

February 11, 2019

CORIX PANORAMA WATER RATE APPLICATION FOR 2019 RATES CUSTOMER QUESTIONS and RESPONSES (A)

On November 26, 2018, Corix Panorama (“Corix” or “Panorama”) applied to the Comptroller of Water Rights (Comptroller) to increase its water rates effective January 1, 2019. The Comptroller is responsible for the regulation of privately owned water utilities in British Columbia, including Panorama.

In Order No. 2451, the Comptroller established a deadline of February 19, 2019, for Panorama customers to submit questions and comments regarding the current rate application. The proposed rates were approved on an interim and refundable with interest basis pending completion of the review process and final Order of the Comptroller. Following a review of Panorama’s Water Rate Application and all stakeholder input submitted by February 19, 2019, the Comptroller will determine next steps for the review process.

Questions, comments, and other feedback regarding the application should be directed to Chris McMillan, Secretary to the Comptroller of Water Rights (Comptroller Secretary), PO Box 9340 STN PROV GOVT, Victoria, BC V8W 9M1, or by email Chris.McMillan@gov.bc.ca on or before February 19, 2019. Please also send a copy to Corix – Panorama Water at Box 871, Invermere, BC, V0A 1K0 or Andrew.Cradduck@corix.com.

This document contains a summary of questions and comments received from customers and also the response by Corix or the Comptroller Secretary, up to and including February 5, 2019. Subsequent questions and responses will be posted at a later date. Please note that personal information has been removed from this document.

Email 1

Customer Question:

Regarding the 52% Rate hike from Corix, how can a customer dispute such a massive increase in rates?

Comptroller Secretary Response (2019/01/16):

Thank you for contacting our office. While the Utility has been instructed to send out notice of application, the merits of the proposal have not yet been reviewed by our financial advisor. A detailed review will occur once the notification and Intervenor registration periods have ended.

The Utility's notice to customers outlines the 2 methods of participating in the tariff process. Customers can either submit their comments/concerns to me (via email) and I will add them to the file for our Chief Financial Advisor to review following the advertising period, or customers can register as an intervener so that they can participate in the hearing process going forward (where all submissions will be shared amongst the Utility and Interveners).

Before deciding which option customers would like to take, the Utility's application should be reviewed as it provides their justification for the increase (available online from their website). Please note that the proposed rates have only been approved on an interim basis and that no decision on the rates have been made. The interim rate allows the proposed rate to be billed concurrent with the hearing process to avoid a large catch up billing later, if approved.

Email 2

Customer Question:

I have received the notification on the increase, need to double check on a couple items.

1. No increase for sewer?
2. Can you clarify what the rate rider 1 is please? \$2.46/m³ on what?
3. Will the elimination of the RRTF reduce customer rates somewhere on the monthly invoice?

Panorama Response (2019/01/16):

1. No increase for sewer. These rate changes apply to water only.
2. The rate rider 1 is an additional \$2.46/m³ charged on water. This is for the Consumption Deferral Account. In 2010, Corix received approval to change water rates, and the rates were based on historical consumption. This is an amount collected for a decrease in consumption, from 2010 to present, below expected levels. (eg. Assume everyone conserves water due to higher rates. Less volume means less revenue). It is anticipated that the revenue deficiency will be recovered within two years. Therefore, this rate rider will only apply for 2019 and 2020. The following is right from the new water tariff document (Tariff No. 4).

Schedule "D" - Commercial Rates ("Interim Rates")

Applicability: To all commercial customers receiving service.

As of January 1, 2019:

1. A **Fixed Charge \$4.66** per bed unit per month
2. A **Metered Rate \$2.69** per cubic meter
3. **Rider 1 \$2.46** per cubic meter

Notes

- 1) Rates are billed monthly (Page 2, Section 2).
- 2) **Rider 1**: Consumption Deferral Account – Applicable for the calendar year ending December 31, 2019. For the calendar year from January 1, 2020 to December 31, 2020 Rider 1 will be \$2.42 per cubic meter.

3. No, eliminating the RRTF will not reduce your rates. For comparison;

	Former	Current
Fixed Charge (<i>per bed unit per month</i>)		
Residential	\$2.85	\$4.34
Commercial	\$2.85	\$4.66
Variable Charge (per m ³)		
Metered Consumption (per m ³)	\$1.77	\$2.69
Rate Rider 1 (Consumption Deferral)	None	\$2.46
Total consumption rate (per m ³)	\$1.77	\$5.15

I am assuming the “commercial” rates apply In any event, the rates don’t differ dramatically from residential customers.

The following links may provide more insight.

<https://www.corix.com/panorama-mountain-village-resort/regulatory-affairs>

www.corix.com/panorama/regulatory

Email 3

Customer Question:

It would be valuable to discuss and understand what justifies the massive rate increase. I am trying to understand the 52% rate increase.

Panorama Response (2019/01/21):

Corix applied to raise rates effective Jan 1, 2019. This rate increase application was made because water rates have been static since 2010. Please note that this application is not related to the Ground Source Development Project. That will be a separate application. Furthermore, please note that a portion of this increase (Rate Rider 1 – Consumption Deferral - \$2.46/m³) will only be charged for a two year period. This amount equates to almost 50% of the variable portion of the proposed increase.

The links contained within the link below should provide all of the information being sought.

<https://www.corix.com/panorama-mountain-village-resort/regulatory-affairs>

And more specifically, this link contains the application package submitted to the Water Comptroller.

<https://www.corix.com/panorama-mountain-village-resort/regulatory-affairs/water-rate-application-for-2019-rates>

Sections 1 and 2 of the “Corix Panorama Water Rate Application” provide the most relevant information for the rate increase justification. I encourage you to review that.

To summarize the justification for the water rate increase:

- Customer rates for Corix have not changed since the last rate Decision and Order No. 2232 issued by the Comptroller on June 28, 2010. Decision and Order No. 2232 approved a revised revenue requirement and a revised water rate and tariff structure effective March 1, 2010. Since March 1, 2010, Corix has operated under these approved rates and tracked operating costs, revenues and deferral account balances.
- Corix has experienced reasonable increases in costs each year since the 2010 Decision, reflecting increases in the cost of goods, supplies, equipment and labour. Revenues to Corix have been lower than were anticipated due to lower annual water consumption. The shortfall in revenue due to lower water consumption has been accumulating in a deferral account.
- In this Rate Application, Corix is requesting an increase in rates to cover cost of service increases and address the revenue deficit in the deferral account associated with reduced customer consumption.

For comparison sake, an adult day lift ticket for Panorama in 2010 was approximately \$64. Today, a comparable ticket costs \$106. This is a 66% increase. The difference however, is that PMV Inc. has increased its prices annually to keep up with inflation. Corix has not been permitted by the Water Comptroller to apply annual increases, thus the seemingly "massive rate increase" to recoup deferred revenue.

You are also encouraged to forward your comments, concerns and questions to Chris McMillan, Secretary to the Comptroller of Water Rights chris.mcmillan@gov.bc.ca before February 19, 2019, as stated in the Notice of Application.

Email 4

Customer Question:

Along with everyone else, I have just received the notice of application for a 52% rate increase for residential water. So, before I go off the deep end and send a letter of objection to the Comptroller of Water Rights I would ask you the following questions and ask for an explanation:

1. On what grounds can you justify such a huge rate increase (saying there hasn't been a rate increase since 2010 doesn't cut it)?
2. What is "Rate Rider 1 (Consumption Deferral)"?
3. On what grounds do you justify making no Customer Contributions to the Replacement Reserve Fund (RRTF)? Does this mean that Corix alone will input funds to this RRTF out of revenues received or will there be no RRTF contributions going forward.
4. How does this affect sewer rates and what increases in these rates have occurred since 2010?

Panorama Response (2019/01/25):

In response to your email and others we have received, Corix will be preparing an FAQ to address your inquiry and distributing to affected customers.

I expect we will have something prepared by middle of next week. I will email it to you directly when it is ready.

In the meantime, the links contained within the link below should provide all of the information being sought.

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Email 5

Customer Comment to Comptroller Secretary:

My observation is that the rate increase looks very high and is significantly above inflation levels over that period. I see that it is very hard for you to justify this level of increase. I'm therefore lodging an objection.

Comptroller Secretary Response (2019/01/28):

Thank you for your submission in the matter of the application by Corix Multi-Utility Services Inc. (Panorama Water Service) to increase its water rates. In order for your concerns and comments to be considered in the review of this application, your objection must also be sent to the Utility (Andrew.craddock@corix.com). Additional information has been made available for viewing at Utility's website. After reviewing the material you may make a submission to this office expressing your objections, concerns and comments or to ask questions to be considered as part of the review before a final decision is made by the Deputy Comptroller of Water Rights.

Email 6

Customer Question:

The proposed water rate rise at Panorama re both standing rates and consumption charges appear grossly excessive - in the region of 52% on both counts.

We would be grateful if you could supply us with details by email of the rationale to support this significant increase which is being imposed without consultation soonest (notwithstanding it may be refundable if the increase isn't supported).

Panorama Response (2019/01/28):

Corix will be issuing an FAQ shortly to address the feedback to Corix's recent Notice of Application.

The links contained within the link below should provide all of the information being sought.

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Email 7

Customer Question:

Hello ..., your email was listed on the letter I just got for the massive rate increase on water in pano. Not impressed with the increase. The cost of filtering water went up 40% since 2010? Does the water come from Toby creek or are they importing the finest water from distant lands? I know there's constant water advisories but I've always preferred the water up there to in town to be honest and have never had issues. I also drink the water unfiltered that feeds into the Toby creek. Is the water advisory caused by the toxins from the old tailings area up Toby creek or earl gray sand area?

Panorama Response (2019/01/28):

Thank you for your inquiry. Currently, water for Panorama is sourced from Taynton Creek, not Toby Creek. Water advisories are normally due to elevated turbidity during the spring freshet impacting our ability to treat the water via

chlorination. Corix is constructing a new system to supply Panorama with a ground sourced water (wells) which will eliminate the annual water advisories.

With respect to the application for water rate increase, Corix will be issuing an FAQ shortly to address the feedback to Corix's recent Notice of Application.

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Email 8

Customer Question:

This is quite an increase. I am expecting that I will no longer have to BOIL my water, right ?

Panorama Response (2019/01/29):

To answer your question, Corix is constructing a new water system utilizing a ground source (wells). This will eliminate the boil water advisory. Unfortunately, the new system will not be in place until Fall of 2019, so I anticipate one more season of boil water advisory.

Corix applied to raise rates effective Jan 1, 2019. This rate increase application was made because water rates have been static since 2010. Please note that this application is not related to the Ground Source Development Project. That will be a separate application. Furthermore, please note that a portion of this increase (Rate Rider 1 – Consumption Deferral - \$2.46/m³) will only be charged for a two year period. This amount equates to almost 50% of the variable portion of the proposed increase.

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Email 9

Customer Question:

I wanted to reach out with the hope that you would be able to provide some context to the recently proposed water rates. I understand there has been a significant investment around the water infrastructure for Panorama however I was surprised to see the magnitude (over 50%) of the rate increase. I was hoping you could provide a cost bridge outlining how Corix has arrived at the rate increase. I thinking this could be very helpful in averting significant pushback, and folks contacting the Water Rights Comptroller before the February deadline.

Panorama Response (2019/02/05):

The Water Rate Application document contains the context, data and a review of the costs that led to the proposed increase. It can be found by clicking the link "Corix Panorama Water Rate Application" on the following webpage: <https://www.corix.com/panorama-mountain-village-resort/regulatory-affairs/water-rate-application-for-2019-rates>

In response to questions received so far, we have developed the attached Frequently Asked Questions (FAQ) document. This 2-page FAQ document addresses the topics raised in your email, specifically questions 3 and 8. The FAQ document provides summary responses to questions so if you want a more thorough explanation supported with data and relevant calculations please refer to the Water Rate Application.

Let me know if you have any additional questions after reviewing the material.