Recommendations for the 2025-2027 Wastewater Services Performance Based Regulation Application (Administration)

The following table summarizes the recommendations for the 2025-2027 PBR application. These have been organized by Cost of Service and Rate Design, Cost of Capital, Efficiency Factor and Performance Measures. The references align to the recommendation numbers in the report.

Ref.	Cost of Service and Rate Design
Depreciation Study	
~~1. a.~~	~~EWSI conduct a benchmarking study comparing the results of the depreciation study to asset lifetimes used by comparable wastewater and stormwater utilities in Canada and the United States.~~
1. b.	~~EWSI calculate utility rates for the PBR term using existing asset lifetimes and depreciation schedules for comparison purposes to get a better understanding of the impact to utility ratepayers.~~ That EWSI employ historical depreciation rates for the purpose of the rate filing.
Capitalization of Software Costs	
2. a.	EWSI prepare a business case to support its collective program of individual investments, totalling $13.3 million, in Software as a Service (SaaS) projects across the PBR term given that the collective expenditure is above the established threshold for requiring a business case as well as the unique circumstance surrounding these projects.
Customer Consumption Forecasts	
~~3. a.~~	~~EWSI provides specific analysis to support the decline of average residential account consumption of 1.3% annually, with specific responses to why this is reasonable given average consumption since 2019.~~
3. b.	~~EWSI calculates a revised and reasonable 2024 Forecast estimate (used as a starting point for the PBR term) with support.~~ EWSI use a reduction of consumption rate of 1.3% in 2024, unless a replacement rate can be offered in the compliance filing, which is less than 3.8%.

3. c.	EWSI calculates updated utility rates for the PBR term using the updated average consumption for residential customers based on the above steps.
Cost of Capital	
Return on Equity	
10. a.	~~Direct EWSI to reduce the proposed return on equity from 10.80% to 10.67% to adjust for the removal of ECAPM from the EWSI consultant ROE calculation and to normalize for overall business risk relative to the AUC Approved ROE.~~ Direct EWSI to reduce the proposed rate of return on equity from 10.8% to 10.5%.
~~10. b.~~	~~Further reduce the ROE to 10.49% from 10.67% to reflect the unique weighted average of business risk for Wastewater Treatment and Collection. This is to factor in the varying risk profiles of water, wastewater treatment and wastewater collection as water is inherently riskier.~~
10. c.	Direct EWSI to continue with the proposed ROE ramp-up approach for Wastewater Collection across the 2025-2027 PBR term with the adjusted ROE calculated above as the end point.
Cost of Debt	
~~11. a.~~	~~EWSI provides further information to support that the cost of debt included in its PBR Application reflects the current actual cost of borrowing to the EPCOR parent company.~~
Efficiency Factor	
Integration of Wastewater Collection	
13. a.	Recommend an increase to the efficiency factor to 0.50% for Wastewater Collection and maintain this factor over the PBR term while integration towards “One-Water” continues. As a result of this increase, EWSI would be required to recalculate the impact to utility rates.

Performance Measures	
Approach to Establishing Performance Measures vs. Overall Objectives and Customer Priorities	
~~15. a.~~	~~EWSI provide a comprehensive description of how the proposed suite of performance measures provides a balanced view of EWSI's overall performance and how the company is progressing towards achieving its strategic objectives.~~
~~15. b.~~	~~EWSI provide a comprehensive description of how the proposed suite of performance measures reflects the customer priorities derived from stakeholder engagement.~~
Wastewater Collection – Customer Service Index	
~~16. a.~~	~~EWSI retain response time measures (such as Service Maintenance Calls and Emergency Dig Ups or suitable alternatives) in the Customer Service Index.~~
Wastewater Collection – System Reliability and Optimization Index	
~~17. a.~~	~~EWSI evaluate whether the Full Property Flood Inspections measure should be replaced by a lagging indicator that reflects the effectiveness of the Enhance Building Flood Proofing program, such as a reduction in the number of properties at high and medium-high risk of flooding, relative to a planned target.~~
~~17. b.~~	~~EWSI consider measures within the System Reliability Index that reflect the impact of the proposed reliability and life-cycle investments, such as reduction in infrastructure risk or improvement in infrastructure condition, relative to planned targets associated with the proposed investments.~~
Wastewater Treatment – H2S 1-hour and 24-hour Exceedances	
18. a.	~~For the H2S 1-hour and 24-hour Exceedances measures, EWSI evaluate if measures reporting individual exceedances at the monitoring sites, rather than an average of the two sites, would better represent actual performance and potential odour incidents.~~ EWSI revise the H2S exceedances monitoring to be done on a discrete station basis and not an averaging basis.

Wastewater Treatment – Biosolids Management	
19. a.	EWSI consider adjusting the Biosolids Management measure to one that reflects the ratio of beneficial reuse of biosolids to the total amount of biosolids generated, on an annual or rolling average basis, to better reflect the effectiveness of EWSI's biosolids management program and enable benchmarking against comparator utilities.