



Appendix O

EPCOR WATER SERVICES

Bill Comparison Report

May 31, 2024

1.0 PURPOSE

1. This report outlines the components of EPCOR Water Services' (EWS) wastewater treatment rates, sanitary rates and stormwater rates and provides a comparison with surrounding communities and other regions based on monthly wastewater bills.

2.0 OVERVIEW

2. For the purposes of preparing this report, EWS compared its rates with the water utilities of Calgary, Regina, Saskatoon, Vancouver and Winnipeg as well as a representative selection of communities surrounding Edmonton. These communities are collectively referred to in this report as the Alberta Capital Region communities and are comprised of St. Albert, Sherwood Park, Sturgeon County and Spruce Grove.

3.0 TOTAL WASTEWATER RATE

3. It is not feasible to conduct a direct comparison of EWS' wastewater treatment rates or EWS' sanitary and stormwater rates with those of other communities because unlike EWS, all other communities charge a combined rate for the operation of their wastewater collection and wastewater treatment system. In order to provide a meaningful comparison, EWS has combined its wastewater treatment rates with its sanitary and stormwater rates for the collection system.

4. The combination of wastewater treatment rates and sanitary and stormwater rates is herein referred to as "total wastewater" with comparisons presented on a total wastewater basis.

5. Based on this comparison of EWS' total wastewater rates with other communities, EWS highlights certain key factors which lead to differences in rates, such as:

- **Franchise fees** – EWS and certain wastewater utilities in other communities pay franchise fees, whereas some others do not;
- **Investments in resilience** – EWS' stormwater rates include significant investment in flood protection to ensure Edmonton's resilience. In a February 2021 Report from Intact Centre on Climate Change Adaptation¹, Edmonton received a B+ score for flood

¹ <https://www.intactcentreclimateadaptation.ca/wp-content/uploads/2021/02/16-Cities-Flood-Preparedness.pdf>

preparedness, tied with Regina and Toronto for the top rank of the 16 major Canadian cities included in the report;

- ageing Infrastructure – the drainage system in Edmonton is older than in surrounding communities, requiring a higher level of maintenance and renewal including corrosion and odour reduction (CORe);
- extent of treatment – while some municipalities apply similar treatment processes as EWS, others are able to treat wastewater to a less extent; and
- full cost recovery approach – while EWS’ wastewater rates are based on full cost recovery, it is not clear if other communities take this same approach in determining their rates.

6. Despite these upward pressures on rates, the results show that EWS’ total wastewater rates are within range of the sampled utilities surrounding Edmonton and in other jurisdictions.

4.0 WASTEWATER BILL COMPARISONS

7. Surrounding communities and other regions’ wastewater rates are compared to EWS’ based on calculated monthly wastewater bills. While a rate comparison of this nature provides a good overview, it has inherent limitations, as discussed in the Canadian Municipal Water Consortium’s “2015 Canadian Municipal Water Priorities Report”:

... these types of comparisons don’t often highlight more complex and variable structures being used to support full cost recovery... When comparing costs between municipalities, there are disparities and local realities for each system. Each municipality has chosen a different way of covering costs and has a unique combination of level of service, treatment processes, maintenance and upgrade requirements, fire protection, average consumption, population size, energy for distribution and collection, type and quality of source water and receiving water.²

4.1 Approach to Total Wastewater Bill Comparisons

8. The comparative 2025 total wastewater bill information is based on the other utilities’ wastewater treatment, wastewater collection and stormwater rates as of 2024, escalated by the

² Canadian Municipal Water Consortium. “2015 Canadian Municipal Water Priorities Report: Towards Sustainable and Resilient Water Management,” page 23.

I factor (inflation) of 2.5% to determine a 2025 rate. With the exception of Saskatoon, Winnipeg and Calgary, 2025 rates are not yet published for the other jurisdictions and therefore published 2024 rates have been escalated by the I factor as a conservative measure. The bill comparisons generally reflect 2025 wastewater rates for comparable communities and are based on the total cost to the customer including fixed charges, consumption charges plus any tax levies. EWS notes that it has included the consumption deferral amounts proposed to be refunded over the 2025-2027 PBR term in the calculation of the EWS bill.

9. Three levels of usage/consumption are provided for comparing residential wastewater bills:

- Low use residential consumer (10 m³/month);
- Average use residential consumer (15 m³/month) based on the average consumption for an Edmonton household; and
- High use residential consumer (40 m³/month).

10. Comparisons are not made for the multi-residential customer class because many jurisdictions do not have a similar rate class.

11. Comparisons are made for three sizes of commercial customers:

- A small commercial business representative of a typical car wash (325 m³/month).
- A medium commercial business representative of a large hotel or large shopping center (6,000 m³/month).
- A large commercial business representative of a large-scale commercial enterprise, like a brewery or food processing plant (20,000 m³/month).

4.2 Residential Total Wastewater Bill Comparison

Figure 3.3-1
Low Use Monthly Residential Total Wastewater Bill
(10 m³/month)

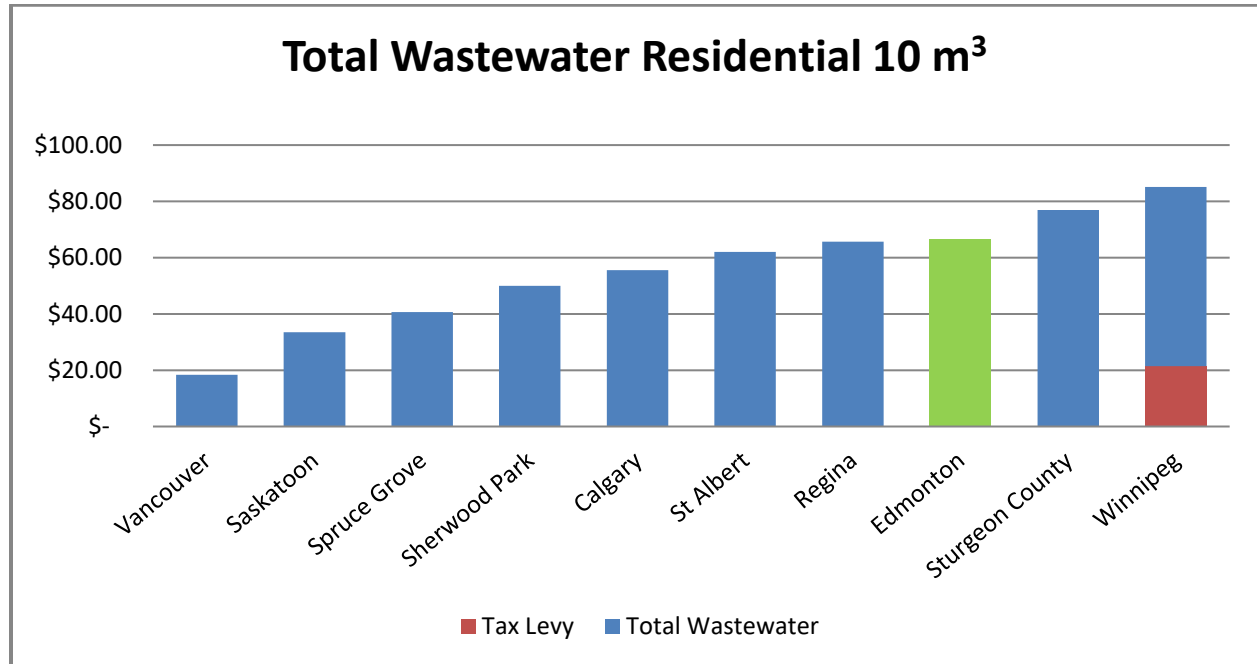


Figure 3.3-2
Average Edmonton Monthly Residential Total Wastewater Bill
(15 m³/month)

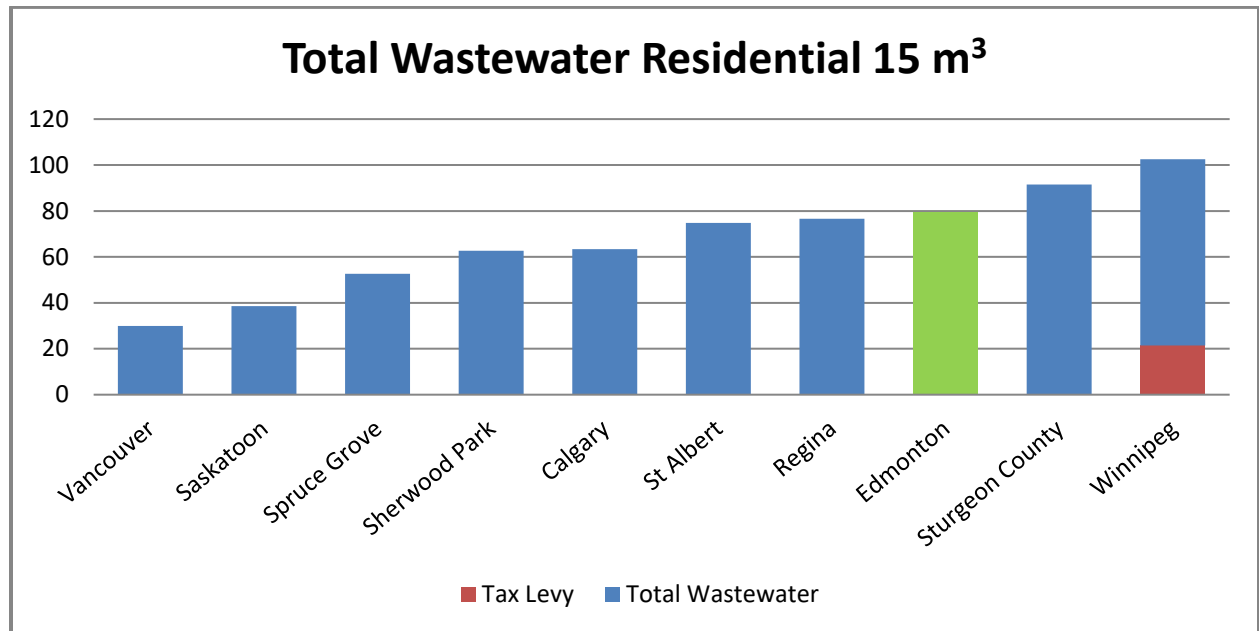
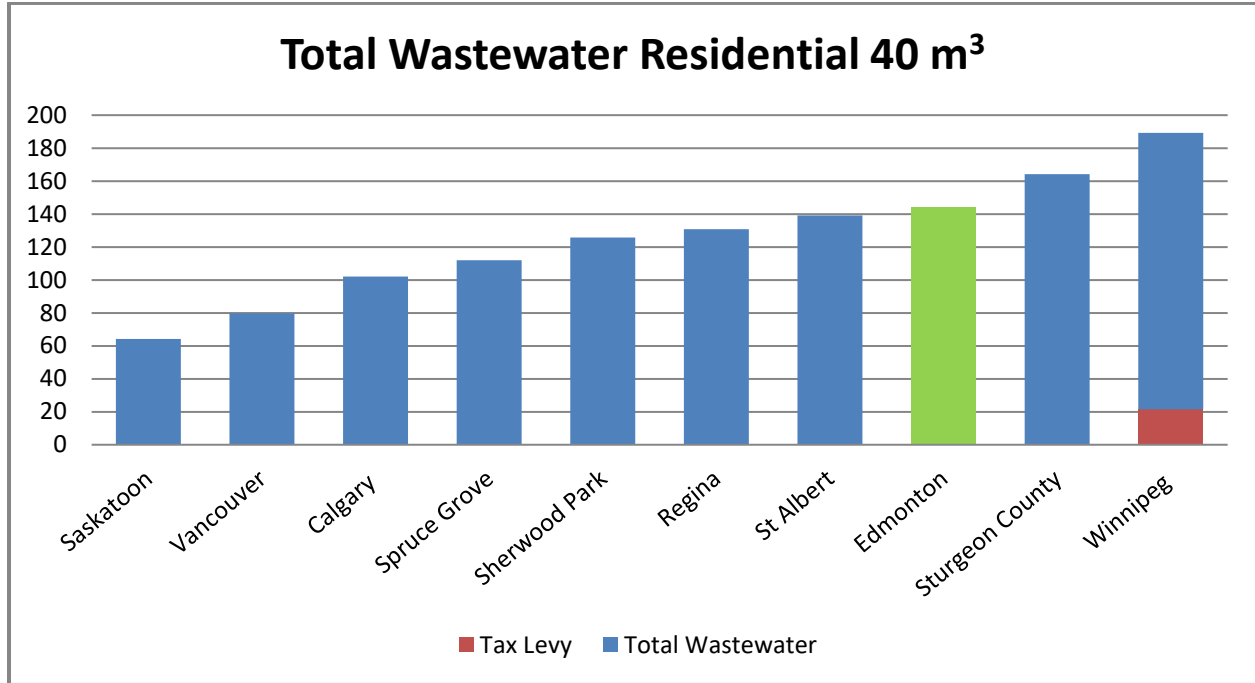
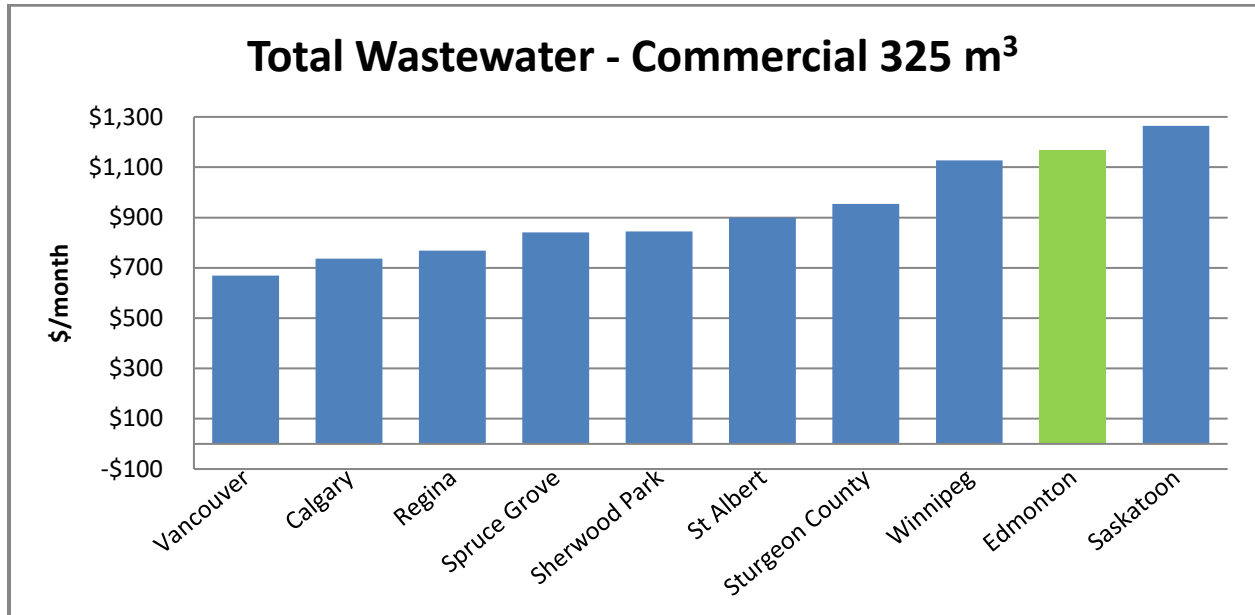


Figure 3.3-3
High Use Monthly Residential Total Wastewater Bill
(40 m³/month)



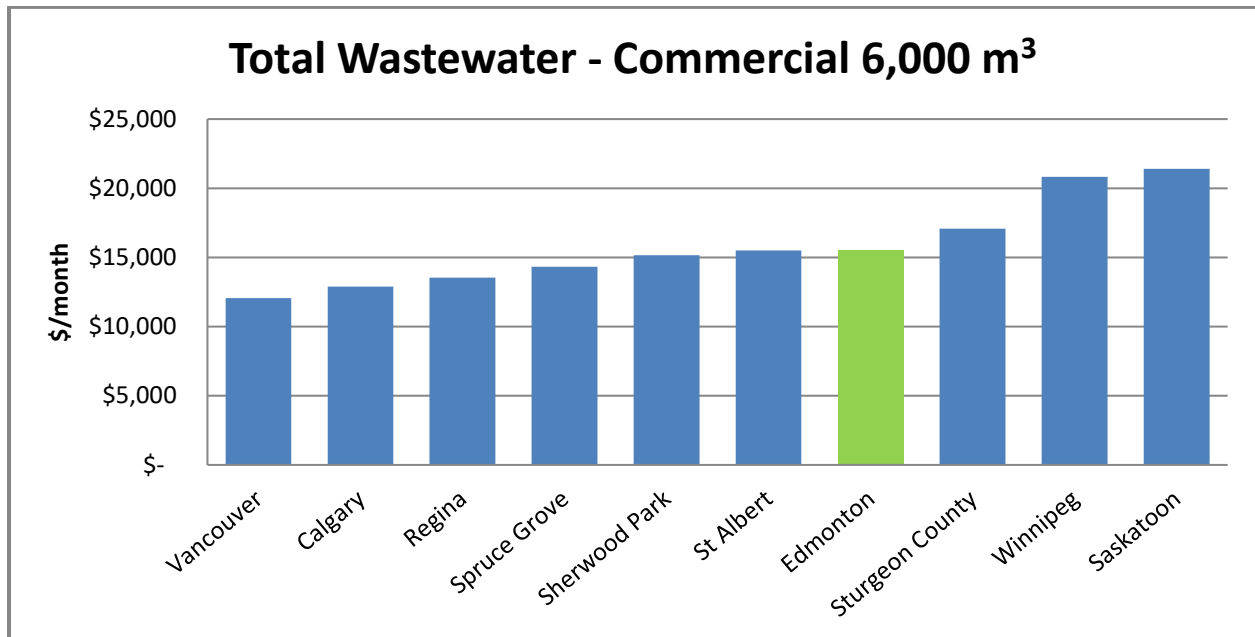
4.3 Commercial Total Wastewater Bill Comparison

Figure 3.4-1
Small Commercial Monthly Total Wastewater Bill
(325 m³/month)



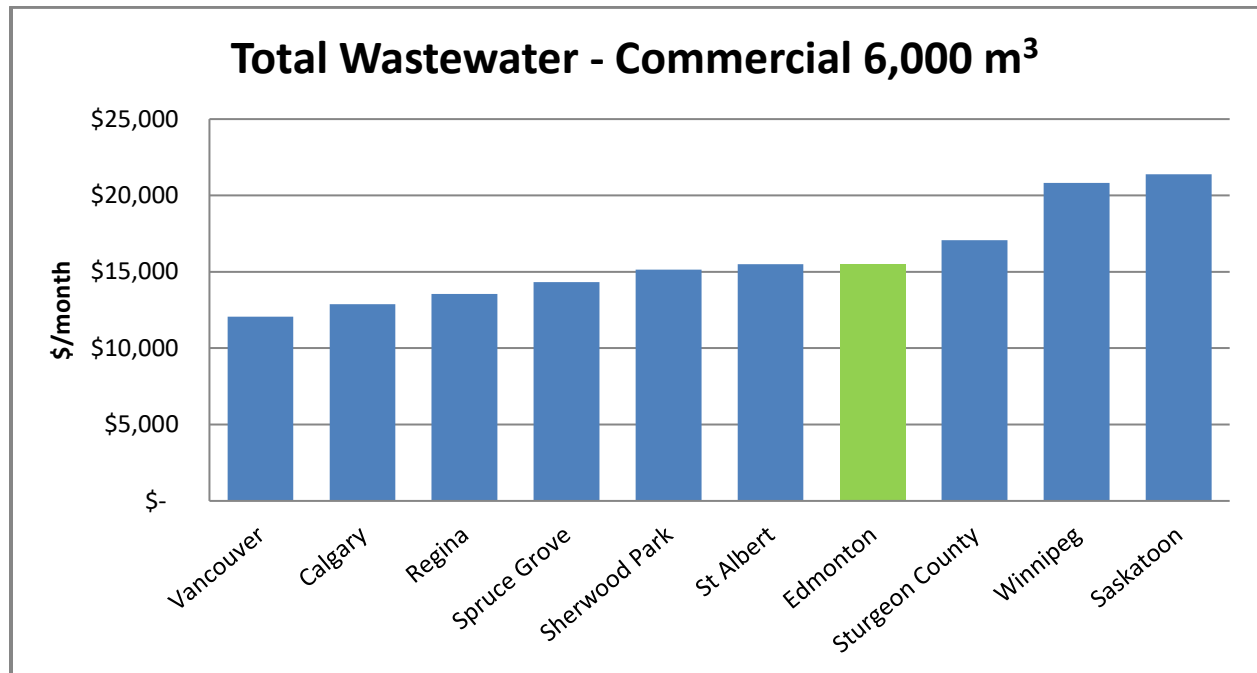
12. Figure 3.4-1 provides a comparison of the monthly total wastewater bill for small commercial customers consuming 325 m³ per month, which is representative of a typical car wash.

Figure 3.4-2
Medium Commercial Monthly Total Wastewater Bill
(6,000 m³/month)



13. Figure 3.4-2 provides a comparison of the monthly total wastewater bill for medium commercial customers consuming 6,000 m³ per month, which is intended to represent a large hotel or large shopping center. In this category, the Edmonton 2025 water bill is competitive when comparing with surrounding communities

**Figure 3.4-3
Large Commercial Monthly Total Wastewater Bill
(20,000 m³/month)**



14. Figure 3.4-3 provides the comparison of the monthly total wastewater bill for large commercial customers consuming 20,000 m³ per month, which is representative of a large scale commercial or industrial enterprise, like a brewery or food processing plant. In this category, the Edmonton 2025 water bill is competitive when comparing with surrounding communities.

15. Overall in the commercial segment EWS’ charges are within range when compared to the other utilities.