

**CITY OF SEATTLE, SEATTLE PUBLIC UTILITIES – WATER FUND
WHOLESALE STATEMENTS
SCHEDULE OF AGREED-UPON PROCEDURES
YEAR ENDED DECEMBER 31, 2014**

Procedures to be Performed for the Summary of Regional System Revenues

1. Recalculate the arithmetical accuracy of the Summary.
2. Compare balances on the Summary to source summary worksheets as provided by Fund management and perform the following:
 - a. Compare the total water consumption balance to the total volume listed on the Regional Rate Based Revenues Statement and the Purveyor Monthly Report.
 - b. Compare the surcharge water consumption columns to the Purveyor Monthly Report and the East Subregion Revenue Statement.
 - c. Compare the wholesale customer revenues as noted in the annual billings schedule within the Purveyor Monthly Report, as provided by management, to the Regional Rate Base Revenue Statement.
 - d. Compare the total number of new retail connections and the related revenues to the Facilities Charge Revenues Statement.
 - e. Compare the Cascade Water Alliance (“CWA”) Declining Block Revenues to the CWA Cost Estimate and Payment Schedule.
 - f. Compare the Northshore Utility District (“NUD”) Fixed Block Revenues to the NUD Cost Estimate and Payment Schedule.
 - g. Compare the Renton New Supply Revenue to the Renton Cost Estimate and Payment Schedule.
3. Compare the population-served amounts to detailed spreadsheets prepared by the Fund that estimate population amounts based on information provided by the Puget Sound Regional Council to the Fund. Recalculate the arithmetical accuracy of the detailed spreadsheets.
4. Recalculate any prior-year adjustments based on support provided by Fund management.

Procedures to be Performed for the Statement of Surplus (Deficit) of Rate Revenues Less Service Costs

5. Recalculate the arithmetical accuracy of the Statement.
6. Compare rate based revenues for the year ended December 31, 2014 to the sum of the base rate revenues found on the Regional Rate-Based Revenues Statement.

7. Obtain the 2014 Operating and Maintenance (“O&M”) Expense Allocation Schedule, detailed by expense category, used to calculate operations costs on the Statement and perform the following procedures:
 - a. Recalculate the arithmetical accuracy of the Schedule.
 - b. Compare each category of expense from the O&M Expense Allocation Schedule to the 2014 audited financial statements, and identify amounts on the O&M Schedule that are subtracted as subregional.
 - h. Note that 2014 O&M costs are allocated to cost pools according to the New Contract Exhibits by selecting allocated activities through non-statistical means and comparing them to a list of activity numbers set forth in the Wholesale Customer Contract or applicable operating Board decisions, to obtain 60% coverage of the total allocated costs. If a chosen activity is not on the list defined in the contract, document the Fund’s rationale for inclusion in the allocations.
 - c. Compare 2013 and 2014 O&M Expense Allocation Schedules to each other and note differences in presentation between the two schedules.
 - d. Recalculate the application of the 2013 to 2014 percentage to the 2013 base cost index.
8. Obtain the Fund Audit Schedule of Fixed Assets as of December 31, 2014, and perform the following procedures:
 - a. Recalculate the arithmetical accuracy of the schedule.
 - b. Compare the fixed asset categories on the schedule to the 2014 audited financial statements.
 - c. Note that individual assets are allocated to cost pools in accordance with Exhibits VII and VIII in the Wholesale Customer Contract by selecting allocated assets through non-statistical means to obtain 60% coverage of the allocated amount, with a minimum of 20 selections.
 - d. Recalculate the rate of return on investments and compare to Article II of the Wholesale Customer Contract.
 - e. Recalculate application of the return on investments.
9. Compare the Allocation to Declining Block amount to the Statement of Surplus (Deficit) of Declining Block Contract Revenues Less Service Costs.
10. Compare Allocation to Fixed Block Amount to the Existing Supply and Existing Transmission and the Conservation Cost Pool Operations Costs amounts on the Statement of Surplus (Deficit) of Fixed Block Contract Revenue Less Services Costs.
11. Compare Allocation of New Supply operations to Renton on the Statement of Surplus (Deficit) of Rate Revenue Less Service Costs to the Statement of Surplus (Deficit) of Renton New Supply Revenue Less Service Costs.
12. Compare any other credits, such as Timber sales, on the statement to the December 31, 2014 Fund general ledger. Recalculate allocation percentage of these credits to the Summary of Regional System Revenues.

13. Recalculate any prior-year allocation, including interest amount, based on support provided by Fund management.

Procedures to be Performed for the Declining Block Customer Statement of Surplus (Deficit) of Block Revenues Less Service Costs

14. Recalculate the arithmetical accuracy of the Statement.
15. Compare revenues for the year ended December 31, 2014 to the declining block revenue amount on the Statement of Regional System Revenues.
16. Compare the Existing Supply and Existing Transmission Costs to the corresponding amounts on the Statement of Surplus (Deficit) of Rate Revenues Less Service Costs.
17. Recalculate the Existing Supply and Existing Transmission Allocation to corresponding amounts on the Statement of Surplus (Deficit) of Rate Revenues Less Service Costs.
18. For each subregional segment perform the following:
 - a. Recalculate application of the return on assets to subregional assets in the Fund Audit Schedule of Fixed Assets as of December 31, 2014.
 - b. Identify individual O&M costs noted as subregional within the 2014 O&M Expense Allocation Schedule and compare each amount to the Operations Costs for the Cascade Subregion B Segment 1 & 2.
 - c. Identify flow allocators that vary by more than two standard deviations from the five-year rolling average and note the Fund's explanations for the variance.
 - d. Recalculate the application of flow factors to each subregional facility using Annual Waterflow Schedule provided by management.
19. Recalculate the Annual Cost of the Supplemental portion of the Declining Block.
20. Compare Penalty Charge Cost to the Statement of Declining Block Usage and Penalty Charge.

Procedures to be Performed for the Fixed Block Customer Statement of Surplus (Deficit) of Block Revenues Less Service Costs

21. Recalculate the arithmetical accuracy of the Statement.
22. Compare revenues for the year ended December 31, 2014, to the corresponding amount on the Statement of Regional System Revenues.
23. Compare the Existing Supply and Existing Transmission Costs to the corresponding amount on the Statement of Surplus (Deficit) of Regional Rate Revenues Less Service Costs.
24. Recalculate Allocation to Fixed Block Customers by matching the Existing Supply and Existing Transmission Costs to the 2014 O&M Allocation and 2014 Asset Allocation Schedules provided by Fund management.

25. Compare the Conservation Cost Pool Operations Costs to the New Supply Operations Costs on the Statement of Surplus (Deficit) of Rate Revenues Less Service Costs and the Conservation Cost Pool Asset Recovery Costs to the Facilities Charge Based Costs on the New Wholesale Customer Facilities Charge Summary Statement.
26. Compare Penalty Charge Cost to the Statement of Fixed Block Usage and Penalty Charge.

Procedures to be Performed for the Statement of Surplus (Deficit) of Renton New Supply Revenue Less Services Costs

27. Recalculate the arithmetical accuracy of the Statement.
28. Compare revenues for the year ended December 31, 2014, to the corresponding amount on the Statement of Regional System Revenues.
29. Compare the Renton New Supply Cost Pool Operations Costs to the New Supply Operations Costs on the Statement of Surplus (Deficit) of Rate Revenues Less Service Costs and the Renton New Supply Cost Pool Asset Recovery Costs to the Facilities Charge Based Costs on the New Wholesale Customer Facilities Charge Summary Statement.

Procedures to be Performed for the Statement of East Subregion Rate Revenues Less Service Costs

30. Recalculate the arithmetical accuracy of the Statement.
31. For each subregional segment, perform the following procedures:
 - a. Recalculate application of the return on assets rate to subregional assets in the Fund Audit Schedule of Fixed Assets as of December 31, 2014.
 - b. Verify individual O&M costs noted as subregional in 2014 are identified within the O&M Expense Allocation Schedule.
 - c. Identify flow allocators for the East Subregions (Mercer Island Pipeline) that vary by more than two standard deviations from the five-year rolling average and note the Fund's explanations for the variance.
 - d. Recalculate the application of flow factors to each subregional facility.
 - e. Recalculate the arithmetical accuracy of the calculation of the "as-if" subregional revenues.

Procedures to be Performed for the Statement of Surplus (Deficit) of Southwest Subregion Rate Revenues Less Service Costs

32. Recalculate the arithmetical accuracy of the Statement.
33. Recalculate application of the return on assets rate to subregional assets in the Fund Audit Schedule of Fixed Assets as of December 31, 2014.
34. Identify individual O&M costs noted as subregional within the 2014 O&M Expense Allocation Schedule.

35. Identify flow allocators that vary by more than two standard deviations from the five-year rolling average and note the Fund's explanations for the variance.
36. Recalculate the application of flow factors to each subregional facility.
37. Recalculate any prior-year adjustments based on support provided by Fund management.

Procedures to be Performed for the New Wholesale Customer Facilities Charge Summary Statement

38. Recalculate the arithmetical accuracy of the Statement.
39. Compare the 2014 facilities charge revenues to the Total Facilities Charge Revenues Statement.
40. Compare regional conservation costs to the Fund Audit Schedule of Fixed Assets as of December 31, 2014 as provided by management.
41. Compare Allocation to Fixed Block Amount to the Conservation Cost Pool Asset Recovery Costs amount on the Statement of Surplus (Deficit) of Fixed Block Contract Revenues Less Service Costs.
42. Compare Allocation to Renton New Supply on the Statement of Surplus (Deficit) of Renton New Supply Revenue Less Services Costs.
43. Recalculate any prior year adjustments based on support provided by Fund management.

Procedures to be Performed for the Regional Rate-Based Revenues Statement

44. Recalculate the arithmetical accuracy of the Statement.
45. Select two months through non-statistical means and recalculate Seattle wholesale volumes on "MGD by Source" report and 2014 year-end detail source sheets provided by Fund management.
46. Select two months through non-statistical means and recalculate Seattle wholesale bills on 2014 year-end detail source sheet. Compare the rates used to Seattle Municipal Code 21.04.440 - Rates Outside the City of Seattle.
47. Randomly select a sample of Customer bills sent in 2014 to achieve 60% coverage of customer months with a minimum of one from each Customer and perform the following procedures:
 - a. Compare billed water consumption amounts (volume and dollar) to data provided by the Fund's Account Services department.
 - b. Recalculate subregional surcharges if they apply.
48. Compare any miscellaneous adjustments to supporting documentation obtained from Fund management.
49. Recalculate any prior-year adjustments based on support provided by Fund management.

Procedures to be Performed on Facilities Charge Revenue Statement

50. Recalculate the arithmetical accuracy of the Statement.

51. Compare the 2014 “Non-Seattle” facilities charge revenues to the December 31, 2014 Fund general ledger.
52. Select customer new meter counts through non-statistical means to achieve 60% coverage of the total new meter installations and compare from the Facilities Charge Data sheet provided by Fund management to the Facilities Charge Revenues Statement.
53. Select Seattle new meter counts through non-statistical means to achieve 60% coverage of total new meter installations and compare to the 2014 Maximo Work Order Query by Month.
54. Recalculate any prior-year adjustments based on support provided by Fund management.

Procedures to be Performed on the Statement of Declining Block Usage and Penalty Charge

55. Compare monthly water consumption amounts (volume only) presented on the Month Sum Customer Billings Report and CCF Consumption Report provided by management, which supports data presented on the Statement of Declining Block Usage and Penalty Charge.
56. Recalculate Annual Average Use in accordance with methodology in the Declining Block Water Supply Agreement.
57. Recalculate Peak Season Use in accordance with methodology in the Declining Block Water Supply Agreement.
58. Recalculate Peak Month Use in accordance with methodology in the Declining Block Water Supply Agreement.
59. Recalculate Penalty Charge applied in accordance with methodology in the Declining Block Water Supply Agreement.

Procedures to be Performed on the Statement of Fixed Block Usage and Penalty Charge

60. Compare monthly water consumption amounts (volume only) presented on the Month Sum customer Billings Report and CCF Consumption Report provided by Fund’s Account services department, which supports data presented on the Statement of Fixed Block Usage and Penalty Charge.
61. Recalculate Annual Average Use in accordance with methodology in the Fixed Block Water Supply Agreement.
62. Recalculate Peak Season Use in accordance with methodology in the Fixed Block Water Supply Agreement.
63. Recalculate Peak Month Use in accordance with methodology in the Fixed Block Water Supply Agreement.
64. Recalculate Penalty Charge Costs applied in accordance with methodology in the Fixed Block Water Supply Agreement.

Procedures to be Performed on the Notes to the Wholesale Customer Statements

65. Compare rate of return percentage in Note 1 to the rate of return recalculated in the procedures performed on the Statement of Surplus (Deficit) of Rate Revenues Less Service Costs.
66. Recalculate the arithmetical accuracy of the tables and schedules within the Notes.
67. Compare balances of all Operations Costs within the Notes to the 2014 O&M Allocation Schedule.
68. Compare the Total Existing Supply Asset Cost, Total Existing Transmission Asset Cost, and Total New Supply Asset Cost within the Notes to corresponding totals within the Statement of Surplus (Deficit) of Fixed Block Revenues Less Service Costs. Compare all other balances with 2014 Asset Schedule.

Procedures to be Performed on additional Historical Schedules

69. Compare balances presented in Historical Schedules to the Schedules or Statements from which they are derived.