

# **Seattle Public Utilities Wholesale Water Contracts - Update Wheeling Rate**

**Presentation to the SPUN Committee**

**March 10, 2015**



# Background

- Seattle supplies water to 20 water utilities under long term contracts (includes suburban Cities, Water Districts, and the Cascade Water Alliance).
- The uniform water rate for all Full and Partial Requirements Contract customers, which was updated in 2014 for 2015-2017, recovers costs for water and its delivery to water taps along Seattle's main transmission pipelines only.
- Olympic View Water & Sewer District and North City Utility District both have water taps whose locations require additional service to pump and deliver ("wheel") water through Seattle's retail service area.
- This legislation would update the Wheeling rate effective May 1, 2015 through 2018 as per the terms of the wheeling contracts with both Utilities (\$53,000 in annual revenue).

# Wheeling Assets



# Details of Wholesale Contracts

- Wheeling contracts describe the procedures for cost allocation and development of wheeling rates for these two wholesale customers.
  - The wheeling contracts stipulate that rates will be set in consultation with the two districts and that consultation has occurred.
  - This rate process is independent of the main wholesale rate setting process that occurred last year.
- The wheeling rate is increasing for the first time since it began in 2003 to reflect:
  - Recent capital project to repair and recoat a 2 Million Gallon storage tank
  - Updated allocation of the same storage tank
  - Increased pumping costs due to electrical power costs

Rate per ccf	Current	Proposed
Wheeling Rate	\$0.02	\$0.07