

**ORDER NUMBER 2679**

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

**Bluestem Multi-Utility Services ULC  
Canadian Lakeview Estates Water Utility**

**For Approval of an increase to the  
Contribution in Aid of Construction Charge  
Effective September 1, 2024**

BEFORE:

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

**ORDER 2679**

Dated this 8<sup>th</sup> day of May 2025

**Whereas:**

1. On August 13, 2024 Bluestem Multi-Utility Services ULC (“BMUS”) submitted an application to revise the Contribution in Aid of Construction charge for its Canadian Lakeview Estates water utility (“CLE” or “Utility”). BMUS is requesting an adjustment to the CIAC charge from \$6,000 to \$38,950 per residential service premises. For other than a residential service premises, the charge is to be calculated on a single family residential equivalent (sfre) basis.
2. The Contribution in Aid of Construction (CIAC) charge is collected from developers or new customers applying for an extension of service outside of the utility’s authorized service area and includes the subdivision of lots within the existing service area. Certificate of Public Convenience & Necessity (CPCN) 1582 issued on November 30, 2018 to BMUS authorized CLE to provide service to 316 lots, equivalent to 307.5 sfres.
3. CIAC charges are one-time charges to cover the cost incurred by the utility to provide water service to additional units which utilize or may utilize waterworks capacity in the future and are in addition to the water service connection charges and any main extension costs. CIAC funds are deposited into the Deferred Capacity Reserve Fund (DCRF) and released to pay for future expansion of source capacity upon written authority of the Deputy Comptroller of Water Rights (“Deputy Comptroller”). The CIAC charge is in accordance with the Tariff in effect when a CPCN Amendment is issued.
4. On August 15, 2024, the Utility advertised the application by sending the Notice to its customers and placing a copy in the local newspaper. Copies of the application and notice were also posted on BMUS’ website. Interested parties were given until September 12, 2024 to make a submission. Thirteen submissions were received. The written hearing process continued as additional information was required prior to completing a review of the application, including providing responses to the submissions by November 29, 2024, and a response to the Deputy Comptroller’s information request by December 4, 2024.
5. The relevant evidence submitted by BMUS and the interested parties in the written hearing process (collectively called “the Application”) has been reviewed and considered.

**NOW THEREFORE, the Deputy Comptroller orders that:**

1. **Effective September 1, 2024, a Contribution in Aid of Construction charge of \$28,000 per residential service premises is approved.**

2. **BMUS is to include a reevaluation of the CIAC charge in its next revenue requirements and rates application. The reevaluation is to include the final comprehensive water engineering study with recommendations for further adjustments to the CIAC rates going forward, if required. Those recommendations are to include an accounting of actual new customer applications and payments into or out of the DCTF, future growth expectations and analysis of future supply costs to determine if any revisions should be made to the CIAC charge after 2026.**
3. **BMUS is required to file a Revenue Requirements & Rate Application by December 31, 2025.**
4. **BMUS is to comply with all directives in the Reasons for Decision appended to this Order.**

Dated at the City of Victoria, in the Province of British Columbia, this 8<sup>th</sup> day of May 2025.



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Bryan Robinson  
Deputy Comptroller of Water Rights under the  
*Water Utility Act/Utilities Commission Act*

**REASONS FOR DECISION**

**Background**

In accordance with Schedule B of its Water Tariff No. 5, Bluestem Multi-Utility Services ULC (“BMUS”) is authorized to collect a Contribution in Aid of Construction (CIAC) charge for its Canadian Lakeview Estates water utility (“CLE” or “Utility”) upon receiving an application for an extension of service (including the subdivision of lots within the existing service area). CIAC charges are one-time charges collected from developers or new customers to cover the costs incurred by the utility to provide water service to additional units which utilize or may utilize waterworks capacity in the future. CIAC funds are deposited into the Deferred Capacity Trust Fund (DCTF) and withdrawals are made to fund projects for future expansion of source capacity upon written authorization of the Deputy Comptroller of Water Rights (the “Deputy Comptroller”). The applicability of the CIAC charge is determined by the Office of the Comptroller using the CPCN Guide and is required when an application is made for a CPCN Amendment.

On August 13, 2024 BMUS applied for an adjustment to its CIAC charge from \$6,000 to \$38,950 per residential service premises. For other than a residential service premises, the charge is to be calculated on a single family residential equivalent basis. CLE’s current CIAC charge has remained unchanged for over fifteen years, with the last update approved effective October 1, 2010.

The Utility was instructed to advertise the Application by placing a Notice in the local newspaper and to send a copy to CLE’s customers. Copies of the Application and Notice were posted on BMUS’ website.

On August 15, 2024, BMUS advertised the Application, with a September 12, 2024 deadline for submitting comments to the Secretary to the Comptroller of Water Rights. Thirteen submissions were received. The written hearing process continued as additional information was required prior to completing a review of the application, including providing responses to the submissions by November 29, 2024, and a response to the Deputy Comptroller’s information request by December 4, 2024.

All evidence, including the application, the submissions and additional information provided by the Utility in response to information requests (collectively called “the Application”) has been taken into consideration.

## CIAC rate calculation

BMUS's Application to revise the CIAC charge from \$6,000 to \$38,950 is based on the value of existing system assets divided by the total number of approved single family residential equivalents (sfres). BMUS has valued CLE's existing system assets using their replacement cost i.e. at the current-day cost of replicating the existing assets. This valuation was completed by TRUE Consulting, engineering consultant for BMUS, using the Schedule A (Standard Depreciation Rates for Private Water Utilities in British Columbia) found in the CPCN Guide. Based on the report prepared by TRUE consulting, CLE's assets are valued at \$11.8 million as summarized in Table 5 of the Application.

**Table 5: Replacement Cost of CLE's Water System**

No	SYSTEM COMPONENT	SERVICE LIFE	ESTIMATED REPLACEMENT COST (2024)
1	Pipe Network <sup>1</sup>	50 - 75	5,998,350
2	Hydrants	50	528,000
3	Valves	25	335,200
4	PRV	25	1,350,000
5	ARV	25	30,000
6	BOV	25	90,000
7	Services	50	1,415,000
8	Pump Station	15 - 30	372,750
9	Water Treatment	15	26,000
10	Reservoir	60	1,571,000
11	Source of Supply <sup>2</sup>	60	150,000
	<b>TOTAL</b>		<b>\$11,866,300</b>

The current replacement cost does not include additional upgrades required to bring the Utility into compliance with regulatory capacity requirements to serve the current approved 307.5 sfres. Preliminary cost estimates show that an additional capital investment of \$6.46 million (in 2024 dollars) may be required to bring the Utility into compliance with regulatory capacity

requirements. This includes estimated costs for the following improvements:

1. \$0.33 M for water meters within each customer's home.
2. \$0.50 M for existing pumphouse upgrades.
3. \$3.50 M for new water treatment plant and related appurtenances.
4. \$2.00 M for reservoir expansion.
5. \$0.13 M for new water sample station on the distribution system.

These upgrades do not include costs related to expanding system capacity to accommodate new lots under development.

### **Deputy Comptroller Determination & Directive:**

The CIAC charge has not increased since 2010 and is out of date. The CIAC charge is intended to recover the cost of capacity-related facilities and should be based on the costs for the major system capacity components currently in place (i.e. pump station, water treatment plant, reservoir storage and source of supply). However, as these components likely do not have sufficient capacity for the current 307.5 sfres, the cost to bring these components in compliance with regulatory capacity requirements should also be considered.

The table below provides a summary of the valuation prepared by TRUE Consulting for these components and the estimated upgrade costs for these components and include 15% Contingency and 10% Engineering as per Schedule A:

	<b>Replacement Cost (2024)</b>	<b>Upgrade Budgets</b>	<b>Total</b>
ITEM: Pump station	372,750	400,000	772,750
Water treatment plant	26,000	2,800,000	2,826,000
Reservoir	1,571,000	1,610,000	3,181,000
Source of supply (intake)	170,167	-	170,167
			-
	2,139,917	4,810,000	6,949,917
Contingency - 15%	320,988	721,500	1,042,488
Engineering - 10%	213,992	481,000	694,992
	<u>2,674,896</u>	<u>6,012,500</u>	<u>8,687,396</u>

Based on the above, the CIAC Charge should be \$28,000 per residential service premises (\$8.6 million divided by 307.5 sfres).

**A CIAC charge of \$28,000 is reasonable and approved effective September 1, 2024.**

**BMUS is to include a reevaluation of the CIAC charge in its next revenue requirements and rates application. The application is to include the final water engineering study with recommendations for further adjustments to the CIAC rates going forward, if required. The reevaluation is to include an accounting of actual new customer applications, future growth expectations and analysis of future supply costs to determine if any revisions should be made to the CIAC charge after 2026.**

### **Revenue Requirements & Rate Application**

In Order 2516 dated April 16, 2018 approving Adventure Bay Waterworks Ltd.'s rate application, the Deputy Comptroller required completion of an engineering/depreciation study:

**“The Utility is to submit the engineering/depreciation study to determine an adequate level of funding for its replacement provision and submit a Revenue Requirements and Rates Application prior to December 31, 2019.”**

BMUS is collaborating with a group of property developers to conduct a comprehensive water engineering study. The study will assess the current state of the system and upgrades required to meet current design standards and health objectives, i.e. additional treatment, as well as to accommodate future capacity expansion of the system to accommodate future growth. The report is expected to be completed in the second half of 2025.

The last Revenue Requirements and Rate Application was approved effective June 1, 2017, and set out the water rates for 2017, 2018 and 2019. The Utility continues to charge customers at the 2019 water rates.

### **Deputy Comptroller Directive:**

The next revenue requirements and rate application is to include the comprehensive engineering study with recommendations on how BMUS will address the water system deficiencies and capital projects needed to achieve compliance with current design and public health standards. The recommendations should include a comprehensive funding strategy and timeline to complete various upgrade works.

**BMUS is required to submit their next revenue requirements and rate application by December 31, 2025 or sooner if deemed necessary by the Deputy Comptroller.**



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Bryan Robinson  
Deputy Comptroller of Water Rights under the  
*Water Utility Act/Utilities Commission Act*