

# 2019 Annual Progress Report Performance Based Regulation

EPCOR Water Services  
October 2020



# 2019 PBR Progress Report

- The 2019 PBR Progress Report provides an annual update to the City of Edmonton on the operational and financial results for In-City Water Services, Wastewater Treatment Services, and Drainage Services in accordance with the PBR plans approved in EPCOR Water Services and Wastewater Treatment Bylaw No. 17698, and EPCOR Drainage Services Bylaw No. 18100
- The annual update includes:
  - Financial performance;
  - Capital expenditures;
  - Operational performance;
  - Bill comparisons with other municipalities; and
  - Final update for the 2019 Operational Plans.
- The PBR Progress Report also includes a summary of non-routine adjustments to Water, Wastewater, and Drainage rates.



# Customers and Consumption

In-City Water	2019		
	Forecast	Actual	% Chg
Customers			
Residential	266,138	269,842	1.4%
Multi-Residential	3,837	3,779	-1.5%
Commercial	19,761	19,918	0.8%
Total	289,736	293,539	1.3%
Annual Consumption (ML)			
Residential	45,215.1	44,603.1	-1.4%
Multi-Residential	18,813.6	17,766.6	-5.6%
Commercial	28,529.4	26,133.3	-8.4%
Total	92,558.0	88,502.9	-4.4%
Consumption per Customer (m <sup>3</sup> per month)			
Residential	14.2	13.8	-2.8%
Multi-Residential	408.6	391.8	-4.1%
Commercial	120.3	109.3	-9.1%



# Financial Performance - In-City Water

In-City Water	2019		2017-2019	
	Forecast	Actual	Forecast	Actual
	(\$ millions)			
Revenue	205.8	191.3	593.9	571.2
Operating expenses	(108.1)	(99.5)	(314.8)	(295.5)
Depreciation and amortization	(28.4)	(28.4)	(81.1)	(81.3)
Interest	(29.4)	(29.0)	(84.3)	(84.2)
Net Income	40.8	34.4	117.1	110.2
Mid-Year equity portion of rate base	401.2	401.12		
Return on Equity	10.18%	8.56%	10.18%	9.61%



# Capital Expenditures - In-City Water

Project Category	2019		2017-2021	
	PBR Forecast	Actual	PBR Forecast	Current Projection
	(\$ millions)			
Reliability & Life Cycle Improvements	54.5	63.1	262.4	279.4
Growth/Customer Requirements	16.4	31.6	97.5	142.1
Accelerated	12.9	13.1	67.8	58.0
Performance Efficiency & Improvement	5.6	4.2	44.1	46.9
E.L. Smith Solar Farm	-	0.7	-	35.3
Health, Safety & Environment	2.1	2.2	26.6	29.0
Regulatory	2.3	2.9	11.6	11.6
Sub-total	93.9	117.9	510.1	602.2
Contributions	(6.9)	(4.9)	(34.3)	(28.1)
Capital Expenditures	87.0	113.0	475.8	574.1

Higher than forecast capital expenditures in 2019 reflect higher expenditures on service connections and transmission mains needed to accommodate growth, LRT relocations funded through NRAs, and HVAC and Chemfeed upgrades at Rossdale.



# Financial Performance - Wastewater

Wastewater	2019		2017-2019	
	Forecast	Actual	Forecast	Actual
	(\$ millions)			
Revenue	105.6	99.1	297.4	286.0
Operating expenses	(57.1)	(50.3)	(166.7)	(146.6)
Depreciation and amortization	(17.4)	(18.0)	(47.0)	(48.4)
Interest	(12.6)	(11.5)	(34.1)	(32.5)
Net Income	19.2	19.3	53.0	58.5
Mid-Year equity portion of rate base	188.3	177.0		
Return on Equity	10.18%	10.93%	10.18%	11.84%



# Capital Expenditures - Wastewater

Project Category	2019		2017 to 2021	
	PBR Forecast	Actual	PBR Forecast	Current Projection
	(\$ millions)			
Reliability and Life Cycle Improvements	49.0	43.0	203.4	206.3
Hydrovac Sanitary Grit	-	-	8.4	7.3
Performance Efficiency and Improvement	3.4	4.9	17.6	17.0
Growth/Customer Requirements	-	1.0	1.5	1.6
Health, Safety and Environment	0.9	0.5	4.5	5.0
Regulatory	-	-	-	1.5
Capital Expenditures	53.3	49.3	235.4	238.6

Lower than forecast capital expenditures in 2019 result primarily from scope and timing adjustments to the mid-point operations centre, deferral of digester 4 upgrades, and scope reductions to rehab and life cycle replacement projects, partially offset by higher expenditures on sludge lines and pipe racks.

# Financial Performance - Drainage

Drainage	2019		2018-2019	
	Budget	Actual	Budget	Actual
	(\$ millions)			
Drainage Revenue	202.4	198.9	399.0	393.6
Operating expenses	(118.7)	(116.5)	(229.1)	(227.5)
Depreciation and amortization	(34.6)	(32.7)	(63.7)	(64.7)
Interest	(26.4)	(21.3)	(47.3)	(40.0)
Net Income	22.8	28.5	58.9	61.4
Mid-year equity portion of rate base	508.6	492.0		
Return on Equity	3.98%	4.76%	5.21%	5.21%

As there is no approved PBR – the basis for comparison is the EPCOR 2018 Budget presented on a regulated basis and escalated at inflation for comparison.





# Capital Expenditures - Drainage

Project Category	2019		2018 - 2021	
	Budget	Actual	LTP	Current Projection
	(\$ millions)			
Drainage Neighbourhood Renewal	29.8	24.6	175.8	115.9
Drainage System Expansion	12.7	24.2	84.2	90.6
Drainage System Rehabilitation	86.8	70.7	119.2	270.4
Environmental Quality Enhance	10.9	5.1	100.8	48.1
Flood Mitigation	31.6	14.0	247.5	87.4
SSSF Projects	34.3	22.1	137.8	104.3
Real Estate	-	-	-	37.3
NRA-LRT Projects	0.7	5.4	-	51.2
NRA-CORe	-	1.2	-	31.8
<b>Total Capital Expenditures</b>	<b>206.8</b>	<b>167.3</b>	<b>865.3</b>	<b>836.8</b>
Contributions	(37.7)	(25.4)	(197.9)	(125.2)
<b>Capital Expenditures, net</b>	<b>169.1</b>	<b>141.9</b>	<b>667.4</b>	<b>711.6</b>

Lower than forecast capital expenditures in 2019 result primarily from reprioritization of capital projects to align with operational priorities and new capital programs (Odour, SIRP).

# Operational Performance In-City Water & Wastewater

Performance Measure Index	Index Target	Points Earned
<b>In-City Water</b>		
Water Quality Index	25.0	25.0
Customer Service Index	20.0	21.0
System Reliability and Optimization Index	25.0	28.5
Environmental Index	15.0	16.5
Safety Index	15.0	16.5
<b>Total</b>	<b>100.0</b>	<b>107.5</b>
<b>Wastewater</b>		
Water Quality and Environmental Index	55.0	60.5
Customer Service Index	15.0	16.5
System Reliability and Optimization Index	15.0	16.5
Safety Index	15.0	16.5
<b>Total</b>	<b>100.0</b>	<b>110.0</b>



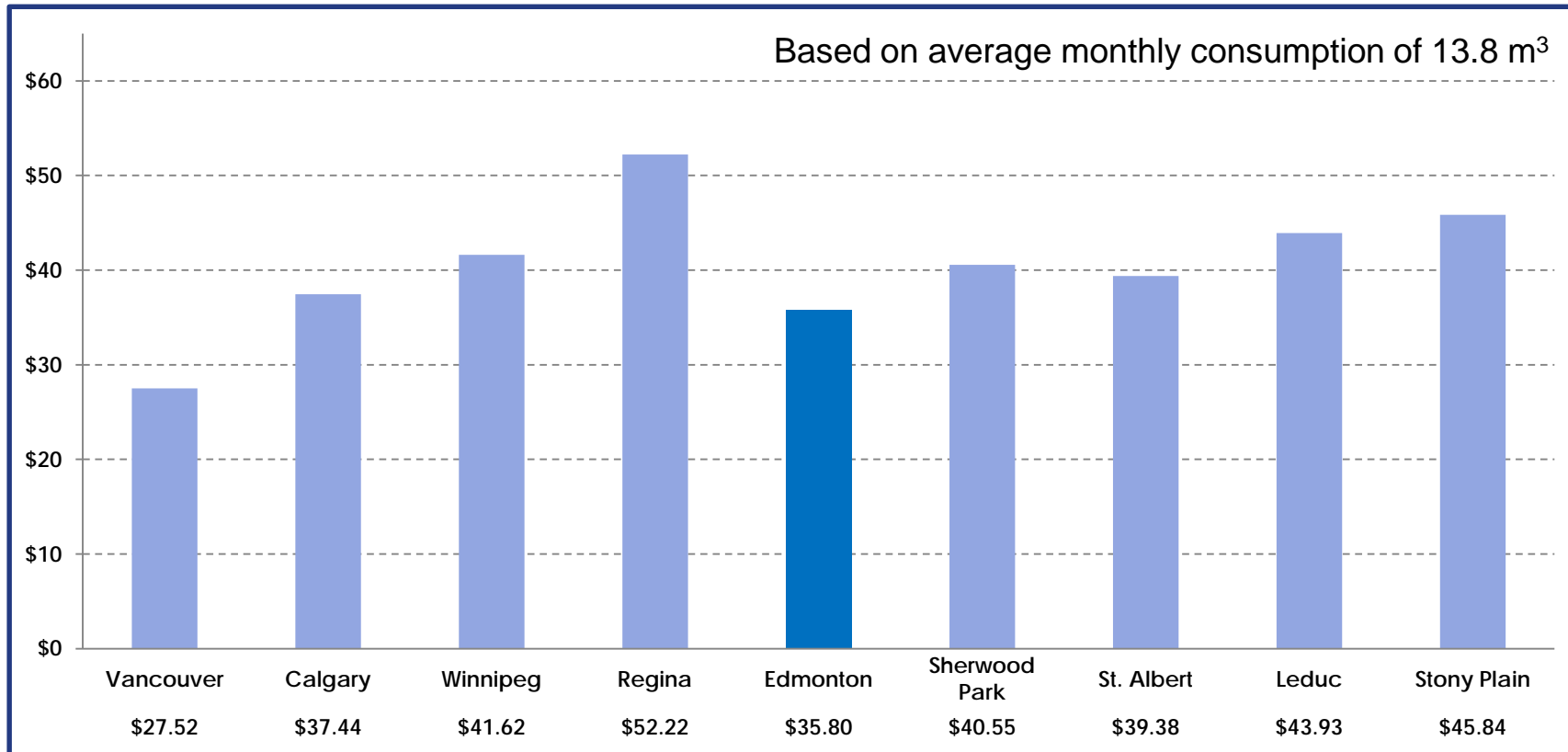
# Operational Performance - Drainage

Index Metric	Measure	Target	Actual
<b>Water Quality and Environmental Index</b>			
•	Edmonton Watershed Contaminant Reduction Index Score	> 6.9	7.6
•	Total Loading – Total Suspended Solids	< 50,000	46,900
<b>Customer Service Index</b>			
•	Emergencies Responded to Within Two hours	> 87.0%	94.81%
•	Number of Blocked Mainline Sewers	< 2.2	2.37
•	Mature Neighbourhoods at 1:100 Service Level	> 16.0%	17.7%
•	Odour Complaints	< Prev. Yr.	519
<b>Reliability and Optimization Index</b>			
•	Pipe Capacity Rating - Sanitary	96.0%	96.0%
•	Pipe Capacity Rating - Storm	50.0%	50.0%
•	Pipe Capacity Rating – Combined Sewer Overflow	80.0%	80.0%
•	Infrastructure at or Above the Minimum Level of Condition	90.0%	90.6%
•	Capital Re-invested Compared to Total System Replacement	0.81%	0.53%
<b>Safety</b>			
•	Employee Engagement (survey every 2 years)	N/A	N/A
•	Employee Turnover (excluding retirements)	6.0%	6.7%
•	Lost Time Frequency Factor	0.50	0.33

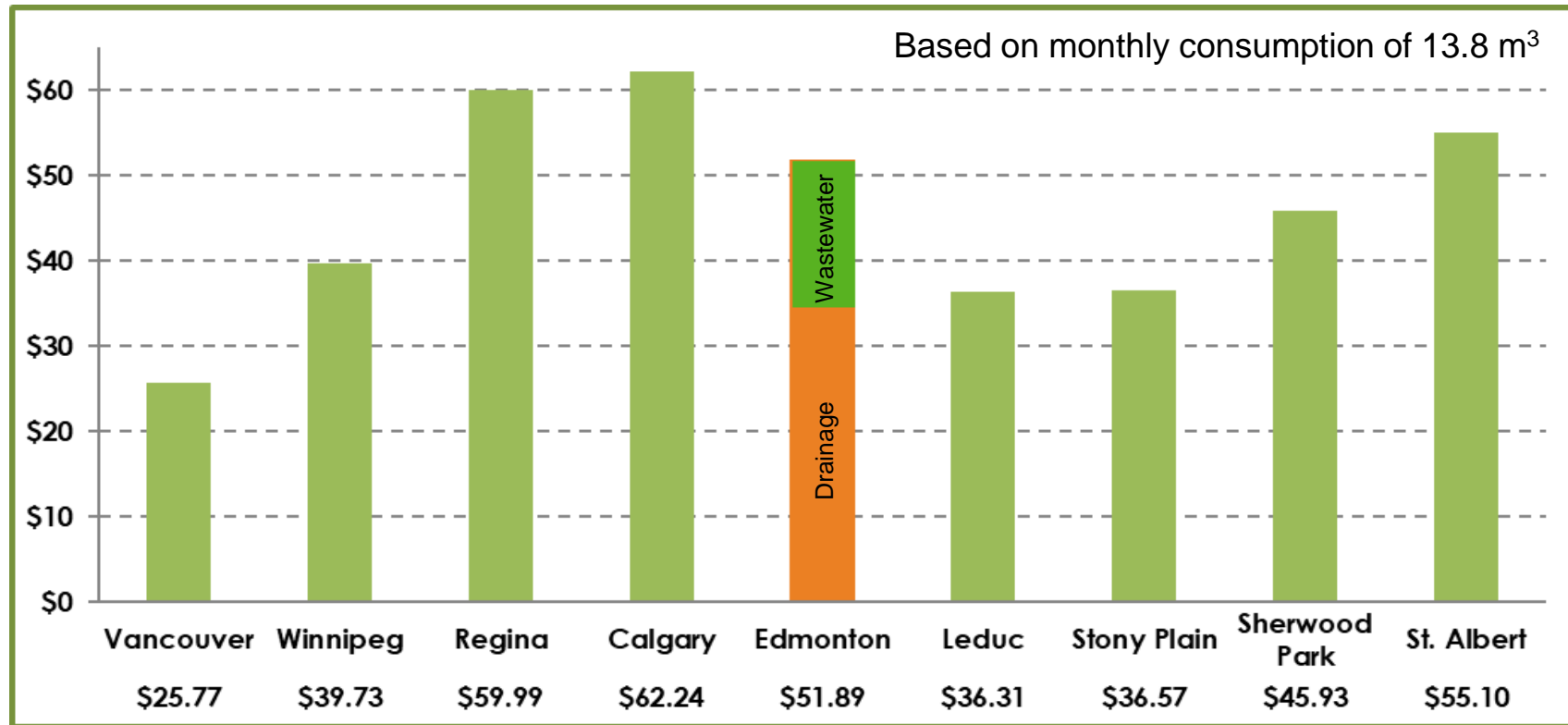
- Performance measures are patterned after previous Drainage Utility service quality metrics and do not include a scoring system similar to those of In-City Water and Wastewater.



# Residential Water Bill - 2019



# Residential Wastewater Bill - 2019



Note that Edmonton's \$51.89 average monthly bill consists of Wastewater charges of \$17.34 and Drainage Services charges of \$34.55.





Questions?

