



NEW WESTMINSTER

New Westminster Electric Utility Commission

Financial Report for the period ended August 31, 2023

October 3, 2023

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 2023 Total Revenue Budget (excluding climate levy and non-operating contributions) of \$58.14M is primarily comprised of utility revenue generated from billing residential and commercial customers. Year to date \$37.5M, or 65%, of the utility revenue target has been generated, which is \$0.38 M ahead of 2023 expectations. Y/Y variance of \$1.11 M is mainly due to 2.8% annual rate increase.

The 2023 Expenditure Budget of \$44.58M is largely comprised of purchase of power from BC Hydro and similar to the utility revenue, purchase of power is ahead of target by \$0.28 M. Y/Y purchase of power variance of \$0.08 M is largely flat to 2022.

In summary, the annual Net Operating Budgets planned surplus to cover city-wide capital works and debt financing fees is ahead of target by \$0.19 M due to lower purchases.

CORPORATION OF THE CITY OF NEW WESTMINSTER PRELIMINARY STATEMENT OF OPERATIONS - ELECTRIC UTILITY YTD PERIOD ENDING AUGUST 31, 2023

<i>(in millions)</i>	2023 Budget	2023 YTD Budget	2023 YTD Actuals	Budget Variance	2022 YTD Actuals	Y/Y Variance
REVENUE						
Utility Revenue	\$ 57.82	\$ 37.00	\$ 37.47	\$ 0.47	\$ 36.31	\$ 1.16
Sales of Service	0.05	0.03	(0.05)	(0.09)	0.00	(0.06)
Contributions	-	-	0	0.00	0	0
Other Revenue	0.27	0.17	0.17	0.00	0.16	0.01
TOTAL REVENUE[‡]	\$ 58.14	\$ 37.21	\$ 37.59	\$ 0.38	\$ 36.48	\$ 1.11
EXPENSES						
Utility Purchases & Levies	\$ 33.82	\$ 21.64	\$ 21.92	\$ (0.28)	\$ 22.00	\$ 0.08
Salaries, Benefits & Training	3.62	2.36	1.96	0.40	1.83	(0.13)
Contracted Services	1.42	0.91	1.17	(0.25)	0.83	(0.34)
Supplies & Materials	0.48	0.31	0.38	(0.08)	0.29	(0.09)
Interest & Bank Charges	1.70	0.85	0.88	-	0.34	(0.54)
Amortization	3.54	2.34	2.36	-	2.27	(0.09)
TOTAL EXPENSES	\$ 44.58	\$ 28.41	\$ 28.68	\$ (0.21)	\$ 27.56	\$ (1.12)
NET	\$ 13.55	\$ 8.80	\$ 8.91	\$ 0.19	\$ 8.92	\$ (0.02)

Electric Utility – Capital Budget

The QB Substation is energized with only minor deficiencies remaining to be complete. The capital plan estimated the total project value of \$30.0M; however, the project was well managed and will close below \$28M. The project was fully debt financed. In addition, the related distribution duct bank project along Boyd Street has also been completed with the associated feeders connected to the new substation.

The Advanced Meter Project team has nearly completed the detailed planning in advance of implementation. The implementation work-streams have made significant progress in their respective areas. Upgrades to the city's NorthStar Billing system have also been completed. Statements of work for both the deployment and networks have both been developed and signed. Meter configuration is also complete with a pilot program scheduled to rollout in January 2024.

Another major project in the Approved Capital Plan is the District Energy Project. Although the 5 Year Capital Plan has an estimated \$46M (reduce from \$52M during this year's capital planning process) 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 development. Without additional grants/support the project is not financially viable and therefore no budget increase will be established until such funding has been secured. Staff are exploring moving forward with the initial portion of detailed design (30%) for the FHA portion of the system to get more accurate cost estimates and move negotiations with FHA forward.

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	2023 Annual Spend Target	2023TD Actual Expenses	Variance
Substation Upgrades	\$ 11.66	\$ 9.86	\$ 3.58	\$ 6.28
Advanced Meters Infrastructure	15.95	14.05	1.11	12.95
Electrical New Services	13.11	5.56	2.18	3.38
Sapperton District Energy Syst	46.34	2.34	0.04	2.30
Electrical Vehicles	1.27	0.56	-	0.56
QB Substation Land Acquisition				-
Distribution Planning	1.97	0.75	-	0.75
Electric Vehicle Infrastructur	1.50	0.50	-	0.50
Electrical Utility Equipment	0.02	0.01	0.37	(0.36)
EV Chargers				-
Electrical Capital	\$ 91.81	\$ 33.62	\$ 7.27	\$ 26.35

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 2023, or Year 7 of the Business Plan, we have collected \$0.15M, or 79% of our utility revenue target. This is ahead of 2022.

The Expenditure Budget of \$1.13 M 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 has obtained a Business Manager 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 AUGUST 31, 2023**

<i>(in millions)</i>	2023 Budget	2023 YTD Budget	2023 YTD Actuals	Budget Variance	2022 Actuals	YTD Actuals	Y/Y Variance
REVENUE							
Utility Revenue	\$ 0.19	\$ 0.12	\$ 0.15	\$ 0.03	\$ 0.10	\$ 0.10	\$ 0.05
Other Revenue	0.02	0.02	0.02	-	0.01	0.01	-
TOTAL REVENUE	\$ 0.21	\$ 0.14	\$ 0.17	\$ 0.03	\$ 0.11	\$ 0.11	\$ 0.05
EXPENSES							
Salaries, Benefits & Training	\$ 0.20	\$ 0.13	\$ 0.11	\$ 0.03	\$ 0.10	\$ 0.10	\$ (0.00)
Contracted Services	0.08	0.05	-	0.02	0	0	(0.03)
Supplies & Materials	0.05	0.04	0	0.03	0	0	-
Interest & Bank Charges	0.20	0.13	0.10	-	0.07	0.07	(0.03)
Amortization	0.60	0.39	0.40	-	0.31	0.31	(0.08)
TOTAL EXPENSES	\$ 1.13	\$ 0.74	\$ 0.60	\$ 0.08	\$ 0.49	\$ 0.49	\$ (0.14)
NET	\$ (0.91)	\$ (0.60)	\$ (0.44)	\$ 0.11	\$ (0.38)	\$ (0.38)	\$ (0.09)

BridgeNet – Capital Budget

Total capital spent to date is \$9.8M, which includes the \$0.41 spent to date. The table below represents the current 2023 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	2023 Annual Spend Target	2023TD Actual Expenses	Variance
Total BridgeNet Fund	\$ 2.85	\$ 0.76	\$ 0.41	\$ 0.35