

Water and Wastewater Program

Proposed Rate Adjustment and Alternative Scenarios



City Council Presentation

January 10, 2012

Presentation Overview



- ▶ **Water Rate Proposal**
 - ▶ Program alternative descriptions
 - ▶ Long-term rate impacts

- ▶ **Wastewater Rate Proposal**
 - ▶ Program alternative descriptions
 - ▶ Long-term rate impacts

Water Scenarios



| Alternative | Capital Program | Risk | 3-Yr Rates (Avg residential customer) |
|--|--|--|--|
| Current Path | <ul style="list-style-type: none"> • Water Metering • 400-yr pipeline replacement | Increased risk of infrastructure failure | \$34.35 – \$42.09 |
| Proposed Program (Scenario A) | <ul style="list-style-type: none"> • Water Metering • Treatment plant upgrade • 100-yr pipeline replacement | Reduced risk of infrastructure failure | \$34.35 – \$45.73 |
| Funds prudent level of capital needs. | | | |
| Reduced Program (Scenario B) | <ul style="list-style-type: none"> • Water Metering • Treatment plant upgrade • Delayed 100-yr pipeline replacement | Increased risk of infrastructure failure | \$34.35 – \$45.73 |
| Delays “best practices” capital projects by 5 years. | | | |

Water Scenarios



| Water Fund Rate Adjustment Alternatives CIP Scenarios and Impacts | FY 2012/13 | FY 2013/14 | FY 2014/15 | FY 2015/16 | FY 2016/17 | FY17/18 - FY21/22 (Avg Rate) | FY22/23 - FY26/27 (Avg Rate) |
|--|---------------|---------------|---------------|---------------|---------------|------------------------------------|------------------------------------|
|--|---------------|---------------|---------------|---------------|---------------|------------------------------------|------------------------------------|

| Scenario A - Proposed | Start | Rate | | | | | Average Rate | |
|--|--------|------|-----|-----|-----|-----|--------------|----|
| | | 10% | 10% | 10% | 10% | 10% | 9% | 6% |
| Regulatory Program (<i>Water Meter Program</i>) | Year 1 | | | | | | | |
| Water Treatment Plant | Year 1 | | | | | | | |
| Best Practices Infrastructure Replacement | Year 1 | | | | | | | |

| Scenario B - Regulatory and WTP (<i>Delay BP 5 years</i>) | Start | Rate | | | | | Average Rate | |
|---|---------------|------|-----|-----|----|----|--------------|----|
| | | 10% | 10% | 10% | 8% | 8% | 8% | 6% |
| Regulatory Program (<i>Water Meter Program</i>) | Year 1 | | | | | | | |
| Water Treatment Plant | Year 1 | | | | | | | |
| Best Practices Infrastructure Replacement | <i>Year 6</i> | | | | | | | |

Wastewater Scenarios



| Alternative | Capital Program | Risk | 3-Yr Rates (Avg residential customer) |
|--|--|--|--|
| Current Path | <ul style="list-style-type: none"> • Historic regulatory requirements only • 650-yr pipeline replacement | Increased risk of pipeline failure, sewer overflows, and permit violations & fines | \$14.74 – \$15.77 |
| Does not meet new regulatory requirements | | | |
| Proposed Program (Scenario A) | <ul style="list-style-type: none"> • New regulatory needs • 100-yr pipeline replacement | Reduced risk of pipeline failure | \$14.74 – \$22.42 |
| Funds prudent level of capital needs. | | | |
| Reduced Program (Scenario B) | <ul style="list-style-type: none"> • New regulatory needs • Delayed 100-yr pipeline replacement | Increased risk of pipeline failure and sewer overflows | \$14.74 – \$22.22 |
| Delays “best practices” capital projects by 5 years. | | | |

Wastewater Scenarios



| | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|------------------------------------|------------------------------------|
| Wastewater Fund Rate Adjustment Proposal CIP Scenarios and Impacts | FY 2012/13 | FY 2013/14 | FY 2014/15 | FY 2015/16 | FY 2016/17 | FY17/18 – FY21/22 (Avg Rate) | FY22/23 – FY26/27 (Avg Rate) |
|---|---------------|---------------|---------------|---------------|---------------|------------------------------------|------------------------------------|

| Scenario A – Proposed | Start | Rate | | | | | Average Rate | |
|---|--------|------|-----|-----|-----|-----|--------------|----|
| | | 16% | 15% | 14% | 14% | 14% | 10% | 8% |
| Regulatory Program | Year 1 | | | | | | | |
| Best Practices Infrastructure Replacement | Year 1 | | | | | | | |

| Scenario B – Regulatory only <i>(Delay BP 5 years)</i> | Start | Rate | | | | | Average Rate | |
|---|--------|------|-----|-----|-----|-----|--------------|----|
| | | 15% | 15% | 14% | 14% | 14% | 10% | 8% |
| Regulatory Program | Year 1 | | | | | | | |
| Best Practices Infrastructure Replacement | Year 6 | | | | | | | |

Questions?

