

Blatchford Renewable Energy

Edmonton

Utility Committee
December 4, 2020

FCS00126 - 2021 Supplementary Operating Budget and Annual Rate Filing

FCS00138 - Blatchford District Energy Utility Fiscal Policy C597 Amendment

FCS00139 - Bylaw 19494 to Amend Bylaw 17943, Amendment No. 2

FCS00173 - 2021 Supplementary Capital Budget Adjustment

PRESENTATION OUTLINE

- 1) 2021 Supplementary Operating Budget**
 - *Agenda Item 6.4 (FCS00126 Council Approval)*
- 2) 2021 Supplementary Capital Budget**
 - *Agenda Item 6.7 (FCS00173 Council Approval)*
- 3) Blatchford District Energy Utility Fiscal Policy C597A**
 - *Agenda Item 6.5 (FCS00138 Council Approval)*
- 4) 2021 Customer Rates (Annual Rate Filing)**
 - *Agenda Item 6.4 (FCS00126 Council Approval of Rate Filing)*
 - *Agenda Item 6.6 (FCS00139 Three Readings for Bylaw 19494)*

2021 SUPPLEMENTARY OPERATING BUDGET

- **Blatchford Renewable Energy Update**
 - Energy Centre One commissioned in fall 2019
 - 17 townhouse customers connecting to system in 2020
 - additional 57 townhouse customers & control tower in 2021
- **Proposed Adjustments to 2021 Operating Budget**
 - pace of land development
 - decrease operating revenues by \$307k (\$445k to \$138k)
 - decrease expenditures by \$224k (\$2,634k to \$2,410k)

2021 SUPPLEMENTARY CAPITAL BUDGET

- **2019-2022 Approved Capital Budget - \$11.7M**
 - \$6.7M completion of Energy Centre No.1 (\$19.4M in total)
 - \$5.0M preliminary planning and schematic design SHX
 - financed through self-supporting tax guaranteed debt
- **2021 Supplementary Capital Budget Adjustment**
 - \$5.0M capital profile 22-83-8384 (FCS00173)
 - design and delivery of Energy Transfer Stations
 - funded up front by home builders

BLATCHFORD UTILITY FISCAL POLICY C597A

- **Regulatory Process for Approval of Rates**
 - Utility Committee recommends rates to Council (Rate Filing)
- **Guiding Regulatory Principles**
 - customer charges based on full cost of providing service
 - pay at most comparable fee to elsewhere in COE
 - financially sustainable in the long run
- **C597 Amendment for Rate Setting Principles (FCS00138)**
 - levelized approach may be used to set rates
 - assessment of rates against market on longer term basis

UTILITY CUSTOMER RATES

- **2019 Initial Customer Rates (“Pegged Approach”)**
 - comparable fee for energy bills & maintenance costs
- **Rate Design** (cost structure 35% variable/65% fixed)
 - variable rate = \$0.0248/kwh
 - fixed rate = \$1.43/day (townhouse); \$1.12/day (apartment)
- **Regulatory Deferral Account**
 - cost to provide service vs. revenue collected (*pegged*)
 - track under recovery of revenue requirement

UTILITY CUSTOMER RATES (CONT.)

- **Beginning in 2020 (“Levelized Approach”)**
 - 2020 approved rates = 2019 escalated by 2.7%
 - 2021 proposed rates = 2020 escalated by 2.7%
- **Justification for Levelized Approach**
 - comparable to rates and approach in business case
 - stable and consistent rate increases
 - relatively simple to understand and implement
- **Comparison of Fees to Elsewhere in COE (5 year ave.)**
 - ➔ townhouse - \$1,780/yr (Blatchford) vs \$1,853/yr (BAU)
 - ➔ apartment - \$1,475/yr (Blatchford) vs \$1,498/yr (BAU)

Thank you.

Questions?

