

Fund Financial Plans

Seattle City Light (Fund 41000)

	2011	2012	2012	2013	2014	2015	2016
	Actuals	Adopted	Revised	Proposed	Proposed	Projected	Projected
Beginning Cash Balance	197,133	303,937	374,598	306,744	331,189	298,758	306,359
Carry Forward / Encumbrances / Adjustments	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Revised Beginning Cash Balance	197,133	303,937	374,598	306,744	331,189	298,758	306,359
Revenues							
Retail Power Sales before Discounts	659,049	678,946	676,744	711,034	755,922	795,763	838,559
Revenue from RSA Surcharge	-	-	-	-	-	-	-
Wholesale Power, Net	98,450	60,471	51,018	90,000	85,000	85,000	75,000
Power Contracts	17,904	15,962	15,552	14,865	15,201	16,896	17,444
Power Marketing, Net	14,794	7,953	7,121	8,217	7,783	6,807	6,658
Other Outside Sources	33,058	34,512	34,512	29,988	30,766	29,988	30,756
Interest on Cash Accounts	5,582	5,378	5,540	7,628	9,215	13,604	16,134
Cash from (to) Rate Stabilization Account	-	41,619	-	-	-	-	-
Cash from Contributions	11,898	30,388	30,388	26,521	23,395	23,546	24,812
Cash from Bond Proceeds	153,726	212,762	153,726	212,762	235,530	217,765	162,983
Total Revenues	994,460	1,087,990	974,600	1,101,014	1,162,812	1,189,371	1,172,346
Expenditures							
Power Contracts	(258,108)	(266,099)	(264,735)	(269,038)	(276,575)	(280,848)	(287,540)
Production	(31,657)	(35,792)	(35,148)	(34,268)	(34,265)	(36,806)	(37,896)
Transmission	(8,855)	(9,659)	(9,659)	(11,278)	(10,617)	(10,494)	(10,804)
Distribution	(58,311)	(67,974)	(67,974)	(69,511)	(70,303)	(72,512)	(74,658)
Conservation	(3,744)	(11,572)	(11,572)	(4,814)	(4,869)	(5,022)	(5,170)
Customer Accounting	(29,061)	(30,601)	(30,601)	(36,230)	(36,643)	(37,794)	(38,913)
Administration	(58,740)	(64,926)	(64,926)	(69,807)	(70,602)	(72,820)	(74,975)
Rate Discounts	(6,949)	(7,011)	(8,508)	(9,057)	(9,606)	(10,908)	(12,269)
Uncollectable Accounts	(14,091)	(6,098)	(6,064)	(6,365)	(6,765)	(7,099)	(7,472)
Taxes and Franchise Payments	(73,613)	(78,044)	(77,359)	(81,315)	(86,206)	(90,191)	(93,804)
Debt Service	(142,080)	(172,815)	(169,612)	(172,844)	(189,643)	(205,551)	(216,414)
Capital Expenditures	(223,013)	(319,831)	(339,132)	(355,485)	(355,667)	(400,800)	(400,065)
Technical and Accounting Adjustments	91,228	(64,068)	42,835	43,446	(43,481)	49,074	128,751
Total Expenditures	(816,994)	(1,134,489)	(1,042,455)	(1,076,569)	(1,195,243)	(1,181,771)	(1,131,228)
Ending Cash Balance	374,598	257,438	306,744	331,189	298,758	306,359	347,476
Reserves							
Construction Account	(61,460)	-	-	(38,710)	-	-	-
Other Restricted Accounts	(16,237)	(28,027)	(37,257)	(73,733)	(94,309)	(127,383)	(157,444)
Operating Contingency Reserve	0	0	0	0	0	0	0
Rate Stabilization Account	(141,490)	(97,381)	(91,554)	(92,994)	(94,976)	(97,534)	(100,504)
	0	0	0	0	0	0	0
Total Reserves	(219,187)	(125,408)	(128,810)	(205,437)	(189,285)	(224,917)	(257,948)
	-	-	-	-	-	-	-
Unreserved Ending Cash Balance	155,411	132,030	177,934	125,752	109,473	81,442	89,528

Fund Financial Plans

Seattle City Light (Fund 41000)

(Cont'd)

The Financial Plan represents forecasted cash flows in the utility's Financial Planning Model used to evaluate City Light rate impacts, potential bond offerings, and the financial performance of the utility. The Financial Plan differs from the revenue and expenses shown in the 2013-2014 Proposed Budget in several ways, including:

Instead of restating published 2012 Adopted Budget figures, the 2012 Adopted column recalculates cashflow assumptions using the updated Financial Planning Model.

The Financial Plan shows Wholesale Revenue and Power Marketing Revenue as net of expenses, while the budget reflects the gross revenues and expenses of these functions.

The Financial Plan shows retail revenue as gross revenue, while the budget's Revenue Table shows retail revenue net of rate discounts to low-income customers.

The Financial Plan explicitly shows bond proceeds as a source of funds, while bond proceeds are embedded within the transfer line of the budget's Revenue Table.

The Financial Plan shows revenue from the Rate Stabilization Account (RSA) surcharge and transfer from/to the RSA, while the budget's Revenue Table shows revenues from the RSA surcharge only.

The Adopted 2012 Financial Plan projected 2012 net wholesale revenue based on the financial forecast as of 8/12/11, which was \$41.6 million lower than the RSA target amount of net wholesale revenue. Because of this shortfall, the 2012 Adopted Financial Plan projected \$4.2 million revenue from an RSA Surcharge in 2012. The 2012 Adopted Budget used the RSA target amount for net wholesale revenue (the Adopted 2012 Revenue Budget used the corresponding gross wholesale revenue amount which was \$63.1 higher than the 8/12/11 forecast), and assumed that there would be no RSA Surcharge revenue in 2012 and that the RSA cash balance would remain at the same level in 2012 as at 2011 year-end.

The Revised 2012 Financial Plan projects 2012 net wholesale revenue based on the financial forecast for the 2013/2014 rate proposal as of 7/5/2012, forecast version RRA_2012_Case03, that is \$51.1 million lower than the RSA target amount of net wholesale revenue used in the 2012 Adopted Budget. Despite this shortfall, no RSA surcharge is projected. This is because the Rate Stabilization Account began 2012 with a balance of \$141.5 million, large enough to absorb projected reductions in the RSA during 2012, as funds are transferred to Operating Cash each month, without letting the RSA fall to a level that would trigger a surcharge. The beginning RSA balance at the start of 2012 was \$141.5 million because \$40.5 million excess operating cash was transferred to the RSA at the end of 2011.

Financial Performance	2011 Actuals	2012 Adopted	2012 Revised	2013 Proposed	2014 Proposed	2015 Projected	2016 Projected
Average System Rate before Discounts (\$/MWh)	\$68.31	\$70.49	\$70.57	\$73.65	\$77.56	\$82.46	\$86.60
Rate Change from Prior Year (Systemwide)	4.3%	3.2%	3.2%	4.4%	5.6%	6.3%	5.0%
Retail Market Information							
Average Residential Monthly Bill (before discount)	\$53.39	\$54.97	\$55.09	\$57.46	\$60.47	\$63.96	\$67.11
Percentage Change	3.2%	2.8%	3.2%	4.3%	5.2%	5.8%	4.9%
Cash Financing of CIP							
In-Year Percentage	54%	33%	30%	25%	29%	27%	30%
2013-2018 Average Percentage	n/a	n/a	n/a	33%	33%	33%	33%
Debt Service Coverage	1.84	1.79	1.81	1.81	1.80	1.80	1.80

Notes:

The data source for 2011 Actuals for all Financial Performance indicators except for Debt Service Coverage is the forecast for the 2013/2014 rate proposal, forecast version RRA_2012_Case03.

Seattle City Light Annual Reports are the data sources for 2011 Actual Debt Service Coverage.

The Average Residential Monthly bill is reported as calculated in the financial forecast model Key Financial Indicators table, which assumes that average residential consumption is 710kWh.