

2015-2020 Rate Path Options for Review and Discussion

Threshold Question: *In the SBP, should we present one recommended rate path only, or three options with a recommendation?*

- Best argument for one rate path. We will construct the one rate path based on our best judgment, guided by input from the Customer Panel and from our Outreach results. Other viable rate/service packages would not vary much from the recommended option, in terms of the magnitude of the rate impact. So, we might as well just show one option.
- Best argument for three rate path options with one recommendation. Showing higher and lower viable options is a more transparent approach, as it allows decision-makers and the public to understand the cost-service tradeoffs.

SPU recommends presenting three options, with a recommendation.

Next Question: *If we go with three options, what concepts will the options represent?* SPU has identified three conceptual 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.***" 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 or most of the Action Plans presented to the Customer Panel.
- High Option. Our working title for our high option is "***Making Progress Faster.***" This option would include everything in the "Making Progress" option (savings and well as investments), plus targeted additional investments in the following four areas: (i) service equity; (ii) DWW capital projects (culvert repair and local drainage improvements); (iii) placeholder for one significant seismic capital project; and (iv) funding for line cleaning on Duwamish waterway (anticipated regulatory requirement).
- Lowest Option. Our working title for our low option is "***Digging a Hole for Ourselves.***" 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.