

Thank you for the opportunity to comment on the BCUC. Overall my experience has been positive and applications have been approved within a reasonable period of time.

There are only two real issues that I see.

- As a small utility, Sun Peaks Utilities doesn't have the financial resources to join associations that provide forward pricing estimates. Thus, we have to rely on our suppliers, who may or may not be un-biased. I understand that the BCUC has forward pricing estimates and it would be appreciated if they also share this information. It would be helpful to explain to customers that we are looking at a number of sources in predicting pricing.
- Sun Peaks Utilities operates three utilities. Wastewater – prices are not currently regulated, Water – regulated by the Comptroller of Water Rights and Gas – regulated by the BCUC. While both regulators fall under the Utilities Act, they regulate quite differently. Private water utilities are generally quite small – we service approximately 8,000 people during a peak day, but only have just over 500 customers. Sun Peaks Water Utility is the third largest regulated water utility in BC.

Whereas, Sun Peaks Gas Utility is one of the smaller energy regulated utilities in the province. The key differences that impact the operations are:

- **Funding changes due to safety.** Sun Peaks Utilities applied to the BCUC to change out the current gas meters as we send them out for re-calibration to remote reading gas meters with the concept of having the rate payers pay for this. This was prompted by an effort to make the meter reading job safer (we have had several WorkSafeBC claims for slips and trips during meter reading activities). The BCUC turned down the rate payer funded and insisted if the project was to go forward, we had to fund the changes via profit or investor contributions. Sun Peaks Utilities is 100% funded through rates or developer contributions (from storage facility expansion, gas main expansion, and installation of service lines) and not from investor contributions. We operate the Gas Utility at close to a breakeven point and more as a community service.

Under the rules established by the Comptroller of Water Rights, this change would be treated as an expense and would be paid for through rates.

- **Allowance for further replacement of aging assets.** BCUC has advised Sun Peaks Utilities that any planned replacements for infrastructure must be raised via investor funding, borrowed from a lender or expensed. Sun Peaks Utilities is not allowed to build up a fund to replace infrastructure in the future.

Under the rules established by the Comptroller of Water Rights and now under a modification to the Ministry of the Environment's Municipal Wastewater Regulation – conditions of discharge, Sun Peaks Utilities puts pre-designated funds away each year into a Trust Fund to deal with future replacement of infrastructure. By placing funds in trust, we avoid rate shock in the future as all infrastructure has an expected life to it.

One side note, is that we are currently working with the BC Safety Authority to ensure both staff and operations are in compliance with their safety regulations and in some points, we are trying to clarify regulations to ensure that all safety protocols are followed to Best Management Practices.

I trust that this email covers the main points that I raised when I spoke with the task force. If you would like further clarification on these or any other matter regarding Sun Peaks Utilities, please feel free to contact me.

Sincerely,

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