



**Utilities Kingston
Report to Council
Report Number 25-049**

To: Mayor and Members of Council
From: David Fell, President & CEO, Utilities Kingston
Resource Staff: Sherry Gibson, Manager, Revenue & Regulatory Affairs,
Utilities Kingston
Date of Meeting: January 20, 2025
Subject: Approval of Rate Changes for 2025 and 2026 for Water and
Wastewater Utilities

Executive Summary:

This report specifically deals with the proposed rate changes for the water and wastewater utilities for 2025, and 2026 including the appropriate By-Law changes.

Recommendation:

That Council approve:

- 1) The proposed water and wastewater rates, effective March 1, 2025 to December 31, 2025, and the proposed water and wastewater rates, effective January 1, 2026 as detailed in the attached rate schedules; and
- 2) By-Law Number 2025-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:

ORIGINAL SIGNED BY PRESIDENT

& CEO, UTILITIES KINGSTON

**David Fell, President & CEO,
Utilities Kingston**

Consultation with the following Members of the Corporate Management Team:

Paige Agnew, Commissioner, Growth & Development Services	Not required
Jennifer Campbell, Commissioner, Community Services	Not required
Neil Carbone, Commissioner, Corporate Services	Not required
David Fell, President & CEO, Utilities Kingston	Not required
Brad Joyce, Commissioner, Infrastructure, Transportation & Emergency Services	Not required
Desirée Kennedy, Chief Financial Officer & City Treasurer	Not required

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Options/Discussion:

This report deals with the proposed rate changes for the water and wastewater utilities for the next 2 years: 2025 and 2026. The rate changes are required to ensure that the water and wastewater utilities have adequate revenue to cover current operational demands and ensure sufficient resources are available for future capital and debt servicing requirements.

a) Water and Wastewater Rates Adjustments –2025-2026

Water and wastewater rates adjustments are necessary to finance the 2025-2026 period of the fifteen-year capital plan and budget forecasts discussed in the operating and capital budget Report 25-048, Exhibit A. Necessary revenue requirement increases for 2025-2026 to be derived aggregately from rates are as follows:

	2025	2026
Water	4.8%	4.8%
Wastewater	4.8%	4.8%

To achieve the above-noted revenue requirement increases, the combined impact on residential ratepayers using 200 m³ annually, is as follows:

Residential	2024	2025	2026
<i>% change</i>		4.8%	4.8%
<i>\$ change</i>		\$62	\$65
<i>Total annual</i>	<i>\$1,269</i>	<i>\$1,356</i>	<i>\$1,421</i>

Cost allocation study

Once the revenue requirements are identified, further analysis is done to determine the appropriate amount of revenues that should be derived from each ratepayer class. Water and Wastewater customers are divided into separate customer classes based on consumption and the size of the service provided. The methodology for the proposed revenue requirements from each rate class, and resultant rate adjustments, is grounded in the findings of a cost allocation study. The Cost Allocation Study analyzes the equitable distribution of costs across all of the customer classes based on their respective usage patterns and service requirements. This ensures that each customer class is paying their fair share of costs to provide the services that are received. If any large adjustments are required based on the findings, then rate mitigation strategies are implemented with rate increases for any particular class kept below 10%.

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More specifically, 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 (R/C) ratio would be \$1.00:\$1.00.

During 2024, the water and wastewater cost allocation study was updated, and the results of this study indicate most of the R/C ratios are within what is generally considered to be an acceptable range, though some classes were determined to be outside of this range. It is proposed that rates continue to be rebalanced to better correspond to the costs caused by each customer class.

The 2024 cost allocation study revealed the wholesale water and wastewater customer class R/C ratios were below the lower threshold acceptable range and commercial < 1.5" customer class were above the upper threshold of the acceptable range. Following standard approach to rebalancing, the classes below the generally acceptable range are moved to the range limits, with any rate increases limited to below ten per cent for rate mitigation purposes.

As such it is proposed that the wholesale customer class be adjusted upward toward a \$1.00 revenue to \$1.00 cost ratio, with offsetting downward R/C adjustments to the commercial < 1.5" customer class. The increases to the wholesale customer class result in a combined effective annualized increase of 8.1% for 2025 and an additional annualized 8.4% for 2026, and minimal increases to the commercial < 1.5" customer class. Other customer classification rates have been adjusted in a uniform manner with bill impact increases of 5.6% effective March 1, 2025 (annualized 4.8%) and 4.0% effective January 1, 2026 (resulting in 9.6% combined for the years 2025 and 2026).

The January-February stub period increases have been recovered through adjustments to the March 1, 2025 variable rates, ensuring that all customers equitably share the responsibility for costs associated with providing service during the interim period. By allocating these costs to the variable rate, the recovery process remains proportional to each customer's actual usage, minimizing financial impact while maintaining fairness. This measure is essential for balancing each utility's revenue requirements while transitioning to the updated rate structure effective March 1, 2025.

It is proposed that the rate changes for the water and wastewater utilities for 2025 become effective March 1, 2025, to December 31, 2025, and the rate changes for 2026 become effective January 1, 2026.

The rates in the proposed rate schedules are intended to collectively derive the water and wastewater rates revenue requirements for each of the years 2025 and 2026 in order to support the financing for each of these utilities.

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The monthly rate schedules for water and wastewater for 2025 and 2026 are attached in the proposed amending by-law. The proposed amending By-law 2025-XXX and the amended Appendix A is attached as *Exhibit A*.

b) 5-year historical water and wastewater customer counts

For information purposes only, the following table provides the most recent 5-year historical customer counts for the water and wastewater utilities:

Year	Water - Customer count	Wastewater - Customer count
2024	40,661	39,543
2023	40,453	39,334
2022	40,235	39,113
2021	39,899	38,779
2020	39,474	38,354

Existing Policy/By-Law

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

Notice Provisions

None.

Financial Considerations

As discussed in the report.

Contacts:

David Fell, President and CEO, Utilities Kingston, 613-546-1181 X2319
 Randy Murphy, Chief Financial Officer, Utilities Kingston, 613-546-1181 X2317
 Sherry Gibson, Manager, Revenue & Regulatory Affairs, Utilities Kingston, 613-546-1181 X2383

Other City of Kingston Staff Consulted:

None.

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Exhibits Attached:

Exhibit A - By-Law No. 2025-XXX A By-Law to Amend By-Law No. 2011-24 "A By-Law to Impose Water & Wastewater Rates (Utilities Kingston)

BY-LAW NUMBER 2025-XXX

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

PASSED: Meeting date, 2025

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, 2025.

GIVEN ALL THREE READINGS AND PASSED Meeting date, 2025

**CITY CLERK
JANET JAYNES**

**MAYOR
BRYAN PATERSON**

Water and Wastewater Monthly Rates Schedule

Effective March 1, 2025 to December 31, 2025

WATER			
Residential		Block #1	
	<u>Monthly Service Charge</u>	<u>Volume - First 25 m3</u>	<u>Volume - All Over 25 m3</u>
metered	\$23.36	\$1.8764	\$2.3381
Commercial			
<u>*Meter Size</u>	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
< 40 mm (< 1½")	\$49.50	\$1.2012	
40 mm (1½")	\$69.53	\$1.3904	
50 mm (2")	\$117.59	\$1.3904	
75 mm (3")	\$148.82	\$1.6096	
100 mm (4")	\$175.25	\$1.6096	
150 mm (6")	\$265.54	\$1.6096	
200 mm (8")	\$490.73	\$1.6096	
225 mm (10")	\$492.04	\$1.6096	
300 mm (12")	\$492.56	\$1.6096	
<i>* applicable commercial rate based on meter size</i>			
Wholesale			
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>	
	\$848.33	\$1.3976	
Flat Rates (Unmetered)			
	<u>Monthly Charge</u>		
Residential Flat Rate	\$77.38		
Cana Flat Rate	\$77.38		
Commercial Flat Rate (< 1½")	\$144.30		

WASTEWATER		
Residential		
	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>
	\$32.05	\$1.6421
Commercial		
<u>*Meter Size</u>	<u>Monthly Service Charge</u>	<u>Volume - All m3</u>
< 40 mm (1½")	\$52.82	\$1.4441
40 mm (1½")	\$106.31	\$1.8176
50 mm (2")	\$272.36	\$2.0605
75 mm (3")	\$277.66	\$2.0605
100 mm (4")	\$442.41	\$2.0605
150 mm (6")	\$887.43	\$2.0605
200 mm (8")	\$1,009.18	\$2.0605
225 mm (10")	\$1,014.68	\$2.0605
300 mm (12")	\$1,020.40	\$2.0605
<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>
	\$1,234.35	\$1.8493
Flat Rates (Unmetered)		
	<u>Monthly Charge</u>	
Residential Flat Rate	\$86.00	
Cana Flat Rate	\$86.00	
Commercial Flat Rate (< 1½")	\$158.57	

Water and Wastewater Monthly Rates Schedule

Effective January 1, 2026

WATER

Residential	Block #1		Block #2
	metered	Monthly Service Charge	Volume - All Over 25 m3
	\$24.48	Volume - First 25 m3	\$2.4195
		\$1.9357	

Commercial		
*Meter Size	Monthly Service Charge	Volume - All m3
< 40 mm (< 1½")	\$49.50	\$1.2280
40 mm (1½")	\$72.87	\$1.4305
50 mm (2")	\$123.23	\$1.4305
75 mm (3")	\$155.96	\$1.6560
100 mm (4")	\$183.66	\$1.6560
150 mm (6")	\$278.29	\$1.6560
200 mm (8")	\$514.28	\$1.6560
225 mm (10")	\$515.65	\$1.6560
300 mm (12")	\$516.20	\$1.6560

** applicable commercial rate based on meter size*

Wholesale		
	Monthly Service Charge	Volume - All m3
	\$1,098.33	\$1.4633

Flat Rates (Unmetered)	
	Monthly Charge
Residential Flat Rate	\$80.36
Cana Flat Rate	\$80.36
Commercial Flat Rate (< 1½")	\$149.85

WASTEWATER

Residential		
	Monthly Service Charge	Volume - All m3
	\$33.59	\$1.6857

Commercial		
*Meter Size	Monthly Service Charge	Volume - All m3
< 40 mm (1½")	\$52.82	\$1.4441
40 mm (1½")	\$111.41	\$1.8702
50 mm (2")	\$285.43	\$2.1221
75 mm (3")	\$290.99	\$2.1221
100 mm (4")	\$463.65	\$2.1221
150 mm (6")	\$930.03	\$2.1221
200 mm (8")	\$1,057.62	\$2.1221
225 mm (10")	\$1,063.38	\$2.1221
300 mm (12")	\$1,069.38	\$2.1221

** applicable commercial rates and charges based on corresponding water meter size and volume*

Wholesale		
	Monthly Service Charge	Volume - All m3
	\$1,484.35	\$1.9954

Flat Rates (Unmetered)	
	Monthly Charge
Residential Flat Rate	\$89.31
Cana Flat Rate	\$89.31
Commercial Flat Rate (< 1½")	\$164.67