

CORIX UTILITIES (FOOTHILLS WATER) INC.

PUBLIC OPEN HOUSE

**2023 - 2025 Revenue Requirements
and Rates Application**



November 3, 2022

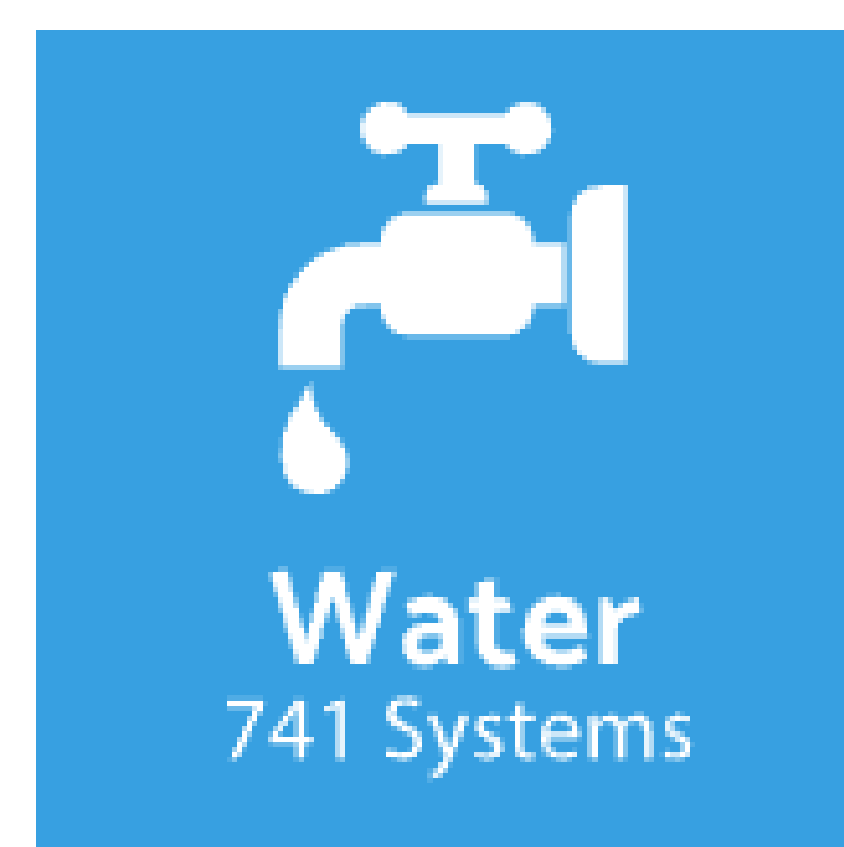
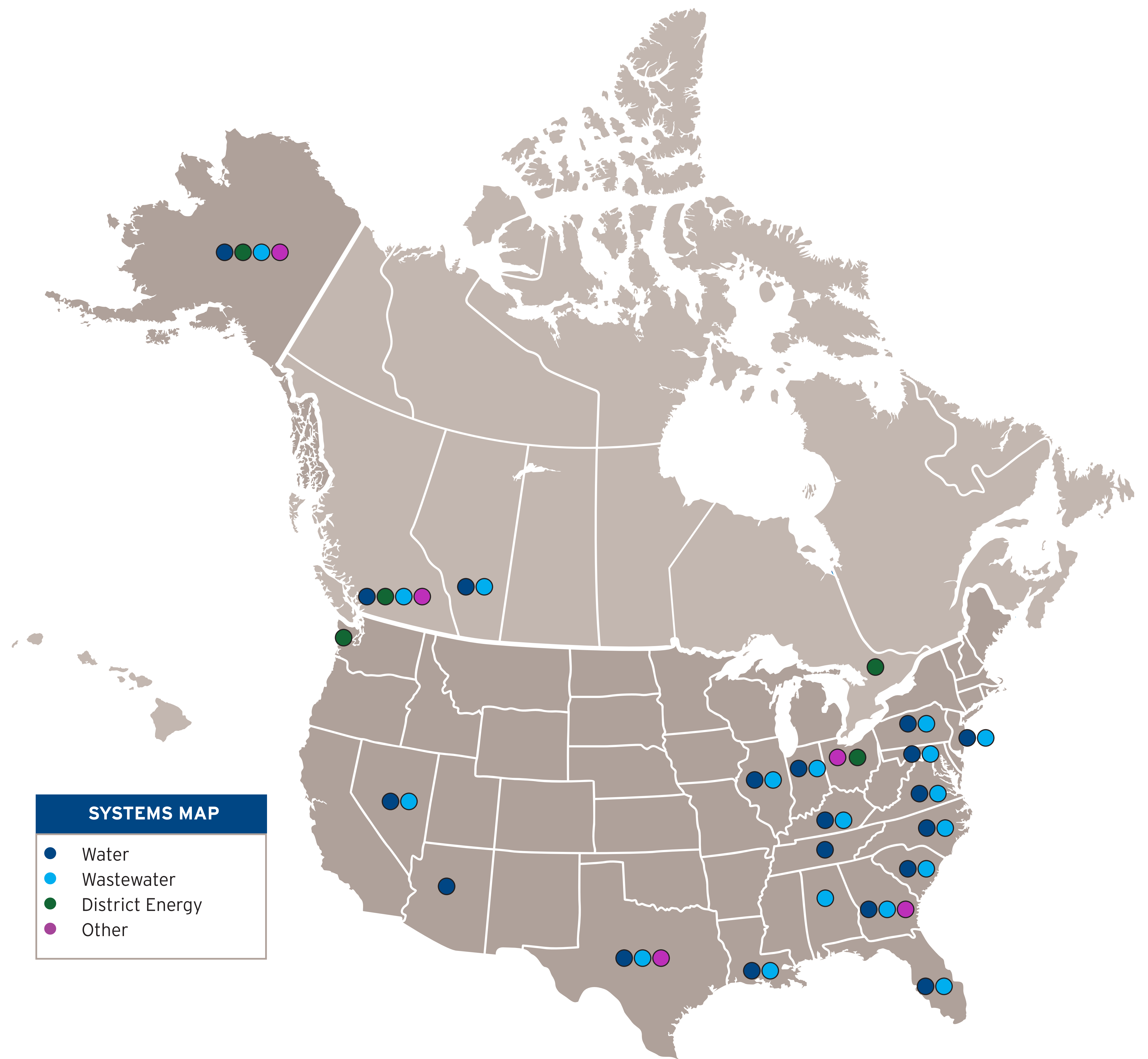
- A Canadian-based, fully integrated utility service provider with operations across North America

- A leader in water, wastewater, and thermal energy utility infrastructure solutions with expertise in small to medium-sized communities

- Provides service to over one million end users

- CII is owned by the British Columbia Investment Management Corporation (BCI), which provides investment management services for BC's public sector

- BCI is one of the largest asset managers in Canada with CAD\$211.1 billion of managed assets as of March 31, 2022



- CII and SouthWest Water Company (SouthWest Water) have entered into an agreement to combine the water and wastewater businesses of CII and SouthWest Water
- Transaction is expected to close by the end of 2023, subject to the satisfaction of all required regulatory approvals and closing conditions
- An application seeking the necessary regulatory approvals will be submitted to the Alberta Utilities Commission in November 2022
- The combined company will be headquartered in Sugar Land, Texas, and maintain its operating presence in each of its service territories with Rob MacLean, as the President and CEO
- Continued commitment to providing high-quality water and wastewater services that are safe, reliable and sustainable
- News Release located on www.corix.com/news/



- Foothills Water owns and operates the water utility providing service to the community of Heritage Pointe, Alberta
- Regulated by the Alberta Utilities Commission and Alberta Ministry of Environment and Protected Areas
- Foothills Water provides:
 - Potable water distribution service to 955 residential and commercial customers
 - Potable bulk water service at the fill station
 - Raw water transportation service to four customers
- Key components of the utility include:
 - A raw water intake and pump house sourcing water from the Bow River
 - Water treatment plant that employs pre-treatment by an up-flow clarifier and dissolved air flotation (DAF) technology; ultraviolet (UV) light reactors; and sodium-hypochlorite disinfection
 - Two potable water storage tanks with a combined capacity of 3,912 m³
 - Bulk Water Fill Station that dispenses potable water
 - Fire pumps in both reservoirs, capable of providing water flows of 126 litres per second, plus firewater storage and 95 fire hydrants



- Corix will submit a revenue requirement and rates application to the Alberta Utilities Commission (AUC) in November 2022
- In the Application, Corix will request the AUC's approval for:
 - A rate design to better align fixed charges with meter size
 - Potable water customer rates for a three-year period (2023, 2024 and 2025)
- No changes to potable water rates at Foothills Water since January 1, 2014, more than eight years ago
- Customer rate increases are necessary due to:
 - Large capital expenditures required to:
 - Repair Bow River riverbank and raw water intake damaged in past floods
 - Replace critical assets and components at the end of their lives
 - Increases in operating costs since 2014, driven primarily by labour costs, shared cost allocations and insurance
 - Limited customer growth since 2014, which is insufficient to offset increase in costs

The Utility recovers the cost of an asset over the service life of the asset. Below are the major capital expenditures that materially impacts the rate increases.

1. Intake/Riverbank Rehabilitation (Approx. \$1,200,000 in 2022)

- Combined project to replace the damaged raw water intake screen and to rehabilitate the eroded riverbank
- Project stemmed from the extensive flooding in 2013, noted by the City of Calgary to be the largest flood in Calgary since 1932

2. Distribution Control Panel Upgrade (Approx. \$427,000 in 2023)

- The old distribution control panel, which controls the distribution pumps, is a critical asset that is no longer manufactured and has been experiencing intermittent failures
- This project will upgrade the obsolete distribution control panel with a new programmable logic controller (PLC) and controls, with a backup for redundancy

3. Ultraviolet (UV) Treatment Unit and Backup Generator (Approx. \$207,000 in 2023)

- Represents the portion of the total cost for the installation of a 500KW backup generator and an upgrade to the UV treatment unit to serve existing customers
- The remaining portion of the total cost was paid for by the property developer

4. Various Projects (Approx. \$95,000 in 2023)

- Replacement of aged Automatic Transfer Switch (ATS) that previously failed and was repaired with dated parts (approx. \$45,000 in 2023)
- Meter exchange program to replace meters at their recommended service life (approx. \$50,000 in 2023 with additional costs in 2024 and 2025)

Foothills Water's Capital Expenditures increase system reliability, which reduces risk of service interruption

- Required rate increase calculated using the rate base cost-of-service approach, consistent with standard regulated utility practice

IMPACT TO CUSTOMERS		2022	2023	2024	2025
Required Rate Increase for residential and commercial ⁽¹⁾		--	19.9%	4.1%	2.2%
Average Residential Customer (using 316m ³ year) ⁽²⁾	Annual Bill	\$1,268	\$1,521	\$1,583	\$1,617
	Annual Bill Increase	--	\$252	\$62	\$35
	Monthly Bill Increase	--	\$21	\$5	\$3

Note (1): Final Application may include marginal changes to these figures.

Note (2): Historical residential average use-per-customer is 316m³ per year.

- **Required rate increases from 2023 to 2025 averages 8.7% bill increase per year**
 - Equivalent to an average increase of \$113 per year for average residential customer
- Average annual increase from January 1, 2015 to December 31, 2025 would be 2.4% per year, since no rate change from 2015 to 2022

- The Alberta Utilities Commission (AUC) is an independent, quasi-judicial agency of the province of Alberta
- Investor-owned water utilities are regulated by AUC to ensure that customers receive safe and reliable service at fair and reasonable rates
 - For more information, please visit: www.auc.ab.ca
- AUC uses a public review process to review rate applications
 - Notification of the filing of the Rate Application will be provided
 - The Rate Application will be made available to the public
 - Utility customers can request to participate in the review process as interveners
 - AUC determines eligibility to participate as intervener
 - For more information, please visit: www.auc.ab.ca/rates-review-process
- Your participation and feedback in this Open House will be included as part of the Application
 - To provide written feedback, please email us at RegulatoryAffairs.Canada@corix.com by November 10, 2022

