



## King County

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May 14, 2009

Scott Thomasson  
Chair, Metropolitan Water Pollution Abatement Advisory Committee  
King Street Center  
201 South Jackson Street, MS KSC-NR-0512  
Seattle, WA 98104

Dear Mr. Thomasson:

Thank you for your March 30, 2009, letter on behalf of the Metropolitan Water Pollution Abatement Advisory Committee (MWPAAC) which provided recommendations on the Wastewater Treatment Division's (WTD) 2010 sewer rate proposal. We carefully considered MWPAAC's recommendations prior to transmitting the 2009 sewer rate and capacity charge proposal to the King County Council.

My rate transmittal is in complete agreement with your recommendation to maintain the sewer rate at \$31.90 through 2010. King County's ability to meet our commitment to a stable two-year rate is supported by a realistic outlook for WTD revenues, a continued commitment to controlling expenditures, and successfully completing a \$300 million bond issue in mid-March during a very uncertain bond market.

Your recommendation that the county consider moving to one-year rates in 2011 could enhance our ability to adjust to changing economic conditions. I encourage MWPAAC to revisit this recommendation and forward their conclusions as WTD develops rate options for 2011. I am pleased to see that WTD arrived at a prudent adjustment of its Residential Customer Equivalent, and new connection forecasts based on the suggestion of MWPAAC's Rates and Finance (Finance) Subcommittee members. I hope these types of discussions can continue as we begin the development of the 2011 sewer rate and capacity charge.

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The rate transmitted directly addresses two of your comments regarding capital and operating expenditures. For example, WTD is making a very significant effort to control operating costs by staffing the new Brightwater Treatment Plant entirely with existing full-time equivalent positions. Further continued review of capital projects has led to a reduction of \$13 million in capital expenditures during 2009-2014 compared to the 2009 budget. I can also assure you that WTD will complete the Reclaimed Water Comprehensive Plan prior to considering any future reclaimed water projects.

Regarding your concern about policies on capital versus operating expenses, WTD can work with MWPAAC's Finance Subcommittee to clarify the application of its policies. I fully agree with your recommendation that WTD should continue to use capitalized interest to manage future rates. Capitalized interest financing was used for the March 2009 bond issue, and the current rate forecast anticipates that the next bond issue will also use capitalized interest.

If you have any questions, please feel free to contact Christie True, Division Director of the Wastewater Treatment Division in the Department of Natural Resources and Parks, at 206-684-1236.

I would like to convey my appreciation for the efforts of MWPAAC and your Finance Subcommittee to offer guidance on WTD rates and financial issues, as well as broader water quality issues facing our region. I encourage you to continue your active involvement with the King County Council and the next County Executive.

Sincerely,

  
Kurt Triplett  
Interim King County Executive

cc: Metropolitan Water Pollution Abatement Advisory Committee Members  
Theresa Jennings, Director, Department of Natural Resources and Parks (DNRP)  
Christie True, Division Director, Wastewater Treatment Division, (WTD), DNRP  
Tim Aratani, Manager, Finance and Administration Section, WTD, DNRP