

#23
CB ~~117343~~
117343

ORDINANCE _____

1
2 AN ORDINANCE relating to the City Light Department; authorizing the Superintendent of
3 Seattle City Light to execute an agreement with Bonneville Power Administration and
4 Puget Sound Energy Corporation for the Preferred Puget Sound Area Plan of Service
Projects and Cost Allocation; and ratifying and confirming certain prior acts.

5 WHEREAS, Bonneville Power Administration (BPA) owns and is responsible for the reliable
6 operation of the Federal Columbia River Transmission System (FCRTS); and

7 WHEREAS, Seattle City Light and Puget Sound Energy each own and operate electric systems
8 that are interconnected with the FCRTS in the Puget Sound Area and electric power is
9 delivered within those electric systems, and to or from them by BPA over the FCRTS;
and

10 WHEREAS, the Puget Sound Area experiences periods of transmission congestion that may
11 require mitigation to maintain reliable operation of the Puget Sound Area
Interconnection, including in some cases, curtailments of firm transmission service; and

12 WHEREAS, as of February 2011, the Parties entered into Contract No. 11TX-15290,
13 "Temporary Operational Support Program Agreement," that provides for voluntary
14 changes in planned generation, including an increase in Puget Sound Area generation, as
15 temporary and short-term measures for relieving forecasted transmission congestion
16 conditions that are expected to adversely affect the reliable operation of the Puget Sound
Area Interconnection; and

17 WHEREAS, representatives from each of the Parties and other entities participated in regional
18 studies to develop a long term plan, and implement a range of physical improvements to
19 preserve the reliable operation of the Puget Sound Area Interconnection, and reduce the
need to curtail firm transmission service; and

20 WHEREAS, the Parties have identified the projects described herein that, when taken as a whole,
21 are expected to preserve the reliable operation of the Puget Sound Area Interconnection,
22 and reduce the need to curtail firm transmission service; and it is in their individual and
collective interests to continue to support the efforts needed to carry out these projects;
and

23 WHEREAS, the transmission congestion affecting the Puget Sound Area Interconnection is a
24 shared problem, and the projects and cost-sharing arrangements provided herein are
25 appropriate; NOW, THEREFORE,

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

2 Section 1. As requested, the Superintendent of Seattle City Light is authorized to
3 execute, for and on behalf of The City of Seattle, a Memorandum of Agreement with Bonneville
4 Power Administration and Puget Sound Energy Corporation substantially in the form attached
5 hereto as Attachment 1, relating to the Preferred Puget Sound Area Plan of Service Projects and
6 Cost Allocation. The Superintendent of City Light is also authorized to execute, for and on
7 behalf of The City of Seattle, any other related agreement or document that is necessary or
8 convenient, relating to the Preferred Puget Sound Area Plan of Service Projects and Cost
9 Allocation.

10 Section 2. Any act consistent with the authority of this ordinance that is taken after its
11 passage, but prior to its effective date, is hereby ratified and confirmed.

12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28



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

4 Passed by the City Council the ____ day of _____, 2011, and
5 signed by me in open session in authentication of its passage this
6 ____ day of _____, 2011.

7
8 _____
9 President _____ of the City Council

10 Approved by me this ____ day of _____, 2011.

11
12 _____
13 Michael McGinn, Mayor

14
15 Filed by me this ____ day of _____, 2011.

16
17 _____
18 Monica Martinez Simmons, City Clerk

19 (Seal)

20
21
22
23 Attachment:

24 Attachment 1 – Memorandum of Agreement Relating to the Preferred Puget Sound Area Plan of
25 Service Projects and Cost Allocation



Contract No. 11TX-15450

MEMORANUDUM OF AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

THE CITY OF SEATTLE

acting by and through its

CITY LIGHT DEPARTMENT

and

PUGET SOUND ENERGY, INC.

**(Relating to the Preferred Puget Sound Area Plan of Service Projects
and Cost Allocation)**

This MEMORANDUM OF AGREEMENT (MOA) is executed by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (BPA), THE CITY OF SEATTLE, acting by and through its CITY LIGHT DEPARTMENT (Seattle City Light), and PUGET SOUND ENERGY INC. (Puget) (Customers). BPA and Customers are sometimes referred to individually as "Party" and collectively as "Parties".

WHEREAS, BPA owns and is responsible for the reliable operation of the Federal Columbia River Transmission System (FCRTS),

WHEREAS, Seattle City Light and Puget each own and operate electric systems that are interconnected with the FCRTS in the Puget Sound Area and electric power is delivered within those electric systems, and to or from them by BPA over the FCRTS,

WHEREAS, the Puget Sound Area experiences periods of transmission congestion that may require mitigation to maintain reliable operation of the Puget



Sound Area Interconnection, including in some cases, curtailments of firm transmission service,

WHEREAS, as of February 2011, the Parties entered into Contract No. 11TX-15290, "Temporary Operational Support Program Agreement," that provides for voluntary changes in planned generation, including an increase in Puget Sound Area generation, as temporary and short-term measures for relieving forecasted transmission congestion conditions that are expected to adversely affect the reliable operation of the Puget Sound Area Interconnection,

WHEREAS, representatives from each of the Parties and other entities participated in regional studies to develop a long term plan, and implement a range of physical improvements to preserve the reliable operation of the Puget Sound Area interconnection, and reduce the need to curtail firm transmission service,

WHEREAS, the Parties have identified the projects described herein that, when taken as a whole, are expected to preserve the reliable operation of the Puget Sound Area Interconnection, and reduce the need to curtail firm transmission service; and it is in their individual and collective interests to continue to support the efforts needed to carry out these projects, and

WHEREAS, the transmission congestion affecting the Puget Sound Area interconnection is a shared problem, and the projects and cost sharing arrangements provided herein are appropriate.

NOW THEREFORE, in consideration of the mutual obligations and undertakings herein, the sufficiency of which is acknowledged, the Parties agree as follows:

1. DEFINITIONS

- (a) "Bothell to SnoKing Reconductor Project" means the project identified in the Preferred Plan of Service in which Seattle City Light will reconductor the existing Bothell to SnoKing No. 1 and No. 2 230 kV lines with high-temperature conductor.
- (b) "BPA Preferred Plan Projects" means, collectively, the Covington 500 kV Transformer Addition Project and the Northern Intertie Remedial Action Scheme ("RAS") Improvement Project.
- (c) "Broad Street Inductor Project" means the project identified in the Preferred Plan of Service in which Seattle City Light will add 6 ohm

series inductors to the Massachusetts-Broad Street and East Pine-Broad Street 115 kV lines.

- (d) "ColumbiaGrid" means the Washington non-profit membership corporation formed to improve the operational efficiency, reliability, and planned expansion of the Pacific Northwest transmission grid, the eight members of which, as of the Effective Date, are Avista Corporation; BPA; Public Utility District No. 1 of Chelan County, Washington; Public Utility District No. 2 of Grant County, Washington; Puget; Seattle City Light; Public Utility District No. 1 of Snohomish County, Washington; and Tacoma Power.
- (e) "Covington 500 kV Transformer Addition Project" means the project identified in the Preferred Plan of Service in which BPA will install a third 500–230 kV transformer at the BPA Covington Substation.
- (f) "Delridge to Duwamish Reconductor Project" means the project identified in the Preferred Plan of Service in which Seattle City Light will reconductor the existing Delridge to Duwamish 230 kV line with high-temperature conductor.
- (g) "Lakeside 230 kV Transformer Addition Project" means the project identified in the Preferred Plan of Service in which Puget will install a 230–115 kV transformer at the Puget Lakeside Substation.
- (h) "Maple Valley to SnoKing Reconductor Project" means the project identified in the Preferred Plan of Service in which Seattle City Light will reconductor the existing Maple Valley to SnoKing 230 kV line with high-temperature conductor.
- (i) "North Downtown Inductor Project" means the project identified in the Preferred Plan of Service in which Seattle City Light will add 6 ohm series inductors to the proposed North Downtown-Canal line as part of Seattle City Light's North Downtown Substation Project.
- (j) "Northern Intertie RAS Improvement Project" means the project identified in the Preferred Plan of Service in which BPA will install new software for and re-wire electrical protection devices on the Northern Intertie RAS.
- (k) "Northern Intertie RAS" means the existing BPA pre-programmed set of automatic operating steps that are designed to protect the regional high voltage electric grid in the event of a loss of one of the two Custer-Monroe 500 kV lines.



- (l) "Preferred Plan of Service" means the "Updated Transmission Expansion Plan for the Puget Sound Area to Support Winter South-to-North Transfers Puget Sound Area Study Team" approved by ColumbiaGrid on April 25, 2011, a copy of which is attached as Exhibit A to this MOA.
- (m) "Preferred Plan Projects" means, collectively, the BPA Preferred Plan Projects, the Puget Preferred Plan Projects, and the Seattle City Light Preferred Plan Projects.
- (n) "Puget Preferred Plan Projects" means the Sammamish to Lakeside to Talbot Rebuild Project and the Lakeside 230 kV Transformer Addition Project.
- (o) "Sammamish to Lakeside to Talbot Rebuild Project" means the project identified in the Preferred Plan of Service in which Puget will upgrade Puget's existing Sammamish to Lakeside to Talbot 115 kV lines to 230 kV operation using Puget's existing Sammamish to Lakeside to Talbot utility corridor.
- (p) "Seattle City Light Preferred Plan Projects" means the Bothell to SnoKing Reconductor Project, the Broad Street Inductor Project, the North Downtown Inductor Project, and the Delridge to Duwamish Reconductor Project.

2. TERM

The term of this MOA shall be effective on the date of execution by all Parties (Effective Date) and shall continue until the earliest to occur of the following: (i) the date of completion of the last of the Preferred Plan Projects; (ii) a Party terminates this MOA pursuant to section 5(c) of this MOA; or (iii) December 31, 2020.

3. PREFERRED PLAN OF SERVICE PROJECTED PROJECT COMPLETION SCHEDULE AND COST

- (a) **BPA Preferred Plan Projects.** Each Party acknowledges that, as of the Effective Date, the projected project completions schedule and capital costs of the BPA Preferred Plan Projects are as follows:



BPA Preferred Plan Project	Projected Completion	Projected Capital Cost
1. Covington 500 kV Transformer Addition Project	2018	\$56.2 million
2. Northern Intertie RAS Improvement Project	2014	\$4.0 million

(b) **Puget Preferred Plan Projects.** Each Party acknowledges that, as of the Effective Date, the projected project completions schedule and capital costs of the Puget Preferred Plan Projects are as follows:

Puget Preferred Plan Project	Projected Completion	Projected Capital Cost
1. Sammamish to Lakeside to Talbot Rebuild Project	2017	\$45.0 million (single circuit) or \$41.3 million (double circuit)
2. Lakeside 230 kV Transformer Addition Project	2017	\$22.0 million

(c) **Seattle City Light Preferred Plan Projects.** Each Party acknowledges that, as of the Effective Date, the projected project completions schedule and capital costs of the Seattle City Light Preferred Plan Projects are as follows:

Seattle City Light Preferred Plan Project	Projected Completion	Projected Capital Cost
1. Bothell to SnoKing Reconductor Project	2017	\$2.5 million
2. Broad Street Inductor	2017	\$7.3 million*

* The projected capital costs of the Broad Street Inductor Project and the North Downtown Inductor Project do not reflect any projected costs for land acquisition. As of the Effective Date, the Parties acknowledge that Seattle City Light may have to acquire land to accomplish the Broad Street Inductor Project, and the actual capital costs of the Broad Street Inductor Project will, if necessary, reflect the actual costs of land acquisition for such project. As of the Effective Date, the Parties do not anticipate that the North Downtown Inductor Project will require Seattle City Light to acquire any land.



Project		
3. North Downtown Inductor Project	2017	\$4.4 million*
4. Delridge to Duwamish Reconductor Project	2016	\$1.9 million

- (d) **Preferred Plan Project Not Planned for Construction Based On the Construction of the Puget Preferred Plan Projects.** Each Party acknowledges that, the construction of the Puget Preferred Plan Projects negates the need for the construction of the Maple Valley to SnoKing Reconductor Project. Each Party acknowledges that, as of the Effective Date, the projected project completions schedule and capital costs of the Maple Valley to SnoKing Reconductor Project are as follows:

Preferred Plan Project	Projected Completion	Projected Capital Cost
Maple Valley to SnoKing Reconductor Project	N/A	\$16.1 million

4. **PRELIMINARY CAPITAL COST ALLOCATION**

As of the Effective Date of this MOA, the Parties agree to share in the capital costs of Preferred Plan Projects as follows:

- (a) **BPA Preferred Plan Projects.** BPA shall pay the entire actual capital cost of each of (i) the Covington 500 kV Transformer Addition Project and (ii) the Northern Intertie RAS Improvement Project
- (b) **Seattle City Light Preferred Plan Projects.** BPA, Puget, and Seattle City Light shall each pay one-third of the total actual capital cost of each of (i) the Bothell to SnoKing Reconductor Project; (ii) the Delridge to Duwamish Reconductor Project; (iii) the Broad Street Inductor Project; and (iv) the North Downtown Inductor Project.
- (c) **Puget Preferred Plan Projects.** BPA and Seattle City Light shall each pay to Puget an amount equal to one-third of the adjusted projected capital cost of the Maple Valley to SnoKing Reconductor Project, which adjusted projected capital cost shall be determined as provided in the following table:



Projected Capital Cost of the Maple Valley to SnoKing Reconductor Project	=	\$16.1 million * Cost Differences in Reconductor Projects
where:		
Cost Differences in Reconductor Projects	=	the quotient of (i) the sum of the actual capital costs of the Delridge to Duwamish Reconductor Project and Bothell to SnoKing Reconductor Project and (ii) the sum of the projected capital costs of the Delridge to Duwamish Reconductor Project and Bothell to SnoKing Reconductor Project identified in section 3(c) above (i.e., \$4.4 million)

5. FINAL CAPITAL COST ALLOCATION AND OPTION OF ELECTION TO CANCEL

- (a) The allocations identified in section 4 are based on preliminary planning capital cost projections. The final capital cost allocation for the Seattle City Light Preferred Plan Projects shall be based on actual design and construction capital costs for each of the Seattle City Light Preferred Plan Projects, and the final capital cost allocation for the Puget Preferred Plan Projects shall be in accordance with the formula proscribed in section 4(a) above. The Parties shall review such actual design and construction capital costs and schedules and shall agree in writing to the final capital cost allocation.
- (b) Each Party reserves the right to cancel any Preferred Plan Project for which such Party is the sponsor if such Party determines that



- (i) the actual capital cost of such Preferred Plan Project is likely to exceed the projected capital cost of such Preferred Plan Project by a factor that is equal to or in excess of thirty percent (30%), or
- (ii) the projected in-service date of the Preferred Plan Project will be more than twenty-four (24) months later than the projected completion date identified in section 3 above for such Preferred Plan Project.

If a Party elects to cancel a Preferred Plan Project for which such Party is a sponsor under this section 5(b), such Party shall provide written notice to such other Parties within five (5) days of such election. Within a reasonable period of time after receipt of such written notice, representatives of the Parties shall convene and identify alternative projects that the Parties expect will preserve the reliable operation of the Puget Sound Area Interconnection and reduce the need to curtail firm transmission service in a manner similar to the project cancelled pursuant to section 5(b). If the Parties cannot agree in good faith upon an alternative project to replace a project cancelled pursuant to section 5(b) within a reasonable period following receipt of written notice of such termination, then any Party may terminate this MOA upon 90 days' written notice to the other Parties.

6. RESPONSIBILITY FOR ALL OTHER COSTS

- (a) Each Party shall be solely responsible for the Preferred Plan Project for which such Party is the sponsor, less the contributions from the other Parties as provided in section 4. This MOA only affects the cost sharing for the Preferred Plan Projects.
- (b) Each Party shall own the assets for the Preferred Plan Project for which such Party is the sponsor and shall be solely responsible for the operation and maintenance costs of such assets. Each Party shall be entitled to any capacity increases to its transmission system that results from any assets installed pursuant to this MOA.
- (c) If any Party enhances a Preferred Plan Project after completion of such Preferred Plan Project to meet such Party's needs, the cost of such future enhancements shall be borne solely by such Party. Each Party shall attempt in good faith to coordinate with the other Parties with respect to any future enhancements to a Preferred Plan Project to minimize or eliminate any impact to the interconnected electric systems of such other Parties.



7. PAYMENT SCHEDULE

Payments will be made at the completion of individual projects. The Parties shall agree in writing to the method and schedule for the cost share contributions to be made under this MOA.

8. NATIONAL ENVIRONMENTAL POLICY ACT ASSESSMENT

To the extent that BPA's financial contributions under this MOA are determined to trigger the need for analysis of projects under the National Environmental Policy Act, the Parties shall coordinate such assessment.

9. JOINT COMMUNICATIONS

The Parties shall coordinate joint communications regarding presentations of the preferred plan of service to the public.

10. GENERAL PROVISIONS

- (a) This MOA, including documents expressly incorporated by reference, constitutes the entire agreement between the Parties. It supersedes all previous communications, representations, or contracts, either written or oral, which purport to describe or embody the subject matter of this MOA.
- (b) No amendment of this MOA shall be of any force or effect unless set forth in a written instrument signed by authorized representatives of each Party.
- (c) This MOA is made and entered into for the sole benefit of the Parties, and the Parties intend that no other person or entity shall be a direct or indirect beneficiary of this MOA.
- (d) This MOA shall be interpreted consistent with and governed by federal law.
- (e) In the event that any provision of this MOA is determined to be invalid or unenforceable for any reason, in whole or part, the remaining provisions of this MOA shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law, and such invalid or unenforceable provision shall be replaced by the Parties with a provision that is valid and enforceable and that comes closest to



expressing the Parties' intention with respect to such invalid or unenforceable provision.

- (f) Each Party shall be solely responsible for and shall pay its own costs and expenses incurred by it in connection with the negotiation of this MOA.
- (g) Whenever this MOA requires or provides that (i) a notice be given by a Party to any other Party or (ii) a Party's action requires the approval or consent of any other Party, such notice, consent or approval shall be given in writing and shall be given in accordance with the provisions of Exhibit B to this MOA.
- (h) This MOA is binding on any successors and assigns of the Parties. No Party may otherwise transfer or assign this MOA, in whole or in part, without the other Parties' written consent. Such consent shall not be unreasonably withheld.
- (i) Nothing contained in this MOA shall be construed as creating a corporation, company, partnership, association, joint venture or other entity, nor shall anything contained in this MOA be construed as creating or requiring any fiduciary relationship between the Parties. No Party shall be responsible hereunder for the acts or omissions of any other Party. Nothing herein shall preclude (i) a Party from taking any action (or having its affiliates take any action) with respect to any other transmission project, including any such project that may compete with the projects provided herein, or (ii) the Parties jointly from entering into MOAs with third parties for the joint development, construction, ownership or operation of any project or for the provision of transmission capacity from such project.
- (j) Other than the obligation to pay amounts due under Section 4, in no event shall any Party be liable to any other Party under any provision of this MOA for any losses, damages, costs or expenses for any direct, special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, whether based in whole or in part in contract or in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to any other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.



- (k) The Parties shall not be in breach of their respective obligations to the extent the failure to fulfill any obligation is due to an Uncontrollable Force. "Uncontrollable Force" means an event beyond the reasonable control of, and without the fault or negligence of, the Party claiming the Uncontrollable Force, that prevents that Party from performing its contractual obligations under this MOA and which, by exercise of that party's reasonable care, diligence and foresight, such Party was unable to avoid. Uncontrollable Forces include, but are not limited to:
- (1) strikes or work stoppage;
 - (2) floods, earthquakes, or other natural disasters; terrorist acts; and
 - (3) final orders or injunctions issued by a court or regulatory body having competent subject matter jurisdiction which the Party claiming the Uncontrollable Force, after diligent efforts, was unable to have stayed, suspended, or set aside pending review by a court of competent subject matter jurisdiction.

Neither the unavailability of funds or financing, nor conditions of national or local economies or markets shall be considered an Uncontrollable Force. The economic hardship of a Party shall not constitute an Uncontrollable Force. Nothing contained in this provision shall be construed to require any Party to settle any strike or labor dispute in which it may be involved.

If an Uncontrollable Force prevents a Party from performing any of its obligations under this MOA, such party shall: (1) immediately notify the other Parties of such Uncontrollable Force by any means practicable and confirm such notice in writing as soon as reasonably practicable; (2) use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligation hereunder as soon as reasonably practicable; (3) keep the other Parties apprised of such efforts on an ongoing basis; and (4) provide written notice of the resumption of performance. Written notices sent under this section 10(k) must comply with Exhibit B, Notices and Contact Information.



11. WAIVER

No waiver of any provision or breach of this MOA shall be effective unless such waiver is in writing and signed by the waiving Party, and any such waiver shall not be deemed a waiver of any other provision of this MOA or any other breach of this MOA.

12. SIGNATURE

The Parties have caused this MOA to be executed as of the latest date all Parties have signed this MOA.

CITY OF SEATTLE
CITY LIGHT DEPARTMENT

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By: _____

By: _____

Name: _____

Name: _____

*(Print/
Type)*

*(Print/
Type)*

Title: _____

Title: _____

Date: _____

Date: _____



PUGET SOUND ENERGY, INC.

By: _____

Name: _____

*(Print/
Type)*

Title: _____

Date: _____

Insert file path



Jackie Smith
SCL Puget Sound Area Plan Agreement ATT 1
October 25, 2011
Version #1

EXHIBIT A
PREFERRED PLAN OF SERVICE



**EXHIBIT B
NOTICES**

Any notice required under this MOA shall be in writing and shall be delivered in person; or with proof of receipt by a nationally recognized delivery service or by United States Certified Mail. Notices are effective when received. Either Party may change the name or address for receipt of notice by providing notice of such change. The Parties shall deliver notices to the following person and address:

If to Seattle City Light:

Attention:
Phone:
Fax:
Email:

If by First Class Mail:

City of Seattle, City Light Department
(*Customer Address*)
(*Customer City, State, Zip*)

If by Overnight Delivery Service:

City of Seattle, City Light Department
(*Customer Address*)
(*Customer City, State, Zip*)

If to BPA:

Attention:
Phone:
Fax:
Email:

If by First Class Mail:

Bonneville Power Administration
P.O. Box 61409
Vancouver, WA 98666-1409

If by Overnight Delivery Service:

Bonneville Power Administration –
TSE/TPP-2
7500 NE 41st Street – Suite 130
Vancouver, WA 98662

If to the Puget:

Attention:
Phone:
Fax:
Email:

If by First Class Mail:

Puget Sound Energy, Inc.
P.O. Box 97034
Bellevue, WA 98009-9734

If by Overnight Delivery Service:

Puget Sound Energy, Inc.
10885 N.E. 4th Street, Suite 1100
Bellevue, WA 98004-5591



FISCAL NOTE FOR CAPITAL PROJECTS ONLY

Department:	Contact Person/Phone:	CBO Analyst/Phone:
City Light	Phil West/206-684-3718	Calvin Chow/206-684-4652

Legislation Title:

AN ORDINANCE relating to the City Light Department; authorizing the Superintendent of Seattle City Light to execute an agreement with Bonneville Power Administration and Puget Sound Energy Corporation for the Preferred Puget Sound Area Plan of Service Projects and Cost Allocation; and ratifying and confirming certain prior acts.

Summary and background of the Legislation:

This legislation authorizes a Memorandum of Agreement (MOA) between Bonneville Power Administration (BPA), Puget Sound Energy (PSE), and Seattle City Light (SCL) aimed at improving the reliability of the regional electric grid, in the Puget Sound Area Northern Intertie (PSANI) area. Since 2007, BPA has limited energy transfers between the Puget Sound area and Canada due to congestion in the PSANI grid area. The MOA proposes several utility projects to reduce congestion and upgrade the reliability of the system, reducing the risk of region-wide customer power outages in the future.

For the past several years, ColumbiaGrid has convened the Puget Sound Area Study Team (PSAST) with area utilities to address reliability and transmission congestion issues. The PSAST team was charged with developing a “one-utility” solution to identify the best technical solution (regardless of ownership of specific transmission grid assets) and identified six major projects, totaling an estimated \$140 million. The MOA assigns project delivery and cost sharing responsibilities between BPA, PSA, and SCL for these projects.

Under the proposed MOA, each party is assigned project delivery responsibilities for key improvements to the Puget Sound Area transmission infrastructure. BPA is responsible for the full cost of BPA sponsored projects. PSE is responsible for the full cost of PSE sponsored projects, with a cost adjustment (equal to a one-third cost share) for a reconductor project no longer needed because of the other PSE sponsored projects. SCL sponsored projects will be one-third cost shared. The MOA identifies approximately \$60.2 million of BPA sponsored projects, \$67 million of PSE sponsored projects, and \$16.1 million of SCL sponsored projects. SCL’s share of the total costs is approximately \$10.7 million.

The SCL projects identified in the MOA are scheduled to be completed through 2017. If this legislation is approved, SCL will include these projects and cost share responsibilities in future budget and CIP submittals. No appropriations are proposed with this legislation.

Project Name:	Project I.D.:	Project Location:	Start Date:	End Date:
SCL Preferred Plan Projects (PSAST)	TBD	Bothell to SnoKing Broad Street North Downtown Delridge to Duwamish	2016	2018

Please check any of the following that apply:

This legislation creates, funds, or anticipates a new CIP Project.
 This legislation anticipates a new CIP project in the future. This legislation does not amend the 2011-2016 Adopted CIP.

This legislation has financial implications.
 This legislation anticipates approximately \$10.7 million in future costs for SCL. If approved, appropriations for these costs will be included in future budget submittals.

Appropriations:

Fund Name and Number	Department	Budget Control Level*	Existing 2011 Appropriation	New 2011 Appropriation (if any)	2012 Anticipated Appropriation
TOTAL					

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

Appropriations Notes:

This legislation anticipates approximately \$10.7 million in future costs for SCL. If approved, appropriations for these costs will be included in future budget submittals.

Spending Plan and Future Appropriations for Capital Projects:

Spending Plan and Budget	2011	2012	2013	2014	2015	2016	Total
Spending Plan							
Current Year Appropriation							
Future Appropriations							

Spending Plan and Budget Notes:

This legislation anticipates approximately \$10.7 million in future costs for SCL. If approved,

appropriations for these costs will be included in future budget submittals.

Funding Source:

Funding Source (Fund Name and Number, if applicable)	2011	2012	2013	2014	2015	2016	Total
TOTAL							

Funding Source Notes:

This legislation anticipates approximately \$10.7 million in future costs for SCL. If approved, appropriations for these costs will be included in future budget submittals. Funding would come from the operating revenues of the utility.

Bond Financing Required:

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

Bond Notes:

This legislation anticipates approximately \$10.7 million in future costs for SCL. If approved, appropriations for these costs will be included in future budget submittals. These projects will be included in the utility's future CIP, a portion of which is financed through utility bonds.

Other Implications:

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

This legislation anticipates approximately \$10.7 million in future costs for SCL. If approved, appropriations for these costs will be included in future budget submittals.

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

There are no practical alternatives to this agreement. This agreement is the result of the ColumbiaGrid's Puget Sound Area Study Team and negotiations between BPA, PSE and SCL.

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

This legislation does not affect any other City of Seattle Departments.

d) What are the possible alternatives to the legislation that could achieve the same or

similar objectives?

There are no alternatives to this MOA that will achieve the same or 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. This MOA affects only transmission equipment.

h) Other Issues:

None.

List attachments to the fiscal note below:



City of Seattle
Office of the Mayor

November 8, 2011

Honorable Richard Conlin
President
Seattle City Council
City Hall, 2nd Floor

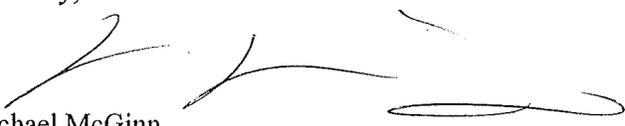
Dear Council President Conlin:

I am pleased to transmit the attached proposed Council Ordinance relating to the City Light Department which authorizes the Superintendent of Seattle City Light to execute a Memorandum of Agreement (MOA) between Bonneville Power Administration (BPA), Puget Sound Energy (PSE), and Seattle City Light to improve the reliability of the regional electric grid and reduce the probability of region-wide customer power outages in the future.

The MOA includes eight proposed transmission improvement projects – the product of several years of study by BPA, PSE, and City Light. Working together, these utilities will significantly improve electric reliability for customers in the Puget Sound area. In all, the projects are estimated to cost approximately \$140 million. City Light's share of the cost is estimated at \$10.7 million.

Execution of the MOA will allow the regional utilities to address bulk power transmission capacity constraints in the Puget Sound Area and upgrade the reliability of the system by 2020. Thank you for your consideration of this legislation. Should you have questions, please contact Phil West at 206-684-3718.

Sincerely,


Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

