

MWPAAC Rates & Finance Committee Requested Supplemental Materials – 2021 Sewer Rate April 15, 2020

1. **Request:** More info on potential Covid-19 impacts to revenues in the biennium (e.g., what has to be cut to balance)

Response: Should revenue shortfalls in the biennium exceed our ability to manage our planned program through use of reserves, we would utilize capital project portfolio rankings to identify projects that would be candidates for deferral.

2. **Request:** Projections of consumption for residential and commercial (then and now)

Response: Since commercial consumption is a revenue metric for WTD and residential is not, only commercial consumption is tracked. In order to test a rough, order-of-magnitude potential impact to WTD revenues, a reduced commercial consumption scenario analysis was performed.

Impacts resulting from mass telecommute, mandatory business closures, and reduced economic activity were estimated as a 10% reduction to the commercial share of sewer rate revenue in 2020, 20% in 2021, and 10% (beginning recovery) in 2022. This is patterned after the four-quarter rolling average billing which suggests the impact would be most significant to WTD revenue collection one year after the closures. The portion of capacity charge revenue relating to discretionary prepayments was reduced by 50% in 2020, 40% in 2021, and 30% in 2022. Interest earnings were adjusted down by 10%.

This scenario test yielded about \$111 million in total reduced revenue from 2020 through 2022, with the peak of about \$50 million in 2021.

3. **Request:** Pie chart with projected O&M expenditures

Response: [See Attachment A – WTD’s Operating_10 year projection for detail. Pie chart is in development and will be shared as soon as available.](#)

4. **Request:** Portfolio Category % allocation and accomplishment rates by sub-portfolio within Portfolio Management process

Response: The accomplishment rate for all categories is assumed at 85%, with the exception of two projects - Georgetown WWTS and Joint Ship Canal - which are at 100% as they have substantial progress.

Table with Portfolio Category % Allocation by Biennium 2021-2026

In millions \$

Portfolio Category	2021	2022	2021-2022 % Allocation	2023	2024	2023-2024 % Allocation	2025	2026	2025-2026 % Allocation	6-Year Average % Allocation
Asset Management - Conveyance	\$28.5	\$44.3	11%	\$70.9	\$73.9	17%	\$83.7	\$99.4	22%	17%
Existing/Ongoing	\$27.7	\$37.5		\$45.1	\$30.8		\$10.5	\$10.8		
New	\$0.8	\$6.8		\$25.8	\$43.1		\$73.2	\$88.6		
Asset Management - Plants	\$69.5	\$93.5	24%	\$133.0	\$137.4	31%	\$122.6	\$135.1	30%	29%
Existing/Ongoing	\$60.8	\$69.1		\$74.9	\$63.3		\$42.0	\$48.1		
New	\$8.7	\$24.4		\$58.1	\$74.1		\$80.6	\$87.0		
Capacity Improvements	\$50.9	\$77.6	19%	\$97.1	\$88.2	21%	\$41.3	\$42.1	10%	17%
Operational Enhancements	\$17.7	\$17.8	5%	\$16.1	\$5.6	2%	\$5.7	\$5.8	1%	3%
Planning and Administration	\$18.1	\$16.2	5%	\$9.9	\$9.5	2%	\$9.8	\$9.6	2%	3%
Regulatory	\$98.0	\$89.3	28%	\$78.5	\$74.7	18%	\$80.7	\$145.4	27%	24%
Resiliency	\$22.7	\$24.5	7%	\$36.8	\$27.0	7%	\$34.8	\$26.6	7%	7%
Resource Recovery	\$6.9	\$2.5	1%	\$5.0	\$7.2	1%	\$4.7	\$1.8	1%	1%
Grand Total	\$312.3	\$365.5	100%	\$447.2	\$423.5	100%	\$383.3	\$465.7	100%	100%

5. **Request:** Confirm information of asset management allocation for the biennium and what it addresses (e.g., ongoing asset management projects but not the priority asset management backlog).

Response: Ongoing Asset Management expenditures include investments in lifecycle and condition-based “minor” asset management replacements and refurbishments. Existing planned major asset management investments include:

- Rehabilitation of the Lake Hills Interceptor in Bellevue
- Replacement and rehabilitation of the Interbay PS Force Mains
- Replacement of the Jameson and Arcweld facilities
- Replacement of the LOOP truck maintenance facility
- Replacement of Motor Control Centers and Standby Generators at multiple offsite facilities
- Replacement of poor condition sludge and gas piping at West Point Treatment plant
- Replacement of the obsolete computer maintenance management system
- Replacement of obsolete controls system equipment

New Asset Management major investments starting in 2021-2022 include:

- Rehabilitation or replacement of severely corroded pipelines in the conveyance system
- Level control system upgrades at offsite facilities
- Pump Station upgrades and raw sewage pump replacements
- West Point electrical upgrades
- West Point Intermediate and Effluent Pump Refurbishments or Replacements
- South Plant pump, electrical, instrumentation, and screenings equipment replacements