



# REPORT

To: Chair and Directors

Report Number: ENV-BRD-017

From: Paulo Eichelberger, GM of Environmental Services

Date: September 28, 2020

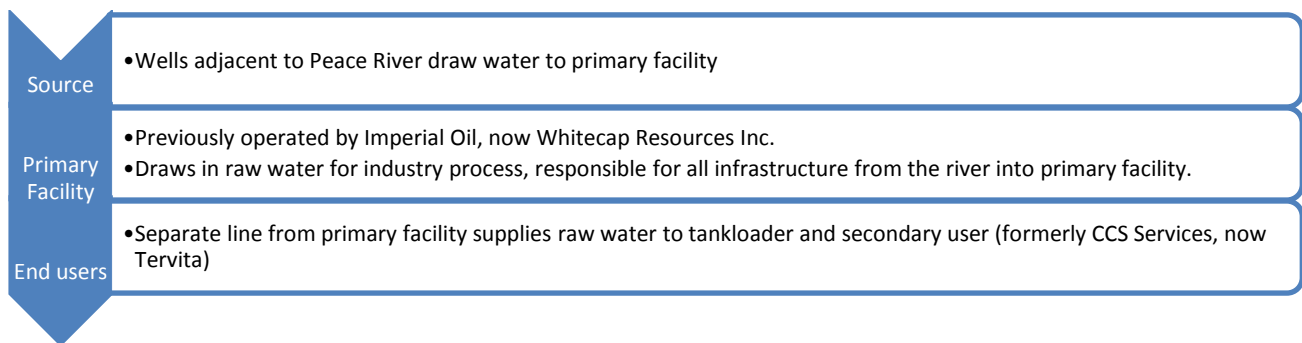
**Subject: Boundary Lake Modification of Water Supply License Agreement**

## RECOMMENDATION: *[Corporate Weighted]*

That the Regional Board approve the “Modification of Water Supply License Agreement” for the Boundary Lake Tankloader Facility, which amends the 2005 “Water Supply License Agreement” to reflect updated stakeholder names, related payment terms, termination notice, and clauses regarding discontinuance of site operations; further, that the Chair and Chief Administrative Officer be authorized to sign the agreement.

## BACKGROUND/RATIONALE:

The Peace River Regional District currently operates four potable water tankloader facilities that supply water to Electoral Area B residents. One of these systems is located at 1105 Cecil Lake Road and is known as the Boundary Lake Tankloader Facility. This system is unique as it is supplied by an adjacent facility, independent from the PRRD, through a raw water line. The system has been in place for many years, and in that time both the raw water supplier and secondary user downstream of the station have changed hands, as shown below:



The 2005 Water Supply License Agreement, for use of the raw water supplying the PRRD potable water treatment system, has been amended as follows:

1. The names of the various stakeholders have been updated.
2. New water use and power rates are to be paid to Whitecap:
  - a. \$1.50/m<sup>3</sup> of raw water paid by the PRRD to Whitecap Services for the raw water supply.
  - b. Power usage by the tankloader, as tracked on a separate meter and based on Whitecap's BC Hydro equivalent demand charge and average monthly charge plus 5%<sup>1</sup>.
3. Section 13 (Discontinuance of Plant Operations) has been updated such that if Whitecap discontinues its Plant Operations, negotiations will occur with the PRRD for transfer of the water

<sup>1</sup> The tankloader has historically drawn power from the Whitecap facility.

pipeline and associated facilities or, if Whitecap changes water source, it will continue to provide fresh water to the tankloader facility subject to the PRRD's approval.

4. Section 17 (Termination) now allows for 12 months' written notice, on the part of Whitecap or the PRRD, to end the contract.

**ALTERNATIVE OPTIONS:**

1. That the Regional Board provide further direction.

**STRATEGIC PLAN RELEVANCE:**

- ☒ Not Applicable to Strategic Plan.

**FINANCIAL CONSIDERATION(S):**

PRRD charges \$3.00/m<sup>3</sup> of treated water purchased by customers.

PRRD Charges Under Agreement	Cost Per Unit	Est. Cost Per Year (based on usage/power rates)
Water supply	\$1.50/m <sup>3</sup>	\$14,400
Station power consumption		\$5,000

The PRRD's cost of operating the tankloader facility is approximately \$97,400 per year (\$19,400 under the Whitecap Agreement plus \$78,000 (2020 Budget) in general operations and maintenance), versus \$29,000 in annual revenue.

**COMMUNICATIONS CONSIDERATION(S):**

None identified.

**OTHER CONSIDERATION(S):**

Historically, Imperial Oil/Whitecap provided the raw water and power to the PRRD free of charge. With the change in stakeholders, the new rate (\$1.50/m<sup>3</sup>) and the power cost noted above were based on a portion of estimated costs for Whitecap to maintain their pump system and guarantee water supply to the PRRD tankloader.

**Attachments:**

1. 2020 Modification of Water Supply License Agreement
2. 2014 Assignment Agreement - Imperial to Whitecap
3. 2005 Water Supply License Agreement - Boundary