

Requestor Name: Panorama Subdivision Owners Association (PSOA)  
Information Request No: 1  
To: Corix Multi-Utility Services Inc. (CMUS) Panorama Water  
Date: September 26, 2020  
Reference No: 7677  
Application Name: 2020 – 2022 Water Revenue Requirements Application

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1.0 Reference: Panorama Water Utility Revenue Requirement & Rate Application for 2020 – 2022 Page 7

Explanation: On July 10, 2018, the Utility submitted the final cost estimates and physical design to the Comptroller and requested approval to proceed with construction of the project with an estimated completion date of July 2019. Through Order No. 2531, dated July 30, 2018, the Comptroller ordered that the: "...final cost estimate of \$6,934,974 and the physical design for the GSDP Project are accepted and approval to proceed with the construction of the project is granted. Corix is to file a Revenue Requirements and Rate Application by December 31, 2019".

Request:

- 1.1 What major cost factors caused this relatively straightforward construction project to cost so much and to run \$604,319 over the "final cost estimate" approved by the BC Comptroller of Water Rights?
- 1.2 Was this final cost estimate of \$6,934,974 determined by a competitive bid process or by other means?
- 1.3 If not by a competitive bid process, on what basis was the contract for construction awarded?
- 1.4 Detail what, if any, cost containment measures Corix implemented to reduce the overall cost of this project.
- 1.5 Explain in simple terms in how many years Corix expects to recover the full cost of this project.

2.0 Reference: Panorama Water Utility Revenue Requirement & Rate Application for 2020 – 2022 Page 7

Explanation: Corix states: Additional work beyond the scope of the approved budget was also required. The provided contingency of \$345,973 was not sufficient for these additional items. These items are, for the most part, typical for a project of this magnitude and include costs for winter work, unknown conditions and addressing on-site conditions related to rock and ski hill infrastructure. The cost of these works in excess of the contingency provided was \$63,781.65. Corix further states: The remaining difference \$109,000 relate to contract issues on unit price portions.

Request:

- 2.1 Provide details of work done for the \$63, 781.65 in excess of the contingency provided

2.2 Provide details of contract issues resulting in additional charges of \$109,000 to the cost of this project.

3.0 Reference: Schedule of Operating & Maintenance Expenses Schedule 2 FS3

Explanation: Schedule 2 of O & M Expenses on page FS3 indicates Insurance costs for the CMUS Panorama Water Utility rising from \$2,767 in 2016 to a forecast \$28,892 in 2024.

Request:

3.1 CMUS to provide an explanation as to why this small utility with substantially new infrastructure would be subject to a 1000% increase in insurance costs over 8 years?

4.0 Reference: Customer Count & Consumption Table 21, pg. 45. Customer Bill Impact Analysis Table 27, pg. 54

Explanation: Corix states: "From 2015 through 2019 the number of bed units for residential customers has grown from 1,814 to 2,048. For residential customers, Corix has forecasted growth in customer count by 1 customer in each of 2020, 2021 and 2022. This is equal to the growth in customer count for 2019 and in the absence of more definitive information to suggest otherwise, this represents a reasonable customer forecast. Consistent with the approved tariff, Corix assumes that one residential customer represents 10 bed units and has forecasted the number of bed units for 2020, 2021 and 2022 accordingly. Corix has forecasted 8 residential customer additions for each of 2023 and 2024, based on information from developers and has forecasted the number of bed units for these years accordingly".

Request:

4.1 In Table 21: Utility Customers and Consumption Actual Forecast, Corix may be unaware of the three home presently under construction on Greywolf drive and the proposed fourth home that will be constructed in 2021 to bring the number of residential customers to 295 in 2021. What difference in their financial modelling will this bring about to forecast revenues?

4.2 In Table 21 Corix shows residential consumption at an average ranging between 11.62 cu. m. and 12.10 cu. m. per bed unit in years 2019 – 2024 for an average yearly consumption per bed unit of 142 cu. m. In Table 27, Corix uses an average of 83.7 cu. m. – 83.9 cu. m. per bed unit to calculate the impact on the Total Bill Impact for Residential Customers Explain the difference in the two Tables and show the financial effect of using the same figures used in Table 21 to calculate the true Total Bill Impact for Residential Customers.

4.3 In Table 27 Corix has used an average number of bed units of 7.0 – 7.2 to calculate the financial effects of the proposed rate changes on the Total Bill Impact for Residential Customers. Recalculate Table 27 to show the true effect per single family residence with 10 bed units as per Corix normal charges for one residential customer.