

Criteria and Considerations for Wholesale Master Meters

DRAFT 11/7/2017

I. Introduction

Cascade is developing an approach for evaluating proposed transfers of wholesale master meters to Cascade from its Members. As a general approach, Cascade is treating the process as two distinct stages.

At the first stage, described in Section II., Cascade outlined broad criteria to qualify meters for potential transfer to Cascade ownership and responsibility. These general criteria relate to purpose, scale and context of the meter in question. The product is a list of eligible meters. **(Attachment A.)**

For the second stage, described in Section III, Cascade will determine the specific conditions of a potential or proposed transfer. As a pilot effort, Cascade staff is now working with staff of the cities of Bellevue and Issaquah to complete a process for evaluation and transfer of the recently installed South Cove meter and to develop the specific conditions and required processes for a proposed transfer.

II. Criteria for Qualifying Wholesale Master Meters For Potential Transfer to Cascade Ownership/ Management

In February 2017, we reviewed the topic of wholesale master meters with member staff and then with the Board. The February 8th memo to the Finance and Management Committee regarding wheeling between and among members summarized Cascade's interest as follows:

“For both existing and prospective wholesale metering connections, Cascade's interests are best served by transfer of ownership and control to Cascade, including related ongoing financial responsibilities for the site. Cascade should work with members to execute the transfer of ownership of and responsibility for existing metering stations to Cascade. This will provide a consistent Cascade role in wholesale metering and provide consistency in the sharing of associated responsibilities and costs for all metering stations among all Members. This role would not include assuming responsibility for inter-Member wheeling charges except as explicitly determined by Cascade to be consistent with its duty to serve.”

As noted, considerations included consistency across delivery points, member equity, and control and measurement of delivered water. As Cascade considers forwarding this policy, members have been surveyed to identify potential metering sites and transfer points. A separate table summarizes the current status of that data collection effort. **(Attachment A.)**

A key element of potential implementation of this objective is to define criteria for interconnections that would determine whether transfer to Cascade should be considered. The following criteria have been presented and reviewed with member staff and the Finance and Management Committee, and now provide a basic screening incorporated into the eligible meters listed in Attachment A. Ultimately, these criteria form the basis of a recommendation to the full Board for implementing this policy objective.

Potential Criteria for Cascade Delivery Points

- 1) ***Wholesale Supply Connection*** – The site must provide for delivery of wholesale water to a member and be actively used. Emergency interties or other similar connections would be excluded. Use of the connection should be primarily, if not exclusively, unidirectional.
- 2) ***Master Meter or Control Point*** – The site must function as a master control point between separated systems. Operational metering within a member or joint system would be excluded.
- 3) ***Minimum Size*** – With the intent to address major connections between systems and substantive wholesale delivery of water, connections of 4 inch or smaller would be excluded from consideration.
- 4) ***Delivery of Cascade Water*** – The wholesale delivery must either deliver or transfer Cascade water. This includes direct or wheeled Cascade supply points. Wholesale connections to non-Cascade suppliers (or customers) would be excluded. Cascade’s interest lies in regulating and measuring deliveries of Cascade water to each of its members.
- 5) ***Member Agreement*** – Both affected members would need to agree to the transfer of control.
- 6) ***Adequacy of Site*** – The interconnection/meter and related property must be adequate for anticipated operation, maintenance and improvement both in size and configuration.
- 7) ***Consistency with Cascade’s Supply Strategy*** - The intertie must be consistent with, or help accomplish, the Cascade mission of regional water supply delivery to its members.
- 8) ***Adequacy of Underlying Intertie/Wheeling Agreements*** – While Cascade would not take over the wheeling responsibility under a transfer of an inter-member delivery point, Cascade would need to confirm that necessary agreements are in place, have a reasonably long term of commitment, and are consistent with and supportive of the Cascade duty to serve its members.

III. Criteria and Standards for Cascade’s Potential Acceptance of Transfer of Wholesale Master Meters

The second stage criteria relate to the quality, condition and completeness of assets to be transferred. For this purpose, it is assumed that the meter and site in question qualify under the broader screening criteria applied under Section I; this second list is thus more transactional in perspective. Cascade staff anticipates that through the pilot effort with the staff of Bellevue and Issaquah, some of these criteria will be addresses as general policy decisions rather than on a transaction-by-transaction basis.

1. Adequate Control of Meter Site

- a. What property rights and/or controls are being transferred to Cascade? Is the transfer and access provided adequate for Cascade's purposes?
- b. Is the site shared by member facilities not being transferred? What member facilities share the site? How will site control, access and security be maintained for independent shared uses?
- c. Is ownership of the meter and the site clear and unencumbered?
- d. Does the site have adequate and permanent access?
- e. Does the site have power and communications?
 - i. Is it configured suitably for SCADA (cabinets, conduits)? If not, is there ready access to these?
 - ii. Will Cascade install its own SCADA or piggy-back on the member system?
- f. Is the site size and configuration adequate for normal operation, maintenance, repair and replacement?
- g. Has Cascade inspected the site and evaluated the condition of the site, facilities and equipment?
- h. What if the site is not adequately sized or configured for normal access? What if the site does not have power and communications?
- i. Is the site contemplated to be in use permanently or for a long timeframe? Are there Cascade or member plans that could eliminate the need for the site (if so, when)?
- j. Will the area currently served by the meter in question continue to be served by this meter? Asked another way, is the agency in question developing alternative water sources that may affect the necessity/viability of the meter in question?

2. Infrastructure

- a. Is the meter secure? Is the site secure?
- b. Does the meter vault have adequate waterproofing and/or drainage/pumping?
- c. What pipe material is in use inside the vault? Is there any AC pipe involved?
- d. Is there a meter bypass to enable work on an active system?
- e. Are there appropriate valves and controls?
- f. Are exposed pipes in good condition? Do they have adequate protection?
- g. Is the meter automated for telemetry or remote read? If not, is it compatible with such an improvement?
- h. What if the site infrastructure does not satisfactorily meet Cascade's requirements?

- i. Is there a detailed schematic with clearly defined division of assets and ownership/responsibility?

3. Equipment

- a. Is there a complete and detailed inventory of all equipment at the metering site?
- b. Is the meter less than 5 years old?
- c. Is the meter in good working condition?
- d. Has the meter been calibrated and does it read accurately?
- e. Are controls in good condition? Have valves been exercised regularly?
- f. Are there maintenance records, user manuals, etc. for all appurtenant equipment?
- g. Are there any warranties in effect? Are they transferrable? Is transfer arranged?
- h. What if equipment is not in good condition and/or does not satisfactorily meet Cascade's requirements?

4. Operation and Maintenance

- a. Have O&M practices to date been documented and provided?
- b. Has Cascade completed its plan for managing the site, and is it ready for implementation?
 - i. Who will maintain these meters and their facilities (vaults, etc.)?
 - ii. Who will inspect condition and calibrate?
 - iii. Who is looking at the meter reads? What is being done with this info and who does it get distributed to?
 - iv. Who does meter testing?
- c. What if equipment is not or has not been maintained properly and/or does not satisfactorily meet Cascade's requirements?
- d. Have the members agreed to the Cascade emergency repair protocol (including financial responsibilities)?

5. Transfer Process

- a. Is a surplus process required by the member transferring control?
- b. Who will prepare and pay for the documents (bill of sale, access agreement, etc.) and to record as necessary?
- c. Are appropriate steps defined for clear and complete transfer?
- d. Is Cascade adequately protected from pre-existing conditions (indemnity, warranty)?
- e. Is there a wheeling agreement between the Members? Has it been modified to adequately define Cascade's role and responsibilities, and limitations on same? Does it have adequate dispute resolution that protects Cascade?
- f. Have all directly affected Members received legislative approval of the transfer and authority to execute any related documents, including amendments to existing contracts?

- g. Are all transfer documents & actions approved by Cascade counsel?
- h. Has Cascade's Board reviewed and approved the transfer and the related documents including title transfers of land and easements, wheeling and operating agreements, etc.?
- i. Has an effective date been clearly defined? Is Cascade prepared to take over responsibility as of that date?
- j. Is the asset reported to WSRMP for addition to insurance coverage?
- k. Is there an assignable franchise agreement and if not, how will that be addressed?
- l. Has environmental analysis of the site been completed? Will the member retain liability for known and unknown site conditions? What to do in the event Cascade discovers site/infrastructure/equipment issues – who's responsibility is it to restore the site to acceptable condition prior to transfer?

6. Financial

- a. How much has been collected for the future replacement of the subject meter?
- b. How will this amount be transferred to Cascade? Conversely, should Cascade reimburse the current agency for its allocated share collected?
- c. Are there franchise fees? Who will pay?

7. Consideration

Cascade policy does not provide for buying the meter or appurtenant assets.

- a. Has Cascade documented transfer and related costs and has financial responsibility been assigned and agreed to?
- b. Is any payment due to/from Cascade and transferring agency (agencies)?
- c. Has any resulting payment(s) been agreed to and made?