

ATTACHMENT A: EFFECTS OF SEATTLE PUBLIC UTILITIES AND NEIGHBORHOODS (SPUN) COMMITTEE WATER RATE CHANGES COMPARED TO SPU PROPOSAL September 13, 2011

Summary:	2011 1/	2012			2013			2014		
		SPU Proposal	SPUN Action	Difference SPUN v. SPU	SPU Proposal	SPUN Action	Difference SPUN v. SPU	SPU Proposal	SPUN Action	Difference SPUN v. SPU
Av. Residential Monthly Bill	\$31.70	\$ 34.12	\$ 33.77	-\$0.35	\$ 36.79	\$ 36.01	-\$0.78	\$ 39.71	\$ 38.45	-\$1.26
\$ change	n/a	\$ 2.42	\$ 2.07		\$ 2.67	\$ 2.24		\$ 2.92	\$ 2.44	
% change	n/a	7.6%	6.5%		7.8%	6.6%		7.9%	6.8%	

Detail:	2012				2013				2014			
	SPU \$ or policy in Rate Proposal	SPUN revision 2/	diff. in rates 3/	Impact on Avg Res Monthly Bill 4/	SPU \$ or policy in Rate Proposal	SPUN revision	diff. in rates	Impact on Avg Res Monthly Bill 4/	SPU \$ or policy in Rate Proposal	SPUN revision	diff. in rates	Impact on Avg Res Monthly Bill 4/
SELECTED COSTS & REVISIONS												
1 A. SPU-proposed base service reductions	\$ (10,600,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
B. Mismatch between rates and proposed budget 6/	base of >\$120M	TBD	TBD	\$ -	base of >\$126M	TBD	TBD	\$ -	base of >\$132M	TBD	TBD	\$ -
C. Further base service cuts: specific	base of >\$120M	these cuts assumed to be part of D. below			base of >\$126M	these cuts assumed to be part of D. below			base of >\$132M	these cuts assumed to be part of D. below		
D. Further base service cuts: general	base of >\$120M	\$ (1,400,000)	\$ (1,474,060)	(\$0.24)	base of >\$126M	\$ (1,400,000)	\$ (1,474,060)	(\$0.28)	base of >\$132M	\$ (1,400,000)	\$ (1,474,060)	(\$0.28)
E. Workforce efficiencies	base of >\$120M	\$ -	\$ -	\$ -	base of >\$126M	\$ -	\$ -	\$ -	base of >\$132M	\$ -	\$ -	\$ -
2 A. Deferred maintenance (BIP 101)	\$ 179,000	\$ -	\$ -	\$0.00	\$ 363,000	\$ (183,000)	\$ (192,681)	(\$0.06)	\$ 488,000	\$ (308,000)	\$ (324,293)	(\$0.06)
B. Watermain condition assessment (BIP 102)	\$ 50,000	\$ (50,000)	\$ (52,645)	(\$0.02)	\$ 150,000	\$ (150,000)	\$ (157,935)	(\$0.04)	\$ 150,000	\$ (150,000)	\$ -	(\$0.05)
C. CCSS purge and archiving (BIP 300)	\$ 68,000	\$ (68,000)	\$ (71,597)	(\$0.04)	\$ -	\$ -	\$ -	(\$0.03)	\$ -	\$ -	\$ -	(\$0.03)
D. Morse Lake temporary pumps (BIP 302)	\$ -	\$ -	\$ -	\$0.00	\$ 260,000	\$ (260,000)	\$ (273,754)	(\$0.03)	\$ -	\$ -	\$ -	(\$0.03)
E. Morse Lk long-term pump amortization 6/	\$ -	\$ 1,016,000	\$ 1,069,746	\$0.21	\$ -	\$ 1,016,000	\$ 1,069,746	\$0.24	\$ -	\$ 1,016,000	\$ 1,069,746	\$0.28
F. Customer care billing system (BIP 402)	\$ -	\$ -	\$ -	\$0.00	\$ -	\$ -	\$ -	\$0.00	\$ 180,000	\$ (180,000)	\$ (189,522)	(\$0.05)
3 A. Capital program reductions	CIP of >\$67.7M	\$ (13,200,000)	\$ -	\$0.00	CIP of >\$79.4M	\$ (15,800,000)	\$ (1,100,000)	(\$0.48)	CIP of >\$86.2M	\$ (23,800,000)	\$ (2,200,000)	(\$0.65)
4 A. Demand projections	25,882,180 ccf	\$ -	\$ -	(\$0.04)	25,543,278 ccf	\$ -	\$ -	(\$0.10)	25,340,411 ccf	\$ -	\$ -	(\$0.14)
B. Tap fees	\$ 3,037,500	\$ -	\$ -	\$0.00	\$ 3,075,469	\$ 250,000	\$ (250,000)	(\$0.05)	\$ 3,113,912	\$ 250,000	\$ -	(\$0.05)
C. Low income emergency assistance	125% of fed. poverty	70% of state median	\$ 75,000	\$0.01	125% of fed. poverty	70% of state median	\$ 80,000	\$0.00	125% of fed. poverty	70% of state median	\$ 85,000	\$0.00
D. City utility taxes	15.54 %	\$ -	\$ -	\$ -	15.54 %	12.88%	\$ (720,000)	(\$0.16)	15.54 %	12.88%	\$ (800,000)	(\$0.16)
TOTAL OF REVISIONS		\$ (14,302,000)	\$ (1,053,556)		\$ (17,427,000)	\$ (2,598,683)		\$ (25,172,000)	\$ (2,733,129)			

General Subfund Impact of Rate Changes 5/ (net effect of tax revenues and hydrant bills)	\$ (183,000)	\$ (5,185,000)	\$ (5,816,000)
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Notes:

- This analysis illustrates how changes in total retail revenue requirements may affect average monthly bills for a retail residential customer who used a median quantity (5ccf) of water.
- Based on Options 1 and Recommendations with SPUN revision showing the change from SPU's proposal, not the total allocated to the activity after Committee revisions. Cuts in ongoing activities appear in the first year and are carried forward in a lower base in following years.
- Since debt service coverage is the binding constraint, rules of thumb typically used in the past do not apply. The retail revenue requirement impact from changes in operating costs only include state taxes of 5.029% since city utility taxes are added back for purposes of calculating DSC. Changes in capital costs primarily impact the size and timing of future bond issues.
- Impact on typical bills do not use rules of thumb since they do not apply. Instead, the estimates are based on a unique rate scenario for each issue. The bill impacts in the upper table include smoothing for more even rate increases, while bill impacts in the lower table do not include smoothing.
- The utility tax generates revenue for the General Subfund. Each \$1 million off of the Water revenue requirement reduces General Fund revenue by \$155,400.