

# Performance Based Rates Applications Process Options

## Recommendation

That Utility Committee recommend to City Council:

That the process for the 2021 review of applications by EPCOR Water Services Inc. to establish new performance based rates for water, wastewater, and drainage services, as set out in Attachment 1 of the April 30, 2021, Office of the City Clerk report OCC00403, be approved.

## Previous Council/Committee Action

At the February 5, 2021, Utility Committee meeting, the following motion passed:

That Administration work with the Utility Advisor on process options to allow greater flexibility for the discussion of the Performance Based Rates Applications at Utility Committee, and return to Committee.

## Executive Summary

This report proposes a modified process for the Utility Committee to review applications by EPCOR Water Services Inc. to establish performance based rates for water, wastewater, and drainage services. Making more efficient and effective use of the technical expertise of the Utility Advisor, the process would enhance Committee's ability to assess such applications.

## Report

On June 25, 2021, applications by EPCOR Water Services Inc. (EWSI) seeking City Council approval to set new performance based rates (PBR) for water, wastewater, and drainage services will be reviewed by Utility Committee.

On October 2, 2020, an overview of and potential enhancements to the application process were received for information (October 2, 2020, Financial and Corporate Services report CR\_8146). On February 5, 2021, recommendations that City Council approve such enhancements and give three readings to a bylaw repealing current processes were accepted (February 5, 2021, Financial and Corporate Services report FCS00306 and February 5, 2021, Financial and Corporate Services CR\_8329).

At both the October 2, 2020, and February 5, 2021, meetings, Utility Committee expressed interest in exploring means by which the application review process might provide greater flexibility to allow Administration and the Utility Advisor to ask questions directly of EWSI. According to applicable meeting procedures, any questions Administration or the Utility Advisor have must be posed by members of Utility Committee or other Councillors, as only they are entitled to ask questions of speakers.

The process set out in Attachment 1 would allow the Utility Advisor to ask questions directly of EWSI. Administration has an opportunity to ask questions of EWSI in advance of the meeting as part of the reasonableness review, and to present its comments to Utility Committee on June 25, 2021. To be consistent with principles of good governance, the flow of information during the meeting should be between the decision-maker (Utility Committee and City Council) and the parties providing the information (Administration and EWSI).

While Utility Committee can modify procedural rules for matters within its mandate, final authority to approve the rates lies with City Council; therefore, Council approval of the procedure used to review the rates is required. The proposed process would require a special resolution for adoption by City Council as it includes a waiver or modification of parts of Bylaw 18155 (Council Procedures). A special resolution means a vote on a motion where at least two-thirds of all members of Council vote in favour of the motion.

### Public Engagement

Public engagement led by EWSI occurred during the early stages of the application process, and members of the public are invited to make written submissions to Administration and may present at the June 25, 2021, Utility Committee meeting. Members of the public will also have an opportunity to speak to this report and the recommended process at the April 30, 2021, Utility Committee meeting.

### Corporate Outcomes and Performance Management

Corporate Outcomes: Conditions of Success			
Outcome	Measure	Result	Target
Organizational capacity and sound management practices to ensure efficient and effective conduct of meetings	The Utility Advisor has the opportunity to question EWSI directly during review of PBR applications	TBD	To enhance the efficiency and effectiveness with which PBR applications are reviewed

### Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score (with current mitigations)	Current Mitigations	Potential Future Mitigations
Corporate Governance	The proposed process is inconsistent with the existing governance model which dictates that only Council or Committee members may ask questions	5 - almost certain	1 - minor	5 - low	The modified process would be in place only for the review of 2021 review of PBR applications	

### Attachment

1. EWSI Performance Based Rates Applications - Proposed Process

### Others Reviewing this Report

- M. Persson, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- K. Fallis-Howell, Acting City Solicitor