

SEPTEMBER 18, 2018

TO

Council Member Sally Bagshaw, Chair, Finance & Neighborhoods Committee
Council Member Lorena Gonzalez, Vice Chair, Finance & Neighborhoods Committee
Council Member Bruce Harrell, Finance & Neighborhoods Committee

FROM

Paula Laschober, Chief Financial Officer, Seattle City Light
Darnell Cola, Interim Officer, Customer Care, Communications, Regulatory Affairs

SUBJECT

Advanced Metering Infrastructure Project Budget Transfer Request

Seattle City Light continues one of our largest capital projects in recent history with the installation of the advanced metering throughout the City.

In May 2017, Seattle City Light presented budget changes in the Advanced Metering Infrastructure (AMI) Project from what had been forecasted in 2016 to the City Council's Energy & Environment Committee. At that time in 2017, City Light determined, due to Seattle's economic and population growth, the number of meters grew to 442,000 and the utility planned to absorb the additional costs of those approximately 30,000 new meters (\$3.7 million). Because of additional growth in our City, 8,000 more advanced meters have been added to the AMI purchase order to bring the total number of advanced meters to 450,000 meters. The purchase of the additional 8,000 advanced meters will cost \$1.1 million.

In 2018, the AMI project team determined that other additional project costs, including a portion of the new meter growth, cannot be fully absorbed in the \$84.1 million 2016 Forecasted Budget for this specific project. As a result, a \$17.4 million transfer is needed in 2018 to complete the AMI project. This information was communicated to Health, Housing, Energy & Worker Rights Committee Chairperson Teresa Mosqueda on June 26, 2018 along with notification that City Light would be requesting that the Mayor's Office transmit a budget transfer request to cover the additional funds needed in 2018.

Working with the Mayor's Office and the City Budget Office, City Light was able to identify \$17.4 million from existing resources within the department to cover these budget changes. The utility will be covering these costs through transfers from other City Light projects with available funds to avoid requesting increased funding from utility ratepayers. The formal budget transfer request is the ordinance that the Finance & Neighborhoods Committee will consider on September 19, 2018.

As detailed in the attachment, the major drivers of the project budget changes are the following:

1. Meters & Meter Installation – \$14.7 million

- a. Additional meter purchases – with new population growth, the purchase of 8,000 new meters.
- b. Meter purchases average cost – the average cost of the meters has increased from \$113 to \$122 before taxes.
- c. Tax on meter purchases – the sales tax was not included in the original project and is added here.
- d. Installation – Mass deployment increased supervisor/installer ratio (L&I mandated) and increased installation costs.

2. Systems IT & Licensing – \$2.7 million

In addition to the budget increases, project staff have identified rebates and savings that are further detailed in the attached spreadsheet. Please let me know if you need additional information or would like an in person briefing with you or the Health, Housing, Energy & Worker Rights Committee.

Attachment

cc: Anthony Auriemma, Mayor's Office
Greg Shiring, City Budget Office
Alyson McLain, Council Staff, Finance & Neighborhoods Committee
Eric McConaghy, Council Staff, Health, Housing, Energy & Worker Rights Committee