

2015-2020 Rate Path Options

SPU has identified three rate path options. Each option starts with the baseline, and includes the full amount of programmatic reductions and efficiency savings sufficient to meet SPU's "no new FTE by 2020" goal. However, the Action Plan investments vary considerably among the options:

- Medium Option (Recommended). Our working title for this option is "**Making Progress.**" Under this option, the average annual rate increase across all lines of business during the six-year period is 4.6%. This option would include programmatic reductions and efficiency savings sufficient to meet SPU's "no new FTE by 2020" goal. It would also include all of the Action Plans presented to the Customer Panel, with costs trimmed in a variety of areas, including:
- Absorbing within the baseline the costs of the decentralized green systems work
 - Absorbing within the baseline the labor resources necessary for the climate change and carbon neutrality action plans
 - Reducing the FTE needs for the web action plan from 2.5 FTE to 2.0 FTE
 - Ramping up Action Plans in 2015-16 to trim costs and to reflect how quickly we believe we can move on all of our initiatives.

This recommendation is consistent with the feedback we've received from the Panel, which is generally supportive of the Action Plans we've presented to them.

- High Option. Our working title for our high option is "**Making Progress Faster.**" Under this option, the average annual rate increase across all lines of business during the six-year period is 4.7%. This option would include everything in the "Making Progress" option (savings and well as investments), plus targeted additional investments in the following four areas:
- Service equity
 - DWW capital projects (culvert repair and local drainage improvements)
 - Placeholder for one significant seismic capital project
 - Funding for line cleaning on the Duwamish waterway (anticipated regulatory requirement)
- Low Option (Not Preferred). This option would include programmatic reductions and efficiency savings, but no Action Plan investments. We would limp along for six more years, not addressing the needed additional investments in our workforce and our infrastructure, and not positioning ourselves for the future. We estimate the average annual rate increase across all lines of business during the six-year period would be 4.2%-4.3%.

The next page provides rate and bill detail for the medium and high rate path options.

<u>RECOMMENDED</u>									
	Rate Path							Rate Spending	
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2014-20</u>	<u>2014-20 Avg</u>	
								<u>Avg</u>	
Water	0.0%	5.2%	5.2%	4.1%	4.4%	2.6%	3.6%	3.0%	
Wastewater	0.8%	3.7%	2.3%	3.8%	6.1%	7.9%	4.1%	3.5%	
Drainage	9.8%	10.2%	8.2%	8.2%	8.1%	8.4%	8.8%	8.8%	
Solid Waste (Weighted*)	4.5%	4.7%	5.1%	3.8%	2.9%	2.4%	3.9%	3.2%	
Combined	2.7%	5.3%	4.7%	4.6%	5.1%	5.2%	4.6%	4.1%	

Typical Residential Monthly Bill	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Water	\$38.92	\$40.96	\$43.08	\$44.85	\$46.82	\$48.04
Wastewater	\$50.93	\$52.81	\$54.03	\$56.08	\$59.50	\$64.20
Drainage	\$29.18	\$32.16	\$34.79	\$37.65	\$40.70	\$44.12
Solid Waste (Weighted*)	\$42.33	\$44.29	\$46.52	\$48.43	\$49.92	\$51.17
Combined	\$161.36	\$170.22	\$178.42	\$187.01	\$196.94	\$207.54
Annual Mo'ly Increase		\$8.87	\$8.20	\$8.59	\$9.94	\$10.60

<u>HIGH</u>									
	Rate Path							Rate Spending	
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2014-20</u>	<u>2014-20 Avg</u>	
								<u>Avg</u>	
Water	0.0%	5.2%	5.3%	4.1%	4.2%	2.6%	3.6%	3.0%	
Wastewater	0.8%	4.4%	2.1%	4.9%	4.9%	8.0%	4.2%	3.7%	
Drainage	9.8%	12.0%	7.2%	8.5%	8.2%	8.7%	9.1%	9.0%	
Solid Waste (Weighted*)	4.5%	4.8%	5.1%	3.8%	2.9%	2.4%	3.9%	3.2%	
Combined	2.7%	5.8%	4.5%	5.0%	4.7%	5.3%	4.7%	4.2%	

Typical Residential Monthly Bill	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Water	\$38.92	\$40.96	\$43.15	\$44.92	\$46.81	\$48.03
Wastewater	\$50.93	\$53.17	\$54.29	\$56.95	\$59.74	\$64.52
Drainage	\$29.18	\$32.68	\$35.04	\$38.01	\$41.13	\$44.71
Solid Waste (Weighted*)	\$42.33	\$44.31	\$46.53	\$48.43	\$49.92	\$51.17
Combined	\$161.36	\$171.13	\$179.00	\$188.31	\$197.60	\$208.43
Annual Mo'ly Increase		\$9.77	\$7.88	\$9.31	\$9.29	\$10.83

* solid waste weighted for rate increases effective April 1 of each year

Assumptions for Typical Residential Monthly Bill:

- 5 ccf/mo usage of water; 4.3 ccf/mo usage of wastewater
- 32-gallon garbage container; 96 gallon organics container
- Residential "Tier 3" parcel (5,000-7,000 square feet)