



Reference:

Explanation:

Request:

- 1.1 The EPCOR note references they are building to meet customer demand requirements. Are they building to meet peak demands? This is not mention but is a common principle for many utilities. This relates to a number of considerations including the additional building cost to meet peak demands and the need to consider the use of seasonal pricing to help reduce that extra cost for short periods of high demand.

Response:

- 1.1 In accordance with recommendations in the French Creek 2014 Water System Master Plan Update (Appendix D to the Application), EWW plans to complete three additional well projects in the 2015-2017 period to meet the existing maximum daily demand (peak demand) of 46.3 L/s and to provide some additional capacity for expected future demands. The existing rated supply capacity of the system is 35.5 L/s.

The Springhill well projects (Projects 18 and 19 in Appendix D) are scheduled to be completed in the 2015-2017 period and will together add an estimated 15.3 L/s of additional capacity. Of the 15.3 L/s, 10.8 L/s is required to address existing demands and the remaining 4.5 L/s will provide supply capacity for future developments (refer to pages 75 and 76 of Appendix D). The third well (Project 20) is expected to add 1.6 L/s and will add capacity for expected future demands and is 100% developer funded.



Reference:

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- 2.1 EPCOR indicates that it is building to “provide water source reliability...”. There is no information to justify this statement. What is the ability of the existing well system to meet the existing demands, which the company has noted is declining on a per unit basis? Surely, the company has undertaken an analysis of their well system and can demonstrate what the demands (of existing customers) place on the system under various conditions. Or, are we being asked to pay for new wells in new area developments? If so, why not capitalize the cost of new wells and make this part of the capital investment that the developer must be responsible for paying?

Response:

- 2.1 Refer to EWW’s response to RK-EWW-01.



Reference:

Explanation:

Request:

- 3.1 There is reference to an “aging infrastructure”. I am not sure how old the infrastructure is and what, if any, Sinking Fund or similar fund is in place to handle replacement of the infrastructure. What is the life expectancy of the infrastructure? When EPCOR took over from Breakwater what funding arrangement was provided for infrastructure replacement? A substantial area in French Creek is relatively new so what arrangement have the developers made with contributing to long-term capital costs. It would be useful to have information showing the age of the infrastructure and the plan for replacing it. A comparison with replacement standards in the industry would also be helpful.

Response:

- 3.1 As noted in Section 4.7 of the Application, utility assets are depreciated over the shorter of the assets’ physical, technological, commercial or legal lives. Depreciation rates are determined based on the expected life of the asset. The depreciation rates used by EWW in each year are provided in Financial Schedule 2.5. Replacement of aging infrastructure is accounted for in EWW’s capital programs (refer to Section 3.2 of the Application) and included in water rates.