

SUMMARY and FISCAL NOTE*

| Department: | Dept. Contact/Phone: | CBO Contact/Phone: |
|--------------------|---|--------------------------------------|
| FAS/City Light | Michael Van Dyck / 4-8347 Kirsty Grainger / 4-3713 | S. Reddy 5-1232 G. Shiring 6-4085 |

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to the electric system of The City of Seattle; adopting a system or plan of additions and betterments to and extensions of the existing municipal light and electric power generation, transmission, and distribution system of the City; authorizing the issuance and sale of municipal light and power revenue bonds for the purposes of providing funds to pay part of the cost of carrying out that system or plan, providing for the reserve fund requirement (if any), and paying the costs of issuance of the bonds; providing parameters for the bond sale terms including conditions, covenants, and other sale terms; describing the lien of the bonds and authorizing their issuance as either senior lien parity bonds or junior lien bonds; and ratifying and confirming certain prior acts.

Summary and background of the Legislation: This legislation provides the legal authorization to issue up to \$225 million of bonds in 2022 to fund a portion of capital expenditures for Seattle City Light’s system, as set forth by the 2022-2027 capital plan. This legislation also authorizes up to \$150 million of additional borrowing for potential debt optimization. Debt optimization involves replacing high interest debt with low interest debt to reduce overall interest costs – without increasing the debt burden or extending the term of outstanding debt.

Although the budget, capital plan and rates make specific assumptions about the use of debt financing for a certain share of the capital program, separate authorization for the issuance of bonds is technically required.

A City Light bond sale for \$225 million of fixed rate debt is anticipated to occur in August 2022. The bond proceeds combined with internally generated funds will support City Light’s capital program for about one year. The bond proceeds will also be used to make a deposit to the bond reserve fund and to pay issuance costs. Bonds would have a maximum maturity of 30 years. No debt service payments are expected in 2022.

Major projects supported by the bond issue include: Boundary Licensing Mitigation, Skagit Licensing Mitigation and the replacement of overhead and underground distribution equipment. For further information about City Light’s capital projects, please see the 2021-2026 capital plan.

For further information about City Light’s capital projects, please see the 2022-2027 capital plan.

2. OTHER IMPLICATIONS

- a. **Does this legislation affect any departments besides the originating department?**
This legislation affects FAS, who coordinates the issuance of the bonds.
- b. **Is a public hearing required for this legislation?**
No
- c. **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
No
- d. **Does this legislation affect a piece of property?**
No
- e. **Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?**
None/No
- f. **Climate Change Implications**
1. **Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?**
No
 2. **Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**
No
- g. **If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**
No

List attachments/exhibits below: