



**Utilities Kingston
Report to Council
Report Number 25-050**

To: Mayor and Members of Council
From: David Fell, President & CEO, Utilities Kingston
Resource Staff: Randy Murphy, Chief Financial Officer, Utilities Kingston
Date of Meeting: January 20, 2025
Subject: Approval of Local Distribution Rate Changes for 2025 and 2026 for Natural Gas

Executive Summary:

This report requests an adjustment to local distribution rates for the natural gas utility for March 1, 2025, and January 1, 2026.

The bill impact of this local distribution rate adjustment for a typical residential customer utilizing an average of 2,300 m³ of natural gas per year is an increase of \$29.62 in 2025 and \$27.07 in 2026. These yearly impacts on a typical residential customer's total gas bill (including all other charges) reflect the rate adjustment increases of 7% effective March 1, 2025, and 3% effective January 1, 2026.

Recommendation:

That Council approve:

1. The proposed gas local distribution rate changes effective March 1, 2025, and January 1, 2026, as detailed in this report; and
2. By-Law Number 2025-XX A By-Law to Amend By-Law Number 2010-17 "A By-Law to Impose Gas Rates, as amended (Exhibit A) 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 details:

a) Local Distribution Rate Changes

Gas local distribution costs consist of fixed and volumetric charge components for the operation, repair and maintenance of the distribution gas works.

The current gas local distribution costs charge portion has been in effect since January 1, 2024. The local distribution rates are proposed to increase by 7.0% effective March 1, 2025. The local distribution costs are proposed to increase by an additional 3.0% effective January 1, 2026.

The federal carbon charge, commodity, transportation & storage charges are pass-through charges and are not impacted by the changes proposed in this report.

The following chart summarizes the current and the proposed March 1, 2025, Local Distribution Costs:

Local Distribution Costs	January 1, 2024	March 1, 2025	Change
A. Monthly Service Charge:			
Residential	\$24.65	\$26.38	\$1.73
Commercial	\$79.74	\$85.32	\$5.58
B. Delivery Charges:			
i. Local Distribution Volumetric	per m³	per m³	per m³
1st 1500 m ³	\$0.1134	\$0.1213	\$.0079
Next 3500 m ³	\$0.0776	\$0.0830	\$.0054
Next 70,000 m ³	\$0.0397	\$0.0425	\$.0028
Over 75,000 m ³	\$0.0231	\$0.0247	\$.0016

For a typical residential customer with 2300 m³ per year consumption, the total bill impact for March 1, 2025 through December 31, 2025 is \$29.62.

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The following chart summarizes the proposed March 1, 2025, and the proposed January 1, 2026 Local Distribution Costs:

Local Distribution Costs	March 1, 2025	January 1, 2026	Change
C. Monthly Service Charge:			
Residential	\$26.38	\$27.17	\$0.79
Commercial	\$85.32	\$87.88	\$2.56
D. Delivery Charges:			
ii. Local Distribution Volumetric	per m³	per m³	per m³
1st 1500 m ³	\$0.1213	\$0.1249	\$.0036
Next 3500 m ³	\$0.0830	\$0.0855	\$.0025
Next 70,000 m ³	\$0.0425	\$0.0438	\$.0013
Over 75,000 m ³	\$0.0247	\$0.0254	\$.0007

For a typical residential customer with 2300 m³ per year consumption, the yearly total bill impact for 2026 is \$27.07.

The monthly rate schedules for natural gas distribution 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 natural gas customer count

The follow table provides the most recent 5-year historical customer count for the natural gas utility:

Year	Customer count – natural gas
2024	15,812
2023	15,786
2022	15,732
2021	15,604
2020	15,441

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c) Zero consumption natural gas initiative annual customer report for 2024

Per the approved zero consumption natural gas initiative approved at City Council Meeting 14-2024, May 7, 2024, Utilities Kingston is to report back annually with information on number of properties impacted by this new initiative.

During 2024, a total of 6 Utilities Kingston natural gas customers formally notified Utilities Kingston of zero natural gas consumption in a continuous 12-month period and expressed their desire to be considered for the initiative that refunds the previous 12 months' monthly service charge and future billings to be given an offsetting monthly bill credit equal to the monthly service charge, provided the customer continues to not consume any natural gas.

These customers provided the necessary notification and confirmation to validate their claim of zero consumption. As such, Utilities Kingston has followed through with the adjustments to their billing accounts to reflect the Council motion.

Existing Policy/By-Law

By-Law No. 2010-17 "A By-Law to Impose Gas Rates (1425445 Ontario Limited operating as 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 X2217

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.

Exhibits Attached:

Exhibit A - By-Law No. 2019-XXX A By-law to Amend By-Law No. 2010-17 "A By-Law to Impose Gas Rates (1425445 Ontario Limited operating as Utilities Kingston)", as amended.

BY- LAW NUMBER 2025-XXX

A By-Law to Amend By-law Number 2010-17, “A By-Law to Impose Gas Rates (1425445 Ontario Limited operating as Utilities Kingston)”

PASSED: Meeting date, 2025

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

1. By-Law Number 2010-17 of the Corporation of the City of Kingston entitled, “A By-Law to Impose Gas Rates (1425445 Ontario Limited operating as 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” attached hereto and marked as Schedule ‘A’.
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**

SCHEDULE A

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Appendix "A"

Gas Rate

- Effective March 01, 2025

Local Distribution Costs

Effective March 1, 2025

Local Distribution Costs include (a) a monthly service charge and (b) common monthly block rate delivery volumetric charges. These rates apply to all gas customers as applicable.

a) Monthly Service Charge	Service Charge Rate
Residential	\$26.38
Commercial	\$85.32
(b) Monthly Block Rate	Total Delivery
Delivery Volumetric Charges	Rate per m³
1st 1500 m³	\$0.1213
Next 3500 m³	\$0.0830
Next 70000 m³	\$0.0425
All over 75000 m³	\$0.0247

Gas Rate

- Effective January 01, 2026

Local Distribution Costs

Effective January 1, 2026

Local Distribution Costs include (a) a monthly service charge and (b) common monthly block rate delivery volumetric charges. These rates apply to all gas customers as applicable.

a) Monthly Service Charge	Service Charge Rate
Residential	\$27.17
Commercial	\$87.88

b) Monthly Block Rate	Total Delivery
Delivery Volumetric Charges	Rate per m³
1st 1500 m³	\$0.1249
Next 3500 m³	\$0.0855
Next 70000 m³	\$0.0438
All over 75000 m³	\$0.0254

Federal Carbon Charge

April 1, 2024

This volumetric rate applies to all customers except in the case where the customer has provided Utilities Kingston a valid carbon tax levy Exemption Certificate

	Rate per m ³
Carbon Tax Charge	\$0.1540

Note: (1) Carbon tax rate may be adjusted by Utilities Kingston from time to time without amending the rates by-law

Transportation and Storage

November 1, 2024

This volumetric rate applies to all gas customers including System Gas, Direct Purchase (Retailer), and Interruptible customers.

	Rate per m ³
Transportation & Storage Rate	\$0.0587

Note: (2) The Transportation & Storage rate price shown above is for informational purposes only and was the price in effect on the date shown above.

The Transportation & Storage rate may be adjusted by Utilities Kingston from time to time without amending the rates by-law.

Commodity

November 1, 2024

This volumetric rate applies to all System Gas customers only. The commodity rate applicable to a Direct Purchase gas customer (Retailer) is per their retailer contract.

	Rate per m ³
Commodity Rate	\$0.1663

Note: (3) The Commodity rate price shown above is for informational purposes only and was the price in effect on the date shown above.

The Commodity rate may be adjusted by Utilities Kingston from time to time without amending the rates by-law
