



**Council President Richard Conlin**  
**Councilmember Jean Godden**  
**Councilmember Bruce Harrell**  
**Councilmember Nick Licata**

**FOR IMMEDIATE RELEASE**

Nov. 12, 2009

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## **Council votes to restore conservation and bolster financial stability**

*Seattle's electricity still among nation's cleanest and most affordable*

**SEATTLE** – Faced with the choice between raising electricity rates or incurring higher borrowing costs, financial uncertainty, and violating its own financial policies, Council opted to pass a 13.8 percent rate increase over two years that will go into effect in 2010. The increase closes a \$140 million gap between City Light revenues and spending plan.

“We brought two proposals to the Council and this rate increase will benefit the people by allowing us to invest in the utility’s aging infrastructure,” said Councilmember Bruce Harrell, chair of the Energy and Technology Committee. “We have been successful in having no increases for the last two years but our capital needs require an investment in order to provide safe, reliable service to our people and businesses.”

City Light has relied heavily on selling its excess power, but the unpredictability and volatility of the current market has resulted in City Light burning through cash reserves that will be depleted by mid-2010 without a reasonable rate increase. Due to the slumping economy and decreased demand, City Light will fall well below revenue projections from selling surplus energy.

“This rate increase will help maintain City Light’s financial stability while protecting our strong bond ratings,” said Council Budget Chair Jean Godden. “We’ve worked hard over the past eight years to put City Light on a solid financial footing – now is not the time to reverse that course. It’s a question of paying a few dollars now or a whole lot more later.”

The package passed by Council includes \$1 million in energy efficiency investments that the Mayor’s proposal did not include.

“Increasing energy conservation saves money in addition to reducing our carbon footprint,” explained Council President Richard Conlin. “The time of financial crisis is the exact time to conserve resources.”

The rate increase ensures that the utility will continue to provide stable service, improve our aging infrastructure and borrow money at the lowest possible interest rates. Utilities receive a bond rating based on their ability to repay what they borrow. The rating is based on cash reserves and policies that prevent shortages. By avoiding a downgrade in its bond rating City Light will save as much as \$90 million over the next ten years in borrowing costs.

“Seattle City Light is our greatest public asset. It is our responsibility to maintain it as a strong public utility. We need to preserve its long-term viability,” said Councilmember Nick Licata.

While Council policy requires that City Light maintain 2.0 debt service coverage (DSC), City Light’s DSC today is about 1.3, well below the requirements set by the Council in 2004. The rate increase will push City Light’s DSC closer to 1.8. In the bond market, City Light currently has an AA- rating, which allows it to borrow cheaply. However if the utility were to go to the bond market with its current DSC, it would pay much higher borrowing costs.

“Seattle City Light ratepayers were able to enjoy decreases over the past few years because of the reserves built from selling excess power, but the environment today is completely different,” said Conlin. “It’s now time that we do what’s right to ensure that Seattle’s power remain clean and affordable well into the future.”

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