

April 22, 2025

The regular meeting of the Halifax Water Board will be held virtually on Friday, May 2, 2025, beginning at 10:00 a.m. Visit www.halifaxwater.ca to register to attend the public portion of the meeting.

AGENDA

Regular Reports

1. 2025/26 Cost of Service Manual and Rate Application – Water, Wastewater and Stormwater Services

Lorna Skinner
Governance Coordination Assistant

TO: John MacPherson, Chair and Members of the Halifax Regional Water Commission Board

SUBMITTED BY: 
Signed by:
Louis de Montbrun, CPA, CA, Director, Corporate Services/CFO

APPROVED BY: 
Signed by:
Kenda MacKenzie
Kenda MacKenzie, General Manager

DATE: April 25, 2025

SUBJECT: 2025/26 Cost of Service Manual and Rate Application – Water, Wastewater and Stormwater Services

ORIGIN

The 2025/26 budget indicates a deficit for all services and highlights the need to increase rates.

RECOMMENDATION

It is recommended that the Halifax Water Board approve the filing of an application to the Nova Scotia Utility and Review Board requesting approval for:

- 1) An increase to rates for water, wastewater and stormwater service effective January 1, 2026, and April 1, 2026, as described in this report.
- 2) The updated Cost of Service Manual and Halifax Water Regulations.

It is further recommended that the Halifax Water Board approve the filing of the application based on the following parameters:

- 3) Increase the average annual residential bill for water, wastewater and stormwater services not to exceed 17% in 2025/26 and 18% in 2026/27.
- 4) Any increase to water and wastewater rates is to apply only to consumption and discharge rates, respectively.
- 5) Increase to total public and private fire protection revenue shall not exceed 39% in 2025/26 and 29% in 2026/27.
- 6) Any increase to stormwater charges not to exceed 27% in 2025/26 and 29% in 2026/27.

- 7) Any increase to stormwater right of way charges based on current impervious area not to exceed 23% in 2025/26 and 27% in 2026/27 and an increase in the incremental per square meter charge to \$0.251 per square meter in 2025/26 and \$0.281 per square meter in 2026/27.
- 8) Any increases to take effect over two fiscal years, becoming effective January 1, 2026, and April 1, 2026.

BACKGROUND

Cost of Service and Rate Design Methodology

Halifax Water is a government business enterprise that operates on a cost recovery basis. There is no profit component built into the rates, as would be for an investor-owned utility.

There are three necessary elements to establish utility rates: revenue requirements, cost of service, and rate design. The operating and capital budgets of Halifax Water form the basis for establishing revenue requirements, which are presented in accordance with the Nova Scotia Regulatory and Appeals Board (NSRAB) *Accounting and Reporting Manual for Water Utilities*.

The Cost of Service (COS) Manual provides guidance (through explanations, standard schedules, and example calculations) of the NSRAB-approved cost of service and rate design methodology, which is based on the American Waterworks Association (AWWA) M1 *Principles of Water Rates, Fees and Charges* manual of practice and the Water Environment Federation (WEF) Manual of Practice No. 27 *Financing and Charges for Wastewater Systems*. The COS Manual is based on combining the AWWA/WEF methodologies with the principles used in the NSRAB standard procedures for accounting and reporting for water systems and extends the case for cost causation-based approach to establishment of stormwater rates.

Halifax Water has been employing the current cost of service-based approach to development of rates for the past ten years and has been periodically making applications to adjust rates or update the COS Manual.

Current Situation

In February 2020, the Halifax Water Board approved the submission of an application to the NSUARB with proposed increases in average annual residential bills for water and wastewater of 5.8% in each of 2020/21 and 2021/22.

In addition, there were proposed increases in the public and private fire protection charges.

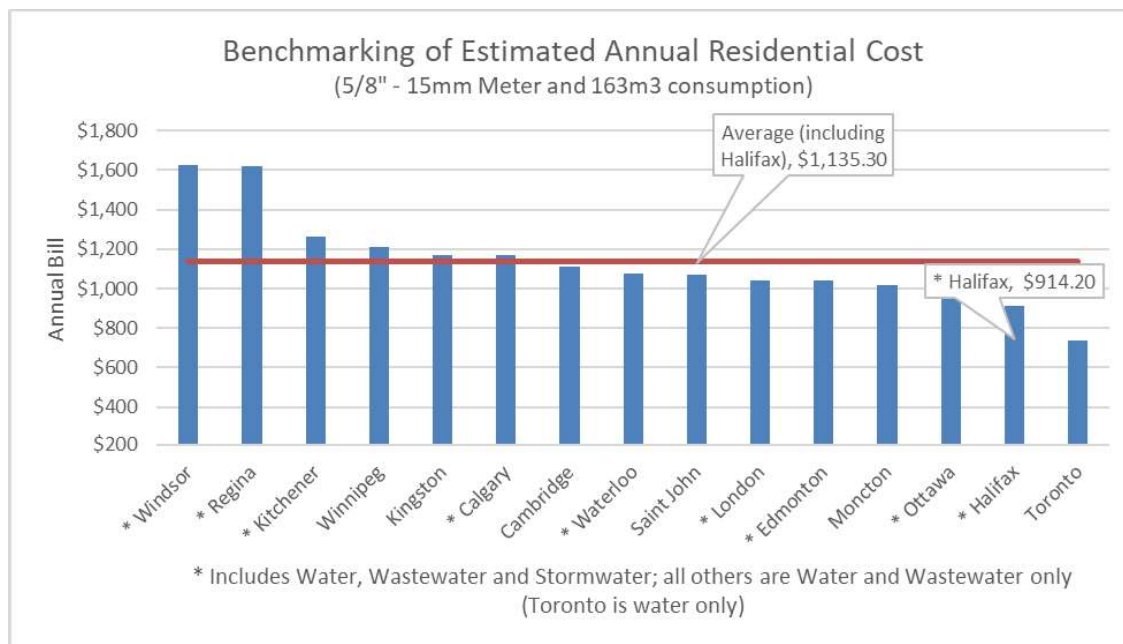
When the COVID-19 pandemic began in March 2020, Halifax Water was approximately midway through the pre-hearing procedures for the 2020 rate application. Given the sensitivity and uncertainties created by the pandemic, Halifax Water changed its approach significantly and revised its application.

The revised approach required Halifax Water to modify revenue requirements, operate using accumulated surpluses and existing special reserves, and in turn required no increases in water rates, and no increase in the wastewater base charge and increases in wastewater rates and fire protection rates.

In addition to revising its rate application, Halifax Water ceased collection activities for overdue accounts and waived interest charges on these accounts from April to September 2020. It was recognized that this approach to the 2020 rate application would result in higher percentage increases in rates in future years.

In 2022/23, Halifax Water filed a rate application that increased the average residential bill for water, wastewater and stormwater services by 3.6% effective December 1, 2022 and 3.6% effective April 1, 2023. To maintain this level of increases on residential customers, Halifax Water continued to draw down the accumulated surpluses for water and proposed stormwater increases that did not fully cover the operating deficit.

In preparation for this rate application, Halifax Water benchmarks its current average residential costs against key cities across Canada. The graph below shows that Halifax Water's current average residential customers' cost for water, wastewater and stormwater services is below the average for these key cities.



Please note that most of the costs are for water, wastewater and stormwater services, however several are for water and wastewater services only and for Toronto, the costs are for water only.

DISCUSSION

Since the last rate application, Halifax Water has continued to see its costs increase. In 2024/25, Halifax Water budgeted for an operating deficit of \$18.7 million. In 2025/26, Halifax Water has budgeted for an operating deficit of \$34.1 million.

The 2024/25 and 2025/26 budgets were approved by the Halifax Water Board in February 2024 and January 2025, respectively.

Key drivers of the increase in operating costs have been the increase in debt and depreciation. Debt and depreciation are driven by the increase in assets that are put into service. In addition, the NSRAB has been encouraging Halifax Water to include depreciation on contributed water and wastewater assets and to increase the depreciation on contributed assets for stormwater included in the rates. In the current rate application, Halifax Water is proposing to include 2% in 2025/26 and 3% in 2026/27 of the depreciation on contributed assets into the water and wastewater rates and to increase the percentage from 25% to 27% in 2025/26 and 28% in 2026/27 for stormwater assets. These are the levels proposed in the 2022 rate application. The NSRAB commented that this approach of “beginning at only a 1% increase in 2024/25, is a relatively modest start. Taking this into account, Halifax Water should review this issue again to consider whether it can pursue a more aggressive approach in its next rate application to increasing depreciation expense on contributed assets”. Due to the magnitude of the rate increases proposed, Halifax Water has maintained its original approach.

Increase in Utility Plant in Service for the years 2019/20 to 2023/24 are below:

	Infrastructure Investment					Total 2019-2024
	Actual 2019-20	Actual 2020-21	Actual 2021-22	Actual 2022-23	Actual 2023-24	
Water						
Regular Additions	35,990,957	24,685,973	8,717,211	23,931,463	25,533,737	118,859,342
Donated Additions	13,388,017	1,399,724	7,266,262	14,195,064	440,211	36,689,279
Total Water	49,378,974	26,085,698	15,983,473	38,126,527	25,973,948	155,548,620
Wastewater						
Regular Additions	22,899,657	13,694,027	16,910,270	24,069,390	23,268,666	100,842,011
Donated Additions	4,525,803	2,097,620	5,978,796	1,779,329	1,176,913	15,558,461
Total Wastewater	27,425,460	15,791,647	22,889,066	25,848,719	24,445,579	116,400,472
Stormwater						
Regular Additions	14,903,872	4,474,492	8,485,573	6,789,000	5,766,312	40,419,249
Donated Additions	2,614,098	1,298,758	1,548,858	9,142,051	6,965,962	21,569,727
Total Stormwater	17,517,970	5,773,250	10,034,431	15,931,051	12,732,274	61,988,976
Total Regular Additions	73,794,486	42,854,492	34,113,054	54,789,853	54,568,716	260,120,602
Total Donated Additions	20,527,918	4,796,103	14,793,916	25,116,444	8,583,086	73,817,467
Total	94,322,404	47,650,595	48,906,970	79,906,297	63,151,802	333,938,068

ITEM #1
Halifax Water Board
May 2, 2025

For the period 2024/25 to 2026/27 Halifax Water is estimating to add significantly to the Utility Plant in Service:

	Infrastructure Investment				
	Estimated	Estimated	Estimated	Total	Total
	2024-25	2025-26	2026-27	2024-27	2019-27
Water					
Regular Additions	64,727,746	75,089,074	36,287,032	176,103,853	294,963,194
Donated Additions	7,337,856	7,337,856	7,337,856	22,013,568	58,702,847
Total Water	72,065,602	82,426,930	43,624,888	198,117,421	353,666,041
Wastewater					
Regular Additions	61,791,578	71,846,572	91,376,857	225,015,008	325,857,019
Donated Additions	2,883,804	2,883,804	2,883,804	8,651,413	24,209,874
Total Wastewater	64,675,382	74,730,377	94,260,662	233,666,421	350,066,893
Stormwater					
Regular Additions	12,860,786	25,062,777	26,070,911	63,994,474	104,413,723
Donated Additions	4,257,171	4,257,171	4,257,171	12,771,512	34,341,239
Total Stormwater	17,117,957	29,319,948	30,328,081	76,765,986	138,754,962
Total Regular Additions	139,380,111	171,998,423	153,734,800	465,113,335	725,233,936
Total Donated Additions	14,478,831	14,478,831	14,478,831	43,436,493	117,253,959
Total	153,858,942	186,477,254	168,213,631	508,549,827	842,487,896

This investment in new assets is expected to increase. The proposed capital budgets for the next 5 years are summarized below:

Program Category	All \$ in 000's					
	Y1 2025/26	Y2 2026/27	Y3 2027/28	Y4 2028/29	Y5 2029/30	Total Y1 to Y5
<i>Corporate</i>	41,550	42,877	31,680	16,622	13,654	146,383
<i>District Energy Services</i>	0	1,500	4,500	3,000	0	9,000
<i>Stormwater</i>	24,812	27,202	16,473	20,478	16,013	104,978
<i>Wastewater</i>	31,579	80,724	143,585	132,996	96,705	485,589
<i>Water</i>	35,056	56,300	115,773	206,348	204,578	618,055
GRAND TOTAL	132,996	208,603	312,011	379,445	330,950	1,364,004

Beyond this 5-year period, there will be significant capital investment required as key initiatives are progressed such as the Water Supply Enhancement Program (WSEP).

As the capital investment generates assets that are put in service, depreciation and debt costs will increase to reflect this investment.

ITEM #1
Halifax Water Board
May 2, 2025

Key considerations when designing a rate structure are the anticipated increase in new customers and the expected increase in consumption. Halifax Water has estimated an increase of 570 new customers for Water and 531 new customers for Wastewater, spread across all meter sizes. This increase in customers is based on the average of the last five years.

Halifax Water continues to see increases in consumption over the last number of years.

Consumption by Customer Class (m3)							
	Annual Consumption	Annual Consumption	Annual % Change in Consumption	Annual Consumption	Annual % Change in Consumption	Annual Consumption	Annual % Change in Consumption
	2021/22	2022/23	2022/23	2023/24	2023/24	2024/25	2024/25
Commercial	5,991,985	6,605,005	10.2%	6,724,101	1.8%	6,965,719	3.6%
Industrial	1,945,000	1,757,151	(9.7%)	1,753,824	(0.2%)	1,731,636	(1.3%)
Institutional	3,667,985	3,710,173	1.2%	3,818,567	2.9%	4,095,194	7.2%
Multi-residential	7,430,058	7,806,248	5.1%	8,080,410	3.5%	8,552,146	5.8%
Residential	13,094,090	12,641,623	(3.5%)	12,943,799	2.4%	13,178,808	1.8%
Total	32,129,118	32,520,201	1.2%	33,320,701	2.5%	34,523,503	3.6%

Halifax Water continues to expect consumption to increase for the next two years. However, based on the significance of the proposed increases in rates, Halifax Water has incorporated consumption increases of 1.0% % for 2025/26 and 1.0% % for 2026/27 in the rate studies.

As described above, over the last two rate applications in 2020 and in 2022, Halifax Water has utilized accumulated surpluses and reserves to defer or lower rate increases. This strategy was enabled by the accumulated surpluses and reserves that existed at that time. As can be seen below, the accumulated surpluses on April 1, 2020, were \$38.1 million. At the end of March 2025, Halifax Water is projecting to have an accumulated deficit of \$7.0 million. The final amount will be available in June 2025 as the financial statement audit is completed. As a result of this reduction, Halifax Water no longer has the ability to mitigate the rate increases required.

ITEM #1
Halifax Water Board
May 2, 2025

Accumulated Operating Surplus (Deficit) - NSUARB (in thousands)

	Total	Water	Wastewater	Stormwater
2020/21 Fiscal Year				
Balance, beginning of year	38,055	22,436	9,680	5,939
Earnings (loss) for the year	(9,884)	494	(7,958)	(2,420)
Transfer from reserve	5,040	-	5,040	-
Surplus, end of year	33,211	22,930	6,762	3,519
2021/22 Fiscal Year				
Balance, beginning of year	33,211	22,930	6,762	3,519
Earnings (loss) for the year	(6,382)	(3,428)	389	(3,343)
Surplus (deficit), end of year	26,829	19,502	7,151	176
2022/23 Fiscal Year				
Balance, beginning of year	26,829	19,502	7,151	176
Loss for the year	(7,760)	(3,069)	(1,676)	(3,015)
Surplus (deficit), end of year	19,069	16,433	5,475	(2,839)
2023/24 Fiscal Year				
Balance, beginning of year	19,069	16,433	5,475	(2,839)
Loss for the year	(7,379)	(5,960)	(88)	(1,331)
Surplus (deficit), end of year	11,690	10,473	5,387	(4,170)
2024/25 Fiscal Year				
Balance, beginning of year	11,690	10,473	5,387	(4,170)
Projected (loss) for the year	(18,683)	(9,219)	(6,986)	(2,478)
Projected surplus (deficit), end of year	(6,993)	1,254	(1,599)	(6,648)
2025/26 Fiscal Year				
Balance, beginning of year	(6,993)	1,254	(1,599)	(6,648)
Projected (loss) for the year	(37,141)	(22,708)	(10,767)	(3,666)
Projected surplus (deficit), end of year	(44,134)	(21,454)	(12,366)	(10,314)
2026/27 Fiscal Year				
Balance, beginning of year	(44,134)	(21,454)	(12,366)	(10,314)
Projected (loss) for the year	(55,846)	(30,736)	(19,061)	(6,049)
Projected surplus (deficit), end of year	(99,980)	(52,190)	(31,427)	(16,363)

Rates and Charges

Based on these inputs, Halifax Water has determined its revenue requirements and has designed rates for the key sources of revenue:

- 1) Water and Wastewater Base Charges – these are fixed charge customers pay based on the meters the customers have installed.
- 2) Water and Wastewater Consumption Charges – this is the per cubic meter charges that are applied to water consumed and wastewater discharged.
- 3) Stormwater rates – Right of way charge is charged to the municipality, the Province and the Halifax Dartmouth Bridge Commission to cover related to water that comes off roads.
- 4) Stormwater Impervious Area charge – residential customers are charged a rate based on the amount of impervious area on their property. The impervious area charges are based on Tiers.
- 5) Stormwater Impervious Area charge – non-residential customers are charged a per m² charge.
- 6) Fire Protection charges cover the costs of providing water to fire hydrants and to private buildings that have a sprinkler system.

Water and Wastewater Base Charges and Consumption Charges

Halifax Water has developed three scenarios for consideration:

Scenario 1: Cost of service per rate studies, with base rates rounded to nearest dollar.

Scenario 2: No change in current base charges/change in consumption rate only.

Scenario 3: No change in base charge/change in consumption only plus rate smoothing.

Scenario 1: Cost of service per rate studies, with base rates rounded to nearest dollar.

This scenario uses the rates as calculated by the Rate Studies. In this scenario, there would be adjustments to base charges and volumetric charges.

The water rate increases range from an increase of 24.3% to an increase of 49.9% for 2025/26 and 7.1% to 9.2% for 2026/27.

The wastewater rate changes range from an increase of 4.3% to an increase of 16.5% for 2025/26 and an increase of 5.2% to an increase of 6.8% for 2026/27.

The combined water and wastewater rate changes range from an increase of 17.3% to an increase of 20.6% for 2025/26 and increases of 6.0% to 7.8% for 2026/27.

ITEM #1

Halifax Water Board

May 2, 2025

Scenario #1: Cost of service per rate studies, with base rates rounded to nearest dollar												
Halifax Regional Water Commission Consolidated Rate Studies - Water and Wastewater Services Bill Comparisons 2025/26												
Meter Size	Monthly Base Charge			Monthly Commodity Charge			Monthly Combined Bill			Quarterly Combined Bill		
	Current	2025/26 Proposed Rates	%Change	Current	2025/26 Proposed Rates	%Change	Current	2025/26 Proposed Rates	%Change	Current	2025/26 Proposed Rates	%Change
5/8" - 15mm	\$27.00	\$30.00	11.1%	\$46.02	\$57.28	24.5%	\$73.02	\$87.28	19.5%	\$219.05	\$261.83	19.5%
3/4" - 20mm	\$38.00	\$37.00	(2.6%)	\$152.30	\$189.37	24.3%	\$190.30	\$226.37	19.0%	\$570.89	\$679.11	19.0%
1" - 25mm	\$62.00	\$52.00	(16.1%)	\$304.49	\$379.12	24.5%	\$366.49	\$431.12	17.6%	\$1,099.46	\$1,298.35	17.6%
1.5" - 40mm	\$119.00	\$89.00	(25.2%)	\$716.79	\$890.97	24.3%	\$835.79	\$979.97	17.3%	\$2,507.36	\$2,939.92	17.3%
2" - 50mm	\$188.00	\$134.00	(28.7%)	\$1,752.24	\$2,179.75	24.4%	\$1,940.24	\$2,313.75	19.3%	\$5,820.72	\$6,941.26	19.3%
3" - 80mm	\$376.00	\$253.00	(32.7%)	\$3,732.15	\$4,658.98	24.8%	\$4,108.15	\$4,911.58	19.6%	\$12,324.45	\$14,734.74	19.6%
4" - 100mm	\$685.00	\$398.00	(33.7%)	\$6,966.48	\$8,165.35	24.3%	\$7,151.48	\$8,953.35	19.6%	\$21,454.44	\$25,660.05	19.6%
6" - 150mm	\$1,168.00	\$761.00	(34.8%)	\$18,565.52	\$23,029.09	24.1%	\$19,723.52	\$23,790.09	20.6%	\$59,170.57	\$71,370.28	20.6%
8" - 200mm	\$2,100.00	\$1,358.00	(35.3%)	\$17,000.67	\$21,159.26	24.5%	\$19,100.67	\$22,517.26	17.9%	\$57,302.01	\$67,551.78	17.9%
10" - 250mm	\$3,498.00	\$2,254.00	(35.6%)	\$36,670.87	\$45,632.98	24.4%	\$40,168.87	\$47,886.98	19.2%	\$120,506.62	\$143,660.93	19.2%

Halifax Regional Water Commission Consolidated Rate Studies - Water and Wastewater Services Bill Comparisons 2026/27												
Meter Size	Monthly Base Charge			Monthly Commodity Charge			Monthly Combined Bill			Quarterly Combined Bill		
	2025/26 Proposed Rates	2026/27 Proposed Rates	%Change	2025/26 Proposed Rates	2026/27 Proposed Rates	%Change	2025/26 Proposed Rates	2026/27 Proposed Rates	%Change	2025/26 Proposed Rates	2026/27 Proposed Rates	%Change
5/8" - 15mm	\$30.00	\$32.00	6.7%	\$57.28	\$61.43	7.3%	\$87.28	\$93.43	7.1%	\$261.83	\$280.30	7.1%
3/4" - 20mm	\$37.00	\$40.00	8.1%	\$189.37	\$202.43	6.9%	\$226.37	\$242.43	7.1%	\$679.11	\$727.28	7.1%
1" - 25mm	\$52.00	\$55.00	5.8%	\$379.12	\$406.60	7.2%	\$431.12	\$461.60	7.1%	\$1,298.35	\$1,384.79	7.1%
1.5" - 40mm	\$89.00	\$94.00	5.6%	\$890.97	\$944.86	6.0%	\$979.97	\$1,038.86	6.0%	\$2,939.92	\$3,116.59	6.0%
2" - 50mm	\$134.00	\$141.00	5.2%	\$2,179.75	\$2,320.11	6.4%	\$2,313.75	\$2,461.11	6.4%	\$6,941.26	\$7,389.32	6.4%
3" - 80mm	\$253.00	\$266.00	5.1%	\$4,658.98	\$5,019.04	7.7%	\$4,911.58	\$5,285.04	7.6%	\$14,734.74	\$15,856.11	7.6%
4" - 100mm	\$398.00	\$408.00	2.5%	\$8,165.35	\$8,610.77	5.4%	\$8,553.35	\$9,218.77	7.8%	\$25,660.05	\$27,656.31	7.8%
6" - 150mm	\$761.00	\$799.00	5.0%	\$23,029.09	\$24,846.34	7.9%	\$23,790.09	\$25,645.34	7.8%	\$71,370.28	\$76,936.01	7.8%
8" - 200mm	\$1,358.00	\$1,425.00	4.9%	\$21,159.26	\$22,833.08	7.9%	\$22,517.26	\$24,258.08	7.7%	\$67,551.78	\$72,774.24	7.7%
10" - 250mm	\$2,254.00	\$2,364.00	4.9%	\$45,632.98	\$49,242.26	7.9%	\$47,886.98	\$51,606.26	7.8%	\$143,660.93	\$154,818.77	7.8%

The impact on the average residential bill for water and wastewater services as calculated in the rate studies is an increase of 19.5% in 2025/26 and 7.1% in 2026/27.

ITEM #1
Halifax Water Board
May 2, 2025

Scenario #1: Cost of service per rate studies, with base charges rounded up to the nearest dollar

		Proposed Rates		Change 2025/26		Change 2026/27	
	Current Rates						
		2025/26	2026/27	\$	%	\$	%
Water							
Base charges	\$156.00	\$132.00	\$144.00	(\$24.00)	(15.4%)	\$12.00	9.1%
Consumption	<u>\$184.25</u>	<u>\$290.88</u>	<u>\$316.18</u>	<u>\$106.63</u>	<u>57.9%</u>	<u>\$25.30</u>	<u>8.7%</u>
	<u>\$340.25</u>	<u>\$422.88</u>	<u>\$460.18</u>	<u>\$82.63</u>	<u>24.3%</u>	<u>\$37.30</u>	<u>8.8%</u>
Wastewater							
Base charges	\$168.00	\$228.00	\$240.00	\$60.00	35.7%	\$12.00	5.3%
Consumption	<u>\$367.95</u>	<u>\$396.44</u>	<u>\$421.01</u>	<u>\$28.49</u>	<u>7.7%</u>	<u>\$24.57</u>	<u>6.2%</u>
	<u>\$535.95</u>	<u>\$624.44</u>	<u>\$661.01</u>	<u>\$88.49</u>	<u>16.5%</u>	<u>\$36.57</u>	<u>5.9%</u>
Annual total	<u>\$876.20</u>	<u>\$1,047.32</u>	<u>\$1,121.19</u>	<u>\$171.12</u>	<u>19.5%</u>	<u>\$73.87</u>	<u>7.1%</u>

Scenario 2: No change in current base charges/change in consumption rate only.

This scenario maintains the base rate at the current level and applies all required rate adjustments to the volumetric rate.

The water rate increases range from 26.6% to 45.1% for 2025/26 and 7.1% to 11.2% for 2026/27.

The wastewater rate increases range from 8.9% to 12.3% for 2025/26 and an increase of 5.2% to an increase of 7.6% for 2026/27.

The combined water and wastewater rate increases range from 15.8% to 23.3% for 2025/26 and 6.0% to 9.0% for 2026/27.

ITEM #1

Halifax Water Board

May 2, 2025

Scenario #2 - No change in current base charges/change in consumption rate only												
Halifax Regional Water Commission Consolidated Rate Studies - Water and Wastewater Services Bill Comparisons 2025/26												
Meter Size	Monthly Base Charge			Monthly Commodity Charge			Monthly Combined Bill			Quarterly Combined Bill		
	Current	2025/26 Proposed Rates	%Change	Current	2025/26 Proposed Rates	%Change	Current	2025/26 Proposed Rates	%Change	Current	2025/26 Proposed Rates	%Change
5/8" - 15mm	\$27.00	\$27.00	0.0%	\$46.02	\$57.52	25.0%	\$73.02	\$84.52	15.8%	\$219.05	\$253.57	15.8%
3/4" - 20mm	\$38.00	\$38.00	0.0%	\$152.30	\$190.24	24.9%	\$190.30	\$228.24	19.9%	\$570.89	\$684.71	19.9%
1" - 25mm	\$62.00	\$62.00	0.0%	\$304.49	\$380.71	25.0%	\$366.49	\$442.71	20.8%	\$1,099.46	\$1,328.12	20.8%
1.5" - 40mm	\$119.00	\$119.00	0.0%	\$716.79	\$895.14	24.9%	\$835.79	\$1,014.14	21.3%	\$2,507.36	\$3,042.41	21.3%
2" - 50mm	\$188.00	\$188.00	0.0%	\$1,792.24	\$2,189.46	25.0%	\$1,940.24	\$2,377.46	22.5%	\$5,820.72	\$7,132.37	22.5%
3" - 80mm	\$376.00	\$376.00	0.0%	\$3,732.15	\$4,674.81	25.3%	\$4,108.15	\$5,050.81	22.9%	\$12,324.45	\$15,152.42	22.9%
4" - 100mm	\$585.00	\$585.00	0.0%	\$5,596.48	\$6,202.62	24.9%	\$7,151.48	\$8,787.62	22.9%	\$21,454.44	\$26,362.85	22.9%
6" - 150mm	\$1,168.00	\$1,168.00	0.0%	\$18,555.52	\$23,146.86	24.7%	\$19,723.52	\$24,314.86	23.3%	\$59,170.57	\$72,944.58	23.3%
8" - 200mm	\$2,100.00	\$2,100.00	0.0%	\$17,000.67	\$21,250.40	25.0%	\$19,100.67	\$23,350.40	22.2%	\$57,302.01	\$70,051.19	22.2%
10" - 250mm	\$3,498.00	\$3,498.00	0.0%	\$36,670.87	\$46,831.82	25.0%	\$40,168.87	\$49,329.82	22.8%	\$120,506.62	\$147,989.46	22.8%

Halifax Regional Water Commission Consolidated Rate Studies - Water and Wastewater Services Bill Comparisons 2026/27												
Meter Size	Monthly Base Charge			Monthly Commodity Charge			Monthly Combined Bill			Quarterly Combined Bill		
	2025/26 Proposed Rates	2026/27 Proposed Rates	%Change	2025/26 Proposed Rates	2026/27 Proposed Rates	%Change	2025/26 Proposed Rates	2026/27 Proposed Rates	%Change	2025/26 Proposed Rates	2026/27 Proposed Rates	%Change
5/8" - 15mm	\$27.00	\$27.00	0.0%	\$57.52	\$62.59	8.8%	\$84.52	\$89.59	6.0%	\$253.57	\$268.78	6.0%
3/4" - 20mm	\$38.00	\$38.00	0.0%	\$190.24	\$206.30	8.4%	\$228.24	\$244.30	7.0%	\$684.71	\$732.90	7.0%
1" - 25mm	\$62.00	\$62.00	0.0%	\$380.71	\$414.24	8.8%	\$442.71	\$476.24	7.6%	\$1,328.12	\$1,428.72	7.6%
1.5" - 40mm	\$119.00	\$119.00	0.0%	\$895.14	\$963.11	7.6%	\$1,014.14	\$1,082.11	6.7%	\$3,042.41	\$3,246.34	6.7%
2" - 50mm	\$188.00	\$188.00	0.0%	\$2,189.46	\$2,364.55	8.0%	\$2,377.46	\$2,562.55	7.4%	\$7,132.37	\$7,657.64	7.4%
3" - 80mm	\$376.00	\$376.00	0.0%	\$4,674.81	\$5,109.83	9.3%	\$5,050.81	\$5,485.83	8.6%	\$15,152.42	\$16,457.48	8.6%
4" - 100mm	\$585.00	\$585.00	0.0%	\$6,202.62	\$6,979.36	9.5%	\$8,787.62	\$9,564.36	8.8%	\$26,362.85	\$28,693.06	8.8%
6" - 150mm	\$1,168.00	\$1,168.00	0.0%	\$23,146.86	\$25,334.08	9.4%	\$24,314.86	\$26,502.08	9.0%	\$72,944.58	\$79,506.23	9.0%
8" - 200mm	\$2,100.00	\$2,100.00	0.0%	\$21,250.40	\$23,264.71	9.5%	\$23,350.40	\$25,364.71	8.6%	\$70,051.19	\$76,094.14	8.6%
10" - 250mm	\$3,498.00	\$3,498.00	0.0%	\$46,831.82	\$50,175.36	9.5%	\$49,329.82	\$53,673.36	8.8%	\$147,989.46	\$161,020.07	8.8%

Maintaining the existing base charges and adjusting volumetric rates provides more opportunity and incentive for customers to manage their consumption and bills and provides customers with a means of offsetting the proposed rate increases through reducing their water use.

The impact on the average residential bill for water and wastewater services is an increase of 15.8% in 2025/26 and 6.0% in 2026/27.

ITEM #1
Halifax Water Board
May 2, 2025

Scenario #2 - No change in current base charges/change in consumption rate only							
	Current Rates	Proposed Rates		Change 2025/26		Change 2026/27	
		2025/26	2026/27	\$	%	\$	%
Water							
Base charges	\$156.00	\$156.00	\$156.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$184.25	\$274.63	\$305.26	\$90.38	49.1%	\$30.63	11.2%
	\$340.25	\$430.63	\$461.26	\$90.38	26.6%	\$30.63	7.1%
Wastewater							
Base charges	\$168.00	\$168.00	\$168.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$367.95	\$415.63	\$445.84	\$47.68	13.0%	\$30.21	7.3%
	\$535.95	\$583.63	\$613.84	\$47.68	8.9%	\$30.21	5.2%
Annual total	\$876.20	\$1,014.26	\$1,075.11	\$138.06	15.8%	\$60.85	6.0%

Scenario 3: No change in base charge/change in consumption only plus rate smoothing.

Halifax Water has developed rate studies that calculate the rates that will provide the full year's revenue requirement. With the timing of the rate application and an anticipate start date for the adjusted rates, there will be an approximately 9-month period (April 1, 2025, to December 31, 2025) where rates will not be sufficient to offset the operating deficit. Halifax Water is proposing to recover this shortfall in the revenue requirements in test year 2 – 2026/27.

The water rate increases range from 26.5% to 45.1% for 2025/26 and 22.8% to 34.6% for 2026/27.

The wastewater rate increases range from 8.9% to 12.3% for 2025/26 and an increase of 11.3% to an increase of 15.8% for 2026/27.

The combined water and wastewater rate increases range from 15.8% to 23.3% for 2025/26 and 16.2% to 23.2% for 2026/27.

ITEM #1

Halifax Water Board

May 2, 2025

Scenario #3 - No change in Base charge/change in consumption only plus rate smoothing												
Halifax Regional Water Commission Consolidated Rate Studies - Water and Wastewater Services Bill Comparison 2025/26												
Meter Size	Monthly Base Charge			Monthly Commodity Charge			Monthly Combined Bill			Quarterly Combined Bill		
	Current	2025/26 Proposed Rates	%Change	Current	2025/26 Proposed Rates	%Change	Current	2025/26 Proposed Rates	%Change	Current	2025/26 Proposed Rates	%Change
5/8" - 15mm	\$27.00	\$27.00	0.0%	\$46.02	\$57.52	25.0%	\$73.02	\$84.52	15.8%	\$219.05	\$253.55	15.8%
3/4" - 20mm	\$38.00	\$38.00	0.0%	\$102.30	\$120.22	24.9%	\$140.30	\$158.22	19.9%	\$420.89	\$474.67	19.9%
1" - 25mm	\$62.00	\$62.00	0.0%	\$304.49	\$380.68	25.0%	\$366.49	\$442.68	20.8%	\$1,099.46	\$1,328.03	20.8%
1.5" - 40mm	\$119.00	\$119.00	0.0%	\$746.79	\$895.06	24.9%	\$895.79	\$1,014.06	21.3%	\$2,507.36	\$3,042.19	21.3%
2" - 50mm	\$188.00	\$188.00	0.0%	\$1,752.24	\$2,189.27	24.9%	\$1,940.24	\$2,377.27	22.5%	\$5,820.72	\$7,131.82	22.5%
3" - 80mm	\$376.00	\$376.00	0.0%	\$3,732.15	\$4,674.41	25.2%	\$4,108.15	\$5,050.41	22.9%	\$12,324.45	\$15,151.23	22.9%
4" - 100mm	\$585.00	\$585.00	0.0%	\$6,566.48	\$8,201.93	24.9%	\$7,151.48	\$8,786.93	22.9%	\$21,454.44	\$26,360.80	22.9%
6" - 150mm	\$1,168.00	\$1,168.00	0.0%	\$18,555.52	\$23,144.96	24.7%	\$19,723.52	\$24,912.96	23.3%	\$59,170.57	\$72,938.89	23.3%
8" - 200mm	\$2,100.00	\$2,100.00	0.0%	\$17,000.67	\$21,248.62	25.0%	\$19,100.67	\$23,948.62	22.2%	\$57,302.01	\$70,045.86	22.2%
10" - 250mm	\$3,498.00	\$3,498.00	0.0%	\$36,670.87	\$45,828.00	25.0%	\$40,168.87	\$49,326.00	22.8%	\$120,506.62	\$147,977.99	22.8%

Halifax Regional Water Commission Consolidated Rate Studies - Water and Wastewater Services Bill Comparison 2026/27												
Meter Size	Monthly Base Charge			Monthly Commodity Charge			Monthly Combined Bill			Quarterly Combined Bill		
	2025/26 Proposed Rates	2026/27 Proposed Rates	%Change	2025/26 Proposed Rates	2026/27 Proposed Rates	%Change	2025/26 Proposed Rates	2026/27 Proposed Rates	%Change	2025/26 Proposed Rates	2026/27 Proposed Rates	%Change
5/8" - 15mm	\$27.00	\$27.00	0.0%	\$57.52	\$71.17	23.7%	\$84.52	\$98.17	16.2%	\$253.55	\$294.52	16.2%
3/4" - 20mm	\$38.00	\$38.00	0.0%	\$120.22	\$149.51	23.3%	\$158.22	\$197.51	19.4%	\$474.67	\$581.53	19.4%
1" - 25mm	\$62.00	\$62.00	0.0%	\$380.68	\$471.09	23.8%	\$442.68	\$533.09	20.4%	\$1,328.03	\$1,599.27	20.4%
1.5" - 40mm	\$119.00	\$119.00	0.0%	\$895.06	\$1,094.55	22.3%	\$1,014.06	\$1,213.55	19.7%	\$3,042.19	\$3,640.66	19.7%
2" - 50mm	\$188.00	\$188.00	0.0%	\$2,189.27	\$2,687.81	22.8%	\$2,377.27	\$2,875.81	21.0%	\$7,131.82	\$8,627.43	21.0%
3" - 80mm	\$376.00	\$376.00	0.0%	\$4,674.41	\$5,816.50	24.4%	\$5,050.41	\$6,192.50	22.6%	\$15,151.23	\$18,577.50	22.6%
4" - 100mm	\$585.00	\$585.00	0.0%	\$8,201.93	\$10,207.22	24.4%	\$8,786.93	\$10,792.22	22.8%	\$26,360.80	\$32,376.65	22.8%
6" - 150mm	\$1,168.00	\$1,168.00	0.0%	\$23,144.96	\$28,779.67	24.3%	\$24,912.96	\$29,947.67	23.2%	\$72,938.89	\$89,843.00	23.2%
8" - 200mm	\$2,100.00	\$2,100.00	0.0%	\$21,248.62	\$26,450.96	24.5%	\$23,948.62	\$28,553.96	22.3%	\$70,045.86	\$85,661.89	22.3%
10" - 250mm	\$3,498.00	\$3,498.00	0.0%	\$45,828.00	\$57,090.28	24.5%	\$49,326.00	\$60,548.28	22.8%	\$147,977.99	\$181,644.83	22.8%

The impact on the average residential bill as calculated in the rate studies is an increase of 15.8% in 2025/26 and 16.2% in 2026/27.

ITEM #1
Halifax Water Board
May 2, 2025

Scenario #3 - No change in Base charge/change in consumption only plus rate smoothing							
	Proposed Rates		Change 2025/26		Change 2026/27		
	Current Rates	2025/26	2026/27	\$	%	\$	%
Water							
Base charges	\$156.00	\$156.00	\$156.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$184.25	\$274.58	\$372.71	\$90.33	49.0%	\$98.13	35.7%
	\$340.25	\$430.58	\$528.71	\$90.33	26.5%	\$98.13	22.8%
Wastewater							
Base charges	\$168.00	\$168.00	\$168.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$367.95	\$415.63	\$481.39	\$47.68	13.0%	\$65.76	15.8%
	\$535.95	\$583.63	\$649.39	\$47.68	8.9%	\$65.76	11.3%
Annual total	\$876.20	\$1,014.21	\$1,178.10	\$138.01	15.8%	\$163.89	16.2%

Halifax Water is recommending Scenario 3. This scenario will bring Halifax Water into balance by the end of 2026/27.

The summary of the monthly base charges and consumption charges for the residential customers are as follows:

Summary of residential rates and monthly base charges			
	Current	2025/26	2026/27
Base			
Water	\$13.00	\$13.00	\$13.00
Wastewater	\$14.00	\$14.00	\$14.00
Consumption rates			
Water	\$1.128	\$1.681	\$2.273
Wastewater	\$2.259	\$2.552	\$2.944

ITEM #1

Halifax Water Board

May 2, 2025

Below is a summary of the impact on the revenue generated from each meter size based on the 3 scenarios.

COMBINED WATER AND WASTEWATER										
	2025/26					2026/27				
	Scenario 1	Scenario 2	Scenario 3	Scenario 1 to Scenario 3		Scenario 1	Scenario 2	Scenario 3	Scenario 1 to Scenario 3	
	Cost of Service Revenue	Current Base Rate	Volumetric plus Smoothing	Difference		Cost of Service Revenue	Current Base Rate	Recommended Alternative	Difference	
	\$	\$	\$	\$	%	\$	\$	\$	\$	%
Calculated Revenues										
Unmetered 5/8"	\$700,225	\$664,618	\$664,618	(\$35,607)	(5.4%)	\$744,824	\$701,417	\$753,725	\$8,901	1.3%
Unmetered 3/4"	\$3,186	\$3,242	\$3,242	\$55	1.7%	\$3,388	\$3,432	\$3,667	\$280	8.2%
Unmetered 1"	\$42,222	\$43,473	\$43,473	\$1,251	2.9%	\$45,154	\$46,689	\$51,934	\$6,780	14.5%
Unmetered 3"	\$33,639	\$35,826	\$35,826	\$2,188	6.1%	\$35,792	\$38,355	\$41,216	\$5,424	14.1%
5/8" - 15mm	\$84,257,763	\$81,691,207	\$81,691,207	(\$2,566,556)	(3.1%)	\$90,784,773	\$87,142,531	\$95,593,890	\$4,809,117	5.5%
3/4" - 20mm	\$2,872,232	\$2,895,534	\$2,895,534	\$23,302	0.8%	\$3,105,305	\$3,129,090	\$3,492,436	\$387,131	12.4%
1" - 25mm	\$8,342,235	\$8,564,309	\$8,564,309	\$222,074	2.6%	\$8,988,336	\$9,271,597	\$10,384,517	\$1,396,181	15.1%
1.5" - 40mm	\$14,871,301	\$15,385,468	\$15,385,468	\$514,166	3.3%	\$16,041,762	\$16,704,875	\$18,744,791	\$2,703,030	16.2%
2" - 50mm	\$24,356,809	\$25,015,085	\$25,015,085	\$658,276	2.6%	\$26,268,608	\$27,230,355	\$30,704,823	\$4,436,215	16.3%
3" - 80mm	\$18,835,862	\$19,353,628	\$19,353,628	\$517,766	2.7%	\$20,308,975	\$21,066,125	\$23,804,989	\$3,496,014	16.6%
4" - 100mm	\$7,535,861	\$7,740,024	\$7,740,024	\$204,163	2.6%	\$8,122,687	\$8,425,060	\$9,510,350	\$1,387,662	16.5%
6" - 150mm	\$9,609,225	\$9,795,595	\$9,795,595	\$186,371	1.9%	\$10,365,378	\$10,686,776	\$12,117,069	\$1,751,691	16.4%
8" - 200mm	\$6,599,005	\$6,837,672	\$6,837,672	\$238,667	3.5%	\$7,110,726	\$7,429,797	\$8,373,425	\$1,262,699	17.0%
10" - 250mm	\$1,149,295	\$1,183,916	\$1,183,916	\$34,621	2.9%	\$1,238,550	\$1,288,161	\$1,453,171	\$214,620	16.7%
	\$179,208,859	\$179,209,596	\$179,209,596	\$737	0.0%	\$193,164,258	\$193,164,258	\$215,030,002	\$21,865,746	11.3%
Fire Protection										
	\$13,285,842	\$13,285,842	\$13,285,842	\$0	0.0%	\$14,437,228	\$14,437,228	\$17,032,330	\$2,595,103	18.0%
Total	\$192,494,701	\$192,495,437	\$192,495,437	\$737	0.0%	\$207,601,486	\$207,601,486	\$232,062,333	\$24,460,849	11.8%
Revenue Requirement per Rate	\$192,495,437	\$192,495,437	\$192,495,437			\$207,601,486	\$207,601,486	\$207,601,486		
Adjustment To Revenue Requirement	(\$737)	\$0	\$0			\$0	\$0	\$24,460,847		

Stormwater Charges

Halifax Water has developed two scenarios for consideration:

Scenario 1 - Stormwater charge per rate studies

Scenario 2 - Stormwater charge per rate studies with smoothing

Scenario 1 - Stormwater charge per rate studies

Based on this scenario, in 2025/26, the annual charges for residential customers would increase in each tier ranging from \$5.00 for tier 2 to \$28.00 for tier 5. In 2026/27, the annual charges for residential customers would increase further in each tier ranging from \$3.00 for tier 2 to \$19.00 for tier 5.

In 2025/26, the charges per m² for non-residential customers would increase from \$0.173 to \$0.216, an increase of \$0.043 per m². In 2026/27, charges for non-residential customers would increase to \$0.245 per m².

The total right-of-way charge would be \$7.9 million in 2025/26 and \$8.9 million in 2026/27. This increase is a result of increased charge and an increase in impervious area.

ITEM #1
Halifax Water Board
May 2, 2025

Scenario #1 (Stormwater): Cost of service per rate studies, with tier rates rounded to nearest dollar

Halifax Regional Water Commission Stormwater Services Rate Study Bill Comparisons								
	2025/26 Annual Charges				2026/27 Annual Charges			
	Current	2025/26 Proposed Rates	\$ Change	% Change	2025/26 Proposed Rates	2026/27 Proposed Rates	\$ Change	% Change
Industrial, Commercial, Institutional	0.173	0.216	0.043	24.9%	\$0.216	\$0.245	\$0.029	13.4%
Residential								
Tier 1 (exempt)	\$0.00	\$0.00	\$0.00	0.0%	\$0.00	\$0.00	\$0.00	0.0%
Tier 2 ¹	\$19.00	\$24.00	\$5.00	26.3%	\$24.00	\$27.00	\$3.00	12.5%
Tier 3 ¹	\$38.00	\$48.00	\$10.00	26.3%	\$48.00	\$54.00	\$6.00	12.5%
Tier 4	\$76.00	\$95.00	\$19.00	25.0%	\$95.00	\$108.00	\$13.00	13.7%
Tier 5	\$115.00	\$143.00	\$28.00	24.3%	\$143.00	\$162.00	\$19.00	13.3%
Culvert only customers	\$19.00	\$24.00	\$5.00	26.3%	\$24.00	\$27.00	\$3.00	12.5%

1: Tiers 2 and 3 represent 83% of the Residential parcels, and individually represent 38% and 45% respectively.

Scenario 2 - Stormwater charge per rate studies with smoothing

As with water and wastewater rates, Halifax Water has developed rate studies that calculate the rates that will provide the full year's revenue requirement. With the timing of the rate application and an anticipate start date for the adjusted rates, there will be an approximately 9-month period (April 1, 2025, to December 31, 2025) where rates will not be sufficient to offset the operating deficit. Halifax Water is proposing to recover this shortfall in the revenue requirements in test year 2 – 2026/27 – Scenario 2 - Stormwater.

Based on this scenario, in 2025/26, the annual charges for residential customers would increase in each tier ranging from \$5.00 for tier 2 to \$28.00 for tier 5. In 2026/27, the annual charges for residential customers would increase further in each tier ranging from \$6.00 for tier 2 to \$40.00 for tier 5.

In 2025/26, the charges per m² for non-residential customers would increase from \$0.173 to \$0.216, an increase of \$0.043 per m². In 2026/27, charges for non-residential customers would increase to \$0.277 per m².

The total right-of-way charge would be \$7.9m in 2025/26 and \$10.0m in 2026/27.

ITEM #1

Halifax Water Board

May 2, 2025

Scenario #2 (Stormwater): Cost of Service Rates plus rate smoothing								
Halifax Regional Water Commission Stormwater Services Rate Study Bill Comparisons								
	2025/26 Annual Charges				2026/27 Annual Charges			
	Current	2025/26 Proposed Rates	\$ Change	% Change	2025/26 Proposed Rates	2026/27 Proposed Rates	\$ Change	% Change
Industrial, Commercial, Institutional	\$0.173	\$ 0.216	\$0.043	24.9%	\$ 0.216	\$0.277	\$0.061	28.1%
Residential								
Tier 1 (exempt)	\$0.00	\$0.00	\$0.00	0.0%	\$0.00	\$0.00	\$0.00	0.0%
Tier 2 ¹	\$19.00	\$24.00	\$5.00	26.3%	\$24.00	\$30.00	\$6.00	25.0%
Tier 3 ¹	\$38.00	\$48.00	\$10.00	26.3%	\$48.00	\$61.00	\$13.00	27.1%
Tier 4	\$76.00	\$95.00	\$19.00	25.0%	\$95.00	\$122.00	\$27.00	28.4%
Tier 5	\$115.00	\$143.00	\$28.00	24.3%	\$143.00	\$183.00	\$40.00	28.0%
Culvert only customers	\$19.00	\$24.00	\$5.00	26.3%	\$24.00	\$30.00	\$6.00	25.0%

The revenue generated from these scenarios is outlined below.

STORMWATER								
	2025/26				2026/27			
	Cost of Service Revenue	Recommended Alternative	Change		Cost of Service Revenue	Recommended Alternative	Change	
	\$	\$	\$	%	\$	\$	\$	%
Site Related Flow								
Industrial, Commercial, Institutional	6,876,598	6,876,598	-	0.0%	7,799,845	8,806,025	1,006,180	18.3%
Residential								
Tier 1 (exempt)	-	-	-	0.0%	-	-	-	0.0%
Tier 2	855,888	855,888	-	0.0%	962,874	1,069,860	106,986	15.8%
Tier 3	2,071,632	2,071,632	-	0.0%	2,330,586	2,632,699	302,113	18.4%
Tier 4	969,475	969,475	-	0.0%	1,102,140	1,245,010	142,870	18.4%
Tier 5	298,155	298,155	-	0.0%	337,770	381,555	43,785	18.3%
Culvert only customers	18,168	18,168	-	0.0%	20,439	22,710	2,271	15.8%
	\$11,089,916	\$11,089,916	\$0	0.0%	\$12,553,654	14,157,859	1,604,205	18.1%
Street Right-of Way (ROW)								
Halifax (HRM)	6,416,300	6,416,300	-	0.0%	7,168,900	8,093,760	924,860	12.9%
Province of Nova Scotia	1,514,800	1,514,800	-	0.0%	1,692,500	1,910,792	218,292	12.9%
Halifax Dartmouth Bridge Commission	18,400	18,400	-	0.0%	20,600	23,226	2,626	12.7%
Street Right-of Way (ROW)	7,949,500	7,949,500	-	0.0%	8,882,000	10,027,778	1,145,778	17.6%
Total	\$19,039,416	\$19,039,416	\$0	0.0%	\$21,435,654	\$24,185,637	\$2,749,983	17.9%
Revenue Requirement per Rate Application	19,041,947	\$19,041,947			\$21,443,663	\$21,443,663		
Adjustment To Revenue Requirement						\$2,749,983		

Halifax Water is recommending Scenario 2. This scenario will bring the utility into balance at the end of 2026/27.

ITEM #1
Halifax Water Board
May 2, 2025

When the recommended scenarios are combined, the impact on the average residential customer is as follows:

Total Average Residential Bill (including Stormwater)							
	Proposed Rates			Change 2025/26		Change 2026/27	
	Current Rates	2025/26	2026/27	\$	%	\$	%
Water							
Base charges	\$156.00	\$156.00	\$156.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$184.25	\$274.58	\$372.71	\$90.33	49.0%	\$98.13	35.7%
	\$340.25	\$430.58	\$528.71	\$90.33	26.5%	\$98.13	22.8%
Wastewater							
Base charges	\$168.00	\$168.00	\$168.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$367.95	\$415.63	\$481.39	\$47.68	13.0%	\$65.76	15.8%
	\$535.95	\$583.63	\$649.39	\$47.68	8.9%	\$65.76	11.3%
Annual Water and Wastewater Total	\$876.20	\$1,014.21	\$1,178.10	\$138.01	15.8%	\$163.89	16.2%
Stormwater (Tier 3)	\$38.00	\$48.00	\$61.00	\$10.00	26.3%	\$13.00	27.1%
Total Average Residential Bill	\$914.20	\$1,062.21	\$1,239.10	\$148.01	16.2%	\$176.89	16.7%

Fire Protection

Halifax Water has developed two scenarios for consideration:

Scenario 1: Cost of Service Rates

Scenario 2: Cost of Service Rates plus rate smoothing

Scenario 1: Cost of Service Rates:

The cost-of-service studies produced a result that would see private fire protection revenue increase from \$1.7 million in 2024/25 to \$3.1 million in 2026/27.

For public fire protection, revenue would increase from \$8.1 million in 2024/25 to \$11.4 million in 2026/27.

The total fire protection revenue would increase from \$9.8 million in 2024/25 to \$14.4 million in 2026/27.

Scenario 2: Cost of Service Rates plus rate smoothing:

The rates above were calculated to provide the full year's revenue requirement. With the timing of the rate application and an anticipate start date for the adjusted rates, there will be an approximately 9-month period (April 1, 2025, to December 31, 2025) where rates will not be sufficient to offset the operating deficit. Halifax Water is proposing to recover this shortfall in the revenue requirements in test year 2 – 2026/27. The impact will increase the rate increases proposed for 2026/27 and are presented as Proposed 26/27 with Rate Smoothing.

Scenario 2 produced a result that would see private fire protection revenue increase from \$1.7 million in 2024/25 to \$3.7 million in 2026/27.

For public fire protection, revenue would increase from \$8.1 million in 2024/25 to \$13.3 million in 2026/27.

The total fire protection revenue would increase from \$9.8 million in 2024/25 to \$17.0 million in 2026/27.

Summary of Proposed Fire Protection					
	Current	Scenario 1: Rate Studies 2025/26	Scenario 1: Rate Studies 2026/27	Scenario 2: Proposed 2025/26 (With Rate Smoothing)	Scenario 2: Proposed 2026/27 (With Rate Smoothing)
Proposed Public Fire Protection	\$8,083,080	\$10,874,419	\$11,357,271	\$10,542,602	\$13,290,574
Proposed Private Fire Protection	\$1,742,625	\$2,411,423	\$3,079,957	\$2,743,240	\$3,741,756
Totals per the Rate Studies	\$9,825,705	\$13,285,842	\$14,437,228	\$13,285,842	\$17,032,330

Halifax Water is recommending Scenario 2.

Review of Fees and Other Charges

Halifax Water has reviewed all its rates and other charges to reflect the increase in costs that it has experienced and to reflect and changes in processes that will affect the charges. Of the 46 fees that are currently charged, Halifax Water is proposing to increase 24 fees and to eliminate 1 fee.

In addition to these adjustments, Halifax Water is proposing to add a new fee of \$100 for each level of the stormwater service appeals and additional fees related to construction dewatering, water service commissioning and damage to services.

Halifax Water is proposing the payment of the RDCs be considered in advance of the service being provided as opposed to being required at the time of permit application. The request is similar to M11159, and Halifax Water has had ongoing engagement with the Urban Development Industry and individual developers who have requested this be revisited.

There are number of minor housekeeping edits are proposed to provide clarity for staff and customers.

Customer Assistance and Affordability

For customers who may have difficulty paying their bill, Halifax Water has a support program called the H2O Program that provides financial support to low-income customers. Halifax Water's customer assistance program (H2O Fund) administered by the Salvation Army assisted 47 customers in 2024/25 and in most years the program funding is not fully utilized.

In addition, a new rate-funded program to provide assistance to customers was approved by the Board in 2020: the lead service line replacement program where Halifax Water will fund the replacement of the private portion of the service connection as part of projects integrated with HALIFAX. The lead service line replacement rebate and the private lateral replacement assistance program continue to be available to customers with a goal of removing all lead service lines both public and private by 2038. An update to the Regulations related to the limit for reimbursement is before the NSRAB, M12236.

As a measure of affordability, the Debt Strategy and references from industry studies suggests an appropriate affordability measure is 2% of median household income for each of water, wastewater and stormwater service, i.e. 4% for all three services. Halifax Water is currently using the benchmark of 2% of median household income for combined services (rather than 4%) for the purpose of financial planning. Based on the increases proposed, the increase in the average residential costs for water, wastewater and stormwater will increase as a percentage of median household income from 1.05% to 1.43%.

In summary, the Application is proposed to address the following objectives.

- 1) Provide sufficient operating revenue for the two years to cover the operating and non-operating costs for water, wastewater and stormwater.
- 2) Provide sufficient operating revenue to accommodate depreciation for additions to utility plant in service, which is required by the NSRAB.
- 3) Provide sufficient operating revenue to accommodate debt servicing requirements.
- 4) Provide sufficient operating revenue for 2025/26 and 2026/27 to enable Halifax Water to continue to address the infrastructure deficit and regulatory compliance issues facing the utility.
- 5) Adjust rates to recognize increased utility plant in service, increased number of customers and connections, and changes in factors such as impervious area, and a 1.0% increase in water consumption in 2025/26 and 1.0% in 2026/27.
- 6) Approve updates to the COS Manual and the Halifax Water Regulations.

BUDGET IMPLICATIONS

The 2024/25 and 2025/26 operating budget reflect deficits in water, wastewater, and stormwater services. Rate increases are required to fund these operating deficits. Continued deferral of rate increases will increase the risk of financial instability for Halifax Water and undermines the objective of developing a long-term funding strategy to achieve the objectives of the IRP.


ALTERNATIVES

The Halifax Water Board may choose to increase or decrease the proposed rate increases. Halifax Water has provided alternative scenarios for consideration.

The Halifax Water Board may not approve the proposed changes to the Regulations in part or in whole.

ATTACHMENT

None

Report Prepared By:	<div style="text-align: right;"><small>Signed by:</small>  <small>A65D6874EBC1467...</small> Louis de Montbrun, CPA, CA Director, Corporate Services/CFO</div>
---------------------	--