

REQUESTOR NAME: Water Utility Regulation Section, Water Management Branch
Ministry of Forests, Lands, Natural Resource Operations and
Rural Development

INFORMATION REQUEST NO: 1

TO: Corix Multi-Utility Services Inc. (Corix), Okanagan Landing

DATE: February 3, 2022

REFERENCE NO: 7786

APPLICATION NAME: 2022 to 2024 Water Rate Application (“Application”)

2.0 Reference: Application, pg. 15, section 5 and Appendix 1: Schedule DS-2, Depreciation Study

Explanation: Corix has calculated the Depreciation Study based on the plant values of the previous owner (Okanagan Landing Utilities Ltd.) shown in Table 3 and in Appendix 1. The results show that the original plant value escalated by Canada CPI is \$317,575 and annual depreciation is \$7,291 using a 2.3% depreciation rate.

Request:

2.1 Resubmit the Depreciation Schedule using costs of all water components based on today’s current replacement costs. The schedule should be completed and certified by the Utility’s professional engineer.

Corix Response:

Corix has obtained an external professional engineer to prepare the Depreciation Schedule as requested in Question 2.1 since Corix does not have internal resources to satisfy the request. The external engineer has not yet completed the Depreciation Schedule. Corix will file the Depreciation Schedule as soon as possible.

Corix Updated Response (March 4, 2022):

Please see Attachment 1 for the completed Depreciation Study based on today’s current replacement costs and certified by the Utility’s professional engineer. The Depreciation Study estimates the construction replacement cost to be \$530,820 with an annual depreciation of \$9,911. The Total Replacement Cost, including construction, engineering and contingency, is \$663,525 with a total annual depreciation of \$12,388.

The Depreciation Study estimates the Annual RRTF contribution to be \$12,388. The OLU Replacement Reserve Trust Fund (RRTF balance) at \$41,577 (see Response to IR1, Q. 3.2) and the updated Depreciation Study indicates that the trust fund has saved 3.4 years ($\$41,577/\$12,388$) of the annual required depreciation. The Depreciation Study also indicates that the Transmission and Distribution Plant replacement construction costs are estimated to be \$429,820 (excluding engineering and contingency) with no water treatment upgrades. The utility at approximately 50 years old has had no substantial upgrades. Given the current balance, Corix submits large RRTF contributions are now required to build the RRTF balance to a sustainable level.

Attachment 1

Response to Comptroller Information Request No. 1, Question 2.1, Depreciation Study

Schedule A
Standard Depreciation Rates for Private Water Utilities in British Columbia

Year 2022		Corix Multi-Utility Services Inc. Okanagan Landing Utilities		Prescribed Service Life	Prescribed Depreciation Rate	Estimated Costs	Annual Depreciation *	Actual Costs *	Annual Depreciation *
NARUC Acct No.	Account Title	SL	DR = 100/SL	EC	AD = EC*DR/100	AC	AD = AC*DR/100	AC	AD = AC*DR/100
		[Years]	[% per Year]	[\$]	[\$]	[\$]	[\$]	[\$]	[\$]
A	Source of Supply Plant								
304	Structures and Improvements								
304.1	Wood Frame	30	3.3%		0		0		0
304.2	Steel	40	2.5%		0		0		0
304.3	Cement Block	40	2.5%		0		0		0
304.4	Reinforced Concrete or Brick	50	2.0%		0		0		0
304.5	Miscellaneous	25	4.0%		0		0		0
305	Collecting and Impounding Reservoirs								
305.1	Wood Structures	35	2.9%		0		0		0
305.2	Earth Fill Structures	60	1.7%		0		0		0
305.3	Concrete Structures	75	1.3%		0		0		0
306	Lake, River and Other Intakes								
306.1	Wood Structures	35	2.9%		0		0		0
306.2	Concrete Structures	60	1.7%		0		0		0
307	Wells and Springs	40	2.5%	\$60,000	1500		0		0
309	Supply Mains								
309.1	PVC AWWA C900	75	1.3%		0		0		0
309.2	HDPE AWWA C906	75	1.3%		0		0		0
309.3	Ductile/Cast Iron	60	1.7%		0		0		0
309.4	Steel, Cement Lined	50	2.0%		0		0		0
309.5	Concrete	50	2.0%		0		0		0
309.6	Sub-Marine Mains	20	5.0%		0		0		0
339	Other Misc. Water Source Plant	25	4.0%						
B	Pumping Plant								
304	Structures and Improvements								
304.1	Wood Frame	30	3.3%		0		0		0
304.2	Steel	40	2.5%		0		0		0
304.3	Cement Block	40	2.5%		0		0		0
304.4	Reinforced Concrete or Brick	50	2.0%		0		0		0
304.5	Miscellaneous	25	4.0%		0		0		0
310	Power Generation Equipment	25	4.0%		0		0		0
311	Pumping Equipment								
311.1	Electric Pumping Equipment	25	4.0%	\$21,000	840		0		0
311.2	Diesel Pumping Equipment	25	4.0%		0		0		0
311.3	Other Pumping Equipment	25	4.0%		0		0		0
339	Other Miscellaneous Pumping Plant	25	4.0%		0		0		0
C	Water Treatment Plant								
304	Structures and Improvements								
304.1	Wood Frame	30	3.3%		0		0		0
304.2	Steel	40	2.5%		0		0		0
304.3	Cement Block	40	2.5%		0		0		0
304.4	Reinforced Concrete or Brick	50	2.0%		0		0		0
304.5	Miscellaneous	25	4.0%		0		0		0
320	Treatment Equipment								
320.1	Sand & Other Media Filtration Equipme	30	3.3%		0		0		0
320.2	Membrane Filtration Equipment	15	6.7%		0		0		0
320.3	Chlorination	15	6.7%		0		0		0
320.4	Other Water Treatment Equipment	20	5.0%		0		0		0
339	Other Miscellaneous Treatment Plant	25	4.0%		0		0		0
D	Transm. and Distribution Plant								
304	Structures and Improvements								
304.1	Wood Frame	30	3.3%		0		0		0
304.2	Steel	40	2.5%		0		0		0
304.3	Cement Block	40	2.5%		0		0		0
304.4	Reinforced Concrete or Brick	50	2.0%		0		0		0
304.5	Miscellaneous	25	4.0%		0		0		0
330	Distribution Reservoirs								
330.1	Concrete (underground)	60	1.7%		0		0		0
330.2	Steel (above ground)	50	2.0%		0		0		0



Schedule A
Standard Depreciation Rates for Private Water Utilities in British Columbia

Year 2022		Corix Multi-Utility Services Inc. Okanagan Landing Utilities		Prescribed Service Life SL	Prescribed Depreciation Rate DR = 100/SL	Estimated Costs EC	Annual Depreciation ¹ AD = EC*DR/100	Actual Costs ² AC	Annual Depreciation ³ AD = AC*DR/100
NARUC Acct No.	Account Title	[Years]	[% per Year]	[\$]	[\$]	[\$]	[\$]	[\$]	[\$]
D	Transm. and Distr. Plant (con't)								
	331 Transmission and Distribution Mains								
	331.1 PVC AWWA C900	75	1.3%	\$253,860		3385			0
	331.2 HDPE AWWA C906	75	1.3%			0			0
	331.3 Ductile/Cast Iron	60	1.7%			0			0
	331.4 Steel, Cement Lined	50	2.0%			0			0
	331.5 Concrete	50	2.0%			0			0
	331.6 Sub-Marine Mains	20	5.0%			0			0
	333 Services	50	2.0%	\$141,960		2839			0
	334 Meters and Meter Installations	25	4.0%			0			0
	335 Hydrants / Standpipes	50	2.0%	\$34,000		680			0
	339 Other Transm. and Distribution Plant	25	4.0%			0			0
E	General Plant								
	304 Structures and Improvements								
	304.1 Wood Frame	30	3.3%	\$20,000		667			0
	304.2 Steel	40	2.5%			0			0
	304.3 Cement Block	40	2.5%			0			0
	304.4 Reinforced Concrete or Brick	50	2.0%			0			0
	304.5 Miscellaneous	25	4.0%			0			0
	340 Office Furniture and Equipment	20	5.0%			0			0
	349 Computer Equipment	5	20.0%			0			0
	341 Transportation Equipment	7	14.3%			0			0
	342 Stores Equipment	20	5.0%			0			0
	343 Tools, Shop and Garage Equipment	15	6.7%			0			0
	344 Laboratory Equipment	15	6.7%			0			0
	345 Power Operated Equipment	15	6.7%			0			0
	346 Communication Equipment	10	10.0%			0			0
	346.1 Communication Equipment - SCADA	10	10.0%			0			0
	346.2 Other Communication Equipment	10	10.0%			0			0
	347 Miscellaneous Equipment	20	5.0%			0			0
F	Other Tangible Plant								
	348 Other Tangible Plant ⁴	50	2.0%			0			0
G	Intangible Plant								
	301 Organization	100	1.0%			0			0
	302 Franchises and Consents	100	1.0%			0			0
a	Subtotal Construction Cost [\$]			\$530,820			0		
b	Total Annual Depreciation [\$]					\$9,911			0
c	Composite Depreciation Rate [%], = b / a * 100		1.9%						
d	Engineering Cost ⁶	10%		\$53,082					
e	Annual Engineering Cost Component [\$] = d * c / 100					\$991			0
f	Contingency ⁷	15%		\$79,623			n/a		
g	Annual Contingency Cost Component [\$] = f * c / 100					\$1,487			n/a
h	Total Annual Cost = Annual RRF ⁸ Contribution = b + e + g					\$12,388			0

Notes:

- Estimated Costs at CPCN application/pre-construction stage, in CAD \$, from CPCN Application Guide - Appendix 6 - Capital Cost Estimate Form
- Annual Depreciation based on Estimated Costs at CPCN stage.
- Actual Costs at post-construction approval stage, in CAD \$, from CPCN Application Guide - Appendix 6 - Capital Cost Estimate Form
- Annual Depreciation based on Actual Costs at post-construction approval stage; for establishing the final Water Tariff
- List any applicable items such as Valve Chambers, PRV Stations etc.
- Total engineering fees including survey cost, (see CPCN Application Guide - Appendix 6 - Capital Cost Estimate Form)
- Contingency allowance at CPCN application/pre-construction stage, (see CPCN Application Guide - Appendix 6 - Capital Cost Estimate Form)
- RRF - Replacement Reserve Fund, equals rows b + e + g

**Corix - Okanagan Landing Utilities (Rolling Hills)
 OLU Detailed List of Assets for Depreciation Study**

Item	Quantity	Measurement UnitType	Current Cost Unit per measurement	Extended Replacement Cost	Account No	Account Name	Depreciation Rate	Depreciation \$
1 15 HP submersible Berkley pump and motor	1	each	\$15,000	\$15,000	311.1	Electric Pumping Equipment	4.0%	\$600
2 2000 L pneumatic tank	1	each	\$4,500	\$4,500	311.1	Electric Pumping Equipment	4.0%	\$180
3 Small compressor	1	each	\$1,500	\$1,500	311.1	Electric Pumping Equipment	4.0%	\$60
4 Well as per ID tag	1	each	\$60,000	\$60,000	307	Wells and Springs	2.5%	\$1,500
5 4 Fire Hydrants	4	each	\$8,500	\$34,000	335	Hydrants / Standpipes	2.0%	\$680
6 Pump House Building	1	each	\$20,000	\$20,000	304.1	Wood Frame	3.3%	\$667
7 4" pipe (PVC, but not confirmed)	587	meters	\$240	\$140,880	331.1	PVC AWWA C900	1.3%	\$1,878
8 6" pipe (PVC, but not confirmed)	413	meters	\$260	\$107,380	331.1	PVC AWWA C900	1.3%	\$1,432
9 4" valves	2	each	\$1,200	\$2,400	331.1	PVC AWWA C900	1.3%	\$32
10 6" valves	1	each	\$1,700	\$1,700	331.1	PVC AWWA C900	1.3%	\$23
11 Blowoffs	1	each	\$1,500	\$1,500	331.1	PVC AWWA C900	1.3%	\$20
12 curb stops (including service lines)	52	each	\$2,730	\$141,960	333	Services	2.0%	\$2,839
13 Item B			\$0	\$0				\$0
14 Item C			\$0	\$0				\$0
15 Item D			\$0	\$0				\$0
16 Item E			\$0	\$0				\$0
17			\$0	\$0				\$0
18			\$0	\$0				\$0
19			\$0	\$0				\$0
20 Total				\$530,820				\$9,911

Check	\$530,820	\$9,911
Difference	\$0	\$0

