

# Capacity Charge Affordability

Implementation Funding (Post 2022)

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# Benefits and Financial Impacts

Proposed Change	Households Assisted	People Assisted	Delayed Revenue	Foregone Revenue
Expanded Payment Plans	100	220	\$100k	---
Low-Interest Lien Deferral	1,800	3,000	\$1M	---
Expanded Rate Class: Low Income Housing*	760	1,500	---	\$2.25M
Expanded Rate Class: Special Purpose/Shelter Housing*		700	---	<\$100k

\*Resulting in 50% reduction in capacity charge for most income restricted, affordable housing and housing for residents experiencing homelessness.



## Near-term Funding Plan Strategy

### Incremental Increase in Capacity Charge:

- ▶ \$0.50/RCE generates enough revenue to offset the first three years of the expanded low income housing rate classification
- ▶ \$6.00/year for single family, \$90.00 total over fifteen years



## Near-term (2019-2021) Funding Plan Rationale

- ▶ Possible to implement in 2020 while maintaining <3% annual increase in capacity charge
- ▶ No sewer rate increase planned for 2020
- ▶ Additional time needed to investigate and discuss with MWPAAC possible alternatives, including funding through sewer rate
- ▶ Allows monitoring of actuals and updating of forecast revenue impact



# Options for Long-term Funding

Option	Monthly Increase	Annual Impact	Discussion Points
Monthly Sewer Rate	≈\$0.25 per RCE starting in 2021	≈\$3.00 per RCE	<p>Spreads impact over a much larger customer base.</p> <p>Revenue requirements assessed annually based on actuals and updated forecasts.</p>
Capacity Charge	≈\$1.00 per RCE starting in 2023	≈\$12.00 per RCE	<p>Spreads impact over smaller base of capacity charge ratepayers only.</p> <p>Rate increase would be based on long-term estimates with limited data.</p>