

This meeting will accommodate virtual and in-person attendance. Those desiring to offer comments virtually via Zoom should join the meeting using the information provided.



Agenda
Utility Advisory Committee Meeting
Tuesday, May 10, 2022
Richland City Shops Building ~ 2700 Duportail Street, Room 110
Join the Zoom Meeting [here](#)
Public Telephone Access: (206) 337-9723 or (253) 215-8782
Meeting ID No. 897 0017 1756

Committee Members: Chair Gregoire, Vice-Chair Lo Presti and Members Felton, Larkin, Porter, Sanders and Staven

Liaisons: Council Liaison: Lemley
Council Liaison Alternate: Jones
Staff Liaison: Whitney

Regular Meeting - 3:00 p.m.

Call to Order/Attendance:

Approval of Agenda: (Approved by Motion)

Approval of Minutes: (Approved by Motion)

1. Approval of March 8, 2022, Meeting Minutes
 - Clint Whitney, Energy Services Director

Public Comments:

Items of Business:

2. Status - Each City Utility (30 Minutes)
 - Clint Whitney, Energy Services Director
 - Pete Rogalsky, Public Works Director
 - Tom Huntington, Fire Chief
3. Badger South Water Supply
 - Pete Rogalsky, Public Works Director
4. Badger South Fire Station Medical Utility Rate Setting (30 minutes)
 - Michael VanBeek
5. RMC Title 14 – Line Extension Changes (20 min)
 - Clint Whitney, Energy Services Director

Other Informational Items:

6. Capital Work Plan Update (RES)
 - Clint Whitney, Energy Services Director

7. BPA Joins the Energy Imbalance Market (EIM)
 - Clint Whitney, Energy Services Director
8. Energy Northwest Update
 - Clint Whitney, Energy Services Director
9. Forward Agenda Planning
 - Clint Whitney, Energy Services Director

Adjournment

The Richland City Shops Building is ADA accessible. Requests for sign interpreters, audio equipment, and/or other special services must be received 48 hours prior to the meeting by calling the City Clerk's Office at 509-942-7389.



UTILITY ADVISORY COMMITTEE AGENDA ITEM COVERSHEET

Meeting Date: 5/10/2022

Agenda Category: Approval of Minutes

Prepared By: Clint Whitney, Energy Services Director

Subject:

Approval of March 8, 2022, Meeting Minutes

Department:

Energy Services

Recommended Motion:

Approve the meeting minutes of the Utility Advisory Committee held on March 8, 2022.

Summary:

Attached is a draft of the minutes from the Utility Advisory Committee Meeting held on March 8, 2022.

Fiscal Impact:

Attachments:

1. DRAFT 030822 UAC Meeting Minutes



MINUTES

UTILITY ADVISORY COMMITTEE REGULAR MEETING

Tuesday, March 8, 2022

Zoom - Public Telephone Access: (206) 337-9723 or (253) 215-8782

Meeting ID No. 930 7525 3836

Utility Advisory Committee Regular Meeting – 3:00 p.m.

Vice Chair LoPresti called the meeting to order at 3:00 p.m.

Attendance: Chair Don Gregoire, Vice Chair Charles LoPresti; Committee Members: Dan Porter, Larry Felton, Dave Larkin, and James Sanders were present.

Also remotely present were Council Liaison Lemley, Staff Liaison and Energy Services Director Whitney, Public Works Director Rogalsky, Fire & Emergency Services Director Huntington, Water Manager Everham, Water Operations Manager Andrews, Fire Battalion Chief Hempstead, Fire Battalion Chief Aust, EMS Program Officer Van Beek, Business Services Manager Edgemon, and Administrative Assistant II Nolan-White.

Approval of Agenda

THE AGENDA WAS APPROVED.

Approval of Minutes

THE MINUTES WERE APPROVED.

Public Comments

None.

Items of Business

1. UAC Membership Recruitment Discussion
Energy Services Director Whitney discussed the recruiting process for filling the position vacated by Member Campbell. Chair Gregoire, Council Member Lemley, and Director Whitney agreed to serve as the recruiting subcommittee.
2. Status - Each City Utility
Energy Services Director Whitney and Fire & Emergency Services Director Huntington provided brief updates regarding their respective utilities.
3. Distribution Transformer Supply Chain Issues and Line Extension Discussion
Energy Services Director Whitney discussed current supply chain issues and potential line extension cost recovery changes to recover infrastructure costs for residential and business development.
4. Resource Adequacy Updates
Energy Services Director Whitney discussed the Northwest Power and Conservation Council's 8th Power Plan. He also discussed the Western Power Pool's Western Resource Adequacy Program, which is addressing resource adequacy in the Northwest.

5. Harmful Algae Bloom Management Plan Update
Water Manager Everham and Water Operations Manager Andrews presented an update on the City's Harmful Algae Bloom Management Plan.

Unfinished Business

None.

Other Informational Items

Information on the following items was provided to the committee members for later review:

6. Capital Work Plan Update (RES)
7. BPA Tri-Cities Quarterly Report
8. Forward Agenda Planning

Adjournment

Chair Gregoire adjourned the meeting at 5:00 p.m.

APPROVED:

ATTESTED:

Don Gregoire, Utility Advisory Committee Chair

Sandi Edgemon, Business Services Manager

DATE APPROVED: May 10, 2022

DATE PUBLISHED:



UTILITY ADVISORY COMMITTEE AGENDA ITEM COVERSHEET

Meeting Date: 5/10/2022

Agenda Category: Items of Business

Prepared By: Clint Whitney, Energy Services Director
Pete Rogalsky, Public Works Director
Tom Huntington, Fire Chief

Subject:
Status - Each City Utility (30 Minutes)

Department:
Energy Services

Recommended Motion:
This item is informational only.

Summary:
A representative from Energy Services, Public Works and Fire & Emergency Services will provide updates on their respective utilities.

Fiscal Impact:

Attachments:



UTILITY ADVISORY COMMITTEE AGENDA ITEM COVERSHEET

Meeting Date: 5/10/2022

Agenda Category: Items of Business

Prepared By: Pete Rogalsky, Public Works Director

Subject:

Badger South Water Supply

Department:

Public Works

Recommended Motion:

Summary:

This item will build on an introductory discussion that Public Works Director Rogalsky initiated with the Committee some months ago. In 2012 the City and Badger Mountain Irrigation District entered into a Retail Water Service Area Agreement defining each parties' contributions to the water supply needs of the Badger Mountain South development area within the City. The Badger Mountain Irrigation District has approached staff with a proposed amendment to the agreement. Staff will brief the Committee on staff's recommended position regarding the proposed amendment and seek Committee feedback for input to the negotiations.

Fiscal Impact:

Attachments:

1. 2012 Retail Water Service Area Agreement with Badger Mountain Irrigation District

**RETAIL WATER SERVICE AREA AGREEMENT
BETWEEN
BADGER MOUNTAIN IRRIGATION DISTRICT
AND
CITY OF RICHLAND**

1. DATE AND PARTIES.

This document ("Water Service Area Agreement"), for references purposes only, is dated the 22nd day of March, 2012 ("Agreement Date") and is entered into by and between the City of Richland, a charter 1st class city organized under the laws of the State of Washington (the "City"); and Badger Mountain Irrigation District, a special purpose district organized under the laws of the State of Washington ("BMID"). The City and BMID are sometimes referred to herein individually as "Party" and collectively as "Parties".

2. AUTHORITY.

The City and BMID are entering into the Water Service Area Agreement under the authority and power given to them by the general laws and the constitution of the state of Washington, the City's charter, and the Interlocal Cooperation Act codified as Chapter 39.34 of the Revised Code of Washington relating to interlocal agreement.

3. GENERAL RECITALS AND PURPOSE.

3.1 The City and BMID entered into a retail water service area agreement on October 8, 2009. This Agreement supplements and amends the existing Retail Water Service Area Agreement (hereafter "2009 RWSAA").

3.2 The City and BMID each adopted water system plan updates in 2010 based upon the 2009 RWSAA.

3.3 The City has adopted a sub area plan known as the Badger Mountain Sub Area Plan ("BMSAP") that includes area within the BMID service area.

3.4 On December 7, 2010, the City annexed into the City a portion of the BMSAP area that included a Master Planned Community known as Badger Mountain South ("BMS"), the legal description to which is attached hereto as Exhibit A, and a plat previously approved by Benton County known as Reata Ridge, the legal description to which is attached hereto as Exhibit B.

3.5 Although Reata Ridge and BMS are located within the City, they are also located within the BMID retail water service area. BMID already provides potable water service to Reata Ridge.

3.6 Parts of the BMSAP in general and BMS and Reata Ridge in particular, are located in BMID Water Pressure Zone 1 (hereafter "Zone 1") and in BMID Water Pressure Zone 3 (hereafter "Zone 3").

3.7 BMID currently has inchoate water rights to provide approximately 2300 additional equivalent residential units ("ERUs"), which is less than half of the ERU's that will be needed to service BMS alone at full build out.

3.8 BMID currently has sufficient source and supply within its service area facilities to provide needed fire flow in Zone 1, but does not currently have sufficient facilities to meet urban level fire flow requirements as required by the City within Zone 3.

3.9 The City currently has sufficient water rights and treatment capacity to provide potable water needed to build out BMS.

3.10 The City is currently supporting planning by the BMS developer to extend City potable water infrastructure to BMS to meet urban levels of residential and commercial fire flow.

3.11 The Parties have been discussing the most logical and cost efficient way to deliver retail water service to the BMSAP area in general and to BMS and Reata Ridge in particular.

3.12 The purpose of this Water Service Area Agreement is to supplement the 2009 RWSAA between the City and BMID to set forth a general agreement of the Parties to provide for interties between the two Parties water systems to effectively and efficiently use the water rights, facilities, and other assets of both Parties without unnecessary duplication of efforts.

4. AGREEMENT TERM.

The Water Service Area Agreement term shall commence on the Agreement Date and shall extend for 50 years there from, unless earlier terminated as set forth below. The Parties may amend the Water Service Area Agreement by an agreement signed by both Parties. At the expiration of the term, if BMID wants the City to continue to purchase domestic water within BMS, the City shall continue to purchase BMID water at a rate to be negotiated between the Parties that is consistent with the wholesale potable pricing policies of BMID at that time. In no event shall the Water Service Area Agreement be terminated if to do so would impose a risk to the public health and safety, or interrupt potable water service to any area within the BMSAP.

5. DOMESTIC WATER SUPPLY AND LOCATION OF CONNECTION POINTS.

5.1 The Parties will develop two interties. One intertie will provide City water to the BMID Zone 3 to meet urban fire flow requirements, (hereafter referred to as "City Source Intertie"). The second intertie will provide BMID potable water supply to the City (hereafter known as "BMID Source Intertie").

5.2 The City will construct an extension of the City's domestic water system across BMS from the planned City water storage reservoir near Dallas Road and I-182 to the planned City Source Intertie located near the Reata Road right of way. The route of the water line extension will follow the intended locations of the City streets that will be constructed within BMS as development occurs. The City Source Intertie will be located near the intersection of the proposed BMS arterial street connection to Reata Road. The City water system extension and the City Source Intertie shall be owned, operated and maintained by the City. The City shall provide sufficient volume and pressure to the City Source Intertie to provide City of Richland single family residential fire flow in the Zone 3 fire hydrants in Reata Ridge.

5.2.1 BMID may purchase water from the City to provide sufficient volume and pressure to portions of the BMID Water Pressure Zone 3 which are located outside the existing City limits. The City will allow BMID to use utility easements or other available easements to install delivery lines from the City water lines to the Zone 3 properties located outside the existing City limits.

5.2.2 BMID shall not purchase water from the City to provide for customers in BMID Water Pressure Zones 1 and 2 without written authorization from the City's Public Works Director.

5.3 The BMID Source Intertie will be constructed and installed by the City to provide potable water supply to development within BMS. The BMID Source Intertie will be located near the BMID office on the north side of Reata Road at such location agreed to by the Parties considering the engineering for the BMS development.

5.4 The City will purchase water at BMID wholesale rates to supply the BMS development up to the maximum number of ERUs allowed by the BMID Water Permit No. CG4-28960P, which includes G4-24119C, G4-25178C, G4-27884P and G4-28960P, presently estimated at 2300. The City will have operational control over the amount and timing of water purchases from the BMID Source Intertie. The City's selection of water sources to serve the BMS development at any given time will be determined by the City using its criteria which may include cost, water quality, customer service, and operational priorities. The City shall pay the cost of the materials and equipment to construct and install the Interties, and to extend the water line within BMS to the Intertie locations. The BMID Source Intertie shall be owned, operated, and maintained by the BMID. All potable water facilities on the BMID side of the BMID Source Intertie shall be owned, operated and maintained by BMID. The lines and facilities, including a planned pump

station, located on the City side of the BMID Source Intertie shall be owned, operated and maintained by the City.

5.5 The BMID shall develop, maintain, repair and operate adequate potable water source capacity to fulfill its commitment to provide water to the BMS as described above. BMID shall consult with the City before pursuing any action that would reduce the number of ERU's available for service to the BMS. This shall include commitments as described in Section 8 below. The BMID source reliability and redundancy service level for the wholesale supply shall be at the same standard or better than the service level provided to its retail customers.

5.6 As development occurs in other areas within the BMSAP the Parties may determine that further interties are beneficial, and the details of those interties shall be added as an amendment to this Water Service Area Agreement.

6. REQUIRED STATE AND COUNTY APPROVALS.

6.1 The City shall be responsible for obtaining all necessary County and State approvals necessary for the extension of its water system to the City Source Intertie and the BMID Source Intertie.

6.2 Each Party shall be responsible for obtaining approvals for any amendments to their own water system plans by the Washington State Department of Health and/or the Washington State Department of Ecology that may be necessary as a result of entering into this Retail Water Service Area Agreement.

7. MASTER FLOW METERS.

7.1 All water delivered by the City through the City Source Intertie shall be metered by a master flow meter owned by the City and available for inspection by BMID at all reasonable times.

7.2 All water delivered by BMID through the BMID Source Intertie shall be metered by a master flow meter owned by the BMID and available for inspection by the City at all reasonable times.

7.3 The City shall be responsible for furnishing and installing the intertie master flow meters and valves.

7.4 Each Party shall test the accuracy of its respective flow meters at its expense no less frequent than every five years, or as otherwise agreed by the parties and provide reasonable notice and opportunity for the other party to observe the testing. The test results shall be provided in writing to the other party within ten days.

7.5 The master meter installation shall include test ports for testing of the master meter, with appropriate valving and bypass around said meter to facilitate testing.

7.6 Each Party shall be responsible for reading, maintaining, repairing and replacing its master flow meter.

8. WATER QUALITY AND RELIABILITY.

8.1 Each Party shall be responsible for water quality within its respective system.

8.2 Each Party shall supply water through its intertie that meets or exceeds federal and state drinking water quality standards, as those standards may change from time to time.

8.3 Each Party shall share available water quality data on their respective system in a timely manner to support all required reporting.

8.4 Each Party shall maintain, repair, and improve its water supply, treatment and delivery systems as necessary to fulfill its obligations under this agreement.

9. RETAIL WATER SERVICE.

9.1 Subject to the obligation to purchase water from BMID, the City shall be the retail potable water supplier to all areas within BMS and other areas annexed into the City as of the Agreement Date, except for Reata Ridge as shown in Exhibit C.

9.2 BMID shall be the retail potable water supplier to all development within Reata Ridge and the areas in the City's Badger Mountain Sub Area Plan that have not been annexed as of the Agreement Date as shown in Exhibit D.

10. WATER RATES

10.1 The City shall pay the BMID published wholesale water rate at the time the water is provided for water conveyed to the City's water system through the BMID Source Intertie. The BMID wholesale water rate shall be calculated using the method documented by HDR Engineering in its December 20, 2011 technical memo as shown in Exhibit F. BMID's wholesale water rate shall be based on the same cost of operation data as is used to develop BMID retail rates and shall not result in the City subsidizing BMID retail customer costs. BMID's wholesale water rate may include the financing costs for the funds which BMID borrows for infrastructure costs. BMID shall provide the City written notice of its intent to adjust its wholesale water rate a minimum of 120 days in advance of adopting a new rate.

10.1.1 The BMID wholesale water rate, as of the date of this agreement, is \$0.73 per hundred cubic feet. For billing periods during which the City draws water through the BMID Source Intertie, the City shall pay BMID the amount calculated from the equation below. The monthly base meter charge shall be for a meter size no larger than 4-inch. The monthly base meter charge shall be calculated using the same data and

method used to calculate BMID's retail service monthly service charges, but may not exceed the City's published retail base monthly charge for a 4-inch meter. There shall be no charge to the City for months when no water is supplied through the BMID Source Intertie.

$$(\text{BMID Source supply meter read} \times \text{BMID Wholesale Rate}) + \text{Monthly Base Meter Charge} = \text{City payment}$$

10.2 BMID shall pay the City's published wholesale water rate at the time the water is provided for water conveyed to the BMID water system through the City Source Intertie. The City's wholesale water rate shall be calculated using the method documented by HDR Engineering in its January 19, 2012 technical memo as shown in Exhibit G. The City's wholesale water rate shall be based on the same cost of operation data as is used to develop City retail rates and shall not result in the BMID subsidizing City retail customer costs. The City shall provide the BMID written notice of its intent to adjust its wholesale water rate a minimum of 120 days in advance of adopting a new rate.

10.2.1. The City's wholesale water rate, as of the date of this agreement, is \$0.64 per hundred cubic feet. For billing periods during which water is delivered through the City Source Intertie, BMID shall pay the City the amount calculated from the equation below. The monthly base meter charge shall be for a meter size no larger than 4-inch. The monthly base meter charge shall be calculated using the same data and method used to calculate the City's retail service monthly service charges.

$$(\text{City Source supply meter read} \times \text{City Wholesale Rate}) + \text{Monthly Base Meter Charge} = \text{BMID Payment}$$

10.3 Each Party may charge retail water use rates for potable water based upon a cost of service rate schedule duly adopted in accordance with state law. Each Party will provide the other Party with adequate notice to review and respond to any proposed rate increases prior to their adoption.

10.4 Billing and collection of service charges shall be in accordance with the adopted procedures for the Party providing the water.

10.5 BMID shall pay the City a onetime payment of two hundred thousand dollars (\$200,000.00), to be paid on the date the City Source Intertie is operational. This payment is a contribution to the cost of extending the City's domestic water line as provided in Section 5 of this Agreement. BMID shall not be responsible for any other costs for the construction of the extension except as specifically set forth in this Agreement.

11. CONNECTION FEES

11.1 Each party may charge a connection fee for each new retail service provided in its retail service area. BMID may also charge a connection fee for new City retail services located in the BMS area. The BMID connection fee for each new City

retail service located in the BMS shall be calculated using the method documented by HDR Engineering in its December 20, 2011 technical memo as shown in Exhibit H. Each parties' connection fee shall be established based on procedures recommended by the America Waterworks Association and cost of service data from its actual facilities and operations. BMID shall provide the City with 120 days notice of its intent to adjust its connection fee. For development in the BMS the City will collect the BMID connection fee according to its standard practices at the time the fee is due and will remit connection fee revenue to the BMID on a quarterly basis.

11.1.1 The BMID connection fee for City-supplied retail services located in the BMS area, as of the date of this agreement, is \$857 per equivalent residential unit (ERU). The remittance to the BMID will be established according to either "a" or "b" below:

a. If the initial water supply to the BMS is solely through the BMID Source Intertie, with no water supplied from the City's water sources, the connection fees remitted to BMID will be as follows. For the first 120 ERU's developed in the BMS the City will pay BMID \$857. For any ERU's after the first 120 the City will pay BMID \$188.

b. If the initial water supply to the BMS is provided by the City's water sources, the connection fees remitted to BMID will be as follows. For the first 350 ERU's developed in the BMS the City will pay BMID \$300. For any ERU's after the first 350 the City will pay BMID \$192.

11.2 The timing for billing and collection of each parties' retail service connection fees shall be in accordance with the adopted processes and procedures for the Party providing the retail water service.

12. AMENDMENTS.

12.1 The Water Service Area Agreement may be modified, including termination of the Agreement or any part thereof, at any time, By a written agreement executed by both of the Parties.

13. DESIGNATED REPRESENTATIVE FOR EACH PARTY.

13.1 Representative of City. The City Public Works Director shall be the designated person with overall responsibility in connection with administering the Water Service Area Agreement on behalf of the City.

13.2 Representative of BMID. The BMID Secretary-Manager shall be the designated person with overall responsibility in connection with administering the Water Service Area Agreement on behalf of BMID.

14. NOTICES.

14.1 Any notice or communication required by this Water Service Area Agreement between the City and BMID must be in writing, and may be given either personally with evidence of receipt, by registered mail return receipt requested or by express delivery service,. If given personally, or by registered or certified mail, such notice or communication shall be deemed to have been given and received upon actual receipt. Such notices or communications shall be given to the Parties at their addresses set forth below:

To: BMID:

Brad Anderson
Secretary - Manager
Badger Mountain Irrigation District
87525 E. Reata Road
Kennewick, WA 99338

With a copy to:

Thomas A. Cowan Jr.
503 9th Street
Richland, WA 99352
Facsimile: (509) 946-4257

To: City of Richland:

Cindy Johnson
City Manager
City of Richland
505 Swift Blvd.
Richland, WA 99352
Facsimile: (509) 942-7379
Email: cjohnson@ci.richland.wa.us

With a copy to:

Thomas O. Lampson
City Attorney
City of Richland
505 Swift Blvd.
Richland, WA 99352
Facsimile: (509) 942-5669
Email: tlampson@ci.richland.wa.us

With a copy to:

Pete Rogalsky
Public Works Director
City of Richland
840 Northgate Drive
Richland, WA 99352
Facsimile: (509) 942-7468
Email: progalsky@ci.richland.wa.us

14.2 Either Party, by giving 10 days notice, may at any time change its contact information by sending its new contact information to the other Party in the same manner as is provided for sending the other Party notice under the provisions of paragraph 26.2.

15. BINDING EFFECT; ASSIGNABILITY.

15.1 This Water Service Area Agreement shall be binding on the Parties hereto; their successors, and assigns.

16. DISPUTE RESOLUTION.

16.1 The Parties are committed to working diligently in good faith to carry out the intent and purpose of this Water Services Agreement. Thus, the Parties agree that if a dispute arises they will engage in good faith negotiations to resolve the dispute. Such negotiations shall first be conducted at the water utility staff level, and if unsuccessful shall proceed to the City Council and BMID Board level. Should settlement negotiations prove unsuccessful or not be resolved within ninety days either Party may pursue other legal remedies including, but not limited to litigation.

16.2 Jurisdiction and venue for any legal action shall be in the Benton County Superior Court. In no case, except for non-payment of legally adopted service charges or connection fees, shall water service be interrupted, discontinued or terminated because of a pending dispute resolution process.

17. EXHIBITS.

The following are the Exhibits that are a part of the Water Service Area Agreement and are incorporated herein by reference:

- Exhibit A Legal Description for Badger Mountain South
- Exhibit B Legal Description for Reata Ridge
- Exhibit C Legal Description for revised City retail service area
- Exhibit D Legal Description for revised BMID retail service area
- Exhibit E Reata Ridge Fire Flow Agreement between Nor Am Investment, LLC and City of Richland
- Exhibit F BMID Wholesale Water Rate Calculation Method
- Exhibit G City Wholesale Water Rate Calculation Method
- Exhibit H BMID Connection Fee Calculation Method

18. **SEVERABILITY.**

18.1 If any provision of the Water Service Area Agreement is determined to be unenforceable or invalid pursuant to a final decree or judgment by a court of law with jurisdiction, then the remainder of this Water Service Area Agreement not decreed or adjudged unenforceable or invalid shall remain unaffected and in full force and effect, subject to the provisions of paragraph 19.1.

18.2 If any provision or provisions of the Water Service Area Agreement are determined to be unenforceable, then the Parties agree to negotiate in good faith a substitute provision or provisions that would accomplish the intent and purpose of the invalid provision in a method and manner that would be legal.

18.3 In the event of any administrative, legal or equitable action or other proceeding instituted by any person not a party to this Water Service Area Agreement challenging the validity of any provision of the this Water Service Area Agreement, or any subsequent action taken by the Parties to implement the Water Service Area Agreement conditions, the Parties shall cooperate in defending such action or proceeding to settlement or final judgment, including all appeals. Each Party shall select its own legal counsel.

19. **COOPERATION IN EXECUTION OF DOCUMENTS.**

19.1 The Parties agree to properly and promptly execute and deliver any and all additional documents that may be necessary to render this Water Service Area Agreement practically effective. This paragraph shall not require the execution of any document that expands, alters or in any way changes the terms of this Water Service Area Agreement. The Parties agree to work together and in good faith to implement the provisions of the Water Service Area Agreement during the Agreement Term.

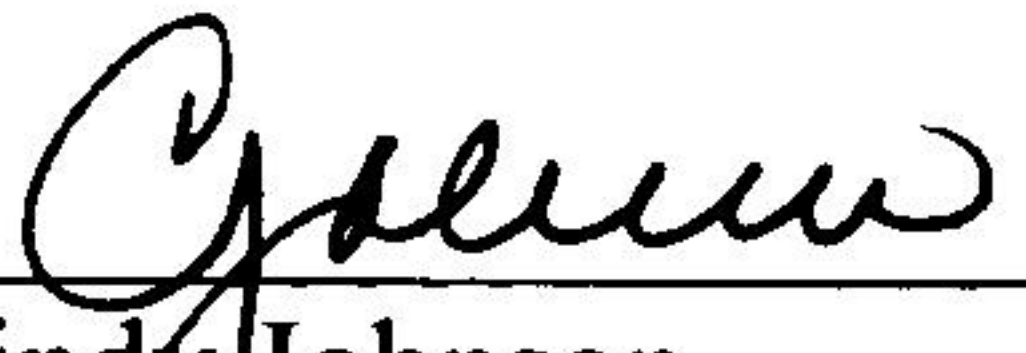
20. **FINAL AND COMPLETE AGREEMENT.**

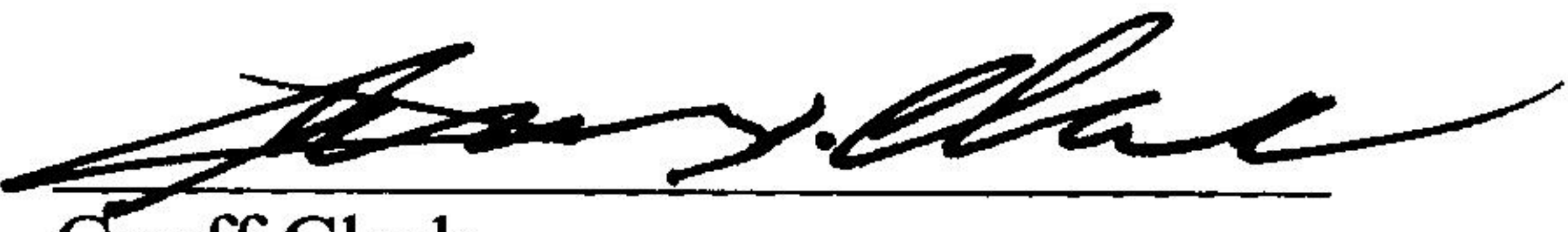
20.1 The 2009 RWSAA and this Water Service Area Agreement constitutes the final and complete expression of the Parties on all subjects relating to the subject matter. These Water Service Area Agreements may not be modified, interpreted, amended, waived or revoked orally, but only by a written document signed by all Parties. No Party is entering into this Water Service Area Agreement in reliance on any oral or written promises, inducements, representations, understandings, interpretations or agreements other than those contained in this Water Service Area Agreement and the exhibits hereto.

20.2 The Water Service Area Agreement, when executed by all Parties, shall be filed with the Benton County Auditor as required by RCW 39.34.040

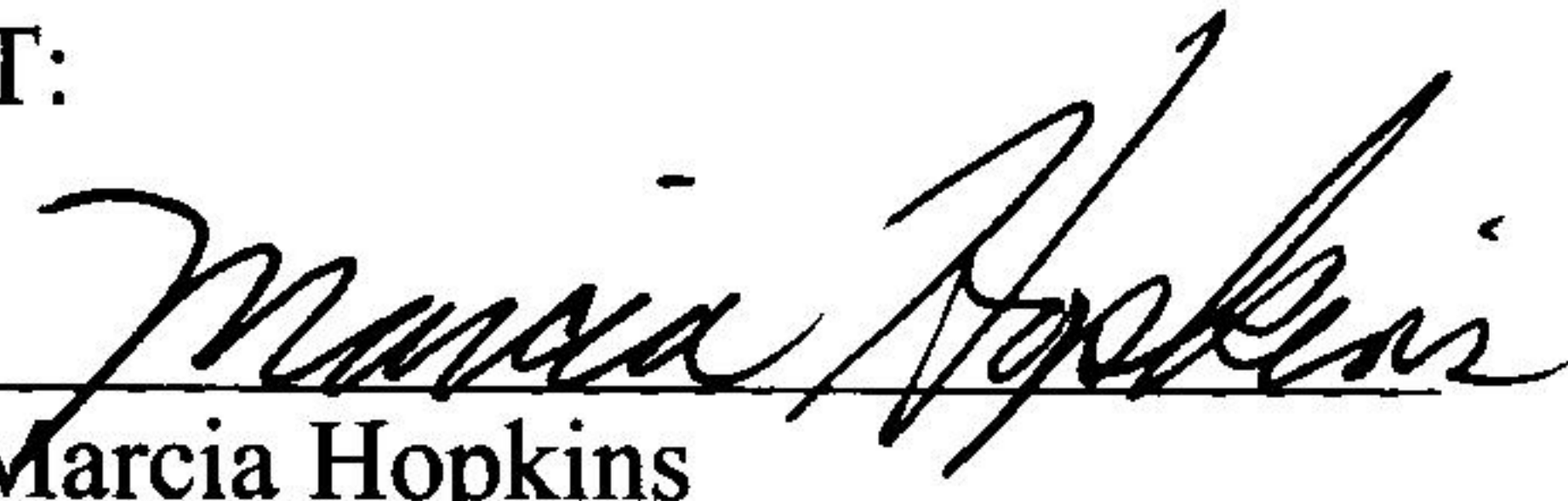
CITY OF RICHLAND:

BADGER MOUNTAIN IRRIGATION
DISTRICT

By: 
Cindy Johnson
City Manager

By: 
Geoff Clark
President

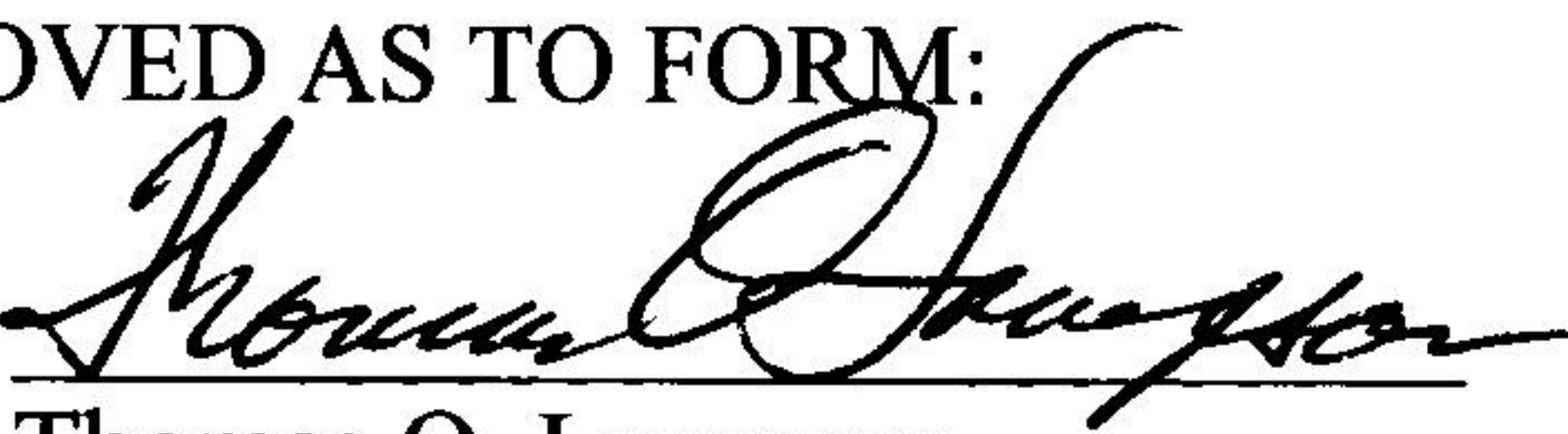
ATTEST:

By: 
Marcia Hopkins
City Clerk

ATTEST:

By: 
Brad B. Anderson
Secretary - Manager

APPROVED AS TO FORM:

By: 
Thomas O. Lampson
City Attorney

RETAIL WATER SERVICE AREA AGREEMENT

EXHIBIT A

LEGAL DESCRIPTION FOR BADGER MOUNTAIN SOUTH

LEGAL DESCRIPTION FOR BADGER MOUNTAIN SOUTH
PAGE 1 OF 2

Parcel "A":

The East half of the East half of Section 31, Township 9 North, Range 28 East, W.M., Benton County, Washington;
EXCEPT that portion described as follows:

The Southwest corner of the Southeast quarter of the Southeast quarter being the True Point of Beginning;

Thence East along the South line thereof 360.00 feet;

Thence Northwesterly in a straight line to a point on the West line of said Southeast quarter of the Southeast quarter, a distance of 360.00 feet North of the Southwest corner thereof;

Thence Southerly along said West line 360.00 feet to the True Point of Beginning;

AND EXCEPT that portion thereof lying Southerly and Westerly of the State Highway right-of-way.

AND EXCEPT that portion deeded to the County of Benton, State of Washington, under Quit Claim Deed, recorded October 10, 1968, under Auditor's File No. 595151, records of Benton County, Washington;

AND EXCEPT State Highway right-of-ways;

AND EXCEPT those portions acquired by the State of Washington under eminent domain proceedings filed in Benton County Superior Court Cause No. 82-2-00869-6;

AND EXCEPT that portion conveyed to Benton County for road purposes under Auditor's File No's. 92-16778, 92-16779, 93-1864, and 93-1871.

Parcel "B":

All of Section 32, Township 9 North, Range 28 East, W.M., Benton County Washington;

EXCEPT that portion deeded to the County of Benton, State of Washington, under Quit Claim Deed, recorded October 10, 1968, under Auditor's File No. 595151, records of Benton County, Washington;

AND EXCEPT that portion thereof lying Southerly and Westerly of the State Highway right-of-way.

AND EXCEPT State Highway right-of-ways;

AND EXCEPT those portions acquired by the State of Washington under eminent domain proceedings filed in Benton County Superior Court Cause No. 82-2-00869-6;

AND EXCEPT that portion conveyed to Benton County for road purposes under Auditor's File No's. 92-16778 and 92-16779;

AND ALSO EXCEPT any portion lying within Short Plat 2465.

Parcel "C":

Section 33, Township 9 North, Range 28 East, W.M., Benton county, Washington, EXCEPT that portion thereof lying Northerly and Easterly of the following described line:

Beginning at the Northwest corner of said section;

Thence South 02°34'20" West, 1330.20 feet along the West line of said section to the True Point of Beginning;

thence South 77°57'14" East, 2389.11 feet;

thence South 83°23'24" East, 1450.14 feet;

thence South 48°00'49" East, 1013.41 feet;

thence South 28°44'51" East, 566.24 feet;

thence North 88°55'28" East, 380.42 feet to the East line of said section and the terminus of said line, said point bears South 00°45'19" West, 3237.80 feet from the Northeast corner of said section.

(Also known as Tract 4 of Survey recorded August 31, 1998, under Recording No. 1998-025706, records of Benton County, Washington.)

EXCEPT State Highway right-of-way;

AND EXCEPT those portions acquired by the State of Washington under eminent domain proceedings filed in Benton County Superior Court Cause No. 82-2-00869-6;

Parcel "D":

Section 4, Township 8 North, Range 28 East, W.M., Benton County, Washington,

EXCEPT that portion lying within the plat of EL RANCHO REATA NO. 3, according to the Plat thereof recorded in Volume 12 of Plats, Page 42, records of Benton County, Washington,

ALSO EXCEPT State highway right-of-way conveyed under Recording No. 870597, records of Benton County, Washington;

AND EXCEPT that portion lying southerly of the Reata Road right of way

AND EXCEPT that portion lying within the Plat of REATA RIDGE

AND EXCEPT the South 420 feet of the Southeast quarter thereof;

AND ALSO EXCEPT that portion conveyed to Benton County by deed recorded May 1, 2007, under Auditor's File No. 2007-013594, records of Benton County, Washington.

Parcel "E":

That portion of Section 29, Township 9 North, Range 28 East, W.M., Benton County, Washington, lying Southerly and Westerly of the following described line:

Beginning at the Southwest corner of said Section 29;

Thence South 89°23'44" East 1154.11 feet along the South line of said Section to the True Point of Beginning;

Thence North 00°38'28" West, 310.56 feet;

Thence South 89°21'30" West, 1103.84 feet to the East line of Dallas Road and the terminus of said line.

EXCEPT the West 40 feet for County Road right-of-way;

AND EXCEPT that portion deeded to the County of Benton, State of Washington, under Quit Claim Deed, recorded February 13, 1979, under Auditor's File No. 783437, records of Benton County, Washington;

AND EXCEPT State Highway right-of-way;

AND EXCEPT that portion conveyed to Benton County for road purposes under Auditor's File No's. 92-16778 and 92-16779;

AND ALSO EXCEPT those portions acquired by the State of Washington under eminent domain proceedings filed in Benton County Superior Court Cause No. 82-2-00889-6;

RETAIL WATER SERVICE AREA AGREEMENT

EXHIBIT B

LEGAL DESCRIPTION FOR REATA RIDGE

LEGAL DESCRIPTION FOR REATA RIDGE

**Lots 1 – 78 of the Final Plat of Reata Ridge, recorded under Benton County Auditor's
Recording Number 2010-007411, P 389.**

RETAIL WATER SERVICE AREA AGREEMENT

EXHIBIT C

LEGAL DESCRIPTION FOR REVISED CITY RETAIL SERVICE AREA

LEGAL DESCRIPTION FOR REVISED CITY RETAIL SERVICE AREA

All properties within Urban Growth boundaries, except as described in Exhibit D.

RETAIL WATER SERVICE AREA AGREEMENT

EXHIBIT D

LEGAL DESCRIPTION FOR REVISED BMID RETAIL SERVICE AREA

Legal Description for Revised BMID Retail Service Area

A portion of the South $\frac{1}{2}$ of Section 34, Township 9 North, Range 28 East, W.M., and a portion of the Southeast $\frac{1}{4}$ of Section 5, Township 8 North, Range 28 East, W.M., and a portion of the Southwest $\frac{1}{4}$ and the East $\frac{1}{2}$ of Section 4, Township 8 North, Range 28 East, W.M., and a portion of Section 3, Township 8 North, Range 28 East, W.M., and a portion of the West $\frac{1}{2}$ of Section 2, Township 8 North, Range 28 East, W.M., and a portion of the North $\frac{1}{2}$ of Section 9, Township 8 North, Range 28 East, W.M., and a portion of the North $\frac{1}{2}$ of Section 10, Township 8 North, Range 28 East, W.M., and a portion of the North $\frac{1}{2}$ of Section 11, Township 8 North, Range 28 East, W.M., Benton County Washington, more particularly described as follows:

Beginning at the Southwest corner of said Section 34, Township 9 North, Range 28 East, W.M., (Stone with 'x'), and the **TRUE POINT of BEGINNING**, said corner is also the Southwest corner of Lot 2 of the Plat of Badger Mountain Plateau as recorded in Volume 15 of Plats, Page 196, record of said County and State; Thence Northerly along the West line of said Section 34 and Northeasterly along the Plat boundary of said Plat of Badger Mountain Plateau, to the Northeast corner of said Plat, and the Easterly right-of-way of Clover Road as shown on said Plat. Said Northeast corner is also the Northwest corner of Lot 1 of the Plat of Hidden Hills Phase 1 as recorded in Volume 15 of Plats, Page 402, records of said County and State; Thence Easterly along the Northerly line of said Lot 1 and the Southerly line of Tract 2 of Record of Survey No. 3894 to the Southeast corner of said Tract 2; Thence Northwesterly along the Easterly line of said Tract 2 of said Record of Survey No. 3894, to its intersection with the extension of the Southerly line of the New Parcel "C" as described in Quit Claim Deed recorded under Auditor's File No. 2009-009248, records of said County and State; Thence Northeasterly along the Southeasterly line of said New Parcel "C" to the Southeast corner of said Parcel "C"; Thence Southeasterly leaving said Parcel "C", to a point on the East line of said Section 34, Township 9 North, Range 28 East, W.M.; Thence Southerly 1415.00 feet along said East line to the Southeast corner of said Section 34, said corner is also the Southwest corner of Section 35, Township 9 North, Range 28 East, W.M., and a point on the Northerly line of the Plat of El Rancho Reata No. 4, as recorded in Volume 14 of Plats, Page 43, record of said County and State; Thence Easterly leaving said East line of said Section 34, along the Southerly line of said Section 35, Township 9 North, Range 28 East, W.M., and the Northerly line of said Plat of El Rancho Reata No. 4, to the Northeast corner of Lot 1 Block 3 of said Plat and the Northwest corner of Section 2, Township 8 North, Range 28 East, W.M., said corner is also the Northwest corner of Lot 6 of the Plat of Reata Heights as recorded in Volume 15 of Plats, Page 192, record of said County and State; Thence Easterly along the Northerly line of said Section 2, and said Plat of Reata Heights, to the Northeast corner of Lot 23 of said Plat; Thence Southeasterly across Lot 65 of said Plat to a point on the Easterly line of the West $\frac{1}{2}$ of said Section 2, Township 8 North, Range 28 East, W.M.; Thence Southerly a distance of 400.00 feet, along said Easterly line of the West $\frac{1}{2}$ of said Section and said Lot to the Southeast corner of said Lot 65 of said Plat of Reata Heights; Thence Southerly along the Easterly line of the West $\frac{1}{2}$ of said Section 2, to the South $\frac{1}{4}$ corner of said Section 2, said corner is also the North $\frac{1}{4}$ corner of Section 11, Township

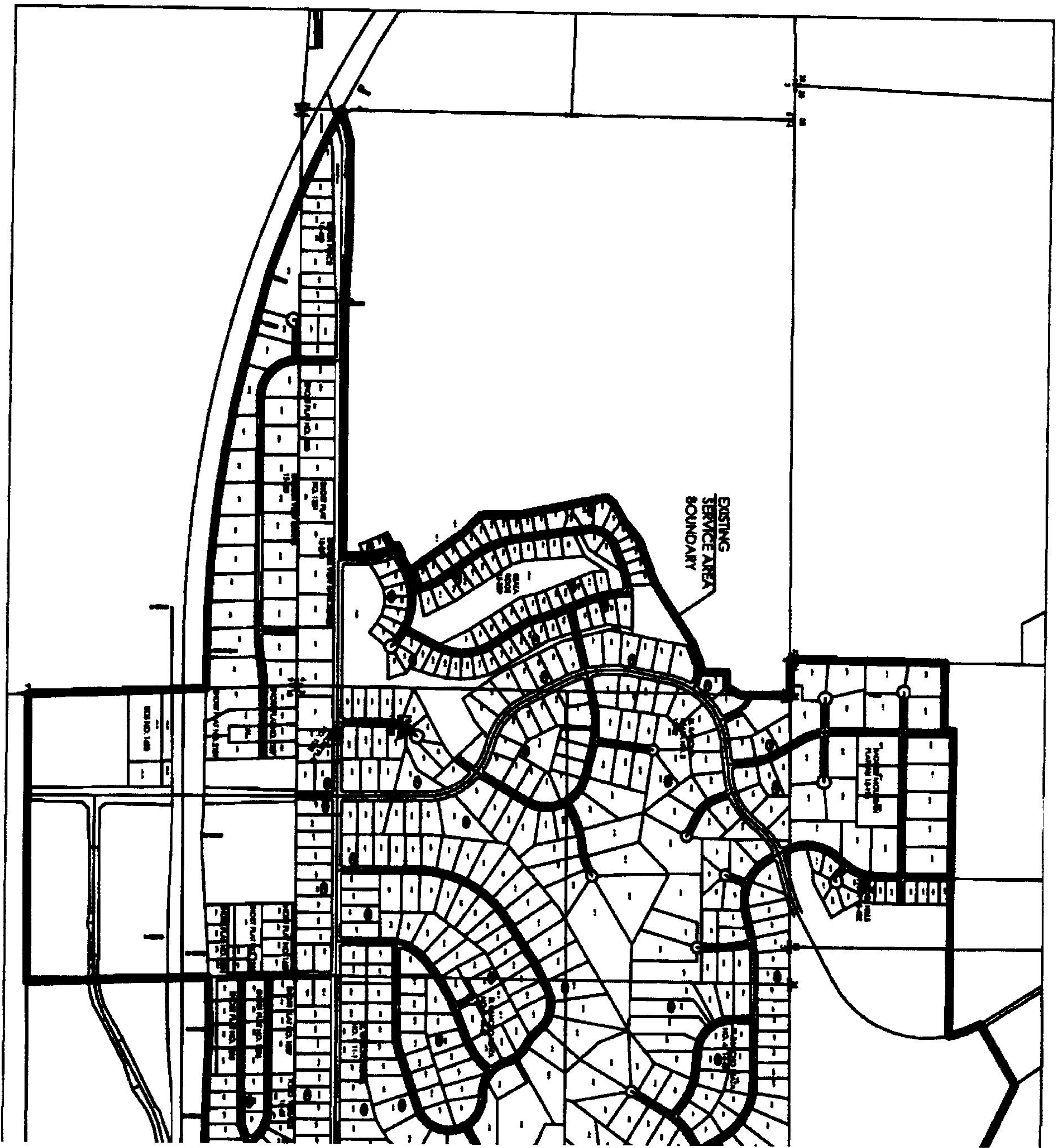
8 North, Range 28 East, W.M.; Thence Easterly along the Northerly line of said Section 11, to the Northeast corner of the West 750.50 feet of the West $\frac{1}{2}$ of the Northeast $\frac{1}{4}$ of said Section 11; Thence Southerly along the Easterly line of the West 750.50 feet of the West $\frac{1}{2}$ of the Northeast $\frac{1}{4}$ of said Section 11, to a point on the Northerly right-of-way of SR. 82; Thence Northwesterly along said Northerly right-of-way leaving said Easterly line, to a point on the Westerly line of the Northeast $\frac{1}{4}$ of said Section 11; Thence Northerly along said Westerly line to a point on the Southerly right-of-way of Reata Road; Thence Westerly leaving said Westerly line of said Section 11, along said Southerly right-of-way of Reata Road, to a point on the Northerly line of the Northwest $\frac{1}{4}$ of said Section 11, Township 8 North, Range 28 East, W.M.; Thence Westerly along said Northerly line of the Northwest $\frac{1}{4}$ of said Section 11, leaving said Southerly right-of-way of Reata Road, to the Northwest corner of said Section 11; Thence Southerly along the Westerly line of said Section 11, to a point on the Northwesterly right-of-way of the East Badger Lateral Canal; Thence Southwesterly leaving said Westerly line of said Section 11, along said Northwesterly right-of-way of the East Badger Lateral Canal, to a point on the Northerly right-of-way of said SR. 82; Thence Westerly along the Northerly right-of-way of said SR. 82 leaving said Northwesterly right-of-way of the East Badger Lateral Canal to a point on the Westerly line of the Northeast $\frac{1}{4}$ of Section 10, Township 8 North, Range 28 East, W.M.; Thence Southerly along said Westerly line to the center of said Section 10; Thence Westerly along the Southerly line of the Northwest $\frac{1}{4}$ of said Section 10, to the West $\frac{1}{4}$ corner of said Section 10, Township 8 North, Range 28 East, W.M., said corner is also the East $\frac{1}{4}$ corner of said Section 9, Township 8 North, Range 28 East, W.M.; Thence Northerly along the Easterly line of the Northeast $\frac{1}{4}$ of said Section 9, to a point on the Northerly right-of-way of said SR. 82; Thence Westerly along said Northerly right-of-way of said SR. 82 leaving said Easterly line of the Northeast $\frac{1}{4}$ of said Section 9, through said Section 9 into a portion of Sections 4 and 5, Township 8 North, Range 28 East, W.M. to a point on the Northerly right-of-way of said Reata Road; Thence Easterly along said Northerly right-of-way of said Reata Road, leaving said Northerly right-of-way of said SR. 82, to a point on the Westerly right-of-way of Morningside Parkway as shown on the Plat of Reata Ridge as recorded in Volume 15 of Plats, Page 389, record of said County and State; Thence Northerly along said Westerly right-of-way of Morningside Parkway, leaving said Northerly right-of-way of said Reata Road, to the projection of said Westerly right-of-way across a portion of Allison Way, to a point on the Northerly right-of-way of Allison Way as shown on said Plat of Reata Ridge; Thence Northerly along said Plat boundary of said Plat of Reata Ridge, to the Northeast corner of Lot 1 of Block 3 of said Plat of Reata Ridge; Thence Northeasterly leaving said corner and Plat boundary of said Plat of Reata Ridge, to a point lying 60.00 feet from the Northwest corner of Lot 1 Block 7 of the Plat of El Rancho Reata No. 3 as recorded in Volume 12 of Plats, Page 42, records of said County and State, when measured at right angles to the Northerly line of said Lot 1 of Block 7 said point is lying on the proposed projected Northerly right-of-way of Mariposa Road as shown on said Plat of El Rancho Reata No. 3; Thence Northeasterly along said proposed projected Northerly right-of-way of Mariposa Road, to the Southwest corner of Lot 2 Block 8 of said Plat of El Rancho Reata No. 3; Thence Northerly along the Westerly line of said Lot 2 and said Plat boundary, to the Northwest corner of said Lot 2 of said Plat; Thence Easterly along the Northerly line of said Lot 2 to the Northeast corner of said Lot said corner is also the Westerly corner of Lot 1 of said Block 8 of said Plat of El Rancho Reata No. 3; Thence Northeasterly along the Northwesterly line of said Lot 1 to a point on the Westerly line of the Northwest $\frac{1}{4}$ of Section 3, Township 8 North, Range 28 East, W.M.; Thence Northerly along said Westerly line of said Section 3,

leaving said Northwesterly line of said Lot 1, to the Northwest Section corner of said Section 3, Township 8 North, Range 28 East, W.M., said corner is also the Northeast corner of Section 4, Township 8 North, Range 28 East, W.M.; Thence Westerly along the Northerly line of said Section 4, leaving said Northeast and Northwest Section corner, back to the true point of beginning.

Containing 1,472.7 acres, more or less, according to the calls listed above and as depicted on the attached **Exhibit "D-1"**.

11-0079

DRPJRPLS



RETAIL WATER SERVICE AREA AGREEMENT

EXHIBIT E

REATA RIDGE FIRE FLOW AGREEMENT BETWEEN NOR AM INVESTMENT, LLC

AND CITY OF RICHLAND

**REATA RIDGE FIRE FLOW AGREEMENT
BETWEEN
NOR AM INVESTMENT, LLC
AND
CITY OF RICHLAND**

1. DATE AND PARTIES.

1.1 This document ("Fire Flow Agreement"), for references purposes only, is dated the 12 day of July, 2011 ("Agreement Date") and is entered into by and between the City of Richland, a charter 1st class city organized under the laws of the State of Washington (the "City"); and Nor Am Investment, LLC ("Nor Am"). The City and Nor Am are sometimes referred to herein individually as "Party" and collectively as "Parties".

2. GENERAL RECITALS AND PURPOSE.

2.1 The City has adopted a sub area plan known as the Badger Mountain Sub Area Plan ("BMSAP") that includes area within the Badger Mountain Irrigation District ("BMID") retail potable water service area. *10/*

2.2 On December 7, 2010, the City annexed into the City a portion of the BMSAP area that included, along with other properties, an area that is to be developed as a Master Planned Community known as Badger Mountain South ("BMS"), the legal description to which is attached hereto as Exhibit A, and a plat previously approved by Benton County known as Reata Ridge, the legal description to which is attached hereto as Exhibit B.

2.3 Although Reata Ridge and BMS are located in the City, they are also located within the BMID water service area. BMID already provides both potable and irrigation water service to Reata Ridge, and provides irrigation water service to BMS.

2.4 The City and BMID have negotiated a Retail Water Service Area Agreement that provides for interties between their respective water systems, designation who will provide retail water service within designated parts of BMSAP, and establish certain protocol regarding rate setting ("Retail Service Agreement").

2.5 Parts of Reata Ridge are located in BMID Water Pressure Zone 1 (hereafter "Zone 1") and in BMID Water Pressure Zone 3 (hereafter "Zone 3").

2.6 BMID currently has sufficient facilities to provide needed residential urban fire flow in Zone 1, but does not currently have sufficient facilities to meet urban level fire flow requirements in Zone 3, as required by the City within the City limits.

2.7 Housing construction commenced in the Reata Ridge plat before Reata Ridge was annexed into the City. Once annexed, the City became the jurisdiction responsible for fire protection and building permit services. The City Fire Marshal, as part of his duties related to release of building permits, analyzed fire flow available in Reata Ridge. The City Fire Marshal determined that BMID's Zone 1 facilities provide fire flow meeting municipal requirements, but BMID's Zone 3 facilities were not capable of providing municipal required fire flow. As a result, lots in Reata Ridge located in BMID Zone 3 and more than 600 feet from a Zone 1 fire hydrant are presently prohibited from being permitted for home construction. The affected lots ("Affected Lots") are as follows:

Block 1 Lots: 1-19
Block 3 Lots: 16-21
Block 4 Lots: 1-4
Block 5 Lots: 10-15
Block 6 Lot 1

2.8 Nor Am is the owner of BMS (except for one small parcel owned by Kennewick School District). At the time that BMS was annexed into the City, Nor Am and the City entered into a Master Agreement which, amongst other things, required Nor Am to extend the City water system to BMS.

2.9 Nor AM is designing, with guidance provided by City staff, the water system improvements, including a one million gallon water storage facility, a pump station to be located on property owned by the City of West Richland, and pipelines from the pump station site to the south west corner of BMS. Nor Am intends to contract for the improvements beginning in the fall of 2011. The proposed improvements will deliver water to the BMS at a pressure compatible with BMID Zone 3.

2.10 Nor Am intends to start development of BMS near Dallas Road in 2012, with utilities being available for occupancy of housing and commercial structures in May, 2012. BMS is intended to have a 20 year buildout. As part of that BMS development process, the City water system would eventually be extended throughout BMS, including the area adjacent to Reata Ridge.

2.11 Lawrence J. White Investments ("LJWI") owns 58 lots within the Reata Ridge plat, some of which are Zone 3 Affected Lots (the "LJWI Lots"), resulting in the inability to sell the LJWI Lots until a solution to the fire flow issue is found.

2.12 Nor Am is willing, as part of its current construction plans, to extend the City water system so that it can be intertied with the BMID Zone 3 system, and thus alleviate the fire flow issue for the LJWI Lots, as well as any other lots in Reata Ridge with inadequate fire flow. For ease of reference, this extension of the City water system from Dallas Road to the intertie with the BMID system shall be referred to as the "Fire Flow Extension".

2.14 The purpose of the Fire Flow Agreement is to set forth the general agreement of the Parties regarding the construction and payment for the Fire Flow Extension, and to establish a means of allowing the Fire Marshall to allow residential construction to continue on the LJWI Lots pending the completion of the Fire Flow Extension.

3. CONSTRUCTION OF FIRE FLOW EXTENSION.

3.1 Nor Am, or its designee, will design and construct the BMS Water Line Extension and the Fire Flow Extension. The design and construction shall meet the City of Richland water system standards, and shall be sized to accommodate the ultimate build out of BMS, as shown in the BMSAP. Once completed and accepted by the City the BMIS Water Line Extension and the Fire Flow Extension shall be conveyed to the City without charge and shall then be part of the City's water utility system. In addition, at the time of conveyance of the Fire Flow Extension, Nor Am shall convey a non-exclusive utility easement to the City, at no charge.

3.2 The Fire Flow Extension shall go across BMS from Dallas Road generally as shown in Figure 4.2 in the BMSAP, to a point at or near the south eastern boundary of BMS at or

near Reata Road, and will include an intertie facility to the BMID potable water system to allow adequate residential fire flow to the LJWI Lots. The intertie location shall be in the location established pursuant to the Interlocal Agreement. The intertie facility will be designed and constructed to City of Richland requirements.

3.3 The intent is to design the Fire Flow extension so that it will be located within future public road right of ways within BMS. However, given that the ultimate build out of BMS in this area may be several years out, it may be necessary for Nor Am or its successor in interest to relocate the water line so that it meets City design requirements in the future public street layout. In that case, the City will allow the line to be relocated, based upon approved construction drawings that are consistent with preliminary plats approved by the City Council. The new line shall be new pipe that meets the City standards at the time the construction drawings are submitted for City approval, unless the City, in its sole discretion determines that the existing pipe is acceptable. The cost of relocating the line shall be solely at Nor Am's, or its successor in interests, expense. The non-exclusive easement referenced in paragraph 3.1 shall be extinguished to the extent the Fire Flow Extension water line is moved out of the easement area as part of the relocation to a future City right of way.

3.4 To the extent possible the surface above the Fire Flow Line Extension will be allowed to be used by Nor Am, at no expense, for agricultural purposes until development necessitates that it be taken out of agricultural use. City water system design standards require some above ground features that may impact agricultural operations, specifically air/vacuum relief assemblies and valve access boxes. Nor Am shall design the Fire Flow Line Extension to include these features as required by the City, shall include adequate protection of these features from damage due to agricultural operations, and shall be responsible for all costs associated with repairs and extraordinary water system maintenance required as a result of agricultural operations. The City will cooperate with Nor Am, to the extent possible without jeopardizing operational safety and efficiency of the Fire Flow Extension, to locate the above ground facilities in order to avoid interference with the operation of the crop circle irrigating equipments.

4. CONSTRUCTION TIMING.

4.1 The BMS Water Line Extension and the Fire Flow Extension shall be installed and operational by May 31, 2012. In order to accomplish this Nor Am commits to the following milestones: 1) engineering design submitted to City by July 15, 2011; 2) City and County permits acquired by August 31, 2011; and 3) construction contract awarded by September 1, 2011.

4.2 Nor Am shall require its general contractor to post a performance bond, from a surety acceptable to the City, in an amount equal to 125% of the contract price for the construction of the BMS Water Line Extension and Fire Flow Extension. The City and Nor Am may agree to other adequate assurances if the bond is not reasonably obtainable. The City shall be the beneficiary named on the surety.

5. PAYMENT FOR CONSTRUCTION.

5.1 Nor Am shall be responsible for the payment of all construction costs associated with constructing the BMS Water Line Extension and the Fire Flow Extension.

5.2 The City shall pay to Nor Am at the time the BMS Water Line Extension and Fire Flow Extension improvements are accepted by the City, the sum of \$300,000. The City's payment shall be an oversizing contribution as authorized in Richland Municipal Code section 18.34.020. The City's payment shall be considered as fulfilling a portion of the City's obligation under paragraph 15.2 of the Master Agreement between the City of Richland and Nor Am Investment, LLC Regarding the Community known as Badger Mountain South, as approved in December, 2010. The additional unreimbursed cost associated with the Fire Flow Extension that are needed due to the upsizing and other needed improvements for the BMID intertie to be made that would not have otherwise been incurred by Nor Am but for the intertie, will be a cost that will be reimbursed to Nor Am, pursuant to the provisions of said paragraph 15.2.

5.3 The City authorizes Nor Am to recapture a prorata portion of the cost it incurs for the design and construction of the BMS Water Line Extension and the Fire Flow Extension for which Nor Am would be entitled under state law for reimbursement from non-contributing benefitted properties. The method and manner of determining the amount of the reimbursement, and the non-contributing benefitted properties to which the assessment will apply will be done in accordance with state law. The City reserves the right to establish administrative fees it deems necessary for the administration of latecomer agreements and the administrative fee shall be added to the assessment. Nor Am may, in its sole discretion, designate some or all properties within BMS. Provided, property in BMS that is owned by the City or that is subsequently conveyed to the City for municipal purposes shall not be deemed a non-contributing property without the City's written consent, which can be withheld in the City's absolute and sole discretion.

6. **APPROVAL BY FIREMARSHAL.**

6.1 Upon execution of the Fire Flow Agreement by the Parties, the City Fire Marshal shall allow, from a fire flow perspective, construction of single family homes and related outbuildings (the construction still must meet all other applicable City codes) that are permitted in the underlying zoning for the LJWI Lots.

6.2 Building permits for any residential construction on the LJWI Lots that are issued prior to May 31, 2012 will be required to have a residential sprinkler system that meets NFPD 13D requirements until such time that the City accepts the Fire Line Extension as part of the City's water system.

7. **AMENDMENTS.**

7.1 The Fire Flow Agreement may be modified, including termination of the Agreement or any part thereof, at any time, but only by the Parties by written agreement.

8. **DESIGNATED REPRESENTATIVE FOR EACH PARTY.**

8.1 **Representative of City.** The City Public Works Director shall be the designated person with overall responsibility in connection with administering the Fire Flow Agreement on behalf of the City.

8.2 **Representative of Nor Am.** Lawrence J. White, or his designee, shall be the designated person with overall responsibility in connection with administering the Fire Flow Agreement on behalf of Nor Am.

9. **NOTICES.**

9.1 Any notice or communication required by this Fire Flow Agreement between the City and Nor Am must be in writing, and may be given either personally, electronically with evidence or receipt, or by express delivery service, return receipt requested. If given personally, or by registered or certified mail, such notice or communication shall be deemed to have been given and received upon actual receipt. If delivery is made electronically, either by e-mail or facsimile transmission, a notice shall be deemed to have been given when delivered to the person to whom it is addressed, and there is electronic confirmation that it was received. Such notices or communications shall be given to the Parties at their addresses set forth below:

To: Nor Am Investment, LLC

Lawrence J. White
12513 Avenue DuBois
Lakewood, WA 98498
Facsimile: (253) 582-3652
Email: LJWhiteMD@aol.com

With a copy to:

Loren D. Combs
VSI Law Group, PLLC
3600 Port of Tacoma Road, Suite 311
Tacoma, WA 98424
Facsimile: (253) 922-5848
Email: ldc@vsilawgroup.com

To: City of Richland

Cindy Johnson
City Manager
City of Richland
505 Swift Blvd.
Richland, WA 99352
Facsimile: (509) 942-7379
Email: cjohnson@ci.richland.wa.us

With a copy to:

Thomas O. Lampson
City Attorney
City of Richland
505 Swift Blvd.
Richland, WA 99352
Facsimile: (509) 942-7689
Email: tlampson@ci.richland.wa.us

With a copy to:

Pete Rogalsky
Public Works Director
City of Richland
840 Northgate Drive
Richland, WA 99352
Facsimile: (509) 942-7468
Email: progalsky@ci.richland.wa.us

9.2 Either Party, by giving 10 days notice, may at any time change its contact information by sending its new contact information to the other Party in the same manner as is provided for sending the other Party notice under the provisions of paragraph 9.2.

10. **BINDING EFFECT; ASSIGNABILITY.**

10.1 This Fire Flow Agreement shall be binding on the Parties hereto; their heirs, successors, and assigns.

11. **DISPUTE RESOLUTION.**

11.1 The Parties are committed to working diligently in good faith to carry out the intent and purpose of this Fire Flows Agreement. Thus, the Parties agree that if a dispute arises they will engage in good faith negotiations to resolve the dispute. Such negotiations shall first be conducted by the designated representatives, and if unsuccessful shall proceed to the City Council and Nor Am Board level. Should settlement negotiations prove unsuccessful or not be resolved within ninety days either Party may pursue other legal remedies including, but not limited to litigation.

11.2 Jurisdiction and venue for any legal action shall be in the Benton County Superior Court. In no case, except for non-payment of legally adopted service charges or connection fees, shall water service be interrupted, discontinued or terminated because of a pending dispute resolution process.

12. **EXHIBITS.**

12.1 The following are the Exhibits that are a part of the Fire Flow Agreement and are incorporated herein by reference:

- Exhibit A Legal Description for Badger Mountain South
- Exhibit B Legal Description for Reata Ridge

13. **SEVERABILITY.**

13.1 If any provision of the Fire Flow Agreement is determined to be unenforceable or invalid pursuant to a final decree or judgment by a court of law with jurisdiction, then the remainder of this Fire Flow Agreement not decreed or adjudged unenforceable or invalid shall remain unaffected and in full force and effect, subject to the provisions of paragraph 13.2.

13.2 If any provision or provisions of the Fire Flow Agreement are determined to be unenforceable, then the Parties agree to negotiate in good faith a substitute provision or provisions that would accomplish the intent and purpose of the invalid provision in a method and manner that would be legal.

13.3 In the event of any administrative, legal or equitable action or other proceeding instituted by any person not a party to this Fire Flow Agreement challenging the validity of any provision of the this Fire Flow Agreement, or any subsequent action taken by the Parties to implement the Fire Flow Agreement conditions, the Parties shall cooperate in defending such action or proceeding to settlement or final judgment, including all appeals. Each Party shall select its own legal counsel.

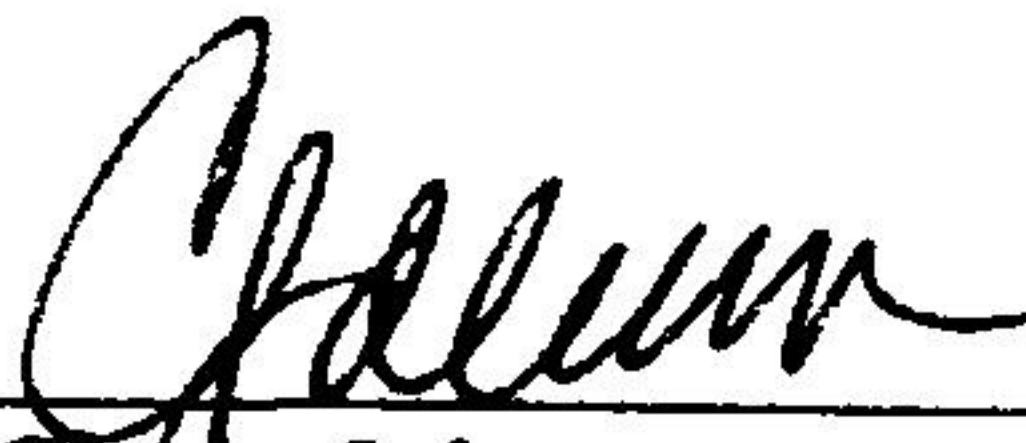
14. **COOPERATION IN EXECUTION OF DOCUMENTS.**

14.1 The Parties agree to properly and promptly execute and deliver any and all additional documents that may be necessary to render this Fire Flow Agreement practically effective. This paragraph shall not require the execution of any document that expands, alters or in any way changes the terms of this Fire Flow Agreement. The Parties agree to work together and in good faith to implement the provisions of the Fire Flow Agreement during the Agreement Term.

15. **FINAL AND COMPLETE AGREEMENT.**

15.1 This Fire Flow Agreement constitutes the final and complete expression of the Parties on all subjects relating to the subject matter. This Fire Flow Agreement may not be modified, interpreted, amended, waived or revoked orally, but only by a written document signed by all Parties. This Fire Flow Agreement supersedes and replaces all prior agreements, discussions and representations on all subjects discussed herein, without limitation. No Party is entering into this Fire Flow Agreement in reliance on any oral or written promises, inducements, representations, understandings, interpretations or agreements other than those contained in this Fire Flow Agreement and the exhibits hereto.

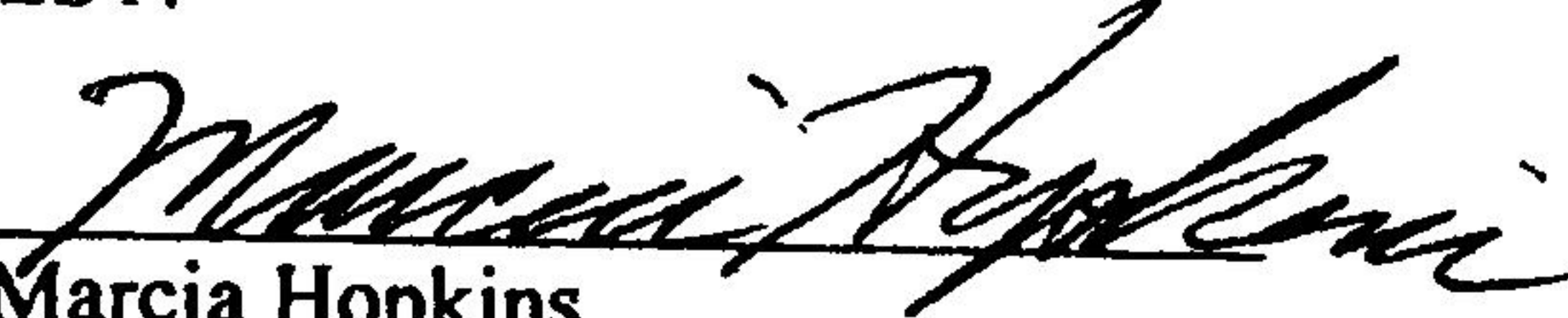
CITY OF RICHLAND:

By: 
Cindy Johnson
Its: City Manager

NOR AM INVESTMENT, LLC

By: 
Lawrence J. White
Its: Manager

ATTEST:

By: 
Marcia Hopkins
City Clerk

APPROVED AS TO FORM:

By: 
Thomas O. Lampson
Its: City Attorney

**EXHIBIT A
TO
FIRE FLOW AGREEMENT**

**LEGAL DESCRIPTION FOR BADGER MOUNTAIN SOUTH
PAGE 1 OF 2**

Parcel "A":

The East half of the East half of Section 31, Township 9 North, Range 28 East, W.M., Benton County, Washington;
EXCEPT that portion described as follows:
The Southwest corner of the Southeast quarter of the Southeast quarter being the True Point of Beginning;
Thence East along the South line thereof 360.00 feet;
Thence Northwesterly in a straight line to a point on the West line of said Southeast quarter of the Southeast quarter, a distance of 360.00 feet North of the Southwest corner thereof;
Thence Southerly along said West line 360.00 feet to the True Point of Beginning;
AND EXCEPT that portion thereof lying Southerly and Westerly of the State Highway right-of-way.
AND EXCEPT that portion deeded to the County of Benton, State of Washington, under Quit Claim Deed, recorded October 10, 1968, under Auditor's File No. 595151, records of Benton County, Washington;
AND EXCEPT State Highway right-of-ways;
AND EXCEPT those portions acquired by the State of Washington under eminent domain proceedings filed in Benton County Superior Court Cause No. 82-2-00869-6;
AND EXCEPT that portion conveyed to Benton County for road purposes under Auditor's File No's. 92-16778, 92-16779, 93-1864, and 93-1871.

Parcel "B":

All of Section 32, Township 9 North, Range 28 East, W.M., Benton County Washington;
EXCEPT that portion deeded to the County of Benton, State of Washington, under Quit Claim Deed, recorded October 10, 1968, under Auditor's File No. 595151, records of Benton County, Washington;
AND EXCEPT that portion thereof lying Southerly and Westerly of the State Highway right-of-way.
AND EXCEPT State Highway right-of-ways;
AND EXCEPT those portions acquired by the State of Washington under eminent domain proceedings filed in Benton County Superior Court Cause No. 82-2-00869-6;
AND EXCEPT that portion conveyed to Benton County for road purposes under Auditor's File No's. 92-16778 and 92-16779;
AND ALSO EXCEPT any portion lying within Short Plat 2465.

Parcel "C":
Section 33, Township 9 North, Range 28 East, W.M., Benton county, Washington, EXCEPT that portion thereof lying Northerly and Easterly of the following described line:

Beginning at the Northwest corner of said section;
Thence South 02°34'20" West, 1330.20 feet along the West line of said section to the True Point of Beginning;
thence South 77°57'14" East, 2389.11 feet;
thence South 83°23'24" East, 1450.14 feet;
thence South 48°00'49" East, 1013.41 feet;
thence South 28°44'51" East, 566.24 feet;
thence North 88°55'28" East, 380.42 feet to the East line of said section and the terminus of said line, said point bears South 00°45'19" West, 3237.80 feet from the Northeast corner of said section.

(Also known as Tract 4 of Survey recorded August 31, 1998, under Recording No. 1998-025706, records of Benton County, Washington.)

EXCEPT State Highway right-of-way;
AND EXCEPT those portions acquired by the State of Washington under eminent domain proceedings filed in Benton County Superior Court Cause No. 82-2-00869-6;

Parcel "D":
Section 4, Township 8 North, Range 28 East, W.M., Benton County, Washington,
EXCEPT that portion lying within the plat of EL RANCHO REATA NO. 3, according to the Plat thereof recorded in Volume 12 of Plats, Page 42, records of Benton County, Washington,
ALSO EXCEPT State highway right-of-way conveyed under Recording No. 870597, records of Benton County, Washington;
AND EXCEPT that portion lying southerly of the Reata Road right of way
AND EXCEPT that portion lying within the Plat of REATA RIDGE
AND EXCEPT the South 420 feet of the Southeast quarter thereof;
AND ALSO EXCEPT that portion conveyed to Benton County by deed recorded May 1, 2007, under Auditor's File No. 2007-013594, records of Benton County, Washington.

Parcel "E":
That portion of Section 29, Township 9 North, Range 28 East, W.M., Benton County, Washington, lying Southerly and Westerly of the following described line:

Beginning at the Southwest corner of said Section 29;
Thence South 89°23'44" East 1154.11 feet along the South line of said Section to the True Point of Beginning;
Thence North 00°38'28" West, 310.56 feet;
Thence South 89°21'30" West, 1103.84 feet to the East line of Dallas Road and the terminus of said line.
EXCEPT the West 40 feet for County Road right-of-way;
AND EXCEPT that portion deeded to the County of Benton, State of Washington, under Quit Claim Deed, recorded February 13, 1979, under Auditor's File No. 783437, records of Benton County, Washington;
AND EXCEPT State Highway right-of-way;
AND EXCEPT that portion conveyed to Benton County for road purposes under Auditor's File No's. 92-16778 and 92-16779;
AND ALSO EXCEPT those portions acquired by the State of Washington under eminent domain proceedings filed in Benton County Superior Court Cause No. 82-2-00889-6;

**EXHIBIT B
TO
FIRE FLOW AGREEMENT**

LEGAL DESCRIPTION FOR REATA RIDGE

**Lots 1 – 78 of the Final Plat of Reata Ridge, recorded under Benton County Auditor's
Recording Number 2010-007411, P 389.**

AGREEMENT REGARDING ACCESS TO FUNDS
IN
COLUMBIA BANK ACCOUNT 7000636451

1. Date and Parties.

1.1 This document ("Agreement") is dated, for reference purposes only, the 15th day of March, 2012 ("Agreement Date"), and is entered into by and between Nor Am Investment, LLC ("Nor Am"), the City of Richland ("City"), and Columbia Bank ("Bank").

2. Background Information.

2.1 The City and Nor Am have entered into an agreement ("Fire Flow Agreement") for Nor Am to construct certain improvements to the City's water system in order to provide needed fire flow to an area of the City ("Fire Flow Improvements"). The Fire Flow Agreement requires Nor Am to provide the City with adequate assurance that the improvements required by the Fire Flow Agreement will be constructed.

2.2 The City and Nor Am have agreed that an acceptable method for Nor Am to provide the adequate assurance required by the Fire Flow Agreement, is to establish a bank account with a balance equal to 125% of the estimated construction costs to complete the Fire Flow Improvements.

2.3 Columbia Bank has agreed to allow such an account to be established, subject to the terms and conditions set forth herein.

3. Applicable Columbia Bank Account.

3.1 The Columbia Bank Account to which the Agreement terms shall apply is identified as follows (the "Account"): Account number 7000636451 in the name of Nor Am Investment, LLC.

3.2 The balance of the Columbia Bank Account as of the Agreement Date is \$3,458,323.82 (the "Initial Balance"). Nor Am and the City agree that the Initial Balance equals 125% of the estimated amount necessary to complete the Fire Flow Improvements.

4. Withdrawals from the Account.

4.1 No funds shall be withdrawn from the Account except after the receipt by the Bank of an authorization to withdraw funds signed by both the City and Nor Am, in the form attached hereto as Exhibit 1 (the "Authorization to Release Funds"). So long as the bank receives the attached authorization purporting to bear the notarized signatures of the parties named in Exhibit 1 it shall have no duty to investigate whether the signatures are authentic and, upon receipt of the signed authorization shall provide a cashier's check in the amount indicated made payable to the person listed in the authorization form.

4.2 No more frequently than once per month Nor Am may request that the City authorize the disbursement of funds from the Account. Nor Am shall provide the City verification of the work performed since the last request for withdrawal, the percentage of

completion to date, and the estimated amount that will be needed in order to complete the construction of the Fire Flow Improvements (the "Estimate"). On the first request, the City, if it reasonably determines the estimate to be accurate, shall multiply the Estimate by 1.25. The resulting number shall become the "Authorized Balance. The City and Nor Am shall then sign an Authorization to Release Funds in the amount that equals the difference between the Initial Balance and the Authorized Balance. Once the funds are released pursuant to the Authorization, the balance in the Account shall then be referred to as the "New Balance".

4.3 The procedure set forth in paragraphs 4.2 shall be followed for all subsequent requests for authorization to disburse funds, except that the difference between the New Balance and the Authorized Balance shall be the amount that Nor Am and the City will authorize to be released. Once the funds are released pursuant to the Authorization, the balance in the Account shall once again be referred to as the New Balance.

4.4 The process set forth in paragraph 4.3 shall be followed until such time as the New Balance equals \$300,000 or less, at which time the New Balance shall be automatically released to Nor Am without further authorization.

4.5 The provisions of paragraphs 4.1 to 4.4 notwithstanding, if the Bank, at any time, receives a written notice from the City that is signed by Pete Rogalsky, whose signature is notarized, that Nor Am is in default under the Fire Flow Agreement and the City is entitled to the release of all monies in the Account, then the Bank, without any liability to Nor Am, shall immediately release the balance in the account, to the City.

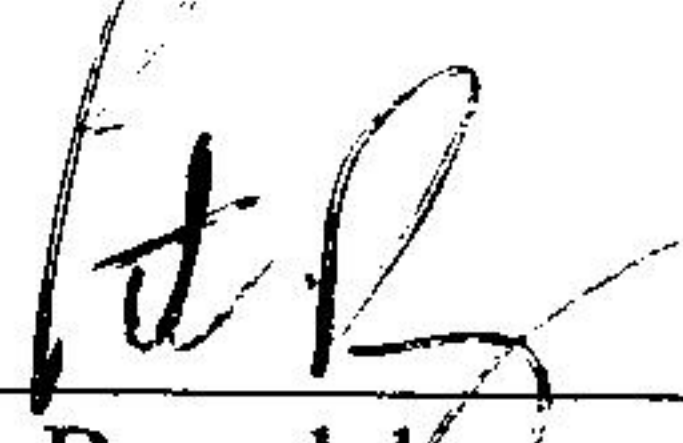
5. Counterparts.

5.1 This Agreement, and any Authorization to Release Funds, may be executed in counterparts, each of which shall be deemed an original. Such counterparts shall together constitute one and the same instrument. The counterpart may be delivered electronically, either by an email attachment or by facsimile.

NOR AM INVESTMENT, LLC

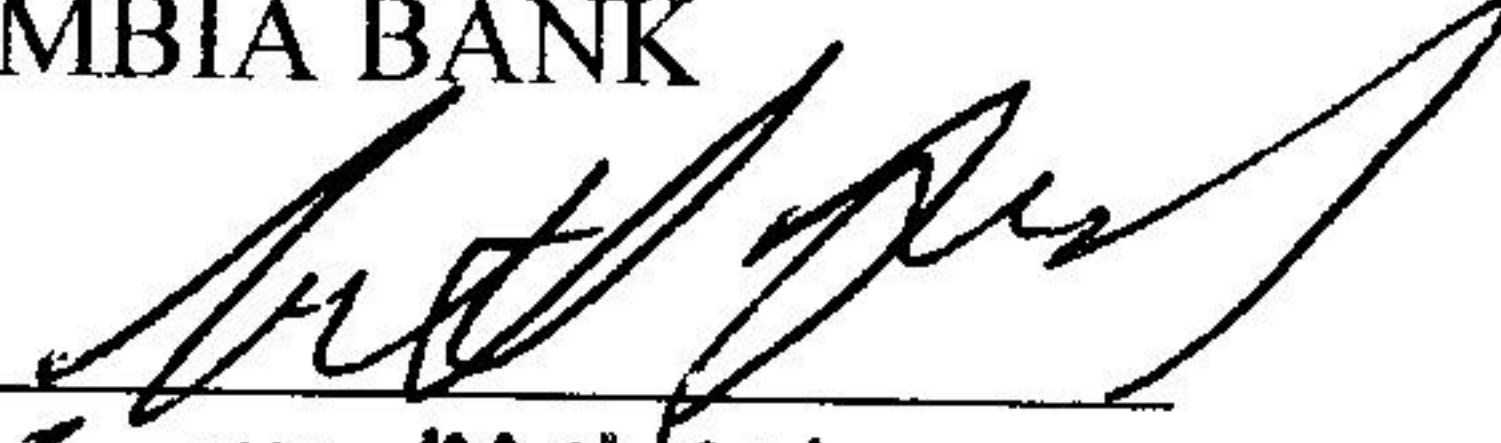
CITY OF RICHLAND

By: 
Lawrence White
Its: Manager

By: 
Pete Rogalsky
Its: Public Works Director

Columbia Bank agrees, as of the Agreement Date, to only disburse funds from the Account in accordance with the terms of this Agreement.

COLUMBIA BANK

By: 
Its: Scott McVay
Vice President

Agreement regarding
Access to Funds
Page 2 of 3

Nor Am 

City 

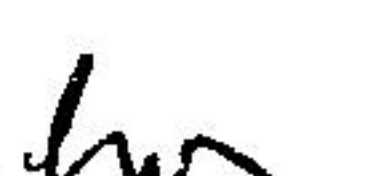
Bank 

EXHIBIT 1 -- AUTHORIZATION TO RELEASE FUNDS

To: Columbia Bank

You are hereby authorized to disburse from Columbia Bank Account _____, the amount of _____, by cashier's check made payable to _____.

Dated this _____ day of _____, 2012.

City of Richland

Nor Am Investment, LLC

By: _____
Pete Rogalsky
Public Works Director

By: _____
Lawrence J. White
CEO

STATE OF WASHINGTON)
County of Pierce) ss.

I certify that I know or have satisfactory evidence that Lawrence J. White appeared before me, and said person acknowledged that he signed this instrument, on oath, stated that he was authorized to execute the instrument and acknowledged it as the managing member of Nor Am Investment, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED:

STATE OF WASHINGTON)
County of Benton) ss.

NOTARY PUBLIC
Print Name:
My appointment expires:

I certify that I know or have satisfactory evidence that Pete Rogalsky appeared before me, and said person acknowledged that he signed this instrument, on oath, stated that he was authorized to execute the instrument and acknowledged it as the Public Works Director for the City of Richland, Washington to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED:

NOTARY PUBLIC
Print Name:
My appointment expires:

Nor Am  City  Bank 

RETAIL WATER SERVICE AREA AGREEMENT

EXHIBIT F

BMID WHOLESALE WATER RATE CALCULATION METHOD

To: Pete Rogalsky, City of Richland Brad Anderson, Bader Mountain Irrigation District	
From: Shawn Koorn	Project: BMID Wholesale Water Rate Analysis
CC:	
Date: December 20, 2011	

RE: BMID Wholesale Rate Charged to the City of Richland

Introduction

The City of Richland (City) and the Badger Mountain Irrigation District (BMID) have entered into a water services agreement to provide water service to a portion of customers within BMID's service area. Ultimately, when the infrastructure is in place and available, both the City and BMID will provide service to approximately 10,000 new customers in the Bader Mountain South area. This letter provides the framework for a future a rate methodology for BMID to charge the City for wholesale water when the service is delivered. The rate developed as part of this analysis is intended to provide an example based on current costs related to providing service at the current time. The methodology established during this analysis will be used and updated with the appropriate BMID costs to determine the final wholesale rate.

Overview of the Methodology

The methodology used to set the wholesale rate BMID will charge the City is the same methodology that was used in the development of the wholesale rate the City will charge BMID for wholesale water. Similar to that analysis there are many considerations one must make in the development of a wholesale water rate. One consideration is what infrastructure will they be utilizing to gain service? This particular situation is some what complicated by the fact that the customer's that will ultimately receive water service, from both the City and BMID, are within the BMID service area and also within the City limits through a recent annexation.

Generally wholesale rates can developed based on two similar, but different methods. These two methods are a cash basis or a utility basis. The utility basis is often employed by private or investor owned water companies and also by public water utilities selling water to entities out side there city limits. The cash basis approach is an approach publicly owned utilities use for determining there retail rates or customer within their city limits. The main difference between a cash and utility basis analysis are the components that make up the revenue requirement. In a utility basis revenue requirement are operations and maintenance, depreciation and a return on investment. Instead of depreciation and return on investment found in a utility basis revenue requirement the cash basis has debt service and capital funded through rates.

Since the customers that will be receiving the water are within the City limits, and a cash basis methodology was used to set the wholesale rate charged to BMID, it was determined the most appropriate method to use was the cash basis. For the City's analysis the analysis was simplified as HDR had recently completed a cost of service analysis that could be used in the development of the wholesale rate for BMID. In order to develop the wholesale rate BMID would charge the City a similar analysis was developed based on BMID specific operating and infrastructure costs.

Overview of the Analysis

Water utilities generally do not track costs based on functional components or why/how they incur costs. As an example, utilities do not track labor expenses between source of supply, treatment, distribution, transmission, storage, or meter related services. The budget simply includes the costs of providing all of these services. As a result, an analysis needs to be developed to split the costs incurred by the utility between these different functional categories. This is accomplished through an analysis called un-bundling. The concept of un-bundling rates was originally used in the electric industry to allow customers to purchase power from one utility and be delivered through an adjacent utilities distribution system.

An un-bundling analysis breaks each line item of a budget into system components, such as water supply, treatment, transmission, distribution and customer related. An un-bundled cost analysis allows a utility to develop rates for various types of service provided based on those components of the water system that the service provides. As an example, in the City's wholesale rate analysis, the costs included in the rate were related to source of supply and transmission. The distribution component is not included as the customer in the Badger Mountain South area do not benefit from those costs.

The starting point of the unbundling analysis is the functionalization of the infrastructure BMID has available to provide service. In order to accomplish this task, HDR needed to develop a schedule of costs related to BMID's infrastructure as detailed accounting records were not easily available to develop this analysis. As a result, HDR utilized the information provided in BMID's recent water comprehensive plan and discussions with BMID staff. Ultimately, a schedule of infrastructure replacement costs was developed by functional category which are used to un-bundle the operating and maintenance (O&M) costs.

Once the infrastructure costs are un-bundled they are classified between the various cost components that BMID incurs to provide service. These are related to meeting average day needs-, peak day needs-, customer needs-, and fire protection related needs. This step is necessary as it is used to classify the O&M expenses in a similar manner. The cost of service theory is that the O&M costs of the system follow the infrastructure in place to provide that service. This is the same methodology used for the City's analysis to determine the wholesale rate to BMID. This step is also necessary to determine the customer related costs which are excluded from the un-bundling analysis as they are typically charged through a monthly meter fee. Once the costs are classified, the un-bundling process begins based on BMID's O&M costs related to providing potable water service

Given the functionalized cost of the infrastructure, and the functionalized and classified O&M costs, the costs can be un-bundled between source of supply, transmission, and distribution. The ratios used to determine the applicable costs were based on the replacement costs

developed as part of this analysis. Provided in Table 1 is a summary of the un-bundled costs for BMID's potable water system.

Table 1 BMID's Un-Bundled Unit Costs	
Water Supply	\$0.38
Transmission	0.35
Distribution	<u>3.09</u>
Total \$'s per CCF	\$3.82
Customer \$/Account -	<u>\$9.57</u>

The key components used in the development of the wholesale rate that BMID will charge the City of Richland are as follows:

- **Source of Supply** – This includes the costs associated with the well system
- **Transmission** – This includes a portion of the 12" pipe that provides the transmission of water from the wells to the area being served. In discussion with BMID staff, it was also determined that the operational portion of the applicable storage tanks would also be included in the transmission component

All other components and costs are not included in the wholesale rate as they are not applicable to providing service to the area being reviewed. This results in a wholesale rate of \$0.73 per CCF (hundred cubic feet). In addition, it is assumed that a meter charge would also be applicable depending on the size of the meter used to provide service

Summary and Recommendations

Based on the un-bundling analysis developed, HDR proposes a wholesale rate of \$0.73 per CCF that will be charged to the City by BMID based on the current budget. This rate is based on the un-bundled water supply and transmission costs related to providing service to the Badger Mountain South area. The distribution costs are taken out of the analysis as these costs do not benefit the customers in this area. It is assumed that a monthly meter charge would also apply as part of the wholesale rate. This same methodology was used to set the wholesale rate the City will charge BMID for wholesale water based on City specific data.

**Badger Mountain Irrigation District
FY 2011 Budget**

	Irrigation	Domestic
Operations		
Payroll	\$237,033	\$79,010
Parts and Supplies	30,000	9,000
Meters/Hydrants	0	2,500
Major Maintenance/Repairs	67,500	25,000
Major Equipment	10,300	2,600
Contractual Services	2,000	2,000
Vehicles Maintenance	3,500	3,500
Fuel	18,392	7,878
Communications	4,000	1,000
Utilities - BPUD / Domestic	0	19,000
Utilities - BPUD / Irrigation	148,500	0
Utilities - City of Richland / IRR	420,000	0
Insurance	21,500	21,500
Loan Payments	37,000	0
Total Operations	\$999,725	\$172,988
Administration		
Payroll	\$52,095	\$52,094
Supplies & Office Equipment	5,600	5,600
Contractual Services	1,250	1,250
Bad Debt Expense	1,000	0
Communications	1,500	4,500
Buildings & Grounds Maintenance	1,275	1,275
Postage	1,650	1,650
Dues/Subs	0	3,000
Excise Taxes	0	19,000
Attorney Fees	2,500	0
Travel/Mileage/Conferences	3,250	3,250
Advertising	400	400
Bond/Loan Payments	0	72,550
Permits/Water Testing	0	2,000
Audit/Accounting	8,000	8,000
Miscellaneous	2,500	2,000
Board of Directors Expenses	2,500	2,000
Elections	250	250
Reserves	129,052	0
Total Administration	\$212,822	\$178,819
Operations & Admin. Total	\$1,212,547	\$351,807
Domestic Connections		724
Water Production (2010) Cubic Feet		7,028,977

Functionalization and Classification of BMID Infrastructure

Description	Total Plant	Customer Related						Public Fire Protection (FP)	Revenue Related (RR)	Direct Assign (DA)	Basis of Classification	
		Commodity (COMM)	Capacity (CAP)	Actual Customer (AC)	Weighted for:							
					Cust. Acctg. (WCA)	Meters & Services (WCMS)						
Source of Supply												
Wells	\$1,386,000	\$848,232	\$537,768	\$0	\$0	\$0	\$0	\$0	\$0	\$0	61.2% COMM	38.8% CAP
Total - Source of Supply	\$1,386,000	\$848,232	\$537,768	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Transmission & Distribution												
Transmission Mains	\$1,481,092	\$1,481,092	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	100.0% COMM	
Distribution Mains	9,222,160	0	4,611,080	3,688,864	0	0	922,216	0	0	0	50.0% CAP	40.0% AC
Meters and Services	181,250	0	0	0	0	181,250	0	0	0	0	100.0% WCMS	10.0% FP
Hydrants	275,748	0	0	0	0	0	275,748	0	0	0	100.0% FP	
Reservoirs	3,450,000	1,035,000	2,242,500	0	0	0	172,500	0	0	0	30.0% COMM	65.0% CAP
											5.0% FP	
Total - Distribution/Transmission	\$14,610,250	\$2,516,092	\$6,853,580	\$3,688,864	\$0	\$181,250	\$1,370,464	\$0	\$0	\$0		
Plant Before General Plant	\$15,996,250	\$3,364,324	\$7,391,348	\$3,688,864	\$0	\$181,250	\$1,370,464	\$0	\$0	\$0		
General Plant												
Equipment, Studies & Other	\$0	0	0	0	0	0	0	0	0	0		
Total General Plant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
TOTAL PLANT IN SERVICE	\$15,996,250	\$3,364,324	\$7,391,348	\$3,688,864	\$0	\$181,250	\$1,370,464	\$0	\$0	\$0		
		21.0%	46.2%	23.1%	0.0%	1.1%	8.6%	0.0%	0.0%			

Classification of O&M Expenses

Account	FY 2011 Budget	Commodity (COMM)	Capacity (CAP)	Customer Related			Public Fire Protection (FP)	Revenue Related (RR)	Direct Assign (DA)	Basis of Classification
				Actual Customer (AC)	Weighted for:					
					Cust. Acctg. (WCA)	Meters & Services (WCMS)				
Operations										
Payroll	\$79,010	\$16,617	\$36,508	\$18,220	\$0	\$895	\$6,769	\$0	\$0	As Plant in Service
Parts and Supplies	9,000	1,893	4,159	2,075	0	102	771	0	0	As Plant in Service
Meters/Hydrants	2,500	0	0	0	0	2,500	0	0	0	100.0% WCMS
Major Maintenance/Repairs	25,000	4,305	11,727	6,312	0	310	2,345	0	0	As Transmission/Distribution
Major Equipment	2,600	547	1,201	600	0	29	223	0	0	As Plant in Service
Contractual Services	2,000	421	924	461	0	23	171	0	0	As Plant in Service
Vehicles Maintenance	3,500	736	1,617	807	0	40	300	0	0	As Plant in Service
Fuel	7,878	1,657	3,640	1,817	0	89	675	0	0	As Plant in Service
Communications	1,000	210	462	231	0	11	86	0	0	As Plant in Service
Utilities - BPUD / Domestic	19,000	19,000	0	0	0	0	0	0	0	100.0% COMM
Utilities - BPUD / Irrigation	0	0	0	0	0	0	0	0	0	As Plant in Service
Utilities - City of Richland / IRR	0	0	0	0	0	0	0	0	0	As Plant in Service
Insurance	21,500	4,522	9,934	4,958	0	244	1,842	0	0	As Plant in Service
Loan Payments	0	0	0	0	0	0	0	0	0	As Plant in Service
Total Operations	\$172,988	\$49,908	\$70,173	\$35,481	\$0	\$4,243	\$13,182	\$0	\$0	
Administration										
Payroll	\$52,094	\$10,956	\$24,071	\$12,013	\$0	\$590	\$4,463	\$0	\$0	As Plant in Service
Supplies & Office Equipment	5,600	1,616	2,272	1,149	0	137	427	0	0	As Operations
Contractual Services	1,250	361	507	256	0	31	95	0	0	As Operations
Bad Debt Expense	0	0	0	0	0	0	0	0	0	As Operations
Communications	4,500	1,298	1,825	923	0	110	343	0	0	As Operations
Buildings & Grounds Maintenance	1,275	368	517	262	0	31	97	0	0	As Operations
Postage	1,650	0	0	1,650	0	0	0	0	0	100.0% AC
Dues/Subs	3,000	866	1,217	615	0	74	229	0	0	As Operations
Excise Taxes	19,000	5,482	7,707	3,897	0	466	1,448	0	0	As Operations
Attorney Fees	0	0	0	0	0	0	0	0	0	As Operations
Travel/Mileage/Conferences	3,250	938	1,318	667	0	80	248	0	0	As Operations
Advertising	400	115	162	82	0	10	30	0	0	As Operations
Bond/Loan Payments	72,550	15,259	33,523	16,731	0	822	6,216	0	0	As Plant in Service
Permits/Water Testing	2,000	2,000	0	0	0	0	0	0	0	100.0% COMM
Audit/Accounting	8,000	2,308	3,245	1,641	0	196	610	0	0	As Operations
Miscellaneous	2,000	577	811	410	0	49	152	0	0	As Operations
Board of Directors Expenses	2,000	577	811	410	0	49	152	0	0	As Operations
Elections	250	72	101	51	0	6	19	0	0	As Operations
Reserves	0	0	0	0	0	0	0	0	0	As Operations
Total Administration	\$178,819	\$42,792	\$78,090	\$40,757	\$0	\$2,652	\$14,529	\$0	\$0	
Operations & Admin. Total	\$351,807	\$92,700	\$148,263	\$76,238	\$0	\$6,895	\$27,711	\$0	\$0	
		26.3%	42.1%	21.7%	0.0%	2.0%	7.9%	0.0%	0.0%	
Less: Other Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total O&M Less Other Revenues	\$351,807	\$92,700	\$148,263	\$76,238	\$0	\$6,895	\$27,711	\$0	\$0	

Unbundling of O&M Expenses

Application of Funds	Test Year	Allocated Costs		Source of Supply	Trans	Dist.	Comments
		Less: Cust. Related Exp.					
Operations							
Payroll	\$79,010	\$59,894	0.09	0.11	0.81	As Plant in Service	
Parts and Supplies	9,000	6,823	0.09	0.11	0.81	As Plant in Service	
Meters/Hydrants	2,500	0	0.00	0.00	1.00	As Distribution	
Major Maintenance/Repairs	25,000	18,378	0.09	0.11	0.81	As Plant in Service	
Major Equipment	2,600	1,971	0.09	0.11	0.81	As Plant in Service	
Contractual Services	2,000	1,516	0.09	0.11	0.81	As Plant in Service	
Vehicles Maintenance	3,500	2,653	0.09	0.11	0.81	As Plant in Service	
Fuel	7,878	5,972	0.09	0.11	0.81	As Plant in Service	
Communications	1,000	758	0.09	0.11	0.81	As Plant in Service	
Utilities - BPUD / Domestic	19,000	19,000	0.13	0.00	0.87	As Source/Dist Mains	
Utilities - BPUD / Irrigation	0	0	0.09	0.11	0.81	As Plant in Service	
Utilities - City of Richland / IRR	0	0	0.09	0.11	0.81	As Plant in Service	
Insurance	21,500	16,298	0.09	0.11	0.81	As Plant in Service	
Loan Payments	0	0	0.09	0.11	0.81	As Plant in Service	
Total Operations	\$172,988	\$133,263	0.09	0.09	0.82		
Administration							
Payroll	\$52,094	\$39,490	0.09	0.09	0.82	As Operations	
Supplies & Office Equipment	5,600	4,314	0.09	0.09	0.82	As Operations	
Contractual Services	1,250	963	0.09	0.09	0.82	As Operations	
Bad Debt Expense	0	0	0.09	0.09	0.82	As Operations	
Communications	4,500	3,467	0.09	0.09	0.82	As Operations	
Buildings & Grounds Maintenance	1,275	982	0.09	0.09	0.82	As Operations	
Postage	1,650	0	0.09	0.09	0.82	As Operations	
Dues/Subs	3,000	2,311	0.09	0.09	0.82	As Operations	
Excise Taxes	19,000	14,637	0.09	0.09	0.82	As Operations	
Attorney Fees	0	0	0.09	0.09	0.82	As Operations	
Travel/Mileage/Conferences	3,250	2,504	0.09	0.09	0.82	As Operations	
Advertising	400	308	0.09	0.09	0.82	As Operations	
Bond/Loan Payments	72,550	54,997	0.09	0.09	0.82	As Operations	
Permits/Water Testing	2,000	2,000	1.00	0.00	0.00	As Operations	
Audit/Accounting	8,000	6,163	0.09	0.09	0.82	As Operations	
Miscellaneous	2,000	1,541	0.09	0.09	0.82	As Operations	
Board of Directors Expenses	2,000	1,541	0.09	0.09	0.82	As Operations	
Elections	250	193	0.09	0.09	0.82	As Operations	
Reserves	0	0	0.09	0.09	0.82	As Operations	
Total Administration	\$178,819	\$135,410	0.11	0.09	0.80		
Operations & Admin. Total	\$351,807	\$268,674	0.10	0.09	0.81		
Less: Other Revenues	\$0	\$0	0.10	0.09	0.81	As Op. and Admin Total	
Total O&M Less Other Revenues	\$351,807	\$268,674	0.10	0.09	0.81		

Classification of Unbundled O&M Expenses

Application of Funds	Test Year	Source of Supply	Trans	Dist.	Comments
Operations					
Payroll	\$59,894	\$5,190	\$6,390	\$48,314	
Parts and Supplies	6,823	591	728	5,503	
Meters/Hydrants	0	0	0	0	
Major Maintenance/Repairs	18,378	1,592	1,961	14,825	
Major Equipment	1,971	171	210	1,590	
Contractual Services	1,516	131	162	1,223	
Vehicles Maintenance	2,653	230	283	2,140	
Fuel	5,972	517	637	4,817	
Communications	758	66	81	611	
Utilities - BPUD / Domestic	19,000	2,482	0	16,518	
Utilities - BPUD / Irrigation	0	0	0	0	
Utilities - City of Richland / IRR	0	0	0	0	
Insurance	16,298	1,412	1,739	13,147	
Loan Payments	0	0	0	0	
Total Operations	\$133,263	\$12,383	\$12,191	\$108,689	
Administration					
Payroll	\$39,490	\$3,669	\$3,613	\$32,208	
Supplies & Office Equipment	4,314	401	395	3,519	
Contractual Services	963	89	88	785	
Bad Debt Expense	0	0	0	0	
Communications	3,467	322	317	2,827	
Buildings & Grounds Maintenance	982	91	90	801	
Postage	0	0	0	0	
Dues/Subs	2,311	215	211	1,885	
Excise Taxes	14,637	1,360	1,339	11,938	
Attorney Fees	0	0	0	0	
Travel/Mileage/Conferences	2,504	233	229	2,042	
Advertising	308	29	28	251	
Bond/Loan Payments	54,997	5,110	5,031	44,856	
Permits/Water Testing	2,000	2,000	0	0	
Audit/Accounting	6,163	573	564	5,026	
Miscellaneous	1,541	143	141	1,257	
Board of Directors Expenses	1,541	143	141	1,257	
Elections	193	18	18	157	
Reserves	0	0	0	0	
Total Administration	\$135,410	\$14,396	\$12,205	\$108,809	
Operations & Admin. Total	\$268,674	\$26,779	\$24,396	\$217,498	

Total Source of Supply - \$/CCF **\$0.38**
Total Transmission - \$/CCF **\$0.35**
Source and Transmission - \$/CCF **\$0.73**

RETAIL WATER SERVICE AREA AGREEMENT

EXHIBIT G

CITY WHOLESALE WATER RATE CALCULATION METHOD



ONE COMPANY *Water Solutions*

January 19, 2012

Mr. Pete Rogalsky
Public Works Director
City of Richland
840 Northgate Drive
Richland, Washington 99352

Subject: Badger Mountain Irrigation District Wholesale Water Rate

Introduction

The City of Richland (City) has entered an agreement with the Badger Mountain Irrigation District (BMID) to provide water service to a portion of the customers within BMID's service area that was recently annexed into the City. This letter provides a rate for the City to charge BMID for wholesale water and the methodology for determining that rate.

Overview of the Methodology

There are many legal and practical considerations one must make in the development of a wholesale water rate. One consideration is who are the customers to be served? Where are they located? What infrastructure will they be utilizing to gain service? This particular situation is some what complicated by the fact that the customer's that will ultimately receive water are within the BMID service area but also within the Richland City limits.

Generally there are a few ways that wholesale rates can developed, a cash basis or utility basis. The utility basis is often employed by private or investor owned water companies and also by public water utilities selling water to entities outside there City limits. The cash basis approach is an approach publicly owned utilities use for determining there retail rates or customer within their City limits. The main difference between a cash and utility basis analysis are the components that make up the revenue requirement. In a utility basis revenue requirement are operations and maintenance, depreciation and a return on investment. Instead of depreciation and return on investment found in a utility basis revenue requirement the cash basis has debt service and capital funded through rates.

Since the customers being provided water service are within Richland City limits it was determined the most appropriate method to use was the cash basis. Since a cost of service was recently completed for the City that analysis could be used in the development of the wholesale rate for BMID. Using the recently completed Cost of Service study as a foundation an un-bundled cost analysis can be conducted.

Overview of the Analysis

An un-bundled cost analysis breaks each line item of a budget into system components, such as water supply, treatment, transmission, distribution and customer related. Un-bundling rates also produces a breakdown of costs by customer class. An un-bundled cost analysis allows a utility to develop rates for each customer class that exclude components of the water system. The concept of un-bundling rates was originally used in the electric industry to allow customers to purchase power from utility and be delivered through the adjacent utilities distribution system. In this case we are essentially doing the opposite, instead of the source of supply (water treatment and production) it's the distribution system we are leaving out of the wholesale rate. Un-bundled cost analysis are often done because City's do not track their budget in the functional categories of source of supply, treatment, transmission and distribution.

From the individual system components a unit cost can be determined by system component by customer class. In the case of the BMID wholesale rate it was assumed that BMID usage would have an equal impact on the system with the exception of the distribution system. The one exception to this analysis was the inclusion of an allocation of the operational storage for the 5 MG and 10 MG reservoirs. These two reservoirs will provide operational storage for the customers being served in this area. The BMID customers who will receive water from the City are residential customers, as a result it was assumed that the un-bundled residential costs would be the appropriate since the system costs are broken down by system component the rate for BMID would simply be the average residential cost excluding distribution.

Customer Costs were also left out of the volume rate for BMID because it was determined that those costs would be collected through a monthly meter charge. It is assumed that the water sold to BMID will be passed through a 4-inch meter and so it was determined that they would be the same rate for that meter size as all other City customers. At this time there are several rate options under consideration with different meter charges. The 4-inch meter charge is currently \$307.55 per month, the final proposed rates includes a 4-inch meter charge of \$416.65. Provided below in Table 1 is a summary of the un-bundled cost analysis based on the results of the recently completed cost of service update.

Table 1
Un-Bundled Cost Analysis Results

	Total	Residential	Multi-Family	Commercial	Large Users	Irrigation
Water Supply	\$0.25	\$0.25	\$0.24	\$0.23	\$0.21	\$0.25
Water Treatment	0.17	0.17	0.16	0.16	0.14	0.17
Transmission	0.22	0.22	0.21	0.20	0.17	0.22
Distribution	1.03	1.10	0.97	0.93	0.76	0.94
Total \$'s per CCF	\$1.67	\$1.74	\$1.58	\$1.51	\$1.28	\$1.58
Customer - \$/Meter/Monthly	\$11.48	\$11.33	\$12.61	\$12.61	\$15.15	\$12.61

As can be seen in Table 1 the unit costs related to each of the major system components vary by customer class. This is the result of the different usage patterns and facility requirements of each customer class. The total unit cost column represents the system average costs of all customers' usage patterns and facility requirements.

Summary and Recommendations

HDR recommends the City charge BMID the residential un-bundled volume rate less distribution and a monthly meter charge based on the size of the meter. At this time, it is assumed that a 4-inch meter will provide the service necessary for BMID. Distribution costs were not included as BMID does not benefit from the City's larger distribution system. Table 2 provides a detail of the cost components for the BMID rate.

Mr. Pete Rogalsky
January 19, 2012
Page 4 of 4

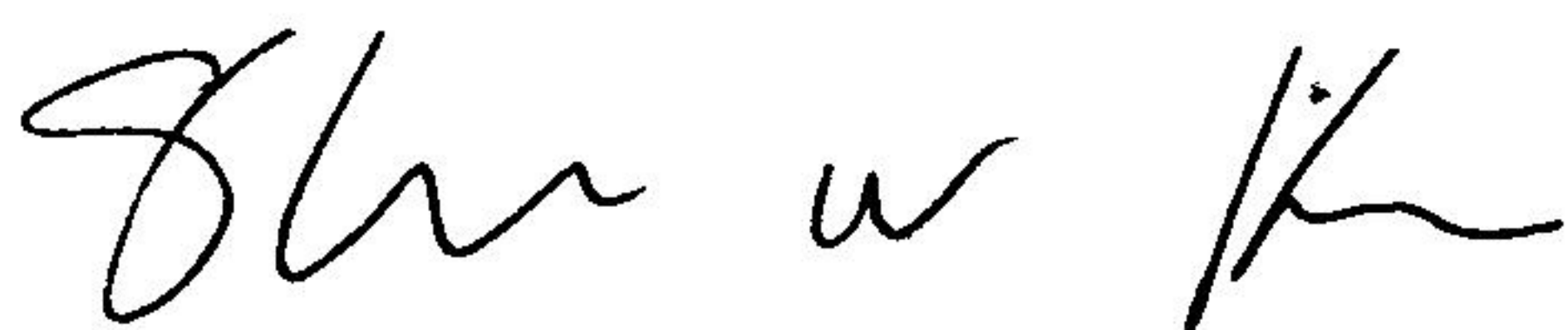
Table 2
Proposed BMID Wholesale Rate

	BMID Rate
Water Supply	\$0.25
Water Treatment	0.17
Transmission	0.22
Distribution	NA
Total \$'s per CCF	\$0.64
Customer - \$/Meter/Monthly - 4" Meter	\$416.65

If you have any questions regarding the analysis and discussion please call me.

Very truly yours,

HDR ENGINEERING, INC.



Shawn Koorn
Associate Vice President

RETAIL WATER SERVICE AREA AGREEMENT

EXHIBIT H

BMID CONNECTION FEE CALCULATION METHOD

To: Pete Rogalsky, City of Richland Brand Anderson, BMID		
From: Cil Pierce and Shawn Koorn	Project: System Development Charges for the Badger Mountain Service Subarea	
Date: December 20, 2011	Job No:	159850

RE: System Development Charges for the Badger Mountain Service Area

Introduction

The City of Richland (City) and Badger Mountain Irrigation District (BMID) retained HDR Engineering, Inc. (HDR) to develop wholesale rates for the City to provide wholesale water to BMID, and for a wholesale rate from BMID to the City. Both agencies have signed an agreement (October 8, 2009) regarding retail water service area. There is some BMID service area that is now annexed into the City. This area is known as Badger Mountain South. Another agreement amending the retail service area agreement is in the process of being signed. Results of the wholesale water rate analyses are provided under separate cover. This technical memorandum covers the methodology, findings and conclusions of the system development charge (SDC) analysis for this area.

Background Description

The City and BMID have been discussing the most logical and cost efficient way to deliver retail water service to the BMID service area. Through discussions it was determined that the entities would each service some of this specific service area. The City will provide initial retail service through the purchase of BMID water, until a later date when the City may also provide water to the service area. A key aspect of the discussion and agreement is the SDC the customers will pay to connect to the water system in this area. Key to the discussion is that the customers are ultimately in the City's annexed area, however they are also within the BMID service area. As a result the SDCs need to be reviewed as BMID will provide the initial service, but will not be collecting a SDC to reimburse them for the infrastructure that will provide service.

A discussion of the approach to modify these SDCs for the Badger Mountain service area is described below. In developing the SDC appropriate for this service area, HDR used generally accepted rate setting methodologies. These principles, techniques and methodologies are described below, along with the results of the study.

System Development Charge Review for the City Service Area

The City completed an update of the water system development charges (SDCs) in 2010, which culminated in a report dated April 2010. This report was based on planning and design criteria contained within the Draft 2009 Water Comprehensive Plan, along with the City's accounting and financing records. Within the report the approach used by HDR is well documented. In summary, HDR uses a hybrid approach to developing system development charges. That is, the system is

analyzed on a component by component basis, using the planning and design criteria appropriate to each component. The components include source of supply, storage, transmission and distribution, and general plant. A debt credit is calculated to make sure that customers are not charged twice for debt financed facilities. That is, customers pay annual debt service through rates and therefore a credit is calculated to credit any portion of the facilities which are debt financed.

Since the completion of the SDC report the Comprehensive Plan was completed, and the City had analysis of the water supply for the Badger Mountain Subarea updated in a report dated March 2011 (RH2 Engineers). This report documents several changes in the configurations for the Tapteal improvements, leading the City to review their SDCs for this particular service area. In addition to the completion of the Water Comprehensive Plan, the City also entered into two agreements, one with the Badger Mountain Irrigation District, who provides potable and non-potable water to customers in this area, and one with NorAm Investment, LLC, the developer of a major subdivision and improvements planned for the Badger Mountain Subarea. Based on these three documents, the City's SDC was updated for the Badger Mountain Subarea to be served by the City.

The changes to the SDC calculations included the following component areas, which are then described in further detail below:

- Updated the peak day capacity from 48.91 to 49.09 per the RH2 Badger Mountain Subarea Plan, March 2011.

Source of Supply

- Costs for several projects were adjusted, including the Tapteal 1 pump station, pump Tapteal 1 to 4, added the Kennedy Road pump station site (west) and doubled the South Richland groundwater source and removed the Cottonwood pump station. In total, the future source of supply SDC eligible costs reduced by \$1.7 million, resulting in a \$47 per equivalent residential unit (ERU) reduction.

Storage

- The Cottonwood tank was removed. The Tapteal 4 tanks were adjusted to the more current cost estimates. And finally, the Tapteal 3 tank was removed, for a total increased in the future storage plant costs by \$1.1 million, resulting in an increase in the cost per ERU of \$30.00.

Distribution

- The future transmission and distribution system costs were adjusted to current information, which resulted in a decrease by approximately \$250,000, deriving in a \$35 reduction in transmission and distribution costs per ERU.

The debt credit calculation reduced by \$7 per ERU.

With rounding for ease in administration and customer understanding, the cost per ERU could be reduced by \$40 per ERU overall.

Badger Mountain South System Development Charge

Since BMID will provide the initial service to the area being reviewed and its infrastructure used to provide the service, a credit to BMID needed to be developed. The specific components that will be used to provide service are the wells, transmission, and storage infrastructure. In discussion with BMID staff it was determined that BMID could provide service for another 2,500 ERUs. 200 of these ERUs are within BMID's current service area, with the remaining 2,300 in the area being reviewed. However, the City and BMID are discussing how the credit will be applied to the connections. For example, will the credit be pro-rated over the total ERUs in the area, or just for the first 2,300 ERUs. At this time, since no formal agreement has been

developed, the analysis assumes a proration of the fee over the total ERUs. The following components were reviewed to determine the credit BMID would receive from the City's SDC.

Wells - A calculation of the value of the wells was developed, based on replacement value and ENR construction costs indices, an original cost was developed. This was then divided by the well capacity to derive a cost per gallon for the wells. By applying the BMID peak day demand gallons per ERU, a cost per ERU of \$245 was developed for the BMID supply wells. However, BMID is providing water for an estimated 23% of the service area. Therefore, with the 23% applied to \$245/ERU a calculated value of \$56/ERU was determined. Therefore, when customers within this service area pay the City's established SDC of \$2,060, BMID will receive \$56 per ERU toward the buy-in component of their source of supply.

Transmission - As noted in the development of the wholesale rate, a portion of BMID's transmission mains will be utilized to provide service. Based on the replacement cost of the applicable transmission lines, and ENR construction cost indices, an original value of the applicable transmission lines was developed. This value was divided through by the total ERU's BMID will serve, the current 724 plus the additional 2,500, to calculate a value of \$126 per ERU. Assuming the proration for 23% of the service area, a credit of \$29 was developed for the transmission component. When customers connect to the area and pay the City's SDC, BMID will receive \$29 for their transmission component.

Storage - The operational storage component will also be utilized by the customers in this area. Given this, a credit was established based on a cost per gallon of storage determined by taking the two storage tanks applicable to providing service and determining the original cost divided by the total storage capacity. This cost per gallon of storage was multiplied by the storage capacity of the ERUs on BMID's system and the portion of operational storage to determine a credit of \$58. Applying the proration, BMID would receive \$13 from each connection from the City's system development charge.

In total, BMID will receive \$99 per ERU from the City's SDC for each connection in the service area being reviewed.

In addition, to the credit necessary for the infrastructure utilized by the customers from BMID, BMID also needs to expand its system to provide service to the future 2,500 customers. As a result, an additional fee to the customers in this service area was developed. This fee will be in addition to the City's existing SDC. The analysis assumes the proration of the fee over the total ERUs being served in this area. The following fee components were developed in discussion with BMID and City staff.

Source of Supply - In order to provide service to the additional 2,500 customers, BMID will need to replace one pump on an existing well and drill an additional well. Based on the additional capacity (MGD) this infrastructure will provide, an additional fee of \$348 per ERU was developed. Pro rated over the total expected ERUs in the service area results in an additional fee of \$80 per ERU.

Transmission - BMID has also provided an additional \$200,000 for a new transmission main to provide service to the area. Based on the 2,500 new ERU's this facility will benefit, an additional fee of \$80 was calculated. Pro-rating this fee over the service area total ERUs results in a charge of \$18 per ERU in addition to the City's current SDC.

The need for new infrastructure results in an additional fee of \$99 per ERU in the service area being discussed. This fee will be paid by all customers connecting to the system in addition to the City's current SDC.

Summary

This technical memorandum has discussed the approach and methodology taken to modify the City's system development charges for the Badger Mountain service area. In total, BMID will receive approximately \$200 per ERU for each of the connections assuming an equal proration over the build-out of the service area. This results in approximately \$2 million dollars in fees that BMID will need for reimbursement of existing infrastructure and to build new infrastructure to meet the demands of future growth.

The City and BMID are in the process of completing an agreement regarding retail water service in this area. These results should aide in the completion of this process.

City of Richland
Exhibit 7.A
Water System Development Charge - 2010
Determination of System Development Charge Credits

Year	Equipment List	Source of Supply (Wells)					SDC Eligible
		Replacement Cost 2011\$	2011 ENR	20-City ENR to Original Year	Estimated Original Cost	% SDC Eligible	
Existing Source of Supply [1]							
1979	450 gpm Well construction	\$851,000	9,103.94	3,140.00	\$293,515	100%	293,515
1995	150 gpm Well construction	535,000	9,103.94	5,431.55	\$319,189	100%	319,189
Total Existing Source of Supply		\$1,386,000			\$612,704		\$612,704

Capacity (mgd) [2]	0.86
Cost per Gallon	0.71
Peak Day Demand per ERU for BMID system [3]	345
Source of Supply System Development Charge per ERU [4]	\$245
Portion of ERUs to be served by BMID (2,300 of total 10,000)	23%
BMID service area Supply Credit	\$56

Notes:

- [1] Replacement cost calculated by HDR, August 2011.
[2] Capacity of wells calculated as mgd.
[3] Per July 22, 2011 email from BMID General Manager re: system components and usage.
[4] Applies the cost per gallon per ERU to the BMID source of supply. With BMID providing only a portion of the water supply, a prorated portion of the cost per ERU is calculated below.

		Transmission					
Year	Equipment List	Replacement Cost 2011\$	2011 ENR	20-City ENR to Original Year	Estimated Original Cost	% SDC Eligible	SDC Eligible
Existing Transmission [1]							
1976	Transmission Main	1,481,092	9,103.94	2,490.00	\$405,091	100%	405,091
Total Existing Source of Supply		\$1,481,092			\$405,091		\$405,091

Total BMID ERUs [2]	3,224
Source of Supply System Development Charge per ERU	\$126
Portion of ERUs to be served by BMID (2,300 of total 10,000)	23%
BMID service area Transmission Credit	\$29

Notes:

- [1] Replacement cost calculated by HDR, August 2011. Assumes 50% of the 12" pipe is transmission related.
[2] ERUs assume current BMID ERUs to 724 plus 2500 new ERUs

Year	Equipment List	Replacement Cost 2011\$	Storage		Estimated Original Cost	% SDC Eligible	SDC Eligible
			2011 ENR	20-City ENR to Original Year			
Existing Storage [1]							
1976	Storage Tanks	1,138,000	9,103.94	2,490.00	\$311,252	100%	311,252
Total Existing Source of Supply		\$1,138,000			\$311,252		\$311,252

Capacity (gallons) [2] MG	0.3
Cost per Gallon	\$1.07
Storage Requirement per ERU [3]	601
Storage Plant System Development Charge per ERU	\$645
Applicable Storage Allocation For BMID [4]	9.03%
Source of Supply System Development Charge per ERU	\$58
Portion of ERUs to be served by BMID (2,300 of total 10,000)	23%
BMID service area Storage Credit	\$13

Notes:

- [1] Replacement cost calculated by HDR, August 2011. Assumes two tanks in Zone 1 can provide service.
[2] Assumes 2 tanks at 145,000 gal each, comp plan page 12
[3] Assumes total BMID storage available divided by total current BMID connections
[4] Storage Assumptions

37,200 available for City use, two tanks operational storage
290,000 total BMID storage
12.83%

2,300 BMID ERUS in SBM Area
3,268 BMID ERUS
70.38%

9.03% percent of storage available for City use

City of Richland
Exhibit 7.B
Water System Development Charge - 2010
Determination of BMID System Development Charge

		Source of Supply (Wells)			
Year	Equipment List	Original Cost	2011 Cost	% SDC Eligible	SDC Eligible
Future Source of Supply [1]					
Future	150 gpm Well construction	\$750,000	\$750,000	100%	750,000
Future	New Well Pump	\$50,000	\$50,000	100%	50,000
Total Existing Source of Supply		\$800,000	\$800,000		\$800,000

Capacity (mgd) [2] 0.79

Cost per Gallon 1.01

Peak Day Demand per ERU for BMID system [3] 345

Source of Supply System Development Charge per ERU [4] **\$348**

Portion of ERUs to be served by BMID (2,300 of total 10,000) 23%

BMID service area Supply Charge \$80

Notes:

[1] Estimated future construction cost

[2] Assumes Capacity of new well is 150 gpm plus new pump on existing well of additional 400 gpm.

[3] Per July 22, 2011 email from BMID General Manager re: system components and usage.

[4] Applies the cost per gallon per ERU to the BMID source of supply. With BMID providing only a portion of the water supply, a prorated portion of the cost per ERU is calculated below.

		Transmission			
Year	Equipment List	Original Cost	2011 Cost	% SDC Eligible	SDC Eligible
Future Transmission [1]					
	Transmission Main	200,000	\$200,000	100%	200,000
Total Existing Source of Supply		\$200,000	\$200,000		\$200,000

Total BMID ERUs [2] 2,500

Source of Supply System Development Charge per ERU **\$80**

Portion of ERUs to be served by BMID (2,300 of total 10,000) 23%

BMID service area Transmission Credit \$18

Notes:

[1] Cost of BMID upgrades to the Transmission line to serve future customers

[2] ERUs assume served by new Improvements (2,300 SBM + 200 Zone 3)



UTILITY ADVISORY COMMITTEE AGENDA ITEM COVERSHEET

Meeting Date: 5/10/2022

Agenda Category: Items of Business

Prepared By: Michael VanBeek

Subject:

Badger South Fire Station Medical Utility Rate Setting (30 minutes)

Department:

Fire & Emergency Services

Recommended Motion:

Adjust transport rates to \$1,042 / \$1,564 and \$14.00 per mile starting in 2023, establish by policy a 90-day utility operating reserve, and maintain the household rate of \$10.00 per month for 2023.

Summary:

Richland Fire & Emergency Services staff will present the financial analysis that was recently completed associated with the completion of the station 75 SAFER funding offset, and the Badger Mountain South Station project and staffing. Following the discussion, staff will be looking for an endorsement of, or other recommendations for, several financial elements that impact the fee structure and monthly rate for 2023.

Fiscal Impact:

If adopted, the recommendations would cause the utility's unallocated balance to come down and rates to gradually increase in order to achieve overall revenue/expenditure equilibrium in the five-year planning cycle.

Attachments:

1. May 2022 UAC Packet



MEMORANDUM

**FIRE
ADMINISTRATION**

DATE: May 5, 2022

TO: Utility Advisory Committee

FROM: Tom Huntington, Fire Chief

RE: May 10, 2022 Agenda Item

Beginning in 2018, the Fire and Emergency Services (RFES) Department re-engaged with the Utility Advisory Committee (UAC) after many years of occasional and as-needed interaction. The impetus for this engagement was the City's work to prepare for the staffing of the new station in North Richland (now Station 75).

At that time, RFES had started work with FCS Group to complete our first third-party rate study. We anticipated needing to raise the Medical Utility rate from \$7.81 to \$14.00 over three years, beginning in 2019. Thankfully, the UAC approved the rate increase for year one, however, asked us to return after some additional due diligence in forming our rate for the subsequent years. During the same timeframe, the City moved to a third-party billing service, which significantly improved our collection rate.

Immediately following, we set to completing the first strategic plan for the medical utility as well as moving to account for a new revenue stream in the form of Ground Emergency Medical Transport (GEMT) funding. The GEMT program is designed to provide supplemental payment to cover the gap between a provider's actual transport costs and the allowable amount received from Medicaid. In the time since that initial re-engagement in 2018, the City has added an additional fire station, replaced another, and is in the beginning phase of adding a station and crew to the Badger South community in south Richland.

All of these factors contribute to the body of work that staff will bring before the UAC at the May meeting. The level of financial and system analysis associated with Medical Utility rate setting has improved significantly over the past several years. As you will see we are able to predict rate needs based upon the many variables with a much higher degree of clarity and confidence.

Our team is excited to share the underlying work that we have completed with the City's Finance team and look forward to a great conversation with the Committee along the way.



REVENUES	2020 Acutal	2021 Actual	2022 Projected	2023 Projected	2024 Projected	2025 Projected	2026 Projected	2027 Projected
Utility Revenue	\$ 2,953,781	\$ 3,131,364	\$ 3,167,064	\$ 3,205,530	\$ 3,244,001	\$ 4,282,434	\$ 4,332,661	\$ 5,078,442
Transport Revenue	\$ 2,269,751	\$ 3,262,204	\$ 3,240,453	\$ 3,305,274	\$ 3,371,380	\$ 3,438,808	\$ 3,507,584	\$ 3,577,735
Other Revenues	\$ 1,536,249	\$ 1,955,711	\$ 1,120,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000
TOTAL NET REVENUES	\$ 6,759,781	\$ 8,349,279	\$ 7,527,517	\$ 7,210,804	\$ 7,315,380	\$ 8,421,242	\$ 8,540,244	\$ 9,356,178
EXPENSES	2020 Actuals	2021 Actuals	2022 Projected	2023 Projected	2024 Projected	2025 Projected	2026 Projected	2027 Projected
TOTAL EXPENSES	\$ 5,353,488	\$ 6,032,674	\$ 6,325,489	\$ 8,455,254	\$ 8,612,711	\$ 8,870,193	\$ 9,135,398	\$ 9,408,560
FUND BALANCE	2020 Actuals	2021 Actuals	2022 Projected	2023 Projected	2024 Projected	2025 Projected	2026 Projected	2027 Projected
Year End Fund Balance	\$ 1,406,293	\$ 2,316,605	\$ 1,202,028	\$ (1,244,449)	\$ (1,297,331)	\$ (448,951)	\$ (595,154)	\$ (52,383)
Prior Year Fund Balance	\$ 3,308,848	\$ 4,715,141	\$ 7,031,746	\$ 7,648,011	\$ 6,403,562	\$ 5,106,231	\$ 4,657,281	\$ 4,062,127
Tri-Tech Billing Write Off			\$ (585,763)					
TOTAL FUND BALANCE	\$ 4,715,141	\$ 7,031,746	\$ 7,648,011	\$ 6,403,562	\$ 5,106,231	\$ 4,657,281	\$ 4,062,127	\$ 4,009,744
RESERVE FUNDS	2020 Actuals	2021 Actuals	2022 Projected	2023 Projected	2024 Projected	2025 Projected	2026 Projected	2027 Projected
Equipment and Program Reserves			\$ 600,000	\$ 670,000	\$ 740,000	\$ 810,000	\$ 880,000	\$ 903,630
90 Day Reserve	\$ 1,338,372	\$ 1,508,169	\$ 1,581,372	\$ 2,113,813	\$ 2,153,178	\$ 2,217,548	\$ 2,283,850	\$ 2,352,140
TOTAL RESERVES	\$ 1,338,372	\$ 1,508,169	\$ 2,181,372	\$ 2,783,813	\$ 2,893,178	\$ 3,027,548	\$ 3,163,850	\$ 3,255,770
UNALLOCATED FUNDS	\$ 3,376,769	\$ 5,523,578	\$ 5,466,639	\$ 3,619,749	\$ 2,213,054	\$ 1,629,732	\$ 898,277	\$ 753,974

City of Richland Medical Services Utility



Revenues

UTILITY REVENUE	2020	2021	2022	2023	2024	2025	2026	2027
Number of Units	24,451	25,960	26,280	26,600	26,920	27,240	27,560	27,880
Monthly Fee	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 13.09	\$ 13.09	\$ 15.19
GROSS UTILITY REVENUE	\$ 2,934,132	\$ 3,115,262	\$ 3,153,600	\$ 3,192,000	\$ 3,230,400	\$ 4,278,859	\$ 4,329,125	\$ 5,081,966
LATE FEES & BAD DEBT REC'D	\$ 19,649	\$ 16,102	\$ 45,000	\$ 45,450	\$ 45,905	\$ 46,364	\$ 46,827	\$ 47,295
UTILITY BAD DEBT / BILLING FEES	\$ -	\$ -	\$ 31,536	\$ 31,920	\$ 32,304	\$ 42,789	\$ 43,291	\$ 50,820
NET UTILITY REVENUE	\$ 2,953,781	\$ 3,131,364	\$ 3,167,064	\$ 3,205,530	\$ 3,244,001	\$ 4,282,434	\$ 4,332,661	\$ 5,078,442

TRANSPORT REVENUE	2020	2021	2022	2023	2024	2025	2026	2027
Transport Fee - Resident	\$ 660.00	\$ 660.00	\$ 660.00	\$ 1,042.00	\$ 1,042.00	\$ 1,042.00	\$ 1,042.00	\$ 1,042.00
Transport Fee - Non Resident	\$ 990.00	\$ 990.00	\$ 990.00	\$ 1,564.00	\$ 1,564.00	\$ 1,564.00	\$ 1,564.00	\$ 1,564.00
Mileage	\$ 10.00	\$ 10.00	\$ 10.00	\$ 14.00	\$ 14.00	\$ 14.00	\$ 14.00	\$ 14.00
Billable Transports	3,363	3,782	3,858	3,935	4,013	4,094	4,176	4,259
Average Revenue per Transport	\$1,083.03	\$1,225.05	\$1,302.34	\$ 1,302.34	\$ 1,302.34	\$ 1,302.34	\$ 1,302.34	\$ 1,302.34
GROSS TRANSPORT REVENUE	\$ 3,649,425	\$ 4,637,616	\$ 5,023,959	\$ 5,124,457	\$ 5,226,946	\$ 5,331,485	\$ 5,438,114	\$ 5,546,877
% For Transports Unallowed Amount	34.61%	27.23%	34%	34%	34%	34%	34%	34%
UNALLOWED AMOUNT	\$ 1,262,906	\$ 1,262,906	\$ 1,708,146	\$ 1,742,315	\$ 1,777,162	\$ 1,812,705	\$ 1,848,959	\$ 1,885,938
% For Transports Bad Debt	3.20%	2.43%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
TRANSPORTS BAD DEBT	\$ 116,768	\$ 112,506	\$ 75,359	\$ 76,867	\$ 78,404	\$ 79,972	\$ 81,572	\$ 83,203
NET TRANSPORT REVENUE	\$ 2,269,751	\$ 3,262,204	\$ 3,240,453	\$ 3,305,274	\$ 3,371,380	\$ 3,438,808	\$ 3,507,584	\$ 3,577,735

OTHER REVENUE	2020	2021	2022	2023	2024	2025	2026	2027
General Fund Contribution	\$ 550,000	\$ 550,000	\$ 550,000	\$ 550,000	\$ 550,000	\$ 550,000	\$ 550,000	\$ 550,000
GEMT True Up	\$ 672,242	\$ 822,610	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
SAFER Reimbursement	\$ 191,185	\$ 583,101	\$ 420,000	\$ -	\$ -	\$ -	\$ -	\$ -
One-Time Revenues	\$ 122,822	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OTHER REVENUE	\$ 1,536,249	\$ 1,955,711	\$ 1,120,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000
REVENUE TOTAL	\$ 6,759,781	\$ 8,349,279	\$ 7,527,517	\$ 7,210,804	\$ 7,315,380	\$ 8,421,242	\$ 8,540,244	\$ 9,356,178

City of Richland
Medical Services Utility



Expenses

EXPENSES	2020	2021	2022	2023	2024	2025	2026	2027
Annual Operating Budget	\$ 5,353,488	\$ 6,032,674	\$ 5,990,489	\$ 6,170,204	\$ 6,355,310	\$ 6,545,969	\$ 6,742,348	\$ 6,944,619
Additional Station Operating Costs (75)	\$ -	\$ -	\$ 335,000	\$ 345,050	\$ 355,402	\$ 366,064	\$ 377,045	\$ 388,357
Staffing Increase (76)	\$ -	\$ -	\$ -	\$ 1,400,000	\$ 1,442,000	\$ 1,485,260	\$ 1,529,818	\$ 1,575,712
Additional Station Operating Costs (76)	\$ -	\$ -	\$ -	\$ -	\$ 430,000	\$ 442,900	\$ 456,187	\$ 469,873
Funding Change (CJST)					\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
One Time Purchases	\$ -	\$ -	\$ -	\$ 540,000.00	\$ -	\$ -	\$ -	\$ -
TOTAL OPERATING COSTS	\$ 5,353,488	\$ 6,032,674	\$ 6,325,489	\$ 8,455,254	\$ 8,612,711	\$ 8,870,193	\$ 9,135,398	\$ 9,408,560
90 DAY RESERVE CALCULAITON	\$ 1,338,372	\$ 1,508,169	\$ 1,581,372	\$ 2,113,813	\$ 2,153,178	\$ 2,217,548	\$ 2,283,850	\$ 2,352,140

City of Richland
Medical Services Utility



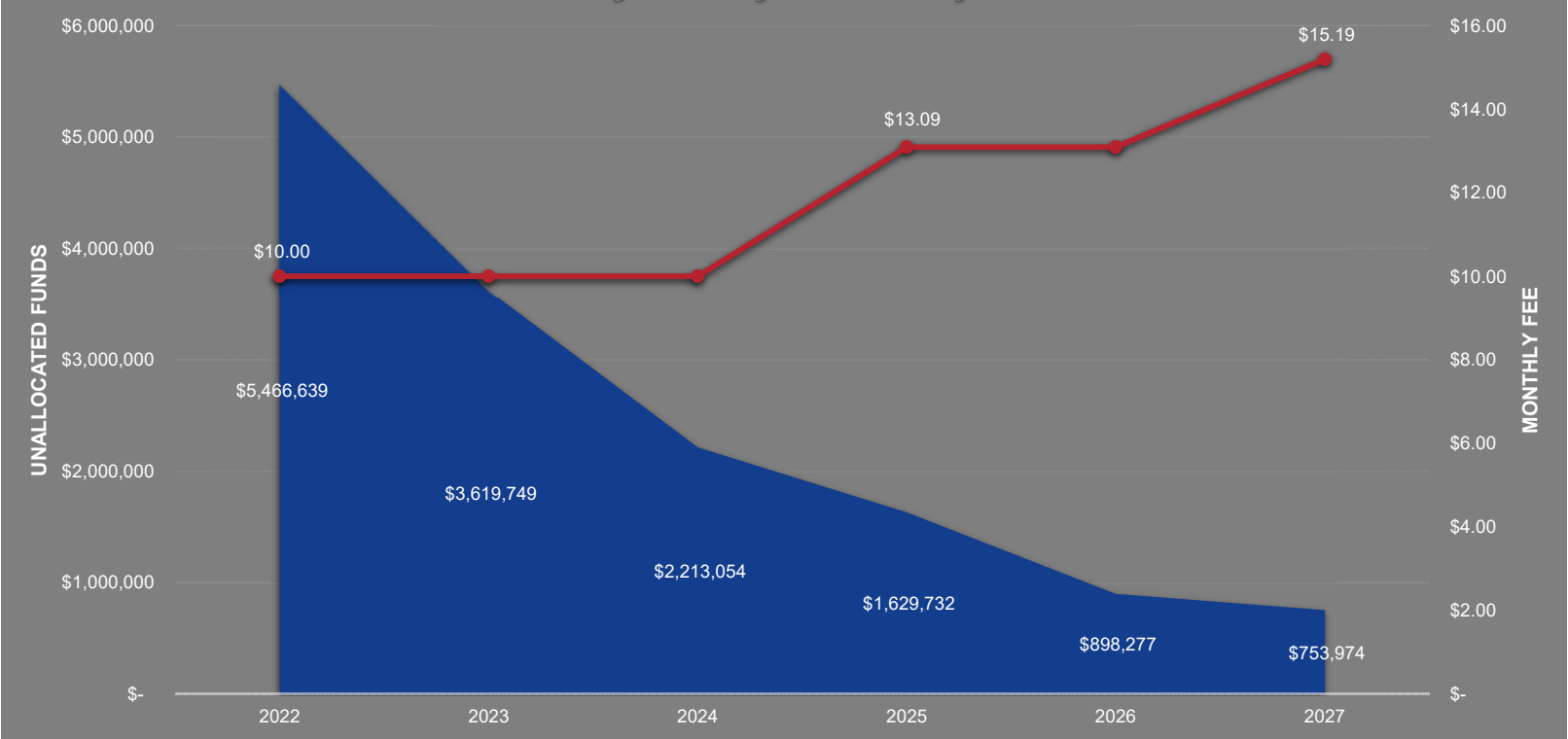
Reserves

Equipment Reserve	2022	2023	2024	2025	2026	2027
Reserve Contribution	\$ 500,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Equipment Expense	\$ -		\$ -	\$ -	\$ -	\$ 46,370
Prior Year Balance	\$ -	\$ 500,000	\$ 550,000	\$ 600,000	\$ 650,000	\$ 700,000
TOTAL EQUIPMENT RESERVE	\$ 500,000	\$ 550,000	\$ 600,000	\$ 650,000	\$ 700,000	\$ 703,630

EMS Program Reserve	2022	2023	2024	2025	2026	2027
Reserve Contribution	\$ 100,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Program Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prior Year Balance	\$ -	\$ 100,000	\$ 120,000	\$ 140,000	\$ 160,000	\$ 180,000
TOTAL EMS PROGRAM RESERVE	\$ 100,000	\$ 120,000	\$ 140,000	\$ 160,000	\$ 180,000	\$ 200,000

RESERVES TOTAL	\$ 600,000	\$ 670,000	\$ 740,000	\$ 810,000	\$ 880,000	\$ 903,630
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Monthly Utility Fee Projection





UTILITY ADVISORY COMMITTEE AGENDA ITEM COVERSHEET

Meeting Date: 5/10/2022

Agenda Category: Items of Business

Prepared By: Clint Whitney, Energy Services Director

Subject:

RMC Title 14 – Line Extension Changes (20 min)

Department:

Energy Services

Recommended Motion:

Support the modifications of RMC Title 14 to better align costs of line extensions to development and incorporate other miscellaneous updates.

Summary:

See the attached memo.

Fiscal Impact:

If approved by City Council, implementation of the RMC changes will better balance line extension costs with causation.

Attachments:

1. Staff Memo - RMC Title 14 – Line Extension Changes
2. DRAFT RMC Title 14-Line Ext and Misc Edits
3. Subdivision Example #1
4. Apartment Example
5. Commercial Example #1

**MEMORANDUM**

TO: Utility Advisory Committee

FROM: Clint Whitney, Energy Services Director

DATE: May 10, 2022

SUBJECT: RMC Title 14 – Line Extension Changes

The primary purpose of the changes to the Richland Municipal Code (RMC) Title 14 are to update Section 14.30 Line Extensions where developers will pay for all necessary electrical infrastructure. Secondly, there are miscellaneous Title 14 changes for clarification and to identify rental lighting infrastructure as legacy with future lighting installations to be customer owned and maintained.

Line extensions supporting new development have typically been budgeted at \$1.25M per year with actual costs increasing to approximately \$1.75M per year. The increase in costs over time is compounded by recent cost increases for distribution transformers, switchgear, and underground cable. Distribution transformers ordered prior to 2021 were typically \$1.5k for a 50kVA transformer. In 2021, a similar 50kVA transformer increased to \$4.5k and almost \$10k in 2022. Correspondingly, distribution transformer lead times have increased from 8-12 weeks to 46-63 weeks. Costs and lead times for switchgear, underground cable and other electrical infrastructure are experiencing similar issues.

The changes to Section 14.30 will require developers to pay for all electrical distribution infrastructure including distribution transformers and switchgear which were previously City provided as capitalized equipment from inventory. Attached are three examples of line extension estimates which show an existing estimated work order total and then the subtractions for City provided capitalized equipment (shown as COR Owned Material & Equipment & Overhead). Standard construction allowances are managed through the annual [City Fee Schedule](#). Implementation of the RMC changes for Section 14.30 Line Extensions would eliminate the subtraction of City provided capitalized equipment (COR Owned Material & Equipment & Overhead).

	Est Work Order Total, \$	COR Material & Equip & OH, \$	Standard Construction Allowance, \$	Construction Costs, \$
Subdivision Example	\$42,417.38	-\$9,015.77	\$0	\$33,401.61
Commercial Example	\$64,344.72	-\$58,801.33	\$0	\$5,543.39
Apartment Example	\$53,241.11	-\$35,239.18	-\$1,239.00	\$16,762.93

Title 14
ELECTRICITY

Chapters:

- 14.04 General Provisions**
- 14.08 Definitions**
- 14.12 Applications for Service**
- 14.16 Connections and Meters**
- 14.20 Billing**
- 14.24 Rates and Charges**
- 14.30 Line Extensions**
- 14.31 Pole Attachments**
- 14.32 Offenses and Penalties**

Chapter 14.04

GENERAL PROVISIONS

Sections:

- 14.04.010 Scope.
- 14.04.020 Revision.
- 14.04.030 Severability.
- 14.04.040 Discretionary provisions.
- 14.04.050 Verbal agreements.
- 14.04.060 Master planned communities.

14.04.010 Scope.

This title shall be considered as part of all contracts for electric service from the facilities owned by the city of Richland and applies to all service received, whether the service is based upon signed application, specially negotiated contract, oral agreement, or otherwise. [Ord. 90 § 1.01; Ord. 18-05 § 1.01; Ord. 40-10 § 1.01].

14.04.020 Revision.

This title may be revised, amended, supplemented, or otherwise changed from time to time, without notice. Such changes, when effective, shall have the same force as the present title and shall be deemed incorporated into preexisting contracts. [Ord. 90 § 1.02; Ord. 18-05 § 1.01; Ord. 40-10 § 1.01].

14.04.030 Severability.

The invalidity of any chapter, section, subsection, provision, clause, or portion thereof, or the invalidity of the application thereof to any person or circumstance shall not affect the validity of the remainder of this title or the validity of its application to other persons or circumstances. [Ord. 90 § 1.03; Ord. 18-05 § 1.01; Ord. 40-10 § 1.01].

14.04.040 Discretionary provisions.

Whenever under the provisions of this title discretion is vested in the director, such discretion shall be subject to the control of the city manager. [Ord. 90; Ord. 18-05 § 1.01; Ord. 40-10 § 1.01; Ord. 39-15 § 1].

14.04.050 Verbal agreements.

No promise, agreement, or representation of any employee or agent of the city with reference to the furnishing of electric energy shall be binding upon the city, unless same shall be in writing signed by the director, or his authorized agent, in accordance with the provisions of this title. [Ord. 90; Ord. 18-05 § 1.01; Ord. 40-10 § 1.01; Ord. 39-15 § 1].

14.04.060 Master planned communities.

A development agreement entered by the city under the authority of RCW 36.70B.170 through 36.70B.210, governing development of a master planned community, may provide that the procedures, standards and other provisions of the agreement shall supersede or otherwise modify the provisions of this title. For purposes of this section, “master planned community” shall mean an integrated development over 1,000 acres in size, developed under unified control according to a master plan, that provides for a mix of residential, commercial, civic, and recreational uses. [Ord. 40-10 § 1.01].

Chapter 14.08

DEFINITIONS

Sections:

14.08.010	Definitions.
14.08.015	Avoided cost.
14.08.020	Billing month.
14.08.025	Chief electrical engineer.
14.08.030	Customer.
14.08.040	Construction costs of distribution facilities.
14.08.050	Construction payment.
14.08.060	Demand.
14.08.070	Department.
14.08.075	Director.
14.08.080	Distribution extension.
14.08.090	Distribution reinforcement.
14.08.100	Extension completion date.
14.08.110	Indeterminate service.
14.08.115	<i>Repealed.</i>
14.08.120	Multiple dwellings.
14.08.130	Net metering.
14.08.140	On-peak period.
14.08.150	Permanent service.
14.08.160	Person.
14.08.170	Point of delivery.
14.08.175	Power quality.
14.08.180	Refund of construction payment.
14.08.190	Residence.
14.08.200	Service lateral.
14.08.205	Special equipment.
14.08.210	Standard construction allowance.
14.08.220	Temporary service.
14.08.230	Traffic management systems.

14.08.010 Definitions.

The following words and phrases shall, when used in this title, have the meanings attributed to them in this chapter. [Ord. 90; Ord. 12-94; Ord. 15-03; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.015 Avoided cost.

“Avoided cost” means the cost to the electric utility of electric energy which could be purchased from another source. [Ord. 13-19 § 1].

14.08.020 Billing month.

“Billing month” means the month which includes the last day of the period of electrical consumption for which the customer will be billed. [Ord. 12-94; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.025 Chief electrical engineer.

“Chief electrical engineer” means the chief electrical engineer of the department. [Ord. 39-15 § 2; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.030 Customer.

“Customer” means any person who uses, has used, or has contracted to use department electric energy. [Ord. 12-94; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.040 Construction costs of distribution facilities.

“Construction costs of distribution facilities” means the combined costs of all facilities necessary to the distribution extension or reinforcement, including satisfactory right-of-way. [Ord. 12-94; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.050 Construction payment.

“Construction payment” means the amount advanced by the applicant to pay all construction costs ~~in excess of the standard construction allowance~~. [Ord. 12-94; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.060 Demand.

“Demand” for any billing period means the average kilowatt delivery during the 30-minute period in which the consumption of energy is the greatest during the billing period. [Ord. 12-94; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.070 Department.

“Department” means the energy services department of the city. [Ord. 12-94; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.075 Director.

“Director” means the director of the department. [Ord. 39-15 § 2; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.080 Distribution extension.

“Distribution extension” means distribution facilities including primary and secondary distribution lines, service laterals, and all appurtenant facilities excepting transformers and meters necessary to supply service to an additional customer. [Ord. 12-94; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.090 Distribution reinforcement.

“Distribution reinforcement” means increase in size of existing facilities necessitated by applicant’s estimated electric requirements. [Ord. 12-94; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.100 Extension completion date.

“Extension completion date” means the date on which the construction of the distribution extension or distribution reinforcement is completed as shown by the city’s records. [Ord. 12-94; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.110 Indeterminate service.

“Indeterminate service” means service where the amount and permanency of service cannot be assured including industrial or commercial enterprises of speculative nature, real estate subdivisions, development of property for sale, enterprises where the applicant will not be the user of electric service or where there is little or no immediate demand for service. [Ord. 12-94; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.115 Investment cost recovery incentive.

Repealed by Ord. 13-19. [Ord. 14-07; Ord. 14-12 § 1; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1].

14.08.120 Multiple dwellings.

For rate purposes, premises including two or more residential units are residences only if separate metering circuits for each unit are provided without costs to the department. All other premises including two or more residential units shall be considered multiple dwellings. Such premises are billed at a commercial rate. [Ord. 12-94; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.130 Net metering.

“Net metering” is the application of metering that measures the net difference between delivered real energy (kWh) to a customer and received real energy (kWh) from a customer’s net metering system over a billing interval as defined in Chapter 80.60 RCW or hereafter amended. [Ord. 14-07; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.140 On-peak period.

“On-peak period” means the interval of time from 7:00 a.m. to 10:00 p.m., Monday through Saturday. All other hours are considered the “off-peak period.” [Ord. 12-94; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.150 Permanent service.

“Permanent service” means service to residential, commercial or industrial customers where the use of service, including amount and permanency, can be reasonably assured. [Ord. 12-94; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.160 Person.

“Person” means any natural person, firm, partnership, or corporation. [Ord. 12-94; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.170 Point of delivery.

“Point of delivery” means the point where the department’s electric facilities are first connected to the electric facilities of a customer. The location of the point of delivery will be determined by the city in accordance with standard practice or as individual circumstances may dictate. [Ord. 12-94; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.175 Power quality.

Acceptable “power quality” at the point of common coupling demarcation point is that which meets general, steady state, transient, and harmonics recommendations of ANSI C84.1, IEEE 1159, IEEE 1250, IEEE 519, IEEE 446, IEC 868, and other recognized standards as determined by the chief electrical engineer. Interconnection power quality shall additionally meet recommendations of IEEE P1453 and IEEE 929. [Ord. 14-07; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.180 Refund of construction payment.

“Refund of construction payment” means the amount of construction payment returned to customers or assignees by the city. [Ord. 12-94; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.190 Residence.

“Residence” means any residential unit with a separate meter, any mobile home in a mobile home park if it is supplied with electricity through a separate meter, and any house or building used on a farm; any building used as a place of worship, school, grange building, or building used by a fraternal organization, if the connected load is less than 25 kilowatts. [Ord. 12-94; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.200 Service lateral.

“Service lateral” means the secondary overhead or underground electric circuit and associated facilities located between the department’s distribution line and the point of delivery to a customer. Service lateral provides service for customer’s exclusive use. [Ord. 12-94; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.205 Special equipment.

“Special equipment” means equipment above and beyond what is normally included in each rate structure to provide electrical service on the distribution system. Special equipment is items not stocked as part of warehouse inventory and ordered for specific installations at a customer’s request with the intent of providing additional reliability, capacity, or enhanced service. [Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.210 ~~Standard construction allowance.~~

~~“Standard construction allowance” means that portion of necessary construction made by the department at its expense. Separate allowances will be established for residential customers and for nonresidential customers.~~ [Ord. 12-94; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.220 Temporary service.

“Temporary service” means service to customers where the expected period of usage is less than 12 months, including service to circuses, bazaars, fairs, concessions and construction sites. [Ord. 12-94; Ord. 39-15 § 2; Ord. 59-15 § 1; Ord. 41-17 § 1; Ord. 13-19 § 1].

14.08.230 Traffic management systems.

“Traffic management systems” shall be as defined and described in WAC Title 296, WAC 296-46B-010(16) through (23). [Ord. 41-17 § 1; Ord. 09-18 § 1; Ord. 13-19 § 1].

Chapter 14.12

APPLICATIONS FOR SERVICE

Sections:

- 14.12.010 Application for service – Special contracts.
- 14.12.020 Effect of service without application or agreement.
- 14.12.030 Nonliability for interruption of service.
- 14.12.040 Termination of contract by customers.

14.12.010 Application for service – Special contracts.

Each prospective customer desiring electrical service shall submit an application for service upon a form provided by the city. From and after July 1, 1981, any application for utility services made by the tenant of leased or rented residential premises shall be accompanied by a utility services deposit as provided in RMC 3.26.010; provided, however, that said utility services deposit for electrical services shall not be required for those individuals who are residents of premises managed or owned by the Richland Housing Authority, nor is it required for those residential tenants who have qualified for a waiver of the utility deposit under RMC 3.26.020, exemption from deposit. For commercial or industrial service, a special individually written contract may be entered into by the customer and the city. The applicant must give the department not less than 24 hours' notice of the date on which he wishes electrical service to him to begin. Connection of service on the date requested is contingent upon the facilities available for service. [Ord. 90; Ord. 743 § 3.01; Ord. 27-81 § 1.02; Ord. 34-83 § 1.01; Ord. 41-83; Ord. 62-83; Ord. 17-87].

14.12.020 Effect of service without application or agreement.

In the absence of a signed agreement or application for service, the delivery of electric service and the acceptance thereof by the customer shall be deemed to constitute an agreement that incorporates this title. [Ord. 90; Ord. 16-03].

14.12.030 Nonliability for interruption of service.

The city will use reasonable diligence to provide a regular and uninterrupted supply of current, but in case the supply of current should be interrupted or disturbed for any cause, the city shall not be liable for personal injuries or property damage or any damage whatsoever resulting therefrom, nor will such failure constitute a breach of agreement for service. [Ord. 90; Ord. 16-03].

14.12.040 Termination of contract by customers.

See RMC 14.24.020. [Ord. 90; Ord. 16-03].

Chapter 14.16

CONNECTIONS AND METERS

Sections:

- 14.16.010 Connections to city system.
- 14.16.020 Unauthorized connections to system prohibited.
- 14.16.030 Unauthorized dual service connections prohibited.
- 14.16.040 Inspections authorized prior to connection.
- 14.16.050 Underground service lines.
- 14.16.060 Service entrance.
- 14.16.070 Meter installations.
- 14.16.080 Ownership of metering equipment.
- 14.16.090 Meters.
- 14.16.110 Meter tests.
- 14.16.120 Customer's wiring – Standards.
- 14.16.130 Inspections.
- 14.16.140 Voltage fluctuations caused by customers.
- 14.16.150 *Repealed.*
- 14.16.160 Electric space heating – New installations.
- 14.16.170 Water heaters – Limitation of supply.
- 14.16.180 Rationing authorized in case of power shortage.
- 14.16.190 Permission for cutting of city wires required.
- 14.16.200 Discontinuance of service authorized if customer's system defective.
- 14.16.210 Additional loads – Customer's responsibility to notify department of change in load.

14.16.010 Connections to city system.

After submittal of an application and payment of deposit, or after execution of an agreement, the department shall connect the customer's electrical wiring system to the electrical system of the city, in accordance with the provisions set forth in this chapter. Such work may be performed at times convenient to the operation of the department. [Ord. 90 § 4.01; Ord. 39-15 § 3; Ord. 41-17 § 2].

14.16.020 Unauthorized connections to system prohibited.

It is unlawful for any person other than a duly authorized employee of the city to connect any house, premises, wire, or other equipment with the city's electric system. [Ord. 90 § 4.02; Ord. 39-15 § 3; Ord. 41-17 § 2].

14.16.030 Unauthorized dual service connections prohibited.

It is unlawful for any customer to connect his electric wires to those of any other person, or in any way to supply any other person with city-supplied electric energy through his wiring system without first filing a written application for such connection or use in the office of the director and receiving a permit therefor. [Ord. 90 § 4.03; Ord. 39-15 § 3; Ord. 41-17 § 2].

14.16.040 Inspections authorized prior to connection.

The director may, before connecting any premises with the city's electric system or furnishing electric energy therefrom, cause the customer's premises' wiring and electric equipment to be carefully inspected; he may require such wiring and electric equipment to be put in proper condition, as defined in RMC 14.16.120 through 14.16.170; and he may, until the same are in such condition, refuse to connect the service wires with the city's electric system. [Ord. 90 § 4.04; Ord. 39-15 § 3; Ord. 41-17 § 2].

14.16.050 Underground service lines.

The department will provide underground electric service in accordance with the following regulations:

A. Underground Service to a Development.

1. Primary Service Lines. High voltage underground service will be provided to developments where feasible. The department will provide and install ~~all or a portion of the trenching~~, cable, junction boxes, and pad-

mounted transformers and will coordinate the work with any other utilities involved for that portion of construction performed by the department. Developer will provide and install the conduit and vault system as designed by the department.

2. Secondary Service Lines. ~~Secondary service lines are usually installed for the convenience of the department and will be provided as needed by the department.~~ The department will provide and install cable and junction boxes. Developer will provide and install the conduit system as designed by the department.

3. Service Lines. The service lines between the transformer, the secondary service lines or distributing points will, except for trenching and conduit, be installed by the department and sized to provide adequate service reliability, voltage regulation and safety.

B. Underground Service to a Subdivision.

1. Primary Service to a Subdivision. The department ~~may will provide~~ and install all or a portion of the trenching, cable, junction boxes and pad-mounted transformers and will coordinate the work with other utilities involved for that portion of construction performed by the department. Developer will provide and install the conduit and vault system as designed by the department.

2. Secondary Service Lines. ~~Secondary service lines will be installed for convenience to the department and constructed as needed.~~ The department will provide and install cable and junction boxes. Developer will provide and install the conduit system as designed by the department.

3. Service Lines. All service lines will be underground except in those instances where the owner or builder has justifiably proved that it is not feasible and that overhead lines are required.

C. Conversion of Existing Overhead to Underground.

1. Service Lines. Existing overhead service lines may be converted to underground as follows:

a. Customer Convenience. When the customer wishes to have overhead services placed underground before normal replacement is required, the department will inspect premises and prepare cost estimates of the new installation. If it is determined that underground installation is feasible, the customer will be advised of technical aspects of their part in revamping building service entrance. The department will install underground service from pole to the customer's point of connection and prorate charge to the customer on the following basis:

i. Customer provides trench and conduit and pays all costs incurred.

ii. Customer shall be responsible for coordinating with other utilities which may be affected.

b. Department Convenience. When it becomes necessary to relocate service lines for reasons pertinent only to the department, each customer will be offered an opportunity to convert his entrance to concealed underground service and assume at least a portion of the expense. The department will install a conduit riser on outside of building to connect from underground to existing entrance connection in those instances where customer does not desire a concealed service entrance.

2. Secondary Service Lines. These lines are only for use by the department and will be placed underground where feasible.

3. Primary Service Lines.

a. Customer Convenience. All primary lines may be placed underground for customer's convenience with the total cost of the project paid by a local improvement district and/or the customer.

b. Utility Department Convenience. The department may convert primary service lines in an entire area from overhead to underground when pole deterioration or other factors pertinent to the operation of an electric utility makes such work necessary.

D. Commercial and Industrial Services.

1. Underground service to commercial and industrial customers will be provided ~~by the department when deemed feasible by the director and owned by the customer.~~

2. Since commercial and industrial installations combine varied arrangements, the director reserves the right to evaluate each individual installation.

E. Easements. The department will be provided with necessary easements at no cost to the city.

F. Overhead Services. Overhead services can be provided from an underground installation where justified by setting a short service pole adjacent to the power source. [Ord. 90 § 4.05; Ord. 296; Ord. 366 § 1.04; Ord. 18-77 § 1.07; Ord. 38-79 § 1.01; Ord. 39-15 § 3; Ord. 41-17 § 2].

14.16.060 Service entrance.

The customer shall provide a suitable service entrance to the premises at the point of easiest access to the distribution line that the department proposes to connect to the customer's system. Such entrance shall be continuous and so arranged that the possibility of improper tampering or interference is minimized. [Ord. 90 § 4.06; Ord. 366 § 1.02; Ord. 38-79 § 1.02; Ord. 39-15 § 3; Ord. 41-17 § 2].

14.16.070 Meter installations.

Depending on the particular installation, the department may provide a portion of the customer's service entrance equipment. The type of metering equipment (which may include meter, current transformer and enclosures, meter bases and junction boxes) shall be determined by the chief electrical engineer. In those instances where nonstandard metering equipment is required, any excess costs may be assessed to the customer.

Meter sockets shall be placed only at those locations authorized by the chief electrical engineer and shall afford proper protection to meters. In order that the meter can be easily read, the center of the meter socket shall be located not less than five feet nor more than six feet above finish grade.

If, as determined by the chief electrical engineer, the meter is inaccessible or improperly located for reading, the customer shall be required to relocate his service entrance to a suitable location or the department may install a remote metering device and all costs incurred shall be borne by the customer. [Ord. 90 § 4.07; Ord. 366 § 1.03; Ord. 18-77 § 1.08; Ord. 38-79 § 1.03; Ord. 39-15 § 3; Ord. 41-17 § 2].

14.16.080 Ownership of metering equipment.

All meters and other facilities furnished by the city shall be and remain the city's property, and they may be removed, replaced, or repaired at any time. [Ord. 90 § 4.08; Ord. 39-15 § 3; Ord. 41-17 § 2].

14.16.090 Meters.

The department will install and maintain all meters and other equipment necessary for measuring the amount of electricity used by customers. Should the customer desire the installation of meters other than those necessary to measure adequately the electricity received by the customer, such additional meters shall be supplied, installed and maintained by the department with all costs incurred by the customer. [Ord. 90 § 4.09; Ord. 173; Ord. 18-77 § 1.09; Ord. 62-83; Ord. 39-15 § 3; Ord. 41-17 § 2].

14.16.110 Meter tests.

The department will make periodic tests and inspections of meters and will make additional tests or inspections of meters at the request of any customer. No charge shall be made for any such additional test if there is a meter error of more than two percent.

If the meter error is two percent or less, the actual cost of such additional test but not less than \$25.00 shall be charged to and collected from the customer.

If any test shows a meter error of more than two percent, a pro rata adjustment shall be made in the customer's billing for a period of not more than 90 days prior to the date of the test; provided, that in no event shall any adjustment be made for any period prior to the date of any previous meter test. [Ord. 90 § 4.12; Ord. 18-77 § 1.10; Ord. 38-79 § 1.04; Ord. 39-15 § 3; Ord. 41-17 § 2].

14.16.120 Customer's wiring – Standards.

All wiring of every customer's premises must conform to the State of Washington Electric Code, applicable city ordinances, and accepted modern standards, including the National Electric Safety Code and the National Electric Code. [Ord. 90 § 4.12; Ord. 39-15 § 3; Ord. 41-17 § 2].

14.16.130 Inspections.

The director or any city employee acting under his authority shall have free access at any reasonable time to any premises furnished with electric energy by the department for the purposes of inspecting any wires or electrical devices upon such premises, reading or installing meters, removing or repairing any property of the department, or for any other reasonable purpose relating to the city electrical system.

As recognized and authorized by RCW 19.28.010(3), the director will designate a qualified employee, per RCW 19.28.321, to perform electrical inspections of the traffic management system. [Ord. 90 § 4.13; Ord. 39-15 § 3; Ord. 41-17 § 2].

14.16.140 Voltage fluctuations caused by customers.

Customers shall not cause unusual fluctuations or disturbances in the electrical system. Customers may be required, at their own expense, to install suitable apparatus which will reasonably limit such fluctuations. [Ord. 90 § 4.14; Ord. 41-17 § 2].

14.16.150 Lower power factor devices.

Repealed by Ord. 39-15. [Ord. 90 § 4.15].

14.16.160 Electric space heating – New installations.

All electric space heating installations, other than heaters designed for use as plug-in heaters, must meet the following minimum requirements:

A. Individual heaters over 1,500 watts capacity must be controlled by an adjustable thermostat.

B. All permanently installed electric heating installations must conform to current codes in regard to type of equipment, application and method of installation. The heating elements shall be controlled by one or more thermostats and the control shall be so arranged that the heating units can be thermostatically or manually connected. [Ord. 90 § 4.16; Ord. 173; Ord. 47-78 § 1.02; Ord. 39-15 § 3; Ord. 41-17 § 2].

14.16.170 Water heaters – Limitation of supply.

The director may limit the supply of electric energy to water heaters in such manner and at such times as, in his judgment, system conditions require. [Ord. 90 § 4.17; Ord. 296; Ord. 39-15 § 3; Ord. 41-17 § 2].

14.16.180 Rationing authorized in case of power shortage.

During period of power shortage, the director may limit the use of electric space heating in any manner that may be deemed necessary. At any time, the director may refuse to supply electricity to any customer whose demand therefor may seriously impair service to any other customer. [Ord. 90 § 4.18; Ord. 39-15 § 3; Ord. 41-17 § 2].

14.16.190 Permission for cutting of city wires required.

Whenever it becomes necessary to remove, disconnect, or cut any wires belonging to the city, prior notice shall be given to the chief electrical engineer by the person desiring such removal, cutting, or disconnection, stating when and where the same is required. Such cutting, disconnecting, or removing of wires shall be done by or under the direction of the chief electrical engineer; and the cost of labor and materials shall be borne by the person desiring the work to be done. [Ord. 90 § 4.19; Ord. 39-15 § 3; Ord. 41-17 § 2].

14.16.200 Discontinuance of service authorized if customer's system defective.

The director shall have the right at any time to discontinue service to any customer whose wiring or electrical equipment is defective, dangerous, or detrimental to the electrical system until such wires or equipment are repaired or restored to the standards required by RMC 14.16.040 and 14.16.120 through 14.16.160 and to a safe operating condition. [Ord. 90 § 4.20; Ord. 39-15 § 3; Ord. 41-17 § 2].

14.16.210 Additional loads – Customer’s responsibility to notify department of change in load.

The department has the responsibility of providing electrical equipment of a suitable capacity to deliver power in accordance with the customer’s load requirements. In the event that the customer changes his load materially, exceeding that initially provided, he shall notify the department sufficiently in advance so that the department may revise its facilities accordingly. In the event that the customer fails to notify the department and, as a result, the city’s equipment is damaged, the customer shall be liable for the costs of such damage. [Ord. 90 § 4.21; Ord. 41-17 § 2].

Chapter 14.20

BILLING

Sections:

- 14.20.010 Meter reading and billing.
- 14.20.020 Power factor adjustment.
- 14.20.030 Discontinuance of service.
- 14.20.040 Customer class of service changes reflecting demand levels.
- 14.20.050 Utility occupation tax.

14.20.010 Meter reading and billing.

Meter reading, monthly estimated and fractional billing and delinquency information can be found in Chapter 3.30 RMC (finance). [Ord. 90 § 5.01; Ord. 34-96; Ord. 16-03].

14.20.020 Power factor adjustment.

If the power factor at which power is delivered to the customer is less than 97 percent lagging, the billing demand may be increased by one percent for each one percent or major fraction thereof that the average power factor is less than 97 percent lagging.

The average power factor will be determined by measurement of kilowatt hours and reactive kilovolt-ampere hours during the billing period using the following formula:

$$\text{AveragePowerFactor} = \frac{\text{KilowattHours}}{\sqrt{(\text{KilowattHours})^2 + (\text{ReactiveKVARH})^2}}$$

[Ord. 90; Ord. 334; Ord. 453; Ord. 10-03; Ord. 16-03].

14.20.030 Discontinuance of service.

The director may discontinue service for failure by any customer to pay charges for service.

The director may discontinue service to a customer for theft of current or the attachment by customer to any wires belonging to the city of devices used for theft of current. Discontinuance of service does not release the customer from his obligation to pay charges for service provided hereunder. [Ord. 90; Ord. 16-03].

14.20.040 Customer class of service changes reflecting demand levels.

A customer, served under a rate schedule specifying a metered demand (kilowatt) range, will be evaluated monthly to determine whether actual metered demand falls within the class demand range. If the customer's demand activity occurs outside the specified demand (kilowatts) range during at least seven monthly billing periods in any consecutive 12-month period, then the customer will be reclassified to the appropriate customer class consistent with actual historical demand activity. If the customer's metered demand is substantially impacted by extended reductions in service, such as seasonal operation or prolonged maintenance or other outages, then demand activity will be evaluated with this in mind. [Ord. 10-03; Ord. 16-03].

14.20.050 Utility occupation tax.

In addition to the various rate schedules, the prevailing utility occupation tax shall be charged for this service. [Ord. 10-03; Ord. 16-03; Ord. 39-12 § 1].

Chapter 14.24

RATES AND CHARGES

Sections:

- 14.24.020 Termination of contract by customer.
- 14.24.030 Service charges – Temporary service.
- 14.24.035 Service charges – Permanent or altered service.
- 14.24.040 Trouble calls.
- 14.24.050 Nonstandard service.
- 14.24.060 Retail electrical rates.
- 14.24.070 Character of certain special uses.
- 14.24.100 Special rules if premises used for both residential and commercial purposes.
- 14.24.120 Street lighting.
- 14.24.130 Rental lighting.
- 14.24.140 De minimis unmetered loads.
- 14.24.150 School and municipal building rate.
- 14.24.180 Athletic field floodlighting.
- 14.24.190 Special charges and billing rules.
- 14.24.200 *Repealed.*
- 14.24.210 Renewable energy system incentive.
- 14.24.220 Net metering.

14.24.020 Termination of contract by customer.

A customer who has fulfilled his contract terms and wishes to discontinue service must give at least three days' notice to that effect, unless his contract specifies otherwise. Notice to discontinue service prior to expiration of the contract term will not relieve the customer from any minimum or guaranteed payment required by the contract or rate. [Ord. 90 § 6.02; Ord. 12-94; Ord. 39-15 § 4; Ord. 13-19 § 2].

14.24.030 Service charges – Temporary service.

Customers requiring temporary electrical service, at premises where electric utility facilities are available, shall pay to the department an amount equal to the estimated cost of all labor, equipment and all nonrecoverable materials required to install and remove the temporary service, less the estimated salvage value. In cases where temporary service can be provided from an existing power source using light duty service wire the charge shall not be less than the temporary service fee published in the city's user fees and charges schedule. Where electric utility facilities are not adequate or available to provide temporary electrical service, the department will extend service in accordance with the policies in Chapter 14.30 RMC.

The rate for electricity used from the temporary service shall be at the rate schedule applicable to the class of service. At the discretion of the chief electrical engineer, unmetered temporary services will be allowed when the service provides temporary construction power to a single-family dwelling lot and the term of the service is less than three months. In the event an unmetered temporary service extends beyond three months the customer shall pay an additional three-month temporary service fee for each three-month period beyond the initial three-month term. [Ord. 296; Ord. 74-74 § 1.02; Ord. 30-75 § 1.01; Ord. 18-77 § 1.12; Ord. 23-78 § 1.01; Ord. 12-94; Ord. 37-07; Ord. 39-15 § 4; Ord. 13-19 § 2].

14.24.035 Service charges – Permanent or altered service.

Customers requiring permanent electrical service rated at 600 volts or less, at premises where electric utility facilities are available at the property, shall pay to the department an amount equal to the estimated cost of all labor, equipment and materials, including metering, required to install the service. In cases where permanent services are of a capacity of 400 amps or less the charge shall not be less than the new service charges published in the city's user fees and charges schedule. The charge assumes the department shall install up to 100 feet of service wire, as measured on the premises. Any additional service wire over 100 feet shall be charged at the estimated cost of additional wire.

Customers requiring alteration of existing electric utility facilities, including but not limited to rewires, relocations, conversions or upgrades, shall pay the department an amount equal to the estimated cost of all labor, equipment and materials, including metering, required to alter the utility facilities serving such services.

Where electric utility facilities are not adequate or available to provide permanent service or accommodate the required customer service alterations the department will extend service in accordance with the policies of Chapter 14.30 RMC. [Ord. 37-07; Ord. 39-15 § 4; Ord. 13-19 § 2].

14.24.040 Trouble calls.

The customer shall notify the department immediately should service be unsatisfactory for any reason or should there be any defects, trouble or accidents affecting the supply of electricity.

The department will be responsible for promptly making repairs to damage occurring to city equipment, which impairs service to its customers or results in a hazardous condition. When a trouble call is made at a customer's request, and the trouble is due to the customer's acts, negligence, or to failure of his equipment or wiring, the minimum charge shall be actual cost, plus overhead costs, but in no case less than \$15.00. Billing costs shall be as determined by the chief electrical engineer. [Ord. 90 § 6.04; Ord. 74-74 § 1.03; Ord. 18-77 § 1.13; Ord. 12-94; Ord. 39-15 § 4; Ord. 13-19 § 2].

14.24.050 Nonstandard service.

Customers shall pay the cost of any special installation necessary to meet particular requirements for service at other than standard voltages or for the supply of closer voltage regulation than required by standard practice.

When it is necessary to construct additional lines and install facilities for furnishing three-phase service or a nonstandard voltage or phase, the service will be provided in accordance with the policies of Chapter 14.30 RMC. [Ord. 90 § 6.05; Ord. 12-94; Ord. 37-07; Ord. 39-15 § 4; Ord. 13-19 § 2].

14.24.060 Retail electrical rates.

Rates for electricity are summarized by class of service as listed below. Rates are effective with the first bill received in June 2019 and apply to all usage during the billing period.

SCHEDULE 10: General Residential

- A. Availability: In all territory serviced by the city's electrical utility.
 - B. Applicability: To domestic uses of electric energy by all residential customers not eligible under other rate schedules.
 - C. Character of Service: Sixty hertz alternating current of such phase and voltage as the electric utility may have available.
 - D. Delivery Point: The following rates are based upon the supply of service to the entire premises through a single delivery and metering point. Separate supply for the same customer at other points of consumption shall be separately metered and billed.
 - E. Rates:
 - Daily Service Charge:

Single-phase service:	\$0.69/day
Multiphase service:	\$0.98/day
Monthly Energy Charge:	\$0.0741/kWh
- F. For electrical service supplied to residential customers qualifying as low income senior or low income disabled citizens, the service charge shall be waived and the energy charge shall be discounted 15 percent of Schedule 10. Qualifications and other information regarding low income senior or low income disabled citizens can be found in Chapter 3.29 RMC (finance).

SCHEDULE 20: Small General Service

- A. Availability: In all territory served by the city's electric utility.

- B. Applicability: To all nonresidential uses supplied through a single meter where anticipated monthly maximum demand does not exceed 50 kilowatts and the load is not eligible under other rate schedules.
- C. Character of Service: Sixty hertz alternating current of such phase and voltage as the electric utility may have available.
- D. Rates:
 - Daily Service Charge:
 - Single-phase service: \$0.86/day
 - Multiphase service: \$1.16/day
 - Monthly Energy Charge: \$0.0667/kWh
 - Monthly Demand Charge: No Charge

SCHEDULE 22: Medium General Service

- A. Availability: In all territory served by the city's electric utility.
- B. Applicability: To all nonresidential uses supplied through a single meter, where anticipated monthly maximum demand is greater than 50 kilowatts, but less than or equal to 300 kilowatts, and the load is not eligible under other rate schedules.
- C. Character of Service: Sixty hertz alternating current of such phase and voltage as the electric utility may have available.
- D. Rates:
 - Daily Service Charge:
 - Single-phase service: \$1.38/day
 - Multiphase service: \$1.66/day
 - Monthly Energy Charge: \$0.0428/kWh
 - Monthly Demand Charge: \$5.17/kW

SCHEDULE 24: Large General Service

- A. Availability: In all territory served by the city's electric utility.
- B. Applicability: To all nonresidential uses supplied through a single meter, where anticipated monthly maximum demand is greater than 300 kilowatts, but less than or equal to 1,000 kilowatts, and the load is not eligible under other rate schedules.
- C. Character of Service: Sixty hertz alternating current of such phase and voltage as the electric utility may have available.
- D. Rates:
 - Daily Service Charge:
 - Multiphase service: \$2.01/day
 - Monthly Energy Charge: \$0.0428/kWh
 - Monthly Demand Charge: \$5.58/kW

SCHEDULE 30: Small Industrial

- A. Availability: In all territory served by the city's electric utility.
- B. Applicability: To all nonresidential uses supplied through a single meter where anticipated monthly maximum demand is greater than 1,000 kilowatts but less than or equal to 5,000 kilowatts and the load is not eligible under other rate schedules.

C. Character of Service: Sixty hertz alternating current of such phase and voltage as the electric utility may have available.

D. Rates:

Daily Service Charge:

Multiphase service: \$8.34/day

Monthly Energy Charge: \$0.0428/kWh

Monthly Demand Charge: \$5.92/kW

SCHEDULE 31: Large Industrial

A. Availability: In all territory served by the city's electric utility.

B. Applicability: To all nonresidential uses supplied through a single meter where anticipated monthly maximum demand is greater than 5,000 kilowatts and the load is not eligible for service under other rate schedules.

C. Character of Service: Sixty hertz alternating current of such phase and voltage as the electric utility may have available.

D. Rates:

Daily Service Charge: \$8.34/day

Monthly Energy Charge: \$0.0423/kWh

Monthly Demand Charge: \$5.52/kW

SCHEDULE 33: Economic Development Rate

A. Terms and conditions of negotiated rate will be by contract.

B. Will be based upon the benefits derived from the new load and/or employment opportunities that expand the local economy.

C. Will utilize marginal costing concept.

SCHEDULE 40: Small Irrigation 0 – 60 Horsepower

A. Availability: In all territory served by the city's electric utility.

B. Applicability: To uses of electrical power on a continuous basis for seasonal agricultural irrigation pumping or agricultural drainage pumping.

C. Character of Service: Sixty hertz alternating current of such phase and voltage as the electric utility may have available.

D. Rates:

Monthly Energy Charge: \$0.0650/kWh

Monthly Demand Charge: No Charge

Annual Service Charge:

To be billed at beginning of irrigation season.

(1) \$194.10 single-phase service.

(2) \$258.80 multiphase service.

SCHEDULE 45: Large Irrigation Over 60 Horsepower

- A. Availability: In all territory served by the city's electric utility.
- B. Applicability: To uses of electrical power on a continuous basis for seasonal agricultural irrigation pumping or agricultural drainage pumping.
- C. Character of Service: Sixty hertz alternating current of such phase and voltage as the electric utility may have available.
- D. Rates:
 - Monthly Energy Charge: \$0.0428/kWh
 - Monthly Demand Charge: \$7.30/kW
 - Annual Service Charge:
 - To be billed at beginning of irrigation season.
 - \$0.57/horsepower all horsepower greater than 60, plus:
 - (1) \$194.10 single-phase service.
 - (2) \$258.80 multiphase service.

SCHEDULE 60: Traffic Lighting

- A. Availability: In all territory served by the city's electric utility.
- B. Applicability: To municipally owned traffic-regulating signal systems on public streets and highways.
- C. Character of Service: Sixty hertz alternating current of such phase and voltage as the electric utility may have available.
- D. Rates:
 - Daily Service Charge: \$0.69/day
 - Monthly Energy Charge: \$0.0653/kWh

SCHEDULE 90: Cable Television Amplifier/Small Cell

- A. Availability: In all territory served by the city's electric utility.
- B. Applicability: To owners of cable television amplifiers or small cell installed on facilities owned by the city's electric utility.
- C. Character of Service: Sixty hertz alternating current of such phase and voltage as the electric utility may have available.
- D. Rates:
 - Monthly Energy Charge: \$0.0667/kWh

SCHEDULE 100: New Large Single Load

- A. Availability: In all territory served by the city's electric utility.
- B. Applicability: To new large single load customers defined in Public Law 96-501 and as such constitute electrical loads greater than or equal to 10 average megawatts during any consecutive 12-month period and which cause the utility to incur wholesale power costs in excess of normal rates.
- C. Character of Service: Sixty hertz alternating current of such phase and voltage as the electric utility may have available.
- D. Rates: Terms and conditions of negotiated rate will be by contract.

[Ord. 90; Ord. 173; Ord. 74-74; Ord. 18-77; Ord. 47-78; Ord. 38-79; Ord. 75-80; Ord. 66-81; Ord. 55-82; Ord. 8-87; Ord. 19-87; Ord. 6-90; Ord. 43-91; Ord. 11-93; Ord. 43-93; Ord. 12-94; Ord. 31-96; Ord. 55-99; Ord. 15-02; Ord. 10-03; Ord. 16-03; Ord. 10-04; Ord. 31-12 § 1; Ord. 03-13 § 1; Ord. 04-15 § 1; Ord. 39-15 § 4; Ord. 35-17 § 1; Ord. 13-19 § 2; Ord. 19-19 § 1; Ord. 15-20 § 1].

14.24.070 Character of certain special uses.

Motors with individually rated capacities of more than seven and one-half horsepower must be served at commercial rates. Christmas or other temporary decorative residential lighting may be served at residential rates. Where additional facilities are required to serve decorative lighting, the distributor will charge the customer actual costs, including overhead costs, for the installation and removal of the facilities. [Ord. 90 § 6.07; Ord. 12-94; Ord. 14-94; Ord. 39-15 § 4; Ord. 13-19 § 2].

14.24.100 Special rules if premises used for both residential and commercial purposes.

The residential rate is not applicable to any space in a residential dwelling which is regularly used for commercial purposes or for other gainful activities. In such cases, if a separately metered circuit is provided at no cost to the city for the commercial portion of the dwelling, the appropriate commercial rate shall be applied to the power requirements. If a separately metered circuit is not provided, the entire power requirements of the premises must be billed under the commercial rate.

If the premises are used primarily as a private dwelling and space in the dwelling is only occasionally used for commercial purposes, the residential rate shall be applied to the entire power requirements. [Ord. 90 § 6.10; Ord. 43-91; Ord. 39-15 § 4; Ord. 13-19 § 2].

14.24.120 Street lighting.

For all municipally owned lighting systems for public streets, publicly owned parking areas, and parks, service shall be provided pursuant to the applicable street lighting rates published in the city's user fees and charges schedule. Such service shall include maintenance of and replacement of lamps for overhead lighting systems of such areas. The provisions of this fee schedule shall not apply to rates for energy supplied under specific contracts negotiated for such purpose. [Ord. 39-15 § 4; Ord. 13-19 § 2].

14.24.130 Rental lighting.

For municipally owned [legacy](#) rental lighting facilities consisting of overhead construction with mast arms and luminaires mounted on poles, service shall be provided at the request of property owners or long-term lessees of property pursuant to the applicable rental lighting rates published in the city's user fees and charges schedule. Lighting facilities supplied under this provision shall remain the property of the city and shall be supplied only pursuant to a contract with the customer, the term of which shall be a period of not less than three years. [Current lighting practice is for new lighting to be owned and maintained by customer on customer property without City infrastructure or maintenance support.](#) [Ord. 39-15 § 4; Ord. 13-19 § 2].

14.24.140 De minimis unmetered loads.

For loads determined by the chief electrical engineer to be of a de minimis nature, service shall, with the authorization of the director, be provided pursuant to the applicable de minimis unmetered loads rate published in the city's user fees and charges schedule. [Ord. 39-15 § 4; Ord. 13-19 § 2].

14.24.150 School and municipal building rate.

There are no rate discounts for electricity supplied at schools or municipal buildings. [Ord. 90 § 6.15; Ord. 173; Ord. 74-74 § 1.07; Ord. 79-74 § 1.01; Ord. 55-75 § 1.01; Ord. 18-77 § 1.20; Ord. 43-91; Ord. 16-03; Ord. 39-15 § 4; Ord. 13-19 § 2].

14.24.180 Athletic field floodlighting.

For athletic field lighting, an investment charge may be made based upon the city's investment in furnishing and installing the equipment devoted to supplying the athletic field lighting service. Energy will be billed in accordance with the appropriate rate schedule and each installation will be considered a separate customer for billing purposes. Customers' bills rendered in accordance with this provision shall be subject to any surcharge and amortization charge applied by the director. [Ord. 90 § 6.18; Ord. 173; Ord. 296; Ord. 12-94; Ord. 10-03; Ord. 16-03; Ord. 31-12 § 1; Ord. 39-15 § 4; Ord. 13-19 § 2].

14.24.190 Special charges and billing rules.

Charges for energy supplied under the provisions of RMC 14.24.180 shall be computed as follows:

A. Energy. When the energy supplied is metered, the meter shall be installed in or connected to the lighting circuit and the billing shall include the energy delivered to and consumed in all circuits and equipment used exclusively for lighting purposes. When the energy supplied is not metered, the monthly energy charge shall be computed from the lamp wattage plus five percent for losses, multiplied by the number of hours of use, multiplied by the applicable energy rate as determined by the chief electrical engineer.

B. Capital Investment Computation. The department's capital investment costs, used as a basis for computing charges, shall consist of the cost of all labor, material and equipment, plus appropriate overhead costs, used to construct the lighting system.

C. Annual Operation and Maintenance Computation. The department's annual operation and maintenance costs, used as a basis for computing charges, shall be eight percent of the capital investment cost and shall provide for all routine maintenance, including lamp replacement, performed on the lighting system.

D. Computation of Charges. Computation of monthly charges shall be one percent of the capital investment cost plus one-twelfth of the annual operation and maintenance cost plus the charge for energy consumed by the lighting system. [Ord. 90 § 6.19; Ord. 173; Ord. 38-79 § 1.12; Ord. 12-94; Ord. 39-15 § 4; Ord. 13-19 § 2; Ord. 13-19 § 2].

14.24.200 Investment cost recovery incentive.

Repealed by Ord. 13-19. [Ord. 14-07; Ord. 14-12 § 2; Ord. 25-13 § 1.02; Ord. 39-15 § 4].

14.24.210 Renewable energy system incentive.

The department may offer a renewable energy system incentive program that shall be governed by RCW 82.16.160, 82.16.165, 82.16.170 and 82.16.175 and Chapter 504-49 WAC as written or hereafter amended.

Customers participating in the renewable energy system incentive program with systems approved and installed after November 1, 2018, shall be assessed a program and production meter fee as listed in the city fee schedule. [Ord. 13-19 § 2].

14.24.220 Net metering.

A net metering customer shall be billed according to the applicable retail electric rate in RMC 14.24.060. Each net metering customer shall be charged the daily service charge and the energy charge for all energy delivered to the customer from the utility for the applicable billing period. Each net metering customer shall be credited the energy charge for all real energy received by the utility from the net metering system. Customers with net metering systems approved and installed after November 1, 2018, shall be assessed a net metering infrastructure fee per kWh of received generation as listed in the city fee schedule. The net metering infrastructure fee shall be calculated as the current retail kWh rate less the avoided cost of energy.

Customers with net metering systems approved and installed after November 1, 2018, shall be assessed a net meter installation fee as listed in the city fee schedule. [Ord. 13-19 § 2].

Chapter 14.30

LINE EXTENSIONS

Sections:

- 14.30.010 General provisions.
- 14.30.020 Ownership of facilities.
- 14.30.030 Standard construction and construction payment classifications.
- 14.30.040 Calculation and payment of refund.
- 14.30.050 Reinforcements.
- 14.30.060 Overhead to underground conversion, relocations.
- 14.30.065 Special equipment.
- 14.30.070 Exceptions.

14.30.010 General provisions.

When one or more applicants request overhead or underground electric service at premises not connected to the department's distribution system or request an increase or change in service to premises already connected where such increase necessitates additional investment, the department, after consideration of applicant's electric requirements, will designate the service requested as permanent, indeterminate or temporary in accordance with the definitions.

The determination of facility type and routing will be made by the department to be consistent with the characteristics of the territory in which service is to be rendered and the nature of the department's existing facilities in the area.

In all cases, the facilities provided will be constructed to conform to the department's construction specifications. Distribution line extension contracts will be based upon the department's estimate of the cost of construction and installing the facilities necessary to adequately supply the service requested by the applicant. Such cost will include the cost of all materials, labor, rights-of-way, trench and backfill, tree trimming, etc., together with all incidental and overhead expenses connected therewith including, but not limited to, engineering and legal expenses. Where special items, not incorporated in said specifications, are required to meet construction conditions, the cost thereof will also be included. [Ord. 12-94; Ord. 59-15 § 2].

14.30.020 Ownership of facilities.

Distribution system extensions installed by the department and/or applicant shall be and remain the property of the department and any payments made by the applicant shall not entitle the applicant or anyone other than the department to any ownership and easement right herein. [Ord. 12-94; Ord. 59-15 § 2].

14.30.030 Standard construction and construction payment classifications.

A. Permanent Service. Permanent service is applicable to overhead or underground electric line extensions for secondary or primary service where the use of service is to be permanent and where a continuous return to the department of sufficient revenue to support the necessary investment is reasonably assured.

~~For electric service of a permanent character, the department will install, at its expense, necessary overhead or underground electric distribution extension facilities equivalent in cost to the gross embedded investment per customer as the standard construction allowance. A review and recalculation of the standard construction allowances will be made from time to time.~~

Applicant shall be required to pay to the department as a construction payment all estimated costs for electric distribution facilities necessary to serve applicant in excess of the standard construction allowance. Said construction payment shall be refundable in part or in its entirety during a five-year period, if a valid late comers' agreement has been signed. At the end of said five-year period, any remaining construction payment becomes nonrefundable.

B. Indeterminate Service. Indeterminate service is applicable to overhead or underground electric line extensions for service which is of an indefinite or indeterminate nature, such as that required by, but not limited to:

1. Real estate subdivisions and development of property for sales;
2. Other enterprises of speculative characteristics; or
3. All other service to which neither permanent service or temporary service is applicable.

For electric service of an indeterminate character involving real estate subdivisions and development of land for sale, applicant shall be required to pay to the department as a construction payment all estimated costs for necessary overhead or underground electric distribution extension facilities. Said construction payment may be refundable to the developer in part or in its entirety during a five-year period, if a valid late comers' agreement has been signed, commencing with the extension completion date after which. At the end of the said five-year period, any remaining unrefunded construction payment becomes nonrefundable. For all other types of electric service of an indeterminate character, applicant shall be required to pay to the department the entire estimated cost for necessary overhead or underground electric distribution extension facilities as a nonrefundable construction payment. ~~No standard construction allowance will be permitted in these instances.~~

The amount of the refund to developers of commercial real estate, where more than one meter can be installed, shall be determined by the department on a case-by-case basis. The refund amount shall be based on ~~investment and projected revenue considerations~~ the number of lots connected to permanent residential service in the five-year period following the completion of the project. In no event shall the ~~standard construction allowance~~ refund be greater than the ~~nonresidential standard construction allowance~~ estimated cost for the line extension or less than the applicable residential standard construction allowance.

C. Temporary Service. Temporary service is applicable to overhead or underground electric line extensions where service is of a known temporary nature.

For electric service of a temporary character, the applicant shall be required to pay to the department as a construction payment an amount equal to the estimated cost of installing and removing all necessary overhead or underground electric distribution extension facilities, less the estimated salvage value. If temporary service is continued for more than 18 months following the extension completion date, the nature of such continued service will be evaluated and, if appropriate, reclassified as indeterminate service. [Ord. 12-94; Ord. 59-15 § 2].

14.30.040 Calculation and payment of refund.

Distribution line extensions requiring customer construction payment are subject to refunds during the five-year period commencing with the extension completion date. Such refunds will be made in conformance with the provisions applicable to refunds under the appropriate classification under which the extension is identified. No refunds will be made after the five-year period following the extension completion date and any remaining unrefunded customer construction payment becomes a permanent contribution and no longer subject to refund for any reason. In no case shall refunds be made which exceed in total the amount of construction payment made by any customer. Where a permanent service customer who has made a construction payment terminates service within the refund period and another permanent customer takes service at the same location, the first customer may transfer his right to refunds, if any, to the new customer, provided a written agreement covering such transfer is executed by the customers and accepted by the department at the time the new customer applies for service. A permanent customer who terminates service and does not transfer refund eligibility to a new customer shall bear full responsibility of notifying the department of address changes such that refunds, if any, can be forwarded. In no event shall any indeterminate or temporary customer who has terminated service be eligible for any refund after such termination.

A. Permanent Service. Construction payments made under this extension shall be subject to refund without interest during the five-year period following the extension completion date as follows:

For each additional permanent service customer connected directly to an electric distribution extension upon which there are unrefunded construction payments remaining, the department will recalculate the construction cost of the distribution facilities, ~~based upon the standard construction allowance corresponding to such additional customer or customers~~, as well as appropriate sharing of construction payment requirements among all customers to be served by the distribution line extension. Construction payments as required of each additional customer or customers must be made prior to connection of electric service laterals. Refunds of construction payments, where appropriate, will be calculated and paid once each year during the refund period and at the time determined by the department. Each

customer having made a construction payment will receive as a refund the amount necessary to adjust the construction payment to the proper level considering the additional customers served from the extension and considering the standard construction allowance effect, if any, from a subsequent extension.

In the case of a subsequent extension made from an extension on which there are remaining unrefunded customer construction payments and where the initial calculated standard construction allowance from customers on said subsequent extension would exceed the construction costs for such extension, the excess standard allowance will be credited to the extension on which there are remaining unrefunded customer construction payments and become a part of the annual refunds made thereon.

Additional customers of an indeterminate service or temporary service classification can be served from a permanent extension on which unrefunded customer construction payments remain only after first allocating a portion of the construction costs of the permanent extension on a permanent basis to such indeterminate service or temporary service customers. The portion of customer construction payments required from such indeterminate service or temporary service customers resulting from said allocation will correspondingly reduce the responsibility of customers on the permanent extension and become a part of the annual refund made to such customers.

B. Indeterminate Service. Construction payments made under indeterminate extension for real estate or land development shall be subject to refund without interest during the five-year period following the extension completion date as follows:

At the end of each year for five years following the extension completion date, a refund will be made to the developer based on the additional standard construction allowances for additional customers served from the extension after first increasing the original extension costs and customer payment requirements to reflect additional secondary and service lateral investment.

Customers of a permanent service or temporary service classification can be served from an indeterminate extension on which construction payments remain only after first allocating a portion of the costs of the indeterminate extension on a permanent basis to such permanent service or temporary service customers. The portion of customer construction payments required from said allocation will then become a part of an annual refund to be made to customers on the indeterminate extension, and would be in addition to the amount of refund based on the standard construction allowance being made otherwise.

C. Temporary Service. No refund of construction payments for temporary service will be made unless the subject extension is subdivided by the addition of permanent service or indeterminate service customers or in the event that the temporary service customer is reclassified as an indeterminate service customer as follows:

1. Customers of a permanent service or indeterminate service classification can be served from a temporary extension only after first allocating a portion of the costs of the temporary extension on a permanent basis to such permanent service or indeterminate service customers. The portion of customer construction payments required from said permanent service or indeterminate service customers resulting from said allocation will be refunded to customers on the temporary extension.
2. A temporary service customer continuing to require service after an 18-month period will be subject to reevaluation as to the nature of service. If appropriate, such customer and the associated construction will be reclassified as indeterminate service with costs and refund consideration being reevaluated. In no event shall the total amount refunded to any customer exceed the total construction payment made by that customer. [Ord. 12-94; Ord. 59-15 § 2].

14.30.050 Reinforcements.

Where electric distribution system reinforcement is required for serving a residential applicant's total load requirements, other than for three-phase considerations, the department will make such reinforcements at its expense. For all classes of service, any required reinforcement shall generally recognize the construction cost, standard construction allowance, and customer construction payment provisions of this extension policy in accordance with individual agreements between applicant and the department based upon the amount, character and permanency of the load. [Ord. 12-94; Ord. 59-15 § 2].

14.30.060 Overhead to underground conversion, relocations.

Customer or customers desiring to have existing overhead facilities installed underground or desiring to have existing overhead or underground facilities relocated may request the department to make such changes.

If the department determines that such conversion or relocation can reasonably be made, the department will make such conversion or relocation on the following basis:

The estimated remaining life value of the department's existing facilities plus the cost of removing such facilities less salvage value shall be paid by the customer or customers as a nonrefundable payment. New facilities to be installed will then be considered in all respects as a new distribution extension under the terms and conditions of this extension policy.

In areas where undergrounding of existing overhead facilities is required by actions of the department, the costs of the conversion will be borne by the department. [Ord. 12-94; Ord. 59-15 § 2].

14.30.065 Special equipment.

Where special equipment is requested by customers, the lifecycle costs associated with the design, procurement, installation, operation and maintenance, and replacement/upgrade of the special equipment shall be paid by the requesting customer in advance of installation. The fully burdened costs are to be based upon a standard estimation framework developed and approved by the chief electrical engineer. The chief electrical engineer reserves the right to not provide special equipment if the equipment or installation will cause more risk or harm to other customers or to the electrical distribution system. [Ord. 59-15 § 2].

14.30.070 Exceptions.

In the situation where the extension is of such length and the prospective customer revenue temporarily or permanently to be derived therefrom is so limited as to make it doubtful whether necessary fixed costs on the investment would be earned, the department reserves the right to require applicant to pay in advance all construction costs and, in addition, contract to pay the department annually an amount to cover the cost of depreciation, operation and maintenance, and pertinent costs related to such facilities.

Where line extensions are required for three-phase industrial or commercial customers, the department, at its sole discretion, shall permit the applicant to enter a five-year agreement for electric service which will guarantee the department sufficient return on investment to justify the line extension in lieu of a construction payment. This option may only be offered to permanent customers. If offered, the department may construct extensions to an applicant; provided, that applicant guarantees to pay the department five annual payments, each payment equal to 20 percent of the actual extension cost. The first payment shall be made one year from issuance of the certificate of occupancy of the applicant's facility or the date of substantial completion, whichever comes first. The department may, at its sole discretion, require the applicant to provide cash, surety bond, or approved letter of credit to secure the revenue grantee. [Ord. 12-94; Ord. 37-07; Ord. 59-15 § 2].

Chapter 14.31

POLE ATTACHMENTS

Sections:

- 14.31.010 General provisions.
- 14.31.020 Notification and coordination.
- 14.31.030 Pole attachment requirements.
- 14.31.040 Pole attachment fees.
- 14.31.050 Indemnification and hold harmless.

14.31.010 General provisions.

The purpose of this chapter is to ensure the safe and efficient use of overhead lines on city-owned poles within the city's rights-of-way or public utilities easements and to pay for the use of the poles. This policy establishes provisions necessary to ensure compliance with WAC Titles 12 and 28 and the city's standard construction practices and specifications. This chapter applies to all electric and telecommunication system entities, franchises, and service providers and nonservice providers as defined in RMC Title 28 that attach lines, equipment, or other devices to city-owned poles.

For the purpose of definitions, "joint pole users" shall mean all current or future utilities or entities with line, equipment or device attachments on a city-owned pole. [Ord. 8-98; Ord. 29-01].

14.31.020 Notification and coordination.

A. Each joint pole user shall ~~give prior written notification to the public works director for each attachment project_ submit a joint use application to the department for approval for each attachment project. The notification shall be given in a timely manner to allow for ample engineering and coordination by all affected joint pole users.~~ The joint pole user shall obtain a construction permit per RMC 14.31.030 before attaching to city-owned poles.

B. Each joint pole user shall promptly respond to city notifications related to, but not limited to, maintenance, relocation, rearrangement, violations or abandonment of joint pole installations.

C. Whenever it is necessary to replace or relocate a joint-use pole, the city shall give notice thereof in writing at least 30 days prior to date on which it intends to change such pole (except in case of emergency, when verbal notice will be given and subsequently confirmed in writing) to the joint pole users. Each joint pole user shall relocate facilities to the new pole within 60 days at the expense of the joint pole user as provided below. When circumstances warrant additional time to relocate, the director or his authorized representative may grant such additional time as is reasonable under the circumstances.

1. Relocation of poles requiring overhead lines to be relocated overhead. If such relocation is reasonably necessary for construction, alteration or improvement of the right-of-way for purposes of public health, safety and welfare, as required by the city, grantees may not seek reimbursement for their relocation expenses from the city unless otherwise provided for by law. In the event the relocation is requested by a private third party, that third party shall pay the cost of relocation.

2. Relocation of facilities from overhead to underground. If such relocation is requested by the city when reasonably necessary for construction, alteration or improvement of the right-of-way for purposes of public welfare, health and safety, the grantee may not seek reimbursement for its relocation expenses from the city, unless otherwise provided by law. If requested by a private third party, the third party shall pay the cost of such relocation.

3. In the event of abandoned poles by the city, all joint pole users may be afforded an opportunity to purchase such poles at a fair market value, in accordance with city policy and state law.

D. The city, as pole owner, may deny access if the attachment project will result in safety, reliability, or generally accepted engineering standards not being met, and where the city retains future use of structure. Nothing herein contained shall be construed to compel the city to maintain any of its poles for a period longer than is necessary for

its own service requirements. In the event the city wishes to discontinue use of any such pole or poles and to remove, relocate and/or retire it or them, it shall send a written notice to that effect to the joint pole users and the joint pole users shall remove their attachments from such pole or poles within 60 days after the sending of such notice, or within such shorter period of time as is required in case of emergency.

E. Sufficient coordination including submittal of project plans and exchange of information shall take place between joint pole users so that the attachment does not create a WAC violation or conflict. All joint users shall promptly share design specifications for their infrastructure with others upon request.

F. Notwithstanding any other provisions of this chapter, notification requirements and reimbursement for relocation of facilities of a service provider as defined under RMC Title 28 shall be in accordance with RCW 35.99.060. [Ord. 8-98; Ord. 21-99; Ord. 29-01].

14.31.030 Pole attachment requirements.

A. Construction Permit. Joint pole users shall obtain a construction permit in accordance with Chapter 12.08 RMC. Upon completion of an attachment project, the modifying entity shall give written certification to the pole owner that the attachment project is complete and complies with the construction permit.

Unless excepted by the city, cabling and pole attachment designs, specifically relating to pole strength and clearances considering all pole attachment uses per Washington Administrative Code shall be certified by a professional electrical engineer registered in the state of Washington. Certification by a registered professional engineer will not be required for projects under \$1,000, service drops by utility or telecommunication entities, routine maintenance in the rights-of-way, or if designed in accordance with the city's guidelines for pole attachments.

When the application is satisfactory and approved, one copy of the plans, map, sketches, and application will be returned to the applicant along with written approval to proceed. Upon completion of an attachment project, the modifying entity shall give written certification to the pole owner that the attachment project is complete and complies with the construction permit.

B. Construction Requirements. In any instance where the joint pole user's facilities are installed contrary to the Electrical Construction Code of the state of Washington or the city's standard practices and specifications, the joint pole user shall at its sole expense and within 30 days following written notice from the city, change, improve, or renew its installed equipment in such manner as the city may direct. If violation of any conditions applicable to the said installation is observed, the city reserves the right to stop construction immediately, and correction of the violation will be made before any part of the construction is continued.

The joint pole user shall, at its expense, install guys necessary to support the strain imposed on any pole by the installation of their facilities. When existing anchors are adequate in size and strength to support the equipment of all joint pole users, a joint pole user may attach its guys thereto. When anchors are not of adequate size and strength, the party requiring additional anchors shall, at its own expense, install new anchors or request the owner to replace existing anchors with anchors adequate in size and strength.

The joint pole user shall bear all costs involved in contacting any pole owned by the city. If it is necessary for the city to do any work on poles to provide contact space, this work will be done only as crews are available to do so in their regular work schedule. Any other schedule will have to be on overtime rate at the expense of the company requiring the work.

C. Communications Space Available to Joint Pole Users. Where space is available to permit compliance with the State of Washington Electrical Construction Code and Safety Code, joint pole users engaged in the telecommunications utility business may be allotted contact space in the area occupied by other joint pole users. All joint pole users shall operate and maintain their communications facilities in such a condition as to avoid conflicts or interference with other joint pole users. Additions to or alterations by a joint pole user shall be coordinated with all joint pole users. A joint pole user may not limit the installation, alteration or maintenance of facilities of another joint pole user. Changes to communications facilities on a joint use pole shall be at the expense of the requesting party.

D. Maintenance and Emergency Repairs. Each party shall at all times maintain all of its ~~attachments, and attachments~~ and perform any necessary tree-trimming or cutting incidental ~~thereto, and thereto and~~ thereto and shall keep them in safe conditions and in thorough repair. In an emergency where it is necessary to clear lines and restore electric power to the city's customers as the result of an accident, windstorm, earth slide, or other condition where power lines, poles, or other supporting structures are damaged, destroyed or are in serious danger thereof, the city's employees may transfer the joint pole user's facilities to new or other poles, or do any other work required in connection with the joint pole user's equipment necessary to restore electric service to the city's customers. The joint pole user shall reimburse the city for all costs incurred in connection with such emergency work done on the licensee's facilities. [Ord. 8-98; Ord. 21-99; Ord. 29-01].

14.31.040 Pole attachment fees.

On or about July 1st of each year the city, acting in cooperation with joint pole users, shall determine the total number of pole contacts as of the preceding day. Said tabulation shall include the number of contacts on city-owned poles. The fee herein provided for shall be paid within 30 days after the bill has been ~~submitted, and submitted and~~ submitted and shall cover the calendar year in which the count is made.

The pole attachment fee will be as provided in the city's posted fee schedule and based on market rates for pole attachment as determined by the energy services director. [Ord. 8-98; Ord. 21-99; Ord. 29-01; Ord. 63-19 § 2].

14.31.050 Indemnification and hold harmless.

The joint pole user shall defend, indemnify and hold harmless the city, its officers, officials, employees and volunteers from any and all claims, injuries, damages, losses or suits including attorney's fees, arising or issuing out of the granting joint use of city poles under this chapter, except as may be caused by the negligence or willful conduct on the part of the city of Richland. [Ord. 8-98; Ord. 21-99].

Chapter 14.32

OFFENSES AND PENALTIES

Sections:

- 14.32.020 Destruction of property.
- 14.32.030 City service to be exclusive – Resale of electricity.
- 14.32.040 Violations – Penalties.

14.32.020 Destruction of property.

It is unlawful for any person in any manner to injure, mutilate, destroy, remove, disconnect or in any way interfere or tamper with any of the machinery, poles, wires, meters, or other equipment owned by the city and used as a part of the electrical distribution system of the city. [Ord. 90 § 8.02].

14.32.030 City service to be exclusive – Resale of electricity.

All purchased electric service (other than emergency or standby service) used on the premises of customer shall be supplied exclusively by the city. No person shall directly or indirectly sell, sublet, assign, or otherwise dispose of to another, electrical power received by him from the city. No person shall buy, lease, or otherwise receive electrical power except from the city. Nothing herein shall be taken as forbidding landlords who pay for power used by their tenants from providing such power and charging a mutually agreed figure therefor. [Ord. 90 § 8.03].

14.32.040 Violations – Penalties.

Any person who has violated any provision of this chapter shall have committed a civil infraction subject to a civil penalty as set forth in RMC 10.02.050(E).

Provided, if the same violator has been found to have committed an infraction violation for the same or similar conduct two separate times, with the violations occurring at the same location and involving the same or similar sections of the Richland Municipal Code or other similar codes, the third or subsequent violation shall constitute a misdemeanor, punishable as provided in RMC 1.30.010 for criminal offenses. [Ord. 90 § 8.04; Ord. 17-84; Ord. 06-10 § 1.27].



CITY OF RICHLAND
ENERGY SERVICES DEPARTMENT
Work Order Summary

Prepared By:
Job Extension #:
Work Order #:
Run Date: **3/30/2022**
Run Time: **10:05:52AM**

Work Order Description:
Work Location:

Billing Information

Name:

Address:

Phone:

Svc Request: _____
Drawings: _____
Other: _____
Fee Est#: _____

Material Summary

Inventory Cost: **\$ 12,778.43**
CoR Owned Material & Equipment: **6,678.35**
Overhead on Inventory Costs: 35% **\$ 4,472.45**
Overhead on CoR Owned Material & Equipment: 35% **2,337.42**
Subtotal: **\$ 26,266.66**

Equipment Summary

Equipment Charges: **\$ 1,510.58**

Crew & Labor Summary

Install Hours:	160.11	Install Costs:	\$ 7,312.41
Retired Hours:	0.40	Retired Costs:	\$ 18.27
Total Hours:	160.51		
Overhead @:	52.40%	Overhead Costs:	\$ 3,841.27
		Subtotal:	\$ 11,171.95

Additional Costs Summary

Additional Costs: **\$ 725.00**

Engineering Summary

Estimated Man Hours:	40	Engineering Costs:	\$ 1,800.00
		Overhead @: 52.40%	\$ 943.20
		Subtotal:	\$ 2,743.20

Construction Payment Summary

Estimated Work Order Total:	\$ 42,417.38
CoR Owned Material & Equipment & Overhead:	- \$ 9,015.77
Standard Construction Allowance:	- \$ 0.00
Contingency:	\$ 0.00
Construction Costs:	\$ 33,401.61

Approved By:

Approved Date:

4/28/2022



CITY OF RICHLAND
ENERGY SERVICES DEPARTMENT
Work Order Summary

Prepared By:
Job Extension #:
Work Order #:
Run Date: **3/30/2022**
Run Time: **2:10:12PM**

Work Order Description:
Work Location:

Billing Information

Name:

Address:

Phone:

Svc Request: _____
Drawings: _____
Other: _____
Fee Est#: _____

Material Summary

Inventory Cost: \$ 5,814.48
CoR Owned Material & Equipment: 26,103.10
Overhead on Inventory Costs: 35% \$ 2,035.07
Overhead on CoR Owned Material & Equipment: 35% 9,136.08
Subtotal: \$ 43,088.73

Equipment Summary

Equipment Charges: \$ 1,505.60

Crew & Labor Summary

Install Hours:	89.36	Install Costs:	\$ 4,080.98
Retired Hours:	8.60	Retired Costs:	\$ 392.76
Total Hours:	97.96		
Overhead @:	52.40%	Overhead Costs:	\$ 2,344.24
		Subtotal:	\$ 6,817.98

Additional Costs Summary

Additional Costs: \$ 0.00

Engineering Summary

Estimated Man Hours:	24	Engineering Costs:	\$ 1,200.00
		Overhead @: 52.40%	\$ 628.80
		Subtotal:	\$ 1,828.80

Construction Payment Summary

Estimated Work Order Total:	\$ 53,241.11
CoR Owned Material & Equipment & Overhead:	- \$ 35,239.18
Standard Construction Allowance:	- \$ 1,239.00
Contingency:	\$ 0.00
Construction Costs:	\$ 16,762.93

Approved By:

Approved Date:

3/31/2022



CITY OF RICHLAND
ENERGY SERVICES DEPARTMENT
Work Order Summary

Prepared By:
Job Extension #:
Work Order #:
Run Date: **4/26/2022**
Run Time: **7:46:41AM**

Work Order Description:
Work Location:

Billing Information

Name:

Address:

Phone:

Svc Request: _____
Drawings: _____
Other: _____
Fee Est#: _____

Material Summary

Inventory Cost: \$ 394.99
CoR Owned Material & Equipment: 43,556.54
Overhead on Inventory Costs: 35% \$ 138.25
Overhead on CoR Owned Material & Equipment: 35% 15,244.79
Subtotal: \$ 59,334.57

Equipment Summary

Equipment Charges: \$ 820.16

Crew & Labor Summary

Install Hours:	41.60	Install Costs:	\$ 1,899.87
Retired Hours:	18.60	Retired Costs:	\$ 849.46
Total Hours:	60.20		
Overhead @:	52.40%	Overhead Costs:	\$ 1,440.65
		Subtotal:	\$ 4,189.99

Additional Costs Summary

Additional Costs: \$ 0.00

Engineering Summary

Estimated Man Hours:	0	Engineering Costs:	\$ 0.00
		Overhead @:	52.40% \$ 0.00
		Subtotal:	\$ 0.00

Construction Payment Summary

Estimated Work Order Total:	\$ 64,344.72
CoR Owned Material & Equipment & Overhead:	- \$ 58,801.33
Standard Construction Allowance:	- \$ 0.00
Contingency:	\$ 0.00
Construction Costs:	\$ 5,543.39

Approved By:

Approved Date:

4/26/2022



UTILITY ADVISORY COMMITTEE AGENDA ITEM COVERSHEET

Meeting Date: 5/10/2022

Agenda Category: Other Informational Items

Prepared By: Clint Whitney, Energy Services Director

Subject:

Capital Work Plan Update (RES)

Department:

Energy Services

Recommended Motion:

This item is informational only.

Summary:

Attached is the Energy Services Capital Work Plan update through March 2022.

Fiscal Impact:

Attachments:

1. RES CWP REPORT-March 2022



Richland Energy Services

Capital Work Plan

March 2022



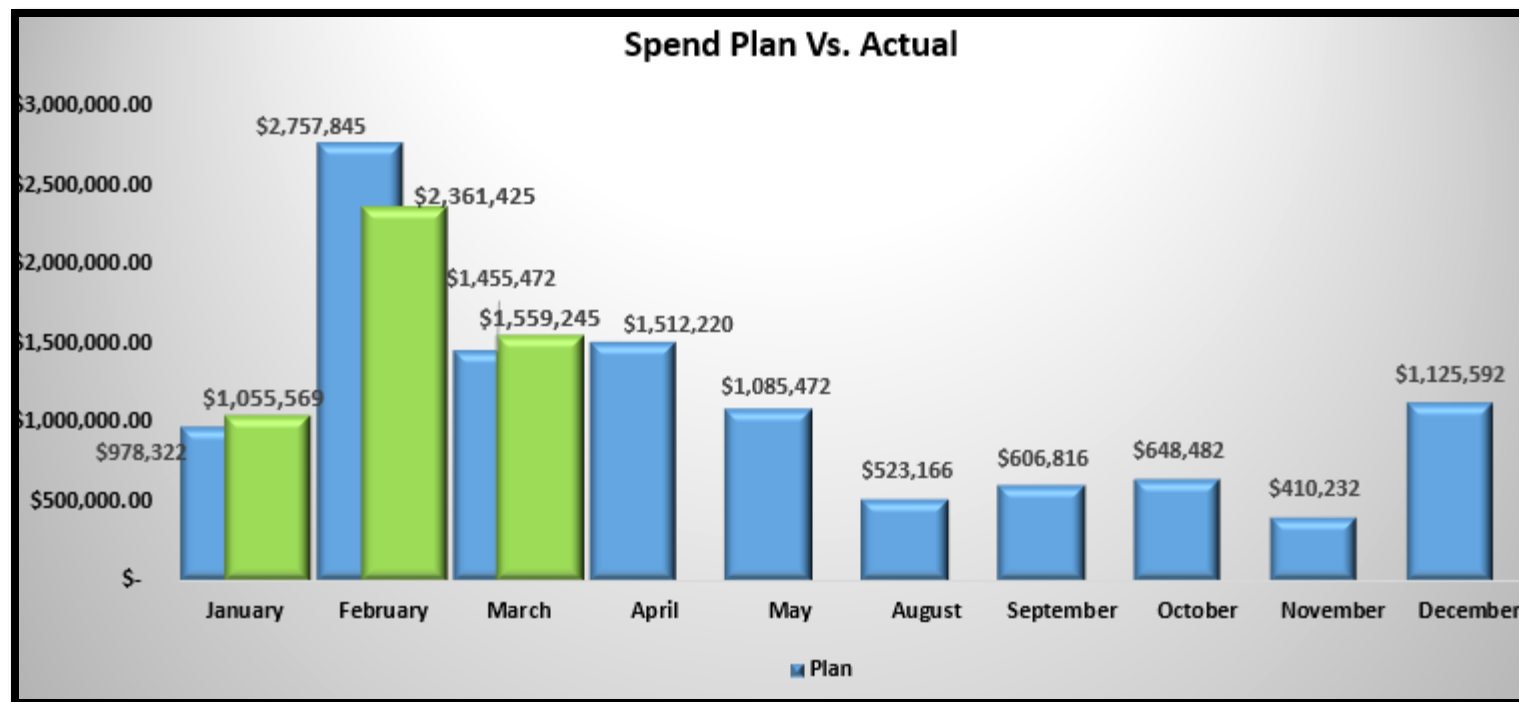
CWP Costs for March

	Approved 2022 Budget	Carry Over from 2021	2022 Estimated Costs	Actual	Remaining	March
+ Line Extensions	\$1,580,000	\$ -	\$ 1,580,000	\$ 71,703	\$ 1,508,297	\$ 46,753
+ Smart Grid - Advanced Metering Infrastructure	\$3,186,000	\$ 2,420,708	\$ 4,291,900	\$ 1,817,493	\$ 2,474,407	\$ 145,532
+ System Improvements	\$2,067,000	\$ -	\$ 2,165,994	\$ 1,313,940	\$ 852,054	\$ 824,890
+ Renewal and Replacement	\$1,996,000	\$ 80,033	\$ 1,664,564	\$ 656,511	\$ 1,008,053	\$ 76,218
+ Substation Improvements	\$1,957,000	\$ 1,368,652	\$ 3,589,381	\$ 1,116,221	\$ 2,473,160	\$ 465,481
Grand Total	\$10,786,000	\$ 3,869,393	\$ 13,291,839	\$ 4,976,239	\$ 8,315,600	\$ 1,559,245

Cost Performance YTD:	\$4,976,239
Cost Performance remaining:	\$8,315,600
YTD % Complete	37%

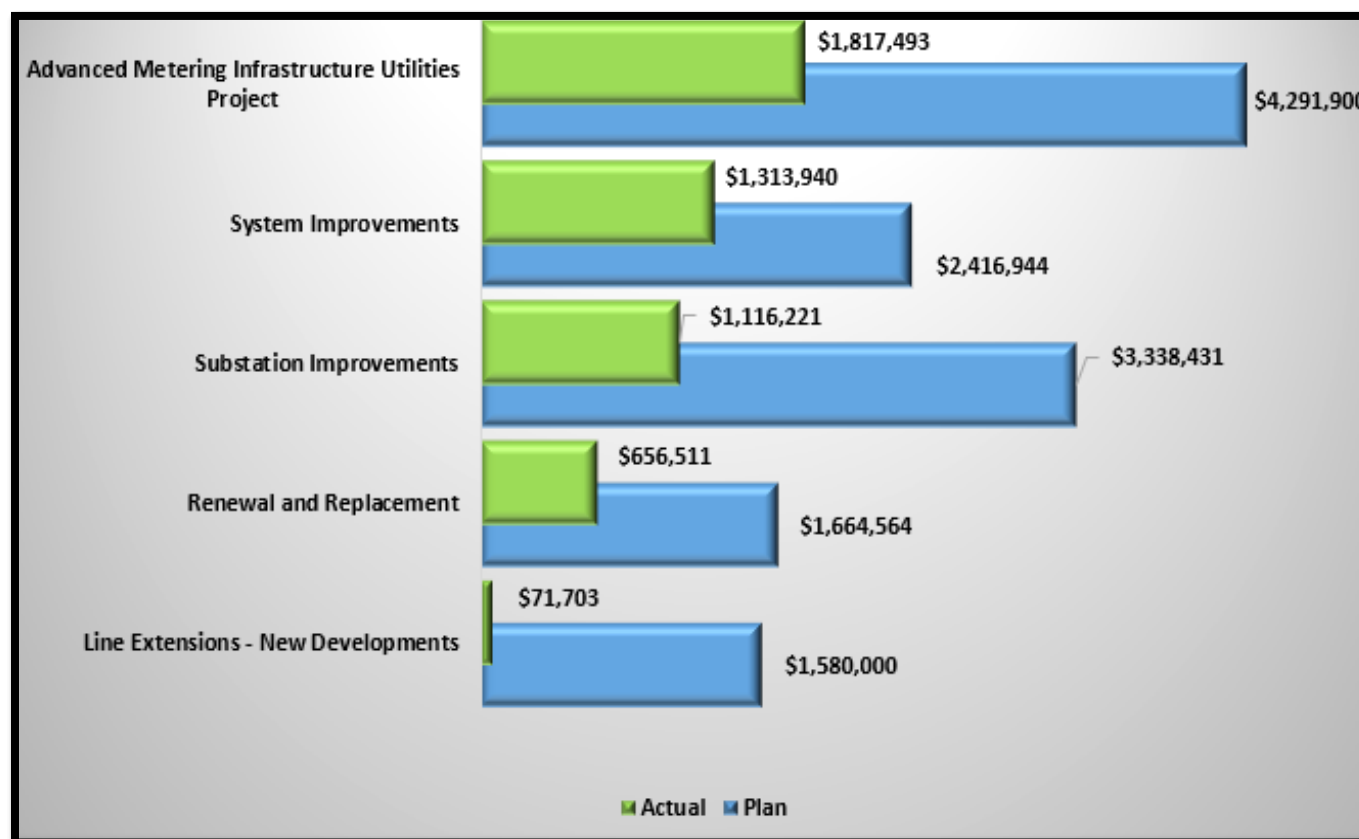


CWP Monthly Spend Vs. Actuals



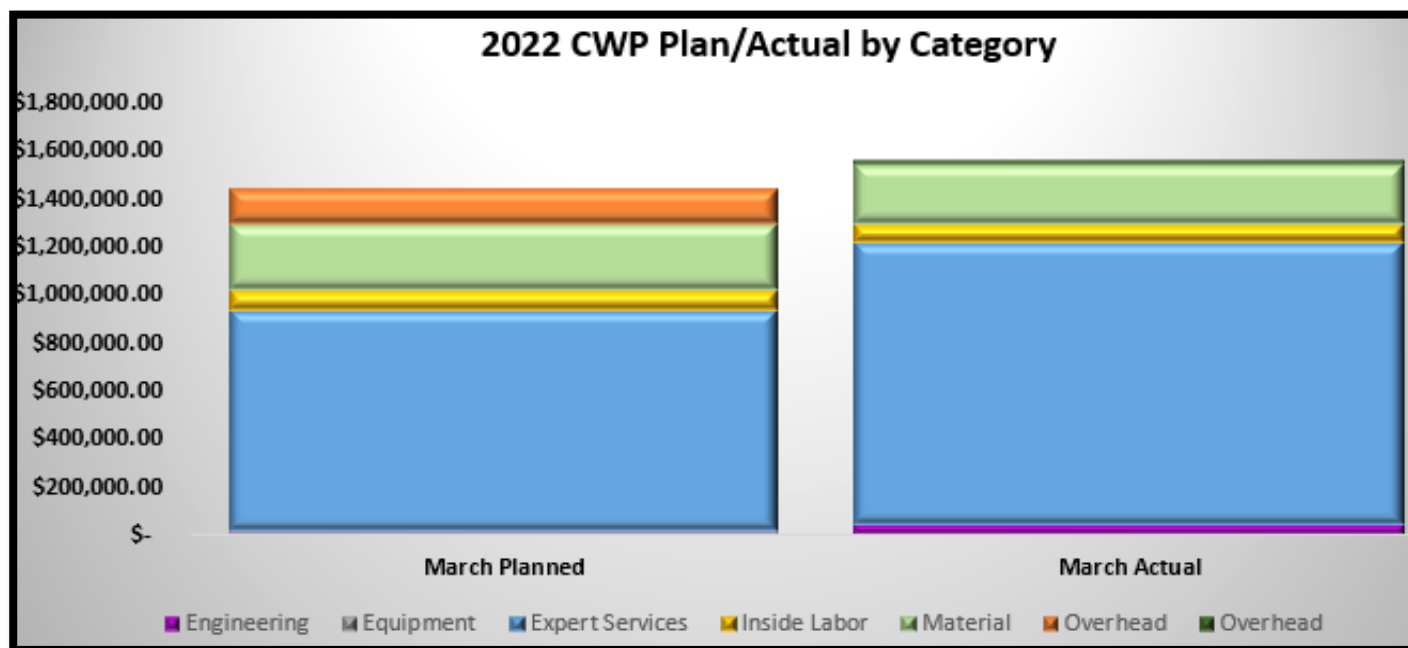
% Complete of Overall Spend Plan		
To-Date Projected	\$	5,191,639
To-Date Actual	\$	4,976,239
Variance	(\$215,400)	96%

Costs by Category





CWP Cost Types



Cost Type	March Planned	March Actual
Engineering	\$ 4,250	\$ 39,326
Equipment	\$ 11,982	\$ -
Expert Services	\$ 918,606	\$ 1,173,192
Inside Labor	\$ 83,270	\$ 82,826
Material	\$ 275,981	\$ 243,185
Overhead	\$ 142,610	\$ 20,698
Total	\$ 1,436,700	\$ 1,559,226



CWP Project Costs for March

	Approved 2022 Budget	Carry Over from 2021	2022 Estimated Costs	Actual	Remaining	March
✚ Line Extensions	\$1,580,000	\$ -	\$ 1,580,000	\$ 71,703	\$ 1,508,297	\$ 46,753
✚ Smart Grid - Advanced Metering Infrastructure	\$3,186,000	\$ 2,420,708	\$ 4,291,900	\$ 1,817,493	\$ 2,474,407	\$ 145,532
✚ System Improvements	\$2,067,000	\$ -	\$ 2,165,994	\$ 1,313,940	\$ 852,054	\$ 824,890
✚ System Improvements						
✚ Commonwealth, MSA	\$0	\$ -	\$ -	\$ 11,316	\$ (11,316)	\$ 5,729
✚ METER INSTALLATION MATERIALS	\$0	\$ -	\$ -	\$ 62,283	\$ (62,283)	\$ 25,941
✚ NEW & ALT SVCS - OVERHEAD	\$0	\$ -	\$ -	\$ 242	\$ (242)	\$ -
✚ NEW & ALT SVCS - UNDERGROUND	\$498,000	\$ -	\$ 498,000	\$ 104,421	\$ 393,579	\$ 50,854
✚ RES OH UG ENG DESIGN DWGS	\$0	\$ -	\$ -	\$ 10,625	\$ (10,625)	\$ 5,192
✚ 100 Reata Rd: Ext Leslie Sub Feeder 141 to I-82 Approx 11500ft 3-750JAL w vaults	\$1,569,000	\$ -	\$ 1,667,994	\$ 1,125,053	\$ 542,941	\$ 737,174
✚ Renewal and Replacement	\$1,996,000	\$ 80,033	\$ 1,664,564	\$ 656,511	\$ 1,008,053	\$ 76,218
✚ 1434 GENEVA ST; POLE UPGRADE	\$0	\$ -	\$ -	\$ 148,765	\$ (148,765)	\$ -
✚ CANYON TERRACE 2, UG R&R	\$0	\$ -	\$ -	\$ 1,381	\$ (1,381)	\$ 1,381
✚ 1403 Keller; Renew Replace #6BC with 1/0ACSR, ~19 Poles Backyards	\$0	\$ -	\$ -	\$ 180	\$ (180)	\$ -
✚ 1907 Howell Ave: Renew and Replace #6BC with 1/0ACSR, ~26 poles, backyards	\$0	\$ -	\$ -	\$ 1,925	\$ (1,925)	\$ 187
✚ 2108 Van Giesen, R&R Westview Acres Boring 2021	\$1,916,000	\$ -	\$ 1,504,531	\$ 361,371	\$ 1,143,160	\$ 24,028
✚ INDIAN VALLEY; NEW PRIMARY AND SECONDARY2	\$0	\$ -	\$ -	\$ 39,120	\$ (39,120)	\$ 17,315
✚ First Street Re-Gasket	\$80,000	\$ -	\$ 80,000	\$ -	\$ 80,000	\$ -
✚ Overhead Dock Crew	\$0	\$ 80,033	\$ 80,033	\$ 103,768	\$ (23,735)	\$ 33,307
✚ Substation Improvements	\$1,957,000	\$ 1,368,652	\$ 3,589,381	\$ 1,116,221	\$ 2,473,160	\$ 465,481
✚ Relay Replacement						
✚ City View Sub: Relay Replacement	\$69,000	\$ -	\$ 83,650	\$ -	\$ 83,650	\$ -
✚ Sandhill Crane Sub Bank 1: Relay Replacement	\$69,000	\$ -	\$ 83,650	\$ 61	\$ 83,589	\$ 61
✚ Sandhill Crane Sub Bank 2: Relay Replacement	\$69,000	\$ -	\$ 83,650	\$ -	\$ 83,650	\$ -
✚ Substation Improvements						
✚ Gateway Substation 2021 Project	\$0	\$ 1,368,652	\$ 1,588,431	\$ 1,110,958	\$ 477,473	\$ 460,916
✚ City View Bank 2 Addition	\$1,325,000	\$ -	\$ 1,325,000	\$ 3,731	\$ 1,321,269	\$ 3,731
✚ Gateway Substation Feeder 151	\$425,000	\$ -	\$ 425,000	\$ -	\$ 425,000	\$ -
Grand Total	\$10,786,000	\$ 3,869,393	\$ 13,291,839	\$ 4,976,239	\$ 8,315,600	\$ 1,559,245



UTILITY ADVISORY COMMITTEE AGENDA ITEM COVERSHEET

Meeting Date: 5/10/2022

Agenda Category: Other Informational Items

Prepared By: Clint Whitney, Energy Services Director

Subject:

BPA Joins the Energy Imbalance Market (EIM)

Department:

Energy Services

Recommended Motion:

This item is informational only.

Summary:

On May 3, 2022, BPA began participation in the Energy Imbalance Market (EIM) for certain real-time services and provisions. BPA's services include changes to the 2022 Transmission and Power Rate Schedules for:

- Operating Reserves: Spinning Reserve Service and Supplemental Reserve Service
- Regulation & Frequency Response
- Variable Energy Resource Balancing Service (VERBS)
- Dispatchable Energy Resource Balancing Service (DERBS)
- Persistent Deviation Penalty Charge
- Intentional Deviation Penalty Charge
- Financial For Inaccuracy Penalty Charge.

Detailed implementation information of BPA's participation in the Western EIM is at: [Energy Imbalance Market \(EIM\) Business Practice](#).

BPA made a cautious decision to participate with an analysis, vetted by the Public Power Council, showing positive benefits to its public power customers. While EIM is a real-time market, staff is expecting BPA to consider participating in a day ahead market (DAM) in the future.

The real-time market and day ahead markets are a few of the components within the framework of a Regional Transmission Operator (RTO). Attached is a slide from a recent presentation introducing the RTO components which address several other issues UAC members and City staff have expressed concern about including: Resource Adequacy and Transmission Planning. Do you see an RTO path in the Northwest's future?

Fiscal Impact:

Attachments:

1. Western Energy Market Components

OPTIONS FOR EVOLVING WESTERN MARKETS

Current path?

Transmission Planning

BAA Consolidation

Transmission Service
Provider

Resource Adequacy

EDAM?

EIM or WEIS

RTO?

Transmission Planning

BAA Consolidation

Transmission Service
Provider

Resource Adequacy

Day-Ahead Market

Real-Time Market

Reliability Coordinator

A new option:

SPP MARKETS+

Transmission Planning

BAA Consolidation

Transmission Service
Provider

Day-Ahead Market

Real-Time Market

Resource Adequacy

Reliability Coordinator



UTILITY ADVISORY COMMITTEE AGENDA ITEM COVERSHEET

Meeting Date: 5/10/2022

Agenda Category: Other Informational Items

Prepared By: Clint Whitney, Energy Services Director

Subject:
Energy Northwest Update

Department:
Energy Services

Recommended Motion:
This item is informational only.

Summary:

Attached is an Energy Northwest update presented by Bob Schuetz to the Public Power Council (PPC). Mr. Schuetz was named CEO of Energy Northwest in August 2021. Key information in the update includes:

1. Continued reduction in cost of power since 2010 (\$0.0541/kWh reduced to \$0.0312/kWh in 2020).
2. Steady increase in generation since 2012.
3. Xe-100 future project is well aligned to support resource adequacy and climate change initiatives while minimizing the footprint of an energy dense resource.
4. Extended Power Uprate (EPU) has the potential for an additional 177MWe of generation capacity to reduce ongoing generation costs by 13% after an approximate 10 year ROI.

This last item on EPU is very important and at an opportune time. Many key infrastructure items at Columbia Generation Station are at a point in the equipment life cycle to be replaced, making it ideal to consider matching to the potential plant capacity. The EPU will require funding for long lead items which could align with BPA's projected \$750M surplus revenue in the latest rate period. PPC will be verifying EPU projections and costs as part of the next steps. If the EPU is economically favorable, staff expects PPC to make a recommendation to BPA for funding the long lead times and EPU project. Timing is important as the EPU could be completed before FY31 if long lead items are funded sooner than FY24.

Fiscal Impact:

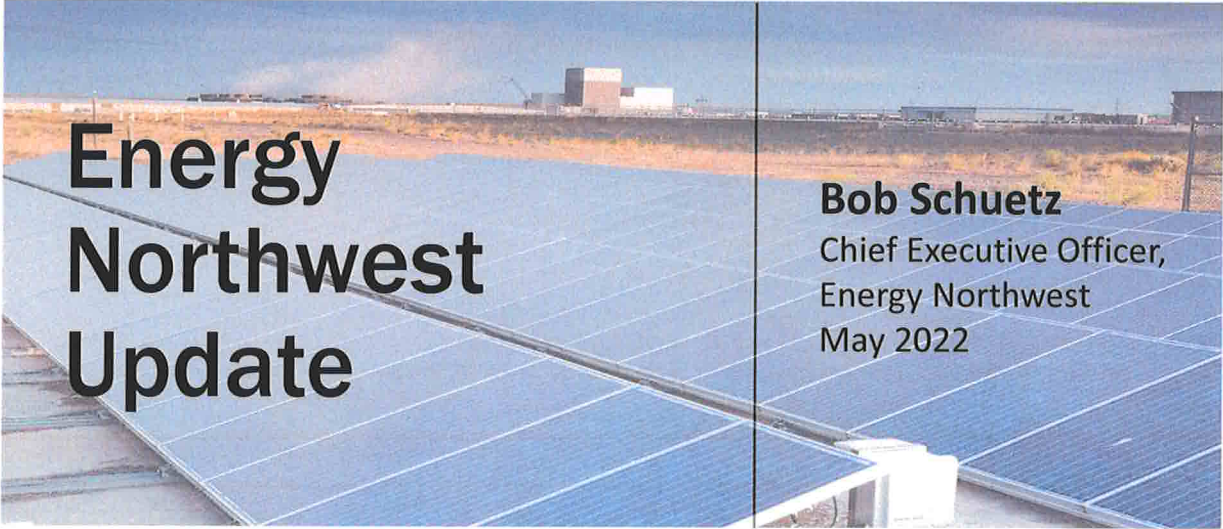
Attachments:

1. ENW Status Update



1





Energy Northwest Update

Bob Schuetz
Chief Executive Officer,
Energy Northwest
May 2022

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2

Executive Team



Bob Schuetz
Chief Executive Officer



Grover Hettel
Chief Nuclear Officer



Greg Cullen
VP, Energy Services & Development



Christina Reyff
VP, Chief Financial & Risk Officer



Scott Vance
VP, Corporate Governance & General Counsel



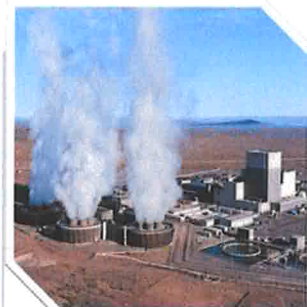
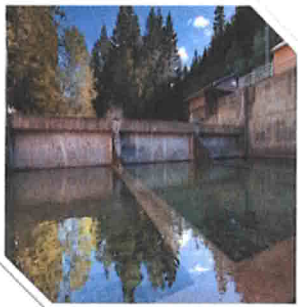
Steve Lorence
Corporate Support Services General Manager

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3

Who We Are

- 27
- Participants in 6 states

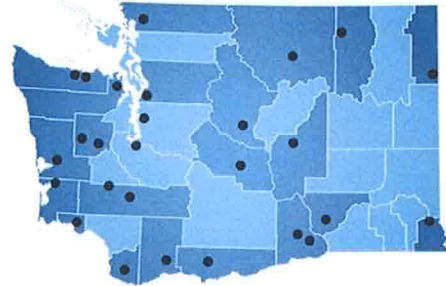


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4

Our Members

Asotin County PUD	Clark Public Utilities	Klickitat County PUD	Seattle City Light
Benton PUD	Ferry County PUD	Lewis County PUD	Skamania County PUD
Chelan County PUD	Franklin PUD	Mason County PUD 1	Snohomish County PUD
City of Port Angeles	Grant PUD	Mason County PUD 3	Tacoma Public Utilities
City of Richland Energy Services	Grays Harbor County PUD 1	Okanogan County PUD	Wahkiakum County PUD
Centralia City Light	Jefferson County PUD	Pacific County PUD 2	Whatcom County PUD
Clallam County PUD 1	Kittitas County PUD	Pend Oreille PUD	



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5

Board of Directors

							
Curt Knapp President Pend Oreille PUD	Dave McKenzie Vice President Skamania County PUD	Jerry Asmussen Secretary Okanogan County PUD	M.L. Norton Assistant Secretary Centralia City Light	Steve McKenna Chelan County PUD	Clinton Whitney City of Richland Energy Services	Dan Gunkel Klickitat County PUD	Michael Kelly Lewis County PUD
							
Greg McCall Asotin County PUD	Doug Aubertin Ferry County PUD	Bill Gordon Franklin PUD	Tom Flint Grant PUD	Jeff Randall Jefferson County PUD	Shan Rowbotham Kittitas County PUD	Emeka Anyanwu Seattle City Light	Sid Logan Snohomish County PUD
							
Lori Sanders Benton County PUD	Clay Norris Tacoma Public Utilities	Robert Jungers Wahkiakum PUD	Mike Murphy Whatcom County PUD	Photo Coming Soon City of Port Angeles	Dick Anderson Pacific County PUD 2		

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6

Executive Board



Will Purser
Chair
Clallam County PUD



John Saven
Vice Chair
Gubernatorial Appointee



Linda Gott
Secretary
Mason County PUD 3



James Moss
Assistant Secretary
Gubernatorial Appointee



Arie Callaghan
Grays Harbor County PUD 1



Marc Daudon
Gubernatorial Appointee



Janet Herrin
Outside Director



Jack Janda
Mason County PUD 1



Jim Malinowski
Clark Public Utilities



Skip Orser
Outside Director



Tim Sheldon
Outside Director

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7

Our Mission



Aggregation



Collaboration



Cost-Effective

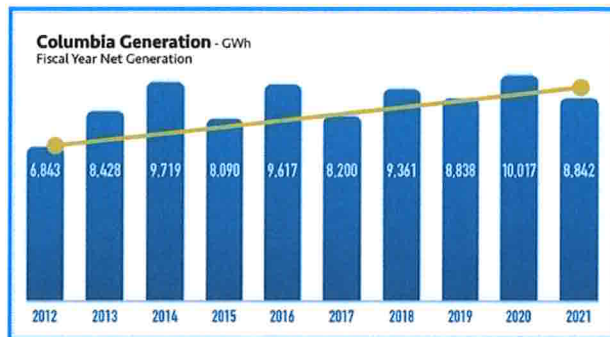
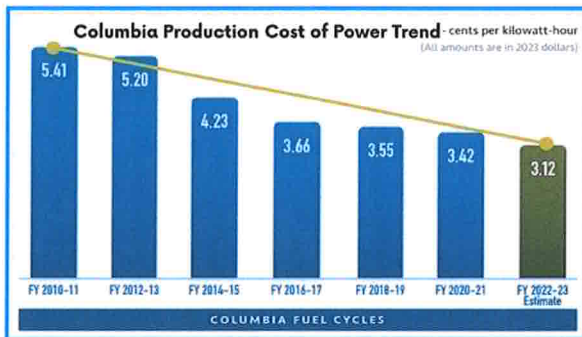


Opportunities

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8

Production Cost of Power & Net Generation



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9

Columbia Current Performance

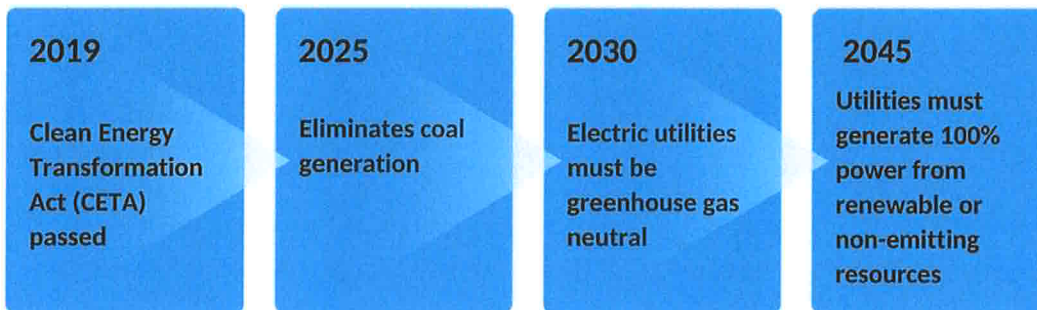
Recognized for
exemplary
performance



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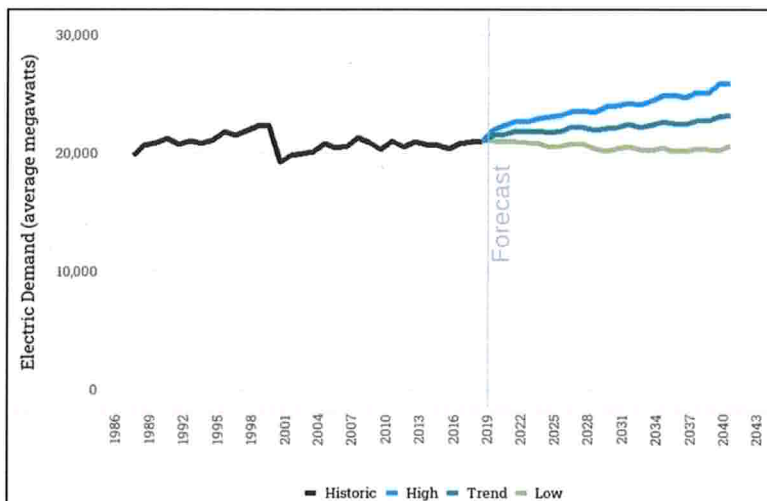
10

Resource Adequacy – Our Biggest Challenge



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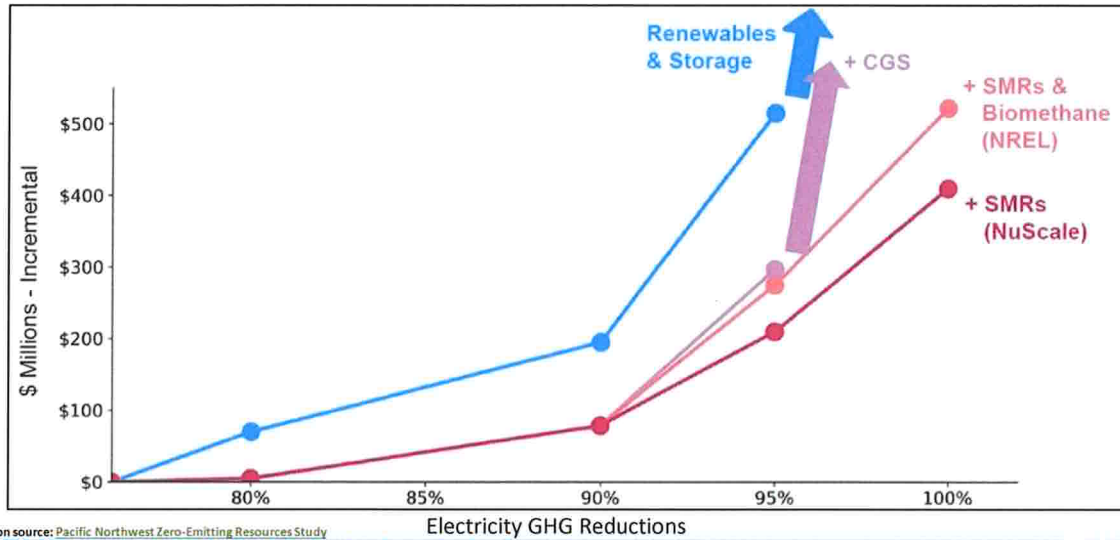
Projected Load Growth



*Information source: Northwest Power and Conservation Council: [Energy Use Forecasts](#)

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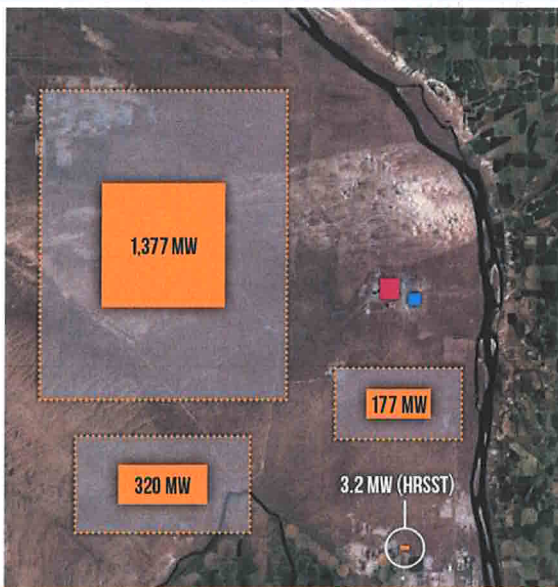
Cost of Carbon Free



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13

Energy land use comparisons



- Xe-100 site
320 MW (future)
- Columbia Generating Station
1,200 MW
- Solar
 - 3.2 MW = HRSST
 - 177 MW = Columbia EPU equivalent
 - 320 MW = 4 unit Xe-100
 - 1,377 MW = Columbia with EPU

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14

Used Nuclear Fuel Storage

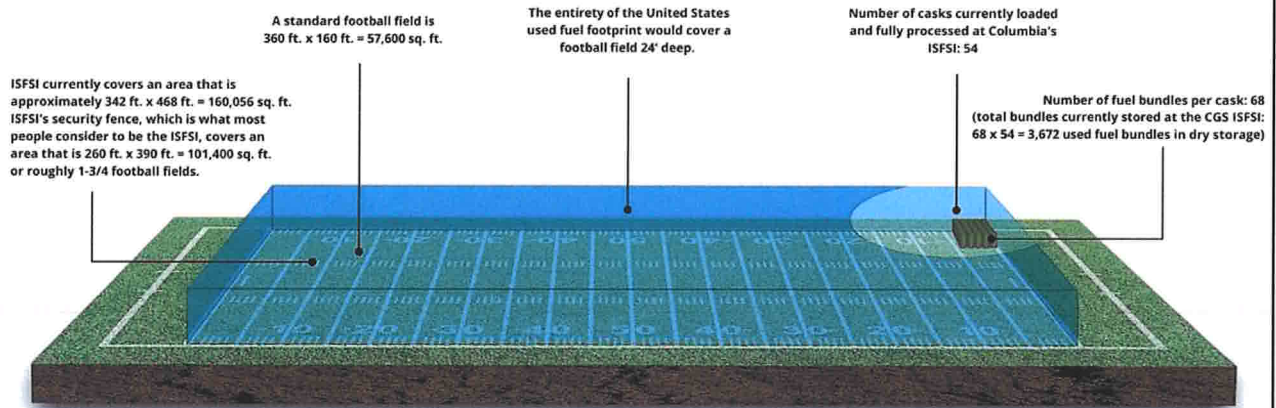
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15

Used Fuel

From 60 Years of Industry Commercial Operations

*CGS = Columbia Generating Station
*ISFSI = Independent Spent Fuel Storage Installation (at CGS)



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16

Optimizing Columbia Generating Station: Extended Power Uprate

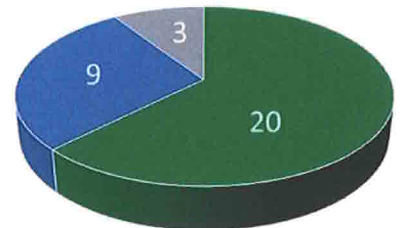
What is an EPU?

- Increased Columbia power output with higher steam flow through the core creates additional generator output
- CGS expected to achieve an increase of ~177 MWe

Why pursue an EPU?

- Increases clean, firm, non-carbon emitting energy for the region
- Anticipate 13% lower production cost of power
- Enables increase in Tier 1 power resources
- Has been widely implemented across US nuclear industry, eliminating unknown risks

Operating US BWR Power Uprates



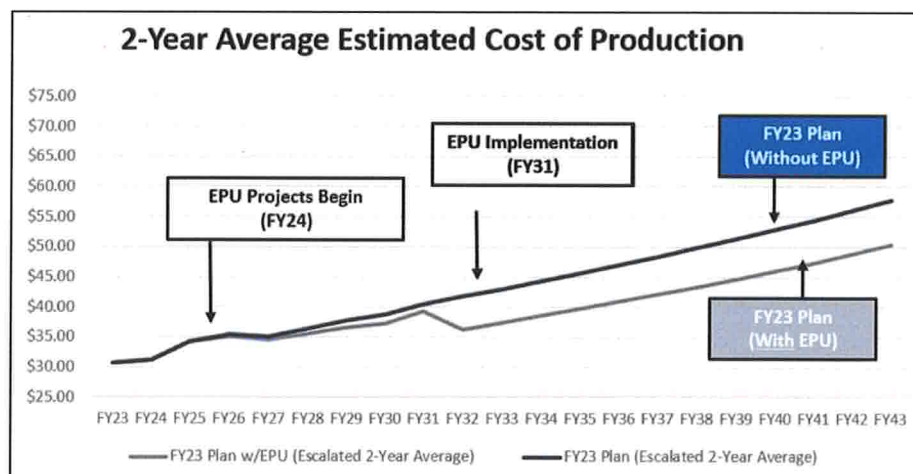
■ EPU ■ Stretch Only ■ Neither Stretch nor EPU

*Stretch Power Uprates are power increases within the existing design capacity of the plant (i.e., do not typically involve significant plant modifications). CGS previously implemented a stretch uprate of 4.9% in 1994.

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17

Extended Power Uprate: Benefits of Increasing Output

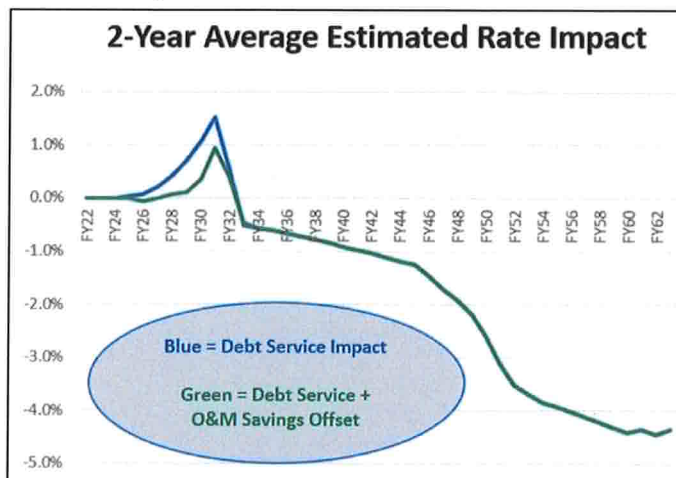


Cost information is commensurate with feasibility study level of design and will be refined as the project progresses. ROI does not consider discounted cash flows and utilizes assumptions for future power sales/escalation rates.

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18

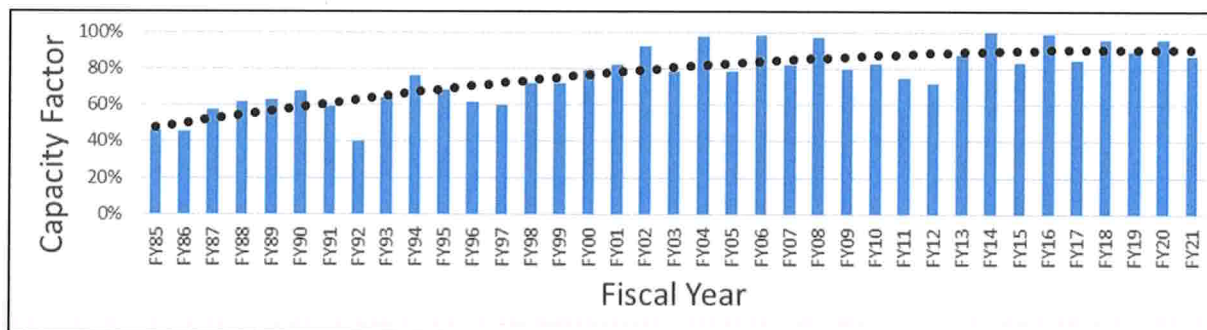
Extended Power Uprate: Benefits of Increasing Output



Cost information is commensurate with feasibility study level of design and will be refined as the project progresses. ROI does not consider discounted cash flows and utilizes assumptions for future power sales/escalation rates.

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Securing Firm, Clean Energy: Subsequent License Renewal



*Columbia SLR Feasibility Study is currently being performed.

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Columbia's operations support over

3,930 jobs



including more than

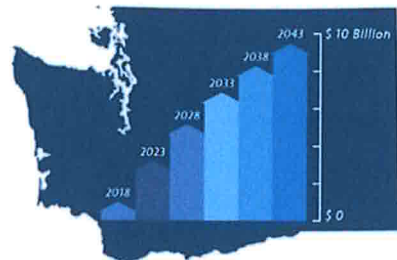
2,830 jobs



in Washington

*One hard hat = 1,000 jobs. NEI independent analysis conducted using the REMI PI+ model. Sources include: Electric Cost Utility Group, U.S. EIA, ABB Velocity Suite and Energy Northwest

Columbia's operations will result in



OVER \$8.9 billion

in economic benefits for Washington
between 2018 and 2043
(through current license)

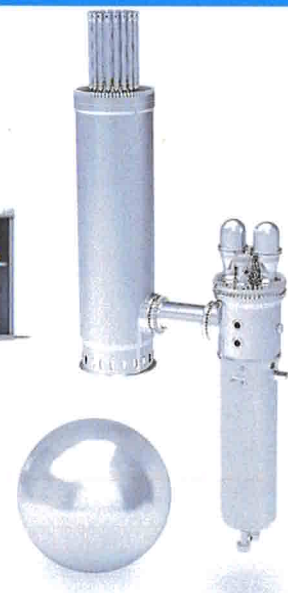
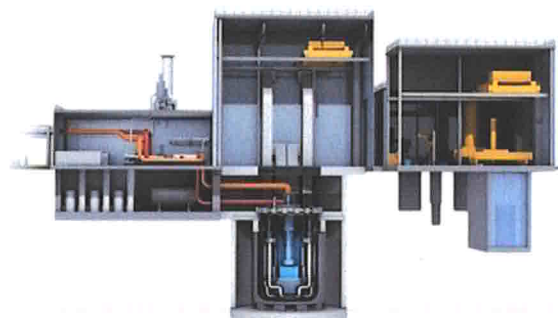
NEI independent analysis conducted using the REMI PI+ and in 2016 dollars. Sources include: Electric Cost Utility Group, U.S. EIA, ABB Velocity Suite and Energy Northwest

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Adding Firm, Clean Generation for the Future

Advanced and Small Modular Reactors

- **X-energy Xe-100**
 - 4 x 80 MWe
- **TerraPower Natrium**
 - 345 MWe
- **New generation could be online by 2030**



Images: TerraPower's Natrium reactor (Center) and X-energy's Xe-100 (Right)

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Why Nuclear?



of the nation's electricity
is generated by 93
reactors in 28 states.



of our nation's carbon-
free electricity is
generated by nuclear
reactors.



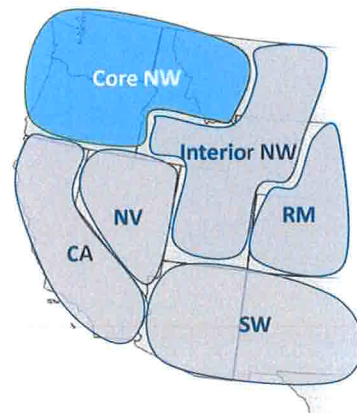
Nuclear energy produces
24/7, emission-free
energy.

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Securing Future Power Resources for our Region

- Need for firm reliable baseload additions
- Conservation/Market purchases risky
- Firm nuclear baseload options available
- EN/PPC Information Sharing

Signal to BPA on EPU



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Questions?

- Questions
- Commitment Recap
- Presentation Feedback

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25

Thank you!

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26



UTILITY ADVISORY COMMITTEE AGENDA ITEM COVERSHEET

Meeting Date: 5/10/2022

Agenda Category: Other Informational Items

Prepared By: Clint Whitney, Energy Services Director

Subject:

Forward Agenda Planning

Department:

Energy Services

Recommended Motion:

This item is informational only.

Summary:

July

- Cyber Security
- Resource Adequacy (RES)
- Energy Conservation Update (RES)
- Heat Dome Communication Plans (RES)
- Supply Chain Status (RES)

September

- Sewage Treatment Plant

November

- Cost of Service Analysis (COSA) (RES)
- Resource Adequacy (RES)

Fiscal Impact:

Attachments: