



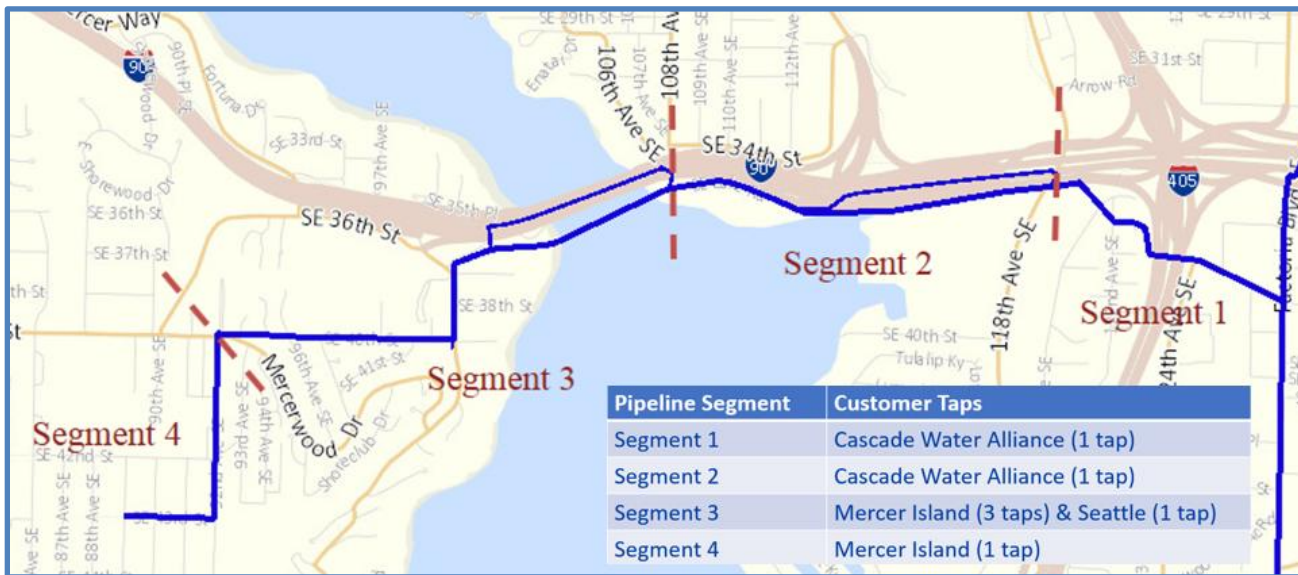
April 23, 2026

Jessi Bon, City Manager
City of Mercer Island
9611 SE 36th St
Mercer Island, WA 98040
(Emailed to citymanager@mercerisland.gov)

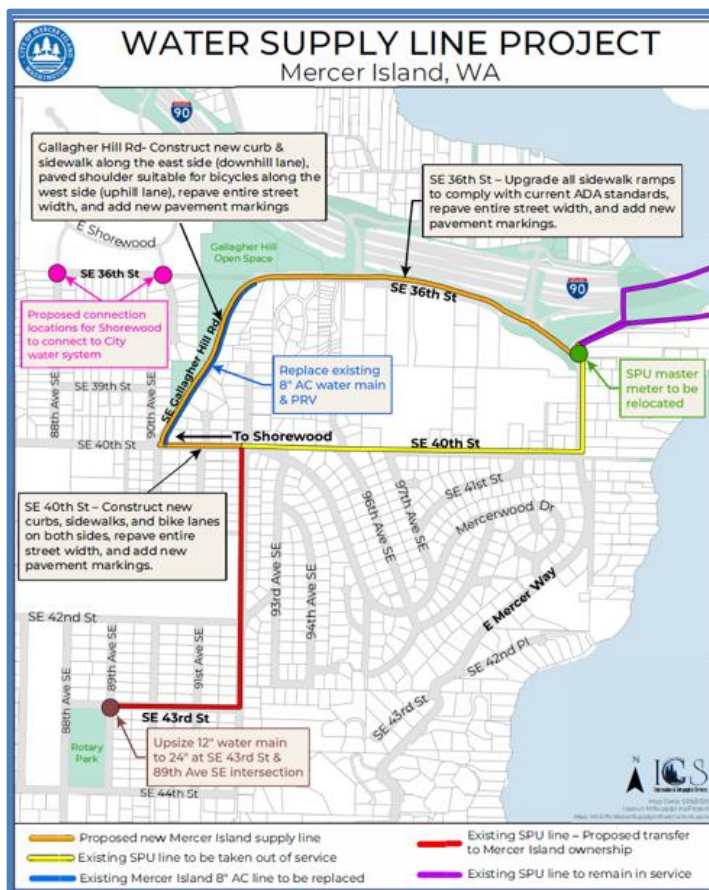
Dear Ms. Bon,

This letter is to communicate the intent of Seattle Public Utilities (SPU), a department of the City of Seattle, to transfer a portion of the SPU-owned Mercer Island Pipeline (MIPL) to the City of Mercer Island (Mercer Island), due to Mercer Island building its own transmission pipeline on the island.

The MIPL is shown in the figure below. It runs from SPU's Cedar Eastside Supply Line in Bellevue, west across Interstate 90 onto the island, and terminates in Rotary Park at Mercer Island's storage tanks, which is the beginning of Mercer Island's distribution system. The MIPL is divided into four segments for cost allocation purposes based on the location of wholesale customer taps.



The route of Mercer Island's new transmission pipeline is shown in the figure below. (Note that the figure was developed last year and is slightly outdated in that the connection to the MIPL will be a little further East and the yellow-colored portion of the MIPL will also be transferred to Mercer Island.) Mercer Island's new transmission pipeline will connect to the MIPL just west of where the MIPL lands on the island, head west and then south, and then connect to the MIPL again at the beginning of Segment 4. A new meter will be installed at the beginning of Mercer Island's new transmission pipeline. Given this route, it makes sense for SPU to transfer the portion of our MIPL downstream of the new meter to Mercer Island for several reasons. First, Mercer Island needs to utilize Segment 4. Second, it would not make sense to pass water through a SPU transmission line (part of Segment 3), to a Mercer Island transmission line, and back to a SPU transmission line (Segment 4). Third, with Mercer Island owning Segment 4, SPU would have no use for the part of Segment 3 downstream of the new meter, while Mercer Island might find use in terms of redundancy.



SPU and Mercer Island plan to sign an agreement that will document various aspects of this project related to the infrastructure, the financial implications, converting the Shorewood Apartments from a SPU retail customer to a Mercer Island retail customer, and Mercer Island likely purchasing a small SPU-owned parcel on the island.

The agreement will be in place by the time the Mercer Island transmission pipeline project is completed, which currently is scheduled for October 2027. Our goal is to provide a draft agreement for Mercer Island's review in late summer of this year. This letter is a precursor to the eventual agreement in order to communicate now our intent to transfer that portion of the MIPL to Mercer Island. The official authority to approve that transfer lies with the Seattle City Council ("Council"), and therefore the City of Seattle and SPU will not be obligated until this transfer is approved by the Council and an agreement for such transfer has been executed. Our goal is to engage the Council early next year and hopefully have a fully executed agreement by the second quarter of 2027.

Sincerely,

Andrew Lee, General Manager and Chief Executive Officer
Seattle Public Utilities

Cc (emailed):

- Jason Kintner, City of Mercer Island, Chief of Operations, jason.kintner@mercerisland.gov
- Carson Hornsby, City of Mercer Island, Management Analyst, carson.hornsby@mercerisland.gov
- Alex Chen, Seattle Public Utilities, Drinking Water and Utility O&M Chief Operating Officer, alex.chen@seattle.gov
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