



Utility affordability is a public policy issue affecting people’s ability to access essential services, and thus impacting their quality of life. Seattle Public Utilities is working to address the burden of utility bills by:

- Establishing transparent utility pricing and rate structures;
- Improving and innovating customer assistance programs to address low- and fixed-income customers;
- Seeking state and federal funding to further support low-income customers;
- Maximizing community returns on SPU investments through process efficiencies; and
- Prioritizing programs and investments to meet needs and maximize value to all SPU customers.

### Challenges faced by customers:

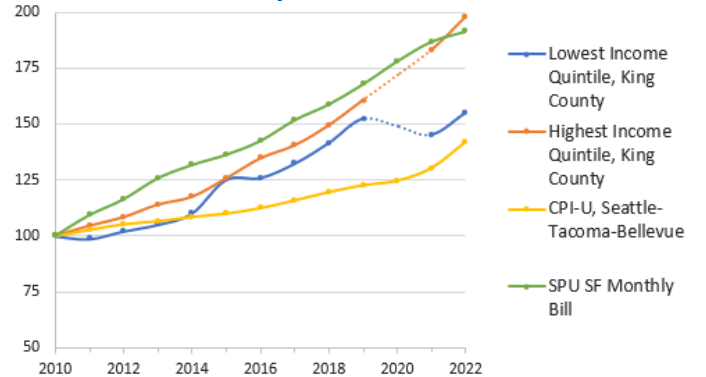
#### Low-income customers are disproportionately impacted by utility bill increases

As Seattle experiences growing costs of living and income disparity, SPU customers face significant affordability concerns. According to a 2023 University of Washington report, a household of four needs over \$84,000 a year to pay for basic living needs. In contrast, the region’s second and third most common occupations, fast food workers and counter workers, earn a median income of \$35,000.

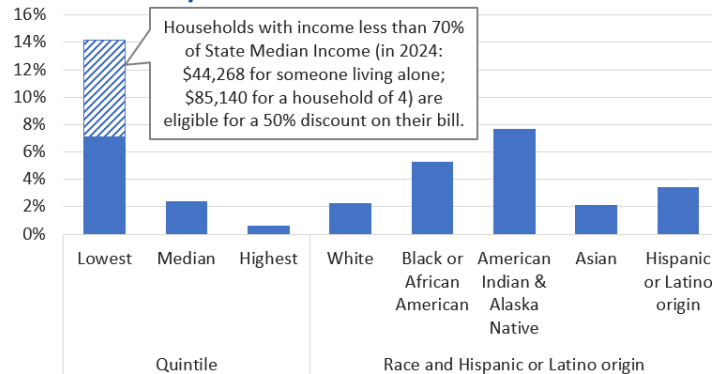
A quarter of households in the Duwamish and Beacon Hill neighborhoods have household incomes below UW’s Self-Sufficiency Standard; 30% of households in Northeast Seattle have household income below the Self-Sufficiency Standard. Affordability will continue to being a challenge for many customers: SPU bills have outpaced inflation and income growth since 2010, growing at an average rate of 5.5 percent, compared to a 3.0 percent inflation rate (as measured by the Consumer Price Index, CPI) and 4.8 percent income growth (change in median income). Low-income customers and traditionally underserved communities, including communities of color, are disproportionately impacted.

### Impacts to those who can least afford it

**SPU Growth in Monthly Bills vs. Growth in CPI and Income**



**Utility Costs as a Share of Seattle Income**



Sources: Income: American Community Survey 1-year samples; CPI: Bureau of Labor Statistics

### Challenges faced by SPU: Water and waste management demands

SPU faces several challenges as it delivers essential water, drainage and wastewater, and waste services that are costly to address.

- Aging or vulnerable infrastructure
- Wastewater treatment costs from the regional system
- Culvert removal and replacement
- Water pollution from sewer overflows during high rainfall events
- Pollution remediation, including Superfund sites and addressing emerging contaminants
- Climate change
- Flooding impacting our drainage and wastewater systems

## Affordability and accountability efforts

SPU's Affordability and Accountability (A+A) Strategic Plan identifies the utility's strategic priorities and commitments for improving SPU's overall ratepayer affordability and business performance. SPU's overall goal is to deliver the highest quality service at the lowest predictable rate and to be transparent about how rate dollars are spent. **Affordability** outcomes focus on overall and individual "ability to pay". **Accountability** outcomes focus on meeting commitments and demonstrating results.

Overall, A+A work is characterized by focused actions, large and small, made across the organization as part of everyday work.

### Affordability results

#### Minimizing costs to SPU

In the face of high inflation from factors such as health care, construction, and labor, as well as facing pass-through rate increases from King County's sewer services, SPU has worked to reduce its costs by securing low-interest loans, refinancing bonds, renegotiating contracts, and improving capital project coordination and funding policies. These efforts have allowed SPU to keep rate increases to below its 5% target.

From 2019-2022,

- Low-interest WIFIA funding and SRF loans saved SPU over \$85 million,
- Bond refinancing saved SPU over \$45 million, and
- Renegotiating Solid Waste contracts saved \$5 million per year.

#### Improving SPU's customer assistance programs

To ensure equitable access to utility services to all, SPU has focused on providing significant support to the most vulnerable customers. SPU has taken proactive action to increase customer affordability assistance by:

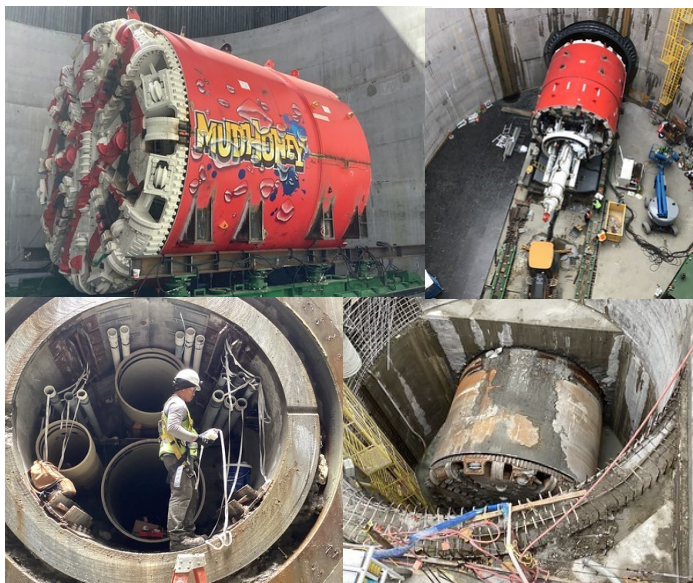
- Continuing engagement with community partners to increase enrollment in the Utility Discount Program;
- Expanding emergency bill assistance;
- Ensuring water access during extreme heat events;
- Preventing shutoffs during COVID recovery by allowing flexible repayment of delinquencies over longer periods of time; and
- Embarking on a comprehensive evaluation of the utility bill assistance programs in partnership with Seattle City Light to inform future program improvements.

### Accountability results

#### Increasing transparency through reporting

SPU's efforts to improve accountability include increased transparency through reporting. Two key efforts to ensure transparency are:

1. Strategic Business Plan progress reporting through regular quarterly reports presented to the SPU Customer Review Panel and posted publicly.
2. Reporting on the status of SPU capital infrastructure projects as needed online and through publicly-available media channels whenever there are significant changes or key milestones are met.



For more information on SPU's Affordability and Accountability accomplishments and strategic plan, please visit <https://www.seattle.gov/utilities/about/plans/strategic-business-plan/plan-documents>