

**REQUESTOR NAME:** Water Utility Regulation Section, Water Management Branch  
Ministry of Forests, Lands, Natural Resource Operations and  
Rural Development

**INFORMATION REQUEST NO:** 1

**TO:** Corix Multi-Utility Services Inc. (CMUS), Columbia Ridge

**DATE:** March 31, 2022

**REFERENCE NO:** 7832

**APPLICATION NAME:** Application to acquire the water utility and approval of  
Rate Base (RB) regulation

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### **1.0 Reference: Application, pg. 6, New Reservoir**

**Explanation:** CMUS states: “CRWL has indicated to Corix that all the money from the DCFT and the RRTF will have been used for the new reservoir by the time Corix acquires the assets of the Water Utility.”

**Request:**

- 1.1 Please update the status of the new reservoir construction and the expected cost from the budget of \$480,212 in October 2021.

### **2.0 Reference: Application, pgs. 7 & 8, Untreated Irrigation service**

**Explanation:** Corix states that “In proposed Schedule I, Corix proposes to grandfather this existing customer receiving untreated water. The proposed rate is based on 70% of the Schedule C Residential Service Flat Rates per Single Family Residential Equivalent effective April 1, 2022 for applicable seasonal service customer. For Schedule I: Untreated Irrigation Service Flat Rates, Corix proposes a rate of \$33.37 per month per Single Family Residential Equivalent effective April 1, 2022 applicable for all months in the year. The Schedule I proposed rate is based on 70% of the Schedule C Residential Service charges used for 4 months as seasonal service and the off season rates are charged at 80% of the residential service user rate while disconnected.”

**Request:**

- 2.1 Explain the derivation of each of the rate parameters shown in footnote 2 on page 8.
- 2.2 Is the affected customer in agreement with the proposed rate? If not, why?

### **3.0 Reference: Application, pg. 25, Upgrades in 2022**

**Explanation:** “Upgrades scheduled for 2022 will be the VT SCADA, Pumphouse Generator and Automatic Transfer Switch, all of which are explained above.”

**Request:**

- 3.1 Provide an update of the status of work on these projects and if there has been any change to cost or completion.

**4.0 Reference: Application, pg. 30, Acquisition Cost Allocations**

**Explanation:** “Table 3 shows the proposed allocation percentages.”

**Request:**

- 4.1 Has there been any change to the proposed allocation percentages?
- 4.2 Further explain why 70% of Engineering and Compliance would be allocated to the water utility?

**5.0 Reference: Application, pg. 31, Water Utility due diligence costs**

**Explanation:** “Table 4 details these costs.”

**Request:**

- 5.1 Are these costs related to the Water Utility only or are they related to the Wastewater Utility as well?
- 5.2 Please break out the Project Management costs into “the project management of the overall utility acquisition; coordinating with internal and external subject matter experts (SMEs) that perform due diligence activities; conducting negotiations with the seller; preparing material for and leading public consultation sessions and stakeholder meetings with Home Owner Associations; responding to stakeholder correspondence following the meetings; and drafting and reviewing sections in the acquisition application.”
- 5.3 Please explain why “external legal costs incurred to address the statutory right-of-ways (ROWS), easements and the title transfer” are necessary before determining to purchase the Water Utility? What costs were incurred for the Wastewater Utility?

## **6.0 Reference: Application, pg. 34, Acquisition Cost Recovery in Other Jurisdictions**

**Explanation:** “Corix discusses this issue in section 9.4 and Appendix E.”

### **Request:**

- 6.1 Please identify what acquisition costs are approved by the BCUC for the acquisition of energy utilities in BC and what acquisition costs were approved for Corix’s Thermal Utilities in BC?
- 6.2 What acquisition costs are approved by the AUC for energy or water utilities in Alberta?
- 6.3 Do the “closing costs” identified for approval in Illinois, Louisiana, and North Carolina include all the costs identified in Application Table 4?
- 6.4 Please explain the circumstances that lead Virginia to enact the Fair Value Legislation in March of 2020?

## **7.0 Reference: Application, pg. 37, Rate Impacts**

**Explanation:** Table 5 provides an indication of rate increases and lump sum payments over a 3-year period.

### **Request:**

- 7.1 Please discuss whether Corix believes that Rate Base regulation would be less or more expensive than Operating Margin regulation over the life of a typical utility? Please include a simplified spreadsheet to help explain your answer.

## **8.0 Reference: Application, pg. 42 & 43, Customer Consultation**

**Explanation:** There appears to be broad support for the Corix acquisition.

### **Request:**

- 8.1 Is Corix aware of any customer opposition to the acquisition? If yes, please detail that opposition.