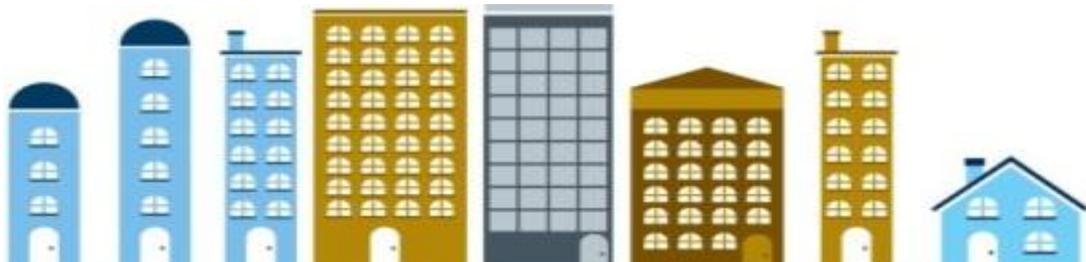


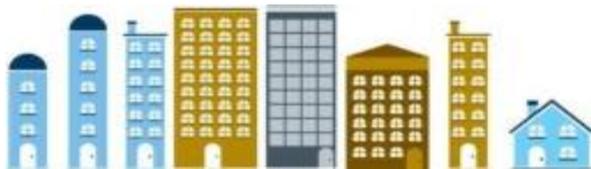
2020 Annual Progress Report Performance Based Regulation

EPCOR Water Services
June 2021



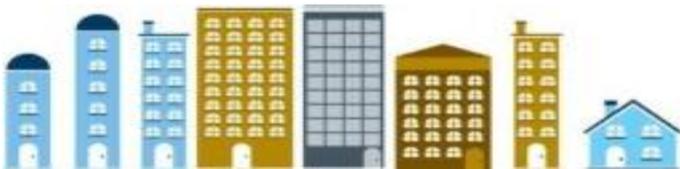
2020 PBR Progress Report

- The 2020 PBR Progress Report provides an annual update to the City of Edmonton on the operational and financial results for In-City Water Services, Wastewater Treatment Services, and Drainage Services in accordance with the PBR plans approved in EPCOR Water Services and Wastewater Treatment Bylaw No. 17698, and EPCOR Drainage Services Bylaw No. 18100
- The annual update includes:
 - Financial performance;
 - Capital expenditures;
 - Operational performance; and
 - Bill comparisons with other municipalities.



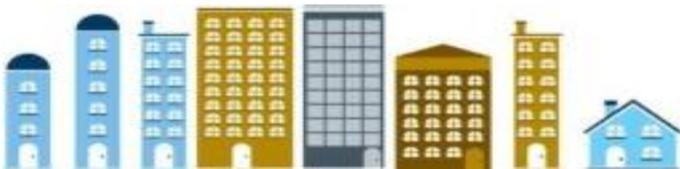
Customers and Consumption

In-City Water	2020		
	Forecast	Actual	% Chg
Customers			
Residential	271,195	272,538	0.5%
Multi-Residential	3,883	3,779	-2.7%
Commercial	20,018	19,846	-0.9%
Total	295,096	296,163	0.4%
Annual Consumption (ML)			
Residential	45,350.5	48,105.2	6.1%
Multi-Residential	19,039.3	18,498.4	-2.8%
Commercial	28,524.5	21,407.1	-25.0%
Total	92,558.0	88,502.9	-5.3%
Consumption per Customer (m ³ per month)			
Residential	13.9	14.7	5.6%
Multi-Residential	408.6	407.9	-0.2%
Commercial	118.7	89.9	-25.0%



Financial Performance - In-City Water

In-City Water	2020		2017-2020	
	Forecast	Actual	Forecast	Actual
	(\$ millions)			
Revenue	214.2	203.4	808.1	774.6
Operating expenses	(110.4)	(100.3)	(425.1)	(395.8)
Depreciation and amortization	(29.6)	(30.8)	(110.7)	(112.1)
Interest	(30.4)	(29.4)	(114.7)	(113.5)
Net Income	42.6	42.9	159.7	153.1
Mid-Year equity portion of rate base	419.0	425.3		
Return on Equity	10.18%	10.09%	10.18%	9.74%

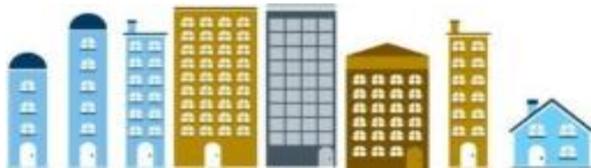


Capital Expenditures - In-City Water

Project Category	2020		2017-2021 *	
	PBR Forecast	Actual	PBR Forecast	Current Projection
	(\$ millions)			
Reliability & Life Cycle Improvements	56.3	57.1	262.4	289.0
Growth/Customer Requirements	23.8	34.0	121.2	155.4
Accelerated	14.5	12.4	67.8	51.2
Performance Efficiency & Improvement	5.0	20.1	44.1	47.0
Health, Safety & Environment	11.1	(2.3)	26.6	29.6
Regulatory	5.2	8.3	27.4	32.2
Sub-total	115.9	129.6	549.5	604.4
Contributions	(7.3)	(3.9)	(34.3)	(27.7)
Capital Expenditures	108.5	125.7	515.2	576.7

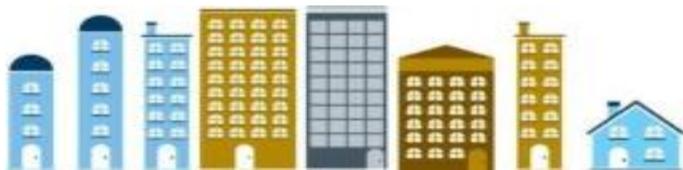
* Amounts include capital expenditures approved through Non-Routine adjustments.

Higher than forecast capital expenditures in 2020 are primarily as a result of expenditure on the Water D&T Facility Expansion.



Financial Performance - Wastewater

Wastewater	2020		2017-2020	
	Forecast	Actual	Forecast	Actual
	(\$ millions)			
Revenue	112.6	105.4	410.1	391.4
Operating expenses	(59.6)	(53.9)	(226.3)	(200.5)
Depreciation and amortization	(19.0)	(19.6)	(66.0)	(68.1)
Interest	(13.4)	(11.7)	(47.5)	(44.2)
Net Income	20.6	20.1	73.6	78.6
Mid-Year equity portion of rate base	202.5	188.3		
Return on Equity	10.18%	10.70%	10.18%	11.52%



Capital Expenditures - Wastewater

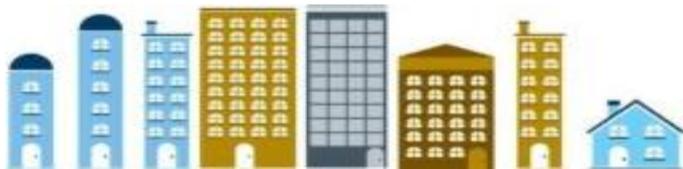
Project Category	2020		2017 to 2021	
	PBR Forecast	Actual	PBR Forecast	Current Projection
	(\$ millions)			
Reliability and Life Cycle Improvements	44.0	34.0	203.4	214.5
Hydrovac Sanitary Grit	-	0.1	8.4	7.6
Performance Efficiency and Improvement	3.1	2.4	17.6	15.8
Growth/Customer Requirements	-	0.9	1.5	2.1
Health, Safety and Environment	0.6	0.4	4.5	5.5
Regulatory	-	1.3	-	2.8
Capital Expenditures	47.7	39.1	235.4	248.3

Lower than forecast capital expenditures in 2020 result primarily from deferral of Square 1 Gas Room Replacement and Digester 4 Upgrades, partially offset by higher expenditures on Pipe Racks and Digester 3 Upgrades.

Financial Performance - Drainage

Drainage	2020		2018-2020	
	Budget	Actual	Budget	Actual
	(\$ millions)			
Drainage Revenue	208.5	214.3	607.5	607.9
Operating expenses	(121.0)	(124.8)	(350.1)	(352.2)
Depreciation and amortization	(35.3)	(36.2)	(98.3)	(100.9)
Interest	(33.1)	(23.1)	(82.4)	(64.9)
Net Income	19.1	30.3	76.7	89.9
Mid-year equity portion of rate base	588.2	611.5		
Return on Equity	3.25%	4.95%	4.46%	5.03%

As there is no approved PBR – the basis for comparison is the EPCOR 2018 Budget presented on a regulated basis and escalated at inflation for comparison.



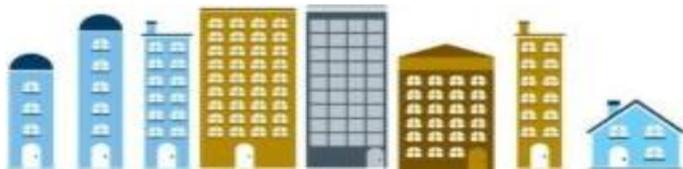
Capital Expenditures - Drainage

Project Category	2020		2018 - 2021	
	Budget	Actual	LTP	Current Projection
	(\$ millions)			
Drainage Neighbourhood Renewal	43.8	36.6	175.8	123.0
Drainage System Expansion	20.4	24.9	84.2	93.1
Drainage System Rehabilitation	30.2	65.9	119.2	220.5
Environmental Quality Enhancement	33.7	17.0	100.8	45.8
Flood Mitigation	67.5	33.7	247.5	108.9
SSSF Projects	43.3	27.8	137.8	101.0
Real Estate	-	18.8	-	32.8
NRA-LRT Projects	16.5	17.7	60.9	57.0
NRA-CORe	15.6	30.7	52.2	95.5
Total Capital Expenditures	271.0	273.1	978.5	877.6
Contributions	(55.4)	(37.0)	(197.9)	(130.1)
Capital Expenditures, net	215.5	236.1	780.6	747.5

Higher than forecast capital expenditures in 2020 result primarily from focusing on addressing critical needs for drainage system rehabilitation, new capital programs such as CORe, and the Real Estate Project.

Operational Performance In-City Water & Wastewater

Performance Measure Index	Index Target	Points Earned
In-City Water		
Water Quality Index	25.0	25.0
Customer Service Index	20.0	21.5
System Reliability and Optimization Index	25.0	28.5
Environmental Index	15.0	16.5
Safety Index	15.0	16.5
Total	100.0	108.0
Wastewater		
Water Quality and Environmental Index	55.0	60.5
Customer Service Index	15.0	16.5
System Reliability and Optimization Index	15.0	16.5
Safety Index	15.0	16.5
Total	100.0	110.0

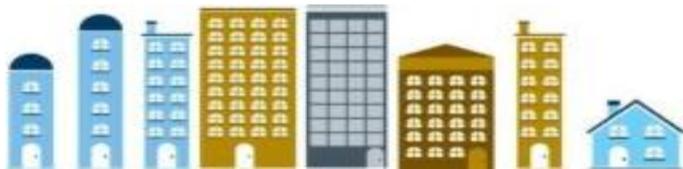
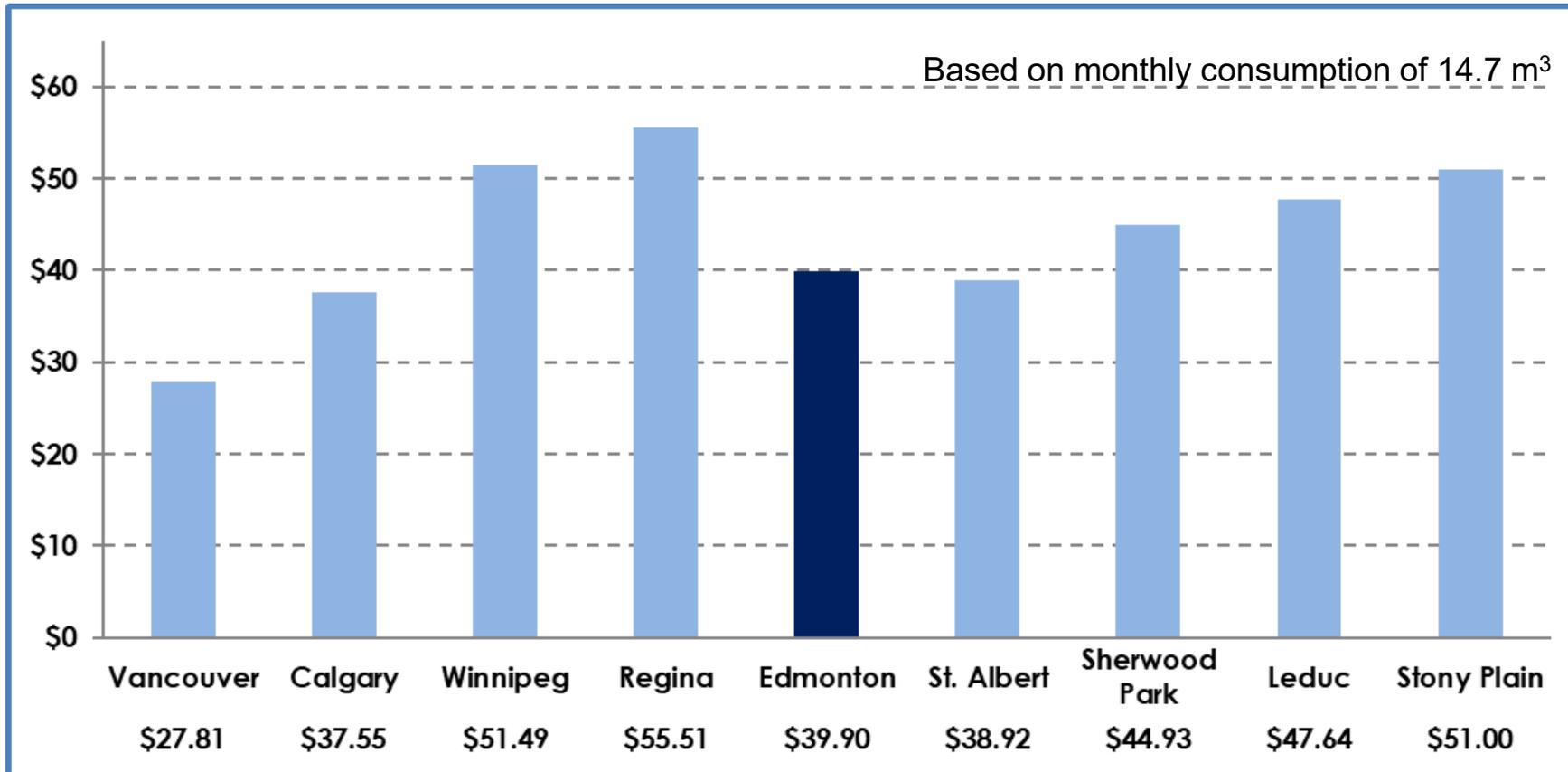


Operational Performance Drainage

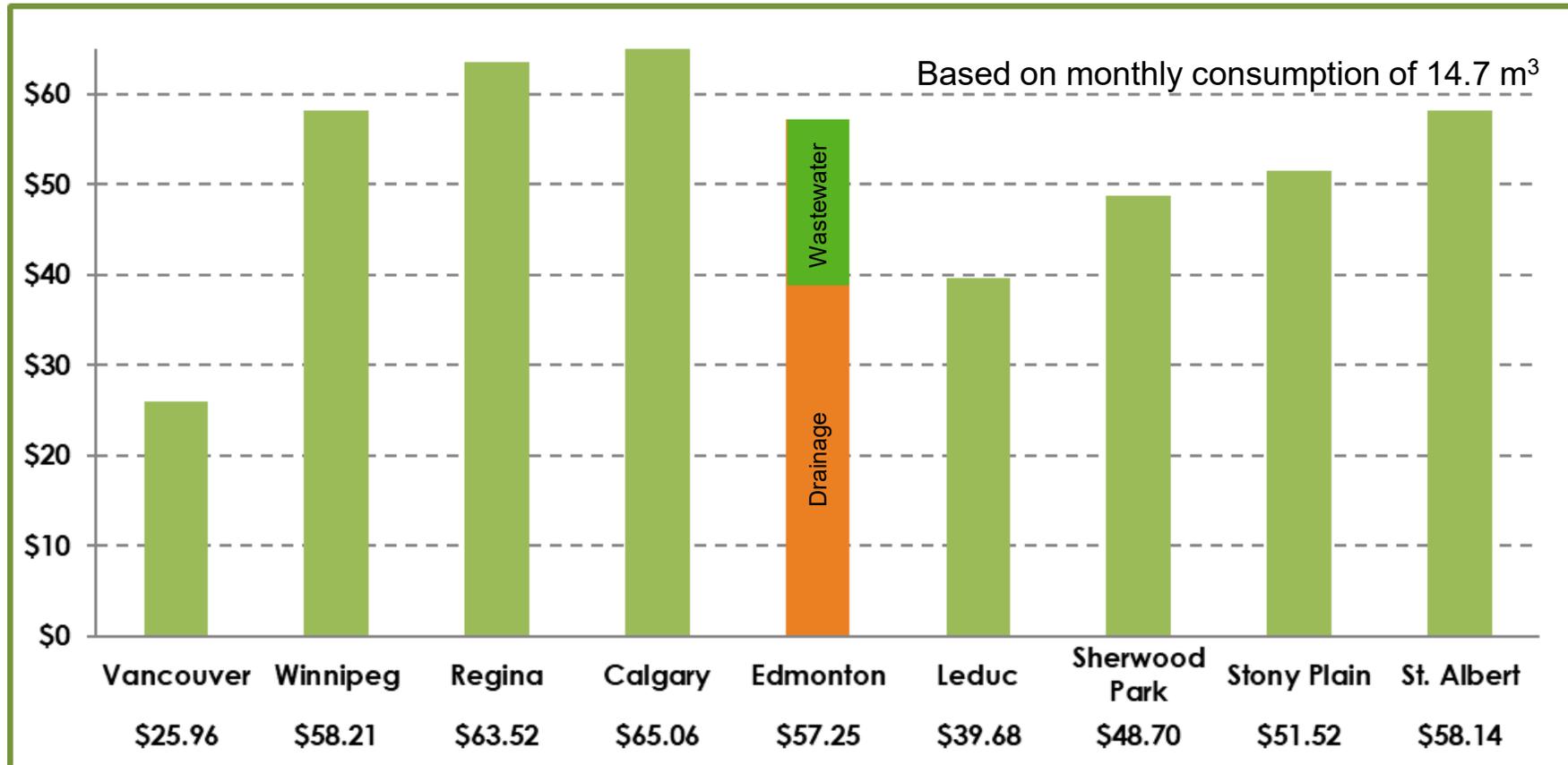
Performance Measure Index	Index Target	Points Earned
In-City Water		
Environmental Index	30.0	33.0
Customer Service Index	20.0	21.4
Reliability and Optimization Index	35.0	33.8
Safety Index	15.0	16.5
Total	100.0	104.7



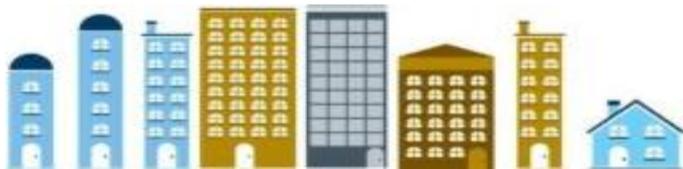
Residential Water Bill - 2020



Residential Wastewater Bill - 2020



Note that Edmonton's \$57.25 average monthly bill consists of Wastewater charges of \$19.30 and Drainage Services charges of \$37.95.





Questions?

