REGIONAL DISTRICT NORTH OKANAGAN
GREATER VERNON WATER

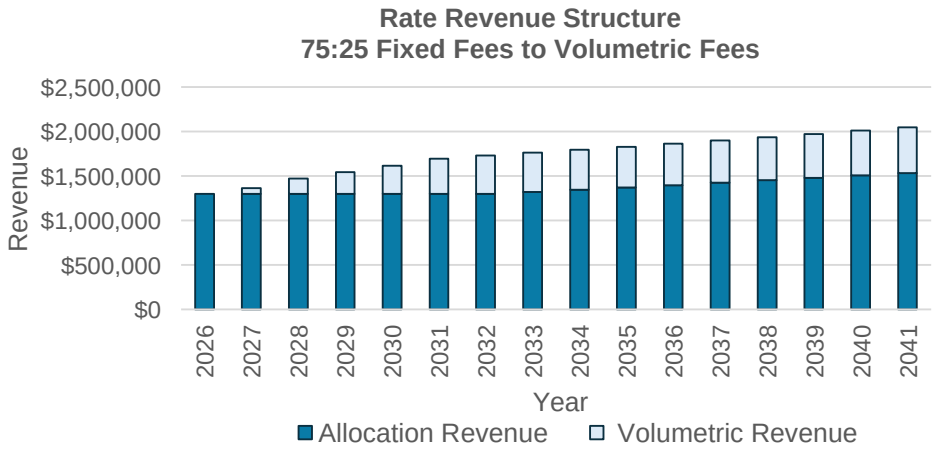
Agricultural Rate Structure Factsheet

Beginning in 2027, Greater Vernon Water (GVW) will introduce rate structure changes to include a volumetric component alongside the existing allocation fee.

How are agricultural water rates set?
Agricultural water rates are determined by the revenue needed to operate and maintain the water system to provide service to agricultural customers. The revenue collected covers two (2) main areas:

- **Operations and Maintenance (O&M):** The ongoing cost to deliver water to agricultural customers.
- **Capital Contribution:** Is part of the asset management program to ensure a sustainable water utility far into the future. It includes an annual increase introduced in 2022 to slowly achieve the Average Annual Lifecycle Capital Investment (AALCI) required and is dedicated to building reserves or completing capital projects that will renew and replace water system infrastructure that supports agricultural users. Based on current projections and economic indicators, the annual increase specific to the capital contribution is predicted to end in 2031 and was designed as a catch-up funding mechanism. It also aligns to the domestic asset management program goals.

Rate increases follow a structured, multi-year plan to avoid excessive rate increases while ensuring the system remains financially stable and sustainable in the long-term.



Rate Increase Summary			
Years	2025-2028*	2029-2031	2032-2046
Inflation	1.9%	1.9%	1.9%
Domestic & Agricultural Increase**	1.5%		
Agriculture Capital Contribution (2022-2031)	3.0%	3.0%	
Total Rate Increase	6.4%	4.9%	1.9%

*Bylaw 3015 rates (future rates not set, but assumes inflation steady at 1.9%)

**Catch up due to high inflation in 2020 and 2021

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With the introduction of volumetric rates, the goal is to set rates that reflect the true cost of delivering water while encouraging efficiency. It also provides equity of service, those using more of the resource will pay more and those using less will pay less.

Other concerns that this will assist in managing:

- Encouraging agricultural properties to use what they need and not manage only “to stay within their Allocation” as the total assigned allocations are more than actual system capacity,
- If every agricultural property used 100% of its allocation, GVW would not be able to supply that volume because it simply does not exist within the available water supply and would cause severe restrictions across all user groups annually, and
- Provide a financial incentive for agricultural properties to fix leaks in a timely fashion, upgrade irrigation and incorporate water conservation into their property water management practices.

GVW is currently undertaking a Water Capacity Study to review the system capacity concerns and develop a plan for the future.

The majority of agricultural properties use less than 25% of their allocation. Current allocated use across agricultural properties for 2025 was as follows:

Allocation Used	Number of Properties	% of Ag Properties
<25%	476	56.20%
25–40%	100	11.80%
40–50%	54	6.40%
50–75%	116	13.70%
75–100%	59	7.00%
>100%	42	5.00%
Total	**847**	**100%**

Why is there a push for the agricultural sector to conserve?
The agricultural sector accounts for 55% of the water supplied within the GVW system. Residential and commercial customers are already subject to tiered pricing structures designed to promote efficient use and conservation measures. GVW has invested millions of dollars to reduce water losses and encourage efficiency across the system, with a strong focus on the domestic sector.

Given the scale of agricultural consumption, even modest improvements can result in substantial water savings. Volumetric pricing will provide incentive for conservation, fixing leaks in a timely manner and irrigation improvements.

Will over-allocation and off-season rates change?
Over-allocation fees still apply when allocation is exceeded and will be billed on top of the volumetric rate. GVW will maintain off-season rates as well. The volumetric rate will be credited to the off-season rate, so you will not be charged two (2) fees for the same volume of water.

How often will rates be reviewed or adjusted?
Rates are reviewed and set on a 4-year cycle, which includes a financial review, rate-setting process, and Board approval. This approach provides predictability and transparency.

How does the new rate structure work?
Your bill will still include the annual fee based on your allocated hectares (ha), but it will now also reflect the amount of water used in the Volumetric Rate. Both fees will be billed Quarterly.

1. Allocation Fee (Flat Rate)

	Table 1. New Rate structure	
Year	Annual flat fee / ha	Volumetric (per m^3)
2026	$ 429.32	$ 0.00
2027	$ 429.32	$ 0.01
2028	$ 429.32	$ 0.03
2029	$ 429.32	$ 0.04
2030	$ 429.32	$ 0.05
2031	$ 429.32	$ 0.06
2032	$ 429.32	$ 0.07
2033	$ 437.00	$ 0.07
2034	$ 445.00	$ 0.07

2. Volumetric Rate (New in 2027)

Properties will be billed based on actual water use as measured by your agricultural meter. The rate is set to absorb scheduled rate increases and will gradually increase each year until 2032.

In 2033, it is estimated that revenue from the agricultural sector stream will be 75% from allocation fees and 25% from volumetric rates, which is the revenue goal set by the Board of Directors. In comparison, the domestic sector revenue goal is set at 50% flat fees and 50% volumetric rates. A smaller volumetric rate goal was set for agricultural users to limit the impact while still promoting efficient water use.

How will my rates change for my property?
Table 2 below demonstrates the changes to a 1-hectare property based on % of allocation used. The "Annual Fees based on Water Use Percentage" in the table below includes the allocation fee + volumetric rates. 40% water use is estimated as the break-even water use and rates are based on annual average use across GVW.

- Properties using **average or below-average water** are likely to see **more moderate changes** that are equivalent to the annual rate increases.
- Properties using **less water** may remain closer to current flat-rate costs.
- Properties using **more than average** water will see higher charges over time, reflecting increased system demand.

Table 2. Previous Flat Rate vs. Volumetric Rate Scenarios (1ha Property)

		Annual Fees based on Percent of Allocation Used				
Year	Previous Rate per 1 ha	25%	40%	50%	75%	100%
2026	$429	$429	$429	$429	$429	$429
2027	$457	$443	$451	$457	$471	$484
2028	$486	$471	$495	$512	$553	$594
2029	$510	$484	$517	$539	$594	$649
2030	$535	$498	$539	$567	$636	$704
2031	$561	$512	$561	$594	$677	$759
2032	$572	$526	$583	$622	$718	$814
2033	$583	$533	$591	$630	$726	$822
2034	$594	$541	$599	$638	$734	$830

How can I estimate my water charges?
To estimate your annual water cost:
Annual Fee = Number of hectares allocated × Estimated rate per hectare (from Table 2 above)

Rates in Table 2 already include the allocation fee and volumetric charges, based on the percentage of water used.

Example 1: Average Water Use (50%)
5-hectare property estimates it uses 50% of its allocation in 2030.
Previous Rate: 5(ha) x $535 = $ 2,675
2030 Rate: 5(ha) x $565 = $ 2,827
Difference: +$150 compared to the former flat rate.

Example 2: High Water Use (100%)
A 5-hectare property estimates it uses 100% of its allocation in 2030.
2030 Rate: 5(ha) x $702 = $ 3,508
Difference: +$833 compared to the former flat rate.

Table 3 below shows estimated annual water fees for a 5-hectare property based on water use.

Table 3. Previous Flat Rate vs. Volumetric Rate Scenarios (5 ha Property)

		Annual Fee's based on Water Use Percentage				
Year	**Previous Rate**	**25%**	**40%**	**50%**	**75%**	**100%**
2026	$2,147	$2,147	$2,147	$2,147	$2,147	$2,147
2027	$2,284	$2,215	$2,257	$2,284	$2,353	$2,422
2028	$2,430	$2,329	$2,439	$2,512	$2,695	$2,878
2029	$2,550	$2,406	$2,562	$2,666	$2,926	$3,186
2030	$2,675	$2,487	$2,691	$2,827	$3,168	$3,508
2031	$2,805	$2,571	$2,826	$2,996	$3,421	$3,846
2032	$2,860	$2,607	$2,883	$3,066	$3,526	$3,986
2033	$2,915	$2,655	$2,936	$3,124	$3,594	$4,063
2034	$2,970	$2,705	$2,993	$3,185	$3,665	$4,145

How often is water use recorded and reviewed?
Water use is recorded through installed meters and reviewed on a regular billing and reporting cycle. Usage data supports accurate billing, system planning, and long-term water management.

Can I see my historical water-use data?
Yes. Property owners receive their AgConnect access code in the annual start of the season letter. Access codes and historical use can also be requested by contacting GVW. AgConnect is available at www.rdno.ca/agwater. AgConnect is updated about every two (2) weeks through the irrigation season; however, every property owner can check their meters more frequently if they require more readings.

Why is 40% the break-even point?
Fees are generally calculated using customer sector revenue averages. The 40% water-use level reflects average agricultural water use across the GVW system. At this level, allocation fees and volumetric charges are most closely aligned with the former flat-rate structure.

What happens in drought years or unusually wet years?
Water use naturally varies with weather conditions. In drought years, GVW may implement additional water management measures under existing policies. In wetter years, water use may decrease, which could lower volumetric charges for some users.

Water rates are not adjusted year-to-year based on weather or revenue fluctuations as GVW maintains a revenue stabilizing reserve to support years where revenues are less than expenses to avoid having to increase rates to make up for shortfalls.

What if my farm type requires more water than average?
GVW recognizes that water needs vary by crop and operation. The volumetric system does not restrict water use, but higher use will result in higher costs. This approach ensures transparency and equity across all users.

Are different crop types treated differently?
No. Rates are applied consistently across agricultural users. Billing is based on water use rather than crop type.

Are there incentives or rebates for improving irrigation efficiency?
GVW continues to promote conservation and improve system reliability. Volumetric rates were introduced to provide a financial incentive for improving irrigation efficiency. Information on available tools and provincial funding programs are available on the GVW website at www.rdno.ca/agwater.

Do repairs or upgrades lower my future costs?
Yes. Reducing water use through repairs, leak detection, or efficiency upgrades can lower volumetric charges if they result in lower water use.

Why is the change being phased in over several years?
Phasing allows time to understand the new rate structure, plan accordingly, and supports predictable, stable rate impacts.

What happens if there's a dispute over usage or billing?
GVW has procedures in place to review and resolve usage or billing concerns. Property owners are encouraged to contact GVW if an issue arises.

Questions?
Information about the Greater Vernon Water agricultural program and related application forms can be found at www.rdno.ca/agwater.
If you have any questions, please contact our office.
Phone: 250-550-3700 Email: utilities@rdno.ca