

Preliminary results of Utility Rate Review, engagement next

(Penticton, BC – August 11, 2023) – Council will receive the draft Utility Rate Review designed to ensure the reliability of the City’s infrastructure on Tuesday before it heads out to public engagement.

“As a municipality, one of the most important responsibilities we have is ensuring that residents have dependable utilities, which covers electrical, water and storm and sanitary sewer,” says Kristen Dixon, the City’s general manager of infrastructure. “The Utility Rate Review is a chance to assess where we’re at in terms of needs and identify the best options to ensure we have the ability to maintain the long-term sustainability of our infrastructure.”

The preliminary report will now head to public engagement and the recommendation from the consultants includes rate increases over the next several years for residential customers:

- An electrical utility rate increase of 10 per cent in 2024 and seven per cent in the next three years, which equates to an average monthly increase of \$11.81
- A treated water rate increase of 6.4 per cent, which equates to an average \$3.42 a month
- A storm sewer rate increase of 30 per cent, which equates to an average \$1.57 cents a month
- A sanitary sewer rate increase of 10.2 per cent, which equates to an average \$4.60 a month.

“One of Council’s key priorities is asset management focused on long term sustainable service delivery and this proposal lays out a clear path to ensuring the sustainability of our infrastructure in a measured way,” says Dixon.

Included in the review is a potential change to an inclining rate structure for the water utility’s residential customers whereby you pay a lower cost/cubic foot for the first “block” of consumption, a slightly higher rate for a second “block” and a third rate for the remaining consumption. The idea is that residential customers pay a lower rate for water that is typically consumed as an essential need (i.e. cooking, showers, laundry etc.), while water that is used for more discretionary purposes is a higher rate to encourage conservation (either larger households, properties with more landscaping, or properties with pools/hot tubs or water features).

As part of the preliminary report, consultants Intergroup also did a comparison of Penticton and other municipalities. The data shows residents, overall, pay less than most regional comparisons. And in terms of electrical, the report shows Penticton residents pay less than Fortis BC customers and that under proposal rates would be in the middle of the pack when compared to other Okanagan communities

Dixon notes that Council has been cognizant of the economic challenges many have faced over the last several years and responded by maintaining rates despite rising costs including electrical rates which remained static amidst a 14 per cent cumulative increase in the cost to purchase power from FortisBC while City rates have declined by one per cent. "We're now at a point where we need to ensure the expected service levels are preserved and that's why we're reviewing the current rate structure," she says.

Council is also being asked to direct staff to prepare an amendment to the Fees and Charges Bylaw to increase electrical utility rates by an interim 5 per cent while the review is completed. Information about how to get involved in the rate review will be shared shortly.

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