

ORDER NUMBER 2595

PROVINCE OF BRITISH COLUMBIA
OFFICE OF THE DEPUTY COMPTROLLER OF WATER RIGHTS

IN THE MATTER OF

the Water Utility Act and the Utilities Commission Act

and

**Corix Multi-Utility Services Inc.
Okanagan Landing Utilities**

**For Approval of
Water Rate Application
for
2022 to 2024 Rates**

BEFORE:

Jesal Shah, Deputy Comptroller of Water Rights
PO Box 9340 STN PROV GOVT
Victoria, BC V8W 9M1

ORDER 2595

Dated this 3rd day of February 2022

Whereas:

1. Corix Multi-Utility Services Inc. (“Corix” or “the Utility”) is a subsidiary of Corix Infrastructure Inc., a privately held corporation headquartered in Vancouver, BC. Corix owns and operates the water utility providing service to Okanagan Landing in Vernon, British Columbia.
2. On June 30, 2021 Corix filed its Water Rate Application for 2022 to 2024 Rates with detailed support to increase water rates effective January 1, 2022 (“the Application”). In the Application, Corix requested that the proposed rates be approved on an interim refundable basis effective January 1, 2022 pursuant to Section 89 of the *Utilities Commission Act*.
3. The proposed rates for 2022 to 2024 are:

Residential Service Flat Rates per Quarter	Existing Since Jan 1, 2020	Proposed Jan 1, 2022	Proposed Jan 1, 2023	Proposed Jan 1, 2024
Operations (Utility Portion)	\$217.00	\$235.12	\$254.75	\$276.01
Replacement Reserve Fund (RRF)	\$50.00	\$110.00	\$160.00	\$200.00
Total Charge per Quarter	\$267.00	\$345.12	\$414.75	\$476.01

As shown in the table above, most of the proposed rate increases would be contributed to the Replacement Reserve Trust Fund (RRTF) to help fund system upgrades, including installing water treatment to meet Interior Health Authority’s 43210 Drinking Water Objectives. The portion of the quarterly charged deposited into the RRTF can only be accessed by the Utility upon written authorization from the Deputy Comptroller.

4. On October 28, 2021 Corix advertised its Application by mailing the Customer Notification Letter (the “Notice”) and Frequently Asked Questions (FAQ) document to all customers. Copies of the Utility’s Application, Customer Notification Letter, FAQ document and Order were posted on Corix’s website. Customers were given until November 30, 2021 to submit comments. Seven customers submitted comments on the Application.
5. Based on a review of the Application and customer submissions, additional information is required prior to issuing a final Decision and Order.

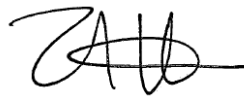
NOW THEREFORE, the Deputy Comptroller directs that:

1. Corix's request for an interim, refundable rate increase is approved effective January 1, 2022. The rates and charges for 2022 as shown below will remain interim and refundable, with interest, until a final decision is made by the Deputy Comptroller:

Residential Service Flat Rates per Quarter	Existing	Interim
	Since Jan 1, 2020	Jan 1, 2022
Operations (Utility Portion)	\$217.00	\$235.12
Replacement Reserve Fund (RRF)	\$50.00	\$110.00
Total Charge per Quarter	\$267.00	\$345.12

2. The proposed revenue requirements for 2022 to 2024, and proposed tariff amendments will be set aside, varied or confirmed in the final decision.
3. Corix is to review and respond to the attached Information Request No. 1 by February 24, 2022.

Dated at the City of Victoria, in the Province of British Columbia, this 3rd day of February 2022.



Jesal Shah, P.Eng., MBA
Deputy Comptroller of Water Rights

File No. 0321210

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. (Corix), Okanagan Landing

DATE: February 3, 2022

REFERENCE NO: 7786

APPLICATION NAME: 2022 to 2024 Water Rate Application (“Application”)

1.0 Reference: Application, pg. 8, section 4, Operating and Maintenance Expenses

Explanation: Corix states: “Actual 2020 costs were lower than anticipated due to the Covid-19 pandemic. Projected 2021 reflects actual costs incurred, plus budgeted costs to year end.”

Request:

- 1.1 Further explain how costs were lower due to the COVID-19 pandemic.
- 1.2 Update Table 1: Operating and Maintenance Expenses with Actuals for 2021.

2.0 Reference: Application, pg. 15, section 5 and Appendix 1: Schedule DS-2, Depreciation Study

Explanation: Corix has calculated the Depreciation Study based on the plant values of the previous owner (Okanagan Landing Utilities Ltd.) shown in Table 3 and in Appendix 1. The results show that the original plant value escalated by Canada CPI is \$317,575 and annual depreciation is \$7,291 using a 2.3% depreciation rate.

Request:

- 3.1 Resubmit the Depreciation Schedule using costs of all water components based on today’s current replacement costs. The schedule should be completed and certified by the Utility’s professional engineer.

3.0 Reference: Application, pg. 18, section 6, Future Capital Upgrade Phases

Explanation: Corix states that the two priorities in order of sequence are: Phase 1: Distribution System Upgrade, and then Phase 2: Water Treatment Upgrade, and that a study is needed to assess the current condition of the approximately 50-year-old water system.

Request:

- 3.1 Provide an update on the status of the third-party study to inspect the water system components, condition and wear.
- 3.2 Why does Corix believe the distribution system upgrade should be a higher priority than the water treatment upgrade considering the water source does not meet IHA

43210 Drinking Water Objectives?

- 3.3 What form of treatment would be required to meet IHA's objectives? Would installing a chlorination system be adequate? Why or why not? What would the cost be?
- 3.4 What is Corix's timeline for meeting IHA's objectives?
- 3.5 Does Corix have a preliminary estimate of what the Distribution System Upgrade would cost? Could this project be completed in phases or on an as needed basis? Why or why not?
- 3.6 Would Corix consider providing financing to pay for the proposed upgrades? Why or why not.