

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2018-23</u>
Water	2.0%	2.5%	3.7%	5.0%	4.1%	5.0%	3.7%
Wastewater	4.1%	8.1%	9.9%	8.9%	1.3%	2.6%	5.8%
Drainage	10.7%	9.2%	9.7%	9.9%	7.9%	4.7%	8.7%
Solid Waste	3.1%	3.3%	4.0%	3.0%	3.8%	2.8%	3.4%
Combined	4.3%	5.7%	7.0%	6.8%	3.7%	3.6%	5.2%

September 2017



Adopted 2018-2023 SBP Rate Path with Revised SW Rates

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2018-23</u>
Water	2.0%	2.5%	3.7%	5.0%	4.1%	5.0%	3.7%
Wastewater	4.1%	7.4%	7.4%	7.4%	4.5%	2.4%	5.5%
Drainage	10.7%	8.0%	8.0%	8.0%	8.0%	9.0%	8.6%
Solid Waste	3.1%	3.3%	3.2%	2.9%	2.9%	3.1%	3.1%
Combined	4.3%	5.3%	5.6%	5.9%	4.6%	4.3%	5.0%



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

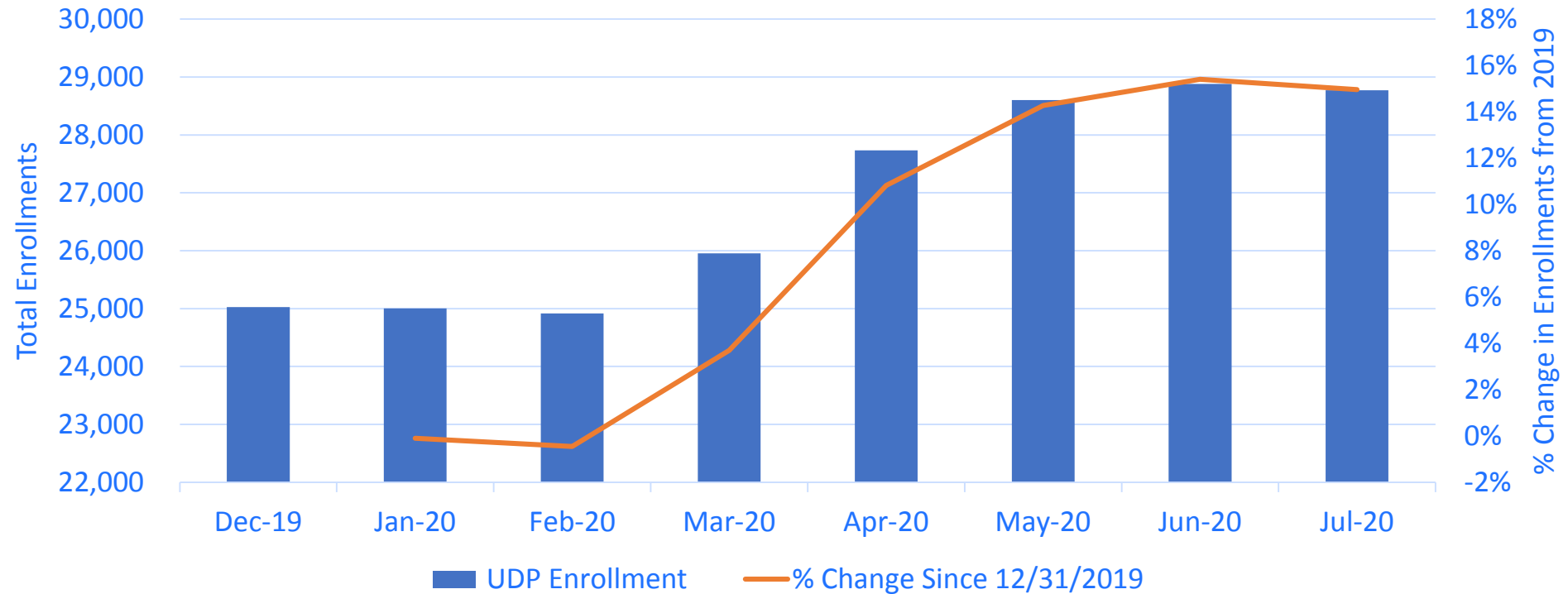


Rate Assumptions for Updated Economic Outlook

- 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



2021-2026 Rate Projections Revised Baseline

(Includes updated King County Wastewater Treatment Rate increases)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2021-26</u>
Water	0.0%	2.7%	4.7%	3.6%	4.2%	5.5%	3.4%
Wastewater	7.3%	3.1%	5.9%	0.5%	7.8%	3.6%	4.7%
Drainage	7.4%	8.6%	7.2%	3.9%	6.5%	6.7%	6.7%
Solid Waste	2.9%	2.9%	2.2%	2.3%	2.1%	2.1%	2.4%
Combined	4.5%	3.9%	5.0%	2.2%	5.4%	4.2%	4.2%

 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%

