

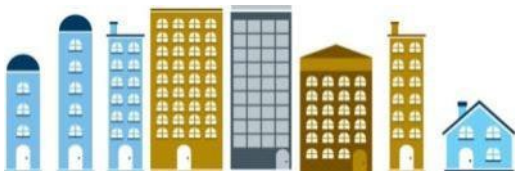
# Performance Based Regulation 2022 Progress Report

**EPCOR Water Services**  
September 2023



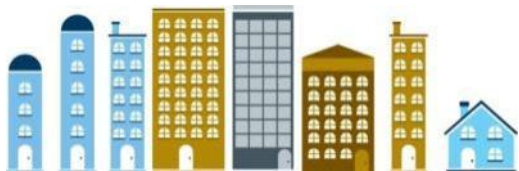
# 2022 PBR Progress Report

- The PBR Progress Report provides an update to the City of Edmonton on the 2022 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 Bylaw No. 19626 and Drainage Services Bylaw No. 19627
- The update includes:
  - Customers and consumption;
  - Consumption deferral;
  - Financial performance;
  - Capital expenditures;
  - Operational performance; and
  - Bill comparisons with other municipalities



# 2022 Customers and Consumption

In-City Water	Forecast	Actual	% Change
Customers			
Residential	278,978	282,685	1.3%
Multi-Residential	3,789	3,800	0.3%
Commercial	19,920	20,151	1.2%
<b>Total Customers</b>	<b>302,687</b>	<b>306,636</b>	<b>1.3%</b>
Annual Consumption (ML)			
Residential	44,870	47,400	5.6%
Multi-Residential	17,658	18,695	5.9%
Commercial	21,541	24,581	14.1%
<b>Total Consumption</b>	<b>84,069</b>	<b>90,623</b>	<b>7.8%</b>
Consumption per Customer (m3 per month)			
Residential	13.4	14.0	4.5%
Multi-Residential	388.4	410.0	5.6%
Commercial	90.1	101.7	12.9%



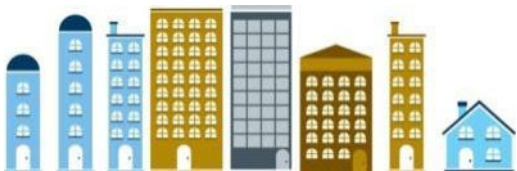
# 2022 Consumption Deferral

(\$ millions)

Utility	Consumption (ML)		Consumption Deferral	
	Forecast	Actual	ML	\$
In-City Water	64,547	69,673	5,127	8.1
Wastewater Treatment	62,323	67,289	4,966	5.5
Drainage Services	62,319	67,277	4,958	6.1
<b>Total Deferral</b>				<b>\$19.7</b>

## Utility Committee Direction:

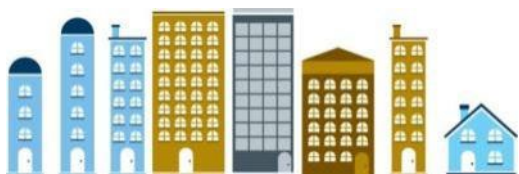
- Consumption differences are accumulated in a deferral account over the current PBR term and included in customer rates during the next PBR terms



# In-City Water - 2022 Financial Performance

(\$ millions)

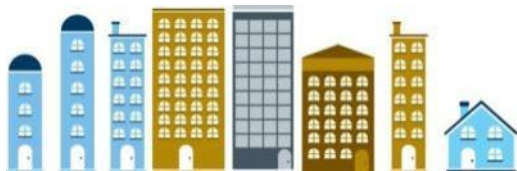
Description	Forecast	Actual
Regulated Rate Revenue	220.1	223.1
Revenue Requirement		
Operating Expenses	112.2	112.8
Less: Revenue Offsets	(6.3)	(4.2)
Depreciation and Amortization	38.9	37.6
Return on Rate Base Financed by Debt	33.2	33.9
Return on Rate Base Financed by Equity	42.0	43.0
<b>Total revenue requirement</b>	<b>220.1</b>	<b>223.1</b>
Mid-Year Equity Portion of Rate Base	531.7	515.0
<b>Return on Equity (RoE)</b>	<b>7.90%</b>	<b>8.36%</b>



# In-City Water – Capital Expenditures

(\$ millions)

Project Category	2022		2022-2026	
	PBR Forecast	Actual	PBR Forecast	Projection
Regulatory	5.8	15.8	25.5	42.9
Growth/Customer Requirements	26.4	56.2	125.1	200.6
Health, Safety and Environment	3.4	18.1	11.4	27.7
Reliability and Life Cycle Improvements	53.2	31.0	235.4	248.7
Performance Efficiency and Improvements	16.4	18.3	83.0	100.0
<b>Capital Expenditures before Contributions</b>	<b>105.2</b>	<b>139.4</b>	<b>480.4</b>	<b>619.9</b>
Contributions	(13.7)	(13.1)	(51.0)	(69.1)
<b>Capital Expenditures, net of Contributions</b>	<b>91.5</b>	<b>126.3</b>	<b>429.4</b>	<b>550.8</b>

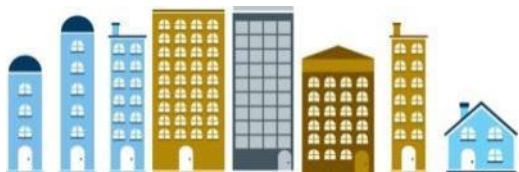


# Wastewater – 2022 Financial Performance

(\$ millions)

Description	Forecast	Actual
Regulated Revenue	122.1	124.2
Revenue Requirement		
Operating Expenses	70.8	70.6
Less: Revenue Offsets	(5.9)	(7.2)
Depreciation And Amortization	23.2	23.3
Return on Rate Base Financed by Debt	12.3	12.4
Return on Rate Base Financed by Equity	21.7	25.1
<b>Total Revenue Requirement</b>	<b>122.1</b>	<b>124.2</b>
Mid-year Equity Portion of Rate Base	218.4	201.7
<b>Return on Equity (RoE)</b>	<b>9.93%</b>	<b>12.45%</b>

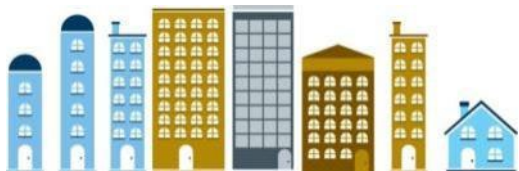
Average RoE over the 2022-2024 PBR term is expected to be closer to the approved 9.64% by 2024



# Wastewater – Capital Expenditures

(\$ millions)

Project Category	2022		2022-2024	
	PBR Forecast	Actual	PBR Forecast	Projection
Regulatory	0.8	0.5	5.6	7.9
Growth/Customer Requirements	2.8	2.2	5.5	5.2
Health, Safety and Environment	0.2	4.0	0.8	8.0
Reliability and Life Cycle Improvements	42.5	36.7	141.4	135.0
Performance Efficiency and Improvements	5.8	2.3	18.4	20.8
<b>Capital Expenditures before Contributions</b>	<b>52.1</b>	<b>45.7</b>	<b>171.7</b>	<b>176.9</b>
Contributions	-	-	-	-
<b>Capital Expenditures, net of Contributions</b>	<b>52.1</b>	<b>45.7</b>	<b>171.7</b>	<b>176.9</b>

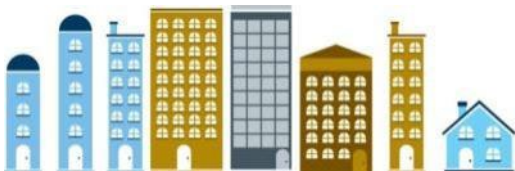




# Drainage – 2022 Financial Performance

(\$ millions)

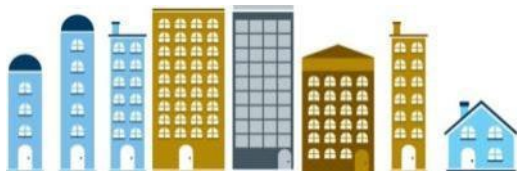
Description	Forecast	Actual
Regulated Revenue	236.4	238.6
Revenue Requirement		
Operating Expenses	122.4	127.7
Less: Revenue Offsets	(6.3)	(5.3)
Depreciation and Amortization	42.0	39.7
Return on Rate Base Financed by Debt	34.5	34.7
Return on Rate Base Financed by Equity	43.8	41.8
<b>Total Revenue Requirement</b>	<b>236.4</b>	<b>238.6</b>
Mid-year Equity Portion of Rate Base	693.3	676.8
<b>Return on Equity (RoE)</b>	<b>6.32%</b>	<b>6.18%</b>



# Drainage – Capital Expenditures

(\$ millions)

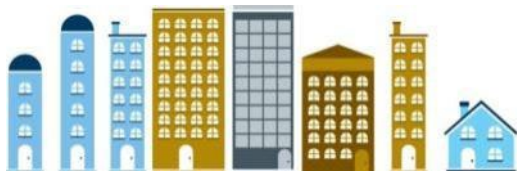
Project Category	2022		2022-2024	
	PBR Forecast	Actual	PBR Forecast	Projection
Drainage Neighbourhood Renewal Program	28.0	22.2	76.5	52.8
Drainage System Expansion	18.3	24.1	57.6	70.3
Drainage System Rehabilitation	50.4	55.6	166.0	201.3
Flood Mitigation	15.2	19.1	47.7	26.4
Real Estate	-	22.1	-	25.2
Stormwater Integrated Resource Plan	67.9	38.9	233.3	188.1
Sanitary Servicing Strategy Fund	12.9	7.9	38.6	11.7
Corrosion and Odour Reduction	46.8	33.9	180.4	195.1
LRT Relocates	21.8	34.9	48.5	58.9
Developer and City-contributed	127.6	102.0	382.7	328.5
<b>Capital Expenditures before Contributions</b>	<b>388.9</b>	<b>360.7</b>	<b>1,231.3</b>	<b>1,158.3</b>
Contributions	(162.2)	(121.7)	(477.0)	(381.4)
<b>Capital Expenditures, net of Contributions</b>	<b>226.7</b>	<b>239.0</b>	<b>754.3</b>	<b>776.9</b>



# 2022 Operational Performance Measures

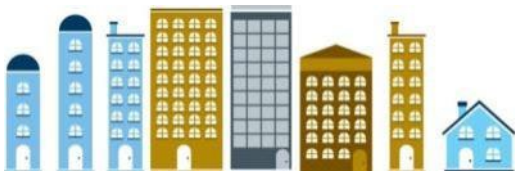
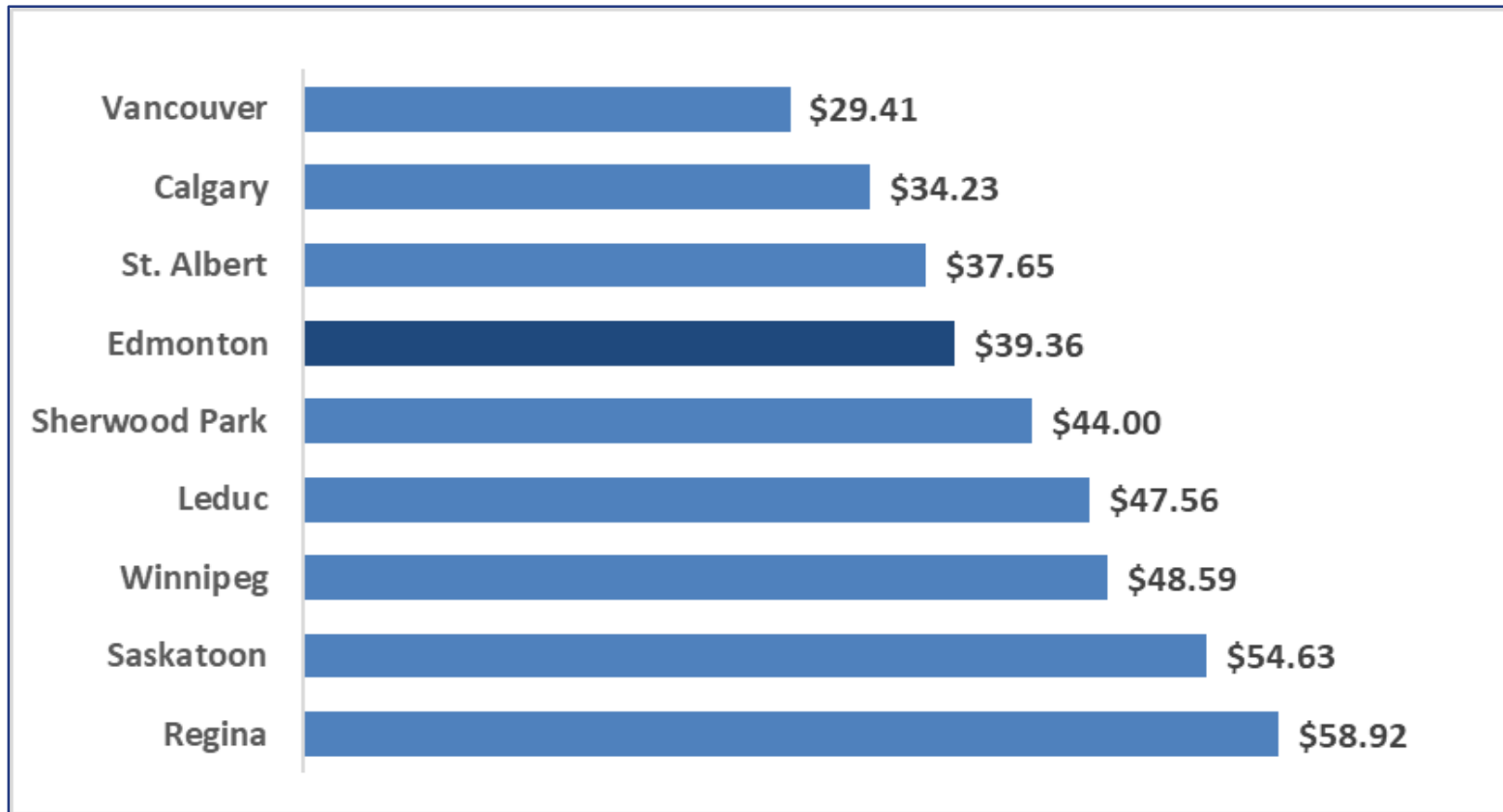
Performance Index	In-City Water		Wastewater		Drainage Services	
	Standard	Actual Score	Standard	Actual Score	Standard	Actual Score
Water Quality Index*	30.00	30.00	45.00	49.50	-	-
Customer Service Index	15.00	17.25	15.00	16.50	20.00	22.00
System Reliability and Optimization Index	25.00	28.25	25.00	24.70	30.00	31.60
Environmental Index*	15.00	17.25	-	-	35.00	38.50
Safety Index	15.00	17.25	15.00	15.20	15.00	16.50
<b>Aggregate Points Earned</b>	<b>100.00</b>	<b>110.00</b>	<b>100.00</b>	<b>105.90</b>	<b>100.00</b>	<b>108.60</b>

\*Water Quality and Environmental are combined into one index for Wastewater Treatment and Drainage Services operational performance



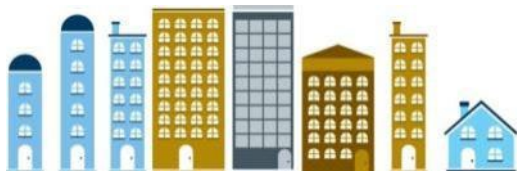
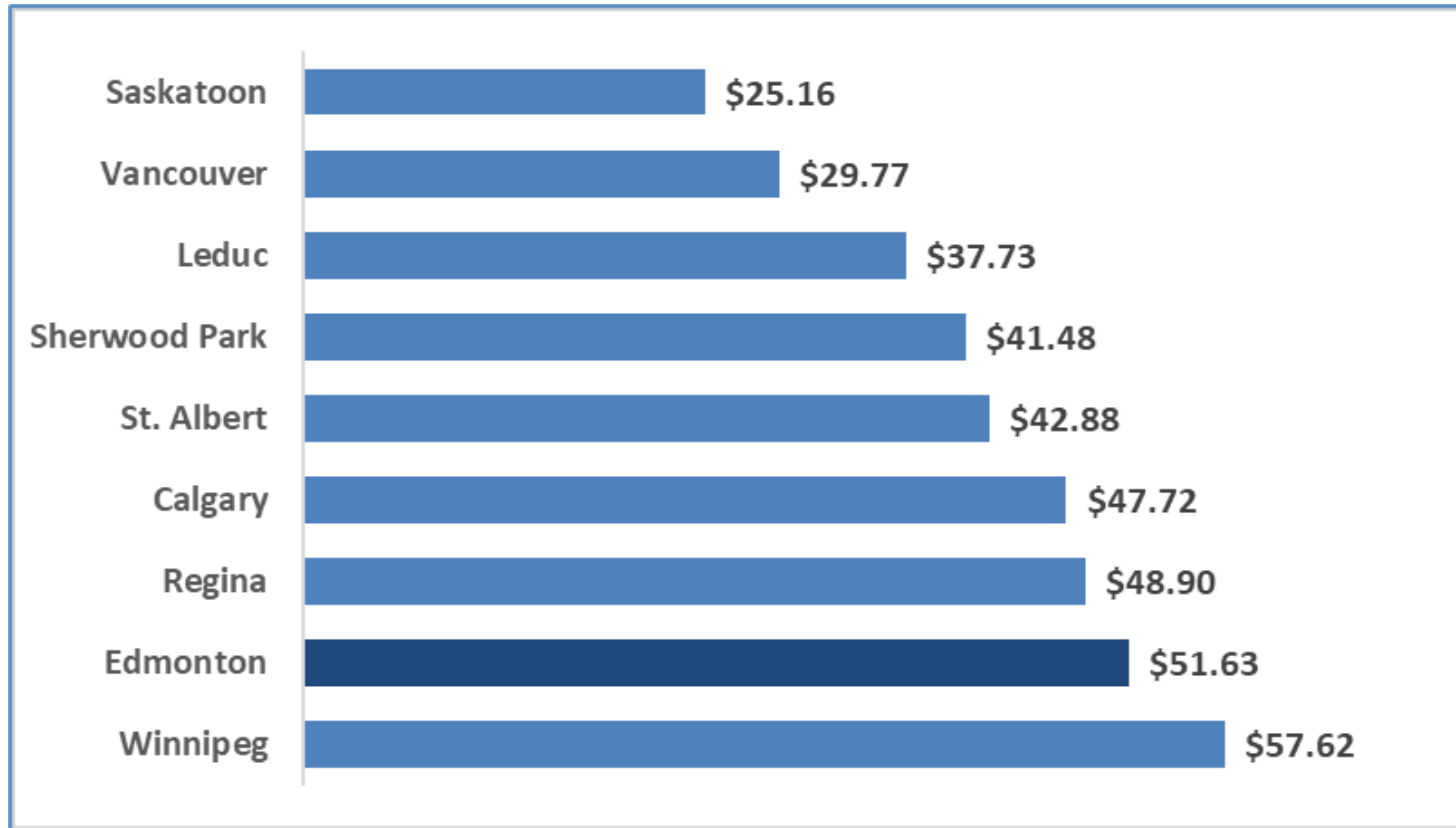
# 2022 Average Monthly Residential Water Bill

2022 Average consumption of 14.0 m<sup>3</sup> per month

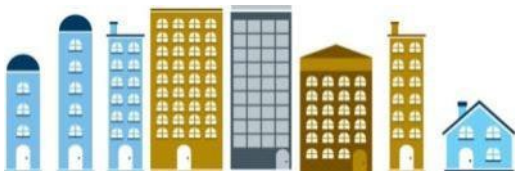


# 2022 Average Monthly Residential Sanitary Drainage and Wastewater Bill

2022 Average consumption of 14.0 m<sup>3</sup> per month



# 2022 Average Monthly Residential Stormwater Bill



# Questions

