FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
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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 fun 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.)