



**Utilities Kingston  
Report to Council  
Report Number 19-042**

---

**To:** Mayor and Members of Council  
**From:** Jim Keech, President and CEO, Utilities Kingston  
**Resource Staff:** Randy Murphy, Chief Financial Officer, Utilities Kingston  
Sherry Gibson, Senior Advisor, Rates and Regulatory Affairs  
**Date of Meeting:** January 28, 2019  
**Subject:** Approval of Rate Changes for 2019 - 2022 for Water and  
Wastewater Rates

---

**Executive Summary:**

This report specifically deals with the proposed rate changes for the water and wastewater utilities for 2019, 2020, 2021, and 2022 including the appropriate By-Law changes.

**Recommendation:**

**That** Council approve:

- 1) The proposed water and wastewater rates, effective March 1, 2019 to December 31, 2019, the proposed water and wastewater rates, effective January 1, 2020 to December 31, 2020, the proposed water and wastewater rates, effective January 1, 2021 to December 31, 2021, and the proposed water and wastewater rates, effective January 1, 2022 as detailed in the attached rate schedules.
- 2) By-Law Number 2019-XXX being a By-Law to Amend By-Law Number 2011-24 "A By-Law to Impose Water & Wastewater Rates (Utilities Kingston) be presented for all three readings.

January 28, 2019

Page 2 of 5

**Authorizing Signatures:**

ORIGINAL SIGNED BY PRESIDENT & CEO, UTILITIES KINGSTON

**Jim Keech, President and CEO**

**Utilities Kingston**

**Consultation with the following Members of the Corporate Management Team:**

Peter Huigenbos, Acting Commissioner, Community Services	Not required
Lanie Hurdle, Acting Chief Administrative Officer	Not required
Desirée Kennedy, Chief Financial Officer & City Treasurer	Not required
Deanne Roberge, Acting Commissioner, Corporate & Emergency Services	Not required

January 28, 2019

Page 3 of 5

**Options/Discussion:**

This report deals with the proposed rate changes for the water and wastewater utilities for the next 4 years; 2019, 2020, 2021, and 2022.

**Water and Wastewater Rates Adjustments 2019 - 2022**

Water and wastewater rates adjustments are necessary to finance the 2019-2022 period of the fifteen year capital plan and budget forecasts discussed in the operating and capital budget Report 19-041. Necessary revenue requirement increases for 2019-2022 to be derived aggregately from rates are as follows:

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Water	3.9%	3.6%	3.5%	3.3%
Wastewater	3.9%	3.6%	3.5%	3.3%

In order to achieve the above-noted revenue requirement increases, as well as phase 2 of the shift in the revenue to cost ratios noted below, the impact on residential ratepayers and a typical larger 3" meter commercial customers using 30,000 m<sup>3</sup> annually, is as follows:

Residential	2018	2019	2020	2021	2022
% change		3.4%	2.8%	2.7%	2.0%
\$ change		\$38	\$32	\$31	\$24
<i>Total annual</i>	<i>\$1,104</i>	<i>\$1,142</i>	<i>\$1,174</i>	<i>\$1,205</i>	<i>\$1,229</i>

Commercial 3"	2018	2019	2020	2021	2022
% change		7.9%	8.0%	8.1%	7.8%
\$ change		\$5,520	\$6,070	\$6,594	\$6,930
<i>Total annual</i>	<i>\$70,313</i>	<i>\$75,832</i>	<i>\$81,902</i>	<i>\$88,496</i>	<i>\$95,426</i>

The water and wastewater rate schedules presented for approval reflect the second 4 year (2019-2022) phase-in implementation of customer class revenue to cost ratio shift as detailed in the Water and Wastewater Cost Allocation and Revenue Collection Report EITP-15-007 (EITP Report), approved at the January 27, 2015 meeting of Council (05-2015), as follows:

*Report Number 13: Received from the Environment, Infrastructure and Transportation Policies Committee (EITP-15-007)*

*a) Water and Wastewater Cost Allocation and Revenue Collection*

January 28, 2019

Page 4 of 5

*That the water and wastewater rates shift over a ten year period toward a 1.00 to 1.00 revenue to cost ratio for all classes of rate payers; and*

*That the 2015-2018 Water and Wastewater Rates By-Law reflect the first 4 years of this shift.*

From the EITP Report, the second 4 year shift (Phase 2), is discussed as follows:

*“For the next phase, which will seek rate approval for 2019-2022, Utilities Kingston will update the cost allocation study with a view to adjusting the revenue to cost ratios toward a \$1:00 to \$1:00 ratio over the remaining 6 years.”*

A “revenue to cost” ratio is defined in the EITP Report as what a particular class of customer is paying to the cost of the service that is being provided. In a cost allocation study, the costs are deemed to be \$1.00 and if every customer class was paying its portion of the costs that it was creating, the revenue to cost ratio would be \$1.00:\$1.00.

The EITP Report provides a review of the 2014 Municipal BMA Study, which compares the water and wastewater rates that residential, commercial and industrial ratepayers in Kingston pay to other Ontario municipalities. At that time it showed Kingston’s residential ratepayers have paid more (high BMA ranking range) for water and wastewater services than most other municipalities, and that Kingston’s large commercial ratepayers have paid less (low BMA ranking range) for water and wastewater than most other municipalities.

A review of the most recent 2017 BMA Study reveals Kingston residential ratepayers have moved downward to the upper cusp of the mid-range ranking (mid BMA ranking range) for water and wastewater services. And that Kingston’s larger commercial ( $\geq 1.5$ ” meters) ratepayers pay less (low BMA ranking range) for water and wastewater services than most other municipalities.

According to the 2017 BMA Study, a typical Kingston residential ratepayer using 200m<sup>3</sup> per year pays \$1,081. The Ontario top of the BMA mid-ranking range is \$1,110 per year, and the average is \$1,028. A typical Kingston commercial ratepayer (3” meter) using 30,000m<sup>3</sup> per year pays \$65,585 per year for water and wastewater services. The Ontario bottom of the mid-range ranking for a commercial ratepayer with this usage is \$78,028 and the average is \$97,275.

During 2018, the water and wastewater cost allocation study was updated and the results of the updated Elenchus Research Associates Cost Allocation Study indicate residential and small commercial (<1.5” meters) ratepayers pay greater than \$1.00 of costs and larger commercial ( $\geq 1.5$ ” meters) and wholesale ratepayers pay less than \$1.00 of costs.

Thus it is proposed that the Phase 2 water and wastewater rate adjustments should reflect the movement of residential and small commercial (<1.5” meters) customers downward toward a \$1.00 revenue to \$1.00 cost ratio, and the larger commercial ( $\geq 1.5$ ” meters) and wholesale customers upward toward a \$1.00 revenue to \$1.00 cost ratio. With the intent towards keeping residential ratepayers in the mid-ranking of the BMA study and with the intent to move larger

January 28, 2019

Page 5 of 5

commercial ratepayers ( $\geq 1.5$ " meters) upward from low-ranking towards the mid-ranking range of the BMA study.

It is proposed that the rate changes for the water and wastewater utilities for 2019 become effective March 1, 2019 to December 31, 2019, the rate changes for 2020 become effective January 1, 2020 to December 31, 2020, the rate changes for 2021 become effective January 1, 2021 to December 31, 2021, and the rate changes for 2022 become effective January 1, 2022.

The rates in the proposed rate schedules are intended to collectively derive the water and wastewater rates revenue requirements for each of the years 2019, 2020, 2021, and 2022.

The monthly rate schedules for water and wastewater for 2019, 2020, 2021, and 2022 are attached in the proposed amending by-law. The proposed amending By-law 2019-XXX and the amended Appendix A is attached as *Exhibit A*.

**EXISTING POLICY/BY LAW:**

By-law 2011-24: A By-law to Impose Water & Wastewater Rates (Utilities Kingston), as amended.

**NOTICE PROVISIONS:**

Not applicable.

**ACCESSIBILITY CONSIDERATIONS:**

Not applicable.

**FINANCIAL CONSIDERATIONS:**

As discussed in the report.

**CONTACTS:**

Jim Keech, President and CEO, Utilities Kingston, 613-546-1181 X2217

Randy Murphy, Chief Financial Officer, Utilities Kingston, 613-546-1181 X2317

Sherry Gibson, Sr. Advisor Rates & Regulatory Affairs, Utilities Kingston, 613-546-1181 X2383

**OTHER CITY OF KINGSTON STAFF CONSULTED:**

Not applicable.

**EXHIBITS ATTACHED:**

Exhibit A - By-Law No. 2019-XXX A By-Law to Amend By-Law No. 2011-24 "A By-Law to Impose Water & Wastewater Rates (Utilities Kingston)."

**BY- LAW NO. 2019-XXX**

**A By-Law To Amend By-Law Number 2011-24 “A By-Law To Impose Water & Wastewater Rates (Utilities Kingston)”**

**PASSED:** Meeting date, 2019

The Council of The Corporation of the City of Kingston hereby enacts as follows:

1. By-Law No. 2011-24 of the Corporation of the City of Kingston entitled, “A BY-LAW TO Impose Water & Wastewater Rates (Utilities Kingston).”, as amended, is hereby further amended as follows:
  - 1.1 Appendix “A” is hereby deleted in its entirety and replaced with the new Appendix “A” as attached.
2. This By-Law shall come into force and take effect on March 1, 2019.

**GIVEN ALL THREE READINGS AND PASSED** Meeting date, 2019

**CITY CLERK  
JOHN BOLOGNONE**

**MAYOR  
BRYAN PATERSON**

# Appendix "A" Water and Wastewater Rate Schedules for 2019, 2020, 2021, 2022

## Water and Wastewater Monthly Rates Schedule

Effective March 1, 2019 to December 31, 2019

<b>WATER</b>				
<b>Residential</b>		<b>Block #1</b>		<b>Block #2</b>
	<u>Monthly Service Charge</u>	<u>Volume - First 25 m3</u>	<u>Volume - All Over 25 m3</u>	
metered	\$22.29	\$1.3327	\$1.6659	
<b>Commercial</b>				
<u>*Meter Size</u>	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>		
< 40 mm (< 1½")	\$55.75	\$1.1089		
40 mm (1½")	\$66.35	\$1.1089		
50 mm (2")	\$77.20	\$1.1089		
75 mm (3")	\$124.69	\$1.1062		
100 mm (4")	\$167.22	\$1.1062		
150 mm (6")	\$253.38	\$1.1062		
200 mm (8")	\$468.25	\$1.1062		
225 mm (10")	\$469.50	\$1.1062		
300 mm (12")	\$470.00	\$1.1062		
<i>* applicable commercial rate based on meter size</i>				
<b>Wholesale</b>				
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>		
	\$598.33	\$0.9616		
<b>Flat Rates (Unmetered)</b>				
	<u>Monthly Charge</u>			
Residential Flat Rate	\$62.64			
Cana Flat Rate	\$62.64			
Commercial Flat Rate (< 1½")	\$123.18			

<b>WASTEWATER</b>			
<b>Residential</b>			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$30.58	\$1.2425	
<b>Commercial</b>			
<u>*Meter Size</u>	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
< 40 mm (1½")	\$61.30	\$1.2500	
40 mm (1½")	\$101.44	\$1.2500	
50 mm (2")	\$147.89	\$1.2500	
75 mm (3")	\$264.94	\$1.3025	
100 mm (4")	\$422.15	\$1.3025	
150 mm (6")	\$846.78	\$1.3025	
200 mm (8")	\$962.96	\$1.3025	
225 mm (10")	\$968.21	\$1.3025	
300 mm (12")	\$973.66	\$1.3025	
<i>* applicable commercial rates and charges based on corresponding water meter size and volume</i>			
<b>Wholesale</b>			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$984.35	\$1.1841	
<b>Flat Rates (Unmetered)</b>			
	<u>Monthly Charge</u>		
Residential Flat Rate	\$69.56		
Cana Flat Rate	\$69.56		
Commercial Flat Rate (< 1½")	\$125.75		

**Water and Wastewater Monthly Rates Schedule**

Effective January 1, 2020 to December 31, 2020

<b>WATER</b>			
<b>Residential</b>		Block #1	Block #2
	<u>Monthly Service Charge</u>	<u>Volume - First 25 m3</u>	<u>Volume - All Over 25 m3</u>
metered	\$22.29	\$1.3961	\$1.7451
<b>Commercial</b>			
<u>*Meter Size</u>	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
< 40 mm (< 1½")	\$55.75	\$1.1179	
40 mm (1½")	\$66.35	\$1.1179	
50 mm (2")	\$102.20	\$1.1179	
75 mm (3")	\$124.69	\$1.1743	
100 mm (4")	\$167.22	\$1.1743	
150 mm (6")	\$253.38	\$1.1743	
200 mm (8")	\$468.25	\$1.1743	
225 mm (10")	\$469.50	\$1.1743	
300 mm (12")	\$470.00	\$1.1743	
<i>* applicable commercial rate based on meter size</i>			
<b>Wholesale</b>			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$598.33	\$1.0182	
<b>Flat Rates (Unmetered)</b>			
	<u>Monthly Charge</u>		
Residential Flat Rate	\$64.39		
Cana Flat Rate	\$64.39		
Commercial Flat Rate (< 1½")	\$123.18		

<b>WASTEWATER</b>			
<b>Residential</b>			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$30.58	\$1.3002	
<b>Commercial</b>			
<u>*Meter Size</u>	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
< 40 mm (1½")	\$61.30	\$1.2975	
40 mm (1½")	\$101.44	\$1.2975	
50 mm (2")	\$162.89	\$1.2975	
75 mm (3")	\$264.94	\$1.3999	
100 mm (4")	\$422.15	\$1.3999	
150 mm (6")	\$846.78	\$1.3999	
200 mm (8")	\$962.96	\$1.3999	
225 mm (10")	\$968.21	\$1.3999	
300 mm (12")	\$973.66	\$1.3999	
<i>* applicable commercial rates and charges based on corresponding water meter size and volume</i>			
<b>Wholesale</b>			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$984.35	\$1.2595	
<b>Flat Rates (Unmetered)</b>			
	<u>Monthly Charge</u>		
Residential Flat Rate	\$71.35		
Cana Flat Rate	\$71.35		
Commercial Flat Rate (< 1½")	\$125.75		



**Water and Wastewater Monthly Rates Schedule**

Effective January 1, 2021 to December 31, 2021

<b>WATER</b>			
<b>Residential</b>		Block #1	Block #2
	<u>Monthly Service Charge</u>	<u>Volume - First 25 m3</u>	<u>Volume - All Over 25 m3</u>
metered	\$22.29	\$1.4867	\$1.8583
<b>Commercial</b>			
<u>*Meter Size</u>	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
< 40 mm (< 1½")	\$55.75	\$1.1338	
40 mm (1½")	\$66.35	\$1.1338	
50 mm (2")	\$112.20	\$1.1338	
75 mm (3")	\$142.00	\$1.2592	
100 mm (4")	\$167.22	\$1.2592	
150 mm (6")	\$253.38	\$1.2592	
200 mm (8")	\$468.25	\$1.2592	
225 mm (10")	\$469.50	\$1.2592	
300 mm (12")	\$470.00	\$1.2592	
<i>* applicable commercial rate based on meter size</i>			
<b>Wholesale</b>			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$598.33	\$1.0951	
<b>Flat Rates (Unmetered)</b>			
	<u>Monthly Charge</u>		
Residential Flat Rate	\$66.65		
Cana Flat Rate	\$66.65		
Commercial Flat Rate (< 1½")	\$132.09		

<b>WASTEWATER</b>			
<b>Residential</b>			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$30.58	\$1.3655	
<b>Commercial</b>			
<u>*Meter Size</u>	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
< 40 mm (1½")	\$61.30	\$1.3649	
40 mm (1½")	\$101.44	\$1.3649	
50 mm (2")	\$184.89	\$1.3649	
75 mm (3")	\$264.94	\$1.5279	
100 mm (4")	\$422.15	\$1.5279	
150 mm (6")	\$846.78	\$1.5279	
200 mm (8")	\$962.96	\$1.5279	
225 mm (10")	\$968.21	\$1.5279	
300 mm (12")	\$973.66	\$1.5279	
<i>* applicable commercial rates and charges based on corresponding water meter size and volume</i>			
<b>Wholesale</b>			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$984.35	\$1.3585	
<b>Flat Rates (Unmetered)</b>			
	<u>Monthly Charge</u>		
Residential Flat Rate	\$73.85		
Cana Flat Rate	\$73.85		
Commercial Flat Rate (< 1½")	\$134.84		

**Water and Wastewater Monthly Rates Schedule**

Effective January 1, 2022

<b>WATER</b>			
<b>Residential</b>		Block #1	Block #2
	<u>Monthly Service Charge</u>	<u>Volume - First 25 m3</u>	<u>Volume - All Over 25 m3</u>
metered	\$22.29	\$1.5659	\$1.9573
<b>Commercial</b>			
<u>*Meter Size</u>	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
< 40 mm (< 1½")	\$55.75	\$1.1718	
40 mm (1½")	\$66.35	\$1.1718	
50 mm (2")	\$112.20	\$1.1718	
75 mm (3")	\$142.00	\$1.3514	
100 mm (4")	\$167.22	\$1.3514	
150 mm (6")	\$253.38	\$1.3514	
200 mm (8")	\$468.25	\$1.3514	
225 mm (10")	\$469.50	\$1.3514	
300 mm (12")	\$470.00	\$1.3514	
<i>* applicable commercial rate based on water meter size</i>			
<b>Wholesale</b>			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$598.33	\$1.1777	
<b>Flat Rates (Unmetered)</b>			
	<u>Monthly Charge</u>		
Residential Flat Rate	\$68.84		
Cana Flat Rate	\$68.84		
Commercial Flat Rate (< 1½")	\$136.44		

<b>WASTEWATER</b>			
<b>Residential</b>			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$30.58	\$1.4048	
<b>Commercial</b>			
<u>*Meter Size</u>	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
< 40 mm (1½")	\$61.30	\$1.4089	
40 mm (1½")	\$101.44	\$1.4089	
50 mm (2")	\$259.89	\$1.4089	
75 mm (3")	\$264.94	\$1.6668	
100 mm (4")	\$422.15	\$1.6668	
150 mm (6")	\$846.78	\$1.6668	
200 mm (8")	\$962.96	\$1.6668	
200 mm (8")	\$968.21	\$1.6668	
300 mm (12")	\$973.66	\$1.6668	
<i>* applicable commercial rates and charges based on corresponding water meter size and volume</i>			
<b>Wholesale</b>			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$984.35	\$1.4654	
<b>Flat Rates (Unmetered)</b>			
	<u>Monthly Charge</u>		
Residential Flat Rate	\$76.28		
Cana Flat Rate	\$76.28		
Commercial Flat Rate (< 1½")	\$139.29		