CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL 117960

AN ORDINANCE relating to the rates, terms and conditions for the use and sale of electricity supplied by the City Light Department, amending Seattle Municipal Code Chapter 21.49 to add a First Avenue South Phase 2 undergrounding charge, applied to all City of Burien rate schedules.

WHEREAS, pursuant to the franchise granted by Ordinance 247 of the City of Burien and accepted by The City of Seattle by Ordinance 119348, the City Light Department provides electric service to customers in the City of Burien; and

WHEREAS, under the terms of that franchise, the City Light Department may recover the capital cost of required undergrounding of its electrical facilities through increased rates to Burien customers; and

WHEREAS, the City of Burien required the City Light Department to underground its electrical facilities in connection with Burien's First Avenue South project; and

WHEREAS, the second phase of that undergrounding was completed in 2013; and

WHEREAS, Ordinance 123988, passed September 17, 2012, and codified in Chapter 21.49 of the Seattle Municipal Code, set the rates currently in effect for electric service to customers in the City of Burien; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 21.49.030 of the Seattle Municipal Code, last amended by Ordinance 123988, is amended as follows:

21.49.030 Residential rates (Schedules RSC, RST, RSS, RSH, and RSB).

A. Schedules RSC, RST, RSS, RSH, and RSB are for all separately metered residential services, except those subject to Schedules REC, RET, RES, REH, REB, RLC, RLT, RLS, RLH, and RLB.

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Schedule RSB (Residential: Burien)

Schedule RSB is for residential Burien customers, except those subject to Schedules REB and RLB.

RATES EFFECTIVE JANUARY 1, 2012:

Energy Charges:

Summer Billing Cycles (April -- September)

First 10 kWh per day at 5.10 cents per kWh

All additional kWh per day at 10.25 cents per kWh

Winter Billing Cycles (October -- March)

First 16 kWh per day at 5.10 cents per kWh

All additional kWh per day at 10.25 cents per kWh

Base Service Charge:

11.92 cents per meter per day

First Avenue South 1 Undergrounding Charge:

All kWh at 0.37 cents per kWh

RATES EFFECTIVE JANUARY 1, 2013:

Energy Charges:

Summer Billing Cycles (April -- September)

First 10 kWh per day at 4.77 cents per kWh

All additional kWh per day at 10.82 cents per kWh

Winter Billing Cycles (October -- March)

First 16 kWh per day at 4.77 cents per kWh

All additional kWh per day at 10.82 cents per kWh

Base Service Charge:

15.70 cents per meter per day

First Avenue South 1 Undergrounding Charge:

All kWh at 0.37 cents per kWh

RATES EFFECTIVE JANUARY 1, 2014:

Energy Charges:

Summer Billing Cycles (April -- September)

First 10 kWh per day at 5.11 cents per kWh

All additional kWh per day at 11.51 cents per kWh

Winter Billing Cycles (October -- March)

First 16 kWh per day at 5.11 cents per kWh

All additional kWh per day at 11.51 cents per kWh

Base Service Charge:

16.07 cents per meter per day

First Avenue South 1 Undergrounding Charge:

All kWh at 0.37 cents per kWh

<u>First Avenue South 2 Undergrounding Charge:</u>

<u>All kWh at 0.13 cents per kWh</u>

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Section 2. Section 21.49.040 of the Seattle Municipal Code, last amended by Ordinance 123988, is amended as follows:

21.49.040 Residential rate assistance (Schedules REC, RET, RES, REH, REB, RLC, RLT, RLS, RLH, and RLB).

A. Schedules REC, RET, RES, REH, REB, RLC, RLT, RLS, RLH, and RLB are available to qualified low-income residential customers.

* * *

Schedules REB (Residential Elderly: Burien) and RLB (Residential Low-Income: Burien)

Schedules REB and RLB are available for separately metered residential service provided to Burien customers who show satisfactory proof that they have a City Light residential account and reside in the dwelling unit where the account is billed and that they:

1. For Schedule RLB, receive Supplemental Security Income pursuant to 42 USC Sections 1381 -- 1383; or
2. For Schedule RLB and REB, reside in a household in which the annual income of all household members together does not exceed 70 percent of the Washington State median income for the number of individuals in the household as computed annually by the state or the City.

RATES EFFECTIVE JANUARY 1, 2012:

Energy Charges:

Summer Billing Cycles (April -- September)

First 10 kWh per day at 2.32 cents per kWh

All additional kWh per day at 3.82 cents per kWh

Winter Billing Cycles (October -- March)

First 16 kWh per day at 2.32 cents per kWh

All additional kWh per day at 3.82 cents per kWh

Base Service Charge:

5.97 cents per meter per day

First Avenue South 1 Undergrounding Charge:

All kWh at 0.15 cent per kWh

RATES EFFECTIVE JANUARY 1, 2013:

Energy Charges:

Summer Billing Cycles (April -- September)

First 10 kWh per day at 2.06 cents per kWh

All additional kWh per day at 4.01 cents per kWh

Winter Billing Cycles (October -- March)

First 16 kWh per day at 2.06 cents per kWh

All additional kWh per day at 4.01 cents per kWh

Base Service Charge:

6.28 cents per meter per day

First Avenue South 1 Undergrounding Charge:

All kWh at 0.15 cent per kWh

RATES EFFECTIVE JANUARY 1, 2014:

Energy Charges:

Summer Billing Cycles (April -- September)

First 10 kWh per day at 2.19 cents per kWh

All additional kWh per day at 4.27 cents per kWh

Winter Billing Cycles (October -- March)

First 16 kWh per day at 2.19 cents per kWh

All additional kWh per day at 4.27 cents per kWh

Base Service Charge:

6.43 cents per meter per day

First Avenue South 1 Undergrounding Charge:

All kWh at 0.15 cent per kWh

First Avenue South 2 Undergrounding Charge:

All kWh at 0.05 cents per kWh

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Section 3. Section 21.49.052 of the Seattle Municipal Code, last amended by Ordinance 123988, is amended to read as follows:

SMC 21.49.052 Small general service (Schedules SMC, SMT, SMS, SMH, SMB, and SMD).

A. Small general service is general service provided to customers who are not demand metered or, if demand metered, have had in the previous calendar year more than half of their normal billings at less than 50 kW of maximum demand. Classification of new customers as small general service customers will be based on the Department's estimate of maximum demand in the current year. Customers who are assigned flat rate bills shall be charged according to Small general service rates.

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Schedule SMB (Small General Service: Burien)

Schedule SMB is for small standard general service provided to Burien customers.

RATES EFFECTIVE JANUARY 1, 2012:

Energy Charges:

All energy at 7.22 cents per kWh

Minimum Charge:

28.00 cents per meter per day

First Avenue South 1 Undergrounding Charge:

All kWh at 0.37 cent per kWh

Discounts:

Transformer losses in kWh --

.53285 x*kW + .00002 x *kW^2 + .00527 x *kWh

Transformer investment --

$0.26 per kW of monthly maximum demand

RATES EFFECTIVE JANUARY 1, 2013:

Energy Charges:

All energy at 7.28 cents per kWh

Minimum Charge:

26.00 cents per meter per day

First Avenue South 1 Undergrounding Charge:

All kWh at 0.37 cent per kWh

Discounts:

Transformer losses in kWh --

.53285 x*kW + .00002 x *kW^2 + .00527 x *kWh

Transformer investment --

$0.23 per kW of monthly maximum demand

RATES EFFECTIVE JANUARY 1, 2014:

Energy Charges:

All energy at 7.67 cents per kWh

Minimum Charge:

27.00 cents per meter per day

First Avenue South 1 Undergrounding Charge:

All kWh at 0.37 cent per kWh

First Avenue South 2 Undergrounding Charge:

All kWh at 0.13 cents per kWh

Discounts:

Transformer losses in kWh --

.53285 x*kW + .00002 x *kW^2 + .00527 x *kWh

Transformer investment --

$0.24 per kW of monthly maximum demand

* * *

Section 4. Subsection 21.49.055.A of the Seattle Municipal Code, last amended by Ordinance 123988, is amended to read as follows:

SMC 21.49.055 Medium general service (Schedules MDC, MDT, MDS, MDH, MDB, and MDD)

A. Medium general service is general service provided to customers who have in the previous calendar year half or more than half of their normal billings at 50 kW of maximum demand or greater and have more than half of their normal billings at less than 1,000 kW of maximum demand. Classification of new customers will be based on the Department's estimate of maximum demand in the current year.

* * *

Schedule MDB (Medium Standard General Service: Burien)

Schedule MDB is for medium standard general service provided to Burien customers.

RATES EFFECTIVE JANUARY 1, 2012:

Energy Charges:

All energy at 6.33 cents per kWh

Demand Charges:

All kW of maximum demand at $1.26 per kW

Minimum Charge (to be charged when the Department's billing system is updated to include it):

73.00 cents per meter per day

First Avenue South 1 Undergrounding Charge:

All kWh at 0.37 cents per kWh

Discounts:

Transformer losses in kWh --

1756 + .53285 x* kW + .00002 x kW^2 + .00527 x *kWh

Transformer investment --

$0.26 per kW of monthly maximum demand

RATES EFFECTIVE JANUARY 1, 2013:

Energy Charges:

All energy at 6.03 cents per kWh

Demand Charges:

All kW of maximum demand at $2.13 per kW

Minimum Charge (to be charged when the Department's billing system is updated to include it):

62.00 cents per meter per day

First Avenue South 1 Undergrounding Charge:

All kWh at 0.37 cents per kWh

Discounts:

Transformer losses in kWh --

1756 + .53285 x* kW + .00002 x kW^2 + .00527 x *kWh

Transformer investment --

$0.23 per kW of monthly maximum demand

RATES EFFECTIVE JANUARY 1, 2014:

Energy Charges:

All energy at 6.36 cents per kWh

Demand Charges:

All kW of maximum demand at $2.18 per kW

Minimum Charge (to be charged when the Department's billing system is updated to include it):

63.00 cents per meter per day

First Avenue South 1 Undergrounding Charge:

All kWh at 0.37 cents per kWh

First Avenue South 2 Undergrounding Charge:

All kWh at 0.13 cents per kWh

Discounts:

Transformer losses in kWh --

1756 + .53285 x* kW + .00002 x kW^2 + .00527 x *kWh

Transformer investment --

$0.24 per kW of monthly maximum demand

* * *

Section 5. Subsection 21.49.057.A of the Seattle Municipal Code, last amended by Ordinance 123988, is amended to read as follows:

SMC 21.49.057 Large general service (Schedules LGC, LGT, LGS, LGH, LGD and LGB)

A. Large general service is network general service provided to customers who have in the previous calendar year half or more than half of their normal billings at 1,000 kW of maximum demand or greater, and also standard general service provided to customers who have in the previous calendar year half or more than half of their normal billings at 1,000 kW of maximum demand or greater and have more than half of their normal billings at less than 10,000 kW of maximum demand. Classification of new customers will be based on the Department's estimate of maximum demand in the current year.

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Schedule LGB (Large Standard General Service: Burien)

Schedule LGB is for large standard general service provided to Burien customers.

RATES EFFECTIVE JANUARY 1, 2012:

Energy Charges:

Peak at 7.27 cents per kWh

Off-peak at 4.91 cents per kWh

Demand Charges:

Peak at $0.98 per kW

Off-peak at $0.26 per kW

Minimum Charge:

$34.21 per meter per day

First Avenue South 1 Undergrounding Charge:

All kWh at 0.37 cent per kWh

Discounts:

Transformer losses in kWh --

1756 + .53285 x *kW + .00002 x *kW^2 + .00527 x *kWh

Transformer investment --

$0.26 per kW of monthly maximum demand

RATES EFFECTIVE JANUARY 1, 2013:

Energy Charges:

Peak at 7.20 cents per kWh

Off-peak at 4.80 cents per kWh

Demand Charges:

Peak at $1.52 per kW

Off-peak at $0.23 per kW

Minimum Charge:

$16.39 per meter per day

First Avenue South 1 Undergrounding Charge:

All kWh at 0.37 cent per kWh

Discounts:

Transformer losses in kWh --

1756 + .53285 x *kW + .00002 x *kW^2 + .00527 x *kWh

Transformer investment --

$0.23 per kW of monthly maximum demand

RATES EFFECTIVE JANUARY 1, 2014:

Energy Charges:

Peak at 7.47 cents per kWh

Off-peak at 4.98 cents per kWh

Demand Charges:

Peak at $1.52 per kW

Off-peak at $0.24 per kW

Minimum Charge:

$16.77 per meter per day

First Avenue South 1 Undergrounding Charge:

All kWh at 0.37 cent per kWh

<u>First Avenue South 2 Undergrounding Charge:</u>

<u>All kWh at 0.13 cents per kWh</u>

Discounts:

Transformer losses in kWh --

1756 + .53285 x *kW + .00002 x *kW^2 + .00527 x *kWh

Transformer investment --

$0.24 per kW of monthly maximum demand

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

Passed by the City Council the ____ day of _____, 2013, and signed by me in open session in authentication of its passage this _____ day of _____, 2013.

_____

President _____of the City Council

Approved by me this ____ day of _____, 2013.

_____

Michael McGinn, Mayor

Filed by me this ____ day of _____, 2013.

_____

Monica Martinez Simmons, City Clerk

(Seal)

Form revised: December 12, 2012

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Seattle City Light	Paula Laschober, 684-3168	Anthony Colello, 684-5292

Legislation Title:
AN ORDINANCE relating to the rates, terms and conditions for the use and sale of electricity supplied by the City Light Department, amending Seattle Municipal Code Chapter 21.49 to add a First Avenue South Phase 2 undergrounding charge, applied to all City of Burien rate schedules.

Summary of the Legislation:
This ordinance implements a charge to reimburse City Light for the second phase of undergrounding its distribution facilities along First Avenue South within the City of Burien (the First Avenue South 2 undergrounding project). For this purpose, the ordinance adds the charge of $0.0013 per kWh for City of Burien Standard Residential and Non-Residential customers and $0.0005 per kWh for City of Burien low-income customers. The charge for undergrounding is equivalent to a rate increase of about 1.6% over current Burien base rates.

Background:
The City of Burien passed Ordinance 247 in 1999, specifying the terms of the agreement under which Seattle City Light would serve the City of Burien; this ordinance was accepted by the City of Seattle by Ordinance 119348 of 1999.

The agreement allows Seattle City Light to recover the capital cost of undergrounding its electrical facilities in accordance with its standard financial practices. The First Avenue South 2 undergrounding project in the City of Burien was completed in 2013. According to Seattle City Light's standard financial practices, City of Burien customers will reimburse City Light over 25 years at five percent interest and that reimbursement will occur in the form of a charge per kilowatt-hour to the customers in the City of Burien. The total capital cost of the First Avenue South project--Phase 2, including taxes, amounts to $5.6 million.

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

__X__ **This legislation has financial implications.**

Appropriations: Not Applicable

Appropriations Notes: None

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Department	Revenue Source	2013 Revenue	2014 Revenue
Light Fund (41000)	City Light	First Avenue South 2 Charge	$394,124	$394,124
TOTAL			$394,124	$394,124

Revenue/Reimbursement Notes:

Undergrounding charge to be collected over 25 years—capital, taxes and interest. Amounts shown are first two years.

Spending/Cash Flow Notes: Not Applicable

Other Implications:

a) **Does the legislation have indirect financial implications, or long-term implications?**

Spreading this reimbursement over 25 years increases the amount that City Light must borrow, thereby increasing its outstanding debt balance and debt service requirements. However, receipt of the reimbursements over the 25 year period will increase cash available for debt service each year, mostly offsetting the increase in debt service but not exactly offsetting it because of the 1.8x coverage requirement and also because of any difference that may exist between the interest rates on debt issued and the 5% interest rate used to amortize the reimbursement over 25 years. City Light's debt to capitalization ratio will also increase, but only by an immaterially small amount.

b) **What is the financial cost of not implementing the legislation?**

The financial cost to City Light of not implementing the First Avenue South 2 undergrounding charge is that all City Light customers will bear the cost of that project in their rates.

c) **Does this legislation affect any departments besides the originating department?**

No.

d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**

None.

e) **Is a public hearing required for this legislation?**

No.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

g) Does this legislation affect a piece of property?

No.

h) Other Issues: None.

List attachments to the fiscal note below: None.

City of Seattle
Office of the Mayor

October 22, 2013

Honorable Sally J. Clark
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Clark:

I am pleased to transmit the attached proposed Council Bill that amends Seattle Municipal Code Chapter 21.49 to add a charge to rates billed to Seattle City Light customers in the City of Burien that will allow City Light to recover costs associated with Phase 2 of Burien's First Avenue South Improvement Project.

In 2013, City Light completed Phase 2 of the First Avenue South Improvement Project, including all electrical construction work associated with the relocation and undergrounding of distribution infrastructure located on First Avenue South between South 146th Street and South 140th Street. The cost of this project including taxes was $5.6 million, and per the terms of the Burien franchise agreement, City Light may recover these costs through Burien rates.

With the passage of this ordinance, City Light will add a new charge to all Burien customer rates, effective January 1, 2014. This new charge is designed to collect the total project cost, plus interest, over 25 years. This new charge will add 0.13 cents per kWh to the rates of all standard residential and all non-residential Burien customers, and 0.05 cents per kWh to the rates of residential low-income Burien customers, who pay 40% of standard residential rates. The charge will remain in place until the full amount is collected. The average impact of this charge on Burien customers is a 1.6% rate increase.

Thank you for your consideration of this legislation. Should you have questions, please contact Paula Laschober at 206-684-3168.

Sincerely,

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

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