

Utility Commission Meeting Agenda

Tuesday, October 24, 2023, 1:00 p.m.
Committee Room 2
City Hall

We recognize and respect that New Westminster is on the unceded and unsurrendered land of the Halkomelem speaking peoples. We acknowledge that colonialism has made invisible their histories and connections to the land. As a City, we are learning and building relationships with the people whose lands we are on.

Pages

1. **CALL TO ORDER AND LAND ACKNOWLEDGEMENT**

The Chair will open the meeting and provide a land acknowledgement.

2. **CHANGES TO THE AGENDA**

Additions or deletion of items.

3. **REPORTS AND PRESENTATIONS**

Staff and guest reports and presentations for information, discussion, and/or action.

3.1 **2024-2028 Electric Utility Rates**

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4. **NEW BUSINESS**

Items added to the agenda at the beginning of the meeting.

5. **END OF MEETING**

6. **UPCOMING MEETINGS**

Next meeting scheduled for:

- April 4 Joint meeting with Council (tentative).



ELECTRICAL UTILITY

2024-2028 Proposed Utility Rates



NEW WESTMINSTER

Electrical Rate: Options Analysis



Option 1: Status Quo

Existing 2.8% annual rate increase from 2024 - 2028



Option 2: Escalating Increase in Rates

Increasing rates over time to fund new Capital



Option 3: New consistent rates

Balanced and consistent annual rate increase incorporating new Capital

Option 1: Current Situation

Historically, the Electrical Utility has proposed a flat 2.8% annual rate increase in order to provide a more balanced and consistent approach.

Electric Utility ex BridgeNet	Budget Projections (\$ in millions)				
	2024	2025	2026	2027	2028
Operating Revenue	\$ 61.08	\$ 62.79	\$ 64.55	\$ 66.35	\$ 68.20
Other incl Grants and Contributions	\$ 1.96	\$ 15.64	\$ 11.02	\$ 2.77	\$ 1.73
Revenues	\$ 63.04	\$ 78.43	\$ 75.57	\$ 69.12	\$ 69.94
Operating Expenses before Interest, Amortization	\$ 40.11	\$ 39.68	\$ 40.64	\$ 41.63	\$ 42.57
Future Debt Servicing *	\$ 12.69	\$ 12.90	\$ 13.12	\$ 13.35	\$ 13.58
Capital	\$ 30.60	\$ 29.61	\$ 21.55	\$ 9.23	\$ 67.77
Reserves	\$ 19.37	\$ 22.59	\$ 26.16	\$ 27.09	\$ 27.28
Rate Increase	2.80%	2.80%	2.80%	2.80%	2.80%
Reserves / Replacement Value	2.58%	3.19%	3.88%	3.94%	3.85%

* Anticipated future annual debt servicing needs for rate setting purpose only. Does not reflect final budget for debt servicing or reserves which will be determined once rates are set

Option 2: Escalating Rates 0.5% per annum

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Electric Utility ex BridgeNet	Budget Projections (\$ in millions)				
	2024	2025	2026	2027	2028
Operating Revenue	\$ 61.08	\$ 63.10	\$ 65.49	\$ 68.30	\$ 71.57
Other incl Grants and Contributions	\$ 1.96	\$ 15.64	\$ 11.02	\$ 2.77	\$ 1.73
Revenues	\$ 63.04	\$ 78.74	\$ 76.51	\$ 71.07	\$ 73.31
Operating Expenses before Interest, Amortization	\$ 40.11	\$ 39.68	\$ 40.64	\$ 41.63	\$ 42.57
Future Debt Servicing *	\$ 12.69	\$ 12.90	\$ 13.12	\$ 13.35	\$ 13.58
Capital	\$ 30.60	\$ 29.61	\$ 21.55	\$ 9.23	\$ 67.77
Reserves	\$ 19.37	\$ 22.89	\$ 27.37	\$ 30.18	\$ 33.63
Rate Increase	2.80%	3.30%	3.80%	4.30%	4.80%
Reserves / Replacement Value	2.58%	3.24%	4.07%	4.43%	4.84%

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Option 3: Increase with Consistent Rates

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Electric Utility ex BridgeNet	Budget				
	2024	2025	2026	2027	2028
Operating Revenue	\$ 61.50	\$ 63.65	\$ 65.87	\$ 68.17	\$ 70.55
Other incl Grants and Contributions	\$ 1.96	\$ 15.64	\$ 11.02	\$ 2.77	\$ 1.73
Revenues	\$ 63.46	\$ 79.29	\$ 76.89	\$ 70.94	\$ 72.29
Operating Expenses before Interest, Amortization	\$ 40.11	\$ 39.68	\$ 40.64	\$ 41.63	\$ 42.57
Future Debt Servicing *	\$ 12.69	\$ 12.90	\$ 13.12	\$ 13.35	\$ 13.58
Capital	\$ 30.60	\$ 29.61	\$ 21.55	\$ 9.23	\$ 67.77
Reserves	\$ 19.77	\$ 23.82	\$ 28.67	\$ 31.36	\$ 33.83
Rate Increase	3.50%	3.50%	3.50%	3.50%	3.50%
Reserves / Replacement Value	2.65%	3.39%	4.28%	4.61%	4.87%

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Key Capital Expense Additions

Projects	Project Description	Strategic Priority	Climate Action	Routine Renewal or Replace / Improvement or New Add	2023-2026	7 Bold Steps for	Approved Revised		Proposed
					2023-2027	2023-2027	2023-2027	2024-2028	
					5-Year Total	5-Year Plan	Difference	5-Year Plan	
Voltage Conversion Study/Design	IN order to undertake the voltage conversion program, several steps must be taken in advance. This includes an initial feasibility study, cost estimating, phasing analysis, etc.	05 Asset Management and Infrastructure	05 Carbon Free Energy	02 Improvements or New Additions	400,000		400,000	400,000	
Voltage Conversion	One of the long-term (20-30) strategic initiatives aimed at addressing the increasing load demand on the utility is to convert distribution voltage from 12kv to 25 kv (effectively doubling our capacity). This would require replacing nearly every piece of infrastructure in our distribution as well as upgrades at NWR and R02 Substations (no upgrades required at QBS since it was designed for this conversion in mind).	05 Asset Management and Infrastructure	05 Carbon Free Energy	02 Improvements or New Additions	3,600,000		3,600,000	6,600,000	
10184 Royal 2 Substation Upgrades	Project Scope/Outcome: equipment upgrade program to meet worksafe BC safety standards Estimated Completion: Q4-2025	05 Asset Management and Infrastructure	03 Carbon Free Homes and Buildings	01 Routine Asset Renewal or Replacement	5,054,235	1,054,235	4,000,000	5,000,000	
11439 NWR O&M/Capital Sustainment	Project Scope/Outcome: Ongoing New Westminster Substation capital and asset replacement needs to maintain condition of Substation as determined in conjunction with and in an agreement with BC Hydro over 10-year increments Estimated Completion: Ongoing	05 Asset Management and Infrastructure	05 Carbon Free Energy	01 Routine Asset Renewal or Replacement	4,983,000	2,656,000	2,327,000	3,845,000	
Royal Substation Improvements Land Purchase	Land purchase to improvements to Royal 2 Substation	05 Asset Management and Infrastructure	03 Carbon Free Homes and Buildings	02 Improvements or New Additions	4,000,000		4,000,000	4,000,000	
New Sapperton Substation	Project Scope: Site investigations (2024), BCH CiS study, pre-loading (2025), detailed design (2026), supply and construction (2027-2028); I have not included the construction budget since that would likely mean an increase of \$60M or more in 2027-2028.	05 Asset Management and Infrastructure	03 Carbon Free Homes and Buildings	02 Improvements or New Additions	3,500,000		3,500,000	63,500,000	

Operating Expense Service Enhancements

Dept	Business Unit	Object Account	Description	Background and Explanation of Need	Strategic Priority	Total Operating Enhancement Request in Business Unit
ELE	9311	8350	SAAS - MDM	Annual Software as a Service Fee for Meter Data Management (MDM)	Asset Management and Infrastructure	\$ 80,000
ELE	9311	8350	SAAS - AMI	Annual Software as a Service Fee for Advance Metering Infrastructure (AMI) head end software	Asset Management and Infrastructure	\$ 113,000
ELE	9311	8350	NAAS - AMI	Annual Network as a Service Fee for Advance Metering Infrastructure (AMI) network support	Asset Management and Infrastructure	\$ 207,000
ELE	9313	3850	Tree Trimming	Raise Tree Trimming Budget to annual average 2018 to FCST 2023 inclusive	Community Belonging and Connecting	\$ 45,000
ELE	9317	3730	Revenue recovery from joint pole agreement	Revenue recovery of 50% of cost of installed pole. Each pole installed costs roughly \$10 each. Currently Budgeted for 1 installed pole per year. Typical average pre-COVID was 8 per annum	Asset Management and Infrastructure	\$ (40,000)
ELE	9317	8350	Subcontract expense related to pole installation	Raising pole installation from 1 installed per year to pre-COVID average of 8 per year. Subcontract expense of \$5k per pole	Asset Management and Infrastructure	\$ 40,000
ELE	9317	8210	Material expense related to pole installation	Raising pole installation from 1 installed per year to pre-COVID average of 8 per year. Material expense of \$5k per pole	Asset Management and Infrastructure	\$ 40,000
ELE	9319	8110		Need to create a Metering Supervisor position to manage our metering inventory and other meter technicians; plan is to promote the current senior meter technician to metering supervisor for 2024. An additional meter tech might be required in 2025 and beyond	Asset Management and Infrastructure	\$ 25,650
ELE	9321	8350		Need to revise maintenance expense to current BC Hydro 5-year Operating and Maintenance Forecast to service New Westminster Substation	Asset Management and Infrastructure	\$ 225,000
						\$ 735,650