


BUDGET WORKSHOP



2025 Budget, Regulatory and Rates

City of
NELSON

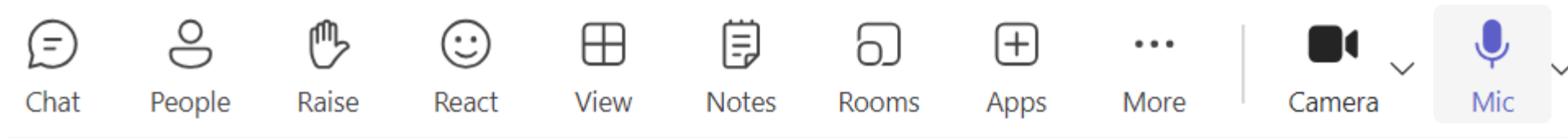
September 24, 2024



We would like to acknowledge that the land on which we gather is the traditional territory of the Ktunaxa, the Syilx, and the Sinixt peoples and is home to the Métis and many diverse Aboriginal persons. We honour their connection to the land and rivers and respect the importance of the environment to our strength as a community.

Virtual Event Management

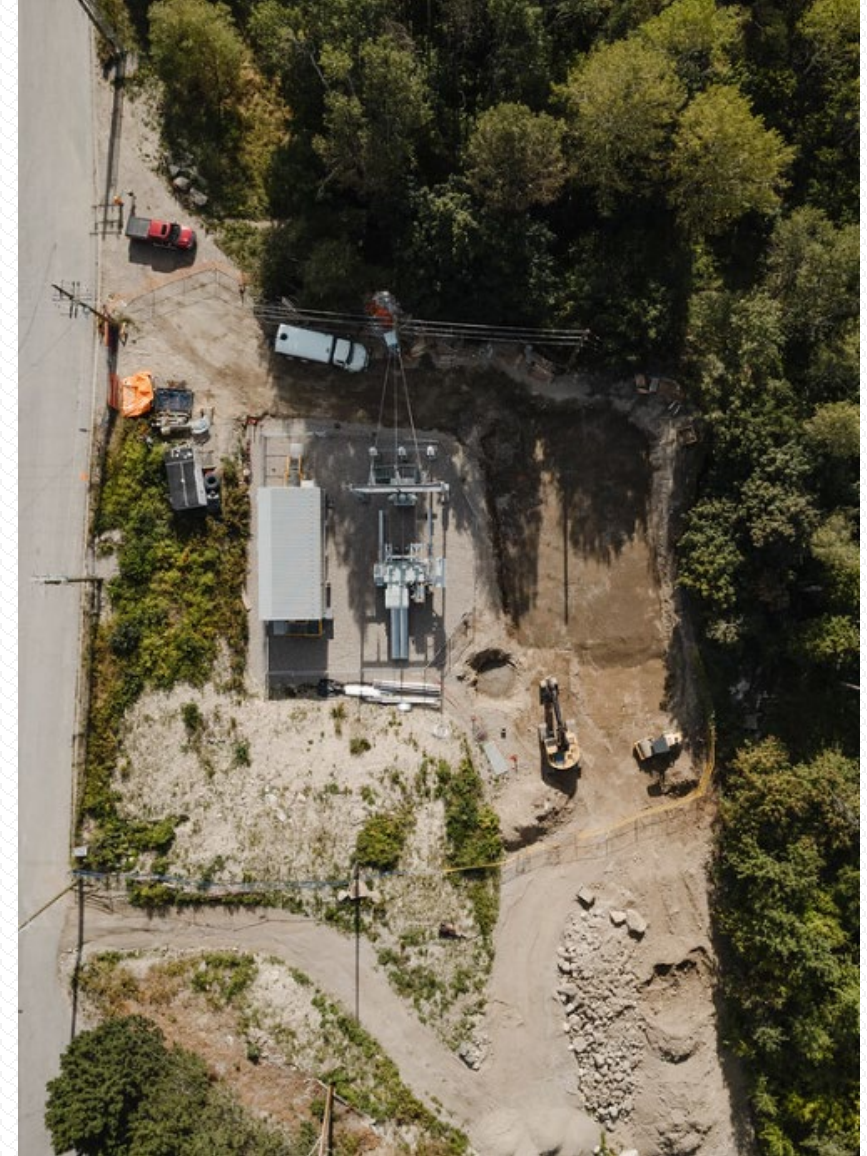
- Participants will remain muted during the presentations
- If you have a question, please use the chat function or raise your hand. See the icons at the top of your screen.



- We will be recording the meeting.

AGENDA

- Regulatory Update
- Budget Preparation
 - 2024 Operations and Capital Highlights
 - 2024 Operations and Capital Expense Forecast
 - 2025 Operations and Capital Plan Highlights
 - 2025 Operations and Capital Budget
- 2025 Revenue Requirements
- Budget and Rate Considerations
- Discussion





Regulatory Update

BCUC APPLICATIONS & PROCEEDINGS – CURRENT/COMPLETED

- Reconsideration & Variance of G-196-22 (COSA) – Completed
- 2023 Revenue Requirements Application – Completed
- 2024 Revenue Requirements Application – Completed
- Regulatory Efficiency Initiative – Completed
- Terms and Conditions of Service – Ongoing
- Generic Cost of Capital (GCOC) Phase 2 – Ongoing
- FortisBC 2025-27 Rate Setting Framework – Ongoing



bcuc
British Columbia
Utilities Commission





2024 Operations & Capital Highlights

2024 OPERATIONS HIGHLIGHTS

- Continued High Level of Veg Management
- CoN Electrical Safety Program
- Operationalizing Asset Management
- Dam Safety Review Updates
- Addition of Design Tech I
- Addition of Project Coordinator
- BC Hydro Arbitration

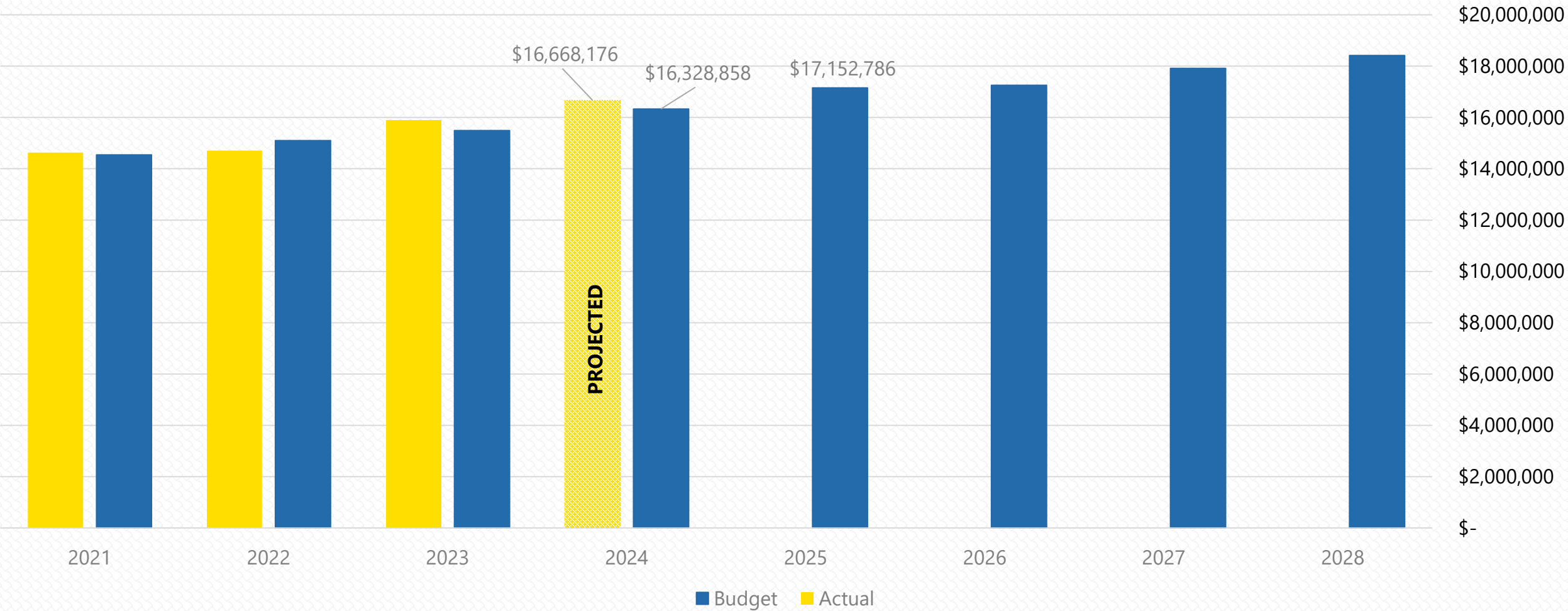


2024 CAPITAL HIGHLIGHTS

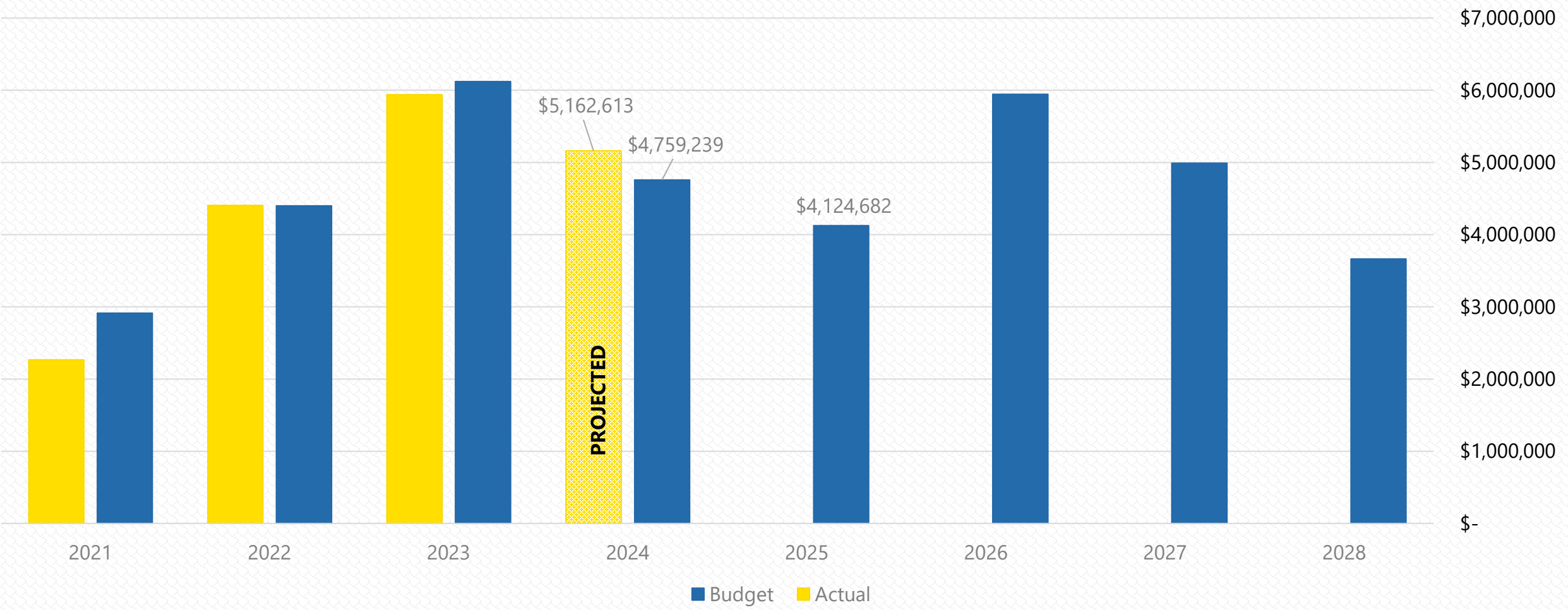
- G3 & G4 Exciter Project Completion
- Mill St Substation Completion
- Geographic Information System (GIS)
- SCADA System Improvements
- Penstock & Intake Gate Inspection
- G5 Retaining Wall Rebuild
- Pole Replacements on North Shore



O&M BUDGET VS ACTUAL EXPENDED



CAPITAL BUDGET VS ACTUAL EXPENDED



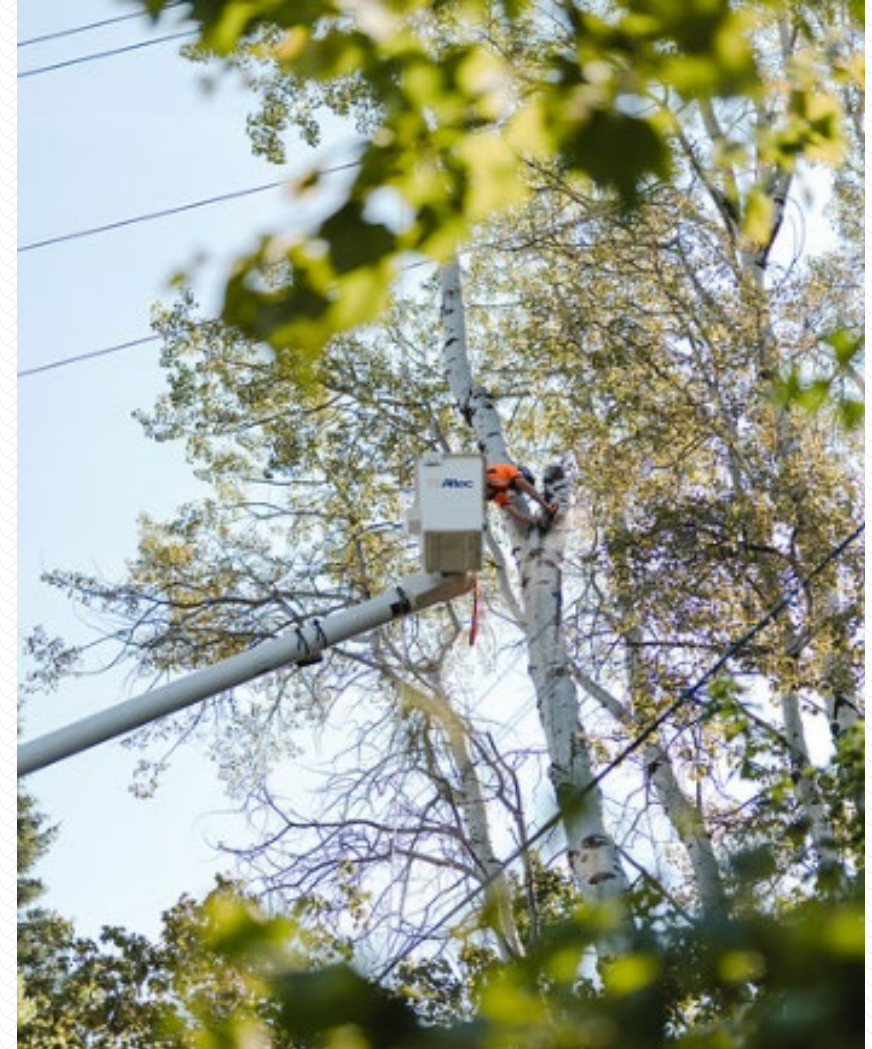
2024 BUDGET HIGHLIGHTS

	2024 Budget	2024 YE Forecast	Forecast / Budget
Revenue	\$23,771,799	\$23,437,419	99%
Power Purchases	\$8,276,597	\$8,358,341	101%
Operating Expenses	\$8,052,261	\$8,309,835	103%
Capital Expenditures	\$4,759,239	\$5,162,613	108%

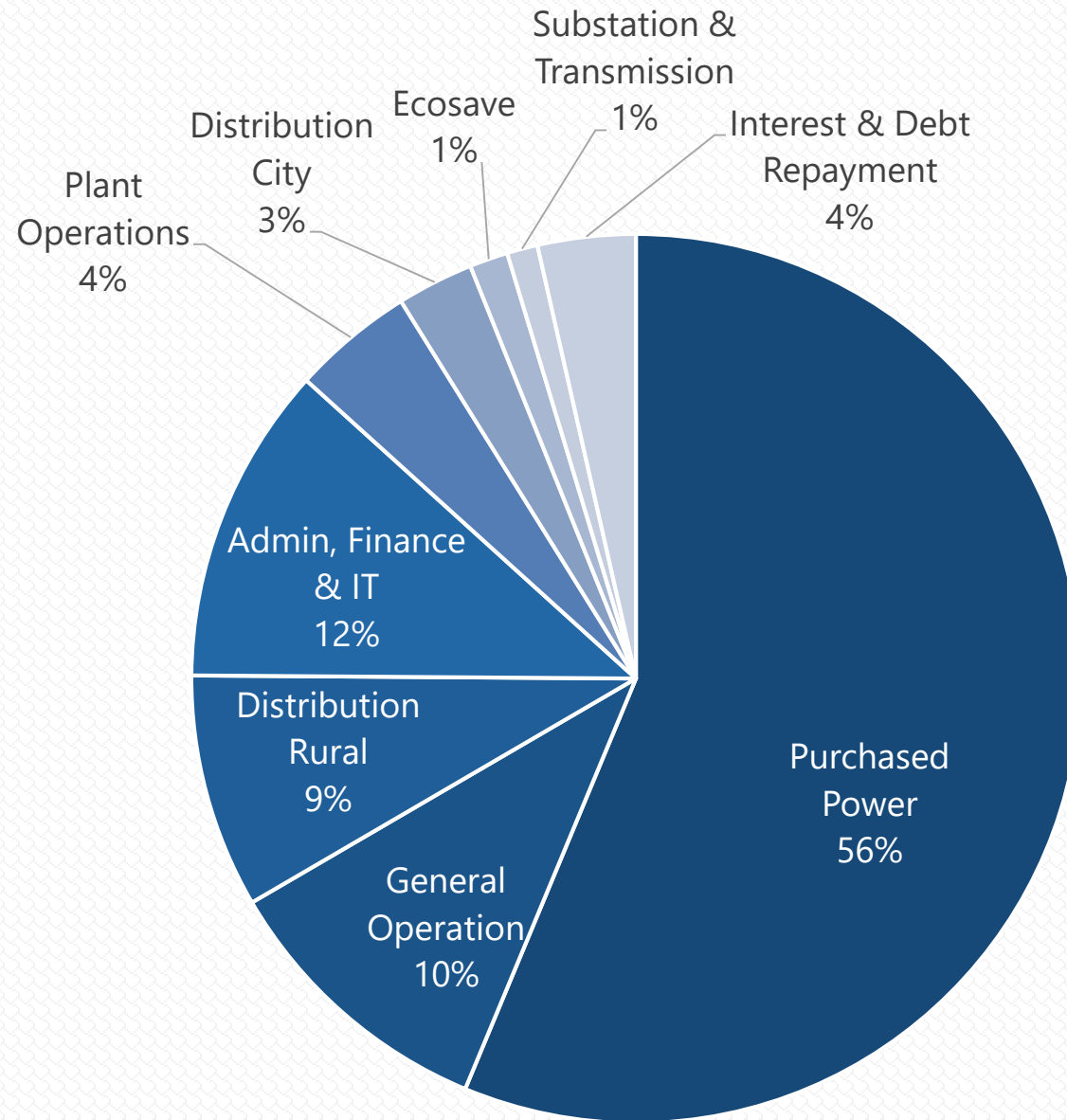


2025 OPERATING BUDGET HIGHLIGHTS

- 5.30% FortisBC rate increase
- Inflationary increase of 2.99%
- Continued focus on reliability
- Continued focus on safety
- 3.02% increase in IBEW wages



2025 OPERATING HIGHLIGHTS

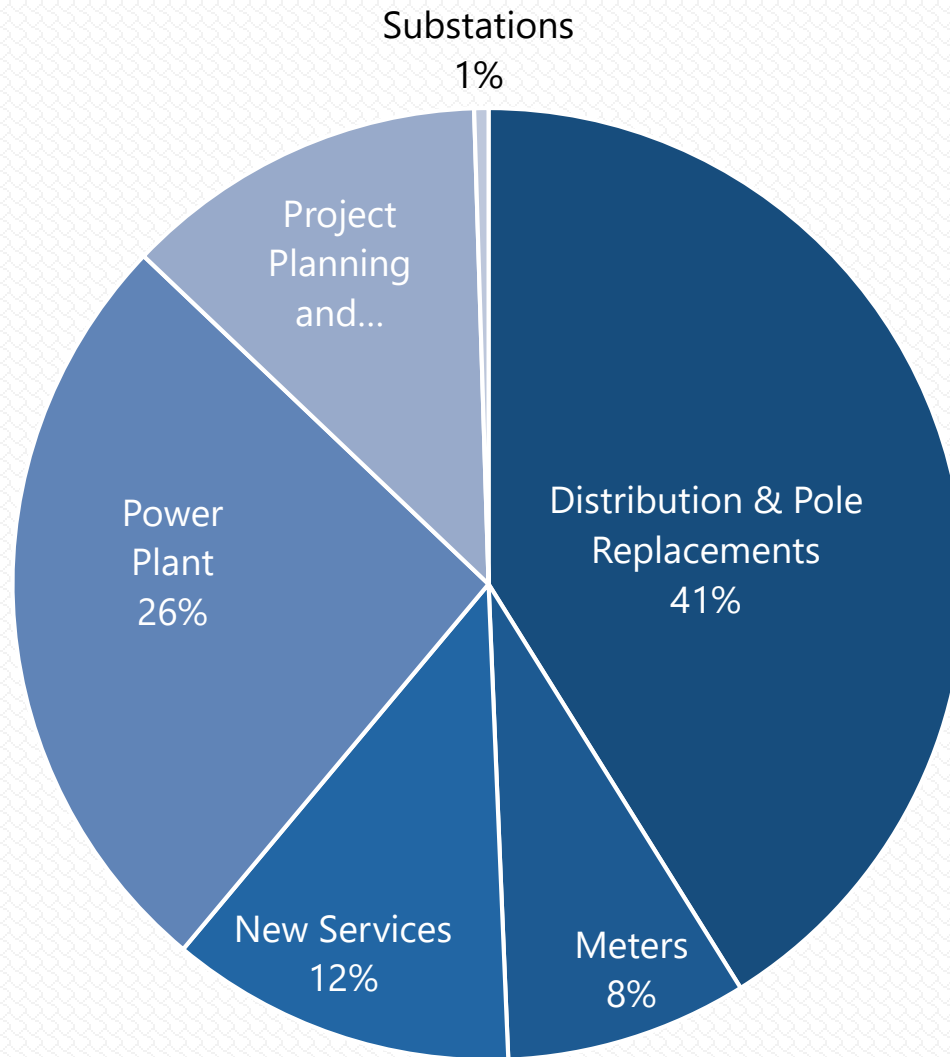


2025 CAPITAL HIGHLIGHTS

- Mill St Substation Commissioning & Close-out
- Geographic Information System (GIS)
- Generating Station Pressure Vessels
- Dam Safety Repairs
- Cybersecurity Improvements
- Major Maintenance on G5 Generator
- Advanced Metering Infrastructure Planning
- Marsden Rd & Mount Nelson Powerline Rebuilds



2025 CAPITAL HIGHLIGHTS



2025 OPERATING & CAPITAL BUDGET SUMMARY

	2024 YE Fcst.	2025 Budget	2024 Fcst. Vs 2025 Budg.
Power Purchases	\$8,358,341	\$8,931,383	107%
Operating Expenses	\$8,309,835	\$8,221,402	99%
Capital Expenditures	\$5,162,613	\$4,124,682	80%

Significant Capital Investments	2025 Budget	Total Project Budget
Advanced Metering	\$220,000	\$7,377,000
Power Plant Investment - Dam Safety	\$281,000	\$5,129,000
Pole Replacements - Rural	\$550,000	N/A
Mt Nelson Rebuild	\$500,000	\$500,000
Transmission Line Upgrades	\$175,000	\$475,000
Pressure Vessel	\$250,000	\$255,000
G5 Major Maintenance	\$180,000	\$180,000
Total 2025 Capital Budget	\$4,124,682	





2025 Revenue Requirements

2025 REVENUE REQUIREMENTS

- Revenue required to meet operations and capital forecast expenses
- Rural rates will be based on output from the 2025 COSA
- Urban rates will be set to maintain a healthy capital reserve



2025 REVENUE REQUIREMENTS

- Current budget COSA model output range:
 - 8.5% - 6.5% Rural Rate Increase
 - 6.0% - 4.0% Urban Rate Increase
- Still work to be done to refine the budget and financing





Budget & Rate Considerations

NELSON HYDRO STRATEGIC PLAN

Vision

Nelson Hydro is a local, progressive, agile, customer focused electric utility that provides reliable service Nelson and area residents can count on.

Mission

To safely deliver reliable, affordable and sustainable electrical services which enhance the quality of life for our customers.

Values

- Safety and the environment always come first.
- We value our customers.
- We work collaboratively with customers, businesses, communities, governments and Indigenous Peoples.
- We are respectful and always seek to improve.

Commitments

- Valuing and developing our employees
- Achieving the vision through future focused planning
- Taking pride in our community
- Building strong partnerships
- Strong fiscal management, performance accountability and good stewardship of our assets
- Enabling safe, low-carbon and resilient communities



HIERARCHY OF CONSTRAINTS

1. Risk
2. Scope
3. Quality
4. Resources
5. Budget/Cost
6. Time/Schedule





Discussion

SEND FURTHER FEEDBACK TO:

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