

BV1.1.2 Water Cost Competitiveness Study Update

for the
Toronto Industry Network – Water Subgroup

Dec 8, 2014



Cities List

Canada	United States
Toronto, ON	Fayetteville, NC
Region of Peel	Knoxville, TN
Region of Durham	Baltimore, MD
London, ON	Chicago, IL
Edmonton, AB	Kansas City, KS

A representative mix of CDN and US industrial host cities.

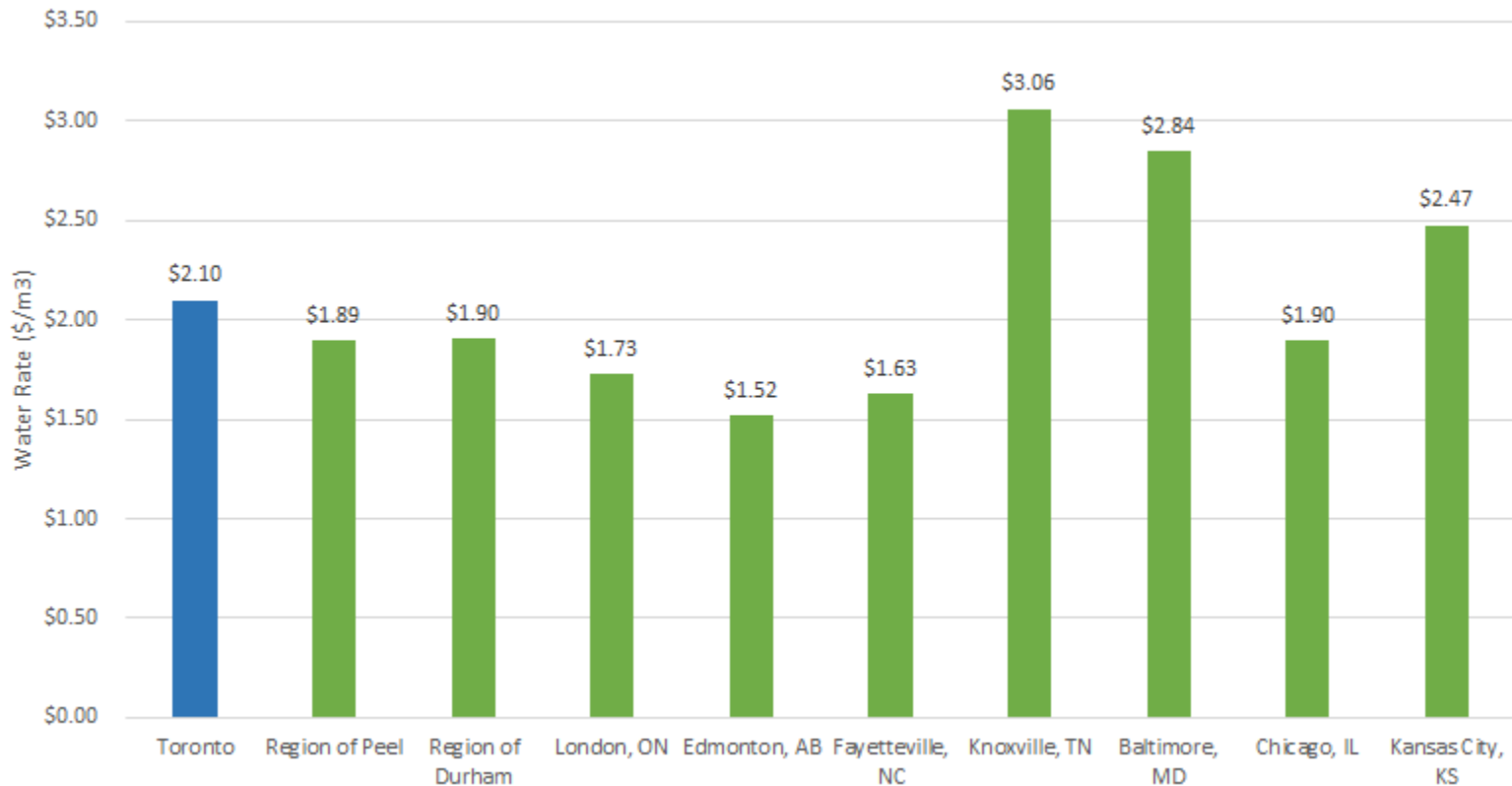
2014 Water Rate Structure by City

Cities	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tier 7
Toronto	0-6000 m ³	6000+ m ³					
	\$2.96	\$2.07					
Region of Peel	all m ³						
	\$1.07						
Region of Durham	0-45 m ³	46-4500 m ³	4501+ m ³				
	\$0.89	\$0.76	\$0.70				
London	0-7 m ³	8-15 m ³	16-25 m ³	26-35 m ³	36-250 m ³	362-7000 m ³	7000-50000 m ³
	\$0	\$1.87	\$2.40	\$2.67	\$1.01	\$0.96	\$0.88
Fayetteville, NC	all USG						
	\$0.00206						
Knoxville, TN	0-2 CCF	3-10 CCF	11-100 CCF	101-400 CCF	401-5000 CCF	5000+ CCF	
	\$1.45	\$3.25	\$3.95	\$2.75	\$1.09	\$1.00	
Edmonton, AB	0-25 m ³	25.1-100 m ³	100.1-1000 m ³	1000.1-5000 m ³	5000+ m ³		
	\$1.37	\$1.37	\$1.26	\$1.00	\$0.80		
Baltimore, MD	0-50 CCF	51-500 CCF	500+ CCF				
	\$4.08	\$2.51	\$1.73				
Chicago, IL	all MCF						
	\$24.80						
Kansas City, KS	0-7 CCF	8-160 CCF	161-2000 CCF	2001-8000 CCF			
	\$3.89	\$3.28	\$3.28	\$3.30			

CCF = Hundred cubic feet MCF = Thousand cubic feet



2014 Blended Water/Wastewater Rate (\$/m³)

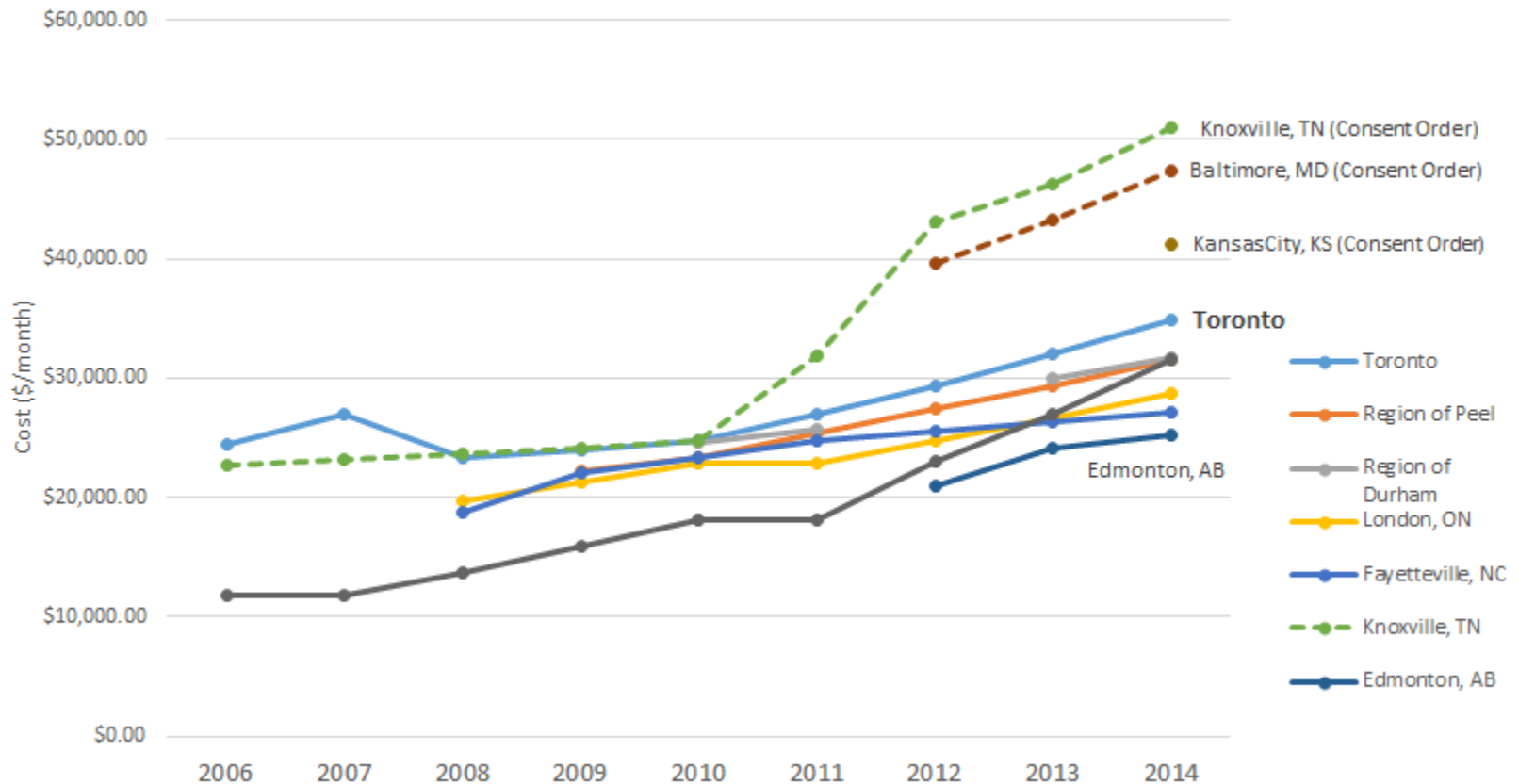


Blended water and wastewater industrial commodity rates, shown for similarly sized facilities sited in each location.



Archetypical Plant – Historical Water Costs

(\$/month, based on 200k m³ /yr)

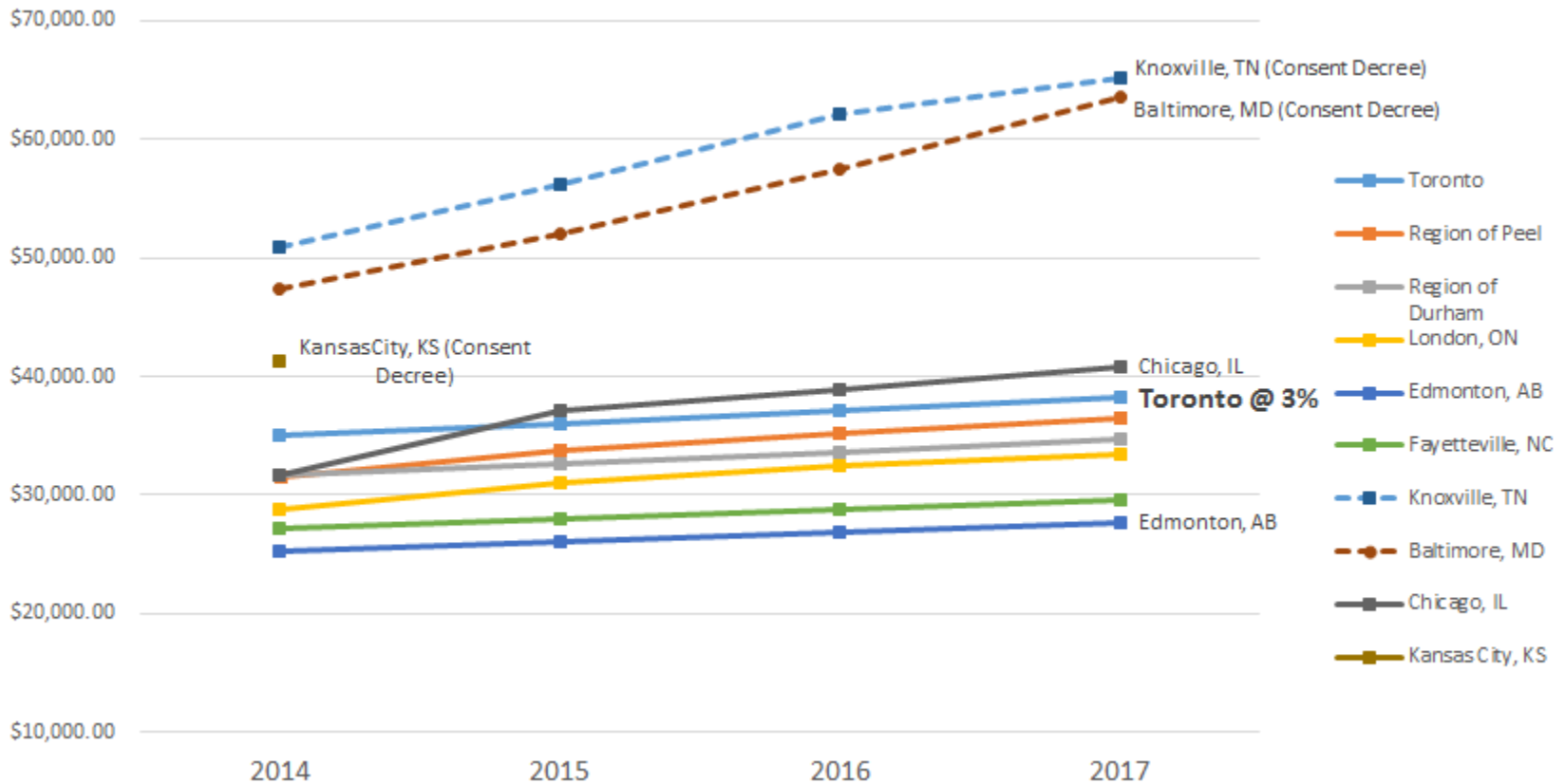


Toronto's historical increases have outpaced competing cities, other than Knoxville, Baltimore & Kansas City.



Archetypical Plant – Projected Costs

(\$/month, based on 200k m³ /yr)

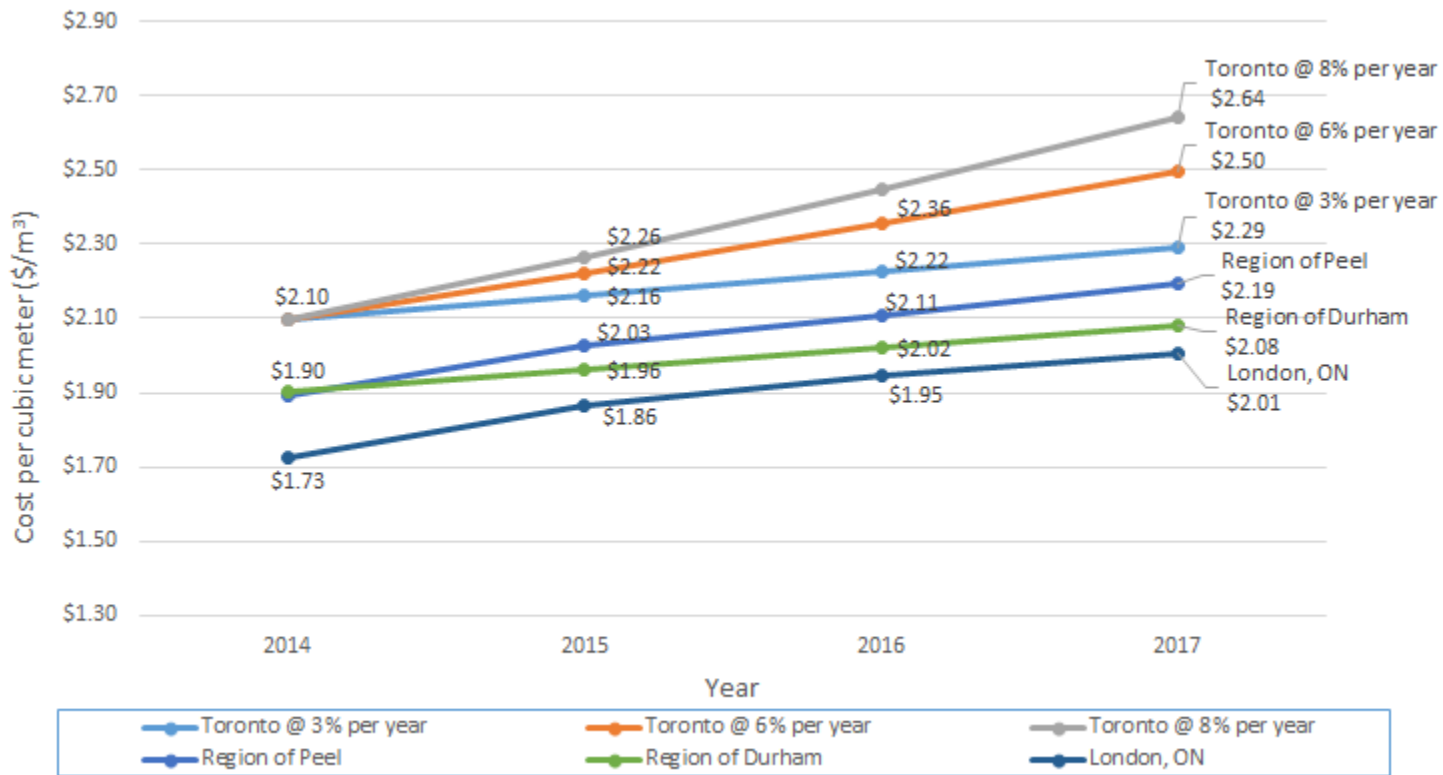


At 3% increase, Toronto will have one of the highest rates by 2017, excluding Chicago and three cities which are under US EPA Wastewater Consent Decrees requiring accelerated capital expenditures (Knoxville, Baltimore & Kansas City).



Projected Water Rate Increases (2014-17)

(Toronto vs. Other Ontario Cities; \$/m³)



Toronto's rate is currently the highest of 4 Ontario cities. At a 6% increase, Toronto becomes even more uncompetitive. At 3%, Toronto reduces the competitive gap.



Summary & Conclusions

1. Toronto's blended w/ww rate is highest of Cdn cities studied.
2. The archetypical Toronto plant (200k m³/yr) is now spending nearly \$ ½ million annually for water.
3. Toronto is one of the most populous cities studied, with a large user base over which to distribute cost recovery.
4. Staff's proposed 8% scenario will make Toronto rates even more uncompetitive, vs. the average of all other cities studied.
5. Staff's proposed 6% increase through 2017 would increase Toronto's non-competitiveness with the other Ontario cities studied.

Recommendation

Hold annual rate increases to inflation,
for 2015-2017.

