

Utility Rate Changes for 2022

Question: Why are we changing the way we charge for utility rates?

To date we have been using a variable rate to charge for water and wastewater. As part of our response to the Corvus report to Council in 2011 we have been moving to a 100% cost recovery for our utilities so that the tax base is not subsidizing the operating and capital utility costs.

Moving to a 100% cost recovery model using variable rates means that as you use less water the variable rate must increase to pay for fixed infrastructure. In this model the higher water users go to subsidize lower water users.

In the new model the fixed infrastructure costs are broken out and the variable rate is based on the water usage. This is in keeping with the objectives of the American Water Works Association (AWWA) standards for utility rate billing practices:

- yielding necessary revenue in a predictable manner;
- minimizing unexpected changes to customer bills;
- discouraging wasteful use and promoting justified uses;
- promoting fairness and equity;
- avoiding discrimination;
- maintaining simplicity, certainty, convenience, feasibility, and freedom from controversy; and
- compliance with all applicable laws.



Question: Why is our system so expensive to operate?

Quick facts on the Town of Peace River’s utility systems:

<h4>Water</h4> <ul style="list-style-type: none">• One Water Treatment Plant located at the south end of the Shaftesbury neighbourhood;• We maintain a Level III plant which is typical of City-sized municipalities.• The system was designed as a regional system to service not only the Town but other neighbouring municipalities;• 89 km of water system distribution and transmission piping;• Four potable water reservoirs;• One bulk water transfer station;• Eleven pressure reducing stations to reduce pressure from the transmission main to distribution lines and 8 pressures zones. <p>Annual cost to operate: \$4.132M (\$1.236K Capital and \$2.896M Operating including debt servicing)</p>	<h4>Sanitary Sewer</h4> <ul style="list-style-type: none">• One Wastewater Treatment Plant located north of Good Shepherd School;• 70 km of sanitary sewer system collection piping;• Six sanitary sewer system lift stations;• Two sanitary sewer transfer stations; and• One Biosolids Handling facility. <p>Annual cost to operate: \$2.899M (\$1.298K Capital and \$1.601M Operating including debt servicing)</p>
<h4>Storm Sewer</h4> <ul style="list-style-type: none">• 24 km of storm sewer distribution piping;• Two storage retention ponds; <p>Annual cost to operate: \$227.6K (\$117.6K Capital and \$110K Operating)</p>	<h4>Additional items of note:</h4> <ul style="list-style-type: none">• Amount of maintained lift stations, reservoirs and underground infrastructure compared to population base are much higher than other municipalities of the same size;• Geographical and geotechnical challenges; and• The Town has a major river to transport both water and sanitary sewer across.

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Example New Billing Rates

The rates will be phased in over two years with the first year fixed fee being borne by the variable rate:

Water, Wastewater and Storm Combined Rates			
User Type	Year	2022	2023
Residential	m3 Water Used	14	
	Fixed Fee	\$ 57.63	\$ 110.68
	Variable rate (m3)	\$ 5.31	\$ 1.42
	Variable Fee	\$ 74.32	\$ 19.92
	Total	\$ 131.95	\$ 130.60
Small Commercial	m3 Water Used	36	
	Fixed Fee	\$ 148.19	\$ 284.61
	Variable rate (m3)	\$ 5.31	\$ 1.42
	Variable Fee	\$ 191.10	\$ 51.23
	Total	\$ 339.29	\$ 335.84
Large Commercial	m3 Water Used	184	
	Fixed Fee	\$ 757.41	\$ 1,454.65
	Variable rate (m3)	\$ 5.31	\$ 1.42
	Variable Fee	\$ 1,214.40	\$ 261.83
	Total	\$ 1,971.81	\$ 1,716.48
Bulk Water Station	Variable rate (m3)	\$ 5.22	\$ 5.12

Comparison of Billing Rates

With similar sized municipalities.

Municipality	Existing Rates (Total based on 14m3 usage)	Municipality	Existing Rates (Total based on 14m3 usage)	Municipality	Existing Rates (Total based on 14m3 usage)
Canmore	\$100.89	Hinton	\$60.62	St. Paul	\$56.36
Coaldale	\$76.93	Innisfail	\$107.70	Stettler	\$72.23
Cold Lake	\$74.91	Jasper	\$82.52	Strathmore	\$121.14
Crowsnest Pass	\$67.72	Lacombe	\$115.25	Sylvan Lake	\$101.44
Devon	\$101.40	Morinville	\$119.95	Taber	\$92.92
Didsbury	\$99.14	Olds	\$135.11	Vegreville	\$66.70
Drayton Valley	\$92.85	Peace River (2021)	\$102.11	Wainwright	\$98.93
Drumheller	\$84.11	Ponoka	\$90.59	Westlock	\$85.96
Edson	\$65.76	Redcliff	\$98.27	Wetaskiwin	\$117.52
High River	\$66.23	Rocky Mtn. House	\$87.86	Whitecourt	\$54.86
		Slave Lake	\$99.64		