

Water Rate Study 2024-2026

Updating Retail Water Rates

Transportation and Seattle Public Utilities Committee Briefing

September 5, 2023

Water Rates Discussion Agenda

- Proposed Rates
 - Rates Lower Compared to Strategic Business Plan (SBP)
 - Water Bill Examples
 - Rate Design Update
- Water System
 - Volume and Forecast
 - Revenues & Expenditures
- Next Steps



Strategic Business Plan Update

Approved Rate Path

	2021	2022	2023	2024	2025	2026	Average
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%

Updated Rate Path and Rate Proposal

	2021	2022	2023	2024	2025	2026	Average
Water	0.0%	2.6%	3.6%	2.0%	2.0%	2.0%	2.0%
Wastewater	7.3%	2.0%	3.6%	3.1%	6.2%	6.8%	4.8%
Drainage	7.4%	6.1%	5.8%	6.3%	6.7%	7.8%	6.7%
Solid Waste	2.9%	2.9%	1.5%	2.3%	2.5%	4.0%	2.7%
Combined	4.5%	3.0%	3.5%	3.2%	4.4%	4.9%	4.0%

 Legislation approved and in effect at time of SBP adoption.

Comparison to SBP

Major Changes

Reduced Spending

- O&M reduced by approx. \$7M/year
- Capital program
 - Savings from 2021 and 2022 bond issues, including refunding and defeasance
 - Debt service in 2024 approximately \$11M less than in SBP

Customer Assumptions

- Consumption reset after COVID disruption – Increasing consumption through 2025
- Increased participation in Utility Discount Program

Change in Typical Monthly Water Bills

	2023 Typical Bill	2024 Proposed Change	2025 Proposed Change	2026 Proposed Change	2026 Proposed Bill
Single Family Residence	\$48.66	\$0.00	\$1.00	\$1.05	\$50.71
Convenience Store	\$113.70	\$5.40	\$2.95	\$3.05	\$125.10
Small Office Building	\$362	\$14	\$7	\$8	\$392
Apartment Building (90 Units)	\$1,368	\$55	\$27	\$28	\$1,478
Medium Hotel	\$8,504	\$288	\$133	\$135	\$9,060
Large Industrial	\$20,538	\$671	\$304	\$305	\$21,818

Notes: All customers are assumed in Seattle with in-city rates.

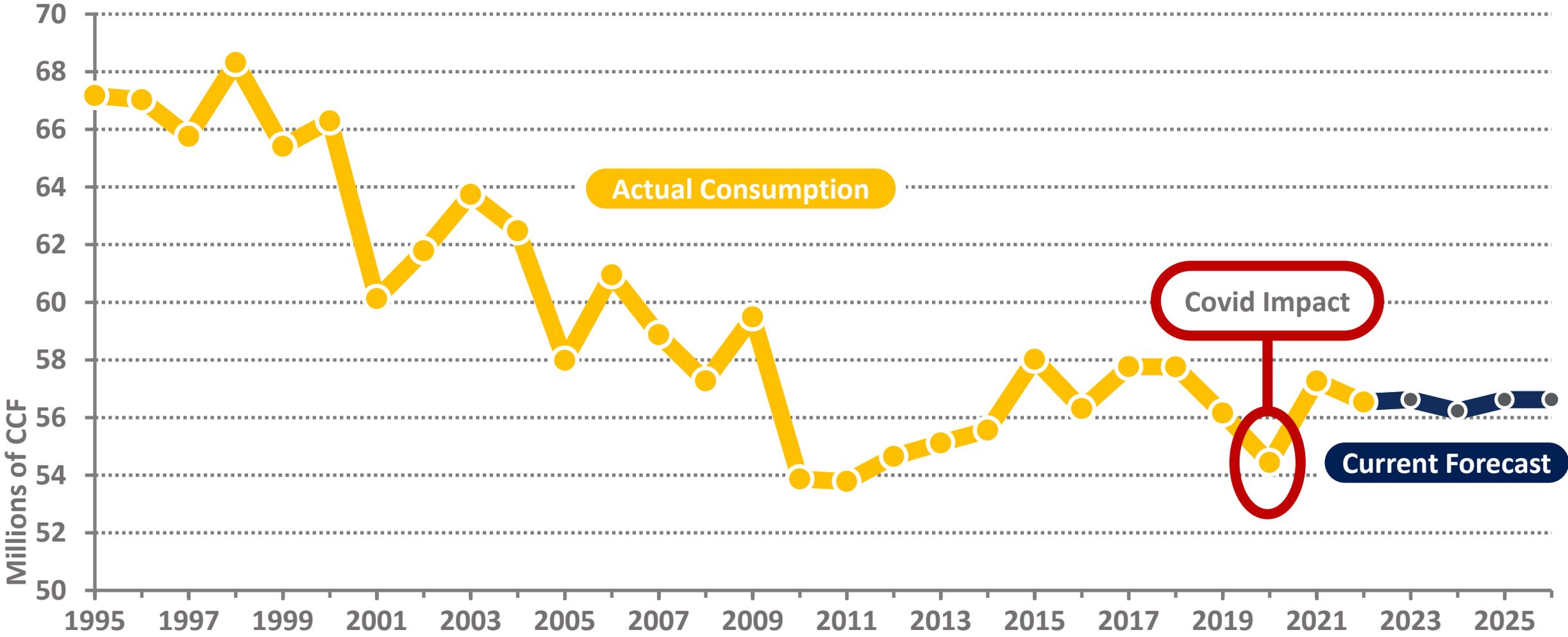
Cumulative proposed increase per apartment unit is \$1.22, vs. \$2.05 for single family residence. How tenants are billed is decided by landlords.



Rate Design Updates

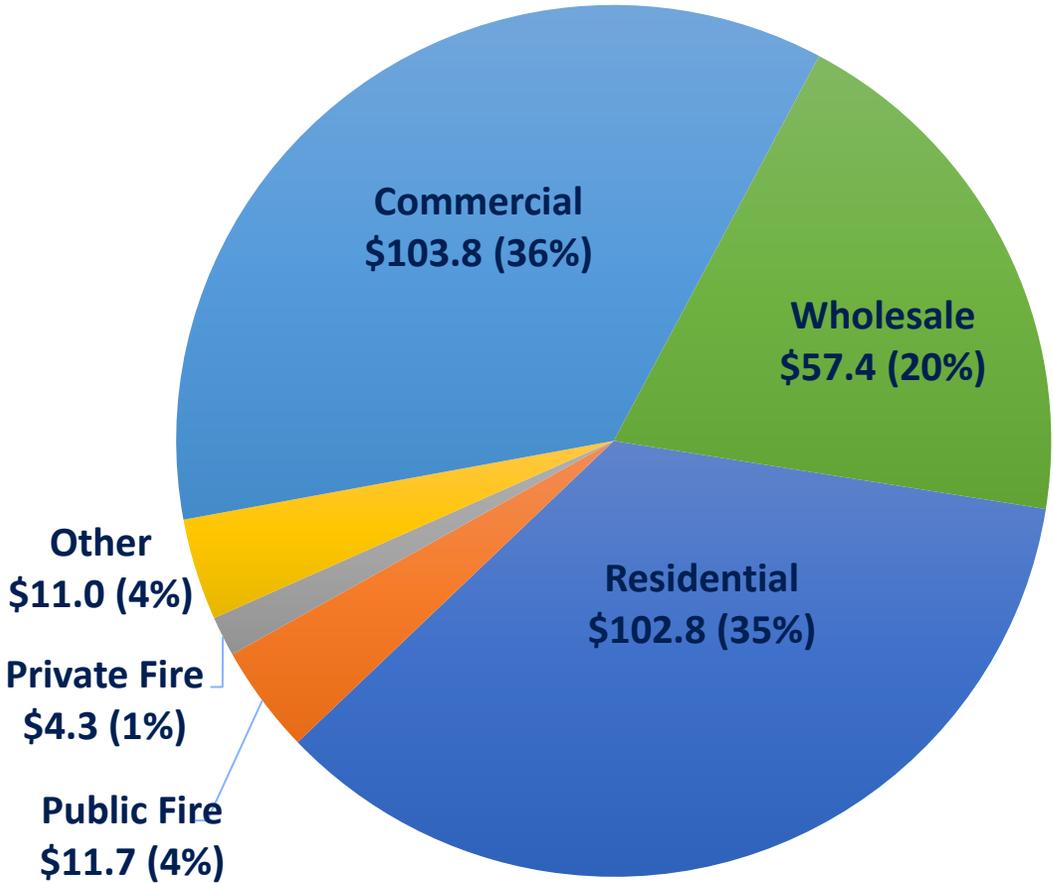
- Focus on increasing revenue stability
 - Shifting SPU fixed charge from 26% to 28% to more closely align with regional average of 40%.
 - Fixed meter charges will increase at a faster rate than volume through 2026.
 - Conservation message from increasing summer rates still applies to residential customers.
- Increased residential consumption forecast leads to no increase in residential rate in 2024

Covid Impact on Water Volumes and Forecast

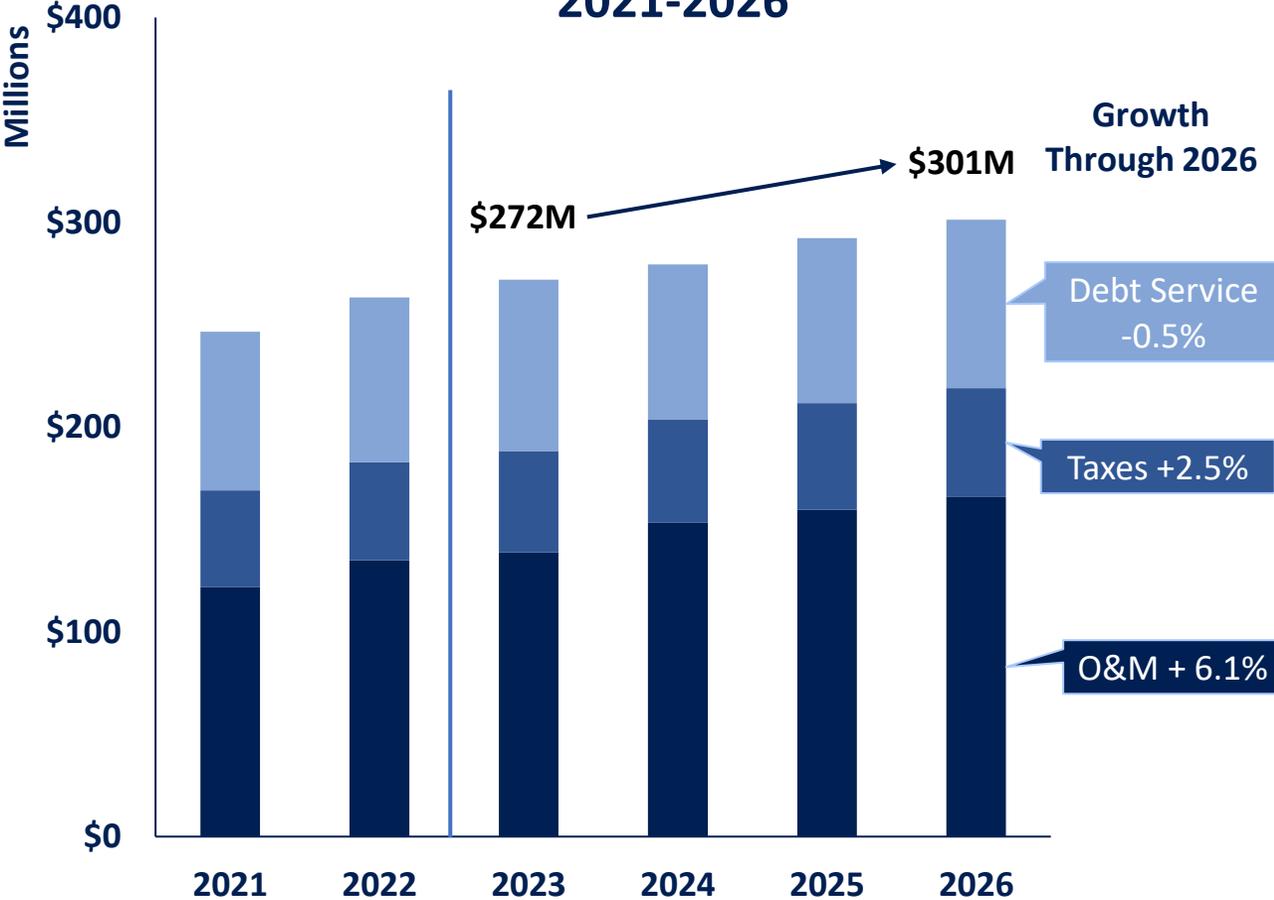


Water Revenues & Expenditures

2022 Operating Revenue: \$290.9 Million



Actual and Projected Operating Expenditures 2021-2026



Next Steps

- Central Staff Issues Identification and Possible Vote (9/19)
- Full Council vote* (9/26)

*Pending Committee approval