

ATTACHMENT A: EFFECTS OF SPUN COMMITTEE DRAINAGE AND WASTEWATER RATE CHANGES COMPARED TO SPU PROPOSAL

September 14, 2010

Summary:

	2010	2011			2012		
		Potential SPUN		Difference SPUN	Potential SPUN		Difference SPUN
		SPU Proposal	Action	v. SPU	SPU Proposal	Action	v. SPU
Av. Residential Monthly Bill: Drainage	\$17.17	\$ 19.37	\$ 19.17	(0.20)	\$ 21.45	\$ 21.18	(0.27)
\$ change		\$ 2.20	\$ 2.00		\$ 2.08	\$ 2.02	
% change		12.8%	11.6%		10.7%	10.4%	
Av. Residential Monthly Bill: Wastewater	\$46.70	\$ 48.57	\$ 48.06	(0.51)	\$ 50.49	\$ 49.87	(0.62)
\$ change		\$ 1.87	\$ 1.36		\$ 1.92	\$ 1.80	
% change		4.0%	2.9%		4.0%	3.7%	

Detail:

COSTS & REVISIONS	2011				2012			
	SPU Proposal	Δ Budget	Δ Revenue Req.	% Change	SPU Proposal	Δ Budget	Δ Revenue Req.	% Change
1. Proposed budget adds								
'A. Capacity planning (2 FTE)	\$ 479,400	\$ (479,400)	\$ (479,400)	-0.19%	\$ 488,988	\$ (488,988)	\$ (488,988)	-0.18%
'B. WRIA dues	\$ 98,940	\$ (98,940)	\$ (98,940)	-0.04%	\$ 100,919	\$ (100,919)	\$ (100,919)	-0.04%
2. Other Discretionary Programs								
'A. Street Sweeping for Water Quality	\$ 1,601,000	\$ (1,601,000)	\$ (932,750)	-0.36%	\$ 1,548,000	\$ (1,548,000)	\$ (1,174,500)	-0.44%
'B. Capitol Hill Water Quality Project	\$ 306,000	\$ (306,000)	\$ (76,500)	-0.03%	\$ 2,497,000	\$ (2,497,000)	\$ (624,250)	-0.23%
'C. Venema Natural Drainage System	\$ 1,489,000	\$ (1,489,000)	\$ (372,250)	-0.15%	\$ 2,601,000	\$ (2,601,000)	\$ (650,250)	-0.24%
3. Capital Program Reductions	\$ 4,250,000	\$ (4,250,000)	\$ (1,062,500)	-0.41%	\$ 4,700,000	\$ (4,700,000)	\$ (1,175,000)	-0.44%
4. Late-Breaking Budget Revisions								
Option 1: Full cost in 2011	\$ -	\$ 1,000,000	\$ 1,000,000	0.39%	\$ -	\$ 1,200,000	\$ 1,200,000	0.45%
Option 2: Spread cost over 2011 & 2012	\$ -	\$ 500,000	\$ 500,000	0.20%	\$ -	\$ 1,200,000	\$ 1,200,000	0.45%
5. Labor Productivity Gains	\$ -	\$ (150,000)	\$ (150,000)	-0.06%	\$ -	\$ (300,000)	\$ (300,000)	-0.11%
TOTAL (with item 4 Option 3)	\$ 8,224,340	\$ (7,874,340)	\$ (2,672,340)	-1.04%	\$ 11,935,907	\$ (11,035,907)	\$ (3,313,907)	-1.24%

General Subfund Impact (net effect of SPUN changes)

\$ (317,019) +\$500,000 in increased SDOT costs

\$ (393,128) +\$500,000

Notes:

1. This analysis uses generalized rules of thumb provided by SPU to show how changes in retail revenue requirements may affect residential rates.
2. Actual effects will depend on a variety of factors including whether one or more financial policies are binding in a given year.
3. Capital dollar rate impacts show the 25% cash contribution that directly affects rates.
4. Utility taxes generate revenue for the General Subfund. Each 1% off of the drainage and wastewater revenue requirement reduces General Fund revenue by about \$300,000 each year. Impact showed here includes \$500,000 of increased SDOT costs for item 2A.
5. Total assumes Item 4 Option 2 is chosen.