DATE: June 20, 2024
TO: Environmental Services Commission
FROM: Lucy Liu, Utilities Director
Scott Edwards, Utilities Deputy Director
Scott Pickard, Acting Fiscal Manager
SUBJECT: **Supplemental Information to June 6, 2024 ESC Meeting**

ACTION REQUIRED

No action by the Commission is required at this time. This is provided for informational purposes only.

BACKGROUND / ANALYSIS

Staff is providing responses to the following questions raised during the June 6, 2024, meeting.

1. **How has the typical monthly residential bill changed over the last few years?**

   The attached graph (Attachment A) depicting a *Typical Combined Monthly Utility Bill* for the five-year period of 2020 through 2024. The graph compares a typical single-family bill for Bellevue, Seattle, Mercer Island, Redmond, Kirkland, Issaquah, and Renton. Throughout this period, Bellevue's bill has remained competitive.

2. **How have utility rate increases changed over time?**

   The attached table (Attachment B) depicts the combined *Annual Adopted Utility Rate Increases* for the five-year period of 2020 through 2024. The table provides the annual rate increase, including the amount attributed to wholesale and local cost components.

   This attachment also includes a table depicting the combined *Proposed/Forecasted Rate Increases* for the six-year period of 2025 through 2030 per the Early Outlook Financial Forecast. The forecasted rates also include the amounts attributed to wholesale and local cost components.

3. **How are the proposed levels of capital Renewal & Replacement (R&R) Account contributions determined?**

   Attachment C provides the projected R&R Account activity included with the Asset Renewal Forecast Update presented to the Commission in January 2024. These graphs depict the 75-year horizon for each utility fund, including the planned contributions, expenditures, and rate capacity for the period of 2023 through 2097.

   This projection is provided to highlight the strategy to address future needs in each utility, and the necessary rate capacity to fully fund future capital requirements. Please note these charts have not been updated to reflect the proposed 2025 – 2034 CIP. However, the longer-term needs of each fund remain the same.

Attachments:

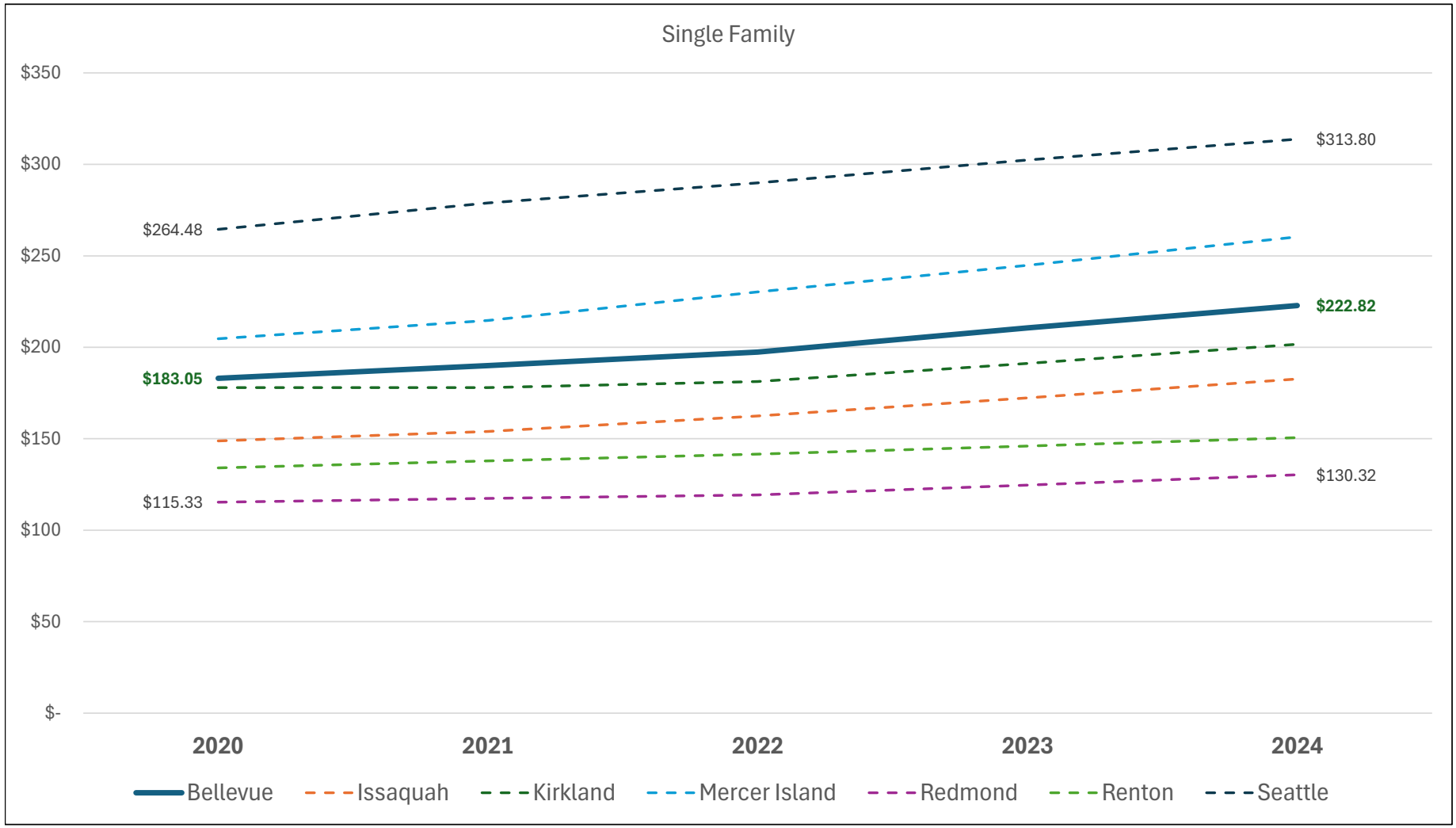
A. Typical Combined Utility Bill
B. Annual Adopted Utility Rate Increases, Proposed/Forecasted Rate Increases
C. Renewal and Replacement 75-Year Forecast

Attachment A

Typical Combined Utility Bill

(Water, Sewer, and Storm)

2020 through 2024



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Attachment B

Annual Adopted Utility Rate Increases

Source: ESC Notebooks and CoB Ordinances

	COMBINED (Water, Sewer, & Storm)		
YEAR	Wholesale	Local	Total
2020	0.8%	3.0%	**3.8%**
2021	2.2%	1.6%	**3.8%**
2022	1.8%	2.1%	**3.9%**
2023	2.4%	4.3%	**6.7%**
2024	2.1%	3.7%	**5.8%**

Proposed/Forecasted Rate Increases

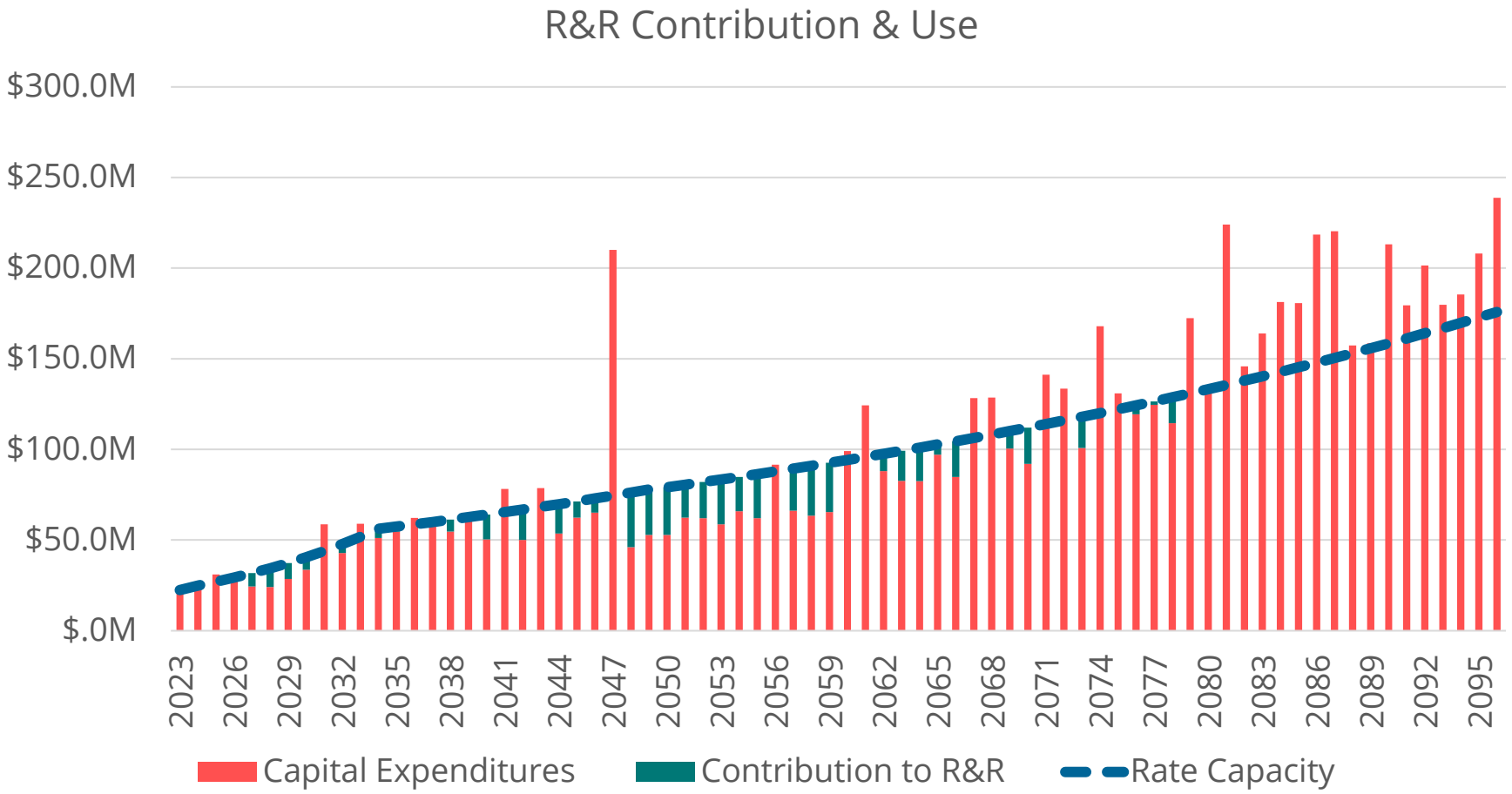
Source: 2025-2026 Rate Models

	COMBINED (Water, Sewer, & Storm)		
YEAR	Wholesale	Local	Total
2025	1.5%	5.9%	**7.4%**
2026	2.2%	4.6%	**6.8%**
2027	2.5%	4.2%	**6.7%**
2028	2.4%	4.3%	**6.7%**
2029	2.9%	4.3%	**7.2%**
2030	2.9%	4.3%	**7.2%**

2025-2030 rates based on the 2025-2026 Early Outlook Forecast

Last updated 6/18/24

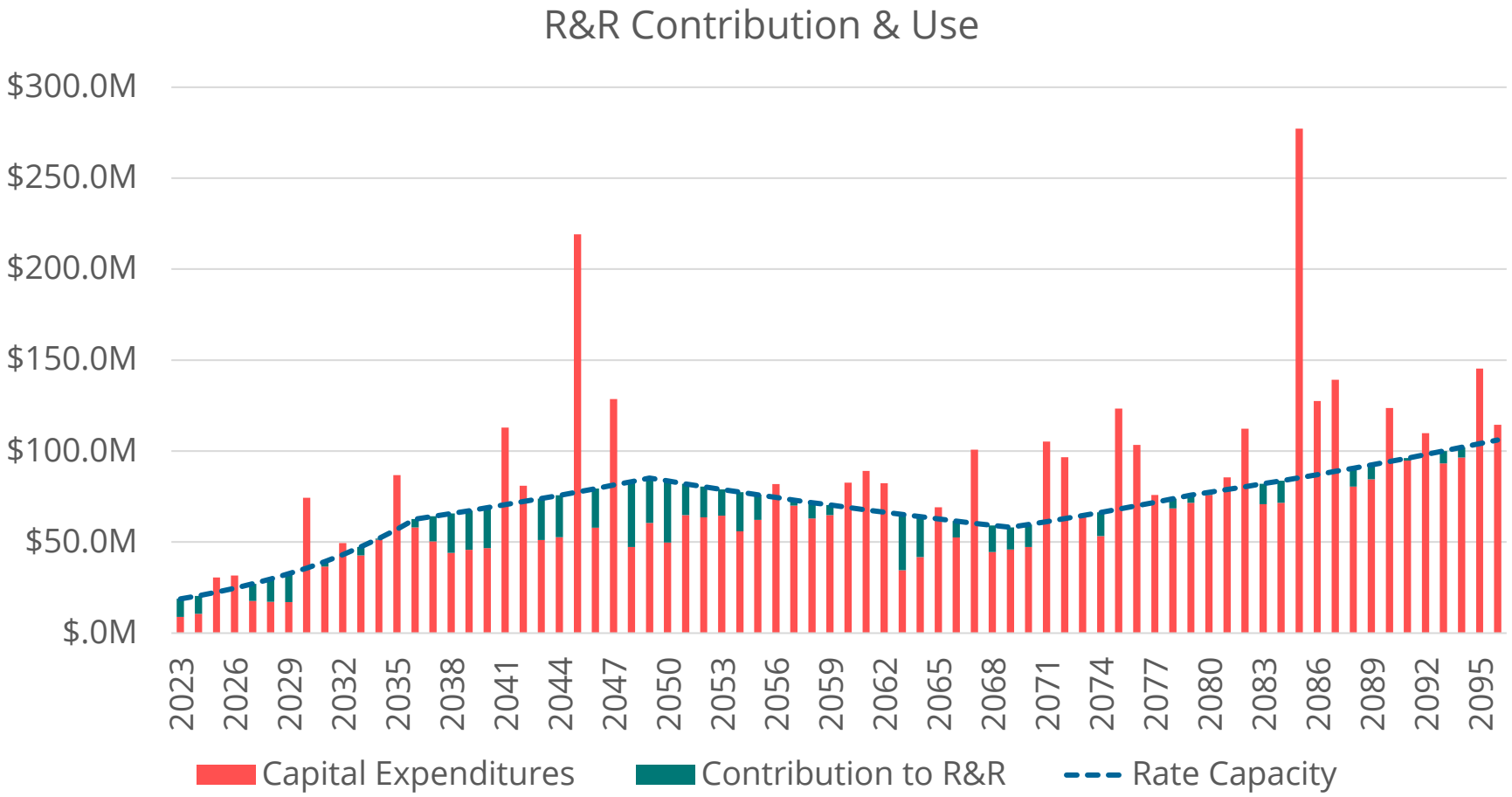
Water R&R Forecast



Renewal Forecast Long Term

- Capital needs remain significantly higher through 2050
- Capital Rate Capacity ramps above inflation until 2034, then smoothed below inflation for remainder of forecast

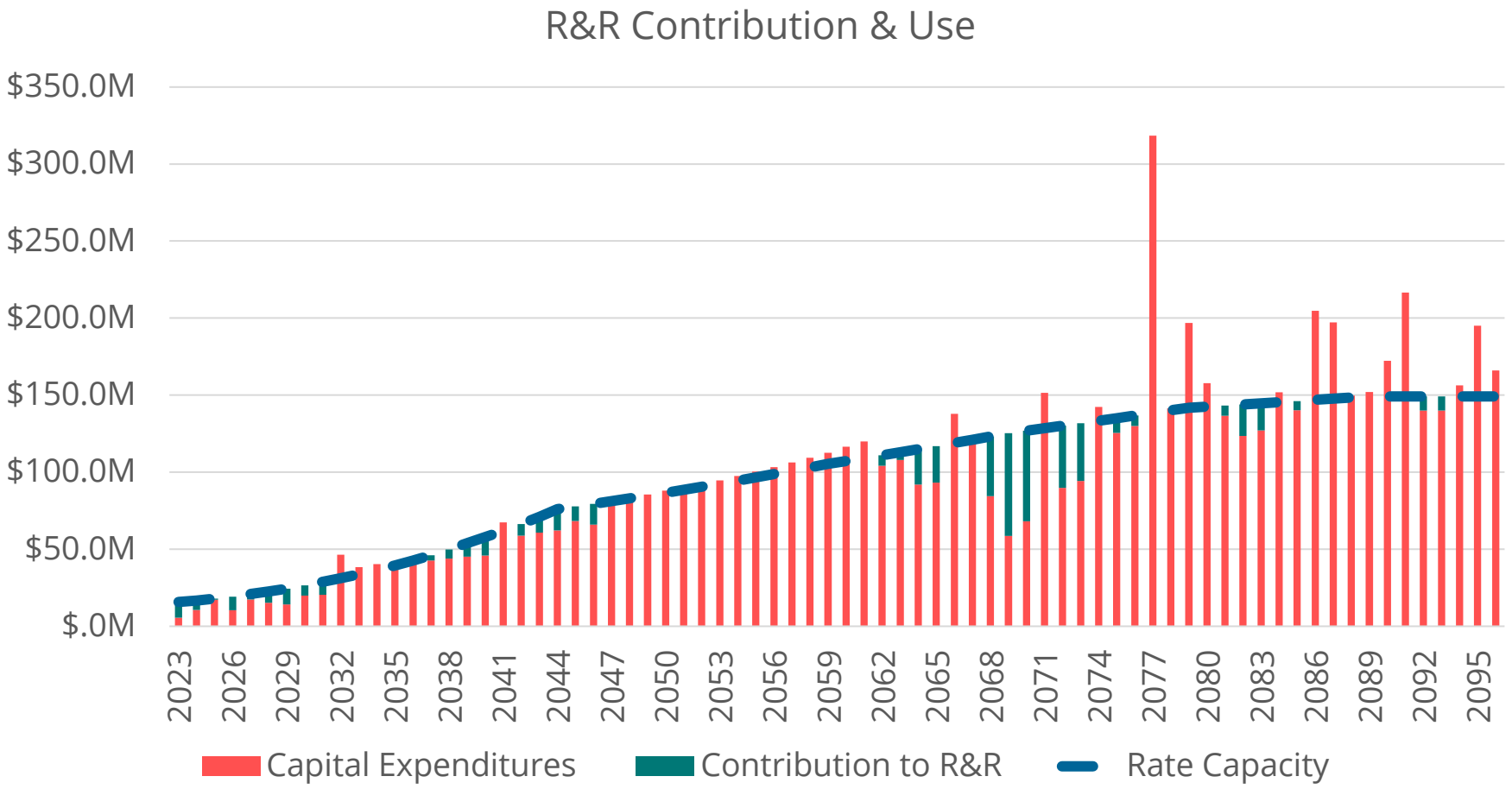
Sewer R&R Forecast



Renewal Forecast Long Term

- Capital needs remain significantly higher through 2050
- Rate Capacity ramps above inflation until 2036, then drops between 2050 and 2070 – driven by meeting Lake Line Replacements.
- Ongoing Lake Line Management Plan study will evaluate alternatives to refine scheduling, cost, and funding structure

Storm R&R Forecast



Renewal Forecast Long Term

- Capital needs are significantly higher than previously forecast
- Rate Capacity ramps above inflation until 2044, then smoothed below inflation through the end of the forecast
- Proposed forecast has significant uncertainty related to culvert costs and gravity main condition assessment. Studies are already planned to address these