

2025 Proposed Utility Rate Increase

Public Presentation

December 2024



The Utility delivers integrated water and wastewater services that support local residents and businesses

- As a self-sustaining entity; we are fully funded by rate revenue rather than tax revenue.
- We oversee the entire water lifecycle within the city, from source-water production and treatment to storage and distribution. Our responsibilities also include wastewater collection and treatment, along with a range of other service initiatives aimed at maintaining and improving the consumer experience.
- Together, we manage, maintain, repair, and continuously enhance the city's water and wastewater systems.



The Rate Design Process



Cash-Basis Adoption

- Expense model creation
- What do we need?
- What can we forecast?



Rate Model Design

- Reserve policy adoption
- Proposed revenue model
- Cost type evaluation
- Rate type evaluation



Committee Analysis & Feedback

- Rate model review
(*reviewed three models*)
- Revenue model impacts
- Consumer class impacts



We are here

Final Rate Adoption

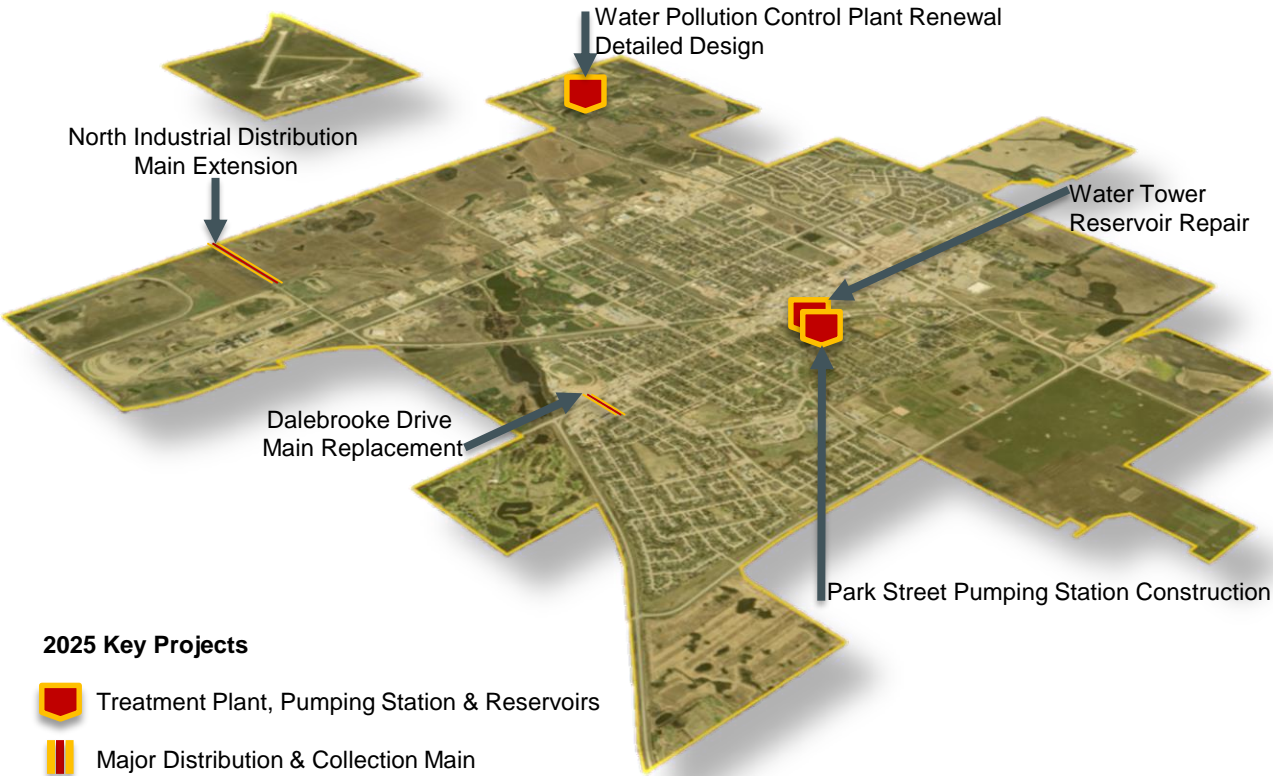
- Public Council presentation
- Recommendation & decision
- Communication and public education

What is an Expense Model?

All modelling and rate designs proposed were created in adherence to the American Water Works Association (AWWA) M1 Principles of Water Rates, Fees, and Charges Manual.

- An expense model forecasts costs over a set period, focusing on:
 - Operational Expenditures (OPEX): Recurring costs such as wages, utilities, and maintenance, adjusted annually with a 3.0% inflation rate.
 - Capital Expenditures (CAPEX): Strategic investments in infrastructure, equipment, and technology to support long-term operations and growth.
 - Debt Servicing: Repayment of principal and interest on loans.
- By integrating these projections with current reserves, the model assesses the viability of maintaining a 0.00% rate increase while ensuring the sustainability of the utility through the opening of 2028.

The Utility oversees a network that includes over 300 kilometers water distribution & sewer collection mains, two treatment facilities, and one pumping station.



What do we need?

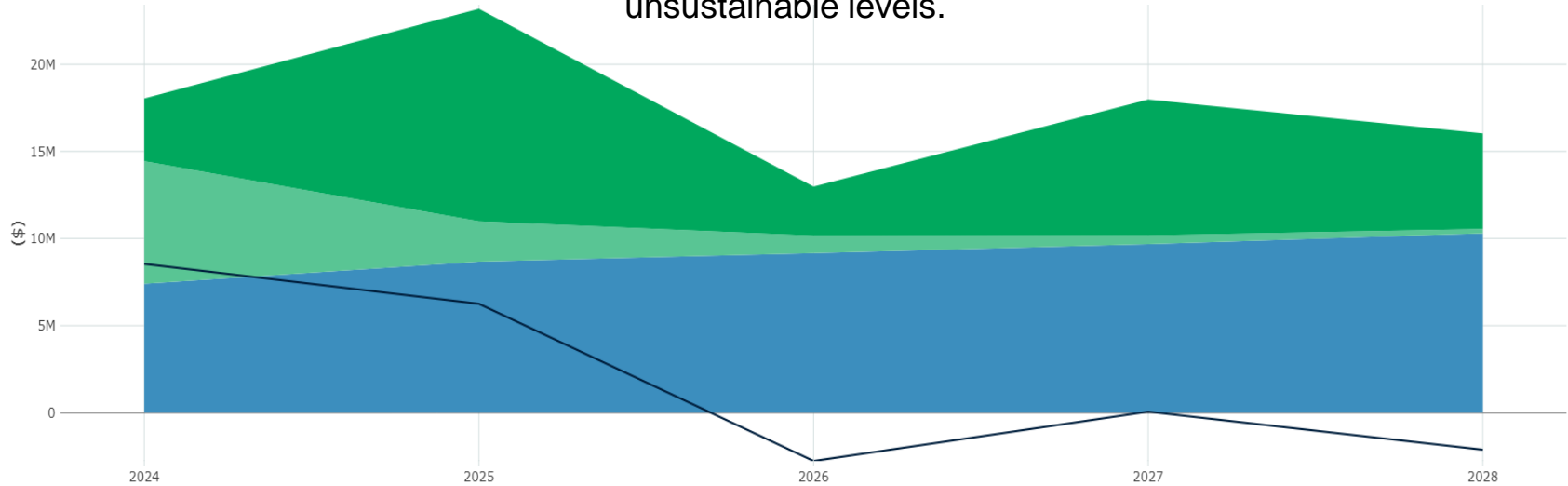
The Department must prioritize approved investments in its facilities to ensure the reliable delivery of safe drinking water. Due to the size and age of the water system, ongoing system wide improvements are essential to sustain and enhance treatment plants, pumping stations, and water/sewer mains. These efforts are critical to:

- Preserve the integrity of the water system infrastructure.
- Meet regulated water and wastewater quality standards.
- Reduce the occurrence of water main breaks, service interruptions and other emergencies.

Delaying these investments will have widespread consequences across the system.

What can we forecast?

0.00% rate increases from 2025 through 2027 drives the utility's cash position (**black line**) to unsustainable levels.



2024 Base Rate: \$24.25/month
2024 Consumption Rate: \$3.66/m³

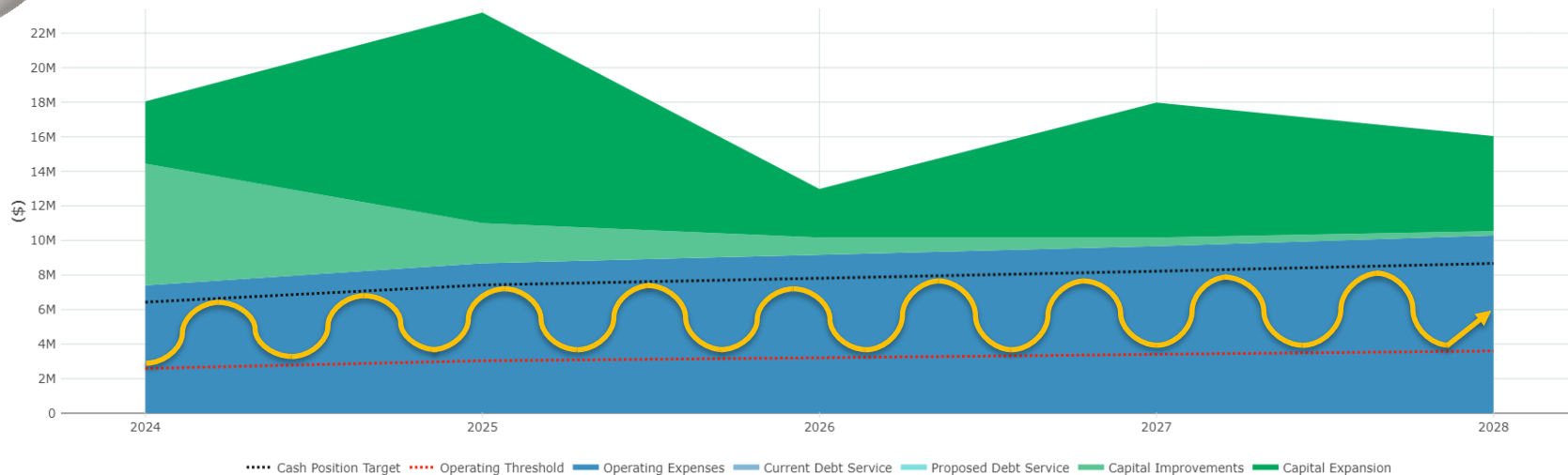
\$6,256,540

\$(2,774,040)

\$54,290

\$(2,125,584)

What are sustainable reserves?

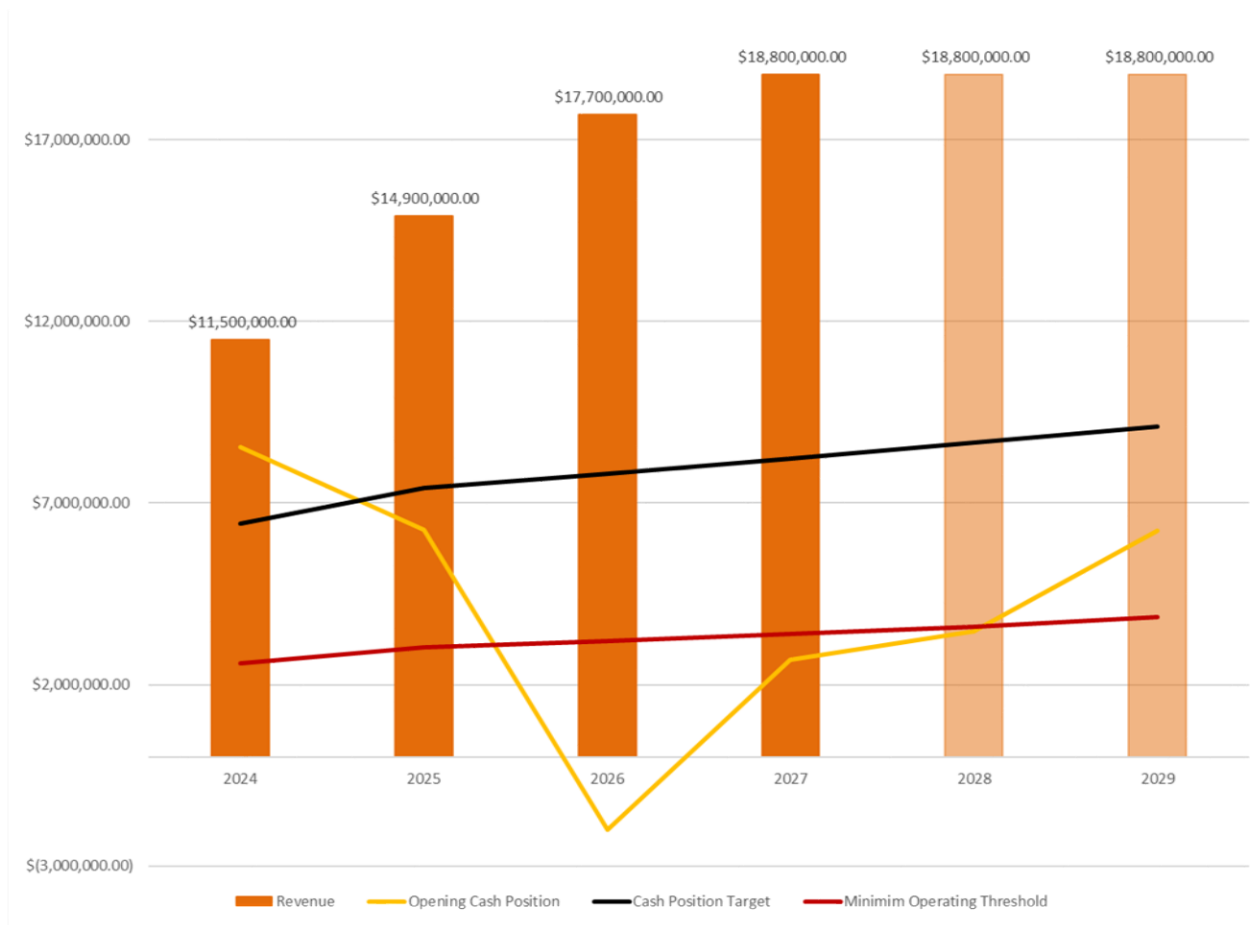


To create a sustainable rate-model, clear reserve policies are essential. The minimum operating reserve threshold (**red-dotted line**) ensures funds are available for unexpected emergencies. The cash position target threshold (**black-dotted line**) sets the maximum unallocated reserves, triggering rate-reduction investigations if exceeded. The operating reserve target (**yellow line**) represents the ideal reserve level, ensuring sustainability when aligned with the utility cash position. These thresholds promote financial resilience and responsible rate management

Proposed Revenue Model Creation

The proposed revenue model outlines the annual revenue needed to recover the utility's cash position to improved levels by 2027 and, theoretically, achieve the operating reserve target by 2028. Key considerations include:

- Shown revenues represent the amounts required to meet the specified cash positions after covering expenses.
- Shown revenue growth is not solely driven by rate increases; a significant portion stems from unrealized revenue expected from industrial expansion.
- Projections for 2028 and 2029 are theoretical, as capital expenditures cannot be accurately estimated until the Utility Master Plan is completed.



Revenue
Increase

0%

29%

18%

6%

0%

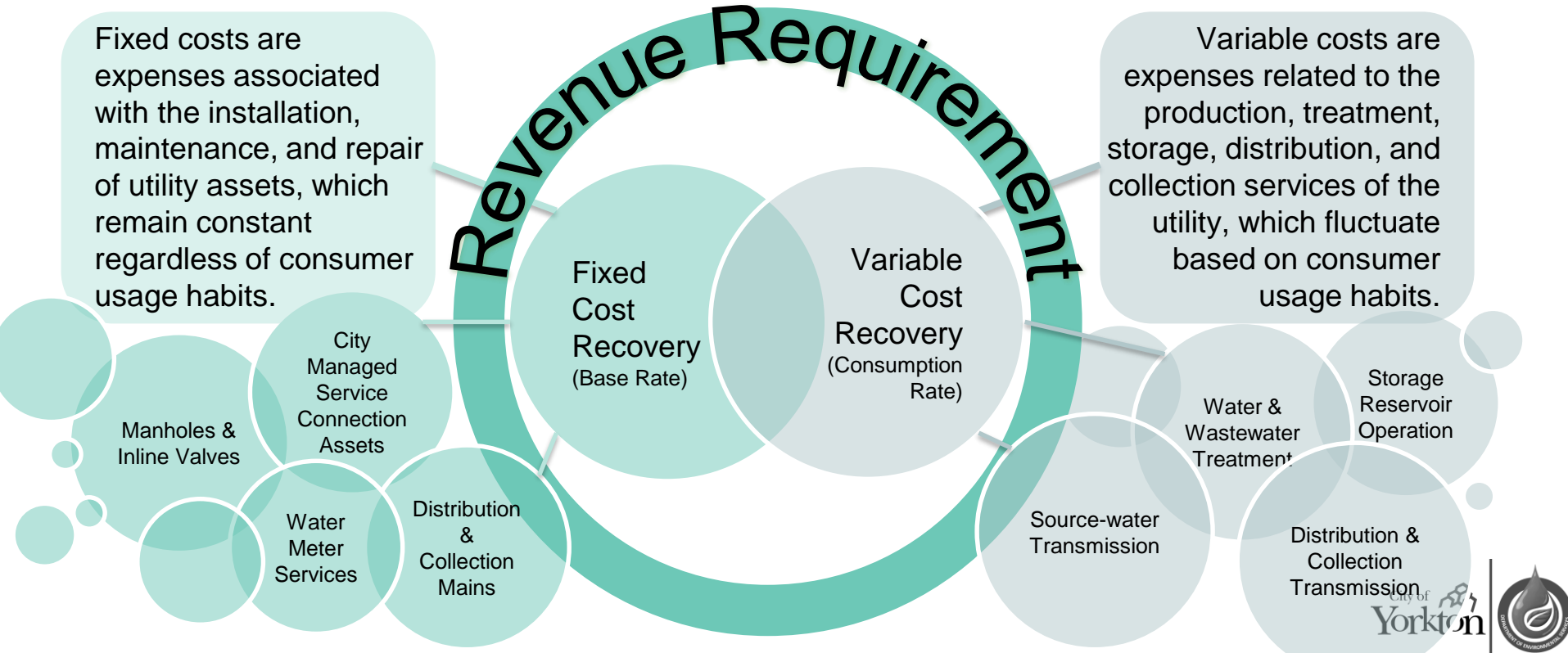
0%

TORONTO



Cost Type Evaluation

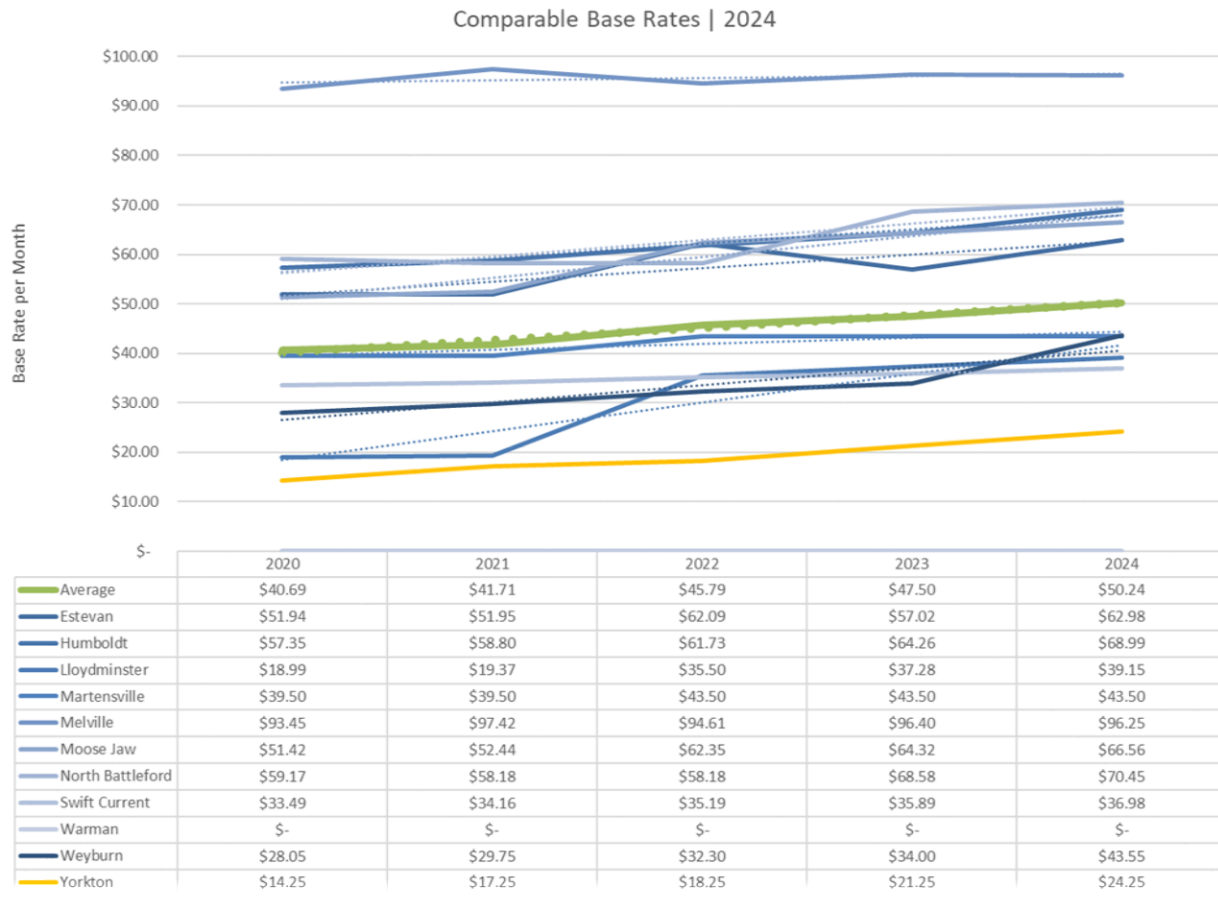
Utility Rates are made up of two different cost types:



Rate Type Evaluation (Base Rate)

With a viable revenue model defined and cost types clarified, comparing rate types with similar municipalities assists with designing a rate model that meets revenue requirements while ensuring fairness and minimal impact across consumer classes.

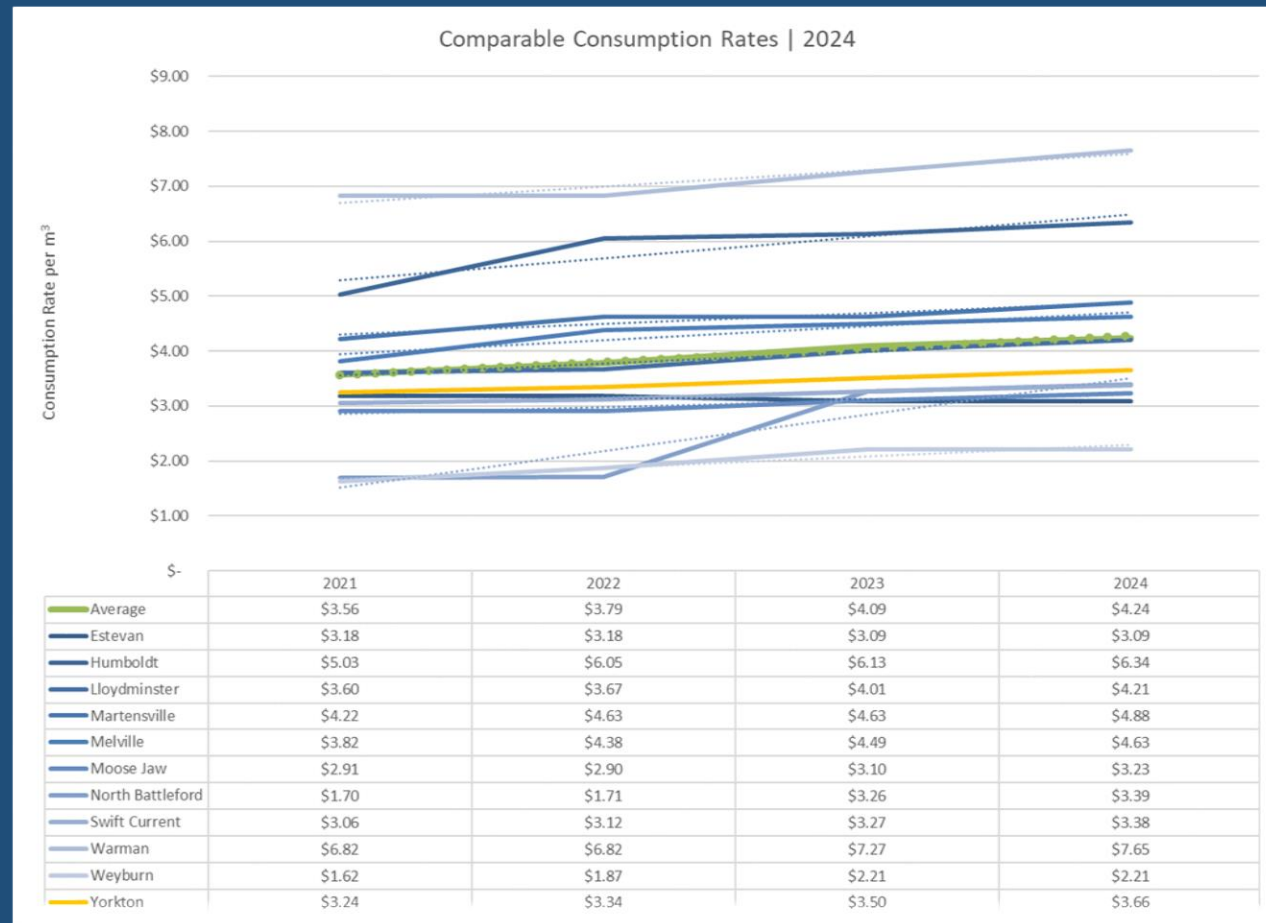
- Given their significance as the largest consumer class, residential rates were selected for this analysis.
- In 2024, the average residential base rate among comparable municipalities is \$50.24 per month.
- Yorkton stands out with the lowest residential base rate in the group, at just \$24.25 per month.



Rate Type Evaluation (Consumption Rate)

With a viable revenue model defined and cost types clarified, comparing rate types with similar municipalities assists with designing a rate model that meets revenue requirements while ensuring fairness and minimal impact across consumer classes.

- Given their significance as the largest consumer group, residential rates were selected for this analysis.
- In 2024, the average residential consumption rate among comparable municipalities is \$4.24 per m³.
- Yorkton sits in the 45th percentile for residential consumption rates in the group, at \$3.66 per m³.





Rate Model Review

On December 5th, 2024, the City's Environmental Committee evaluated three viable rate models aligned with revenue requirements. A motion of support was passed for the following rate model:

2025

Base Rate:

\$29.25 per month
\$5.00 per month increase

Consumption Rate:

\$3.75 per m³
2.33% increase

NEW Industrial Block Rate
+2.00% Consumption (Total 4.33%)

2026¹

Base Rate:

\$34.25 per month
\$5.00 per month increase

Consumption Rate:

\$3.87 per m³
3.33% increase

Industrial Block Rate
+4.00% Consumption (Total 7.33%)

2027¹

Base Rate:

\$39.25 per month
\$5.00 per month increase

Consumption Rate:

\$4.04 per m³
4.34% increase

Industrial Block Rate
+5.00% Consumption (Total 9.34%)

¹ Projections for 2026 and 2027 are provided for planning purposes only and are not being proposed at this time.

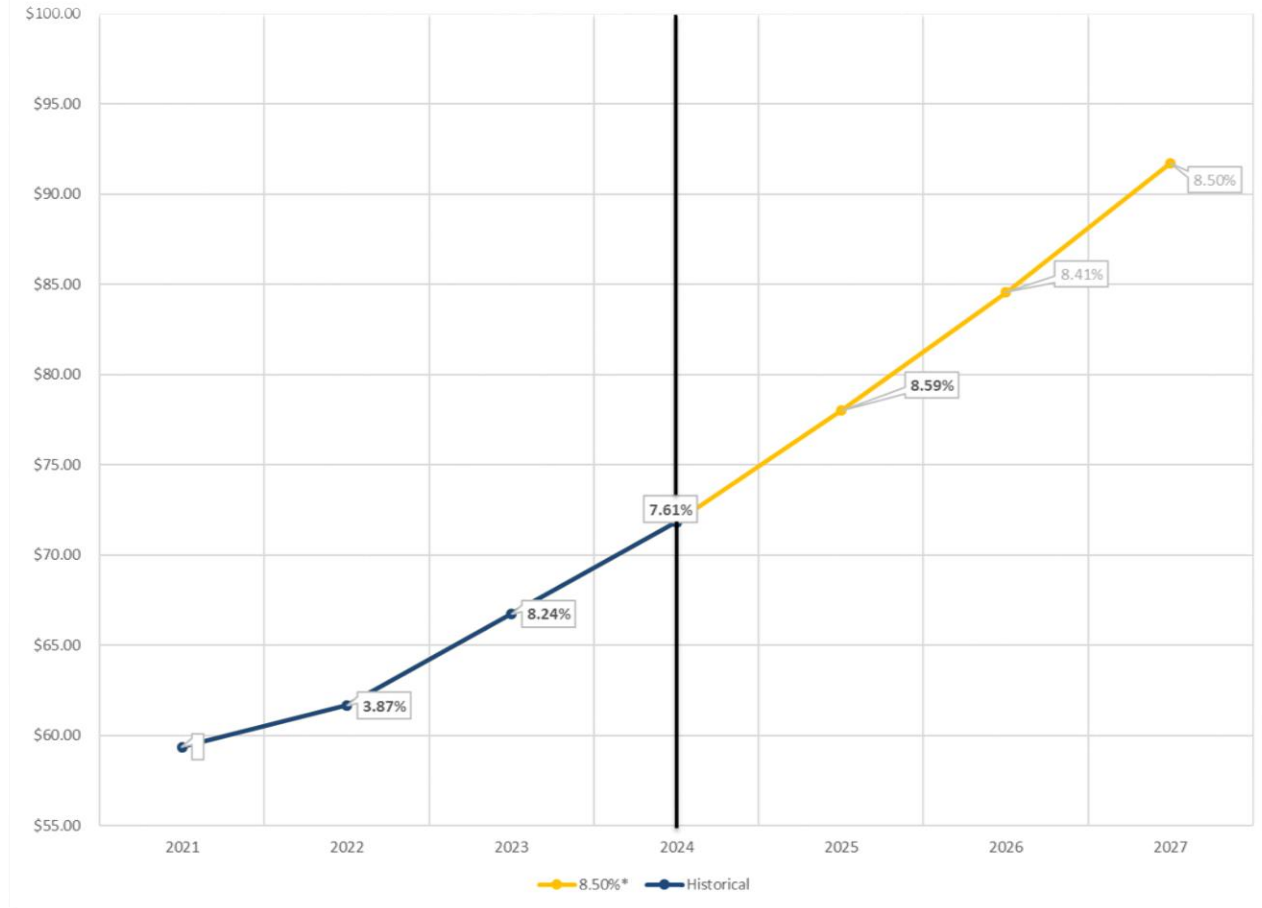
Rate Model Review

The model accounts for the substantial capital expenditures required over the next three years, aimed at supporting both current and future industrial growth.

To promote equity among consumer classes, an industrial block rate has been introduced, ensuring that other consumer classes do not bear the cost of subsidizing industrial growth.

Shown is the percentage increase in a typical residential monthly bill due to utility rate adjustments from 2022 through 2025¹.

It is important to note that projections for 2026 and 2027 are included solely for planning purposes and are not being proposed at this time.

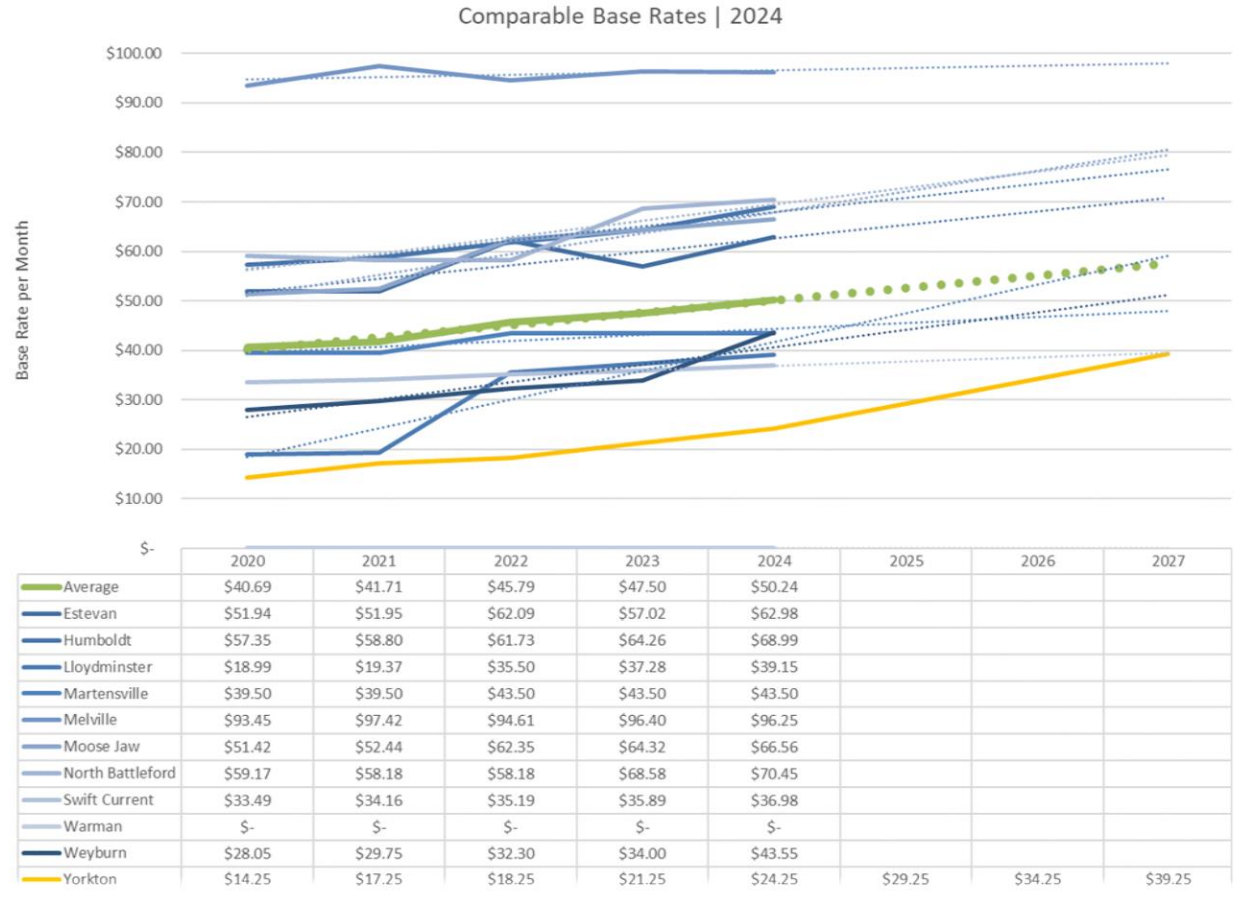


¹ Typical residential billing is based on an average consumption of 13m³/month

Rate Type Projection (Base Rate)

Logarithmic projections of base rates were conducted due to the lack of external data beyond 2024. These projections for the comparison group incorporated with the proposed rate change indicate:

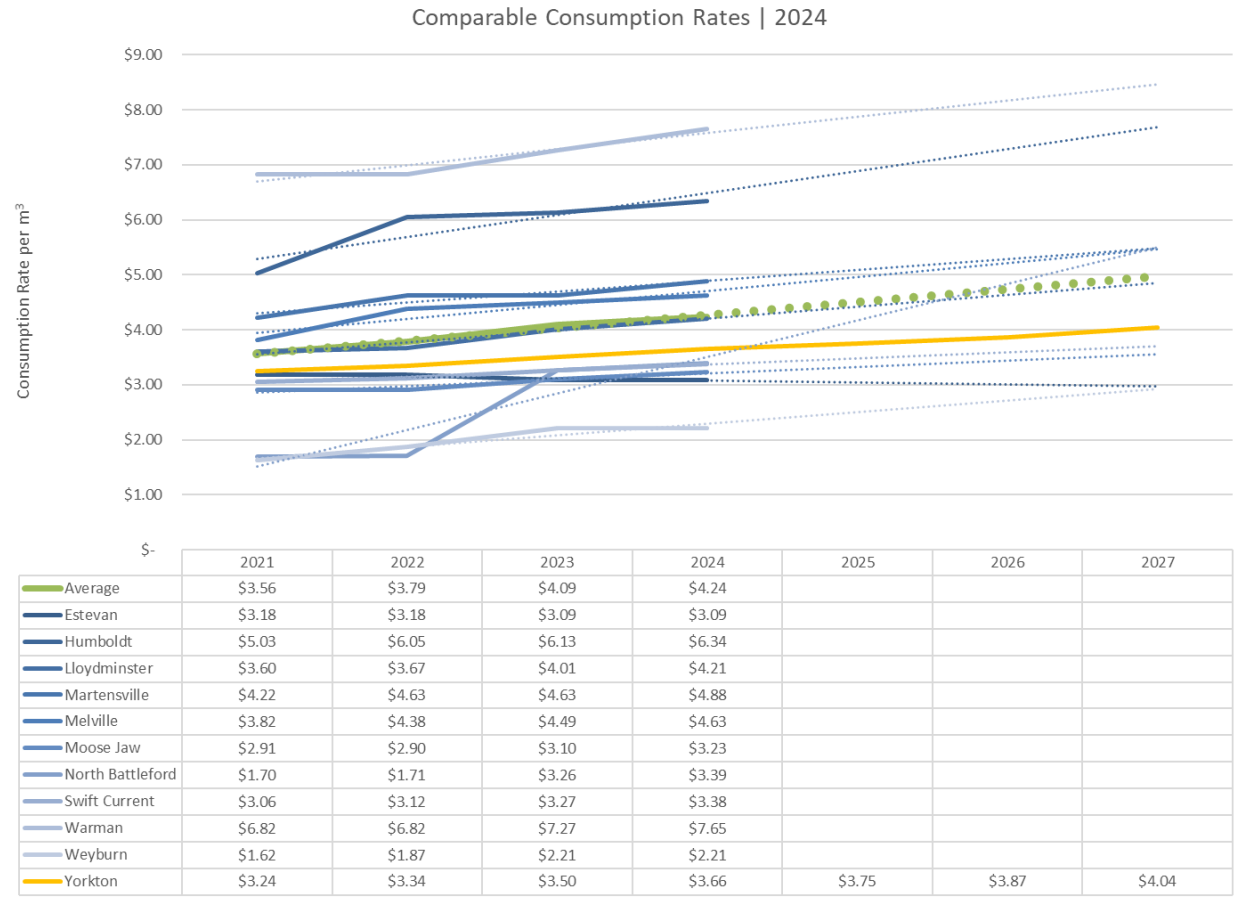
- By 2027, Yorkton is still projected to have the lowest base rate in the comparison.
- While the trend reflects progress, base rate revenue would still fall short of fully covering fixed costs.



Rate Type Projection (Consumption Rate)

Logarithmic projections of consumption rates were conducted due to the lack of external data beyond 2024. These projections for the comparison group incorporated with the proposed rate change indicate:

- By 2027, Yorkton is projected to remain near the middle of the comparison group in the 45th percentile.
- This is close to an ideal spot, as the utility balances revenue requirements while remaining attractive for potential population and business growth.



Consumer Class Impact (Residential)

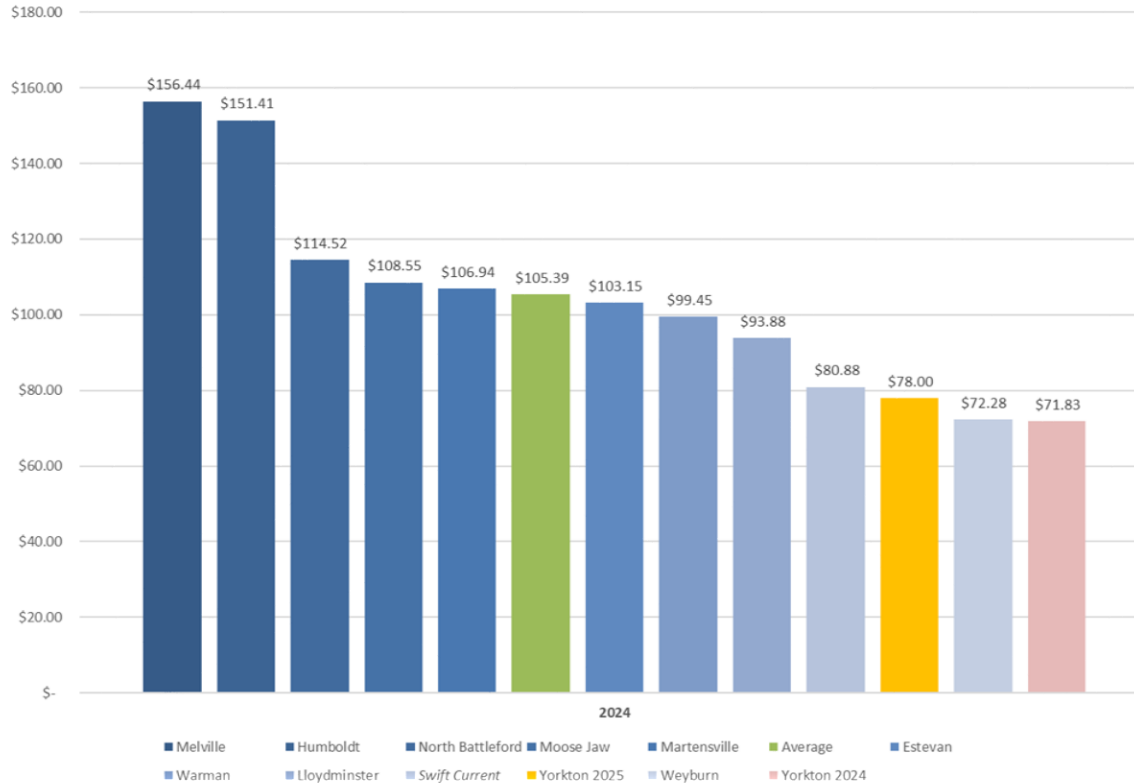
Typical Monthly Cost¹

Given their significance as the largest consumer class, residential rates were selected for this analysis.

With the proposed rate model, the City's utility rates compare favorably even when compared to 2024 costs of other peer utilities across Saskatchewan.

Shown is a comparison showcasing the typical monthly bill across the province.

Typical Residential Monthly Cost (based on 13 m³ consumption per month)



¹Residential Account with a typical consumption volume of 13 m³ per month



Fixed
Costs
\$0.18

Variable
Costs
\$0.23

Consumer Class Impact (Contribution Awareness)

The proposed rate increases are designed to support significant capital investments in infrastructure upgrades, primarily driven by recent industry expansion.

Throughout 2025, for every dollar of revenue generated, it is anticipated that 41 cents will fund utility operations, while 59 cents will be allocated to capital improvement and expansion projects.

Community Outreach & Communication

