



**Utilities Kingston
Report to Council
Report Number 21-054**

To: Mayor and Members of Council
From: Jim Keech, President & CEO, Utilities Kingston
Resource Staff: Sherry Gibson, Senior Advisor, Rates and Regulatory Affairs
Date of Meeting: January 26, 2021
Subject: Approval of Local Distribution Rate Change for Natural Gas

Executive Summary:

This report is requesting an adjustment to local distribution rates for the natural gas utility for March 1, 2021 and January 1, 2022.

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 \$10.67 in 2021 and \$12.45 in 2022. The yearly impact on a typical residential customer's total gas bill (including all other charges) is an increase of 1% in each of 2021 and 2022.

Recommendation:

That Council approve:

1. The proposed gas local distribution rate change effective March 1, 2021 and January 1, 2022 as detailed in this report; and
2. By-Law Number 2021-XX A By-Law to Amend By-Law Number 2010-17 "A By-Law to Impose Gas Rates, as amended by By-Laws 2013-18, 2015-28, 2017-21, 2018-17, and 2019-26. (Exhibit A).

January 26, 2021

Page 2 of 9

Authorizing Signatures:



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

Consultation with the following Members of the Corporate Management Team:

Paige Agnew, Commissioner, Community Services	Not required
Peter Huigenbos, Commissioner, Business, Environment & Projects	Not required
Brad Joyce, Commissioner, Corporate Services	Not required
Desirée Kennedy, Chief Financial Officer & City Treasurer	Not required
Sheila Kidd, Commissioner, Transportation & Public Works	Not required

January 26, 2021

Page 3 of 9

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, 2020. The local distribution rates are proposed to increase by 2.7% effective March 1, 2021. Due to the later effective date of the increase, customers will effectively pay 2.2% more in local distribution costs for the calendar year 2021. The local distribution costs are proposed to increase by an additional 2.0% effective January 1, 2022.

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, 2021 Local Distribution Costs:

Local Distribution Costs			
	January 1, 2020	March 1, 2021	Change
A. Monthly Service Charge:			
Residential	\$21.96	\$22.87	\$0.91
Commercial	\$73.19	\$73.90	\$0.71
B. Delivery Charges:			
i. Local Distribution Volumetric	per m³		per m³
1st 1500 m ³	\$0.0951	\$0.0961	\$.0010
Next 3500 m ³	\$0.0569	\$0.0595	\$.0026
Next 70,000 m ³	\$0.0327	\$0.0336	\$.0009
Over 75,000 m ³	\$0.0191	\$0.0196	\$.0005

For a typical residential customer with 2300 m³ per year consumption, the total bill impact for March 1, 2021 through December 31, 2021 is \$10.67.

January 26, 2021

Page 4 of 9

The following chart summarizes the proposed March 1, 2021 and the proposed January 1, 2022 Local Distribution Costs:

Local Distribution Costs			
	March 1, 2021	January 1, 2022	Change
C. Monthly Service Charge:			
Residential	\$22.87	\$23.33	\$0.46
Commercial	\$73.90	\$75.38	\$1.48
D. Delivery Charges:			
ii. Local Distribution Volumetric	per m³		per m³
1st 1500 m ³	\$0.0961	\$0.0980	\$0.0019
Next 3500 m ³	\$0.0595	\$0.0607	\$0.0012
Next 70,000 m ³	\$0.0336	\$0.0343	\$0.0007
Over 75,000 m ³	\$0.0196	\$0.0200	\$0.0004

For a typical residential customer with 2300 m³ per year consumption, the yearly total bill impact for 2022 is \$12.45.

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

January 26, 2021

Page 5 of 9

Other City of Kingston Staff Consulted:

Not applicable.

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 2021-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, 2021

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:
 - a. 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, 2021.

GIVEN ALL THREE READINGS AND PASSED Meeting date, 2021

CITY CLERK

JOHN BOLOGNONE

MAYOR

BRYAN PATERSON

SCHEDULE A

Appendix "A"

Gas Rate - Effective March 01, 2021

Local Distribution Costs		Effective March 1, 2021	
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	\$22.87	
	Commercial	\$73.90	
(b) Monthly Block Rate	Delivery Volumetric Charges		Total Delivery Rate per m ³
		1st 1500 m ³	\$0.0961
		Next 3500 m ³	\$0.0595
		Next 70000 m ³	\$0.0336
		All over 75000 m ³	\$0.0196

Gas Rate - Effective January 01, 2022

Local Distribution Costs		Effective January 1, 2022
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		\$23.33
Commercial		\$75.38
(b) Monthly Block Rate		Total Delivery
Delivery Volumetric Charges		Rate per m ³
1st 1500 m ³		\$0.0980
Next 3500 m ³		\$0.0607
Next 70000 m ³		\$0.0343
All over 75000 m ³		\$0.0200

Federal Carbon Charge

January 1, 2021

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	\$0.0602

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

Transportation and Storage

January 1, 2021

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

	Rate per m ³
Transportation & Storage Rate	\$0.0512

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

January 1, 2021

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	\$0.1456

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.