



NEW WESTMINSTER

New Westminster Electric Utility Commission

Financial Report for the period ended September 30, 2022

October 18, 2022

Electric Utility – Operating Budget

The Electric Utility provides electrical distribution services to residential and commercial customers in New Westminster. Electricity is purchased from BC Hydro and resold by the Electric Utility to its customers. Revenues generated through the sale of electricity are used to operate and maintain the electrical distribution system.

The 2022 Total Revenue Budget (excluding climate levy and non-operating contributions) of \$52.56M is primarily comprised of utility revenue generated from billing residential and commercial customers. To date \$40.3M, or 77% of the utility revenue target has been generated, which is \$3.1M ahead of 2022 expectations. Y/Y variance of \$3.6 M is mainly due to higher consumption (6.6 M kWh higher Y/Y) due to lower mean temperatures, growth (193 new meters since beginning of year in areas such as 618 and 813 Carnarvon Street, 300 Duncan Street) and 2.8% annual rate increase.

The 2022 Expenditure Budget of \$41.13M is largely comprised of purchase of power from BC Hydro and similar to the utility revenue, purchase of power is ahead of target by \$1.9M. 2022 purchase of power is \$0.9 M more than 2021, due to a higher volume of purchases (8.3 M kWh higher Y/Y) which are offset by a 1.4% annual rate decrease in the purchase of power from BC Hydro.

In summary, the annual Net Operating Budgets planned surplus to cover city-wide capital works and debt financing fees is ahead of target by \$1.6M due to the better than planned revenue as at September 30, 2022 and staff vacancies.

CORPORATION OF THE CITY OF NEW WESTMINSTER PRELIMINARY STATEMENT OF OPERATIONS - ELECTRIC UTILITY YTD PERIOD ENDING SEPTEMBER 30, 2022

<i>(in millions)</i>	2022 Budget	2022 YTD Budget	2022 YTD Actuals	YTD Budget Variance	2021 YTD Actuals	Y/Y Variance
REVENUE						
Utility Revenue	\$ 52.29	\$ 37.13	\$ 40.27	\$ 3.14	\$ 36.69	\$ 3.58
Sales of Service	0.05	0.04	0.00	(0.03)	0.04	(0.04)
Contributions	-	-	0	0.00	0.01	(0.01)
Other Revenue	0.22	0.16	0.16	0.00	0.15	0.01
TOTAL REVENUE[‡]	\$ 52.56	\$ 37.32	\$ 40.43	\$ 3.11	\$ 36.89	\$ 3.55
EXPENSES						
Utility Purchases & Levies	\$ 31.75	\$ 22.54	\$ 24.40	\$ (1.86)	\$ 23.54	\$ (0.86)
Salaries, Benefits & Training	3.30	2.54	2.10	0.44	1.90	(0.20)
Contracted Services	1.17	0.83	0.92	(0.09)	0.79	(0.13)
Supplies & Materials	0.48	0.34	0.32	0.02	0.32	(0.00)
Interest & Bank Charges	1.03	0.77	0.77	-	0.52	(0.25)
Amortization	3.41	2.52	2.56	-	1.87	(0.68)
TOTAL EXPENSES	\$ 41.13	\$ 29.53	\$ 31.06	\$ (1.49)	\$ 28.93	\$ (2.13)
NET	\$ 11.44	\$ 7.80	\$ 9.37	\$ 1.63	\$ 7.96	\$ 1.41

Electric Utility – Capital Budget

QB Substation is in its construction phase and is re-scheduled to complete in Q1 2023 due to GE circuit breaker delivery delays. The capital plan estimated the total project value of \$30.0M which includes 10% for project contingency (to be spent but not identified initially) and 10% project reserve (not anticipated be spent but available if needed); the project is expected to be funded fully from debt financing and a borrowing by-law is approved at \$30.0M. The project is on track to close below the \$30M budget.

The Advanced Meter Project team has selected a vendor, KTI Limited, and the contract is now completed. The project team has also completed migrating customer data to a new server and completing a version update to its Northstar Customer Information System (CIS) as part of the infrastructure build for Advanced Metering. Introductory meetings with vendor and preliminary schedules on implementation of the Meter Data Management (MDM) software have occurred with kick-off anticipated in October. The MDM is a critical software program that collects metering data and connects the new meters to the City's existing NorthStar Billing system. Detailed planning meeting with the AMI vendor and other AMI related stakeholders took place on September 21st, 2022. Implementation workstreams have been created and are underway.

Another major project in the Approved Capital Plan is the District Energy Project. Although the 5 Year Capital Plan has an estimated \$52M for this project, the full-size and expenditure for the project is projected to be \$112.1M and is subject to the receipt of agreements around grant funding and agreements with FHA & Sapperton Green develop. Without additional grants/support the project is not financially viable and therefore no budget increase will be established until such funding has been secured. City staff and their engineering consultant have identified 3 potential grant streams and have submitted 3 applications for review; results are anticipated to be announces in Q4 2022.

Finally, significant planning and strategic work is advancing with the Climate Action team around EV infrastructure and transition to Electrical fleet for the Electrical Utility fleet and equipment.

Description	Multi-Year Approved Budget	Annual Spend Target	Total Actual Expenses	Forecast to Date	Forecasted Variance
Substation Upgrades	\$ 25.91	\$ 22.31	\$ 11.45	\$ 18.07	\$ 4.24
Advanced Meters Infrastructure	10.79	10.19	0.43	1.18	9.01
Electrical New Services	15.62	7.52	2.16	6.57	0.95
Sapperton District Energy Syst	52.60	2.00	0.24	0.40	1.60
Electrical Vehicles	1.73	0.49	0.43	-	0.49
QB Substation Land Acquisition	-	-	-	-	-
Distribution Planning	1.72	0.50	-	0.10	0.40
Electric Vehicle Infrastructur	1.25	0.25	-	0.25	-
Electrical Utility Equipment	0.02	0.01	-	0.49	(0.48)
EV Chargers	-	-	-	-	-
Electrical Capital	\$ 109.63	\$ 43.25	\$ 14.72	\$ 27.06	\$ 16.19

BridgeNet – Operating Budget

BridgeNet was launched in 2016 as part of the City's Intelligent City initiative to provide New Westminster residents and businesses greater access to reliable, affordable high-speed internet services and relies on its partner Internet Service Providers (ISPs) to sell internet and broadband services to multi-dwelling unit residents, businesses and institutions.

The first few years were focussed on building the infrastructure and as we reach substantial completion for the build out, staff are working on the next phase of the project to advance the connections to reach the intelligent City goals and revenue targets required for full cost recovery.

For 2022, or Year 6 of the Business Plan, we have collected \$0.1M, or 56% of our utility revenue target which is \$0.03M behind 2022 YTD expectations due to billing timing.

The Expenditure Budget of \$0.98M is largely related staff time, debt financing and amortization of the new infrastructure. Although the planned expenditures are on track per what was budgeted, the current revenues are unable to cover the cost to maintain the new system. Staff are working on obtaining a resource that will work on achieving revenue goals, prospect for leased line revenue with large carriers, developing the ISP partner ecosystem, and revising the original business plan strategy as necessary. Staff are also working on developing short-term and long-term performance targets for BridgeNet which will form objectives for the resource.

CORPORATION OF THE CITY OF NEW WESTMINSTER PRELIMINARY STATEMENT OF OPERATIONS - BRIDGENET YTD PERIOD ENDING SEPTEMBER 30, 2022

<i>(in millions)</i>	2022 Budget	2022 YTD Budget	2022 YTD Actuals	YTD Budget Variance	2021 YTD Actuals	Y/Y Variance
REVENUE						
Utility Revenue	\$ 0.19	\$ 0.14	\$ 0.10	\$ (0.03)	\$ 0.08	-
Other Revenue	0.02	0.01	0.01	-	0.01	-
TOTAL REVENUE	\$ 0.21	\$ 0.15	\$ 0.12	\$ (0.03)	\$ 0.09	-
EXPENSES						
Salaries, Benefits & Training	\$ 0.19	\$ 0.14	\$ 0.12	\$ 0.03	\$ 0.12	\$ (0.01)
Contracted Services	0.08	0.06	-	0.06	0	0
Supplies & Materials	0.05	0.04	0.02	0.01	0.00	-
Interest & Bank Charges	0.19	0.15	0.20	-	0	(0.20)
Amortization	0.47	0.35	0.35	-	0.35	0.00
TOTAL EXPENSES	\$ 0.98	\$ 0.74	\$ 0.70	\$ 0.10	\$ 0.47	\$ (0.20)
NET	\$ (0.77)	\$ (0.60)	\$ (0.58)	\$ 0.06	\$ (0.38)	\$ (0.20)

BridgeNet – Capital Budget

Total capital spent to date is \$9.1M, which includes the \$0.22M spent in 2022 to date. The table below represents the current 2022 Approved Capital Budget and primarily includes major investment for installation on the remaining Phase 3 for the BridgeNet dark fibre network.

Description	Multi-Year Approved Budget	Annual Spend Target	Total Actual Expenses	Forecast to Date	Forecasted Variance
Total BridgeNet Fund	\$ 3.45	\$ 0.95	\$ 0.22	\$ 0.63	\$ 0.32

APPENDIX 1

Electrical Purchases & Sales Report (EDMS Doc# 836632)

MONTH BILLING PERIOD	Jan 1	Feb 2	Mar 3	Apr 4	May 5	Jun 6	Jul 7	Aug 8	Sep 9	Oct 10	Nov 11	Dec 12	GRAND TOTAL
NUMBER OF CONNECTIONS													
BILLING REVENUE													
RES: Adials (RES)	1,556,589	4,962,009	1,889,354	3,740,423	2,133,582	2,353,721	1,261,986	2,943,659					20,841,323
RES: Adials (RES)	(97,823)	(4,604)	(15,023)	(14,032)	(8,878)	(12,846)	(8,986)	(9,471)					(171,662)
Commercial (COMM)	1,396,111	3,036,850	1,792,623	2,563,862	1,972,320	1,999,561	1,754,378	3,422,519					17,938,223
COMM: ADIS	(4,567)	(35,889)	(2,947)	(24,863)	(23,717)	(20,072)	(10,269)	(26,811)					(149,135)
	2,850,310	7,958,366	3,664,007	6,255,390	4,073,308	4,320,363	2,997,108	6,329,895					38,458,749
Monthly Accruals													
RES: Rev Prior Month Accrual	(2,166,177)	(3,441,147)	(1,714,473)	(2,489,629)	(1,399,557)	(1,432,496)	(1,190,049)	(1,824,316)					(2,166,177)
COMM: Rev Prior Month Accrual	(2,166,177)	(3,441,147)	(1,714,473)	(2,489,629)	(1,399,557)	(1,432,496)	(1,190,049)	(1,824,316)					(2,166,177)
RES: Rec Current Month Accrual	3,441,147	1,714,473	2,489,629	1,399,557	1,432,496	1,190,049	1,824,316	1,015,310					1,015,310
COMM: Rec Current Month Accrual	3,441,147	1,714,473	2,489,629	1,399,557	1,432,496	1,190,049	1,824,316	1,015,310					1,015,310
Net Accrual Adjustment	2,549,941	(3,453,348)	1,550,311	(2,180,143)	65,876	(484,894)	1,268,534	(1,618,011)					(2,301,733)
TOTAL BILLING REVENUE EARNED	5,400,251	4,505,019	5,214,319	4,085,247	4,139,184	3,833,470	4,265,642	4,711,885					36,157,018
BC HYDRO - PURCHASE OF POWER													
Billed Demand (kVA)	919,310	771,869	689,476	670,626	668,772	669,113	690,158	704,170					5,783,494
Billed Energy (kWh)	2,605,292	2,348,524	1,961,283	1,950,382	1,782,461	1,748,640	1,813,657	2,123,150					16,333,389
Reverse Prior Month Accrual	(587,434)	(587,434)	(208,026)	(490,881)	(355,458)	(422,626)	(338,485)	(431,692)					(587,434)
Record Current Month Accrual	587,434	208,026	490,881	355,458	422,626	338,485	431,692	471,220					471,220
TOTAL PURCHASE OF POWER	3,524,602	2,740,986	2,933,614	2,485,584	2,518,401	2,333,612	2,597,021	2,866,849					22,000,669
GROSS MARGIN	1,875,649	1,764,033	2,280,705	1,599,663	1,620,783	1,501,857	1,668,621	1,845,036					14,156,349
GROSS MARGIN %	35%	39%	44%	39%	39%	39%	39%	39%					39%
PURCHASE OF POWER DETAILS													
Demand (kVA)													
Metered Peak Demand LH	93,059	80,880	75,341	70,084	61,894	66,997	71,769	75,197					
Metered Peak Demand HH	106,377	89,316	78,750	70,901	66,005	77,562	82,303	84,294					
50% Contract Demand	53,500	53,500	53,500	53,500	53,500	53,500	53,500	53,500					
75% of Previous High Demand	65,409	65,409	79,782	79,782	79,782	79,782	79,782	79,782					
Billing Demand	106,377	89,316	79,782	79,782	79,782	79,782	82,303	84,294					
Energy (kWh)													
Total Metered Energy	51,437,157	46,367,704	38,722,262	38,750,647	35,468,478	34,798,092	36,091,168	42,229,212					
Billing Period Energy	51,437,157	46,367,704	38,722,262	38,750,647	35,468,478	34,798,092	36,091,168	42,229,212					
Billed Period Energy - % Change	10%	-10%	-16%	0%	-8%	-2%	4%	17%					
Billed Demand Rate per kVA	8.6420	8.6420	8.6420	8.4057	8.3825	8.3868	8.3856	8.3537					
Billed Energy Rate per kWh	0.05065	0.05065	0.05065	0.05033	0.05025	0.05025	0.05025	0.05028					
INTERNAL ENERGY SALES													
St Lights and Traf Signals	24,250	24,250	24,250	24,250	24,250	24,250	24,250	24,250					194,000
Internal City Utility Charges	115,018	101,456	99,589	125,613	89,367	134,864	47,639	131,756					845,301
Climate Action Levy	97,331	271,749	125,312	213,940	139,196	147,431	102,435	216,141					1,313,535
Mean Temperature (Celsius)													
Heating + Cooling Degree Days	4.10	4.40	7.30	8.00	8.00	15.60	18.90	19.80					
	432.0	382.0	333.4	291.0	300.7	76.9	56.0	53.3					

