



Financial and Corporate Services



Edmonton

**EPCOR Water Services Inc.  
2022-2026 Rates Application - Fire  
Hydrant Service Costs**

Utility Committee  
February 5, 2021

# History

- **EWSI Public Fire Protection Services**
  - proper operation of fire hydrants and water supply
- **Fire Hydrant Service Agreement**
  - costs of \$10.8M to \$12.4M annually (Apr/17-Mar/22)
  - included in Fire Rescue Services operating budget
  - funded through property taxes
- **EWSI Rates Application Apr 1/12 to Mar 31/17**
  - options for public fire protection services reviewed
  - fund through property tax as municipal service

# Rationale for Change

	Item	Description
1	<b>Canadian Tax Foundation Publication: <i>User Fees in Canada (2016)</i></b>	<ul style="list-style-type: none"><li>• Municipal trend of moving charges to user fees</li><li>• Governments have reduced municipal payments of grants in lieu of taxes</li></ul>
2	<b>American Water Works Association Principles of Water Rates Fees and Charges (2017)</b>	<ul style="list-style-type: none"><li>• Guidance on regulatory approach for funding fire protection costs</li><li>• Limitations with property tax approach (eg. exemptions)</li></ul>
3	<b>Equity and Fairness</b>	<ul style="list-style-type: none"><li>• Residential water customers (70% of costs/47% of property taxes)</li><li>• 1,653 fully tax exempt properties</li><li>• 146 provincially owned properties (grants in lieu of taxes reduced 50%)</li></ul>
4	<b>Policy C624 Fiscal Policy for Revenue Generation (2020)</b>	<ul style="list-style-type: none"><li>• Principle-based framework for allocating service and infrastructure costs</li><li>• Regulated utility service funded by customers and other non-tax sources</li></ul>
5	<b>Benchmarking / Jurisdictional Review</b>	<ul style="list-style-type: none"><li>• Comparative analysis of other Canadian cities</li><li>• Ottawa, Winnipeg, Calgary, Vancouver - water user paid rates</li></ul>

# Next Steps

## Feedback from Utility Committee:

- **Funding Through Water Utility Rates**
  - incorporate into EWSI 2022-26 rates application
  - terms & conditions added to Water Services Bylaw
  - reduction in operating budget requirement for Fire Rescue Services through 2022 SOBA
  
- **Continued Funding Through Property Tax Levy**
  - fire hydrant service agreement (Apr 1/22 - Mar 31/27)
  - costs included in Fire Rescue Services operating budget

**Thank you**

**Edmonton**