# NOVA SCOTIA UTILITY AND REVIEW BOARD

# IN THE MATTER OF THE PUBLIC UTILITIES ACT

- and -

**IN THE MATTER OF AN APPLICATION** of the **TOWN OF MIDDLETON**, on behalf of the **MIDDLETON 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:** Steven M. Murphy, MBA, P.Eng., Member

APPEARING:

# TOWN OF MIDDLETON

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

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

Marianne Daine Director of Finance

Kim Looyenga, C.Tech., rcsi Director of Public Works

Brian Smith Interim CAO

HEARING DATE: July 24, 2018

UNDERTAKINGS: July 30, 2018

DECISION DATE: September 25, 2018

DECISION: Schedule of Rates, and Schedule of Rules and Regulations approved, as amended by the Utility.

#### I SUMMARY

[1] The Town of Middleton (Town) applied to the Nova Scotia Utility and Review Board (Board) on behalf of the Middleton Water Utility (Utility, Applicant) for amendments to its Schedule of Rates for Water and Water Services and its Schedule of Rules and Regulations pursuant to the *Public Utilities Act*, R.S.N.S. 1989, c. 380 as amended (*Act*). The existing Schedule of Rates for Water and Water Services and Schedule of Rules and Regulations have been in effect since April 1, 2017, and July 1, 2015, respectively.

[2] A rate study to support the Application dated February 14, 2018, was prepared by G.A. Isenor Consulting Limited, in association with Blaine S. Rooney Consulting Limited, and was submitted to the Board on April 19, 2018 (Rate Study). Information Requests (IRs) were issued by Board staff on May 22, 2018, and responses were filed by the Utility on June 4, 2018. The IR responses included a revised rate study, dated May 29, 2018 (Revised Rate Study), which corrected the water consumption volumes, revised the projected annual decrease in consumption volume for 5/8" metered customers from 3% to 2%, and corrected the number of unmetered customers and estimated unmetered consumption volumes.

[3] The Application proposed rate increases for the fiscal years 2018/19, 2019/20, and 2020/21 (Test Years, Test Period). The rates proposed in the Revised Rate Study differed slightly from those in the original filing, due to the corrections noted above, and are the rates that will be referenced in this Decision. The proposed rate increases for unmetered customers, based upon an average quarterly consumption of 66.6 cubic metres in 2018/19, 65.2 cubic metres in 2019/20 and 63.8 cubic metres in 2020/21, are 10.8%, 4.4% and 3.7%, respectively in each of the Test Years.

[4] For 5/8" meter residential customers, based upon average quarterly consumption, the proposed rate increases in each of the Test Years are 9.9%, 4.7%, and 4.1%, respectively. For all other metered customers, based upon the average quarterly consumption of each meter size, the proposed rate increases are 8.3% to 13.4% in 2018/19, 5.5% to 5.7% in 2019/20, and 4.7% to 5.0% in 2020/21.

[5] The Utility currently does not have the proper equipment in place for bulk water sales; however, a current bulk water rate of \$4.07 per cubic meter exists, and rates are included in the Application if bulk water equipment is installed. The proposed bulk water rates per cubic metre are \$4.81, \$5.52 and \$5.86, respectively, for each of the Test Years.

[6] The Application also proposed amendments to the annual public fire protection charge to be paid to the Utility by the Town and the Municipality of the County of Annapolis (Municipality, County) for the provision of water for fire protection service. The total annual public fire protection charge of \$146,581 is proposed to increase by 0.2% in 2018/19, 41.6% in 2019/20 and 5.8% in 2020/21. The charge is apportioned between the Town and the County based upon the number of hydrants serving each municipal unit.

[7] A public hearing was held at the Town Council Chambers on July 24, 2018, after due public notice. Gerry A. Isenor, P.Eng., of G.A. Isenor Consulting Limited, and Blaine S. Rooney, CPA, CA, of Blaine S. Rooney Consulting Limited, represented the Utility. The Utility was also represented by Town staff: Marianne Daine, Director of Finance; Kim Looyenga, Director of Public Works; and Brian Smith, Interim Chief Administrative Officer. [8] There were no formal intervenors in the proceeding, no requests to speak, and no letters of comment received by the Board.

[9] Errors in the Revised Rate Study were noted during the public hearing with respect to the unmetered customers. In response to the Undertakings, the Revised Rate Study was amended to correct the number of unmetered customers to two, in each of 2019/20 and 2020/21, and to revise the estimated unmetered consumption volume. As part of the Undertakings, the Utility also filed amended Schedules of Rates, with revisions to the proposed unmetered rates, as well as a correction to the Charge for Missed Appointments.

[10] The Schedule of Rates and the Schedule of Rules and Regulations are approved, as amended and requested by the Utility, as filed in response to the Undertakings.

## **II** INTRODUCTION

[11] The Utility's source of water supply is groundwater from three production wells. Liquid chlorine is added to the water for disinfection. The Utility has a covered concrete water storage reservoir, which has issues with leakage and is anticipated to be replaced during the Test Years. The Utility's distribution mains range in age from two years to more than 100 years.

[12] At the time of the last rate application in 2015, it was noted that the Utility's non-revenue water was approximately 43% of total water produced. Funding was included in that application's projections for a leak detection survey and reservoir repairs to try and reduce the amount of non-revenue water. The Utility has since carried out leak

detection and found no significant leaks within its distribution system. However, after carrying out an engineering study, the Utility concluded that it would not be feasible to rehabilitate the reservoir due to severe structural cracking. Also, the Utility believes the location of the reservoir should be changed to provide a more efficient operating system. This proposed change in reservoir location would involve the abandonment of the current feeder main, which is a primary source of water leakage. The current Application includes a capital expenditure in 2019/20 of \$2,440,000, associated with the construction of a new reservoir and feeder main. The Utility has proposed to spread the commencement of depreciation expense associated with this expenditure at 50% in 2019/20 and 50% in 2020/21 to smooth the associated rate increases over two years.

[13] The Application noted that the Utility currently services 776 metered customers and 6 unmetered customers. However, in response to the IRs, the number of current unmetered customers was corrected to two (a park and a cemetery), for which the Utility has no plans to meter anytime soon. There is no projected growth in the number of customers over the Test Years, based upon the Utility's recent operating history.

[14] The Application was presented to the Board based upon the need to adjust rates to meet the Utility's present financial requirements, and to provide funds for projected increases in operating costs and necessary capital improvements.

[15] Rate increases effective April 1, 2018 were proposed in the Application. Given the timing of the public hearing, the amendments filed in response to the IRs included a revised effective date of October 1, 2018. The Utility's financial statements for the year ended March 31, 2018 indicated an excess of revenues over expenses higher than estimated in the Rate Study, at \$78,827 compared with \$20,365. The Utility noted that this should aid in any loss of revenue associated with the later effective date.

## III REVENUE REQUIREMENTS

## (A) Operating Expenditures

[16] The Rate Study indicates that the Utility had forecasted an excess of revenues over expenditures of \$20,365 for the 2017/18 fiscal year, with an accumulated operating surplus of \$69,166. This differs from the actual figures indicated in the Utility's audited financial statements, which show an excess of revenues over expenditures for the year of \$78,827 and an accumulated operating surplus of \$127,628. The Utility projected that, at current rates, there will be an excess of expenditures over revenues in each of the Test Years, resulting in an accumulated operating deficit of \$189,609 at the end of the Test Period.

[17] The Rate Study includes the estimated operating expenditures (as estimated by the Utility) for 2017/18. The projected operating expenditures for each of the three Test Years are taken from the Utility's budgets, which are generally based upon a 3% annual increase for inflation.

[18] The Utility provided explanations for the estimated increases in several operating expense line items between 2016/17 and 2017/18. It was noted that the approximately 47% increase in the source of supply expense is due to the 2016/17 figures being under budget because of staff time being spent on other, more urgent issues. The 2017/2018 29% estimated increase in power and pumping expense was stated as being due to no watermain breaks and leaks in 2016/17, and therefore less power needed in

2016/17 to pump water, while the 2017/18 estimate was based upon longer term, historical levels. An increase in staff time is estimated for 2017/18 related to corrosion control testing, resulting in an increase of approximately 28% in the water treatment expense compared to 2016/17. The estimated 20% increase in 2017/18 transmission and distribution expense was noted to be due to the 2016/17 vacancy of the Director of Public Works position, which is allocated 30% to the Utility, and was filled during the 2017/18 fiscal year. The IR responses also explained that this vacancy, along with a 2016/17 vacant Council position (which is also allocated 30% to the Utility), was the reason for the 7% estimated increase in the administration and general expense in 2017/18.

[19] With respect to the Test Year projections, Mr. Isenor confirmed that the Utility is comfortable basing the expense estimates on the 2017/18 estimates, which include increased maintenance and repairs budgets, rather than using past amounts.

[20] The Utility provided explanations for those operating expense items in each of the Test Years that are projected to deviate from the typical estimated 3% annual increase. The power and pumping expense is projected to increase by 11% in 2018/19 to include costs associated with necessary repairs to the existing generator. This higher level budget is then maintained in the remaining Test Years to allow for maintenance activities which have been neglected in the past. The water treatment expense is projected to decrease in 2018/19, due to the added one-time expense associated with corrosion control in 2017/18.

[21] Some of the expense items within the overall transmission and distribution expense category are projected to vary significantly within the Test Years. The reservoir

materials expense increases from \$2,122 in 2017/18 to \$5,686 in 2018/19 and decreases to \$2,251 in 2019/20. The Utility explained that this is due to two one-time expenditures in 2018/19 related to a transfer switch and a portable generator, with the budget returning to historical levels in 2019/20. The response to the IRs clarified that the projected increase in shop supplies/training/safety equipment expense from \$10,886 in 2017/18 to \$16,663 in 2018/19 is due to required additional staff training for certification in water distribution and treatment.

[22] The transmission and distribution - hydrant materials expense is projected to increase from \$1,160 in 2017/18 to \$6,000 in 2018/19 and increase annually by 3% from this level in the remaining Test Years. The Applicant explained that proper hydrant maintenance has not been carried out for several years, resulting in a number of hydrants not being in proper working order. The proposed expenditures reflect an increase in the budget to start a hydrant maintenance and repair program, with a plan to have all hydrants in proper working order by the end of the Test Years. Ms. Looyenga further noted that the Fire Department is aware of the issue and that the Utility is working with the Fire Department to resolve the matter.

[23] In response to Board IRs, the Utility described its ongoing budgeting process, in which the Director of Public Works prepares a draft budget based upon experience and current regulations, which is reviewed by the Director of Finance and the CAO. The draft budget is presented to Town Council who review it with staff to prepare the final budget for approval by Town Council in a formal motion.

[24] The Applicant provided a copy of its "Administrative Charges – Water Utility" policy, which sets out how costs are shared between the Town and the Utility. It noted

that although the Policy was last updated in 2006, it is reviewed annually and is still considered to be accurate.

[25] The depreciation expense projected in each of the Test Years is based upon the depreciation associated with the proposed capital additions. The depreciation rates used are as set out in the *Water Utility Accounting and Reporting Handbook* (*Accounting Handbook*), with any deviations explained by the Applicant in terms of the asset's expected useful life.

[26] The commencement of depreciation associated with the proposed new reservoir construction is proposed to be expensed at 50% in 2019/20 and 50% in 2020/21 to smooth rate increases. In response to the IRs, the Applicant calculated the rates over the Test Years using full depreciation of the reservoir construction expense starting in 2019/20. This calculation showed rate increases for the various meter sizes in the range of 5.9% to 7.9% in 2019/20, and 2.3% to 3.3% in 2020/21. The Board questioned the significance of the requested depreciation phase-in, given the resulting rate increases in the 5.0% to 6.0% range in 2019/20, and 4.1% to 5.0% in 2020/21. Mr. Rooney noted that the purpose of the proposed depreciation phase-in is for rate design, adding that the Utility is not in a financial position that would require a strong need for depreciation funds. He further noted that the impact of the proposed phase-in is more significant when considering the fire protection rates.

## Findings

[27] The Utility provided explanations for its estimated expenses for 2017/18, upon which the Test Years' expenses are based. The estimates are generally higher than the 2016/17 expenses due to a vacant staff position being filled in 2017/18, and

increased expenses to reach sufficient maintenance levels. The operating expenses over the Test Years are generally based upon an annual increase of 3%, with the Utility providing acceptable explanations for any deviations. This includes an increase in costs associated with the proposed new reservoir, and commencement of a repair and maintenance program for the Utility's hydrants.

[28] The Board notes that the actual operating surplus in 2017/18 is higher than predicted in the Rate Study. However, given that the Rate Study is based upon a full year (2018/19) of a rate increase, which is not possible, and the proposed significant reservoir capital expenditure, the Board finds the projected operating expenses for the Test Years to be reasonable.

[29] The Board has considered the Utility's proposed depreciation phase-in. A concern the Board has when assets are not fully depreciated is the potential impact on the Utility's financial health related to the ability to fund asset replacements. This is especially important in smaller utilities, as unexpected capital requirements can have a significant effect. In this case, the Utility currently has an operating surplus. Furthermore, with the proposed depreciation phase-in, the Utility is projecting a depreciation fund balance of more than \$160,000 at the end of the Test Years. The Board, therefore, accepts the annual depreciation expenses in the Test Years, including the proposed depreciation phase-in, as proposed in the Rate Study.

[30] The Board accepts the allocation of costs between the Town and the Utility, as set out in the Policy filed. The Board reminds the Utility to continue to review these allocations on a periodic basis to help ensure accuracy.

## (B) Capital Budget and Funding

[31] The Utility's 2017/18 capital budget, in the amount of \$44,200, which includes the costs of preparing the rate study, is described in the Application. The Rate Study includes the Utility's proposed Capital Budget for the Test Years of \$150,000 in 2018/19, \$2,452,000 in 2019/20, and \$12,000 in 2020/21.

[32] The 2019/20 capital budget includes the reservoir replacement project, in the amount of \$2,440,000. The Applicant explained that the Utility determined the existing reservoir needs to be replaced, as opposed to the previous plan to repair and rehabilitate the reservoir. This is mainly due to the extent of the severe cracking in the existing reservoir structure, and breaks occurring in the reservoir feeder main, resulting in excessive leakage. In addition, the current reservoir location is not optimal for the Utility's existing groundwater supply system.

[33] The proposed funding for the Capital Budget is through the Utility's depreciation fund in the amounts of \$145,000 (2018/19), \$130,000 (2019/20), and \$7,000 (2020/21), as well as capital out of revenue in an annual amount of \$5,000 in each of the Test Years. In 2019/20, the year of the proposed reservoir construction, additional funding is proposed in the form of long-term debt of \$650,300 (with terms of 6% over 20 years repayment) and \$1,666,700 of outside funding. The Utility indicated that the proposed outside funding has not yet been confirmed, and the reservoir project will not proceed without this funding. Mr. Smith noted that this project is one of two priority projects for the Town, and a new government funding program focuses on water and wastewater projects, so he is optimistic that the funding will be received.

[34] With the projected increases from the annual depreciation expense, due to capital additions, including the depreciation phase-in and the proposed depreciation funding drawdowns, the depreciation fund balance is expected to be \$161,697 at the end of the final Test Year (2020/21).

## Findings

[35] The Board has considered the information presented with respect to the proposed capital projects and associated funding. The proposed capital from revenue amounts are not significant, and the funding from depreciation leaves the depreciation fund balance at the end of the Test Years at approximately the same level as the amount of \$158,922, at the beginning of the Test Years.

[36] The Board notes the importance of the proposed reservoir project, given the risks associated with the current level of severe reservoir cracking and the volume of non-revenue water resulting from leakage. This issue was discussed during the last rate application in 2015 and should be dealt with as soon as possible. The Board accepts the proposed debt to fund the project and encourages the Utility to prioritize its efforts to enable receipt of outside funding. Given the importance of the reservoir project, the Board directs the Utility to provide an update on the status of the funding request by December 31, 2018.

[37] The Board finds the proposed capital budget and funding for each of the Test Years to be reasonable.

[38] 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*.

## (C) Non-Operating Revenues and Expenditures

[39] The Test Years' revenue requirements identified in the Rate Study include projections of other operating revenue, non-operating revenues and non-operating expenditures.

[40] The other operating revenue consists of sprinkler charges, in the annual amount of \$3,050 in each of the Test Years, and other miscellaneous operating revenue, composed of connection/disconnection charges, and interest penalty charges on past due bills, in the annual amount of \$5,750 in each of the Test Years.

[41] The non-operating revenues budgeted in 2018/19, 2019/20, and 2020/21 consist of interest, jobs and contracts and other miscellaneous non-operating revenues in the annual amount of \$930.

[42] The Rate Study includes projected non-operating expenditures related to the principal and interest charges on existing debt associated with a 2011 water main project, which will be retired in 2020/21. In addition, the funding of the proposed capital budgets, consisting of debt repayment charges in 2019/20 and 2020/21 associated with borrowing \$650,300 for the proposed reservoir project, and capital from revenue of \$5,000 in each of the Test Years, is included as non-operating expenditures.

[43] The Utility's rates of return on rate base, which are calculated using the total non-operating expense revenue requirement, are 0.01%, 1.77% and 1.81%, respectively, in each of 2018/19, 2019/20 and 2020/21.

## Findings

[44] The Board finds the Utility's other operating and non-operating revenues to be reasonable and accepts them as presented.

[45] The Board further accepts the non-operating expense items related to existing debt, and the proposed new debt and capital from revenue to fund the capital budget in the Test Years.

[46] The calculated rates of return on rate base are within what the Board accepts as reasonable. The Board finds the projected non-operating expense revenue requirement to be reasonable.

#### (D) Allocations of Revenue Requirement

## 1. Public Fire Protection

[47] The methodology used in the Rate Study for the determination of the public fire protection charge is in accordance with the *Accounting Handbook*, and is consistent with that used in the previous rate application.

[48] The allocation of utility plant in service to public fire protection is calculated in the Rate Study as 37.9% in 2018/19 and 46.2% in each of 2019/20 and 2020/21. Mr. Isenor compared these percentages with the 38% figure calculated in the previous rate application, noting the impact of the proposed reservoir addition, which is allocated at 60% to fire protection.

[49] Based upon the Rate Study calculations, the fire protection charge is proposed to increase by 0.2%, 41.6% and 5.8%, respectively, in each of the Test Years. In response to a Board inquiry related to the potential smoothing of these charges, Mr. Isenor stated that without the proposed phase-in of the reservoir depreciation, the percentage increase in the second Test Year may be higher.

[50] The total fire protection charge is applied to the Town and the Municipality based upon the number of hydrants serving each municipal unit. The Utility confirmed

that the number of hydrants has not changed since the last rate application, at 84 in the Town and six in the Municipality.

## **Findings**

[51] The proposed construction of a new reservoir has a significant impact on the proposed fire protection charge. However, the methodology used to determine the total public fire protection charge conforms to the methodology set out in the *Accounting Handbook*.

[52] The Board approves the Utility's proposed fire protection charges for each of the Test Years, as presented in the Application.

## 2. Utility Customers

[53] The remaining revenue requirement, after the allocation to fire protection charges, is to be recovered from the customers of the Utility. The Applicant explained that the allocations used for the base charge, customer charge, delivery, and production are consistent with the guidelines set out in the *Accounting Handbook*, except for the allocations of depreciation and taxes expense. The allocation used for these expenses is 100% to base charge, compared to 40% to base, 30% to delivery and 30% to production as suggested in the *Accounting Handbook*. The Utility noted that the allocations used are consistent with those used in the previous rate application.

[54] The Application projects no change to the number of customers over the Test Years. However, total consumption is expected to decrease due to a projected 2.0% annual decline in average residential (i.e. 5/8" meter size) consumption. This was revised from the 3% projected annual decline originally projected, when it was discovered that incorrect consumption data was used for the 5/8" meter customers. The Rate Study projects that the annual consumption volume for the other meter sizes will remain constant throughout the Test Period.

[55] The Revised Rate Study amended the 5/8" meter consumption. However, an error noted with respect to the number of unmetered customers was not corrected for 2019/20 and 2020/21. The Utility filed a revised rate study in response to the Undertakings to amend the number of unmetered customers in each of the Test Years from six to two.

[56] The Board noted during the hearing that there were discrepancies with respect to the estimated unmetered consumption volumes set out in the response to the IRs, the Revised Rate Study and the Schedule of Rates. The amended rate study filed in response to the Undertakings included revised Schedules of Rates with the proposed unmetered rates in each of the Test Years revised, based upon an amendment to the estimated unmetered consumption volume.

#### Findings

[57] The Board notes that in 2019/20 and 2020/21, the proposed average quarterly water bills as presented in the response to the Undertakings Rate Study are slightly higher than those proposed in the Revised Rate Study for all the meter sizes. This is due to a slight increase in the base charge as a result of reducing the number of ummetered customers from six to two. The correct number of unmetered customers in 2018/19 was used in the Revised Rate Study, resulting in no change for that year in the metered rates proposed in the Undertaking response.

[58] The revision in the Undertaking response to the consumption volume used in the calculation of the unmetered rates results in a reduction to the unmetered rate for all three Test Years.

[59] The Board accepts the methodology used by the Utility to calculate base and consumption rates, including the unmetered rates, for each of the Test Years as proposed in the Rate Study filed in response to the Undertakings.

## (E) Schedule of Rates

[60] In addition to the rates for water supply to its customers, the Application proposed an amendment to the existing miscellaneous charge Item 12, "Charge for Missed Appointment by Customers", to better reflect the cost to provide the service.

[61] The Application proposed to amend the charge in each of the Test Years for Item 13, Bulk Water, based upon the same methodology used to calculate the current bulk water rate. In response to the IRs, the Utility filed corrections to the rates in the Schedule to correspond to the calculated bulk water rates.

[62] In response to the Undertakings, the Utility refiled the Schedule of Rates for each of the Test Years with corrections to the proposed "Charge for Missed Appointment by Customers", as well as the revision to the volume used to determine the unmetered rates.

## Findings

[63] The Board approves the proposed amendments to the Schedule of Rates filed in response to the Undertakings, including the further revision to the unmetered consumption used in the determination of unmetered rates in each of the Test Years. [64] These rates are approved with effective dates of October 1, 2018, April 1, 2019, and April 1, 2020.

## (F) Schedule of Rules and Regulations

[65] The Rate Study proposed amendments to the existing Rule 7, "Adjustment of Bills" to include a limit on the time period for repayment of over-billing to a maximum of five years.

[66] The Utility also proposed to add rules relating to Curb Stop/Control Valve Service Box and Water Conservation Directives, to ensure the accessibility of the curb stop/control valve service box, and for enforcement of conservation directives at times of water shortages.

[67] In response to the IRs, the Utility corrected typos in Rule 2 "Liability for Payment of Water Bill" and Rule 8 "Meter Reading", and filed an amended Schedule of Rules and Regulations.

[68] With respect to Rule 20 "Cross Connection Control and Backflow Prevention", the Applicant explained that although there is no formal policy in place, new meters are not installed without backflow prevention. In addition, the Utility inspects the connections of new commercial/industrial businesses with a perceived cross contamination risk.

## Findings

[69] The Board reminds the Utility of the importance of maintaining a cross connection control/backflow prevention system.

[70] The Board finds that the proposed amendments to the Schedule of Rules and Regulations are reasonable and are generally consistent with those of other Utilities. The Board approves Schedule of Rules and Regulations, as filed in response to the IRs, effective October 1, 2018.

## (G) Contingency Planning

[71] In response to the IRs, the Utility provided general information on its efforts related to contingency planning and emergency preparedness. The Utility noted that it has developed emergency contingency plans to deal with a number of events. It was further indicated that the Utility's Source Water Protection Plan has not been reviewed in approximately eight years, and that a recently scheduled review meeting has been delayed, with a target of meeting in September 2018. The Board directs the Utility to provide an update on the status of this meeting, to be filed with the Board by November 30, 2018.

[72] The Board further reminds the Utility of the importance of maintaining and updating its contingency and emergency preparedness strategies and the associated communication plans.

## IV CONCLUSION

[73] The Board has considered the information presented and approves the Schedule of Rates for Water and Water Services as revised by the Applicant in the response to the Undertakings, with the effective dates of October 1, 2018, April 1, 2019, and April 1, 2020. The approved public fire protection charge for 2018/19 shall be based upon prorating six months at the existing rate and six months at the new rate, for a total of \$146,757.

[74] The Board further approves the Schedule of Rules and Regulations as amended by the Utility in response to the IRs, with an effective date of October 1, 2018.

[75] The Board directs the Utility to provide an update on the status of the reservoir funding request by December 31, 2018.

[76] The Board directs the Utility to provide an update on the status of the SourceWater Protection Plan review meeting by November 30, 2018.

[77] An Order will issue accordingly.

**DATED** at Halifax, Nova Scotia, this 25<sup>th</sup> day of September, 2018.

Steven M. Murphy