

## Financial Comparison (revised February 17, 2019)

### Given Values

Epcor French Creek connections – **2049** Epcor customer forecast for 2019

Loan Interest cost to the RDN through the BC Municipal Finance Authority - **3.20%** 2018 current rate

Loan Term (for interest rate guarantee) - 10 years

Amortization Period (length of time to repay the loan) - **20** years

Asset evaluation and legal costs included - \$300,000 (we believe this would be less)

<u>Epcor</u>	2016A	2017A	2018F	<b>2019F</b>	2020F
Profit paid to Epcor	- \$211,707	333,292	201,479	223,199	223,823
Debt Interest being paid to Epcor	- <u>\$185,102</u>	<u>152,985</u>	<u>168,505</u>	<u>184,043</u>	<u>184,511</u>
Total	\$396,809	486,277	369,984	<b>407,242</b>	408,334

Cost /property /month included in the Epcor basic monthly charge of \$46.90 (increased by \$3.17 / month since our initial forecast in 2016)

- \$ **16.56** (**2019F** total above ÷ by 12, then ÷ by **2049**)

**Note – A is Actual, F is Forecast re 2018 current approved Rate Application by the Comptroller Province of BC**

### Repayment to the RDN

#### Example 1

Debt repayment to the RDN on **\$4.3** million - \$ 24,280.50 / month

Monthly payment / property (above ÷ by **2049**) - \$ 11.85

On **\$4.3** million purchase, property owners would **save** - \$ **4.71 / month** (16.56 - 11.85)

#### Example 2

Debt repayment / property to the RDN on **\$5.3** million - \$ 29,927.13 / month

Monthly payment / property (above ÷ by **2049**) - \$ 14.61

On **\$5.3** million purchase, property owners would **save** - \$ **1.95 / month** (16.56 - 14.61)

---

On this basis property owners would **break even** compared to 2019 Epcor costs even if a purchase price incl costs was as high **\$6.1 million**. For reference, for each \$100,000 in excess of \$6.1 million the cost would be .28 / property / month or \$3.31 / year. Based on the FCRA Water Rate Comparison (available on our website) we know RDN water usage costs are less than Epcor costs. This is a future savings we are unable to calculate.

This comparison does not include the benefit of avoiding unreasonable future rate increases on future Rate Applications which always includes an Epcor profit margin. **Since 2016, the Epcor Basic Monthly Charge has increased by \$3.17/month or 7.3%.**

This comparison does not include a benefit to RDN Sandpiper French Creek Water Service customers who would avoid costs for a new water treatment plant. The purchase of Epcor will provide water treatment via the existing Epcor treatment plant at nominal cost to Sandpiper property owners.

**This comparison does not include a benefit from a sale of equity/infrastructure to the Town of Qualicum Beach for water system assets in the Oceanside Strata, located within Qualicum Beach. A sale will result in a net reduction of purchase debt but at an allowable exit cost level for Oceanside Strata property owners.**

---

If you have any questions, please contact [fcra@telus.net](mailto:fcra@telus.net) . If you wish a return telephone call, please advise accordingly.

Visit our website at [www.frenchcreekresidents.ca](http://www.frenchcreekresidents.ca) for further copies of this information and connection to the survey site as well as further information about the Association and a membership registration form.

Please pass these documents on to your neighbours because all property owners will benefit from a purchase of the utility.

Prepared by the French Creek Residents Association (FCRA) which is solely responsible for accuracy. These documents may not be modified or altered in any fashion without prior permission from FCRA but may be copied.