



Metropolitan Water Pollution Abatement Advisory Committee

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Wastewater District*

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April 28, 2010

The Honorable Bob Ferguson
Chair, King County Council
Room 1200
C O U R T H O U S E

SUBJECT: **Executive's 2011 Sewer Rate Recommendation**

Dear Councilmember Ferguson:

The Metropolitan Water Pollution Abatement Advisory Committee (MWPAAAC) wishes to express its support of the Executive's 2011 sewer rate proposal. We are pleased to see that many of the points we considered and advocated are contained in the Executive's submittal, and overall find it consistent with our interests as member agencies. Attached for your reference is our April 9, 2010 correspondence in this regard. The specific points made by MWPAAAC in that letter and now incorporated in the 2011 sewer rate proposal include:

- 1) Focus on a one-year rate proposal for 2011;**
- 2) Balanced use of debt structure as a rate management tool;**
- 3) Elimination of Culver program funding from wastewater rates;**
- 4) Active use of the Rate Stabilization Reserve to mitigate near-term rates;**
- 5) Continued pursuit of cost containment opportunities;**
- 6) Review of investment strategies; and**
- 7) Avoid short-term budget actions that increase overall costs.**

We find that the Executive's proposal addresses all of these matters in a prudent and responsible manner, and reiterate our support for this rate package. We wish to particularly highlight two key features which we believe are material and essential to the sewer rate strategy:

- **The one-year rate proposal.** Rather than a multi-year rate or adoption of a series of increases, a one year rate provides flexibility and adaptability that is appropriate and prudent given uncertainty regarding start-up costs at Brightwater, customer growth rates and patterns, and further Department efforts toward cost and rate containment. Additionally, by being lower than a two year rate, this provides near-term rate relief for system customers during adverse economic conditions while potentially enabling additional relief from rates forecast for 2012 and beyond.

- **The elimination of Culver funding.** This is consistent with the general findings of recent court actions (see *Lane v. Seattle*) regarding non-utility uses of rate revenues, while also providing material cost and rate savings for County sewer customers.

MWPAAC strongly supports the Executive's proposal in aggregate and as related to these specific points. If it would be helpful to expand on or clarify our position, we would be pleased to briefly explain our concerns and support of the Executive's rate proposal to the Budget and Fiscal Management Committee and the full Council.

In closing, MWPAAC makes these recommendations with an eye toward an affordable and predictable rate strategy, and hopes that you will give them due consideration. We remain concerned with the upwards trend in wastewater treatment rates and applaud the Executive's efforts to mitigate near-term impacts in the context of longer term trends, finding this to be consistent with our own interests and objectives. At a broader level, the upward trend of the combined sewer rate and capacity charge for new homes and equivalent businesses toward \$100 per month threatens to further inhibit a slow economic recovery, and this rate proposal provides an opportunity to mitigate and better manage that outcome.

Sincerely,



Scott Thomasson, Chair
MWPAAC

Enclosure

cc: Dow Constantine, King County Executive
King County Councilmembers
ATTN: Tom Bristow, Chief of Staff
Anne Noris, Clerk of the Council
Regional Water Quality Committee Members
Dwight Dively, Director, Office of Management and Budget
Bob Burns, Interim Director, Department of Natural Resources and Parks (DNRP)
Christie True, Division Director, Wastewater Treatment Division, DNRP