



**Utilities Kingston
Report to Council
Report Number 17-320**

To: Mayor and Members of Council
From: Jim Keech, President and CEO, Utilities Kingston
Resource Staff: Randy Murphy, Chief Financial Officer
Sherry Gibson, Senior Advisor, Rates and Regulatory Affairs
Date of Meeting: November 28, 2017
Subject: Approval of Local Distribution Rate Changes for Natural Gas

Executive Summary:

This report is requesting an adjustment to local distribution rates for the natural gas utility for January 1, 2018. We are recommending the local distribution rate component of the bill, excluding Cap and Trade, increase by 2.5%. The total bill impact for a typical residential customer utilizing an average of 2,300 m³ of natural gas total per year is an annual increase of \$11.04 or 1%.

Recommendation:

That Council approve:

1. The proposed Gas Rate changes effective January 1, 2018 as detailed in this report; and
2. By-Law Number 2017-XX A By-Law to Amend By-Law Number 2010-17 "A By-Law to Impose Gas Rates, as amended by By-Law 2013-18, and as amended by By-law 2015-28, and as amended by By-law 2017-21 (Exhibit A).

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Authorizing Signatures:

ORIGINAL SIGNED BY PRESIDENT & CEO, UTILITIES KINGSTON

**Jim Keech, President and CEO
Utilities Kingston**

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

Gerard Hunt, Chief Administrative Officer

Consultation with the following Members of the Corporate Management Team:

Lanie Hurdle, Commissioner, Community Services	Not required
Desirée Kennedy, Chief Financial Officer & City Treasurer	Not required
Denis Leger, Commissioner, Corporate & Emergency Services	Not required

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Options/Discussion:

This report details the proposed local distribution rate changes for the natural gas utility.

Gas local distribution costs consist of fixed and volumetric charge components for the operation, repair and maintenance of the gas works, and also a variable charge component for cap and trade greenhouse gas emissions compliance obligation costs.

On the customer's bill, the local distribution volumetric charges and the cap and trade charges are rolled together on the Delivery line.

The current gas local distribution costs charges, excluding the cap and trade charge component introduced in 2017, have not been increased since March 1, 2015.

The proposed local distribution costs change is specific to the local distribution volumetric block component rates. The cap and trade rate and the monthly fixed charges components are not affected by the proposed changes.

The commodity and transportation & storage charges that are treated as pass-through are also not affected by the proposed changes.

The following chart summarizes the current and the proposed January 1, 2018 Local Distribution Costs:

Local Distribution Costs			
	March 1, 2015	January 1, 2018	Change
A. Monthly Fixed Charge:			
Residential	\$21.00	\$21.00	\$0
Commercial	\$70.00	\$70.00	\$0
B. Delivery Charges:			
i. Local Distribution Volumetric	per m³		per m³
1st 1500 m ³	\$0.0861	\$0.0909	\$0.0048
Next 3500 m ³	\$0.0515	\$0.0544	\$0.0029
Next 70,000 m ³	\$0.0297	\$0.0313	\$0.0016
Over 75,000 m ³	\$0.0172	\$0.0182	\$0.0010
	January 1, 2017	January 1, 2018	Change
ii. Cap and Trade (customer & facility related)	per m³		per m³
All m ³	\$0.0350	\$0.0350	\$0.0000

For a typical residential customer with 2300 m³ per year consumption, the annualized total bill impact is an estimated \$11.04 increase for the year or 1%.

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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:

Not applicable.

Accessibility Considerations:

Not applicable.

Financial Considerations:

As discussed in the report.

Contacts:

Jim Keech, President and CEO, Utilities Kingston, 613-546-1181 X2217

Randy Murphy, Chief Financial Officer, Utilities Kingston, 613-546-1181 X2317

Sherry Gibson, Senior Advisor Rates & Regulatory Affairs, Utilities Kingston, 613-546-1181 X2383

Other City of Kingston Staff Consulted:

Not applicable

Exhibits Attached:

Exhibit A - By-Law No. 2017-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 NO. 2017-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, 2017

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

1. By-Law No. 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 January 1, 2018.

GIVEN ALL THREE READINGS AND PASSED Meeting date, 2017

**CITY CLERK
JOHN BOLOGNONE**

**MAYOR
BRYAN PATERSON**

SCHEDULE A

Appendix “A”

Gas Rate

Effective January 01, 2018

Local Distribution Costs		Effective January 1, 2018	
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	\$21.00		
Commercial	\$70.00		
(b) Monthly Block Rate Delivery Volumetric Charges	Total Delivery (i) + (ii) Rate per m³	<i>(i) Local Distribution Volumetric Rate per m³</i>	<i>(ii) Cap and Trade Rate per m³</i>
1st 1500 m ³	\$0.1259	\$0.0909	\$0.0350 (1)
Next 3500 m ³	\$0.0894	\$0.0544	\$0.0350 (1)
Next 7000 m ³	\$0.0663	\$0.0313	\$0.0350 (1)
All over 75000 m ³	\$0.0532	\$0.0182	\$0.0350 (1)
<p><i>Note: (1) This Cap and Trade rate is comprised of (a) customer-related obligation costs of \$0.0334/m3 and (b) facility-related obligation & administration costs of \$0.0020/m3. All customers except Cap and Trade Large Final Emitters and Voluntary Participants are subject to both rate components. Large Final Emitters and Voluntary Participants are subject to (b) Facility-related Obligation & Administrative rate component only. Cap and Trade rate components may be adjusted by Utilities Kingston from time to time without amending this by-law.</i></p>			

Transportation and Storage	January 1, 2018
This volumetric rate applies to all gas customers including System Gas, Direct Purchase (Retailer), and Interruptible customers.	
Transportation & Storage Rate	Rate per m ³ \$0.0856 (2)
<p><i>Note: (2) Transportation & Storage rate may be adjusted by Utilities Kingston from time to time without amending this by-law.</i></p>	

Commodity	January 1, 2018
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.	
Commodity Rate	Rate per m ³ \$0.1755 (3)
<p><i>Note: (3) Commodity rate may be adjusted by Utilities Kingston from time to time without amending this by-law.</i></p>	