



Okanagan Landing Utilities

Water Rate Application for 2022 to 2024 Rates

Submitted To:

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

Attention:

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Secretary to the Comptroller of Water Rights

Submitted By:

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EXECUTIVE SUMMARY

Corix Multi-Utility Services Inc. (Corix) owns and operates the water utility providing service to Okanagan Landing in Vernon, B.C. The water utility is regulated by the BC Comptroller of Water Rights (Comptroller). In this application for Okanagan Landing Utilities (OLU), Corix is applying for rate changes in the Test Years 2022, 2023, and 2024. Also, in this application Corix has filed its Depreciation Study to support the adequate level of funding required for the Replacement Reserve Fund.

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 including ownership prior to Corix, Corix CPCN approval, and past directives from the Comptroller of Water Rights;

Section 3 describes the Okanagan Landing Utilities water utility;

Section 4 provides details of the Operating and Maintenance expenses that form part of the revenue requirement;

Section 5 discusses the Depreciation Study;

Section 6 discusses future capital upgrade phases and options for each phase;

Section 7 discusses the long-term plan for OLU;

Section 8 presents the Replacement Reserve Fund (RRF);

Section 9 provides the revenue requirements for the Test Years 2022 to 2024;

Section 10 provides the customer count;

Section 11 presents the customer rates; and

Section 12 presents the annual customer bill impact.

The relevant financial schedules are included in the Application following the sections outlined above. Appendix 1 contains the Depreciation Study results. The proposed tariff pages are included in Appendices 2 and 3.

1. INTRODUCTION AND BACKGROUND

1.1 APPLICANT

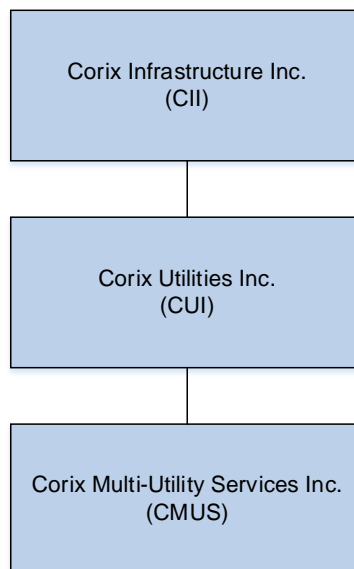
1.1.1 Corix Multi-Utility Services Inc.

Corix Multi-Utility Services Inc. (“**Corix**”) owns and operates the water utility providing service to the residents of Okanagan Landing (“**Okanagan Landing Utilities**”, “**OLU**” or “**Utility**”) in Vernon, B.C.

OLU 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 twenty 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. For more urgent matters, the following individual may be contacted.

Errol South

Director, Regulatory Affairs

Address: 19900 84th Avenue, Langley, BC V2Y 3C2

Telephone: 604-455-3600

Facsimile: 604-455-3628

1.2 REGULATORY APPROVALS SOUGHT

With this Application, Corix Multi-Utility Services Inc. requests the following, pursuant to Sections 59 to 61 and Sections 89 and 90 of the *Utilities Commission Act* ("**UCA**"):

- 1) Approval of the proposed revenue requirements for Test Years 2022 to 2024 as described in the Application. These are based on:
 - a. The operating and maintenance costs presented in Section 4 of the Application;
 - b. The proposed Replacement Reserve Fund (RRF) contributions as presented in Section 8.2, 8.4, and 11.2;
 - c. The revenue requirement as provided in Section 9; and
 - d. Operating Margin of 9.50%, discussed in Section 9.1.

- 2) Acceptance of the Depreciation Study, as provided in Section 5.

- 3) Approval of Customer rates:
 - a. Effective January 1, 2022
 - i. Residential Service Flat Rates at \$345.12 per SFRE, per quarter
 - ii. From the rates collected, the following amounts will be deposited into a Replacement Reserve Trust Fund \$110.00 per SFRE, per quarter

 - b. Effective January 1, 2023
 - i. Residential Service Flat Rates at \$414.75 per SFRE, per quarter
 - ii. From the rates collected, the following amounts will be deposited into a Replacement Reserve Trust Fund \$160.00 per SFRE, per quarter

-
- c. Effective January 1, 2024
- i. Residential Service Flat Rates at \$476.01 per SFRE, per quarter
 - ii. From the rates collected, the following amounts will be deposited into a Replacement Reserve Trust Fund \$200.00 per SFRE, per quarter.
- 4) That if the proceeding has not concluded with a final decision and order by November 15, 2021, the rates applied for in request 3a above be effective January 1, 2022 as interim rates. Corix requests that the interim rates be subsequently adjusted if and as required based on the Comptrollers' final decision when rendered on this application, with any refund or additional charges to be accounted for with interest, retroactive to January 1, 2022.
- 5) That existing Water Tariff No. 5 for water service at OLU, effective January 1, 2020, be updated to Water Tariff No. 6, effective January 1, 2022 based on the approvals regarding the proposals within this Application.

1.3 STAKEHOLDER NOTIFICATION

All non-confidential documents related to this proceeding will be made available to the public through the Regulatory Affairs webpage of the Utility's website¹.

In order to inform stakeholders, Corix prepared a draft Customer Notification Letter and a Frequently Asked Questions document that is being submitted to the Water Comptroller simultaneously with this Application. Once the Water Comptroller accepts this Application as complete and has reviewed these additional documents, Corix will:

- Send out the Customer Notification Letter and Frequently Asked Questions document to all customers in the mail;
- Place the Customer Notification Letter and Frequently Asked Questions document on the Utility's website²; and
- Place a notice regarding the regulatory review of the Application in the News and Service Notices section of the Utility's website.

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

¹ <https://www.corix.com/okanagan-landing/resources/regulatory-affairs>

² <https://www.corix.com/okanagan-landing/resources/regulatory-affairs>

2. RELEVANT HISTORY

2.1 OWNERSHIP PRIOR TO CORIX

Prior to Corix, the ownership of the water utility, Okanagan Landing Utilities, was owned by Okanagan Landing Utilities Ltd.

Originally a Certificate of Public Convenience and Necessity (“CPCN”) dated November 26, 1971 was granted to Myriad Project Ltd. for the construction and operation of a waterworks system near Vernon, British Columbia. Subsequently, CPCN No. 1123 was granted to Okanagan Landing Utilities Ltd. on May 9, 2002 following the system transfer from Myriad Projects Ltd.

2.2 CORIX PURCHASE OF ASSETS OF UTILITY AND ISSUANCE OF CPCN

On December 11, 2019, Corix Multi-Utility Services Inc. submitted an application to purchase water utility assets from Okanagan Landing Utilities Ltd. (“**OLU Ltd**”). Corix requested the 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 OLU Ltd. to Corix.

In the CPCN application Corix did not propose any amendments to the 2020 rates previously approved by the Comptroller for OLU Ltd.’s customers. The application had a closing date of the asset purchase agreement on December 31, 2019.

On December 16, 2019, the Comptroller of Water Rights issued CPCN No. 1591 to Corix Multi-Utility Services Inc. that authorized the transfer of assets, rights and licenses of Okanagan Landing Utilities Ltd., including the balance held in the Utility’s Replacement Reserve Fund (“**RRF**”), to Corix. The CPCN grants Corix authorization to own and operate the water system serving all previously approved 52 lots. The CPCN also stated: “All Orders previously issued to Okanagan Landing Utilities Ltd. now apply to Corix Multi-Utility Service Inc.”

On January 1, 2020, Corix commenced operation and billing of the water system.

Previously on November 20, 2017, the Comptroller issued Decision and Order No. 2507 regarding Okanagan Landing Utilities Ltd.’s application for its 2017-2020 Revenue Requirements. Order No. 2507 approved rates from 2017 to 2020 and also contained the following directive:

“The Utility is to conduct a depreciation study to determine an adequate level of funding for its replacement provision and submit a Revenue Requirements and Rates Application prior to December 31, 2020.”³

In accordance with CPCN No. 1591 to Corix, the above directive was transferred to Corix along with the acquisition of Okanagan Landing Utilities Ltd.’s assets.

³ Appendix A to Order No. 2507, Reasons for Decision, p. 4.

Action Taken:

Corix prepared the Depreciation Study and this is discussed in Section 5 of this Application. Appendix 1 of this Application provides the details of Depreciation Study. Section 9 discusses the revenue requirements and Section 11 discusses the proposed rates. The Financial Schedules in the Application provide the supporting schedules and calculations.

2.3 CORIX REQUEST FOR EXTENSION TO FILING DEADLINE

On December 29, 2020, Corix filed a Request for an Extension to the depreciation study and Revenue Requirements and Rate Application deadline of December 31, 2019 (“**Extension Request**”). The Comptroller notified Corix by email on March 2, 2021 that the Extension Request was approved to June 30, 2021.

3. OKANAGAN LANDING UTILITIES

3.1 DESCRIPTION OF WATER UTILITY SYSTEM

Based on the issuance of the original CPCN, the OLU water system is approximately 50 years old. It currently supplies untreated groundwater from a well, with a depth of 230 feet (ft.), to 52 mobile home units in Vernon, BC. The supply system relies on a 14 HP submersible Berkeley pump and motor installed July 2015. The system also includes original or near original equipment consisting of 2000 L pneumatic tank, small compressor, well, 4 hydrant stands, pump house building, 4” and 6” pipe, and valves.

The OLU water system is adjacent to the Greater Vernon Water System (“**GVWS**”) operated by Regional District of North Okanagan (“**RDNO**”). The OLU current system and mechanical infrastructure (pumps, pressure vessels and associated piping) are quite dated and showing signs of disrepair within the existing pumphouse. Since its initial construction there appears to have been minimal upgrades to the water system and no primary disinfection treatment was ever installed.

3.2 INTERIOR HEALTH AUTHORITY 4-3-2-1-0 DRINKING WATER OBJECTIVE

The Interior Health Authority’s (“**IHA**”) 4-3-2-1-0 Drinking Water Objective⁴ provides a performance target for water suppliers to ensure the provision of microbiologically safe drinking water. OLU falls within the geographic region served by the IHA⁵. OLU presently does not meet the IHA 4-3-2-1-0 Drinking Water Objective. However, at this time IHA has not specifically mandated that OLU must meet the 4-3-2-1-0 Drinking Water target.

⁴ https://www.obwb.ca/fileadmin/docs/43210_Drinking_Water_Objective.pdf

⁵ https://www.interiorhealth.ca/AboutUs/Documents/IH_map.pdf

The 4-3-2-1-0 Drinking Water Objective is meant to provide safer drinking water to customers with a proactive approach to water quality with water treatment.⁶

⁶ Interior Health Authority, Brochure, 4-3-2-1-1-0 Drinking Water Objective: The Countdown to Safer Drinking Water, http://www.rdno.ca/docs/ih_objectives_brochure.pdf

4. OPERATING AND MAINTENANCE EXPENSES

A utility's Operating and Maintenance ("O&M") expenses is an integral part of its revenue requirements and accounts for the typical costs incurred in operating and maintaining the utility throughout the year. This section provides information on the O&M expenses for the Utility. Table 1 shows the Actual 2020, Projected 2021, and the Forecast 2022 to 2024 O&M expenses. Table 1 is included as Schedule 2 in the Financial Schedules.

Table 1: Operating and Maintenance Expenses

Corix Multi-Utility Services Inc. Okanagan Landing Utilities Schedule of Operating and Maintenance Expenses		Schedule 2				
Line No.	Expense	Actual 2020	Projected 2021	Forecast 2022	Forecast 2023	Forecast 2024
1						
2	<u>Cost of Goods Sold</u>					
3	Chlorine and Supplies	\$0	\$0	\$0	\$0	\$0
4	Contracting	0	0	0	0	0
5	Billing & Customer Care	1,714	1,748	1,783	1,819	1,855
6	Water Testing	1,092	2,161	1,767	1,802	1,838
7	Wages and Salaries	15,903	23,289	25,461	26,246	26,771
8	Utilities	1,770	2,629	2,253	2,298	2,344
9	Total Cost of Goods Sold	\$20,479	\$29,827	\$31,264	\$32,165	\$32,809
10						
11	<u>Selling, General and Administration Expenses</u>					
12	Advertising	\$0	\$0	\$0	\$0	\$0
13	Accounting	542	63	64	66	67
14	Vehicles/Travel	2,798	3,151	3,285	3,351	3,418
15	Insurance	1,052	855	872	890	907
16	Licenses and Permits	0	150	153	156	159
17	Hydrant Maintenance	0	472	481	491	501
18	Repairs and Maintenance	172	1,000	1,020	1,040	1,061
19	Office Expenses	355	447	456	465	475
20	Shop Supplies	156	159	162	165	169
21	Common Admin Allocation	1,360	3,738	3,916	4,011	4,091
22	Corporate and Regional Services	415	1,548	3,691	3,761	3,836
23	Regulatory Costs	0	1,000	1,000	1,000	1,000
24	Total Selling, General and Administration	\$6,850	\$12,583	\$15,101	\$15,396	\$15,684
25						
26	Total Operating and Maintenance Expenses	\$27,329	\$42,411	\$46,365	\$47,561	\$48,492

Actual 2020 reflects Corix's first year of operations at OLU. Actual 2020 costs were lower than anticipated due to the COVID-19 pandemic. Projected 2021 reflects actual costs incurred, plus budgeted costs to year end. For Forecast 2022 to 2024, most expense items were escalated by the target inflation rate. Additional details are provided in the subsections below.

4.1 GENERAL INPUTS AND ASSUMPTIONS

In the financial model Corix relies on cost escalators to allow for flexibility within the model and to tailor cost escalation to unique escalators. Details about the escalators are included below:

1. Target Inflation Rate

Corix has used a target inflation rate of 2% for the forecast years 2022 to 2024 in cases where Corix does not have a specific forecast for that item. This is consistent with the B.C. Ministry of Finance Budget and Fiscal Plan.⁷ This 2% is equal to the Bank of Canada's medium-term target inflation rate for Canada.

2. Electricity Cost increases

Corix has used an escalator for the cost of electricity based on the British Columbia Hydro and Power Authority ("BC Hydro") Fiscal 2022 rate application. BC Hydro is proposing a rate increase of 1.16% on April 1, 2021. This increase has been approved on an interim basis by BCUC Order G-1-21 while the review process continues for that application. The following are the inputs used for the electricity cost increases:

- 2021 – A net bill increase of 1.16%⁸;
- 2022 to 2024 – A net bill increase of 2% per annum based on general inflation;

4.2 COST OF GOODS SOLD

1. Chlorine and Supplies (no chlorine disinfection)

OLU presently has no chlorine disinfection treatment.

2. Contracting

Corix has not budgeted costs for the use of outside contractors for operations services.

3. Billing & Customer Care

The costs for Billing & Customer Care has been forecast based on escalating 2020 Actuals by the target inflation rate.

4. Water Testing

The costs for the various tests undertaken, both on-site and off-site, to ensure the safety of the drinking water supply and to meet Interior Health Authority requirements. Weekly testing is conducted for turbidity levels. Also, on a quarterly basis water samples are sent to a third-party environmental testing laboratory (Caro Laboratory).

⁷ B.C. Ministry of Finance Budget and Fiscal Plan 2019/20 to 2021/22, p. 75.

⁸ BC Hydro F2022 RRA, Exhibit B-2, p. 1-1; Increase 1.16% April 1, 2021

The higher projected expense in 2021 is due to catch up of 2020 invoice in the beginning of 2021. The 2020 catch up invoice amount has been used to adjust the 2022 project expense, hence, resulting in lower expense in comparison to projected 2021 but higher than actual 2020. From 2022 onwards, Water Testing is escalated at the inflation factor for each year.

5. Wages and Salaries

The “Wages and Salaries” O&M expense is composed of:

- Wages – Operators; and
- Salaries – Administration.

Wages – Operators are based on the operator time expended on the utility. OLU has two shared operators who will be doing the work at OLU (approximately 10% of their time) but will also be working at other Corix operations in the region. They consist of one Operator Level 1 and one Senior Operator. This expense also includes the operator administration time for the directly charged (billed) Operator labour time from the Kamloops region.

Salaries – Administration is the allocated time for the responsible Corix Operations Manager and one utility administrator. Duties include managerial and administrative tasks such as managing operators, corresponding with customers, purchase order creation, managing vendors, ordering supplies and handling any notifications such as for water advisories and emergency preparedness.

The increase in 2021 projected expense is due to an increase in labor hours and a change in the labour mix. In 2021, a portion of a senior operator’s time is also assigned to work on this utility. The operator hours allocated to this utility is approximately 30 hours on monthly basis.

6. Utilities

This represents the portion of electric utility expenses associated with the provision of water to customers of the Utility. These costs are escalated based on BC Hydro’s known rate increases and the inflation rate. The Projected 2021 includes \$420 from Nov/Dec 2020 which was not accrued in 2020.

4.3 SELLING, GENERAL AND ADMINISTRATIVE COSTS

Selling, General and Administrative (“SG&A”) costs are identified below.

1. Vehicles/Travel

All operator and management hours spent working at the Utility have associated vehicle costs. This expense includes leasing costs, vehicle allowance, repairs and maintenance, fuel, license and registration fees and motor vehicle insurance. The increase in 2021 forecast is impacted by the increased operators’ hours allocated to this utility. From 2022 onwards, Vehicles/Travel is escalated at the inflation factor for each year.

2. Insurance

The Projected 2021 costs are based on actuals to date and the forecast remainder of the year. From 2022 onwards, Insurance is escalated by the inflation factor for each year.

3. Licenses and Permits

Annual licencing and permit fees for the operation of the water system. This comprises an Interior Health Authority Permit and a license to use the water from the Ministry of Forestry, Lands, Natural Resource Operations and Rural Development for the water system, and license costs for operations. From 2022 onwards, Licenses and Permits is escalated by inflation factor for each year.

4. Hydrant Maintenance

In 2020, annual hydrant maintenance could not be completed due to the COVID-19 pandemic and unsuitable weather conditions. It was delayed to spring 2021. From 2022 onwards, Hydrant Maintenance is escalated by inflation factor for each year.

5. Repairs and Maintenance

The costs for this expense are associated with system cleaning, routine maintenance on distribution mains, electrical contracting, monitoring and repair, and other miscellaneous repairs. Due to the pandemic, only essential repairs and maintenance were carried out in 2020 which led to a reduction in Repairs and Maintenance costs for the year. Only minimal repairs and maintenance expense incurred in 2020 as it is reactive labor only until a longer-term plan is confirmed. The 2021 projected expense is higher to accommodate more preventative maintenance expenses. From 2022 onwards, Repairs and Maintenance is escalated by the inflation factor for each year.

6. Office expenses

This cost consists of expenses related to the lease cost for the OLU pumphouse land and alarm monitoring for equipment power loss. From 2022 onwards, Office expenses is escalated by inflation factor for each year.

7. Common Admin Allocation

Corix operates several small utilities in the Kamloops area. Instead of establishing an operations centre or office at each small utility, Corix manages the operations of multiple utilities out of one cost centre. The Common Admin Allocation expense item encompasses cost allocations from the cost centre shared between Corix's utilities in Kamloops area. Items included in this cost mainly are:

- Office Expenses – shared costs including office supplies, office rent, computer expenses, building expenses, communications, postage and others;
- Insurance Expenses for shared area operations office;
- Shop and safety supplies; and
- Professional development.

The allocation for these shared costs is based on the expected time the operators and shared resources would be working on Okanagan Landing Utilities activities relative to the expected time that they will be working on activities for other utilities or operations. As more hours are allocated to this Utility in 2021, it results in an increased allocation percentage of 1.9% this year, up from 1.2% last year. From 2022 onwards, Common Admin allocation is escalated by inflation factor for each year.

8. Corporate and Regional Services Cost

This line item represents the total corporate and regional services costs that have been allocated to the Utility. Please refer to Section 4.4 for a detailed discussion surrounding the cost allocation methodology and the resulting cost allocations for 2021 and 2022. From 2023 onwards, these costs are escalated by inflation.

9. Regulatory Costs

Corix has budgeted \$4,000 for preparing the rate application, depreciation study, responding to information requests, and updating approved tariffs. This is reflected as \$1,000 in each of 2021 to 2024. For this application Corix has smoothed the costs by equally divided the budgeted cost into the four years. This approach aligns the recovery of regulatory costs with the years that is addressed through this Application (2021 through to 2024 inclusive).

4.4 CORPORATE AND REGIONAL SERVICES COSTS

In Decision and Order No. 2578 dated February 16, 2021, the Comptroller approved for Corix Panorama Water Utility the Corporate Service Costs methodology as proposed in the Panorama Water 2020 to 2022 Rate Application.⁹

The Corporate and Regional Services Costs for OLU in this Application follows the same methodology approved by the Comptroller for Corix Panorama Water Utility.

4.4.1 Corporate Services Costs

Corporate Services Costs are shared costs incurred at the corporate level in order to provide a wide variety of services for CII's business units. CII is introduced in Section 1.1.1 of this Application. These costs are primarily allocated using three equally weighted factors: (i) Gross Revenue, (ii) Headcount, and (iii) Gross Property, Plant & Equipment (Gross PP&E). This Massachusetts model is commonly utilized in the Utility industry in North America. The methodology was reviewed by the Comptroller in Corix's recent Panorama Water 2020 to 2022 Rate Application. The application including the Corporate Services

⁹ Corix Panorama Water Utility 2020 to 2022 Revenue Requirements, Corporate Services section 3.4.2 (p. 25) and Service Costs section 3.4.3 (p. 31) https://www.corix.com/docs/default-source/pdfs/panorama-pdfs/8_cmus_pmv_evidentiary_update_2020-06-30_public.pdf?sfvrsn=4fe605d_2

Costs were approved by Comptroller Order No. 2578 dated February 16, 2021 and Order No. 2584 dated April 22, 2021.

2021 Corporate Costs

The 2021 Corporate Costs for OLU are based on the following:

- Gross PP&E at \$16,501;
- Gross Revenue at \$21,839; and
- Headcount at 0.

The Gross PP&E of \$16,501 is the estimated net book value of assets as of December 31, 2019 for the prior owner, Okanagan Landing Utilities Ltd. The Gross Revenue of \$21,839 represents approximately half a year of revenue as of June 30, 2020. The Gross Revenue is calculated based on the trailing 12 months for costs to be allocated in the following year. This means for the 2021 allocated Corporate Services Costs it is based on the trailing 12-month revenue from July 1, 2019 to June 30, 2020. Since Corix started operations on January 1, 2020, the revenue reflects approximately half a year of revenue from January 1, 2020 to June 30, 2020 for the Gross Revenue factor.

2022 Corporate Costs

The Forecast 2022 Corporate Costs are based on the following factors equally weighted:

- Gross PP&E at \$16,501;
- Gross Revenue at \$55,626; and
- Headcount at 0.

The Gross Revenue at \$55,626 reflects the full year operations of revenues at OLU. The Forecast costs beyond 2022 have been escalated by inflation.

4.4.2 Regional Services Costs

Regional Services Costs are shared costs incurred at the regional business unit level in order to provide operational services specifically for utilities within that region and business unit. In the case of the Utility, the region is BC and Alberta and the Business Unit is Canadian Utilities (excluding District Energy systems, which are under the purview of the Energy Services Canada business unit). These costs consist of salaries and benefits for management and support staff responsible for that region (including senior leadership and operations management, financial planning & analysis, geographic information system (GIS) analyst, fleet management and governance and compliance); the associated building and vehicle expenses; and office expenses, travel, training and external consulting costs.

Regional Services Costs are allocated from the regional cost centre to each utility based on the pro-rated allocations developed for the Corporate Services Costs.

4.4.3 Total Corporate and Regional Service Cost Allocations

Table 2 below shows the total Corporate Services Cost and Regional Services Cost allocations to the Utility.

Table 2: Total Corporate and Regional Services Costs allocated to the Corix OLU Water Utility

Item	Corporate and Regional Services Costs	Allocation to OLU Water Utility			
		2021	2022	2023	2024
1.	Corporate Services Costs	\$ 1,014	\$ 2,503	\$ 2,553	\$ 2,604
2.	Regional Services Costs	534	1,188	1,208	1,232
	Total	\$ 1,548	\$ 3,691	\$ 3,761	\$ 3,836

The above allocations reflect the proportion of Corporate and Regional Services Costs allocated to OLU. It is based on the three input factors: Gross Revenue, Headcount, and Gross PP&E discussed Section 4.4.1 above. The increase from 2021 to 2022 is due to the lagged Gross Revenue allocation in 2021, since the revenue prior to the acquisition (July 1, 2019 to December 30, 2019) could not be included in the calculation. In 2021 the Gross Revenue factor reflected approximately half a year's revenue (January 1, 2020 to June 30, 2020) which reduced the allocation amount in 2021 to OLU. In 2022 the Gross Revenue input factor is calculated based on June 30, 2021 revenues which reflect a full year's revenue by Corix. In 2022 the Gross PP&E and Headcount input factor remains unchanged. In 2023 the Corporate Services Costs were escalated by the inflation rate.

5. DEPRECIATION STUDY

5.1 RELATIONSHIP BETWEEN THE DEPRECIATION STUDY AND REPLACEMENT RESERVE FUND

The Comptroller on November 2016 issued revised “Financial Guidelines for CPCN Applications”.¹⁰ 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]

5.2 WHAT IS A DEPRECIATION STUDY?

A Depreciation Study is a method to ascertain 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 sometimes 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 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.

5.3 DEPRECIATION STUDY RESULTS

Corix has calculated the OLU Depreciation Study based on the plant values of the previous owner (Okanagan Landing Utilities Ltd.) shown in Table 3 below and in Appendix 1. The results show that when the original plant is re-valued in 2021 dollars the result is \$317,575.

¹⁰ 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

Table 3: Depreciation Study Summary

Line No.	Depreciation Study Summary	
1	Original Plant Value in 2021 \$	\$317,575
2	Depreciation in 2021 \$	\$7,291
3		
4	Composite Depreciation Rate	2.3%
5	Equivalent composite system asset life in Years	43.6 years
6		
7	Current RRF Annual Funding Based on 2020 Tariff	\$10,400
8	Total Replacement Reserve Fund Balance as of Dec 31, 2020	\$36,333
9		
10	RRF Balance % of Replacement (line 10/line 1)	11.4%
11	Implicit Actual RRF Balance in Years	5.0 years
12	Estimated Unfunded RRF Balance (assuming assets at end of life) (line 1 - line 8)	\$281,242
13		
14	Total Number of Customers	52
15	Target RRF Balance per Customer (line 1 / line 14)	\$6,107
16	RRF Funded Balance per Customer as of Dec 31, 2020 (line 7 / line 14)	\$699
17	Shortfall of Funded RRF Balance per Customer (line 15 - line 16)	\$5,409

Details of the Depreciation Study Calculations can be found in Appendix 1: Schedule DS-2.

The \$317,575 was calculated based on the following assumptions:

- Gross Book Value of \$49,000 (Okanagan Landing Utilities Inc. financial records)
- 2.3% composite depreciation rate derived from the \$7,291 annual depreciation (Okanagan Landing Utilities Inc. financial records). A composite rate is used since the previous owner did not provide depreciation rates by account. A 2.3% depreciation rates is equivalent to 43.6 years. This is consistent with the Comptroller’s recommended depreciation of assets.¹¹
- Escalated by Canada CPI actuals since Nov 1971. The date is based on the original CPCN date issued for OLU on November 26, 1971 granted to Myriad Project Ltd. Canada CPI was used since BC CPI from Statistics Canada data was not available.

This means is that if the OLU water system were at the end of life in 2021, the RRF should have \$317,575 to fund the theoretical implicit replacement value for the water distribution system.

Details of the Depreciation Study Calculations can be found in Appendix 1: Schedule DS-2.

¹¹ Guide to Applying for a Certificate of Public Convenience and Necessity (CPCN), Schedule A, https://www2.gov.bc.ca/assets/gov/environment/air-land-water/water/water-rights/water-utilities/cpcn_schedule_a_depreciation_rates_water_systems.xls

As shown in Table 3, the RRF currently collects customer contributions of \$10,400 annually. It had a 2020 year end balance of \$36,333. The RRF balance is significantly underfunded. The RRF has collected approximately 11.4% of the implicit replacement value. The \$317,575 replacement value is equivalent to \$6,107 per customer. The Depreciation Study results suggest the underfunding is \$5,409 per customer when assuming the utility assets are at end of life.

5.4 LIMITATIONS OF THE DEPRECIATION STUDY

The limitation of the depreciation study is the assumption that the ultimate replacement cost is based on the original book value presented in 2021 dollars.

The Depreciation Study indicates that the target RRF should be \$317,575 to pay for future upgrades and replacement of facilities when necessary. Corix cautions that this is an indicative target figure. The actual cost of replacement will differ due to changes in inflation, the technology, and meeting today's required water quality standards. Some infrastructure assets though fully depreciated may continue to have a functional operational life thus not needing immediate replacement. The actual cost to upgrade the OLU water system may be below the figure calculated from the Depreciation Study.

Corix considers that a reasonable target for the RRF should be approximately \$117,000 by end of 2024. As further feasibility and engineering studies are conducted by Corix, the utility will be better able to estimate the long-term capital expenditures required for the utility.

6. FUTURE CAPITAL UPGRADE PHASES AND OPTIONS FOR EACH PHASE

The 50-year-old OLU water system in the short and medium term has two phased priorities given the advanced age, limited historical repairs and maintenance, and IHA's drinking water quality standards. The two priorities in order of sequence are:

- Phase 1: Distribution System Upgrade, and then
- Phase 2: Water Treatment Upgrade.

The recommended approach is to address the distribution system upgrade prior to the water treatment upgrade since this allows for the most flexibility to preserve long-term options for the utility.

6.1 PHASE 1: DISTRIBUTION SYSTEM UPGRADE

In Phase 1, Corix needs to first assess the current condition of the water distribution system and what upgrades are required. Recently in May 2021 Corix repaired a water leak in the system at the curbside that will need to be recovered from the RRF. This capital expenditure is emblematic of an aging water system that may need a significant patchwork of infrastructure replacement or alternatively a major upgrade of the distribution system.

Near term: In the near term Corix proposes to operate the distribution system and replace infrastructure on an as needed basis.

Short to Medium term: In the short to medium term Corix plans the following:

1. Assess the current state of the approximately 50-year-old water system. This would require a third-party study to inspect the water system components, condition, and wear. This study would be funded by the RRF, and will more accurately inform: (1) the distribution system remaining life; (2) areas in need of replacement; (3) upgrade options; (4) plan for replacement; (5) fire flow requirements; (6) assessment of the system meeting RDNO standards; and (7) estimated costs for the options.
2. If the study indicates a major replacement of the water distribution system is required, a further engineering study would be required for this major capital upgrade. Any capital upgrade of the distribution system would require prior approval of the Comptroller before commencing construction of the project.

It is expected that the present state of the system can provide acceptable service while the assessment of the system is conducted.

In order to preserve long term options for the utility, the assessment of the water distribution system would include the objective to meet RDNO standards if the water utility were to be transferred to RDNO. See Section 7 Long-term Plan for OLU regarding this option.

6.2 PHASE 2: WATER TREATMENT UPGRADE

Phase 2: Water Treatment Upgrade should follow the upgrade of the water distribution system. Presently, OLU has no primary water treatment and does not meet the IHA 4-3-2-1-0 Drinking Water Objective for clean water.

Corix explored the following options for treated water supply:

1. Engineered solution for upgrade. (Very high-level estimate: ~+\$200 – 250k).
2. Purchase a portable, self-contained treatment system that can be installed beside the existing utility building. (Very high-level estimate: ~+\$100k).
3. Connect to the Greater Vernon Water System as a wholesale bulk water customer. This option was considered by Corix but not permitted by the RDNO who owns and operates the adjacent Greater Vernon Water System.
4. Sale of water utility to Regional District of North Okanagan (City of Vernon) where the clean water supply is provided by the Greater Vernon Water System.

Corix cautions the figures in the options above regarding cost estimates are very preliminary. They have been provided as context to the options only and are not indicative of actual costs if that option were to be pursued. Third-party studies are required to more accurately forecast costs associated with capital upgrades.

Option 3 though very attractive economically was ruled out since the RDNO will not supply wholesale bulk water to OLU since it is a private water utility.

For Phase 2, Corix considers Option 2 and Option 4 as potential options for consideration. Option 2 would allow for a reasonable cost water treatment option as a Corix owned water utility. If Option 2 were found to be not operationally feasible, the more expensive Option 1 would be explored.

Option 4 with a possible sale to the RDNO is a potential option that should be preserved as long as possible. This means any significant capital spent by Corix should support a sale to the RDNO including any spend in Phase 1: Distribution System Upgrade. Corix considers that any capital spend in Phase 2: Water Treatment Upgrade may potentially close the possibility of a transfer to the RDNO as any installed OLU water treatment solution would be abandoned upon transfer.

The study discussed in Phase 1: Distribution System Upgrade can be expanded to include high level Corix-owned water treatment options.

7. LONG-TERM PLAN FOR OLU

Corix will need to assess the current state of the water system and assess the future capital needs of the utility in order to plan for the long-term.

Given the age of the infrastructure, OLU will require some upgrades to the water distribution system. Further study is required to assess the current state of the water system and to determine the future extent of the required upgrades. Also, water treatment will need to be addressed in the future in order to meet the ILA 4-3-2-1-0 Drinking Water Objective. Corix proposes to address the water distribution system first prior to the water treatment.

7.1 FUTURE OWNERSHIP AND OPERATION OF OLU

Corix plans to continue to own and operate OLU as a private utility as long as it best serves the customer's long-term interest. Considering that the utility may require a large capital spend in the future, it would be prudent to consider the sale of the small 52 customer utility to the adjacent RDNO Greater Vernon Water System.

Corix considers there are two long-term ownership options for OLU as discussed below.

1. Corix continues to own and operate the private utility. Corix upgrades the water distribution system, where necessary, and later upgrades the water treatment to meet the Interior Health Authority 4-3-2-1-0 Drinking Water Objective.
2. Corix upgrades the water distribution system and does not upgrade the water treatment system. Instead of upgrading the water treatment, Corix with customer consultation initiates the sale of the water utility to the RDNO and connects the OLU community to the Greater Vernon Water System which has treated water.

As per Bylaw No 2650, private water utilities are not permitted to connect to the Greater Vernon Water System (GVWS) without approval by the Board of Directors.¹² Any private utility that requests connection to GVWS will be required to follow the Utility Acquisition Policy No. ENG-WTR-002¹³. The RDNO Utility Acquisition Process requires the following steps: (1) Expression of Interest; (2) System Assessment; (3) System User Assent; and (4) Conversion Process.¹⁴

The Utility Acquisition Process includes a Comprehensive Utility Assessment to bring the utility up to RDNO and legislative standards, identify risks, and outline financial implication. OLU would qualify as a Type 1 utility since it is close to the Greater Vernon Water System. The Vernon

¹² Regional District of North Okanagan Bylaw No. 2650, 2013, http://www.rdno.ca/bylaws/BL_2650_C.pdf

¹³ Utility Acquisition Policy No. ENG-WTR-002, http://www.rdno.ca/docs/ENG_002_WTR_Utility_Acquisition.pdf

¹⁴ Utility Acquisition Policy No. ENG-WTR-002, p. 8 of 14.

Water System is adjacent to OLU and should only require a reasonable cost main extension to connect, subject to any capacity issues in the Vernon system.

7.2 BENEFITS OF THE GREATER VERNON WATER SYSTEM

OLU as part of the Greater Vernon Water System would include a number of benefits that is not possible with a stand-alone water utility with 52 customers.

The benefits include:

- The RDNO has Ultraviolet and Dissolved Air Flotation disinfection of its Greater Vernon Water System¹⁵.
 - OLU presently does not have any disinfection system and does not meet the IHA 4-3-2-1-0 Drinking Water Objective.
- Full fire protection.
 - OLU does not have any fire protection. The existing hydrant stands are not suitable to provide fire protection.
- Full fire protection could result in lower home insurance rates for OLU customers.
- A higher customer base in Vernon reduces the financial risk to OLU customers.
- The Vernon system has backup power to ensure system reliability.
- The Vernon water system has built-in redundancy to ensure reliability of service for OLU customers.
- With a larger municipal system there is reduced occurrence of a boil water advisory.
- As part of the municipal system, grants and other funding may be available to customers.
- Lower customer rates in Greater Vernon.
 - The RDNO in 2020 conducted a comparison of water rates and noted that Greater Vernon was \$793.69 per year. This was based on 3 Metered Consumption Fee Tiers, Meter Renewal Fee (5/8" size), and Base Fee with annual consumption of 265 cubic metres consumption.¹⁶

¹⁵ RDNO Greater Vernon Water System Facilities, <http://www.rdno.ca/index.php/services/utilities/greater-vernon-water/facilities-operations>

¹⁶ RDNO 2020 Comparison of Domestic Water Rates, http://www.rdno.ca/docs/2020_Domestic_Rate_Comparisons.pdf

8. REPLACEMENT RESERVE FUND (RRF)

OLU's Replacement Reserve Fund (RRF) is a fund held by Corix for the sole benefit of OLU customers. The RRF is also sometimes known as the RRTF (Replacement Reserve Trust Fund). No withdrawals of any amount are allowed by Corix without first obtaining approval from the Comptroller. The Comptroller describes the RRF as: "The Replacement Reserve Fund provides funds collected from customers to pay for replacement of water system components when required. Interest earned is retained in the fund. Funds may only be released by authority of the Comptroller, upon receipt of evidence of replacement."¹⁷

In early 2020 the RRF held by Okanagan Landing Utilities Ltd. was transferred to Corix in the amount of \$25,806. By December 31, 2020, the RRF balance was \$36,333. This December 2020 balance is equivalent to \$699 per customer.

8.1 2020 AND 2021 CURRENT RRF CONTRIBUTIONS

Presently the tariff rates have each of the 52 customers contributing \$200 per year (or \$50 per quarter). This amounts to \$10,400 annual contributions for 2020 and 2021.

8.2 INCREASED FUNDING OF THE RRF REQUIRED

The Depreciation Study indicates a funding target of \$317,575 with an annual depreciation target of \$7,291 that should have been collected annually since the commencement of the water system following issuance of the CPCN in 1971. The current annual contribution of \$10,400 exceeds the annual depreciation target. However, given the RRF balance was \$36,333 at year end December 2020 there is a significant funding shortfall. Large "catch-up" contributions are required to address the cumulative funding shortfall from prior years.

Corix proposes in this application to increase the RRF contributions to target an RRF balance of approximately \$117,000 by the end of 2024. The proposed tariff rates to fund this is shown in Section 11.

8.3 REPLACEMENT RESERVE FUND WITHDRAWALS

In this Application, Corix has modelled anticipated RRF withdrawals or disbursements for the following.

- **2021:** \$15,000 for Water System Assessment Study plus \$2,500 for repairs. The total projected withdrawal in 2021 is \$17,500.
 - The anticipated Water System Assessment Study would assess the current state of the water system and address high level options for the water distribution system and water treatment.

¹⁷ Comptroller Reserve Funds, <https://www2.gov.bc.ca/gov/content/environment/air-land-water/water/water-licensing-rights/private-water-utilities/water-utilities-information-bulletins/reserve-funds>

- In May 2021 Corix repaired a water leak (estimated at \$2,500) in the distribution system at the curbstop that will need to be recovered from the Replacement Reserve Fund. Corix will be seeking reimbursement from the RRF.
- **2022 to 2024:** Corix has budgeted \$3,500 per year from 2022 to 2024 to cover any large repairs required. If no repairs are required, then no withdrawals would be made from the RRF.

Schedule 8 in the Financial Schedules shows the anticipated withdrawals for the items noted above. Note any RRF disbursements must be authorized by the Comptroller before any withdrawal can be made from the bank account.

8.4 REPLACEMENT RESERVE FUND FORECAST BALANCES

Table 4 below shows the Forecast RRF balances from 2021 to 2024 plus an indicative 2025 balance based on the proposed increase RRF contributions from 2022 to 2024. It shows the proposed additions (from RRF annual contributions) and the anticipated withdrawals (see Section 8.3 above). Please note that there are no requests pertaining to the 2025 indicative RRF figures in this application.

Table 4 does not include any capital upgrades required for the water distribution system and any water treatment upgrade. The ending balance (line 15) shown in each year from 2021 to 2025 would be available for any capital upgrades, as discussed in Section 6 of this Application. Table 4 is included as Schedule 8 in the Financial Schedules.

Table 4: Replacement Reserve Fund Forecast Balances

Corix Multi-Utility Services Inc. Okanagan Landing Utilities Replacement Reserve Fund							Schedule 8
Line No.		Actual 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Indicative 2025
1							
2	Replacement Reserve Trust Fund (RRF)						
3	Beginning Balance	\$25,806	\$36,333	\$29,379	\$48,876	\$78,852	\$117,267
4							
5	Interest Earned	127	145	118	196	315	469
6							
7	Replacement Reserve Contributions:						
8	From customer rates	10,400	10,400	22,880	33,280	41,600	41,600
9	From Rent Charges						
10	From Other						
11							
12	Interest Withdrawn						
13	Authorized/Forecast Releases	0	(17,500)	(3,500)	(3,500)	(3,500)	(3,500)
14							
15	Ending Balance	\$36,333	\$29,379	\$48,876	\$78,852	\$117,267	\$155,836
16							
17	Total Customers (average)	52.0	52.0	52.0	52.0	52.0	52.0
18							
19	RRF Balance per Customer	\$699	\$565	\$940	\$1,516	\$2,255	\$2,997

9. REVENUE REQUIREMENTS

Table 5 below presents the Forecast revenue requirement for each year from 2022 through to 2024, along with Actual 2020 and Projected 2021 figures. Projected 2021 are the year-end estimated figures for 2021. The table can also be found as Schedule 1 in the Financial Schedules.

In this Application Corix is proposing rate changes for the Test Years 2022, 2023 and 2024. Corix is not requesting a rate change in 2021.

Table 5: Forecast Revenue Requirements for the Utility

Corix Multi-Utility Services Inc. Okanagan Landing Utilities Revenue Requirements		Schedule 1				
Line No.		Actual 2020	Projected 2021	Forecast 2022	Forecast 2023	Forecast 2024
1						
2	Operating and Maintenance Expenses	\$27,329	\$42,411	\$46,365	\$47,561	\$48,492
3	Provision for Income Tax	4,585	601	1,189	1,220	1,244
4	Revenue Requirements before Operating Margin	<u>\$31,914</u>	<u>\$43,011</u>	<u>\$47,555</u>	<u>\$48,781</u>	<u>\$49,736</u>
5	Operating Margin	2,596	4,029	4,405	4,518	4,607
6	Total Revenue Requirements with Operating Margin	<u>\$34,510</u>	<u>\$47,040</u>	<u>\$51,959</u>	<u>\$53,300</u>	<u>\$54,343</u>
7	less Other Revenue		(100)	(100)	(100)	(100)
8	Net Revenue Requirements (excl. RRF Contributions)	<u>\$34,510</u>	<u>\$46,940</u>	<u>\$51,859</u>	<u>\$53,200</u>	<u>\$54,243</u>
9	plus RRF Contributions	10,400	10,400	22,880	33,280	41,600
10	addback Other Revenue		100	100	100	100
11	Total Gross Revenue Requirements	<u>\$44,910</u>	<u>\$57,440</u>	<u>\$74,839</u>	<u>\$86,580</u>	<u>\$95,943</u>
12						
13						
14	Revenue (excluding Other Revenue and RRF)	\$44,219	\$45,136	\$48,904	\$52,987	\$57,411
15	plus Other Revenue	90	100	100	100	100
16	plus RRF Contributions	<u>10,400</u>	<u>10,400</u>	<u>22,880</u>	<u>33,280</u>	<u>41,600</u>
17	Total Revenue and RRF Contributions	<u>\$54,709</u>	<u>\$55,636</u>	<u>\$71,884</u>	<u>\$86,367</u>	<u>\$99,111</u>
18	less Total Operating and Maintenance Expenses	(27,329)	(42,411)	(46,365)	(47,561)	(48,492)
19	less RRF Contributions	(10,400)	(10,400)	(22,880)	(33,280)	(41,600)
20	less Provision for Income Taxes	(4,585)	(601)	(1,189)	(1,220)	(1,244)
21	Net Income (Loss)	<u>\$12,395</u>	<u>\$2,225</u>	<u>\$1,450</u>	<u>\$4,306</u>	<u>\$7,775</u>
22	Cumulative Net Income (2022 to 2024)			\$1,450	\$5,755	\$13,530
23						
24	<u>Allowed Operating Margin</u>					
25	Operating and Maintenance Expenses	\$27,329	\$42,411	\$46,365	\$47,561	\$48,492
26	Operating Margin	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>
27	Allowed Operating Margin	<u>\$2,596</u>	<u>\$4,029</u>	<u>\$4,405</u>	<u>\$4,518</u>	<u>\$4,607</u>
28	Cumulative Allowed Operating Margin (2022 to 2024)			\$4,405	\$8,923	\$13,530
29						
30	<u>Income Tax Provision</u>					
31	Income for Tax purposes	\$16,980	\$2,225	\$4,405	\$4,518	\$4,607
32	Income Tax Rate %	27.0%	27.0%	27.0%	27.0%	27.0%
33	Income Tax Provision	\$4,585	\$601	\$1,189	\$1,220	\$1,244

9.1 ALLOWED OPERATING MARGIN

OLU is a utility regulated by the Comptroller as an Operating Margin utility. Corix has calculated the Allowed Operating Margin for each year based on the Total Operating and Maintenance Expenses (line 25) multiplied by 9.50% (line 26).

Corix has also calculated in Line 28 the Allowed Cumulative Operating Margin from 2022 to 2024.

9.2 INCOME TAX PROVISION

Corix has included an Income Tax provision in lines 30 to 33. The Income Tax rate is forecast to remain at 27.0%.

9.3 REVENUE REQUIREMENTS FROM OPERATIONS

Corix has calculated the Gross Revenue Requirements (line 11 in Table 5 above) inclusive of costs for Operations, RRF Contributions and Other Income. Line 8 Net Revenue Requirements (excluding RRF) represents the cost of service from operations that excludes the RRF. Line 8 is net of Other Income and also represents the amount required from customer in rates after excluding the RRF portion.

9.3.1 Projected 2021 (No Rate Change in 2021)

The Projected 2021 Net Income is \$2,225. The 2021 allowed operating margin is \$4,029. Considering that in 2020 Corix had a Net Income of \$12,395, Corix is not requesting a rate increase in 2021.

It should be noted that acquisition costs were incurred to purchase OLU. The cumulative excess earning above the cumulative allowed operating margin for 2020 and 2021 would be used to offset a portion of these costs incurred to acquire OLU.

9.3.2 Levelized Rate Change from Operations (2022 to 2024)

In this Application, Corix proposes to levelize the rate increase over three years from 2022 to 2024 as shown below in Table 6 as shown in line ‘Operations Rate Increases – Levelized’. This levelized approach would smooth the large increase calculated for 2022. If no levelization was used the annual rate increases would be as shown below in the line ‘Operations Rate Increases - Not Levelized’.

Table 6: Scenarios for Operations Rate Changes

Residential Customers	Annual Rate Change	Annual Rate Change	Annual Rate Change
	2022	2023	2024
Operations Rate Increases - Not Levelized	14.9%	2.6%	2.0%
Operations Rate Increases - Levelized	8.3%	8.3%	8.3%

As shown in Table 5, the levelized approach yields the same Cumulative Net Income in 2024 (line 22) as the Cumulative Allowed Operating Margin in 2024 (line 28). In other words, the Scenarios shown in Table 6 above yield equivalent results for Cumulative Net Income, \$13,530, over the three years though the annual rate changes are different in each of the Test Years.

In this Application Corix proposes to amend rates for 2022, 2023 and 2024 based on the Levelized rate increases of 8.3% each year.

10. CUSTOMER COUNT

Schedule 5 in the Financial Schedules show the number of customers at OLU. Corix forecasts that the customer count will remain unchanged at 52 for the duration of the test period for this Application.

11. CUSTOMER RATES

In this section it shows the proposed rates for residential customers from the existing rates last set on January 1, 2020 to the proposed rates from 2022 to 2024.

11.1 PROPOSED RATES AND TEST PERIODS

In this Application the Test Years covered are 2022, 2023, and 2024 with proposed rate changes.

In 2021 Corix proposes that the rates last approved and effective January 1, 2020, remain unchanged for all of 2021. Corix proposes the first rate change to be effective on January 1, 2022 followed by subsequent rate changes on January 1st for 2023 and 2024.

11.2 PROPOSED TARIFF RATES

Table 7 below shows the Proposed Tariff Rates per Quarter. The table below segments the Tariff Rate (Combined) between the two segments: (1) Utility Portion excluding the RRF; and (2) RRF only.

Table 7: Proposed Tariff Rates per Quarter

Residential Customers	Existing	No Change	Proposed	Proposed	Proposed
	Effective January 1, 2020	2021 ¹	Effective January 1, 2022	Effective January 1, 2023	Effective January 1, 2024
Tariff Rate, \$ per quarter - Operations <i>(Utility Portion excluding RRF)</i>	\$217.00	\$217.00	\$235.12	\$254.75	\$276.01
Tariff Rate, \$ per quarter - RRF <i>(RRF only)</i>	\$50.00	\$50.00	\$110.00	\$160.00	\$200.00
Tariff Rate, \$ per quarter <i>(Combined)</i>	\$267.00	\$267.00	\$345.12	\$414.75	\$476.01

(1) Corix is not requesting a rate change in 2021.

11.3 PROPOSED TARIFF RATES CHANGES

Table 8 below shows the proposed Rate Changes both in \$ and % from 2022 to 2024. Corix proposes no rate change in 2021.

Table 8: Proposed Tariff Rate Changes per Quarter

Residential Customers	Existing	No Change	Proposed	Proposed	Proposed
	Effective January 1, 2020	2021 ¹	Effective January 1, 2022	Effective January 1, 2023	Effective January 1, 2024
Tariff Rate \$ per quarter - Operations (Utility Portion excluding RRF)	\$217.00	\$217.00	\$235.12	\$254.75	\$276.01
Change \$		\$0.00	\$18.12	\$19.63	\$21.27
Change %		0.0%	8.3%	8.3%	8.3%
Tariff Rate \$ per quarter - RRF (RRF only)	\$50.00	\$50.00	\$110.00	\$160.00	\$200.00
Change \$		\$0.00	\$60.00	\$50.00	\$40.00
Change %		0.0%	120.0%	45.5%	25.0%
Tariff Rate \$ per quarter (Combined)	\$267.00	\$267.00	\$345.12	\$414.75	\$476.01
Change \$		\$0.00	\$78.12	\$69.63	\$61.27
Change %		0.0%	29.3%	20.2%	14.8%

(1) Corix is not requesting a rate change in 2021.

11.3.1 Rate Change from Operations (Utility Portion)

As shown above in Table 8 for the Utility Portion of the rates excluding the RRF, Corix proposes to change quarterly rates commencing on January 1st of each year from 2022 to 2024 by 8.3% each year. This is a levelized approach to the three years. If the rates were not levelized the rate increases would be 14.9% in 2022, 2.6% in 2023, and 2.0% in 2024 as shown in Table 6 above. These rate increases are for the Utility Portion of rates that recover Operating and Maintenance expenses, operating margin, and taxes to operate the water utility. The Replacement Reserve Fund (RRF) impacts are discussed separately in Section 11.3.2 below.

11.3.2 Rate Change from RRF Contributions

As shown above in Table 8 for the Replacement Reserve Fund (RRF), Corix proposes to change quarterly rates on January 1st of each year from 2022 to 2024. RRF Contributions would rise from the existing \$50 per quarter to \$110 per quarter in 2022, \$160 per quarter in 2023, and \$200 per quarter in 2024. Corix acknowledges these are substantial increases in RRF Contributions. The need for these increases is

driven by historical underfunding of RRF contributions coupled with an aging infrastructure system that has begun to show signs of disrepair. This is explained in Section 8 of the Application. Corix has balanced the consideration for the required higher RRF balance needed to pay for future capital upgrades and the moderation of the rate impact. The proposed increases in RRF contributions would achieve a Forecast balance of \$117,267 in 2024. If RRF contribution from 2024 remained the same in 2025 the indicative 2025 RRF balance is \$155,836. (See Schedule 8 in the Financial Schedules for the RRF balances.)

The RRF balances are held for the customers benefit to pay for future capital upgrades to the water system. As the RRF has been historically underfunded since it commenced operations approximately 50 years ago, a significant catch-up of the RRF is required to maintain reliable and safe water services.

12. ANNUAL CUSTOMER BILL IMPACT

12.1 TOTAL CUSTOMER BILL IMPACT

Financial Schedule 7, summarized in Table 9 below, present the total bill impact with changes to the tariff for Operations and the Replacement Reserve Fund (RRF) combined.

Table 9: Total Annual Bill Impact for Residential Customers including Replacement Reserve Fund (RRF)

Residential Customers	Existing	No Change	Proposed	Proposed	Proposed
	Effective January 1, 2020	2021 ¹	Effective January 1, 2022	Effective January 1, 2023	Effective January 1, 2024
Tariff Rate \$ per quarter	\$267.00	\$267.00	\$345.12	\$414.75	\$476.01
Annual Bill (\$)	\$1,068.00	\$1,068.00	\$1,380.47	\$1,658.98	\$1,904.05
Total Annual Bill Change (\$)		\$0.00	\$312.47	\$278.52	\$245.07
Total Annual Bill Change (%)		0.0%	29.3%	20.2%	14.8%

(1) Corix is not requesting a rate change in 2021.

12.1 CUSTOMER BILL IMPACT FROM OPERATIONS (UTILITY PORTION)

Financial Schedule 7, summarized in Table 10 below, present the total bill impact with changes to the tariff arising only from the Operations (Utility Portion).

Table 10: Total Annual Residential Bill Impact from Operations (Utility Portion excluding RRF)

Residential Customers	Existing	No Change	Proposed	Proposed	Proposed
	Effective January 1, 2020	2021 ¹	Effective January 1, 2022	Effective January 1, 2023	Effective January 1, 2024
Utility Portion Rate \$ per quarter	\$217.00	\$217.00	\$235.12	\$254.75	\$276.01
Annual Bill (\$)	\$868.00	\$868.00	\$940.47	\$1,018.98	\$1,104.05
Total Annual Bill Change (\$)		\$0.00	\$72.47	\$78.52	\$85.07
Total Annual Bill Change (%)		0.0%	8.3%	8.3%	8.3%

(1) Corix is not requesting a rate change in 2021.

12.2 CUSTOMER BILL IMPACT FROM RRF CONTRIBUTIONS ONLY

Financial Schedule 7, summarized in Table 11 below, present the total bill impact with changes to the tariff arising from RRF Contributions only.

Table 11: Total Annual Residential Bill Impact from Replacement Reserve Funds (RRF) Contributions Only

Residential Customers	Actual	No Change	Proposed	Proposed	Proposed
	Effective January 1, 2020	2021 ¹	Effective January 1, 2022	Effective January 1, 2023	Effective January 1, 2024
RRF Rate \$ per quarter	\$50.00	\$50.00	\$110.00	\$160.00	\$200.00
Annual Bill (\$)	\$200.00	\$200.00	\$440.00	\$640.00	\$800.00
Total Annual Bill Change (\$)		\$0.00	\$240.00	\$200.00	\$160.00
Total Annual Bill Change (%)		0.0%	120.0%	45.5%	25.0%

(1) Corix is not requesting a rate change in 2021.

FINANCIAL SCHEDULES

Revenue Requirements	Schedule 1
Operating & Maintenance (O&M) Expenses	Schedule 2
Revenues	Schedule 3
Customer Rates	Schedule 4
Customer Count	Schedule 5
Customer Rates Calculation	Schedule 6
Residential Customer Bill Impact	Schedule 7
Replacement Reserve Fund	Schedule 8

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

Schedule 1

Line No.	Actual 2020	Projected 2021	Forecast 2022	Forecast 2023	Forecast 2024
1					
2	\$27,329	\$42,411	\$46,365	\$47,561	\$48,492
3	4,585	601	1,189	1,220	1,244
4	\$31,914	\$43,011	\$47,555	\$48,781	\$49,736
5	2,596	4,029	4,405	4,518	4,607
6	\$34,510	\$47,040	\$51,959	\$53,300	\$54,343
7		(100)	(100)	(100)	(100)
8	\$34,510	\$46,940	\$51,859	\$53,200	\$54,243
9	10,400	10,400	22,880	33,280	41,600
10		100	100	100	100
11	\$44,910	\$57,440	\$74,839	\$86,580	\$95,943
12					
13					
14	\$44,219	\$45,136	\$48,904	\$52,987	\$57,411
15	90	100	100	100	100
16	10,400	10,400	22,880	33,280	41,600
17	\$54,709	\$55,636	\$71,884	\$86,367	\$99,111
18	(27,329)	(42,411)	(46,365)	(47,561)	(48,492)
19	(10,400)	(10,400)	(22,880)	(33,280)	(41,600)
20	(4,585)	(601)	(1,189)	(1,220)	(1,244)
21	\$12,395	\$2,225	\$1,450	\$4,306	\$7,775
22	Cumulative Net Income (2022 to 2024)		\$1,450	\$5,755	\$13,530
23					
24	<u>Allowed Operating Margin</u>				
25	\$27,329	\$42,411	\$46,365	\$47,561	\$48,492
26	9.50%	9.50%	9.50%	9.50%	9.50%
27	\$2,596	\$4,029	\$4,405	\$4,518	\$4,607
28	Cumulative Allowed Operating Margin (2022 to 2024)		\$4,405	\$8,923	\$13,530
29					
30	<u>Income Tax Provision</u>				
31	\$16,980	\$2,225	\$4,405	\$4,518	\$4,607
32	27.0%	27.0%	27.0%	27.0%	27.0%
33	\$4,585	\$601	\$1,189	\$1,220	\$1,244

Corix Multi-Utility Services Inc.
Okanagan Landing Utilities
Schedule of Operating and Maintenance Expenses

Schedule 2

Line No.	Expense	Actual 2020	Projected 2021	Forecast 2022	Forecast 2023	Forecast 2024
1						
2	<u>Cost of Goods Sold</u>					
3	Chlorine and Supplies	\$0	\$0	\$0	\$0	\$0
4	Contracting	0	0	0	0	0
5	Billing & Customer Care	1,714	1,748	1,783	1,819	1,855
6	Water Testing	1,092	2,161	1,767	1,802	1,838
7	Wages and Salaries	15,903	23,289	25,461	26,246	26,771
8	Utilities	1,770	2,629	2,253	2,298	2,344
9	Total Cost of Goods Sold	\$20,479	\$29,827	\$31,264	\$32,165	\$32,809
10						
11	<u>Selling, General and Administration Expenses</u>					
12	Advertising	\$0	\$0	\$0	\$0	\$0
13	Accounting	542	63	64	66	67
14	Vehicles/Travel	2,798	3,151	3,285	3,351	3,418
15	Insurance	1,052	855	872	890	907
16	Licenses and Permits	0	150	153	156	159
17	Hydrant Maintenance	0	472	481	491	501
18	Repairs and Maintenance	172	1,000	1,020	1,040	1,061
19	Office Expenses	355	447	456	465	475
20	Shop Supplies	156	159	162	165	169
21	Common Admin Allocation	1,360	3,738	3,916	4,011	4,091
22	Corporate and Regional Services	415	1,548	3,691	3,761	3,836
23	Regulatory Costs	0	1,000	1,000	1,000	1,000
24	Total Selling, General and Administration	\$6,850	\$12,583	\$15,101	\$15,396	\$15,684
25						
26	Total Operating and Maintenance Expenses	\$27,329	\$42,411	\$46,365	\$47,561	\$48,492

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

Schedule 3

Line No.	Actual 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
1					
2	Sales Revenue				
3	\$44,219	\$45,136	\$48,904	\$52,987	\$57,411
4	Residential - excluding RRF				
5	Residential - RRF Contributions	10,400	10,400	22,880	41,600
6	Commercial		0	0	0
7	Total Residential and Commercial Revenues	\$54,619	\$55,536	\$71,784	\$86,267
8					
9	Availability of Service (Rent)		0	0	0
10					
11	Total Sales Revenue	\$54,619	\$55,536	\$71,784	\$86,267
12					
13	Other Revenue				
14	Connection Charge	\$0	\$0	\$0	\$0
15	Conection to Service Pipe		0	0	0
16	Other Income	90	100	100	100
17	Total Other Revenue	\$90	\$100	\$100	\$100
18					
19	Accruals/Adjustments	0	0	0	0
20	Total Gross Revenue incl. RRF	\$54,709	\$55,636	\$71,884	\$86,367
21					
22	less RRF Contributions Collected	(10,400)	(10,400)	(22,880)	(41,600)
23					
24	Total Net Revenue excl. RRF	\$44,309	\$45,236	\$49,004	\$53,087
25					
26	Summary Revenue				
27	Residential	\$54,619	\$55,536	\$71,784	\$86,267
28	Commercial	0	0	0	0
29	Availability of Service (Rent)	0	0	0	0
30	Other Revenue/Accruals/Adjustments	90	100	100	100
31	Total Gross Revenue incl. RRF	\$54,709	\$55,636	\$71,884	\$86,367
32	less RRF Collected	(10,400)	(10,400)	(22,880)	(41,600)
33	Total Net Revenue excl. RRF	\$44,309	\$45,236	\$49,004	\$53,087

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

Schedule 4

Line No.	Actual 2019	Actual 2020	No Change 2021	Proposed 2022	Proposed 2023	Proposed 2024	
1							
2	<u>Customer Rates per Tariff</u>						
3	Residential Service flat rate, per quarter (Utility Portion excluding RRF)	\$217.00	\$217.00	\$217.00	\$235.12	\$254.75	\$276.01
4	Residential service flat rate, per quarter (RRF only)	\$50.00	\$50.00	\$50.00	\$110.00	\$160.00	\$200.00
5	Total Residential service flat rate, per quarter (inclusive of RRF)	\$267.00	\$267.00	\$267.00	\$345.12	\$414.75	\$476.01
6							
7	Commercial						
8	Availability of Service (Rent) per year						
9							
10	<u>Other Fees</u>						
11	Connection Charge	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
12	Connection of customer's service pipe to an existing curb stop	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
13	Turn-on Fee	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00
14	New Customer Administration Charge	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
15	Late Payment Charge	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
16	Returned Cheque Administration Fee	\$45.00	\$45.00	\$45.00	\$45.00	\$45.00	\$45.00
17							
18	<u>Summary: Customer Rates per Year per Customer</u>						
19	Residential - SFRE per year (excluding RRF)	\$868.00	\$868.00	\$868.00	\$940.47	\$1,018.98	\$1,104.05
20	Residential - SFRE per year (RRF only)	200.00	200.00	200.00	440.00	640.00	800.00
21	Commercial per year						
22	Availability of Service (Rent) per year	0.00	0.00	0.00	0.00	0.00	0.00
23	Total	\$1,068.00	\$1,068.00	\$1,068.00	\$1,380.47	\$1,658.98	\$1,904.05

Corix Multi-Utility Services Inc.
 Okanagan Landing Utilities
 Customer Count

Schedule 5

Line No.		Actual 2020	Projected 2021	Forecast 2022	Forecast 2023	Forecast 2024
1						
2	Number of Customers (average per year)					
3	Residential - single family residential equivalent (SFRE)	52.0	52.0	52.0	52.0	52.0
4	Commerical	0.0	0.0	0.0	0.0	0.0
5						
6	Total connected customers	52.0	52.0	52.0	52.0	52.0
7						
8	Availability of Service (Rent)	0.0	0.0	0.0	0.0	0.0
9	Total Customers (average)	52.0	52.0	52.0	52.0	52.0
10						
11	Customers by Type (average per year)					
12	Residential	52.0	52.0	52.0	52.0	52.0
13	Commercial	0.0	0.0	0.0	0.0	0.0
14	Availability of Service (Rent)	0.0	0.0	0.0	0.0	0.0
15	Total Customers (average)	52.0	52.0	52.0	52.0	52.0
16						
17	Number of Customers (year end)					
18	Residential - single family residential equivalent (SFRE)	52	52	52	52	52
19	Commerical	0	0	0	0	0
20						
21	Total connected customers	52	52	52	52	52
22						
23	Availability of Service (Rent)	0	0	0	0	0
24	Total Customers (year end)	52	52	52	52	52
25						
26	Customers by Type (year end)					
27	Residential	52	52	52	52	52
28	Commercial	0	0	0	0	0
29	Availability of Service (Rent)	0	0	0	0	0
30	Total Customers (year end)	52	52	52	52	52
31						
32	Customer Additions					
33	Residential - single family residential equivalent (SFRE)	0	0	0	0	0
34	Commerical	0	0	0	0	0
35						
36	Total connected customer additions	0	0	0	0	0

**Corix Multi-Utility Services Inc.
Okanagan Landing Utilities
Customer Rates Calculation**

Schedule 6

Line No.		Existing Rates 2020	Rate Change 2021	No Change Rates 2021	Rate Change 2022	Proposed Rates 2022	Rate Change 2023	Proposed Rates 2023	Rate Change 2024	Proposed Rates 2024
1										
2	Customer Rates per Tariff									
3	Residential Service flat rate, per quarter (Utility Portion excluding RRF)	\$217.00	\$0.00	\$217.00	\$18.12	\$235.12	\$19.63	\$254.75	\$21.27	\$276.01
4	Residential service flat rate, per quarter (RRF only)	\$50.00	\$0.00	\$50.00	\$60.00	\$110.00	\$50.00	\$160.00	\$40.00	\$200.00
5	Total Residential service flat rate, per quarter (inclusive of RRF)	\$267.00	\$0.00	\$267.00	\$78.12	\$345.12	\$69.63	\$414.75	\$61.27	\$476.01
6	Commercial									
7	Availability of Service (Rent) per year	\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
8										
9										
10	Other Fees									
11	Connection Charge	At Cost		At Cost		At Cost		At Cost		At Cost
12	Connection of customer's service pipe to an existing curb stop	\$100.00		\$100.00		\$100.00		\$100.00		\$100.00
13	Turn-on Fee	\$75.00		\$75.00		\$75.00		\$75.00		\$75.00
14	New Customer Administration Charge	\$25.00		\$25.00		\$25.00		\$25.00		\$25.00
15	Late Payment Charge	\$20.00		\$20.00		\$20.00		\$20.00		\$20.00
16	Returned Cheque Administration Fee	\$45.00		\$45.00		\$45.00		\$45.00		\$45.00
17										
18	Customer Rates per Annum									
19	Residential - SFRE per year (excluding RRF)	\$868.00	\$0.00	\$868.00	\$72.47	\$940.47	\$78.52	\$1,018.98	\$85.07	\$1,104.05
20	Residential - SFRE per year (RRF only)	\$200.00	\$0.00	\$200.00	\$240.00	\$440.00	\$200.00	\$640.00	\$160.00	\$800.00
21	Total Residential - SFRE per year (including RRF)	\$1,068.00	\$0.00	\$1,068.00	\$312.47	\$1,380.47	\$278.52	\$1,658.98	\$245.07	\$1,904.05
22	Commercial per year									
23	Availability of Service (Rent) per year	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
24										
25	Revenues at Prior Year Rates									
26	Residential - SFRE per year (excluding RRF)		\$45,136.00		\$45,136.00		\$48,904.24		\$52,987.08	
27	Residential - SFRE per year (RRF only)		\$10,400.00		\$10,400.00		\$22,880.00		\$33,280.00	
28	Total Residential - SFRE per year (including RRF)		\$55,536.00		\$55,536.00		\$71,784.24		\$86,267.08	
29	Commercial per year									
30	Availability of Service (Rent) per year									
31	Other Revenues		\$100.00		\$100.00		\$100.00		\$100.00	
32	Total Revenues at Existing Rates (including RRF)		\$55,636.00		\$55,636.00		\$71,884.24		\$86,367.08	
33										
34	Total Revenues at Existing Rates subject									
35	to Increase (excluding RRF & Other Income)		\$45,136.00		\$45,136.00		\$48,904.24		\$52,987.08	
36	Revenue Requirement Excluding RRF & Other Revenue		\$46,940.24		\$51,859.43		\$53,199.67		\$54,243.01	
37	Revenue Surplus/(Deficiency)		(\$1,804.24)		(\$6,723.43)		(\$4,295.43)		(\$1,255.92)	

**Corix Multi-Utility Services Inc.
Okanagan Landing Utilities
Customer Rates Calculation**

Schedule 6

Line No.	Existing Rates 2020	Rate Change 2021	No Change Rates 2021	Rate Change 2022	Proposed Rates 2022	Rate Change 2023	Proposed Rates 2023	Rate Change 2024	Proposed Rates 2024
38									
39	Rate Change Required Increase/(Decrease)			0.00%		8.35%		8.35%	
40									
41									
42	Revenues at Proposed Rates								
43	Residential - SFRE per year (excluding RRF & Other Revenues)				\$48,904.24		\$52,987.08		\$57,410.79
44	Residential - SFRE per year (RRTF only)				\$22,880.00		\$33,280.00		\$41,600.00
45	Total Residential - SFRE per year (including RRF)				<u>\$71,784.24</u>		<u>\$86,267.08</u>		<u>\$99,010.79</u>
46	Commercial per year								
47	Availability of Service (Rent) per year								
48	Other Revenues				\$100.00		\$100.00		\$100.00
49	Total Revenues at Proposed Rates (including RRF & Other Revenue)				<u>\$71,884.24</u>		<u>\$86,367.08</u>		<u>\$99,110.79</u>
50									
51	Operating Margin Only								
52	Cumulative 2022-2024 Revenue Requirement (excl. RRF & Other Rev)				\$51,859.43		\$105,059.11		\$159,302.11
53	Cumulative 2022-2024 Revenue at Proposed Rates (excl. RRF & Other Rev)				\$48,904.24		\$101,891.33		\$159,302.11
54	Difference Surplus/ (Shortfall)				<u>(\$2,955.19)</u>		<u>(\$3,167.78)</u>		<u>\$0.00</u>

**Corix Multi-Utility Services Inc.
Okanagan Landing Utilities
Residential Customer Bill Impact**

Schedule 7

Line No.		Actual 2020	No Change 2021	Proposed 2022	Proposed 2023	Proposed 2024
1	<u>Customer Rates per Quarter</u>					
2	Residential Service flat rate, per quarter (Utility Portion excluding RRF)	\$217.00	\$217.00	\$235.12	\$254.75	\$276.01
3	Residential service flat rate, per quarter (RRF only)	\$50.00	\$50.00	\$110.00	\$160.00	\$200.00
4	Total Residential service, per quarter (Combined)	\$267.00	\$267.00	\$345.12	\$414.75	\$476.01
5						
6	<u>Summary: Customer Rates per Year per Customer</u>					
7	Residential service flat rate, per year (Utility Portion excluding RRF)	\$868.00	\$868.00	\$940.47	\$1,018.98	\$1,104.05
8	Residential service flat rate, per year (RRF only)	\$200.00	\$200.00	\$440.00	\$640.00	\$800.00
9	Total Residential service, per year (Combined)	\$1,068.00	\$1,068.00	\$1,380.47	\$1,658.98	\$1,904.05
10						
11	<u>Total Annual Bill Change</u>					
12	Residential Service - Operations (Utility Portion excluding RRF) [line 7]		\$0.00	\$72.47	\$78.52	\$85.07
13	Annual Impact % (excluding RRF) [line 12 / line 7]		0.00%	8.35%	8.35%	8.35%
14						
15	Residential Service - RRF (RRF only) [line 8]		\$0.00	\$240.00	\$200.00	\$160.00
16	Annual Impact % (RRF only) [line 15 / line 8]		0.00%	120.00%	45.45%	25.00%
17						
18	Residential Service (Combined) [line 12 + line 15]		\$0.00	\$312.47	\$278.52	\$245.07
19	Total Combined Annual Impact % [line 18 / line 9]		0.00%	29.26%	20.18%	14.77%

**Corix Multi-Utility Services Inc.
Okanagan Landing Utilities
Replacement Reserve Fund**

Schedule 8

Line No.	Actual 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Indicative 2025
1						
2	<u>Replacement Reserve Trust Fund (RRF)</u>					
3	\$25,806	\$36,333	\$29,379	\$48,876	\$78,852	\$117,267
4						
5	127	145	118	196	315	469
6						
7	Replacement Reserve Contributions:					
8	10,400	10,400	22,880	33,280	41,600	41,600
9						
10						
11						
12	Interest Withdrawn					
13	0	(17,500)	(3,500)	(3,500)	(3,500)	(3,500)
14						
15	\$36,333	\$29,379	\$48,876	\$78,852	\$117,267	\$155,836
16						
17	52.0	52.0	52.0	52.0	52.0	52.0
18						
19	\$699	\$565	\$940	\$1,516	\$2,255	\$2,997

APPENDIX 1: DEPRECIATION STUDY

Corix Multi-Utility Services Inc.
Okanagan Landing Utilities
Depreciation Study Summary
Schedule DS-1

Line No.	Depreciation Study Summary	
1	Original Plant Value in 2021 \$	\$317,575
2	Depreciation in 2021 \$	\$7,291
3		
4	Composite Depreciation Rate	2.3%
5	Equivalent composite system asset life in Years	43.6 years
6		
7	Current RRF Annual Funding Based on 2020 Tariff	\$10,400
8	Total Replacement Reserve Fund Balance as of Dec 31, 2020	\$36,333
9		
10	RRF Balance % of Replacement (line 10/line 1)	11.4%
11	Implicit Actual RRF Balance in Years	5.0 years
12	Estimated Unfunded RRF Balance (assuming assets at end of life) (line 1 - line 8)	\$281,242
13		
14	Total Number of Customers	52
15	Target RRF Balance per Customer (line 1 / line 14)	\$6,107
16	RRF Funded Balance per Customer as of Dec 31, 2020 (line 7 / line 14)	\$699
17	Shortfall of Funded RRF Balance per Customer (line 15 - line 16)	\$5,409

**Corix Multi-Utility Services Inc.
Okanagan Landing Utilities
Depreciation Study Calculations
Schedule DS-2**

NARUC Acct No.	Account Title	Prescribed Service Life	Prescribed Depreciation Rate	Estimated Costs	Annual Depreciation ³	Actual Costs ⁴	Annual Depreciation ⁵	CPI Nov 1971 ⁶	CPI Dec 2020 ⁷	Ratio	Replacement Value in 2021 \$ ⁸	Depreciation in 2021 \$ ⁷	RRF in 2020 Rates ¹⁰	Actual RRF Balance End of 2020	RRF Balance Replacement Value %	Implicit Actual RRF Balance
		SL	DR = 100/SL ²	EC ¹	AD = EC*DR/100	AC	AD = AC*DR/100									
		[Years]	[% per Year]	[\$]	[\$]	[\$]	[\$]									
a	Subtotal Construction Cost [\$]			\$49,000		\$49,000		21.2	137.4	6.5	\$317,575					
b	Total Annual Depreciation [\$]				\$1,125		\$1,125			6.5		\$7,291	\$10,400			
c	Composite Depreciation Rate [%], = b / a * 100		2.3%									2.3%				
d	Engineering Cost ⁶			0												
e	Annual Engineering Cost Component [\$] = d * c / 100				0		0									
f	Contingency ⁷			0		n/a										
g	Annual Contingency Cost Component [\$] = f * c / 100				0		n/a									
h	Total Annual Cost = Annual RRF⁸ Contribution = b + e + g				\$1,125		\$1,125					\$7,291	\$10,400	\$36,333	11.4%	5.0 years

Notes:

¹ Estimated Costs based on \$49,000 Gross Plant of Waterworks for Okanagan Landing Utilities Ltd.

² Composite Depreciation Rate of 2.3% based on annual depreciation of Okanagan Landing Utilities Ltd. in 2018 and 2019.

A 2.3% composite depreciation is equivalent to 43.5 years composite system asset life.

³ Annual Depreciation based on financial records of Okanagan Landing Utilities Ltd.

⁴ Actual Costs based on \$49,000 Gross Plant of Waterworks for Okanagan Landing Utilities Ltd.

⁵ Annual Depreciation based on financial records of Okanagan Landing Utilities Ltd.

⁶ Statistics Canada Table: 18-10-0004-13 (formerly CANSIM 326-0020) CPI for Nov 1971, Canada

⁷ Statistics Canada Table: 18-10-0004-13 (formerly CANSIM 326-0020) CPI for Dec 2020, Canada

⁸ Replacement value in 2021 \$ based on valuing the Waterworks constructed in 1971 to 2021 dollars.

⁹ RRF - Replacement Reserve Fund, equals rows b + e + g

¹⁰ The current RRF recovery from approved rates is \$10,400 per year.

APPENDIX 2: PROPOSED UPDATED TARIFF PAGES (LEGAL BLACKLINE)

Corix Multi-Utility Services Inc.
Okanagan Landing Utilities

WATER TARIFF NO. 6

Deleted: 5

RATES AND TERMS AND CONDITIONS
FOR WATER SERVICE

at:

Vernon, BC

420 Chilcotin Road, Kamloops, BC V2H 1G3

Contact Person(s)

Paul Burgess

Phone: (250) 377-7757

Email: Paul.burgess@corix.com

This Tariff is available for public inspection at:

420 Chilcotin Road, Kamloops, BC V2H 1G3

Effective Date: January 1, 2022

Deleted: Revisions reflecting Utility transfer accepted for filing by the Comptroller of Water Rights on 16th day of December, 2019

Deleted: May 1, 2017

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) "**business day**" means a day during which normal business is conducted and usually includes Monday through Friday. A statutory holiday is not considered a Business Day.
- c) "**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;
- d) "**customer**" means any person who is the owner or lessee of an authorized premises;
- e) "**multi-residential service**" means Condominiums.
- f) "**premises**" means land and buildings thereon;
- g) "**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;
- h) "**residential service**" means in-house use plus lawn & garden sprinkling to a maximum area of 1/10 of an acre;
- i) "**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.
- j) "**single family residential equivalent (SFRE)**" 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.
- k) "**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.
- l) "**Utility**" means Corix Multi-Utility Services Inc.'s **Okanagan Landing Utilities**.

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) There is no charge for service shut-off.
- (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, if applicable) and are due and payable within fifteen business days of the date of issue. Flat rates (and flat rate portion of metered rates) are billed in advance of service. For metered rates, consumption is billed in arrears. If the amount due on any bill has not been paid in full within **thirty (30) days** from the date of issue a further bill will be rendered to include the overdue amount plus a late payment charge of \$20.00.

If a cheque is returned by the customer's financial institution an administration fee of \$45.00 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 business days' written notice. A notice sent by registered mail to the last known postal address of the customer shall be deemed good and sufficient notice. A collection charge of \$75.00 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 \$75.00 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" (19 mm) 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 5 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, in the time frame provided by the Utility. Discovery of an unauthorized cross-connection, or cross-connection that is not suitably protected by a certified backflow preventer, may result in immediate shut-off of water service without notice by the Utility. 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 for in 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.

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.

If the application for extension of service does not proceed within one year of paying the deposit into the Deferred Capacity Reserve/Trust Fund under Schedule B of this tariff, the Utility will refund the amount plus interest to the applicant. Any costs directly associated with the application incurred by the Utility in excess of the \$200 initial deposit can be recovered from the monies paid into the Deferred Capacity Reserve/Trust Fund before issuing the refund to the applicant.

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.

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 maybe 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.

20. 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.

21. 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.

22. 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 2, 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: | \$100.00 |

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	\$ 5,000
--	-----------------

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.

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Schedule C
Residential Service Flat Rates

Applicability: To residential service customers receiving service.

Rate:

Effective January 1, 2020	\$ 267.00 per SFRE, per quarter
Effective January 1, 2022	\$ 345.12 per SFRE, per quarter
Effective January 1, 2023	\$ 414.75 per SFRE, per quarter
Effective January 1, 2024	\$ 476.01 per SFRE, per quarter

Deleted: Effective May 1, 2017 \$ 246.00 per SFRE, per quarter

Deleted: ¶
Effective January 1, 2018 \$ 255.00 per SFRE, per quarter ¶
¶
Effective January 1, 2019 \$ 261.00 per SFRE, per quarter ¶
¶

Notes:

1. From the 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:

Effective January 1, 2020	\$ 50.00 per SFRE, per quarter
Effective January 1, 2022	\$ 110.00 per SFRE, per quarter
Effective January 1, 2023	\$ 160.00 per SFRE, per quarter
Effective January 1, 2024	\$ 200.00 per SFRE, per quarter

Deleted: Effective May 1, 2017 \$ 40.00 per SFRE, per quarter ¶
¶
Effective January 1, 2018 \$ 40.00 per SFRE, per quarter ¶
¶
Effective January 1, 2019 \$ 45.00 per SFRE, per quarter ¶
¶

Schedule D

Commercial Flat Rates

Applicability: To all commercial customers receiving service.

Rate: Not Applicable

Notes:

1. From the rates collected, _____% or \$_____per customer will be deposited into a Replacement Reserve/Trust Fund and may only be released with the written authorization of the Comptroller of Water Rights.

Schedule E

Meter Rates

Applicability: To all customers with metered services.

Rate: Not applicable

Notes:

1. From the rates collected, _____% or \$_____per customer 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. Additional units within the same building are considered to be ½ of a residential service premises and are to pay ½ of the residential service or metered rate.
3. 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: Not Applicable

Rates: Hydrants \$ _____
Standpipes \$ _____

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:	Not Applicable

Notes:

1. For other than residential services lots, the Rent Charge shall be calculated on a SFRE basis.
2. From the rates collected, \$ _____ per year will be deposited into a Replacement Reserve/Trust Fund and may only be released with the written authorization of the Comptroller of Water Rights.
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 not receiving water service 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 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.

APPENDIX 3: PROPOSED UPDATED TARIFF PAGES (CLEAN)

Corix Multi-Utility Services Inc.

Okanagan Landing Utilities

WATER TARIFF NO. 6

RATES AND TERMS AND CONDITIONS
FOR WATER SERVICE

at:

Vernon, BC

420 Chilcotin Road, Kamloops, BC V2H 1G3

Contact Person(s)

Paul Burgess

Phone: (250) 377-7757

Email: Paul.burgess@corix.com

This Tariff is available for public inspection at:

420 Chilcotin Road, Kamloops, BC V2H 1G3

Effective Date: **January 1, 2022**

Secretary to the
Comptroller of Water Rights

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- 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 \$75.00 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" (19 mm) 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 5 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, in the time frame provided by the Utility. Discovery of an unauthorized cross-connection, or cross-connection that is not suitably protected by a certified backflow preventer, may result in immediate shut-off of water service without notice by the Utility. 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 for in 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.

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.

If the application for extension of service does not proceed within one year of paying the deposit into the Deferred Capacity Reserve/Trust Fund under Schedule B of this tariff, the Utility will refund the amount plus interest to the applicant. Any costs directly associated with the application incurred by the Utility in excess of the \$200 initial deposit can be recovered from the monies paid into the Deferred Capacity Reserve/Trust Fund before issuing the refund to the applicant.

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.

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.

20. 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.

21. 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.

22. 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 2, 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:	\$100.00

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	\$ 5,000
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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:

Effective January 1, 2020	\$ 267.00 per SFRE, per quarter
Effective January 1, 2022	\$ 345.12 per SFRE, per quarter
Effective January 1, 2023	\$ 414.75 per SFRE, per quarter
Effective January 1, 2024	\$ 476.01 per SFRE, per quarter

Notes:

1. From the 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:

Effective January 1, 2020	\$ 50.00 per SFRE, per quarter
Effective January 1, 2022	\$ 110.00 per SFRE, per quarter
Effective January 1, 2023	\$ 160.00 per SFRE, per quarter
Effective January 1, 2024	\$ 200.00 per SFRE, per quarter

Schedule D

Commercial Flat Rates

Applicability: To all commercial customers receiving service.

Rate: Not Applicable

Notes:

1. From the rates collected, _____% or \$_____per customer will be deposited into a Replacement Reserve/Trust Fund and may only be released with the written authorization of the Comptroller of Water Rights.

Schedule E**Meter Rates**

Applicability: To all customers with metered services.

Rate: Not applicable

Notes:

1. From the rates collected, _____% or \$ _____ per customer 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. Additional units within the same building are considered to be ½ of a residential service premises and are to pay ½ of the residential service or metered rate.
3. 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: Not Applicable

Rates: Hydrants \$ _____
Standpipes \$ _____

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:** Not Applicable

Notes:

1. For other than residential services lots, the Rent Charge shall be calculated on a SFRE basis.
2. From the rates collected, \$ _____ per year will be deposited into a Replacement Reserve/Trust Fund and may only be released with the written authorization of the Comptroller of Water Rights.
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 not receiving water service 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 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.