

Seattle Public Utilities Customer Review Panel
c/o K. Sherry, Seattle Public Utilities
P.O. Box 34018, Seattle WA 98124-4018

April __, 2020

DRAFT

The Honorable Dow Constantine
County Executive, King County
401 Fifth Avenue
Seattle, WA 98104

The Honorable Claudia Balducci
Chair, King County Council
516 3rd Avenue, Room 1200
Seattle, WA 98104

RE: Wastewater Treatment Division 2021 rate recommendations

Dear Executive Constantine and Chair Balducci:

We write to you as representatives of the City of Seattle's 747,000 wastewater services retail customers, both residents and businesses, in our capacity as members of the Seattle Public Utilities (SPU) Customer Review Panel. The Customer Review Panel is charged by the Mayor and the City Council of Seattle with providing ongoing oversight of SPU's development of its strategic business plan (covering all SPU's lines of business—drainage and wastewater, water, and solid waste). The strategic business plan includes a projected six-year rate path for all lines of business. The next update of this plan, for years 2021-2026, has been in process for two years and is scheduled to be delivered to Mayor Durkan in May of this year.

We were surprised and deeply concerned at our March 20 meeting to learn that the County on March 5 announced to the Metropolitan Water Pollution Abatement Advisory Committee (MWPAAC) a proposed 9.5% increase in water treatment costs for 2021, to be followed by another proposed 10% hike in both 2023 and 2025. This late-breaking proposal, we are told, came as a surprise to the MWPAAC members and represents a nearly doubling of the County's earlier projected 2021 4.5% rate increase.

Approximately 40% of the budgeted expenses for SPU's drainage and wastewater line of business each year is the payment to King County for wastewater treatment, so the budget impact for Seattle ratepayers of this proposal would be immediate and significant.

The SPU Customer Review Panel strongly supports the request of MWPAAC members to delay the proposed 2021 rate increase entirely, or at most, to adopt the original 4.5% projection and engage with MWPAAC over the next year to review the assumptions supporting this rate proposal and consider alternatives with less severe cost impacts on retail customers for the next several years.

Particularly at this time of economic uncertainty, a rate increase of this magnitude is very concerning to us. In our work as a Customer Panel for SPU, we are particularly focused on the affordability of essential utility services such as those provided by SPU, and avoiding rate shocks to retail customers. While we agree that asset management is important and recognize as well the burdens of the federal consent decree on wastewater treatment operations in King County, it

Honorable Dow Constantine
Honorable Claudia Balducci
April __ 2020 | Page 2

remains important to us that the County maintain a transparent and collaborative partnership with its customer agencies, including the City of Seattle. In this spirit, we hope that the County will adopt a more financially feasible rate proposal than the initial proposal.

Thank you for your consideration.

Sincerely,

Members of the Seattle Public Utilities Customer Review Panel

Noel Miller
Chair

Laura Lippman
Vice-Chair

Rodney Schauf
Vice-Chair

Suzie Burke

Bobby Coleman

David Layton

Maria McDaniel

Thy Pham

Puja Shaw

CC: Honorable Jenny Durkan, Mayor
Honorable M. Lorena Gonzalez, President, City Council
Honorable Alex Pedersen, City Council
Ben Noble, City Budget Director
Mami Hara, General Manager, SPU
Brian Goodnight Legislative Analyst, City Council Staff
Akshay Iyengar Fiscal Policy Analyst, City Budget Office