

SUMMARY and FISCAL NOTE

Department:	Contact Person/Phone:	Executive Contact/Phone:
City Light	Raman Vishwanathan/684-0416	Greg Shiring 386-4085

1. BILL SUMMARY

Legislation Title:

AN ORDINANCE relating to the City Light Department; authorizing the General Manager and Chief Executive Officer of City Light, or his or her designee, to execute the Amended and Restated Agreement Limiting Liability Among Western Interconnected Electrical Systems, which enables City Light to manage and resolve inter-utility incidents with members of the Western Interconnected Electrical System and fosters the City Light Department's customer relations and participation in important regional programs; and further authorizing the General Manager and Chief Executive Officer of City Light, or his or her designee, to execute amendments to such agreement that are consistent with the intent and authority set forth in this ordinance.

Summary and background of the Legislation:

In order to provide electricity to its customers reliably, Seattle City Light is connected to a regional electric transmission grid on which many organizations exchange energy and cooperate for their mutual benefit. This transaction in wholesale energy markets necessarily exposes Seattle City Light funds to risk, including market and credit risks.

In 1972, the membership of this grid, through an organization called the Western Interconnected Electrical Systems, signed a hold harmless agreement among the membership in order to support cooperation and coordination in operations and planning, and purchased a group insurance policy to cover claims among the membership from electrical incidents causing inter-utility damages. In 2013, the Western Interconnected Electrical Systems amended this agreement, the restated and amended agreement no longer includes the excess liability policy because of overlap with individual companies' other insurance coverages and therefore each party insures its own electric system against aforementioned loss or damage, either by carrying insurance or self-insurance. Currently Seattle City Light carries a self-insurance program that has been determined to provide adequate coverage. By executing the Amended and Restated Agreement Limiting Liability Among Western Interconnected Systems, Seattle City Light will remain an equal participant in the electric transmission grid, assisting in the maintaining of utility customer goodwill, and fostering the City Light Department's participation in important regional planning and communication programs.

This legislation enables the replacement of the original 1972 Agreement Limiting Liability Among Western Interconnected Systems, which requires member organizations to share in the purchase of a group liability insurance policy, regardless of their individual coverage and

insurance profiles. The amended agreement will serve the same purposes as the original with no policy to purchase.

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.

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 legislation would cause Seattle City Light to forego seeking damages should a member utility connected to the electrical grid operate their facilities in such a manner as to cause Seattle City Light harm.

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

Not implementing the legislation would result in unequal participation in transmission planning, operational planning, and other regional programs sponsors by consortia of some or all of the Western Interconnected Electrical Systems membership. Additionally, Seattle City Light would be exposed to harm it otherwise would have avoided should any member utility be damaged by any acts or omissions on the part of Seattle City Light causing damages to another member utility.

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

No, this legislation does not affect other departments.

d) Is a public hearing required for this legislation?

No, a public hearing is not required for this legislation. There are no public hearings scheduled.

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

Yes, this legislation requires notification in aforementioned publication.

f) Does this legislation affect a piece of property?

No, this legislation does not affect a piece of property.

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?

N/A

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:
N/A

List attachments below: