

Bylaw 15816 – EPCOR Water Services and Wastewater Treatment Bylaw

A Bylaw to Replace Bylaw 12585 – EPCOR Waterworks Bylaw

Recommendation:

That Utility Committee recommend to City Council:

That Bylaw 15816 – EPCOR Water Services and Wastewater Treatment Bylaw, be given the appropriate readings.

Purpose

The purpose of Bylaw 15816 – EPCOR Water Services and Wastewater Treatment Bylaw is to establish rates for water services and wastewater treatment services provided by EPCOR Water Services Inc. (EPCOR) for the period of April 1, 2012, to March 31, 2017.

Readings

Bylaw 15816 is ready for second and third reading. At the July 20, 2011, City Council meeting, Bylaw 15816 – EPCOR Water Services and Wastewater Treatment Bylaw received first reading. A non-statutory public hearing will be held at the September 1, 2011, Utility Committee meeting, which falls within 60 days of Council giving first reading to this bylaw.

Advertising and Signing

This Bylaw has been advertised in the

Edmonton Journal on Saturday, July 23 and July 30, 2011, in accordance with Bylaw 12294 – EPCOR Rates Procedures Bylaw. The Bylaw can be signed and thereby passed following third reading by City Council.

Position of Administration

As set out in Bylaw 12294 – EPCOR Rates Procedure Bylaw, a thorough detailed review of the reasonableness of the proposed rates was completed by Administration following first reading of the proposed Bylaw 15816 – Water Services and Wastewater Treatment Bylaw. The reasonableness review is addressed through the September 1, 2011, Financial Services report 2011CA1232.

Previous Council/Committee Action

At the July 20, 2011, City Council meeting, the following motion was passed:

That upon first reading of Bylaw 15816:

b. Utility Committee hold a non-statutory public hearing on Bylaw 15816, at the September 1, 2011, Utility Committee meeting.

Report Summary

In accordance with Bylaw 12294 – EPCOR Rates Procedures Bylaw, this report includes the Rates Notice, Rates Report and proposed Bylaw 15816 – EPCOR Water Services and Wastewater Treatment Bylaw tabled by EPCOR to replace the existing Bylaw 12585 – EPCOR Waterworks Bylaw. This report also provides a brief background and outlines the process, status to date and timing to allow for the assessment and

Bylaw 15816 – EPCOR Water Services and Wastewater Treatment Bylaw – A Bylaw to Replace Bylaw 12585 – EPCOR Waterworks Bylaw

approval of the related rates, fees, and charges established by the bylaw.

Report

Background

Bylaw 12294 – EPCOR Rates Procedures Bylaw outlines the procedures for Council to approve rates applicable to any utility service provided by EPCOR within the boundaries of the city which the City has authority to approve.

Performance based regulation of rates has been used in setting water rates in the City since 2002. A performance based regulation approach sets rates for the first year and applies a predefined formula and process to adjust rates on an annual basis for the remaining four years. EPCOR's current performance based regulation of rates plan was approved (July 4, 2006 – City Council) for April 1, 2007 – March 31, 2012, as a part of Bylaw 12585 – EPCOR Waterworks Bylaw.

Process and Timing

Through Bylaw 15816, EPCOR is seeking approval for a five year Performance Based Rates plan for the period April 1, 2012 – March 31, 2017. The proposed Bylaw 15816, EPCOR Water Services and Wastewater Treatment Bylaw would replace the current Bylaw 12585 – EPCOR Waterworks Bylaw. Bylaw 15816 also introduces wastewater treatment rates, reflecting the rates in respect of Gold Bar wastewater treatment.

Administration has worked with EPCOR and developed a timeline for Utility Committee and Council to review Bylaw

15816 – EPCOR Water Services and Wastewater Treatment Bylaw. This timeline and progress to date is outlined in Attachment 1.

The process and timing in this report will allow for the assessment and approval of Bylaw 15816 covering the:

- rates, fees, and charges for water services and wastewater treatment services provided by EPCOR to City customers including, Performance Based Rates from April 1, 2012 - March 31, 2017
- terms and conditions of water services

Currently, wastewater treatment rates and wastewater collection and transmission rates are levied through Bylaw 9675 – Sewers Use Bylaw. Rates included in Bylaw 9675 – Sewers Use Bylaw are usually amended to be effective each January as part of Council approval of utility budgets and rates. Bylaw 15816 – EPCOR Water Services and Wastewater Treatment Services Bylaw will not be effective until April 1, 2012, so the wastewater treatment rate will remain in Bylaw 9675 – Sewers Use Bylaw, until then. Revisions to Bylaw 9675, Sewers Use Bylaw will be required prior to April 1, 2012, to remove the rates associated with wastewater treatment services which will be included in Bylaw 15816 – EPCOR Water Services and Wastewater Treatment Services Bylaw. Wastewater collection and transmission rates will continue to be charged through Bylaw 9675 – Sewers Use Bylaw.

Policy

The information in this report is compliant with the *Municipal Government Act* and Bylaw 12294 – EPCOR Rates Procedures Bylaw.

Corporate Outcomes

The information contained in this report is consistent with Council's strategic vision in terms of its conditions of success, particularly related to sound management practices and processes.

Budget/Financial Implications

Approval of Bylaw 15816 will have financial implications on EPCOR's water and wastewater treatment revenues, therefore impacting the EPCOR franchise fees and dividend received annually by the City.

Legal Implications

Pursuant to the *Public Utilities Act*, utility services owned or operated by a municipality are not regulated by the Alberta Utilities Commission. In addition, the *Municipal Government Act* provides that public utilities owned or operated by EPCOR Water Services Inc. within the boundaries of the City of Edmonton are not regulated by the Alberta Utilities Commission.

The *Municipal Government Act* provides City Council with the authority to pass bylaws relating to public utilities and to set terms, costs or charges relating to those public utilities.

The existing Bylaw 12585 – EPCOR Waterworks Bylaw, sets out a mechanism for setting and adjusting fees, rates and charges for EPCOR water services for a period that expires March 31, 2012. Therefore, a new or

amending bylaw is required to set fees, rates and charges to be effective subsequent to March 31, 2012. Bylaw 12294 – EPCOR Rates Procedures Bylaw sets out a procedure for Council to approve rates applicable to any utility service provided by EPCOR within the boundaries of the City of Edmonton which the City has authority to approve. Under Bylaw 12294 – EPCOR Rates Procedures Bylaw, if first reading of a bylaw determining rates applicable to a utility service passes, Council must refer the matter to a Utility Committee meeting for a non-statutory public hearing to occur within sixty (60) days.

Justification of Recommendation

A new or amending bylaw is required to set fees, rates and charges to be effective subsequent to March 31, 2012.

Attachments

1. Schedule for Assessment and Approval of Bylaw 15816
2. EPCOR Rates Notice, Rates Report and Bylaw 15816 – Water Services and Wastewater Treatment Bylaw (*please bring your copy of Attachment 3, of item 6.1, previously distributed with the June 16, 2011, Utility Committee agenda*)

Others Reviewing this Report

- D. H. Edey, General Manager, Corporate Services
- M. Koziol, General Manager, Infrastructure Services

Schedule for Assessment and Approval of Bylaw 15816

Date	Process/Status
June 16, 2011	Utility Committee - High-level review completed. Recommendations made to City Council as outlined in the June 16, 2011 Financial Services report 2011CAO123.
July 20, 2011	City Council – Bylaw 15816 given first reading.
July 23, 2011	Completed the first public advertisement of public hearing and process for public submissions.
July 29, 2011	City Council - Councillor's written questions submitted to the Office of the City Clerk for EPCOR and City Administration response.
July 30, 2011	Completed the second public advertisement of public hearing and process for public submissions.
August 10, 2011	Deadline for public submissions to receive a response at Public Hearing is not less than 21 days before the hearing. Submissions received after this date will be received for information only. At the time of writing this report no written submissions have been received from the public.
September 1, 2011	Non-Statutory Public hearing at Utility Committee meeting. Administration's report on results of review of reasonableness of rates (Financial Services Report 2011CA1232) and summary of written submissions by interested parties (Financial Services Report 2011CA1233) to be presented.
September 14, 2011	City Council - Review for consideration of second and third reading. (Tentative)