

# 2011 – 2012 City Light Budget Fact Sheet

## Proposed Rates – Impact

Example Customers	Current Monthly Bill*	Proposed Bill 2011, with 4.5% RSA Surcharge	Increase	Proposed Bill 2011, with RSA Surcharge Retired
Average Residential household	\$51.19	\$53.39	\$2.20	\$51.09
Small Business (e.g., bakery, jeweler, dry cleaner)	\$107.20	\$111.84	\$4.64	\$107.02
Medium Business (e.g., grocery store, small hotel, restaurant)	\$338.36	\$353.57	\$15.21	\$338.34
Large Business (e.g., hospital, department store, large hotel)	\$166,254	\$173,433	\$7,179	\$165,965

\*Includes BPA pass-through of 0.5% implemented 10/1/2010 and 4.5% RSA surcharge.

## Proposed Budget – What it provides

- Infrastructure
  - 2000 new poles per year
  - 275 miles of vegetation management per year
  - 21 miles of underground cable improvement
  - Phase IV of streetlight replacement (north of 65th) and 10,000 new LED lights
  - Training for skilled craft apprentices
- Technology Upgrades
  - \$8.5 million for critical technology upgrades
  - Customer billing improvement
  - Continuation of Asset Management program to lengthen the life of critical equipment and facilities
- Power Supply
  - Relicensing Boundary Dam which represents 40 percent of City Light power supply
  - Investment and upgrades in generating efficiencies at existing dams adding power production capability

## Actions taken to reduce costs

- A total of 49 positions eliminated in 2010 and 16.6 positions in 2011
- Reduced Operations & Maintenance (O&M) and Capital spending by \$94 million in 2009; and \$55 million in 2010 from the budgeted levels
- No executive pay increases in three years
- Pay frozen for second year for managers
- Cost of Living increases for the Coalition of Unions employees reduced from 2 percent to 0.6 percent

## Why a rate increase now

- Projected surplus power sales dropped by \$70 million in both 2009 and 2010 requiring increased borrowing for Capital Improvement Program (CIP).
- Estimated wholesale revenues were lower than budgeted in 2010 and are expected to be lower for 2011 and 2012
- Increased borrowing increases debt service by \$30 million in 2012
- Increases in pension, healthcare, and contracted power costs
- 2009-2010 reductions in maintenance are not sustainable and must be restored
- City Light infrastructure and systems are out of date and must be replaced

## Impact of no rate increase

- Would mean another \$26.7 million (15%) in cuts from controllable O&M budget of \$178.6 million
- Options for additional cuts:
  - Eliminate 260 more positions
  - Eliminate all proposed 2011 - 2012 budget additions that include deferred infrastructure maintenance, conservation commitments, needed software upgrades, and regulatory requirement mandates
- Impacts of these cuts:
  - Higher risk of outages and insufficient number of skilled workers for restoration response
  - Higher costs later due to deferred maintenance
  - Perform “only essential for today” services—
    - Can’t make productivity improvements
    - Can’t upgrade critical systems that provide customer service & reliability
    - Can’t fund apprentice program
  - Failure to meet I-937 alternative energy requirements
  - Non-compliance with federal and state regulations

## Rate Comparison

Electricity rates are still a relative bargain.

### Rate Comparison - Seattle and Neighboring Utilities (cents/kWh)

	Seattle	Tacoma	Snohomish	Puget	Avista	Portland
2009 actual	5.62	5.63	7.42	9.20	7.99	8.98
Rate increase 2010	13.8%	0.0%	0.0%	2.8% <sup>(4)</sup>	-4.2% <sup>(5)</sup>	0.0%
2010 estimated rate	6.54	5.63	7.42	9.46	7.65	8.98
Rate increase 2011	4.3% <sup>(1)</sup>	7.3% <sup>(2)</sup>	pending <sup>(3)</sup>		7.2% <sup>(5)</sup>	3.0% <sup>(6)</sup>
2011 estimated rate	6.88	6.04	7.42	9.46	8.21	9.25
<b>% more than SCL</b>		<b>-12%</b>	<b>8%</b>	<b>37%</b>	<b>19%</b>	<b>34%</b>
Rate increase 2012	4.2% <sup>(1)</sup>	5.4% <sup>(2)</sup>	pending <sup>(3)</sup>		no rate available <sup>(7)</sup>	
2012 estimated rate	7.30	6.37	7.42	9.46	8.21	9.25
<b>% more than SCL</b>		<b>-13%</b>	<b>2%</b>	<b>30%</b>	<b>12%</b>	<b>27%</b>

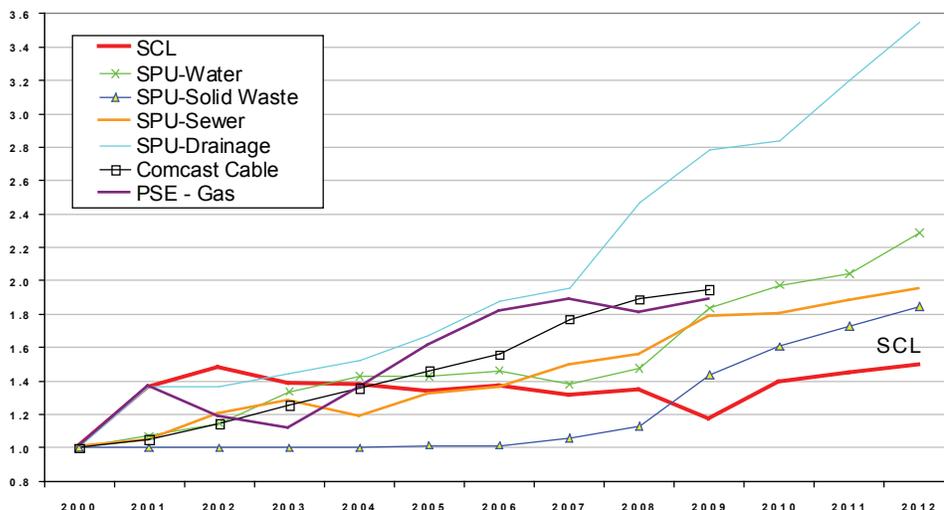
#### Seattle Customer Savings at Other Utility's Rate (\$M)

Year	Seattle	Tacoma	Snohomish	Puget	Avista	Portland
2010		(\$85)	\$83	\$274	\$105	\$229
2011		(\$79)	\$51	\$243	\$125	\$223
2012		(\$89)	\$12	\$207	\$87	\$187

- 1) Mayor's Rate Proposal. Rates do not include RSA surcharge.
- 2) Rate proposal, not yet approved.
- 3) Analysis to determine future rate increases is underway, anticipated completion in December.
- 4) Reflects current WUTC settlement, not yet approved. Does not include a 1% rate increase which impacts residential customers only.
- 5) Reflects current WUTC settlement, not yet approved. Several rate changes planned, 2010 and 2011 rates shown here are a rough approximation. Rates do not include a 1.9% rate increase which impacts residential customers only.
- 6) Current OPUC settlement agreement, not yet approved.
- 7) IOUs typically do not file rate requests this far in advance. Cases affecting rates in 2010 and early 2011 were recently settled, no information available for 2012 onward.

Rates listed do not include any fuel cost adjustments that may occur.

## Household Utilities



- Notes:
1. 2010-2012 Data is estimated.
  2. Data for PSE - Gas only available through 2009.
  3. Data for Comcast Cable is available only through 2009.

### Rate Comparisons of the 25 Largest US Cities

Cents per KWh Rates based on 2009 Actual (latest data available)

City	Average System Rate
1. Seattle	5.62
2. Indianapolis	6.58
3. Charlotte	7.04
4. San Antonio	7.56
5. Denver	7.93
6. Columbus	8.42
7. Austin	8.53
8. Memphis	8.60
9. Nashville	8.99
10. Milwaukee	9.89
<b>US Average</b>	<b>9.89</b>
11. Detroit	9.95
12. El Paso	10.40
13. Jacksonville	10.47
14. Phoenix	10.52
15. Chicago	10.91
16. Las Vegas	11.14
17. Philadelphia	11.17
18. Los Angeles	11.80
19. Baltimore	12.30
20. San Francisco	13.47
21. San Jose	13.47
22. Washington, DC	14.59
23. San Diego	16.62
24. Boston	17.58
25. New York	21.46