
2023 Utility Rate Increase – Frequently Asked Questions

Why is the 10% discount being removed January 1, 2023?

Skyrocketing costs, material shortages and increasing interest rates have significantly impacted utility budgets. For water treatment chemicals alone, the District has experienced a nearly 142% increase in the last year, requiring nearly half a million dollars in new expenses to maintain the existing level of service for residents. Wholesale power costs, the largest single expenditure in the District's budget, are expected to rise nearly 6%. The District will use the revenue generated from the removal of this discount to keep the actual utility rate increases as low as possible.

Actual RATE increases:

- 0% Electricity increase (base + consumption rates stay the same)
- 0% Sewer increase (base rate stays the same)
- 4.86% Water increase (rate increases to cover the utility portion of Giants Head Road project)

However, because the 10% program is being eliminated account holders will feel an impact on their utility bills. For the typical residential account (based on annual usage), the impact will be:

- Increase of \$171.12 in electric charges for the entire 2023 year
- Increase of \$44.04 in sewer charges for the entire 2023 year
- Increase of \$138.00 in water charges for the entire 2023 year (includes the 4.86% rate increase)
- TOTAL = \$353.16

*In order to off-set this increase, Summerland Council voted to **match the Province's one-time \$100 electrical utility credit**, meaning that Summerland residential account holders who qualify for the provincial credit will see a rebate of \$200 on their electricity bills in the first quarter of 2023. Both credits will be automatically applied to utility bills.

When the utility increases and the utility credits are taken together, the overall impact to the typical resident is \$153.16:

- \$353.16 - \$200 credit = \$153.16

Summary of Net Impact as a percentage:

- In 2022, the typical resident's entire utility bill was \$2,719
- With the increases for 2023, this is forecast to be \$3,072
- Therefore, the increase to the entire utility bill in 2023 = 12.99%
- After the application of the credits (\$3,072 - \$200 credit) the net impact = 5.6%

As a result, the effective overall annual impact inclusive of elimination of the 10% discount and adding in the credit = 5.6%

Isn't there other ways the budget could be met to avoid the 10% discount being eliminated?

If the 10% discount were not removed, very large increases to the rates residents would pay would have to be implemented, across the board, to make up the difference.

Why not just run a deficit for a year or two until we are through this inflationary issue?

The Community Charter requires Municipal Utilities to have balanced budgets, and any solution that does not involve balancing the budget won't work, nor would it be sustainable given the gap we have to fill given increased prices on our supplies through inflation.

Aren't these high prices for chemicals and wholesale power temporary – why make a change now?

Our suppliers have indicated that prices will continue to increase for the next couple years. FortisBC past rates have only increased in recent history.

How come residents were not consulted and had no chance to learn about this?

Council meetings are open to the public. The following key meetings occurred:

- Public committee of the whole meetings on Nov 22 and 23, 2022
- Public open house on Dec 5, 2022

Notice of the meetings was posted in the local newspaper and also on Facebook and the website for public awareness. The public open house was recorded and can be reviewed on the District Website.

When is my first bill due that will have this?

The change comes into effect January 1, 2023, and with that bill due date being as per the usual near the end of February.

Why impose a 2% penalty? Isn't that making a bad thing worse?

With the 10% discount, the early payment benefit operates like an incentive to ensure payment comes in on time. When the removal of the discount, the 2% penalty operates as an incentive to avoid the penalty to ensure payment comes in on time. A penalty system is common amongst utilities in the region and throughout the province.

Do I get the BC Hydro credit and if so, when?

Yes, it will be automatically credited to your utility bill in the first quarter of 2023. Also as announced on December 13, 2022, Summerland's Council will be matching the credit so that each qualifying residential account holder will receive \$200. See the news release here: <https://www.summerland.ca/your-city-hall/news-articles/2022/12/13/summerland-council-doubles-utility-rebate>

Why not just increase taxes a bit more to help the utilities balance the budget?

Provincial legislation requires that municipal utility costs be paid for through rates not taxes.

I hear that Summerland residents already pay way more for power than other places in BC and Canada is that true?

The charts below outline where Summerland currently stands in relation to other places for 2022. This is a snapshot in time, and other utilities are currently experiencing cost pressures which may result in rate increases. Also, the chart below includes the 10% discount so these comparisons will have to be updated once the 2023 year becomes clearer:

Across the country

City	Rate
Calgary	\$19.94
Edmonton	\$19.48
Charlottetown	\$17.78
Halifax	\$17.30
Regina	\$16.51
Summerland	\$14.07
Moncton	\$13.94
Toronto	\$13.88
St. John's	\$13.76
Ottawa	\$12.94
Vancouver	\$11.39
Winnipeg	\$10.24
Montréal	\$7.59

Regionally

City	Rate
FortisBC	\$14.62
Grand Forks	\$14.21
Summerland	\$14.07
Penticton	\$12.84
Nelson	\$11.99
New Westminster	\$11.78
BC Hydro	\$11.62

Why not drop other projects like the solar project or dam upgrades to avoid increases?

Many projects have been deferred or canceled because of the rate pressure this year. Some projects are grant funded, like the Solar project, deer ridge sewer expansions and garnet spillway upgrade. These projects are mostly funded outside of rates and so put very little pressure on Summerland rates, meaning stopping or pausing them would not assist in the current situation.

If you have additional questions, please email info@summerland.ca.