
Council Bill Number: 117756
Ordinance Number: 124182

AN ORDINANCE relating to the City Light Department; amending Seattle Municipal Code Chapter 21.49.081 to include BPA transmission costs in the automatic BPA cost adjustment rate pass-through.

Status: Passed

Note: Originally referred to the Planning, Land Use, and Sustainability Committee on 10/8/12.

Vote: 9-0

Date filed with the City Clerk: 2013/05/29

Date of Mayor's signature: 2013/05/21 ([about the signature date](#))

Date introduced/referred to committee: 2013/04/15

Committee: Energy and Environment

Sponsor: O'BRIEN

Committee Recommendation: Pass

Date of Committee Recommendation: 2013/05/14

Committee Vote: 2 (O'Brien, Clark) - 0

Index Terms: UTILITY-RATES, ELECTRICITY, CITY-LIGHT

Fiscal Note: [Fiscal Note to Council Bill No. 117756](#)

Electronic Copy: [PDF scan of Ordinance No. 124182](#)

Reference: [Ordinance 123988](#), [Ordinance 120247](#)

Text:

AN ORDINANCE relating to the City Light Department; amending Seattle Municipal Code Chapter 21.49.081 to include BPA transmission costs in the automatic BPA cost adjustment rate pass-through.

WHEREAS, the automatic BPA cost adjustment, created by Ordinance 120247 and most recently modified by Ordinance 123988, authorizes a City Light rate adjustment to reflect changes to the BPA power sales agreement but does not apply to changes to the BPA transmission service agreement; and

WHEREAS, BPA transmission is a critical service that exhibits comparable cost uncertainty to the BPA power costs; and

WHEREAS, the City Council has reviewed the terms and conditions set forth within this Ordinance, has determined they are consistent with the financial policies supported by the Council, and believes they will continue to provide the users of electric service supplied by the City of Seattle efficient electric service at low cost; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Subsection 21.49.081 of the Seattle Municipal Code, last amended by Ordinance 123988, is amended as follows:

SMC 21.49.081 Automatic BPA cost adjustment.

Each time that BPA adjusts its rates that are applied to City Light through its then current power sales agreements (PSAs) and transmission service agreements (TSAs) with BPA, City Light will calculate the difference (in dollars) between what City Light would have paid for its BPA purchases under the ~~((PSAs))~~ previous BPA rates for a 12 month period beginning on the effective date of the BPA adjustment and what City Light will actually pay for the same period under the adjusted BPA rates. The dollar difference will then be multiplied by 1.1095, which is the effective tax rate, and the product divided by forecast load (in kWh) over the 12 month period to calculate a number (in dollars/kWh rounded to the nearest ten thousandth of a dollar) which will be called the "BPA increment."

For example, if an increase in BPA ~~((PSA))~~ rates results in increased costs to the Department of \$18,422,543 per year, this amount would be multiplied by the 1.1095 effective tax rate to get required additional customer revenue of \$20,439,811. The additional revenue required would then be divided by the forecast kWh load to calculate the BPA increment.

As soon as practical after a BPA adjustment in ~~((PSA))~~ rates, energy charges in effect under all rate schedules will be increased or decreased by the BPA increment, provided that for customers served under Schedules REC, RLC, RET, RLT, RES, RLS, REH, RLH, REB and RLB, energy charges shall be increased or decreased by 40 percent of the BPA increment. The BPA increment will increase or decrease equally first block and second block charges in residential rates and peak and off-peak rates for large and high demand general service customers as well as the single energy charges for small and medium general service customers and the energy charge portion of Schedules T, L, P and F.

If at any time after December 31, 2006, BPA announces an adjustment in the rates to be charged ~~((under the PSAs))~~ to City Light, then City Light shall compute the BPA increment for the purpose of ensuring that only the increase or decrease in costs from BPA ~~((under the PSA))~~ will be passed through to City Light's customers. The increment will be based on the projected load for a 12 month period. City Light's rates shall be adjusted to give effect to the BPA increment, and the adjusted rates shall take effect after the effective date of the adjusted BPA rates as soon as the billing process can be implemented.

Section 2. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the ____ day of _____, 2013, and signed by me in open session in authentication of its passage this

____ day of _____, 2013.

President _____ of the City Council

Approved by me this ____ day of _____, 2013.

Michael McGinn, Mayor

Filed by me this ____ day of _____, 2013.

Monica Martinez Simmons, City Clerk

(Seal)

