



EPCOR Water Services Inc.
10423-101 Street NW
Edmonton, Alberta T5H 0E8
epcor.com

October 8, 2024

Mr. Bryan Robinson
Deputy Comptroller Comptroller of Water Rights
Water Utilities Regulation Section
Ministry of Water, Land and Resource Stewardship
PO Box 9340 Stn Provincial Government
Victoria, BC V8W 9M1

Dear Mr. Robinson:

Re: **EPCOR Water (West) Inc.**
2024-2026 Revenue Requirements and Rates Application
Refiling

EPCOR Water West Inc. (“EWW”) is pleased to submit its 2024-2026 Revenue Requirement and Rates Refiling Application (the “Refiling”). EWW has made the adjustments to the Financial Schedules in accordance with the directions given by the Deputy Comptroller of Water Rights (“Comptroller”) in Order No. 2659. EWW has attached a refiled version of the Financial Schedules with the Comptroller’s determinations. Revised rate schedules are enclosed as Schedule A (Water Rates) and Schedule B (Terms and Conditions).

1. Rate Structure

Deputy Comptroller Determination:

The Deputy Comptroller accepts the reasoning put forward by EWW for not proposing any further conservation rate design proposals in this RRA term but directs EWW to continue to address the issue of conservation rates in future applications as growing demand approaches the capacity of existing wells.

Acknowledged.

2. Levelized Rates

Deputy Comptroller Determination:

The Deputy Comptroller directs EWW to implement levelized rates over the remainder of this test period to recover the approved revenue requirement resulting from this RRA Decision.

In accordance with the Comptroller’s determination, EWW has refiled its financial schedules with levelized rate increases. EWW notes that the 2024 interim rates are based on the 2023 approved rates. Given that three quarters of the year has passed without a final decision and customers are billed on a quarterly basis, EWW is not requesting a change to the 2024 rates. The 2024 shortfall will be reflected in the annual rate adjustment for 2025 and 2026 proposed rates (Financial Schedule 1.3). In other words, EWW will adjust the 2025 and 2026 rates to ensure rate revenues will match the forecasted revenue requirement for the test period. As well, the collection of the deferral account balance (Financial Schedule 3.1) was changed to ensure levelized the rate increases. This results in an average bill impact of 17% for residential customers in 2025 and 2026. The bill impact is as follows:

**Monthly Bill for Residential Customer (Minimum 10 m³/month)
2023-2026
(\$/customer/month)**

	A 2023	B 2024F	C 2025F	D 2026F
Consumption Charge:				
1 Minimum	43.30	43.30	49.14	55.77
2 Additional (per m ³ over)	-	-	-	-
3 Monthly Bill Before Rate Rider	43.30	43.30	49.14	55.77
4 Change (\$)		-	5.84	6.63
5 Change (%)		0.0%	13.5%	13.5%
Rate Rider:				
6 Minimum	(1.13)	-	1.68	3.82
7 Additional (per m ³ over)	-	-	-	-
8 Total Monthly Bill	42.17	43.30	50.82	59.59
9 Change (\$)		1.13	7.52	8.77
10 Change (%)		2.7%	17.4%	17.3%

**Monthly Bill for Residential Customer (Average 20 m³/month)
2023-2026
(\$/customer/month)**

	A 2023	B 2024F	C 2025F	D 2026F
Consumption Charge:				
1 Minimum	43.30	43.30	49.14	55.77
2 Additional (per m ³ over)	15.39	15.39	17.46	19.82
3 Monthly Bill Before Rate Rider	58.69	58.69	66.61	75.59
4 Change (\$)		-	7.92	8.99
5 Change (%)		0.0%	13.5%	13.5%
Rate Rider:				
6 Minimum	(1.13)	-	1.68	3.82
7 Additional (per m ³ over)	(0.40)	-	0.56	1.36
8 Total Monthly Bill	57.16	58.69	68.85	80.77
9 Change (\$)		1.53	10.16	11.93
10 Change (%)		2.7%	17.3%	17.3%

**Monthly Bill for Residential Customer (High 30 m³/month)
2023-2026
(\$/customer/month)**

	A 2023	B 2024F	C 2025F	D 2026F
Consumption Charge:				
1 Minimum	43.30	43.30	49.14	55.77
2 Additional (per m ³ over)	34.62	34.62	39.29	44.59
3 Monthly Bill Before Rate Rider	77.92	77.92	88.44	100.37
4 Change (\$)		-	10.51	11.93
5 Change (%)		0.0%	13.5%	13.5%
Rate Rider:				
6 Minimum	(1.13)	-	1.68	3.82
7 Additional (per m ³ over)	(0.90)	-	1.26	3.06
8 Total Monthly Bill	75.89	77.92	91.38	107.25
9 Change (\$)		2.03	13.45	15.87
10 Change (%)		2.7%	17.3%	17.4%

3. Salaries and Wages

Deputy Comptroller Determination:

The Deputy Comptroller accepts the Salaries and Wages forecasts for this test period but is concerned that the escalation of costs over the last number of years, combined with ongoing increases, will burden Utility customers. The Salaries and Wages escalators of 3.03% in each of the test years are substantial on top of the significant increases during the last test period. In its next RRA application for 2027, EWW is directed to provide a detailed assessment of all factors influencing the Salaries and Wages for each EWW staff position, work done for other ECSI entities and charges from ECSI to EWW.

Acknowledged.

4. Working Capital

Deputy Comptroller Determination:

The reduced working capital requirement base on 40 days of operating expenses is approved.

Acknowledged. EWW's working capital in the Financial Schedules (Financial Schedule 2.6) reflects 40 days.

5. DCTF and CIAC rates

Deputy Comptroller Determination:

As EWW's Master Plan may be updated from time to time and/or WURS criteria for the MDD calculation may change, reference to MDD volumes should be omitted from Schedule B of Water Tariff No. 7. As the calculation of the CIAC charge is based on the Residential Single Family equivalent unit, it would be up to the applicant to provide the technical information to support pro-rating the CIAC

The proposed adjustments to the CIAC charge for 2024 to 2026 are approved. Therefore, for each residential service premises qualifying as authorized premises the CIAC charge will be as follows:

- *\$23,000 Effective January 1, 2024*
- *\$23,600 Effective January 1, 2025*
- *\$24,000 Effective January 1, 2026*

For other than a residential service premises, the charge shall be calculated on a single family residential equivalent basis.

EWW has revised Schedule B (page 34) and removed the MDD volume.

6. Moratorium on further development

Deputy Comptroller Determination:

EWV is to continue to work with Comptroller staff to resolve this issue.

Acknowledged.

EWV proposes to apply the water rates and rate riders shown in attached Schedule A during its April billing period for consumption starting January 1, 2025.

Please contact me at (780) 412-3516 if you have any questions.

Sincerely,

Santosh Appukuttan
Senior Manager, Regulatory
EPCOR Water Services Inc.

Attachments

cc: Ms. Elena Oliphant
Chief Financial Advisor
Water Utilities Regulation Section
Ministry of Water, Land and Resource Stewardship

Mr. Chris McMillan
Program Coordinator
Water Utilities Regulation Section
Ministry of Water, Land and Resource Stewardship