



Corix Utilities (Foothills Water) Inc.

Application for Excluding Franchise Fees and
Application for a Rate Rider to Collect Revenue Deficiency

September 2, 2010

ALBERTA UTILITIES COMMISSION

Decision 2010-429: Corix Utilities (Foothills Water) Inc.
Application for Excluding Franchise Fees and
Application for a Rate Rider to Collect Revenue Deficiency
Application No. 1606138
Proceeding ID. 616

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Published by

Alberta Utilities Commission
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ALBERTA UTILITIES COMMISSION

Calgary Alberta

CORIX UTILITIES (FOOTHILLS WATER) INC. APPLICATION FOR EXCLUDING FRANCHISE FEES AND APPLICATION FOR A RATE RIDER TO COLLECT REVENUE DEFICIENCY

**Decision 2010-429
Application No. 1606138
Proceeding ID. 616**

1 INTRODUCTION

1. This Decision addresses the implementation of new rates approved by the Alberta Utilities Commission (AUC or Commission) in [Decision 2010-074](#).¹

2. In that Decision, the Commission approved a rate increase sought by the Corix Group of Companies (Corix Group), on behalf of Corix Utilities (Foothills Water) Inc. (Corix Foothills) (collectively Corix). The rate increase was processed pursuant to Commission [Rule 011: Rate Application Process for Water Utilities](#) (Rule 011).

3. The Commission approved a rate increase of 15 percent, and Corix was directed to file with the Commission a rate rider application for Corix Foothills designed to collect the revenue deficiency incurred between February 1, 2009 and the March 1, 2010 implementation of the new rates. On April 27, 2010, Corix filed an application with the Commission seeking approval to collect the accrued revenue deficiency as directed, as well as seeking approvals to reduce the approved water rates by 2.5 percent as a result of a Municipal District franchise fee which was no longer required to be collected (Application).

4. Corix Foothills is an investor-owned utility that provides water treatment and distribution to the community of Heritage Pointe, located along the Bow River south of Calgary. Corix Foothills is owned by Corix Group, which is based in Vancouver and maintains an asset base of over \$380 million with over 900 employees. Corix Group also owns Corix Utilities (Foothills Wastewater) Inc., a separate corporation, which owns and operates the sewage treatment facilities at Heritage Pointe. Corix Foothills provides water service within Heritage Pointe under a franchise agreement with the Municipal District of Foothills No. 31. The territory of the franchise agreement extends considerably beyond the Heritage Pointe community. At present, however, Corix Foothills only provides water service to Heritage Pointe.

5. The Notice of Application was issued on May 4, 2010 to participants from Application No. 1591472 which resulted in Decision 2010-074 and the Commission did not receive any Statements of Intent to Participate (SIP). On May 28, 2010, the Commission requested additional information from Corix in the form of Information Requests (IRs) due by June 9, 2010. Corix filed Information Responses on June 3, 2010. Subsequently, on June 15, 2010, Corix filed revised responses to the IRs. The Commission considers June 15, 2010 to be the close of record for this Application. The Commissioner assigned to this Application was Moin A. Yahya.

¹ Decision 2010-074: Corix Utilities (Foothills Water) Inc., 2009 Rate Base and Water Rate Increase Application, Rule 011: *Rate Application Process for Water Utilities* (Application No. 1591472) (Released: February 23, 2010).

2 BACKGROUND

6. In Decision 2010-074 the Commission approved the Terms and Conditions of Service for Corix Foothills, which included schedules of fees, charges and rates, attached as Appendix 7 to that Decision, which included a rate increase of 15 percent, to be effective from the originally applied for date of February 1, 2009. The Commission also directed that the revenue deficiency incurred between February 1, 2009 and the actual implementation date would be collected by Corix from customers on a go-forward basis by way of a temporary rate rider. The actual implementation date was March 1, 2010.

7. In this Application, Corix submitted that the previously approved 15 percent increase included a franchise fee which amounted to 2.5 percent of gross revenues that resulted from a franchise agreement between the Municipal District of Foothills (MD Foothills) and Corix. In April 2010, however, MD Foothills instructed Corix that it no longer wished to collect the franchise fee.²

8. Accordingly, Corix has now applied to reduce its approved water rate increases from a 15 percent overall increase to 12.5 percent, to reflect removal of the franchise fee. The result would be a decrease to the basic monthly water charges from the approved rate of \$46 to \$44.85, and a decrease in the approved metered charges from \$1.62/m³ to \$1.58/m³.

9. In anticipation of the Commission approving this reduction in rates, Corix began charging rates to reflect the Municipal District franchise fees no longer being collected beginning with customer bills sent out April 28, 2010.³ In the Application, Corix referred to the bill for water services provided and consumed in April as “May billing.”

10. Corix also included an informational note with the May billing, which advised customers of the reasons for the reduction on the May bill. The note also advised customers of a credit which would be applied on the June bill to refund the franchise fee which had been collected from customers on the April billing (i.e. April billing for water services provided and consumed in March, which was the first bill sent to customers reflecting the increased rates approved in Decision 2010-074).

11. As to the collection of the revenue deficiency incurred between February 1, 2009 and March 1, 2010, Corix proposed to collect the revenue deficiency over a three-month period with revenue owing from each customer collected in three equal monthly payments. Corix has assessed the total revenues owing from all customers, including interest and without the franchise fee at \$87,729.87.

3 COMMISSION FINDINGS

3.1 Franchise Fees

12. The Commission finds that because MD Foothills no longer wishes to receive the franchise fee, it is reasonable to reduce the approved water rates increase approved in Decision

² AUC-CRX-3.

³ AUC-CRX-1.

2010-074 by the amount of the subject franchise fee and to reduce the overall water rate increase by 2.5 percent from 15 percent to 12.5 percent. Accordingly, the Commission approves the proposed rate reduction as filed and as found in [Appendix 1](#) to this Decision. The Commission also notes that Corix has included a refund of the franchise fee which had been collected from customers on the April Billing (for March water services) in the June bill (for May water services).

3.2 Rate Rider to Collect Revenue Deficiency

13. Corix applied, as directed in Decision 2010-074, to collect the revenue deficiency incurred between February 1, 2009 and the March 1, 2010 implementation of new rates.

14. Corix assessed the total revenues owing from all customers, including interest and without the franchise fee at \$87,729.87. Corix submitted that the total interest owing was calculated monthly using the Bank of Canada monthly rate for the 13 months February 1, 2009 through February 28, 2010 plus 1.5 percent and amounted to \$1765.43.⁴ Corix recommended a three-month revenue deficiency collection period, with revenue owing from each customer collected in three equal monthly payments.

15. Corix submitted in AUC-CRX-2(a) that spreading the payment over a three-month period lessened the burden on rate payers while providing a reasonable time period for the utility to be reimbursed. In the revised response to AUC-CRX-2 (e), Corix submitted that the proposed collection rider for the average residential customer of \$42.58 /month.

16. The Commission notes that no party filed a SIP or otherwise filed correspondence with the Commission to express concerns or objections to the proposed three-month recovery rider, and finds that Corix's proposal to collect the revenue deficiency rider over a three-month period is reasonable in the circumstances.

17. As such, the Commission considers that the three equal monthly payments will allow customers to be affected for a shorter period amount of time while providing the utility a reasonable amount of time to be reimbursed. The proposed collection period will also amount to less intergenerational inequity.

18. Therefore the Commission approves the proposed revenue deficiency rider as filed and as found in [Appendix 2](#) to this Decision. The Commission directs Corix to collect the total submitted revenue owing from all customers, including interest, (\$87,729.87) in the form of a temporary revenue deficiency rider to be collected in three equal monthly payments over a three-month period, beginning with the October bill for September water service, or the next billing month as is reasonably practicable for Corix to implement.

19. Corix should also attach an information note during the three billing months informing the customers about the deficiency rider and that the deficiency rider will be collected for only three months.

⁴ Corix Application, page 2 - A detailed breakdown of the back payment calculation for each customer, including the interest charge, is provided in Attachment 1 of the Application.

20. Further, the Commission notes that there are two outstanding directions from Decision 2010-074 for Corix to include in their next rate application to the Commission.⁵

21. Corix is directed to include in its next rate application to the Commission information respecting any issues and concerns that it is aware of relating to quality of service, including any related concerns which may involve water quality as may be reasonably available to Corix at the time of its next rate application.

22. Corix is directed to include in its next rate application to the Commission information demonstrating that the Corix Foothills water licenses that are in place are sufficient before undertaking to provide water service beyond its current developed service area.

23. IT IS HEREBY ORDERED THAT:

- (1) The Commission approves the proposed rate reduction as filed and as found in Appendix 1 to this Decision. The Commission finds it is reasonable to reduce the approved water rates increase approved in Decision 2010-074 by the amount of the subject franchise fee and to reduce the overall water rate increase by 2.5 percent from 15 percent to 12.5 percent.
- (2) The Commission approves the proposed revenue deficiency rider as filed and as found in Appendix 2 to this Decision. Corix is directed to collect the total submitted revenue owing from all customers, including interest, (\$87,729.87) in the form of a temporary revenue deficiency rider to be collected in three equal monthly payments over a three-month period, beginning with the October bill for September water service, or the next billing month as is reasonably practicable for Corix to implement.

Dated on September 2, 2010.

ALBERTA UTILITIES COMMISSION

(original signed by)

Moin A. Yahya
Commissioner

⁵ Decision 2010-074, page 10, Section 5, Order (6) and (7).

**APPENDIX 1 – COMMISSION APPROVED FEES, CHARGES, RATE SCHEDULES
AND TERMS AND CONDITIONS OF SERVICE EFFECTIVE AS OF
SEPTEMBER 2, 2010**

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Appendix 1 - Corix
Utilities TandCs Effect

(consists of 21 pages)

APPENDIX 2 – COMMISSION APPROVED REVENUE DEFICIENCY RIDER

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Appendix 2 -
Revenue Deficiency F

(consists of 2 pages)

APPENDIX 1

**COMMISSION APPROVED FEES, CHARGES, RATE SCHEDULES AND
TERMS AND CONDITIONS OF SERVICE EFFECTIVE AS OF
SEPTEMBER 2, 2010**

Corix Utilities (Foothills Water) Inc.

**Water System Tariff
Terms and Conditions**

CONTAINING

DEFINITIONS, TERMS AND CONDITIONS AND RATES FOR SERVICE

Effective: September 2, 2010

**This Terms and Conditions Document is available for public inspection at the offices of
Corix Utilities (Foothills Water) Inc. at Heritage Point, Alberta.**

Effective: September 2, 2010

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Part A - Definitions

The following terms, wherever used in these Terms and Conditions, shall have the meaning set forth below:

- (a) “**Account Charge**” means the single initial set-up charge required to be paid by a Customer for Services in the amount specified in the Standard Fees and Charges Schedule;
- (b) “**Applicant**” means any Person applying for utility service from the Company subject to this Terms and Conditions Document;
- (c) “**Basic Charge**” means the fixed charge required to be paid by a Customer for Services during a prescribed period in the amount specified in the Rate Schedule;
- (d) “**Call-Back Charge**” means the charge required to be paid by a Customer for call back in the amount specified in the applicable Standard Fees and Charges Schedule;
- (e) “**Collection Charge**” means the charge required to be paid by a Customer for collection of an overdue account in the amount specified in the Standard Fees and Charges Schedule;
- (f) “**Commercial Service**” means the provision of Service supplied to commercial, institutional or small industrial operations;
- (g) “**Company**” means Corix Utilities (Foothills Water) Inc. or any division or affiliate of Corix Utilities (Foothills Water) Inc. carrying on the business of a water utility, and their respective duly authorized officers, agents and employees;
- (h) “**Customer**” means a Person who is an owner or occupant of a Premise which receives Services from the Company;
- (i) “**Person**” means any individual, corporation, partnership, cooperative, association or other entity;
- (j) “**Premise**” means a single lot or piece of ground including improvements thereon, to which Service is or will be provided by the Company;
- (k) “**Rate Schedule**” means a schedule attached to and forming part of these terms and conditions, which sets out the charges for Service and certain other related charges in connection with the provision of Services;

- (l) “**Reactivation Charge**” means the charge required to be paid by a Customer for reactivation of Services in the amount specified in the Standard Fees and Charges Schedule;
- (m) “**Regulator**” means the applicable regulatory authority.
- (n) “**Residential Premise**” means the Premise of a single Customer, whether single family dwelling, separately metered single-family townhouse, row house, apartment, or single-metered apartment blocks with four or less apartments;
- (o) “**Residential Service**” means the provision of Service provided to a Residential Premise;
- (p) “**Services**” means the provision of water utility services supplied by the Company to a Premise by the Water System and includes the operation and maintenance of the Water System;
- (q) “**Services Agreement**” means either an oral or written application for Services of a Customer which has been approved by the Company and which is deemed to include the terms and conditions set out herein or an agreement for Services in a form determined by the Company and signed by the Customer;
- (r) “**Service Connection**” means, in respect of any component of the Water System provided to a building, the connection point representing the demarcation between the service infrastructure owned by the Company and the equipment owned by the Customer or owner of the property. The demarcation point is the property line.
- (s) “**Tenant**” means a Person who has the temporary use and occupation of real property owned by another person.
- (t) “**Water System**” means the water treatment plant and all pipes, pumps, valves, reservoirs, manholes and appurtenances which constitute the system for supplying water to the Service Connections.

Part B - GENERAL TERMS AND CONDITIONS

1. Application for Service

The Company provides Services to Customers solely in accordance with the terms and conditions set out herein and the Rate Schedules attached hereto.

Every Person wishing to become a Customer shall apply to the Company for Services. Application for Services can be made in person, in writing, by phone call or e-mail. Applicants

will be required by the Company to complete an application form or an agreement for Service in such form as determined by the Company from time to time. Applicants may be required to provide reference information and identification acceptable to the Company.

The application or agreement for Services will become a Services Agreement upon commencement of the provision of Services, and these terms and conditions will be part of said Services Agreement.

If an Applicant requests Services from the Company at more than one Premise, or for more than one separately operated business, the Applicant will be considered a separate Customer for each of the Premises and businesses. The Company will determine whether or not any building contains one or more Premises or any business is separately operated.

The Company may refuse to provide Services to an Applicant if an occupant of the Applicant's Premise has an unpaid account for Services incurred while the occupant previously occupied any Premise at the same time as the Applicant.

2. Re-Application for Service

If a Customer's Services Agreement is terminated, whether or not there is a physical disconnection by the Company, and if that Customer or the spouse, servant or agent of that Customer applies for new Services within 12 months of the most recent termination date for the same Premise, then the Applicant shall pay the greater of:

- (a) the costs that the Company estimates that it will incur in making the restoration or reconnection of the Services; and
- (b) the sum of the Basic Charges which the Customer would have paid between the time of termination and the time of application for new Services

3. Assignment

A Customer shall not transfer or assign a Services Agreement to another Person without the written consent of the Company.

4. Rates

The Account Charge, the Basic Charge, and any other fees or charges to be charged by the Company, and paid by Customers to the Company for Services shall be the rates from time to time in effect. The current rates are set out in the Rate Schedules attached hereto.

The Company reserves its right to amend the rates set out in the Rate Schedules from time to time and to establish alternative rate structures for the provision of the Services subject to the approval of the Regulator.

5. Service Connections

5.1 Maintenance of Water System

The Company shall maintain the Water System and the Water System shall be and remain the property of the Company. The Company will normally serve each parcel of land with one Service Connection for each Service. If a Customer requests more than one Service Connection for a Service, the Company may install the additional Service Connection and charge the Customer the Application Fee as set out in the Standard Fees and Charges Schedule, as well as the full cost (including overhead) for the additional Service Connection installation. The Company, at its discretion, may bill for the additional Service Connection from a separate account.

5.2 Separate Service

Each Premise shall be served individually through separate service lines, unless the Company approves some other arrangement because of special circumstances.

5.3 Winter Construction

During winter construction conditions such as ground frost or excessive snow accumulations, the Company may postpone construction until winter construction conditions subside.

6. Equipment and Facilities on Private Property

The Company is not responsible for any facilities and equipment on a Customer's Premise beyond the Service Connection. All infrastructure and equipment including all pipelines used to connect a Premise to the Service Connection shall be installed, maintained and owned by the Customer or the owner of the Premise and shall be installed and maintained in a manner satisfactory to the Company.

The Company may, at its discretion, install or require the installation of meters and meter reading devices at a convenient location at the Premises and such meters and meter reading devices shall remain the property of the Company and the Customer shall ensure that the Company has reasonable access to such meters and meter reading devices.

7. Disconnection by Authorized Personnel

Services shall not be disconnected from any Premise by any person who is not an agent of the Company, except temporarily by a qualified plumber in order to perform maintenance or repairs on facilities and equipment within the Premise. No Customer, unless specifically authorized to do so by the Company, shall open or close any of the valves in the Water System or any of the Service Connections.

8. Service Reconnections

A Customer shall pay a Reactivation Charge when Services are reconnected to a Premise previously disconnected from Services for the following reasons:

- (a) at the request of the Customer;
- (b) to permit the Customer to make alterations to or on the private property;
- (c) for breach of these terms and conditions.

The Reactivation Charge applies when the same Customer, or the spouse, employee, agent, contractor or partner of the same Customer requests reactivation of Services to the Premise within a period of one year.

A Customer shall not be required to pay a Reactivation Charge when the service disconnection was made for the reason of public safety or when the Company made the service disconnection for service requirements of the Company.

The Applicant for reactivation must pay the greater of:

- (d) the costs the Company incurs in reactivating the Service; and
- (e) the sum of the Basic Charges which the Customer would have paid between the time of termination and the time of reactivation of Services.

9. Change in Customer

It shall be the obligation of each Customer to notify the Company to terminate Services upon change of occupant or ownership of the Premises. The notice shall state the effective date for the change, which shall be no less than seven days after the notice is received by the Company.

Upon receipt of such notice, the Company shall prepare and submit to the Customer a final bill.

10. Use Of Services

A Customer shall use the Services only for the purposes permitted under the Rate Schedules for which application is or was made.

If there are separate systems for potable water and for irrigation water, the Customer shall be responsible to ensure that no cross connection occurs between the two systems, and that any taps or other fixtures from which water may be consumed are connected to the potable water system.

A Customer shall use the Services so as not to endanger equipment or cause any undue or abnormal fluctuations on the Water System.

A Customer shall request permission from the Company in advance if the Customer wishes to use an excessive quantity of water, such as for filling a swimming pool or such other purpose, and the Company will approve such request provided the quantity of water can be safely delivered through the Company's Water System and other Customers are not inconvenienced thereby.

11. Service Upgrades and Extensions

The Customer may make application to the Company to upgrade or extend the Water System beyond the normal standard. If approved by the Company, the Customer will pay for any costs incurred by the Company, including a reasonable mark up in providing the upgrade or extension.

12. Resale / Unauthorized Supply or Use

Unless authorized in writing by the Company, a Customer shall not sell or supply Services supplied to it by the Company to other Persons or use the Services supplied to it by the Company for any purpose other than as specified herein.

A Customer shall not make any connection or extension of any kind to the Water System without the prior written authorization of the Company. If any person makes any unauthorized connection or extension to the Water System, the Company may, in addition to any other remedies, immediately discontinue Services to such unauthorized connection or extension. In the case of any dispute concerning the authority for any such connection or extension, the burden of proof shall be upon the Customer to establish the validity of such authority.

13. Billing

13.1 Bills will be rendered on the basis of the Customer's Service Agreement, the Rate Schedules under which the Customer is provided Services and the fees and charges contained in the Standard Fees and Charges Schedule.

13.2 Bills will be rendered as often as deemed necessary by the Company, but generally on a monthly or bi-monthly basis. The due date for payment of bills shown on the face of the bill is the first business day after:

- (a) the twenty first (21st) calendar day following the billing date; or
- (b) such other period as may be determined by the Company.

13.3 Customers requesting historic billing information may be charged the cost of processing and providing this information but shall be notified of such charge in advance.

14. Back Billing

14.1 The Company, in the circumstances specified herein, may charge, demand, collect or receive from its Customers in respect of Services rendered, a greater or lesser compensation than that specified in the subsisting Rate Schedules of the Company applicable to those Services. In the case of a minor adjustment to a Customer's bill, such adjustments do not require back-billing treatment to be applied.

14.2 Back billing means the re-billing by the Company for services rendered to a Customer because the original billings were discovered to be either too high (over-billed) or too low (under-billed). The discovery may be made by either the Customer or the Company and may result from the conduct of an inspection. The cause of the billing error may include any of the following non-exhaustive reasons or combination thereof:

- (a) the application of an incorrect rate;
- (b) fraud, theft or any other criminal act.

14.3 If there are reasonable grounds to believe that a Customer has tampered with or otherwise used the Company's Water System or the Services in an unauthorized way, or evidence of fraud, theft or other criminal act exists, then the extent of back-billing will be for the duration of the unauthorized use, subject to the applicable limitation period provided by law, and the provisions of sections 14.8, 14.9, 14.10 and 14.11 below do not apply.

14.4 In addition, the Customer is liable for the direct administrative costs incurred by the Company in the investigation of any incident of tampering, including the direct costs of repair, or replacement of equipment.

14.5 Under-billing resulting from circumstances described above will bear interest at the rate normally charged by the Company on unpaid accounts from the date of the original under-billed invoice until the amount under-billed is paid in full.

14.6 In every case of under-billing or over-billing, the cause of the error will be remedied without delay, and the Customer will be promptly notified of the error and of the effect upon the Customer's ongoing bill.

14.7 In every case of over-billing, the Company will refund to the Customer all money incorrectly collected for the duration of the error, subject to the applicable limitation period provided by law. Simple interest, computed at the short-term bank loan rate applicable to the Company on a monthly basis, will be paid to the Customer.

14.8 Subject to section 14.3 above, in every case of under-billing, the Company will back-bill the Customer for the shorter of the duration of the error and;

- (a) six months for Customers receiving Residential Services or Commercial Service;
or
- (b) one year for all other Customers or as set out in a special or individually negotiated Services Agreement with the Company.

14.9 Subject to section 14.3 above, in every case of under-billing, the Company will offer the Customer reasonable terms of repayment. If requested by the Customer, the repayment term will be equivalent in length to the back-billing period. The repayment will be interest free and in equal instalments corresponding to the normal billing cycle. However, delinquency in payment of such instalments will be subject to the usual late payment charges.

14.10 Subject to section 14.3 above, if a Customer disputes a portion of a back-billing due to under-billing based upon either consumption, demand or duration of the error, the Company will not threaten or cause the discontinuance of Services for the Customer's failure to pay that portion of the back-billing, unless there are no reasonable grounds for the Customer to dispute that portion of the back-billing. The undisputed portion of the bill shall be paid by the Customer and the Company may discontinue Services if such undisputed portion of the bill is not paid.

14.11 Subject to section 14.3 above, in all instances of back billing where changes of occupancy have occurred, the Company will make a reasonable attempt to locate the former Customer. If, after a period of one year, such Customer cannot be located, the over-billing or under-billing applicable to them will be cancelled.

15. Late Payment Charge

If the amount due on any bill has not been paid in full on or before the due date shown on such bill, and if the unpaid balance is \$15 or more, a further bill will be rendered to include the overdue amount plus a Late Payment Charge as set out in the Standard Fees and Charges Schedule. Notwithstanding the due date shown, to allow time for payments made to reach the Company, and to co-ordinate the billing of Late Payment Charges with scheduled billing cycles, the Company may, in its discretion, waive Late Payment Charges on payments not processed until a number of days after the due date.

16. Returned Cheque Charge

If a cheque received by the Company from a Customer in payment of any account is returned by the Customer's bank, trust company or financial institution for the reason of not sufficient funds, or any reason other than clerical error, a Returned Cheque Charge, as set out in the Standard Fees

and Charges Schedule, for processing each returned cheque will be added to the amount due and payable by the Customer whether or not the service has been disconnected.

17. Refusal to Provide Service and Discontinuance of Service

17.1 The Company may refuse to provide Services or may, with 48 hours written notice, discontinue Services to any Customer or Applicant who:

- (a) failed to fully pay for Services at any Premises on or before the due date;
- (b) failed to pay any required security deposit, equivalent form of security, or post a guarantee or required increase in it, by the specified date;
- (c) is in receivership or bankruptcy, or operating under the protection of any insolvency legislation and has failed to pay any outstanding bills to the Company; or
- (d) occupied the Premise with another occupant who has an outstanding account incurred for Services while occupying any Premise at the same time as the Customer.

17.2 The Company may refuse to provide Services or may discontinue Services without notice, to any Customer or Applicant who:

- (a) refuses to provide reference information and identification acceptable to the Company, when applying for Services or at any subsequent time on request by the Company;
- (b) breaches the terms and conditions upon which Services are provided by the Company;
- (c) has defective pipes or appliances in the Customer's Premise;
- (d) uses the Water System or the Services in such a manner, as in the Company's opinion may lead to a dangerous situation;
- (e) fails to make modifications or additions to the Customer's equipment which have been required by the Company in order to prevent the danger described in 17.2(d) above;
- (f) fraudulently misrepresents to the Company the Customer's use of the Water System or the Services or vacates the Customer's Premise; or
- (g) has the Customer's Service Agreement terminated for any reason.

The Company shall not be liable for any loss, injury or damage suffered by any Customer by reason of the discontinuation of or refusal to provide Services.

18. Security for Payment of Bills

Customers who have not established or maintained credit to the satisfaction of the Company, may be required to provide a security deposit or equivalent form of security, the amount of which may not:

- (a) be less than \$50; or
- (b) exceed an amount equal to three months' Basic Charge.

A security deposit or equivalent form of security is not an advance payment.

The Company will pay interest on a security deposit at the rate and at the times specified in the Standard Fees and Charges Schedule. If a security deposit is returned to a Customer for any reason, the Company will credit any accrued interest to the Customer's account at that time. No interest is payable on:

- (c) any unclaimed deposit left with the Company after the account for which it is security is closed; or
- (d) on a deposit held by the Company in a form other than cash.

When a Customer pays the final bill, the Company will refund any security deposit plus any accrued interest or cancel the equivalent form of security.

If the Company is unable to locate the Customer to whom a security deposit is payable and it remains unclaimed for 10 years, the deposit then becomes the property of the Company.

If a Customer's bill is not paid when due, the Company may apply all or any part of the Customer's security deposit or equivalent form of security and any accrued interest towards payment of the bill. Under these circumstances, the Company may still elect to discontinue Services to the Customer for failure to pay for Services.

If a Customer's security deposit or equivalent form of security is appropriated by the Company for payment of an unpaid bill, the Customer must re-establish the security deposit or equivalent form of security before the Company will reconnect or continue Services to the Customer.

19. Account Charge – Existing Installation

When a change of Customer occurs, an Account Charge, as set out in the Standard Fees and Charges Schedule, shall be paid by the new Customer with respect to each Services applied for

and for each account in that Customer's name for which a separate bill is rendered by the Company, except if the new Customer is, or was, the spouse of the former Customer.

20. Collection Charge

A Collection Charge, as set out in the Standard Fees and Charges Schedule, shall be paid by the Customer for each time a Company representative attends the Customer's Premise to disconnect Services following issuance of a disconnect notice.

21. Termination of Service

Unless the Services Agreement or applicable Rate Schedule specifies otherwise, the Services Agreement will terminate on the date specified by the Customer in a written termination notice to the Company, provided that the date of termination shall be at least 48 hours after delivery of the notice of termination. The Customer will be responsible for all charges outstanding for Services provided up to the date that the Services Agreement is properly terminated.

The Customer is not released from any previously existing obligations to the Company by terminating the Services Agreement.

After receiving a termination notice for a Premise, and after a reasonable period of time during which a new Customer has not applied for Services at the Premise, the Company may seal off the Service lines connected to the Premise.

The Company reserves the right to suspend or terminate Services at any time to prevent fraudulent use of the Water System or the Services and to protect its property if the Customer fails to comply with the terms of the Customer's Service Agreement, or if the Company is ordered by a competent government authority to suspend or terminate such Services.

22. Curtailed of Service

The Company will use commercially reasonable efforts to provide regular and uninterrupted Services, but it does not guarantee continuous Services.

Services may be temporarily suspended to make repairs or improvements to the Water System or in the event of fire, flood or other sudden emergency. Further, at any time in the event of a breakdown or failure of the main supply or distributing plant or equipment, or to comply with the requirements of any law, the Company shall have the right to require any Customer or class or classes of Customers or all its Customers, until notice of termination of the requirement is given, or between specified hours, to discontinue the use of Services for any purpose or purposes or to reduce in any specified degree or quantity of consumption of Services for any purpose or purposes.

The Company will, whenever practicable, give notice by phone, mail, hand delivery or other means determined by the Company of any suspension of Services to the Customer and will restore Services as soon as reasonably possible.

The Company shall have authority, in the event of any emergency or event affecting the adequacy of the supply of water to the users of the Company's Water System or the fire fighting capacity or the condition of the Water System, either actual or imminent, to require any or all users to curtail or discontinue the use of water for nonessential uses and to use water only in accordance with regulations or restrictions determined by the Company. Such curtailment or discontinuance shall remain in effect for the duration of such emergency or event, as determined by the company. Verbal or other notice by the Company to the Customer or public advertisement in a newspaper circulated locally shall be deemed to be sufficient notice of such curtailment or discontinuance. No Customer shall thereafter use or permit to be used water furnished by the Company except in strict compliance with such regulations or restrictions. Failure by a Customer to comply with such regulations or restrictions may, without limiting any other rights or remedies available to the Company, result in fines imposed by the Company and/or suspension of water service to the Customer.

Nonessential uses of water are included in the following list:

- (a) use of hoses, sprinklers, or other means for sprinkling or watering of shrubbery, trees, lawns, grass, plants, vines, gardens, vegetables, flowers, or any other vegetation;
- (b) use of water for watering golf courses other than a bare minimum to preserve turf;
- (c) use of water for washing automobiles, trucks, trailers, trailer houses, or any other type of mobile equipment;
- (d) washing of streets, driveways, parking lots, office buildings, exteriors of homes, sidewalks, apartments, or other outdoor surfaces;
- (e) operation of any ornamental fountain or other structures making a similar use of water;
- (f) use of water for filling swimming or wading pools or spas;
- (g) operation of any water-cooled comfort air conditioning which does not have water-conserving equipment;
- (h) use of water from fire hydrants for construction purpose, fire department drills, or testing fire apparatus, except as deemed necessary and approved in the interest of public health or safety;

- (i) use of water to flush a sewer line or sewer manhole; and
- (j) use of water for commercial farms and nurseries other than a bare minimum to preserve plants, crops and livestock.

23. Liability

The Company, its affiliates and their directors, officers, employees, contractors and agents are not responsible or liable for any loss, injury (including death), damage or expense incurred by any owner of a Premise or any Customer or other Person claiming by or through the Customer or owner, caused by or resulting from, directly or indirectly, any discontinuance, suspension, or interruption of, or failure or defect in the supply or delivery of the Services, unless the loss, injury, damage or expense is directly attributable to the gross negligence or wilful misconduct of the Company, its directors, officers, employees, contractors or agents provided, however, that the Company, its affiliates and their directors, officers, employees, contractors and agents are not responsible for any loss of profit, loss of revenues or other economic loss or consequential loss even if the loss is directly attributable to the gross negligence or wilful misconduct of the Company, its affiliates or their directors, officers, employees, contractors or agents.

The Customer is responsible for all expense, risk and liability with respect to the use by the Customer of the Services and for any loss or damage to the Water System caused by or resulting from the act or omission of the Customer or a Person for whom he Customer is responsible.

The Customer is responsible for all expense, risk and liability with respect to the facilities and equipment connected to the Water System at the Customer's Premise.

The Customer will indemnify and hold harmless the Company, its directors, officers, employees, contractors and agents from all claims, loss, damage, costs or injury (including death) suffered by the Customer or owner of the Premise or by any Person claiming by or through the Customer or the owner or any third party caused by or resulting from the use of the Services by the Customer or the facilities and equipment connected to the Water System at the Customer's Premise, or from the Customer or Customer's employees, contractors or agents damaging the Water System.

24. Access to Premises and Equipment

The Company's agents, contractors and employees shall have, at all reasonable times, free access to the Water System and the Customer's facilities and equipment connected to the Water System at the Customer's Premise to ascertain the method of use of Services, as well as for the purpose of reading, testing, repairing, removing and replacing meters and ancillary equipment, for turning on and off the water, for conducting leak surveys, stopping leaks, and examining and repairing pipes, fittings, connections and other equipment.

25. Taxes

The rates and charges set out in the Rate Schedules do not include Social Services Tax or any other tax which the Company may be lawfully authorized or required to add to its rates and charges.

26. Rental Premises

As a condition of providing Services to a rental Premise, an owner or operator who wishes the Company to consider dealing directly with the Tenant or Tenants may be required to enter into a rental premises agreement with the Company which provides for responsibilities of the owner or operator in relation to payment for Services used at the Premise. Notwithstanding any rental premises agreement, the Company may, at its sole option, at any time and from time to time, either:

- (a) deal directly with the owner or operator of the Premise as a Customer of the Company with respect to any or all Services to the Premise; or
- (b) subject always to the provisions of any rental premises agreement, deal directly with each Tenant as a Customer of the Company.

27. Conflicting Terms and Conditions

Whenever anything in these terms and conditions is in conflict with any special terms or conditions provided in any Rate Schedule, the terms or conditions provided in the Rate Schedule shall prevail and whenever anything in these terms and conditions or in any Rate Schedule is in conflict with the terms of any special contract the terms of such special contract shall prevail.

28. Authority of Agents of the Company

No employee, contractor or agent of the Company has authority to make any promise, agreement or representation not incorporated in these terms and conditions or in a Service Agreement, and any such unauthorized promise, agreement or representation is not binding on the Company,

29. Changes to Terms and Conditions

These terms and conditions and the rates set out in the Rate Schedules attached hereto may be amended from time to time at the sole discretion of the Company, subject to the agreement of the Regulator. The terms and conditions that are in effect at any given time may be inspected during business hours at the Company's office.

STANDARD FEES AND CHARGES SCHEDULE

Account Charge \$25.00

The Account Charge is a single initial set up charge payable by each Applicant for each Service.

Reactivation Charge (applies to each service reactivated) \$45.00

Administrative Charges

Collection Charge \$ 45.00

Returned Cheque Charge \$ 35.00

Late Payment Charge 1.5% per month (19.6% per annum) on outstanding balance

Interest on Cash Security Deposit

The Company will pay interest on cash security deposits at the Company's prime interest rate minus 2%. The Company's prime interest rate is defined as the floating annual rate of interest which is equal to the rate of interest declared from time to time by the Company lead bank as its "prime rate" for loans in Canadian dollars.

Payment of interest will be credited to the Customer's account in January of each year.

Applicable September 2, 2010

RATE SCHEDULE 1

RESIDENTIAL SERVICE

This Rate Schedule is applicable to Services provided to single family residences, and to single-family townhouses and row houses where separate Services are provided to each individual residence.

Basic Monthly Charge **\$ 44.85**

The Basic Charge applies to a single water service connection is a fixed charge.

Metered Charge **\$ 1.58/cubic meter**

RATE SCHEDULE 2

COMMERCIAL

This Rate Schedule is applicable to Services provided to commercial businesses where separate Services are provided to each individual business.

Basic Monthly Charge: **\$ 44.85**

The Basic Charge applies to a single water service connection and is a fixed charge.

Metered Charge: **\$ 1.58/cubic meter**

SCHEDULE OF FINES

The following fines will be applied to customers consuming water in violation of Company notification and during emergency situations as determined by the Company and as outlined in section 21 of the Terms and Conditions of Service.

Following notification from the Company \$ 200.00 per day

APPENDIX 2

COMMISSION APPROVED REVENUE DEFICIENCY RATE RIDER

**Effective as of the October 2010 bill for September water service, or the next billing month
as is reasonably practicable for Corix to implement**

Corix Utilities (Foothills Water) Inc.

Effective: September 2, 2010

AUC Decision 2010-429 (September 2, 2010)

REVENUE DEFICIENCY RATE RIDER

ALL CUSTOMERS

Temporary Rider to be collected in three equal monthly payments over a three-month period, beginning with the October 2010 bill for September water service, or the next billing month as is reasonably practicable for Corix to implement.¹

¹ Temporary Rider to collect the revenue deficiency of \$87,729.87 (includes interest) owing from all customers, based on water consumption that occurred between February 1, 2009 – February 28, 2010.

Effective: September 2, 2010