

September 9, 2024

### Announcing a 3-Year Schedule of Commercial Rate Changes

Bluestem Utilities is cognizant of the financial pressures the COVID-19 pandemic has had on the Canadian economy and consumers. As such, we've strived to keep Sun Rivers utility rate increases below inflationary levels and have successfully done so over the past 5 years.

| <b>Consumer Price Index Rates vs. Rate Adjustments</b> |   |   |
|--|---|---|
| <b>Year</b>  | <b>BC 12-Month Lagging<br/>CPI Adjustment</b> | <b>Bluestem Utilities<br/>Rate Increase</b> |
| 2019   | 3.0%  | 1.0%  |
| 2020   | 2.1%  | 2.0%  |
| 2021   | 0.8%  | 0.0%  |
| 2022   | 3.9%  | 2.0%  |
| 2023   | 6.6%  | 6.6%  |
| 2024   | 3.4%  | 0% through October                          |

However, sharp escalations in infrastructure construction costs post-COVID have greatly increased the cost of existing and future capital upgrades. Bluestem Utilities is not alone in facing these financial hurdles, as evidenced by the large increases recently announced by the City of Kamloops. Additionally, Sun Rivers Development Corporation's slower-than-anticipated build-out has had a significant impact on the financial viability of the community's utilities. This necessitates near-term rate increases to ensure the continued financial health of the utility.

To provide as much notice as possible and aid in consumers' financial planning, Bluestem Utilities is announcing a 3-year schedule of rate changes, shown in the table below. New rates will be effective November 1, 2024, and are not retroactive to the start of the year.

| <b>Sun Rivers<br/>Rate Increases</b> | <b>2024<br/>(Effective Nov 1)</b> | <b>2025<br/>(Effective Feb 1)</b> | <b>2026<br/>(Effective Jan 1)</b> |
|--------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Water                                | 19%                               | 10%                               | 9%                                |
| WW                                   | 12%                               | 5%                                | 4%                                |
| Irrigation                           | 19%                               | 16%                               | 9%                                |
| Geo                                  | 1%                                | 1%                                | 1%                                |

Additionally, water, wastewater, and irrigation base rates for commercial properties are adjusted to match the rate for residential homes and townhouses. Base rates provide stable revenue to recover the fixed operating and capital costs of installing and maintaining our utility's extensive distribution and collection infrastructure. This includes water mains, sewer mains, pump stations, lift stations, and reservoirs. On November 1, 2024, the fixed monthly base rate charge for commercial properties will change as shown in the following table.

| <b>Customer</b>       | <b>Old Rate<br/>(2023 monthly)</b> | <b>New Rate<br/>(2023 monthly equivalent prior to<br/>2024 increases)</b> |
|-----------------------|------------------------------------|---|
| Commercial W          | \$25.97                            | \$28.85   |
| Commercial WW         | \$19.04                            | \$23.08   |
| Commercial Irrigation | \$17.31                            | \$21.92   |

Bluestem Utilities strives to keep utility costs as low as possible, as we have done over the past five years. However, these increases are necessary to ensure the continued viability of our essential services to the Sun Rivers community.

### **Continued Investment in the Sun Rivers Community**

As Sun Rivers Development Corporation’s master development plan progresses, Bluestem Utilities continues to support growth, spending over \$6 million on capital project improvements on new or upgraded infrastructure in 2023 and 2024.

- Electrical upgrades resulted in no Bluestem Utilities-related power outages in 2024 (BC Hydro outages being out of our control).
- Water system upgrades brought pressure increases to several neighbourhoods.
- Ongoing infrastructure improvements in the Ladera Subdivision and Village Centre.
- Installation of infrastructure to support the new long-term care facility.
- Improvements to traffic safety with increased signage, road markings, and traffic control, such as a 3-way stop at Ladera and Sillaro Drive, and traffic calming measures, such as the speed hump on Sillaro Drive.
- Investment in secure monitoring and control capabilities of critical infrastructure systems.

Over the next five years, Bluestem Utilities expects to spend an estimated \$20 million in the Sun Rivers community. Notable projects in 2025 include:

- Completion of the Sagewood booster station to ensure the water distribution system continues to provide reliable service as the community expands.
- Continued infrastructure build-out of the Ladera Subdivision and Village Centre.
- Stormwater upgrades to mitigate the effects of extreme weather events, e.g., the Pointes Pond project.
- Asphalt surface renewal of the southern portion of Sun Rivers Drive.

Additionally, Bluestem Utilities is pleased to announce it is partnering with Alertable, a respected Canada-wide public notification system. Alertable will communicate changes or disruptions to utility services, such as planned maintenance and infrastructure work and unplanned outages. This service will be introduced in the fall of 2024.

If you have any questions about the upcoming changes, please contact Bluestem Utilities Customer Experience at 1-877-788-7277 or [customerexperience@bluestemutilities.com](mailto:customerexperience@bluestemutilities.com).

Sincerely,

Bluestem Utilities