



## Rate Information Sheet

### **Why new rates now?**

The Township of Cramahe is implementing 2010 water and wastewater rates. The new rates have been prepared in accordance with Regulation 453/07 passed by the Ontario government, and in conformance with August 2007 guidelines supplied by the Ministry of the Environment (MOE). This is one of a series of provincial government initiatives that are an outgrowth of the Walkerton tragedy and Justice O'Connor's subsequent report on the ways to prevent a repeat of that tragedy. One of his numerous recommendations was that drinking water systems have a long range sustainable financial plan.

The main difference from the past is that the guideline recommends that all water providers look forward many more years to determine if and what equipment will need to be replaced. Water providers then need to set aside funds now and in future years so that funding will be available when replacements are needed. The Ministry guideline recommends a minimum of 35 years. In this rate study, capital replacement needs to 2045 were considered. The financial plan, including rates, must be submitted to the Ministry of Municipal Affairs and Housing in the next few months.

### **Are all Municipalities required to adhere to the new guidelines?**

Yes, all municipalities providing drinking water in Ontario must prepare financial plans in conformance with Regulation 453/07 and forward them to the Ministry of Municipal Affairs within the next few months.

### **Why do I have to pay for capital renewal projects that may not take place for 20 years?**

Water utilities have always set aside funds in reserves for future projects. The philosophy embodied in the most recent MOE guidelines takes this further into the future. It assumes that the current users are using the water system and, in effect, wearing out the various parts of the system and therefore they should make a contribution to replacing equipment. It also means that all generations help pay for the system rather than relying solely on a group of users who are using water when capital must be replaced.

### **What are the water rates, How do they differ from 2009 and Why?**

Residential users without meters . users will pay \$37.40 per month. In 2009 it was \$35.00. The rate has been set up to ensure that everyone pays the same amount for each cubic metre or gallon of water used. This residential charge is based on estimated average water use for users without meters multiplied by the same cost for each gallon or cubic metre that metered users pay.

Residential users with pools who do not have meters. This is set at \$41.67 for 2010. This rate is higher than for those without pools as more water is required by a user who has a pool. Water is used to top up the pool throughout the season.

Commercial users who do not have meters. This rate did not change; these users will still pay \$80.00 per

### Metered Users

#### Fixed Portion of the Rate

In 2009, metered users were charged \$35 per month plus they were charged \$7.00 per 1,000 gallons or \$1.54 per cubic metre up to 5,000 gallons and \$3.20 per 1,000 gallons or \$.70 per cubic metre for all water used in excess of 5,000 gallons. The rate for 2010 has a fixed charge and a charge for the amount of water used, as before. The fixed rate portion covers the costs of administration, billing and meter replacement. The 2010 charge is based on the size of the meter. For a normal household with a 5/8 inch meter, the charge is \$7.24 per month. For a user with a 1 inch meter, it will be \$10.14. A 1.5 inch meter will be \$13.04, a 2 inch meter will be \$21.01, a 2.5 inch meter will be \$50.70 and a 3 inch meter will be \$79.68. Larger meters are more expensive to purchase and replace than smaller meters and the extra charges are intended to recover these higher costs. These charges are consistent with practices in most other communities across the continent. The 2010 fixed cost is lower than in 2009 as more of the cost of the water system is being recovered in the water charge based on water used. This is consistent with a trend across the country to promote conservation and charge users according to the amount of water actually used rather than a fixed fee. There is a benefit for water users with this type of charging arrangement. Charging users according to usage enables the user to better control their water bill. If they use less, they pay less. Reducing the fixed cost will favour lower volume users such as seniors or single person households that typically use smaller amounts of water than other users.

#### Usage Portion of the Rate

The 2010 volume rate per cubic metre is the same for all water used and is \$6.02 per 1,000 gallons or \$1.32 per cubic metre. In the past, users of large quantities of water paid less per cubic metre after a certain level of use was reached. That is the way that the 2009 rate was set up with one rate for those metered users taking less than 5,000 gallons of water per month and a lower rate for any water used above that level. This type of rate has been criticized because it is seen to encourage more water use at a time when an increasing emphasis is being placed on conservation. The 2010 rate will apply the same charge to all water used. This should encourage conservation as all water will cost the same. Also, all units of water cost the same amount to produce so there is no real justification selling water at different rates.

### **What are the Wastewater rates and how do they differ from the past?**

#### Not Metered

For those who are not metered, all users will pay a rate of \$40.39 per month which is close to the \$40 per month that was charged to all users in 2009.

#### Metered Users

Metered users in 2009 paid a minimum bill of \$40 and .8 or 80% of the water charge above the minimum for all water used. The 2010 rate will be \$40.39 per month. There is no longer a surcharge on the water usage, as the new rates do not reflect a minimum water consumption, rate. The new billing charges a flat rate based on the meter size, and a set dollar amount for every gallon of water consumed.

If you have any questions or concerns about the changes for 2010 please contact the Treasurer Mora Chatterson at the municipal office at 905-355-2821 ext 223 or e-mail at [mora@cramahetownship.ca](mailto:mora@cramahetownship.ca)