

ECONOMIC AND FINANCE STANDING POLICY COMMITTEE REPORT

Title 2026 Electric Distribution Tariff - Bylaw 6502
Amending Bylaw 6364

Meeting Date September 11, 2025

Submitted By Mayor Hyggen, Chair, Economic and Finance Standing Policy Committee

Recommendation from Economic and Finance Standing Policy Committee:

BE IT RESOLVED THAT Council provide first reading of Bylaw 6502, amending Bylaw 6364 – 2026 Distribution Tariff Bylaw, as provided in Attachment 2.

Vote:

In Favour: 9-0 (Unanimous)

Public Speakers at the Meeting: None

Public Submissions: None

Submitted By Jason Drenth, General Manager - Electric Utility

Presented By Jason Drenth, General Manager - Electric Utility

Summary

The Electric Distribution Tariff Bylaw sets the rates for all customers receiving electric services from the City of Lethbridge Electric Utility (LEU). The Distribution Tariff covers costs for the “wire services” required to connect customers to electrical services but does not cover costs associated with the energy customers consume. The Distribution Tariff is comprised of two main components to recover the costs of providing electric utility infrastructure for customers, Transmission Access Fees and Distribution Access Fees.

Transmission Access Fees are collected from customers by the City of Lethbridge Electric Utility and flow through to the Alberta Electric System Operator (AESO) to cover the costs of the provincial transmission system. The provincial transmission system is required to connect generation sources to distribution systems throughout the province. Transmission Access Fees are set by the AESO and approved by the Alberta Utilities Commission (AUC).

Transmission Access Fees will decrease by 1.00% for total revenue in the Electric Distribution Tariff to meet the forecasted costs from the AESO in 2026.

Distribution Access Fees are collected from customers to cover the costs related to the electrical distribution system infrastructure located within the City of Lethbridge. The Lethbridge distribution system provides electrical connection for all customers in Lethbridge from the transmission system to their point of use.

Distribution Access Fees will increase by 1.00% for total revenue in the Electric Distribution Tariff to meet forecasted costs for 2026.

A cost-of-service analysis was performed and as a result the residential customers will see no change in their 2026 wires charges when compared to 2025, the average commercial customer will see a small decrease and large industrials will see a 1% increase year over year.

There will be no change to the Local Access Fee that the City of Lethbridge charges to electric utility customers in 2026. The Local Access fee is set as a percentage of the sum of Transmission Access Fees and Distribution Access Fees. The Local Access Fee will be 15.5% for 2026 and is set by city Finance.

The forecasting of rates for first reading of the Electric Distribution Tariff are based upon analysis of the June 30, 2025 financial reports.

Recommendation(s)

That the Economic Standing Policy Committee recommends that Council:

1. Provide first reading of Bylaw 6502 amending Bylaw 6364 – 2026 Distribution Tariff Bylaw, as provided in Attachment 2.

Financial

An assessment of the rate increase will result in no increase or decrease on a monthly of an average (750kWh) residential customers monthly bill, 0.7% decrease for an average Commercial customer and 1.0% increase for the average Industrial customer.

Background and Prior Decisions

Prior to forecasting 2026 rates, the Electric Utility committed to no new initiatives throughout the department for the period of 2023 – 2026 to maximize cost savings achieved through the workforce adjustment in 2021. The Electric Utility continues to assess each vacancy proactively to determine if the position is required and what the implications would be of not filling the role.

The proposed rate increase is less than previously approved in late 2022 as part of the 2023 – 2026 Operating Budget approval.

These changes will be effective January 1st, 2026.

Engagement

Engagement is historically done with the large industrial consumers. Contact with the large customers is scheduled.

Recommendation and Option(s) Analysis

Economic SPC recommend to Council to provide first reading of Bylaw 6502. These changes align with the Financial Stewardship and Economic Prosperity goal of the community. The risk of not proceeding as recommended is a lack of funding to support the Lethbridge Electric Utility in its 2026 operating budget as approved in 2022 resulting in a budget shortfall.

Attachment(s)

1. Bylaw 6364 DT Redline.docx
2. Bylaw 6502 – Amending Bylaw for Distribution Tariff Bylaw.docx
3. 2026 Electric Utility Bylaw.pptx

Link(s)

None.

Approvals**A/Department**

Jason Drenth

Director:**City Manager:**

Lloyd Brierley

BYLAW 6502

A BYLAW OF THE CITY OF LETHBRIDGE TO AMEND
BYLAW 6364-THE CITY OF LETHBRIDGE ELECTRIC
DISTRIBUTION TARIFF BYLAW

WHEREAS the City of Lethbridge owns and operates a municipal electric distribution utility;

AND WHEREAS the City of Lethbridge Municipal Electric Distribution Utility has been designated as a wire service provider pursuant to the *Electric Utilities Act*, S.A. 2003, c. E-5.1;

AND WHEREAS it is necessary to update the fees contained in the bylaw;

NOW THEREFORE, THE COUNCIL OF THE CITY OF LETHBRIDGE, IN THE PROVINCE OF ALBERTA, DULY ASSEMBLED, ENACTS AS FOLLOWS:

1. Bylaw 6364 - The City of Lethbridge Electric Distribution Tariff Bylaw is amended as follows:

- (a) ins. 2, delete "2025" and replace with "2026";
- (b) in Appendix 1:
 - (i) add to the table of contents under "Rate Code 999" the following:
"Rate Code 1000: Distributed Generation.....16"
 - (ii) in the line for Schedule A: City of Lethbridge Local Access Fee – Rider "A" in the table of contents delete "16" and replace with "17"
 - (iii) in the line for Schedule B: Balancing Pool Consumer Allocation Rider "B" in the table of contents delete "16" and replace with "17"
 - (iv) in the line for Schedule C: AESO Rate "DTS" Rider "C" in the table of contents delete "17" and replace with "18"
 - (v) delete all references to "2025" and replace with "2026";
 - (vi) on the page for Rate Code 994, delete all charges under the Transmission Access Rate and replace with the following:

Transmission Access Rate

a) System Usage Charge	0.0191	\$ per kWh
b) Service and Facilities Charge	0.0000	\$ per day
c) Demand Charge	0.2024	\$ per kVA per day

- (vii) on the page for Rate Code 995, delete all charges under the Transmission Access Rate and replace with the following:

Transmission Access Rate

- | | | |
|----------------------------------|--------|--------------------|
| a) System Usage Charge | 0.0166 | \$ per kWh |
| b) Service and Facilities Charge | 0.0000 | \$ per day |
| c) Demand Charge | 0.2867 | \$ per kVA per day |

- (viii) on the page for Rate Code 996, delete all charges under the Distribution Access Rate and replace with the following:

Distribution Access Rate

- | | | |
|----------------------------------|---------|--------------------|
| a) System Usage Charge | 0.0012 | \$ per kWh |
| b) Service and Facilities Charge | 16.4990 | \$ per day |
| c) Demand Charge | 0.2218 | \$ per kVA per day |

- (ix) on the page for Rate Code 997, delete all charges under the Distribution Access Rate and replace with the following:

Distribution Access Rate

- | | | |
|----------------------------------|---------|--------------------|
| a) System Usage Charge | 0.0011 | \$ per kWh |
| b) Service and Facilities Charge | 13.9774 | \$ per day |
| c) Demand Charge | 0.0999 | \$ per kVA per day |


- (x) on the page for Rate Code 1000, delete the charges under Distribution Access Rate and replace with the following:

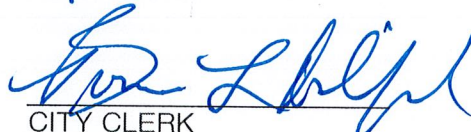
Distribution Access Rate

- | | | |
|----------------------------------|---------|-------------------|
| a) System Usage Charge | 0.0025 | \$ per kWh |
| b) Service and Facilities Charge | 36.0000 | \$ per day |
| c) Demand Charge | 0.0334 | \$ per kW per day |

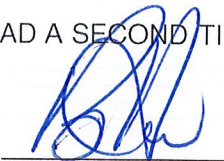
3. This Bylaw comes into force and effect on the 1st day of January, 2026.

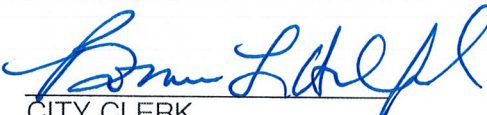
READ A FIRST TIME this 16th day of September, A.D. 2025


MAYOR

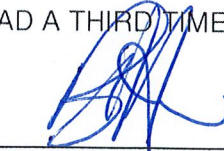

CITY CLERK

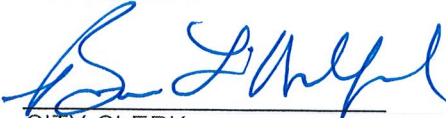
READ A SECOND TIME this 2nd day of December, A.D. 2025


MAYOR


CITY CLERK

READ A THIRD TIME this 2nd day of December, A.D. 2025


MAYOR


CITY CLERK