
REPORT TO COUNCIL
UTILITIES KINGSTON
1425445 ONTARIO LIMITED



Report 08-361

TO: Mayor and Council

FROM: J. Keech, President & C.E.O., Utilities Kingston

RESOURCE STAFF: J. Keech, President & C.E.O., Utilities Kingston
R. Murphy, Manager of Finance, Utilities Kingston
S. Gibson, Rates and Revenue Analyst, Utilities Kingston

DATE OF MEETING: 2008-11-17

SUBJECT: Approval of Rate Changes for 2009 for Miscellaneous Charges and the Appliance Rental Business

EXECUTIVE SUMMARY:

This report specifically deals with the proposed rate changes for the 2009 Miscellaneous Charges for water, sewer, and gas utilities, and the Appliance Rental Business, including the appropriate By-Law changes.

RECOMMENDATION:

It is recommended that Council approve:

- 1) The proposed Miscellaneous Charges and Appliance Rental rates adjustments as detailed in this report, effective January 1, 2009.
- 2) BY-LAW NO. 200X-XXX - A BY-LAW TO IMPOSE MISCELLANEOUS CHARGES and APPLIANCE RENTAL RATES to reflect the approved rates for 2009. (*Exhibit A*)
- 3) The repeal of BY-LAW NO.2008-23 A BY-LAW TO IMPOSE MISCELLANEOUS CHARGES and APPLIANCE RENTAL RATES at the effective date of BY-LAW 200X- XXX.

AUTHORIZING SIGNATURES:

ORIGINAL SIGNED BY COMMISSIONER

Jim Keech, President and CEO, Utilities Kingston

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

Gerard Hunt, Chief Administrative Officer

CONSULTATION WITH THE FOLLOWING COMMISSIONERS:

Commissioner Beach, <i>Sustainability & Growth</i>	N/R
Commissioner Hunt, <i>Finance & Corporate Performance</i>	N/R
Commissioner Thurston, <i>Community Development Services</i>	N/R
Commissioner Leger, <i>Corporate Services</i>	N/R
Jim Keech, President, <i>Utilities Kingston</i>	N/R

(N/R indicates consultation not required)

OPTIONS/DISCUSSION:

This report specifically deals with the proposed rate changes for the Miscellaneous Service Charges for water, sewer, and natural gas utilities and the proposed rate changes for the Appliance Rental Business.

It is proposed that the rate changes to Miscellaneous Service Charges and the Appliance Rental Business become effective January 1, 2009.

MISCELLANEOUS SERVICE CHARGES

Miscellaneous service charge adjustments for 2009 are specific to the bulk water usage charge and the wastewater disposal (septage) charge. In 2007, it was identified that these charges needed to increase significantly so as to ensure the continued cost recovery for these services and so as to ensure competitiveness with neighbouring municipalities that also offer these services. Rate increases for these specific services for 2008 were applied using a phase in approach with the plan to apply further increases for 2009 rates.

For bulk water usage, it is proposed that for 2009 the rate structure be revised and the associated charge be increased. Currently there is a fixed annual fee of \$105 per hauler, and a commodity charge of \$0.90 per cubic metre. Fees for the commodity (volumetric) portion are collected using a pre-paid card reader system at the water filling station. Most other municipalities base their charge for this service solely on a volumetric rate per cubic metre that is twice as much as our current commodity rate. Collection of the fixed annual fee portion has been administratively problematic since it has to be separately collected outside of the card-reader system. For 2009, it is proposed that the charge for this service consist only of a commodity charge per cubic metre of \$1.80 so as to adequately recover costs, to eliminate the requirement to collect an annual fixed charge, and to ensure our charges are consistent with neighbouring municipalities that also offer this service.

To more adequately recover costs for wastewater disposal (septage), an increase of \$1.50 per cubic metre is proposed, with the bill impact on an average truck load of septage to be an estimated increase of \$6.81.

Several additional charges have been added to the miscellaneous charges and appliance rental rates by-law. These new charges have their origin in the Water Use By-law and in the new Sewer Use By-Law and are as follows; water/sewer connection/alteration permit application fee, disconnection of services water/sewer inspection fee, discharge exception – storm water application fee, short version – discharger information report fee, long version – complete discharger information report fee, extra strength surcharge fees, sampling and analytical fees, and temporary remedial groundwater treatment discharge fee.

APPLIANCE RENTAL RATES

The Appliance Rental Business implemented in 1996 operates as a competitive market driven business. The rental rates are geared to achieve competitiveness within the market and 2009 rate adjustments reflect this.

It should also be noted that profits from the Appliance Rental Business go toward the Environmental Reserve Fund.

Appliance rental rate percentage adjustments for 2009 are specific to each unit type and range from 0% to 12.5% increases. The following chart shows the residential water heater product offerings for 2009, the current residential water heater rental rates for current offerings, the proposed residential water heater rental rates for 2009, and the yearly impact on a customer for each unit. The yearly customer impact for the most widely rented unit amongst our product offerings, the gas 50 gal power vent, will be \$5.16 for a year.

Appliance Rental Business			
Residential Water Heaters	2008	2009	
Natural Gas	<u>Monthly Rate</u>	<u>Monthly Rate</u>	<u>Yearly Impact</u>
Unit			
40 gal standard	\$10.63	\$11.49	\$10.32
50 gal standard	\$12.72	\$13.75	\$12.36
50 gal direct vent	\$18.60	\$19.16	\$6.72
50 gal power vent	\$21.33	\$21.76	\$5.16
50-65 power vent	\$23.01	\$23.01	\$0.00
60 gal standard	\$14.20	\$14.70	\$6.00
60 gal power vent	\$21.56	\$21.99	\$5.16
50-80 power vent	\$28.55	\$28.95	\$4.80
7.5 gal per min power vent	\$28.00	\$31.50	\$42.00
7.5 gal per min direct vent	\$29.50	\$32.55	\$36.60
9.3 gal per min power vent	\$35.95	\$37.81	\$22.32
9.3 gal per min direct vent	\$37.95	\$39.91	\$23.52
Electric			
Unit			
40 imp gal	\$9.18	\$9.18	\$0.00
60 imp gal	\$10.83	\$10.83	\$0.00

EXISTING POLICY/BY LAW:

The proposed By-law 200X-XXX and the amended Appendix A is attached as *Exhibit A*.

NOTICE PROVISIONS: N/A

ACCESSIBILITY CONSIDERATIONS: N/A

FINANCIAL CONSIDERATIONS:

Discussed in the report

CONTACTS:

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 Randy Murphy, Manager of Finance, Utilities Kingston, 546-1181, Extension 2317
 Sherry Gibson, Rates and Revenue Analyst, Utilities Kingston, 546-1181, Extension 2383

OTHER CITY OF KINGSTON STAFF CONSULTED: N/A

EXHIBITS ATTACHED:

Exhibit A - Proposed By-Law 200X-XXX and amended Appendix A and Appendix B - A By-law to Impose Miscellaneous Charges and Appliance Rental Rates

BY-LAW NO. 200X-XX

A BY-LAW TO IMPOSE MISCELLANEOUS CHARGES AND APPLIANCE RENTAL RATES (UTILITIES KINGSTON)

PASSED:

WHEREAS pursuant to Part XII of the Municipal Act, S.O. 2001, c.25, a municipality and a local board may pass by-laws imposing fees or charges on any class of persons:

- (a) for services or activities provided or done by or on behalf of it; and
- (b) for costs payable by it for services or activities provided or done by or on behalf of any other municipality or local board.

AND WHEREAS A by-law under this Part may provide for:

- (a) interest charges and other penalties, including the payment of collection costs, for fees and charges that are due and unpaid;
- (b) discounts and other benefits for early payment of fees and charges;
- (c) fees and charges that vary on any basis the municipality or local board considers appropriate and specifies in the by-law, including the level or frequency of the service or activity provided or done, the time of day or of year the service or activity is provided and whether the class of persons paying the fee or charge are residents or non-residents of the municipality;
- (d) different classes of persons and deal with each class in a different way; and
- (e) the exemption, in whole or in part, of any class of persons from all or any part of the by-law.

AND WHEREAS Fees and charges imposed by a municipality or local board or a person under this Part constitute a debt of the person to the municipality or local board, respectively, and in the case of fees and charges for the supply of a public utility the treasurer of a local municipality may add fees and charges imposed by the municipality or local board, respectively, under this Part to the tax roll for the property to which the public utility was supplied in the local municipality and collect them in the same manner as municipal taxes.

NOW THEREFORE the Council of the Corporation of the City of Kingston enacts as follows:

Definitions:

In this By-Law:

- (a) "Residential" shall mean a dwelling unit or multiple dwelling units up to a maximum of 3 units.

(b) "Commercial" shall mean all non-dwelling units and all multiple dwellings over 3 units. A mix of dwelling units and non-dwelling units, are to be classified as commercial.

(c) "Utilities Kingston" means 1425445 Ontario Ltd. operating as "Utilities Kingston" which, including other activities, provides management and operation of water and wastewater services and natural gas services under agreement with the City of Kingston.

1. There is imposed, as set out in Appendix "A", miscellaneous charges for services and equipment supplied by the Utilities Kingston.
2. There is imposed on relevant customers charges for services and appliance rental equipment related to the hot water heater use supplied by Utilities Kingston as set out in Appendix "B".
3. Payments are due on the 'Due Date' shown on the invoice. Payment options shall be listed on the back of the Utilities Kingston invoice.
4. Fees and charges that are due and unpaid will be charged a penalty of one and one half (1 1/2) percent per month. Costs incurred by the municipality in collecting unpaid fees and charges shall be added to the amount due and owing. The Treasurer may add unpaid fees and charges to the tax roll of the property to which the service was provided and collect them in the same manner as municipal taxes. Appendix "A" and "B" hereby adopted as part of this by-law.
5. This By-Law and Appendix "A" and "B" of this by-law shall come into force and take effect on: January 01, 2009.

GIVEN FIRST AND SECOND READINGS

GIVEN THIRSD READING AND FINALLY PASSED

CITY CLERK

MAYOR

Appendix "A"

Utilities Kingston Miscellaneous Service Charges

Effective January 01, 2009

Charges that are dependant upon the time when the work is requested to be conducted are based on the following time definitions:

Regular Hours: 08:30-16:00 Monday-Friday, except holidays

Extended Hours: 16:00-18:30 Monday-Friday, except holidays

After Hours: All other times and all holidays

<p>1. Account Setup/Change of Occupancy Applicable per utility service, (Water/Sewer is considered one utility service for this purpose) when a customer is moving into a new service address.</p>	<p>➤ \$15/utility service</p>
<p>2. Initial Service Connection Applicable when customer requests service to be connected during these hours:</p> <p>(I) Regular Hours With 24 Hours Notice</p> <p>(II) Regular Hours With Less Than 24 Hours Notice, and Extended Hours</p> <p>(III) After Hours</p>	<p>➤ No Charge</p> <p>➤ \$65</p> <p>➤ \$185</p>
<p>3. Service Call Applicable when a trip is made to investigate a customer's call for assistance when it is a customer's responsibility.</p>	<p>➤ Actual Costs + 20% (\$80-\$140/hr/person)</p>
<p>4. Shut-Off / Turn-On Service Applicable when a customer requests the utility service to be shut-off or turned-on for the customer's convenience. If the "shut-off" and "turn-on" occurs on the same day and within Regular and Extended Hours, this will be considered one trip. An emergency shut-down will not attract a charge, though the turn-on will.</p> <p>(I) Regular Hours and Extended Hours with 24 hrs. notice</p> <p>(II) Regular Hours and Extended Hours with less than 24 hrs. notice</p> <p>(III) After Hours</p>	<p>➤ \$65/trip</p> <p>➤ \$185/trip</p> <p>➤ \$185/trip</p>

<p>5. Reconnection Charge – (Due to Non Payment of Account) Applicable when a trip is made to reconnect a service that has been disconnected for non-payment of an account.</p> <p>(I) Regular Hours</p> <p>(II) Extended Hours</p> <p>(III) After Hours</p>	<ul style="list-style-type: none"> ➤ \$65 + charge for any gas appliance light-ups @ \$15/appliance ➤ \$185 + charge for any gas appliance light-ups @ \$15/appliance ➤ \$185 + charge for any gas appliance light-ups @ \$15/appliance
<p>6. To Repair or Replace Metering Equipment Applicable when meter is required to be repaired or replaced as a result of freezing, abuse, lack of care, damage, etc., where it is customer's responsibility.</p> <p>(I) Regular and Extended Hours</p> <p>(II) After Hours</p> <p>(III) Repeated Occurrences: All Hours</p>	<ul style="list-style-type: none"> ➤ \$75 + material cost of meter repair/replacement ➤ \$185 + material cost of meter repair/replacement ➤ Actual Costs
<p>7. Dispute Meter Charge Applicable when customer questions the accuracy of a meter and the meter is removed for a dispute test.</p> <p>(I) Water Meters</p> <p style="padding-left: 20px;">(a) 1" Water Meter and Smaller</p> <p style="padding-left: 20px;">(b) 1½" – 3" Water Meter</p> <p style="padding-left: 20px;">(c) Over 3" Water Meter</p> <p>(II) Gas Meters</p> <p style="padding-left: 20px;">(a) Residential</p> <p style="padding-left: 20px;">(b) Commercial</p>	<p><i>Charges only apply if customer's meter is proven to be accurate.</i></p> <ul style="list-style-type: none"> ➤ \$65 ➤ \$115 ➤ Actual Costs ➤ \$65 ➤ \$115
<p>8. Locates A request to locate utility services underground</p> <p>(I) Residential owners on own property</p> <p>(II) All other situations may be subject to the hourly rate</p> <p style="padding-left: 20px;">(a) Regular Hours</p> <p style="padding-left: 20px;">(b) Extended Hours and after Hours</p>	<ul style="list-style-type: none"> ➤ No Charge ➤ \$75/hr/person ➤ \$100/hr/person (subject to 2 hr min call out)
<p>9. Missed Appointment Applicable when an appointment has been made and the customer misses the appointment; (subject to waiver due to special circumstances).</p>	<ul style="list-style-type: none"> ➤ \$25/person

<p>10. Additional Meter Read Applicable when a customer requests their meter to be read, or a special trip is required to attempt to get a read as a result of problems associated with access to the meter.</p>	<p>➤ \$30/trip</p>
<p>11. Service Pipe Leak Repair Applicable when a customer requests a leak to be repaired on a service pipe between street line and building (i.e. up to meter).</p> <p>(I) Water Service Pipe Repairs (II) Gas Service Pipe Repairs</p>	<p>➤ Actual Costs + 20% ➤ No Charge</p>
<p>12. Requests for Billing Information Applicable when customer requests reprints of bills, supplemental billing or metering information, arrears verification.</p>	<p>➤ Actual Costs (\$45/hr)</p>
<p>13. Other Work At Customer's Request Applicable when a customer requests other work to be performed by Utilities Kingston.</p> <p>(I) For work which is not normally done by private contractors (II) For work which may be done by private contractors</p>	<p>➤ Actual Costs ➤ Actual Costs + 20%</p>
<p>14. To Thaw Water Service Pipe Applicable when a customer requests Utilities Kingston to thaw water line from the watermain to the building.</p> <p>(I) If the water service is frozen within the wall of the house, or between the house and property line, it is the responsibility of the customer to have the water service thawed. (II) If the water service is frozen between the street line and the watermain, it is the responsibility of Utilities Kingston.</p>	<p>➤ Actual Costs + 20% ➤ No Charge</p>
<p>15. Bulk Water Usage Charge Applicable when customer takes water on a bulk basis. (Includes commercial water hauling operations.)</p> <p>(I) Commodity Charge</p>	<p>➤ \$1.80/m³</p>

<p>16. Water Meter Installation Charge Charges are based on the size of water service and metering requirements and installation is performed during Regular Hours. Charge is paid with the building permit.</p> <p>(I) Positive Displacement Meter</p> <p>(a) 5/8"</p> <p>(b) 3/4"</p> <p>(c) 1"</p> <p>(d) 1 1/2"</p> <p>(e) 2"</p> <p>(II) Compound Meter</p> <p>(a) 2"</p> <p>(b) 3"</p> <p>(c) 4"</p> <p>(d) 6"</p> <p>(e) 8"</p> <p>(III) Turbine</p> <p>(a) 3"</p> <p>(b) 4"</p> <p>(c) 6"</p> <p>(d) 8"</p> <p>(e) 10"</p>	<p>➤ \$200</p> <p>➤ \$220</p> <p>➤ \$310</p> <p>➤ \$630</p> <p>➤ \$720</p> <p>➤ \$1,800</p> <p>➤ \$2,300</p> <p>➤ \$3,500</p> <p>➤ \$5,400</p> <p>➤ \$11,000</p> <p>➤ \$1,600</p> <p>➤ \$2,500</p> <p>➤ \$4,800</p> <p>➤ \$6,600</p> <p>➤ \$9,300</p>
<p>17. Rodding Service Rodding sanitary service laterals; includes use of the camera.</p> <p>(I) Regular Hours</p> <p>(II) Extended Hours and After Hours</p>	<p>➤ \$220 per job</p> <p>➤ \$380 per job</p>
<p>18. Use of the Large Sewer Rodder The large sewer rodder is used to clear larger sewer laterals and mains.</p>	<p>➤ Actual Costs</p>
<p>19. Use of the Jet-truck When there is a request to have a private lateral cleared using the Jet-truck a charge will be applied. (Regular Hours)</p>	<p>➤ \$165/hr</p>
<p>20. Service Lateral Inspections - Camera Work Only Charge for special requests for the sewer lateral to be viewed using camera.</p> <p>(I) Regular Hours</p> <p>(II) Extended Hours and After Hours</p>	<p>➤ \$135/hr</p> <p>➤ \$200/hr (subject to 2 hr min call out)</p>

<p>21. Wastewater Disposal (Septage) Applicable to septage haulers that dump their loads into our municipal wastewater system. Tank load charges based on 90% of rated capacity of tank.</p>	<p>➤ \$8.50/m³</p>
<p>22. Natural Gas Leak Detection Survey Applicable when a customer requests a natural gas leak detection survey be done of pipes, equipment, and appliances that are a customer's responsibility.</p> <p>(I) Regular Hours (II) Extended and After Hours</p>	<p>➤ \$75/hr/person ➤ \$100/hr/person (subject to 2 hr min call out)</p>
<p>23. Gas Code Equipment/Appliance Installation Inspection Applicable when a customer/contractor requests a gas inspection to be conducted of the installation of any new natural gas equipment/appliances.</p> <p>(I) New gas service (i.e. part of inspection of a new gas service installation to building)</p> <p>(a) Initial inspection if requested to be done during:</p> <p>(i) Regular Hours with 24 Hours Notice (ii) Regular Hours with Less Than 24 Hours Notice, and Extended Hours (iii) After Hours</p> <p>(b) Follow-up inspections due to code violations if requested to be done during:</p> <p>(i) Regular Hours with 24 Hours Notice (ii) Regular Hours with Less Than 24 Hours Notice, and Extended Hours (iii) After Hours</p> <p>(II) Existing gas service</p> <p>(a) Regular Hours with 24 Hours Notice (b) Regular Hours with Less Than 24 Hours Notice, and Extended Hours (c) After Hours</p>	<p>➤ No Charge ➤ \$100 ➤ \$160 ➤ \$75 ➤ \$100 ➤ \$160 ➤ \$75 ➤ \$100 ➤ \$160</p>
<p>24. Water/Sewer Connection/Alteration Permit Application Fee Applicable when a customer requests a connection or an alteration to an existing connection to the water distribution system or to the sewage works. This fee does not cover costs of materials required or labour to perform the connection/alteration.</p>	<p>➤ \$100</p>
<p>25. Disconnection of Services – Water/Sewer Inspection Fee Applicable when the customer arranges for the disconnection of water or sewer service lateral connections from the water distribution system or the sewer works. The inspection is to ensure the services have been satisfactorily disconnected from the municipal systems.</p>	<p>➤ \$75</p>

<p>26. Discharge Exception – Storm Water Application Fee Applicable upon submission of a Discharge Exception Storm Water Application.</p>	<p>➤ \$150</p>
<p>27. Short Version – Discharger Information Report Fee Applicable upon submission of a Short Version Discharger Information Report by an owner or operator of an industrial, commercial or institutional premises prior to the discharge of sewage, storm water, cooling water or uncontaminated water to a sewage works, as required, and in accordance to the provisions of the sewer-use by-law.</p>	<p>➤ \$50</p>
<p>28. Long Version – Complete Discharger Information Report Fee Applicable upon submission of a Complete Discharger Information Report by a discharger to the sewage works, as requested by a Manager, in accordance to the provisions of the sewer-use by-law.</p>	<p>➤ \$100</p>
<p>29. Extra Strength Surcharge Fees: Applicable in accordance with an Extra Strength Surcharge Agreement for the payment of additional sewage service rates for the discharge or deposit of sewage that is otherwise prohibited by the sewer-use by-law.</p> <p>Surcharge Parameter</p> <p>(I) Biochemical Oxygen Demand (BOD)</p> <p>(II) Total Suspended Solids (TSS)</p> <p>(III) Total Phosphorus (TP)</p> <p>(IV) Total Kjeldahl Nitrogen (TKN)</p>	<p>Surcharge (\$ / kg exceeding by-law limit)</p> <p>➤ \$0.50 / kg</p> <p>➤ \$0.40 / kg</p> <p>➤ \$6.00 / kg</p> <p>➤ \$4.00 / kg</p>
<p>30. Sampling & Analytical Fees Applicable where sampling is required to determine the content and strength of discharged sewage.</p>	<p>➤ \$200 per sample</p>
<p>31. Temporary Remedial Groundwater Treatment Discharge Fee Applicable where temporary discharge of treated groundwater is in compliance with the sewer-use by-law.</p>	<p>➤ \$500 plus the applicable volumetric wastewater rate charge per m³ for all volume as per the water and wastewater rates by-law rate schedule.</p>

Appendix "B"

**Utilities Kingston Appliance Rental Business
Hot Water Heater Rental Rates**

Effective January 01, 2009

Residential	2009
Natural Gas	Monthly Rental Rates
Unit	
40 gal standard	\$11.49
50 gal standard	\$13.75
50 gal direct vent	\$19.16
50 gal power vent	\$21.76
50-65 power vent	\$23.01
60 gal std	\$14.70
60gal power vent	\$21.99
50-80 power vent	\$28.95
7.5 gal per min power vent	\$31.50
7.5 gal per min direct vent	\$32.55
9.3 gal per min power vent	\$37.81
9.3 gal per min direct vent	\$39.91
Electric	
Unit	
40 imp gal	\$9.18
60 imp gal	\$10.83

Non residential and solar appliance rental rates are charged at appropriate competition market rates.