

# **Seattle Public Utilities Wholesale Facilities Charge Revision for Residential Fire Sprinklers**

**Presentation to the LUC Committee  
December 4, 2012**

# Background

- The majority of Seattle's wholesale water contracts have a growth pays for growth feature called the facilities charge.
- Facilities charges are due from a wholesale customer when they connect a new retail customer to their distribution system.
- Facilities charge revenues pay for the regional water conservation program.
- Facilities charges are scaled by meter size as a proxy for demand. Examples for smaller sized meters are:

Meter Size	Equivalent Residential Units	Facilities Charge
¾" and smaller	1	\$ 783
1"	2	\$ 1,566
1 ½"	5	\$ 3,915
2"	8	\$ 6,264

# Equity Issue and Details of Proposed Revision

- Wholesale customers have expressed concerns about the equity of the current facilities charge structure.
  - The requirement for residential fire sprinkler systems varies across the wholesale service area, sometimes even within a wholesale customer’s retail area.
  - Residential fire sprinklers increase the required connection size and resulting facilities charge from ¾” to 1” without an expected increase in demand.
- Seattle proposed combining the two smallest categories into one, and the Operating Board recommended this option over the current structure.
- Nearly all residential customers fall into the new combined category. Larger size meters are not affected, and overall revenues will not change.

Meter Size	Equivalent Residential Units	Facilities Charge
1” and smaller	1.12	\$ 877
1 ½”	5	\$ 3,915 (no change)
2”	8	\$ 6,264 (no change)