



1ST QUARTER STRATEGIC PLAN UPDATE

Seattle City Light Review Panel

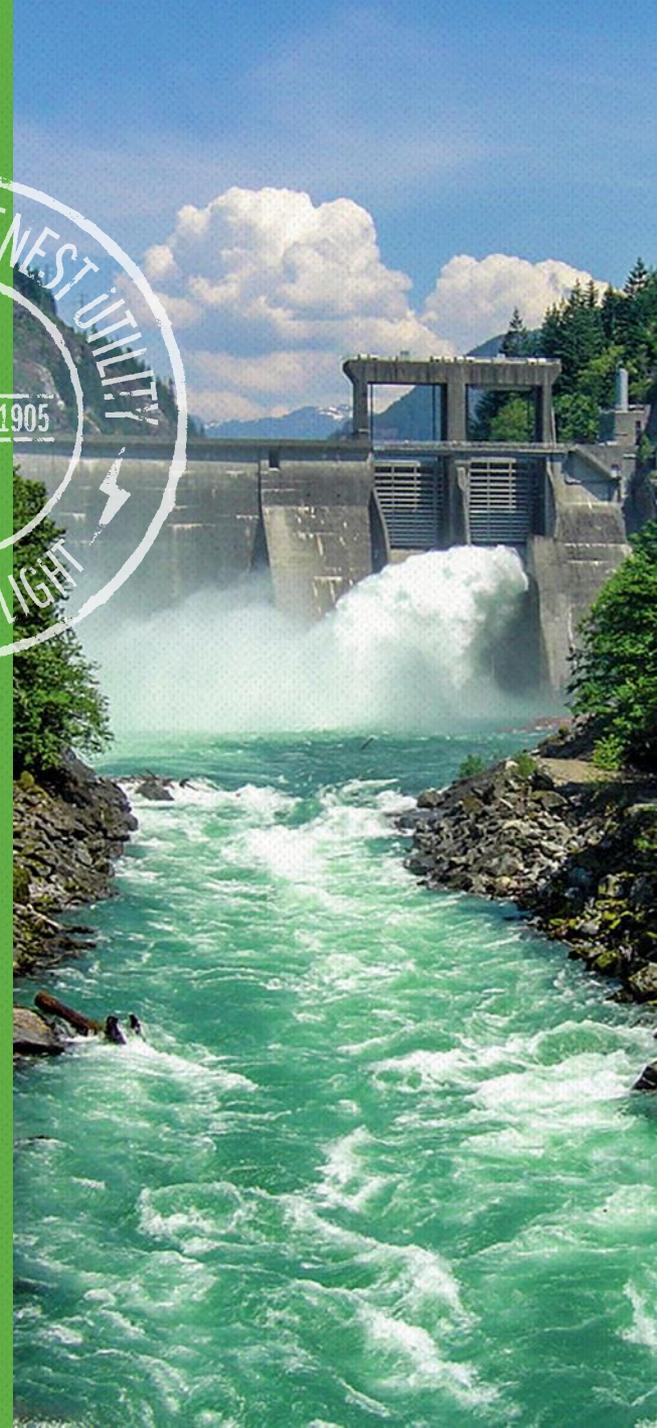


TODAY'S PRESENTATION

- Major Project Updates
 - Denny Substation
 - New Customer Billing System
 - Automated Metering Infrastructure
 - Energy Management System
 - Technical Training Center
 - Utility Discount Program
- Financial Update
 - Financial Forecast
 - Financial Highlights
- Strategic Plan Metrics
 - Baseline
 - Initiatives
 - Efficiencies



MAJOR PROJECT UPDATES



DENNY SUBSTATION

Major Milestones

- Completion of 90% Substation Design
- Final Environmental Impact Statement (EIS) issued

Next Steps

- Present final EIS, Master Street Use Permit and Street Vacation Petition to City Council Transportation Committee for approval – August 2015
- Begin Distribution Network construction – September 2015

Other Updates

- February 19th presentation to Seattle Design Commission of proposed public benefits of substation facility. City Light's recommendations were unanimously approved.

Completion

- Facility to be energized by June 30, 2017

NEW CUSTOMER BILLING SYSTEM

Major Milestones

- System integration testing phase I complete
- System integration testing phase II in progress
- First full system conversion run complete. Data and defect fixes being analyzed.

Other Updates

- Bill print software updated and system ready for new billing documents

Next Steps

- Finalize design of system to facilitate future business processes – April 2015
- Train system users – June 2015
- Users test system - September 2015

Completion

- System go-live scheduled for fourth quarter 2015

ADVANCED METERING INFRASTRUCTURE (AMI)

Major Milestones

- AMI vendor evaluation complete
- Vendor site visits and references complete
- Meter Install, System Integration and QA RFPs developed

Next Steps

- Release System Integration and QA RFPs – April 2015
- Release Meter Install RFP – June 2015
- Sign AMI vendor contract – June 2015

Other Updates

- On-call consultation services contracts are being executed
- Presentation to NE District Council in February 2015

Completion

- Project will be completed by December 31, 2017 with 430,000 meters installed

ENERGY MANAGEMENT SYSTEM

Major Milestones

- System configuration complete
- Hardware Ordered and shipped to Vendor
- First round of user training Completed by SMEs

Next Steps

- 1st Conversion of the database from current Siemens system to OSI System – May 2015
- Program Development System delivered –June 2015
- Begin Design workshops for individual applications e.g. AGC and Network Apps using PDS – June 2015

Other Updates

- System Integrator and Software Vendor are collaboratively working on network model reduction and import tool that will allow SCL to update their network model from the WECC wide model

Completion

- System go-live is scheduled for September 30, 2016

TECHNICAL TRAINING CENTER

Major Milestones

- 100% facility design completed
- Wetland Mitigation Plan published

Next Steps

- Approval of permitting applications (submitted to King County and Army Corps of Engineers September 30, 2014) – September 2015
- Completion of construction contract – October 2015

Other Updates

- The complexity of the permitting process resulted in a one year delay in the contract bidding phase now targeted for 10/31/15

Completion

	<u>Permitting</u>	<u>Facility Open</u>
Original	July 2013	Jan. 2015
Current	Sept. 2015	Jan. 2017

UTILITY DISCOUNT PROGRAM (UDP)

Major Milestones

- 2015 marketing plan presented to Mayor's office and interdepartmental team
- Developed guidelines for auto-enrollment program

Next Steps

- Continue targeted marketing and expanded outreach – Ongoing 2015
- Add six new low-income housing partners – December 2015
- Home energy audits of 400 participating residences – December 2015

Other Updates

- Completed update to Interactive Voice Response phone system to include information about UDP
- Drafted legislation to align eligibility requirements for all Utility rate assistance programs, i.e. ELIA, Project Share

Completion

- Project ongoing
- Total of 17,354 program enrollees as of March 31, 2015. The 2015 program goal is 19,600.



FINANCIAL UPDATE



FINANCIAL FORECAST

As of April 3, 2015

\$ Million	ACTUAL			FORECAST		
	2012	2013	2014	2015	2016	2017
Operating Revenues:						
Retail Energy Sales	\$664.3	\$697.7	\$720.8	\$766.8	\$817.2	\$855.0
Net Wholesale Revenues	63.9	51.6	88.6	67.6	60.0	60.0
Power Contracts and Other Revenues	52.4	63.2	73.2	60.2	59.6	58.5
Transfer from/(to) the Rate Stabilization Account	13.2	18.3	(4.4)	(5.9)	(1.8)	(1.8)
Total Operating Revenues	\$793.8	\$830.8	\$878.2	\$888.7	\$935.0	\$971.7
Operating Expenses:						
Purchased Power, less Wholesale Purchases	\$253.7	\$263.0	\$280.7	\$277.4	\$285.3	\$295.0
Operating and Maintenance Expenses	232.1	255.0	259.3	267.8	284.2	298.6
Taxes and Depreciation	169.7	181.6	185.8	197.6	206.1	209.9
Total Operating Expenses	\$655.5	\$699.5	\$725.9	\$742.9	\$775.7	\$803.6
Other Non-Operating Income (Expense)	(\$34.3)	(\$18.5)	(\$31.0)	(\$12.1)	(\$23.3)	(\$55.1)
Net Income	\$104.0	\$112.7	\$121.3	\$133.7	\$136.1	\$113.0
Revenue Available for Debt Service	\$306.1	\$319.6	\$341.4	\$341.8	\$367.3	\$381.3
Debt Service	\$169.1	\$172.8	\$184.8	\$189.7	\$197.7	\$211.9
Debt Service Coverage Ratio	1.81	1.85	1.85	1.80	1.86	1.80
Debt as Percent of Total Capitalization	62.8%	61.7%	59.9%	59.7%	59.6%	59.3%
Mid-C Wholesale Electricity Price, \$/MWh	\$18.7	\$31.6	\$33.1	\$23.2	\$25.5	\$31.4
Base Rate Change from Prior Year, %	3.2%	4.4%	5.6%	4.2%	4.9%	5.0%
BPA Pass-through Rate Change, %		1.2%				

*Net Wholesale Revenues shown for 2016 and 2017 are RSA budget values, not forecasts.

FINANCIAL HIGHLIGHTS

- 2014 financial performance was very good:
 - Net income of \$121.3M
 - Debt service coverage of 1.85x
 - Rate stabilization account balance exceeded expectations at \$114.4M
 - Completed second year of Strategic Plan
- Solid 2015 outlook
 - Debt service coverage anticipated at or above 1.80x
 - April forecast projected net wholesale revenue to track with budget

BASELINE, INITIATIVES AND EFFICIENCIES



STRATEGIC PLAN CONTINUES TO DRIVE UTILITY ACCOMPLISHMENTS

- Strategic Plan 2015 accomplishments
 - Baseline: Delivering on all 22 programs.
 - Initiatives: Out of 31 initiatives, 27 on track, 4 delayed.
 - Efficiencies: \$5.2 million for 1st Quarter.



CITY LIGHT

OUR VISION

To set the standard—to deliver the best customer service experience of any utility in the nation.

OUR MISSION

Seattle City Light is dedicated to exceeding our customers' expectations in producing and delivering environmentally responsible, safe, low-cost and reliable power.

OUR VALUES

Excellence, Accountability, Trust and Stewardship.

