

CITY OF PENTICTON UTILITY RATE REVIEW



PRESENTATION TO CITY COUNCIL

Presented by: Andrew McLaren,
InterGroup Consultants

November 2, 2015

OVERVIEW

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The City of Penticton is undertaking a review of rates for the electric, water and sanitary sewer utilities to ensure that each utility is financially sustainable and can continue to provide reliable service to customers.

This presentation provides a summary of final results and recommendations to Council on rate structure and implementation.

REVIEW OF THE PROCESS

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InterGroup Consultants Ltd. (“InterGroup”) was retained by the City to review and make recommendations for rate adjustments for the City’s electric, water and sanitary sewer utilities for the period from 2016 through 2020. Milestones of the review process include:

1. Project Kick-off Meeting – March 2015
2. Initial Meetings with City Staff – April 2015
3. Presentation of Preliminary Results to Council and Stakeholders July 2015
4. Public Consultation – August/September 2015
5. Final Report – November 2015

KEY FINDINGS

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- The City's electric, water and sanitary sewer utilities require rate increases to maintain financial sustainability.
- Continuing to finance capital projects with cash each year would lead to very high rate increase requirements, particularly for the water and sanitary sewer utilities.
- The City's current method for allocating administrative costs to the utilities likely results in too high an allocation to the electric utility and too low an allocation to the water and sanitary sewer utilities.
- The City's method for calculating the dividend from the electric utility could be updated to align with common practice for other utilities.

KEY FINDINGS

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- Residential customers are likely under-paying on electricity and water rates and over-paying on sewer rates compared to the average cost of service at existing rates.
- Commercial and industrial customers are likely over-paying on electricity and water rates and under-paying on sewer rates compared to the average cost of service at existing rates.
- The City's existing fixed charges for larger water meter customers are generally higher than those in other municipalities.
- The City's existing sewer rate structure, based on fixture counts, is not consistent with sewer rate structures for most other municipalities that were surveyed.

SUMMARY OF COMMENTS AND REVISIONS FOLLOWING PUBLIC COMMENT

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1. Revised borrowing for capital projects to limit borrowing to large expansion or enhancement projects. Also reviewed where capital projects could be delayed or deferred.
2. Revised administrative cost allocation (reduced administrative costs to water and sewer utilities).
3. Propose delay in implementing new sewer rate structure until 2017.
4. Majority of respondents favored monthly billing for water, sewer and electrical.
5. Creation of an Institutional Rate was not broadly supported through public consultations.
6. Support for funding capital projects through a dividend from the Electric Utility was split, some respondents supported the dividend, others did not.

RECOMMENDATIONS

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It is recommended the City implement rates for 2016 to 2020 based on the following rate design parameters:

1. Ensure rates are sufficient to maintain at least minimum reserve balance in each year.
2. Ensure rates sufficient to recover full utility revenue requirement including an average annual capital program by 2020.
3. Phase-in changes to Administration and Electric Utility Dividend by 2020.
4. Target rates for each rate class equal to cost of service by 2020.
5. No rate decreases in any year for any rate classes.
6. To extent feasible, have similar average year over year rate increases.
7. Propose delay in implementing new sewer rate structure until 2017.
8. Do not adopt an institutional rate.

RECOMMENDATIONS

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It is recommended the City finance a portion of its planned capital program with long-term debt in order to smooth out the required rate increases for Water and Sanitary Sewer Utilities. The combined Reserve balances for Electric Utility is considered to be enough to finance capital projects without borrowing.

The recommended schedule, based on financing only major expansions or upgrades with long-term debt, is provided on the following slide.

RECOMMENDATIONS

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It is recommended the City finance a portion of its planned capital program with long-term debt in order to smooth out the required rate increases. The recommended schedule, based on financing only major expansions or upgrades with long-term debt, is provided below.

| Forecast Annual Borrowing | Water Utility (\$) | Sewer Utility (\$) |
|--|--------------------|--------------------|
| 2016 | 50,000 | 50,000 |
| 2017 | 2,547,000 | 2,140,000 |
| 2018 | - | - |
| 2019 | 1,775,000 | - |
| 2020 | 2,799,000 | - |
| 2016-2020 Total | 7,171,000 | 2,190,000 |
| Average Annual Additional Revenue generated with 1%/year Rate Increase | 189,000 | 123,000 |

RECOMMENDATIONS

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With respect to future rate adjustments, it is recommended:

1. The Council adopt the electrical, sewer and water rates schedules for the period 2016 – 2020 as presented.
2. The current Rate Setting Policy be eliminated and that the proposed rates be reviewed each year as part of the annual budget process to address any unexpected costs or changes in revenues.
3. The City undertake a detailed review of revenues and costs after three years, to ensure rates continue to fairly reflect the costs to serve each customer class. Future detailed rate studies should be prepared on a 3 to 5 year forward looking basis to provide customers with some predictability about future rate changes.

RECOMMENDATIONS

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Other recommendations:

1. It is recommended the City transition to monthly billing for water, sewer and electrical.
2. It is recommended that the City not implement an institutional electricity rate.
3. It is recommended that for future capital planning, the City conduct an analysis of the replacement cost of its utility assets and ensure its capital budgets are sufficient to address ongoing requirements for infrastructure renewal as well as any necessary expansion projects.

BILL COMPARISON - ELECTRICITY

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| Customer Classes | Monthly Average Bills at 2015 Existing Rates | 2016 | | 2017 | | 2018 | | 2019 | | 2020 | |
|---|--|--------------------|------|--------------------|------|--------------------|------|--------------------|------|--------------------|------|
| | | Increase Over 2015 | | Increase Over 2016 | | Increase Over 2017 | | Increase Over 2018 | | Increase Over 2019 | |
| | | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % |
| Scenario 1: Only capital enhancement projects (higher than \$2 million) are funded by debt ; maintain minimum combined reserve balances; and target 100% RCC ratio for each customer class by 2019 | | | | | | | | | | | |
| Residential | \$112.6 | \$4.7 | 4.1% | \$4.7 | 4.0% | \$4.9 | 4.0% | \$5.1 | 4.0% | \$4.2 | 3.2% |
| Small Commercial | \$639.4 | \$10.7 | 1.7% | \$9.4 | 1.4% | \$9.5 | 1.4% | \$9.6 | 1.4% | \$21.4 | 3.1% |
| Large Commercial/Industrial | \$5,549.6 | \$93.0 | 1.7% | \$81.8 | 1.4% | \$82.9 | 1.4% | \$84.1 | 1.4% | \$185.6 | 3.2% |

Parameters used in the bill calculation:

1. The existing rates are effective July 1, 2015 [after 1.83% increase].
2. Residential - Electricity consumption at 914 kWh/month, based on the average monthly consumption for Rate Code 10 .
3. Small Commercial - Electricity consumption at 5,000 kWh, 10 kW, based on the average monthly consumption for all general service customers consuming less than 10,000 kWh per month.
4. Large Commercial/Industrial - Electricity consumption at 50,000 kWh, 100 kW, based on the average monthly consumption for all general service customers consuming more than 10,000 kWh per month.

CITY OF PENTICTON UTILITY RATE REVIEW PRESENTATION TO CITY COUNCIL

BILL COMPARISON – WATER

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Water Bill Impact Summary for 2016 - 2020

| Meter Sizes | Monthly Average Bills at 2015 Existing Rates | 2016 | | 2017 | | 2018 | | 2019 | | 2020 | |
|-----------------------------|--|--------------------|-------|--------------------|-------|--------------------|-------|--------------------|-------|--------------------|------|
| | | Increase Over 2015 | | Increase Over 2016 | | Increase Over 2017 | | Increase Over 2018 | | Increase Over 2019 | |
| | | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % |
| 19mm (3/4 inch) | \$32.2 | \$4.7 | 14.7% | \$5.2 | 14.1% | \$2.5 | 5.9% | \$2.4 | 5.5% | \$2.5 | 5.3% |
| 25mm (1 inch) | \$116.6 | \$21.7 | 18.6% | \$26.9 | 19.5% | \$20.0 | 12.1% | \$24.7 | 13.3% | \$10.8 | 5.1% |
| 38mm (1 1/2 inches) | \$204.4 | \$18.1 | 8.8% | \$19.8 | 8.9% | \$4.0 | 1.7% | \$4.0 | 1.6% | \$12.9 | 5.1% |
| 50mm (2 inches) | \$476.4 | \$47.4 | 10.0% | \$52.3 | 10.0% | \$13.3 | 2.3% | \$17.1 | 2.9% | \$31.1 | 5.1% |
| 75mm (3 inches) | \$1,164.1 | \$46.7 | 4.0% | \$52.7 | 4.4% | \$0.0 | 0.0% | \$0.0 | 0.0% | \$0.0 | 0.0% |
| 100mm (4 inches) | \$2,459.7 | \$56.9 | 2.3% | \$70.1 | 2.8% | \$0.0 | 0.0% | \$0.0 | 0.0% | \$0.0 | 0.0% |
| By Rate Class | | | | | | | | | | | |
| Residential | \$33.7 | \$4.9 | 14.6% | \$5.4 | 14.0% | \$2.6 | 5.8% | \$2.5 | 5.4% | \$2.6 | 5.2% |
| Small Commercial | \$218.7 | \$19.7 | 9.0% | \$21.6 | 9.1% | \$4.8 | 1.9% | \$4.8 | 1.8% | \$13.7 | 5.1% |
| Large Commercial/Industrial | \$566.3 | \$57.8 | 10.2% | \$63.8 | 10.2% | \$18.3 | 2.7% | \$22.2 | 3.1% | \$36.5 | 5.0% |

Parameters used in the bill calculation:

- Residential - Water usage at 30 cubic meters/month, based on the average monthly consumption for customers with meter size of 13mm/16mm/19mm (1/2 inch, 5/8 inch and 3/4 inch).
- Small Commercial - Water consumption at 200 cubic meters, based on the average monthly consumption for customers with meter size of 38mm (1 and 1/2 inches).
- Large Commercial/Industrial - Water consumption at 600 cubic meters, based on the average monthly consumption for customers with meter size of 50mm (2 inches).

**CITY OF PENTICTON UTILITY RATE REVIEW
PRESENTATION TO CITY COUNCIL**

BILL COMPARISON – SANITARY SEWER

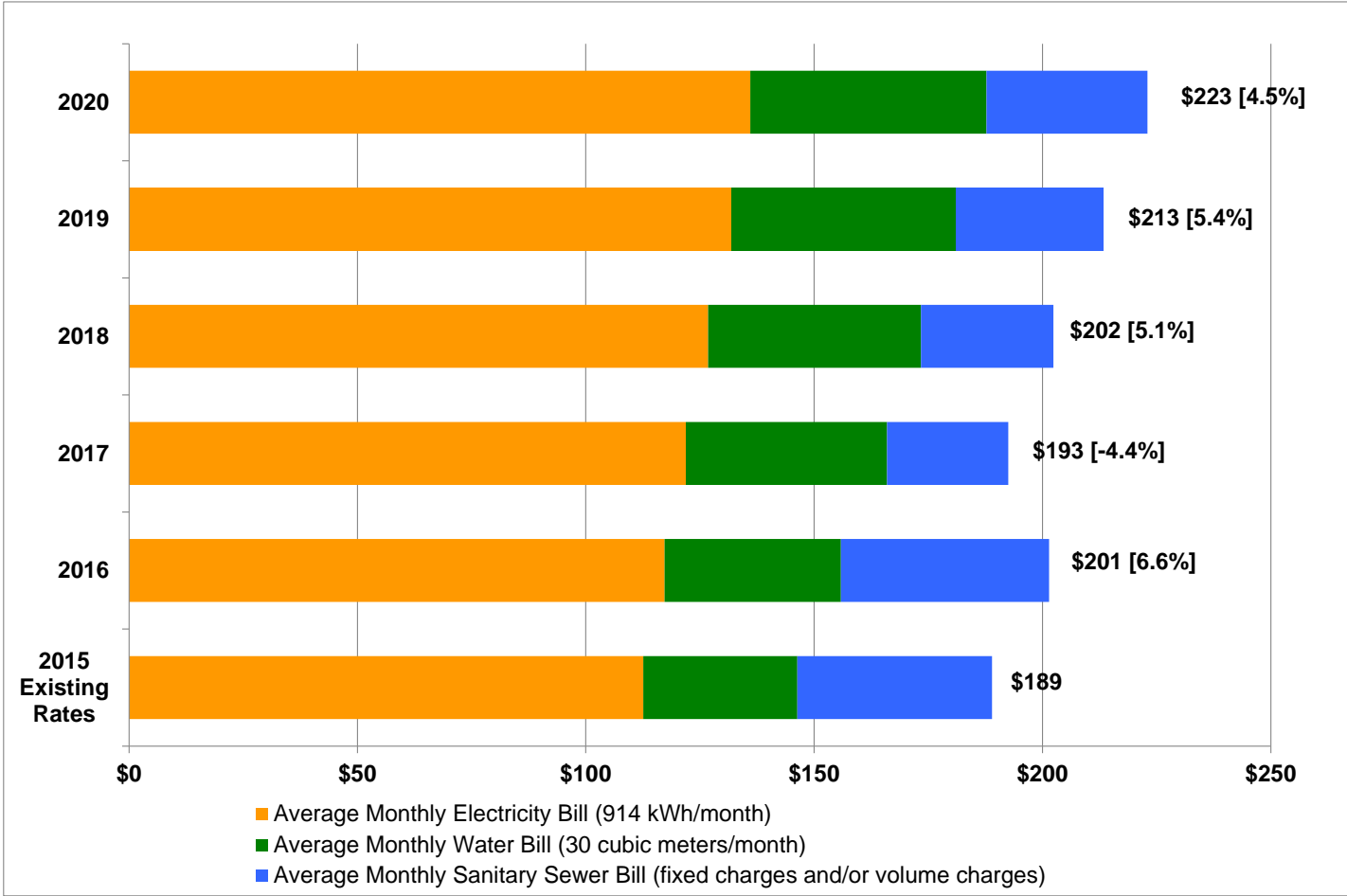
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| Meter Sizes | Number of Fixtures | Number of Customers | Monthly Average Bills at 2015 Existing Rates - based on number of Fixtures | | Monthly Average Bills at 2016 Rates - based on number of Fixtures | | 2017 [with Fixed and Variable rates] | | 2018 [with Fixed and Variable rates] | | 2019 [with Fixed and Variable rates] | | 2020 [with Fixed and Variable rates] | |
|---|--------------------|---------------------|--|--|---|------|--------------------------------------|--------|--------------------------------------|------|--------------------------------------|-------|--------------------------------------|------|
| | | | Assumed Average Number of Fixtures | Monthly Average Bills 2015 (with Average Sewer Levy) | Increase Over 2015 | | Increase Over 2016 | | Increase Over 2017 | | Increase Over 2018 | | Increase Over 2019 | |
| | | | | | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % |
| Scenario 1: Only capital enhancement projects (higher than \$1 million) are funded by new debt ; maintain at least minimum combined reserve balances each years; and target 100% RCC ratio for each customer class by 2019 | | | | | | | | | | | | | | |
| 19mm (3/4 inch) | 119,580 | 8,037 | 15 | \$42.6 | \$2.9 | 6.8% | -\$19.0 | -41.7% | \$2.4 | 9.2% | \$3.3 | 11.3% | \$3.0 | 9.2% |
| 25mm (1 inch) | 14,943 | 225 | 66 | \$149.0 | \$9.4 | 6.3% | -\$41.0 | -25.9% | \$11.2 | 9.5% | \$8.0 | 6.3% | \$13.0 | 9.5% |
| 38mm (1 1/2 inches) | 9,810 | 252 | 39 | \$110.7 | \$5.8 | 5.2% | \$40.2 | 34.5% | \$14.8 | 9.4% | \$13.3 | 7.8% | \$17.4 | 9.4% |
| 50mm (2 inches) | 7,997 | 132 | 61 | \$140.8 | \$8.6 | 6.1% | \$199.6 | 133.6% | \$33.1 | 9.5% | \$24.8 | 6.5% | \$38.7 | 9.5% |
| 75mm (3 inches) | 2,647 | 48 | 55 | \$132.8 | \$7.9 | 5.9% | \$565.7 | 402.1% | \$66.9 | 9.5% | \$52.2 | 6.7% | \$78.3 | 9.5% |
| 100mm (4 inches) | 959 | 16 | 60 | \$140.4 | \$8.6 | 6.1% | \$1,220.7 | 819.0% | \$129.9 | 9.5% | \$97.4 | 6.5% | \$151.8 | 9.5% |
| By Rate Class | | | | | | | | | | | | | | |
| Residential | | | | \$42.6 | \$2.9 | 6.8% | -\$19.0 | -41.7% | \$2.4 | 9.2% | \$3.3 | 11.3% | \$3.0 | 9.2% |
| Small Commercial | | | | \$110.7 | \$5.8 | 5.2% | \$40.2 | 34.5% | \$14.8 | 9.4% | \$13.3 | 7.8% | \$17.4 | 9.4% |
| Large Commercial/Industrial | | | | \$140.8 | \$8.6 | 6.1% | \$199.6 | 133.6% | \$33.1 | 9.5% | \$24.8 | 6.5% | \$38.7 | 9.5% |

Notes:

1. The bill impacts are different than required annual rate increase due to proposed change to rate structure based on water consumption (water consumption assumed to increase by 1% per year, while sewer fixture rate revenues at existing rates at 1.5% per year).

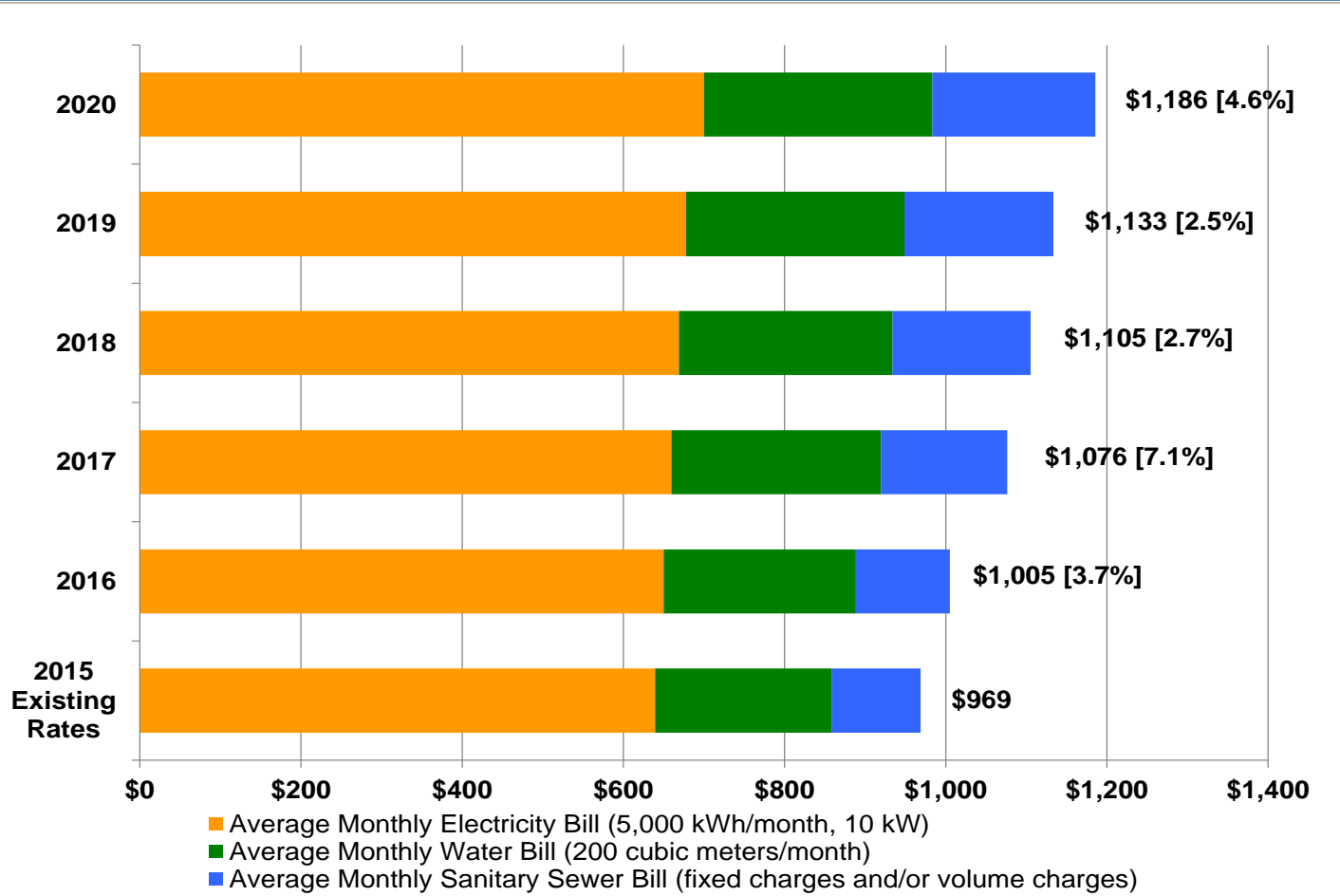
ILLUSTRATIVE MONTHLY UTILITY BILL COMPARISONS - RESIDENTIAL



Parameters used in the bill calculation:

- Electricity consumption at 914 kWh/month, based on the average monthly consumption for Rate Code 10.
- Water usage at 30 cubic meters/month, based on the average monthly consumption for customers with meter size of 13mm/16mm/19mm (1/2 inch, 5/8 inch and 3/4 inch).
- The 2015 and 2016 sewer bills are the average monthly fixture charges from customers with number of fixtures not exceeding six and in excess of six. 2017 to 2020 bills include the proposed fixed and variable charges.
- Property tax bill is based on the average property assessment of \$314,927 for 2015, and assumes 1% annual inflation (based on the latest 12-month average CPI change in BC from BC Stats) for 2016 to 2020.

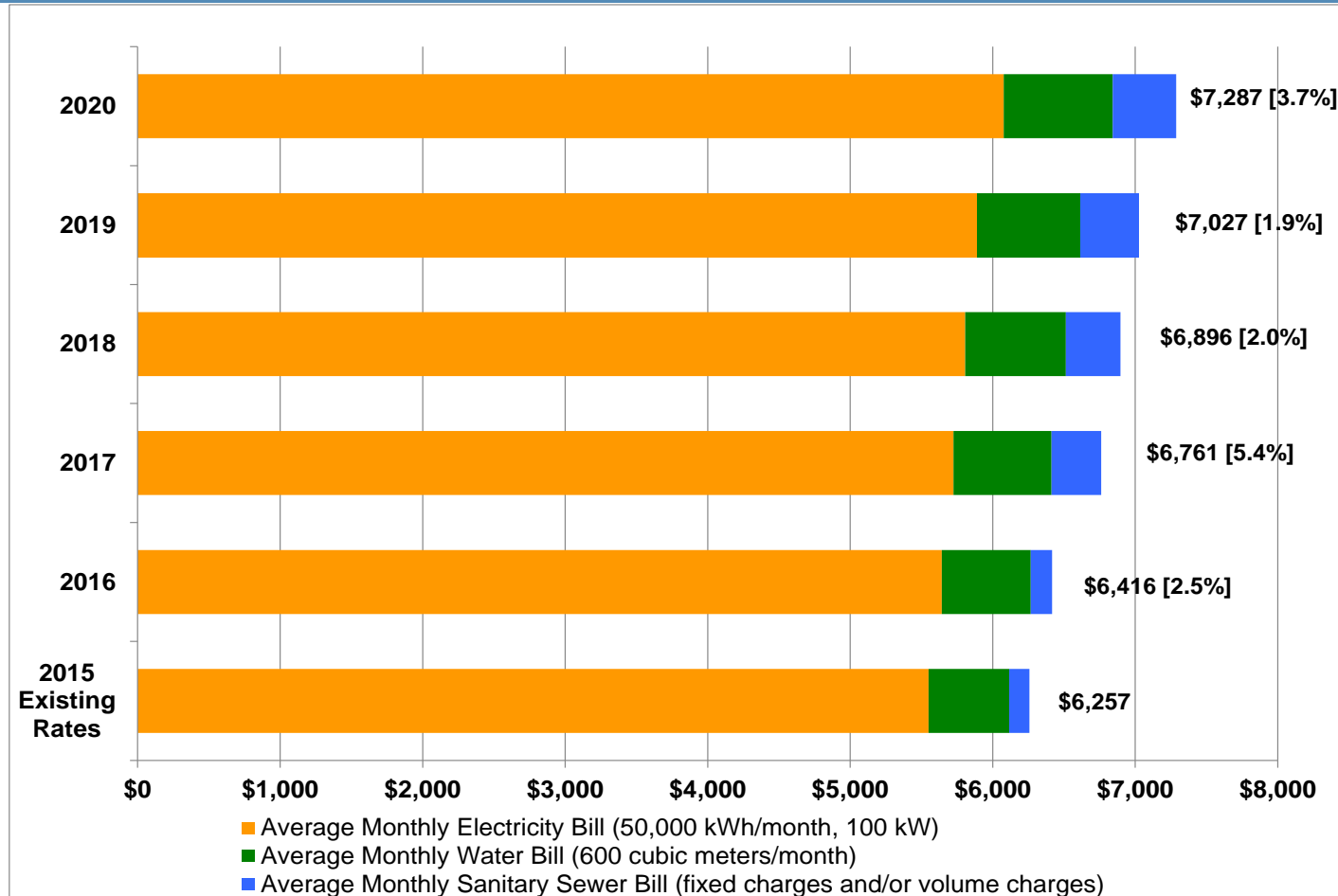
ILLUSTRATIVE MONTHLY UTILITY BILL COMPARISONS – SMALL COMMERCIAL



Parameters used in the bill calculation:

- Electricity consumption at 5,000 kWh, 10 kVa, based on the average monthly consumption for all general service customers consuming less than 10,000 kWh per month.
- Water consumption at 200 cubic meters, based on the average monthly consumption for customers with meter size of 38mm (1 and 1/2 inches).
- The 2015 and 2016 sewer bills are the average monthly fixture charges from customers with number of fixtures not exceeding six and in excess of six. 2017 to 2020 bills include the proposed fixed and variable charges.
- Property tax bill is based on the average property assessment of \$987,745 for 2015, and assume 1% annual inflation (based on the latest 12-month average CPI change in BC from BC Stats) for 2016 to 2020.

ILLUSTRATIVE MONTHLY UTILITY BILL COMPARISONS – LARGE COMMERCIAL/INDUSTRIAL



Parameters used in the bill calculation:

- Electricity consumption at 50,000 kWh, 100 kVa, based on the average monthly consumption for all general service customers consuming more than 10,000 kWh per month.
- Water consumption at 600 cubic meters, based on the average monthly consumption for customers with meter size of 50mm (2 inches).
- The 2015 and 2016 sewer bills are the average monthly fixture charges from customers with number of fixtures not exceeding six and in excess of six. 2017 to 2020 bills include the proposed fixed and variable charges.
- Property tax bill is based on the average property assessment of \$999,303 for 2015, and assume 1% annual inflation (based on the latest 12-month average CPI change in BC from BC Stats) for 2016 to 2020.

CITY OF PENTICTON UTILITY RATE REVIEW PRESENTATION TO CITY COUNCIL

RATE SCHEDULES - ELECTRICITY

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| Rate Class | July 1, 2015 Existing Rates | | | | | | 2016 Proposed Rates | | | | | | | |
|--|-----------------------------|-----------------|-----------------|-------------------|------------------|----------------|---|-----------------------------|-----------------|-----------------|-------------------|------------------|----------------|---|
| | Basic Charge (\$/ m/ cust.) | Demand (\$/kVA) | Energy (¢/kW.h) | | | | Fixture Watt or Volt Ampere (¢/W or ¢/VA) | Basic Charge (\$/ m/ cust.) | Demand (\$/kVA) | Energy (¢/kW.h) | | | | Fixture Watt or Volt Ampere (¢/W or ¢/VA) |
| | | | All KW.h | First 10,000 KW.h | Next 90,000 KW.h | > 100,000 KW.h | | | | All KW.h | First 10,000 KW.h | Next 90,000 KW.h | > 100,000 KW.h | |
| Rate Code 10 - Residential | 17.19 | | 11.81 | | | | 17.58 | | 12.33 | | | | | |
| Rate Code 15 - Residential/Special Service | 17.19 | | 13.58 | | | | 17.58 | | 14.16 | | | | | |
| Rate Code 20 - General - Sec. Met. and City Owned Transf. | 17.19 | 9.78 | | 13.87 | 10.92 | 7.65 | 17.58 | 9.94 | | 14.09 | 11.10 | 7.78 | | |
| Rate Code 25 - General - Primary Met. And City Owned Transf. | 17.19 | 9.62 | | 13.67 | 10.75 | 7.56 | 17.58 | 9.79 | | 13.88 | 10.93 | 7.66 | | |
| Rate Code 30 - General - Sec. Met. and Cust. Owned Transf. | 17.19 | 8.89 | | 13.87 | 10.92 | 7.65 | 17.58 | 9.05 | | 14.09 | 11.10 | 7.78 | | |
| Rate Code 35 - General - Prim. Met. and Cust. Owned Transf. | 17.19 | 8.75 | | 13.67 | 10.75 | 7.56 | 17.58 | 8.91 | | 13.88 | 10.93 | 7.66 | | |
| Rate Code 45 - General - City Accounts | | | 8.06 | | | | | | 8.73 | | | | | |
| Street Lighting | | | | | | | | | | | | 8.99 | 9.77 | |
| Traffic Lighting | | | | | | | | | | | | 8.99 | 9.77 | |
| Other un-metered loads - based on name plate data | | | | | | | | | | | | 16.99 | 18.46 | |

| Rate Class | 2017 Proposed Rates | | | | | | 2018 Proposed Rates | | | | | | | |
|--|-----------------------------|-----------------|-----------------|-------------------|------------------|----------------|---|-----------------------------|-----------------|-----------------|-------------------|------------------|----------------|---|
| | Basic Charge (\$/ m/ cust.) | Demand (\$/kVA) | Energy (¢/kW.h) | | | | Fixture Watt or Volt Ampere (¢/W or ¢/VA) | Basic Charge (\$/ m/ cust.) | Demand (\$/kVA) | Energy (¢/kW.h) | | | | Fixture Watt or Volt Ampere (¢/W or ¢/VA) |
| | | | All KW.h | First 10,000 KW.h | Next 90,000 KW.h | > 100,000 KW.h | | | | All KW.h | First 10,000 KW.h | Next 90,000 KW.h | > 100,000 KW.h | |
| Rate Code 10 - Residential | 18.14 | | 12.84 | | | | 18.72 | | 13.37 | | | | | |
| Rate Code 15 - Residential/Special Service | 18.14 | | 14.74 | | | | 18.72 | | 15.34 | | | | | |
| Rate Code 20 - General - Sec. Met. and City Owned Transf. | 18.14 | 10.09 | | 14.29 | 11.26 | 7.89 | 18.72 | 10.23 | | 14.49 | 11.43 | 8.01 | | |
| Rate Code 25 - General - Primary Met. And City Owned Transf. | 18.14 | 9.93 | | 14.08 | 11.09 | 7.77 | 18.72 | 10.08 | | 14.27 | 11.26 | 7.89 | | |
| Rate Code 30 - General - Sec. Met. and Cust. Owned Transf. | 18.14 | 9.18 | | 14.29 | 11.26 | 7.89 | 18.72 | 9.31 | | 14.49 | 11.43 | 8.01 | | |
| Rate Code 35 - General - Prim. Met. and Cust. Owned Transf. | 18.14 | 9.04 | | 14.08 | 11.09 | 7.77 | 18.72 | 9.17 | | 14.27 | 11.26 | 7.89 | | |
| Rate Code 45 - General - City Accounts | | | 9.53 | | | | | | 10.41 | | | | | |
| Street Lighting | | | | | | | | | | | | 10.71 | 11.74 | |
| Traffic Lighting | | | | | | | | | | | | 10.69 | 11.70 | |
| Other un-metered loads - based on name plate data | | | | | | | | | | | | 20.24 | 22.19 | |

**CITY OF PENTICTON UTILITY RATE REVIEW
PRESENTATION TO CITY COUNCIL**

RATE SCHEDULES - WATER

| | 2015 Existing Rates | | | 2016 Proposed Rates | | | 2017 Proposed Rates | | |
|----------------------|--|---|--|--|---|--|--|---|--|
| | Basic Charge (\$/ month/ customer) | Variable Charge (\$/100 cubic feet) | Unmetered Monthly Charge (\$/ month/ customer) | Basic Charge (\$/ month/ customer) | Variable Charge (\$/100 cubic feet) | Unmetered Monthly Charge (\$/ month/ customer) | Basic Charge (\$/ month/ customer) | Variable Charge (\$/100 cubic feet) | Unmetered Monthly Charge (\$/ month/ customer) |
| Treated Water | | | | | | | | | |
| 19mm (3/4 inch) | 19.77 | 1.67 | 33.25 | 23.19 | 1.86 | 38.22 | 26.92 | 2.08 | 43.68 |
| 25mm (1 inch) | 42.37 | 1.67 | 68.80 | 56.42 | 1.86 | 85.89 | 75.13 | 2.08 | 107.99 |
| 38mm (1 1/2 inches) | 125.03 | 1.67 | 204.20 | 133.36 | 1.86 | 221.64 | 142.25 | 2.08 | 240.68 |
| 50mm (2 inches) | 275.18 | 1.67 | 442.26 | 298.64 | 1.86 | 484.94 | 324.11 | 2.08 | 531.83 |
| 75mm (3 inches) | 790.06 | 1.67 | 1,300.57 | 784.02 | 1.86 | 1,353.24 | 778.04 | 2.08 | 1,412.71 |
| 100mm (4 inches) | 1,736.28 | 1.67 | 2,820.64 | 1,684.84 | 1.86 | 2,893.90 | 1,634.92 | 2.08 | 2,983.03 |
| | 2018 Proposed Rates | | | 2019 Proposed Rates | | | 2020 Proposed Rates | | |
| | Basic Charge (\$/ month/ customer) | Variable Charge (\$/100 cubic feet) | Unmetered Monthly Charge (\$/ month/ customer) | Basic Charge (\$/ month/ customer) | Variable Charge (\$/100 cubic feet) | Unmetered Monthly Charge (\$/ month/ customer) | Basic Charge (\$/ month/ customer) | Variable Charge (\$/100 cubic feet) | Unmetered Monthly Charge (\$/ month/ customer) |
| Treated Water | | | | | | | | | |
| 19mm (3/4 inch) | 28.80 | 2.17 | 46.30 | 30.60 | 2.26 | 48.87 | 32.39 | 2.36 | 51.48 |
| 25mm (1 inch) | 92.58 | 2.17 | 126.90 | 114.97 | 2.26 | 150.80 | 121.71 | 2.36 | 159.13 |
| 38mm (1 1/2 inches) | 141.12 | 2.17 | 243.91 | 139.70 | 2.26 | 247.04 | 147.89 | 2.36 | 259.98 |
| 50mm (2 inches) | 324.92 | 2.17 | 541.84 | 329.27 | 2.26 | 555.80 | 348.58 | 2.36 | 585.13 |
| 75mm (3 inches) | 750.32 | 2.17 | 1,413.11 | 721.39 | 2.26 | 1,413.52 | 691.17 | 2.36 | 1,413.95 |
| 100mm (4 inches) | 1,580.05 | 2.17 | 2,987.85 | 1,522.74 | 2.26 | 2,992.88 | 1,462.90 | 2.36 | 2,998.14 |

RATE SCHEDULES – SANITARY SEWER

| 2015 Existing Fixtures Charges | | 2016 Proposed Fixtures Charges | | 2017 Proposed Rates | |
|-------------------------------------|--|-------------------------------------|--|---|--|
| Not Exceeding Six Fixtures, \$/year | In Excess of Six Fixtures, \$/year/fixture | Not Exceeding Six Fixtures, \$/year | In Excess of Six Fixtures, \$/year/fixture | Monthly Fixed Charge, \$/month/customer | Variable Charge (Residential 100% of Winter and 50% of Summer usage; Non-Residential 100% year-round use), \$/100 cubic feet |

| | | | | | | |
|---------------------|----------|---------|----------|---------|----------|--------|
| 19mm (3/4 inch) | \$141.00 | \$25.70 | \$153.38 | \$27.96 | \$15.41 | \$2.23 |
| 25mm (1 inch) | \$141.00 | \$25.70 | \$153.38 | \$27.96 | \$25.69 | \$2.23 |
| 38mm (1 1/2 inches) | \$141.00 | \$25.70 | \$153.38 | \$27.96 | \$51.37 | \$2.23 |
| 50mm (2 inches) | \$141.00 | \$25.70 | \$153.38 | \$27.96 | \$82.19 | \$2.23 |
| 75mm (3 inches) | \$141.00 | \$25.70 | \$153.38 | \$27.96 | \$179.80 | \$2.23 |
| 100mm (4 inches) | \$141.00 | \$25.70 | \$153.38 | \$27.96 | \$323.64 | \$2.23 |

| 2018 Proposed Rates | | 2019 Proposed Rates | | 2020 Proposed Rates | |
|---|--|---|--|---|--|
| Monthly Fixed Charge, \$/month/customer | Variable Charge (Residential 100% of Winter and 50% of Summer usage; Non-Residential 100% year-round use), \$/100 cubic feet | Monthly Fixed Charge, \$/month/customer | Variable Charge (Residential 100% of Winter and 50% of Summer usage; Non-Residential 100% year-round use), \$/100 cubic feet | Monthly Fixed Charge, \$/month/customer | Variable Charge (Residential 100% of Winter and 50% of Summer usage; Non-Residential 100% year-round use), \$/100 cubic feet |

| | | | | | | |
|---------------------|----------|--------|----------|--------|----------|--------|
| 19mm (3/4 inch) | \$16.76 | \$2.45 | \$19.91 | \$2.52 | \$21.66 | \$2.77 |
| 25mm (1 inch) | \$27.94 | \$2.45 | \$33.19 | \$2.52 | \$36.10 | \$2.77 |
| 38mm (1 1/2 inches) | \$55.88 | \$2.45 | \$66.38 | \$2.52 | \$72.20 | \$2.77 |
| 50mm (2 inches) | \$89.41 | \$2.45 | \$106.20 | \$2.52 | \$115.53 | \$2.77 |
| 75mm (3 inches) | \$195.59 | \$2.45 | \$232.32 | \$2.52 | \$252.71 | \$2.77 |
| 100mm (4 inches) | \$352.05 | \$2.45 | \$418.17 | \$2.52 | \$454.88 | \$2.77 |

Notes:

1. The winter months for the billing purposes are October through March.
2. It is recommended that the City develop a flat rate for sewer customers who do not take water service from the City.
3. It is recommended that the City identify the customers with water service, but without a sewer service to exclude them from sewer bills.

MUNICIPALITY COMPARISON - OVERVIEW

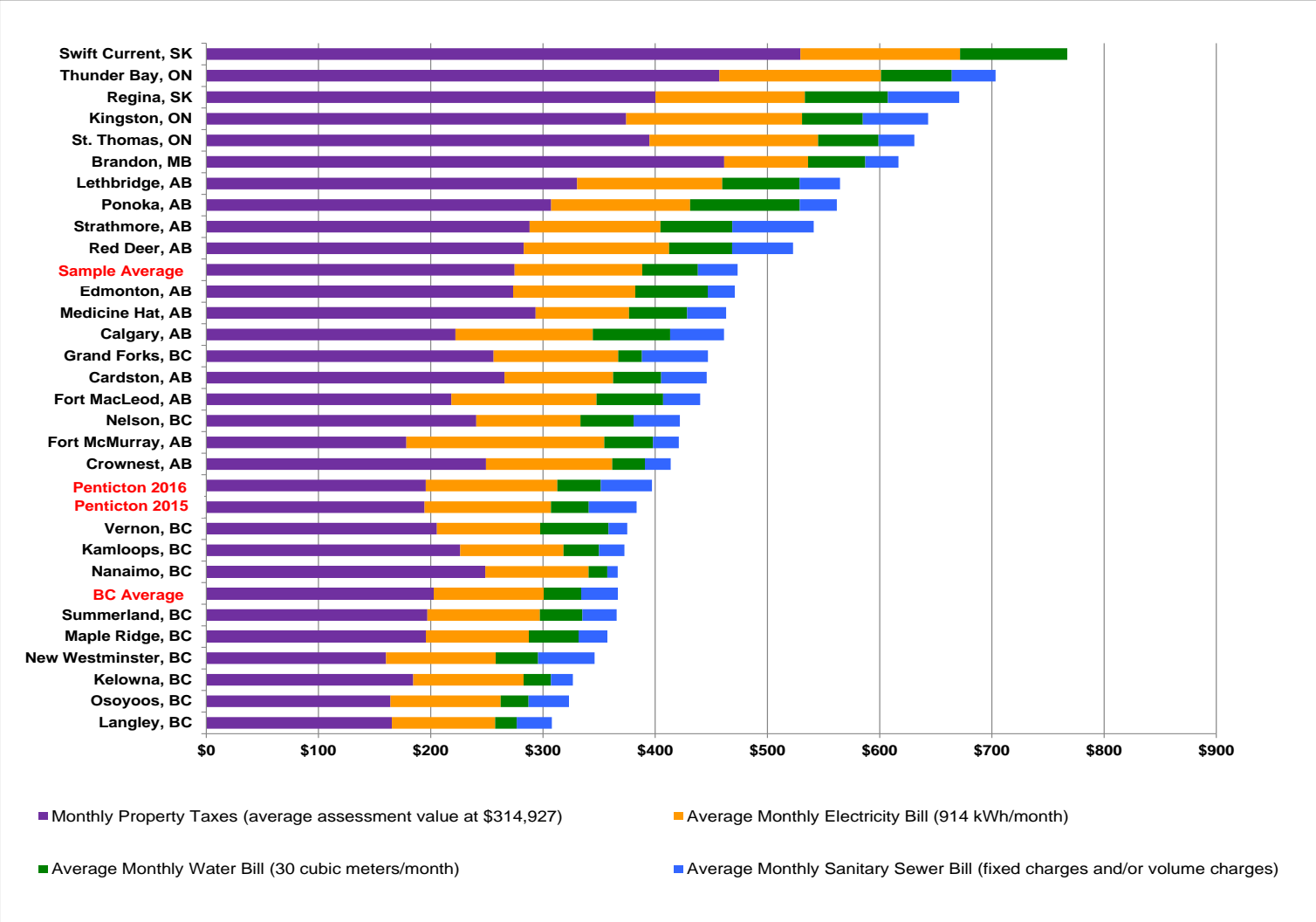
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- Comparison results are presented for consolidated Electricity, Water, Sewer, and Property Tax bills for average residential, commercial and industrial customers.

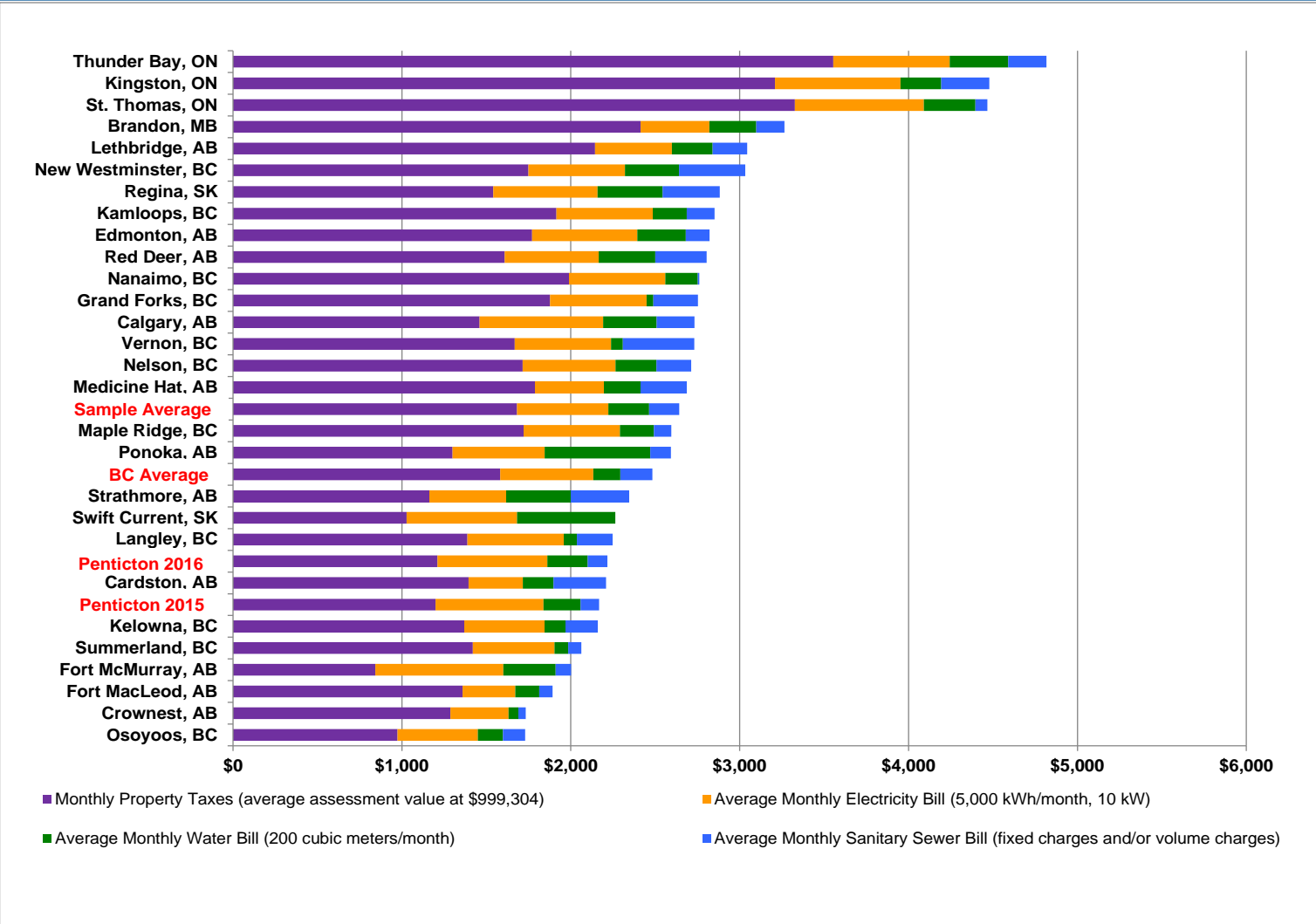
- Note:
 - Income disparity and ability to pay should be considered when comparing the bills for customers in different provinces.

 - The majority of BC municipalities do not generate sufficient revenues from fees to pay for the full cost of providing water and sewer services.

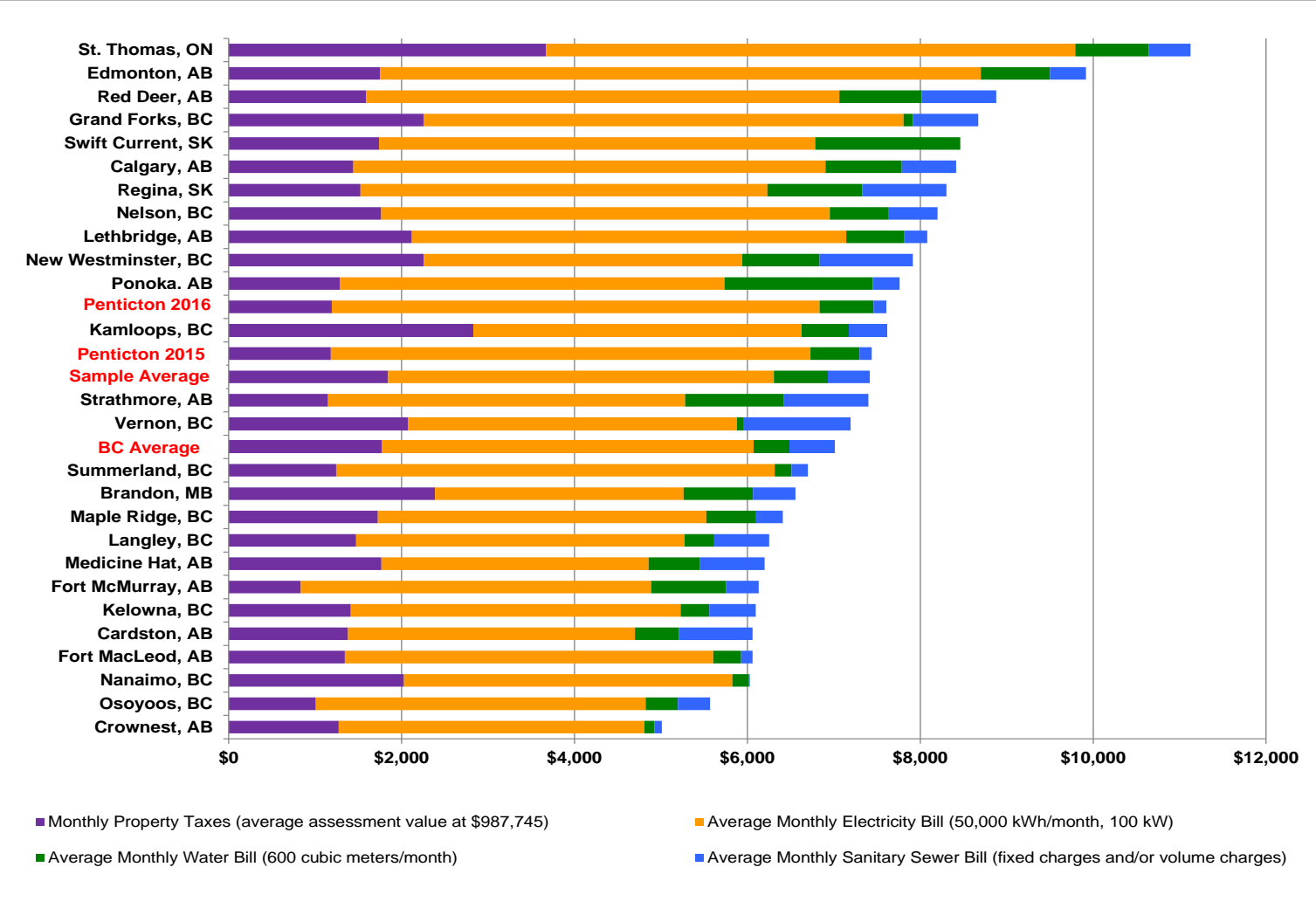
MUNICIPALITY COMPARISON – RESIDENTIAL CONSOLIDATED CUSTOMER BILLS



MUNICIPALITY COMPARISON – SMALL COMMERCIAL CONSOLIDATED CUSTOMER BILLS



MUNICIPALITY COMPARISON – LARGE COMMERCIAL/INDUSTRIAL CONSOLIDATED CUSTOMER BILLS



QUESTIONS?