

SUMMARY and FISCAL NOTE*

Department:	Contact Person/Phone:	Executive Contact/Phone:
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** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to the City Light Department; amending subsection 21.49.086.D of the Seattle Municipal Code to create Net Wholesale Revenue targets for 2017 and 2018 consistent with those assumed in the City Light 2017-2022 Strategic Plan adopted by Resolution 31678.

Summary and background of the Legislation: This ordinance establishes City Light Net Wholesale Revenue targets for 2017 and 2018 that are consistent with those assumed in the City Light 2017-2022 Strategic Plan adopted July 26, 2016 by Resolution 31678.

The City established the City Light Rate Stabilization Account (RSA) within the Light Fund in part to buffer the City Light Department and its rate payers from shortfalls in the amount of Net Wholesale Revenue (NWR) actually earned relative to that specified in its budgets and assumed in its electricity rates. In March of 2010, Council adopted Ordinance 123260 which provided a funding mechanism for the RSA and established rules for its operation, including a formula for computing the target level of NWR for the purpose of developing budgets and retail electricity rates, and for determining deposits to, and withdrawals from, the RSA.

In 2012, Council adopted the City Light 2013-2018 Strategic Plan (Resolution 31383) which included more conservative NWR targets than the historical average originally determined by Ordinance 123260. The more conservative revenue targets reflected changing market and resource conditions which indicated that future NWR was likely to be significantly lower than historical levels, and served to reduce the likelihood of future RSA surcharges thereby providing rate payers with improved rate stability. Ordinance 123989 effected these changes, and established NWR targets for 2015 and 2016 which were consistent with the Strategic Plan and the adopted 2015 and 2016 electricity rates.

This proposed legislation establishes NWR targets of \$60 million for 2017 and \$60 million for 2018. These values are consistent with the new Strategic Plan Update for 2017-2022 and the electricity rates proposed for 2017-2018, which are in the accompanying legislation.

2. CAPITAL IMPROVEMENT PROGRAM

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

3. SUMMARY OF FINANCIAL IMPLICATIONS

This legislation does not have direct financial implications.
 (Please skip to "Other Implications" section at the end of the document and answer questions a-i.)

Budget program(s) affected:				
Estimated \$ Appropriation change:	General Fund \$		Other \$	
	2016	2017	2016	2017
Estimated \$ Revenue change:	Revenue to General Fund		Revenue to Other Funds	
	2016	2017	2016	2017
Positions affected:	No. of Positions		Total FTE Change	
	2016	2017	2016	2017
Other departments affected:				

3.a. Appropriations

This legislation adds, changes, or deletes appropriations.
 (If this box is checked, please complete this section. If this box is not checked, please proceed to Revenues/Reimbursements.)

Fund Name and number	Dept	Budget Control Level Name/##	2016 Appropriation Change	2017 Estimated Appropriation Change
TOTAL				

**See budget book to obtain the appropriate Budget Control Level for your department.*
 (This table should reflect appropriations that are a direct result of this legislation. In the event that the project/programs associated with this ordinance had, or will have, appropriations in other legislation please provide details in the Appropriation Notes section below. If the appropriation is not completely supported by revenue/reimbursements listed below, please identify the funding source (e.g. available fund balance) to cover this appropriation in the notes section. Also indicate if the legislation changes appropriations one-time, ongoing, or both.)

Appropriations Notes:

3.b. Revenues/Reimbursements

This legislation adds, changes, or deletes revenues or reimbursements.
 (If this box is checked, please complete this section. If this box is not checked, please proceed to Positions.)

Anticipated Revenue/Reimbursement Resulting from this Legislation:

4. OTHER IMPLICATIONS

a) **Does the legislation have indirect or long-term financial impacts to the City of**

Seattle that are not reflected in the above?

The 2017 and 2018 proposed rates are predicated on the Net Wholesale Revenue target established by this legislation. Not passing this legislation would mean there would be no target NWR to inform the operations of the RSA.

b) Is there financial cost or other impacts of not implementing the legislation?

Not passing this legislation would mean there would be no 2017 or 2018 NWR target. The NWR target is critical to the financial operation of the RSA and the surcharge decision procedures established by Ordinance 123260. The RSA would be unusable.

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

No

d) Is a public hearing required for this legislation?

No

e) Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

No

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No

g) Does this legislation affect a piece of property?

No

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

No

i) 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.

N/A

j) Other Issues: None

List attachments/exhibits below: N/A