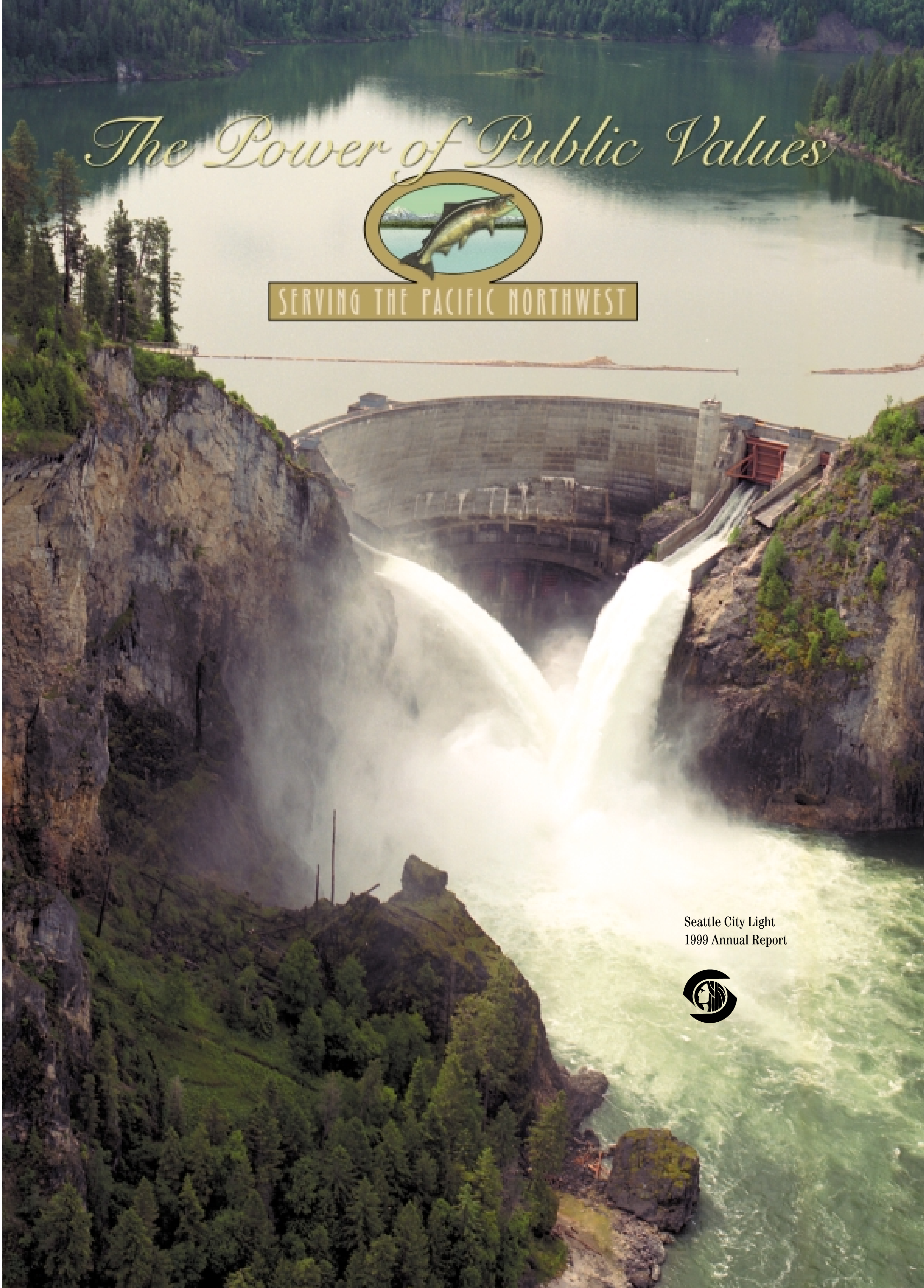
The Power of Public Values

SERVING THE PACIFIC NORTHWEST



Seattle City Light
1999 Annual Report

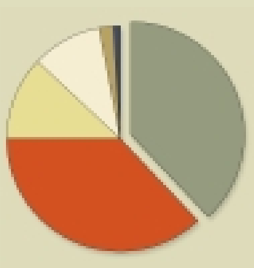
1999 Highlights

In Millions

Financial	*1999*	*1998*	*% Change*
Total operating revenues	$ 372.8	$ 363.9	2.4
Total operating expenses	317.3	347.3	(8.6)
Net operating income	$ 55.5	$ 16.6	100+
Investment income	4.1	7.2	(43.1)
Interest expense, net”	(47.9)	(45.2)	6.0
Other expense, net	(3.9)	(1.2)	100+
Net income (loss)	$ 7.7	$ (22.6)	—
Debt service coverage	1.90	1.50	—

Energy	*1999*	*1998*	*% Change*
Total generation	8,454,114,000 kWh	6,872,537,000 kWh	23.0
Firm energy load	10,097,176,585 kWh	9,935,142,807 kWh	1.6
Peak load (highest single hourly use)	1,729,933 kW (February 8, 1999)	1,928,854 kW (December 22, 1998)	(10.3)
Average number of residential customers	312,849	308,564	1.4
Annual average residential energy consumption	10,593 kWh	10,221 kWh	3.6

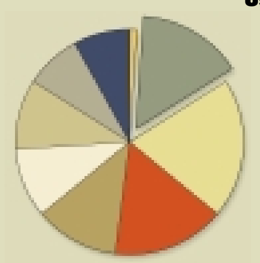
1999 Revenue Dollars



Sources

(cents per dollar)

- 38¢ Residential
- 37¢ Commercial
- 12¢ Industrial
- 10¢ Governmental
- 2¢ Interest earnings
- 1¢ Unbilled revenue (net change) & other



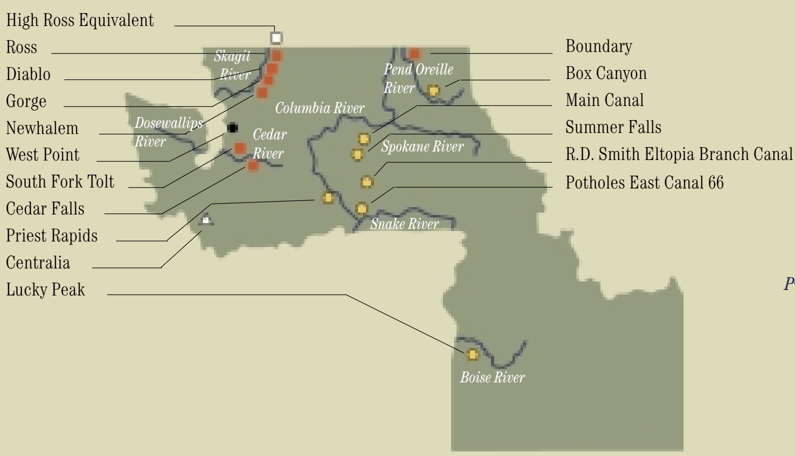
Uses

(cents per dollar)

- 15¢ Operating salaries & wages
- 20¢ Operating materials & supplies
- 16¢ Purchased power, net
- 12¢ Interest on bonds
- 10¢ Redemption of bonds
- 10¢ Taxes
- 8¢ Reinvestment in system
- 8¢ Operating employee benefits
- 1¢ Other

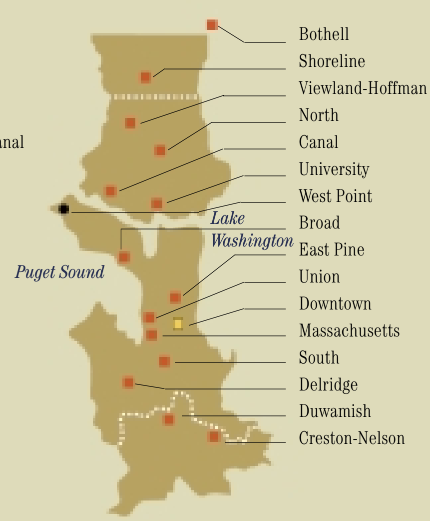
Energy Resources

- Owned Hydro Plants
- Centralia Steam Plant (8% Ownership)
- Long-term co-generation Contract
- Long-term Hydro Contract
- Treaty Rights from British Columbia



Service Area

- Principal Substations
- Future Substations
- Long-term Co-generation Contract
- Seattle City Limits



Seattle City Light's Skagit River dams occupy the stunning terrain of the North Cascades

Putting Public Values to Work in 1999

Focus: New Multi-Year Rates for Sustainable Service

In November 1999, the Seattle City Council approved the first City Light rate increases since 1996, which initially raised average system rates 3.2 percent, well below local CPI growth. It allows recovery of uncertain transmission cost increases. A second increase of 3 percent was also approved effective March 1, 2002. The new multi-year rates support City Light's financial requirements through 2002 and attempt to establish predictability for major businesses and institutions in a volatile power market. They also better reflect the varying power needs and service costs of discrete types of consumers, some of whom will actually enjoy lower bills.

As a public utility owned by the people of Seattle and accountable to them both politically and financially, Seattle City Light's mission has never been *just* to generate and deliver energy — but to do its job in a way that respects the Pacific Northwest community's values for environmental quality, reliable service, economic opportunity, and sustainable regional progress.

In serving our community and customers for nearly a century, Seattle City Light has consistently maintained the nation's lowest urban electric rates, protected vital Northwest rivers and fish stocks, delivered clean power to fuel new industries and communities, and demonstrated an unparalleled spirit of employee commitment and creativity in responding to accelerating technological change and increasingly volatile markets.

The past year presented new and significant challenges in meeting this fundamental mission. The region continued to experience dramatic growth, and the rapid emergence of the electronic "New Economy" tested both energy supplies and distribution systems. Seattle City Light consistently performed well in taking care of its customers, its system, and the natural environment while meeting, and often exceeding, its financial goals.

Let me highlight a few of Seattle City Light's accomplishments during 1999:

- We benefited from improved water conditions and effective cost control to record a net income of $7.7 million. We exceeded our debt service coverage target of 1.80, which represents our average ratio over the past decade.

Gary Z. Zarker, Seattle City Light Superintendent

- We took a major step toward Seattle's goal of "carbon-neutral" generation with the arrangements for the sale of the coal-fired Centralia Steam Plant. The new owners committed to a high level of pollution abatement, ensuring that the region's air quality will benefit. City Light is now exploring new clean and "green" sources of energy in addition to hydroelectricity in order to balance its generation portfolio.
- We continued adapting to a deregulated energy market. Our new Power Marketing Group recruited superb executives and technicians from the private sector and exceeded its 1999 goals for non-firm power sales.
- Last year's federal listing of wild Chinook salmon runs under the Endangered Species Act highlighted City Light's longstanding leadership in balancing the needs of nature and hydroelectric production. Past investments in habitat protection and the accumulated expertise of our environmental staff helped to minimize the direct impact of the ESA on City Light facilities and operations.
- City Light invested more than $16 million in its continuing commitment to conservation as an economical and socially responsible energy resource. The utility and its corporate, institutional, and citizen customers saved the equivalent of 7.2 average Megawatts that we would have otherwise needed to generate or purchase.
- City Light employees completed major repair, retrofit, and other capital projects on time and on budget at our Skagit River complex and at Boundary Dam. Careful reinvestment in our hydroelectric assets remains a top priority and a key strategy in maintaining our historically low rates.

These successes and others detailed in this report reflect City Light's continued strength as a vertically integrated utility that can generate and distribute economical energy while responding to our citizen-owners' values, our customers' special needs, and a dynamic marketplace. We believe that we have been able to reach and sustain this high level of performance, service, and innovation because we *are* a public utility — empowered by the people and spirit of the great region we are privileged to serve.

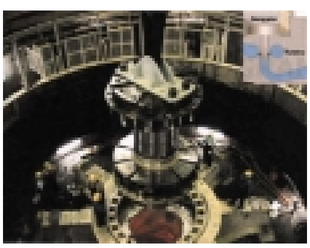
Gary Zarker
Superintendent
Seattle City Light

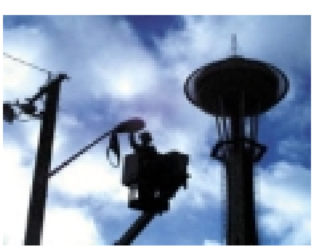
Focus: Changing Times

Two events in 1999 touched deep historical chords at City Light. First, the City Council returned ownership and management of Seattle's street lighting system to the utility. Illuminating Seattle's streets was City Light's original mission, but it later ceded responsibility to the City's engineering department. Also last year, technological changes and fiscal constraints led City Light to discontinue its low-cost appliance repair service, which dated back to 1912.

Seattle City Light powers the new Safeco Field (photo courtesy Seattle Mariners)

Summary of Major 1999 Accomplishments:





- SCL systems passed Y2K without a glitch while upgrading systems and strengthening public and customer confidence
- SCL staff completed major improvements at Diablo Dam and at the Boundary Dam turbines, significantly improving generation efficiency and reliability
- SCL realized major savings through energy conservation efforts with corporate and institutional partners
- SCL took major steps toward its goal of “carbon-neutral” energy generation by negotiating the sale of its interest in the Centralia Steam Plant and by expanding its Climate Wise program
- SCL pursued new sources of sustainable energy by forming a “Green Power” alliance with the Los Angeles Department of Water and Power
- SCL staff engineered and installed state-of-the-art service to Seattle’s new Seattle Mariners baseball stadium on time and on budget
- SCL signed new 15-year franchise agreements to serve the Seattle-area cities of Shoreline, Burien, and Lake Forest Park. Customers in Seattle’s suburban communities constitute 18 percent of SCL’s local service area.
- SCL launched a multi-year program to modernize downtown Seattle’s power network to accommodate new growth and technologies
- SCL’s Power Marketing Group exceeded its 1999 goals for non-firm sales
- SCL opened a new Apprentice Training Center and rehabilitated its South Service Center as part of its commitment to worker development and community service
- SCL secured City Council approval of a modest rate increase, its first since 1996, while still maintaining the lowest urban energy rates in the nation

Delivering Clean, Reliable Power for a New Economy

Seattle citizens and City Light's other customers in the greater Pacific Northwest and beyond face something of a dilemma. They need a growing amount of energy to fuel population growth and a rapidly expanding "new economy," but they also care deeply about the environment here and around the world. Not just any " power" will do. It must be clean, green, and lean.

Focus: Growing Green Power

The sale of Centralia leaves City Light with only hydroelectric generation, which must be balanced with alternative technologies in order to assure long term reliability of energy sources. One example of City Light's response was its negotiation of a pioneering "Green Power" agreement with the Los Angeles Department of Water and Power. Under this new approach, City Light and LADWP will exchange energy generated exclusively from renewable and carbon-neutral sources to help each other meet peak demands and special needs.

Dating back to the 1970s, City Light has relied heavily on conservation efficiencies to meet growing demand in an environmentally sensitive manner. This effort was greatly complicated in 1996, when policy and budgetary changes at the Bonneville Power Administration effectively ended its financial support for local conservation measures and turned the full costs of weatherization, customer efficiency upgrades, and similar programs over to local service providers.

Many utilities chose to abandon these efforts, but Seattle stayed on track and on target.

Conservation measures have met nearly half of our load growth over the past decade. City Light has initiated a thorough assessment of the future conservation potential in our service area. We will apply the essential public values embodied in the Northwest's conservation ethic to explore new sources of energy while achieving related environmental and social goals. Much remains to be done, but 1999 yielded significant progress on several fronts.

A Kilowatt Saved is a Kilowatt Earned

Seattle and University of Washington officials pose with a ceremonial check rewarding the UW's energy conservation efforts

In 1996, the Seattle City Council updated a 1992 conservation plan and adopted the Energy Management Services (EMS) Plan, with the ambitious goal of saving 6 average Megawatts (aMW) annually through 2002. City Light met the challenge in 1999 and went beyond to achieve total conservation-related energy savings of 7.2 aMW.

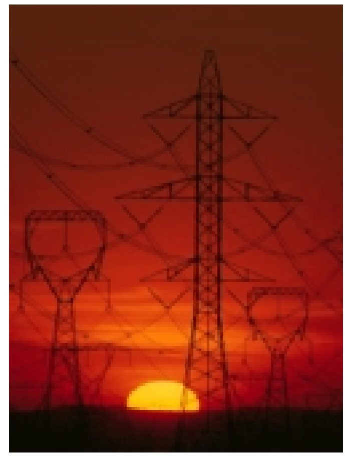
Significantly, City Light exceeded its goals across the board — from private homes to giant industries, from local neighborhoods to major institutions — by pursuing fine-tuned, multifaceted strategies tailored to the special needs and opportunities presented by each customer class.

In 1999, City Light celebrated the success of its partnership with the University of Washington in achieving the greatest single conservation savings in the utility's history. Since 1992, the University and City Light have together invested more than $12 million to install more efficient electrical systems and technologies. As a result, the University now saves $2 million annually on its electric bill, and City Light reaps enough extra energy to supply more than 4,000 homes.

Other Conservation and Clean Energy Advances in 1999:

- Birmingham Steel Post Combustion Retrofit Project (see facing page).
- Completion of Phase II of a continuing partnership with the Fred Hutchinson Cancer Research Center. This program has saved nearly 7 million kWh in energy since 1993 and has improved electrical reliability, which plays an important role in saving lives and researching cures for many forms of cancer.

- Continued progress in City Light's "tailored agreements" with local government agencies, including the City of Seattle, King County, and Seattle Public Schools. In all, these measures yielded 1999 savings of nearly 10 million kWh.



Los Angeles and Seattle will soon begin exchanging "green power" to meet local needs.

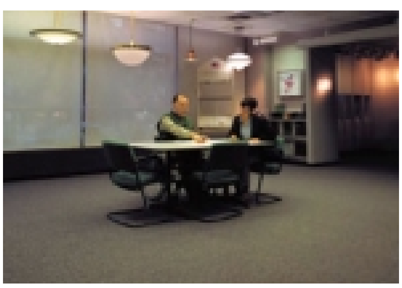
Focus: Buying and Selling Clean Power

Maintaining a utility focused on clean sources of electricity requires sophisticated approaches to the power markets of the West. To assure reliability and financial performance, City Light's Power Marketing Group participates in the 80,000 aMW West Coast market as an active buyer and seller. City Light's skillful marketing has realized substantial benefits from the seasonal differences in power supplies and needs in the Pacific Northwest and the rest of the Western United States.

- Completion of the Southeast Seattle neighborhood conservation plan, the fourth of City Light's continuing series of community- based initiatives. City Light staff are also closely involved in the City's current cycle of neighborhood land use planning in order to help citizens create more energy efficient futures for their communities.

- Tenth anniversary of City Light's innovative Lighting Design Lab, which assists the building industry and other customers in the use of efficient lighting technologies. More than 4,000 clients consulted the Lab in 1999 alone.

- Continued success of innovative customer-based outreach programs such as Built Smart for developers of affordable housing, residential weatherization loans, energy retrofits of multi-family housing, appliance efficiency upgrade rebates, and $mart Business incentives for small commercial customers.



SCL's Lighting Design Lab marked its 10th anniversary in 1999

Working Toward a Carbon-Neutral Future

In addition to meeting growing energy demand through conservation, City Light has pursued an array of aggressive programs to reduce environmental stresses related to energy production and consumption. Foremost among these, City Light is committed to drastically reducing the production of "greenhouse gases" — notably carbon dioxide — in its own operations and in those of major energy consumers.

City Light took a giant step in this direction by arranging the sale of the coal-fired Centralia Steam Plant and its adjacent mine, of which the City owned 8 percent. The entire project was purchased by TransAlta, based in Calgary, Alberta, for $453 million. Most significantly, the new owners committed to undertake all of the environmental improvements and mitigations planned by City Light and the other former owners.

Focus: Using Hot Air to Cool Energy Costs

In October 1999, officials of Birmingham Steel and the City of Seattle celebrated completion of one of City Light's most complex conservation initiatives, the Post Combustion Retrofit Project at Birmingham Steel's West Seattle plant. City Light provided $900,000 in monetary incentives and technical expertise to allow Birmingham to recycle hot gasses produced by giant arc smelters and lower total electricity consumption. The project will yield annual customer savings valued at $567,000 and conserve enough energy to power 1,700 homes, while also improving air quality. Ray Lepp, Birmingham's manager for West Coast Operations, praised City Light and noted that "efficiencies like this help us to maintain our competitiveness in a tough market."

Protection of natural habitat has been a priority at Seattle City Light for decades

Renewing Fish Runs, Habitats, and Energy Sources

In March 1999, the National Marine Fisheries Service listed chinook salmon runs in the Puget Sound basin as "threatened" under the Endangered Species Act (ESA). The determination was anticipated but no less dramatic, for it constitutes the first application of ESA strictures to a metropolitan region and could have major consequences for future economic and physical development.

Fortunately, Seattle City Light already has decades of experience in balancing the needs of nature and society, and its primary hydroelectric resources on the Skagit and Pend Oreille rivers do not interfere with wild salmon migrations and spawning. At the same time, City Light recognized that ESA heightened its responsibilities as a major regional environmental steward and as a partner with jurisdictions and communities impacted by the ESA ruling.

City Light joined with Seattle Public Utilities and other stakeholders to prepare a comprehensive Habitat Conservation Plan (HCP) for the Cedar River Watershed. This vast reserve southeast of Seattle has served as the metropolitan community's primary source of drinking water for nearly a century. The Cedar River is also the site of City Light's first hydroelectric dam, which can still generate 30 MW when needed. City Light is also collaborating with SPU and King County to restore spawning areas on the Tolt River, Seattle's other main watershed.

Virtually all of City Light's directly owned energy is generated by three dams on the Skagit River, set high in the Cascade Range, and by Boundary Dam in the far northeast corner of Washington and outside the ESA area. The Skagit is a major salmon habitat, and City Light conservation efforts have long exceeded license requirements and other environmental standards. The Skagit program was honored in 1999 as one of only five outstanding examples of river stewardship by the National Hydropower Association.

Focus: Going With the Flow

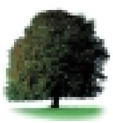
The regularity of salmon migration cycles is truly legendary, but even after decades of experience and study, fish can still surprise humans. Skagit naturalists were caught unawares in August 1999 by the premature return of spawning salmon. City Light reacted promptly by adjusting reservoir releases to aid returning fish and then to protect their nests, called "redds." A cold spell the following spring delayed snow melt and compelled City Light to increase flows so that 6,000 redds would not be exposed to air that would dry and kill their fragile eggs. The citizen group American Rivers praised City Light's actions as "a model for the kinds of cooperative efforts we must all take to recover salmon across the region." (The pictured salmon conservation 3 cent postage stamp was sponsored by the Seattle Chamber of Commerce and salmon industry in 1956.)

Seattle City Light carefully manages water flows to safeguard fragile salmon nests below its dams

Putting Fish First

City Light's commitment to Skagit salmon is summed up in the name of its generation policy: "Fish First." The heart of this ongoing effort is careful monitoring of salmon runs and corresponding adjustments to river flows to help migrating salmon up and down stream and to protect their delicate shallow-water nests, or "redds."

Focus: Saving the Urban Forest

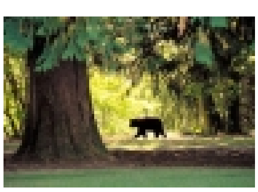


One of the more tangible measures of human degradation of the environment is the dramatic loss of trees and woodlands in and around cities. Trees were once treated as nuisances by utilities, but City Light has adopted the more enlightened approach of planting "the right tree in the right place." Its staff work closely with other agencies and neighborhood groups to select and locate appropriate species so that trees and power lines can coexist safely. At the same time, City Light employees have adopted a new technique of "shrink-wrapping" the bases of wooden power poles in order to prolong their life, reduce pollution, and lower demand for new timber.

Flow management and physical improvements have been guided since 1991 by a comprehensive agreement developed during the relicensing of the Skagit Dams through 2031. Working with the Skagit Tribal Cooperative, environmental and park agencies, and other communities dependent on the Skagit, City Light has committed millions to acquire more than 8,000 acres of habitat, to restore and protect river environments, to build bypass channels for migrating fish, to fund research, and to construct amenities for visitors. In 1999, the National Park Service completed a new Gorge Overlook Trail and Ross Lake Boat Launch, both funded by City Light.

Thanks to City Light efforts, spawning populations below its dams have more than quadrupled in recent years. The Skagit's wild chinook run is now the healthiest in Puget Sound waters, and other wildlife has rebounded as well — none more so than the hundreds of bald eagles that assemble annually below City Light dams to feast on adult chum salmon.

City Light's environmental management experience has value beyond Puget Sound. Its Regional Issues Steering Committee is deeply concerned with larger regional concerns, including the possible breaching of Snake River dams and other measures under consideration to restore salmon runs in the Columbia basin.



Focus: Reducing Hazardous Wastes

Even an industry as clean as hydroelectricity entails hazardous materials and can produce dangerous wastes. City Light has implemented a series of initiatives to better manage its use and disposal of toxic substances such as oil products and PCBs, to clean and restore previously contaminated sites, and to reduce the production of waste and pollution. City Light is proud to have earned the King County Waste Information Network's 1999 Environmental Achievement Award for reducing its production of hazardous waste by four-fifths in just four years.

City Light crews are now repairing and upgrading turbines at Boundary Dam

Empowering Workers to Compete and Excel

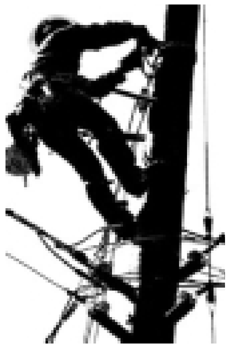
When electric utilities typically inventory their assets, they count power plants, generators, substations, and miles of wire. At City Light, our most important asset is the skill, dedication, and loyalty of more than 1,700 employees. Each makes a vital contribution to accomplishing City Light's mission, and together they constitute a competitive advantage for efficiency and innovation unmatched by any other utility in the nation.

This remarkable team mastered multiple challenges in 1999, including $14.5 million in upgrades and improved connections within downtown Seattle's distribution network. Customer needs have created skyrocketing energy loads, requiring additional total capacity in excess of 40 MVA, or four times previous averages. This ongoing, complex effort takes careful coordination by City Light, other utilities, private contractors, and customers, and it is essential to maintaining Seattle's leadership in the new global economy.

The foundation of City Light's historical ability to generate and deliver low-cost power was laid 80 years ago with farsighted public investments in developing the Skagit River's hydroelectric potential. Protecting these assets is now crucial to our continued success in the 21st century. City Light workers recently completed the last of a major cycle of upgrades at the Gorge, Ross, and Diablo Dams on the Skagit, and also undertook to

Focus: Throwing the First Switch

In 1999, City Light engineers and electricians completed one of the most daunting — and unusual — assignments in the utility's history by running power to Safeco Field. The new home of the Seattle Mariners American League baseball team posed a near-impossible deadline and a host of complexities in bringing electricity to the giant stadium with its massive, rail-mounted retractable roof, located between downtown and the city's main industrial tract. City Light worked closely with the Public Facilities District, the stadium's builder, to deliver electricity on time and on budget for the Mariner's first game in their new stadium on July 15.



"design and build" major turbine and generator improvements at the Boundary Dam in Northeast Washington state (see Focus).

One of City Light's more public successes of 1999 was its effort to address the so-called "Y2K bug." City Light took the remote potential for computer malfunctions seriously, but it also saw Y2K as an opportunity to upgrade and strengthen essential information and control systems. City Light not only did *not* experience any computer breakdowns over New Year's, it entered 2000 with more efficient systems in place and with higher customer confidence in the reliability of its services.

Serving Customers New and Old

Deregulation remains one of City Light's most fundamental challenges, and we continue to demonstrate that a public utility can meet — and beat — the competition. In 1999, City Light separated its Power Marketing function from its System Control Center to better focus staff effort. The new marketing unit is located in Key Tower and employs state-of-the-art technology to leverage the utility's previous energy management investments. With the aid of new talent recruited from the private sector, the Power Marketing Group topped its annual goal, contributing to an increase of $19 million in net "non-firm" energy sales.

One of City Light's proudest achievements in 1999 reflects its commitment to both customer convenience and worker development. The newly renovated South Service Center provides consumers with an attractive new environment in which to conduct business and pay bills. It also incorporates modern Apprenticeship Training Labs where workers can gain experience and skills handling live electrical equipment.

As a by-product of such worker training and motivation, City Light has reduced overhead, recruited more experienced employees, and lowered accident rates and insurance costs. Its customers also benefit directly, as demonstrated by City Light crews' quick response in restoring power to 20,000 citizen-owners after a wind storm in March 1999. Mother Nature struck again in August with severe lightning storms, including hits in the area of City Light's Skagit River dams. Vital assets were protected by quick staff action, and line crews worked around the clock to restore power to local homes and businesses.

Focus: Rebuilding Boundary's Turbines

Chronic vibration problems have beset City Light's largest generators since the mid-1980s, when they were installed in a rock cavern adjacent to Boundary Dam in the extreme northeast corner of Washington. When City Light put the huge repair job to bid, its own workers sat down at the local diner and worked out the numbers on napkins. Then they proved to management that they could do the job better — and cheaper — than outside vendors. Boundary Dam crews designed and built massive lathes to smooth turbine rotors and other parts to exacting tolerances, and have so far saved rate payers $2.5 million. The entire Boundary project is on schedule for completion in 2006, and costs are running one-fourth below the original $131 million estimate.

Seattle City Light's System Control Center

Focus: Heroic Action Saves Lives on the Skagit

City Light workers on the Skagit were confronted with a different kind of emergency on November 8, 1999, when a heavily loaded dump truck plunged into Diablo Lake. A second truck followed after its driver attempted to save the first man, and both were in imminent danger of drowning. Fortunately, City Light workers Paul Jones, Debbie Abel, and Jeff Martin arrived by boat to rescue the pair and take them to shore. City Light workers Dale Gardner, Lane Dexter, and Sara Dexter administered first aid and conveyed the injured drivers to a paramedic unit for evacuation by helicopter. Both men recovered due to the quick action and life-saving skills of City Light employees.

Summary of Financial Results: 1999

Seattle City Light's financial results for 1999 showed a significant improvement over the results of the prior year, reflecting markedly better water conditions in the region. The Department recorded net income of $7.7 million in 1999, an increase of $30.3 million from 1998. Operating revenues of $372.8 million represented an increase of $8.8 million, or 2.4%, from the level experienced in 1998. Operating expenses of $317.3 million were $30.0 million lower than in 1998, largely as a result of the improved water conditions, which increased the amount of surplus hydro power available for sale in the May-July period and lowered the need to purchase power in other months. Net revenue available for debt service was equal to 1.90 times debt service on first- lien debt, higher than the debt service coverage target of 1.80. The coverage ratio has averaged 1.80 over the past ten years.

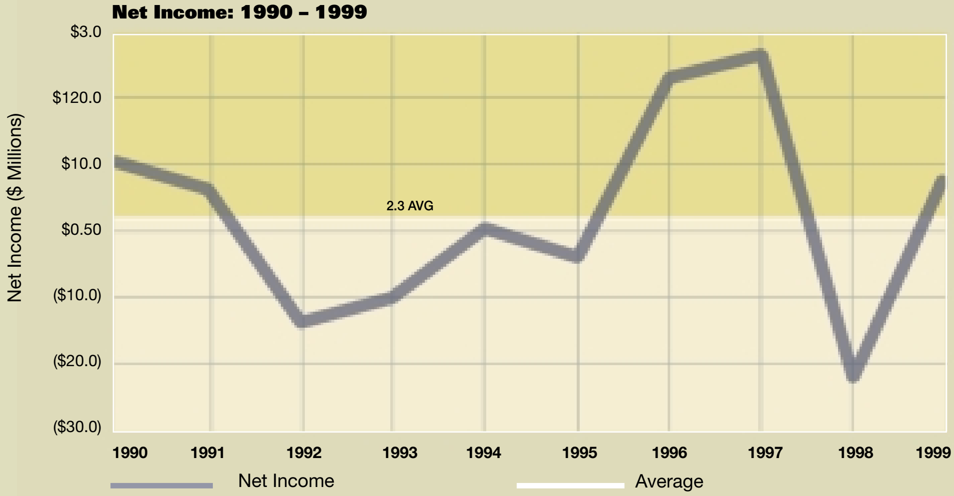
Revenues

Revenue from the sale of power to retail customers in the Department's service area totaled $366.0 million, an increase of $8.2 million from the 1998 level. The volume of energy consumed increased by 1.8%, reflecting the strength of the local economy and colder winter temperatures than in the prior year. The average billing rate increased by 0.5% because a disproportionate share of the increase in consumption occurred in the residential rate class, where the average billing rate is higher than the average for the system as a whole. Sales outside the service area to facilities in California under the Department's contract with Nordstrom generated an additional $2.0 million, an increase of $0.6 million from the 1998 level. Offsetting the increase, sales for resale outside the service area declined by $1.5 million as the contract with the Association of Bay Area Governments expired at the end of 1998. Other miscellaneous revenues increased from $3.3 million in 1998 to $4.8 million in 1999, an increase of 46%, primarily from the sale of easements and the rental of electric property, poles, and transmission towers.

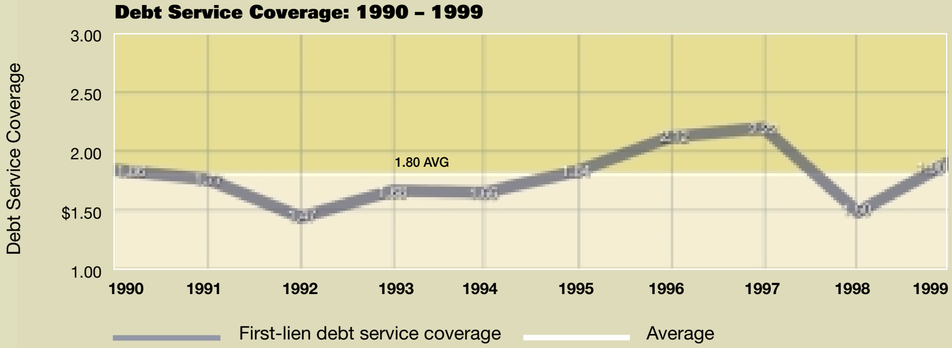
Operating Expenses

Interchanged Power. The financial impact of interchanged power transactions (the net effect of sales to and purchases from the wholesale power market) reflected the dramatic improvement in water conditions from 1998 to 1999. In 1998, streamflows in the watersheds in which City Light's generating plants are located were far below normal. As a result, the Department bought substantial amounts of energy in the wholesale market at a

Net Income: 1990 – 1999



Debt Service Coverage: 1990 – 1999



cost of $52.0 million. In months when surplus power was available the Department realized $34.9 million in proceeds from sales to the wholesale market. The net effect was an expense of $17.1 million. In 1999 precipitation and streamflows in the region were far above average. Generation in City Light's generating plants totaled 8,454,114 MWh, an increase of 23% from the 6,872,537 MWh recorded in 1998. Surplus energy was available from March through August. Sales in the wholesale market generated $54.1 million in revenue. The cost of purchasing energy in the wholesale market to balance loads and resources in times of deficit was $34.3 million. The net effect of sales and purchases therefore produced a $19.8 million offset to power costs, an increase of $36.9 million from the prior year.

Purchased Power. The cost of purchasing power from other utilities under long-term contracts showed little change from 1998 to 1999. Purchased power costs totaled $80.9 million, an increase of 1.1% from the $80.0 million expense recorded in 1998. The Department purchased 180.6 average MW of energy from Bonneville in 1999 at a cost of $33.1 million, an increase of 15.9 average MW and $1.6 million from the prior year. With prices in the wholesale market at high levels in 1999, the Department sold most of its surplus energy in the wholesale market, rather than using it to displace energy available under its contract with Bonneville. In 1999 the Department displaced only 14.4 average MW of the 195 average MW available under its Bonneville contract, less than half of the 30.3 average MW displaced in 1998. The increase in Bonneville costs was partially offset by decreases in the costs associated with other long-term contracted resources, including Lucky Peak and the Grand Coulee Project Hydroelectric Authority.

Generation, Transmission and Other Power Costs. Operating and maintenance costs in City Light's generating resources were $31.1 million in 1999, only slightly higher than the $31.0 million recorded in 1998. The Department's 8% share of the costs of operating the Centralia Steam Plant were $13.7 million in 1999, a decrease of $0.2 million from the prior year. Water for Power and Hydro Rent costs, which include payments to the Federal Energy Regulatory Commission, also declined by $0.2 million from 1998 to 1999. Offsetting these decreases was an increase of $0.5 million, from $12.8 million to $13.3 million, in the costs of operating and maintaining City Light's hydroelectric plants. Transmission costs increased from $19.9 to $21.0 million. Wheeling costs (the cost of transmitting power over the lines of other utilities) were almost constant from 1998 to 1999, increasing $0.2 million to $16.9 million. The cost of operating and maintaining the Department's own transmission lines increased from $3.2 million to $4.1 million, primarily for maintenance which had been deferred during 1998. Other Power Costs, which include the costs of operating the System Control Center and the costs of the Department's power marketing operation, increased from $3.7 million in 1998 to $4.5 million in 1999. This increase reflected the enhancement of the Department's marketing efforts which was implemented in 1999.

Other Operations and Maintenance Costs (Distribution, Customer Service, Administration & General)

O&M costs in categories unrelated to power supply and transmission (distribution, customer service, and administration and general) increased from $103.2 million in 1998 to $107.0 million in 1999, an increase of 3.7%. Non-recurring events and circumstances account for a large part of this increase. The Department incurred expenses of $5.2 million to ensure that computer systems would make the transition to the year 2000 without disruption. Most of the increase in the administration and general category can be traced to these efforts. Amounts reserved for injuries and damages also increased. The estimated expense for current claims and future claims that had been incurred but not reported increased by $2.5 million. The Department also increased reserves for damage claims by $1.5 million primarily to provide for potential claims related to the clean-up of a recently designated Superfund site on the Duwamish River. Costs also increased due to cost-of-living adjustments to staff salaries, staffing increases, and the implementation of a new city-wide accounting system, the cost of which was shared by the Department. Offsetting these increases in the administration and general category were lower expenses for information technology and computers not related to year-2000 issues, rents, and research and development. In addition, the amount of administrative and general expenses allocated to capital projects, to be amortized over the life of those projects, increased by $3.0 million from 1998 to 1999.

Distribution expenses increased by $1.2 million, from $36.0 million in 1998 to $37.1 million in 1999. Again non- recurring costs were partially responsible for the increase. The Department incurred increased expense of $0.5 million due to damage to overhead systems from 1999 storms, including thunderstorms in August which severely damaged transformers and other components of the distribution system. Other distribution expenses showed an increase of $0.3 million.

Increases in distribution and administration and general costs were offset by a $2.9 million decrease in expenses in the customer accounting and advisory category. Costs in this set of accounts were higher than normal in 1998 as the Department participated in the initial stages of a joint effort with the other City utilities to implement a new customer information system (the Consolidated Customer Services System). In 1999, most of the costs of implementing the new system were capitalized, and expenses thus showed a decline from the prior year. In addition, on-call support for the existing Customer Information System (CIS) declined. Efforts to solve year-2000 problems for customer-related computer systems were largely completed in 1998, and expenses in 1999 were therefore lower.

Taxes

Occupation tax payments to the City of Seattle, which are computed as a percentage of taxable revenue, increased in tandem with revenues, from $21.6 million in 1998 to $21.8 million in 1999. Other taxes and contractual payments to other jurisdictions increased by $0.3 million, from $16.6 to $16.9 million. Tax payments to the State of Washington declined by $0.2 million from the level recorded in 1998. At the end of 1998, the City signed franchise agreement with the Cities of Shoreline, Burien, and Lake Forest Park which provided that the Department would make payments to these cities in amounts equal to 6% of the power portion of billings to customers residing within these jurisdictions. Payments under these franchise agreements started in January 1, 1999 for Shoreline and Burien and March 1 for Lake Forest Park. Franchise payments in 1999 totaled $0.9 million. In addition, payments to Pend Oreille and Whatcom Counties increased by $0.5 million under the terms of renewed contracts for services provided to City Light facilities in those counties. Offsetting these increases was a reduction of $0.2 million in the Department's estimated arbitrage rebate liability to the U.S. Treasury. In 1998, an increase of $0.5 million in the estimated rebate liability had been recorded.

Depreciation

Depreciation expense increased by $2.9 million from 1998 to 1999, reflecting the increase in depreciable assets as the Department executed its capital improvement program. Offsetting the increase in depreciation was a credit of $3.1 million resulting from the amortization of contributions in aid of construction — i.e., amounts paid by customers for capital improvements undertaken by the Department for their benefit, such as service connections. The Department started to amortize contributions in 1999; there was therefore no corresponding credit in 1998.

Investment Income and Net Interest Expense

The Department's income from investment activity declined by $3.1 million from $7.2 million in 1998 to $4.1 million in 1999. On the average cash balances were lower in 1999 than in 1998. In addition, accounting principles require the Department to state the value of its investments at year end, including its share of the City's pooled investments, on the basis of market interest rates. The value of the Department's portfolio declined by $2.5 million from December 31, 1998 to December 31, 1999 due to the rise in market interest rates in the intervening period.

Net interest expense increased from $45.2 million to $47.9 million from 1998 to 1999. The Department issued $158.0 million in first-lien, fixed-rate bonds in October 1999 at a true interest cost of 5.96%. Higher interest costs were offset by an increase of $1.3 million in the allowance for funds used during construction (AFUDC), which represents the interest cost associated with capital projects during their construction period. Since this interest cost is capitalized along with other construction costs, it resulted in an offset to interest expense.

Other Expense (Net)

Various non-recurring charges and costs attributable to prior periods resulted in a net expense of $3.9 million in 1999, $2.7 million more than in 1998. Included in this category was a charge of $1.4 million related to a revision in the estimate of damage claims incurred but not reported that were attributable to prior years.

Independent Auditors' Report

Superintendent, Seattle City Light Department:

We have audited the accompanying balance sheets of the City of Seattle – City Light Department (the Department) as of December 31, 1999 and 1998, and the related statements of income and changes in retained earnings and of cash flows for the years then ended. These financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with auditing standards accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department as of December 31, 1999 and 1998, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles accepted in the United States of America.

Deloitte + Touche LLP

Deloitte & Touche LLP
Seattle, Washington
April 7, 2000

Balance Sheets

As of December 31,	*1999*	*1998*
Assets		
Utility Plant, At Original Cost:		
Plant in service, excluding land	$ 1,735,104,405	$ 1,641,150,224
Less - accumulated depreciation	(731,545,437)	(685,315,961)
	1,003,558,968	955,834,263
Construction work-in-progress	118,281,967	82,878,682
Nonoperating property, net of accumulated depreciation	6,366,276	6,225,934
Land and land rights	28,029,695	27,715,535
	1,156,236,906	1,072,654,414
Capitalized Purchased Power Commitment	73,854,788	81,330,278
Restricted Assets:		
Municipal Light & Power Bond Reserve Fund:		
Cash and equity in pooled investments	39,954,532	35,852,827
U.S. Government securities	21,893,730	23,938,114
Bond proceeds and other:		
Cash and equity in pooled investments	679,865	338,992
	62,528,127	60,129,933
Current Assets:		
Cash and equity in pooled investments	62,080,012	24,589,889
Accounts receivable (net of allowance of $3,290,000 and $3,690,000, respectively)	55,442,628	50,498,099
Unbilled revenues	32,160,350	31,530,824
Materials and supplies and coal inventory, at average cost	21,824,632	21,550,270
Prepayments and other	7,009,588	2,294,094
	178,517,210	130,463,176
Other Assets:		
Real estate and conservation loans receivable	734,260	1,379,742
Deferred conservation costs, net	71,186,295	59,965,910
Other deferred charges, net	22,807,391	22,823,240
	94,727,946	84,168,892
	$ 1,565,864,977	$ 1,428,746,693

The accompanying notes are an integral part of these financial statements.

As of December 31,	*1999*	*1998*
Equity and Liabilities		
Equity:		
Retained earnings	$ 300,019,689	$ 292,281,220
Contributions in aid of construction	113,259,359	106,003,603
	413,279,048	398,284,823
Long-term Debt:		
Revenue bonds, due serially	1,041,342,000	918,627,000
Less-bond discount and premium, net	(6,116,829)	(7,009,198)
Less-deferred costs on refunding	(41,188,656)	(45,359,312)
Less-revenue bonds due within one year	(36,179,500)	(35,285,000)
	957,857,015	830,973,490
Noncurrent Liabilities:		
Accumulated provision for injuries and damages	5,976,313	2,058,399
Long-term purchased power obligation	73,854,788	81,330,278
Less-obligation due within one year	(7,875,000)	(7,430,000)
	71,956,101	75,958,677
Current Liabilities:		
Accounts payable, accrued payroll, taxes and other	53,037,557	56,884,307
Accrued vacation and sick leave	9,072,861	8,605,265
Accrued interest	14,733,181	13,255,942
Revenue bonds due within one year	36,179,500	35,285,000
Purchased power obligation due within one year	7,875,000	7,430,000
	120,898,099	121,460,514
Deferred Credits	1,874,714	2,069,189
Commitments and Contingencies (Note 9)		
	$ 1,565,864,977	$ 1,428,746,693

The accompanying notes are an integral part of these financial statements

Statements of Income and Changes in Retained Earnings

For the years ended December 31,	*1999*	*1998*
Operating Revenues	$ 372,750,765	$ 363,913,130
Operating Expenses:		
Purchases of firm power	80,888,231	79,999,162
Net interchanged power	(19,769,750)	17,105,639
Generation	31,071,778	31,019,177
Other power costs	4,508,274	3,716,008
Transmission	20,960,408	19,866,792
Distribution	37,138,587	35,974,507
Customer service and accounting	26,504,669	29,365,498
Administrative and general	43,310,839	37,831,932
City of Seattle occupation tax	21,791,151	21,584,015
Other taxes	16,869,928	16,577,986
Depreciation	54,022,390	54,213,420
Total operating expenses	317,296,505	347,254,136
Net operating income	55,454,260	16,658,994
Other Income and Deductions:		
Investment income	4,140,404	7,222,664
Interest expense	(42,740,018)	(39,887,808)
Amortization of debt expense	(5,208,932)	(5,356,166)
Other expense, net	(3,907,245)	(1,214,197)
	(47,715,791)	(39,235,507)
Net income (loss)	$ 7,738,469	$ (22,576,513)
Retained Earnings:		
Balance at beginning of the year	292,281,220	314,857,733
Balance at end of the year	**$ 300,019,689**	**$ 292,281,220**

The accompanying notes are an integral part of these financial statements

Statements of Cash Flows

For the years ended December 31,	*1999*	*1998*
Operating Activities:		
Cash received from customers	$ 449,089,525	$ 429,136,149
Cash paid to suppliers and employees	(301,825,330)	(306,412,212)
Taxes paid	(40,592,305)	(36,909,706)
Net cash provided by operating activities	106,671,890	85,814,231
Capital and Related Financing Activities:		
Proceeds from long-term debt, net of discount	159,132,847	184,420,908
Bond issue costs paid	(438,200)	(257,280)
Principal paid on long-term debt	(35,285,000)	(127,373,000)
Interest paid on long-term debt	(45,537,530)	(42,140,884)
Acquisition and construction of capital assets	(155,498,414)	(125,232,281)
Proceeds from sale of property, plant and equipment	32,930	532,808
Contributions in aid of construction	6,335,359	7,477,257
Net cash used for capital and related financing activities	(71,258,008)	(102,572,472)
Investing Activities:		
Proceeds from long-term loans receivable	905,132	1,710,950
Long-term loans issued	(629,136)	(1,388,754)
Proceeds from sale of investments	1,000,000	7,095,000
Interest received on investments	5,242,824	6,161,631
Net cash provided by investing activities	6,518,820	13,578,827
Net increase (decrease) in cash and equity in pooled investments	41,932,702	(3,179,414)
Cash and equity in pooled investments at beginning of year	60,781,708	63,961,122
Cash and equity in pooled investments at end of year	**$102,714,410**	**$60,781,708**

Reconciliation of Net Operating Income to Net Cash Provided By Operating Activities

For the years ended December 31,	*1999*	*1998*
Net operating income	$ 55,454,260	$ 16,658,994
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation and amortization	61,227,747	60,670,014
Cash provided by (used for) changes in operating assets and liabilities:		
Accounts receivable	(3,902,688)	611,960
Unbilled revenues	(629,526)	(1,166,004)
Materials and supplies and coal inventory	(2,805,070)	(209,409)
Prepayments and other	(4,401,932)	4,277,999
Provision for injuries and damages	2,545,751	(26,432)
Accounts payable, accrued payroll, taxes, and other	(2,143,882)	4,201,333
Accrued vacation and sick leave	463,179	163,284
Other	864,051	632,492
Total adjustments	51,217,630	69,155,237
Net cash provided by operating activities	**$ 106,671,890**	**$ 85,814,231**

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements:

For the years ended December 31, 1999 and 1998

Note (1) Operations and Summary of Significant Accounting Policies

The City Light Department (the Department) is the public electric utility of the City of Seattle (the City). The Department owns and operates certain generating, transmission, and distribution facilities and supplies electricity to approximately 345,500 customers. The Department supplies electrical energy to other City agencies at rates prescribed by City ordinances. The establishment of the Department's rates is within the exclusive jurisdiction of the City Council. A requirement of Washington State law provides that rates must be fair, nondiscriminatory, and fixed to produce revenue adequate to pay for operation and maintenance expenses and to meet all debt service requirements payable from such revenue. The Department pays occupation taxes to the City based on total revenues.

The Department also provides nonenergy services to other City agencies and during 1999 and 1998 received $1.4 million and $1.9 million, respectively, for such services. Included in accounts receivable at December 31, 1999 and 1998, are $4.8 million and $3.8 million, respectively, representing amounts due from other City departments for services provided, reimbursements, and interest receivable on cash and equity in pooled investments.

The Department receives certain services from other City agencies, and paid approximately $26.6 million and $26.8 million, respectively, in 1999 and 1998 for such services. Included in accounts payable for the same time periods are $6.3 million and $6.1 million representing amounts due other City departments for goods and services received.

Accounting Standards

The accounting and reporting policies of the Department are regulated by the Washington State Auditor's Office, Division of Municipal Corporations, and are based on the Uniform System of Accounts prescribed for public utilities and licensees by the Federal Energy Regulatory Commission (FERC).

Pursuant to Statement No. 20 of the Governmental Accounting Standards Board (GASB), "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," the Department elected to apply all Financial Accounting Standards Board (FASB) Statements and Interpretations except for those that conflict with or contradict GASB pronouncements.

In June 1999, the GASB issued Statement No. 34, "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments," which requires reporting on the value of infrastructure assets effective for fiscal years beginning after June 15, 2001 for Phase I Governments, with total annual revenues of $100 million or more in fiscal year 1999. The Department does not anticipate a material impact to the financial position or operations as a result of implementation of GASB Statement No. 34.

In June 1998, the FASB issued the Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," which requires that derivatives be recognized in the balance sheet and measured at fair value. In July 1999, the FASB issued SFAS No. 137, which delayed the effective date of SFAS No. 133 for one year, to fiscal years beginning after June 15, 2000. The Department is evaluating the effects, if any, of the new standard on its future financial statements.

Utility Plant

Utility plant is recorded at original cost which includes both direct costs of construction or acquisition and indirect costs, including an allowance for funds used during construction. The allowance represents the estimated costs of financing construction projects and is computed using the Department's most recent long-term borrowing rate. The allowance totaled $4.2 million and $2.9 million in 1999 and 1998, respectively, and is reflected as a reduction of interest expense in the statements of income and changes in retained earnings. Property constructed with contributions in aid of construction received from customers is included in utility plant. Contributions totaled $10.4 million in 1999 and $12.4 million in 1998. In accordance with a policy effective in 1999 to amortize contributions, amortization totaled $3.1 million, resulting in net contributions of $7.3 million in 1999. Provision for depreciation is made using the straight-line method based upon estimated economic lives, which range from three to 50 years, of related operating assets. The Department uses a half-year convention method on the assumption that additions and replacements are placed in service at mid-year. The composite depreciation rate was approximately 3.3% in 1999 and 1998. When operating plant assets are retired, their original cost together with removal costs, less salvage, is charged to accumulated depreciation. The cost of maintenance and repairs is charged to expense as incurred, while the cost of replacements and betterments is capitalized.

Other Assets

Other assets consist of deferred programmatic conservation and weatherization costs incurred for purposes of load reduction and energy efficiency. These costs are being recovered through rates over 20 years. Also included are deferred mitigation expenditures spent under settlement agreements associated with the FERC operating license for the

Skagit Hydroproject, unamortized debt expense, billable work in progress, and real estate and conservation loans.

Restricted Assets

In accordance with the Department's bond resolutions, state law, or other agreements, separate restricted assets have been established. These assets are restricted for specific purposes including the establishment of the Municipal Light & Power (ML&P) Bond Reserve Fund, financing of the Department's ongoing Capital Improvement Program, and other purposes.

Cash and Equity in Pooled Investments, and Investments

The City pools and invests all temporary cash surpluses for City departments. These residual investments may consist of deposits with qualified public depositories; obligations of the United States or its agencies or wholly owned corporations; obligations of eligible government-sponsored enterprises; and certain bankers' acceptances, commercial paper, general obligation bonds or warrants, repurchase agreements, reverse repurchase agreements, mortgage-backed securities, and derivative-based securities; and are in accordance with the Revised Code of Washington (RCW) 35.39.032 . According to City policy, securities purchased will have a maximum maturity of no longer than 15 years, and the average maturity of all securities owned should average no longer than five years. The Department's equity in residual investments is reflected as cash and equity in pooled investments. The City's residual investment pool did not include reverse repurchase agreements at the end of 1999 or 1998; the City did invest in such instruments during both years. Derivative-based securities were owned by the City pool during 1999 and 1998 and at both year ends. Earnings and adjustments to fair value from the investment pool are prorated monthly to City departments based on the average daily cash balances of participating funds.

Banks or trust companies acting as the City's agents hold most of the City's investments in the City's name, with respect to credit risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements." All transactions are executed with authorized security dealers and financial institutions on a delivery-versus-payment basis.

The first $100,000 of bank deposits are federally insured. The Washington State Public Deposit Protection Commission (PDPC) collateralizes deposits in excess of $100,000. The PDPC is a multiple financial institution collateral pool. There is no provision for the PDPC to make additional pro rata assessments if needed to cover a loss. Therefore, the PDPC protection is of the nature of collateral, not of insurance.

Securities with maturities exceeding three months at time of purchase are reported at fair value on the balance sheets; the net increase (decrease) in the fair value of those investments is reported as part of investment income. At December 31, changes in the fair value of investments resulted in an unrealized loss of $2,497,774 for 1999 and an unrealized gain of $129,857 for 1998.

The cash pool operates like a demand deposit account in that all agencies, including the Department, may deposit cash at any time and can also withdraw cash out of the pool without prior notice or penalty. Accordingly, the statements of cash flows reconcile to cash and equity in pooled investments.

Cash and cash equivalents included in cash and equity in pooled investments consist of:

December 31,	*1999*	*1998*
Restricted Assets		
Municipal Light & Power Bond Reserve Fund	$ 2,481,063	$ 2,258,805
Bond proceeds and other	42,199	21,399
	$ 2,523,262	$ 2,280,204
Current Assets	$ 3,816,578	$ 1,549,174
	$ 6,339,840	$ 3,829,378

Equity in pooled investments and U. S. Government securities are reported at fair values based on quoted market prices for those or similar securities.

December 31,	*1999*	*1998*
Restricted Assets		
Municipal Light & Power Bond Reserve Fund:		
Equity in pooled investments	$ 37,473,469	$ 33,594,022
U.S. Government securities	21,893,730	23,938,114
Bond proceeds and other:		
Equity in pooled investments	637,666	317,593
	$ 60,004,865	$ 57,849,729
Current Assets		
Equity in pooled investments	$ 58,263,434	$ 23,040,715

Cash and equity in pooled investments in the statements of cash flows consist of:

December 31,	*1999*	*1998*
Cash and cash equivalents	$ 6,339,840	$ 3,829,378
Equity in pooled investments	96,374,569	56,952,330
	$ 102,714,409	$ 60,781,708

Compensated Absences

Permanent employees of the Department earn vacation time in accordance with length of service. A maximum of 480 hours may be accumulated and, upon termination, employees are entitled to compensation for unused vacation. At retirement, employees receive compensation equivalent to 25% of their accumulated sick leave. The Department accrues all costs associated with compensated absences, including payroll taxes.

Revenue Recognition

Service rates are authorized by City of Seattle ordinances. Billings are made to customers on a monthly or bimonthly basis. Revenues for energy delivered to customers between the last billing date and the end of the year are estimated and reflected in the accompanying financial statements under the caption "unbilled revenues."

The Department's customer base comprises five identifiable groups, which accounted for electric energy sales as follows:

	1999	*1998*
Residential	38.8 %	37.6 %
Commercial	38.4	37.8
Industrial	12.5	13.8
Governmental	10.3	10.4
Sales for resale	-	.4
	100.0 %	100.0 %

Use of Estimates

The preparation of the financial statements in conformity with accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements. The Department used significant estimates in determining reported unbilled revenues, accumulated provision for injuries and damages, allowance for doubtful accounts, accrued sick leave, and other contingencies. Actual results may differ from those estimates.

Significant Risk and Uncertainty

The Department is subject to certain business risks which could have a material impact on future operations and financial performance. These risks include water conditions; weather and natural disaster related disruptions; collective bargaining labor disputes; fish and other endangered species act issues; Environmental Protection Agency regulations; federal government regulations or orders concerning the operations, maintenance, and/or licensing of hydroelectric facilities; and the deregulation of the electrical utility industry.

Reclassifications

Certain 1998 account balances have been reclassified to conform to the 1999 presentation.

Note (2) Jointly Owned Plant

The Department is one of eight public and private utilities which constructed and own as tenants-in-common a 1,343 megawatt (MW) coal-fired, steam-electric generating plant located near Centralia, Washington. The Department's ownership interest is 8%. The Department's share of operating expenses and plant investment associated with the Centralia Steam Plant is included in the accompanying financial statements. The Department's share of the investment in the Centralia Steam Plant at December 31 is as follows:

	1999	*1998*
Utility Plant in service	$ 28,620,025	$ 28,701,981
Less - accumulated depreciation	(20,889,960)	(20,043,867)
	$ 7,730,065	$ 8,658,114

On December 31, 1992, the Department established a trust for the purpose of funding the Department's 8% share of the reclamation costs of the Centralia Coal Mine. The initial funding of the trust in the amount of $1.7 million was derived from the Department's previous contributions to the operator of the mine for reclamation costs. Payments into the trust have been, and will continue to be, reflected as a component of the fuel costs for the Centralia Steam Plant. At December 31, 1999, the balance in the trust was $4.6 million at fair value based on quoted market prices. Trust assets are not reflected on these financial statements.

In May 1999, the owners of the Centralia Steam Plant announced the sale of the plant to TransAlta Corporation, a Canadian corporation. Regulatory bodies at the federal, state, and local levels must approve the sales agreement. Consequently, closing of the sale is anticipated to take place by mid-2000 or shortly thereafter. In the interim, operations will continue status quo until final completion of the sale.

Note (3) Long-term Debt

Prior Lien Bonds

In October 1999, the Department issued $158 million in ML&P Revenue Bonds which bear interest at rates ranging from 5% to 6% and which mature serially October 1, 2006 through 2024.

In January 1998, the Department issued $104.6 million in ML&P Refunding Revenue Bonds, Series A, which bear interest at rates ranging from 4.5% to 5% and which mature serially July 1, 1998 through 2020. The 1998 Refunding Revenue Bonds defeased $94.7 million of the 1994 ML&P Revenue Bonds. The difference between the cash flows required to service the old and new debt and complete the refunding totaled $10.6 million; and the economic gain totaled $7.4 million at net present value.

In October 1998, the Department issued $90 million ML&P Revenue Bonds, Series B, which bear interest at rates ranging from 4.75% to 5.00% and which mature serially June 1, 2004 through 2024.

Proceeds from the October 1999 and October 1998 bonds were used to finance a portion of the Department's ongoing capital improvement and conservation program.

Prior lien bonds outstanding at December 31, 1999, totaled $933.4 million. Principal redemptions extend through 2024 with interest to be paid at rates ranging from 4.3% to 6%. Future debt service requirements on these bonds are as follows:

Year ending December 31,	*Principal Redemptions*	*Interest Requirements*	*Total*
2000	$ 34,079,500	$ 49,408,502	$ 83,488,002
2001	37,360,000	47,753,228	85,113,228
2002	39,291,500	45,906,603	85,198,103
2003	40,250,000	43,922,291	84,172,291
2004	44,915,000	41,790,405	86,705,405
Thereafter	737,546,000	367,008,458	1,104,554,458
	$933,442,000	$595,789,487	$1,529,231,487

The Department is required by ordinance to fund reserves for prior lien bond issues in an amount equal to the lesser of (a) the maximum annual debt service on all bonds secured by the reserve fund or (b) the maximum amount permitted by the Internal Revenue Code (IRC) of 1986 as a "reasonably required reserve or replacement fund." Upon issuance of the October 1999 bonds, the maximum annual debt service on prior lien bonds increased from $77.3 million to $86.7 million. The IRC's requirement increased from $62.4 million to $72.4 million. At December 31, 1999, the balance in the reserve fund was $61.8 million at fair value. The reserve must be fully funded by October 1, 2004.

In addition to the 1998 Series A bonds, the Department issued refunding revenue bonds in 1986, 1992, and 1993, which were used to defease certain outstanding prior lien bonds. Proceeds of the refunding bonds were placed in separate irrevocable trusts to provide for all future debt service payments on the bonds defeased. Accordingly, neither the assets of the respective trust accounts nor the liabilities for the defeased bonds are reflected in the Department's financial statements. The bonds defeased in 1986 and 1992 were redeemed in full during 1995 and 1998, respectively. The bonds defeased in 1998 and 1993 had outstanding balances at cost of $94.7 million and $11.7 million as of December 31, 1999, respectively. Funds held in the respective trust accounts on December 31, 1999, will be sufficient to service and redeem the defeased bonds.

Subordinate Lien Bonds

The Department is authorized to issue a limited amount of adjustable rate revenue bonds, which are subordinate to prior lien bonds with respect to claim on revenues. Subordinate lien bonds may be issued to the extent that the new bonds will not cause the aggregate principal amount of such bonds then outstanding to exceed the greater of $70 million or 15% of the aggregate principal amount of prior lien bonds then outstanding. Subordinate bonds may be remarketed daily, weekly, short-term, or long-term, and may be converted to prior lien bonds when certain conditions are met.

In December 1996, the Department issued ML&P Adjustable Rate Revenue Bonds in the amount of $19.8 million, subject to a mandatory redemption schedule spanning the period from June 1, 2002, to June 1, 2021. These bonds were marketed weekly at an interest rate ranging from 2.15% to 5.15% during 1999. Proceeds were used to finance a portion of the capital improvement and conservation program.

The 1990 bonds and 1991 Series B bonds in the amount of $22.4 million and $19.5 million, respectively at year end, were marketed on a short-term basis during 1999 with interest rates ranging from 2.6% to 3.9%.

The 1991 Series A bonds in the amount of $25 million and the 1993 bonds in the amount of $21.2 million at year end were priced weekly at interest rates from 2.2% to 5.55% in 1999.

As of December 31, 1999, the Department had outstanding subordinate lien bonds totaling $107.9 million. Future principal redemptions and interest requirements on these bonds, based on estimated interest rates ranging from 3.32% to 4.24% through year 2021, are as follows:

Year ending December 31,	*Principal Redemptions*	*Interest Requirements*	*Total*
2000	$ 2,100,000	$ 3,646,498	$ 5,746,498
2001	2,400,000	3,549,143	5,949,143
2002	3,360,000	3,470,982	6,830,982
2003	3,585,000	3,143,514	6,728,514
2004	4,115,000	2,949,746	7,064,746
Thereafter	92,340,000	23,556,016	115,896,016
	$107,900,000	$ 40,315,899	$148,215,899

The fair value of the Department's long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Department for debt of the same remaining maturities.

	December 31, 1999		*December 31, 1998*	
	Carrying Amount	*Fair Value*	*Carrying Amount*	*Fair Value*
Long-term Debt:				
Prior lien bonds	$927,637,863	$919,026,000	$802,148,360	$875,340,000
Subordinate lien bonds	107,587,307	107,900,000	109,469,442	109,800,000
	$1,035,225,170	$1,026,926,000	$911,617,802	$985,140,000

Amortization

Bond issue costs, discounts and premiums are amortized using the effective interest method over the term of the bonds.

The excess of costs incurred over the carrying value of bonds refunded on early extinguishment of debt is amortized as a component of interest expense using the straight-line method and totaled $11.2 million for the January 1998 Series A bond which refunded the 1994 revenue bonds. Deferred refunding costs amortized to interest expense totaled $4.2 million in 1999 and $4.3 million in 1998. Deferred costs in the amount of $41.2 million and $45.4 million, respectively, are reported as a component of long-term debt in the 1999 and 1998 balance sheets.

Note (4) Seattle City Employees' Retirement System

The Seattle City Employees' Retirement System (SCERS) is a single-employer public employee retirement system, covering employees of the City of Seattle and administered in accordance with Chapter 41.28 of the Revised Code of Washington and Chapter 4.36 of the Seattle Municipal Code. SCERS is a department of the City of Seattle.

All employees of the City of Seattle are eligible for membership in SCERS with the exception of uniformed police and fire personnel who are covered under a retirement system administered by the State of Washington. As of the actuarial valuation date, there were 4,644 annuitants receiving benefits, and 7,779 active members of SCERS. Currently, 743 vested terminated employees are entitled to future benefits. In addition, 172 terminated employees have restored their contributions due to the provisions of the portability statutes and may be eligible for future benefits.

SCERS provides retirement, death, and disability benefits. Retirement benefits vest after five years of credited service, while death and disability benefits vest after ten years of service. Retirement benefits are calculated, generally, as 2% multiplied by years of creditable service, multiplied by average salary, based on highest 24 consecutive months excluding overtime. The benefit is actuarially reduced for early retirement.

Actuarially determined contribution rates both for members and for the employer are currently 8.03% of the current year covered payroll.

SCERS issues stand-alone financial statements which may be obtained by writing to the Seattle City Employees' Retirement System, 801 Third Avenue, Suite 300, Seattle, WA 98104 ; telephone (206) 386-1292.

Schedule of Employer Contributions – City of Seattle

Year Ended December 31,	Annual Pension Cost and Annual Required Contribution (millions)	Percentage Contributed
1997	$28.3	100%
1998	$30.6	100%
1999	$29.9	100%

Valuation date	1/1/99
Actuarial cost method	Entry age
Amortization method	Level percent
Remaining amortization period	0 years
Amortization period	Open
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return *	8.0%
Projected general wage inflation *	4.5%
Cost-of-living year-end bonus dividend	0.67%

** Includes underlying price inflation at 4.0%.*

Schedule of Funding Progress

Seattle City Employees' Retirement System – City of Seattle *(Dollar amounts in millions)*

Actuarial Valuation Date	*Actuarial Value of Assets (a)*	*Actuarial Accrued Liabilities (AAL) Entry Age (1)(b)*	*Unfunded AAL (UAAL) (2)(b-a)*	*Funded Ratio(a/b)*	*Covered Payroll (3)(c)*	*UAAL as a Percentage of Covered Payroll ((b-a)/c)*
1/1/97	$1,094.8	$1,087.3	$ (7.5)	100.7%	$ 316.9	(2.4)%
1/1/98	1,224.6	1,105.8	(118.8)	110.7	316.3	(37.6)
1/1/99	1,375.0	1,326.6	(48.4)	103.6	341.5	(14.2)

1) Actuarial present value of benefits less actuarial present value of future normal costs based on Entry Age Actuarial Cost Method.
2) Actuarial accrued liabilities less actuarial value of assets.
3) Covered payroll includes compensation paid to all active employees on which contributions are calculated.

Note (5) Deferred Compensation

The Department's employees may contribute to the City of Seattle's Voluntary Deferred Compensation Plan (the Plan). The Plan, available to City employees and officers, permits participants to defer a portion of their salary until future years. The deferred compensation is paid to participants and their beneficiaries upon termination, retirement, death, or unforeseeable emergency.

Effective January 1, 1999, the Plan is an eligible deferred compensation plan under Section 457 of the IRC of 1986, as amended, and a trust exempt from tax under IRC Sections 457(g) and 501(a). The Plan is operated for the exclusive benefit of participants and their beneficiaries. No part of the corpus or income of the Trust shall revert to the City or be used for, or diverted to, purposes other than the exclusive benefit of participants and their beneficiaries.

The Plan is not reported in the financial statements of the City or the Department.

It is the opinion of the City's legal counsel that the City has no liability for investment losses under the Plan. Under the Plan, participants select investments from alternatives offered by the Plan Administrator, who is under contract with the City to manage the Plan. Investment selection by a participant may be changed from time to time. The City does not manage any of the investment selections. By making the selection, participants accept and assume all risks inherent in the Plan and its administration.

Note (6) Purchased and Interchanged Power

Bonneville Power Administration

The Department purchases electric energy from the U.S. Department of Energy, Bonneville Power Administration (BPA) under a long-term contract expiring on September 30, 2001. The BPA rate structure is based on the total amount of energy delivered and the monthly peak power demand.

Until August 1, 1996, the Department was an actual computed requirements customer of BPA and was entitled to buy from BPA the energy required to fill the variance between its customer load and its firm power resources. The Department had a right to displace this entitlement, by payment of an availability charge. Effective August 1, 1996, the contract with BPA was amended, through the remaining life of the contract, to limit purchases to 195 average MW. The Department can still displace part of this amount by paying an availability charge; BPA energy displaced was 14.4 MW in 1999 and 30.3 MW in 1998. Power purchased under this contract was 180.6 average MW in 1999 and 164.7 average MW in 1998. The contract amendment required payment of a diversity fee of $2 million which is being amortized over the remaining five-year contract period.

In 1983, the Department entered into separate net billing agreements with BPA and Energy Northwest (formerly the Washington Public Power Supply System), a municipal corporation and joint operating agency of the State of Washington, with respect to sharing costs for the construction and operation of three nuclear generating plants. Under these agreements, the Department is unconditionally obligated to pay Energy Northwest a pro rata share of the total annual costs including debt service to finance the cost of construction, whether or not construction is completed, delayed or terminated, or operation is suspended or curtailed. The net billing agreements provide that these costs be recovered through BPA rates. One plant is in commercial operation. Construction of the other two plants has been terminated.

Lucky Peak

In 1984, the Department entered into a purchase power agreement with four irrigation districts to acquire 100% of the net output of a hydroelectric facility constructed in 1988 at the existing Army Corps of Engineers Lucky Peak Dam on the Boise River near Boise, Idaho. The irrigation districts are owners and license holders of the project. The agreement, which expires in 2038, obligates the Department to pay all ownership and operating costs, including debt service, over the term of the contract, whether or not the plant is operating or operable.

During 1999, the power purchased under this agreement was approximately 49 average MW. To properly reflect its rights and obligations under this agreement, the Department includes as an asset and liability the outstanding principal of the project's debt, net of the balance in the project's reserve account.

British Columbia-Ross Dam

In 1984, an agreement was reached between the Province of British Columbia and the City of Seattle under which British Columbia will provide the Department with power equivalent to the planned increased capacity of Ross Dam in lieu of the Department's construction of the addition. The agreement was ratified by a treaty between Canada and the United States in the same year. The power is to be received for 80 years and began in 1986. The Department makes annual payments to British Columbia of $21.8 million, which represent the estimated cost the Department would have incurred for financing, had the addition been constructed. The payments are being made for 35 years and began in 1986. The Department is also paying equivalent operation and maintenance costs, which began in 1986 and will continue for 80 years. Equivalent operation and maintenance costs were $150,276 and $147,053 for 1999 and 1998, respectively. The power available for purchase under this agreement was 35.2 average MW in 1999 and 35.6 average MW in 1998, and up to 298 MW of peak capacity.

In addition to the direct costs of power under the agreement, the Department incurred costs of approximately $8 million in prior years related to the proposed addition and was obligated to help fund the Skagit Environmental Endowment Commission through four annual $1 million payments. These costs have been deferred and are being amortized to purchased power expense over 35 years.

Other Long-Term Purchase Power Agreements

The Department also purchases energy from Public Utility Districts (the PUDs) No. 1 of Pend Oreille County and No. 2 of Grant County, under agreements expiring August 1, 2005, and October 31, 2005, respectively; the Grand Coulee Project Hydroelectric Authority (the Authority) which includes the South, East, and Quincy Columbia Basin Irrigation Districts under 40-year agreements that expire from 2022 to 2027; and the Columbia Storage Power Exchange until expiration of the agreement on March 31, 2003. Power purchased under these contracts was 99.9 average MW in 1999 and 96.9 average MW in 1998. Rates under the PUD and Authority contracts represent a share of the operating and debt service costs in proportion to the share of total energy to which the Department is entitled whether or not these plants are operating or operable.

Minimum Payments Under Purchase Power Contracts

The Department's share of minimum payments under its contracts with the PUDs, irrigation districts, power exchange corporation, Lucky Peak Project and British Columbia, excluding operating costs, for the period from 2000 through 2020 are:

Year ending December 31,	*Minimum Payments*
2000	$ 46,196,138
2001	46,191,792
2002	42,197,218
2003	39,846,515
2004	39,862,940
Thereafter	408,261,018
	$ 622,555,621

Costs under these long-term contracts totaled $51.8 million in 1999 and $53.1 million in 1998. Energy received represented approximately 50% of the Department's total purchases under firm power contracts during 1999 and 52% during 1998.

Other Power Transactions

Other power transactions include purchases under short-term agreements and interchanges of secondary power between utilities in response to seasonal resource and demand variations. Fluctuations in annual precipitation levels and other weather conditions materially affect the energy output from the Department's hydroelectric facilities. Accordingly, the net interchange of secondary power in and out may vary significantly from year to year. The Department's net power purchases or sales, and interchanged activities are reflected in the statements of income and changes in retained earnings.

In March 1998, the Department was certified as a scheduling coordinator with the California Independent System Operator to submit schedules and sell power and ancillary services in California.

In January 2000, the Department entered into agreements, continuous until terminated, with the California Power Exchange Corporation (PX) which authorize the Department to participate in the power exchange market covered under the State of California PX Tariff.

Note (7) Deferred Costs

The City Council passed resolutions in 1984 and 1985 authorizing the debt financing and deferral of all programmatic conservation costs incurred by the Department. These resolutions were fully implemented by 1986. Approximately $15.9 million and $13.6 million in programmatic conservation costs were deferred in 1999 and 1998, respectively. These costs are to be recovered through rates over 20 years. In 1999 and 1998, $4.7 million and $3.9 million, respectively, were amortized to expense. The total remaining balances of unamortized conservation costs at December 31, 1999 and 1998, were $71.2 million and $60 million, respectively.

Note (8) Provision For Injuries and Damages

The Department is self-insured for casualty losses to its property, for environmental cleanup, and for certain losses arising from third-party damage claims. The Department establishes liabilities for claims based on estimates of the ultimate cost of claims. The length of time for which such costs must be estimated varies depending on the nature of the claim. Actual claims costs depend on such factors as inflation, changes in doctrines of legal liability, damage awards, and specific incremental claim adjustment expenses. Claims liabilities are recomputed periodically using actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, industry averages, city-wide cost allocations, and other economic and social factors.

The estimate for incurred but not reported claims was increased by $2.5 million in 1999. Liabilities for lawsuits, claims, and workers' compensation were discounted over 13, 12, and 16 years in 1999, and 8 years in 1998, respectively, at the City's average annual rate of return on investments which was 5.692% in 1999 and 6.123% in 1998. Liabilities for environmental cleanup and for casualty losses to the Department's property are not discounted due to uncertainty with respect to the settlement dates.

The schedule below presents the changes in the provision for injuries and damages during 1999 and 1998:

	1999	*1998*
Unpaid claims at January 1	$ 5,937,189	$5,827,104
Payments	(5,056,196)	(1,613,760)
Incurred claims	5,747,769	1,723,845
Unpaid claims at December 31	$6,628,762	$ 5,937,189

The provision for injuries and damages is included in current and noncurrent liabilities as follows:

	1999	*1998*
Noncurrent liabilities	$5,976,313	$ 2,058,399
Accounts payable, accrued payroll, taxes and other	652,449	3,878,790
	$6,628,762	$ 5,937,189

Note (9) Commitments and Contingencies

Operating Leases

In December 1994, the City entered into an agreement on behalf of the Department for a ten-year lease of office facilities in downtown Seattle commencing February 1, 1996. In early 1996, the City purchased the building in which these facilities are located, thus becoming the Department's lessor.

The Department also has seven other long-term operating leases for smaller facilities used for office and storage purposes.

Expense under the leases totaled $3.6 million and $3.8 million in 1999 and 1998, respectively.

Minimum payments under the leases are:

Year ending December 31,	*Minimum Payments*
2000	$ 3,517,226
2001	3,244,811
2002	3,403,854
2003	3,418,080
2004	3,535,448
Thereafter	3,841,627
	$ 20,961,046

Other

Associated with the FERC operating license for the Skagit Hydroproject, which is in effect until the year 2025, are settlement agreements which commit the Department to undertake certain mitigation activities. The mitigation cost is estimated at $40.7 million, of which $23.3 million have been expended.

The estimated financial requirement for the Department's 2000 capital improvement and conservation program is $140.6 million and the Department has substantial contractual commitments relating thereto.

In March 1998, a Summary and Declaratory Judgment was ordered against the Department in Pend Oreille County, Superior Court of the State of Washington in regards to the purchased power contract with Pend Oreille PUD. The judgment, in the amount of $2.9 million including interest, was recorded as other expense (net) in 1997 along with a corresponding other current liability. An appeal by the Department was not sustained and payment of $3.2 million, including interest, was made in 1999.

Chinook salmon and bull trout are native fish to the Pacific Northwest. In March 1999, the National Marine Fisheries Service listed chinook salmon in Puget Sound as a threatened species under the Federal Endangered Species Act (ESA). In June 1998, the U.S. Fish and Wildlife Service (USFWS) listed the Columbia River Basin population segment of bull trout as a threatened species under the ESA and in October 1999, the USFWS listed bull trout in Puget Sound as a threatened species under the ESA. It is too early to determine the effect on the Department's hydroelectric projects and operations as a result of these two listings.

Financial Summary

For the years ended December 31	*1999*	*1998*	*1997*	*1996*	*1995*
Balance Sheet					
Assets					
Utility plant, net	$ 1,156,236,906	$ 1,072,654,414	$ 1,013,700,966	$ 977,989,653	$ 941,202,979
Capitalized purchased power commitment	73,854,788	81,330,278	88,756,582	94,465,223	99,116,465
Restricted assets [A]	62,528,127	60,129,933	56,166,032	52,443,919	48,217,399
Current assets [A]	178,517,210	130,463,176	145,498,789	151,715,855	134,000,222
Other assets	94,727,946	84,168,892	74,545,834	68,036,045	63,551,241
Total assets	$ 1,565,864,977	$ 1,428,746,693	$ 1,378,668,203	$ 1,344,650,695	$ 1,286,088,306
Equity & Liabilities					
Equity [A]	$ 413,279,048	$ 398,284,823	$ 408,450,084	$ 374,439,654	$ 343,171,034
Long-term debt, net	957,857,015	830,973,490	771,670,124	769,109,579	747,441,062
Noncurrent liabilities	71,956,101	75,958,677	83,623,913	90,789,505	97,363,646
Current liabilities	120,898,099	121,460,514	113,179,296	109,133,937	97,919,182
Deferred credits	1,874,714	2,069,189	1,744,786	1,178,020	193,382
Total equity & liabilities	$ 1,565,864,977	$ 1,428,746,693	$ 1,378,668,203	$ 1,344,650,695	$ 1,286,088,306
Statement of Income					
Operating Revenues					
Residential	$ 142,542,347	$ 134,622,904	$ 136,934,204	$ 132,505,751	$ 122,053,704
Commercial	141,105,588	135,685,224	137,216,230	132,806,239	127,427,454
Industrial	45,891,368	50,234,594	52,418,715	49,771,070	46,127,576
Governmental	37,766,052	37,360,320	38,241,277	38,990,344	36,545,279
Sales for resale	-	1,556,314	-	-	-
Unbilled revenue-net change	629,526	1,166,004	(2,099,434)	2,597,289	(2,345,737)
Total sales of electric energy	367,934,881	360,625,360	362,710,992	356,670,693	329,808,276
Other revenues	4,815,884	3,287,770	3,427,171	3,061,751	2,376,704
Total operating revenues	372,750,765	363,913,130	366,138,163	359,732,444	332,184,980
Operating Expenses					
Purchases of firm power	80,888,231	79,999,162	73,952,830	67,357,080	71,731,764
Net interchanged power	(19,769,750)	17,105,639	(21,325,153)	(6,871,852)	7,826,890
Generation	31,071,778	31,019,177	30,687,731	29,411,054	26,257,468
Other power costs	4,508,274	3,716,008	3,228,159	3,142,173	2,608,079
Transmission	20,960,408	19,866,792	20,575,865	18,983,536	17,685,650
Distribution	37,138,587	35,974,507	34,240,097	34,074,948	34,668,075
Customer service & accounting	26,504,669	29,365,498	27,509,669	24,685,271	23,442,674
Administration & general	43,310,839	37,831,932	37,210,668	42,387,664	34,623,760
Loss on impairment of assets	-	-	-	-	8,584,533
Taxes [B]	38,661,079	38,162,001	37,105,624	36,089,689	33,379,064
Depreciation & amortization	54,022,390	54,213,420	51,892,420	45,916,579	39,607,336
Total operating expenses	317,296,505	347,254,136	295,077,910	295,176,142	300,415,293
Net operating income	55,454,260	16,658,994	71,060,253	64,556,302	31,769,687
Other income (expense), net	(3,907,245)	(1,214,197)	(6,931,565)	(1,558,908)	(1,762,796)
Investment income [A]	4,140,404	7,222,664	8,467,693	5,648,899	6,559,820
Total operating and other Income	55,687,419	22,667,461	72,596,381	8,646,293	36,566,711
Interest Expense					
Interest, expense	46,952,066	42,809,590	43,284,665	42,347,221	41,011,988
Amortization of debt expense	5,208,932	5,356,167	5,198,827	5,247,412	5,369,328
Interest charged to construction	(4,212,048)	(2,921,783)	(2,317,158)	(1,961,320)	(5,712,989)
Net interest expense	47,948,950	45,243,974	46,166,334	45,633,313	40,668,327
Net income (loss)	$ 7,738,469	$ (22,576,513)	$ 26,430,047	$ 23,012,980	$ (4,101,616)

[A] *GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," was implemented in 1997 to report investments at fair value and the fair value adjustments as part of investment income. Accordingly, values and amounts for 1996 were restated and equity includes the cumulative effect of implementing GASB Statement No. 31. 1995 is not restated.*

[B] *Starting with 1996, FICA taxes have been allocated to O&M as well as to capital projects. 1995 Operating Expenses have been restated.*

Interest Requirements and Principal Redemption on Bonded Debt

As of December 31, 1999

	Prior Lien Bonds			Subordinate Lien Bonds	
Years	*Principal*	*Interest*	*Total*	*Principal*	*Interest* [B]
2000	$ 34,079,500	$ 49,408,502	$ 83,488,002	$ 2,100,000	$ 3,646,498
2001	37,360,000	47,753,228	85,113,228	2,400,000	3,549,143
2002	39,291,500	45,906,603	85,198,103	3,360,000	3,470,982
2003	40,250,000	43,922,291	84,172,291	3,585,000	3,143,514
2004	44,915,000	41,790,405	86,705,405 [A]	4,115,000	2,949,746
2005	45,531,000	39,452,276	84,983,276	4,445,000	2,860,094
2006	44,105,000	37,147,791	81,252,791	4,775,000	2,693,118
2007	46,515,000	34,824,064	81,339,064	5,305,000	2,611,897
2008	45,705,000	32,720,644	78,425,644	5,840,000	2,493,755
2009	45,235,000	30,231,873	75,466,873	6,270,000	2,331,002
2010	44,400,000	27,749,378	72,149,378	6,705,000	2,132,295
2011	43,210,000	25,578,050	68,788,050	7,345,000	1,970,210
2012	42,455,000	23,158,138	65,613,138	7,785,000	1,702,831
2013	41,520,000	20,789,505	62,309,505	8,425,000	1,440,720
2014	40,690,000	18,462,074	59,152,074	8,865,000	1,164,494
2015	39,915,000	16,196,518	56,111,518	9,410,000	844,670
2016	39,070,000	14,009,868	53,079,868	7,755,000	493,568
2017	37,535,000	11,888,168	49,423,168	2,600,000	328,306
2018	35,165,000	9,870,505	45,035,505	2,750,000	236,890
2019	32,665,000	7,976,505	40,641,505	1,300,000	136,917
2020	28,910,000	6,197,085	35,107,085	1,355,000	85,578
2021	24,900,000	4,649,000	29,549,000	1,410,000	29,671
2022	21,890,000	3,237,019	25,127,019	-	-
2023	19,645,000	1,996,625	21,641,625	-	-
2024	18,485,000	873,372	19,358,372	-	-
Totals	$ 933,442,000	$ 595,789,487	$ 1,529,231,487	$ 107,900,000	$ 40,315,899

[A] *Maximum debt service—see Note 3 on page 20.*

[B] *Based on actual and estimated interest rates ranging from 3.32-4.24%.*

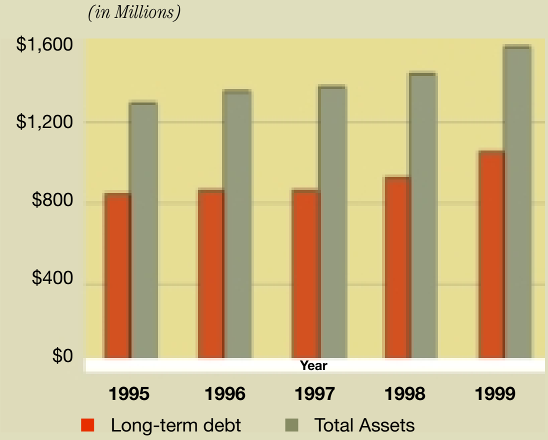
Debt Service Coverage: Prior Lien Bonds

For the years ended December 31,

	Revenue Available for Debt Service	*Debt Service Requirements*	*Debt Service Coverage*
1999	$143,358,774	$75,394,637	1.90
1998	105,024,128	69,898,371	1.50
1997	157,402,022	71,035,264	2.22
1996	144,099,243	68,001,376	2.12
1995	109,851,627	59,663,957	1.84

Long-term Debt to Total Assets

(in Millions)



Statement of Bonded Debt

As of December 31, 1999

Name of Bond	*When Due*	*Interest Rate (%)*	*Amount Issued*	*Amount Redeemed*	*Amount Outstanding 12/31/99*	*Amount Due Within One Year*	*Accrued Interest*
Bonds redeemed at 12-31-99							
General Lien Bonds							
1903-14	1923-1924		$ 4,044,000	$ 4,044,000			
Revenue Bonds[A]							
1917-94	1923-2020		$ 1,294,109,000	1,294,109,000			
Total			$1,298,153,000	$1,298,153,000			
Prior Lien Bonds							
Series 1992	2000	5.100	$ 4,250,000		$ 4,250,000	$ 4,250,000	$ 90,312
Series 1992	2001	5.200	4,740,000		4,740,000		102,700
Series 1992	2002	5.300	4,710,000		4,710,000		104,012
Series 1992	2003	5.400	5,680,000		5,680,000		127,800
Series 1992	2004	5.500	5,630,000		5,630,000		129,021
Series 1992	2005	5.625	5,575,000		5,575,000		130,664
Series 1992	2006-2012	5.750	72,250,000		72,250,000		1,730,990
Series 1992	2013-2014	6.000	19,310,000		19,310,000		482,750
Series 1992	2015-2017	5.750	33,450,000		33,450,000		801,406
Series 1993	2000	4.600	26,370,000		26,370,000	26,370,000	202,170
Series 1993	2001	4.700	27,620,000		27,620,000		216,357
Series 1993	2002	4.800	28,840,000		28,840,000		230,720
Series 1993	2003	4.900	27,250,000		27,250,000		222,542
Series 1993	2004	5.000	28,525,000		28,525,000		237,708
Series 1993	2005	5.100	29,795,000		29,795,000		253,257
Series 1993	2006	5.200	23,020,000		23,020,000		199,507
Series 1993	2007	5.300	24,200,000		24,200,000		213,767
Series 1993	2008	5.400	12,020,000		12,020,000		108,180
Series 1993	2009-2010	5.450	25,415,000		25,415,000		230,853
Series 1993	2011-2013	5.500	12,425,000		12,425,000		113,896
Series 1993	2014-2018	5.375	25,645,000		25,645,000		229,736
Series 1994	2000-2004	6.000	14,665,000		14,665,000	2,705,000	439,950

Continued on next page.

Name of Bond	*When Due*	*Interest Rate (%)*	*Amount Issued*	*Amount Redeemed*	*Amount Outstanding 12/31/99*	*Amount Due Within One Year*	*Accrued Interest*
Series 1995	2000	4.300	$ 754,500		$ 754,500	$ 754,500	$ 10,814
Series 1995	2001	5.000	1,770,000		1,770,000		29,500
Series 1995	2002	4.500	241,500		241,500		3,622
Series 1995	2002-2004	5.000	4,825,000		4,825,000		80,417
Series 1995	2005	4.800	456,000		456,000		7,296
Series 1995	2006-2007	5.000	4,650,000		4,650,000		77,500
Series 1995	2008	5.125	2,515,000		2,515,000		42,965
Series 1995	2009	5.300	2,655,000		2,655,000		46,905
Series 1995	2010	5.400	2,805,000		2,805,000		50,490
Series 1995	2011	5.500	2,970,000		2,970,000		54,450
Series 1995	2012	5.600	3,145,000		3,145,000		58,707
Series 1995	2013-2018	5.625	23,285,000		23,285,000		436,594
Series 1995	2019-2020	5.700	9,815,000		9,815,000		186,483
Series 1996	2002-2008	5.250	7,055,000		7,055,000		92,597
Series 1996	2009	5.300	1,235,000		1,235,000		16,364
Series 1996	2010	5.400	1,300,000		1,300,000		17,550
Series 1996	2011-2013	5.500	4,365,000		4,365,000		60,019
Series 1996	2014-2021	5.625	16,045,000		16,045,000		225,633
Series 1997	2003-2018	5.000	21,425,000		21,425,000		535,625
Series 1997	2019-2022	5.125	8,575,000		8,575,000		219,734
Series 1998	2001-2004	4.500	2,790,000		2,790,000		62,775
Series 1998	2005-2008	4.750	18,990,000		18,990,000		451,012
Series 1998	2009-2020	5.000	82,390,000		82,390,000		2,059,750
Series 1998	2004-2019	4.750	59,545,000		59,545,000		235,699
Series 1998	2021	4.875	11,250,000		11,250,000		45,703
Series 1998	2024	5.000	19,205,000		19,205,000		80,021
Series 1999	2006-2007	5.000	6,250,000		6,250,000		78,125
Series 1999	2008-2009	5.750	13,500,000		13,500,000		194,062
Series 1999	2010	5.875	2,500,000		2,500,000		36,719
Series 1999	2011-2024	6.000	35,750,000		135,750,000		2,036,250
Total Prior Lien Bonds			$ 933,442,000		$ 933,442,000	$ 34,079,500	$ 14,131,679
Subordinate Lien Bonds							
Series 1990	2000-2015	2.750-3.900[B]	$ 22,400,000		$ 22,400,000	$ 800,000	$ 241,710
Series 1991	2000-2016	2.200-5.550[B]	44,500,000		44,500,000	500,000	323,772
Series 1993	2000-2018	2.200-5.550[B]	21,200,000		21,200,000	800,000	71,766
Series 1996	2002-2021	2.150-5.150[B]	19,800,000		19,800,000	-	65,883
Total Subordinate Bonds			$ 107,900,000		$ 107,900,000	$ 2,100,000	$ 703,131
Total Bonded Debt			$ 1,041,342,000		$ 1,041,342,000	$ 36,179,500	$ 14,834,810

[A]Including bonds defeased through refundings and Subordinate Lien Bonds.

[B]Adjustable rates in effect during 1999.

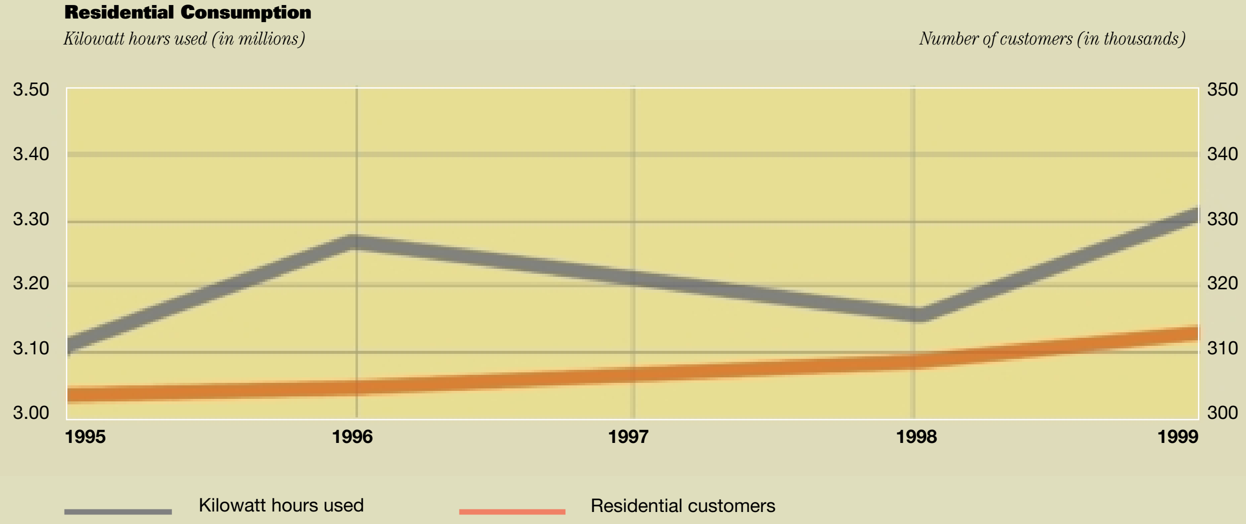
Customer Statistics

For the years ended December 31,		*1999*		*1998*		*1997*		*1996*		*1995*
Average Number of Customers										
Residential		312,849		308,564		306,629		304,287		303,199
Commercial		30,568		30,376		30,243		30,005		29,823
Industrial		279		286		291		295		293
Governmental		1,817		1,836		1,869		1,945		2,004
Sales for Resale		-		1		-		-		-
Total		345,513		341,063		339,032		336,532		335,319
Kilowatt Hours (In 000's) *										
Residential	35%	3,314,126	34%	3,153,926	35%	3,221,824	36%	3,267,794	35%	3,109,816
Commercial	40%	3,832,048	39%	3,671,337	38%	3,560,037	38%	3,506,608	39%	3,406,116
Industrial	14%	1,341,721	16%	1,454,783	16%	1,474,754	15%	1,412,509	15%	1,359,805
Governmental	11%	986,754	11%	996,077	11%	983,445	11%	987,010	11%	946,555
Sales for Resale		-		58,508		-		-		-
Unbilled kWh—net change	-	13,150	-	23,052	-	(7,829)		14,079		(33,463)
Total	100%	9,487,799	100%	9,357,683	100%	9,232,231	100%	9,188,000	100%	8,788,829

**Percentages exclude sales for resale and unbilled kWh-net change.*

Average Annual Revenue Per Customer		1999		1998		1997		1996		1995
Residential	$	456	$	436	$	447	$	435	$	403
Commercial	$	4,616	$	4,467	$	4,537	$	4,426	$	4,273
Industrial	$	164,485	$	175,645	$	180,133	$	168,715	$	157,432
Governmental	$	20,785	$	20,349	$	20,461	$	20,046	$	18,236

Residential Consumption



Customer Statistics

For the years ended December 31,		*1999*	*1998*	*1997*	*1996*	*1995*
Average Annual Consumption Per Customer (kWhs)[A]						
Residential	- Seattle	10,593	10,221	10,507	10,739	10,257
	- National	10,237	10,284	10,072	10,275	10,042
Commercial	- Seattle	122,420	118,700	117,714	116,867	114,211
	- National	68,858	69,489	68,679	67,250	66,821
Industrial	- Seattle	4,809,036	5,086,654	5,067,883	4,788,116	4,640,973
	- National	1,930,929	1,933,285	1,825,789	1,757,938	1,757,621
Governmental	- Seattle	543,068	542,526	526,188	507,460	472,333
	- National	106,614	110,403	106,354	108,668	108,309
Average Rate Per Kilowatt Hour (Cents)[A]						
Residential	- Seattle	4.30	4.27	4.25	4.05	3.92
	- National	8.17	8.26	8.43	8.36	8.40
Commercial	- Seattle	3.72	3.72	3.85	3.79	3.74
	- National	7.21	7.41	7.58	7.64	7.70
Industrial	- Seattle	3.42	3.45	3.55	3.52	3.39
	- National	4.43	4.48	4.54	4.60	4.66
Governmental	- Seattle	3.83	3.75	3.89	3.95	3.86
	- National	6.83	6.63	6.89	6.94	6.89
Total	- Seattle [B]	3.89	3.87	3.93	3.88	3.75
	- National	6.64	6.74	6.85	6.86	6.90

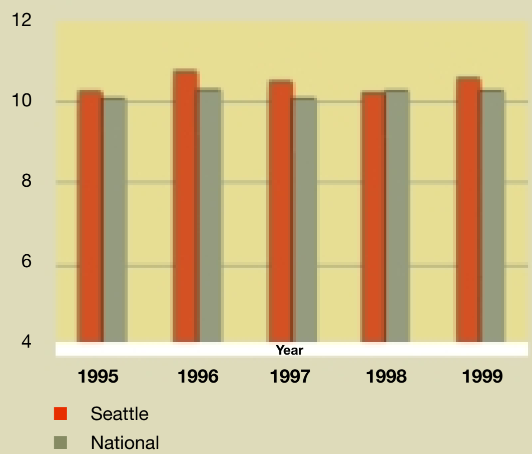
[A] *Source of national data: Edison Electric Institute, source and disposition data (1999 preliminary, 1998 revised to actuals).*

[B] *Seattle total includes the unbilled revenue adjustment. Other Seattle rates on this schedule do not include this adjustment.*

NOTE: The latest rate adjustment was effective December 24, 1999. Rates are set by the Seattle City Council. Notice of public hearings may be obtained on request to The Office of the City Clerk, Municipal Building, 600-4th Avenue, Room 104, Seattle WA 98104.

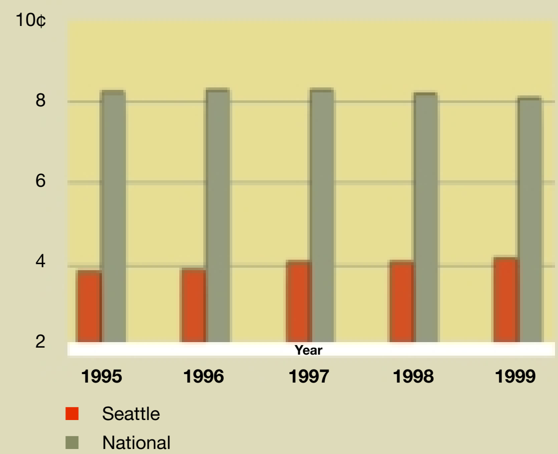
Average Annual Residential Consumption

(in thousands of kilowatt hours)



Average Residential Rates

(in cents per kilowatt hour)



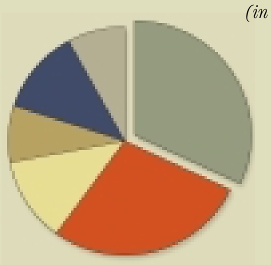
Power

For the years ended December 31,	*1999*	*1998*	*1997*	*1996*	*1995*
Power Costs					
Hydraulic generation [A]	$ 26,746,081	$ 26,360,001	$ 27,678,950	$ 26,619,873	$ 23,518,844
Steam generation [A]	14,664,491	14,963,065	13,067,074	12,739,214	10,840,635
Purchased power	80,888,231	79,999,162	73,952,830	67,357,080	71,725,131
Interchange purchases [B]	34,295,550	52,032,908	14,106,211	11,974,145	9,095,478
Deferred power costs [C]	-	-	-	-	6,383,055
Interchange sales [B]	(54,065,300)	(34,927,269)	(35,431,364)	(18,845,997)	(7,739,139)
Owned transmission [A]	6,504,089	5,818,679	5,826,148	5,855,282	5,209,857
Wheeling expenses	16,864,661	16,683,699	17,355,147	15,700,345	14,833,571
Other power expenses	4,508,274	3,716,008	3,228,159	3,142,173	2,608,079
Total power costs	$ 130,406,077	$ 164,646,253	$ 119,783,155	$ 124,542,115	$ 136,475,511
Power Statistics (1000's Kwh)					
Hydraulic generation	7,764,312	6,160,442	8,346,762	7,921,980	7,009,856
Steam generation	689,802	712,095	538,374	602,360	441,939
Purchased power	3,213,813	3,016,515	2,814,135	2,349,801	2,226,029
Interchange purchases [B]	1,159,875	2,198,887	922,229	803,311	648,939
Interchange sales [B]	(2,672,264)	(2,019,502)	(2,834,626)	(1,892,277)	(730,270)
Nonmonetary interchange	(100,862)	(239,886)	(7,039)	(4,782)	(183,025)
Out of area service	89,906	122,384	-	-	-
Less - self-consumed, line losses and unbilled	(656,783)	(593,252)	(547,605)	(592,393)	(624,639)
Total power delivered	9,487,799	9,357,683	9,232,230	9,188,000	8,788,829
Average cost per kWh delivered (in mills) [C]	13.735	17.595	12.974	13.555	15.528

[A] *Including depreciation.*

[B] *Nonfirm interchange power can fluctuate widely from year to year depending upon water conditions in Seattle City Light's drainage area. During 1998, the drainage area experienced lower water conditions. In 1995, conditions were normal and were favorable in 1996, 1997 and 1999.*

[C] *Interchange purchase costs in the amount of $6,383,055 were deferred from 1994 to 1995. Had costs not been deferred, the average cost per kWh delivered would have been 14.802 mills in 1995.*



1999 Uses of Power

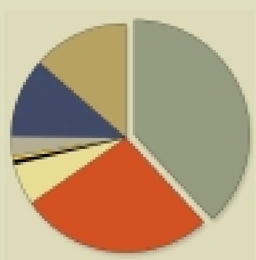
(in percent of gWh)

Service Area

- 32% Commercial
- 28% Residential
- 12% Industrial
- 8% Governmental

Other

- 12% Other
- 8% City Light Operations/Services



1999 Sources of Power

(in percent of gWh)

Generated

- 38% Boundary
- 27% Skagit
- 6% Centralia steam
- 1% Cedar Falls
- 1% South Fork Tolt

Treaty

- 3% BC Hydro

Purchased

- 11% Miscellaneous
- 13% BPA

Changes in Owned Total Generating Installed Capacity

Year	*Plant*	*KW Added*	*Nameplate Capacity Total KW*
1904-09	Cedar Falls Hydro Units 1, 2, 3 & 4	10,400	10,400
1912	Lake Union Hydro Unit 10	1,500	11,900
1914-21	Lake Union Steam Units 11, 12 & 13	40,000	51,900
1921	Newhalem Hydro Unit 20	2,300	54,200
1921	Cedar Falls Hydro Unit 5	15,000	69,200
1924-29	Gorge Hydro Units 21, 22 & 23	60,000	129,200
1929	Cedar Falls Hydro Unit 6	15,000	144,200
1932	Cedar Falls Hydro Units 1, 2, 3 & 4	(10,400)[A]	133,800
1932	Lake Union Hydro Unit 10	(1,500)[A]	132,300
1936-37	Diablo Hydro Units 31, 32, 35 & 36	132,000	264,300
1951	Georgetown Steam Units 1, 2 & 3	21,000	285,300
1951	Gorge Hydro Unit 24	48,000	333,300
1952-56	Ross Hydro Units 41, 42, 43 & 44	450,000	783,300
1958	Diablo Plant Modernization	27,000	810,300
1961	Gorge Hydro, High Dam	67,000	877,300
1967	Georgetown Plant, performance test gain	2,000	879,300
1967	Boundary Hydro Units 51, 52, 53 & 54	652,000	1,531,300
1972	Centralia Units 1 & 2	102,400	1,633,700
1980	Georgetown Steam Units 1, 2, & 3	(23,000)[A]	1,610,700
1986	Boundary Hydro Units 55 & 56	399,000	2,009,700
1987	Lake Union Steam Units 11, 12 & 13	(40,000)[A]	1,969,700
1989-92	Gorge Units 21, 22, & 23, new runners	4,600	1,974,300
1993	Centralia Transmission Upgrade	5,000	1,979,300
1995	South Fork Tolt	16,800	1,996,100

[A] *Retirement of units (decrease in total capacity).*

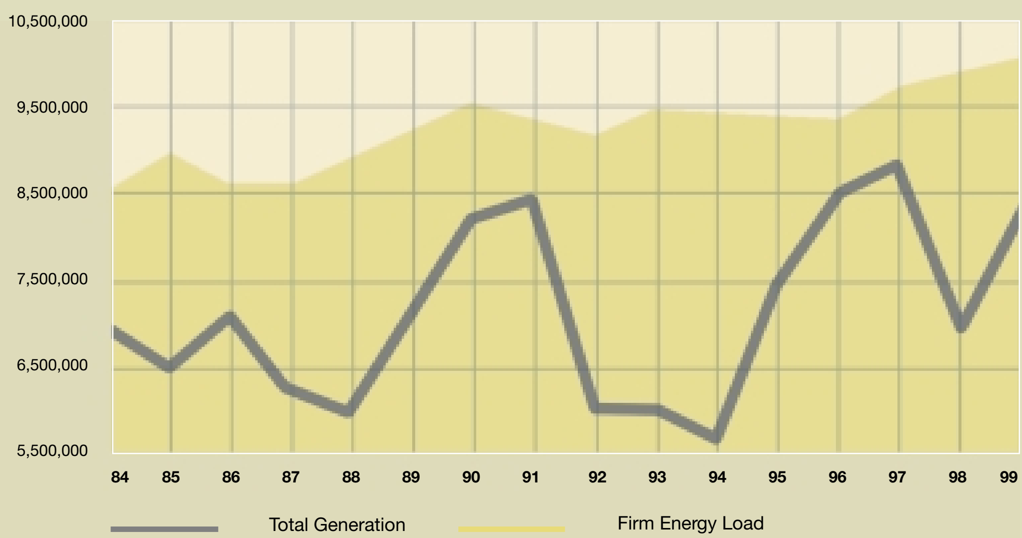
System Requirements

Year	*Kilowatts Average Load*	*Kilowatts Peak Load*[B]
1950	154,030	312,000
1955	381,517	733,000
1960	512,787	889,000
1965	635,275	1,138,000
1970	806,813	1,383,000
1975	848,805	1,429,387
1980	963,686	1,771,550
1985	1,025,898	1,806,341
1986	996,648	1,699,434
1987	987,070	1,724,726
1988	1,022,442	1,731,518
1989	1,059,272	1,979,528
1990	1,088,077	2,059,566
1991	1,065,987	1,815,164
1992	1,048,055	1,743,975
1993	1,082,616	1,875,287
1994	1,074,852	1,819,323
1995	1,072,692	1,748,657
1996	1,110,133	1,950,667
1997	1,111,035	1,816,152
1998	1,120,178	1,928,854
1999	1,142,382	1,729,933

[B] One-hour peak.

Total Generation and Firm Energy Load

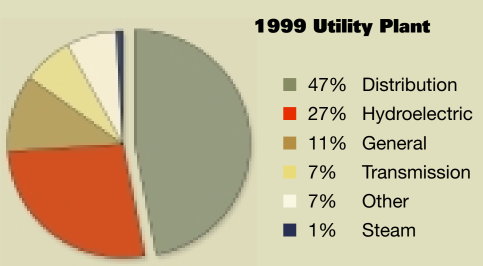
(in megawatt hours)

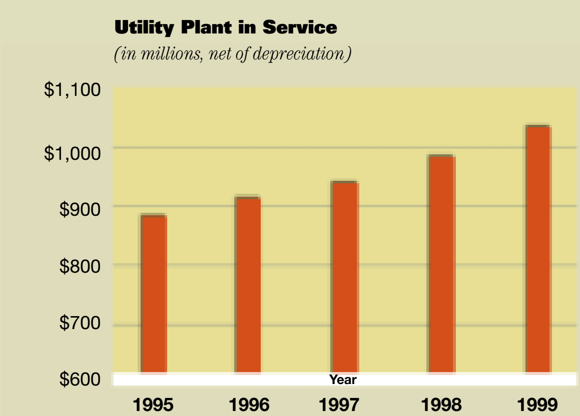


Utility Plant

For the years ended December 31,	*1999*	*1998*	*1997*	*1996*	*1995*
Steam plant*	$ 28,620,025	$ 28,701,981	$ 28,513,553	$ 28,081,635	$ 28,135,008
Hydroelectric plant*	507,902,539	496,924,588	482,814,231	471,002,970	454,327,915
Transmission plant*	130,371,827	129,608,725	128,870,027	125,810,457	125,864,222
Distribution plant*	892,578,913	838,265,006	773,078,710	727,614,852	688,041,605
General plant*	203,660,796	175,365,459	165,564,632	157,075,200	162,969,631
Total electric plant in service	1,763,134,100	1,668,865,759	1,578,841,153	1,509,585,114	1,459,338,381
Accumulated depreciation	(731,545,437)	(685,315,961)	(642,639,293)	(598,452,675)	(579,252,987)
Total plant in service, net of depreciation	1,031,588,663	983,549,798	936,201,860	911,132,439	880,085,394
Nonoperating properties, net of depreciation	6,366,276	6,225,934	5,854,060	6,327,458	6,185,158
Utility plant, net of depreciation	1,037,954,939	989,775,732	942,055,920	917,459,897	886,270,552
Construction work-in-progress	118,281,967	82,878,682	71,645,046	60,529,756	54,932,427
Net utility plant	$ 1,156,236,906	$1,072,654,414	$ 1,013,700,966	$ 977,989,653	$ 941,202,979

**Including land.*





Payroll and Employee Benefits

For the years ended December 31,	*1999*	*1998*	*1997*	*1996*	*1995*
Full-time equivalent positions	1,674	1,623	1,678	1,778	1,834
Straight time	$ 70,241,529	$ 67,273,819[A]	$ 66,823,852	$ 68,559,759	$ 67,176,208
Overtime	14,032,402	9,330,099	7,404,511	6,280,851	8,375,159
Vacation and other	15,474,009	13,899,876	13,555,234	13,929,593	13,029,425
Total payroll	99,747,940	90,503,794	87,783,597	88,770,203	88,580,792
Employee benefits	24,418,514	23,084,040	22,389,857	21,248,714	22,114,733
Total payroll and employee benefits	$ 124,166,454	$ 113,587,834	$ 110,173,454	$ 110,018,917	$ 110,695,525
Percentage of employee benefits (including vacation) to straight time	56.8%	55.0%	53.8%	51.3%	52.3%

Note: Beginning in 1998, the general ledger was used as the reporting source. In previous years, the payroll system was the reporting source.

[A] *1998 straight time was adjusted to include $1.15 million cost of living increase effective 1998, but not paid until 1999.*

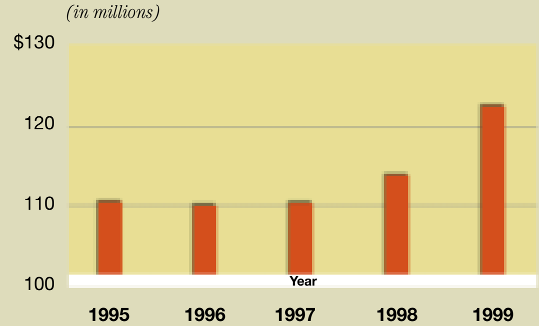
Taxes and Contributions to the Cost of Government

For the years ended December 31,	*1999*	*1998*	*1997*	*1996*	*1995*
Taxes					
City occupation and business taxes	$ 22,692,502	$ 21,590,832	$ 21,745,774	$ 21,047,317	$ 19,609,185
State public utility and business taxes	14,205,768	14,405,965	13,734,158	13,371,007	12,420,698
Other special taxes	(108,057)	684,723	261,614	357,815	103,146
Contract payments for government services	1,870,866	1,480,481	1,364,078	1,313,550	1,246,035
Total taxes as shown in statement of income	38,661,079	38,162,001	37,105,624	36,089,689	33,379,064
Taxes/licenses charged to accounts other than taxes	8,874,311	7,380,933[A]	8,832,738	8,400,757	8,254,975
Other contributions to the cost of government	4,686,514	3,479,904	3,237,229	3,442,587	4,698,960
Total miscellaneous taxes	13,560,825	10,860,837	12,069,967	11,843,344	12,953,935
Total taxes and contributions	$ 52,221,904	$ 49,022,838	$ 49,175,591	$ 47,933,033	$ 46,332,999

[A] *1998 amount adjusted to revised actuals.*

Note: Electric rates include all taxes and contributions. The State Public Utility Tax for electric power was 3.873%. The City of Seattle Occupation Utility Tax was 6% for electric light/power and 5% for out-of-state electric power sales.

Payroll and Employee Benefits
(in millions)



Retail Electrical Customer Investment

For the years ended December 31,	*1999*	*1998*	*1997*	*1996*	*1995*
Conservation[A]					
Non-programmatic conservation expenses[B]	$ 2,727,422	$ 2,420,925	$ 2,877,499	$ 3,377,568	$ 3,119,486
Conservation programs[C]					
Non-low income	15,949,125	16,031,533	12,063,853	16,380,943	21,709,449
Low income	1,785,856	1,646,120	1,624,811	1,624,056	3,571,865
External conservation funding					
Bonneville Power Administration					
Non-low income	(1,680,060)	(3,064,427)	(5,310,336)	(9,904,627)	(13,063,243)
Low income	-	2,594	(167,540)	(427,887)	(545,490)
Customer obligation repayments[D]	(2,306,792)	(2,803,620)	(2,279,366)	(1,064,557)	(4,440,932)
Low-income Energy Assistance[E]	4,077,469	4,176,215	4,506,736	4,864,999	4,565,004
Non-hydro Renewable Resources[F]	241,715	221,748	265,458	282,514	293,376
Net public purpose spending	$ 20,794,735	$ 18,631,088	$ 13,581,115	$ 15,133,009	$ 15,209,515
Revenue from electric sales	$ 367,934,881	$ 360,625,360	$ 362,710,992	$ 356,670,693	$ 329,808,276
Percent public purpose spending	5.6%	5.2%	3.7%	4.2%	4.6%
Energy savings in year (MW hours)[G]	662,278	612,566	564,017	530,814	426,732

Note: Certain prior year amounts have been restated to conform to the 1999 presentation.

[A]Non-programmatic conservation is funded from current revenues. Conservation programs are financed by either debt or current revenues.

[B]Non-programmatic expenditures include the regional Lighting Design Lab, support of energy codes and early adopter activities, program planning, evaluation, data processing, and general administration.

[C]Non-low income programmatic conservation includes expenditures for program measures, incentives, field staff salaries, and direct program administration. Low-income programmatic conservation includes these expenditures for the Department's Low-Income Electric and Low-Income Multifamily Programs.

[D]Customer obligations repaid in each year include payments on outstanding five-year or ten-year loans, plus repayments in the first year after project completion for utility-financed measures.

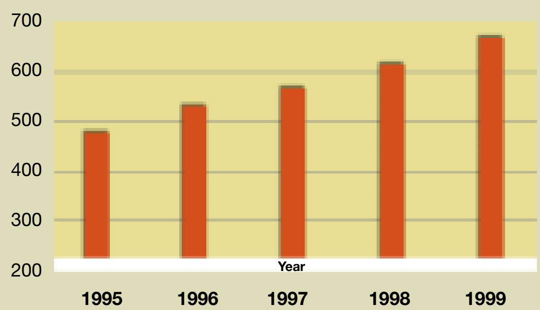
[E]Low-income assistance includes rate discounts; payments from the low-income account (from interest earnings to help low-income customers with bill payments); and waivers of charges for appliance repair, trouble calls, account changes, and administration.

[F]Co-generation from the West Point Sewage Treatment plant is funded from current revenues. The Department purchased from King County approximately 7,554 MWh of energy generated by three reciprocating engines using methane gas from the treatment plant. Total electrical output will be purchased under the power purchase contracts executed with Metro in 1983, until termination of the agreement in September 2003.

[G]Electricity savings in each year are from cumulative conservation program participants for completed projects with unexpired measure lifetimes.

Energy Saved Through Conservation

(in thousands of MWh)



Elected Officials

(As of January 2000)

Mayor

Paul Schell

Seattle City Council

Margaret Pageler, Council President
Chair: *Government, Education and Labor Committee*
Chair, Water Resources, Solid Waste, and Public Health Committee

Jim Compton,
Chair: *Public safety and Technology Committee*

Richard Conlin
Chair: *Neighborhoods, Growth Planning and Civic Engagement Committee*

Jan Drago
Chair: *Neighborhoods, Sustainability, and Community Development Committee*

Nick Licata
Chair: *Culture, Arts and Parks Committee*

Richard McIver
Chair: *Transportation Committee*

Judy Nicastro
Chair: *Landlord/Tenant and Land Use Committee*

Peter Steinbrueck
Chair: *Housing, Human Services and Civil Rights Committee*

Heidi Wills
Chair: Energy and Environmental Policy Committee

City Attorney

Mark Sidran

Cover photo: Boundary Dam.
Steel mill photo courtesy of Birmingham Steel.
Safeco Field photo coustesy of Seattle Mariners
All other photographs by Seattle City Light

Executive Team

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(206) 684-3200
Superintendent

Dana Backiel
(206) 386-4500
Deputy Superintendent – Generation Branch
Generation Engineering
Generation Plant Operations
Generation Program Management
Boundary Capital Improvement Project
Skagit Capital Improvement Project

Paula Green
(206) 386-4529
Deputy Superintendent – Power Management Branch
System Control Center
Power Marketing Monthly
Power Marketing Real Time
Resource Administration
Automated Systems

Jesse Krail
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Deputy Superintendent – Distribution Branch
Systems Engineering
North Electric Service
South Electric Service
Central Electric Service
Power Stations
Distribution Program Management
Apprenticeship Office

Andrew Lofton
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Deputy Superintendent – Customer Services Branch
Account Executives
Account Services
Energy Management Services
Hearing Officer

Jim Ritch
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Deputy Superintendent – Finance and Administration Branch
Finance
Facilities Management
Information Technology

Elaine Bild
(206) 386-9858
Director of Environment and Safety

Nancy Glaser
(206) 684-3117
Director of Strategic Planning

Jim Harding
(206) 386-4503
Director of External Affairs

Bill Kolden
(206) 684-3125
Director of Human Resources

Bob Royer
(206) 615-0050
Director of Communications and Public Affairs

Mission Statement:

Seattle City Light is in business to sustain and enhance the community's quality of life by providing excellent energy services to our customers and to be the most customer-focused, competitive, efficient, innovative, environmentally responsible utility in the United States.

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