

Ordinance No. 121714

Council Bill No. 115142

AN ORDINANCE authorizing City Light to accept funds from the Washington State Attorney General's Office to collaborate on a refund program to provide restitution back to the business consumers who paid high electricity prices during the energy crisis; implementing the necessary agreements; and taking the actions necessary to allocate the settlement funds proportionately to Commercial and Industrial customers by providing a credit on the bill of the receiving businesses

CF No. \_\_\_\_\_

Date Introduced:	DEC 13 2004	
Date 1st Referred:	To: (committee)	Energy & Environmental Policy Committee
Date Re - Referred:	DEC 18 2004	
Date Re - Referred:	To: (committee)	
Date Re - Referred:	To: (committee)	
Date of Final Passage:	Full Council Vote: 8-0 (Della - Excused)	
Date Presented to Mayor:	Date Approved: 1/24/05	
Date Returned to City Clerk:	Date Published:	T.O. <input checked="" type="checkbox"/> F.T. <input type="checkbox"/>
Date Vetoed by Mayor:	Date Veto Published:	
Date Passed Over Veto:	Veto Sustained:	

The City of Seattle - Legislative Department  
Council Bill/Ordinance sponsored by: Jan Godden  
GODDEN  
Councilmember

**Committee Action:**

1/12/2005 DO PASS JG, DD

This file is complete and ready for presentation to Full Council. Committee: \_\_\_\_\_ (initial/date)

**LAW DEPARTMENT**

Law Dept. Review      OMP Review      City Clerk Review      Electronic Copy Loaded      Indexed

*Rec'd note Clerk Dept  
E. Larson  
formal letter  
No attachment  
no return memo  
check bill*

ORDINANCE 121714

AN ORDINANCE authorizing City Light to accept funds from the Washington State Attorney General's Office to collaborate on a refund program to provide restitution back to the business consumers who paid high electricity prices during the energy crisis; implementing the necessary agreements; and taking the actions necessary to allocate the settlement funds proportionately to Commercial and Industrial customers by providing a credit on the bill of the receiving businesses.

WHEREAS, the Washington State Attorney General negotiated restitution settlements with Williams Energy, El Paso Energy and Duke Energy with the intention to remedy harm suffered by consumers from the energy rate increases that resulted from the West Coast energy crisis of 2000-2001; and

WHEREAS, the restitution for businesses has been divided between up-front money and future money, which due to the payment schedule from El Paso Energy, the business side will be starting with an initial lump sum of approximately \$10 million, with a payment stream of much smaller amounts over the next 20 years; and

WHEREAS, a committee of energy experts, business leaders and legislators were convened by the Washington State Attorney General's Office and decided direct refunds should be issued to the business customers; and

WHEREAS, while the exact amount is still uncertain because the Duke Energy settlement has not been finalized, the Washington State Attorney General's Office sent Seattle City Light a letter dated September 29, 2004, that indicated that our customers' portion of the settlement should be \$1,932,321 for Commercial customer restitution and \$521,194 for Industrial customer restitution for a total of \$2,453,515; NOW, THEREFORE,

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

Section 1. The Superintendent of Seattle City Light is hereby authorized to accept, execute, deliver and perform on behalf of the City of Seattle, an agreement with the Washington State Attorney General's Office (AG Office) for funds in the amount of \$2,453,515, or as determined in the final agreement, with the intention to remedy those businesses who were injured by the energy crisis rate increase. The funds, when received shall be deposited into the



1 Light Fund and will be used to apply credits directly to the Seattle City Light Commercial  
2 customer and Industrial customer accounts determined eligible as set forth by Seattle City Light's  
3 purposed methodology and approved by the AG Office.

4 Section 2. Any acts consistent with the authority and prior to the effective date of this  
5 ordinance are hereby ratified and confirmed.

6  
7 Section 3. This ordinance shall take effect and be in force thirty (30) days from and after  
8 its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days  
9 after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

10 Passed by the City Council the 18<sup>th</sup> day of JANUARY, 200~~4~~<sup>5</sup>, and signed by me in open  
11 session in authentication of its passage this 18<sup>th</sup> day of JANUARY, 200~~4~~<sup>5</sup>.

12  
13  
14 [Signature]  
President \_\_\_\_\_ of the City Council

15 Approved by me this 24<sup>th</sup> day of January, 200~~4~~<sup>5</sup>

16  
17  
18 [Signature]  
Gregory J. Nickels, Mayor

19 Filed by me this 25<sup>th</sup> day of January, 200~~4~~<sup>5</sup>.

20  
21 [Signature]  
City Clerk

22 (Seal)





# City of Seattle

Gregory J. Nickels, Mayor

## Office of the Mayor

December 7, 2004

Honorable Jan Drago  
President  
Seattle City Council  
City Hall, 2<sup>nd</sup> Floor

Dear Council President Drago:

I am pleased to present the attached proposed Council Bill, which accepts grant funding from a restitution settlement reached by the State of Washington Attorney General and a number of energy companies that were accused of price gouging during the 2001 energy crisis. The commercial and industrial portion of the settlement is approximately \$10 million, with a payment stream of much smaller amounts over the next twenty years. We anticipate that Seattle City Light customers will receive approximately \$2,453,500 from the settlement funds, with \$1,932,321 going to its commercial customers, and \$521,194 going to its industrial customers. We expect the Attorney General will award the funds early 2005, and intend to move quickly to distribute them as soon as they're received.

Seattle City Light plans to allocate the funds proportionally to all currently active accounts by providing a clearly labeled, line-item credit on the bill. The credit will be based on total kilowatt-hour energy charges during the calendar year 2003, and applied to all active non-residential accounts, excluding streetlights and the Nucor Corporation (rates for Nucor and its predecessor, Birmingham Steel, were unaffected by the energy crisis). At the end of 2003, there were approximately 34,205 commercial/governmental accounts and 260 industrial accounts, which suggests that the average commercial/ governmental account will receive a credit of approximately \$56, while the average industrial account credit will receive approximately \$2,000.

The grant accepted by this Council Bill will help to partially repay Seattle City Light commercial and industrial customers who were harmed as a result of the energy crisis. Should you have any questions, please feel free to contact Joan Walters, Deputy Superintendent for Customer Services at Seattle City Light, at (206) 684-3377.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Nickels", written over a large, faint circular stamp or watermark.

GREG NICKELS  
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

600 Fourth Avenue, 7<sup>th</sup> Floor, P.O. Box 94749, Seattle, WA 98124-4749

Tel: (206) 684-4000, TDD: (206) 684-8811 Fax: (206) 684-5360, E:mail: mayors.office@seattle.gov

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**FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>DOF Analyst/Phone:</b>
Seattle City Light	Joan Walters 648-3377 Shelley Kikuchi 684-3432	Thomas Dunlap 386-9120

**Legislation Title:**

AN ORDINANCE authorizing City Light to accept funds from the Washington State Attorney General's Office to collaborate on a refund program to provide restitution back to the business consumers who paid high electricity prices during the energy crisis; implementing the necessary agreements; and taking the actions necessary to allocate the settlement funds proportionately to Commercial and Industrial customers by providing a credit on the bill of the receiving businesses.

• **Summary of the Legislation:**

This ordinance allows Seattle City Light, on behalf of the City of Seattle, to join the Washington State Attorney General's Office (AG Office) in a collaborative refund program. It would be a one-time event and there will be a methodology approved for calculating the refund amounts. This legislation will allow for the expeditious distribution of the refunds. There is no appropriation required. Upon receipt of the funds, they will be placed in a restricted cash account in the Light Fund. When the customer accounts are credited, an adjustment will be made to transfer the funds to the operating cash account.

• **Background:** *(Include brief description of the purpose and context of legislation and include record of previous legislation and funding history, if applicable):*

The AG Office has negotiated monetary settlements with several large energy companies, including Williams Energy, El Paso Energy, and Duke Energy. A fund for commercial and industrial customers has been established to provide restitution for harm suffered by these customers during the energy crisis of 2000-2001. The funds available for Seattle City Lights' service area are expected to be \$1,932,321 for Commercial customers and \$521,194 for Industrial customers.

To distribute these funds in the most efficient, effective and timely manner, Seattle City Light plans to allocate funds proportionally to all currently active accounts as a labeled, line-item credit on the bill. The credit will be based on total kilowatt-hour energy charges during the calendar year 2003 and applied to all non-residential accounts excluding streetlights and the Nucor Corporation (rates for Nucor and its predecessor, Birmingham Steel, were unaffected by the energy crisis).



At the end of 2003, Seattle City Light had approximately 34,000 commercial/governmental accounts and 260 industrial accounts. Preliminary calculations suggest that the average commercial/governmental account would receive a credit of approximately \$56, while the average industrial account credit would be about \$2,000. Funding for the credit will likely be available from the AG Office in early 2005 and will need to be processed in an expeditious manner.

- Please check one of the following:

**This legislation does not have any financial implications.** (Stop here and delete the remainder of this document prior to saving and printing.)

**This legislation has financial implications.** (Please complete all relevant sections that follow.)

***Appropriations:** This table should reflect appropriations that are a direct result of this legislation. In the event that the project/ programs associated with this ordinance have appropriations that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below.*

Fund Name and Number	Department	Budget Control Level*	2004 Appropriation	2005 Anticipated Appropriation
<b>TOTAL</b>				

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

**Notes:**

No appropriation is necessary. When the funds are received, they will be deposited in a restricted cash account in the City Light Fund. Once the commercial/governmental and industrial accounts are credited, the funds will be transferred to City Light's operating cash account.



**Anticipated Revenue/Reimbursement: Resulting From This Legislation:** *This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below the table.*

Fund Name and Number	Department	Revenue Source	2004 Revenue	2005 Revenue
Light Fund 41000	City Light	WA State Attorney General's Office	\$0	\$2,453,500 *
<b>TOTAL</b>			<b>\$ 0</b>	<b>\$2,453,500</b>

**Notes:** \* estimated revenues from source

City Light anticipates receiving the funds in early 2005 once the agreement is signed. This will be prior to actually crediting the accounts.

**Total Regular Positions Created Or Abrogated Through This Legislation, Including FTE Impact:** *This table should only reflect the actual number of positions created by this legislation. In the event that positions have been, or will be, created as a result of previous or future legislation or budget actions, please provide details in the Notes section below the table.*

Position Title and Department*	Fund Name	Fund Number	Part-Time/Full Time	2004 Positions	2004 FTE	2005 Positions**	2005 FTE**
<b>TOTAL</b>							

\* List each position separately

\*\* 2005 positions and FTE are total 2005 position changes resulting from this legislation, not incremental changes. Therefore, under 2005, please be sure to include any continuing positions from 2004

**Notes:**

N/A

- **Do positions sunset in the future?** (If yes, identify sunset date):



**Spending/Cash Flow:** *This table should be completed only in those cases where part or all of the funds authorized by this legislation will be spent in a different year than when they were appropriated (e.g., as in the case of certain grants and capital projects). Details surrounding spending that will occur in future years should be provided in the Notes section below the table.*

Fund Name and Number	Department	Budget Control Level*	2004 Expenditures	2005 Anticipated Expenditures
<b>TOTAL</b>				

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

**Notes:**

We will receive the funds prior to actually showing the credit on the customer accounts. Upon receipt of the funds, they will be placed in a restricted cash account in the City Light Fund. Once the credit shows on the commercial/governmental and industrial customer accounts, the funds will be transferred to City Light's operating cash account.

- **What is the financial cost of not implementing the legislation?** *(Estimate the costs to the City of not implementing the legislation, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs if the legislation is not implemented.)*

This legislation is necessary for Seattle City Light to sign and accept funds from the AG Office. If not approved we would be unable to accept and provide monetary restitution to our commercial/governmental and industrial customers who were harmed during the energy crisis.

- **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** *(Include any potential alternatives to the proposed legislation, such as reducing fee-supported activities, identifying outside funding sources for fee-supported activities, etc.)* None
- **Is the legislation subject to public hearing requirements:** *(If yes, what public hearings have been held to date, and/or what plans are in place to hold a public hearing(s) in the future.)* No
- **Other Issues** *(including long-term implications of the legislation):* None

**Please list attachments to the fiscal note below:**



STATE OF WASHINGTON - KING COUNTY

--SS.

181418  
CITY OF SEATTLE, CLERKS OFFICE

No. TITLE ONLY

Affidavit of Publication

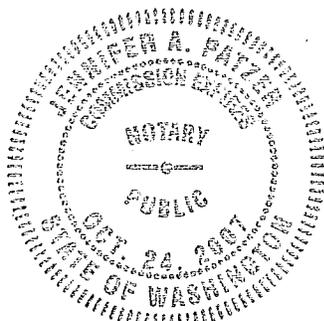
The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12<sup>th</sup> day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:121713-121715

was published on

1/28/2005



*Melinda*

Subscribed and sworn to before me on

1/28/2005

*Jennifer A. Fayter*

Notary public for the State of Washington,  
residing in Seattle

Affidavit of Publication

# State of Washington, King County

## City of Seattle

### TITLE-ONLY PUBLICATION

The full text of the following ordinances, passed by the City Council on January 18, 2005, and published here by title only, will be mailed upon request, or can be accessed electronically at <http://clerk.ci.seattle.wa.us>. For further information, contact the Seattle City Clerk at 684-8344.

#### ORDINANCE NO. 121713

AN ORDINANCE appropriating money to pay certain audited claims and ordering the Payment thereof.

#### ORDINANCE NO. 121715

AN ORDINANCE relating to the Northgate Coordinated Transportation Investment Plan (CTIP); carrying over into 2005 all appropriations for the CTIP not expended by the end of 2004; removing a 2004 budget proviso that had restricted spending on the Northgate Coordinated Transportation Investment Plan (CTIP); authorizing the Director of the Seattle Department of Transportation or her designee to execute agreements with King County and North Seattle Community College for planning funds; authorizing the acceptance and deposit of the funds to be received; and increasing an appropriation to the Seattle Department of Transportation in the 2005 Budget; all by a three-fourths vote of the City Council.

#### ORDINANCE NO. 121714

AN ORDINANCE authorizing City Light to accept funds from the Washington State Attorney General's Office to collaborate on a refund program to provide restitution back to the business consumers who paid high electricity prices during the energy crisis; implementing the necessary agreements; and taking the actions necessary to allocate the settlement funds proportionately to Commercial and Industrial customers by providing a credit on the bill of the receiving businesses.

Publication ordered by JUDITH PIPPIN,  
City Clerk.

Date of publication in the Seattle Daily  
Journal of Commerce, January 28, 2005.

1/28(181418)