

Appendix B – Schedule for Various Customer Benefits

SCHEDULE B1 – LOW INCOME AND CUSTOMER ASSISTANCE

Overview of B1 and B2:

Measures outlined in B1a, B1b, B1c, and B2 would come from a new revenue source and would be placed in specially set-up reserve fund. The sum of these rates would equate to \$0.25 per bill or \$3 per year for a typical residential customer.

B1a – Crisis Support

Description

The City’s Water and Wastewater utilities will contribute a portion of their revenue to existing programs: THAW, LEAP, United Way, and RENT BANK. These programs provide crisis support to registered low income homes and families through the existing agencies. The Salvation Army currently manages the details of the program on our behalf.

Amount of Benefit

Match the Ontario Energy Board mandated contribution by London Hydro. In recent past London Hydro has contributed more than their regulated amount with the current contribution set at \$100,000 per year.

Revenue Source

New revenue source.

Who Pays

All customers in the residential sector will pay an additional \$0.0833 per bill. The amount contributed could change from year to year depending on amount remaining in fund at year end and the number of customers in the residential sector.

Reserve Fund

Separate newly established reserve fund for this sole purpose

Administering Authority

London Hydro and Salvation Army

Concerns to be Addressed

Should the water and wastewater utilities undertake the activities of other social agencies – this is not our primary business focus?

B1b – Crisis Prevention (additional to B1a)

Description

Provide mechanisms for registered low-income families to make changes to water using fixtures within their homes and recover costs associated with the work. Program would also provide education to customers to assist in making behavioural changes that will further reduce water usage costs.

Amount of Benefit

\$100,000

Revenue Source

New revenue source.

Who Pays

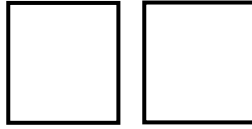
All customers in the residential sector will pay an additional \$0.0833 per bill. The rate could change from year to year depending on amount remaining in fund at year end and the number of customers in the residential sector.

Reserve Fund

Separate newly established reserve fund for this sole purpose

Administering Authority

City staff with assistance from London Hydro and Salvation Army.



Concerns to be Addressed

Should the water and wastewater utilities undertake the activities of other social agencies – this is not our primary business focus?

B1c – Customer Assistance Fund (additional to B1a and B1b)

Description

Provide mechanisms whereby a small business, small landlord, or residential customer can reduce the amount of a water or sewer bill following an unexpected and uncontrollable event, i.e. leak. Customers would be eligible for a one time grant assuming that they are paying the monthly charge.

Amount of Benefit

\$100,000

Revenue Source

New revenue source.

Who Pays

Small commercial and small multi-family customers (up to 5 units) would be required to sign-up for the program. All residential customers along with those that are enrolled will pay an additional \$0.0833 per bill. The rate could change from year to year depending on amount remaining in fund at year end or in accordance to the number of customers in the residential sector, i.e. with growth.

Reserve Fund

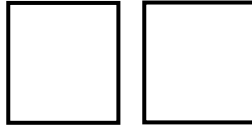
Separate newly established reserve fund for this sole purpose

Administering Authority

City staff with assistance from London Hydro Customer Service Department.

Concerns to be Addressed

Should water and wastewater utilities provide a one time refund or rebate to customers that do not maintain their household plumbing systems?



SCHEDULE B2 – CONSERVATION REBATES

B2 – Water Conservation Rebates

Description

With revenues remaining from the \$0.25 per month Low Income and Customer Assistance programs the City would establish, and fund, a series of rebates for individually metered residential customers, small rental properties, and small businesses to assist with lowering their monthly water and sewer charges.

Potential conservation rebates/incentives:

- Toilet rebates
- Faucet aerators
- Showerhead replacements
- Front load washing machine incentives
- Grey water systems
- Rain water collection systems
- Rain barrels
- Irrigation audits
- Restaurant spray-nozzles

Amount of Benefit

Varied on incentive.

Revenue Source

Surplus from \$0.25 Low Income and Customer Assistance fund.

Who Pays

For residential customers it would be mandatory and would be optional for the small commercial and small multi-family customers.

Reserve Fund

Funds not consumed through Low Income and Customer Assistance Reserve Fund would be attributed to rebate programs and would not contribute to Capital Reserve Fund.

Administering Authority

City staff.

Concerns to be Addressed

Should the city be providing financial incentives to customers to reduce the amount of water used?

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SCHEDULE B3 – INDUSTRIAL INCENTIVE

B3 – Industrial Incentive

Description

London currently has some of the lowest industrial water and sewer rates in the province. In the new rate structure, the industrial rates will continue to be below the average. As outlined in previous reports, one of the three main goals of the new funding model was to promote economic development, job retention, and growth. By balancing the needs of all customers, the proposed model contains rates that give customers using water as part of their process the opportunity to compete in a global market.

Amount of Benefit

No additional benefit.

Concerns to be Addressed

Should the industrial sector receive a further financial benefit on water and wastewater rates to promote economic development, job retention, and growth?

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SCHEDULE B4 – FIRE PROTECTION CHARGE

B4 – Fire Protection Charge

Description

The water distribution system has been constructed using good engineering practice and provides a volume of water on demand to fight a fire during the hottest day of the year. As a result many of the pipes have been sized larger than the normal domestic and commercial volume needs.

Cost of Providing the Service (Annual Revenue to be Collected)

\$2,500,000

Revenue Source

New revenue source.

Who Pays

All customers would pay the new fire protection charge. The charge is based on pipe value and uses the same principles applied in establishing the fixed and volumetric rate structure. In the first year the charge would be based on a residential or ICI classification. In year two, following the collection of data, the charge would be based on the area of the parcel, the size of the service, or the size of the meter under the ICI classification. Residential customers would continue to pay a flat charge of around \$1.25 per month.

Reserve Fund

Any unspent revenue would be transferred into the existing reserve fund.

Administering Authority

City staff.

Concerns to be Addressed

PriceWaterhouseCoopers identified fire protection as a potential additional revenue source which is currently covered and paid for within the annual revenue collected through rates and charges.

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SCHEDULE B5 – CONSTRUCTION WATER CHARGES

B5 – Temporary Connections for Construction Water

Description

In the Water Rates and Charges Bylaw (W-7), section 5.1 deals with the charges for temporary connections for construction. The current charges do not adequately reflect the amount of water typically used by contractors during the construction period.

Amount of Benefit

Varies.

Revenue Source

Change to existing revenue source not covered by the volumetric or fixed charges in the proposed rate structure.

Who Pays

Contractors and persons who are building new buildings would pay a more equitable rate based on the number of units they are constructing.

Reserve Fund

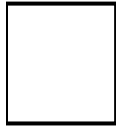
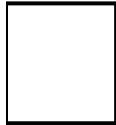
Any unspent revenue would be transferred into the existing reserve fund.

Administering Authority

City staff.

Concerns to be Addressed

PriceWaterhouseCooper identified construction water as a potential additional revenue source. The charges collected are not included as part of the volumetric and fixed rates charges and would only apply to the building permit process.



| Existing Sanitary Charges | | Proposed Sanitary Volumetric Charges | | | | | | | | |
|--|--------------------|--------------------------------------|------------|---------------|---------------|----------------|-----------------|--------------------|-----------------------|----------------|
| | per m ³ | | 1st | 2nd | 3rd | 4th | 5th | 6th | 7th | 8th |
| Residential | \$1.66 | Monthly Volume | <u>0-7</u> | <u>7 - 15</u> | <u>15 -25</u> | <u>25 - 35</u> | <u>35 - 250</u> | <u>250 – 7,000</u> | <u>7,000 – 50,000</u> | <u>50,000+</u> |
| Commercial | \$1.00 | Rate per m ³ | \$0 | \$1.45 | \$1.87 | \$2.07 | \$0.79 | \$0.75 | \$0.68 | \$0.61 |
| Institutional | \$0.74 | | | | | | | | | |
| Institutional >600,000 | \$0.61 | | | | | | | | | |
| Industrial | \$0.68 | | | | | | | | | |
| Industrial 600,000 - 1.2Million | \$0.57 | | | | | | | | | |
| Industrial >1.2Million | \$0.48 | | | | | | | | | |

| Existing Storm Charges | | | | Proposed Storm Charges | | | |
|--|---------|--------|------------------|---|---------|--------|------------------|
| Residential | \$12.47 | /month | \$149.64 /year | Residential Below 0.4 hectares | \$11.83 | /month | \$141.96 /year |
| Commercial | \$15.05 | /month | \$180.60 /year | Residential Below without Storm below 0.4 hectares | \$8.87 | /month | \$106.47 /year |
| Institutional | \$12.03 | /month | \$144.36 /year | | | | |
| Institutional >600,000 | \$12.03 | /month | \$144.36 /year | ICI Below 0.4 hectares | \$11.83 | /month | \$141.96 /year |
| Industrial | | | \$1252.32 ha/yr | Customers Above 0.4 hectares | | | \$1,180.00 ha/yr |
| Industrial 600,000 – 1.2Million | | | \$1,064.66 ha/yr | | | | |
| Industrial >1.2Million | | | \$1,064.66 ha/yr | | | | |

Appendix D - Sample Customer Impact Table

Impact to each Customer

| Typical Customer | Comments/Main Impact | Meter Size(s) | Approx Area (ha) | Annual Consumption m ³ | Total Current Charge | Fixed Charges | Water | Sanitary | Storm | Fire Protection | Total |
|-----------------------------------|---|---------------|------------------|-----------------------------------|----------------------|---------------|-----------------|----------------|---------------|-----------------|----------------|
| Average Residential | Average residential user in 2011 | 16mm | 0.05 | 186 | \$ 765.56 | \$ 243.72 | \$ (134.21) | \$ (157.40) | \$ (7.68) | \$ 15.00 | \$ (40.57) |
| Large Residential | High volume residential user | 19mm | 0.23 | 420 | \$ 1,399.69 | \$ 368.64 | \$ (20.45) | \$ (83.38) | \$ (7.68) | \$ 15.00 | \$ 272.14 |
| Low Volume Residential | Low volume single family residence with no storm sewer | 16mm | 0.10 | 80 | \$ 269.29 | \$ 243.72 | \$ (129.19) | \$ (132.41) | \$ (43.17) | \$ 15.00 | \$ (46.06) |
| Individually Metered Condo | Low volume individually metered townhouse | 16mm | 0.03 | 108 | \$ 360.85 | \$ 243.72 | \$ (135.96) | \$ (143.94) | \$ (7.68) | \$ 15.00 | \$ (28.86) |
| Bulk Meter Building (19 Units) | Small residential apartment with one water meter, fire protection is commercial | 40mm | 0.36 | 3,420 | \$ 7,361.45 | \$ 1,126.32 | \$ (529.42) | \$ (478.73) | \$ (38.64) | \$ 100.00 | \$ 179.53 |
| Bulk Meter Condo | 50 units, 8 water meters and storm switched to area rate | 25mm | 1.60 | 9,000 | \$ 19,192.40 | \$ 4,491.84 | \$ (1,752.79) | \$ (1,920.99) | \$ 444.80 | \$ 100.00 | \$ 1,362.87 |
| Bulk Meter Condo with Irrigation | Rates as above, Irrigation consumption 1,600m3 (50 Units - 9 water meters) | 25mm | 1.60 | 10,600 | \$ 22,265.65 | \$ 5,053.32 | \$ (1,833.49) | \$ (3,528.30) | \$ 264.20 | \$ 100.00 | \$ 55.73 |
| Average High Rise | Storm switches from flat rate to area rate | 50mm | 1.00 | 8,650 | \$ 18,174.98 | \$ 1,836.00 | \$ (1,735.13) | \$ (1,830.52) | \$ 1,000.40 | \$ 100.00 | \$ (629.26) |
| Average Commercial | Storm switches from flat rate to area rate | 25mm | 0.90 | 1,750 | \$ 3,851.90 | \$ 561.48 | \$ (194.55) | \$ (98.83) | \$ 882.30 | \$ 100.00 | \$ 1,250.40 |
| Large Commercial | Storm switches from flat rate to area rate, 2 water meters. | 76mm | 9.70 | 65,000 | \$ 124,754.88 | \$ 7,924.80 | \$ (4,577.43) | \$ (16,395.31) | \$ 11,094.50 | \$ 500.00 | \$ (1,453.43) |
| Hospital (Institutional >0.6 Mm3) | Storm switches from flat rate to area rate, 3 water meters | 150mm | 19.00 | 500,000 | \$ 744,821.35 | \$ 49,530.96 | \$ (56,970.03) | \$ 43,274.44 | \$ 22,005.92 | \$ 500.00 | \$ 58,341.30 |
| Industrial <0.6 Mm3 | Large property fire protection charge | 50mm | 4.00 | 6,400 | \$ 11,453.00 | \$ 1,836.00 | \$ (1,229.12) | \$ 852.73 | \$ (285.28) | \$ 500.00 | \$ 1,674.33 |
| Industrial >0.6 Mm3 <1.2 Mm3 | Large property fire protection charge | 150mm | 10.40 | 700,000 | \$ 1,012,455.51 | \$ 16,510.32 | \$ (89,938.03) | \$ 76,858.44 | \$ 1,209.94 | \$ 500.00 | \$ 5,140.67 |
| Industrial >1.2 Mm3 | Large property fire protection charge, eligible for storm area reduction | 200mm | 18.90 | 1,800,000 | \$ 2,440,890.95 | \$ 28,488.84 | \$ (316,582.03) | \$ 276,616.44 | \$ (3,381.40) | \$ 500.00 | \$ (14,358.14) |