

# Utility Committee Orientation

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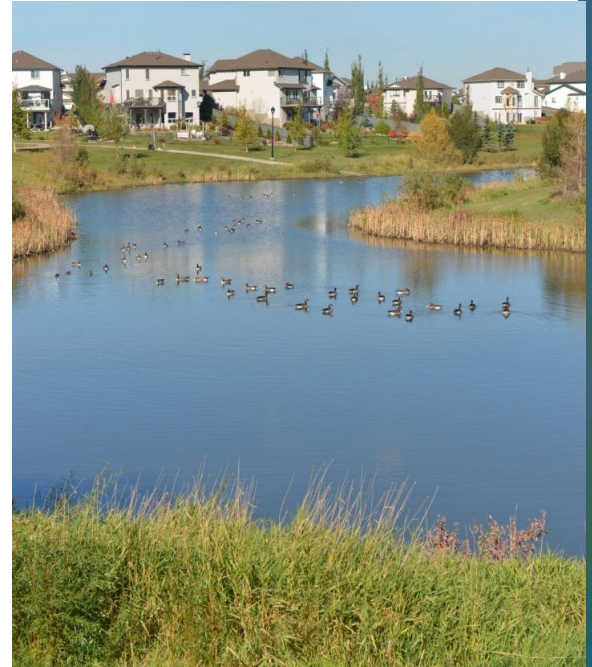
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Utility Advisor

# Utility Committee Orientation

- Mandate
- Introduction to Utilities
- Utility Advisor Role and Responsibilities
- Questions



## Utility Committee Mandate - Bylaw 18156

18(i) To make recommendations to Council regarding the rates, governance, policies, and operations of all municipal public utilities and non-municipal public utilities.

## Utility Committee's Role

- Review and vetting process for strategic/business plans, capital budgets, operating budgets, rate and fee proposals and other policy-related issues
- Assess the reasonableness of the rates, terms and conditions for utility customers
- Monitor utility operating and capital budget programs
- **Make recommendations to City Council to support effective oversight of Edmonton's public utilities**

*City Council is ultimately responsible for oversight of Edmonton's public utilities.*

# Introduction to Utilities

The City maintains oversight responsibility for public utilities within the boundaries and authority of the City of Edmonton, and also directly operates Edmonton's Waste Services and Blatchford Renewable Energy Utilities.

## CITY OF EDMONTON

Waste Services

Blatchford Renewable Energy

## EPCOR

Water Services

Wastewater Treatment Services

Drainage Services



Edmonton

## Waste Services Utility

- City owned and operated utility
- Branch in City Operations Department
- Provides waste collection services to over 250,000 single unit households and nearly 160,000 multi-unit households
- Waste is processed at the Edmonton Waste Management Centre
- 2021 Expenses - \$210 million  
2021 Revenues - \$215 million  
2021 Capital - \$68 million



# Waste Services Utility

## Regulatory Framework

- Utility financially sustainable; stable and consistent rates
- [Waste Services Utility Fiscal Policy C558B](#)
- [Waste Management Policy C527](#)

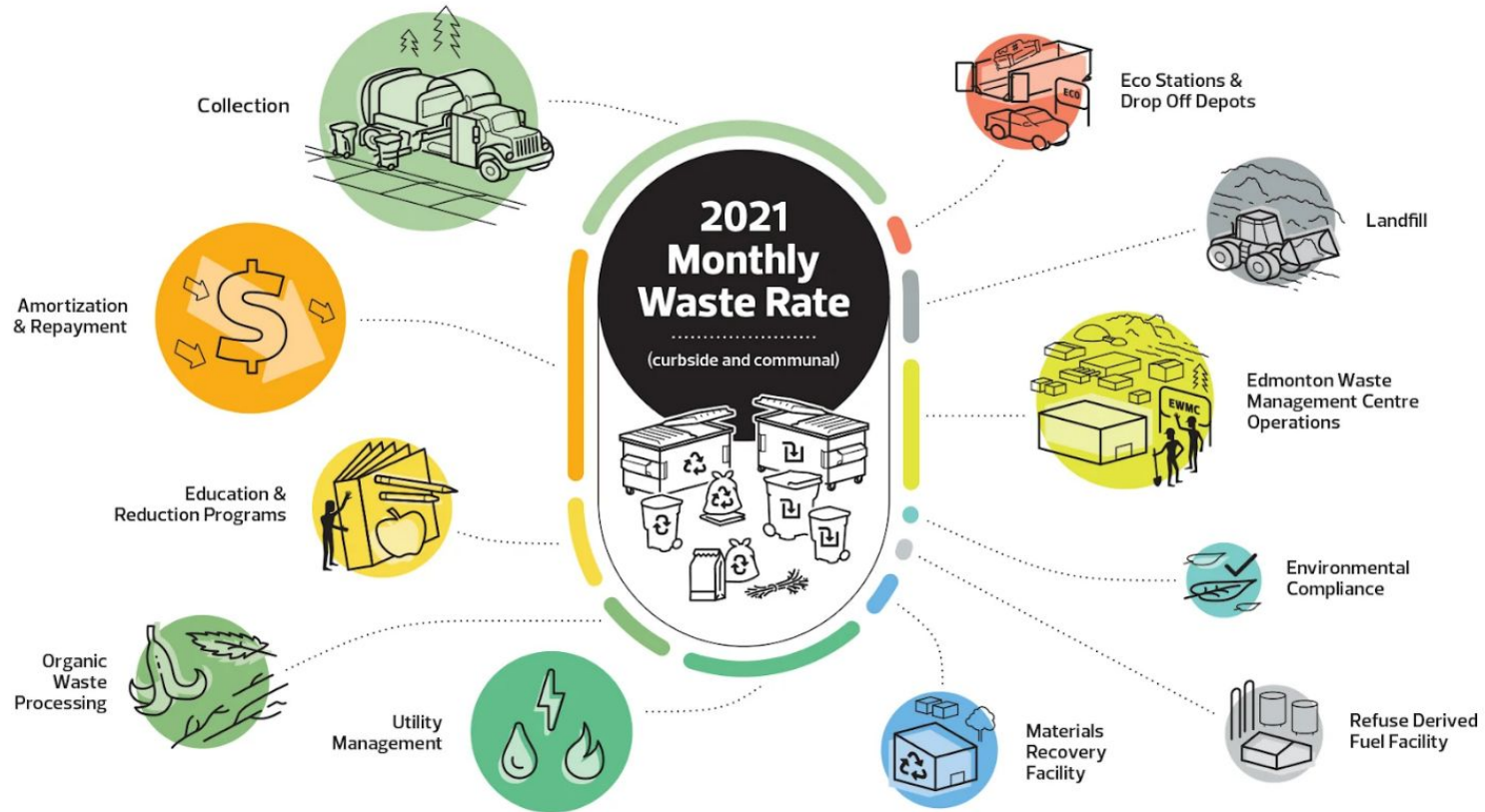
## Rate Filing

- Presented annually to Utility Committee and approved by Council
- Incorporates operating and capital budget adjustments

## Other Key Reports

- Business Plan
- Annual Report (Financial Statements)

# Waste Services Utility





# Waste Services Utility

## Upcoming Reports for 2022

- Multi-unit Strategy - Alternative Business Model (March 25)
  - As per Committee motion from June 25, 2021
- Multi-unit Bylaw (March 25)
- Single-use Item Reduction Strategy & Bylaw (Q1/Q2)
- Cart Rollout Update (Q2)
- Business Plan (Q3)
- 2023-2026 Budget and 2023 Utility Rate Filing (Q4)

# **EPCOR Utilities - Overview**

## **EPCOR Utilities Inc.**

- Electrical transmission and distribution, water & wastewater
- 100% owned by the City of Edmonton
- Council appoints Independent Board of Directors

## **EPCOR Water Services Inc. ("EWSI")**

- Operating company of EPCOR Utilities Inc.
- Provides Water and Wastewater Treatment services to Edmonton
- Effective Sept 1, 2017 also began providing Drainage services

# **EPCOR Utilities - Regulation**

## **Need for Regulation of EPCOR**

- Utility public services are capital intensive (operate as monopoly)
- Regulation is substitute for competitive marketplace
  - ensure rates are reasonable & service levels maintained
  - balance interests of customers and utility (financially sustainable)

## **Regulatory Oversight of EPCOR**

- MGA provides City Council with authority to regulate EWSI
- EPCOR electricity services regulated by Alberta Utilities Commission

# Cost of Service vs Performance Based Regulation

## Cost of Service Regulation (COE Waste Services)

- Rates set for 1 to 2 years based on forecast cost to provide service
- Two step process
  - determine total forecast operating and financing costs (e.g. budget)
  - translate total forecast costs into individual utility customer rates

## Performance Based Regulation (EPCOR Water Services Inc.)

- Rates set for longer term (e.g. 3 to 5 years)
  - rates in year one based on Cost of Service process
  - rates adjusted annually by PBR formula (inflation less efficiency)

# Regulatory Proceedings - EWSI

## 2017-2021 Performance Based Rates (Expire March 31, 2022)

- Water & Wastewater Treatment - Apr/17 to Mar/22 (Bylaw 17698)
- Drainage Services - Jan/18 to Mar/22 (Bylaw 18100)

## 2022-2026 Performance Based Rates (Effective April 1, 2022)

- Comprehensive process; stagger applications going forward
- **Wastewater & Drainage** - 3 Year Term April/22 to Mar/25 (Bylaw 19627)
- Water - 5 Year Term April /22 to Mar /27 (Bylaw 19626)

## Next Four Years for Utility Committee (EWSI)

- **Wastewater & Drainage** - 5 Years April/25 to Mar/30 (file mid 2024)
- EWSI periodic and annual operational & financial updates

## Blatchford Renewable Energy Utility

- ❖ City owned and operated utility established in 2016
- ❖ District energy sharing system using renewable energy sources
  - initial customers in 2020; 16,643 customers when fully developed

### Regulatory Framework (Fiscal Policy C597)

- Annual rate filing to Utility Committee; approved by Council
  - incorporates supplemental budget adjustments
  - approved customer rates prescribed in Blatchford Utility Bylaw 17943
- Two guiding regulatory principles
  - customer rates based on full cost of providing service
  - customers pay at most comparable fee to elsewhere in COE

## Role of the Utility Advisor

Report directly to Utility Committee and through the Committee to Council

Provide subject matter expertise on:

- Overall utility financial framework
- Costing methodologies and structures
- Alternative utility costing models
- Rate setting principles
- Assist in establishing principles for utility structures: governance, regulatory, financial, budgetary and rate setting

## Conclusion

Utility Committee discusses and debates utility policy issues and the utility financial framework and makes recommendations to City Council.





## Utilities - Key Administration Contacts

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**?** **Questions?**