

DATE: April 7, 2022

TO: Environmental Services Commission

FROM: Nav Ota, Utilities Director
Uma Singh, Acting Assistant Director – Resource Management and Customer Service
Andy Baker, Utilities Fiscal Manager

SUBJECT: **2023-2028 Utilities Early Outlook Rates Forecast**

ACTION REQUIRED

No action by the Commission is required. This is an informational briefing.

BACKGROUND / ANALYSIS

On April 7, staff will review with the Commission the Utilities early outlook rates forecast for the period 2023-2028. The purpose of the rates forecast is to provide a preview of the rate adjustments needed to fund the forecasted financial obligations during the planning period. The rates forecast will be updated over the coming months and a finalized rate forecast will be presented to the Commission as part of the proposed budget.

Rates are Utilities' primary source of funding. The level of Utility rates presented in this forecast are based on the following key Council-adopted financial policies:

- Rates shall be set at a level sufficient to cover current and future expenses, and maintain reserves for working capital, operating contingency, and plant emergency.
- Changes in rate levels should be gradual and uniform to the extent that costs can be forecast.
- Cost increases or decreases for wholesale services shall be passed directly through to Bellevue customers.
- Funding for capital investments shall be sustained at a level sufficient to meet the projected long-term capital program costs.
- Funding from rate revenues shall fund current construction and engineering costs, contributions to the Capital Facilities Renewal and Replacement (R&R) Account, and debt service, if any.
- Inter-generational equity will be ensured by making contributions to and withdrawals from the R&R Account in a manner which produces smooth rate transitions over a long-term planning period.

The forecasted rates reflect a prudent, balanced, and responsible budget to maintain high-quality utility service delivery to the community through continued responsible management of infrastructure assets, leveraging efficiencies, and cost containment.

The attached 2023-2028 Early Outlook Financial Forecast presents the rates and key rate drivers for the water, sewer, and storm and surface water utilities.

ATTACHMENTS

- A. 2023-2028 Early Outlook Financial Forecast – Utilities Funds