2021-2026 Rate Path Options
Presentation to the CRP
August 2020
Purpose of this Presentation

• Review SPU’s rate path
• Drivers and assumptions that impact the rate path
• Next steps
# Adopted 2018-2023 SBP Rate Path

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September 2017
## Adopted 2018-2023 SBP Rate Path with Revised SW Rates

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Approved rate legislation that is currently in effect

September 2019
COVID Impacts to Date

- Shift in Revenue & Consumption patterns
  - Residential up
  - Commercial/General Service down
- Past due accounts receivable growing
  - 31-60 days and 60-90 days have doubled
- Strong cash balances will help Funds weather bill payment delays and declines in revenue
Rate Assumptions for Updated Economic Outlook

• Water Fund
  • Declining demand (retail) through 2021
  • Lower tap revenue growth through 2021
  • RSF withdrawal in 2021

• Drainage and Wastewater Fund
  • Declining demand through 2021
  • Reduced development fees through 2021

• Solid Waste Fund
  • Reduced commercial demand through 2021
  • Reduced transfer station fees through 2021
  • RSF withdrawal in 2020 and 2021

• All Funds
  • Additional UDP enrollment of 5,000 through 2020 and 3,000 in 2021
  • Cash Flow delays into 2022
  • Revenue shortfalls are offset by cash on hand and RSF withdrawals

• CIP Accomplishment Rate
  • 85% Water Fund
  • 85% DWF (95% Ship Canal & Sediments projects)
  • 90% Solid Waste
SPU Utility Discount Program Enrollment

![Bar Chart: Total Enrollments from Dec-19 to Jul-20]

- **Total Enrollments**:
  - Dec-19: ~23,000
  - Jan-20: ~24,000
  - Feb-20: ~25,000
  - Mar-20: ~26,000
  - Apr-20: ~27,000
  - May-20: ~28,000
  - Jun-20: ~29,000
  - Jul-20: ~30,000

- **% Change in Enrollments from 2019**:
  - Dec-19: -2%
  - Jan-20: 0%
  - Feb-20: 2%
  - Mar-20: 4%
  - Apr-20: 6%
  - May-20: 8%
  - Jun-20: 10%
  - Jul-20: 12%

UDP Enrollment and % Change Since 12/31/2019
# 2021-2026 Rate Projections Revised Baseline
(Includes updated King County Wastewater Treatment Rate increases)

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Approved rate legislation that is currently in effect

July 2020

King County Wastewater Treatment Rate assumptions: 2021 4.5%, 2022 4.5%, 2023 10.25%, 2024 0%, 2025 14%, 2026 0%