Seattle City Light

MEMORANDUM

JUNE 29, 2016

TO
Ed Murray, Mayor
Seattle City Council

FROM
Larry Weis, General Manager and CEO

SUBJECT
Financial Update – May 2016

This memo provides an analysis of Seattle City Light's financial condition and operating results through May 31, 2016. Retail consumption is coming in 5% lower than planned, and the 2016 sales forecast has been reduced to reflect the portion of this trend not attributable to warm weather. Therefore, retail revenue, both actual and forecasted for the year, is lower than expected when rates were set for 2016. Wholesale revenue is also lower than budgeted, leading to drawdown of the Rate Stabilization Account (RSA) to supplement City Light revenue, which is likely to trigger a surcharge sometime in 2016.

FINANCIAL HIGHLIGHTS
May 31, 2016

$ in millions	YTD Actuals 2016	YTD Actuals 2015	YTD Plan	Full Year 2016 Forecast	Full Year 2016 Plan	Full Year 2016 Variance	Forecast Change from Prior Month
Retail Power Revenues[1]	$ 333.1	$ 315.8	$ 355.0	$ 780.0	$ 811.2	$ (31.3)	$ (1.8)
Surcharge Revenues	$ -	$ -	$ -	$ 2.3	$ -	$ 2.3	$ -
Wholesale Energy Sales (net)[2]	$ 32.9	$ 42.9	$ 32.0	$ 46.6	$ 60.0	$ (13.4)	$ (3.6)
Power O&M (net)	$ (119.5)	$ (115.0)	$ (123.1)	$ (277.1)	$ (280.4)	$ 3.3	$ (0.5)
Non Power O&M (net)	$ (88.0)	$ (83.9)	$ (87.2)	$ (243.8)	$ (243.0)	$ (0.8)	$ 0.5
RSA Transfers (net)[3]	$ (2.2)	$ (10.5)	$ (0.4)	$ 9.8	$ (1.0)	$ 10.8	$ 3.2
Taxes, Depeciation & Other	$ (99.3)	$ (96.7)	$ (96.4)	$ (202.6)	$ (206.6)	$ 4.0	$ 0.4
Net Income	**$ 57.0**	**$ 52.5**	**$ 80.0**	**$ 115.1**	**$ 140.2**	**$ (25.1)**	**$ (1.9)**
Operating Cash	$ 115.3	$ 105.6	$ 159.0	$ 122.6	$ 140.4	$ (17.8)	$ 3.7
Construction Account - Restricted	$ 33.3	$ 0.4	$ -	$ 74.1	$ 63.7	$ 10.4	$ -
Rate Stabilization Account	$ 93.2	$ 124.9	$ 91.4	$ 81.2	$ 92.0	$ (10.8)	$ (3.2)
Bond Reserve	$ 76.3	$ 58.1	$ 75.9	$ 93.3	$ 92.9	$ 0.4	$ 0.1
Other Restricted Assets	$ 27.9	$ 27.2	$ 26.0	$ 15.7	$ 13.8	$ 1.8	$ (0.0)
Total Cash	**$ 346.1**	**$ 316.2**	**$ 352.3**	**$ 386.8**	**$ 402.9**	**$ (16.0)**	**$ 0.5**
Debt Coverage Ratio	n/a	n/a	n/a	1.63	1.75	-0.12	0.00
Debt to Capitalization Ratio	62.9%	57.9%	62.4%	64.2%	63.7%	0.5%	0.1%

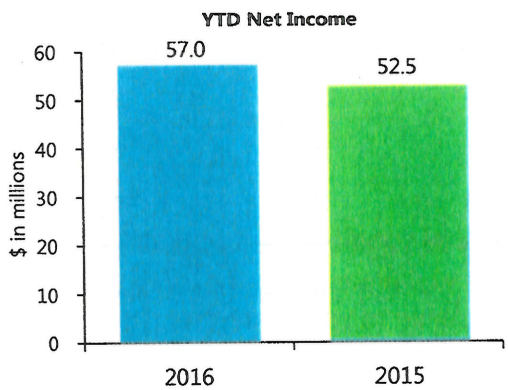
(1) Retail power revenues include revenues such as power factor charges.
(2) Revenue from wholesale sales, before booked out long term purchases.
(3) Transfers from the RSA less transfers to the RSA.

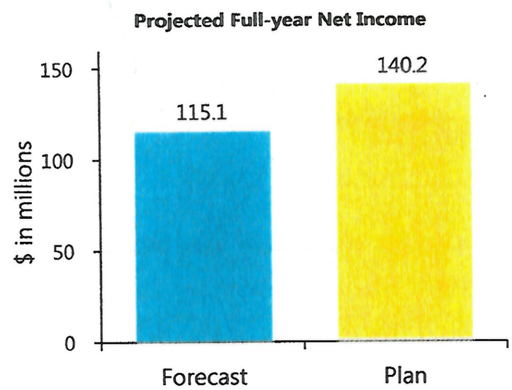
YEAR-TO-DATE NET INCOME, RELATIVE TO 2015

As indicated in the table on the previous page and in the charts below, net income for the period ending May 31, 2016 was $57.0 million, which is $4.5 million or 9% favorable compared to the same time period in 2015. The favorable variance was driven by an increase in retail power revenues due to the 4.9% system average rate increase effective January 1, 2016 partially offset by a 5% increase in O&M due in part to the retroactive 2015 COLA mandated by new labor agreements.

YEAR-END NET INCOME, RELATIVE TO PLAN

Projected net income for 2016 is $115.1 million, which is $25.1 million, or 18% unfavorable compared to the 2016 Financial Plan of $140.2 million. The primary driver of the unfavorable variance was the shortfall in retail power revenue driven by above normal temperatures year-to-date.

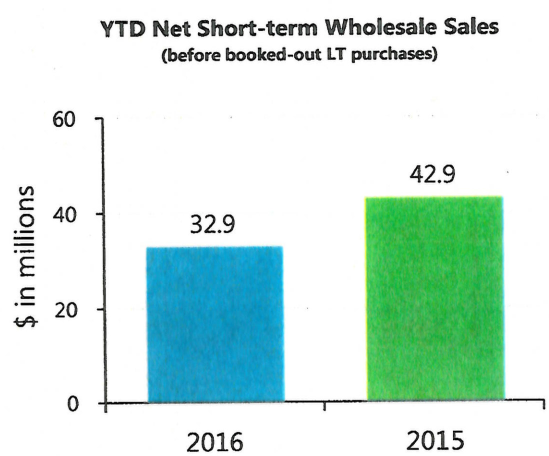


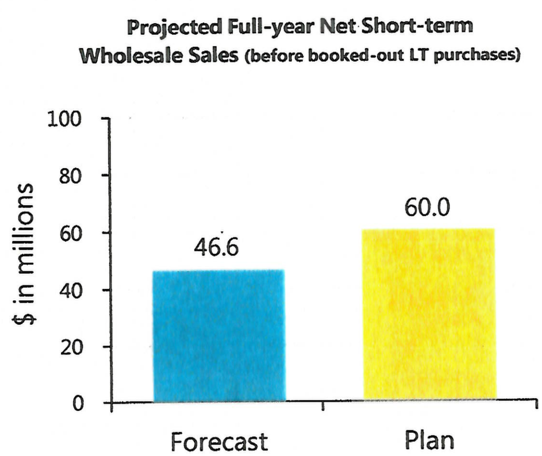


NET SHORT-TERM WHOLESALE ENERGY

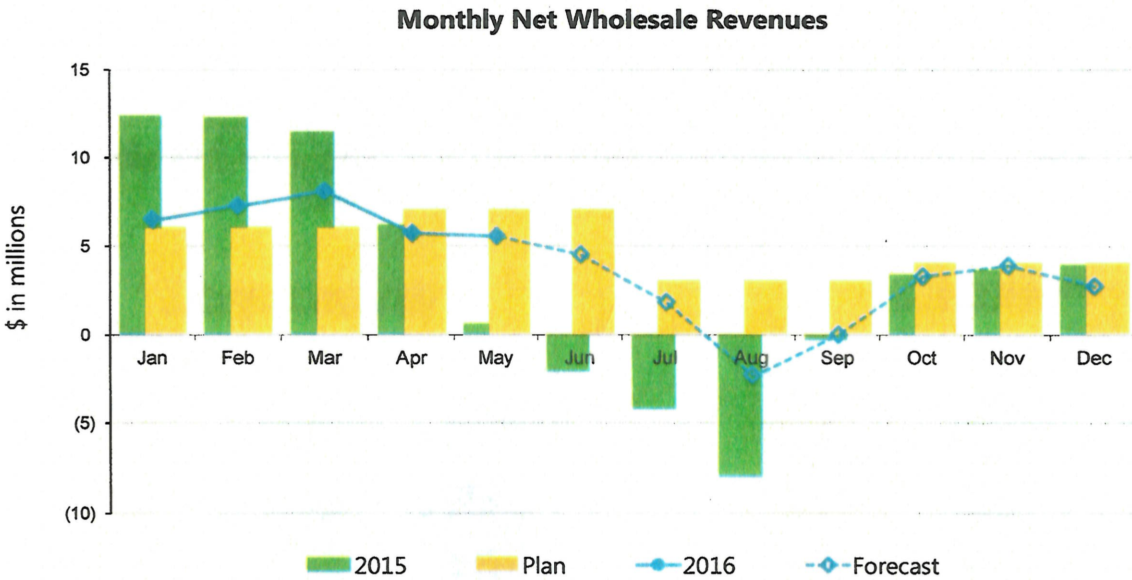
May year-to-date net wholesale revenues of $32.9 million declined $10.0 million or 23% from 2015 due to a combination of record generation levels in early 2015 and depressed power market prices in 2016.

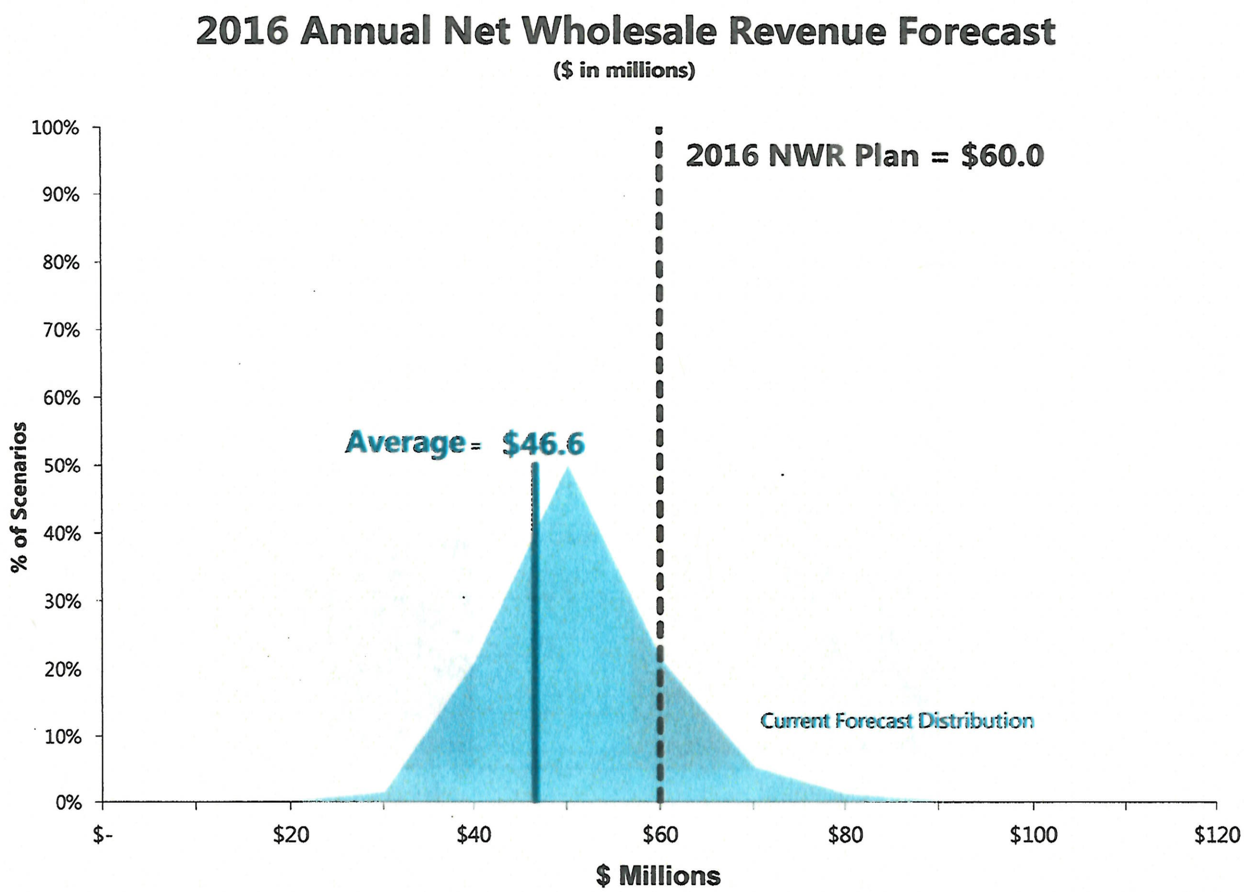
The current estimate of full-year 2016 net wholesale revenue is $46.6 million, which is $13.4 million or 22% below the 2016 Plan of $60 million.





The projections of net short-term wholesale energy sales fluctuate with changes in water conditions, economic factors such as the price of natural gas and retail load.

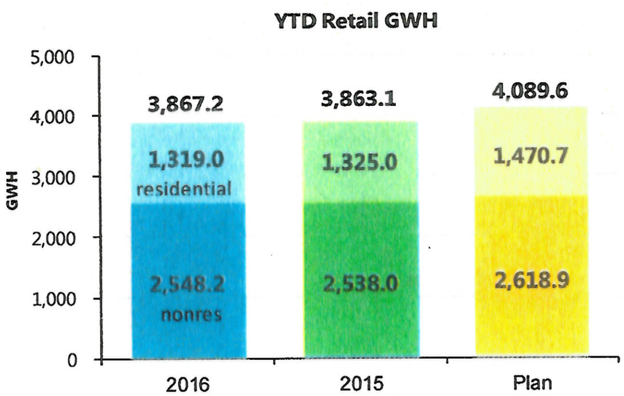


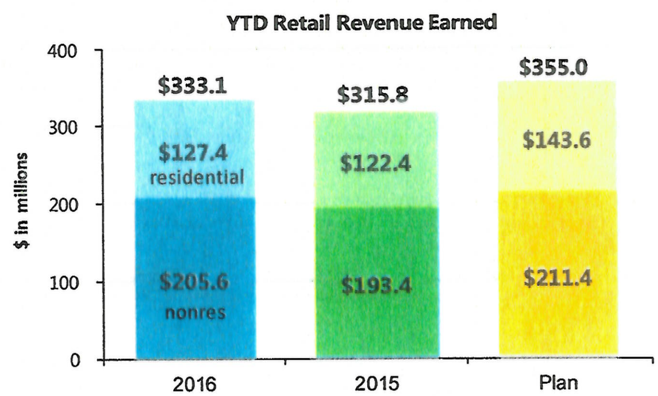


RETAIL POWER REVENUES

Year-to-date total load was lower than planned by 222 GWh, or 5.4%. Excluding the impact of above average temperatures in early 2016 (less heating load), total load variance to Plan would have been unfavorable by only 105 GWh, or 2.6%. The weather similarly impacted year-to-date retail revenue, which was lower than planned by $22.0 million, or 6.2%.

Year-to-date retail revenue was higher than the prior year by $17.3 million or 5.5% due to a combination of the 4.9% system average rate increase effective January 1, 2016 and the 1% BPA pass-through charge effective October 1, 2015. Retail sales were similar year-over-year.

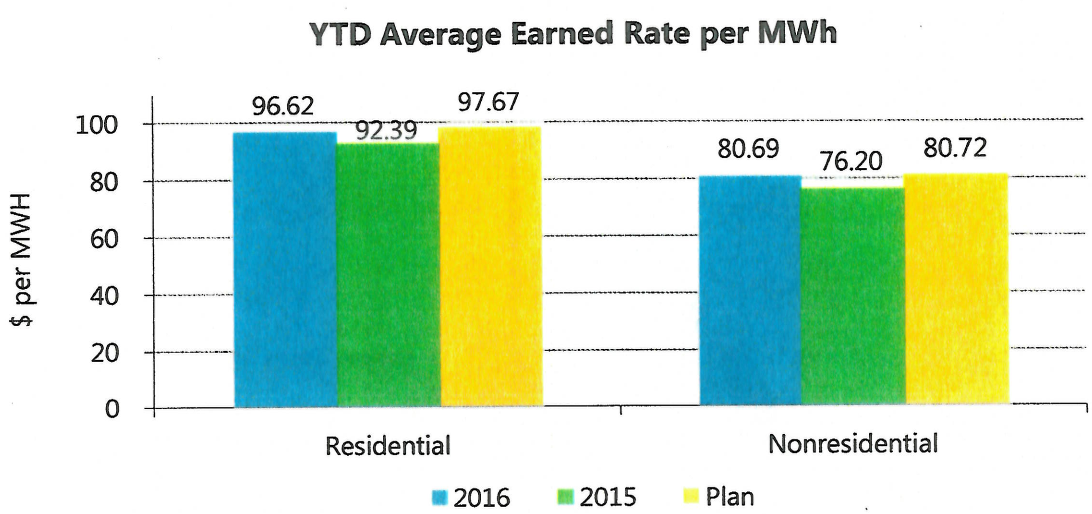




	YTD Retail GWH		
	Nonresidential	Residential	Total
2016 vs. 2015	0.4%	-0.5%	0.1%
2016 vs. Plan	-2.7%	-10.3%	-5.4%

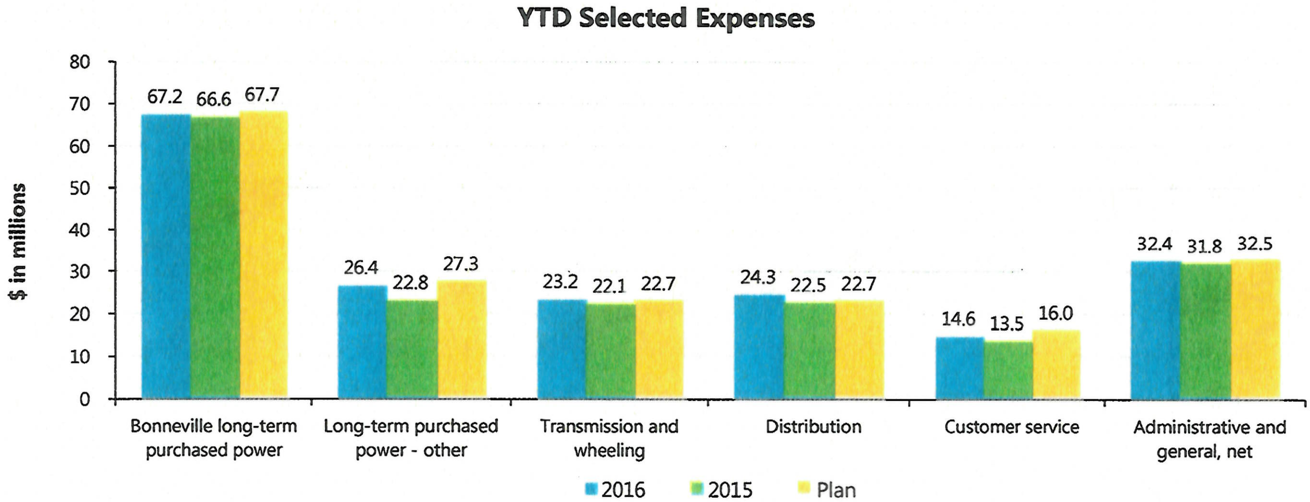
	YTD Retail Revenue		
	Nonresidential	Residential	Total
2016 vs. 2015	6.3%	4.1%	5.5%
2016 vs. Plan	-2.7%	-11.3%	-6.2%

The actual average earned rate per MWh for residential and nonresidential customers is different from what was expected in the 2016 Plan due to slight differences in assumed versus actual patterns of consumption.



DATA FOR SELECTED ACCOUNTS

The following chart presents year-to-date 2016 data for major components of City Light's operating expenses excluding wholesale power transactions. These expenses can fluctuate month to month compared to the previous year for a number of reasons including work scheduling and accounting adjustments. Major or noteworthy differences from 2015 are detailed below.



- Bonneville expenses: The $0.6 million unfavorable year-over-year variance was due to an increase in BPA costs driven by a rate increase effective October 1, 2015.

- Long-term purchased power: The $3.6 million unfavorable year-over-year variance was due primarily to an increase in Stateline Wind generation as well as the timing of Grant County PUD expense recognition. In 2016, the full-year Grant County PUD expense was recognized in January whereas in 2015 the expense was spread across all months.

- Transmission and wheeling: The $1.1 million unfavorable year-over-year variance was due primarily to an increase in BPA costs driven by a rate increase effective October 1, 2015.

- Distribution costs: The $1.8 million unfavorable year-over-year variance was due to increases in salary, including for COLA and related overhead, streetlight and customer installation expenses; partially offset by a decrease in tree trimming costs.

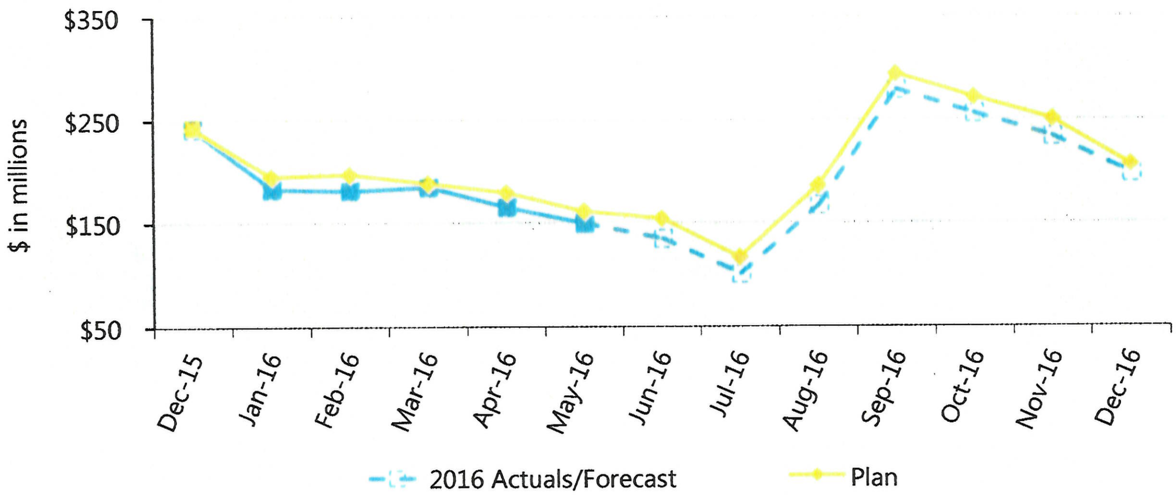
- Customer service expenses: The $1.1 million unfavorable year-over-year variance was driven by increases in billing, collection and bad debt expenses; partially offset by a decline in customer assistance costs. The increase in bad debt expense was attributable to both electric retail and sundry billings and includes a one-time estimate for CenturyLink joint facility billings.

- Administrative and general expenses: The $0.6 million unfavorable year-over-year variance was due primarily to increases in salary, including for COLA, and estimated injury and damage claims. These were partially offset by a net increase in pension and benefits overhead applied due to the March 2016 retro pay and an incremental increase in A&G overhead applied.

CASH POSITION

As of May 31, 2016, City Light's operating plus construction account cash balance was $148.6 million, which is $10.4 million or 7% under the 2016 Financial Plan of $159.0 million. The forecasted year-end balance of operating and construction account cash is $196.7 million, which is $7.4 million or 4% under the 2016 Financial Plan of $204.1 million.

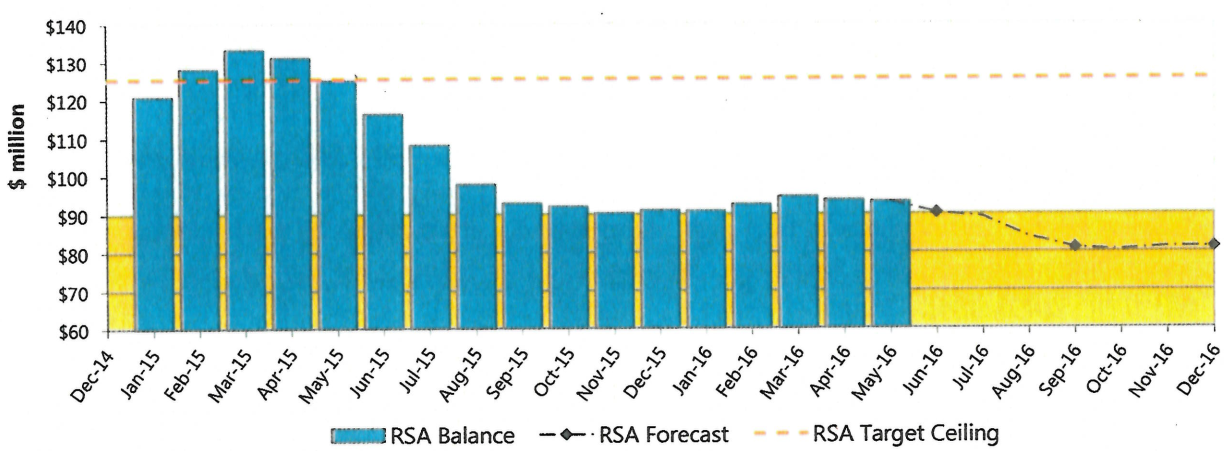
Operating and Construction Account Cash Balances
(Excludes Rate Stabilization Account)



RSA POSITION

The cash balance in the rate stabilization account was $93.2 million as of May 31, 2016, which is $6.8 million or 6.8% under the $100 million RSA target. Given the current 2016 net wholesale revenue forecast, it is likely that the RSA balance will drop below the surcharge trigger of $90 million and a surcharge will be implemented sometime in 2016.

Rate Stabilization Account



2016 BUDGET

As of May 2016, City Light is projecting that overall it will be within its budget authority through year-end 2016. The Department has spent 46% of the overall O&M budget (O&M budget includes Non-Power O&M expenses, Purchased Power, Taxes and Debt Service) through May. At this point in the year we would normally expect to have spent 42% of the annual budget, but carry forward encumbrances overstate the spending in the 1st Quarter. City Light's spending on the Capital program through May is approximately 80% of the 2016 year to date forecast. City Light anticipates that the accomplishment rate will be 85% by year-end.

DEBT-TO-CAPITALIZATION

As of May 31, 2016, City Light's debt-to-capitalization ratio was 62.9%, a decrease from 64.7% reported at December 31, 2015. Based on the revised forecast, the 2016 year-end debt-to-capitalization ratio is expected to be 64.2%, which is just slightly higher than the 2016 Plan of 63.7%.

COMPLIANCE

Attached for your information is the City Light Risk Oversight Status Report as of June 8, 2016, which conveys City Light's compliance with risk policies and standards at that point in time.

PERFORMANCE METRICS

In addition to the financial information included above, we have provided a report on performance metrics for Distribution Operations, Vegetation Management, Safety and Human Resources, Power Resources and Customer Care. The updated Performance Metrics Report for May 31, 2016, with 2015 data included for comparison, is attached.

Attachments

cc: Kate Joncas
Hyeok Kim
Tony Kilduff
Ben Noble
Saroja Reddy
Brian Surratt
Greg Shiring
Michael Van Dyck

Net Income Variance Analysis
May 2016

Variance Year-to-Date 2016 Compared to 2015 Actuals: $4.5 million or 8.6%

Major components ($ in millions):

$52.5	Net Income YTD through April 30, 2015
($10.1)	Lower net wholesale energy sales due to lower volumes than prior year, which had increased production January to May resulting from warmer weather and earlier snowmelt combined with slightly lower market prices y-t-d.
$8.3	Lower transfers to RSA y-t-d due to wholesale revenues closer to budget than prior year which had warmer weather y-t-d which resulted in earlier snowmelt and higher generation than budgeted in first five months of 2015.
$17.3	Higher retail power revenues due to higher residential and non-residential loads, a comprehensive rate increase of 4.9% effective 1/1/2015 and BPA pass through rate increase of 0.9% effective 10/1/2015.
($3.6)	Higher long term purchased power - other due to full year recognition of Grant County contract costs and an increase in Statelind wind volume, which is weather-dependent.
$2.4	Lower generation resulting from land use fees paid in March of last year, but not yet billed for in 2016.
($1.8)	Higher distribution primarily due to March 2016 retro pay and related overhead.
($1.3)	Higher interest expense due to higher outstanding debt balance.
($1.1)	Higher transmission and wheeling due to BPA transmission rate increase.
($1.1)	Higher customer service costs for billing, collecting, and estimated bad debt on CenturyLink billings.
($3.8)	Higher depreciation and amortization due to a 2015 additions to plant and a 2016 adjustment to amortization related to WAMS software, which was understated in 2014 and 2015.
$3.0	Higher investment income resulting from favorable market performance.
($1.8)	Higher conservation asset amortization due to 2015 additions.
($0.9)	Higher taxes resulting from higher retail revenues.
($1.0)	Other (net)
$57.0	Net Income YTD through May 31, 2016

Variance 2016 Revised Forecast Compared to Financial Plan: -$25.1 million or -17.9%

Major components ($ in millions):

$140.2	Net Income through December 31, 2016 - Financial Plan
($29.0)	Retail power revenues lower than plan primarily due to lower than planned consumption driven by above normal temperatures.
($13.4)	Net wholesale energy sales lower than plan due to depressed power market prices.
$10.8	Transfers from the RSA higher than plan due to lower than budgeted short-term net wholesale energy sales.
$4.7	Investment income higher than plan due to a $3.5 million unplanned fair value adjustment.
$3.6	Taxes lower than plan due to the unplanned decline in retail power revenues.
($1.8)	Other (net)
$115.1	Net Income YTD through December 31, 2016 - Revised Forecast

Line No.	Condensed Statements of Revenues, Expenses and Changes in Net Position	Year-to-date [A] Actuals May 31, 2016	Year-to-date [B] Actuals May 31, 2015	Year-to-date [A - B] Actuals to Actuals Variance	Year Ending December 31, 2016 [C] 2016 Revised Forecast	Year Ending December 31, 2016 [D] 2016 Financial Plan	Year Ending December 31, 2016 [C - D] Variance
2	**Unaudited**						
3	In millions						
4	**Operating Revenues**						
5	Retail power revenues	$ 333.1	$ 315.8	$ 17.3	$ 782.2	$ 811.2	$ (29.0)
6	Short-term wholesale power revenues, net (lines 40 + 43)	33.1	45.3	(12.2)	52.1	78.2	(26.1)
7	Power-related revenues - other	7.5	7.3	0.2	26.9	28.9	(2.0)
8	Transfers from/(to) rate stabilization account	(2.2)	(10.5)	8.3	9.8	(1.0)	10.8
9	Other revenues	7.5	8.4	(0.9)	22.6	22.7	(0.1)
10	Total operating revenues	379.0	366.3	12.7	893.7	939.9	(46.3)
11	**Operating Expenses**						
12	Generation	11.4	13.8	(2.4)	39.1	40.1	(1.0)
13	Bonneville long-term purchased power	67.2	66.6	0.6	161.3	161.8	(0.5)
14	Long-term purchased power - other	26.4	22.8	3.6	62.0	64.1	(2.1)
15	Short-term wholesale power purchases	2.4	4.6	(2.2)	10.5	23.2	(12.7)
16	Power-related wholesale purchases - other	3.6	3.7	(0.1)	6.6	8.5	(1.9)
17	Other power costs	4.5	4.9	(0.4)	13.1	14.4	(1.3)
18	Transmission and wheeling	23.2	22.1	1.1	56.0	55.6	0.5
19	Distribution	24.3	22.5	1.8	67.4	65.7	1.6
20	Customer service	14.6	13.5	1.1	39.8	41.3	(1.4)
21	Conservation	12.6	10.8	1.8	32.8	31.2	1.6
22	Administrative and general, net	32.4	31.8	0.6	87.3	87.4	(0.1)
23	Taxes	38.1	37.2	0.9	86.9	90.5	(3.6)
24	Depreciation and amortization	50.5	46.7	3.8	119.8	118.7	1.0
25	Total operating expenses	311.2	301.0	10.2	782.6	802.4	(19.8)
26							
27	**Net Operating Income**	**67.8**	**65.3**	**2.5**	**111.0**	**137.5**	**(26.5)**
28							
29	**Other Deductions, Net**						
30	Investment Income	6.7	3.7	3.0	11.3	6.6	4.7
31	Other income (expense), net	2.5	2.2	0.3	24.8	24.5	0.2
32	Interest expense	(32.0)	(30.7)	(1.3)	(80.0)	(79.9)	(0.1)
33	Noncapital grants	-	0.5	(0.5)	1.3	2.3	(0.9)
34	Capital contributions	12.0	11.4	0.6	46.6	49.1	(2.5)
35	Capital grants	-	0.1	(0.1)	0.1	0.1	(0.0)
36	Total other deductions, net	(10.8)	(12.8)	2.0	4.1	2.7	1.4
37							
38	***Change in Net Position***	**$ 57.0**	**$ 52.5**	**$ 4.5**	**$ 115.1**	**$ 140.2**	**$ (25.1)**
39	**Note A:**						
40	Short-term wholesale energy sales, gross	35.2	47.5	(12.3)	57.2	83.2	(26.0)
41	Short-term wholesale energy purchases	(2.4)	(4.6)	2.2	(10.5)	(23.2)	12.7
42	**Net ST wholesale sales before booked-out LT purchases**	**32.8**	**42.9**	**(10.1)**	**46.6**	**60.0**	**(13.4)**
43	Booked-out long term purchases	(2.1)	(2.2)	0.1	(5.0)	(5.0)	(0.0)
44	Net short-term wholesale energy sales	**30.7**	**40.7**	**(10.0)**	**41.6**	**55.0**	**(13.4)**
45	**Note B:**						
46	Power-related revenues, net (line 7 minus line 16)	3.9	3.6	0.3	20.3	20.3	(0.1)

Seattle City Light
Risk Oversight Status Report
As of Jun 08, 2016

Summary

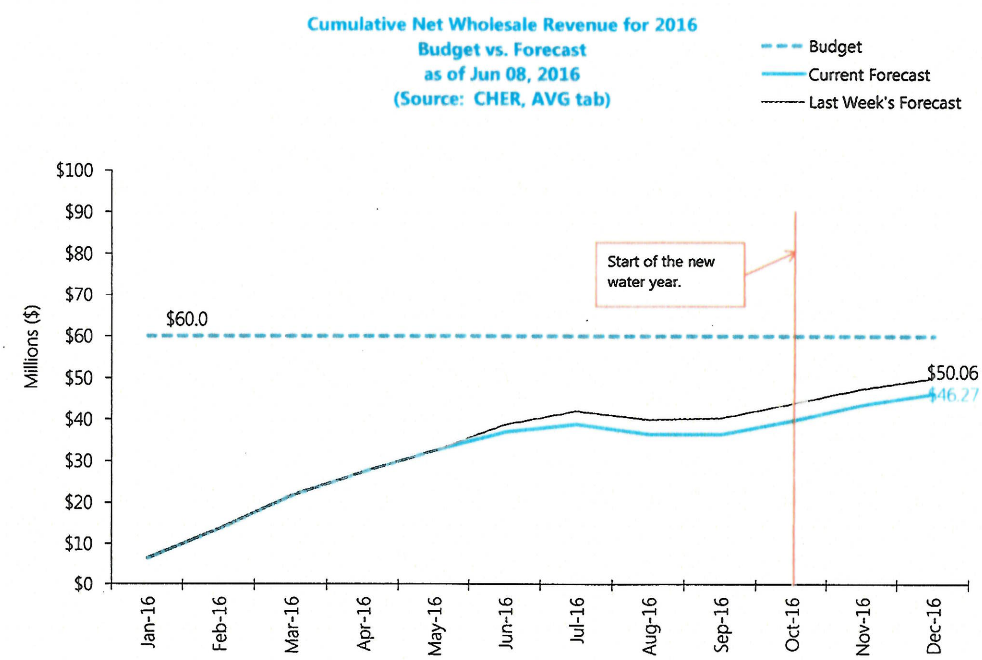
	5 Year Average	2016 Average	% of 5 Year Average
SCL Hydro Generation	1,098 MW	1,046 MW	95%
Market Prices (Peak Hours)	$30.63	$22.04	72%

SCL Hydro Generation: This shows the total average generation per hour for Seattle City Light's three major hydroelectric resources (Skagit, Boundary, and BPA Slice). For the 2016 calendar year this average includes actual generation for past months and forecasted MW for future months. The 5 year average value is comprised of actual generation for the years 2011-15. The percent of 5 year average shows the generation for the current year relative to the 5 year average.

Peak Market Prices: This shows the total average price per hour for peak hours at the nearest and the most active electricity trading hub (MID-C). For the 2016 calendar year this includes the average Dow Jones firm peak index daily prices for past months and the average of the monthly forward marks for the future months. The 5 year average is computed from the Dow Jones peak daily prices for the years 2011-15. The percent of 5 year average shows the market prices for the current year relative to the 5 year average.

Wholesale Revenue Variance: Chart 1 below compares the approved 2016 NWR budget of $60MM with the latest 2016 NWR forecast of $46.3MM. The NWR forecast decreased by $3.8MM from the previous forecast of $50.1MM as a result of a lower resource forecast for the remainder of the year, accounting for $2.8MM and decrease in current month's revenue estimate by $1.8MM. This decrease was partially offset by $0.8MM in revenues resulting from higher forward prices.

Chart 1



Policy Compliance

Tail Risk Limit	Prompt Month & Within Month Limit	Forward Month's Resource Requirement Limit	Forward Sales Limit	Physical Options Limit
Compliant	Compliant	Stop Sale	Compliant	Compliant

**Based on this week's update of hydro forecasts, the Forward Month's Resource Requirement (at the 25th percentile) is now indicating a short position (negative position) for the Q3 2016 period. Per WERM Policy this has triggered a stop sales order for the quarter. The Power Management Division has already taken action to conduct no additional sales for that quarter. No further action is required*

Tail Risk: For the current calendar year, the Power Marketing Division (PMD) must conduct its hedging activity to maintain the Utility's position within established Risk Tolerance Band (RTB) of $8MM based on the calculated 5% Tail Risk metric. For the prompt year (the year immediately following the current calendar year), the established RTB is $10MM.
(Section 3.3.2 Prompt and Within the Month (WERM))

Prompt Month & Within Month Volumetric Limit: The Power Marketing Division (PMD) will maintain City Light's power portfolio position for any prompt month or any Balance of the Month period so that such position shall not exceed a 50 average megawatt deficit during such period. Such limit will be calculated as the net position of City Light's combined physical position adjusted for any physical options (daily or monthly) that City Light has purchased for such month. If this limit is exceeded, the Division will take immediate action to reduce the deficit to under 50 average megawatts.
(Section 3.3.1.1 Prompt and Within the Month (WERM))

Forward Month's Resource Requirement Limit: The Power Marketing Division (PMD) will immediately suspend any further forward sales for the future calendar quarter, within the next 24 months period, if the forecasted net combined system energy projected surplus for that quarter is less than zero, at 25th percentile. Further, the PMD will take immediate action to purchase if the forecasted net combined system energy position for a future calendar quarter, in the next full 24 months period, is less than zero at 50th percentile. Such corrective action shall reduce the said deficit to zero at 50th percentile for that quarter.
(Section 3.3.1.2 Forward Month's Resource Requirement (WERM))

Forward Sales Limit: The Power Marketing Division (PMD) will not sell forward a quantity of more than 1,750,000 net megawatt hours over a rolling four full calendar quarters. Such limit will be calculated as the net position of City Light's combined physical position adjusted for any physical options (daily or monthly) that City Light has purchased for such period.
(Section 3.3.1.3 Forward Month's Resource Requirement (WERM))

Physical Options Volumetric Limits: As the utility introduces physical puts and calls into its portfolio it will do so in a conservative manner. This will allow for the refinement of procedures and controls that these transactions will impact. The Power Marketing Division (PMD) will limit its option volumetric position so that it will not transact more than the lesser of 300 average megawatts in physical puts and calls (including daily and monthly options) or spend more than $2MM for option premiums for any calendar year. *(Section 3.3.1.4 Forward Month's Resource Requirement (WERM))*

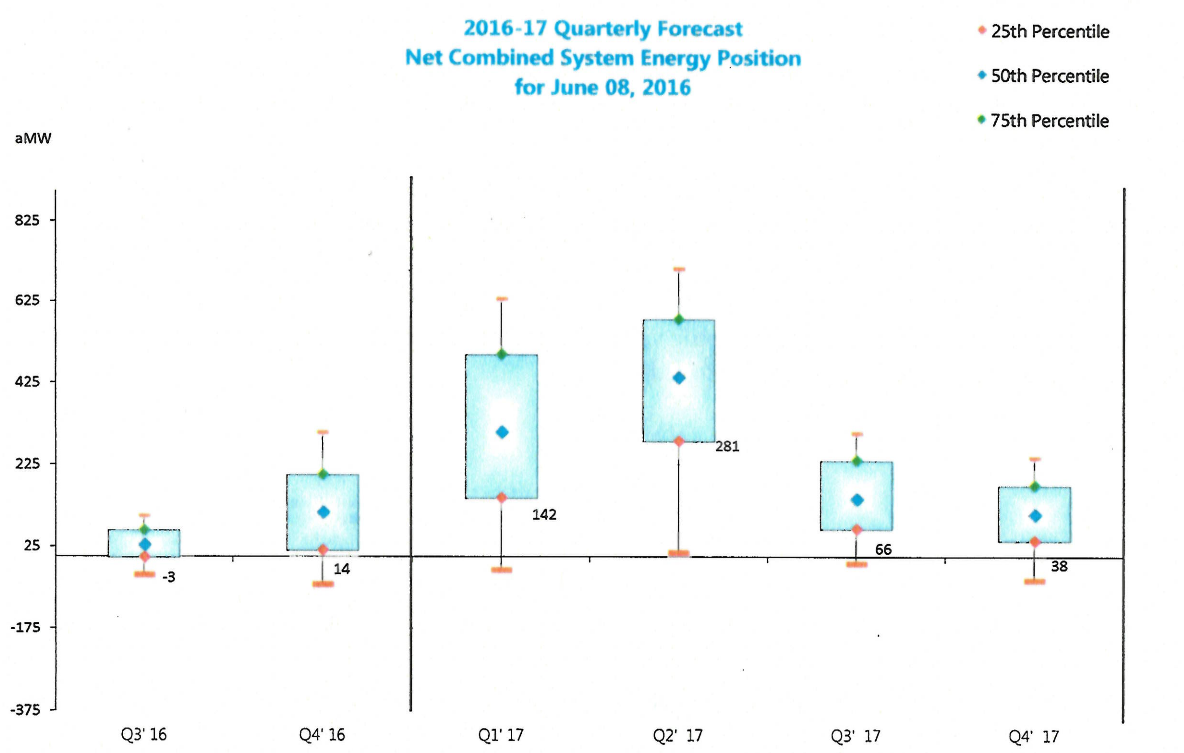
Hedging Plan & Position Status

Hedge Plan 2016, Phase 2 was last proposed and approved by the Risk Oversight Council on April 22, 2016.

City Light uses the most recent load and hydro forecasts including relevant historical data to run a Historical simulation based model that produces a forecast of more than two thousand portfolio resource scenarios. The output of this model along with the current forward positions provides energy information needed to determine SCL's position. Shown below in Chart 2 are positions as of the model run date for the different resource scenarios.

Chart 2 shows the Net Combined System Energy Position for the next quarters to match City Light's short-term transacting authority. The blue boxes represent the expected net energy position from 25th to 75th percentile. The dark blue diamonds inside the boxes represent the 50th percentile. If the blue diamond falls below zero, City Light must purchase adequate energy to cover that deficit.

Chart 2



5% Tail Risk Metric, 2016

In October 2007, City Light implemented a risk metric named the "5% Tail Risk". It is calculated as the average of the worst-case scenarios for City Light's cash from operations for the calendar year. Cash from operations is a bottom-line financial metric defined as the cash available to finance capital projects. There are numerous drivers of cash from operations such as retail revenue, investment income, debt service, and O&M expenses; however wholesale energy revenue is typically the primary driver of uncertainty in this metric.

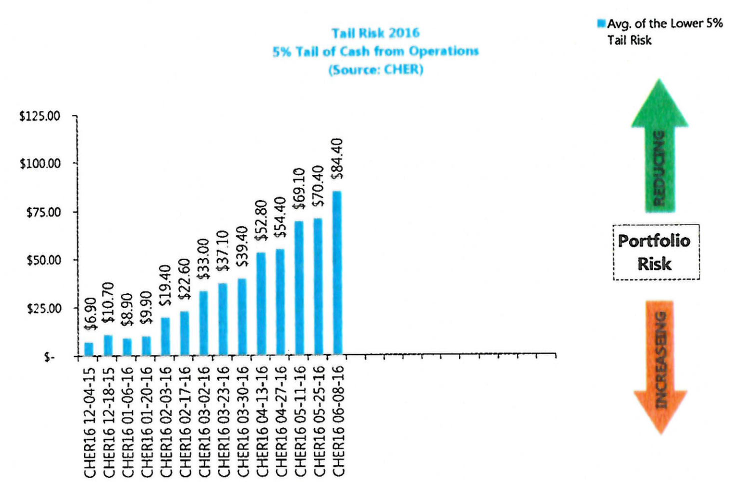
In 2011, the Rate Stabilization Account (RSA) became operational. The RSA is a cash reserve that is used to buffer the Utility from uncertainty in wholesale energy revenue. If the RSA becomes depleted, it is replenished via retail rate surcharges. The RSA significantly mitigates City Light's financial (i.e. cash from operations) risk associated with wholesale energy revenue; however retail customers are exposed in part to the wholesale energy revenue risk via RSA surcharges of up to 4.5%. To appropriately encourage management of risk borne by both City Light and retail customers, the cash from operations amount used in the 5% Tail Risk calculation excludes any effects of the RSA.

The 5% Tail Risk metric is used as a risk control measure in City Light's management of surplus hydro resources. It is used in concert with additional volumetric limits, as well as expert knowledge and analysis of western wholesale energy markets, river flow data, and generation unit outages, to inform power management decisions.

Every week, portfolio models are updated with the most current information and the 5% Tail Risk is recalculated for both the current portfolio (forecast position plus purchases less sales) and planned portfolio (current portfolio plus remainder of existing hedge plan). This metric shows the utility's portfolio position as of that week.

Chart 3 (below) illustrates the 5% Tail Risk metric values for the calendar year 2016. The current projection of a worse case of Cash from Operations is $84.4MM.

Chart 3



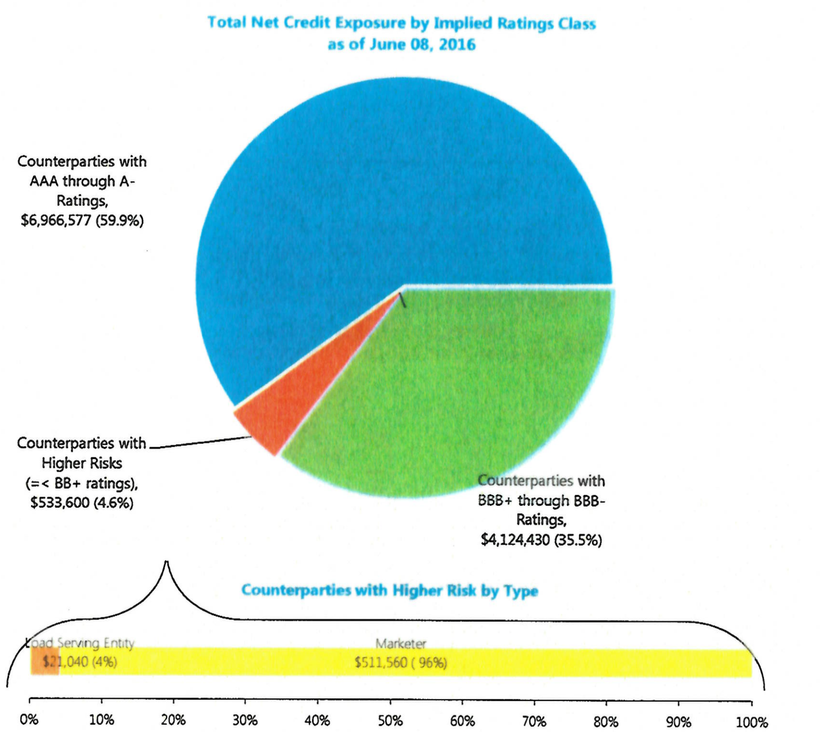
Credit

City Light actively manages its wholesale counterparty credit risk by:

I. setting credit limits for each counterparty that are derived from a credit limit framework, credit scoring model and analysis;
II. securing credit enhancements when necessary;
III. monitoring national and global news including news related to industry and specific to counterparties;
IV. daily monitoring of counterparty credit exposures.

Risk Management Division uses industry standard tools to proactively measure changes in counterparty creditworthiness. Implied credit ratings are utilized in conjunction with standard ratings provided by external agencies. The concept of risk tolerance extends to counterparties that are considered 'Higher Risk' with equivalent Moody's and S&P implied ratings of 'BB+' or less. Counterparties with such implied ratings are placed into the 'Higher Risk Credit Portfolio' for close monitoring in order to reduce the risk of delayed or non-payment while utilizing wholesale power, transmissions and related ancillary revenue opportunities. City Light strives to keep its "Higher Risk" counterparty exposures at less than 25% of the total exposure at any given time. However, this percentage can vary based on the time of the month when the report is produced.

Chart 4

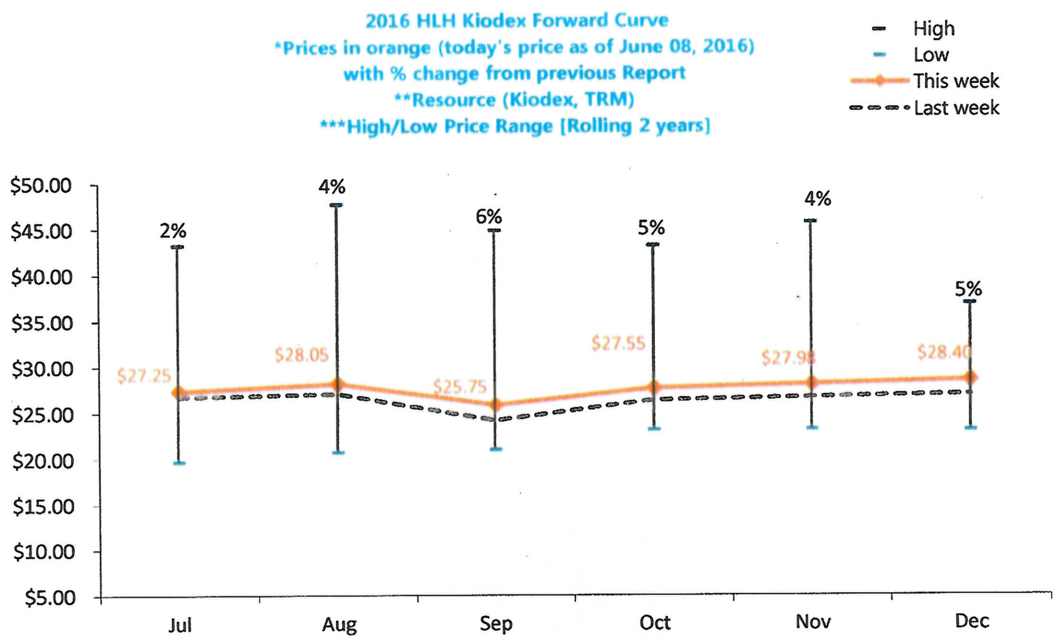


Credit Notes: There are no credit updates this week.

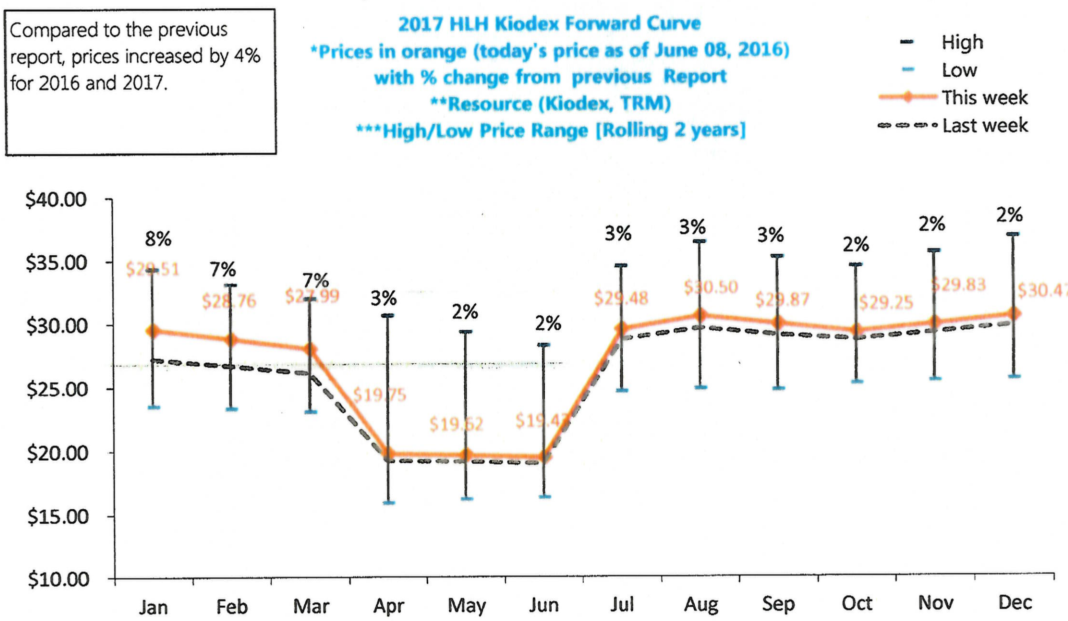
Price

To ensure that prices are independently developed, City Light's official forward price curve is prepared by KIODEX and used for internal analysis, valuation and modeling tasks. Chart 5 shows the forward price range (Mid-C HLH only) for calendar year 2016 and 2017.

Chart 5



Compared to the previous report, prices increased by 4% for 2016 and 2017.



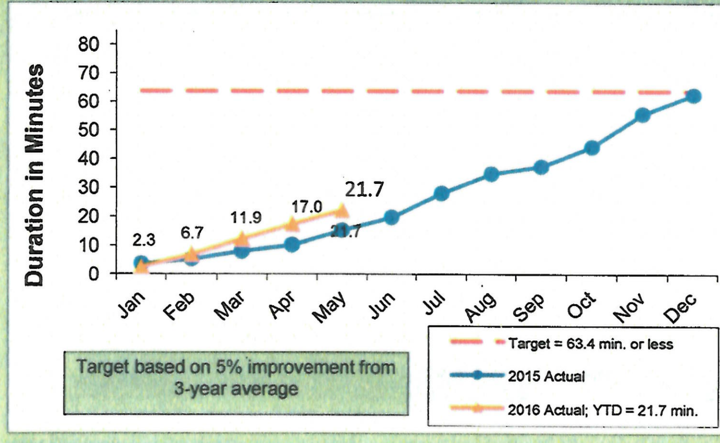
Seattle City Light

Performance Metrics Report

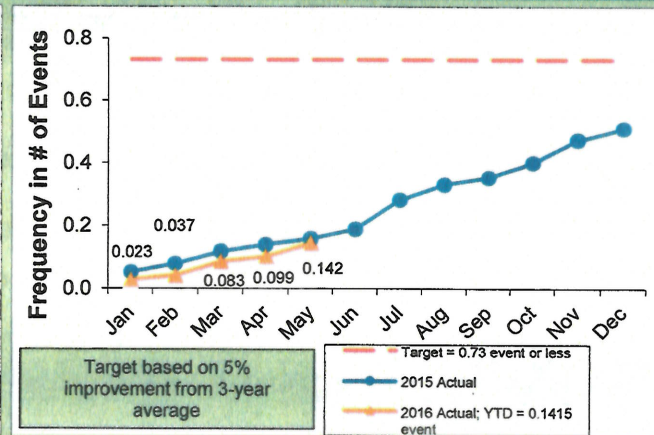
May 2016

Distribution Operations:

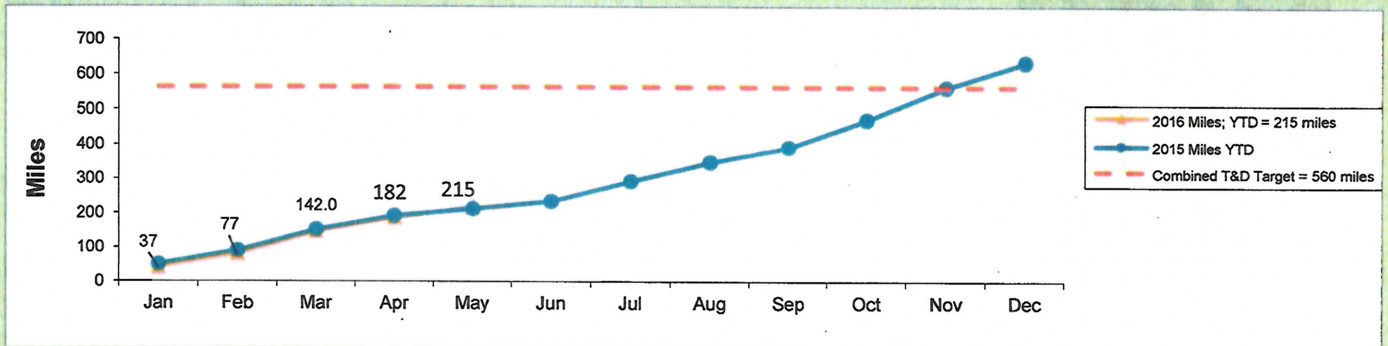
SAIDI (Cumulative)



SAIFI (Cumulative)

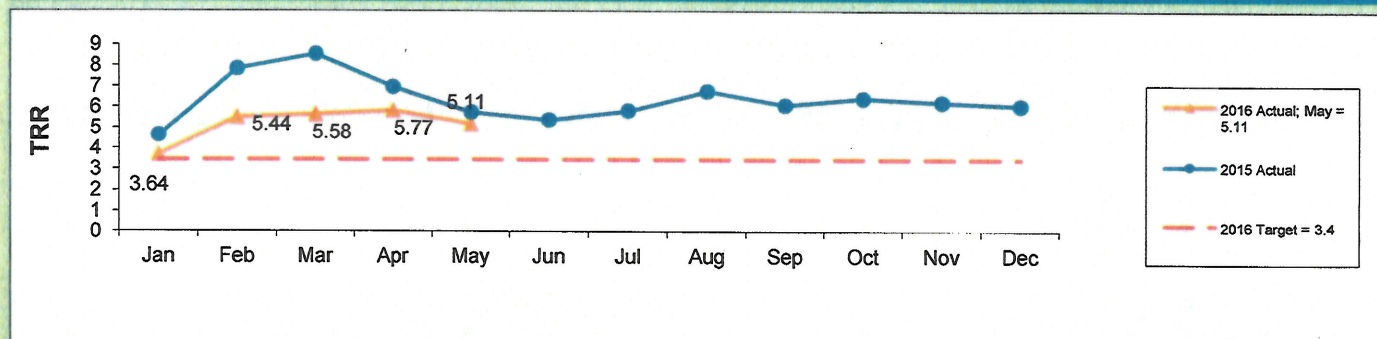


Vegetation Management - Miles of Trees Trimmed (Cumulative)

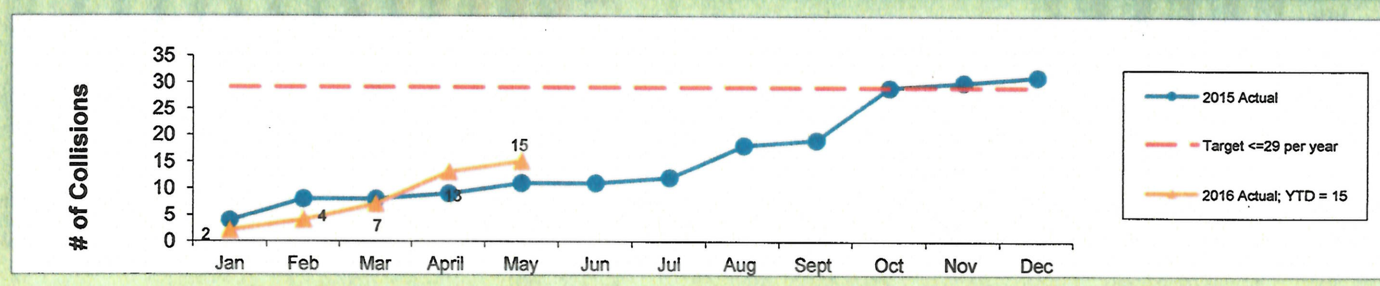


Human Resources:

Safety - Total Recordable Incident Rate (Cumulative)



Safety - Preventable Motor Vehicle Collisions (Cumulative)



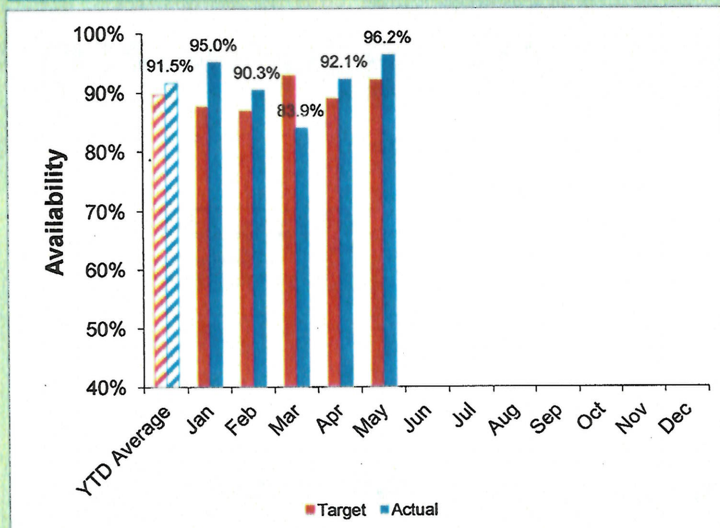
Human Resources:

Hiring Statistics

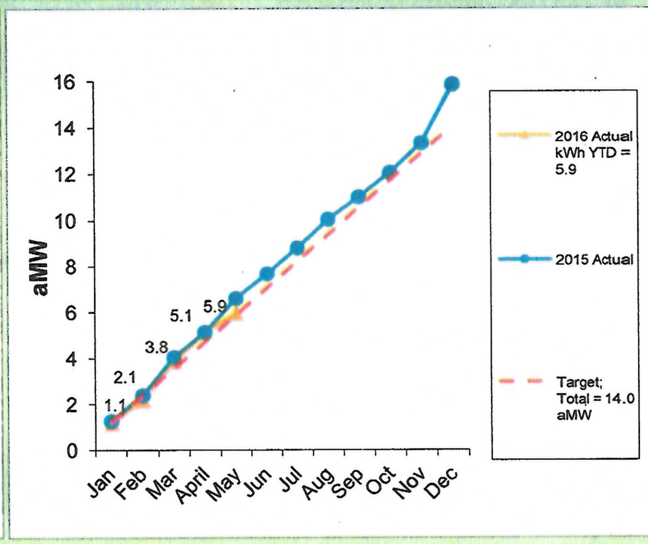
	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Cumulative # of New Hires	5	17	21	29	35							
Cumulative # of Promotions	13	24	43	57	72							
Average Hiring Cycle (Target = 30 days for regular processes)	27	22	24	24	25							
Cumulative Attrition	8	16	33	50	58							
Vacancy Rate Mo. End (Goal=4.0%)	5.1%	5.1%	5.6%	6.1%	6.0%							

Power Resources:

Generator Availability-All Units (Actuals %)

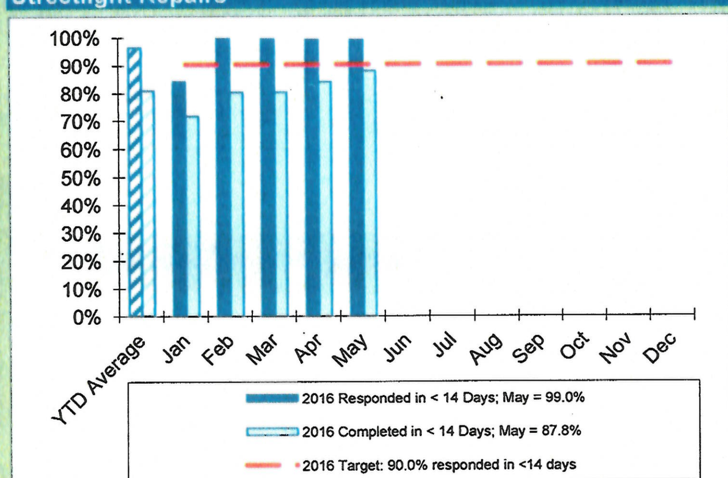


Conservation Savings (Cumulative)



Customer Care:

Streetlight Repairs



Service Connections