

City of Yellowknife Water and Sewer Rate Review

Modernization and Fairness Study

**for presentation to
City of Yellowknife Mayor and Council
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Prepared & presented by

Kevin Hodgins,

P. Eng., FEC, FGC (Hon.), FCSSE, MCSCE

I am a Professional Engineer, a Fellow of Engineers Canada, an Honorary Fellow of Geoscientist Canada, a Fellow of the Canadian Society of Senior Engineers, a Member of the Canadian Society for Civil Engineering, a past National Chair for the Cold Regions Division of the Canadian Society for Civil Engineering, a Past President of NAPEG – the body responsible for the licensing of professional engineers and professional geoscientists in the Northwest Territories and Nunavut and a past Director for Engineers Canada - the national body governing professional engineering in Canada.

I provide this list of credentials to validate my experience with the subject of municipal engineering for cold-regions and remote communities.

While I have attempted to consider this review from a rational and technical perspective, I do admit that I have a bias as I am one of the residents of Yellowknife that does not enjoy the benefits of year-round piped water for domestic use and fire protection plus, I do not enjoy the benefits of a piped connection to the City's sewage collection and disposal system.

Many others in our community who reside in neighborhoods with buried water and sewer systems would have inherit biases opposite to mine.

Challenge is to modernize the Water and Sewer Rates while considering Cost of Service Analysis and Fairness as guided by industry best practices established by the American Water and Waste Association (AWWA).

- It is important to simplify and clarify the rate structure.
- AWWA identifies Classes of users based on consumer types including single family residential, multi-family residential, commercial, institutional, irrigation , etc.
- Utility delivery methods are not Classes.
- Intra-class rates are rare in Canada.
- AWWA recommends that Water and Sewer rates be established by Class in an equation that is FAIR to all customer Classes. AWWA Best Practice is FAIRNESS.





System Disparities

Many residential and commercial consumers of water in the city enjoy fully piped services for fire protection plus domestic and commercial consumption.

Some residents and commercial customers in Yellowknife are disadvantaged having to rely on systems with trucked delivery/collection supplemented by seasonal piped distribution for consumption purposes.

These areas of Yellowknife do not have local fire response water supply introducing higher risks than for those with piped fire response water in the near vicinity of their homes and other assets.

Insurance costs and associated risks are higher for those who do not enjoy permanent buried water and sewer systems.



Efficiency and Water Conservation

- **Water and sewer treatment and servicing are expensive.**
- **Efficiency should be encouraged and rewarded**
- **12% of water and sewer utility accounts are serviced by Trucked systems.**
- **These customers successfully practice conservation and consume only 5% of the treated water.**

Current and Proposed Rates

- Despite receiving substandard services and practicing conservation, the City of Yellowknife currently charge single family residential trucked water and sewer customers more than double the price per litre of water than those served on the superior piped system. This has been tolerated.
- Current rates (based on average consumption)
 - Piped rate \$6.55 per cu m.
 - Trucked rate \$13.51 per cu m
- The proposed rate review suggests that this imbalance should be increased so that single family residential trucked consumers would pay nearly 3 x the price charged to piped customers.
- Proposed rates (based on average consumption)
 - Piped rate \$6.57 per cu m.
 - Trucked rate \$18.71 per cu m



Comparison of Other Utilities

Other utilities delivered within Yellowknife do not attempt to distinguish individual costs of infrastructure and delivery within the city.

Rates for power, heating fuels (heating oil/propane), communications (telephone/internet), etc are common to all customer classes regardless of location and system specifics.

Cost Sharing for Other City Facilities and Services

It is curious and unfair that the City attempts to apply an inequitable cost distribution model for water and sewer utilities while applying a "share the costs" model for users (or non-users) of other infrastructure and services including public transportation, roads, parks, recreation facilities, refuse collection, library services, taxes for schools, etc.



Unfair Rate Changes Being Considered

InterGroup proposed changes for Trucked Single Family Residential Consumers is \$693 per year or close to 40% above current charges (after Year 3). This will shift annual charges of \$700,000 to trucked consumers.

No increase proposed for Single Family Residential Piped Consumers.

Extra annual charges of \$700,000 proposed by InterGroup for trucked customers would be offset by reductions in rates for multifamily and commercial customers, many of whom are owned by non-resident real estate investors, not Yellowknife residents.

This proposed rate restructuring is unfair to trucked consumers and proposes to overly burden those serviced by an inferior utility system.

Simplified Fair Rate Restructuring Option for Consideration with Forthcoming Additional Options

- Intra-Classes not considered
- Access fees, demand charges, solid waste fees, infrastructure levies, and insurances to be considered in advanced studies.

<u>Class of User</u>	<u>Cost of Service Forecast 2027 (\$1,000)</u>	<u>Consumption Forecast 2027</u>	<u>Fair Cost Recovery \$/cu m</u>
Residential	\$ 5,267	691,333	\$ 7.62
Multi-Residential	\$ 1,715	280,099	\$ 6.12
Commercial	\$ 3,423	516,692	\$ 6.62
Bulk	\$ 126	17,716	\$ 7.13
Community gardens / services / surface lines	\$ 418	72,473	\$ 5.77
Totals	\$ 10,949	1,578,313	\$ 6.94

Thank you

Kevin Hodgins,

P. Eng., FEC, FGC (Hon.), FCSSE, MCSCE

867-444-4805

Kevin.L.W.Hodgins@gmail.com