



2025-2027 Performance Based Regulation Rate Application - Public Engagement and Awareness Plan

RECOMMENDATION

That the September 5, 2023, EPCOR Water Services Inc. report EXT02008, be received for information.

Report Purpose

Information only.

Executive Summary

- In 2024, EPCOR Water Services Inc. (EPCOR) will apply for approval of a new Performance Based Regulation (PBR) Plan for its Drainage and Wastewater utilities for the period April 1, 2025 to March 31, 2027.
- As part of the regulatory process for approval of the PBR Plan, EPCOR has developed a public awareness and engagement plan consistent with the City's public engagement policy.
- EPCOR's proposed engagement process will facilitate the integration of public and key audience input into the application.
- This report outlines the principles and processes EPCOR will follow when engaging with the public and community members.

REPORT

Introduction

In 2024, EPCOR will apply for approval of a new Performance Based Regulation (PBR) Plan for its Drainage and Wastewater utilities for the period April 1, 2025 to March 31, 2027. The PBR application will include recommended operational and capital programs, performance measures

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and rates. The regulatory process for PBR applications requires EPCOR to provide Utility Committee with a related public awareness and engagement plan consistent with the City's public engagement policy and carry out activities consistent with the plan.

EPCOR's engagement process proposed for its PBR application helps integrate public and key audience input into the application. This report outlines the principles and processes EPCOR will follow when engaging with the public and community members.

Overall Public Engagement Approach

EPCOR believes in listening to and engaging with the community. EPCOR demonstrates social responsibility by building and sustaining relationships through effective consultation on our business operations. Our consultation process ensures that community members have opportunities to provide meaningful input into projects and operations that affect them. Our resulting decisions and actions are guided by our understanding of their interests, priorities and the values we share.

EPCOR's approach aligns with the City of Edmonton's public engagement policy. This initiative is at the Refine level on the public participation spectrum. At this level, EPCOR commits to working with community members to ensure their concerns and aspirations are reflected in the alternatives developed, and report on how their input has influenced decisions around policy, programs and services.

EPCOR will engage the public and key audiences using a variety of methods and tools, including presentations, workshops, one-on-one meetings, face-to-face outreach and public opinion research. Methods will be tailored to each group based on the complexity of the topic and the type of input being sought. Due to the complexity of the PBR process, the engagement will focus on understanding the public's values and policy preferences at a high level. Concepts will be presented using non-technical language to help ensure meaningful input.

Objective for Public Engagement

Through the public engagement process for the PBR application, EPCOR's goal is to seek input from the public and key audiences to guide how these utilities will continue to evolve to serve them. EPCOR's objectives for public engagement and communications throughout this process are to:

- Have public and community input inform policy choices, priority-setting for operations and capital programs, performance measurement and rate design;

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- Provide the public with opportunities to ask questions, express concerns and raise issues with respect to the PBR renewal and their utility services;
- Maintain positive and productive relationships with key audience and community members throughout the development and implementation of the PBR application; and
- Report on how community feedback was used in the PBR application.

In addition, public engagement activities will help inform communications and campaigns to educate customers on the wastewater and drainage utilities.

Key Audience Overview

The primary audiences for the purpose of this engagement process are wastewater and drainage utility customers within the City of Edmonton. They include:

- Residential and multi-residential customers
- Commercial customers, with an emphasis on:
 - Large stormwater/wastewater customers, such as schools; food service, production & processors; the City of Edmonton (sports, parks & recreation); hospitals; the University of Alberta; and
 - overstrength commercial customers (customers who send specific compounds that are above defined concentrations into the wastewater collection system as part of their commercial processes, e.g. car washes, hair salons, etc.)
- Stormwater customers who sit on a large site and may have a sizeable stormwater utility charge (cemeteries, golf courses, rugby clubs, farms, etc.)
- Developers and property managers
- Community leagues
- Chamber of Commerce and business associations
- EPCOR-engaged community groups
- Metis Nation of Alberta and Confederacy of Treaty Six First Nations (who have a significant number of community members within the City of Edmonton)

Topics for Public Input

The PBR application will include a series of policy, program and rate recommendations related to building, operating and maintaining drainage and wastewater treatment services. The public engagement process will support this by identifying public and customer values and preferences for the utility services they receive and weighing the benefits of the proposed utility programs against the impacts and costs to deliver them. This input will inform how EPCOR measures and

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prioritizes programs in terms of order, pace of execution, and total investment; and inform the rate design in the PBR application.

Key Topics for Engagement

Engagement will focus on the following topics, which EPCOR will bring to Utility Committee meetings in 2024:

Rate Structure and Design. Understanding public and customer views on the cost and benefit tradeoffs from different levels of investment in Edmonton’s wastewater and drainage systems, and their preferences for future rates.

In each PBR cycle, EPCOR has undertaken research to understand current perceptions of value-for-money, views on future rates and the tradeoffs between rate increases and obtaining the benefits of future capital and operating programs.

Performance Metrics (as per Council motion). At the conclusion of the 2022-2024 PBR Application, Utility Committee passed a motion for “a review of the performance measures to ensure they are increasingly stringent and challenging over time.”

The current Wastewater and Drainage PBR approvals have five sets of performance measures, in the general categories of Water Quality, Customer Service, System Reliability and Optimization, Environment, and Safety, and it weights the relative contribution of those five areas of performance in calculating overall performance.

Through engagement, EPCOR will be seeking to

- Learn whether stakeholders feel that there are other aspects of performance that should be considered in the performance metrics; and,
- Understand what the relative importance of these categories is to stakeholders, which will influence EPCOR’s recommendation on the future categories and their weighting.

Developer Funding. EPCOR is reviewing different approaches for a more consistent framework for allocating the costs of development between developers and ratepayers. Considerations include long-run cost minimization, support for infill and growth, transparency, predictability, stability and competitiveness with other jurisdictions.

Deferral Account Analysis (as per Council motion). At the conclusion of the 2022-2024 PBR Application, Utility Committee passed a motion to review the use of “deferral accounts and other adjustment mechanisms to deal with variations in usage.” EPCOR will provide a review of the implications of the continued use of deferral accounts, including the impact on rate adjustments. Prior to 2022, deferral accounts had not previously been included in an approved

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PBR bylaw. If Utility Committee feedback is to explore including Deferral Accounts in the next PBR, EPCOR will develop stakeholder engagement to assess understanding and support for their inclusion.

Equity and Affordability. These key elements of the current environment for ratepayers will be a critical part of the next PBR application. EPCOR will bring forward a discussion paper for consideration and direction, before conducting engagement that will provide valuable information on the importance of these values to ratepayers in setting rates and performance levels.

Cost of Capital (Return on Equity). EPCOR will present an overview of the recovery of the cost of capital as a fundamental principle for utility performance management, and how the level might be set relative to other utilities and their risks.

Timing and Tactics

EPCOR will explore these topics with Utility Committee through a series of discussion papers brought to Utility Committee meetings in 2024.

Engagement work will be conducted in the fourth quarter of 2023 and the first quarter of 2024 and include a wide range of organizations and individuals. Engagement will provide foundational input for the development of recommendations in the proposed application.

On each of these topics, EPCOR is mindful that technical terminology and complexity can be barriers to meaningful public engagement. EPCOR's intent is to structure public engagement to provide context for these topics and discuss them in terms of real-world impacts and benefits to customers, rather than in technical terms.

Engagement Process

Engagement will be conducted in the following phases:

1. This engagement plan is presented at the September 2023 Utility Committee meeting and refined to reflect any feedback received.
2. During Utility Committee meetings in 2024, EPCOR will present discussion papers to the Committee. The Committee's suggestions and direction will be incorporated into engagement where possible or blended with public and customer opinion and presented as part of the PBR application.
3. During the last quarter of 2023 and first quarter of 2024, EPCOR will engage groups representing residential, multi-residential, commercial and industrial customers to identify

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their values, develop and validate opinions and recommendations on the topics, and consult with the public.

4. Input will be compiled and reported along with EPCOR's PBR application in 2024.

Conclusion

In 2024, EPCOR will apply for approval of a new PBR Plan for its Drainage and Wastewater utilities for the period April 1, 2025 to March 31, 2027. EPCOR's proposed engagement process will facilitate the integration of public and key audience input into the application.

This approach aligns with the City of Edmonton's public engagement policy at the Refine level on the public participation spectrum. EPCOR will ensure community members' concerns and aspirations are reflected in the alternatives developed, and report on how that input has influenced the recommendations.

EPCOR will use a variety of engagement methods and tools, tailor engagement methods to each group based on the complexity of the topic and the type of input being sought, focus on understanding preferences at a high level and present concepts using non-technical language to help ensure meaningful input. Feedback will be incorporated into EPCOR's PBR application.