



SEATTLE CITY COUNCIL

Governance and Utilities Committee

Agenda

Special Meeting

Wednesday, July 29, 2026

9:30 AM

Council Chamber, City Hall

600 4th Avenue

Seattle, WA 98104

Joy Hollingsworth, Chair

Debora Juarez, Vice-Chair

Robert Kettle, Member

Maritza Rivera, Member

Dan Strauss, Member

Chair Info: 206-684-8803; Joy.Hollingsworth@seattle.gov

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SEATTLE CITY COUNCIL
Governance and Utilities Committee
Agenda
July 29, 2026 - 9:30 AM
Special Meeting

Meeting Location:

Council Chamber, City Hall, 600 4th Avenue, Seattle, WA 98104

Committee Website:

<https://seattle.gov/council/governance-and-utilities>

This meeting also constitutes a meeting of the City Council, provided that the meeting shall be conducted as a committee meeting under the Council Rules and Procedures, and Council action shall be limited to committee business.

Members of the public may register for remote or in-person Public Comment to address the Council. Please register in advance in order to be recognized by the Chair. Details on how to register for Public Comment are listed below:

Remote Public Comment - Register online to speak during the Public Comment period at the meeting at <https://www.seattle.gov/council/committees/public-comment>. Online registration to speak will begin one hour before the meeting start time, and registration will end at the conclusion of the Public Comment period during the meeting.

In-Person Public Comment - Register to speak on the public comment sign-up sheet located inside Council Chambers at least 15 minutes prior to the meeting start time. Registration will end at the conclusion of the Public Comment period during the meeting.

Please submit written comments no later than four business hours prior to the start of the meeting to ensure that they are distributed to Councilmembers prior to the meeting. Comments may be submitted at Council@seattle.gov or at Seattle City Hall, Attn: Council Public Comment, 600 4th Ave., Floor 2, Seattle, WA 98104. Business hours are considered 8 a.m. - 5 p.m. Comments received after that time will be distributed after the meeting to Councilmembers and included as part of the public record.

Please Note: Times listed are estimated

A. Call To Order

B. Approval of the Agenda

C. Public Comment

Members of the public may address items on the agenda and matters within the purview of the committee. Please register in advance to be recognized by the Chair.

D. Items of Business

1. [CB 121246](#) **An ordinance relating to emergency assistance for Seattle Public Utilities customers; amending Section 21.76.065 of the Seattle Municipal Code to adjust program terms and conditions and expand eligibility guidelines for emergency bill assistance.**

Supporting
Documents:

[Summary and Fiscal Note](#)

[Presentation](#)

[Amendment 1](#)

Briefing, Discussion, and Possible Vote (5 minutes)

Presenters: Leslie Brinson, Seattle Public Utilities; Melissa Bookwalter, Seattle City Light

2. [CB 121247](#) **An ordinance relating to the City Light Department's emergency bill assistance program; amending Section 21.49.042 of the Seattle Municipal Code to adjust program terms and conditions and expand eligibility guidelines for emergency bill assistance.**

*Supporting
Documents:*

[Summary and Fiscal Note](#)
[Presentation](#)
[Amendment 1](#)

Briefing, Discussion, and Possible Vote (5 minutes)

Presenters: Leslie Brinson, Seattle Public Utilities; Melissa Bookwalter, Seattle City Light

3. [CB 121245](#) **An ordinance relating to rates and charges for water services of Seattle Public Utilities; revising water rates and charges; revising qualification requirements for the utility discount program; revising credits to low-income customers; and amending Sections 21.04.430, 21.04.440, 21.76.030, and 21.76.040 of the Seattle Municipal Code.**

*Supporting
Documents:*

[Summary and Fiscal Note](#)
[Summary Ex A - 2027-2029 Water Rate Study](#)
[Central Staff Memo](#)
[Comparison Slide](#)
[Presentation \(7/29/26\)](#)
[Amendment 1](#)

Briefing, Discussion, and Possible Vote (20 minutes)

Presenter: Maria Coe, Seattle Public Utilities

4. **Response to Statement of Legislative Intent (SLI) ITD-010S-A-2:
Artificial Intelligence Investment and Usage Reports**

Supporting
Documents:

[SLI ITD-010S-A-2](#)

[SLI Response](#)

[Presentation \(5/14/26\)](#)

[Presentation \(7/29/26\)](#)

Briefing and Discussion (35 minutes)

Presenters: Shannon Smith, Acting Chief Technology Officer, Lisa Qian, and Will Smith, Seattle Information Technology Department

5. **Technology Matching Fund Program Overview**

Supporting
Documents:

[Presentation](#)

Briefing and Discussion (15 minutes)

Presenters: Shannon Smith, Acting Chief Technology Officer, and Meira Jough, Seattle Information Technology Department; Jenny Crooks, Department of Neighborhoods; Katherine VanHenley, Digital Equity Learning Network; Phillip Meng, Community Technology Advisory Board Chair; and Technology Matching Fund Grantees

E. Adjournment



Legislation Text

File #: CB 121246, **Version:** 1

Screen Reader Users: Make sure settings include reading strikethrough and underline font attributes.

The City of Seattle

Ordinance

Council Bill

An ordinance relating to emergency assistance for Seattle Public Utilities customers; amending

Section 21.76.065 of the Seattle Municipal Code to adjust program terms and conditions and expand eligibility guidelines for emergency bill assistance.

Recitals:

Seattle Municipal Code (SMC) Section 21.76.065 establishes the Emergency Assistance Program (EAP) for low-income customers of Seattle Public Utilities (SPU).

SMC Section 21.76.065 determines an SPU customer is eligible for EAP if the total household income of all household members does not exceed 80 percent of the Washington State median income for the number of individuals living in the household.

SMC Section 21.76.065 provides twice as much emergency bill payment assistance to SPU customers who have minor children in the household than to customers without minors in the household.

SPU charges are more closely related to the number of people in a household than to the minor-status of those in the household.

Seattle is experiencing a severe and accelerating affordability crisis driven by skyrocketing housing, childcare, healthcare, and basic living costs.

The May 2026 response to Statement of Legislative Intent SPU-12S-A from SPU, Seattle City Light (SCL), and Seattle Department of Human Services (HSD) contains recommendations to expand access to emergency assistance by increasing income eligibility to 80 percent of area median income and to allow eligible households access to the maximum amount of credit regardless of household composition.

There is a need to establish consistent eligibility and assistance guidelines across the various City utility assistance programs.

The Mayor and City Council wish to expand access to emergency assistance to more customers who may be struggling to pay their utility bills and align the SCL and SPU programs. Therefore,

Be it ordained by The City of Seattle as follows:

Section 1. Section 21.76.065 of the Seattle Municipal Code, last amended by Ordinance 126585, is amended as follows:

21.76.065 Low income emergency assistance program

A. Qualification. Upon satisfactory proof, emergency assistance shall be issued to each household for which a member of the household is billed, by Seattle Public Utilities (SPU), for water, wastewater, or solid waste services and has annual income that, when combined with the annual income of all household members, does not exceed 80 percent of the ~~((Washington State))~~ area median income for the number of individuals in the household as computed annually by the ~~((state or the City))~~ United States Department of Housing and Urban Development in the Multifamily Tax Subsidy Projects Income Limits for the Seattle-Bellevue, WA Metro Fair Market Rent Area. SPU may, at its discretion, require a payment plan for the unpaid balance as a condition of receiving emergency assistance under this program.

B. Application. Applicants shall provide the information required by the Human Services Department or SPU, on forms and in the manner determined by the Human Services Department or SPU.

C. Emergency credit. Customers with individually metered SPU residential accounts ~~((, metered for a single-family residence;))~~ and determined by the Human Services Department or SPU to be eligible under subsection 21.76.065.A, shall receive an emergency credit ~~((of 100 percent of the customer's delinquent bills))~~ up to a maximum credit defined in subsection 21.76.065.D ~~((, but may only receive such credit once each calendar year unless a minor child lives with the customer. When a minor child lives in the household, the customer may receive an emergency credit twice each calendar~~

year)) .

D. Maximum credit defined. ~~((In 2022 and subsequent years, the maximum amount of \$477))~~ SPU is authorized to establish rules pursuant to Chapter 3.02 establishing the maximum annual credit. The maximum credit amount shall be based on average SPU charges for four months of service and shall be adjusted annually by SPU to reflect the average growth in combined water, sewer, and solid waste bills for residential customers.

E. SPU is authorized and directed to administer the program, including establishing rules pursuant to Chapter 3.02, and entering into cooperative agreements with the Human Services Department, to carry out the program's intent and purpose. ~~((SPU may, at its discretion, require a payment plan for the unpaid balance as a condition of receiving emergency assistance under this program.~~

F. ~~Temporary COVID-19 assistance. Until December 31, 2023, households qualifying under subsection 21.76.065.A who do not have minor children in the household may receive a second emergency assistance credit within the same calendar year, notwithstanding anything in subsection 21.76.065.C.~~

G. ~~For customers eligible to receive two credits in one calendar year, the Department, at its discretion, may grant one credit exceeding the maximum single credit amount under subsection 21.76.065.D so long as the total amount credited to a customer during a calendar year does not exceed two times the single maximum credit.))~~

Section 2. This ordinance shall take effect on April 10, 2027.

Passed by the City Council and signed in open session in authentication of its passage on .

President of the City Council
on .

Katie B. Wilson, Mayor

Attested on .

Scheereen Dedman, City Clerk

Seal

Summary and Fiscal Note

1. Legislation Summary

Department: Seattle Public Utilities

Title: An ordinance relating to emergency assistance for Seattle Public Utilities customers; amending Section 21.76.065 of the Seattle Municipal Code to adjust program terms and conditions and expand eligibility guidelines for emergency bill assistance.

Background: The ordinance would amend aspects of the Seattle Public Utilities (SPU) Emergency Assistance Program (EAP).

Currently, the EAP provides emergency bill assistance to households with income at or below 80% of the State Median Income (SMI). It provides a credit toward the eligible customer's current outstanding balance, up to a maximum dollar limit set in SMC and revised annually to reflect the growth in SPU's combined bills. For 2026, the maximum single credit amount is \$537. Households without minors can get one credit per year, and households with minors can get two credits per year. The credits cannot exceed the customer's outstanding balance.

This ordinance would achieve the following:

1. Expand assistance by increasing the income threshold from 80% SMI to 80% of Area Median Income as computed annually by the United States Department of Housing and Urban Development in the Multifamily Tax

Subsidy Projects Income Limits for the Seattle-Bellevue, WA Metro Fair
Market Rent Area.

2. Expand assistance by allowing all households, regardless of the presence of minors, to access the maximum amount of credit, to be defined in Director's Rules and based on the average of 4 months of SPU charges.
3. Authorize and direct SPU to establish rules pursuant to Chapter 3.02 so that program administrative details can be moved out of the SMC and into SPU Director's Rules to allow the program to adapt more quickly to evolving customer needs.

These proposed changes are designed to expand access to EAP from 26,000 SPU customers to 36,000 and allow any eligible customer to the full assistance amount regardless of the age of household members. This change would provide assistance to more SPU customers who may be experiencing financial hardships and need assistance to prevent water shut-offs.

It is estimated that this program expansion could result in approximately \$1M more in emergency assistance each year for SPU customers. With the change going into effect in April 2027, the estimated impact for 2027 is \$700,000.

2. Capital Improvement Program (CIP)

Does this legislation create, fund, or amend a CIP Project?

☐ Yes

☒ No

3. Summary of Financial Implications

Does this legislation have financial impacts to the City?

☒ Yes

☐ No

a. Revenue Change to Other Funds

2026	2027 est.	2028 est.	2029 est.	2030 est.
	(700,000)	(1,000,000)	(1,050,000)	(1,100,000)

3b. Revenues/Reimbursements

This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from This Legislation:

Fund Name and Number	Dept.	Revenue Source	2026 Revenue	2027 Estimated Revenue
43000 – Water Fund	SPU	Water Service		\$(180,000)
44010 – Drainage and Wastewater Fund	SPU	Sewage Service		\$(308,000)
Solid Waste Fund	SPU	Solid Waste Services		\$(212,000)
TOTAL	SPU			\$(700,000)

3d. Other Financial Impacts

a. Does this legislation create any other financial impacts for The City of Seattle, such as direct or indirect costs, one-time or ongoing, that aren't mentioned above? If yes, please explain these impacts.

No.

b. If the legislation has costs that can be covered within the current budget, explain how. Does the department have extra resources in its budget to handle

these costs? Or does the department need to shift resources away from other work to handle these costs?

This legislation does not have budgetary spending impacts. The impact to SPU will be reduced revenue through expansion of the emergency assistance program.

c. What financial costs or other impacts might happen if this legislation is not implemented?

This legislation provides relief to SPU customers that are unable to pay their utility bill. If this legislation is not adopted, the status quo will remain, and the expanded pool of eligible customers would not have access to this assistance program.

d. How might this legislation affect other City departments besides the one that proposed it?

No.

4. Other Impacts

a. Does this legislation require a public hearing?

☐ Yes

☒ No

b. Does this legislation require a notice to be published in The Daily Journal of Commerce and/or The Seattle Times?

☐ Yes

☒ No

c. Does this legislation affect a piece of property?

No.

d. Race and Social Justice Initiative impacts:

1. How does this legislation affect vulnerable or historically disadvantaged communities? How did you come to this conclusion? Please consider both impacts within City government (like employees and internal programs) and in the broader community.

This legislation expands access to SPU's Emergency Assistance to approximately 13,000 additional low-income customers by increasing the income limit to 80% of Area Median Income.

Further, this legislation expands the amount of assistance available to households without minors, to better support vulnerable senior households, at the recommendation of SPU's frontline staff.

2. Please attach any Racial Equity Toolkits or other racial equity analyses used to develop or assess this legislation.

Based on the median household income by race and by age, utility cost burden disproportionately impacts people of color and people aged 65 and older. This legislation increases access and expands assistance to SPU customers with incomes up to 80% AMI to help prevent past due bills and water shutoffs.

3. What is the Language Access Plan for communicating with the public about this legislation?

The Utility Assistance Interdepartmental Team (IDT) is coordinating with the Office of Immigrant and Refugee Affairs (OIRA) and the Department of Neighborhoods' Community Liaisons to develop and implement a comprehensive language access plan that will support public communications for this legislation and the broader expansion of Utility Assistance programs.

Our language access strategy includes:

- Distributing targeted press releases to ethnic media partners to share the information through their established community channels.
- Collaborating with community-based organizations that serve non-English-speaking communities to share translated information and culturally relevant messaging.
- Offering interviews and proactive outreach to in-language media outlets to support a smooth and accessible rollout.
- Updating program webpages, currently available in more than 15 languages, to reflect the changes introduced by the legislation and ensure that multilingual information is accessible and easy to navigate.

This work is integrated into the broader communications plan for the expansion of the Utility Discount Program and Seattle City Light's Emergency Bill Assistance program.

e. Climate change impacts:

1. Emissions: Will this legislation significantly increase or decrease carbon emissions? Attach any studies or materials that inform your answer.

No.

2. Resiliency: Will this legislation make Seattle more or less able to adapt to climate change? If it reduces resiliency, explain what can be done to lessen the impact.

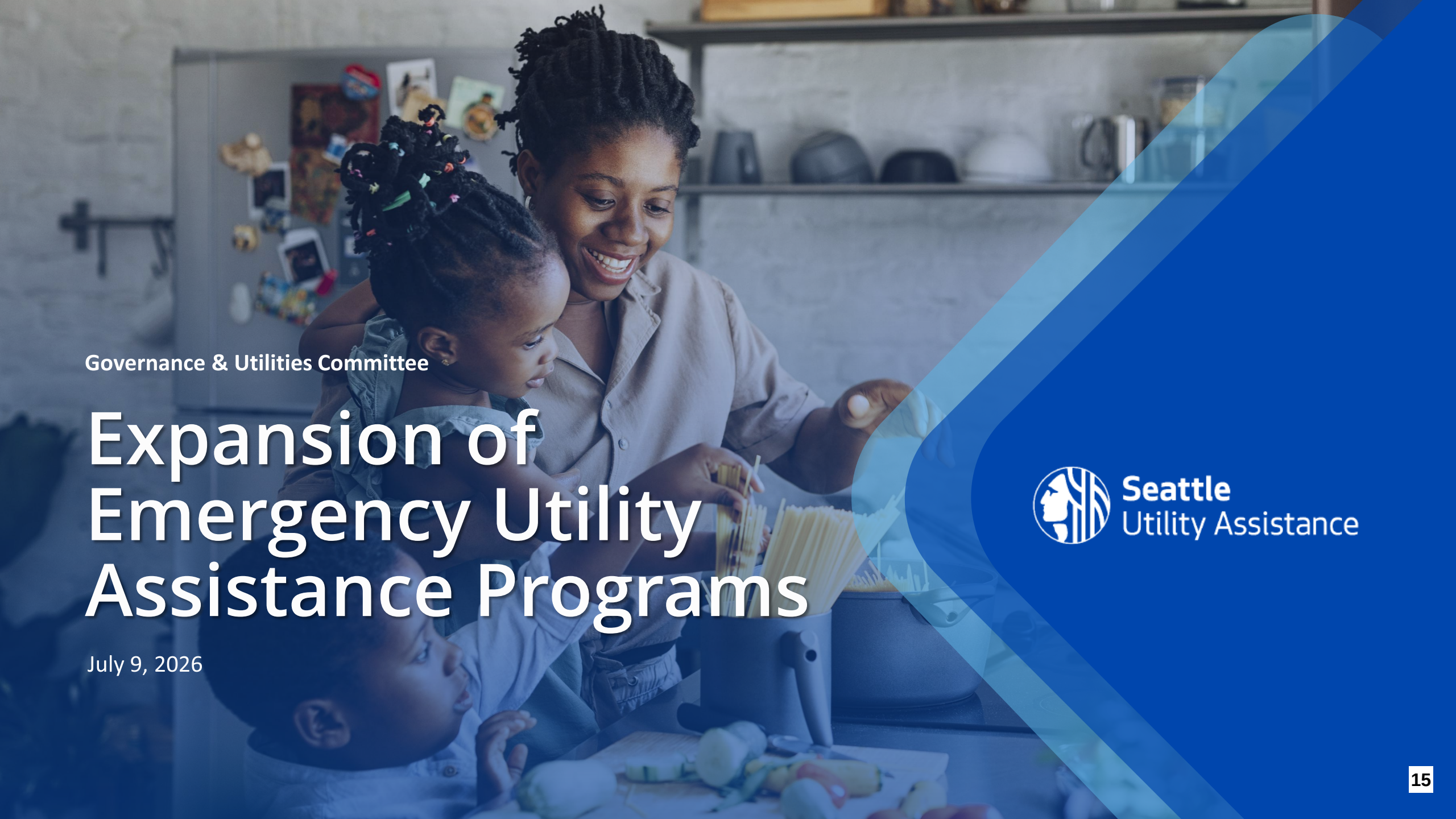
No impact.

f. If this legislation creates a new program or expands an existing one, what are the long-term, measurable goals? How will this legislation help achieve those goals? What methods will be used to track progress?

The goal of the SPU Emergency Assistance program is to prevent water shutoffs by assisting residential customers who experience episodic financial hardships in paying their bills. This is tracked by assessing residential customer delinquency rates, especially of those enrolled in the Utility Discount Program.

g. Does this legislation create a non-utility CIP that involves shared funding with a non-City partner or organization?

No.



Governance & Utilities Committee

Expansion of Emergency Utility Assistance Programs

July 9, 2026



Seattle
Utility Assistance

Path to Today

➤ **2026 Statement of Legislative Intent SPU-12S-A-2**

- Evaluation of expanding the eligibility for the utility assistance to people making 70% or 80% AMI at a lower discount
- Report emailed to Councilmembers on May 20, 2026
- June 11, 2026 presentation to Governance & Utilities Committee

Utility Discount Program (UDP)

SCL and SPU offer generous monthly discounts compared to peer utilities nationwide.



60% OFF



50% OFF

or an equivalent credit on the SCL bill if they live in multifamily housing.



**Expanding to 60% Area Median Income
in April 2027**



Emergency Bill Assistance Today

SCL's Emergency Bill Assistance (EBA)

Up to \$1420 in assistance per year for households with children

\$710 for households without children



SPU's Emergency Assistance Program (EAP)

Up to \$1074 in assistance per year for households with children

\$537 for households without children



Available to households with **incomes up to 80% SMI**
(\$76,548 for a 2-person household in 2026)

Available to households with **incomes up to 80% AMI**
(\$105,408 for 2-person household in 2026)

SCL's Project Share

Funded by customer donations

Provides a **\$250 bill credit**, once per calendar year



 Electricity bill  Public Utilities bill

Utility Assistance Expansion

Why Expand Emergency Assistance Programs?

Expands SCL and SPU's safety net to prevent electricity and water shutoffs

Supports a wider spectrum of utility assistance for households with incomes up to 80% AMI

Complies with Washington State Clean Energy Transformation Act's (CETA) requirement that electric utilities provide bill assistance to households up to 80% AMI

Will help inform future offerings for customers with incomes between 60% and 80% AMI

SPU Emergency Assistance Program Expansion

April 2027: Expand Emergency Assistance up to 80% AMI

- 80% AMI increases access to ~13,000 more SPU direct billed customers
- Customers receive assistance for 4 months of bills – essentially a 30% annual discount
- Doubles the amount of assistance available to the 80% of direct SPU Customers who don't have children in the home
- Aligns SPU and SCL program policies to reduce customer confusion and streamline administration



For customers below 60% AMI –

When SPU Emergency Assistance is combined with UDP, customers pay *only 33%* of annual water/sewer/garbage bills

Summary of SPU EAP Changes:

	Current Ordinance:	Proposed Legislation:	Impact:
1	Eligibility is $\leq$ 80% STATE median income	Eligibility is $\leq$ 80% of AREA median income	- Expands access to another 13,000 individually metered SPU customers - Total eligible SPU customers = ~39,000
2	Metered for a single-family residence	Individually metered residence	Modernizes SMCs to allow individually metered townhomes and condominiums
3	Maximum assistance amount doubled for households with minors	All households have access to the maximum - a fixed amount based ~4 months charges	- Responds to customer and frontline staff feedback after testing this approach during COVID - Doubles assistance available for 80% of eligible customers
4	Maximum annual assistance apportioned out over up to 4 times per year	Maximum annual assistance fully applied when application is approved	Lowers administrative burden by giving customer assistance up front instead of applying many times each year.
5	Administrative details are in SMCs and not evergreen	Moves program policies to Director's Rules	Allows program changes to adapt more quickly as customer needs evolve.

SCL Emergency Bill Assistance Program Expansion

April 2027: Expand Emergency Assistance up to 80% AMI

- 80% AMI increases access for ~50,000 more City Light customers in Seattle and surrounding franchise cities
- Customers receive assistance for 4 months of bills – essentially a 33% annual discount
- Helps our most energy burdened customers based on usage
- Complies with the Washington State Clean Energy Transformation Act (CETA)
- Aligns SPU and SCL program policies to reduce customer confusion and streamline administration



For customers below 60% AMI –

When SCL Emergency Assistance is combined with UDP, customers pay *only* 25% of annual electricity bills

Summary of SCL EBA Changes:

	Current Ordinance:	Proposed Legislation:	Impact:
1	Eligibility is $\leq$ 80% STATE median income	Eligibility is $\leq$ 80% of AREA median income	- Expands access to another 50,000 SCL customer (households) - Total eligible SCL customers = ~188,000 (households)
2	Annual fixed benefit amount of \$710 per household or \$1420 per household with children	All households receive benefit equal to last two bi-monthly bills up to \$1420 annually	Adapts for energy burden out of customer control (ex. Renter in older building with electric heat, senior in larger single-family home).
3	Maximum annual assistance apportioned out over up to 4 times per year	Maximum annual assistance fully applied when application is approved	Lowers administrative burden by giving customer assistance up front instead of applying many times each year.
4	\$250 past due balance required for application approval	No past due balance required	- Lowers administrative burden and reduces customer effort with reapplying after denial - Aligns with current SPU emergency assistance program
5	Administrative details codified in SMCs and not evergreen	Moves program policies to Department Policies and Procedures (DPP)	Allows program changes to adapt more quickly as customer needs evolve.

Summary of Expanded Utility Assistance

Utility Discount Program



Expand eligibility from 70% SMI to 60% AMI

- Continues SCL 60% and SPU 50% bill discounts
- Increases eligible population **by 28%**
- Provides an **additional ~\$19M** in annual bill discounts

SCL Emergency Assistance



Expand eligibility from 80% SMI to 80% AMI

- Increases eligible population **by 37%**
- Provides an **additional ~\$1.5M** in assistance annually

SPU Emergency Assistance



Expand eligibility from 80% SMI to 80% AMI

- Increases eligible population **by 50%**
- Provides an **additional ~\$1M** in assistance annually

Questions?



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Amendment 1 Version 1 to CB 121246 – SPU Emergency Assistance

Sponsor: Councilmember Strauss

Modifying the effective date

Effect: This amendment would modify the effective date for the changes to Seattle Public Utilities' (SPU's) Emergency Assistance Program from April 10, 2027 to January 1, 2027.

1. Amend Section 2 of CB 121246 as follows:

Section 2. This ordinance shall take effect on(~~(April 10, 2027))~~ January 1,
2027.



Legislation Text

File #: CB 121247, **Version:** 1

Screen Reader Instruction Placeholder

The City of Seattle

Ordinance

Council Bill

An ordinance relating to the City Light Department's emergency bill assistance program; amending Section 21.49.042 of the Seattle Municipal Code to adjust program terms and conditions and expand eligibility guidelines for emergency bill assistance.

Recitals:

Rising energy costs in Seattle and in Seattle City Light's franchise cities place a disproportionate strain on households with limited incomes.

Reducing energy burden for income constrained households is essential to fulfilling Seattle City Light's responsibility to maintain affordability, fairness, and equitable treatment for all customers.

The Washington State Clean Energy Transformation Act (CETA), codified in chapter 19.405 RCW, directs electric utilities to identify and reduce the energy burden on income constrained households and to demonstrate measurable progress toward meeting the energy assistance needs of customers earning up to 80 percent of area median income.

Seattle Municipal Code Section 21.49.042 authorizes an emergency low income bill assistance program through which eligible City Light residential customers may receive a credit toward their electric bill.

In 2025 the Emergency Bill Assistance Program supported nearly 6,000 City Light customers by providing approximately \$4.2 million in emergency bill assistance, and tailoring emergency bill assistance to a household's billed amount ensures support that reflects actual energy burden and accommodates annual rate changes.

The May 2026 response to Statement of Legislative Intent SPU-12S-A from Seattle Public Utilities, Seattle City Light, and the Seattle Human Services Department recommended expanding access to emergency assistance by increasing income eligibility to 80 percent of area median income and allowing eligible households to receive the maximum credit regardless of household composition.

Aligning eligibility criteria across City utility assistance programs will improve clarity, equity, and ease of access for customers.

The Mayor and City Council seek to expand access to emergency utility assistance for customers struggling to pay their electric bills. Therefore,

Be it ordained by The City of Seattle as follows:

Section 1. Section 21.49.042 of the Seattle Municipal Code, last amended by Ordinance 126584, is amended as follows:

21.49.042 - Emergency Bill Assistance Program

A. An emergency credit (~~((of up to 100 percent of a customer's delinquent bills not to exceed a maximum credit as provided in subsection 21.49.042.C))~~) may be granted by the Department to income-eligible residential electric consumption accounts, metered for a single household that qualify under the following criteria:

1. Total household income does not exceed 80 percent of the (~~((Washington State))~~) area median income for the number of individuals in the household as computed annually by the United States Department of Housing and Urban Development (HUD) Multifamily Tax Subsidy Projects (MTSP) Income Limits for the Seattle-Bellevue, WA Metro Fair Market Rent Area; and

2. A customer has (~~((Have))~~) completed any Department program application where income eligibility is verified; and

3. A customer has ((Have received a ten-day notice)) a consumption account balance the customer is unable to pay or has received an Urgent Notice of Final Shut Off Notice from the Department notifying them that payment or a payment plan ((payment arrangements)) must be made to prevent disconnection ((or have a past due balance greater than \$250 on an active service agreement)) .

B. Eligible customers may receive an emergency credit amount not to exceed the greater of the total of the customer's two bi-monthly bill amounts (billed every other month) or last four monthly amounts (billed monthly) or the maximum annual benefit established in Department rules pursuant to Chapter 3.02. This credit can only be applied to offset current or future consumption bills. The Department is authorized to establish rules pursuant to Chapter 3.02 establishing the maximum annual benefit and procedures for allocating.

~~((B. A customer is eligible for the emergency credit once each calendar year, or twice each calendar year if the household includes at least one minor child.))~~

~~((C. In 2022 and subsequent years, the maximum credit of \$500 shall be adjusted annually by the Department to reflect the average change in electric bills for residential customers.))~~

C. ~~((D.))~~ The Department may, at its discretion, require a payment plan for the unpaid balance as a condition of receiving emergency assistance under the program.

~~((E. Until December 31, 2023, households qualifying under subsection 21.49.042.A who do not have minor children in the household may receive a second emergency assistance credit within the same calendar year, notwithstanding anything in subsection 21.49.042.B.~~

F. ~~For customers eligible to receive two credits in one calendar year, the Department, at its discretion, may grant one credit exceeding the maximum single credit amount under subsection 21.49.042.C so long as the total amount credited to a customer during a calendar year does not exceed two times the single maximum credit.))~~

Section 2. Section 1 of this ordinance shall take effect on April 10, 2027.

This ordinance shall take effect as provided by Seattle Municipal Code Sections 1.04.020 and 1.04.070.

Passed by the City Council and signed in open session in authentication of its passage on .

President of the City Council

on .

Katie B. Wilson, Mayor

Attested on .

Scheereen Dedman, City Clerk

Seal

Summary and Fiscal Note

1. Legislation Summary

Department: Seattle City Light

Title: An ordinance relating to the City Light Department's emergency bill assistance program; amending Section 21.49.042 of the Seattle Municipal Code to adjust program terms and conditions and expand eligibility guidelines for emergency bill assistance.

Background: This legislation amends the terms of the Emergency Bill Assistance (EBA) Program, which is operated by Seattle City Light (SCL). The bill is effective April 10, 2027.

City Light provides financial assistance to income-eligible residential customers through three different programs: an ongoing bill discount through the Utility Discount Program and annual emergency financial assistance through the EBA Program and through the community-funded Project Share program. In 2025, the EBA Program provided \$4.2M in financial assistance to nearly 6,000 City Light customers. In order to better serve income-eligible residential customers' needs and to be responsive to the Clean Energy Transformation Act, City Light proposes legislative changes to expand income-eligibility criteria, tailor the emergency assistance benefit, and reduce barriers to qualify. This legislation changes the criteria as follows:

- **Expand Income Eligibility:** Currently, applicants' income must not exceed 80 percent of the Washington State median income. This legislation changes the income threshold to 80 percent of area median income. This income eligibility

expansion increases the estimated number of eligible households from 137,000 to approximately 200,000.

- **Tailor Benefit Amount:** Currently, income-eligible households without children may receive up to \$710 per year in emergency financial assistance and households with children may receive up to \$1,420 per year. This legislation tailors the annual maximum benefit for all households to not exceed the greater of the total of the customer's past two bi-monthly bill amounts (every other month) or last four monthly amounts (if billed monthly) or the maximum annual benefit established in Department rules pursuant to Chapter 3.02 (\$1,420 per year in 2027).
- **Reduce Barriers to Qualify:** Currently, applicants must have a past-due balance of \$250 or have received an urgent or final shutoff notice to qualify for emergency assistance. This legislation reduces barriers to qualify by eliminating the \$250 past due balance requirement. Customers may request emergency assistance if they are unable to pay their current or past due residential consumption electric bill (including if they have received an urgent or final shutoff notice).

In 2025, the EBA Program provided \$4.2M in financial assistance to nearly 6,000 City Light customers. This legislation may add up to an additional 12,000 customers and provide an estimated \$3M in additional benefits (expressed in the budget as reduced revenues). This cost is estimated using an EBA program participation rate assumption of 9%, which is a higher estimate than EBA's historical enrollment average of around 4%.

SPU has a similar program for emergency assistance to serve income eligible

customers. This SCL legislation aligns with SPU's legislation to expand income eligibility to 80% AMI.

Summary Attachments:

N/A

2. Capital Improvement Program (CIP)

Does this legislation create, fund, or amend a CIP Project?

☐ Yes

☒ No

3. Summary of Financial Implications

Does this legislation have financial impacts to the City?

☒ Yes

☐ No

a. Expenditure Change to Other Funds

2026	2027 est.	2028 est.	2029 est.	2030 est.
\$0	\$750,000	\$905,000	\$905,000	\$905,000

b. Revenue Change to Other Funds

2026	2027 est.	2028 est.	2029 est.	2030 est.
\$0	(\$3,000,000)	(\$3,000,000)	(\$3,000,000)	(\$3,000,000)

c. Number of Positions

2026	2027 est.	2028 est.	2029 est.	2030 est.
0	2	1	0	0

d. Total Full-Time Employee (FTE) Change

2026	2027 est.	2028 est.	2029 est.	2030 est.
0	2	1	0	0

3b. Revenues/Reimbursements

This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from This Legislation:

Fund Name and Number	Dept.	Revenue Source	2026 Revenue	2027 Estimated Revenue
41000 Light Fund	SCL	Electric Service	\$0	\$(3,000,000)

Total 2026 Revenue	Total 2027 Estimated Revenue
\$0	\$(3,000,000)

Revenue/Reimbursement Notes:

3c. Positions

This legislation does not add, change, or delete positions. However, because this legislation expands an existing program, positions are anticipated to be added in the future budget actions as follows:

2027: 2 FTEs Program Intake Representative

2028: 1 FTE Program Intake Representative

3d. Other Financial Impacts

a. Does this legislation create any other financial impacts for The City of Seattle, such as direct or indirect costs, one-time or ongoing, that aren't mentioned above? If yes, please explain these impacts.

No.

b. If the legislation has costs that can be covered within the current budget, explain how. Does the department have extra resources in its budget to handle these costs? Or does the department need to shift resources away from other work to handle these costs?

City Light's proposed strategic plan and rate path have incorporated the changes that will be made by this legislation. Any needed adjustments to appropriations, revenues, and positions will be included in future budget actions.

c. What financial costs or other impacts might happen if this legislation is not implemented?

This legislation provides relief to SCL customers that are unable to pay their utility bill. If this legislation is not adopted, the status quo will remain, and the expanded pool of eligible customers would not have access to this assistance program. In addition, SCL would not be compliant with Washington State law related to serving low-income customers as defined by the Clean Energy Transformation Act (CETA) as customer with annual household incomes up to 80% Area Median Income (AMI).

d. How might this legislation affect other City departments besides the one that proposed it?

No.

4. Other Impacts

a. Does this legislation require a public hearing?

☐ Yes

☒ No

b. Does this legislation require a notice to be published in The Daily Journal of Commerce and/or The Seattle Times?

☐ Yes

☒ No

c. Does this legislation affect a piece of property?

No.

d. Race and Social Justice Initiative impacts:

1. How does this legislation affect vulnerable or historically disadvantaged communities? How did you come to this conclusion? Please consider both impacts within City government (like employees and internal programs) and in the broader community.

Seattle City Light's Emergency Bill Assistance Program provides support to lower-income households by providing financial assistance to help income-eligible customers who are unable to pay their current or past due electricity bill and are at risk of service disconnection for non-payment. This program serves communities historically furthest from economic justice and aligns with serving highly impacted communities and vulnerable populations as identified as part of Washington State's Clean Energy Transformation Act (CETA).

2. Please attach any Racial Equity Toolkits or other racial equity analyses used to develop or assess this legislation.

Seattle City Light is evaluating its overdue receivables in an intentional way, comparing delinquencies at the census tract level with American Community Survey/Census income and language data.

3. What is the Language Access Plan for communicating with the public about this legislation?

Utility assistance program income eligibility expansion includes a comprehensive communications plan for serving multilingual customers.

e. Climate change impacts:

1. Emissions: Will this legislation significantly increase or decrease carbon emissions? Attach any studies or materials that inform your answer.

No.

2. Resiliency: Will this legislation make Seattle more or less able to adapt to climate change? If it reduces resiliency, explain what can be done to lessen the impact.

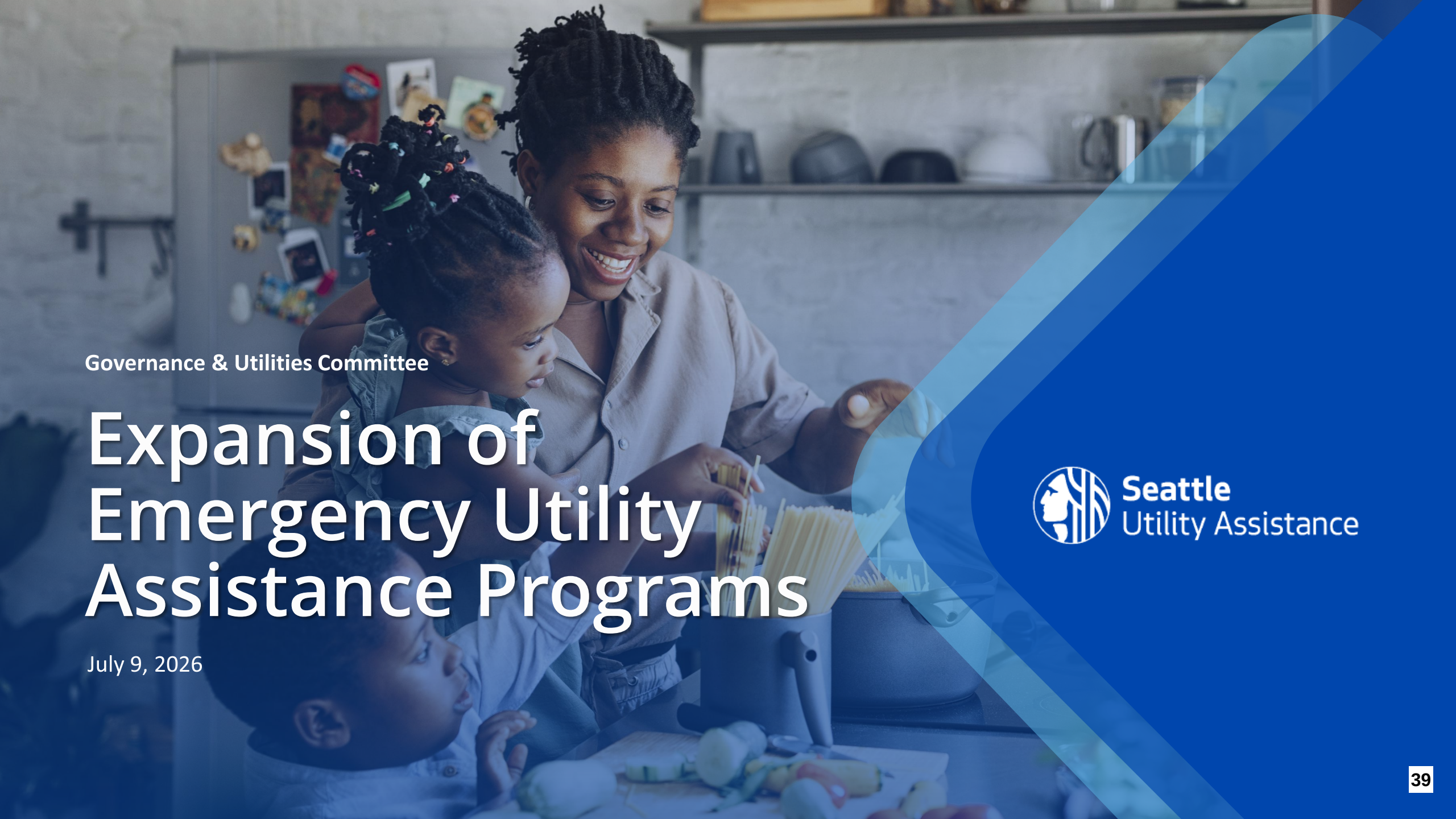
This legislation will increase City Light customer's resiliency as part of the Washington State Clean Energy Transformation Act (CETA) law to mitigate energy burden related to the transition to clean energy by offering utility assistance for income eligible customers defined as low income up to 80% Area Median Income (AMI).

f. If this legislation creates a new program or expands an existing one, what are the long-term, measurable goals? How will this legislation help achieve those goals? What methods will be used to track progress?

The goal is to assist income-eligible households who struggle to pay their electric bills and reduce the number of income eligible households who impacted by service disconnection for delinquent debt. This progress is tracked using tableau reporting showing increase in program participation across City Light's service area.

g. Does this legislation create a non-utility CIP that involves shared funding with a non-City partner or organization?

No.



Governance & Utilities Committee

Expansion of Emergency Utility Assistance Programs

July 9, 2026



Seattle
Utility Assistance

Path to Today

➤ **2026 Statement of Legislative Intent SPU-12S-A-2**

- Evaluation of expanding the eligibility for the utility assistance to people making 70% or 80% AMI at a lower discount
- Report emailed to Councilmembers on May 20, 2026
- June 11, 2026 presentation to Governance & Utilities Committee

Utility Discount Program (UDP)

SCL and SPU offer generous monthly discounts compared to peer utilities nationwide.



60% OFF



50% OFF

or an equivalent credit on the SCL bill if they live in multifamily housing.



**Expanding to 60% Area Median Income
in April 2027**



Emergency Bill Assistance Today

SCL's Emergency Bill Assistance (EBA)

Up to \$1420 in assistance per year for households with children

\$710 for households without children



SPU's Emergency Assistance Program (EAP)

Up to \$1074 in assistance per year for households with children

\$537 for households without children



Available to households with **incomes up to 80% SMI**
(\$76,548 for a 2-person household in 2026)

Available to households with **incomes up to 80% AMI**
(\$105,408 for 2-person household in 2026)

SCL's Project Share

Funded by customer donations

Provides a **\$250 bill credit**, once per calendar year



 Electricity bill  Public Utilities bill

Utility Assistance Expansion

Why Expand Emergency Assistance Programs?

Expands SCL and SPU's safety net to prevent electricity and water shutoffs

Supports a wider spectrum of utility assistance for households with incomes up to 80% AMI

Complies with Washington State Clean Energy Transformation Act's (CETA) requirement that electric utilities provide bill assistance to households up to 80% AMI

Will help inform future offerings for customers with incomes between 60% and 80% AMI

SPU Emergency Assistance Program Expansion

April 2027: Expand Emergency Assistance up to 80% AMI

- 80% AMI increases access to ~13,000 more SPU direct billed customers
- Customers receive assistance for 4 months of bills – essentially a 30% annual discount
- Doubles the amount of assistance available to the 80% of direct SPU Customers who don't have children in the home
- Aligns SPU and SCL program policies to reduce customer confusion and streamline administration



For customers below 60% AMI –

When SPU Emergency Assistance is combined with UDP, customers pay *only* 33% of annual water/sewer/garbage bills

Summary of SPU EAP Changes:

	Current Ordinance:	Proposed Legislation:	Impact:
1	Eligibility is $\leq$ 80% STATE median income	Eligibility is $\leq$ 80% of AREA median income	- Expands access to another 13,000 individually metered SPU customers - Total eligible SPU customers = ~39,000
2	Metered for a single-family residence	Individually metered residence	Modernizes SMCs to allow individually metered townhomes and condominiums
3	Maximum assistance amount doubled for households with minors	All households have access to the maximum - a fixed amount based ~4 months charges	- Responds to customer and frontline staff feedback after testing this approach during COVID - Doubles assistance available for 80% of eligible customers
4	Maximum annual assistance apportioned out over up to 4 times per year	Maximum annual assistance fully applied when application is approved	Lowers administrative burden by giving customer assistance up front instead of applying many times each year.
5	Administrative details are in SMCs and not evergreen	Moves program policies to Director's Rules	Allows program changes to adapt more quickly as customer needs evolve.

SCL Emergency Bill Assistance Program Expansion

April 2027: Expand Emergency Assistance up to 80% AMI

- 80% AMI increases access for ~50,000 more City Light customers in Seattle and surrounding franchise cities
- Customers receive assistance for 4 months of bills – essentially a 33% annual discount
- Helps our most energy burdened customers based on usage
- Complies with the Washington State Clean Energy Transformation Act (CETA)
- Aligns SPU and SCL program policies to reduce customer confusion and streamline administration



For customers below 60% AMI –

When SCL Emergency Assistance is combined with UDP, customers pay *only* 25% of annual electricity bills

Summary of SCL EBA Changes:

	Current Ordinance:	Proposed Legislation:	Impact:
1	Eligibility is $\leq$ 80% STATE median income	Eligibility is $\leq$ 80% of AREA median income	- Expands access to another 50,000 SCL customer (households) - Total eligible SCL customers = ~188,000 (households)
2	Annual fixed benefit amount of \$710 per household or \$1420 per household with children	All households receive benefit equal to last two bi-monthly bills up to \$1420 annually	Adapts for energy burden out of customer control (ex. Renter in older building with electric heat, senior in larger single-family home).
3	Maximum annual assistance apportioned out over up to 4 times per year	Maximum annual assistance fully applied when application is approved	Lowers administrative burden by giving customer assistance up front instead of applying many times each year.
4	\$250 past due balance required for application approval	No past due balance required	- Lowers administrative burden and reduces customer effort with reapplying after denial - Aligns with current SPU emergency assistance program
5	Administrative details codified in SMCs and not evergreen	Moves program policies to Department Policies and Procedures (DPP)	Allows program changes to adapt more quickly as customer needs evolve.

Summary of Expanded Utility Assistance

Utility Discount Program



Expand eligibility from 70% SMI to 60% AMI

- Continues SCL 60% and SPU 50% bill discounts
- Increases eligible population **by 28%**
- Provides an **additional ~\$19M** in annual bill discounts

SCL Emergency Assistance



Expand eligibility from 80% SMI to 80% AMI

- Increases eligible population **by 37%**
- Provides an **additional ~\$1.5M** in assistance annually

SPU Emergency Assistance



Expand eligibility from 80% SMI to 80% AMI

- Increases eligible population **by 50%**
- Provides an **additional ~\$1M** in assistance annually

Questions?



Screen Reader Users: Make sure settings include reading strikethrough and underline font attributes.

Amendment 1 Version 1 to CB 121247 – SCL Emergency Bill Assistance

Sponsor: Councilmember Strauss

Modifying the effective date

Effect: This amendment would modify the effective date for the changes to Seattle City Light's (SCL's) Emergency Bill Assistance Program from April 10, 2027 to January 1, 2027.

1. Amend Section 2 of CB 121247 as follows:

Section 2. Section 1 of this ordinance shall take effect on(~~(April 10, 2027))~~)

January 1, 2027.



Legislation Text

File #: CB 121245, **Version:** 1

Screen Reader Users: Make sure settings include reading strikethrough and underline font attributes.

The City of Seattle

Ordinance

Council Bill

An ordinance relating to rates and charges for water services of Seattle Public Utilities; revising water rates and charges; revising qualification requirements for the utility discount program; revising credits to low-income customers; and amending Sections 21.04.430, 21.04.440, 21.76.030, and 21.76.040 of the Seattle Municipal Code.

Recitals:

Seattle Public Utilities recently completed a rate study incorporating guidance of its 2025-2030 Strategic Business Plan, adopted by the Seattle City Council in Resolution 32136.

The water rates authorized by this ordinance are consistent with the general rate-making policies set forth in Resolution 30742, adopted March 28, 2005.

Ordinance 121761, passed on March 28, 2005, established a minimum balance for the Water Fund Revenue Stabilization Subfund of \$9,000,000 and permits funds in excess of this amount to be used to meet operating expenses, pay Capital Improvement Program expenditures, or to comply with financial policies.

The current balance of the Water Fund Revenue Stabilization Subfund exceeds the minimum balance.

Seattle Public Utilities plans to use a portion of the excess funds to be withdrawn to reduce the Water

Fund revenue requirement and thereby reduce otherwise necessary increases in water rates. Qualifications for participation in the Utility Discount Program needs to be revised and credits for qualified low-income customers should be revised when water rates change. Therefore,

Be it ordained by The City of Seattle as follows:

Section 1. Section 21.04.430 of the Seattle Municipal Code, last amended by Ordinance 126909, is amended as follows:

21.04.430 Rates inside Seattle

All water used inside Seattle for domestic and commercial purposes shall be supplied by meter only at the following rates and charges. Seasonal rates shall be prorated. For usage representing fractional parts of a month, the base service charge and all components of the commodity charge shall be prorated using a 30-day month. The additional cost of funding the Revenue Stabilization Subfund shall be specifically indicated in the billings. Seattle Public Utilities shall continue to incorporate arts funding into its capital projects constructed within the municipal boundaries of Seattle at the one percent level; however, the department shall not be permitted to fund any such program from the Water Fund on any capital project outside the city limits.

A. Residential. The rates for metered water supplied to single-family and duplex residences within Seattle in one month, or fractional part thereof, shall be based on a commodity charge and a base service charge, in accordance with the following schedules:

Schedule WIR. Schedule WIR is for all single-family and duplex residences within Seattle except those billed on Schedule WIRM.

Commodity Charge per 100 Cubic Feet

Summer (May 16-September 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Summer (May 16th-September 15th)
))First 500 cubic feet per residence ((~~\$5.92~~ ~~\$5.92~~ ~~\$5.95~~))\$5.98 \$6.32\$6.63\$6.92Next 1,300 cubic feet per residence ((
~~\$7.32~~ ~~\$7.32~~ ~~\$7.36~~))\$7.39 \$7.81\$8.19\$8.55All over 1,800 cubic feet per residence ((~~\$11.80~~ ~~\$11.80~~ ~~\$11.80~~))\$11.80
\$11.80\$11.80\$11.80

Winter (September 16-May 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Winter (September 16th-May 15th))
usage ((~~\$5.76~~ ~~\$5.76~~ ~~\$5.79~~))\$5.82 \$6.15\$6.45\$6.73

Base Service Charge per Month

Meter Size ((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 3/4 inch and less ((\$19.60 \$19.60 \$20.45
))- \$21.35 \$22.50\$23.85\$25.30 1 inch ((\$20.20 \$20.20 \$21.10))- \$22.00 \$23.20\$24.60\$26.10 1-1/2 inch ((\$31.15 \$31.15
\$32.50))- \$33.95 \$35.75\$37.90\$40.20 2 inch ((\$34.50 \$34.50 \$36.00))- \$37.60 \$39.60\$42.00\$44.55 3 inch ((\$127.80
\$127.80 \$133.35))- \$139.20 \$146.70\$155.50\$164.95 4 inch and larger ((\$183.05 \$183.05 \$191.00))- \$199.00
\$210.00\$223.00\$236.00

Schedule WIRM. Schedule WIRM is for single-family and duplex residences within Seattle in which one or more persons require medical life support equipment that uses mechanical or artificial means to sustain, restore, or supplant a vital function, and which uses a disproportionate amount of water.

Commodity Charge per 100 Cubic Feet

Summer (May 16-September 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Summer (May 16th-September 15th))
))First 500 cubic feet per residence ((\$5.92 \$5.92 \$5.95))- \$5.98 \$6.32\$6.63\$6.92 All over 500 cubic feet per residence ((
\$7.32 \$7.32 \$7.36))- \$7.39 \$7.81\$8.19\$8.55

Winter (September 16-May 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Winter (September 16th-May 15th)))All
usage ((\$5.76 \$5.76 \$5.79))- \$5.82\$6.15\$6.45\$6.73

Base Service Charge per Month

Meter Size ((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 3/4 inch and less ((\$19.60 \$19.60 \$20.45
))- \$21.35 \$22.50\$23.85\$25.30 1 inch ((\$20.20 \$20.20 \$21.10))- \$22.00 \$23.20\$24.60\$26.10 1-1/2 inch ((\$31.15 \$31.15
\$32.50))- \$33.95 \$35.75\$37.90\$40.20 2 inch ((\$34.50 \$34.50 \$36.00))- \$37.60 \$39.60\$42.00\$44.55 3 inch ((\$127.80
\$127.80 \$133.35))- \$139.20 \$146.70\$155.50\$164.95 4 inch and larger ((\$183.05 \$183.05 \$191.00))- \$199.00
\$210.00\$223.00\$236.00

1. Master metered residential development: multiple parcels. The rates for residential developments with master meters of 1-1/2 inches or larger, which operate and maintain their own distribution systems on private property, and which use water primarily to serve single-family, detached residences on at least two separate legal parcels, shall be based on a commodity charge and a base service charge, in accordance with the following schedule:

Commodity Charge per 100 Cubic Feet

Summer (May 16-September 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Summer (May 16th-September 15th))

~~))First 500 cubic feet per residence ((\$5.92-\$5.92-\$5.95))-\$5.98 \$6.32\$6.63\$6.92~~Next 1,300 cubic feet per residence (~~(\$7.32-\$7.32-\$7.36))-\$7.39 \$7.81\$8.19\$8.55~~All over 1,800 cubic feet per residence (~~(\$11.80-\$11.80-\$11.80))-\$11.80 \$11.80\$11.80\$11.80~~

Winter (September 16-May 15)

~~Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026~~
~~Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Winter (September 16th-May 15th)))~~All
usage (~~(\$5.76-\$5.76-\$5.79))-\$5.82\$6.15\$6.45\$6.73~~

Base Service Charge per Month

Meter Size (~~(Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026~~
~~Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029~~ 1-1/2 inch (~~(\$31.15-\$31.15-\$32.50))-~~
~~\$33.95 \$35.75\$37.90\$40.20~~ 2 inch (~~(\$34.50-\$34.50-\$36.00))-~~37.60 \$39.60\$42.00\$44.55 3 inch (~~(\$127.80-\$127.80~~
~~\$133.35))-\$139.20 \$146.70\$155.50\$164.95~~ 4 inch (~~(\$183.05-\$183.05-\$191.00))-~~199.00 \$210.00\$223.00\$236.00 6 inch (~~(\$225.00-\$225.00-\$235.00))-~~245.00 \$259.00\$274.00\$291.00 8 inch (~~(\$265.00-\$265.00-\$277.00))-~~289.00
\$304.00\$323.00\$342.00 10 inch (~~(\$324.00-\$324.00-\$338.00))-~~353.00 \$372.00\$394.00\$418.00 12 inch (~~(\$437.00-\$437.00~~
~~\$456.00))-\$477.00 \$502.00\$532.00\$565.00~~ 16 inch (~~(\$491.00-\$491.00-\$512.00))-~~535.00 \$564.00\$598.00\$634.00 20 inch
(~~(\$614.00-\$614.00-\$614.00))-~~614.00 \$644.00\$682.00\$724.00 24 inch (~~(\$771.00-\$771.00-\$771.00))-~~771.00
\$771.00\$775.00\$822.00

B. General service. The rates for metered water supplied to houseboats and premises other than single-family, duplex residences, and master-metered residential developments within Seattle in one month, or fractional part thereof, shall be based on a commodity charge and a base service charge in accordance with the following schedule:

Commodity Charge per 100 Cubic Feet

Summer (May 16-September 15)

~~Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026~~
~~Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Summer (May 16th-September 15th)))~~
~~))All usage (((\$7.27-\$7.50-\$7.60))-\$7.70 \$7.89\$8.13\$8.44~~

Winter (September 16-May 15)

~~Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026~~
~~Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Winter (September 16th-May 15th)))~~All
usage(~~(\$5.72-\$5.90-\$5.98))\$6.06 \$6.21\$6.40\$6.64~~

Base Service Charge per Month

Meter Size (~~(Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026~~
~~Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029~~ 3/4 inch and less (~~(\$19.55-\$21.90-\$23.50~~
~~))-~~25.20 \$25.75\$27.25\$28.80 1 inch (~~(\$20.15-\$22.60-\$24.25))-~~26.00 \$26.55\$28.10\$29.70 1-1/2 inch (~~(\$31.10-\$34.80~~
~~\$37.35))-\$40.05 \$40.95\$43.30\$45.80~~ 2 inch (~~(\$34.40-\$38.55-\$41.40))-~~44.35 \$45.35\$48.00\$50.70 3 inch (~~(\$127.45~~
~~\$143.00-\$153.00))-\$164.00 \$168.00\$178.00\$188.00~~ 4 inch (~~(\$182.60-\$205.00-\$219.00))-~~235.00
\$241.00\$255.00\$269.00 6 inch (~~(\$225.00-\$252.00-\$270.00))-~~290.00 \$296.00\$313.00\$331.00 8 inch (~~(\$264.00-\$296.00~~
~~\$318.00))-\$341.00 \$348.00\$369.00\$389.00~~ 10 inch (~~(\$323.00-\$362.00-\$389.00))-~~417.00 \$426.00\$451.00\$476.00 12 inch
(~~(\$436.00-\$489.00-\$525.00))-~~562.00 \$575.00\$608.00\$643.00 16 inch (~~(\$490.00-\$549.00-\$589.00))-~~631.00

~~\$645.00~~~~\$683.00~~~~\$722.00~~ 20 inch ((~~\$614.00~~ ~~\$627.00~~ ~~\$672.00~~))-~~\$721.00~~ \$737.00\$780.00\$824.00 24 inch ((~~\$771.00~~ ~~\$771.00~~ ~~\$771.00~~))\$819.00 \$837.00\$885.00\$936.00

C. Fire service

1. Fire hydrants. The rates for fire hydrants, including test water and water used to extinguish fires, shall be deemed service charges and shall be for any one year, or fractional part thereof, as follows:

Hydrant Type ((~~Effective January 1, 2023~~ ~~Effective January 1, 2024~~ ~~Effective January 1, 2025~~)-~~Effective January 1, 2026~~ Effective January 1, 2027 Effective January 1, 2028 Effective January 1, 2029 Hydrants on 4 inch or smaller mains ((~~\$521.70~~ ~~\$528.17~~ ~~\$545.26~~))-\$556.68 \$590.76 \$616.60 \$643.74 Hydrants on 6 inch or larger mains ((~~\$692.60~~ ~~\$703.13~~ ~~\$725.88~~))\$741.09 \$950.95 \$992.54 \$1,036.23

2. Metered fire services. The rates for metered water services supplied for fire protection purposes exclusively, including a monthly allowance for test water and water used to extinguish fires, shall be deemed service charges and shall be for any one month, or fractional part thereof, as follows:

Service Charge per Month

Service Size Effective January 1, 2020 2 inch and less \$17.75 3 inch \$23.00 4 inch \$43.00 6 inch \$73.00 8 inch \$115.00 10 inch \$166.00 12 inch \$242.00

For each 100 cubic feet of water consumption in excess of the monthly allowance described below, the charge shall be an additional \$20.

Size of Service Monthly Allowance 2 inch and less 100 cubic feet 3 inch 500 cubic feet 4 inch 500 cubic feet 6 inch 500 cubic feet 8 inch 1,000 cubic feet 10 inch 1,000 cubic feet 12 inch 1,000 cubic feet

Section 2. Section 21.04.440 of the Seattle Municipal Code, last amended by Ordinance 126909, is amended as follows:

21.04.440 Rates outside Seattle

Except as otherwise provided in this Chapter 21.04, the rates and charges for water supplied to customers located outside Seattle shall be as specified in this Section 21.04.440. Seasonal rates shall be prorated. For usage representing fractional parts of a month, the base service charge and all components of the commodity charge shall be prorated using a 30-day month.

A. Residential. The rates for metered water supplied to single-family and duplex residences except for those located in the cities of Shoreline and Lake Forest Park and those served under the terms of a wholesale contract, in one month, or fractional part thereof, shall be based on a commodity charge and a base service charge, in accordance with the following schedules:

Schedule WOR. Schedule WOR is for all single-family and duplex residences except those billed on Schedule WORM.

Commodity Charge per 100 Cubic Feet

Summer (May 16-September 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Summer (May 16th-September 15th)
))First 500 cubic feet per residence ((~~\$6.75~~ ~~\$6.75~~ ~~\$6.78~~))-~~\$6.82~~ ~~\$7.20~~~~\$7.56~~~~\$7.89~~Next 1,300 cubic feet per residence ((
~~\$8.34~~ ~~\$8.34~~ ~~\$8.39~~))-~~\$8.42~~ ~~\$8.90~~~~\$9.34~~~~\$9.75~~All over 1,800 cubic feet per residence ((~~\$13.45~~ ~~\$13.45~~ ~~\$13.45~~))-~~\$13.45~~
~~\$13.45~~~~\$13.45~~~~\$13.45~~

Winter (September 16-May 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Winter (September 16th-May 15th)))All
usage ((~~\$6.57~~ ~~\$6.57~~ ~~\$6.60~~))-~~\$6.63~~ ~~\$7.01~~~~\$7.35~~~~\$7.67~~

Base Service Charge per Month

Meter Size ((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 3/4 inch and less ((~~\$22.35~~ ~~\$22.35~~ ~~\$23.30~~
~~))~~-\$24.35 ~~\$25.65~~~~\$27.20~~~~\$28.85~~1 inch ((~~\$23.05~~ ~~\$23.05~~ ~~\$24.05~~))-~~\$25.10~~ ~~\$26.45~~~~\$28.05~~~~\$29.75~~1-1/2 inch ((~~\$35.50~~ ~~\$35.50~~
~~\$37.05~~))-~~\$38.70~~ ~~\$40.75~~~~\$43.20~~~~\$45.85~~2 inch ((~~\$39.35~~ ~~\$39.35~~ ~~\$41.05~~))-~~\$42.85~~ ~~\$45.15~~~~\$47.90~~~~\$50.80~~3 inch ((~~\$145.70~~
~~\$145.70~~ ~~\$152.00~~))-~~\$158.70~~ ~~\$167.25~~~~\$177.25~~~~\$188.05~~4 inch and larger ((~~\$208.70~~ ~~\$208.70~~ ~~\$217.75~~))-~~\$227.00~~
~~\$239.00~~~~\$254.00~~~~\$269.00~~

Schedule WORM. Schedule WORM is for single-family and duplex residences in which one or more persons require medical life support equipment that uses mechanical or artificial means to sustain, restore, or supplant a vital function, and which uses a disproportionate amount of water.

Commodity Charge per 100 Cubic Feet

Summer (May 16-September 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Summer (May 16th-September 15th)
))First 500 cubic feet per residence ((~~\$6.75~~ ~~\$6.75~~ ~~\$6.78~~))-~~\$6.82~~ ~~\$7.20~~~~\$7.56~~~~\$7.89~~All over 500 cubic feet per residence ((
~~\$8.34~~ ~~\$8.34~~ ~~\$8.39~~))-~~\$8.42~~ ~~\$8.90~~~~\$9.34~~~~\$9.75~~

Winter (September 16-May 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Winter (September 16th-May 15th)))All
usage ((~~\$6.57~~ ~~\$6.57~~ ~~\$6.60~~))-~~\$6.63~~ ~~\$7.01~~~~\$7.35~~~~\$7.67~~

Base Service Charge per Month

Meter Size ((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026

~~Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025~~ 3/4 inch and less ((~~\$22.35 \$22.35 \$23.30~~))-\$24.35 \$25.65\$27.20\$28.85 1 inch ((~~\$23.05 \$23.05 \$24.05~~))-\$25.10 \$26.45\$28.05\$29.75 1-1/2 inch ((~~\$35.50 \$35.50 \$37.05~~))-\$38.70 \$40.75\$43.20\$45.85 2 inch ((~~\$39.35 \$39.35 \$41.05~~))-\$42.85 \$45.15\$47.90\$50.80 3 inch ((~~\$145.70 \$145.70 \$152.00~~))-\$158.70 \$167.25\$177.25\$188.05 4 inch and larger ((~~\$208.70 \$208.70 \$217.75~~))-\$227.00 \$239.00\$254.00\$269.00

1. Master metered residential developments. The rates for residential developments with master meters of 1-1/2 inches or larger, which operate and maintain their own distribution systems on private property and which use water primarily to serve single-family, detached residences on at least two separate legal parcels, shall be based on a commodity charge and a base service charge, in accordance with the following schedule:

Commodity Charge per 100 Cubic Feet

Summer (May 16-September 15)

~~Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))~~Effective January 1, 2026
~~Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Summer (May 16th-September 15th))~~
))First 500 cubic feet per residence ((~~\$6.75 \$6.75 \$6.78~~))-\$6.82 \$7.20\$7.56\$7.89Next 1,300 cubic feet per residence ((~~\$8.34 \$8.34 \$8.39~~))-\$8.42 \$8.90\$9.34\$9.75All over 1,800 cubic feet per residence ((~~\$13.45 \$13.45 \$13.45~~))-\$13.45 \$13.45\$13.45\$13.45

Winter (September 16-May 15)

~~Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))~~Effective January 1, 2026
~~Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 (Winter (September 16th-May 15th))~~All
usage ((~~\$6.57 \$6.57 \$6.60~~))-\$6.63 \$7.01\$7.35\$7.67

Base Service Charge per Month

Meter Size ((~~Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025~~))Effective January 1, 2026
~~Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029~~ 1-1/2 inch ((~~\$35.50 \$35.50 \$37.05~~))-\$38.70 \$40.75\$43.20\$45.85 2 inch ((~~\$39.35 \$39.35 \$41.05~~))-\$42.85 \$45.15\$47.90\$50.80 3 inch ((~~\$145.70 \$145.70 \$152.00~~))-\$158.70 \$167.25\$177.25\$188.05 4 inch ((~~\$208.70 \$208.70 \$217.75~~))-\$227.00 \$239.00\$254.00\$269.00 6 inch ((~~\$257.00 \$257.00 \$268.00~~))-\$279.00 \$295.00\$312.00\$332.00 8 inch ((~~\$302.00 \$302.00 \$316.00~~))-\$329.00 \$347.00\$368.00\$390.00 10 inch ((~~\$369.00 \$369.00 \$385.00~~))-\$402.00 \$424.00\$449.00\$477.00 12 inch ((~~\$498.00 \$498.00 \$520.00~~))-\$544.00 \$572.00\$606.00\$644.00 16 inch ((~~\$560.00 \$560.00 \$584.00~~))-\$610.00 \$643.00\$682.00\$723.00 20 inch ((~~\$700.00 \$700.00 \$700.00~~))-\$700.00 \$734.00\$777.00\$825.00 24 inch ((~~\$879.00 \$879.00 \$879.00~~))-\$879.00 \$879.00\$884.00\$937.00

B. General service. The rates for metered water supplied to premises other than single-family, duplex residences, and master-metered residential developments (except for those located in the cities of Shoreline and Lake Forest Park and those served under the terms of a wholesale contract) in one month, or fractional part thereof, shall be based on a commodity charge, and a base service charge in accordance with the following schedule:

Commodity Charge per 100 Cubic Feet

Summer (May 16-September 15)

~~Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))~~Effective January 1, 2026
~~Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Summer (May 16th-September 15th))~~
~~))All usage ((~~\$8.29 \$8.55 \$8.66~~))-~~\$8.78 \$8.99\$9.27\$9.62~~~~

~~Winter (September 16-May 15)~~

~~Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))~~Effective January 1, 2026
~~Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Winter (September 16th-May 15th)))~~ All
usage ((~~\$6.52 \$6.73 \$6.82~~))-~~\$6.91 \$7.08\$7.30\$7.57~~

Base Service Charge per Month

Meter Size ((~~Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025~~))-Effective January 1, 2026
~~Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029~~ 3/4 inch and less ((~~\$22.30 \$24.95 \$26.80~~
~~))-~~\$28.75 \$29.35\$31.05\$32.85~~ 1 inch ((~~\$22.95 \$25.75 \$27.65~~))-~~\$29.65 \$30.25\$32.05\$33.85~~ 1-1/2 inch ((~~\$35.45 \$39.65~~
~~\$42.60~~))-~~\$45.65 \$46.70\$49.35\$52.20~~ 2 inch ((~~\$39.20 \$43.95 \$47.20~~))-~~\$50.55 \$51.70\$54.70\$57.80~~ 3 inch ((~~\$145.30~~
~~\$163.00 \$174.40~~))-~~\$186.95 \$191.50\$202.90\$214.30~~ 4 inch ((~~\$208.15 \$233.70 \$249.65~~))-~~\$267.90~~
~~\$274.75\$290.70\$306.65~~ 6 inch ((~~\$257.00 \$287.00 \$308.00~~))-~~\$331.00 \$337.00\$357.00\$377.00~~ 8 inch ((~~\$301.00 \$337.00~~
~~\$363.00~~))-~~\$389.00 \$397.00\$421.00\$443.00~~ 10 inch ((~~\$368.00 \$413.00 \$443.00~~))-~~\$475.00 \$486.00\$514.00\$543.00~~ 12 inch
((~~\$497.00 \$557.00 \$599.00~~))-~~\$641.00 \$656.00\$693.00\$733.00~~ 16 inch ((~~\$559.00 \$626.00 \$671.00~~))-~~\$719.00~~
~~\$735.00\$779.00\$823.00~~ 20 inch ((~~\$700.00 \$715.00 \$766.00~~))-~~\$822.00 \$840.00\$889.00\$939.00~~ 24 inch ((~~\$879.00 \$879.00~~
~~\$879.00~~))-~~\$934.00 \$954.00\$1,009.00\$1,067.00~~~~

C. Fire service

1. Fire hydrants. Except as provided in subsection 21.04.440.D, the rates for fire hydrants, including test water and water used to extinguish fires, shall be deemed service charges and shall be for any one year, or fractional part thereof, as follows:

Hydrant Type ((~~Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025~~))-Effective January 1, 2026
~~Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029~~ Hydrants on 4 inch or smaller mains
((~~\$521.70 \$528.17 \$545.26~~))-~~\$556.68 \$590.76 \$616.60 \$643.74~~ Hydrants on 6 inch or larger mains ((~~\$694.51 \$703.13~~
~~\$725.88~~))-~~\$741.09 \$950.95 \$992.54 \$1,036.23~~

2. Metered fire services. The rates for metered water services supplied for fire protection purposes exclusively, including a monthly allowance for test water and water used to extinguish fires, shall be deemed service charges and shall be for any one month, or fractional part thereof, as follows:

Service Charge per Month

Service Size Effective January 1, 2020 2 inch and less \$20.00 3 inch \$26.00 4 inch \$49.00 6 inch \$83.00 8 inch \$131.00
10 inch \$189.00 12 inch \$276.00

For each 100 cubic feet of water consumption in excess of the monthly allowance described below, the charge shall be an additional \$22.80.

Service Size Monthly Allowance 2 inch and less 100 cubic feet 3 inch 500 cubic feet 4 inch 500 cubic feet 6 inch 500
cubic feet 8 inch 1,000 cubic feet 10 inch 1,000 cubic feet 12 inch 1,000 cubic feet

D. Rates inside the cities of Shoreline, Lake Forest Park, Burien, and Mercer Island. Rates and charges in this subsection 21.04.440.D apply to retail customers of Seattle Public Utilities located within the cities of Shoreline, Lake Forest Park, Burien, and Mercer Island who are not served under the terms of a wholesale contract. Seasonal rates shall be prorated. For usage representing fractional parts of a month, the base service charge and all components of the commodity charge shall be prorated using a 30-day month. Except as otherwise provided in this Chapter 21.04, the rates and charges for water supplied shall be as follows:

1. Shoreline and Lake Forest Park residential. Except for Shoreline and Lake Forest Park master metered residential developments, the rates for metered water supplied to single-family and duplex residences in one month, or fractional part thereof, shall be based on a commodity charge and a base service charge, in accordance with the following schedules:

Schedules WARSL and Schedule WARLF. Schedules WARSL and WARLF are for all single-family and duplex residences except those billed on Schedules WARMSL and WARMLF.

Commodity Charge per 100 Cubic Feet

Summer (May 16-September 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Summer (May 16th-September 15th)
))First 500 cubic feet per residence ((\$7.18 \$7.18 \$7.22))- \$7.25 \$7.66\$8.04\$8.39Next 1,300 cubic feet per residence ((
\$8.88 \$8.88 \$8.93))- \$8.96 \$9.47\$9.93\$10.37All over 1,800 cubic feet per residence ((\$14.31 \$14.31 \$14.31))- \$14.31
\$14.31\$14.31\$14.31

Winter (September 16-May 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Winter (September 16th-May 15th)))All
usage ((\$6.99 \$6.99 \$7.02))- \$7.06 \$7.46\$7.82\$8.16

Base Service Charge per Month

Meter Size ((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 3/4 inch and less ((\$23.75 \$23.75 \$24.80
))- \$25.90 \$27.30\$28.90\$30.701 inch ((\$24.50 \$24.50 \$25.60))- \$26.70 \$28.15\$29.85\$31.651-1/2 inch ((\$37.80 \$37.80
\$39.40))- \$41.15 \$43.35\$45.95\$48.752 inch ((\$41.85 \$41.85 \$43.65))- \$45.60 \$48.05\$50.95\$54.053 inch ((\$155.00
\$155.00 \$161.70))- \$168.80 \$177.90\$188.60\$200.054 inch and larger ((\$222.00 \$222.00 \$231.65))- \$241.00
\$255.00\$270.00\$286.00

Schedules WARMSL and WARMLF. Schedules WARMSL and WARMLF are for single-family and duplex residences in which one or more persons require medical life support equipment that uses mechanical or artificial

means to sustain, restore, or supplant a vital function, and which uses a disproportionate amount of water.

Commodity Charge per 100 Cubic Feet

Summer (May 16-September 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Summer (May 16th-September 15th))
))First 500 cubic feet per residence ((~~\$7.18~~ ~~\$7.18~~ ~~\$7.22~~))-~~\$7.25~~ ~~\$7.66~~~~\$8.04~~~~\$8.39~~All over 500 cubic feet per residence ((
~~\$8.88~~ ~~\$8.88~~ ~~\$8.93~~))-~~\$8.96~~ ~~\$9.47~~~~\$9.93~~~~\$10.37~~

Winter (September 16-May 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Winter (September 16th-May 15th))) All
usage ((~~\$6.99~~ ~~\$6.99~~ ~~\$7.02~~))-~~\$7.06~~ ~~\$7.46~~~~\$7.82~~~~\$8.16~~

Base Service Charge per Month

Meter Size ((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 3/4 inch and less ((~~\$23.75~~ ~~\$23.75~~ ~~\$24.80~~
))-~~\$25.90~~ ~~\$27.30~~~~\$28.90~~~~\$30.70~~1 inch ((~~\$24.50~~ ~~\$24.50~~ ~~\$25.60~~))-~~\$26.70~~ ~~\$28.15~~~~\$29.85~~~~\$31.65~~1-1/2 inch ((~~\$37.80~~ ~~\$37.80~~
~~\$39.40~~))-~~\$41.15~~ ~~\$43.35~~~~\$45.95~~~~\$48.75~~2 inch ((~~\$41.85~~ ~~\$41.85~~ ~~\$43.65~~))-~~\$45.60~~ ~~\$48.05~~~~\$50.95~~~~\$54.05~~3 inch ((~~\$155.00~~
~~\$155.00~~ ~~\$161.70~~))-~~\$168.80~~ ~~\$177.90~~~~\$188.60~~~~\$200.05~~4 inch and larger ((~~\$222.00~~ ~~\$222.00~~ ~~\$231.65~~))-~~\$241.00~~
~~\$255.00~~~~\$270.00~~~~\$286.00~~

2. Shoreline and Lake Forest Park master metered residential developments

a. The rates for residential developments with master meters of 1-1/2 inches or larger, which operate and maintain their own distribution systems on private property, use water primarily to serve single-family, detached residences on at least two separate legal parcels, and do not pay public utility taxes under chapter 82.16 RCW directly to the State of Washington, shall be based on a commodity charge and a base service charge, in accordance with the following schedule:

Commodity Charge per 100 Cubic Feet

Summer (May 16-September 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Summer (May 16th-September 15th))
))First 500 cubic feet per residence ((~~\$7.18~~ ~~\$7.18~~ ~~\$7.22~~))-~~\$7.25~~ ~~\$7.66~~~~\$8.04~~~~\$8.39~~Next 1,300 cubic feet per residence ((
~~\$8.88~~ ~~\$8.88~~ ~~\$8.93~~))-~~\$8.96~~ ~~\$9.47~~~~\$9.93~~~~\$10.37~~All over 1,800 cubic feet per residence ((~~\$14.31~~ ~~\$14.31~~ ~~\$14.31~~))-~~\$14.31~~
~~\$14.31~~~~\$14.31~~~~\$14.31~~

Winter (September 16-May 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Winter (September 16th-May 15th))) All
usage ((~~\$6.99~~ ~~\$6.99~~ ~~\$7.02~~))-~~\$7.06~~ ~~\$7.46~~~~\$7.82~~~~\$8.16~~

Base Service Charge per Month

Meter Size ((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028 Effective January 1, 2029 1-1/2 inch ((~~\$37.80 \$37.80 \$39.40~~))-
\$41.15 \$43.35 \$45.95 \$48.75 2 inch ((~~\$41.85 \$41.85 \$43.65~~))- \$45.60 \$48.05 \$50.95 \$54.05 3 inch ((~~\$155.00 \$155.00~~
~~\$161.70~~))- \$168.80 \$177.90 \$188.60 \$200.05 4 inch ((~~\$222.00 \$222.00 \$231.65~~))- \$241.00 \$255.00 \$270.00 \$286.00 6 inch ((
~~\$273.00 \$273.00 \$285.00~~))- \$297.00 \$314.00 \$332.00 \$353.00 8 inch ((~~\$321.00 \$321.00 \$336.00~~))- \$350.00
~~\$369.00 \$392.00 \$415.00~~ 10 inch ((~~\$393.00 \$393.00 \$410.00~~))- \$428.00 \$451.00 \$478.00 \$507.00 12 inch ((~~\$530.00 \$530.00~~
~~\$553.00~~))- \$578.00 \$609.00 \$645.00 \$685.00 16 inch ((~~\$595.00 \$595.00 \$621.00~~))- \$649.00 \$684.00 \$725.00 \$769.00 20 inch
((~~\$745.00 \$745.00 \$745.00~~))- \$745.00 \$781.00 \$827.00 \$878.00 24 inch ((~~\$935.00 \$935.00 \$935.00~~))- \$935.00
\$935.00 \$940.00 \$997.00

b. The rates for residential developments with master meters of 1-1/2 inches or larger, which operate and maintain their own distribution systems on private property, use water primarily to serve single-family, detached residences on at least two separate legal parcels, and do pay public utility taxes under chapter 82.16 RCW directly to the State of Washington, shall be based on a commodity charge and a base service charge, in accordance with the following schedule:

Commodity Charge per 100 Cubic Feet

Summer (May 16-September 15)

Usage ((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028 Effective January 1, 2029 ((Summer (May 16th-September 15th))
First 500 cubic feet per residence ((~~\$6.72 \$6.72 \$6.75~~))- \$6.79 \$7.17 \$7.53 \$7.85 Next 1,300 cubic feet per residence ((
~~\$8.31 \$8.31 \$8.35~~))- \$8.39 \$8.86 \$9.30 \$9.70 All over 1,800 cubic feet per residence ((~~\$13.39 \$13.39 \$13.39~~))- \$13.39
\$13.39 \$13.39 \$13.39

Winter (September 16-May 15)

Usage ((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028 Effective January 1, 2029 ((Winter (September 16th-May 15th))) All
usage ((~~\$6.54 \$6.54 \$6.57~~))- \$6.61 \$6.98 \$7.32 \$7.64

Base Service Charge per Month

Meter Size ((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028 Effective January 1, 2029 1-1/2 inch ((~~\$35.40 \$35.40 \$36.90~~))-
\$38.55 \$40.65 \$43.00 \$45.65 2 inch ((~~\$39.15 \$39.15 \$40.85~~))- \$42.70 \$44.95 \$47.65 \$50.55 3 inch ((~~\$145.05 \$145.05~~
~~\$151.35~~))- \$158.00 \$166.50 \$176.50 \$187.20 4 inch ((~~\$207.75 \$207.75 \$216.80~~))- \$225.85 \$238.35 \$253.10 \$267.85 6 inch ((
~~\$255.50 \$255.50 \$267.00~~))- \$278.00 \$278.00 \$311.00 \$330.00 8 inch ((~~\$300.00 \$300.00 \$314.00~~))- \$328.00
~~\$328.00 \$367.00 \$388.00~~ 10 inch ((~~\$368.00 \$368.00 \$384.00~~))- \$401.00 \$422.00 \$447.00 \$474.00 12 inch ((~~\$496.00 \$496.00~~
~~\$518.00~~))- \$541.00 \$570.00 \$604.00 \$641.00 16 inch ((~~\$557.00 \$557.00 \$581.00~~))- \$607.00 \$640.00 \$679.00 \$720.00 20 inch
((~~\$697.00 \$697.00 \$697.00~~))- \$697.00 \$731.00 \$774.00 \$822.00 24 inch ((~~\$875.00 \$875.00 \$875.00~~))- \$875.00
\$875.00 \$880.00 \$933.00

3. Shoreline and Lake Forest Park general service. The rates for metered water supplied to premises

other than single-family, duplex residences, and master-metered residential developments within the cities of Shoreline and Lake Forest Park in one month, or fractional part thereof, shall be based on a commodity charge, and a base service charge in accordance with the following schedule:

Commodity Charge per 100 Cubic Feet

Summer (May 16-September 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Summer (May 16th-September 15th))
))All usage ((\$8.82 \$9.10 \$9.22))-\$9.34 \$9.57\$9.86\$10.24

Winter (September 16-May 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Winter (September 16th-May 15th)))
All usage ((\$6.94 \$7.16 \$7.25))\$7.35 \$7.53\$7.76\$8.05

Base Service Charge per Month

Meter Size ((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 3/4 inch and less ((\$23.70 \$26.55 \$28.50
))- \$30.55 \$31.25\$33.05\$34.951 inch ((\$24.45 \$27.40 \$29.40))- \$31.55 \$32.20\$34.10\$36.001-1/2 inch ((\$37.70 \$42.20
\$45.30))- \$48.55 \$49.65\$52.50\$55.552 inch ((\$41.70 \$46.75 \$50.20))- \$53.80 \$55.00\$58.20\$61.503 inch ((\$154.55
\$173.45 \$185.55))- \$198.90 \$203.75\$215.85\$228.004 inch ((\$221.45 \$248.60 \$265.60))- \$285.00
\$292.30\$309.25\$326.256 inch ((\$273.00 \$306.00 \$327.00))- \$352.00 \$359.00\$380.00\$401.008 inch ((\$320.00 \$359.00
\$386.00))- \$414.00 \$422.00\$448.00\$472.0010 inch ((\$392.00 \$439.00 \$472.00))- \$506.00 \$517.00\$547.00\$577.0012 inch
((\$529.00 \$593.00 \$637.00))- \$682.00 \$697.00\$737.00\$780.0016 inch ((\$594.00 \$666.00 \$714.00))- \$765.00
\$782.00\$828.00\$876.0020 inch ((\$745.00 \$760.00 \$815.00))- \$874.00 \$894.00\$946.00\$999.0024 inch ((\$935.00 \$935.00
\$935.00))- \$993.00 \$1,015.00\$1,073.00\$1,135.00

4. Shoreline and Lake Forest Park metered fire services. The rates for metered water services supplied for fire protection purposes exclusively, including a monthly allowance for test water and water used to extinguish fires, shall be deemed service charges and shall be for any one month, or fractional part thereof, as follows:

Service Charge per Month

Service Size Effective January 1, 2020 2 inch and less \$22.00 3 inch \$28.00 4 inch \$52.00 6 inch \$89.00 8 inch \$139.00
10 inch \$201.00 12 inch \$293.00

For each 100 cubic feet of water consumption in excess of the monthly allowance described below, the charge shall be an additional \$24.30.

Service Size Monthly Allowance 2 inch and less 100 cubic feet 3 inch 500 cubic feet 4 inch 500 cubic feet 6 inch 500
cubic feet 8 inch 1,000 cubic feet 10 inch 1,000 cubic feet 12 inch 1,000 cubic feet

5. Burien residential. Except for Burien master metered residential developments, the rates for metered

water supplied to single-family and duplex residences in one month, or fractional part thereof, shall be based on a commodity charge and a base service charge, in accordance with the following schedules:

Schedule WBUR. Schedule WBUR is for all single-family and duplex residences except those billed on Schedule WBURL.

Commodity Charge per 100 Cubic Feet

Summer (May 16-September 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Summer (May 16th-September 15th))
)First 500 cubic feet per residence ((~~\$7.53~~ ~~\$7.34~~ ~~\$7.37~~))-~~\$7.41~~ ~~\$7.83~~~~\$8.22~~~~\$8.57~~Next 1,300 cubic feet per residence ((
~~\$9.26~~ ~~\$9.07~~ ~~\$9.12~~))-~~\$9.16~~ ~~\$9.68~~~~\$10.15~~~~\$10.59~~All over 1,800 cubic feet per residence ((~~\$14.62~~ ~~\$14.62~~ ~~\$14.62~~))-~~\$14.62~~
~~\$14.62~~~~\$14.62~~~~\$14.62~~

Winter (September 16-May 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Winter (September 16th-May 15th)))All
usage ((~~\$7.33~~ ~~\$7.14~~ ~~\$7.17~~))-~~\$7.21~~ ~~\$7.62~~~~\$7.99~~~~\$8.34~~

Base Service Charge per Month

Meter Size ((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 3/4 inch and less ((~~\$24.85~~ ~~\$24.30~~ ~~\$25.35~~
))-~~\$26.45~~ ~~\$27.90~~~~\$29.55~~~~\$31.35~~1 inch ((~~\$25.60~~ ~~\$25.05~~ ~~\$26.15~~))-~~\$27.25~~ ~~\$28.75~~~~\$30.50~~~~\$32.35~~1-1/2 inch ((~~\$39.15~~ ~~\$38.60~~
~~\$40.25~~))-~~\$42.05~~ ~~\$44.30~~~~\$46.95~~~~\$49.80~~2 inch ((~~\$43.30~~ ~~\$42.75~~ ~~\$44.60~~))-~~\$46.60~~ ~~\$49.05~~~~\$52.05~~~~\$55.20~~3 inch ((~~\$159.35~~
~~\$158.35~~ ~~\$165.25~~))-~~\$172.50~~ ~~\$181.80~~~~\$192.70~~~~\$204.40~~4 inch and larger ((~~\$227.80~~ ~~\$226.80~~ ~~\$236.65~~))-~~\$247.00~~
~~\$260.00~~~~\$276.00~~~~\$292.00~~

Schedule WBURL. Schedule WBURL is for single-family and duplex residences in which one or more persons require medical life support equipment that uses mechanical or artificial means to sustain, restore or supplant a vital function, and which uses a disproportionate amount of water.

Commodity Charge per 100 Cubic Feet

Summer (May 16-September 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Summer (May 16th-September 15th))
)First 500 cubic feet per residence((~~\$7.53~~ ~~\$7.34~~ ~~\$7.37~~))-~~\$7.41~~ ~~\$7.83~~~~\$8.22~~~~\$8.57~~Next 1,300 cubic feet per residence((
~~\$9.26~~ ~~\$9.07~~ ~~\$9.12~~))-~~\$9.16~~ ~~\$9.68~~~~\$10.15~~~~\$10.59~~

Winter (September 16-May 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Winter (September 16th-May 15th)))All
usage((~~\$7.33~~ ~~\$7.14~~ ~~\$7.17~~))-~~\$7.21~~ ~~\$7.62~~~~\$7.99~~~~\$8.34~~

Base Service Charge per Month

Meter Size ((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 3/4 inch and less ((\$24.85 \$24.30 \$25.35
))- \$26.45 \$27.90\$29.55\$31.35 1 inch ((\$25.60 \$25.05 \$26.15))- \$27.25 \$28.75\$30.50\$32.35 1-1/2 inch ((\$39.15 \$38.60
\$40.25))- \$42.05 \$44.30\$46.95\$49.80 2 inch ((\$43.30 \$42.75 \$44.60))- \$46.60 \$49.05\$52.05\$55.20 3 inch ((\$159.35
\$158.35 \$165.25))- \$172.50 \$181.80\$192.70\$204.40 4 inch and larger ((\$227.80 \$226.80 \$236.65))- \$247.00
\$260.00\$276.00\$292.00

6. Burien master metered residential developments. The rates for residential developments with master meters of 1-1/2 inches or larger, which operate and maintain their own distribution systems on private property and which use water primarily to serve single-family, detached residences on at least two separate legal parcels, shall be based on a commodity charge and a base service charge, in accordance with the following schedule:

Commodity Charge per 100 Cubic Feet

Summer (May 16-September 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Summer (May 16th-September 15th))
))First 500 cubic feet per residence ((\$7.53 \$7.34 \$7.37))- \$7.41 \$7.83\$8.22\$8.57Next 1,300 cubic feet per residence ((
\$9.26 \$9.07 \$9.12))- \$9.16 \$9.68\$10.15\$10.59All over 1,800 cubic feet per residence ((\$14.62 \$14.62 \$14.62))- \$14.62
\$14.62\$14.62\$14.62

Winter (September 16-May 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Winter (September 16th-May 15th)))All
usage ((\$7.33 \$7.14 \$7.17))- \$7.21 \$7.62\$7.99\$8.34

Base Service Charge per Month

Meter Size ((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))-Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 1-1/2 inch ((\$39.15 \$38.60 \$40.25))-
\$42.05 \$44.30\$46.95\$49.80 2 inch ((\$43.30 \$42.75 \$44.60))- \$46.60 \$49.05\$52.05\$55.20 3 inch ((\$159.35 \$158.35
\$165.25))- \$172.50 \$181.80\$192.70\$204.40 4 inch ((\$227.80 \$226.80 \$236.65))- \$247.00 \$260.00\$276.00\$292.00 6 inch ((
\$280.00 \$279.00 \$291.00))- \$304.00 \$321.00\$340.00\$361.00 8 inch ((\$329.00 \$328.00 \$343.00))- \$358.00
\$377.00\$400.00\$424.00 10 inch ((\$402.00 \$401.00 \$419.00))- \$437.00 \$461.00\$488.00\$518.00 12 inch ((\$543.00 \$542.00
\$565.00))- \$591.00 \$622.00\$659.00\$700.00 16 inch ((\$609.00 \$608.00 \$634.00))- \$663.00 \$699.00\$741.00\$786.00 20 inch
((\$762.00 \$761.00 \$761.00))- \$761.00 \$798.00\$845.00\$897.00 24 inch ((\$956.00 \$955.00 \$955.00))- \$955.00
\$955.00\$960.00\$1,019.00

7. Burien general service. The rates for metered water supplied to premises other than single-family, duplex residences, and master-metered residential developments within the city of Burien in one month, or fractional part thereof, shall be based on a commodity charge, and a base service charge in accordance with the following schedule:

Commodity Charge per 100 Cubic Feet

Summer (May 16-September 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Summer (May 16th-September 15th))
))All usage ((\$9.21 \$9.29 \$9.42))-\$9.54 \$9.78\$10.07\$10.46

Winter (September 16-May 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Winter (September 16th-May 15th)))
usage ((\$7.29 \$7.31 \$7.44))\$7.51 \$7.70\$7.93\$8.23

Base Service Charge per Month

Meter Size ((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 3/4 inch and less ((\$24.85 \$27.15 \$29.10
))- \$31.25 \$31.90\$33.75\$35.70 1 inch ((\$25.55 \$28.00 \$30.05))- \$32.20 \$32.90\$34.80\$36.80 1-1/2 inch ((\$39.15 \$43.10
\$46.30))- \$49.65 \$50.75\$53.65\$56.75 2 inch ((\$43.25 \$47.75 \$51.30))- \$54.95 \$56.20\$59.50\$62.80 3 inch ((\$162.95
\$177.20 \$189.60))- \$203.20 \$208.15\$220.55\$232.95 4 inch ((\$231.25 \$254.00 \$271.35))- \$291.20
\$298.65\$316.00\$333.35 6 inch ((\$284.00 \$312.00 \$335.00))- \$359.00 \$367.00\$388.00\$410.00 8 inch ((\$332.00 \$367.00
\$394.00))- \$423.00 \$431.00\$457.00\$482.00 10 inch ((\$405.00 \$449.00 \$482.00))- \$517.00 \$528.00\$559.00\$590.00 12 inch
(((\$545.00 \$606.00 \$651.00))- \$696.00 \$713.00\$753.00\$797.00 16 inch ((\$612.00 \$680.00 \$730.00))- \$782.00
\$799.00\$846.00\$895.00 20 inch ((\$766.00 \$777.00 \$833.00))- \$893.00 \$913.00\$967.00\$1,021.00 24 inch ((\$960.00
\$955.00 \$955.00))- \$1,015.00 \$1,037.00\$1,097.00\$1,160.00

8. Burien fire hydrants. The rates for fire hydrants, including test water and water used to extinguish fires, shall be deemed service charges and shall be for any one year, or fractional part thereof, as follows:

Hydrant Type ((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))Effective January 1,
2026 Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 Hydrants on 4 inch or smaller mains
(((\$567.06 \$574.09 \$592.68))- \$605.09 \$642.14 \$670.22 \$699.72 Hydrants on 6 inch or larger mains (((\$754.90 \$764.27
\$789.04))- \$805.53 \$1,033.64 \$1,078.85 \$1,126.34

9. Burien metered fire services. The rates for metered water services supplied for fire protection purposes exclusively, including a monthly allowance for test water and water used to extinguish fires, shall be deemed service charges and shall be for any one month, or fractional part thereof, as follows:

Service Charge per Month

Service Size Effective January 1, 2022 2 inch and less \$22.00 3 inch \$29.00 4 inch \$53.00 6 inch \$90.00 8 inch \$143.00
10 inch \$206.00 12 inch \$300.00

For each 100 cubic feet of water consumption in excess of the monthly allowance described below, the charge shall be an additional \$24.80.

Service Size Monthly Allowance 2 inch and less 100 cubic feet 3 inch 500 cubic feet 4 inch 500 cubic feet 6 inch 500
cubic feet 8 inch 1,000 cubic feet 10 inch 1,000 cubic feet 12 inch 1,000 cubic feet

10. Mercer Island general service. The rates for metered water supplied to premises other than single-family, duplex residences, and master-metered residential developments within the city of Mercer Island in one month, or fractional part thereof, shall be based on a commodity charge, and a base service charge in accordance with the following schedule:

Commodity Charge per 100 Cubic Feet

Summer (May 16-September 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Summer (May 16th-September 15th))
))All usage ((\$8.75 \$9.03 \$9.15))-\$9.27 \$9.50\$9.79\$10.16

Winter (September 16-May 15)

Usage((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 ((Winter (September 16th-May 15th)))
All usage ((\$6.89 \$7.10 \$7.20))\$7.30 \$7.48\$7.70\$7.99

Base Service Charge per Month

Meter Size ((Effective January 1, 2023 Effective January 1, 2024 Effective January 1, 2025))Effective January 1, 2026
Effective January 1, 2027 Effective January 1, 2028Effective January 1, 2029 8 inch ((\$318.00 \$356.00 \$383.00))-
\$410.00 \$419.00\$444.00\$468.0010 inch ((\$389.00 \$436.00 \$468.00))-\$502.00 \$513.00\$543.00\$573.00

* * *

Section 3. Section 21.76.030 of the Seattle Municipal Code, last amended by Ordinance 125050, is amended as follows:

21.76.030 Utility discount program qualification

A. Water, wastewater, drainage, and solid waste rate discounts are available for residential utility services provided by the City upon satisfactory proof that a member of the household is billed directly for utility services provided by the Department and receives a bill from Seattle Public Utilities or a third party biller, or the household pays for utility services provided by the Department indirectly through its rent and is either billed by City Light for its electric utilities or the building owner of the household's residence has entered an agreement under Section 21.76.050, and:

1. Receives Supplemental Security Income pursuant to 42 USC Sections 1381 through 1383; or
2. Has annual income, that when combined with the annual income of all household members, does not exceed ((70)) 60 percent of the ((Washington State)) area median income for the number of individuals in the household as computed annually by the ((State or the City)) United States Department of Housing and Urban Development in the

Multifamily Tax Subsidy Projects Income Limits for the Seattle-Bellevue, WA Metro Fair Market Rent Area.

* * *

Section 4. Section 21.76.040 of the Seattle Municipal Code, last amended by Ordinance 127322, is amended as follows:

21.76.040 Rate discounts

A. Drainage, wastewater, and water. Certified customers will receive rate discounts (or credits) in the following amounts:

1. Wastewater. Certified customers billed directly for Seattle Public Utilities wastewater services will receive a rate discount equal to 0.5 times the total current wastewater volume charge.

At the time of a change to the wastewater volume charge described in Section 21.28.040, the Director of Seattle Public Utilities shall calculate new credits for certified customers who pay for wastewater services indirectly through rent. The rate credit for single-family and duplex customers shall be 0.5 times the wastewater volume charge multiplied by 430 cubic feet (4.3 CCF), which is typical single-family residential sewer billed consumption. The rate credit for multifamily dwelling customers shall be 0.5 times the wastewater volume charge multiplied by 3.0 CCF, which is typical multifamily sewer billed consumption.

2. Drainage. Certified customers residing inside Seattle shall receive the following rate credits for drainage services based on dwelling type:

Single-Family One-half of one-twelfth of the annual drainage rate for small residential parcels 5,000-7,999 square feet as described in subsection 21.33.030.D Duplex 50% of the single-family rate credit Multifamily 10.7% of the single-family rate credit

3. Water. Certified customers billed directly for Seattle Public Utilities water services shall receive a rate discount equal to 0.5 times the total current commodity and base service charges. Certified customers who pay for water services indirectly through their rent shall receive the following rate credits based on dwelling type and consistent with Section 21.76.050:

Effective date Single-family and duplex dwellings Multifamily dwellings ((~~January 1, 2023 \$24.33 per month \$13.25 per month~~ ~~January 1, 2024 \$24.33 per month \$13.73 per month~~ ~~January 1, 2025 \$24.83 per month \$13.96 per month~~ ~~January 1, 2026 \$25.36 per month \$14.19 per month~~ ~~January 1, 2027 \$26.76 per month \$14.54 per month~~ ~~January 1, 2028 \$28.20 per month \$15.01 per month~~ ~~January 1, 2029 \$29.63 per month \$15.59 per month~~)

* * *

Section 5. In order to lessen the increases in water rates necessary to meet the revenue requirements of the

Water Fund, the General Manager and Chief Executive Officer of Seattle Public Utilities (GM/CEO) is authorized, while the rates authorized by this ordinance are in effect, to make one or more withdrawals of funds up to a cumulative maximum of \$19,800,000 from the Revenue Stabilization Subfund to Operating Cash. The GM/CEO may withdraw funds in order to meet operating expenses, pay Capital Improvement Program expenditures, or comply with the Water Fund financial policies adopted by the City Council, so long as the balance of the Revenue Stabilization Subfund never falls below \$17,100,000.

Section 6. Prior ordinances of the City setting rates and charges for water services of Seattle Public Utilities shall continue in effect with respect to obligations incurred for water services rendered before the effective date of this ordinance, unless and until such prior ordinances expire of their own terms or are superseded.

Section 7. Section 3 of this ordinance shall take effect on April 10, 2027.

This ordinance shall take effect as provided by Seattle Municipal Code Sections 1.04.020 and 1.04.070.

Passed by the City Council and signed in open session in authentication of its passage on .

President of the City Council
on .

Katie B. Wilson, Mayor

Attested on .

Scheereen Dedman, City Clerk

Seal

Summary and Fiscal Note

1. Legislation Summary

Department: Seattle Public Utilities

Title: An ordinance relating to rates and charges for water services of Seattle Public Utilities; revising water rates and charges; revising qualification requirements for the utility discount program; revising credits to low-income customers; and amending Sections 21.04.430, 21.04.440, and 21.76.040 of the Seattle Municipal Code.

Background:

This ordinance would revise retail water rates for residential, general service, and public fire customers, adjust low-income assistance credits for water customers, expand eligibility requirements for SPU's low-income assistance program for all SPU utilities in April 2027, and allow a withdrawal from the Revenue Stabilization Account. It would adjust rates to meet policy targets and fund spending decisions. This legislation proposes three years of rates and assistance credit updates.

In September 2024, the City Council adopted Resolution 32136, which approved SPU's 2025-2030 Strategic Business Plan (SBP). As part of the SBP, SPU estimates the rate path for each line of business and follows up with legislation to adopt rates. This legislation formally adopts the Water Fund rates. The rates proposed in this legislation compared to those in the adopted SBP are depicted below.

Retail Rate Adjustment Summary

	2025	2026	2028	2028	2029	2030	AVG
SBP RATE PATH	2.0%	2.0%	6.3%	3.3%	6.5%	3.8%	4.0%
RATE STUDY PROPOSAL	2.0%	2.0%	4.3%	4.3%	4.3%	3.7%	3.4%

The rate study proposal is lower for 2027-29 and the 6-year average than the SBP-estimated rate path. In part, reduced debt burdens result in a better starting financial position. This proposal meets all financial policy targets and maintains the Water Rate Stabilization Fund at \$17.1 million, which is above the minimum required. This ordinance would also allow SPU Water to withdraw up to \$19 million from the Revenue Stabilization Account to use for capital projects, thereby reducing the debt burden, and indirectly, Water Fund rates.

This ordinance also expands eligibility for the Utility Discount Program (UDP) for all SPU rates, raising eligibility from 70 percent of State Median Income to 60 percent of Area Media Income, as computed by the US Department of Housing and Urban Development. SPU customers enrolled in UDP receive a 50% discount on their SPU bill. This change will increase eligibility by 31,000 customers, 24,000 of which are served directly or indirectly by SPU. This change will increase the overall average SBP increases by 0.1% per year. Seattle City Light (SCL) also participates in the UDP and concurrent SCL rate legislation makes the same change in eligibility.

Summary Attachments:

Summary Exhibit A – 2027-2029 Water Rate Study

2. Capital Improvement Program (CIP)

Does this legislation create, fund, or amend a CIP Project?

☐ Yes

☒ No

3. Summary of Financial Implications

Does this legislation have financial impacts to the City?

☒ Yes

☐ No

a. Revenue Change to Other Funds

2026	2027 est.	2028 est.	2029 est.	2030 est.
	\$11,322,723	\$11,259,249	\$11,826,869	\$0

3b. Revenues/Reimbursements

This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from This Legislation:

Fund Name and Number	Dept.	Revenue Source	2026 Revenue	2027 Estimated Revenue
43000 – Water Fund	SPU	Water Sales	\$0	\$11,322,723

TOTAL 2026 Revenue	TOTAL 2027 Estimated Revenue
\$0	\$11,322,723

Revenue/Reimbursement Notes:

3d. Other Financial Impacts

a. Does this legislation create any other financial impacts for The City of Seattle, such as direct or indirect costs, one-time or ongoing, that aren't mentioned above? If yes, please explain these impacts.

The Water Fund pays City taxes on all retail water sold. The rate proposal in this ordinance would increase the amount of City taxes paid by SPU by about \$1.8 million each year for the three years covered by the rate study.

b. If the legislation has costs that can be covered within the current budget, explain how. Does the department have extra resources in its budget to handle these costs? Or does the department need to shift resources away from other work to handle these costs?

N/A

c. What financial costs or other impacts might happen if this legislation is not implemented?

The Water Fund would not receive sufficient revenue to meet financial policy goals or would be forced to cut or delay operational and capital spending. In addition, in May 2026, Moody's affirmed the Water Fund bond rating of 'Aaa.' Not implementing this legislation could result in that upgrade being revoked. Revoking the Aaa rating, or other rating downgrades, would increase the cost of borrowing, thereby increasing rates paid by customers.

d. How might this legislation affect other City departments besides the one that proposed it?

Several City departments incur water costs. Water fees for these departments will change commensurately with the rates proposed in this legislation. The impacted departments include: Seattle Center, City Budget Office, Seattle City Light, Department of Neighborhoods, Seattle Department of Transportation, Department of Parks and Recreation, Seattle Police Department, Seattle Public Utilities, and Seattle Public Library.

In addition, the City's General Fund receives a bill for public fire service, which is sometimes called 'hydrant' service. This bill will increase from \$12,849,118 in 2026 to \$16,473,414 in 2027 and estimates of \$17,193,872 and \$17,950,651 in 2028 and 2029, respectively.

4. Other Impacts

a. Does this legislation require a public hearing?

☐ Yes

☒ No

b. Does this legislation require a notice to be published in The Daily Journal of Commerce and/or The Seattle Times?

☐ Yes

☒ No

c. Does this legislation affect a piece of property?

No.

d. Race and Social Justice Initiative impacts:

1. How does this legislation affect vulnerable or historically disadvantaged communities? How did you come to this conclusion? Please consider both impacts within City government (like employees and internal programs) and in the broader community.

This legislation impacts all residential and general service water customers and will increase the cost of living for residents and increase operating expenses for businesses in the retail service area. Cost of living increases disproportionately affect low-income residents.

This legislation also adjusts low-income credits for residents that are not direct customers of SPU and pay utilities through rent. These customers will continue to receive a 50% credit.

To mitigate the increased costs for some customers, utility discount program income limits are increased in this legislation. It is expected that an additional 10,000 households will be eligible for discounted utility bills through this expansion.

2. Please attach any Racial Equity Toolkits or other racial equity analyses used to develop or assess this legislation.

3. What is the Language Access Plan for communicating with the public about this legislation?

There is no Language Access Plan for this legislation.

e. Climate change impacts:

1. Emissions: Will this legislation significantly increase or decrease carbon emissions? Attach any studies or materials that inform your answer.

No.

2. Resiliency: Will this legislation make Seattle more or less able to adapt to climate change? If it reduces resiliency, explain what can be done to lessen the impact.

No.

f. If this legislation creates a new program or expands an existing one, what are the long-term, measurable goals? How will this legislation help achieve those goals? What methods will be used to track progress?

N/A.

g. Does this legislation create a non-utility CIP that involves shared funding with a non-City partner or organization?

No.

EXHIBIT A



**Seattle Public Utilities
2027-2029 Water Rate Study**

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PREFACE – STRATEGIC BUSINESS PLAN COMPARISON

Seattle City Council, through Resolution 32136, passed in September 2024, adopted a six-year Strategic Business Plan (SBP) for Seattle Public Utilities (SPU) which guides utility investments, service levels, and rate paths through 2030. While not a formal rate package, the SBP does give guidance and create accountability for the rate setting process. **Table P-1** compares the overall retail water increases for 2027-2029 proposed as part of this legislation with those in the SBP.

Table P-1
Comparison of Proposed and Adopted Retail Water Rates

	2027	2028	2029
Adopted Strategic Business Plan Update	6.3%	3.3%	6.5%
Proposed Water Rate Study	4.3%	4.3%	4.3%

The cumulative rate increase over the three-year rate study period, 13.5%, is less than the cumulative increase over the same period in the SBP, 16.9%. For the rate study, increases have been flattened to ease the burden of increases for customers.

1. EXECUTIVE SUMMARY

The water system is financed through an enterprise fund of the City of Seattle that is wholly supported by rate and fee revenues related to water service. In any given year, these rates and fees must be sufficient to pay the total costs of the water system and meet financial targets. This total cost is known as the **water system revenue requirement**. Most of the water system's revenues are from direct service ("rates") revenues from wholesale and retail customers. Wholesale contracts determine the amount SPU charges for wholesale service in a given year. Thus, retail water rates and other revenues are the "balancing entries" that generate the difference between each year's total water system revenue requirement and wholesale revenues.

This study focuses on proposed retail water rates. **Chapter 1** provides an overview of proposed changes to the revenue requirement and their drivers, bill impacts, and projected financial performance. **Chapter 2** gives an overview of financial policy targets resulting from the development of the revenue requirement. **Chapter 3** provides additional detail on the various components of the proposed revenue requirements, including a discussion of demand and the low-income rate assistance program. **Chapter 4** discusses how the proposed revenue requirement is allocated between different customer classes. **Chapter 5** presents proposed rates by customer class, as well as an overview of the rate design, or rate structure, for each class. The **Appendices** present additional supporting data.

The proposed retail rates support increases to the retail rate revenue requirement of \$11.3 million in 2027, \$11.3 million in 2028, and \$11.8 million in 2029, for a combined \$34.4 million over the three-year period. **Table 1-1** presents the change in the retail revenue requirement and the monthly impact of proposed rate increases on typical residential customers and a sampling of general service customers. The proposed rates will affect customer bills to varying degrees depending on the volume of water used.

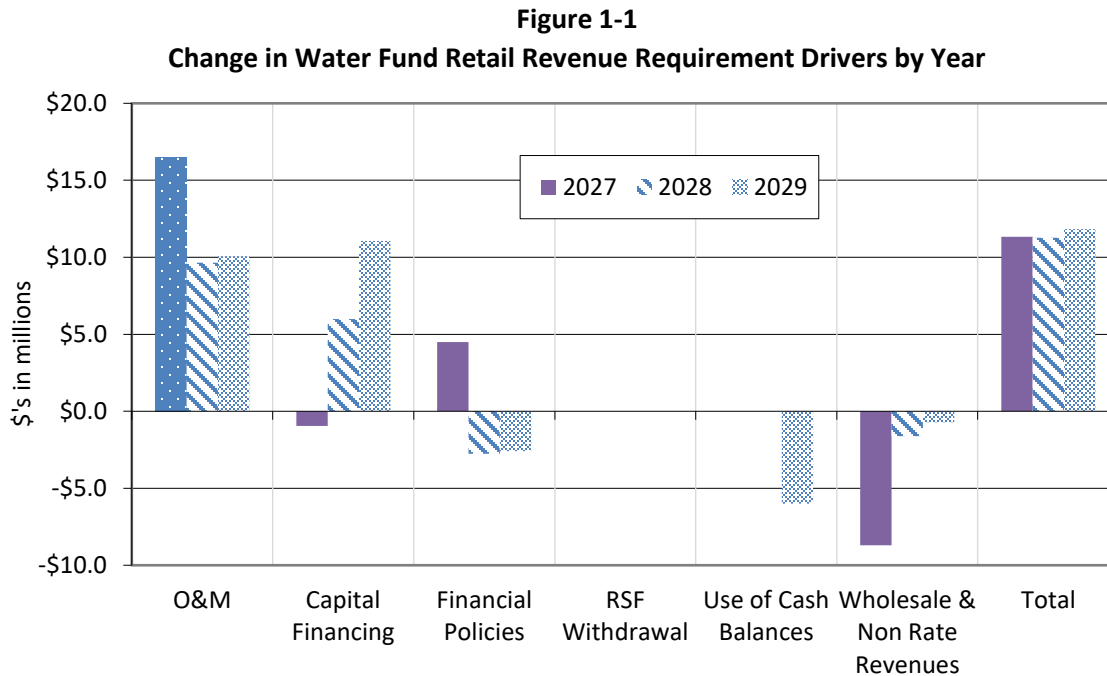
Table 1-1
Proposed Water System Revenue Requirement and Bill Impacts

2026*		2027		2028		2029	
		Proposed	Change from 2026	Proposed	Change from 2027	Proposed	Change from 2028
Retail Revenue Requirement	\$246,122,210	\$257,444,932	\$11,322,723	\$268,704,181	\$11,259,249	\$280,531,050	\$11,826,869
Typical Monthly Water Bills							
Residential	\$50.71	\$53.53	\$2.82	\$56.39	\$2.87	\$59.26	\$2.87
Convenience Store	\$125.10	\$128.10	\$3.00	\$132.75	\$4.65	\$138.30	\$5.55
Small Office Building	\$392	\$401	\$10	\$415	\$14	\$432	\$17
Apartment Bldg (90 units)	\$1,478	\$1,515	\$36	\$1,566	\$51	\$1,628	\$62
Medium Hotel	\$9,060	\$9,283	\$223	\$9,574	\$291	\$9,942	\$368
Large Industrial	\$21,818	\$22,356	\$538	\$23,049	\$693	\$23,924	\$875

*2026 assumptions used in the 2024-2026 rate study

The overall water system expenditure is expected to increase \$51.5 million between 2026 (the final year of the most recent rate study) and 2029. Proposed O&M spending increases of \$36.2 million account for most of the spending increase. Capital financing, consisting of required cash contributions and debt service, add an additional \$16.1 million in spending over the three year period.

Retail rate revenue requirement changes are comprised of multiple drivers. **Figure 1-1** breaks down the change in each retail revenue driver by year. The drivers of a new rate are based on the change in each underlying assumption used to create the previous rate. Therefore, assumptions for 2027 are compared to assumptions used for 2026 rates in the 2024-2026 rate study, 2028 assumptions are compared to 2027, and so on. See Chapter 3 for more detail.



The following section provides further description of the drivers presented in Figure 1-1. See Chapter 3 for further detail.

O&M (and Taxes)

Branch O&M has increased \$14.2 million between the 2026 rate study and 2027 due to updated growth assumptions in labor costs, city central costs, and investments identified in the SBP. Taxes increased \$2.3 million from the 2026 rate study amount.

Capital Financing

Figure 1-1 shows the combined impact of *cash* and *debt financing* of the capital program on the revenue requirement for 2027-2029. Capital financing is similar in 2027 to levels planned in the 2026 rate study. Decreased debt service, related to better borrowing terms and bond refundings, is mostly offset by increased cash financing requirements of the capital program.

Financial Policies

The Water Fund has four primary financial targets. Typically, rates are set to just meet all financial policies in each year. For this rate study, however, rates are set to smooth rate increases over the study period as part of the goal to minimize rate spikes. As a result, additional revenue is generated in the first two years of the period to build the cash balance to be spent in 2029. See Use of Cash Balances. Increasing the cash balance in 2027 and 2028 are policy choices that lift rates above the binding policy target. See Chapter 2 for more detail on binding policy targets.

Revenue Stabilization Fund (RSF) Withdrawal

In this rate study, SPU is not proposing any withdrawals. Withdrawals from the RSF can be used to increase cash contributions to CIP or reduce retail rate revenue requirements.

Use of Cash Balances

After a review of financial policies and assessment of current finances, SPU is proposing to keep cash balances higher than the formal policy target. The long-term planning goal is to keep 120 days of

operating expense, including taxes, in operating cash. In 2027, proposed operating cash is \$114 million; the target is \$77.4 million. Because current cash balances are higher than the target, the current proposal is to end the rate study period at the same level as the previous rate study and allow the 120-day policy target to increase until it meets the cash balance.

For this rate study, cash balances are increasing in 2027 and 2028. The cash balance will be drawn down to the starting balance of \$110 million in 2029. The draw down in 2029 acts to mitigate the rate impact of the large increase in capital financing projected in that year.

The proposal to not draw down cash over the whole rate period is based on long-term spending projections. Drawing cash down to the planning target would allow the fund to increase cash funding of capital in the near term, but future rate periods would be negatively affected as cash would become the binding constraint and create a volatile rate path. In the capital program projection period of 2027-2032, which falls partially outside this rate study, spending, and therefore cash financing, is increasing at such a pace that rates would have to increase rapidly. Maintaining the \$110 million balance mitigates rate impacts through the end of the decade and eliminates cash balances as a driver in this study period.

Wholesale & Non-Rate Revenues

Non-Rate Revenues are projected to increase during the rate study period. Changes in wholesale revenue, development related revenue, and interest income on cash balances account for nearly all funding changes in this category. Other non-rate revenues are projected to be relatively stable.

Effects of Changes in Demand and Utility Discount Program (UDP)

While generally not a *revenue requirement* driver, changing demand for water is typically a significant *rate* driver. **Table 1-2** shows the impact of demand and UDP changes on the overall average rate increase. Projected water demand in the rate study is similar to 2026. Small increases in system connections allow for the revenue requirement to be spread among more customers, lowering rates for all customers. UDP growth is a rate driver as the program is set to expand in 2027. Enrollment is expected to continue expanding as program awareness increases amongst newly eligible customers. See Section 3.5 and Section 3.6 for more detail.

Table 1-2
Impacts of Demand and UDP on Rate Increase

	2027	2028	2029
Revenue Requirement Increase	4.6%	4.4%	4.4%
Demand/Connections Impact	-1.5%	-0.3%	-0.3%
Utility Discount Program Impact	1.1%	0.2%	0.2%
Average Rate Increase*	4.3%	4.3%	4.3%

*Rates may not total due to rounding.

Financial Performance

The 2027-2029 rate study exceeds all water system financial policy targets during the rate period as shown in **Table 1-3**. See Chapter 2 for further discussion of financial policy targets and their impact on rate setting.

Table 1-3
Water Fund Projected Financial Performance

(\$ in 1,000's)	Target	Actual 2024	Actual 2025	Projected 2026	Proposed 2027	Proposed 2028	Proposed 2029
Net Income	positive	\$47,684	\$37,226	\$47,675	\$29,332	\$27,690	\$27,448
Debt Service Coverage	1.7x	2.25	2.01	2.32	2.05	2.03	1.95
Cash Financing of the Capital Program	20%*	42.3%	35.1%	25.4%	25.6%	24.5%	23.5%
<i>from Contributions in Aid of Construction</i>		10.7%	7.0%	6.2%	8.9%	8.2%	7.2%
<i>from Rate Revenues</i>		31.6%	28.1%	19.2%	16.7%	16.3%	16.3%
Year-End Operating Cash	varies**	\$113,269	\$130,569	\$110,000	\$114,000	\$116,000	\$110,000
Days of Operating Cash		204	201	174	175	171	156

* Current revenues should be used to finance no less than 15% of the CIP in any one year, and average not less than 20% over each rate proposal period.

** Planning target for year-end operating cash is 120 days of operating expense, or \$77.4 million in 2027.

2. FINANCIAL POLICY OVERVIEW

Financial policies provide a guiding framework for the finances of the water utility. They represent a balance between the competing goals of fiscal conservatism through higher rates today and minimizing these same rates by spreading costs over time to future ratepayers. The direct effect of the policies is to determine the level at which water rates shall be set, given estimated costs and demand, and to define how the capital improvement program is to be financed.

The indirect effects of the policies are to:

- Shape the financial profile the utility presents to the financial community;
- Establish the utility's exposure to financial risk; and
- Allocate the utility's costs between current and future ratepayers.

In 2005, City Council passed Resolution 30742, which adopted new water system financial policies that reflect changes and additions to the financial policies initially adopted in 1992. The financial policies are as follows:

1. **Maintenance of Capital Assets.** For the benefit of both current and future ratepayers, the municipal water system will seek to maintain its assets in sound working condition. Future revenue requirement analyses will include provision for maintenance and rehabilitation of facilities at a level intended to minimize total cost while continuing to provide reliable, high-quality service.
2. **Debt Service Coverage.** Debt service coverage on first-lien debt should be at least 1.7 times debt service cost in each year on a planning basis.
3. **Net Income.** Net income should generally be positive.
4. **Cash Funding of the Capital Improvement Program.** Current revenues should be used to finance no less than 15 percent of the municipal water system's adopted CIP in any year, and not less than 20 percent of the CIP over the period of each rate proposal. Cash in excess of working capital requirements may be used to help fund the CIP.
5. **Eligibility for Debt Financing.** Unless otherwise authorized by Council, the following criteria must be met before project expenditures are eligible for debt financing:
 - i) Project is included in the CIP.
 - ii) Total project cost exceeds \$50,000.
 - iii) Project has expected useful life of more than two years (more than five years for information technology projects).
 - iv) Resulting asset will be owned or controlled by Seattle Public Utilities (SPU), is part of the regional utility infrastructure, or represents a long-term investment for water conservation.
 - v) Consistent with generally accepted accounting practices, project costs include those indirect costs, such as administrative overhead and program management, that can be reasonably attributed to the individual CIP project.
6. **Revenue Stabilization Fund (RSF).** Ordinance 121761 requires that a target balance of \$9 million be maintained in the RSF, except when withdrawals below this level are needed to offset shortfalls in metered water sales revenues, or to meet financial policy requirements. Withdrawals of funds in excess of the minimum balance will be used to meet operating expenses, to pay CIP expenditures, or

to meet financial policy requirements. Withdrawals from the RSF must be authorized by ordinance, except that Bonneville Power Administration (BPA) Account funds may be withdrawn based on BPA spending.

The Water Fund must deposit revenues in excess of planned metered water sales to the RSF in years where all financial policy targets are exceeded.

SPU may also make discretionary deposits to the RSF, provided that these discretionary deposits are in excess of the amounts required to meet the financial policy requirements. Should the RSF balance fall below the target balance, SPU will submit a water rate proposal that rebuilds the balance in the RSF within one year.

7. **Cash Target.** The adopted target for the year-end operating fund cash balance is one-twelfth of the current year's operating expenditures. SPU plans and targets a higher level of liquidity than the adopted policy in order to be responsive to changing market expectations from bond holders and rating agencies. The planning target is 120 days of operating expense including taxes. For this rate study SPU has modeled year-end cash in excess of the planning target. Keeping cash above the planning target eases cash demands in the years following the Strategic Business Plan. Keeping cash above the planning target prevents a situation where cash balances are required to increase along with increasing capital funding requirements creating additional rate volatility.
8. **Variable Rate Debt.** Variable rate debt should not exceed 15 percent of total outstanding debt. Annual principal payments shall be made on variable rate debt in a manner consistent with fixed rate debt.

In any future year, the minimum revenue requirement is the lowest amount of money necessary to simultaneously satisfy all financial policies in that year. At this level of revenues, some financial policies may be exceeded, but none will be missed – the financial policy that is exactly met is known as the binding constraint. For this rate study, however, rates are set to just meet financial policies only in 2029. In the first two years of the rate study, rates are set to increase cash balances, which will then be spent in 2029. This is a process commonly called rate “smoothing”. Proposed rates in all years will meet or exceed all financial policy minimums.

3. RETAIL WATER REVENUE REQUIREMENT

The **water system revenue requirement** is the minimum amount of operating revenue required to fund the water system operating budget and meet financial policy targets for net income, cash balances, cash financing of the CIP, Revenue Stabilization Fund balances, and debt service coverage. The component requiring the greatest amount of revenue generation (budgetary expenses or one of the financial policy requirements) is termed the “binding constraint.” The **retail water revenue requirement** is equal to the water system revenue requirement, less funding from sources other than retail rates including wholesale revenues, drawdowns of cash balances, withdrawals from the Revenue Stabilization Fund, and other operating/non-operating revenues.

Rate increases are required to fund increases in the revenue requirement from one rate setting period to the next. Where demand is constant, the average rate increase will equal the increase in the revenue requirement. Increasing demand (i.e., customers buying more units of water or more customer meters) will reduce the required rate increase and declining demand will increase the rate increase relative to the change in the revenue requirement. In addition, changes in participation in the utility discount program affect rate changes. Increased participation in the program reduces revenues as more households are paying a discounted rate. The reduction in revenue must be made up through an increase in standard rates.

Table 3-1 summarizes the components of the change in the retail water revenue requirement during the proposed rate period. Current (2026) rates were set in 2023 based on planned expenditures, demand, and other funding sources for the prior rate setting period (2024-2026). The change in the 2027 revenue requirement in Table 3-1, and throughout this section, is relative to the 2026 plan assumed in the 2024-2026 rate study. Likewise, the 2028 changes are relative to the planned revenue requirement in 2027.

Table 3-1
Components of the Change in the Retail Water Revenue Requirement

(\$1,000's)	2026 Rate Study	2027	\$ Change in Rev Req	% Change in Total Rev Req	2028	\$ Change in Rev Req	% Change in Total Rev Req	2029	\$ Change in Rev Req	% Change in Total Rev Req
Expenditure										
Operations and Maintenance Expense										
Branch Operations & Maintenance	167,951	182,158	14,208	5.8%	189,445	7,286	2.8%	197,022	7,578	2.8%
Taxes	53,241	55,509	2,269	0.9%	57,874	2,365	0.9%	60,365	2,491	0.9%
Total	221,191	237,668	16,476	6.7%	247,319	9,651	3.7%	257,388	10,069	3.7%
Capital Financing										
Cash financing (target)	23,415	25,784	2,369	1.0%	28,641	2,856	1.1%	33,420	4,780	1.8%
Debt Service	82,284	78,972	-3,312	-1.3%	82,104	3,132	1.2%	88,395	6,291	2.3%
Total	105,699	104,756	-943	-0.4%	110,744	5,988	2.3%	121,815	11,071	4.1%
Other Financial Policy Targets										
Increase Cash Balance	0	4,000	4,000	1.6%	2,000	-2,000	-0.8%	0	-2,000	-0.7%
Additional Capital Program Funding	6,766	7,266	501	0.2%	6,510	-756	-0.3%	5,921	-589	-0.2%
Total	6,766	11,266	4,501	1.8%	8,510	-2,756	-1.1%	5,921	-2,589	-1.0%
Total Expenditure	333,656	353,690	20,034	8.1%	366,573	12,883	5.0%	385,124	18,551	6.9%
Other Funding Sources										
Wholesale Revenues	-60,628	-62,234	-1,606	-0.7%	-62,952	-718	-0.3%	-64,978	-2,026	-0.8%
Non-rate revenues	-26,905	-34,011	-7,105	-2.9%	-34,917	-906	-0.4%	-33,615	1,302	0.5%
RSF withdrawal	0	0	0	0.0%	0	0	0.0%	0	0	0.0%
Decrease Cash Balance	0	0	0	0.0%	0	0	0.0%	-6,000	-6,000	-2.2%
Total	-87,533	-96,245	-8,712	-3.5%	-97,869	-1,624	-0.6%	-104,593	-6,724	-2.5%
Net Retail Rates Revenue Target	246,122	257,445	11,323	4.6%	268,704	11,259	4.4%	280,531	11,827	4.4%
Impact of Demand/Connections Utility Discount Program	6,366	9,151	2,785	1.1%	9,599	448	0.2%	10,072	473	0.2%
Effective Increase in Retail Rates				4.3%			4.3%			4.3%

The **Expenditure** section of Table 3-1 presents the operating fund cash spending components that make up the water system revenue requirement. The **Other Funding Sources** section presents other sources of funding which reduce the amount of expenditure that must be recovered through retail rates. The final section of the table presents two items, “**Demand**” and “**Utility Discount Program**,” that do not affect the revenue requirement but do affect rates. For example, total expenditure increases the total revenue requirement by 8.1 percent from 2026 to 2027. However, increases in other funding sources (wholesale revenues and non-rate revenues) decrease the retail revenue requirement by 3.5 percent, resulting in a net increase of 4.6 percent in the 2027 retail rates revenue requirement. The actual average rate increase of 4.3 percent is lower than the revenue requirement increase, due to a projected increase in demand, which is partially offset by an increase in utility discount projections.

The following sections include more detailed descriptions of the components of change in the revenue requirement.

3.1. Operations and Maintenance Expense (O&M)

The water system O&M expenditure requirement includes costs attributable to water operations, as well as a portion of administrative expenses that water shares with other SPU funds (e.g., finance, customer service, etc.). For rate study purposes, O&M includes taxes but does not include debt service, which is discussed under capital financing. O&M is broken into two categories: Branch O&M and taxes.

Branch O&M equals the spending required to support operations and maintenance functions of the water utility. Under this proposal, 2027 Branch O&M increases \$14.2 million from the 2026 amount as projected in the 2024-2026 rate study due to cost changes associated with updated growth assumptions in city central costs, pensions, and labor costs. The proposal assumes an increase in Branch O&M of \$7.3 million in 2028 and \$7.6 million in 2029.

SPU pays three primary taxes, the City of Seattle Water Utility Tax, Washington State Utility Tax, and the Washington State B&O Tax. While all three taxes are not applicable to all revenue sources, they all are revenue-based taxes. As such, as revenue increases, tax expense increases. Taxes increase \$2.3 million in 2027, \$2.4 million in 2027, and \$2.5 million in 2029 due to a higher projected tax revenue base.

3.2. Capital Financing Expense

Financing of the capital program will decrease the expenditure requirement by 0.4 percent in 2027, and increase the requirement by 2.3 percent and 4.1 percent in 2028 and 2029, respectively, as presented in Table 3-1.

Major water capital programs to be funded during this period include:

- Distribution System Improvements
- Transmission System Rehabilitation
- ‘Move Seattle’ Utility Relocation Projects
- Dam Safety Improvements
- Service Renewals and Retirements
- Automated Meter Infrastructure

SPU funds water system capital projects through a combination of cash (from direct service and non-rates revenue) and debt financing (revenue bonds and low-interest loans serviced by rates revenue). As discussed in Section 3.2.2, SPU will be issuing bonds in each year of the rate study. This rate study forecasts CIP cash financing that will exceed the financial target of 20 percent of CIP over the three-year rate period. The remaining CIP will be funded with revenue bond and low interest loan proceeds. **Table 3-2** presents CIP spending and financing assumptions during the rate period.

Table 3-2
Capital Spending and Financing Assumptions

(\$1,000's)	2027	2028	2029	Rate Study Average
CIP Spending Assumption	128,922	143,203	167,102	
CIP Financing Breakdown				
Cash Financed	33,051	35,151	39,342	
Debt Financing				
Low Interest Loan	5,000	0	0	
Bond Financing	90,871	108,052	127,761	
Cash Financed Percentage	25.6%	24.5%	23.5%	24.5%
Debt Financed Percentage	74.4%	75.5%	76.5%	75.5%

3.2.1. Cash Financing (Target Only)

Water system financial policies require that a minimum of 20 percent of the CIP be financed with current cash revenues (as opposed to debt proceeds) over the rate period. The sources of cash that assist in meeting this 20 percent target are operating revenues, cash on hand, and contributions in aid of construction¹.

Although CIP cash financing is projected to exceed the financial policy target, this section discusses only the cash necessary to meet the 20 percent cash financing target. The additional capital funding, over and above the cash financing target, is discussed in Section 3.3.

As presented in **Table 3-3**, targeted cash financing of the CIP increases \$2.4 million in 2027, \$2.9 million in 2028, and \$4.8 million in 2029.

Table 3-3
Change in Target Cash Financing

(\$1,000's)	2026*	2027	\$ Change	2028	\$ Change	2029	\$ Change
Cash Financed (Target)	23,415	25,784	2,369	28,641	2,856	33,420	4,780

* 2026 assumptions used in the 2024-2026 rate study

3.2.2. Debt Service

Table 3-4 presents projected Water Fund debt service, by source, during the rate period.

Table 3-4

¹ Customers often pay for water facilities when they connect to the water system or cause the relocation of water facilities. For example, a developer pays for installation of a water meter and service line when building a new house.

Change in Water Fund Debt Service

(\$1,000's)	2026*	2027	\$ Change	2028	\$ Change	2029	\$ Change
Debt Service Details							
Debt service for existing bond issues	80,692	76,203	(4,489)	72,222	(3,981)	70,992	(1,230)
2027 bond debt service**			0	7,307	7,307	7,307	0
2028 bond debt service**					0	7,554	7,554
2029 bond debt service**					0		0
Low interest loan debt service	1,592	2,769	1,177	2,574	(195)	2,542	(33)
Total Debt Service	82,284	78,972	(3,312)	82,104	3,132	88,395	6,291

* 2026 assumptions used in the 2024-2026 rate study

** Bond principal and interest payments are assumed to begin in the year following issue.

In the first half of 2027, SPU expects to issue approximately \$112 million in new revenue bonds. An additional \$116 million and \$126 million of new money bonds are expected to be issued in the third quarters of 2028 and 2029, respectively. SPU is proposing to issue bonds that are expected to fund roughly one year of CIP needs.

3.3. Other Financial Policy Requirements

As discussed in Chapter 2, proposed rates for 2027 – 2029 are designed to smooth the rate path. Because revenues in these years are not set to just meet a binding financial target, all policy minimums are exceeded.

The revenue collected above the minimum required can be used to increase cash balances or provide additional cash funding of the capital program. In this rate study period, the 2029 capital program is considerably larger than previous years. To smooth the impact of that increased cash demand, 2027 and 2028 rates are increased above the minimum requirement to increase the cash balance by \$5 million. That money will be used in 2029, leveling the rate path and leaving the fund with the same \$110 million the rate period begins with. Additionally, the capital program will be funded by more than the minimum required by approximately \$20 million over the three years.

Table 3-5 presents how SPU proposes to spend revenues generated from external policies over the three-year rate period.

Table 3-5

Impacts of Changes to Rate Policy

(\$1,000's)	2026*	2027	\$ Change	2028	\$ Change	2029	\$ Change
Increase Cash Balance	0	4,000	4,000	2,000	(2,000)	0	(2,000)
Additional Capital Program Funding	6,766	7,266	500	6,510	(756)	5,921	(589)
Financial Policies	6,766	11,266	4,500	8,510	(2,756)	5,921	(2,589)

* 2026 assumptions used in the 2024-2026 rate study

3.4. Other Funding Sources

A significant portion of the total water system expenditure requirement is funded through wholesale revenues, capital contributions, asset sales, and other operating and non-operating revenues. These other funding sources reduce the amount to be recovered through retail rates and therefore are reflected as reductions to the retail revenue requirement in each year. Other funding sources, primarily wholesale and non-rate revenues, are projected to increase from 2026 projections by \$8.7 million in 2027.

3.4.1. Wholesale Revenues

Revenues from wholesale customers, as presented in **Table 3-6**, are expected to increase \$1.6 million in 2027 from the assumed amount in the 2026 rate study.

Table 3-6
Change in Wholesale Revenues

(\$1,000's)	2026*	2027	\$ Change	2028	\$ Change	2029	\$ Change
Full & Partial Revenue**	32,059	29,463	(2,596)	30,958	1,495	32,059	1,101
Cascade Block Revenue	22,940	26,252	3,312	25,569	(683)	26,280	711
Northshore Block Revenue	5,629	6,519	890	6,426	(94)	6,639	213
Total	60,628	62,234	1,606	62,952	718	64,977	2,025

* 2026 assumptions used in the 2024-2026 rate study

** Includes facilities charge revenues and Renton conservation payment

Rates for wholesale customers are set in accordance with the wholesale contracts. These contracts define cost of service methodologies that determine how much the water system charges for wholesale service. Wholesale rate studies apply these methodologies based on expenditure projections (budget). Wholesale rates may be affected by actions that raise or lower the water system O&M or CIP budget. Outside of budget changes, there is very little flexibility to alter wholesale rates and revenues.

3.4.2. Non-rate Revenues

As presented in **Table 3-7**, other non-rate revenue (unmetered revenue) is projected to increase from \$26.9 million assumed for 2026 to \$34.0 million, \$34.9 million, and \$33.6 million in 2027, 2028 and 2029, respectively.

Table 3-7
Change in Non-Rate Revenues

(\$1,000's)	2026*	2027	\$ Change	2028	\$ Change	2029	\$ Change
Unmetered Revenues							
Capital Contributions & Tap Fees	15,292	18,102	2,810	18,472	370	18,851	379
Operating Fund Interest Income	21	4,731	4,710	4,829	98	4,678	(151)
Charges for Miscellaneous Services	4,994	6,535	1,541	6,698	163	6,866	167
Rentals & Others	3,630	3,338	(292)	3,420	83	3,505	85
Build America Bonds Reimbursement	1,597	0	(1,597)	0	0	0	0
Billing leads & lags	1,371	1,305	(66)	1,497	192	(284)	(1,781)
Total Unmetered Revenues	26,905	34,011	7,105	34,917	906	33,615	(1,302)

* 2026 assumptions used in the 2024-2026 rate study

The largest category of other non-rate revenues is capital contributions and tap fees, which are projected to be modestly higher during the rate period. While construction and development in Seattle have sustained a

torrid pace since 2013, the pace has slowed since 2023. The projection reflects a continued slower in-city development offset by increased development charges in the form of System Development Charges.

Billing leads and lags are year-end cash effects that adjust for differences in timing of expense (or revenue) recognition in SPU financial systems² versus when the associated cash is paid (or received). These lags/leads result in an impact on rates when their sum dollar amount changes from year to year. The leads/lags presented in Table 3-7 are primarily associated with changes in the timing of CIP billed to SPU from year to year.

3.4.3. Revenue Stabilization Fund Withdrawals

As discussed in Chapter 2, the minimum balance in the RSF is \$9 million. From a rates perspective, withdrawals from the RSF are part of the other funding sources pool. Increases in withdrawal size add to this pool and therefore reduce the retail rate revenue requirement. Decreases in withdrawal size reduce the size of this alternative funding pool and increase the direct service funding requirement.

The projected beginning balance for 2027 is \$19.2 million. In this rate proposal, SPU does not propose any withdrawals from the RSF from 2027-2029.

Table 3-8 presents projected RSF balances.

Table 3-8
Projected Water Revenue Stabilization Fund Balances

(\$1,000's)	2026*	2027	2028	2029
Beginning RSF Cash Balance	43,924	19,164	19,739	20,331
Interest	439	575	592	610
Deposit (Withdrawal)	0	0	0	0
Ending RSF Cash Balance	44,363	19,739	20,331	20,941

* 2026 assumptions used in the 2024-2026 rate study

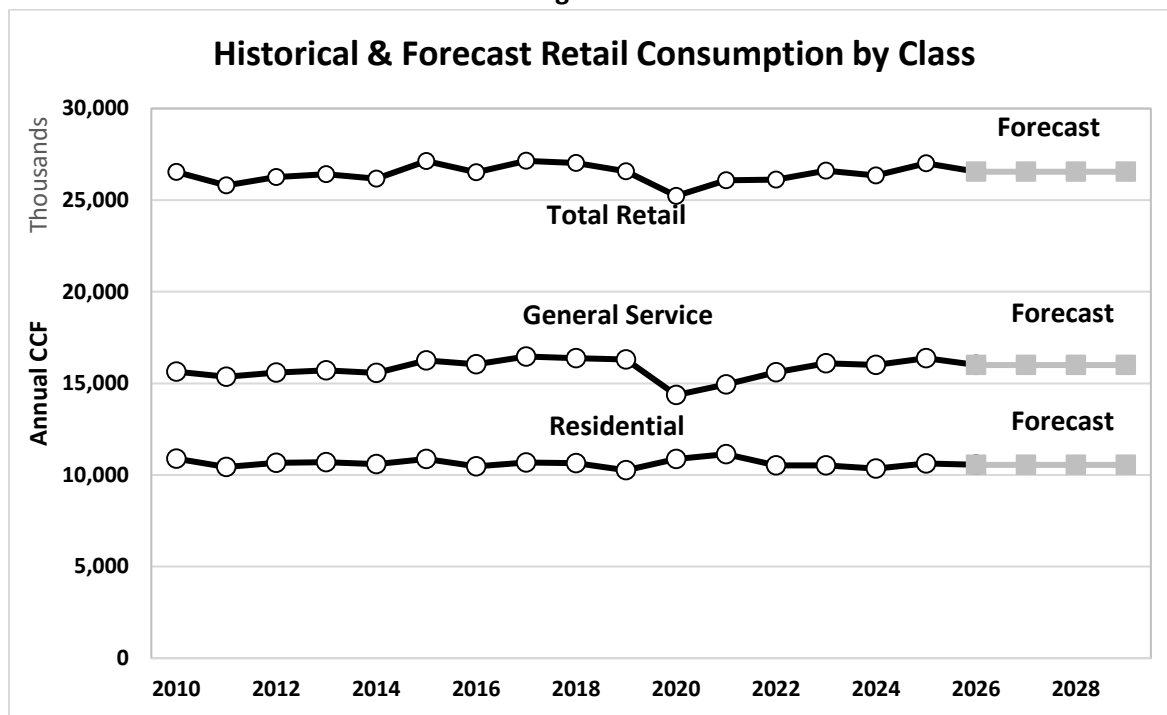
3.5. Effect of Demand

The volume of water sold to retail customers is projected to be constant over the forecast period. For the rate study period, total retail consumption is expected to remain at 26.6 million CCF per year.

Despite generally growing population and employment, water consumption through the 1990s and 2000s trended downwards due to various forms of conservation (programs, efficiency codes and standards, rising water and sewer rates, etc.). With the end of the 1% Conservation program in 2011 and a rebound in employment after the Great Recession, water consumption appeared to level off until 2020 when the COVID-19 pandemic disrupted regular activity. As shown in **Figure 3-1**, consumption is expected to remain consistent throughout the rate study period as the effects of population increases are expected to be offset by conservation effects.

² In general, revenues are recorded when billed and expenses when invoiced.

Figure 3-1



Consumption levels for the rate study period are expected to be similar to the average consumption from 2012 through 2019. The COVID-19 pandemic, and the public health response, dramatically altered water consumption patterns in 2020 and 2021. State-mandated shutdowns of non-essential businesses, along with capacity limits on indoor spaces, dramatically reduced water consumption for the General Service class. Conversely, water consumption for the Residential class increased as many people spent more time at home, including working from home. Residual effects from the pandemic, primarily increased consumption in the Residential class and reduced General Service demand, have mostly disappeared.

For this Rate Study, consumption in the Residential class is expected to be flat each year of the Study. General Service consumption is forecasted to remain consistent with pre-pandemic levels, and flat each year. Rate Study water demand is shown in Figure 3-1 and in **Table 3-9**.

Table 3-9
Short Term Water Consumption Forecasts (Annual ccf)

	Residential		General Service		Total	
	Consumption (CCF)	Percent Change	Consumption (CCF)	Percent Change	Consumption (CCF)	Percent Change
Actual						
2022	10,527,097		15,596,609		26,123,706	
2023	10,515,036	-0.1%	16,093,244	3.2%	26,608,280	1.9%
2024	10,339,245	-1.7%	16,001,185	-0.6%	26,340,430	-1.0%
2025	10,635,519	2.9%	16,376,826	2.3%	27,012,345	2.6%
Projected						
2026*	10,550,000	-0.8%	16,000,000	-2.3%	26,550,000	-1.7%
2027	10,550,000	0.0%	16,000,000	0.0%	26,550,000	0.0%
2028	10,550,000	0.0%	16,000,000	0.0%	26,550,000	0.0%
2029	10,550,000	0.0%	16,000,000	0.0%	26,550,000	0.0%

* Projection in 2024-2026 rate study

In terms of the impact of demand on water rates, increases in consumption and the number of water meters partially offset increases in the retail revenue requirement. Water rates are made up of a fixed base service charge as well as a volume charge. Water consumption is the unit of demand for the volume charge while number of customers (measured by the number of meters) is the unit of demand for the base meter charge. When the number of meters increases, the customer base broadens. Residential meters are projected to increase 0.1 percent annually, and commercial meters are projected to increase by a smaller amount during the 2027-2029 rate period.

As mentioned above, these combined changes in consumption and meters are normally a portion of the difference between the increased revenue requirement and the average rate increase. The impact of these rate drivers is shown in **Table 3-10**. There is no change in consumption assumed, so all rate impacts are the result of increased meter demand.

Table 3-10
Effect of Demand on Rate Increase

	2026*	2027	\$ Change	2028	\$ Change	2029	\$ Change
Total Consumption (thousand ccf)	26,550	26,550	0	26,550	0	26,550	0
Total Retail Meters	204,484	205,384	900	205,584	200	205,784	200
Effect on Rate Increase			-1.5%		-0.3%		-0.3%

* 2026 assumptions used in the 2024-2026 rate study

3.6. Effect of Changes in the Utility Discount Program

Similar to demand, changes in customer participation in the UDP do not typically affect the Water Fund revenue requirement but do affect the rate increase. Increased participation in the program reduces revenues as more households are paying a discounted rate. The reduction in revenue must be made up through an increase in standard rates. Enrollment in the program has increased steadily since the mid-2010s, with a spike in 2020 due to the COVID-19 pandemic and subsequent economic disruption. **Table 3-11** presents the impact of UDP on rates.

Table 3-11
Effect of Changes to Utility Discount Program on Rate Increase

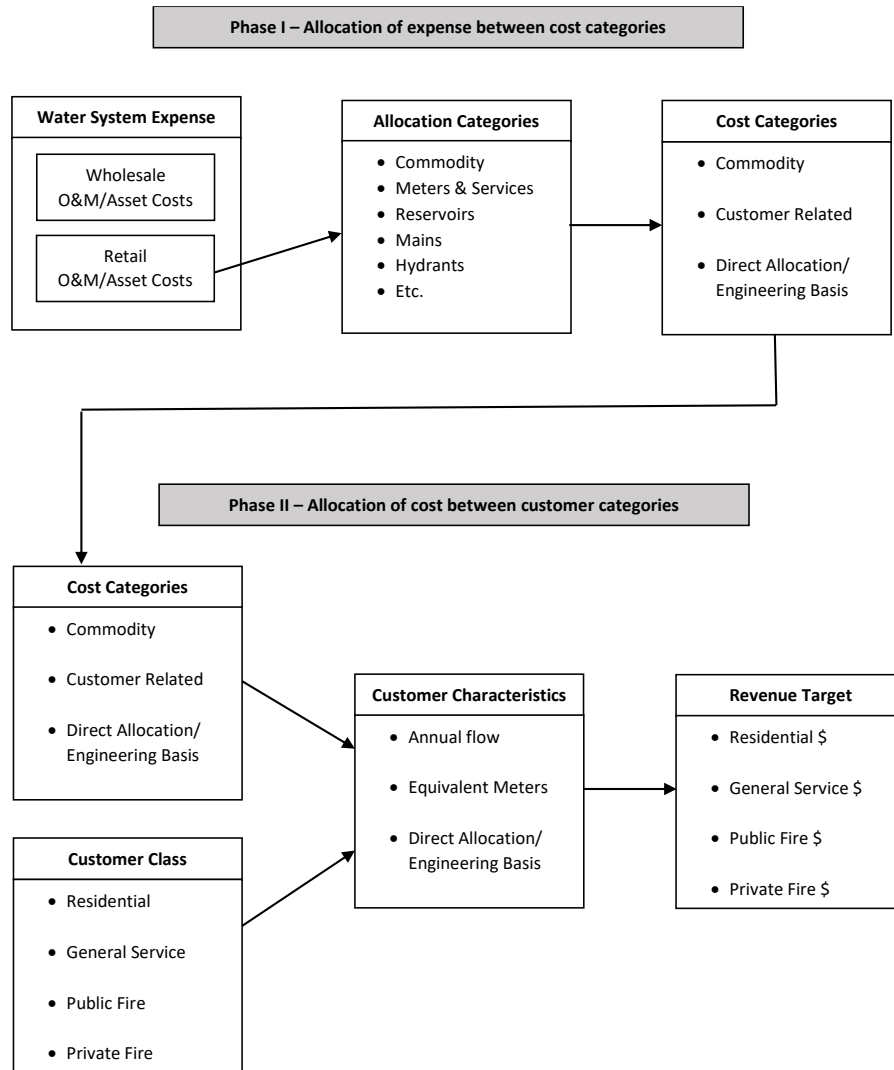
(\$1,000's)	2026*	2027	\$ Change	2028	\$ Change	2029	\$ Change
Total Discount	6,366	9,151	2,785	9,599	448	10,072	473
Effect on Rate Increase			1.1%		0.2%		0.2%

* 2026 assumptions used in the 2024-2026 rate study

4. COST ALLOCATION

Once the **retail revenue requirement** is set, it must be assigned to different customer classes, which is done through the “Cost Allocation Process” and described in **Figure 4-1**. A customer class is a group of customers that places a unique cost on the utility or is administratively easier to serve as a group. Figure 4-1 presents the multiple steps (divided into two phases) required to allocate water expense to individual customer classes. In Phase I, titled “Allocation of Expense Between Cost Categories,” the first box shows Water System Expense is allocated between Wholesale O&M/Asset Costs and Retail O&M/Asset Costs. The second box depicts how these retail costs are allocated across categories – Commodity, Meters & Services, Reservoirs, Mains, and Hydrants are the primary categories. The third box depicts these categories being assigned to Cost Categories, or groupings of cost items, that are driven by similar factors, which include Commodity, Customer Related, and Direct Allocation/Engineering Basis. In Phase II, titled “Allocation of Costs Between Customer Categories,” the cost categories assigned in Phase I are allocated between four customer classes (Residential, General Service, Public Fire, and Private Fire) based on defined customer characteristics outlined in the next box. The customer characteristics include Annual Flow, Equivalent Meters, and Direct Allocation/Engineering Basis. The final step of the process is the Revenue Requirement, depicted in the fourth box, where the revenue requirement is developed for each of the four revenue customer classes.

Figure 4-1
Cost Allocation Process



The cost allocation process presented above recognizes differences in the costs of providing service to different types of customers. For example, a customer class with higher consumption requires increased use of the water treatment plants, whereas a customer class with more accounts requires increased use of the customer billing system.

This chapter provides a general framework for **Phase I** of the cost allocation process, with complete details provided in Appendix A. This chapter then focuses on **Phase II** of the cost allocation process, organized as follows:

- Overview - cost categories
- Framework for allocation of retail water expense between cost categories (Phase I)
- Identification of customer classes and quantification of cost allocation characteristics (Phase II)
- Calculation of total cost of service, or revenue requirement, for each customer class (Phase II)

The current rate study does not propose any fundamental changes to the cost allocation methodology used in prior rate studies. While the cost category of capacity was eliminated from the 2016-2017 rate study, the effect on final allocations is negligible. The change was made for two reasons:

- 1) Due to falling demand, the current system is oversized from a cost allocation standpoint so very few assets were allocated using the capacity allocator, and
- 2) The difference in peaking characteristics of residential and general service has diminished as demand has fallen, so the allocator does not provide much distinction between customer classes.

4.1. Overview – Cost Categories

Retail water system costs are grouped into three main cost categories which can be allocated among customer classes based on customer characteristics: commodity, customer-related, and direct assignment. The costs assigned to the first two categories are shared among different customer classes based on characteristics such as total annual water volume and number of accounts. Costs included in the directly assigned category are assigned in their entirety to the applicable customer classes.

Commodity Costs. Commodity costs vary proportionately with the amount of water provided under average consumption conditions. These costs include items such as the Cedar and Tolt treatment plants, and chlorination at in-town reservoirs. They also include the cost of activities and assets that are shared with wholesale customers since the allocation between wholesale and retail is based on annual flow.

Customer-Related Costs. Customer-related costs encompass an umbrella of expenses associated with serving customers independent of the amount of water they use. These include the cost of meter maintenance and repair, meter reading, billing, customer accounting, and the call center.

Directly Assigned Costs. These are costs that are directly allocable to a single customer class. For this rate study, directly assigned costs are primarily fire hydrant asset and repair costs.

4.2. Framework for Allocation of Retail Expense to Cost Categories (Phase I)

The cost allocation framework for retail water rates uses the distribution of embedded or average costs from a prior period (“test year”) to allocate future revenue requirements between different cost categories. Therefore, the 2027-2029 retail water system revenue requirements are assigned to customer classes based on the actual distribution of expense between those categories in 2023 (the test year). The test year expense is defined according to a “utility basis” which is the sum of the following elements:

- Annual operations and maintenance (O&M) costs;
- Depreciation expenses on assets paid for by rates; and
- A return on assets calculated on infrastructure in service.

Phase I of the cost allocation involves the distribution of prior year expense between cost categories, as further described in Appendix A, Sections A1.2 and A1.3. Additional information on the “utility-basis” costing framework can be found in Appendix A, Section A1.1 to this study.

Table 4-1 presents the breakdown of 2023 retail water system expense by cost component (see **Appendix A** for the detail behind this data). As noted below, over two-thirds of retail water system expense is driven by annual water flow (usage).

Table 4-1
Water Cost Category Summary

Component Cost Category	2023 Revenue	% of Total
Annual Flow	132,577,706	67.1%

Equivalent Meters	51,616,665	26.1%
Direct/Engineering Basis*	13,380,975	6.8%
Total	197,575,346	100.0%

*Public Fire

Note: May not total due to rounding.

4.3. Retail Customer Classes and Characteristics (Phase II)

Retail water customers are divided into four customer classes.

- **Residential.** Customers living in single family or duplex residences.
- **General Service.** Commercial, governmental, and industrial customers as well as multi-family residential structures.
- **Private Fire.** The separately metered connections for fire-protection sprinkler systems installed on the customer's property. These customers pay a separate rate for these services in addition to their General Service or Residential rates for their domestic services.
- **Public Fire.** The governmental agencies responsible for providing public fire protection (hydrants).

Costs are assigned to these customer classes based on how the characteristics of each class drive water system costs. **Table 4-2** summarizes the allocator (customer characteristics) used to assign cost to each component cost category.

Table 4-2
Allocators by Cost Category

Allocation Category	Customer Characteristics	Comments
Commodity Costs	Annual flow	Actual 2023 total water consumption in hundreds of cubic feet (ccf).
Customer-Related Costs	Equivalent Meters	Equivalent Meters is a weighted count of different sized meters by class (See Appendix A1.5 for calculation details).
Direct Assignment	Class specific expense assigned directly to applicable class	These are costs for activities or assets that are dedicated to one customer class only.

Table 4-3 quantifies the key characteristics (by class) that are used to allocate commodity and customer-related costs in the current rate study.

Table 4-3
Key Customer Characteristics

Customer Class	Annual Flow	Equivalent Meters
Residential	39.4%	73.6%
General Service	60.3%	22.0%
Private Fire	0.1%	4.5%
Public Fire	0.3%	0.0%
Total	100.0%	100.0%

Note: May not total due to rounding.

As shown in the table, the residential class accounts for the majority of equivalent meters while the general service class accounts for the majority of annual water usage. Although public fire water use is not directly measured, the annual flow used is consistent with the estimate used for state non-revenue water reporting.

4.4. Cost of Service and Revenue Requirements by Customer Class (Phase II)

The customer characteristic percentages in Table 4-3 are applied to the appropriate 2023 cost categories in Table 4-1 to determine each customer class' actual 2023 cost of service. **Table 4-4** summarizes the results of this allocation process.

Table 4-4
Retail Water Cost of Service Based on 2023 Actual Financial Data

Customer Class	Annual Flow	Equivalent Meters	Direct/ Engineering Basis	Total \$	% of Total
Residential	52,217,217	37,965,445	0	90,182,662	45.6%
General Service	79,918,359	11,333,360	0	91,251,719	46.2%
Private Fire	73,680	2,317,861	0	2,391,540	1.2%
Public Fire	368,449	0	13,380,975	13,749,424	7.0%
Total	132,577,706	51,616,665	13,380,975	197,575,346	100.0%

Allocations to the general service and residential customer classes account for the bulk (91.8 percent) of the retail water cost of service. Public and private fire represents only about eight percent of the total. The general service class is allocated the largest single share (46.2 percent). This class accounts for 60.3 percent of annual flows, which is applied to the largest portion of the water system revenue requirement.

The rate revenue requirement for each rate class is calculated by applying each class' percent of total 2023 cost to the 2027-2029 retail rates revenue requirement, with results as presented in **Table 4-5**.

Table 4-5
2027-2029 Retail Revenue Requirement by Customer Class

Customer Class	2027	2028	2029	Cost of Service Percentage
Residential	117,509,952	122,649,201	128,047,540	45.6%
General Service	118,902,956	124,103,128	129,565,460	46.2%
Private Fire	3,116,229	3,252,516	3,395,673	1.2%
Public Fire	17,915,795	18,699,336	19,522,377	7.0%
Total	257,444,932	268,704,181	280,531,050	100.0%

Table 4-6 illustrates the changes for the 2027-2029 rate study relative to the 2022-2023 and 2024-2026 rate studies. See Appendix A for more information.

Table 4-6
Cost Shares by Customer Class

Customer Class	2022-2023 Rate Study	2024-2026 Rate Study	2027-2029 Rate Study
Residential	45.1%	45.1%	45.6%
General Service	48.0%	48.0%	46.2%
Private Fire	1.3%	1.3%	1.2%
Public Fire	5.7%	5.7%	7.0%
Total	100.0%	100.0%	100.0%

5. RATE DESIGN

Rate design is the last element of the rate study. Chapter 3 presented the amount of retail water revenue required to fund proposed 2027-2029 O&M and capital programs while meeting other policy targets. Chapter 4 discussed the allocation of the revenue requirement between customer classes. This chapter identifies the rate structure and the proposed 2027-2029 rates, which will satisfy the retail revenue requirement and meet established rate design policy objectives.

The current rate study keeps the same rate structure as previous studies. However, some design practices are changed. The 2022-2023 study broke rate parity³, allowing meter and commodity rates for each class to move independently. In this study, meter and commodity rates continue to change independently between customer classes. A focus of this study is increasing fixed revenue by increasing meter rates more than commodity rates.

Continuing practice from previous rate studies, meter charges utilize the meter cost analysis from the 2009-2011 rate study in determining the differential (or progression) between charges for different size meters. No changes are proposed to some rates (larger meter charges), which are higher than their cost of service at current levels. Holding these rates constant rather than decreasing them somewhat mitigates the impact of the revenue requirement increase on the residential and general service commodity rate and provides rate stability.

The proposed rates increase the typical monthly residential bill by \$2.82 in 2027, \$2.87 in 2028, and \$2.87 in 2029. The total increase over the three-year period is \$8.56. Typical residential consumption has remained at 5.0 ccf per month in the 2027-2029 rate proposal. The exact increase in general service bills varies based on consumption and meter size. A typical convenience store would see increases of \$3.00, \$4.65, and \$5.55 per month for 2027, 2028, and 2029, respectively. Likewise, a typical 90-unit apartment building would see increases of \$36, \$51, and \$62 per month. Rates for public fire hydrants on larger mains increase 6.1 percent, 4.4 percent, and 4.4 percent in 2027, 2028, and 2029, respectively. Private fire meter rates and consumption rates do not increase in this rate study as current revenue meets revenue requirements for the study period.

5.1. Rate Design Overview

A utility rate structure, or rate design, typically considers three elements: classification of customers served, billing frequency, and schedule of charges for each customer class. The schedule of charges, or “rates,” is designed to recover the utility’s costs, given projected customer demand⁴. In addition to cost recovery, a rate structure should support and optimize a blend of various utility objectives and should work as a public information tool in communicating these objectives to customers.

5.1.1. Retail Water Rate Structure

Seattle’s retail water customers are grouped into four broad customer classifications: Residential, General Service, Private Fire (e.g., building sprinklers), and Public Fire (municipal hydrants). SPU has developed rate structures for each of these customer classes which reflect the classes’ cost of service structure, demand patterns, and policy objectives. A given rate class may be further divided into sub-classes. While the rate structure for each sub-class (under the same primary class) will be similar or identical, the actual rate

³ Rate parity began in 2008 when costs of service, consumption, and meter counts aligned to make it possible for rates to be equal between residential and general service classes.

⁴ Section 3.5 discusses projected customer demand and its influence on rates during the rate period.

assigned to each sub-class will vary based on actual differences in cost of service or historical contractual requirements. **Table 5-1** provides a summary of Seattle’s retail water rate classes, subclasses, and associated rate structures.

Table 5-1
Retail Water Rate Structure Summary

Class	Sub-class	Rate Structure
Residential	• In-City • Out-of-City • Shoreline Franchise • Lake Forest Park Franchise • Burien • Master-Metered Developments*	• Base Service Charge (meter-size based) • Single Off-Peak Commodity Rate • Tiered Peak Commodity Rate • Low-Income Rates
General Service	• In-City • Out-of-City • Shoreline Franchise • Lake Forest Park Franchise • Burien • Mercer Island	• Base Service Charge (meter-size based) • Single Off-Peak Commodity Rate • Single Peak Commodity Rate
Private Fire	• In-City • Out-of-City • Shoreline Franchise • Lake Forest Park Franchise • Burien	• Base Service Charge (meter-size based) • Commodity Penalty Rate
Public Fire (hydrants)	• In-City/Out-of-City • Burien	• Charge for 4-inch mains • Charge for larger mains

*For rate setting purposes, there are two kinds of Master Metered Residential Developments (MMRDs). MMRDs are eligible to be classified as water systems by the State of Washington. Customers that have achieved that designation, and pay State Public Utility Tax on their revenue, are eligible for a lower rate from SPU. SPU does not pay State Public Utility Tax on revenues from those customers. MMRDs that do not pay State Public Utility Tax are subject to regular rates.

Section 5.1.2 discusses the objectives that have been considered in the development of the rate structures outlined above. Sections 5.2 through 5.5 provide additional detail on the rate structures by customer class and subclass. **Appendix C** lists all 2027-2029 rate schedules by class and sub-class.

5.1.2. Rate Objectives

SPU staff, with input from past Rate Advisory Committees, have identified the following policy objectives for the retail water rate design:

- Provide financial soundness;
- Advance economic efficiency;

- Promote customer equity;
- Encourage customer conservation;
- Contribute to transparency and customer understanding; and
- Reduce impacts on low-income customers.

Some of these objectives imply different directions in rate design than others. An appropriate rate design must strike the best overall balance among conflicting objectives. The first objective of financial soundness is overriding and should be met by all rate designs considered. In this study, there was additional focus on providing soundness through rate design by increasing the amount of fixed revenue to the utility. The final objective of reducing impacts on low-income customers is partly met by a citywide program, in which SPU participates, to provide discounts to low-income and disabled customers. The remaining objectives are met to varying degrees by the individual rate structures, as further discussed in Sections 5.2 through 5.5.

5.2. Residential Rate Design

Residential accounts represent about 88 percent of total SPU retail water accounts. Residential customers are further broken into five subclasses: in-City customers, City of Shoreline/City of Lake Forest Park customers, Burien customers, other out-of-City customers, and master-metered customers. Low-income customers in any of these residential subclasses may qualify for a discount on their water utility bill. This section provides additional detail on the components of the residential rate design, the residential rate changes, residential rate subclasses and the UDP.

Under the proposed rates, a typical (median) single family residential bill will increase by **\$2.82** per month in 2027, **\$2.87** per month in 2028, and **\$2.87** per month in 2029 (given constant consumption). The impact for different residential customers can vary based on the amount of water used, as presented in **Table 5-2**.

Table 5-2
Monthly Residential Bills at Proposed Rates

Customer Type	Monthly Consumption		2026 Adopted	2027 Proposed	Change from 2026	2028 Proposed	Change from 2027	2029 Proposed	Change from 2028
Low Volume User (30th %tile)	Winter	2.9	\$38.23	\$40.34	\$2.11	\$42.56	\$2.22	\$44.82	\$2.26
	Summer	3.8	\$44.07	\$46.52	\$2.44	\$49.04	\$2.53	\$51.60	\$2.55
	Average	3.2	\$40.18	\$42.40	\$2.22	\$44.72	\$2.32	\$47.08	\$2.36
Median User (50th %tile)	Winter	4.7	\$48.70	\$51.41	\$2.70	\$54.17	\$2.76	\$56.93	\$2.77
	Summer	5.5	\$54.72	\$57.77	\$3.05	\$60.85	\$3.08	\$63.92	\$3.07
	Average	5.0	\$50.71	\$53.53	\$2.82	\$56.39	\$2.87	\$59.26	\$2.87
High Volume User	Winter	9.8	\$78.39	\$82.77	\$4.38	\$87.06	\$4.29	\$91.25	\$4.19
	Summer	13.4	\$113.33	\$119.70	\$6.38	\$125.80	\$6.09	\$131.72	\$5.92
	Average	11.0	\$90.03	\$95.08	\$5.05	\$99.97	\$4.89	\$104.74	\$4.77
Typical 3rd Tier User	Winter	6.7	\$60.34	\$63.71	\$3.36	\$67.07	\$3.36	\$70.39	\$3.33
	Summer	23.5	\$212.22	\$220.53	\$8.31	\$228.37	\$7.84	\$235.95	\$7.58
	Average	12.3	\$110.97	\$115.98	\$5.01	\$120.83	\$4.85	\$125.58	\$4.74

May not total due to rounding

Note: All bill impacts are for in-City customers and assume a ¾" meter.

5.2.1. Residential Rate Structure

Residential customers pay a fixed base service charge plus a commodity rate. The commodity rate is a single rate in the off-peak season (September 16 – May 15) and a three-tiered rate structure in the peak season (May 16 – September 15).

Base Service Charge

The base service charge is a fixed monthly fee which varies by water meter size. This charge is structured to reflect that some costs are not related to the volume of water used. The cost differential, or progression, between different meter sizes is based on 1) annualized costs, by meter size, for meter maintenance, testing, repair, replacement and service renewal; and 2) annual customer service costs. The progression used in this proposal is based on data from the 2009-2011 rate study.

Commodity Rate

Residential commodity rates are seasonal, with tiered peak (May 16 – September 15) rates and uniform off-peak (September 16 – May 15) rates. Peak season rates are higher than off-peak rates and tiered for residential customers to provide a disincentive for wasteful summer water usage.

Peak residential commodity rates consist of three tiers associated with differing usage volumes: 1) the lowest rate is charged on consumption up to five ccf/month; 2) the next 13 ccf/month (six to 18 ccf) is charged a higher rate; and 3) the highest rate is charged on consumption above 18 ccf/month. Historically, one out of 15 residential customers has had some consumption at the third-tier level each year. In the past, the City implemented a third tier on a temporary basis to discourage water use under drought conditions. This tier

became a permanent feature of the water rate structure in 2002 in response to the legal requirement of initiative I-63⁵. This rate study holds constant third-tier rates through 2029.

5.2.2. Residential Increase

This study includes increases in residential commodity rates and meter base service charges. The residential rate schedule for inside city customers is presented in **Table 5-3**.

Table 5-3
Proposed Residential Rates

	2026	2027	2028	2029
	Rates	Rates	Rates	Rates
<u>Commodity</u>				
Off-Peak (\$/ccf)	\$5.82	\$6.15	\$6.45	\$6.73
Peak (\$/ccf)				
Up to 5 ccf/mo	\$5.98	\$6.32	\$6.63	\$6.92
Next 13 ccf/mo	\$7.39	\$7.81	\$8.19	\$8.55
Above 18 ccf/mo	\$11.80	\$11.80	\$11.80	\$11.80
<u>Base Service Charge</u>				
3/4 inch	\$21.35	\$22.50	\$23.85	\$25.30
1 inch	\$22.00	\$23.20	\$24.60	\$26.10
1 1/2 inch	\$33.95	\$35.75	\$37.90	\$40.20
2 inch	\$37.60	\$39.60	\$42.00	\$44.55
3 inch	\$139.20	\$146.70	\$155.50	\$164.95
4 inch	\$199.00	\$210.00	\$223.00	\$236.00

Note: All rates above are in-City.

Base residential meter charges are proposed to increase 5.4 percent in 2027, 6.0 percent in 2028, and 6.1 percent in 2029.

Commodity rates are increasing at a slower pace than meter rates. Off-peak consumption rates are proposed to increase 5.7 percent, 4.9 percent, and 4.3 percent in 2027, 2028, and 2029, respectively. Peak rates are increasing by similar percentages each year, with the exception that the third tier is not increasing in any year.

5.2.3. Residential Sub-Classes

The majority of Seattle Public Utilities' residential customers live within City limits (about 159,500 accounts). However, SPU also directly provides water service to about 10,800 residential customers in the City of Shoreline and City of Lake Forest Park, 1,500 residential customers in the City of Burien, and 3,300 residential

⁵ In October 2001, the Mayor and City Council adopted City of Seattle Ordinance No. 120532, otherwise known as I-63 Settlement Ordinance (I-63 SO). This ordinance established various measures designed to promote water conservation, including the creation of the "Everyone Can Conserve" program to fund water conservation in low-income housing. This ordinance also established the requirement for a residential summer peak use third block to be charged on residents and businesses that use extraordinary amounts of water.

customers residing in Unincorporated King County. Each of these residential customer groups, or sub-classes, pays a different rate due to differences in cost of service and/or historic agreements governing these relationships. In addition, master metered residential developments (MMRD) comprise another residential sub-class with its own distinct rates.

Outside City Residential Rates (except Shoreline, Lake Forest Park, and Burien)

SPU sets the base meter and commodity rates for SPU customers residing outside of Seattle City Limits at 14 percent greater than in-city rates. Certain characteristics of these areas increase the cost of service, including lower-density development and topography which limits the use of gravity fed systems. Both factors cause higher capital and operating costs (longer water mains, more pumping) per unit of water delivered. In addition, field crews, meter readers, inspectors, and other employees, along with vehicles and equipment, must travel farther to work on parts of the system that serve outside city customers.

Outside-City residential rates are found in **Appendix C**.

City of Shoreline/City of Lake Forest Park Residential Rates

SPU sets the base meter and commodity rates for SPU customers residing in Shoreline and Lake Forest Park approximately 21 percent⁶ higher than in-city rates. This rate surcharge is based on the 14 percent out-of-city surcharge (discussed above) plus an additional six percent to cover City of Shoreline and City of Lake Forest Park franchise fees.

The Cities of Shoreline and Lake Forest Park charge SPU franchise fees on the water service SPU provides within their boundaries. Each city's franchise fee is set at six percent of revenue. All the revenues from this franchise fee are paid to the City of Shoreline and City of Lake Forest Park, and neither Seattle nor any water customer outside Shoreline and Lake Forest Park receives a benefit from the associated revenues.

The Shoreline franchise fee was enacted in 1999. The Lake Forest Park franchise agreement has been in effect since November 2009.

Shoreline and Lake Forest Park residential rates are found in **Appendix C**.

City of Burien Residential Rates

In January 2021, the City of Burien began collecting an eight percent utility tax on all SPU revenue in Burien. As a result, SPU will set base meter and commodity rates for customers residing in Burien approximately 24 percent higher than in-city rates beginning in 2022. This rate surcharge is based on the 14 percent out-of-city surcharge (discussed above) plus an additional eight percent to cover City of Burien Utility Tax costs.

All revenues from this utility tax are paid to the City of Burien, and neither Seattle nor any water customer outside Burien receives a benefit from the associated revenue.

Burien residential rates are found in **Appendix C**.

⁶ Franchise fees and revenue taxes are compounding by their nature. Because they are based on SPU revenue, SPU must increase charges more than the statutory rate to ensure after-tax/franchise fee charges are consistent. Ex: SPU charges \$10 for a service. A 10% revenue tax rate is applied. If SPU simply added 10% to the charge, the new price would be \$11. In that case revenue would be \$11, and the 10% revenue tax would be \$1.10. SPU would receive \$9.90 after payment of the tax. This is less than before the tax is applied. To account for this compounding effect, charges are increased slightly more than the statutory rate to equalize pre-tax and post-tax SPU receipts. In this example, the after-tax charge would be \$11.11. The 10% revenue tax would generate \$1.11, and SPU would receive \$10.00 after tax.

Master-Metered Residential Development Rates

Master-Metered Residential Development (MMRD) rates apply to residential developments with master meters of one and a half inch or larger which operate and maintain their own distribution systems on private property. The water service to these developments primarily serves single-family detached residences on at least two separate legal parcels.

A separate rate structure was established for MMRD customers in 1995, with residential rates applied. The use of the residential rate structure recognizes the fact that MMRDs, although considered general service habitations, experience peak irrigation demands similar to those of residential customers. At present, all MMRD customers reside in Shoreline and pay Shoreline residential rates.

Certain Master-Metered Residential Developments are eligible to classify as water systems by the State of Washington. Those that have achieved that designation and pay State Public Utility Tax on their revenue are eligible for a lower rate from SPU. SPU does not pay State Public Utility Tax on revenues from those customers.

MMRD rates are found in **Appendix C**.

5.2.4. Utility Discount Program

The City assists qualified low-income customers with their water bills by providing a 50 percent credit on their utility bills, one of the most generous assistance policies in the nation. Income guidelines vary based on the number of people in the household, monthly income, and annual income. Income limits are updated every April and are based on 60 percent of the area median income, an increase from previous rate studies where the threshold was 70 percent of the state median income. To ensure utilization by eligible residents, Seattle Housing Authority auto-enrolls its eligible customers in SPU's discount program.

Currently, about 30,000 water customers receive a utility discount. About one-third of these low-income assistance customers receive their credit on their SPU combined utility bill while the other two-thirds receive a credit through their Seattle City Light bill. Enrollment in the program is expected to increase to approximately 40,000 with expanded eligibility. For customers billed by SPU, the discount cuts their water bill in half. The City Light bill is used as the credit mechanism for customers who do not directly receive an SPU bill, such as customers living in apartment complexes, who typically receive a City Light bill but have utility costs for water, sewer and solid waste included in their rent. These customers receive a fixed dollar credit via their Seattle City Light bill, which approximates the 50 percent discount.

Table 5-4 presents the discounts for 2026, 2027, 2028, and 2029.

Table 5-4 Rate Assistance Discounts				
Customer-type	Adopted 2026	Proposed 2027	Proposed 2028	Proposed 2029
SPU-billed customers	50% Discount	50% Discount	50% Discount	50% Discount
Non-SPU-billed customers				
Single-family (Residential)	\$25.36/month	\$26.76/month	\$28.20/month	\$29.63/month
Multi-family (Gen. Serv.)	\$14.19/month	\$14.54/month	\$15.01/month	\$15.59/month

5.3. General Service Rate Design

General service accounts represent about 11 percent of total SPU retail water accounts. General Service customers are also broken into five subclasses: in-City customers, Shoreline/Lake Forest Park customers, Burien customers, Mercer Island customers, and other outside-City customers. This section provides additional detail on the components of the general service rate design, the general service rate increase and general service rate subclasses.

The proposed rates will affect general service customer bills to varying degrees depending on the volume of water used. **Table 5-5** presents projected bill impacts for a sampling of general service customer types.

Table 5-5
Monthly General Service Bills at Proposed Rates

Customer Type	Monthly Consumption		2026 Adopted	2027 Proposed	Change from 2026	2028 Proposed	Change from 2027	2029 Proposed	Change from 2028
Convenience Store (1" meter)	Winter	15.0	\$116.90	\$119.70	\$2.80	\$124.10	\$4.40	\$129.30	\$5.20
	Summer	15.0	\$141.50	\$144.90	\$3.40	\$150.05	\$5.15	\$156.30	\$6.25
	Average	15.0	\$125.10	\$128.10	\$3.00	\$132.75	\$4.65	\$138.30	\$5.55
Small Office Building (2" meter)	Winter	49.9	\$347	\$355	\$8	\$367	\$12	\$382	\$15
	Summer	56.8	\$482	\$494	\$12	\$510	\$16	\$530	\$20
	Average	52.2	\$392	\$401	\$10	\$415	\$14	\$432	\$17
Apartment Bldg (90 units) (3" meter)	Winter	168	\$1,184	\$1,213	\$29	\$1,255	\$42	\$1,305	\$50
	Summer	247	\$2,068	\$2,119	\$51	\$2,188	\$69	\$2,275	\$87
	Average	195	\$1,478	\$1,515	\$36	\$1,566	\$51	\$1,628	\$62
Medium Hotel (6" meter)	Winter	1,180	\$7,443	\$7,626	\$183	\$7,867	\$241	\$8,169	\$301
	Summer	1,559	\$12,293	\$12,596	\$302	\$12,987	\$391	\$13,488	\$501
	Average	1,307	\$9,060	\$9,283	\$223	\$9,574	\$291	\$9,942	\$368
Large Industrial (8" meter)	Winter	3,785	\$23,278	\$23,853	\$575	\$24,593	\$740	\$25,521	\$928
	Summer	2,410	\$18,898	\$19,363	\$465	\$19,962	\$599	\$20,729	\$767
	Average	3,327	\$21,818	\$22,356	\$538	\$23,049	\$693	\$23,924	\$875

Note: All bill impacts are for in-City customers.

5.3.1. General Service Rate Structure

The general service rate structure is nearly identical to that for residential customers with a base service charge that varies by meter size and peak and off-peak commodity rates. In general, the discussion in Section 5.2.1 on these two rate components is applicable to general service rates.

The primary difference between the two rate structures is that general service customers do not have tiered peak rates⁷; all peak consumption is charged at a single rate. In addition, the general service base service charge progression includes several larger meter rates which are not applicable to residential customers.

⁷ The residential first tier peak rate is intended as a "lifeline" rate and as such does not apply to general service. The third-tier peak rate is intended to capture "excessive" or "wasteful" water consumption. Because each general service

5.3.2. General Service Increase

This rate study proposes increases in general service commodity and base service charges. Inside-City general service rates are shown in **Table 5-6**:

Table 5-6
Proposed General Service Rates

	2026	2027	2028	2029
	Rates	Rates	Rates	Rates
<u>Commodity</u>				
Off-Peak (\$/ccf)	\$6.06	\$6.21	\$6.40	\$6.64
Peak (\$/ccf)	\$7.70	\$7.89	\$8.13	\$8.44
<u>Base Service Charge</u>				
3/4 inch	\$25.20	\$25.75	\$27.25	\$28.80
1 inch	\$26.00	\$26.55	\$28.10	\$29.70
1 1/2 inch	\$40.05	\$40.95	\$43.30	\$45.80
2 inch	\$44.35	\$45.35	\$48.00	\$50.70
3 inch	\$164.00	\$168.00	\$178.00	\$188.00
4 inch	\$235.00	\$241.00	\$255.00	\$269.00
6 inch	\$290.00	\$296.00	\$313.00	\$331.00
8 inch	\$341.00	\$348.00	\$369.00	\$389.00
10 inch	\$417.00	\$426.00	\$451.00	\$476.00
12 inch	\$562.00	\$575.00	\$608.00	\$643.00
16 inch	\$631.00	\$645.00	\$683.00	\$722.00
20 inch	\$721.00	\$737.00	\$780.00	\$824.00
24 inch	\$819.00	\$837.00	\$885.00	\$936.00

Note: All rates above are in-City.

5.3.3. General Service Sub-Classes

As with residential accounts, most Seattle Public Utilities general service customers are located within City limits (about 21,500 accounts). In addition, SPU directly provides water service to 600 general service customers in the City of Shoreline and City of Lake Forest Park, 35 general service customers in Burien, one general service customer in Mercer Island, and 370 other general service customers outside of City boundaries. Similar to residential accounts, Shoreline and Lake Forest Park general service customers pay a 21 percent surcharge over the in-city general service meter and commodity rates, Burien customers pay a 24 percent surcharge, and other outside-City customers pay a 14 percent surcharge. For further details, see Section 5.2.3.

City of Mercer Island Rates

customer has a different level of consumption, SPU would not be able to set a threshold amount above which consumption is considered excessive.

SPU sets the base service and commodity rates for one Mercer Island general service customer approximately 20 percent higher than in-City rates. This rate surcharge is based on the 14 percent out-of-city surcharge (discussed in Section 5.2.3) plus an additional 5.3 percent to cover City of Mercer Island utility taxes.

All revenues from this utility tax are paid to the City of Mercer Island, and neither Seattle nor any water customer outside of Mercer Island receives a benefit from the associated revenue.

5.4. Private Fire Rate Design

Private fire rates are charged for water service to fire sprinkler systems located on a customer's property. Private fire service customers pay a **flat monthly meter base charge** which varies with meter size. This base fee includes an allowance for water consumption for testing and pump cooling. The monthly allowance is five ccf for meters up to six inches and 10 ccf for meters eight inches and larger. A **penalty charge** (\$20.00/ccf) is assessed on non-fire related consumption in excess of the allowed amounts.

Fire service rates are not proposed to change in this study as current revenue is enough to meet the revenue requirement for the class. Fire service rates for inside city customers are presented in **Table 5-7** below.

Table 5-7
Proposed Private Fire Rates

	2026	2027	2028	2029
	Rates	Rates	Rates	Rates
<u>Commodity</u>				
Penalty Charge				
(\$/ccf)	\$20.00	\$20.00	\$20.00	\$20.00
<u>Base Service Charge</u>				
2 inch and smaller	\$17.75	\$17.75	\$17.75	\$17.75
3 inch	\$17.75	\$17.75	\$17.75	\$17.75
4 inch	\$17.75	\$17.75	\$17.75	\$17.75
6 inch	\$17.75	\$17.75	\$17.75	\$17.75
8 inch	\$23.00	\$23.00	\$23.00	\$23.00
10 inch	\$43.00	\$43.00	\$43.00	\$43.00
12 inch	\$73.00	\$73.00	\$73.00	\$73.00

Note: All rates above are in-city.

Private fire service rate schedules by subclass are found in **Appendix C** of this study.

Like other retail customers, Shoreline and Lake Forest Park private fire customers pay a 21 percent differential over the in-city private fire rates, Burien customers pay a 24 percent surcharge, and other outside-city customers pay a 14 percent differential. For further details, see Section 5.2.3.

5.5. Public Fire Rate Design (Hydrants)

Fire hydrants provide water used by public fire departments to fight fires. Most fire hydrants owned by SPU are located within the City of Seattle. The majority of other hydrants are in retail service areas just north or south of the city limits. In order to more closely associate the cost of providing water for firefighting with the customers that use this water, SPU directly charges local governments an annual fee for public fire service. Charging local governments for the public fire service within their jurisdiction ensures that this portion of revenue requirement is not borne by Seattle's retail customers.

5.5.1. Rate Structure

Public fire customers are charged **a flat annual fee** which varies based on the size of main attached to the hydrant and jurisdiction where located. SPU has established two different flat rates for fire service to reflect both service level and cost differences between four-inch and larger mains⁸. Four-inch mains provide substantially lower fire flows than larger mains. In addition, four-inch mains, while sufficient for domestic service, generally do not meet current state installation standards for mains supporting hydrants. Consequently, all of the cost of over-sizing water mains to provide fire flow, about half of total hydrant service cost, is assigned to larger mains. The remaining costs are shared between two rates based on the number of units, or hydrants. Hydrants connected to larger mains currently account for about 99 percent of all units within the SPU service area. Hydrants in Burien are charged a higher fee to recover the cost of utility taxes in the city.

5.5.2. Public Fire Rate Increase

This study proposes increases in each year of the rate study. The rate increase for large-main hydrants is greater than the increase for the 4-inch main rate in 2027. The rates increase evenly in 2028 and 2029. **Table 5-8** presents the calculation for proposed 2027, 2028, and 2029 public fire rates.

All public fire hydrants within the SPU retail service area are used to calculate and set hydrant rates. However, due to indemnification language in their franchise agreements, SPU does not charge King County, Shoreline, and Lake Forest Park for hydrant service. Per *Lane v Seattle*, the costs of providing, maintaining, and operating these hydrants are considered a "cost of doing business" in these areas.

⁸ State requirements for hydrant service have become progressively more stringent over the last century. Four-inch mains were considered sufficient to provide fire flows when originally installed. Now, a minimum of six inches is required. Most areas with both domestic and fire flow demands require a minimum of eight-inch mains.

Table 5-8
Calculation of Proposed Public Fire Rates

	2026*		2027		2028		2029	
	4-Inch	Larger Mains	4-Inch	Larger Mains	4-Inch	Larger Mains	4-Inch	Larger Mains
Revenue Requirement	\$116,346	\$13,790,852	\$123,470	\$17,792,326	\$128,870	\$18,570,466	\$134,542	\$19,387,835
Meter Count	209	18,609	209	18,710	209	18,710	209	18,710
Meter Rate	\$556.68	\$741.09	\$590.76	\$950.95	\$616.60	\$992.54	\$643.74	\$1,036.23

* 2026 assumptions used in the 2024-2026 rate study

Note: All rates above are in-City.

Table 5-9 presents projected annual bills for public fire customers at proposed rates.

Table 5-9
Annual Public Fire Bills at Proposed Rates

	Hydrant Count			2026	2027	2028	2029
	4-Inch Mains	Larger Mains	Total	Bill	Bill	Bill	Bill
Seattle	116	7,251	17,251	\$12,849,118	\$16,473,414	\$17,193,872	\$17,950,651
Burien	42	121	163	\$122,883	\$152,041	\$158,690	\$165,675

APPENDIX A: COST ALLOCATION DETAILS

Chapter 4 contained an overview of how the 2027-2029 water revenue requirements were allocated to each cost category. This Appendix provides the detail behind those allocations.

SPU uses embedded, or historical cost of service from a test year (2023 for this rate study), to determine the percentage of revenue to be assigned to each customer class in the rate-setting period. The costs from the test year are broken into service-based allocation categories that are then allocated to cost categories based on defined customer characteristics. The resulting percentages from the test year are then applied to the 2027-2029 revenue requirements.

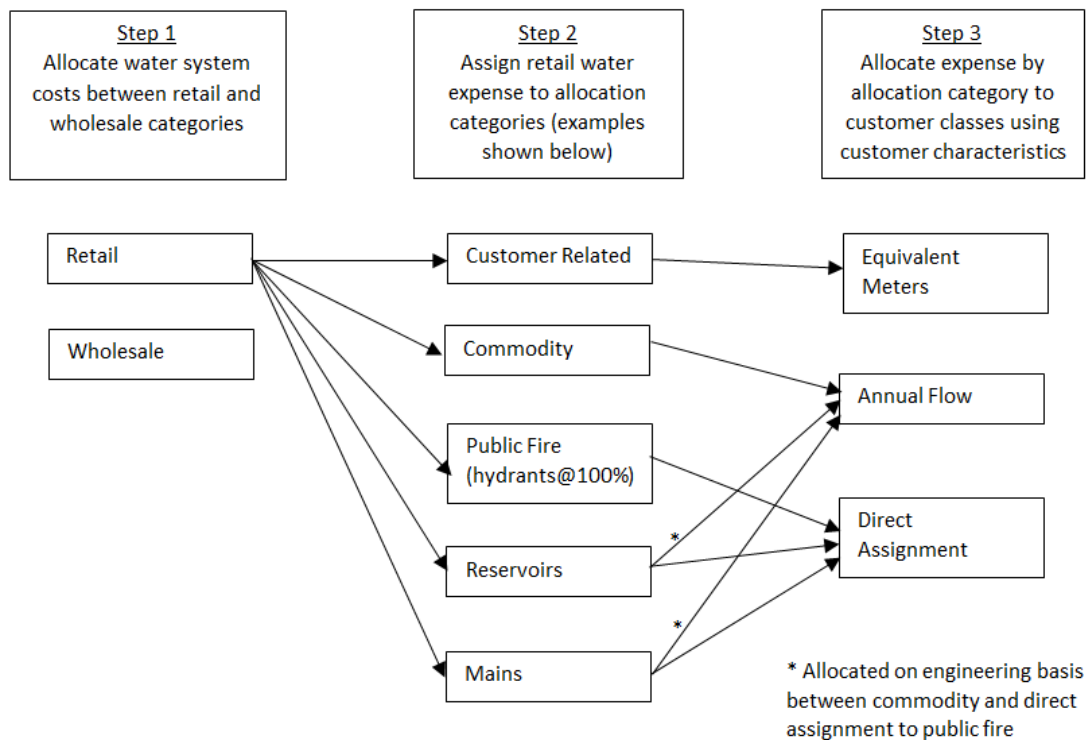
Figure A1-1 describes the three steps required to determine the revenue split between test year cost component categories:

Step 1. Allocation of water system expense into retail and wholesale categories.

Step 2. Assignment of retail water expense to allocation categories. Examples include customer-related, commodity, public fire (hydrants at 100%), reservoirs, and mains.

Step 3. Allocate expense by allocation category to customer classes using customer categories. In this step, customer-related is allocated to equivalent meters, commodity, and a portion of reservoirs and mains are allocated to annual flow. Public fire and the remainder of reservoirs and mains are allocated to direct assignment by engineering basis.

Figure A1-1
Assignment of Water System Expense to Cost Component Categories
Allocation Steps



Prior to launching into the details of the separate steps, however, it is important to provide some context.

A1.1. Cost Allocation Context

The test year cost of service is calculated using a utility-based cost method whereby test year revenue (or total cost) is the sum of three components: O&M expense, depreciation expense, and a return on plant in service. The cost allocation steps described in Sections A1.2 through A1.4 are applied separately to each of the three cost components. Below is a description of each of these components within the context of the current rate study.

O&M. Total O&M spending is equal to O&M presented in the test year (2023) Water Fund audited financial statements, excluding debt service, depreciation, and certain accrued expenses.

Depreciation (use of capital assets). Total depreciation is equal to the amount presented in the 2023 Water Fund audited financial statements, excluding depreciation on contributed assets (those assets, such as water meters, whose installation was paid for directly by individual customers).

Return on Assets. This is the result of applying an “interest rate” (rate-of-return or ROR) to the net book value of plant in service. Plant in service is equal to the amount presented in the 2019 audited financial statements, excluding contributed assets. Two rates of return are used in this cost allocation. “Regional” assets (assets that are shared with the wholesale customers and whose costs are allocated to wholesale – primarily watersheds and transmission assets) use the rate-of-return as defined in the wholesale contracts (5.9 percent in 2023). The rate-of-return on retail assets (i.e., everything that is not regional) is adjusted so

that the total rate-of-return is equal to the difference between the adjusted retail service revenue⁹ and the sum of O&M and depreciation in the test year. Therefore,

$$\begin{aligned}
 & \text{(Retail portion of Regional Assets*Regional ROR)} \\
 & + \text{(Retail assets*Retail ROR)} \\
 & + \text{Retail portion of Depreciation} \\
 & + \text{Retail portion of O\&M} \\
 & = \text{Adjusted Retail Revenue}
 \end{aligned}$$

where all values are for the 2023 test year.

The rate-of-return on only retail assets for 2023 is 4.1 percent.

A1.2. Step One: Water System Expense Allocation

The first step is to allocate test year expenses between wholesale and retail. This is similar to the split that is done to determine the wholesale revenue requirement for each year of the rate study.

Both wholesale customers (suburban municipalities and water districts) and Seattle’s direct service retail customers share the cost of the “regional” portion of Seattle’s water system, including facilities such as the watersheds and transmission pipelines. In addition, the system includes certain “subregional” assets, such as the West Seattle and Des Moines pipelines, which serve both Seattle retail customers and wholesale customers in the applicable subregions.

This step begins by assigning O&M and asset costs (depreciation and return on plant) to regional, subregional, and retail buckets. The regional O&M costs are then “grossed up” using various multipliers specified in the contracts to reimburse the Water Fund for additional general and administrative overhead costs not directly included in the regional bucket. The mechanics of this are similar to the G&A allocation used for CIP, including the need to create a corresponding regional credit to avoid counting expenses twice.

The resulting regional costs, subregional costs, and regional credit are then split by annual flows (as per contracts) between wholesale and retail customers. For 2023, 51 percent of regional costs went to wholesale and 49 percent to retail. The 2023 split of all subregional costs was 22 percent to wholesale and 78 percent to retail. The portion of the regional credit that retail receives is the amount it would pay under the contracts as a wholesale customer, so it is 49 percent.

Table **A1-1** presents Seattle’s share of combined O&M, depreciation, and return on asset expense in the 2019 test year.

Table A1-1
Seattle’s Share of Water System Utility-based Expense (2023)

	System Expense		Retail Share
Regional Expense	86,025,703	49.3%	42,406,789
Regional Credit	-23,879,411	49.3%	-11,771,472
Sub-regional Expense	3,431,117	77.8%	2,669,212

⁹ Industry standards allow for adjustments to test periods for known and quantifiable changes. Revenue in 2019, the test year, was significantly above the level necessary to meet all financial policies. The adjustment to 2019 revenue, \$22.5 million, reduced revenue to the level that just met all financial policy targets.

Retail Expense	164,270,817	100.0%	164,270,817
Total	229,848,226		197,575,346

A1.3. Step Two: Allocation of Retail Expense to Allocation Categories

In Step Two, the retail share of each O&M activity and water asset (for depreciation and return on plant allocation) during the test year is assigned to one of seven allocation categories. This is an intermediate step which groups assets and services to then be allocated using customer characteristics (described in section A1.4). **Table A1-2** presents the distribution of actual 2023 retail expense between the various allocation categories.

Table A1-2
2023 Retail Water Expense by Allocation Category

Allocation Categories	O&M	Depreciation	Return on Plant	Total Retail Expense
Commodity	41,595,493	12,705,797	17,171,887	71,473,177
Accounts	12,567,512	11,082,286	10,467,150	34,116,949
Public Fire	1,877,716	218,823	390,300	2,486,839
Reservoirs	1,655,900	2,392,887	3,334,651	7,383,438
Mains	6,723,532	4,093,788	7,313,381	18,130,701
Asset Composite	18,539,777	0	0	18,539,777
Overall Composite	32,336,130	6,163,015	6,945,321	45,444,466
Total	115,296,061	36,656,596	45,622,689	197,575,346

A1.4. Step Three: Allocation of Expense by Allocation Category to Cost Component Categories

In Step Three, each allocation category from Step Two is distributed between the cost component categories. Some of these are fairly straightforward (e.g., commodity is allocated by annual flow) and some are a little more complicated. The details of each assignment follow in **Table A1-3**.

Table A1-3
**Allocation Factors for Assignment of Retail Expense
To Cost Component Categories**

Allocation Categories	Annual Flow	Equivalent Meters	Direct/ Engineering Basis
Commodity	100.0%		
Accounts		100.0%	
Public Fire			100.0%
Reservoirs	99.7%		0.3%
Mains	82.7%		17.3%
Asset Composite	61.6%	30.4%	8.1%
Overall Composite	67.1%	26.1%	6.8%

Commodity. This category is primarily made up of the regional and subregional costs identified in Step One. These costs are assigned to the commodity category because annual flow is what determines the split of costs between wholesale and retail customers.

Accounts. This category contains costs such as service replacements and meter testing and repair, which vary by meter size. It also includes customer related expenses which do not vary significantly with water usage or meter size, such as the Water Fund's share of the CCB billing system, communication equipment (Interactive Voice Response) and other IT investments. Costs are allocated using a factor called "equivalent meters" that assigns a higher weight to larger meters. Additional details on equivalent meters are in Section A1.5.

Public Fire. These categories include expenses which are directly attributable to public fire service, such as hydrant repair and flow testing.

Reservoirs. Reservoirs provide a source of water during fires as well as water for domestic purposes.

Their cost is allocated to these uses based on an engineering analysis of the proportion of capacity devoted to each use. Further information on this allocator is in Section A1.6.

Mains. Watermains are sized to meet fire flow requirements and domestic demands for water. The cost for this allocation category is split between public fire and annual flow categories based on the proportional share of total installed main cost attributed to fire uses and to domestic uses. Section A1.7 contains a detailed description of this calculation.

Asset Composite. This category includes items that support the Water Fund's asset base, such as Maximo and the stage gate process. The allocation among customer characteristics is the average allocation of all previously assigned asset costs.

Overall Composite. This category includes costs that support the overall Water Fund, such as Finance and the General Manager/CEO's Office. The allocation among customer characteristics is the average allocation of all costs.

The application of the allocation factors identified in Table A1-2 to the test year (2023) expense by allocation category in Table A1-3 gives us the distribution of actual test year costs between cost component categories, as presented in **Table A1-4** below.

Table A1-4
23 Cost of Service (O&M + Depreciation + Rate-of-Return)

Allocation Categories	Total Retail Expense	Annual Flow	Equivalent Meters	Direct/ Engineering Basis
Commodity	71,473,177	71,473,177		
Accounts	34,116,949		34,116,949	
Public Fire	2,486,839			2,486,839
Reservoirs	7,383,438	7,361,287		22,150
Mains	18,130,701	14,994,089		3,136,611
Asset Composite	18,539,777	11,414,632	5,627,326	1,497,820
Overall Composite	45,444,466	30,494,306	11,872,391	3,077,769
Total	197,575,346	135,737,491	51,616,665	10,221,189

These costs are then divided among customer classes based on the characteristics of each customer class. This step is discussed in detail in Sections 4.1 and 4.2.

A1.5. Calculation of Equivalent Meters Allocator

Section 4.3 in Chapter 4 discusses the use of the equivalent meters allocator to assign certain customer-service related expenses between customer classes.

For customer related expenses, a hybrid allocator was used to reflect that some costs vary with meter size (e.g., meter repair), and some do not (e.g., customer billing). The first step was to calculate the percentage of meters by customer class, with private fire discounted 50% to reflect that these meters are typically secondary meters on a domestic account.

Table A1-5

Step 1 of Equivalent Meters Calculation - Meters by Customer Class

	0.75	1	1.5	2	3	4	6	8	10	12	16	20	24	Total	Percentage
Residential	152,179	18,187	1,469	551	1	1	1	1	0	0	0	0	0	172,391	87%
General Service	6,587	5,043	3,783	5,022	473	1,165	421	136	33	10	0	2	0	22,676	11%
Private Fire @50%	580	2	4	292	12	730	595	316	12	3	0	0	0	2,543	1%
Total	159,346	23,232	5,256	5,865	486	1,896	1,017	453	45	13	0	2	0	197,608	100%

Step two is to calculate the percentage of meters per customer class after weighting the meter counts using standard American Water Works Association (AWWA) meter progression ratios by meter size. Similar to step one, the private fire ratios were discounted 75% to reflect that these meters are typically secondary meters on a domestic account and typically use very little water.

Table A1-6

Step 2 of Equivalent Meters Calculation – Weighted Meter Counts by Customer Class

	0.75	1	1.5	2	3	4	6	8	10	12	16	20	24	Total
Residential Count	152,179	18,187	1,469	551	1	1	1	1	0	0	0	0	0	
Weighting Factor	1	2	3	5	10	17	33	53	77	143	250	325	420	
Residential Weighted Count	152,179	30,918	4,848	2,920	10	17	33	53	0	0	0	0	0	190,978

	0.75	1	1.5	2	3	4	6	8	10	12	16	20	24	Total
General Service Count	6,587	5,043	3,783	5,022	473	1,165	421	136	33	10	0	2	0	
Weighting Factor	1	2	3	5	10	17	33	53	77	143	250	325	420	
Gen Svc Weighted Count	6,587	8,573	12,484	26,617	4,730	19,456	14,019	7,249	2,531	1,433	0	650	0	104,328

	0.75	1	1.5	2	3	4	6	8	10	12	16	20	24	Total
Private Fire Count	1,159	4	8	583	23	1,460	1,189	631	23	5	0	0	0	
Weighting Factor @25%	0	0	1	1	3	4	8	13	19	36	63	81	105	
Private Fire Weighted Count	290	2	7	772	58	6,096	9,898	8,408	441	179	0	0	0	26,150

Table A1-7
Step 2 of Equivalent Meters Calculation – Weighted Meter Percentages

	Total	Percentage
Residential Weighted Count	190,978	59.4%
Gen Svc Weighted Count	104,328	32.5%
Private Fire Weighted Count	26,150	8.1%
Total	321,457	100%

The last step is to average the results of step one and step two. The hybrid allocator produced is used to allocate customer related expenses between customer classes.

Table A1-8
Equivalent Meters Allocation Percentage Basis

	Allocation on Meter Count Basis	Allocation on Weighted Basis	Hybrid Allocation
Residential	87.2%	59.4%	73.3%
General Service	11.5%	32.5%	22.0%
Private Fire	1.3%	8.1%	4.7%

A1.6. Allocation of Reservoirs to Public Fire

The allocation of reservoirs to public fire was updated in a previous rate study since the reservoir covering projects are nearly complete. (Note that for the rate study, “reservoirs” includes reservoirs, tanks, and standpipes.) From an allocation perspective, there are two types of reservoirs: regional/subregional reservoirs whose costs are shared with wholesale customers and those that are retail only. As discussed in Section 4, the retail portions of regional and subregional assets are considered commodity assets since the wholesale/retail split is determined by consumption. In other words, if a particular retail customer class uses more water, they will cause a higher portion of costs to be allocated to retail customers. Therefore, costs are caused by commodity regardless of the nature of the underlying asset.

For retail only reservoirs, detailed reservoir sizing is used to develop an overall allocation between public fire and commodity. For most reservoirs there is no dedicated fire storage, since water is available to the reservoir under gravity flow. It is only reservoirs that rely on pumped water for refill that have a dedicated amount of storage for public fire. That amount of dedicated storage is determined as 8,000 gpm for 15 minutes (equal to 0.12 MG), which is the response time needed to restore water flow to each of the non-gravity supplied reservoirs by remote start of a diesel pump or by activating a turbine driven pump. **Table A1-9** is based on reservoir data from SPU’s 2013 Water System Plan.

Table A1-9
Reservoir Capacities

Millions of Gallons (MG)	Capacity	Storage Required
Retail Reservoirs		
Bitter Lake	21.3	N/A
Beacon	50	N/A
Lincoln	12.7	N/A
Magnolia	5.5	0.12

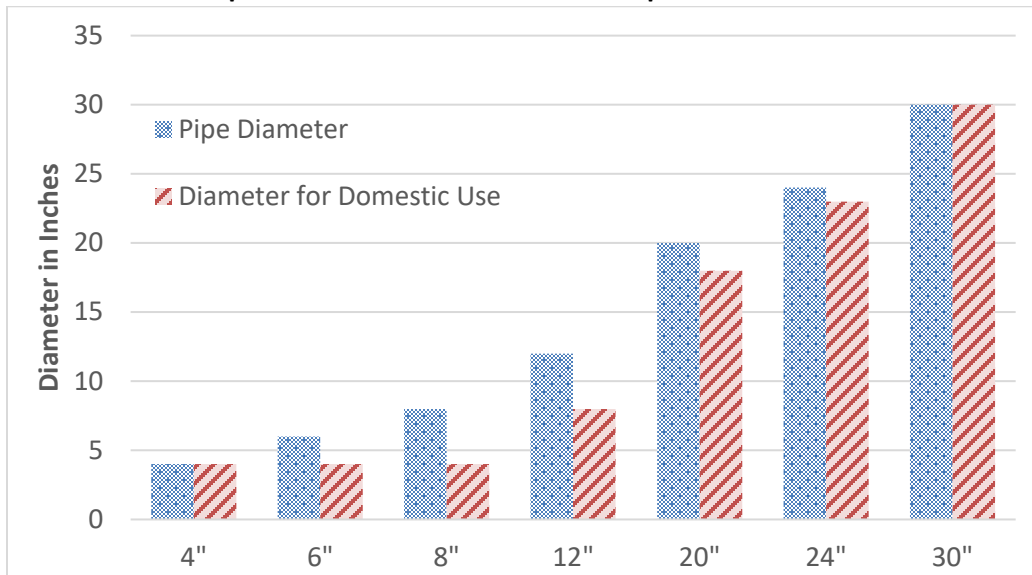
Myrtle	5	0.12
View Ridge	2.5	N/A
Roosevelt	50.3	N/A
Volunteer	20.5	N/A
Retail Tanks		
Charlestown	1.3	0.12
Queen Anne	1.9	0.12
North Trenton	1.2	N/A
South Trenton	1.2	N/A
Volunteer Park	0.9	0.12
Magnolia Bluff	1	N/A
Total	175.3	0.6
Percentage Allocated to Public Fire		0.3%

A1.7. Calculation of Watermains Allocator

Watermains are sized to meet fire flow requirements and domestic demands for water. In sizing the watermain, the pipe must have sufficient capacity to meet two separate criteria: (i) peak hour domestic demand and (ii) peak day domestic demand + fire flow requirements. For medium and small-size pipes (8 inch diameter or less) the second criterion will be the binding constraint. For larger size pipes (i.e., pipes that are serving very large areas or areas with very dense developments), the first criteria (peak hour demand) will be the binding constraint.

The most common size pipe in Seattle's system is, by far, an 8 inch diameter pipe. In areas served by 8 inch mains, domestic peak hour flows, i.e., the first criteria, can typically be met with 4 inch mains. The oversizing from 4 inch to 8 inch is needed to meet the second criterion. Taking into account that hydraulic capacity grows exponentially with the diameter of the pipe, this means about 25 percent of the 8 inch pipe is serving domestic flows and 75 percent is providing fire protection. Pipes smaller than 8 inch were installed on the system when the fire flow requirements were lower than they are today. For this allocation exercise, the cost of 4 inch mains were assigned to domestic service and the increased size of 6 inch mains were assigned to public fire protection. For pipes larger than 8 inch, the share of capacity needed for fire flows shrinks until we reach pipes with diameters of 30 inches or more. The graph below shows the relationship between pipe size and fire flow requirements expressed in diameters.

Figure A1-2
Actual Pipe Diameters Versus Diameter Required for Domestic Use



Pipe Diameter (inches)	4	6	8	12	20	24	30
Diameter for Domestic Use	4	4	4	8	18	23	30
Capacity for Domestic Use	100%	44%	25%	44%	81%	92%	100%

The cost of watermain is split between fire protection and domestic uses based on each group's proportionate share of total watermain asset value. The calculation of this asset value takes into account the shares of hydraulic capacity discussed above. The steps to determining the appropriate allocation for watermain assets are as follows:

1. Estimate net book value by pipe size for all the mains in the system. SPU financial systems track net book value for total water mains, but not by pipe size. For the purposes of this allocation, net book value by pipe size is estimated by applying estimated accumulated depreciation to estimated replacement cost by pipe size. An adjustment factor is then applied in order to adjust each pipe size so that the total estimated net book value equals actual total watermain net book value as of 12/31/19. Estimated replacement cost by pipe size is determined as follows:

$$\text{Estimated Replacement Cost} = (\$ \text{Cost} / \text{LF}_d) \times (\text{LF}_d)$$

Where $\$ \text{Cost} / \text{LF}_d$ = the replacement cost per lineal feet of a pipe of diameter 'd,' and

LF_d = the number of lineal feet in the system of pipe of diameter 'd' as of 2019.

Using cost indices by year installed, the replacement cost net book value is converted to an estimated original net book value by year installed.

2. Determine cost associated with fire protection service.

Fire Protection Net Book Value =

$$\sum (\text{Hydraulic Capacity for Fire}_d) \div (\text{Hydraulic Capacity of Pipe}_d) \times (\text{Net Book Value by Pipe Length})$$

3. Determine the proportion of the watermain net book value devoted to fire protection.

Proportion of costs for fire protection =

$$(\text{Fire Protection Net Book Value}) \div (\text{Total Net Book Value})$$

The percentage share determined in Step Three is then used to assign watermain costs to fire protection.

Using the above methodology, the cost share assigned to fire protection for this rate period is 42 percent.

APPENDIX B: INFORMATIONAL TABLES

B1.1. Residential Rate History

Effective Date:	1/1/17	1/1/18	1/1/19	1/1/20	1/1/22	1/1/23	1/1/24	1/1/25	1/1/26
Residential - Inside Seattle									
<u>Commodity Rate (per ccf)</u>									
Off-Peak	\$5.15	\$5.20	\$5.27	\$5.40	\$5.56	\$5.76	\$5.76	\$5.79	\$5.82
Peak 1st Block	\$5.29	\$5.33	\$5.41	\$5.55	\$5.71	\$5.92	\$5.92	\$5.95	\$5.98
Peak 2nd Block	\$6.54	\$6.59	\$6.69	\$6.86	\$7.06	\$7.32	\$7.32	\$7.36	\$7.39
Peak 3rd Block	\$11.80	\$11.80	\$11.80	\$11.80	\$11.80	\$11.80	\$11.80	\$11.80	\$11.80
<u>Meter Charge (\$s/mtr/mo)</u>									
3/4 inch	\$15.15	\$16.10	\$17.15	\$18.45	\$19.00	\$19.60	\$19.60	\$20.45	\$21.35
1 inch	\$15.60	\$16.60	\$17.70	\$19.00	\$19.60	\$20.20	\$20.20	\$21.10	\$22.00
1 1/2 inch	\$24.10	\$25.60	\$27.25	\$29.35	\$30.20	\$31.15	\$31.15	\$32.50	\$33.95
2 inch	\$26.65	\$28.35	\$30.20	\$32.50	\$33.45	\$34.50	\$34.50	\$36.00	\$37.60
3 inch	\$98.80	\$104.95	\$111.80	\$120.30	\$123.90	\$127.80	\$127.80	\$133.35	\$139.20
4 inch	\$141.50	\$150.40	\$160.20	\$172.35	\$177.45	\$183.05	\$183.05	\$191.00	\$199.00
<u>Utility Credit</u>									
Fixed Credit (per month)	\$20.56	\$21.15	\$12.86	\$22.85	\$23.52	\$24.33	\$24.33	\$24.83	\$25.36
<u>Commodity Rate (per ccf)</u>									
Off-Peak	\$2.58	\$2.60	\$2.64	\$2.70	\$2.78	\$2.88	\$2.88	\$2.90	\$2.91
Peak 1st Block	\$2.65	\$2.67	\$2.71	\$2.78	\$2.86	\$2.96	\$2.96	\$2.98	\$2.99
Peak 2nd Block	\$3.27	\$3.30	\$3.35	\$3.43	\$3.53	\$3.66	\$3.66	\$3.68	\$3.70
Peak 3rd Block	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90
Meter Charges (Discount)	50%	50%	50%	50%	50%	50%	50%	50%	50%

Effective Date:	1/1/17	1/1/18	1/1/19	1/1/20	1/1/22	1/1/23	1/1/24	1/1/25	1/1/26
Residential - Outside Seattle									
<u>Commodity Rate (per ccf)</u>									
Off-Peak	\$5.87	\$5.93	\$6.01	\$6.16	\$6.34	\$6.57	\$6.57	\$6.60	\$6.63
Peak 1st Block	\$6.03	\$6.08	\$6.17	\$6.33	\$6.51	\$6.75	\$6.75	\$6.78	\$6.82
Peak 2nd Block	\$7.46	\$7.51	\$7.63	\$7.82	\$8.05	\$8.34	\$8.34	\$8.39	\$8.42
Peak 3rd Block	\$13.45	\$13.45	\$13.45	\$13.45	\$13.45	\$13.45	\$13.45	\$13.45	\$13.45
<u>Meter Charge (\$s/mtr/mo)</u>									
3/4 inch	\$17.25	\$18.35	\$19.55	\$21.05	\$21.65	\$22.35	\$22.35	\$23.30	\$24.35
1 inch	\$17.80	\$18.90	\$20.20	\$21.65	\$22.35	\$23.05	\$23.05	\$24.05	\$25.10
1 1/2 inch	\$27.45	\$29.20	\$31.05	\$33.45	\$34.45	\$35.50	\$35.50	\$37.05	\$38.70
2 inch	\$30.40	\$32.30	\$34.45	\$37.05	\$38.15	\$39.35	\$39.35	\$41.05	\$42.85
3 inch	\$112.65	\$119.65	\$127.45	\$137.15	\$141.25	\$145.70	\$145.70	\$152.00	\$158.70
4 inch	\$161.30	\$171.45	\$182.65	\$196.50	\$202.30	\$208.70	\$208.70	\$217.75	\$227.00
<u>Utility Credit</u>									
Fixed Credit (per month)	\$20.56	\$21.15	\$12.86	\$22.85	\$23.52	\$24.33	\$24.33	\$24.83	\$25.36
<u>Commodity Rate (per ccf)</u>									
Off-Peak	\$2.94	\$2.97	\$3.01	\$3.08	\$3.17	\$3.29	\$3.29	\$3.30	\$3.32
Peak 1st Block	\$3.02	\$3.04	\$3.09	\$3.17	\$3.26	\$3.38	\$3.38	\$3.39	\$3.41
Peak 2nd Block	\$3.73	\$3.76	\$3.82	\$3.91	\$4.03	\$4.17	\$4.17	\$4.20	\$4.21
Peak 3rd Block	\$6.73	\$6.73	\$6.73	\$6.73	\$6.73	\$6.73	\$6.73	\$6.73	\$6.73
Meter Charges (Discount)	50%	50%	50%	50%	50%	50%	50%	50%	50%

Effective Date:	1/1/17	1/1/18	1/1/19	1/1/20	1/1/22	1/1/23	1/1/24	1/1/25	1/1/26
Residential - Shoreline, Lake Forest Park									
<u>Commodity Rate (per ccf)</u>									
Off-Peak	\$6.25	\$6.31	\$6.39	\$6.55	\$6.74	\$6.99	\$6.99	\$7.02	\$7.06
Peak 1st Block	\$6.42	\$6.46	\$6.56	\$6.73	\$6.92	\$7.18	\$7.18	\$7.22	\$7.25
Peak 2nd Block	\$7.93	\$7.99	\$8.11	\$8.32	\$8.56	\$8.88	\$8.88	\$8.93	\$8.96
Peak 3rd Block	\$14.31	\$14.31	\$14.31	\$14.31	\$14.31	\$14.31	\$14.31	\$14.31	\$14.31
<u>Meter Charge (\$s/mtr/mo)</u>									
3/4 inch	\$18.35	\$19.55	\$20.80	\$22.40	\$23.05	\$23.75	\$23.75	\$24.80	\$25.90
1 inch	\$18.90	\$20.15	\$21.45	\$23.05	\$23.75	\$24.50	\$24.50	\$25.60	\$26.70
1 1/2 inch	\$29.25	\$31.05	\$33.05	\$35.60	\$36.65	\$37.80	\$37.80	\$39.40	\$41.15
2 inch	\$32.30	\$34.40	\$36.65	\$39.40	\$40.55	\$41.85	\$41.85	\$43.65	\$45.60
3 inch	\$119.80	\$127.30	\$135.60	\$145.90	\$150.25	\$155.00	\$155.00	\$161.70	\$168.80
4 inch	\$171.60	\$182.40	\$194.30	\$209.00	\$215.20	\$222.00	\$222.00	\$231.65	\$241.00
<u>Utility Credit</u>									
Fixed Credit (per month)	\$20.56	\$21.15	\$21.86	\$22.85	\$23.52	\$24.33	\$24.33	\$24.83	\$25.36
<u>Commodity Rate (per ccf)</u>									
Off-Peak	\$3.13	\$3.16	\$3.20	\$3.28	\$3.37	\$3.50	\$3.50	\$3.51	\$3.53
Peak 1st Block	\$3.21	\$3.23	\$3.28	\$3.37	\$3.46	\$3.59	\$3.59	\$3.61	\$3.63
Peak 2nd Block	\$3.97	\$4.00	\$4.06	\$4.16	\$4.28	\$4.44	\$4.44	\$4.47	\$4.48
Peak 3rd Block	\$7.16	\$7.16	\$7.16	\$7.16	\$7.16	\$7.16	\$7.16	\$7.16	\$7.16
Meter Charges (Discount)	50%	50%	50%	50%	50%	50%	50%	50%	50%
<u>Master Metered Residential Development</u>									
<u>Commodity Rate (per ccf)</u>									
Off-Peak	\$6.25	\$6.31	\$6.39	\$6.55	\$6.74	\$6.99	\$6.99	\$7.02	\$7.06
Peak 1st Block	\$6.42	\$6.46	\$6.56	\$6.73	\$6.92	\$7.18	\$7.18	\$7.22	\$7.25
Peak 2nd Block	\$7.93	\$7.99	\$8.11	\$8.32	\$8.56	\$8.88	\$8.88	\$8.93	\$8.96
Peak 3rd Block	\$14.31	\$14.31	\$14.31	\$14.31	\$14.31	\$14.31	\$14.31	\$14.31	\$14.31
Meter Charges (See above)									

Effective Date:	1/1/17	1/1/18	1/1/19	1/1/20	1/1/22	1/1/23	1/1/24	1/1/25	1/1/26
Residential - Burien									
<u>Commodity Rate (per ccf)</u>									
Off-Peak	NA	NA	NA	NA	\$6.89	\$7.33	\$7.14	\$7.17	\$7.21
Peak 1st Block	NA	NA	NA	NA	\$7.08	\$7.53	\$7.34	\$7.37	\$7.41
Peak 2nd Block	NA	NA	NA	NA	\$8.75	\$9.26	\$9.07	\$9.12	\$9.16
Peak 3rd Block	NA	NA	NA	NA	\$14.62	\$14.31	\$14.62	\$14.62	\$14.62
<u>Meter Charge (\$s/mtr/mo)</u>									
3/4 inch	NA	NA	NA	NA	\$23.55	\$24.85	\$24.30	\$25.35	\$26.45
1 inch	NA	NA	NA	NA	\$24.30	\$25.60	\$25.05	\$26.15	\$27.25
1 1/2 inch	NA	NA	NA	NA	\$37.40	\$39.15	\$38.60	\$40.25	\$42.05
2 inch	NA	NA	NA	NA	\$41.45	\$43.30	\$42.75	\$44.60	\$46.60
3 inch	NA	NA	NA	NA	\$153.55	\$159.35	\$158.35	\$165.25	\$172.50
4 inch	NA	NA	NA	NA	\$219.90	\$227.80	\$226.80	\$236.65	\$247.00
<u>Utility Credit</u>									
Fixed Credit (per month)	NA	NA	NA	NA	\$23.52	\$22.85	\$24.33	\$24.83	\$25.36
<u>Commodity Rate (per ccf)</u>									
Off-Peak	NA	NA	NA	NA	\$3.45	\$3.67	\$3.57	\$3.59	\$3.61
Peak 1st Block	NA	NA	NA	NA	\$3.54	\$3.77	\$3.67	\$3.69	\$3.71
Peak 2nd Block	NA	NA	NA	NA	\$4.38	\$4.63	\$4.54	\$4.56	\$4.58
Peak 3rd Block	NA	NA	NA	NA	\$7.31	\$7.16	\$7.31	\$7.31	\$7.31
Meter Charges (See above)	NA	NA	NA	NA	50%	50%	50%	50%	50%

* Burien rates began on 1/1/22

B1.2. General Service Rate History

Effective Date:	1/1/17	1/1/18	1/1/19	1/1/20	1/1/22	1/1/23	1/1/24	1/1/25	1/1/26
General Service - Inside Seattle									
<u>Commodity Rate (per ccf)</u>									
Off-Peak	\$5.15	\$5.20	\$5.27	\$5.40	\$5.52	\$5.72	\$5.90	\$5.98	\$6.06
Peak	\$6.54	\$6.59	\$6.69	\$6.86	\$7.01	\$7.27	\$7.50	\$7.60	\$7.70
<u>Meter Charge (\$s/mtr/mo)</u>									
3/4 inch	\$15.15	\$16.10	\$17.15	\$18.45	\$18.85	\$19.55	\$21.90	\$23.50	\$25.20
1 inch	\$15.60	\$16.60	\$17.70	\$19.00	\$19.45	\$20.15	\$22.60	\$24.25	\$26.00
1 1/2 inch	\$24.10	\$25.60	\$27.25	\$29.35	\$29.95	\$31.10	\$34.80	\$37.35	\$40.05
2 inch	\$26.65	\$28.35	\$30.20	\$32.50	\$33.20	\$34.40	\$38.55	\$41.40	\$44.35
3 inch	\$98.80	\$104.95	\$111.80	\$120.30	\$122.90	\$127.45	\$143.00	\$153.00	\$164.00
4 inch	\$141.50	\$150.40	\$160.20	\$172.35	\$176.05	\$182.60	\$205.00	\$219.00	\$235.00
6 inch	\$174.10	\$185.05	\$197.10	\$212.00	\$217.00	\$225.00	\$252.00	\$270.00	\$290.00
8 inch	\$205.00	\$218.00	\$232.00	\$250.00	\$255.00	\$264.00	\$296.00	\$318.00	\$341.00
10 inch	\$297.00	\$297.00	\$297.00	\$305.00	\$312.00	\$323.00	\$362.00	\$389.00	\$417.00
12 inch	\$402.00	\$402.00	\$402.00	\$412.00	\$421.00	\$436.00	\$489.00	\$525.00	\$562.00
16 inch	\$477.00	\$477.00	\$477.00	\$477.00	\$477.00	\$490.00	\$549.00	\$589.00	\$631.00
20 inch	\$614.00	\$614.00	\$614.00	\$614.00	\$614.00	\$614.00	\$627.00	\$672.00	\$721.00
24 inch	\$771.00	\$771.00	\$771.00	\$771.00	\$771.00	\$771.00	\$771.00	\$771.00	\$819.00
Utility Credit - Inside & Outside (Fixed Credit per month)									
Commercial (Multifamily)	\$12.38	\$12.38	\$12.38	\$12.50	\$12.78	\$13.25	\$13.73	\$13.96	\$14.19

Effective Date:	1/1/17	1/1/18	1/1/19	1/1/20	1/1/22	1/1/23	1/1/24	1/1/25	1/1/26
General Service - Outside Seattle									
<u>Commodity Rate (per ccf)</u>									
Off-Peak	\$5.87	\$5.93	\$6.01	\$6.16	\$6.29	\$6.52	\$6.73	\$6.82	\$6.91
Peak	\$7.46	\$7.51	\$7.63	\$7.82	\$7.99	\$8.29	\$8.55	\$8.66	\$8.78
<u>Meter Charge (\$s/mtr/mo)</u>									
3/4 inch	\$17.25	\$18.35	\$19.55	\$21.05	\$21.50	\$22.30	\$24.95	\$26.80	\$28.75
1 inch	\$17.80	\$18.90	\$20.20	\$21.65	\$22.15	\$22.95	\$25.75	\$27.65	\$29.65
1 1/2 inch	\$27.45	\$29.20	\$31.05	\$33.45	\$34.15	\$35.45	\$39.65	\$42.60	\$45.65
2 inch	\$30.40	\$32.30	\$34.45	\$37.05	\$37.85	\$39.20	\$43.95	\$47.20	\$50.55
3 inch	\$112.65	\$119.65	\$127.45	\$137.15	\$140.10	\$145.30	\$163.00	\$174.40	\$186.95
4 inch	\$161.30	\$171.45	\$182.65	\$196.50	\$200.70	\$208.15	\$233.70	\$249.65	\$267.90
6 inch	\$198.45	\$210.95	\$224.70	\$242.00	\$247.00	\$257.00	\$287.00	\$308.00	\$331.00
8 inch	\$234.00	\$249.00	\$264.00	\$285.00	\$291.00	\$301.00	\$337.00	\$363.00	\$389.00
10 inch	\$339.00	\$339.00	\$339.00	\$348.00	\$356.00	\$368.00	\$413.00	\$443.00	\$475.00
12 inch	\$458.00	\$458.00	\$458.00	\$470.00	\$480.00	\$497.00	\$557.00	\$599.00	\$641.00
16 inch	\$544.00	\$544.00	\$544.00	\$544.00	\$544.00	\$559.00	\$626.00	\$671.00	\$719.00
20 inch	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$715.00	\$766.00	\$822.00
24 inch	\$879.00	\$879.00	\$879.00	\$879.00	\$879.00	\$879.00	\$879.00	\$879.00	\$934.00
Utility Credit - Inside & Outside (Fixed Credit per month)									
Commercial (Multifamily)	\$12.38	\$12.38	\$12.38	\$12.50	\$12.78	\$13.25	\$13.73	\$13.96	\$14.19

Effective Date:	1/1/17	1/1/18	1/1/19	1/1/20	1/1/22	1/1/23	1/1/24	1/1/25	1/1/26
General Service - Shoreline, City of Lake Forest Park									
<u>Commodity Rate (per ccf)</u>									
Off-Peak	\$6.25	\$6.31	\$6.39	\$6.55	\$6.69	\$6.94	\$7.16	\$7.25	\$7.35
Peak	\$7.93	\$7.99	\$8.11	\$8.32	\$8.50	\$8.82	\$9.10	\$9.22	\$9.34
<u>Meter Charge (\$s/mtr/mo)</u>									
3/4 inch	\$18.35	\$19.55	\$20.80	\$22.40	\$22.85	\$23.70	\$26.55	\$28.50	\$30.55
1 inch	\$18.90	\$20.15	\$21.45	\$23.05	\$23.60	\$24.45	\$27.40	\$29.40	\$31.55
1 1/2 inch	\$29.25	\$31.05	\$33.05	\$35.60	\$36.30	\$37.70	\$42.20	\$45.30	\$48.55
2 inch	\$32.30	\$34.40	\$36.65	\$39.40	\$40.25	\$41.70	\$46.75	\$50.20	\$53.80
3 inch	\$119.80	\$127.30	\$135.60	\$145.90	\$149.05	\$154.55	\$173.45	\$185.55	\$198.90
4 inch	\$171.60	\$182.40	\$194.30	\$209.00	\$213.50	\$221.45	\$248.60	\$265.60	\$285.00
6 inch	\$211.15	\$224.40	\$239.05	\$257.00	\$263.00	\$273.00	\$306.00	\$327.00	\$352.00
8 inch	\$249.00	\$264.00	\$281.00	\$303.00	\$309.00	\$320.00	\$359.00	\$386.00	\$414.00
10 inch	\$360.00	\$360.00	\$360.00	\$370.00	\$378.00	\$392.00	\$439.00	\$472.00	\$506.00
12 inch	\$488.00	\$488.00	\$488.00	\$500.00	\$511.00	\$529.00	\$593.00	\$637.00	\$682.00
16 inch	\$579.00	\$579.00	\$579.00	\$579.00	\$578.00	\$594.00	\$666.00	\$714.00	\$765.00
20 inch	\$745.00	\$745.00	\$745.00	\$745.00	\$745.00	\$745.00	\$760.00	\$815.00	\$874.00
24 inch	\$935.00	\$935.00	\$935.00	\$935.00	\$935.00	\$935.00	\$935.00	\$935.00	\$993.00
Utility Credit - Inside & Outside (Fixed Credit per month)									
Commercial (Multifamily)	\$12.38	\$12.38	\$12.38	\$12.50	\$12.78	\$13.25	\$13.73	\$13.96	\$14.19

Effective Date:	1/1/17	1/1/18	1/1/19	1/1/20	1/1/22	1/1/23	1/1/24	1/1/25	1/1/26
General Service - Burien									
<u>Commodity Rate (per ccf)</u>									
Off-Peak	NA	NA	NA	NA	\$6.84	\$7.29	\$7.31	\$7.41	\$7.51
Peak	NA	NA	NA	NA	\$8.69	\$9.21	\$9.29	\$9.42	\$9.54
<u>Meter Charge (\$s/mtr/mo)</u>									
3/4 inch	NA	NA	NA	NA	\$23.35	\$24.85	\$27.15	\$29.10	\$31.25
1 inch	NA	NA	NA	NA	\$24.10	\$25.55	\$28.00	\$30.05	\$32.20
1 1/2 inch	NA	NA	NA	NA	\$37.10	\$39.15	\$43.10	\$46.30	\$49.65
2 inch	NA	NA	NA	NA	\$41.15	\$43.25	\$47.75	\$51.30	\$54.95
3 inch	NA	NA	NA	NA	\$152.30	\$162.95	\$177.20	\$189.60	\$203.20
4 inch	NA	NA	NA	NA	\$218.15	\$231.25	\$254.00	\$271.35	\$291.20
6 inch	NA	NA	NA	NA	\$269.00	\$284.00	\$312.00	\$335.00	\$359.00
8 inch	NA	NA	NA	NA	\$316.00	\$332.00	\$367.00	\$394.00	\$423.00
10 inch	NA	NA	NA	NA	\$387.00	\$405.00	\$449.00	\$482.00	\$517.00
12 inch	NA	NA	NA	NA	\$522.00	\$545.00	\$606.00	\$651.00	\$696.00
16 inch	NA	NA	NA	NA	\$591.00	\$612.00	\$680.00	\$730.00	\$782.00
20 inch	NA	NA	NA	NA	\$761.00	\$766.00	\$777.00	\$833.00	\$893.00
24 inch	NA	NA	NA	NA	\$955.00	\$960.00	\$955.00	\$955.00	\$1,015.00
Utility Credit - Inside & Outside (Fixed Credit per month)									
Commercial (Multifamily)	NA	NA	NA	NA	\$12.78	\$13.25	\$13.73	\$13.96	\$14.19

Effective Date:	1/1/17	1/1/18	1/1/19	1/1/20	1/1/22	1/1/23	1/1/24	1/1/25	1/1/26
General Service - Mercer Island									
<u>Commodity Rate (per ccf)</u>									
Off-Peak	NA	NA	NA	NA	\$6.64	\$6.89	\$7.10	\$7.20	\$7.30
Peak	NA	NA	NA	NA	\$8.44	\$8.75	\$9.03	\$9.15	\$9.27
<u>Meter Charge (\$s/mtr/mo)</u>									
8 inch	NA	NA	NA	NA	\$307.00	\$318.00	\$356.00	\$383.00	\$410.00
10 inch	NA	NA	NA	NA	\$376.00	\$389.00	\$436.00	\$468.00	\$502.00
Utility Credit - Inside & Outside (Fixed Credit per month)									
Commercial (Multifamily)	NA	NA	NA	NA	\$12.78	\$13.25	\$13.73	\$13.96	\$14.19

B1.3. Wholesale Rate History

Effective Date:	1/1/11	1/1/12	1/1/13	1/1/14	1/1/15	1/1/16	1/1/17	1/1/18	1/1/19	1/1/20
Full and Partial Contracts										
Commodity Rate (per ccf)										
Off-Peak	\$1.16	\$1.52	\$1.53	\$1.53	\$1.42	\$1.42	\$1.42	\$1.50	\$1.58	\$1.67
Peak	\$1.79	\$2.26	\$2.26	\$2.27	\$2.10	\$2.10	\$2.10	\$2.22	\$2.36	\$2.50
Growth Charge	\$0.60	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Demand Charge (\$/1000 gals of deficient storage)	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00
One Time New Service Fee (\$s/mtr)										
3/4 inch	\$783	\$783								
1 inch	\$1,566	\$1,566								
1 inch and smaller			\$877	\$936	\$936	\$936	\$936	\$936	\$1,081	\$1,081
1 1/2 inch	\$3,915	\$3,915	\$3,915	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,825	\$4,825
2 inch	\$6,264	\$6,264	\$6,264	\$6,688	\$6,688	\$6,688	\$6,688	\$6,688	\$7,720	\$7,720
3 inch	\$17,226	\$17,226	\$17,226	\$18,392	\$18,392	\$18,392	\$18,392	\$18,392	\$21,230	\$21,230
4 inch	\$24,273	\$24,273	\$24,273	\$25,916	\$25,916	\$25,916	\$25,916	\$25,916	\$29,915	\$29,915
6 inch	\$51,678	\$51,678	\$51,678	\$55,176	\$55,176	\$55,176	\$55,176	\$55,176	\$63,690	\$63,690
8 inch	\$87,696	\$87,696	\$87,696	\$93,632	\$93,632	\$93,632	\$93,632	\$93,632	\$108,080	\$108,080
10 inch	\$132,327	\$132,327	\$132,327	\$141,284	\$141,284	\$141,284	\$141,284	\$141,284	\$163,085	\$163,085
12 inch	\$186,354	\$186,354	\$186,354	\$198,968	\$198,968	\$198,968	\$198,968	\$198,968	\$229,670	\$229,670
16 inch	\$186,354	\$186,354	\$186,354	\$198,968	\$198,968	\$198,968	\$198,968	\$198,968	\$229,670	\$229,670
20 inch	\$186,354	\$186,354	\$186,354	\$198,968	\$198,968	\$198,968	\$198,968	\$198,968	\$229,670	\$229,670
24 inch	\$186,354	\$186,354	\$186,354	\$198,968	\$198,968	\$198,968	\$198,968	\$198,968	\$229,670	\$229,670

Note: Rates enacted in 2020 are still in effect through 2026.

B1.4. Private Fire Rate History

Effective Date:	1/1/17	1/1/18	1/1/19	1/1/20	1/1/22	1/1/23	1/1/24	1/1/25	1/1/26
Volume (Penalty) Rate per ccf									
Inside	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
Outside	\$22.80	\$22.80	\$22.80	\$22.80	\$22.80	\$22.80	\$22.80	\$22.80	\$22.80
Meter Charge (\$s/mtr/mo)									
Inside Seattle									
2 inch	\$16.25	\$16.25	\$17.25	\$17.75	\$17.75	\$17.75	\$17.75	\$17.75	\$17.75
3 inch	\$21.00	\$21.00	\$22.00	\$23.00	\$23.00	\$23.00	\$23.00	\$23.00	\$23.00
4 inch	\$39.00	\$39.00	\$41.00	\$43.00	\$43.00	\$43.00	\$43.00	\$43.00	\$43.00
6 inch	\$66.00	\$66.00	\$71.00	\$73.00	\$73.00	\$73.00	\$73.00	\$73.00	\$73.00
8 inch	\$105.00	\$105.00	\$112.00	\$115.00	\$115.00	\$115.00	\$115.00	\$115.00	\$115.00
10 inch	\$152.00	\$152.00	\$161.00	\$166.00	\$166.00	\$166.00	\$166.00	\$166.00	\$166.00
12 inch	\$222.00	\$222.00	\$235.00	\$242.00	\$242.00	\$242.00	\$242.00	\$242.00	\$242.00
Outside Seattle									
2 inch	\$19.00	\$19.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
3 inch	\$24.00	\$24.00	\$25.00	\$26.00	\$26.00	\$26.00	\$26.00	\$26.00	\$26.00
4 inch	\$44.00	\$44.00	\$47.00	\$49.00	\$49.00	\$49.00	\$49.00	\$49.00	\$49.00
6 inch	\$75.00	\$75.00	\$81.00	\$83.00	\$83.00	\$83.00	\$83.00	\$83.00	\$83.00
8 inch	\$120.00	\$120.00	\$128.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00
10 inch	\$173.00	\$173.00	\$184.00	\$189.00	\$189.00	\$189.00	\$189.00	\$189.00	\$189.00
12 inch	\$253.00	\$253.00	\$268.00	\$276.00	\$276.00	\$276.00	\$276.00	\$276.00	\$276.00

Effective Date:	1/1/17	1/1/18	1/1/19	1/1/20	1/1/22	1/1/23	1/1/24	1/1/25	1/1/26
Volume (Penalty) Rate per ccf									
Shoreline, Lake Forest Park	\$24.30	\$24.30	\$24.30	\$24.30	\$24.30	\$24.30	\$24.30	\$24.30	\$24.30
Burien	NA	NA	NA	NA	\$24.80	\$24.80	\$24.80	\$24.80	\$24.80
Meter Charge (\$s/mtr/mo)									
Shoreline, Lake Forest Park									
2 inch	\$20.00	\$20.00	\$21.00	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00
3 inch	\$25.00	\$25.00	\$27.00	\$28.00	\$28.00	\$28.00	\$28.00	\$28.00	\$28.00
4 inch	\$47.00	\$47.00	\$50.00	\$52.00	\$52.00	\$52.00	\$52.00	\$52.00	\$52.00
6 inch	\$80.00	\$80.00	\$86.00	\$89.00	\$89.00	\$89.00	\$89.00	\$89.00	\$89.00
8 inch	\$127.00	\$127.00	\$136.00	\$139.00	\$139.00	\$139.00	\$139.00	\$139.00	\$139.00
10 inch	\$184.00	\$184.00	\$195.00	\$201.00	\$201.00	\$201.00	\$201.00	\$201.00	\$201.00
12 inch	\$269.00	\$269.00	\$285.00	\$293.00	\$293.00	\$293.00	\$293.00	\$293.00	\$293.00
Burien									
2 inch	NA	NA	NA	NA	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00
3 inch	NA	NA	NA	NA	\$29.00	\$28.00	\$28.00	\$28.00	\$28.00
4 inch	NA	NA	NA	NA	\$53.00	\$52.00	\$52.00	\$52.00	\$52.00
6 inch	NA	NA	NA	NA	\$90.00	\$89.00	\$89.00	\$89.00	\$89.00
8 inch	NA	NA	NA	NA	\$143.00	\$139.00	\$139.00	\$139.00	\$139.00
10 inch	NA	NA	NA	NA	\$206.00	\$201.00	\$201.00	\$201.00	\$201.00
12 inch	NA	NA	NA	NA	\$300.00	\$293.00	\$293.00	\$293.00	\$293.00

B1.5. Public Fire Rate History

Effective Date:	1/1/17	1/1/18	1/1/19	1/1/20	1/1/22	1/1/23	1/1/24	1/1/25	1/1/26
Inside Seattle									
Hydrants on 4 inch Mains	\$202.43	\$304.52	\$310.68	\$321.20	\$503.95	\$521.70	\$528.17	\$545.26	\$556.68
Hydrants on 6 inch and larger mains	\$491.53	\$548.49	\$559.59	\$578.53	\$669.04	\$692.60	\$703.13	\$725.88	\$741.09
Burien									
Hydrants on 4 inch Mains	NA	NA	NA	NA	\$547.78	\$567.06	\$574.09	\$592.68	\$605.09
Hydrants on 6 inch and larger mains	NA	NA	NA	NA	\$729.22	\$754.90	\$764.27	\$789.01	\$805.53

B1.6. Average Effective System Rate Increase History

Effective Date	Rate Increase
May 16, 2001	5.9%
July 16, 2001	3rd Tier Adopted
January 1, 2002	5.6%
September 16, 2002	14.5%
January 1, 2004	10.6%
January 1, 2005	0.2%
June 1, 2006	0.8%
January 1, 2007	4.6%
January 1, 2008	5.9%
January 1, 2009	11.7%
March 31, 2009*	6.9%
January 1, 2010	9.3%
January 1, 2011**	0.6%
January 1, 2012	9.9%
January 1, 2013	9.7%
January 1, 2014	3.4%
January 1, 2015	-1.9%
January 1, 2016	2.5%
January 1, 2017	2.4%
January 1, 2018	0.7%
January 1, 2019	5.1%
January 1, 2020	2.3%
January 1, 2021	-2.8%
January 1, 2022	3.3%
January 1, 2023	6.5%
January 1, 2024	3.5%
January 1, 2025	0.6%

* Temporary surcharge to cover costs related
to *Lane v. City of Seattle, 2008*

** Expiration of surcharge

Note: Average system rate increases presented includes both retail and wholesale rate changes.

B1.7. Historical Financial Performance

	Target	Actual 2017	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Actual 2025
Net Income (\$1,000's)	positive	51,195	82,036	49,482	55,913	72,239	57,297	49,511	47,684	37,244
Debt Service Coverage	1.7x	1.94	2.27	2.07	2.03	2.28	2.18	1.88	2.25	2.13
Cash Financing of the Capital Program	20%*	55.9%	50.9%	47.2%	53.0%	52.0%	41.9%	40.5%	42.3%	35.1%
from Rate Revenues		37.1%	35.5%	35.4%	45.2%	42.4%	31.3%	31.3%	31.6%	28.1%
from Contributions in Aid of Construction		18.8%	15.4%	11.8%	7.8%	9.6%	10.6%	9.2%	10.7%	7.0%
from Bonneville Power Administration Account		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Year-End Operating Cash (\$1,000's)	varies* *	54,637	93,941	130,036	140,762	103,020	88,984	106,297	109,255	130,569
Revenue Stabilization Fund Deposit (Withdrawal) (\$1,000)		5,200	7,650	2,518	0	(19,000)	0	3,700	3,200	(17,795)

* Current revenues should be used to finance no less than 15% of the CIP in any one year, and not less than 20% in each rate proposal

** Year-End Operating Cash Target is 1/12th of the current year's operating expenses

B1.8. Actual Operations Expenditures

	Actual 2017	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Actual 2025
Branch O&M *	117,562,578	112,343,955	113,409,070	112,728,101	119,210,888	121,372,844	149,234,590	151,190,126	183,308,215
Taxes	41,676,404	46,354,856	46,330,520	45,676,064	47,190,837	47,964,841	50,210,041	51,714,418	53,846,544
Debt Service									
Interest	42,781,460	41,047,099	38,667,809	36,478,735	34,124,124	31,378,137	30,821,592	29,324,213	29,665,500
Principal	41,206,473	43,069,929	45,129,935	47,674,935	44,824,935	50,294,935	50,760,000	44,025,000	47,205,000

* Includes contracts associated with treatment plants

APPENDIX C: PROPOSED RATES

Effective January 1, 2027									
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
RATE SCHEDULES	Inside City				Outside City				
	Residential	MMRD*	Gen Svc	Fire Service	Residential	MMRD*	Gen Svc	Fire Service	
1	Commodity Charge (\$/100 Cubic Feet)								
2									
3	Offpeak Usage (Sept 16-May 15)	\$6.15	\$6.15	\$6.21	\$7.01	\$7.01	\$7.08		
4	Peak Usage (May 16-Sept 15)								
5	Up to 5 ccf**	\$6.32	\$6.32	\$7.89	\$7.20	\$7.20	\$8.99		
6	Next 13 ccf**	\$7.81	\$7.81	\$7.89	\$8.90	\$8.90	\$8.99		
7	Over 18 ccf**	\$11.80	\$11.80	\$7.89	\$13.45	\$13.45	\$8.99		
8									
9	Usage over base allowance	\$20.00			\$22.80				
10									
11	Utility Credit (\$/month)	\$26.76	\$14.54		\$26.76	\$14.54			
12									
13	Base Service Charge (\$/month/meter)								
14									
15	3/4 inch and less	\$22.50	\$25.75		\$25.65	\$29.35			
16	1 inch	\$23.20	\$26.55		\$26.45	\$30.25			
17	1-1/2 inch	\$35.75	\$35.75	\$40.95	\$40.75	\$40.75	\$46.70		
18	2 inch	\$39.60	\$39.60	\$45.35	\$17.75	\$45.15	\$45.15	\$51.70	\$20.00
19	3 inch	\$146.70	\$146.70	\$168.00	\$23.00	\$167.25	\$167.25	\$191.50	\$26.00
20	4 inch	\$210.00	\$210.00	\$241.00	\$43.00	\$239.00	\$239.00	\$274.75	\$49.00
21	6 inch		\$259.00	\$296.00	\$73.00		\$295.00	\$337.00	\$83.00
22	8 inch		\$304.00	\$348.00	\$115.00		\$347.00	\$397.00	\$131.00
23	10 inch		\$372.00	\$426.00	\$166.00		\$424.00	\$486.00	\$189.00
24	12 inch		\$502.00	\$575.00	\$242.00		\$572.00	\$656.00	\$276.00
25	16 inch		\$564.00	\$645.00			\$643.00	\$735.00	
26	20 inch		\$644.00	\$737.00			\$734.00	\$840.00	
27	24 inch		\$771.00	\$837.00			\$879.00	\$954.00	

* Master Metered Residential Development

** per residence

Effective January 1, 2027

- 66 - Appendix C: Proposed Rates

	(a)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)
	RATE SCHEDULES	City of Shoreline / City of Lake Forest Park					Burien				Mercer Island
		Residential	MMRD*	Gen Svc	Fire Service	MMRD* w/PUT	Residential	MMRD*	Gen Svc	Fire Service	Gen Svc
1	Commodity Charge (\$/100 Cubic Feet)										
2											
3	Offpeak Usage (Sept 16-May 15)	\$7.46	\$7.46	\$7.53		\$6.98	\$7.62	\$7.62	\$7.70		\$7.48
4	Peak Usage (May 16-Sept 15)										
5	Up to 5 ccf**	\$7.66	\$7.66	\$9.57		\$7.17	\$7.83	\$7.83	\$9.78		\$9.50
6	Next 13 ccf**	\$9.47	\$9.47	\$9.57		\$8.86	\$9.68	\$9.68	\$9.78		\$9.50
7	Over 18 ccf**	\$14.31	\$14.31	\$9.57		\$13.39	\$14.62	\$14.62	\$9.78		\$9.50
8											
9	Usage over base allowance	\$24.30					\$24.80				
10											
11	Utility Credit (\$/month)	\$26.76		\$14.54			\$26.76		\$14.54		\$14.19
12											
13	Base Service Charge (\$/month/meter)										
14											
15	3/4 inch and less	\$27.30		\$31.25			\$27.90		\$31.90		
16	1 inch	\$28.15		\$32.20			\$28.75		\$32.90		
17	1-1/2 inch	\$43.35	\$43.35	\$49.65		\$40.65	\$44.30	\$44.30	\$50.75		
18	2 inch	\$48.05	\$48.05	\$55.00	\$22.00	\$44.95	\$49.05	\$49.05	\$56.20	\$22.00	
19	3 inch	\$177.90	\$177.90	\$203.75	\$28.00	\$166.50	\$181.80	\$181.80	\$208.15	\$29.00	
20	4 inch	\$255.00	\$255.00	\$292.30	\$52.00	\$238.35	\$260.00	\$260.00	\$298.65	\$53.00	
21	6 inch		\$314.00	\$359.00	\$89.00	\$278.00		\$321.00	\$367.00	\$90.00	
22	8 inch		\$369.00	\$422.00	\$139.00	\$328.00		\$377.00	\$431.00	\$143.00	\$419.00
23	10 inch		\$451.00	\$517.00	\$201.00	\$422.00		\$461.00	\$528.00	\$206.00	\$513.00
24	12 inch		\$609.00	\$697.00	\$293.00	\$570.00		\$622.00	\$713.00	\$300.00	
25	16 inch		\$684.00	\$782.00		\$640.00		\$699.00	\$799.00		
26	20 inch		\$781.00	\$894.00		\$731.00		\$798.00	\$913.00		
27	24 inch		\$935.00	\$1,015.00		\$875.00		\$955.00	\$1,037.00		

* Master Metered Residential Development

** per residence

Effective January 1, 2028

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	RATE SCHEDULES	Inside City				Outside City			
		Residential	MMRD*	Gen Svc	Fire Service	Residential	MMRD*	Gen Svc	Fire Service
1	Commodity Charge (\$/100 Cubic Feet)								
2									
3	Offpeak Usage (Sept 16-May 15)	\$6.45	\$6.45	\$6.40		\$7.35	\$7.35	\$7.30	
4	Peak Usage (May 16-Sept 15)								
5	Up to 5 ccf**	\$6.63	\$6.63	\$8.13		\$7.56	\$7.56	\$9.27	
6	Next 13 ccf**	\$8.19	\$8.19	\$8.13		\$9.34	\$9.34	\$9.27	
7	Over 18 ccf**	\$11.80	\$11.80	\$8.13		\$13.45	\$13.45	\$9.27	
8									
9	Usage over base allowance				\$20.00				\$22.80
10									
11	Utility Credit (\$/month)	\$28.20		\$15.01		\$28.20		\$15.01	
12									
13	Base Service Charge (\$/month/meter)								
14									
15	3/4 inch and less	\$23.85		\$27.25		\$27.20		\$31.05	
16	1 inch	\$24.60		\$28.10		\$28.05		\$32.05	
17	1-1/2 inch	\$37.90	\$37.90	\$43.30		\$43.20	\$43.20	\$49.35	
18	2 inch	\$42.00	\$42.00	\$48.00	\$17.75	\$47.90	\$47.90	\$54.70	\$20.00
19	3 inch	\$155.50	\$155.50	\$178.00	\$23.00	\$177.25	\$177.25	\$202.90	\$26.00
20	4 inch	\$223.00	\$223.00	\$255.00	\$43.00	\$254.00	\$254.00	\$290.70	\$49.00
21	6 inch		\$274.00	\$313.00	\$73.00		\$312.00	\$357.00	\$83.00
22	8 inch		\$323.00	\$369.00	\$115.00		\$368.00	\$421.00	\$131.00
23	10 inch		\$394.00	\$451.00	\$166.00		\$449.00	\$514.00	\$189.00
24	12 inch		\$532.00	\$608.00	\$242.00		\$606.00	\$693.00	\$276.00
25	16 inch		\$598.00	\$683.00			\$682.00	\$779.00	
26	20 inch		\$682.00	\$780.00			\$777.00	\$889.00	
27	24 inch		\$775.00	\$885.00			\$884.00	\$1,009.00	

* Master Metered Residential Development

** per residence

Effective January 1, 2028

- 68 - Appendix C: Proposed Rates

	(a)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)
	RATE SCHEDULES	City of Shoreline / City of Lake Forest Park					Burien				Mercer Island
		Residential	MMRD*	Gen Svc	Fire Service	MMRD* w/PUT	Residential	MMRD*	Gen Svc	Fire Service	Gen Svc
1	Commodity Charge (\$/100 Cubic Feet)										
2											
3	Offpeak Usage (Sept 16-May 15)	\$7.82	\$7.82	\$7.76		\$7.32	\$7.99	\$7.99	\$7.93		\$7.70
4	Peak Usage (May 16-Sept 15)										
5	Up to 5 ccf**	\$8.04	\$8.04	\$9.86		\$7.53	\$8.22	\$8.22	\$10.07		\$9.79
6	Next 13 ccf**	\$9.93	\$9.93	\$9.86		\$9.30	\$10.15	\$10.15	\$10.07		\$9.79
7	Over 18 ccf**	\$14.31	\$14.31	\$9.86		\$13.39	\$14.62	\$14.62	\$10.07		\$9.79
8											
9	Usage over base allowance				\$24.30					\$24.80	
10											
11	Utility Credit (\$/month)	\$28.20		\$15.01			\$28.20		\$15.01		\$14.19
12											
13	Base Service Charge (\$/month/meter)										
14											
15	3/4 inch and less	\$28.90		\$33.05			\$29.55		\$33.75		
16	1 inch	\$29.85		\$34.10			\$30.50		\$34.80		
17	1-1/2 inch	\$45.95	\$45.95	\$52.50		\$43.00	\$46.95	\$46.95	\$53.65		
18	2 inch	\$50.95	\$50.95	\$58.20	\$22.00	\$47.65	\$52.05	\$52.05	\$59.50	\$22.00	
19	3 inch	\$188.60	\$188.60	\$215.85	\$28.00	\$176.50	\$192.70	\$192.70	\$220.55	\$29.00	
20	4 inch	\$270.00	\$270.00	\$309.25	\$52.00	\$253.10	\$276.00	\$276.00	\$316.00	\$53.00	
21	6 inch		\$332.00	\$380.00	\$89.00	\$311.00		\$340.00	\$388.00	\$90.00	
22	8 inch		\$392.00	\$448.00	\$139.00	\$367.00		\$400.00	\$457.00	\$143.00	\$444.00
23	10 inch		\$478.00	\$547.00	\$201.00	\$447.00		\$488.00	\$559.00	\$206.00	\$543.00
24	12 inch		\$645.00	\$737.00	\$293.00	\$604.00		\$659.00	\$753.00	\$300.00	
25	16 inch		\$725.00	\$828.00		\$679.00		\$741.00	\$846.00		
26	20 inch		\$827.00	\$946.00		\$774.00		\$845.00	\$967.00		
27	24 inch		\$940.00	\$1,073.00		\$880.00		\$960.00	\$1,097.00		

* Master Metered Residential Development

** per residence

Effective January 1, 2029

(a) (b) (c) (d) (e) (f) (g) (h) (i)

RATE SCHEDULES	Inside City				Outside City			
	Residential	MMRD*	Gen Svc	Fire Service	Residential	MMRD*	Gen Svc	Fire Service
Commodity Charge (\$/100 Cubic Feet)								
Offpeak Usage (Sept 16-May 15)	\$6.73	\$6.73	\$6.64		\$7.67	\$7.67	\$7.57	
Peak Usage (May 16-Sept 15)								
Up to 5 ccf**	\$6.92	\$6.92	\$8.84		\$7.89	\$7.89	\$9.62	
Next 13 ccf**	\$8.55	\$8.55	\$8.84		\$9.75	\$9.75	\$9.62	
Over 18 ccf**	\$11.80	\$11.80	\$8.84		\$13.45	\$13.45	\$9.62	
Usage over base allowance				\$20.00				\$22.80
Utility Credit (\$/month)	\$29.63		\$15.59		\$29.63		\$15.59	
Base Service Charge (\$/month/meter)								
3/4 inch and less	\$25.30		\$28.80		\$28.85		\$32.85	
1 inch	\$26.10		\$29.70		\$29.75		\$33.85	
1-1/2 inch	\$40.20	\$40.20	\$45.80		\$45.85	\$45.85	\$52.20	
2 inch	\$44.55	\$44.55	\$50.70	\$17.75	\$50.80	\$50.80	\$57.80	\$20.00
3 inch	\$164.95	\$164.95	\$188.00	\$23.00	\$188.05	\$188.05	\$214.30	\$26.00
4 inch	\$236.00	\$236.00	\$269.00	\$43.00	\$269.00	\$269.00	\$306.65	\$49.00
6 inch		\$291.00	\$331.00	\$73.00		\$332.00	\$377.00	\$83.00
8 inch		\$342.00	\$389.00	\$115.00		\$390.00	\$443.00	\$131.00
10 inch		\$418.00	\$476.00	\$166.00		\$477.00	\$543.00	\$189.00
12 inch		\$565.00	\$643.00	\$242.00		\$644.00	\$733.00	\$276.00
16 inch		\$634.00	\$722.00			\$723.00	\$823.00	
20 inch		\$724.00	\$824.00			\$825.00	\$939.00	
24 inch		\$822.00	\$936.00			\$937.00	\$1,067.00	

* Master Metered Residential Development

** per residence

Effective January 1, 2029

(a)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)
RATE SCHEDULES	City of Shoreline / City of Lake Forest Park					Burien				Mercer Island

		Residential	MMRD*	Gen Svc	Fire Service	MMRD* w/PUT	Residential	MMRD*	Gen Svc	Fire Service	Gen Svc
1	Commodity Charge (\$/100 Cubic Feet)										
2											
3	Offpeak Usage (Sept 16-May 15)	\$8.16	\$8.16	\$8.05		\$7.64	\$8.34	\$8.34	\$8.23		\$7.99
4	Peak Usage (May 16-Sept 15)										
5	Up to 5 ccf**	\$8.39	\$8.39	\$10.24		\$7.85	\$8.57	\$8.57	\$10.46		\$10.16
6	Next 13 ccf**	\$10.37	\$10.37	\$10.24		\$9.70	\$10.59	\$10.59	\$10.46		\$10.16
7	Over 18 ccf**	\$14.31	\$14.31	\$10.24		\$13.39	\$14.62	\$14.62	\$10.46		\$10.16
8											
9	Usage over base allowance				\$24.30				\$24.80		
10											
11	Utility Credit (\$/month)	\$29.63		\$15.59			\$29.63		\$15.59		\$14.19
12											
13	Base Service Charge (\$/month/meter)										
14											
15	3/4 inch and less	\$30.70		\$34.95			\$31.35		\$35.70		
16	1 inch	\$31.65		\$36.00			\$32.35		\$36.80		
17	1-1/2 inch	\$48.75	\$48.75	\$55.55		\$45.65	\$49.80	\$49.80	\$56.75		
18	2 inch	\$54.05	\$54.05	\$61.50	\$22.00	\$50.55	\$55.20	\$55.20	\$62.80	\$22.00	
19	3 inch	\$200.05	\$200.05	\$228.00	\$28.00	\$187.20	\$204.40	\$204.40	\$232.95	\$29.00	
20	4 inch	\$286.00	\$286.00	\$326.25	\$52.00	\$267.85	\$292.00	\$292.00	\$333.35	\$53.00	
21	6 inch		\$353.00	\$401.00	\$89.00	\$330.00		\$361.00	\$410.00	\$90.00	
22	8 inch		\$415.00	\$472.00	\$139.00	\$388.00		\$424.00	\$482.00	\$143.00	\$468.00
23	10 inch		\$507.00	\$577.00	\$201.00	\$474.00		\$518.00	\$590.00	\$206.00	\$573.00
24	12 inch		\$685.00	\$780.00	\$293.00	\$641.00		\$700.00	\$797.00	\$300.00	
25	16 inch		\$769.00	\$876.00		\$720.00		\$786.00	\$895.00		
26	20 inch		\$878.00	\$999.00		\$822.00		\$897.00	\$1,021.00		
27	24 inch		\$997.00	\$1,135.00		\$933.00		\$1,019.00	\$1,160.00		

* Master Metered Residential Development

** per residence

July 24, 2026

MEMORANDUM

To: Governance and Utilities Committee
From: Brian Goodnight, Analyst
Subject: CB 121245: 2027–2029 Water Rates

Introduction and Overview

On July 29, 2026, the Governance and Utilities Committee (Committee) will continue its consideration of [Council Bill \(CB\) 121245](#) that would establish Seattle Public Utilities' (SPU) retail water rates for 2027 through 2029, revise qualification requirements for the Utility Discount Program, and authorize withdrawals from the Revenue Stabilization Subfund. SPU provided a [presentation](#) on the proposed bill at the Committee's meeting on July 9, 2026.

This memorandum provides background information on prior Council actions and the structure of water rates, compares the proposed rate increases against the rates endorsed in the 2024–2029 Strategic Business Plan, highlights elements of the proposal, and summarizes the impact to customers.

Background

Prior Council Actions

SPU operates three distinct utilities: Drainage and Wastewater, Solid Waste, and Water. The Council typically considers rate-setting legislation for one of the utilities each year, with rates being set for a three-year period. The Council last approved a water rates package in September 2023, via [ORD 126909](#), covering calendar years 2024 through 2026.

In addition to rate-setting legislation, every three years the Council also considers an update to SPU's Strategic Business Plan (SBP). The Council most recently adopted an SBP in September 2024, via [RES 32136](#), covering 2025–2030. The SBP identified focus areas for SPU, described its long-term goals and short-term strategies, and specified a three-year rate path (2025 to 2027) and a three-year rate forecast (2028 to 2030) for all three of SPU's utilities.

Water Rate Structure

SPU manages and operates a water system that supplies drinking water to customers inside and outside of the city boundaries. The department derives revenue to support the water system through a few primary sources: retail water rates charged to residential, commercial, and fire system customers; wholesale contracts with nearby cities and water districts¹; and other

¹ Wholesale customers typically own and operate separate water delivery systems and assets, but still rely on SPU to provide maintenance, oversight, and investment in the regional water supply system.

miscellaneous non-rate revenues². In 2027, it is estimated that retail customers will provide approximately 73 percent of revenues, wholesale customers will provide about 18 percent, and miscellaneous non-rate revenues will account for the remaining nine percent. These revenues are all managed within the department's enterprise Water Fund, and the revenues generated on an annual basis from these sources must be sufficient to cover the costs of the water system and to meet established financial targets.³

For the retail water rates, which are the subject of CB 121245, SPU uses a complex cost allocation process to distribute costs amongst different customer classes, which are groups of similar customers in terms of demand patterns and the cost to provide services. The four customer classes are:

- Residential – This class includes single-family homes and duplexes and represents about 88 percent of all SPU retail water accounts and approximately 39 percent of annual retail water usage. Residential customers are charged two types of charges: a “base service charge” that is based on the size of their water meter, and a commodity charge that is based on the amount of water consumed. Residential commodity charges are seasonal, with a uniform, lower rate in the off-peak season (September 16–May 15) and tiered, higher rates in the peak season (May 16–September 15). Tiering rates in the peak season is intended to provide a disincentive for excessive summer water usage.
- General Service – This includes commercial, governmental, and industrial customers, as well as multi-family residential structures. The class represents about 11 percent of all retail water accounts, but accounts for approximately 60 percent of annual retail water usage. Similar to the Residential class, General Service customers are charged a base service charge and a commodity charge that varies seasonally. Unlike the Residential class, however, the General Service commodity rates do not have tiers; rather, there is a uniform rate for off-peak and a uniform rate for peak season.
- Private Fire – This class contains separately-metered connections for fire-protection sprinkler systems installed on customer property and, combined with the Public Fire class, makes up less than one percent of retail water accounts. Customers pay a monthly base service charge based on meter size, which includes a monthly usage allowance for testing and system operations. The charges for these services are in addition to their Residential or General Service charges.
- Public Fire – This class includes governmental agencies that are responsible for providing public fire protection, such as fire hydrants. Customers are charged a flat annual fee that is determined by the size of the water main attached to the hydrant and the jurisdiction where the hydrant is located.

² Non-rate revenue includes things such as capital contributions and fees, interest income, rentals, and charges for miscellaneous services.

³ Council most recently updated the policies in March 2005, via [RES 30742](#).

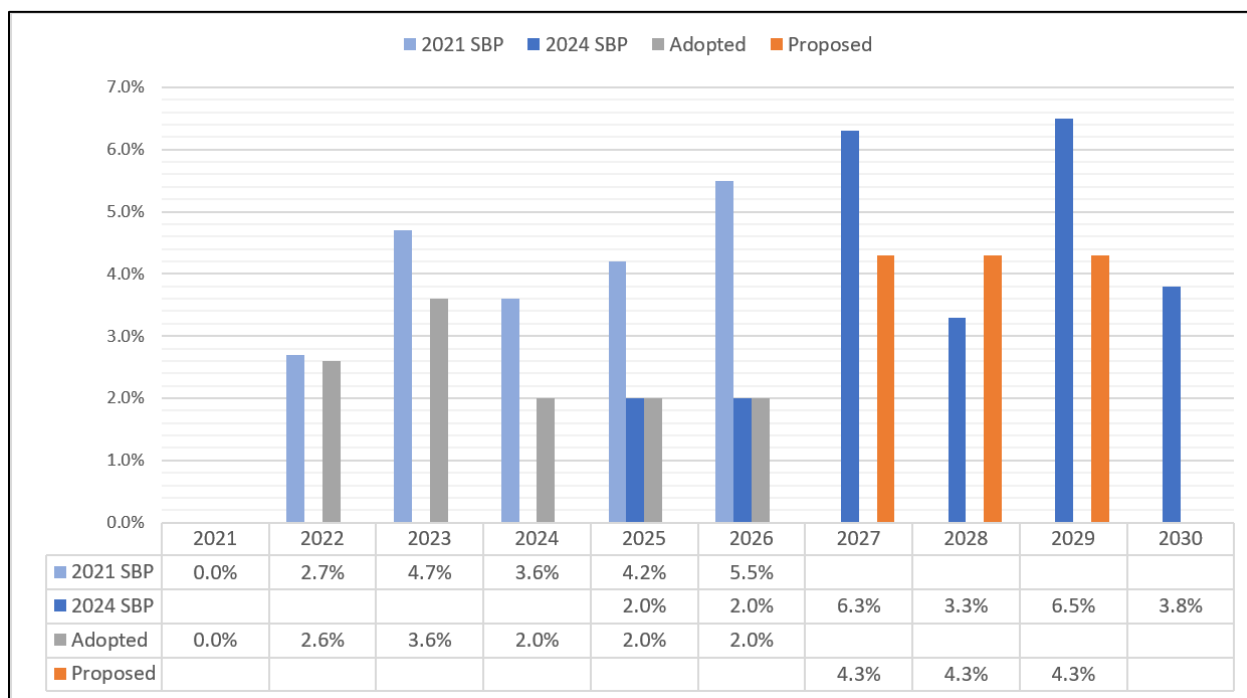
Retail water rates are also influenced by anticipated customer demand and expected enrollment in the City’s Utility Discount Program, which provides qualifying low-income customers with a 50 percent discount on their bills. See below for a more detailed description of the impact of Utility Discount Program changes on the proposed rates.

Additional detailed information on the cost allocation model and rate structure for the various customer classes can be found in [Exhibit A to the Summary and Fiscal Note](#), which is SPU’s 2027–2029 Water Rate Study.

Comparison of Proposed 2027–2029 Rates and SBP Endorsed Rates

The proposed water rate increases for 2027–2029 are shown in Chart 1, alongside previously adopted rates for 2021–2026 and the endorsed rate increases from the 2021 and 2024 SBPs.

Chart 1: Water Rates Comparison – Endorsed, Adopted, Proposed



As shown in Chart 1, the proposed water rate increases for 2027 and 2029 are lower than the increases endorsed in the 2024 SBP, but the proposed increase for 2028 is higher than the endorsed rate. Overall, the proposed rates of 4.3 percent in each year would result in a lower cumulative rate increase over the three-year period than the rates endorsed in the SBP. SPU has indicated that the rate increases have been moderated, at least in part, by a more favorable capital construction market and the department’s bond ratings which reduce the cost of debt service.

The proposed water rates are expected to increase SPU revenues by approximately \$11.3 million in 2027 (relative to 2026), \$11.3 million in 2028 (relative to 2027), and \$11.8 million in 2029 (relative to 2028). Due to the City's imposition of a utility tax on retail water revenue, the City's General Fund is estimated to receive approximately \$1.8 million of additional revenue in each of the three years as a result of the proposed rate increases.

Proposed Bill Highlights

A few of the more significant elements impacting the proposed water rates or included in the proposed legislation are:

- Utility Discount Program (UDP) – Consistent with the [Executive's response](#) to Council's [2026 Statement of Legislative Intent SPU-012S-A](#), the proposed water rates assume eligibility changes to the UDP. The rates assume an increase to the eligibility threshold for the program from 70 percent of State Median Income (SMI) to 60 percent of Area Median Income (AMI), with an expected enrollment increase of approximately 11,000 new customers. Increased participation in the UDP reduces revenues to SPU, since more customers pay a discounted rate, and those revenues have to be made up for in the standard rates. The estimated increase in UDP enrollment adds 1.1 percentage points to the proposed rate increase in 2027, the year enrollment is expected to surge as a result of the eligibility adjustment.

On July 14, Council passed [ORD 127468](#) changing the UDP's eligibility threshold from 70 percent SMI to 60 percent AMI, in addition to signaling future threshold changes and requesting reporting on program performance. Due to the passage of ORD 127468, Amendment 1 to CB 121245, sponsored by Councilmember Strauss, has been prepared to remove duplicative code changes from the proposed legislation.

- Revenue Stabilization Subfund (RSF) Withdrawal Authorization – Section 5 of the proposed bill authorizes the General Manager and Chief Executive Officer of SPU to make one or more withdrawals from the Water Fund RSF, up to a cumulative maximum of \$19.8 million, contingent upon the balance of the RSF staying above \$17.1 million.

Per the financial policies for the management and operation of the water system and conditions for the RSF⁴, the minimum balance in the RSF should be no less \$9 million. Due to the amount of time since the last update of the financial policies, however, SPU has increased its internal target for the RSF minimum balance to approximately \$17 million. The RSF currently has a balance of \$38.1 million.

The department anticipates that any needed RSF withdrawals will occur in 2026, and therefore the 2027–2029 Water Rate Study does not reflect any withdrawals during the rate study period. The department expects to utilize this authority to fund possible capital expenses and would request additional appropriation authority in the future, if needed.

⁴ [ORD 121761](#), March 20025

- Rate Smoothing – As discussed above, the Council has established financial policies for the management of the water system. In addition to setting a minimum balance requirement for the RSF, the policies address elements such as the amount of debt service coverage required, the percentage of capital program costs that must be funded with cash, and the minimum cash balance to be kept on-hand. Typically, retail water rates are set to generate a sufficient amount of revenue to cover the system’s costs and to satisfy all of the financial policies.

With the rates proposed in CB 121245, however, the increases are designed to smooth the impact of a capital program in 2029 that is projected to be larger than previous years. To accomplish this smoothing, the 2027 and 2028 rates are proposed to increase above the minimum requirement in order to generate a cash balance to be utilized in 2029 – to essentially “buy down” the 2029 rate increase – while still leaving the Water Fund with the same cash balance as exists at the beginning of the rate period.

- Focus on Fixed Revenues – Consistent with the prior water rate study and rates package from 2023, the proposed water rates emphasize increasing the share of “fixed revenue” relative to revenue that fluctuates based on usage. As described above, water rates are a combination of base service charges derived from meter size (fixed revenue) and commodity charges dependent on the amount of water consumed. The proposed rates would implement this direction by increasing base meter charges at a faster rate during the three-year period relative to the increases in commodity rates.

SPU currently generates about 28 percent of its revenue from base service charges, compared to other utilities in the region that generate closer to 40 percent of their revenues from fixed charges. In addition to providing revenue stability for SPU, having a larger portion of the revenue stream come from fixed charges provides more bill predictability for customers.

- Annual Hydrant Inspections – At the Committee’s last meeting on July 9, SPU staff indicated that one of the new investments since approval of the 2024 SBP was the transfer of annual fire hydrant inspections from the Seattle Fire Department (SFD). Currently, SFD performs hydrant inspections and the work, covered under regular staff hours outside of calls, is funded entirely by the General Fund. In preparation for the upcoming proposed budget, the Executive is considering options for shifting operational responsibility for this work. Additionally, the Executive is exploring whether SPU’s Water utility benefits from the inspections and could therefore justify having the Water Fund cover some portion of the program cost. For the purposes of the water rate study, SPU assumed a preliminary cost of approximately \$273,000 per year for the Water Fund’s portion of the inspection work.

Customer Impact

Table 1 shows the impact of the proposed water rate increases on the monthly bills for a median residential customer, 90-unit apartment building, and for a typical small store, such as a convenience store. The table shows the expected monthly bills for those typical customers and provides the dollar and percentage increases from the previous year. Please note that the percentage increases for each customer type in Table 1 do not exactly match the proposed rate increases shown in Chart 1. The rate increases in Chart 1 show the average increase for all customer types and tiers, but do not represent the specific increase that every customer will experience.

Table 1. Monthly Impact of Proposed Rate Increases to Customers⁵

	2026	2027	2028	2029
Residential {a}	\$50.71	\$53.53	\$56.39	\$59.26
<i>\$ change from prior year</i>	--	\$2.82	\$2.86	\$2.87
<i>% change from prior year</i>	--	5.6%	5.3%	5.1%
90-Unit Apartment Building {b}	\$1,478.00	\$1,515.00	\$1,566.00	\$1,628.00
<i>\$ change from prior year</i>	--	\$37.00	\$51.00	\$62.00
<i>% change from prior year</i>	--	2.5%	3.4%	4.0%
Convenience Store {c}	\$125.10	\$128.10	\$132.75	\$138.30
<i>\$ change from prior year</i>	--	\$3.00	\$4.65	\$5.55
<i>% change from prior year</i>	--	2.4%	3.6%	4.2%

{a} – Based on monthly water consumption of 5 CCF (“hundred cubic feet”; 1 CCF = 748 gallons), and a 3/4” meter size

{b} – Based on monthly water consumption of 195 CCF, and a 3” meter size

{c} – Based on monthly water consumption of 15 CCF, and a 1” meter size

Next Steps

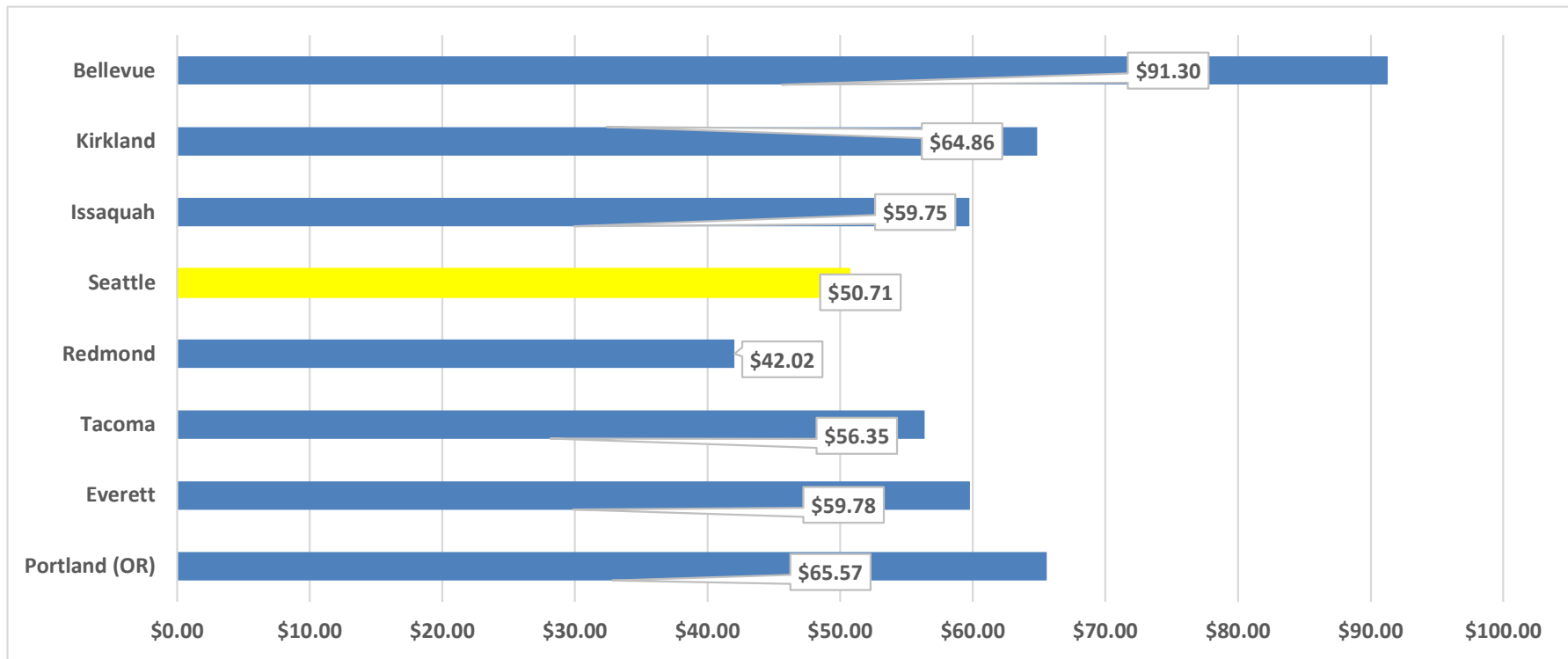
The Committee is scheduled to discuss and possibly vote on CB 121245 at its meeting on July 29. If the Committee votes to recommend passage of the bill at that time, the City Council could consider the legislation at its meeting on August 4, at the earliest.

cc: Lish Whitson, Director
Calvin Chow, Deputy Director
Jennifer LaBrecque, Lead Analyst

⁵ Data from Table 1–1 of the [2027–2029 Water Rate Study](#).

Regional Water Bill Comparisons

Average Monthly Bill





2027–2029 Retail Water Rates Ordinance

BRIAN GOODNIGHT, ANALYST

GOVERNANCE AND UTILITIES COMMITTEE

JULY 29, 2026

Background

- SPU operates 3 utilities:
 - Drainage and Wastewater
 - Solid Waste
 - Water
- Council typically considers rate-setting legislation for one of the utilities each year, with rates being set for a three-year period
 - Water Rates last approved in September 2023
 - Covering calendar years 2024–2026
- Council also adopts an SPU Strategic Business Plan (SBP) every three years, most recently in September 2024, which includes:
 - Three-year rate path: 2025–2027
 - Three-year rate forecast: 2028–2030

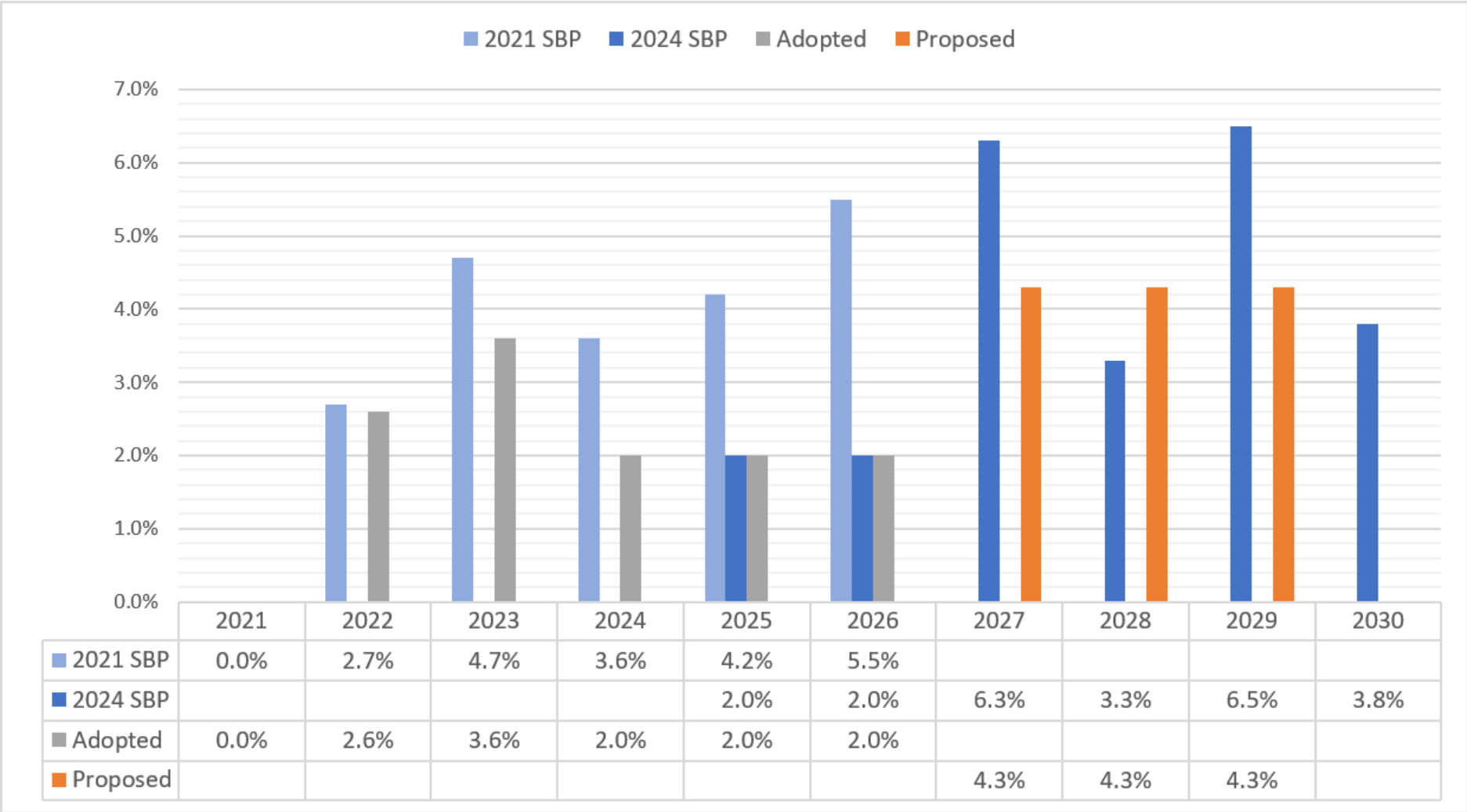
Background (cont'd)

- SPU's water system supplies drinking water to customers inside and outside of city boundaries
- Revenue sources:
 - Retail water rates (subject of this ordinance)
 - Wholesale contracts
 - Other non-rate revenues
- Retail customer classes:
 - Residential – 88% of accounts, 39% of water usage
 - General Service – 11% of accounts, 60% of water usage
 - Private Fire
 - Public Fire

Council Bill 121245 Summary

1. Establishes retail water rates for 2027–2029
2. Revises eligibility requirements for the Utility Discount Program
3. Authorizes withdrawals from the Water Fund Revenue Stabilization Subfund

Proposed Rate Increases



Bill Highlights (1/5)

A. Utility Discount Program (UDP)

- Consistent with response to Council Statement of Legislative Intent SPU-012S-A, proposed rates assume UDP eligibility change
- Estimated increase in UDP participation increases rates by approx. 1.1 percentage points in 2027
- On July 14, Council passed ORD 127468 changing UDP eligibility threshold, in addition to signaling future changes and requesting reporting
- Amendment 1 would remove duplicative code changes

Bill Highlights (2/5)

B. Revenue Stabilization Subfund (RSF) Withdrawal Authorization

- Section 5 of the bill authorizes withdrawals from the RSF up to \$19.8 million
- Contingent upon the RSF balance staying above \$17.1 million
- Current balance is about \$38 million
- SPU expects to use the authority to fund possible capital expenses, and would request appropriation authority in the future, if needed
- Amendment 1 would amend the bill title to call out this authorization

Bill Highlights (3/5)

C. Rate Smoothing

- Retail water rates are typically set to generate enough revenue to cover the system's costs and satisfy financial policies
- Proposed rates are designed to smooth water rates over the three-year period
- Rates in the first two years are proposed to generate a cash balance
- Cash balance would be used in 2029 to handle a larger capital program

Bill Highlights (4/5)

D. Focus on Fixed Revenues

- Proposed rates emphasize increasing the share of “fixed revenue”
- Water rates are a combination of:
 - Base service charges – meter size
 - Commodity charges – water usage
- Proposed rates increase base service charges at a faster rate than commodity charges
- Fixed revenues
 - SPU – about 28%
 - Regional average – about 40%
- Revenue stability for SPU; bill predictability for customers

Bill Highlights (5/5)

E. Annual Fire Hydrant Inspections

- At July 9 Committee meeting, SPU staff indicated that annual fire hydrant inspections would be transferring from Seattle Fire Department (SFD) to SPU
- SFD's hydrant inspection work is funded entirely by the General Fund
- Executive is considering options for transferring work to SPU
- Exploring whether the Water utility benefits from the work, and whether Water Fund could fund some of the work
- For the purposes of the proposed water rates, SPU assumed a preliminary cost for the Water Fund of approx. \$273,000 per year

Amendment 1

Sponsor: CM Strauss

1. Removes duplicative proposed changes related to Utility Discount Program eligibility
 - Revises title
 - Amends recital
 - Removes Sections 3 and 7
2. Adds language to the title regarding Revenue Stabilization Subfund withdrawal authorization

Questions?

Screen Reader Users: Make sure settings include reading strikethrough and underline font attributes.

Amendment 1 Version 1 to CB 121245 – SPU 2027–2029 Retail Water Rates

Sponsor: Councilmember Strauss

Removing duplicative code changes and clarifying the title

Effect: This amendment would remove duplicative proposed changes to qualification requirements for the Utility Discount Program (UDP) and would add clarity to the title regarding authorization related to the Revenue Stabilization Subfund.

On July 14, the Council passed ORD 127468 changing the UDP's eligibility threshold from 70 percent State Median Income to 60 percent Area Median Income. The passage of ORD 127468 makes the proposed UDP changes contained in CB 121245 duplicative and unnecessary. Specifically, the amendment removes reference to UDP revisions and SMC 21.76.030 from the title, amends a recital to remove references to UDP qualification revisions, removes Section 3 that would make the duplicative code changes, and removes Section 7 that contains an effective date for Section 3.

The amendment would also add language to the title reflecting the authorization granted in Section 5 for the General Manager and Chief Executive Officer of SPU to make withdrawals from the Water Fund Revenue Stabilization Subfund. The amendment does not make any changes to the substantive section of the bill relating to the withdrawal authorization.

1. Amend the title of CB 121245 as follows:

An ordinance relating to rates and charges for water services of Seattle Public

Utilities; revising water rates and charges; ~~((revising qualification requirements for the utility discount program;))~~ revising credits to low-income customers; authorizing withdrawal of funds from the Water Fund Revenue Stabilization Subfund; and amending Sections 21.04.430, 21.04.440, ~~((21.76.030,))~~ and 21.76.040 of the Seattle Municipal Code.

2. Amend the last recital of CB 121245 as follows:

* * *

~~((Qualifications for participation in the Utility Discount Program needs to be revised and credits))~~ Credits for qualified low-income customers should be revised when water rates change. Therefore,

3. Remove Sections 3 and 7 of CB 121245 and renumber subsequent sections, as appropriate.



Legislation Text

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Response to Statement of Legislative Intent (SLI) ITD-010S-A-2: Artificial Intelligence Investment and Usage Reports

2026 STATEMENT OF LEGISLATIVE INTENT

V2

ITD-010S-A

Request that Seattle IT provide a series of reports on the City's investments in, and uses of, Artificial Intelligence

SPONSORS

Alexis Mercedes Rinck, Rob Saka, Mark Solomon, Robert Kettle, Sara Nelson

CENTRAL STAFF SUMMARY

This Statement of Legislative Intent (SLI) requests that Seattle Information Technology (Seattle IT) provide a series of reports on the usage of Artificial Intelligence (AI) across City departments, including pilot projects, integrations into existing technologies, and roadmaps for larger rollouts or distribution. The reports should also detail the financial costs for each of the AI initiatives (one-time and ongoing), any plans for partnerships, and significant lessons learned from prior testing and pilot projects.

The City has taken a deliberative approach to testing AI products over the past couple of years, and in 2024, Seattle IT established a strategy for the City to delay any major AI investments until late 2025 or early 2026. At this time, the majority of the AI initiatives have been cost-free or relatively inexpensive, resulting in the City having almost no ongoing AI liabilities.

Earlier this year, the City released its 2025–2026 AI Plan, which provides a guide for transitioning from an AI exploration phase into the strategic implementation of AI technologies. The Mayor has also established an IT Subcabinet AI Workgroup to steer AI investments, which is intended to ensure that proposed investments are aligned with priorities set by the Mayor and the Council, meet security and privacy requirements, and produce value through improved service delivery.

The Council requests that Seattle IT submit quarterly AI reports to the Council committee with oversight of Information Technology. Seattle IT should work with the chair of the committee to determine whether the reports should be submitted as written reports or should be presentations to the committee.

Responsible Council Committee(s): Governance and Utilities

DUE DATE: April 1, 2026



Seattle
Information Technology

Artificial Intelligence Usage Report

2026 – Quarter 1 (April 1, 2026)



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Executive Summary

During the budget process in fall 2025, the City Council requested Seattle IT provide a series of reports on the City's investments in, and use of, Artificial Intelligence. Please see Appendix B to view a copy of the 2026 Statement of Legislative Intent (SLI). This is the first 2026 quarterly report and responds to the information requested in [SLI ITD-010S-A](#) in the following five areas. Section five regarding workforce upskilling and education was not specifically requested in the SLI request, but this is an important component in our AI efforts so updates will be included from quarter to quarter. Subsequent quarterly reports will follow the same structure and provide new updates from the last quarterly report. The information in this first quarterly report reflects activity and initiatives from the previous mayoral administration from 2025 through early 2026. Upcoming quarterly reports will reflect Mayor Katie B. Wilson's updated Citywide AI strategy. Report due dates for 2026 are: Q1 (4/01/26), Q2 (7/01/26), Q3 (10/01/26), and Q4 (12/31/26).

- 1) Usage of Artificial Intelligence (AI) across City departments, including pilot projects, integrations into existing technologies and roadmaps for larger rollouts or distribution;
- 2) Financial costs for each of the AI initiatives (one-time and ongoing);
- 3) Plans for partnerships;
- 4) Significant lessons learned from prior testing and pilot projects; and
- 5) Workforce upskilling and education.

The City of Seattle has been at the forefront in developing policy and positioning Seattle as a national leader in responsible artificial intelligence implementation to better serve residents and businesses. Seattle was one of the first cities in the country to release a [generative AI policy](#) in April of 2023, which was then iterated and fully implemented [that October](#). The original policy established governing principles for the City's approach to AI including: innovation, accountability, reliability, fairness, privacy, explainability, and security. In practice, the policy was compliance-centric and did not set strategic direction, center efforts on the City's priorities, build for engagement with staff and partners, nor show positive impact through successful and responsible uses.

In September of 2025, the City of Seattle announced the rollout of the City's [2025-2026 AI Plan](#) paired with an [updated, 2nd-generation AI policy](#). This extended the guiding principles beyond generative AI to all general AI solutions with new trainings to empower the City to use this technology responsibly. The AI Plan serves as a guide for transitioning from an AI exploration phase into the strategic implementation of AI technologies. Our training and upskilling plan includes an introductory Citywide course, deep dive workshops on data science and data integrations, and partnerships with universities. The City is committed to working with labor partners to invest in the professional development of our employees, protect jobs, and preserve the rights of workers while improving the essential services the City provides.

In addition to the City's 2025-2026 AI Plan guidance, the City's AI efforts are being coordinated by the Mayor's Information Technology Subcabinet (MITS) AI Workgroup. The MITS AI Workgroup was formed in late 2025 and provides structured coordination on the City's growing and varied AI efforts, providing visibility and direction from the Mayor's Office, Seattle IT, and with input from lead departments. The Workgroup was formed to review, provide guidance, and evaluate AI projects and investments



departments propose to ensure they:

- 1) Are aligned with priorities set by the Mayor and City Council in Executive Orders, the Budget, and that significantly improve department performance;
- 2) Pass Security, Privacy, and Responsible Use checks;
- 3) Show real and quantified service improvements with adoption/satisfaction to produce value for City investment; and
- 4) Demonstrate trackable ongoing AI performance, appropriate behavior, and operational sustainability over time.

Seattle is positioning AI not as a cost center or a replacement for workers, but as a multiplier for trust, service improvement, and long-term community resilience. Seattle is demonstrating that innovation done right means choosing people first, choosing focus over fragmentation, and choosing public benefit over vendor hype.

Because the information requested in the SLI mostly aligns with the framework in the AI Plan, this first quarterly report will reference information frequently from the AI Plan. In preparing this first AI report to Council, Seattle IT consulted with Council President Joy Hollingsworth's Office and Councilmember Alexis Mercedes Rinck's Office (SLI sponsor) about the report and presentation to committee. While presented in more detail in the subsequent five sections of this document, the following provides a quick summary of the information requested in the SLI:

- **Usage of Artificial Intelligence (AI) Across City Departments:**
 - 22 approved AI software and in active use
 - 16 AI pilots (1 about to begin; 4 executing; 8 completed with decisions; 1 paused; and 2 in review)
 - 17 departments have reached out about new AI software
 - 6 departments are currently running AI pilots
- **Financial Costs of AI Initiatives:**
 - AI Innovation Fund (\$400,000 in the 2025 Year-End Supplemental for ITD-coordinated pilot projects): These one-time dollars were approved as a matching fund for use on initiatives from departments that would overcome burdens on staff, accelerate smart decision-making, and/or improve responsiveness to the community, requiring investment by departments to access the fund.
 - \$750,000 was appropriated in the 2026 Construction and Inspections Fund for the purchase and on-going subscription for an AI permitting tool.
 - \$750,000 was appropriated in the 2026 Information Technology Fund for the Permitting Accountability and Customer Trust (PACT) Program.
- **AI Partnerships:**
 - Working closely with labor partners to ensure that Seattle's AI future strengthens both our workforce and the communities we serve. AI is a tool to augment staff and service levels, not replace people.
 - In January 2026, Seattle IT completed a partnership agreement with UW that allows us to engage with researchers at UW on AI work.



- Completed three AI Community Innovation Hackathons from September to November 2025.
- **Lessons Learned:**
 - CivCheck: This pre-application screening tool for building permits showed an approximate 50% reduction in average days for intake review of permits and 35% reduction in correction cycles per review. 86% of SDCI pilot users reported business value from CivCheck.
 - Microsoft Copilot Chat: The pilot was conducted in 2025 from September to November over two separate waves totaling 500 users. City employees in the pilot self-reported 83% finding business value from having access to Copilot Chat, 79% had a positive user experience, and they reported an average time savings of 2.5 hours/week per user, showing reduced load and improved responsiveness.
- **Workforce Upskilling and Education (May 2025 to February 2026, with more planned for 2026):**
 - Total AI executive/senior manager upskilling sessions and attendees: 2, 44
 - Total upskilling and training sessions: 8
 - Total employee participation: 308
 - Total AI training employee website views: 1579
 - Total training video/presentation views: 699

Usage of Artificial Intelligence (AI) Across City Departments

Seattle IT maintains a detailed list of all AI software and AI pilots across the City and the information will be published on the [Seattle IT AI Program](#) website in Q2 2026. In this first quarterly report, please go to Appendix A to see the complete list describing the AI Software and Pilot name, functional and operational area, and the department lead for that AI technology. In describing the usage of AI by City departments, we are designating them into two categories: 1) Approved AI Software and 2) AI Pilots and Proofs of Concept. Approved AI Software means the software is primarily an AI software and has passed Seattle IT's official review process. AI Pilots are time bound initiatives to test feasibility, functionality, and business value of an AI software or initiative. The following table provides a breakdown of the two categories and the status for them.

Approved AI Software (not pilots)	
Status	Total
In Active Use	22
In project phase (will be used)	5
No longer used	7
*Requested and under IT review	6

AI Pilots/ Proofs of Concept	
Status	Total
Executing or about to begin	5
Completed	
Deploy & Scale	3
Decision pending	1
Sunset	4
Paused/Cancelled	5
*Planned and under IT Review	2

In summary, nearly all departments are exploring and leveraging AI software in different capacities, either to improve workflow efficiency, or to provide value to residents. The following departments have consulted with Seattle IT about AI software and completed the software review approval process as required by our [AI Policy](#): 1) Human Services Department, 2) Seattle Public Utilities, 3) Office of Police Accountability, 4) Office of Sustainability and Environment, 5) Office of Inspector General for Public Safety, 6) Seattle Department of Transportation, 7) Seattle Police Department, 8) Community Assisted Response and Engagement (CARE), 9) Seattle Fire Department, 10) Seattle IT, 11) Seattle Department of Human Resources, 12) Seattle City Light, 13) Seattle Parks and Recreation, 14) Office of Economic Development, 15) Seattle Department of Construction & Inspections, 16) Office of Labor Standards, and 17) Office of Planning & Community Development. Six departments are currently running AI pilots: 1) Seattle Public Utilities, 2) Innovation & Performance Team, 3) Seattle Department of Construction & Inspections, 4) Seattle IT, 5) Seattle Police Department, and 6) Seattle Fire Department. AI software that has completed the pilot process, IT approved in alignment with our Responsible AI principles, data protection, data security, and governance, and is in a position to be deployed at an enterprise level to all City departments and employees include: 1) Microsoft Copilot Chat and 2) Microsoft Copilot Studio.

Aligned with the civic priorities defined by the Mayor's Office, City Council, and departmental leadership, we are highlighting AI technologies to help accelerate permitting and housing, improve public safety, enhance the responsiveness of customer service for Seattle residents, and enable more accessible and plain-language interactions to remove barriers.

- Public Safety:** The Seattle Police Department is actively exploring and implementing AI across several dimensions of public safety and operations. AI-assisted triage tools (Corti) are being piloted to improve dispatch decisions for non-emergency calls, helping direct resources more effectively. The department has also explored AI-powered tools to streamline body camera footage redaction (CaseGuard), and enhanced legal research capabilities have been enhanced through AI-assisted document search (Westlaw deep research). They have tested various general-purpose AI assistants to establish the governance, security, and configuration standards needed to responsibly deploy generative AI for everyday staff workflows, and are using learnings to build towards the streamlining of various business use cases using generative AI (C3, Amazon Q, and Claude). Coming up, AI and data analysis capabilities will be applied to support Missing and Murdered Indigenous People investigations, including efforts to better identify tribal affiliation in existing reports, and to strengthen homelessness data collection (ForceMetrics). To improve community access, SPD will experiment with chatbot interfaces that allow residents to submit crime reports directly (CaseX). While not every tool has moved forward, these efforts reflect SPD's commitment to thoughtfully evaluate AI's potential to support both officers and the communities they serve.
- Permitting:** The Seattle Department of Construction and Inspections (SDCI) is piloting AI tools aimed at reducing the permitting backlog and improving the experience for both applicants and city reviewers. Pre-application screening tools are being evaluated to help applicants identify potential issues in their submissions before formal review. AI-powered plan review tools allow applicants to test their architectural and engineering designs against local zoning, land use, and building codes. On the customer service side, SDCI is piloting an AI-powered chatbot to intelligently route inquiries to the right support teams, with a phased approach that will eventually allow residents to self-serve for common questions while preserving the option to speak with a person. Together, these efforts reflect a thoughtful strategy to apply AI at multiple points in the permitting lifecycle — reducing friction for applicants, supporting staff efficiency,



and ultimately helping Seattle move projects forward more quickly.

- **Transportation Safety:** The Seattle Department of Transportation (SDOT) is piloting the use of AI powered video analysis tools to support Vision Zero efforts, signal timing, and operational awareness. These tools process video with GPU servers that use AI and machine learning to provide reports and metrics. Live streams from city owned traffic cameras provide vehicle counts, vehicle classification, speeds, red light running metrics, bus only lane violations, near miss analysis, crash detection, pedestrian crossings, and other metrics to describe how people use our roadways. These reports are useful in monitoring how people are detouring with the WSDOT Revive I-5 long-term closures. We are using these tools along Martin Luther King Jr Way S in partnership with Sound Transit as part of a federal grant to further our Vision Zero efforts on the corridor. We expect to also use the tools during the traffic changes around FIFA events as we work to keep people safe and moving along our roadways.
- **Communication Tools:** Several departments have requested tools to assist with text editing, help draft communications that address bias in language, generate copy using customizable templates to ensure consistency in voice, address challenges associated with complex and technical language in public-facing communications, generate an AI animated avatar in alignment with voice recording, and create presentations quicker. This group of software includes three that are currently in use: Grammarly, Textio, and Jasper.ai.
- **Chatbot Tools:** This category of tools simulates human-like conversations in natural language and may be used to handle basic customer requests and interactions. The chatbot dialogues with its user using machine learning to understand user input and provide real-time responses. This group of software includes two that are currently in use (Esri Support Chatbot and Microsoft Copilot Chat) and one not in use yet but will be soon (CaseX).

AI Integrations Into Existing Technologies:

As of February 2026, the primary AI tool that would integrate into our digital workplace tools and is ready for deployment at an enterprise level to all City employees is Microsoft Copilot Chat. After completing comprehensive testing, piloting, and training from August 2025 to February 2026, we are in position to operationalize Copilot Chat citywide as it aligns with Responsible AI principles, data protection, data security, and governance. By providing employees with an AI chatbot option on City devices and through the secured Microsoft 365 environment, it ensures we are transparent, equitable, and accountable. As with all digital workplace tools made available to employees, they are responsible for reviewing outputs, correcting errors, attribution, and ensuring the information aligns with City values. Enabling Copilot Chat does not have any additional license cost as part of our current Microsoft 365 license subscriptions and is included in our existing license structure.

All new AI-related technology requests are required to go through the official AI intake, security, and privacy review process. Identifying potential issues, addressing concerns, and integration feasibility are a core component of the evaluation workflow process. Looking forward, the following are operational systems and software that have been flagged that could potentially be assessed for integration opportunities.

- The Seattle Police Department's Data Analytics Platform (DAP) used by the SPD data science team are exploring an AI agent tool called "AI Navigator." The Accenture built tool is a generative AI-based platform designed to help organizations define AI strategies, build business cases, select architectures, and implement responsible AI.



- The City of Seattle's Geographic Information System (GIS) is built on Esri technology. GIS is a spatial data mapping and analytics platform integrated with many of Seattle's major business systems including work management, asset management, permitting, utility billing, and more. Besides GIS's unique ability to integrate with and analyze business system data, it is commonly used to provide a spatial dimension to all aspects of business processes and day-to-day decision making. GIS currently supports field operations, asset management, property and facilities management, emergency management, permitting and land use planning, transportation planning and design, environment and environmental justice, event planning and event management, and public access and outreach. Implemented in the late 1980s, GIS is today a crucial technology resource used by virtually all City departments and offices. The use of GIS is particularly pronounced in SDCI, SPR, SDOT, SPU, SCL, SPD, and SFD, all of whom have major investments in the technology.

In 2025, Esri released a browser-based AI chatbot that is available to all. This AI tool is not integrated into their products nor into other City technology solutions. In addition, Esri announced AI assistant tools that will be released in the future. These will be integrated to a number of their products currently used by the City of Seattle (ArcGIS Pro & ArcGIS Online). In 2026, Seattle IT will explore the potential benefits of these new tools and will go through the AI intake, security, and privacy review process.

- The City of Seattle uses Microsoft PowerBI and Tableau business intelligence tools. These provide capabilities for visualizing, analyzing, transforming, and understanding complex data.
 - Tableau offers an AI tool called "Einstein", which is available to any licensed user as part of our existing Cloud licensing. Because there have been no specific asks or use cases presented, Seattle IT has not initiated any official AI security and privacy review process to enable "Einstein."
 - Microsoft offers a version of Copilot integrated into PowerBI. Similar to the situation with Tableau's Einstein product, Seattle IT has not initiated any AI security and privacy reviews at this time given the lack of requests or specific use cases.
- Oracle is a major relational database management system used across most City departments and offices. As part of the ITD Strategic Plan, Seattle IT is pursuing a 2026 workplan item to explore modernization and automation advancements for Oracle database administration. Our goal is to develop an understanding of the AI database features Oracle has integrated into their most recent versions and consider how they could be applied to the day-to-day work of database administration. This opportunity may allow Seattle IT to leverage AI to automation and process improvements, especially for activities that are repetitive and labor intensive. If successful, it would free up database administrator capacity to focus on higher-level needs and areas of data administration and data management that are less conducive to AI automation. An additional aspect of this initiative will apply a new but necessary focus on preparing and managing data for AI consumption. Since many of the potential AI implementations at the City of Seattle will rely on data, attention must be given to preparing data for AI use in order to achieve accurate and consistent results. Best practices will be developed and communicated to data-focused professionals around Seattle IT and the City.
- Accela is an online application submission and workflow management tool used by the city to manage many of our permitting, licensing, and code enforcement lines of business. It moves us closer to a goal of a unified point of entry for service offerings to customers and a consolidated system for our staff to improve efficiently through cross-departmental cooperation. Accela is



the application system behind the [Seattle Services Portal](#) website and is in the top five for most accessed website on Seattle.gov. There is currently two AI pilots related to improving the permitting process — CivCheck and Archistar. Because there have been no specific integration requests with Accela for these AI pilots, Seattle IT has not initiated an integration assessment.

Roadmaps for Larger Rollouts:

The execution roadmap in the AI Plan states, *“Seattle IT will scale from pilot testing toward Citywide use of its first main AI options between 2025 and 2026, navigating the volatility of the AI marketplace with strategic discipline. Governance structures like the Mayor’s IT Subcabinet and centralized review will steer investments, ensuring alignment with community needs and ethical standards. Performance indicators and ROI analyses, including bias audits, user satisfaction, and supportability, will determine success.”* AI priority pilots are guided by high-impact opportunities and City priorities: 1) Enhancing public safety, 2) Streamlining permitting process, 3) Increasing utilities efficiency, 4) Improving government service access, 5) Expanding data analytics availability, 6) Increasing employee productivity, and 7) Improving community support.

These quarterly reports will highlight AI software that is ready for larger enterprise rollout and software currently being evaluated for a potential larger rollout in the future. Ready for larger enterprise rollout means the software completed the official pilot, proof of value, communication, and engagement process.

- **Ready for Larger Enterprise Rollout (Q1-2026):**

- Microsoft Copilot Chat: Copilot Chat is an AI-powered conversational assistant integrated into Microsoft 365, Edge, and Windows, designed to boost productivity by summarizing meetings, drafting content, editing, and searching. It acts as a side-panel assistant that understands context, allowing users to analyze files, generate content, save time on research, and automate tasks. Results from the pilot process are provided below under the lessons learned section.

- **Potential Larger Rollout in the Future (Under Review):**

- AI Governance Tools: Given security trends and briefings in late 2025, Seattle IT observed the need to take a new and layered approach to its Cybersecurity program in 2026. The advent of AI tools and agentic threats has shifted the field and how we can identify, protect, detect, and respond to threats. Seattle IT leadership has identified goals for a layered tools strategy from perimeter and domain traffic patterns, to data activity patterns, to device agents, to identify and access patterns. A new mix will be required to establish visibility, security guardrails, and compliance management for embedded, SaaS (Software as a Service), and native AI applications that currently does not exist. Further, it looks to be a fragmented vendor environment for the foreseeable future, making risks higher. Shadow AI usage and preventing inappropriate usage of AI in the City will be both crucial and difficult.
- NebulaONE (AI platform): nebulaONE is an AI platform and toolbox that uses market-leading models to create custom, secure, and useful AI agents within the City of Seattle Azure cloud environment. Platform allows for rapid prototyping in sandbox and ability to create customized personal AI agents in a low-code environment. IT plans to invest in nebulaONE, a low-code, sandbox environment for rapid AI development and



prototyping that is aligned with our data infrastructure and governance standards.

- Copilot Studio: The plan is to introduce Copilot Studio in production in the second half of 2026 based on approval. This capability extends the existing Citizen Developer paradigm of the Power Platform by allowing staff to create AI-enabled app and Copilots based on the guardrails of low-code strategy building app library and cost models. The solution built in Copilot Studio will go through a structured review and approval process that includes:
 - A mandatory vetting process before deployment
 - Data access and security controls
 - Compliance and responsible-AI safeguards
 - Operational oversight to ensure sustainability and alignment with business needs

Our goal is to empower employees with modern tools while ensuring responsible, transparent, and union-aligned implementation.

AI Pilot Request Process and Mayor’s Information Technology Subcabinet (MITS) AI Workgroup:

The City has established a centralized AI governance process to ensure responsible and effective adoption of AI technologies across departments. When a department identifies an AI solution they want to test, they submit a proposal through a standardized intake form that describes the business problem, anticipated value, and compliance with the City's Responsible AI policies. The AI Request Review Group—a staff-level team of subject matter experts convened by the City AI Officer—conducts rigorous analysis to assess whether AI is the right technical approach, evaluate business justification, check if existing city tools already solve the problem, and identify potential compliance concerns.

Based on their recommendation, the MITS AI Workgroup—comprised of leadership from key departments along with the Mayor’s Office and City Budget Office—will make final go/no-go decisions on whether pilots should proceed. Approved proposals then advance to detailed architecture, security, and privacy reviews before piloting begins. After pilots complete, departments submit a comprehensive evaluation that measures business impact, user experience, technical performance, and responsible AI compliance against citywide objectives, which informs the final decision on whether to scale to full deployment.

Security and Privacy:

[Seattle IT’s AI Policy](#) states, “*City of Seattle AI solutions must be used to solve meaningful challenges and enhance service delivery. At the same time, they must reflect Seattle values through responsible, secure and transparent use. Failures in AI-driven solutions erode public trust in City services and confidence in our staff, often at a greater scale than in traditional technologies. To mitigate these risks, all AI work, systems, and solutions must:*

- 1) *Adhere to established City security, privacy, and responsible use practices and principles.*
- 2) *Assess and control for risks at every stage from procurement to deployment (“go-live”).*
- 3) *Monitor and manage performance and impact throughout the solution’s lifecycle.”*



Seattle Information Technology

The City's Chief Information Security Officer (CISO) ensures all AI solutions have the required controls, monitoring, and incident response, in accordance with the City's IT Security Policy (ITSP) and oversees the security practices of AI solutions.

The City's Chief Privacy Officer (CPO) role and responsibility includes: 1) Ensuring AI solutions are used in accordance with this policy and the City's Privacy Policy; 2) Coordinating review of AI solutions procured through ITD for use by City departments, including coordinating completion of the AI Vendor FactSheet, as detailed in the AI Acquisition & Operation Manual; 3) Overseeing the privacy practices of AI solutions; and 4) Creating and maintaining AI risks and impact criteria and the documentation to support the exception review process for AI solutions.

Additionally, as part of [SMC 14.18](#) ("Surveillance Ordinance"), all new technology acquisitions including all the technologies listed under Appendix A, are listed in the [CTO Quarterly Determination Reports](#). The quarterly report provides a list of all such technology acquisitions, the process followed, and the determinations for each of the technologies reviewed.

Financial Costs of AI Initiatives

For the financial costs reporting in this first quarterly report, we are recapping the 2024 financial strategy, providing an update on AI funding from the most recent budget decision at the end of 2025, and the general cost impact from software and pilots in 2025. Please note that we will include more detailed information about the technologies listed under Appendix A in the 2nd quarterly report. Seattle IT understands the importance of tracking AI financial information closely, knowing vendors will likely push minimal costs at the beginning and then costs ballooning in future years. We are tracking one-time and ongoing financial costs, including operations and maintenance fees, cloud storage fees, and subscription fees.

- **2024 Financial Strategy:** Seattle IT set a strategy for the City in 2024 to not make major AI investments until mid-2025 to mid-2026, as the vendor space and pricing were too early and dynamic. This proved correct as token, hardware, and model pricing have all fallen dramatically. Additionally, contract terms were harder to negotiate as vendors were struggling to respond to privacy and validation requirements for responsible use.
- **2025-2026 AI Innovation Fund (\$400,000):** [Council Bill 121113](#) appropriated \$400,000 in the 2025 Year-End Supplemental for ITD-coordinated pilot projects. These one-time dollars were approved as a matching fund for use on initiatives from departments that would show value to City priorities, overcome burdens on staff, accelerate smart decision-making, and/or improve responsiveness to the community, requiring investment by departments to access the fund. These are to be augmentive and 35% is designed to support core/common AI infrastructure that benefits everyone. Proposals would be submitted to the Mayor's IT Subcabinet (MITS) AI Workgroup for review. Seattle IT was not in a position to execute on these funds in 2025 because the MITS AI Workgroup process was being developed and the first AI Officer for the City of Seattle joined in December 2025. Seattle IT will propose carrying forward the \$400,000 in a special carryforward ordinance in Q2 2026.
- **2026 Council Budget Action SDCI-005-A-1:** \$750,000 was appropriated in the Construction and Inspections Fund for the purchase and on-going subscription for an AI permitting tool. The one-time cost of the tool is \$500,000 and the remainder would be an ongoing \$250,000 cost for subscriptions and integration.



- **Creation of the Permitting Accountability and Customer Trust (PACT) Program:** \$750,000 was appropriated from the Information Technology Fund for the PACT Program to improve customer trust and service transparency. The investment supports end-to-end case visibility, more complete and accurate service information, performance and survey metrics, expanded language and accessibility features across web, mobile, chat, and virtual agents, and dashboards that show leadership, staff, and the public how the City is performing by case type. AI elements are focused on language support and virtual agents for contact center overflow. The funding also supports unifying the City's constituent relationship management (CRM), mobile app, and performance reporting platforms across departments to improve service and reduce long-term costs through shared implementation. One full-time equivalent (FTE) staff member was approved to support the CRM platform, integrations, and customer-facing service delivery. Together, these investments are intended to create a faster, more transparent, and more user-friendly experience for Seattle residents and businesses.
- **2025 AI Software Testing and Pilots:** Seattle IT and departments have obtained a significant amount of the major pilots on grants and Proof of Concept/Proof of Value projects, so as to minimize City investments until clear value is demonstrated. Investments that the City has made have been small in cost. Some existing systems have rolled out AI features and components that are incorporated into the subscription and licensing fees.
- **2026 AI Software and Pilots:** For the technologies listed in the table under Appendix A, Seattle IT will detail the 2026 financial costs for the approved AI software currently in use and pilot cost estimates in the second quarter AI report.

AI Partnerships

Success through partnerships is one of the four strategic pillars in our City of Seattle 2025-2026 AI Plan. The City's AI plan rests upon these four strategic pillars, providing a foundation for successful long-term use for people and City operations. Partnerships are represented by:

- Collaborating with academia (e.g., University of Washington), nonprofits, and industry to pilot solutions that reflect shared values.
- Engaging the public through educational campaigns, resident-focused tools, and community feedback mechanisms.
- Aligning with other governments to monitor policy impacts and advocate for responsible technology legislation.
- Partnering with our labor partners to ensure proactive engagement and clear communication.

We are collaborating with academia, industry, and communities to gain access to cutting-edge research, expertise and diverse perspectives that shape effective and ethical AI solutions. We are seeking out opportunities to engage the private sector, non-profit, government, and educational communities to enable joint work including:

- Innovation and Performance coordination to ensure collaboration and efforts are focused on City priorities around data analytics, performance metrics, and data objectives.
- Academic Collaborations with the University of Washington (UW) and Seattle University. In January 2026, Seattle IT completed a partnership agreement with the UW that allows us to



engage with researchers at UW for AI work, establishing a framework through which the City of Seattle and the UW will collaborate on artificial intelligence research, development, technical/professional services, and applied projects on a service order basis. As part of this intergovernmental agreement, Seattle IT has allocated up to \$50,000 for the costs and invoicing requirements for the service order requests with the UW.

- Partnerships across sectors to address data-sharing, infrastructure readiness, and workforce upskilling by offering resources and aligning objectives.
- Industry and university engagement and activation in the form of support for local incubators and accelerators, participation in innovation challenges, partnerships with universities and non-profits, and acquisition of grant-funded projects to supplement City-funded efforts where they align with priorities. City initiatives have included AI House with the State of Washington (pre-AI Plan); constituent language and access support through Gooey.ai with support from the Rockefeller Foundation; an Intergovernmental Agreement with the University of Washington that allows the City to tap the UW for projects, research, and development; hackathons for permitting and customer response with local entrepreneurs and student groups at AI House and AI2; and development of an AI model with the UW Center for Responsibility in AI Systems and Experiences that evaluated State statutes, City ordinances and code, Directors Rules, and guidance for conflicts, gaps, and needs for clarification to accelerate permitting for housing and business.
- Community and non-profit partnerships to accelerate innovation while ensuring focus on public values and digital equity advocacy and build a resilient, inclusive, and empowered community to solve challenges non-profit service organizations face in delivering needed services, including joint work with and support for the GovAI Coalition.

Partnering With Labor:

City leadership has worked closely with labor partners and will continue to be a key ally to ensure that Seattle's AI future strengthens both our workforce and the communities we serve. AI is a tool to augment staff and service levels, not replace people. Efforts to retrain and reposition employees for future-ready roles get us to the service level goals Seattle aspires to. Piloting AI solutions without the input and collaboration of represented employees risks undermining both effectiveness and the trust that sustains successful innovation. The City's labor partners bring a critical understanding of workflows, resident interactions, and the on-the-ground realities that shape implementation. By working together, the City ensures that AI solutions are co-designed to enhance and not disrupt, and that we realize our shared vision of equitable, people-centered, high-performing municipal service.

Our collaborative work with labor was recently demonstrated as part of the Microsoft Copilot Chat outreach plan. We communicated the rollout plan and structured training with our union partners, both Local 17/Coalition and IBEW 77. We will continue to keep our labor partners up to date and informed about AI and Copilot specifically. The conversation themes centered around focusing pilots on AI opportunities that (1) relieve the burdens where employees identify them, (2) allow us to make much better decisions, and (3) enable levels of high responsiveness to staff and community that are not currently possible.

In January, Seattle IT began outlining an AI for Managers learning session focused on leadership oversight and accountability in AI adoption. This work is intended to support managers as departments begin exploring AI-enabled workflows and tools such as Copilot. Early planning focused on ensuring



managers have a shared understanding of the City’s Responsible AI expectations, privacy and public records considerations, and the role of leadership in evaluating appropriate use cases. The session concept also highlights the importance of responsible experimentation through targeted pilots, reinforcing that managers remain accountable for reviewing AI-supported work, protecting sensitive information, and ensuring alignment with City policies and operational standards as AI capabilities continue to evolve.

Regional and National Collaborations:

Seattle IT is in communication with the following government agencies and organizations regarding AI policy, current uses and trends, and regulation to navigate a complex and evolving AI landscape responsibly.

- **Washington State Legislature:** Seattle IT and the Office of Intergovernmental Relations monitored the following AI-related bills by state lawmakers during the 2025-26 legislative session.

Bill Number	Bill Description	Status
HB 2157 & SB 6120	Regulating high-risk artificial intelligence system development, deployment, and use.	Bill did not advance
HB 2667 & SB 6284	AI consumer protections.	Bill did not advance
HB 1622 & SB 5422	Allowing bargaining over matters related to the use of artificial intelligence.	Bill did not advance
HB 2225 & SB 5984	Regulating artificial intelligence companion chatbots.	Passed
HB 1170	Informing users when content is developed or modified by artificial intelligence.	Passed
SB 5956	Addressing artificial intelligence, student discipline, and surveillance in public schools.	Bill did not advance
SB 5886	Concerning personality rights.	Passed

- **Government AI Coalition:** Formed by the City of San Jose, CA, the Government AI Coalition is collaborating with government agencies across the country to develop standards that promote effective, equitable, trustworthy AI systems to better serve our communities. The GovAI Coalition is committed to using AI for social good, ensuring ethical and responsible AI governance, promoting vendor accountability, realizing improved efficiency, and fostering cross-agency collaboration and knowledge sharing. The Coalition is the largest collection of responsible AI partners spanning government, academia, non-profit, and related partners with 900 organizations, giving it the ability to influence industry and policy. As it moves to become a full non-profit organization in 2026, Seattle aims to be supportive.
- **MetroLab Network Generative AI for Local Governments Task Force:** This group is composed of individuals from cities, counties, non-profits, universities, and metropolitan planning organizations from around the country. Seattle’s work on MetroLab’s AI Task Force concluded, the work was published, and the organization has since been absorbed by the Federation of American Scientists (FAS).
- **State of Washington’s AI Community of Practice:** Seattle IT staff are engaged with WaTech’s AI



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Community of Practice, which continues to work to provide guidance for the development, procurement and implementation of AI technologies by Washington state agencies.

- **State of Washington’s Artificial Intelligence Task Force:** In 2024, the Washington State Legislature passed ESSB 5838, establishing an [Artificial Intelligence \(AI\) Task Force](#). Managed by the Attorney General's Office and although the City of Seattle is not a Task Force member, we monitor the reports and meetings.

Public-Private Partnerships:

- **AI House:** In March of 2025, the [AI House](#) was launched through a public-private partnership. A first-in-the-nation AI hub, focused on entrepreneurs, startups, investors, and community leaders building the next era of AI in Seattle. Launched through a partnership between the City of Seattle’s Office of Economic Development (OED), [AI2 Incubator](#), and [Ada Developers Academy](#), this hub provides co-working space, event space, and collaborative tools for founders creating AI-focused companies. The financial cost included a \$210,000 investment from OED to support programmatic needs and \$400,000 from Washington Department of Commerce for real estate. The goal of the partnership is to foster the unique talent and AI potential present in the Seattle area. Data from Greater Seattle Partners shows that Seattle is currently home to more than 400 AI companies, nearly 200 AI startups, and is a top ten location for AI job markets—all of which is contributing to the global AI market potential of up to \$15.7 trillion by 2030, positioning Seattle as an emerging global leader in AI. Through the AI House partnership, as AI projects mature, they can expand into long-term spaces in Downtown Seattle, fueling economic growth and growing the roster of AI companies in Seattle. From March 2025 through December 2025, OED’s support has contributed to:
 - 24 teams recruited to the incubators
 - \$40.6 million raised
 - 119 events were held with 11,153 participants
 - 127 resident experts (talented applied AI research leaders, founders & builders, engineering executives, product and design leaders, and startup executives)
- **Community Innovation Hackathons:** The Community Innovation Hackathon Series is hosted by Seattle’s Innovation and Performance Team in partnership with AI House. It brings together students, entrepreneurs, technologists, City staff, and community to co-create AI-powered solutions to critical City priorities. These hands-on events facilitate rapid design, prototyping, and presentation of data-driven solutions to specific challenges.
 - The first hackathon was on September 11, 2025, and focused on developing AI-powered tools to enhance Seattle’s Youth Connector web application, aiming to improve awareness and access to youth enrichment programs citywide. This event was based on City research, which identified awareness as the primary barrier to youth participation in mental health-supporting activities.
 - The second hackathon was on October 9, 2025, which focused on streamlining permitting processes. We have heard from the community that permits take too long. In response, we have new goals to speed up permitting timelines and to drive that work, the City created the [Permitting Accountability and Customer Trust \(PACT\)](#) team. PACT is designed to improve the speed, predictability, and transparency of permits for housing

and small businesses. The City’s PACT team challenged the hackathon participants to leverage AI and open data in creative ways that will further our goal of making construction permitting simpler, faster, and more transparent for everyone. All of the winning teams focused on ways to predict and illuminate the process of permitting for users as early as possible, to enable them to avoid pitfalls and anticipate delays.

- The third hackathon was on November 6, 2025, and focused on customer service requests. Teams were challenged to use open data and AI tools to prototype ideas that improve the customer service process or experience — to simplify processes, improve teamwork, and focus on what matters most: helping people and delivering better results.

Lessons Learned

The AI Plan provides in detail a structured Proof of Value (PoV) process and performance metrics to determine the return on investment (ROI). The AI Plan states, *“technologies are evaluated through a ‘Proof of Value’ framework that prioritizes City impact, cost, and operational experience over vendor hype and anecdote.”* The City’s AI Proof of Value framework ensures pilots are judged on clear objectives, business value, responsible use, and long-term supportability, not hype-fueled adoption we hear from sales staff. The return on investment analysis measures the benefits of technology to ensure thoughtful adoption will be specific to each pilot and dependent on the features and functions of the solution under consideration. In general, assessing the return on investment for a pilot will include the following performance metrics:

Objective	SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound)
Business Value	By the end of a pilot, 80%+ of pilot users reported that they found business value in using the solution.
Alignment with Business Goals	Confirm that the solution aligns 100% with business goals and City values.
Responsible AI	By the end of the pilot, 100% of pilot users will be educated on the City’s Responsible AI principles.
Success Criteria	Establish a benchmark and record measurable benefits of an AI-supported solution compared to the previous solution/approach.
Accuracy and Reliability	Measure against the acceptable accuracy of output, including bias and hallucination audit results.
User Experience and Feedback	By the end of the pilots, achieve an 80%+ positive rating for overall user experience.
Supportability/Scalability	By the end of the pilots, achieve a “Yes” to supportability and scalability of the piloted solution at the City of Seattle.

The following highlights lessons learned using the proof of value framework evaluation process for technologies that have completed the testing and pilot process:

- CivCheck: This pre-application screening tool for building permits showed an approximate 50% reduction in average days for intake review of permits and 35% reduction in correction cycles per review. 86% of SDCI pilot users reported business value from CivCheck. This is an example of a tailored AI solution to address business problems but requires fine tuning in order to see



significant gains. CivCheck is still currently being evaluated among the AI prescreening tool pilots.

- **Microsoft Copilot Chat:** The pilot was conducted in 2025 from September to November over two separate waves totaling 500 users. We saw active and robust participation by departments and employees. City employees in the pilot self-reported 83% finding business value from having access to Copilot Chat, 79% had a positive user experience, and they reported an average time savings of 2.5 hours/week per user, showing reduced load and improved responsiveness. Staff found the tool easy to use and results from the pilot indicate the tool would help employees process their work where it may lessen being overwhelmed; help make better decisions; and/or help with responsiveness. Copilot Chat offers immediate business value through time savings, improved communication, and increased productivity, particularly for knowledge workers. While some limitations were noted, such as integration gaps and occasional inaccuracies, the tool was well received and demonstrated strong potential for broader use. This pilot demonstrated a significant desire and opportunity for AI assistants to be force-multipliers in workforce efficiency.
- **C3 Pilot:** By replacing manual, siloed workflows with AI-driven insights and interactive dashboards, the application reduced collision analysis time and highlighted safety hotspots. However, while the pilot showed exciting results, productionization would require significant effort, configuration, and internal staffing. SDOT is currently evaluating a 3rd party vendor integration and also assessing developing an internal solution that better aligns with our data architecture and governance.
- **AI Governance Tools:** Seattle IT piloted a tool to provide visibility and compliance monitoring for AI usage across the City of Seattle organization and to track any shadow AI usage. The tool detected 38 out of (at least) 56 shadow AI tools, which validated its value as part of a layered governance model, and is undergoing risk-based evaluation for tooling adoption. Based on the key learning, Seattle IT will implement new firewall configuration rules that will begin blocking unauthorized AI services in the City starting in the second quarter.

From the testing and evaluations conducted in 2025, we learned that proofs of concept developed by external consultants and vendors can be difficult and expensive to integrate into our production environments and to maintain. Examples include the C3 pilots from SPD and SDOT, and the SPU robotic vision project for pipe leakage detection.

Workforce Upskilling and Education

Workforce upskilling is one of the four strategic pillars in the [City of Seattle 2025-2026 AI Plan](#). In summary, we have launched training programs, lunch and learns, and community events to meet the following goals in the AI Plan:

- Launching a comprehensive Citywide AI training program with tiers focused on Fundamentals, Approaches, and Solutions;
- Reskilling staff to navigate ethical AI use and prepare for shifts in roles and responsibilities; and
- Establishing continuous education, cultural change management, and collaboration with unions to support workforce transitions.

Furthermore, the AI Plan states, *“we are working with industry partners to develop an AI skilling*

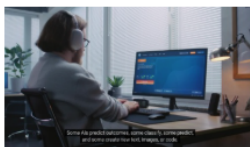


program centered on AI Fundamentals, AI Approaches, and AI Solutions. AI Fundamentals ensures that everyone—from officials to managers to front-line employees—can distinguish fact from fiction, understand core AI concepts, account for required human decision-making, and speak the general terminology the City will use. This common grounding empowers all City staff to approach new AI opportunities with informed caution, recognize ethical considerations such as bias and privacy, and uphold community trust by knowing how to safeguard sensitive data and ensure equity.” Upskilling staff to develop and support AI solutions includes a three-phased approach:

- Phase 1: Developing Citywide introductory AI overview training in-house.
- Phase 2: Holding upskilling workshops focusing on data science, responsible use, and operational support to develop a detailed training for a deeper dive into issues and next steps to integrate AI into our environment.
- Phase 3: Partnerships with academic and industry institutions to create a curriculum for ITD and other developers.

City Employee AI Training Program: The City of Seattle employee AI Training page went online in 2025 and is accessible by all city employees to explore available AI training resources. Below are screenshots of the training page and the available AI training courses.

^ City of Seattle Training



Responsible AI at the City of Seattle

seattlegov.sharepoint.com

This is an overview of the City of Seattle's approach to responsible AI, highlighting its One Data Strategy, human oversight requirements, workforce training, and commitment to equitable, effective, and transparent AI use in public service.



Understanding AI - A Guide for City of Seattle Staff

seattlegov.sharepoint.com

This guide introduces City of Seattle staff to the fundamentals of AI, emphasizing its potential to improve City services. It outlines key concepts like machine learning, generative AI, and human oversight, while stressing the need for privacy, bias mitigation, and staff training.

^ LinkedIn Learning & Cornerstone Courses



Agentic AI: Building Data-First AI Agents



Foundations of Responsible AI



Responsible AI for Managers



AI Meets Accessibility



Everyday AI Concepts



Artificial Intelligence Foundations: Machine Learning



Programming Foundations: Artificial Intelligence



Introduction to Artificial Intelligence

Upskilling Workshops: Comprehensive AI upskilling effort ensures the entire organization is on the same page—aligned in language, priorities, and process—so the City can responsibly harness AI to serve its residents. The following ongoing upskilling sessions occurred from August 2025 to February 2026, with more planned for 2026:



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- Microsoft Copilot Chat — 2 Sessions (August 18, 2025)
 - Learning in three levels: (1) Foundations, (2) Approaches, and (3) Solutions Building
 - Prompt guidance, data handling, and cross-department readiness
- Microsoft Copilot Chat (October 8, 2025)
 - Two cohort-specific sessions introducing prompt design, applied use cases, and responsible AI practices
 - 110+ participants across departments; aligned with POL-211 and Responsible AI Principles
- ChatGPT Pilot (November 2025-January 2026) - ChatGPT pilot is currently paused.
 - After thorough review, current capabilities of OpenAI ChatGPT and its integration with Microsoft Purview and the Pay-As-You-Go model in Microsoft 365 Government Community Cloud (GCC) do not meet the required compliance standards. On February 10, leadership and key stakeholders agreed to pause the ChatGPT Pilot indefinitely to ensure adherence to Washington State and City of Seattle regulations regarding data handling. All pilot assets (education, governance, communications) will be retained for future use. When the pilot is able to restart, we will reach out to coordinate efforts for finalizing configuration and onboarding pilot users. Seattle IT's Business Solutions Division will continue collaborating with OpenAI and Microsoft to advance capabilities for government customers in Washington State.
- Citywide AI Curriculum— Foundations Track (October 2025 – March 2026)
 - Core modules on Responsible AI, data literacy, and safe tool use.
 - Integrated into onboarding and continuous learning for all employees.
- AI Community of Practice (AI Champs Network)
 - Monthly peer sessions and shared learning channel for applied AI practices and troubleshooting.
- Copilot Chat Lunch-n-Learns (November 2025): Advanced prompting, workflow integration, and live Q&A with vendor specialists.
- AI Safety Awareness — Jefferson Community Center (October 27, 2025): Community event on principles of and safe practices with AI. Target audience included young adults and seniors in the community. This was a free community event. Seattle IT partnered with AI Safety Awareness Project, a non-profit organization we have worked with since early 2025.
- AI for Managers — Responsible Use & Oversight (in progress, rollout in 2026)
 - Practical workshop for supervisors to embed responsible AI practices into team operations.
 - Reinforces leadership accountability and governance maturity.

In summary, the following metrics reflect city employee engagement for the above City Employee AI Training Program and Upskilling Workshops from May 2025 to February 2026, with more planned for 2026:



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- Total AI executive/senior manager upskilling sessions and attendees: 2, 44
- Total upskilling and training sessions: 8
- Total employee participation: 308
- Total AI training employee website views: 1579
- Total training video/presentation views: 699



Appendix A: AI Software and AI Pilots Table

The following department acronyms are used in the following tables and are provided as a reference:

Acronym	Department
CARE	Community Assisted Response & Engagement
Citywide	Multiple Departments
FAS	Finance and Administrative Services
HSD	Human Services Department
I&P	Innovation and Performance
ITD	Information Technology Department
OED	Office of Economic Development
OIG	Office of Inspector General
OLS	Office of Labor Standards
OPA	Office of Police Accountability
OPCD	Office of Planning & Community Development
OSE	Office of Sustainability & Environment
SCL	Seattle City Light
SDCI	Seattle Department of Construction & Inspections
SDOT	Seattle Department of Transportation
SFD	Seattle Fire Department
SHR	Seattle Human Resources
SPD	Seattle Police Department
SPR	Seattle Parks & Recreation
SPU	Seattle Public Utilities

AI Software Table:

Software	Department	Category	Status	Description & Business Case
Textio	OPA, OSE, OIG	Augmented writing	Currently in use	Textio is an augmented writing platform that analyzes drafts and suggests edits to reduce bias and improve clarity and reach. Multiple departments use Textio to help HR and hiring teams craft job postings and candidate communications that align with DEI and RSJI standards.



Derq	SDOT	Business-specific use case	Currently in use	Derq provides a machine learning platform that counts, classifies, and monitors roadway activity, speeds, collisions, and near-miss events. SDOT uses Derq to analyze pedestrian and vehicle behavior, capture short video clips of near misses for engineering review, improve safety analysis, support operational decisions efficiently at scale, and support real-time signal timing adjustments.
Currux	SDOT	Business-specific use case	Currently in use	Currux provides a machine learning platform that counts, classifies, and monitors roadway activity, speeds, collisions, and near-miss events. SDOT uses Currux to analyze pedestrian and vehicle behavior, capture short video clips of near misses for engineering review, improve safety analysis, support operational decisions efficiently at scale, and support real-time signal timing adjustments.
BLTN	SPD	Business-specific use case	Currently in use	BLTN is a CJIS-secure, cloud-based platform for creating and sharing criminal information bulletins with images and videos. It allows detectives to create online bulletins, curated feeds, and facilitates communication between detectives handling related cases by alerting them to the possibility of a connection between their cases. SPD uses BLTN to modernize information sharing, improve investigative collaboration, and help detectives quickly identify related cases across units and partner agencies.
Corti	SPD, CARE, SFD	Call triage	Currently in use	Corti provides AI-powered audio analysis that supports real-time decision-making for medical dispatch and triage. This system has been in place since 2019. It listens to the first 30 seconds of



				911 calls and flags low acuity calls for triage to a nurse line. This is a visual cue only to assist with dispatch decisions.
Esri Support Chatbot	ITD, Citywide	Chatbot	Currently in use	Esri is the City's GIS vendor. The support chatbot helps users diagnose and resolve GIS-related error messages. A small number of city staff use it to reduce time spent troubleshooting, enabling faster resolution of common Esri support issues.
Microsoft Copilot Chat	ITD, Citywide	Chatbot	Currently in use	Microsoft Copilot Chat is a generative AI assistant included with City licenses that supports drafting, summarizing, editing, and file analysis. Staff who participated in the pilot use it as a productivity tool to generate documents, refine presentations, and summarize content quickly. Copilot Chat is approved by IT for Citywide use.
Jasper.ai	SHR, SDOT	Communications; Copy generation	Currently in use	Jasper.ai is a generative content platform that produces customizable copy aligned with brand and voice guidelines. Departments use Jasper to maintain consistent messaging, simplify technical language for public audiences, and support multilingual communication needs.
BlastPoint	SCL	Customer targeting	Currently in use	BlastPoint is a predictive analytics tool that merges utility data with public and proprietary datasets to model customer behavior. Seattle City Light uses it to identify customer propensities, target communications, and improve engagement efficiency and cost-effectiveness.



Placer.ai	SPR, OED, SDOT	Geospatial analysis	Currently in use	Placer.ai uses AI and anonymized mobile location data to estimate visitor counts and analyze foot traffic behavior. Departments use it to understand visitation trends in neighborhoods, support economic forecasting, and plan for facilities, maintenance, and energy needs.
Topaz AI	ITD	Image editing	Currently in use	Topaz Photo AI is an image enhancement tool that reduces noise and sharpens or upscales imagery using AI. The Seattle Channel uses it to improve photo and video asset quality for broadcast and digital content.
Synthesia.ai	ITD, SHR	Learning & Development	Currently in use	Synthesia creates AI-generated videos with avatars using uploaded scripts or documents. Various departments use it to streamline production of training materials without requiring on-camera recordings.
Articulate AI Assistant	ITD, SPD, SPU, SDCI, HSD, SCL	Learning & Development	Currently in use	Articulate's AI Assistant accelerates creation of e-learning content within the Articulate platform. Staff use it to generate, refine, and polish training modules more quickly.
Adobe Captivate	SPU	Learning & Development	Currently in use	Adobe Captivate is an e-learning authoring tool with generative features for text, images, avatars, and transcripts. SPU staff uses it to develop interactive training courses for staff.
Powtoon - Text to Speech converter	SPD	Learning & Development; Text to speech generation	Currently in use	Powtoon is a rapid authoring tool for creating animated training content with built-in text-to-speech. SPD uses it to produce leadership and employee development training videos without separate voiceover software.



Otter.ai	SPD, OPA	Notetaker; Workflow automation	Currently in use	Otter.ai is an AI notetaking and transcription tool. Staff use it to automate transcription of interviews and virtual meetings, reducing manual documentation time.
Qualtrics	SDCI, HSD	Text analysis	Currently in use	Qualtrics provides survey tools with integrated text analysis to measure sentiment and engagement. Departments use it to understand pain points for staff and customers and to analyze feedback more quickly.
OpenGov AI-powered Public Procurement	FAS, Citywide	Workflow automation; Content creation	Currently in use	OpenGov's AI drafting tool uses natural language generation to produce initial scopes of work (SOW). Used to accelerate RFP development and research.
Westlaw Deep Research (Thomson Reuters)	SPD, OPA	Workflow efficiency; Content extraction	Currently in use	Deep Research enhances legal research within Westlaw using generative AI capabilities. SPD and OPA are testing it to search legal documents more efficiently and reduce time spent on complex research tasks.
Axon Fusus	SPD	Object recognition	Currently in use	Fusus is a real-time crime center platform with AI-powered object recognition for non-biometric labels in video (i.e. clothing object or color). This image labeling accelerates searches through video evidence and receive alerts matching investigative criteria.
Figma	SPU, SDOT, various	Workflow efficiency	Currently in use	Figma is a cloud-based design and prototyping tool with AI features such as semantic search, automated UI drafts, and image editing. Departments use it for UI/UX design efficiency and collaborative prototyping.
Grammarly	SHR	Workflow efficiency	Currently in use	Grammarly is an AI-powered writing assistant for grammar, clarity, and style. SHR uses it to improve communication consistency but plans to sunset the tool in 2026.



Chat.D-ID	OLS	Presentation creation; Text to voice generation	Never used	Chat.D-ID generates animated avatars and text-to-speech presentations. OLS considered using it to create presentation content using recorded staff voices for training and communication, but it was never used.
ForceMetrics	SPD	Business-specific use case	Not used yet but will be soon	ForceMetrics provides data linkage and visualizations across public safety data sources. SPD uses it to improve tribal affiliation data, enhance homelessness-related data collection, and support analysis of key programs like Missing and Murdered Indigenous People.
CaseX	SPD	Chatbot	Not used yet but will be soon	CaseX is a chatbot-based crime and incident reporting tool for residents to report low-level crimes. CaseX will replace an existing system and will streamline intake for low-level reports, improve user experience, and route cases accurately without requiring in-person response.
Telestream Stanza	ITD	Transcription & Translation; Workflow efficiency; Accessibility	Not used yet but will be soon	Telestream Stanza provides AI-driven transcription and captioning with editing and timing tools. ITD uses it to support retroactive accessibility work and ensure compliance with FCC and WCAG standards.
BA CoPilot	SCL	Workflow automation	Not used yet but will be soon	BA CoPilot generates business process diagrams and SOPs from text or images. SCL plans to use it to accelerate process documentation and standard operating procedure creation.
AWS Comprehend Medical	SFD	Workflow automation; Content extraction	Not used yet but will be soon	Comprehend Medical extracts medical information from unstructured text. SFD uses it to identify vital signs and treatments from EMS and hospital narratives to streamline clinical information extraction.



Remini AI	ITD	Image editing	Used in the past but not currently	Remini is an AI image-enhancement plugin used for sharpening and improving photo quality. ITD previously used it for Seattle Channel media production before replacing it with Topaz AI.
Fathom AI	SPU (single use by contractor)	Notetaker; Voice-to-text transcription	Used in the past but not currently	Fathom AI transcribes and summarizes virtual meeting content. A contractor with SPU used it to analyze focus group conversations in a contractor-led engagement.
Beautiful.ai	OPCD (single user)	Presentation creation	Used in the past but not currently	Beautiful.ai generates presentation slides from prompts. A staff member used it to quickly produce visually appealing presentations, but it is no longer used by staff.
Axon ALPR (Automated License Plate Reader)	SPD	Object recognition	Used in the past but not currently	Axon ALPR uses computer vision to capture license plates and vehicle characteristics from patrol vehicle cameras. SPD uses it to automatically identify vehicles linked to warrants, missing persons, or investigations. ALPR was recently turned off.
Amazon Q (ASQ SQD)	SPD	Chatbot	Used in the past but not currently	Amazon Q for Business is a chatbot that provides access to public and internal job aids. SPD explored it as a solution for a low-risk generative AI assistant for general business tasks. However, it did not meet the needs of the business, and the team is exploring Claude as an alternative.
AiDash	SCL	Business-specific use case	Used in the past but not currently	AiDash uses satellite imagery and AI to analyze vegetation management needs for utilities. Seattle City Light used it in the past to assess vegetative clearances, tree health, and buffer compliance around transmission systems.
WellSaid Labs	SPD	Learning & Development;	Used in the past	WellSaid uses AI voice avatars to produce voiceover audio from



		Video generation; Text to voice generation	but not currently	scripts. SPD previously used it to create instructional eLearning content.
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AI Pilots Table:

Technology/Pilot Name	Department	Pilot Status	Decision (after pilot completion)	Summary/Description
Archistar	SDCI	Executing		Archistar reviews architectural and engineering plans against zoning, land use, and building codes to help applicants identify compliance issues. SDCI is piloting it for similar reasons as CivCheck—to improve completeness and quality of submissions and reduce review cycle times. Archistar is building out the PoC and testing will begin pending SDCI prioritization.
Permit Application Navigator (PAN) Copilot project	SDOT	About to begin		PAN is a Copilot Studio–based chatbot that guides applicants through SDOT permitting processes, translating project details into correct permit pathways. SDOT is pursuing it to reduce confusion caused by the multi-agency permitting environment and high customer support volume. The team is currently building out the chatbot.
ChatGPT	ITD	Cancelled		ChatGPT is a generative AI chatbot used for workplace productivity tasks. Seattle IT determined public records and compliance risks were too high at the time, leading to cancellation of the pilot. The City may reconsider once required security capabilities exist.



ThriveBot	ITD	Cancelled		ThriveBot was an external-facing conversational assistant intended to help residents access information about services, benefits, and activities, built as part of the Copilot Studio pilot. Key outcomes indicate that while the bot itself did not produce a usable external product, the work demonstrated the potential and limitations of Copilot Studio for future City use.
UW-MSFT Customer Service Bot	ITD	Cancelled		This pilot aimed to build a multilingual AI chatbot to help residents find answers to common City questions.
UW-MSFT Business Assistance Bot	ITD	Cancelled		This pilot sought to create an AI assistant to help businesses navigate City licensing, permitting, and support services in multiple languages.
Microsoft Copilot Chat	ITD	Completed	City-wide deployment	Copilot Chat provides AI-powered support for drafting, summarizing, coding assistance, and content analysis across Microsoft 365. Seattle IT piloted it to improve productivity and streamline communication. Key learnings: users experienced significant time savings, better communication, and strong value despite occasional inaccuracies. The tool demonstrated strong potential for broader use.
Microsoft Copilot Studio	ITD	Completed	City-wide deployment	Copilot Studio enables low-code creation of chatbots and conversational agents. IT tested it to empower citywide teams to build internal AI tools. Key learnings: it performed well for internal use cases, offered strong integration with Microsoft tools, and showed potential for scalable deployment. Technology not yet



				suitable for external-facing chatbots due to technical limitations, but there is a roadmap to address these issues.
CivCheck	I&P, SDCI	Completed	Pending	CivCheck is an AI-assisted pre-screening tool that helps applicants submit complete, review-ready permit applications. SDCI tested CivCheck because many applications arrive incomplete, driving low first-pass approval rates and lengthy correction cycles.
AI for SPU Workplace Efficiency - HR Chatbot	SPU	Completed	Scale to production. Currently waiting on Copilot Studio rollout.	This PoC compared chatbots built in Copilot Studio and Leena AI to answer HR questions using SPU's documented policies and procedures. SPU pursued this to help employees find information without searching multiple repositories. Following the PoC, a decision was made to go with the CoPilot Studio version.
Gooey.AI SeaMore Voice Bot - Proof of Concept	ITD	Completed	Sunset	SeaMore was a voice-based AI assistant designed to provide rapid answers to common resident questions and reduce contact center call volume. The City tested it to explore a modern, centralized entry point for resident inquiries. Key learnings showed the platform was easy to use but had mixed translation performance; a later full pilot would have tested business value and call-volume impact.
CaseGuard	SPD	Completed	Sunset	CaseGuard uses AI to identify and redact sensitive information—such as faces, license plates, and computer screens—from body-worn video. SPD piloted it to support public disclosure reviews but found the



				system did not meet pilot requirements.
C3 Pilot for near miss analysis	SDOT	Completed	Sunset	This PoC used C3 AI's Safety Analysis platform to unify collision, speed, and roadway data and identify high-collision intersections. SDOT tested it to support Vision Zero efforts. Key learnings showed significant time savings in some areas, but also revealed that scaling the solution would require significant cost, configuration, and internal staffing. SDOT is now considering other vendors or internal solutions.
C3 Pilot for SPD Workforce efficiency	SPD	Completed	Sunset - explore alternate solutions (Claude)	This PoC evaluated natural-language querying and analytics for SPD's policy, law, and structured datasets. SPD pursued it to improve efficiency in answering internal client questions. Key outcomes showed the tool had low risk but also low reward, struggled with structured queries, and produced limited value, leading SPD to explore alternatives like Claude.
UW-MSFT Policy Review Engine	ITD	Executing		This project used a Retrieval-Augmented Generation (RAG) based model to analyze Washington State statutes, City ordinances, rules, and fees to identify contradictions, overlaps, and opportunities to streamline policy. ITD and SDCI collaborated with UW to build this PoC with the expected outcome of producing a prioritized roadmap of recommended policy updates, as reusable methodologies. UW team has produced prototype and the next step is to work with SDCI on evaluation.



SPU Drainage & Wastewater (DWW) Pipe Data Quality Control	SPU	Executing		This PoC evaluates machine-learning and generative-AI-derived metrics for improving DWW pipe inspection data quality. SPU is testing whether AI-enhanced dashboards can support more accurate risk assessments and better business decisions. PoC results are pending and readout is expected in April.
Zendesk Chatbot	SDCI	Executing		The Zendesk AI chatbot supports automated ticket intake and routing within the existing customer service platform. SDCI is piloting it to reduce misrouted tickets, surface self-help resources, and improve customer experience. The pilot will begin in April.
Microsoft M365 Copilot	ITD	Paused	Paused due to security concerns.	M365 Copilot integrates AI into Microsoft applications to enhance workflows and recommendations. The pilot was never started due to security concerns.
Knit.it	ITD	Review		Knit.ai analyzes support tickets to evaluate vendor performance, enabling organizations to track service levels and identify underperforming contracts.
Waypoint Transit	SDOT	Review		Waypoint Transit offers AI-powered tools designed to streamline city planning and traffic analysis for planners. Their platform integrates various data sources, such as crash reports, GIS layers, and transit feeds, into a unified system, enabling efficient geospatial analysis, corridor studies, safety audits, and multimodal transportation planning. Waypoint also supports Vision Zero initiatives, tailoring workflows to meet the



				unique needs of municipalities and planning firms.
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Appendix B: Council SLI ITD-010S-A



2026 STATEMENT OF LEGISLATIVE INTENT

V2

ITD-010S-A

Request that Seattle IT provide a series of reports on the City's investments in, and uses of, Artificial Intelligence

SPONSORS

Alexis Mercedes Rinck, Rob Saka, Mark Solomon, Robert Kettle, Sara Nelson

CENTRAL STAFF SUMMARY

This Statement of Legislative Intent (SLI) requests that Seattle Information Technology (Seattle IT) provide a series of reports on the usage of Artificial Intelligence (AI) across City departments, including pilot projects, integrations into existing technologies, and roadmaps for larger rollouts or distribution. The reports should also detail the financial costs for each of the AI initiatives (one-time and ongoing), any plans for partnerships, and significant lessons learned from prior testing and pilot projects.

The City has taken a deliberative approach to testing AI products over the past couple of years, and in 2024, Seattle IT established a strategy for the City to delay any major AI investments until late 2025 or early 2026. At this time, the majority of the AI initiatives have been cost-free or relatively inexpensive, resulting in the City having almost no ongoing AI liabilities.

Earlier this year, the City released its 2025–2026 AI Plan, which provides a guide for transitioning from an AI exploration phase into the strategic implementation of AI technologies. The Mayor has also established an IT Subcabinet AI Workgroup to steer AI investments, which is intended to ensure that proposed investments are aligned with priorities set by the Mayor and the Council, meet security and privacy requirements, and produce value through improved service delivery.

The Council requests that Seattle IT submit quarterly AI reports to the Council committee with oversight of Information Technology. Seattle IT should work with the chair of the committee to determine whether the reports should be submitted as written reports or should be presentations to the committee.

Responsible Council Committee(s): Parks, Public Utilities & Technology

DUE DATE: April 1, 2026

Seattle IT Department Q1 2026 Artificial Intelligence Usage Report

Governance & Utilities Committee

May 14, 2026

Purpose of Briefing

- In 2025, the City Council adopted a 2026 Statement of Legislative Intent (ITD-010S-A-2) requesting Seattle IT provide a series of reports on the City's investments in, and use of, Artificial Intelligence (AI).
- **Information Requested:**
 - Usage of AI across City departments
 - Financial costs
 - Plans for partnerships
 - Significant lessons learned from prior testing and pilot projects
 - Workforce upskilling and education
- **2026 Reports** (posted online): Q1 (4/01/26), Q2 (7/01/26), Q3 (10/01/26), and Q4 (12/31/26)
- The first quarterly report reflects activity and initiatives from the previous mayoral administration from 2025 through early 2026.

Responsible AI Program

- **Responsible AI Program:** Upholding the City's commitments to Responsible AI Principles, through partnership, policy, and practice, as we innovate with powerful new AI technologies. To ensure responsible use of AI, the City has established guiding principles and policies, along with actionable guidelines and programs to assist City employees in using AI ethically and effectively.
- **AI Principles, Policy, Plan, and Vision:**
 - [Responsible AI Principles](#) – October 2023
 - [Artificial Intelligence Policy \(POL-211\)](#) – Updated May 2025
 - [2025-2026 AI Plan](#) – September 2025
 - [Mayor Wilson's AI Vision](#) – May 2026
- **City AI Officer:** Lisa Qian (Seattle's first-ever City AI Officer)
- **Public Website:** seattle.gov/tech/data-privacy/the-citys-responsible-use-of-artificial-intelligence



Responsible AI Program – Governance

- **Responsible AI Toolkit for City Departments/Employees:** Serves as a one-stop shop for questions, training resources, approved AI software, current AI pilots, intake resources, and FAQs.
- **Seattle IT AI Intake & Review Process:** When a department identifies an AI solution they want to test, they submit a proposal through a standardized intake form that describes the business problem, anticipated value, and compliance with the City's Responsible AI policies. The AI Request Review Group—a staff-level team of subject matter experts convened by the City AI Officer—conducts rigorous analysis to assess whether AI is the right technical approach.
- **Mayor's Information Technology Subcabinet (MITS) AI Workgroup:** Direction from the Mayor's Office, Seattle IT, and input from lead departments; chartered to review, evaluate, and provide go/no-go decisions on AI projects/investments.
- **Data Governance:** Unified data approach; Seattle Data Strategy; and managing data for AI.

AI Strategic Alignment

- AI tools aligned with the civic priorities defined by the Mayor, City Council, and departmental leadership.
- Help accelerate permitting and housing, improve public and transportation safety, enhance the responsiveness of services for Seattle residents, enable more accessible and plain-language communications, and day-to-day Digital Workplace tools for City employees (e.g., Copilot Chat is an optional new tool for employees to use)
- AI technologies are evaluated through a "Proof of Value" framework that prioritizes City impact, cost, and operational experience/outcome.
- Use cases (improving service delivery and fostering innovation across all departments) where AI can add the most value for City employees and the public.
- Working with business, labor, and community leaders to develop City-led public policies to ensure our residents and workers have the protections we need as the AI field expands.

AI & Environmental Impact

- AI's rapid pace of innovation, exponential growth and demand for resources have raised significant concerns about its potential negative impact on the environment.
- While we are committed to innovating and being leaders in using AI, we also know that AI's impact on the environment is significant.
- AI can be incredibly beneficial to our city, but delivering those benefits requires careful consideration of impacts on our workforce and environment. [On May 1, Mayor Wilson announced specific next steps to begin to address those concerns.](#)
- Below are links to information and resources, such as calculators, to help understand the environmental impact.
 - [Energy](#)
 - [Water](#)
 - [Community Health](#)

AI Intake & Review Process

- **All AI Pilots, Proofs of Concept (PoC) and requests for AI software are required to go through the City of Seattle Service Hub – Ask for New Technology (AFNT)**
- **AI Triage Review:** All submissions are reviewed by the AI Officer (and if necessary, members of AI Review Group) for (1) business value, (2) value of AI in solution, (3) privacy and security risk, (4) redundancy of technology. Requests that do not meet the bar may be denied, deferred, or redirected at this stage.
- **Approved requests progress to Architecture, Privacy, and Cybersecurity assessments.**
- **Pilots & PoCs** must include an evaluation plan to assess business value prior to launch and a post-pilot report upon completion. Reports are reviewed by AI Officer and AI review committee to determine next steps.
- **MITS AI Workgroup** holds final decision-making authority over the City's AI portfolio and investments, and is informed at key stages of the review process.

AI Usage Across City Departments

- Based on data from 2025 through March 31, 2026.
- 17 departments have reached out about AI software; 6 departments currently running AI pilots
- **Approved AI Software (not pilots):**
 - Active Use = 22
 - In Project Phase (will be used) = 5
 - No longer used = 7
 - Requested and under IT Review = 6
- **AI Pilots/Proofs of Concept**
 - Executing or about to begin = 5
 - Completed = 8
 - Paused/cancelled = 5
 - Planned and under IT Review = 2



AI Usage Categories

- **Public Safety:** Improve dispatch decisions for non-emergency calls; streamline body camera footage redaction; enhance legal research capabilities; commitment to thoughtfully evaluate AI's potential to support both officers and the communities they serve.
- **Permitting:** Aimed at reducing the permitting backlog and improving the experience for both applicants and city reviewers.
- **Transportation Safety:** Video analysis tools to support Vision Zero efforts, signal timing, and operational awareness.
- **Communication Tools:** Assist with text editing, help draft communications that address bias in language, generate copy using customizable templates to ensure consistency in voice, and address challenges associated with complex and technical language in public-facing communications.
- **Chatbot Tools:** Simulates human-like conversations in natural language and may be used to handle basic customer requests and interactions.

Lessons Learned – AI Proof of Value Framework

- The **AI Intake & Review Process** includes an **AI Proof of Value framework** with performance metrics to determine the return on investment (ROI) and to ensure pilots are judged on clear objectives, business value, responsible use, and long-term supportability. Objectives are evaluated using the S.M.A.R.T. criteria.

Objective	SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound)
Business Value	By the end of a pilot, 80%+ of pilot users reported that they found business value in using the solution.
Alignment with Business Goals	Confirm that the solution aligns 100% with business goals and City values.
Responsible AI	By the end of the pilot, 100% of pilot users will be educated on the City’s Responsible AI principles.
Success Criteria	Establish a benchmark and record measurable benefits of an AI-supported solution compared to the previous solution/approach.
Accuracy and Reliability	Measure against the acceptable accuracy of output, including bias and hallucination audit results.
User Experience and Feedback	By the end of the pilots, achieve an 80%+ positive rating for overall user experience.
Supportability/Scalability	By the end of the pilots, achieve a “Yes” to supportability and scalability of the piloted solution at the City of Seattle.

Lessons Learned – Examples

- **AI Permitting Prescreening Tools:** This pre-application screening tool for building permits showed an approximate 50% reduction in average days for intake review of permits and 35% reduction in correction cycles per review. 86% of SDCI pilot users reported business value from the tools.
- **Microsoft Copilot Chat:** The pilot was conducted in 2025 from September to November over two separate waves totaling 500 users. City employees in the pilot self-reported 83% finding business value from having access to Copilot Chat, 79% had a positive user experience, and they reported an average time savings of 2.5 hours/week per user, showing reduced load and improved responsiveness
- **C3 Pilot:** By replacing manual, siloed workflows with AI-driven insights and interactive dashboards, the application reduced collision analysis time and highlighted safety hotspots. However, while the pilot showed exciting results, productionization would require significant effort, configuration, and internal staffing.

AI Partnerships

- **Success through partnerships is one of the four strategic pillars in our City of Seattle 2025-2026 AI Plan. Partnerships are represented by:**
 - Collaborating with academia, nonprofits, and industry to pilot solutions that reflect shared values.
 - Engaging the public through educational campaigns, resident-focused tools, and community feedback mechanisms.
 - Aligning with other governments to monitor policy impacts and advocate for responsible technology legislation.
 - Partnering with our labor partners to ensure proactive engagement and clear communication.



AI Partnerships – Community

- **UW Partnership:** Completed partnership agreement with the UW that allows us to engage with researchers at UW for AI research, projects, development, technical/professional services.
- **AI House:** First-in-the-nation AI hub, focused on entrepreneurs, startups, and community leaders building the next era of AI in Seattle. Partnership between the Office of Economic Development, AI2 Incubator, and Ada Developers Academy. Hub provides co-working space, event space, and collaborative tools for founders creating AI-focused companies. \$210,000 investment from OED to support programmatic needs and \$400,000 from Washington Department of Commerce for real estate. 24 teams recruited to the incubators; \$40.6 million raised; and 119 events were held with 11,153 participants.
- **Community Innovation Hackathons:** Students, entrepreneurs, technologists, City staff, and community co-created AI-powered solutions to critical City priorities.
 - September 2025: Improve awareness and access to youth enrichment programs citywide.
 - October 2025: Streamline permitting processes.
 - November 2025: Improve the customer service process or experience
- **AI Safety Awareness Community Event at Jefferson Community Center (October 2025)**

AI Partnerships – Labor

- Partnering with our labor partners to ensure engagement and communication.
- Committed to working with labor partners to invest in the professional development of our employees, protect jobs, and preserve the rights of workers while improving the essential services the City provides.
- The City’s labor partners bring a critical understanding of workflows, resident interactions, and the on-the-ground realities that shape implementation. By working together, the City ensures that AI solutions are co-designed to enhance and not disrupt, and that we realize our shared vision of equitable, people-centered, high-performing municipal service.
- Labor conversation themes centered around focusing pilots on AI opportunities that (1) relieve the burdens where employees identify them, (2) allow us to make much better decisions, and (3) enable levels of high responsiveness to staff and community that are not currently possible.

Workforce Upskilling and Education (1/2)

- **Workforce upskilling is one of the four strategic pillars in the City of Seattle 2025-2026 AI Plan.**
 - Launching a comprehensive Citywide AI training program with tiers focused on Fundamentals, Approaches, and Solutions;
 - Reskilling staff to navigate ethical AI use and prepare for shifts in roles and responsibilities; and
 - Establishing continuous education, cultural change management, and collaboration with unions to support workforce transitions.



Workforce Upskilling and Education (2/2)

- **City Employee AI Training Program:** The City of Seattle employee AI Training page went online in 2025 and is accessible by all city employees to explore available AI training resources.
- **Upskilling Workshops:** Comprehensive AI upskilling effort ensures the entire organization is on the same page—aligned in language, priorities, and process—so the City can responsibly harness AI to serve its residents.
- **2026 Trainings/Engagement for City Employees and City Departments:**
 - Microsoft Copilot Chat Training
 - Citywide Employee AI Training
 - AI Training for Managers and Directors
 - AI Community of Practice (AI Champs Network)

Financial Costs (1/2)

- **2024 Financial Strategy:** Seattle IT set a strategy for the City in 2024 to not make major AI investments until 2025-2026, as the vendor space and pricing were too early and dynamic.
- **2025-2026 AI Innovation Fund (\$400,000):** Council Bill 121113 appropriated \$400,000 in the 2025 Year-End Supplemental for ITD-coordinated pilot projects. Seattle IT will propose carrying forward the \$400,000 in a special carryforward ordinance in Q2 2026.
- **2026 Council Budget Action SDCI-005-A-1:** \$750,000 was appropriated in the Construction and Inspections Fund for work related to AI permitting.
- **Creation of the Permitting Accountability and Customer Trust (PACT) Program:** \$750,000 was appropriated for the PACT Program to improve customer trust and service.

Financial Costs (2/2)

- **2025 AI Software Testing and Pilots:**
 - Seattle IT and departments have obtained a significant amount of the major pilots on grants and Proof of Concept/Proof of Value projects, so as to minimize City investments until clear value is demonstrated.
 - Investments that the City has made have been small in cost. Some existing systems have rolled out AI features and components that are incorporated into the subscription and licensing fees.
- **2026 AI Software and Pilots:** Seattle IT will detail the 2026 financial costs for the approved AI software currently in use and pilot cost estimates in the second quarter AI report.

Feedback and Questions



Seattle IT Department Q1-Q2 2026 Artificial Intelligence Usage Report

Governance & Utilities Committee

July 29, 2026

Presentation Agenda:

Slide	Description
3-7	AI Report Background and Responsible AI Program Overview
8	AI Intake & Review Process
9-20	Response to Statement of Legislative Intent (SLI) ITD-010S-A • AI Usage by Departments • Lessons Learned • AI Partnerships • Workforce Upskilling and Education • Financial Costs



Report Background & Purpose of Briefing

- In 2025, the City Council adopted a 2026 Statement of Legislative Intent (ITD-010S-A-2) requesting Seattle IT provide a series of reports on the City's investments in, and use of, Artificial Intelligence (AI).
- Information Requested:
 - Usage of AI across City departments
 - Financial costs
 - Plans for partnerships
 - Significant lessons learned from prior testing and pilot projects
 - *Workforce upskilling and education (**not stated in SLI, but including as part of updates*)
- **2026 Reports** ([posted online](#)): Q1 (4/01/26), Q2 (7/01/26), Q3 (10/01/26), and Q4 (12/31/26)



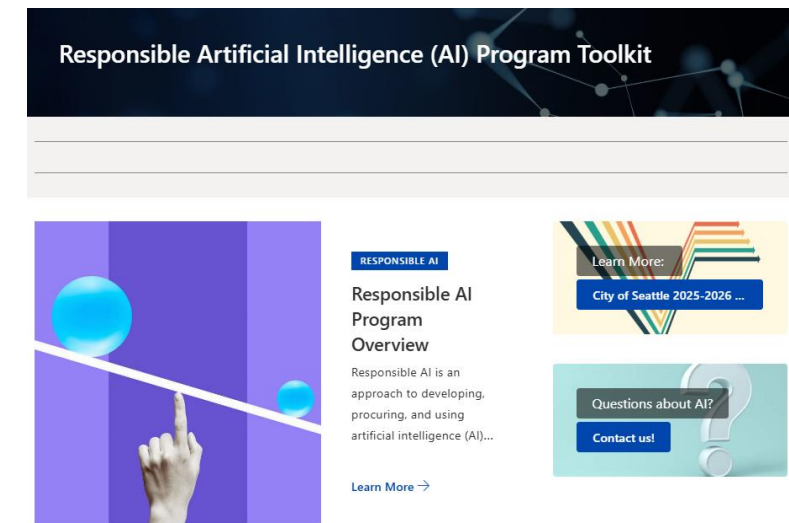
Responsible AI Program

- **Responsible AI Program:** Upholding the City's commitments to Responsible AI Principles, through partnership, policy, and practice, as we innovate with powerful new AI technologies. To ensure responsible use of AI, the City has established guiding principles and policies, along with actionable guidelines and programs to assist City employees in using AI ethically and effectively.
- **AI Principles, Policy, Plan, and Vision:**
 - [Generative AI Responsible Principles Policy](#) – October 2023
 - [Artificial Intelligence Policy \(POL-211\)](#) – Updated May 2025
 - [2025-2026 AI Plan](#) – September 2025
 - [Mayor Wilson's AI Vision](#) – May 2026
- **City AI Officer:** Lisa Qian (Seattle's first-ever City AI Officer)
- **Public Website:** seattle.gov/tech/data-privacy/the-citys-responsible-use-of-artificial-intelligence



Responsible AI Program – Governance

- **Responsible AI Toolkit for City Departments/Employees:** One-stop shop for questions, training resources, list of approved AI software, current AI pilots, intake resources, and FAQs.
- **Responsible AI (RAI) Review:** All AI software and pilots must pass a review with the RAI team that checks for data retention and privacy impacts, human oversight and autonomy levels, racial equity, bias, discrimination risks, and overall compliance with the City AI polity.
- **Mayor’s Information Technology Subcabinet (MITS) AI Workgroup:** Direction from the Mayor’s Office, Seattle IT, and departments; review, recommend, and provide go/no-go decisions on AI projects/investments.



AI Strategic Alignment

- AI tools aligned with the civic priorities (*improving service delivery and fostering innovation*) defined by the Mayor, City Council, & departments.
- Help accelerate permitting, improve public and transportation safety, improve customer service tools, enable more accessible and plain-language communications, and Digital Workplace tools for City employees (*e.g., Copilot Chat is an optional new tool for employees to use*).
- AI technologies are evaluated through a "Proof of Value" framework that prioritizes City impact, cost, and operational experience/outcome.
- Working with business, labor, and community leaders to develop City-led public policies to ensure our residents and workers have the protections we need as the AI field expands.



AI & Environmental Impact

- While we are committed to innovating and being leaders in using AI, we also know that AI's rapid pace of innovation, exponential growth and demand for resources have raised significant concerns about its potential negative impact on the environment.
- AI can be incredibly beneficial to our city, but delivering those benefits requires careful consideration of impacts on our workforce and environment. [On May 1, Mayor Wilson announced specific next steps to begin to address those concerns.](#)
- On June 9th, the Seattle City Council adopted [Council Bill 121214](#) and [Resolution 32204](#) to enact a one-year moratorium on new large data centers and commit to studying the impact.
- Below are links to information and resources to help understand the environmental impact.
 - [Energy](#)
 - [Water](#)
 - [Community Health](#)

AI Intake & Review Process

- **All AI Pilots, Proofs of Concept (PoC), and requests for AI software are required to go through the Ask for New Technology (AFNT) service request process.**
- **AI Triage Review:** All submissions are reviewed by the AI Officer (and if necessary, members of AI Review Group) for (1) business value, (2) value of AI in solution, (3) privacy and security risk, and (4) redundancy of technology. Requests that do not meet the bar may be denied, deferred, or redirected at this stage.
- **Approved requests progress to Architecture, Privacy, and Cybersecurity assessments.**
- **Pilots & PoCs** must include an evaluation plan to assess business value prior to launch and a post-pilot report upon completion.
- **MITS AI Workgroup** holds final decision-making authority over the City's AI portfolio and investments, and is informed at key stages of the review process.

AI Usage Across City Departments

- Based on information through June 30, 2026.
- Outside of Copilot Chat which is available to all departments, 20 departments are currently using approved AI software and 21 departments are not using any approved AI software.
- **Approved AI Software (not pilots):**
 - **Active Use = 21**
 - **In Project Phase (will be used) = 4**
 - No longer used = 9
 - **Requested and under IT Review = 7**
- **AI Pilots / Proofs of Concept**
 - **Executing or about to begin = 5**
 - Completed = 9
 - Paused/cancelled = 6
 - **Planned and under IT Review = 3**



AI Usage Categories

- **Public Safety:** Improve dispatch decisions for non-emergency calls; enhance legal research capabilities; commitment to thoughtfully evaluate AI's potential to support both officers and the communities they serve.
- **Permitting:** Aimed at reducing the permitting backlog and improving the experience for both applicants and city reviewers.
- **Transportation Safety:** Video analysis tools to support Vision Zero efforts, signal timing, and operational awareness.
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Lessons Learned – AI Proof of Value Framework

The **AI Intake & Review Process** includes an **AI Proof of Value framework** with performance metrics to determine the return on investment (ROI) and to ensure pilots are judged on clear objectives, business value, responsible use, and long-term supportability. Objectives are evaluated using the S.M.A.R.T. criteria.

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Alignment with Business Goals	Confirm that the solution aligns 100% with business goals and City values.
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User Experience and Feedback	By the end of the pilots, achieve an 80%+ positive rating for overall user experience.
Supportability/Scalability	By the end of the pilots, achieve a “Yes” to supportability and scalability of the piloted solution at the City of Seattle.

Lessons Learned – Examples

- **AI Permitting Prescreening Tools:** Focusing on middle housing dwellings that take up the majority of new residential construction permits, the pilot found that CivCheck's automated checks were accurate, comprehensive, and capable of reducing intake screening times by up to 46 days. 86% of SDCI pilot users reported business value from the tool.
- **Microsoft Copilot Chat:** Pilot was conducted in 2025 from Sept. to Nov. over two separate waves totaling 500 users. City employees in the pilot self-reported 83% finding business value from having access to Copilot Chat, 79% had a positive user experience, and they reported an average time savings of 2.5 hours/week per user, showing reduced load and improved responsiveness
- **C3 Pilot:** By replacing manual, siloed workflows with AI-driven insights and interactive dashboards, the application reduced collision analysis time and highlighted safety hotspots. However, while the pilot showed exciting results, productionization would require significant effort, configuration, and internal staffing.

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 - Partnering with our labor partners to ensure proactive engagement and clear communication.



AI Partnerships – Community

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- **AI Safety Awareness Community Event at Jefferson Community Center (October 2025)**

AI Partnerships – Labor

- Partnering with our labor partners to ensure engagement and communication.
- Committed to working with labor partners to invest in the professional development of our employees, protect jobs, and preserve the rights of workers while improving the essential services.
- The City’s labor partners bring a critical understanding of workflows, resident interactions, and the on-the-ground realities that shape implementation. By working together, the City ensures that AI solutions are co-designed to enhance and not disrupt, and that we realize our shared vision of equitable, people-centered, high-performing municipal service.
- Labor conversation themes centered around focusing pilots on AI opportunities that (1) relieve the burdens where employees identify them, (2) allow us to make much better decisions, and (3) enable levels of high responsiveness to staff and community that are not currently possible.



Workforce Upskilling and Education (1/2)

- Workforce upskilling is one of the four strategic pillars in the City of Seattle 2025-2026 AI Plan.
- Continuous training and education will be engrained in our AI journey.
- To support our employees, the City is dedicating ongoing time and resources to encourage continual training and educating staff members.



Workforce Upskilling and Education (2/2)

Training Workstream	Q2 Status
Launching a comprehensive Citywide AI training program.	Completed and ongoing.
Reskilling staff to navigate ethical AI use and prepare for shifts in roles and responsibilities.	Ongoing, plan in place for 2026.
Establishing continuous education, cultural change management, and collaboration with unions to support workforce transitions.	In progress.
Training and Community of Practice for Approved/Deployed Enterprise AI Tools.	Ongoing, plan in place for 2026.



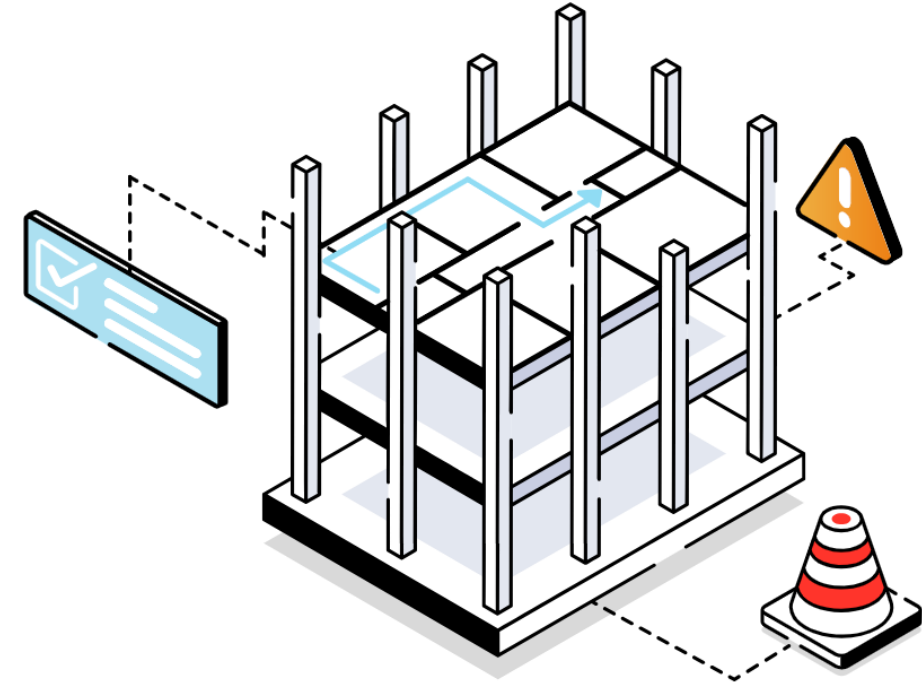
Financial Strategy

- Seattle IT set a strategy in 2024 to not make major AI investments until 2025-2026, as the vendor space and pricing were too early and dynamic.
- Seattle IT and departments have obtained a significant amount of the major pilots on grants and Proof of Concept projects, so as to minimize City investments until clear value is demonstrated.
- Investments that the City has made have been small in cost. Some existing systems have rolled out AI features and components that are incorporated into the subscription and licensing fees.
- Seattle IT is tracking one-time and ongoing financial costs closely, including operations and maintenance fees, cloud storage fees, license fees, and potential AI token pricing.



Financial Costs – AI Initiatives in 2026 Budget

- AI Innovation Fund (\$400,000): One-time dollars for use on innovative pilot projects that deliver measurable community and staff benefits.
- \$750,000 was appropriated in the 2026 Construction and Inspections Fund for the purchase and on-going subscription for an AI permitting tool.
- \$750,000 of General Fund was budgeted in the Seattle IT budget to support the work associated with permitting process improvements.



Financial Costs – Approved Software & Pilots

- **Approved Software (recent annual expenses)**
 - Ranges from \$199 to \$289,517.
 - Types of expenses:
 - Billed on a per user license basis;
 - Billed on the number of records processed;
 - Several existing tools have incorporated new AI functionality into the overall software and does not specifically have an expense line item for the new AI function; and
 - Some with no additional cost to existing licenses.
- **AI Pilots and Proofs of Concept (initial known costs)**
 - 13 of the 23 pilots did not have an associated cost.
 - Ranges from \$2,500 to \$60,000.

Feedback and Questions



Legislation Text

File #: Inf 2924, **Version:** 1

Technology Matching Fund Program Overview

Seattle IT Department 2026 Technology Matching Fund (TMF)

Governance & Utilities Committee
July 29, 2026

Technology Matching Fund

Vision: Empowering historically underserved communities through community-led solutions that advance digital equity.

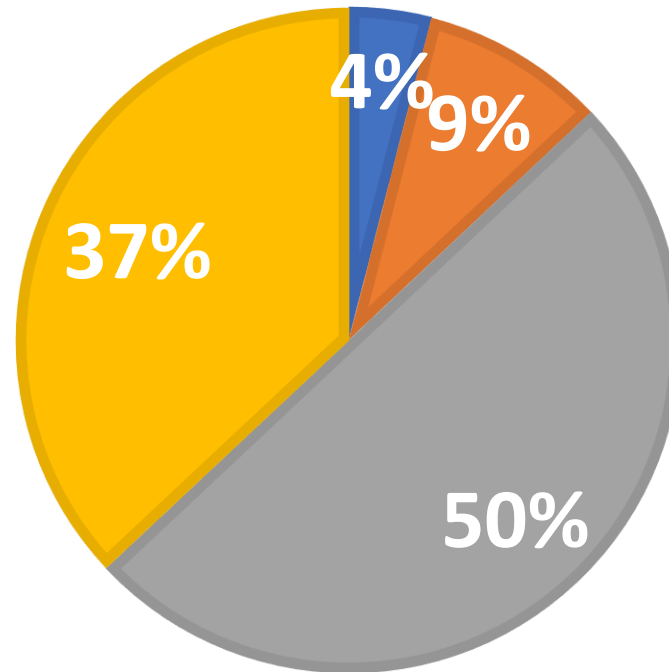
Impact Highlights

- **28 years** of sustained commitment to digital equity in Seattle
- **\$9.5M awarded to 480 community projects** since 1998 ([Technology Matching Funds | City of Seattle Open Data portal](#))
- **\$10.5M** contributed through Community Match
- Guided and supported by the **Community Technology Advisory Board**

Digital Connectedness Index:

Internet Access, Devices, Digital Skills

■ Highest need ■ Significant need ■ Some need ■ No need



[Technology Access and Adoption Study - Tech | seattle.gov](https://seattle.gov/technology)

Seattle IT & Department of Neighborhoods

\$2,659,700 Requested
64 Applications Submitted
\$455,000 Funds Available
11 Projects Funded
\$157,596 Community Match
1782 Anticipated Residents
All Council Districts

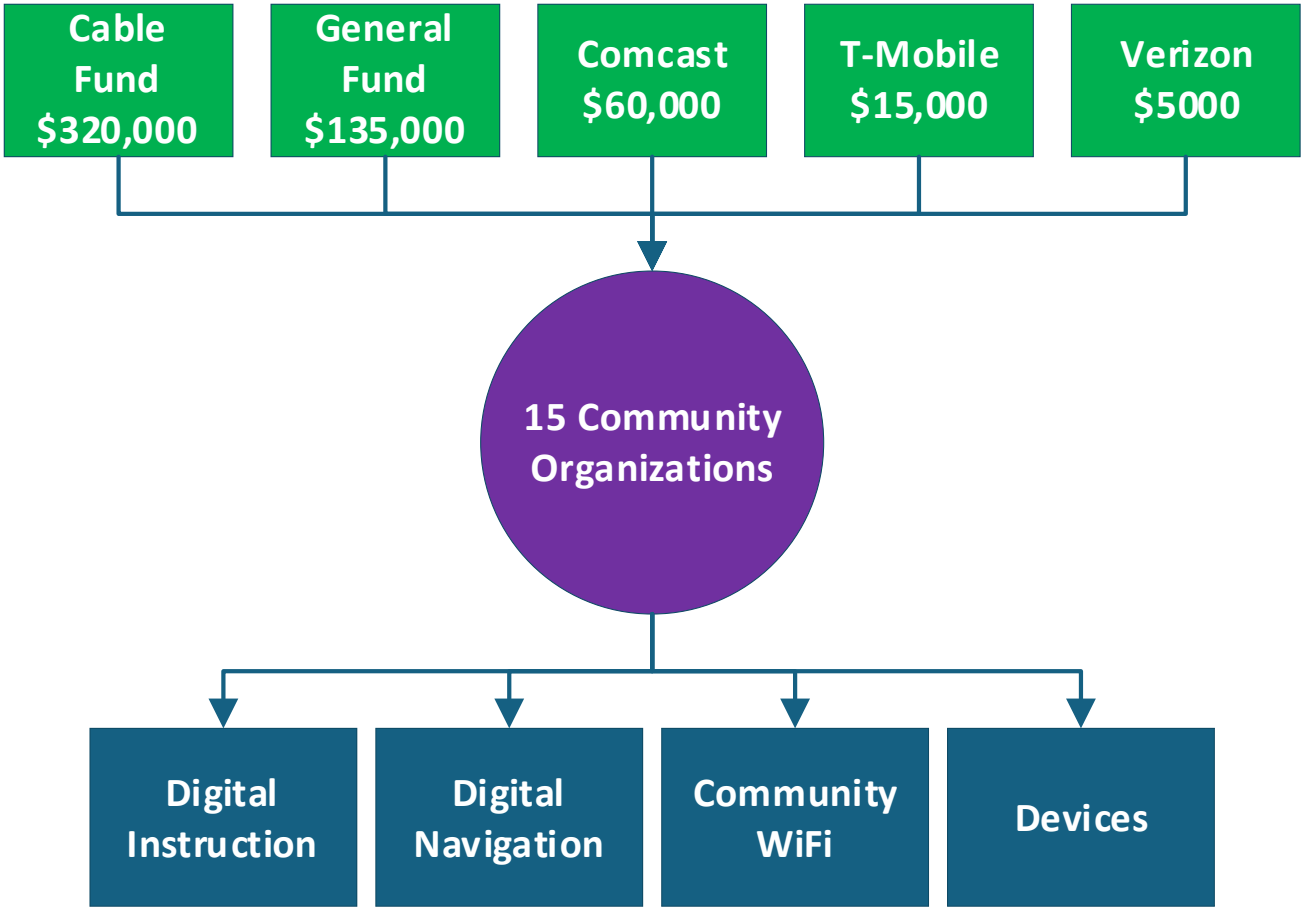
Private Investment (\$80,000)

4 Projects Funded

TMF Grants Overview Dashboard:

[Seattle IT - TMF Grant](#)

2026 Awards



Seattle Information Technology Technology Matching Fund (TMF) Grants

Technology Matching Fund (TMF) grants are a cornerstone of the [City's Digital Equity Program](#). Our vision is for Seattle to be a city where technology's opportunities equitably empower all residents and communities, especially those who are historically under served or underrepresented. These grants seek to support community-driven solutions to achieving digital equity in Seattle.

Digital equity grants aim to increase internet access and adoption through:

Digital navigator services: Provide one-on-one or small group, just-in-time assistance.

Digital literacy classes/workshops: Provide digital literacy skills training to new technology users.

Devices and technical support: Provide devices (for example: laptops, Chromebooks, tablets, desktop computers, smartphones, assistive technology) and the technical training or support needed to use them effectively.

Internet connectivity: Provide internet to low-income Seattle residents by expanding WiFi, Citizens Broadband Radio Service (CBRS) access, or another means (for example: hotspots, routers, SIM cards, or WiFi access points).

The City of Seattle aims to ensure all digital content and documents are accessible. While efforts are being made to maximize accessibility, some types of content have inherent technical limitations. For more information, visit the [City of Seattle's Web Accessibility page](#)

Project Filters

 **Year**
No category selected

- ☐ 2023
- ☐ 2024
- ☐ 2025 (Anticipated Outcome)
- ☐ 2026 (Anticipated Outcome)

 **Funding Source**
No category selected

- ☐ Comcast
- ☐ Digital Navigator Grant
- ☐ Technology Matching Fund
- ☐ T-Mobile
- ☐ Verizon

 **Equity Priority**
No category selected

 **Council District**
No category selected

Grant Projects

Click on a project to filter the dashboard.

 Search...

Adult and Youth Learning Center Bridge to Success Digital Navigation

Family-focused digital literacy training provided multilingual instruction to help immigrant households navigate education, employment, and community resources.

2023
35,100.00
Completed | Technology Matching Fund

Asian Counseling and Referral Service Digital Literacy for the Community at ACRS

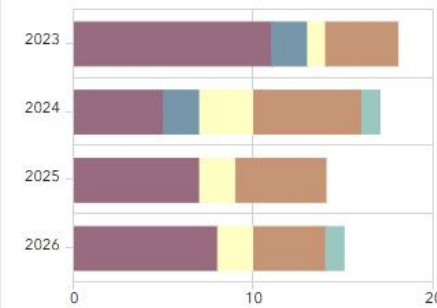
Offer multi-level digital literacy classes

65 14,280

Total Projects Residents Served

Grants by Racial and Social Equity (RSE) ...

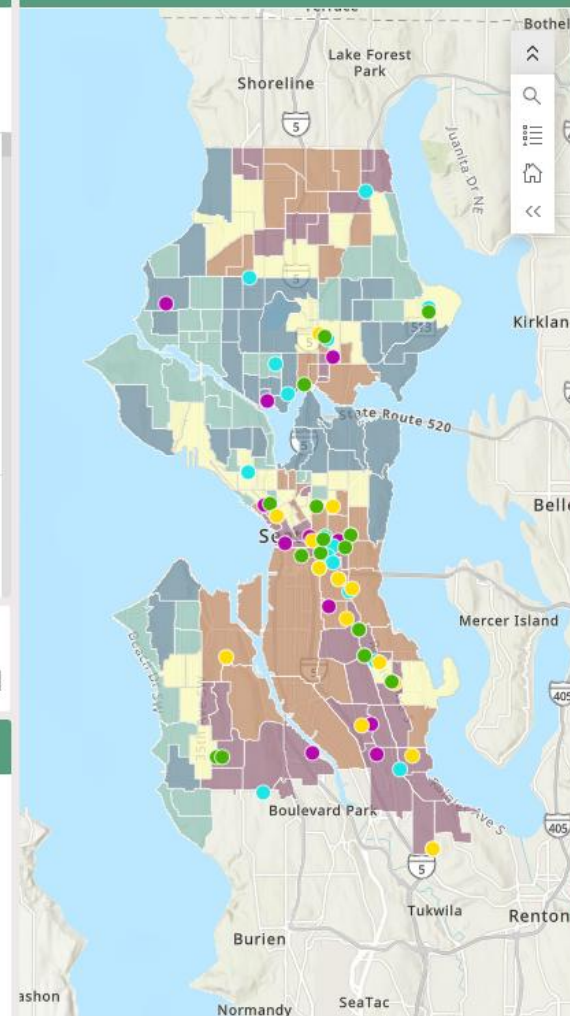
Click on the Year or RSE Index Value to filter the dashboard.



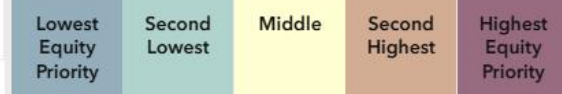
Grants by RSE Index

About the RSE Index

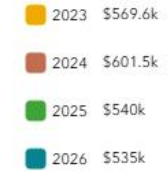
Grant Project Locations



Racial and Social Equity Index Priority



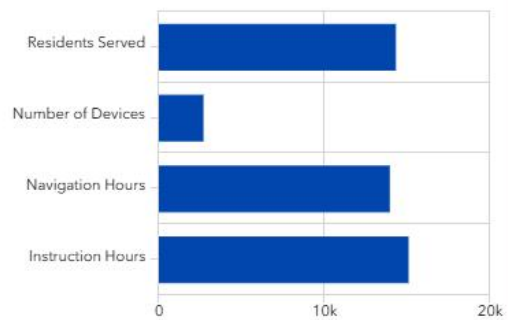
Amount Awarded by Year



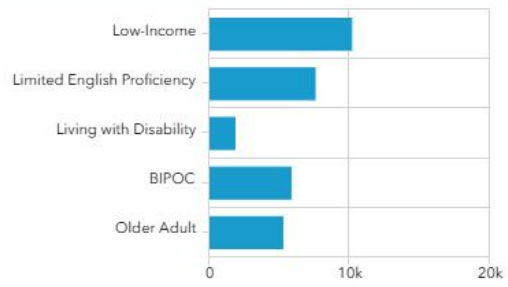
2025 & 2026 are anticipated outcomes

Total Awarded: \$2,246,120

Project Outcomes



Residents Served Demographics



2026 TMF Awardees

Digital Literacy Instruction

Asian Counseling and Referral Service
Creation Culture
Per Scholas Seattle
Renaissance 21
Simulated Immersive eXperimental Realities
Villa Comunitaria
Seattle Chinatown International District
Preservation and Development Authority
(Comcast)
Unloop (Verizon)

Devices and Technical Support

Friends of Little Saigon
Horn Of Africa Services

Digital Navigator Services

Chinese Information and Service Center
The IF Project
Eritrean Community in Seattle and Vicinity
(Comcast)

Internet Connectivity

Solid Ground Washington
Local Connectivity Lab (T-Mobile)

Asian Counseling and Referral Service

Digital Literacy for the Community at ACRS

\$45,000

Project Summary: Offer multi-level digital literacy classes, provide individualized instructional support, and track learning outcomes to help adults build practical digital proficiency.

Anticipated Outcomes:

- 90 residents
- 180 instruction hours
- 24 navigation hours

Creation Culture

Youth Graphic Design Career Pipeline Program

\$8,935

Project Summary: Deliver digital design education, provide one-on-one mentorship, and support youth in building portfolios that strengthen pathways into creative technology fields.

Anticipated Outcomes

- 40 residents
- 60 instruction hours
- 40 navigation hours
- 13 devices

Per Scholas

Expanding Access to Technology Career Training in Seattle

\$45,000

Project Summary: Enroll low-income adults in tech-career training, provide devices and wraparound supports, and connect graduates to long-term job placement pathways.

Anticipated Outcomes

- 120 residents
- 560 instruction hours
- 60 devices

Simulated Immersive eXperimental Realities

Seattle Stories 360° - A Citywide Immersive Digital Literacy Network
\$45,000

Project Summary: Provides shared technology access, digital literacy training, and creative workforce development through three community hubs, addressing mobile-only access barriers.

Anticipated Outcomes

- 120 residents
- 240 instruction hours
- 180 navigation hours
- 20 devices

Unloop

Digital & AI Literacy for Job Readiness

\$5,000 (Verizon)

Project Summary: Provides digital skills and AI training for justice-impacted adults and laptops for cohorts.

Anticipated Outcomes

- 30 residents
- 24 instruction hours
- 36 navigation hours
- 30 devices

Horn of Africa Services

Digital Access & Navigation for East African Immigrant & Refugees

\$45,000

Project Summary: Improves quality of life for East African immigrants, refugees, and underserved residents by providing culturally rooted services that reduce barriers in education, health, technology, and economic opportunity.

Anticipated Outcomes:

- 120 residents
- 2400 instruction hours
- 300 navigation hours
- 30 devices

Local Connectivity Lab

*Seattle Community Network (SCN) WiFi & Capacity Building
\$15,000 (T-Mobile)*

Anticipated Outcomes

- 331 residents connected to WiFi
- 16 hours of digital skills instruction
- Wi-Fi at 6 shelter sites
- Equipment upgrades at 3 shelter sites
- Public conference on community networking and technical mutual aid



Solid Ground Washington

Internet Access for Residents Exiting Homelessness

\$41,157

Project Summary: Replace aging infrastructure, expand internet coverage, and increase network reliability so residents exiting homelessness can access essential online resources.

Anticipated Outcomes: 240 residents access internet

Chinese Information and Service Center

CISC's Touch Screen Training Pilot Project

\$44,928

Project Summary: Offer touchscreen-based digital literacy instruction, provide individualized navigation, and test how accessible devices improve job readiness for immigrant job seekers.

Anticipated Outcomes

- 120 residents
- 208 instruction hours
- 800 navigation hours

Villa Comunitaria

Familias Digitales en Acción

\$45,000

Project Summary: Train parent digital leaders, offer Spanish-language workshops, and provide devices and navigation to strengthen family engagement in education.

Anticipated Outcomes:

- 75 residents
- 180 instruction hours
- 240 navigation hours
- 25 devices

The Lighthouse for the Blind, Inc.

Digital Training for DeafBlind Adults

\$45,000

Project Summary: Deliver individualized, fully accessible digital skills training to 12 DeafBlind Seattle residents, equipping them with the technology, tools, and support needed to advance their learning, independence, and workforce goals.

Outputs Achieved:

- 12 residents
- 354 navigation hours

Long-Term Outcomes: A member of the DeafBlind community is now able to connect his laptop to Wi-Fi and utilize Bluetooth in order to connect his assistive tools and devices to various operating systems that support both his work and his personal life.

Community Partners



Community Technology Advisory Board

- Established in 1995, revised in Municipal Code in 2015.
- Makes recommendations to the Mayor, City Council, and Seattle IT.
- Board is comprised of 10 members.
- Meetings: 2nd Tuesday of the month at 6:00 pm
- CTAB's role as part of the Technology Matching Fund process:
 - Members volunteer to be part of the TMF review committee.
 - The full CTAB Board votes to approve recommendations to put forth approved projects.

Digital Equity Learning Network

[Website link](#)

Who We Are

The Digital Equity Learning Network (DELN) is a cross-sector coalition that works to advance digital equity and inclusion in King County. DELN members represent organizations, institutions, and agencies that provide culturally appropriate services to communities, including the most disadvantaged and marginalized across King County. Our membership also includes practitioners in public, private, and nonprofit institutions who are creating the policies and funding streams to ensure sustained digital equity advancements.

Our Mission

To leverage collective knowledge and resources to advocate for digital equity, share best practices, and to build system capacity towards inclusion in the digital world.

Our Vision

Every person in King County has access to and skills necessary to use technology to fully participate and thrive in modern society.

Feedback and Questions

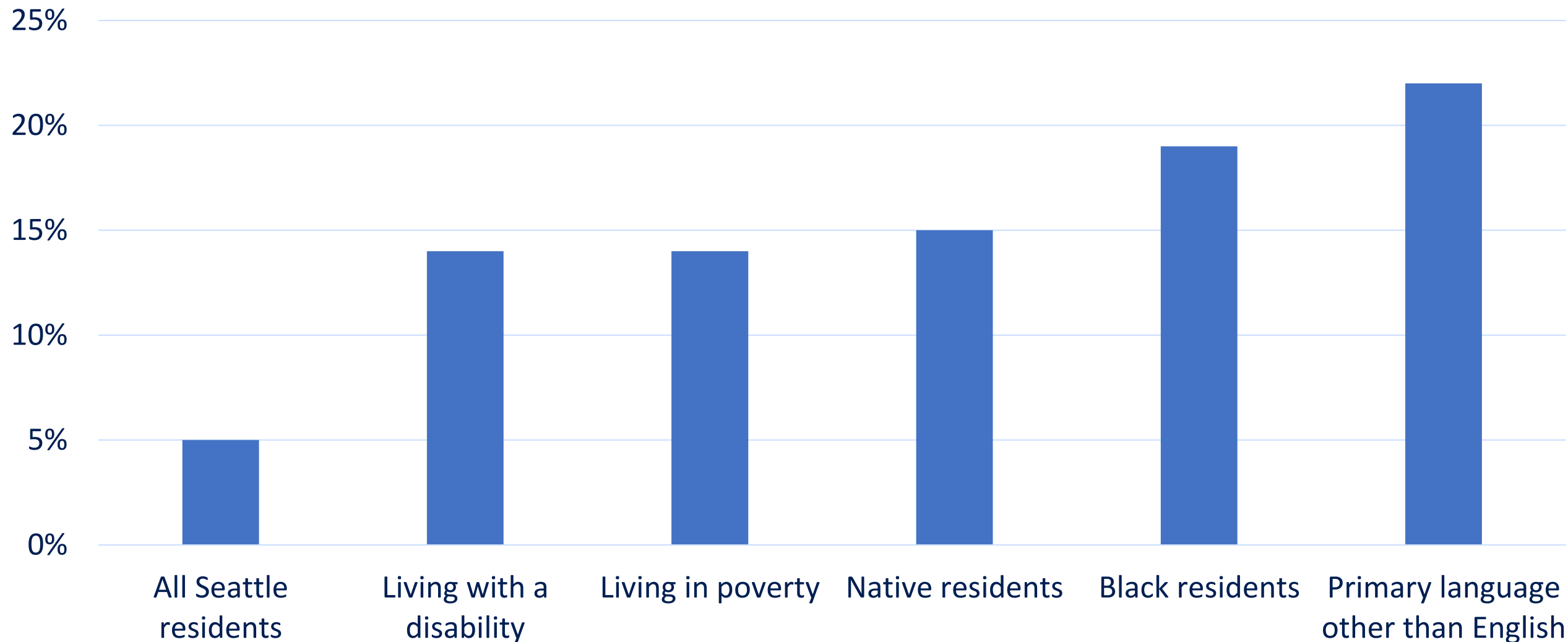


Appendix



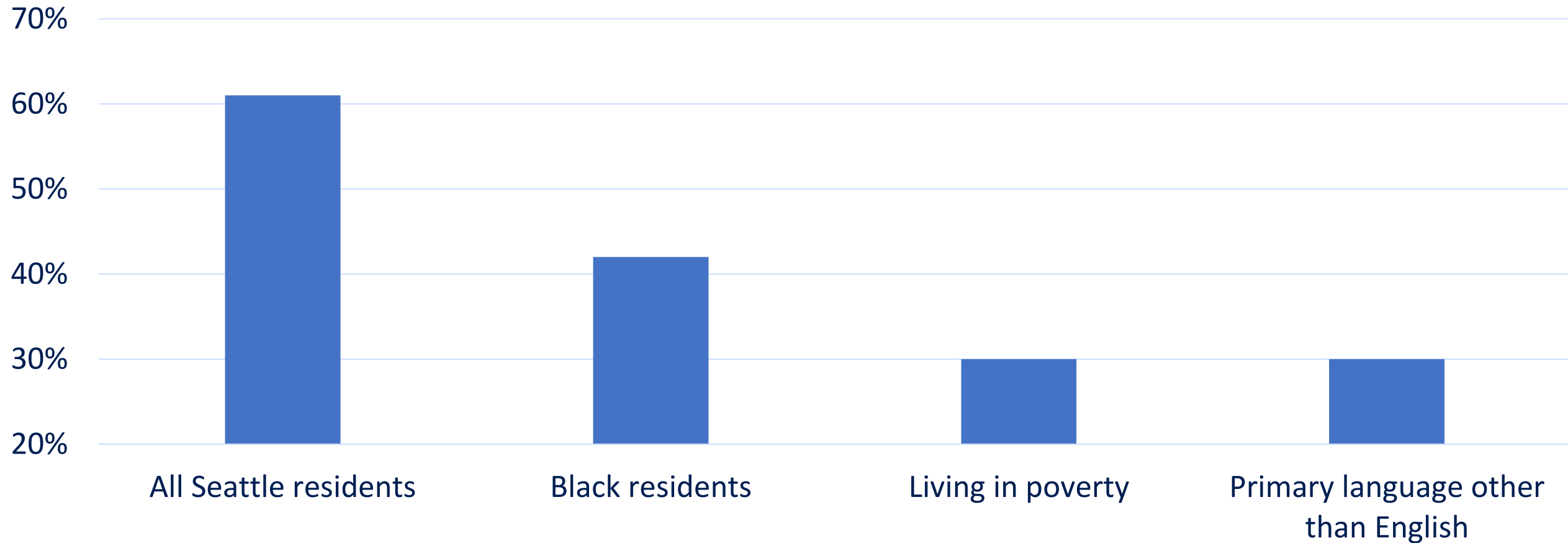
2024 Technology Access and Adoption Study Data

Residents Sharing Devices



Ability to Complete Digital Skills:

Basic, Setup, Security, Collaboration



Additional 2026 TMF Projects

Renaissance 21

Project She/Her/HEALTH by STGA

\$45,000

Project Summary: Deliver digital health literacy workshops, distribute devices, and provide holistic resource connections to strengthen access and health equity for under-resourced residents.

Anticipated Outcomes

- 45 residents
- 63 instruction hours
- 48 devices

Eritrean Community in Seattle and Vicinity

Intergenerational Digital Access Program

\$30,000 (Comcast)

Project Summary: Supports and advocates for Eritrean immigrants and refugees through culturally and linguistically accessible programs that build education, economic stability, social connection, and digital inclusion.

Anticipated Outcomes:

- 100 residents
- 160 instruction hours
- 520 navigation hours
- 60 devices

The IF Project

WE THRIVE Digital Access Initiative

\$45,000

Project Summary: Supports women and families impacted by incarceration through healing-centered programs, reentry navigation, leadership development, and digital access services that reduce systemic barriers to stability.

Anticipated Outcomes:

- 75 residents
- 200 instruction hours
- 350 navigation hours
- 75 devices

Seattle Chinatown International District Preservation and Development Authority

Increasing Digital Literacy in the CID
\$30,000 (Comcast)

Project Summary: Deliver digital literacy education series across five linguistically diverse affordable-housing buildings, serving elder immigrants and families in the Chinatown International District.

Anticipated Outcomes

- 125 residents
- 8 instruction hours