



CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION

Policy Name: 9 – Large Demand User and Infrastructure Upgrade Policy

Related Bylaws and Policies: Bylaw 01/2021 and Policy 6 – Water Supply Policy

Date Approved: May 28, 2026

Chairman: *[Signature]*

Commission Manager: *[Signature]*

To be Reviewed Before: May 28, 2031

Policy Objective:

To establish a clear, consistent framework for how the Commission will assess, evaluate, and determine the impacts of proposed water service connections and growth—including connections from Large-Demand Users—on the regional treated water transmission system. This includes identifying potential System Capacity Constraints, determining any required infrastructure upgrades, and allocating financial responsibility for such upgrades. The Policy ensures that system integrity, service reliability, system hydraulics, and long-term planning objectives are protected while enabling responsible and sustainable growth across all Members and Customers.

Definitions:

All existing definitions in the Water Supply Policy remain. The following additional or updated definitions are proposed to be added:

Large-Demand User – the specific water demand attributable to a single proposed customer, development, or service area that exceeds either:

- a) When combined with a Member’s Forecasted Growth, the Commission’s long-term planning projections.
- b) The demand projections included within the Commission’s Long-Term Demand, and which may trigger the identification of System Capacity Constraints and the requirement for Capacity Upgrades.

Forecasted Growth – Incremental user growth within a Member’s service area that is consistent with and supported by the Commission’s Long-Term Planning Projections and forms part of the Commission’s Long-Term Demand.



Long Term Planning – The 25 year planning forecast as outlined in the Commission’s current Master Plan.

Long-Term Planning Projections – The projected water demand, system requirements, and associated infrastructure needs established and adopted by the Commission through its master plans for the purpose of system planning, capacity management, and investment decisions.

Long-Term Growth – The incremental increase in water demand within a Member’s service area that is consistent with and supported by the Commission’s Long-Term Planning Projections, representing anticipated and planned development over the applicable planning horizon.

Long-Term Demand – The total projected water demand over the Commission’s established planning horizon, as defined through its Long-Term Planning Projections and long-range demand forecasts, including Forecasted Growth within Member service areas, and used to guide system capacity planning and infrastructure development.

Unplanned Capacity Growth – Demand generated by a Large-Demand Customer that exceeds a Member’s Forecasted Growth and is not accounted for within the Commission’s Long-Term Planning Projections or Long-Term Demand.

System Capacity Constraints – Any condition in which a proposed connection would:

- a) Reduce system pressures below Commission design standards
- b) Exceed hydraulic, pumping, or transmission capacity
- c) Impair water quality, redundancy, or operational reliability
- d) Compromise the Commission’s ability to reliably serve existing Members and Customers

Interpretation:

- a) Forecasted Growth forms part of Long-Term Demand and is planned for by the Commission.
- b) Large-Demand Customer Demand represents demand outside of or exceeding planned growth.
- c) Unplanned Capacity Growth is the portion of Large-Demand Customer Demand that is not included in Long-Term Demand and may require Member-funded upgrades.



Policy:

The Commission shall maintain sufficient system capacity to meet Member needs as forecast in its long-term growth plans.

The Commission must ensure that any new connection or increase in demand does not create system capacity constraints or compromise its ability to maintain established service levels. The Commission also seeks to protect capacity for existing Members by requiring that any new connection or demand increase that reduces available capacity contributes financially in proportion to the incremental cost required to add that capacity in the future.

When System Capacity Constraints are identified, the Commission may, at its sole discretion:

- a) Deny the proposed connection
- b) Approve the connection subject to required Capacity Upgrades
- c) Impose demand management, phasing, or operational conditions necessary to maintain system reliability
- d) Permit the Member to provide a financial contribution in lieu of constructing the required infrastructure

Responsibilities and Authorities:

The Capital Region Southwest Water Services Commission Board of Directors is responsible for the review and approval of this policy on or before the review date specified and every 5 years thereafter.

The Commission Manager is responsible for the development, implementation, monitoring, and adherence to this policy.

1) Funding Responsibility for Capacity Upgrades

- a) Commission Responsibility – Forecasted Growth:

The Commission shall fund and construct any capacity upgrades required to accommodate Forecasted Growth where:

- i. The additional demand aligns with long-term growth projections adopted by the Commission.
- ii. The required upgrade is included in the Commission’s approved capital and financial plans.



Interpretation: If growth was predictable and already identified through the Commission’s master planning, the Commission funds the required upgrades.

b) Member Responsibility – Unplanned Large Capacity Growth:

A Member shall be responsible for funding all Capacity Upgrades required to support a Large Demand User when:

- i. The projected demand of the Large Demand User exceeds the Member’s forecasted growth in long-term planning.
- ii. The demand necessitates upgrades not included in the Commission’s capital plans.
- iii. The upgrade accelerates, expands, or advances a Commission planned project solely due to the new user’s demand.
- iv. The proposed connection would cause System Capacity Constraints as determined through Commission engineering assessments.

Interpretation: If the demand was not forecasted as part of expected growth or would overload the system, the Member funds the required upgrades. The Commission’s Board may, at their discretion, vote to waive all or a portion of the applicable surcharge for a Member.

2) Cost Allocation for Mixed Benefits

a) Where a required upgrade benefits both the Large Demand User and the broader system:

- i. The Member shall pay the incremental cost attributable to the Large Demand User and the mitigation of any System Capacity Constraints.
- ii. The Commission shall pay the portion associated with Forecasted Growth or previously planned system development.

b) The Member shall initially fund the total cost of the required upgrades. The Commission shall reimburse the Member for its share at the time the upgrades would have otherwise been implemented through the Commission’s approved capital planning and budgeting process.



- c) In determining the reimbursement amount, the Commission shall recognize the financial impact to the Member of advancing the works, including interest and debt servicing costs incurred during the interim period. The cost of borrowing shall be considered an eligible component of reimbursement and will be based on the market interest rate, subject to any limitations, criteria, or rates established by the Commission. The Commission reserves the right to reimburse approved amounts in a single lump-sum payment.

3) System Capacity Constraints Evaluation

- a) The Commission shall conduct hydraulic modelling, engineering evaluations, and operational assessments to determine whether a proposed connection may cause System Capacity Constraints.
- b) If constraints are identified, the Commission shall issue a written notice to the Member outlining:
 - i. The nature of the constraints
 - ii. Required mitigation measures or capacity upgrades
 - iii. Cost responsibilities under this policy
 - iv. Any conditions under which the connection may proceed.
- c) The Commission may defer, limit, or condition the approval of the connection until mitigation has been completed.

4) Application and Review Process

- a) A Member proposing to connect a Large Demand User shall submit a formal request for capacity assessment to the Commission.
- b) The Commission shall complete the following:
 - i. A hydraulic capacity assessment
 - ii. An evaluation of System Capacity Constraints
 - iii. A determination of whether the demand aligns with Forecasted Growth
- c) The Commission shall issue a formal Determination of Capacity, identifying available system capacity, any applicable System Capacity Constraints, and the associated cost responsibilities. This determination will include the cost of completing the required capacity assessment, which may be charged back to the prospective or existing Member, as applicable.



5) Payment and Construction Requirements

- a) Member funded Capacity Upgrades must be paid in full prior to construction or financed through agreements approved by the Commission.
- b) All Commission upgrades must be designed, tendered, managed, and constructed under the Commission's authority to ensure consistency with system standards.
- c) Upon completion, ownership of the infrastructure shall transfer to the Commission unless otherwise agreed in writing.

6) Policy Amendments

- a) This Policy may be amended by resolution of the Commission Board.