

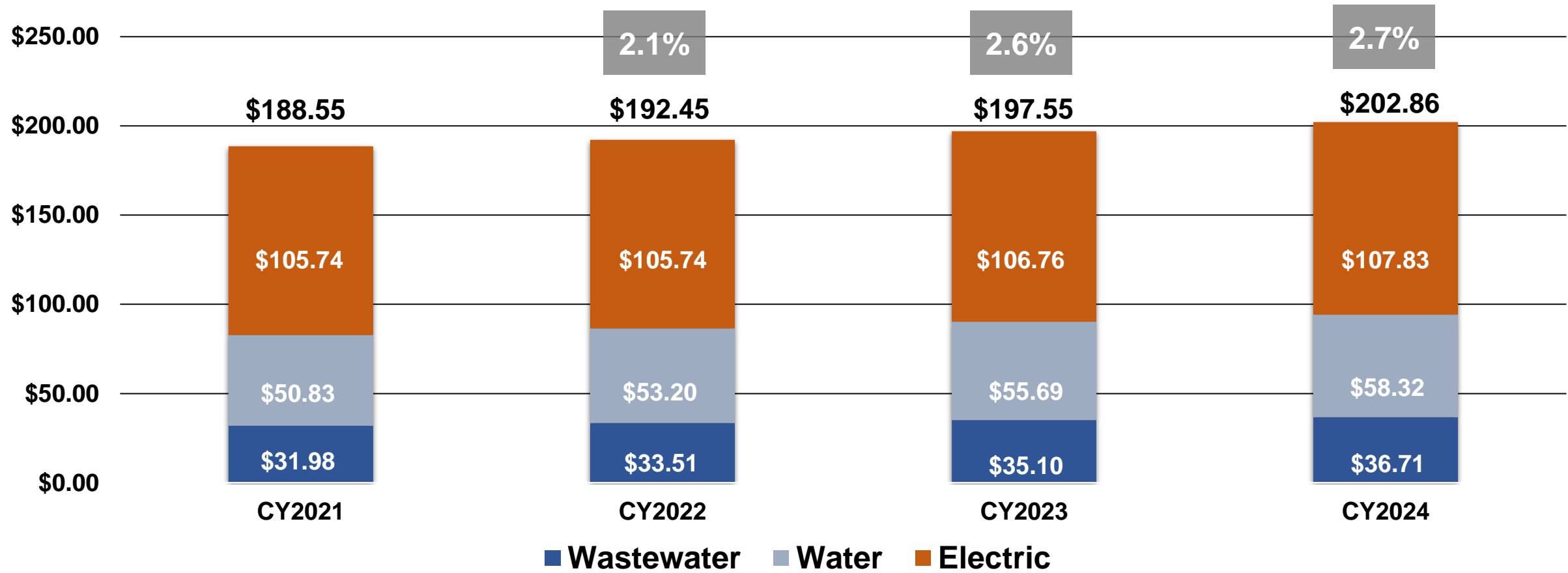


2021 Electric & Water Utilities Rate Studies

City Council update – Oct. 19, 2021



Overall Residential Utility Bill Impact



Based on Electric residential average of 844 kWh per month; Water average of 750 cubic ft/month & staff recommended capital scenario w/financing

Electric Study Overview

GOALS

- Revenue-neutral PPA
- Cost-of-service equity
- Appropriate infrastructure funding

ITEMS OF NOTE

- Time of Use Rate Examination
 - Testing, policy creation, Council review, communication

OUTCOMES

✓ **RATE CHANGES**

- No changes in 2022 for all classes
- Residential: 1% increase/year in 2023 & 2024
- Commercial: Less than 1% increase in some classes in 2023 & 2024, no change or decrease for others

✓ **PPA BASE RATE ADJUSTMENT**

- Increase from \$0.0855 to \$0.0860
 - Meets revenue neutral goal

✓ **APPROPRIATE CAPITAL FUNDING**

- Increased spending by \$1M to \$15M/year through 2024
 - Tollway substation improvements for increased reliability for downtown/I-88 customers

Water Study Overview

GOALS

COST OF SERVICE EQUITY

- No one rate class subsidizes another

GENERATIONAL EQUITY

- Long-term assets paid over time by all who use them

INCREASED INFRASTRUCTURE FUNDING

- Based on asset evaluation studies
- Increase level of watermain replacement to help reduce watermain breaks
- Regulatory compliance driven process improvements at treatment plan
- Reduce/eliminate sanitary sewer overflows

OUTCOMES



RATE CHANGES

- Allows for cost-of-service equity
- Residential: 4.7% increase 2022-2024 (average use)
- Commercial: 4.2%, 4.5%, 4.6% (average use, 2,000 cubic ft/month, 2" meter)



EXPANDED CAPITAL PROGRAM

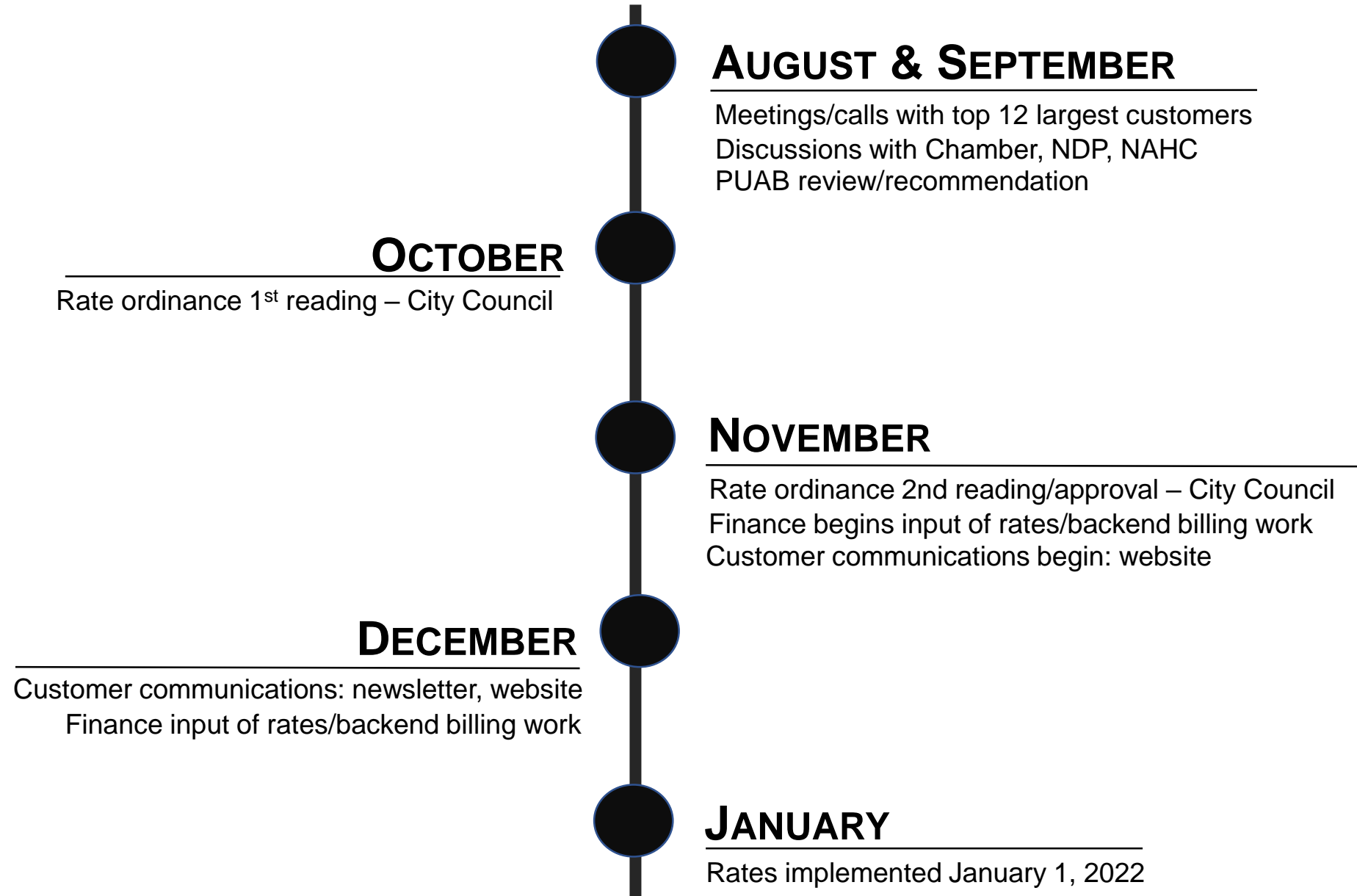
- Yearly investment to staff-recommended \$27M/year
 - Incorporated annual watermain replacement program expansion (additional 3 miles/year) and Springbrook process improvements
 - Blended customer rates/financing model to further generational equity



NEW WATER CAPITAL CHARGE

- Dedicated revenue source to support capital assets that deliver water that is not dependent on usage variables (weather, conservation trends)
- Approx. \$800K in first year (residential & commercial)

Timeline & Customer Communication





Questions?

