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BLATCHFORD RENEWABLE ENERGY

2024 Rate Filing

Attachment 1 - FCS02051



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Executive Summary

Blatchford Renewable Energy is a public, City-owned utility established to operate a District Energy Sharing System (DESS) plus certain mechanical equipment within the customer buildings themselves. All buildings in the Blatchford development, with the exception of net-zero carbon buildings, must be connected to the DESS for all heating, cooling and domestic hot water services.

During its budget deliberations in Fall 2022, Edmonton's City Council approved the 2023-2026 operating and capital budgets for the Blatchford Renewable Energy utility. The 2024 utility rate filing is consistent with the 2023-2026 approved budget and rate increases included in the 2023 rate filing. The rate increases are summarized below by customer class:

1. **Townhouse lots** - 10 per cent rate increase for both the daily fixed and variable rates.
2. **Multi-Unit lots** - 2.7 per cent and 10 per cent rate increase for the monthly fixed and variable rates, respectively.
3. **Infrastructure Fees** - 2.7 per cent rate increase for both townhouse and multi-unit buildings.

The 2024 rate filing has been prepared based on rate setting principles outlined in approved Utility Fiscal Policy C597A (Appendix 1). Rate increases were determined based on the costs of providing utility services and ensuring customers pay at most a comparable fee to what they would elsewhere in the City of Edmonton. This "comparable fee" is referred to as business as usual (BAU).

The 2024 rate filing includes a set of schedules that detail the costs of service, the resulting revenue requirement, and revenue in Appendix 2.0. These schedules are similar to the Minimum Filing Requirements format utilized in the electric and gas utility industry in Alberta.

1.0 Introduction

The Blatchford development aims to be one of the world's largest sustainable communities and home to 30,000 residents. Blatchford will be comprised of two primarily residential spaces on the east and west side of the site, along with a town centre, an 80-acre central park and a civic plaza.

Blatchford Renewable Energy (BRE) is a public, City-owned utility established to own and operate a District Energy Sharing System (DESS) plus certain mechanical equipment within the customer buildings themselves. All buildings in Blatchford, with the exception of net-zero carbon buildings, must be connected to the DESS for all heating, cooling and domestic hot water services.

The strategic objectives of BRE remain:

- the growth of the DESS and the integration of emerging technologies into the Utility's operation to reach steady state reliable operation and long-term financial sustainability
- to achieve Council's vision for a carbon neutral community powered entirely by renewable energy.

The growth of the new utility is, and will continue to be, closely connected to land development and sales activities in Blatchford. The first customer connections to the BRE system occurred in August 2020. By 2023, BRE is projected to be connected to 89 accounts based on the sales activities of the Blatchford land development team and the builder's construction activities. The number of expected accounts is anticipated to increase to 181 in 2024, 292 in 2025 and 340 in 2026. By 2026, the BRE expects to provide thermal energy services to a connected floor space area of approximately 133,000 m², with all of this energy coming from the first energy centre. At full system build-out, it is estimated that about 1,300,000 m² of floor area will be connected to BRE, which will provide approximately 48,000 MWh of heating and 35,000 MWh of cooling energy annually.

Buildings seeking to be exempted from connecting to the DESS must be designed, built and certified to a net-zero carbon standard, or better. Recently the first builder in Blatchford has applied for the exemption opportunity. The builder's application has been accepted and they are in the process of building eight townhouse units.

2.0 Current Situation

City Council approved the 2023-2026 BRE operating and capital budgets in fall 2022. As approved, 2023 rates increased 10 per cent for townhouses (variable and fixed) and multi-unit (variable only). A new fixed rate was introduced for multi-unit and a 2.7 per cent rate increase was approved for infrastructure fees. These rate increases were determined to ensure BAU was maintained and inflationary impacts were factored for the 2023-2026 approved budget period. The proposed rate increases in the 2024 utility rate is consistent with these discussions.

The business case for the BRE identifies the need for a \$93 million non-refundable cash infusion for the initial years of operation to offset the capital investment required to establish BRE and allow it to grow over time to achieve financial sustainability.

At the May 9, 2023 Utility Committee, Administration provided Integrated Infrastructure Services report IIS01821, BRE Funding Opportunity report. The update reconfirmed the need for a \$93 million non-refundable cash infusion to ensure long-term financial sustainability and enable BRE to continue to provide rates that ensure customers utility bills are comparable to BAU. The report also highlighted an opportunity to partially address the need through a \$23.7 million grant from National Resource Canada (NRCan) through the Smart Renewables and Electrification Pathways (SREP) program.

The grant is based on a shared funding model, which requires the City to fund 70 per cent of the submitted project proposal while the grant will fund the remaining 30 per cent. The grant will be paid over 2023-2029 time period, which required the approval of further capital budget spending from 2027 to 2029. City Council approved this budget continuation on June 13, 2023.

While this is the first grant opportunity that BRE has been successful in securing, Administration continues to explore other funding opportunities. Factoring in the successful receipt of the \$23.7 million grant would leave a remaining required non-refundable cash amount of approximately \$69 million.

As the non-refundable cash infusion was intended to cover the first \$93 million of BRE's capital expenditures, capital expenditure to date have been financed through tax-supported debt. Ultimately BRE will require grant funding or some other form of non-refundable cash infusion to be financially sustainable. Without the non-refundable cash infusion, the cost of BRE's services would become uncompetitive, placing a higher burden on Blatchford ratepayers compared to ratepayers living elsewhere in Edmonton (which is counter to the BAU guidance). If sufficient grant funding is not obtained, other alternatives for the non-refundable cash infusion would need to be considered, including potentially increasing the

infrastructure connection fee, customer rates or potential use of tax-supported debt.

Borrowing funds in the interim results in financing costs that will need to be managed. The City of Edmonton has provided BRE short-term bridge financing, through the use of its working capital, to cover annual operating shortfalls and debt servicing costs on \$23.0 million debt borrowing as of December 31, 2022. The amount of working capital funding used by BRE at the end of 2022 is \$7.7 million. Administration continues to assess the impacts of interim financing costs on the long-term financial sustainability of BRE. If BRE is required in the future to fund portions of the required cash infusion through utility rates, long-term financial sustainability will likely be affected.

On September 5, 2023, Administration was set to present an updated Utility Fiscal Policy and Business Plan to the Utility Committee. These deliverables have been deferred to Q2 of 2024. Administration will be revising the BRE financial model considering impacts of the land development schedule and slower than expected non-refundable cash infusions, and related impacts on the business plan, fiscal policy and long-term financial sustainability of BRE. This discussion may also require consideration of key principles of the utility fiscal policy, including BAU rates, financial sustainability targets and tax-levy subsidization.

3.0 Methodology & Key Assumptions

UTILITY FISCAL POLICY (C597A)

The current policy (Appendix 1), approved on December 9, 2020, identifies that:

“The Utility Committee shall recommend annually to City Council the customer rates for the upcoming year, based on review of an annual rate filing prepared by the Utility”.

The Utility Fiscal Policy has also been established to:

1. Ensure that the Blatchford District Energy Utility is operated in a manner that reflects City Council's overall vision and philosophical objectives for the Utility.
2. Ensure that there is a consistent approach year over year for the financial planning, budgeting and rate setting for the City managed utility.
3. Ensure that BRE is financially sustainable over the long term.

In a typical utility environment, customer rates are designed by customer class to fully recover the forecasted revenue requirement or full cost of actual services. Currently the BRE does not fully follow this methodology. As per the current Utility Fiscal Policy:

“Customer rates based on the forecast cost of providing service will be assessed annually to ensure they remain competitive with other longer-term heating and cooling options.

- a. The Utility will strive for customers to pay at most a comparable fee to what they would elsewhere in the City of Edmonton through their energy utility bills and maintenance costs.
- b. The assessment will take into account the longer-term nature of utility infrastructure being used to provide services to customers, and market fluctuations that may occur annually in the commodity price of gas and electricity relative to the stable cost of providing thermal energy from the Blatchford District Energy Sharing System.

This “comparable fee” is also referred to as Business As Usual (BAU). The 2024 rate filing was prepared in accordance with the rate setting principles established by the current Utility Fiscal Policy (597A).

LAND DEVELOPMENT

The 2024 rate filing is based on the most recent land development and sales forecast developed by the Blatchford Redevelopment Office. The land development schedule is a critical component of the BRE as it determines the amount and timing of the required energy load, and subsequently the timing of capital spend.

Currently, townhouses are the only building types connected to the system, although some multi-unit buildings are under development. Table 1 below summarizes forecasted customer connections and energy consumption:

Table 1: Customer Connections and Energy Consumption

	2020	2021	2022	2023	2023	2024	2025	2026
Description	Actual	Actual	Actual	Approved Budget	Forecast	Budget	Budget	Budget
New Customer Connections								
Townhouses	8	19	18	84	44	92	109	42
Multi-Unit Buildings	-	-	-	6	-	-	2	6
Total DESS Connections	8	19	18	90	44	92	111	48
Total DESS Connections Accumulated	8	27	45	143	89	181	292	340
Energy Consumption (MWh)								
Townhouses	14.1	212.7	257.2	606.1	396.7	801.7	1,453.9	2,130.0
Multi-Unit Building	-	-	-	772.5	-	-	150.2	1,318.8
Total Energy Consumption	14.1	212.7	257.2	1,378.6	396.7	801.7	1,604.1	3,448.8

The utility is constantly recalibrating its connection forecast, which is dependent on various internal and external factors including development approvals, site construction timelines, sales and housing market conditions and home builder construction timelines. Land development forecasts represent a point in time estimation and the District Energy Sharing System is a modular and flexible system that is being constructed in stages to match the pace of development in the neighbourhood.

COST OF SERVICE STUDY

The traditional utility regulatory approach in setting customer rates typically involves the preparation of a cost of service study, which includes grouping utility customers into unique customer classes. The cost of service study then allocates the total forecast revenue requirement to each of those customer classes based on well-established cost functionalization, classification and allocation methodologies.

In 2023, a preliminary cost of service study (COSS) was completed but has not been fully utilized in the design of proposed utility rates. The BAU principle has been the main policy used in determining utility customer rates and is the foundation of the 2024 Rate Filing.

The 2024 Rate Filing does not include an updated COSS as one was prepared in 2023 and there is currently only one customer class (townhouses) in Blatchford. As additional customers and customer classes are connected, additional consumption and cost data will become available to support a future COSS.

As multi-unit customers are not anticipated to grow to a significant capacity until later in the 2023-2026 budget cycle, Administration will continue to monitor customer activity and bring forward an updated COSS when it is appropriate.

4.0 Proposed Utility Rates

The proposed customer rates for 2024, effective January 1, 2024, are summarized in the table below. The rates are shown for the two rate classes and building types currently available in Blatchford: individual townhouse lot and multi-unit lot. While each townhouse lot in Blatchford is individually serviced by BRE, the multi-unit lots are serviced by one central connection distributing energy across the multi-unit lots to the individual units.

The rates are comprised of a fixed monthly charge and a variable consumption rate, based on kilowatt hour used for thermal energy. The Infrastructure Fee is a one-time payment for the builder for the connection to the utility.

As shown in Table 2 below, these proposed rate increases are consistent with rate increases approved in the 2023 rate filing and align with discussions leading to the approval of the 2023-2026 operating and capital budgets.

Table 2: 2024 Proposed BRE Customer Rates

Description	2024 Rate Increase	2024	2023	2023 Rate Increase
Infrastructure Fee				
Townhouse Lot Residential (per unit)	2.7%	\$1,947.03	\$1,895.84	2.7%
Multi-Unit Lot Residential (per unit)	2.7%	\$1,947.03	\$1,895.84	2.7%
Multi-Unit Lot Commercial (per square meter)	2.7%	\$22.24	\$21.66	2.7%
Townhouse Lot				
Monthly Charge (unit per day)	10.0%	\$1.88	\$1.71	10.0%
Variable Heating and Cooling (per kWh)	10.0%	\$0.0325	\$0.0296	10.0%
Multi-Unit Lot				
Monthly Charge (per kW peak capacity per month)	2.7%	\$12.84	\$12.50	NEW
Variable Heating and Cooling (per kWh)	10.0%	\$0.0325	\$0.0296	10.0%

In the future, depending on economic and market factors, changes to how utility rate increases are determined may be required to ensure long-term financial sustainability. This could include, but not be limited to, the magnitude of future rate increases, incorporating green thermal energy into BAU calculations, and reevaluating the utility's rate structure.

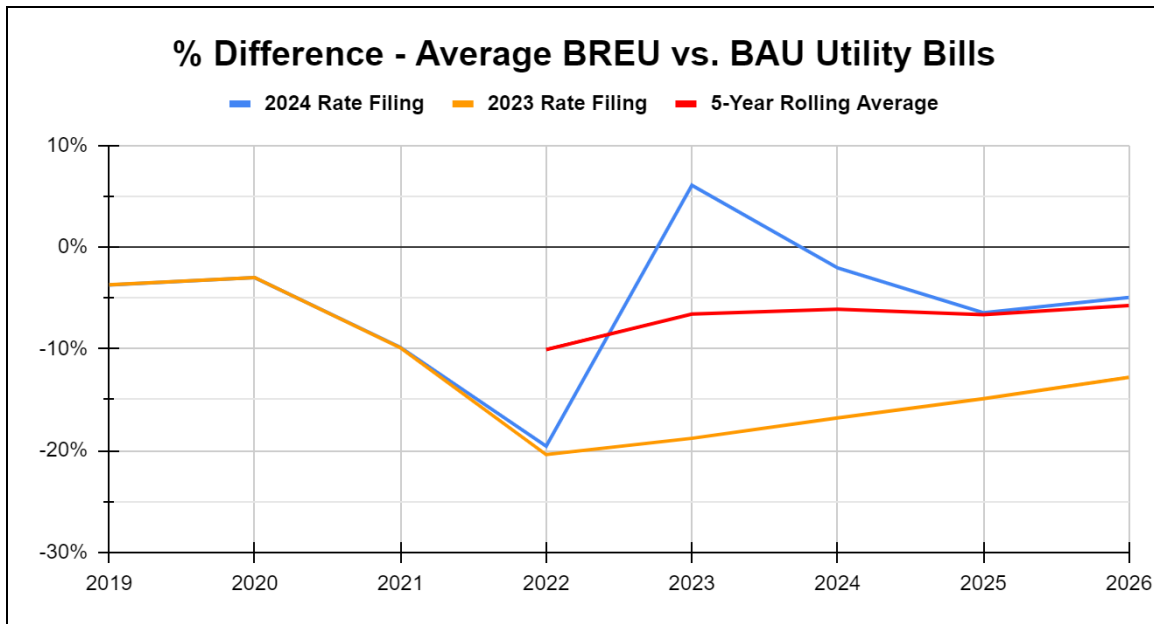
TOWNHOUSE UTILITY RATES

Townhouse lots are designated by the City of Edmonton to include one townhouse unit and may include a garage suite and/or basement suite. For townhouse utility rates, a 10 per cent rate increase in 2024 is being proposed for both the daily fixed and variable rates. This is similar to the rate increases approved in 2023.

This is also consistent with discussions in 2023 regarding the need to continue with 10 per cent rate increases throughout the approved 2023-2026 budget period to ensure utility rates for townhouses get closer to meeting BAU on an average long-term basis. BAU is an estimate of what a rate-payer of an average Edmonton home outside of Blatchford would potentially pay for heating, cooling, and utility maintenance (including energy usage and energy rates). Within Blatchford, homeowners pay the cost for heating and cooling energy to the BRE while electricity, and utility maintenance costs are paid to external providers.

Table 3 below provides an updated summary of the projected BAU variance for a BRE townhouse customer compared to a BAU townhouse customer based on the proposed rate increases and estimated costs for an average homeowner.

Table 3: Townhouse - BAU Variance by Year (BRE vs. BAU)



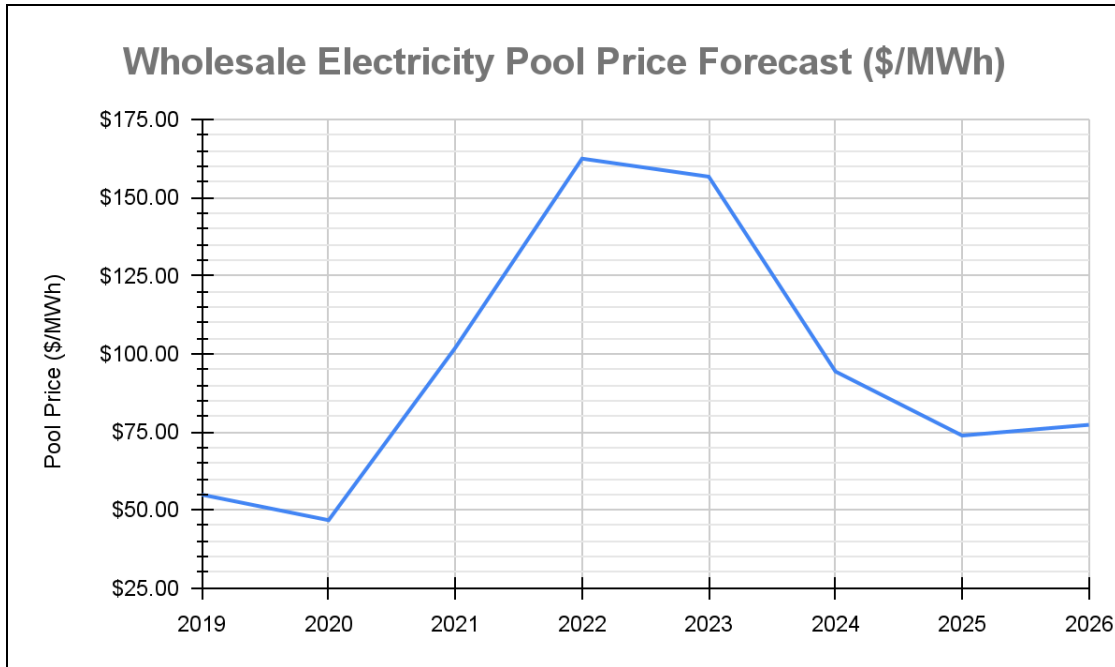
Based on the chart above, the projected BAU variance for 2023 is 6.1 per cent (as shown by the blue line). The forecasted BAU variance projected in the 2023 rate filing (as shown by the orange line) was -18.8 per cent. The current 2023 calculation is a projection based on actual energy rates from January to August and a forecast of the energy rates for the remainder of the year.

This change is primarily due to significant increases in the cost of electricity in 2023. The average rate (\$/kWh) for electricity in 2023 is projected to be \$0.2839 vs \$0.1978

in 2022. Electricity rates used in this calculation are based on Regulated Rate Option (RRO) rates. The RRO is an electricity rate within Alberta that is based on floating market rates for customers that are not on a fixed contract with an energy retailer. The variances being shown are estimates, as what BRE customers pay for their electricity (i.e. RRO vs. fixed price contract) is between themselves and their energy retailer. Fixed price contract rates are also historically lower than recent approved RRO rates.

Wholesale electricity pool prices are however forecast to return to more normalized levels in 2024. Wholesale electricity pool prices are the rates that retailers pay to purchase electricity from electricity generators. As such, from 2024 to 2026, the BAU variance (including the 10 per cent rate increase) is forecast to drop to -2.0 per cent by using the wholesale pool prices as a baseline. Table 4 below shows a current forecast of wholesale electricity pool prices from EDC Associates Ltd.

Table 4: Wholesale Electricity Pool Price Forecast



Electricity prices are a factor in the BAU variance calculation because the heating and cooling is regulated in Blatchford by very efficiently operated heat pumps in each home, which are powered by electricity. In a traditional home, heat pumps are not present as heating is traditionally provided through furnaces that utilize natural gas, which represents the majority of the energy impact, and electricity is only used for air conditioning systems. As such, large increases in electricity prices can cause shifts in the BAU variance calculations.

That said, the five-year rolling average for the BAU variance calculation (as shown by the red line) remains well below zero per cent throughout the approved 2023-2026 budget cycle even with the projected spike in 2023 and forecasted annual 10 per

cent rate increases. This is due to BRE historically charging utility rates below BAU. Utilizing historical and forecasted averages for determining how to factor in BAU with rate setting also aligns with the established intent in the Utility Fiscal Policy to provide revenue stability for BRE and take account of the longer-term nature of utility infrastructure and annual market fluctuations in energy costs.

MULTI-UNIT UTILITY RATE

Multi-unit lots are designated by the City of Edmonton to include multi-unit developments that may consist of any combination of residential (e.g., condos, townhouses), commercial and institutional developments.

For Multi-Unit Utility rates, a 2.7 per cent and 10 per cent rate increase is being proposed for both the monthly fixed and variable rates respectively. This is equivalent to the rate increases approved in 2023 for the variable rates, consistent with Utility Committee discussions in 2023 regarding the monthly fixed rate, and aligned with discussions leading to the approval of the 2023-2026 operating and capital budgets.

The Multi-Unit monthly fixed rate was first introduced in 2023, through a rate setting study with KPMG, and was set to closely mirror BAU at the time. To maintain consistency with BAU, the proposed escalation of 2.7 per cent is equivalent to average forecasted inflationary increases over the approved 2023-2026 budget period. The same variable rate (\$kWh) is used for both Townhouses and Multi-unit customers to be consistent.

While currently there are no Multi-Unit rate customers in Blatchford, BRE is expecting the first Multi-Unit builders in the next few years. The Utility is committed to continue working with future Multi-Unit builders in Blatchford during the design process to help establish the expected peak heating and cooling demands (in kW) to be used for billing purposes.

INFRASTRUCTURE FEE

Infrastructure fees are a one-time fee that BRE will collect from the builders for units and buildings when they connect to the utility. For 2024, the proposed rate increase of 2.7 per cent continues to maintain the relationship between current rates and forecasted inflation.

As discussed in previous rate filings, BRE continuously reviews the current Infrastructure Fee structure and rates. Administration will determine the need to revisit the Infrastructure Fee structure and bring forward changes, if appropriate, through future utility rate filings.

5.0 Long-Term Financial Sustainability

FINANCIAL INDICATORS

To assess long-term financial sustainability, the Utility Fiscal Policy has established Financial Indicator Targets. The Targets set out in this Policy are:

1. Rate Sufficient to Meet Expenditures and Cash Flow
 - a. Positive net income
 - b. The target combined Cash Position of the Utility is the Pay-As-You-Go funding required as identified in the capital plan
 - c. Stable consistent rate increases
2. Debt Financing of Capital
 - a. Debt to Net Assets Ratio may vary between 50% to 70% in consideration of borrowing rates.
 - b. Incremental targets by year are 2023 (98%), 2040 (85%) 2050 (70%) and 2060 (60%)

The preparation of current/future rate filings as well as the evaluation of future utility/business decisions, will take the achievement of the financial indicators into consideration. As BRE is still being established, the achievement of these financial indicators will take time and will be further evaluated in the financial policy update being prepared for Q1/Q2 2024, along with other key principles of the Utility Fiscal Policy.

CASH INFUSION

Prior updates to the Utility Committee confirmed the requirement of a \$93 million non-refundable cash infusion be provided to BRE. The non-refundable cash infusion is a key element in enabling BRE to:

1. Ensure that the utility becomes financially sustainable in the long run without any ongoing subsidy,
2. Ensure customers pay a comparable fee to what they would elsewhere in Edmonton through their energy utility bills and annual maintenance costs.

As the cash infusion is intended to fund the first \$93 million of capital expenditures, all related capital assets will be considered contributed assets and for rate setting purposes will not impact Blatchford customers.

Currently, factoring in the successful receipt of the \$23.7 million federal grant (National Resource Canada - Smart Renewables and Electrification Pathways program), the remaining required non-refundable cash amount is approximately \$69 million. BRE continues to apply for additional grant opportunities as they arise. Since sufficient grant funding has not as of yet been secured, BRE has been

debt financing capital expenditures to date for the initial stages of infrastructure investment.

As BRE's operations are very capital intensive and most grant funding is approved before capital spending occurs, receiving future cash infusions in advance of the next major capital expansion will be critical to minimize additional debt financing costs. As major capital expansions are directly tied to the forecasted land development cycle, which results in changes to required energy load demands, it is important that future cash infusions are in alignment. The next major capital expansion is anticipated for 2029 for the Sewer Heat Exchange Energy Centre.

BRE will ultimately require grant funding or some other form of a non-refundable cash infusion to be financially sustainable. Without the non-refundable cash infusion, the cost of BRE's services would become uncompetitive, placing a higher burden on Blatchford ratepayers compared to ratepayers living elsewhere in Edmonton.

If sufficient grant funding is not obtained, other alternatives for the non-refundable cash infusion would need to be considered including potentially increasing the infrastructure connection fee or utility customer rates, partnering with external utility providers or potential use of tax-supported debt.

The impact of future land development expansions, review of the required cash infusion, and impact to overall long-term financial sustainability for the BRE will be included with the update for the Utility Fiscal Policy, Business Plan, and financial review scheduled by the end of Q2 2024.

6.0 Operating Budget & Forecast

The operation of the first stages of the Energy System at Blatchford, is managed internally by BRE in partnership with other departments in City Administration, external contractors and technical experts. Engineering and operational support will primarily be provided internally with some support from external technical consultants and contractors. Qualified service providers have been engaged for all aspects of utility operation.

Given City Council’s direction, BRE will investigate in more detail the opportunity to engage an external partner in its operations during 2024.

The following Table 5 summarizes forecast Operating Costs, based on current information, by major expense category with a detailed discussion of each cost category to follow.

Table 5: Operating by Major Expense Category (\$000s)

	2021	2022	2023	2023	2024	2025	2026
Description	Actual	Actual	Approved Budget	Forecast	Budget	Budget	Budget
Operating							
Utilities	\$ 46.8	\$ 53.8	\$ 59.4	\$ 59.4	\$ 70.2	\$ 76.0	\$ 77.0
Operations and Maintenance	370.7	498.4	743.1	693.1	655.7	618.7	631.8
Administration	418.0	395.9	558.4	315.4	583.4	581.3	560.9
Customer Billing Services	11.6	6.0	68.8	68.8	16.1	64.1	32.9
Corporate Administration	60.5	75.8	260.8	260.6	287.3	308.5	333.8
Total Operating	\$ 907.6	\$ 1,029.9	\$ 1,690.5	\$ 1,397.3	\$ 1,612.7	\$ 1,648.6	\$ 1,636.4

The following sections below provide further detail in respect of each of the major operating cost categories shown in Table 5 above. Note, some costs have shifted categories from the 2023 Rate Filing as these have been reclassified to better reflect actual reporting requirements in the 2024 Rate Filing. Where this has occurred, the section will identify the shift and reason.

6.1 UTILITIES

BRE requires electricity, natural gas and water/drainage/sewer utility services to operate. Table 6 summarizes the actual/forecast cost of utilities from 2021-2026.

Table 6: Utility Costs (\$000s)

	2021	2022	2023	2023	2024	2025	2026
Item	Actual	Actual	Approved Budget	Forecast	Budget	Budget	Budget
Utility Costs							
Electricity	\$42.3	\$47.2	\$50.0	\$50.0	\$60.0	\$65.0	\$65.0
Natural Gas (incl. Carbon tax)	0.6	0.6	1.0	1.0	1.2	1.4	1.6
Telephones	0.0	-	2.4	2.4	2.4	2.4	2.4
Water/Drainage/Sewer	3.9	6.0	6.0	6.0	6.6	7.2	8.0
Total Utilities	\$46.8	\$53.8	\$59.4	\$59.4	\$70.2	\$76.0	\$77.0

Electricity needs will increase in 2024 over the 2023 forecast as development progresses and the amount of customers continues to grow.

6.2 OPERATIONS & MAINTENANCE

The forecast Operation & Maintenance costs for each year are comprised of the following cost categories: (1) Personnel, (2) Training & Development (3) Equipment Rental (4) Technical Consultants and (5) General Services. In the 2023 Rate Filing, facility maintenance costs were shown under Operations & Maintenance. These costs are provided internally by the City of Edmonton and have been reclassified for the 2024 Rate Filing under Table 11: Corporate Administration Costs.

The following Table 7 shows the cost breakdown of Operating:

Table 7: Operations & Maintenance by Major Expense Category (\$000s)

	2021	2022	2023	2023	2024	2025	2026
	Actual	Actual	Approved Budget	Forecast	Budget	Budget	Budget
Operations and Maintenance							
Personnel	\$359.7	\$439.2	\$574.6	\$574.6	\$587.2	\$600.2	\$613.3
Training and Development	-	4.6	7.3	7.3	7.3	7.3	7.3
Equipment Rental	10.6	0.6	11.2	11.2	11.2	11.2	11.2
Technical Consultants	0.4	51.9	150.0	100.0	50.0	-	-
General Services	-	2.1	-	-	-	-	-
Total Operations and Maintenance	\$ 370.7	\$ 498.4	\$ 743.1	\$ 693.1	\$ 655.7	\$ 618.7	\$ 631.8

Personnel

BRE currently has 5.1 FTEs responsible for the managing of day-to-day operations.

The following Table 8 provides details of the current direct employees including position title and the portion of each employee’s time allocated to BRE (a percentage of some employee’s time will be allocated to other renewable energy projects currently being undertaken by the City of Edmonton).

Table 8: BRE Personnel

Employee Title	Full Time Equivalents (FTEs)						
	2021 Actual	2022 Actual	2023 Approved Budget	2023 Forecast	2024 Budget	2025 Budget	2025 Budget
Director - Renewable Energy Systems	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Program Manager - Renewable Energy Systems	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Project Manager - Renewable Energy Systems	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Coop Engineering Student	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Administrative Assistant	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Project Coordinator	-	-	1.0	1.0	1.0	1.0	1.0
Methods Analyst	-	-	1.0	1.0	1.0	1.0	1.0
Total Full Time Equivalents	3.1	3.1	5.1	5.1	5.1	5.1	5.1

The total forecast cost of BRE personnel was determined by applying the full time equivalent factor in the Table 8 above to each employee’s current total compensation (base salary plus benefits). Inflationary increases account for increased costs from 2024 to 2026.

Training and Development

Training costs to further professional development are on budget in 2023 and expected to remain consistent for 2024-2026.

Equipment Rental

Costs related to the leasing/rental of equipment has been included in the BRE budget. The 2023 forecast cost includes a total of \$11,200 for the lease/rental of tools and computers. This will remain the same for 2024-2026.

Technical Consultants

Operating costs include \$200,000 (\$150,000 in 2023 and \$50,000 in 2024) to address a motion made at Executive Committee (October 12, 2022) to undertake a feasibility study to expand the Blatchford Renewable Energy Utility to areas adjacent to Blatchford outside the current service area, including but not limited to Hangar 14.

ADMINISTRATION

The forecast Administration costs each year include: (1) Marketing, Education and Communication, and (2) External Professional Services Costs. For a summary of Administration Costs, see Table 9 below:

Table 9: Administration (\$000s)

	2021	2022	2023	2023	2024	2025	2026
Description	Actual	Actual	Approved Budget	Forecast	Budget	Budget	Budget
Administration							
Marketing, Education and Communication	\$ 78.4	\$ 134.1	\$ 115.9	\$ 115.9	\$ 115.9	\$ 115.9	\$ 115.9
Consulting and Professional Services	339.6	261.8	442.5	199.5	467.5	465.4	445.0
Total Administration	\$ 418.0	\$ 395.9	\$ 558.4	\$ 315.4	\$ 583.4	\$ 581.3	\$ 560.9

Marketing, Education and Communications

The Marketing, Education & Communication costs include an estimate for time and materials required for marketing, communication and education of the Blatchford community to utility customers during the forecast period. This service is provided internally by Communications and Marketing staff.

As part of the 2023-2026 Shared Service and Interdepartmental Budget, costs were set at a 0 per cent increase from 2023 - 2026.

Consulting and Professional Services

Consulting and professional services are used to assist with operational aspects of BRE. In 2023, the forecast costs were lower than budget as the spending was adjusted to align with updated development plans. Spending in 2024 aligns to the expected increase in site development and growth in customers.

6.3 CUSTOMER BILLING SERVICES

BRE has a service level agreement with EPCOR for billing and customer service support for Blatchford Renewable Energy’s customers.

The following Table 10 summarizes Customer Billing Services Costs.

Table 10: Customer Billing Service Costs (\$000s)

	2021	2022	2023	2023	2024	2025	2026
Description	Actual	Actual	Approved Budget	Forecast	Budget	Budget	Budget
Customer Billing							
Monthly Billing Charges	\$ 11.6	\$ 6.0	\$ 7.3	\$ 7.3	\$ 9.8	\$ 18.1	\$ 27.2
Annual Billing Automation Charge	-	-	6.5	6.5	6.3	6.0	5.7
One-time Set-up Charges	-	-	55.0	55.0	-	40.0	-
Total Customer Billing	\$ 11.6	\$ 6.0	\$ 68.8	\$ 68.8	\$ 16.1	\$ 64.1	\$ 32.9

BRE incurs a Monthly Base Services Fee of \$6.63 per account per month for billing and customer service support in 2023. For the 2024-2026 budget period, BRE has forecast an annual increase of 2.0 per cent in the Monthly Base Services Fee, pending on the amended service level agreement.

In addition BRE will incur an annual billing automation charge over the 2023-2026 forecast period (ending in 2031) to recover the cost of setting up Blatchford accounts in EPCOR’s new billing system.

BRE has also forecast a cost of \$55,000 in 2023 to account for EPCOR’s charge to program the new Multi-unit Monthly Charge into its billing system and an additional \$40,000 in 2025 for the cost of programming new BRE rate customers.

The decrease in actual billing costs from 2021 to 2022 is a result of the elimination of a manual billing charge effective January 1, 2022. The manual billing charge was an extra charge levied by EPCOR to manually bill BRE customers in 2020 and 2021, prior to BRE customers being set up in EPCOR’s billing system.

6.4 CORPORATE ADMINISTRATION

The forecast Corporate Administration costs each year include: (1) Shared Services; and; (2) Transportation and Insurance costs. Shared Services includes Facility Maintenance costs which were originally in Table 7: Operations and Maintenance in the 2023 Rate Filing.

The following Table 11 summarizes the Corporate Administration Costs over the forecast period.

Table 11: Corporate Administration Costs (\$000s)

	2021	2022	2023	2023	2024	2025	2026
Description	Actual	Actual	Approved Budget	Forecast	Budget	Budget	Budget
Corporate Administration							
Shared Corporate Service	\$ 59.4	\$ 75.4	\$ 253.5	\$ 253.3	\$ 279.5	\$ 300.7	\$ 326.0
Other - Transportation and Insurance	1.1	0.4	7.3	7.3	7.8	7.8	7.8
Total Corporate Administration	\$ 60.5	\$ 75.8	\$ 260.8	\$ 260.6	\$ 287.3	\$ 308.5	\$ 333.8

The City of Edmonton employs a shared service model whereby support services required for the operations of all City businesses are provided through centralized areas of expertise. This approach takes advantage of efficiencies gained through economies of scale and opportunities to provide more robust systems and services (e.g., technology-related services).

The largest portion of shared service is for facility maintenance. The infrastructure built and installed to serve customers at Blatchford requires ongoing maintenance. The maintenance costs for 2024-2026 are based on a capital maintenance factor (i.e., a percentage of capital) for each class of assets (e.g., ground heat exchange equipment, energy center equipment, distribution piping, etc.) applied to the total capital in service each year for each class of assets and real time experience by FMS based on initial years of operation. The capital maintenance factors were based on industry standards for similar types of equipment. It also takes into account initial

Attachment 1

warranty considerations for new equipment. Maintenance of the Blatchford DESS is provided by the City's Facilities Maintenance Services Branch.

Financial, regulatory and legal support for BRE is provided by the Financial and Corporate Services department and the City's Legal Services Branch, which has significant expertise in utility management. Both areas are involved in the management of the bylaw, the fiscal policy, annual rate filings plus operating and capital budget development for BRE.

7.0 Capital Budget & Forecast

The approved Blatchford Renewable Energy capital budget plans incorporate anticipated growth in the community. All capital expenditures during the forecast period are projected to be financed by a combination of the non-refundable cash infusion and builder contributions resulting in all capital assets being contributed.

The following Table 12 below provides a summary of the forecasted capital additions and construction work in progress (CWIP) by asset group during the forecast period with more detailed descriptions to follow.

Table 12: Capital Additions and Construction Work In Progress (\$'000s)

	Cross	2022	2023	2023	2024	2025	2026
	Reference	Actual	Approved Budget	Forecast	Budget	Budget	Budget
Contributed Previous Year Balance		\$ 818.7	\$ 1,986.4	\$ 1,702.2	\$ 4,967.9	\$ 1,868.6	\$ 8,943.4
Contributed Capital Expenditures							
Energy Center 1		947.0	2,697.5	2,651.8	362.6	-	-
Sewer Heat Exchange		-	544.3	-	-	1,395.0	4,706.6
Distribution Piping System		1,645.8	2,420.3	2,795.3	1,500.0	1,500.0	1,987.5
Energy Transfer Stations		43.8	2,000.0	2,006.0	1,500.0	450.0	1,000.0
Energy Center 4		-	294.8	613.8	436.0	5,679.9	8,559.6
Less Capital Additions:							
Energy Center 1		(63.5)	-	-	(3,897.9)	-	-
Sewer Heat Exchange		-	-	-	-	-	-
Distribution Piping System		(1,645.8)	(2,420.3)	(2,795.3)	(1,500.0)	(1,500.0)	(1,987.5)
Energy Transfer Stations		(43.8)	(2,000.0)	(2,006.0)	(1,500.0)	(450.0)	(1,000.0)
Energy Center 4		-	-	-	-	-	(15,289.4)
Contributed Current Year Balance		1,702.2	5,523.0	4,967.9	1,868.6	8,943.4	6,920.3
Non-Contributed Previous Year Balance		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Contributed Capital Expenditures		-	-	-	-	-	-
Less: Non-Contributed Capital Additions		-	-	-	-	-	-
Non-Contributed Current Year Balance		-	-	-	-	-	-

ENERGY CENTRE 1

Current capacity at Energy Centre 1 is 1 megawatt (MW) of heating and 2 MW cooling energy, which is enough to service the first few land development stages in Blatchford. The expansion of Energy Centre 1 is needed to provide energy for land development stages in Blatchford west and east, which are anticipated to come online between 2023 and 2026. At full capacity, Energy Centre 1 will be able to generate 4.25 MW of heating and 4 MW of cooling energy. Design for the expansion was completed in 2022. Construction has started since its budget was approved. The full expansion of Energy Centre 1 is expected to be operational in Q1 2024. The total forecast capital budget in 2023 and 2024 to extend the capacity is \$3.0 million.

DISTRIBUTION PIPING SYSTEM

The distribution piping network distributes energy from the Energy Centres to the buildings and utility customers. As the development grows, so will the piping network. To facilitate the anticipated Blatchford development scenario, additional distribution piping is expected to be needed over the next four years in Blatchford

west, east and market area. The total capital forecast for the 2023 to 2026 budget is \$7.8 million for the planned extension of the distribution piping network.

ENERGY TRANSFER STATIONS

Energy Transfer Stations transfer energy between the main DESS infrastructure and the homes and buildings in Blatchford. The funds are to cover design, construction and inspection activities BRE undertakes. These are builder-funded costs and the Energy Transfer Stations infrastructure become contributed assets to BRE it then operates and maintains. The total capital forecast for the 2023 to 2026 budget is \$5.0 million.

ENERGY CENTRE 4

As outlined during the 2023 to 2026 budget deliberations, Council approved the design and construction of the first peaking Energy Centre (a.k.a. Energy Centre 4) in the community, and subsequently delayed the detailed design and construction of the initially planned Sewer Heat Exchange Energy Centre. With base load provided by Energy Centre 1, Energy Centre 4 can accommodate peak demand after its completion by 2027. Initially this is expected to be a very small amount of energy, as the total demand on the system increases, the peaking demand will increase, until the Sewer Heat Exchange Energy Centre is brought online to accommodate the increased base and peak demands, also from renewable sources. Given the current development and construction outlook, the Sewer Heat Exchange Energy Centre's anticipated completion is 2030. At current estimates, the peaking Energy Center would be commissioned in 2026 at an approximate cost of \$15.3 million.

AMORTIZATION & DEBT INTEREST EXPENSES

As all required capital during the forecast period are projected to be contributed assets, there will be no impact to the revenue requirement for amortization or interest on debt costs. The capital is considered to be contributed as they are not intended to be funded through the utility rates and instead are forecast to be funded by grants or builder contributions.

8.0 Revenue Requirement

The 2024 budgeted revenue requirement is \$1.61 million with expected revenues of \$288,000. This results in a revenue shortfall of \$1.32 million. Revenue shortfalls are also anticipated to continue into 2025 (estimated at \$861,000). The following Table 13 provides a summary of the revenue surplus/(shortfall).

Table 13: Total Revenue Requirement (\$000s)

Description	2021	2022	2023	2023	2024	2025	2026
	Actual	Actual	Approved Budget	Forecast	Budget	Budget	Budget
Revenue Requirement							
Operations & Maintenance	\$907.6	\$1,029.9	\$1,690.5	\$1,397.3	\$1,612.7	\$1,648.6	\$1,636.4
Depreciation	-	-	-	-	-	-	-
Debt Interest	-	-	-	-	-	-	-
Return on Rate Base	-	-	-	-	-	-	-
Total System Revenue Requirement	907.6	1,029.9	1,690.5	1,397.3	1,612.7	1,648.6	1,636.4
Revenue							
Revenue on Proposed Rates	11.0	110.0	145.0	75.0	109.0	228.0	445.0
Infrastructure Fee	43.0	10.0	996.0	145.0	179.0	557.0	1,392.0
Other Revenue - Government Grants	56.0	-	-	-	-	-	-
Total Revenue	110.0	120.0	1,141.0	220.0	288.0	785.0	1,837.0
Revenue Surplus (Shortfall)	\$ (797.6)	\$ (909.9)	\$ (549.5)	\$ (1,177.3)	\$ (1,324.7)	\$ (863.6)	\$ 200.6

Budgeted revenue has been reduced due to updated customer counts and energy load requirements. The 2024 budgeted customer revenue will not be sufficient to fully recover BRE 2024 revenue requirement. As with previous rate filings, BRE will continue to utilize a deferral account to accumulate these shortfall amounts until utility revenues exceed the revenue requirement. This will be further analyzed and presented to the Utility Committee in the financial policy update scheduled by Q2 2024.

DEFERRAL ACCOUNT AND INTEREST ON FINANCING

As BRE is anticipating revenue shortfalls in the forecast period, BRE will utilize short-term bridge financing through the City of Edmonton's working capital. As per the Utility Fiscal Policy:

"Where the Utility's cash position is insufficient to meet cash flow requirements, the Utility will borrow from the City of Edmonton on a short term basis, with the interest being paid by the Utility at an interest rate that compensates the City of Edmonton reflecting the Fund Balance where the cash was drawn."

Table 14 below provides a summary of the forecast deferral account balances during the forecast period:

Table 14: Deferral Account Balance

	2021	2022	2023	2023	2024	2025	2026
Description	Actual	Actual	Approved Budget	Forecast	Budget	Budget	Budget
Deferral Account Opening Balance	\$ (1,623.0)	\$ (2,471.2)	\$ (3,509.2)	\$ (3,509.2)	\$ (4,876.3)	\$ (6,471.3)	\$ (7,689.0)
Current Year Surplus/shortfall	(797.6)	(909.9)	(549.5)	(1,177.3)	(1,324.7)	(863.6)	200.6
Deferral Account Closing Balance	(2,420.6)	(3,381.1)	(4,058.8)	(4,686.6)	(6,201.0)	(7,334.9)	(7,488.4)
Interest Costs	(50.5)	(128.2)	(175.2)	(189.7)	(270.3)	(354.1)	(408.3)
Deferral Account Closing Balance (Including Interest Costs)	(2,471.2)	(3,509.2)	(4,234.0)	(4,876.3)	(6,471.3)	(7,689.0)	(7,896.7)

REVENUE OFFSETS

Revenue offsets are miscellaneous revenues earned by a utility and can include items such as late payment penalties, revenue from rental of company-owned property and miscellaneous fees and non-rate revenues. No revenue offsets are anticipated during the forecast period.

RATE BASE

As noted previously, all required capital for the BRE system during the forecast period is projected to be financed by a combination of the non-refundable cash infusion and builder contributions resulting in no rate base on BRE’s balance sheet. The following Table 15 below provides a summary of the mid-year net property, contributions and rate base:

Table 15: Mid-Year Net Property, Contributions and Rate Base (\$000s)

	2021	2022	2023	2023	2024	2025	2026
Item	Actual	Actual	Approved Budget	Forecast	Budget	Budget	Budget
Rate Base							
Mid-year Net Property	\$ 19,451.0	\$ 20,327.5	\$ 21,661.2	\$ 23,604.7	\$ 29,454.3	\$ 33,878.2	\$ 43,991.7
Mid-year Net Contributions	(19,451.0)	(20,327.5)	(21,661.2)	(23,604.7)	(29,454.3)	(33,878.2)	(43,991.7)
Net Mid-year Rate Base	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

RETURN ON RATE BASE

As BRE is currently not financially sustainable and is charging customer rates that do not meet the current revenue requirement, no return on rate base will be currently implemented in the rate model. This will be reevaluated at a later date when appropriate.

9.0 Next Steps

Administration has committed to providing a Utility Fiscal Policy update and Business Plan by Q2 2024. Administration will also provide a financial update to review BRE's current financial situation factoring in the updated Blatchford land development schedule and required non-refundable cash infusion.

In addition, Administration will continue to explore potential funding opportunities to address the required non-refundable cash infusion and bring forward any related updates to the Utility Committee when appropriate.

10.0 Appendices

- 1.0 Blatchford District Energy Fiscal Policy C597A
- 2.0 2024 Minimum Filing Requirement Schedules

Appendix 1.0 Blatchford District Energy Fiscal Policy C597A

Council Policy Blatchford District Energy Utility Fiscal Policy



Program Impacted	Financial Management <i>The City of Edmonton's resilient financial position enables both current and long-term service delivery and growth.</i>
Number	C597A
Date of Approval	December 9, 2020
Approval History	April 10, 2018
Next Scheduled Review	December 9, 2023

Statements

1. The Utility is to be operated in a manner that balances the best possible service at the lowest cost (public utility) while employing private sector approaches to rate setting.
2. Similar to private utilities, the Utility will account for the cost of service under a full cost accounting approach. All customer charges will be based upon cost of service with the end user (customer) paying at most a comparable fee to what they would elsewhere in the City of Edmonton through their energy utility bills and annual maintenance costs.
3. Through a phased approach, the Utility will generate positive net income, cash flow and a rate of return sufficient to cover current year expenses, working capital requirements, and to facilitate the funding for capital infrastructure and rehabilitation and replacement of its capital assets.
4. The Utility is to contribute towards achieving the City's Energy Transition Strategy.

The purpose of this policy is to:

1. Ensure that the Blatchford District Energy Utility is operated in a manner that reflects City Council's overall vision and philosophical objectives for the Utility.
2. Ensure that there is a consistent approach year over year for the financial planning, budgeting, and rate setting for the City managed Utility.
3. Ensure that the Utility is financially sustainable over the long term.

Rate Setting Principles

1. Customer rates will be understandable, practical and cost-effective to implement.
2. Customer rates will fairly apportion the cost of providing service among customers.
3. Customer rates will be stable and predictable from year to year.
4. Customer rates will provide revenue stability for the Blatchford Renewable Energy Utility.
5. Customer rates will promote the efficient use of energy.
6. Customer rates will be based on the forecast cost of providing service.
 - a. In the initial years of operation as the customer base continues to grow, a levelized approach may be used to establish rates and recover the forecast costs of providing service over a longer-term basis.
 - b. The under-recovery of costs under the levelized approach in the early years of the Utility's operations will be accumulated in a regulatory deferral account to be recovered in later years when the customer base is more fully established.
7. Customer rates based on the forecast cost of providing service will be assessed annually to ensure they remain competitive with other longer-term heating and cooling options.
 - a. The Utility will strive for customers to pay at most a comparable fee to what they would elsewhere in the City of Edmonton through their energy utility bills and maintenance costs.
 - b. The assessment will take into account the longer-term nature of utility infrastructure being used to provide services to customers, and market fluctuations that may occur annually in the commodity price of gas and electricity relative to the stable cost of providing thermal energy from the Blatchford District Energy Sharing System.

Financial Indicators

Financial indicators are measures that provide financial information about the sustainability of the Utility. Taken collectively, these indicators allow for periodic assessment on whether the Utility is moving towards or away from financial sustainability.

1. **Rate Sufficient to Meet Expenditures and Cash Flow (Positive Net Income and Positive Cash Position)**
 - a. The Utility will generate positive net income, cash flow and a rate of return sufficient to cover current year expenses, working capital requirements, and to facilitate the funding for capital infrastructure and rehabilitation and replacement of its capital assets.
 - b. The management of the Utility's cash position is the responsibility of Administration, taking into consideration current borrowing rates and current and future cash requirements.
 - c. Where the Utility's cash position is insufficient to meet cash flow requirements, the Utility will borrow from the City of Edmonton on a short term basis, with the interest being paid by the Utility

at an interest rate that compensates the City of Edmonton reflecting the Fund Balance where the cash was drawn.

Indicator Targets:

- i. Positive Net Income
- ii. The target combined Cash Position of the Utility is the Pay As You Go funding required as identified in the Capital Plan.
- iii. Stable consistent rate increases.

2. Debt Financing of Capital

- a. The Utility will not utilize long-term Debt to finance current operating expenditures.
- b. Debt will be considered for Capital Expenditures for:
 - i. projects with long-term benefits;
 - ii. major rehabilitation or upgrade of existing assets; and
 - iii. emerging requirements to support corporate priorities and strategic plans.
- c. The Utility will follow the City of Edmonton's process for debt issuance, including the term of the debt and will be consolidated with City debt in determining the City's position relative to the legislated debt limits.

Indicator Target:

The Debt to Net Assets Ratio is a measure of the extent that capital investment is financed through debt, presented on a combined basis and calculated as follows:

$$\begin{aligned} & \text{Total Long Term Debt} \\ & \text{divided by} \\ & \text{Net book value of Non-Contributed Assets} \\ & = \text{Debt to Net Assets Ratio} \end{aligned}$$

The target for the Debt to Net Assets Ratio may vary between 50% and 70%, taking into consideration borrowing rates. Incremental targets, by year, are as follows:

2030 - 98% 2040 - 85% 2050 - 70% 2060 - 60%

Financial Planning

Budget and financial planning follow the general principles of budget, long range planning, and management of capital assets as established by the City of Edmonton and in accordance with Public Sector Accounting Standards defined by the Public Sector Accounting Board.

The Utility will prepare a 4-year Business Plan, to be presented annually to the Utility Committee, prior to the preparation of the multi-year operating and capital budgets or supplemental budget adjustments.

The Utility Committee shall recommend annually to City Council the customer rates for the upcoming year, based on review of an annual rate filing prepared by the Utility subsequent to the preparation and presentation of the 4-year Business Plan.

Definitions

Cash Flow - the ability of the Utility to meet its financial obligations as payments are due.

Capital Assets - assets of the Utility meeting the requirements defined under Public Sector Accounting Standard PS3150.

Capital Investment Outlook - a 10-year forecast of capital required to ensure that appropriate infrastructure are in place to meet service needs, including the replacement of Contributed Assets.

Capital Plan - a 4-year plan for funding capital infrastructure approved by City Council.

Contributed Assets - capital assets of the Utility for which funding was provided from non-rate sources. Examples may include infrastructure constructed by the Blatchford Development, partnership funding, grants, etc.

Debt to Net Assets Ratio - is a measure of the extent to which the net book value of non-contributed assets is being financed by debt.

Financial Indicators - a set of financial measures that provide signals on the financial health of the Utility.

Financial Sustainability - financial sustainability is achieved when all targets set for the Financial Indicators (as recommended by the Utility Committee and approved by City Council) are attained.

Full Cost Accounting - shall include cost allocation from services provided by City Administration and may include administration costs, and other shared services such as Communication, Human Resources, Information Technology, Law, Corporate Procurement and Supply Services, Financial Services, Fleet and Facility Maintenance, and general corporate overhead.

Investment in Utility Financed Assets - Net Book Value of Utility Financed Assets minus associated outstanding debt used to pay for the assets.

Net Book Value - acquisition costs of original costs of capital assets minus their accumulated depreciation.

Appendix 2.0 2024 Minimum Filing Requirements Schedules

Blatchford Renewable Energy 2024 Rate Filing Index of MFR Schedules

<u>Schedule Name</u>	<u>Schedule No.</u>
SECTION 1: REVENUE REQUIREMENT AND RATES	
Part A - Total System Revenue Requirement	
Summary of Total System Revenue Requirement	3-1
Summary of Operating Costs	5-1
Utilities & Other Costs	6-1
Operations and Maintenance Costs	7-1
Administration Costs	8-1
Customer Billing Costs	9-1
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Rate Base	15-1
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Construction Work in Progress	15-4
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Part B - Customers, Revenue and Proposed Rates and Fees by Customer Segment	
Customers and Consumption	19-1
Revenue on Proposed Rates	19-2
Proposed Customer Rates and Fees	20-1
Part C - Utility Deferral Account	
Interest on Financing	21-1

Schedule 3-1

Blatchford Renewable Energy
2024 Rate Filing
Summary of Total System Revenue Requirement
(\$000s)

Line No.	Description	Reference	2021 Actual	2022 Actual	2023 Approved Budget	2023 Forecast	2024 Budget	2025 Budget	2026 Budget	Cross Reference
1	Revenue Requirement									
2	Operations & Maintenance	5-1	\$907.6	\$1,029.9	\$1,690.5	\$1,397.3	\$1,612.7	\$1,648.6	\$1,636.4	
3	Depreciation		-	-	-	-	-	-	-	
4	Debt Interest		-	-	-	-	-	-	-	
5	Return on Rate Base		-	-	-	-	-	-	-	
6	Total System Revenue Requirement		907.6	1,029.9	1,690.5	1,397.3	1,612.7	1,648.6	1,636.4	
7										
8	Revenue									
9	Revenue on Proposed Rates	19-2	11.0	110.0	145.0	75.0	109.0	228.0	445.0	
10	Infrastructure Fee	19-2	43.0	10.0	996.0	145.0	179.0	557.0	1,392.0	
11	Other Revenue - Government Grants	19-2	56.0	-	-	-	-	-	-	
12	Total Revenue		110.0	120.0	1,141.0	220.0	288.0	785.0	1,837.0	
13										
14	Revenue Surplus (Shortfall)		\$ (797.6)	\$ (909.9)	\$ (549.5)	\$ (1,177.3)	\$ (1,324.7)	\$ (863.6)	\$ 200.6	

Blatchford Renewable Energy
 2024 Rate Filing
 Summary of Operating Costs
 (\$000s)

Line	Cross	2021	2022	2023	2023	2024	2025	2026	
No.	Description	Reference	Actual	Actual	Approved Budget	Forecast	Budget	Budget	Budget
	Operating								
1	Utilities	S.6-1	\$ 46.8	\$ 53.8	\$ 59.4	\$ 59.4	\$ 70.2	\$ 76.0	\$ 77.0
2	Operations and Maintenance	S.7-1	370.7	498.4	743.1	693.1	655.7	618.7	631.8
3	Administration	S.8-1	418.0	395.9	558.4	315.4	583.4	581.3	560.9
4	Customer Billing Services	S.9-1	11.6	6.0	68.8	68.8	16.1	64.1	32.9
5	Corporate Administration	S.10-1	60.5	75.8	260.8	260.6	287.3	308.5	333.8
6	Total Operating		\$ 907.6	\$ 1,029.9	\$ 1,690.5	\$ 1,397.3	\$ 1,612.7	\$ 1,648.6	\$ 1,636.4

Blatchford Renewable Energy
2024 Rate Filing
Utilities & Other Costs
(\$000s)

Line		Cross	2021	2022	2023	2023	2024	2025	2026	Cross
No.	Description	Reference	Actual	Actual	Approved Budget	Forecast	Budget	Budget	Budget	Reference
1	Utilities		\$ 46.8	\$ 53.8	\$ 59.4	\$ 59.4	\$ 70.2	\$ 76.0	\$ 77.0	
2	Other		-	-	-	-	-	-	-	
3	Total Utilities		\$ 46.8	\$ 53.8	\$ 59.4	\$ 59.4	\$ 70.2	\$ 76.0	\$ 77.0	S. 5-1

Blatchford Renewable Energy
 2024 Rate Filing
 Operations and Maintenance Costs
 (\$000s)

Line No.	Cross Reference	2021 Actual	2022 Actual	2023 Approved Budget	2023 Forecast	2024 Budget	2025 Budget	2026 Budget	Cross Reference
1									
2		\$359.7	\$439.2	\$574.6	\$574.6	\$587.2	\$600.2	\$613.3	
3		-	4.6	7.3	7.3	7.3	7.3	7.3	
4		10.6	0.6	11.2	11.2	11.2	11.2	11.2	
5		0.4	51.9	150.0	100.0	50.0	-	-	
6		-	2.1	-	-	-	-	-	
7		\$ 370.7	\$ 498.4	\$ 743.1	\$ 693.1	\$ 655.7	\$ 618.7	\$ 631.8	S. 5-1

Blatchford Renewable Energy
 2024 Rate Filing
 Administration Costs
 (\$000s)

Line No.	Description	Cross Reference	2021 Actual	2022 Actual	2023 Approved Budget	2023 Forecast	2024 Budget	2025 Budget	2026 Budget	Cross Reference
	Administration									
1	Marketing, Education and Communication		\$ 78.4	\$ 134.1	\$ 115.9	\$ 115.9	\$ 115.9	\$ 115.9	\$ 115.9	
2	Consulting and Professional Services		339.6	261.8	442.5	199.5	467.5	465.4	445.0	
3	Total Administration		\$ 418.0	\$ 395.9	\$ 558.4	\$ 315.4	\$ 583.4	\$ 581.3	\$ 560.9	S. 5-1

Blatchford Renewable Energy
 2024 Rate Filing
 Customer Billing Costs
 (\$000s)

Line No.	Description	2021 Actual	2022 Actual	2023 Approved Budget	2023 Forecast	2024 Budget	2025 Budget	2026 Budget	Cross Reference
	Customer Billing								
1	Monthly Billing Charges	\$ 11.6	\$ 6.0	\$ 7.3	\$ 7.3	\$ 9.8	\$ 18.1	\$ 27.2	
2	Annual Billing Automation Charge	-	-	6.5	6.5	6.3	6.0	5.7	
3	One-time Set-up Charges	-	-	55.0	55.0	-	40.0	-	
4	Bad Debts	-	-	-	-	-	-	-	
5	Write-offs and Adjustments	-	-	-	-	-	-	-	
6									
7	Total Customer Billing	\$ 11.6	\$ 6.0	\$ 68.8	\$ 68.8	\$ 16.1	\$ 64.1	\$ 32.9	S. 5-1

Blatchford Renewable Energy
2024 Rate Filing
Corporate Administration Costs
(\$000s)

Line		Cross	2021	2022	2023	2023	2024	2025	2026	Cross
No.	Description	Reference	Actual	Actual	Approved Budget	Forecast	Budget	Budget	Budget	Reference
	Corporate Administration									
1	Shared Corporate Service		\$ 59.4	\$ 75.4	\$ 253.5	\$ 253.3	\$ 279.5	\$ 300.7	\$ 326.0	
2	Asset Usage Fees		-	-	-	-	-	-	-	
3	Other - Transportation and Insurance		1.1	0.4	7.3	7.3	7.8	7.8	7.8	
4	Subtotal		60.5	75.8	260.8	260.6	287.3	308.5	333.8	
5										
6	Less: Allocation to Other Business Units									
7	Shared Corporate Service		-	-	-	-	-	-	-	
8	Asset Usage Fees		-	-	-	-	-	-	-	
9	Subtotal		-	-	-	-	-	-	-	
10										
11	Total Corporate Administration		\$ 60.5	\$ 75.8	\$ 260.8	\$ 260.6	\$ 287.3	\$ 308.5	\$ 333.8	S. 5-1

Attachment 1

Schedule 15 - 1

Blatchford Renewable Energy
2024 Rate Filing
Rate Base
(\$000s)

Line No.	Description	Cross Reference	2021 Actual	2022 Actual	2023 Approved Budget	2023 Forecast	2024 Budget	2025 Budget	2026 Budget	Cross Reference
1	Prior Year Property, Plant and Equipment	S. 15-2	\$ 19,451.0	\$ 19,451.0	\$ 19,451.0	\$ 21,204.1	\$ 26,005.3	\$ 32,903.2	\$ 34,853.2	
2	Prior Year Accumulated Depreciation		-	-	-	-	-	-	-	
3	Prior Year Net Property		19,451.0	19,451.0	19,451.0	21,204.1	26,005.3	32,903.2	34,853.2	
4										
5	Current Year Property, Plant and Equipment	S. 15-2	19,451.0	21,204.1	23,871.3	26,005.3	32,903.2	34,853.2	53,130.1	
6	Current Year Accumulated Depreciation		-	-	-	-	-	-	-	
7	Current Year Net Property		19,451.0	21,204.1	23,871.3	26,005.3	32,903.2	34,853.2	53,130.1	
8										
9	Mid-Year Net Property		19,451.0	20,327.5	21,661.2	23,604.7	29,454.3	33,878.2	43,991.6	
10										
11	Materials and Supplies		-	-	-	-	-	-	-	
12										
13	Working Capital		-	-	-	-	-	-	-	
14										
15	Gross Mid-Year Rate Base		19,451.0	20,327.5	21,661.1	23,604.7	29,454.3	33,878.2	43,991.6	
16										
17	Mid-Year Net Contributions	S. 15-6	(19,451.0)	(20,327.5)	(21,661.1)	(23,604.7)	(29,454.3)	(33,878.2)	(43,991.6)	
18										
19	Net Mid-Year Rate Base		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Attachment 1

Schedule 15 - 2

Blatchford Renewable Energy
2024 Rate Filing
Property, Plant & Equipment
(\$000s)

Line No.	Cross Reference	2021 Actual	2022 Actual	2023 Approved Budget	2023 Forecast	2024 Budget	2025 Budget	2026 Budget	Cross Reference
1	Previous year balance	\$ 19,451.0	\$ 19,451.0	\$ 19,451.0	\$ 21,204.1	\$ 26,005.3	\$ 32,903.2	\$ 34,853.2	S. 15-1
2									
3	Contributed Additions to Property, Plant & Equipment								
4	City Funded	-	1,709.3	2,420.3	1,956.7	3,778.5	1,050.0	16,680.6	
5	Federal Grant Funded	-	-	-	838.6	1,619.4	450.0	596.3	
6	Developer Additions	-	43.8	2,000.0	2,006.0	1,500.0	450.0	1,000.0	
7	Total Contributed Additions to Property, Plant & Equipment	-	1,753.1	4,420.3	4,801.3	6,897.9	1,950.0	18,276.9	
8									
9	Non-Contributed Additions to Property, Plant & Equipment	-	-	-	-	-	-	-	
10									
11	Total Additions to Property, Plant & Equipment	-	1,753.1	4,420.3	4,801.3	6,897.9	1,950.0	18,276.9	
12									
13	Retirements and Adjustments	-	-	-	-	-	-	-	
14									
15	Current year balance	\$ 19,451.0	\$ 21,204.1	\$ 23,871.3	\$ 26,005.3	\$ 32,903.2	\$ 34,853.2	\$ 53,130.1	S. 15-1

Blatchford Renewable Energy
2024 Rate Filing
Construction Work in Progress
(\$000s)

Line No.	Cross Reference	2022 Actual	2023 Approved Budget	2023 Forecast	2024 Budget	2025 Budget	2026 Budget
1	Contributed Previous Year Balance	\$ 818.7	\$ 1,986.4	\$ 1,702.2	\$ 4,967.9	\$ 1,868.6	\$ 8,943.4
2							
3	Contributed Capital Expenditures						
4	Energy Center 1	947.0	2,697.5	2,651.8	362.6	-	-
5	Sewer Heat Exchange	-	544.3	-	-	1,395.0	4,706.6
6	Distribution Piping System	1,645.8	2,420.3	2,795.3	1,500.0	1,500.0	1,987.5
7	Energy Transfer Stations	43.8	2,000.0	2,006.0	1,500.0	450.0	1,000.0
8	Energy Center 4	-	294.8	613.8	436.0	5,679.9	8,559.6
9							
	Less Capital Additions:						
10	Energy Center 1	(63.5)		-	(3,897.9)	-	-
11	Sewer Heat Exchange	-		-	-	-	-
12	Distribution Piping System	(1,645.8)	(2,420.3)	(2,795.3)	(1,500.0)	(1,500.0)	(1,987.5)
13	Energy Transfer Stations	(43.8)	(2,000.0)	(2,006.0)	(1,500.0)	(450.0)	(1,000.0)
14	Energy Center 4	-		-	-	-	(15,289.4)
15	Contributed Current Year Balance	1,702.2	5,523.0	4,967.9	1,868.6	8,943.4	6,920.3
16							
17	Non-Contributed Previous Year Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18							
19	Non-Contributed Capital Expenditures	-	-	-	-	-	-
20							
21	Less: Non-Contributed Capital Additions	-	-	-	-	-	-
16	Non-Contributed Current Year Balance	-	-	-	-	-	-

Blatchford Renewable Energy
2024 Rate Filing
Contributions in Aid of Construction
(\$000s)

Line No.	Description	2022 Actual	2023 Approved Budget	2023 Forecast	2024 Budget	2025 Budget	2026 Budget	Cross Reference
1	Prior Year Gross Contributions	\$ (19,451.0)	\$ (19,451.0)	\$ (21,204.1)	\$ (26,005.3)	\$ (32,903.2)	\$ (34,853.2)	
2								
3	City Contributions	(1,709.3)	(2,420.3)	(1,956.7)	(3,778.5)	(1,050.0)	(16,680.6)	
4	Federal Contributions	-	-	(838.6)	(1,619.4)	(450.0)	(596.3)	
5	Customer Contributions	-	-	-	-	-	-	
6	Developer Contributions	(43.8)	(2,000.0)	(2,006.0)	(1,500.0)	(450.0)	(1,000.0)	
7	Retirements, Transfers & Disposals							
8								
9	Current Year Gross Contributions	(21,204.1)	(23,871.3)	(26,005.3)	(32,903.2)	(34,853.2)	(53,130.1)	
10								
11	Mid Year Net Contributions	(20,327.5)	(21,661.1)	(23,604.7)	(29,454.3)	(33,878.2)	(43,991.6)	S. 15-1
12								
13	Interest Expense on Contributed Capital	578.9	1,203.0	803.8	933.8	1,194.8	1,796.2	
14								
15	Prior Year Accumulated Amortization	281.0	559.5	559.5	1,102.1	1,748.1	2,550.5	
16	Gross Amortization on Contributed Assets	278.4	177.0	542.7	645.9	802.5	1,102.7	
17	Retirements, Transfers & Disposals	-	-	-	-	-	-	
18	Current Year Accumulated Amortization	559.5	736.5	1,102.1	1,748.1	2,550.5	3,653.2	
19								
20	Prior Year Gross Non-Contributed Expenditures	-	-	-	-	-	-	
21	Utility Funded Capital	-	-	-	-	-	-	
22	Current Year Gross Non- Contributed Expenditures	-	-	-	-	-	-	
23								
24	Interest Expense on Non-Contributed Capital	-	-	-	-	-	-	
25								
26	Prior Year Accumulated Amortization on Non-Contributed Assets	-	-	-	-	-	-	
27	Gross Amortization on Non-Contributed Assets	-	-	-	-	-	-	
28	Retirements, Transfers & Disposals	-	-	-	-	-	-	
29	Current Year Accumulated Amortization on Non-Contributed Assets	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	

Blatchford Renewable Energy
2024 Rate Filing
Customers and Consumption
(000s)

Line No.	Description	2020 Actual	2021 Actual	2022 Actual	2023 Approved Budget	2023 Forecast	2024 Budget	2025 Budget	2026 Budget	Cross Reference
	New Customer Connections									
1	Townhouses	8	19	18	84	44	92	109	42	
2	Multi-Unit Buildings	-	-	-	6	-	-	2	6	
3	Total DESS Connections	8	19	18	90	44	92	111	48	
4	Total DESS Connections Accumulated	8	27	45	143	89	181	292	340	
5										
6	Energy Consumption (MWh)									
7	Townhouses	14.1	212.7	257.2	606.1	396.7	801.7	1,453.9	2,130.0	
8	Multi-Unit Building	-	-	-	772.5	-	-	150.2	1,318.8	
9	Total Energy Consumption	14.1	212.7	257.2	1,378.6	396.7	801.7	1,604.1	3,448.8	

Blatchford Renewable Energy
2024 Rate Filing
Revenue on Proposed Rates
(\$000s)

Line No.	Description	Cross Reference	2021 Actual	2022 Actual	2023 Approved Budget	2023 Forecast	2024 Budget	2025 Budget	2026 Budget
1	Total Revenue on Proposed Rates								
2	Townhouses		\$ 54.0	\$ 120.0	\$ 1,141.0	\$ 220.0	\$ 288.0	\$ 435.0	\$ 435.0
3	Multi-Unit		-	-	-	-	-	350.0	1,402.0
4	Other		56.0	-	-	-	-	-	-
5	Total Revenue on Proposed Rates		\$ 110.0	\$ 120.0	\$ 1,141.0	\$ 220.0	\$ 288.0	\$ 785.0	\$ 1,837.0
6									
7	Rate Revenue on Proposed Rates								
8	Townhouses		11.0	110.0	145.0	75.0	109.0	217.0	349.0
9	Multi-Unit		-	-	-	-	-	11.0	96.0
10	Rate Revenue on Proposed Rates		\$ 11.0	\$ 110.0	\$ 145.0	\$ 75.0	\$ 109.0	\$ 228.0	\$ 445.0
11									
12	Infrastructure Fee								
13	Townhouses		43.0	10.0	996.0	145.0	179.0	218.0	86.0
14	Multi-Unit		-	-	-	-	-	339.0	1,306.0
15	Total Infrastructure Fee		\$ 43.0	\$ 10.0	\$ 996.0	\$ 145.0	\$ 179.0	\$ 557.0	\$ 1,392.0
16									
17	Other Revenue								
18	Grants - Government of Alberta		56.0	-	-	-	-	-	-
19	Total Other Revenue		\$ 56.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Schedule 20 - 1

**Blatchford Renewable Energy
2024 Rate Filing
Proposed Customer Rates and Fees**

Line No.	Description	2021 Actual	2022 Actual	2023 Actual	2024 Proposed *
1	Infrastructure Fee				
2	Townhouse Lot Residential (per unit)	\$1,797.25	\$1,845.78	\$1,895.84	\$1,947.03
3	Multi-Unit Lot Residential (per unit)	\$1,797.25	\$1,845.78	\$1,895.84	\$1,947.03
4	Multi-Unit Lot Commercial (per square meter)	\$20.54	\$21.09	\$21.66	\$22.24
5					
6	Townhouse Lot				
7	Monthly Charge (unit per day)	\$1.51	\$1.55	\$1.71	\$1.88
8	Variable Heating and Cooling (per kWh)	\$0.0262	\$0.0269	\$0.0296	\$0.0325
9					
10	Multi-Unit Lot				
11	Monthly Charge (per kW peak capacity per month) **	N/A	N/A	\$12.50	\$12.84
12	Variable Heating and Cooling (per kWh)	\$0.0262	\$0.0269	\$0.0296	\$0.0325

Note:

* Approval is only being requested for 2024 Customer Rates and Fees.

** Current Multi-Unit rate setting methodology was approved for January 1, 2023 as part of FCS01479 Blatchford Renewable Energy Utility 2023-2026 Operating and Capital Budget and 2023 Rate Filing. Prior rates are not included as they are no longer applicable.

Blatchford Renewable Energy
2024 Rate Filing
Annual Revenue Shortfall and Interest Expense
(\$000s)

Line No.	Description	Cross Reference	2021 Actual	2022 Actual	2023 Approved Budget	2023 Forecast	2024 Budget	2025 Budget	2026 Budget	Cross Reference
1	Total Revenue	3-1	\$ 110.0	\$ 120.0	\$ 1,141.0	\$ 220.0	\$ 288.0	\$ 785.0	\$ 1,837.0	
2	Total Revenue Requirement	3-1	907.6	1,029.9	1,690.5	1,397.3	1,612.7	1,648.6	1,636.4	
3	Annual Revenue Surplus (Shortfall)		(797.6)	(909.9)	(549.5)	(1,177.3)	(1,324.7)	(863.6)	200.6	
4										
5	Deferral Account Opening Balance		(1,623.0)	(2,471.2)	(3,509.2)	(3,509.2)	(4,876.3)	(6,471.3)	(7,689.0)	
6	Annual Revenue Surplus (Shortfall)		(797.6)	(909.9)	(549.5)	(1,177.3)	(1,324.7)	(863.6)	200.6	
7	Deferral Account Closing Balance		(2,420.6)	(3,381.1)	(4,058.8)	(4,686.6)	(6,201.0)	(7,334.9)	(7,488.4)	
8										
9	Annual Interest		(50.5)	(128.2)	(175.2)	(189.7)	(270.3)	(354.1)	(408.3)	
10										
11	Deferral Account Closing Balance		\$ (2,471.2)	\$ (3,509.2)	\$ (4,234.0)	\$ (4,876.3)	\$ (6,471.3)	\$ (7,689.0)	\$ (7,896.7)	