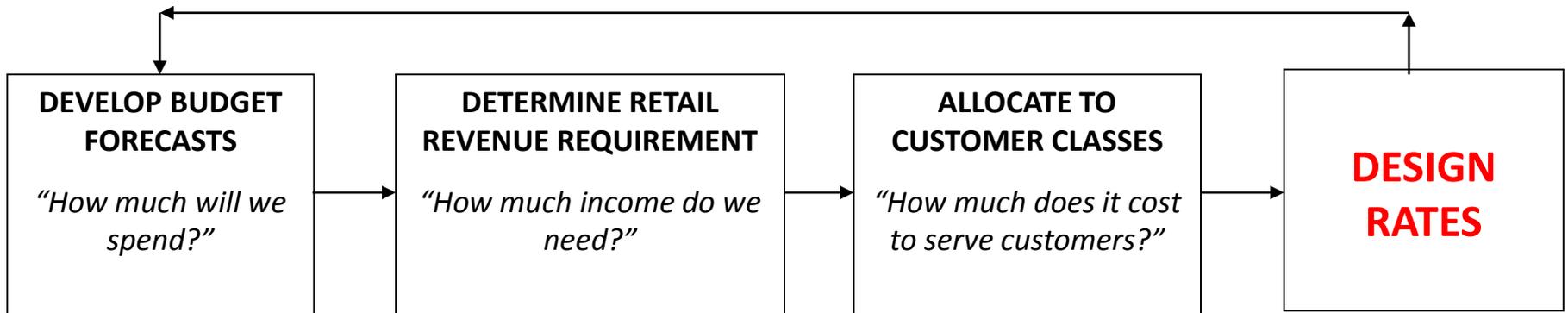


SPU Rate Design Water/Sewer

Seattle
 Public
Utilities

CDWAC/WSAC Meeting
May 11, 2016

Overview of Setting Rates



- O&M
- CIP

Apply **financial policies** to determine the **total revenue requirement**, then determine how much of this retail rates will need to cover.

Residential
General Service
Private Fire Services
Public Fire Hydrants

Base service charge
Peak rate
Off peak rate
Low income credits

What Is Rate Design?

It is **NOT**:

- The level of rates
- Simply a matter of who pays more

It **IS**:

- Linked to the overall cost of each customer class to the system
- A way to send price signals to customers

Examples of rate design components:

- Fixed vs. variable charges
- Peak/Offpeak rates
- Number of tiers

Regulatory Framework for Rate Design

RCW 35.92.010 Authority to acquire and operate waterworks – Generation of electricity – Classification of services for rates

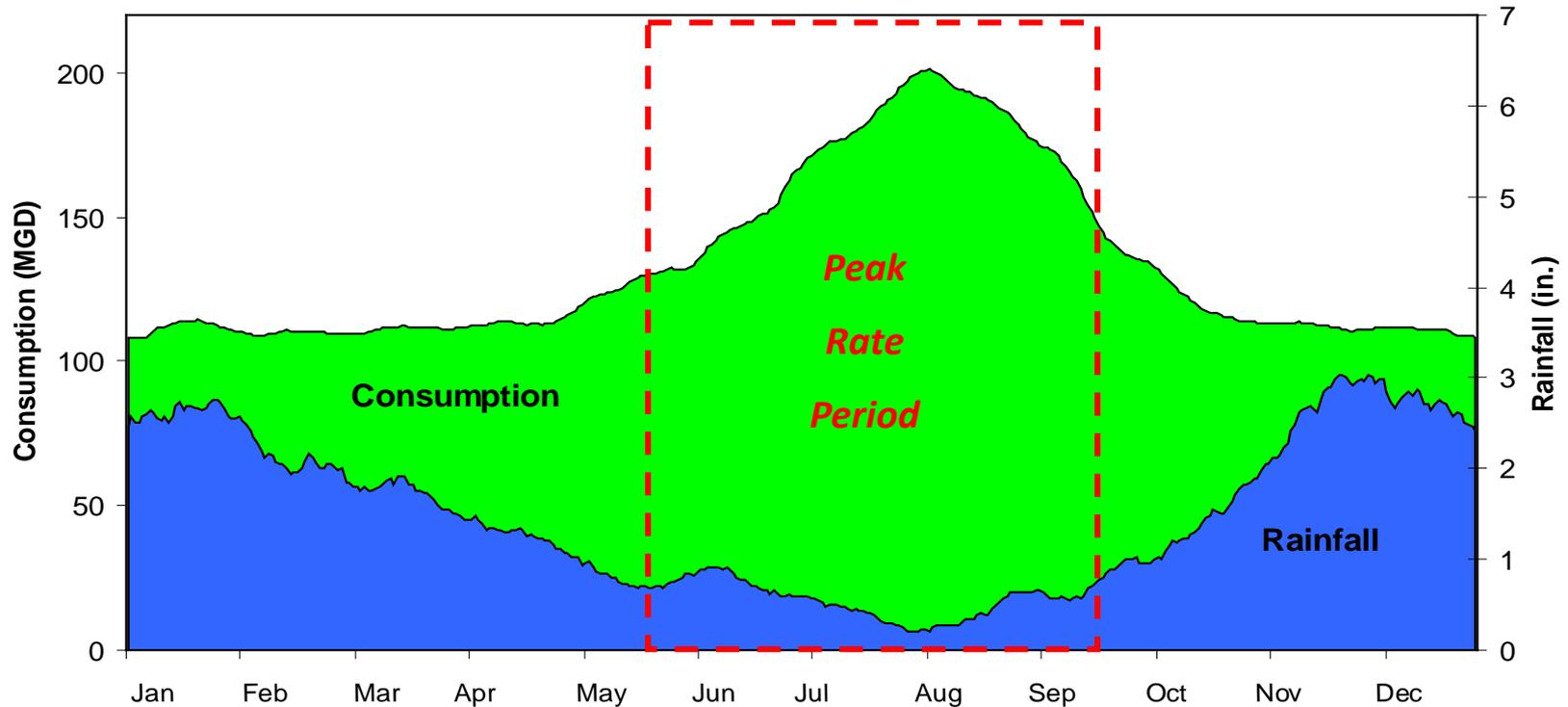
A city or town may construct...maintain and operate waterworks...with full power to regulate and control the use, distribution, and price thereof: PROVIDED, That the rates charged must be uniform for the same class of customers or service...No rate shall be charged that is less than the cost of the water and service to the class of customers served.

SPU Water Retail Rate Structure

1. Monthly charge based on meter size
 - “Fixed” portion of revenues not affected by usage
 - Represents about 21% of total billed revenue
2. Consumption-based rates
 - Fee charged per 100 cubic feet of water used
(100 cubic feet = “CCF” = 748 gallons)
 - **Peak** (May 16-Sep 15) vs. **Offpeak** (Sep 16 – May 15) rates
 - Residential tiered peak rates

Water Rates – Seasonal Block Structure

People want water when it's least available



- **Summer water supplies require expensive storage**
- **Peak summer demand requires expensive transmission capacity**
- **Higher summer block rates are intended to encourage conservation**

2016 Water Rates

	<u>Residential</u>	<u>General Service</u>
Base Service Charge (\$ per month)		
3/4" meter	\$14.15	\$14.15
1" meter	\$14.60	\$14.60
1 1/2" meter	\$22.50	\$22.50
2" meter	\$24.90	\$24.90
3" meter	\$92.25	\$92.25
4" meter	\$132.15	\$132.15
 Commodity Charge (\$ per CCF)		
Offpeak (Sep 16 - May 15)	\$5.06	\$5.06
Peak (May 16 – Sep 15)		
Up to 5 ccf per month	\$5.20	[] \$6.43
Next 13 ccf per month	\$6.43	
Over 18 ccf per month	\$11.80	

Sewer Rate Structure

- 1. All customers pay same rate**
- 2. Fee charged per 100 cubic feet of water used
(100 cubic feet = “CCF” = 748 gallons)**
- 3. Based on metered water usage with adjustments for water not entering sewer system**
 - Residential
 - Winter - based on actual usage
 - Summer - lower of actual summer or average winter use
 - General Service
 - Actual usage at all times of year
 - Submeters may be installed to measure non-sewer water use

2016 Sewer Rate

Treatment (KC) *	\$7.69
System (SPU)	<u>\$4.58</u>
Total per CCF	\$12.27

* Increases in the King County treatment rate to SPU may be passed through via ordinance

Typical Residential Monthly Bill

WATER

	<u>Offpeak</u>	<u>Peak</u>	TYPICAL <u>BILL</u>
Monthly Meter Charge (3/4")	\$14.15	\$14.15	
Rate per CCF	\$5.06	\$5.20/\$6.43	
CCF	4.7	5.5	
Usage Charge	\$23.78	\$29.02	
Total Bill	\$37.93 <i>2/3</i>	\$43.17 <i>1/3</i>	\$39.68

SEWER

	TYPICAL <u>BILL</u>
Rate per CCF	\$12.27
CCF	4.3
Total Bill	\$52.76

SPU Bill Example

CITY OF SEATTLE



Seattle Public Utilities Bill

00008

Visit us online at www.seattle.gov/util/paymybill
 Questions? Call 206-684-3000 or email SPUCustomerService@seattle.gov
 TTY: 206-233-7241; Out of Area Calls: 1-800-962-1181

028
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 001944478006

Account Number

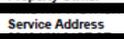


Summary of charges as of April 01, 2016

Payments received after April 01, 2016 are not reflected.

Previous balance:	391.44
Payments applied - THANK YOU:	391.44 CR
Balance:	0.00
Current billing:	412.23
TOTAL AMOUNT DUE ON April 22, 2016	\$412.23

Property Owner



Service Address

Customers are responsible for all account charges through the day the account is closed. Account closings cannot be backdated further than the most recent bill date.

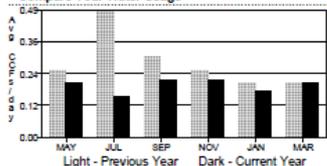
For more information about opening and closing accounts, and other account related service visit www.seattle.gov/util/myservices.

Include the bill stub with your check to ensure timely posting of your payment.

To learn about different bill payment options, call 206-684-3000.

Fight phone scams. Report calls seeking credit card information at 206-684-3000.

Compare Your Water Usage



This Bill Period

No. of days: 62
 Consumption in CCF: 13
 Avg consumption/day: 0.21 CCF
 Consumption in gals: 9724
 Avg consumption/day: 156.84 gals

Same Period Last Year

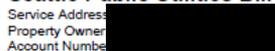
No. of days: 56
 Consumption in CCF: 12
 Avg consumption/day: 0.21 CCF
 Consumption in gals: 8976
 Avg consumption/day: 160.29 gals

1 CCF = 748 Gallons

Please tear off remittance stub below and mail it with your payment in the enclosed return envelope.

Please do not write messages on the bill stub - instead, write to us on a separate sheet or email SPUCustomerService@seattle.gov. Please include your account number.

Seattle Public Utilities Bill



DUE DATE: April 22, 2016
TOTAL AMOUNT DUE: \$412.23

Enter Amount Paid: \$ _____
 Write account number on check. Please do not send cash.

Seattle Public Utilities Bill

100008

Statement date: April 01, 2016

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DETAILED BILLING INFORMATION

Water Service

Service From	Service Through	CCF Usage	Previous Reading	Current Reading
Jan 27, 2016	Mar 29, 2016	13.00	2818.00	2831.00

Meter Number: [Redacted] Service Category: WTR1

Base service charge		29.24
Winter Residential	13.00 CCF @ \$5.06 per CCF	65.78
Current Water Service:		95.02

Sewer Service

Service From	Service Through	CCF Usage	Previous Reading	Current Reading
Jan 27, 2016	Mar 29, 2016	13.00		

Residential Service 13.00 CCF @ \$12.27 per CCF 159.51
 67% of sewer revenue is paid to King County Metro for sewage treatment.

Current Sewer Service: 159.51

Solid Waste Service

Service From	Service To	Description	Amount
Apr 01, 2016	May 31, 2016	1-Garbage 60 Gal 1X Weekly	136.00
Apr 01, 2016	May 31, 2016	1-Food/Yard Waste 90 Gal 1X Weekly	21.70
Apr 01, 2016	May 31, 2016	1-Recycle 90 Gal 1X Every Other Week	0.00

Current Solid Waste Service: 157.70

CURRENT BILLING: 412.23

Regional Typical Residential Monthly Bill Comparison

	SEATTLE	Bellevue	Kirkland	Tacoma	Portland
Water	\$39.68	\$58.42	\$49.07	\$35.31	\$31.61
Wastewater	\$52.76	\$75.35	\$76.15	\$52.89	\$40.42
Drainage	\$32.50	\$22.95	\$18.14	\$22.25	\$26.59
Solid Waste	<u>\$44.85</u>	<u>\$19.05</u>	<u>\$27.30</u>	<u>\$40.75</u>	<u>\$28.55</u>
TOTAL	\$169.79	\$175.76	\$170.65	\$151.20	\$127.17

Rate Design Project

- 2013-14 Water Rate Design Team
- 2016-2017 Water Rate Study (submitted in 2015 with no rate design changes)
- **2018-2020 Water Rate Study**
 - **To be submitted in 2017 (subsequent to SBP update)**
 - **SPU contracted with HDR to review previous work of Water Rate Design Team and provide any additional options**
 - **HDR's work to include review of sewer rate design**

Rate Design Study Group - 2016 Schedule

<u>Timing</u>	<u>Task</u>	Estimated # of <u>meetings</u>
May-Jun	Review rate design options and provide input on recommendations to move forward	3-4
Jul-Oct	Provide feedback and support on public outreach, including outreach to CAC's, general public, SBP Customer Review Panel	2-4
Nov	Provide feedback on final rate design proposal to City Council	1-2

Rate Design Study Group Participants

SPU

Craig Omoto

Diane Clausen

Regina Carpenter

Paul Hanna

Bruce Flory

Joan Kersnar

Rich Gustav

Kelly O'Rourke

WSAC

Tom Grant

Melissa Levo

Rodney Schauf

CDWAC

Noel Miller

Gary Olson

City Budget Office

Aaron Blumenthal

Financial Policies

Parameter	Water Fund	Drainage & Wastewater Fund	Solid Waste Fund
Net Income	Generally Positive	Generally Positive	Generally Positive
Debt Service Coverage	1.70 times	1.80 times	1.70 times
Year-End Cash Balance	1/12 th of current year's operating expense	One month wastewater treatment expense	20 days contract expense
Cash Financing of CIP	15% minimum in any year 20% over rate period	25% minimum (4 year rolling average)	\$2.5 million
Debt-to-Asset Ratio	n/a	No more than 70%	n/a
Variable Rate Debt	<= 15% of total debt	<= 15% of total debt	<= 15% of total debt
Revenue Stabilization Fund	Yes (\$9M minimum)	n/a	Yes