
April 2019 Electrical Rate Change – Carbon Tax Charge

Recommendation

1. That the proposed April 1, 2019 rate changes be approved for Saskatoon Light & Power's rates, as outlined in this report; and
2. That City Council consider Bylaw No. 9573, The Electric Light and Power Amendment Bylaw, 2019.

Topic and Purpose

This report is to request approval of new rate charges as a result of the Federal Carbon Charge within each of the Residential and General Service Categories, and an equivalent percentage increase for street lighting and miscellaneous rates.

Report Highlights

1. The Government of Saskatchewan has announced a new rate charge to be applied to all rate categories to offset the costs of the Federal Carbon Tax.
2. Changes to Bylaw No. 2685, The Electric Light and Power Bylaw will be required to establish a Carbon Tax Charge within each of the Residential, General Service II, III, IV, V and VI rate categories.
3. The rate increase for street lighting is the equivalent of a 1% increase, and a 1.3% increase for all other miscellaneous rate categories.
4. The City of Saskatoon (City) has historically matched rate increases and applicable taxes set by SaskPower.

Strategic Goal

This report supports the Strategic Goal of Asset and Financial Sustainability and the long-term strategy to increase revenue sources and reduce reliance on residential property taxes.

Background

The City has designed and historically set its rates to match those established by SaskPower to ensure there are no inequities between customers regardless if they are located within the City's or SaskPower's franchise areas.

Report

On March 4, 2019, the Government of Saskatchewan announced a new electrical rate charge that will become effective April 1, 2019. The new Federal Carbon Tax will be collected by SaskPower on the amount of power used by each customer and is to offset costs resulting from the Federal Government's Carbon Tax. SaskPower has previously indicated that they do not expect to request any further rate increases intended to support their operations until 2020. SaskPower has estimated that the average residential customer will pay an additional \$18 in 2019 because of the new tax.

To ensure that the City's rates are equal to SaskPower's, a new charge is required within each of the Residential, General Service II, III, IV, V and VI rate categories. The new Carbon Tax Charge will be applied on a kilowatt per Hour (kWh) basis similar to the current Energy Charges and matching SaskPower's Federal Carbon Tax including the Municipal Surcharge. Street lighting and other miscellaneous rates will increase 1% and 1.3% respectively due to the new Carbon Tax Charge. Below are the new rates that will be applied to each of the residential and commercial rate categories.

Rate Category	Cost per kWh
Residential	\$0.0034
General Service II	\$0.0033
General Service III	\$0.0033
General Service IV	\$0.0033
General Service V	\$0.0033
General Service VI	\$0.0031

Options to the Recommendation

Other possible options include a rate increase different from SaskPower's or no rate increase at all. The Administration does not recommend either alternative to ensure customer rates are equal regardless of their service provider.

Communication Plan

A detailed communication plan will support the launch of the newly redesigned Utility Statement; the federal carbon charge will appear in the electrical section on City Utility Statements effective April 1, 2019. A Public Service Announcement will be issued to inform customers of the approved electrical rate change, social media messages will be posted, and the City's website saskatoon.ca will be updated to reflect the new electrical rates. A new easy-to-use online Consumption Calculator will be made available April, 2019, giving those customers who want more information on how their electrical and water charges are calculated, a detailed snapshot of their rates.

Financial Implications

In 2019, the approval of a new Carbon Tax Charge will have a small positive impact of \$4,700 on Saskatoon Light & Power's operations and \$84,300 on mill rate operations, including increased electrical costs for civic operations and street lighting. Saskatoon Light & Power's impact was offset by increased costs for power purchased from SaskPower, as well as increased grants-in-lieu provided to the City. The Government of Saskatchewan indicated that funds they collect will be put in a trust that could be returned to ratepayers should they win their carbon tax challenge.

Other Considerations/Implications

There are no public and/or stakeholder involvement, policy, environment, privacy or CPTED considerations or implications.

Due Date for Follow-up and/or Project Completion

Reports will be forwarded to City Council as required for any future rate changes.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Attachment

1. Bylaw No. 9573, The Electric Light and Power Amendment Bylaw, 2019

Report Approval

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Approved by: Trevor Bell, Acting General Manager, Utilities & Environment
Department

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