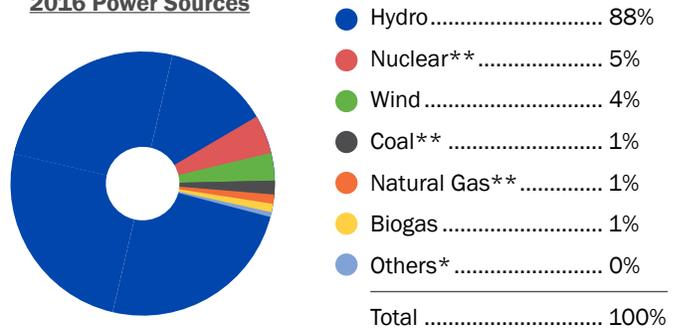




Electricity in Seattle

- Despite Seattle’s population boom and economic growth, electricity consumption in Seattle is declining. The utility forecasts that this decline is a long-term trend that will put upward pressure on electricity rates since most of the utility’s costs are fixed.
- Demand for City Light power peaks in the winter, unlike most utilities that see summer peaks due to air conditioning demand. The highest demand on Seattle’s electrical grid occurs when the weather is very cold.
- Due to Seattle’s mild climate and low AC penetration, system peaks in electricity demand are relatively modest compared to utilities in other parts of the country.
- Hydropower is Seattle’s primary source of electricity. Hydro resources are low-cost and provide operational flexibility, making it relatively easy for City Light to manage short-term peaks in demand.
- Customer generation (i.e. solar) currently represents less than 1% of the utility’s energy supply. For some utilities, growing customer generation is a serious financial issue. It is unclear if or when this will materially impact Seattle.

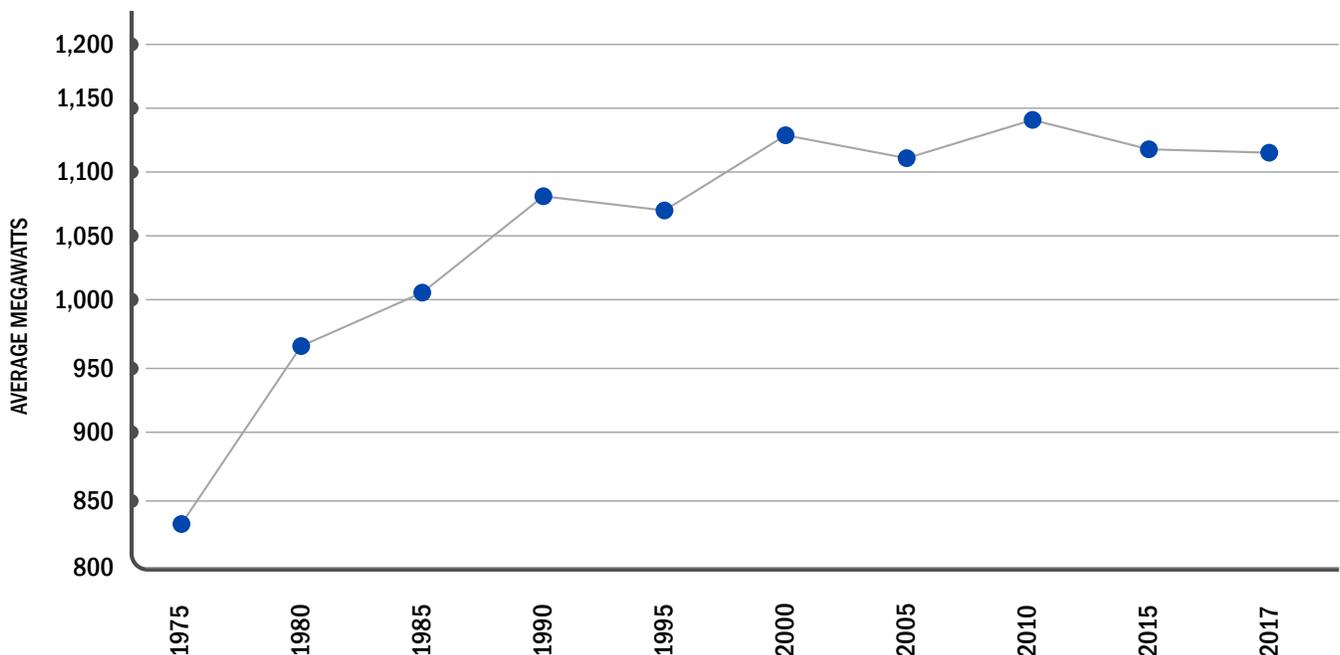
2016 Power Sources



**These fuels represent a portion of the power purchased from Bonneville Power Administration and market purchases.

*Others include biomass, other non-biogenic and petroleum. These fuels only accounted to .30 percent.

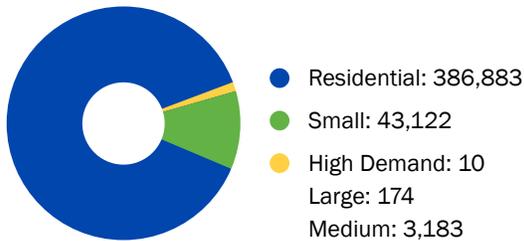
Retail Customer Electricity Consumption



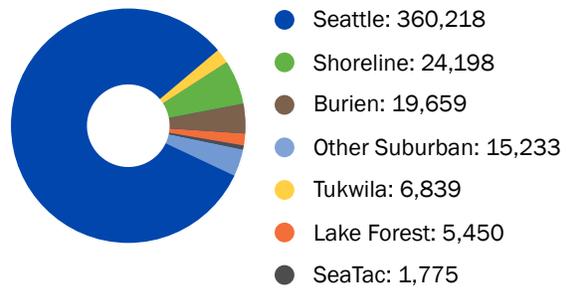
About City Light Rates

- Residential customers make up the majority of City Light's customers. The rate design for residents is comprised of a small basic customer charge and a two-block rate that charges more for higher electricity consumption.
- Commercial and industrial consumers are divided into Small, Medium, Large and High Demand General Service rate classes. Most commercial customers are categorized as Small. Rate classes have progressively more complex rate designs for larger customers. Only Large and High Demand rate classes have time-of-use rates.

Number of Customers by Rate Class



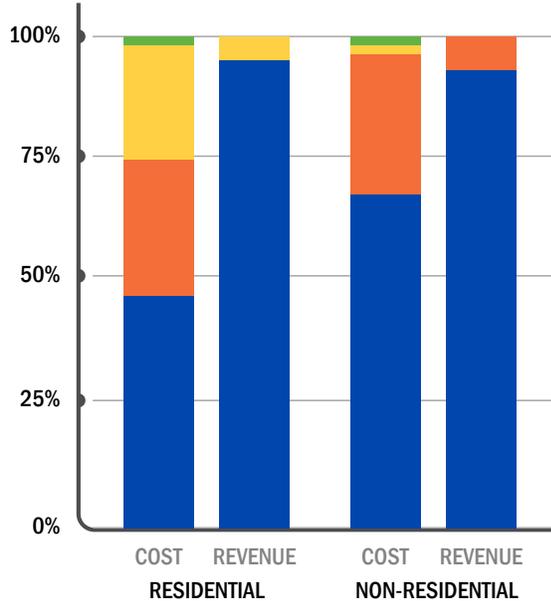
Number of Customers by Jurisdiction



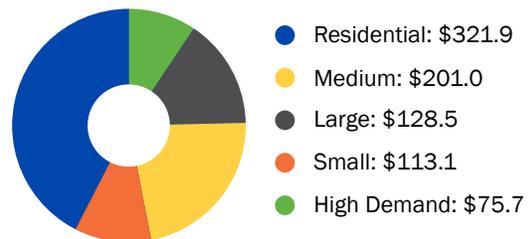
Why Redesign Rates Now?

- City Light's current rate structure has been in place without major change for nearly four decades. Energy consumption patterns may have shifted in ways that warrant re-examination of these structures.
- With deployment of Advanced Metering (which will be completed in 2019) there will be opportunities to update/deploy new rate tools, time of use rates, standardize rate classes, and offer customers new rate options.

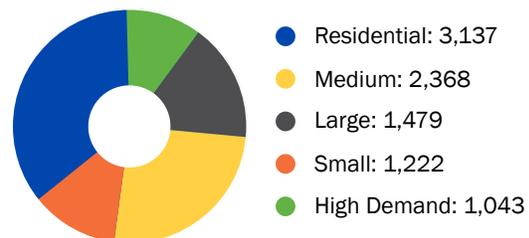
Cost of Service & Retail Revenue Recovery



Bill Revenue \$M



Consumption kWh



- Energy
- Delivery
- Customer Service
- Utility Discount Program

*Note: All charts unaudited 2017 data.