

# Application for an Amended CPCN Transfer to Acquire the Water Utility Assets of Columbia Ridge Waterworks Ltd. and Approval of Rate Base for the Setting of Rates

## Submitted To:

**Office of the Comptroller of Water Rights**  
PO Box 9340 Stn Prov Govt  
Victoria, B.C. V8W 9M1

Attention:

Chris McMillan  
Secretary to the Comptroller of Water Rights

## Submitted By:

**Corix Multi-Utility Services Inc.**  
Suite 1160, 1188 West Georgia Street  
Vancouver, BC V6E 4A2

Contact: Errol South  
Director, Regulatory Affairs  
Phone: 604-697-6700

Regulatory Email: [RegulatoryAffairs.Canada@corix.com](mailto:RegulatoryAffairs.Canada@corix.com)

---

## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
1. Introduction and Background .....	2
1.1 Applicant.....	2
1.1.1 Corix Multi-Utility Services Inc. ....	2
1.1.2 Contact Information .....	3
1.2 Regulatory Approvals Sought .....	3
1.3 Stakeholder Notification .....	4
2. Relevant History.....	5
2.1 Current Ownership .....	5
2.2 Trust Funds .....	5
2.3 Current Capital Expansion .....	6
3. Description of the Columbia Ridge Water Utility System.....	6
4. Request For An Amended CPCN and Asset Transfer .....	7
4.1 Asset Purchase Agreement .....	7
4.2 Customer Rates and Tariff.....	7
4.3 Customer Connected Lots .....	8
4.4 Treatment of Existing Reserve Funds .....	9
4.5 Irrevocable Letter of Authority.....	10
5. Request to Change the Methodology From Operating Margin to Rate Base for the Setting of Rates .....	11
5.1 Financing of Facilities .....	11
5.1.1 Approach A: Contributions from Existing Customers.....	11
5.1.2 Approach B: Contribution/Transfer of the Utility System Assets to Local Government .....	12
5.1.3 Approach C: Debt Funding .....	13
5.1.4 Approach D: Rate Base and Capital Structure .....	14
5.1.5 Conclusion Financing of Infrastructure .....	14
5.2 What is Operating Margin And How Is It Used to Set Rates? .....	15

5.3	What is Rate Base? .....	15
5.4	Rate Base Funding and Cost of Capital .....	16
5.4.1	Cost of Capital – Debt .....	16
5.4.2	Cost of Capital – Return on Common Equity (ROE) .....	16
5.5	What Are The Rate Components From Rate Base and Operating Margin? .....	17
5.5.1	When is each method most appropriate? .....	17
5.6	Is Rate Base Used For Other Regulated Utilities to Set Rates? .....	18
5.6.1	British Columbia Comptroller of Water Rights .....	18
5.6.2	British Columbia Utilities Commission .....	18
5.6.3	Alberta Utilities Commission .....	18
5.6.4	United States .....	18
5.7	Comparison on the Use of Rate Base and Operating Margin .....	19
5.8	Criteria For Considering a Change to Rate Base .....	20
5.8.1	Criteria: Considerations and Questions .....	20
5.8.2	Penultimate Question .....	21
5.9	Does Corix’s Columbia Ridge Water Utility Meet the Criteria for a Change to Rate Base? ....	21
5.9.1	Criteria: Capability of the Utility .....	21
5.9.2	Criteria: Funding of Capital Infrastructure .....	21
5.9.3	Criteria: Customer Consultation .....	21
5.9.4	Criteria: Long-term Water Utility Sustainability and Stability .....	22
5.9.5	The Criteria are met by Corix .....	23
6.	Upcoming Capital Upgrades Required for Columbia Ridge .....	24
6.1	Anticipated Upgrade Projects .....	24
6.2	Upgrades in 2022 .....	25
6.3	Future Upgrade – Not Anticipated at this Time .....	25
7.	Trust Funds at Columbia Ridge .....	26
7.1	Replacement Reserve Fund .....	26
7.2	Construction Trust Fund .....	26
7.3	Deferred Capacity Reserve Fund .....	26

---

8.	Depreciation Study .....	27
8.1	Relationship Between The Depreciation Study And Replacement Reserve Fund .....	27
8.2	What is a Depreciation Study? .....	27
8.3	2015 Depreciation Study at Columbia Ridge.....	28
8.4	2021 Depreciation Study at Columbia Ridge.....	29
9.	Acquisition costs .....	30
9.1	Due Diligence.....	30
9.2	Acquisition Cost Categories, Allocations and Descriptions .....	30
9.2.1	Acquisition Cost Allocations .....	30
9.2.2	Acquisition Costs .....	31
9.2.3	Acquisition Cost Category Descriptions .....	31
9.2.4	Acquisition Costs are necessary .....	33
9.3	Proposed Recovery of Costs.....	34
9.4	Acquisition Cost Recovery in Other Jurisdictions .....	34
9.5	Fair and Reasonable .....	35
10.	Rate Scenarios and Rate Impact for Operating Margin and Rate Base .....	36
10.1	Rate Scenarios .....	36
10.2	Rate Scenarios: Summary Rate Impact .....	37
10.3	Rate Scenarios: Annual Bill And Annual Rate Impact.....	38
10.4	Indicative Customer Monthly Rates .....	39
10.5	Supporting Schedules and Assumptions .....	39
10.5.1	Key Assumptions .....	39
11.	Customer Consultation .....	42

---

<b>APPENDIX A: AMENDED CPCN ASSET TRANSFER – CORIX MULTI-UTILITY SERVICES INC. APPLICATION TO PURCHASE ASSETS FROM COLUMBIA RIDGE WATERWORKS LTD. ....</b>	<b>A-1</b>
<b>APPENDIX B: RATE SCENARIOS ANALYSIS .....</b>	<b>B-1</b>
<b>APPENDIX C: CUSTOMER LETTERS OF SUPPORT .....</b>	<b>C-1</b>
<b>APPENDIX D: CUSTOMER CONSULTATION OPEN HOUSE MATERIALS.....</b>	<b>D-1</b>
<b>APPENDIX E: ACQUISITION COSTS RECOVERY IN OTHER JURISDICTIONS .....</b>	<b>E-1</b>
<b>APPENDIX F: LIST OF ACRONYMS AND NAMES.....</b>	<b>F-1</b>

---

**LIST OF TABLES**

Table 1: Comparison of Rate Components between Rate Base and Operating Margin ..... 17

Table 2: Comparison on the Use of Rate Base and Operating Margin ..... 19

Table 3: Allocation Percentages ..... 30

Table 4: Water Utility Due Diligence and Public Consultation Costs ..... 31

Table 5: Rate Scenarios: High Level Comparison ..... 37

Table 6: Indicative Residential Annual Bills and Increases by Year (Excludes Lump Sum Assessment) ..... 38

Table 7: Indicative Annual Residential Bills with Lump Sum Assessment ..... 38

Table 8: Indicative Residential Customer Monthly Rates and Lump Sum Assessment ..... 39

Table 9: Assumption – Customers by Year..... 39

Table 10: Assumption – Capital Expenditures by Year ..... 40

Table 11: Assumption – Trust Fund Balances Available to offset Capital Expenditures..... 40

Table 12: Assumption – Rate Base Capital Structure and Cost of Capital ..... 40

**LIST OF FIGURES**

Figure 1: Corix Ownership Organizational Chart ..... 2

---

## EXECUTIVE SUMMARY

Corix Multi-Utility Services Inc. (Corix) submits its application to purchase the water utility assets (the “Water Utility”) from Columbia Ridge Waterworks Ltd. (“CRWL”). Corix requests approval from the Comptroller of Water Rights for an amended Certificate of Public Convenience and Necessity, pursuant to section 45 of the Utilities Commission Act, for the transfer of the Water Utility from CRWL to Corix. Corix also requests approval to change from the Operating Margin methodology to a Rate Base methodology to set rates for the Water Utility under Corix ownership and approval for recovery of acquisition costs.

Parts of this Application pertaining to the purchases of the water utility assets are confidential. The Confidential portions have been identified in this Application. The public version of the Application posted on Corix’s website has the confidential information removed or redacted. Where possible, Corix has provided the relevant information in the body of the Application.

The main body of the Application consists of the following sections:

**Section 1** provides an introduction to Corix, relevant contact information, the regulatory approvals being sought as part of this Application and a discussion regarding stakeholder notification;

**Section 2** provides an overview of the relevant history regarding the Water Utility;

**Section 3** describes the Columbia Ridge water utility system;

**Section 4** provides the required information to support the request for an Amended CPCN and Asset Transfer (confidential portions are removed or redacted in the public version);

**Section 5** discusses the Request to Change from Operating Margin to Rate Base, considers other options, and proposes an evaluation criteria for approving a change to Rate Base;

**Section 6** discusses the upcoming capital upgrade required for Columbia Ridge;

**Section 7** presents the Trust Funds at the Water Utility;

**Section 8** describes the Depreciation Study used for the Operating Margin methodology to set rates;

**Section 9** describes acquisition costs and the proposed recovery of these costs;

**Section 10** provides the Rate Scenarios and Rate Impact under Operating Margin and Rate Base; and

**Section 11** summarizes the customer consultation conducted prior to the filing of the Application;

Appendix A contains the supporting information for approval of an Amended CPCN and asset transfer (see Section 4 of this Application). Appendices B to F provide further information to support the Application.

## 1. INTRODUCTION AND BACKGROUND

### 1.1 APPLICANT

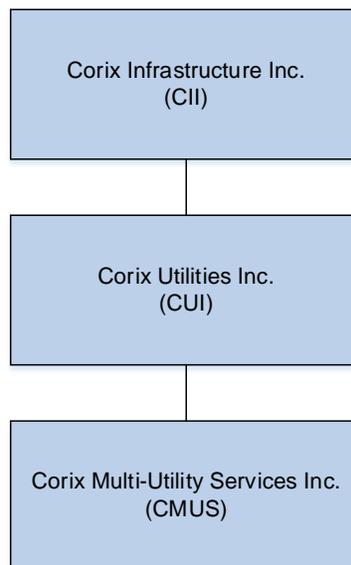
#### 1.1.1 Corix Multi-Utility Services Inc.

Corix Multi-Utility Services Inc. (“**Corix**”) submits this application to purchase the water utility assets (the “Water Utility”) from Columbia Ridge Waterworks Ltd. (“CRWL”) in Fairmont, BC.

CRWL is regulated under the *Water Utility Act*, the *Utilities Commission Act* and the *Water Sustainability Act* by the Comptroller of Water Rights (“**Comptroller**”). The Comptroller regulates all private water utilities in British Columbia to protect the public interest. The Comptroller ensures that these utilities provide safe and adequate water service at rates that are fair, reasonable and sufficient to operate their water systems sustainably.

Corix is a wholly-owned subsidiary of a privately held corporation, Corix Infrastructure Inc., owned by the British Columbia Investment Management Corporation (“**BCI**”). The ownership structure of Corix is depicted in Figure 1 below.

**Figure 1: Corix Ownership Organizational Chart**



#### **Corix Infrastructure Inc.**

Corix Infrastructure Inc. (“**CII**”) is a fully integrated, leading provider of utility infrastructure solutions, including water, wastewater and energy utilities for small to medium-sized communities across North America. CII’s operations include over 1,300 water and wastewater systems and over 25 energy systems across three Canadian provinces and nineteen US states. These water and wastewater systems include water treatment, water distribution, wastewater collection, wastewater treatment, greywater re-use, rainwater harvesting, and stormwater management infrastructure. CII has the financial capacity to fund utility systems, and the experience required to operate utility systems under a variety of delivery,

governance and regulatory models. Combined, CII's utility systems (water, wastewater and energy) have approximately \$2 billion in assets and provides service to over one million end users across North America.

### 1.1.2 Contact Information

All communications with respect to this application should be addressed to Corix's Regulatory Affairs email Address: [RegulatoryAffairs.Canada@corix.com](mailto:RegulatoryAffairs.Canada@corix.com). For more urgent matters, the following individual may be contacted.

**Errol South**

**Director, Regulatory Affairs**

Address: Suite 1160, 1188 West Georgia Street, Vancouver, BC V6E 4A2

Telephone: 604-697-6700

## 1.2 REGULATORY APPROVALS SOUGHT

With this Application, Corix Multi-Utility Services Inc. submits the following requests, pursuant to sections 45 and 59 to 61 of the *Utilities Commission Act* ("UCA").

- 1) Approval to:
  - a. purchase the water utility assets (the "**Water Utility**") from Columbia Ridge Waterworks Ltd. ("**CRWL**") with the issuance of an amended Certificate of Public Convenience and Necessity ("**CPCN**"), pursuant to section 45 of the UCA, for the transfer of the Water Utility from CRWL to Corix; **and**
  - b. change the rate setting mechanism of the Water Utility from the Operating Margin methodology to a Rate Base methodology pursuant to sections 59 to 61 of the UCA.
- 2) Approval of Water Tariff No. 3 reflecting the ownership change of the Water Utility at Columbia Ridge to Corix Multi-Utility Services Inc. and the proposal for a new Schedule I: Untreated Irrigation Service Flat Rates pursuant to section 61 of the UCA.
- 3) Approval to recover the costs associated with the due diligence and consultation for the Water Utility acquisition as outlined in Section 9.2.2 of this Application, pursuant to sections 59 to 61 of the UCA.

For additional clarity, Request No. 1 is for approval of (a) purchase of the water utility assets **and** (b) a change in the rate setting mechanism from Operating Margin to Rate Base. If the Comptroller is unable to approve both Requests No. 1(a) and 1(b), then the Comptroller must reject the Application. If the Comptroller decides that Requests 1(a) and 1(b) are in the public interest and issues an Amended CPCN for the asset transfer and also approves a change to rate base, Corix requests that the Comptroller (i) issue an amended Water Tariff No. 3 as proposed in Request No. 2 and (ii) consider Request No. 3 for approval to recover costs associated with the acquisition of the Water Utility.

### 1.3 STAKEHOLDER NOTIFICATION

All non-confidential documents related to this proceeding will be made available to the public through the following Corix Columbia Ridge Water Utility webpage: <https://www.corix.com/columbia-ridge>.

In order to inform stakeholders, CRWL prepared a Customer Notification Letter and mailed it out prior to the filing of this Application (see Appendix A: Attachment 2). Once the Water Comptroller accepts this Application as complete, Corix will:

- Place the redacted public Application documents on the Corix Columbia Ridge webpage.

Corix believes that this approach will adequately inform stakeholders of the Application, its potential impacts and other important information.

---

## 2. RELEVANT HISTORY

### 2.1 CURRENT OWNERSHIP

Originally a Certificate of Public Convenience and Necessity with Certificate No. 958 dated June 4, 1996 was granted to Columbia Ridge Waterworks Ltd. for a waterworks system midway between Fairmont Hot Springs and Canal Flats, British Columbia. The utility has had the same owner since then, while it continued to grow through amended CPCNs.

The 482 m<sup>3</sup> (106,000 gallons<sup>1</sup>) concrete reservoir that provides storage for the treated water was built by the current owners in 1995/1996 and met the requirements of the development at that time. When the current owners began to develop an additional 23 lots in the Spring of 2021, they were advised by the BC Water Comptroller that a second reservoir would be required to meet the fire flow and peak day demand. The current owners accessed the Replacement Reserve Trust Fund and Deferred Capacity Trust Fund and to build the second reservoir.

### 2.2 TRUST FUNDS

CRWL currently maintains three reserve funds at the direction of the Comptroller. The trust funds are:

- 1) Deferred Capacity Trust Fund (“**DCTF**”);
- 2) Replacement Reserve Trust Fund (“**RRTF**”); and
- 3) Construction Trust Fund (“**CTF**”).

All three trust funds are under the direction of the Comptroller. No funds are released to the Water Utility without written approval from the Water Comptroller. The reserve trust funds are discussed below.

The current owners have three Reserve Trust Funds:

1. **Deferred Capacity Trust Fund (DCTF):** This trust fund began in 2000 when the current owners realized that an additional reservoir would be required as their development grew. As such, every new developed and connected lot had to pay \$4,500.00 into the DCTF, per Schedule B of the tariff. The new reservoir is currently being built to provide capacity for new additional lots and also to enhance the existing system to meet insurance underwriters fire flow requirements. The DCTF are funds received from expansion of lots and is used to pay for capital costs related to new customers.
2. **Replacement Reserve Trust Fund (RRTF):** The RRTF is funded by customers. Historically, contributions to the RRTF totaled \$12,000 per year. In 2015 when the current owners applied for a rate increase, the BC Water Comptroller increased the required annual contribution to \$35,000 per year. The RRTF contribution is included in current rates.
3. **UV Construction Trust Fund (CTF):** The third trust fund was established for the future installation of Ultraviolet (UV) treatment and is funded from customers. Contributions totaling \$5,000 per year commenced in 2015. As with the RRTF, the requirement for the collection of these funds is reflected in current rates. The CTF is funded from customers and will be utilized

---

<sup>1</sup> Imperial Gallons

when the UV Treatment project is completed in 2023. The current rates have \$5,000 in customer contribution each year.

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.

All of the above trust funds are under the direction of the Comptroller. No funds may be released to the Water Utility unless the Comptroller approves the release of funds for the stated purchase of the trust accounts.

### **2.3 CURRENT CAPITAL EXPANSION**

The Columbia Ridge Waterworks Ltd. Reservoir Expansion Budget as at October 1, 2021 is \$480,212.52. The budget includes costs for reservoir construction, interconnect piping, engineering design, and pumps.

## **3. DESCRIPTION OF THE COLUMBIA RIDGE WATER UTILITY SYSTEM**

Columbia Ridge Waterworks Ltd. (CRWL) provides water services (regulated), and a small Wastewater system (unregulated) to the Columbia Ridge residential community in the Kootenays region of British Columbia, located 37 km South of Invermere, BC.

The water utility was built in 1996 and currently serves 124 residential connections. There are 34 serviced vacant lots with rent charges, and an additional 35 lots are expected to connect from 2026 to 2031.

The water system diverts raw water from Columbia Lake and Beardsley Springs (surface water sources). Water licenses permit a maximum diversion of:

- 101,468 m<sup>3</sup>/year with a peak daily diversion of 545 m<sup>3</sup>/day from Columbia Lake; and
- 65.2 m<sup>3</sup>/day from Beardsley Springs.

The licenses permit diversion throughout the entire year; however, the current operation uses the lake intake for peak seasonal summer demands from May to October. The water treatment system is located in the Columbia Ridge Community building and treatment consists of chlorine injection only. Below the Community building is a 482 m<sup>3</sup> concrete reservoir that provides storage for the treated water. Three submersible pumps within the reservoir pump the treated water into the distribution system as follows:

- two pumps for domestic demands (1 duty and 1 standby); and
- one pump for fire flow demands.

The distribution system consists of distribution piping, isolation valves, fire hydrants, and service connections. Under the Environmental Operator's Certificate Program the water system is classified as a Small Water System (i.e. less than 500 persons served).

## 4. REQUEST FOR AN AMENDED CPCN AND ASSET TRANSFER

This Section 4 along with Appendix A and its attachments provide the necessary information to support the request for issuance of an amended CPCN for the asset transfer of the CRWL water utility assets to Corix Multi-Utility Services Ltd. Certain information in Appendix A contains confidential material and have been filed confidentially or redacted in the public version of this Application.

### 4.1 ASSET PURCHASE AGREEMENT

The confidential Asset Purchase Agreement is included in Appendix A: Attachment 1.

Columbia Ridge Waterworks Ltd., as vendor, and Corix Multi-Utility Services Inc., as purchaser, entered into an Asset Purchase Agreement effective April 29, 2021 (“APA”). In the APA, CRWL agreed to sell Corix all the assets and rights necessary to operate the water and wastewater utilities, subject to certain conditions precedent, such as satisfactory due diligence by Corix and approval of the water utility acquisition by the B.C. Comptroller of Water Rights.

### 4.2 CUSTOMER RATES AND TARIFF

Corix is not proposing any amendments to existing rates previously approved by the Comptroller for CRWL’s customers. Subject to the approval for the transfer of the Water Utility from CRWL to Corix, Corix requests approval of the proposed tariff document (Water Tariff No. 3) under the name of Corix Multi-Utility Services Inc. with all the tariff pages accepted as of the transfer date (Appendix A: Attachment 12).

A copy of the existing approved Water Tariff No. 2 effective January 1, 2016 is attached as Attachment 10 in Appendix A. The proposed tariff has been updated to reflect the change in ownership and a new proposed Schedule I: Untreated Irrigation Service Flat Rates that is described below. A legal blackline of the proposed tariff has been included in this acquisition application (Appendix A: Attachment 11).

#### **New Proposed Schedule I: Untreated Irrigation Service Flat Rates**

Corix requests approval for the creation of a new Schedule I: Untreated Irrigation Service Flat Rates (page 17 in Water Tariff No. 3, Appendix A: Attachment 12). The need for this new schedule is due to a presently connected customer receiving untreated water for its irrigation system (See Section 4.3 Customer Connected Lots and Note 5 in Attachment 5). Corix has inquired whether the customer wishes to disconnect from the water system or remain connected. The customer wishes to remain connected to the water system.

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.<sup>2</sup> Though the service may be used seasonally, this approach of using 70% of Schedule C to be billed each month all year round would recognize both a discounted rate for untreated water and the standby connection charge for seasonal use. The untreated water service is provided before the water treatment plant and the reservoir infrastructure of the utility. A single monthly flat rate for all months that recognizes seasonal use and untreated water will simplify the billing procedures and would enhance customer understanding of the rate structure and invoiced bills.

### **Proposed Effective Date for Water Tariff No. 3**

Corix has proposed an effective date of April 1, 2022 in Water Tariff No. 3 (including proposed Schedule I) based on the anticipated approval date. Corix proposes that the effective date be the later date of:

- a) April 1, 2022 (which is the target approval date for this Application); or
- b) The first of the month following Comptroller's decision for approval of the Application.

For clarity, if the Comptroller approves the Application on March 15, 2022, then Schedule I would be effective April 1, 2022. Also, for clarity, if the Comptroller approves the Application on April 15, 2022, then the Schedule I would be effective May 1, 2022.

### **Summary of Proposed Water Tariff No. 3**

Proposed Tariff No. 3:

- a) Reflects the transfer of ownership of the water utility assets to Corix Multi-Utility Services Inc.;
- b) Reflects the creation of Schedule I: Untreated Irrigation Service Flat Rates; and
- c) Proposes the effective date be the later date of a) April 1, 2022 (which is the target approval date for this Application) or b) the first of the month following Comptroller's decision for approval of the Application.

Corix notes that other than the creation of Schedule I there is no proposed rate change in this Application.

### **4.3 CUSTOMER CONNECTED LOTS**

Corix has included in Appendix A: Attachment 5 a list of the current legal descriptions for all lots along with 5 clarifying notes. Corix has included in Attachment 5 the recently approved single lot from Order No. 1617 issued on December 7, 2021. Corix has also included in Attachment 5, another recently approved single lot from Order No. 1618 issued on December 21, 2021.

As identified in Appendix A: Attachment 5 in Notes 1 to 4, there are a total of four (4) lots that were included in CPCN's but not used due to the consolidation of lots that reduced the count of authorized lots. This impacted CPCN 958 and CPCN 1099. As a result of the lot consolidation these four (4) lots are excluded from customer billing (connected rates or standby charges). However, these four (4) lots were previously included in the water Maximum Day Demand ("MDD") calculations for the approved CPCNs and therefore the system has spare capacity equivalent to the design capacity of these 4 lots. Corix was

---

<sup>2</sup> The Proposed Schedule I rate of \$33.37 is based on the following seasonal residential rates at 70%: [(4 months x \$55 per month connected + 8 months x \$55 x 80%) x 70% / 12 months] = \$572 x 70% / 12 months = \$400.40 / 12 months = \$33.37 per month for all months in the year.

informed by the current owners that these four (4) unused approved lots with its MDD capacity can be used as “floater” lots that can be transferred to a future CPCN amendment for new lot expansion for the purpose of calculating the MDD for the water utility.

As identified in Appendix A: Attachment 5 in Note 5, there is an existing connection to the raw water main that is used for irrigation of the Common Lot at the Spirits Reach Strata (see Attachment 5, Item No. 227 for Common Lot, Plan Strata NES 3268, DL 139, Kootenay District). This connection is not included in any existing CPCN and thus has not been included in the water MDD calculations for the approved CPCNs. Corix proposes when another future CPCN application is made for lot expansion that this lot with raw water is also included in the CPCN application. Presently, Spirits Reach is not being billed for the untreated water service. Corix proposes in Section 4.2 Customer Rates and Tariff to create a new rate ‘Schedule I: Untreated Irrigation Service Flat Rates’ effective the later of April 1, 2022 or the first day of the month following Comptroller’s decision for approval of the Application.

#### 4.4 TREATMENT OF EXISTING RESERVE FUNDS

Columbia Ridge Waterworks Ltd. currently maintains three reserve funds at the direction of the Comptroller. The fund balances as of December 31, 2020 were as follows:

- Replacement Reserve Trust Fund (RRTF) at \$258,054.00;
- Deferred Capacity Trust Fund (DCTF) at \$82,932.04; and
- Construction Trust Fund (CTF) \$25,768.30.

The trust fund balances as of November 10, 2021 as shown in Appendix A: Attachment 8 (filed confidentially) are as follows:

- Replacement Reserve Trust Fund (RRTF) at \$293,780.48;
- Deferred Capacity Trust Fund (DCTF) at \$82,932.04; and
- Construction Trust Fund (CTF) \$30,819.65.

On November 18, 2021 for Draw #1 for the construction of the reservoir the Comptroller authorized trust fund releases of \$71,698.00 from the Replacement Reserve Trust Fund and \$80,000.00 from the Deferred Capacity Trust Fund. Subsequently, on December 15, 2021 for Draw #2 for the construction of the reservoir, the Comptroller further authorized a trust fund release of \$84,443.84 from the RRTF.

After Draw #1 for \$71,698.00 the RRTF balance on November 23, 2021 was \$222,619.76. After Draw #2 for \$84,443.84, the RRTF balance on December 17, 2021 was \$138,175.92

Appendix A: Attachment 8 (filed confidentially) has an updated December 2, 2021 Bank Confirmation balance for the DCTF:

- Deferred Capacity Trust Fund (DCTF) at \$106,9272.70 on December 2, 2021.
  - This December 2, 2021 balance reflects the interest earned since November 10, 2021, the \$80,000 release as per the November 18, 2021 authorization, and a subsequent contribution of \$103,500.

Presently CRWL is constructing a reservoir (see Section 2.3) that will incur trust fund withdrawals from the DCTF and the RRTF. The Reservoir expansion budget is \$480,212.52. Based on information provided by the current owners, the RRTF cost portion of the expansion is expected to fully deplete the RRTF balance to zero. CRWL has also informed Corix that the DCTF is expected to be fully depleted following construction of the reservoir.

#### 4.5 IRREVOCABLE LETTER OF AUTHORITY

Corix has set up three (3) Irrevocable Letter of Authority (ILA) bank accounts for the Replacement Reserve Trust Fund, the Deferred Capacity Trust Fund, and the Construction Trust Fund. Please refer to Appendix A: Attachment 3 (filed confidentially).

1. **Replacement Reserve Trust Fund:** The RRTF is the property of the rate payers and whatever the remaining balance of the account will be transferred to Corix in its entirety upon Closing. Corix is in the process of establishing a separate RRF account that will be under control of the Comptroller for this purpose.
2. **Deferred Capacity Trust Fund:** CRWL is presently constructing a new reservoir that is expected to fully deplete the balance of the DCTF. Corix is in the process of establishing a separate DCTF account that will be under control of the Comptroller for any future DCTF contributions.
3. **Construction Trust Fund:** The CTF balance will transfer to Corix upon closing of the transaction. Corix is in the process of establishing a separate CTF account that will be under control of the Comptroller for this purpose.

If there are any balances with the current owners at the close of the transaction date to acquire the utility assets, Corix will be able to transfer any balance to the Corix trust funds at the direction of the Comptroller. If CRWL depletes their RRTF prior to Corix's acquisition and the Water Comptroller approves a rate base methodology for setting rates, Corix would submit a letter with a request to close the RRTF on the basis that it is no longer required.

---

## 5. REQUEST TO CHANGE THE METHODOLOGY FROM OPERATING MARGIN TO RATE BASE FOR THE SETTING OF RATES

In this Application Corix seeks approval to change the rate setting mechanism of the Water Utility from the Operating Margin methodology to a Rate Base methodology pursuant to sections 59 to 61 of the UCA.

### 5.1 FINANCING OF FACILITIES

The Comptroller's Financial Guidelines for CPCN applications, dated November 2016, describes the financing of water system facilities in Section 7.0 Utility Cost Recovery And Financing Of Facilities.

In Section 7.1 Background under item 4 it states:

“4. Upgrades or replacements to the existing facilities unrelated to new development: Essential capital expenditures may be adequately provided for and funded by the Replacement Reserve Fund and/or the Deferred Capacity Reserve Fund. If not, the approaches that the Comptroller would consider for funding the costs are:

- a. Contributions from existing customers.
- b. Contribution/transfer of the Utility system assets to local government.
- c. Debt funding with an interest and debt repayment plan.
- d. Rate Base and Capital Structure in limited and exceptional circumstances only.”

The CPCN Guidelines outline four approaches for funding of upgrades or replacements. Each of the approaches are discussed below.

#### 5.1.1 Approach A: Contributions from Existing Customers

##### Description:

In this approach customers fund the capital upgrade from savings in the trust fund and/or from a one-time lump sum customer contribution. If the trust fund is insufficient to fund the capital upgrade then the remainder will need to be funded from a lump sum contribution. This option is typically used when the Operating Margin methodology is used to set customer rates.

##### Lump-sum Customer Contribution Payment

A lump-sum customer contribution payment is required when the trust fund amount is insufficient for the capital upgrade costs. Given the inherent difficulty in forecasting future capital upgrade costs, Corix notes that the trust fund is typically insufficient for major capital upgrades.

No lump-sum customer contribution payment is required when the trust fund has sufficient funds for the capital upgrade costs. The trust fund is typically sufficient for small capital replacements.

### Impact to Rates and Bills

If the trust fund balance is insufficient for the capital upgrade costs, customers will need to fund the shortfall through a lump-sum payment. While this does not impact tariff rates, customers will experience this through a one-time bill impact. Depending on the shortfall required to fund the capital upgrade costs, this bill impact could be significant.

If the trust fund balance is sufficient for the capital upgrade costs, there would be no impact to customer rates or bills. However, in the longer term, if a Depreciation Study is conducted that includes the new infrastructure assets valued at current dollars, it may indicate that an increase in contributions is required for the Replacement Reserve Trust Fund which means higher rates for customers to pre-pay for the future replacement of the assets. The prepayment in an RRTF via an updated Depreciation Study can lead to intergenerational equity issues as the customer pays for the upgrade and also the RRTF contribution for its eventual replacement.

### Conclusion

This approach is best suited for situations where the trust fund is sufficient to pay for the capital upgrade infrastructure costs.

## **5.1.2 Approach B: Contribution/Transfer of the Utility System Assets to Local Government**

### Description

In this approach the water utility assets of Columbia Ridge would be transferred to the Regional District of the East Kootenay (RDEK). The Columbia Ridge water system is not close to any RDEK water system, therefore the Columbia Ridge water system would have to be run by RDEK as a stand-alone system. Corix understands that the nearest RDEK water system is 30 km away. In this approach existing customers would have to pay to upgrade the water system to RDEK standards. Since it would be an RDEK standalone system, the costs of infrastructure and operations would be similar to any private owner.

### Lump-sum Customer Contribution Payment

Similar to Approach A this approach would require a lump-sum customer contribution to pay to upgrade the water system to RDEK standards. An alternative to the lump-sum contribution is a parcel tax on the lots to pay for the necessary upgrades.

### Impact to Rates and Bills

If the water system is to be connected to the existing local government water system, customers would need to pay to ready the system to meet the standards of the local government. This may mean addressing distribution mains for fire flow, pumping requirements, electrical requirements, and meters. Increased rates, a lump-sum payment or a combination would be needed to ready the asset for the local government.

### Conclusion

This approach may be suitable if all of the following conditions exist: 1) the water system requires minimal or minor upgrades to meet the regional district's standards and 2) the water system is

physically located adjacent to an existing regional system to which it can be connected thus gaining economies of scale to lower costs to serve customers.

If the water system cannot connect to an existing local government water system, the costs to operate would be similar to any other owner/operator. This is because the system would be stand-alone and not benefit from any economies of scale. This approach will require making any necessary upgrades to meet the local government standards which may mean a one-time customer contribution or a parcel tax on the lots.

### **5.1.3 Approach C: Debt Funding**

#### Description

In this approach a bank loan is used to finance the capital upgrade with an interest and debt payment plan. This is similar to vehicle financing. Where vehicle financing are typically 5 years or less, a bank loan is typically for a repayment period of greater than 10 years. To reduce risk to the lender, the lender will provide a loan that is less than the expected life of the asset to ensure the lender is able to recover its loan from the debtor. This option can be used when the Operating Margin methodology is used to set customer rates.

#### Lump-sum Customer Contribution Payment

There is no one time lump-sum contribution payment from customers as funding is provided by debt financing.

#### Impact to Rates and Bills

This approach has an immediate and direct impact to customer rates and bills. Customers pay for the cost to operate the water system plus the bank loan payments. In the short-term the net impact is that total rates rise, which results in a bill increase. In the longer term, if a Depreciation Study is conducted that includes the new infrastructure assets valued at current dollars, it may indicate that an increase in contributions are required for the Replacement Reserve Trust Fund which means higher rates for customers to pre-pay for the future replacement of the assets.

#### Conclusion

This approach is suitable if the owner of the water utility is unable to fund the project and is willing to underwrite the risk of the capital upgrade. In this approach the bank is willing to fund the capital upgrade cost when it is assured there is collectability of the loan by assessing the utility owner and any covenants that may be needed. The utility owner may need to backstop the loan if the bank sees business risk or operational risk. To mitigate any potential losses the bank would require repayment of the funds over a much shorter period relative to the life of the assets. This is similar to a vehicle loan where the bank will loan out to a period less than the life of the vehicle to reduce risk of loss. For an infrastructure loan of 10 years it needs to be fully repaid while the asset can last 30 years or more. This mismatch in funding and the service life leads to intergenerational equity issues.

After a bank loan is taken out, and if the water utility needs future additional capital upgrades due to an unforeseen event, the existing bank loan may limit the ability to obtain any new bank loans thus requiring the customer to make a lump-sum contribution on top of the existing payments to the bank.

#### 5.1.4 Approach D: Rate Base and Capital Structure

##### Description

This approach is described in detail in Sections 5.3, 5.4, 5.5, 5.6, and 5.7.

##### Lump-sum Customer Contribution Payment

A lump-sum customer contribution payment is not necessary when using a rate base approach. Rate base can be flexibly used with or without a lump-sum customer contribution.

##### Impact to Rates and Bills

Rate base smooths the rates over the long life of the assets so that the service life and benefits correspond with the rates charged. For example, if an asset has a service life of 25 years, the cost of this asset would be recovered from customers over 25 years by using the appropriate depreciation rate of 4% per year.

In the rate base approach the funding of capital upgrades and assets are provided by the utility owner through a combination of debt and equity. Since the utility owner finances capital upgrades, customers do not have to prepay by making deposits into the RRTF for future capital upgrades. Therefore, rate base: (i) avoids lump-sum customer contribution assessments; (ii) avoids the issue of pre-payment of future capital upgrades, and (iii) eliminates the risk of intergenerational inequity as assets are paid for while they are being used.

##### Conclusion

This approach is suitable if the owner of the water utility is able to fund the project and has the necessary capability to set rates using rate base. The use of Rate Base is more complex than the use of Operating Margin.

#### 5.1.5 Conclusion Financing of Infrastructure

The following conclusions on the four financing approaches are:

- **Approach A** has been used by the Water Utility to finance capital infrastructure upgrades for existing customers but the available funds in the trust funds at the time of acquisition are expected to be insufficient for future necessary capital upgrades. This would lead to a lump-sum contribution from customers.
- **Approach B** has not been pursued by the current owner of the Water Utility. Since the Water Utility is not near any regional municipality water system, no economies of scale would be present and the costs to operate would be no different for any operator.
- **Approach C** is possible but not superior to Approach D. Approach C has the utility owner leveraging up the utility with debt of which the risk would have to be underwritten by the utility owner since it is the owner of the assets. Approach C may be suitable for a water utility owned by a developer who has other financial interests to support the water utility.

- **Approach D** is suitable for an independent well financed water utility that is unrelated to the developer of the development. Approach D is able to smooth out and stabilize rates more so than Approach C or Approach A.

## 5.2 WHAT IS OPERATING MARGIN AND HOW IS IT USED TO SET RATES?

Operating Margin is also known as Operating Risk Margin. The Comptroller's Financial Guidelines for CPCN applications dated November 2016 describes in Section 7.4 Operating Risk Margin for Investor Owned Utilities without a Rate Base. It states:

“For larger utilities without an approved rate base, which is the norm, the Comptroller may approve an allowance for unanticipated expenses and events in the rates in lieu of an equity return which would otherwise incorporate the business risk. One approach that may be employed is a percentage (up to 10%) of Operating & Maintenance and Administration costs (excludes interest, insurance and depreciation) of the utility that reflects the risk of the utility (operating risk margin).”<sup>3</sup>

Many water utilities regulated by the Water Comptroller have tariff rates set using an Operating Margin methodology. In these utilities all the assets have been funded by the original developer of the water system or the existing customers. The utility owner is in a sense the custodian of the “customer contributed” assets and the utility owner expends resources and labour to operate and maintain the assets. The utility owner is compensated for its provision of services through an Operating Margin methodology where the “service fee” is an after-tax fixed percentage of total operating costs to run the utility. The Operating Margin is determined by the Comptroller based on the return on equity (ROE) of a designated benchmark utility and a specified equity risk premium. This ROE is applied to the equity component of the capital structure.

As an example, Comptroller Order 2548 approved an Operating Margin of 9.50% (8.75% + 0.75%) for Corix Panorama Water in its 2019 rate application. This is based on the BCUC benchmark low risk utility return on equity (8.75%) plus the risk premium (0.75%) allowed for small Thermal Energy System utilities as per BCUC Order G-47-14. The risk premium is granted to represent the fact that the utility operations has a higher risk than the benchmark utility. This methodology was also approved for Corix Cultus Lake Water Utility in Comptroller Decision and Order 2512.

## 5.3 WHAT IS RATE BASE?

The Comptroller's Financial Guidelines for CPCN applications dated November 2016 describes in Section 7.5 Capital Structure for Investor Owned Utilities with a Rate Base. It states:

*“In limited and exceptional circumstances only, a Rate Base and Capital Structure will be considered. (See 7.1, Point 4d.) The capital structure for utilities generally varies between 50/50*

---

<sup>3</sup> Financial Guidelines for CPCN Applications, November 2016, p. 8, [https://www2.gov.bc.ca/assets/gov/environment/air-land-water/water/water-rights/water-utilities/cpcn\\_appen1\\_cpcn\\_financial\\_guidelines.pdf](https://www2.gov.bc.ca/assets/gov/environment/air-land-water/water/water-rights/water-utilities/cpcn_appen1_cpcn_financial_guidelines.pdf)

and 80/20 debt/equity depending on the size and risk of the utility. Factors such as interest coverage, debt service, diversity, competitive risk and other business risk affect the actual capital structure. A range of 65/35 to 60/40 debt/equity is most common. The utility is required to achieve an economically efficient capital structure and cost of capital. To some extent cost of capital and capital structure are inter-related. The capital structure and return are approved by the Comptroller, based on a judgment of the evidence provided.”<sup>4</sup>

In a utility regulated using rate base the assets are primarily funded through debt and equity. Any customer contributions reduce the funding amount needed from debt and equity and therefore reduce the rate base of a utility.

## 5.4 RATE BASE FUNDING AND COST OF CAPITAL

### 5.4.1 Cost of Capital – Debt

The Comptroller’s Financial Guidelines for CPCN applications dated November 2016 describes in Section 7.5.1 Cost of Capital – Debt. It states:

“Short-term debt includes bank advances, credit lines, bankers’ acceptances and other debt with a term of less than one year. The interest rate is the rate charged by the lender. Long term debt includes term loans, bonds and debentures. The debt cost is based on the embedded cost of debt determined based on the interest rate and the proceeds net of costs. The utility is required to obtain financing under the most attractive and reasonable terms possible.”<sup>5</sup>

### 5.4.2 Cost of Capital – Return on Common Equity (ROE)

The Comptroller’s Financial Guidelines for CPCN applications dated November 2016 describes in Section 7.5.2 Return on Common Equity (ROE) for Investor Owned Utilities with a Rate Base. It states:

“The return on equity is set by the regulator, the Comptroller, based on the circumstances of the industry and the utility relative to a benchmark set by the British Columbia Utilities Commission (BCUC) for the natural gas and electric utilities, taking into account capital structure and ROE. (See Risk) Utilities should expect an equity ratio of between 35% and 40% with a return based on a risk premium that reflects the relative risk of a water utility vs. the benchmark natural gas utility as set by the BCUC. The return may be less than, similar to or more than the level set by the BCUC, depending on the relative risk.”<sup>6</sup>

---

<sup>4</sup> Financial Guidelines for CPCN Applications, November 2016, p. 8, [https://www2.gov.bc.ca/assets/gov/environment/air-land-water/water/water-rights/water-utilities/cpcn\\_appen1\\_cpcn\\_financial\\_guidelines.pdf](https://www2.gov.bc.ca/assets/gov/environment/air-land-water/water/water-rights/water-utilities/cpcn_appen1_cpcn_financial_guidelines.pdf)

<sup>5</sup> Financial Guidelines for CPCN Applications, November 2016, pp. 8 and 9, [https://www2.gov.bc.ca/assets/gov/environment/air-land-water/water/water-rights/water-utilities/cpcn\\_appen1\\_cpcn\\_financial\\_guidelines.pdf](https://www2.gov.bc.ca/assets/gov/environment/air-land-water/water/water-rights/water-utilities/cpcn_appen1_cpcn_financial_guidelines.pdf)

<sup>6</sup> Financial Guidelines for CPCN Applications, November 2016, p. 9, [https://www2.gov.bc.ca/assets/gov/environment/air-land-water/water/water-rights/water-utilities/cpcn\\_appen1\\_cpcn\\_financial\\_guidelines.pdf](https://www2.gov.bc.ca/assets/gov/environment/air-land-water/water/water-rights/water-utilities/cpcn_appen1_cpcn_financial_guidelines.pdf)

## 5.5 WHAT ARE THE RATE COMPONENTS FROM RATE BASE AND OPERATING MARGIN?

Table 1 below compares the key components in Rate Base and Operating Margin that are used in the calculation of customer rates.

**Table 1: Comparison of Rate Components between Rate Base and Operating Margin**

Rate Components	Rate Base	Operating Margin
Operating and Maintenance (O&M) Costs	Yes	Yes
Operating Risk Margin	No	Yes – 9.5% on Total O&M Costs
Return on Equity (on invested capital; equity portion of assets)	Yes – 9.5% on equity	No
Interest on Debt (on debt portion of assets)	Yes	Typically No; Yes, if a bank loan is taken out
Replacement Reserve Trust Fund Contributions	No	Yes
Depreciation (return of invested capital)	Yes	Typically No; Yes, if a bank loan is taken out
Income Tax	Yes	Yes

Operating and Maintenance Costs in Rate Base are equal to the Operating and Maintenance Costs in Operating Margin.

### 5.5.1 When is each method most appropriate?

The Operating Margin method is appropriate when the assets are funded from the developer and customers have been contributing to the replacement trust funds in a manner that meets future capital expenditure needs. When customers sufficiently pre-pay for their capital needs the Operating Margin method may work well. Unfortunately, as water systems age and trust funds are insufficient to meet future capital replacements the Operating Margin method can cause large required future customer payments to build up the trust fund to reach the target balance or a lump sum assessment to pay for immediate infrastructure spending. If the trust fund balance does not take into account future more stringent requirements for health standards, environmental requirements, and/or building code and design standards, a future upgrade project may not be fully funded to pay for the necessary improvements.

The Rate Base method is appropriate when utility assets need to be funded. A well capitalized utility, one that has the financial resources to raise funds from the debt and equity markets when needed and thus able to make timely investments in the water system, can utilize the Rate Base method. Since the utility is investing in the infrastructure there is an incentive to ensure that customers receive sustainable long term safe and reliable service. Rate Base is not a good method to use if the utility owner does not have the means to raise funds for capital expenditure needs or does not have sufficient regulatory expertise to use rate base accounting and ratemaking. With the use of Rate Base, the utility is compensated through a regulated return on equity on its equity investment in the utility. A comparison between Rate Base and Operating Margin is provided in Section 5.7 of this Application.

## **5.6 IS RATE BASE USED FOR OTHER REGULATED UTILITIES TO SET RATES?**

Rate Base is commonly used in regulated water and energy utilities to set customer rates both in Canada and the United States. The description below outlines its use in BC, Alberta, and the United States. The traditional rate base rate of return regulation is used commonly and widely in North America for water and energy utility services.

### **5.6.1 British Columbia Comptroller of Water Rights**

Corix understands that the Comptroller presently regulates two utilities with Rate Base. The two utilities using rate base to set rates are Corix Panorama Water Utility and EPCOR Water (West) Inc. at French Creek. In Order No. 2498, dated October 5, 2017, Panorama Water was approved to switch from Operating Margin to Rate Base rate of return regulation with the approval of Panorama Water's Ground Source Development Program capital infrastructure project.

### **5.6.2 British Columbia Utilities Commission**

The British Columbia Utilities Commission regulates energy utilities (natural gas, propane, electricity, and thermal). Rates are typically set using rate base. BC Hydro electricity rates are set using rate base. FortisBC Energy Inc., the largest natural gas distribution provider in BC, has rates set using rate base. Corix's thermal energy utilities (Neighborhood District Energy System at UBC (UBC NDES), Burnaby Mountain District Energy Utility (BMDEU) at Simon Fraser University, and Dockside Green Energy (DGE) in Victoria) are all regulated using rate base.

### **5.6.3 Alberta Utilities Commission**

The Alberta Utilities Commission (AUC) regulates water and energy (natural gas and electricity) utilities. The AUC uses rate base to set rates for water and energy utilities. For example, Corix's Foothills Water Utility is regulated by the AUC using rate base.

### **5.6.4 United States**

Regulated investor-owned water utilities throughout the United States commonly have their revenue requirements determined using rate base. Jurisdictions that use rate base for water utilities in the U.S. include California, New Jersey, New York, Pennsylvania, and Wisconsin.

Corix through its affiliated-sister companies have substantial experience with rate base regulated water utilities. Some examples of Corix affiliated utilities using rate base are College Utilities (Alaska), Golden Heart Utilities (Alaska), Corix Texas, Galena Territory Utilities, Inc. (Illinois), Carolina Water Service, Inc. of North Carolina, and Great Basin Water Company (Nevada).

### 5.7 COMPARISON ON THE USE OF RATE BASE AND OPERATING MARGIN

Table 2 below compares the use of Rate Base and Operating Margin by considering how and where it is used and also its attributes.

**Table 2: Comparison on the Use of Rate Base and Operating Margin**

	<b>Rate Base</b>	<b>Operating Margin</b>
<b>Sophistication of Methodology to set Rates</b>	More complex, requires understanding of regulatory accounting and financial modelling	Simpler, suitable for less sophisticated users
<b>Regulatory Jurisdictions where method is used</b>	Regulated water and energy utilities in Canada and the United States	Regulated water utilities in BC
<b>Typically used for:</b>	Long-lived Infrastructure funded by investor-owned utilities	Developer/customer paid systems
<b>Is the infrastructure customer or utility-owner funded?</b>	Primarily funded by the utility-owner.	Wholly customer funded. The utility owner does not invest in the asset infrastructure.
<b>Can method be used in a non-regulated business?</b>	Typically, used in regulated industries as the regulator is required to approve rates.	Can be used in both non-regulated and regulated businesses.
<b>Is the Infrastructure investment customer pre-paid or charged over the life of the project?</b>	Funding of infrastructure is provided by the utility owner. Customer rates are charged over the life of the asset based on the cost of service.	Infrastructure essentially pre-paid by the customer. At utility start-up the developer funds on behalf of the customer. After commencement of service, existing customers contribute into a Replacement Reserve Fund to save for future capital upgrades.
<b>Are rates smooth or lumpy under each method?</b>	Generally smooth. However, one-time large capital expenditures may lead to a large cost of service increase that may be smoothed through the use of a deferral account.	Smooth if the utility is not growing and there is sufficient funding of reserve funds. However, if a utility is growing or there is insufficient trust fund amounts to fund imminent capital upgrades, rates can rise dramatically or require a lump-sum customer contribution.

## 5.8 CRITERIA FOR CONSIDERING A CHANGE TO RATE BASE

The *Utilities Commission Act* under section 60 describes the setting of rates.<sup>7</sup> According to section 60, the regulator must have due regard to the setting of a rate that: is not unjust or unreasonable; provides to the public utility for which the rate is set a fair and reasonable return; and encourages public utilities to increase efficiency, reduce costs and enhance performance.

### 5.8.1 Criteria: Considerations and Questions

The Comptroller when approving a change to Rate Base should consider the following issues:

- a) Capability of the utility;
- b) Funding of capital infrastructure;
- c) Customer consultation; and
- d) Long-term water utility sustainability and stability in order to ascertain whether the change is appropriate.

These issues form the criteria to make a reasoned decision on a change to Rate Base. Below are questions that can be used in the analysis of the options using each identified criterion.

#### **Capability of the utility:**

- Has the requesting utility demonstrated it has full access for the timely financing of infrastructure capital of the water utility when needed?
- Is the requesting utility fully knowledgeable, experienced, capable of utilizing the rate base methodology in setting rates?
- Has the requesting utility demonstrated a history of successfully owning and operating a rate base utility?

#### **Funding of capital infrastructure:**

- Has the requesting utility demonstrated that changing from Operating Margin to Rate Base is necessary to mitigate capital infrastructure funding shortfalls?
- Has the requesting utility demonstrated that other financing options are not superior to a change to rate base?

#### **Customer consultation:**

- Has there been sufficient notice and public consultation on the request?
- Is there customer support to change from Operating Margin to Rate Base? Is there opposition for the change to Rate Base?

#### **Long-term water utility sustainability and stability:**

- Will the change to rate base promote long-term financial and operational sustainability of the water utility?
- Will the change to rate base support affordability and rate stability?

<sup>7</sup> Utilities Commission Act, Section 60, [https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/96473\\_01#section60](https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/96473_01#section60)

- Does the proposed methodology provide an appropriate incentive to own and operate safely and efficiently the water system over the long term?

### 5.8.2 Penultimate Question

In the consideration of the above Criteria: Consideration and Questions, the Comptroller must in the affirmative answer the following penultimate question in order to approve the change to rate base:

- **Overall on balance is the change from Operating Margin to Rate Base beneficial for customers in the long-term and therefore in the public interest?**

If the answer to the penultimate questions is “Yes”, then the Comptroller should approve the request to change to rate base to set customer rates. A change to rate base will allow the utility to embark on a regulatory approach that builds on the customer/utility relationship that enhances the viability and long-term objectives of providing safe and reliable drinking water to customers. The use of rate base better matches the long-term infrastructure investment with customer rates and service reliability.

## 5.9 DOES CORIX’S COLUMBIA RIDGE WATER UTILITY MEET THE CRITERIA FOR A CHANGE TO RATE BASE?

The following describes how Corix’s Columbia Ridge Water Utility meets the criteria.

### 5.9.1 Criteria: Capability of the Utility

Corix has full access for the timely financing of infrastructure capital of the water utility when needed.

Corix is fully knowledgeable, experienced, and capable of utilizing the rate base methodology in setting rates. Corix presently has one rate base water utility regulated by the Comptroller (Panorama Water) and other rate base regulated utilities in Alberta and the United States. Additionally, Corix has rate base experience with many energy utilities in BC regulated by the BC Utilities Commission. Also, Corix has personnel with many years of regulatory experience with rate base. In conclusion, Corix has the necessary expertise and sophistication to handle the more complex approach in setting rates.

### 5.9.2 Criteria: Funding of Capital Infrastructure

Corix has full access for the timely financing of infrastructure capital of the water utility when needed. Section 6 provides additional details on the upcoming capital upgrades required for Columbia Ridge.

Corix in Section 10 has compared three scenarios in the funding of capital infrastructure. The analysis indicates that a change to rate base would mitigate large customer rate increases and reduce the immediate need for customers to fund up-front the capital upgrade.

### 5.9.3 Criteria: Customer Consultation

Corix has conducted prior consultation with the customers of Columbia Ridge Water Utility. A detailed explanation of the customer consultation prior to the Application is discussed in Section 11 Customer

---

Consultation. Appendix D in this Application contains the Customer Consultation Open House Materials that were presented to customers

During the review of the Application and the Comptroller's regulatory process customers will have the opportunity to comment and provide their feedback to the Comptroller. This will allow the Comptroller to assess the views of customers.

Corix considers that it has conducted adequate pre-application customer consultation to support the Application (see Section 11 Customer Consultation). Corix received 25 customer letters as shown in Appendix C. The customer letters show a strong preference for changing to Rate Base to set customer rates. Corix did not receive any customer letters opposed to the change to Rate Base.

#### **5.9.4 Criteria: Long-term Water Utility Sustainability and Stability**

When the utility has demonstrated it has the capability to implement rate base, demonstrated the need of funding of capital infrastructure, and has adequately consulted customers then rate base can provide long-term sustainability of the utility and more stability in rates.

The implementation of rate base means that the utility is responsible for the capital investment required in the water system. The utility will secure the necessary funding from debt and equity to pay for the necessary capital upgrades. This infrastructure investment of the utility means that the utility owner takes an enhanced view of asset stewardship. The utility owner is incentivized to own and operate the utility assets in a prudent manner since the recovery of capital and return on capital investment is from the approved tariff rates. Any capital upgrades would require prior approval of the Comptroller. The Comptroller would review and assess the need for capital upgrades prior to granting approval. Capital upgrades once approved would be constructed and placed into service as assets and added to rate base.

Rate base is a method of setting rates that derives an annual cost of service to set revenue requirements. This means that the tariff rates are based on the cost to serve at that time. This is accomplished via including in rates a levelized depreciation amount that is recovered over the life of the assets, matching the costs with the service provided. Pre-funding of future capital expenditures by customers is not required since customers pay for the service provided at the time of use. The utility makes a regulated return on its equity investment in the water system. This is accomplished via including in rates a levelized depreciation amount that is recovered over the life of the assets, matching the costs with the service provided. The utility makes a regulated return on its equity investment in the water system.

Under Operating Margin the utility owner has no financial interest in the assets since the assets are all customer/developer funded. The utility owner earns a margin on operating costs, which excludes the cost of the assets. Under the rate base method the utility owner has a financial interest in the assets of the water system and is able under rate base to smooth the rates over the life of the asset. This financial interest provides an added incentive to ensure that the customers are provided adequate, safe, and reliable service throughout the life of the water system. This reinforcing incentive system is used commonly throughout Canada and the United States.

### **5.9.5 The Criteria are met by Corix**

Corix in this Application considers it has successfully met the criteria to justify the change from Operating Margin to Rate Base as described in this Section 5.9. By meeting the criteria, the Comptroller should approve the request to change the Columbia Ridge Water Utility rate setting mechanism from Operating Margin to Rate Base.

## 6. UPCOMING CAPITAL UPGRADES REQUIRED FOR COLUMBIA RIDGE

### 6.1 ANTICIPATED UPGRADE PROJECTS

During the Due Diligence phase of acquisition, the following capital upgrades were identified as being required:

#### **(1) VT SCADA**

Supervisory Control and Data Acquisitions (SCADA) systems is used to remotely monitor and communicate key data regarding the operation of the Utility. The budgeted capital cost is \$56,000. There will also be a minor increase in annual operating expenses for software licensing fees, budgeted at \$100 per month. The use of remote monitoring and data collection through SCADA represents utility best practice. Remote monitoring reduces operational costs and allows Corix to both better anticipate problems before they occur, and to quickly respond to urgent issues as they arise, in some cases before rate payers are impacted. The data collected by the system will provide benchmarks that will assist with the scheduling of preventative maintenance and future renewal and replacement efforts.

#### **(2) Ultraviolet (UV) Disinfection**

Ultraviolet disinfection is a process used to inactivate human pathogens such as viruses, bacteria and protozoa that may be present in raw water, particularly those from surface sources. The budgeted cost for the UV system is \$150,000. Given that all of the raw water for the Columbia Ridge system comes from a surface water source, the presence of a second treatment method is a regulatory requirement under the *Drinking Water Protection Act* and the *Drinking Water Protection Regulation, Interior Health Drinking Water Objective* ([https://www.obwb.ca/fileadmin/docs/43210\\_Drinking\\_Water\\_Objective.pdf](https://www.obwb.ca/fileadmin/docs/43210_Drinking_Water_Objective.pdf)). In the absence of a prescribed need for a significantly more expensive filtration system, a UV treatment system represents the optimal cost/value solution to meet current regulatory requirements.

#### **(3) Electrical Upgrades**

Upgrades to the current electrical system are required to support the Ultraviolet disinfection process. The budgeted cost for this upgrade is \$75,000.

#### **(4) Standby Generator**

The water utility owns a back-up generator capable of providing power to the treatment plant; however, it has never been connected to the treatment plant since there is no complementary lake pump generator capable of operating the lake pumps to pump raw water from the supply source to the treatment plant. As water is pumped from the reservoir to the distribution system the current water system is unable to function during power outages. The forecast cost of \$60,000 includes the cost to purchase and install:

- a back-up generator complete with the equipment that will enable it to automatically activate and operate the lake pumps in the event of a power outage; and

- an automatic transfer switch and the associated wiring to connect the existing treatment plant backup generator.

## 6.2 UPGRADES IN 2022

Upgrades scheduled for 2022 will be the VT SCADA, Pumphouse Generator and Automatic Transfer Switch, all of which are explained above. Section 6.3 below explains why UV disinfection and the associated electrical upgrades are not being proposed for 2022. In addition, a Source Water Protection Plan and work will begin on this plan in 2022.

## 6.3 FUTURE UPGRADE – NOT ANTICIPATED AT THIS TIME

### **Filtration**

This is the collection and removal of suspended impurities in water, enhancing the effectiveness of disinfection. The estimated cost for a filtration system capable of handling the volumes used at Columbia Ridge is estimated at \$700,000.<sup>8</sup> Although the introduction of filtration would eliminate the need for UV, the capital cost for filtration is more than 3 times higher than that of UV, and as such would have a significant impact on rates relative to the use of UV. Corix does not anticipate that filtration will be mandated; however the final decision will be made by Interior Health Authority based on the outcome of the water source protection report. Corix expects to receive this report during 2023, roughly a year after Corix takes ownership. In order to avoid any unnecessary capital expenditures, Corix is proposing to defer the installation of a UV system until after it has confirmed that a filtration system will not be required.

---

<sup>8</sup> Based on a June 2021 Class C estimate.

---

## 7. TRUST FUNDS AT COLUMBIA RIDGE

The Water Utility at Columbia Ridge presently has three trust funds: Replacement Reserve Trust Fund, Construction Trust Fund, and Deferred Capacity Trust Fund.

### 7.1 REPLACEMENT RESERVE FUND

In Order No. 2434 the Comptroller amended Order No. 1774 requiring the Utility to make contributions to the Replacement Reserve Fund in accordance with the requirements set out in the Water Tariff No. 2 instead of making an annual lump sum contribution.

Schedule C Residential Service Flat Rates in Water Tariff No. 2 states that \$35,000 per year, effective January 1, 2017, will be deposited into a Replacement Reserve Fund from the total revenue collected from Schedule C rates.

### 7.2 CONSTRUCTION TRUST FUND

By Order No. 2435 dated November 24, 2015, the Comptroller established a Construction Trust Fund for the purpose of saving funds for the installation of UV treatment works in the future. The Utility is required to deposit \$5,000 per year from the rates collected in this fund until the funds are required to be used to install UV treatment.

The monies which constitute the Construction Trust Fund, together with any monies or amounts due and owing to the fund are deemed to be Utility property integral with the system of necessary plant and equipment employed by the utility in providing service, and consequently are to be so included in the event of any change in the ownership of the Utility property requiring the prior approval of the Comptroller as provided by Section 52 of the *Utilities Commission Act*.

### 7.3 DEFERRED CAPACITY RESERVE FUND

The Deferred Capacity Reserve Fund are the monies collected under the Water Tariff Schedule B Contribution in Aid of Future Construction. Whereas a result of premises becoming qualified as authorized premises as greater number of units require or may require service from the utility, thus utilizing waterworks capacity presently or in the future, then, upon application for an extension of service, in addition to the connection charge and any main extension costs, the charge of \$4,500 is to be paid for each residential service premises qualifying as authorized premises.

## 8. DEPRECIATION STUDY

This section describes the relationship between the depreciation study results and the collection of funds from the Replacement Reserve Fund from customers. Also, this section describes what is a depreciation study, the 2015 Depreciation Study, and the results of the 2021 Depreciation Study.

### 8.1 RELATIONSHIP BETWEEN THE DEPRECIATION STUDY AND REPLACEMENT RESERVE FUND

The Comptroller on November 2016 issued revised “Financial Guidelines for CPCN Applications”.<sup>9</sup> In Section 6.3 Replacement Reserve Fund (RRF), page 4, it states the following:

“The RRF provides funds (depreciation) collected from customers and/or interest earnings from Revenue Deficit/ Rent Charge Reserve Funds to pay for replacement of water system components when required. Interest earned on the RRF is to be retained in the RRF. Funds may only be released by authority of the Comptroller, upon evidence of replacement and review by the Utility Regulation staff. The RRF monies are to be Utility property integral with the water system and, consequently, are to be included as such in the event of any change in ownership of the Utility property requiring approval of the Comptroller under Section 52 of the Utilities Commission Act. Utilities are expected to deposit monies into the RRF as ordered by the Comptroller as rates are collected and/or interest on Revenue Deficit/ Rent Charge Reserve Funds are earned. Total annual deposits should be equal to standard depreciation rates for the water system components as shown on the attached depreciation schedule (generally around 2.5 to 3% of the total capital cost).”

[Underline emphasis added]

### 8.2 WHAT IS A DEPRECIATION STUDY?

A Depreciation Study is a tool used to ascertain the replacement value of the existing water system, which is in turn used to determine whether there is sufficient pre-collection of funds in the Replacement Reserve Fund (RRF) for replacement of the existing water system. The RRF is also known as the Replacement Reserve Trust Fund (RRTF). For example, if a developer of a new property development constructs a water system to serve residents for \$500,000 in 2000 with an estimated service life of 40 years, then the total funds collected in the RRF by 2040 should be sufficient to pay for the replacement of the system at that time. In simple terms assuming no inflation,  $\$500,000 / 40 \text{ years} = \$12,500$  per year of fund collections. After 21 years the amount collected would be \$262,500 or 52.5% of the original asset value. In another 19 years, the full amount of \$500,000 would be collected. Note that given inflation and interest earned on funds collected the actual required collection of funds may differ from the example.

---

<sup>9</sup> Comptroller Financial Guidelines for Certificate of Public Convenience and Necessity Applications, [https://www2.gov.bc.ca/assets/gov/environment/air-land-water/water/water-rights/water-utilities/cpcn\\_appen1\\_cpcn\\_financial\\_guidelines.pdf](https://www2.gov.bc.ca/assets/gov/environment/air-land-water/water/water-rights/water-utilities/cpcn_appen1_cpcn_financial_guidelines.pdf)

The Depreciation Study is based on the current cost of repair or replacement of existing assets. It does not necessarily provide an allowance for higher standards or requirements. For example if a distribution main was originally installed at a size that does not allow for fire flow protection, the Depreciation Study would not estimate the replacement cost based on the larger sized reinforced pipe, reservoir and pumping requirements suitable for fire flow. In another example, if a water system does not have a water treatment system that meets current day requirements the Depreciation Study would not include the costs for example of a new UV system. In these cases, where the Depreciation Study does not account for these additional costs or improvements from existing assets, a new designated trust fund would need to be created such as a UV Construction Reserve Trust Fund to save for a new UV system.

### 8.3 2015 DEPRECIATION STUDY AT COLUMBIA RIDGE

In Order No. 2434 dated November 24, 2015, the Comptroller approved the filed 2015 Depreciation Study. Previously, the Comptroller issued Order No. 1774 to Columbia Ridge Waterworks Ltd. for the establishing of a Replacement Reserve Fund as a condition of issuing CPCN No. 958.

In Order No. 2434 it amended Order No. 1774 requiring the Utility to make contributions to the fund in accordance with the requirements set out in the Water Tariff instead of making an annual lump sum contribution.

Order No. 2433 dated November 24, 2015, approved rates for CRWL for 2016 and 2017.

The RRTF provides funds (funded depreciation) collected from customers to pay for replacement of the existing water system components when required. The Utility deposits funds in a restricted bank account, from which no withdrawals are allowed without the written authorization of the Deputy Comptroller of Water Rights. If the water system is sold or transferred, the funds in the RRTF must be transferred to a new RRTF established by the new owners as these funds are for the beneficial use of the customers, regardless of the utility owner.

As part of the 2016 and 2017 rate application, the Water Utility prepared an Asset List showing that the cost to construct the water system in 2015 dollars would be \$2,004,885 for the mainline distribution, reservoir and pumping system. Using the current capital cost and depreciation rates per the Comptroller's CPCN Financial Guidelines schedule, the Utility calculated the annual replacement amount (RRTF contribution) should be \$35,000.

The Water Utility's proposal to phase in the full replacement provision over two years (from \$11,640 in 2015 to \$23,320 in 2016 to \$35,000 in 2017) was accepted by the Comptroller as it allowed the utility to phase in the proposed rate increase. The annual RRTF provision of \$35,000 is based on standard depreciation rates and at that time sufficient to fund the full replacement cost of the water system that existed at the time the 2016 and 2017 rate application was filed.

In summary the \$35,000 depreciation study result is reflected effective January 1, 2017 charged to customers in Water Tariff Schedule C Residential Service Flat Rates and then deposited into a Replacement Reserve Trust Fund and may only be released with the written authorization of the Comptroller of Water Rights.

#### 8.4 2021 DEPRECIATION STUDY AT COLUMBIA RIDGE

CRWL prepared its 2021 Depreciation Study (see Appendix 2: Attachment 1). The revised Depreciation Study reflected a distribution system extension to a new subdivision development encompassing 23 acreage sized residential parcels/lots and also included costs for a new additional concrete water storage reservoir. The 2021 Depreciation Study calculates that the annual RRTF contribution needs to be \$72,370. Compared to the 2015 Depreciation Study result of \$35,000, the revised amount is \$37,370 more than the 2015 Depreciation Study figure.

On May 17, 2021 the Head, Water Utilities Engineering at the Water Utilities Regulation Section of the Water Management Branch informed CRWL that the submitted Depreciation Schedule was approved.

The purpose of the 2021 Depreciation Study is that the results would be used to set rates for the next revenue requirement rate application under the Operating Margin methodology to set rates.

The results of the 2021 Depreciation Study has been used to calculate the Rate Scenarios for #1 Corix ownership with Operating Margin and #3 Current ownership with Operating Margin (see Section 9.1).

Corix notes that the 2021 Depreciation Study does not include the anticipated capital expenditures explained above in Section 6.2 Upgrades in 2022. An updated Depreciation Study in 2022 would mean higher total replacement costs. Therefore the annual RRTF contribution of \$72,370 calculated from the 2021 Depreciation Study would likely be higher in an updated 2022 Depreciation Study.

## 9. ACQUISITION COSTS

Corix seeks approval to recover the necessary costs associated with this acquisition. Acquisition costs refer to due diligence costs and the costs to conduct the public consultation, two prudent and necessary steps when acquiring a utility.

### 9.1 DUE DILIGENCE

Due diligence is the exercise of care that a reasonable business is normally expected to take before acquiring another business or its assets. Due diligence includes varying levels of investigation, through information gathering and verification, to obtain the information necessary to make a decision based on the available facts. In some cases, due diligence leads to the discovery of issues that require time and effort from both the seller and the purchaser to address prior to the sale.

It is prudent practice to perform due diligence when seeking to acquire a new utility. Depending on the information uncovered during the due diligence process, the potential buyer can work with the seller to ensure that identified issues are addressed, or avoid the purchase of entities that are not financially viable or entities with material issues that could negatively impact the owner’s business.

The remainder of this section provides information about the costs incurred and a proposal with accompanying justification for the recovery of these costs. It also provides example of regulators approving the recovery of due diligence costs in other jurisdictions.

### 9.2 ACQUISITION COST CATEGORIES, ALLOCATIONS AND DESCRIPTIONS

#### 9.2.1 Acquisition Cost Allocations

Since Corix is also acquiring the accompanying wastewater utility in this transaction (“Columbia Ridge Wastewater”) the costs have been allocated to the water and wastewater utility based on management judgement through years of experience. While most of the costs are split equally between the water and wastewater utilities, some costs are specific or largely driven by either one of the two utilities. For example, since the wastewater utility does not receive economic regulation all regulatory costs are allocated to the water utility. Table 3 below provides the allocation percentages.

**Table 3: Allocation Percentages**

Cost Category	Allocation Percentage		Explanation
	Water	Wastewater	
Project Management	50%	50%	Shared Equally
Due Diligence Lead	50%	50%	Shared Equally
Finance	50%	50%	Shared Equally
Legal	50%	50%	Shared Equally
Regulatory	100%	0%	No regulatory filing required for wastewater
Operations	50%	50%	Shared Equally
Engineering & Compliance	70%	30%	Majority of time spent on water utility

Environmental Assessment	30%	70%	Assessment focused on the wastewater utility
Public Consultation (Open House)	60%	40%	Focused on water utility concepts

### 9.2.2 Acquisition Costs

Table 4 below provides a breakdown of the acquisition costs into external costs invoiced to Corix and internal costs attributable to Corix staff’s time; and a breakdown between actual costs incurred and anticipated costs forecast to the completion of the purchase. The nature of each cost is explained in Section 9.2.3.

The total water utility acquisition costs presented in Table 4 excludes \$2,655 of pre-due diligence acquisition costs. The pre-due diligence acquisition costs are Corix’s staff’s time attributable to project management and finance costs incurred prior to the start of the due diligence process. Typically the due diligence begins after the execution of a Memorandum of Understanding (MOU) or the Asset Purchase Agreement (APA), if the APA is written in such a way that allows due diligence to occur after execution.

**Table 4: Water Utility Due Diligence and Public Consultation Costs**

Category	Acquisition Costs Allocated to Water Utility						Total
	Actual			Forecast			
	Internal	External	Subtotal	Internal	External	Subtotal	
Project Management	\$7,245	\$ -	\$7,245	\$750	\$ -	\$750	\$7,995
Due Diligence Lead	11,784	-	11,784	750	-	750	12,534
Finance	8,000	-	8,000	1,000	-	1,000	9,000
Legal	1,305	10,064	11,369	750	-	750	12,119
Regulatory	1,631	7,850	9,481	500	6,000	6,500	15,981
Operations	1,423	-	1,423	350	-	350	1,773
Engineering & Compliance	2,800	-	2,800	350	-	350	3,150
Environmental Assessment	-	2,775	2,775	-	-	-	2,775
Public Consultation (Open House)	-	1,132	1,132	-	-	-	1,132
<b>Total</b>	<b>\$34,189</b>	<b>\$21,820</b>	<b>\$56,009</b>	<b>\$4,450</b>	<b>\$6,000</b>	<b>\$10,450</b>	<b>\$66,459</b>

### 9.2.3 Acquisition Cost Category Descriptions

#### Project Management

These costs represent Corix staff’s costs incurred for: 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.

#### Due Diligence Lead

These costs represent Corix staff's costs incurred for: leading the due diligence portion of the acquisition; gathering the required due diligence information from the sellers for the SMEs; coordinating with internal and external SMEs that perform due diligence activities; preparing material for the public open house; and providing general project management support.

#### Finance

These costs represent Corix staff's costs incurred for: reviewing the seller's historical financial and accounting information; developing the financial model; reviewing and updating all relevant legal agreements to ensure that the provisions of the agreements are accurately reflected in the Cost of Service model; liaising with SMEs to prepare the financial forecast and conducting scenario analyses; conducting negotiations with the seller; presenting and responding to questions at the public open house; and providing finance support throughout the regulatory review of the acquisition application.

#### Legal

A portion of these costs represent Corix staff's costs incurred for: legal representation throughout the acquisition process, including negotiating contracts, performing due diligence checks, providing legal analysis, and coordinating the use of external legal counsel. The remaining portion of these costs are external legal costs incurred to address the statutory right-of-ways (ROWs), easements and the title transfer.

#### Regulatory

All regulatory costs are associated with the acquisition of the water utility only. The majority of the regulatory costs are external costs incurred by the regulatory consultant for: reviewing historical regulatory information from sellers; performing regulatory due diligence and analyses throughout the acquisition process; and leading the preparation of this Application to the Water Comptroller. A portion of these costs represent Corix staff's costs incurred for preparing and reviewing this Application.

#### Operations

These costs represent Corix staff's costs incurred for: a site visit to inspect the existing infrastructure; preparation of an operational needs assessment and costing for the financial forecast model; and participation in the public open house.

#### Engineering and Compliance

These costs represent Corix staff's costs incurred for: peer review of engineering assessments; a site visit, due diligence associated with the Interior Health Authority and the Ministry of Environment and Climate Change Strategy (MOE); and verification of legal lots with previous CPCNs issued for CRWL.

---

### Environmental Assessment

This is an external cost that represents the cost of conducting an Environmental Assessment. It is standard practice at Corix to undertake an Environmental Assessment as part of the due diligence process to assess the potential that soil, vapour, and/or groundwater at the subject site is contaminated to levels exceeding the applicable standards under current and proposed zoning and land use.

### Public Consultation

These costs are third party costs associated with the public open house sessions. It comprises the cost of all materials, such as poster boards and printed brochures. Public consultation costs were kept to a minimum as Corix was able to host the public consultation sessions in the community hall building without incurring rent charges.

#### **9.2.4 Acquisition Costs are necessary**

Due diligence costs are expected and reasonable costs associated with any utility acquisition. Various factors of the utility to be acquired can influence the amount of due diligence costs incurred, such as: size of utility; availability, completeness, and complexity of historical records; compliance with existing regulations or requirements; complexity of operations; condition of the infrastructure; outstanding or ongoing legal issues; and unique circumstances.

It should be noted that smaller utilities sometimes result in relatively higher due diligence costs primarily due to issues discovered during the due diligence process that need to be addressed prior to acquisition and in some instances, inescapable costs that are required regardless of the size of utility. For example, Corix incurred external legal costs for review of easements, rights of way, other land rights, property records (lots), and rent charges on title all of which are necessary and must be transferred from the current utility owner to Corix. This legal review ensures that the Water Utility has all the rights and access to operate the utility in a reliable and efficient manner. In instances where there are issues to be addressed, Corix provides the relevant guidance for the issue to be addressed by the seller prior to acquisition.

In some instances, compliance deficiencies are uncovered during the due diligence process that may need to be rectified by the current owner prior to Corix taking ownership or it will have to be addressed after Corix takes ownership. In some cases the due diligence process forewarns of possible risks or future costs such as when an existing facility can operate as usual if no modification are made. However, sometimes if any upgrades are made to an existing facility this may trigger other additional costs not directly related to the upgrade since as requirements for bringing the structure and/or electrical system to current code standards. Knowledge of these issues and potential mitigation options will be to the benefit of customers to allow the utility to be operated in the most cost effective and reliable manner possible.

The actual costs identified above are charged directly to this specific utility acquisition project. As such, these costs are not included in shared corporate services or shared regional services costs and are therefore not allocated to other Corix utilities. The forecast acquisition costs have been reasonably forecast using management's judgement based on past experience. As these forecast costs occur, they will also be charged directly to this specific utility acquisition project.

All of the above costs are necessary costs that were prudently incurred in a manner consistent with standard due diligence practice for utility acquisitions.

### 9.3 PROPOSED RECOVERY OF COSTS

In this Application Corix is seeking approval to recovery acquisition costs, as outlined in Section 1.2 Regulatory Approvals Sought in this Application. However, the exact cost recovery method will be presented in a subsequent revenue requirements and rates application to be filed at a later date, subject to approval of the acquisition. Corix will propose a cost recovery method that seeks to minimize the impact to utility rate payers, while affording Corix the opportunity to recover the acquisition costs over a reasonable period of time.

Corix will propose to capitalize the acquisition costs, consistent with the practice used in other jurisdictions. This will ensure that the acquisition costs are not recovered from customers in a single year. Instead, acquisition cost recovery will take place over a number of years, as calculated with the depreciation rate of the capitalized acquisition costs. Given the anticipated rate changes occurring from 2022 to 2024 Corix will propose a recovery mechanism that will not impact customer rates during these years (from 2022 to 2024).

### 9.4 ACQUISITION COST RECOVERY IN OTHER JURISDICTIONS

There are several jurisdictions in North America that approve the recovery of acquisition costs for water utilities. It should be noted here that acquisition costs refer to due diligence and public consultation costs and do not refer to an acquisition premium in the instance where the buyer pays a price higher than the seller's net book value at the time of sale. In Appendix E: Acquisition Costs Recovery in Other Jurisdictions, Corix presents information on the approval of acquisition costs for utility purchases in jurisdictions in North America where Corix has a business presence. This information is summarized below.

1. **Illinois:** allows closing costs to be capitalized into an Organization plant account into rate base for cost recovery in an acquisition of a water utility.
2. **Louisiana:** allows transaction costs to be capitalized into rate base for cost recovery in an acquisition of a water utility.
3. **North Carolina:**
  - a. allows due diligence costs to be capitalized into a Franchises plant account into rate base for cost recovery in an acquisition of a water utility.
  - b. following from the Fair Value Statute allows inclusion of the costs of engineering assessment, transaction and closing costs incurred by the utility into rate base for cost recovery in an acquisition of a water utility.
4. **Virginia:** the Virginia state legislature has established legislation requiring the State Corporation Commission to establish rules governing fair market valuations of water utility or sewer utility asset acquisitions for reasonable transaction and closing costs into rate base for cost recovery in an acquisition of a water utility.

Acquisition costs can be recovered by placing the costs into rate base as utility plant or through the use of a deferral account. As indicated in Illinois and North Carolina, the applicable plant accounts that can be used for acquisition costs are the Organization or Franchises plant accounts.

## 9.5 FAIR AND REASONABLE

It is fair and reasonable to approve Corix's recovery of acquisition costs for the Water Utility because:

- **Acquisition costs are necessary** – due diligence is standard business practice that is required in order to make prudent acquisition decisions. Public notification is required for water utility acquisitions and the contemplated capital projects and proposal to switch to rate base necessitated open house sessions to adequately inform customers of the implications.
- **It is approved in other jurisdictions** - The recovery of acquisition costs has been approved by regulators in other North American jurisdictions, as described in Section 9.4 above.
- **Customers will benefit from the acquisition** – Subject to Water Comptroller approval, the assets will be owned and operated by a sophisticated utility operator with decades of experience owning and operating various types of utilities in numerous jurisdictions. Corix's capital planning and prudent operations management will enhance the longevity of the system while ensuring that safe drinking water quality standards are met while customers pay reasonable rates.
- **Corix will minimize the impact to customers** – Corix will develop a recovery approach that will minimize the impact to customer rates while allowing Corix to recover the acquisition costs over a reasonable period of time.

---

## 10. RATE SCENARIOS AND RATE IMPACT FOR OPERATING MARGIN AND RATE BASE

Corix has modelled rate scenarios to assess the impact of the change from Operating Margin to Rate Base.

Note that Corix is not proposing any changes to existing rates in this Application. However, as discussed in Section 4.2 Customer Rates and Tariff, Corix is proposing a new tariff Schedule I: Untreated Irrigation Service Flat Rates which will allow the water utility to charge for service that will bring in additional revenue and to be the benefit or ratepayers.

The rate scenarios shown in this Section 10 are indicative scenarios for rates under various scenarios. If the Comptroller approves this Application, Corix as the owner of the Water Utility will make a subsequent rate application for any change in rates.

### 10.1 RATE SCENARIOS

The following scenarios are indicative rates at the time of this Application. To assess the impact of the request to change from Operating Margin to Rate Base, Corix has modelled three rate scenarios:

#### **Rate Scenario 1: Corix ownership with Operating Margin**

In Rate Scenario 1 Corix assumes ownership of the water utility and the Operating Margin methodology is used to set customer rates.

#### **Rate Scenario 2: Corix ownership with Rate Base**

In Rate Scenario 2 Corix assumes ownership of the water utility and the Rate Base methodology is used to set customer rates.

#### **Rate Scenario 3: Current ownership with Operating Margin**

In Rate Scenario 3 the current owner of the utility continues ownership of the water utility and the Operating Margin methodology is used to set customer rates.

## 10.2 RATE SCENARIOS: SUMMARY RATE IMPACT

Table 5 shows the three scenarios and compares the indicative 3-year cumulative rate impact and the indicative lump sum assessment.

**Table 5: Rate Scenarios: High Level Comparison**

Rate Scenarios	Cumulative Rate Increase over a 3 Year Period	Lump Sum Assessment per customer
#1 Corix Ownership – Operating Margin	69%	\$1,309
#2 Corix Ownership – Rate Base	27%	\$0
#3 Current Ownership – Operating Margin	48%	\$1,309

Table 5 shows that over a three year period rates would need to increase by 69% with a \$1,309 lump sum assessment per customer for capital upgrades under the Rate Scenario #1 Corix Ownership – Operating Margin rates. However, under Rate Scenario #2 Corix Ownership – Rate Base over a three year period the rates would need to increase by 27% with no Lump Sum Assessment per customer. Under Rate Scenario #3 Current Ownership – Operating Margin over a three year period the rates would need to increase by 48% and a \$1,309 lump sum assessment would be required from customers.

Under the Operating Margin Scenarios #1 and #3 the rate increase is primarily driven by the need to reflect in rates the 2021 Depreciation Study results. The results indicate that the present collection of \$35,000 from customers would need to be increased to \$72,370. This increase is described in more detail in Section 8.4 2021 Depreciation Study at Columbia Ridge. Also the Operating Margin methodology requires customers to fund the capital upgrades

Under the Rate Base Scenario #2 the rate increase is smaller due to some offsetting factors. With rate base the RRTF is removed from the calculation of the revenue requirements and instead replaced by depreciation, return on equity, and interest. See Section 5.5 for more details.

As noted in Section 9.3 Proposed Recovery of Costs regarding acquisition costs, if the Comptroller approves cost recovery of acquisition costs, Corix will propose in the next rate application a acquisition cost recovery that will not impact customer rates from 2022 to 2024.

### 10.3 RATE SCENARIOS: ANNUAL BILL AND ANNUAL RATE IMPACT

Table 6 below presents the indicative residential annual bills and rate changes for 2022 through to 2024 without the indicative lump sum assessment.

**Table 6: Indicative Residential Annual Bills and Increases by Year (Excludes Lump Sum Assessment)**

Rate Scenarios	Annual Bill based on:				Percentage (%) Increase			
	Existing Rates	Indicative Rates			Annual			Cumulative
		2022	2023	2024	2022	2023	2024	2022 to 2024
#1 Corix Ownership – Operating Margin	\$660	\$1,089	\$1,111	\$1,133	65%	2%	2%	<b>69%</b>
#2 Corix Ownership – Rate Base	\$660	\$759	\$759	\$850	15%	0%	12%	<b>27%</b>
#3 Current Ownership – Operating Margin	\$660	\$950	\$969	\$989	44%	2%	2%	<b>48%</b>

Table 7 below presents the indicative residential annual bills for 2022 through to 2024 with the indicative lump sum assessment.

**Table 7: Indicative Annual Residential Bills with Lump Sum Assessment**

Rate Scenarios		Existing	Indicative	Indicative	Indicative
		2021	2022	2023	2024
#1 Corix Ownership – Operating Margin	Bill from Rates	\$660	\$1,089	\$1,111	\$1,133
	Lump Sum Assessment	\$0	\$313	\$996	\$0
	Total Annual Bill	\$660	\$1,402	\$2,106	\$1,133
#2 Corix Ownership – Rate Base	Bill from Rates	\$660	\$759	\$759	\$850
	Lump Sum Assessment	\$0	\$0	\$0	\$0
	Total Annual Bill	\$660	\$759	\$759	\$850
#3 Current Ownership – Operating Margin	Bill from Rates	\$660	\$950	\$969	\$989
	Lump Sum Assessment	\$0	\$313	\$996	\$0
	Total Annual Bill	\$660	\$1,264	\$1,965	\$989

#### 10.4 INDICATIVE CUSTOMER MONTHLY RATES

Table 8 below shows the indicative monthly rates and the estimated lump sum assessment per customer in the period from 2022 to 2023.

**Table 8: Indicative Residential Customer Monthly Rates and Lump Sum Assessment**

Rate Scenarios	Existing Monthly Rates	Indicative Monthly Rates	Indicative Monthly Rates	Indicative Monthly Rates	Lump Sum Assessment per Customer
	2021	2022	2023	2024	2022-2023
#1 Corix Ownership – Operating Margin	\$55.00	\$90.75	\$92.57	\$94.42	\$1,309
#2 Corix Ownership – Rate Base	\$55.00	\$63.25	\$63.25	\$70.84	\$0
#3 Current Ownership – Operating Margin	\$55.00	\$79.2	\$80.78	\$82.40	\$1,309

#### 10.5 SUPPORTING SCHEDULES AND ASSUMPTIONS

The assumptions and supporting schedules for Tables 5, 6, 7, and 8 above are shown in:

- Appendix B, Schedule 1 – Assumptions;
- Appendix B, Schedule 2 – Scenario #1 Corix Ownership - Operating Margin;
- Appendix B, Schedule 3 – Scenario #2 Corix Ownership - Rate Base; and
- Appendix B, Schedule 4 – Scenario #3 Current Ownership - Operating Margin.

##### 10.5.1 Key Assumptions

The tables below provides the key assumptions used in the modelling of each rate scenario.

**Customers:**

**Table 9: Assumption – Customers by Year**

Residential Customers	2020	2021	2022	2023	2024
Number of Connected Customers	158	161	161	161	161
Number of Standby Customers	37	35	60	65	65
<b>Total Customers</b>	<b>195</b>	<b>196</b>	<b>221</b>	<b>226</b>	<b>226</b>

**Capital Expenditures:**

**Table 10: Assumption – Capital Expenditures by Year**

Capital Expenditure	2021	2022	2023	2024	Total
UV System	\$0	\$0	\$225,000	\$0	\$225,000
Pumphouse Generator	\$0	\$50,000	\$0	\$0	\$50,000
Auto Transfer Switch	\$0	\$10,000	\$0	\$0	\$10,000
Source Water Protection Plan	\$0	\$40,000	\$0	\$0	\$40,000
<b>Total</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$225,000</b>	<b>\$0</b>	<b>\$325,000</b>

The above capital expenditures are the anticipated capital investment made by Corix as the owner. It does not include the 2021 spend for the reservoir addition by the current owners. Please refer to Section 6 for details.

**Trust Funds:**

**Table 11: Assumption – Trust Fund Balances Available to offset Capital Expenditures**

Trust Funds	Amount \$
UV Construction Reserve Trust Fund	\$30,768
Replacement Reserve Trust Fund	\$0
Deferred Capacity Trust Fund	\$0

Please refer to Section 7 for descriptions on the trust funds.

**Rate Base:**

**Table 12: Assumption – Rate Base Capital Structure and Cost of Capital**

Capital	Capital Structure %	Cost of Capital: Interest/ROE
Debt	57.5%	3.07%
Equity	42.5%	9.5%

Please refer to Sections 5.3 and 5.4 for details on the rate base capital structure and cost of capital.

**Revenue Requirements:**

In Rate Scenarios #1 and #2 where Corix owns the water utility, the revenue requirements were estimated based on a bottom-up approach for both the Operating Margin method and the Rate Base method. Under the Operating Margin method (Rate Scenario #1) Corix estimated its annual Operating and Maintenance expenses to operate the utility plus the updated RRTF contribution of \$72,370. Under the Rate Base method (Rate Scenario #2), Corix estimated its annual Operating and Maintenance expenses consistent with Rate Scenario #1, removed the RRTF contribution, and added depreciation, interest, and return on equity.

In Rate Scenario #3 where the current owner continues its ownership of the utility, Corix used an incremental approach to estimate the revenue requirements for 2022 to 2024. To calculate the revenue requirements Corix added identified incremental operating costs (electricity for UV, bulbs & ballasts for UV, generator testing and maintenance, and incremental labour). Additionally this scenario included incremental costs for the allowed margin on incremental operating costs, incremental RRTF contribution due to the 2021 depreciation study, average shortfall in allowed margin from 2019/2020, and incremental income taxes.

The supporting calculations of the revenue requirements for each scenario are shown in the Appendix B, Schedule 2 for Rate Scenario #1; Schedule 3 for Rate Scenario #2; and Schedule 3 for Rate Scenario #3.

## 11. CUSTOMER CONSULTATION

Customer Consultation has been thorough at Columbia Ridge. On August 17, 2021 Corix held a three hour virtual evening meeting with the two Home Owners Associations (HOA) at Columbia Ridge; the Spirits Reach HOA and the Columbia Ridge Community Association. The sellers were also in attendance. Corix did a presentation on who we are, who our owners are, and explained that through Corix's due diligence process, and our understanding of the required capital needed to comply with Interior Health Authority's safe drinking guidelines, there is considerable capital required. As such, Corix also explained the potential opportunity to apply to the BC Water Comptroller for rate base regulation given the burden this required capital may have on customers. Corix then presented the difference between Operating Margin regulation and Rate Base regulation. Overall, both HOA's appeared to understand the difference between the Rate Base and Operating Margin and also did not question or oppose the capital required. Both HOA's voiced their support of rate base regulation and indicated their willingness to put their support in writing.

Corix then travelled to Columbia Ridge and hosted three different Open House sessions to accommodate peoples schedules. They were held on:

- August 26, 2021 from 1-4pm;
- August 26, 2021 from 6-8pm; and
- August 27, 2021 from 8:30-11am.

Forty-three (43) people attended from the 161 active connections. Corix set up five different kiosk stations: Regulatory; Operations; Compliance; Financials; and About Corix. Corix subject matter experts were in attendance to respond to questions from attendees. This was done in a COVID safe environment (masks required, max of 10 ppl at once) in recognition of COVID-19 protocols in place at that time. The reception of Corix and the open houses were positive, with most of the questions and concerns centered around rates. Corix took time to explain rate base regulation versus operating margin regulation and people seemed to understand. There was overall support for rate base regulation with the people Corix spoke to. It should be noted that there was some confusion that people thought rate base regulation meant meters. Corix explained meters do not impact the type of water regulation. Meters were a common discussion point with approximately 30-40% of the attendance, with approximately half in support of meters and half opposed.

Corix left printed brochure's to be shared with community members who could not attend the open houses. In addition, three property owners who could not attend the open house sessions emailed Corix with questions, to which Corix responded.

On October 7, 2021, Corix met with the Columbia Ridge Community Association and Spirits Reach homeowner association along with the sellers in a two hour virtual evening meeting. At this meeting Corix explained that even if a rate base regulation were to be approved there would be a rate increase primarily due to labour costs. Corix presented an indicative rate increase based on the data available at that time. All meeting attendees continued to support. In a follow-up meeting on December 16, 2021, Corix with the sellers met again with the community association and homeowner association to further discuss the indicative rate increase for the Water Utility.

Corix has included the Customer Letters of Support in Appendix C of this Application. Appendix C in the public version has been redacted for personal information and the letters have instead been identified by number. Also, Corix has included in Appendix D the Customer Consultation Open House Materials that were presented to customers.

Corix received 25 customer letters as shown in Appendix C. The customer responses were from individual homeowners and also included the Columbia Ridge Community Association. The Columbia Ridge Community Association represents 120 property owners who are customers of the Water Utility (see Appendix C: Customer Letters #6 and 6A).

Overall, customers have provided strong support for the Corix acquisition of Water Utility assets and also a strong preference for changing to Rate Base to set customer rates. Corix did not receive any customer letters that opposed the Application.

**APPENDIX A: AMENDED CPCN ASSET TRANSFER – CORIX MULTI-UTILITY SERVICES INC. APPLICATION TO PURCHASE ASSETS FROM COLUMBIA RIDGE WATERWORKS LTD.**

## LIST OF ATTACHMENTS

- Attachment 1: Copy of the Executed Asset Purchase Agreement
- Attachment 2: Evidence of customer notification
- Attachment 3: Irrevocable Letter of Authority (ILA) from bank
- Attachment 4: Copy of the \$50 Cheque Payable to the Minister of Finance
- Attachment 5: List of Current Legal Descriptions for all connected lots
- Attachment 6: List of Corix Company Contacts for Management and Operator Correspondence
- Attachment 7: CRWL's 2020 Financial Statements
- Attachment 8: CRWL's Bank Confirmation of the Replacement Reserve Trust Fund Balance
- Attachment 9: Copy of the Certificate and Articles of Incorporation for Corix Multi-Utility Services Inc.
- Attachment 10: Copy of Existing Approved Tariff for Columbia Ridge Waterworks Ltd.
- Attachment 11: Corix Proposed Water Tariff (Legal Blackline Version)
- Attachment 12: Corix Proposed Water Tariff (Clean Version)

**FILED CONFIDENTIALLY**

# **ATTACHMENT 1**

## **EXECUTED ASSET PURCHASE AGREEMENT**

# **ATTACHMENT 2**

## **EVIDENCE OF CUSTOMER NOTIFICATION**

December 17, 2021

Columbia Ridge Waterworks Ltd  
6890 Columbia Lake Road  
Fairmont Hot Springs, BC  
VOB 1L2

**Re: Application to Transfer Water Utility and Use Rate Base to Set Customer Water Rates**

Dear Columbia Ridge Waterworks Customer:

As most of you are aware from our previous correspondence, Columbia Ridge Waterworks Ltd. (CRWL) has entered into an asset purchase agreement with Corix Utilities to acquire the Water and Wastewater (sewer) Utilities serving the Columbia Ridge community and other properties in the area. Should the acquisition be successful, Corix will provide the managerial, technical, and financial resources necessary to provide safe, reliable, and cost-effective services.

Regarding the Water Utility only, the British Columbia Comptroller of Water Rights (Comptroller), which regulates water utilities in the Province of BC, must approve the transfer of the Water Utility as well as Corix's application to use Rate Base to set customer rates. The Application is expected to be filed by December 24, 2021 and regulatory approval is anticipated on or after March 30, 2022. Upon approval the transfer can take place.

As you are aware water rates from Columbia Ridge Waterworks Ltd. have not increased since 2015. We had intended to file a water rate application with the Comptroller in 2021 that would have included a significant rate increase but held off on this application due to discussions with Corix to transfer the utilities (water and sewer).

This upcoming Application to the Comptroller for Corix to acquire the Columbia Ridge Waterworks Ltd water assets will not change the existing water rates charged to customers. After the transfer to Corix, Corix will file a rate application for the Water Utility, in which they will forecast the revenue requirements of the water utility based on the proposed change to Rate Base to set water rates for customers.

Should you have any further questions or comments regarding this matter, please don't hesitate to contact us.

Sincerely,

*Dave and Donna Rae*

Dave and Donna Rae  
Owners, Columbia Ridge Waterworks Ltd

[dave@columbiaridge.com](mailto:dave@columbiaridge.com)  
[donna@columbiaridge.com](mailto:donna@columbiaridge.com)

FILED CONFIDENTIALLY

# ATTACHMENT 3

## IRREVOCABLE LETTER OF AUTHORITY (ILA)

FILED CONFIDENTIALLY

**ATTACHMENT 4**

**COPY OF THE CHEQUE**

**WITH THE APPLICATION FEE**

# **ATTACHMENT 5**

## **LIST OF CURRENT LEGAL DESCRIPTIONS OF THE CONNECTED LOTS**

**Columbia Ridge Water Utility  
Customer List  
December 2021**

Item No.	Service Street	CPCN No.	Legal Description
1	Columbia Ridge Drive	958	Lot 1, Plan NEP 23269, DL 139, Kootenay District
2	Columbia Ridge Drive	958	Lot 10, Plan NEP 22941, DL 139, Kootenay District
3	Columbia Ridge Drive	958	Lot 12, Plan NEP 22941, DL 139, Kootenay District
4	Columbia Ridge Drive	958	Lot 13, Plan NEP 22941, DL 139, Kootenay District
5	Columbia Ridge Drive	958	Lot 17, Plan NEP 23269, DL 139, Kootenay District
6	Columbia Ridge Drive	958	Lot 18, Plan NEP 23269, DL 139, Kootenay District
7	Columbia Ridge Drive	958	Lot 19, Plan NEP 22941, DL 139, Kootenay District
8	Columbia Ridge Drive	958	Lot 2, Plan NEP 23269, DL 139, Kootenay District
9	Columbia Ridge Drive	958	Lot 20, Plan NEP 22941, DL 139, Kootenay District
10	Columbia Ridge Drive	958	Lot 20, Plan NEP 23269, DL 139, Kootenay District
11	Columbia Ridge Drive	958	Lot 21, Plan NEP 22941, DL 139, Kootenay District
12	Columbia Ridge Drive	958	Lot 21, Plan NEP 23269, DL 139, Kootenay District
13	Columbia Ridge Drive	958	Lot 22, Plan NEP 22941, DL 139, Kootenay District
14	Columbia Ridge Drive	958	Lot 22, Plan NEP 23269, DL 139, Kootenay District
15	Columbia Ridge Drive	958	Lot 23, Plan NEP 22941, DL 139, Kootenay District
16	Columbia Ridge Drive	958	Lot 23, Plan NEP 23269, DL 139, Kootenay District
17	Columbia Ridge Drive	958	Lot 24, Plan NEP 22941, DL 139, Kootenay District
18	Columbia Ridge Drive	958	Lot 25, Plan NEP 22941, DL 139, Kootenay District
19	Columbia Ridge Drive	958	Lot 26, Plan NEP 22941, DL 139, Kootenay District
20	Columbia Ridge Drive	958	Lot 27, Plan NEP 22941, DL 139, Kootenay District
21	Columbia Ridge Drive	958	Lot 28, Plan NEP 22941, DL 139, Kootenay District
22	Columbia Ridge Drive	958	Lot 3, Plan NEP 23269, DL 139, Kootenay District
23	Columbia Ridge Drive	958	Lot 4, Plan NEP 23269, DL 139, Kootenay District
24	Columbia Ridge Drive	958	Lot A, Plan NEP 81984, DL 139, Kootenay District
25	Columbia Ridge Drive	958	Lot B, Plan NEP 81984, DL 139, Kootenay District
26	Pine Bay	958	Lot 3, Plan NEP 22941, DL 139, Kootenay District
27	Pine Bay	958	Lot 4, Plan NEP 22941, DL 139, Kootenay District
28	Pine Bay	958	Lot 5, Plan NEP 22941, DL 139, Kootenay District
29	Pine Bay	958	Lot 6, Plan NEP 22941, DL 139, Kootenay District
30	Pine Bay	958	Lot 7, Plan NEP 22941, DL 139, Kootenay District
31	Pine Bay	958	Lot 8, Plan NEP 22941, DL 139, Kootenay District
32	Pine Bay	958	Lot 9, Plan NEP 22941, DL 139, Kootenay District
33	Pine Bay	958	Lot PARCEL A, Plan NEP 22941, DL 139, Kootenay District (see Note 1)
34	Spruce Bay	958	Lot 14, Plan NEP 22941, DL 139, Kootenay District
35	Spruce Bay	958	Lot 15, Plan NEP 22941, DL 139, Kootenay District
36	Spruce Bay	958	Lot 16, Plan NEP 22941, DL 139, Kootenay District
37	Spruce Bay	958	Lot 17, Plan NEP 22941, DL 139, Kootenay District
38	Spruce Bay	958	Lot 18, Plan NEP 22941, DL 139, Kootenay District
39	Tamarack Bay	958	Lot 1, Plan NEP 88656, DL 139, Kootenay District
40	Tamarack Bay	958	Lot 14, Plan NEP 23269, DL 139, Kootenay District

41	Tamarack Bay	958	Lot 15, Plan NEP 23269, DL 139, Kootenay District
42	Tamarack Bay	958	Lot 16, Plan NEP 23269, DL 139, Kootenay District
43	Tamarack Bay	958	Lot 9, Plan NEP 23269, DL 139, Kootenay District
44	Tamarack Bay	958	Lot B, Plan NEP 81987, DL 139, Kootenay District (see Note 2)
45	Tamarack Bay	958	Lot C, Plan NEP 81984, DL 139, Kootenay District
46	Tamarack Bay	958	Lot C, Plan NEP 81987, DL 139, Kootenay District (see Note 2)
47	Tamarack Bay	958	Lot D, Plan NEP 81987, DL 139, Kootenay District
48	Columbia Lake Road	980	Lot A, Plan NEP 58998, DL 139, Kootenay District
49	Cedar Bay	1078	Lot 13, Plan NEP 67238, DL 139, Kootenay District
50	Cedar Bay	1078	Lot 14, Plan NEP 67238, DL 139, Kootenay District
51	Cedar Bay	1078	Lot 15, Plan NEP 67238, DL 139, Kootenay District
52	Cedar Bay	1078	Lot 16, Plan NEP 67238, DL 139, Kootenay District
53	Cedar Bay	1078	Lot 17, Plan NEP 67238, DL 139, Kootenay District
54	Columbia Ridge Drive	1078	Lot 1, Plan NEP 67238, DL 139, Kootenay District
55	Columbia Ridge Drive	1078	Lot 10, Plan NEP 67238, DL 139, Kootenay District
56	Columbia Ridge Drive	1078	Lot 11, Plan NEP 67238, DL 139, Kootenay District
57	Columbia Ridge Drive	1078	Lot 12, Plan NEP 67238, DL 139, Kootenay District
58	Columbia Ridge Drive	1078	Lot 18, Plan NEP 67238, DL 139, Kootenay District
59	Columbia Ridge Drive	1078	Lot 19, Plan NEP 67238, DL 139, Kootenay District
60	Columbia Ridge Drive	1078	Lot 2, Plan NEP 67238, DL 139, Kootenay District
61	Columbia Ridge Drive	1078	Lot 20, Plan NEP 67238, DL 139, Kootenay District
62	Columbia Ridge Drive	1078	Lot 21, Plan NEP 67238, DL 139, Kootenay District
63	Columbia Ridge Drive	1078	Lot 22, Plan NEP 67238, DL 139, Kootenay District
64	Columbia Ridge Drive	1078	Lot 23, Plan NEP 67238, DL 139, Kootenay District
65	Columbia Ridge Drive	1078	Lot 24, Plan NEP 67238, DL 139, Kootenay District
66	Columbia Ridge Drive	1078	Lot 25, Plan NEP 67238, DL 139, Kootenay District
67	Columbia Ridge Drive	1078	Lot 3, Plan NEP 67238, DL 139, Kootenay District
68	Columbia Ridge Drive	1078	Lot 4, Plan NEP 67238, DL 139, Kootenay District
69	Columbia Ridge Drive	1078	Lot 5, Plan NEP 67238, DL 139, Kootenay District
70	Columbia Ridge Drive	1078	Lot 6, Plan NEP 67238, DL 139, Kootenay District
71	Columbia Ridge Drive	1078	Lot 7, Plan NEP 67238, DL 139, Kootenay District
72	Columbia Ridge Drive	1078	Lot 8, Plan NEP 67238, DL 139, Kootenay District
73	Columbia Ridge Drive	1078	Lot 9, Plan NEP 67238, DL 139, Kootenay District
74	Columbia Lake Road	1081	Lot 1, Plan NEP 67747, DL 4596, Kootenay District
75	Columbia Lake Road	1081	Lot 2, Plan NEP 67747, DL 4596, Kootenay District
76	Columbia Lake Road	1081	Lot 3, Plan NEP 67747, DL 4596, Kootenay District
77	Columbia Ridge Drive	1099	Lot 1, Plan NEP 69192, DL 139, Kootenay District
78	Columbia Ridge Drive	1099	Lot 10, Plan NEP 69192, DL 139, Kootenay District
79	Columbia Ridge Drive	1099	Lot 12, Plan NEP 69192, DL 139, Kootenay District
80	Columbia Ridge Drive	1099	Lot 19, Plan NEP 69192, DL 139, Kootenay District
81	Columbia Ridge Drive	1099	Lot 20, Plan NEP 69192, DL 139, Kootenay District
82	Columbia Ridge Drive	1099	Lot 21, Plan NEP 69192, DL 139, Kootenay District

83	Columbia Ridge Drive	1099	Lot 22, Plan NEP 69192, DL 139, Kootenay District
84	Columbia Ridge Drive	1099	Lot 23, Plan NEP 69192, DL 139, Kootenay District
85	Columbia Ridge Drive	1099	Lot 24, Plan NEP 69192, DL 139, Kootenay District
86	Columbia Ridge Drive	1099	Lot 27, Plan NEP 69192, DL 139, Kootenay District
87	Columbia Ridge Drive	1099	Lot 28, Plan NEP 69192, DL 139, Kootenay District
88	Columbia Ridge Drive	1099	Lot 29, Plan NEP 69192, DL 139, Kootenay District
89	Columbia Ridge Drive	1099	Lot 30, Plan NEP 69192, DL 139, Kootenay District
90	Columbia Ridge Drive	1099	Lot 31, Plan NEP 69192, DL 139, Kootenay District
91	Columbia Ridge Drive	1099	Lot 32, Plan NEP 69192, DL 139, Kootenay District
92	Columbia Ridge Drive	1099	Lot 33, Plan NEP 69192, DL 139, Kootenay District
93	Columbia Ridge Drive	1099	Lot 34, Plan NEP 69192, DL 139, Kootenay District
94	Columbia Ridge Drive	1099	Lot 35, Plan NEP 69192, DL 139, Kootenay District
95	Columbia Ridge Drive	1099	Lot 36, Plan NEP 69192, DL 139, Kootenay District
96	Columbia Ridge Drive	1099	Lot 37, Plan NEP 69192, DL 139, Kootenay District
97	Columbia Ridge Drive	1099	Lot 38, Plan NEP 69192, DL 139, Kootenay District
98	Columbia Ridge Drive	1099	Lot 39, Plan NEP 69192, DL 139, Kootenay District
99	Columbia Ridge Drive	1099	Lot 40, Plan NEP 69192, DL 139, Kootenay District
100	Columbia Ridge Drive	1099	Lot 41, Plan NEP 69192, DL 139, Kootenay District
101	Columbia Ridge Drive	1099	Lot 42, Plan NEP 69192, DL 139, Kootenay District
102	Columbia Ridge Drive	1099	Lot 43, Plan NEP 69192, DL 139, Kootenay District
103	Columbia Ridge Drive	1099	Lot 49, Plan NEP 69192, DL 139, Kootenay District
104	Columbia Ridge Drive	1099	Lot 50, Plan NEP 69192, DL 139, Kootenay District
105	Columbia Ridge Drive	1099	Lot 9, Plan NEP 69192, DL 139, Kootenay District
106	Columbia Ridge Drive	1099	Lot PARCEL A, Plan NEP 69192, DL 139, Kootenay District (see Note 3)
107	Fir Bay	1099	Lot 13, Plan NEP 69192, DL 139, Kootenay District
108	Fir Bay	1099	Lot 14, Plan NEP 69192, DL 139, Kootenay District
109	Fir Bay	1099	Lot 15, Plan NEP 69192, DL 139, Kootenay District
110	Fir Bay	1099	Lot 16, Plan NEP 69192, DL 139, Kootenay District
111	Fir Bay	1099	Lot 17, Plan NEP 69192, DL 139, Kootenay District
112	Fir Bay	1099	Lot 18, Plan NEP 69192, DL 139, Kootenay District
113	Juniper Bay	1099	Lot 44, Plan NEP 69192, DL 139, Kootenay District
114	Juniper Bay	1099	Lot 45, Plan NEP 69192, DL 139, Kootenay District
115	Juniper Bay	1099	Lot 46, Plan NEP 69192, DL 139, Kootenay District
116	Juniper Bay	1099	Lot 47, Plan NEP 69192, DL 139, Kootenay District
117	Juniper Bay	1099	Lot 48, Plan NEP 69192, DL 139, Kootenay District
118	Larch Bay	1099	Lot 2, Plan NEP 69192, DL 139, Kootenay District
119	Larch Bay	1099	Lot 3, Plan NEP 69192, DL 139, Kootenay District
120	Larch Bay	1099	Lot 4, Plan NEP 69192, DL 139, Kootenay District
121	Larch Bay	1099	Lot 7, Plan NEP 69192, DL 139, Kootenay District
122	Larch Bay	1099	Lot 8, Plan NEP 69192, DL 139, Kootenay District
123	Larch Bay	1099	Lot PARCEL A, Plan NEP 69192, DL 139, Kootenay District (see Note 4)
124	Columbia Estates Road	1105	Lot 10, Plan NEP 8034, DL 139, Kootenay District

125	Columbia Estates Road	1105	Lot 11, Plan NEP 8034, DL 139, Kootenay District
126	Columbia Estates Road	1105	Lot 12, Plan NEP 8687, DL 4596, Kootenay District
127	Columbia Estates Road	1105	Lot 13, Plan NEP 8687, DL 4596, Kootenay District
128	Columbia Estates Road	1105	Lot 14, Plan NEP 8034, DL 139, Kootenay District
129	Columbia Estates Road	1105	Lot 15, Plan NEP 8034, DL 139, Kootenay District
130	Columbia Estates Road	1105	Lot 2, Plan NEP 8034, DL 139, Kootenay District
131	Columbia Estates Road	1105	Lot 3, Plan NEP 8034, DL 139, Kootenay District
132	Columbia Estates Road	1105	Lot 4, Plan NEP 8034, DL 139, Kootenay District
133	Columbia Estates Road	1105	Lot 5, Plan NEP 8034, DL 139, Kootenay District
134	Columbia Estates Road	1105	Lot 6, Plan NEP 8034, DL 139, Kootenay District
135	Columbia Estates Road	1105	Lot 7, Plan NEP 8687, DL 4596, Kootenay District
136	Columbia Estates Road	1105	Lot A (KP14913), Plan NEP 8687, DL 4596, Kootenay District
137	Columbia Estates Road	1105	Lot C, Plan EPP 48471, DL 139, Kootenay District
138	Columbia Lake Road	1105	Lot 1, Plan NEP 7276, DL 139, Kootenay District
139	Columbia Lake Road	1105	Lot 1, Plan NEP 8687, DL 4596, Kootenay District
140	Columbia Lake Road	1105	Lot 2, Plan NEP 8687, DL 4596, Kootenay District
141	Columbia Lake Road	1105	Lot 3, Plan 3041, DL 4596, Kootenay District
142	Columbia Lake Road	1105	Lot 3, Plan NEP 70311, DL 139, Kootenay District
143	Columbia Lake Road	1105	Lot 4, Plan NEP 8687, DL 4596, Kootenay District
144	Columbia Estates Road	1107	Lot A, Plan NEP 23546, DL 4596, Kootenay District
145	Columbia Lake Road	1107	Lot 1-House, Plan NEP 70311, DL 139, Kootenay District
146	Columbia Lake Road	1107	Lot 2, Plan NEP 70311, DL 139, Kootenay District
147	Columbia Lake Road	1107	Lot 6, Plan NEP 8687, DL 4596, Kootenay District
148	Columbia Lake Road	1107	Lot A, Plan NEP 70291, DL 139, Kootenay District
149	Highway 93/95	1107	Lot B, Plan EPP 60202, DL 139 & 7885, Kootenay District
150	Columbia Lake Road	1240	Lot A, Plan NEP 81573, DL 139, Kootenay District
151	Columbia Lake Road	1240	Lot B, Plan NEP 81573, DL 139, Kootenay District
152	Columbia Lake Road	1260	SL 1, Plan Strata NES 3268, DL 139, Kootenay District
153	Columbia Lake Road	1260	SL 10, Plan Strata NES 3268, DL 139, Kootenay District
154	Columbia Lake Road	1260	SL 11, Plan Strata NES 3268, DL 139, Kootenay District
155	Columbia Lake Road	1260	SL 12, Plan Strata NES 3268, DL 139, Kootenay District
156	Columbia Lake Road	1260	SL 13, Plan Strata NES 3268, DL 139, Kootenay District
157	Columbia Lake Road	1260	SL 14, Plan Strata NES 3268, DL 139, Kootenay District
158	Columbia Lake Road	1260	SL 15, Plan Strata NES 3268, DL 139, Kootenay District
159	Columbia Lake Road	1260	SL 16, Plan Strata NES 3268, DL 139, Kootenay District
160	Columbia Lake Road	1260	SL 17, Plan Strata NES 3268, DL 139, Kootenay District
161	Columbia Lake Road	1260	SL 18, Plan Strata NES 3268, DL 139, Kootenay District
162	Columbia Lake Road	1260	SL 19, Plan Strata NES 3268, DL 139, Kootenay District
163	Columbia Lake Road	1260	SL 2, Plan Strata NES 3268, DL 139, Kootenay District
164	Columbia Lake Road	1260	SL 20, Plan Strata NES 3268, DL 139, Kootenay District
165	Columbia Lake Road	1260	SL 21, Plan Strata NES 3268, DL 139, Kootenay District
166	Columbia Lake Road	1260	SL 22, Plan Strata NES 3268, DL 139, Kootenay District
167	Columbia Lake Road	1260	SL 23, Plan Strata NES 3268, DL 139, Kootenay District
168	Columbia Lake Road	1260	SL 24, Plan Strata NES 3268, DL 139, Kootenay District



213	Columbia Lake Road	1260	SL 8, Plan Strata NES 3268, DL 139, Kootenay District
214	Columbia Lake Road	1260	SL 9, Plan Strata NES 3268, DL 139, Kootenay District
215	Columbia Lake Road	1363	Lot A, Plan EPP 1698, DL 4596, Kootenay District
216	Columbia Lake Road	1363	Lot B, Plan EPP 1698, DL 4596, Kootenay District
217	Columbia Estates Road	1482	Lot 12, Plan NEP 8034, DL 139, Kootenay District
218	Columbia Lake Road	1482	Lot 1-Garage, Plan NEP 70311, DL 139, Kootenay District
219	Columbia Lake Road	1494	Lot A, Plan EPP 48471, DL 139, Kootenay District
220	Columbia Lake Road	1494	Lot B, Plan EPP 48471, DL 139, Kootenay District
221	Highway 93/95	1525	Lot A, Plan EPP 60202, DL 139, Kootenay District
222	Columbia Lake Road	1607	Lot 2, Plan EPP 102866, DL 139, Kootenay District
223	Columbia Lake Road	1607	Lot 4, Plan EPP 102866, DL 139, Kootenay District
224	Columbia Estates Road	1608	Lot 9, Plan NEP 8687, DL 4596, Kootenay District
225	Columbia Estates Road	1617	Lot 1, Plan NEP 8034, DL 139, Kootenay District
226	Columbia Lake Road	1618	Lot 16, Plan NEP 8034, DL 139, Kootenay District
227	Columbia Lake Road		Common Lot, Plan Strata NES 3268, DL 139, Kootenay District (see Note 5)

Note 1: Parcel A, Plan NEP 22941 is consolidation of Lots 1 & 2, Plan NEP 22941, DL 139. 1 lot used in CPCN, 1 lot not used in CPCN.

Note 2: Lots B and C, Plan NEP 81987 are consolidation of Lots 11, 12, and 13, Plan NEP 23269. 2 lots used in CPCN, 1 lot not used in CPCN.

Note 3: Parcel A, Plan NEP 69192 is consolidation of Lots 25 & 26, Plan NEP 69192, DL 139. 1 lot used in CPCN, 1 lot not used in CPCN.

Note 4: Parcel A, Plan NEP 69192 is consolidation of Lots 5 & 6, Plan NEP 69192, DL 139. 1 lot used in CPCN, 1 lot not used in CPCN.

Note 5: Connection to raw water main for irrigation of Common Lot at Spirits Reach Strata NES 3268.

PUBLIC VERSION (REDACTED)

# **ATTACHMENT 6**

## **CORIX COMPANY CONTACTS FOR MANAGEMENT AND OPERATOR CORRESPONDENCE**

**Corix Multi-Utilities Services Inc. – Columbia Ridge Water Utility**

**List of Company Contacts for Management and Operator Correspondence**

Name	Title	Work Phone	Mobile Phone	Email
[REDACTED]	Regional Director of Operations	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	Regional Manager – East	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	Operations Manager	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	Senior Utility Operator Level 2 WWTP Level 2 WWC Level 1 WDS	[REDACTED]	[REDACTED]	[REDACTED]

FILED CONFIDENTIALLY

**ATTACHMENT 7**

**COLUMBIA RIDGE WATERWORKS LTD.**

**2020 FINANCIAL STATEMENTS**

FILED CONFIDENTIALLY

**ATTACHMENT 8**

**COLUMBIA RIDGE WATERWORKS LTD.**

**BANK CONFIRMATION OF TRUST FUNDS**

**BALANCES**

FILED CONFIDENTIALLY

**ATTACHMENT 9**

**CERTIFICATE AND ARTICLES OF INCORPORATION**

**FOR**

**CORIX MULTI-UTILITY SERVICES INC.**

# **ATTACHMENT 10**

## **COPY OF EXISTING APPROVED TARIFF**

**WATER UTILITY ACT**

**WATER TARIFF NO. 2**

**RATES AND TERMS AND CONDITIONS  
FOR WATER SERVICE**

**at**

**Fairmont Hot Springs, BC**

**by**

**Columbia Ridge Waterworks Ltd**

6890 Columbia Lake Road  
Fairmont Hot Springs, BC V0B 1L2

dave@columbiaridge.com  
donna@columbiaridge.com

**Contact Person(s)**

Dave Rae	(250) 345-6673
Donna Rae	(250) 345-6673

This Tariff is available for public inspection at:

4606 Columbia View Road  
Fairmont Hot Springs, BC

Accepted for Filing by the Comptroller of Water Rights on November 24, 2015.

Effective Date: January 1, 2016

  
\_\_\_\_\_  
Secretary to the Comptroller of Water Rights

## Definitions

In this tariff the following definitions shall apply:

- a) "Authorized Premises" means premises which are entitled to, and authorized for, service in accordance with the Certificate of Public Convenience and Necessity of the Utility;
- b) "Comptroller" means the Comptroller of Water Rights under the Water Act and includes a deputy comptroller or a person appointed by the minister as acting comptroller;
- c) "Customer" means any person who is the owner or lessee of an authorized premises;
- d) "Multi-Residential Service" means Condominiums.
- e) "Premises" means land and buildings thereon;
- f) "Rate" includes:
  - (1) a general, individual or joint rate, fee, charge, rental or other compensation of the Utility,
  - (2) a schedule or tariff respecting a rate;
- g) "Residential Service" means in-house use plus lawn & garden sprinkling to a maximum area of 1/10 of an acre;
- h) "Service" shall include:
  - 1) the supply of water provided by the Utility to the customer,
  - 2) the plant, equipment, apparatus, appliances, property and facilities employed by or in connection with the utility in providing the supply of water to the property line of the premise.
- i) "Single Family Residential Equivalent" means and includes a single family dwelling unit intended for the use or occupancy by one or more individuals as a non-profit household, and includes a townhouse and side-by-side duplex up to 3 bedrooms per unit.
- j) "Unit" means a building of accommodation occupied separately or to be occupied separately by an owner or lessee and, which either separately or jointly with other units, receives service from a connection to the Utility's waterworks and, without restricting the generality of the foregoing, includes the separate units of accommodation in all dwellings.
- k) "Utility" means Columbia Ridge Waterworks Ltd.

## Terms and Conditions

### 1. **Application for Service**

For authorized premises, charges for service are intended to recover the Utility's costs. The following charges are applicable depending upon the circumstances:

- (a) At the time an application is made for service to premises which had not previously been connected for service, the applicable charge shown in Schedule "A (a)" and/or "A (b)" of this tariff shall be paid by the applicant.
- (b) A turn-on fee of \$75.00 shall be applicable when:
  - (i) a turn-on of a valve at an existing curb-stop is made at a date after the service connection was installed;
  - (ii) a customer becomes re-connected after service has been shut-off at the request of the customer, for non-payment of rates, or for violation of these terms and conditions.
- (c) A service shut-off charge of \$75.00 shall be applicable when service has been temporarily shut-off at the request of the customer, or for non-payment of rates, or for violation of these terms and conditions.
- (d) At the time an application for service is made by a new customer, an administration charge of \$25.00 shall apply. This charge is not only applicable for a new connection, but also when a new customer, either owner or lessee of the premises, commences receiving service to an existing authorized premises.

### 2. **Billing and Payment**

All bills are issued **quarterly** (except for availability charges which are issued annually) and are due and payable within fifteen days of the date of issue. Flat rates (and flat rate portion of metered rates) are billed in advance of service. For metered rates, excess consumption is billed in arrears. If the amount due on any bill has not been paid in full within (30) thirty days from the date of issue a further bill will be rendered to include the overdue amount plus a late payment charge of \$10.00 per month.

If a cheque is returned by the customer's financial institution an administration fee of \$25.00 will be charged.

### **3. Service Shut-Off Due to Non-Payment**

When an account becomes one month overdue service may be shut off upon 15 days' written notice. A notice mailed to the last known postal address of the customer shall be deemed good and sufficient notice. A collection charge of \$40.00 shall be paid each time a Utility representative attends a customer's premises to disconnect service, following the issuance of a shut-off notice. Service will not be turned on until all outstanding charges against the service, including the collection charge, shut-off charge and turn-on fee (Sections 1(b) and 1(c)) have been paid.

### **4. Discontinuance of Service**

- a) Customers must give at least two working days' notice in writing at the office of the Utility when requesting discontinuance of service and shall be liable for payment for all service until such service has been discontinued.
- b) Any customer who desires to discontinue the use of water for any of the purposes stated in his application for service shall give notice of his intention, in writing, at the office of the Utility, and shall further show that any fittings used for the supply of water for such purposes have been disconnected.
- c) The Utility may discontinue service to any customer who contravenes the terms and conditions contained in this tariff. In the event of further contravention of the tariff, the Utility may detach the service connection from the customer's premises and, upon re-application for service, the customer shall be liable to pay the Utility's cost of performing the said detachment and re-connection in addition to other applicable rates and charges.

### **5. Access to Premises**

A condition of service shall be the customer's consent, upon reasonable notice, for representatives of the Utility to enter onto the customer's property for the purposes of making connections/disconnections, taking water quality samples, reading meters, inspecting pipes and appurtenances, checking on the use or waste of water or determining compliance with these terms and conditions.

### **6. Interruption of Service**

The Utility intends to maintain at all times an adequate and continuous supply of water at suitable pressures but accepts no liability for interruptions due to circumstances beyond its control. However, for the interruptions in excess of 48 hours, a proportionate rebate will be allowed to customers served on flat rates.

### **7. *Restriction of Use of Water***

The Utility may restrict or prohibit the use of water for gardening, sprinkling, air conditioning, the filling of swimming pools, or other purposes when, in its opinion, such action is necessary to conserve the water supply or to maintain water pressure. A customer who contravenes water use restrictions may receive one warning notice per calendar year before a fine for contravention applies. A notice delivered to the customer's premises shall be deemed good and sufficient notice of a contravention. For each subsequent contravention during the calendar year, a \$50.00 fine is applicable.

### **8. *Limits on Water Use***

No customer shall sell or dispose of any water or permit same to be carried away, or use water or allow it to be used in premises, or for purposes other than those stated in the customer's application for service.

The Utility may, if in its opinion an undue amount of water is used at any time by any customer being served under a flat rate, install a water meter and thereafter charge the customer in accordance with the meter rates included in this tariff. All such meters shall remain the property of the Utility.

### **9. *Multiple Dwellings***

In the case of apartment houses, duplexes or houses containing one or more suites, each such accommodation, whether or not self-contained, shall **not** be considered as a separate customer unless it is *so* specified in a schedule of this Tariff other than side-by-side duplexes.

### **10. *Work to be done by the Utility***

No person, who is not an agent or employee of the Utility, shall make any connections with or alterations to or tamper with any of the Utility's waterworks, including any water meter belonging to the Utility, nor turn on or off any valve or curb stop of the Utility, without prior authorization by the Utility in writing.

### **11. *Minimum Size of Services***

The minimum size of pipe used to serve any one premises shall be 3/4" (19mm) nominal diameter. The type and diameter of pipe used on the customer's premises should be selected with due consideration of pressure losses from friction.

### **12. *Minimum Earth Cover Over Services***

All services on the customer's premises shall be buried below the maximum depth of frost penetration but in any event at a minimum depth of 8 feet below the surface of the ground.

**13. Ownership of Service**

All water service pipes and fittings carrying water from the main to the customer's property line shall be the property of the Utility.

**14. Stop Cock**

The customer shall provide a shut-off valve (stop cock) inside each of the customer's buildings in which water is used, for the use of the customer in case of leaky or defective pipes or fixtures, or in case the premises is vacated.

**15. Customer's Service Pipes**

Service connection materials installed on the customer's premises shall be rated by the manufacturer to sustain a minimum working pressure of 160 psi (1100 kilopascals). No service pipe or fitting shall be covered until they have been inspected and approved by the Utility.

**16. Dangerous Cross-Connections**

The customer shall not permit the plumbing on their premises to be connected to any source of water supply other than the Utility's, or to any potential source of contamination, without first obtaining the Utility's permission in writing. Any back-flow preventers deemed necessary by the Utility to prevent the entry of contaminants shall be installed at the customer's expense.

**17. Condition of Customer's Pipes and Fixtures**

All customers at their own risk and expense shall keep their pipes, stop cocks and other fixtures in good working order and shall protect them from frost and other damage. The Utility shall, within a reasonable time notify the customer of any leaky pipes and fixtures that are evident on the premises. If the necessary repairs are not made within two (2) working days after such notice has been given, or when the condition of the pipes or fixtures is such as to cause damage to property or material waste of water or damage to property, then without further notice the Utility may shut off the water supply. The water shall not be turned on again until such repairs have been made to the satisfaction of the Utility, and the charges paid as provided by clauses 1 and 4(c) of this tariff. No person whose water supply is shut off pursuant to this section shall have any claim against the Utility for discontinuance of supply.

**18. Notice of Service Shut-off**

The Utility shall have the right at all times to shut off the water supply temporarily to any premises in order to make repairs, replacements, alterations and extensions to the Utility's waterworks as shall, in the opinion of the Utility, be deemed necessary. Whenever possible the Utility will give reasonable advance notice of shut-off, and, in all cases where the Utility expects service to be interrupted for 24 hours or more, the Utility shall give advance notice to its customers.

## **19. Application for Extension of Service**

For lots not authorized for service, all applications for extension of water service shall be made in writing by the owner or lessee of the premises to which the application refers, or by the owner's duly authorized agent. All applications for service shall state:

- a) the purpose(s) for which the service is to be used (i.e. domestic, commercial, irrigation, etc.);
- b) the legal description of the property;
- c) the number and location of the premises to be served.

Charges for extension of service are intended to recover the Utility's costs. For each application, an initial deposit of \$200 is required to be paid at the time of application. Additional costs incurred by the Utility for legal, engineering and other fees, including Utility staff time, will be payable by the applicant and may require further deposits prior to undertaking certain aspects of the application process.

Each application for extension of service requires an amendment to the Utility's Certificate of Public Convenience & Necessity (CPCN) to include the lot(s) within its authorized service area. In response to each application, the Utility will detail the terms and conditions of service including all rates and charges applicable. Prior to the issuance of an amended CPCN, confirmation is required that either a deposit into the Utility's Deferred Capacity Reserve/Trust Fund under Schedule B of this tariff has been made or that additional works have been constructed and contributed to the Utility by the applicant as required by the Comptroller of Water Rights.

Once the amended CPCN is issued, and while the lot(s) are not receiving service, Availability of Service (rent) charges under Schedule G of this tariff will be applicable.

Additional applications shall be made for all extensions of service to additional premises and for additional purposes.

## **20. Water Main Extensions**

### **General Provisions**

- 20.1 Any waterworks installed pursuant to an application for extension of service shall be the sole property of the Utility.
- 20.2 The size, type, quality of materials, and their location will be specified by the Utility and the actual construction will be done by the Utility or by a construction agency acceptable to it.
- 20.3 In arriving at the length of the main extension necessary to render service to any point, the distance from such point to the nearest distribution main shall be considered along lines of proper construction and common practice in the location of public waterworks, due consideration being given to the general layout of the Utility's system. The length of the

extension shall be measured along the lines of proper construction from the nearest distribution main to the middle of the furthest property to be served.

- 20.4 The Utility will not be required to make extensions where road grades have not been brought to those established by public authority.
- 20.5 Where an extension must comply with a law, statute, bylaw, ordinance, regulation, specification or order of a public authority, the estimated cost of the extension shall be based upon the waterworks required to comply therewith.

#### **Method of Allocating Advances and Refunds**

- 20.6 Advances by original applicants:  
When more than one applicant is involved and an advance is required in payment for a main extension the amount of the advance shall be divided equally or as otherwise agreed among the applicants are made known to the Utility.
- 20.7 Advances by subsequent customers:  
An extension charge equal to a pro-rata share of the original cost of the main extension shall be collected by the Utility from each additional customer who connects to the original main extension within five years. The extension charge collected above shall be refunded equally **or as otherwise agreed** to the customers who already have advances deposited with the Utility as a result of connection to the extension, so that in the result all subscribers will have paid their pro-rata share or as otherwise agreed by them and made known to the Utility.
- 20.8 Advances which may be required from applicants in payment for extensions will be held by the Utility without interest. Refunds will be made in accordance with these rules and no *person* will have refunded to him an amount in excess of the amount of his advance. Refunds will be paid to the current registered owners of the properties on account of which the deposits were received. Any amount not used by the Utility for construction of the extension and not refunded at the end of five years from the date the advance was received by the Utility from the original applicant or applicants will be retained by the Utility and transferred to the "Deferred Capacity Reserve/Trust Fund" account. Thereafter additional customers will be connected without being required to pay the extension charge.

### **21. Winter Construction**

The Utility reserves the right to refuse to make extensions and install service pipe to a customer's property line under frost conditions in the winter months that would make the undertaking impractical or in the Utility's opinion, excessively costly.

**22. Amendments to Tariff**

The rates and charges recorded in this tariff are the only lawful, enforceable and collectable rates and charges of the Utility, and shall not be amended without the consent of the Comptroller. The Comptroller, on his own motion, or on complaint of the Utility or other interested persons that the existing rates in effect and collected or any rates charged or attempted to be charged for service by the Utility are unjust, unreasonable, insufficient, unduly discriminatory or in contravention of the *Water Utility Act*, regulations or law, may, after investigation, determine the just, reasonable and sufficient rates to be observed and in force, and shall, by order, fix the rates.

The Utility may submit to the Comptroller, by letter of application together with full supporting documentation, proposed amendments to rates and charges, and other terms and conditions of service. After initial review of the application, the Comptroller may require the Utility to give an acceptable form of notice of the application to its customers and other interested persons. The notice will state a specific time period within which any interested persons may submit objections to the application to the Comptroller. After investigation of the application and any objections thereto, the Comptroller will decide the matter and notify all interested persons of his decision.

**23. Disputes**

In case of disagreement or dispute regarding the application of any provision of these terms and conditions, or in circumstances where the application of the terms and conditions appears impracticable or unjust to either party, the Utility, or the applicant or applicants, may refer the matter to the Comptroller for adjudication.

**Schedule A****Water Service Connection**

The charges shown below apply to connections to a main (see page 3, section 1).

The connection charge (a) recovers the cost incurred by the Utility, and not otherwise recovered, of installing a service connection from the water main to a curb stop and, if required, a meter at the property line of the customer's premises or in the building. Cost herein includes any administrative overhead incurred.

Where, at a time prior to a customer's application for service, a service connection has been installed at no cost to the Utility or at a cost otherwise recovered by the Utility, then upon connection of the service pipe, the rate shown in (b) below shall be paid upon application for service.

(a)	Connection Charge:	At Cost
(b)	Connection of customer's service pipe to an existing curb stop:	\$150

**Schedule B****Contribution in Aid of Future Construction**

Where as a result of premises becoming qualified as authorized premises a greater number of units require or may require service from the utility, thus utilizing waterworks capacity presently or in the future, then, upon application for an extension of service, in addition to the connection charge and any main extension costs, the charge shown below shall be paid.

For each residential service premises qualifying as authorized premises:	\$4,500
---	---------

**Notes:**

1. For other than a residential service premises, the charge shall be calculated on a single family residential equivalent basis.
2. Monies collected are to be deposited to the Utility's Deferred Capacity Reserve/Trust Fund and may only be released with the written authorization of the Comptroller of Water Rights.

**Schedule C**

**Residential Service Flat Rates**

**Applicability:** To residential service customers receiving service.

**Rate:** \$48 per month effective January 1, 2016  
\$55 per month effective January 1, 2017

**Note:**

1. From total rates collected, the following amounts will be deposited into a Replacement Reserve/Trust Fund and may only be released with the written authorization of the Comptroller of Water Rights:

\$23,320 per year, effective January 1, 2016  
\$35,000 per year, effective January 1, 2017

2. Seasonal users who request that their water service be shut off are to be charged at 80% of the residential service user rate while their service is disconnected and be subject to the shut-off and turn-on fees per sections 1(b) and 1(c) of the Tariff.

**Schedule D**

**Commercial Flat Rates**

Applicability: To all commercial customers receiving service.

Rate: N/A

Note:

1. From the above rates collected, \_\_\_\_% or \$\_\_\_\_\_ per customer per \_\_\_\_\_ will be deposited into a Replacement Reserve/Trust Fund and may only be released with the written authorization of the Comptroller of Water Rights.
2. Seasonal users who request that their water service be shut off are to be charged at \_\_\_\_\_% of the residential service user rate while their service is disconnected and be subject to the shut-off and turn-on fees per sections 1(b) and 1(c) of the Tariff.

**Schedule E**

**Meter Rates**

**Applicability:** To all customers with metered services.

**Rate:** N/A

**Note:**

1. From the above rates collected, \_\_\_\_% or \$\_\_\_\_\_ per customer per \_\_\_\_\_ will be deposited into a Replacement Reserve/Trust Fund and may only be released with the written authorization of the Comptroller of Water Rights.
2. Seasonal users who request that their water service be shut off are to be charged at \_\_\_\_\_% of the residential service user rate while their service is disconnected and be subject to the shut-off and turn-on fees per sections 1(b) and 1(c) of the Tariff.

**Schedule F**

**Fire Hydrant & Standpipe Rates**

(Per Fire Protection Agreement)

Applicability: Within that portion of the utility's authorized service area in the Fairmont fire protection district or other recognized local fire protection authority.

Rates: Hydrants N/A

Standpipes/Blow-Offs N/A

**Schedule G****Availability of Service (Rent) Charges**

**Applicability:** To owners of the legal subdivision with Rent Charge Agreements eligible to be registered on title. The Rent Charge becomes effective and due and payable on the first day of the month following CPCN issuance and acceptance of certified as-built drawings (i.e., when lot or lots are eligible for subdivision registration).

**Availability:** All owners of the lots to which this Rent Charge is applicable shall pay the rate during the period they are not users of water service.

**Rate:** \$400 per annum, per residential service lot effective January 1, 2016  
\$460 per annum, per residential service lot effective January 1, 2017

**Notes:**

1. For other than residential service lots, the Rent Charge shall be calculated on a single family residential equivalent basis.
2. From total rates collected, the following amounts will be deposited into a Replacement Reserve/Trust Fund and may only be released with the written authorization of the Comptroller of Water Rights:  

\$23,320 per year, effective January 1, 2016  
\$35,000 per year, effective January 1, 2017
3. Once a customer has received approval to connect to the Utility's waterworks, has passed inspection and has been accepted by the Utility as a customer, this Rent Charge will no longer apply to the portion of the property connected to the Utility's waterworks while service is being received. A pro-rated refund of the Rent Charge will be credited to the customer's account, if applicable. If service is temporarily shut-off (e.g., seasonal use), the customer shall pay a minimum of the Rent Charge payable on a pro-rated basis while disconnected or a greater amount if specified in another rate schedule(s) of this Tariff, but not both.
4. For the purposes of this Schedule, townhouses and side-by-side duplexes are equivalent to one (1) single family residential equivalent premises.
5. Any arrears of Rent Charges shall bear interest from the due date until payment at a rate of 18% per annum accruing daily, and shall be a charge upon the Lands or Future Lot or Lots in question in the same manner as the Rent Charge charged on the Lands.

**ATTACHMENT 11**

**CORIX PROPOSED WATER TARIFF**

**(LEGAL BLACKLINE VERSION)**

**Corix Multi-Utility Services Inc.**

Formatted: Font: Times New Roman

**Columbia Ridge Water Utility**

Formatted: Font: Times New Roman

**Water Tariff No. 3**

Formatted: Font: Times New Roman

**Rates and Terms and Conditions**  
**For Water Service at**  
**Fairmont, British Columbia**

Deleted: WATER UTILITY ACT¶

WATER TARIFF NO. 2¶

RATES AND TERMS AND CONDITIONS¶

FOR WATER SERVICE¶

at¶

Fairmont Hot Springs, BC¶

by¶

Columbia Ridge Waterworks Ltd¶

6890 Columbia Lake Road¶

Fairmont Hot Springs, BC V0B 1L2¶

¶

dave@columbiaridge.com¶

donna@columbiaridge.com¶

Contact Person(s)¶

Dave Rae (250) 345-6673¶

Donna Rae (250) 345-6673¶

¶

This Tariff is available for public inspection at:¶

4606 Columbia View Road¶

Fairmont Hot Springs, BC¶

¶

Accepted for Filing by the Comptroller of Water Rights on

November 24, 2015.¶

¶

Effective Date: January 1, 2016¶

¶

Secretary to the Comptroller of Water Rights¶

¶

**Contact Person:**

**Andrew Cradduck, Operations Manager**

Box 36, Panorama, British Columbia V0A 1T0

This Tariff is available for public inspection at:

2120 Toby Creek Road, Panorama, BC

Revisions reflecting Utility transfer accepted for filing by the Comptroller of Water Rights  
on \_\_\_\_\_ day of \_\_\_\_\_, 2022.

Effective Date:

\_\_\_\_\_  
Secretary to the  
Comptroller of Water Rights

## Definitions

In this tariff the following definitions shall apply:

- a) "Authorized Premises" means premises which are entitled to, and authorized for, service in accordance with the Certificate of Public Convenience and Necessity of the Utility;
- b) "Comptroller" means the Comptroller of Water Rights under the Water Act and includes a deputy comptroller or a person appointed by the minister as acting comptroller;
- c) "Customer" means any person who is the owner or lessee of an authorized premises;
- d) "Multi-Residential Service" means Condominiums.
- e) "Premises" means land and buildings thereon;
- f) "Rate" includes:
  - (1) a general, individual or joint rate, fee, charge, rental or other compensation of the Utility,
  - (2) a schedule or tariff respecting a rate;
- g) "Residential Service" means in-house use plus lawn & garden sprinkling to a maximum area of 1/10 of an acre;
- h) "Service" shall include:
  - 1) the supply of water provided by the Utility to the customer,
  - 2) the plant, equipment, apparatus, appliances, property and facilities employed by or in connection with the utility in providing the supply of water to the property line of the premise.
- i) "Single Family Residential Equivalent" means and includes a single family dwelling unit intended for the use or occupancy by one or more individuals as a non-profit household, and includes a townhouse and side-by-side duplex up to 3 bedrooms per unit.
- j) "Unit" means a building of accommodation occupied separately or to be occupied separately by an owner or lessee and, which either separately or jointly with other units, receives service from a connection to the Utility's waterworks and, without restricting the generality of the foregoing, includes the separate units of accommodation in all dwellings.
- k) "Utility" means Corix Multi-Utility Services Inc.'s Columbia Ridge Water Utility,

## Terms and Conditions

### 1. *Application for Service*

For authorized premises, charges for service are intended to recover the Utility's costs. The following charges are applicable depending upon the circumstances:

- (a) At the time an application is made for service to premises which had not previously been connected for service, the applicable charge shown in Schedule "A (a)" and/or "A (b)" of this tariff shall be paid by the applicant.
- (b) A turn-on fee of \$75.00 shall be applicable when:
  - (i) a turn-on of a valve at an existing curb-stop is made at a date after the service connection was installed;
  - (ii) a customer becomes re-connected after service has been shut-off at the request of the customer, for non-payment of rates, or for violation of these terms and conditions.
- (c) A service shut-off charge of \$75.00 shall be applicable when service has been temporarily shut-off at the request of the customer, or for non-payment of rates, or for violation of these terms and conditions.
- (d) At the time an application for service is made by a new customer, an administration charge of \$25.00 shall apply. This charge is not only applicable for a new connection, but also when a new customer, either owner or lessee of the premises, commences receiving service to an existing authorized premises.

### 2. *Billing and Payment*

All bills are issued **quarterly** (except for availability charges which are issued annually) and are due and payable within fifteen days of the date of issue. Flat rates (and flat rate portion of metered rates) are billed in advance of service. For metered rates, excess consumption is billed in arrears. If the amount due on any bill has not been paid in full within (30) thirty days from the date of issue a further bill will be rendered to include the overdue amount plus a late payment charge of \$10.00 per month.

If a cheque is returned by the customer's financial institution an administration fee of \$25.00 will be charged.

### **3. Service Shut-Off Due to Non-Payment**

When an account becomes one month overdue service may be shut off upon 15 days' written notice. A notice mailed to the last known postal address of the customer shall be deemed good and sufficient notice. A collection charge of \$40.00 shall be paid each time a Utility representative attends a customer's premises to disconnect service, following the issuance of a shut-off notice. Service will not be turned on until all outstanding charges against the service, including the collection charge, shut-off charge and turn-on fee (Sections 1(b) and 1(c)) have been paid.

### **4. Discontinuance of Service**

- a) Customers must give at least two working days' notice in writing at the office of the Utility when requesting discontinuance of service and shall be liable for payment for all service until such service has been discontinued.
- b) Any customer who desires to discontinue the use of water for any of the purposes stated in his application for service shall give notice of his intention, in writing, at the office of the Utility, and shall further show that any fittings used for the supply of water for such purposes have been disconnected.
- c) The Utility may discontinue service to any customer who contravenes the terms and conditions contained in this tariff. In the event of further contravention of the tariff, the Utility may detach the service connection from the customer's premises and, upon re-application for service, the customer shall be liable to pay the Utility's cost of performing the said detachment and re-connection in addition to other applicable rates and charges.

### **5. Access to Premises**

A condition of service shall be the customer's consent, upon reasonable notice, for representatives of the Utility to enter onto the customer's property for the purposes of making connections/disconnections, taking water quality samples, reading meters, inspecting pipes and appurtenances, checking on the use or waste of water or determining compliance with these terms and conditions.

### **6. Interruption of Service**

The Utility intends to maintain at all times an adequate and continuous supply of water at suitable pressures but accepts no liability for interruptions due to circumstances beyond its control. However, for the interruptions in excess of 48 hours, a proportionate rebate will be allowed to customers served on flat rates.

### **7. Restriction of Use of Water**

The Utility may restrict or prohibit the use of water for gardening, sprinkling, air conditioning, the filling of swimming pools, or other purposes when, in its opinion, such action is necessary to conserve the water supply or to maintain water pressure. A customer who contravenes water use restrictions may receive one warning notice per calendar year before a fine for contravention applies. A notice delivered to the customer's premises shall be deemed good and sufficient notice of a contravention. For each subsequent contravention during the calendar year, a \$50.00 fine is applicable.

### **8. Limits on Water Use**

No customer shall sell or dispose of any water or permit same to be carried away, or use water or allow it to be used in premises, or for purposes other than those stated in the customer's application for service.

The Utility may, if in its opinion an undue amount of water is used at any time by any customer being served under a flat rate, install a water meter and thereafter charge the customer in accordance with the meter rates included in this tariff. All such meters shall remain the property of the Utility.

### **9. Multiple Dwellings**

In the case of apartment houses, duplexes or houses containing one or more suites, each such accommodation, whether or not self-contained, shall **not** be considered as a separate customer unless it is so specified in a schedule of this Tariff other than side-by-side duplexes.

### **10. Work to be done by the Utility**

No person, who is not an agent or employee of the Utility, shall make any connections with or alterations to or tamper with any of the Utility's waterworks, including any water meter belonging to the Utility, nor turn on or off any valve or curb stop of the Utility, without prior authorization by the Utility in writing.

### **11. Minimum Size of Services**

The minimum size of pipe used to serve any one premises shall be 3/4" (19mm) nominal diameter. The type and diameter of pipe used on the customer's premises should be selected with due consideration of pressure losses from friction.

### **12. Minimum Earth Cover Over Services**

All services on the customer's premises shall be buried below the maximum depth of frost penetration but in any event at a minimum depth of 8 feet below the surface of the ground.

### **13. Ownership of Service**

All water service pipes and fittings carrying water from the main to the customer's property line shall be the property of the Utility.

### **14. Stop Cock**

The customer shall provide a shut-off valve (stop cock) inside each of the customer's buildings in which water is used, for the use of the customer in case of leaky or defective pipes or fixtures, or in case the premises is vacated.

### **15. Customer's Service Pipes**

Service connection materials installed on the customer's premises shall be rated by the manufacturer to sustain a minimum working pressure of 160 psi (1100 kilopascals). No service pipe or fitting shall be covered until they have been inspected and approved by the Utility.

### **16. Dangerous Cross-Connections**

The customer shall not permit the plumbing on their premises to be connected to any source of water supply other than the Utility's, or to any potential source of contamination, without first obtaining the Utility's permission in writing. Any back-flow preventers deemed necessary by the Utility to prevent the entry of contaminants shall be installed at the customer's expense.

### **17. Condition of Customer's Pipes and Fixtures**

All customers at their own risk and expense shall keep their pipes, stop cocks and other fixtures in good working order and shall protect them from frost and other damage. The Utility shall, within a reasonable time notify the customer of any leaky pipes and fixtures that are evident on the premises. If the necessary repairs are not made within two (2) working days after such notice has been given, or when the condition of the pipes or fixtures is such as to cause damage to property or material waste of water or damage to property, then without further notice the Utility may shut off the water supply. The water shall not be turned on again until such repairs have been made to the satisfaction of the Utility, and the charges paid as provided by clauses 1 and 4(c) of this tariff. No person whose water supply is shut off pursuant to this section shall have any claim against the Utility for discontinuance of supply.

### **18. Notice of Service Shut-off**

The Utility shall have the right at all times to shut off the water supply temporarily to any premises in order to make repairs, replacements, alterations and extensions to the Utility's waterworks as shall, in the opinion of the Utility, be deemed necessary. Whenever possible the Utility will give reasonable advance notice of shut-off, and, in all cases where the Utility expects service to be interrupted for 24 hours or more, the Utility shall give advance notice to its customers.

## 19. Application for Extension of Service

For lots not authorized for service, all applications for extension of water service shall be made in writing by the owner or lessee of the premises to which the application refers, or by the owner's duly authorized agent. All applications for service shall state:

- a) the purpose(s) for which the service is to be used (i.e. domestic, commercial, irrigation, etc.);
- b) the legal description of the property;
- c) the number and location of the premises to be served.

Charges for extension of service are intended to recover the Utility's costs. For each application, an initial deposit of \$200 is required to be paid at the time of application. Additional costs incurred by the Utility for legal, engineering and other fees, including Utility staff time, will be payable by the applicant and may require further deposits prior to undertaking certain aspects of the application process.

Each application for extension of service requires an amendment to the Utility's Certificate of Public Convenience & Necessity (CPCN) to include the lot(s) within its authorized service area. In response to each application, the Utility will detail the terms and conditions of service including all rates and charges applicable. Prior to the issuance of an amended CPCN, confirmation is required that either a deposit into the Utility's Deferred Capacity Reserve/Trust Fund under Schedule B of this tariff has been made or that additional works have been constructed and contributed to the Utility by the applicant as required by the Comptroller of Water Rights.

Once the amended CPCN is issued, and while the lot(s) are not receiving service, Availability of Service (rent) charges under Schedule G of this tariff will be applicable.

Additional applications shall be made for all extensions of service to additional premises and for additional purposes.

## 20. Water Main Extensions

### General Provisions

- 20.1 Any waterworks installed pursuant to an application for extension of service shall be the sole property of the Utility.
- 20.2 The size, type, quality of materials, and their location will be specified by the Utility and the actual construction will be done by the Utility or by a construction agency acceptable to it.
- 20.3 In arriving at the length of the main extension necessary to render service to any point, the distance from such point to the nearest distribution main shall be considered along lines of proper construction and common practice in the location of public waterworks, due consideration being given to the general layout of the Utility's system. The length of the

extension shall be measured along the lines of proper construction from the nearest distribution main to the middle of the furthest property to be served.

- 20.4 The Utility will not be required to make extensions where road grades have not been brought to those established by public authority.
- 20.5 Where an extension must comply with a law, statute, bylaw, ordinance, regulation, specification or order of a public authority, the estimated cost of the extension shall be based upon the waterworks required to comply therewith.

#### **Method of Allocating Advances and Refunds**

- 20.6 Advances by original applicants:  
When more than one applicant is involved and an advance is required in payment for a main extension the amount of the advance shall be divided equally or as otherwise agreed among the applicants are made known to the Utility.
- 20.7 Advances by subsequent customers:  
An extension charge equal to a pro-rata share of the original cost of the main extension shall be collected by the Utility from each additional customer who connects to the original main extension within five years. The extension charge collected above shall be refunded equally **or as otherwise agreed** to the customers who already have advances deposited with the Utility as a result of connection to the extension, so that in the result all subscribers will have paid their pro-rata share or as otherwise agreed by them and made known to the Utility.
- 20.8 Advances which may be required from applicants in payment for extensions will be held by the Utility without interest. Refunds will be made in accordance with these rules and no *person* will have refunded to him an amount in excess of the amount of his advance. Refunds will be paid to the current registered owners of the properties on account of which the deposits were received. Any amount not used by the Utility for construction of the extension and not refunded at the end of five years from the date the advance was received by the Utility from the original applicant or applicants will be retained by the Utility and transferred to the "Deferred Capacity Reserve/Trust Fund" account. Thereafter additional customers will be connected without being required to pay the extension charge.

#### **21. Winter Construction**

The Utility reserves the right to refuse to make extensions and install service pipe to a customer's property line under frost conditions in the winter months that would make the undertaking impractical or in the Utility's opinion, excessively costly.

**22. Amendments to Tariff**

The rates and charges recorded in this tariff are the only lawful, enforceable and collectable rates and charges of the Utility, and shall not be amended without the consent of the Comptroller. The Comptroller, on his own motion, or on complaint of the Utility or other interested persons that the existing rates in effect and collected or any rates charged or attempted to be charged for service by the Utility are unjust, unreasonable, insufficient, unduly discriminatory or in contravention of the *Water Utility Act*, regulations or law, may, after investigation, determine the just, reasonable and sufficient rates to be observed and in force, and shall, by order, fix the rates.

The Utility may submit to the Comptroller, by letter of application together with full supporting documentation, proposed amendments to rates and charges, and other terms and conditions of service. After initial review of the application, the Comptroller may require the Utility to give an acceptable form of notice of the application to its customers and other interested persons. The notice will state a specific time period within which any interested persons may submit objections to the application to the Comptroller. After investigation of the application and any objections thereto, the Comptroller will decide the matter and notify all interested persons of his decision.

**23. Disputes**

In case of disagreement or dispute regarding the application of any provision of these terms and conditions, or in circumstances where the application of the terms and conditions appears impracticable or unjust to either party, the Utility, or the applicant or applicants, may refer the matter to the Comptroller for adjudication.

**Schedule A**  
**Water Service Connection**

The charges shown below apply to connections to a main (see page 3, section 1).

The connection charge (a) recovers the cost incurred by the Utility, and not otherwise recovered, of installing a service connection from the water main to a curb stop and, if required, a meter at the property line of the customer's premises or in the building. Cost herein includes any administrative overhead incurred.

Where, at a time prior to a customer's application for service, a service connection has been installed at no cost to the Utility or at a cost otherwise recovered by the Utility, then upon connection of the service pipe, the rate shown in (b) below shall be paid upon application for service.

- |     |   |         |
|-----|---|---------|
| (a) | Connection Charge:  | At Cost |
| (b) | Connection of customer's service pipe to an existing curb stop: | \$150   |

**Schedule B**

**Contribution in Aid of Future Construction**

Where as a result of premises becoming qualified as authorized premises a greater number of units require or may require service from the utility, thus utilizing waterworks capacity presently or in the future, then, upon application for an extension of service, in addition to the connection charge and any main extension costs, the charge shown below shall be paid.

For each residential service premises  
qualifying as authorized premises: \$4,500

Notes:

1. For other than a residential service premises, the charge shall be calculated on a single family residential equivalent basis.
2. Monies collected are to be deposited to the Utility's Deferred Capacity Reserve/Trust Fund and may only be released with the written authorization of the Comptroller of Water Rights.

**Schedule C**

**Residential Service Flat Rates**

Applicability: To residential service customers receiving service.

Rate: \$48 per month effective January 1, 2016  
\$55 per month effective January 1, 2017

Note:

1. From total rates collected, the following amounts will be deposited into a Replacement Reserve/Trust Fund and may only be released with the written authorization of the Comptroller of Water Rights:

\$23,320 per year, effective January 1, 2016  
\$35,000 per year, effective January 1, 2017

2. Seasonal users who request that their water service be shut off are to be charged at 80% of the residential service user rate while their service is disconnected and be subject to the shut-off and turn-on fees per sections 1(b) and 1(c) of the Tariff.

**Schedule D**

**Commercial Flat Rates**

Applicability: To all commercial customers receiving service.

Rate: N/A

Note:

1. From the above rates collected, \_\_\_\_% or \$\_\_\_\_\_ per customer per \_\_\_\_\_ will be deposited into a Replacement Reserve/Trust Fund and may only be released with the written authorization of the Comptroller of Water Rights.
2. Seasonal users who request that their water service be shut off are to be charged at \_\_\_\_\_% of the residential service user rate while their service is disconnected and be subject to the shut-off and turn-on fees per sections 1(b) and 1(c) of the Tariff.

**Schedule E**

**Meter Rates**

Applicability: To all customers with metered services.

Rate: N/A

Note:

1. From the above rates collected, \_\_\_\_% or \$\_\_\_\_\_ per customer per \_\_\_\_\_ will be deposited into a Replacement Reserve/Trust Fund and may only be released with the written authorization of the Comptroller of Water Rights.
2. Seasonal users who request that their water service be shut off are to be charged at \_\_\_\_\_% of the residential service user rate while their service is disconnected and be subject to the shut-off and turn-on fees per sections 1(b) and 1(c) of the Tariff.

**Schedule F**

**Fire Hydrant & Standpipe Rates**

(Per Fire Protection Agreement)

Applicability: Within that portion of the utility's authorized service area in the Fairmont fire protection district or other recognized local fire protection authority.

Rates:	Hydrants	N/A
	Standpipes/Blow-Offs	N/A

**Schedule G**

**Availability of Service (Rent) Charges**

**Applicability:** To owners of the legal subdivision with Rent Charge Agreements eligible to be registered on title. The Rent Charge becomes effective and due and payable on the first day of the month following CPCN issuance and acceptance of certified as-built drawings (i.e., when lot or lots are eligible for subdivision registration).

**Availability:** All owners of the lots to which this Rent Charge is applicable shall pay the rate during the period they are not users of water service.

**Rate:** \$400 per annum, per residential service lot effective January 1, 2016  
\$460 per annum, per residential service lot effective January 1, 2017

**Notes:**

1. For other than residential service lots, the Rent Charge shall be calculated on a single family residential equivalent basis.
2. From total rates collected, the following amounts will be deposited into a Replacement Reserve/Trust Fund and may only be released with the written authorization of the Comptroller of Water Rights:  

\$23,320 per year, effective January 1, 2016  
\$35,000 per year, effective January 1, 2017
3. Once a customer has received approval to connect to the Utility’s waterworks, has passed inspection and has been accepted by the Utility as a customer, this Rent Charge will no longer apply to the portion of the property connected to the Utility’s waterworks while service is being received. A pro-rated refund of the Rent Charge will be credited to the customer’s account, if applicable. If service is temporarily shut-off (e.g., seasonal use), the customer shall pay a minimum of the Rent Charge payable on a pro-rated basis while disconnected or a greater amount if specified in another rate schedule(s) of this Tariff, but not both.
4. For the purposes of this Schedule, townhouses and side- by-side duplexes are equivalent to one (1) single family residential equivalent premises.
5. Any arrears of Rent Charges shall bear interest from the due date until payment at a rate of 18% per annum accruing daily, and shall be a charge upon the Lands or Future Lot or Lots in question in the same manner as the Rent Charge charged on the Lands.

**Schedule I**

**Untreated Irrigation Service Flat Rates**

Applicability: To all customers receiving service with untreated water for irrigation purposes from a separate connection and not billed in another tariff schedule.

Rate: \$33.37 per month per Single Family Residential Equivalent effective April 1, 2022.

Notes:

1. From total rates collected, the following amounts will be deposited into a Replacement Reserve/Trust Fund and may only be released with the written authorization of the Comptroller of Water Rights:

\$35,000 per year, effective January 1, 2017

2. This tariff Schedule G is grandfathered to customers connected prior to April 1, 2022. No new customers after April 1, 2022 are permitted in this rate schedule unless accepted by Corix on a case by case basis.

3. The rate in this schedule is applicable for all months in the year. There is no seasonal use rate for this tariff schedule.

4. The charge in this rate schedule shall be calculated on a single family residential equivalent basis on total water use.

**ATTACHMENT 12**

**CORIX PROPOSED WATER TARIFF**

**(CLEAN VERSION)**

# **Corix Multi-Utility Services Inc.**

## **Columbia Ridge Water Utility**

# **Water Tariff No. 3**

### **Rates and Terms and Conditions For Water Service at Fairmont, British Columbia**

**Contact Person:**

**Andrew Craddock, Operations Manager**

Box 36, Panorama, British Columbia V0A 1T0

This Tariff is available for public inspection at:

2120 Toby Creek Road, Panorama, BC

Revisions reflecting Utility transfer accepted for filing by the Comptroller of Water Rights  
on \_\_\_\_\_ day of \_\_\_\_\_, 2022

Effective Date:

---

Secretary to the  
Comptroller of Water Rights

## Definitions

In this tariff the following definitions shall apply:

- a) "Authorized Premises" means premises which are entitled to, and authorized for, service in accordance with the Certificate of Public Convenience and Necessity of the Utility;
- b) "Comptroller" means the Comptroller of Water Rights under the Water Act and includes a deputy comptroller or a person appointed by the minister as acting comptroller;
- c) "Customer" means any person who is the owner or lessee of an authorized premises;
- d) "Multi-Residential Service" means Condominiums.
- e) "Premises" means land and buildings thereon;
- f) "Rate" includes:
  - (1) a general, individual or joint rate, fee, charge, rental or other compensation of the Utility,
  - (2) a schedule or tariff respecting a rate;
- g) "Residential Service" means in-house use plus lawn & garden sprinkling to a maximum area of 1/10 of an acre;
- h) "Service" shall include:
  - 1) the supply of water provided by the Utility to the customer,
  - 2) the plant, equipment, apparatus, appliances, property and facilities employed by or in connection with the utility in providing the supply of water to the property line of the premise.
- i) "Single Family Residential Equivalent" means and includes a single family dwelling unit intended for the use or occupancy by one or more individuals as a non-profit household, and includes a townhouse and side-by-side duplex up to 3 bedrooms per unit.
- j) "Unit" means a building of accommodation occupied separately or to be occupied separately by an owner or lessee and, which either separately or jointly with other units, receives service from a connection to the Utility's waterworks and, without restricting the generality of the foregoing, includes the separate units of accommodation in all dwellings.
- k) "Utility" means Corix Multi-Utility Services Inc.'s Columbia Ridge Water Utility

## Terms and Conditions

### 1. **Application for Service**

For authorized premises, charges for service are intended to recover the Utility's costs. The following charges are applicable depending upon the circumstances:

- (a) At the time an application is made for service to premises which had not previously been connected for service, the applicable charge shown in Schedule "A (a)" and/or "A (b)" of this tariff shall be paid by the applicant.
- (b) A turn-on fee of \$75.00 shall be applicable when:
  - (i) a turn-on of a valve at an existing curb-stop is made at a date after the service connection was installed;
  - (ii) a customer becomes re-connected after service has been shut-off at the request of the customer, for non-payment of rates, or for violation of these terms and conditions.
- (c) A service shut-off charge of \$75.00 shall be applicable when service has been temporarily shut-off at the request of the customer, or for non-payment of rates, or for violation of these terms and conditions.
- (d) At the time an application for service is made by a new customer, an administration charge of \$25.00 shall apply. This charge is not only applicable for a new connection, but also when a new customer, either owner or lessee of the premises, commences receiving service to an existing authorized premises.

### 2. **Billing and Payment**

All bills are issued **quarterly** (except for availability charges which are issued annually) and are due and payable within fifteen days of the date of issue. Flat rates (and flat rate portion of metered rates) are billed in advance of service. For metered rates, excess consumption is billed in arrears. If the amount due on any bill has not been paid in full within (30) thirty days from the date of issue a further bill will be rendered to include the overdue amount plus a late payment charge of \$10.00 per month.

If a cheque is returned by the customer's financial institution an administration fee of \$25.00 will be charged.

### **3. Service Shut-Off Due to Non-Payment**

When an account becomes one month overdue service may be shut off upon 15 days' written notice. A notice mailed to the last known postal address of the customer shall be deemed good and sufficient notice. A collection charge of \$40.00 shall be paid each time a Utility representative attends a customer's premises to disconnect service, following the issuance of a shut-off notice. Service will not be turned on until all outstanding charges against the service, including the collection charge, shut-off charge and turn-on fee (Sections 1(b) and 1(c)) have been paid.

### **4. Discontinuance of Service**

- a) Customers must give at least two working days' notice in writing at the office of the Utility when requesting discontinuance of service and shall be liable for payment for all service until such service has been discontinued.
- b) Any customer who desires to discontinue the use of water for any of the purposes stated in his application for service shall give notice of his intention, in writing, at the office of the Utility, and shall further show that any fittings used for the supply of water for such purposes have been disconnected.
- c) The Utility may discontinue service to any customer who contravenes the terms and conditions contained in this tariff. In the event of further contravention of the tariff, the Utility may detach the service connection from the customer's premises and, upon re-application for service, the customer shall be liable to pay the Utility's cost of performing the said detachment and re-connection in addition to other applicable rates and charges.

### **5. Access to Premises**

A condition of service shall be the customer's consent, upon reasonable notice, for representatives of the Utility to enter onto the customer's property for the purposes of making connections/disconnections, taking water quality samples, reading meters, inspecting pipes and appurtenances, checking on the use or waste of water or determining compliance with these terms and conditions.

### **6. Interruption of Service**

The Utility intends to maintain at all times an adequate and continuous supply of water at suitable pressures but accepts no liability for interruptions due to circumstances beyond its control. However, for the interruptions in excess of 48 hours, a proportionate rebate will be allowed to customers served on flat rates.

**7. Restriction of Use of Water**

The Utility may restrict or prohibit the use of water for gardening, sprinkling, air conditioning, the filling of swimming pools, or other purposes when, in its opinion, such action is necessary to conserve the water supply or to maintain water pressure. A customer who contravenes water use restrictions may receive one warning notice per calendar year before a fine for contravention applies. A notice delivered to the customer's premises shall be deemed good and sufficient notice of a contravention. For each subsequent contravention during the calendar year, a \$50.00 fine is applicable.

**8. Limits on Water Use**

No customer shall sell or dispose of any water or permit same to be carried away, or use water or allow it to be used in premises, or for purposes other than those stated in the customer's application for service.

The Utility may, if in its opinion an undue amount of water is used at any time by any customer being served under a flat rate, install a water meter and thereafter charge the customer in accordance with the meter rates included in this tariff. All such meters shall remain the property of the Utility.

**9. Multiple Dwellings**

In the case of apartment houses, duplexes or houses containing one or more suites, each such accommodation, whether or not self-contained, shall **not** be considered as a separate customer unless it is *so* specified in a schedule of this Tariff other than side-by-side duplexes.

**10. Work to be done by the Utility**

No person, who is not an agent or employee of the Utility, shall make any connections with or alterations to or tamper with any of the Utility's waterworks, including any water meter belonging to the Utility, nor turn on or off any valve or curb stop of the Utility, without prior authorization by the Utility in writing.

**11. Minimum Size of Services**

The minimum size of pipe used to serve any one premises shall be 3/4" (19mm) nominal diameter. The type and diameter of pipe used on the customer's premises should be selected with due consideration of pressure losses from friction.

**12. Minimum Earth Cover Over Services**

All services on the customer's premises shall be buried below the maximum depth of frost penetration but in any event at a minimum depth of 8 feet below the surface of the ground.

**13. Ownership of Service**

All water service pipes and fittings carrying water from the main to the customer's property line shall be the property of the Utility.

**14. Stop Cock**

The customer shall provide a shut-off valve (stop cock) inside each of the customer's buildings in which water is used, for the use of the customer in case of leaky or defective pipes or fixtures, or in case the premises is vacated.

**15. Customer's Service Pipes**

Service connection materials installed on the customer's premises shall be rated by the manufacturer to sustain a minimum working pressure of 160 psi (1100 kilopascals). No service pipe or fitting shall be covered until they have been inspected and approved by the Utility.

**16. Dangerous Cross-Connections**

The customer shall not permit the plumbing on their premises to be connected to any source of water supply other than the Utility's, or to any potential source of contamination, without first obtaining the Utility's permission in writing. Any back-flow preventers deemed necessary by the Utility to prevent the entry of contaminants shall be installed at the customer's expense.

**17. Condition of Customer's Pipes and Fixtures**

All customers at their own risk and expense shall keep their pipes, stop cocks and other fixtures in good working order and shall protect them from frost and other damage. The Utility shall, within a reasonable time notify the customer of any leaky pipes and fixtures that are evident on the premises. If the necessary repairs are not made within two (2) working days after such notice has been given, or when the condition of the pipes or fixtures is such as to cause damage to property or material waste of water or damage to property, then without further notice the Utility may shut off the water supply. The water shall not be turned on again until such repairs have been made to the satisfaction of the Utility, and the charges paid as provided by clauses 1 and 4(c) of this tariff. No person whose water supply is shut off pursuant to this section shall have any claim against the Utility for discontinuance of supply.

**18. Notice of Service Shut-off**

The Utility shall have the right at all times to shut off the water supply temporarily to any premises in order to make repairs, replacements, alterations and extensions to the Utility's waterworks as shall, in the opinion of the Utility, be deemed necessary. Whenever possible the Utility will give reasonable advance notice of shut-off, and, in all cases where the Utility expects service to be interrupted for 24 hours or more, the Utility shall give advance notice to its customers.

**19. Application for Extension of Service**

For lots not authorized for service, all applications for extension of water service shall be made in writing by the owner or lessee of the premises to which the application refers, or by the owner's duly authorized agent. All applications for service shall state:

- a) the purpose(s) for which the service is to be used (i.e. domestic, commercial, irrigation, etc.);
- b) the legal description of the property;
- c) the number and location of the premises to be served.

Charges for extension of service are intended to recover the Utility's costs. For each application, an initial deposit of \$200 is required to be paid at the time of application. Additional costs incurred by the Utility for legal, engineering and other fees, including Utility staff time, will be payable by the applicant and may require further deposits prior to undertaking certain aspects of the application process.

Each application for extension of service requires an amendment to the Utility's Certificate of Public Convenience & Necessity (CPCN) to include the lot(s) within its authorized service area. In response to each application, the Utility will detail the terms and conditions of service including all rates and charges applicable. Prior to the issuance of an amended CPCN, confirmation is required that either a deposit into the Utility's Deferred Capacity Reserve/Trust Fund under Schedule B of this tariff has been made or that additional works have been constructed and contributed to the Utility by the applicant as required by the Comptroller of Water Rights.

Once the amended CPCN is issued, and while the lot(s) are not receiving service, Availability of Service (rent) charges under Schedule G of this tariff will be applicable.

Additional applications shall be made for all extensions of service to additional premises and for additional purposes.

**20. Water Main Extensions****General Provisions**

- 20.1 Any waterworks installed pursuant to an application for extension of service shall be the sole property of the Utility.
- 20.2 The size, type, quality of materials, and their location will be specified by the Utility and the actual construction will be done by the Utility or by a construction agency acceptable to it.
- 20.3 In arriving at the length of the main extension necessary to render service to any point, the distance from such point to the nearest distribution main shall be considered along lines of proper construction and common practice in the location of public waterworks, due consideration being given to the general layout of the Utility's system. The length of the

extension shall be measured along the lines of proper construction from the nearest distribution main to the middle of the furthest property to be served.

- 20.4 The Utility will not be required to make extensions where road grades have not been brought to those established by public authority.
- 20.5 Where an extension must comply with a law, statute, bylaw, ordinance, regulation, specification or order of a public authority, the estimated cost of the extension shall be based upon the waterworks required to comply therewith.

#### **Method of Allocating Advances and Refunds**

- 20.6 Advances by original applicants:  
When more than one applicant is involved and an advance is required in payment for a main extension the amount of the advance shall be divided equally or as otherwise agreed among the applicants are made known to the Utility.
- 20.7 Advances by subsequent customers:  
An extension charge equal to a pro-rata share of the original cost of the main extension shall be collected by the Utility from each additional customer who connects to the original main extension within five years. The extension charge collected above shall be refunded equally **or as otherwise agreed** to the customers who already have advances deposited with the Utility as a result of connection to the extension, so that in the result all subscribers will have paid their pro-rata share or as otherwise agreed by them and made known to the Utility.
- 20.8 Advances which may be required from applicants in payment for extensions will be held by the Utility without interest. Refunds will be made in accordance with these rules and no *person* will have refunded to him an amount in excess of the amount of his advance. Refunds will be paid to the current registered owners of the properties on account of which the deposits were received. Any amount not used by the Utility for construction of the extension and not refunded at the end of five years from the date the advance was received by the Utility from the original applicant or applicants will be retained by the Utility and transferred to the "Deferred Capacity Reserve/Trust Fund" account. Thereafter additional customers will be connected without being required to pay the extension charge.

### **21. Winter Construction**

The Utility reserves the right to refuse to make extensions and install service pipe to a customer's property line under frost conditions in the winter months that would make the undertaking impractical or in the Utility's opinion, excessively costly.

**22. Amendments to Tariff**

The rates and charges recorded in this tariff are the only lawful, enforceable and collectable rates and charges of the Utility, and shall not be amended without the consent of the Comptroller. The Comptroller, on his own motion, or on complaint of the Utility or other interested persons that the existing rates in effect and collected or any rates charged or attempted to be charged for service by the Utility are unjust, unreasonable, insufficient, unduly discriminatory or in contravention of the *Water Utility Act*, regulations or law, may, after investigation, determine the just, reasonable and sufficient rates to be observed and in force, and shall, by order, fix the rates.

The Utility may submit to the Comptroller, by letter of application together with full supporting documentation, proposed amendments to rates and charges, and other terms and conditions of service. After initial review of the application, the Comptroller may require the Utility to give an acceptable form of notice of the application to its customers and other interested persons. The notice will state a specific time period within which any interested persons may submit objections to the application to the Comptroller. After investigation of the application and any objections thereto, the Comptroller will decide the matter and notify all interested persons of his decision.

**23. Disputes**

In case of disagreement or dispute regarding the application of any provision of these terms and conditions, or in circumstances where the application of the terms and conditions appears impracticable or unjust to either party, the Utility, or the applicant or applicants, may refer the matter to the Comptroller for adjudication.

**Schedule A****Water Service Connection**

The charges shown below apply to connections to a main (see page 3, section 1).

The connection charge (a) recovers the cost incurred by the Utility, and not otherwise recovered, of installing a service connection from the water main to a curb stop and, if required, a meter at the property line of the customer's premises or in the building. Cost herein includes any administrative overhead incurred.

Where, at a time prior to a customer's application for service, a service connection has been installed at no cost to the Utility or at a cost otherwise recovered by the Utility, then upon connection of the service pipe, the rate shown in (b) below shall be paid upon application for service.

(a)	Connection Charge:	At Cost
(b)	Connection of customer's service pipe to an existing curb stop:	\$150

**Schedule B****Contribution in Aid of Future Construction**

Where as a result of premises becoming qualified as authorized premises a greater number of units require or may require service from the utility, thus utilizing waterworks capacity presently or in the future, then, upon application for an extension of service, in addition to the connection charge and any main extension costs, the charge shown below shall be paid.

For each residential service premises qualifying as authorized premises:	\$4,500
---	---------

## Notes:

1. For other than a residential service premises, the charge shall be calculated on a single family residential equivalent basis.
2. Monies collected are to be deposited to the Utility's Deferred Capacity Reserve/Trust Fund and may only be released with the written authorization of the Comptroller of Water Rights.

**Schedule C****Residential Service Flat Rates**

Applicability: To residential service customers receiving service.

Rate: \$48 per month effective January 1, 2016  
\$55 per month effective January 1, 2017

Note:

1. From total rates collected, the following amounts will be deposited into a Replacement Reserve/Trust Fund and may only be released with the written authorization of the Comptroller of Water Rights:

\$23,320 per year, effective January 1, 2016

\$35,000 per year, effective January 1, 2017

2. Seasonal users who request that their water service be shut off are to be charged at 80% of the residential service user rate while their service is disconnected and be subject to the shut-off and turn-on fees per sections 1(b) and 1(c) of the Tariff.

**Schedule D****Commercial Flat Rates**

Applicability: To all commercial customers receiving service.

Rate: N/A

Note:

1. From the above rates collected, \_\_\_\_% or \$\_\_\_\_\_ per customer per \_\_\_\_\_ will be deposited into a Replacement Reserve/Trust Fund and may only be released with the written authorization of the Comptroller of Water Rights.
2. Seasonal users who request that their water service be shut off are to be charged at \_\_\_\_\_% of the residential service user rate while their service is disconnected and be subject to the shut-off and turn-on fees per sections 1(b) and 1(c) of the Tariff.

**Schedule E****Meter Rates**

Applicability: To all customers with metered services.

Rate: N/A

Note:

1. From the above rates collected, \_\_\_\_% or \$\_\_\_\_\_ per customer per \_\_\_\_\_ will be deposited into a Replacement Reserve/Trust Fund and may only be released with the written authorization of the Comptroller of Water Rights.
2. Seasonal users who request that their water service be shut off are to be charged at \_\_\_\_\_% of the residential service user rate while their service is disconnected and be subject to the shut-off and turn-on fees per sections 1(b) and 1(c) of the Tariff.

**Schedule F**

**Fire Hydrant & Standpipe Rates**

(Per Fire Protection Agreement)

Applicability: Within that portion of the utility's authorized service area in the Fairmont fire protection district or other recognized local fire protection authority.

Rates: Hydrants N/A

Standpipes/Blow-Offs N/A

**Schedule G****Availability of Service (Rent) Charges**

**Applicability:** To owners of the legal subdivision with Rent Charge Agreements eligible to be registered on title. The Rent Charge becomes effective and due and payable on the first day of the month following CPCN issuance and acceptance of certified as-built drawings (i.e., when lot or lots are eligible for subdivision registration).

**Availability:** All owners of the lots to which this Rent Charge is applicable shall pay the rate during the period they are not users of water service.

**Rate:** \$400 per annum, per residential service lot effective January 1, 2016  
\$460 per annum, per residential service lot effective January 1, 2017

**Notes:**

1. For other than residential service lots, the Rent Charge shall be calculated on a single family residential equivalent basis.
2. From total rates collected, the following amounts will be deposited into a Replacement Reserve/Trust Fund and may only be released with the written authorization of the Comptroller of Water Rights:  

\$23,320 per year, effective January 1, 2016  
\$35,000 per year, effective January 1, 2017
3. Once a customer has received approval to connect to the Utility's waterworks, has passed inspection and has been accepted by the Utility as a customer, this Rent Charge will no longer apply to the portion of the property connected to the Utility's waterworks while service is being received. A pro-rated refund of the Rent Charge will be credited to the customer's account, if applicable. If service is temporarily shut-off (e.g., seasonal use), the customer shall pay a minimum of the Rent Charge payable on a pro-rated basis while disconnected or a greater amount if specified in another rate schedule(s) of this Tariff, but not both.
4. For the purposes of this Schedule, townhouses and side- by-side duplexes are equivalent to one (1) single family residential equivalent premises.
5. Any arrears of Rent Charges shall bear interest from the due date until payment at a rate of 18% per annum accruing daily, and shall be a charge upon the Lands or Future Lot or Lots in question in the same manner as the Rent Charge charged on the Lands.

**Schedule I****Untreated Irrigation Service Flat Rates**

**Applicability:** To all customers receiving service with untreated water for irrigation purposes from a separate connection and not billed in another tariff schedule.

**Rate:** \$33.37 per month per Single Family Residential Equivalent effective April 1, 2022.

**Notes:**

1. From total rates collected, the following amounts will be deposited into a Replacement Reserve/Trust Fund and may only be released with the written authorization of the Comptroller of Water Rights:

\$35,000 per year, effective January 1, 2017

2. This tariff Schedule G is grandfathered to customers connected prior to April 1, 2022. No new customers after April 1, 2022 are permitted in this rate schedule unless accepted by Corix on a case by case basis.
3. The rate in this schedule is applicable for all months in the year. There is no seasonal use rate for this tariff schedule.
4. The charge in this rate schedule shall be calculated on a single family residential equivalent basis on total water use.



## **APPENDIX B: RATE SCENARIOS ANALYSIS**

**Columbia Ridge Water Utility  
Regulatory Structure Rate Scenarios  
Assumptions  
Schedule 1**

<u>Assumptions Common to All Scenarios:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
1 Number of Active Customers	161	161	161	161
2 Number of Standby Customers	35	60	65	65
3				
4 Future Capital Expenditure Costs:				
5     UV System			\$225,000	
6     Pumphouse Generator		\$50,000		
7     Auto Transfer Switch		\$10,000		
8     Source Water Protection Plan		\$40,000		
9				
10 Projected Balance in UV Fund		\$30,768		
11 Projected Balance in RRTF Fund		\$0		

**Columbia Ridge Water Utility  
Regulatory Structure Rate Scenarios  
Scenario #1 Corix Ownership - Operating Margin  
Schedule 2**

<b><u>Scenario #1 - Corix Ownership with Operating Margin</u></b>	<b><u>2021</u></b>	<b>Indicative <u>2022</u></b>	<b>Indicative <u>2023</u></b>	<b>Indicative <u>2024</u></b>
1 Operating Costs		\$141,138	\$132,317	\$135,799
2 Allowed Return		13,408	12,570	12,901
3 Income Tax and Interest		5,210	4,665	5,028
4 RRTF Contribution	\$53,500	72,370	72,370	72,370
5 Total Allowed Recovery		\$232,126	\$221,922	\$226,098
6				
7 Required Rates:				
8 Active Customer	\$660	\$1,089	\$1,111	\$1,133
9 Standby Customer	\$460	\$759	\$774	\$790
10				
11 Required Assessment				
12 Active & Standby Customers	\$0	\$313	\$996	\$0

**Columbia Ridge Water Utility  
Regulatory Structure Rate Scenarios  
Scenario #2 Corix Ownership - Rate Base  
Schedule 3**

<b>Scenario #2 - Corix Ownership with Rate Base</b>	<u>2021</u>	Indicative <u>2022</u>	Indicative <u>2023</u>	Indicative <u>2024</u>
1 Operating Costs		\$141,362	\$132,041	\$135,964
2 Capital Recovery (Depreciation)		3,530	11,111	15,297
3 Interest on Debt		651	3,548	6,828
4 Allowed ROE		1,756	9,577	16,028
5 Income Tax		0	0	0
6 RRTF Contribution	\$53,500	0	0	0
7 Total Allowed Recovery		\$147,299	\$156,276	\$174,117
8				
9 Annual R&R Allowance in Rates		\$5,000	\$5,100	\$5,202
10				
11 Required Rates:				
12 Active Customer	\$660	\$759	\$759	\$850
13 Standby Customer	\$460	\$529	\$529	\$592
14				
15 Required Assessment				
16 Active & Standby Customers	\$0	\$0	\$0	\$0

**Columbia Ridge Water Utility  
Regulatory Structure Rate Scenarios  
Scenario #3 Current Ownership - Operating Margin  
Schedule 4**

<b><u>Scenario #3 - Current Ownership with Operating Margin</u></b>	<b><u>2021</u></b>	<b><u>Indicative 2022</u></b>	<b><u>Indicative 2023</u></b>	<b><u>Indicative 2024</u></b>
1 Incremental Operating Costs:				
2 Electricity for UV		\$2,400	\$2,448	\$2,497
3 Bulbs & Ballasts for UV		5,500	5,610	5,722
4 Generator Testing & Maint.		2,000	2,040	2,081
5 Incremental Labour		4,238	4,365	4,496
6 Allowed Mark-up on Costs		1,343	1,374	1,406
7 Incremental RRTF Contribution		32,370	32,370	32,370
8 Avg. Shortfall in Allowed Margin 19/20		13,209	13,473	13,743
9 Incremental Income Taxes		3,634	3,934	4,019
10 Additional Revenue Req'd		\$64,694	\$65,614	\$66,333
11				
12 Required Rates:				
13 Active Customer	\$660	\$950	\$969	\$989
14 Standby Customer	\$460	\$662	\$676	\$689
15				
16 Required Assessment				
17 Active & Standby Customers	\$0	\$313	\$996	\$0

**PUBLIC VERSION (REDACTED)**

## **APPENDIX C: CUSTOMER LETTERS OF SUPPORT**

Customer Letter #1

---

**From:** [REDACTED]  
**Sent:** Monday, November 29, 2021 9:48 AM  
**To:** [REDACTED] <[\[REDACTED\]@corix.com](mailto:[REDACTED]@corix.com)>  
**Subject:** Letter of Support

**CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and verify that the content is safe.**

Hello,

As a property owner in Columbia Ridge Country Estates, I wish to write this letter of support for:

- 1) I support the asset transfer from Columbia Ridge Waterworks Ltd. to Corix; **and**
- 2) I support the change to Rate Base Regulation from Operating Margin Regulation.

I understand the difference between Rate Base and Operating Margin Regulation and understand that rates will rise at some point in the future as major infrastructure wears out and is replaced, but that these rate increases will not occur until after these required expenditures have been incurred, and will be based on recovering the cost of these assets over their useful life;

I understand a change to Rate Base will mitigate any major rate increase or customer assessments and provide customer affordability

This has been a well communicated process, with multiple opportunities for questions and information seeking. Thank you for the full communication.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Customer Letter #2

**From:** [REDACTED]  
**To:** [REDACTED]  
**Subject:** Letter of support for Corix to change to Rate Base Regulation  
**Date:** Monday, November 29, 2021 3:47:20 PM

---

**CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and verify that the content is safe.**

Dear sir,

1. I support the asset transfer from Columbia Ridge Waterworks Ltd. to Corix.
2. I support the change to Rate Base Regulation from Operating Margin Regulation, and I understand the difference.

Best regards,

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

### Customer Letter #3

**From:** [REDACTED]  
**To:** [REDACTED]  
**Subject:** Letter of Support  
**Date:** Monday, November 29, 2021 6:44:13 PM

---

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and verify that the content is safe.

Hello,

My name is [REDACTED], along with my wife [REDACTED], we are the owners of properties [REDACTED] in Fairmont Hot Springs. We understand that Corix is in talks to purchase the water utility from ColumbiaRidge Waterworks and we wanted to show our support for the transition to Rate Base Regulation. We attended the virtual meetings and understand the difference between rate base and operating margin regulation.

We do acknowledge that rates will rise at some point in the future as major infrastructure wears out and is replaced but that these rate increases will not be based on recovering the cost of this assets over their useful life. Also that a change to rate base will mitigate any major rate increase or customer assessments and provide customer affordability.

We know that a change to rate base will support a sustainable water utility for the long term benefit of customers which is us.

Thanks,

[REDACTED]

Customer Letter #4

**From:** [REDACTED]  
**To:** [REDACTED]  
**Subject:** Letter of support for asset transfer and change to Rate Base Regulation.  
**Date:** Tuesday, November 30, 2021 1:27:04 PM

---

**CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and verify that the content is safe.**

Dear [REDACTED]

Please accept this email as confirmation for support in regards to the asset transfer from Columbia Ridge Ltd to Corix as well as support for the change to Rate Based Regulation from operational Margin Regulation.

We understand the difference between Rate Base regulation and operational margin regulation and that rates will increase at a future point as infrastructure needs repairs and upgrades.

We believe this will have a long-term benefit to the customers.

Sent on behalf of [REDACTED] property owners: [REDACTED]

Thank you

[REDACTED]

Customer Letter #5

**From:** [REDACTED]  
**To:** [REDACTED]  
**Subject:** Acquisition of Columbia Ridge Waterworks Ltd., Fairmont BC  
**Date:** Tuesday, November 30, 2021 2:06:02 PM

---

**CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and verify that the content is safe.**

[REDACTED],  
Director, Business Development  
Corix Utilities Inc.

Dear Ms. [REDACTED],

We are relatively new owner/residents of a home in Spirit's Reach, one of the local developments served since its inception by Columbia Ridge Waterworks Ltd. One of the principal reasons we chose this community was to escape the rapidly worsening availability and costs of housing in coastal British Columbia. In previous years, the clients admirably served by Columbia Ridge Waterworks Ltd. were largely represented by temporary residents who visited in pursuit of recreation. More recently, this relatively youthful and prosperous demographic is being replaced by permanently resident, fixed-income seniors in search of one of the few financially affordable housing options remaining in BC.

The original infrastructure of the Waterworks is beginning to show its age and as mandated standards for safe, potable water evolve it is obvious that substantial qualitative and volumetric updates are required. It is equally obvious that these improvements come at a substantial cost and that future improvements and maintenance costs are inevitable. It is unreasonable to expect that Columbia Ridge Waterworks will be able to sustain the status quo, let alone substantial upgrades and we greatly appreciate Corix Utilities Inc's interest in bringing this essential service into the future.

For these reasons we would request that Corix adopt the Rate Base Regulation paradigm to replace the current Operating Margin regime in order to mitigate immediate financial impact foreseen as ownership transitions to Corix. A further important benefit of the change to Rate Base Regulation will facilitate cost recovery to Corix of all present and future upgrade and maintenance requirements on a cost recovery basis through revenues, while protecting its product-based corporate earnings within the scope of the BC Water Utilities framework.

A safe, adequate and dependable water supply at fair and affordable cost into the foreseeable future is of vital importance to current and future residents whom Corix Utilities Inc. will serve. Kindly consider our request to propose Rate Base Regulation in your application to the BC Water Comptroller to manage our local utility.

Many thanks for your consideration.

Sincerely,

[REDACTED]

Fairmont Hot Springs  
BC V0B 1L2

## ***Columbia Ridge Community Association***

---

December 1, 2021

To: BC Water Comptroller and others to whom it may concern:

Re: Proposed sale of water utility assets (the "Transaction") of Columbia Ridge Waterworks Inc. (the "Seller") to Corix (the "Purchaser" and together with Seller, the "Parties")

Dear Sir / Madam:

The Columbia Ridge Community Association ("CRCA") represents 120 property owners who are customers of the Seller and rely on this water utility to fulfill all of their potable and household water requirements.

Based on summary-level information provided by the Purchaser to CRCA residents in an open house as well as to the CRCA Board of Directors (the "Board") in two virtual meetings, the Board supports the approval and completion of the Transaction.

Based on the same summary-level information sources noted above, but conditional as outlined below, the Board supports the proposal to move from an Operating Margin approach to a Rate Base approach in determining future billing rates for the water utility. This support for changing the billing rate method is conditional upon the outcome of the Board's review of detailed financial and other data used in arriving at the summary level information represented to us, with such data to be made available to the Board coincident with submission of the Purchaser's application for approval of the Transaction or as soon as current Non-Disclosure Agreements binding upon the Parties will allow for such release, whichever is earlier.

The Board has discussed the Transaction sufficiently to understand the primary differences between the current Operating Margin ("OM") approach and the proposed Rate Base ("RB") approach. Representations from the Purchaser have included the need to spend approximately \$381,000 for capital upgrades to bring the system into compliance with current BC regulations and/or support optimization of operating costs moving forward (SCADA \$56k, UV Disinfection \$150k, electrical upgrades \$75k, standby generator currently estimated at \$60k, and a source protection plan \$40k). Beyond these initial investments, future annual capital requirements have been stated to be minimal, estimated at \$10k per annum. The Purchaser has represented that the above requirements, the depletion or lack of current capital reserves which need to be replenished if the OM approach continues to be used, plus their estimates of future operating costs, will yield the following:

## ***Columbia Ridge Community Association***

---

- Under an OM approach, a need for a cash call / lump sum billing to users of approximately \$2,200 plus an increase to go-forward monthly rates of 65-70% over present rates
- Under the proposed RB approach, there is no need for a cash call / lump sum billing and current monthly rates are expected to increase for the first year by 20% over present rates or \$11 per month, plus an additional \$2.65 or 4% in year two, with rate increases tracking CPI and capital additions in future years.

Based on the above representations, our preliminary understanding is that the RB method will mitigate near-term price increases to existing customers and that future expansion costs will be borne by new users and not cause any inordinate pricing increases for existing users.

Should any of the above presumptions be shown to be invalid or inaccurate by the relevant regulators or other authorities, or not supported by review of the detailed financial and other data once available, the Board will have to reconsider its support for moving to a RB approach.

If you have any questions or further requirements, please contact the undersigned.

Sincerely,

Columbia Ridge Community Association Board of Directors

Per



## ***Columbia Ridge Community Association***

---

December 20, 2021

To: BC Water Comptroller and others to whom it may concern:

Re: Addendum to Original Support Letter for Proposed sale of water utility assets (the "Transaction") of Columbia Ridge Waterworks Inc. (the "Seller") to Corix (the "Purchaser" and together with Seller, the "Parties")

Dear Sir / Madam:

Further to our letter of December 1, 2021 in support of the Transaction (the "Original Support Letter", attached hereto for reference), we have been presented with updated summary financial models by the Seller for their Rate Base ("RB") and Operating Margin ("OM") calculations considered in our earlier review.

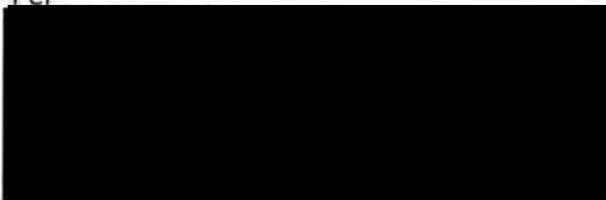
Based on our review of these updated financial models, we hereby remove the condition expressed in the Original Support Letter with regard to supporting a move to the proposed RB approach to determination of billing rates. As such, the Board is in full support of the proposed RB approach as it has been shown to mitigate near-term price increases to existing customers and ensure that future expansion costs will be borne by new users and not cause any inordinate pricing increases for existing users.

If you have any questions or further requirements, please contact the undersigned.

Sincerely,

Columbia Ridge Community Association Board of Directors

Per



[REDACTED]

VIA E-MAIL

December 3, 2021

Corix Utilities

[REDACTED]

**ATTENTION: TO WHOM IT MAY CONCERN**

Dear Sir/Madam:

**Re: Corix Utilities to Acquire Water Utility and Apply for Rate Base Regulation  
Letter of Support**

---

I am writing a letter in support of the asset transfer from Columbia Ridge Waterworks Ltd. to Corix and the conversion of the current Operating Margin Regulation to Rate Base Regulation under Corix ownership.

I understand the difference between Rate Base and Operating Margin Regulation. I also understand that the rate will rise at some point due to infrastructure maintenance and upkeep.

Yours truly,

[REDACTED]

[REDACTED]

Owner of [REDACTED]

[REDACTED]

[REDACTED]

December 2, 2021

CORIX Utilities

[REDACTED]

Attention: [REDACTED]

Re: CORIX Utilities Takeover/Operation of Columbia Ridge Waterworks Ltd. Assets

We are the owners of the recreational property located at [REDACTED]  
[REDACTED]

We support the transfer of the existing utilities from Columbia Ridge Waterworks Ltd. to Corix and the proposed change to Rate Base Regulation from Operating Margin Regulation.

Our reasons for supporting the change include:

1. We understand that substantial upgrades will be required to the utility system in the near future to ensure compliance with the Drinking Water Protection Act and Regulations and that Corix have the expertise to manage these upgrades effectively.
2. The change to Rate Base should support a sustainable water utility for the long-term benefit of customers like us.
3. We understand the difference between Rate Base and Operating Margin Regulation.
4. We understand that utility rates will increase will rise at some point in future years as infrastructure needs to be replaced but that these rate increases will not occur until after the required expenditures have been incurred, and will be based on recovering the cost of the assets over their useful life.
5. A change to Rate Base should mitigate any major rate increase or customer assessments and provide customer affordability.

Yours truly

[REDACTED]

[REDACTED]

Customer Letter #9

**From:** [REDACTED]  
**To:** [REDACTED]  
**Subject:** letter of support from Columbia Ridge  
**Date:** Friday, December 3, 2021 7:42:34 PM

---

**CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and verify that the content is safe.**

Hi [REDACTED]

I am a resident at Columbia Ridge Community at Fairmont Hot Springs and I am writing to you to provide you with a letter in support to Corix in your attempt to change to Rate Base regulation. I support the asset transfer from Columbia Ridge Waterworks Ltd and I also support the change to Rate Base regulation from Operating Margin regulation. I understand that the rates will rise at some point in the future as major infrastructure wears out and needs replacing but that these rate increases will not occur until after these required expenditures have been incurred and will be based on recovering the cost of these assets over their useful life. I also understand that a change to Rate Base will mitigate any major rate increase or customer assessments and provide customer affordability and the change to Base rate will support a sustainable water utility for the long term benefit to the customer. Thank you.

[REDACTED]

Customer Letter #10

**From:** [REDACTED]  
**To:** [REDACTED]  
**Subject:** Support to Change to Rate Base Regulation  
**Date:** Saturday, December 4, 2021 12:35:13 PM

---

**CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and verify that the content is safe.**

Please consider this our offer of support to Corix, to change our water billing to the Rate Base Regulation. We understand the rates will rise at some point and want to mitigate any major increase or customer assessments. One of the reasons we bought this property, last year, was the attractiveness of the current annual water rate. To hear it was going up after one year, was a bit shocking so we would like to support the Rate Base option.

Thank-you for all the information,

[REDACTED]  
[REDACTED]

Customer Letter #11

**From:** [REDACTED]  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** Re: COLUMBIA RIDGE WATERWORKS - REQUEST FOR YOUR SUPPORT  
**Date:** Sunday, December 5, 2021 12:33:32 PM

---

**CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and verify that the content is safe.**

Hello [REDACTED] and Columbia Ridge Waterworks Ltd.

I am in favour for the asset transfer from Columbia Ridge Waterworks Ltd. to Corix and support the change to Rate Base Regulation from Operating Margin Regulation. It seems like a good idea to have the supervision and control of our water quality and supply in the hands of an experienced organization with a good track record.

I understand the difference between Rate Base and Operating Margin Regulation and understand that rates will rise at some point in the future as major infrastructure wears out and is replaced, but that these rate increases will not occur until after these required expenditures have been incurred, and will be based on recovering the cost of these assets over their useful life. A change to Rate Base will mitigate any major rate increase or customer assessments and provide customer affordability.

The change to Rate Base will support a sustainable water utility for the long-term benefit of customers.

As a new arrival into this community, it seems only fair that the new incurred costs be spread out over time so all start at the same footing, service and cost-wise.

Best regards,

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

## Customer Letter #12

**From:** [REDACTED]  
**To:** [REDACTED]  
**Subject:** Rate Base Regulation request.  
**Date:** Sunday, December 5, 2021 2:52:15 PM

---

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and verify that the content is safe.

Dear [REDACTED]

We have been residents of Columbia Ridge for 23 years. We support the transfer of assets from Columbia Ridge Water Works Ltd to Corix. We have reviewed the three possible scenarios presented to us. With regards to mitigating future costs to us, we strongly prefer a Rate Based Regulation approach.

Please give our request serious consideration.

Best Regards,

[REDACTED]

## Customer Letter #13

**From:** [REDACTED]  
**To:** [REDACTED]  
**Subject:** Columbia Ridge Water Works to transfer to Corix Utilities  
**Date:** Sunday, December 5, 2021 7:47:57 PM

---

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and verify that the content is safe.

To who it may concerned,

I live in Columbia Ridge, Fairmont Hot Springs and get my water from Columbia Ridge Water Works. I understand that Corix Utilities is interested in taking over the water plant for which I approve of. Corix Utilities is also looking at changing the way they charge for the water service from Operating Margin Regulation to Rate Base Regulation which I also support.

• My reasons are as follows:

- a) I attended the open house and spoke with Corix.
- b) I understand the difference between Rate Base and Operating Margin Regulation
- c) I understand that rates will rise at some point in the future as major infrastructure wears out and is replaced, but that these rate increases will not occur until after these required expenditures have been incurred, and will be based on recovering the cost of these assets over their useful life.
- d) a change to Rate Base will mitigate any major rate increase or customer assessments and provide customer affordability.
- e) the change to Rate Base will support a sustainable water utility for the long- term benefit of customers.

[REDACTED]

Sent from [REDACTED]

Customer Letter #14

**From:** [REDACTED]  
**To:** [REDACTED]  
**Subject:** Waterworks request as per corix request  
**Date:** Monday, December 6, 2021 12:16:07 PM

---

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and verify that the content is safe.

Hi [REDACTED] we are residents at spirits reach (unit [REDACTED] my wife and I would like to opt for option 2 base rate as per the email sent by [REDACTED]. Thank you, [REDACTED]

Sent from my iPhone

Customer Letter #15

**From:** [REDACTED]  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** Letter of support to Corix Utilities  
**Date:** Tuesday, December 7, 2021 10:03:33 AM

---

**CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and verify that the content is safe.**

Hello [REDACTED]

We are sending you this email to express our support for the asset transfer from Columbia Ridge Waterworks Ltd. to Corix and for the change to Rate Base Regulation from Operating Margin Regulation.

We are supporting this transfer and change for the regulation because we have reviewed the information provided by Columbia Ridge Waterworks Ltd. and Corix. The rate base is favourable to the customers as the rate increases will not occur until any major infrastructure replacements have been incurred, and will be based on recovering the cost of these assets over their useful life.

Furthermore this rate base will mitigate any major rate increase or customer assessments and provide customer affordability and support a sustainable water utility for the long-term benefit of customers.

Best regards,

[REDACTED]

**From:** [REDACTED]  
**To:** [REDACTED]  
**Subject:** Support for Corix to assume control and change to Rate Base Regulation - Columbia Ridge Waterworks  
**Date:** Saturday, December 4, 2021 11:00:26 AM

---

**CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and verify that the content is safe.**

Hi,

Please accept this expression of support for the transfer of assets from Columbia Ridge Waterworks Ltd. to Corix:

We support the asset transfer from Columbia Ridge Waterworks Ltd. to Corix; **and** 2) we support the change to Rate Base Regulation from Operating Margin Regulation. Our reasons for taking this position are as follows:

- a) we understand the difference between Rate Base and Operating Margin Regulation
- b) we understand that rates will rise at some point in the future as major infrastructure wears out and is replaced, but that these rate increases will not occur until after these required expenditures have been incurred, and will be based on recovering the cost of these assets over their useful life
- c) a change to Rate Base will mitigate any major rate increase or customer assessments and provide customer affordability and
- d) the change to Rate Base will support a sustainable water utility for the long-term benefit of customers.

Thank you.

[REDACTED]

Customer Letter #17

**From:** [REDACTED]  
**To:** [REDACTED]  
**Subject:** Columbia Ridge BC  
**Date:** Tuesday, December 7, 2021 11:17:45 AM  
**Attachments:** [image001.png](#)

---

**CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and verify that the content is safe.**

Hello [REDACTED]

[REDACTED] in Columbia Ridge.

We support Scenario #2 on Appendix C.

Please let me know if there is anything else I need to support this scenario.

Thanks

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

Customer Letter #18

**From:** [REDACTED]  
**To:** [REDACTED]  
**Subject:** Corix Utilities and Columbia Ridge Waterworks Ltd. proposal  
**Date:** Thursday, December 9, 2021 12:45:00 PM

---

**CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and verify that the content is safe.**

Good afternoon [REDACTED]

We are long term water utility users of Columbia Ridge Waterworks Ltd. The water utility has been very important to residents such as us who have homes adjacent to Columbia Lake.

We are writing to you following our review of available information about the proposed change in utility ownership.

We were not able to participate in the information sessions but have had questions answered as they arose.

Based on this:

- we are in support of the plan for asset transfer from Columbia Ridge Waterworks Ltd. to Corix. It is a timely proposal.
- we appreciate that this means some criteria for BC provincial water utility standards or operating requirements may change, some directly related to Corix being a larger utility.
- there may be owner borne costs associated with utility infrastructure modifications in the future.

Additionally we have a fair understanding of the difference between Rate Base and Operating Margin Regulation.

It is our expectation that a change to Rate Base will support a sustainable water utility for the long-term benefit of users such as ourselves.

Regards,  
[REDACTED]

To

Director, Business Development  
Corix Utilities, Inc.

10.12.2021

**Corix Utilities to Acquire Water Utility and Apply for Rate Base Regulation**

Dear

we are owners of

the property

With this letter we would like to expressly

- 1) support the asset transfer from Columbia Ridge Waterworks Ltd. to Corix Utilities, Inc. and
- 2) support the change to Rate Base Regulation from Operating Margin Regulation.

We, as new customers of Corix Utilities, Inc., have been extensively informed in advance of this letter by Columbia Ridge Waterworks Ltd. about the results of the meeting in August this year. The purpose of this meeting was discussing the proposed Operations changeover from Columbia Ridge Waterwork Ltd. to CORIX Utilities.

We clearly understand the difference between Rate Base Regulation and Operating Margin Regulation and that rates will rise at some point in the future as major infrastructure wears out and is to be replaced.

We are also aware that these rate increases will not occur until after these required expenditures have been incurred and will be based on recovering the cost of these assets over their useful lifespan.

Since we occasionally use the property and the house as a vacation destination, we welcome a change to Rate Base Regulation which hopefully will mitigate any major rate increase or customer assessments and will provide customer affordability. We take it that the change to Rate Base Regulation will support a sustainable water supply for the long-term benefit for us as customers.

In closing, as a new customer with Corix Utilities, Inc., we would like to reiterate how much we appreciate British Columbia Comptroller of Water Rights accommodating us in the desired change from Operating Margin Regulation to Rate Based Regulation. Corix Utilities, Inc. will have our trust and full support in this effort.

We kindly ask the addressee of this letter to consider our request favorably.

Sincerely,

10.12.2021,

Customer Letter #20

**From:** [REDACTED]  
**To:** [REDACTED]  
**Subject:** Re: Columbia Ridge Waterworks Ltd. transfer to Corix Utilities  
**Date:** Friday, December 10, 2021 9:48:47 AM

---

**CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and verify that the content is safe.**

Hi [REDACTED]  
Please note my computer autocorrected your company name.  
[REDACTED]

On Friday, December 10, 2021, 09:41:03 a.m. PST, [REDACTED] wrote:

Dear [REDACTED]  
We are writing you to offer our support in your applications to the regulator in British Columbia. We own the residence at [REDACTED]. Both of us attended the open house information session and are comfortable supporting the transfer of ownership from Columbia Ridge Waterworks Ltd. to Corix Utilities.  
We also support the change to Rate Base regulation from Operating Margin regulation. Using the information provided to we believe the Rate Base Regulation model provides a smoother, consistent and predictable method of funding our clean water supply for the future.  
If we can help in any other way please don't hesitate to contact us.  
Sincerely,

[REDACTED]

Customer Letter #21

**From:** [REDACTED]  
**To:** [REDACTED]  
**Subject:** Hello,  
**Date:** Friday, December 10, 2021 2:05:23 PM

---

**CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and verify that the content is safe.**

We are sending a letter of support for the Corix to change the Rate Base Regulation.  
We live in the Columbia Ridge Estates and there are two of us in the home.  
We support Scenario #2.  
Thank you.

[REDACTED]

Customer Letter #22

**From:** [REDACTED]  
**To:** [REDACTED]  
**Subject:** Support for the transfer from Columbia Ridge Waterworks to CORIX  
**Date:** Friday, December 10, 2021 2:15:02 PM

---

**CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and verify that the content is safe.**

To Whom It May concern,

As owners of [REDACTED] support the asset transfer from Columbia Ridge Waterworks Ltd. to Corix Utilities. We also support the change to Rate based Regulation from Operating Margin regulations. It is understood that rates will increase in the future after the useful life of major infrastructure needs replacing. However, rate increases based on recovering Capital costs over the useful life of those Capital asset seems to be a more equitable method for established homeowners than what is required under the Operating Margin Regulations. We also believe a Rate Base method will mitigate any major rate increase or customer assessments and provide customer affordability. In addition, the change to Rate Base will support a sustainable water utility for the long term benefit of customers.

Sincerely,

[REDACTED]

**From:** [REDACTED]  
**To:** [REDACTED]  
**Subject:** Change to Rate Base Regulation from Operating Margin Regulation - Columbia Ridge Country Estates  
**Date:** Friday, December 10, 2021 3:21:49 PM

---

**CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and verify that the content is safe.**

Dear [REDACTED]

Please accept this email as my show of support for the **asset transfer from Columbia Ridge Waterworks Ltd. to Corix** and the **change to Rate Base Regulation from Operating Margin Regulation** in the Columbia Ridge Country Estates.

I am the owner of property [REDACTED]

- a) I met with Corix during their the open house
- b) I understand the difference between Rate Base and Operating Margin Regulation and see the benefits of Rate Base in our situation
- c) I understand that rates will rise at some point in the future as major infrastructure wears out and is replaced, but that these rate increases will not occur until after these required expenditures have been incurred, and will be based on recovering the cost of these assets over their useful life;
- d) a change to Rate Base will mitigate any major rate increase or customer assessments and provide customer affordability and
- e) the change to Rate Base will support a sustainable water utility for the long-term benefit of customers.

Sincerely,  
[REDACTED]

**From:** [REDACTED]  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** Letter of Support to CORIX - Rate Base Regulation  
**Date:** Saturday, December 11, 2021 12:29:04 PM

---

**CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and verify that the content is safe.**

As members of the Columbia Ridge Community Association, we are writing this letter in support of Corix :

- 1) We support the asset transfer from Columbia Ridge Waterworks Ltd. to Corix.
- 2) We support the change to Rate Base Regulation from Operating Margin Regulation.
- 3) We, as a customer met with Corix.
- 4) We understand the difference between Rate Base and Operating Margin Regulation.
- 5) We understand that rates will rise at some point in the future as major infrastructure wears out and is replaced, but that these rate increases will not occur until after these required expenditures have been incurred, and will be based on recovering the cost of these assets over their useful life.
- 6) We understand that a change to Rate Base will mitigate any major rate increase or customer assessments and provide customer affordability.
- 7) We understand the change to Rate Base will support a sustainable water utility for the long-term benefit of customers.

Looking forward to having a positive reply.

Best regards

[REDACTED]

Columbia Ridge Community

Customer Letter #25

**From:** [REDACTED]  
**To:** [REDACTED]  
**Subject:** Change in Rates  
**Date:** Sunday, December 12, 2021 12:21:30 PM  
**Importance:** High

---

**CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and verify that the content is safe.**

We live at [REDACTED] in Fairmont. Columbia Ridge has been our supplier of good water .

That being said times change ,and we support the change of ownership. They have treated us well.

We also support Corix's rate base regulation proposal. . We understand the Costs of operation need to keep up with maintenance. We also understand a little bit at a time is better than a big assessment at the end. That would work for us.

[REDACTED]  
[REDACTED]

Sent from [REDACTED]

## APPENDIX D: CUSTOMER CONSULTATION OPEN HOUSE MATERIALS



# CORIX® Utilities

## WHO WE ARE

Corix is a leading provider of sustainable water, wastewater, district energy, electricity generation and gas distribution solutions. We serve small-to-medium-sized communities in three Canadian provinces and nineteen US states.

Corix finances, develops, owns, operates, and maintains local utility infrastructure for institutional, municipal, and commercial customers through various utility business models. We currently manage over \$1.74 billion in assets and employ over 800 people. Corix is privately owned by British Columbia Investment Management Corporation (BCI), with corporate offices located in Vancouver, BC and Chicago, IL.

QUICK FACTS	
Assets Managed	\$1.74B
Number of Systems	1,367
• Water	740
• Wastewater	599
• District Energy	14
• Other	14
Number of Customers	1MM+

## OUR VISION

*"We are the preferred utility delivering solutions our customers want."*

## STRONG SPONSORSHIP FROM BCI

BCI is one of North America's largest institutional investors with gross assets under management exceeding \$171.3 billion. In addition to core holdings such as Corix, BCI has an active direct infrastructure investment program that includes water, electric and gas utilities, energy and power companies, liquids transportation pipelines, and rapid transit infrastructure. BCI has consistently supported Corix's growth mandate with capital for new acquisitions and investments, and views Corix as a platform for new growth opportunities.

## WHY CORIX?

Part of Corix's strategic vision is to harness economies of scale and long-term partnerships to provide essential utility infrastructure and services to municipalities and small-to-medium sized communities across North America. Our broad utility infrastructure expertise, streamlined organizational structure, and scalable services make Corix a high-value partner. We help communities thrive by building, supplying, owning, and operating utility infrastructure for water, wastewater and energy. The ownership and operations of Columbia Ridge Waterworks Ltd.'s water and wastewater utility aligns with Corix's vision of growth within the BC interior.

## CONTACT

Franca Petrucci, Director, Business Development  
Corix Utilities Inc.  
778.349.0971 | franca.petrucci@corix.com

# Columbia Ridge Water and Wastewater Utility Open House August 26 and 27, 2021

CORIX® Utilities





### MISCONCEPTIONS AND FACTS

**MYTH:** Private utilities can set rates as they please.

**FACT:** Unlike municipalities, private utilities are regulated by the BC Water Comptroller (Water Management Branch), and as such private utilities cannot set rates arbitrarily.

**MYTH:** If Corix doesn't purchase the Utility, the rates will remain the same.

**FACT:** Rates will increase, no matter who owns the Utility. Significant capital is required for the water utility; rates have not increased in six years, though operational costs have increased.

### UTILITY RATES FOR WATER AND WASTEWATER

Corix is transparent with its customers, providing a clear understanding of how rates are determined for each utility. This transparency provides customers with the understanding that Corix's profits are defined by formulas reviewed and updated by Regulators, and that any excess funds received are returned to customers and not retained by Corix. Rates are currently modeled under Operations and Maintenance (O&M) Mark-Up Regulation. Given the required future capital upgrades, there is an opportunity to request (BC Water Comptroller office) Rate Base Regulation. This request would be more favourably received by the Regulator if Corix has the support of the ratepayers.

Rate Base Regulation	O&M Mark-Up Regulation
<ul style="list-style-type: none"> <li>Currently limited use for water utilities British Columbia.</li> <li>Used for water utilities in other North America jurisdictions.</li> </ul>	<ul style="list-style-type: none"> <li>Traditionally used for British Columbia water utilities.</li> </ul>
<ul style="list-style-type: none"> <li>More complex than Operating Margin Model.</li> <li>Best suited for well capitalized utilities.</li> </ul>	<ul style="list-style-type: none"> <li>Straightforward, easy to understand.</li> <li>Suitable for small utilities with limited capital resources.</li> </ul>
<ul style="list-style-type: none"> <li>Capital investment recovered through rates retroactively.</li> <li>Ensures that prudent investments in utility infrastructure are made, including the replacement of aging infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>Rates exclude the recovery of capital investment.</li> <li>Can lead to degradation of utility infrastructure if reserves are insufficient.</li> </ul>
<ul style="list-style-type: none"> <li>Customers only pay for the infrastructure that they utilize.</li> <li>No risk of customers paying for future upgrades and not receiving any benefit in return.</li> </ul>	<ul style="list-style-type: none"> <li>Relies on reserve funds for infrastructure upgrades.</li> <li>Difficulty in estimating reserve fund contributions for future upgrades.</li> <li>Customers may face an assessment if reserves are insufficient.</li> </ul>
<ul style="list-style-type: none"> <li>No intergenerational subsidization for first buyers in new developments.</li> </ul>	<ul style="list-style-type: none"> <li>Creates intergenerational subsidy issue.</li> <li>In a new development the first-time purchaser pays for utility infrastructure through the price of their home.</li> <li>Same first-time purchasers then contribute to reserve funds to pay for the future replacement of that utility infrastructure.</li> </ul>

### REQUIRED CAPITAL EXPENDITURES FOR THE WATER UTILITY

Due to the significant capital required, there is an opportunity to apply to the BC Water Comptroller Office to request the Water Utility use a Rate Base Regulation model instead of the current O&M Mark-Up Regulation. For additional information please visit BC Water Comptroller at <https://www2.gov.bc.ca/gov/content/environment/air-land-water/water/water-licensing-rights/private-water-utilities>.

Capital Expenditure	Definition	Estimated Cost*	Requirements
VT SCADA	<ul style="list-style-type: none"> <li>Supervisory Control and Data Acquisition (SCADA) systems are used to communicate remote data from utilities, and record real-time information for operational integrity purposes.</li> </ul>	\$56,000	<ul style="list-style-type: none"> <li>Operational requirement to monitor the system.</li> <li>Remote monitoring reduces operational costs and allows Corix to respond to immediate issues when required.</li> </ul>
Ultraviolet (UV) Disinfection	<ul style="list-style-type: none"> <li>Ultraviolet disinfection is a process used to sterilize human pathogens such as viruses, bacteria and protozoa that are potentially in raw water.</li> </ul>	\$150,000	<ul style="list-style-type: none"> <li>Regulatory requirement under the Drinking Water Protection Act and the Drinking Water Protection Regulation, Section 5, (2).</li> <li>Interior Health 4-3-2-1-0 Drinking Water Guidelines.</li> </ul>
Electrical Upgrades	<ul style="list-style-type: none"> <li>Upgrades to the electrical system for UV.</li> </ul>	\$75,000	<ul style="list-style-type: none"> <li>Higher electrical load to support the UV disinfection system.</li> </ul>
Standby Generator	<ul style="list-style-type: none"> <li>Back-up electrical system that will ensure full system operation in case of a power loss or outage.</li> </ul>	\$60,000 (cost to be determined)	<ul style="list-style-type: none"> <li>Providing customers with uninterrupted service.</li> </ul>
Filtration	<ul style="list-style-type: none"> <li>Collection of suspended impurities in water, enhancing the effectiveness of disinfection.</li> </ul>	\$700,000	<ul style="list-style-type: none"> <li>Requirement to be confirmed.</li> </ul>

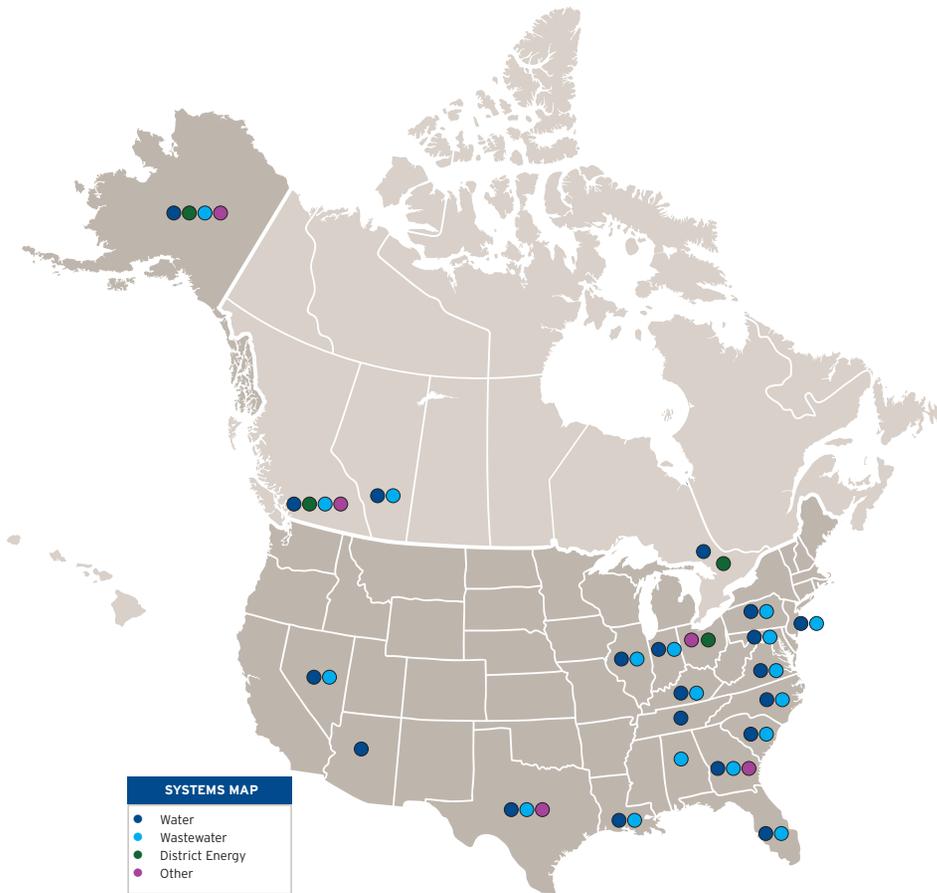
\* Costs are illustrative only and are subject to change based on further analysis and project specific factors.



# Who is Corix?

**CORIX** Utilities

**Corix is a Canadian company with a 100-year history** and extensive expertise in developing, financing, constructing, operating and maintaining community essential infrastructure solutions, including water, wastewater and energy systems, throughout North America



**Corix manages over \$1.74 billion in assets** and is privately owned by the British Columbia Investment Management Corporation (BCI). BCI is one of North America's largest institutional investors with gross assets under management of over \$171.3 billion. Corix is an industry leader in analyzing and optimizing utility infrastructure, developing and implementing asset management plans, and financing and managing utilities for the benefit of ratepayers

**Corix delivers safe and cost-effective utility infrastructure services, products, and systems** to over one million customers across 1,300+ utility systems located in 3 provinces and 19 states

**Our customers include small-to-mid sized residential and mixed-use communities**, the military, universities and campuses, and other institutions including resort properties, industrial groups, and developers

**Corix has the flexibility to develop unique utility models** that meet local and regulatory requirements, while optimizing outcomes for each key stakeholder, including current and future ratepayers, developers, and the owner and operator of the Utility



**Corix is transparent with its ratepayers, providing a clear understanding of how rates are determined for each utility.**

This transparency provides ratepayers with the understanding that Corix's profits are defined by formulas reviewed and updated by regulators, and that any excess funds received are returned to customers, and not retained by Corix

#### **Under Rate Base Regulation:**

- Corix can “levelize” rates in growing communities by absorbing losses in early years and recovering those losses in later years; ensuring that rates remain affordable from day one
- Corix recovers the cost of its investments over the useful life of the assets rather than over the life of any loans required to finance those assets, minimizing the capital recovery component of rates
- Corix has the financial wherewithal to finance any repairs and replacements as needed, rather than having to build inefficient capital reserves that lead to inter-generational subsidies

**Our in-house legal, regulatory, and financial teams have well established relationships with regulators** and are well versed in both Rate Base and Operating and Maintenance (O&M) Mark-up Regulation



## O&M Mark-Up Regulation (most Water Utilities in BC)

- Assumes that the original system is installed by the developer and that ratepayers subsequently contribute to a Capital Reserve Fund to finance future replacements
- The Utility owner does not invest capital (beyond working capital), but instead earns a profit through an allowed mark-up on operating costs

## Rate Base Regulation (Energy Utilities and some Water Utilities)

- The Utility invests some or all of the capital required for the original system and is responsible for all capital requirements associated with ongoing repairs and replacements
- All prudently incurred costs are flowed-through without mark-up and the Utility is allowed to earn a specified return on its invested capital

## Non-Financially Regulated Utilities (including Wastewater)

- Corix mirrors the provisions of Rate Base Regulation to provide access to the greater range of benefits available through this form of regulation, while also providing assurance of reasonable customer rates

# Operations, Customer Care and Billing

**CORIX** Utilities

**Our 1,300+ utility systems across North America** are operated and maintained by certified, qualified technicians who are supported by a wide range of specialists across the organization



**Corix implements proven operations and maintenance processes and procedures** to provide reliable, uninterrupted, and cost-effective utility services

**We leverage our operational framework**, including our customized Operations Management System (OMS), to provide guidance in planning asset replacement activities, determining annual labour requirements, completing predictive maintenance, and analyzing preventative maintenance costs over time

**Corix uses SCADA systems to remotely operate and monitor our utilities** where appropriate. This technology results in lower labour costs, enhanced data collection, and advanced diagnostic support capabilities. Where the use of SCADA is not justified, Corix utilizes more traditional remote alarm systems to alert operators of issues that require immediate attention

**Corix has a dedicated Business Operations Support team** that provides a full range of customer care and utility billing services, including billing, payments and collections, customer care and information management

# Compliance

**CORIX** Utilities

**Our corporate compliance group focuses on managing legal, inter-governmental, and regulatory issues,** as well as health, safety and environmental issues associated with our utility systems. This skilled team has established productive relationships with various regulators and government stakeholders, which provides an opportunity to advocate on behalf of the Utility and its customers on a wide range of issues



**Corix ensures that annual filings and applications are managed in an accurate, prompt and cost-effective manner** for specific requirements such as tariff reviews and facility applications

**Current legislative, health, safety, and environmental requirements and proposed changes in legislation are monitored** to mitigate the impact these changes may have on our systems

**Assurance that the drinking water regulation requirements are met,** including water treatment and water quality standards, monitoring, and testing

## **APPENDIX E: ACQUISITION COSTS RECOVERY IN OTHER JURISDICTIONS**

## Appendix E: Acquisition Costs Recovery in Other Jurisdictions

### Illinois Commerce Commission – Galena Territory Utilities, Inc. acquisition of services in Oakwood, Illinois

On March 19, 2014 the Illinois Commerce Commission in Docket No. 13-0564 issued an Order<sup>1</sup> that granted a Certificate of Public Convenience and Necessity to Galena Territory Utilities, Inc. ("GTU", an affiliate of Corix) to purchase, operate, and maintain water and sewer services in Oakwood, Illinois and environs in Vermilion County, Illinois. GTU had sought approval of accounting entries to record the transaction, approval of rates and regulations for providing water and sewer service in the Oakwood Service Areas, and approval of an Asset Purchase Agreement ("APA") for the purchase of substantially all of the water and sewer system assets of the Village of Oakwood ("Oakwood" or the "Village").

In Appendix B<sup>2</sup> accompanying the Order, GTU was approved \$61,000 of closing costs being capitalized (Journal Entry #1, line 2). In Journal Entry #2 the purchase price was journaled to the appropriate utility plant related accounts. In Journal Entry #2, the closing costs of \$61,000 were entered into the Organization plant account.

**Key Point:** Illinois allows closing costs to be capitalized into an Organization plant account into rate base for cost recovery in an acquisition of a water utility.

### Louisiana Public Service Commission – Utilities, Inc. of Louisiana acquisition of Louisiana Land and Water Inc. assets

On April 17, 2014 the Louisiana Public Service Commission in Order Number S-33018<sup>3</sup> expressed its non-opposition to the transfer of Louisiana Land and Water, Inc. water and wastewater assets located outside of Ouachita Parish to Utilities, Inc. of Louisiana (an affiliate of Corix) and adopted the findings in Staff's Audit Memorandum regarding accounting for the transaction for ratemaking purposes.

In the Overview of the Order it notes the purchase prices of LLWC's systems is \$350,000 with projected transaction costs of \$167,000. The \$167,000 in transaction costs is included in the \$517,000 rate base.

**Key Point:** Louisiana allows transaction costs to be capitalized into rate base for cost recovery in an acquisition of a water utility.

<sup>1</sup> Illinois Commerce Commission Order dated March 19, 2014 approving purchase and granting a CPCN <https://www.icc.illinois.gov/docket/P2013-0564/documents/211298/files/372582.pdf>

<sup>2</sup> Illinois Commerce Commission Order dated March 19, 2014 approving purchase and granting a CPCN, Appendix B to the Order <https://www.icc.illinois.gov/docket/P2013-0564/documents/211298/files/372584.pdf>

<sup>3</sup> Louisiana Public Service Commission Order dated April 17, 2014 approving the transfer of water and wastewater assets <https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=GhaFbMXEun8%3d>

## North Carolina Utilities Commission - Carolina Water Service, Inc. of North Carolina acquisition of Pace Utilities assets

A Utility Asset Purchase Agreement (APA), dated August 6, 2018, between Carolina Water Service, Inc. of North Carolina (“CWSNC”, an affiliate of Corix) and Pace Utilities was attached to the Transfer Application to the North Carolina Utilities Commission) under Docket No. W-354, Sub 361 and Docket No. W-1046, Sub 5. On July 29, 2019, Commission Hearing Examiner Freda H. Hilburn issued a Recommended Order<sup>4</sup> Approving Transfer, Granting Franchise, Approving Acquisition Adjustment, Approving Rates, and Requiring Customer Notice. In the Recommended Order it stated on “The Public Staff and CWSNC have agreed that the proposed rates should reflect the rates of CWSNC’s water rate division for Bradfield Farms/Fairfield Harbour/Treasure Cove and CWSNC’s sewer rate division for Bradfield Farms/Fairfield Harbour.” Subsequently, on August 5, 2019, Carolina Water Service, Inc. of North Carolina, Pace Utilities Group, Inc., and the Public Staff – North Carolina Utilities Commission filed a letter with the Commission stating that these three entities constitute all of the parties to the above-captioned dockets and that all of the parties waive their respective right to file exceptions by August 14, 2019, to the July 29, 2019 Recommended Order. The parties requested that the Commission adopt the July 29, 2019. Recommended Order as a final Order of the Commission. On August 6, 2019 the Utilities Commission issued its final Order of the Commission adopting the Recommended Order that approved the transfer of assets.

Subsequently, CWSNC made an application to Adjust and Increase Rates for Water and Sewer Utility Service in All Service Areas in North Carolina included the newly acquired Pace Utilities service areas under Docket No. W-354, SUB 364. During the review of that hearing Commission Staff on November 4, 20219 issued its testimony<sup>5</sup> on the application which included due diligence costs for the Pace Utilities acquisition. In the Staff Testimony on page 11 the staff stated “I’ve reclassified unrecovered due diligent cost for Riverbend and Pace Utilities from deferred charges to plant in service. This type of cost should be classified as franchise costs under plant in service account instead of deferred charges.” The adjustment can be found in Public Staff Feasel Exhibit I, Schedule 2-1(c)(2) line 2, account 1025 Franchises, \$21,587 for Pace Utilities unrecovered cost regarding due diligence costs for the acquisition.

On January 10, 2020 there was a settlement<sup>6</sup> with the public staff making a proposed order approving joint partial settlement agreement and stipulation, granting partial rate increase and requiring customer notice. On March 31, 2020 the Commission issued it Order approving the Settlement for Docket No. W-354, SUB 363, Docket No. W-354, SUB 364 and Docket No. W-354, SUB 365. The recovery of the due diligence costs for the Pace acquisition was included in the final approval order.

**Key Point:** North Carolina allows due diligence costs to be capitalized in a Franchises plant account into rate base for cost recovery in an acquisition of a water utility.

<sup>4</sup> North Carolina, Pace Utilities Acquisition Recommended Order, <https://starw1.ncuc.net/NCUC/ViewFile.aspx?Id=2f9e4a1f-faec-4f6a-a125-23ee33a07627>

<sup>5</sup> North Carolina Staff Testimony on CWSNC Rates Application, <https://starw1.ncuc.net/NCUC/ViewFile.aspx?Id=f3d00623-1034-438d-a120-1c7a2598eb5e>

<sup>6</sup> North Carolina Proposed Settlement on CWSNC Rates Application, <https://starw1.ncuc.net/NCUC/ViewFile.aspx?Id=b4aef9d7-849e-429c-ad93-eadfd2bfb005>

## North Carolina Utilities Commission – Rule R7-41 and Rule R10-28 Fair Value Acquisition

The North Carolina Utilities Commission in Docket No. W-100, Sub 60 issues an order adopting Commission Rule R7-41 and Commission Rule R-10-28 on December 30, 2020.<sup>7</sup> The Commission its rule following the North Carolina Fair Value Statute that “Reasonable fees, as determined by the Commission, paid to utility valuation experts, may be included in the cost of the acquired system, in addition to reasonable transaction and closing costs incurred by the acquiring public utility.” and “The rate base value of the acquired system, which shall be reflected in the acquiring public utility’s next general rate case for rate-making purposes, shall be the lesser of the purchase price negotiated between the parties to the sale or the fair value plus the fees and costs authorized in subdivision (3) of this subsection.”

The Commission in Appendix A established Rule R7-41 Procedure For Determining Fair Value And Establishing Rate Base For Acquisitions Of Government-Owned Water Systems. Also, the Commission established in Appendix B Rule R10-28 Procedure For Determining Fair Value And Establishing Rate Base For Acquisition Of Government-Owned Wastewater Systems. Rule R7-41 (g)(2) states: “Certain Costs Eligible to be Included in Rate Base Value.—Consistent with G.S. 62-133.1A(b), the Commission will allow the inclusion of the costs of the engineering assessment, transaction and closing costs incurred by the utility, and fees paid to Utility Valuation Experts, including fees paid by the acquiring utility to a Utility Valuation Expert that represents the Public Staff, in the rate base value of the acquired system upon a finding that those costs were reasonably and prudently incurred.” The same wording is repeated in Rule R10-28.

**Key Point:** North Carolina following from the Fair Value Statute allows inclusion of the costs of engineering assessment, transaction and closing costs incurred by the utility into rate base for cost recovery in an acquisition of a water utility.

---

<sup>7</sup> North Carolina Utilities Commission Rule R7-41 and Rule R-10-28, <https://starw1.ncuc.net/ncuc/ViewFile.aspx?Id=d9d84f12-eaf6-4c76-a6a5-61942e92467e>

## Virginia Fair Value Legislation

On March 5, 2020 the Virginia Senate Bill 831 was passed.<sup>8</sup> On March 4, 2020 House Bill 835 was passed. Both SB831 and HB 835 are identical.<sup>9</sup> The Governor enacted the law on March 31, 2020 in Chapter 518.<sup>10</sup> Chapter 518 is an Act to direct the State Corporation Commission to establish rules governing fair market valuations of water utility or sewer utility asset acquisitions. Section 8 in Chapter 518 states: “Establish the ability to evaluate and include reasonable transaction costs and fees of the utility valuation experts in the fair market value determination in addition to reasonable transaction and closing costs when establishing the rate base.”

**Key Point:** The Virginia state legislature has established legislation requiring the State Corporation Commission to establish rules governing fair market valuations of water utility or sewer utility asset acquisitions for reasonable transaction and closing costs into rate base for cost recovery in an acquisition of a water utility.

---

<sup>8</sup> SB 831 Water utility or sewer utility asset acquisitions; fair market valuations. <https://lis.virginia.gov/cgi-bin/legp604.exe?201+sum+SB831>

<sup>9</sup> HB 835 Water utility or sewer utility asset acquisitions; fair market valuations. <https://lis.virginia.gov/cgi-bin/legp604.exe?201+sum+HB835>

<sup>10</sup> Virginia Legislation, Chapter 518 <https://lis.virginia.gov/cgi-bin/legp604.exe?201+ful+CHAP0518>

## APPENDIX F: LIST OF ACRONYMS AND NAMES

Acquisition costs	Acquisition costs refer to due diligence costs and the costs to conduct the public consultation
APA	Asset Purchase Agreement
Applicant	Corix, <i>also known as</i> CMUS
BCI	British Columbia Investment Management Corporation
Cost of capital	Cost of capital is the cost of the funding sources from equity and debt comprised of return on equity and debt interest.
CII	Corix Infrastructure Inc.
CMUS	Corix Multi-Utility Services Inc.
Corix	Corix Multi-Utility Services Inc. or CMUS
CUI	Corix Utilities Inc.
Comptroller <i>also known as</i> Water Comptroller	British Columbia Comptroller of Water Rights
CPCN	Certificate of Public Convenience and Necessity
CRWL	Columbia Ridge Waterworks Ltd.
CTF <i>also known as</i> UV CTF	Construction Trust Fund for UV Treatment
DCTF	Deferred Capacity Trust Fund

MDD	Maximum Day Demand
NBV	Net Book Value
Operating Margin <i>also known as</i> Operating Risk Margin	An allowance for unanticipated expenses and events in the rates in lieu of an equity return which would otherwise incorporate the business risk
Rate Base	Rate Base is the specified value of invested assets that a utility is permitted to earn a specified rate of return
RDEK	Regional District to the East Kootenay
ROE	Return on equity
RRTF <i>also known as</i> RRF	Replacement Reserve Trust Fund, also known as Replacement Reserve Fund
SCADA	Supervisory Control and Data Acquisitions
UCA	<i>Utilities Commission Act</i>
UV	Ultraviolet
Water Tariff	The Water Tariff contains the terms and conditions of service and the rates for service of the Water Utility. The Water Tariff is reviewed and approved by the Comptroller of Water Rights.
Water Utility	The Water Utility regulated by the Comptroller located in Columbia Ridge near Fairmont, BC.