

# briefing note



**Date:** November 12, 2012  
**To:** Toronto City Councillors  
**From:** Heather Marshall, Toxics Campaigner  
**Re:** BU30.1 2013 Rate Supported Budgets - Toronto Water and 2013 Water and Wastewater Rates and Service Fees

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## Recommendations:

- 1. Reject the two conditions in Recommendation 1 (Item PW18.1) of the Public Works & Infrastructure Committee decision letter, October 19<sup>th</sup>.**
- 2. Adopt the original Toronto Water recommendation for full cost recovery as proposed in the September 27<sup>th</sup> staff report which proposes the Type 1 ODF Formula for calculating industrial waste surcharge fees.**

## Background

While we support the existing financial subsidies for industrial water users that encourage water conservation and pollution prevention, we do not support the plan to continue providing hidden discounts to treat industry's wastewater pollution.

After an extensive review by Toronto Water and consultants, it has become clear that the Industrial Waste Surcharge program that provides wastewater treatment services to industrial customers is undercharging \$3.6 Million per year. That means residential ratepayers are subsidizing the water pollution fees of big companies.

The Auditor General and Toronto Water both agree that it is imperative to operate this service on a cost recovery basis. Staff has developed an effective and fair plan to recover the \$3.6 Million each year (see note 1 on the back). By using the new Type 1 ODF Formula, Toronto Water can accurately calculate and charge fees based on each individual treatable parameter that is sent through the sewer system. In order to ease industrial clients into the new fee structure, Toronto Water developed a timeline that would phase-in the charges over 6 years. We support this plan and recommend the adoption of Toronto Water's recommendation.

In contrast, the two conditions proposed by the Public Works and Infrastructure Committee must be rejected as they prevent Toronto Water from achieving full cost recovery (see note 2 on the back). They dismiss the Type 1 ODF Formula and replace it with a formula that would only require companies to pay for the cost to treat one water pollution parameter rather than every parameter they send down the sewer. This gives companies a "free ride" and shirks accountability for the real costs of water pollution while residents pick up a \$3.6 Million tab.

**For further information, please contact: Heather Marshall  
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## Note 1:

Toronto Water Staff Report, "Sewers By-law Administration - Response to Request for Information", September 27, 2012. Presented at Public Works and Infrastructure (Item PW18.1). <http://www.toronto.ca/legdocs/mmis/2012/pw/bgrd/backgroundfile-50495.pdf>

Toronto Water 2013 Briefing Note, "Changes to Industrial Waste Surcharge Program", November 6, 2012. Provided at Budget Committee (Item BU30.1). <http://www.toronto.ca/legdocs/mmis/2012/bu/bgrd/backgroundfile-51869.pdf>

Stantec Final Report, "Over Strength Surcharge Review for Toronto Water, City of Toronto", June 2012. Background information provided at Public Works and Infrastructure (Item PW18.1). <http://www.toronto.ca/legdocs/mmis/2012/pw/bgrd/backgroundfile-50669.pdf>

## Note 2:

The two conditions approved by the Public Works and Infrastructure Committee relate to the new formula for the calculation of industrial waste surcharge fees such that:

- "a. the new formula for the calculation of surcharge fees be applied only to the parameter that exceeds the by-law limits the most; and
- b. the proposed annual adjustment factors to allow for a gradual transition to full cost recovery over a six-year period not be applied to the new formula."

*PW18.1 Sewers By-law Administration Response to Request for Information  
Public Works and Infrastructure Committee, Decision Letter, October 11, 2012.*  
<http://www.toronto.ca/legdocs/mmis/2012/bu/bgrd/backgroundfile-51591.pdf>

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