



Report to Utility Committee

November 3, 2023

EPCOR WATER SERVICES INC.

Zoning Amendment to the

EPCOR Drainage Services and Wastewater Treatment Bylaw 19627

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1.0 OVERVIEW

The City of Edmonton's Zoning Bylaw Renewal Initiative that is currently underway will include an overhaul of the existing set of zones. If approved by City Council in October 2023, the City's updated Edmonton Zoning Bylaw 20001 (City Zoning Bylaw 20001) is targeted for implementation January 2024. The City Zoning Bylaw 20001 will change the zoning of all properties within the corporate boundaries of Edmonton to the new zones. These zoning changes will affect EPCOR's charges for stormwater utility service, which are based on zoning assigned to each premise.

As set out under the EPCOR Drainage Services and Wastewater Treatment Bylaw 19627 (EPCOR Bylaw 19627), stormwater utility charges are based on stormwater runoff coefficients which are determined based on zoning. In anticipation of the approval of the changes to the City's Zoning Bylaw 20001, EPCOR Water Services Inc. (EWSI) is proposing an amendment to EPCOR Bylaw 19627 to transition to the new zones effective January 1, 2024. This report will address how EWSI proposes to manage the City's proposed zoning changes in order to ensure continuity in monthly billing for ratepayers.

In 2021, City Council approved stormwater rates under EWSI's performance based regulation (PBR) framework for the period April 1, 2022 to March 31, 2025 (the 2022-2024 PBR term). For existing drainage services (premises incurring charges for services prior to January 1, 2024), EWSI is proposing to preserve the rate parameters approved for the 2022-2024 PBR term by maintaining existing zones and associated runoff coefficients. For new drainage services (premises beginning to incur charges for drainage services on or after January 1, 2024), EWSI is proposing to apply the new zones which become effective January 1, 2024. This ensures that the current rate parameters are maintained for existing drainage services throughout the 2022-2024 PBR term.

Currently, Schedule 1 of EPCOR Bylaw 19627 contains a runoff coefficient table which includes the runoff coefficient that corresponds to the City's current zones. EPCOR Bylaw 19627 requires an amendment to Schedule 1 to include an additional table for new zones and corresponding runoff coefficients that will apply to new drainage services. The amended Schedule 1 (Attachment 1 to this report) includes an additional runoff coefficient table for new zones and runoff coefficients that will apply to new drainage services beginning January 1, 2024. EWSI is seeking approval from City Council for these amendments.

2.0 BACKGROUND

As set out in EPCOR Bylaw 19627 (Schedule 1, Rate Sheet 2), stormwater utility charges are levied by EWSI on each premise and calculated based on a monthly rate using the following formula:

$A \times I \times R \times \text{Rate} = \text{Stormwater utility charge}$, where:

A is defined as the area of the premises in square meters (m²) and the proportion of the building lot area attributable to each unit for multiple units sharing a single building or property.

I is defined as the development intensity factor, which is a measure of the portion of lot being used for its intended development. A development intensity factor of 1.0 is applied, except for properties where owners demonstrate that they contribute significantly less stormwater runoff per property area to the City's land drainage system during rainfalls than other similarly-zoned properties.

R is the runoff coefficient based on the zoning of the premises. The runoff coefficient represents the ratio of the amount of runoff to the amount of precipitation received. It is larger for areas with low permeability (such as highly paved areas) and high runoff and lower for more permeable areas (such as well vegetated areas). Depending on a property's land zoning classification, the run-off coefficient can range from 0.1 to 0.95.

In 2021, City Council approved EWSI's current stormwater rates for April 1, 2022 to March 31, 2025. The current monthly stormwater rate for 2023 is \$0.064768 per square meter (m²). EWSI's next Drainage and Wastewater Treatment PBR application will be filed in 2024 for new rates effective April 1, 2025.

3.0 PROPOSED APPROACH

The City Zoning Bylaw 20001 is targeted for implementation in January 2024 which falls mid-cycle within EWSI's current 2022 – 2024 PBR term. In order to avoid rate parameter changes for existing services in the middle of a PBR term, EWSI is proposing to transition to the new approved zones only for premises that begin to incur charges for drainage services on or after January 1, 2024. Changes to the rates parameters in the middle of a PBR term would cause an over or under collection in revenue relative to the PBR forecast which would require a refund or additional charge to customers.

EPCOR Bylaw 19627 will be amended to add a table of new zones and associated runoff coefficients applying to premises which begin to incur charges for drainage services on or after January 1, 2024. Existing services (those incurring charges for drainage services prior to January 1, 2024) will continue to utilize existing zones and runoff coefficients until end of the current PBR term on March 31, 2025. Beginning April 1, 2025, the start of the next PBR term, these existing services will also transition to the new zoning. EWSI is currently reviewing runoff coefficients for the new zones through a design standards modernization initiative, which will lead to refinements to the runoff coefficients for new zones in EWSI's next PBR. As such, the runoff coefficients for new zones proposed in this bylaw amendment are interim for the period January 1, 2024 to the end of the current PBR term on March 31, 2025.

As part City of Edmonton's Zoning Bylaw Renewal Initiative, the City has provided a data set with the anticipated new zones that apply to each premise within the city of Edmonton. EWSI used this information to create a data set that identifies the new zone for each premise to determine the most appropriate equivalent runoff coefficients for all the new zones. The interim runoff coefficients for the new zones is summarized in Table 1 below.

Table 1
Interim Runoff Coefficients for New Zones

	A	B	C
	New Zone	New Zone Description	Interim Runoff Coefficients
1	RS	Small Scale Residential	0.50
2	RSF	Small Scale Flex Residential	0.65
3	RSM	Small-Medium Scale Transition Residential	0.65
4	RM	Medium Scale Residential	0.65
5	RL	Large Scale Residential	0.90
6	RR	Rural Residential	0.20
7	AG	Agriculture	0.10
8	FD	Future Urban Development	0.50
9	BE	Business Employment	0.90
10	IH	Heavy Industrial	0.50
11	IM	Medium Industrial	0.90
12	CG	General Commercial	0.90
13	CB	Business Commercial Zone	0.90
14	CN	Neighbourhood Commercial	0.90
15	MU	Mixed Use	0.90
16	MUN	Neighbourhood Mixed Use	0.90
17	AJ	Alternative Jurisdiction	0.90
18	A	River Valley	0.20
19	NA	Natural Areas	0.10

	A	B	C
	New Zone	New Zone Description	Interim Runoff Coefficients
20	UF	Urban Facilities	0.75
21	PS	Parks and Services	0.30
22	PS	Parks and Services - Schools	0.65
23	PSN	Neighbourhood Parks and Services	0.30
24	PU	Public Utility	0.75
25	UI	Urban Institution	0.75
26	DC	Direct Control	0.90
27	DC1	Direct Control 1	0.90
28	DC2	Direct Control 2	0.90