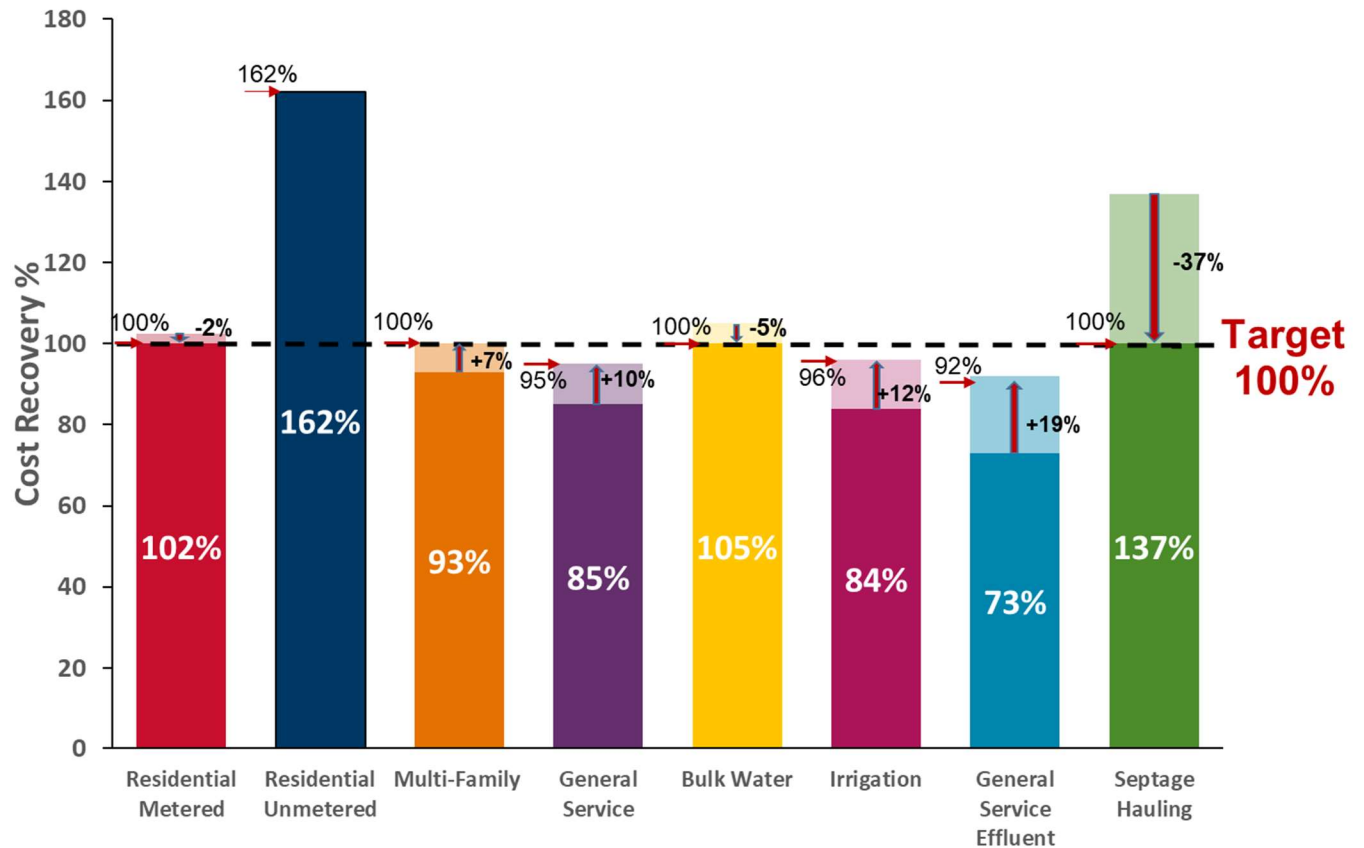


Cost Recovery Strategy

Current and Proposed Cost Recovery for Customers



Note: There were 5,829 Residential Unmetered accounts as of December 31, 2021

| | Cost Recovery by 2026 - Current Rates | Cost Recovery by 2026 - Proposed Rates | Change in Cost Recovery |
|--------------------------|------------------------------------------|-------------------------------------------|----------------------------|
| Residential Metered | 102% | 100% | -2% |
| Residential Unmetered | 162% | 162% | 0% |
| Multi-Family | 93% | 100% | 7% |
| General Service | 85% | 95% | 10% |
| Bulk Water | 105% | 100% | -5% |
| Irrigation | 84% | 96% | 12% |
| General Service Effluent | 73% | 92% | 19% |
| Septage Hauling | 137% | 100% | -37% |

Cost Recovery Strategies for Water and Wastewater Line of Service

| | Cost Recovery Strategies | Change in Cost Recovery |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Inside City Customers | | |
| Residential Metered | Moving closer to its allocated cost of service while moderating overall rate impact. | Bring closer to 100% cost recovery by decreasing 2%. |
| Residential Unmetered | Maintain 2022 rates and continue to encourage customer to move to the metered class. | Maintain the existing 2022 rates for Residential Unmetered Customer across 2023-2026. |
| Multi-Family | Achieving its full cost of service by 2026. | Bring closer to 100% cost of service by increasing 7%. |
| General Service | Moving closer to its allocated cost of service while moderating its overall rate impact. | Bring closer to 100% cost recovery by increasing 10%. |
| Bulk Water | Achieving its full cost of service by 2026. | Bring closer to 100% cost recovery by decreasing 5%. |
| Irrigation | Moving closer to its allocated cost of service. | Bring closer to 100% cost recovery by increasing 12%. |
| General Service Effluent | Moving closer to its allocated cost of service while moderating its overall rate impact. | Bring closer to 100% cost recovery by increasing 19%. |
| Septage Hauling | Achieving its full cost of service by 2026 while encouraging appropriate environmental disposal. | Bring closer to 100% cost of service by decreasing 37%. |
| Extra Strength Customers | Maintaining 2022 rates while the Water Utility engages impacted customers and works towards implementation of the updated billing surcharges. | Maintaining 2022 rates while the Water Utility engages impacted customers and works towards implementation of the updated billing surcharges. |
| Regional Customers | | |
| Regional Municipalities | Continue to cover 100 per cent of cost for related services. | Rates for regional customers cover 100 per cent of the cost for the services they receive. |

Cost Recovery Strategies for Stormwater Line of Service

| Customer Classes | Cost Recovery Strategies |
|------------------------------|------------------------------------------------------------------------------|
| Inside City Customers | Maintain the current fixed rate structure for all customers across 2023-026. |