

**CITY OF SEATTLE**

**ORDINANCE \_\_\_\_\_**

COUNCIL BILL 117695

AN ORDINANCE relating to the City Light Department, amending SMC 21.49.086.G relating to the operation of the Rate Stabilization Account.

WHEREAS, the City established the Rate Stabilization Account within the Light Fund to buffer the City Light Department (City Light) and its customers from deviations of its Net Wholesale Revenues from those assumed in budgets; and

WHEREAS, the Council transferred operating fund balance at the end of 2012 into the Account to ensure that the Account is funded at a level that reduces the likelihood of rate surcharges in 2013, as provided for in SMC 21.49.086, should wholesale revenue be less than that assumed in the 2013 Budget; and

WHEREAS, The Account balance currently exceeds the threshold established in SMC 21.49.086.G, requiring the Council to take action to reduce the Account balance;

WHEREAS, The Council does not, at this point, wish to lower the Account balance; NOW, THEREFORE

**BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

Section 2. SMC 21.49.086, which section was last amended by Ordinance 123757, is amended as follows:

**21.49.086 Rate Stabilization Account**

\* \* \*

**G. Disposition of excess funds in the Rate Stabilization Account:**

Effective January 1, 201((3))4; whenever the amount in the Rate Stabilization Account exceeds \$125 million, the City Council will initiate a rate review, if the Mayor has not already done so, within forty-five days that will decrease rates, allow City Light to cover more of its capital expenditures with cash from operations or defease outstanding debt in order to keep future rates low, increase its expenditures, or a combination of these measures, to bring the amount in the Account down to \$125 million within a period of 12 or fewer months.

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2 Section 3. The provisions of this ordinance shall be retroactive to January 1, 2013.

3 Section 4. Any action consistent with this ordinance taken after its passage but prior to  
4 its effective date is hereby ratified and confirmed.

5 Section 5. This ordinance shall take effect and be in force 30 days after its approval by  
6 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it  
7 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

8 Passed by the City Council the \_\_\_\_ day of \_\_\_\_\_, 2013, and  
9 signed by me in open session in authentication of its passage this  
10 \_\_\_\_ day of \_\_\_\_\_, 2013.

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12 \_\_\_\_\_  
13 President \_\_\_\_\_ of the City Council

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15 Approved by me this \_\_\_\_ day of \_\_\_\_\_, 2013.

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17 \_\_\_\_\_  
18 Michael McGinn, Mayor

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20 Filed by me this \_\_\_\_ day of \_\_\_\_\_, 2013.

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22 \_\_\_\_\_  
23 Monica Martinez Simmons, City Clerk

24 (Seal)

**FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
LEG	Tony Kilduff/4-3580	n/a

**Legislation Title:**

AN ORDINANCE relating to the City Light Department, amending SMC 21.49.086.G relating to the operation of the Rate Stabilization Account.

**Summary of the Legislation:**

This legislation changes the effective date of SMC 21.49.086.G from January 1, 2013 to January 1, 2014.

**Background:**

The Council created the RSA through Ordinance 121637 and subsequently established the parameters for its funding and operation through Ordinance 123260. The parameters provide that City Light must withdraw any shortfall in net wholesale revenue relative to the amount assumed in the relevant budget, or deposit any overage, all done on a quarterly basis. The parameters also provide for automatic surcharges in the event the Account balance falls below certain thresholds. They further provide (SMC 21.49.086.G) that if the balance in the account exceeds \$125 million that the Council will take action to reduce the balance.

The target for net wholesale revenue in the 2013 Adopted Budget is \$90 million. However, City Light expects to generate at most \$50 million. The shortfall, should it occur, would result in large and persistent surcharges in 2013. To reduce the likelihood of this, the Council transferred \$22 million in excess City Light operating fund balance into the RSA at the end of 2012. At that time, City Light did not anticipate that the transfer would cause the Account balance to exceed \$125 million and hence trigger subsection G. However, it has. The Council does not wish to lower the Account balance as that would work against its intent in transferring the operating fund balance into the Account.

Please check one of the following:

   **X** **This legislation does not have any financial implications.**

(Please skip to "Other Implications" section at the end of the document and answer questions a-h. Earlier sections that are left blank should be deleted. Please delete the instructions provided in parentheses at the end of each question.)