

DRAFT
Summary of Rates & Finance Subcommittee October 1, 2020 meeting
For MWPAAC General Meeting on October 28, 2020

1. 2021 Rate Setting – Rate Plan Strategy

Presenter: Courtney Black – Rates, Capital, & Debt Management Unit Supervisor

As part of WTD’s efforts to detail the process for rate setting, Ms. Black presented the third of five planned discussions on WTD’s rate development process. This meeting’s topic was WTD’s “Rate Plan Strategy”. A very detailed handout was provided and provides context to the following topics which were discussed:

- Forecasting of Risks to the utility. There are several major risks currently identified including asset management and nutrient loading general permit.
- A large and growing Capital Improvement Plan that is a result of known issues and their related costs (such as Asset Management needs), unknown known issues (such as changing regulatory environment; nutrient loading), and “unknown unknown” issues (such as natural disasters and the long-term effects of the pandemic). The handout has several very useful graphs showing the effects of known issues on future rates and borrowing needs.
- Discussion of WTD’s capital funding and debt strategy. Currently, rates are historic lows and for 2020, WTD has elected to defer any cash funding because the cost to borrow now is most certainly less than it will be in future years. Cash funding will resume in future years and will “balance” to WTD’s 40% historical borrowing ration.
- The revenues needed currently and in future years to support the utility’s operations as well as increased debt service requirements related to increased borrowing.
- Rate alternatives including a discussion of rate “smoothing”.

Ms. Black took time for Q&A at the end of the discussion. As mentioned above, the presentation was provided and provides additional context to this discussion.

The next Rates and Finance Subcommittee meeting will be held on November 5, 2020. WTD will continue its series on rate development; the topic will be Covid 19 revenue impact estimates and reserves management (which was postponed from today’s presentation). Please attend this teleconference meeting.

Questions?

Jack Broyles, Jr., Rates & Finance Subcommittee Chair
Woodinville Water District
jbroyles@woodinvillewater.com 425.487.4106

Gregg Cato, Rates & Finance Subcommittee Vice-Chair
Alderwood Water & Wastewater District
GCato@awwd.com 425.741.7955