



Seattle City Light Strategic Plan Interim Outreach Meeting Summary

Meeting Date: June 13, 2011

Audience: Citizens—South Seattle area

Number of attendees (excluding City Light staff and Review Panel members): 10

Summary of Question & Answer Session:

Q: The overall rate per Kwh is about 7 cents but rates are higher for residents than for industrial and commercial customers. This concerns me. How will costs be allocated in the future?

A: The cost to provide service to different customer classes varies, and City Light examines these costs periodically. City Light now allocates its costs according to a marginal cost allocation study completed in 2006. We will be revisiting the current cost allocation before the next rate period (which will set rates for 2013-2014).

Q: Why aren't maintenance costs covered by revenues? Why do we have to issue debt for this?

A: Revenues do cover basic maintenance costs as well as the costs of borrowing to pay for major maintenance and capital projects. Much of the work we do has benefits for ratepayers for a long period of time. By funding major, long-term expenses with debt we can spread the cost of the asset/investment out over time, rather than having major rate hikes to pay for a project when it is installed. Under current policy, we pay for about 40% of our capital projects with current year revenue, and we borrow to fund the other 60% of our capital projects.

Q: The rate of increase in the level of debt payments and power costs appears troubling and unsustainable. Is this really what is happening?

A: We consider maintaining our financial strength to be a priority, so we need to ensure our debt practices are prudent and sustainable. Our debt load remains manageable in the coming years—our debt as a percentage of total assets actually continues to decline.

Reporting out from Tables

Table 1

- The survey is biased. Too many component parts to the items we are asked to rank.

- We have a concern about bonding. It seems to be very high.
- We would like to see the utility invest more in resources it owns rather than purchase power.
- City Light should fund greater reserves to pay for capital so that it can reduce the amount of borrowing.
- Conservation is missing as an initiative.
- Continuity of operations is missing as an initiative.
- We focused on objectives 1 (*provide greater rate predictability*) and 4 (*promote environmental stewardship*) as being the most important. Reliability is critical. Renewable energy should be the focus of our new generation acquisitions.

Table 2

- We focused on the importance of financial strength. The utility should be less reliant on debt. Having no debt would be great: the utility should pay down its debt. Impose a surcharge if necessary to accomplish this.
- Energy efficiency is a great idea, but the utility shouldn't be giving people rebates for this unless it is tied to income levels (low income)
- City Light should look into nuclear power
- The utility should explore creating a broadband network, fiber optic, similar to what Tacoma has done.