



**COST ALLOCATION MANUAL FOR
DE WEST REGIONAL COSTS**



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**Revision History**

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1.0	COO (DE West)	December 6, 2024
2.0	COO (DE West)	April 20, 2026



1. INTRODUCTION

Corix District Energy Holdings Limited Partnership, with its general partner Corix District Energy Holdings GP Inc. (together “Corix”) is a leader in the implementation of district energy utility infrastructure solutions for small to medium-sized communities across North America. Corix is a privately held company that is wholly owned by affiliates of the British Columbia Investment Management Corporation (BCI). Corix owns utilities and has investments (together “businesses”) that operate in Canada and the United States.

Corix, through its Board of Directors and the Executive Leadership Team (ELT), is responsible for providing strategic direction, business oversight, and corporate governance for the business activities of the operating subsidiaries directly and indirectly owned by Corix.

The ELT consists of the following seven (7) positions.

- i. Chief Executive Officer (CEO)
- ii. Chief Financial Officer (CFO)
- iii. Chief Operating Officer – East (COO East)
- iv. Chief Operating Officer – West (COO West)
- v. Chief Legal Officer (CLO)
- vi. Chief Growth Officer (CGO) & Vice President, Administration
- vii. Chief Development Officer (CDO)

Support services are necessary for the operation of any business, including the safe and efficient operation of district energy utilities. Corix uses a centralized corporate support service organization to provide these services to the businesses, as well as regional support services in the East and West regions. The services and the costs of the COO East and COO West are not included in the corporate support services as they are included in the regional support services for which they oversee.

This manual addresses regional support services and the allocation of regional costs for the DE West.

The DE West regional Cost Allocation Methodology (CAM) has been designed to facilitate equitable cost sharing among businesses and to ensure that there is no subsidization of non-regulated services by regulated entities. In a manner consistent with the NARUC Guidelines for Cost Allocations and Affiliate Transactions¹ (NARUC Guidelines), Corix maintains this Regional CAM Manual (Manual) that includes:

- a chart showing the regional support services cost flows to Corix’s businesses in the DE West region (Appendix A);
- a description of the regional cost allocation methodology and allocators used to allocate regional support services costs to the applicable businesses (Section 4); and
- a description of the regional support services provided to Corix’s DE West businesses (Section 6 and Appendix B).

In addition to the above, this manual includes a hypothetical example of the regional cost allocation methodology (Appendix C).

This manual is reviewed periodically and updated to reflect organizational changes, if any. Updates to this manual are finalized through approval by the COO West.

¹ NARUC Guidelines for Cost Allocations and Affiliate Transactions, <https://pubs.naruc.org/pub/539BF2CD-2354-D714-51C4-0D70A5A95C65>, accessed November 12, 2024.

2. DEFINITIONS

- **Corix District Energy Holdings Limited Partnership, with its general partner Corix District Energy Holdings GP Inc.** (together “Corix”) is the corporate parent of Corix subsidiaries.
- **Corix (CA) DE Services Limited Partnership** is the Canadian subsidiary that houses the costs incurred in Canada for the provision of regional support services described in this Manual.
- **Corix Infrastructure Services (US) Inc.** is the US subsidiary that houses the costs incurred in the United States for the provision of regional support services described in this Manual.
- **Regional CAM Manual** (Manual) is this regional cost allocation methodology manual, as updated from time to time and approved by the COO West.
- **Regional Support Services** refer to the administrative and general support services and functions provided to the DE West region within Corix’s organization. These regional support services include operations leadership and strategy; regulatory affairs management; health, safety and environment management; financial planning and analysis, and accounting; business operations and accounts payable; billing and customer care; and project management, all of which are necessary for the operation of a utility business of this size. In this Manual, Section 6 (Scope of Regional Support Services) and Appendix B (Description of Regional Support Services) provide details regarding the DE West regional support services.
- **Investments** refers to businesses in which Corix has a non-majority interest, which for the purpose of this Manual includes Oakridge Energy Limited Partnership. Through its affiliates, Corix owns 50% of Oakridge Energy Limited Partnership.

3. REGIONAL SUPPORT SERVICES COSTS

Regional Support Services costs (also referred to as “regional costs”) are identified, budgeted and tracked using homogenous regional cost categories. The various regional support services and regional cost categories are listed in the first two columns of Table 3 in Section 6 of this Manual.

The importance of controlling costs is key. Headcount planning is conducted in the annual budgeting process; any headcount addition must be supported with a demonstration of need. The process takes several months with budgets undergoing rigorous analysis by the budget owners and multiple levels of review. Budgets are presented and subject to questions and answer sessions to test proposed costs including headcount addition requests. After thorough review by the leaders of the relevant regional support service teams, the budgets are then carefully reviewed by the ELT and the Board of Directors. At each level, costs are heavily scrutinized to evaluate efficiency of operations and cost effectiveness.

3.1 DIRECTLY ASSIGNABLE COSTS AND INDIRECT COSTS

Costs within the homogenous categories are either: (i) Directly Assignable Costs; or (ii) Indirect Costs.

Directly Assignable Costs

Directly Assignable Costs are costs incurred by one company for the exclusive benefit of, or specifically identified with, one or more companies, and which are directly charged to the company or companies that specifically benefited. This is consistent with the NARUC Guidelines, which on page 2 defines “Direct Costs” as “costs which can be specifically identified with a particular service or product.”

Direct Costs are not subject to the discussion of this regional CAM as they are readily and clearly identified with a specific service and are directly assigned to the appropriate businesses.

Indirect Costs

Indirect Costs are costs incurred by one company that are for the benefit of either: (i) all; or (ii) some of the businesses within the DE West region, and which are charged to the benefited companies using a methodology and allocation factors that link cost causation and cost recovery. Under the NARUC Guidelines, “Indirect Costs” are defined on page 2 as “costs that cannot be identified with a particular service or product. This includes but not limited to overhead costs, administrative and general, and taxes.”

Indirect Costs are incurred on a shared basis for the benefit of several businesses. After assignment of direct costs, the indirect costs are the subject of discussion of this regional CAM. Indirect costs are allocated to the companies that benefit from the indirect costs using the methodology for allocating regional support services costs that is outlined in Section 4 of this manual.

Figure 1 in Appendix A outlines the cost flows from regional support services to the various businesses.

4. REGIONAL COST ALLOCATION METHODOLOGY

The following steps are used for allocating the indirect costs within regional support services costs.

1. The basis of variability of each category of indirect cost is assessed by reviewing what causes the costs in each category to change.
2. Indirect costs are then allocated either:
 - Using a functional allocator on the basis of variability in instances where this method is clearly applicable; or
 - Using a composite allocator for all other instances.

The regional cost allocation methodology is consistent with the cost allocation methodology used for allocating Corix's indirect corporate support services costs.

4.1 FUNCTIONAL ALLOCATOR

Functional allocators are used where the costs can be allocated using an identified cost causation driver. One example of this is using customer bill count to allocate indirect costs that are directly correlated to the number of customers at a utility.

4.2 COMPOSITE ALLOCATOR

The indirect regional support services costs that do not have a direct correlation with any one particular cost causation driver are allocated using a composite allocator. A composite allocator was chosen to represent the size, scope and complexity of each of the businesses within DE West, with a goal of fairly putting businesses on a level standing for comparison purposes.

The composite allocators comprise of three equally weighted factors as shown in Table 1 below. The equal weighting reflects that cost allocations are inherently an estimating exercise to fairly allocate costs and therefore no factor is over-weighted compared to another relevant factor. These weightings are kept constant in order to avoid introducing unnecessary complexity and administrative burden into the cost allocation methodology.

Table 1: Composite Allocator, Factors and Weighting

<u>Factor</u>	<u>Weight</u>
Gross Property, Plant & Equipment	33.33%
Gross Revenue	33.33%
Headcount	33.33%
Total	100%

The composite allocator based on the factors and weighting shown in Table 1 allows for a just and reasonable allocation of costs in a transparent, sustainable and cost-effective manner that reflects cost causality for shared costs which do not exhibit direct correlation with any one particular cost causation driver.



4.3 UPDATING ALLOCATOR INPUTS

Corix uses a point-in-time approach to calculate the forecast allocation percentages for the following year. This provides stability for budget preparations and actual allocations as well as a reference point for year-over-year comparisons. Allocation percentages are updated annually as outlined in Table 2 below.

Table 2: Allocation Time Periods

Inputs	Reference
Gross Property, Plant & Equipment (Gross PPE) ²	As of June 30 th of prior year
Gross Revenue ³	Trailing Twelve Months as of June 30 th of prior year
Headcount	As of June 30 th of prior year

For example, the 2026 budget and actual allocations would be based on a composite allocator that is calculated based on:

- Gross PPE at June 30, 2025;
- Gross Revenue from July 1, 2024 to June 30, 2025; and
- Headcount at June 30, 2025.

June 30th was chosen as the most appropriate point-in-time to allow for the allocation percentages to be determined, and the forecast regional support service costs to be allocated to each operating utility/business prior to the completion of the annual budgets. A date earlier than June 30th would result in the unnecessary use of outdated information. A date after June 30th would yield more current information but would cause delays to the annual budget process for DE West.

4.3.1 Adjustments for Specific Unique Circumstances and Known and Measurable Changes

In unique circumstances, adjustments to the inputs (Gross PPE; Gross Revenue; Headcount) are to be made for known and measurable changes that would otherwise result in a cost allocation that does not appropriately reflect cost causality. The Known and Measurable Changes accounted for are:

- 1) Bargain Acquisition Adjustment;
- 2) Asset Impairment Adjustment; and
- 3) Approved Major Capital Projects

(1) Bargain Acquisition Adjustment

In some situations, utility assets are acquired for one dollar (\$1), or purchased for an amount significantly below the net book value of the assets. For the purpose of allocating regional costs, these purchases will be considered as though the utility assets were acquired at cost (for new assets) or fair market value (for assets previously in use). The fair market value may be equal to the net book value of the assets just prior to acquisition.

This adjustment recognizes the fact that utilities require continuous ongoing management oversight and stewardship as they provide service to customers, even in instances where the assets were acquired at a bargain price.

² Gross Property, Plant & Equipment is defined as gross property, plant, and equipment independent of the way it has been financed.

³ Gross Revenue is defined as recorded gross revenue.

(2) Asset Impairment Adjustment

In instances where assets have been written down for accounting impairment purposes, the assets would continue to be recognized at their historical Gross PPE input value for the calculation of each composite allocator, provided that such assets continue to be used and are useful in the provision of service to customers.

This adjustment accounts for the situation where assets that have been written down for accounting impairment purposes continue to require ongoing management oversight and stewardship as the utility continues to provide service to customers.

(3) Approved Major Capital Projects

This is an adjustment to include approved major capital projects that are about to go into service after the June 30th cut-off date for inputs that year. It recognizes that the June 30th cut-off in the year for actual inputs to calculate the following year's regional cost allocation may omit impending known and measurable changes that were previously approved by regulators. This is because the six-month period from July 1st to December 31st does not get reflected in the following year's cost allocations. As the regional cost allocation is inherently an estimate to calculate a reasonable allocation of costs any minor changes or activity is immaterial. However, in some cases an approved major capital project that is to be placed in service during the July 1st to December 31st period may have a material impact on the revenue requirement for several utilities. This adjustment, with regard to allocation of regional costs, recognizes that conceptually a project placed in service in the latter half of the year is treated the same as if a project is placed in service on June 30th of that same year.

This adjustment will be made using the latest available projected figures, if all three of the following apply to the situation:

- (1) Corix has previously received regulatory approval for the execution of a major capital project, such as a Certificate of Public Convenience and Necessity ("CPCN");
- (2) there is reasonable certainty that the major capital project will be completed, and the associated assets will be placed in service between July 1st and December 31st, after the June 30th cut-off date of the same year; and
- (3) there is a material impact and change to the allocation of regional costs to the utility and other utilities absent such an adjustment.

Given that the DE West regional cost allocation methodology is consistent with Corix's corporate cost allocation methodology, any input adjustments for specific unique circumstances and known and measurable changes that are used in the corporate cost allocation methodology are also applied to the DE West regional cost allocation methodology.

4.4 CHANGES TO THE REGIONAL COST ALLOCATION METHODOLOGY

The Regional CAM (as described in Section 4 of this Manual) has been designed in a manner consistent with the Corporate Cost Allocation Methodology, which is a separate methodology used to allocate indirect corporate costs to businesses in Corix's portfolio. Please consult with a member of Corix's Corporate Finance team if contemplating changes to Section 4 of this Regional CAM Manual.

5. ADDITION OF NEW UTILITIES

From time to time, new utilities may be added to Corix's portfolio through greenfield development or acquisition. Whenever this occurs, the new utilities will be added to the pool of businesses that receive regional cost allocations in the year that the new utility operations are reasonably expected to begin. Note that this does not impact the cost allocation methodology as described in Section 4 of this manual. The timing of the addition facilitates fair and reasonable cost allocations since the new utility would receive a portion of the allocated costs.

The allocator inputs (Gross PPE, Gross Revenue and Headcount) for each new utility addition will be determined based on information from the latest financial model for the new utility, until the new utility has twelve (12) consecutive months of historical data from July 1st of the prior year to inform the allocator inputs.

6. SCOPE OF REGIONAL SUPPORT SERVICES

The support services provided by Corix's DE West team are necessary for the effective and efficient operations of a utility business this size. These include regulatory affairs management; health, safety and environment management; financial planning and analysis and utility accounting; business operations management and procurement, and accounts payable; billing and customer care; operations leadership and strategic management and project management. These services could have been provided with dedicated staff in each of the businesses. However, Corix consolidates these support services into regional support services which facilitates effective and efficient operations through access to shared expertise. The use of shared expertise provides each business with benefits they could not economically achieve on a stand-alone basis. The key benefits are discussed below.

- **Governance** – support service departments provide direct oversight and management control that improves operations and processes; for instance, monthly financial reporting and analysis comparing actual expenditures to budgeted expenditures ensures accountability and can improve operational efficiency.
- **Compliance** – support services departments help improve compliance with regulatory, health, safety and environment, and other obligations of each individual operating business.
- **Economies** – one of the primary benefits of the centralized support service model is that it helps the customers of smaller companies realize the benefits of scale enjoyed by much larger companies; among other things, the regional service model more efficiently utilize staff through workload balancing and specialization.
- **Continuity of Service** – centralized support organizations mitigate the risk of disruptions in service caused by absences and departures.
- **Standardization** – the regional support service model plays an important role in improving the quality of service by ensuring that standard policies, procedures, and practices are established and followed; in addition, it also facilitates the sharing and adoption of best practices.

Table 3 on the following page outlines the key benefits of each regional support service, which demonstrates that these support services are necessary for the safe, effective and efficient operations for each of the businesses.



Table 3: Regional Support Services and the Benefits

<i>Column 1</i>	<i>Column 2</i>	<i>Column 3</i>	<i>Column 4</i>	<i>Column 5</i>	<i>Column 6</i>	<i>Column 7</i>
Regional Cost Category	Support Service Provided	Governance	Compliance	Economies	Continuity of Service	Standardization
Regulatory Affairs	Regulatory Affairs	X	X	X	X	X
Health, Safety and Environment (HSE)	HSE	X	X	X	X	X
Financial Planning & Analysis (FP&A) and Accounting	FP&A	X	X	X	X	X
	Utility Accounting	X	X	X	X	X
Business Operations, Procurement and Accounts Payable	Business Operations	X	X	X	X	X
	Procurement	X	X	X	X	X
	Accounts Payable	X	X	X	X	X
Billing and Customer Care	Billing	X	X	X	X	X
	Customer Care	X	X	X	X	X
Operations Leadership and Strategy	Operations Leadership and Strategy	X	X	X	X	X
Project Management Office	Project Management Office	X	X	X	X	X

Appendix B provides a detailed description of the scope of regional support services provided. Table 4 below lists the regional cost categories and shows the allocator applied to each category of cost. The functions and categories are as of approval date of this manual⁴ and are subject to change based on potential changes in the needs of the operating businesses. If organizational restructuring or realignments are implemented, any allocations of new or modified categories would be completed in a manner consistent with the cost allocation methodology described in Section 4 of this document.

Table 4: Regional Support Services and Allocation Method

<i>Column 1</i>	<i>Column 2</i>
Regional Cost Category⁵	Allocator
Regulatory Affairs	Composite Allocator ⁶
Health, Safety and Environment (HSE)	Composite Allocator
Financial Planning & Analysis (FP&A) and Accounting	Composite Allocator
Business Operations, Procurement and Accounts Payable	Composite Allocator
Billing and Customer Care	Bill Count ⁷
Operations Leadership and Strategy	Composite Allocator
Project Management Office	Composite Allocator

⁴ See Revision History on page 1 of this document.

⁵ Refer to columns 1 and 2 in Table 3 for a breakdown of the components of each regional cost category.

⁶ The composite allocator is discussed in Section 4.2 of this document.

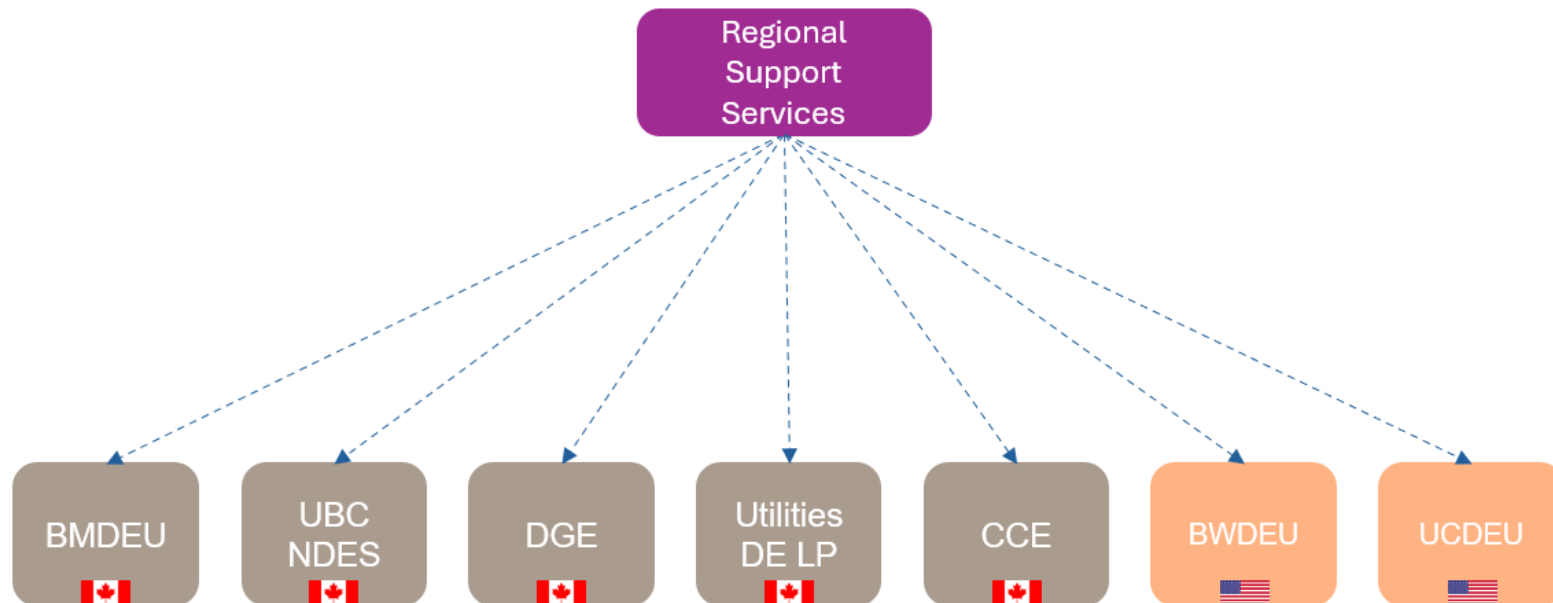
⁷ Bill count represents the number of bills issued to customers at a particular utility over the applicable period.

APPENDICES



APPENDIX A – DE WEST REGIONAL SUPPORT SERVICES COST FLOWS DIAGRAM

Figure 1: DE West Regional Support Services Cost Flows



Notes

- 1) This structure reflects the DE West regional services cost distribution and does not indicate Corix's DE West regional structure.
- 2) Regional Support Services flow to the above utilities from two legal entities: (i) Corix (CA) DE Services Limited Partnership in Canada; and (ii) Corix Infrastructure Services (US) Inc. in the US. The applicable transfer pricing markup is included where applicable.
- 3) Regional support services for Oakridge Energy are direct charged to Oakridge Energy pursuant to the Services Agreement between Corix and Oakridge Energy and are removed from the regional services cost pools before allocation using the allocation methodology.



APPENDIX B – DESCRIPTION OF DE WEST REGIONAL SUPPORT SERVICES

This appendix describes the regional support services provided by the DE West regional team. It explains the nature of the costs for each support service and provides a description of the functions provided.

1. Regulatory Affairs

Regulatory Affairs costs include (i) direct employee labour and non-labour costs; and (ii) third-party services costs incurred on a shared basis for utilities within DE West that receive economic regulation. Not all utilities in DE West receive economic regulation and therefore these costs are only allocated to a portion of the businesses in DE West. Key services provided by Regulatory Affairs are listed below.

- **Regulatory Approvals** – ensuring that regulated utilities seek and obtain all mandatory regulatory approvals pursuant to the relevant legislation, rules and regulatory frameworks in place for each of the respective jurisdictions. Generally, regulatory approvals are required for: the construction and operation of new utilities; any changes to customer rates; any changes to customer terms and conditions of service; major capital projects; utility acquisitions; amalgamations, mergers, or certain change in control/ownership; and certain dispositions.

In order to seek regulatory approvals, Regulatory Affairs manages the preparation of regulatory applications and filings, which includes jurisdictional and industry research, reviews of past regulator decisions, financial model reviews, reviews of engineering feasibility studies and reports, pre-filing meets with the regulator, gathering information from staff in various departments, and leading content preparation and consolidation.

- **Regulatory Compliance** – ensuring that regulated utilities comply with all mandatory directives from regulators. Generally, directives originate from a utility application, proceedings initiated by a regulator or through the regulator resolution of a customer complaint. Directives span a wide variety of topics touching on many areas of the business, including but not limited to, the provision of energy service to customers, customer care, customer notification, the financial and accounting treatment of costs or revenue, equity and debt financing cost, and ongoing reporting.
- **Regulatory Review Processes** – managing the utility's participation and preparation of responses to information requests, submissions and arguments in regulatory review processes that are either initiated by a utility application or initiated by the regulator. In some cases, external consulting services are required due to the specialized nature of the regulatory proceeding (for example, a Cost of Capital proceeding).
- **Public Consultation** – preparing content, planning, coordinating and executing public consultation processes as required by the regulator.
- **Tariff Management** – managing the tariff for each regulated utility, including proposing and seeking regulatory approval for updates to the rate schedules, standard fees and charges, or the terms and conditions of service.
- **Customer Correspondence** – responding to ad hoc customer or stakeholder enquiries related to regulatory affairs.
- **Regulatory Support** – providing ongoing support to other departments within Corix by responding to ad hoc enquiries, providing guidance on standard regulatory practice, researching different aspects of utility regulation, and providing periodic reporting to senior leadership
- **Internal Training** – providing internal regulatory training to foster a greater understanding of implication of owning and operating regulated energy utilities and regulator expectations.

2. Health, Safety and Environment

Health, Safety and Environment (HSE) costs include (i) direct employee labour and non-labour costs; and may include (ii) third-party services costs incurred on a shared basis for all utilities within DE West. Key services provided by HSE are listed below.

- **HSE Regulatory Compliance** – continual monitoring of requirements set forth by occupational health and safety authorities through the applicable legislation, regulations, and guidelines. This also includes ensuring that all Occupational Health testing is organized and completed as required (for example, annual audiometric testing, respirator fit testing).
- **Compliance Monitoring and Mentorship** – conducting periodically scheduled or informal site inspections of work carried out according to established safety procedures.
- **HSE Program Development** – ongoing review and improvement to HSE Manual and associated directive documentation. This includes preparing Spill Response and Environmental plans for new and existing utility operations.
- **HSE Procedural Development** – ongoing review and improvement of safe work procedures; and conducting and reviewing formal hazard assessments (i.e. Job Hazard Assessments, Site Hazard Assessments).
- **Internal Communication** – conducting regular Safety Meetings for Operations personnel; and holding focused information sessions for all staff regarding safety sensitive aspects of their scope of work.
- **Operational HSE Documentation Administration** – collecting, reviewing, providing feedback, and filing safety forms completed in the field (e.g. Field Level Hazard Assessments, Fall Protection Plans, Confined Space Entry Permits and Atmospheric Testing Logs).
- **Internal Training and Competency Assessment** – developing and facilitating HSE orientations for new hires; developing and facilitating training programs addressing safety-sensitive tasks required by employees to carry out; conducting on-site competency assessments to verify training in the field; and recordkeeping for existing training certifications, tracking expiries and scheduling required training.
- **Incident and Near Miss Administration** – reviewing work observation, near miss, and incident reports to assess for next steps; determining whether they are reportable to an external body (e.g. Ministry of Environment, occupational health and safety authority, insurance, police); and conducting on-site investigation for incidents.
- **Injury Management** – working with other Corix staff to plan and see through injury management plans, including worker's compensation insurance claims for work related injuries and disability claims for non-work related injuries; and preparing return-to-work plans where required.

3. Financial Planning & Analysis (FP&A) and Accounting

Financial Planning & Analysis (FP&A) and Accounting costs include (i) direct employee labour and non-labour costs; and (ii) third-party services costs incurred on a shared basis for all utilities in DE West. Key services provided by FP&A and Accounting are listed below.

- **Accounting and Bookkeeping** – recording daily financial transactions; maintaining accurate financial records and efficient recordkeeping practices in compliance with accounting standards; performing monthly account reconciliations; providing enterprise resource planning (ERP) support; supporting integration and data validation of expense and billing system data into ERP; and generating and reviewing business financial statements.

- **Budgeting** – creating and managing annual and long-term budgets and providing strategic support on business goals, spending controls, resource availability and project prioritization.
- **Forecasting** – creating and revising monthly forecasts of each individual business’s future financial performance with up-to-date information on the business. Analyzing financial trends to detect and mitigate risks and to provide management with predictive analysis to inform strategic decisions.
- **Financial Modelling** – creating and revising financial models for individual businesses used in budgeting, forecasting, regulatory filings, valuation analysis, management reporting, profitability analysis, and liquidity analysis.
- **Management Reporting** – creating clear reports that communicate financial standing to facilitate informed decision making.
- **Variance Analysis** – identifying cost drivers, analyzing and effectively communicating revenue or cost variances to budgets/forecasts for reporting and decision making.
- **Audit support** – preparing, reviewing and providing analysis during annual audits.
- **Tax support and filings** – staying updated on and preparing local tax returns where necessary, managing tax liabilities, and providing records support, data validation, and analysis for corporate level tax filings.
- **Insurance support** – compiling and validating financial data needed for accurate insurance assessments.
- **Regulatory Financial Support** – supporting regulatory filings and reporting with financial reports, variance analyses, modelling, scenario building, drafting the relevant sections in applications and responding to information requests.

4. Business Operations, Procurement and Accounts Payable

Business Operations, Procurement and Accounts Payable costs include direct employee labour and non-labour costs incurred on a shared basis for all utilities in DE West. Key services provided by Business Operations are listed below.

- **Procure-to-Pay** – managing the Procure-to-Pay process from the initial transaction (e.g., purchase order or credit card) through to paying the supplier. This can be further subdivided as follows.
 - **Purchase Orders** – creating and managing purchase orders, purchase invoices and new suppliers within the enterprise resource planning system; managing custom broker contracts for cross-border shipments and tracking associated taxes and duties; communicating with supplier; and coding and submitting purchase invoices to accounts payable.
 - **Credit Card Program** – administering the credit card program which includes issuing/cancelling credit cards, managing the credit card policy, managing cardholder spend profiles, troubleshooting cardholder issues, managing the expense management software, and auditing expense reports.
 - **Accounts Payable** – generating payments for external supplier and intercompany invoices, reimbursing employee expenses, facilitating bank reconciliation, and processing 1099 forms for US suppliers.
 - **Legal Contracts** – drafting procurement contracts and contract management.



- **Asset Management** – overall responsibility for the strategy and implementation for asset management including management of the Computerized Maintenance Management System software.
- **Data Analysis & Reporting** – gathering and analyzing operational key performance indicator data for internal and external reporting.
- **Fleet** – administering the fuel/maintenance card program, acquiring/disposing vehicles, managing vehicle insurance, facilitating annual driver abstract reviews, managing reimbursable mileage rates, reviewing and compiling monthly mileage reports.
- **Special Projects/Strategic Initiatives** – leading projects as a project manager or supporting projects with communications, change management, planning/logistics and/or admin.
- **Continuous Improvement/Process Improvement** – planning, executing and supporting continuous improvement activities and ongoing monitoring of progress and controls.
- **General Administrative Tasks** – including managing business licenses, recording meeting minutes, and general office administration.

5. **Billing & Customer Care**

Billing & Customer Care costs include direct employee labour and non-labour costs incurred on a shared basis for all utilities in DE West. These costs exclude the costs of the billing service provider software, which are directly charged to each utility operation. Key services provided by Billing & Customer Care are listed below.

- **Billing** – generating customer bills, statements, and reports, processing rate changes, analyzing customer consumption, supporting regulatory filings, monitoring customer accounts and overall management of the billing software.
- **Customer Care** – responding to customer enquiries received via email, the customer portal or the call center (email, web and phone); managing the resolution of customer complaints which may include historical research and creating work orders for field operators and responding to customers upon rectification of issues (if any); executing and managing customer contracts; negotiating and managing payment plans; hosting information sessions; attending strata corporation annual general meetings and managing customer relationships.
- **Accounts Receivable/Collections** – generating accounts receivable (AR) aging reports, receiving and posting payments, preparing bank deposits, reconciling accounts, applying finance charges/fees, collections courtesy calls, and monitoring overdue accounts.

6. **Operations Leadership and Strategy**

Operations Leadership and Strategy costs include (i) direct employee labour and non-labour costs; and (ii) third-party services costs incurred on a shared basis for all utilities in DE West.

Operations Leadership and Strategy includes the cost of the COO West, as well as senior leadership staff responsible for the oversight, guidance, leadership and direction of daily operations to ensure the safe, compliant and efficient operations of all utilities and all related engineering and project management activities in the regional service area.

Operations Leadership and Strategy also provide some support for business development opportunities. Growing the overall business results in increasing economies of scale for the organization, with the

benefit being that fixed costs are shared over a broader base of assets resulting in lower costs for each business compared to what they would otherwise have to incur if they were stand-alone businesses. The costs incurred by Operations Leadership and Strategy team in support of business development are excluded from the regional Operations Leadership and Strategy cost pool before the costs are allocated using the methodology outlined in this Manual. The costs associated with business development are excluded from Operations Leadership and Strategy based on the portion of time that spent on business development activities.

Key services provided include:

- **Oversight and Strategic Management** – Overseeing and coordinating all regional activity in support of daily operations and establishing work priorities and goals for relevant directors to achieve the company's strategic objectives. Regional activity covers areas including regulatory affairs, HSE, FP&A and accounting, business operations, procurement and AP, billing and customer care, operations and engineering and project management.
- **Regional Performance Management** – Managing the overall performance of the region with a focus on safety, compliance, cost control, operational excellence, reliability and availability.
- **Direct Operations and Project Management** – Directly managing the effective and efficient utilization of operations and project management resources and leading the associated staff in the performance of their duties to achieve company objectives and target performance. This includes motivating and challenging teams to focus on safe and efficient execution of day-to-day operations and continuous improvement concepts.
- **Capital and Operational Budget Planning** – Overseeing and guiding the development of:
 - system asset management plans, which inform 5-year capital expenditure plans, that ultimately form the capital budget; and
 - the operating budget for the region, which includes operating and maintenance costs, administrative expenses, and the capital budget.
- **Facility and Equipment Maintenance Management** – Overseeing the maintenance of facilities, company vehicles, tools and equipment to ensure they are in good operating condition per industry standards.
- **Leadership Succession Planning and Implementation** – Recruiting, retaining, and developing regional leadership staff and succession plans to ensure the regional support teams, and the operations, engineering and project management teams are all prepared for future growth
- **Technical Safety and Compliance Support** – Coordinating with the technical safety and compliance staff and providing support to operations and project management teams to ensure technical and environmental compliance with all applicable local, state/provincial and federal regulations.
- **Customer Care Support** – Coordinating with customer care staff to analyze and ensure follow-up to all service issues, whether identified internally or via customer communication.

7. Project Management Office

Project Management Office (PMO) costs include (i) direct employee labour and non-labour costs; and (ii) third-party services costs incurred on a shared basis for all utilities in DE West. The PMO manages and delivers the western regions capital program. The PMO team ensures that capital projects and their budgets are aligned, use standardized processes, and continually optimize processes to ensure project success to meet organizational goals and requirements.

PMO costs are typically directly charged to a specific capital project for a specific utility. However, there may be shared PMO costs that are incurred on a general basis and not specific to any one project. As a result:

- the forecast PMO support service allocations are set to \$0 for each utility business on the basis that all PMO costs will be charged to specific projects during the forecast period; but
- the actual PMO support service allocations may include some shared PMO costs that were incurred on a general basis and not specific to any capital project.

Key services provided by PMO are listed below.

- **Capital Program Management** – managing and developing a 5-year capital plan, as well as developing the strategy and cost-efficient delivery for the capital program. This includes: researching, developing, standardizing, and evaluating techniques, procedures, and delivery methods to improve the efficiency and effectiveness of project management for the western region; and ensuring that project plans are prepared and conducted in accordance with project methodologies and standards.
- **Capital Project Management** – managing project capital expenditures and construction for the utilities in the region with a goal of balancing budget, quality of work, and project delivery scheduling. This includes continually reviewing budget reports to ensure all reported costs are tracked accurately; identifying and taking corrective action against any cost variances.
- **External Relationship Management** – managing and developing external relationships and liaising with consulting engineers, municipalities, regulatory authorities, contractors, other utilities, government bodies, customers, clients and the general public to optimize processes for successful project delivery.
- **Capital Project Reporting** – tracking, monitoring, and reporting on the status of projects and major issues/obstacles encountered and making recommendations regarding capital projects to senior management.
- **Contract Management** - Maintains consistent specifications and contract management across the region.
- **Internal Stakeholder Support** – managing and supporting capital project needs for internal business partners such as the Operations department, FP&A, Regulatory Affairs and Business Development by coordinating, consulting and providing guidance and information on project specifications, scope, conceptual design, technical compliance, scheduling needs, construction market conditions, pricing and commissioning.



APPENDIX C – HYPOTHETICAL EXAMPLE SHOWING REGIONAL COST ALLOCATION METHODOLOGY



This appendix provides a hypothetical example of the regional cost allocation methodology using Composite and Functional Allocators for "UtilityCo". In this example, businesses are equivalent to separate identifiable utilities.

UtilityCo receives regional support services that are necessary for either: (1) all businesses within DE West; or (2) only some businesses within the DE West. This distinction impacts the totals for the pool of businesses to be allocated a specific cost.

This simplified example assumes that there are only three (3) regional cost categories and three (3) regional cost allocators.

Table 5: Hypothetical Regional Cost Allocation Example – Step 1 – Determining the Allocators

Line No.	Description	Total for pool of Businesses to be Allocated DE West Regional Costs (\$ millions)	UtilityCo (\$ millions)	Factor Ratio	Weighting	Weighted Factor
	(a)	(b)	(c)	(d) = (c) / (b)	(e)	(f) = (d) x (e)
1	<u>Allocator #1: Composite Allocator</u>					
2	Gross Property, Plant, and Equipment	\$300	\$60	20.0000%	0.3333	6.667%
3	Gross Revenue	\$50	\$8	16.0000%	0.3333	5.333%
4	Headcount	90	20	22.2222%	0.3333	7.407%
5						
6	Allocator #1 for UtilityCo					19.41%
7						
8						
9	<u>Allocator #2: Composite Allocator</u>					
10	Gross Property, Plant, and Equipment	\$180	\$60	33.3333%	0.3333	11.111%
11	Gross Revenue	\$30	\$8	26.6667%	0.3333	8.889%
12	Headcount	65	20	30.7692%	0.3333	10.256%
13						
14	Allocator #2 for UtilityCo					30.26%
15						
16						
17	<u>Allocator #3: Functional Allocator</u>					
18	Customer Count	60	15	25.0000%	1.0000	25.000%
19						
20	Allocator #3 for UtilityCo					25.00%

Table 5 above shows Step 1 of the Regional Cost Allocation Example. Allocator #1 and Allocator #2 are calculated using the composite allocator method and Allocator #3 is calculated using the functional allocator method. For each particular allocator to be calculated, the totals for the relevant pool of business units are identified (column b) based on the regional support services and benefits received.

- Allocator #1 is associated with the regional support services that are necessary and beneficial for all businesses within DE West.
- Allocator #2 is associated with the regional support services that are necessary and beneficial for only some businesses within DE West. Therefore, the pool of business units receiving services for Allocator #2 is a subset of the pool of business units receiving services for Allocator #1.



- Allocator #3 is associated with the regional support services that are necessary and beneficial for all businesses within DE West's portfolio.

Figures are obtained for the three input factors (gross PPE, gross revenue, and headcount) for the respective pool of businesses and for UtilityCo. UtilityCo is one of the many businesses in the pool. The Functional Allocator is dependent on one factor only since a specific cost causation driver is identified. For each of the Composite Allocators, the three factors are equally weighted at 1/3rd each (column e). The weighted factors (column f) are then summed to arrive at the Composite Allocator percentage for each allocator for UtilityCo (line 6 for Allocator #1 and line 14 for Allocator #2).

Allocator #1 is a percentage of 19.41%, which would result in UtilityCo receiving 19.41% of the specific regional support service cost incurred for all businesses within DE West. In contrast, Allocator #2 has a smaller pool of business units receiving services. Allocator #2 is a percentage of 30.26%, which would result in UtilityCo receiving 30.26% of the specific regional support service costs incurred for the service and benefit received by that subset of businesses only. Allocator #3 is a percentage of 25.00%, which would result in UtilityCo receiving 25.00% of that specific regional support service cost incurred for all businesses within DE West.

The Allocator #1 percentages when summed for all businesses in the pool equals 100%. This is the same for Allocators #2 and #3. This means when the regional costs are allocated to the businesses in the pool all the costs are allocated out. UtilityCo would receive a portion of the regional costs based on the calculated percentages for each of the three allocators.

Table 6: Hypothetical Regional Cost Allocation Example – Step 2 – Allocating Regional Costs

Line No.	Description	Businesses to receive allocation	Total Regional Costs to be Allocated	Allocator to use	UtilityCo Percentage Allocator	Regional Costs Allocated to UtilityCo
	(a)	(b)	(c)	(d)	(e)	(f) = (c) x (e)
1	<u>Regional Cost Categories</u>					
2	Regional Cost A	All	\$800,000	Allocator #1	19.41%	\$155,259
3	Regional Cost B	Relevant Businesses only	\$400,000	Allocator #2	30.26%	\$121,026
4	Regional Cost C	All	\$250,000	Allocator #3	25.00%	\$62,500
5	Total		\$1,450,000			\$338,785

Table 6 above shows Step 2 of the Regional Cost Allocation Example. After the allocator percentages are calculated in Step 1, the allocators are applied to the related regional cost categories. In the example for UtilityCo:

- Regional Cost A is allocated to all businesses using Allocator #1 (a Composite Allocator) at 19.41% for UtilityCo;
- Regional Cost B is allocated to only the relevant business units using Allocator #2 (a Composite Allocator) at 30.26% for UtilityCo; and
- Regional Cost C is allocated to all business units using Allocator #3 (a Functional Allocator), at 25.00% for UtilityCo.

In the above example UtilityCo is allocated a total of \$338,785 from regional costs totaling \$1.45 million, representing 23.36% of the total regional costs. Therefore, based on the allocators used, it is estimated



that \$338,785 of the total regional costs were incurred to provide these regional support services to UtilityCo.

The above process provides a simplified example of how the regional cost allocation methodology is applied using different allocators for different categories of regional costs. This example with hypothetical figures for the allocator percentages and allocated cost amounts are not indicative of Corix's DE West allocations and is intended solely for the purpose of explaining how the allocators are calculated and applied to each regional cost category. For additional details regarding the methodology, please refer to Sections 3, 4 and 5 of this Manual.