

Initiation

An AR aging report is generated from both Fusion and Impresa and distributed to the Accounting team each month.

WEST:

AR aging reports are generated monthly by the Manager, Billing and Customer Care for Impresa or Fusion for past due customers with active accounts. This report is shared with the Director of Business Operations, VP of Operations and COO, West. These report displays a list of the customer accounts with previous unpaid balances from a past due bill in aging buckets of <30, 30-60, 61-90, 90+ days.

A courtesy contact (call or email) is completed to inform the customer that they have a past due balance and request that payment is made immediately. We review the accounts in full prior to reaching out to the customer and are responsible for adhering to company tariffs, Rules and Regulations and all Company policies and procedures when placing an outbound courtesy contact to the customer. The accounts in question will be continuously monitored until payment is made. If any amounts owing are 90+, Accounting and FP&A are notified.

Late payment charges are applied as outlined in the applicable tariff. If a customer of a regulated utility regularly misses payments or pays late, Corix has the option to request a security deposit as outlined in the applicable tariff. We do not disconnect customers.

Control: Accounts receivables are reviewed by the Director of Business Operation, VP of Operations, and COO by using the AR Aging Listing generated by Manager, Billing and Customer Care on a monthly basis.

CT:

Monthly the FP&A Manager reviews the AR aging report for the prior month end close for steam and chilled water. If the customer is past due 60 days or 90 days, it is determined that the customer needs to be contacted and notified there is a late payment and inquire about expectation of payment. Depending on the customer this could either be email or a phone call. If the customer does not respond, then an attempt is made to contact the customer again.

If the customer fails to respond upon the customer going 90 days past due, it is considered high risk of collection default. The president of CT and the distribution manager are notified and consulted. The distribution manager will reach out to his building contact for the customer and notify them of the late collection and possible future shut-off. If the distribution manager fails to get a response elicited from the customer, then a collection letter is drafted allowing a deadline of payment before termination of service of

approximately a week. The letter is couriered over to the customer's remit address. If communication of plan for payment or sufficient payment is made before the collection letter deadline, the distribution manager is notified that there will be no shutoff. If there is no communication nor sufficient payment upon the day of the deadline the distribution manager is notified that the building is to be shut off. The distribution manager will send out a crew to shut off service to the building.

Control: Accounts receivables are FP&A Manager on a monthly basis using the AR Aging Report.

Bad Debt Write-offs

Should a write-off be required, approval would follow the Corix Designation of Authority.

Control: Any bad debt write-off require approval with the appropriate authority level stated in the guidance.

Reporting

The Accountant manually calculates and records the AFDA in Fusion on a monthly basis by applying a bad debt provision of 0.25%, 0.50%, 1.00%, 20.00% and 40.00% to outstanding third-party accounts receivable balance of 30 days, 31-60 days, 61-90 days, 91-180 days, and over 180 days past due, respectively, at month-end. Some third-party accounts such as Corix Infrastructure Inc., Nexus Water Group (Canada) Inc., Lulu Island Energy Company Ltd. are excluded from the AFDA calculation due to the high certainty of receiving payments as they are either previously affiliated entities of Corix or a subsidiary of municipality. The calculation is reviewed by Anna Bacalso, Accounting Manager, every month. The Accounting Manager reaches out to the AR Manager occasionally to perform cross checking on the calculation. At year end, the overall allowance is reviewed again and further necessary adjustments, if any, are processed to either increase or decrease the provision, reviewed, and posted by Controller.

Control: The calculation of AFDA is performed by the Accountant, which the calculation will be reviewed by the Accounting Manager every month. The Controller performs the final review on the JEs at year end.