

technical 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

Recommendations:

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

Key Facts

- ⤴ Cost of the program: **\$12.1 Million per year**
- ⤴ Revenue of the program: **\$8.5 Million per year**
- ⤴ Shortfall: **\$3.6 Million per year**
- ⤴ **154 industries** pay for City services through industrial waste surcharge agreements
- ⤴ **4 parameters** include Biological Oxygen Demand (BOD), Phenolics (4AAP), Total Suspended Solids (TSS), and Total Phosphorous (TP).
- ⤴ Current cost to treat any parameter type: **\$0.57 per kg**
- ⤴ The **wastewater fee has not been changed in 15 years** (since 1996) and it is unclear if this fee ever included all the associated operational, transmission and capital costs of the program.
- ⤴ Based on Toronto Water's review with consulting services provided by Stantec, it was determined that **the real cost to treat parameters ranges from \$0.62 to \$1.68 per kg.**
- ⤴ Toronto Water proposes fees that reflect the real cost to treat parameters through the use of Type 1 ODF Formula: BOD or 4AAP (\$0.62/kg), TSS (\$0.60/kg), TP (\$1.69), and that a new parameter be added called Total Kjeldahl Nitrogen, TKN (\$1.18).
- ⤴ Toronto Water can achieve full cost recovery by charging businesses for each parameter they discharge into the sewers.
- ⤴ **Public Works and Infrastructure proposes 'business as usual' with no cost recovery**, charging businesses for only one parameter.

**For further information, please contact: Heather Marshall
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The current Industrial Waste Surcharge program operates as follows:

- ⤴ Costs \$12.1 Million to provide the service but only charges \$8.5 Million each year
- ⤴ Operates at an annual shortfall of \$3.6 Million, in effect providing businesses with hidden discounts for treating their wastewater at the expense of other Toronto Water ratepayers.
- ⤴ Charges \$0.57 per kg to treat the wastewater pollution 'parameters', a fee that has remained unchanged since 1996 even though costs to treat pollution have increased.
- ⤴ Only charges the industrial customer for the cost to treat one parameter (the one they discharge at the greatest volume) even though the company may discharge more than one type of wastewater pollution down the sewer.

The impact of the two conditions approved by PWI Committee

The two conditions passed by the Public Works and Infrastructure Committee prevent Toronto Water from achieving full cost recovery for the provision of the Industrial Waste Surcharge program.

- ⤴ Charging industrial customers for only one parameter, the one that they send down the sewer in the largest quantity, makes it impossible to achieve cost recovery.
- ⤴ Some of these parameters are more expensive to treat than others (especially when you include capital, operational and administrative costs).
- ⤴ To better explain how this works, please refer to the example below.

Example: Molson Canada¹

Parameter	Amount	Cost to treat / kg	Costs recovered Type 1 Formula	Costs recovered PWI conditions
Biological Oxygen Demand (BOD)	2208 mg/L	\$0.62	YES	YES
Total Suspended Solids (TSS)	517 mg/L	\$0.60	YES	NO
Total Phosphorus (TP)	4.79 mg/L	\$1.69	YES	NO

¹ Appendix C. Summary of Waste Discharge above By-law Limits through Industrial Waste Surcharge Agreements for 2010 and 2011. <http://www.toronto.ca/legdocs/mmis/2012/pw/bgrd/backgroundfile-50671.pdf>

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