

NOVA SCOTIA REGULATORY AND APPEALS BOARD

Water Utility Accounting and Reporting Handbook

April 1, 2007

(Amended by Order dated July 13, 2010)

(Amended by the Board on April 25, 2013)

(Amended by the Board on January 10, 2020)

(Name of Board changed April 1, 2025)

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 1010 |
| | Section: 1000 – Introduction | Date Issued: March 29, 2007 |
| | Subject: 1010 – Purpose | Revisions: |

The purpose of the “Water Utility Accounting and Reporting Handbook” (Handbook) is to establish uniform and consistent reporting and accounting policies and procedures to be followed by all regulated water utilities in Nova Scotia as prescribed by the Nova Scotia Regulatory and Appeals Board (Board).

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 1020.1 |
| | Section: 1000 – Introduction | Date Issued: March 29, 2007 |
| | Subject: 1020 – Authority | Revisions: July 13, 2010 |

The Board is governed by the *Public Utilities Act*, Chapter 380 of the Revised Statutes of Nova Scotia, 1989 as amended (*Act*).

The authority for the publication of this Handbook is contained in Section 49 of the *Act*. Sections 18, 25, 27, 28, 34 and 51(1), (2) and (3) support this authority.

The more commonly used sections in the *Act* are as outlined below.

S.35 Approval of improvement over \$250,000

No public utility shall proceed with any new construction, improvements, or betterments in or extensions or additions to its property used or useful in furnishing, rendering or supplying any service which requires the expenditure of more than two hundred and fifty thousand dollars without first securing approval thereof by the Board. R.S., c.380, s.35; 2001, c.35, s.30; 2010,c.380,s.35.

S.41 Rates of utility to include allowance for depreciation

In fixing rates, tolls and charges to be paid to a public utility for any service, the Board shall include proper allowances for depreciation. R.S., c.380, s.41.

S.42 Separate rate base for each service supplied

- (1) The Board shall fix and determine a separate rate base for each type or kind of service furnished, rendered or supplied to the public by a public utility.

Factors considered in establishing rate base

- (2) In establishing a rate base the Board shall determine the value of the physical assets of the public utility in accordance with the provisions of this *Act*, including in such value the actual reasonable and necessary cost of labour and supervision up to and including gang foreman, and the Board may, in its discretion, make allowances for the following matters, and for such other matters as the Board deems appropriate:
 - (a) necessary working capital;
 - (b) organization expenses to the extent of such sum as the public utility may establish to the satisfaction of the Board to have been reasonably and prudently expended out of capital account in respect of organization expenses as defined by the regulations of the Board;

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- (c) construction overheads to the extent of such sum as the public utility may establish to the satisfaction of the Board to have been reasonably and prudently expended out of capital account in respect of engineering, superintendence, legal services, taxes and interest during construction, and like matters not included in the valuation of the physical assets; expenses of valuations to the extent of such sums as may have been expended in respect of a valuation by the Board and, with the approval of the Board, charged to capital account;
- (d) costs in whole or in part of land acquired in reasonable anticipation of future requirements.

Amortization of organization and valuation expense

- (3) The Board may direct that a public utility shall make such provision as to the Board seems proper for the amortization of the sums allowed in a rate base for organization expenses and expenses of valuations, and may direct that the sums required annually for such amortization shall be charged as an operating expense.

Revision of rate base

- (4) The Board may from time to time revise any rate base making due allowance for extensions and additions to, improvements or alterations in and withdrawals or retirements from, the property and assets of the public utility.

Existing rate base

- (5) Until a rate base is determined by the Board for any public utility pursuant to this Section, the present rate base for such public utility as from time to time revised or accepted by the Board shall continue in effect and shall be the rate base for such public utilities provided that the Board may direct that any such public utility shall make such provision as to the Board seems proper for the amortization of the sums allowed, in such rate base for organization expenses, expenses of valuations or allowances not mentioned in subsection (2) and may direct that the sums required annually for such amortization shall be charged as an operating expense. R.S., c.380, s.42; 1992, c.8, s.35.

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| | Section: 1000 – Introduction | Date Issued: March 29, 2007 |
| | Subject: 1020 – Authority | Revisions: |

S.43 Each category of service treated as separate unit

Where any public utility furnishes, renders or supplies more than one type or kind of service, the Board shall segregate such types or kinds of service into distinct classes or categories of service, and, for the purposes of determining the rate base for a particular service furnished, rendered or supplied, and for the purpose of annual and other returns or reports to be made to the Board, each distinct class or category of service shall be considered as a separate and self contained unit, the rate base for which shall be determined and fixed without regard to the rate base determined and fixed for any other unit. R.S., c.380, s.43.

S.45 Amount utility entitled to earn annually

- (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; provided, however, that where the Board by order requires a public utility to set aside annually any sum for or towards an amortization fund or other special reserve in respect of any service furnished, rendered or supplied, and does not in such order or in a subsequent order authorize such sum or any part thereof to be charged as an operating expense in connection with such service, such sum or part thereof shall be deducted from the amount which otherwise under this Section such public utility would be entitled to earn in respect of such service, and the net earnings from such service shall be reduced accordingly.

Earnings are in addition to expenses and allowances

- (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. R.S., c.380, s.45.

S.52 Duty to furnish safe and adequate service

Every public utility is required to furnish service and facilities reasonably safe and adequate and in all respects just and reasonable. R.S., c.380, s.52.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 1020.4 |
| | Section: 1000 – Introduction | Date Issued: March 29, 2007 |
| | Subject: 1020 – Authority | Revisions: |

S.55 If Changes by Utility Detrimental to Other Utility

- (1) No public utility shall make any extensions to or changes in its line, plant or system which are likely to be detrimental to the service supplied by any other public utility without first giving reasonable notice in writing by prepaid post of the same to the chief office in the Province of such other public utility, and the public utilities directly concerned may agree upon methods and specifications which will, so far as reasonably possible, minimize the detrimental effect on the service of such other public utility.
- (2) Without being limited by the foregoing provisions in this Section, the Board may at any time order a public utility to serve any particular territory not then served, provided, however, that no such order shall be made if, in the opinion of the Board, it would place an unreasonable financial burden on the public utility. R.S., c.380, s.55.

S.64 Approval of schedule of rates and charges of utility

- (1) No public utility shall charge, demand, collect or receive any compensation for any service performed by it until such public utility has first submitted for the approval of the Board a schedule of rates, tolls and charges and has obtained the approval of the Board thereof.

Filing with Board

- (2) The schedule of rates, tolls and charges so approved shall be filed with the Board and shall be the only lawful rates, tolls and charges of such public utility, until altered, reduced or modified as provided in this *Act*. R.S., c.380, s.64.

S.67 Equal rates and charges for similar services

- (1) All tolls, rates and charges shall always, under substantially similar circumstances and conditions in respect of service of the same description, be charged equally to all persons and at the same rate, and the Board may by regulation declare what shall constitute substantially similar circumstances.

S.71 No rate or charge by utility other than as in schedule

No public utility shall charge, demand, collect or receive a greater or less compensation for any service performed by it than is prescribed in such schedules as are at the time in force, or demand, collect or receive any rates, tolls or charges not specified in such schedules. R.S., c.380, s.71.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 1020.5 |
| | Section: 1000 – Introduction | Date Issued: March 29, 2007 |
| | Subject: 1020 – Authority | Revisions: |

S.83 Complaint against public utility

- (1) Upon complaint made to the Board against any public utility by any municipal corporation or by any five persons, firms or corporations, that any of the rates, tolls, charges or schedules are in any respect unreasonable or unjustly discriminatory or that any regulation, measurements, practice or act whatsoever affecting or relating to the operation of any public utility is in any respect unreasonable, insufficient or unjustly discriminatory or that the service is inadequate or unobtainable, the Board shall proceed, with or without notice, to make such investigation as it deems necessary or expedient, and may order such rates, tolls, charges or schedules reduced, modified or altered, and may make such other order as to the modification or change of such regulation, measurements, practice or acts as the justice of the case may require, and may order on such terms and subject to such conditions as are just that the public utility furnish reasonably adequate service and facilities and make such extensions as may be required, but no such order shall be made or entered by the Board without a public hearing or inquiry first had in respect thereof.
- (2) The Board, when called upon to institute an investigation, may, in its discretion, require from the complainants the deposit of a reasonable amount of money or other security to cover the costs of the investigation, which money or security shall be dealt with as the Board directs, should the decision be given against the complainants. R.S., c.380, s.83.

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| | Subject: 1030 – Effective Date | Revisions: |

The requirements of this Handbook are effective April 1, 2007.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 1040.1 |
| | Section: 1000 – Introduction | Date Issued: March 29, 2007 |
| | Subject: 1040 – Amendments to Handbook | Revisions: |

Overview

The Handbook provides current requirements for accounting, financial reporting and operational reporting to be followed by water utilities in Nova Scotia.

From time to time, it may be necessary to amend certain policies and procedures to reflect changes in:

- Governing legislation and regulations;
- Generally accepted accounting and reporting principles for public entities generally and for water utilities specifically; and
- Financial and operational management methods.

The master control copy of the Handbook is maintained by the Board which is responsible for coordinating updates and for informing users of new or revised policies and procedures.

The full Handbook is available on the Board's internet site: <https://nserbt.ca/nsrab>

Policy

It is the policy of the Board to maintain and update the Handbook to ensure that it reflects the current requirements of the Board and for the users of the Handbook.

Procedures

1. The Board will undertake a full review of the Handbook periodically.
2. However, all users are encouraged to submit suggested amendments. The suggested amendments should be submitted, in writing or by electronic communication, to the Regulatory Affairs Officer/Clerk of the Board and provide at least the following information:
 1. Complete description of the section(s) of the Handbook proposed to be amended;
 2. Reason(s) for the changes in the policy or procedures;
 3. The expected impact(s);

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 1040.2 |
| | Section: 1000 – Introduction | Date Issued: March 29, 2007 |
| | Subject: 1040 – Amendments to Handbook | Revisions: |

4. Any supplementary information that would support the need for changes;
and
5. Name and organization of the entity suggesting any amendments and
contact information.

Depending upon the nature of the proposed amendment, it may be acted upon immediately or deferred and combined with other changes to be made at a later date.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 2002.1 |
| | Section: 2000 – Annual Report | Date Issued: March 29, 2007 |
| | Subject: 2002 – General Policy | Revisions: |

Overview

The Annual Report is an essential component of accountability and an efficient method of reporting performance information which can be reviewed by the Board between more detailed reviews normally done at rate adjustment hearings.

The objectives of the Annual Report to the Board can be summarized as follows:

- (i) To provide the Board with information necessary for proper regulatory review; and
- (ii) To stimulate and encourage improved management of all water utilities in Nova Scotia.

Policy

Every water utility in Nova Scotia shall submit an Annual Report, the minimum information contents to be as described in this Handbook, within 180 days of the end of the fiscal year.

Procedures

1. The Annual Report to the Board is comprised of two separate sections:
 - (i) Financial; and
 - (ii) Operational Compliance.

The financial section includes audited financial statements, capital budgets and operating budgets as described in the following sections of the Handbook.

The operational compliance section includes a certificate stating that all procedures in this Handbook have been followed and that all other regulations regarding the operations of a water utility (e.g. Environment and Labour) have been met.

2. Each utility, in addition to the Financial and the Operational Compliance information, must submit annually a schedule of the names of all members of the council, commission or board responsible for governing the operation of the water utility (Governing Body) plus the senior operational staff showing name and position or title for each.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 2002.2 |
| | Section: 2000 – Annual Report | Date Issued: March 29, 2007 |
| | Subject: 2002 – General Policy | Revisions: |

3. The chairman of the Governing Body and the senior non-elected officer of the municipal unit or commission responsible for operation of the water utility should sign, on behalf of the utility, to certify any reports required by this Handbook.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 2010 |
| | Section: 2000 – Annual Report | Date Issued: March 29, 2007 |
| | Subject: 2010 – General Financial Policy | Revisions: |

Policy

The Annual Report from each water utility must contain current and future financial information so the Board can assess the current financial position and the anticipated financial results of the operations over the next three years.

Procedures

1. Each water utility is required to file the following financial documents as part of its Annual Report to the Board:
 - Audited financial statements;
 - Capital budget; and
 - Operating budget.

Further details on the information to be included in each document are in the following sections.
2. The financial information, in the Annual Report, must be filed within 180 days of the end of the water utility's fiscal year end.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 2020.1 |
| | Section: 2000 – Annual Report | Date Issued: March 29, 2007 |
| | Subject: 2020 – Audited Financial Statements | Revisions: |

Policy

The annual financial statements for a water utility must be audited and the reports on the financial position and operations of the utility prepared on the conventional fund basis following the prescribed requirements of the Handbook and appropriate accounting authorities.

Procedures

1. The audited financial statements, using fund accounting principles, must have, as a minimum, the following for each water utility:
 - Statement of Financial Position of the Water Utility Operating Fund;
 - Statement of Financial Activities of the Water Utility Operating Fund;
 - Statement of Financial Position of the Water Utility Capital Fund;
 - Statement of Financial Activities of the Water Utility Capital Fund; and
 - Schedule of Investment in Water Utility Plant and Equipment.
2. The Statement of Financial Activities of the Water Utility Operating Fund usually reports the total revenues and expenditures for the current year actual and budget plus the comparative actuals for the prior year. In addition, the water utility must maintain and provide to the Board, upon request, schedules which show a further analysis of the expenditures in the following expenditure categories:
 - Source of Supply;
 - Power and Pumping;
 - Water Treatment;
 - Transmission and Distribution; and
 - Administration and General.
3. The notes to the audited financial statements must be included in the Annual Report.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 2020.2 |
| | Section: 2000 – Annual Report | Date Issued: March 29, 2007 |
| | Subject: 2020 – Audited Financial Statements | Revisions: |

4. Any annual water utility financial statement must be accompanied by an Auditors Report. If the water utility's financial statements are consolidated in a municipality's general purpose financial statements, the capital fund, the operating fund and the use of funds statements must be shown as supplementary schedules and be acknowledged in the Auditors Report, which would include a fourth paragraph covering supplementary information.

The wording in the fourth paragraph of the Auditors Report could be as follows:

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

5. The general formats of the financial statements are as described in Section 4100.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 2030 |
| | Section: 2000 – Annual Report | Date Issued: March 29, 2007 |
| | Subject: 2030 – Capital Budget | Revisions: |

Policy

All water utilities must prepare three year capital budgets and file them as part of the Annual Report.

Procedures

1. The three year capital budget should have:
 - A brief description of each project and project number (if applicable);
 - The year in which the capital project is to be done, or if multi-year, state accordingly;
 - The total cost of the project; and
 - The utility plant category in which the project is to be recorded.
2. The three year capital project budget should be updated and filed with the Board annually.
3. All significant assumptions for each budget year must be stated.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 2040 |
| | Section: 2000 – Annual Report | Date Issued: March 29, 2007 |
| | Subject: 2040 – Operating Budget | Revisions: |

Policy

All water utilities must prepare three year operating budgets and file them as part of the Annual Report.

Procedures

1. A three year operating budget is required for those applicable revenue and expense items included in the chart of accounts presented in this Handbook.
2. The operating budget format should be consistent with the sample operating budget presented in Section 2041 of the Handbook. Appendix A contains the detailed schedules which should be used where possible in developing the operating budgets. The Board may request these details from time to time.
3. All significant assumptions for each budget year must be stated and specifically with respect to future water rate adjustments.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 2041 |
| | Section: 2000 – Sample Operating Fund Budget | Date Issued: March 29, 2007 |
| | Subject: 2041 – Statement of Budgeted Financial Activities of the Operating Fund | Revisions: |

| | | 20XW (last fiscal year) | | 20XX (this year) | 20XY (year 2) | 20XZ (year 3) |
|-------|---|------------------------------------|---------------|-----------------------------|--------------------------|--------------------------|
| | | Budget | Actual | Budget | Budget | Budget |
| | | | | | | |
| | OPERATING REVENUE | | | | | |
| 11000 | Metered | | | | | |
| 12000 | Flat Rate | | | | | |
| 13000 | Fire Protection | | | | | |
| 14000 | Sprinkler Service | | | | | |
| 15000 | Sales to Other Utilities | | | | | |
| 17000 | Other Operating Revenue | | | | | |
| | TOTAL OPERATING REVENUE | | | | | |
| | | | | | | |
| | OPERATING EXPENDITURES | | | | | |
| 21000 | Source of Supply | | | | | |
| 22000 | Power and Pumping | | | | | |
| 23000 | Water Treatment | | | | | |
| 24000 | Transmission and Distribution | | | | | |
| 25000 | Administration and General | | | | | |
| 26000 | Depreciation | | | | | |
| 27000 | Taxes | | | | | |
| 28000 | Other Operating Expenditures | | | | | |
| | TOTAL OPERATING EXPENDITURES | | | | | |
| | | | | | | |
| | NET OPERATING REVENUE | | | | | |
| | | | | | | |
| 18000 | NON-OPERATING REVENUE | | | | | |
| | Grants from Province of Nova Scotia | | | | | |
| | Land Rights | | | | | |
| | Transfer from Depreciation Fund for Repayment of Principal on Capital Debt | | | | | |
| | | | | | | |
| 29000 | NON-OPERATING EXPENDITURES | | | | | |
| | Debt charges | | | | | |
| | Principal | | | | | |
| | Interest | | | | | |
| | Capital Expenditures out of Operations | | | | | |
| | | | | | | |
| | EXCESS OF REVENUE OVER EXPENDITURE | | | | | |
| | | | | | | |
| | SURPLUS (DEFICIT) BEGINNING OF YEAR | | | | | |
| | | | | | | |
| | SURPLUS (DEFICIT) END OF YEAR | | | | | |

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 2050 |
| | Section: 2000 – Annual Report | Date Issued: March 29, 2007 |
| | Subject: 2050 – General Operational and Compliance Policy | Revisions: |

Policy

Water utilities are required by the Province of Nova Scotia (Department of Environment and Labour) to comply with the Water and Wastewater Facilities and Public Drinking Water Supplies Regulations, the Guidelines for Monitoring Public Drinking Water Supplies and their Approval to Operate. The Board requires confirmation that the utilities have complied with the regulations and guidelines.

Procedure

The most senior individual responsible for the operations of the water utility must sign an operations compliance certificate as shown on page 2051 and submit it as part of the Annual Report of the water utility to the Board.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 2051 |
| | Section: 2000 – Annual Report | Date Issued: March 29, 2007 |
| | Subject: 2051 – Compliance Certificate | Revisions: |

**Nova Scotia Regulatory and Appeals Board
Operations Compliance
For**

(name of utility)
for the Year Ended March 31, 20__

We confirm, for the above-named water utility that:

1. The water utility held a valid Approval to Operate, issued by Nova Scotia Environment and Labour, for the entire period described above.
2. The water utility complied with all of the Water and Wastewater Facilities and Public Drinking Water Supplies Regulations, the Guidelines for Monitoring Public Drinking Water Supplies and their Approval to Operate, except as noted in its Annual Report to Nova Scotia Environment and Labour. A copy of these exceptions is attached hereto.
3. The water utility has complied with all of the requirements of the Nova Scotia Regulatory and Appeals Board Water Utility Accounting and Reporting Handbook unless otherwise specifically approved by the Board.

(signature)

(date)

(Chair)

(signature)

(date)

(Senior Operating Officer)

NOTE: Any exceptions to the above statements should be set out on an attached sheet.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 3010 |
| | Section: 3000 – Accounting Principles and Practices | Date Issued: March 29, 2007 |
| | Subject: 3010 – General Policies | Revisions: |

Policies

1. System for Accounting

The financial statements for water utilities in Nova Scotia are to be prepared in accordance with the requirements of this Handbook and the Canadian Institute of Chartered Accountants (CICA) Standards as outlined in the Public Sector Accounting (PSA) Handbook. Where the PSA Handbook is silent, the statements should follow the CICA Accounting Handbook. Where policies and procedures for specific accounting and financial reporting topics in this Handbook differ from the CICA Standards or the PSA Handbook, the water utility must follow the required methodologies prescribed in this Handbook. Where this Handbook conflicts with a requirement contained in a statute or regulation, the requirements in the latter shall prevail.

2. Fund Accounting

The accounting unit shall be the Fund which is an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities or balances and changes therein which are segregated for the purposes of a separate water utility.

All water utilities must follow the fund accounting methodology. Consequently, each water utility must maintain a complete set of self balancing accounts – normally revenue, expenditure, asset and liability accounts. In the case of Reserve Funds, information about the composition of the opening balance(s), the flows in and out by meaningful captions and the closing balance(s) must also be shown.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 3020 |
| | Section: 3000 – Accounting Principles and Practices | Date Issued: March 29, 2007 |
| | Subject: 3020 – Regulated Municipal Utilities and Enterprises Accounting | Revisions: |

Policies

1. All water utilities are required to follow the accounting principles and practices presented in this Handbook.
2. All water utilities must use the revenue and expenditure classifications presented in this Handbook.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 3030 |
| | Section: 3000 – Accounting Principles and Practices | Date Issued: March 29, 2007 |
| | Subject: 3030 – Interest Earned on Investments | Revisions: |

Policy

Interest earned on investments in Depreciation or any other funds is to be recorded as revenue within the respective funds, unless otherwise approved by the Board.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 3035.1 |
| | Section: 3000 – Accounting Principles and Practices | Date Issued: March 29, 2007 |
| | Subject: 3035 – Capital Assets | Revisions: |

Policies

1. For purchased assets, capital assets shall be recorded at historic costs, including all applicable ancillary costs, at the time of acquisition.
2. For constructed assets, the costs shall include all direct material costs, labour costs and ancillary expenditures associated with the construction project.
3. For assets constructed by the utility which are partially or totally funded by federal and provincial grants, these capital assets may be recorded at the gross cost. More specifically, the gross cost shall be the sum of the net expenditure to the utility, plus the grants and other contributions specifically related to the capital assets constructed.
4. Capital assets acquired by a utility with a cost which is reduced by the amounts of capital grants or donations received, may record the cost of the acquired asset at the current net book value plus external grants or donations deducted. Under no circumstance can the grossed up cost exceed the original capital cost.
5. Capital assets acquired by a gift or payment of a nominal sum may be recorded at a fair value at the date of acquisition but the recorded amount shall not exceed the original capital cost of the acquired assets.
6. The original capital cost is defined as the sum of all appropriate capital related expenditures to initially construct the capital asset.
7. Capital assets acquired by a utility from another utility, whether through an acquisition or amalgamation, shall be recorded at an Assigned Value as Capital Assets in the Water Capital Fund. The Assigned Value is the lesser of the net book value or the original capital cost of the donated or transferred assets, or at some other value as directed by the Board.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 3035.2 |
| | Section: 3000 – Accounting Principles and Practices | Date Issued: March 29, 2007 |
| | Subject: 3035 – Capital Assets | Revisions: |

Procedures

- When expenditures of a capital nature are incurred in the utility operating fund, these costs are to be reflected as “Capital Expenditures out of Operating Fund” and as “Capital Assets” in the Water Capital Fund.
- The capital asset cost may include the following types of expenditures:
 - Purchase price;
 - Construction costs: materials, labour, project management (see also Section 42(2)(c) of the Act), overhead, etc.;
 - Site preparation;
 - Engineering costs;
 - Professional fees; and
 - Interest cost during construction.
- The Capital Assets in the Water Capital Fund shall include the gross cost of the expenditures. These expenditures could have been financed from:
 - Water Operating Fund;
 - capital borrowings;
 - funds of the municipality which owns the utility;
 - the Depreciation Fund;
 - assistance received from federal, provincial or municipal government sources; and
 - private sources such as developers.
- For constructed capital assets, the Water Capital Fund entry to record the cost of the asset would be:

| | |
|----|---|
| DR | Capital Asset (e.g. Transmission Main) |
| CR | Capital Debt, and/or |
| CR | Depreciation Fund, and/or |
| CR | Working Capital (cash) |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 3036 |
| | Section: 3000 – Accounting Principles and Practices | Date Issued: March 29, 2007 |
| | Subject: 3036 – Transitional Provisions | Revisions: |

Policy

Effective April 1, 2007, utilities are permitted to include in the capital asset costs, the gross cost of the capital asset rather than the net cost (i.e. gross cost less government grants and donations).

Procedures

1. For capital asset acquisitions and construction projects completed prior to March 31, 2006, the new policies and procedures do not apply.
2. For capital asset acquisitions and construction projects completed during the fiscal year ending March 31, 2007 or in progress at March 31, 2007, the utility may follow the new accounting rules for donated assets and capital grants used to partially fund new projects.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 3040 |
| | Section: 3000 – Accounting Principles and Practices | Date Issued: March 29, 2007 |
| | Subject: 3040 – Depreciation | Revisions: |

Policies

1. With the exception of land and construction in progress, a water utility shall record depreciation based on the utility's cost or the assigned value of its capital assets, as determined in accordance with Page 3035.
2. Unless the Board directs otherwise, depreciation will be calculated using the straight line method based upon the remaining useful life of the asset.
3. Capital contributions arising from donated assets or grants received to acquire or construct assets shall be amortized at the same rate as the capital assets to which the donations and grants apply.
4. Depreciation shall include depreciation and amortization of all depreciable capital assets which include those acquired or constructed with the benefit of grants and donations or contributions.

Procedures

1. Any utility presently using depreciation rates prescribed by the Board should continue to do so until such time as the Board approves new rates.
2. Depreciation shall be calculated on the gross cost of the capital asset as recorded in the ledger and in accordance with the capital asset cost rules in this Handbook.
3. The general entry for recording depreciation would be as follows:

DR Depreciation
 (Operating Fund)

 CR Accumulated Depreciation (Capital Fund), and/or
 CR Accumulated Amortization of Contributions (Capital Fund)
4. Unless otherwise directed by the Board, the utility shall use the guidelines on page 3042 to determine depreciation rates. Any deviations from the guidelines must be approved by the Board in advance.
5. All meters are to be capitalized and depreciated in accordance with the approved depreciation rates. Some utilities may wish to depreciate residential service meters at the rate of 100% which is also acceptable to the Board.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 3042 |
| | Section: 3000 – Accounting Principles and Practices | Date Issued: March 29, 2007 |
| | Subject: 3042 – Capital Asset Useful Life Guidelines | Revisions: |

| Asset Classification | Useful Life | Annual Depreciation Rate |
|--|--------------------|---|
| Land and Land Rights | | |
| Source of supply | No depreciation | NIL |
| Reservoir | No depreciation | NIL |
| Transmission | No depreciation | NIL |
| Structures and Improvements | | |
| Brick/concrete | 50 yrs | 2.0% |
| Frame | 30 yrs | 3.3% |
| Intakes | 75 yrs | 1.3% |
| New wells | 25 to 40 yrs | 2.5% to 4.0% |
| Pumping | 50 yrs | 2.0% |
| Distribution reservoirs and standpipes | 75 yrs | 1.3% |
| Treatment plant | 50 to 75 yrs | 2% to 1.3% |
| Equipment | | |
| Pumping | 5 to 20 yrs | 5.0% to 20.0% |
| Water treatment | 10 to 20 yrs | 5.0% to 10.0% |
| Transportation | 5 yrs | 20.0% |
| Tools and work equipment | 5 yrs | 20.0% |
| Office furniture and equipment | 5 yrs | 20.0% |
| GIS System | 5 to 7 yrs | 20% to 14.3% |
| Mains | | |
| Transmission | 75 yrs | 1.3% |
| Distribution | 75 yrs | 1.3% |
| Meters | | |
| Residential (5/8") | 20 yrs | 5.0% |
| All Other Meters | 25 yrs | 4.0% |
| Hydrants | 75 yrs | 1.3% |
| Services | 50 yrs | 2.0% |

NOTE: The above useful life is a guideline based upon industry averages. Any water utilities wishing to use a different depreciation rate should determine the useful life of capital assets using supplier specifications, technical studies and own experience. The data should be presented in advance to the Board for approval of depreciation rates to be used.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 3050 |
| | Section: 3000 – Accounting Principles and Practices | Date Issued: March 29, 2007 |
| | Subject: 3050 – Depreciation Fund | Revisions: July 13, 2010 |

Policies

1. An amount of cash equal to the depreciation claimed is to be set aside annually out of earnings and carried in a Depreciation Fund.
2. The monies in the Depreciation Fund may be expended only for new construction, extensions (to serve the current customers), replacements or additions to capital property and all such uses in excess of \$250,000 require approval in advance from the Board.
3. The Board, upon application by the water utility, may direct that depreciation funds be used for other purposes.

Procedures

1. The Board may consider applications for approval to repay principal of long term debt out of the Depreciation Funds.
2. Transfers from the Depreciation Fund for principal repayments are to be recorded in the Non-Operating Revenue Section of the Statement of Financial Activities of the Water Utility Operating Fund.
3. The continuity of the Depreciation Fund must be shown in the annual statements.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 3060 |
| | Section: 3000 – Accounting Principles and Practices | Date Issued: March 29, 2007 |
| | Subject: 3060 – Valuation Allowances | Revisions: |

Policy

A water utility is to provide a valuation of estimated losses that will be incurred in collecting accounts receivable outstanding.

Procedure

The allowance for doubtful accounts may be reported as a reduction in the value of the working capital asset.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 3070 |
| | Section: 3000 – Accounting Principles and Practices | Date Issued: March 29, 2007 |
| | Subject: 3070 – Interest During Construction | Revisions: |

Policy

Interest incurred during construction on capital projects is to be capitalized as part of the total capital project cost in the year incurred.

Procedure

An estimate of the interest to be incurred during the construction period of a capital project must be included in the capital expenditure request application submitted to the Board for approval prior to the commencement of the project.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 3080 |
| | Section: 3000 – Accounting Principles and Practices | Date Issued: March 29, 2007 |
| | Subject: 3080 – Reserves | Revisions: July 13, 2010 |

Policy

All reserves not provided for in this Handbook must be approved in advance by the Board and accounted for separately.

Procedures

1. A utility must apply to the Board for permission to set up a reserve fund and the application to the Board must contain at least:
 - The purpose of the reserve;
 - The term, including estimated termination date;
 - The treatment of interest and income earned in the reserve;
 - The amount, frequency and source of payments into the reserve;
 - The qualified disbursements from the reserve; and
 - The type and frequency of financial reporting of transactions related to the reserve.
2. Water utility reserve balances and transactions are to be separately disclosed in the utility financial statements.
3. A utility must apply to the Board for permission to reduce or eliminate the reserve fund, or to withdraw an amount from the reserve fund in excess of \$250,000. All reserve fund withdrawals are to relate only to the purpose that the reserve was established, as approved by the Board.
4. The continuity of all reserve funds must be shown in the annual statements.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 3090 |
| | Section: 3000 – Accounting Principles and Practices | Date Issued: March 29, 2007 |
| | Subject: 3090 – Surplus (Deficit) | Revisions: |

Policy

All water utilities should schedule water rate adjustment applications to avoid creating an operating deficit or an excessive surplus.

Procedures

1. Future surplus amounts (where revenues exceed the expenditures in a fiscal year) from the operations of the utility must be added to the surplus or used to reduce the deficit.
2. Future deficit amounts (where expenditures exceed the revenues in a fiscal year) from the operations of the utility must be deducted from the surplus or added to the deficit balance.
3. A permanent transfer from the municipal unit's general operations must be recorded in the non-operating revenue section of the Statement of Financial Activities of the Water Utility Operating Fund.
4. If the utility has a deficit for the fiscal year, the utility must evaluate the timing of the next application for water rate adjustments. If the conclusion is to defer any application for rate adjustments beyond one year, the utility must send a letter to the Board within 180 days of the fiscal year end explaining why rate adjustments are not needed at this time and how the deficit will be eliminated.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 3100 |
| | Section: 3000 – Accounting Principles and Practices | Date Issued: March 29, 2007 |
| | Subject: 3100 – Capital Asset Disposals | Revisions: |

Policy

As required in Section 62 of the *Act*, no utility shall sell, assign or transfer any assets without prior approval of the Board.

Procedures

1. When a capital asset is replaced or disposed of, the original utility cost (actual cost less assistance received) is to come out of the capital asset account and the depreciation accumulated for the asset is to come out of the depreciation reserve account. The difference is to be a decrease in the investment in capital assets account. Where a utility's records provide insufficient information, a reasonable estimate of cost and accumulated depreciation should be used.
2. In addition, if the capital asset to be replaced or disposed of had been acquired after April 1, 2006 and has an amount for grants, contributions or donation, the added amount in the capital asset account and the corresponding amount in the Accumulated Amortization of Contributions must be removed. The difference is to be a decrease in the Deferred Contributions account.

The accounting entry would be of this form:

| | |
|----|---|
| DR | Deferred Contribution |
| DR | Accumulated Amortization of Contributions |
| | |
| CR | Capital Asset |
| | (asset account related to the specific asset which was or to be disposed) |

3. Net proceeds from the sale or disposal of capital assets are to be placed in a capital reserve for the water utility in the capital fund.
4. Approval may be obtained from the Board to use the proceeds from the disposal of a capital asset for the acquisition of a replacement asset in the same year. In this situation the proceeds need not be placed in a capital reserve.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 3110.1 |
| | Section: 3000 – Accounting Principles and Practices | Date Issued: March 29, 2007 |
| | Subject: 3110 – Allocation of Municipal Costs to Water Utility Funds | Revisions: |

Background

Frequently a municipal unit and its water utility need similar personnel and equipment resources. Where the utility cannot financially justify sole and exclusive use of such resources, there is a mutual benefit to share common resources.

Policies

1. Common costs and services to the municipality and the water utility are to be allocated using methodologies that closely account for the benefits received and related costs.
2. The methodologies and assumptions used must be reviewed annually or when:
 - Any of the assumptions in the methodology are no longer valid; or
 - Any of the services change significantly.

Procedures – shared service costs

1. The methodology selected to allocate the costs shared by both the municipal unit and the water utility should be on the basis that reflects the benefit received by each.
2. The costs to be allocated should be the actual costs incurred to deliver the service.
3. The allocations should be made using measured use of each resource such as time spent, units used, kilometres driven, etc. Where actual data is not available, a reasonable estimate should be made. For example:
 - (a) Personnel – based upon hours spent on each entity; and
 - (b) Vehicles – based upon kilometres driven.
4. The basis of allocating the shared costs is to be disclosed in the utility's financial statements.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 3110.2 |
| | Section: 3000 – Accounting Principles and Practices | Date Issued: March 29, 2007 |
| | Subject: 3110 – Allocation of Municipal Costs to Water Utility Funds | Revisions: |

Procedures – interest

1. Interest is to be recorded on balances due between water utility funds and other funds during a reporting year.
2. The method of calculating said interest is to be disclosed in the utility's financial statements.

Procedures – taxes

1. Where a utility is exempt from taxes, this fact should be disclosed in the utility's financial statements.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 3130.1 |
| | Section: 3000 – Accounting Principles and Practices | Date Issued: March 29, 2007 |
| | Subject: 3130 – Rate Base and Rate of Return | Revisions: |

Background

The rate base is the value of the property and plant and selected disbursements upon which the utility determines its allowable earnings (rate of return).

Policies

1. The rate base is approved by the Board and may include:
 - Undepreciated capital cost of utility plant in use,
 - Necessary working capital,
 - Organization expenses,
 - Expenses of valuation, and
 - Costs in whole or in part of land acquired in reasonable anticipation of future requirements.
2. Donated assets and portions of asset cost for which assistance has been received are not included in the utility's rate base.
3. Rate of return – should to the extent possible provide a just and reasonable return on the rate base employed. This rate should allow the utility to earn a sufficient return on its investment to maintain the integrity of the investment.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 3130.2 |
| | Section: 3000 – Accounting Principles and Practices | Date Issued: March 29, 2007 |
| | Subject: 3130 – Rate Base and Rate of Return | Revisions: |

Procedures

1. The calculation of the rate base is:
Capital cost of physical assets (net of assistance, grants or donated assets)
Less: accumulated depreciation
Add: other items as approved by the Board, including,
 - working capital
 - various organization expenses
 - construction overheads
 - valuation expenses
 - costs of land acquired for future requirements
= Rate Base
2. The notes to the water utility financial statements are to include disclosure of the current year's Rate of Return on Rate Base.
3. The calculation of the Rate of Return is as follows:
Formula:

Operating Revenues
Less Operating Expenses

Net Operating Revenue

Net Operating Revenue x 100% = Rate of Return on Rate Base
Rate Base

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 3130.3 |
| | Section: 3000 – Accounting Principles and Practices | Date Issued: March 29, 2007 |
| | Subject: 3130 – Rate Base and Rate of Return | Revisions: |

Example:

Net Operating Revenue

| | |
|------------------------------|-------------------|
| Operating Revenue | \$ 484,904 |
| <u>(Operating Expenses)</u> | <u>(377,996)</u> |
| <u>Net Operating Revenue</u> | <u>\$ 106,908</u> |

Rate Base

| | |
|--|---------------------|
| Utility plant in service | \$ 1,924,197 |
| Less : accumulated depreciation | (607,076) |
| Add : other items as approved by Board | <u>0</u> |
| = Rate Base | <u>\$ 1,317,121</u> |

Rate of Return on Rate Base

$$\frac{\$ 106,908}{\$1,317,121} \times 100\% = 8.12\%$$

| | | |
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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 3130.4 |
| | Section: 3000 – Accounting Principles and Practices | Date Issued: March 5, 2009 |
| | Subject: 3130 – Rate Base and Rate of Return | Revisions: |

Rate Applications:

In the determination of a reasonable rate of return to be used in rate applications, the following two methodologies are acceptable to the Board:

- (1) A simplified approach, which sets the rate of return (ROR) less than or equal to the Utility's cost of debt, R_D , or, in the case of no Utility debt, the Utility may use the Municipal Finance Corporation's cost of borrowing as a guide;

or

- (2) A more complex approach which sets the rate of return based upon the following formulae:

$ROR = WACC \text{ (Weighted Average Cost of Capital) / Rate Base}$

$WACC = (E_{Muni}/V * R_{EMuni}) + (D/V * R_D) + (E_{Util}/V * R_{EUtil})$

Where:

E_{Muni}/V = Percentage of financing that is contributed by the parent Municipality

E_{Util}/V = Percentage of financing that is contributed by the Utility's customers

D/V = Percentage of financing that is debt

D = Market value of the Utility's debt

R_D = Cost of debt

E_{Util} = Value of equity contributed by Utility customers

$[Total \text{ Equity (on balance sheet) } - E_{Muni}]$

E_{Muni} = Value of equity contributed by the Municipality

R_{EUtil} = Cost of equity contributed by the Utility's customers

R_{EMuni} = Cost of equity contributed by the parent Municipality, to be determined using an appropriate methodology, such as the buildup method, capital asset pricing model (CAPM), etc.

V = $D + E_{Muni} + E_{Util}$

If option (2) is used in a rate application to determine a reasonable rate of return, additional supporting information must be filed with the Board. Further details with respect to the supporting information will be discussed with the individual Utility in conjunction with the specific rate application.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 4010 |
| | Section: 4000 – Sample Financial Information | Date Issued: March 29, 2007 |
| | Subject: 4010 – General Comments | Revisions: |

Policy

The Board requires audited financial statements to be filed annually.

Procedures

1. Section 4100 (pages 4100, 4110, 4120, 4130, 4140, 4150 and 4160) describes the minimum information to be reported in the annual audited financial statements of each utility.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 4100.1 |
| | Section: 4000 – Sample Financial Information | Date Issued: March 29, 2007 |
| | Subject: 4100 – Sample Financial Statement Information | Revisions: |

Background

The Board recognizes that the financial statements of a water utility are often integrated with or consolidated into the financial statements of a municipality. However, for the Board to effectively assess the financial operations of a utility leading to just and reasonable rates for water and water services, audited information must be filed annually.

Policy

Every water utility must file annually (or as schedules to consolidated municipal statements) audited financial statements including:

- Auditors Report or Auditors Report for supplementary information as per Section 2000 – Annual Report, Page 2020;
- Statement of Financial Position of the Water Utility Operating Fund;
- Statement of Financial Activities of the Water Utility Operating Fund;
- Statement of Financial Position of the Water Utility Capital Fund;
- Statement of Financial Activities of the Water Utility Capital Fund;
- Statement of Financial Position of the Reserve Funds;
- Statement of Financial Activities of the Reserve Funds;
- Statement of Debt Issued (or equivalent information disclosed in a note to the financial statements);
- Schedule of Investment in Water Utility Plant and Equipment;
- Schedules to the Statement of Financial Activities of the Water Utility Operating Fund; and
- Notes to the Consolidated Financial Statements of the municipality if not available separately for the water utility.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 4100.2 |
| | Section: 4000 – Sample Financial Information | Date Issued: March 29, 2007 |
| | Subject: 4100 – Sample Financial Statement Information | Revisions: |

Procedures

1. Audited, non-consolidated financial statements must be filed annually with the Board.
2. The minimum financial information is provided in the following:
 - Statement of Financial Position of the Water Utility Operating Fund (page 4110);
 - Statement of Financial Activities of the Water Utility Operating Fund (page 4120);
 - Statement of Financial Position of the Water Utility Capital Fund (page 4130);
 - Statement of Financial Activities of the Water Utility Capital Fund (page 4140);
 - Schedule of Investment in Water Utility Plant in Service (page 4150);
 - Schedules to the Statement of Financial Activities of the Water Utility Operating Fund (page 4160);
 - Notes to Financial Statements; and
 - Schedule of Capital Debt Charges and Term Debt (which could be included in the notes).

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 4110 |
| | Section: 4000 – Sample Financial Information | Date Issued: March 29, 2007 |
| | Subject: 4110 – Statement of Financial Position of the Water Utility Operating Fund | Revisions: |

(Name) Water Utility

**Statement of Financial Position
of the Water Utility Operating Fund**

March 31, 20xx

| | Current Year 20xx | Previous Year 20xx |
|---|----------------------------------|-----------------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | | |
| Receivables | | |
| Rates (less allowance for doubtful accts) | | |
| Province of Nova Scotia | | |
| Due from other funds (Gen Cap, Water Cap, Gen Op) | | |
| Other | | |
| Inventories, At Cost | | |
| Inventory held for resale | | |
| Inventory not held for resale | | |
| Investments | | |
| Loans and Advances | | |
| Loan to other funds (Gen Cap, Gen Op) | | |
| Other | | |
| Prepaid Expenses | | |
| Other | _____ | _____ |
| | ===== | ===== |
| LIABILITIES | | |
| Payables and Accruals | | |
| Due to other funds (Gen Cap, Water Cap, Gen Op) | | |
| Other payables and accruals | | |
| Loan from Other Funds | | |
| Other | _____ | _____ |
| | ===== | ===== |
| SURPLUS (DEFICIT) | ===== | ===== |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 4120 |
| | Section: 4000 – Sample Financial Information | Date Issued: March 29, 2007 |
| | Subject: 4120 – Statement of Financial Activities of the Water Utility Operating Fund | Revisions: |

(Name) Water Utility

**Statement of Financial
Activities of the Water Utility Operating Fund**

Year Ended March 21, 20xx

| | | Current Year Budget | Current Year Actual | Prior Year Actual |
|-------|---|------------------------------------|------------------------------------|----------------------------------|
| | OPERATING REVENUE | | | |
| 11000 | Metered | | | |
| 12000 | Flat Rate | | | |
| 13000 | Public Fire Protection | | | |
| 14000 | Sprinkler Service | | | |
| 15000 | Sales to Other Utilities | | | |
| 17000 | Other Operating Revenue | | | |
| | TOTAL OPERATING REVENUE | | | |
| | OPERATING EXPENDITURES | | | |
| 21000 | Source of Supply | | | |
| 22000 | Power and Pumping | | | |
| 23000 | Water Treatment | | | |
| 24000 | Transmission and Distribution | | | |
| 25000 | Administration and General | | | |
| 26000 | Depreciation | | | |
| 27000 | Taxes | | | |
| 28000 | Other Operating Expenditures | | | |
| | TOTAL OPERATING EXPENDITURES | | | |
| | NET OPERATING REVENUE | | | |
| 18000 | NON-OPERATING REVENUE | | | |
| | Grants from Province of Nova Scotia | | | |
| | Land Rights | | | |
| | Transfer from Depreciation Fund for | | | |
| | Repayment of Principal on Capital Debt | | | |
| 29000 | NON-OPERATING EXPENDITURES | | | |
| | Debt Charges | | | |
| | Principal | | | |
| | Interest | | | |
| | Capital Expenditure Out of Operations | | | |
| | EXCESS OF REVENUE OVER EXPENDITURE | | | |
| | SURPLUS (DEFICIT), BEGINNING OF YEAR | | | |
| | SURPLUS (DEFICIT), END OF YEAR | | | |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 4130 |
| | Section: 4000 – Sample Financial Information | Date Issued: March 29, 2007 |
| | Subject: 4130 – Statement of Financial Position of the Water Utility Capital Fund | Revisions: |

(Name) Water Utility

**Statement of Financial Position
of the Water Utility Capital Fund**

March 31, 20xx

| | Current Year 20xx | Prior Year 20xx |
|---|----------------------------------|--------------------------------|
| ASSETS | | |
| Cash | | |
| Depreciation | | |
| Other | | |
| Receivables | | |
| Province of Nova Scotia | | |
| Due from other funds (Gen Cap, Water Op, Gen Op) | | |
| Other | | |
| Inventories, at Cost | | |
| Inventory held for resale | | |
| Inventory not held for resale | | |
| Investments | | |
| Loans and Advances | | |
| Loan to other funds (Gen Cap, Gen Op) | | |
| Other | | |
| Utility Plant and Equipment (Capital Assets) | | |
| | | |
| | | |
| LIABILITIES | | |
| Short Term Borrowings (Bank Loan) | | |
| Payables | | |
| Due to other funds | | |
| Other liabilities | | |
| Term Debt | | |
| Debentures issued to federal government or its agencies | | |
| Debenture issued to provincial government or its agencies | | |
| Other debentures | | |
| Long-term borrowings not secured by debentures | | |
| Loans from special funds | | |
| Other | | |
| Deferred Contributions | | |
| Accumulated Depreciation | | |
| Accumulated Amortization of Contributions | | |
| Other | | |
| | | |
| | | |
| | | |
| INVESTMENT IN CAPITAL ASSETS | | |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 4140 |
| | Section: 4000 – Sample Financial Information | Date Issued: March 29, 2007 |
| | Subject: 4140 – Statement of Financial Activities of the Water Utility Capital Fund | Revisions: |

(Name) Water Utility

Statement of Financial Activities of the Water Utility Capital Fund

Year Ended March 31, 20xx

| | Current Year Budget | Current Year Actual | Prior Year Actual |
|--|------------------------------------|------------------------------------|----------------------------------|
| REVENUE | | | |
| Capital Contributions | | | |
| Recovery from Outside Sources | | | |
| Proceeds on Sale of Assets | | | |
| Sales of Service | | | |
| TOTAL REVENUE | | | |
| EXPENDITURES | | | |
| Capital Expenditures | | | |
| Extraordinary and Special Items | | | |
| TOTAL EXPENDITURES | | | |
| NET REVENUE (EXPENDITURE) | | | |
| FINANCING AND TRANSFERS | | | |
| Transfers to/from Own Reserves, Funds and Agencies | | | |
| Changes in Equity | | | |
| CHANGE IN FUND BALANCE | | | |
| BEGINNING FUND BALANCE | | | |
| ENDING FUND BALANCE | | | |

Note: Capital Contributions includes grants and donations

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 4150 |
| | Section: 4000 – Sample Financial Information | Date Issued: March 29, 2007 |
| | Subject: 4150 – Schedule of Investment in Water Utility Plant and Equipment | Revisions: |

(Name) Water Utility

**Schedule of Investment Water Utility
Plant and Equipment**

March 31, 20xx

| | Current Year 20xx | Prior Year 20xx |
|--|----------------------------------|--------------------------------|
| Land and land rights | | |
| Source of supply | \$ - | \$ - |
| Reservoir | | |
| Transmission | | |
| | | |
| Structures and improvements | | |
| Source of supply | | |
| Intakes | | |
| Pumping | | |
| Water Treatment | | |
| Distribution reservoirs and standpipes | | |
| | | |
| Equipment | | |
| Pumping | | |
| Water treatment | | |
| Transportation | | |
| Tools and work equipment | | |
| Office furniture and equipment | | |
| Other | | |
| | | |
| Mains | | |
| Transmission | | |
| Distribution | | |
| | | |
| Services | | |
| Meters | | |
| Hydrants | | |
| | | |
| | \$ - | \$ - |

| | | |
|---|---|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 4160 |
| | Section: 4000 – Sample Financial Information | Date Issued: March 29, 2007 |
| | Subject: 4160 – Schedules to Statement of Financial Activities of the Water Utility Operating Fund | Revisions: |

(Name) Water Utility

**Schedules to
Statement of Financial
Activities of the Water Operating Fund**

Year Ended March 31, 20xx

| | Current Year 20xx | Prior Year 20xx |
|--|----------------------------------|--------------------------------|
| Source of supply | | |
| Supervision and engineering | | |
| Supplies and expenses | | |
| Maintenance of plant | | |
| | | |
| Power and Pumping | | |
| Power | | |
| Maintenance | | |
| | | |
| Water Treatment | | |
| Supervision and engineering | | |
| Labour | | |
| Supplies and expenses | | |
| Maintenance of structures and improvements | | |
| Maintenance of equipment | | |
| | | |
| Transmission and distribution | | |
| Supervision and engineering | | |
| Maintenance of mains | | |
| Maintenance of other distribution plant | | |
| Rents | | |
| Stores expenses | | |
| Transportation expenses | | |
| Shop expenses | | |
| | | |
| Administration and general | | |
| Supervision | | |
| Consumer contracts and orders | | |
| Consumer billing and accounting | | |
| Uncollectible accounts | | |
| Employee benefits | | |
| General office expenses | | |
| Audit | | |
| Regulatory expenses | | |
| Maintenance of general property | | |
| Miscellaneous general expenses | | |
| | | |

| | | |
|---|--|---|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 4250.1 |
| | Section: 4200 – Capital Budget | Date Issued: March 29, 2007 |
| | Subject: 4250 – Capital Approvals | Revisions: July 13, 2010 April 25, 2013 November 29, 2019 January 10, 2020 |

Policies

- Each capital acquisition or construction project costing \$250,000 or more (in excess of \$1 Million for large scale public utilities) must be approved in advance by the Board. If a capital item/project is included in either a rate case or the three year Capital Budget it must still be submitted for subsequent approval as a stand alone application.

Procedures

- The application for a capital acquisition or expenditure approval (all projects of \$250,000 and over, or in excess of \$1 Million for large scale public utilities) must have, as a minimum, the following information:
 - Background information giving the reasons and need for the project;
 - A brief narrative describing the project;
 - Project cost showing where possible the costs by major category:
 - Contractor
 - Materials/supplies
 - Professional fees
 - Engineering and design
 - Communications
 - Equipment purchase or rental
 - Other labour
 - Administrative
 - Land purchase
 - Capitalized interest (see section 3070)
 - The proposed project funding by funding source, including interim financing during construction, with copies of any letters committing the funding.
- Other useful information:
 - A brief narrative describing how and why the funding plan is appropriate for the water utility;
 - A cash flow statement for multi-year projects showing capital expenditures and sources of funds by year;
 - For donated assets, or partially donated assets, provide the gross capital cost, the value or amount of the donation, the net capital cost and the name(s) of the donor;

- The measurable and not measurable benefits to be obtained and where possible the related cost justification;

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 4250.2 |
| | Section: 4200 – Capital Budget | Date Issued: March 29, 2007 |
| | Subject: 4250 – Capital Approvals | Revisions: July 13, 2010 April 25, 2013 |

- The impacts of the project on the revenues and expenditures of the water utility plus an estimate of the impact on the water rates;
- If a corresponding rate adjustment is an outcome, indicate the planned timing to file an application for adjustments to the rates for water and water related services; and
- Copies of available related documents or reports such as consultant reports, engineering and design materials, alternative solutions analyses, cost estimates or funding commitments.

NOTE: The Board understands that certain capital applications for approval can be adequately justified without providing all of the above detail.

| | | |
|---|---|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 4251.1 |
| | Section: 4200 – Capital Budget | Date Issued: April 25, 2013 |
| | Subject: 4251 – Changes to Approved Capital Projects | Revisions: January 10, 2020 |

Policies

1. No project may be substituted for another project, and the approved funding cannot be shifted to a different project without prior approval.
2. Board approval for Authorization to Overspend (ATO) is required any time a capital project:

For a large-scale utility:

- Has an increase in the estimated cost that brings the project's total cost to over \$1,000,000, if the original was under \$1,000,000 and did not have prior Board approval; or
- The actual project costs exceed the greater of \$250,000 or 5% of the previously estimated cost.

For all other utilities:

- Has an increase in the estimated cost that brings the project's total cost to over \$250,000, if the original was under \$250,000 and did not have prior Board approval; or
- The actual project costs exceed the greater of \$250,000 or 5% of the previously approved amount.

Procedures

1. The application for the abandonment of a capital acquisition or expenditure must have, as a minimum, the following information:
 - A brief narrative describing the reason for the abandonment;
 - How the Utility plans on addressing the issue that the project was intending to solve; and
 - The date in which the utility expects to undertake this project in the future, if applicable.

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|---|---|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 4251.2 |
| | Section: 4200 – Capital Budget | Date Issued: April 25, 2013 |
| | Subject: 4251 – Changes to Approved Capital Projects | Revisions: January 10, 2020 |

2. If the project is to be replaced with another capital project, the utility will follow the procedures as they relate to **Subject: 4250 – Capital Approvals** for the new project.
3. For large-scale utilities, projects with cost overruns that exceed the greater of \$250,000 or 5% of the previously estimated cost, the project must be applied for under **Subject: 4250 – Capital Approvals**. For all other utilities, projects that originally cost less than \$250,000 and cost overruns cause the project to breach the \$250,000 threshold and prior approval was not granted by the Board, the project must be applied for under **Subject: 4250 – Capital Approvals**.
4. For projects that had previously received Board approval and require an ATO due to cost over runs, the utility must, as a minimum, provide the following information:
 - A brief description of any changes made to the project (i.e. scope);
 - A project analysis showing the variances by major expense (i.e. Contractor; Materials/Supplies; Professional Fees; Engineering and Design; Communications; Equipment Purchase or Rental; Other Labour; Administrative; Land Purchase; Capitalized Interest (see section 3070);
 - An explanation of the variance in each of the above accounts, if applicable; and
 - The proposed funding of the cost overruns.

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 5010 |
| | Section: 5000 – Chart of Accounts | Date Issued: March 29, 2007 |
| | Subject: 5010 – General | Revisions: |

Policy

All water utilities in Nova Scotia must use the chart of accounts prescribed by the Board.

Procedures

1. The prescribed chart of accounts is required for water utilities in Nova Scotia.
2. It is recognized that some of the smaller utilities may not find it necessary to use all of the accounts.
3. Many account numbers or account categories are the same for the Operating Fund and the Capital Fund. For example, the Chart of Accounts has assigned 31000 for Cash and Cash Equivalents for both the Operating Fund (Page 5030) and the Capital Fund (Page 5040). It is expected that all utilities will (or have) implemented methodologies in their accounting and financial reporting systems to differentiate between the operating fund accounts and the capital fund accounts.
4. The Handbook has assigned the same account numbers to the actual cash cost and contributed amounts for the acquisition or construction of assets. This reflects that the depreciation rate of the actual cash cost and the amortization rate of the contributed amount must be the same. Each Utility must differentiate the accounts for the cash component and the contributed component by using a numeric or alphabetic suffix. For example, on Page 5160, the account number for Water Treatment Structures is 34350 and indented 34350 for Water Treatment Structures – Contributed. Depending upon the accounting system used, one method of differentiating the accounts would be to have 34350-1 as the account for Water Treatment Structures – Contributed.
5. Account 18500 is used for operating assistance funding. Any grants or government funding received for the purpose of acquiring or constructing utility assets are considered to be contributions or contributed assets for the purposes of definition in this Handbook and should be recorded in the Capital Fund.

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 5020 |
| | Section: 5000 – Chart of Accounts: Water Utility Operating Fund | Date Issued: March 29, 2007 |
| | Subject: 5020 – Summary of Operating Fund Account Classifications | Revisions: |

REVENUE

| | |
|-------|--------------------------|
| 11000 | METERED SALES |
| 12000 | FLAT RATE SALES |
| 13000 | PUBLIC FIRE PROTECTION |
| 14000 | SPRINKLER SERVICE |
| 15000 | SALES TO OTHER UTILITIES |
| 17000 | OTHER OPERATING REVENUE |
| 18000 | NON-OPERATING REVENUE |

EXPENDITURES

| | |
|-------|-------------------------------|
| 21000 | SOURCE OF SUPPLY |
| 22000 | POWER AND PUMPING |
| 23000 | WATER TREATMENT |
| 24000 | TRANSMISSION AND DISTRIBUTION |
| 25000 | ADMINISTRATION AND GENERAL |
| 26000 | DEPRECIATION |
| 27000 | TAXES |
| 28000 | OTHER OPERATING EXPENDITURES |
| 29000 | NON-OPERATING EXPENDITURES |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 5030 |
| | Section: 5000 – Chart of Accounts: Water Utility Operating Fund | Date Issued: March 29, 2007 |
| | Subject: 5030 – Summary of Financial Position Account Classifications | Revisions: |

ASSETS

| | |
|-------|---------------------------|
| 31000 | CASH AND CASH EQUIVALENTS |
| 32000 | RECEIVABLES |
| 33000 | INVESTMENTS |
| 34000 | TANGIBLE ASSETS |
| 39000 | OTHER FINANCIAL ASSETS |

LIABILITIES

| | |
|-------|---------------------------|
| 41000 | SHORT TERM BORROWINGS |
| 42000 | PAYABLES |
| 43000 | OTHER LIABILITIES |
| 44000 | ASSET VALUATION ALLOWANCE |
| 49000 | SURPLUS AND OTHER EQUITY |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 5040 |
| | Section: 5000 – Chart of Accounts: Water Utility Capital Fund | Date Issued: March 29, 2007 |
| | Subject: 5040 – Summary of Capital Fund Account Classifications | Revisions: |

ASSETS

| | |
|-------|-----------------------------|
| 31000 | CASH AND CASH EQUIVALENTS |
| 32000 | RECEIVABLES |
| 33000 | INVESTMENTS |
| 34000 | UTILITY PLANT AND EQUIPMENT |
| 35000 | WORK IN PROGRESS |
| 39000 | OTHER ASSETS |

LIABILITIES AND EQUITY

| | |
|-------|------------------------------|
| 41000 | SHORT TERM BORROWINGS |
| 42000 | PAYABLES |
| 43000 | LONG TERM DEBT |
| 44000 | OTHER LIABILITIES |
| 45000 | DEFERRED CONTRIBUTIONS |
| 46000 | RESERVES |
| 49000 | INVESTMENT IN CAPITAL ASSETS |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 5050 |
| | Section: 5000 – Chart of Accounts: Water Utility Operating Fund | Date Issued: March 29, 2007 |
| | Subject: 5050 – Revenue | Revisions: |

10000 REVENUE

11000 METERED SALES

- 11200 Metered Sales
- 11400 Vessels and/or bulk

12000 FLAT RATE SALES

13000 FIRE PROTECTION

- 13100 Public Fire Protection
- 13200 Public Fire Protection (other Municipalities)
- 13300 Private Fire Protection (other)

14000 SPRINKLER SERVICE

15000 SALES TO OTHER UTILITIES

17000 OTHER OPERATING REVENUE

- 17100 Special Services
- 17200 Rents

18000 NON-OPERATING REVENUE

- 18100 Jobbing and Contract Work
- 18200 Interest
- 18300 Grants
- 18400 Appropriations from Other Funds
- 18600 Transfer from Depreciation Fund
- 18900 Other Non-Operating Revenue

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 5060 |
| | Section: 5000 – Chart of Accounts: Water Utility Operating Fund | Date Issued: March 29, 2007 |
| | Subject: 5060 – Source of Supply | Revisions: |

21000 SOURCE OF SUPPLY

21100 SUPERVISION AND ENGINEERING

21200 OPERATION LABOUR

21300 OPERATION SUPPLIES AND EXPENSES

21400 MAINTENANCE OF SOURCE OF SUPPLY PLANT

21410 Maintenance of Impounding Reservoirs

21420 Maintenance of Intakes

21430 Maintenance of Wells and Springs

21440 Maintenance of Other Source Structures

21500 WATER PURCHASED

21600 RENTS

21900 OTHER SOURCE OF SUPPLY EXPENSES

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 5070 |
| | Section: 5000 – Chart of Accounts: Water Utility Operating Fund | Date Issued: March 29, 2007 |
| | Subject: 5070 – Power and Pumping | Revisions: |

22000 POWER AND PUMPING

22100 SUPERVISION AND ENGINEERING

22200 OPERATION LABOUR

22300 FUEL

22400 POWER PURCHASED

22500 MAINTENANCE OF PUMPING PLANT

22510 Maintenance of Structures and Improvements

22520 Maintenance of Pumping Equipment

22600 RENTS

22900 OTHER PUMPING EXPENSES

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 5080 |
| | Section: 5000 – Chart of Accounts: Water Utility Operating Fund | Date Issued: March 29, 2007 |
| | Subject: 5080 – Water Treatment | Revisions: |

23000 WATER TREATMENT

23100 SUPERVISION AND ENGINEERING

23200 OPERATION LABOUR

23250 POWER

23300 OPERATION SUPPLIES AND EXPENSES

23310 Chemicals and Additives

23390 Other Supplies and Expenses

23400 MAINTENANCE OF TREATMENT PLANT

23410 Maintenance of Structures and Improvements

23420 Maintenance of Treatment Equipment

23600 RENTS

23900 OTHER WATER TREATMENT EXPENSES

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 5090 |
| | Section: 5000 – Chart of Accounts: Water Utility Operating Fund | Date Issued: March 29, 2007 |
| | Subject: 5090 – Transmission and Distribution | Revisions: |

24000 TRANSMISSION AND DISTRIBUTION

24100 SUPERVISION AND ENGINEERING

24200 MAPS AND RECORDS

24300 OPERATION LABOUR

24310 Operation Labour – Mains

24320 Operation Labour – Meters

24400 MAINTENANCE OF TRANSMISSION AND DISTRIBUTION

24410 Maintenance of Distribution Reservoirs and
Standpipes

24420 Maintenance of Structures and Improvements

24430 Maintenance of Mains

24440 Maintenance of Other Distribution Plant

24441 Maintenance of Services

24442 Maintenance of Meters

24443 Maintenance of Hydrants

24500 RENTS

24600 STORE EXPENSES

24700 TRANSPORTATION EXPENSES

24800 SHOP EXPENSES

24900 OTHER TRANSMISSION AND DISTRIBUTION EXPENSES

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 5100 |
| | Section: 5000 – Chart of Accounts: Water Utility Operating Fund | Date Issued: March 29, 2007 |
| | Subject: 5100 – Administration and General | Revisions: |

25000 ADMINISTRATION AND GENERAL

25100 CONSUMER ACCOUNTING AND COLLECTING

- 25110 Supervision
- 25120 Meter Reading
- 25130 Consumer Billing and Accounting
- 25140 Collection
- 25150 Uncollectible Accounts
- 25160 Other Accounting and Collection Expenses

25200 SALARIES

- 25210 Officers and Executives Salaries and Benefits
- 25220 Salaries Allocated from Municipal Unit
- 25290 Other General Office Salaries and Benefits

25300 GENERAL OFFICE EXPENSES

- 25310 Officers and Executives Expenses
- 25320 General Office Employees Expenses
- 25330 General Office Expenses and Supplies
- 25340 General Office Expense Allocated from Municipal Unit

25400 PROFESSIONAL FEES

- 25410 Auditors
- 25420 Legal
- 25430 Special Services (Engineering Studies)

25500 REGULATORY EXPENSES

25600 INSURANCE

25700 RENTS OF GENERAL PROPERTY

25800 MAINTENANCE OF GENERAL PROPERTY

25900 OTHER ADMINISTRATION AND GENERAL EXPENSES

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 5110 |
| | Section: 5000 – Chart of Accounts: Water Utility Operating Fund | Date Issued: March 29, 2007 |
| | Subject: 5110 – Non-Operating Expenditures | Revisions: |

29000 NON-OPERATING EXPENDITURES

29100 REDEMPTION OF LONG TERM DEBT

- 29110 Principal Instalments on Long Term Debt
- 29120 Sinking Fund Requirements

29200 INTEREST ON LONG TERM DEBT

29300 OTHER INTEREST

- 29310 Bank Charges
- 29320 Interest on Temporary Borrowings
- 29330 Interest on Interfund Borrowings

29400 CAPITAL EXPENDITURES OUT OF OPERATING FUND

29900 OTHER NON-OPERATING EXPENSES

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 5120 |
| | Section: 5000 – Chart of Accounts: Water Utility Operating Fund | Date Issued: March 29, 2007 |
| | Subject: 5120 – Operating Fund Assets | Revisions: |

30000 OPERATING FUND ASSETS

31000 CASH AND CASH EQUIVALENTS

- 31100 Cash on Hand
- 31200 Cash in Bank
- 31300 Petty Cash

32000 RECEIVABLES

- 32100 Consumer Accounts Receivable
- 32200 Due from Other Funds
- 32300 Accrued Revenue
- 32900 Other Receivables

33000 INVESTMENTS

34000 TANGIBLE ASSETS

- 34100 Materials and Supplies
- 34900 Other Tangible Assets

39000 OTHER FINANCIAL ASSETS

- 39100 Prepaid Expenses
- 39200 Deferred Charges
- 39900 Other Current Assets

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 5130 |
| | Section: 5000 – Chart of Accounts: Water Utility Operating Fund | Date Issued: March 29, 2007 |
| | Subject: 5130 – Operating Fund Liabilities and Equity | Revisions: |

40000 OPERATING FUND LIABILITIES AND EQUITY

41000 SHORT TERM BORROWINGS

- 41100 Bank Loans
- 41900 Other Temporary Borrowings

42000 PAYABLES

- 42100 Trade Accounts Payable
- 42200 Accrued Payables
 - 42210 Accrued Interest Payable
 - 42290 Other Accrued Payables
- 42300 Consumer Deposits
- 42400 Due to Other Funds
- 42900 Other Payables

43000 OTHER LIABILITIES

- 43100 Deferred Revenue
- 43900 Other Current Liabilities

44000 ASSET VALUATION ALLOWANCES

- 44100 For Uncollectible Consumer Accounts
- 44200 For Other Doubtful Receivables
- 44900 Other Allowances

49000 SURPLUS AND OTHER EQUITY

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 5140 |
| | Section: 5000 – Chart of Accounts: Water Utility Capital Fund | Date Issued: March 29, 2007 |
| | Subject: 5140 – Capital Fund Assets | Revisions: |

30000 CAPITAL FUND ASSETS

31000 CASH AND CASH EQUIVALENTS

- 31100 Cash in Banks
- 31200 Depreciation Funds
- 31900 Other Special Funds

32000 RECEIVABLES

- 32100 Due from Other Funds
- 32900 Other Receivables

33000 INVESTMENTS

34000 UTILITY PLANT AND EQUIPMENT

35000 WORK IN PROGRESS

39000 OTHER ASSETS

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 5150 |
| | Section: 5000 – Chart of Accounts: Water Utility Capital Fund | Date Issued: March 29, 2007 |
| | Subject: 5150 – Capital Fund Liabilities and Equity | Revisions: |

40000 CAPITAL FUND LIABILITIES AND EQUITY

461000 TEMPORARY BORROWINGS

- 41100 Bank Loans
- 41900 Other Temporary Borrowings

42000 PAYABLES

- 42100 Trade Accounts Payable
- 42200 Due to Other Funds
- 42900 Other Payables

43000 LONG TERM DEBT

- 43100 Debentures
- 43900 Other Long Term Debt

44000 OTHER LIABILITIES

45000 DEFERRED CONTRIBUTIONS

46000 RESERVES

- 46100 Depreciation Reserve
- 46200 Amortization Reserve
- 46900 Other Reserves

49000 INVESTMENT IN CAPITAL ASSETS

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 5160.1 |
| | Section: 5000 – Chart of Accounts: Water Utility Capital Fund | Date Issued: March 29, 2007 |
| | Subject: 5160 – Utility Plant and Equipment in Service | Revisions: |

34000 UTILITY PLANT AND EQUIPMENT IN SERVICE

34100 INTANGIBLE PLANT

- 34110 Organization
- 34190 Other Intangible Plant

34200 LAND AND LAND RIGHTS

- 34210 Source of Supply Land
- 34220 Water Rights
- 34230 Reservoir Land
- 34240 Pumping Land
- 34250 Water Treatment Land
- 34260 Transmission Land and Rights of Way
- 34270 Office Land
- 34280 Stores, Shops and Garage Land
- 34290 Other Land and Land Rights

34300 STRUCTURES AND IMPROVEMENTS

- 34310 Source of Supply Structures
- 34320 Collecting and Impounding Reservoirs
 - Collecting and Impounding Reservoirs – Contributed
- 34330 Lakes, Rivers and Other Intakes
 - Lakes, Rivers and Other Intakes – Contributed
- 34340 Pumping Structures
 - Pumping Structures – Contributed
- 34350 Water Treatment Structures
 - Water Treatment Structures – Contributed
- 34360 Distribution Reservoirs and Standpipes
 - Distribution Reservoirs and Standpipes – Contributed
- 34370 Office Buildings
 - Office Buildings – Contributed
- 34380 Stores, Shops and Garage Buildings
 - Stores, Shops and Garage Buildings – Contributed
- 34390 Other Structures and Improvements
 - Other Structures and Improvements – Contributed

| | | |
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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 5160.2 |
| | Section: 5000 – Chart of Accounts: Water Utility Capital Fund | Date Issued: March 29, 2007 |
| | Subject: 5160 – Utility Plant and Equipment in Service | Revisions: |

34000 UTILITY PLANT AND EQUIPMENT IN SERVICE (cont'd)

34400 EQUIPMENT

- 34410 Pumping Equipment
- 34420 Water Treatment Equipment
- 34430 Office Furniture and Equipment
- 34440 Transportation Equipment
- 34450 Stores Equipment
- 34460 Shop Equipment
- 34470 Garage Equipment
- 34480 Tools and Work Equipment
- 34490 Other Equipment

34500 MAINS

- 34510 Transmission
 - Transmission Mains – Contributed
- 34520 Distribution
 - Distribution Mains – Contributed

34600 SERVICES

34700 METERS

34800 HYDRANTS

34900 OTHER TANGIBLE PLANT

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 7010 |
| | Section: 7000 – Rate and Service Adjustments | Date Issued: March 29, 2007 |
| | Subject: 7010 – Rate Determination Policies | Revisions: |

General

The Board, authorized under the *Public Utilities Act*, is required to approve water billing rates and terms of service for all water utilities in Nova Scotia. The request for adjustments to current water billing rates is a formal process started by the water utility. It is a formal application to the Board, and after a publication process followed by a public hearing, the Board renders its decision in the form of an order.

The purpose of this section of the Handbook is to provide the policies to be followed regarding water rate adjustments and the application for water rate adjustments.

Policies

1. Water utilities are experiencing continual change in standards and level of services expected to be provided. The utilities are expected to make changes to rates regularly so as to avoid deficit operations in the utility itself and to avoid sudden increases to the users of water and water services.
2. If a water utility finds that there is no need to apply for water rate adjustments after five years following the last rate adjustment, then the water utility must inform the Board, in writing, why it does not need to adjust its rates at this time and when the next request for water rate adjustments will be submitted.
3. Any new or amended depreciation rates used in the rate application which are not in the guidelines or have not been approved in advance by the Board, must be identified and the Board requested to approve the rates as part of the rate application.
4. All significant assumptions made and used to calculate the adjustments to the water rates and services should be stated in the appropriate schedule or worksheet.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 7020 |
| | Section: 7000 – Rate Setting | Date Issued: March 29, 2007 |
| | Subject: 7020 – Rate Setting Principles | Revisions: |

Rate setting is a multi-step process. The first step is to determine the costs of the utility in providing service. The second step is to allocate those costs to each customer class based upon the cost of providing service to that class. This is done in a cost of service study. The final step is rate design. The determination of cost of service is an exercise that is separate from rate design. The cost of service attempts to determine the cost of providing service to each customer class. Rate design is based on cost of service but is driven by considerations other than just cost, such as simplicity, clarity of design, understandability, sending appropriate price signals and customer impacts.

Some of the principles which are to be followed in setting rates include:

Cost of Service – Rates charged for a public service should, to the extent possible, be commensurate with the cost of providing the service.

Return – Rates charged for a public service should, to the extent possible, provide a just and reasonable return on the rate base employed in the delivery of that service.

Equity – Rates charged for a public service should, to the extent possible, be charged equally when service is provided under substantially similar circumstances and description.

A utility is entitled to earn a return on its rate base.

A utility's return on rate base should be just and reasonable as determined by the Board. The utility must meet all operating costs, earn a sufficient return to maintain the integrity of the investment. Enabling a utility to do these things is the main objective of a regulatory body.

| | | |
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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 7030 |
| | Section: 7000 – Rate Setting | Date Issued: March 29, 2007 |
| | Subject: 7030 – English to Metric Conversions | Revisions: |

Many water utilities still have components and services specified in English units. The conversions to metric used by the Board are as follows:

| English | Metric |
|---|------------------|
| Pipe, service and meter diameter | |
| 5/8" | 15 mm |
| 3/4" | 20 mm |
| 1" | 25 mm |
| 1 1/2" | 40 mm |
| 2" | 50 mm |
| 3" | 75 mm |
| 4" | 100 mm |
| 6" | 150 mm |
| 8" | 200 mm |
| 10" | 250 mm |
| 12" | 300 mm |
| 24" | 600 mm |
| Area | |
| 1 acre | .40 Ha |
| Flow | |
| 220 gal | 1 m ³ |
| Length | |
| 1 foot | .3 m |
| Dosage | |
| 1 part per million | 1 mg/l |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: 7040 |
| | Section: 7000 – Rate Setting | Date Issued: March 29, 2007 |
| | Subject: 7040 – Application for Adjustments to Water Rates and Services | Revisions: |

Policy

In order to establish a uniform methodology for the determination of rates for water and water services in Nova Scotia, all utilities must calculate water rates in accordance with the policies in this Handbook. Suggested formats are in Appendix B of the Handbook.

APPENDIX A

Detailed Schedules for Developing Operating Budgets

APPENDIX A CONTENTS

DETAILED SCHEDULES FOR DEVELOPING OPERATING BUDGETS

| | |
|-------------------------------|-------|
| Operating Revenue | A4320 |
| Source of Supply | A4330 |
| Power and Pumping | A4340 |
| Water Treatment | A4350 |
| Transmission and Distribution | A4360 |
| Administration and General | A4370 |
| Non-Operating Revenue | A4375 |
| Non-Operating Expenditures | A4380 |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: A4320 |
| | Section: A4300 – Sample Operating Fund Budget | Date Issued: March 29, 2007 |
| | Subject: A4320 – Operating Revenue | Revisions: |

10000-17999 OPERATING REVENUE

| | | 20XW (last fiscal year) | | 20XX (this year) | 20XY (year 2) | 20XZ (year 3) |
|--------------|---|----------------------------|--------|---------------------|------------------|------------------|
| | | Budget | Actual | Budget | Budget | Budget |
| 11000 | METERED SALES | | | | | |
| 11200 | Metered Sales | | | | | |
| 11400 | Vessels and/or bulk | | | | | |
| | Total Metered Sales | | | | | |
| 12000 | FLAT RATE SALES | | | | | |
| | Total Flat Rate Sales | | | | | |
| 13000 | FIRE PROTECTION | | | | | |
| 13100 | Public Fire Protection | | | | | |
| 13200 | Public Fire Protection (other Municipalities) | | | | | |
| 13300 | Private Fire Protection (other) | | | | | |
| | Total Fire Protection Sales | | | | | |
| 14000 | SPRINKLER SERVICE | | | | | |
| 15000 | SALES TO OTHER UTILITIES | | | | | |
| 17000 | OTHER OPERATING REVENUE | | | | | |
| 17100 | Special Services | | | | | |
| 17200 | Rents | | | | | |
| | Total Other Operating Revenue | | | | | |
| | TOTAL OPERATING REVENUE | | | | | |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: A4330 |
| | Section: A4300 – Sample Operating Fund Budget | Date Issued: March 29, 2007 |
| | Subject: A4330 – Source of Supply | Revisions: |

21000 SOURCE OF SUPPLY

| | | 20XW (last fiscal year) | | 20XX (this year) | 20XY (year 2) | 20XZ (year 3) |
|--------------|--|------------------------------------|---------------|-----------------------------|--------------------------|--------------------------|
| | | Budget | Actual | Budget | Budget | Budget |
| 21100 | SUPERVISION AND ENGINEERING | _____ | _____ | _____ | _____ | _____ |
| 21200 | OPERATION LABOUR | _____ | _____ | _____ | _____ | _____ |
| 21300 | OPERATION SUPPLIES AND EXPENSES | _____ | _____ | _____ | _____ | _____ |
| 21400 | MAINTENANCE OF PLANT | | | | | |
| 21410 | Reservoirs | | | | | |
| 21420 | Intakes | | | | | |
| 21430 | Wells and Springs | | | | | |
| 21440 | Other | _____ | _____ | _____ | _____ | _____ |
| | Total Maintenance of Plant | _____ | _____ | _____ | _____ | _____ |
| 21500 | WATER PURCHASED | _____ | _____ | _____ | _____ | _____ |
| 21600 | RENTS | _____ | _____ | _____ | _____ | _____ |
| 21900 | OTHER | _____ | _____ | _____ | _____ | _____ |
| | TOTAL | ===== | ===== | ===== | ===== | ===== |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: A4340 |
| | Section: A4300 – Sample Operating Fund Budget | Date Issued: March 29, 2007 |
| | Subject: A4340 – Power and Pumping | Revisions: |

22000 POWER AND PUMPING

| | | 20XW (last fiscal year) | | 20XX (this year) | 20XY (year 2) | 20XZ (year 3) |
|--------------|------------------------------------|----------------------------|--------|---------------------|------------------|------------------|
| | | Budget | Actual | Budget | Budget | Budget |
| 22100 | SUPERVISION AND ENGINEERING | _____ | _____ | _____ | _____ | _____ |
| 22200 | OPERATION LABOUR | _____ | _____ | _____ | _____ | _____ |
| 22300 | FUEL | _____ | _____ | _____ | _____ | _____ |
| 22400 | POWER PURCHASED | _____ | _____ | _____ | _____ | _____ |
| 22500 | MAINTENANCE OF PLANT | | | | | |
| 22510 | Structures and Improvements | _____ | _____ | _____ | _____ | _____ |
| 22520 | Pumping Equipment | _____ | _____ | _____ | _____ | _____ |
| | Total Maintenance | _____ | _____ | _____ | _____ | _____ |
| 22600 | RENT | _____ | _____ | _____ | _____ | _____ |
| 22900 | OTHER | _____ | _____ | _____ | _____ | _____ |
| | TOTAL | ===== | ===== | ===== | ===== | ===== |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: A4350 |
| | Section: A4300 – Sample Operating Fund Budget | Date Issued: March 29, 2007 |
| | Subject: A4350 – Water Treatment | Revisions: |

| 23000 WATER TREATMENT | | | | | | | |
|-----------------------|--|----------------------------|--------|---------------------|------------------|------------------|--|
| | | 20XW (last fiscal year) | | 20XX (this year) | 20XY (year 2) | 20XZ (year 3) | |
| | | Budget | Actual | Budget | Budget | Budget | |
| 23100 | SUPERVISION AND ENGINEERING | | | | | | |
| 23200 | OPERATION LABOUR | | | | | | |
| 23250 | POWER | | | | | | |
| 23300 | OPERATION SUPPLIES AND EXPENSES | | | | | | |
| 23310 | Chemicals and Additives | | | | | | |
| 23390 | Other | | | | | | |
| | Total Operation Supplies and Expenses | | | | | | |
| 23400 | MAINTENANCE OF PLANT | | | | | | |
| 23410 | Maintenance of Structures | | | | | | |
| 23420 | Maintenance of Equipment | | | | | | |
| | Total Maintenance of Plant | | | | | | |
| 23600 | RENTS | | | | | | |
| 23900 | OTHER | | | | | | |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: A4360 |
| | Section: A4300 – Sample Operating Fund Budget | Date Issued: March 29, 2007 |
| | Subject: A4360 – Transmission and Distribution | Revisions: |

24000 TRANSMISSION AND DISTRIBUTION

| | | 20XW (last fiscal year) Budget | Actual | 20XX (this year) Budget | 20XY (year 2) Budget | 20XZ (year 3) Budget |
|--------------|------------------------------------|---|---------------|--|-------------------------------------|-------------------------------------|
| 24100 | SUPERVISION AND ENGINEERING | _____ | _____ | _____ | _____ | _____ |
| 24200 | MAPS AND RECORDS | _____ | _____ | _____ | _____ | _____ |
| 24300 | OPERATION LABOUR | | | | | |
| 24310 | Mains | | | | | |
| 24320 | Meters | _____ | _____ | _____ | _____ | _____ |
| | Total Operation Labour | _____ | _____ | _____ | _____ | _____ |
| 24400 | MAINTENANCE OF PLANT | | | | | |
| 24410 | Reservoirs | | | | | |
| 24420 | Structures and Improvements | | | | | |
| 24430 | Mains | | | | | |
| 24440 | Other | | | | | |
| 24441 | Maintenance of Services | | | | | |
| 24442 | Maintenance of Meters | | | | | |
| 24443 | Maintenance of Hydrants | _____ | _____ | _____ | _____ | _____ |
| | Total Maintenance of Plant | _____ | _____ | _____ | _____ | _____ |
| 24500 | RENTS | _____ | _____ | _____ | _____ | _____ |
| 24600 | STORE EXPENSES | _____ | _____ | _____ | _____ | _____ |
| 24700 | TRANSPORTATION | _____ | _____ | _____ | _____ | _____ |
| 24800 | SHOP EXPENSES | _____ | _____ | _____ | _____ | _____ |
| 24900 | OTHER | _____ | _____ | _____ | _____ | _____ |
| | TOTAL | ===== | ===== | ===== | ===== | ===== |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: A4370 |
| | Section: A4300 – Sample Operating Fund Budget | Date Issued: March 29, 2007 |
| | Subject: A4370 – Administration and General | Revisions: |

25000 ADMINISTRATION AND GENERAL

| | | 20XW (last fiscal year) | | 20XX (this year) | 20XY (year 2) | 20XZ (year 3) |
|--------------|---|----------------------------|--------|---------------------|------------------|------------------|
| | | Budget | Actual | Budget | Budget | Budget |
| 25100 | CONSUMER ACCOUNTING AND COLLECTING | | | | | |
| 25110 | Supervision | | | | | |
| 25120 | Meter Reading | | | | | |
| 25130 | Billing and Accounting | | | | | |
| 25140 | Collection | | | | | |
| 25150 | Uncollectible Accounts | | | | | |
| 25160 | Other | | | | | |
| | Total Consumer Accounting and Collection | | | | | |
| 25200 | SALARIES | | | | | |
| 25210 | Officers and Executives | | | | | |
| 25220 | Allocated | | | | | |
| 25290 | Other | | | | | |
| | Total Salaries | | | | | |
| 25300 | GENERAL OFFICE EXPENSES | | | | | |
| 25310 | General Officers | | | | | |
| 25320 | General Office Employees | | | | | |
| 25330 | General Office | | | | | |
| 25340 | Allocated | | | | | |
| | Total General Office Expenses | | | | | |
| 25400 | PROFESSIONAL FEES | | | | | |
| 25410 | Auditors | | | | | |
| 25420 | Legal | | | | | |
| 25430 | Special Services | | | | | |
| | Total Professional Fees | | | | | |
| 25500 | REGULATORY EXPENSES | | | | | |
| 25600 | INSURANCE | | | | | |
| 25700 | RENTS OF GENERAL PROPERTY | | | | | |
| 25800 | MAINTENANCE OF GENERAL PROPERTY | | | | | |
| 25900 | OTHER | | | | | |
| | TOTAL | | | | | |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: A4375 |
| | Section: A4300 – Sample Operating Fund Budget | Date Issued: March 29, 2007 |
| | Subject: A4375 – Non-Operating Revenue | Revisions: |

18000 NON-OPERATING REVENUE

| | | 20XW (last fiscal year) | | 20XX (this year) | 20XY (year 2) | 20XZ (year 3) |
|--------------|-------------------------------------|----------------------------|--------|---------------------|------------------|------------------|
| | | Budget | Actual | Budget | Budget | Budget |
| 18000 | NON-OPERATING REVENUE | | | | | |
| 18100 | Jobbing and Contract Work | | | | | |
| 18200 | Interest | | | | | |
| 18300 | Grants | | | | | |
| 18400 | Appropriations from Other Funds | | | | | |
| 18500 | Amortization of Deferred Assistance | | | | | |
| 18600 | Transfer from Depreciation Fund | | | | | |
| 18900 | Other | | | | | |
| | Total Non-Operating Revenue | | | | | |
| | TOTAL | | | | | |

| | | |
|--|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: A4380 |
| | Section: A4300 – Sample Operating Fund Budget | Date Issued: March 29, 2007 |
| | Subject: A4380 – Non-Operating Expenditures | Revisions: |

29000 NON-OPERATING EXPENDITURES

| | | 20XW (last fiscal year) Budget | Actual | 20XX (this year) Budget | 20XY (year 2) Budget | 20XZ (year 3) Budget |
|--------------|---|--------------------------------------|--------|-------------------------------|----------------------------|----------------------------|
| 29100 | REDEMPTION OF LONG TERM DEBT | | | | | |
| 29110 | Principal | | | | | |
| 29120 | Sinking Fund | | | | | |
| | Total Redemption of Long Term Debt | | | | | |
| 29200 | INTEREST ON LONG TERM DEBT | | | | | |
| 29300 | OTHER INTEREST | | | | | |
| 29310 | Bank Charges | | | | | |
| 29320 | Temporary Borrowings | | | | | |
| 29330 | Interfund | | | | | |
| | Total Other Interest | | | | | |
| 29400 | CAPITAL EXPENDITURES OUT OF OPERATING FUND | | | | | |
| 29900 | OTHER | | | | | |
| | TOTAL | | | | | |

APPENDIX B

Guidelines for Calculation and Preparation of an Application for Adjustments to Water Rates and Services

APPENDIX B CONTENTS

| | |
|--|-------|
| SAMPLE FOR CALCULATING ADJUSTMENTS TO WATER RATES AND SERVICES | B0000 |
| General | B0010 |
| Contents of Applications | B0020 |
| Source of Supply | B0030 |
| Transmission and Distribution | B0100 |
| Water Consumption | B0140 |
| Customers | B0150 |
| Customer Service Statistics | B0152 |
| Fire Protection Statistics | B0154 |
| Customers: Inter-municipal Services Form | B0170 |
| Public Fire Protection | B0180 |
| Rate Calculations | B0200 |
| Rate Calculations: Comments | B0210 |
| Comparative Statement of Financial Activities of the Water Utility Operating Fund – Worksheet B-1 | B0225 |
| Statement of Operating Expenditures and Revenue Requirements: Worksheet B-2 | B0230 |
| Source of Supply Operating Expenditures: Worksheet B-2a | B0235 |
| Power and Pumping Operating Expenditures: Worksheet B-2b | B0240 |
| Water Treatment Operating Expenditures: Worksheet B-2c | B0245 |
| Transmission and Distribution Operating Expenditures: Worksheet B-2d | B0250 |
| Administration and General Operating Expenditures: Worksheet- B 2e | B0255 |
| Depreciation Calculation: Worksheet B-3 | B0260 |
| Amortization Calculation: Worksheet B-4 | B0265 |
| Allocation of Utility Plant: Worksheet B-5 | B0270 |
| Calculation of Fire Protection Charges: Worksheet C-1 | B0275 |
| Calculation of Rate Base and Return: Worksheet C-2 | B0280 |
| Calculation of Revenue by Billing Category: Worksheet C-3 | B0285 |
| Service Connections and Equivalents: Worksheet C-4 | B0290 |
| Calculation of Base and Customer Charges: Worksheet C-5 | B0295 |
| Water Consumption by Block: Worksheet C-6 | B0300 |
| Calculation of Consumption Charge: Worksheet C-7 | B0305 |
| Projected Operating Revenue at Proposed Rates: Worksheet C- 8 | B0310 |
| Comparison of Current Water Rates with Proposed Rates: Worksheet D-1 | B0315 |
| Projected Revenues Over Expenditures: Worksheet D-2 | B0320 |
| Projected Statement of Financial Position of the Water Capital Fund: Worksheet D-3 | B0325 |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0010 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0010 – General | Revisions: |

General

The purpose of this Appendix is to describe the suggested information, documentation to be included and the format to be followed in an application for adjustments to water rates and services.

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0020.1 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0020 – Contents of Applications | Revisions: |

The application for water rate adjustments has four major sections:

- A – System Description;
- B – Historical and Projected Financial Information;
- C – Methodology and Calculations of Water Rates; and
- D – Proposed Rates and Revenues Impacts

A – System Description

This part of the application provides the Board with information on the system as it exists including sources of supply, transmission and distribution infrastructure, fire protection and customers.

The specific information needed for Section A is described in the following:

| <u>Page</u> | <u>Subject</u> |
|-------------|--|
| B0030 | Source of Supply |
| B0100 | Transmission and Distribution |
| B0140 | Water Consumption |
| B0150 | Customers |
| B0152 | Customer Service Statistics |
| B0154 | Fire Protection Statistics |
| B0170 | Customers: Inter-municipal Services Form |
| B0180 | Public Fire Protection |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0020.2 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0020 – Contents of Applications | Revisions: |

B – Historical and Projected Financial Information

This part of the application provides the historical financial statements, the projected financial statements before proposed rate increases, depreciation and amortization calculations and allocation of plant between general service and fire protection.

More specifically, the statements and worksheets to be shown in this part of the application are:

| <u>Page</u> | <u>Subject</u> | <u>Worksheet</u> |
|-------------|---|------------------|
| B0225 | Comparative Statement of Financial Activities of the Water Utility Operating Fund | B-1 |
| B0230 | Statement of Operating Expenditures and Revenue Requirements | B-2 |
| B0235 | Source of Supply Operating Expenditures | B-2a |
| B0240 | Power and Pumping Operating Expenditures | B-2b |
| B0245 | Water Treatment Operating Expenditures | B-2c |
| B0250 | Transmission and Distribution Operating Expenditures | B-2d |
| B0255 | Administration and General Operating Expenditures | B-2e |
| B0260 | Depreciation Calculation | B-3 |
| B0265 | Amortization Calculation | B-4 |
| B0270 | Allocation of Utility Plant | B-5 |

C – Methodology and Calculations of Water Rates

This part of the application provides the calculations leading to the determination of the proposed water rates.

The worksheets to be shown in this part of the application are:

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0020.3 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0020 – Contents of Applications | Revisions: |

| <u>Page</u> | <u>Subject</u> | <u>Worksheet</u> |
|-------------|---|------------------|
| B0275 | Calculation of Fire Protection Charges | C-1 |
| B0280 | Calculation of Rate Base and Return | C-2 |
| B0285 | Calculation of Revenue by Billing Category | C-3 |
| B0290 | Service Connections and Equivalents | C-4 |
| B0295 | Calculation of Base and Customer Charges | C-5 |
| B0300 | Water Consumption by Block | C-6 |
| B0305 | Calculation of Consumption Charge | C-7 |
| B0310 | Projected Operating Revenue at Proposed Rates | C-8 |

D – Proposed Rates and Revenues Impacts

This part of the application provides a comparison of the current rates to the proposed rates for individual water users and a projection of the water utility financial activities using the proposed rates.

The specific worksheets to be included in this part of the rate application are:

| <u>Page</u> | <u>Subject</u> | <u>Worksheet</u> |
|-------------|---|------------------|
| B0315 | Comparison of Current Water Rates with Proposed Rates | D-1 |
| B0320 | Projected Revenues Over Expenditures Using Proposed Rates | D-2 |
| B0325 | Projected Statement of Financial Position of the Water Capital Fund | D-3 |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0030 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0030 – Source of Supply | Revisions: |

1. Information for Rate and Service Adjustment Application

The application for rate and service adjustments must contain a brief description of the sources of water supply commenting in summary form the more detailed information that must be available should the Board request it.

The application should include a current map locating source of supply, transmission mains and distribution mains.

2. Additional Source of Supply Information

Each water utility must be able to submit, either at a public hearing, or at any time that the Board may request, additional information with respect to the Utility's source of supply, including watersheds.

3. Indicate whether the system has a master meter installed.

4. Watersheds

Provide a brief description of the watershed for each major water source supplying the utility and provide a description of any features or controls designed to protect the watershed.

Indicate whether the watershed is owned by the utility or municipal unit responsible for operating the utility. If a watershed is partially owned by the utility or by the municipal unit responsible for operating the utility describe the amount and location owned. For those watersheds not completely owned indicate whether the utility or municipal unit responsible for operation of the utility has provided a reserve in its financial statements for future acquisition.

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0100 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0100 – Transmission and Distribution | Revisions: |

1. Information for Rate and Service Adjustment Application

The application for rate and service adjustments must contain a brief description of the transmission and distribution systems and any significant changes made since the last rate hearing, or since the last system description was submitted to the Board.

2. Water Consumption and Losses

Water utilities must report their water loss experience for the year. Water supplied from source is the total of water supplied from all lake or river systems and wells and is best measured by a master meter installed near the source. If a master meter is not in place, estimates can be obtained by measuring the flows at various times during a year.

Water used by non-metered customers can be estimated by determining the average use per non-metered customer for each class of customer and multiplying that amount by the number of customers in each class. Water used by metered customers should be taken from internal records and annualized to correct for fluctuations in billing periods.

Provide the number of breaks in the system per year since the last application for adjustments to the water and water related services rates.

Specify the estimated water loss both in percentage of total from source(s) of supply and in cubic metres per year since the last application for adjustments to the water and water related services rates.

If non-revenue water is higher than 20 percent provide a description of the reasons why and any action contemplated or taken to correct the situation. See form on page B0140.

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0140 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0140 – Water Consumption | Revisions: |

WATER CONSUMPTION

| | | Percent of Water Supplied |
|---|-------|--|
| 1. Water supplied from source | _____ | _____ |
| 2. Water used by non-metered customers | _____ | _____ |
| 3. Water used by metered customers | _____ | _____ |
| 4. Gross non-revenue water (1 minus 2 minus 3) | _____ | _____ |

If non-revenue water is higher than 20 percent provide a description of the reasons why and any action contemplated or taken to correct the situation.

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0150 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0150 – Customers | Revisions: |

1. Customer Information

In the determination of the new billing rate calculations data is required on the current and projected customers by meter size. The summary information to be provided is shown on page B0152.

For each customer class (e.g. metered, flat rate) indicate the frequency of billing and the billing dates during the year. Indicate whether customers are billed in advance or in arrears and the date of the utility's last rate increase.

2. Fire Protection Statistics

The required hydrant and sprinkler data to be submitted with the Application for Water Rate and Service Adjustments is as shown on page B0154.

3. Inter-municipal Services

Provide a description of services provided to adjacent municipalities or customers located in adjacent municipalities. In this description include the name of the adjacent municipality, location and number of customers served, and the type of service provided.

Describe the water utility plant employed in providing the above service. Indicate whether the plant is used solely for purposes of serving the adjacent municipality/customers or is used jointly with service to customers residing in your municipal unit.

The form on page B0170 requests additional information on inter-municipal services.

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0152 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0152 – Customer Service Statistics | Revisions: |

CUSTOMERS

Meters

| | | <u>Time of Application</u> | <u>Year 1</u> | <u>Year 2</u> | <u>Year 3</u> |
|------|-----------------|--------------------------------|---------------|---------------|---------------|
| Size | | | | | |
| | 5/8" | 15 mm | | | |
| | 3/4" | 20 mm | | | |
| | 1" | 25 mm | | | |
| | 1 1/2" | 40 mm | | | |
| | 2" | 50 mm | | | |
| | 3" | 75 mm | | | |
| | 4" | 100 mm | | | |
| | 6" | 150 mm | | | |
| | 8" | 200 mm | | | |
| | Greater than 8" | > 200 mm | | | |

Non-metered
customers

Residential

Other

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0154 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0154 – Fire Protection Statistics | Revisions: |

At Last Rate
Hearing

Current Balance

Hydrants

Private hydrants

Sprinkler lines

What is the frequency of flushing the public hydrants?

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0170 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0170 – Customers: Inter-municipal Services Form | Revisions: |

CUSTOMERS

Inter-municipal services

If water and/or water services (e.g. fire protection) are provided to an adjacent municipality or customers located in an adjacent municipality, describe the services provided.

Describe water utility plant employed in providing this service including the following:

- Transmission main
- Distribution main
- Water storage
- Hydrants
- Meters
- Service lines

Indicate whether the above listed plant is used exclusively for providing this service or is used jointly with service to customers residing in your municipal unit.

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0180 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0180 – Public Fire Protection | Revisions: |

1. Information for Rate and Services Adjustments Application

The application for rate and service adjustments should have a brief description of the public fire protection provided and the significant changes since the last rate hearing.

2. Additional Public Fire Protection Information

Some utilities will have a fire underwriters survey conducted. If one has been completed, please file a copy of the most recent survey with the Board. The survey should contain the following information:

- Year of the survey;
- Grade of the water system;
- A copy of the recommended improvement program as prepared by the rating agency; and
- A copy of the flow test tables (which are included with the survey report).

If a separate grade for the water utility has not been made available this should be obtained directly from the fire underwriters.

If the classification of the system is not satisfactory, provide a description of any action contemplated or taken to correct the situation. _____

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0200 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0200 – Rate Calculations | Revisions: |

The Board is responsible to set just and reasonable rates for water and water services delivered to customers by all water utilities in Nova Scotia. The purpose of this section is to provide a methodology and to provide guidelines on how rates should be calculated.

This methodology applies to a situation where there are no inter-utility or inter-municipality connections.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0210.1 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0210 – Rate Calculations: Comments | Revisions: |

General

The rate calculation methodology is reflected in a series of spreadsheets, shown in the Handbook as worksheets. These worksheets, with the accompanying preparation comments should be sufficient for water utilities to calculate the changes in water rates needed to recover the Net Operating Revenue plus calculate the return on rate base needed to recover the non-operating expenditures.

The balance of this section gives comments on each of the worksheets.

Comparative Statement of Operations – Worksheet B-1 (page B0225)

The worksheet is intended to show comparative historical results and projected results using the current approved water and water services rates.

In addition to this worksheet, the application must include the audited financial statements of the water utility for the most recently completed fiscal year.

Statement of Expenditures and Revenue Requirements – Worksheet B-2 (page B0230)

This schedule shows how to determine the Revenue Required from Fire Protection and Water Customers for the future test years. The supporting worksheets for the operating expenditures are Worksheets B-2a (page B0235) to B-2e (page B0255). Note that the assumptions used must be shown on the worksheets. In many cases the test years' expenditures will be the same as used in projections for Worksheet B-1.

Depreciation Calculation – Worksheet B-3 (page B0260)

This worksheet should show how the depreciation was calculated by asset category using the depreciation rates approved by the Board. This should be calculated for each of the test years.

Any unusual items or assumptions should be disclosed on the schedules or by separate comments.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0210.2 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0210 – Rate Calculations: Comments | Revisions: |

Amortization Calculation – Worksheet B-4 (page B0265)

This worksheet shows how the annual amortization was calculated on the Capital Contributions received by the water utility. This should be calculated for each of the test years.

The Capital Contributions must be recorded by asset category and the Board approved rates used to calculate the annual amortization.

Any unusual items or assumptions should be disclosed on the worksheets or by separate comments.

Allocation of Utility Plant – Worksheet B-5 (page B0270)

This worksheet is used in the determination of the charge for fire protection services.

The purpose of Worksheet B-5 is to approximate the total percentage share of the plant used for General Service and for Fire Protection.

This total percentage will be used in Worksheet C-1 (page B0275).

The actual allocation percentage between General Service and Fire Protection would normally require engineering and technical analyses of the complete water system and are usually based on the fire flow requirements as measured by a rating agency (see page B0180). However, where such engineering analyses are not available, or not economically worth doing, the suggestions in Worksheet B-5 may be used.

Note that the amounts to be used in this worksheet are the sum of the actual cost plus the amount of the contribution for each item of water utility plant in service.

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| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
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| Asset Category | Percent Allocation | |
|---|----------------------------|----------------------------|
| | General Service | Fire Protection |
| Source of Supply | 90% | 10% |
| Power and Pumping – Demand | 40% | 60% |
| Power and Pumping – Production | 90% | 10% |
| Water Treatment | 90% | 10% |
| Administration and General | 90% | 10% |
| Services | 100% | 0% |
| Hydrants | 0% | 100% |
| Working Capital | 100% | 0% |
| Meters | 100% | 0% |
| Transmission Mains | 40% | 60% |
| Distribution Mains | 40% | 60% |
| Distribution Reservoirs and Standpipes | 40% | 60% |

Calculation of Fire Protection Charge: Worksheet C-1 (page B0275)

Worksheet C-1 calculates the portion of the total operating expenditures plus the return on rate base that should be recovered as the public fire protection charge. The allocation percentages are shown on Worksheet C-1 on page B0275.

Calculation of Rate Base and Return: Worksheet C-2 (page B0280)

This worksheet is used to calculate the rate base and the required return on the rate base.

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0210.4 |
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Calculation of Revenue by Billing Category: Worksheet C-3 (page B0285)

This worksheet allocates the total revenue required (by expenditure category) to the four billing categories: Customer, Base, Delivery and Production.

The general guidelines, when there are no empirical evidence or reasons to vary from the guidelines, for allocation of the revenue requirements are:

| | Customer | Base | Delivery | Production |
|-------------------------------|----------|------|----------|------------|
| Source of Supply | | | | 100% |
| Power and Pumping | | | | 100% |
| Water Treatment | | | | 100% |
| Transmission and Distribution | | | 100% | |
| Collection and Administration | 10% | 90% | | |
| Depreciation | | 40% | 30% | 30% |
| Amortization | | 40% | 30% | 30% |
| Taxes | | 100% | | |
| Return on Rate Base | | 40% | 30% | 30% |
| Capital Out of Revenue | | 40% | 60% | |

NOTE: It is recognized that in certain cases other allocation percentages may be appropriate.

Service Connections and Equivalents: Worksheet C-4 (page B0290)

This worksheet provides data on the number of customers by service size and the system equivalents. The capacity ratios are to be universally used. This information should be the same as given on B0152. This should be calculated for each test year.

Calculation of Base and Customer Charges: Worksheet C-5 (page B0295)

This worksheet shows how the base charge and customer charge are calculated for each service size.

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Consumption by Block: Worksheet C-6 (page B0300)

This worksheet shows the total consumption by block used in Worksheets C 7 and C 8.

Calculation of Consumption Charge: Worksheet C-7 (page B0305)

This worksheet is used to calculate the consumption charge per cubic metre of water by block where the water utility has two blocks. If the water utility has only one block, then total costs are divided by the total consumption resulting in a single rate.

Projected Revenue at Proposed Rates: Worksheet C-8 (page B0310)

This worksheet determines the total water service revenues the water utility would earn using the new rates using the number of customers and consumption estimates. This is a checking worksheet to ensure that all expenditures are being recovered.

Comparison of Current and Proposed Rates: Worksheet D-1 (page B0315)

This worksheet will show the percentage change in the base charge, commodity charge and total quarterly charge by customer service size. This should be calculated for each test year.

Projected Revenues Over Expenditures: Worksheet D-2 (page B0320)

This worksheet shows the excess (deficiency) of revenues over expenditures using the new proposed rates.

Projected Capital Fund Balance Sheet: Worksheet D-3 (page B0325)

This worksheet shows the projected balances of depreciation fund, utility plant in service, accumulated depreciation, accumulated amortization of contributions, capital debt and investment in capital assets.

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| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0225 – Comparative Statement of Financial Activities of the Water Utility Operating Fund – Worksheet B-1 | Revisions: |

Worksheet B-1

**(Name) Water Utility
Comparative Statement of Operations**

Fiscal Years Ending March 31st

| | 20XT (Actual) | 20XU (Actual) | 20XV (Actual) | Current Year (Forecast) | Projection Using Current Rates | | |
|--|--------------------------|--------------------------|--------------------------|--|---------------------------------------|-----------------|-----------------|
| | | | | | 20XX | 20XY | 20XZ |
| OPERATING REVENUES | | | | | | | |
| Flat Rate Sales | | | | | | | |
| Metered Sales | | | | | | | |
| Public Fire Protection | | | | | | | |
| Sundry | | | | | | | |
| | | | | | | | |
| Total | | | | | | | |
| OPERATING EXPENDITURES | | | | | | | |
| Source of Supply | | | | | | | |
| Power and Pumping | | | | | | | |
| Water Treatment | | | | | | | |
| Transmission and Distribution | | | | | | | |
| Administration and General | | | | | | | |
| Depreciation | | | | | | | |
| Taxes | | | | | | | |
| | | | | | | | |
| Total | | | | | | | |
| OPERATING PROFIT (LOSS) | | | | | | | |
| NON-OPERATING REVENUES | | | | | | | |
| Interest and other Income | | | | | | | |
| Grant | | | | | | | |
| Transfer from Depreciation Fund | | | | | | | |
| | | | | | | | |
| Total | | | | | | | |
| NON-OPERATING EXPENDITURES | | | | | | | |
| Debt Charges - Principal | | | | | | | |
| Debt Charges - Interest | | | | | | | |
| Sinking Fund | | | | | | | |
| New Debt - Principal | | | | | | | |
| New Debt - Interest | | | | | | | |
| Permit Fee | | | | | | | |
| Interim Financing | | | | | | | |
| Capital out of Revenue | | | | | | | |
| | | | | | | | |
| Total | | | | | | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | | | | |

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0230 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0230 – Statement of Operating Expenditures and Revenue Requirements: Worksheet B-2 | Revisions: |

Worksheet B-2

(Name) Water Utility

Statement of Operating Expenditures and Revenue Requirements

| | <u>Account Number</u> | <u>Current Year</u> | <u>20XX</u> | <u>20XY</u> | <u>20XZ</u> |
|---------------------------------------|---------------------------|-------------------------|-------------|-------------|-------------|
| Operating Expenditures | | | — | — | — |
| Source of Supply | 21000 | * | — | — | — |
| Power and Pumping | 22000 | * | — | — | — |
| Water Treatment | 23000 | * | — | — | — |
| Transmission and Distribution | 24000 | * | | | |
| Administration and General | 25000 | * | — | — | — |
| Depreciation | 26000 | * | — | — | — |
| Taxes | 27000 | | — | — | — |
| Total | | | <u>—</u> | <u>—</u> | <u>—</u> |
| Add Non-Operating Expenditures | 29000 | | | | |
| Debt Charges | | | | | |
| Principal | | * | | | |
| Interest | | * | | | |
| Capital Expenditures from Revenue | | * | | | |
| Total | | | <u>—</u> | <u>—</u> | <u>—</u> |
| Less Non-Operating Revenues | 18000 | | | | |
| Province of NS Grants | | | | | |
| Transfer from Depreciation Fund | | | <u>—</u> | <u>—</u> | <u>—</u> |
| Less Other Operating Revenues | 17000 | | | | |
| Sprinkler Service | 14000 | | | | |
| Private Hydrant Charge | 13300 | | <u>—</u> | <u>—</u> | <u>—</u> |
| Revenue Required from Fire | | | | | |

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| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0235 – Source of Supply Operating Expenditures: Worksheet B-2a | Revisions: |

Worksheet B-2a

(Name) Water Utility

Statement of Operating Expenditures

| | Account Number | Current Year | 20XX | 20XY | 20XZ |
|--|---------------------------|-------------------------|-------------------|-------------------|-------------------|
| SOURCE OF SUPPLY | | | | | |
| Supervision and Engineering | 21100 | | | | |
| Operation Labour | 21200 | | | | |
| Operation Supplies & Expenses | 21300 | | | | |
| Maintenance of Source of Supply Plant | 21400 | | | | |
| Maintenance of Impounding Reservoirs | 21410 | | | | |
| Maintenance of Intakes | 21420 | | | | |
| Maintenance of Wells and Springs | 21430 | | | | |
| Maintenance of Other Source Structures | 21440 | | | | |
| Water Purchased | 21500 | | | | |
| Rents | 21600 | | | | |
| Other Source of Supply Expenses | 21900 | | | | |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

ASSUMPTIONS

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0240 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0240 – Power and Pumping Operating Expenditures: Worksheet B-2b | Revisions: |

Worksheet B-2b

(Name) Water Utility

Statement of Operating Expenditures

| | Account Number | Current Year | 20XX | 20XY | 20XZ |
|------------------------------|---------------------------|-------------------------|-------------------|-------------------|-------------------|
| POWER AND PUMPING | | | | | |
| Supervision and Engineering | 22100 | | | | |
| Operation Labour | 22200 | | | | |
| Fuel | 22300 | | | | |
| Power Purchased | 22400 | | | | |
| Maintenance of Pumping Plant | 22500 | | | | |
| Maintenance of Structures | 22510 | | | | |
| Maintenance of Equipment | 22520 | | | | |
| Rents | 22600 | | | | |
| Other Pumping Expenses | 22900 | | | | |
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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0245 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0245 – Water Treatment Operating Expenditures: Worksheet B-2c | Revisions: |

Worksheet B-2c

(Name) Water Utility

Statement of Operating Expenditures

| | Account Number | Current Year | 20XX | 20XY | 20XZ |
|---------------------------------|---------------------------|-------------------------|-------------|-------------|-------------|
| WATER TREATMENT | | | | | |
| Supervision and Engineering | 23100 | | | | |
| Operation Labour | 23200 | | | | |
| Power | 23250 | | | | |
| Operation Supplies and Expenses | 23300 | | | | |
| Chemical Additives | 23310 | | | | |
| Other Supplies and Expenses | 23390 | | | | |
| Maintenance of Treatment Plant | 23400 | | | | |
| Maintenance of Structures | 23410 | | | | |
| Maintenance of Equipment | 23420 | | | | |
| Rents | 23600 | | | | |
| Other (bacterial sampling) | 23900 | | | | |
| | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

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| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0250 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0250 – Transmission and Distribution Operating Expenditures: Worksheet B-2d | Revisions: |

Worksheet B-2d

(Name) Water Utility

Statement of Operating Expenditures

| | Account Number | Current Year | 20XX | 20XY | 20XZ |
|--|---------------------------|-------------------------|-------------------|-------------------|-------------------|
| TRANSMISSION AND DISTRIBUTION | | | | | |
| Supervision and Engineering | 24100 | | | | |
| Maps and Records | 24200 | | | | |
| Operation Labour | 24300 | | | | |
| Operation Labour-Mains | 24310 | | | | |
| Operation Labour-Meters | 24320 | | | | |
| Maintenance of Transmission and Dist. | 24400 | | | | |
| Maintenance of Dist Reservoirs & Standpipes | 24410 | | | | |
| Maintenance of Structures | 24420 | | | | |
| Maintenance of Mains | 24430 | | | | |
| Maintenance of Other Dist Plant | 24440 | | | | |
| Maintenance of Services | 24441 | | | | |
| Maintenance of Meters | 24442 | | | | |
| Maintenance of Hydrants | 24443 | | | | |
| Rents | 24500 | | | | |
| Stores Expense | 24600 | | | | |
| Transportation Expenses | 24700 | | | | |
| Shop Expenses | 24800 | | | | |
| Other (telemetry monitoring) | 24900 | | | | |
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| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0255 – Administration and General Operating Expenditures: Worksheet B-2e | Revisions: |

General Officers Expense

Workshop B-2e

(Name) Water Utility

Statement of Expenditures

| | Account Number | Current Year | 20XX | 0 | 20XY | 20XZ |
|--|-------------------|-----------------|------|---|------|------|
| ADMINISTRATION AND GENERAL | | | | | | |
| Consumer Accounting and Collection | 25100 | | | | | |
| Supervision | 25110 | | | | | |
| Meter Reading | 25120 | | | | | |
| Consumer Billing and Accounting | 25130 | | | | | |
| Collection | 25140 | | | | | |
| Uncollectible Accounts | 25150 | | | | | |
| Other | 25160 | | | | | |
| Salaries | 25200 | | | | | |
| Officers and Executives Salaries & Ben. | 25210 | | | | | |
| Salaries Allocated from Municipal Unit | 25220 | | | | | |
| Other | 25290 | | | | | |
| General Office Expense | 25300 | | | | | |
| | 25310 | | | | | |
| General Office Employees Expense | 25320 | | | | | |
| General Office Expense and Supplies | 25330 | | | | | |
| General Office Expense Allocated from Municipal Unit | 25340 | | | | | |
| Professional Fees | 25400 | | | | | |
| Auditors | 25410 | | | | | |
| Legal | 25420 | | | | | |
| Special Services | 25430 | | | | | |
| Regulatory Expenses | 25500 | | | | | |
| Insurance | 25600 | | | | | |
| Rents of General Property | 25700 | | | | | |
| Maintenance of General Property | 25800 | | | | | |
| Other Admin Expense | 25900 | | | | | |
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| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0260 – Depreciation Calculation: Worksheet B-3 | Revisions: |

20XX

Worksheet B-3

(Name) Water Utility

**Calculation of Depreciation
on Tangible Plant at Total Cost**

| Description | Cost of Utility Plant in Service | Depreciation Rate | Annual Depreciation |
|--|---|------------------------------|--------------------------------|
| LAND AND LAND RIGHTS | | | |
| Source of Supply Land | | | |
| Land - General | | | |
| STRUCTURES AND IMPROVEMENTS | | | |
| Source of Supply Structures | | | |
| Power and Pumping Structures | | | |
| Purification | | | |
| Distribution Reservoirs and Standpipes | | | |
| Water Treatment Plant | | | |
| General | | | |
| Other Water Source Structures | | | |
| ELECTRICAL PUMPING EQUIPMENT | | | |
| OTHER EQUIPMENT | | | |
| PURIFICATION EQUIPMENT | | | |
| TRANSMISSION MAINS | | | |
| DISTRIBUTION MAINS | | | |
| DISTRIBUTION MAINS EQUIPMENT | | | |
| SERVICES | | | |
| SPRINKLER CONNECTIONS | | | |
| METERS | | | |
| HYDRANTS | | | |
| OFFICE FURNITURE AND EQUIPMENT | | | |
| TRANSPORTATION EQUIPMENT | | | |
| SMALL TOOLS AND WORK EQUIPMENT | | | |
| METER SHOP EQUIPMENT | | | |
| GIS SYSTEM | | | |
| OTHER EQUIPMENT | | | |
| | <hr/> | | <hr/> |
| TOTAL | <hr/> | | <hr/> |

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| | Subject: B0265 – Amortization Calculation: Worksheet B-4 | Revisions: |

Worksheet B-4

(Name) Water Utility

**Calculation of Amortization
on Capital Contributions (to Plant)
20XX**

| Description | Capital Contributions to Utility Plant in Service | Amortization Rate | Annual Amortization |
|--|--|------------------------------|--------------------------------|
| LAND AND LAND RIGHTS | | | |
| Source of Supply Land | | | |
| Land - General | | | |
| STRUCTURES AND IMPROVEMENTS | | | |
| Source of Supply Structures | | | |
| Power and Pumping Structures | | | |
| Purification | | | |
| Distribution Reservoirs and Standpipes | | | |
| Water Treatment Plant | | | |
| General | | | |
| Other Water Source Structures | | | |
| ELECTRICAL PUMPING EQUIPMENT | | | |
| OTHER EQUIPMENT | | | |
| PURIFICATION EQUIPMENT | | | |
| TRANSMISSION MAINS | | | |
| DISTRIBUTION MAINS | | | |
| DISTRIBUTION MAINS EQUIPMENT | | | |
| SERVICES | | | |
| SPRINKLER CONNECTIONS | | | |
| METERS | | | |
| HYDRANTS | | | |
| TRANSPORTATION EQUIPMENT | | | |
| | <hr/> | | <hr/> |
| TOTAL | <hr/> | | <hr/> |

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| | Subject: B0270 – Allocation of Utility Plant: Worksheet B-5 | Revisions: |

Worksheet B-5

(Name) Water Utility

**Allocation of the Total Cost of Utility Plant in Service
Between General Service and Fire Protection
20XX**

| Description | (a) Utility Plant in Service | (b) Percent | (a) * (b) General Service | (c) Percent | (a) * (c) Fire Protection |
|--|------------------------------------|----------------|---------------------------------|----------------|---------------------------------|
| Intangible Plant | | | | | |
| Organization and Working Capital | | 100.0% | | 0.0% | |
| Tangible Plant | | | | 100.0% | |
| LAND AND LAND RIGHTS | | | | 100.0% | |
| Source of Supply Land | | 90.0% | | 10.0% | |
| Land - General | | 90.0% | | 10.0% | |
| STRUCTURES AND IMPROVEMENTS | | | | 100.0% | |
| Source of Supply Structures | | 90.0% | | 10.0% | |
| Power and Pumping Structures | | 90.0% | | 10.0% | |
| Purification | | 90.0% | | 10.0% | |
| Distribution Reservoirs and Standpipes | | 40.0% | | 60.0% | |
| Water Treatment Plant | | 90.0% | | 10.0% | |
| General | | 90.0% | | 10.0% | |
| Other Water Source Structures | | 90.0% | | 10.0% | |
| Equipment | | | | | |
| Electrical Pumping | | 40.0% | | 60.0% | |
| Purification Equipment | | 90.0% | | 10.0% | |
| Office Furniture and Equipment | | 90.0% | | 10.0% | |
| Transportation | | 90.0% | | 10.0% | |
| Tools and Work Equipment | | 90.0% | | 10.0% | |
| GIS System | | 100.0% | | 0.0% | |
| Distribution Mains Equipment | | 40.0% | | 60.0% | |
| Meter Shop Equipment | | 90.0% | | 10.0% | |
| Other Equipment | | 90.0% | | 10.0% | |
| Mains | | | | | |
| Transmission | | 40.0% | | 60.0% | |
| Distribution | | 40.0% | | 60.0% | |
| Meters | | 100.0% | | 0.0% | |
| Hydrants | | | | | |
| Sprinkler Connections | | 0.0% | | 100.0% | |
| Services | | 100.0% | | 0% | |

TOTALS

| | | | | | |
|----|-------|----|-------|----|--|
| \$ | | \$ | | \$ | |
| A | B / A | B | C / A | C | |

To Wksht C-1

| | | |
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| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0275 – Calculation of Fire Protection Charges: Worksheet C-1 | Revisions: |

Worksheet C-1

(Name) Water Utility

Allocation of Fire Protection Charges Using Projected Expenses for Year

| | 20XU Estimated Expenses (a) | Percent Allocation to Fire Protection (c) | Fire Protection Charge (a) * (c)=(d) |
|-------------------------------|--|--|---|
| Source of Supply | | 10.0% | \$ - |
| Power and Pumping | | 10.0% | |
| Water Treatment | | 10.0% | |
| Transmission and Distribution | | Wkst B-5 % | |
| Administration and General | | 10.0% | |
| Depreciation | | Wkst B-5 % | |
| Taxes | | Wkst B-5 % | |
| Return on Rate Base | | Wkst B-5 % | |

TOTAL

| | |
|------------------|-------------|
| \$ A | \$ D |
| (D) / (A) | |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0280 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0280 – Calculation of Rate Base and Return: Worksheet C-2 | Revisions: |

Worksheet C-2

(Name) Water Utility

**Calculation of Rate Base and Required Return on Rate Base
Years Ending March 31st**

| | Current Year | 20XX (Estimate) | 20XY (Estimate) | 20XZ (Estimate) |
|--|-------------------------|----------------------------|----------------------------|----------------------------|
| RATE BASE | | | | |
| Utility Plant in Service March 31st | | | | |
| Less Accumulated Depreciation on actual cost of plant in service (Estimated) | | | | |
| Less unamortized amount of capital contribution for plant in service | | | | |
| Estimated Rate Base at Year End | | | | |
| REQUIRED RETURN | | | | |
| Non-operating Expenditures (Worksheet B-2) LESS Non-operating and Other Revenue (Worksheet B-2) | | | | |
| Required Rate of Return (Req'd Return / Est Rate Base) | | | | |

| | | |
|--|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0285 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0285 – Calculation of Revenue by Billing Category: Worksheet C-3 | Revisions: |

Worksheet C-3

(Name) WATER UTILITY
Calculation of Revenue Required for Each Billing/Cost Category
20XX

| (a) | (b) | (a)-(b)=(c) Revenue Required From Metered Rates | (d) | (c)*(d) | (e) | (c)*(e) | (f) | (c)*(f) | (g) | (c)*(g) |
|-------------------------------|-------------------------------|---|----------|---------|------------------|---------|----------|---------|------------|---------|
| Total Revenue Required | Fire Protection Revenue | | Charge | | Commodity Charge | | | | | |
| | | | Customer | | Base | | Delivery | | Production | |
| Source of Supply | \$ - | \$ - | | | | | | | 100% | 0 |
| Power and Pumping | - | - | | | | | | | 100% | - |
| Water Treatment | - | - | | | | | | | 100% | - |
| Transmission and Distribution | - | - | | | | | 100% | 0 | | |
| Administration and General | - | - | 10% | 0 | 90% | 0 | | | | - |
| Depreciation | - | - | | | 40% to 100% | 0 | 30% to 0 | | 30% to 0 | - |
| Taxes | - | - | | | 100% | 0 | | | | - |
| Return on Rate Base | - | - | | | 40% to 100% | 0 | 30% to 0 | 0 | 30% to 0 | |
| Capital out of Revenue | | | | | 40% | | 60% | | | |
| SUBTOTAL: | - | - | | 0 | | 0 | | 0 | | 0 |
| LESS: | | | | | | | | | | |
| Sprinkler Service | | | | | | | 100% | - | | |
| Private Hydrant Charge | | | | | | | 100% | - | | |
| Miscellaneous Revenue | | | | | | | 100% | - | | |
| TOTAL: | 0 | 0 | | 0 | | 0 | | 0 | | 0 |
| Column | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

SOURCE OF DATA

| Column | Worksheet |
|--------|-----------|
| (a) | B-2 |
| (b) | C-1 |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0290 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0290 – Service Connections and Equivalents: Worksheet C-4 | Revisions: |

Worksheet C-4

(Name) Water Utility

Service Connections and Equivalents

| Meter Size | Number of Services | Capacity Ratio | System Equivalents |
|-----------------------|-----------------------------------|---------------------------|-------------------------------|
| Unmetered | | 1 | 0 |
| 5/8" | | 1 | 0 |
| 3/4" | | 1.5 | 0 |
| 1" | | 2.5 | 0 |
| 1.5" | | 5 | 0 |
| 2" | | 8 | 0 |
| 3" | | 16 | 0 |
| 4" | | 25 | 0 |
| 6" | | 50 | 0 |
| 8" | | 90 | 0 |
| TOTAL | <u>0</u> | <u></u> | <u>0</u> |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0295 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0295 – Calculation of Base and Customer Charges: Worksheet C-5 | Revisions: |

Worksheet C-5

(Name) Water Utility

Calculation of Base and Customer Charges 20XX

BASE CHARGE PER SERVICE EQUIVALENT

Charge per service equivalent =
$$\frac{\text{Total Base Revenues Required (Wksht C-3 Col. 6)}}{\text{Number of service equivalents}}$$

= A

CUSTOMER CHARGE PER CONNECTION

Customer charge per connection =
$$\frac{\text{Total Customer Revenues Required (Wksht C-3 Col. 4)}}{\text{Number of Customers}}$$

= B

DETERMINATION OF TOTAL BASE CHARGE BY CUSTOMER

| Meter Size | Capacity Ratio | (a) Base Charge | (b) Customer Charge | (c) Total Base Charge | |
|---------------|-------------------|-----------------------|---------------------------|----------------------------|-------------|
| | | | | Annual | Quarterly |
| Unmetered | 1 | A * 1 | B | Col (a)+(b) | Col (c)/4 |
| 5/8" | 1 | A * 1 | B | Col (a)+(b) | Col (c)/4 |
| 3/4" | 1.5 | A * 1.5 | B | Col (a)+(b) | Col (c)/4 |
| 1" | 2.5 | A * 2.5 | B | Col (a)+(b) | Col (c)/4 |
| 1.5" | 5 | A * 5 | B | Col (a)+(b) | Col (c)/4 |
| 2" | 8 | A * 8 | B | Col (a)+(b) | Col (c)/4 |
| 3" | 16 | A * 16 | B | Col (a)+(b) | Col (c)/4 |
| 4" | 25 | A * 25 | B | Col (a)+(b) | Col (c)/4 |
| 6" | 50 | A * 50 | B | Col (a)+(b) | Col (c)/4 |
| 8" | 90 | A * 90 | B | Col (a)+(b) | Col (c)/4 |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0305 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0305 – Calculation of Consumption Charge: Worksheet C-7 | Revisions: |

Worksheet C-7

**(Name) Water Utility
Calculation of Consumption Charge
20XX**

| | BLOCK 1 | BLOCK 2 |
|---|------------------|------------------|
| NET PRODUCTION EXPENSES | | |
| Worksheet C-3 Col. 10 - Total Charge | Total Charge | Total Charge |
| | Quantity | Quantity |
| Worksheet C-6 Cols. 3 and 4 - Quantity | | |
| NET DELIVERY EXPENSES | | |
| Worksheet C-3 Col 8. - Total Charge | Total Charge | |
| | Quantity | |
| Worksheet C-6 Col. 3 - Quantity | | |
| TOTAL CONSUMPTION CHARGE PER CUBIC METER | \$ / C.M. | \$ / C.M. |
| Column | 1 | 2 |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0310 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0310 – Projected Operating Revenue at Proposed Rates: Worksheet C-8 | Revisions: |

Worksheet C-8

(Name) Water Utility

Projected Operating Revenue at Proposed Rates

20XX

BASE CHARGE

| | (A) | (B) | (A) * (B) |
|---------------------------|---------------|----------------------|---------------------------|
| Meter Size | Number | Base Rate | Dollar Revenue |
| Unmetered | | Col (c) WkshtC-5 | Col (A) * (B) |
| 5/8" | | Col (c) WkshtC-5 | Col (A) * (B) |
| 3/4" | | Col (c) WkshtC-5 | Col (A) * (B) |
| 1" | | Col (c) WkshtC-5 | Col (A) * (B) |
| 1.5" | | Col (c) WkshtC-5 | Col (A) * (B) |
| 2" | | Col (c) WkshtC-5 | Col (A) * (B) |
| 3" | | Col (c) WkshtC-5 | Col (A) * (B) |
| 4" | | Col (c) WkshtC-5 | Col (A) * (B) |
| 6" | | Col (c) WkshtC-5 | Col (A) * (B) |
| 8" | | Col (c) WkshtC-5 | Col (A) * (B) |
| TOTAL BASE REVENUE | | | |

CONSUMPTION REVENUES

| | (C) | (D) | (C) * (D) |
|---|------------------------------------|-------------------------------|-------------|
| 1st Block | Per Wksht C-6 Col. 3 Quantity X | Wksht C-7 Col. 1 \$ / C.M. | = \$ |
| 2nd Block | Per Wksht C-6 Col. 4 Quantity X | Wksht C-7 Col. 2 \$ / C.M. | = \$ |
| TOTAL CONSUMPTION REVENUE | | | \$ |
| TOTAL OPERATING REVENUES FOR YEAR (BASE + CONSUMPTION) | | | \$ |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0315 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0315 – Comparison of Current Water Rates with Proposed Rates: Worksheet D-1 | Revisions: |

Worksheet D-1

(Name) Water Utility

Comparison of Current Water Rates with Proposed New Rates

20XX

| Meter Size | Base Charge | | Percent Change | Commodity Charge | | Percent Change | Quarterly Water Bill | | Percent Change |
|-----------------------|--------------------|-----------------|---------------------------|-------------------------|-----------------|---------------------------|-----------------------------|-----------------|---------------------------|
| | Current | Proposed | | Current | Proposed | | Current | Proposed | |
| Unmetered | | | | | | | | | |
| 5/8" | | | | | | | | | |
| 3/4" | | | | | | | | | |
| 1" | | | | | | | | | |
| 1.5" | | | | | | | | | |
| 2" | | | | | | | | | |
| 3" | | | | | | | | | |
| 4" | | | | | | | | | |
| 6" | | | | | | | | | |
| 8" | | | | | | | | | |

NOTE: One of these schedules should be prepared for each of the test years.

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0320 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0320 – Projected Revenues Over Expenditures: Worksheet D-2 | Revisions: |

Worksheet D-2

(Name) Water Utility

Projected Revenues Over Expenditures Using Proposed Rates

Fiscal Years Ending March 31st

| | Current Year | 20XX Test Yr 1 | 20XY Test Yr 2 | 20XZ Test Yr 3 |
|--|-----------------|-------------------|-------------------|-------------------|
| OPERATING REVENUES | | | | |
| Flat Rate Sales | | | | |
| Metered Sales | | | | |
| Public Fire Protection | | | | |
| Sundry | | | | |
| Total | | | | |
| OPERATING EXPENDITURES | | | | |
| Source of Supply | | | | |
| Power and Pumping | | | | |
| Water Treatment | | | | |
| Transmission and Distribution | | | | |
| Collection and Administration | | | | |
| Depreciation | | | | |
| Taxes | | | | |
| Total | | | | |
| OPERATING PROFIT (LOSS) | | | | |
| NON-OPERATING REVENUES | | | | |
| Interest and other Income | | | | |
| Grant | | | | |
| Transfer from Depreciation Fund | | | | |
| Total | | | | |
| NON-OPERATING EXPENDITURES | | | | |
| Capital Out of Revenue | | | | |
| Debt Charges - Principal | | | | |
| Debt Charges - Interest | | | | |
| Sinking Fund | | | | |
| New Debt - Principal | | | | |
| New Debt - Interest | | | | |
| Permit Fee | | | | |
| Interest on Interim Financing | | | | |
| Total | | | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | |

| | | |
|---|--|--|
| Nova Scotia Regulatory and Appeals Board | Water Utility Accounting and Reporting Handbook | Page: B0325 |
| | Section: B0000 – Sample for Calculating Adjustments to Water Rates and Services | Date Issued: March 29, 2007 |
| | Subject: B0325 – Projected Statement of Financial Position of the Water Capital Fund: Worksheet D-3 | Revisions: |

Worksheet D-3

(Name) Water Utility

**Statement of Financial Position
of the Water Capital Fund**

March 31, 20xx

| | Current Year | 20xx Test Yr 1 | 20xy Test Yr 2 | 20xz Test Yr 3 |
|---|-------------------------|---------------------------|---------------------------|---------------------------|
| ASSETS | | | | |
| Cash | | | | |
| Depreciation | | | | |
| Other | | | | |
| Receivables | | | | |
| Province of Nova Scotia | | | | |
| Due from other funds (Gen Cap, Water Op, Gen Op) | | | | |
| Other | | | | |
| Inventories, at Cost | | | | |
| Inventory held for resale | | | | |
| Inventory not held for resale | | | | |
| Investments | | | | |
| Loans and Advances | | | | |
| Loan to other funds (Gen Cap, Gen Op) | | | | |
| Other | | | | |
| Utility Plant in Service (Capital Assets) | | | | |
| LIABILITIES | | | | |
| Short Term Borrowings (Bank Loan) | | | | |
| Payables | | | | |
| Due to other funds | | | | |
| Other liabilities | | | | |
| Term Debt | | | | |
| Debentures issued to federal government or its agencies | | | | |
| Other debentures | | | | |
| Long-term borrowings not secured by debentures | | | | |
| Loans from special funds | | | | |
| Other | | | | |
| Deferred Contributions | | | | |
| Accumulated Depreciation | | | | |
| Accumulated Amortization of Contributions | | | | |
| Other | | | | |
| INVESTMENT IN CAPITAL ASSETS | | | | |

APPENDIX C

Summary of Handbook Amendments

SUMMARY OF HANDBOOK AMENDMENTS

| New Section Number | Subject | Comment | Old Section Number |
|--------------------|---|--------------------|----------------------|
| 1000 | Introduction | No change | 1000 |
| 1020 | Authority | New page | 1000 |
| 1020 | Selected Clauses from the <i>Public Utilities Act</i> | Renumbered | Appendix A and 11080 |
| 1030 | Effective Date | New page | 1000 |
| 1040 | Amendments to Handbook | New page | 1000 |
| 2000 | Annual Report | New title | 2000 |
| 2002 | General Policy | New page, includes | 7010 |
| 2010 | General Financial Policy | New title | 2010 |
| 2020 | Audited Financial Statements | Updated | 2020 |
| 2030 | Capital Budget | Updated & Expanded | 2030 |
| 2040 | Operating Budget | Updated | 2040 |
| 2050 | General Operational and Compliance Policy | New | |
| 2051 | Compliance Certificate | New | |
| 3000 | Accounting Principles and Practices | No change | 3000 |
| 3010 | General Policies | New content | 3010 |
| 3020 | Regulated Municipal Utilities and Enterprises Accounting | No change | 3020 |
| 3030 | Interest Earned on Investments | Modified | 3030 |
| 3035 | Capital Assets | New content | 3035 |
| 3036 | Transitional Provisions | New | 3035 |
| 3040 | Depreciation | Modified | 3040 |
| 3042 | Capital Asset Useful Life Guidelines | Updated | 3040 |
| 3050 | Depreciation Fund | Updated | 3050 |
| 3060 | Valuation Allowances | Updated | 3060 |
| 3070 | Interest During Construction | Modified | 3070 |
| 3080 | Reserves | Modified | 3080 |
| 3090 | Surplus (Deficit) | Modified | 3090 |
| 3100 | Capital Asset Disposals | New | |
| 3110 | Allocation of Municipal Costs to Water Utility | Modified | 3110 |
| 3120 | Not allocated | No change | 3120 |
| 3130 | Rate Base and Rate of Return | Modified | 3130 |
| 4000 | Sample Financial Information | No change | 4000 |
| 4010 | General Comments | New | |
| 4100 | Sample Financial Statement Information | Modified | 4100 |
| 4110 | Statement of Financial Position of the Water Operating Fund | Modified | 4120 |

SUMMARY OF HANDBOOK AMENDMENTS

| New Section Number | Subject | Comment | Old Section Number |
|--------------------|--|-----------|--------------------|
| 4120 | Statement of Financial Activities of the Water Operating Fund | Modified | 4110 |
| 4130 | Statement of Financial Position of the Water Capital Fund | Modified | 4130 |
| 4140 | Statement of Financial Activities of the Water Capital Fund | New | |
| 4150 | Schedule of Utility Plant and Equipment | Updated | 4140 |
| 4160 | Schedules to Statement of Financial Activities of the Water Operating Fund | Updated | 4160 |
| | Statement of Investment in Capital Assets | Deleted | 4150 |
| | Notes to Financial Statements | Deleted | 4170 |
| | Schedule of Capital Debt Charges and Term Debt | Deleted | 4180 |
| | Schedule of Capital Projects Funding | Deleted | 4190 |
| | Capital Budget | Deleted | 4200 |
| 4250 | Capital Approvals | New | |
| | Source of Financing Schedule 3 | Deleted | 4220 |
| | Source of Financing – Utilities Schedule 3A | Deleted | 4230 |
| 4300 | Sample Operating Fund Budget | Updated | 4300 |
| 4310 | Statement of Budgeted Financial Activities of the Operating Fund | Updated | 4310 |
| A4320 | Operating Revenue | Updated | 4320 |
| A4330 | Source of Supply | Updated | 4330 |
| A4340 | Power and Pumping | Updated | 4340 |
| A4350 | Water Treatment | Updated | 4350 |
| A4360 | Transmission and Distribution | Updated | 4360 |
| A4370 | Administration and General | Updated | 4370 |
| A4375 | Non-Operating Revenue | New | |
| A4380 | Non-Operating Expenditures | Updated | 4380 |
| 5010 | Chart of Accounts – General | Modified | 5010 |
| 5020 | Summary of Operating Fund Account Classifications | Updated | 5020 |
| 5030 | Summary of Financial Position Account Classifications | Updated | 5030 |
| 5040 | Summary of Capital Fund Account Classifications | Updated | 5040 |
| 5050 | Revenue | Modified | 5050 |
| 5060 | Source of Supply | No change | 5060 |

SUMMARY OF HANDBOOK AMENDMENTS

| New Section Numbers | Subject | Comments | Old Section Number |
|----------------------------|--|---------------------|---------------------------|
| 5070 | Power and Pumping | Updated | 5070 |
| 5080 | Water Treatment | No change | 5080 |
| 5090 | Transmission and Distribution | No change | 5090 |
| 5100 | Administration and General | Modified | 5100 |
| 5110 | Non-Operating Expenditures | Updated | 5110 |
| 5120 | Operating Fund Assets | Updated | 5120 |
| 5130 | Operating Fund Liabilities and Equity | Updated | 5130 |
| 5140 | Capital Fund Assets | Updated | 5140 |
| 5150 | Capital Fund Liabilities and Equity | Modified | 5150 |
| 5160 | Utility Plant and Equipment | Modified | 5160 |
| | Instructions for Filing Operating Information | Deleted | 6010 |
| 7000 | Rate and Service Adjustments | New | |
| 7010 | Rate Determination Policies | New | |
| 7020 | Rate Setting Principles | New | |
| 7030 | English to Metric Conversions | Renumbered | 6020 |
| 7040 | Application for Adjustments to Water Rates and Services | New | |
| 2051 | Treatment | Deleted – See 2051 | 7020 |
| 2051 | Quality of Water | Deleted – See 2051 | 7030 |
| B0100 | Transmission System | Deleted – See B0100 | 7040 |
| B0100 | Distribution System | Deleted – See B0100 | 7050 |
| B0150 | Customers – Fire Protection | Deleted – See B0150 | 7060 |
| B0150 | Customers – Meters | Deleted – See B0150 | 7070 |
| B0100 | Water Consumption | Deleted – See B0100 | 7080 |
| B0020 | Billing and Rate Increases | Deleted – See B0020 | 7090 |
| 2002 | Certification | Deleted – See 2002 | 7100 |
| B0000 | Sample for Calculating Adjustments to Water Rates and Services | New | |
| B0010 | General | New | |
| B0020 | Contents of Applications | New | |
| B0030 | Source of Supply | New | |
| B0100 | Transmission System | Modified | 8040 |
| B0100 | Distribution System | Modified | 8050 |
| B0100 | Storage | Modified | 8060 |
| B0140 | Water Consumption | Modified | 9080 |
| B0150 | Customers | Modified | 8070 |
| B0152 | Customer Service Statistics | Modified | 9070 |

SUMMARY OF HANDBOOK AMENDMENTS

| New Section Number | Subject | Comment | Old Section Number |
|--------------------|--|--------------|--------------------|
| B0154 | Fire Protection Statistics | Modified | 9060 |
| B0150 and B0170 | Inter-municipal Services | Modified | 8080 |
| B0180 | Fire Protection Capability | Modified | 8090 |
| | Sample Forms Fly Sheet | Deleted | 9000 |
| | Officers and Directors | Form deleted | 9010 |
| B0100 | Transmission System | Form deleted | 9040 |
| B0100 | Distribution System | Form deleted | 9050 |
| | Frequency of Billing | Form Deleted | 9090 |
| | Sample Forms for Filing Periodic Operating Information | Deleted | 10000 |
| | Surface Water (Lakes or Rivers) | Deleted | 10010 |
| | Ground Water (Wells) | Deleted | 10020 |
| | Watersheds – General | Deleted | 10030 |
| | Watersheds – Protection and Control | Deleted | 10035 |
| | Transmission System | Deleted | 10040 |
| | Distribution System – Pipe | Deleted | 10050 |
| | Distribution System – Storage | Deleted | 10060 |
| B0170 | Customers – Inter-municipal Services | Renumbered | 10080 |
| B0180 | Fire Protection Capability | Renumbered | 10090 |
| B0200 to B0325 | Sample for Calculating Adjustments to Water Rates and Services | New | |