

BILL SUMMARY & FISCAL NOTE

Department:	Contact Person/Phone:	Executive Contact/Phone:
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1. BILL SUMMARY

Legislation Title:

AN ORDINANCE relating to Seattle Public Utilities; authorizing the Director of Seattle Public Utilities to execute amendments to wheeling agreements between The City of Seattle and North City Water District and between The City of Seattle and Olympic View Water and Sewer District.

Summary and background of the Legislation: This legislation would authorize the director of Seattle Public Utilities (SPU) to execute amended agreements between Seattle and two of its wholesale water customers, North City Water District and Olympic View Water and Sewer District.

The two wholesale customers receive Seattle water via a subset of the Seattle regional water transmission system called the Northwest Subregional system. The system distributes water to retail customers in the City of Shoreline and conveys water to North City Water District and Olympic View Water and Sewer District. North City and Olympic View each have an agreement for the transmission, or “wheeling”, of that water.

In accordance with the wheeling agreements, Seattle can review and adjust rates periodically and did so earlier this year to more accurately distribute system costs. The rate increase prompted North City and Olympic View to express a desire for more rate predictability and stability. Seattle wanted to be responsive to customer concerns and negotiated amendments to North City’s and Olympic View’s wheeling agreements to meet their interests while maintaining Seattle’s flexibility to operate the Northwest Subregional system and be compensated for system costs. Under the proposed amendments: 1) Seattle will review and adjust wheeling rates in the future using the same methodology that was used most recently for this purpose *unless Seattle changes the system infrastructure or its uses*; and 2) the two utilities will have an opportunity for input into decisions about capital projects that could influence their wheeling rate.

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 wheeling amendments require use of a particular methodology to review and adjust wheeling rates in the future, unless assets are changed within the Northwest Subregional system. The amendments also require Seattle to consider input from the two customers about capital projects that would impact the customers' rates.

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

Other impacts could include wholesale customer dissatisfaction. .

- 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?**

No.

- 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.**

The legislation does not include a new initiative or major programmatic expansion.

- i) **Other Issues:**

None.

List attachments below: