Isenor explained:

...in the first year, the total between the town and the county, the rate goes down by approximately \$14,000, which will, I'm sure, show up in their tax base. But after that, you'll see that the system, it actually rebounds back up to 314 and then 340,000. Some of that as well is probably redistributing the labour, which is moving around. So we fixed the two sort of areas, the labour drove it up and the distribution drove it back down. The effect is that it almost came out where it was at in the first place.

[Transcript p. 17]

[46] The total fire protection charges are allocated between the Town and the Municipality based upon the required fire flow methodology, as was used in the previous application and is consistent with the methodology used by other water utilities. With respect to the determination of the available fire flows to the Municipality, the Application uses a 4.5 peaking factor, which is a change from the factor of three used in the previous rate study. Mr. Isenor stated that it is his experience that a factor of three is too low for a water utility of this size, and that in his opinion the 4.5 factor is a more appropriate number. Mr. Gates added that the effect on the calculated fire protection

charge of the proposed revision to the peaking factor is minimal. The result of the calculations is that 48.9% of the maximum required fire flow to the Municipality is available.

[47] The maximum required fire flows for the Town and the Municipality are 3,000 imperial gallons per minute ("igpm") and 2,000 igpm, respectively, resulting in an apportionment of fire protection charge of 40% to the Municipality. The fire protection allocation to the Municipality is further reduced to 48.9%, to reflect the available fire flow, to obtain the proposed fire protection charges to the Municipality of \$105,367, \$125,823 and \$136,218, respectively in each of the test years. The remainder is allocated to the Town.

[48] The revised proposed fire protection charges to the Town, after correcting for rounding errors, are \$211,894 in 2010/11, \$253,029 in 2011/12 and \$273,933 in 2012/13. (IR-38, Exhibit W-2).

Findings

[49] Based upon the information provided, the Board accepts and approves the methodology used to determine the annual public fire protection charge, which is consistent with the *Accounting Handbook*. The Board further accepts and approves the method used to apportion the total charge between the Town and the County, which is consistent with the Utility's previous application.

2. Utility Customers

a) Wholesale

[50] The Rate Study allocates the total revenue requirements, less the total fire protection charge, to joint use in order to determine the base and commodity charges for the Municipality and customers of the Utility. All components of the revenue requirement were allocated to joint-use using a methodology which is consistent with that used by other utilities. One significant change from the previous rate study is the allocation of power and pumping, which was allocated 100% to joint-use in the last application and is allocated at 0% in the current application. The Utility explained that the reason for the 0% allocation to joint-use is that the pumping station does not provide service to the County (IR-27, Exhibit W-2).

[51] The joint use allocation of source of supply, water treatment and transmission and distribution expenses, at 100%, 100% and 43%, respectively are the same as in the previous allocation. The joint-use allocation of the collection and administration expense decreased from 38% in the last rate study to 33.11% in the current study. The Applicant explained that although the methodology used has not changed, the current budget has a higher amount for collection and billing than in previous years. This required a reduction in the amount that could be charged to joint-use (IR-30, Exhibit W-2). The depreciation expense allocation to joint-use remained essentially the same at 25.86% (25% in the last rate study). Based upon the current data, the tax expense allocation decreased slightly from 36% to 33.85%.

[52] The joint-use allocation of return on rate base ranges from 29.0% in 2012/13 to 100% in 2010/11, in comparison with the range of 8% to 42% in the last rate

application. The Applicant explained that the higher allocation in 2010/11 is due to the transfer of depreciation funds in that year to fund a portion of the debt. It was further noted that there was an error in the joint-use allocation in 2012/13, which, when corrected, results in a slight increase in the allocation from 29% to 29.98%, which Mr. Isenor explained has a minimal impact on rates (IR-31b, Exhibit W-2). The Board stated that the more accurate figure should be used in the rate calculations.

[53] The joint-use figures are further allocated to the Municipality at 3.64%, 3.66% and 3.68%, respectively over each of the test years, based upon the annual amount of water consumed by the Municipality as a percent of the water sold by the Utility. In the previous application, the Municipality used 3.42% of the water sold by the Utility.

Findings

[54] The Board accepts the figures, as revised in responses to the Information Requests, which amend the allocation of the joint-use return on rate base in 2012/13. The effect is an increase from the wholesale rates presented in the Rate Study of approximately \$4 per quarter in that year. The Board further accepts the consumption figures used in the allocation of joint-use expenses.

b) Retail Customers

[55] The remaining revenue requirements, after the allocation to fire protection charges and the wholesale rate to the Municipality, are to be recovered from the rates to the Utility's retail customers. The methodology used to allocate the remainder of the expense items to determine the base and consumption charges is consistent with both

the *Accounting Handbook* and the last rate study, with the exception of the transmission and distribution expense.

[56] In the Utility's last rate study the transmission and distribution expense was allocated at 50% to base and 50% to delivery. In the *Accounting Handbook*, it is suggested that this expense be allocated 100% to delivery. In the Rate Study the allocation to base/delivery varies from 40%/60%, 35%/65%, and 30%/70% in each of the test years, respectively. Mr. Isenor explained that, in his opinion, the allocation should be as presented in the *Accounting Handbook*, and in order to reduce the impact on the customers, this change has been phased in, with the hope that in the future, it will continue as it moves to an 100% allocation to delivery. He stated that the revised allocation, which has the effect of increasing the consumption charges and reducing the base charges, will give customers more control over their water bills through conservation. In response to the Board's question as to whether there were any concerns in meeting revenue requirements with shifting cost recovery to consumption charges, Mr. Isenor noted that consumption levels have already dropped from the time of the last rate study and that the base rates are currently high in comparison to the consumption rates. He concluded that the proposed revision is in the best interests of the customers.

[57] Mr. Isenor reviewed the proposed rates, noting that a quarterly bill of approximately \$114 for a residential customer in the final test year of 2012/13 is "...quite favourable compared to many utilities." (Transcript p. 23).

Findings

[58] The Board accepts the calculations of base and commodity charges, including the revised allocation of the transmission and distribution expenses, as presented in the Rate Study. The Board encourages the Utility, in future rate studies, to continue increasing the allocation of transmission and distribution expenses to delivery as it deems it is appropriate.

V SUBMISSIONS

[59] Gary MacLaughlin, a former Town Councillor and citizen of Westville spoke during the hearing. He expressed his concerns with the timing of the public hearing, in the morning, when many people who are working cannot be in attendance to make a presentation. He voiced his opposition to the rate increases proposed, describing the increases as unreasonable, based upon the ability to pay. He noted that the majority of the residents of the Town are on a fixed income. Mr. MacLaughlin further expressed his concern about the pollution tax attached to the water rates. This tax is supposed to terminate in five more years, but it may be continued by the Council of the day.

[60] With respect to the time of the public hearing, the Board responded on October 12, 2010 to Mr. MacLaughlin's earlier correspondence of October 7, 2010, that if sufficient interest was received in writing with respect to the hearing, a later session would be added. No request for an evening session was received.

[61] During the public hearing, the Board explained to Mr. MacLaughlin that in accordance with the *Act*, a utility may charge rates which cover prudent expenses and return on rate base. Section 45(1) of the *Act* states, in part:

Amount utility entitled to earn annually

45 (1) Every public utility shall be entitled to earn annually such return as the Board deems just and reasonable on the rate base as fixed and determined by the Board for each type or kind of service furnished, rendered or supplied by such public utility, ...

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

As discussed above, the Board does not find the expenses included in the revenue requirements proposed in the Rate Study to be unreasonable.

[62] The Board notes that the setting of the "pollution tax" described by Mr. MacLaughlin is not within its jurisdiction.

VI MISCELLANEOUS RATES AND CHARGES

[63] In addition to the rates for water supply to its customers, the Application requests approval of a number of miscellaneous rates and charges which were set out in a response to Information Request IR-40. Mr. Isenor explained the majority of the proposed changes relate to the actual cost of providing the services and are consistent in amount with other utilities in the Province.

[64] The date for the payment of fire protection charges of October 1 of each year has been added, which Mr. Isenor stated is "...reflective of the second tax billing, which is quite common now in the province." (Transcript p. 27). A revised wording of the calculation of Rate 2 'Public Fire Protection Rate' in the years following the test period (Schedule C) was provided by the Applicant (IR-40c, Exhibit W-2). The Board suggested, and the Applicant agreed, that in the determination of the fire protection charge to the Town, the words *net of* be replaced with *less*, to read:

C. The Town of Westville portion shall be the calculated amount from A above *less* the County of Pictou portion as calculated in B. above.

Findings

[65] The Board approves the miscellaneous charges as filed, with the amendments to Rate 2 'Public Fire Protection Rate' to include both the total fire protection charges corrected from rounding, and the wording changes to Schedule C, as discussed above.

VII SCHEDULE OF RULES AND REGULATIONS

[66] The response to an Information Request (IR-44, Exhibit W-2) lists the proposed changes to the Utility's Schedule of Rules and Regulations, which Mr. Isenor described as similar to other water utilities. The Applicant explained that in cases where a regulation included a charge which has been revised, the revision reflects the actual cost of the service provided.

[67] A number of minor changes to the proposed regulations were discussed by the Applicant. It was noted that the definition for "unmetered service" should be removed (IR-46, Exhibit W-2), as should the last paragraph of Regulation 24 'Service Pipes' which refers to charges for applicants for water service outside of the Town's boundary (IR-51c, Exhibit W-2). The Applicant noted that Regulation 17 'Plumbing to be Satisfactory' should refer to the Town and not the Municipality. It was further confirmed by the Applicant that the reference to monthly bills in Regulation 7 'Meter Reading' should be retained, even though currently it is not the practice of the Utility to bill monthly. Mr. Gates explained that this clause will be useful in the event that there is a large customer in the future.

[68] The Applicant stated that it has an active Cross Connection Control Program, as set out in Regulation 19 'Cross Connection Control and Backflow Prevention' (IR-50, Exhibit W-2).

Findings

[69] The Board finds the proposed changes to the Utility's Schedule of Rules and Regulations, with the amendments noted above, to be reasonable.

VIII CONCLUSION

[70] The amendments to the Rate Study, which were in response to the Information Requests, have a minimal effect on rates. The correction to the joint-use allocation of rate base, which has a slight affect on the wholesale rates to the Municipality in 2012/13 and the corrections to rounding errors in the public fire protection charge, are accepted and approved by the Board. In addition, as noted in the Board's letter to the Utility dated October 20, 2010, the Board will revise the Schedule of Rates, to express the consumption rate in cubic metres. This does not impact the rates.

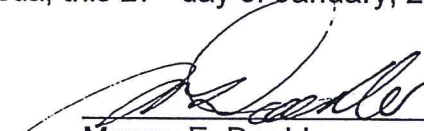
[71] The Application requests rate increases effective January 1, 2011, April 1, 2011 and April 1, 2012, which are not possible given the timing of the hearing. The Applicant explained that it can prorate bills if a rate increase is approved during a quarterly billing cycle, noting that given its deficit position, new rates are needed at the earliest possible time. The Board approves the Schedule of Rates and Charges for Water and Water Services supplied on and after February 1, 2011, April 1, 2011 and April 1, 2012, with the amendments noted above and are attached hereto as Schedules "A", "B" and "C". The approved annual public fire protection charge for the 2010/11

fiscal year is based upon prorating the existing rate over the ten month period of April 1, 2010 to January 31, 2011 and prorating the rate approved in the Application over the remaining two months of the year.

[72] The Board approves the Schedule of Rules and Regulations, with the revisions noted above, attached hereto as Schedule "D", with an effective date of February 1, 2011.

[73] An Order will issue accordingly.

DATED at Halifax, Nova Scotia, this 27th day of January, 2011.


Murray E. Doehler



SCHEDULE "A"

WESTVILLE WATER UTILITY

SCHEDULE OF RATES FOR WATER AND WATER SERVICES

(Effective for water supplied on and after February 1, 2011)

RATES

The rates set out below are the rates approved by the Board for water and water services when payment is made within 30 days from the date rendered as shown on the bill.

When payment is made after 30 days from the date rendered as shown on the bill, the rates will include interest charges of 1.17% per month, or part thereof.

Each bill shall show the amount payable within 30 days from the date rendered as shown on the bill.

In this Schedule, the word "Utility" means the Westville Water Utility, of the Town of Westville.

1. RATES:

(a)	<u>Base Charges</u>	<u>Quarterly</u>
	Size of Meter	
	5/8"	48.33
	3/4"	71.22
	1"	116.99
	1 1/2"	231.41
	2"	368.72
	3"	734.89
	4"	1,146.82
	6"	2,291.07
	8"	4,121.88

(b) Consumption Rates

\$1.25 per cubic metre

(c) Wholesale Rates for the Municipality of Pictou County

For water supplied at all metered service points.

Base Rate

\$626.96/quarter

Consumption Rate

\$1.08 per cubic metre

(d) Minimum Bill

The minimum bill shall be the Base Charge.

2. PUBLIC FIRE PROTECTION RATE

The Town of Westville shall pay annually to the Utility for fire protection on or before March 1, 2011 the sum of \$221,652.

The Municipality of the County of Pictou shall pay annually to the Utility for fire protection on or before March 1, 2011 the sum of \$54,013.

3. RATES FOR SPRINKLER SERVICE

Each building having a sprinkler system installed shall pay annually for the service as follows:

Each building serviced by a sprinkler service pipe of 6" or less in diameter	\$200.00
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Each building serviced by a sprinkler service pipe of 8" or more in diameter	\$250.00
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4. WATER FOR BUILDINGS OR WORKS UNDER CONSTRUCTION

The Utility may furnish water to any person requiring a supply thereof for the construction of a building or other works. This person shall deposit with the Utility such sum as may be determined by the Utility as is sufficient to defray the cost of making the necessary connection to any water service or main together with the cost of the meter to be installed to measure the water consumed. Upon completion of the work and the return of the meter to the Utility, a refund will be made after deducting the cost, if any, of repairing the water service box, the meter and of testing the same and payment of the base and connection charges and the consumption rates in respect to such installation.

5. PRIVATE HYDRANT CONNECTION RATES

Per hydrant per year \$200.00.

6. RATES FOR WATER SUPPLIED FROM FIRE HYDRANTS

Whenever the use of any fire hydrant is desired for supplying water for any purpose, excepting those of the Fire Department for fire use, the Utility may grant a permit containing such terms and conditions as it may provide, including arrangements regarding supervision of the opening and closing of the hydrant, and a service charge for commercial consumers of \$60.00 for connection and disconnection and a consumption charge for the amount of water used, as estimated by the water utility, at meter consumption rates.

7. CHARGES FOR RE-ESTABLISHING WATER SERVICE

When water service has been suspended for any violation of the Rules and Regulations of the Utility, such water service shall not be re-established until a reconnection charge of \$50.00 has been paid to the Utility. If reconnection is outside of regular working hours, the charge is \$150.00.

8. CONNECTION FEE

The Utility shall charge a \$50.00 fee for the creation of a water account, notwithstanding the fact that no physical disconnection of the system may have occurred.

9. DISCONNECTION FEE

Whenever a customer requests the water be turned off from any premises for an extended period of time, a charge of \$50.00 shall be made for turning off the water, and no additional charge shall be made for turning it on again when this is requested unless such request is after regular working hours of the Utility when a fee of \$150.00 shall apply.

10. SPECIAL SERVICE CHARGE

A special service charge of \$50.00 (\$150.00 if such work is performed after regular working hours) shall be made to each customer receiving a necessary or requested service, such as the shutting off or turning on of water service or other special services not provided for elsewhere in the schedules or the rules and regulations except for water service repairs requested by the Utility. In the case where the shutting off is requested because there is no operable shut off valve serving the dwelling, an isolation valve must be installed.

11. CHARGE FOR NON-NEGOTIABLE CHEQUES

The Utility shall charge a \$20.00 administration fee for cheques that, due to non-negotiability, have been rejected by the Utility's bank.

12. CHARGE FOR MISSED APPOINTMENT BY CUSTOMERS

Where an appointment has been made by a customer to have a water service hooked up or a meter inspected, or water turned on to a property, or other visits to the property for the inception or maintenance of water service to the property, and the customer fails to keep the appointment or the plumbing is not completed to allow for installation of a water meter and the Utility's staff have to return to the property, there may be a charge of \$50.00 for each visit if, in the judgment of the Utility, it is required.



SCHEDULE "B"

WESTVILLE WATER UTILITY

SCHEDULE OF RATES FOR WATER AND WATER SERVICES

(Effective for water supplied on and after April 1, 2011)

RATES

The rates set out below are the rates approved by the Board for water and water services when payment is made within 30 days from the date rendered as shown on the bill.

When payment is made after 30 days from the date rendered as shown on the bill, the rates will include interest charges of 1.17% per month, or part thereof.

Each bill shall show the amount payable within 30 days from the date rendered as shown on the bill.

In this Schedule, the word "Utility" means the Westville Water Utility, of the Town of Westville.

1. RATES:

(a)	<u>Base Charges</u>	<u>Quarterly</u>
	Size of Meter	
	5/8"	48.26
	3/4"	71.07
	1"	116.70
	1 1/2"	230.77
	2"	367.66
	3"	732.70
	4"	1,143.36
	6"	2,284.10
	8"	4,109.28

(b) Consumption Rates

\$1.37 per cubic metre

(c) Wholesale Rates for the Municipality of Pictou County

For water supplied at all metered service points.

Base Rate

\$681.67/quarter

Consumption Rate

\$1.12 per cubic metre

(d) Minimum Bill

The minimum bill shall be the Base Charge.

2. PUBLIC FIRE PROTECTION RATE

The Town of Westville shall pay annually to the Utility for fire protection on or before October 1, 2011 the sum of \$253,029.

The Municipality of the County of Pictou shall pay annually to the Utility for fire protection on or before October 1, 2010 the sum of \$61,527.

3. RATES FOR SPRINKLER SERVICE

Each building having a sprinkler system installed shall pay annually for the service as follows:

Each building serviced by a sprinkler service pipe of 6" or less in diameter	\$200.00
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Each building serviced by a sprinkler service pipe of 8" or more in diameter	\$250.00
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4. WATER FOR BUILDINGS OR WORKS UNDER CONSTRUCTION

The Utility may furnish water to any person requiring a supply thereof for the construction of a building or other works. This person shall deposit with the Utility such sum as may be determined by the Utility as is sufficient to defray the cost of making the necessary connection to any water service or main together with the cost of the meter to be installed to measure the water consumed. Upon completion of the work and the return of the meter to the Utility, a refund will be made after deducting the cost, if any, of repairing the water service box, the meter and of testing the same and payment of the base and connection charges and the consumption rates in respect to such installation.

5. PRIVATE HYDRANT CONNECTION RATES

Per hydrant per year \$200.00.

6. RATES FOR WATER SUPPLIED FROM FIRE HYDRANTS

Whenever the use of any fire hydrant is desired for supplying water for any purpose, excepting those of the Fire Department for fire use, the Utility may grant a permit containing such terms and conditions as it may provide, including arrangements regarding supervision of the opening and closing of the hydrant, and a service charge for commercial consumers of \$60.00 for connection and disconnection and a consumption charge for the amount of water used, as estimated by the water utility, at meter consumption rates.

7. CHARGES FOR RE-ESTABLISHING WATER SERVICE

When water service has been suspended for any violation of the Rules and Regulations of the Utility, such water service shall not be re-established until a reconnection charge of \$50.00 has been paid to the Utility. If reconnection is outside of regular working hours, the charge is \$150.00.

8. CONNECTION FEE

The Utility shall charge a \$50.00 fee for the creation of a water account, notwithstanding the fact that no physical disconnection of the system may have occurred.

9. DISCONNECTION FEE

Whenever a customer requests the water be turned off from any premises for an extended period of time, a charge of \$50.00 shall be made for turning off the water, and no additional charge shall be made for turning it on again when this is requested unless such request is after regular working hours of the Utility when a fee of \$150.00 shall apply.

10. SPECIAL SERVICE CHARGE

A special service charge of \$50.00 (\$150.00 if such work is performed after regular working hours) shall be made to each customer receiving a necessary or requested service, such as the shutting off or turning on of water service or other special services not provided for elsewhere in the schedules or the rules and regulations except for water service repairs requested by the Utility. In the case

where the shutting off is requested because there is no operable shut off valve serving the dwelling, an isolation valve must be installed.

11. CHARGE FOR NON-NEGOTIABLE CHEQUES

The Utility shall charge a \$20.00 administration fee for cheques that, due to non-negotiability, have been rejected by the Utility's bank.

12. CHARGE FOR MISSED APPOINTMENT BY CUSTOMERS

Where an appointment has been made by a customer to have a water service hooked up or a meter inspected, or water turned on to a property, or other visits to the property for the inception or maintenance of water service to the property, and the customer fails to keep the appointment or the plumbing is not completed to allow for installation of a water meter and the Utility's staff have to return to the property, there may be a charge of \$50.00 for each visit if, in the judgment of the Utility, it is required.



SCHEDULE "C"

WESTVILLE WATER UTILITY

SCHEDULE OF RATES FOR WATER AND WATER SERVICES

(Effective for water supplied on and after April 1, 2012)

RATES

The rates set out below are the rates approved by the Board for water and water services when payment is made within 30 days from the date rendered as shown on the bill.

When payment is made after 30 days from the date rendered as shown on the bill, the rates will include interest charges of 1.17% per month, or part thereof.

Each bill shall show the amount payable within 30 days from the date rendered as shown on the bill.

In this Schedule, the word "Utility" means the Westville Water Utility, of the Town of Westville.

1. RATES:

(a)	<u>Base Charges</u>	<u>Quarterly</u>
	Size of Meter	
	5/8"	48.71
	3/4"	71.72
	1"	117.74
	1 1/2"	232.78
	2"	370.84
	3"	738.99
	4"	1,153.16
	6"	2,303.62
	8"	4,144.36

(b) Consumption Rates

\$1.47 per cubic metre

(c) Wholesale Rates for the Municipality of Pictou County

For water supplied at all metered service points.

Base Rate

\$707.11/quarter

Consumption Rate

\$1.15 per cubic metre

(d) Minimum Bill

The minimum bill shall be the Base Charge.

2. PUBLIC FIRE PROTECTION RATE

The Town of Westville shall pay annually to the Utility for fire protection on or before October 1, 2012 the sum of \$273,933.

The Municipality of the County of Pictou shall pay annually to the Utility for fire protection on or before October 1, 2010 the sum of \$66,610.

A. For subsequent years, the annual public fire protection rate for both the Town of Westville and the Municipality of the County of Pictou shall be based on the above or:

(a) the sum of 46.0% of transmission and distribution, taxes, depreciation expenses of the Utility and return on rate base of the immediately preceding year, plus

(b) 10% of all other expenses,

Whichever is the greater.

B. The Municipality of the County of Pictou portion of the calculated amount shall be based on the following calculation:

Total Calculated Fire Protection Rate x 40% x 48.9% = County Fire Protection Charge.

C. The Town of Westville portion shall be the calculated amount from A above less the County of Pictou portion as calculated in B above.

3. RATES FOR SPRINKLER SERVICE

Each building having a sprinkler system installed shall pay annually for the service as follows:

Each building serviced by a sprinkler service pipe of 6" or less in diameter	\$200.00
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Each building serviced by a sprinkler service pipe of 8" or more in diameter	\$250.00
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4. WATER FOR BUILDINGS OR WORKS UNDER CONSTRUCTION

The Utility may furnish water to any person requiring a supply thereof for the construction of a building or other works. This person shall deposit with the Utility such sum as may be determined by the Utility as is sufficient to defray the cost of making the necessary connection to any water service or main together with the cost of the meter to be installed to measure the water consumed. Upon completion of the work and the return of the meter to the Utility, a refund will be made after deducting the cost, if any, of repairing the water service box, the meter and of testing the same and payment of the base and connection charges and the consumption rates in respect to such installation.

5. PRIVATE HYDRANT CONNECTION RATES

Per hydrant per year \$200.00.

6. RATES FOR WATER SUPPLIED FROM FIRE HYDRANTS

Whenever the use of any fire hydrant is desired for supplying water for any purpose, excepting those of the Fire Department for fire use, the Utility may grant a permit containing such terms and conditions as it may provide, including arrangements regarding supervision of the opening and closing of the hydrant, and a service charge for commercial consumers of \$60.00 for connection and disconnection and a consumption charge for the amount of water used, as estimated by the water utility, at meter consumption rates.

7. CHARGES FOR RE-ESTABLISHING WATER SERVICE

When water service has been suspended for any violation of the Rules and Regulations of the Utility, such water service shall not be re-established until a reconnection charge of \$50.00 has been paid to the Utility. If reconnection is outside of regular working hours, the charge is \$200.00.

8. CONNECTION FEE

The Utility shall charge a \$50.00 fee for the creation of a water account, notwithstanding the fact that no physical disconnection of the system may have occurred.

9. DISCONNECTION FEE

Whenever a customer requests the water be turned off from any premises for an extended period of time, a charge of \$50.00 shall be made for turning off the water, and no additional charge shall be made for turning it on again when this is requested unless such request is after regular working hours of the Utility when a fee of \$200.00 shall apply.

10. SPECIAL SERVICE CHARGE

A special service charge of \$50.00 (\$200.00 if such work is performed after regular working hours) shall be made to each customer receiving a necessary or requested service, such as the shutting off or turning on of water service or other special services not provided for elsewhere in the schedules or the rules and regulations except for water service repairs requested by the Utility. In the case where the shutting off is requested because there is no operable shut off valve serving the dwelling, an isolation valve must be installed.

11. CHARGE FOR NON-NEGOTIABLE CHEQUES

The Utility shall charge a \$20.00 administration fee for cheques that, due to non-negotiability, have been rejected by the Utility's bank.

12. CHARGE FOR MISSED APPOINTMENT BY CUSTOMERS

Where an appointment has been made by a customer to have a water service hooked up or a meter inspected, or water turned on to a property, or other visits to the property for the inception or maintenance of water service to the property, and the customer fails to keep the appointment or the plumbing is not completed to allow for installation of a water meter and the Utility's staff have to return to the property, there may be a charge of \$50.00 for each visit if, in the judgment of the Utility, it is required.



SCHEDULE "D"

WESTVILLE WATER UTILITY

SCHEDULE OF RULES AND REGULATIONS GOVERNING THE SUPPLY OF WATER AND WATER SERVICES

(Effective February 1, 2011)

1. In these rules and regulations, unless the context otherwise requires, the expression:

"TOWN" means, as the context may require, the Town of Westville.

"UTILITY": means the Westville Water Utility.

"CUSTOMER" means a person, a property owner, firm or corporation who, or which contracts to be supplied with water at a specific location or locations.

"METERED RATE SERVICE" means that type of service charged for at metered rates and is supplied to customers other than those supplied by flat rate service. Metered rate service is required for all new services.

2. LIABILITY FOR PAYMENT OF WATER BILL: An agreement is deemed to exist between a customer and the Utility for the supply of water service at such rates and in accordance with these Regulations by virtue of:

- (a) the customer applying for and receiving approval for water service;
- (b) the customer consuming or paying for water service from the date that the customer who is a party to an agreement pursuant to clause (a) (the customer of record) moves out of the premises, in which case the customer of record shall remain jointly and severally liable for the water service account up to the date the Utility is notified that the customer of record wishes to terminate the supply of water service.

At the discretion of the Utility, a property owner who rents or leases a property or self-contained unit to a tenant or lessee may be required to open an account for the provision of water at the property rented or leased.

- (c) Any person, business or corporation that receives water service without the consent of the Utility, shall be liable for the cost of such water service which cost shall be determined in the sole discretion of the Utility based upon its reasonable estimate of the amount of water utilized.
 - (d) Where service is supplied to a condominium unit, the Condominium Corporation in which the units is situated shall be deemed to be the customer of record and shall be liable for payment of the service bill for the condominium unit.
- 3. DEPOSITS: When required, an applicant for service shall deposit with the Utility a sum equal to the previous year's average bill for the meter size for such service for a period of three months, or such lesser amount as the Utility may demand (a minimum of \$50.00). This deposit shall be held by the Utility as collateral security for the payment of the customer's bills, but is not to be considered as a payment on account thereof. When the customer ceases to use the service and discharges all their liability to the Utility in respect of such service, the deposit shall be returned to him with interest based on the rate of interest obtained by the Town of Westville on its surplus cash balances on deposit with its banker as at March 31 of each fiscal year.
- 4. REFUSAL OF SERVICE: Service may be refused or suspended to any customer who has failed to discharge all of his liabilities to the Utility.
- 5. PAYMENT OF BILLS: Bills shall be rendered to each customer at intervals of either monthly or approximately three months (quarterly) and shall be payable within thirty days after the date rendered. Bills are due on the billing date and bills not paid within thirty days after the billing date shall be subject to the interest charge as set out in the Schedule of Rates and Charges.
- 6. ADJUSTMENT OF BILLS:
 - (a) Where meters exist - If the seal of a meter is broken or if a meter does not register correctly, the bill for that water service shall be estimated in accordance with the best data available. Any customer desiring to question a water bill must do so in writing within 30 days of the bill being rendered.
 - (b) Customers Under-billed - Should it be necessary for the Utility to make a billing adjustment as a result of a customer being under-billed for any reason, such adjustment shall be retroactive for a maximum of four billing periods or one year, whichever is the longest. Notwithstanding the above, in the event that a billing adjustment is the result of the customer's illegal connection to the water system or willful interference or damage of

metering equipment (where they exist), the billing adjustment in such circumstances will not be limited to one year or four billing periods, but rather the customer shall be responsible for all payments of such accounts from the date such illegal connection or interference to meter equipment took place.

- (c) Customer Over-billed - Shall it become necessary for the Utility to make a billing adjustment as a result of a customer being over-billed for any reason, such adjustment will be estimated by the Utility, and the Utility will be responsible for payment of the over-billed amount with interest calculated on the basis of current simple interest paid by the bank.
7. METER READING: In the case of Metered Service Customers who are billed quarterly, meters shall be read in at least two of the four quarters, normally, the second and fourth, and subject to Regulation 8, each billing for these quarters shall be based upon the meter reading with adjustment for any earlier estimated reading. The Utility may, at its option, estimate the readings in the alternate quarters based on the actual consumption from the previous quarter. In the case of Metered Service Customers who are billed monthly, meters shall be read monthly.
 8. ESTIMATED READINGS FOR BILLING PURPOSES – METERED CUSTOMERS: If the Utility is unable to obtain a meter reading for billing purposes, after exercising due diligence in the usual practice of meter reading, the bill for that service shall be estimated in accordance with the best data available, subject, however, to the provision that in no circumstance will that estimated reading be used for more than two (2) consecutive billing periods. If an estimated bill is rendered for two (2) consecutive billing periods, the Utility shall notify the customer by regular mail that arrangements must be made for the Utility to obtain a reading and, failing such arrangements, the Utility may suspend service until such arrangements are made. When such meter reading has been obtained, the previous estimated bill or bills shall be adjusted accordingly.
 9. SUSPENSION OF SERVICE FOR NON-PAYMENT OF BILLS: The Utility shall have the right to enter onto customers' premises within reasonable hours to suspend service to customers whose bills remain unpaid for more than forty calendar days after the date rendered. The customer shall pay the reconnection fee as set out in the Charges for Re-establishing Water Service in the Schedule of Rates and Charges after each suspension. Service suspension can be delayed if approved payment arrangements have been made and the customer is in compliance with arrangements.
 10. WATER TO BE SUPPLIED BY METER: Except where water is used for construction purposes from a hydrant under the supervision of the Utility and

except as in these regulations otherwise provided, all services other than those used exclusively for fire protection shall be metered. Any building occupied by more than one tenant shall have a separate meter with appropriate isolation valves for each tenant. With the Utility's approval, such a building may be serviced by one meter, provided the landlord is the customer. The Utility shall determine the size and type of meter to be installed in each case. All meters shall be the property of the Utility.

11. INSTALLATION AND REMOVAL OF METERS: Meters shall be installed and removed only by the employees or duly authorized representatives of the Utility and no other person shall install, alter, change, or remove a meter without the written permission of the Utility. The plumbing and connections shall be properly prepared to receive the installation of such meters to the approval of and without expense to the Utility.
12. METER READERS: Each Meter Reader shall be provided with an official identification which he/she shall exhibit on request.
13. ACCESS TO CUSTOMER'S PREMISES: Representatives of the Utility shall have right of access to all parts of a customer's property or premises at all reasonable hours for the purposes of inspecting any water pipes or fittings, or appliances, or discontinuing service, or for the purpose of installing, removing, repairing, reading or inspecting meters. The Utility shall have the right to suspend service to any customer who refuses such access.
14. LOCATION OF METERS: The Utility shall have the right to refuse service to, or suspend the service of, any customer who does not provide a place which, in the opinion of the Utility, is suitable for the meter. It should be in the building served, at or near the point of entry of the service pipe, in a place where it can be easily read and exchanged and where it will not be exposed to freezing temperatures.

When the premises of a customer are of such a nature that a meter cannot be properly installed in a building, or if the building is not sufficiently frost proof as to guarantee the safety of the meter, the Utility may order the construction of a suitable frost proof box in which the meter can be installed. Service to such premises may be refused or suspended until such a frost proof box approved by the Utility is installed.

15. DAMAGE TO WATER METERS: Each customer shall be responsible for the meter installed on his service and shall protect it. He shall be liable for any damage to the meter resulting from carelessness, hot water or steam, or the action of frost or from any other cause not the fault of the Utility or its employees. The cost to the Utility occasioned by such damage to the meter shall be paid by the customer. If, after the rendering of a bill by the Utility to the customer for

such cost, the same is not paid within forty days from the date rendered, the supply of water to the customer concerned may be suspended until all charges are paid.

16. METER TESTING. On the request to have their meter tested, the Utility may charge the sum of \$100.00 to defray, in part, the cost of making the test for meters up to 1 ½ inch in size. In the case of meters 1-1/2 inches and larger, the actual cost of the test will be paid by the customer. If the test shows that the meter is over-registering by more than one and one half percent (1 ½%) for positive displacement meters and three percent (3%) for turbine or compound meters, the sum so deposited will be refunded to the customer.
17. PLUMBING TO BE SATISFACTORY: All plumbing, pipes and fittings, fixtures, and other devices for conveying, distributing, controlling, or utilizing water, which are used by a customer and are not the property of the Utility, shall be installed in the manner provided by the Regulations of and be approved by the proper official of the Town and/or the operators of the Utility. The water shall not be turned on (except for construction or testing purposes) until the applicant for service has satisfied the Utility that these requirements have been met. The supply of water may be discontinued to any customer at any time if, in the opinion of the proper official of the Town and/or the operator of the Utility, the plumbing, pipes, fittings, fixtures, or other devices as hereinbefore mentioned, or any of them, fail to comply with the above requirements, or if any part of the water system of such customer or the meter is in any unsuitable, dirty, unsanitary, or inaccessible place. Service shall not be re-established until such condition is corrected to the satisfaction of the Utility.
18. REMOTE REGISTERING WATER METERS: When a remote registering water meter is installed on a customer's premises under a general outside register installation program of the Utility, then the cost of the meter and its installation shall be paid by the Utility. The meter shall become the property of the Utility which shall become responsible for its operation, maintenance and replacement. Any damage to the meter caused by the negligence or wrongful acts or omissions by the customer, his agents or members of his family, shall be paid for by the customer, and the failure by the customer to make the payment shall entitle the Utility, after making a forty day written demand for the payment, to disconnect the water service to the customer.
19. CROSS CONNECTION CONTROL & BACKFLOW PREVENTION:
 - (a) No owner, consumer, customer or other person hereinafter collectively referred to in this rule and regulation as "person" shall connect, cause to be connected, or allow to remain connected to the water system, or plumbing installation, without the express written consent of the Utility, any

pipings fixtures, fittings container or appliance in a manner which, under any circumstances, may allow water, wastewater, or any other liquid, chemical or substance, to ingress or egress the water system.

- (b) Where, in the opinion of the Utility, there may be a risk of contamination to the potable water system, notwithstanding the provisions of subparagraph (a), the Utility may require the customer, at the customer's sole cost and expense, to install at any point on the customer's water service connection or water service pipe, one or more backflow prevention (BFP) devices, which devices shall be of a quality and type approved by the Utility.
 - (c) All BFP devices shall be maintained in good working order. Such devices must be inspected and tested by a certified tester, approved by the Utility, at the expense of the customer. Such inspections shall take place upon installation, and thereafter annually, or more often if required by the Utility. The customer shall submit a report in a form approved by the Utility on any or all tests performed on a BFP device within 30 days of a test. A record card shall be displayed on or adjacent to the BFP device on which the tester shall record the name and address of the owner of the device; the location, type, manufacturer, serial number and size of the device; and the test date, the tester's initials, the tester's name, the name of his employer, and the tester's license number.
 - (d) Installation, maintenance, field-testing and selection of all BFP devices shall fully conform to the latest revision of CSA B64.10 and CSA B64 series.
 - (e) In the event of any breach, contravention or non-compliance by a person of any of the provisions and regulations in sub-paragraphs (a),(b),(c) or (d) the Utility may:
 - (i) suspend water service to such person, or
 - (ii) give notice to the person to correct the breach, contravention or non-compliance within 96 hours, or a specified lesser period. If the person fails to comply with such notice, the Utility may immediately thereafter suspend water service to such person.
20. ALTERNATE WATER SUPPLY PROHIBITED: Connection of any customer's water system, which is served by the Utility to any other source of water supply is prohibited. Failure to comply with this regulation shall entitle the Utility to suspend the service.

21. DANGEROUS CONNECTIONS: No connection shall be permitted to any installation; equipment or source in such a manner as may allow any contamination to pass from such installation, equipment or source into the Utility's water supply system. If any such connection exists the Utility may discontinue the supply of water to such customer.
22. PROHIBITED DEVICES: Service may be refused or suspended by the Utility to any customer who installs or uses any device or appurtenances as, for example, booster pumps, quick-opening or quick-closing valves, flushometers, water-operated pumps or siphons, stand pipes, or large outlets for supplying locomotives or ships, etc., which may occasion sudden large demands of short or long duration thereby requiring oversize meters and pipelines, or affect the stability or regulation of water pressure in the Utility's system. Permission to install or use any such device or appurtenance must be obtained from the Utility, which permission shall specify what special arrangements, such as elevated storage tanks, surge tanks or equalizing tanks, etc., must be provided by the customer.
23. IMPROPER USE OR WASTE OF WATER: No customer shall permit the improper use or waste of water such as providing water to more than one single family dwelling and/or apartment building from a single service, nor shall he sell or give water to any person except upon such conditions and for such purposes as may be approved in writing by the Utility.
24. SERVICE PIPES: Upon receipt of an application for service to any premises located on any portion of a street through which portion a main water pipe is laid and which premises are not already provided with water service, the Utility shall install a service pipe which it considers to be of suitable size and capacity from the water main to the street line. No pipe smaller than $\frac{3}{4}$ " (19mm) in diameter shall be laid for any service.

The necessary excavation for the laying of the service pipe, backfilling and replacement of the street and sidewalk surfaced from the water main in the street shall be the responsibility of the applicant for all water services and all such work shall be performed without cost to the Utility.

The excavation may be the same excavation as is used for the sewer service pipe or if minimum horizontal and vertical separation between the water and sewer pipes cannot be obtained, a separate excavation for the water service pipe shall be required. In either case, the excavation is to be provided by the applicant to the satisfaction of the Utility.

The cost of supplying and laying 3/4 inch water pipe and fittings in the trench provided between the main pipe and the street line shall be paid by the Utility. From the street line to the premises, the cost shall be paid by the customer.

For water service pipes larger than 3/4 inch, the whole cost shall be borne by the customer, less the cost of 3/4 inch service pipe and fittings in the trench provided from the main to the street lines.

Should any person make application for more than one service pipe to a premises, the decision as to the necessity of the additional service pipe shall be made by the Utility, and if the additional service is installed, the total cost thereof from the main to the customer's premises shall be paid by such applicant.

All services must be installed in accordance with the Rules and Regulations of the Town and to the satisfaction of the Utility.

When a service has been installed without objection from the customer as to the location of the same, no subsequent removal of or alteration to the position of the pipe shall be made except at the expense of the customer requesting such removal or alteration.

25. REPAIRS TO SERVICES: If a leak or other trouble occurs it shall be repaired as soon as possible. If the leak or trouble occurs in a service line providing non-fire protection water supplies between the main and the street line, it shall be repaired by the Utility at its expense. If the leak or trouble occurs elsewhere in a service line providing non-fire protection water supplies, it shall be repaired by the customer at their expense.

If the leak or trouble occurs in a service line which provides private fire protection services (sprinkler or hydrant) it shall be repaired by the customer at his expense.

The Utility may make such repairs for any customer provided the customer agrees to pay the cost of same. When required, each customer desiring the Utility to do such work shall deposit with the Utility a sum equal to the estimated cost of the work.

If the leak occurs on the customer's portion of their service pipe and, after being notified of same, they refuse or unduly delay to have repairs made, the Utility may discontinue the supply of water to such service pipe if, in its opinion, such action is necessary in order to prevent wastage of water. The Utility shall notify the customer affected of its intention to discontinue such supply.

26. CUSTOMER WORK PERFORMED BY THE UTILITY: Whenever a customer requests the Utility to do work for which the customer is required to pay and the

Utility agrees to do the work, the customer shall deposit with the Utility, before the work is started, a sum of money equal to the Utility's estimate of the probable cost of said work. When the actual cost is determined, an adjustment in the payment shall be made. Installations shall be made in accordance with the Westville Water Utility specifications and be subject to inspection by the Utility's Engineer or Utility's Employees prior to water service being made available.

27. UNAUTHORIZED EXTENSIONS, ADDITIONS OR CONNECTIONS: No person shall without the written consent of the Utility, make or cause to be made any connections to any pipe or main or any part of the water system or in any way obtain or use water therefrom in any manner other than as set out in these Regulations. Any unauthorized connection shall be subject to removal by the Utility. The cost of the removal including labour and materials and an estimate of the water used together with a \$200 service charge shall be paid by those who made the unauthorized connection.
28. SEASON FOR LAYING PIPES: The Utility shall not be required to lay any pipe at any season of the year or at any time which, in its opinion, is not suitable.
29. PRIVATE FIRE PROTECTION: Fire protection lines within buildings shall be installed so that all pipes will be open and readily accessible for inspection at any time, and no connection for any purpose other than fire protection shall be made thereto. Unless approved by the Utility in writing, no fire protection line shall be connected in any way to a metered service.
30. LIABILITY OF UTILITY: 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.
31. INTERFERENCE WITH UTILITY PROPERTY: No person, unless authorized by the Utility in writing, shall draw water from, open, close, cut, break, or in any way injure or interfere with any fire hydrant, water main, water pipe, or any property of the Utility, or obstruct the free access to any hydrant, stop cock, meter, building, etc., provided, however, that nothing in this paragraph contained shall be deemed to prevent an officer or member of the Fire Department engaged in the work of such department from using any hydrant or other source of water supply designated by the Utility for fire protection purposes.
32. SUSPENDING SERVICE FOR VIOLATION: Whenever, in the opinion of the Utility, violation of any of these Rules and Regulations is existing or has occurred, the Utility may cause the water service to be suspended from the premises where such violation has occurred or is existing and may keep the

same so suspended until satisfied that the cause for such action has been removed.

33. RESUMPTION OF SERVICE: In all cases where water service has been suspended for violation of any of these rules, service shall not be restored until the cause for violation has been removed.
34. SPRINKLER SERVICE MAINS AND HYDRANT SYSTEM: The customer shall be responsible for the cost of installing and maintaining a sprinkler service pipe from the main in the street to the building. It shall include a proper size control valve so that the service may be shut off if necessary. If requested by the applicant, a domestic service pipe may be connected to the sprinkler service pipe, but only if it is connected outside the building foundation wall and is provided with an approved shutoff valve located outside the building to permit control of the domestic service pipe without the necessity to enter the building. Before any domestic service pipe is connected to a sprinkler service pipe, the applicant must obtain approval from the appropriate authority and provide the Utility with a certified copy of such approval. The Utility shall supervise the installation of same. When the private fire protection system includes private hydrants, these hydrants must be flushed during the Utility's regular flushing periods, under the supervision of the Utility's personnel. These hydrants shall be maintained in a manner, or on a regular basis as approved by the Utility. Fire protection lines within buildings shall be so installed that all pipes will be open and readily accessible for inspection at any time and no connection other than for fire protection shall be made thereto.

The location and spacing of hydrants in new construction shall be installed in accordance with the Westville Water Utility specifications.

35. PRESSURE REDUCING VALVES: Where, in the opinion of the Utility it is necessary for proper water service, a customer shall install on the service pipe, between the meter and the shut off valve on the customer's side of the meter, a pressure reducing valve of a type satisfactory to the Utility. The customer shall be responsible for the cost of installing and maintaining the pressure reducing valve at all times.
36. PRESSURE RELIEF VALVES: Whenever a pressure reducing valve has been installed by a customer in accordance with Regulation 35, the customer shall, for his own safety and protection, install on his hot water boiler and any other hot water heating device connected to the building's plumbing system, a pressure relief valve of an approved type, as well as an approved temperature limiting device. It shall be the customer's responsibility to maintain and keep in service the pressure relief valve at all times.

37. EXTENSIONS: Any owner of property situated on any street or highway in which no water main has been laid (or where the main has been laid, but has not been extended to the point opposite the owner's property), may make application to the Utility requesting permission to have such a servicing extension carried out. The Utility would review the application and either give approval in principle for the extension, or advise the property owner that the extension is not feasible, and will provide the owner with the reason for refusing permission.

After approval in principle has been granted, the owner may sign a contract with the Utility requesting that the Utility install the water extension at his expense, or the owner may have the water line extended by a private contractor approved by the Utility. Where the latter is done, the extension must be designed and the construction supervised by a registered professional engineer with the design being approved by the Utility.

In any event, the cost of the extension shall be paid fully by the owner and ownership of the water line turned over to the Utility before any water services are connected to the extended line.

After the water line has been turned over to the Utility, it shall become a part of the Town water utility and all of these regulations affecting the operation of the Utility shall apply.