

Water Rate Study 2022-2023

Drainage and Wastewater Rate Study 2022-2024

Updating Water, Drainage, and Wastewater Rates

July 21, 2021

Agenda

- Strategic Business Plan (SBP) Update
- Water
 - Updates to Strategic Business Plan
 - Rate Proposal Changes
- Wastewater & Drainage
 - Updates to Strategic Business Plan
 - Rate Proposal Changes



Endorsed Rate Path - Strategic Business Plan

	Rate Path				Rate Forecast		Average
	2021	2022	2023	2024	2025	2026	
Water	0.0%	2.7%	4.7%	3.6%	4.2%	5.5%	3.4%
Wastewater	7.3%	3.1%	5.9%	0.5%	7.8%	3.6%	4.7%
Drainage	7.4%	8.6%	7.2%	3.9%	6.5%	6.7%	6.7%
Solid Waste	2.9%	2.9%	2.2%	2.3%	2.1%	2.1%	2.4%
Combined	4.5%	3.9%	5.0%	2.2%	5.4%	4.2%	4.2%

 Approved rate legislation currently in effect



Strategic Business Plan - Proposed Rates

Six-year average rate path lowered from 4.2% to 3.9%.

	Rate Path			Rate Forecast			Average
	2021	2022	2023	2024	2025	2026	
Water	0.0%	2.6%	3.6%	4.0%	4.7%	3.6%	3.1%
Wastewater	7.3%	2.0%	3.9%	2.9%	4.5%	4.5%	4.2%
Drainage	7.4%	6.0%	6.2%	6.0%	6.2%	6.2%	6.3%
Solid Waste	2.9%	2.9%	2.2%	2.3%	2.1%	2.1%	2.4%
Combined	4.5%	3.0%	3.8%	3.5%	4.3%	4.0%	3.9%

 Approved rate legislation currently in effect

 Proposed rate legislation



Single Family Residential Bill Comparison

	2021	2022	2023	2024	2025	2026
Strategic Business Plan	\$222.62	\$232.03	\$243.79	\$249.50	\$262.96	\$274.51
Proposed Rate Update	\$222.62	\$229.47	\$238.49	\$247.34	\$258.16	\$268.92
Savings	\$0	-\$2.56	-\$5.30	-\$2.16	-\$4.80	-\$5.59



Water Rate Proposal



Proposed Water Rates

	2021	Proposed Rate Path		Rate Forecast			Average
		2022	2023	2024	2025	2026	
SBP Rate Path	0.0%	2.7%	4.7%	3.6%	4.2%	5.5%	3.4%
Rate Proposal	0.0%	2.6%	3.6%	4.0%	4.7%	3.6%	3.1%



Water Rates - Updates since Strategic Business Plan

Capital Financing

- Savings from 2021 bond issue, including refunding and defeasance

Non-Retail Rate Revenue

- Adjusted wholesale revenue projections
- Non-operating revenue reduced to reflect more conservative development forecast

Customer Assumptions

- Consumption adjusted to flat forecast
- Increased participation in Utility Discount Program

Drainage & Wastewater Rate Proposal



Proposed Drainage & Wastewater Rates

	2021	Proposed Rate Path			Rate Forecast		Average
		2022	2023	2024	2025	2026	
Wastewater SBP Rate Path	7.3%	3.1%	5.9%	0.5%	7.8%	3.6%	4.7%
Wastewater Rate Proposal	7.3%	2.0%	3.9%	2.9%	4.5%	4.5%	4.2%
Drainage SBP Rate Path	7.4%	8.6%	7.2%	3.9%	6.5%	6.7%	6.7%
Drainage Rate Proposal	7.4%	6.0%	6.2%	6.0%	6.2%	6.2%	6.3%



Drainage & Wastewater Rates - Updates since Strategic Business Plan

Capital Financing

- Savings from 2021 bond issue, including refunding and defeasance

Customer Assumptions

- Consumption adjusted to flat forecast
- Increased participation in Utility Discount Program

King County Wastewater Treatment Rate

- Updated for adopted and projected rate schedule

	2022	2023	2024	2025	2026
SBP	4.5%	0%	10.25%	0%	10.25%
Proposed	4.0%	4.0%	4.0%	5.0%	5.0%



Regulatory Drivers - Ship Canal Project

- As part of the Consent Decree, the Ship Canal Water Quality Project is the largest and most expensive project ever undertaken by the City.

	Proposed Rate Path		
	2022	2023	2024
Wastewater			
Consent Decree-Related	0.5%	0.5%	0.5%
Remaining	1.5%	3.4%	2.4%
Rate Proposal	2.0%	3.9%	2.9%
Drainage			
Consent Decree-Related	2.0%	2.0%	2.0%
Remaining	4.0%	4.2%	4.0%
Rate Proposal	6.0%	6.2%	6.0%



Strategic Business Plan - Proposed Rates

	Rate Path			Rate Forecast			Average
	2021	2022	2023	2024	2025	2026	
Water	0.0%	2.6%	3.6%	4.0%	4.7%	3.6%	3.1%
Wastewater	7.3%	2.0%	3.9%	2.9%	4.5%	4.5%	4.2%
Drainage	7.4%	6.0%	6.2%	6.0%	6.2%	6.2%	6.3%
Solid Waste	2.9%	2.9%	2.2%	2.3%	2.1%	2.1%	2.4%
Combined	4.5%	3.0%	3.8%	3.5%	4.3%	4.0%	3.9%

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 Proposed rate legislation

