



Councilmember Bruce Harrell

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Statement from Councilmember Bruce Harrell, Energy and Technology Committee Chair

Smaller Rate Increase would have protected people and businesses

"In a move to keep City Light's borrowing costs low and maintain its commitment to conservation, the Seattle City Council passed a 13.8 percent rate increase which will begin in January 2010.

While I fully support the Council's commitment to conservation and protection of the Utility's borrowing status, I believe the needs of the people and businesses should always come first. I preferred a lower increase of 7.9 percent that could have given the utility the necessary funds to operate efficiently, improve its debt service coverage ratio to 1.6 and restored \$1 million that was cut by the Mayor for conservation.

We must continue to drive the costs of its operations down in order to protect the people from unreasonable rates. However, even with a 13.8 percent increase, Seattle City Light offers power at 6.42 cents per kwh which is one of the lowest rates in the region. The average monthly bill of \$44 will increase \$6 per month. By comparison the US average is 9.7 cents per kwh. Los Angeles has a rate of 10.20 cents per kwh and San Francisco has a rate of 12.94 cents per kwh.

It is not that either proposal is right or wrong. We brought several choices to the Council. These are merely policy preferences with different points of view. The Rate Advisory Committee ("RAC"), a nine member committee appointed by the Mayor and City Council, recommended a 7-8 percent rate increase. The RAC represents small and large businesses, neighborhoods and lower income residents.

The Energy Committee will continue to identify where City Light can create efficiencies, and improve its development and implementation of the strategic plan it submitted last year under the Committee's request.

The 13.8 percent increase will create greater certainty that the utility maintains its AA- bond rating which will allow it to borrow at a lesser interest rate when it issues bonds in April of 2010 and help to fund its capital improvement plan. The utility was rated A since 2001 and increased its rating to AA- in 2008. Less than 5 percent of Electric and Gas utilities in the United States fall into the AA rating. The higher rating was achieved because of the utility's revised financial policies and because of its reduced reliance on purchased power.

Now that this current rate review has concluded, I look forward to an open and transparent process of making sure City Light's strategic plan is complete and the people can maintain safe, reliable power at affordable rates."

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