

**RESPONSE TO COUNCILLOR INQUIRY / SUGGESTION**

**MAYOR THORN**

Mayor Thorn provided an inquiry requesting additional data analysis of water utility rates and the summer usage results actually experienced for 2024.

**Estimated Administrative Time to Respond**

Under 4 hours (no motion required)

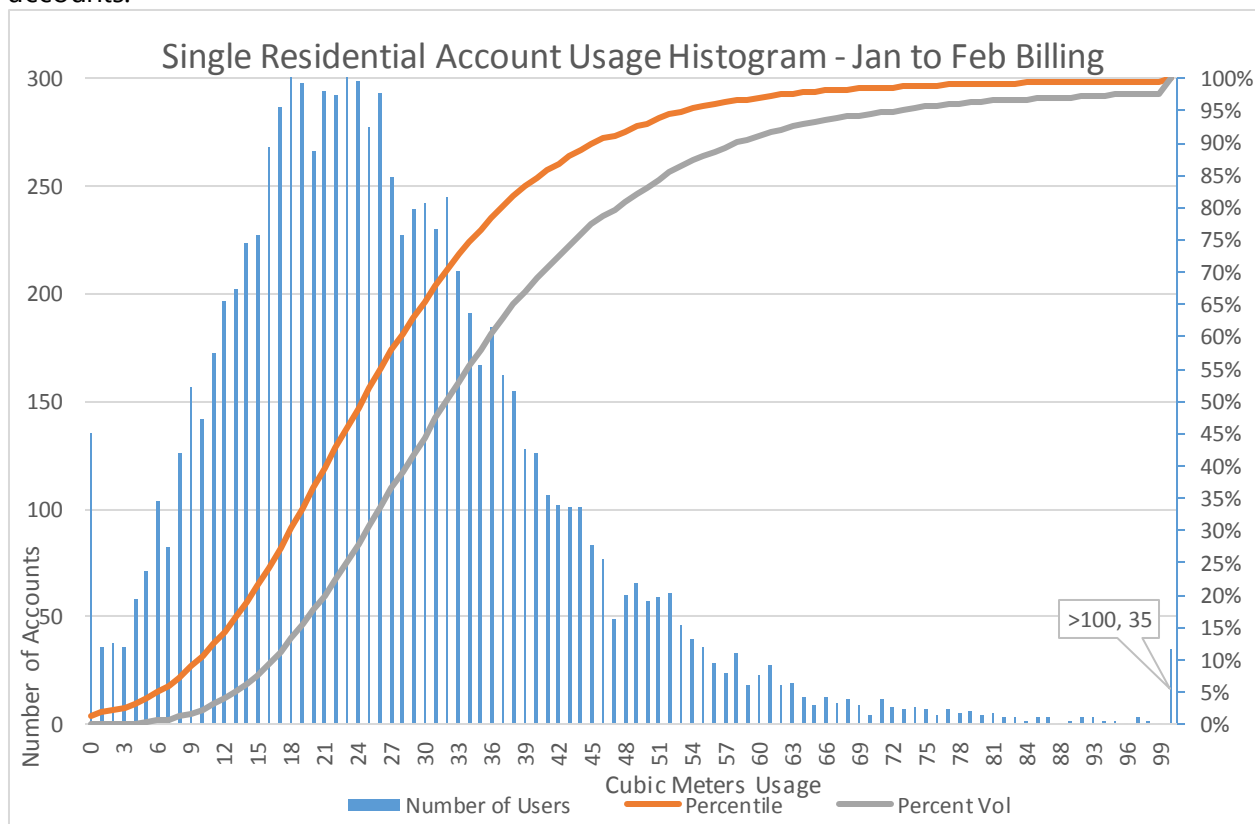
Over 4 hours (motion required) Estimated Hours: n/a

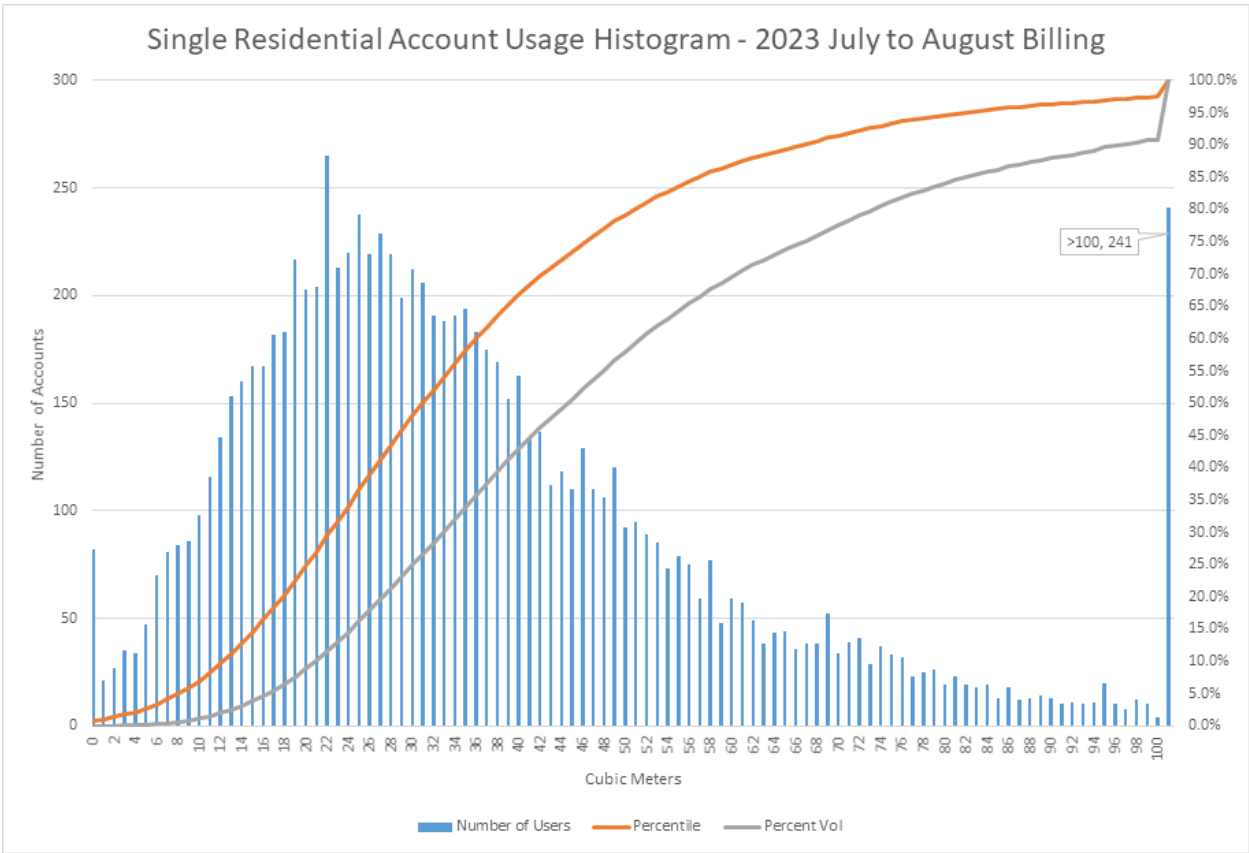
**Motion**

n/a

**Response**

Below are two usage histogram graphs for residential usage for billing cycle 1 and 4 of 2023. The usage histogram shows how many single residential accounts were billed at each cubic metre of usage. Cumulative percentiles of users and percentage and total water used is also plotted. In billing cycle 4 the data represents 9526 accounts, so 5% of users represent 476 accounts.





In response to concerns about the equity of billing for sanitary variable charges between the methodologies of applying a summer discount vs. applying a 0.9 factor. Please find some additional calculations the total community revenue charges outlined in the table below.

	Jan - Feb	Mar - Apr	May - Jun	Jul - Aug	Sep - Oct	Nov - Dec
Single-Family Residential 2023 Usage (m3)	255,539	239,225	334,807	351,513	298,440	251,910
<u>Summer Discount</u>				<u>0.9 Factor</u>		
Winter Average (m3)	248,892			Annual Total (m3)	1,731,435	
Winter Average X 6 (m3)	1,493,349			Total X .9 Multiplier	1,558,292	
Billing Rate (\$/m3)	\$ 2.40			Billing Rate (\$/m3)	\$ 2.30	

Annual Variable  
Revenue \$ 3,584,038

Annual Variable  
Revenue \$ 3,584,071

When applying the summer discount to the 2023 single family residential customer water usage using winter averaging, the Town expects to bill 1,493,349 cubic metres annually. Eliminating the summer discount the Town would bill 1,731,435 cubic metres reduced by a 0.9 factor. The variable revenue calculation between these options is revenue neutral (within \$100) across the single residential billing group (before any potential conservation savings). In other words, any potential increases to high seasonal users are expected to be 100% offset with savings to consistent water users.

Utility policy rationale (PS-A-2.0) that supported elimination of the summer discount included:

- Policy 2.1.5 - Fees and rates are easy to understand and administer
  - Internal informal spot checking of application of the summer discount has revealed billing software challenges in applying the summer discount consistently across all accounts. Although administration attempts to diagnose and manually intervene in corrections when identified, there are additional complexities and increased administrative effort when using a seasonal approach. Application of the 0.9 factor is simpler to administer.
- Policy 2.1.1 - Financial sustainability / 2.1.2 Promotion of conservation
  - This was well covered in the presentation and outlined peak day infrastructure sizing objectives and seasonal usage objectives within Council's policy documents.
- Best and highest available use
  - Over the past several years Council began to share the philosophy that we should be prioritizing the best and highest use of water. When considering the differences in methodology there is a challenge with the "summer discount" method in that the total utility cost (water + sewer) of seasonal water is billed at a \$2.30 discount compared to water used year-round for essential purposes.

An analysis of summer usage and demand is in progress and will be presented to Council in October. Overall, there were less peak demand periods than traditionally experienced with demand equalized for all days of the week with overall less water being used than previous summers. More detail will follow.

**Attachment(s)**

n/a

Prepared by:  
Jeremy Huet  
Operations & Utilities Director  
September 16, 2024