
2007 Proposed Water and Wastewater Service Rate

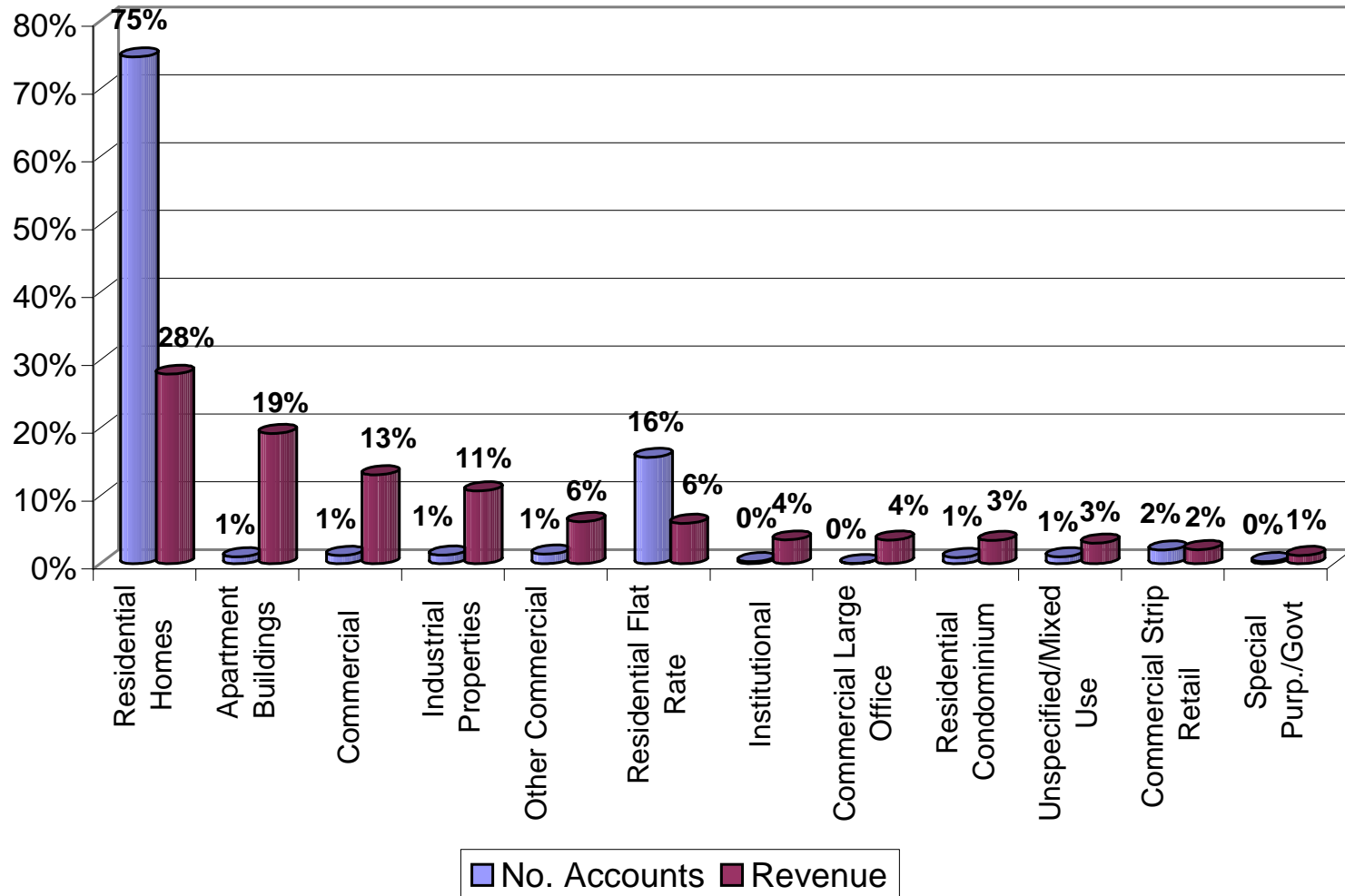
Budget Committee
January 8, 2007

Customer Profile

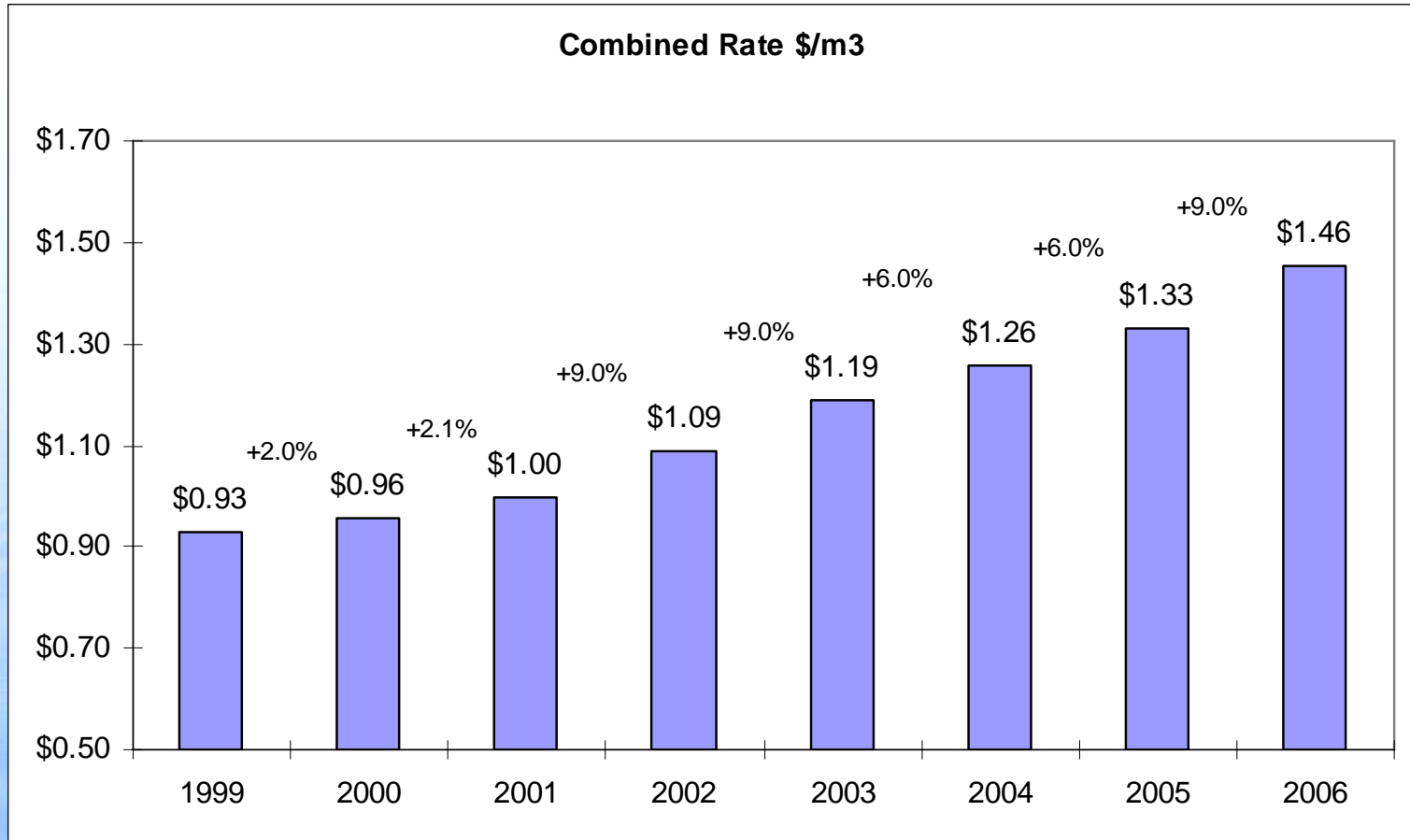
- 71,000 Flat-Rate Accounts
- 387,000 Metered Accounts
- Water production 540 million M3
- \$648 million operating budget (2007)
- 410 million capital budget (2007)

Customer Profile

(accounts and revenue breakdown)



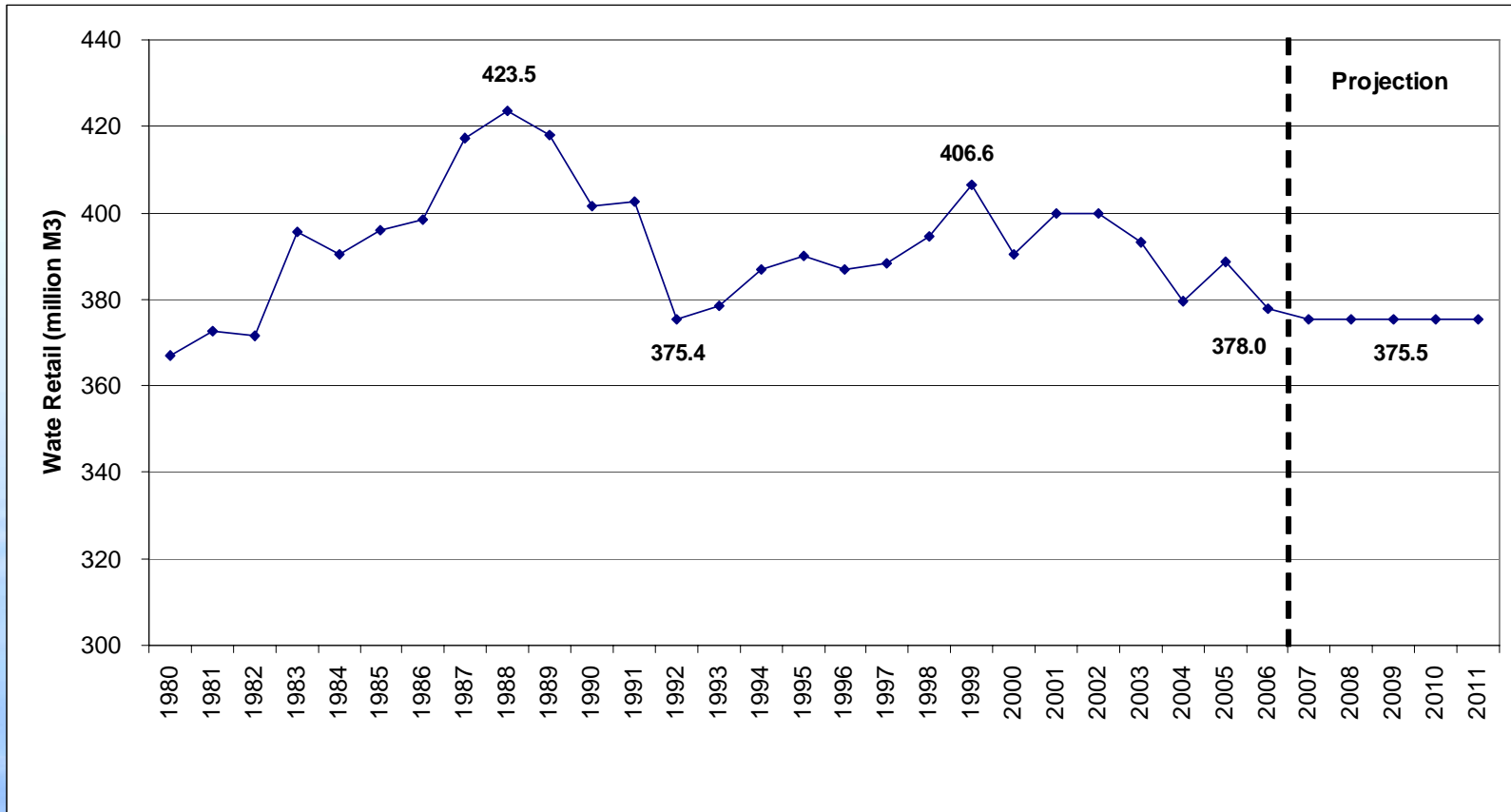
History of Toronto Water Rates



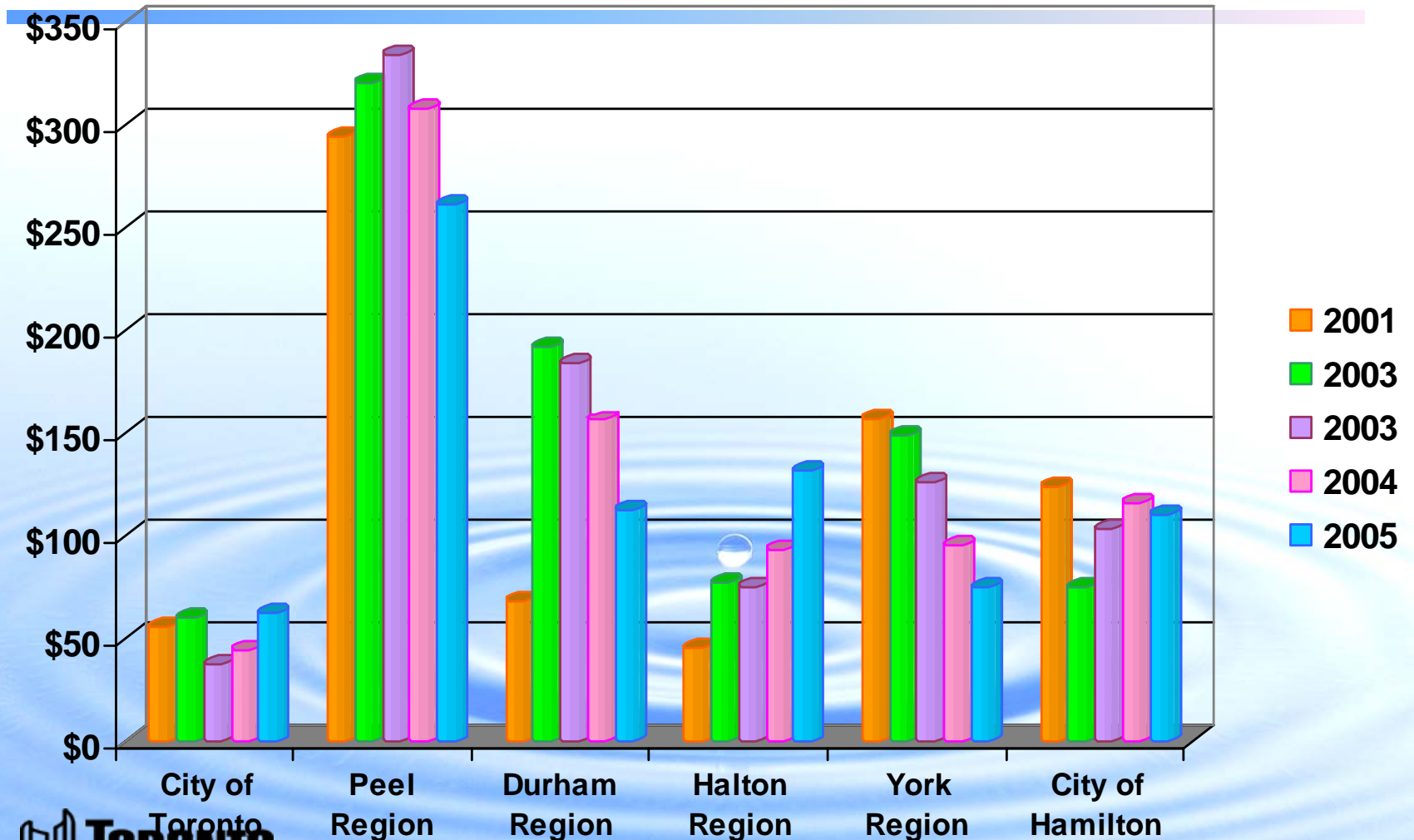
Key Assumptions in Rate Setting

- Financial stability over long term
- No debt; pay-as-you-go principle
- Forecasting water consumption
- Maintaining adequate reserve balances

Water Consumption & Forecast



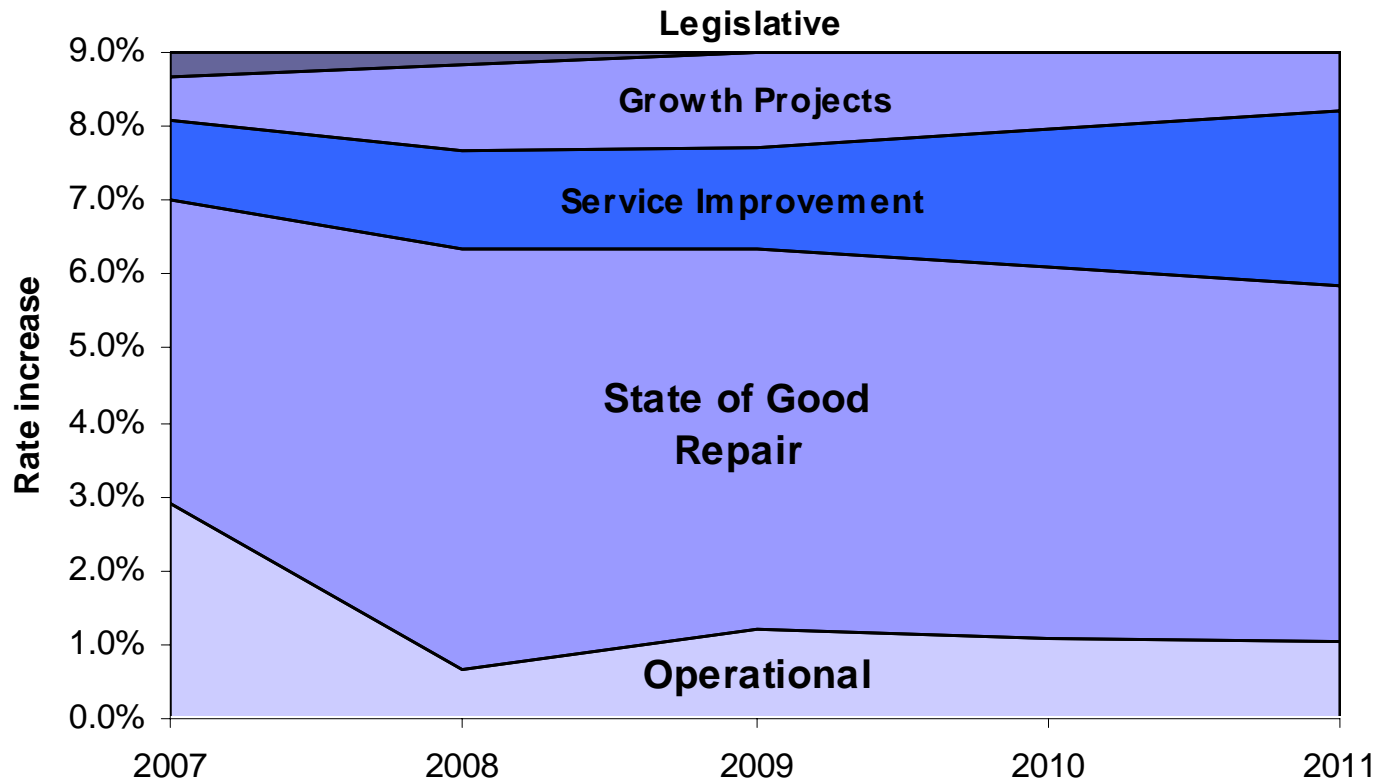
Water & Wastewater Reserve Balances per Capita Comparison



2007 Recommended Rate Increase

- 2006 Rate Report projected required annual increases of 9% to 2012
- 9% annualized rate increase in 2007
- 9% water revenue increase required to provide for \$648 million 2007 budget requirement

Breakdown of 9% Rate Increases 2007-2011

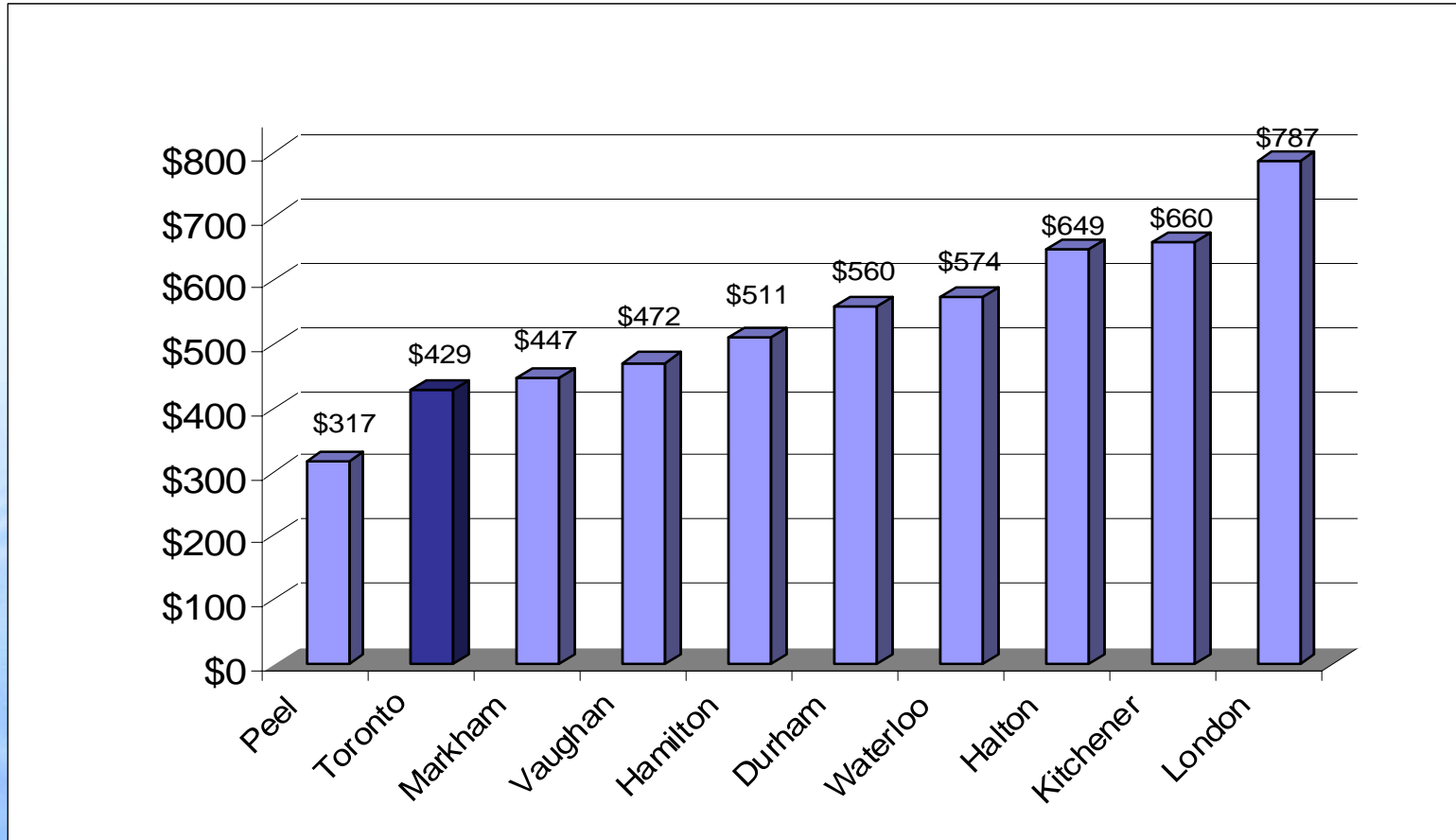


Impact of 9% on Consumers in 2007

- Average metered homeowner (300 M3/y):
 - 2006 - \$429/y or \$35.75/mo
 - 2007 proposed - \$469/y or \$39.08/mo
+\$40/y or +\$3.33/mo
- Large Industrial (1,000,000 M3/y):
 - 2006 - \$1,403,611 /y
 - 2007 proposed - \$1,529,936 /y
+\$126,325 /y

How Does Toronto Compare?

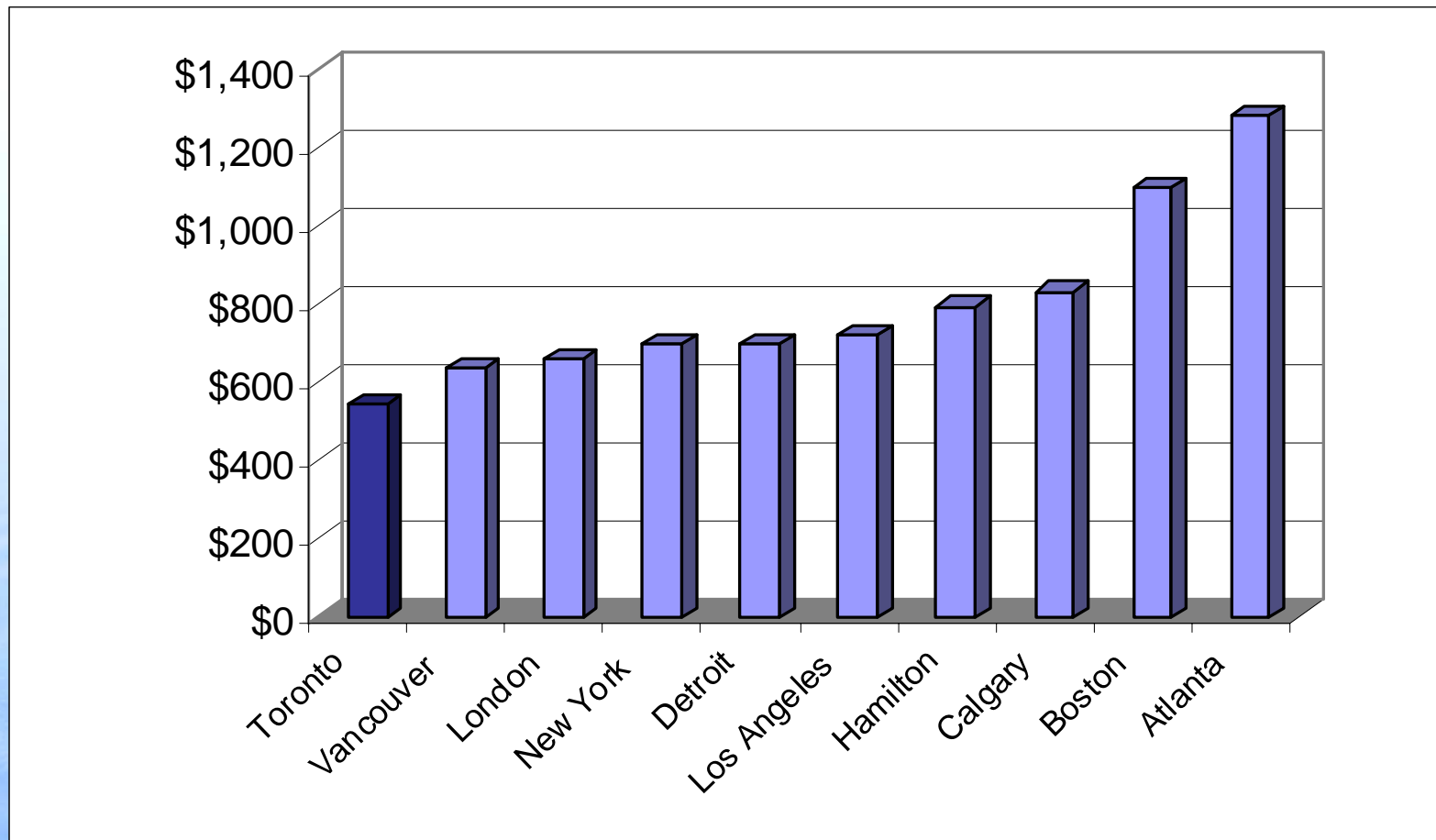
(Typical Residential Consumer in Ontario- Based on 300 Cubic Metres per Year in 2006)



How Does Toronto Compare?

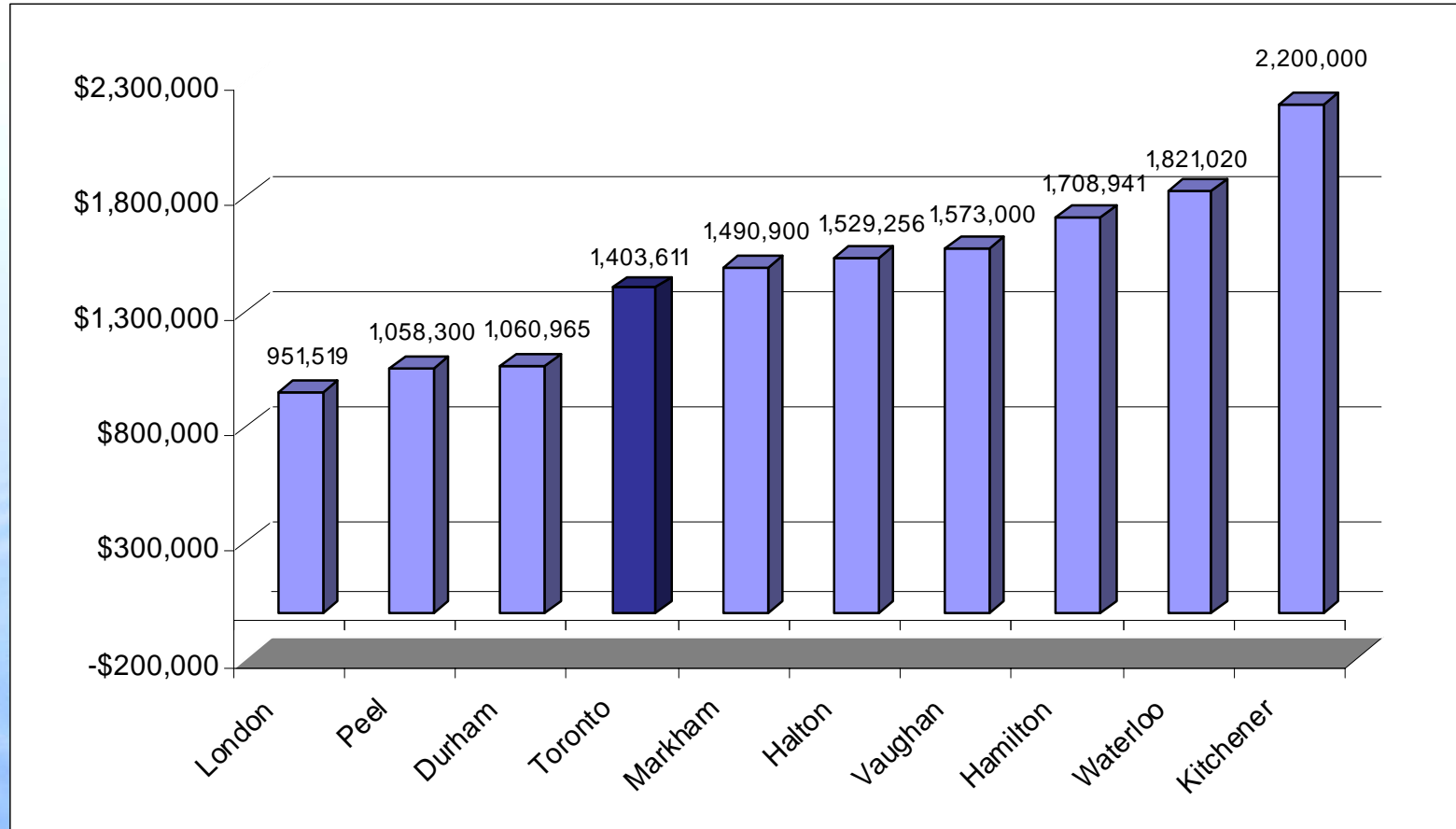
2006 *Residential Consumer* in Canada and USA

(379 m³/y)



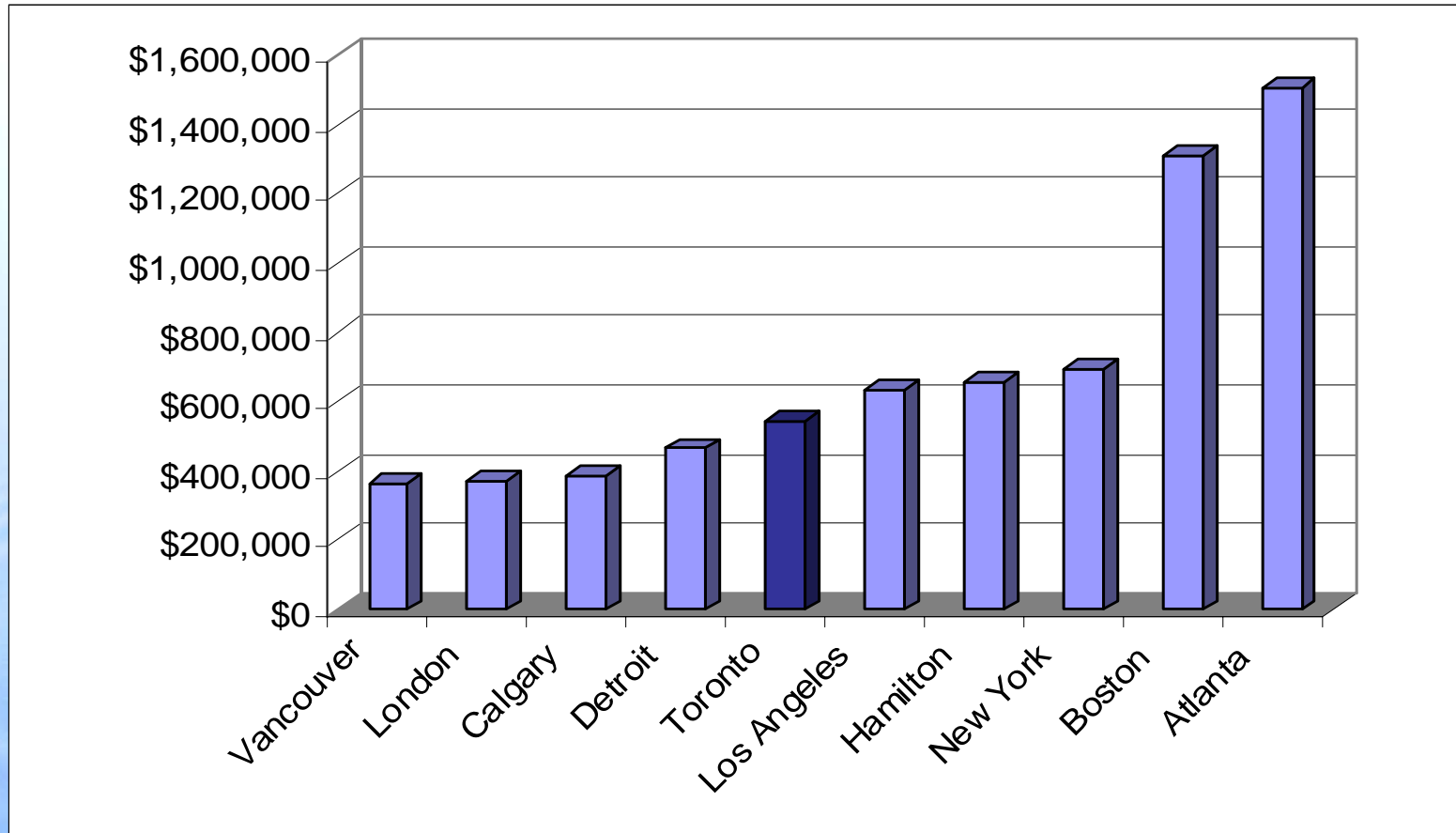
How Does Toronto Compare?

(Large Industrial Consumer in Ontario – based on 1 million Cubic Metres per Year in 2006)



How Does Toronto Compare?

2006 *Large Industrial Consumer in Canada and USA*
(378,800 m³/y)



2007 Rate Report

Other Recommendations

2. Reserve Adequacy:

- transfer year-end net operating budget shortfall from capital reserve to stabilization reserve
- 1% rate revenue to stabilization reserve starting in 2008 until \$30 M balance reached

2007 Rate Report

Other Recommendations

3. Land Acquisition for Source water protection:
- Provide 0.25% of 2007 revenue (\$1.5M) to land acquisition fund (transfer from WWFMP)
 - TRCA be required to develop policy requiring matched contribution from member municipalities
 - Staff report back prior to 2008 rate process on review of City's land acquisition for source water protection policy

2007 Rate Report

Other Recommendations

4. Housekeeping matters:

- Eliminate \$36 minimum account charge
- Increase NSF cheque fee from \$25 to \$35 (to be consistent with other divisions)
- Update sewer rebate % for consumers on septic system (annual update)

Summary

**9% Rate Increase
2007-2011**

 **TORONTO**