

#6

Jonathan Lutton  
SCL Boundary Unit 53 Allocations ORD  
July 11, 2013  
Version #1

**CITY OF SEATTLE**

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

COUNCIL BILL 117853

AN ORDINANCE relating to the City Light Department; revising project allocations for certain projects in the 2013-2018 Adopted CIP in order to allow for additional expenditures for Boundary Powerhouse, Generator Unit 53; and ratifying and confirming certain prior acts.

WHEREAS, Boundary Powerhouse produces significant power for City Light; and

WHEREAS, Generator Unit 53 has suffered a severe electrical malfunction which triggered the fire suppression system and resulted in mechanical damage; and

WHEREAS, investigation has determined that the generator needs a complete rebuild to be restored to service; and

WHEREAS, the financial loss of having the Unit out of service for the Spring 2014 runoff is a significant portion of the cost to repair the Unit; NOW, THEREFORE,

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

Section 1. Appropriations in the 2013 Adopted Budget and project allocations in the 2013-2018 Adopted Capital Improvement Program are modified as follows:

Item	Fund	Budget Control Level	BCL Appropriation Change (in \$'s)	Project Name	Allocations (in \$000's)
1.1	City Light Fund (41000)	Power Supply & Environmental Affairs - CIP (SCL250)	\$0	Boundary Powerhouse - Unit 53 Generator Rebuild (6352)	(((\$0)) <u>\$12,550</u> )



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

				Boundary Powerhouse - Unit 56 Generator Rebuild (6354)	(((\$2,216)) <u>\$716</u> )
				Skagit Facility - Minor Improvements Program (6405)	(((\$4,125)) <u>\$2,625</u> )
				Cedar Falls/South Fork Tolt - Minor Improvements Program (6406)	(((\$805)) <u>\$405</u> )
				Skagit Facility - Oil Containment Improvements (6458)	(((\$1,129)) <u>\$729</u> )
				Generation Federal Reliability Standards Improvements (6470)	(((\$1,071)) <u>\$671</u> )
				Diablo Facility - Storage Building (6481)	(((\$973)) <u>\$173</u> )
				Boundary Powerhouse - Transformer Bank Rockfall Mitigation (6485)	(((\$430)) <u>\$80</u> )



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

				Boundary Switchyard - Generator Step-up Transformers (6493)	(((\$3,827)) <u>\$827</u> )
				Ross Rock Slide Area Improvements (6516)	(((\$2,357)) <u>\$657</u> )
				Boundary Seal Ring and Bushing Improvements (6525)	(((\$842)) <u>\$442</u> )
				Diablo Load Interrupters Replacement (6532)	(((\$667)) <u>\$167</u> )
				Ross Powerhouse - Replace Transformer Banks 42 and 44 (6541)	(((\$2,625)) <u>\$1,025</u> )
			Net Change	\$0	\$0

All allocation modifications in this item shall operate for the purposes of increasing or decreasing the base for the limit imposed by subsection 4(c) of Ordinance 124058, which adopted the 2013 budget and capital improvement program.

Section 2. Any act pursuant to the authority of this ordinance taken after the passage of this ordinance but prior to its effective date is hereby ratified and confirmed.



1 Section 3. This ordinance shall take effect and be in force 30 days after its approval by  
2 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it  
3 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

4 Passed by the City Council the \_\_\_\_ day of \_\_\_\_\_, 2013, and  
5 signed by me in open session in authentication of its passage this  
6 \_\_\_\_ day of \_\_\_\_\_, 2013.

7

8

9

\_\_\_\_\_  
President \_\_\_\_\_ of the City Council

10

11

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

12

13

14

\_\_\_\_\_  
Michael McGinn, Mayor

15

16

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

17

18

19

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

20

(Seal)

21

22

23

24

25

26

27

28



**FISCAL NOTE FOR CAPITAL PROJECTS ONLY**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
City Light	Andy Strong 386-9741	Anthony Colello 684-5292

**Legislation Title:**

AN ORDINANCE relating to the City Light Department; revising project allocations for certain projects in the 2013-2018 Adopted CIP in order to allow for additional expenditures for Boundary Powerhouse, Generator Unit 53; and ratifying and confirming certain prior acts.

**Summary and background of the Legislation:**

In the spring of 2013, one of the generators at the Boundary Powerhouse (Unit 53) suffered a severe electrical malfunction, details of which are explained in the accompanying report. After investigating the damage, it was determined that the unit cannot be repaired without a complete rebuild of the generator. Accordingly, an emergency has been declared to allow for an accelerated contract procurement process and efforts are under way to prepare and sign contracts for the rebuild. The full set of generators at Boundary is used only during the spring runoff period; between now and that time in 2014, the financial impact from the loss of the generating capacity of Unit 53 will be minimal. However, it is highly desirable to have Unit 53 repaired and back on line in time for the 2014 spring runoff as the value of the generation that would be lost if the Unit is not repaired by this time would be substantial.

There is an existing project in the current CIP (6352, Boundary Powerhouse - Unit 53 Generator Rebuild) to perform the rebuild; however, the work on the project was not scheduled to begin until 2017. This ordinance would move allocations from other projects scheduled for 2013 into the Rebuild project and allow the work to begin immediately. The allocation changes for 2013 resulting from project deferrals and cancellations are detailed in Section 1 of the Ordinance.

<b>Project Name:</b>	<b>Project I.D.:</b>	<b>Project Location:</b>	<b>Start Date:</b>	<b>End Date:</b>

Please check any of the following that apply:

**This legislation creates, funds, or anticipates a new CIP Project.**

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

**This legislation has financial implications.**



**Appropriations:**

Fund Name and Number	Department	Budget Control Level*	Existing 2013 Appropriation	New 2013 Appropriation (if any)	2014 Anticipated Appropriation
<b>TOTAL</b>					

\*See budget book to obtain the appropriate Budget Control Level for your department.

Appropriations Notes:

**Spending Plan and Future Appropriations for Capital Projects:**

Spending Plan and Budget	2013	2014	2015	2016	2017	2018
Current Allocations	0	0	0	125	6,586	1,110
Proposed Allocation	12,550	6,970*	0	(125)	(6,586)	(1,110)
Changes		(Estimated)				

\*The remaining project costs will be funded through project transfers, deferments and cancellations that will be detailed in SCL's 2014 Proposed CIP Plan

Spending Plan and Budget Notes:

**Funding Source:**

Funding Source (Fund Name and Number, if applicable)	2013	2014	2015	2016	2017	2018	Total
<b>TOTAL</b>							

Funding Source Notes:

**Bond Financing Required:**

Type	Amount	Assumed Interest Rate	Term	Timing	Expected Annual Debt Service/Payment
<b>TOTAL</b>					

Bond Notes:



**Uses and Sources for Operation and Maintenance Costs for the Project:**

O&M	2013	2014	2015	2016	2017	2018	Total
Uses							
Start Up							
On-going							
Sources (itemize)							

Operation and Maintenance Notes:

**Periodic Major Maintenance Costs for the Project:**

Major Maintenance Item	Frequency	Cost	Likely Funding Source
<b>TOTAL</b>			

**Funding sources for replacement of project:**

**Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:**

Position Title and Department*	Position # for Existing Positions	Fund Name & #	PT/FT	2013 Positions	2013 FTE	2014 Positions **	2014 FTE **
<b>TOTAL</b>							

\* List each position separately

\*\* 2014 positions and FTE are total 2014 position changes resulting from this legislation, not incremental changes. Therefore, under 2014, please be sure to include any continuing positions from 2013.

Position Notes:

**Do positions sunset in the future?**

(If yes, identify sunset date.)

**Other Implications:**

- a) **Does the legislation have indirect financial implications, or long-term implications?**  
 In order to accelerate the rebuild of Unit 53, a number of other capital projects are being deferred.



- b) What is the financial cost of not implementing the legislation?**  
If the Unit is not on line for the spring 2014 runoff, approximately \$10.5 million in revenue will be lost. Refer to the attached report on the generator failure.
- 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:**





City of Seattle  
Office of the Mayor

July 16, 2013

Honorable Sally J. Clark  
President  
Seattle City Council  
City Hall, 2<sup>nd</sup> Floor

Dear Council President Clark:

I am pleased to transmit the attached proposed Council Bill that authorizes capital budget allocation transfers to fund emergency repair work at City Light's Boundary Hydroelectric Project. Seattle City Light (SCL) has identified \$12.5 million of budget reductions in other capital projects to offset the cost of this emergency work, so no new budget authority is being requested.

As part of its long-term CIP program, SCL was scheduled to rebuild Boundary's Generator Unit 53 beginning in 2017. However, on April 27, 2013, the unit experienced a major electrical fault that caused significant damage, and took it off-line. An investigation conducted by outside experts as well as City Light engineers concluded that an attempt to return the unit to service would likely result in further damage and that it an immediate rebuild of the generator core is necessary. If SCL were to adhere to the current schedule and wait until 2017 to begin rebuilding the unit, the Utility would lose tens of millions of dollars in lost power sales. The proposed plan is to rebuild the unit immediately so that it can be put back in service before the 2014 run-off season. SCL is seeking authorization to accelerate spending for this project from 2017 to 2013.

Thank you for your consideration of this legislation. If you would like additional information, please contact James Baggs, SCL's Interim Power Supply and Environmental Affairs Officer, at 684-3260.

Sincerely,

Michael McGinn  
Mayor of Seattle

cc: Honorable Members of the Seattle City Council