

King County Biennial Budget Ordinance 19210 – 2021/2022

DRAFT in progress

A Report on the Shift of the Sewer Rate Cost Burden to
the Single-Family Sector from the
Commercial/Industrial/Multifamily Sector
MWPAAC Rates & Finance Committee

June 3, 2021



King County

Department of Natural Resources and Parks
Wastewater Treatment Division

Proviso Content

Due to Council July 29, 2021

The report shall include, but not be limited to, the following:

- A. A discussion of the history of, and rationale for, the sewer rate cost structure that has resulted in the shifting of the cost burden from commercial/industrial/multifamily housing sectors to single-family homeowners;
- B. Options for alternative cost structures that would distinguish multifamily ratepayers from commercial and industrial ratepayers; and
- C. A discussion of the appropriate balance of costs between the residential sector and the commercial/industrial sector in sewer rate revenues, and the criteria impacting that balance.

Section: Background / Key Historical Conditions

Important background:

1. The wholesale nature of WTD sewer service.
2. Customer classes and structure used by WTD to charge Local Sewer Agencies (LSAs), and rate structures used by LSAs to charge individual customers.
3. Authority that informs the charges including RCW, service contracts, and County code.
4. History of the conversion factor.
5. Background on Cost of Service as the basis for utility rate-making for regulated/municipal utilities.

Section: Background / Key Current Conditions

Key current conditions to be covered include:

1. Changing water use patterns (conservation) and their related impacts to sewage flows.
2. Evolving approaches to charging residences for sewer service – new capabilities in utility billing software (i.e., account-specific winter average water use for sewer billing).
3. Multifamily as the Hard to Reach “H2R” customer group due to master metering and that the utility account and relationship often resides with landlords.
4. Washington state legal framework for utility rates.

Section A

A discussion of the history of, and rationale for, the sewer rate cost structure that has resulted in the shifting of the cost burden from commercial/ industrial/ multifamily housing sectors to single-family homeowners;

This section will include:

- History of Metro/WTD customer classes and rate structure.
- Understanding the calculation of a Residential Customer Equivalent (RCE).
- Understanding how conservation has changed the data underlying “equivalent” in an RCE.

Section B

Options for alternative cost structures that would distinguish multifamily ratepayers from commercial and industrial ratepayers; and

This section will explore the topic of multifamily utility customers as H2R, including:

- An evaluation of the alternative rate structures applied by retail local sewer agencies to these accounts.
- How the WTD charge structure might distinguish the multifamily class through the LSA data reporting.

Section C

A discussion of the appropriate balance of costs between the residential sector and the commercial/ industrial sector in sewer rate revenues, and the criteria impacting that balance

This section will summarize the results of applying industry methodology and criteria for appropriate balance of costs.



Courtney Black - Rates, Capital & Debt
Management Unit Supervisor
coblack@kingcounty.gov
(206) 798-8428