

City Operations

Edmonton

**Waste Services  
2025 Rate Filing**

City Operations  
Waste Services  
[edmonton.ca/waste](https://edmonton.ca/waste)

*Page intentionally left blank*

## TABLE OF CONTENTS

<b>2.0 ORGANIZATIONAL STRUCTURE</b>	<b>7</b>
<b>3.0 METHODOLOGY &amp; KEY ASSUMPTIONS</b>	<b>9</b>
<b>4.0 OPERATIONAL PERFORMANCE</b>	<b>13</b>
<b>5.0 FINANCIAL RATE IMPACTS</b>	<b>14</b>
<b>6.0 FINANCIAL INDICATORS</b>	<b>15</b>
<b>7.0 UTILITY REVENUE REQUIREMENT</b>	<b>17</b>
<b>8.0 OPERATIONS &amp; MAINTENANCE</b>	<b>18</b>
8.1 PERSONNEL	19
8.2 MATERIALS, GOODS & SUPPLIES	21
8.3 EXTERNAL SERVICES	22
8.4 FLEET SERVICES	25
8.5 SHARED SERVICES	26
8.6 INTRA-MUNICIPAL SERVICES	28
8.7 UTILITIES	29
8.8 INTRA-MUNICIPAL RECOVERIES	30
8.9 OTHER EXPENSES	31
<b>9.0 AMORTIZATION, INTEREST EXPENSE &amp; LONG TERM DEBT</b>	<b>32</b>
9.1 DEFERRAL ACCOUNT BALANCES	34
<b>10.0 UTILITY RATE REVENUE</b>	<b>36</b>
<b>10.1 NON-RATE REVENUE</b>	<b>40</b>
<b>10.2 CALCULATION OF RATE BASE</b>	<b>42</b>
<b>10.3 CAPITAL STRUCTURE &amp; RETURN ON RATE BASE</b>	<b>43</b>
<b>11.0 CAPITAL BUDGET &amp; FORECAST PLAN</b>	<b>44</b>
11.1 CAPITAL PROJECT SUMMARY	44
11.2 CAPITAL PROJECT FINANCING SUMMARY	49
<b>12.0 LANDFILL CLOSURE &amp; RELATED LIABILITIES</b>	<b>50</b>
<b>13.0 SEGMENTED REPORTING - PROGRAM REVENUES &amp; EXPENSES</b>	<b>52</b>
13.1 REVENUES & EXPENSES BY REGULATED AND NON-REGULATED PROGRAM	54
13.2 REGULATED ACTIVITIES EXPENSE CHANGES	56
<b>14.0 HISTORICAL TRENDS</b>	<b>58</b>
<b>APPENDIX A: CAPITAL FUNDING REQUESTS &amp; CAPITAL PROFILES</b>	<b>59</b>
<b>APPENDIX B: WASTE SERVICES FISCAL POLICY C558C</b>	<b>60</b>

## INDIGENOUS LAND ACKNOWLEDGEMENT

Waste Services acknowledges that our City operates within the traditional land of Treaty 6 Territory and within the Métis homelands. We also acknowledge this land as the traditional territories of many First Nations such as the Nehiyaw (Cree), Denesuliné (Dene), Nakota Sioux (Stoney), Anishinaabe (Saulteaux) and Niitsitapi (Blackfoot).

The City of Edmonton owes its strength and vibrancy to these lands and the diverse Indigenous peoples whose ancestors' footsteps have marked this territory, as well as settlers from around the world who continue to be welcomed here and call Edmonton home.

Together we call upon all our collective honoured traditions and spirits to work in building a great city for today and future generations.



## EXECUTIVE SUMMARY

The Waste Services utility (the “Utility”) is an essential contributor to the City’s corporate goals, including the City Plan and Climate Resilience. These goals help Waste Services lead by example by focusing on waste reduction activities, waste diversion programs, and supporting and encouraging Edmontonians, businesses and institutions in their waste management practices. Programs developed through a Zero Waste Framework contribute to the City’s Corporate Outcomes and the City’s waste diversion goals established in the 25-year Waste Strategy.

Implementing the 25-year Waste Strategy across the past five years with major projects like the Edmonton Cart Rollout has contributed to improved waste reduction and operational performance, including an increase in the residential waste diversion rate to 41 per cent in 2023 from 18 per cent in 2020. Continued inflationary, regulatory and supply chain pressures have increased operating costs for the Utility, but continuous improvements and efficiencies to the Utility’s operations have allowed for five years of utility rate increases below one per cent. Provincial Extended Producer Responsibility (EPR) regulation, shifting municipal responsibility for recycling to producers, is taking effect April 1, 2025 and will have significant impacts to the Utility’s day-to-day operations, removing costs from the Utility.

Administration is proposing a utility rate reduction of 10.7 per cent for 2025, effective January 1, 2025. This would reduce the monthly waste utility rate to \$43.95 from \$49.19 for curbside collection customers with a 240 litre garbage cart, and to \$27.92 from \$31.25 for apartment and condo collection customers. These rate reductions would allow the Utility to collect a total 2025 revenue requirement of \$239.53 million and achieve the Utility’s goal of stable and consistent utility rates.

<b>Residential Collection Service</b>	<b>2024 Current Monthly Rate</b>	<b>2025 Proposed Monthly Rate</b>	<b>Monthly Decrease (\$)</b>	<b>Yearly Decrease (\$)</b>
Curbside collection (120L cart)	\$44.19	\$38.95	(\$5.24)	(\$62.88)
Curbside collection (240L cart)	\$49.19	\$43.95	(\$5.24)	(\$62.88)
Curbside collection (360L cart)	\$59.19	\$53.95	(\$5.24)	(\$62.88)
Apartment and condo collection	\$31.25	\$27.92	(\$3.33)	(\$39.96)

## 1. INTRODUCTION

The Waste Services utility (the Utility) is an essential part of the City Plan and supports Edmonton's 25-year Waste Strategy. The Utility's goal is to support and encourage Edmontonians, businesses and institutions in their waste management practices. The Utility will support Edmontonians by ensuring utility rates remain stable and consistent, and will lead by example with a strategic focus on waste reduction and diversion.

The 25-year Waste Strategy continued its implementation in 2023 and 2024, with significant progress made on key projects. The Utility will continue to implement programs from the 25-year Waste Strategy, provide essential service to Edmontonians while maintaining full cost recovery, and improve the employee and resident experience to support adaptation to new systems and waste sorting behaviours. The Utility will continue working on the following priorities in 2025:

- A residential diversion rate target of 40 per cent.
- Further implementation of the Waste Reduction Roadmap to promote zero per cent growth in per-person residential waste generation.
- A mandatory source separation program for approximately 167,000 residential households receiving apartment and condo collection.
- An Industrial, Commercial and Institutional (ICI) sector waste management strategy.

The Utility's operations are continually monitored for improvement, exploring opportunities to deliver services more efficiently and cost effectively through data-driven insights, employee engagement and strategic partnerships. In 2025, the Utility's organic waste processing program will begin shifting towards lower-cost processing methods, positioning the Utility for cost reductions in 2026. Costs for curbside collection have stabilized while delivering excellent service, while the rollout of three-stream sorting and collection to apartments and condos will continue through 2027.

Waste Services Utility Fiscal Policy C558C (Appendix B) was approved by Council in July 2024. This policy outlines that the Utility is to be a self-funded enterprise that is financially sustainable over the long term. The Utility should ensure that there is a consistent approach year-over-year for the financial planning, budgeting, and rate setting. The Utility's guiding principle is to balance the best possible service while incorporating utility rate setting principles in establishing fair customer rates.

## 2.0 ORGANIZATIONAL STRUCTURE

The organizational structure of Waste Services is fully aligned to the Corporate Business Plan and consists of three sections (Figure 2.1).

**Figure 2.1:** Waste Services Utility Organizational Structure



### **Business Integration and Technical Services**

Business Integration and Technical Services is responsible for strategic branch initiatives, including the delivery of the 25-year Waste Strategy, and provides oversight for capital projects, day-to-day operations, branch business support and waste education and outreach. In 2023, Waste Services merged the Business Integration and Technical Services sections into a unified section to oversee and coordinate the performance of the branch and its facilities. This section supports the environmental excellence of waste processing and collection, including asset and program management, regulatory compliance and engineering expertise. Key areas include performance management, analytics, contract management, customer experience, sales and marketing, utility rate filing and billing. This section is also responsible for the Reuse Centre and the Branch's education, outreach and volunteer programs that further resident engagement in sustainable waste practices and waste reduction efforts.

### **Sustainable Waste Processing**

Sustainable Waste Processing receives and sorts residential and non-residential waste at the Edmonton Waste Management Centre, a unique collection of advanced processing and research facilities. This integrated site, located on 233 hectares in northeast Edmonton, is designed to handle more than 500,000 tonnes of waste per year. Facilities and operations are either owned and operated by the City or run on a contract basis with private industry partners. The focus of these facilities is to recover valuable resources and to minimize the amount of waste going to landfill.

**Waste Collection Services**

Waste Collection Services provides safe, efficient and effective waste collection to the residential sector including curbside collection for approximately 265,000 households, and apartment and condo collection for approximately 170,000 households. This area also delivers the Assisted Waste Collection program for residents with mobility restrictions. Residents have access to a number of facilities where various items can be dropped off for recycling or disposal including Eco Stations, Community Recycling Depots and Big Bin Events.



### 3.0 METHODOLOGY & KEY ASSUMPTIONS

The following subsections provide the methodology and key assumptions for the Waste Services 2025 Rate Filing. The Rate Filing is based on the latest financial forecasts incorporating significant changes up to August 30, 2024. The assumptions used to develop the Rate Filing include Council-approved corporate budget guidelines and forecasts from the City's spring 2024 economic outlook.

**Table 3.1: Forecast Housing Starts and Consumer Price Index**

	2024	2025	2026
<b>Housing Starts</b>	10,339	11,722	12,525
<b>Consumer Price Index</b>	2.70%	2.00%	2.40%

**Table 3.2: Forecast growth in customer base as a result of housing starts**

Customer Type	2023 Actual	2024 Projected	2025 Proposed	2026 Forecast
120L Cart	24,634	24,972	25,202	25,443
240L Cart	221,773	233,951	241,656	243,961
360L Cart <sup>1</sup>	2,325	2,357	2,379	2,401
Multi-Year Transition Rate 1	4,890	50	100	-
Multi-Year Transition Rate 2	9,895	5,600	50	-
Curbside	263,517	266,930	269,387	271,805
Apartment and Condo	169,491	174,314	176,795	179,446
<b>Total</b>	<b>433,008</b>	<b>441,244</b>	<b>446,182</b>	<b>451,251</b>

The customer counts are based on historical trends and the City's forecast for annual housing starts. The 2023 customer count is the year-end actual, while 2024-2026 are estimated based on a mid-year approach based on housing starts. Multi-Year Transition Rates refer to customers shifting to curbside collection service from apartment and condo collection service over a five-year period.

- **Regulatory Methodology**

The revenue requirement and customer rates are based on the forecast costs required by the utility to provide its services using a cost of service methodology. The methodology and

<sup>1</sup> Available only to qualifying households producing home medical waste or with seven or more people in the household.

allocations used in determining the revenue requirement are based on a 2023 Cost of Service Study completed by an independent consultant in 2024. The recent Cost of Service Study showed costs continue to be appropriately allocated to customer classes, resulting in no changes to rate allocation between the customer classes in this rate filing.

- **Cost of Debt**

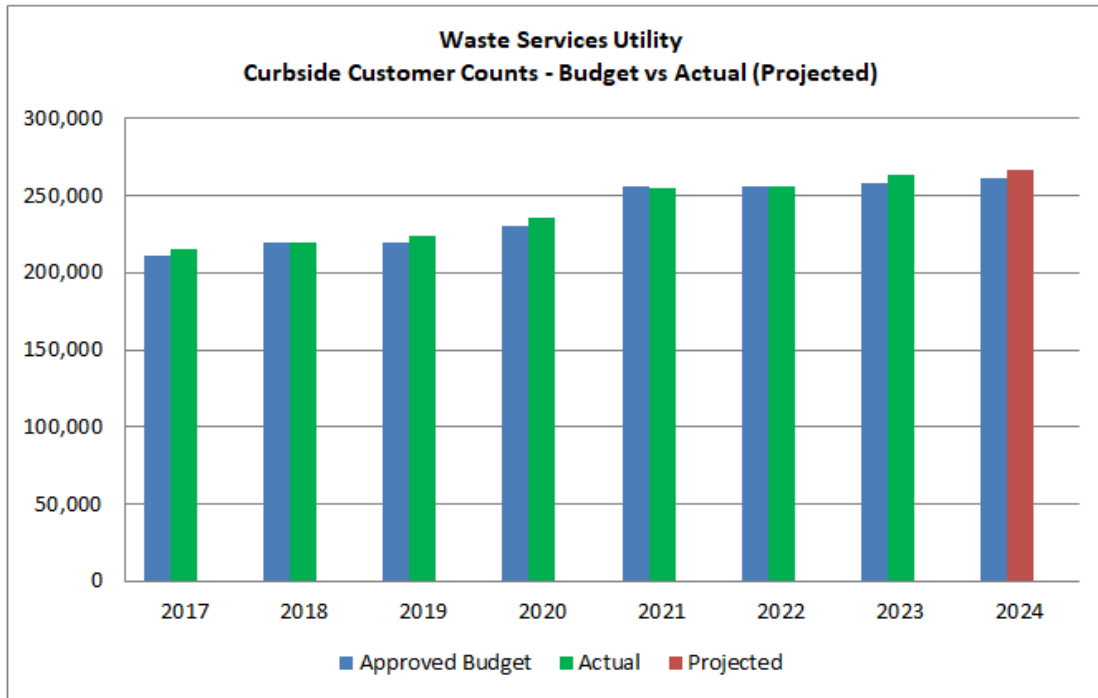
Debt servicing calculations are based on actual Government of Alberta (formerly the Alberta Capital Financing Authority) borrowing rates as of the second quarter of 2024. The borrowing rate used in this rate filing is five per cent for new long-term debt over 25 years.

**Other assumptions include the following:**

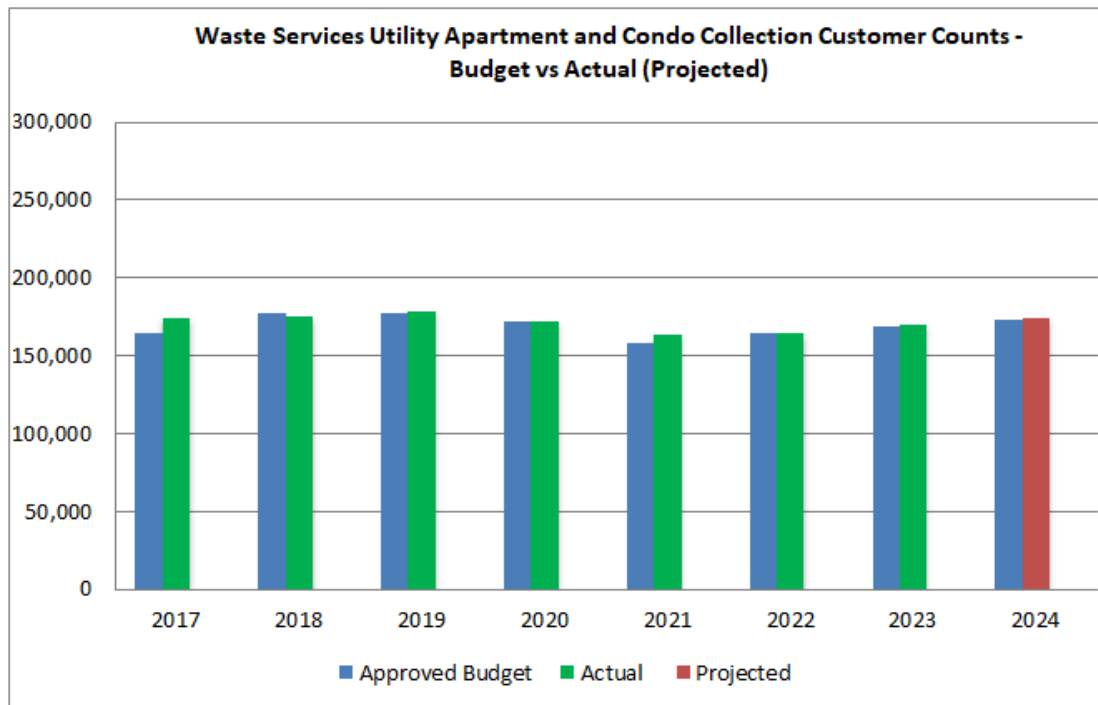
- Apartment and Condo Collection - The 2025 Rate Filing incorporates continued capital and operating requirements to support the implementation of three-stream waste separation for apartment and condo buildings, which began in 2023.
- Organics Processing - The 2025 Rate Filing assumes a new strategic direction for processing organic waste, which includes repurposing the High Solids Anaerobic Digestion Facility in mid-2025 and preparing a business case for an outdoor composting site at the Edmonton Waste Management Centre.

Curbside and Apartment and Condo Collection Customer Counts - The following two tables compare the budget customer counts to the actual/projected customer counts for curbside and apartment and condo collection customers. The tables illustrate the historical customer growth.

**Table 3.3: Curbside Customer Counts**



**Table 3.4: Apartment and Condo Collection Customer Counts**



**Extended Producer Responsibility**

[Extended Producer Responsibility](#) (EPR) is an environmental policy approach under which producers have financial and/or physical responsibility for their products, through to the post-consumer stage of the product life cycle. EPR shifts operational responsibility and the cost of managing product waste from municipalities and ratepayers to producers: manufacturers, brand owners and retailers.

On October 3, 2022, the [Government of Alberta](#) released a framework for [EPR Regulation](#). This will be a major shift in accountability and responsibility to producers for the recycling and the hazardous and special products programs, away from the Utility. Producers have finalized a plan for servicing the entire province, and implementation of the plan will begin on April 1, 2025.

Administration is currently engaged in contract negotiations with Producer Responsibility Organizations (PRO) managing EPR on behalf of producers to provide this service. Based on the Utility’s cost for collection and processing of this material, a prorated estimate has been included in this rate file for revenue of \$24 million for the nine months from April to December 2025 to be received from the PRO pending a final contract amount. This prorated revenue will allow a reduction of the Revenue Requirement from residential customers for 2025. Finalized contract amounts will inform the 2026 Rate Filing. An estimate of \$32.0 million (\$8.0 million incremental) in 2026 has been included in this Rate Filing as a placeholder.

**Table 3.5 Projected EPR Impact on Rates**

	EPR Implementation Period	
	2025	2026 <sup>2</sup>
<b>Incremental EPR Revenue<sup>3</sup></b>	\$24.0M	\$8.0M
<b>Cumulative EPR Revenue</b>	\$24.0M	\$32.0M
<b>Annual Rate Impact</b>	-10.7%	-4.0%
<b>Cumulative Rate Impact</b>	-10.7%	-14.7%

Section 10.0 has a full breakdown of Utility Rate Revenues.

<sup>2</sup>Estimate, to be trued up in 2026 after contracts are finalized.

<sup>3</sup> Only nine months of EPR included in 2025 calculations, as EPR takes effect April 1, 2025. 2026 includes a full year of EPR revenue.

## 4.0 OPERATIONAL PERFORMANCE

### Key Performance Metrics

GOAL	PERFORMANCE MEASURE	ACTUAL	TARGETS			
		2023 Actual	2024 Target	2024 Projected	2025 Target	2026 Target
Customer Excellence	Curbside Organics & Recyclables Collected	52%	52%	50%	54%	56%
	Kg/Capita Residential Waste Generated <sup>4</sup>	323 <sup>5</sup>	No increase from 2020 (385 kg)	315	No increase from 2020 (385 kg)	No increase from 2020 (385 kg)
Operational Excellence	Residential Diversion Rate	41%	40%	40%	40%	40%
	Number of Reportable Environmental Incidents	20	<40	39	<40	<40
Financial Accountability	Annual Net Income (\$M)	\$20.93	>\$0	\$4.15	\$3.63	\$4.67
	Cash Position (\$M) <sup>6</sup>	\$70.89	\$40.87	\$58.09	\$49.53	\$46.51
	Debt Service Coverage Ratio	2.07	≥ 1.5	2.16	1.60	1.62
	Debt to Net Assets Ratio	65.2%	50 - 70%	62.4%	60.8%	59.9%
	Rate Increases / Decreases	0.9%	0.9%	0.9%	-10.7%	-3.0%
Organizational Excellence	Employee Satisfaction Rate (Glint Survey)	71	71	71	71	71
	Number of Proactively Reported Near Miss Incidents	147	10% more than the previous year	162	10% more than the previous year	
	Lost Time Frequency Rate (Trailing 12 Months)	1.97	<3	2.17	<3	<3

<sup>4</sup> Kg/Capita Residential Waste Generated calculation was modified to include grasscycling and home composting figures to align with Residential Diversion Rate calculations. Targets were also adjusted to match the 2020 figure.

<sup>5</sup> Number has been updated based on revised 2023 population.

<sup>6</sup> The utility's cash position includes cash held to fulfill obligations for PAYGO Capital and the Clover Bar Landfill liabilities.

## 5.0 FINANCIAL RATE IMPACTS

The proposed 2025 monthly waste utility rate for a 240 litre garbage cart would be \$43.95 per month from \$49.19 per month, a decrease of \$5.24 (Line 8). The main factors for the rate decrease in 2025 are a zero per cent overall rate increase for 2025 and a one-time adjustment for Extended Producer Responsibility implementation (Line 6).

Revenues and costs for the Utility net out to a zero per cent impact on customer rates for 2025. Operating expense increases (Line 1) as well as lower non-rate revenue (Line 3) are offset by lower costs for amortization and interest (Line 2), as well as increased revenue from higher customer growth (Line 4) and lower required net income (Line 5).

Increases in revenues and costs are outlined in Section 8: Operations & Maintenance, Section 9: Amortization & Interest Expense, and Section 10: Utility Rate Revenue.

	2023 Approved	2024 Approved	2025 Proposed	2026 Forecast	2027 Forecast	
<b>Schedule 5.0</b>						
<b>Line #</b>						
1	Operating Impacts	\$ 3.36	\$ 1.18	\$ 1.32	\$ 0.38	\$ (0.08)
2	Amortization & Interest	0.28	0.68	(0.15)	0.21	0.33
	<b>Other Impacts</b>					
3	Non-rate revenue	(0.40)	(0.19)	0.38	0.08	(0.04)
4	Increase Customer Base	(0.86)	(0.83)	(0.63)	(0.65)	(0.66)
5	Net Income (Return on Rate Base)	(1.95)	(0.40)	(0.92)	0.42	1.04
	<b>SUBTOTAL</b>	<b>(3.21)</b>	<b>(1.42)</b>	<b>(1.17)</b>	<b>(0.15)</b>	<b>0.34</b>
	<b>TOTAL RATE IMPACTS</b>	<b>\$ 0.43</b>	<b>\$ 0.44</b>	<b>\$ 0.00</b>	<b>\$ 0.44</b>	<b>\$ 0.59</b>
6	Extended Producer Responsibility	-	-	(5.24)	(1.75)	(0.17)
	<b>TOTAL RATE IMPACTS</b>	<b>\$ 0.43</b>	<b>\$ 0.44</b>	<b>\$ (5.24)</b>	<b>\$ (1.31)</b>	<b>\$ 0.42</b>
7	Existing Rate	\$ 48.32	\$ 48.75	\$ 49.19	\$ 43.95	\$ 42.64
8	Total Rate Impact	0.43	0.44	(5.24)	(1.31)	0.42
	<b>Revised Rate</b>	<b>\$ 48.75</b>	<b>\$ 49.19</b>	<b>\$ 43.95</b>	<b>\$ 42.64</b>	<b>\$ 43.06</b>
	<b>Utility Rate Increase</b>	<b>0.9%</b>	<b>0.9%</b>	<b>-10.7%</b>	<b>-3.0%</b>	<b>1.0%</b>

## 6.0 FINANCIAL INDICATORS

Adjustments to Waste Services Utility Fiscal Policy C558C (Appendix B) were approved by Council in July 2024 to align with the Corporate Policy Framework and update financial indicators to better reflect the current economic and regulatory environment, allowing Administration more flexibility to make appropriate business decisions while balancing ratepayer impact and long-term financial sustainability.

Four financial indicators are used to monitor the financial health of the Utility: Net Income, Cash Position, Debt Service Coverage Ratio and Debt to Net Assets Ratio. These financial indicators are general measures that need to be interpreted collectively to appropriately assess the Utility's long-term financial sustainability. As such, it may be desirable to have higher or lower results on a short-term basis to balance rate setting principles and long-term financial sustainability. In addition to these financial indicators, a general rate setting principle considers that customer rates will be set based on both the short-term and long-term needs of the Utility to ensure they are as stable and consistent, year-over-year, as possible.

Table 6.0 FINANCIAL INDICATORS Line #		Actual	Approved	Projected	Proposed	Forecast	
		2023	2024	2024	2025	2026	2027
1	<b>Net Income (\$M)</b>	\$ 20.93	\$ 4.65	\$ 4.15	<b>\$ 3.63</b>	\$ 4.67	\$ 9.43
	<i>Target: Positive Net Income</i>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
2	<b>Cash Position (\$M)</b>						
	Actual Cash Balance	70.89	40.87	58.09	<b>49.53</b>	46.51	52.18
	Forecast of Cash Requirements						
	Long-term Environmental Liability	28.50	9.17	13.60	<b>8.70</b>	7.30	1.40
	Pay As You Go Capital (next year)	16.59	9.76	12.25	<b>12.66</b>	14.31	15.85
	Allowance for One Month Working Capital	16.70	17.89	18.83	<b>18.26</b>	18.43	17.85
	Total Cash Requirements - Target	61.79	36.82	44.68	<b>39.62</b>	40.04	35.10
	<i>Actual Cash Over (Under) Requirements</i>	\$ 9.10	\$ 4.05	\$ 13.41	<b>\$ 9.91</b>	\$ 6.47	\$ 17.08
	<i>Target: Cash Over (Under) &gt;= 0</i>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
3	<b>Financing of Capital Investments</b>						
	Debt Service Coverage Ratio	2.07	1.61	2.16	<b>1.60</b>	1.62	2.35
	<i>Target: Greater than 1.5</i>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
4	<b>Financing of Capital Investments</b>						
	Debt to Net Assets Ratio	65.2%	66.7%	62.4%	<b>60.8%</b>	59.9%	62.8%
	<i>Target: Between 50% - 70%; balancing cash</i>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>

## General Comments for Financial Indicators

### 1. Net Income

The proposed and forecasted years all meet the requirement of generating sufficient net income to cover operating expenses.

### 2. Cash Position

The target cash position for the Utility includes cash on hand to meet future Environmental and Asset Retirement Obligation needs, capital funding to meet Pay-As-You-Go (PAYG) cash capital spending for the next year, as well as a general allowance for working capital. The Utility's cash position in 2025 and upcoming years is above target, and will be assessed at each future rate filing to effectively manage the cash position.

### 3. Debt Service Coverage Ratio

Debt service coverage measures the ability of the Utility to meet its debt servicing obligations using annual revenues. The debt service coverage indicator is achieved when the Utility's Debt Service Coverage Ratio is greater than 1.5. Based on the anticipated capital financing requirements for the utility, the Debt Service Coverage Ratio is expected to remain above the target of 1.5. The ratio is forecasted to increase in 2027 due to reduced long-term debt repayments combined with higher net income.

### 4. Debt to Net Assets Ratio

The Debt to Net Assets Ratio measures the extent that the Utility is debt leveraged. The ratio is calculated by taking the outstanding long-term debt over the total net book value for non-contributed assets. The Utility's target is to maintain a ratio between 50-70 per cent. Based on the anticipated capital financing requirements for the Utility, the ratio is expected to remain within this band.



## 7.0 UTILITY REVENUE REQUIREMENT

(in millions of dollars)

Schedule 7.0 Line #	Reference	2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2026 Forecast	
<b>Revenues</b>							
1	Rate Revenue	S.10.0.2 L.28	\$ 215.04	\$ 218.24	\$ 221.64	\$ 200.24	\$ 196.34
2	Projected EPR Revenue		-	-	-	24.00	32.00
3	Non-Rate Revenue	S.10.1 L.10	22.18	17.28	24.71	15.29	15.03
4	<b>Total Revenues</b>		237.22	235.52	246.35	<b>239.53</b>	243.37
<b>Costs</b>							
5	Operations and Maintenance	S.8.0 L.14	179.11	189.97	204.42	195.80	197.64
6	Amortization of Non-Contributed Assets	S.9.0 L.1	25.71	28.47	27.06	29.08	30.86
7	Amortization of Regulatory Asset	S.9.1 L.12	3.91	3.91	3.91	3.91	3.25
8	Debt Servicing - Total Interest	S.9.0 L.6	7.55	8.52	6.82	7.12	6.95
9	Subtotal		216.28	230.87	242.20	235.90	238.70
10	Net Income (Return on Rate Base)	S.13.0.2 L.22	20.93	4.65	4.15	3.63	4.67
11	<b>Total Revenue Requirement</b>	L.9 + L.10	<b>\$ 237.22</b>	<b>\$ 235.52</b>	<b>\$ 246.35</b>	<b>\$ 239.53</b>	<b>\$ 243.37</b>

The Utility is proposing to collect a total Revenue Requirement of \$239.53 million for 2025 (Line 11). The Revenue Requirement is made up of total costs of the Utility to run the business (Line 9), as well as Net Income (Return on Rate Base) (Line 10), which is used to raise cash for required capital funding, Environmental and Asset Retirement Obligation funding and general working capital.

The Utility operates on a full cost recovery basis, factoring long-term financial projections and sustainability into its modeling.

References to more detailed variance analysis of proposed costs and revenues in 2025 are cited in the above table.

## 8.0 OPERATIONS & MAINTENANCE

(in millions of dollars)

Schedule 8.0			2023	2024	2024	2025	2026
Line #		Reference	Actual	Approved	Projected	Proposed	Forecast
1	Personnel	S.8.1 L.4	\$ 50.62	\$ 57.75	\$ 54.78	\$ 58.30	\$ 59.47
2	Materials, Goods & Supplies	S.8.2 L.6	3.36	3.00	2.32	2.42	3.12
3	External Services	S.8.3 L.9	79.82	89.52	88.52	93.47	93.43
4	Fleet Services	S.8.4 L.3	15.54	15.68	17.72	17.41	17.77
5	Shared Services	S.8.5 L.11	10.42	10.52	10.52	10.29	10.39
6	Intra-municipal Services	S.8.6 L.8	5.11	6.48	5.31	5.32	5.37
7	Utilities	S.8.7 L.5	4.20	6.59	5.37	4.67	4.77
8	Landfill Liability Required	S.12.0 L.4	15.74	-	18.20	2.60	2.00
9	Other Expenses	S.8.9	1.69	3.84	2.39	1.65	1.67
10	TOTAL O&M EXPENSES		186.51	193.38	205.14	196.14	197.98
11	Intra-municipal Recoveries	S.8.8 L.5	(2.79)	(3.41)	(0.82)	(0.42)	(0.42)
12	Grants		(4.60)	-	0.10	0.08	0.08
13	RECOVERIES		(7.39)	(3.41)	(0.72)	(0.34)	(0.34)
14	NET Operations & Maintenance	S7.0 L.5	\$ 179.11	\$ 189.97	\$ 204.42	195.80	\$ 197.64

### 8.1 PERSONNEL

(in millions of dollars)

<b>Schedule 8.1</b>			<b>2023</b>	<b>2024</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Line #</b>		<b>Reference</b>	<b>Actual</b>	<b>Approved</b>	<b>Projected</b>	<b>Proposed</b>	<b>Forecast</b>
1	Wages		\$ 40.82	\$ 46.22	\$ 44.14	<b>\$ 46.87</b>	\$ 47.95
2	Overtime		1.36	1.65	1.47	<b>1.49</b>	1.50
3	Allowances and Benefits		8.44	9.89	9.17	<b>9.94</b>	10.02
4	<b>TOTAL PERSONNEL</b>	S.8.0 L.1	<b>\$ 50.62</b>	<b>\$ 57.75</b>	<b>\$ 54.78</b>	<b>\$ 58.30</b>	<b>\$ 59.47</b>

Personnel costs include Wages, Overtime, Employment Allowances and Benefits. The Utility uses the City's payroll system and the 2024 Projected actual costs as the base source for the 2025 Proposed estimate, with the addition of FTE changes that will be occurring in 2025 to fill known vacancies.

The Utility responded to Council's direction to identify opportunities for reallocation within the existing 2023-2026 operating budget (referred to as the OP12 motion) by identifying 13 FTE vacant positions that could transition to Council priorities (including climate action) or utility rate reduction. Three of the FTEs were management positions that have been identified for rate reduction. The remaining 10 FTEs have been repurposed to support Council priorities. Within the 10 OP12 repurposed FTEs, six positions relate to the Organics Processing Program Path Forward and two positions for the three-stream apartment and condo rollout. The funding for these positions is offset by a reduction in contracted services. The remaining two FTEs enable advancement of environmental engineering, and collection route optimization.

One FTE has transitioned from Waste Services to CoE Fleet and Facility Services as part of the transfer of litter collection responsibility. This FTE has been repurposed into an environmental monitoring and compliance role.

**Table 8.1**

<b>Proposed FTE Changes in 2025 Rate Filing</b>	<b>FTEs</b>
<b>2024 Approved FTE</b>	<b>562.6</b>
Transfer of Litter Contract Inspector position to CoE FFS	-1.0
OP12 vacant positions identified	-13.0
Repurposed FTE required for 2025 Rate Filing	11.0
<b>Net FTE Reduction</b>	<b>-3.0</b>
<b>2025 Proposed FTE</b>	<b>559.6</b>

**Line 1 - Wages**

The increase in wages from the 2024 Projected to 2025 Proposed includes inflationary based wage escalations for current staff. Costs also increase in 2025 from the 2024 Projected costs due to the filling of vacancies to support the Utility, which were left unfilled in 2024 due to OP12 hiring restrictions. Other vacancies for Waste Collection Services programs include the three-stream apartment and condo collection rollout and in-sourcing waste collection positions. The net 2025 proposed inflationary wage increase is offset by three management FTE reductions related to OP12. This results in a relatively flat wage cost from the 2024 approved budget to the 2025 proposed cost (\$46.22 to \$46.87).

**Line 2 - Overtime**

Overtime is typically used to respond to peak seasonal waste collection and processing demands using existing Waste Services. Overtime costs are strictly monitored to ensure operational and asset utilization efficiency. The increase in overtime cost over the 2024 Projected is due to inflationary based wage escalation. No additional hours of overtime are projected for 2025.

**Line 3 - Allowances and Benefits**

Benefits mainly consist of Local Authorities Pension Plan (LAPP), Canada Pension Plan, Employment Insurance, Major Medical and Dental Plan, Group Life Insurance and Health Care Spending Account. The increase in Allowance and Benefits is mainly due to inflation, in addition to collectively bargained increases to health care benefits.

## 8.2 MATERIALS, GOODS & SUPPLIES

(in millions of dollars)

Schedule 8.2		2023	2024	2024	2025	2026
Line #	Reference	Actual	Approved	Projected	Proposed	Forecast
1	Collection Services	\$ 0.79	\$ 1.04	\$ 0.95	\$ 0.69	\$ 0.71
2	Organics	0.02	0.04	0.04	0.04	0.04
3	Integrated Processing & Transfer	0.12	0.14	0.15	0.08	0.08
4	Haul and Landfill Operations	0.04	0.07	0.05	0.06	0.06
5	Other	2.39	1.69	1.13	1.55	2.22
6	<b>TOTAL MATERIALS, GOODS &amp; SUPPLIES</b> <small>S8.0 L.2</small>	<b>\$ 3.36</b>	<b>\$ 3.00</b>	<b>\$ 2.32</b>	<b>\$ 2.42</b>	<b>\$ 3.12</b>

### Line 1 - Collection Services

The decrease in Collection Services from the 2024 projection is primarily the result of transferring the Litter Collection program to Fleet and Facility Services within City Operations. Additional savings were found by meeting equipment needs internally and less reliance on leased equipment.

### Line 3 - Integrated Processing & Transfer

The decrease in Integrated Processing & Transfer from the 2024 projection is primarily related to overall cost savings in material, goods and supplies.

### Line 5 - Other

The increase in Other from the 2024 projection is primarily related to an increase in computer software licence fees.

### 8.3 EXTERNAL SERVICES

(in millions of dollars)

Schedule 8.3		2023	2024	2024	2025	2026
Line #	Reference	Actual	Approved	Projected	Proposed	Forecast
1	Waste Collection Services	\$ 28.66	\$ 31.80	\$ 31.07	\$ 30.73	\$ 32.15
2	Materials Recovery Facility	8.19	8.47	9.40	10.13	10.33
3	Organics	12.05	11.17	11.93	14.45	9.16
4	Integrated Processing & Transfer	8.26	13.05	11.83	11.72	11.84
5	Haul and Landfill Operations	11.65	11.08	12.50	14.03	14.36
6	Customer Billing Services	5.06	5.21	5.53	5.45	5.50
7	Asset Decommissioning	-	-	-	1.00	5.00
8	Other	5.96	8.74	6.26	5.96	5.10
9	<b>TOTAL EXTERNAL SERVICES</b>	<b>\$ 79.82</b>	<b>\$ 89.52</b>	<b>\$ 88.52</b>	<b>\$ 93.47</b>	<b>\$ 93.43</b>

#### Line 1 - Waste Collection Services

Collection Services' external contracts include collection of residential garbage, recycling, food scraps and seasonal yard waste. It also includes apartment and condo collection of residential garbage and recycling, as well as costs for contracted equipment, services at the Eco Stations and other Collection Services programs. Waste Collection Services partially contracts out residential collection and Eco Station hauling services. Other costs include contracted equipment and programs to provide services to Edmontonians.

The costs of contracts generally increase due to population growth, which contribute to larger waste volumes to collect and process. Current contracts are adjusted annually using a cost index that includes CPI, fuel and labour to better reflect annual changes in direct operating costs. 2025 Proposed costs decrease from 2024 Projected due to a cost index reduction on current contracts.

#### Line 2 - Materials Recovery Facility

The Materials Recovery Facility sorts and processes recyclables collected through the blue bag, blue bin and Community Recycling Depot programs. An increase from the 2024 projection is due to higher operational costs from the tip floor closure and as a result of favourable transfer contract discounts ending in early 2025.

#### Line 3 - Organics

Contracted organics costs include operations and maintenance for the High Solids Anaerobic Digestion Facility and third-party processing contracts. The 2025 Proposed cost includes the cost for processing apartment and condo food scraps through off-site third-party processing, High Solids Anaerobic Digestion Facility (HSADF) operation and maintenance, and one-time costs associated with the wind down of the HSADF. 2026 Forecast costs decrease from 2025 Proposed due to the completed transition away from active anaerobic digestion at the HSADF.

**Line 4 - Integrated Processing and Transfer Facility (IPTF)**

Feedstock for waste-to-energy applications is prepared at the Refuse Derived Fuel Facility, located within the Integrated Processing and Transfer Facility (IPTF). The utility pays contractually agreed upon fees to third-party processing facilities for the conversion of feedstock into energy. The fees include a tipping fee for the delivery of acceptable feedstock to the facilities. 2025 Proposed is lower than 2024 Approved due to third-party facilities requiring less feedstock from the Refuse Derived Fuel Facility primarily as a result of the Enerkem closure.

**Line 5 - Haul and Landfill Operations**

Haul and Landfill Operations represents the contract hauling fees for all Utility operations and landfill tipping fees. The 2025 Proposed increase from the 2024 projection is related to increased tonnage being hauled to third-party organics processors in 2025 due to the planned HSADF closure.

**Line 6 - Customer Billing Services**

The utility has a contract with EPCOR for the provision of customer billing and collection services. 2024 expense is forecast higher than budget related to customer growth and one-time contractor program development costs. Costs are estimated to reduce in 2025 as the one-time development costs in 2024 will not continue.

**Line 7 - Asset Decommissioning**

These costs are for removal of digester drums at the former Edmonton Composting Facility aeration hall building, which was decommissioned in 2020.

**Line 8 - Other**

Other external services include the apartment and condo collection program, support for waste characterization studies, 25-year Waste Strategy Review, and Waste Reduction Roadmap. Other contract costs also include Waste System Education and Program Management, Engineering Analysis, Administrative Services, Environmental Monitoring and Compliance, and EWMC

facilities including the Advanced Energy Research Facility and the Research & Development Facility. 2025 Proposed is lower than 2024 Projected due to reduced maintenance costs required at the Advanced Energy Research Facility as well as reduced contractor costs due to hiring two food scraps pail distributors internally for the three-stream apartment and condo collection rollout project.



### 8.4 FLEET SERVICES

(in millions of dollars)

<b>Schedule 8.4</b>			<b>2023</b>	<b>2024</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Line #</b>		<b>Reference</b>	<b>Actual</b>	<b>Approved</b>	<b>Projected</b>	<b>Proposed</b>	<b>Forecast</b>
1	Fuel		\$ 4.55	\$ 4.34	\$ 5.14	\$ 5.29	\$ 5.40
2	Direct Charge & Repairs		10.99	11.34	12.58	12.12	12.37
3	<b>TOTAL FLEET SERVICES</b>	S.8.0 L.4	\$ 15.54	\$ 15.68	\$ 17.72	\$ 17.41	\$ 17.77

Fleet Services are managed by the City on behalf of the Utility. As the client, the Utility bases its maintenance and procurement decisions on data and information from Fleet Services. The City manages the procurement of vehicles and equipment based on communicated requirements from the utility, and also handles the fuel contracts.

As Fleet Services recovers 100 per cent of branch costs, a portion of indirect branch overhead is charged to the Utility. The indirect overhead is allocated through work order fees, vendor work charges and fuel surcharges. The remaining overhead costs are recovered through shop rates on shop labour hours. Indirect overhead includes administration, training, engineering, procurement, safety, client relations, and facility and equipment maintenance. Estimates for Fuel and Direct Charge & Repairs are estimated by Fleet Services in consultation with the Waste Services utility and aligned with Fleet Services’ four-year operating budget for 2023 to 2026. Estimates were reviewed and updated for the Waste Services 2025 Rate Filing.

Funding for the Utility’s vehicle and equipment replacements are incorporated into the Utility’s Fleet capital program as described in Section 11: Capital Budget & Forecast Plan.

The increase in Fuel from the 2024 projection reflects an anticipated sustained increase in fuel prices in 2025 and additional fleet growth of 17 units. The decrease in Direct Charge & Repairs is the result of lower maintenance on newer units and repairs being completed under warranty.

## 8.5 SHARED SERVICES

(in millions of dollars)

<b>Schedule 8.5 Line #</b>	<b>Reference</b>	<b>2023 Actual</b>	<b>2024 Approved</b>	<b>2024 Projected</b>	<b>2025 Proposed</b>	<b>2026 Forecast</b>
1	Corporate Allocation (Central Management)	\$ 2.07	\$ 2.09	\$ 2.09	<b>\$ 2.11</b>	\$ 2.13
2	Communications & Public Engagement	1.63	1.64	1.64	<b>1.66</b>	1.68
3	Financial Services	1.53	1.54	1.54	<b>1.56</b>	1.57
4	Safety	0.33	0.33	0.33	<b>0.33</b>	0.34
5	Human Resources	1.11	1.12	1.12	<b>1.13</b>	1.14
6	Law	0.34	0.35	0.35	<b>0.35</b>	0.35
7	Corporate Procurement and Supply Services	0.50	0.50	0.50	<b>0.51</b>	0.51
8	Information Technology	1.46	1.47	1.47	<b>1.48</b>	1.51
9	Real Estate & Housing	0.67	0.67	0.70	<b>0.38</b>	0.38
10	Service Innovation & Performance	0.78	0.78	0.78	<b>0.78</b>	0.80
11	<b>TOTAL SHARED SERVICES</b>	<b>\$ 10.42</b>	<b>\$ 10.52</b>	<b>\$ 10.52</b>	<b>\$ 10.29</b>	<b>\$ 10.39</b>

The City employs a shared services model where 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). Waste Services Utility Fiscal Policy C558C requires that the Utility operate under a full cost approach, requiring the Utility to pay for its portion of shared services. Shared services are fixed costs for Corporate overhead functions that support Waste Services.

In March 2021, a third-party consultant conducted a benchmarking study to validate the reasonableness of shared service costs allocated to the utility. The scope of this study included a review and comparison of cost allocations, methodologies, policies, and procedures to evaluate if the Shared Services costs allocated to the Waste Services utility are on par with comparable municipalities. The six most common service categories provided through central services were selected including: Information Technology, Human Resources, Financial Services, Communications, Law (Legal Services) and Procurement. Overall, the study concluded that the shared services costs allocated to the Utility were reasonable and within an acceptable range.

As part of the City's 2023-2026 budget cycle, shared service costs were reviewed and re-evaluated to update cost requirements. The Utility worked with shared service providers to analyse and develop the shared service budget for the 2025 Rate Filing. The 2025 Proposed is lower than 2024 Projected due to a decrease in Real Estate costs, as the Utility consolidated staff in existing facilities and stopped renting office space in Century Place.

## 8.6 INTRA-MUNICIPAL SERVICES

(in millions of dollars)

Schedule 8.6 Line #	Reference	2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2026 Forecast
1	Communications & Public Engagement	\$ 0.59	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70
2	Human Resources	0.17	0.10	0.10	0.10	0.10
3	Law	0.38	0.34	0.34	0.34	0.34
4	Corporate Procurement and Supply Services	0.33	0.33	0.33	0.33	0.33
5	Transportation Operations	0.04	0.07	0.07	0.07	0.07
6	Facilities and Landscape Infrastructure	2.32	2.41	2.51	2.38	2.41
7	Other	1.28	2.54	1.26	1.40	1.43
8	<b>TOTAL INTRA-MUNICIPAL SERVICES</b>	<b>5.8.0 L6</b>	<b>\$ 5.11</b>	<b>\$ 6.48</b>	<b>\$ 5.31</b>	<b>\$ 5.32</b>

Intra-Municipal Services are charges for on-demand services provided through other City of Edmonton programs which are not incorporated in shared services charges. They are more variable in nature, as they are charged over and above fixed Shared Services costs outlined in section 5. For example, a special project may arise requiring more City support, warranting additional charges to the Utility from the City. These are direct charges for services such as dedicated support for communication and engagement initiatives, on-demand building repairs and maintenance, posting vacant positions to external job websites, fleet support and security services for special events.

### Line 6 - Facilities and Landscape Infrastructure

The decrease in direct charges from the 2024 projection is related to increased costs in 2024 for a unit heater replacement at the Integrated Processing and Transfer Facility.

### Line 7 - Other

The increase in costs is for additional corporate Geographic Information System (GIS) support. The Utility requires corporate GIS support for work its internal GIS analysts cannot do because it's not part of the business area authority, role or expertise. Corporate staff manage and maintain the corporate GIS systems and road networks. The Utility's staff utilize corporate GIS systems and road networks to manage its collection services. The corporate GIS support will increase operational efficiency and improve the customer and employee experience.

## 8.7 UTILITIES

(in millions of dollars)

Schedule 8.7			2023	2024	2024	2025	2026
Line #		Reference	Actual	Approved	Projected	Proposed	Forecast
1	Power		\$ 1.96	\$ 3.56	\$ 2.85	\$ 2.29	\$ 2.34
2	Natural Gas		1.69	2.54	2.03	1.93	1.96
3	Water		0.01	0.21	0.13	0.09	0.09
4	Other		0.54	0.28	0.36	0.36	0.36
5	<b>TOTAL UTILITIES</b>	S.8.0 L.7	<b>\$ 4.20</b>	<b>\$ 6.59</b>	<b>\$ 5.37</b>	<b>\$ 4.67</b>	<b>\$ 4.77</b>

Power, natural gas and water estimates are provided by the City's Urban Planning and Economy department's Economic and Environmental Sustainability section. Estimates are based on historical consumption and future forecasted rates for current service levels. Service level changes are applied to the estimates to determine the budget numbers for each utility.

The decrease from the 2024 Projected to 2025 Proposed is related to reduced Power and Natural Gas usage at the Refuse Derived Fuel Facility due to Enerkem no longer being in operation.

## 8.8 INTRA-MUNICIPAL RECOVERIES

(in millions of dollars)

Schedule 8.8		2023	2024	2024	2025	2026
Line #	Reference	Actual	Approved	Projected	Proposed	Forecast
1	Litter Collection Recovery	\$ (0.85)	\$ (0.85)	\$ (0.21)	-	-
2	Landfill Disposal Fees	(0.93)	(0.19)	(0.95)	(0.94)	(0.95)
3	Aggregates	(1.48)	(2.35)	-	-	-
4	Charges to Capital & Other	0.47	(0.02)	0.34	0.52	0.54
5	<b>TOTAL INTRA-MUNICIPAL RECOVERIES</b>	<b>\$ (2.79)</b>	<b>\$ (3.41)</b>	<b>\$ (0.82)</b>	<b>\$ (0.42)</b>	<b>\$ (0.42)</b>
	s.8.0 L.11					

Intra-Municipal Recoveries are billings to other areas within the City for services provided by the Utility. These recoveries include direct charges such as litter collection charged to Capital City Clean Up, charges to other City areas for disposal of waste at the EWMC and purchase of aggregate.

### Line 1 - Litter Collection

The change in Litter Collection Recovery from the 2024 projection is related to the transfer of the Litter Collection business to Fleet and Facility Services, effective April 1, 2024. This transfer resulted from a City-wide cost and delivery efficiency consolidation project.

### Line 3 - Aggregates

Aggregate sales to other internal City departments are winding down and recoveries are in increasingly smaller amounts. The forecast is now included in Section 10.1 Non-Rate Revenues.

### Line 4 - Charges to Capital & Other

The Increase in 2025 Proposed from 2024 Projected is mainly due to higher charges for Eco Station transportation costs as a result of the Coronation Eco Station expansion project.

## **8.9 OTHER EXPENSES**

Other expenses primarily include insurance premiums associated with waste collection and processing facilities at the EWMC and Eco Stations, bad debt expense, and service charges for credit/debit card processing at the EWMC Scalehouse and Eco Stations.

## 9.0 AMORTIZATION, INTEREST EXPENSE & LONG TERM DEBT

(in millions of dollars)

Schedule 9.0			2023	2024	2024	2025	2026
Line #		Reference	Actual	Approved	Projected	Proposed	Forecast
1	Amortization of Non-Contributed Assets	S.7.0 L.6	\$ 25.71	\$ 28.47	\$ 27.06	\$ 29.08	\$ 30.86
2	Amortization of Contributed Assets		1.19	1.31	1.15	1.10	1.08
3	TOTAL AMORTIZATION OF ASSETS		\$ 26.91	\$ 29.79	\$ 28.21	\$ 30.18	\$ 31.94
4	Long-Term Interest - Existing Borrowing		\$ 7.55	\$ 6.47	\$ 6.72	\$ 5.85	\$ 4.96
5	Long-Term Interest - Proposed Borrowing		-	2.05	0.10	1.26	1.99
6	TOTAL INTEREST EXPENSE	S.7.0 L.8	\$ 7.55	\$ 8.52	\$ 6.82	\$ 7.12	\$ 6.95
7	Long-Term Debt Principal Repayment - Existing Borrowing		\$ 20.53	\$ 20.82	\$ 21.03	\$ 21.49	\$ 21.39
8	Long-Term Debt Principal Repayment - Proposed Borrowing		-	1.43	-	0.44	1.05
9	TOTAL PRINCIPAL REPAYMENTS		\$ 20.53	\$ 22.25	\$ 21.03	\$ 21.93	\$ 22.44
10	Long-Term Debt Balance - Existing Borrowing		\$ 201.90	\$ 203.30	\$ 180.98	\$ 174.55	\$ 169.10
11	Long-Term Debt Balance - Proposed Borrowing		0.10	21.20	15.50	16.99	22.07
12	TOTAL LONG-TERM DEBT BALANCE		\$ 202.01	\$ 224.49	\$ 196.48	\$ 191.54	\$ 191.17
13	MID-YEAR LONG-TERM DEBT BALANCE		\$ 212.22	\$ 224.31	\$ 199.24	\$ 194.01	\$ 191.35

### Line 1 - Amortization of Non-Contributed Assets

Amortization expense represents the amount of asset life used during a given operating period. The rate of amortization is dependent upon the asset class, each with a predetermined estimated useful life based upon historical experience. The Utility's assets are divided into 50 different classes, with useful lives varying between three and 60 years. Amortization expense is calculated using the straight-line method, which incurs a half-year of expenses in the first and last year of the asset's life.

Increases in amortization are due to asset commissioning related to the Three-stream Communal Collection, Energy Transition and Climate Resilience projects, EWMC site infrastructure and facilities projects, and vehicle and container purchases. The majority of existing Waste Services assets are in good operating condition and are not approaching the end of their asset lifecycle.



**Line 6 - Total Interest Expense**

Interest expense is incurred from Government of Alberta (formerly the Alberta Capital Financing Authority) debentures related to capital projects, as outlined in Section 11.2. Projected rates are based on recent Government of Alberta rates and economic conditions (see Section 3.0 Methodology & Key Assumptions).

**Line 12 - Total Long-Term Debt**

Long-Term Debt decreases from 2024 Projected to 2025 Proposed due to total repayments of debt being higher than new debt required for the 2025 Capital Plan, as indicated in capital financing Schedule 11.2, Line 2.

### 9.1 DEFERRAL ACCOUNT BALANCES

(in millions of dollars)

Schedule 9.1 Line #	Reference	Recovery Period (Years)	2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2026 Forecast
1	<b>Opening Deferral Balance (Regulatory Asset)</b>		\$ 22.15	\$ 18.24	\$ 18.24	\$ 14.33	\$ 10.42
<b>Additions (Previously Approved)</b>							
2	2017 Initial Impairment of ECF Structure		-	-	-	-	-
3	2019 Impairment of ECF Equipment		-	-	-	-	-
4	2019 ECF Deconstruction		-	-	-	-	-
5	2020 Impairment of Unsalvagable ECF Equipment		-	-	-	-	-
6	<b>Deferral Additions During the Year</b>		-	-	-	-	-
7	<b>Deferral Balance Including Additions</b>		\$ 22.15	\$ 18.24	\$ 18.24	\$ 14.33	\$ 10.42
<b>Amortization of Regulatory Asset</b>							
8	2017 Impairment (Line 2)		1.31	1.31	1.31	1.31	1.31
9	2019 Impairment (Line 3)		0.63	0.63	0.63	0.63	0.63
10	ECF Deconstruction (Line 4)		1.31	1.31	1.31	1.31	1.31
11	2020 Impairment (Line 5)		0.66	0.66	0.66	0.66	-
12	<b>Total Amortization of Regulatory Asset</b>		\$ 3.91	\$ 3.91	\$ 3.91	\$ 3.91	\$ 3.25
13	<b>Closing Deferral Balance (Regulatory Asset)</b>		\$ 18.24	\$ 14.33	\$ 14.33	\$ 10.42	\$ 7.17

The deferral account is a rate-regulated accounting mechanism, allowing the Utility to minimize rate volatility for ratepayers by recovering approved cost over a period of time compared to when the costs are actually incurred. This results in the Utility recording a regulatory asset for the deferral account balances, which is amortized over a reasonable time period to allow the Utility to recover costs from ratepayers while ensuring rate stability. The deferral account balances are primarily related to asset write-down cost and demolition cost resulting from the structural failure of the Edmonton Composting Facility, which was approved to be deferred and recovered from ratepayers in the utility's 2019 Rate Filing. For the 2025 Rate Filing, there are no new additions to the previously approved deferral account balances.

#### Lines 8 - 11: Amortization of Regulatory Asset

The amortization of the regulatory asset represents the annual amount of the deferral balance recovered through utility rates. The amortization period used for the regulatory asset closely matches the remaining useful life of the original asset, and in the case of decommissioning costs

a reasonable time period was selected that minimizes rate impact while balancing intergenerational equity.

## 10.0 UTILITY RATE REVENUE

### Curbside Collection Utility Rate

The following table outlines the proposed cart rates for 2025, forecasts for 2026 and the percentage of curbside collection customers selecting each garbage cart size. A monthly \$5.24 decrease in waste utility rates is proposed for all curbside collection customers. The 240L garbage cart size is the default size and was used to determine the base 10.7 per cent utility rate decrease.

**Table 10A: 2025 Curbside Collection Monthly Utility Rates**

Garbage Cart Size (litres)	2023 Approved	2024 Approved	2025 Proposed	2026 Forecast	Customer Adoption
120L	\$43.75	\$44.19	\$38.95	\$37.64	9%
240L	\$48.75	\$49.19	\$43.95	\$42.64	90%
360L <sup>7</sup>	\$58.75	\$59.19	\$53.95	\$52.64	1%

### Apartment and Condo Collection Utility Rate

Most customers in multi-unit households, such as apartments and condominiums, receive apartment and condo collection, where waste is disposed of in shared containers. The rollout of three-stream sorting to apartment and condo collection is in progress, and is projected to be complete in 2027. A 10.7 per cent monthly utility rate decrease, or \$3.33 per month, for apartment and condo collection is proposed in 2025.

**Table 10B: 2025 Apartment and Condo Collection Monthly Utility Rates**

2023 Approved	2024 Approved	2025 Proposed	2026 Forecast
\$30.97	\$31.25	\$27.92	\$27.09

### Transitional Waste Utility Rates

Transitional waste utility rates are used to bridge the impact of rate changes to specific classes of residents and reduce rate shock. Transitional rates are adjusted over a five-year period, occurring when service changes from apartment and condo collection to curbside collection. In 2025, both Multi-Year Transition Rates reach parity with the 240L garbage cart rate and would be removed from

<sup>7</sup> Available only to qualifying households producing home medical waste or with seven or more people in the household.

the Waste Services Bylaw upon approval. Curbside Service Transition Rate Year 5 would also be removed as it is set to equal the 240L garbage cart rate and is redundant.

**Table 10C: 2025 Transitional Waste Utility Rates**

Transitional Waste Utility Rate	2023 Approved	2024 Approved	2025 Proposed	2026 Forecast
Multi-Year Transition Rate 1 <sup>8</sup>	\$45.20	n/a	n/a	n/a
Multi-Year Transition Rate 2	\$41.64	\$45.60	n/a	n/a
Curbside Service Transition Rate Year 1	n/a	\$34.84	\$31.13	\$30.20
Curbside Service Transition Rate Year 2	n/a	\$38.43	\$34.33	\$33.31
Curbside Service Transition Rate Year 3	n/a	\$42.02	\$37.54	\$36.42
Curbside Service Transition Rate Year 4	n/a	\$45.60	\$40.74	\$39.53
Curbside Service Transition Rate Year 5	n/a	\$49.19	n/a	n/a

### Calculation of Utility Rate Revenue

Schedule 10.0.1 illustrates the 2025 Rate Revenue at the existing 2024 Rates (Line 28 = \$224.2 million), the percentage change due to the one-time EPR revenue adjustment (-10.7 per cent), the utility rate increase required for services (zero per cent) and the net total required to arrive at the 2025 Proposed Rate Revenue of \$200.24 million.

Schedule 10.0.2 illustrates the 2026 Rate Revenue at the existing 2025 Proposed Rates (Line 28 = \$202.4 million), the percentage change of additional one-time EPR revenue adjustment (-4.0 per cent), the utility rate increase forecast for services (1.0 per cent) and the net total required to arrive at the 2026 Forecast Rate Revenue of \$196.34 million.

Rate Revenues shown on Line 28 are carried to the Utility Revenue Requirement Schedule, Line 1 in Section 7.0: Utility Revenue Requirement.

<sup>8</sup> Both Multi-Year Transition Rate 1 and 2 will reach parity with the curbside collection rate in 2025 and be removed from Bylaw 20363.

(in millions of dollars)

**Summary of Customers, Rates and Revenue**

<u>Schedule 10.0.1</u> <u>Line #</u>	Cross Ref:	Actual 2023	Projected 2024	Rate Filing Proposed			
				Existing	EPR Adj.	Rate Incr.	Proposed
<b>1 Curbside Collection</b>							
<b>2 120L Cart</b>							
3		24,634	24,972	25,202	25,202	25,202	<b>25,202</b>
4		\$43.75	\$44.19	\$44.19	-\$5.24	\$0.00	<b>\$38.95</b>
5		\$12.93	\$13.24	\$13.36	-\$1.59	\$0.00	<b>\$11.78</b>
<b>6 240L Cart</b>							
7		221,773	233,951	241,656	241,656	241,656	<b>241,656</b>
8		\$48.75	\$49.19	\$49.19	-\$5.24	\$0.00	<b>\$43.95</b>
9		\$129.74	\$138.10	\$142.64	-\$15.20	\$0.00	<b>\$127.44</b>
<b>10 360L Cart*</b>							
11		2,325	2,357	2,379	2,379	2,379	<b>2,379</b>
12		\$58.75	\$59.19	\$59.19	-\$5.24	\$0.00	<b>\$53.95</b>
13		\$1.64	\$1.67	\$1.69	-\$0.15	\$0.00	<b>\$1.54</b>
<b>14 Various Transitional Rates</b>							
15		14,785	5,650	150	150	150	<b>150</b>
16		\$7.60	\$3.09	\$0.07	\$0.00	\$0.00	<b>\$0.06</b>
<b>17 Other *</b>							
18		\$0.14	\$0.17	\$0.17	\$0	\$0	<b>\$0.17</b>
<b>19 Total Curbside Collection</b>							
20		263,517	266,930	269,387	269,387	269,387	<b>269,387</b>
21		\$152.05	\$156.27	\$157.94	-\$16.93	\$0.00	<b>\$141.01</b>
22							
<b>23 Apartment and Condo Collection</b>							
24		169,491	174,314	176,795	176,795	176,795	<b>176,795</b>
25		\$30.97	\$31.25	\$31.25	-\$3.33		<b>\$27.92</b>
26		\$62.99	\$65.37	\$66.30	-\$7.06	\$0.00	<b>\$59.23</b>
27							
28	S.7.0 L.1	\$215.04	\$221.64	\$224.24	-\$24.00	\$0.00	<b>\$200.24</b>
29							
30					-10.7%	0.0%	<b>-10.7%</b>

31 \* Other Includes Medical Waste with a lower rate for a 120L \$10/mon, 240L \$20/mon, and 360L \$30/mon.

Summary of Customers, Rates and Revenue

Schedule 10.0.2 Line #	Cross Ref:	Rate Filing Proposed				Forecast				
		2025				2026				
		Existing	EPR Adj.	Rate Incr.	Proposed	Existing	EPR Adj.	Rate Incr.	Forecast	
<b>1 Curbside Collection</b>										
<b>2 120L Cart</b>										
3	Monthly Avg # Units	25,202	25,202	25,202	<b>25,202</b>	25,443	25,443	25,443	25,443	
4	Monthly Rate	\$44.19	-\$5.24	\$0.00	<b>\$38.95</b>	\$38.95	-\$1.54	\$0.38	\$37.64	
5	Annual Revenue (\$ M)	\$13.36	-\$1.59	\$0.00	<b>\$11.78</b>	\$11.89	-\$0.47	\$0.12	\$11.49	
<b>6 240L Cart</b>										
7	Monthly Avg # Units	241,656	241,656	241,656	<b>241,656</b>	243,961	243,961	243,961	243,961	
8	Monthly Rate	\$49.19	-\$5.24	\$0.00	<b>\$43.95</b>	\$43.95	-\$1.74	\$0.42	\$42.64	
9	Annual Revenue (\$ M)	\$142.64	-\$15.20	\$0.00	<b>\$127.44</b>	\$128.66	-\$5.09	\$1.23	\$124.83	
<b>10 360L Cart*</b>										
11	Monthly Avg # Units	2,379	2,379	2,379	<b>2,379</b>	2,401	2,401	2,401	2,401	
12	Monthly Rate	\$59.19	-\$5.24	\$0.00	<b>\$53.95</b>	\$53.95	-\$2.13	\$0.52	\$52.64	
13	Annual Revenue (\$ M)	\$1.69	-\$0.15	\$0.00	<b>\$1.54</b>	\$1.55	-\$0.06	\$0.02	\$1.52	
<b>14 Various Transitional Rates</b>										
15	Monthly Avg # Units	150	150	150	<b>150</b>	0	0	0	0	
16	Annual Revenue (\$ M)	\$0.07	\$0.00	\$0.00	<b>\$0.06</b>	\$0	\$0	\$0	\$0	
<b>17 Other *</b>										
18	Annual Revenue (\$ M)	\$0.17	\$0	\$0	<b>\$0.17</b>	\$0.17	\$0	\$0	\$0.17	
<b>19 Total Curbside Collection</b>										
20	Monthly Avg # Units	269,387	269,387	269,387	<b>269,387</b>	271,805	271,805	271,805	271,805	
21	Annual Revenue (\$ M)	\$157.94	-\$16.93	\$0.00	<b>\$141.01</b>	\$142.28	-\$5.62	\$1.36	\$138.01	
<b>23 Apartment and Condo Collection</b>										
24	# Units	176,795	176,795	176,795	<b>176,795</b>	179,446	179,446	179,446	179,446	
25	Rate	\$31.25	-\$3.33		<b>\$27.92</b>	\$27.92	-\$1.10	\$0.27	\$27.09	
26	Revenue (\$ M)	\$66.30	-\$7.06	\$0.00	<b>\$59.23</b>	\$60.12	-\$2.38	\$0.58	\$58.33	
<b>28 TOTAL REVENUES</b>										
28		S.7.0 L.1	\$224.24	-\$24.00	\$0.00	<b>\$200.24</b>	\$202.40	-\$8.00	\$1.94	\$196.34
<b>30 % Rate Increase Over Existing Rates</b>										
30			-10.7%	0.0%	<b>-10.7%</b>	-4.0%	1.0%	-3.0%		

31 \* Other Includes Medical Waste with a lower rate for a 120L \$10/mon, 240L \$20/mon, and 360L \$30/mon.

## 10.1 NON-RATE REVENUE

(in millions of dollars)

Schedule 10.1 Line #	Reference	2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2026 Forecast
1	Program Revenues - Tip Fees	\$ 3.59	\$ 3.61	\$ 3.66	\$ 3.73	\$ 4.27
2	Program Revenues - C&D Waste	0.15	0.28	0.20	0.21	0.22
3	Program Revenues - Materials Recovery Facility	0.57	1.99	2.61	0.52	-
4	Program Revenues - Corporate Facilities Collection	1.90	2.19	1.98	2.01	2.06
5	Program Revenues - Eco Stations	3.23	3.45	3.47	3.38	3.46
6	Program Revenues - Landfill Gas, Greenhouse Gas	-	-	6.57	-	-
7	Program Revenues - Other	5.79	4.23	3.19	2.68	2.21
8	Investment Earnings	4.89	1.53	3.03	2.44	2.50
9	Grants	2.06	-	-	0.30	0.30
10	<b>TOTAL NON-RATE REVENUE</b>	<b>\$ 22.18</b>	<b>\$ 17.28</b>	<b>\$ 24.71</b>	<b>\$ 15.29</b>	<b>\$ 15.03</b>

### Line 1 - Tip Fees Revenue

Tip Fee Revenues are generated from private commercial haulers disposing waste materials at the EWMC.

### Line 2 - Construction and Demolition Waste Revenue

Processing of construction and demolition waste, and operation of the Construction and Demolition Facility is provided by a third-party. Revenues are forecasted on royalties received from the third-party operator.

### Line 3 - Materials Recovery Facility Revenue

Materials Recovery Facility revenue from the sale of recyclable materials are highly influenced by both the Canadian commodities market and the US exchange rate. Materials Recovery Facility revenues are anticipated to be lower in 2025 due to new Extended Producer Responsibility regulation taking effect.

### Line 4 - Corporate Facilities Collection Revenue

Corporate Facilities Collection Revenue is obtained solely from waste collection and disposal at City facilities. Billing for this service is done by City's billing provider EPCOR, which is provided to the Utility as revenue and not as an interdepartmental recovery.



**Line 5 - Eco Station Revenue**

Eco Station revenue updated to reflect expected volume in 2025.

**Line 6 - Landfill and Greenhouse Gas Revenue**

Landfill and Greenhouse Gas Revenue is generated from the sale of emission reduction credits. The 2024 projection includes revenue for landfill Greenhouse Gas (GHG) credit revenue for offset credits from 2018 to 2023. Existing landfill and composting offsets projects have reached the end of their crediting period, and there will not be new revenue from GHG offset sales in 2024, 2025 or 2026.

**Line 7 - Other Program Revenue**

Other Program Revenue includes revenues generated from third-parties operating at the EWMC, which includes sharing of third-party sales revenues and revenues generated from environmental initiatives such as aggregate crushing. 2025 Proposed is lower than 2024 Projected due to the reduction in aggregate crushing revenue. The aggregate recycling program is winding down and will be complete in 2026.

**Line 8 - Investment Earnings**

Investment earnings include interest payments received on existing cash balances. Interest earned is expected to decrease due to lower interest rates in the current economic environment and a decrease in the Utility's cash position in 2025.

**Line 9 - Grants**

The forecasted increase in grant funding in 2025 anticipates higher funding for continued work in Alberta Clean Energy Technology Accelerator (ACETA).

## 10.2 CALCULATION OF RATE BASE

(in millions of dollars)

Schedule 10.2		2023	2024	2024	2025	2026
Line #	Reference	Actual	Approved	Projected	Proposed	Forecast
<b>Investments in Tangible Capital Assets</b>						
1	Gross Book Value - Non Contributed	\$ 616.83	\$ 698.80	\$ 648.88	<b>\$ 678.11</b>	\$ 712.84
2	Gross Book Value - Contributed	33.54	39.82	33.54	<b>33.54</b>	33.54
3	Gross Book Value - All Assets	650.37	738.61	682.41	<b>711.65</b>	746.38
4	Accumulated Depreciation - Non Contributed	306.95	362.26	334.01	<b>363.09</b>	393.95
5	Accumulated Depreciation - Contributed	13.99	15.28	15.14	<b>16.24</b>	17.32
6	Accumulated Depreciation - All Assets	320.94	377.54	349.15	<b>379.34</b>	411.27
7	Net Book Value - Non Contributed	309.88	336.54	314.86	<b>315.02</b>	318.89
8	Net Book Value - Contributed	19.55	24.54	18.40	<b>17.29</b>	16.21
9	Net Book Value - All Assets	\$ 329.43	\$ 361.08	\$ 333.26	<b>\$ 332.31</b>	\$ 335.10
10	Mid-Year Non-Contributed Assets	308.35	331.23	312.37	<b>314.94</b>	316.95
11	Cash Flow Requirement					
12	One Month Operations	16.70	17.89	18.83	<b>18.26</b>	18.43
13	<b>RATE BASE AT MID YEAR</b>	S.10.3 L.1 \$ 325.05	\$ 349.13	\$ 331.20	<b>\$ 333.20</b>	\$ 335.39

### 10.3 CAPITAL STRUCTURE & RETURN ON RATE BASE

(in millions of dollars)

Schedule 10.3 Line #	Reference	2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2026 Forecast	
1	Mid-Year Rate Base	S10.2 L.13	\$ 325.05	\$ 349.13	\$ 331.20	\$ 333.20	\$ 335.39
<b>Mid-Year Capital Structure</b>							
2	Debt		61.0%	59.0%	57.5%	56.2%	55.2%
3	Equity		39.0%	41.0%	42.5%	43.8%	44.8%
<b>Cost Rates</b>							
4	Debt	L.6/(L.1xL.2)	3.8%	4.1%	3.6%	3.8%	3.8%
5	Equity	L.7/(L.1xL.3)	16.5%	3.2%	2.9%	2.5%	3.1%
<b>Weighted Average Cost of Capital</b>			8.8%	3.8%	3.3%	3.2%	3.5%
<b>Return on Rate Base</b>							
6	Debt	S7.0 L.8	7.55	8.53	6.82	7.12	6.95
7	Equity	S7.0 L.10	20.93	4.65	4.15	3.63	4.67
<b>Total Return</b>			\$ 28.49	\$ 13.17	\$ 10.97	\$ 10.74	\$ 11.62

#### Mid-Year Capital Structure

The Capital Structure is trending towards higher Equity due to the Utility's higher cash balances recorded in 2022 and 2023. These higher cash balances were used to fund Capital projects instead of Long-Term Debt, avoiding debt servicing costs. As the cash balance stabilizes and approaches our target (Section 6.0 Financial Indicators), the Utility will return to the normal practice of issuing Long-Term Debt to fund Capital in 2024.

## 11.0 CAPITAL BUDGET & FORECAST PLAN

### 11.1 CAPITAL PROJECT SUMMARY

As part of the 25-year Waste Strategy and business planning process, the Utility has placed greater emphasis on delivering strategic program changes through focused prioritization and realignment of the capital plan. Improvements have been made in the capital program over the past few years as a result of continuous improvement and in response to audit recommendations. Aligned with the City’s Project Development and Delivery Model (PDDM), a comprehensive program and project management process was developed and is used from project initiation, justification (business case development), prioritization, budget development and expenditure tracking, to project delivery and close-out. Emphasis is placed on ensuring sustainability and growth in assets, and to meet the regulatory requirements through proper program planning and delivery.

In the current four-year budget cycle, a total of \$125.5 million has been allocated to nine capital profiles. This includes funding for significant, multi-year, key profiles such as Three-stream Communal Collection, Facility and Infrastructure Construction and Upgrades, and Fleet Assets Replacement. Beyond 2027, an additional \$37.6 million has been previously approved for the non-composite projects as follows: Mayfield (NW) Eco Station, Landfill Gas to Renewable Natural Gas, Organics Screening & Mixing System, Three-stream Communal Collection, and various other profiles for a total approval of \$163.1 million.

The following Table 11.1 shows the significant variances between the Approved Capital and Forecast for the 2023-2026 Budget Cycle.

**Table 11.1 Approved vs Forecast Capital Spend**  
(Millions \$)

Capital Profile Description	Ref.	Current Budget Cycle 2023-2026		
		Approved Budget	Rate Filing Forecast	Over (Under) Spend
Mayfield (NW) Eco Station	S.11.1 L.5	13.8	0.0	(13.8)
Landfill Gas to RNG	S.11.1 L.8	13.4	0.0	(13.4)
Organics Screening and Mixing System	S.11.1 L.9	5.8	0.0	(5.8)
Waste Containers	S.11.1 L.12	16.4	11.2	(5.2)
Various Others	S.11.1	113.8	114.2	0.4
<b>Total</b>		<b>\$ 163.1</b>	<b>\$ 125.5</b>	<b>\$ (37.7)</b>
			S.11.1 L. 20	

Through the PDDM model, these projects are being continually assessed throughout their development and design lifecycle, assessing their long-term financial and strategic impacts and if other opportunities exist to reduce capital spending.

The Utility will continue to follow the developed best practices that appropriately balance growth, process efficiency improvements, rehabilitation and regulatory requirements. An asset management philosophy focused on safety, reliability and risk management has been incorporated into future capital planning by implementing a percentage of asset replacement value into the capital plan. This ensures proactive maintenance and repair based on asset condition assessment, safety, security and environmental requirements.

### 2023-2030 Capital Project Summary<sup>9</sup> (in millions of dollars)

Line #	Schedule 11.1 Capital Projects	Current Budget Cycle					Forecast				
		2023	2024	2025	2026	2023-2026 Total	2027	2028	2029	2030	2023-2030 Total
	<b>Branch-wide</b>										
1	Waste Services Facilities, Infrastructure & Process Equipment	4.22	\$ 5.34	\$ 5.28	\$ 4.82	\$ 19.66	\$ 4.00	\$ 4.08	\$ 4.16	\$ 4.25	\$ 36.15
2	Waste Services IIS Infrastructure Planning and Design	0.84	1.36	0.17	0.12	2.49	0.64	0.75	0.77	0.78	5.42
3	Waste Services IIS Infrastructure Delivery	4.89	4.15	5.85	10.50	25.39	14.00	2.99	3.06	3.12	48.56
4		<b>9.94</b>	<b>10.85</b>	<b>11.31</b>	<b>15.44</b>	<b>47.54</b>	<b>18.64</b>	<b>7.82</b>	<b>7.99</b>	<b>8.15</b>	<b>90.13</b>
	<b>Collection Services Facilities</b>										
5	Mayfield (NW) Eco Station	-	-	-	-	-	6.85	6.93	-	-	13.78
6		-	-	-	-	-	<b>6.85</b>	<b>6.93</b>	-	-	<b>13.78</b>
	<b>Sustainable Waste Processing Facilities</b>										
7	Materials Recovery Facility (MRF) Renewal	3.53	2.95	-	-	6.48	-	-	-	-	6.48
8	Landfill Gas to Renewable Natural Gas (RNG)	-	-	-	-	-	9.48	3.89	-	-	13.37
9	Organics Screening and Mixing System	0.02	-	-	-	0.02	1.01	4.80	-	-	5.83
10	Various minor projects	(0.75)	(0.01)	-	-	(0.76)	-	-	-	-	(0.76)
11		<b>2.80</b>	<b>2.94</b>	-	-	<b>5.74</b>	<b>10.49</b>	<b>8.69</b>	-	-	<b>24.91</b>
	<b>Vehicles &amp; Equipment</b>										
12	Waste Containers	1.79	2.83	3.25	3.37	11.24	2.00	2.04	2.08	2.12	19.49
13	Waste Services Fleet Assets	13.11	10.83	12.07	12.39	48.38	10.00	10.30	10.49	15.32	94.50
14		<b>14.89</b>	<b>13.66</b>	<b>15.32</b>	<b>15.77</b>	<b>59.63</b>	<b>12.00</b>	<b>12.34</b>	<b>12.57</b>	<b>17.45</b>	<b>113.99</b>
	<b>Waste Program Changes</b>										
15	Three-stream Communal Collection	1.79	4.64	1.85	1.60	9.88	0.61	-	-	-	10.49
16		<b>1.79</b>	<b>4.64</b>	<b>1.85</b>	<b>1.60</b>	<b>9.88</b>	<b>0.61</b>	-	-	-	<b>10.49</b>
	<b>Profile Pending Approval</b>										
17	Energy Transition and Climate Resilience	-	-	0.76	1.93	2.69	5.09	4.51	3.70	3.60	19.60
18	Provision for Future Capital Projects	-	-	-	-	-	-	-	3.50	3.50	7.00
19		-	-	<b>0.76</b>	<b>1.93</b>	<b>2.69</b>	<b>5.09</b>	<b>4.51</b>	<b>7.20</b>	<b>7.10</b>	<b>26.60</b>
20	<b>Grand Total</b>	<b>\$ 29.42</b>	<b>\$ 32.09</b>	<b>\$ 29.24</b>	<b>\$ 34.73</b>	<b>\$ 125.48</b>	<b>\$ 53.67</b>	<b>\$ 40.29</b>	<b>\$ 27.76</b>	<b>\$ 32.69</b>	<b>\$ 279.89</b>

<sup>9</sup> Forecasts in table may include unspent budget carried forward from the 2019-2022 budget cycle.

**Line 1 - Waste Services Facilities, Infrastructure & Process Equipment Composite**

This composite profile provides capital funding for planning and design and project delivery, which is managed internally by the Utility. In the previous budget cycle, planning and design and project delivery were divided into separate profiles. However, due to the smaller values of these projects, it is more efficient to administer them within one profile while maintaining capacity to track the phased work. The scope of the Facilities, Infrastructure and Process Equipment profile includes the capital renewal and upgrade of existing assets due to new or increased waste streams, safety concerns and design improvements that increase the operational efficiency of the Utility. This also includes implementation of an asset management program to deliver and maintain optimal service levels. Projects are prioritized using a process that identifies and ranks projects based on strategic criteria such as environmental impact, health and safety, and alignment to strategy. All projects managed by IIS and some of the larger projects managed by the Utility will follow the Project Development and Delivery Model (PDDM) process.

Projects anticipated to be undertaken in 2025 and 2026 include, but are not limited to:

- Refuse Derived Fuel Facility Fire Protection Regulatory Upgrades
- Integrated Processing and Transfer Facility GRIZZ1 and GRIZZ2 Replacement
- Materials Recovery Facility Fire Code Upgrades

**Lines 2 & 3 - Waste Services Planning and Design and Project Delivery Composite (IIS Managed)**

These composite profiles provide capital funding for planning and design and for project delivery for projects managed by Integrated Infrastructure Services (IIS). The profiles provide a budget to support concept level planning for major capital initiatives in accordance with the City's Project Development and Delivery Model (PDDM). Projects have been identified and prioritized based on strategic criteria such as environmental impact, health and safety and alignment with the utility's and corporate goals.

Projects anticipated to be undertaken in 2025 and 2026 include, but are not limited to:

- Edmonton Waste Management Centre Water Distribution System Upgrade to meet fire flow and operational requirements
- Coronation Eco Station Expansion to service growth in northwest Edmonton
- Materials Recovery Facility Tip Floor Building Remediation & Expansion
- Cure Site Pad B Upgrades for maintenance and resurfacing

**Line 5 - Mayfield (NW) Eco Station**

This project has been deferred based on a review and analysis of constructing a new Mayfield Eco Station compared to renovating Coronation Eco Station. The Utility identified strategic and operational benefits to retrofitting existing facilities and providing service continuity at the Eco Station's current site. A business case for Coronation Eco Station upgrades is being prepared for 2025.

**Line 7 - Materials Recovery Facility Renewal**

This stand-alone profile was approved by Council in October 2020 and supports the replacement of various processing equipment and building components that will extend the life, improve efficiency, and increase the capacity of the Materials Recovery Facility.

**Line 8 - Landfill Gas to Renewable Natural Gas**

This stand-alone profile was approved by Council in February 2021 and includes the capital required to collect, process and convert landfill gas into renewable natural gas to manage environmental liabilities associated with the Clover Bar Landfill and generate beneficial byproducts such as renewable natural gas and saleable environmental attributes. Grant funding from Emissions Reduction Alberta and partnership funding from Capital Power will finance the majority of this initiative. The landfill gas collection system is funded through the Utility's landfill liability and is under construction. However, the renewable natural gas conversion project component has been pushed out to 2027-2028 due to revenue risk caused by uncertainty in renewable markets while GHG policy changes are being considered by the Government of Canada.

**Line 9 - Organics Screening and Mixing System**

The business case for this stand-alone profile was approved by Council in September 2022 for the removal of non-organic material (garbage) from compost to improve compost quality and manage litter issues at the compost cure site. This project would use the HSADF structure to house the organics screening and mixing system. However, due to the Utility's review of its organics processing program and the role of the HSADF as an active processor of organic waste, this project is being delayed.

**Lines 12 & 13 - Waste Containers and Waste Services Fleet Assets**

These composite profiles provide capital funding for waste containers and mobile equipment. The objective of these profiles is to replace existing assets at the end of their useful lives and provide funding for growth assets to support ongoing operations. This includes the purchase of

steel bins and waste carts. The Fleet Assets profile supports the purchase of Waste Collections Services and Sustainable Waste Processing equipment such as waste collection vehicles, trailers and loaders. A review of the Waste Containers profile identified double counting of some steel containers and waste carts, allowing excess budget to be transferred to the Energy Transition and Climate Resilience capital profile to fund climate resilience initiatives within the Utility.

**Line 15 - Three-stream Communal Collection**

This profile was approved by Council in April 2021 and provides funding for vehicles and containers to support changes to apartment and condo collection for the three-stream separation of waste (garbage, recycling and food scraps).

**Line 17 - Energy Transition and Climate Resilience**

This project is pending approval for funds required to transition the Utility's assets to climate resilient infrastructure, reducing greenhouse gas emissions and supporting the City's environmental initiatives in alignment with the City's Greenhouse Gas Management Plan 2019-2030 for Civic Operations. In the current budget cycle, this includes funding for charging infrastructure, building retrofits, and other renewable energy and climate adaptation projects. The Capital Funding Request is included in Appendix A1.

**Line 18 - Provision for Future Capital Projects**

Although detailed capital plans for the period 2027 to 2030 have yet to be developed, the Utility anticipates that future additional capital outlays will be required.



## 11.2 CAPITAL PROJECT FINANCING SUMMARY

(in millions of dollars)

Line #	Schedule 11.2	Current Budget Cycle					Forecast				
	Source of Financing	2023	2024	2025	2026	2023-2026 Total	2027	2028	2029	2030	2023-2030 Total
1	Self Liquidating Debentures	\$ 0.10	\$ 15.50	\$ 16.99	\$ 22.07	\$ 54.65	\$ 35.86	\$ 20.94	\$ 16.50	\$ 16.59	\$ 144.54
2	Pay As You Go Requirement	28.30	16.59	12.25	12.66	69.80	14.31	15.85	11.27	16.10	127.33
3	Provincial Grants & Partnership Funding	1.02	-	-	-	1.02	3.50	3.50	-	-	8.02
	<b>Total Capital Project Financing</b>	<b>\$ 29.42</b>	<b>\$ 32.09</b>	<b>\$ 29.24</b>	<b>\$ 34.73</b>	<b>\$ 125.48</b>	<b>\$ 53.67</b>	<b>\$ 40.29</b>	<b>\$ 27.76</b>	<b>\$ 32.69</b>	<b>\$ 279.89</b>

### Line 1 - Self Liquidating Debentures

Self Liquidating Debentures are coordinated through the City and drawn from the Government of Alberta (formerly the Alberta Capital Financing Authority) in accordance with the City's Debt Management Fiscal Policy C203D. The cost of debt varies according to economic conditions and length of term (see Section 3.0). Details on debt servicing costs are provided in Section 9.0.

### Line 2 - Pay-As-You-Go Requirement

As per Waste Services Utility Fiscal Policy C558C, Pay-As-You-Go (PAYG) requirements are incorporated into the Utility's cash forecast as shown in Section 6.0: Financial Indicators. This term is used to identify the portion of a given capital project which is funded by cash (equity). The PAYG Requirement for the following year is used in calculating a given year's target cash position.

### Line 3 - Provincial Grants & Partnership

A \$10 million grant was received from Emissions Reduction Alberta towards the Landfill Gas to Renewable Natural Gas project. Because the project is funded as a joint venture, the City is receiving \$7 million of this grant across 2027 and 2028, with the other \$3 million split with its project partner.

## 12.0 LANDFILL CLOSURE & RELATED LIABILITIES

The Utility's landfills include a Class II and Class III landfill which are currently being prepared for complete closure and reclamation in accordance with the operating approval from Alberta Environment and Protected Areas. The Clover Bar Landfill (Class II) opened in 1975 and was Edmonton's first engineered sanitary landfill, featuring groundwater diversion, leachate treatment and environmental monitoring. The landfill, which lasted 20 years longer than expected due to recycling programs starting in 1988, reached full capacity and was closed in August 2009. The Class III landfill, originally established for the 1987 tornado debris, ceased operations in 2008 and was closed in 2022.

Pursuant to the *Alberta Environmental Protection and Enhancement Act*, the Utility is required to fund the closure of the landfill and provide for post-closure care of the site. Closure and post-closure activities include the final clay cover, landscaping, surface and groundwater monitoring, leachate control, landfill gas management and visual inspection. The minimum period for post-closure care is 25 years. The landfill closure and post-closure care plans are based on engineering assessment of current ground conditions, leachate levels, geology, and various other environmental and regulatory conditions.

The costs to close and maintain solid waste landfill sites are based on estimated future expenses, adjusted for inflation and discounted to current dollars. These costs are reported as a liability within the City's financial statements in accordance with Canadian Public Sector Accounting Standards (PSAS). The landfill liability is reviewed at regular intervals to ensure the balance is sufficient with the latest review performed for the 2025 Rate Filing in August 2024. Future events, such as changes to regulatory requirements, and/or changes in ground conditions, leachate levels, etc., may result in changes to the estimated cost and will be recognized prospectively as an adjustment to the reported liability, when applicable.

The following table summarizes the estimated liability and expected disbursements required to complete closure activities.

(in millions of dollars)

Schedule 12.0			2023	2024	2025	2026	2027	2028
Line #		Reference	Actual	Projected	Proposed	Forecast	Forecast	Forecast
1	Reported Landfill Liability - Opening Balance		\$ 49.27	\$ 53.01	\$ 42.71	\$ 31.71	\$ 25.01	\$ 19.31
2	Less: Disbursements During the Year		(12.00)	(28.50)	(13.60)	(8.70)	(7.30)	(1.40)
3	Liability Balance after Disbursements		37.27	24.51	29.11	23.01	17.71	17.91
4	Liability Increase/(Decrease) Required	S.8.0 L.8	15.74	18.20	2.60	2.00	1.60	1.20
5	<b>Expected Landfill Liability at Year End</b>		\$ 53.01	\$ 42.71	\$ 31.71	\$ 25.01	\$ 19.31	\$ 19.11

The Utility anticipates closure activities such as design and construction of stormwater management, leachate collection, landfill gas collection, final clay cover, landscaping, etc. to be completed by 2026/2027 for the Class II Clover Bar Landfill. From the time of final closure, the minimum period for post-closure care is expected to be 25 years, and includes operating and maintenance activities such as (but not limited to) final cover inspection and maintenance, landfill gas collection and flare system maintenance, and leachate monitoring, treatment and disposal. Significant changes to cost estimates in the future may result in an adjustment to the landfill liability and subsequently the annual landfill provision.

The liability for the Clover Bar Landfill closure and post-closure care is reported in the Consolidated Financial Statements of the City of Edmonton, December 31, 2023 within Note 13 at a value of \$53.01 million. An adjustment is required in 2024 to increase the liability by \$18.2 million. This increase is primarily associated with higher than previously anticipated costs required to construct the slurry wall, and leachate system and to provide riverbank fortification. After disbursements of \$28.5 million for 2024, the liability is estimated to be \$42.71 million by the end of 2024. 2025-2027 will have additional disbursements for the slurry wall, leachate system and to fortify the riverbank. Post-closure care and maintenance is scheduled to begin in 2028.

## 13.0 SEGMENTED REPORTING - PROGRAM REVENUES & EXPENSES

(in millions of dollars)

### WASTE COLLECTION SERVICES

Schedule 13.0.1 Line #	2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2026 Forecast
1 Personnel	\$ 31.67	\$ 31.03	\$ 32.47	\$ 35.30	\$ 36.01
2 Materials, Goods & Supplies	1.45	1.13	1.02	1.22	1.54
3 External Services	32.98	35.83	35.45	35.11	36.29
4 Fleet Services	9.52	8.65	10.17	9.78	9.98
5 Intra-municipal Services	1.96	1.96	1.96	1.96	1.96
6 Utilities	0.63	0.86	1.05	0.72	0.73
7 Other Expenses	1.67	1.51	2.22	1.57	1.59
8 SUBTOTAL	79.88	80.96	84.32	85.65	88.09
9 Intra-municipal Recoveries	(0.24)	(0.50)	0.26	0.73	0.73
10 TOTAL O&M EXPENSES	79.63	80.46	84.58	86.37	88.82
11 Amortization of Non-Contributed Assets	9.08	11.79	9.89	11.19	12.38
12 Debt Interest	1.52	1.62	1.46	1.93	2.13
13 EXPENSES BEFORE ONE-TIME	90.24	93.86	95.93	99.49	103.34
14 Grant Revenue	-	-	-	-	-
15 Program Revenues	8.21	6.07	7.22	6.97	7.13
16 Projected EPR Revenue	-	-	-	-	-
17 Rate Revenues	82.03	87.79	88.71	92.52	96.21
18 NET INCOME/(NET LOSS)	-	-	-	-	-

**Note:** Program and Rate Revenues sufficient to achieve a net income of zero are transferred from Waste Collection Services to Sustainable Waste Processing. The net income for the Waste Services Utility is wholly contained within Sustainable Waste Processing.

Schedule 13.0.2		2023	2024	2024	2025	2026
Line #		Actual	Approved	Projected	Proposed	Forecast
1	Personnel	\$ 18.95	\$ 26.73	\$ 22.31	<b>\$ 22.99</b>	\$ 23.46
2	Materials, Goods & Supplies	1.91	1.87	1.31	<b>1.20</b>	1.58
3	External Services	46.84	54.03	53.08	<b>58.36</b>	57.14
4	Fleet Services	6.02	7.03	7.55	<b>7.64</b>	7.79
5	Shared Services	10.42	10.52	10.52	<b>10.29</b>	10.39
6	Intra-municipal Services	3.15	4.19	3.36	<b>3.37</b>	3.42
7	Utilities	3.57	5.73	4.32	<b>3.95</b>	4.03
8	Landfill Liability Required	15.74	-	18.20	<b>2.60</b>	2.00
9	Other Expenses	0.02	2.33	0.17	<b>0.09</b>	0.08
10	SUBTOTAL	106.63	112.42	120.82	<b>110.49</b>	109.89
11	Intra-municipal Recoveries	(2.55)	(2.90)	(1.08)	<b>(1.14)</b>	(1.15)
12	TOTAL O&M EXPENSES	104.08	109.52	119.74	<b>109.35</b>	108.74
13	Amortization of Non-Contributed Assets	16.63	16.69	17.17	<b>17.89</b>	18.48
14	Amortization of Regulatory Asset	3.91	3.91	3.91	<b>3.91</b>	3.25
15	Debt Interest	6.03	6.91	5.36	<b>5.19</b>	4.82
16	EXPENSES BEFORE ONE-TIME	130.65	137.02	146.17	<b>136.34</b>	135.28
17	Grant Payment	(4.60)	-	0.10	<b>0.08</b>	0.08
18	Grant Revenue	2.06	-	-	<b>0.30</b>	0.30
19	Program Revenues	11.91	11.21	17.50	<b>8.02</b>	7.60
20	Projected EPR Revenue	-	-	-	<b>24.00</b>	32.00
21	Rate Revenues	133.01	130.46	132.92	<b>107.72</b>	100.13
22	<b>NET INCOME/(NET LOSS)</b>	<b>\$ 20.93</b>	<b>\$ 4.65</b>	<b>\$ 4.15</b>	<b>\$ 3.63</b>	<b>\$ 4.67</b>

**Note:** Program and Rate Revenues sufficient to achieve a net income of zero are transferred from Collection Services to Sustainable Waste Processing. The net income for the Waste Services Utility is therefore wholly contained within Sustainable Waste Processing.

### 13.1 REVENUES & EXPENSES BY REGULATED AND NON-REGULATED PROGRAM

(in millions of dollars)

#### REGULATED PROGRAMS

Schedule 13.1.1 Line #		2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2026 Forecast
1	Personnel	\$ 48.05	\$ 54.67	\$ 53.09	\$ 57.33	\$ 58.49
2	Materials, Goods & Supplies	2.54	2.16	1.84	2.38	3.03
3	External Services	75.07	85.13	85.14	89.65	90.10
4	Fleet Services	14.48	14.68	16.69	16.35	16.68
5	Shared Services	10.42	10.52	10.52	10.29	10.39
6	Intra-municipal Services	5.06	6.28	5.20	5.32	5.37
7	Utilities & Others	5.82	10.16	7.54	6.13	6.24
8	Landfill Liability Required	15.74	-	18.20	2.60	2.00
9	SUBTOTAL	177.20	183.59	198.22	190.06	192.30
10	Intra-municipal Recoveries	(0.29)	0.27	(0.23)	(0.09)	(0.60)
11	O & M EXPENSES	176.89	183.86	197.99	189.97	191.71
12	Amortization of Non-Contributed Assets	25.10	27.83	26.49	28.53	30.32
13	Amortization of Regulatory Asset	3.91	3.91	3.91	3.91	3.25
14	Debt Interest	7.36	8.35	6.64	6.95	6.80
15	EXPENSES BEFORE ONE-TIME	213.26	223.94	235.03	229.36	232.08
16	Grant Payment	(4.60)	-	0.10	0.08	0.08
17	Grant Revenue	2.06	-	-	0.30	0.30
18	Program Revenues	12.12	10.47	17.62	8.53	8.17
19	Projected EPR Revenue	-	-	-	24.00	32.00
20	Rate Revenues	215.04	218.25	221.64	200.24	196.34
21	<b>NET INCOME/(LOSS)</b>	<b>\$ 20.55</b>	<b>\$ 4.78</b>	<b>\$ 4.12</b>	<b>\$ 3.63</b>	<b>\$ 4.66</b>

<b>Schedule 13.1.2</b>		<b>2023</b>	<b>2024</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Line #</b>		<b>Actual</b>	<b>Approved</b>	<b>Projected</b>	<b>Proposed</b>	<b>Forecast</b>
1	Personnel	\$ 2.57	\$ 3.08	\$ 1.69	<b>\$ 0.96</b>	\$ 0.98
2	Materials, Goods & Supplies	0.82	0.84	0.48	<b>0.04</b>	0.09
3	External Services	4.75	4.40	3.38	<b>3.82</b>	3.33
4	Fleet Services	1.06	0.99	1.03	<b>1.06</b>	1.09
5	Intra-municipal Services	0.05	0.20	0.11	<b>0.00</b>	0.00
6	Utilities	0.07	0.28	0.23	<b>0.19</b>	0.20
7	<b>SUBTOTAL</b>	9.32	9.78	6.92	<b>6.08</b>	5.68
8	Intra-municipal Recoveries	(2.50)	(3.67)	(0.60)	<b>(0.33)</b>	0.18
9	<b>TOTAL O&amp;M EXPENSES</b>	6.82	6.11	6.32	<b>5.75</b>	5.86
10	Amortization of Non-Contributed Assets	0.61	0.65	0.57	<b>0.55</b>	0.54
11	Debt Interest	0.19	0.18	0.18	<b>0.16</b>	0.15
12	<b>EXPENSES BEFORE ONE-TIME</b>	7.62	6.94	7.07	<b>6.46</b>	6.55
13	Program Revenues	8.00	6.81	7.10	<b>6.46</b>	6.56
14	<b>NET INCOME/(NET LOSS)</b>	\$ 0.38	\$ (0.13)	\$ 0.03	<b>\$ 0.00</b>	\$ 0.01

### 13.2 REGULATED ACTIVITIES EXPENSE CHANGES

(in millions of dollars)

2025 Regulated Activities									
Schedule 13.2 Line #	Reference	2024 Forecast	Customer Growth	Consumption	Inflation	One Time Expense (Note 1)	Activities No Longer Required (Note 2)	2025 Proposed	
1	Personnel	\$ 53.09	\$ -	\$ 3.18	\$ 1.06	\$ -	\$ -	\$	57.33
2	Materials, Goods & Supplies	1.84	0.01	0.49	0.04	-	-		2.38
3	External Services	85.14	0.95	0.86	1.70	1.00	-		89.65
4	Fleet Services	16.69	-	(0.67)	0.33	-	-		16.35
5	Shared Services	10.52	-	(0.32)	0.09	-	-		10.29
6	Intra-municipal Services	5.20	-	0.15	-	(0.03)	-		5.32
7	Landfill Liability Required	18.20	-	-	-	-	(15.60)		2.60
8	Utilities & Other Expenses	7.54	-	(1.56)	0.15	-	-		6.13
	<b>SUBTOTAL</b>	<b>198.22</b>	<b>0.96</b>	<b>2.13</b>	<b>3.37</b>	<b>0.97</b>	<b>(15.60)</b>		<b>190.06</b>
9	Intra-municipal Recoveries	(0.23)	-	0.15	(0.01)	-	-		(0.09)
	<b>O &amp; M EXPENSES</b>	<b>13-1-1 \$ 197.99</b>	<b>\$ 0.96</b>	<b>\$ 2.28</b>	<b>\$ 3.36</b>	<b>\$ 0.97</b>	<b>\$ (15.60)</b>	<b>\$</b>	<b>189.97</b>

#### Line 1 - Personnel

The increase in wages from the 2024 Projected to 2025 Proposed includes inflationary based wage escalations for current staff. Costs also increase from filling vacancies to support the Utility which were left unfilled in 2024 due to OP12 hiring restrictions, as well as other vacancies for Waste Collection Services programs including the three-stream apartment and condo collection rollout and in-sourcing waste collection positions. The net 2025 proposed inflationary wage increases are offset by three management FTE reductions related to OP12.

#### Line 2 - Materials, Goods & Supplies

Increased costs are related to customer growth, computer software licence fees and inflation in 2025.

#### Line 3 - External Services

One-time costs include the removal of digester drums at the former Edmonton Composting Facility aeration hall building, which was decommissioned in 2020. Consumption includes additional costs to repurpose the HSADF, larger recycling volumes and higher operational costs from the tip floor at the MRF, and increased tonnage being hauled to third-party organics processors in 2025.

#### Line 4 - Fleet Services

Consumption costs in 2025 reflect an decrease in direct charges and repairs for lower maintenance on newer units and repairs being completed under warranty.



**Line 5 - Shared Services**

Shared Services costs include an increase for inflation to cover rising costs. Consumption costs in 2025 reflect a decrease in rent costs from the Utility consolidating office space.

**Line 6 - Intra-municipal Services**

The increase in consumption cost in 2025 is related to required additional GIS support to increase operational efficiency and improve customer and employee experience, offset by a decrease in direct charges from the 2024 projection related to increased costs in 2024 for a unit heater replacement at the IPTF.

**Line 8 - Utilities & Other Expenses**

Lower consumption in 2025 is related to expected decreases in Power and Natural Gas usage at the Refuse Derived Fuel Facility.

**Line 9 - Intra-municipal Recoveries**

Consumption costs reflect a decrease in capital recoveries in 2025 versus 2024.

**Note 1:** One-time expense represents one-time cost for the demolition of old drum infrastructure from the closed Edmonton Composting Facility and additional costs for a heater replacement at the IPTF.

**Note 2:** Activities no longer required represent one-time adjustment to increase the post-closure liability in 2024. For further information on the post-closure liability see Section 12: Landfill Closure & Related Liabilities.

## 14.0 HISTORICAL TRENDS

(in millions of dollars)

Schedule 14.0 Line #	Reference	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Projected	2025 Proposed	2026 Forecast
1	Operations and Maintenance	S.8.0 L.10	\$ 199.36	\$ 175.12	\$ 166.72	\$ 168.72	\$ 185.02	\$ 205.14	\$ 197.98
2	Amortization of Non-Contributed Assets	S.9.0 L.1	21.02	21.27	23.24	25.13	25.71	27.06	30.86
3	Debt Interest	S.9.0 L.6	8.98	8.52	8.24	8.29	7.55	6.82	6.95
4	Intra-municipal Recoveries	S.8.8 L.5	(3.56)	(4.67)	(1.10)	(1.13)	(1.31)	(0.82)	(0.42)
5	Grants	S.8.0 L.16	3.60	1.00	-	0.05	(4.60)	0.10	0.08
6	Amortization of Regulatory Asset	S.8.0 L.13	1.31	3.25	3.91	3.91	3.91	3.91	3.25
	<b>TOTAL EXPENSES</b>		<b>230.71</b>	<b>204.49</b>	<b>201.01</b>	<b>204.97</b>	<b>216.28</b>	<b>242.20</b>	<b>238.70</b>
7	Non-Rate Revenue	S.7.0 L.3	30.84	19.00	22.75	16.20	22.18	24.72	15.03
8	Projected EPR Revenue	S.7.0 L.2	-	-	-	-	-	<b>24.00</b>	32.00
9	Rate Revenue	S.7.0 L.1	185.86	194.57	199.15	204.15	215.04	<b>200.24</b>	196.34
	<b>TOTAL REVENUES</b>		<b>216.70</b>	<b>213.56</b>	<b>221.90</b>	<b>220.34</b>	<b>237.23</b>	<b>239.53</b>	<b>243.37</b>
	<b>NET INCOME/(LOSS)</b>	S.13.0.2 L.22	<b>\$ (14.01)</b>	<b>\$ 9.07</b>	<b>\$ 20.89</b>	<b>\$ 15.38</b>	<b>\$ 20.93</b>	<b>\$ 4.15</b>	<b>\$ 4.67</b>

**Table 14A: Waste Services Utility Customer Counts**

	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Projected	2025 Proposed	2026 Forecast
Single Unit	224,129	232,643	236,304	255,493	263,517	266,930	<b>269,387</b>	271,805
Multi Unit	178,751	177,383	182,246	183,843	169,491	174,314	<b>176,795</b>	179,446
<b>Total</b>	<b>402,880</b>	<b>410,026</b>	<b>418,550</b>	<b>439,336</b>	<b>433,008</b>	<b>441,244</b>	<b>446,182</b>	<b>451,251</b>

**Note:** The table above includes the reclassification of 7,233 customers from Multi-unit (Communal) to Single Unit (Curbside) in 2020 and 12,572 in 2021.

All 2019-2023 customer counts shown represent December 31 actual balances. For 2024-2026 forecast purposes, the utility rates are calculated using a phased-in increase to customer counts over a given year to ensure that consistent growth is represented. As a result, mid-year customer counts are used in these calculations.

## **APPENDIX A: CAPITAL FUNDING REQUESTS & CAPITAL PROFILES**

The following Capital Funding Request and capital profiles provide additional information for budget adjustments related to initiatives noted under Schedule 11.0 Capital Budget & Forecast Plan. These capital profiles reflect projects anticipated to begin construction in 2025.

- A1: Greenhouse Gas Mitigation Energy Transition Portfolio Capital Funding Request

# CAPITAL PROFILE REPORT

PROFILE NAME:	<b>GREENHOUSE GAS MITIGATION ENERGY TRANSITION PORTFOLIO</b>	<b>RECOMMENDED</b>
PROFILE NUMBER:	<b>CM-81-2049</b>	<b>PROFILE STAGE: Council Review</b>
DEPARTMENT:	<b>Utilities</b>	<b>PROFILE TYPE: Composite</b>
LEAD BRANCH:	<b>Waste Services</b>	LEAD MANAGER: <b>Denis Jubinville</b>
PROGRAM NAME:		PARTNER MANAGER:
PARTNER:		ESTIMATED START: <b>January, 2025</b>
BUDGET CYCLE:	<b>2023-2026</b>	ESTIMATED COMPLETION: <b>December, 2026</b>

<b>Service Category:</b>	<b>Utilities</b>	<b>Major Initiative:</b>
--------------------------	------------------	--------------------------

<b>GROWTH</b>	<b>RENEWAL</b>	<b>PREVIOUSLY APPROVED:</b>	<b>-</b>
<b>100</b>		<b>BUDGET REQUEST:</b>	<b>2,689</b>
		<b>TOTAL PROFILE BUDGET:</b>	<b>2,689</b>

**PROFILE DESCRIPTION**

The composite profile allocates funding for Waste Services' (WS) greenhouse gas mitigation projects, including building energy efficiency improvements and the development of electricity infrastructure for future electric vehicles. These projects will be carried out by the Business Integration and Technical Services of the Waste Services Branch, along with Integrated Infrastructure Services within the Infrastructure Delivery Branch, during the 2023-2026 capital budget cycle. The WS climate action team will oversee project execution, with guidance from a steering committee composed of WS and Corporate environmental stakeholders. The projects will adhere to the City's Project Development and Delivery Model (PDDM) as appropriate. The project manager will use the Plan-Do-Check-Approve process to assess readiness at each phase and ensure that GHG mitigation targets are met efficiently and cost-effectively.

This capital funding request provides concept-level budget information. Detailed information on specific projects, including budgets and schedules, will be provided once the projects reach PDDM checkpoints. A detailed business case has been developed for approval by the Utility Committee and Council.

The capital projection for this profile is approximately \$2,688,986, with \$761,541 allocated for 2025 and \$1,927,445 for 2026. A provisional list of projects are below.

- Building Re-Commissioning (\$349,668 in 2024 dollars): KEN115 - Kennedale Waste Operations building, KEN120 - Kennedale Waste Operations Building East, WAS107 - Waste Management Materials Recovery Facility (Site #600), WAS117/118 - Waste Management Integrated Processing & Transfer Facility (Site #480), WAS119 - Waste Management Advanced Energy Research Facility (Site #306), WAS122 - Waste Management Domes (Site #440).
- Demand Controlled Ventilation (\$306,768 in 2024 dollars): AMB112 - Ambleside ECO Station, KEN120 - Kennedale Waste Operations Building East, WAS101 - Waste Management Control Centre/Admin (Site #100), WAS104 - Waste Management Leachate Treatment (Site #330), WAS107 - Waste Management Materials Recovery Facility (Site #600), WAS110 - Waste Management Co-Composter (Site #500), WAS119 - Waste Management Advanced Energy Research Facility (Site #306), WAS120 - Waste Management Equipment Storage & Maintenance Facility (Site #320), WAS122 - Waste Management Domes (Site #440), WAS130 - Waste Management Maintenance Tent (Site #350A).
- Heat Recovery (\$331,680 in 2024 dollars): WAS107 - Waste Management Materials Recovery Facility (Site #600), WAS110 - Waste Management Co-Composter (Site #500), WAS122 - Waste Management Domes (Site #440).
- Fuel Switching (\$147,388 in 2024 dollars): WAS107 - Waste Management Materials Recovery Facility (Site #600).
- ZEV and Solar PV Readiness, Electricity Infrastructure Assessment, and Decarbonization Implementation Plan (\$1,455,000 in 2024 dollars): This category encompasses various miscellaneous activities for Waste Services Collection and Processing/Transfer Facilities, including Electricity Demand Analysis and Onsite Power Infrastructure Assessment, Electric Grid Enhancement and Charging Infrastructure Investment, Building Assessment for solar PV installation, GHG Methodology Development and Emission Reduction Audit, and Decarbonization Implementation Plan Development.

**PROFILE BACKGROUND**

Buildings and fleet vehicles represent two significant contributors to greenhouse gas (GHG) emissions in WS operations. These emissions stem from the consumption of electricity and fossil fuels such as natural gas, diesel, and gasoline. The WS climate action plan identified opportunities to mitigate or eliminate GHG emissions from these sources, and recommended initiatives focusing on enhancing energy efficiency, transitioning heating systems to electric power, generating renewable energy, and adopting zero (or low) emission vehicles. This composite capital profile underscores the necessity for capital funding to execute the proposed actions. The composite profile aligns with the City's Council Climate Resilience Policy (No. C627) and the Greenhouse Gas Management Plan 2019-2030 for Civic Operations.

**PROFILE JUSTIFICATION**

The proposed climate action projects align with the City Council's Climate Resilience Policy (No. C627) and the Greenhouse Gas Management Plan 2019-2030 for Civic Operations (the Plan). The Plan outlines several GHG mitigation strategies, including energy-efficient building upgrades and transitioning from fossil fuel vehicles to electric ones. WS intends to start implementing selected climate actions in 2025 and 2026, focusing on retrofitting buildings for energy efficiency and developing infrastructure to support the transition to low-emission vehicles, as mentioned in the profile description. The anticipated outcomes of these proposed measures include a shift to renewable energy, improved energy efficiency, and reduced electricity consumption from the Alberta Electrical Grid. The estimated GHG reduction from the identified projects, once fully implemented by 2030, is about 6,683 tCO<sub>2</sub>e per year. WS's climate project is classified as a medium-impact action under the City's carbon budget.

**STRATEGIC ALIGNMENT**

The WS climate actions are in line with City Policy C627 - Climate Resilience and the City Operations GHG Management Plan. The measures proposed in this business case represent the initial steps towards achieving the City's GHG reduction goals.

**ALTERNATIVES CONSIDERED**

In addition to the measures proposed in this funding request—retrofitting buildings for energy efficiency and transitioning to low-emission vehicles—other alternatives, such as Building Envelope Upgrades and Fast Acting Doors, were also considered. However, due to their low GHG reduction potential (less than 25 tCO<sub>2</sub>e per year for each measure), these options have not been selected for the current budget cycle.

**COST BENEFITS**

The WS Climate Action Plan shows building commissioning and ventilation control upgrades have net abatement costs of -\$941/tCO<sub>2</sub>e and -\$306/tCO<sub>2</sub>e, with lifecycle savings. Fuel switching, heat recovery, and low-emission vehicles cost \$802/tCO<sub>2</sub>e, \$77/tCO<sub>2</sub>e, and \$1,038/tCO<sub>2</sub>e. These measures cut GHGs, lower EV operating costs compared to internal combustion, support Edmonton's shift to sustainable energy, and improve air quality.

**KEY RISKS & MITIGATING STRATEGY**

The identified risks and mitigation strategies are as follows:

- Technical challenges with EVs: Stay current with EV technology developments and consider leasing EVs to avoid risks of rapid obsolescence.
- High upfront and operational costs for electrification: Use a phased approach to manage cash flow and seek government incentives to reduce initial expenses.
- Global supply chain issues for specialized equipment: Use locally sourced materials when possible and allow for sufficient lead time for procurement.
- Cost overruns: Continuously monitor risks, implement a strong change control process, and set clear deliverables, milestones, and payment terms to control costs.

**RESOURCES**

WS Climate Action Plan, WS 2025 - 2026 Greenhouse Gas Mitigation Energy Transition Portfolio Capital Funding Request, and Greenhouse Gas Management Plan 2019-2030 for Civic Operations

**CONCLUSIONS AND RECOMMENDATIONS**

It is recommended that this capital funding request be approved to support WS in meeting its commitment to mitigate GHG emissions at its operations.

# CAPITAL PROFILE REPORT

PROFILE NAME: **Greenhouse Gas Mitigation Energy Transition Portfolio**  
 PROFILE NUMBER: **CM-81-2049**  
 BRANCH: **Waste Services**

**RECOMMENDED**  
 PROFILE TYPE: **Composite**

### CAPITAL BUDGET AND FUNDING SOURCES (000's)

APPROVED BUDGET		Prior Years	2024	2025	2026	2027	2028	2029	2030	2031	2032	Beyond 2032	Total
	Approved Budget	Original Budget Approved	-	-	-	-	-	-	-	-	-	-	-
	Current Approved Budget	-	-	-	-	-	-	-	-	-	-	-	-

BUDGET REQUEST	Budget Request	-	-	762	1,927	-	-	-	-	-	-	-	2,689
	Revised Funding Sources (if approved)												
	Self-Liquidating Debentures	-	-	762	1,927	-	-	-	-	-	-	-	2,689
	Requested Funding Source	-	-	762	1,927	-	-	-	-	-	-	-	2,689

REVISED BUDGET (IF APPROVED)	Revised Budget (if Approved)	-	-	762	1,927	-	-	-	-	-	-	-	2,689
	Requested Funding Source												
	Self-Liquidating Debentures	-	-	762	1,927	-	-	-	-	-	-	-	2,689
	Requested Funding Source	-	-	762	1,927	-	-	-	-	-	-	-	2,689

### CAPITAL BUDGET BY ACTIVITY TYPE (000's)

REVISED BUDGET (IF APPROVED)	Activity Type	Prior Years	2024	2025	2026	2027	2028	2029	2030	2031	2032	Beyond 2032	Total
		Other Costs	-	-	762	1,927	-	-	-	-	-	-	-
	Total	-	-	762	1,927	-	-	-	-	-	-	-	2,689

### OPERATING IMPACT OF CAPITAL

Type of Impact:

Branch:																
	Rev	Exp	Net	FTE	Rev	Exp	Net	FTE	Rev	Exp	Net	FTE	Rev	Exp	Net	FTE
Total Operating Impact	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

## **APPENDIX B: WASTE SERVICES FISCAL POLICY C558C**



# Council Policy

## Waste Services Utility Fiscal Policy

<b>Program Impacted</b>	Financial Sustainability <i>The City of Edmonton's resilient financial position enables both current and long-term service delivery and growth.</i>
<b>Number</b>	C558C
<b>Date of Approval</b>	July 3, 2024
<b>Approval History</b>	December 9, 2020 (C558B) September 23, 2014 (C558A) June 1, 2011 (C558)
<b>Next Scheduled Review</b>	July 2028

### Statement

#### I. The purpose of this policy is to:

- A. Ensure that the Utility is financially sustainable over the long term and remains a self-funded enterprise.
- B. Ensure that there is a consistent approach year over year for the financial planning, budgeting and rate setting for the City of Edmonton managed Utility.

#### II. Guiding Principles

- A. The Utility is to be operated in a manner that balances the best possible service at the lowest cost (public utility) while incorporating utility rate-setting principles in establishing customer rates.

#### III. Operating Principles

- A. The Utility is exempt from a Local Access Fee as the Utility does not have exclusive rights to the waste collection and disposal market, nor does it have exclusive use of the roadways.
- B. The Utility is exempt from Dividend payment to the City of Edmonton.
- C. Similar to private utilities, the Utility will account for the cost of service under a full cost accounting approach.



- D. Where government grants are not provided for the exclusive use of the Utility, access to government grants requires the completion of a business case that takes into account the overall needs of the community. The allocation of grant funding to the Utility will be based on prioritization of all City of Edmonton capital projects through the City of Edmonton's Capital Budget Process.
- E. For Utility provision of non-regulated services and where such services require significant capital investment and/or have net operating costs, a business case is to be prepared to inform funding decisions to be made by City Council.
- F. The Utility is to contribute towards achieving the goals of The City Plan.

#### **IV. Utility Rate Setting Principles:**

- A. Customer rates will be set based on both the short-term and long-term needs of the Utility to ensure they are as stable and predictable year-over-year as possible.
- B. Customer rates will be understandable, practical and cost-effective to implement.
- C. Customer rates will be based on the forecasted cost of providing Utility services and will fairly apportion the cost of service among different customer classes.
- D. Customer rates may be set either annually or for a period of up to four years at a time.
- E. Customer rates will promote the efficient use of resources and be set to achieve broader social, economic and environmental goals.
- F. Cost for services received from or provided to related parties will be accounted for under the full cost accounting approach.

#### **V. Debt Financing Principles:**

- A. Debt financing is only permitted for capital expenditures. Debt will not be utilized to finance operating expenditures.
- B. The Utility will follow the City of Edmonton's process for debt issuance in accordance with Debt Management Fiscal Policy C203D, including the term of debt and will be consolidated with City of Edmonton debt in determining the City of Edmonton's position relative to the debt servicing limits within the policy and debt limitations arising from legislation.
- C. Debt financing will be considered for Capital Expenditures in:
  1. projects with long-term benefits;
  2. major rehabilitation or upgrade of existing assets; and
  3. emerging capital requirements to support Utility priorities and strategic plans.
- D. Debt financing will be utilized in an appropriate manner to balance long-term financial sustainability and intergenerational equity for Utility customers.

## VI. Financial Indicators

**A.** Financial indicators are general measures that will need to be interpreted collectively to appropriately assess the Utility's long-term financial sustainability. As such, it may be desirable to have higher or lower results on a short-term basis to balance rate setting principles and long-term financial sustainability.

### 1. Net Income

**a)** The Utility is to generate sufficient revenue to cover annual operating costs, including debt repayment, generally resulting in a positive net income, to support sufficient retained earnings and long-term financial sustainability, including capital growth and renewal needs.

### 2. Cash Position

**a)** The minimum cash position required will need to be sufficient to cover:

- (1)** Pay As You Go funding for forecasted capital expenditures as identified in the Capital Plan.
- (2)** Long-term environmental liability requirements.
- (3)** Working capital requirements with an allowance for operating risk.

**b)** The management of the Utility's cash position is the responsibility of Administration, taking into consideration many variables including, but not limited to, current borrowing rates, current and future cash requirements, and the planned capital financing structure (including Pay As You Go funding requirements).

**c)** Where the Utility's cash position is insufficient to meet cash flow requirements, the Utility may borrow from the City of Edmonton on a short-term basis, with 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.

### 3. Debt Service Coverage Ratio

**a)** The Debt Service Coverage Ratio measures the ability of the Utility to meet its debt servicing obligations using annual revenues and is calculated as follows:

$$\text{Debt Service Coverage Ratio} = \frac{\text{Annual Net Operating Income (Net Income excluding interest expense \& Depreciation/Non-Cash Items)}}{\text{Annual Total Debt Servicing (Principal + Interest)}}$$

**b)** The minimum baseline target is recommended to be 1.5. Meeting the baseline will ensure that the Utility is earning enough to cover annual debt servicing costs.

### 4. Debt to Net Assets Ratio

**a)** The Debt to Net Assets Ratio measures the extent that the Utility is debt leveraged and is calculated as follows:

$$\text{Debt to Net Assets Ratio (Non-Contributed) = } \frac{\text{Total Long-Term Debt for Non-Contributed Capital Assets}}{\text{Net Book Value of Capital Assets (Non-Contributed)}}$$

- b) The Utility will aim to maintain a Debt to Net Assets Ratio between 50 and 70 percent by balancing long-term financial sustainability with intergenerational equity.

## VII. Financial Planning

- A. Budget and financial planning will incorporate industry best practices and will 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.
- B. The Utility will prepare four-year business plans aligned with the Corporate budgeting and planning process, which will be used to support the Utility's rate filings.
- C. The Utility Committee shall recommend to City Council the customer rates for the upcoming year(s), based on a 10-year planning horizon with budgets that are prepared based on current year forecast, business plan implementation and financial sustainability.

## VIII. Definitions

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

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

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

**Debt Service Coverage Ratio** - a measure of the annual available cash flow for debt servicing of interest and principal payments.

**Debt Servicing** - annual required debt repayments including interest and principal.

**Debt to Net Assets Ratio** - a measure of the extent to which the Utility is financing its net assets through debt.

**Dividend** - an amount that is payable to the City of Edmonton from the actual net income of the Utility, payable in the following year.

**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 Utility Committee and approved by City Council) are attained.

**Full Cost Accounting** - shall include cost allocation for services provided by the City of Edmonton and may include administration costs, and other shared services such as communications, human resources, information technology, legal, procurement, customer support, fleet, financial services, facility maintenance, custodial services, real estate and general corporate overhead.

**Net Assets** - net book value of the Utility's non-contributed capital assets.

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

**Non-regulated Activities** - activities that are not essential to the provision of core services by the Utility. Examples may include commercial waste collection, disposal of commercial waste, construction and demolition waste, and other services to the City of Edmonton.

**Pay As You Go** - the amount of cash required to implement the Capital Plan; annual amount to be funded from operating revenues.

**Rate Revenue** - revenues generated through monthly customer rates.

**Retained Earnings** - accumulated net operating surpluses of the Utility used to support long-term financial sustainability of the Utility, including managing operating risks, long-term liabilities, and capital growth and renewal needs.

**Regulated Activities** - activities that are core to the services provided by the Utility. Residential curbside collection and the disposal of residential waste (including Eco Stations, Big Bin Events, etc.) are regulated activities of the Utility.

**Related Parties** - all departments, branches and enterprises of the City of Edmonton that are subject to common control, joint control or significant influence by City Council or management.

**Utility** - refers to the Waste Services Utility, a self-funded operation that provides collection and disposal of residential waste at rates regulated by City Council, as well as other Non-regulated Activities.

## IX. References

Debt Management Fiscal Policy C203D  
Public Sector Accounting Standard PS3150