



**Utilities Kingston
Report to Council
Report Number 15-132**

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 20, 2015
Subject: Approval of Rate Changes for 2015 - 2018 for Water and Wastewater Rates

Executive Summary:

This report specifically deals with the proposed rate changes for the water and wastewater utilities for 2015, 2016, 2017, and 2018 including the appropriate By-Law changes.

Recommendation:

That Council approve:

- 1) The proposed water and wastewater rates, effective March 1, 2015 to December 31, 2015, the proposed water and wastewater rates, effective January 1, 2016 to December 31, 2016, the proposed water and wastewater rates, effective January 1, 2017 to December 31, 2017, and the proposed water and wastewater rates, effective January 1, 2018 as detailed in the attached rate schedules.
- 2) By-Law Number 2015-XXX being a By-Law to Amend By-Law No. 2011-24 "A By-Law to Impose Water & Wastewater Rates (Utilities Kingston) be presented for all three readings.

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Authorizing Signatures:

**Jim Keech, President and CEO
Utilities Kingston**

Gerard Hunt, Chief Administrative Officer

Consultation with the following Members of the Corporate Management Team:

Cynthia Beach, Corporate & Strategic Initiatives	Not required
Lanie Hurdle, Community Services	Not required
Denis Leger, Transportation, Facilities & Emergency Services	Not required
Desiree Kennedy, Chief Financial Officer & City Treasurer	Not required

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Options/Discussion:

This report specifically deals with (a) the proposed rate changes for the water and wastewater utilities for the next 4 years; 2015, 2016, 2017, and 2018, and (b) the addition of a clause to the water and wastewater rates by-law to address policy for duration of under or over billing subject to recovery or refund.

(a) Water and Wastewater Rates Adjustments 2015 - 2018

Water and wastewater rates adjustments are necessary to finance the 2015-2018 period of the ten year capital plan and budget forecasts discussed in the operating and capital budget Report 15-131. Necessary revenue requirement increases for 2015-2018 to be derived aggregately from rates are as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Water	4.7%	3.0%	3.0%	3.0%
Wastewater	5.0%	5.0%	3.5%	3.5%

At the January 13, 2015 meeting of the Environment, Infrastructure and Transportation Policies Committee (EITP), the Report EITP-15-007 on “Water and Wastewater Cost Allocation and Revenue Collection” was considered. The report is to be received at the February 3, 2015 meeting of Council.

In this report, the water and wastewater rate schedules presented for approval reflect the first four year (2015-2018) 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. The rates in these schedules are intended to collectively derive the water and wastewater rates revenue requirements for each of the years 2015, 2016, 2017, and 2018.

It is proposed that the rate changes for the water and wastewater utilities for 2015 become effective March 1, 2015 to December 31, 2015, the rate changes for 2016 become effective January 1, 2016 to December 31, 2016, the rate changes for 2017 become effective January 1, 2017 to December 31, 2017, and the rate changes for 2018 become effective January 1, 2018.

The monthly rate schedules for water and wastewater for 2015, 2016, 2017, and 2018 are attached in the proposed amending by-law. The proposed amending By-law 2015-XXX and the amended Appendix A is attached as *Exhibit A*.

(b) Recovery or Refund due to Billing Error

It is proposed that a clause for under or over billing subject to recovery or refund as the result of a billing error be added to the Water and Wastewater Rates By-Law. Periodically, billing errors may occur. Common utility industry errors result from incorrect meter reads, faulty meters and incorrect rates. Utility industry standard practice is to correct these errors for up to a period not exceeding 2 years whether it be a debit or credit adjustment.

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The addition of this clause will provide a policy that is consistent across the water, sewer, gas, and electric utilities operated by Utilities Kingston, and consistent with regulation. The *Limitations Act, 2002* now provides a basic two-year limitation period for all actions in debt (an under-billed consumption adjustment would be considered a “debt” if a utility had to litigate to recover the under-billed amount), subject to considerations of “discoverability”.

This proposed addition to the clause also allows that in the case of a recovery from a customer, that the customer be allowed to pay the under-billed amount over a period at least equal to the duration of the billing error, up to a maximum of two (2) years and exempt from any interest charges.

This addition is consistent with current Utilities Kingston practice and provides customer focused consistency that is aligned with Ontario rate-regulated gas and electric utility regulatory customer service regulations. It also provides policy consistency across the water, sewer, gas, and electric utilities operated by Utilities Kingston.

EXISTING POLICY/BY LAW:

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

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. 2015-XXX A By-Law to Amend By-Law No. 2011-24 “A By-Law to Impose Water & Wastewater Rates (Utilities Kingston).”

BY- LAW NO. 2015-XXX

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

PASSED: Meeting date, 2015

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 The following paragraphs shall be added to clause 3:

When a billing error has resulted in over-billing and Measurement Canada is not involved, the Customer/Consumer will be credited with the erroneously paid amount for a period not exceeding two (2) years.

When a billing error has resulted in under-billing and Measurement Canada is not involved, the Customer/Consumer will normally be charged with the amount not billed for a period not exceeding two (2) years.

In the instance of under-billing a Customer, the customer shall be allowed to pay the under-billed amount in equal installments over a period at least equal to the duration of the billing error, up to a maximum of two (2) years.

In instances in which Measurement Canada is involved, Measurement Canada will act as an arbitrator and shall determine the appropriate time period for adjustment.”
 - 1.2 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, 2015.

GIVEN ALL THREE READINGS AND PASSED Meeting date, 2015

**CITY CLERK
JOHN BOLOGNONE**

**MAYOR
BRYAN PATERSON**

Appendix "A" Water and Wastewater Rate Schedules for 2015, 2016, 2017, 2018

Water and Wastewater Monthly Rates Schedule

Effective March 1, 2015 to December 31, 2015

WATER			
Residential			
		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	\$1.0616	\$1.3270
Commercial			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
*Meter Size			
< 40 mm (< 1½")	\$56.75	\$0.8730	
40 mm (1½")	\$66.35	\$0.8730	
50 mm (2")	\$77.20	\$0.8730	
75 mm (3")	\$124.69	\$0.8250	
100 mm (4")	\$167.22	\$0.8250	
150 mm (6")	\$253.38	\$0.8250	
200 mm (8")	\$468.25	\$0.8250	
300 mm (12")	\$470.00	\$0.8250	
<i>* applicable commercial rate based on meter size</i>			
Wholesale			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$598.33	\$0.7312	
Flat Rates (Unmetered)			
	<u>Monthly Charge</u>		
Residential Flat Rate	\$54.76		
Cana Flat Rate	\$54.76		
Commercial Flat Rate (< 1½")	\$108.45		

WASTEWATER			
Residential			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$30.58	\$0.9208	
Commercial			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
*Meter Size			
< 40 mm (1½")	\$61.15	\$0.9187	
40 mm (1½")	\$101.44	\$0.9187	
50 mm (2")	\$147.89	\$0.9187	
75 mm (3")	\$264.94	\$0.9165	
100 mm (4")	\$422.15	\$0.9165	
150 mm (6")	\$846.78	\$0.9165	
200 mm (8")	\$962.96	\$0.9165	
300 mm (12")	\$973.66	\$0.9165	
<i>* applicable commercial rates and charges based on corresponding water meter size and volume</i>			
Wholesale			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$984.35	\$0.8236	
Flat Rates (Unmetered)			
	<u>Monthly Charge</u>		
Residential Flat Rate	\$59.56		
Cana Flat Rate	\$59.56		
Commercial Flat Rate (< 1½")	\$108.66		

Water and Wastewater Monthly Rates Schedule

Effective January 1, 2016 to December 31, 2016

WATER			
Residential			
	<u>Monthly Service Charge</u>	<u>Block #1</u> <u>Volume - First 25 m3</u>	<u>Block #2</u> <u>Volume - All Over 25 m3</u>
metered	\$22.29	\$1.1113	\$1.3890
Commercial			
<u>*Meter Size</u>	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
< 40 mm (< 1½")	\$56.40	\$0.9301	
40 mm (1½")	\$66.35	\$0.9301	
50 mm (2")	\$77.20	\$0.9301	
75 mm (3")	\$124.69	\$0.8845	
100 mm (4")	\$167.22	\$0.8845	
150 mm (6")	\$253.38	\$0.8845	
200 mm (8")	\$468.25	\$0.8845	
300 mm (12")	\$470.00	\$0.8845	
<i>* applicable commercial rate based on meter size</i>			
Wholesale			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$598.33	\$0.7752	
Flat Rates (Unmetered)			
	<u>Monthly Charge</u>		
Residential Flat Rate	\$56.40		
Cana Flat Rate	\$56.40		
Commercial Flat Rate (< 1½")	\$111.75		

WASTEWATER			
Residential			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$30.58	\$1.0030	
Commercial			
<u>*Meter Size</u>	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
< 40 mm (1½")	\$61.30	\$1.0021	
40 mm (1½")	\$101.44	\$1.0021	
50 mm (2")	\$147.89	\$1.0021	
75 mm (3")	\$264.94	\$0.9982	
100 mm (4")	\$422.15	\$0.9982	
150 mm (6")	\$846.78	\$0.9982	
200 mm (8")	\$962.96	\$0.9982	
300 mm (12")	\$973.66	\$0.9982	
<i>* applicable commercial rates and charges based on corresponding water meter size and volume</i>			
Wholesale			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$984.35	\$0.9051	
Flat Rates (Unmetered)			
	<u>Monthly Charge</u>		
Residential Flat Rate	\$62.54		
Cana Flat Rate	\$62.54		
Commercial Flat Rate (< 1½")	\$114.09		

Water and Wastewater Monthly Rates Schedule

Effective January 1, 2017 to December 31, 2017

WATER			
Residential			
	<u>Monthly Service Charge</u>	<u>Block #1</u> Volume - First 25 m3	<u>Block #2</u> Volume - All Over 25 m3
metered	\$22.29	\$1.1630	\$1.4537
Commercial			
<u>*Meter Size</u>	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
< 40 mm (< 1½")	\$56.08	\$0.9877	
40 mm (1½")	\$66.35	\$0.9877	
50 mm (2")	\$77.20	\$0.9877	
75 mm (3")	\$124.69	\$0.9451	
100 mm (4")	\$167.22	\$0.9451	
150 mm (6")	\$253.38	\$0.9451	
200 mm (8")	\$468.25	\$0.9451	
300 mm (12")	\$470.00	\$0.9451	
<i>* applicable commercial rate based on meter size</i>			
Wholesale			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$598.33	\$0.8224	
Flat Rates (Unmetered)			
	<u>Monthly Charge</u>		
Residential Flat Rate	\$58.09		
Cana Flat Rate	\$58.09		
Commercial Flat Rate (< 1½")	\$115.11		

WASTEWATER			
Residential			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$30.58	\$1.0682	
Commercial			
<u>*Meter Size</u>	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
< 40 mm (1½")	\$61.30	\$1.0732	
40 mm (1½")	\$101.44	\$1.0732	
50 mm (2")	\$147.89	\$1.0732	
75 mm (3")	\$264.94	\$1.0852	
100 mm (4")	\$422.15	\$1.0852	
150 mm (6")	\$846.78	\$1.0852	
200 mm (8")	\$962.96	\$1.0852	
300 mm (12")	\$973.66	\$1.0852	
<i>* applicable commercial rates and charges based on corresponding water meter size and volume</i>			
Wholesale			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$984.35	\$0.9941	
Flat Rates (Unmetered)			
	<u>Monthly Charge</u>		
Residential Flat Rate	\$64.40		
Cana Flat Rate	\$64.40		
Commercial Flat Rate (< 1½")	\$117.56		

Water and Wastewater Monthly Rates Schedule

Effective January 1, 2018

WATER			
Residential			
	<u>Monthly Service Charge</u>	<u>Block #1</u> <u>Volume - First 25 m3</u>	<u>Block #2</u> <u>Volume - All Over 25 m3</u>
metered	\$22.29	\$1.2162	\$1.5202
Commercial			
<u>*Meter Size</u>	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
< 40 mm (< 1½")	\$55.75	\$1.0457	
40 mm (1½")	\$66.35	\$1.0457	
50 mm (2")	\$77.20	\$1.0457	
75 mm (3")	\$124.69	\$1.0088	
100 mm (4")	\$167.22	\$1.0088	
150 mm (6")	\$253.38	\$1.0088	
200 mm (8")	\$468.25	\$1.0088	
300 mm (12")	\$470.00	\$1.0088	
<i>* applicable commercial rate based on water meter size</i>			
Wholesale			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$598.33	\$0.8719	
Flat Rates (Unmetered)			
	<u>Monthly Charge</u>		
Residential Flat Rate	\$59.83		
Cana Flat Rate	\$59.83		
Commercial Flat Rate (< 1½")	\$118.56		

WASTEWATER			
Residential			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$30.58	\$1.1329	
Commercial			
<u>*Meter Size</u>	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
< 40 mm (1½")	\$61.30	\$1.1467	
40 mm (1½")	\$101.44	\$1.1467	
50 mm (2")	\$147.89	\$1.1467	
75 mm (3")	\$264.94	\$1.1791	
100 mm (4")	\$422.15	\$1.1791	
150 mm (6")	\$846.78	\$1.1791	
200 mm (8")	\$962.96	\$1.1791	
300 mm (12")	\$973.66	\$1.1791	
<i>* applicable commercial rates and charges based on corresponding water meter size and volume</i>			
Wholesale			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$984.35	\$1.0914	
Flat Rates (Unmetered)			
	<u>Monthly Charge</u>		
Residential Flat Rate	\$66.31		
Cana Flat Rate	\$66.31		
Commercial Flat Rate (< 1½")	\$121.03		