

Water talk



Halifax
Water

Summer/Fall
2011

COST OF SERVICE STUDY

In September 2010 Halifax Water submitted its first joint rate application to the Nova Scotia Utility and Review Board (NSUARB) for a consolidated schedule of rates and charges for water, wastewater and stormwater. The proposed rates and charges in the application were based on the results of the NSUARB ordered Cost of Service Study (CoSS).

The CoSS outlined how Halifax Water's direct costs were separated by the service provided, and the basis by which common costs were allocated to each service.

In its Decision dated December 17, 2010, the NSUARB ordered that a stand-alone cost of service and rate design proceeding should be conducted prior to any future rate application. That cost of service and rate design hearing is scheduled for November 21-23, 2011.

BELOW ARE SOME QUESTIONS AND ANSWERS TO PROVIDE MORE INSIGHT ON THIS ISSUE.

- 1 What is a 'Cost of Service Study'?** Utilities generally use cost of service studies to ensure costs are allocated to various customer classes (ie. Industrial, Commercial, Multi-Residential, Institutional and Residential) in a fair and equitable manner. Essentially the CoSS is about how to most equitably divide the pie rather than making a bigger pie.
- 2 How much more revenue will Halifax Water generate through the cost of service hearing?** The hearing will not generate any additional revenue for Halifax Water. It may realign the rates so that all customers are paying a fair and equitable amount. Any increase in rates would require a separate rate application. As a regulated utility all funds generated are used to maintain, operate, administer and upgrade utility assets.
- 3 Will the November CoSS hearing mean another rate increase?** The CoSS hearing will not mean another rate increase, but it is likely that Halifax Water will apply in future for additional rate increases as the current rate structure does not yield sufficient revenues to enable the utility to maintain existing infrastructure, meet new service demands, and an increasingly high standard of environmental compliance requirements.
- 4 Are other utilities using the same principles when setting their rates?** The rate setting principles outlined in the CoSS are in line with best practices across North American utilities, and are based upon the American Waterworks Association (AWWA) and Water Environment Federation (WEF) frameworks.
- 5 What is the NSUARB role in the CoSS process?** The NSUARB ordered the original CoSS, which Halifax Water completed in late 2009. Following the Decision dated December 17, 2010, the NSUARB ordered that a stand-alone cost of service and rate design proceeding should be conducted prior to Halifax Water's next rate application.

- 6 What does this CoSS mean for homeowners?** The CoSS, if approved by the NSUARB in its current format, will set the rate structure for future rate applications. It would mean a slight shift in that a higher portion of the rate would be volumetric (based on water used), as opposed to a fixed “base” charge.
- 7 While the CoSS hearing is not an application for a rate increase, are there any programs in place to assist those who simply can’t afford to pay their water/wastewater/stormwater bill?** Halifax Water has established the H2O (Help to Others) program through The Salvation Army. This third-party managed fund assists those that may not be able to afford this vital service. If a resident would like to apply for assistance with the payment of their water/wastewater/stormwater bill, they can fill out an application to our H2O-Help to Others Fund. The application can be found at www.halifaxwater.ca, picked up at our 450 Cowie Hill office, or at Salvation Army offices. There are also water conservation measures customers can take to reduce consumption and lower their water bill. For water conservation tips visit our website at www.halifaxwater.ca
- 8 How is this CoSS/rate structure as proposed different than the current rate structure?** The proposed rate structure will see the cost of services allocated to customers who are receiving the benefit of the service. The resulting rate design will shift a slightly higher proportion of revenues to a volumetric (based on water used) charge versus a base charge. It also sets separate rates for wastewater and stormwater service which are currently combined.
- 9 Where can I view a copy of the application?** A copy of the application may be viewed at the offices of the Board, Summit Place, 1601 Lower Water Street, 3rd Floor, Halifax, NS., or on the Board’s website, www.nsuarb.ca at Matter No. M04136; and at the office of the Halifax Regional Water Commission located at 450 Cowie Hill Road, Halifax, NS, telephone: 490-4820; or on the Halifax Water website at www.halifaxwater.ca

STORMWATER INFLOW REDUCTION PROGRAM

Stormwater inflow from private property into the wastewater (sanitary) system is a significant problem. During heavy rains and snow melt, high volumes of stormwater enter wastewater collection systems. This causes sewer backups, overflows of untreated waste into lakes, rivers and Halifax Harbour, poor performance at wastewater treatment facilities, and temporary beach closures.



Proper Connection



Improper Connection

Overflow in roadway

We are taking an active role in addressing this issue through ongoing repairs and enhancements to the public system.

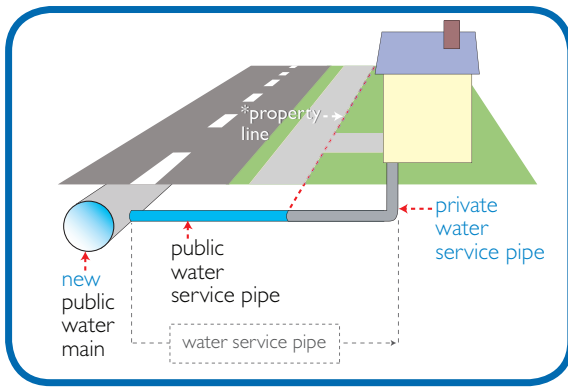
But you can help too. Many private property owners may unknowingly be contributing significant amounts of stormwater inflow to the wastewater system through sump pumps, drains and downspouts connected to the wastewater system.

Many customers may be unaware that these connections are in violation of our Rules and Regulations. Customers found discharging stormwater into the wastewater system may be subject to penalties. Stormwater flows from your home must be discharged onto your own property, or into the stormwater system, where applicable. Halifax Water has implemented

the SIR (Stormwater Inflow Reduction) Program to help comply with new wastewater regulations and reduce the frequency of overflow events.

The SIR Program addresses areas on a priority basis starting in locations where known stormwater inflow problems exist, or where significant capital projects are planned such as paving and infrastructure replacement. When our inspectors are in your neighbourhood, please sign up and follow through on any recommendations. Taking action to address issues will save you time and money in the long run, and being informed is a smart option. Visit our website (www.halifaxwater.ca/rain) for more information on how to prevent stormwater from entering the wastewater system. If you have any questions, please call **490-RAIN (7246)** or send an e-mail to rain@halifaxwater.ca.

LEAD SERVICE LINE REPLACEMENT: A Shared Responsibility



Drinking water is essentially lead-free in the distribution system and prior to entering your individual water service pipe. Lead can enter drinking water that travels through a lead service pipe or household plumbing containing lead solder or leaded brass. Halifax Water maintains an effective corrosion control

program to ensure that lead in drinking water is not a concern for our customers. However, there are some circumstances where lead content above desirable levels can occur.

The removal of lead from the water distribution system involves the joint effort of Halifax Water and the customer. Halifax Water owns the portion of the service pipe from the watermain in the street to the shut-off valve near the property line. The customer owns the portion from the property line into the house. For homes built in the 1950's or earlier, the private and public section of the service line may be composed of lead, or one section may be lead and the other composed of a non-lead material (typically copper).

Halifax Water proactively replaces lead service pipes in conjunction with street or paving projects, and watermain infrastructure upgrades. This includes the replacement of any existing lead service pipes in the public space. Households with lead service pipes are strongly encouraged to take advantage of this opportunity to replace the portion of the lead pipe on their private property. Halifax Water maintains a lead service line replacement program and will replace the public portion of a lead service line as long as the customer agrees to replace the private portion. Replacing the service pipe on private property is the homeowner's financial responsibility. If only the public portion of a lead service pipe is replaced, the portion on private property can continue to be a source of lead in your drinking water.

After a lead service line replacement, some customers may experience an increase in lead levels in their water for several weeks as a result of pipes being disturbed during construction;



Installing a new copper line

and in cases where the private portion of the service line is a lead pipe, from the galvanic reaction between the lead and copper connection. To minimize the potential exposure to lead following lead pipe replacement, Halifax Water provides customers with corrective action measures to follow. In addition, Halifax Water has developed a detailed program to monitor the effects

of lead service line replacements by testing the water in the home for lead concentrations both before and after a lead pipe replacement.

If your house has a lead service, you can request to have your water tested at no cost. For information on the health effects of lead, visit Health Canada's website at www.hc-sc.gc.ca/ewh-semt/pubs/water-eau/lead-plomb-eng.php. Feel free to contact us for additional information regarding our lead service line replacement program. For more information please call 490-4835 or email lead@halifaxwater.ca

MISCELLANEOUS CHARGES

In addition to regular utility service rates, there are miscellaneous charges that may be charged to customers for other services provided. They are:

MISCELLANEOUS CHARGES	
Non-negotiable Payment	\$25.00 (+bank charges)
Account creation	\$25.00
Re-establishing service	\$55.00
Connection/Disconnection of Service	\$55.00 (\$210.00 after work hours)
Water Meter Installation	\$45.00 (up to/including 25mm) Actual cost (over 25mm)
Collection of Overdue bills	\$35.00
Inspection of New Services	\$90/visit (up to 50mm – water lateral) (up to 150mm - wastewater /stormwater lateral) \$165 / visit (over 50mm - water lateral) (over 150mm - wastewater / stormwater lateral)

A BLUEPRINT FOR THE FUTURE-HALIFAX WATER'S INTEGRATED RESOURCE PLAN

Halifax Water is developing an Integrated Resource Plan (IRP) that will identify the long-term (30-year) servicing needs for Halifax Water's water, wastewater and stormwater infrastructure in a cost-effective and reliable manner. The IRP is scheduled for completion in June 2012.

The focus of Halifax Water's first IRP is to identify the key issues facing Halifax Water, to outline the long-term implementation plan, and the necessary funding to support it. The IRP will look at requirements for renewal of existing infrastructure, new infrastructure needs to support community growth, and infrastructure requirements needed to comply with any new regulations.

The Plan will take a full system approach with respect to the water, wastewater, and stormwater systems. For more information on the Integrated Resource Plan, please visit www.halifaxwater.ca and click the Integrated Resource Plan link on the home page.



WATER TALK is an information communication between Halifax Water and its customers. WATER TALK covers topics relevant to the operation of the water utility as well as other matters of interest. Your comments are welcome. Please call 902-490-4604 or e-mail Cust_Inq@hrwc.ca.

