ORDINANCE _____

AN ORDINANCE relating to water services of Seattle Public Utilities; revising water rates and charges for service to wholesale customers, and amending Seattle Municipal Code Chapter 21.04.440 in connection therewith.

WHEREAS, Seattle Public Utilities provides wholesale water service to many water utilities surrounding Seattle ("Wholesale Customers") under the provisions of various long-term water supply contracts; and

WHEREAS, there are no longer any Wholesale Customers being served under a current or expired Water Purveyor Contract; and

WHEREAS, the provisions of the Full and Partial Requirements Contract for Supply of Water ("Contracts") require Wholesale Customers pay a new service fee ("Facility Charge") at the time the Wholesale Customers connect a new retail customer to their respective retail water distribution systems; and

WHEREAS, the amount of the Facility Charge is based in part on recovering costs associated with Seattle Public Utilities' investments in regional water conservation, which Wholesale Customers participate in pursuant to their Contracts; and

WHEREAS, the existing Facilities Charges authorized by Ordinance 124074 were based on the costs of Seattle Public Utilities' regional water conservation program from 2011 through 2013; and

WHEREAS, pursuant to the Contracts, the Operating Board of the Seattle Regional Water Supply System has determined to recover costs for regional conservation for 2014 through 2018 through Facility Charges; and

WHEREAS, the Facilities Charges to recover the costs of the regional water conservation program for 2014 through 2018 have been calculated; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Subsection 21.04.440 E of the Seattle Municipal Code is amended as follows:

SMC 21.04.440 Rates outside City.

* * *

E. Wholesale Customers – Commodity and Other Charges.

1. ((~~Water Purveyor Contract.~~)) Reserved

((~~The rate to be charged wholesale customers being served under the provisions of a contract substantially in the form of the Water Purveyor Contract, version A or version B, or who have an expired contract substantially in the form of the Water Purveyor Contract, version A or version B, shall be based on a commodity charge and a Base Service Charge, as follows:~~

~~**Effective January 1, 2011 through December 31, 2011:**~~

~~**Commodity Charge**~~	~~**Per 100 Cubic Feet**~~
~~Summer (May 16th - September 15th)~~	
~~All usage~~	~~$2.15~~
~~Winter (September 16th - May 15th)~~	
~~All usage~~	~~1.40~~

~~For each 100 cubic feet of consumption in a calendar year in excess of the average amount of water supplied to the wholesale customer for a corresponding period of time in the three-year base period between January 1, 1979 and December 31, 1981, there shall be an additional charge of $0.31.~~

~~**Base Service Charge**~~

~~**Meter Size**~~	~~**Monthly Charge**~~
~~1 inch~~	~~$ 54.00~~
~~11/2 inch~~	~~60.00~~

~~2 inch~~	~~66.00~~
~~3 inch~~	~~78.00~~
~~4 inch~~	~~108.00~~
~~6 inch~~	~~192.00~~
~~8 inch~~	~~300.00~~
~~10 inch~~	~~450.00~~
~~12 inch~~	~~528.00~~
~~16 inch~~	~~696.00~~
~~20 inch~~	~~948.00~~
~~24 inch~~	~~1,236.00~~

~~**Commodity Charge**~~	~~**Effective**~~	~~**Effective**~~	~~**Effective**~~
~~**Per 100 Cubic Feet of Water**~~	~~**Jan. 1, 2012**~~	~~**Jan. 1, 2013**~~	~~**Jan. 1, 2014**~~
~~Summer (May 16th - September 15th)~~	~~$2.58~~	~~$2.59~~	~~$2.61~~
~~Winter (September 16th - May 15th)~~	~~$1.85~~	~~$1.86~~	~~$1.87~~))

2. Full or Partial Requirements Contracts. The rate to be charged to wholesale customers being served under the provisions of contracts substantially in the form of the Full and Partial Requirements Contracts for the Supply of Water that were authorized by Ordinance 120362 or 123559 ("Full or Partial Requirements Contract") shall consist of a commodity charge, surcharges, discounts, and facilities charges as follows:

Commodity Charge	**((~~Effective~~**	**~~Effective~~))**	**Effective**	**Effective**
Per 100 Cubic Feet of Water	**((~~Jan. 1, 2011~~**	**~~Jan. 1, 2012~~))**	**Jan. 1, 2013**	**Jan. 1, 2014**
Summer (May 16th - September 15th)	((~~$1.79~~	~~$2.26~~))	$2.26	$2.27
Winter (September 16th - May 15th)	((~~$1.16~~	~~$1.52~~))	$1.53	$1.53

The following surcharges and discount apply to each wholesale customer that has agreed to them in a contract substantially in the form of the Full or Partial Requirements Contracts:

Additional Charge Per 100 Cubic Feet of Water	**((~~Effective Jan. 1, 2011~~))**	**((~~Effective Jan. 1, 2012~~))**	**Effective Jan. 1, 2013**	**Effective Jan. 1, 2014**
((~~Transition Growth Surcharge~~	~~$0.60~~	~~expired~~	~~expired~~	~~expired~~))
Northwest Wheeling Rate Surcharge	((~~$0.02~~	~~$0.02~~))	$0.02	$0.02
Southwest Subregion Surcharge	((~~$0.05~~	~~$0.06~~))	$0.07	$0.07
East Subregion, Segment #3 Surcharge	((~~$0.15~~	~~$0.15~~))	$0.15	$0.16
East Subregion, Segment #4 Surcharge	((~~$0.07~~	~~$0.18~~))	$0.19	$0.19
Renton New Supply Discount	((~~N/A~~	~~$0.02~~))	$0.02	$0.02

In addition, each wholesale customer served under a contract substantially in the form of the Full or Partial Requirements Contracts that requires payment of facilities charges based on each new metered service connection installed within its service area shall pay the facilities charges according to the following schedule:

((~~Meter Size~~	~~Facilities Charge~~
~~3/4 inch and smaller~~	~~$783.00~~
~~1 inch~~	~~1,566.00~~
~~1 1/2 inch~~	~~3,915.00~~
~~2 inch~~	~~6,264.00~~

~~3 inch 17,226.00~~

~~4 inch 24,273.00~~

~~6 inch 51,678.00~~

~~8 inch 87,696.00~~

~~10 inch 132,327.00~~

~~12 inch and larger 186,354.00~~

~~Effective January 1, 2013:~~))

Meter Size	**Facilities Charge**
1 inch and smaller	$ 877.00
1 1/2 inch	3,915.00
2 inch	6,264.00
3 inch	17,226.00
4 inch	24,273.00
6 inch	51,678.00
8 inch	87,696.00
10 inch	132,327.00
12 inch and larger	186,354.00

Meter Size **Facilities Charge**

Effective February 1, 2014:

1 inch and smaller	$ 936.00
1 1/2 inch	4,180.00
2 inch	6,688.00
3 inch	18,392.00

4 inch	25,916.00
6 inch	55,176.00
8 inch	93,632.00
10 inch	141,284.00
12 inch and larger	198,968.00

Section 2. This ordinance shall take effect and be in force 30 days from and 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 _____, 2012.

_____
City Clerk

(Seal)

Form revised: December 12, 2012

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Seattle Public Utilities	Regina Carpenter/684-0836	Craig Stampher/684-0535

Legislation Title:
AN ORDINANCE relating to water services of Seattle Public Utilities; revising water rates and charges for service to wholesale customers, and amending Seattle Municipal Code Chapter 21.04.440 in connection therewith.

Summary of the Legislation:
This ordinance would remove charges for the expired Water Purveyor Contract and increase certain charges to wholesale water customers of the Seattle Regional Water Supply System consistent with the provisions of the Full and Partial Requirements Contract for Supply of Water (Contracts) between Seattle Public Utilities and these utilities.

Background:
The majority of Seattle's water contracts require wholesale customers pay a one-time new service fee (Facilities Charge) to Seattle when they connect new retail customers to their water distribution systems. The Facilities Charge is based on the costs of new water supply investments, which include regional water conservation. This is the "growth pays for growth" concept of the Contracts.

Under the Contracts, the Seattle Water Supply Operating Board can specify which new supply projects are paid for through Facilities Charges versus wholesale rates. In May 2013, the Operating Board elected to recover the capital cost of the 2014-2018 regional conservation program through Facilities Charges. This legislation implements that decision. The previous Facilities Charge was based on the capital costs of the regional conservation program from 2011 through 2013.

This legislation has no impact on current rates. Increases to Water Fund revenues are minimal ($55,000 in 2014) but will be factored into the 2015-2017 water rates study.

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

__X__ **This legislation has financial implications.**

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Department	Revenue Source	2013 Revenue	2014 Revenue
Water Fund 43000	Seattle Public Utilities	Facilities Charges	$ 0	$ 55,000
TOTAL			**$ 0**	**$ 55,000**

Revenue/Reimbursement Notes:
This is the projected increase in revenue from the 6.7% increase in the Facilities Charge.

Other Implications:

a) **Does the legislation have indirect financial implications, or long-term implications?**
No

b) **What is the financial cost of not implementing the legislation?**
The cost of not implementing this legislation is lost revenue from wholesale customers.

c) **Does this legislation affect any departments besides the originating department?**
No other departments are affected.

d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**
There are no alternatives that would achieve similar objectives.

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

November 12, 2013

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

Dear Council President Clark:

I am transmitting the attached proposed Council Bill that would adjust Seattle Public Utilities' facilities charges for wholesale water customers.

Certain SPU wholesale water customers pay facilities charges when they connect a new retail customer to their retail water systems. These charges recover costs of the regional water conservation program. Under SPU's water contracts, the Seattle Water Supply Operating Board has authority to decide which new supply projects are paid for through facilities charges versus wholesale rates. Last May, the Operating Board elected to recover the 2014-2018 costs of the regional water conservation program through facilities charges. The resulting proposed 6.7% rate adjustment will generate increased revenue and offset the retail revenue requirement in the rate study covering 2015 and beyond.

This legislation has no impact on current rates. Increases to Water Fund revenues are very minimal but will be factored into the 2014 water rates study. Thank you for your consideration of this legislation. Should you have questions, please contact Regina Carpenter at 684-0836.

Sincerely,

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

Michael McGinn, Mayor
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