

## SUMMARY and FISCAL NOTE

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>Executive Contact/Phone:</b>
Seattle City Light	Paula Laschober 684-3168	Greg Shiring 386-4085

### **1. BILL SUMMARY**

**Legislation Title:** AN ORDINANCE relating to the rates, terms and conditions for the use and sale of electricity supplied by the City Light Department to customers in the city of SeaTac; and amending Sections 21.49.020, 21.49.030, 21.49.040, 21.49.052, 21.49.055, 21.49.057, 21.49.081, and 21.49.100 of the Seattle Municipal Code to implement new rates for the city of SeaTac that reflect the terms of the 2015 franchise agreement.

**Summary and background of the Legislation:** This ordinance implements revised 2016 rates for customers in the City of SeaTac.

The City of SeaTac passed Ordinance 15-1007 on June 23, 2015, adopting a new franchise agreement under which Seattle City Light would serve the City of SeaTac effective June 1, 2015 through September 30, 2030. This agreement is expected to be accepted by the City of Seattle by ordinance either in advance or in tandem with this ordinance.

Like the old agreement, the new franchise agreement includes a consideration payment to the City of SeaTac. This payment can be either 4% or 6% of the revenue derived from SeaTac customers. Depending on which payment level SeaTac selects, City Light is allowed to add a rate differential for SeaTac customers of either 6% or 8% over regular City rates.

SeaTac currently has the 4% payment in effect, but the franchise agreement specifies a move to the 6% payment effective January 1, 2016, at which point SeaTac rates should reflect the higher 8% differential. The current 2016 rates legislated as part of the biennial rate process were set at the lower 6% differential, so the purpose of this ordinance is to legislate new rates for SeaTac that reflect the higher 8% differential.

One other suburban jurisdiction already has rates set to this higher 8% differential: the City of Shoreline. The new 2016 SeaTac base rates will be identical to Shoreline rates. However, SeaTac customers cannot simply be assigned existing Shoreline rate codes, because Shoreline rates include undergrounding surcharges unique to this city. Therefore, new rate codes need to be created for all SeaTac customer classes, as shown in the table below. (The “E” might seem like an odd choice, but “S”, “T” and “C” are already in use.) Currently, SeaTac customers are assigned “Suburban” rates, which are common to Lake Forest Park, as well as Unincorporated King County, Renton and Normandy Park.

Rate Code	Rate Class
RSE	SeaTac Residential Standard
REE/RLE	SeaTac Residential UDP
SME	SeaTac Small General Service
MDE	SeaTac Medium General Service
LGE	SeaTac Large General Service

This rate change is equivalent to a 2.75% average increase to SeaTac rates.

## 2. CAPITAL IMPROVEMENT PROGRAM

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

## 3. SUMMARY OF FINANCIAL IMPLICATIONS

This legislation has direct financial implications.

<b>Budget program(s) affected:</b>				
<b>Estimated \$ Appropriation change:</b>	<b>General Fund \$</b>		<b>Other \$</b>	
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
<b>Estimated \$ Revenue change:</b>	<b>Revenue to General Fund</b>		<b>Revenue to Other Funds</b>	
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
	<b>\$0</b>	<b>\$7,000</b>	<b>\$0</b>	<b>\$112,000</b>
<b>Positions affected:</b>	<b>No. of Positions</b>		<b>Total FTE Change</b>	
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
<b>Other departments affected:</b>				

### 3.b. Revenues/Reimbursements

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
Light Fund	City Light	Incremental revenue (gross of City Tax) from SeaTac customers resulting from higher rates	\$0	\$112,000
General Fund	City Light	Incremental Utility Tax Revenue (6%)	\$0	\$7,000
<b>TOTAL</b>			<b>\$0</b>	<b>na</b>

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Note, revenue listed is gross of consideration payment to the city of SeaTac. Net, the revenue impact for City Light is approximately neutral.

**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?**

No.

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

If this legislation were not implemented, Seattle City Light would still be obligated to pay the City of SeaTac a consideration payment of 6% of their gross revenue. Currently the rates are designed to only collect approximately 4%. The difference would be covered by the entire rate base.

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

No.

**d) Is a public hearing required for this legislation?**

No.

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

No.

**f) Does this legislation affect a piece of property?**

No.

**g) 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.

**h) 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

**i) Other Issues:**

**List attachments below:**