

## SCHEDULE 15

### PAYMENT ADJUSTMENTS SUMMARY

#### 1. GENERAL

##### 1.1 Capitalized Terms

Capitalized terms used in this Schedule have the definitions as set out in the Agreement to Design, Build, Finance and Operate Evan-Thomas Water and Wastewater Treatment Facilities Upgrade, Kananaskis Country, Alberta (the "**DBFO Agreement**") between Her Majesty the Queen in right of Alberta and the Contractor, as defined therein, or as set out in Schedule 18 (Technical Requirements) to the DBFO Agreement, as applicable, unless expressed otherwise.

##### 1.2 DBFO Agreement Reference

This Schedule is referenced in sections 1.1, 1.3, and 10.2 of the DBFO Agreement.

##### 1.3 Section References

References to section numbers in this Schedule are to section numbers of Schedule 18 (Technical Requirements) unless expressed otherwise. References to table numbers in this Schedule are to table numbers of Schedule 18 (Technical Requirements).

##### 1.4 Priority

This Schedule is subject to section 10.2 of the DBFO Agreement.

##### 1.5 Indexing of Payment Adjustments

The Payment Adjustments are subject to annual indexing for inflation in the manner and at the times set out in Schedule 10 (Index Factor) to the DBFO Agreement.

#### 2. PAYMENT ADJUSTMENTS

The following is a summary of the Payment Adjustments set out in Schedule 18 (Technical Requirements) to the DBFO Agreement:

##### 2.1 Quality Management System Payment Adjustment (Section 3.2.3.3.1)

If a deficiency or deficiencies identified by the External Audit have not been corrected within the specified time, a Payment Adjustment of \$2,000/week or any partial week, for the first four weeks and \$5,000/week or any partial week, thereafter shall apply until such

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deficiency or deficiencies are corrected.

**2.2 Annual Quality Management System Report Payment Adjustment (Section 3.2.5.1)**

If the Contractor fails to provide an Annual Quality Management System Report to the Province as per Section 3.2.5, a Payment Adjustment of \$200 will be assessed for each day or partial day until the complete report is submitted.

**2.3 Environmental Management System Accreditation Payment Adjustment (Section 3.3.1.1)**

If the Contractor fails to obtain independent accreditation of the Environmental Management System to ISO 14001:1996 within 18 months of Availability a Payment Adjustment of \$200 will be assessed for each day or partial day until accreditation is obtained.

**2.4 Commissioning and Startup Plan Payment Adjustment (Section 3.7.5.1)**

If the Contractor fails to submit and have approved by the Province an updated Commissioning and Startup Plan at least 30 days prior to the scheduled date of startup, operations, commissioning and process performance testing, a Payment Adjustment of \$2,000/week or any partial week shall apply until the updated Commissioning and Startup Plan is submitted.

**2.5 Interface Protocol Payment Adjustment (Section 3.7.8.1)**

If the Contractor fails to submit an updated Interface Protocol to the Province as per Section 3.7.8, a Payment Adjustment of \$500 will be assessed for each day or partial day until the Interface Protocol is submitted.

If the Contractor fails to follow the Interface Protocol for any Project work activity outside of the areas designated and delineated exclusively for construction including investigations, construction, startup, commissioning or testing prior to Availability which either directly interfaces with or impacts upon, or has the potential to impact upon the Existing Facilities, the Existing Facilities O&M and the End-users serviced by the Existing Facilities, a Payment Adjustment of \$5,000/event-day until the deficiency or deficiencies are corrected.

If the subject activity exceeds one day duration then the penalty shall be applied separately on each and every failure day until the deficiency or deficiencies are rectified.

**2.6 Demolition and Decommissioning Payment Adjustment (Section 3.7.9.1)**

If the Contractor has not completed any of the activities set out in the approved Demolition and Decommissioning Plan within nine months of Availability, a Payment

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Adjustment of \$2,000/week or any partial week, for the first four weeks and \$5,000/week or any partial week, thereafter shall apply until such deficiency or deficiencies are corrected.

**2.7 Monthly Permitting Progress Report Payment Adjustment (Section 4.9.5.1)**

If the Contractor fails to submit an up to date monthly permitting progress report in the form set out in the Permitting Plan, a Payment Adjustment of \$200 per day will be assessed for each day or part thereof until Contractor submits an up to date report in the proper form.

**2.8 Operating Period Plan Payment Adjustment (Section 5.5.1)**

If the Operating Period Plans are not updated by the Contractor and kept in good standing, and any required amendments and updates are not submitted to the Province within the time periods stipulated in Section 5.5, a Payment Adjustment of \$1,000 per month or any partial month for each revised Operating Period Plan, including “as-built” drawings, will be assessed until the revised documents are submitted to the Province.

**2.9 O&M Manual Payment Adjustment (Section 5.5.2.1)**

The O&M Manuals including “as-built” drawings shall be updated, as required, to reflect any modifications that change the physical dimensions or characteristics of the Infrastructure, the replacement of any equipment with a different make or model, or any other material changes to the way in which the Infrastructure is operated.

The maximum time for completing and submitting such updated “as-built” drawings and updated O&M Manuals to the Province shall be two months after completion of the triggering repair, O&M activity or modification.

If the updated O&M Manuals including “as-built” drawings are not submitted to the Province for review in accordance with Schedule 5 (Design and Plan Certification Process and Review Procedure) to the DBFO Agreement within the time stipulated, a Payment Adjustment of \$500 per month or any partial month for each outstanding O&M Manual revision, including “as-built” drawings requiring revision, will be assessed until the revised documents are submitted to the Province.

**2.10 Infrastructure Performance Failure Payment Adjustment (Section 5.6.1)**

The Contractor shall be assessed the following Payment Adjustments for Infrastructure Performance Failures during the Operating Period:

- (a) a Payment Adjustment of \$10,000 per Service Area, per day or part thereof, will be assessed for the interruption of the delivery of Treated Water to the End-users in the Service Area(s) until Treated Water service is restored to the Service Area(s);

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- (b) a Payment Adjustment of \$10,000 per Service Area, per day or part thereof, will be assessed for sewer flooding or sewer back-up(s) due to the failure of the Wastewater Collection Network to receive wastewater flows from the End-users' sewer pipe connections until the uninhibited receipt of wastewater from the Service Area(s) is restored;
- (c) a Payment Adjustment of \$1,000 per day or part thereof will be assessed for low pressure in the Potable Water Distribution System until the pressure in the Potable Water Distribution System is restored to meet the Technical Requirements for system pressure;
- (d) a Payment Adjustment of \$5,000 per fire hydrant, per day or part thereof, will be assessed for any hydrant(s) within the Potable Water Distribution System that is out of service or not operable until the hydrant is repaired and made available for firefighting purposes;
- (e) a Payment Adjustment of \$5,000 per occurrence, per day or part thereof, will be assessed for a failure to maintain the minimum fire-fighting storage volumes in the Potable Water Distribution System as set out in the Contractor's Designs and the Detailed Designs until the minimum fire-fighting storage volumes are restored in the Potable Water Distribution System. The Payment Adjustment will not be applied to the extent that it has been demonstrated to the reasonable satisfaction of the Province that the failure is a direct result of:
  - (i) the use of the hydrants for a fire event(s);
  - (ii) activities pursuant to and in accordance with the Approved Planned Maintenance; or
  - (iii) fire flow capacity testing approved by the Province and the Local Authority;

in the event the failure is a direct result of the use of the hydrants for a fire event(s), the Payment Adjustment set out above will be assessed if the minimum fire-fighting storage volumes are not restored in the Potable Water Distribution System within seven days after the fire event(s) (or such longer period as may be agreed by the Province, acting reasonably); and

- (f) a Payment Adjustment of \$1,000 per complaint, per Service Area, will be assessed for Treated Water taste or odour complaints logged by the Call Centre in a rolling 24 hour period. If the Contractor considers a complaint to be false or spurious, it may notify the Province with reasonable details. If the Province acting reasonably, does not consider the complaint to be false or spurious, then the Payment Adjustment shall apply.

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**2.11 Flow Meter Failure Payment Adjustment (Section 5.6.2.2.2)**

For the following Flow Meter failure events the Payment Adjustments set out below will apply:

- (a) failure of any of the Flow Meter(s), a Payment Adjustment of \$200 per day or any partial day, per Flow Meter, shall be assessed until the Flow Meter is repaired and calibrated in accordance with the procedures set out in the Water and Wastewater Sampling and Analysis Plan; and
- (b) failure to successfully calibrate the Flow Meter(s) at the frequency set out in Section 5.6.2.2.1, in accordance with the procedures set out in the Water and Wastewater Sampling and Analysis Plan, then a Payment Adjustment of \$200 per day or any partial day, per Flow Meter, shall be assessed until the Contractor provides evidence that the calibration has been successfully completed and that the Flow Meter is providing information within the accuracy parameters as set out in Section 4.7.3.1.

**2.12 Level Monitor Failure Payment Adjustment (Section 5.6.2.2.4)**

For the following Level Monitor failure events the Payment Adjustments set out below will apply:

- (a) failure of any of the Level Monitor(s), a Payment Adjustment of \$200 per day or any partial day, per Level Monitor, shall be assessed until the Level Monitor is repaired and calibrated in accordance with the procedures set out in the Water and Wastewater Sampling and Analysis Plan; and
- (b) failure to successfully calibrate the Level Monitor(s) at the frequency set out in Section 5.6.2.2.3, in accordance with the procedures set out in the Water and Wastewater Sampling and Analysis Plan, then a Payment Adjustment of \$200 per day or any partial day, per Level Monitor, shall be assessed until the Contractor provides evidence that the calibration has that been successfully completed to demonstrate the Level Monitor is providing information within the specified accuracy parameters as set forth in Section 4.7.3.3.

**2.13 Quality Monitor Failure Payment Adjustment (Section 5.6.2.3.5)**

For the following Quality Monitor failure events the Payment Adjustments set out below will apply:

- (a) for the failure of any of the Quality Monitors, a Payment Adjustment of \$500 per day or any partial day, per Quality Monitor, shall be assessed until the Quality Monitor is repaired and calibrated in accordance with the procedures set out in the Water and Wastewater Sampling and Analysis Plan; and
- (b) for the failure to successfully calibrate the Quality Monitor(s) at the frequency defined in Section 5.6.2.3.3, and in accordance with the procedures set out in

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the Water and Treated Wastewater Sampling and Analysis Plan, then a Payment Adjustment of \$500 per day or any partial day, per Quality Monitor, shall be assessed until the Contractor provides evidence that the calibration has that been successfully completed to demonstrate the Quality Monitor is providing information within the specified accuracy parameters as set forth in Section 4.7.3.2.

**2.14 Treated Water Quality Parameter Failure Payment Adjustment (Section 5.6.2.4.1)**

In the event of a Treated Water quality parameter failure as set out in Table 5.6.2.4, the following Payment Adjustments will be assessed. The definitions of “**Major Failure Level**” and “**Minor Failure Level**” are shown in the third and fourth columns of Table 5.6.2.4. The Payment Adjustments specified below shall apply separately to every failure recorded, including successive failures of the same quality parameters:

- (a) Major Failure Level for E.coli: \$5,000 per day or any partial day shall be assessed until all samples are no longer at the Major Failure Level;
- (b) Major Failure Level for Total Coliforms: \$5,000 per day or any partial day shall be assessed until all samples are no longer at the Major Failure Level;
- (c) Major Failure Levels for *Giardia lamblia* cysts: \$5,000 per day or any partial day shall be assessed;
- (d) Minor Failure Level for *Giardia lamblia* cysts: \$500 per day or any partial day shall be assessed;
- (e) Major Failure Level for *Cryptosporidium* oocysts: \$5,000 per day or any partial day shall be assessed;
- (f) Minor Failure Level for *Cryptosporidium* oocysts: \$500 per day or any partial day shall be assessed;
- (g) Major Failure Level for Viruses by Chlorination: \$5,000 per day or any partial day shall be assessed;
- (h) Major Failure Level for Turbidity: \$2,000 per day or any partial day shall be assessed until all samples are no longer at the Major Failure Level;
- (i) Minor Failure Level for Turbidity: \$500 per day or any partial day shall be assessed until all samples are no longer at the Minor Failure Level;
- (j) Major Failure Level for Chlorine Residual: \$3,000 per day or any partial day shall be assessed until all samples are no longer at the Major Failure Level;
- (k) Minor Failure Level for Chlorine Residual: \$500 per day or any partial day shall be assessed until all samples are no longer at the Minor Failure Level;

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- (l) Major Failure Level for pH: \$500 per day or any partial day shall be assessed until all samples are no longer at the Major Failure Level;
- (m) Major Failure Level for Total Trihalomethanes: \$2,500 per day or any partial day shall be assessed until all samples are no longer at the Major Failure Level;
- (n) Minor Failure Level for Total Trihalomethanes: \$1,000 per day or any partial day shall be assessed until all samples are no longer at the Minor Failure Level;
- (o) Major Failure Level for Any Parameter With Health-based and Aesthetic Guidelines for Chemical or Physical Parameters in the GCDWQ: \$2,500 per day or any partial day shall be assessed until all samples are no longer at the Major Failure Level; and
- (p) Minor Failure Level for Any Parameter With Health-based and Aesthetic Guidelines for Chemical or Physical Parameters in the GCDWQ: \$1,250 per day or any partial day or any partial day shall be assessed until all samples are no longer at the Minor Failure Level.

**2.15 Treated Wastewater Quality Parameter Failure Payment Adjustment  
(Section 5.6.2.5.1)**

In the event of a Treated Wastewater quality parameter failure as set out in Table 5.6.2.5, the following Payment Adjustments will be assessed. The definitions of “**Major Failure Level**” and “**Minor Failure Level**” are shown in the third and fourth columns of Table 5.6.2.5. The Payments Adjustments specified below shall apply separately to every failure recorded, including successive failures of the same quality parameters, as follows:

- (a) Major Failure Level for Total Phosphorous: \$5,000 per incident shall be assessed until the total phosphorous is no longer at the Major Failure Level;
- (b) Minor Failure Level for Total Phosphorous: \$5,000 per incident shall be assessed until the total phosphorous is no longer at the Minor Failure Level;
- (c) Major Failure Level for Total Ammonia Nitrogen: \$5,000 per incident shall be assessed until the total ammonia nitrogen is no longer at the Major Failure Level;
- (d) Minor Failure Level for Total Ammonia Nitrogen: \$1,000 per incident shall be assessed until the total ammonia nitrogen is no longer at the Minor Failure Level;
- (e) Major Failure Level for BOD: \$5,000 per incident shall be assessed until the BOD is no longer at the Major Failure Level;
- (f) Minor Failure Level for BOD: \$2,000 per incident shall be assessed until the cBOD5 is no longer at the Minor Failure Level;
- (g) Major Failure Level for Total Suspended Solids: \$5,000 per incident shall be assessed until the total suspended solids are no longer at the Major Failure Level;

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- (h) Minor Failure Level for Total Suspended Solids: \$2,000 per incident shall be assessed until the total suspended solids are no longer at the Minor Failure Level;
- (i) Major Failure Level for Fecal Coliforms: \$5,000 per incident shall be assessed until the fecal coliforms are no longer at the Major Failure Level;
- (j) Minor Failure Level for Fecal Coliforms: \$1,000 per incident shall be assessed until the fecal coliforms are no longer at the Minor Failure Level;
- (k) Major Failure Level for Total Coliforms: \$5,000 per incident shall be assessed until the total coliforms are no longer at the Major Failure Level; and
- (l) Minor Failure Level for Total Coliforms: \$1,000 per incident shall be assessed until the total coliforms are no longer at the Minor Failure Level.

**2.16 Water and Wastewater Quality Reports Payment Adjustment (Section 5.6.2.6.1)**

If the Contractor fails to submit the Water and Wastewater Quality Reports or submits incomplete Water and Wastewater Quality Reports to the Province as per Section 5.6.2.6 on or before the 15<sup>th</sup> day of each month, a Payment Adjustment of \$500 will be assessed for each day or part thereof until the complete Water and Wastewater Quality Report is submitted.

If the results of any of the specified tests are omitted then the Water and Wastewater Quality Report will be considered incomplete and the Payment Adjustment will be applied until a complete Water and Wastewater Quality Report is submitted.

**2.17 Noise Level Payment Adjustment (Section 5.6.3.1)**

If the Contractor fails to comply with the noise level requirements set forth in Table 4.8.6 a Payment Adjustment of \$500 per incident shall be assessed.

If the Contractor does not perform necessary permanent repairs, adjustments, or remedies within 48 hours of failing to comply with the noise level requirement, a Payment Adjustment of \$500 per day or partial day will be assessed until the permanent repairs are completed.

**2.18 Odour Control Payment Adjustment (Section 5.6.4.1)**

If the Contractor fails to implement all of the odour control measures and procedures set out in the Odour Management Plan, a Payment Adjustment of \$1,000 will be assessed for each day or part thereof until Contractor is in full compliance with the Odour Management Plan.

If the Contractor logs two or more odour complaints at the Call Centre from two or more different End-users (in accordance with Section 5.6.12.1) in a rolling 24 hour period, a Payment Adjustment of \$200 per complaint shall be assessed. If the Contractor considers

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a complaint to be false or spurious, it may notify the Province with reasonable details. If the Province acting reasonably, does not consider the complaint to be false or spurious, then the Payment Adjustment shall apply.

**2.19 Residuals Disposal Payment Adjustment (Section 5.6.6.1)**

If the Contractor fails to:

- (a) dispose of the residuals to the designated facility named in the Residuals Management Plan, a Payment Adjustment of \$2,000 will be assessed for each failure, for which purpose each separate load or vehicle movement will be classed as a discrete failure; or
- (b) maintain proper records of residuals disposal in accordance with Section 5.6.6 or the requirements of any Governmental Authority, then a Payment Adjustment of \$1,000 per incident will be applied, for which purpose each missing or erroneous document, including bills of lading, movement licenses and other documents relating to residual disposals will be assessed as a discrete failure.

**2.20 Security Payment Adjustment (Section 5.6.7.1)**

If the Contractor fails to provide the security report to the Province as per Section 5.6.7 within two weeks of the calendar year end, a Payment Adjustment of \$200 will be assessed for each day or part thereof until the complete report is submitted.

If the Contractor fails to implement any of the Security measures, processes, and procedures set out in the Security Plan, a Payment Adjustment of \$200 will be assessed for each day or part thereof until the security measures, processes and procedures are brought into full compliance with the Security Plan.

**2.21 Monthly O&M Reporting Payment Adjustment (Section 5.6.8.1)**

If the Contractor fails to submit the monthly O&M report(s) to the Province, in compliance with the monthly O&M report requirements as per Section 5.6.8 on or before the 7th day of each month, a Payment Adjustment of \$100 will be assessed for each day or part thereof until the complete monthly O&M report is submitted. If the monthly O&M report is incomplete or does not fulfil the requirements of the Infrastructure Licenses and the minimum requirements described in Section 5.6.8, then the Payment Adjustment will be applied until a complete monthly O&M report is submitted.

**2.22 Annual O&M Reporting Payment Adjustment (Section 5.6.9.1)**

If the Contractor fails to submit the annual operating O&M report(s) to the Province, in compliance with the annual O&M report requirements as per Section 5.6.9, a Payment Adjustment of \$500 will be assessed for each day or part thereof until the complete annual O&M report is submitted.

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If the annual O&M report is incomplete or does not fulfil the requirements of the Infrastructure Licenses, and the minimum requirements described in Section 5.6.9, then the Payment Adjustment will be applied until a complete annual O&M report is submitted.

**2.23 Power Consumption Payment Adjustment (Section 5.6.9.2)**

In this Section, the following expressions shall have the following meanings (and where applicable their plurals have corresponding meanings):

“**Actual Annual Power Consumption**” is the annual amount of power consumed at the Infrastructure as specified in the annual O&M report as per Section 5.6.9;

“**Bid Potable Water Distribution System Power Consumption Rate**” is 700 kWh per ML;

“**Bid PWTP Power Consumption Rate**” is 250 kWh per ML;

“**Bid WWTP Power Consumption Rate**” is 1,900 kWh per ML;

“**Expected Annual Power Consumption**” is the annual amount of power expected to be consumed at the Infrastructure and is calculated as follows:

Bid WWTP Power Consumption Rate (kWh) x Annual Total Treated Wastewater (ML)

plus

Bid PWTP Power Consumption Rate (kWh) x Annual Total Treated Water (ML)

plus

Bid Potable Water Distribution System Power Consumption Rate (kWh) x Annual Total Treated Water (ML) (if applicable in accordance with the Contractor’s Designs); and

“**Power Consumption Rate**” means the amount of power (in kWh) required for the treatment of one ML of Raw Water or wastewater or the amount of power (in kWh) required for the conveyance of one ML of Treated Water and includes base building loads and power consumption from Raw Water or wastewater treatment or the conveyance of Treated Water as applicable.

Where the Actual Annual Power Consumption exceeds the Expected Annual Power Consumption by greater than 10%, a Payment Adjustment as detailed in the below formula will be assessed.

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Payment Adjustment = (A – B – C - D) x E

Where:

A= Actual Annual Power Consumption (kWh)

B = Bid WWTP Power Consumption Rate (kWh/ML) x Annual Total Treated Water (ML)

C = Bid PWTP Power Consumption Rate (kWh/ML) x Annual Total Treated Wastewater (ML)

D = Bid Potable Water Distribution System Power Consumption Rate (kWh) x Annual Total Treated Water (ML) (if applicable in accordance with the Contractor's Designs)

E = \$0.13 per kWh

If the Actual Annual Power Consumption exceeds the Expected Annual Power Consumption by less than 10%, no Payment Adjustment will be made. If the Actual Annual Power Consumption is less than the Expected Annual Power Consumption, no additional payment shall be made by the Province.

**2.24 Call Centre Payment Adjustment (Section 5.6.12.4)**

If the Contractor fails to:

- (a) record, with reference to the Monthly Call Centre Report, all contacts, enquiries, complaints, emergencies, and Infrastructure Performance Failures notified to the Call Centre, regardless of time of day such request or report of an Infrastructure Performance Failure occurs, a Payment Adjustment of \$200 per failure will be assessed;
- (b) record, with reference to the Monthly Call Centre Report, all response and rectification actions in response to the contacts, enquiries, complaints, emergencies, and Infrastructure Performance Failures received by the Call Centre, including the timing of events, a Payment Adjustment of \$200 will be assessed;
- (c) provide a complete Monthly Call Centre Report within the time stipulated, a Payment Adjustment of \$200 per day or partial day will be assessed until the Contractor submits a complete Monthly Call Centre Report;
- (d) provide access to Call Centre records and logs as requested in writing from the Province, upon two hours notice, a Payment Adjustment of \$200 per failure will be assessed; or
- (e) if the Contractor fails to report any Major Incidents as per Section 5.6.12.2, a Payment Adjustment of \$500 per hour or partial day thereof until properly reported will be assessed.

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**2.25 Regulatory Non-Compliance Payment Adjustments for Infrastructure Licenses During the Operating Period (Section 5.6.13)**

The Contractor will be responsible for ensuring that the Infrastructure Licenses for the Infrastructure remain valid and in good standing, and that all of the license requirements are adhered to throughout the Operating Period. If the Contractor violates or contravenes any of the requirements of the Infrastructure Licenses, the Contractor shall be subject to a Payment Adjustment in the amount set forth in Table 5.6.13 below.

<b>Table 5.6.13 Regulatory Non-Compliance Payment Adjustments</b>		
<b>Non-compliance event</b>	<b>Monitoring Period</b>	<b>Payment Adjustments for Non-compliance <sup>a</sup></b>
Violation of any term or condition of a regulatory approval or permit.	The first non-compliance event in a 365 day period	\$1,000
	The second non-compliance event of the same infringement in a 365 day period	\$2,500
	The third non-compliance event of the same infringement in a 365 day period	\$5,000
	The fourth and each subsequent non-compliance events of the same infringement in a 365 period	\$10,000
Violations Requiring Public Notification <sup>b</sup>	Per event	\$25,000

- a. The Payment Adjustments stated above do not include any fines or penalties that may be assessed by any Governmental Authority.
- b. Public notification refers to violations for which the Contractor is required by applicable law or ordered by any Governmental Authority to issue a public notification; e.g. Boil Water Advisories.

**2.26 Annual Dependability Test Payment Adjustment (Section 5.7.4.1)**

If the Contractor fails to submit the Annual Dependability Test report(s) to the Province in accordance with Section 5.7.4 no later than two weeks after completion of the applicable Annual Dependability Tests(s), a Payment Adjustment of \$500 will be assessed for each day or part thereof until the complete report is submitted. If the report is incomplete then the Payment Adjustment will be applied until a complete report is submitted.

If the results of the Annual Dependability Test(s) show that the capacity of the PWTP,

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the WWTP or the Potable Water Distribution System is less than the Design Capacity, then the maximum Declared Capacity shall be limited to the capacity recorded by Annual Dependability Test(s), and the Payment Adjustments for capacity deductions set out in Section 5.7.5 shall apply until the Contractor rectifies the Infrastructure and repeats the Annual Dependability Test(s) to successfully demonstrate that Available Capacity is equal to or greater than the Design Capacity.

If the Contractor fails to carry out the Annual Dependability Test on or before the first anniversary of Availability and on or before each anniversary date of Availability thereafter, then a Payment Adjustment of \$1,000 will be assessed for each day or part thereof until the Annual Dependability Tests are completed.

**2.27 Available Capacity Payment Adjustment (Section 5.7.5.1)**

If the Available Capacity for the PWTP, the WWTP or the Potable Water Distribution System is less than the Design Capacity then the following Payment Adjustments shall apply, unless the reduction in the Available Capacity is authorized as part of the Approved Planned Maintenance:

- (a) the Declared Capacity of the PWTP is  $0 \leq 10$  percent less than the PWTP Design Capacity, a Payment Adjustment of \$1,500 will be assessed for each day or part thereof;
- (b) the Declared Capacity of the PWTP is  $10 \leq 25$  percent less than the PWTP Design Capacity, a Payment Adjustment of \$3,000 will be assessed for each day or part thereof;
- (c) the Declared Capacity of the PWTP is  $>25$  percent less than the PWTP Design Capacity, a Payment Adjustment of \$5000 will be assessed for each day or part thereof;
- (d) the Declared Capacity of the Potable Water Distribution System reservoir storage volume for fire fighting is less than the volume determined by the Contractor's Designs and the Detailed Designs by  $0 \leq 10$  percent, a Payment Adjustment of \$1,000 per day or part thereof;
- (e) the Declared Capacity of the Potable Water Distribution System reservoir storage volume for fire fighting is less than the volume determined by the Contractor's Designs and the Detailed Designs by  $10 \leq 25$  percent, a Payment Adjustment of \$3,000 per day or part thereof;
- (f) the Declared Capacity of the Potable Water Distribution System reservoir storage volume for fire fighting is less than the volume determined by the Contractor's Designs and the Detailed Designs by  $> 25$  percent, a Payment Adjustment of \$5,000 per day or part thereof;
- (g) the Declared Capacity of the WWTP is  $0 \leq 10$  percent less than the WWTP

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Design Capacity, a Payment Adjustment of \$1,500 will be assessed for each day or part thereof;

- (h) the Declared Capacity of the WWTP is  $10 \leq 25$  percent less than the WWTP Design Capacity, a Payment Adjustment of \$3,000 will be assessed for each day or part; or
- (i) the Declared Capacity of the WWTP is  $> 25$  percent less than the WWTP Design Capacity, a Payment Adjustment of \$5,000 will be assessed for each day or part thereof.

The Payment Adjustments set out above shall apply separately to each and every failure day recorded, including successive failures of the same components of the Infrastructure.

If the Contractor fails to self-assess any period of Declared Capacity less than the Design Capacity in the Monthly Invoice, then a Payment Adjustment of \$5,000 will be assessed for each individual reporting failure.

**2.28 Semi-Annual Asset Management Report Payment Adjustment (Section 5.7.6.1)**

If the Contractor fails to submit the Semi-Annual Asset Management Report(s) to the Province as per Section 5.7.6 on or before the 7th day of the month ending the relevant semi-annual period, a Payment Adjustment of \$100 will be assessed for each day or part thereof until the complete Semi-Annual Asset Management Report is submitted.

If the Semi-Annual Asset Management Report is incomplete then the Payment Adjustment will be applied until a complete report is submitted.

**2.29 Annual Asset Management Report Payment Adjustment (Section 5.7.7.1)**

If the Contractor fails to submit the Annual Asset Management Report(s) to the Province as per Section 5.7.7 within the first two weeks following each anniversary date of Availability, a Payment Adjustment of \$200 will be assessed for each day or part thereof until the complete Annual Asset Management Report is submitted.

If the Annual Asset Management Report is incomplete then the Payment Adjustment will be applied until a complete Annual Asset Management Report is submitted.

If the leakage assessment of the Potable Water Distribution System determines an increase of leakage of more than 10 percent over the leakage level recorded in the first full year of the Term, a Payment Adjustment of \$1,000 will be assessed for each day or part thereafter until the Contractor rectifies the Infrastructure to reduce the leakage below 10 percent.

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**2.30 Unplanned Maintenance Payment Adjustment (Section 5.7.10.1)**

If the Contractor performs or is deemed to have performed any Unplanned Maintenance then a Payment Adjustment of \$5,000 will be assessed for each day or part thereof until the Unplanned Maintenance is completed and the Available Capacity is restored to the Design Capacity. During any Unplanned Maintenance, the capacity deductions set out in Section 5.7.5 shall apply in addition to the Payment Adjustments in Section 5.7.10.

**2.31 Handback on Expiry Payment Adjustment (Section 6.3)**

If the Contractor fails to perform the tests, procedures and handback activities set-out in the Handback on Expiry Plan within the time stipulated, a Payment Adjustment of \$1,000 per day shall be assessed until the requirement of the Handback on Expiry Plan have been implemented in full.

**2.32 Handback Report Payment Adjustment (Section 6.7.1)**

If the Contractor fails to submit and secure the Province’s approval, acting reasonably, of the handback report(s) prior to 90 days before the end of the Term, then a Payment Adjustment of \$1,000 per day or partial day shall be assessed until the completed report is approved by the Province.

**2.33 Asset Management Data and Spares Inventory Payment Adjustment (Section 6.9.1)**

If the Contractor’s asset spares inventory is incomplete, evaluated against the recommended spares list set out in the O&M Manuals, then a Payment Adjustment of \$500 per day or partial day shall be assessed until the spares inventory is made good. If the Contractor fails to submit the full set of asset management data listed in Section 6.9 then a Payment Adjustment of \$500 per day or partial day shall be assessed until the complete asset management data is submitted to the Province.

**2.35 Regulatory Non-Compliance Payment Adjustments for Existing Facilities Licenses During the Construction Period (Section 7.9.11)**

The Contractor will be responsible for ensuring that the Existing Facilities Licenses remain valid and in good standing, and that all of the license requirements are adhered to throughout the Construction Period.

If the Contractor violates or contravenes any of the requirements of the Existing Facilities Licenses, the Contractor shall be subject to a Payment Adjustment in the amount set forth in Table 7.9.11 below.

<b>Table 7.9.11 Regulatory Non-Compliance Payment Adjustments</b>		
<b>Non-compliance event</b>	<b>Monitoring Period</b>	<b>Payment Adjustments for Non-compliance <sup>a</sup></b>

**SCHEDULE 15 – DBFO AGREEMENT  
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Violation of any term or condition of a regulatory approval or permit.	The first non-compliance event in a 365 day period	\$1,000
	The second non-compliance event of the same infringement in a 365 day period	\$2,500
	The third non-compliance event of the same infringement in a 365 day period	\$5,000
	The fourth and each subsequent non-compliance events of the same infringement in a 365 period	\$10,000
Violations Requiring Public Notification <sup>b</sup>	Per event	\$25,000

a. The Payment Adjustments stated above do not include any fines or penalties that may be assessed by any Governmental Authority.

b. Public notification refers to violations for which the Contractor is required by applicable law or ordered by any Governmental Authority to issue a public notification; e.g. Boil Water Advisories.