

FROM: Corix Multi-Utility Services Inc. (CMUS), Panorama Water
DOCUMENT: Response to Information Request (IR)
INFORMATION REQUEST NO: 1
REQUESTOR NAME: Panorama Subdivision Owners Association
RESPONSE DATE: March 31, 2023
REFERENCE NO: 7915
APPLICATION NAME: 2023-2026 Revenue Requirements & Rate Application

1.0 Reference:

Explanation:

One item that I would like to address is the allocation of Bed Units to residential customers as is indicated in the Definitions section of the attached Water Tariff No. 6. A default of 10 bed units seems high for our Panorama Subdivision considering the average size of the original residences in the neighborhood. I see that there is an option to qualify for an allocation of 6 Bed Units. With a default allocation of 10 Bed Units, I estimate that the Base Charge will represent approximately 75% of my future total invoice amounts.

Request:

a) Would it be practicable to incorporate a metric that is more representative of the diversity of the size of residential properties in Panorama than a binary 6 or 10 bed units? I'm thinking of the Panorama strata fees that have been allocated based upon assessed property values for property tax purposes. This would seem to provide a more objective, representative and equitable allocation of the relative "base" use of the common water facility.

Corix Response:

Please see response to Panorama Ridge Information Request No. 1, Question 17.2 regarding bed units for residential and commercial properties and the 2010 rate design for single family dwellings.

The approved tariffs from Water Tariff No. 2 to Water Tariff No. 3 modified the bed units methodology for residential customers:

- Water Tariff No. 2 dated July 2006 stated under Definitions (b) "Bed Unit" under (i) stated "residential single family dwelling = 6 bed units).
- Water Tariff No. 3 dated effective March 1, 2010 under Definitions (b) "Bed Unit" under (i) stated "residential single family dwelling = 10 bed units (beginning January 2011) unless notification received by Utility indicating smaller residence qualifying for 6 Bed Units)."

The approved Water Tariff utilizes bed units, and the Panorama Mountain Village Official Community Plan also utilizes the concept of bed units. Corix submits that it should continue with concept of bed units to maintain stability and consistency particularly if the official community

plan is modified in the future.

Billing of customers based on bed units that rely on assessed property values departs from regulatory practice in the industry. Bed units are an estimate of the capacity charge of the customer where customers are charged based on the customer demand placed on the utility water system. This is consistent with industry practice in setting customer rates based on cost causation of the customers.

Property values departs from estimating capacity demand and cost causation. For example, two properties will the same house, land area, and the same water demand can have widely different assessed values. A lot with waterfront and/or vista views in a desirable neighborhood may have a much higher property value than a lot that has no views and in a less desirable neighborhood. Even though the water demands are exactly the same, property values may be significantly different. Also, assessed property values are subject to appeal and may change. Corix does not have the data, resources, and billing system capable to implement property values which is not a stable and consistent measure of capacity demands of the customer.

b) Would the regulator and/or CORIX be prepared to consider this? If not or perhaps if they have and it has been dismissed, I would like to learn why.

Corix Response:

Corix submits a change to bed units utilizing property assessment values should not be implemented.

The use of property values would be cumbersome, time consuming, subject to annual change, and departs from cost causation to set rates. Given the difficulty of utilizing property values and that it departs from measuring customer capacity demands, Corix submits the current approved bed units based on customer capacity demands on the water system should be continued.