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3626 - 156<sup>th</sup> Street SW • Lynnwood, WA 98087-5021 • 425-743-4605 • 425-742-4562 Fax • www.awwd.com

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**Subject: Comments on Draft Ecology Financial Capability Assessment Guidance**

**General Comments:**

The draft guidance severely lacks sensitivity to factors such as maintenance and operating costs, debt, and capital improvements costs. This prevents an accurate reflection of a utilities burden throughout the duration of the potential impact and beyond. The snapshot utilities will be limited to by Alternative 1 will be used to make decisions for years to come; these decisions will be inaccurate or faulty due to the incomplete portrayal allowed by the guidance.

Alternative 1 per the EPA guidance is explicitly intended for schedule development and negotiation. However, Ecology's guidance document states that "results, for the purpose of the Nutrient Permit, are not intended for schedule development and negotiation." If that is the intent, what is the intent of using a tool that is recommended for schedule development and negotiation? This also seems to further contradict when the PSNGP AKART Analysis specifically looks for an implementation schedule capable of AKART. Ecology must clarify intentions for this document so utilities can ensure an accurate picture for future decision making.

Is the alternative 1 the only option available to dischargers for the financial capability assessment requirements of the PSNGP?

Ecology should allow the use of Alternative 2 provided by EPA. This alternative allows a utility to give a more holistic representation of the impacts on their rates and ratepayers. Many utilities already accomplish much of this work in their own rate studies, which would relieve some of the added burden of this study. Ecology should provide guidance for this alternative 2 as well as acknowledge in that guidance that utility bills should be kept within reasonable bounds much like the EPA has acknowledged in its alternative 2.

Ecology should detail how their financial guide takes into consideration the lowest quintile of income population. It would be negligent for the financial capabilities assessment to omit consideration of how these additional financial burdens and increased utility bills may have on the lowest quintile income population. Diluting the LQI to bring it closer to the middle class, as currently proposed by Ecology, does not give

utilities and Ecology an understanding of how this could affect the lowest income populations in their service area.

The PSNGP as part of the AKART analysis will require dischargers to achieve 3 mg/L TIN. While 3mg/L TIN is a technology driven output, it may not be reasonable for all dischargers to achieve this. Limits such as this fail to take into consideration a multitude of factors that make it impossible or unreasonable to meet for some treatment facilities. One of these factors often overlooked is the consideration of other environmental impacts that could be caused by treating nitrogen down to 3mg/L. How does Ecology propose these costs be quantified for communities that will ultimately have to pay them in the future?

It is also worth noting that 3mg/L is inexplicably jumping past intermediate levels of treatment and implementing the most stringent level possible. Ecology should share their understanding of the significant costs that are associated with nutrient removal to this level. An understanding of both the capital costs to get to 3mg/L for each plant and the ongoing increases in maintenance costs is crucial.

In Alderwood's case, the Picnic Point Wastewater Treatment Facility only accounts for roughly 18% of its customers' treated wastewater flows. Nearly 80% of the District's flows are sent to King County for treatment. How does this guidance tool take factors such as these into consideration, for both the District in this scenario and King County? Is King County responsible for detailing the cost impacts of its 34 contract agencies? How does Ecology account for a wholesale relationship such as this, where the contracting agency has no control over the costs and rates imposed by the service provider?

The District appreciates the opportunity to review and comment on this document. We look forward to the continued discussion on this topic.

Sincerely,



John McClellan  
General Manager  
Alderwood Water & Wastewater District