

Ordinance No. 124 733

Council Bill No. 118329

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

Related Legislation File: _____

Date Introduced and Referred:	To: (committee):
Date Re-referred:	To: (committee):
Date Re-referred:	To: (committee):
Date of Final Action:	Date Presented to Mayor:
Date Signed by Mayor:	Date Returned to City Clerk:
Published by Title Only _____	Date Vetoed by Mayor:
Published in Full Text _____	
Date Veto Published:	Date Passed Over Veto:
Date Veto Sustained:	Date Returned Without Signature:

The City of Seattle – Legislative Department

Council Bill/Ordinance sponsored by: _____

Committee Action:

Date	Recommendation	Vote
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This file is complete and ready for presentation to Full Council. _____

Full Council Action:

Date	Decision	Vote
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SEATTLE CITY COUNCIL

Legislative Summary

CB 118329

Record No.: CB 118329

Type: Ordinance (Ord)

Status: Attested by City Clerk

Version: 2

124733

In Control: City Clerk

File Created: 01/26/2015

Final Action: 03/19/2015

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

Date

Notes:

Filed with City Clerk:

Mayor's Signature:

Sponsors: Bagshaw

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments:

Drafter: bob.hennessey@seattle.gov

Filing Requirements/Dept Action:

History of Legislative File

Legal Notice Published:

☐ Yes

☐ No

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
2	Mayor	02/03/2015	Mayor's leg transmitted to Council	City Clerk			
	Action Text: The Council Bill (CB) was Mayor's leg transmitted to Council to the City Clerk Notes:						
2	City Clerk	02/03/2015	sent for review	Council President's Office			
	Action Text: The Council Bill (CB) was sent for review to the Council President's Office Notes:						
2	Council President's Office	02/05/2015	sent for review	Seattle Public Utilities and Neighborhoods Committee			
	Action Text: The Council Bill (CB) was sent for review to the Seattle Public Utilities and Neighborhoods Committee Notes:						

- 2 Full Council 02/17/2015 referred Seattle Public Utilities and Neighborhoods Committee
- Action Text:** The Council Bill (CB) was referred to the Seattle Public Utilities and Neighborhoods Committee
- Notes:**
- 2 Seattle Public Utilities and Neighborhoods Committee 03/10/2015 pass Pass
- Action Text:** The Committee recommends that Full Council pass the Council Bill (CB).
- In Favor: 3 Chair Bagshaw, Vice Chair Sawant, Member Harrell
- Opposed: 0
- 2 Full Council 03/16/2015 passed Pass
- Action Text:** The Council Bill (CB) was passed by the following vote and the President signed the Bill:
- Notes:**
- In Favor: 9 Councilmember Bagshaw, Council President Burgess, Councilmember Clark, Councilmember Godden, Councilmember Harrell, Councilmember Licata, Councilmember O'Brien, Councilmember Rasmussen, Councilmember Sawant
- Opposed: 0
- 2 City Clerk 03/18/2015 submitted for Mayor's signature Mayor
- Action Text:** The Council Bill (CB) was submitted for Mayor's signature to the Mayor
- Notes:**
- 2 Mayor 03/19/2015 Signed
- Action Text:** The Council Bill (CB) was Signed
- Notes:**
- 2 Mayor 03/19/2015 returned to Clerk City Clerk
- Action Text:** The Council Bill (CB) was returned to Clerk to the City Clerk
- Notes:**
- 2 City Clerk 03/19/2015 attested by City Clerk
- Action Text:** The Ordinance (Ord) was attested by City Clerk
- Notes:**
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CITY OF SEATTLE
ORDINANCE 124733
COUNCIL BILL 118329

AN ORDINANCE relating to water services of Seattle Public Utilities; revising certain water rates and charges for service to wholesale customers, and amending Seattle Municipal Code Subsection 21.04.440.E 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 wheeling agreements (Wheeling Agreements) for certain Wholesale Customers who comprise the Northwest Subregion; and

WHEREAS, the provisions of the Wheeling Agreements require certain wholesale customers to pay a surcharge (Northwest Wheeling Rate Surcharge) for water wheeled through a portion of Seattle Public Utilities' retail service area; and

WHEREAS, the Wheeling Agreements require that the Northwest Wheeling Rate Surcharge be updated every five years based on changes in costs as described in the Wheeling Agreements; and

WHEREAS, the Northwest Wheeling Rate Surcharge authorized by Ordinance 122841 became effective January 1, 2009; and

WHEREAS, changes in costs indicate the Northwest Wheeling Rate Surcharge should be updated as calculated beginning in 2015; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Subsection 21.04.440.E of the Seattle Municipal Code, last amended by Ordinance 124599, is amended as follows:

21.04.440 - Rates outside the City of Seattle

* * *

E. Wholesale Customers—Commodity and Base Charges.

1. Reserved

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 Per 100 Cubic Feet of Water	Effective Jan. 1, 2014	Effective Jan. 1, 2015
Summer (May 16th - September 15th)	\$2.27	\$2.10
Winter (September 16th - May 15th)	\$1.53	\$1.42

The following surcharges and discounts 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, 2014	Effective Jan. 1, 2015	<u>Effective April 1, 2015</u>
Northwest Wheeling Rate Surcharge	\$0.02	\$0.02	<u>\$0.07</u>
Southwest Subregion Surcharge	\$0.07	\$0.16	<u>\$0.16</u>
East Subregion, Segment #3 Surcharge	\$0.16	\$0.08	<u>\$0.08</u>
East Subregion, Segment #4 Surcharge	\$0.19	\$0.16	<u>\$0.16</u>

Renton New Supply Discount Per 100 Cubic Feet of Water	Effective Jan. 1, 2014	Effective Jan. 1, 2015
Summer (May 16th - September 15th)	\$0.02	\$0.02

Winter (September 16th - May 15th)	\$0.02	\$0.01
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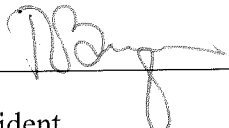
In addition, each wholesale customer served under a contract substantially in the form of the Full or Partial Requirements Contracts that requires payment of facilities charges based on each new metered service connection installed within its service area shall pay the facilities charges according to the following schedule:

Meter Size	Facilities Charge
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 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 16th day of March, 2015 and signed by me in open session in authentication of its passage this 16th day of March, 2015.



President _____ of the City Council

Approved by me this 19th day of Mar, 2015.



Edward B. Murray, Mayor

Filed by me this 19th day of MARCH, 2015.



Monica Martinez Simmons, City Clerk

(Seal)

BILL SUMMARY & FISCAL NOTE

Department:	Contact Person/Phone:	Executive Contact/Phone:
Seattle Public Utilities	Regina Carpenter/4-0836	Aaron Blumenthal/3-2656

1. BILL SUMMARY

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

Summary and background of the Legislation:

This ordinance will adjust water rates to certain wholesale water customers of the Seattle Regional Water Supply System consistent with the provisions of the Agreements for Wheeling Water between SPU and these utilities. The utility has two customers, the Olympic View Water and Sewer District and the North City Water District, whose water must be transported (or wheeled) from the regional transmission lines through Seattle's retail service area to each district's supply meters. The wheeling contracts stipulate that rates will be set in consultation with the two districts and that consultation has occurred.

2. CAPITAL IMPROVEMENT PROGRAM

 This legislation creates, funds, or amends a CIP Project.

Project Name:	Project I.D.:	Project Location:	Start Date:	End Date:	Total Cost:

3. SUMMARY OF FINANCIAL IMPLICATIONS

Please check one:

 x This legislation has direct financial implications.

3.a. Appropriations

 This legislation adds, changes, or deletes appropriations.

Fund Name and number	Dept	Budget Control Level Name/##	2015 Appropriation	2016 Estimated Appropriation
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Regina Carpenter
 SPU Wheeling Rate SUM
 January 23, 2015
 Version #1

			Change	Change
TOTAL				

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

Appropriations Notes:

3.b. Revenues/Reimbursements

X This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2015 Revenue	2016 Estimated Revenue
Water Fund 43000	Seattle Public Utilities	Wholesale Water Rates	\$28,500	\$38,000

Revenue/Reimbursement Notes:

The amount above is the anticipated increase in revenue from the two wholesale customers with Wheeling Agreements. The amount is roughly split in half between North City Water District and Olympic View Water and Sewer District.

4. OTHER IMPLICATIONS

- **Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?**
No
- **Is there financial cost or other impacts of not implementing the legislation?**
The primary cost of not implementing this legislation is lost revenue from not increasing the rate.
- **Does this legislation affect any departments besides the originating department?**
No
- **Is a public hearing required for this legislation?**
No
- **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

Regina Carpenter
SPU Wheeling Rate SUM
January 23, 2015
Version #1

No

- **Does this legislation affect a piece of property?**

No

- **Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**

None

- **If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.**

None

- **Other Issues:**

List attachments below:

Exhibit A

Seattle Public Utilities 2015-2018 Northwest Wheeling Rate Study Olympic View W&SD and Shoreline WD Wheeling Agreements August 4, 2014

Summary

The Northwest Wheeling Rate is updated every five years as outlined in the Wheeling Agreements. This process updates 1) customer consumption, 2) operations and asset costs, and 3) the allocation of assets between wheeling and distribution functions. This document details these calculations behind the proposed 2014-2018 Wheeling rate of \$0.07/ccf.

Northwest Wheeling Rate Background and Assumptions

1. The Wheeling Rate is based on the assets listed and shown in the attached Exhibits from the Wheeling Agreements.
2. All of the assets provide a wheeling function to all customers (retail and wholesale) in the pressure zone. Some of the assets also provide distribution functions to retail customers.
3. The allocations listed in the Exhibits are the allocation between transmission (wheeling) and distribution functions, not between wholesale and retail.
4. The Wheeling Agreements apply to Olympic View Stations 107, 108, 109, and 192 and Shoreline Stations 193 and 194.
5. The Wheeling Rate is updated every five years, and there is no provision for a true up in the interim. Instead, the agreements allow interim rate reviews if needed.
6. Rate reviews are conducted in consultation with Olympic View and Shoreline.

Demand

Section III.A.2 of the Wheeling Agreement states that the wheeling rate is calculated by dividing wheeling costs (described in detail in sections below) by the total amount of water delivered to Seattle's retail and wholesale customers through the Northwest Sub-regional system, calculated as an average of the three most recent years. Actual consumption for the last three years was:

	Total Consumption (ccf)
2010	2,129,973
2011	2,157,892
2012	2,430,412
Average	2,239,426

Exhibit A

Wheeling O&M Costs

Under section III.A.1.a of the Wheeling Agreements, operations and maintenance costs include two items:

1. the cost of power used at the pumping stations listed in Exhibit A, and
2. the proportionate share of extraordinary maintenance or repairs on items in Exhibit A in accordance with the allocation percentages listed.

Electricity Costs

Electricity costs are the actual 2010-2012 bills for the North City and Foy pump stations. To some degree, these bills underestimate the costs going forward, as electricity rates tend to increase over time.

Extraordinary Maintenance or Repairs

There has been no extraordinary maintenance or repairs that are not included in the capital projects below.

Wheeling Capital Costs

Capital costs are calculated on a utility basis, and consist of two components:

1. the annual depreciation expense for each asset, and
2. the product of the net book value of the asset and the rate of return on investment, which is defined as 1.5% plus Seattle's cost of debt as calculated at year end.

The wheeling agreements do not specify which year is to be used for the annual capital costs, so the future depreciation and net book value of the assets have been calculated for 2014-2018, and the wheeling rate is based on the average values over this rate period. For the average cost of debt, the most recent calculation is 4.6% as of 12/31/2012, making the rate of return 6.1%.

Assets in existence as of the last rate setting period

The assets in the table below are the Exhibit A assets that have been in place since the initial Agreement was created in 2003. Note that this is the entire cost for these assets, before application of wheeling allocation percentages in Exhibit A.

Regina Carpenter
 SPU Wheeling Rate SUM EXH A
 January 23, 2015
 Version #1

Exhibit A

Historic Exhibit A assets as of December 31, 2012

		Original Cost	Accumulated depreciation 12/31/2012	Net Book Value 12/31/2012	Depreciation Rate
<u>Pipelines</u>					
1a	N 185th St Feeder, 30" from North City PS to 24" (1b)	\$ 182,764	\$ 182,764	\$ -	
1b	N 185th St Feeder, 24" from 30" (1a) to Aurora Ave N	9,897	8,577	1,320	2.0%
2	N 185th St Feeder, 20" from Aurora Ave N to Fremont Ave N	7,054	7,054	-	
3	Fremont Ave N Feeder, from N 185th St to N 205th St	28,262	28,262	-	
4	N 205th St Feeder, from Fremont Ave N to OVWSD services	125,291	95,397	29,894	2.0%
5	Aurora Ave N Feeder from 185th St to N 145th St	69,703	69,703	-	
6	Aurora Ave N Feeder	36,310	36,310	-	
7	N/NE 145th St Feeder (incl Foy PS suction line)	10,345	8,966	1,379	2.0%
<u>Pump Stations</u>					
1	North City Pump Station				
	Land	-	-	-	
	Bldg, Fixtures & Grounds	99,254	70,460	28,794	1.9%
	Equipment	60,028	60,028	-	
2	Foy Pump Station				
	Land	1,032	-	1,032	0.0%
	Bldg, Fixtures & Grounds	26,210	22,766	3,444	1.9%
	Equipment	442,849	371,305	71,544	4.0%
<u>Tanks</u>					
1	Richmond Highlands Tanks				
	Land	23,052	-	23,052	0.0%
	Bldg, Fixtures & Grounds	2,391	2,391	-	
	Equipment	3,220,233	1,137,220	2,083,013	1.5%
2	Foy Standpipe				
	Land	1,378	-	1,378	0.0%
	Bldg, Fixtures & Grounds	429	429	-	
	Equipment	29,575	29,575	-	

Depreciating them over 2013 to 2018 produces the following Depreciation and Net Book Values.

Regina Carpenter
 SPU Wheeling Rate SUM EXH A
 January 23, 2015
 Version #1

Exhibit A

2013-2018 Depreciation for Historic Exhibit A assets

			Rate Setting Period					Average Annual Depreciati on 2014-2018
		2013 Depreciati on	2014 Depreciati on	2015 Depreciati on	2016 Depreciati on	2017 Depreciati on	2018 Depreciati on	
Pipelines								
1a	N 185th St Feeder, 30" from North City PS to 24" (1b)							
1b	N 185th St Feeder, 24" from 30" (1a) to Aurora Av	\$ 198	\$ 198	\$ 198	\$ 198	\$ 198	\$ 198	\$ 198
2	N 185th St Feeder, 20" from Aurora Ave N to Fremont Ave N							
3	Fremont Ave N Feeder, from N 185th St to N 205th St							
4	N 205th St Feeder, from Fremont Ave N to OVWS	2,506	2,506	2,506	2,506	2,506	2,506	2,506
5	Aurora Ave N Feeder from 185th St to N 145th St							
6	Aurora Ave N Feeder							
7	N/NE 145th St Feeder (incl Foy PS suction line)	207	207	207	207	207	207	207
Pump Stations								
1	North City Pump Station							
	Land							
	Bldg, Fixtures & Grounds	1,920	1,920	1,920	1,920	1,920	1,920	1,920
	Equipment							
2	Foy Pump Station							
	Land	-	-	-	-	-	-	-
	Bldg, Fixtures & Grounds	492	492	492	492	492	492	492
	Equipment	17,886	17,886	17,886	17,886	-	-	10,732
Tanks								
1	Richmond Highlands Tanks							
	Land	-	-	-	-	-	-	-
	Bldg, Fixtures & Grounds							
	Equipment	47,703	47,703	47,703	47,703	47,703	47,703	47,703
2	Foy Standpipe							
	Land	-	-	-	-	-	-	-
	Bldg, Fixtures & Grounds							
	Equipment							

Regina Carpenter
 SPU Wheeling Rate SUM EXH A
 January 23, 2015
 Version #1

Exhibit A

2013-2018 Net Book Value for Historic Exhibit A assets

			Rate Setting Period					Average Net Book Value 2014- 2018
		2013 Net Book Value	2014 Net Book Value	2015 Net Book Value	2016 Net Book Value	2017 Net Book Value	2018 Net Book Value	
Pipelines								
1a	N 185th St Feeder, 30" from North City PS to 24" (1b)							
1b	N 185th St Feeder, 24" from 30" (1a) to Aurora Ave	\$ 1,122	\$ 924	\$ 726	\$ 528	\$ 330	\$ 132	\$ 528
2	N 185th St Feeder, 20" from Aurora Ave N to Fremont Ave N							
3	Fremont Ave N Feeder, from N 185th St to N 205th St							
4	N 205th St Feeder, from Fremont Ave N to OVWSI	27,388	24,882	22,377	19,871	17,365	14,859	19,871
5	Aurora Ave N Feeder from 185th St to N 145th St							
6	Aurora Ave N Feeder							
7	N/NE 145th St Feeder (incl Foy PS suction line)	1,172	966	759	552	345	138	552
Pump Stations								
1	North City Pump Station							
	Land							
	Bldg, Fixtures & Grounds	26,875	24,955	23,035	21,116	19,196	17,277	21,116
	Equipment							
2	Foy Pump Station							
	Land	1,032	1,032	1,032	1,032	1,032	1,032	1,032
	Bldg, Fixtures & Grounds	2,952	2,460	1,968	1,476	984	492	1,476
	Equipment	53,658	35,772	17,886	-	-	-	10,732
Tanks								
1	Richmond Highlands Tanks							
	Land	23,052	23,052	23,052	23,052	23,052	23,052	23,052
	Bldg, Fixtures & Grounds							
	Equipment	2,083,013	1,987,608	1,939,905	1,892,202	1,844,500	1,796,797	1,892,202
2	Foy Standpipe							
	Land	1,378	1,378	1,378	1,378	1,378	1,378	1,378
	Bldg, Fixtures & Grounds							
	Equipment							

Additions since the last rate setting period

Since the last rate study, significant work has been done at the Richmond Highlands tank site. Work included structural repairs and coating the larger (Tank #2) of the two tanks, and reconfiguring the piping system. No significant work was done to the smaller (Tank #1) of the two tanks. These projects closed to the asset schedule in 2012. Depreciation and Net Book Values are shown below for 2014-2018.

Richmond Highlands Tanks as of December 31, 2012

	Original Cost	Accumulated depreciation 12/31/2012	Net Book Value 12/31/2012	Depreciation Rate
Richmond Highlands Tank - Coating	\$ 1,711,805	\$ -	\$ 1,711,805	5.0%
Richmond Highlands Tank Structural/Pipe/Valve	460,207	-	460,207	2.0%
Richmond Highlands Tank - SCADA	128,090	-	128,090	10.0%

Exhibit A

Depreciation for Richmond Highlands Tanks

	2013 Depreciat on	Rate Setting Period					Average Annual Depreciat on 2014- 2018
		2014 Depreciat on	2015 Depreciat on	2016 Depreciat on	2017 Depreciat on	2018 Depreciat on	
Richmond Highlands Tank - Coating	\$ 85,590	\$ 85,590	\$ 85,590	\$ 85,590	\$ 85,590	\$ 85,590	\$ 85,590
Richmond Highlands Tank Structural/Pipe/Valve	9,204	9,204	9,204	9,204	9,204	9,204	9,204
Richmond Highlands Tank - SCADA	12,809	12,809	12,809	12,809	12,809	12,809	12,809

Net Book Value for Richmond Highlands Tanks

	2013 Net Book Value	Rate Setting Period					Average Net Book Value 2014- 2018
		2014 Net Book Value	2015 Net Book Value	2016 Net Book Value	2017 Net Book Value	2018 Net Book Value	
Richmond Highlands Tank - Coating	\$ 1,626,215	\$ 1,540,625	\$ 1,455,034	\$ 1,369,444	\$ 1,283,854	\$ 1,198,264	\$ 1,369,444
Richmond Highlands Tank Structural/Pipe/Valve	451,003	441,799	432,595	423,391	414,186	404,982	423,391
Richmond Highlands Tank - SCADA	115,281	102,472	89,663	76,854	64,045	51,236	76,854

There has also been considerable work around the Aurora Avenue N feeder (such as adding parallel distribution mains), but very little on the pipeline itself. The specific work on the feeder was to add valves to accommodate the distribution function of the system, so it is not included in the wheeling rate.

Northwest Sub-regional System Allocation

The work above determined total costs for the assets listed in Exhibit A, and this section examines the allocation of these assets to wheeling rather than distribution. This is not an allocation to wholesale; the wheeling portion is the capacity that serves all the customers who use the wheeling system, both wholesale and retail.

Pipelines

The allocation for pipelines is based on their dual use as transmission (wheeling) pipelines and distribution mains since there are individual customers attached directly to them. The actual percentage is based on the cost to install the pipes at their current diameter versus the cost to install 8" diameter pipes that would have been necessary for distribution only. This analysis was completed using 2000 installation costs per pipe diameter. No changes are being proposed to this allocation methodology, or the numbers in the pipeline section of Exhibit A of the Wheeling Agreements.

Regina Carpenter
 SPU Wheeling Rate SUM EXH A
 January 23, 2015
 Version #1

Exhibit A

The lengths and diameters of the pipelines are:

	Actual length of Pipe installed (feet)	Pipe Diameter						Total
		30"	24"	20"	16"	12"	8"	
1a	N 185th St Feeder, 30" from North City PS to 24" (1b)	5,846						5,846
1b	N 185th St Feeder, 24" from 30" (1a) to Aurora Ave N		287					287
2	N 185th St Feeder, 20" from Aurora Ave N to Fremont Ave N			1,314				1,314
3	Fremont Ave N Feeder, from N 185th St to N 205th St			5,182	99			5,281
4	N 205th St Feeder, from Fremont Ave N to OVWSD services				102	5,147		5,249
5	Aurora Ave N Feeder from 185th St to N 145th St		11,110			41		11,151
6	Aurora Ave N Feeder	731	4,843	17				5,591
7	N/NE 145th St Feeder (incl Foy PS suction line)		300					300
	Total	6,577	16,540	6,513	201	5,188		35,019

The cost to install pipelines of this diameter in 2000 would have been:

	As-if/Replacement cost for actual diameter	Pipe Diameter						Total
		30"	24"	20"	16"	12"	8"	
	As-if/Replacement cost per Lineal foot to install in 2000	\$ 360	\$ 280	\$ 240	\$ 200	\$ 130	\$ 100	
1a	N 185th St Feeder, 30" from North City PS to 24" (1b)	\$ 2,104,560						\$ 2,104,560
1b	N 185th St Feeder, 24" from 30" (1a) to Aurora Ave N		\$ 80,360					\$ 80,360
2	N 185th St Feeder, 20" from Aurora Ave N to Fremont Ave N			\$ 315,360				\$ 315,360
3	Fremont Ave N Feeder, from N 185th St to N 205th St			\$ 1,243,680	\$ 19,800			\$ 1,263,480
4	N 205th St Feeder, from Fremont Ave N to OVWSD services				\$ 20,400	\$ 669,110		\$ 689,510
5	Aurora Ave N Feeder from 185th St to N 145th St		\$ 3,110,800			\$ 5,330		\$ 3,116,130
6	Aurora Ave N Feeder	\$ 263,160	\$ 1,356,040	\$ 4,080				\$ 1,623,280
7	N/NE 145th St Feeder (incl Foy PS suction line)		\$ 84,000					\$ 84,000

The cost to install 8" pipelines in 2000 would have been:

	As-if/Replacement cost using 8" pipe	Pipe Diameter						Total
		30"	24"	20"	16"	12"	8"	
	As-if/Replacement cost per Lineal foot to install in 2000	\$ 360	\$ 280	\$ 240	\$ 200	\$ 130	\$ 100	
1a	N 185th St Feeder, 30" from North City PS to 24" (1b)						\$ 584,600	\$ 584,600
1b	N 185th St Feeder, 24" from 30" (1a) to Aurora Ave N						\$ 28,700	\$ 28,700
2	N 185th St Feeder, 20" from Aurora Ave N to Fremont Ave N						\$ 131,400	\$ 131,400
3	Fremont Ave N Feeder, from N 185th St to N 205th St						\$ 528,100	\$ 528,100
4	N 205th St Feeder, from Fremont Ave N to OVWSD services						\$ 524,900	\$ 524,900
5	Aurora Ave N Feeder from 185th St to N 145th St						\$ 1,115,100	\$ 1,115,100
6	Aurora Ave N Feeder						\$ 559,100	\$ 559,100
7	N/NE 145th St Feeder (incl Foy PS suction line)						\$ 30,000	\$ 30,000

The allocation between distribution and wheeling functions is the ratio of these costs:

		Replacement cost for 8" pipe	Replacement cost for pipe as installed	Percentage for distribution only	NW Subregional System Allocation
1 & 2	N 185th St Feeder, 20", 24", and 30"	\$ 744,700	\$ 2,500,280	30%	70%
3	Fremont Ave N Feeder, from N 185th St to N 205th St	\$ 528,100	\$ 1,263,480	42%	58%
4	N 205th St Feeder, from Fremont Ave N to OVWSD services	\$ 524,900	\$ 689,510	76%	24%
5	Aurora Ave N Feeder from 185th St to N 145th St	\$ 1,115,100	\$ 3,116,130	36%	64%
6 & 7	Aurora Ave, 145th St Feeder, & Foy PS suction line	\$ 589,100	\$ 1,707,280	35%	65%

Exhibit A

Pump Stations

The pump stations are allocated at 100%, as all of the capacity is needed for transmission into the zone. For instance, even if the pipelines in the section above had actually been built as parallel separate pipes, the pump stations would be identical and would be needed “for the total amount of water delivered to Seattle’s retail and wholesale customers through the Northwest Sub-regional System” (III.A.2.). No modifications are proposed to this allocation.

Tanks

The existing allocation considered the wheeling portion of the three tanks as the amount filled by the two largest of the five sub-regional pumps¹ running simultaneously for twenty minutes each hour, with the remainder as distribution storage. This type of system operation is unrealistic as it results in a 2.0 foot operating band in the tanks, and excessive pump on/off frequency. It is unclear what the presumed logic was behind such hypothetical system operation as historically established system operation uses a 12’-15’ operating band in Richmond Highland’s Tanks; however, a 10’ band was used for SPU’s 2013 Water System Plan so the smaller band has been used for the calculation. Also, the allocation needs to be updated as Seattle plans to decommission the Foy standpipe and Richmond Highland’s Tank #1.

Updating the calculation for these conditions and then averaging the Highlands Tanks using their capacities results in the following allocations:

	Depth (ft)	Operating depth (ft)	Operating depth (%)	Capacity (MG)	Capacity (%)	Weighted Average (%)
Richmond Highlands Tk #1	25	-	0.0%	1.0	33%	0.0%
Richmond Highlands Tk #2	35	10	28.6%	2.0	67%	19.0%
Average						19.0%
Foy Standpipe	86	-	0.0%			

Calculation of Wheeling Rate

The following takes the flows, costs, and allocation above and develops the proposed wheeling rate of \$0.07/ccf.

¹ There are three pumps at the Foy Pump Station, and two at the North City Pump Station

Regina Carpenter
 SPU Wheeling Rate SUM EXH A
 January 23, 2015
 Version #1

Exhibit A

		Average Annual Depreciation Expense	Average Year End Net Book Value	Utility Basis Cost @6.1%	Allocation Percentage to Wheeling	Wheeling Cost
<u>Asset Costs</u>						
Pipelines						
1a	N 185th St Feeder, 30" from North City PS to 24" (1b)	\$ -	\$ -	\$ -	70%	\$ -
1b	N 185th St Feeder, 24" from 30" (1a) to Aurora Ave N	198	528	230	70%	161
2	N 185th St Feeder, 20" from Aurora Ave N to Fremont Ave N	-	-	-	70%	-
3	Fremont Ave N Feeder, from N 185th St to N 205th St	-	-	-	58%	-
4	N 205th St Feeder, from Fremont Ave N to OVWSD services	2,506	19,871	3,718	24%	892
5	Aurora Ave N Feeder from 185th St to N 145th St	-	-	-	64%	-
6	Aurora Ave N Feeder	-	-	-	65%	-
7	N/NE 145th St Feeder (incl Foy PS suction line)	207	552	241	65%	156
Pump Stations						
1	North City Pump Station	1,920	21,116	3,208	100%	3,208
2	Foy Pump Station	11,224	13,240	12,031	100%	12,031
Tanks						
1	Richmond Highlands Tanks	155,306	3,784,943	386,188	19%	73,560
2	Foy Standpipe	-	1,378	84	0%	-
<u>O&M Costs</u>						
Electricity Costs for Pump Stations						75,154
Total Costs						\$ 165,162
Flow in the NW Subregional System (3 year Average ccf)						2,239,426
Wheeling Rate						\$ 0.07

Exhibit A~~-EXISTING-~~**EXHIBIT A**

**NORTHWEST SUB-REGIONAL SYSTEM LIST OF ASSETS AND
 ALLOCATION**

Pipelines	NW Sub-regional System Allocation
1. The N. 185 Street feeder, from North City Pump Station to Aurora Avenue N, 30-inch steel pipeline, 24-inch steel pipeline across I-5.	70%
2. The N. 185 Street feeder, from Aurora Avenue N to Fremont Avenue N, 20-inch steel pipeline.	70%
3. The Fremont Avenue N Feeder, from N 185 Street to N 205 th Street, 20-inch steel pipeline.	58%
4. The N 205 Street Feeder, from Fremont Avenue N to Olympic View services, 12-inch ductile iron pipeline.	24%
5. The Aurora Avenue N feeder, from N 185 Street to N 145 Street, 24-inch steel pipeline.	64%
6. The N/NE 145 Street Feeder, from Foy Pump Station to Foy Standpipe connections near Dayton Avenue N, 24-inch steel pipeline.	65%
7. Foy Pump Station suction line in NE 145 Street from Foy Pump Station to 8 th Avenue NE, including connections to the 550 pipeline and to the 430 zone.	65%
Pump Stations	
1. North City Pump Station, including the suction line from the pump station to the 66-inch pipeline, and the pump station bypass from the 66-inch pipeline to the pump station discharge.	100%
2. Foy Pump Station, including the 12-inch bypass between the suction and discharge lines.	100%
Tanks	
1. Richmond Highlands Tanks, and all associated appurtenances and connections to the 590 zone.	7.7%
2. Foy Standpipe, including its connections to the N 145 Street feeder, altitude valve, overflow, and drain.	5.6%

Exhibit A**-REVISED -****EXHIBIT A**

**NORTHWEST SUB-REGIONAL SYSTEM LIST OF ASSETS AND
 ALLOCATION**

Pipelines	NW Sub-regional System Allocation
1. The N. 185 Street feeder, from North City Pump Station to Aurora Avenue N, 30-inch steel pipeline, 24-inch steel pipeline across I-5.	70%
2. The N. 185 Street feeder, from Aurora Avenue N to Fremont Avenue N, 20-inch steel pipeline.	70%
3. The Fremont Avenue N Feeder, from N 185 Street to N 205 th Street, 20-inch steel pipeline.	58%
4. The N 205 Street Feeder, from Fremont Avenue N to Olympic View services, 12-inch ductile iron pipeline.	24%
5. The Aurora Avenue N feeder, from N 185 Street to N 145 Street, 24-inch steel pipeline.	64%
6. The N/NE 145 Street Feeder, from Foy Pump Station to Foy Standpipe connections near Dayton Avenue N, 24-inch steel pipeline.	65%
7. Foy Pump Station suction line in NE 145 Street from Foy Pump Station to 8 th Avenue NE, including connections to the 550 pipeline and to the 430 zone.	65%
Pump Stations	
1. North City Pump Station, including the suction line from the pump station to the 66-inch pipeline, and the pump station bypass from the 66-inch pipeline to the pump station discharge.	100%
2. Foy Pump Station, including the 12-inch bypass between the suction and discharge lines.	100%
Tanks	
1. Richmond Highlands Tanks, and all associated appurtenances and connections to the 590 zone.	19.0%
1. Foy Standpipe, including its connections to the N 145 Street feeder, altitude valve, overflow, and drain.	0.0%

EXHIBIT B

The map shows the Foy Creek area with the following features:

- 540 Pipeline:** A purple line running vertically through the center of the map.
- Aurora Ave. PL:** A green line running horizontally across the middle of the map.
- North City PS Discharge:** A green line extending north from Aurora Ave. PL, ending in a red circle.
- Foy PS Discharge:** A green line extending south from Aurora Ave. PL, ending in a red circle.
- FOY STANDPIPE:** A red circle located south of the Foy PS Discharge.
- Storeline:** A brown line running horizontally across the map, south of Aurora Ave. PL.
- W.D.83:** A brown line running horizontally across the map, south of the Storeline.
- Tolt Pipeline No. 1:** A purple line running horizontally across the top of the map.
- Tolt Pipeline No. 2:** A purple line running horizontally across the top of the map, below Tolt Pipeline No. 1.
- FOREST PARK RSV:** A blue line running horizontally across the top of the map.
- North:** A label indicating the direction of North.

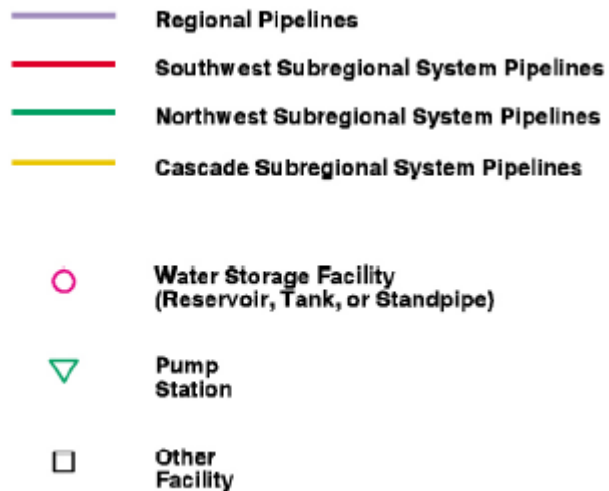


EXHIBIT A to SPU Wholesale Wheeling Rates SUM

STATE OF WASHINGTON -- KING COUNTY

--SS.

-322610

No.

CITY OF SEATTLE, CLERKS OFFICE

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 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

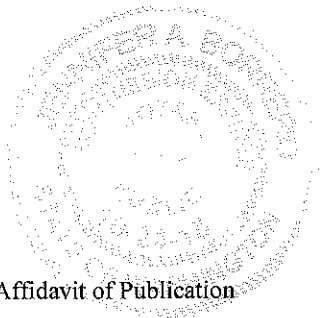
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:124732-734 TITLE ONLY

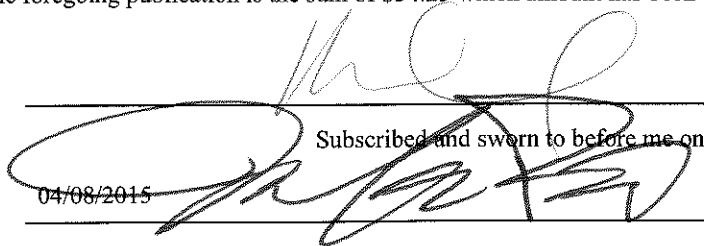
was published on

04/08/15

The amount of the fee charged for the foregoing publication is the sum of \$54.25 which amount has been paid in full.



Affidavit of Publication


Subscribed and sworn to before me on
04/08/2015

Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

City of Seattle

Legislation passed by the Seattle City Council 3/16/16

Ord. 124732

C.B. 118948

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

Ord. 124733

C.B. 118329

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

Ord. 124734

C.B. 118345

AN ORDINANCE vacating a portion of Delridge Way Southwest and other portions of Government Lot 3, in Section 13, Township 24 North, Range 3 East, W.M., on the petition of the Department of Finance and Administrative Services (Clerk File 311504); and placing it under jurisdiction of the Department of Finance and Administrative Services.

Date of publication in the Seattle Daily Journal of Commerce, April 8, 2015.

4/8(322610)