



EPCOR Water (West) Inc.

**2018-2020 Revenue Requirement and Rates
Application
Reply Submission**

March 20, 2018

Reply Submission

1. Epcor Water (West) Inc. (EWW) files these submissions in reply to the Final Submissions filed by CAP and Mr. Pritchard on March 16, 2018.
2. In these submissions, EWW will address the submissions of the interveners that require further comment. EWW believes it has, either in its Final Argument or in these Reply Submissions, addressed all matters of substance raised by interveners in their arguments. However, silence on the part of EWW in respect of any matter raised by an intervener should not be interpreted as agreement by EWW with the intervener's position.
3. In their Final Submissions, the interveners raise the following issues, each of which will be addressed below:
 - Process surrounding the BC comptroller's approval of the possible sale of the utility;
 - Accuracy in capital project estimating;
 - Support for the 2018-2020 capital plan;
 - Where is the water from the South and North Region wells blended?
 - Drew Road Reservoirs; and
 - Well Decommissioning.

BC Comptroller of Water Rights Approval

4. As indicated in its responses to information requests, EWW acknowledges that it has entered into discussions with RDN regarding the sale of the utility. In the event that an agreement for the sale of the utility is reached, it will require the approval of the BC Comptroller to ensure that customers are not harmed in any way by the transfer of ownership. EWW has not confirmed this requirement with the BC Comptroller directly as the requirement for approval is a statutory requirement.
5. EWW is regulated under the *Water Utility Act*¹ and the *Utilities Commission Act*² and operates pursuant to a Certificate of Public Convenience and Necessity (CPCN). The *Water Utility Act* provides that:

¹ *Water Utility Act*, RSBC 1996

² *Utilities Commission Act*, RSBC

4. The duties, responsibilities and restraints to which a water utility is subject are the same as are imposed on a public utility under the *Utilities Commission Act* and the powers and jurisdiction of the comptroller in respect of a water utility are the same as are vested in the British Columbia Utilities Commission under the *Utilities Commission Act*, in respect of a public utility, and for these purposes
- (a) the water utility is deemed to be a public utility, and
 - (b) the *Utilities Commission Act*, other than sections 2.1 (b), (c) and (k) to (m), 28, 29, 44.1, 44.2, 45 (2), (3), (5) and (6), 58 (2.1) and (2.2) and 58.1, Part 3.1 and sections 125.1 and 125.2, applies.
6. Sections 52 and 53 of the *Utilities Commission Act* prevent the disposal, encumbrance, amalgamation or consolidation of a utility's property in whole or in part without the approval of the Comptroller of Water Rights. EWW understands that it will be required to show that any sale of the utility will not be detrimental to water service or adversely affect the rates charged to the utility's customer.³ Regarding participation of, and notice to, customers or CAP members, EWW will take guidance from the Water Utility Information Bulletin on Transferring a Water System⁴ and will follow the Comptroller's directions, if any, if the current discussions result in an agreement for sale.

Capital Projects

7. EWW is confident that the steps identified in CAP-EWW-7.2 will result in better estimates but notes that there is inherent uncertainty associated with estimating underground work.
8. EWW maintains that its proposed capital plan for 2018-2020 reflects a plan for prudent capital upgrades for the next test period. The planned investments target reliability, water quality and the financial health of the utility and include a capital maintenance program for hydrant and meter replacement, well licensing and well decommissioning and the addition of a standby generator.

³ https://www2.gov.bc.ca/assets/gov/environment/air-land-water/water/water-rights/water-utilities/application_guide_certificate_of_public_convenience.pdf

⁴ <https://www2.gov.bc.ca/gov/content/environment/air-land-water/water/water-licensing-rights/private-water-utilities/water-utilities-information-bulletins/transferring-a-water-system>

Location of Water Blend

9. In response to question 6 identified with Intervener A's Final Submission, EWW notes that the water from the South well and the North Region well is usually blended at Hwy 19A between the Marina and Columbia Drive. Presently the North Region wells are not in service so all the water is from the South Region wells.

Drew Road Reservoir

10. In response to questions 7 and 8 in Intervener A's Final Submission, EWW notes that the life expectancy of the Drew Road reservoirs is approximately 65 years. While EWW does not have installation documentation, it believes Drew #1 was installed in the early 1990's and Drew #2 was installed in the mid 1990's. Based on the 65 year life expectancy, EWW anticipates that the life expectancy of these well would be to 2055 and 2060 respectively. Drew #3 was installed in 2001 so its life expectancy would be 2066. As indicated in its Application and in response to CWR-EWW 7.0, EWW recently completed some upgrades for the Drew Road reservoirs which included minor repairs, construction of a retaining wall and sloping of the ground away from the reservoir. As no other upgrades are identified in the 2014 Master Plan, EWW does not anticipate further upgrades in this test period but will conduct further review prior to the next test period (2021-2023).

Well Decommissioning

11. In response to the request of Intervener A, EWW confirms that when the Oceanside Well is decommissioned, it will work closely with the owner of the nearby property to ensure minimal disruption to his property.

Conclusion

12. For the additional reasons provided in this Reply Submission, EWW respectfully submits that the record demonstrates that the Application is just and reasonable, prudent and in the public interest and should be approved by the Comptroller.