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July 27, 2021

Mr. Barry McNabb
Director, Utility Regulation
Financial and Corporate Services Department
City of Edmonton

Dear Mr. McNabb:

**Re: EPCOR Water Services Inc.
2022-2024/2026 PBR Compliance Application**

1.0 INTRODUCTION

EPCOR Water Services Inc. (“EWSI”) hereby submits its 2022-2024/2026 PBR Compliance Application. EWSI has made amendments to the EPCOR Water Services Bylaw 19626 and the EPCOR Drainage Services and Wastewater Treatment Bylaw 19627 (“PBR Bylaws”) in accordance with motions issued by the City of Edmonton Utility Committee on July 9, 2021. The following seven attachments, along with this letter, comprise EWSI’s 2022-2024/2026 PBR Compliance Application:

1. Revised PBR Bylaw 19626 and Schedules (clean version)
2. Revised PBR Bylaw 19626 and Schedules (black-lined version compared to Bylaw 17698)
3. Revised PBR Bylaw 19627 and Schedules (clean version)
4. Revised PBR Bylaw 19627 and Schedules (black-lined version compared to Bylaw 18100)
5. Revised Water Financial Schedules
6. Revised Wastewater Treatment Financial Schedules
7. Revised Drainage Services Financial Schedules

The sections that follow include a summary of the Utility Committee’s motions issued July 9, 2021 and EWSI’s explanations of how it is addressing the motions (Section 2.0); a summary of the impacts on EWSI’s revenue requirements for the 2022-2024/2026 PBR terms (Section 3.0); revised average customer bill tables for the 2022-2024/2026 PBR terms (Section 4.0); and additional proposed Bylaw amendments to reflect minor corrections (Section 5.0).

2.0 UTILITY COMMITTEE MOTIONS

On July 9, 2021 the Utility Committee issued the following two motions:

That Administration work with EPCOR to bring forward amendments to the applicable schedules to EPCOR Water Services Bylaw 19626 and EPCOR Drainage Services and Wastewater Treatment Bylaw 19627 to reflect the following:

1. *The adjustments noted by EPCOR Water Services Inc. in its response to the City of Edmonton PBR review reports (page 6, Attachment 3 of FCS00627) with respect to:

 - a) *reduced debt costs in the amount of \$3.7 million; and*
 - b) *the reimbursement to customers for the capitalization of valve casings and service box replacements in the amount of \$5.2 million.**
2. *A deferral account for water consumption for each of Water Services, Wastewater Treatment and Drainage Services that would be accumulated during the 2022-2026 and 2022-2024 PBR terms and included in customer rates in each of the next PBR terms through a special rate adjustment.*
3. *A Return on Equity for Water Services for 2022-2026 and for Wastewater Treatment for 2022-2024 of 9.89% be reduced to 9.64% as a reflection of the risk reduction of the consumption deferral account (with no change to the requested Return on Equity for Drainage Services contained in the rates application).*
4. *An Efficiency Factor for Drainage Services for the 2022-2024 Performance Based Rates term of 0.50%.*
5. *That all non-routine adjustments applied for by Water Services, Wastewater Treatment and Drainage Services during the 2022-2026 and 2022-2024 Performance Based Rates terms be charged to the Adjustment Deferral Accounts. A two-step approach may be followed whereby EPCOR Water Services Inc. would receive interim approval and funding for the proposed adjustment with a final true up of funding being completed based on actual costs.*

And

That Administration work with EPCOR to bring forward reports prior to the next Performance Based Rates term for Drainage Services and Wastewater Treatment effective April 1, 2025, providing further background and the appropriate regulatory treatment for the following items:

1. *Improved disclosure of changes in accounting and capitalization policies and treatment;*
2. *Reporting the size of the workforce including actual and forecast full-time equivalents;*
3. *A review of how long-term debt interest rates are set for EPCOR Water Services Inc.; and*
3. *A review of the performance measures to ensure they are increasingly stringent and challenging over time.*

Prior to the next PBR term, EWSI will review each of the items identified in the second motion and provide its analysis and recommendations to Utility Committee

EWSI has made the following adjustments to the applied-for PBR Bylaws and corresponding financial schedules in accordance with the first motion issued by the Utility Committee:

2.1.1 Debt Costs

In accordance with the Utility Committee motion, EWSI has reduced debt costs by \$3.7 million for determining both the Water and Wastewater Treatment rates for the 2022-2026 and 2022-2024 PBR terms respectively. This revision to debt costs is reflected in the revised Water and Wastewater Treatment Financial Schedules (Attachments 5 and 6 to this Compliance Application), specifically Schedule 14-1 and Schedule 17-3.

2.1.2 Valve Casings and Service Box Replacement Capitalizations

In accordance with the Utility Committee motion, EWSI has reduced costs by \$5.2 million for determining the Water rates for the 2022-2026 PBR term. This reimbursement is reflected in the revised Water Financial Schedules (Attachments 5 to this Compliance Application), specifically Schedule 13-1.

2.1.3 Deferral Account

In accordance with the Utility Committee motion, EWSI will ensure that an appropriate tracking and reporting mechanism is developed to track all variances of consumption from the forecast contained in the PBR applications. The variance of actual to forecast, either positive or negative, will be reflected in the next PBR applications as a special rate adjustment. EWSI has added the following reporting and filing requirements to Bylaw 19626 (Schedule 3, Section 6) and Bylaw 19627 (Schedule 3, Section 7):

Consumption Deferral Account

The Annual Water Rate Filing will contain a report showing the annual variance between EWSI's water consumption forecast and actual consumption for the previous calendar year.

Consumption Deferral Account

The Annual Drainage and Wastewater Treatment Rate Filing will contain a report showing the annual variance between EWSI's water consumption forecast and actual consumption for the previous calendar year.

2.1.4 Return on Equity

In accordance with the Utility Committee motion, EWSI has applied a 9.64% (9.89% less 0.25%) return on equity for determining both the Water and Wastewater Treatment rates for the 2022-

2026 and 2022-2024 PBR terms respectively. This revision to the return on equity is reflected in the revised Water and Wastewater Treatment Financial Schedules (Attachments 5 and 6 to this Compliance Application), specifically Schedule 14-1.

2.1.5 Drainage Services Efficiency Factor

In accordance with the Utility Committee motion, EWSI has applied a 0.50% efficiency factor for determining Drainage Services rates for the 2022-2024 term. Refer to revisions in Bylaw 19627, Schedule 3, Sections 1.1 – 1.3 and Section 2.2.

2.1.6 Non-Routine Adjustment Mechanisms

The PBR Bylaws have been updated to include a non-routine adjustment mechanism as defined by the motions. No adjustments to the current application's financial schedules have been made as the impact of the non-routine adjustment mechanism will only be reflected in the next PBR terms. The following provisions have been added to Bylaw 19626, Schedule 3, Section 4 and to Bylaw 19627, Schedule 3, Section 4:

All amounts approved as non-routine adjustments are approved and funded on an interim basis and shall be charged to EWSI's Adjustment Deferral Account (Water). EWSI shall, within a reasonable time frame following completion of the project funded by the non-routine adjustment, prepare a final true up of the non-routine adjustment funding based on actual costs.

All amounts approved as non-routine adjustments are approved and funded on an interim basis and shall be charged to EWSI's Adjustment Deferral Account (Drainage or Wastewater) as applicable. EWSI shall, within a reasonable time frame following completion of the project funded by the non-routine adjustment, prepare a final true up of the non-routine adjustment funding based on actual costs.

3.0 REVISED REVENUE REQUIREMENTS

The combined impact of the above noted adjustments results in reductions to EWSI's forecast revenue requirement for each of Water, Wastewater Treatment and Drainage Services' Sanitary and Stormwater Utilities. Tables 3.0-1, 3.0-2, 3.0-3 and 3.0-4 present the revised forecast revenue requirements for the 2022-2024/2026 PBR terms. The 2021 approved (2021D) and 2021 forecast (2021F) amounts are provided for information.

Table 3.0-1
Forecast In-City Water Revenue Requirement
(Revised Table 1.5-1 and 1.5-2 from Water PBR Application)
2022-2026
(\$ millions)

Cost Component	A 2021D	B 2021F	C 2022F	D 2023F	E 2024F	F 2025F	G 2026F
1 Operating Costs	101.7	94.4	95.4	97.6	99.3	100.7	102.7
2 Franchise Fee	16.9	15.5	16.8	17.9	18.8	19.6	20.5
3 Subtotal: Operating Costs	118.6	109.8	112.2	115.5	118.1	120.3	123.2
4 Depreciation Expense	33.3	35.8	38.9	41.3	44.3	46.4	47.7
5 Interest Expense	34.8	32.2	33.2	33.7	32.8	32.0	31.9
6 Return on Equity	49.0	41.7	51.3	52.9	54.8	55.7	55.7
7 Revenue Requirement before Revenue Offsets	235.7	219.5	235.6	243.5	250.0	254.5	258.5
8 Less: Revenue Offsets	(5.2)	(5.2)	(6.3)	(6.4)	(6.5)	(6.6)	(6.7)
9 Revenue Requirement (Jul 23, 2021)	230.5	214.3	229.4	237.2	243.5	247.9	251.8
10 Revenue Requirement (Feb 16, 2021)	230.5	214.3	232.3	240.6	247.1	251.1	255.8
11 Reduction in Revenue Requirement	-	-	(3.0)	(3.4)	(3.6)	(3.2)	(4.0)

Table 3.0-2
Forecast Wastewater Treatment Revenue Requirement
(Revised Table 1.5-1 from Wastewater Treatment PBR Application)
2022-2024
(\$ millions)

Cost Component	A 2021D	B 2021F	C 2022F	D 2023F	E 2024F
1 Operating Costs	50.6	46.8	60.8	67.2	66.5
2 Franchise Fee	9.8	8.9	10.0	10.6	10.8
3 Subtotal: Operating Costs	60.4	55.7	70.8	77.7	77.3
4 Depreciation and Amortization	20.0	20.7	23.2	23.8	26.4
5 Return on Rate Base Financed by Debt	14.5	12.0	12.3	12.3	13.6
6 Return on Rate Base Financed by Equity	21.7	23.2	21.1	21.2	23.2
7 Revenue Requirement before Revenue Offsets	116.7	111.6	127.4	135.1	140.5
8 Less: Revenue Offsets	(3.0)	(2.7)	(5.9)	(7.2)	(7.3)
9 Revenue Requirement (Jul 23, 2021)	113.7	108.9	121.5	127.9	133.2
10 Revenue Requirement (Feb 16, 2021)	113.7	108.9	122.6	128.9	134.5
11 Reduction in Revenue Requirement	-	-	(1.1)	(1.0)	(1.3)

Table 3.0-3
Forecast Sanitary Utility Revenue Requirement
(Revised Table 1.5-1 from Drainage PBR Application)
2022-2024
(\$ millions)

	A	B	C	D
	2021 F	2022 F	2023 F	2024 F
Sanitary Utility excluding CORE				
1 Operating Costs	68.5	50.9	45.6	45.7
2 Franchise Fees and Property Taxes	9.9	9.6	9.9	10.4
3 Depreciation and Amortization	17.4	16.9	17.6	18.7
4 Return on Rate Base Financed by Debt	12.4	15.9	15.8	16.9
5 Return on Rate Base Financed by Equity	33.3	17.6	22.2	27.4
6 Revenue Requirement before Revenue Offsets	141.4	110.8	111.1	119.1
7 Less: Revenue Offsets	(9.0)	(5.6)	(4.5)	(4.6)
8 Sanitary Utility Revenue Requirement, excluding CORE	132.4	105.2	106.6	114.5
CORE				
9 Operating Costs	4.1	5.4	4.1	5.5
10 Franchise Fees and Property Taxes	0.5	1.1	1.2	1.6
11 Depreciation and Amortization	0.8	1.5	2.1	2.7
12 Return on Rate Base Financed by Debt	0.9	2.0	2.5	3.4
13 Return on Rate Base Financed by Equity	(0.5)	4.1	5.4	7.1
14 Revenue Requirement – CORE	5.8	14.2	15.2	20.4
Sanitary Utility				
15 Operating Costs	72.7	56.3	49.6	51.2
16 Franchise Fees and Property Taxes	10.3	10.8	11.2	12.1
17 Depreciation and Amortization	18.2	18.4	19.6	21.4
18 Return on Rate Base Financed by Debt	13.3	17.9	18.4	20.3
19 Return on Rate Base Financed by Equity	32.8	21.6	27.6	34.5
20 Revenue Requirement before Revenue Offsets	147.2	125.0	126.4	139.4
21 Less: Revenue Offsets	(9.0)	(5.6)	(4.5)	(4.6)
22 Revenue Requirement (Jul 23, 2021)	138.2	119.4	121.9	134.8
23 Revenue Requirement (Feb 16, 2021)	138.2	119.4	122.0	135.0
24 Reduction in Revenue Requirement	-	-	(0.1)	(0.2)

Table 3.0-4
Forecast Stormwater Utility Revenue Requirement
(Revised Table 1.5-2 from Drainage PBR Application)
2022-2024
(\$ millions)

	A	B	C	D
	2021 F	2022 F	2023 F	2024 F
Stormwater Utility excluding SIRP				
1 Operating Costs	50.9	47.8	48.4	48.9
2 Property Taxes	0.9	1.0	1.0	1.0
3 Depreciation and Amortization	20.4	21.9	22.3	23.4
4 Return on Rate Base Financed by Debt	11.6	15.4	15.3	16.4
5 Return on Rate Base Financed by Equity	(5.8)	17.0	21.5	26.6
6 Revenue Requirement before Revenue Offsets	77.9	102.9	108.4	116.2
7 Less: Revenue Offsets	(0.7)	(0.7)	(0.7)	(0.7)
8 Total Stormwater Utility Revenue Requirement, excluding SIRP	77.2	102.2	107.7	115.5
SIRP				
9 Operating Costs	4.1	6.6	7.4	7.8
10 Depreciation and Amortization	-	1.7	4.1	6.3
11 Return on Rate Base Financed by Debt	-	1.2	2.7	4.0
12 Return on Rate Base Financed by Equity	0.1	2.4	5.6	8.3
13 Total Revenue Requirement - SIRP	4.1	12.0	19.8	26.4
15 Stormwater Utility	-	-	-	-
16 Operating Costs	55.0	54.4	55.8	56.7
17 Property Taxes	0.9	1.0	1.0	1.0
18 Depreciation and Amortization	20.4	23.6	26.4	29.7
19 Return on Rate Base Financed by Debt	11.6	16.6	18.0	20.3
20 Return on Rate Base Financed by Equity	(5.8)	19.4	27.1	34.9
21 Revenue Requirement before Revenue Offsets	82.0	114.9	128.2	142.6
22 Less: Revenue Offsets	(0.7)	(0.7)	(0.7)	(0.7)
23 Revenue Requirement (Jul 23, 2021)	81.3	114.2	127.5	141.8
24 Revenue Requirement (Feb 16, 2021)	81.3	114.2	127.6	142.0
25 Reduction in Revenue Requirement	-	-	(0.1)	(0.2)

4.0 REVISED CUSTOMER BILL TABLES

Based on the adjusted revenue requirements shown above, the revised average residential, multi-residential and commercial customer's water, wastewater treatment and Drainage Services bill are shown in tables 4.0-1 to 4.0-9 below:

Table 4.0-1
Average Residential Customer Water Bill Impact
(Revised Table 12.2.5-1 from Water PBR Application)
2022-2026
(\$/month)

	A	B	C	D	E	F
	2022F	2023F	2024F	2025F	2026F	Total/ Average
Rate Increase over 2021 Decision:						
1 Normal Operations (i-x)	2.06%	2.06%	2.06%	2.06%	2.06%	
2 SRA – Re-basing	2.33%	2.33%	2.33%	2.33%	2.33%	
3 SRA – Fixed Charge Increase	2.36%					
4 SRA – 90 Day Deferral	0.79%	(0.70%)				
5 SRA – Fire Protection	6.86%					
6 Total Annual Rate Increase	14.40%	3.69%	4.39%	4.39%	4.39%	
Average Bill Impact:						
7 Monthly Consumption per Customer - m ³	13.4	13.2	12.9	12.7	12.5	
8 Average Monthly Bill - \$	43.16	44.15	45.46	46.81	48.21	
9 Change in Bill - \$	1.88	0.99	1.31	1.34	1.40	6.93
10 Change in Bill - % ¹	4.6%	2.3%	3.0%	3.0%	3.0%	3.2%

Table 4.0-2
Average Multi-Residential Customer Water Bill Impact
(Revised Table 12.2.5-2 from Water PBR Application)
2022-2026
(\$/month)

	A	B	C	D	E	F
	2022F	2023F	2024F	2025F	2026F	Total/ Average
Rate Increase over 2021 Decision:						
1 Normal Operations (i-x)	2.06%	2.06%	2.06%	2.06%	2.06%	
2 SRA – Re-basing	2.33%	2.33%	2.33%	2.33%	2.33%	
3 SRA – Fixed Charge Increase	(7.42%)					
4 SRA – 90 Day Deferral	0.19%	(0.19%)				
5 SRA – Fire Protection	1.60%					
6 Total Annual Rate Increase	(1.24%)	4.20%	4.39%	4.39%	4.39%	
Average Bill Impact:						
7 Monthly Consumption per Customer - m ³	388.4	386.6	384.7	382.9	381.0	
8 Average Monthly Bill - \$	729.68	756.91	786.60	817.45	849.52	
9 Change in Bill - \$	(46.47)	27.24	29.68	30.85	32.07	73.36
10 Change in Bill - %	(6.0%)	3.7%	3.9%	3.9%	3.9%	1.9%

Table 4.0-3
Average Commercial Customer Water Bill Impact
(Revised Table 12.2.5-3 from Water PBR Application)
2022-2026
(\$/month)

	A	B	C	D	E	F
	2022F	2023F	2024F	2025F	2026F	Total/ Average
Rate Increase over 2021 Decision:						
1 Normal Operations (i-x)	2.06%	2.06%	2.06%	2.06%	2.06%	
2 SRA – Re-basing	2.33%	2.33%	2.33%	2.33%	2.33%	
3 SRA – Fixed Charge Increase	(3.08%)					
4 SRA – 90 Day Deferral	0.45%	(0.40%)				
5 SRA – Fire Protection	8.95%					
6 Total Annual Rate Increase	10.70%	3.99%	4.39%	4.39%	4.39%	
Average Bill Impact:						
7 Monthly Consumption per Customer - m ³	90.1	94.0	96.5	93.6	90.7	
8 Average Monthly Bill - \$	194.33	208.26	221.30	225.41	229.45	
9 Change in Bill - \$	26.51	13.93	13.05	4.11	4.04	61.63
10 Change in Bill - %	15.8%	7.2%	6.3%	1.9%	1.8%	6.6%

Table 4.0-4
Average Residential Customer Wastewater Treatment Bill Impact
(Revised Table 12.3-1 from Wastewater Treatment PBR Application)
2022-2024
(\$/month)

	A	B	C	D
	2022F	2023F	2024F	Total / Average
Rate Increase over 2021 Decision:				
1 Normal Operations (i-x)	2.01%	2.01%	2.01%	
2 Special Rate Adjustment- Re-basing	17.18%	(0.62%)	(0.62%)	
3 Special Rate Adjustment- 90 Day Deferral program	0.82%	(0.69%)		
4 Total Annual Rate Increase	20.00%	0.70%	1.39%	
Average Bill Impact:				
5 Monthly Consumption per Customer - m ³	13.4	13.2	12.9	
6 Average Monthly Bill - \$	22.76	22.63	22.65	
7 Change in Bill - \$	2.25	(0.13)	0.02	2.14
8 Change in Bill - %	11.0%	(0.6%)	0.1%	3.5%

Table 4.0-5
Average Multi-Residential Customer Wastewater Treatment Bill Impact
(Revised Table 12.3-2 from Wastewater Treatment PBR Application)
2022-2024
(\$/month)

	A	B	C	D
	2022F	2023F	2024F	Total / Average
Rate Increase over 2021 Decision:				
1 Normal Operations (i-x)	2.01%	2.01%	2.01%	
2 Special Rate Adjustment- Re-basing	17.18%	(0.62%)	-0.62%	
3 Special Rate Adjustment- 90 Day Deferral program	0.04%	(0.03%)		
4 Total Annual Rate Increase	19.22%	1.36%	1.39%	
Average Bill Impact:				
5 Monthly Consumption per Customer - m ³	388.4	386.6	384.7	
6 Average Monthly Bill - \$	485.28	489.54	494.00	
7 Change in Bill - \$	55.85	4.26	4.45	64.56
8 Change in Bill - %	13.0%	0.9%	0.9%	4.9%

Table 4.0-6
Average Commercial Customer Wastewater Treatment Bill Impact
(Revised Table 12.3-3 from Wastewater Treatment PBR Application)
2022-2024
(\$/month)

	A	B	C	D
Wastewater: Commercial	2022F	2023F	2024F	Total / Average
Rate Increase over 2021 Decision:				
1 Normal Operations (i-x)	2.01%	2.01%	2.01%	
2 Special Rate Adjustment- Re-basing	17.18%	(0.62%)	(0.62%)	
3 Special Rate Adjustment- 90 Day Deferral program	0.15%	(0.12%)		
4 Total Annual Rate Increase	19.34%	1.26%	1.39%	
Average Bill Impact:				
5 Monthly Consumption per Customer - m ³	91.9	95.8	97.7	
6 Average Monthly Bill - \$	119.54	125.98	130.16	
7 Change in Bill - \$	23.85	6.44	4.18	34.47
8 Change in Bill - %	24.9%	5.4%	3.3%	11.2%

Table 4.0-7
Average Residential Customer Drainage Services Bill Impact
(Revised Table 13.4-1 from Drainage PBR Application)
2022-2024
(\$/month)

	A	B	C	D	
	2022 F	2023 F	2024 F	Total / Average	
Sanitary Utility					
Annual Rate Increase (%)					
1	Normal Operations (i-x)	2.08%	2.08%	2.08%	
2	SRA – Re-basing	(5.84%)	1.83%	1.83%	
3	SRA – 90 Day Deferral Program	0.90%	(0.93%)	0.00%	
4	Annual Rate Increase, excluding CORE	(2.86%)	2.99%	3.91%	
5	Impact of Declining Consumption	0.00%	(1.02%)	(1.04%)	
6	Current Year Bill Increase, excluding CORE	(2.86%)	1.97%	2.88%	0.7%
7	SRA – CORE	7.06%	(1.84%)	3.94%	3.0%
Average Bill Impact (\$)					
8	Average Monthly Bill	27.41	27.45	29.32	
9	Change in Bill	1.10	0.04	1.87	3.01
10	Average Bill Increase (%)	4.2%	0.1%	6.8%	3.7%
Stormwater Utility					
Annual Rate Increase (%)					
11	Normal Operations (i-x)	2.08%	2.08%	2.08%	
12	SRA – Re-basing	(5.84%)	1.83%	1.83%	
13	SRA – 90 Day Deferral Program	0.72%	(0.75%)	0.00%	
14	Annual Rate Increase, excluding SRA – SIRP	(3.04%)	3.17%	3.91%	1.3%
15	SRA – SIRP	11.72%	6.48%	4.80%	7.7%
Average Bill Impact (\$)					
16	Average Monthly Bill	14.96	16.40	17.83	
17	Change in Bill	1.20	1.44	1.43	4.07
18	Average Bill Increase (%)	8.7%	9.6%	8.7%	9.0%
Combined Sanitary and Stormwater Utilities					
19	Average Monthly Bill	42.37	43.85	47.15	
20	Change in Bill	2.30	1.48	3.30	7.08
21	Average Bill Increase	5.7%	3.5%	7.5%	5.6%

Table 4.0-8
Average Multi-Residential Customer Drainage Services Bill Impact
(Revised Table 13.4-2 from Drainage PBR Application)
2022-2024
(\$/month)

	A	B	C	D	
	2022 F	2023 F	2024 F	Total / Average	
Sanitary Utility					
Annual Rate Increase (%)					
1	Normal Operations (i-x)	2.08%	2.08%	2.08%	
2	SRA – Re-basing	(5.84%)	1.83%	1.83%	
3	SRA – 90 Day Deferral Program	0.23%	(0.24%)	0.00%	
4	Annual Rate Increase, excluding CORE	(3.52%)	3.67%	3.91%	
5	Impact of Declining Consumption	0.00%	(0.42%)	(0.42%)	
6	Current Year Bill Increase, excluding CORE	(3.52%)	3.25%	3.49%	1.1%
7	SRA – CORE	10.77%	(2.75%)	6.03%	4.7%
Average Bill Impact (\$)					
8	Average Monthly Bill	537.50	540.16	591.58	
9	Change in Bill	36.31	2.67	51.42	90.39
10	Average Bill Increase (%)	7.2%	0.5%	9.5%	5.8%
Stormwater Utility					
Annual Rate Increase (%)					
11	Normal Operations (i-x)	2.08%	2.08%	2.08%	
12	SRA – Re-basing	(5.84%)	1.83%	1.83%	
13	SRA – 90 Day Deferral Program	0.72%	(0.75%)	0.00%	
14	Annual Rate Increase, excluding SRA – SIRP	(3.04%)	3.17%	3.91%	1.3%
15	SRA – SIRP	11.72%	6.48%	4.80%	7.7%
Average Bill Impact (\$)					
16	Average Monthly Bill	117.13	128.43	139.62	
17	Change in Bill	9.36	11.30	11.19	31.86
18	Average Bill Increase (%)	8.7%	9.6%	8.7%	9.0%
Combined Sanitary and Stormwater Utilities					
19	Average Monthly Bill	654.63	668.59	731.20	
20	Change in Bill	45.67	13.96	62.61	122.25
21	Average Bill Increase	7.5%	2.1%	9.4%	6.3%

Table 4.0-9
Average Commercial Customer Drainage Services Bill Impact
(Revised Table 13.4-3 from Drainage Services Application)
2022-2024
(\$/month)

		A	B	C	D
		2022 F	2023 F	2024 F	Total / Average
Sanitary Utility					
Annual Rate Increase (%)					
1	Normal Operations (i-x)	2.08%	2.08%	2.08%	
2	SRA – Re-basing	(5.84%)	1.83%	1.83%	
3	SRA – 90 Day Deferral Program	0.52%	(0.54%)	0.00%	
4	Annual Rate Increase, excluding CORE	(3.23%)	3.37%	3.91%	
5	Impact of Declining Consumption	0.00%	3.73%	1.85%	
6	Current Year Bill Increase, excluding CORE	(3.23%)	7.10%	5.77%	3.2%
7	SRA – CORE	9.14%	(2.06%)	5.55%	4.2%
Average Bill Impact (\$)					
8	Average Monthly Bill	132.02	138.67	154.37	
9	Change in Bill	7.36	6.66	15.70	29.72
10	Average Bill Increase (%)	5.9%	5.0%	11.3%	7.4%
Stormwater Utility					
Annual Rate Increase (%)					
11	Normal Operations (i-x)	2.08%	2.08%	2.08%	
12	SRA – Re-basing	(5.84%)	1.83%	1.83%	
13	SRA – 90 Day Deferral Program	0.72%	(0.75%)	0.00%	
14	Annual Rate Increase, excluding SRA - SIRP	(3.04%)	3.17%	3.91%	1.3%
15	SRA – SIRP	11.7%	6.5%	4.8%	7.7%
Average Bill Impact (\$)					
16	Average Monthly Bill	185.50	203.46	221.20	
17	Change in Bill	14.80	17.96	17.74	50.50
18	Average Bill Increase (%)	8.7%	9.7%	8.7%	9.0%
Combined Sanitary and Stormwater Utilities					
19	Average Monthly Bill	317.51	342.13	375.57	
20	Change in Bill	22.16	24.62	33.44	80.22
21	Average Bill Increase	7.5%	7.8%	9.8%	8.3%

The total average residential bill is shown in Table 4.0-10 below.

Table 4.0-10
Average Residential Customer – Total Bill Impact
2022-2024
(\$/month)

Average Residential Bill	A 2021	B 2022	C 2023	D 2024
1 Prior year bill		100.17	100.57	102.24
2 PBR Inflation – Eff. Factor (i-x)		1.86	1.96	1.99
3 Impact of Consumption		(5.10)	(1.05)	(1.09)
4 SRA – Re-basing		1.97	1.55	1.59
5 SRA – Increase Fixed (Water Only)		0.89	-	-
6 SRA – 90 Day Deferral Program		0.77	(0.78)	-
7 Total Before SIRP, CORE and Fire	100.17	100.57	102.24	104.73
8 SRA - CORE	0.99	2.82	2.37	3.51
9 SRA - SIRP	0.70	2.29	3.33	4.25
10 Total Including SIRP, and CORE	101.86	105.67	107.94	112.50
11 SRA – Fire Protection	-	2.59	2.64	2.70
12 Monthly Water Cycle Utility Bill	101.86	108.26	110.59	115.19

5.0 PBR BYLAW CORRECTIONS

In addition to the amendments above to address the Utility Committee’s July 9, 2021 motion, EWSI has also made the following minor corrections to the Bylaws as explained below.

Drainage Services and Wastewater Treatment Bylaw 19627, Schedule 3, Section 2.3.3 and Water Serviced Bylaw 19626, Schedule 3, Section 2.3.3 – Special Rate Adjustments (SRA) for the 90-day Deferral Program

The originally-filed SRA for the 90-day Deferral Program specified the SRA for 2022 and the corresponding negative SRA in 2023 to remove the one-time effects of the 90 Day Deferral program on future routine rate adjustments. The 2022 SRAs in the Bylaws are based on EWSI’s forecast of the incremental bad debts, administration and carrying costs incurred as a result of the 90-day Deferral Program. Because the actual costs could vary from these forecast amounts, EWSI proposes to establish a 2023 SRA in its 2023 annual rate filing which will adjust for any differences between forecast and actual costs of the 90-Day Deferral Program and remove the one-time effects of the 90 Day Deferral program on future routine adjustments. This will align with the AUC approach to ensure that charges to customers reflect the actual costs of the program.

Drainage Services and Wastewater Treatment Bylaw 19627, Schedule 3, Section 7 – Reporting and Filing Requirements

Through this amendment, EWSI proposes to change the date for filing its Annual Drainage and Wastewater Treatment Rate Filing from December 1 to March 1. A change to the reporting year from October 1- September 30 to January 1 – December 31 is also proposed. This amendment aligns the Reporting and Filing Requirements of Bylaw 19627 with the same requirements under Bylaw 19626.

Drainage Services and Wastewater Treatment Bylaw 19627, Schedule 3, Section 2.1 – Inflation Factor

The formula by which rates are adjusted includes an inflation factor adjustment for all services covered by Bylaw 19627. This includes an inflation factor the Wastewater Overstrength Surcharges (WOSA) and Wastewater Additional Overstrength Surcharges (WOASA) as set out in section 1.3 of the bylaw. EWSI’s proposed amendment to section 2.1 clarifies the inclusion of the WOSA and the WAOSA as a charge subject to the inflation factor.

Drainage Services and Wastewater Treatment Bylaw 19627, Schedule 1 – Stormwater Charges

EWSI’s Stormwater Utility charges are based, in part, on a site’s municipal zoning designation. In the originally filed Schedule 1, EWSI indicated that the type of zoning relied on was the “effective zoning designation as it appears on the tax roll for the property.” Effective zoning does not always reflect a property’s actual use and as such, the more appropriate zoning to use in the calculation of Stormwater Utility charges is the zoning designation determined under the City of Edmonton’s zoning bylaw.

Water Services Bylaw 19626, Schedule 3, Section 3.2.1 – Post Service Audit Factor

EWSI proposes to amend the metric for Customer Satisfaction to reflect the amendment it sought in its Application to align the customer survey process with other EPCOR Business Units and to allow for changes to the survey questions, subject to Utility Committee approval, during the PBR term. This proposed amendment does not amend the service standard from what was included in the PBR application.

Please contact me at (780) 412-3041 if you have any questions.

Sincerely,

[original signed by]

Darrell Manning
 Director, Regulatory and Operational Excellence
 EPCOR Water Services Inc.

Attachments