



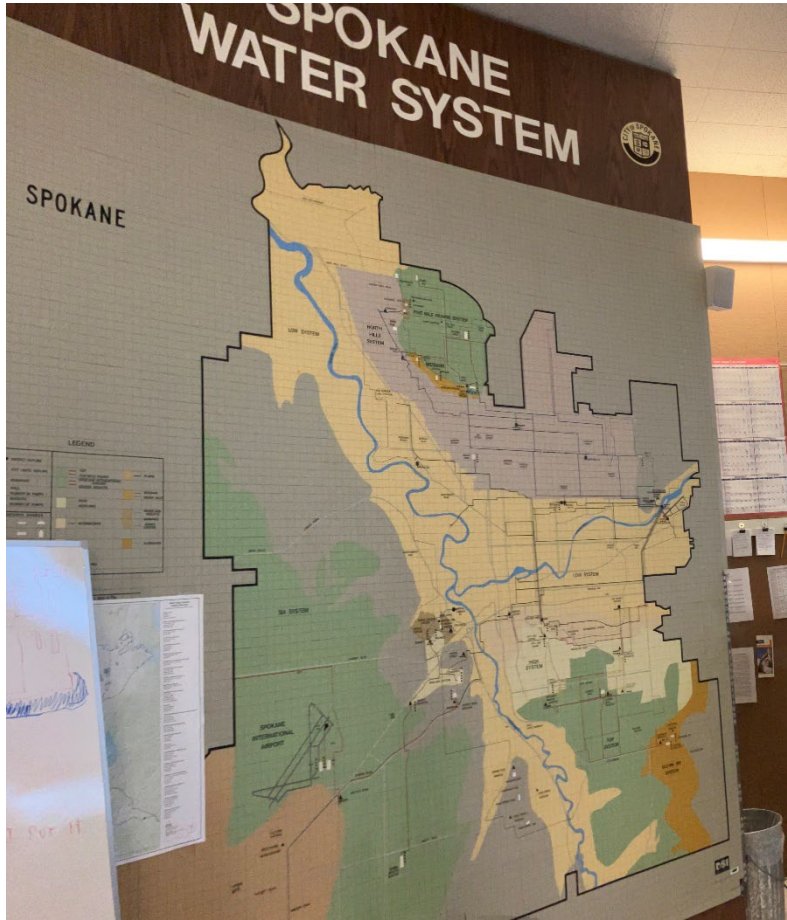
Utility Rate Setting: Water Consumption & More

Climate Resilience
& Sustainability Board

August 2026



Background

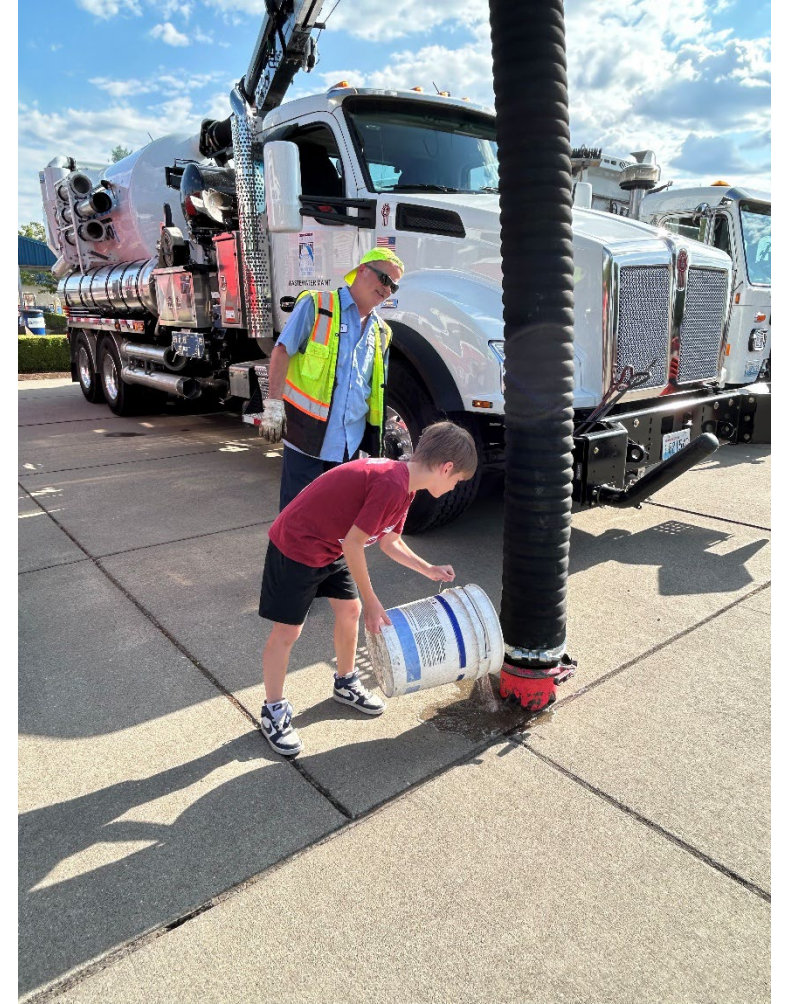


- Proposing increase of **3.5% annually** in 2027 & 2028 year to cover costs for:
 - Water
 - Wastewater
 - Stormwater
 - Water/Wastewater Capital Charge
- Proposing increase of **3.25% annually** in 2027 & 2028 year to cover costs for:
 - Solid Waste
- Plus cost of service & rate design changes



Today's Conversation

- Water Consumption Charges
 - Commercial
 - Parks & Schools
- CCA Compliance Costs
- Encouraging Organics Diversion
- Micro-units update



Encouraging Water Conservation

- **Policy to use rate structures** to encourage water conservation is well established by the City Council and state law
- Have had a **tier structure** for water use for many years
- In recent years, **two significant changes** to the **residential water consumption** structure have been **implemented**
 - In 2020 for rates approved for 2021, 2022, and 2023
 - In 2024 for rates approved for 2025 and 2026
- Have not made significant changes to the **Commercial Water Consumption rate structure**



Commercial Water Rates

- Water Consumption Approach has tiers, but they are different than the residential tiers
- Effectively a flat rate for nearly all use
- Doesn't effectively encourage conservation
- And doesn't address the diversity of this class

2026 Commercial Variable Charges

Usage	Inside City Rate	Outside City Rate
0-600 cubic feet	\$0.4191	\$0.6285
601-1,000 cubic feet	\$0.8696	\$1.3048
Over 1,000 cubic feet	\$1.2580	\$1.8870



Commercial Water Consumption Options

No Change – Stay with existing tiered system

Three-tiered structure remains as the general rate design

Commercial sub-classes are developed to allow for future cost of service implementation

Develop a uniform year-round usage rate

A uniform rate is developed that would be the same rate, regardless of usage level

Commercial sub-classes are developed to allow for future cost of service implementation

Develop a uniform seasonal rate

A seasonal rate is developed that would be the same rate, regardless of usage level but would increase in summer months

Commercial sub-classes are developed to allow for future cost of service implementation



Commercial Water Rates Proposal

- Proposing a **seasonal rate** approach
 - Summer rates would apply consistently with SMC – June through September
 - Winter rates would apply the rest of the year

	2027 Winter	2027 Summer
Inside City	\$1.00/unit of water	\$1.51/unit of water
Outside City	\$1.50/unit of water	\$2.25/unit of water

- Separating out Parks & Schools to support community greenspace
 - Proposing a **year-round flat rate**
 - Proposal:
 - \$1.30 per unit for inside City
 - \$1.95 per unit for outside City
 - Continue to work with these customers to optimize water use



Background: CCA & Waste to Energy



- WTE responsible for purchasing allowances to offset Non-Biogenic Emissions
- Facility Emits Roughly **100,000 MTCO₂/Year**
- Allowance purchases to start in 2028, based off 2027 emissions
- Purchases are in an auction environment, with auction prices expected to increase annually
- Last auction price in **2026** was **\$64.56/allowance**
- Cost to the City of Spokane would be **\$6,456,000**



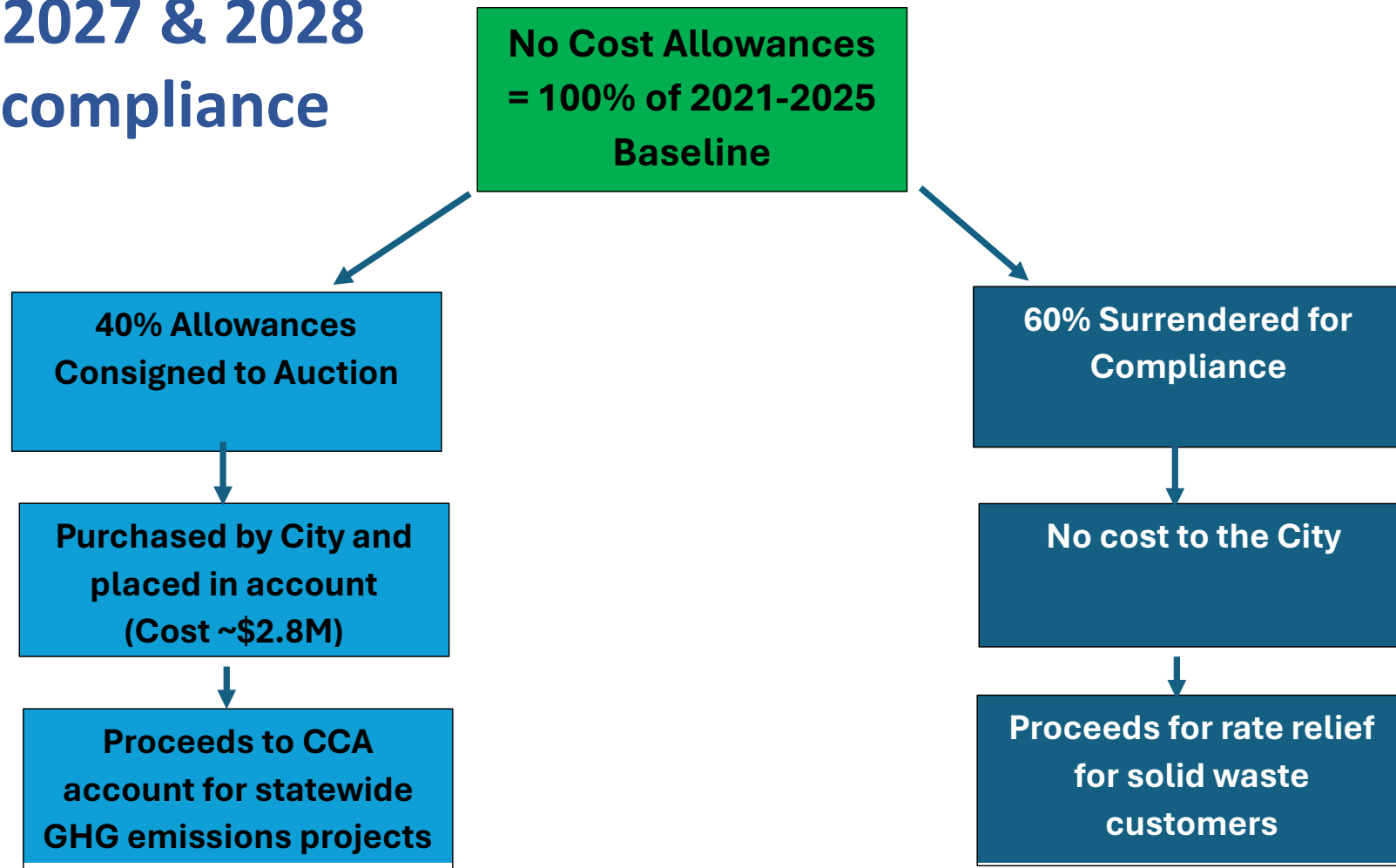


2026 Adopted Legislation

- Requires WTE Facility to submit two plans to Ecology and Commerce by 2030:
 - Greenhouse Gas Emissions Reduction
 - Waste Reduction and Material Recovery
- Provides no cost allowances for 2027-2030
 - 100% for 2027 and 2028, 93% for 2029, and 86% for 2030
 - Remaining no cost allowances are split between consignment and rate relief accounts
 - **40%** held in **consignment account** for facility decarbonization projects
 - **60%** provided for **rate relief**



**Need to collect
\$2.6 M to \$3 M
in both 2027 & 2028
for this compliance**



Distribution of the CCA Costs

Collect \$3 million in 2027 and 2028 to meet anticipated compliance costs

- Proposal:
 - Spread the cost over the residential and commercial customer base.
 - \$2.75 per month for residential customers
 - \$9 per month for commercial customers
 - Represents around 10% (or less) of most customers' solid waste monthly cost
 - Separate line item on the bill
 - Propose it as a pass through to the customer, without applying the utility tax (*Need a separate ordinance*)



Providing Value & Diverting Organics

Nearly 40,700 customers
voluntarily subscribe
to Clean Green
curbside service



Follow up on Micro-Units

2026	Cost for Multi-Family Unit (inside city)	Micro-Unit (inside city)	Savings
Sewer	\$35.77	\$21.46	\$14.31
W/WW Capital	\$36.30	\$21.78	\$14.52

- Micro-units
 - Define as 350 square feet or less with a kitchen & bathroom
 - Use less sewer service and capital facilities
 - 60% of the multi-family rates for Sewer & Water-Wastewater Capital
- Having this move ahead prior to other rate ordinances to:
 - Establish a process for identifying micro-units that already exist
 - Determine a way to manage in the billing system
 - Work with the DSC to flag new properties with micro-units





Questions?