

Utility Advisor Review - Downtown District Energy Utility - 2025-2026 Rate Filing

1. Purpose of this report

The purpose of this report is to provide advice to the Utility Committee with respect to this application. The Utility Advisor has reviewed the application and measured it against generally accepted regulatory processes. The information provided in the rate application was sufficient without the need to submit Information Requests.

2. Executive Summary

The Utility Advisor's review can be summarized as follows:

- The application meets regulatory requirements
- DDE staff were responsive to requests for meetings and information requests
- The decision to cover startup costs and future revenue shortfalls with the use of City supported tax levy contributes to the financial viability of the utility but may shift the burden of GHG reductions to City ratepayers.
- There is a significant element of policy decisions required of City Council beyond the normal scope of more straight forward utility rate applications.

Given the above, the Utility Advisor believes that the Utility Committee has adequate information available to set the DDE 2025-2026 rates.

3. Application Review

The Utility Advisor was provided draft copies of the Business Case, Utility Fiscal Policy and Rate Application. The material presented was sufficient for the Utility Advisor review without the need for Information Requests.

4. Long-Term Viability

The Business Case proposes the expansion of the DDE in phases with each phase subject to significant checkpoints. In the case of a utility with such a long lifespan, this is a prudent step to minimize the risk associated with reliance on long-term forecasts.