

HALIFAX WATER BOARD AGENDA

September 24, 2026, 9:00 a.m.

Hybrid – 455 Cowie Hill Road, Halifax, Room 102
& Virtually via Microsoft Teams

Please visit www.halifaxwater.ca to register to attend the public portion of the meeting.

PLEASE NOTE: All Board meetings will be audio and/or video recorded for the purpose of creating a record of the proceedings.

1. IN CAMERA (IN PRIVATE)

1.1C Approval of minutes of the in-camera meeting held on June 25, 2026.

Motion:

That the Halifax Water Board approve the in-camera minutes of June 25, 2026, as circulated.

1.2C Business arising from minutes

1.3C **Security Matter**

(15 mins) (JM)

1.4CI **Information report**

2. REGULAR MEETING

2.1. Introduction of the new Halifax Water Board Commissioners and Thank you to Brad Anguish

2.2. Ratification of in-camera motions.

Motion:

That the Halifax Water Board ratify the in-camera motions.

2.3. Approval of the order of business and approval of additions and deletions

Motion:

That the Halifax Water Board approve the order of business and that the agenda be approved as presented.

2.4. Approval of minutes of the regular Halifax Water Board meeting held on June 25, 2026, and the Special Board meetings held on June 30, 2026 and September 2, 2026.

Motion:

That the Halifax Water Board approve the minutes of the regular Halifax Water Board meeting held on June 25, 2026, and the Special Board meetings held on June 30, 2026 and September 2, 2026, as circulated.

2.5. Business arising from minutes

3. FINANCIAL REPORTS

- 3.1. Review of Information Report Item #7-I
- Operating Financial Results for the three months ended June 30, 2026 (10 mins) (LdM)
- 3.2. Review of Information Report Item #8-I
- Capital Expenditure Report for the three months ended June 30, 2026 (10 mins) (LdM)
- 3.3. Fall 2026 Debenture (10 mins) (LdM)
- 3.4. 2026 General Rate Application (30 mins) (LdM)

ADJOURNMENT

INFORMATION REPORTS

- 1-I Operational Performance Information Report
- 2-I HW Employee's Pension Plan Financial Report Q2 June 30, 2026
- 3-I Halifax Water Compliance Statement – Quarterly Certification
- 4-I NSRAB: Operations and maintenance audit
- 5-I Boil Water Advisory (BWA) – Corrective action update
- 6-I 2025 Annual Report – Pension and Benefits Advisory Committee
- 7-I Operating Financial Results for the three months ended June 30, 2026
- 8-I Capital Expenditure Report for the three months ended June 30, 2026

Thursday, June 25, 2026

Microsoft Teams

Present: Commissioner John MacPherson, Chair
Commissioner Cathy Deagle Gammon, Vice Chair
Commissioner Janet Steele
Commissioner Trish Purdy

Staff: Kenda MacKenzie, General Manager and CEO
Liana Rintoul, General Counsel and Board Secretary
Louis de Montbrun, Director, Corporate Services and CFO
Josh DeYoung, Director of Engineering & Capital Infrastructure
Ashley Kendell, Director - People & Culture
Wendy Krkosek, Director Environment, Health & Safety
Jeff Myrick, Senior Manager, Communications and Corporate Strategy
Stephanie Leblanc, Senior Manager Information & Technology Services
Jarvis Singer, Acting Senior Manager, Water & Wastewater Treatment
Warren Brake, Manager Accounting
Heather Britten, Quality Assurance Officer
Kelsey Green, Senior Manager, Asset Management & Capital Planning
Amanda Jodrey, Administrative Assistant

Regrets: Commissioner Patty Cuttell

These minutes are considered draft and will require approval by this committee at a future meeting.

The following does not represent a verbatim record of the proceedings of this meeting.

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CALL TO ORDER

Commissioner Deagle Gammon called the public meeting to order at 11:09 AM.

2. REGULAR MEETING

2.1. Ratification of the in-camera motions.

Not applicable.

2.2. Approval of the order of business and approval of additions and deletions.

Agenda Item 3.1 Audited Financial Statements for the year ended March 31, 2026 deleted from agenda.

MOVED by Commissioner Purdy, seconded by Commissioner Steele.

THAT the Halifax Water Board approve the order of business and that the agenda be approved as amended.

MOTION PUT AND PASSED.

2.3. Approval of minutes of the regular meeting held on Friday, March 26, 2026

MOVED by Commissioner Steele, seconded by Commissioner Purdy.

THAT the Halifax Water Board approve the minutes of March 26, 2026, regular meeting, as circulated.

MOTION PUT AND PASSED.

2.4. Business arising from minutes

None.

2.5. Consecutive Standing Committees Members & Chair Ratification

On June 19, 2026, the full Halifax Water Board attended the Audit & Finance and Enterprise Risk Management (ERM) Standing Committee meetings. In accordance with the Governance Manual, interim committee appointments were approved until successors are appointed.

The Board approved the appointments of Commissioners Purdy and Deagle Gammon to the ERM Committee, with Commissioner MacPherson serving as interim Chair. The Board also approved the appointments of Commissioners Deagle Gammon and Cuttell to the Audit & Finance Committee, with Commissioner Deagle Gammon serving as interim Chair. All motions were moved, seconded, and carried by majority vote.

MOVED by Commissioner Purdy, seconded by Commissioner Steele.

THAT the Halifax Water Board ratify the motions approving the appointments to the audit and finance and enterprise risk management standing committees and the appointments of the chairs of these respective standing committees.

MOTION PUT AND PASSED.

3. FINANCIAL REPORTS

3.1. Audited Financial Statements for the year ended March 31, 2026

Deleted from the agenda.

4. CAPITAL REPORTS

4.1. E-Vote Motions Ratification

In accordance with the Halifax Water Governance Manual, the board may conduct business through email or electronic voting, and when motions approved through email or e-voting must be ratified at the next regularly scheduled board meeting. An email vote was conducted on May 29, 2026, and motions were approved by majority vote for the following Capital Approvals:

- a. Item #1 - Sullivan's Pond Capital Project
- b. Item #2 - Integrated Projects 2026-27
- c. Item #3 - Cross-Culvert Renewal program

MOVED by Commissioner Steele, seconded by Commissioner Purdy.
That the Halifax Water Board ratify the e-vote motions.

MOTION PUT AND PASSED.

4.2. Raymond Street and Walker Street Infrastructure Project – Additional Funding

Rob Gillis presented the project for approval. The Board engaged in discussion about the project.

MOVED by Commissioner Steele, seconded by Commissioner Purdy.
That the Halifax Water Board approve additional funding in the amount of \$4,014,000 for the Raymond Street and Walker Street Infrastructure Project, for a revised total project cost estimate of \$11,070,000. This includes the previous Halifax Water Board-approved project funding of \$7,053,000.

MOTION PUT AND PASSED.

4.3. Majestic Pump Station Upgrades – Capital Project Approval

Olivia Underhill presented the project for approval. The Board engaged in discussion about the project.

MOVED by Commissioner Steele, seconded by Commissioner Purdy.
That the Halifax Water Board approve the Majestic Avenue Pump Station Upgrades and Forcemain Twinning project for a total project cost estimate of \$8,160,000 (including net HST).

MOTION PUT AND PASSED.

5. PENSION

5.1. Audited Pension Statements for the year ended December 31, 2025

Mr. de Montbrun presented Halifax Water's Audited Pension Statements for the year ended December 31, 2025.

MOVED by Commissioner Steele, seconded by Commissioner Purdy.

That the Halifax Water Board approve the financial statements of the Halifax Regional Water Commission Employees' Pension for the year ended December 31, 2025.

MOTION PUT AND PASSED.

6. OTHER BUSINESS

6.1 Corporate Balanced Scorecard – 2025/26 Results

Ms. MacKenzie presented on the corporate balanced scorecard for 2025-26, discussed missed targets, regulatory delays, and the results without awarding the financial incentive.

MOVED by Commissioner Purdy, seconded by Commissioner Steele.

That the Halifax Water Board approve the results of the Corporate Balanced Scorecard (CBS) results for 2025/26 fiscal year.

MOTION PUT AND PASSED.

6.2 Annual Board Compensation Policy review

MOVED by Commissioner Steele, seconded by Commissioner Purdy.

That the Halifax Water Board has reviewed the Board Compensation Policy and agrees to forego the increase in the annual honorarium for Commissioners as more particularly set out in the policy, for the 2026 calendar year.

MOTION PUT AND PASSED.

6.3 ADJOURNMENT

The public Halifax Water Board meeting adjourned at 11:52 AM.

Next Meeting Date: Thursday, September 24, 2026

Tuesday, June 30, 2026

450 Cowie Hill Road, Halifax, Room 226/Microsoft Teams

Present: Commissioner John MacPherson, Chair
Commissioner Cathy Deagle Gammon, Vice Chair
Commissioner Janet Steele
Commissioner Trish Purdy
Commissioner Patty Cuttell

Staff: Kenda MacKenzie, General Manager and CEO
Liana Rintoul, General Counsel and Board Secretary
Louis de Montbrun, Director, Corporate Services and CFO
Warren Brake, Manager Accounting
Amanda Jodrey, Administrative Assistant

Invited Guests: Tom Brockway, Doane Grant Thorton
Matt Haverstock, Doane Grant Thorton
Patrick Wallace, Doane Grant Thorton

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CALL TO ORDER

Commissioner Deagle Gammon called the special meeting of the Halifax Water Board to order at 10:30 AM.

3. FINANCIAL REPORTS

3.1. Audited Financial Statements for the year ended March 31, 2026

Louis de Montbrun presented an overview of Halifax Water's financial statements for the year ending March 31, 2026.

MOVED by Commissioner Deagle Gammon, seconded by Commissioner Cuttell. All in favor.

That the Halifax Water Board approve the financial statements of the Halifax Regional Water Commission for the year ended March 31, 2026.

MOTION PUT AND PASSED.



4. ADJOURNMENT

The special Halifax Water Board meeting adjourned at 10:47 AM.

Next Meeting Date: Thursday, September 24, 2026

Wednesday, September 2, 2026

455 Cowie Hill Road, Halifax – Room 102

& Virtually via Microsoft Teams

Present: Commissioner John MacPherson, Chair
Commissioner Cathy Deagle Gammon, Vice Chair
Commissioner Janet Steele
Commissioner Trish Purdy
Commissioner Patty Cuttell
Commissioner Jennex
Commissioner Taylor

Staff: Kenda MacKenzie, General Manager and CEO
Liana Rintoul, General Counsel and Board Secretary
Louis de Montbrun, Director, Corporate Services and CFO
Warren Brake, Manager Accounting
Amanda Jodrey, Administrative Assistant

Invited Guests: Tom Brockway, Doane Grant Thorton
Matt Haverstock, Doane Grant Thorton
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CALL TO ORDER

Commissioner MacPherson called the special meeting of the Halifax Water Board to order at 2:03 PM.

1. Approval of the order of business and approval of additions and deletions

MOVED by Commissioner Steele, seconded by Commissioner Cuttell. All in favor
That the Halifax Water Board approve the order of business for the special meeting of the Halifax Water Board and that the agenda be approved as presented.

MOTION PUT AND PASSED.

2. E-Vote Ratification

Commissioner MacPherson provided background on electronic and email voting, in exceptional circumstances and situations of unforeseen urgency, as set out in the Halifax Water Governance Manual. Commissioner MacPherson noted that the Halifax Water Board conducted business via an e-mail vote on August 31, 2026, by approving revised financial statements for the year ended March 31, 2026. The Chair noted the urgency to finalize to permit inclusion of the financial statements in Halifax Regional Municipality's consolidated financial statements. The Board engaged in discussion regarding why the financial statements were presented as revised. Mr. de Montbrun explained that the financial statements presented and approved by the Board in June, were in the final stages of the audit process. Mr. de Montbrun confirmed that as the auditor completed their audit procedures, there were two changes that were required to be made.

MOVED by Commissioner Deagle Gammon, seconded by Commissioner Cuttell. All in favor That the Halifax Water Board acknowledges that business was conducted via email vote on August 31, 2026 on a motion approving the revised financial statements of the Halifax Regional Water Commission for the year ending March 31, 2026, as set out in the report dated August 26th, 2026, and that the Halifax Water Board ratify the motion that was approved by the Halifax Water Board and carried by majority vote via email vote.

MOTION PUT AND PASSED.

A further motion was relating to the receipt of the auditor's report was placed on the floor.

MOVED by Commissioner Deagle Gammon, seconded by Commissioner Steele. All in favor That the Halifax Water Board acknowledges receipt of the auditor's report, that the Halifax Water Board authorizes and directs Halifax Water Management to distribute the approved financial statements and the auditor's report to all persons entitled by law to receive a copy of those statements, including the Halifax Regional Municipality and the Nova Scotia Regulatory and Appeals Board.

MOTION PUT AND PASSED.

3. Pension Holiday

Mr. de Montbrun provided an update on the financial position of the Halifax Water Employees Pension Plan defined-benefit pension plan, noting that the plan remains in a very good financial position, with a healthy surplus based on the most recent actuarial valuation. Mr. de Montbrun presented on the going concern special payments that the employer made, starting in 2007, to maintain the health of the pension plan and other adjustments. Mr. de Montbrun presented the recommendation that the Trustees approve the continuation of the pension holiday as a means of recouping the remaining going concern special payments. The Board as Trustees of the Plan, discussed opportunities to reassess the pension plan at various intervals.

MOVED by Commissioner Cuttell, seconded by Commissioner Steele. All in favor
That the Halifax Water Board as the Trustees of the Plan, approve the following recommendations as set out in the Current Status and Options for Continued Employer Contribution Holiday Report, dated August 21, 2026,

- 1) Restart an employer contribution holiday for the Halifax Regional Water Commission Employees' Pension Plan to commence 60 days after written notice has been provided to all plan members and retirees.
- 2) Continue the pension holiday until the full amount of going concern special payment has been recouped, an additional \$12.8M, conditional on the annual reassessment on the impact on the pension plan based on the actuarial extrapolation or actuarial valuation.

MOTION PUT AND PASSED.

4. 2026 General Rate Application

Kenda MacKenzie provided the Halifax Water Board with an overview of Halifax Water 2026 General Rate Application. Ms. MacKenzie emphasized that the Board was approving parameters and guidance, not final rates and that the proposed figures remain subject to public and interested-party engagement and review and approval by the Nova Scotia Regulatory and Appeals Board. Ms. MacKenzie also outlined the planned engagement process and timelines leading to final Board approval and submission of the application to the NSRAB on September 29, 2026.

Louis de Montbrun reviewed the 2026 General Rate Application projections for 2027/28 and 2028/29, including revised operating and capital budgets, infrastructure investments, financing requirements, staffing costs, and consumption assumptions. The Board was advised that budget refinements and adjustments made since the August Audit and Finance Committee meeting reduced projected expenditures while maintaining significant investment in key water, wastewater, and stormwater infrastructure projects. Management also reviewed the assumptions underlying the rate model, including debt financing, depreciation, operating cost increases, projected consumption growth, and the impact of external funding on future borrowing requirements.

Mr. de Montbrun provided an update on Halifax Water's accumulated deficit and the proposed strategy for its recovery. Mr. de Montbrun advised that a combination of a temporary deficit recovery rider, pension contribution holiday savings, and the elimination of wastewater and stormwater dividend requirements by HRM would help reduce rate impacts while supporting deficit recovery. The proposed approach would keep the average annual residential bill increase within the Board's established parameters. Mr. de Montbrun also discussed stormwater rate methodologies, right-of-way charges, development charges, and proposed updates to the Schedule of Rates, Rules and Regulations. Management further reported on progress toward addressing outstanding regulatory directives, with a comprehensive update to be provided at the September 24, 2026 Board meeting.

MOVED by Commissioner Steele, seconded by Commissioner Taylor. All in favor
That the Halifax Water Board direct Executive Management:

- 1) To ensure compliance with all directives issued by the Nova Scotia Regulatory and Appeals Board (NSRAB) within the timelines prescribed in the NSRAB's Decision dated December 16, 2025, and to report back to the Halifax Water Board at the next Halifax Water Board meeting, scheduled for September 24, 2026, to confirm that all directives are either in progress or satisfied in accordance with that Decision.
- 2) To continue to work on the 2026 General Rate Application for final approval at the next Halifax Water Board meeting, scheduled for September 24, 2026, within the following parameters:
 1. Increase the average annual residential bill for water, wastewater and stormwater services not to exceed 9.0% in 2027/28 and 9.0% in 2028/29.
 2. Approve the deficit elimination strategy, such that the overall impact to the proposed rates remains within the threshold of parameter 1.
 3. Any increase to water and wastewater rates is to apply only to consumption and discharge rates, respectively.
 4. Increase to total public and private fire protection revenue shall not exceed 34% in 2027/28 and 14% in 2028/29.
 5. Any increase to stormwater charges not to exceed 11% in 2027/28 and 19% in 2028/29.
 6. Any increase to stormwater right of way charges based on current impervious area not to exceed 24% in 2027/28 and 7% in 2028/29 and an increase in the incremental per square meter charge to \$0.325 per square meter in 2027/28 and \$0.364 per square meter in 2028/29.
 7. Any increases to take effect over two fiscal years, becoming effective April 1, 2027, and April 1, 2028.
 8. Engage with interested parties on the pending 2026 General Rate Application.

MOTION PUT AND PASSED.

5. Appointments to Consecutive Standing Committees

The Board approved appointing Commissioner Jennex to the Audit and Finance Committee and Commissioner Taylor to the Environment, Health and Safety Committee.



6. ADJOURNMENT

The special meeting of the Halifax Water Board adjourned at 3:32 PM.

Next Meeting Date: Thursday, September 24, 2026



Item 7-I

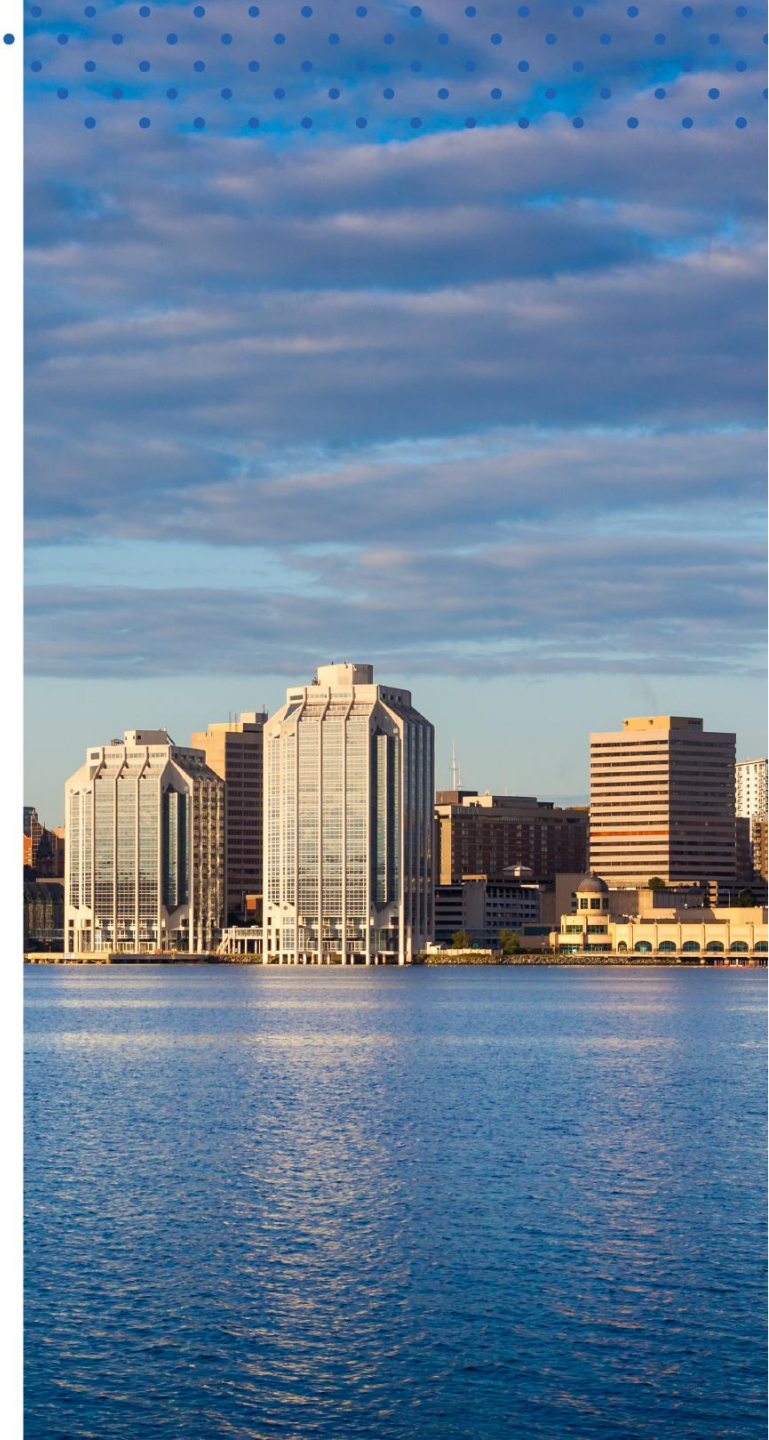
Operating Financial Results

for the three months ended June 30, 2026

Halifax Water Board Meeting

September 24, 2026

**STRAIGHT from
the SOURCE**



Assets

Table 1: Assets

June 30 (in thousands)	Notes	2026	2025	March 31 2026	From Prior Year \$ Change	% Change
Assets						
Current						
Cash and cash equivalents	A	\$ 112,260	\$ 86,963	\$ 82,494	\$ 25,298	29.1%
Receivables						
Customer charges and contractual	B	24,942	20,658	27,410	4,284	20.7%
Unbilled service revenues	C	26,834	21,005	24,093	5,829	27.7%
Inventory		2,702	2,511	2,486	191	7.6%
Prepays		6,335	5,575	2,118	759	13.6%
		173,074	136,712	138,601	36,361	26.6%
Utility plant in service	D	1,492,751	1,454,538	1,505,307	38,213	2.6%
Capital work in progress	E	138,215	136,712	118,546	1,503	1.1%
Total assets		1,804,040	1,727,963	1,762,454	76,077	4.4%
Regulatory deferral account		1,613	1,805	1,660	(192)	(10.6%)
Total assets and regulatory deferral account		\$ 1,805,653	\$ 1,729,768	\$ 1,764,114	\$ 75,885	4.4%

Liabilities

Table 2: Liabilities

June 30 (in thousands)	Notes	2026	2025	March 31 2026	From Prior Year \$ Change	% Change
Current						
Payables and accruals						
Trade	A	\$ 30,881	\$ 24,947	\$ 35,831	\$ 5,934	23.8%
Non-trade		6,245	6,227	6,436	18	0.3%
Interest on long term debt		1,474	1,694	4,709	(220)	(13.0%)
Halifax Regional Municipality	B	976	588	2,995	389	66.1%
Contractor and customer deposits		3,327	1,256	3,095	2,071	164.9%
Current portion of long term debt	C	24,926	32,881	24,926	(7,955)	(24.2%)
Unearned revenue	D	523	436	500	87	20.0%
		\$ 68,353	\$ 68,029	\$ 78,492	\$ 324	0.5%
Long term debt	E	354,545	288,342	316,632	66,202	23.0%
Deferred contributions		165,833	144,614	159,530	21,219	14.7%
Total liabilities		\$ 588,730	\$ 500,985	\$ 554,655	\$ 87,745	17.5%

- Total long term debt of \$379.4 million
- Debt servicing ratio of 15.24%

Summarized Statement of Earnings

Table 3: Summarized Statement of Earnings (NSRAB)

Summarized Statement of Earnings								
	Notes	Budget 2026/27 '000	Actual 2026/27 '000	Actual 2025/26 '000	From Prior Year		Actual to Budget	
					\$ Change	% Change	\$ Remaining	% Remaining
Operating revenues		\$ 220,338	\$ 55,074	\$ 43,356	\$ 11,718	27.03%	\$ (165,264)	(75.00%)
Operating expenditures		176,920	41,954	39,916	2,038	5.11%	(134,966)	(76.29%)
Earnings from operations before financial and other revenues and expenditures		43,418	13,120	3,440	9,680	281.40%	(30,298)	(69.78%)
Financial and other revenues		950	150	161	(11)	(6.83%)	(800)	(84.21%)
Financial and other expenditures		42,979	10,595	9,062	1,533	16.92%	(32,384)	(75.35%)
Earnings/(loss) for the year	A	\$ 1,389	\$ 2,675	\$ (5,461)	\$ 8,136	(148.98%)	\$ 1,286	92.58%



Consumption

Consumption by Customer Class (m3)				
	2026/27	2025/26	m3 Remaining	% Remaining
Commercial	1,706,024	1,712,987	(6,963)	(0.4%)
Industrial	497,661	424,961	72,700	17.1%
Institutional	1,209,279	1,095,332	113,947	10.4%
Multi-residential	2,337,892	2,239,027	98,865	4.4%
Residential	3,138,270	3,178,983	(40,713)	(1.3%)
	8,889,126	8,651,290	237,836	2.7%

Based on billed consumption



Operating Results by Service

Table 9: Operating Results by Service:

Operating Results by Service								
	Budget 2026/27 '000	Actual 2026/27 '000	Actual 2025/26 '000	From Prior Year		Actual to Budget		
				\$ Change	% Change	\$ Remaining	% Remaining	
Water	\$ (172)	\$ 1,480	\$ (4,414)	\$ 5,894	(133.53%)	\$ 1,652	(960.47%)	
Wastewater	1,172	833	(370)	1,203	(325.14%)	(339)	(28.92%)	
Stormwater	389	362	(677)	1,039	(153.47%)	(27)	(6.94%)	
Earnings (loss) for the year	\$ 1,389	\$ 2,675	\$ (5,461)	\$ 8,136	(148.98%)	\$ 1,286	92.58%	



An aerial photograph of a city, likely San Francisco, with a large suspension bridge (Golden Gate Bridge) spanning a body of water. The city is densely packed with buildings, and the water is a deep blue. The image is overlaid with a semi-transparent blue filter.

Questions / Discussion



Item 8-I

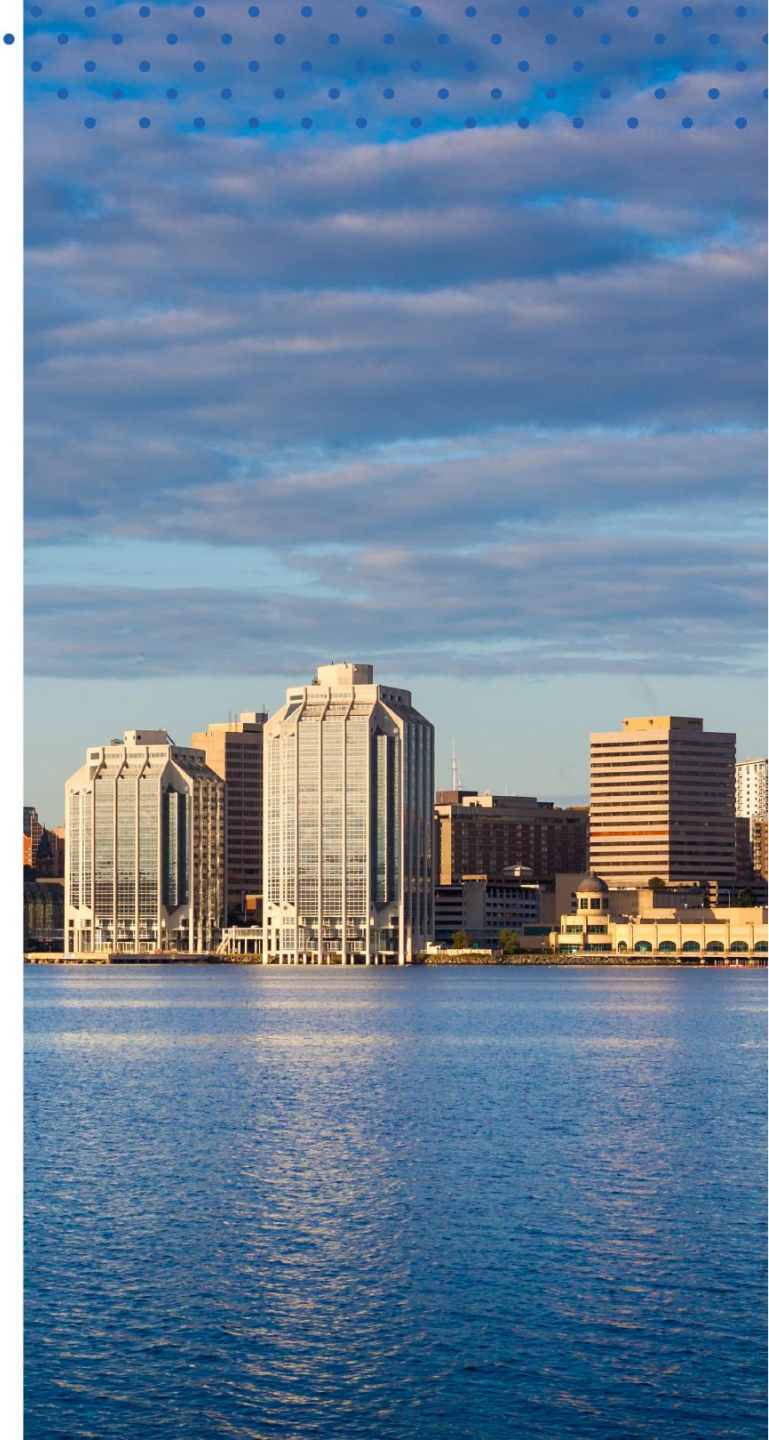
Capital Expenditures

for the three months ended June 30, 2026

Halifax Water Board Meeting

September 24, 2026

**STRAIGHT from
the SOURCE**



Capital Expenditure Report

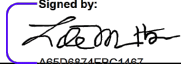
Category	Total Budget Available	Expenditures to March 31, 2026	Expenditures April 1, 2026 to June 30, 2026	Total Expenditures to June 30, 2026	Remaining Budget Available as of June 30, 2026	Total Expenditures to June 30, 2026 as a Percentage of Total Budget Available
Water	\$ 62,683,518	\$ 1,972,471	\$ 4,183,721	\$ 6,156,192	\$ 56,527,326	9.8%
Wastewater	100,192,833	14,949,650	3,277,438	18,227,088	81,965,745	18.2%
Stormwater	38,644,716	11,195,329	2,186,721	13,382,050	25,262,666	34.6%
Corporate	171,657,005	74,060,762	9,583,033	83,643,795	88,013,209	48.7%
District Energy	6,577,926	2,407,326	461,545	2,868,871	3,709,055	43.6%
	<u>\$ 379,755,998</u>	<u>\$ 104,585,538</u>	<u>\$ 19,692,459</u>	<u>\$ 124,277,997</u>	<u>\$ 255,478,001</u>	<u>32.7%</u>

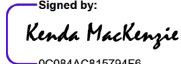


An aerial photograph of a city, likely San Francisco, with a large suspension bridge spanning a body of water. The image is overlaid with a semi-transparent blue filter. The text "Questions / Discussion" is centered in white, italicized font.

Questions / Discussion

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

SUBMITTED BY: 
Signed by: A85D0874E9C1467
Louis de Montbrun, CPA, CA, Director, Corporate Services/CFO

APPROVED BY: 
Signed by: 0C084AC816704F6
Kenda MacKenzie, P.Eng, General Manager

DATE: September 17, 2026

SUBJECT: **2026 General Rate Application – Water, Wastewater and Stormwater Services**

ORIGIN

The Nova Scotia Regulatory and Appeals Board (NSRAB) directed a rate application to be filed by September 30, 2026 (M12257).

EXECUTIVE SUMMARY

Halifax Water is required to file a General Rate Application by September 30, 2026 as directed by the NSRAB in its December 16, 2025 Decision (the Decision).

The budgeted expenditures for Halifax Water are estimated to increase by 13% in 2027/28 and a further 9% in 2028/29. These increases are driven primarily by an increase in assets in service and capital spend and the impact on debt servicing costs and depreciation.

At the September 2, 2026 Halifax Water board meeting, Halifax Water presented five rate scenarios for Water and Wastewater and four rate scenarios for Stormwater. Halifax Water recommended Scenario 4 for Water and Wastewater, plus Scenario 3 for Stormwater. These both include a deficit elimination rate rider and a possible pension holiday.

RECOMMENDATIONS

It is recommended that the Halifax Water Board approve the filing of the 2026 General Rate Application with the following parameters:

- 1) Increase in the average annual residential bill for water, wastewater and stormwater services not to exceed 9.0% in 2027/28 and 9.0% in 2028/29.

- 2) Approve the deficit elimination strategy as such that the overall impact to the proposed rates remains within the threshold of Recommendation 1.
- 3) Any increase to water and wastewater rates is to apply only to consumption and discharge rates, respectively.
- 4) Increase to total public and private fire protection revenue shall not exceed 34% in 2027/28 and 15% in 2028/29.
- 5) Any increase to stormwater charges not to exceed 11% in 2027/28 and 20% in 2028/29.
- 6) Any increase to stormwater right of way charges based on current impervious area not to exceed 25% in 2027/28 and 7% in 2028/29 and an increase in the incremental per square meter charge to \$0.325 per square meter in 2028/29 and \$0.364 per square meter in 2028/29.
- 7) Any increases to take effect over two fiscal years, becoming effective April 1, 2027, and April 1, 2028.
- 8) Engage with interested parties on the pending 2026 General Rate Application.

BACKGROUND

Cost of Service and Rate Design Methodology

- 1) Halifax Water is a government business enterprise that operates on a cost recovery basis.
- 2) There is no profit component built into the rates, as would be for an investor-owned utility.
- 3) The operating and capital budgets of Halifax Water form the basis for establishing revenue requirements, which are presented in accordance with the NSRAB *Water Utility Accounting and Reporting Handbook (Handbook)*.
- 4) 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.
- 5) Halifax Water periodically makes applications to adjust rates and/or update the COS Manual.

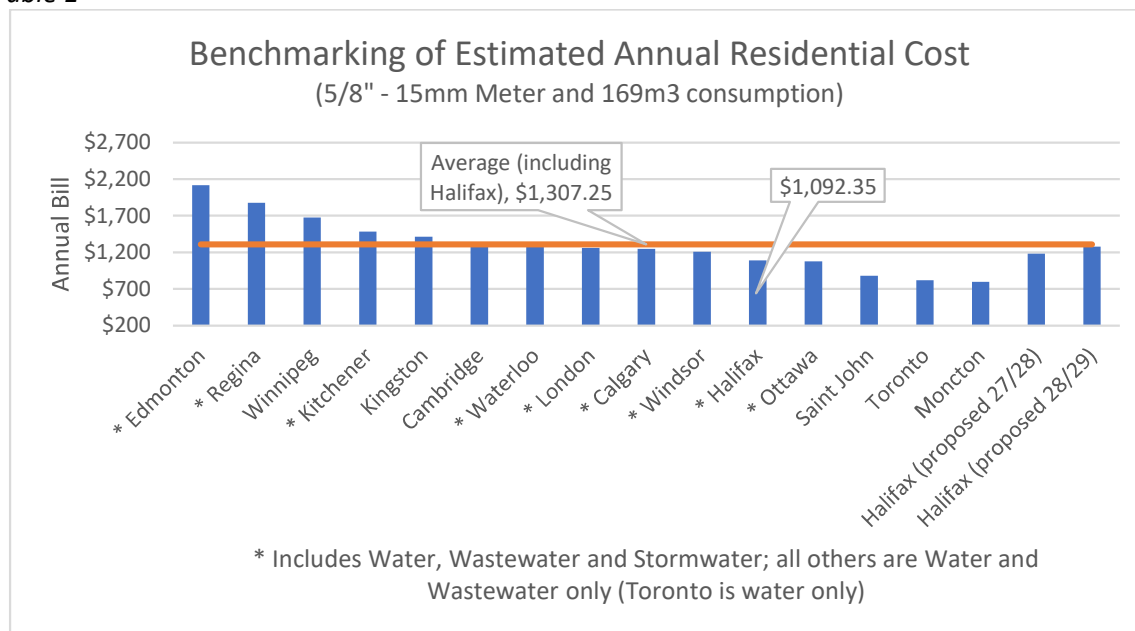
Current Situation

In the 2025 General Rate Application, the NSRAB directed Halifax Water to file the next General Rate Application for fiscal years 2027/28 and 2028/29 no later than September 30, 2026. Halifax Water was directed to address a proposal for recovery of the deferred 2025/26 deficit amount

over a number of years. Halifax Water is proposing to recover this deficit over five years, including the two test years of 2027/28 and 2028/29.

In preparation for this rate application, Halifax Water has benchmarked 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.

Table 1



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 prepared the budgets for 2027/28 (Test Year 1) and 2028/29 (Test Year 2) and continues to see its costs increase. Without an increase in rates, in 2027/28, Halifax Water is budgeting for an operating deficit of \$24.9 million and for 2028/29, Halifax Water is budgeting for an operating deficit of \$46.6 million.

The 2027/28 and 2028/29 test year budgets were reviewed by the Halifax Water Board on September 2, 2026, with further refinements completed after that meeting. Presented at that meeting were increases of 14% in total operating costs from the 2026/27 operating budget and a further 9% increase for 2028/29. As of the filing of this report, the operating cost increases have decreased to 13% and 9% respectively.

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Since the submission of the September 2, 2026 Halifax Water board report, the following refinements have occurred:

1. Lowering the overall consumption rate from 2% to 1%. This was determined through analysis of consumption patterns since the most recent rate increases came into effect January 1, 2026 and April 1, 2026.
2. Adjustment of allocation of operating costs to capital resulting in a reduction of \$0.8M to expenditures.
3. Adjustment of the interest rate for refinancing of debentures resulting in a reduction of \$0.1M to expenditures.
4. Review of the Fall 2026 Debenture request of \$45 million to determine whether a lesser amount was required considering more refined cash forecasting. Based on the additional analysis the recommendation is to maintain the issuance of the \$45 million in debt proposed as outlined in the “Fall 2026 Debenture” report. The rate rider recovery for 2027/28 was reduced by \$0.5 million.
- 5.

As can be seen below, the accumulated deficits on April 1, 2026, were \$25.3 million. At the end of March 2029, without any rate increases or deficit elimination strategies, Halifax Water is projecting to have an accumulated deficit of \$95.4 million.

Halifax Water is proposing for consideration to reduce the accumulated deficits for water and stormwater services over five years, including the two test years, through use of a rider and a possible pension holiday.

The rider will generate \$1.5 million in 2027/28 and \$3.5 million in 2028/29 for water services and \$1.0 million in 2027/28 and \$1.5 million in 2028/29 for stormwater services for a combined total of \$2.5 million in Test Year 1 and \$5.0 million in Test Year 2.

The pension holiday was approved by the Trustees of the Halifax Regional Water Commission Employees’ Pension Plan (the “Plan”) at the September 2, 2026 Halifax Water Board meeting and will generate potential savings of approximately \$5.0 million per year. For each test year, Halifax Water is proposing to apply \$3.5 million of the savings to reduce the accumulated water deficit and \$1.5 million of the savings to reduce the accumulated stormwater deficit. There are further details to be reviewed with the employee group prior to implementation.

Table 2

Accumulated Operating Surplus (Deficit) - NSRAB (in thousands)				
	Total	Water	Wastewater	Stormwater
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)
Loss for the year	(15,648)	(9,622)	(3,312)	(2,714)
Surplus (deficit), end of year	(3,958)	851	2,075	(6,884)
2025/26 Fiscal Year				
Balance, beginning of year	(3,958)	851	2,075	(6,884)
Loss for the year	(21,309)	(16,225)	(3,364)	(1,720)
Surplus (deficit), end of year	(25,267)	(15,374)	(1,289)	(8,604)
2026/27 Fiscal Year				
Balance, beginning of year	(25,267)	(15,374)	(1,289)	(8,604)
Projected surplus (loss) for the year	1,387	(173)	1,172	388
Projected deficit, end of year	(23,880)	(15,547)	(117)	(8,216)
2027/28 Fiscal Year				
Balance, beginning of year	(23,880)	(15,547)	(117)	(8,216)
Projected loss for the year	(24,891)	(11,363)	(11,037)	(2,491)
Projected deficit, end of year	(48,771)	(26,910)	(11,154)	(10,707)
2028/29 Fiscal Year				
Balance, beginning of year	(48,771)	(26,910)	(11,154)	(10,707)
Projected loss for the year	(46,579)	(21,350)	(20,297)	(4,932)
Projected deficit, end of year	(95,350)	(48,260)	(31,451)	(15,639)

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 charges customers pay based on the meter size the customers have installed.
- 2) Water and Wastewater consumption charges – these are the per cubic meter charges that are applied to water consumed and wastewater discharged.

- 3) Stormwater charges – Right of way charge is charged to the Halifax Regional Municipality (HRM), the Province of Nova Scotia and Link Nova Scotia¹, to cover costs related to stormwater that comes off roads.
- 4) Stormwater site related flow charge – residential customers are charged a rate based on the amount of impervious area on their property. The site related flow charges are based on tiers.
- 5) Stormwater site related flow charge – non-residential customers are charged a per cubic meter charge.
- 6) Fire Protection charges cover the costs of providing water to fire hydrants and to private buildings that have sprinkler systems.

Water and Wastewater Base Charges and Consumption Charges

Halifax Water recommends no change in base charges and to apply the required rate increases to the consumption rate or discharge rate plus a deficit elimination rate rider to reduce the accumulated deficit.

Halifax Water is proposing to recover \$1.5 million in 2027/28 and \$3.5 million in 2028/29 through a rate rider scenario to reduce the accumulated water deficit.

For demonstration purposes, the information below assumes that all customers increase consumption by 1%. Actual increases in bills will be based on actual consumption.

With the changes from the September 2, 2026 meeting, before applying the deficit elimination rider:

The water rate increases range from 8.4% to 12.3% for 2027/28 and 7.8% to 11.6% for 2028/29.

The wastewater rate increases range from 7.4% to 9.8% for 2027/28 and an increase of 6.9% to an increase of 9.6% for 2028/29.

The combined water and wastewater rate increases range from 7.8% to 10.8% for 2027/28 and 7.3% to 10.4% for 2028/29.

¹The Halifax-Dartmouth Bridge Commission Dissolution Act. 2026, c. 3, Sch., s. 1, dissolved the Commission. All liabilities, contracts, obligations, debts, causes of action, actions, appeals, applications, or other proceedings of the Commission, or in the name of the Commission, were transferred to and assumed by Link Nova Scotia, a body corporate established by the Link Nova Scotia Act. 2026, c. 3, Sch., s. 2.

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Table 3

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 2027/28												
Meter Size	Monthly Base Charge			Monthly Commodity Charge			Monthly Combined Bill			Quarterly Combined Bill		
	Current	2027/28 Proposed Rates	% Change	Current	2027/28 Proposed Rates	% Change	Current	2027/28 Proposed Rates	% Change	Current	2027/28 Proposed Rates	% Change
5/8" - 15mm	\$27.00	\$27.00	0.0%	\$59.86	\$66.64	11.3%	\$86.86	\$93.64	7.8%	\$260.59	\$280.91	7.8%
3/4" - 20mm	\$38.00	\$38.00	0.0%	\$188.80	\$210.15	11.3%	\$226.80	\$248.15	9.4%	\$680.40	\$744.46	9.4%
1" - 25mm	\$62.00	\$62.00	0.0%	\$387.11	\$430.91	11.3%	\$449.11	\$492.91	9.8%	\$1,347.32	\$1,478.74	9.8%
1.5" - 40mm	\$119.00	\$119.00	0.0%	\$934.32	\$1,039.93	11.3%	\$1,053.32	\$1,158.93	10.0%	\$3,159.97	\$3,476.80	10.0%
2" - 50mm	\$188.00	\$188.00	0.0%	\$2,235.86	\$2,488.70	11.3%	\$2,423.86	\$2,676.70	10.4%	\$7,271.59	\$8,030.09	10.4%
3" - 80mm	\$376.00	\$376.00	0.0%	\$4,906.44	\$5,462.86	11.3%	\$5,282.44	\$5,838.86	10.5%	\$15,847.33	\$17,516.57	10.5%
4" - 100mm	\$585.00	\$585.00	0.0%	\$8,727.25	\$9,713.92	11.3%	\$9,312.25	\$10,298.92	10.6%	\$27,936.76	\$30,896.76	10.6%
6" - 150mm	\$1,168.00	\$1,168.00	0.0%	\$25,617.41	\$28,506.31	11.3%	\$26,785.41	\$29,674.31	10.8%	\$80,356.22	\$89,022.94	10.8%
8" - 200mm	\$2,100.00	\$2,100.00	0.0%	\$22,731.11	\$25,305.41	11.3%	\$24,831.11	\$27,405.41	10.4%	\$74,493.33	\$82,216.23	10.4%
10" - 250mm	\$3,498.00	\$3,498.00	0.0%	\$44,059.72	\$49,044.91	11.3%	\$47,557.72	\$52,542.91	10.5%	\$142,673.15	\$157,628.73	10.5%

Table 4

Halifax Regional Water Commission Consolidated Rate Studies - Water and Wastewater Services Bill Comparisons 2028/29												
Meter Size	Monthly Base Charge			Monthly Commodity Charge			Monthly Combined Bill			Quarterly Combined Bill		
	2027/28 Proposed Rates	2028/29 Proposed Rates	% Change	2027/28 Proposed Rates	2028/29 Proposed Rates	% Change	2027/28 Proposed Rates	2028/29 Proposed Rates	% Change	2027/28 Proposed Rates	2028/29 Proposed Rates	% Change
5/8" - 15mm	\$27.00	\$27.00	0.0%	\$66.64	\$73.48	10.3%	\$93.64	\$100.48	7.3%	\$280.91	\$301.44	7.3%
3/4" - 20mm	\$38.00	\$38.00	0.0%	\$210.15	\$229.74	9.3%	\$248.15	\$267.74	7.9%	\$744.46	\$803.23	7.9%
1" - 25mm	\$62.00	\$62.00	0.0%	\$430.91	\$472.73	9.7%	\$492.91	\$534.73	8.5%	\$1,478.74	\$1,604.19	8.5%
1.5" - 40mm	\$119.00	\$119.00	0.0%	\$1,039.93	\$1,129.39	8.6%	\$1,158.93	\$1,248.39	7.7%	\$3,476.80	\$3,745.16	7.7%
2" - 50mm	\$188.00	\$188.00	0.0%	\$2,488.70	\$2,707.99	8.8%	\$2,676.70	\$2,895.99	8.2%	\$8,030.09	\$8,687.97	8.2%
3" - 80mm	\$376.00	\$376.00	0.0%	\$5,462.86	\$5,996.76	9.8%	\$5,838.86	\$6,372.76	9.1%	\$17,516.57	\$19,118.27	9.1%
4" - 100mm	\$585.00	\$585.00	0.0%	\$9,713.92	\$10,764.69	10.8%	\$10,298.92	\$11,349.69	10.2%	\$30,896.76	\$34,049.08	10.2%
6" - 150mm	\$1,168.00	\$1,168.00	0.0%	\$28,506.31	\$31,583.40	10.8%	\$29,674.31	\$32,751.40	10.4%	\$89,022.94	\$98,254.21	10.4%
8" - 200mm	\$2,100.00	\$2,100.00	0.0%	\$25,305.41	\$28,046.67	10.8%	\$27,405.41	\$30,146.67	10.0%	\$82,216.23	\$90,440.01	10.0%
10" - 250mm	\$3,498.00	\$3,498.00	0.0%	\$49,044.91	\$54,353.73	10.8%	\$52,542.91	\$57,851.73	10.1%	\$157,628.73	\$173,555.20	10.1%

The impact on the average residential bill as calculated in Scenario 2 is an increase of 7.8% in 2027/28 and 7.3% in 2028/29. This translates to approximately \$6.77 per month in 2027/28 and an additional \$6.85 per month in 2028/29.

Table 5

Scenario #2 - No change in current base charges/change in consumption rate only								
			Proposed Rates		Change 2027/28		Change 2028/29	
	Current Rates at Historical Consumption	Current Rates at Revised Consumption	2027/28	2028/29	\$	%	\$	%
Water								
Base charges	\$156.00	\$156.00	\$156.00	\$156.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$286.93	\$287.34	\$324.55	\$362.05	\$37.21	12.9%	\$37.50	11.6%
	\$442.93	\$443.34	\$480.55	\$518.05	\$37.21	8.4%	\$37.50	7.8%
Wastewater								
Base charges	\$168.00	\$168.00	\$168.00	\$168.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$430.55	\$431.01	\$475.08	\$519.72	\$44.07	10.2%	\$44.64	9.4%
	\$598.55	\$599.01	\$643.08	\$687.72	\$44.07	7.4%	\$44.64	6.9%
Annual total	\$1,041.48	\$1,042.35	\$1,123.63	\$1,205.77	\$81.28	7.8%	\$82.14	7.3%

The impact of the rider for each meter size is as follows:

Table 6

Halifax Regional Water Commission Consolidated Rate Studies - Water and Wastewater Services Bill Comparisons												
Meter Size	Monthly Base Charge			Monthly Commodity Charge			Monthly Combined Bill			Quarterly Combined Bill		
	2027/28 Proposed Rates	2028/29 Proposed Rates	% Change	2027/28 Proposed Rates	2028/29 Proposed Rates	\$ Increase	2027/28 Proposed Rates	2028/29 Proposed Rates	\$ Increase	2027/28 Proposed Rates	2028/29 Proposed Rates	\$ Increase
5/8" - 15mm	\$0.00	\$0.00	0.0%	\$0.49	\$1.10	\$0.62	\$0.49	\$1.10	\$0.62	\$1.46	\$3.31	\$1.85
3/4" - 20mm	\$0.00	\$0.00	0.0%	\$1.52	\$3.43	\$1.90	\$1.52	\$3.43	\$1.90	\$4.57	\$10.29	\$5.71
1" - 25mm	\$0.00	\$0.00	0.0%	\$3.15	\$7.09	\$3.94	\$3.15	\$7.09	\$3.94	\$9.44	\$21.27	\$11.83
1.5" - 40mm	\$0.00	\$0.00	0.0%	\$7.50	\$16.73	\$9.23	\$7.50	\$16.73	\$9.23	\$22.51	\$50.20	\$27.69
2" - 50mm	\$0.00	\$0.00	0.0%	\$18.03	\$40.26	\$22.22	\$18.03	\$40.26	\$22.22	\$54.10	\$120.77	\$66.67
3" - 80mm	\$0.00	\$0.00	0.0%	\$40.76	\$91.57	\$50.81	\$40.76	\$91.57	\$50.81	\$122.28	\$274.72	\$152.44
4" - 100mm	\$0.00	\$0.00	0.0%	\$70.23	\$160.11	\$89.88	\$70.23	\$160.11	\$89.88	\$210.70	\$480.34	\$269.64
6" - 150mm	\$0.00	\$0.00	0.0%	\$200.71	\$457.57	\$256.85	\$200.71	\$457.57	\$256.85	\$602.14	\$1,372.70	\$770.56
8" - 200mm	\$0.00	\$0.00	0.0%	\$186.22	\$424.54	\$238.31	\$186.22	\$424.54	\$238.31	\$558.67	\$1,273.61	\$714.94
10" - 250mm	\$0.00	\$0.00	0.0%	\$357.54	\$815.10	\$457.55	\$357.54	\$815.10	\$457.55	\$1,072.63	\$2,445.30	\$1,372.66

With the changes from the September 2, 2026 meeting and the deficit elimination rider:
The water rate increases range from 9.7% to 14.2% for 2027/28 and 9.2% to 13.5% for 2028/29.

The wastewater rate increases range from 7.4% to 9.8% for 2027/28 and an increase of 6.9% to an increase of 9.6% for 2028/29.

The combined water and wastewater rate increases range from 8.4% to 11.5% for 2027/28 and 7.9% to 11.2% for 2028/29.

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Table 7

Scenario #4 - No change in Base charge/change in consumption only plus rate rider												
Halifax Regional Water Commission Consolidated Rate Studies - Water and Wastewater Services Bill Comparisons 2027/28												
Meter Size	Monthly Base Charge			Monthly Commodity Charge			Monthly Combined Bill			Quarterly Combined Bill		
	Current	2027/28 Proposed Rates	% Change	Current	2027/28 Proposed Rates	% Change	Current	2027/28 Proposed Rates	% Change	Current	2027/28 Proposed Rates	% Change
5/8" - 15mm	\$27.00	\$27.00	0.0%	\$59.86	\$67.12	12.1%	\$86.86	\$94.12	8.4%	\$260.59	\$282.37	8.4%
3/4" - 20mm	\$38.00	\$38.00	0.0%	\$188.80	\$211.68	12.1%	\$226.80	\$249.68	10.1%	\$680.40	\$749.03	10.1%
1" - 25mm	\$62.00	\$62.00	0.0%	\$387.11	\$434.06	12.1%	\$449.11	\$496.06	10.5%	\$1,347.32	\$1,488.18	10.5%
1.5" - 40mm	\$119.00	\$119.00	0.0%	\$934.32	\$1,047.44	12.1%	\$1,053.32	\$1,166.44	10.7%	\$3,159.97	\$3,499.32	10.7%
2" - 50mm	\$188.00	\$188.00	0.0%	\$2,235.86	\$2,506.73	12.1%	\$2,423.86	\$2,694.73	11.2%	\$7,271.59	\$8,084.20	11.2%
3" - 80mm	\$376.00	\$376.00	0.0%	\$4,906.44	\$5,503.62	12.2%	\$5,282.44	\$5,879.62	11.3%	\$15,847.33	\$17,638.85	11.3%
4" - 100mm	\$585.00	\$585.00	0.0%	\$8,727.25	\$9,784.15	12.1%	\$9,312.25	\$10,369.15	11.3%	\$27,936.76	\$31,107.46	11.3%
6" - 150mm	\$1,168.00	\$1,168.00	0.0%	\$25,617.41	\$28,707.02	12.1%	\$26,785.41	\$29,875.02	11.5%	\$80,356.22	\$89,625.07	11.5%
8" - 200mm	\$2,100.00	\$2,100.00	0.0%	\$22,731.11	\$25,491.63	12.1%	\$24,831.11	\$27,591.63	11.1%	\$74,493.33	\$82,774.90	11.1%
10" - 250mm	\$3,498.00	\$3,498.00	0.0%	\$44,059.72	\$49,402.45	12.1%	\$47,557.72	\$52,900.45	11.2%	\$142,673.15	\$158,701.36	11.2%

Table 8

Halifax Regional Water Commission Consolidated Rate Studies - Water and Wastewater Services Bill Comparisons 2028/29												
Meter Size	Monthly Base Charge			Monthly Commodity Charge			Monthly Combined Bill			Quarterly Combined Bill		
	2027/28 Proposed Rates	2028/29 Proposed Rates	% Change	2027/28 Proposed Rates	2028/29 Proposed Rates	% Change	2027/28 Proposed Rates	2028/29 Proposed Rates	% Change	2027/28 Proposed Rates	2028/29 Proposed Rates	% Change
5/8" - 15mm	\$27.00	\$27.00	0.0%	\$67.12	\$74.59	11.1%	\$94.12	\$101.59	7.9%	\$282.37	\$304.76	7.9%
3/4" - 20mm	\$38.00	\$38.00	0.0%	\$211.68	\$233.17	10.2%	\$249.68	\$271.17	8.6%	\$749.03	\$813.52	8.6%
1" - 25mm	\$62.00	\$62.00	0.0%	\$434.06	\$479.82	10.5%	\$496.06	\$541.82	9.2%	\$1,488.18	\$1,625.46	9.2%
1.5" - 40mm	\$119.00	\$119.00	0.0%	\$1,047.44	\$1,146.12	9.4%	\$1,166.44	\$1,265.12	8.5%	\$3,499.32	\$3,795.36	8.5%
2" - 50mm	\$188.00	\$188.00	0.0%	\$2,506.73	\$2,748.25	9.6%	\$2,694.73	\$2,936.25	9.0%	\$8,084.20	\$8,808.74	9.0%
3" - 80mm	\$376.00	\$376.00	0.0%	\$5,503.62	\$6,088.33	10.6%	\$5,879.62	\$6,464.33	9.9%	\$17,638.85	\$19,392.99	9.9%
4" - 100mm	\$585.00	\$585.00	0.0%	\$9,784.15	\$10,924.81	11.7%	\$10,369.15	\$11,509.81	11.0%	\$31,107.46	\$34,529.42	11.0%
6" - 150mm	\$1,168.00	\$1,168.00	0.0%	\$28,707.02	\$32,040.97	11.6%	\$29,875.02	\$33,208.97	11.2%	\$89,625.07	\$99,626.91	11.2%
8" - 200mm	\$2,100.00	\$2,100.00	0.0%	\$25,491.63	\$28,471.21	11.7%	\$27,591.63	\$30,571.21	10.8%	\$82,774.90	\$91,713.63	10.8%
10" - 250mm	\$3,498.00	\$3,498.00	0.0%	\$49,402.45	\$55,168.83	11.7%	\$52,900.45	\$58,666.83	10.9%	\$158,701.36	\$176,000.49	10.9%

The impact on the average residential bill is an increase of 8.4% in 2027/28 and 7.9% in 2028/29. This translates to approximately \$7.26 per month in 2027/28 and an additional \$7.46 per month in 2028/29.

Table 9

Scenario #4 - No change in Base charge/change in consumption only plus rate rider								
			Proposed Rates		Change 2027/28		Change 2028/29	
	Current Rates at Historical Consumption	Current Rates at Revised Consumption	2027/28	2028/29	\$	%	\$	%
Water								
Base charges	\$156.00	\$156.00	\$156.00	\$156.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$286.93	\$287.34	\$330.39	\$375.30	\$43.05	15.0%	\$44.91	13.6%
	<u>\$442.93</u>	<u>\$443.34</u>	<u>\$486.39</u>	<u>\$531.30</u>	<u>\$43.05</u>	<u>9.7%</u>	<u>\$44.91</u>	<u>9.2%</u>
Wastewater								
Base charges	\$168.00	\$168.00	\$168.00	\$168.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$430.55	\$431.00	\$475.08	\$519.72	\$44.08	10.2%	\$44.64	9.4%
	<u>\$598.55</u>	<u>\$599.00</u>	<u>\$643.08</u>	<u>\$687.72</u>	<u>\$44.08</u>	<u>7.4%</u>	<u>\$44.64</u>	<u>6.9%</u>
Annual total	<u>\$1,041.48</u>	<u>\$1,042.34</u>	<u>\$1,129.47</u>	<u>\$1,219.02</u>	<u>\$87.13</u>	<u>8.4%</u>	<u>\$89.55</u>	<u>7.9%</u>

If proposed rates and the deficit reduction strategies of a rate rider and the use of the possible pension holiday are approved, this scenario will bring the accumulated water deficit down by \$12.0 million by the end of 2028/29.

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

Table 10

Summary of residential rates and monthly base charges			
	Current	2027/28	2028/29
Base			
Water	\$13.00	\$13.00	\$13.00
Wastewater	\$14.00	\$14.00	\$14.00
Consumption rates			
Pre-rider			
Water	\$1.722	\$1.945	\$2.159
Wastewater	\$2.591	\$2.856	\$3.109
Rider			
Water	\$0.000	\$0.035	\$0.079
Wastewater	\$0.000	\$0.000	\$0.000
Post-rider			
Water	\$1.722	\$1.980	\$2.238
Wastewater	\$2.591	\$2.856	\$3.109

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

Table 11

COMBINED WATER AND WASTEWATER								
	2027/28				2028/29			
	Scenario 2	Scenario 4	Scenario 2 to Scenario 4		Scenario 2	Scenario 4	Scenario 2 to Scenario 4	
	Current Base Rate	Volumetric plus Rate Rider	Difference		Current Base Rate	Volumetric plus Rate Rider	Difference	
	\$	\$	\$	%	\$	\$	\$	%
Calculated Revenues								
Unmetered 5/8"	752,212	753,929	1,717	0.2%	805,646	809,541	3,895	0.5%
Unmetered 3/4"	3,491	3,491	0	0.0%	3,745	3,745	0	0.0%
Unmetered 1"	48,342	48,606	264	0.5%	52,405	53,000	596	1.1%
Unmetered 3"	40,845	40,845	0	0.0%	44,402	44,402	0	0.0%
5/8" - 15mm	91,436,176	91,926,319	490,143	0.5%	98,623,646	99,741,031	1,117,385	1.1%
3/4" - 20mm	3,261,253	3,281,575	20,322	0.6%	3,567,199	3,613,528	46,329	1.3%
1" - 25mm	9,843,685	9,907,502	63,817	0.6%	10,789,208	10,934,692	145,484	1.3%
1.5" - 40mm	18,421,860	18,542,805	120,945	0.7%	20,250,452	20,526,171	275,719	1.4%
2" - 50mm	29,588,821	29,792,039	203,218	0.7%	32,608,518	33,071,797	463,279	1.4%
3" - 80mm	23,098,952	23,264,768	165,815	0.7%	25,463,104	25,841,116	378,012	1.5%
4" - 100mm	9,245,449	9,309,502	64,053	0.7%	10,189,883	10,335,906	146,023	1.4%
6" - 150mm	11,955,617	12,042,325	86,708	0.7%	13,202,070	13,399,738	197,669	1.5%
8" - 200mm	8,028,295	8,084,162	55,867	0.7%	8,832,820	8,960,182	127,361	1.4%
10" - 250mm	1,261,030	1,269,611	8,581	0.7%	1,388,442	1,408,004	19,562	1.4%
	206,986,028	208,267,478	1,281,450	0.6%	225,821,539	228,742,853	2,921,314	1.3%
Fire Protection	17,314,432	17,559,821	245,389	1.4%	19,350,650	19,931,403	580,753	3.0%
Total	224,300,459	225,827,299	1,526,839	0.7%	245,172,190	248,674,256	3,502,067	1.4%
Revenue Requirement per Rate	224,332,532	225,832,532			245,178,117	248,678,117		
Adjustment To Revenue Requirement	(32,073)	(5,234)			(5,928)	(3,861)		

Stormwater Charges

If Halifax Water were to not implement a rate rider, in 2027/28, the annual charges for residential customers would increase in each tier ranging from \$1.00 for tier 2 to \$7.00 for tier 5. In 2028/29, the annual charges for residential customers would increase further in each tier ranging from \$4.00 for tier 2 to \$20.00 for tier 5.

In 2027/28, the charges per cubic meter of impervious area for non-residential customers would increase from \$0.227 to \$0.238. In 2028/29, charges per cubic meter of impervious area for non-residential customers would increase to \$0.268 per cubic meter.

The total right-of-way charge would be \$10.0 million in 2027/28 and \$11.0 million in 2028/29.

Table 12

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								
	2027/28 Annual Charges				2028/29 Annual Charges			
	Current	2027/28 Proposed Rates	\$ Change	% Change	2027/28 Proposed Rates	2028/29 Proposed Rates	\$ Change	% Change
Industrial, Commercial, Institutional	0.227	0.238	0.011	4.8%	\$0.238	\$0.268	\$0.030	12.6%
Residential								
Tier 1 (exempt)	\$0.00	\$0.00	\$0.00	0.0%	\$0.00	\$0.00	\$0.00	0.0%
Tier 2 ¹	\$25.00	\$26.00	\$1.00	4.0%	\$26.00	\$30.00	\$4.00	15.4%
Tier 3 ¹	\$50.00	\$53.00	\$3.00	6.0%	\$53.00	\$59.00	\$6.00	11.3%
Tier 4	\$100.00	\$105.00	\$5.00	5.0%	\$105.00	\$118.00	\$13.00	12.4%
Tier 5	\$151.00	\$158.00	\$7.00	4.6%	\$158.00	\$178.00	\$20.00	12.7%
Culvert only customers	\$25.00	\$26.00	\$1.00	4.0%	\$26.00	\$30.00	\$4.00	15.4%

Halifax Water is proposing to recover \$1.0 million in 2027/28 and \$1.5 million in 2028/29 through a rate rider scenario to reduce the accumulated water deficit.

The impact of the rider on each site generated flow class is as follows:

Table 13

Halifax Regional Water Commission Stormwater Services Rate Study Bill Comparisons				
	Annual Charges			
	Current	2027/28 Proposed Rates	2028/29 Proposed Rates	\$ Change
Industrial, Commercial, Institutional	\$0.000	\$ 0.011	\$ 0.016	\$0.01
Residential				
Tier 1 (exempt)	\$0.00	\$0.00	\$0.00	\$0.00
Tier 2 ¹	\$0.00	\$1.00	\$2.00	\$1.00
Tier 3 ¹	\$0.00	\$2.00	\$4.00	\$2.00
Tier 4	\$0.00	\$5.00	\$7.00	\$2.00
Tier 5	\$0.00	\$7.00	\$11.00	\$4.00
Culvert only customers	\$0.00	\$1.00	\$2.00	\$1.00

Based on this scenario, in 2027/28, the annual charges for residential customers would increase in each tier ranging from \$2.00 for tier 2 to \$14.00 for tier 5. In 2028/29, the annual charges for residential customers would increase further in each tier ranging from \$5.00 for tier 2 to \$24.00 for tier 5.

In 2027/28, the charges per cubic meter of impervious area for non-residential customers would increase from \$0.227 to \$0.249. In 2028/29, charges per cubic meter of impervious area for non-residential customers would increase to \$0.284 per cubic meter.

The total right-of-way charge would be \$10.4 million in 2027/28 and \$11.7 million in 2028/29.

Table 14

Scenario #3 (Stormwater): Cost of Service Rates plus rate rider								
Halifax Regional Water Commission Stormwater Services Rate Study Bill Comparisons								
	2027/28 Annual Charges				2028/29 Annual Charges			
	Current	2027/28 Proposed Rates	\$ Change	% Change	2027/28 Proposed Rates	2028/29 Proposed Rates	\$ Change	% Change
Industrial, Commercial, Institutional	\$0.227	\$ 0.249	\$0.022	9.6%	\$ 0.249	\$0.284	\$0.035	14.2%
Residential								
Tier 1 (exempt)	\$0.00	\$0.00	\$0.00	0.0%	\$0.00	\$0.00	\$0.00	0.0%
Tier 2 ¹	\$25.00	\$27.00	\$2.00	8.0%	\$27.00	\$32.00	\$5.00	18.5%
Tier 3 ¹	\$50.00	\$55.00	\$5.00	10.0%	\$55.00	\$63.00	\$8.00	14.5%
Tier 4	\$100.00	\$110.00	\$10.00	10.0%	\$110.00	\$125.00	\$15.00	13.6%
Tier 5	\$151.00	\$165.00	\$14.00	9.3%	\$165.00	\$189.00	\$24.00	14.5%
Culvert only customers	\$25.00	\$27.00	\$2.00	8.0%	\$27.00	\$32.00	\$5.00	18.5%

The stormwater revenue generated from these scenarios is outlined below.

Table 15

STORMWATER								
	2027/28				2028/29			
	Cost of Service Revenue	Rate Rider	Change		Cost of Service Revenue	Rate Rider	Change	
	\$	\$	\$	%	\$	\$	\$	%
Site Related Flow								
Industrial, Commercial, Institutional	7,524,851	7,863,470	338,618	4.5%	8,473,362	8,981,764	508,402	6.0%
Residential			0				0	
Tier 1 (exempt)	0	0	0	0.0%	0	0	0	0.0%
Tier 2	936,312	972,324	36,012	3.8%	1,080,360	1,152,384	72,024	6.7%
Tier 3	2,285,678	2,371,930	86,252	3.8%	2,544,434	2,716,938	172,504	6.8%
Tier 4	1,067,640	1,118,480	50,840	4.8%	1,199,824	1,271,000	71,176	5.9%
Tier 5	323,900	338,250	14,350	4.4%	364,900	387,450	22,550	6.2%
Culvert only customers	20,384	21,168	784	3.8%	23,520	25,088	1,568	6.7%
	12,158,765	12,685,622	526,856	4.3%	13,686,400	14,534,624	848,224	6.2%
Street Right-of Way (ROW)								
Halifax (HRM)	7,965,745	8,324,203	358,459	4.5%	8,788,015	9,315,296	527,281	6.0%
Province of Nova Scotia	1,991,855	2,081,489	89,633	4.5%	2,197,466	2,329,314	131,848	6.0%
Halifax Dartmouth Bridge Commission	22,701	23,723	1,022	4.5%	25,045	26,547	1,503	6.0%
Street Right-of Way (ROW)	9,980,301	10,429,415	449,114	4.5%	11,010,526	11,671,157	660,632	6.0%
Total	22,139,066	23,115,036	975,970	4.4%	24,696,926	26,205,781	1,508,856	6.1%
Revenue Requirement per Rate Application	22,116,352	23,116,352			24,668,676	26,168,676		
<i>Adjustment To Revenue Requirement</i>	22,715	(1,315)			28,250	37,105		

If proposed rates and the deficit reduction strategies of a rate rider and the use of the possible pension holiday are approved, this scenario will bring the accumulated stormwater deficit down by \$5.5 million by the end of 2028/29.

Combined Impact of Recommendations:

When the recommended scenarios, without the rate rider, Scenario 2 for water and wastewater and Scenario 1 for stormwater, are combined, the impact on the average residential customer is as follows:

Table 16

Total Average Residential Bill (including Stormwater)								
			Proposed Rates		Change 2027/28		Change 2028/29	
	Current Rates at Historical Consumption	Current Rates at Revised Consumption	2027/28	2028/29	\$	%	\$	%
Water								
Base charges	\$156.00	\$156.00	\$156.00	\$156.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$286.93	\$287.34	\$324.55	\$362.05	\$37.21	12.9%	\$37.50	11.6%
	<u>\$442.93</u>	<u>\$443.34</u>	<u>\$480.55</u>	<u>\$518.05</u>	<u>\$37.21</u>	<u>8.4%</u>	<u>\$37.50</u>	<u>7.8%</u>
Wastewater								
Base charges	\$168.00	\$168.00	\$168.00	\$168.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$430.55	\$431.01	\$475.08	\$519.72	\$44.07	10.2%	\$44.64	9.4%
	<u>\$598.55</u>	<u>\$599.01</u>	<u>\$643.08</u>	<u>\$687.72</u>	<u>\$44.07</u>	<u>7.4%</u>	<u>\$44.64</u>	<u>6.9%</u>
Annual Water and Wastewater Total	\$1,041.48	\$1,042.35	\$1,123.63	\$1,205.77	\$81.28	7.8%	\$82.14	7.3%
Stormwater (Tier 3)	\$50.00	\$50.00	\$53.00	\$59.00	\$3.00	6.0%	\$6.00	11.3%
Total Average Residential Bill	<u>\$1,091.48</u>	<u>\$1,092.35</u>	<u>\$1,176.63</u>	<u>\$1,264.77</u>	<u>\$84.28</u>	<u>7.7%</u>	<u>\$88.14</u>	<u>7.5%</u>

When the recommended scenarios, which include the rate rider, Scenario 4 for water and wastewater and Scenario 3 for stormwater, are combined, the impact on the average residential customer is as follows:

Table 17

Total Average Residential Bill (including Stormwater)								
			Proposed Rates		Change 2027/28		Change 2028/29	
	Current Rates at Historical Consumption	Current Rates at Revised Consumption	2027/28	2028/29	\$	%	\$	%
Water								
Base charges	\$156.00	\$156.00	\$156.00	\$156.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$286.93	\$287.34	\$330.39	\$375.30	\$43.05	15.0%	\$44.91	13.6%
	\$442.93	\$443.34	\$486.39	\$531.30	\$43.05	9.7%	\$44.91	9.2%
Wastewater								
Base charges	\$168.00	\$168.00	\$168.00	\$168.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$430.55	\$431.00	\$475.08	\$519.72	\$44.08	10.2%	\$44.64	9.4%
	\$598.55	\$599.00	\$643.08	\$687.72	\$44.08	7.4%	\$44.64	6.9%
Annual Water and Wastewater Total	\$1,041.48	\$1,042.34	\$1,129.47	\$1,219.02	\$87.13	8.4%	\$89.55	7.9%
Stormwater (Tier 3)	\$50.00	\$50.00	\$55.00	\$63.00	\$5.00	10.0%	\$8.00	14.5%
Total Average Residential Bill	\$1,091.48	\$1,092.34	\$1,184.47	\$1,282.02	\$92.13	8.4%	\$97.55	8.2%

The rate rider represents \$5.84 of the water consumption charge and \$2.00 for a Tier 3 stormwater charge in 2027/28 and \$13.25 of the water consumption charge and \$4.00 for a Tier 3 stormwater charge in 2028/29. There is no impact on the wastewater consumption charges in relation to the rate rider.

The monthly increase in the average residential bill would be approximately \$7.68 in 2027/28 and a further \$8.13 in 2028/29. Halifax Water has also calculated the impact on the average residential customer if they were to adjust their consumption by various percentages as there is a correlation between rate increases and usage patterns:

Table 18

Total Average Residential Bill (including Stormwater)								
			Proposed Rates		Change 2027/28		Change 2028/29	
	Current Rates at Historical Consumption	Current Rates at Revised Consumption	2027/28	2028/29	\$	%	\$	%
Change in consumption:								
1.00%	\$1,091.48	\$1,092.34	\$1,184.47	\$1,282.02	\$92.13	8.4%	\$97.55	8.2%
0.00%	\$1,091.48	\$1,085.16	\$1,176.42	\$1,273.08	\$91.26	8.4%	\$96.66	8.2%
-1.00%	\$1,091.48	\$1,077.97	\$1,168.36	\$1,264.12	\$90.39	8.4%	\$95.76	8.2%
-2.00%	\$1,091.48	\$1,070.79	\$1,160.31	\$1,255.17	\$89.52	8.4%	\$94.86	8.2%

Fire Protection

Halifax Water recommends FP Scenario 2: Cost of service per rate studies plus rate rider. The impact without the rate rider is shown in the table below.

FP Scenario 2 produced a result that would see private fire protection revenue increase from \$2.4 million to \$3.2 million in 2027/28 and to \$3.9 million in 2028/29.

For public fire protection, revenue would increase from \$10.9 million to \$14.4 million in 2027/28 and to \$16.0 million in 2028/29.

The total fire protection revenue would increase from \$13.3 million to \$17.6 million in 2027/28 and to \$19.9 million in 2028/29.

Table 19

Summary of Proposed Fire Protection													
	Current	Scenario 1: Rate Studies 2027/28	Scenario 1: Rate Studies 2028/29	Scenario 2: with Rate Rider 2027/28	Scenario 2: with Rate Rider 2028/29	Scenario 1: Current to 2027/28 Difference		Scenario 1: 2027/28 to 2028/29 Difference		Scenario 2: Current to 2027/28 Difference		Scenario 2: 2027/28 to 2028/29 Difference	
Proposed Public Fire Protection	\$10,932,721	\$14,208,419	\$15,531,014	\$14,408,263	\$16,021,927	\$3,275,698	30.0%	\$1,322,596	9.3%	\$3,475,542	31.8%	\$1,613,664	11.2%
Proposed Private Fire Protection	\$2,392,390	\$3,106,013	\$3,819,636	\$3,151,558	\$3,909,476	\$713,623	29.8%	\$713,623	23.0%	\$759,168	31.7%	\$757,918	24.0%
Total	\$13,325,111	\$17,314,432	\$19,350,650	\$17,559,821	\$19,931,403	\$3,989,321	29.9%	\$6,025,539	11.8%	\$4,234,710	31.8%	\$2,371,582	13.5%

Customer Assistance and Affordability

A rate-funded program to provide assistance to customers was approved by the NSRAB 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 HRM. 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 increasing the limit for reimbursement was approved by the NSRAB via M12236.

As a measure of affordability, the draft updated Affordability Report references from industry studies suggests an appropriate affordability measure is 2.5% of median household income for water and 4.5% for water and wastewater combined. Halifax Water is currently using the benchmark of 2% of median household income for the three combined services (rather than 4.5% for water and wastewater) 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 after tax from 1.40% to 1.51%.

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

- 1) Provide sufficient operating revenue for 2027/28 and 2028/29 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 2027/28 and 2028/29 to enable Halifax Water to continue addressing the infrastructure deficit, advancing regulatory compliance requirements, and supporting delivery of the Integrated Resource Plan.
- 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 both 2027/28 and 2028/29.
- 6) Include a rate rider and the utilization of a possible pension holiday cost savings that will reduce the accumulated deficit by \$17.5 million.
- 7) Approve updates to the COS Manual and the Halifax Water Regulations.

BUDGET IMPLICATIONS

The 2027/28 and 2028/29 operating budgets reflect deficits in water, wastewater, and stormwater services. Rate increases are required to fund these operating deficits and to recover the ongoing costs created as capital projects are completed and placed into service, including depreciation and debt servicing costs. Deferral of rate increases will increase the risk of financial instability for Halifax Water and undermine the objective of developing a long-term funding strategy to achieve the objectives of Halifax Water's Integrated Resource Plan.

From a capital budget perspective, the proposed rate increases support the transition of major capital investments into the rate base as projects are completed. Without sufficient revenue, Halifax Water would face increased pressure on cash flow, debt financing, and its ability to continue delivering infrastructure renewal and compliance-related projects at the required pace.

ALTERNATIVES

The Halifax Water Board may choose to increase or decrease the proposed rate increases.

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

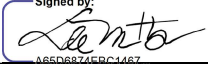
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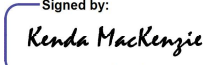
1. Halifax Water September 2, 2026 Board Report

Report Prepared By:  Signed by:
AFA8696B6D3845C...
Alicia Scallion, CPA, CA
Manager, Finance

September 2, 2026

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

SUBMITTED BY: 
Signed by: 465D8874EFC1467
 Louis de Montbrun, CPA, CA, Director, Corporate Services/CFO

APPROVED BY: 
Signed by: DC084AC815794F0
 Kenda MacKenzie, P.Eng, General Manager

DATE: August 28, 2026

SUBJECT: **2026 General Rate Application – Water, Wastewater and Stormwater Services**

ORIGIN

The Nova Scotia Regulatory and Appeals Board (NSRAB) directed a rate application to be filed by September 30, 2026 (M12257).

EXECUTIVE SUMMARY

Halifax Water is required to file a General Rate Application by September 30, 2026 as directed by the NSRAB in its December 16, 2025 Decision (Decision).

The budgeted expenditures for Halifax Water are estimated to increase by 14% in 2027/28 and a further 9% in 2028/29. These increases are driven primarily by an increase in assets in services and capital spend and the impact on debt servicing costs and depreciation.

The following summary tables reflect the scenarios resulting from the analysis in this Report.

Table 1

Scenario	<i>1: Cost of service per rate studies, with base charges rounded to nearest dollar</i>	<i>2: No change in current base charges/ change in consumption rate only.</i>	<i>3: No change in base charge/ change in consumption only plus rate rider</i>	<i>4: No change in base charge/ change in consumption only plus rate rider and pension holiday</i>	<i>5: No change in base charge/ change in consumption only plus pension holiday</i>

ITEM #4

Halifax Water Board (Special Meeting)

September 2, 2026

Consistent, Predictable, Understandable	No - Water base charges would decrease and then increase for some meter sizes while wastewater base charges would increase for most meter sizes making it more difficult to explain rate changes. 2, creating uncertainty in the charges.	Yes	Yes	Yes	Yes
Allows Customers to adjust their usage and inform their bill	Partially	Yes	Yes	Yes	Yes
Reduces the Deficit – Gradually over 5 years	No	No	Yes	Yes – more than Scenarios 3 and 5	Yes – but may result in spikes in Years 3-5
Proposed TY1 Impact on Average Residential Bill (W/WW)	12.4%	7.5%	8.0%	8.0%	7.5%
Proposed TY2 Impact on Average Residential Bill (W/WW)	8.7%	7.3%	7.6%	7.6%	7.3%

Table 2

Scenarios	1 - Stormwater charge per rate studies	2 - Stormwater charge per rate studies with rate rider	3: Cost of service per rate studies plus rate rider and pension holiday	4: Cost of service per rate studies plus pension holiday
Recovers Operational Costs	Yes	Yes	Yes	Yes

ITEM #4

Halifax Water Board (Special Meeting)

September 2, 2026

Reduces Deficit Gradually over 5 years	No	Yes	Yes – more than Scenario 2	Yes – but may result in spikes in Years 3-5
Proposed TY1 Impact on Average Residential Bill (SW)*	6.0%	10.0%	10.0%	6.0%
Proposed TY2 Impact on Average Residential Bill (SW)*	11.3%	14.5%	14.5%	11.3%

*(based on Tier3)

The table below represents a summary of the recommendations from staff.

Table 3

Total Average Residential Bill (including Stormwater)								
	Proposed Rates		Change 2027/28		Change 2028/29			
	Current Rates at Historical Consumption	Current Rates at Revised Consumption	2027/28	2028/29	\$	%	\$	%
Water								
Base charges	\$156.00	\$156.00	\$156.00	\$156.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$286.93	\$290.19	\$331.98	\$374.04	\$41.79	14.4%	\$42.06	12.7%
	\$442.93	\$446.19	\$487.98	\$530.04	\$41.79	9.4%	\$42.06	8.6%
Wastewater								
Base charges	\$168.00	\$168.00	\$168.00	\$168.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$430.55	\$435.28	\$477.27	\$521.88	\$41.99	9.6%	\$44.61	9.3%
	\$598.55	\$603.28	\$645.27	\$689.88	\$41.99	7.0%	\$44.61	6.9%
Annual Water and Wastewater Total	\$1,041.48	\$1,049.47	\$1,133.25	\$1,219.92	\$83.78	8.0%	\$86.67	7.6%
Stormwater (Tier 3)	\$50.00	\$50.00	\$55.00	\$63.00	\$5.00	10.0%	\$8.00	14.5%
Total Average Residential Bill	\$1,091.48	\$1,099.47	\$1,188.25	\$1,282.92	\$88.78	8.1%	\$94.67	8.0%

RECOMMENDATIONS

It is recommended that the Halifax Water Board direct Executive Management to ensure compliance with all directives issued by the Nova Scotia Regulatory and Appeals Board (NSRAB) within the timelines prescribed in the NSRAB's Decision dated December 16, 2025, and to report back to the Halifax Water Board at the next Halifax Water Board meeting, scheduled for September 24, 2026, to confirm that all directives are either in progress or satisfied in accordance with that Decision.

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It is recommended that the Halifax Water Board direct Executive Management to continue to work on the 2026 General Rate Application for final approval at the next Halifax Water Board meeting, scheduled for September 24, 2026, within the following parameters:

- 1) Increase the average annual residential bill for water, wastewater and stormwater services not to exceed 9.0% in 2027/28 and 9.0% in 2028/29.
- 2) Approve the deficit elimination strategy as such that the overall impact to the proposed rates remains within the threshold of Recommendation 1.
- 3) Any increase to water and wastewater rates is to apply only to consumption and discharge rates, respectively.
- 4) Increase to total public and private fire protection revenue shall not exceed 34% in 2027/28 and 14% in 2028/29.
- 5) Any increase to stormwater charges not to exceed 11% in 2027/28 and 19% in 2028/29.
- 6) Any increase to stormwater right of way charges based on current impervious area not to exceed 24% in 2027/28 and 7% in 2028/29 and an increase in the incremental per square meter charge to \$0.325 per square meter in 2027/28 and \$0.364 per square meter in 2028/29.
- 7) Any increases to take effect over two fiscal years, becoming effective April 1, 2027, and April 1, 2028.
- 8) Engage with interested parties on the pending 2026 General Rate Application.

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) *Water Utility Accounting and Reporting Handbook (Handbook)*.

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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 Handbook and extends the case for cost causation-based approach to establishment of stormwater rates.

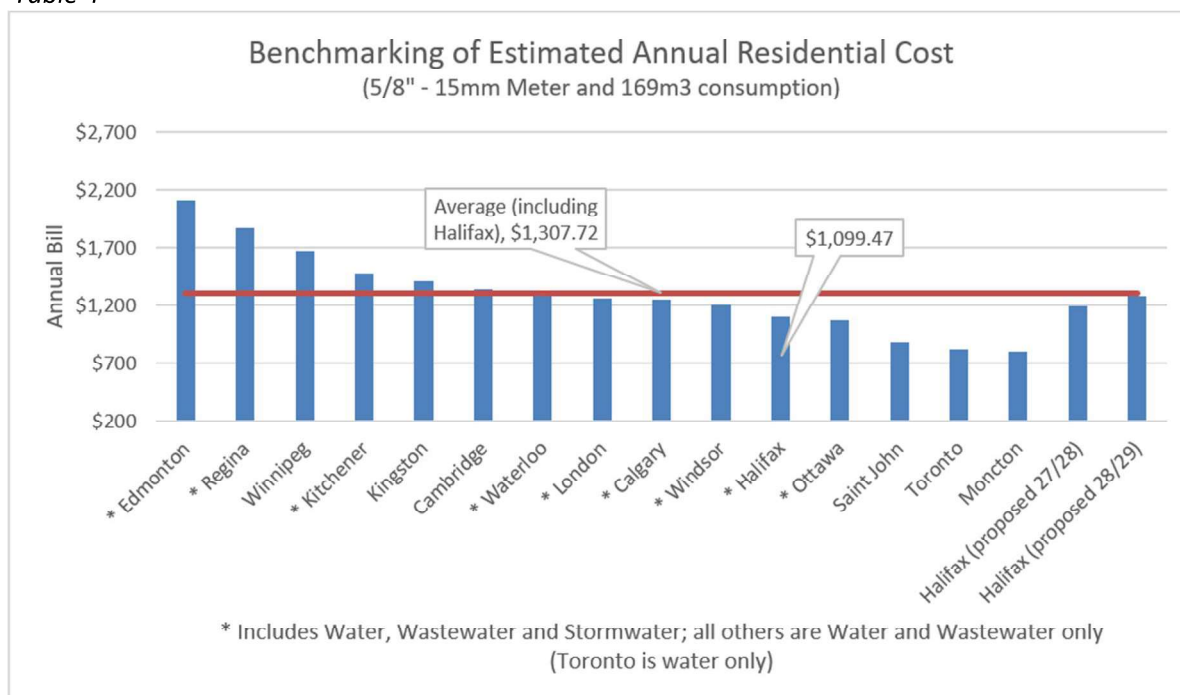
Halifax Water periodically makes applications to adjust rates and/or update the COS Manual.

Current Situation

In the 2025 General Rate Application, the NSRAB directed Halifax Water to file the next General Rate Application for fiscal years 2027/28 and 2028/29 no later than September 30, 2026. A number of directives identified within the 2025 General Rate Application will be addressed in the submission. Included in the directives is the requirement to file a proposal for recovery of this deferral amount over a number of years. Halifax Water is proposing to recover this deficit over five years, including the two test years of 2027/28 and 2028/29.

In preparation for this rate application, Halifax Water has benchmarked 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.

Table 4



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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 prepared the budgets for 2027/28 (Test Year 1) and 2028/29 (Test Year 2) and continues to see its costs increase. Without an increase in rates, in 2027/28, Halifax Water is budgeting for an operating deficit of \$24.3 million and for 2028/29, Halifax Water is budgeting for an operating deficit of \$44.5 million.

The 2027/28 and 2028/29 test year budgets were reviewed by the Halifax Water Audit and Finance Committee August 20, 2026, with further refinements completed after that meeting. Presented at that meeting were increases of 15% in total operating costs from the 2026/27 operating budget and a further 10% increase for 2028/29. As of the filing of this report, the operating cost increases have decreased to 14% and 9% respectively.

The proposed rate application is closely linked to Halifax Water's capital program. As approved and planned projects are completed and placed into service, they increase the utility's rate base assets and create ongoing rate-supported costs through depreciation and debt servicing. The proposed rates are intended to fund these costs while supporting continued infrastructure renewal, regulatory compliance, and delivery of the Integrated Resource Plan.

Key drivers of the increase in operating costs are higher debt servicing costs and depreciation, both of which are driven by the value of assets placed into service. Halifax Water is proposing to add \$214M in new funded assets in 2027/28 and \$166M in 2028/29. These additions contribute to new annual depreciation of \$10.8M and \$8.6M, respectively. Prior to the 2025 rate filing, the NSRAB had been encouraging Halifax Water to include depreciation on contributed water and wastewater assets into rates and to increase the depreciation on contributed stormwater assets included in rates. Due to the impact on rates of including any additional contributed depreciation in rates from the existing 25% for stormwater assets, the NSRAB directed Halifax Water to maintain current levels of contributed depreciation until the updated debt strategy is completed by June 30, 2027.

In addition to depreciation, the increase in assets in service contributes additional debt servicing costs, including (principal and interest payments,) of \$2.7M (interest only) for 2027/28 and \$12.6M for 2028/29. The 2027/28 amount reflects interest only, while the 2028/29 amount reflects both (principal and interest) for 2028/29. These amounts include an interest component for short-term financing, which may be required if spending on assets under construction begins to exceed cash available because, as only assets in service can be funded by long- term debt. Under M12257, Halifax Water was directed to include modifying their approach of including debt servicing costs on an accrual basis to include these costs on a cash basis for rate- setting purposes.

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Increase in Utility Plant in Service for the years 2021/22 to 2025/26 are below:

Table 5

	Infrastructure Investment					Total
	Actual	Actual	Actual	Actual	Actual	
	2021-22	2022-23	2023-24	2024-25	2025-26	
Water						
Regular Additions	8,717,211	23,931,463	25,533,737	48,397,636	46,774,027	153,354,074
Donated Additions	7,266,262	14,195,064	440,211	10,035,100	16,238,620	48,175,257
Total Water	15,983,473	38,126,527	25,973,948	58,432,736	63,012,647	201,529,331
Wastewater						
Regular Additions	16,910,270	24,069,390	23,268,666	45,253,663	43,338,766	152,840,755
Donated Additions	5,978,796	1,779,329	1,176,913	2,037,604	5,155,530	16,128,172
Total Wastewater	22,889,066	25,848,719	24,445,579	47,291,267	48,494,296	168,968,927
Stormwater						
Regular Additions	8,485,573	6,789,000	5,766,312	15,156,440	12,135,176	48,332,501
Donated Additions	1,548,858	9,142,051	6,965,962	2,719,275	18,541,217	38,917,363
Total Stormwater	10,034,431	15,931,051	12,732,274	17,875,715	30,676,393	87,249,864
Total Regular Additions	34,113,054	54,789,853	54,568,715	108,807,739	102,247,969	354,527,330
Total Donated Additions	14,793,916	25,116,444	8,583,086	14,791,979	39,935,367	103,220,792
Total	48,906,970	79,906,297	63,151,801	123,599,718	142,183,336	457,748,122

For the period 2026/27 to 2028/29, Halifax Water is estimating significant additions to Utility Plant in Service. These additions reflect major approved projects now being delivered, as well as projects that are underway and expected to contribute to future capital spending as approvals, designs, and schedules are finalized.

Table 6

	Infrastructure Investment				
	Estimated	Estimated	Estimated	Total	Total
	2026-27	2027-28	2028-29	2026-29	2021-27
Water					
Regular Additions	50,060,595	102,578,879	62,664,946	215,304,420	368,658,494
Donated Additions	119,125	562,510	10,234,730	10,916,365	59,091,622
Total Water	50,179,720	103,141,389	72,899,676	226,220,785	427,750,116
Wastewater					
Regular Additions	63,431,087	87,392,785	73,447,486	224,271,358	377,112,113
Donated Additions	2,230,925	821,860	14,096,220	17,149,005	33,277,177
Total Wastewater	65,662,012	88,214,645	87,543,706	241,420,363	410,389,290
Stormwater					
Regular Additions	37,092,268	24,029,567	29,886,979	91,008,814	139,341,315
Donated Additions	-	-	16,065,000	16,065,000	54,982,363
Total Stormwater	37,092,268	24,029,567	45,951,979	107,073,814	194,323,678
Total Regular Additions	150,583,950	214,001,231	165,999,411	530,584,592	885,111,922
Total Donated Additions	2,350,050	1,384,370	40,395,950	44,130,370	147,351,162
Total	152,934,000	215,385,601	206,395,361	574,714,962	1,032,463,084

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The proposed capital spend on funded assets for the two test years is summarized below and reflects the forecasted cost of projects expected to move through delivery and into service during the rate period.

Table 7

	Planned Spend 2027-28	Planned Spend 2028-29	Total Planned Spend 2027/28 to 2028/29
Funded Assets			
Corporate	72,590,960	62,089,120	344,652,080
Water	42,640,063	33,107,478	285,719,541
Wastewater	42,992,787	48,142,945	194,778,232
Stormwater	17,195,930	24,074,588	58,606,018
Total Spend	175,419,740	167,414,131	883,755,871

Several significant projects have been approved and are subsequently being delivered by Halifax Water and are contributing to higher forecasted spending and increased values for Utility Plant in Service. These projects include but are not limited to the following:

- Burnside Operations Centre (M11418)
- Mount Edward Reservoir Replacement (M11672)
- Windsor Street Exchange Redevelopment Project (M11999 & M12205)
- Sullivan's Pond – Phase 2 Part 1 (M11537)
- Cogswell Redevelopment Project (M10793)
- Pier A Pumping Station Upgrades (M12712)
- Integrated Resource Plan Update (M11899)
- Raymond/Lakecrest/Walker Street Infrastructure Upgrades (M12122)
- Bayers Rd Water Transmission Main Replacement (M12699)

The following projects are underway but not yet approved. They are included to provide visibility into future capital requirements that may affect spending forecasts, timing, and future rate-supported costs as project scopes and approvals are finalized:

- Port Wallace Utility Corridor (M11255)
- Sullivan's Pond – Phase 2 Part 2 (M12153 & M12913)
- Autoport Pump Station Upgrades (M11291)
- Quigley's Corner Pump Station Upgrades (M11007 & M12860)
- Integrated Projects Programs (M12975)

For capital forecasting purposes, Halifax Water applied a portfolio-level delivery factor of 80% to the planned annual expenditures for projects with less than \$1.0 million of forecast spend in each

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of 2026/27, 2027/28 and 2028/29. Accordingly, forecast expenditures for this group of projects are therefore assumed to be 80% of the amounts identified in the capital program. This adjustment recognizes that the portfolio includes numerous projects at varying stages of development and that project scopes and delivery schedules will continue to be refined as work progresses. Certain projects are expected to proceed and incur expenditures as forecast, while others may experience timing changes due to the time required for approvals, procurement, and coordination, or new technical, operational or site information identified through project scoping and design. Applied across the portfolio, the 80% factor is not a reduction in the approved scope or priority of any specific project. Rather, it is a prudent forecasting allowance intended to reduce the risk of overstating near-term capital expenditures while recognizing that deferred expenditures may shift into a subsequent year. Forecasts will continue to be updated as project definitions, schedules and delivery information mature.

Taken together, the approved project list reflects near-term capital commitments already influencing the 2027/28 and 2028/29 revenue requirements, while the not-yet-approved and longer-term initiatives signal continued capital pressure within and beyond the current test years. This approach also helps distinguish between the approved capital program and the portion of the program that may shift between years due to normal project delivery risks. It supports a more realistic rate forecast while maintaining priority of infrastructure renewal and compliance-related work.

Beyond the current test years, significant capital investment will continue to be required as Halifax Water advances key initiatives such as the Mill Cove Wastewater Treatment Facility Upgrades, Biosolids Processing Facility Upgrades and the Water Supply Enhancement Program. These projects are expected to create further long-term funding requirements as they move through planning, approval, construction and eventual placement into service.

As capital investment generates assets that are placed into service, depreciation and debt servicing costs will increase to reflect this investment. These costs are a direct and ongoing consequence of delivering the infrastructure required to meet regulatory requirements, and address asset renewal and replacement needs identified through Halifax Water's asset management and long-term infrastructure planning processes.

Other factors contributing to the increasing costs include:

- Chemical cost increases due to market uncertainty, higher freight, and supply costs;
- Higher contract services costs including lead service line replacements to meet targets, sludge hauling, hydrant maintenance, and traffic control;
- Higher software licenses due to an expanding portfolio of applications and user licenses;
- Higher fleet related costs for fuel, repairs, and maintenance; and
- Higher salaries and benefits relating to workforce growth and salary increases.

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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 510 new customers for Water and 472 new customers for Wastewater, spread across all meter sizes. This increase in customers is based on the average of the last five years. There has been a trend over the last five years of more larger meter installations, indicating multi-residential construction is growing more than the average residential 15 mm meter.

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

Table 8

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
	2022/23	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26
Commercial	6,605,005	6,724,101	1.8%	6,965,719	3.6%	7,047,727	1.2%
Industrial	1,757,151	1,753,824	(0.2%)	1,731,636	(1.3%)	1,730,475	(0.1%)
Institutional	3,710,173	3,818,567	2.9%	4,095,194	7.2%	4,410,334	7.7%
Multi-residential	7,806,248	8,080,410	3.5%	8,552,146	5.8%	9,015,815	5.4%
Residential	12,641,623	12,943,799	2.4%	13,178,808	1.8%	13,342,999	1.2%
Total	32,520,201	33,320,701	2.5%	34,523,503	3.6%	35,547,350	3.0%

Halifax Water continues to expect consumption to increase for the next two test years and has incorporated total consumption increases of 2.0% for 2027/28 and 2.0% for 2028/29 in the rate studies.

As can be seen below, the accumulated deficits on April 1, 2026, were \$25.3 million. At the end of March 2029, without any rate increases or deficit elimination strategies, Halifax Water is projecting to have an accumulated deficit of \$92.7 million.

Halifax Water is proposing for consideration to reduce the accumulated deficits for water and stormwater services over five years, including the two test years, through use of a rider and pension holiday (if approved by Trustees). The rider will generate \$2.0 million in 2027/28 and \$3.5 million in 2028/29 for water services and \$1.0 million in 2027/28 and \$1.5 million in 2028/29 for stormwater services for a combined total of \$3.0 million in Test Year 1 and \$5.0 million in Test Year 2. The pension holiday will generate savings of approximately \$5.0 million per year split between water and stormwater respectively \$3.5 million and \$1.5 million.

Table 9

Accumulated Operating Surplus (Deficit) - NSRAB (in thousands)				
	Total	Water	Wastewater	Stormwater
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)
Loss for the year	(15,648)	(9,622)	(3,312)	(2,714)
Surplus (deficit), end of year	(3,958)	851	2,075	(6,884)
2025/26 Fiscal Year				
Balance, beginning of year	(3,958)	851	2,075	(6,884)
Loss for the year	(21,309)	(16,225)	(3,364)	(1,720)
Surplus (deficit), end of year	(25,267)	(15,374)	(1,289)	(8,604)
2026/27 Fiscal Year				
Balance, beginning of year	(25,267)	(15,374)	(1,289)	(8,604)
Projected (loss) for the year	1,387	(173)	1,172	388
Projected surplus (deficit), end of year	(23,880)	(15,547)	(117)	(8,216)
2027/28 Fiscal Year				
Balance, beginning of year	(23,880)	(15,547)	(117)	(8,216)
Projected (loss) for the year	(24,298)	(11,043)	(10,678)	(2,577)
Projected surplus (deficit), end of year	(48,178)	(26,590)	(10,795)	(10,793)
2028/29 Fiscal Year				
Balance, beginning of year	(48,178)	(26,590)	(10,795)	(10,793)
Projected (loss) for the year	(44,483)	(20,410)	(19,041)	(5,032)
Projected surplus (deficit), end of year	(92,661)	(47,000)	(29,836)	(15,825)

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 charges customers pay based on the meter size the customers have installed.
- 2) Water and Wastewater consumption charges – these are the per cubic meter charges that are applied to water consumed and wastewater discharged.

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- 3) Stormwater charges – Right of way charge is charged to the Halifax Regional Municipality (HRM), the Province of Nova Scotia and the Halifax Dartmouth Bridge Commission to cover costs related to stormwater that comes off roads.
- 4) Stormwater site related flow charge – residential customers are charged a rate based on the amount of impervious area on their property. The site related flow charges are based on tiers.
- 5) Stormwater site related flow charge – non-residential customers are charged a per cubic meter charge.
- 6) Fire Protection charges cover the costs of providing water to fire hydrants and to private buildings that have sprinkler systems.

Water and Wastewater Base Charges and Consumption Charges

Halifax Water has developed five scenarios for consideration:

W/WW Scenario 1: Cost of service per rate studies, changes to base charges rounded to nearest dollar.

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

W/WW Scenario 3: No change in base charge/change in consumption rate only plus rate rider.

W/WW Scenario 4: No change in base charge/change in consumption only plus rate rider and pension holiday.

W/WW Scenario 5: No change in base charge/change in consumption rate only plus pension holiday.

W/WW Scenario 1: Cost of service per rate studies, with base charges 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 consumption charges.

The water rate increases range from an increase of 6.8% to an increase of 13.2% for 2027/28 and 7.4% to 10.0% for 2028/29.

The wastewater rate changes range from an increase of 0.4% to an increase of 16.4% for 2027/28 and an increase of 6.2% to an increase of 8.3% for 2028/29.

The combined water and wastewater rate changes range from an increase of 5.2% to an increase of 12.4% for 2027/28 and increases of 6.7% to 9.0% for 2028/29.

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Table 10

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 2027/28												
Meter Size	Monthly Base Charge			Monthly Commodity Charge			Monthly Combined Bill			Quarterly Combined Bill		
	Current	2027/28 Proposed Rates	% Change	Current	2027/28 Proposed Rates	% Change	Current	2027/28 Proposed Rates	% Change	Current	2027/28 Proposed Rates	% Change
5/8" - 15mm	\$27.00	\$34.00	25.9%	\$60.45	\$64.26	6.3%	\$87.45	\$98.26	12.4%	\$262.36	\$294.78	12.4%
3/4" - 20mm	\$38.00	\$45.00	18.4%	\$190.67	\$202.60	6.3%	\$228.67	\$247.60	8.3%	\$686.01	\$742.79	8.3%
1" - 25mm	\$62.00	\$67.00	8.1%	\$390.94	\$415.54	6.3%	\$452.94	\$482.54	6.5%	\$1,358.82	\$1,447.63	6.5%
1.5" - 40mm	\$119.00	\$121.00	1.7%	\$943.57	\$1,002.33	6.2%	\$1,062.57	\$1,123.33	5.7%	\$3,187.72	\$3,369.98	5.7%
2" - 50mm	\$188.00	\$185.00	(1.6%)	\$2,258.00	\$2,399.13	6.2%	\$2,446.00	\$2,584.13	5.6%	\$7,338.00	\$7,752.38	5.6%
3" - 80mm	\$376.00	\$356.00	(5.3%)	\$4,955.02	\$5,272.89	6.4%	\$5,331.02	\$5,628.89	5.6%	\$15,993.07	\$16,886.67	5.6%
4" - 100mm	\$585.00	\$548.00	(6.3%)	\$8,813.66	\$9,363.39	6.2%	\$9,398.66	\$9,911.39	5.5%	\$28,195.98	\$29,734.17	5.5%
6" - 150mm	\$1,168.00	\$1,084.00	(7.2%)	\$25,871.04	\$27,447.06	6.1%	\$27,039.04	\$28,531.06	5.5%	\$81,117.13	\$85,593.18	5.5%
8" - 200mm	\$2,100.00	\$1,941.00	(7.6%)	\$22,956.17	\$24,410.75	6.3%	\$25,056.17	\$26,351.75	5.2%	\$75,168.51	\$79,055.24	5.2%
10" - 250mm	\$3,498.00	\$3,226.00	(7.8%)	\$44,495.95	\$47,291.78	6.3%	\$47,993.95	\$50,517.78	5.3%	\$143,981.85	\$151,553.33	5.3%

Table 11

Halifax Regional Water Commission Consolidated Rate Studies - Water and Wastewater Services Bill Comparisons 2028/29												
Meter Size	Monthly Base Charge			Monthly Commodity Charge			Monthly Combined Bill			Quarterly Combined Bill		
	2027/28 Proposed Rates	2028/29 Proposed Rates	% Change	2027/28 Proposed Rates	2028/29 Proposed Rates	% Change	2027/28 Proposed Rates	2028/29 Proposed Rates	% Change	2027/28 Proposed Rates	2028/29 Proposed Rates	% Change
5/8" - 15mm	\$34.00	\$37.00	8.8%	\$64.26	\$69.78	8.6%	\$98.26	\$106.78	8.7%	\$294.78	\$320.35	8.7%
3/4" - 20mm	\$45.00	\$48.00	6.7%	\$202.60	\$218.12	7.7%	\$247.60	\$266.12	7.5%	\$742.79	\$798.37	7.5%
1" - 25mm	\$67.00	\$70.00	4.5%	\$415.54	\$448.92	8.0%	\$482.54	\$518.92	7.5%	\$1,447.63	\$1,556.75	7.5%
1.5" - 40mm	\$121.00	\$127.00	5.0%	\$1,002.33	\$1,071.95	6.9%	\$1,123.33	\$1,198.95	6.7%	\$3,369.98	\$3,596.85	6.7%
2" - 50mm	\$185.00	\$195.00	5.4%	\$2,399.13	\$2,570.62	7.1%	\$2,584.13	\$2,765.62	7.0%	\$7,752.38	\$8,296.86	7.0%
3" - 80mm	\$356.00	\$375.00	5.3%	\$5,272.89	\$5,699.07	8.1%	\$5,628.89	\$6,074.07	7.9%	\$16,886.67	\$18,222.21	7.9%
4" - 100mm	\$548.00	\$577.00	5.3%	\$9,363.39	\$10,218.86	9.1%	\$9,911.39	\$10,795.86	8.9%	\$29,734.17	\$32,387.57	8.9%
6" - 150mm	\$1,084.00	\$1,140.00	5.2%	\$27,447.06	\$29,949.16	9.1%	\$28,531.06	\$31,089.16	9.0%	\$85,593.18	\$93,267.47	9.0%
8" - 200mm	\$1,941.00	\$2,041.00	5.2%	\$24,410.75	\$26,644.33	9.2%	\$26,351.75	\$28,685.33	8.9%	\$79,055.24	\$86,056.00	8.9%
10" - 250mm	\$3,226.00	\$3,392.00	5.1%	\$47,291.78	\$51,615.51	9.1%	\$50,517.78	\$55,007.51	8.9%	\$151,553.33	\$165,022.53	8.9%

The impact on the average residential bill for water and wastewater services as calculated in the rate studies is an increase of 12.4% in 2027/28 and 8.7% in 2028/29.

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Table 12

Scenario #1: Cost of service per rate studies, with base charges rounded up to the nearest dollar								
			Proposed Rates		Change 2027/28		Change 2028/29	
	Current Rates at Historical Consumption	Current Rates at Revised Consumption	2027/28	2028/29	\$	%	\$	%
Water								
Base charges	\$156.00	\$156.00	\$144.00	\$156.00	(\$12.00)	(7.7%)	\$12.00	8.3%
Consumption	\$286.93	\$290.19	\$332.65	\$364.81	\$42.46	14.6%	\$32.16	9.7%
	\$442.93	\$446.19	\$476.65	\$520.81	\$30.46	6.8%	\$44.16	9.3%
Wastewater								
Base charges	\$168.00	\$168.00	\$264.00	\$288.00	\$96.00	57.1%	\$24.00	9.1%
Consumption	\$430.55	\$435.28	\$438.46	\$472.61	\$3.18	0.7%	\$34.15	7.8%
	\$598.55	\$603.28	\$702.46	\$760.61	\$99.18	16.4%	\$58.15	8.3%
Annual total	\$1,041.48	\$1,049.47	\$1,179.11	\$1,281.42	\$129.64	12.4%	\$102.31	8.7%

W/WW 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 consumption rate.

The water rate increases range from 8.0% to 11.7% for 2027/28 and 7.8% to 11.5% for 2028/29.

The wastewater rate increases range from 7.0% to 9.3% for 2027/28 and 6.9% to 9.5% for 2028/29.

The combined water and wastewater rate increases range from 7.4% to 10.2% for 2027/28 and 7.3% to 10.3% for 2028/29.

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Table 13

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 2027/28												
Meter Size	Monthly Base Charge			Monthly Commodity Charge			Monthly Combined Bill			Quarterly Combined Bill		
	Current	2027/28 Proposed Rates	% Change	Current	2027/28 Proposed Rates	% Change	Current	2027/28 Proposed Rates	% Change	Current	2027/28 Proposed Rates	% Change
5/8" - 15mm	\$27.00	\$27.00	0.0%	\$60.45	\$66.93	10.7%	\$87.45	\$93.93	7.4%	\$262.36	\$281.79	7.4%
3/4" - 20mm	\$38.00	\$38.00	0.0%	\$190.67	\$211.08	10.7%	\$228.67	\$249.08	8.9%	\$686.01	\$747.25	8.9%
1" - 25mm	\$62.00	\$62.00	0.0%	\$390.94	\$432.82	10.7%	\$452.94	\$494.82	9.2%	\$1,358.82	\$1,484.47	9.2%
1.5" - 40mm	\$119.00	\$119.00	0.0%	\$943.57	\$1,044.55	10.7%	\$1,062.57	\$1,163.54	9.5%	\$3,187.72	\$3,490.63	9.5%
2" - 50mm	\$188.00	\$188.00	0.0%	\$2,258.00	\$2,499.73	10.7%	\$2,446.00	\$2,687.73	9.9%	\$7,338.00	\$8,063.19	9.9%
3" - 80mm	\$376.00	\$376.00	0.0%	\$4,955.02	\$5,487.04	10.7%	\$5,331.02	\$5,863.04	10.0%	\$15,993.07	\$17,589.13	10.0%
4" - 100mm	\$585.00	\$585.00	0.0%	\$8,813.66	\$9,756.98	10.7%	\$9,398.66	\$10,341.98	10.0%	\$28,195.98	\$31,025.95	10.0%
6" - 150mm	\$1,168.00	\$1,168.00	0.0%	\$25,871.04	\$28,632.81	10.7%	\$27,039.04	\$29,800.81	10.2%	\$81,117.13	\$89,402.42	10.2%
8" - 200mm	\$2,100.00	\$2,100.00	0.0%	\$22,956.17	\$25,417.52	10.7%	\$25,056.17	\$27,517.52	9.8%	\$75,168.51	\$82,552.56	9.8%
10" - 250mm	\$3,498.00	\$3,498.00	0.0%	\$44,495.95	\$49,262.27	10.7%	\$47,993.95	\$52,760.27	9.9%	\$143,981.85	\$158,280.80	9.9%

Table 14

Halifax Regional Water Commission Consolidated Rate Studies - Water and Wastewater Services Bill Comparisons 2028/29												
Meter Size	Monthly Base Charge			Monthly Commodity Charge			Monthly Combined Bill			Quarterly Combined Bill		
	2027/28 Proposed Rates	2028/29 Proposed Rates	% Change	2027/28 Proposed Rates	2028/29 Proposed Rates	% Change	2027/28 Proposed Rates	2028/29 Proposed Rates	% Change	2027/28 Proposed Rates	2028/29 Proposed Rates	% Change
5/8" - 15mm	\$27.00	\$27.00	0.0%	\$66.93	\$73.78	10.2%	\$93.93	\$100.78	7.3%	\$281.79	\$302.33	7.3%
3/4" - 20mm	\$38.00	\$38.00	0.0%	\$211.08	\$230.67	9.3%	\$249.08	\$268.67	7.9%	\$747.25	\$806.01	7.9%
1" - 25mm	\$62.00	\$62.00	0.0%	\$432.82	\$474.63	9.7%	\$494.82	\$536.63	8.4%	\$1,484.47	\$1,609.90	8.4%
1.5" - 40mm	\$119.00	\$119.00	0.0%	\$1,044.55	\$1,133.93	8.6%	\$1,163.54	\$1,252.93	7.7%	\$3,490.63	\$3,758.80	7.7%
2" - 50mm	\$188.00	\$188.00	0.0%	\$2,499.73	\$2,718.89	8.8%	\$2,687.73	\$2,906.89	8.2%	\$8,063.19	\$8,720.67	8.2%
3" - 80mm	\$376.00	\$376.00	0.0%	\$5,487.04	\$6,020.88	9.7%	\$5,863.04	\$6,396.88	9.1%	\$17,589.13	\$19,190.63	9.1%
4" - 100mm	\$585.00	\$585.00	0.0%	\$9,756.98	\$10,808.03	10.8%	\$10,341.98	\$11,393.03	10.2%	\$31,025.95	\$34,179.09	10.2%
6" - 150mm	\$1,168.00	\$1,168.00	0.0%	\$28,632.81	\$31,710.65	10.7%	\$29,800.81	\$32,878.65	10.3%	\$89,402.42	\$98,635.96	10.3%
8" - 200mm	\$2,100.00	\$2,100.00	0.0%	\$25,417.52	\$28,159.51	10.8%	\$27,517.52	\$30,259.51	10.0%	\$82,552.56	\$90,778.54	10.0%
10" - 250mm	\$3,498.00	\$3,498.00	0.0%	\$49,262.27	\$54,572.48	10.8%	\$52,760.27	\$58,070.48	10.1%	\$158,280.80	\$174,211.45	10.1%

Maintaining the existing base charges and adjusting consumption rates provides more opportunity 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 7.5% in 2027/28 and 7.3% in 2028/29.

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Scenario #2 - No change in current base charges/change in consumption rate only								
			Proposed Rates		Change 2027/28		Change 2028/29	
	Current Rates at Historical Consumption	Current Rates at Revised Consumption	2027/28	2028/29	\$	%	\$	%
Water								
Base charges	\$156.00	\$156.00	\$156.00	\$156.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$286.93	\$290.19	\$325.91	\$363.44	\$35.72	12.3%	\$37.53	11.5%
	\$442.93	\$446.19	\$481.91	\$519.44	\$35.72	8.0%	\$37.53	7.8%
Wastewater								
Base charges	\$168.00	\$168.00	\$168.00	\$168.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$430.55	\$435.28	\$477.27	\$521.88	\$41.99	9.6%	\$44.61	9.3%
	\$598.55	\$603.28	\$645.27	\$689.88	\$41.99	7.0%	\$44.61	6.9%
Annual total	\$1,041.48	\$1,049.47	\$1,127.18	\$1,209.32	\$77.71	7.5%	\$82.14	7.3%

W/WW Scenario 3: No change in base charge/change in consumption only plus rate rider.

Halifax Water was directed to develop a strategy to recover the accumulated deficit from the previous rate filing in 2025. Halifax Water is proposing to recover \$2.0 million in 2027/28 and \$3.5 million in 2028/29 through a rate rider scenario to reduce the accumulated water deficit.

The water rate increases range from 9.4% to 13.7% for 2027/28 and 8.6% to 12.7% for 2028/29.

The wastewater rate increases range from 7.0% to 9.3% for 2027/28 and an increase of 6.9% to an increase of 9.5% for 2028/29.

The combined water and wastewater rate increases range from 8.0% to 11.0% for 2027/28 and 7.6% to 10.8% for 2028/29.

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Table 16

Scenario #3 - No change in Base charge/change in consumption only plus rate rider												
Halifax Regional Water Commission Consolidated Rate Studies - Water and Wastewater Services Bill Comparisons 2027/28												
Meter Size	Monthly Base Charge			Monthly Commodity Charge			Monthly Combined Bill			Quarterly Combined Bill		
	Current	2027/28 Proposed Rates	% Change	Current	2027/28 Proposed Rates	% Change	Current	2027/28 Proposed Rates	% Change	Current	2027/28 Proposed Rates	% Change
5/8" - 15mm	\$27.00	\$27.00	0.0%	\$60.45	\$67.44	11.6%	\$87.45	\$94.44	8.0%	\$262.36	\$283.31	8.0%
3/4" - 20mm	\$38.00	\$38.00	0.0%	\$190.67	\$212.67	11.5%	\$228.67	\$250.67	9.6%	\$686.01	\$752.00	9.6%
1" - 25mm	\$62.00	\$62.00	0.0%	\$390.94	\$436.09	11.5%	\$452.94	\$498.09	10.0%	\$1,358.82	\$1,494.28	10.0%
1.5" - 40mm	\$119.00	\$119.00	0.0%	\$943.57	\$1,052.34	11.5%	\$1,062.57	\$1,171.34	10.2%	\$3,187.72	\$3,514.02	10.2%
2" - 50mm	\$188.00	\$188.00	0.0%	\$2,258.00	\$2,518.46	11.5%	\$2,446.00	\$2,706.46	10.6%	\$7,338.00	\$8,119.39	10.6%
3" - 80mm	\$376.00	\$376.00	0.0%	\$4,955.02	\$5,529.39	11.6%	\$5,331.02	\$5,905.39	10.8%	\$15,993.07	\$17,716.16	10.8%
4" - 100mm	\$585.00	\$585.00	0.0%	\$8,813.66	\$9,829.94	11.5%	\$9,398.66	\$10,414.94	10.8%	\$28,195.98	\$31,244.82	10.8%
6" - 150mm	\$1,168.00	\$1,168.00	0.0%	\$25,871.04	\$28,841.30	11.5%	\$27,039.04	\$30,009.30	11.0%	\$81,117.13	\$90,027.90	11.0%
8" - 200mm	\$2,100.00	\$2,100.00	0.0%	\$22,956.17	\$25,610.96	11.6%	\$25,056.17	\$27,710.96	10.6%	\$75,168.51	\$83,132.89	10.6%
10" - 250mm	\$3,498.00	\$3,498.00	0.0%	\$44,495.95	\$49,633.67	11.5%	\$47,993.95	\$53,131.67	10.7%	\$143,981.85	\$159,395.01	10.7%

Table 17

Halifax Regional Water Commission Consolidated Rate Studies - Water and Wastewater Services Bill Comparisons 2028/29												
Meter Size	Monthly Base Charge			Monthly Commodity Charge			Monthly Combined Bill			Quarterly Combined Bill		
	2027/28 Proposed Rates	2028/29 Proposed Rates	% Change	2027/28 Proposed Rates	2028/29 Proposed Rates	% Change	2027/28 Proposed Rates	2028/29 Proposed Rates	% Change	2027/28 Proposed Rates	2028/29 Proposed Rates	% Change
5/8" - 15mm	\$27.00	\$27.00	0.0%	\$67.44	\$74.66	10.7%	\$94.44	\$101.66	7.6%	\$283.31	\$304.98	7.6%
3/4" - 20mm	\$38.00	\$38.00	0.0%	\$212.67	\$233.41	9.8%	\$250.67	\$271.41	8.3%	\$752.00	\$814.24	8.3%
1" - 25mm	\$62.00	\$62.00	0.0%	\$436.09	\$480.31	10.1%	\$498.09	\$542.31	8.9%	\$1,494.28	\$1,626.92	8.9%
1.5" - 40mm	\$119.00	\$119.00	0.0%	\$1,052.34	\$1,147.33	9.0%	\$1,171.34	\$1,266.33	8.1%	\$3,514.02	\$3,798.99	8.1%
2" - 50mm	\$188.00	\$188.00	0.0%	\$2,518.46	\$2,751.12	9.2%	\$2,706.46	\$2,939.11	8.6%	\$8,119.39	\$8,817.34	8.6%
3" - 80mm	\$376.00	\$376.00	0.0%	\$5,529.39	\$6,094.17	10.2%	\$5,905.39	\$6,470.17	9.6%	\$17,716.16	\$19,410.52	9.6%
4" - 100mm	\$585.00	\$585.00	0.0%	\$9,829.94	\$10,936.19	11.3%	\$10,414.94	\$11,521.19	10.6%	\$31,244.82	\$34,563.56	10.6%
6" - 150mm	\$1,168.00	\$1,168.00	0.0%	\$28,841.30	\$32,076.90	11.2%	\$30,009.30	\$33,244.90	10.8%	\$90,027.90	\$99,734.71	10.8%
8" - 200mm	\$2,100.00	\$2,100.00	0.0%	\$25,610.96	\$28,499.32	11.3%	\$27,710.96	\$30,599.32	10.4%	\$83,132.89	\$91,797.97	10.4%
10" - 250mm	\$3,498.00	\$3,498.00	0.0%	\$49,633.67	\$55,224.91	11.3%	\$53,131.67	\$58,722.91	10.5%	\$159,395.01	\$176,168.73	10.5%

The impact on the average residential bill as calculated in the rate studies is an increase of 8.0% in 2027/28 and 7.6% in 2028/29.

Table 18

Scenario #3 - No change in Base charge/change in consumption only plus rate rider								
			Proposed Rates		Change 2027/28		Change 2028/29	
	Current Rates at Historical Consumption	Current Rates at Revised Consumption	2027/28	2028/29	\$	%	\$	%
Water								
Base charges	\$156.00	\$156.00	\$156.00	\$156.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$286.93	\$290.19	\$331.98	\$374.04	\$41.79	14.4%	\$42.06	12.7%
	<u>\$442.93</u>	<u>\$446.19</u>	<u>\$487.98</u>	<u>\$530.04</u>	<u>\$41.79</u>	<u>9.4%</u>	<u>\$42.06</u>	<u>8.6%</u>
Wastewater								
Base charges	\$168.00	\$168.00	\$168.00	\$168.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$430.55	\$435.28	\$477.27	\$521.88	\$41.99	9.6%	\$44.61	9.3%
	<u>\$598.55</u>	<u>\$603.28</u>	<u>\$645.27</u>	<u>\$689.88</u>	<u>\$41.99</u>	<u>7.0%</u>	<u>\$44.61</u>	<u>6.9%</u>
Annual total	<u>\$1,041.48</u>	<u>\$1,049.47</u>	<u>\$1,133.25</u>	<u>\$1,219.92</u>	<u>\$83.78</u>	<u>8.0%</u>	<u>\$86.67</u>	<u>7.6%</u>

W/WW Scenario 4: No change in base charge/change in consumption only plus rate rider and pension holiday

The Trustees of the Halifax Regional Water Commission Employees' Pension Plan (the "Plan") has approved a pension holiday. Which will generate savings of approximately \$5.0 million annually. Halifax Water is proposing to utilize the cost savings from the pension holiday to reduce the accumulated deficit for water services by \$3.5 million in each test year.

W/WW Scenario 4 results in the same output as Scenario 3, but the accumulated deficit is reduced by the pension holiday.

W/WW Scenario 5: No change in base charge/change in consumption only plus pension holiday

Scenario 5 results in the same output as Scenario 2 and similar to Scenario 4, Halifax Water is proposing to take a pension holiday and apply the cost savings directly to the accumulated deficit for water services by \$3.5 million in each test year.

Recommendation for water and wastewater:

Halifax Water is recommending Scenario 4. If proposed rates are increased, this scenario will bring the accumulated water deficit down by \$12.5 million by the end of 2028/29.

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

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Table 19

Summary of residential rates and monthly base charges			
	Current	2027/28	2028/29
Base			
Water	\$13.00	\$13.00	\$13.00
Wastewater	\$14.00	\$14.00	\$14.00
Consumption rates			
Pre-rider			
Water	\$1.722	\$1.934	\$2.125
Wastewater	\$2.591	\$2.841	\$3.061
Plus Rider			
Water	\$0.000	\$0.036	\$0.062
Wastewater	\$0.000	\$0.000	\$0.000
Post-rider			
Water	\$1.722	\$1.970	\$2.187
Wastewater	\$2.591	\$2.841	\$3.061

Below is a summary of the impact on the revenue generated from each meter size based on the first 3 scenarios as the remaining two have no impact on the revenue.

Table 20

COMBINED WATER AND WASTEWATER										
	2027/28					2028/29				
	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 Rate Rider	Difference	%	Cost of Service Revenue	Current Base Rate	Volumetric plus Rate Rider	Difference	%
	\$	\$	\$	\$	%	\$	\$	\$	\$	%
Calculated Revenues										
Unmetered 5/8"	807,474	754,686	756,470	(51,004)	(6.3%)	875,698	808,105	811,223	(64,475)	(7.4%)
Unmetered 3/4"	3,451	3,504	3,504	54	1.6%	3,689	3,758	3,758	70	1.9%
Unmetered 1"	47,189	48,531	48,805	1,616	3.4%	50,709	52,592	53,069	2,360	4.7%
Unmetered 3"	37,899	41,021	41,021	3,122	8.2%	40,757	44,576	44,576	3,819	9.4%
5/8" - 15mm	95,827,549	91,723,843	92,232,982	(3,594,567)	(3.8%)	104,677,581	98,913,288	99,807,675	(4,869,906)	(4.7%)
3/4" - 20mm	3,254,377	3,273,485	3,294,595	40,218	1.2%	3,546,079	3,579,512	3,616,595	70,515	2.0%
1" - 25mm	9,639,535	9,881,791	9,948,081	308,546	3.2%	10,473,726	10,827,567	10,944,016	470,290	4.5%
1.5" - 40mm	17,862,905	18,495,099	18,620,731	757,826	4.2%	19,457,049	20,324,163	20,544,856	1,087,807	5.6%
2" - 50mm	28,584,816	29,710,669	29,921,763	1,336,947	4.7%	31,164,410	32,731,168	33,101,990	1,937,579	6.2%
3" - 80mm	22,291,951	23,194,532	23,366,774	1,074,822	4.8%	24,299,375	25,559,363	25,861,935	1,562,560	6.4%
4" - 100mm	8,902,845	9,284,082	9,350,618	447,773	5.0%	9,698,346	10,228,767	10,345,648	647,302	6.7%
6" - 150mm	11,526,611	12,006,434	12,096,502	569,891	4.9%	12,566,083	13,253,237	13,411,456	845,374	6.7%
8" - 200mm	7,726,440	8,061,103	8,119,135	392,696	5.1%	8,412,008	8,865,853	8,967,797	555,789	6.5%
10" - 250mm	1,212,427	1,266,246	1,275,160	62,733	5.2%	1,320,180	1,393,692	1,409,350	89,170	6.8%
	207,725,466	207,745,028	209,076,141	1,350,676	0.7%	226,585,690	226,585,642	228,923,943	2,338,254	1.0%
Fire Protection	17,347,658	17,347,658	17,674,536	326,878	1.9%	19,387,006	19,387,006	19,967,232	580,226	3.0%
Total	225,073,124	225,092,686	226,750,677	1,677,553	0.7%	245,972,696	245,972,648	248,891,175	2,918,480	1.2%
Revenue Requirement per Rate	225,071,188	225,071,188	226,744,310			245,964,051	245,964,051	248,883,825		
Adjustment To Revenue Requirement	1,936	21,498	6,367			8,645	8,597	7,350		

Stormwater Charges

Halifax Water has developed four scenarios for consideration:

SW Scenario 1: Stormwater charge per rate studies

SW Scenario 2: Stormwater charge per rate studies with rate rider

SW Scenario 3: Stormwater charge per rate studies with rate rider plus pension holiday

SW Scenario 4: Stormwater charge per rate studies with pension holiday

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SW Scenario 1 - Stormwater charge per rate studies

Based on this scenario, in 2027/28, the annual charges for residential customers would increase in each tier ranging from \$1.00 for tier 2 to \$7.00 for tier 5. In 2027/28, the annual charges for residential customers would increase further in each tier ranging from \$4.00 for tier 2 to \$20.00 for tier 5.

In 2027/28, the charges per cubic meter for non-residential customers would increase from \$0.227 to \$0.238. In 2028/29, charges for non-residential customers would increase to \$0.269 per cubic meter.

The total right-of-way charge would be \$10.0 million in 2027/28 and \$11.0 million in 2028/29.

Halifax Water was directed in M12257 to explore a potential new rate design for the right-of-way charge with the Province of Nova Scotia. A mutual understanding was not reached by the mandated date of July 30, 2026, therefore the proposed amounts follow the same methodology as used in previous rate filings.

Table 21

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								
	2027/28 Annual Charges				2028/29 Annual Charges			
	Current	2027/28 Proposed Rates	\$ Change	% Change	2027/28 Proposed Rates	2028/29 Proposed Rates	\$ Change	% Change
Industrial, Commercial, Institutional	0.227	0.238	0.011	4.8%	\$0.238	\$0.269	\$0.031	13.0%
Residential								
Tier 1 (exempt)	\$0.00	\$0.00	\$0.00	0.0%	\$0.00	\$0.00	\$0.00	0.0%
Tier 2 ¹	\$25.00	\$26.00	\$1.00	4.0%	\$26.00	\$30.00	\$4.00	15.4%
Tier 3 ¹	\$50.00	\$53.00	\$3.00	6.0%	\$53.00	\$59.00	\$6.00	11.3%
Tier 4	\$100.00	\$105.00	\$5.00	5.0%	\$105.00	\$119.00	\$14.00	13.3%
Tier 5	\$151.00	\$158.00	\$7.00	4.6%	\$158.00	\$178.00	\$20.00	12.7%
Culvert only customers	\$25.00	\$26.00	\$1.00	4.0%	\$26.00	\$30.00	\$4.00	15.4%

¹: Tiers 2 and 3 represent 83% of the Residential parcels, and individually represent 39% and 47% respectively.

SW Scenario 2 - Stormwater charge per rate studies with rate rider

Halifax Water is proposing to recover \$1.0 million in 2027/28 and \$1.5 million in 2028/29 through a rate rider scenario to reduce the accumulated water deficit.

Based on this scenario, in 2027/28, the annual charges for residential customers would increase in each tier ranging from \$2.00 for tier 2 to \$14.00 for tier 5. In 2027/28, the annual charges for

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residential customers would increase further in each tier ranging from \$5.00 for tier 2 to \$24.00 for tier 5.

In 2027/28, the charges per cubic meter for non-residential customers would increase from \$0.227 to \$0.249. In 2028/29, charges for non-residential customers would increase to \$0.285 per cubic meter.

The total right-of-way charge would be \$10.5 million in 2027/28 and \$11.7 million in 2028/29.

Table 22

Scenario #2 (Stormwater): Cost of Service Rates plus rate rider								
Halifax Regional Water Commission Stormwater Services Rate Study Bill Comparisons								
	2027/28 Annual Charges				2028/29 Annual Charges			
	Current	2027/28 Proposed Rates	\$ Change	% Change	2027/28 Proposed Rates	2028/29 Proposed Rates	\$ Change	% Change
Industrial, Commercial, Institutional	\$0.227	\$ 0.249	\$0.022	9.6%	\$ 0.249	\$0.285	\$0.036	14.6%
Residential								
Tier 1 (exempt)	\$0.00	\$0.00	\$0.00	0.0%	\$0.00	\$0.00	\$0.00	0.0%
Tier 2 ¹	\$25.00	\$27.00	\$2.00	8.0%	\$27.00	\$32.00	\$5.00	18.5%
Tier 3 ¹	\$50.00	\$55.00	\$5.00	10.0%	\$55.00	\$63.00	\$8.00	14.5%
Tier 4	\$100.00	\$110.00	\$10.00	10.0%	\$110.00	\$126.00	\$16.00	14.5%
Tier 5	\$151.00	\$165.00	\$14.00	9.3%	\$165.00	\$189.00	\$24.00	14.5%
Culvert only customers	\$25.00	\$27.00	\$2.00	8.0%	\$27.00	\$32.00	\$5.00	18.5%

1: Tiers 2 and 3 represent 83% of the Residential parcels, and individually represent 39% and 47% respectively.

The revenue generated from these scenarios is outlined below.

Table 23

STORMWATER								
	2027/28				2028/29			
	Cost of Service Revenue	Rate Rider	Change		Cost of Service Revenue	Rate Rider	Change	
	\$	\$	\$	%	\$	\$	\$	%
Site Related Flow								
Industrial, Commercial, Institutional	7,524,851	7,863,470	338,618	4.5%	8,504,979	9,015,278	510,299	6.0%
Residential			0					
Tier 1 (exempt)	0	0	0	0.0%	0	0	0	0.0%
Tier 2	936,312	972,324	36,012	3.8%	1,080,360	1,152,384	72,024	6.7%
Tier 3	2,285,678	2,371,930	86,252	3.8%	2,544,434	2,716,938	172,504	6.8%
Tier 4	1,067,640	1,118,480	50,840	4.8%	1,209,992	1,281,168	71,176	5.9%
Tier 5	323,900	338,250	14,350	4.4%	364,900	387,450	22,550	6.2%
Culvert only customers	20,384	21,168	784	3.8%	23,520	25,088	1,568	6.7%
	12,158,765	12,685,622	526,856	4.3%	13,728,185	14,578,306	850,121	6.2%
Street Right-of Way (ROW)								
Halifax (HRM)	7,991,440	8,351,055	359,615	4.5%	8,813,711	9,342,534	528,823	6.0%
Province of Nova Scotia	1,998,281	2,088,203	89,923	4.5%	2,203,892	2,336,125	132,233	6.0%
Halifax Dartmouth Bridge Commission	22,775	23,799	1,025	4.5%	25,118	26,625	1,507	6.0%
Street Right-of Way (ROW)	10,012,496	10,463,058	450,562	4.5%	11,042,720	11,705,284	662,563	6.0%
Total	22,171,261	23,148,680	1,427,981	6.4%	24,770,905	26,283,589	1,512,684	6.1%
Revenue Requirement per Rate Application	22,202,429	23,202,429			24,768,302	26,268,302		
Adjustment To Revenue Requirement	(31,168)	(53,749)			2,604	15,288		

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SW Scenario 3: Cost of service per rate studies plus rate rider and pension holiday

The Trustees of the Halifax Regional Water Commission Employees' Pension Plan (the "Plan") has approved a pension holiday. Which will generate savings of approximately \$5.0 million annually. Halifax Water is proposing to utilize the cost savings from the pension holiday to reduce the accumulated deficit for stormwater services by \$1.5 million in each test year.

Scenario 3 results in the same output as Scenario 2, but the accumulated deficit is reduced by the pension holiday.

Scenario 4: Cost of service per rate studies plus pension holiday

Scenario 4 results in the same output as Scenario 1 and similar to Scenario 3, Halifax Water is proposing to take a pension holiday and apply the cost savings directly to the accumulated deficit for stormwater services by \$1.5 million in each test year.

Recommendation for stormwater:

Halifax Water is recommending Scenario 3. If proposed rates increases are approved, this scenario will bring the accumulated stormwater deficit down by \$5.5 million by the end of 2028/29.

Combined Impact of Recommendations:

When the recommended scenarios, Scenario 4 for water and wastewater and Scenario 3 for stormwater, are combined, the impact on the average residential customer is as follows:

Table 24

Total Average Residential Bill (including Stormwater)								
			Proposed Rates		Change 2027/28		Change 2028/29	
	Current Rates at Historical Consumption	Current Rates at Revised Consumption	2027/28	2028/29	\$	%	\$	%
Water								
Base charges	\$156.00	\$156.00	\$156.00	\$156.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$286.93	\$290.19	\$331.98	\$374.04	\$41.79	14.4%	\$42.06	12.7%
	\$442.93	\$446.19	\$487.98	\$530.04	\$41.79	9.4%	\$42.06	8.6%
Wastewater								
Base charges	\$168.00	\$168.00	\$168.00	\$168.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$430.55	\$435.28	\$477.27	\$521.88	\$41.99	9.6%	\$44.61	9.3%
	\$598.55	\$603.28	\$645.27	\$689.88	\$41.99	7.0%	\$44.61	6.9%
Annual Water and Wastewater Total	\$1,041.48	\$1,049.47	\$1,133.25	\$1,219.92	\$83.78	8.0%	\$86.67	7.6%
Stormwater (Tier 3)	\$50.00	\$50.00	\$55.00	\$63.00	\$5.00	10.0%	\$8.00	14.5%
Total Average Residential Bill	\$1,091.48	\$1,099.47	\$1,188.25	\$1,282.92	\$88.78	8.1%	\$94.67	8.0%

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Alternative:

As an alternative, Halifax Water has calculated the impact on the average residential customer if there is no rate rider and the accumulated deficit is reduced only by the savings from the pension holiday:

Table 25

Total Average Residential Bill (including Stormwater)								
	Proposed Rates				Change 2027/28		Change 2028/29	
	Current Rates at Historical Consumption	Current Rates at Revised Consumption	2027/28	2028/29	\$	%	\$	%
Water								
Base charges	\$156.00	\$156.00	\$156.00	\$156.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$286.93	\$290.19	\$325.91	\$363.44	\$35.72	12.3%	\$37.53	11.5%
	\$442.93	\$446.19	\$481.91	\$519.44	\$35.72	8.0%	\$37.53	7.8%
Wastewater								
Base charges	\$168.00	\$168.00	\$168.00	\$168.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$430.55	\$435.28	\$477.27	\$521.88	\$41.99	9.6%	\$44.61	9.3%
	\$598.55	\$603.28	\$645.27	\$689.88	\$41.99	7.0%	\$44.61	6.9%
Annual Water and Wastewater Total	\$1,041.48	\$1,049.47	\$1,127.18	\$1,209.32	\$77.71	7.4%	\$82.14	7.3%
Stormwater (Tier 3)	\$50.00	\$50.00	\$53.00	\$59.00	\$3.00	6.0%	\$6.00	11.3%
Total Average Residential Bill	\$1,091.48	\$1,099.47	\$1,180.18	\$1,268.32	\$80.71	7.3%	\$88.14	7.5%

Fire Protection

Halifax Water has developed two scenarios for consideration:

FP Scenario 1: Cost of service per rate studies

FP Scenario 2: Cost of service per rate studies plus rate rider

FP Scenario 1: Cost of service per rate studies:

The cost of service studies produced a result that would see private fire protection revenue increase from \$2.4 million to \$3.1 million in 2027/28 and to \$3.8 million in 2028/29.

For public fire protection, revenue would increase from \$10.9 million to \$14.2 million in 2027/28 and to \$15.6 million in 2028/29.

The total fire protection revenue would increase from \$13.3 million to \$17.3 million in 2027/28 and to \$19.4 million in 2028/29.

FP Scenario 2: Cost of service per rate studies plus rate rider:

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FP Scenario 2 produced a result that would see private fire protection revenue increase from \$2.4 million to \$3.2 million in 2027/28 and to \$3.9 million in 2028/29.

For public fire protection, revenue would increase from \$10.9 million to \$14.5 million in 2027/28 and to \$16.1 million in 2028/29.

The total fire protection revenue would increase from \$13.3 million to \$17.7 million in 2027/28 and to \$20.0 million in 2028/29.

Table 26

Summary of Proposed Fire Protection													
	Current	Scenario 1: Rate Studies 2027/28	Scenario 1: Rate Studies 2028/29	Scenario 2: with Rate Rider 2027/28	Scenario 2: with Rate Rider 2028/29	Scenario 1: Current to 2027/28 Difference		Scenario 1: 2027/28 to 2028/29 Difference		Scenario 2: Current to 2027/28 Difference		Scenario 2: 2027/28 to 2028/29 Difference	
Proposed Public Fire Protection	\$10,932,721	\$14,244,867	\$15,575,992	\$14,520,511	\$16,053,045	\$3,312,146	30.3%	\$1,331,125	9.3%	\$3,587,790	32.8%	\$1,532,534	10.6%
Proposed Private Fire Protection	\$2,392,390	\$3,102,791	\$3,811,014	\$3,154,025	\$3,914,187	\$710,401	29.7%	\$708,223	22.8%	\$761,635	31.8%	\$760,162	24.1%
Total	\$13,325,111	\$17,347,658	\$19,387,006	\$17,674,536	\$19,967,232	\$4,022,547	30.2%	\$6,061,895	11.8%	\$4,349,425	32.6%	\$2,292,696	13.0%

Halifax Water is recommending Scenario 2 Cost of service per rate studies plus rate rider.

Review of Other Fees and Charges

Halifax Water has reviewed all its rates and other charges to reflect the increase in costs that it has experienced and to reflect any changes in processes that will affect the charges. Of the 44 fees that are currently charged, Halifax Water is proposing to increase 18 fees and to decrease 2 fees.

In addition to these adjustments, Halifax Water is proposing to add 8 new fees relating to water service commissioning, pressure testing, permit reviews, and damage to services, and a deposit for stormwater service appeals.

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

Customer Assistance and Affordability

A rate-funded program to provide assistance to customers was approved by the NSRAB 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 HRM. 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

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by 2038. An update to the Regulations related to increasing the limit for reimbursement was approved by the NSRAB via M12236.

As a measure of affordability, the draft updated Affordability Report references from industry studies suggests an appropriate affordability measure is 2.5% of median household income for water and 4.5% for water and wastewater combined. Halifax Water is currently using the benchmark of 2% of median household income for the three combined services (rather than 4.5% for water and wastewater) 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 after tax from 1.71% to 1.85%.

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

- 1) Provide sufficient operating revenue for 2027/28 and 2028/29 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 2027/28 and 2028/29 to enable Halifax Water to continue addressing the infrastructure deficit, advancing regulatory compliance requirements, and supporting delivery of the Integrated Resource Plan.
- 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 2.0% increase in water consumption in both 2027/28 and 2028/29.
- 6) Include a rate rider and the utilization of pension holiday cost savings that will reduce the accumulated deficit by \$18.0 million.
- 7) Approve updates to the COS Manual and the Halifax Water Regulations.

BUDGET IMPLICATIONS

The 2027/2828 and 2028/2929 operating budgets reflect deficits in water, wastewater, and stormwater services. Rate increases are required to fund these operating deficits and to recover the ongoing costs created as capital projects are completed and placed into service, including depreciation and debt servicing costs. Deferral of rate increases will increase the risk of financial instability for Halifax Water and undermine the objective of developing a long-term funding strategy to achieve the objectives of Halifax Water's Integrated Resource Plan.

From a capital budget perspective, the proposed rate increases support the transition of major capital investments into the rate base as projects are completed. Without sufficient revenue, Halifax Water would face increased pressure on cash flow, debt financing, and its ability to continue delivering infrastructure renewal and compliance-related projects at the required pace.

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

1. Halifax Water Rules & Regulations – Summary of Amendment Requests

Report Prepared By:

Signed by:

Alicia Scallion

AEA8696B6D3845C

Alicia Scallion, CPA, CA
Manager, Finance

Halifax Water Rules & Regulations – Summary of Amendment Requests (August 2026)

Section Number	Section	Amendment Rationale
3(e)	Definitions – Animal by-products	Editorial.
3(q)	Definitions – Complainant	To add a definition to clarify who is a complainant to the DRO.
3(r)	Definitions – Complaint	To clarify the definition.
3(s)	Definitions – Composite Sample	Delete reference to deleted defined term “Uncontaminated Water”.
3(v)	Definitions – Day	To add a definition to clarify the meaning of day.
3(dd)	Definitions – Encoder Receiver Transmitter	To clarify the definition.
3(hh)	Definitions – Grab Sample	Delete reference to deleted defined term “Uncontaminated Water”.
3(oo)	Definitions – Impervious Area	To update the definition to match the process.
3(uu)	Definitions – Monitoring Access Point	Delete reference to deleted defined term “Uncontaminated Water”.
3(zz)	Definitions – Notice of Objection	Update subsections for clarity.
3(nnn)	Definitions – Service	Clarify the Commission as the provider of service.
3(vvv) (former numbering)	Definitions – Uncontaminated Water	Deleted defined term, in relation to update to section 63(6).
5(2) – Table 2	Non-metered Water Service Rates	Add other meter sizes (38 mm, 50 mm, and 75 mm).
7(9)(2)	Charges for Stormwater Service	To request a deposit to cover a portion of the costs associated with review by the DRO of a Notice of Objection determination. The proposed deposit would be collected when a Complainant wishes to refer a Notice of Objection determination to the DRO. Such deposit would be returned to the Complainant upon final disposition of the Complaint, if it ultimately determined that the subject property does not receive Stormwater Service.

		Editorial updates, considering new definition of “Complainant”.
7(9)(4)	Charges for Stormwater Service	Clarified language to address DRO Decisions.
10(3)	Payment of Bills	To clarify when the Commission receives funds and ultimately considers a payment to be “paid”.
13(2)(a)	Suspension or Refusal of Service	Update lienable event language to clarify the intent of the HRWC Act.
13(4)	Suspension or Refusal of Service	Added section related to medical emergencies, in the context of suspension of service.
14	Collection of Overdue Bills	Updated \$50 fee to \$55. Increase due to staff rate and vehicle rate increases.
17(2)(a)	Deposits	To allow for the return of deposits made to Customers who demonstrate prompt payment for 24 months.
18(1)	Connection/Disconnection of Service	Further clarifying the costs associated with connection and disconnections made during and outside of Regular Working Hours. Increase due to staff rate and vehicle rate increases.
18(2)	Connection / Disconnection of Service	New fee to capture connections scheduled (\$100).
19(3)	Water Meter Installation	To add other meter sizes and applicable fees to the Regulations (\$360).
19(4)	Water Meter Installation	To add large meter sizes and applicable fees to the Regulations (\$440).
21(1)(a)	Inspection of Service Connections and Driveway Culverts	To update fees for residential and ICI, from \$175 to \$180.
21(1)(b)	Inspection of Service Connections and Driveway Culverts	To increase fees, from \$200 to \$375
21(1)(c)	Inspection of Service Connections and Driveway Culverts	To increase fees, from \$75 to \$94.
21(2)	Inspection of Service Connections and Driveway Culverts	To increase fees, from \$150 to \$180.

21(3)	Inspection of Service Connections and Driveway Culverts	To increase fees, from \$175 to \$180.
21(4)	Inspection of Service Connections and Driveway Culverts	New fee for pressure testing inspections, added for the staff present over multiple hours to observe testing (\$400).
23(1)(a)	Water Service Connection Tapping Connection Fee	To update fees, from \$375 to \$450.
23(1)(b)	Water Service Connection Tapping Connection Fee	To add applicable fees outside of Regular Working Hours (\$725).
23(1)(c)	Water Service Connection Tapping Connection Fee	To correct applicable fees to \$1,100.
23(1)(d)	Water Service Connection Tapping Connection Fee	To add applicable fees outside of Regular Working Hours (\$1,700).
24(1)(a)-(c)	Audit Inspections and Review of Drawings	To increase fees, from \$2 to \$3 per linear metre.
24(3)	Audit Inspections and Review of Drawings	To increase audit inspection fee per inspection visit, from \$175 to \$180.
24(4)	Audit Inspections and Review of Drawings	To clarify intent.
24(5)	Audit Inspections and Review of Drawings	To update fees to align with actual costs, from \$75 to \$80.
25(1)(e), 25(2)	Missed Appointment by Customer	Editorial update, and to update fees to align with actual costs, from \$55 to \$80.
25(3)	Missed Appointment by Customer	Editorial.
29(11)	Regional Development Charge for Water Infrastructure	To update language only to be consistent with lienable event as set out in HRWC Act.

29(13)	Regional Development Charge for Water Infrastructure	Editorial.
30(11)	Regional Development Charge for Water Infrastructure	To update language only to be consistent with lienable event as set out in HRWC Act.
30(13)	Regional Development Charge for Water Infrastructure	Editorial.
31A(2)(b)(i-ii)	Fire Hydrant Flow Testing	Update fees to align with actual costs, from \$300 to \$400 (for one staff attending) and from \$600 to \$675 (for two staff attending).
37(1)(b)	Plumbing to be Satisfactory	Editorial.
43(1)(b)	Interference with Commission Water System	Editorial.
49 (3)	Damage to Water Meters	To clarify that multiple amounts may be charged, depending on the nature of the damage (i.e., both damaged ERT and wire to ERT cut). To update to various fees, decreasing damaged ERT (replacement) from \$320 to \$275, and decreasing wire to ERT cut from \$320 to \$130. Addition of fee for when there is damage to the ERT, but the equipment is repaired rather than replaced (\$145).
50(1)	Meter Testing	To update fees in line with actual costs, from \$100 to \$150.
50(2)(c)	Meter Testing	To add clarity regarding ultrasonic electromagnetic meters.
51(1)(h)	Water Service Connection	To add clarity to fire protection requirements.
51(2)	Water Service Connection	Editorial.
51A(1)	Lead Water Service Connection Replacement	To remove reference to water service boundary as it is not defined in the Regulations.

54(b)	Repairs to Water Service Connection	Housekeeping / Editorial.
56(g)	Water Service Control Valves	Housekeeping / Editorial.
57(4)	Water Conservation Directives	Additional section regarding conservation measures to permit enforcement in line with the Summary Offence Ticket Table.
61(3) & 61(7)	Wastewater and/or Stormwater Service Connections	Editorial.
63(4) - Table 6	Discharge into the Wastewater System	Updates to table.
63(5)	Discharge into the Wastewater System	Clarification.
63(6)	Discharge into the Wastewater System	To clarify, since the language previously prohibited discharging of uncontaminated water into the wastewater system. Update to revise that stormwater is prohibited from entry into the wastewater system.
63(7)	Discharge into the Wastewater System	Updates fees, from \$325 to \$360.
64(1)	Stormwater Discharge to the Wastewater System	Editorial.
64(5) & 64(6)	Stormwater Discharge to the Wastewater System	Editorial.
65(1) & 65(2)	Discharge of Extra Strength Wastewater and Extraneous Water or Wastewater	Clarification with respect to issuing Directives rather than entering into agreements, with respect to discharge of extra strength wastewater and extraneous water or wastewater.
66(3)(c) & (o) & (q)	Discharge into and Obstruction of the Stormwater System	Editorial.

66(6) & 66(7)	Discharge into and Obstruction of the Stormwater System	Editorial.
67(4)	Wastewater Discharges to Stormwater Systems	Clarification.
68	Swimming Pools and Spas	Clarification.
70(2)(c) & (g)	Food Related Grease Interceptors	Editorial.
71(1), 71(2)(a-h)	Vehicle and Equipment Service Oil Interceptors	Editorial.
72(2)(b), (c), (d), (f)	Sediment Interceptors	Editorial.
75(1)	Monitoring, Sampling, and Reporting	Add CCTV assessments.
76(1)	Wastewater and/or Stormwater Service Sampling and Analytical Requirements	Editorial.
77(2)(b)	Wastewater and/or Stormwater Monitoring Access Point	Editorial.
78(4)	Releases	Editorial - neutral language.
78A	Dispute Resolution Office Established	Editorial and clarification updates, considering new definition of “Complainant”.
78E(1)(d), (e), (f)	Refusal or Cessation of Review	Editorial and clarification updates, considering new definition of “Complainant”.

78E(2)	Refusal or Cessation of Review	Editorial and clarification updates, considering new definition of “Complainant”.
78E(3)	Refusal or Cessation of Review	To address administrative law concepts.
78G	Nature of Review	To address administrative law concepts and to clarify scope of review. Editorial and clarification updates, considering new definition of “Complainant”.
78H(f)	Decision of DRO	Editorial update, considering new definition of “Complainant”.
78I	Decision Letter of DRO	Editorial and clarification updates, considering new definition of “Complainant”.
78J	Appeal from the Decision Letter of the DRO	Clarification on timeline for appeal. Editorial and clarification updates, considering new definition of “Complainant”.
80(1)	Directives	To add language to enforce Directives.

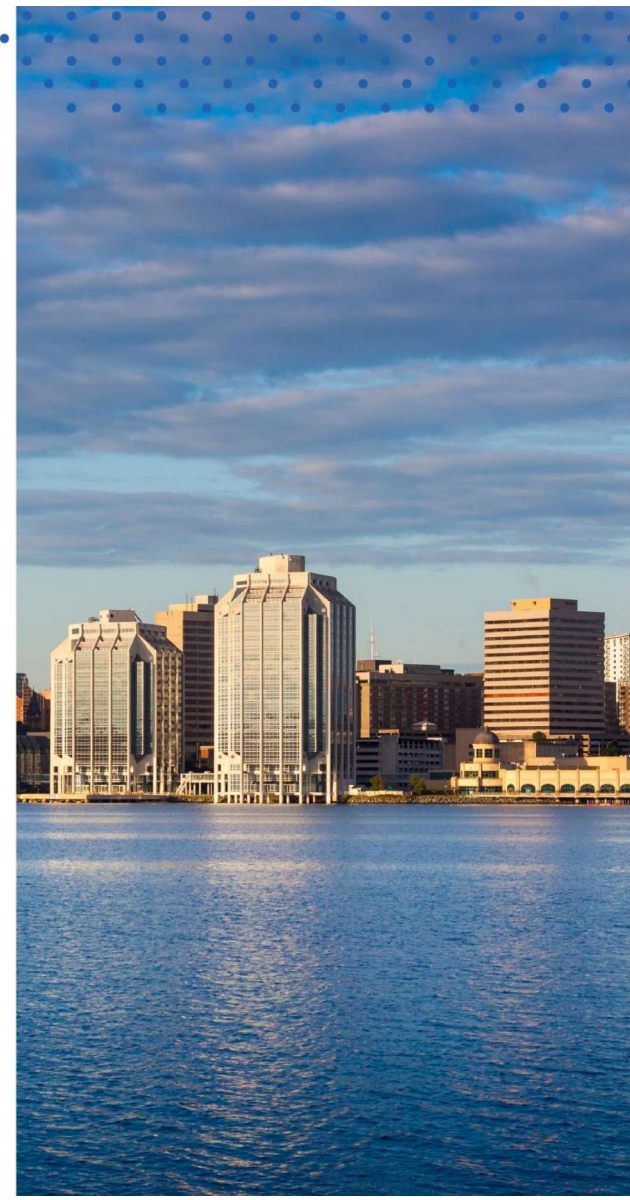


GRA Update Budget 2027/28 and 2028/29

Halifax Water Board Meeting

September 24, 2026

**STRAIGHT from
the SOURCE**



Agenda

- What we are asking the Board to approve: rate parameters and the deficit elimination strategy
- What changed since September 2
- What is driving the increase: capital, debt, depreciation, salaries and operating costs
- What it means for the average residential bill
- Eliminating the accumulated deficit
- Engagement
- Recommendations and discussion



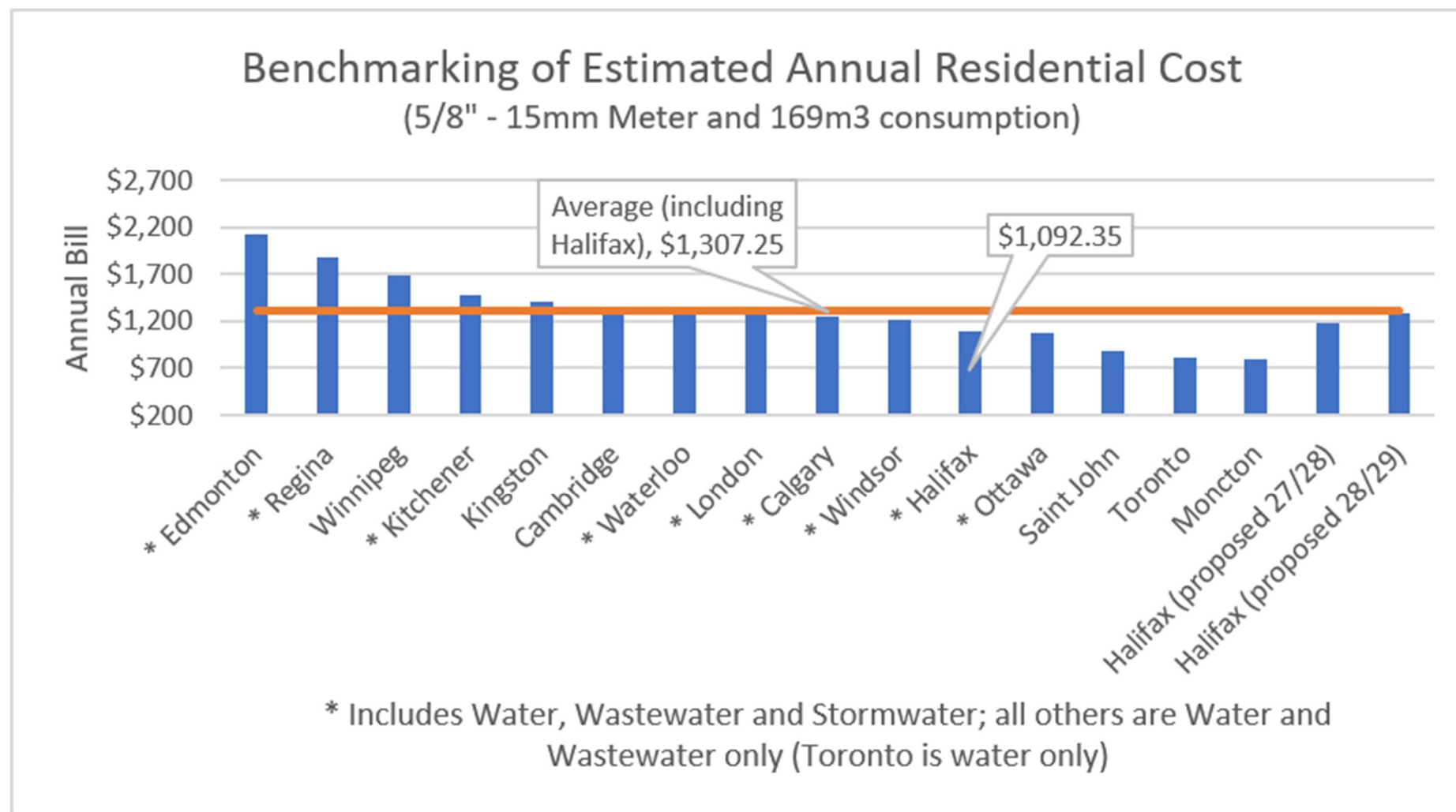
Updated Information since September 2, 2026

- Lowered the overall consumption rate from 2% to 1%, based on consumption patterns since the January 1 and April 1, 2026 rate increases.
- Reallocated operating costs to capital, reducing expenditures by \$0.8M.
- Adjusted the debenture refinancing interest rate, reducing expenditures by \$0.1M.
- Reviewed the Fall 2026 Debenture request of \$45M¹ against refined cash forecasting; recommendation is to maintain the \$45M issuance as proposed.
- Reduced the recovery from the rate rider in 2027/28 by \$0.5M

¹ provided amount is approved at A&F and the Board



Benchmarking: Current Rates Compared to Peer Utilities



What's Driving the Increase

- Debt principal and interest — rises considerably to fund the capital program; short-term construction financing will be used for the first time (3.053% long term, 2.560% short term).
- Depreciation — new assets entering service add roughly \$8.6M to \$10.8M a year.
- Salaries and benefits — negotiated union increases, 14 new positions in 2027/28 and 10 in 2028/29, offset by a 3.50% vacancy factor.
- Chemicals, contract services and supplies — alum and polymer add about \$1.1M; traffic control, road repairs, vehicle costs and software add a further \$2.2M.



The background image is a close-up of a hand turning a chrome water faucet. A document is held in front of the faucet, with the words 'Halifax Water' visible. The entire image is overlaid with a semi-transparent orange filter. The title 'Proposed Rate Scenarios' is centered in white, italicized text.

Proposed Rate Scenarios

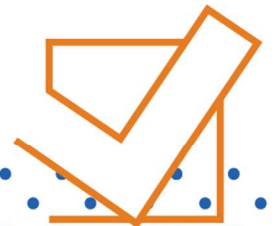
Average Residential Bill — 1% Consumption Increase (W/WW Scenario 2 + SW Scenario 1), subject to NSRAB approval

Total Average Residential Bill (including Stormwater)								
			Proposed Rates		Change 2027/28		Change 2028/29	
	Current Rates at Historical Consumption	Current Rates at Revised Consumption	2027/28	2028/29	\$	%	\$	%
Water								
Base charges	\$156.00	\$156.00	\$156.00	\$156.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$286.93	\$287.34	\$324.55	\$362.05	\$37.21	12.9%	\$37.50	11.6%
	\$442.93	\$443.34	\$480.55	\$518.05	\$37.21	8.4%	\$37.50	7.8%
Wastewater								
Base charges	\$168.00	\$168.00	\$168.00	\$168.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$430.55	\$431.01	\$475.08	\$519.72	\$44.07	10.2%	\$44.64	9.4%
	\$598.55	\$599.01	\$643.08	\$687.72	\$44.07	7.4%	\$44.64	6.9%
Annual Water and Wastewater Total	\$1,041.48	\$1,042.35	\$1,123.63	\$1,205.77	\$81.28	7.8%	\$82.14	7.3%
Stormwater (Tier 3)	\$50.00	\$50.00	\$53.00	\$59.00	\$3.00	6.0%	\$6.00	11.3%
Total Average Residential Bill	\$1,091.48	\$1,092.35	\$1,176.63	\$1,264.77	\$84.28	7.7%	\$88.14	7.5%



Average Residential Bill with Rate Rider — 1% Consumption Increase (W/WW Scenario 4 + SW Scenario 3), subject to NSRAB approval

Total Average Residential Bill (including Stormwater)								
	Proposed Rates				Change 2027/28		Change 2028/29	
	Current Rates at Historical Consumption	Current Rates at Revised Consumption	2027/28	2028/29	\$	%	\$	%
Water								
Base charges	\$156.00	\$156.00	\$156.00	\$156.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$286.93	\$287.34	\$330.39	\$375.30	\$43.05	15.0%	\$44.91	13.6%
	\$442.93	\$443.34	\$486.39	\$531.30	\$43.05	9.7%	\$44.91	9.2%
Wastewater								
Base charges	\$168.00	\$168.00	\$168.00	\$168.00	\$0.00	0.0%	\$0.00	0.0%
Consumption	\$430.55	\$431.00	\$475.08	\$519.72	\$44.08	10.2%	\$44.64	9.4%
	\$598.55	\$599.00	\$643.08	\$687.72	\$44.08	7.4%	\$44.64	6.9%
Annual Water and Wastewater Total	\$1,041.48	\$1,042.34	\$1,129.47	\$1,219.02	\$87.13	8.4%	\$89.55	7.9%
Stormwater (Tier 3)	\$50.00	\$50.00	\$55.00	\$63.00	\$5.00	10.0%	\$8.00	14.5%
Total Average Residential Bill	\$1,091.48	\$1,092.34	\$1,184.47	\$1,282.02	\$92.13	8.4%	\$97.55	8.2%



Accumulated Deficit - Deficit Elimination

- Based on the financial statements presented to the Board for 2025/26 and the budget for 2026/27, the accumulated deficit at the end of 2026/27 is projected to be \$23.8M.
- If we recovered the 2026/27 deficit over 5 years it would require an increase in revenue of \$4.8M a year.

Accumulated Operating Surplus (Deficit) - NSRAB (in thousands)				
	Total	Water	Wastewater	Stormwater
2025/26 Fiscal Year				
Balance, beginning of year	(3,958)	851	2,075	(6,884)
Loss for the year	(21,309)	(16,225)	(3,364)	(1,720)
Surplus (deficit), end of year	(25,267)	(15,374)	(1,289)	(8,604)
2026/27 Fiscal Year				
Balance, beginning of year	(25,267)	(15,374)	(1,289)	(8,604)
Projected (loss) for the year	1,387	(173)	1,172	388
Projected surplus (deficit), end of year	(23,880)	(15,547)	(117)	(8,216)
2027/28 Fiscal Year				
Balance, beginning of year	(23,880)	(15,547)	(117)	(8,216)
Projected (loss) for the year	(24,891)	(11,363)	(11,037)	(2,491)
Projected surplus (deficit), end of year	(48,771)	(26,910)	(11,154)	(10,707)
2028/29 Fiscal Year				
Balance, beginning of year	(48,771)	(26,910)	(11,154)	(10,707)
Projected (loss) for the year	(46,579)	(21,350)	(20,297)	(4,932)
Projected surplus (deficit), end of year	(95,350)	(48,260)	(31,451)	(15,639)

Engagement - Updates

Completed — Mayor, Council and Province briefed

Mid-September 2026 — Briefing packages to interested parties, with targeted follow-up briefings

Today, September 24, 2026 — Board approval of the final proposed rates and strategies

September 29, 2026 — Filing with the NSRAB



An aerial photograph of a city, likely New York City, showing a wide river (the Hudson River) with several bridges crossing it. The city skyline is visible in the background, and the foreground shows a mix of urban development and green spaces. The image is overlaid with a semi-transparent blue filter.

Questions / Discussion

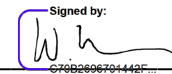
TO: John MacPherson, K.C., Chair and Members of the Halifax Regional Water Commission Board

SUBMITTED BY:

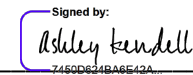
Signed by:

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John Eisnor, MAsc., P.Eng., Director, Operations

Signed by:

C79B2606701442F...

Wendy Krkosek, Ph.D., P.Eng., Director, Environment, Health and Safety

Signed by:

748DD6348A6E42A

Ashley Kendell, CPHR., Director, People & Culture

APPROVED:

Signed by:

DC084AC815794E8

Kenda MacKenzie, P.Eng., CEO & General Manager

DATE: September 14, 2026

SUBJECT: Operational Performance Information Report

ORIGIN

Regular update.

This report provides a high-level overview of operational performance for the utility. The safety statistics results are first, followed by indicators and statistics for water and wastewater. The Safety and Compliance information was shared at the Environmental Health & Safety Sub-Committee meeting on September 10, 2026.

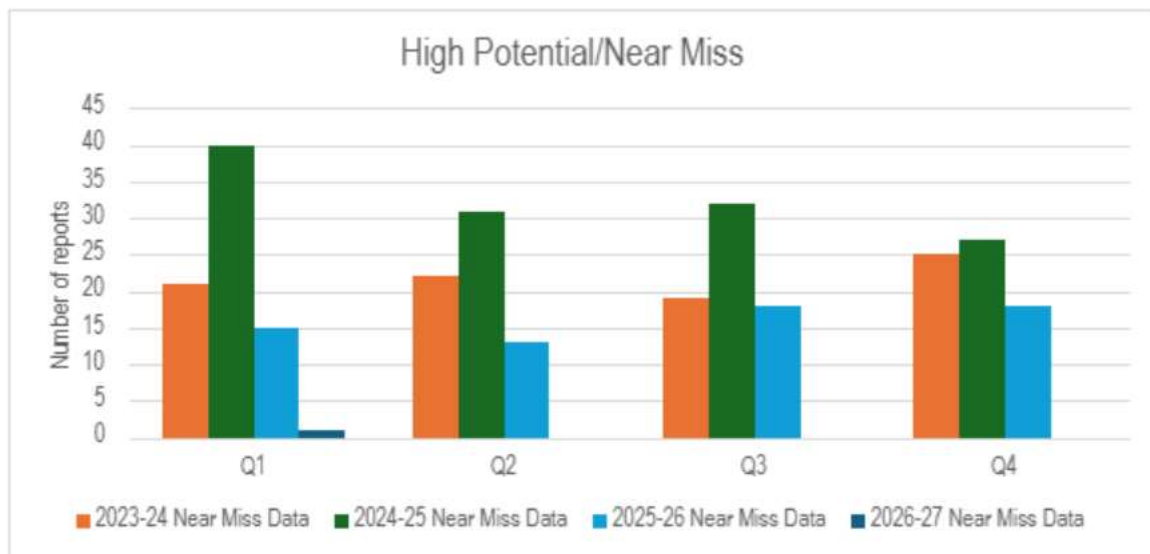
SAFETY STATISTICS – Q1 – April 1, 2026, to June 30, 2026

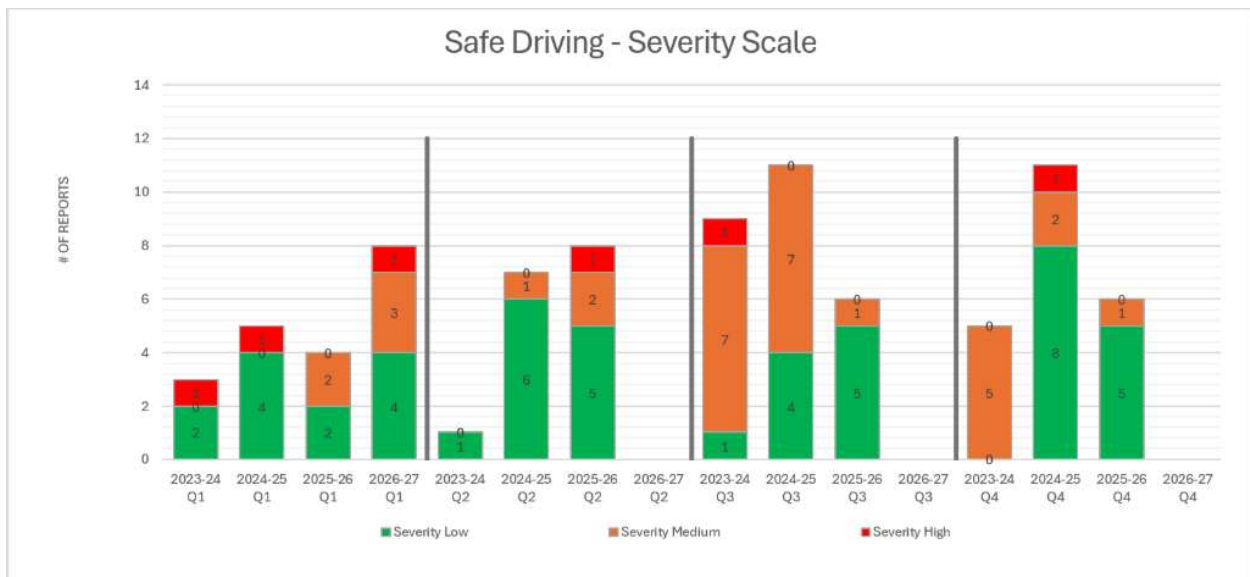
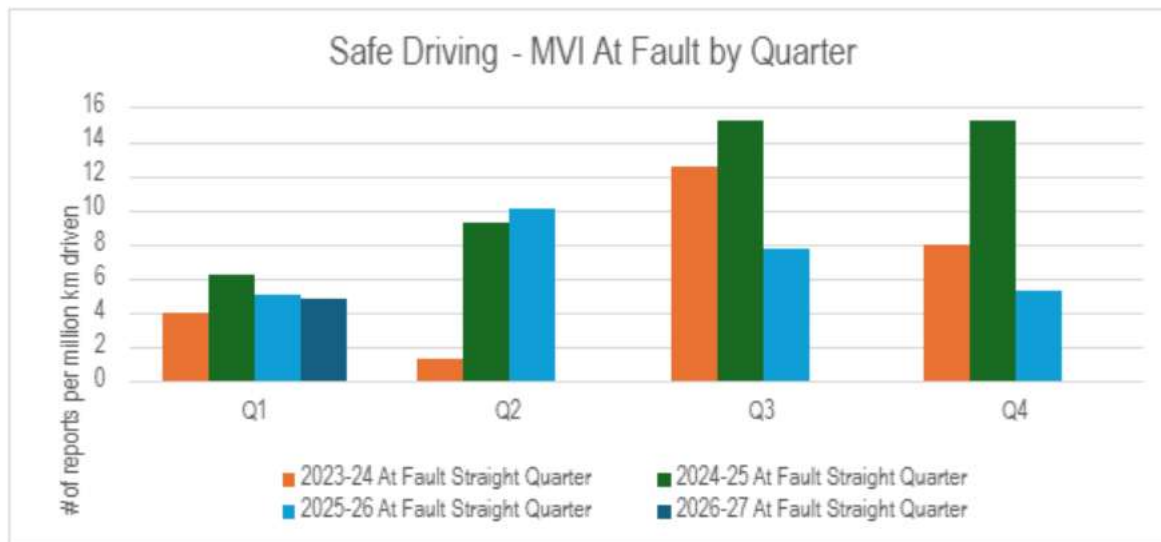
Organizational Metrics	Q1 Apr 1 - June 31	CBS Target 2026-27
Lost Time Incident Reporting (LTIR) – running average (Lost Time Cases x 200,000 / Total Employee Hours Worked) YTD	0.79	2
Total Recordable Injury Frequency (TRIF) - running average (Lost Time + Medical Aid + Modified Work Cases) x 200,000/Hours Worked	2.37	3.5
Safe Driving – MVI at fault by quarter (Total number at fault traffic accidents per 1,000,000 km driven)	4.79	4
Workplace inspections conducted	153	Score
Safety Talks conducted (reported at the end of each quarter)	32%	90%
High Potential/Near Miss	1	N/A
Employees on accommodation (new/still open)	1/11	N/A
Employees on gradual return to work	1	N/A
WCB claims (new/still open)	5/5	N/A
Work refusals	8**	N/A
Incidents with written compliance orders	0	2
Employees trained or recertified before due date *	203	85%
• Courses Taken	410	N/A

* Percentage Data generated at year end due to variants in system data (i.e. multiple certifications required for one employee)

** Upon investigation by JOHSC, none of the 8 work refusals qualified as a stage 2 refusal.

TRENDS FOR SAFETY STATISTICS





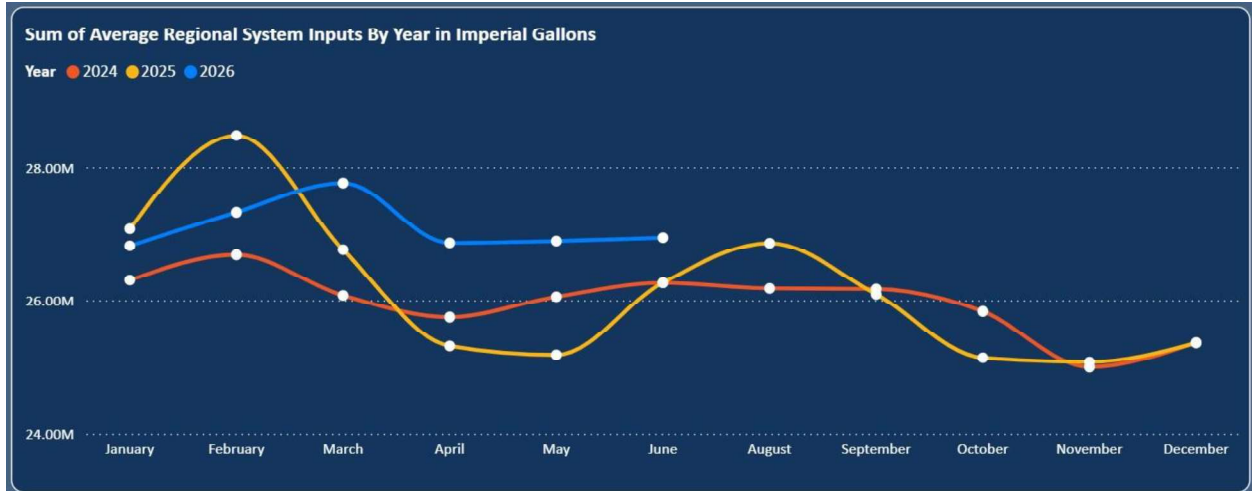
Severity Scale

L = Unlikely to cause serious property damage and personal injury

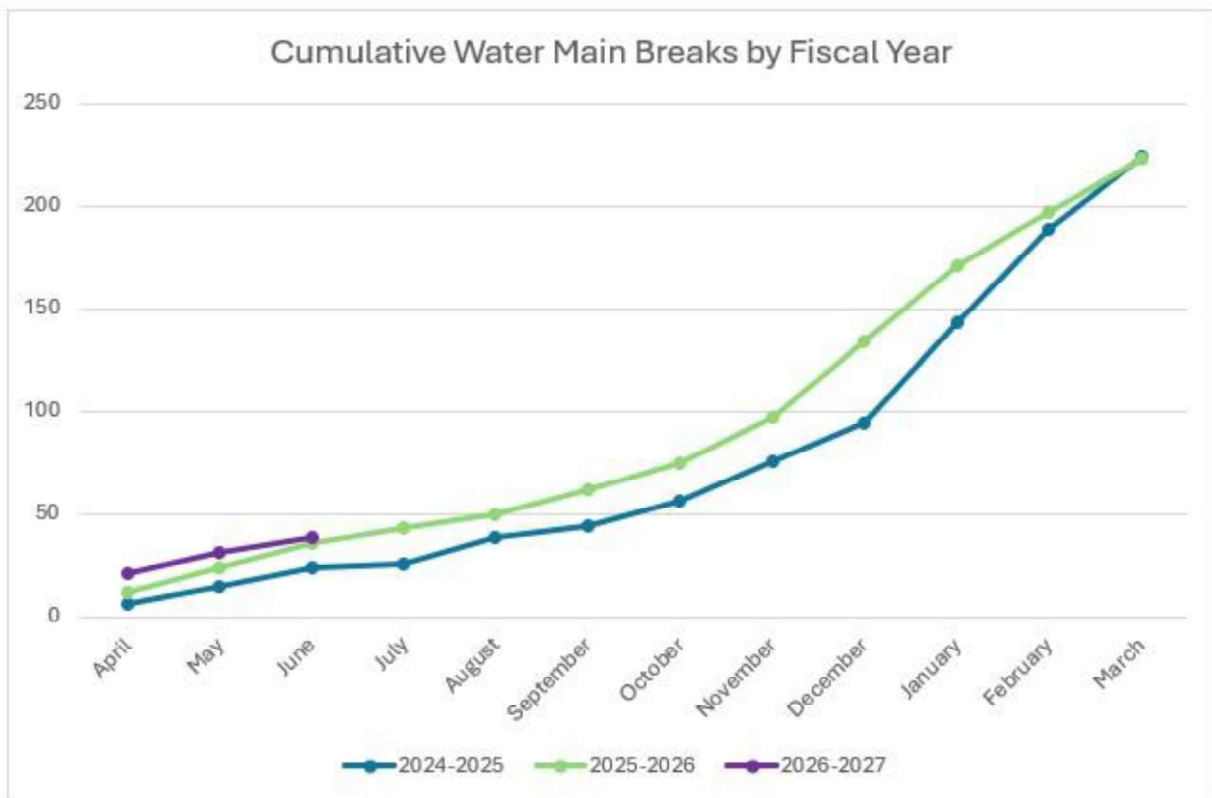
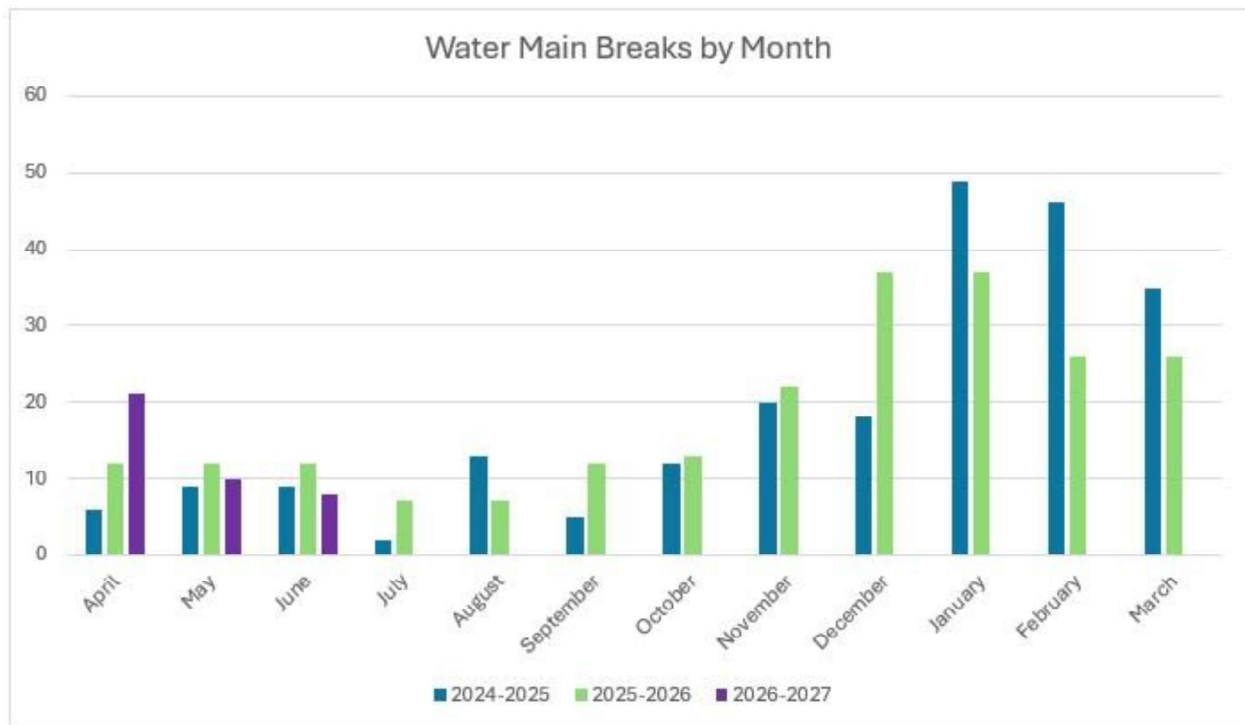
M = May cause serious property damage and personal injury

H = Very likely to cause serious extensive property damage and personal injury

AVERAGE DAILY WATER PRODUCTION



Water Accountability
Losses per Service Connection/Day (International Water Association Standard)
<i>Period Ending: June 30, 2026</i>
2026-2027 Q1 260 L/service connection/day



COMPLIANCE SUMMARY

Water Safety Plan Objectives 2026-2027 Q1				
Objective	Total Sites	% Sites Achieving Target	All Sites: 90th Percentile < 10 µg/L	CBSC Awarded Points
Disinfection	62	98%	---	18
Total Trihalomethanes	25	100%	---	20
Haloacetic Acids	25	100%	---	20
Particle Removal	5	100%	---	20
Bacteriological	62	100%	---	20
Corrosion Control	107	---	3.56	20
Summary Total	---	---	---	118

Score: 118/120
98%

Number of times primary disinfection in water supply facility criteria not met: 0

Fluoridation was reinstated at JDK WSP on December 12, 2024. Fluoridation remains off at Lake Major WSP.

Wastewater Compliance

In this report each facility is assessed using monthly or quarterly averages, depending on the averaging period specified in its Approval to Operate.

Wastewater Treatment Facility	Wastewater Treatment Facility Monthly Compliance Summary																								Toxicity
	April-26								May-26								June-26								
	CBOD ₅ (mg/L)		TSS (mg/L)		E. coli (counts/100mL)		pH		CBOD ₅ (mg/L)		TSS (mg/L)		E. coli (counts/100mL)		pH		CBOD ₅ (mg/L)		TSS (mg/L)		E. coli (counts/100mL)		pH		
	NSECC Limit	Ave	NSECC Limit	Ave	NSECC Limit	Ave	NSECC Limit	Ave	NSECC Limit	Ave	NSECC Limit	Ave	NSECC Limit	Ave	NSECC Limit	Ave	NSECC Limit	Ave	NSECC Limit	Ave	NSECC Limit	Ave	NSECC Limit	Ave	
	Halifax	67	35	50	20	5000	0	6.9	6.8	67	31	50	23	5000	1,224	6.9	6.9	67	46	50	23	5000	2,269	6.9	
Dartmouth	50	37	40	31	5000	0	6.9	6.8	50	36	40	26	5000	84	6.9	6.8	50	36	40	14	5000	74	6.9	7.0	N/A*
Herring Cove	50	28	40	24	5000	0	6.9	6.9	50	31	40	26	5000	42	6.9	7.0	50	40	40	26	5000	70	6.9	7.0	Not acutely lethal
Eastern Passage	25	16	25	11	200	0	6.9	7.0	25	9	25	9	200	63	6.9	6.9	25	9	25	10	200	0	6.9	7.1	Not acutely lethal
Mill Cove	25	19	25	23	200	118	6.9	6.7	25	13	25	16	200	12	6.9	6.7	25	16	25	22	200	10	6.9	6.6	Not acutely lethal

Seasonal Disinfection in effect November 1 through April 30.

E.coli is not measured during Seasonal Disinfection except HCWWTF December 25 to January 2.

*Acute toxicity reduction to annual granted by NSECC for Herring Cove, Eastern Passage and Mill Cove, reflecting WSER. Removal of acute toxicity sampling requirement for Dartmouth and Halifax, reflecting WSER Transitional Authorizations.

Wastewater Treatment Facility	Wastewater Treatment Facility Quarterly Compliance Summary																	
	April, May, June 2026																	
	CBOD ₅ (mg/L)		TSS (mg/L)		E. coli (counts/ 100mL)		pH		Ammonia (mg/L)		Phosphorous (mg/L)		TRC (mg/L)		Dissolved Oxygen (mg/L)		Toxicity	
	NSECC Limit	Avg.	NSECC Limit	Avg.	NSECC Limit	Avg.	NSECC Limit	Avg.	NSECC Limit	Avg.	NSECC Limit	Avg.	NSECC Limit	Avg.	NSECC Limit	Avg.		
Springfield	20	23	20	30	200	40	6-9	7.1	-		-		-		-		Acutely lethal	
Frame	20	4	20	1	200	10	6-9	7.1	-		-		: d		-		-	
Middle Musq.	20	7	20	4	200	23	6-9	7.1	-		-		-		-		-	
Uplands	20	10	20	13	200	39	6-9	7.0	-		-		-		-		-	
Aerotech	5	4	5	2	200	7	6-9	7.2	5.7 W 1.2 S	0.1	0.13	0.09	-		6.5	8.2	Not acutely lethal	
North Preston	Compliance based on annual averages																	
Lockview	20	6	20	10	200	151	6.5-9	6.8	8.0 S	3.7	1.2 S	0.4	-		-		-	
Steeves (Wellington)	Compliance based on annual averages																	
BLT	15	6	20	19	200	29	6-9	7.0	5 W 3 S	4	3 W 1 S	1	0.02 *	0.10	-		Not acutely lethal	

NOTES & ACRONYMS:

CBOD₅ - Carbonaceous 5-Day Biochemical Oxygen Demand

TSS - Total Suspended Solids

* TRC - Total Residual Chlorine - an accredited lab can only measure 0.10 mg/L residual; results of <0.1 mg/L are compliant

BDL - Below Detection Limit

W / S - Winter / Summer compliance limits

NSECC requires monthly averages be less than the NSECC Compliance Limit for each parameter at Dartmouth, Eastern Passage, Halifax, Herring Cove, Mill Cove

NSECC requires quarterly averages be less than the NSECC Compliance Limit for each parameter at Aerotech, Lockview, Middle Musquodoboit, Frame, BLT,

Uplands and Springfield Lake

NSECC requires annual averages be less than the NSECC Compliance Limit for each parameter at North Preston and Steeves

*Acute toxicity reduction to annual granted by NSECC for BLT, reflecting WSER.

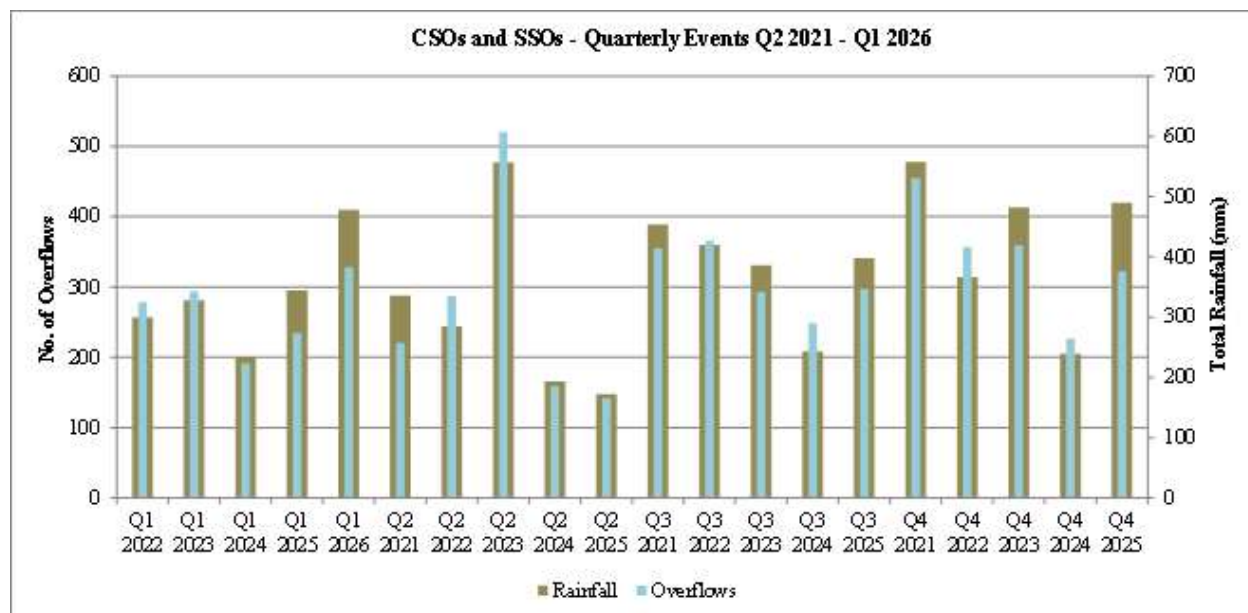
NON-COMPLIANCE EXPLANATIONS:

Springfield Lake WWTF: Plant upset June 8. Down one mixer & aerator, causing bacteria to die off within system process. Full treatment still provided.

Toxicity sample was lethal. Wastewater re-seeded with healthy bacteria from another WWTF and repairs completed June 10. June 18 samples improved and effluent was non-toxic.

BLT WWTF: Higher influent ammonia observed at facility. Ops continue to build stock of nitrifying bacteria within the treatment process.

LEGEND	
 	NSECC Compliant
 	NSECC Non-Compliant



NOTES & ACRONYMS: CSO - Combined Sewer Overflow SSO - Sanitary Sewer Overflow

Rainfall data is from Halifax Water's rain gauge at the Halifax WWTF.

There were 17 overflows in Q1 beginning on days when there was no recorded rainfall, as follows:

1. May 2: The bypass at North Preston WWTF was due to precipitation on the previous day. The CSOs at Old Ferry Rd PS & CSO were due to precipitation on the previous day.
2. May 5: The bypasses at North Preston WWTF were due to precipitation on the previous days.
3. May 8: The bypass at Mill Cove WWTF Surge Tank was due to precipitation on the previous day. The CSOs at Skokomul St PS & CSO were due to precipitation on the previous day.
4. May 19: The CSO at Wallace St CSO was due to a blockage caused by debris.
5. May 26: The CSOs at Skokomul St PS & CSO and Old Ferry Rd PS & CSO were due to precipitation on the previous day.
6. June 25: The bypasses at North Preston WWTF were due to precipitation on the previous days.

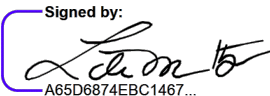
Upcoming Transitional Bypass Authorizations

Area	Dates	Category	Reason
Pier A and Halifax CSO's	October 13, 2026 – March 16, 2027	3	Mechanical upgrades at the Pier A Pumping station and Combined Sewer Overflow. Phase 1 – Installation of a temporary bypass pump system with permanent bypass piping. Phase 2 – Replacement of pumps, piping, valving and electrical upgrades.

Environment Canada Warnings and Violations

Morris Lake Force Main Break - February 5, 2026 – Environment Canada sampled and results showed the deposit of a deleterious substance, with reasonable grounds to believe that a violation of subsection 36(3) of the Fisheries Act occurred. Halifax Water has been cooperating with ECCC and provided a response to their questions about the break on July 31, 2026.

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

SUBMITTED BY:  Signed by:
A65D6874EBC1467...

Louis de Montbrun, CPA, CA Director, Corporate Services/CFO

APPROVED:  Signed by:
Kenda MacKenzie
0C084AC815794F6...

Kenda MacKenzie, P.Eng., General Manager & CEO

DATE: September 15, 2026

SUBJECT: Halifax Regional Water Commission Employees' Pension Plan Financial Report Second Quarter 2026

INFORMATION REPORT

ORIGIN

Financial reporting for the Halifax Regional Water Commission Employees' Pension Plan (the Plan).

BACKGROUND

At the September 10, 2026, meeting of the Halifax Water Audit and Finance Committee (the Committee), the attached report, Item #5.1, Halifax Regional Water Commission Employees' Pension Plan Financial Report Second Quarter 2026, was presented, reviewed, and discussed.

DISCUSSION

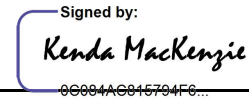
No additional information was requested to be brought forward to the Halifax Water Board meeting following the discussion of the attached at the Committee meeting.

ATTACHMENT

1. Item #5.1 – Halifax Regional Water Commissioner Employees' Pension Plan Financial Report Second Quarter 2026

TO: Chair and Members of the Halifax Regional Water Commission Audit and Finance Committee

SUBMITTED BY: 
A65D6874EBC1467...
Louis de Montbrun, CPA, CA, Director, Corporate Services/CFO

APPROVED: 
06004A6845794FC...
Kenda MacKenzie, P.Eng., General Manager & CEO

DATE: August 13, 2026

SUBJECT: Halifax Regional Water Commission Employees' Pension Plan Financial Report Second Quarter 2026

ORIGIN

Financial reporting for the Halifax Regional Water Commission Employees' Pension Plan (the "Plan").

RECOMMENDATION

It is recommended that the Audit and Finance Committee accept the financial report for the Halifax Regional Water Commission Employees' Pension Plan for the six-month period ended June 30, 2026, and forward the report to the Halifax Water Board as the Trustee of the Plan as an information report.

BACKGROUND

The Audit and Finance Committee is required to review the financial results of the Plan throughout the year.

DISCUSSION

The attached statement of changes in net assets available for benefits (Appendix A) outlines the annual budget for the Plan and actual financial performance for the six-month period ending June 30, 2026. Audited financial results for 2025 and 2024 are shown for comparative purposes.

As shown on the statement of changes in net assets available for benefits, net assets available for benefits have increased by \$17.7 million for the six (6) month period ending June 30, 2026.

ITEM #5.1

Halifax Water Audit and Finance Committee

September 10, 2026

The pro-rated budget for the period forecasted an increase of \$8.4 million. Actual results for the period compared to the pro-rated budget result in a favourable variance of \$9.3 million.

The annual budget forecasted revenue of \$16.3 million. Revenue for the period is \$18.5 million which when compared to the pro-rated revenue budget of \$8.1 million results in a favourable variance of \$10.4 million. Revenue figures are directly impacted by the performance of the HRM Master Trust. This favourable variance is a result of the increase in the fair value of investment assets tracking higher than the pro-rated budget for the period. Investment income for the period is \$1.8 million compared to a pro-rated budget of \$2.0 million resulting in an unfavourable variance of \$0.2 million or 10%.

Contributions of \$3.1 million are below the pro-rated budget of \$4.7 million by \$1.6 million. This results in an unfavourable variance of 34% and is due to the employer contribution holiday which ran from January through mid-May 2026 to reach the initial \$1.9 million approved by the Halifax Water Board on December 5, 2025. Employer contributions resumed in May and have continued since.

Expenses of \$3.9 million for the period are less than the pro-rated budget of \$4.5 million by \$0.6 million or 13%. The main contributor to this variance is termination payouts which are lower than the pro-rated budget in the period. Termination payments do vary from quarter to quarter and are difficult to predict.

SERVICE STANDARDS

Tracking of Regulatory Filing Requirements, Administrative Reporting Requirements and Service Standards for actuarial calculation requests is ongoing. The reports for Regulatory Filing Requirements and Administrative Reporting Requirements are attached as Appendix B and Appendix C respectively, and document administrative compliance within the various levels of reporting for the period.

Service Standard results for the Second Quarter (April 1 – June 30, 2026) have been attached as Appendix D. The primary purpose of the service standard report is to report on the administrative compliance with the Pension Benefits Act of Nova Scotia (the “Act”) respecting the timing of statements or notifications required under the Act, such as:

- Retirement statement to member;
- Notification of options to retiring member;
- Death benefits statement; and
- Statement on termination.

The secondary purpose of the report is to provide performance reporting respecting the Plan’s actuaries, for required deliverables based on pre-determined standards. These standards are internal in nature and mutually agreed upon by the actuary and Halifax Water.

ITEM #5.1

Halifax Water Audit and Finance Committee

September 10, 2026

Second Quarter results reported in Appendix D show, out of 4 requests submitted for retirement estimates (with options), all the retirement packages were provided to the members within the prescribed timelines under the Act of 60 days prior to the Member's intended retirement date. There were 5 termination calculations completed during the period, with all but 1 former employee provided a termination package (with options) within the prescribed timelines under the Act of 60 days after their termination date. The one instance where this requirement was not met was related to a more complicated termination that required many conversations and considerations. Once all details were verified, the former employee was provided with their termination package.

Performance of the actuary, also reported in Appendix D, shows out of 9 requests in total, the actuary met the pre-determined standard in 8 instances, with average response times for retirement and termination calculation estimates of 8 days and 9 days respectively. The response time of the actuaries is continuously monitored to ensure required service standards are maintained. Halifax Water will be informed in advance of potential upcoming delays in response times.

ATTACHMENTS

- APPENDIX A – Financial Report:
Statement of changes in net assets available for benefits, for the six (6) month period ended June 30, 2026
- APPENDIX B – Regulatory Filing Requirements Q2 2026
- APPENDIX C – Administrative Reporting Requirements Q2 2026
- APPENDIX D – Service Standards Report Q2 2026

Report Prepared by:

Signed by:

7E50B0451C80405

Heather Britten, Quality Assurance Officer

Financial Reviewed by:

Signed by:

AFA8896B6D3845C

Alicia Scallion, Manager, Finance

Halifax Regional Water Commission Employees' Pension Plan
Statement of changes in net assets available for benefits
For the six (6) month period ended June 30, 2026
Bench 50%

	June 30, 2026					Actual (Audited) 2025	Actual (Audited) 2024
	2026 Budget	Actual	Actual versus Budget		Actual (Audited) 2025		
			Budget 50%	Change			
			\$	%			
Revenue							
Net investment income:							
Total investment income	\$3,900,000	\$1,746,482	\$1,950,000	(10%)	\$5,683,344	\$4,736,825	
Investment manager fees	(\$200,000)	(\$470,622)	(\$260,000)	81%	(\$595,075)	(\$537,242)	
Increase (decrease) in the fair value of investment assets	\$12,900,000	\$17,238,570	\$6,450,000	167%	\$14,280,015	\$22,807,009	
	\$16,280,000	\$18,514,430	\$8,140,000	127%	\$19,368,284	\$27,006,592	
Contributions							
Participants:							
Current service (including Additional Voluntary Contributions)	\$4,713,600	\$2,478,551	\$2,356,800	5%	\$4,431,405	\$4,221,091	
DC contributions on overtime earnings	\$94,900	\$56,168	\$47,450	18%	\$49,109	\$0	
Reciprocal Transfers	\$0	\$24,639	\$0	0%	\$182,744	\$49,611	
Sponsors:							
Current service	\$4,562,100	\$502,235	\$2,281,050	(78%)	\$4,086,565	\$4,096,790	
DC contributions on overtime earnings	\$94,900	\$56,168	\$47,450	18%	\$49,109	\$0	
	\$9,465,500	\$3,117,761	\$4,732,750	(34%)	\$8,798,932	\$8,367,492	
Expenses							
Benefit payments:							
Benefit payments	\$6,456,000	\$3,180,560	\$3,228,000	(1%)	\$6,080,163	\$5,595,413	
Termination payments	\$2,300,000	\$625,025	\$1,150,000	(46%)	\$1,939,229	\$2,479,967	
Death benefit payments (pre-retirement)	\$0		\$0	n/a	\$216,973	\$0	
Administrative:							
Actuarial & consulting fees	\$100,000	\$22,129	\$50,000	(56%)	\$91,709	\$131,549	
Audit & accounting fees	\$9,400	\$5,961	\$4,700	27%	\$13,139	\$9,243	
Bank custodian fees	\$30,800	\$18,571	\$15,400	21%	\$35,385	\$31,331	
Insurance	\$9,000	\$0	\$4,500	(100%)	\$9,000	\$9,000	
Miscellaneous	\$25,300	\$12,345	\$12,650	(2%)	\$23,346	\$22,510	
Professional fees	\$46,200	\$32,824	\$23,100	42%	\$53,849	\$38,906	
Registration fees	\$3,500	\$0	\$1,750	(100%)	\$3,312	\$3,178	
Training (Trustees/ Administration/ Pension Committee)	\$5,000	\$0	\$2,500	(100%)	\$0	\$0	
	\$8,985,200	\$3,897,415	\$4,492,600	(13%)	\$8,466,105	\$8,321,097	
Increase in net assets available for benefits	\$16,760,300	\$17,734,776	\$8,380,150	112%	\$19,701,111	\$27,052,987	
Net assets available for benefits, beginning of period							
	\$237,962,995	\$237,962,995			\$218,261,884	\$191,208,897	
Increase (decrease) in net assets available for benefits	\$16,760,300	\$17,734,776			\$19,701,111	\$27,052,987	
Net assets available for benefits, end of period	\$254,723,295	\$255,697,771			\$237,962,995	\$218,261,884	

Expenses on this statement are reported on a cash basis.

Halifax Regional Water Commission Employees' Pension Plan
Regulatory Filing Requirements - 2026
as at June 30, 2026

Report	Regulatory Body	Filing Deadline	Date last filed	Comments
1 Annual Form 3 - Summary of Contributions	Superintendent of Pensions	60 days after the beginning of each fiscal year	February 3, 2026	Filed directly with the Trustee, Northern Trust, for the DB Plan.
			January 30, 2026	Filed directly with the Trustee, Industrial Alliance, for the DC Plan.
2 Pension Plan Income Tax Return (T3)	Canada Revenue Agency	March 31st	March 10, 2026	CRA requires Northern Trust as the custodian to prepare and file T3 Income Tax Returns each year. Information obtained from HRM Pension Plan office.
3 Pension Plan Audited Financial Statements	Superintendent of Pensions	6 months after the Plan's fiscal year end	July 14, 2026	2025 audited financial statements were approved by the Halifax Water Board on June 25, 2026. Financial statements were signed July 9, 2026 and sent to the Nova Scotia Superintendent of Pensions on July 14th, 2026. The Superintendent was notified by email that the financial statements would be later than June 30th due to timing of the Board meeting and subsequent signing.
			June 26, 2026	Audited financial statements are not prepared for this pension plan. However, Industrial Alliance provides a Financial Report detailing all pertinent details of the plan. This report is submitted to the regulatory body prior to June 30th each year.
4 Annual Information Returns (AIR)	Superintendent of Pensions	June 30th	June 26, 2026	Annual Information Return is filed each year prior to June 30.
			June 26, 2026	Annual Information Return is filed each year prior to June 30.
5 Actuarial Valuation*	Superintendent of Pensions Canada Revenue Agency	September 30th	January 21, 2026 January 28, 2026	Actuarial Valuation was conducted as of January 1, 2025 and was filed with the Nova Scotia Regulator on August 28, 2025 and Canada Revenue Agency on September 17, 2025. An addendum to the January 1, 2025 Actuarial Valuation was filed with the Nova Scotia Regulator and Canada Revenue Agency on January 21, 2026 and January 28, 2026, respectively. This addendum was necessary as the plan was amended to change the definition of "Best Average Earnings" to the best five consecutive years of service from the previous best seven. Revised funding recommendations were part of the amendment to fund the plan improvement.
6 Plan Amendments	Superintendent of Pensions Canada Revenue Agency	60 days after the amendment approved by the Board	January 21, 2026 January 28, 2026	Amendment #1 was to amend the plan to address the contribution rate change as determined by the Actuarial Valuation of January 1st, 2025. Amendment # 2 was in respect of the DC provision on overtime earnings. Both amendments were approved by the Halifax Water Board at the June 19, 2025 meeting and filed by Eckler with the Nova Scotia Regulator on August 28, 2025 and the Canada Revenue Agency on September 17, 2025. Amendment #3 was to change the definition of "Best Average Earnings" to the best five consecutive years of service from the previous best seven. The contribution rate was increased from 8.72% to 8.96% to fund this plan improvement.
	Superintendent of Pensions Canada Revenue Agency	60 days after the amendment approved by the Board	n/a	All documents relating to the registration of the DC Plan were received by the Superintendent October 6, 2017.

* Actuarial Valuations are required at a minimum every three (3) years.

** Notional Agreements were implemented during 2017 with an effective date for January 1, 2017. Notional Agreements are not registered therefore not subject to reporting requirements to a regulatory body.

Halifax Regional Water Commission Employees' Pension Plan

Administrative Reporting Requirements - 2026

as at June 30, 2026

Report	Filing Deadline/ Recurrence	Date last filed/ Performed	Comments
1 Pensioners' Payroll	Monthly	September 1, 2026	Pensioners are paid the 1st of each month; no exceptions to report for the Second Quarter 2026.
2 Contributions to the Trustee	Monthly	August 13, 2026	Remittances due to Northern Trust within 30 days of month end; no exceptions to report for the Second Quarter 2026.
		August 18, 2026	Remittances due to Industrial Alliance within 30 days of month end; there were no contributions for the Second Quarter of 2026.
		n/a	Contributions are not made to an external trustee or custodian. Liability plus interest is recorded by Halifax Water annually on the corporate financial statements.
3 Pension Plan Financial Statements	Quarterly	September 10, 2026	Second Quarter 2026 year-to-date (January - June 2026).
		June 25, 2026	Quarterly statements are not prepared for the Defined Contribution (DC) Plan. A financial report is prepared by Industrial Alliance which is filed with the Annual Information Return (AIR) to the regulator. The 2025 report was provided to the Halifax Water Board on June 25, 2026.
		n/a	Financial statements not required.
4 Investment Performance Review & Compliance with SIP&P	Quarterly	June 25, 2026	First Quarter 2026 (January - March 2026) Report prepared quarterly by administration staff for the Halifax Water Board, in conjunction with the quarterly HRM Pension Plan Committee meeting documentation. The HRM Pension Plan Committee reviews the Statement of Investment Policies & Procedures (SIP&P) annually and was last reviewed and approved on December 17, 2025.
5 Annual Pension Statements to Members	June 30th	June 29, 2026	Statements issued annually by June 30
		June 29, 2026	Statements issued annually in conjunction with the Defined Benefit (DB) Plan statements. Members also have access to online, real-time reporting.
		June 29, 2026	Statements issued annually in conjunction with the DB Plan statements.
6 Fiduciary Liability Insurance	Triennially	October 31, 2024	Reviewed and renewed annually until November 2024 when a three year term was negotiated. The Policy period will now expire In November 2027.

* Notional Agreements were implemented during 2017 with an effective date for January 1, 2017. Notional Agreements are not registered therefore not subject to reporting requirements to a regulatory body.

Halifax Regional Water Commission Employees' Pension Plan
Service Standards Report - 2026

Quarter 2 (as at June 30, 2026)											
Transaction	Actuary				HW Staff						
	Standard	Total # Completed	# Past Standard	% within Standard	Average Service Days	Total # Completed	Average Service Days	Total Average Service Days	Compliance with PBA		
Retirement Estimates	11 Business Days	4	0	100%	8	4	28	36	Yes		
Marriage Breakdown Calculations	15 Business Days										
Post-Retirement Death Letter	15 Business Days										
Pre-Retirement Death Benefit	15 Business Days										
Termination Estimate Calculations											
- Standard	11 Business Days	5	1	80%	9	5	25	34	Yes		
- Non Standard (Incl RTAs)	15 Business Days										
Total for Actuary		9	1	89%	9	9	27	35			

Halifax Water Compliance Statement
Quarterly Certification

For the period of April 1, 2026 to June 30, 2026

We hereby certify that the Halifax Regional Water Commission is current in making all statutory remittances for payroll taxes, Harmonized Sales Tax and other remittances as required under the laws of the Government of Canada and its Provinces (the significant remittances are noted in the appendix) and that all significant legal claims have been disclosed.

Signed by:

Kenda MacKenzie

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Kenda MacKenzie, P.Eng.
CEO and General Manager

Signed by:

Louis de Montbrun

A65D6874EBC1467...

Louis de Montbrun, CPA, CA
Director, Corporate Services/CFO

Dated:

Sep-17-2026 | 4:05 PM ADT

Halifax Water Compliance Statement
Quarterly Certification
Appendix I

Significant statutory remittances for payroll taxes, Harmonized Sales Tax and other remittances as required under the laws of the Government of Canada and its Provinces for the Halifax Regional Water Commission.

Statutory Payroll Remittances

- **Canada Revenue Agency (CRA)** - Statutory employee payroll deductions and employer related contributions for:
 - Income Tax
 - Canada Pension Plan (CPP)
 - Employment Insurance (EI)
- **Workers' Compensation Board of Nova Scotia (WCB)** – Employer remittance based on employee payroll

Other Payroll Remittances

- **Northern Trust** - Employee payroll deductions and employer contributions to Halifax Water and HRM defined benefit pension plans
- **Industrial Alliance** – employer and employee contributions to defined contribution pension plan
- **Medavie Blue Cross & SSQ** – employee payroll deductions and employer related contributions for Health & dental, LTD, and Life benefit coverage, and payroll deductions for AD&D
- **Canadian Union of Public Employees** – Employee payroll deductions of union dues
 - CUPE Local 227
 - CUPE Local 1431

HST and Other Remittances

- **Canada Revenue Agency (CRA)** - Harmonized Sales Tax (HST) is filed online and a refund issued as HST paid is greater than HST collected
- **Workers' Compensation Board of Nova Scotia (WCB)** – Remittance for sub-contractors

Quarterly Remittance Certification

Appendix II

Period: April to June 2026/2027

<u>Vendor</u>	<u>Vendor #</u>	<u>Items Remitted</u>	<u>Total remitted</u>	<u>Exceptions</u>
Statutory Payroll Remittances				
CRA	174	Tax, CPP, EI, WCB	<u>\$6,004,477.23</u>	<u></u>
Other Payroll				
Northern Trust	1215	HW Pension Plan	<u>\$ 1,517,441.26</u>	<u></u>
Northern Trust	1216	HRM Pension Plan	<u>\$ 192,874.42</u>	<u></u>
Manulife Financial	1171	Bedford Pension Plan	<u>\$ 2,110.44</u>	<u></u>
Industrial Alliance	2971	DCPP	<u>\$ -</u>	<u></u>
Medavie Blue Cross	340, 3101	Health, Dental, Life, LTD	<u>\$ 1,071,966.12</u>	<u></u>
SSQ Insurance	429	AD&D	<u>\$ 7,448.54</u>	<u></u>
CUPE	160	Union Dues 1431	<u>\$ 43,079.29</u>	<u></u>
CUPE	3517	Union Dues 227	<u>\$ 71,663.89</u>	<u></u>

Other payroll items remitted in accordance with stated requirements:

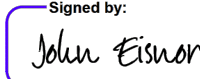
United Way, Credit Union, Garnishments (WCB, CRA, Family Court, Sherriff's Office),
Water for People, Salvation Army, Racially Visible Caucus

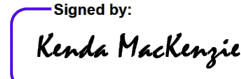
HST and Other

CRA	N/A	HST (refunds)	<u>\$ 2,865,251.26</u>	<u></u>
Receiver General	210	WCB subcontractors	<u>\$ 177.61</u>	<u></u>

Exceptions, errors and/or late remittances

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

SUBMITTED BY: 
Signed by:
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John Eisnor, MAsc., P.Eng., Director, Operations

APPROVED: 
Signed by:
0C084AC815794F6
Kenda MacKenzie, P.Eng., CEO & General Manager

DATE: September 14, 2026

SUBJECT: NSRAB O&M Audit Update

ORIGIN

Regular update.

This report provides an update on the status of the NSRAB Operations and Maintenance Audit. This information was presented at the Halifax Water Enterprise Risk Management Sub-Committee Meeting on September 10, 2026.

UPDATE

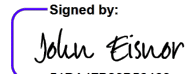
The NSRAB engaged with Carollo Engineers Canada to complete the operations and maintenance audit. The audit was initiated in December 2025. An initial request for information was made shortly after.

Carollo completed onsite visits to the water treatment plants on February 9 to 11, 2026 and onsite visits to the wastewater treatment plants on March 9 to 12, 2026. This was followed by a second request for information.

Carollo is working on the report and it was expected that it was to be submitted to the NSRAB in August. Halifax Water is expecting to receive an updated schedule at the September project update meeting.

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

SUBMITTED BY:

Signed by:

51DA47B30B56460

John Eisnor, MASC., P.Eng., Director, Operations

APPROVED:

Signed by:

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Kenda MacKenzie, P.Eng., CEO & General Manager

DATE: September 14, 2026

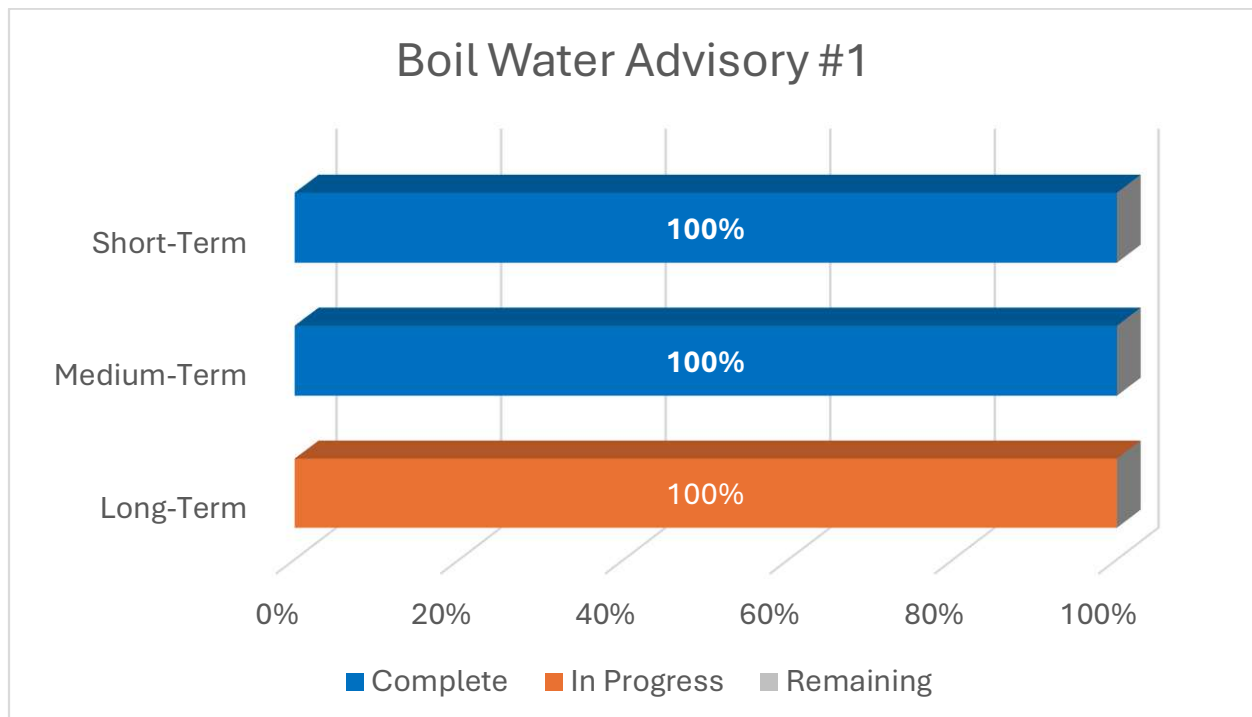
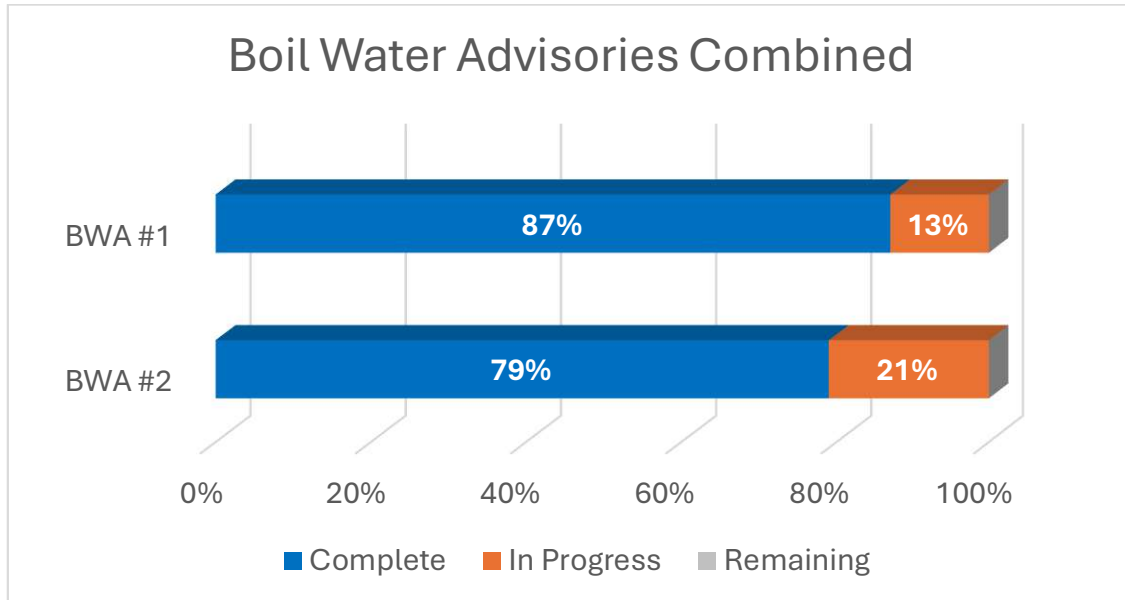
SUBJECT: Boil Water Advisories Corrective Actions Update

ORIGIN

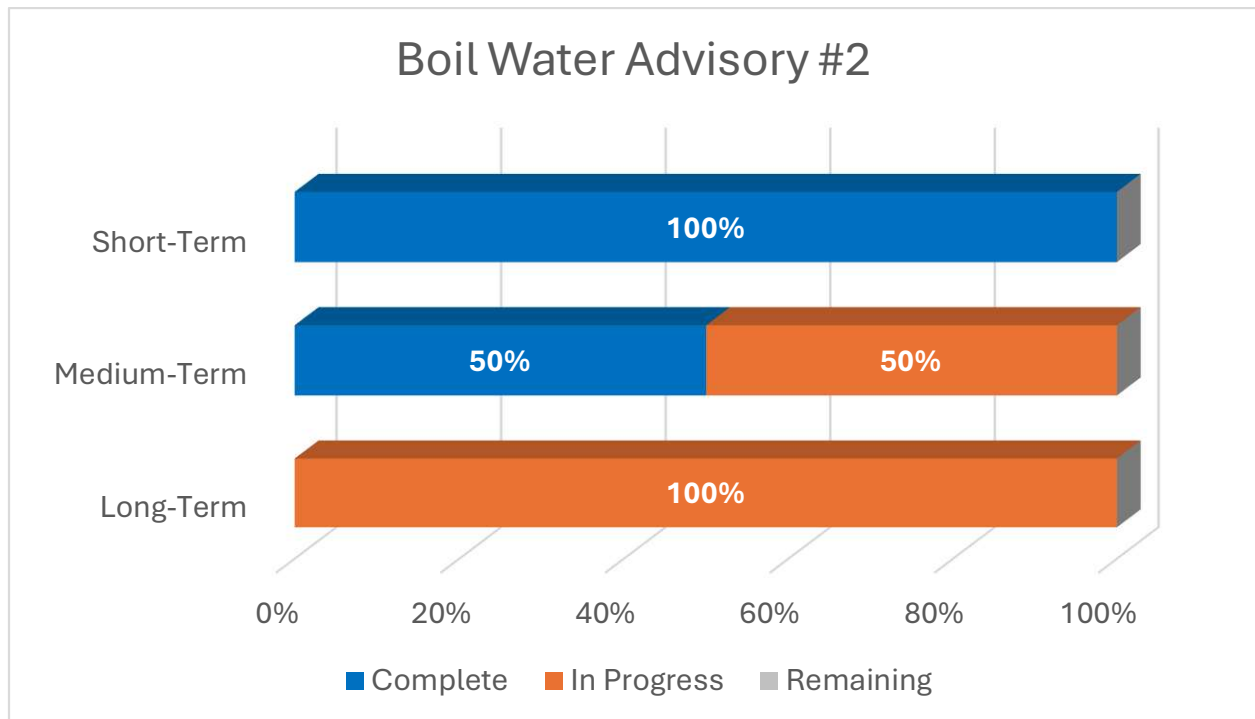
Regular update.

This report provides a high-level update on the progress of the corrective actions from the reports for the two Boil Water Advisories at the J.D. Kline WSP in July 2024 and January 2025. This information was presented at the Halifax Water Board Enterprise Risk Management Sub-Committee Meeting on September 10, 2026.

Boil Water Advisory Corrective Measures Update



* Short term refers to measures that can be implemented in less than one year. Medium term is estimated to take 1-2 years and long-term is estimated at 5-10 years



* Short term refers to measures that can be implemented in less than one year. Medium term is estimated to take 1-2 years and long-term is estimated at 5-10 years.

July 2024 BWA		Corrective Measure	Timeline	Status		Update
Item #	Reference #			June 2026	September 2026	
1	[1.01]	Assess and conduct repairs as required on raw water pumps and components.	Short-term	Complete	Complete	
2	[1.02]	Assess the emergency generators.	Short-term	Complete	Complete	
3	[1.03]	Install a temporary generator to power the main plant building, replacing the auxiliary generator.	Short-term	Complete	Complete	
4	[1.04]	Install standby electrical system to power emergency chlorination equipment, in the event of a complete power failure, to reduce time to initiate the system and remove immediate need for portable gas-powered generator.	Short-term	Complete	Complete	
5	[1.05]	Install an uninterrupted power supply (UPS) that will be able to supply power to necessary instrumentation in the event of a power failure.	Short-term	Complete	Complete	

6	[1.06]	Conduct thermal scanning of electrical equipment at the low-lift pump station.	Short-term	Complete	Complete	
7	[1.07]	Assess main incoming power bus and associated utility, emergency breakers, as well as transfer controls. Assess the sequence settings that control the safety systems at the pump station. Re-program the sequence as necessary based on the assessment.	Short-term	Complete	Complete	
8	[1.08]	Assess layers of engineered protection on raw water pumps and install additional layers as needed.	Short-term	Complete	Complete	
9	[1.09]	Complete formal incident debrief with various levels of staff.	Short-term	Complete	Complete	
10	[1.10]	Increase operator staffing on shift to minimize response time to emergency incidents.	Short, medium-term	Complete	Complete	
11	[1.11]	Review and update SOPs for clarity. Ensure staff understanding through training.	Short, medium-term	Complete	Complete	

12	[1.12]	Conduct emergency exercises to enhance knowledge on response to varying incidents.	Short, medium-term	Complete	Complete	
13	[1.13]	Improve emergency lighting throughout the facility.	Short, medium-term	Complete	Complete	
14	[1.14]	Install a permanent generator to replace the auxiliary generator.	Medium-term	Complete	Complete	
15	[1.15]	Upgrade and increase resiliency of incoming power feed. Consider adding a new, dedicated utility service to the main water supply plant building.	Long-term	Ongoing	Ongoing	Options analysis for incoming power with supplemented emergency power redundancy completed. Proceeding with conceptual design.
16	[1.16]	Address fundamental design constraints by providing adequate treated and chlorinated water storage and the ability to shut down for maintenance or failure conditions without interruption to water quantity or quality.	Long-term	Ongoing	Ongoing	Halifax Water has received the final revision of the conceptual design report and is currently undergoing internal QA/QC.

January 2025 BWA		Corrective Measure	Timeline	Status		Update
Item #	Reference #			June 2026	September 2026	
1	[2.01]	Formalize a procedure for communications with NSP. Update and regularly review phone numbers on file with NSP, clarify communication protocols for various types of power events and improve internal communications for power outages (emergency and non-emergency).	Short-term	Complete	Complete	
2	[2.02]	Review alarms from the incident. Conduct a holistic review of alarm philosophy and prioritization to assist operators in emergencies. Implement alarm rationalization and prioritization process based on review, train staff on alarm rationalization and prioritization process.	Medium-term	Ongoing	Ongoing	Alarm management philosophy complete. Implementation of new alarm standard at JKD anticipated by Q4 2026/27.
3	[2.03]	Develop checklists based on SOPs that can be referenced quickly during emergency situations.	Short-term	Complete	Complete	

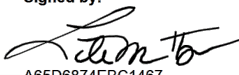
4	[2.04]	Develop a schedule of drills and tabletop exercises (at least quarterly). Conduct these emergency exercises to enhance emergency preparedness as part of an improved comprehensive operator training plan.	Short-term	Complete	Complete	
5	[2.05]	Complete electrical review to inform electrical risk as part of the Operational Resiliency Review.	Medium-term	Ongoing	Ongoing	Three of three technical memos completed. Final report September 2026.
6	[2.06]	Address fundamental design constraints by providing adequate treated and chlorinated water storage and the ability to shut down for maintenance or failure conditions without interruption to water quantity or quality.	Long-term	Ongoing	Ongoing	Halifax Water has received the final revision of the conceptual design report and is currently undergoing internal QA/QC.
7	[2.07]	Review and update SOPs for clarity. Create new SOPs as appropriate. Ensure staff understand through training as part of an improved comprehensive operator training plan.	Short, medium, and long-term	Complete	Complete	
8	[2.08]	Install labels on chlorine analyzer and on the HMI to indicate 10-to-25-minute delay in readings.	Short-term	Complete	Complete	

9	[2.09]	Install a second chlorine analyzer in a location closer to the chlorine injection point to mitigate delay in chlorine residual readings.	Short-term	Complete	Complete	
10	[2.10]	Improve the design and operation of the backup hypo system to prevent the formation of airlocks.	Short-term	Complete	Complete	
11	[2.11]	Install flow meters on the backup hypo system to improve monitoring to ensure that the system is feeding chlorine.	Short-term	Complete	Complete	
12	[2.12]	Complete formal incident debriefs with various levels of staff.	Short-term	Complete	Complete	
13	[2.13]	Evaluate and develop an improved comprehensive operator training plan with defined key performance measures of competency and operator success.	Short-term	Complete	Complete	
14	[2.14]	Investigate the feasibility of chlorine analyzer monitoring earlier in the distribution system to better assess the impact of events.	Short-term	Complete	Complete	
15	[2.15]	Investigate the feasibility of additional rechlorination locations within the distribution system to	Medium-term	Complete	Complete	

		minimize impacts of chlorine disinfection interruptions.					
16	[2.16]	Clarify protocols for issuing municipal and provincial alerts for advisories with HRM and the Province.	Short-term	Complete	Complete		
17	[2.17]	Explore additional options for notifying customers beyond PSAs and social media.	Medium-term	Complete	Complete		
18	[2.18]	Engage with NSECC and MOH to clarify language in the Approval to Operate and Guidelines for Monitoring Public Drinking Water Supplies regarding loss of disinfection and discuss a public health risk-based approach.	Medium-term	Complete	Complete		
19	[2.19]	Complete an Operational Resiliency Review for the JDKWSP.	Short, medium-term	Ongoing	Ongoing	Three of three technical Memos completed. Final report September 2026.	

TO: John MacPherson, K.C., Chair and Members of the Halifax Regional Water Commission Board, as Trustees of the Halifax Regional Water Commission Employees' Pension Plan

SUBMITTED BY:

Signed by:

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Louis de Montbrun, CPA, CA, Director, Corporate Services/CFO

APPROVED:

Signed by:

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Kenda MacKenzie, P.Eng., General Manager & CEO

DATE: August 19, 2026

SUBJECT: **2025 Annual Report – Pension and Benefits Advisory Committee**

Information Item

ORIGIN

Activities of the Pension and Benefits Advisory Committee (the “Committee”) are reported to the Halifax Regional Water Commission Board of Commissioners (the “Administrator”) annually, in accordance with the Terms of Reference of the Committee.

BACKGROUND

As defined in the Terms of Reference of the Committee, its objectives and responsibilities include:

- Monitor the administration of the pension and benefits plans to ensure that the plans, as administered by the Administrator, are conducted in a manner consistent with the provisions of the official Pension Plan document, group insurance and other benefit plan documents, and governing legislation.
- Make recommendations to the Administrator respecting the administration of the pension and benefits plans.
- Promote awareness and understanding of the pension and benefits plans on the part of members of the plans and persons receiving pension or other benefits under the plans.
- Assist with the monitoring of pension and benefits plans activities and provide input in this regard, through review of audited financial statements, actuarial valuations, key

contracts and agreements, reports on investment performance and other performance metrics.

- Review annual communication plan for all stakeholders, which may include:
 - Annual pension statements
 - Newsletters (Fall and Spring)
 - Annual general meeting for Pension Plan members
 - Education sessions for pre-retirement
- Review the Terms of Reference of the Committee every three years.

The purpose of this report is to provide a summary of the Committee's activities during 2025.

DISCUSSION

The Committee met as follows during 2025:

- ✓ March 19, 2025 1:00 PM
- ✓ May 12, 2025 9:00 AM
- ✓ August 19, 2025 2:00 PM

All meetings were held virtually via Microsoft® Teams.

Table 1 below provides a summary of attendance at Committee meetings held during 2025.

		March 19	May 12	August 19
Representatives:				
<i>Heather Britten, Chair</i>	Non-union	✓	✓	✓
<i>Joel O'Neil, Vice Chair</i>	Local 227	✓	-	-
<i>Gary McPherson</i>	Local 227	✓	n/a	n/a
<i>Paul Taylor</i>	Local 1431	-	-	n/a
<i>Anna McCarron</i>	Local 1431	✓	✓	✓
<i>Louis de Montbrun</i>	Management	✓	✓	✓
<i>Fabio Alonso</i>	Management	✓	✓	-
<i>Joel Haley</i>	Non-union	✓	✓	✓
<i>Justin Cull</i>	Local 1431	n/a	n/a	✓
<i>Blaine Rooney</i>	Pensioners	n/a	✓	-
<i>Cheryl Little</i>	Pensioners	✓	n/a	n/a
Alternates:				
<i>Stephen Kerr</i>	Local 227	-	✓	✓
<i>Nicole Jollymore</i>	Non-union	✓	✓	✓
<i>Justin Cull</i>	Local 1431	✓	✓	n/a
<i>Jeff Veniot</i>	Local 1431	n/a	n/a	-
<i>Blaine Rooney</i>	Pensioners	-	n/a	n/a
<i>Jamie Hannam</i>	Pensioners	n/a	n/a	-
Observers:				
<i>Cindy MacLean</i>	Supervisor, People and	✓	✓	✓

ITEM # 6-I

Halifax Water Board

September 24, 2026

	Culture			
Administration Support:				
<i>Lorna Skinner</i>		✓	✓	-
Guest:				
<i>Jasmine Tse (Mercer)</i>		✓	✓	
<i>Matt MacLean (Mercer)</i>		✓		
<i>Michael Horne (Mercer)</i>			✓	

Legend:	✓	» Present
	-	» Absent
	n/a	» Not a member of the Committee/ not in that position, at that time.

Key issues the Committee addressed or discussed during the year included:

- Life, Dependent Life and Long-term Disability (LTD) insurance renewals.
- Benefit renewals for Health and Dental.
- Benefit plan enhancement considerations including:
 - Diabetic pump supplies
 - Increased massage therapy benefit
 - Laser eye surgery
 - Online doctors.
- Educational options for Committee members.
- Conducted thorough review of the Committee Terms of Reference (ongoing).

Main accomplishments of the Committee for the year were:

1. Changes to health benefits including coverage for diabetic pump supplies and increase in coverage for massage therapy.
2. Through Mercer, Halifax Water was able to successfully negotiate benefit renewals for health and dental, with an increase of 12.9% to health rates and no change to dental rates. The renewals became effective June 1, 2025 and the estimated annual cost to Halifax Water was \$120,000.
3. Through Mercer, Halifax Water was able to successfully negotiate Life, Dependent Life and LTD insurance renewals. There were no changes to current rates resulting from the analysis and recommendation from Mercer.
4. The review of various pension and benefit communication initiatives during the year prepared by Halifax Water staff such as the annual Pension Plan budget, and the Pension Plan financial reports that go to the Administrator quarterly. The purpose of these initiatives was to provide members:
 - i. Updated information regarding the financial health of the Pension Plan.

- ii. Overview of the Pension Plan including results of the January 1, 2025 Actuarial Valuation, changes in contribution rates and plan amendments.
- iii. Overview of health, dental and other benefits accessible to members.

SUBSEQUENT EVENTS AND FUTURE INITIATIVES

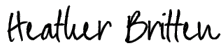
- Review and provide recommendations as required relating to benefit plan enhancements.
- Education sub-committee agreed on mandatory training with *International Foundation of Employee Benefit Plans (IFEBP)* with two new enrollments in 2026.
- Schedule meetings with committee members, including union executives and other guests, to discuss current financial health of the plan, MOU's in Collective Agreements and options to address surplus.

FORMAL MOTIONS TO THE ADMINISTRATOR

There were no formal motions made to the Administrator during 2025.

Report Prepared by:

Signed by:



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Heather Britten, Quality Assurance Officer

Financial Reviewed by:

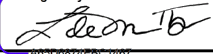
Signed by:



A65D6874EBC1467

Louis de Montbrun, CPA, CA

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

SUBMITTED BY: Signed by:


Louis de Montbrun, CPA, CA, Director, Corporate Services/CFO

APPROVED: Signed by:


Kenda MacKenzie, P.Eng., General Manager & CEO

DATE: September 16, 2026

SUBJECT: Operating Financial Results for the three months ended June 30, 2026
Information Item

ORIGIN

Financial reporting for the Halifax Regional Water Commission Capital Expenditure.

BACKGROUND

At the September 10, 2026, meeting of the Halifax Water Audit and Finance Committee (the Committee), the attached report, Item 4.5 - Operating results for the three months ended June 30 2026, was presented, reviewed, and discussed.

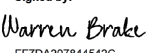
DISCUSSION

No additional information was requested to be brought forward to the Halifax Water Board meeting following the discussion of the attached at the Committee meeting.

The Audit and Finance Committee passed a motion to forward the report to the Board as an Information Report.

ATTACHMENT

Item 4.5 - Operating results for the three months ended June 30 2026

Report Prepared by: Signed by:


Warren Brake, Manager of Accounting

Financial Reviewed by: Signed by:


Louis de Montbrun, CPA, CA
Director, Corporate Services/CFO

TO: Chair and Members of the Halifax Regional Water Commission Audit and Finance Committee

SUBMITTED BY:

Signed by:



Louis de Montbrun, CPA, CA, Director, Corporate Services/CFO

APPROVED:

Signed by:



Kenda MacKenzie, P.Eng., General Manager & CEO

DATE: August 26, 2026

SUBJECT: **Operating Results for the three (3) months ended June 30, 2026**

ORIGIN

Financial information reporting

RECOMMENDATION

It is recommended the Audit and Finance Committee forward the Operating Results for the three months ended June 30, 2026, to the Halifax Water Board for their information.

BACKGROUND

Halifax Regional Water Commission (Halifax Water) is required to submit audited financial statements, approved by the Halifax Water Board, to the Halifax Regional Municipality (HRM) by June 30, 2026, and the Nova Scotia Regulatory Appeals Board (NSRAB) formally the Nova Scotia Utility and Review Board (NSUARB) within 180 days of the fiscal year end.

DISCUSSION

Attached are the Operating Results for Halifax Water for the three (3) months year ended June 30, 2026 with comparative figures for June 30, 2025.

Halifax Water is a fully regulated government business enterprise, falling under the jurisdiction of the NSRAB. The NSRAB requires that Halifax Water file financial statements and rate applications with them based on the NSRAB Water Utility Accounting and Reporting Handbook (NSRAB Handbook). The Accounting Standards Board (AcSB) requires rate regulated entities to conform to International Financial Reporting Standards (IFRS). Halifax Water maintains the financial records in IFRS for the purposes of the annual audit and consolidation of the financial statements with those of HRM.

The Schedules to the financial statements are prepared in accordance with the NSRAB Handbook.

The following discussion of the operating results reflects direct operating costs by department and allocations among water, wastewater and stormwater for common costs shared across all the services provided by Halifax Water.

Statement of Financial Position (NSRAB) – Page 3 of Attachment 1

Key indicators and balances from the Statement of Financial Position are provided in the following tables.

Table 1: Assets

June 30 (in thousands)	Notes	2026	2025	March 31 2026	From Prior Year \$ Change	% Change
Assets						
Current						
Cash and cash equivalents	A	\$ 112,260	\$ 86,963	\$ 82,494	\$ 25,298	29.1%
Receivables						
Customer charges and contractual	B	24,942	20,658	27,410	4,284	20.7%
Unbilled service revenues	C	26,834	21,005	24,093	5,829	27.7%
Inventory		2,702	2,511	2,486	191	7.6%
Prepays		6,335	5,575	2,118	759	13.6%
		173,074	136,712	138,601	36,361	26.6%
Utility plant in service	D	1,492,751	1,454,538	1,505,307	38,213	2.6%
Capital work in progress	E	138,215	136,712	118,546	1,503	1.1%
Total assets		1,804,040	1,727,963	1,762,454	76,077	4.4%
Regulatory deferral account		1,613	1,805	1,660	(192)	(10.6%)
Total assets and regulatory deferral account		\$ 1,805,653	\$ 1,729,768	\$ 1,764,114	\$ 75,885	4.4%

Notes related to Table 1:

- A) Cash and cash equivalents increased by \$25.3 million from the prior year. The increase is due to the continuing growth of the Regional Development Charge (RDC) reserves. See the notes to Table 2 for further information on the RDC reserves.
- B) Customer charges and contractual receivables increased by \$4.3 million due to an increase in consumption and stormwater charges.
- C) Unbilled service revenues receivable increased by \$5.8 million compared to the prior R79year, primarily reflecting higher accrued revenues for water and wastewater. The increase is attributed to growth in consumption and timing of billing cycles.
- D) Utility plant in service increased by \$38.2 million due to new assets recorded at the end of fiscal 2025-26 of \$142.5 million, less depreciation.
- E) The \$1.5 million increase in capital work in progress is a result of expenditures on active projects as of June 30, 2026. The largest capital project is the Burnside Operations Facility with a cumulative expenditure of \$28.5 million.

Table 2: Liabilities

June 30 (in thousands)	Notes	2026	2025	March 31 2026	From Prior Year \$ Change	% Change
Current						
Payables and accruals						
Trade	A	\$ 30,881	\$ 24,947	\$ 35,831	\$ 5,934	23.8%
Non-trade		6,245	6,227	6,436	18	0.3%
Interest on long term debt		1,474	1,694	4,709	(220)	(13.0%)
Halifax Regional Municipality	B	976	588	2,995	389	66.1%
Contractor and customer deposits		3,327	1,256	3,095	2,071	164.9%
Current portion of long term debt	C	24,926	32,881	24,926	(7,955)	(24.2%)
Unearned revenue	D	523	436	500	87	20.0%
		<u>\$ 68,353</u>	<u>\$ 68,029</u>	<u>\$ 78,492</u>	<u>\$ 324</u>	<u>0.5%</u>
Long term debt	E	354,545	288,342	316,632	66,202	23.0%
Deferred contributions		165,833	144,614	159,530	21,219	14.7%
Total liabilities		<u>\$ 588,730</u>	<u>\$ 500,985</u>	<u>\$ 554,655</u>	<u>\$ 87,745</u>	<u>17.5%</u>
Equity						
Accumulated capital surplus		\$ 1,221,173	\$ 1,245,798	\$ 1,242,324	\$ (24,625)	(2.0%)
Accumulated operating surplus		(19,306)	(23,935)	(23,935)	4,629	(19.3%)
Operating surplus used to fund capital		12,380	12,380	12,380	0	0.0%
Deficiency of revenues over expenditures		2,675	(5,461)	(21,309)	8,136	(149.0%)
Total equity		<u>\$ 1,216,923</u>	<u>\$ 1,228,782</u>	<u>\$ 1,209,460</u>	<u>\$ (11,860)</u>	<u>(1.0%)</u>
Total liabilities and equity		<u>\$ 1,805,653</u>	<u>\$ 1,729,767</u>	<u>\$ 1,764,115</u>	<u>\$ 75,886</u>	<u>4.4%</u>

Notes related to Table 2:

- A) Trade payables and accruals increased by \$5.9 million from the prior year due to several large cost sharing invoices and high level of purchasing activity.

Payables and Accruals				
	2026/27	2025/26		
	'000	'000	\$ Change	% Change
Trade payables	\$ 15,680	\$ 13,975	\$ 1,705	12.2%
Trade accrued payables	11,213	8,949	2,264	25.3%
Accrued wastewater rebate	3,988	2,022	1,966	97.2%
	<u>\$ 30,881</u>	<u>\$ 24,947</u>	<u>\$ 5,934</u>	<u>23.8%</u>

- B) Halifax Regional Municipality payable has increased by \$0.4 million from prior year as a result of a decrease in the RDC receivable from HRM, an increase in receivables from HRM due to the timing of payments towards cost shared projects, and a decrease in cost sharing amounts payable to HRM.

HRM Receivables and Payables				
	2026/27	2025/26		
	'000	'000	\$ Change	% Change
Receivables	\$ 53	\$ 41	\$ 12	28.3%
RDC	7,903	9,201	(1,298)	(14.1%)
Payables	(8,932)	(9,830)	897	(9.1%)
Net receivables (payables)	<u>\$ (976)</u>	<u>\$ (588)</u>	<u>\$ (389)</u>	<u>66.1%</u>

- C) Current portion of long-term debt has decreased \$8.0 million due to lower balloon payments due in 2026-27 than in 2025-26.
- D) Unearned revenue has increased \$0.1 million due to fire protection and stormwater right-of-way.
- E) Long term debt has increased by \$66.2 million due to the addition of new debt in November 2025 and May 2026, less repayments.

Debt servicing ratio is a function of total interest and principal payments (including accrued amounts) plus the amortization of debt issue costs divided by total operating revenue per service. Debt servicing ratio by service as of June 30, 2026, is as follows:

Debt Servicing Ratio by Service		
	2026/27	2025/26
Water	15.26%	19.20%
Wastewater	15.03%	13.48%
Stormwater	20.34%	22.83%
Combined (NSRAB)	15.60%	16.49%
Combined (IFRS)	15.24%	16.49%

The combined debt servicing ratio has decreased from the prior year. The debt servicing ratio has decreased for water and stormwater because revenue has increased at a greater rate than debt servicing, and decreased for wastewater as debt servicing has increased at a greater rate than revenue. The combined NSRAB debt servicing ratio of 15.6% is below the maximum 35.0% ratio allowed under the blanket guarantee agreement with HRM.

F) Deferred contributions has increased \$21.2 million due to contributions to the RDC reserves. The balance of the Water RDC is \$14.9 million. The balance of the Wastewater RDC is \$143.2 million.

Statement of Earnings (NSRAB) – Page 4 of Attachment 1

Table 3: Summarized Statement of Earnings (NSRAB)

Summarized Statement of Earnings								
	Notes	Budget 2026/27 '000	Actual 2026/27 '000	Actual 2025/26 '000	From Prior Year		Actual to Budget	
					\$ Change	% Change	\$ Remaining	% Remaining
Operating revenues		\$ 220,338	\$ 55,074	\$ 43,356	\$ 11,718	27.03%	\$ (165,264)	(75.00%)
Operating expenditures		176,920	41,954	39,916	2,038	5.11%	(134,966)	(76.29%)
Earnings from operations before financial and other revenues and expenditures		43,418	13,120	3,440	9,680	281.40%	(30,298)	(69.78%)
Financial and other revenues		950	150	161	(11)	(6.83%)	(800)	(84.21%)
Financial and other expenditures		42,979	10,595	9,062	1,533	16.92%	(32,384)	(75.35%)
Earnings/(loss) for the year	A	\$ 1,389	\$ 2,675	\$ (5,461)	\$ 8,136	(148.98%)	\$ 1,286	92.58%

Notes related to Table 3:

A) The earnings for the year of \$2.7 million is an improvement of \$8.1 million from the prior year loss. The following is a discussion of factors influencing the change.

Table 4: Operating Revenues:

Operating Revenues								
	Notes	Budget 2026/27 '000	Actual 2026/27 '000	Actual 2025/26 '000	From Prior Year		Actual to Budget	
					\$ Change	% Change	\$ Remaining	% Remaining
Consumption revenue	B	\$ 151,029	\$ 38,012	\$ 28,485	\$ 9,527	33.45%	\$ (113,017)	(74.83%)
Base charge revenue	C	34,356	8,646	8,612	34	0.40%	(25,710)	(74.83%)
Wastewater rebate	D	(1,629)	(621)	(607)	(14)	2.24%	1,008	(61.88%)
Metered sales total		183,756	46,037	36,489	9,548	26.17%	(137,719)	(74.95%)
Stormwater site generated charge	E	11,631	2,680	2,222	458	20.61%	(8,951)	(76.96%)
Stormwater right of way		8,485	2,121	1,629	492	30.20%	(6,364)	(75.00%)
Public fire protection	F	10,933	2,733	2,021	712	35.23%	(8,200)	(75.00%)
Private fire protection		2,824	734	459	275	59.91%	(2,090)	(74.01%)
Other operating revenue	G	2,708	769	536	233	43.47%	(1,939)	(71.60%)
Operating revenue total	A	\$ 220,337	\$ 55,074	\$ 43,356	\$ 11,718	27.03%	\$ (165,263)	(75.00%)

Notes related to Table 4:

Operating revenues are presented above, broken down by type:

- A) Operating revenues have increased by \$11.7 million as compared to the previous year.
- B) Metered consumption revenue has increased 33.4% as compared to the previous year. Billed consumption increased 2.7%. Metered consumption rates for water and wastewater increased an average of 33.7% from the rates over same time the previous year. Consumption growth is seen in industrial, institutional and multi-residential classes. Consumption growth in the institutional class is attributable in part to increased consumption at health and military facilities. The decline in the residential class consumption may be associated with customers being more consumption conscious following a rate increase.

Consumption by customer class based on billed consumption is as follows:

Consumption by Customer Class (m3)				
	2026/27	2025/26	m3 Remaining	% Remaining
Commercial	1,706,024	1,712,987	(6,963)	(0.4%)
Industrial	497,661	424,961	72,700	17.1%
Institutional	1,209,279	1,095,332	113,947	10.4%
Multi-residential	2,337,892	2,239,027	98,865	4.4%
Residential	3,138,270	3,178,983	(40,713)	(1.3%)
	8,889,126	8,651,290	237,836	2.7%

Based on billed consumption

- C) Base charge revenue has increased marginally due to increased customers. The number of customers has grown by 522 during the period from June 30th 2025 to June 30th 2026. Base charge rates have not increased since 2016.
- D) Wastewater rebate revenue has increased the offset to revenue as there has been increased consumption and rebate payable to eligible customers.
- E) Stormwater site generated charge increased by \$0.5 million due to rate increases of 30.2% as compared to the prior year.
- F) Public fire protection increased by \$0.7 million due to rate increases of 26% as compared to the prior year.

G) Other operating revenue has increased by \$0.2 million as compared to the previous year due to higher late payment and collection fees.

Table 5: Operating Expenditures:

Operating Expenditures									
	Notes	Budget 2026/27 '000	Actual 2026/27 '000	Actual 2025/26 '000	From Prior Year		Actual to Budget		
					\$ Change	% Change	\$ Remaining	% Remaining	
Water supply and treatment	B	\$ 16,376	\$ 3,693	\$ 2,931	\$ 762	25.99%	\$ (12,683)	(77.45%)	
Water transmission and distribution	C	18,182	4,041	4,460	(418)	(9.38%)	(14,141)	(77.77%)	
Wastewater collection		15,071	4,167	3,550	617	17.38%	(10,904)	(72.35%)	
Stormwater collection		6,759	1,406	1,304	101	7.77%	(5,353)	(79.20%)	
Wastewater treatment	D	29,065	7,175	6,331	844	13.33%	(21,890)	(75.31%)	
Information and technology services	E	19,630	4,292	4,432	(140)	(3.17%)	(15,338)	(78.14%)	
Engineering services	F	5,466	1,539	1,430	109	7.61%	(3,927)	(71.84%)	
Environment health and safety services	G	5,065	1,142	1,226	(84)	(6.89%)	(3,923)	(77.45%)	
Customer services		5,294	1,155	1,121	34	3.03%	(4,139)	(78.18%)	
Corporate services		3,865	853	876	(24)	(2.72%)	(3,012)	(77.93%)	
Administration services	H	7,496	1,290	1,604	(314)	(19.58%)	(6,206)	(82.79%)	
Depreciation and amortization	I	44,651	11,201	10,651	551	5.17%	(33,450)	(74.91%)	
Total operating expenditures	A	\$ 176,920	\$ 41,954	\$ 39,916	\$ 2,038	5.11%	\$ (134,966)	(76.29%)	

Notes related to Table 5:

- A) Operating expenditures of \$42.0 million are \$2.0 million higher than the prior year.
- B) Water supply and treatment expenditures increased \$0.8 million from the previous year due to an increase in contract services due to higher activity in the lead service line replacement program, and higher salaries and benefits.
- C) Water transmission and distribution expenditures decreased \$0.4 million from the prior year due to a decrease in contract services, salaries and benefits and operating supplies. The decrease was partially offset by increased professional services and electricity.
- D) Wastewater treatment expenditures increased \$0.8 million as compared to the previous year due to increases in contract services, electricity and chemicals which were offset by a decrease in operating supply expenditures.
- E) Information and technology services expenditures decreased \$0.1 million as compared to the prior year due to increases in salaries and professional services which was offset by a decrease in supplies.
- F) Engineering services expenditures increased \$0.1 million from the prior year due to an increase in salaries and benefits.
- G) Environment health and safety services expenditures decreased \$0.1 million from the prior year due to a decrease in operating supplies and professional services.
- H) Administration services expenditures decreased \$0.3 million from the prior year due to changes in the allocation of administrative overheads to capital projects and other departments.
- I) Depreciation and amortization increased \$0.6 million over the prior year as a result of depreciation on additions to assets in the prior year.

Table 6: Operating Expenditures By Nature:

Operating Expenditures By Nature									
	Notes	Budget 2026/27 '000	Actual 2026/27 '000	Actual 2025/26 '000	From Prior Year		Actual to Budget		
					\$ Change	% Change	\$ Remaining	% Remaining	
Salaries and benefits	A	\$ 57,255	\$ 13,782	\$ 13,496	\$ 286	2.11%	\$ (43,473)	(75.93%)	
Training and conferences		930	212	127	86	67.71%	(718)	(77.20%)	
Contract Services		21,868	4,891	4,321	570	13.19%	(16,977)	(77.63%)	
Electricity	B	9,242	2,514	1,385	1,128	81.46%	(6,728)	(72.80%)	
Operating supplies	C	26,045	5,521	6,390	(869)	(13.60%)	(20,524)	(78.80%)	
Professional services		6,897	1,333	1,277	56	4.38%	(5,564)	(80.67%)	
Chemicals		10,033	2,495	2,268	227	10.00%	(7,538)	(75.13%)	
Depreciation and amortization		44,651	11,201	10,651	551	5.17%	(33,450)	(74.91%)	
Total operating expenditures		\$ 176,921	\$ 41,949	\$ 39,915	\$ 2,035	5.10%	\$ (134,972)	(76.29%)	

Notes related to Table 6:

- A) Salaries and benefits increased \$0.3 million when compared to prior year due to an increase in the number of employees and increases in union and non-union compensation rates.
- B) Electricity increased \$1.1 million when compared to prior year due to the prior year utilizing estimated usage due to billing issues at the time.
- C) Operating supplies decreased \$0.9 million when compared to prior year due to lower purchasing activity, particularly in wastewater treatment.

Table 7: Financial and other revenues:

Financial and other revenues									
	Notes	Budget 2026/27 '000	Actual 2026/27 '000	Actual 2025/26 '000	From Prior Year		Actual to Budget		
					\$ Change	% Change	\$ Remaining	% Remaining	
Interest		\$ 250	\$ 21	\$ 38	\$ (17)	(44.74%)	\$ (229)	(91.60%)	
Other		700	129	123	6	4.88%	(571)	(81.57%)	
Total financial and other revenues	A	\$ 950	\$ 150	\$ 161	\$ (11)	(6.83%)	\$ (800)	(84.21%)	

Notes related to Table 7:

- A) Financial and other revenues are on par with the prior year. Lower interest rates are resulting in less revenue earned on cash balances. Most of the interest income that is earned is allocated to regional development charge reserve funds.

Table 8: Financial and other expenditures:

Financial and other expenditures							
Notes	Budget 2026/27 '000	Actual 2026/27 '000	Actual 2025/26 '000	From Prior Year		Actual to Budget	
				\$ Change	% Change	\$ Remaining	% Remaining
Interest	450	50	39	11	28.21%	(400)	(88.89%)
Interest on long term debt	13,425	3,141	2,231	910	40.79%	(10,284)	(76.60%)
Repayment on long term debt	21,100	5,367	4,848	519	10.71%	(15,733)	(74.56%)
Amortization of debt discount	306	82	71	11	15.49%	(224)	(73.20%)
Dividend/grant in lieu of taxes	7,683	1,922	1,809	113	6.25%	(5,761)	(74.98%)
Other	15	33	64	(31)	(48.44%)	18	120.00%
Total financial and other expenditures	A \$ 42,979	\$ 10,595	\$ 9,062	\$ 1,533	16.92%	\$ (32,384)	(75.35%)

Notes related to Table 8:

- A) Financial and other expenditures increased \$1.5 million when compared to prior year due to an increase in interest on long term debt and repayments of long term debt.

Table 9: Operating Results by Service:

Operating Results by Service							
	Budget 2026/27 '000	Actual 2026/27 '000	Actual 2025/26 '000	From Prior Year		Actual to Budget	
				\$ Change	% Change	\$ Remaining	% Remaining
Water	\$ (172)	\$ 1,480	\$ (4,414)	\$ 5,894	(133.53%)	\$ 1,652	(960.47%)
Wastewater	1,172	833	(370)	1,203	(325.14%)	(339)	(28.92%)
Stormwater	389	362	(677)	1,039	(153.47%)	(27)	(6.94%)
Earnings (loss) for the year	\$ 1,389	\$ 2,675	\$ (5,461)	\$ 8,136	(148.98%)	\$ 1,286	92.58%

The results in Table 9 are explained in more detail in Tables 10 to 12.

Table 10: Operating Results by Service - Water:

Operating Results by Service - Water							
Notes	Budget 2026/27 '000	Actual 2026/27 '000	Actual 2025/26 '000	From Prior Year		Actual to Budget	
				\$ Change	% Change	\$ Remaining	% Remaining
Operating revenues	A \$ 93,482	\$ 23,444	\$ 16,493	\$ 6,951	42.15%	\$ (70,038)	(74.92%)
Operating expenditures	B 73,337	16,826	16,294	532	3.27%	(56,511)	(77.06%)
Earnings from operations	20,145	6,618	199	6,419	3225.63%	(13,527)	(67.15%)
Financial and other revenues	665	107	122	(15)	(12.30%)	(558)	(83.91%)
Financial and other expenditures	C 20,982	5,245	4,735	510	10.77%	(15,737)	(75.00%)
Earnings (loss) for the year	\$ (172)	\$ 1,480	\$ (4,414)	\$ 5,894	(133.53%)	\$ 1,652	(960.47%)

Water services earnings of \$1.5 million increased from the prior year loss by \$5.9 million due to the following factors:

- A) Increase in operating revenues of \$7.0 million due to an increase in consumption revenue as previously discussed under Notes to Table 4.

- B) Increase in operating expenditures of \$0.5 million due to higher costs in water supply and treatment & engineering services offset by lower costs in depreciation and water transmission and distribution.
- C) Increase in financial and other expenditures of \$0.5 million due to an increase in long-term debt incurring higher interest rate, a higher dividend/grant in lieu of taxes and repayment of debt .

Table 11: Operating Results by Service - Wastewater:

Operating Results by Service - Wastewater								
	Notes	Budget 2026/27 '000	Actual 2026/27 '000	Actual 2025/26 '000	From Prior Year \$ Change	% Change	Actual to Budget \$ Remaining	% Remaining
Operating revenues	A	\$ 106,467	\$ 26,768	\$ 22,974	\$ 3,794	16.51%	\$ (79,699)	(74.86%)
Operating expenditures	B	88,327	21,715	20,028	1,687	8.42%	(66,612)	(75.42%)
Earnings from operations		18,140	5,053	2,946	2,107	71.52%	(13,087)	(72.14%)
Financial and other revenues		285	43	39	4	10.26%	(242)	(84.91%)
Financial and other expenditures	C	17,253	4,263	3,355	908	27.06%	(12,990)	(75.29%)
Earnings (loss) for the year		\$ 1,172	\$ 833	\$ (370)	\$ 1,203	(325.14%)	\$ (339)	(28.92%)

Wastewater services earnings of \$0.8 million is a change of \$1.2 million from the prior year earnings due to the following factors:

- A) Increase in operating revenues of \$3.8 million attributable to an increase in consumption revenue as previously discussed under Notes to Table 4.
- B) Increase in operating expenditures of \$1.7 million due to higher costs associated with wastewater collection, engineering services, and depreciation and amortization.
- C) Increase in financial and other expenditures of \$0.9 million due to repayments associated with new debt .

Table 12: Operating Results by Service - Stormwater:

Operating Results by Service - Stormwater								
	Notes	Budget 2026/27 '000	Actual 2026/27 '000	Actual 2025/26 '000	From Prior Year \$ Change	% Change	Actual to Budget \$ Remaining	% Remaining
Operating revenues	A	\$ 20,389	\$ 4,862	\$ 3,889	\$ 973	25.02%	\$ (15,527)	(76.15%)
Operating expenditures	B	15,256	3,413	3,594	(181)	(5.04%)	(11,843)	(77.63%)
Earnings from operations		5,133	1,449	295	1,154	391.19%	(3,684)	(71.77%)
Financial and other expenditures	C	4,744	1,087	972	115	11.83%	(3,657)	(77.09%)
Earnings (loss) for the year		\$ 389	\$ 362	\$ (677)	\$ 1,039	(153.47%)	\$ (27)	(6.94%)

Stormwater services earnings of \$0.4 million is a \$1.0 million improvement on the prior year loss. The following factors influenced the results:

- A) Operating revenues of \$4.9 million are \$1 million higher than the prior year due to increased site generated and right of way revenue than the previous year, attributable to rate increases. Billable impervious area is expected to continue to gradually increase in conjunction with continuing growth in development.
- B) Operating expenditures decreased \$0.2 million from the prior year due to updated allocations to stormwater of environment health and safety services and engineering services, offset by higher stormwater collection and depreciation and amortization costs.

C) Financial and other expenditures increase of \$0.1 million due to higher interest costs related to increased debt.

Table 13: Operating Results by Activity

Operating Results by Activity								
	Notes	Budget 2026/27 '000	Actual 2026/27 '000	Actual 2025/26 '000	From Prior Year		Actual to Budget	
					\$ Change	% Change	\$ Remaining	% Remaining
Regulated activities	A	\$ 677	\$ 2,496	\$ (5,615)	\$ 8,111	(144.44%)	\$ 1,818	268.47%
Unregulated activities	B	712	180	154	26	16.88%	(532)	(74.72%)
Loss for the year		1,389	2,676	(5,461)	8,137	(148.99%)	1,286	92.59%

Notes related to Table 13:

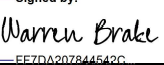
- A) Regulated activities earnings has increased \$8.1 million when compared to prior year due to the factors as previously explained.
- B) Unregulated activities earnings has increased by \$0.1 million when compared to prior year due to an increase in Leachate and other contract revenues.

Results under NSRAB Handbook as compared to International Financial Reporting Standards

As a rate regulated utility, the Accounting Standards Board (AcSB) requires Halifax Water to report financial results using IFRS. The NSRAB requires Halifax Water to report in accordance with the NSRAB Handbook. The differences between IFRS and the NSRAB Handbook include non-cash pension expense, principal payments of long term debt, depreciation expense on contributed assets, various depreciation adjustments and other comprehensive income gain.

ATTACHMENT

1. Financial results for the three (3) months ended June 30, 2026

Report prepared by:	Signed by:  EF7DA207844542C Warren Brake, CPA, CGA Manager of Accounting (902) 719-4814
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HALIFAX WATER
UNAUDITED STATEMENT OF FINANCIAL POSITION - IFRS
JUNE 30, 2026 (in thousands)

June 30 (in thousands)	2026	2025	March 31 2026	From Prior Year \$ Change	% Change
Assets					
Current					
Cash and cash equivalents	\$ 112,260	\$ 86,963	\$ 82,494	\$ 25,297	29.1%
Receivables					
Customer charges and contractual	24,942	20,658	27,410	4,284	20.7%
Unbilled service revenues	26,834	21,005	24,093	5,829	27.8%
Inventory	2,702	2,511	2,486	191	7.6%
Prepays	6,335	5,575	2,118	760	13.6%
	<u>173,073</u>	<u>136,712</u>	<u>138,601</u>	<u>36,361</u>	<u>26.6%</u>
Employee benefit surplus (obligations)					
Intangible assets	14,055	1,015	16,263	13,040	1284.7%
Capital work in progress	55,462	42,855	57,561	12,607	29.4%
Utility plant in service	138,215	136,712	118,546	1,503	1.1%
	<u>1,387,760</u>	<u>1,365,280</u>	<u>1,408,525</u>	<u>22,480</u>	<u>1.6%</u>
Total assets	<u>1,768,565</u>	<u>1,682,574</u>	<u>1,739,496</u>	<u>85,991</u>	<u>5.1%</u>
Regulatory deferral account	1,613	1,805	1,660	(192)	(10.6%)
Total assets and regulatory deferral account	\$ 1,770,178	\$ 1,684,379	\$ 1,741,156	\$ 85,799	5.1%
Liabilities					
Current					
Payables and accruals					
Trade	30,881	24,947	35,831	5,934	23.8%
Non-trade	6,245	6,227	6,436	18	0.3%
Interest on long term debt	1,474	1,694	4,709	(220)	(13.0%)
Halifax Regional Municipality	976	588	2,995	388	(66.0%)
Contractor and customer deposits	3,327	1,256	3,095	2,071	164.9%
Current portion of deferred contributed capital	19,249	19,249	19,885	0	0.0%
Current portion of long term debt	24,926	32,881	24,926	(7,955)	(24.2%)
Unearned revenue	523	436	500	87	20.0%
	<u>87,601</u>	<u>87,278</u>	<u>98,377</u>	<u>323</u>	<u>0.4%</u>
Deferred contributed capital	1,002,761	988,291	1,004,527	14,470	1.5%
Long term debt	354,545	288,342	316,632	66,203	23.0%
Total liabilities	<u>1,444,907</u>	<u>1,363,911</u>	<u>1,419,536</u>	<u>80,996</u>	<u>5.9%</u>
Equity					
Accumulated other comprehensive loss	66,923	60,395	92,242	6,528	10.8%
Accumulated surplus	258,348	260,073	229,378	(1,725)	(0.7%)
Total equity	<u>325,271</u>	<u>320,468</u>	<u>321,620</u>	<u>4,803</u>	<u>1.5%</u>
Total liabilities and equity	\$ 1,770,178	\$ 1,684,379	\$ 1,741,156	\$ 85,799	5.1%

UNAUDITED STATEMENT OF EARNINGS AND COMPREHENSIVE EARNINGS - ALL SERVICES - IFRS

APRIL 1, 2026 - JUNE 30, 2026 (3 MONTHS)

ACTUAL YEAR TO DATE COMPLETE: 25.00%

	ACTUAL YEAR TO DATE		APR 1/26 MAR 31/27		ACTUAL YEAR TO DATE	
	THIS YEAR '000	LAST YEAR '000	BUDGET '000	BUDGET '000	as % of BUDGET	
Operating revenues						
Water	\$ 19,761	\$ 13,915	\$ 78,850		25.06%	
Wastewater	26,276	22,574	104,907		25.05%	
Stormwater	4,801	3,851	20,116		23.87%	
Public fire protection	2,733	2,021	10,933		25.00%	
Private fire protection	734	459	2,824		25.99%	
Other operating revenue	769	536	2,708		28.40%	
	55,074	43,356	220,338		25.00%	
Operating expenditures						
Water supply and treatment	3,693	2,931	16,376		22.55%	
Water transmission and distribution	4,041	4,460	18,182		22.23%	
Wastewater collection	4,167	3,550	15,071		27.65%	
Stormwater collection	1,406	1,304	6,759		20.80%	
Wastewater treatment	7,175	6,331	29,065		24.69%	
Information and technology services	4,292	4,432	19,630		21.86%	
Engineering services	1,539	1,430	5,466		28.16%	
Environment health and safety services	1,142	1,226	5,065		22.55%	
Customer services	1,155	1,121	5,294		21.82%	
Corporate services	853	876	3,865		22.07%	
Administration services	1,290	1,604	7,496		17.21%	
Pension services	2,205	0	0		0.00%	
Depreciation and amortization	16,089	15,310	63,911		25.17%	
	49,047	44,575	196,180		25.00%	
Earnings (loss) from operations before financial and other revenues and expenditures	6,027	(1,219)	24,158		24.95%	
Financial and other revenues						
Interest	21	38	250		8.40%	
Amortization of contributed capital	4,928	2,319	19,260		25.59%	
Other	129	123	700		18.43%	
	5,078	2,480	20,210		25.13%	
Financial and other expenditures						
Interest	50	39	450		11.11%	
Interest on long term debt	2,943	2,231	13,426		21.92%	
Amortization of debt discount	82	71	306		26.80%	
Dividend/grant in lieu of taxes	1,922	1,809	7,683		25.02%	
Other	32	64	15		213.33%	
	5,029	4,214	21,880		22.98%	
Earnings (loss) for the year before other comprehensive earnings	\$ 6,076	\$ (2,953)	\$ 22,488		27.02%	
Other comprehensive earnings						
	0	0	0		0.00%	
Total comprehensive earnings for the year	\$ 6,076	\$ (2,953)	\$ 22,488		27.02%	

HALIFAX WATER
UNAUDITED STATEMENT OF FINANCIAL POSITION - NSRAB
JUNE 30, 2026 (in thousands)

June 30 (in thousands)	2026	2025	March 31 2026	From Prior Year \$ Change	% Change
Assets					
Current					
Cash and cash equivalents	\$ 112,260	\$ 86,963	\$ 82,494	\$ 25,297	29.1%
Receivables					
Customer charges and contractual	24,942	20,658	27,410	4,284	20.7%
Unbilled service revenues	26,834	21,005	24,093	5,829	27.8%
Inventory	2,702	2,511	2,486	191	7.6%
Prepays	6,335	5,575	2,118	760	13.6%
	<u>173,073</u>	<u>136,712</u>	<u>138,601</u>	<u>36,361</u>	<u>26.6%</u>
Utility plant in service	1,492,751	1,454,538	1,505,307	38,213	2.6%
Capital work in progress	138,215	136,712	118,546	1,503	1.1%
Total assets	<u>1,804,039</u>	<u>1,727,962</u>	<u>1,762,454</u>	<u>76,077</u>	<u>4.4%</u>
Regulatory deferral account	1,613	1,805	1,660	(192)	(10.6%)
Total assets and regulatory deferral account	\$ 1,805,652	\$ 1,729,767	\$ 1,764,114	\$ 75,885	4.4%
Liabilities					
Current					
Payables and accruals					
Trade	30,881	24,947	35,831	5,934	23.8%
Non-trade	6,245	6,227	6,436	18	0.3%
Interest on long term debt	1,474	1,694	4,709	(220)	(13.0%)
Halifax Regional Municipality	976	588	2,995	388	66.0%
Contractor and customer deposits	3,327	1,256	3,095	2,071	164.9%
Current portion of long term debt	24,926	32,881	24,926	(7,955)	(24.2%)
Unearned revenue	523	436	500	87	20.0%
	<u>68,352</u>	<u>68,029</u>	<u>78,492</u>	<u>323</u>	<u>0.5%</u>
Long term debt	354,545	288,342	316,632	66,203	23.0%
Deferred contributions	165,833	144,614	159,530	21,219	14.7%
Total liabilities	<u>588,730</u>	<u>500,985</u>	<u>554,654</u>	<u>87,745</u>	<u>17.5%</u>
Equity					
Accumulated capital surplus	1,221,173	1,245,798	1,242,324	(24,625)	(2.0%)
Accumulated operating surplus (deficit)	(19,306)	(23,935)	(23,935)	4,629	(19.3%)
Operating surplus used to fund capital	12,380	12,380	12,380	0	0.0%
Deficiency of revenues over expenditures	2,675	(5,461)	(21,309)	8,136	(149.0%)
Total equity	<u>1,216,922</u>	<u>1,228,782</u>	<u>1,209,460</u>	<u>(11,860)</u>	<u>(1.0%)</u>
Total liabilities and equity	\$ 1,805,652	\$ 1,729,767	\$ 1,764,114	\$ 75,885	4.4%

HALIFAX WATER
UNAUDITED STATEMENT OF EARNINGS - ALL SERVICES - NSRAB
APRIL 1, 2026 - JUNE 30, 2026 (3 MONTHS)
ACTUAL YEAR TO DATE COMPLETE: 25.00%

	ACTUAL YEAR TO DATE		APR 1/26 MAR 31/27	ACTUAL YEAR TO DATE		From Prior Year \$ Change	% Change	Actual to Budget \$ Remaining		% Remaining
	THIS YEAR '000	LAST YEAR '000	BUDGET '000	YEAR TO DATE as % of BUDGET						
Operating revenues										
Water	\$ 19,761	\$ 13,915	\$ 78,850	25.06%	\$ 5,846	42.01%	\$ (59,089)	(74.94%)		
Wastewater	26,276	22,574	104,907	25.05%	3,702	16.40%	(78,631)	(74.95%)		
Stormwater site generated service	2,680	2,222	11,631	23.04%	458	20.61%	(8,951)	(76.96%)		
Stormwater right of way service	2,121	1,629	8,485	25.00%	492	30.20%	(6,364)	(75.00%)		
Fire protection (public and private)	3,467	2,480	13,757	25.20%	987	39.80%	(10,290)	(74.80%)		
Other services and fees	497	422	1,499	33.16%	75	17.77%	(1,002)	(66.84%)		
Late payment and other connection fees	102	(18)	648	15.74%	120	(666.67%)	(546)	(84.26%)		
Miscellaneous	170	132	561	30.30%	38	28.79%	(391)	(69.70%)		
	55,074	43,356	220,338	25.00%	11,718	27.03%	(165,264)	(75.00%)		
Operating expenditures										
Water supply and treatment	3,693	2,931	16,376	22.55%	762	26.00%	(12,683)	(77.45%)		
Water transmission and distribution	4,041	4,460	18,182	22.23%	(419)	(9.39%)	(14,141)	(77.77%)		
Wastewater collection	4,167	3,550	15,071	27.65%	617	17.38%	(10,904)	(72.35%)		
Stormwater collection	1,406	1,304	6,759	20.80%	102	7.82%	(5,353)	(79.20%)		
Wastewater treatment	7,175	6,331	29,065	24.69%	844	13.33%	(21,890)	(75.31%)		
Information and technology services	4,292	4,432	19,630	21.86%	(140)	(3.16%)	(15,338)	(78.14%)		
Engineering services	1,539	1,430	5,466	28.16%	109	7.62%	(3,927)	(71.84%)		
Environment health and safety services	1,142	1,226	5,065	22.55%	(84)	(6.85%)	(3,923)	(77.45%)		
Customer services	1,155	1,121	5,294	21.82%	34	3.03%	(4,139)	(78.18%)		
Corporate services	853	876	3,865	22.07%	(23)	(2.63%)	(3,012)	(77.93%)		
Administration services	1,290	1,604	7,496	17.21%	(314)	(19.58%)	(6,206)	(82.79%)		
Depreciation and amortization	11,201	10,651	44,651	25.09%	550	5.16%	(33,450)	(74.91%)		
	41,954	39,916	176,920	23.71%	2,038	5.11%	(134,966)	(76.29%)		
Earnings from operations before financial and other revenues and expenditures	13,120	3,440	43,418	30.22%	9,680	281.40%	(30,298)	(69.78%)		
Financial and other revenues										
Interest	21	38	250	8.40%	(17)	(44.74%)	(229)	(91.60%)		
Other	129	123	700	18.43%	6	4.88%	(571)	(81.57%)		
	150	161	950	15.79%	(11)	(6.83%)	(800)	(84.21%)		
Financial and other expenditures										
Interest	50	39	450	11.11%	11	28.21%	(400)	(88.89%)		
Interest on long term debt	3,141	2,231	13,425	23.40%	910	40.79%	(10,284)	(76.60%)		
Repayment on long term debt	5,367	4,848	21,100	25.44%	519	10.71%	(15,733)	(74.56%)		
Amortization of debt discount	82	71	306	26.80%	11	15.49%	(224)	(73.20%)		
Dividend/grant in lieu of taxes	1,922	1,809	7,683	25.02%	113	6.25%	(5,761)	(74.98%)		
Other	33	64	15	220.00%	(31)	(48.44%)	18	120.00%		
	10,595	9,062	42,979	24.65%	1,533	16.92%	(32,384)	(75.35%)		
Earnings (loss) for the year	\$ 2,675	\$ (5,461)	\$ 1,389	192.58%	\$ 8,136	(148.98%)	\$ 1,286	92.58%		

	ACTUAL YEAR TO DATE		APR 1/26 MAR 31/27		ACTUAL YEAR TO DATE	
	THIS YEAR '000	LAST YEAR '000	BUDGET '000	BUDGET '000	as % of BUDGET	
Operating revenues - Water						
Water	\$	19,761	\$	13,915	\$	78,850
Public fire protection		2,733		2,021		10,933
Private fire protection		734		459		2,824
Bulk water stations		79		45		399
Late payment and other connection fees		27		(20)		222
Miscellaneous		110		73		254
		23,444		16,493		93,482
						25.08%
Operating expenditures - Water						
Water supply and treatment		3,693		2,931		16,376
Water transmission and distribution		4,041		4,460		18,182
Information and technology services		2,099		2,121		9,517
Engineering services		584		27		1,999
Environment health and safety services		350		322		1,472
Customer services		589		572		2,700
Corporate services		435		447		1,971
Administration services		695		795		3,823
Depreciation and amortization		4,340		4,619		17,297
		16,826		16,294		73,337
						22.94%
Earnings from operations before financial and other revenues and other expenditures		6,618		199		20,145
						32.85%
Financial and other revenues						
Interest		4		21		200
Other		103		101		465
		107		122		665
						16.09%
Financial and other expenditures						
Interest on long term debt		1,388		1,227		5,910
Repayment on long term debt		2,154		1,908		8,391
Amortization of debt discount		35		31		130
Dividend/grant in lieu of taxes		1,638		1,539		6,551
Other		30		30		0
		5,245		4,735		20,982
						25.00%
Loss for the year	\$	1,480	\$	(4,414)	\$	(172)
						(360.47%)

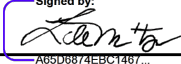
Earnings (loss) for the year

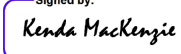
UNAUDITED STATEMENT OF EARNINGS - STORMWATER - NSRAB
APRIL 1, 2026 - JUNE 30, 2026 (3 MONTHS)
ACTUAL YEAR TO DATE COMPLETE: 25.00%

	ACTUAL YEAR TO DATE		APR 1/26 MAR 31/27		BUDGET as % of BUDGET	
	THIS YEAR '000	LAST YEAR '000	BUDGET '000			
Operating revenues - Stormwater						
Stormwater site generated service	\$ 2,680	\$ 2,222	\$ 11,631	23.04%		
Stormwater right of way service	2,121	1,629	8,485	25.00%		
Late payment and other connection fees	39	32	199	19.60%		
Miscellaneous	22	6	74	29.73%		
	4,862	3,889	20,389	23.85%		
Operating expenditures - Stormwater						
Stormwater collection	1,406	1,304	6,759	20.80%		
Information and technology services	163	175	752	21.68%		
Engineering services	248	508	972	25.51%		
Environment health and safety services	442	528	2,000	22.10%		
Customer services	46	45	204	22.55%		
Corporate services	42	43	189	22.22%		
Administration services	51	86	367	13.90%		
Depreciation and amortization	1,015	905	4,013	25.29%		
	3,413	3,594	15,256	22.37%		
Earnings from operations before financial and other revenues and expenditures	1,449	295	5,133	28.23%		
Financial and other expenditures						
Interest	50	39	450	11.11%		
Interest on long term debt	393	310	1,697	23.16%		
Repayment on long term debt	586	570	2,369	24.74%		
Amortization of debt discount	10	8	38	26.32%		
Dividend/grant in lieu of taxes	48	45	190	25.26%		
	1,087	972	4,744	22.91%		
Earnings (loss) for the year	\$ 362	\$ (677)	\$ 389	93.06%		

	ACTUAL YEAR TO DATE THIS YEAR		ACTUAL YEAR TO DATE LAST YEAR		APR 1/26 MAR 31/27 BUDGET		ACTUAL YEAR TO DATE as % of BUDGET	
	'000	'000	'000	'000	'000	'000		
UNREGULATED ACTIVITIES								
Operating revenues								
Septage tipping fees	\$	239	\$	226	\$	640	37.34%	
Leachate and other contract revenue		99		81		350	28.29%	
Airplane effluent		18		36		110	16.36%	
Miscellaneous		0		0		0	0.00%	
		356		343		1,100	32.36%	
Operating expenditures								
Water supply and treatment		0		0		0	0.00%	
Wastewater treatment		155		170		820	18.90%	
Wastewater collection		29		14		41	70.73%	
Sponsorships and donations		32		13		82	39.02%	
Corporate services		32		4		13	248.21%	
Administration services		0		28		97	0.00%	
Depreciation and amortization		21		14		20	105.00%	
		269		243		1,073	25.07%	
Earnings from operations before financial and other revenues and expenditures								
		87		100		27	322.22%	
Financial and other revenues								
Other - leases and rentals		77		74		329	23.40%	
Other - VWV contract revenue		0		0		160	0.00%	
Other - energy projects		49		44		211	23.26%	
		126		118		700	18.00%	
Financial and other expenditures								
Other		33		64		15	220.00%	
		33		64		15	220.00%	
Earnings for the year - Unregulated	\$	180	\$	154	\$	712	25.28%	
Total earnings (loss) for the year (Regulated and Unregulated)	\$	2,676	\$	(5,461)	\$	1,389	192.66%	

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

SUBMITTED BY: 
Signed by: ABS08874EBC1467
Louis de Montbrun, CPA, CA, Director, Corporate Services/CFO

APPROVED: 
Signed by: 0C084AC815794F6...
Kenda MacKenzie, P.Eng., General Manager & CEO

DATE: September 17, 2026

SUBJECT: Capital Expenditures as of June 30, 2026

Information Item

ORIGIN

Financial reporting for the Halifax Regional Water Commission Capital Expenditure.

BACKGROUND

At the September 10, 2026, meeting of the Halifax Water Audit and Finance Committee (the Committee), the attached report, Item 4.6 - Capital Expenditures as of June 30 2026, was presented, reviewed, and discussed.

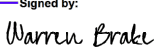
DISCUSSION

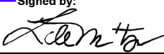
No additional information was requested to be brought forward to the Halifax Water Board meeting following the discussion of the attached at the Committee meeting.

The Audit and Finance Committee passed a motion to forward the report to the Board as an Information Report.

ATTACHMENT

Item 4.6 - Capital Expenditures as of June 30, 2026

Report Prepared by: 
Signed by: FF70R207844342C...
Warren Brake, Manager of Accounting

Financial Reviewed by: 
Signed by: ABS08874EBC1467
Louis de Montbrun, CPA, CA
Director, Corporate Services/CFO

TO: Cathy Deagle Gammon, Chair and Members of the Audit and Finance Committee

SUBMITTED BY:

Signed by:

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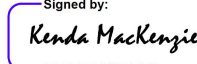
Louis de Montbrun, CPA, CA, Director, Corporate Services/CFO

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Josh DeYoung, P.Eng., Director, Engineering & Capital Infrastructure

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Kenda MacKenzie, P.Eng., General Manager & CEO

DATE: August 31, 2026

SUBJECT: Capital Expenditures Report for the three months ended June 30, 2026

ORIGIN

The Corporate Balanced Scorecard (CBS) identifies the percentage of total unspent budget available, spent in the current fiscal year as a critical success factor and sets a target of 45%. There is an additional CBS target of \$135 million in capital spend during the year.

BACKGROUND

The Halifax Regional Water Commission (Halifax Water) Board reviews financial information throughout the year. Halifax Water's 2019 *Integrated Resource Plan* (IRP) identifies a 30-year capital investment plan valued at \$2.7 Billion (net present value - 2019). In relation to the IRP, the capital budget program focuses on providing required infrastructure for asset renewal, regulatory compliance, and growth. The IRP calls for delivery of an average of \$135 million in capital projects per year. Halifax Water's annual capital budget, and capability to deliver capital projects, has not yet reached this level.

DISCUSSION

Below is the breakdown by asset class and project status of the expenditures for the fiscal year to June 30, 2026. The total budget available of \$379.8 million represents total approved budgets at June 30, 2026. Halifax Water has spent \$124.3 million on active projects.

ITEM #4.6

Halifax Water Audit & Finance Committee

September 10, 2026

The total capital budget available to be spent at June 30, 2026 is \$255.5 million. Total expenditures as a percentage of the total budget available is 32.7%. Expenditures in the current fiscal year as a percentage of the opening cumulative unspent capital budget, as of April 1, 2026, is 7.2%. To meet the CBS target of \$135.0 million will require additional expenditures of \$104.1 million.

The average capital spend per month compared to the same timeframe in the prior year has decreased from \$7.0 million to \$6.6 million.

Capital Expenditure Report

Budget Category	Total Budget Available	Expenditures to March 31, 2026	Expenditures April 1, 2026 to June 30, 2026	Total Expenditures to June 30, 2026	Remaining Budget Available as of June 30, 2026	Total Expenditures to June 30, 2026 as a Percentage of Total Budget Available
Active						
Water	\$ 62,683,518	\$ 1,972,471	\$ 4,183,721	\$ 6,156,192	\$ 56,527,326	9.8%
Wastewater	100,192,833	14,949,650	3,277,438	18,227,088	81,965,745	18.2%
Stormwater	38,644,716	11,195,329	2,186,721	13,382,050	25,262,666	34.6%
Corporate	171,657,005	74,060,762	9,583,033	83,643,795	88,013,209	48.7%
District Energy	6,577,926	2,407,326	461,545	2,868,871	3,709,055	43.6%
	<u>\$ 379,755,998</u>	<u>\$ 104,585,538</u>	<u>\$ 19,692,459</u>	<u>\$ 124,277,997</u>	<u>\$ 255,478,001</u>	<u>32.7%</u>

Achievement of annual capital expenditure targets is influenced by the timing and delivery of Halifax Water's major capital projects and routine capital programs. Factors such as regulatory approvals, procurement and tender results, project schedule changes, stakeholder requirements, and unforeseen events may affect the pace of project execution and the timing of expenditures during the fiscal year.

Halifax Water's capital program includes several major projects at various stages of development and delivery, including planning, design, and construction. Key projects currently under construction are presented below, together with their approximate approved project values (where applicable).

- Burnside Operations Centre (\$70M)
- Mt. Edward Water Reservoir Replacement (\$24M)
- Windsor Street Exchange Redevelopment (\$70M)
- Sullivan's Pond Phase 2 – Parts 1 and 2 (\$45M)
- Bayers Rd. Transmission Main Replacement (\$15M)

Report prepared by:

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Warren Brake, CPA, CGA, Manager, Accounting