



STRATEGIC PLAN BASELINE

Part 6: Summary

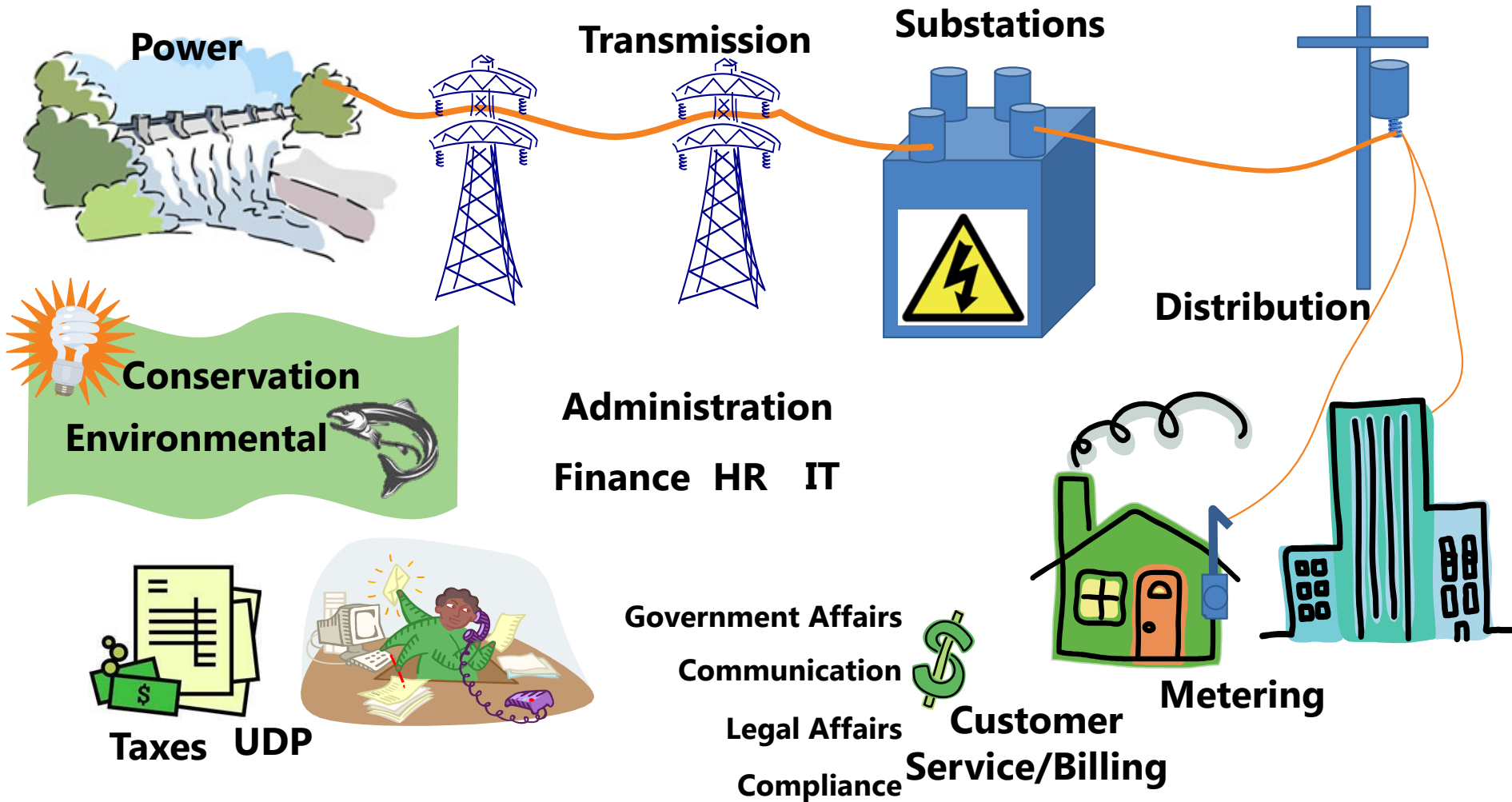
Paula Laschober

Review Panel Meeting

April 25, 2017

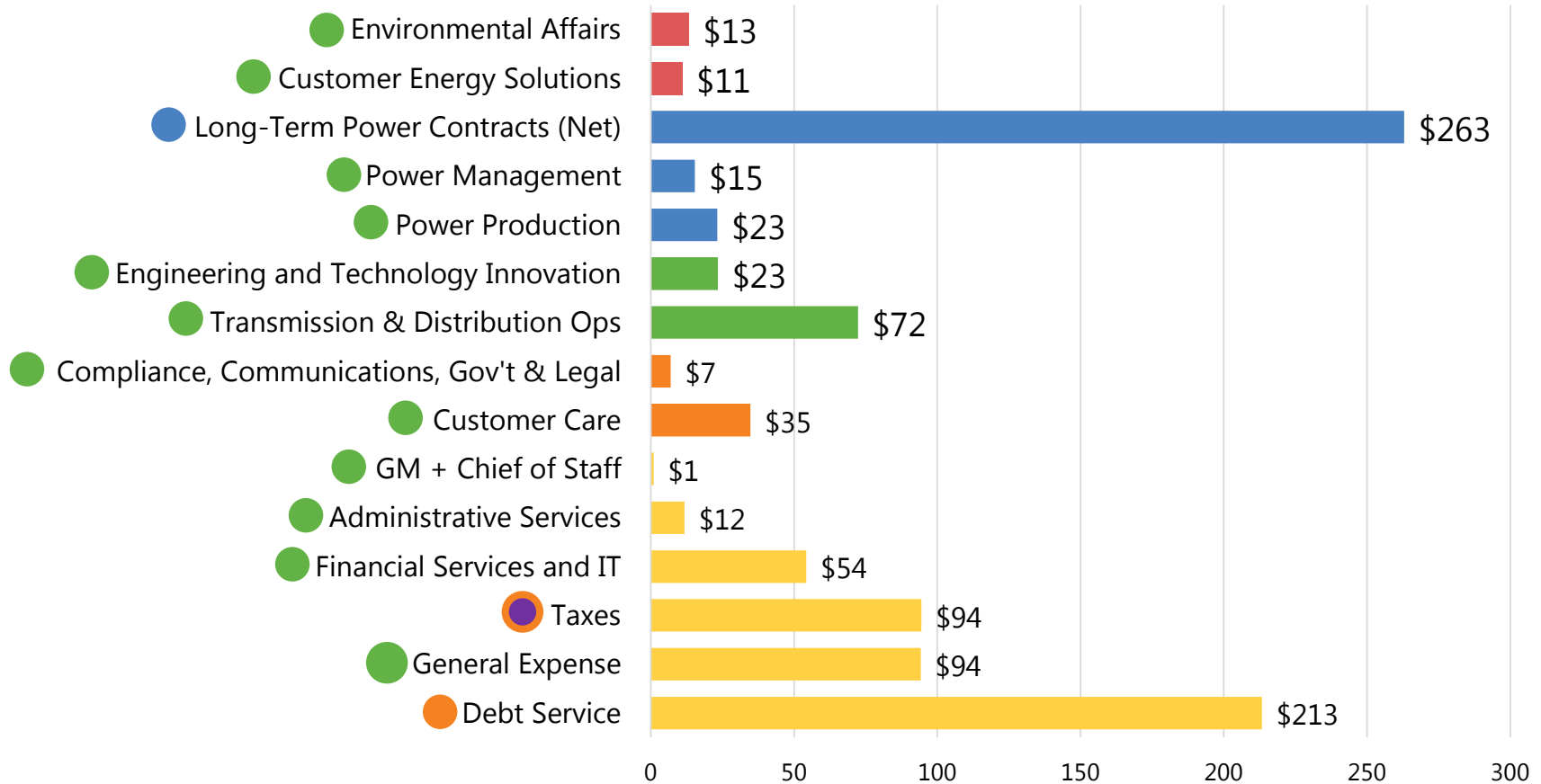


COMPONENTS OF ELECTRIC SERVICE

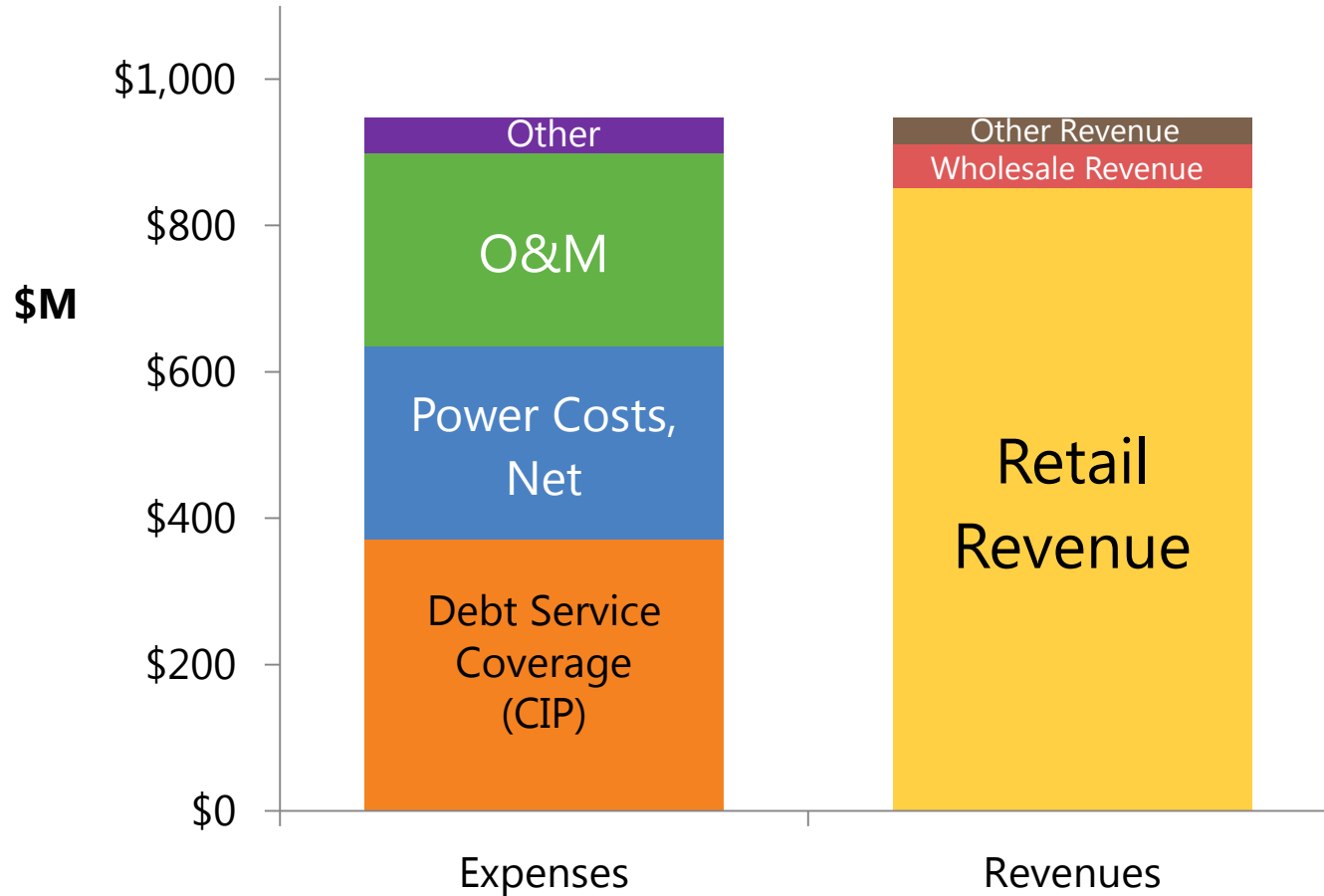


OPERATING COST OVERVIEW

Major Operational Expenses (\$M)

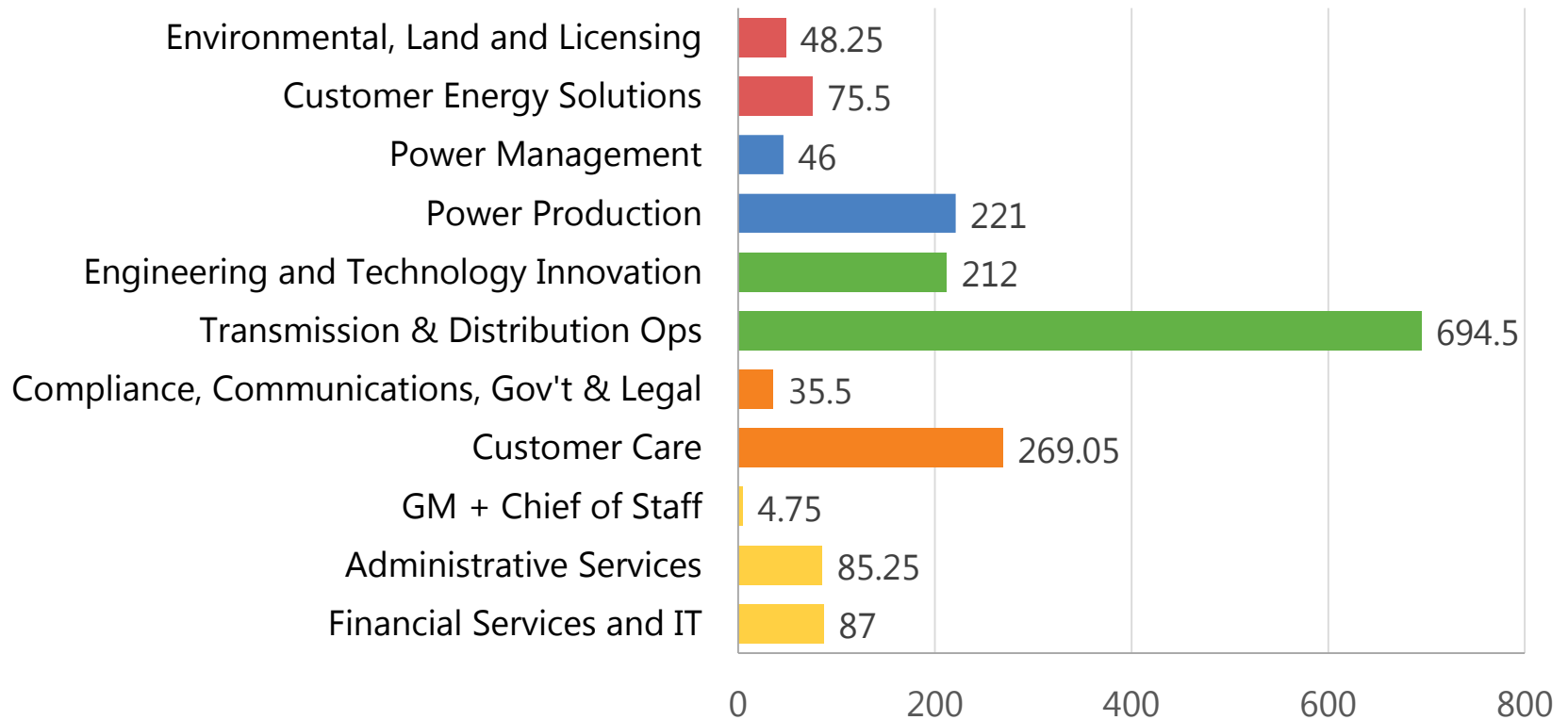


FORECAST (FOR RATES) COSTS AND REVENUES



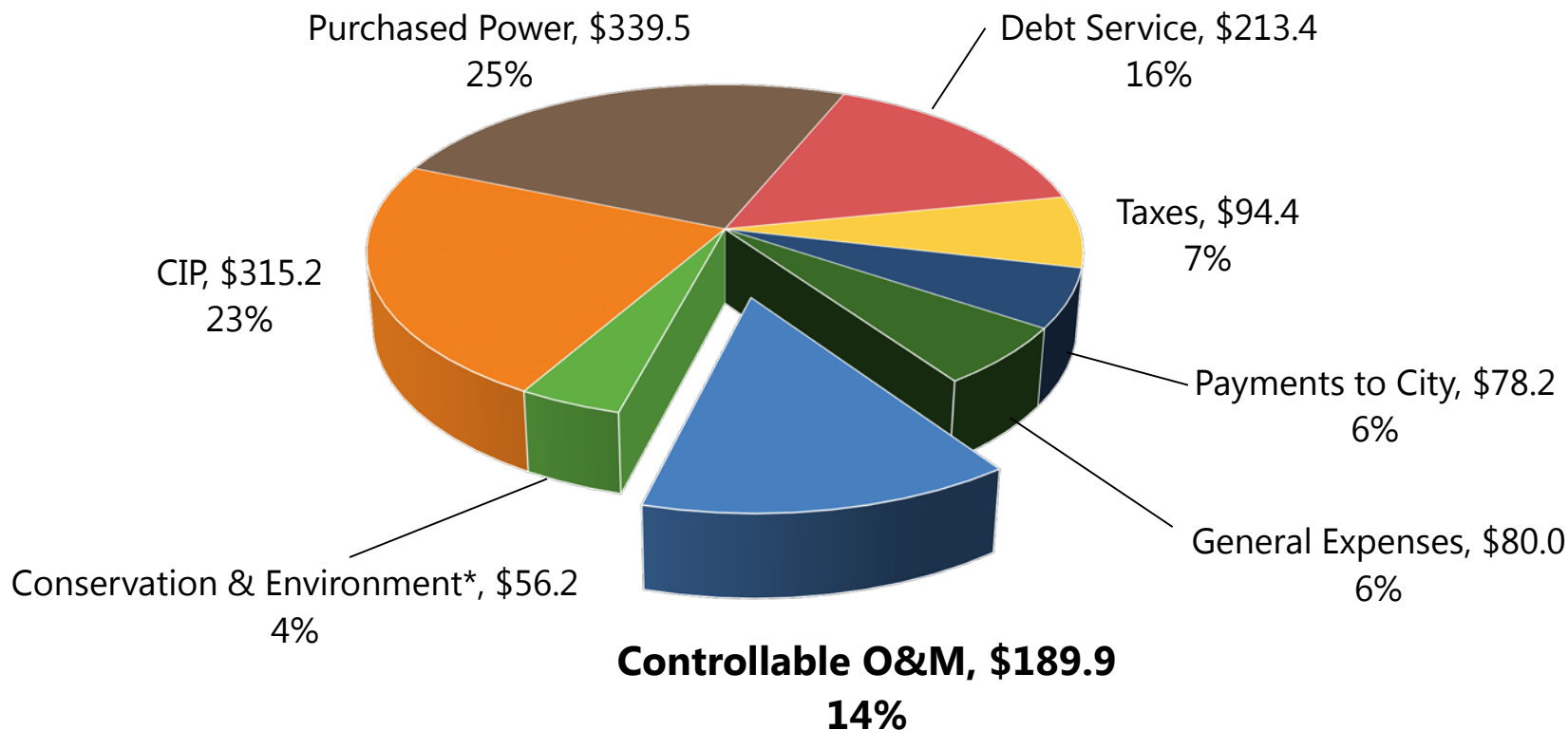
FTE COUNT BY PROGRAM AREA

FTE Count: 1,785



CONTROLLABLE VS. NON-CONTROLLABLE COSTS

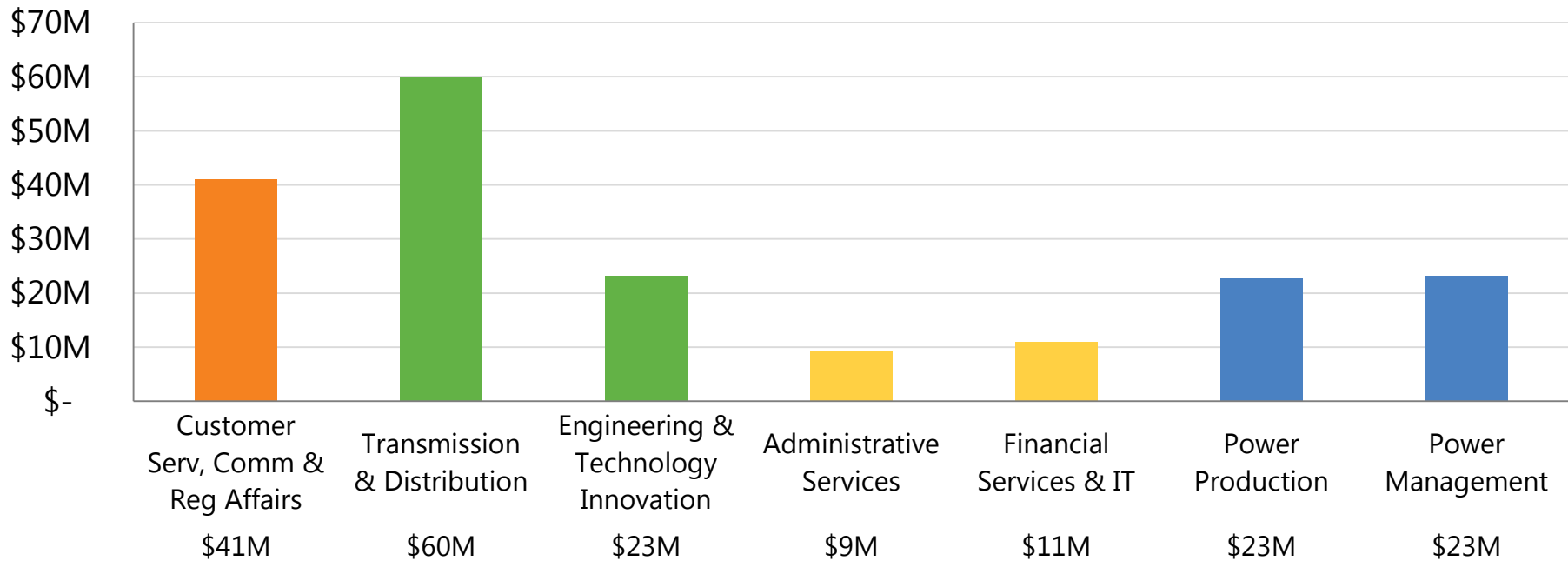
2017 Operating and Capital Budget (\$M) = \$1,366



* Includes \$6.6M in rent cost

CONTROLLABLE O&M

2017 Controllable O&M Costs \$189.9M



CITY LIGHT ACREAGE

- Transmission Line ROW: 14,400 acres
- Fish and Wildlife Land: 14,000 acres
- Generation Facilities: 50 acres
- Substations: 11 acres
- Office Space: 6 acres

BASELINE CHANGES

- 2017
 - Billing system
 - Increased Seattle IT and other central service (FAS) costs
- Future Baseline Changes
 - Denny Substation
 - AMI
 - Service Center

SUMMARY & NEXT STEPS

- The 2017-2018 costs and revenues (budget) will serve as the baseline for the new 2019-2024 Strategic Plan.
 - Inflation factors will be applied to current costs for future years.
 - Incorporate forecast factors such as wholesale power contracts.
- Next: Strategic Plan will layer on initiatives and other changes to baseline operations.



CITY LIGHT

OUR VISION

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

OUR MISSION

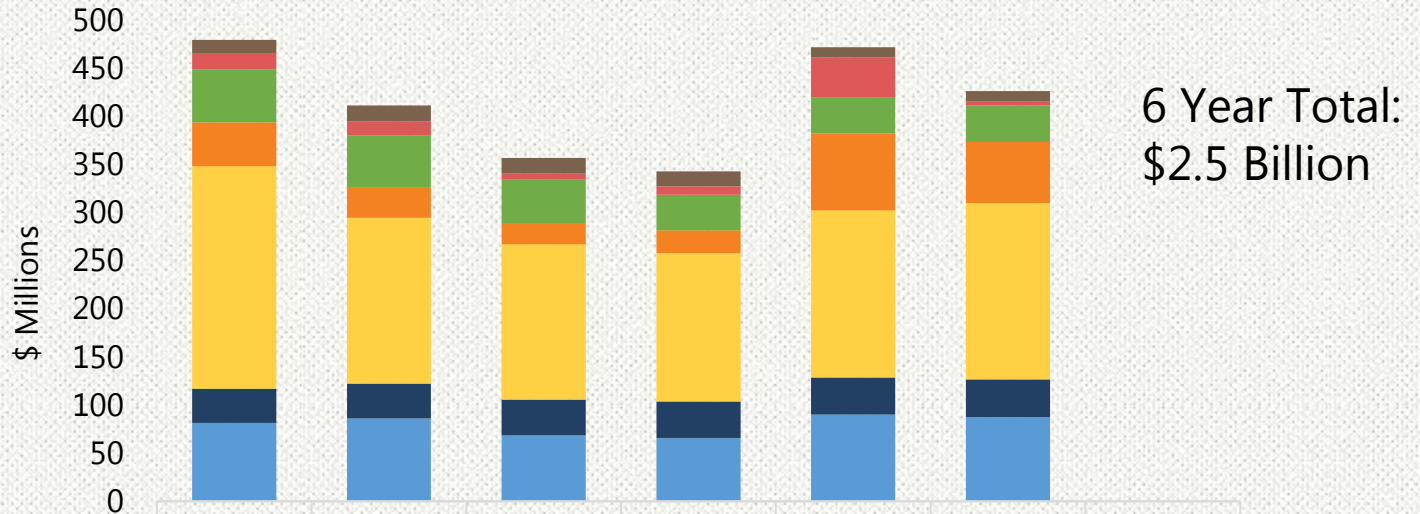
Seattle City Light is dedicated to exceeding our customers' expectations in producing and delivering environmentally responsible, safe, low-cost and reliable power.

OUR VALUES

Excellence, Accountability, Trust and Stewardship.



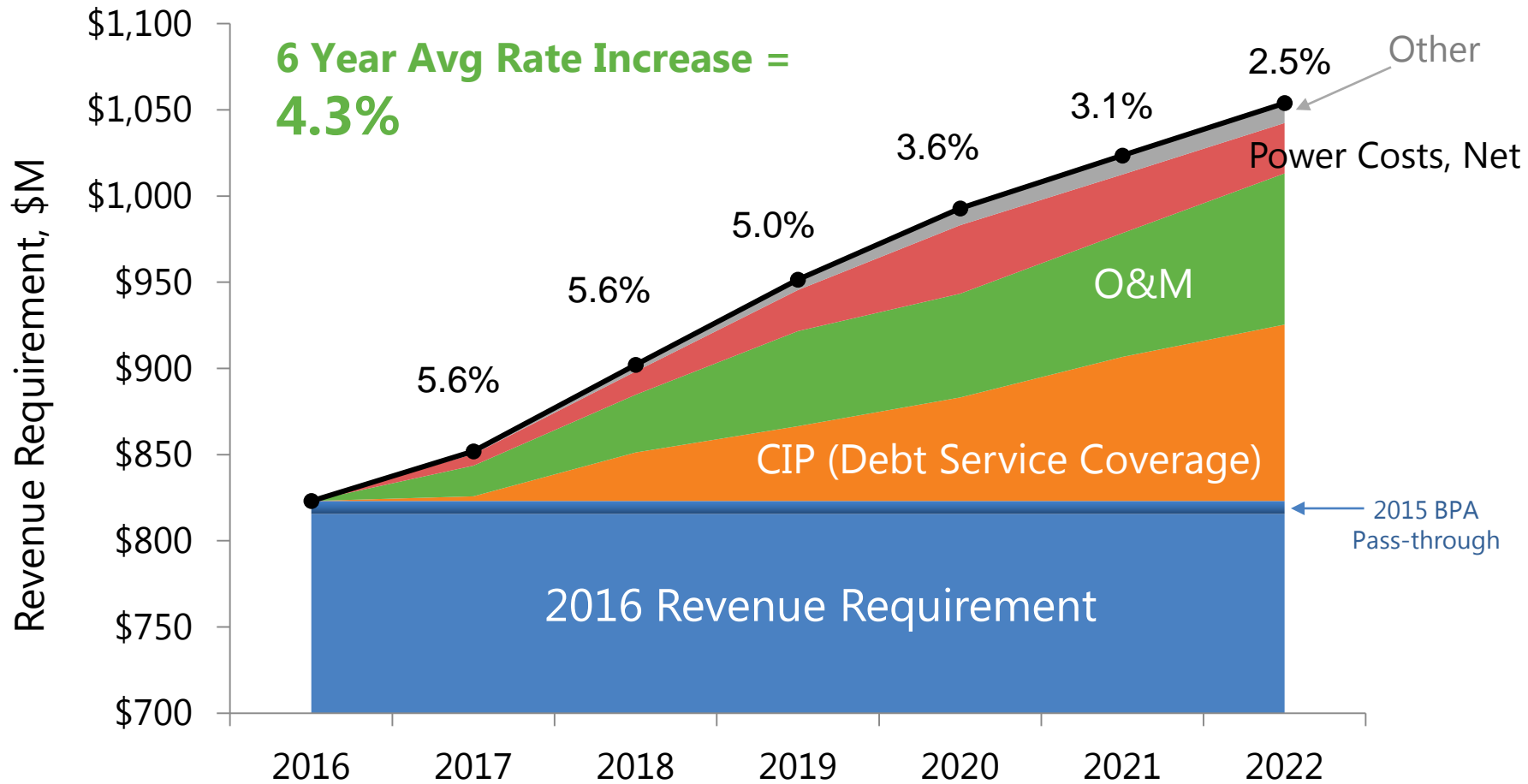
ADOPTED CAPITAL IMPROVEMENT PROGRAM



	2017	2018	2019	2020	2021	2022	6 Yr Total
Other Deferred O&M	13.7	16.8	16.3	15.6	10.7	11.0	84.1
Transmission	17.1	14.3	6.2	8.7	41.1	3.9	91.4
External Projects	55.3	53.7	45.8	36.9	37.7	38.1	267.5
Central Utility Projects	45.3	32.0	21.4	23.9	80.1	63.6	266.4
Distribution	231.4	172.2	161.3	153.9	173.7	183.1	1075.5
Conservation	35.7	36.4	37.1	37.9	38.6	39.4	225.1
Power Supply	81.3	86.0	68.6	65.9	90.0	87.4	479.2
Total Expense	479.7	411.5	356.7	342.9	471.9	426.4	2,489

* Forecast is cash flow and includes a 10% under-expenditure assumption applied to budget values.

INCREASE DRIVERS 2016-2022



FINANCIAL POLICIES

- Financial policies are rules that guide financial decision making.
 - Set by City Council Resolution
- Two main City Light financial policies:

1. Debt Service Coverage of 1.8x
2. Cash financing 40% of CIP

- Financial policies indirectly drive bond issues and rate increases.
- Good financial policies ensure financial health!

DEBT SERVICE COVERAGE: 1.8X

