



# Initiative #3: Revenue Recovery and Rates

## INITIATIVE INFORMATION

<b>Business Unit/Division</b>	Financial Services						
<b>Initiative Executive Sponsor</b>	Paula Laschober						
<b>Initiative Project Manager</b>	Kirsty Grainger						
<b>Legally mandated/Required?</b>	No						
<b>(\$000's)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
<b>O&amp;M \$ Amount</b>							
<b>CIP \$ Amount</b>							
<b>Total \$ Request</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FTEs Added</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## INITIATIVE SUMMARY

- a) Description: Amend and create new rate policies and structures that progressively respond to industry changes and challenges.
- b) Component(s) of initiative: The primary goals of the initiative are to develop policy and implement rates to address the following two issues:
  - Rate unbundling: Create new rate schedules that separate energy charges from delivery and other charges. This change would improve bill transparency, and communicate
  - Fixed charges: Determine the ideal balance between per-day, per-kWh, per-kW, etc. charges

In addition, topics for study may also include:

- Distributed generation: what policies should apply to customer-generators? (net metering, value of solar)
- Seasonal or time of use rates: should the utility offer time of use or seasonally changing rates, and to which customer groups?
- Customer classification: Are the current customer classifications ideal given upcoming changes to metering. Should the number of non-residential classes be reduced? Should residential be separated by single/multi family?

- Special rates and charges for premium services and products: Should special rates or charges be applied to customers who receive a higher level of service than typical? For example, outlying network areas (First Hill, UW), undergrounded areas, etc. Also, are there premium services (e.g. community solar, zero carbon) that the utility should offer customers (at a premium rate)?
  - Electric vehicle charging rates: What EV charging rates should be offered?
- c) Business Value: Policy changes could improve customer service by providing more transparent utility bills and potentially offering new services/options. Some rate policies would improve revenue stability, others would focus cost collection, reducing cost burden for other rate payers.

## 2019 – 2024 INITIATIVE MILESTONES AND DELIVERABLES

Milestone	Due Date	Deliverables and Comments
<b>Initiative Start</b>	Mid 2018	
<b>Study policies</b>	2018-2019	Set up schedule and workplan with Review Panel to study and discuss rate options
<b>Set policies</b>	12/31/2019	Review Panel Letter of Policy Recommendation and Rate Policy Resolution
<b>Enact policies in rates (begin)</b>	6/30/2020	Rate Ordinance setting rates for 2021-2022 that reflect new policies
<b>Initiative Complete</b>	12/31/2020	

## SOCIAL EQUITY

Some changes in rate structures may disparately impact under-represented residents due to the historic correlation of economic disadvantage and communities of color. Studies of Seattle customer bills show that electricity consumption is not correlated to income, and that economically disadvantaged residents may be high or low users of electricity. Bill impact analysis will inform all rate policy decisions.

## STAKEHOLDER OR CUSTOMER IMPACT

The environmental community is very engaged on rate design. Changes that increase per-kWh prices are encouraged, as this is viewed as incentivizing conservation investments. Conversely, increasing fixed charges is not favored by conservation and solar advocates as this is viewed as reducing the price signal for these investments.

## METRICS FOR SUCCESS AND METHOD FOR MEASUREMENT

2021-2022 rates reflect a revised set of policies.