



Energy and Climate Action

2025 – 2029 Proposed Utility Rates

November 5, 2024



NEW WESTMINSTER

Recap of 2024-2028 Budget

- ❑ Introduced capital spending program \$166.9M to address load demand
 - Increase of \$76M from prior 5-year Plan
 - Annual Operating Enhancements of \$736k per annum related to AMI and substation maintenance
- ❑ Reviewed options to:
 - ❑ Maintain 2.8% annual rate increase
 - ❑ Increase rates progressively 0.5% per annum from 2.8% to 4.8%
 - ☑ Increase rates 3.5% annually
- ❑ Chose to increase rates at 3.5% per annum commencing 2025
- ❑ Build reserves as quickly as possible to:
 - ❑ Minimize large rate increases
 - ❑ Reduce debt and debt servicing

Agenda

- ❑ Executive Summary
- ❑ 2024 in Review
- ❑ 2024 Budget and 2024 - 2028 Proposed Five Year Capital Plan
- ❑ Operating Service Enhancement
- ❑ BC Hydro Rate Trends
- ❑ Recommendation
- ❑ Q&A and Feedback from Utility Commission

Executive Summary

- ❑ Recommending continuing the path of maintaining a 3.5% annual increase
- ❑ Outcomes 2024 – 2028 Plan:
 - ✓ Operating income on Plan
 - ✓ Higher reserve balance than planned due to lower than planned capital spending
 - ❑ District Energy spending pushed to later years, and
 - ❑ AMI project spending extending into 2025.
- ❑ 2029 Reserve Balance is forecasted at \$34.4M for Electrical only, or 5.5% of estimated asset replacement value holding rates to 3.5% increase per annum



Electric Utility	Budget Projections (\$ in millions)				
	2025	2026	2027	2028	2029
Revenues	\$ 67.65	\$ 69.76	\$ 82.75	\$ 81.23	\$ 80.82
Operating Expenses	\$ 48.02	\$ 49.34	\$ 50.82	\$ 51.91	\$ 56.76
Capital	\$ 24.65	\$ 10.78	\$ 33.38	\$ 24.15	\$ 80.93
Reserves	\$ 21.00	\$ 26.18	\$ 32.41	\$ 41.03	\$ 34.39
Rate Increase	3.5%	3.5%	3.5%	3.5%	3.5%
Reserves / Replacement Value	3.2%	4.0%	5.2%	6.6%	5.5%

2024 in Review – Electrical Operations

2024 Accomplishments

- Queensborough Substation – All Queensborough Electrical loads transferred to new substation.
- 10 Year Distribution System Plan initiated.
- AMI detailed project planning complete and AMI meters beginning mass deploying in the field.
- Several Major New Services Connections.
- Asset Management - electrical equipment inventory.
- Recruitment of 2 Powerline Technicians and 1 Project Manager.

2025 Workplan

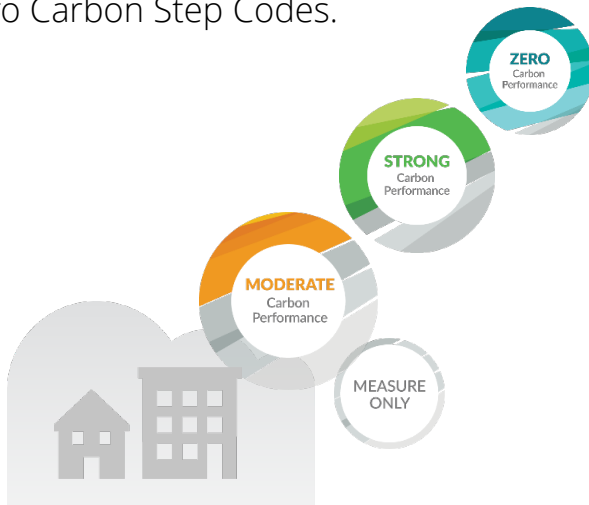
- AMI project – plan to have mass deployment of meters complete in 2025.
- 10 Year Distribution Plan complete, begin 40 Year Distribution Plan.
- Asset Management – Complete Condition Assessment Report.
- Additional Recruitment: Manager of Distribution and Substations, Manager of Capital Projects.
- R03 Land Acquisition (\$9.75M).
- Voltage Conversion Project – begin infrastructure replacement and upgrades.



2024 in Review: Climate Action

2024 Accomplishments

- Onboarding of 6 new Climate Action Team members (total 7 staff)
- Integration of Climate Action Team with the Electrical Utility
- Adoption of Climate Action Decision Making Framework for implementation in the 2025 budget process
- Non-residential EV Ready bylaw (anticipated Nov. 18)
- Ongoing delivery of community incentives for home energy assessments, heat pumps, smart thermostats and electrical capacity upgrades.
- Delivered 2 Builder Breakfast sessions to support compliance with Energy and Zero Carbon Step Codes.



2025 Proposed Capital Projects

- Development of public EV Charging network expansion plan
- Develop climate vulnerable building assessment
- Advance Extreme Heat Response Building Retrofit needs assessment and program plan
- Deliver incentives for residential and commercial energy and emissions reductions
- Develop City-Wide Adaptation and Resilience Plan



Image: <https://www.hydropower.org/iha/discover-facts-about-hydropower>

Capital Plan: 2025-2029

Capital Spending Projection over 5 Years: \$173.9M

- Increase of \$7.0M compared to previous 5-year Plan

Highlights and Key Changes

- District Energy construction pushed to a 2027 start.
- Sapperton Substation project removed from 5 year plan.
- RO3 substation added to 5 year plan with construction planned for 2029 start.
- Added Queensborough N-1 Supply Project.

2025 Operating Enhancements

Electrical

- Manager for Major Projects and Strategic Corporate Priorities - \$205k

Climate

- Climate Action Coordinator (Education and Awareness) - \$130k

BridgeNet

- N/A

BC Hydro Transmission Rate Methodology

BC Hydro Transmission Rate Increases and Methodology

- Previous years BC Hydro applied general rate increase across demand and consumption. LY = 2.3% increase
- Going forward, demand and consumption rates will change at different rates
- Introduction of Trade Income Rate Rider: -2.3%

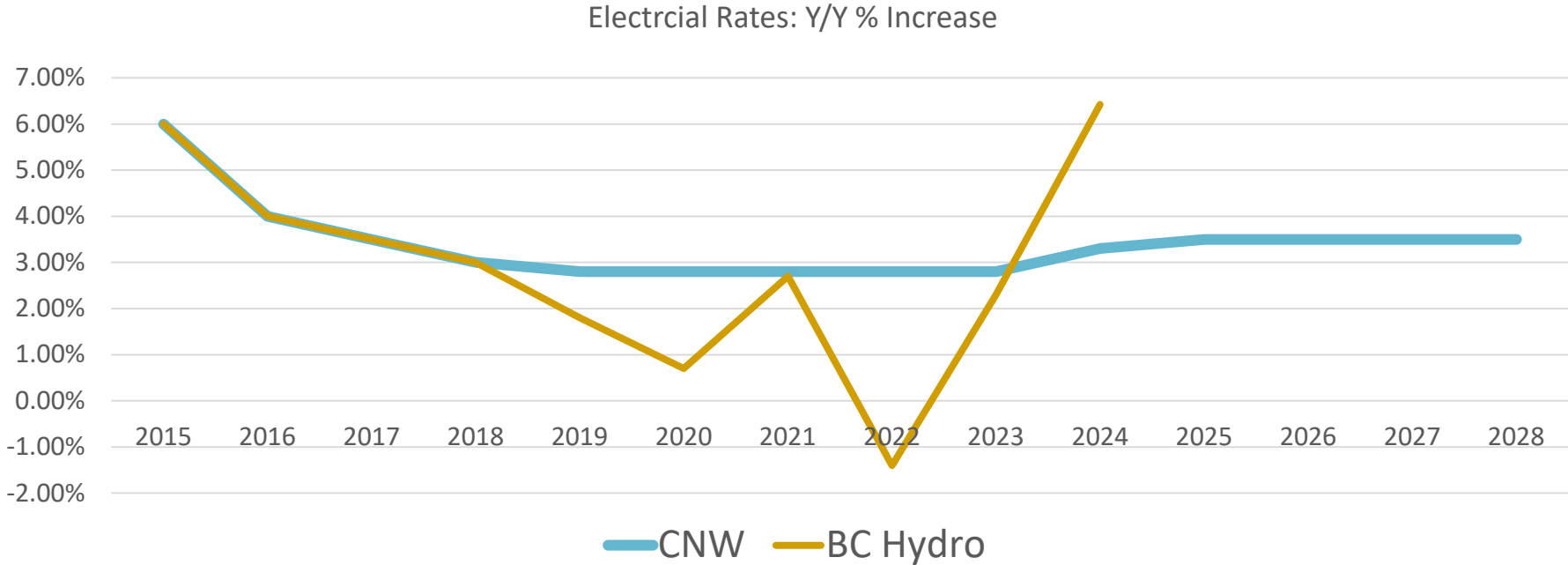
Year	General Rate Increase (%)	Energy Charge (\$/MWh)			Demand Charge (\$/kVA)
		Energy Charge A <small>▪ For customers with a high share of Tier 1 energy use under RS 1823 during the F2020 or F2022 billing year.</small>	Energy Charge B <small>▪ For customers with a moderate share of Tier 1 energy use under RS 1823 during the F2020 or F2022 billing year</small>	Energy Charge C <small>▪ For customers with a low share of RS 1823 Tier 1 energy use during F2020 or F2022 billing year. ▪ For customers previously taking service under Energy Charge 1823A of RS 1823 and RS 1827. ▪ For new customers.</small>	All Customers
F2025	6.42%	48.11	51.01	53.74	10.154
F2026*	8.50%	51.85	53.43	54.91	11.858
F2027*	1.30%	51.92	51.92	51.92	12.866

	Deferral Account Rate Rider (DARR)	Trade Income Rate Rider (TIRR)
F2025	-2.5%	-2.3%
F2026*	5.0%	-15.3%
F2027*	5.0%	-14.5%
F2028*	2.5%	-13.1%
F2029*	0.5%	-11.1%

Modelled holding FY2025 rates

Modelled CPI of 3% for Demand; Energy 0% after FY2027

Comparison of BC Hydro and CNW Rate Increases



Analysis:

- ❑ Chart and commentary of BC Hydro versus CNW rate increases

CAGR
6.0%

Recommendation

- Stay on course
 - ❑ Policy: Target Reserve balance : 5% - 10% of current replacement value (~\$600M)
 - ❑ 2029 Reserve Balance is forecasted at \$34.4M for Electrical only, or 5.5% of estimated asset replacement value holding rates to 3.5% increase per annum

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Q&A: Questions and Answers

Appendices

Detailed Financials

Electric Utility Only ex. BridgeNet	Budget Projections (\$ in millions)				
	2025	2026	2027	2028	2029
Utility Rates	\$ 63.73	\$ 65.95	\$ 68.26	\$ 70.64	\$ 73.11
Contributions	\$ 3.60	\$ 3.40	\$ 14.00	\$ 10.00	\$ 7.00
Other Revenue	\$ 0.32	\$ 0.40	\$ 0.49	\$ 0.59	\$ 0.70
Revenues	\$ 67.65	\$ 69.76	\$ 82.75	\$ 81.23	\$ 80.82
Salaries, Benefits and Training	\$ 4.32	\$ 4.45	\$ 4.58	\$ 4.72	\$ 4.86
Contracted Services	\$ 1.97	\$ 1.97	\$ 1.98	\$ 1.98	\$ 1.99
Supplies and Materials	\$ 0.51	\$ 0.51	\$ 0.51	\$ 0.51	\$ 0.51
Interest and Bank Charges	\$ 1.77	\$ 1.77	\$ 2.31	\$ 2.68	\$ 5.19
Utility Purchases and Levies	\$ 36.16	\$ 36.46	\$ 36.61	\$ 36.99	\$ 37.38
Amortization	\$ 3.30	\$ 4.17	\$ 4.82	\$ 5.02	\$ 6.83
Operating Expenses	\$ 48.02	\$ 49.34	\$ 50.82	\$ 51.91	\$ 56.76
Capital	\$ 24.65	\$ 10.78	\$ 33.38	\$ 24.15	\$ 80.93
Reserves	\$ 21.00	\$ 26.18	\$ 32.41	\$ 41.03	\$ 34.39
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BridgeNet

BridgeNet	Budget Projections (\$ in millions)				
	2025	2026	2027	2028	2029
Revenues	\$ 0.42	\$ 0.53	\$ 0.65	\$ 0.76	\$ 0.86
Operating Expenses	\$ 1.01	\$ 1.01	\$ 1.02	\$ 1.03	\$ 1.03
Capital	\$ 0.38	\$ 0.26	\$ 0.19	\$ 0.15	\$ 0.14
Reserves	\$ (2.90)	\$ (3.54)	\$ (3.99)	\$ (4.33)	\$ (4.57)