



**City of Lloydminster
Request for Decision (RFD)**

Subject Matter: 2023 – 2025 Wholesale Customer Potable Water Rate for Alberta Central East Water Corporation and Saskatchewan Water Corporation

Department: Operations

Presented By: Don Stang

Council Meeting Date: November 21, 2022

Recommendation:

That Council approve and establish the 2023 to 2025 Wholesale Customer Potable Water Rate for Alberta Central East Water Corporation and Saskatchewan Water Corporation as outlined in the following table:

Year	Rate (\$/m3)
2023	\$ 1.41
2024	\$ 1.48
2025	\$ 1.55

Issue: To establish the City of Lloydminster's 2023 to 2025 wholesale customer potable water rate for Alberta Central East Water Corporation and Saskatchewan Water Corporation.

Background: The City of Lloydminster (City), as approved by Council, entered into wholesale customer potable water supply agreements with Alberta Central East Water Corporation (ACE) and Saskatchewan Water Corporation (SaskWater). Both of these agreements established wholesale customer potable water rates up until the end of 2022.

Recently, Administration conducted a review to determine the cost of providing potable water to its wholesale customers. The review involved an accounting of operating costs and capital infrastructure upgrades required for the water system in the next five (5) years as it pertains to wholesale customers.

Costs were reviewed and prorated based on the wholesale customer's utilization of the system. The review informed Administration that the cost of providing potable water to ACE and SaskWater is \$1.41 per cubic meter, which is based on annual operating and administrative costs, five (5) year capital costs, and includes a profit margin.

The review concluded that in order to maintain a sustainable water utility, an increase to the current wholesale customer potable water rate is required. The increase is attributed to rising operational costs to cover inflation, material cost escalation (i.e., chemicals required for treatment) and other administrative costs. Increases to the capital costs are based on upgrades required to replace the City's aging water system and infrastructure in the next five (5) years.

Past, present and the proposed three (3) year wholesale customer potable water rates are outlined in the following table:

Wholesale Customer Potable Water Rates

Year	Rate (\$/m3)	Change (from prior year)
2021 (past)	\$ 1.28	----
2022 (current)	\$ 1.29	1%
2023	\$ 1.41	9%
2024	\$ 1.48	5%
2025	\$ 1.55	5%

Administration presented the proposed 2023 to 2025 wholesale customer potable water rate to ACE and SaskWater and both are in agreeance with the proposed rates as presented.

Options:

1. That Council approve and establish the 2023 to 2025 Wholesale Customer Potable Water Rate for Alberta Central East Water Corporation and Saskatchewan Water Corporation as outlined in the following table:

Year	Rate (\$/m3)
2023	\$ 1.41
2024	\$ 1.48
2025	\$ 1.55

2. That Council not approve and establish the 2023 to 2025 Wholesale Customer Potable Water Rate for Alberta Central East Water Corporation and Saskatchewan Water Corporation as outlined in the following table:

Year	Rate (\$/m3)
2023	\$ 1.41
2024	\$ 1.48
2025	\$ 1.55

3. That Council request further information and that the item be brought forward to a future Regular Council Meeting for decision.

Alignment with Strategic Plan: This item is in alignment with the following strategic area: Managing our Environment and Infrastructure and Delivering Good Governance. Increased revenue will provide funding for future operational costs and capital projects to sustain the City's infrastructure.

Providing water to the City's Regional Partners strengthens our relationship and provides for more opportunities for us to work collaboratively on services that serve the region as a whole.

Legal Review: N/A

Governance Implications: N/A

Budget/Financial Implications: The proposed 2023 to 2025 wholesale customer potable water rate is anticipated to generate additional revenue to the City of Lloydminster.

Environmental Implications: N/A

	<p align="center">City of Lloydminster Request for Decision (RFD)</p>
---	--

Report Approval Details

Document Title:	2023 - 2025 Wholesale Customer Water Rates for Alberta Central East Water Corporation and Saskatchewan Water Corporation.docx
Attachments:	
Final Approval Date:	Oct 27, 2022

This report and all of its attachments were approved and signed as outlined below:

Don Stang

Task assigned to Doug Rodwell was completed by delegate Don Stang

Dion Pollard