

&RPPLWWHH RI WKH :KROH 0HHWLQJ 1R
7XHVGD\ :DWHU 5DWHVWVLRQ
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\$/7(51\$7,9(237,216

7KHUH DUH QR DOWHJQ E WMMH R SW MRLQVH

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5HYLHZLQJL OVKDJH RI 3HPEHUWRQ ,PSOHPHQW D WLRQH FRKQ:DFW DU 5
0HPRUDQGXP DV SUHSDUH ZGVEK 6:W3BULRWV WVF* R Z B *RYHUQDQFH EH
DQ RSHQ DQG DFFRXQWDEOH JRYHUQPHQW DQG WR ILVFDO UHVS

5(&200(1'\$7,21

7+\$7WKH &RPPLWWHH RI WKH :KROH SURYLGH GLUHFWRQ WR 6W
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&RXQFLO WR EH KHOG RQ 7XHV GDUVWD 6HFRQG DQG 7KLUG 5HDGL

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\$SSHQGL:/\$, ESOHPHQW D WLRQ RI :DWHU 5DWHV W DO 0HPRUDQGXP

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1LNNL *LOPKLUHH \$GPLQLVWUDWLYH 2IILFHU

Appendix A

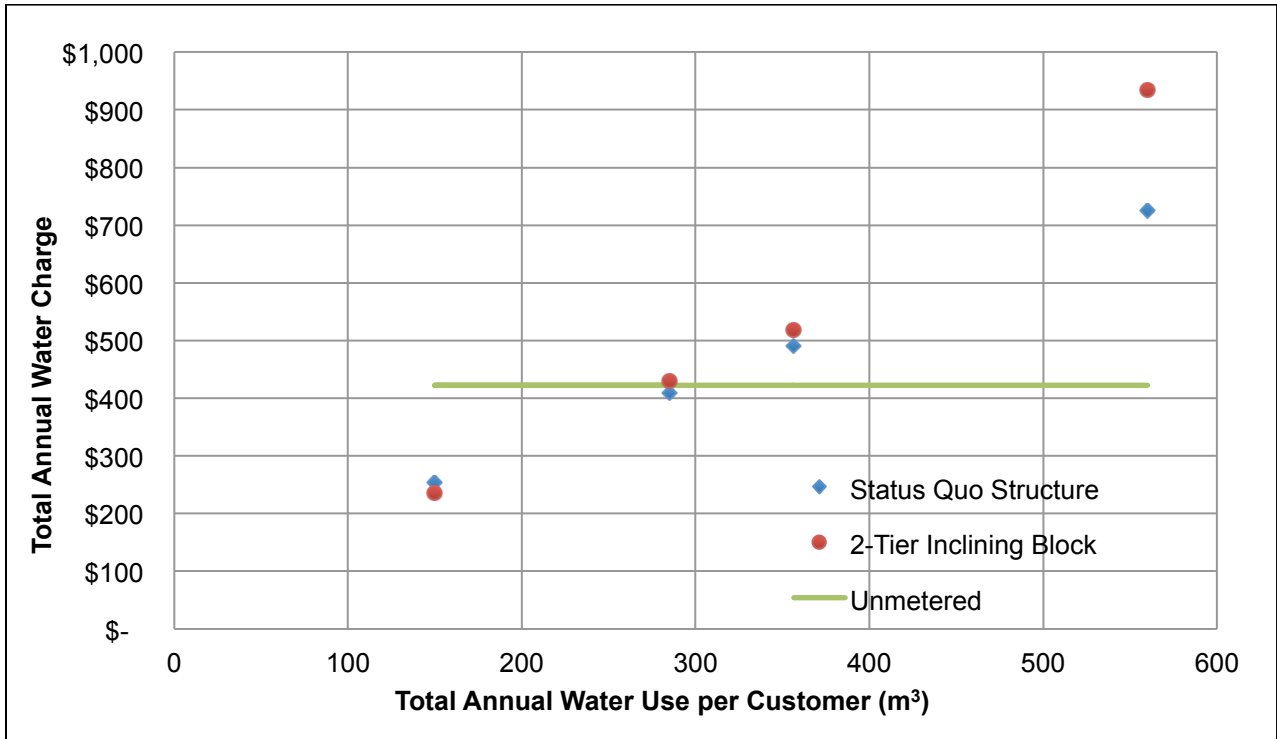


Figure 5: Residential Water Usage vs. Charges, 2014 – Alternative 1

4.5 Metered Industrial, Commercial, Institutional (ICI) Rates

Rate calculations for metered ICI accounts are based on 2012 water use by 26 customers with annual use ranging from zero to 6,600 m³.

The status quo ICI rate scenario includes a flat quarterly charge that includes up to 300 m³ of consumption. Only consumption above 300 m³ per quarter is billed at a variable consumption charge. Only 8 of the 26 customers paid more than the minimum charge in 2012; these customers have no economic incentive to reduce water demands below the quarterly threshold.

The status quo structure and a flat meter charge plus uniform rate scenario with no lower threshold were developed to calculate total revenue and annual costs per user based on the 26 existing customers' 2012 demands. The scenario inputs are shown in Tables 10 and 11, and the Alternative 1 results are shown in Figure 6 with flat (unmetered) 'Retail < 1,000 sq.ft.' and 'Industrial/Commercial' rates for comparison. The Alternative 2 results (not shown) are essentially identical.

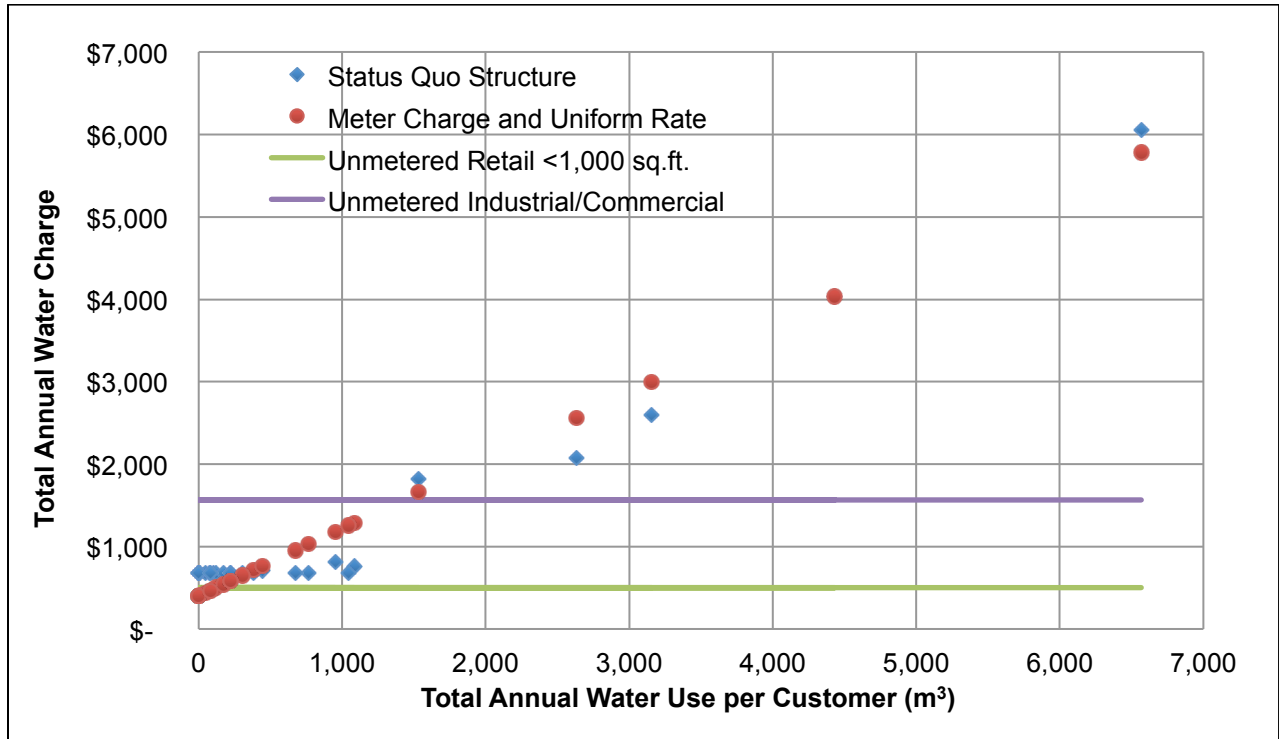


Figure 6: ICI Water Usage vs. Charges, 2014 – Alternative 1

4.6 Outside Boundary Retail (OB) Rates

Rate calculations for OB accounts are based on 2012 water use by 19 customers with annual use ranging from zero to more than 1,600 m³. The upper limit of billable consumption per customer in the OB class is unclear, as usage has varied widely from year to year, and leak adjustments appear have been applied in several cases where meter records indicate consumption well in excess of 2,000 m³.

As with the metered ICI class, the status quo OB rate scenario includes a flat quarterly charge that includes up to 300 m³ of consumption. Only consumption above 300 m³ per quarter is billed at a variable consumption charge. Only 5 of the 19 OB customers paid more than the minimum charge in 2012; these customers have no economic incentive to reduce water demands below the quarterly threshold.

The status quo structure and a two-tier inclining block rate scenario with no lower threshold (identical to the residential inside boundary scenario) were developed to calculate total revenue and annual costs per user based on the 26 existing customers' 2012 demands. The scenario inputs are shown in Tables 12 and 13, and the Alternative 1 results are shown in Figure 7. The Alternative 2 results (not shown) are essentially identical.

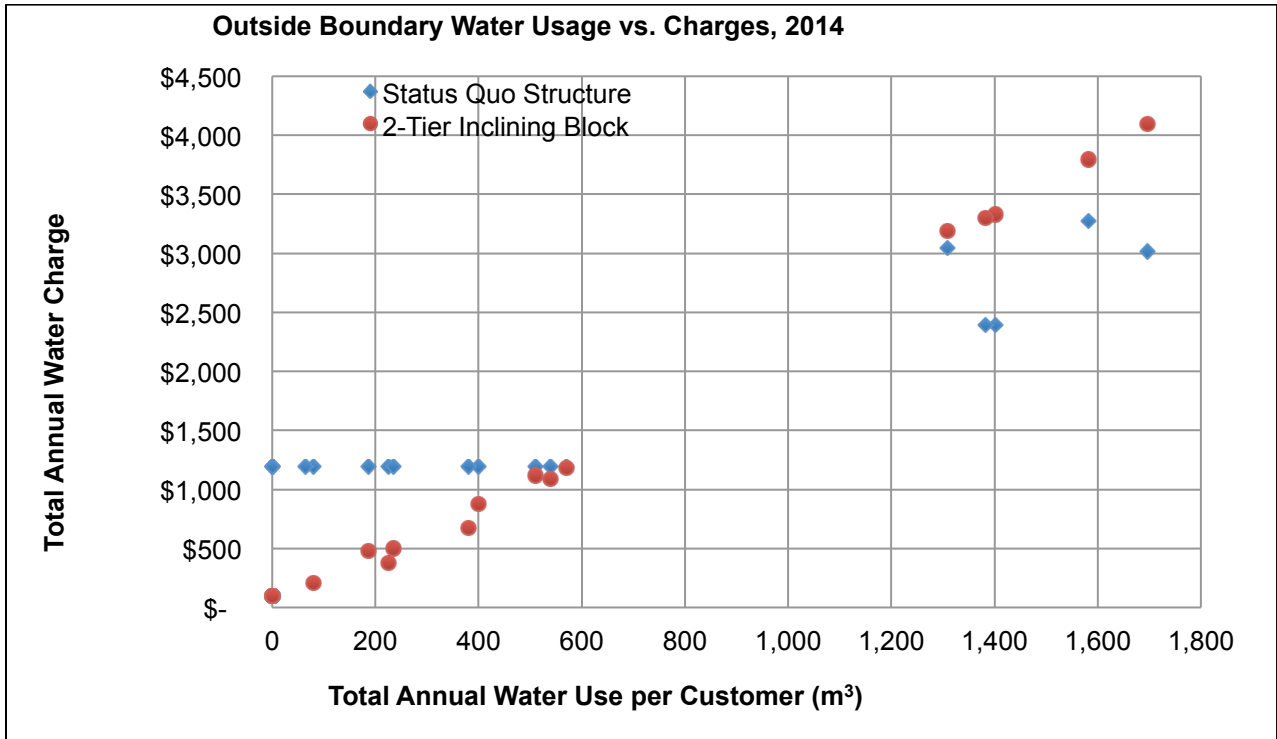


Figure 7: Outside Boundary Retail Water Usage vs. Charges, 2014 – Alternative 1

4.7 Pemberton North Water Service (PNWS) Rates

PNWS is a metered bulk water account that provides water supply to the Pemberton North Water Service Area operated by the Squamish-Lillooet Regional District (SLRD). The service area is situated outside VoP’s municipal boundary, although two of the 153 customer connections to the PNWS system are dwellings in VoP. Retail connections to the PNWS system are unmetered, and are primarily residential.

Distribution losses in the PNWS system are believed to account for a substantial proportion of the bulk water demand³. VoP wishes to provide an economic incentive for reducing losses in the PNWS system to make water supply capacity available for future needs. However, the PNWS already carries a high debt load associated with previous watermain replacement aimed at reducing losses, and high bulk water costs may impair the users’ capacity for further investment in water loss reduction. The potential for a substantial reduction in base demand also poses significant revenue risk to VoP.

A modified status quo structure is modelled, simplified by removing the bottom tier, where the first 300 m³ per quarter are provided at no consumption charge (which will never be used since consumption will always exceed this amount). A two-tier inclining block rate scenario with no lower threshold is also modelled. The scenarios are shown in Tables 14 and 15.

³ Water Rate Review, Section 2.3

