

Seattle City Light's Frequently Asked Rate Questions

Q. What is a Rate Review?

Answer: Periodically, the Mayor and City Council review the rates Seattle City Light charges its retail customers. These include residential, commercial and industrial customers. The rates charged for streetlight maintenance and pole attachments are also reviewed. A rate review is done to ensure that rates are fair, equitable, and adequate to cover expenses and to comply with the financial policies established by the City Council.

Q. When was the last time a City Light rate review was conducted?

Answer: The last comprehensive rate review was conducted in 2006. It established rates for 2007 and 2008. Those same rates are in effect today. During the last rate review rates were reduced, on average, 8.4%. Some commercial customer rates fell by as much as 17%. The last time City Light had a rate increase was in 2002. Since that time, rates have dropped, on average, by 12.1%. City Light has the lowest electric rates in the Puget Sound area and the lowest rates of any comparably sized city in the U.S.

Q. How will a review take place?

Answer: The first step is for City Light to estimate the revenues it needs to cover projected expenses and comply with the Council's financial policies. Once the Mayor decides on a revenue requirement he wants to recommend for a future period, he proposes it to the City Council along with a budget. The Mayor and City Council make their decisions incorporating public input. One way this input takes place is through a Rates Advisory Committee (RAC), which holds public meetings. A 2009 RAC was formed under legislation (ordinance #123032) passed by the City Council in July. This RAC consists of nine members who represent residential, commercial, and industrial customers as well as franchise cities and other stakeholders. The 2009 RAC will evaluate information received from the Mayor and City Light and make recommendations to the City Council.

Q. Will the public have a say if they can't attend RAC meetings?

Answer: Absolutely. As a municipally owned utility, Seattle City Light invites and encourages its citizen-owners to be involved in the rate review process. There will be a public meeting schedule posted on City Light's Web site, and this schedule will also be published in a variety of locations. Customers and the interested public are encouraged to visit www.seattle.gov/light/rates for the most current information.

Q. What issues will be addressed as part of the rate review process?

Answer: RAC members will help formulate the agenda, but key elements would likely focus on identifying revenue sources such as customer rates and wholesale power sales, determining how much City Light can reliably collect from those sources, and helping decide how those revenues should be spent to benefit customers.

The review will also look at expenses and service levels, and explore whether a periodic, automatic adjustment mechanism is needed to accommodate changes in wholesale revenues.

Q. What about streetlights? Would they be affected by a rate review?

Answer: Under a state Supreme Court decision in 2003, City government is obliged to pay costs associated with City of Seattle public streetlights through its general fund budget, as well as some individuals, businesses and suburban cities. Those costs may not be passed on to City Light ratepayers. However, a rate review would examine whether the rates currently charged to the general fund and others are sufficient to maintain and operate streetlights and to fund capital improvement projects to upgrade the aging streetlight system.

Q. Will new customer rates include payments for City Light work related to replacement of the Alaskan Way Viaduct?

Answer: City Light has transmission and distribution lines attached to the viaduct and buried along the

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right-of-way under it. The utility is responsible for relocation of lines in the right-of-way of a public transportation project. City Light rates will reflect those relocation costs, but they will be spread over many years like the costs of all capital projects.

Q. Does City Light have any way to help customers control their costs?

Answer: City Light has a wide variety of programs designed to help customers control and manage their electric utility bill. The best way to reduce costs is to use less electricity. For more than 30 years, City Light has offered its customers ways to reduce their energy consumption. In fact, City Light is a leader among electric utilities in cutting energy use. To find out ways you can save energy, please visit our Web site: www.seattle.gov/light/Conserve/. Customers also can consider our Budget Billing program. This lets a customer average their electric utility costs during the entire year to avoid spikes during high-use seasons. In addition, City Light has programs to assist low-income households with payment of their electric bills. To find out more, please visit <http://seattle.gov/light/accounts/assistance>.

Q. How will City Light rates be decided?

Answer: Ultimately, the decision rests with the City Council. The Council will take into account proposals from the Mayor and the utility along with recommendations from the RAC and feedback from ratepayers.