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October 23, 2014

Governor Jay Inslee  
Office of the Governor  
P.O. Box 40002  
Olympia, WA 98504-0002

Dear Governor Inslee:

The Washington PUD Association represents the interests of 27 locally-owned public utility districts that provide energy, water, sewer, and wholesale telecommunications services to citizens throughout Washington. We strongly urge you to include in your proposed Capital Budget for the 2015-17 biennium the Department of Commerce's request for \$200 million in the Public Works Assistance Account ("PWAA") to fund the Public Works Board's list of 49 local infrastructure projects recommended to receive \$170 million in low-interest loans, plus \$29.8 million for preconstruction and emergency loans.

Our request is unique in that, for the first time we're aware of since the PWAA program began, no PUD projects are recommended for funding, but WPUDA requests that you fund this program nonetheless. The lack of PUD projects is evidence of the dire condition of this program, after a number of years in which the Legislature has diverted both available cash and future tax revenues from the program. We understand the budget challenges faced by the State, but diverting tax revenues enacted to fund a specific program is not a sustainable budget solution.

Commerce Director Brian Bonlender made full funding of this \$200 million request his top priority in the 2015-17 Capital Budget request he submitted to the Office of Financial Management on September 18. He gave the \$200 million PWAA request top priority in recognition of the strong economic development foundation that the recommended project loans will provide across our state, in addition to helping Washington's communities address a broad range of health, safety and utility service improvement needs.

Despite the absence of PUD projects in the board's recommended list, we recognize the great importance of restoring the ability of the Public Works Board and the PWAA to disburse low-interest loans to local governments for much-needed basic infrastructure projects. With no project loans issued in the last two years, the PWAA program is at a critical point: it needs to resume its role as an affordable lending source for local projects so that these projects can proceed and the PWAA can have a reliable stream of loan repayments as the basis for future loans.

We look forward to your leadership in making Director Bonlender's \$200 million PWAA project loan request part of your proposed capital budget, and we look forward to working with you to advance this budget request in the Legislature next session.

Sincerely,

A handwritten signature in black ink, appearing to read "George Caan", is written over a light blue horizontal line.

George Caan, Executive Director

cc: David Schumacher, Director, Office of Financial Management  
Brian Bonlender, Director, Department of Commerce  
Stan Finkelstein, Chairman, Public Works Board  
Kendee Yamaguchi, Executive Director, Public Works Board