**Summary of WTD 2018 Sewer Rate Recommendations**

1. **Highlights of WTD's recommendation**
    a) WTD's rate projections through 2023 are lower than those projected in the 2017 adopted rate (June 2016)
    b) WTD will maintain current levels of programs, projects and levels of service
    c) Supports Strategic Plan, Equity and Social Justice and Strategic Climate Action Plan goals and enables WTD's energy conservation and sustainability efforts to achieve our goal of beyond carbon neutrality by the end of 2017

2. **Maintain the current rate at $44.22 for a second year -- no rate increase for 2018**.
    a) Rate was increased 5.2% in 2017 to strengthen financial policies
    b) Increased cash financing of capital improvement program from 32% to 40%.
    c) Began amortizing variable rate debt; past practice is no amortization
    d) Both (b) and (c) will reduce total outstanding debt by over $549 million by 2030, $14.5 million less in 2017, providing stronger financial management as recommended expressed by MWPAAC.
    e) 2018 capacity charge to increase by 3% from $60.80 to $62.60, in line with policy.

3. **Positive 2016 Financial Performance**
    a) 2016 debt refinancing produced a total savings of $169 million in debt service including $12.7 in 2017-18 biennium
    b) Since January, 2015, over $1.6 billion in bonds refinanced resulting in $20.9 million in debt service savings in the 2017-8 biennium; $332 million overall.
    c) Favorable judgement on $129 million Brightwater disputed costs
    d) RCE's stronger than predicted yielding additional $7.8 million in revenue
    e) Capacity charge revenue $4.5 million higher than projected
    f) Operating expenditures lower than predicted
    g) Maintained $46.2 million rate stabilization balance

4. **Financing West Point Restoration Efforts**
    **WTD's Recommended Approach** is to pay for all delayed/unreimbursed expenses with funds recovered from Brightwater litigation
        i. Likely to fund all delayed/unreimbursed operating and capital costs
        ii. Will not disrupt current programs, projects and levels of service
        iii. Use available rate stabilization if necessary to mitigate debt service coverage issues
        iv. Will be well received by bond rating agencies