

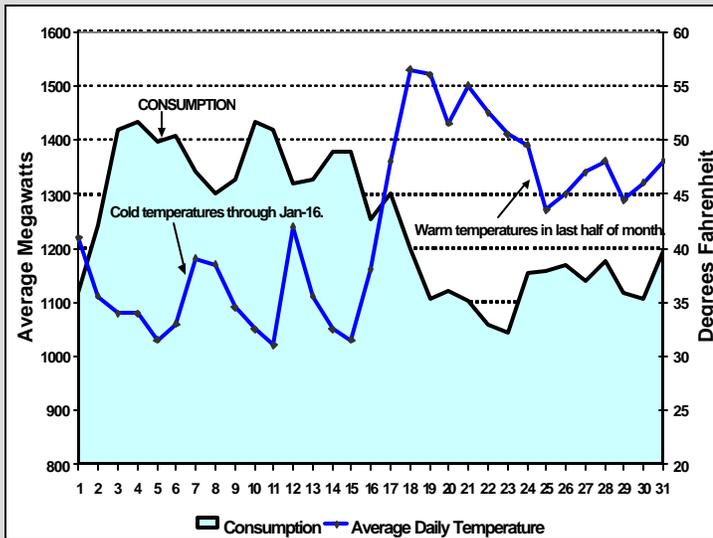


Seattle City Light Operations Report

February 2005

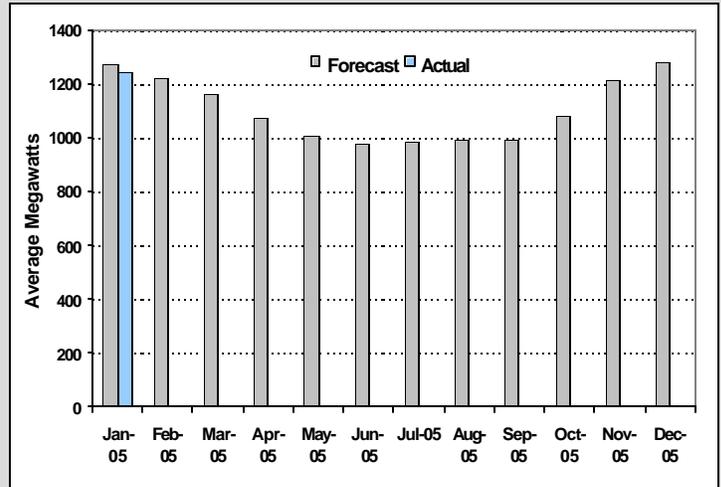
- Historic and Projected Load -

January 2005 Daily Load History



This chart shows the inverse relationship between temperature and load typical of winter months.

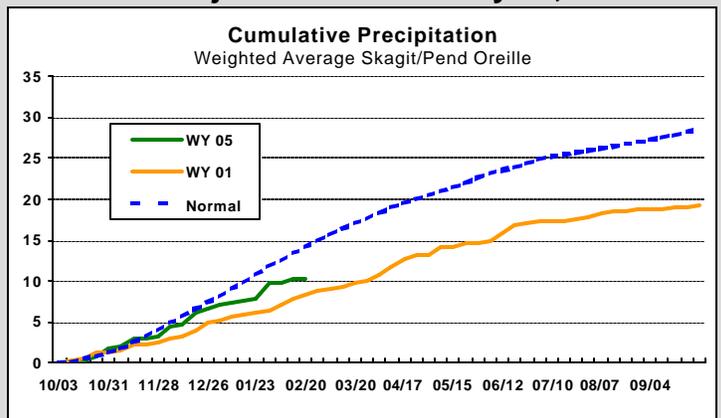
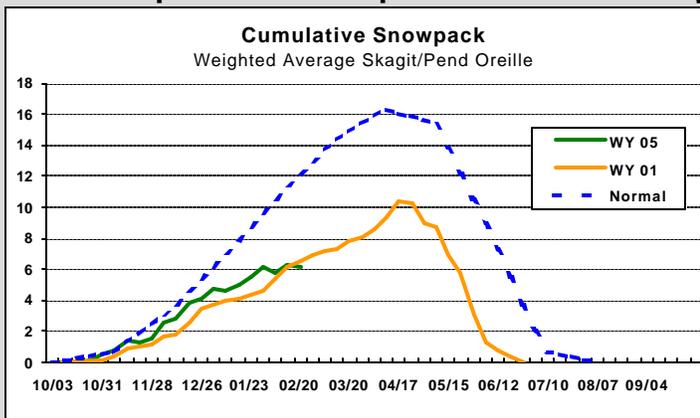
Forecast vs Actual YTD 2005



This graph compares the forecast of load for each month with actual load. The difference between forecast and actual can be due to weather and/or changes in the factors affecting load growth.

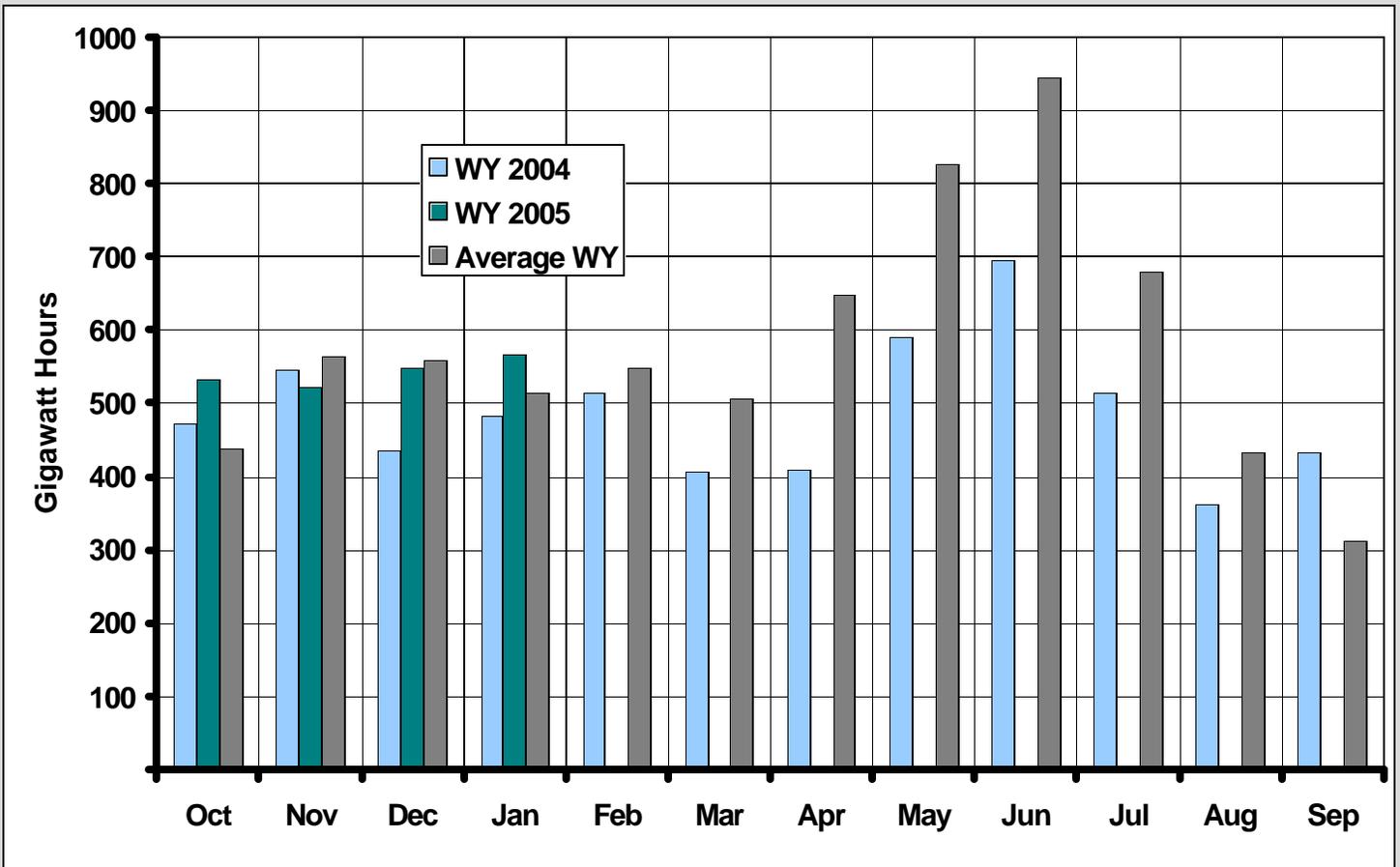
- Hydro Resources: Rain and Snow -

Snowpack and Precipitation Above Our Hydroelectric Projects as of February 13, 2005



The story about our water conditions hasn't changed much since the last report. The snowpack in the mountains remains at or below 2001 levels, but the reservoir levels offset the poor snowpack. In 2001, there was only 990 GWh (GigaWatt-Hours) in storage behind Seattle's dams. This year there are 1644 GWh in storage, 714 of which are in Ross Lake. This additional water will allow us to achieve the utility's goals of meeting customer loads and protecting fisheries. Achieving the goal of refilling Ross Lake while avoiding spill at Gorge and Diablo is more challenging. Planners will be evaluating hydro conditions and forecasts very closely. On another topic, the National Weather Service is now predicting a transition from the weak El Nino conditions that we have been experiencing to a more neutral climatic condition. That would bring some relief from the unusual weather we have been experiencing since last autumn.

- Generation - Monthly Net Generation



This chart compares City Light's monthly net generation from owned resources in average water years with the actual figures from water year 2004, which had below average water conditions (see precipitation and snowpack charts on page 1).

- Boundary Dam Relicensing -

Boundary Dam, located in a narrow canyon of the Pend Oreille River in the northeastern corner of Washington State, provides approximately 41% of City Light's power each year. The Boundary Project operates on a Federal Energy Regulatory Commission (FERC) issued license that expires in 2011.

The FERC process to relicense Boundary will formally begin when Seattle City Light files a Notice of Intent (NOI) to seek a new license and Preliminary Application Document (PAD), which are due between April 30 and September 30, 2006. City Light intends to file these on or around May 1, 2006.

In keeping with FERC's newest relicensing process – the Integrated Licensing Process - City Light has been reaching out to key federal and state agencies and the Pend Oreille community for the past 9 months. These efforts will intensify in 2005 through 2009.

This month City Light signed a consultant contract with Longview Associates to assist with strategic guidance and completion of the first FERC submittal, the Preliminary Application Document. The Boundary Relicensing Team continues to identify impacts from the Dam, and stakeholder outreach continues in the Pend Oreille community.

Keep track of Boundary Relicensing at
www.seattle.gov/light/news/Issues/BndryRelic/

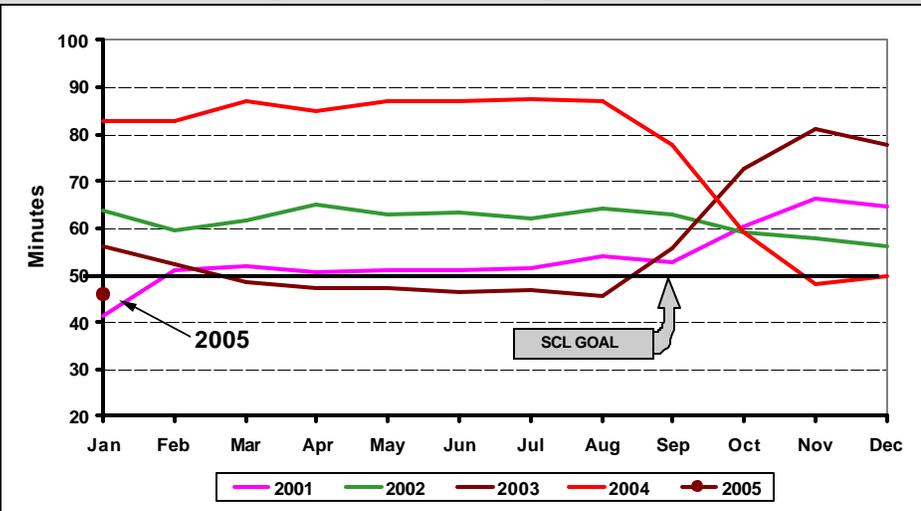
SCL's Boundary Dam



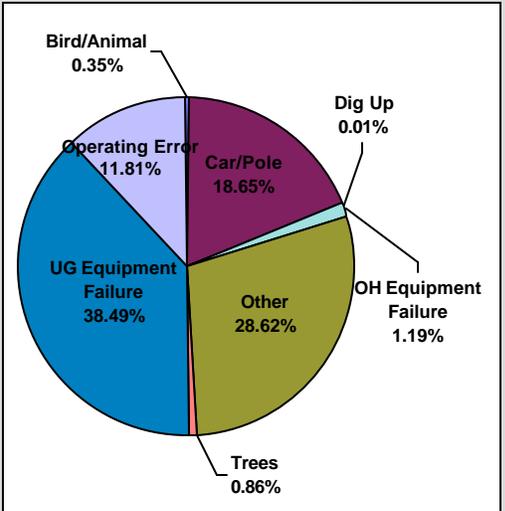
- Distribution System Reliability, January 2005 -

SAIDI, the System Average Interruption Duration Index, is an industry standard reliability metric which reflects the average outage time for an average customer in minutes during the preceding 12 months. The lower the SAIDI figure, the better the reliability. Since 1998 City Light has had a SAIDI goal of 50 minutes or less. The SAIDI figure we report here excludes outage impact from Major Event Days (MED) as defined by the industry's leading professional organization, the Institute of Electrical and Electronics Engineers (IEEE). MEDs include severe weather or other events causing abnormal stress on the system.

Average Customer Outage Minutes

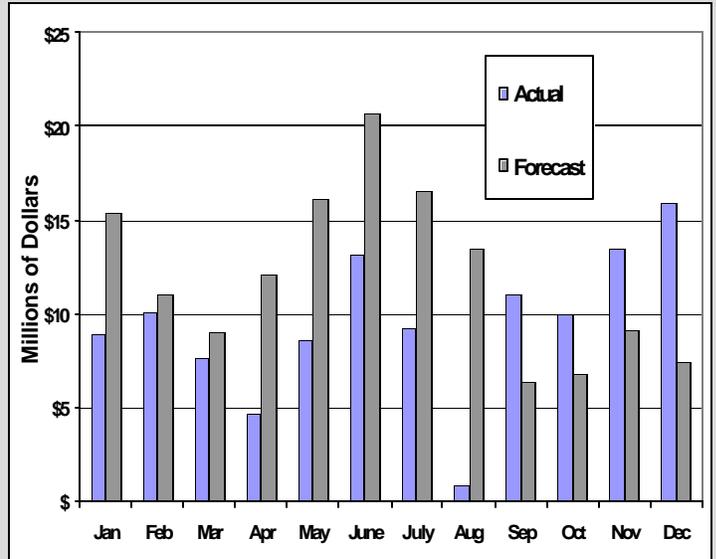
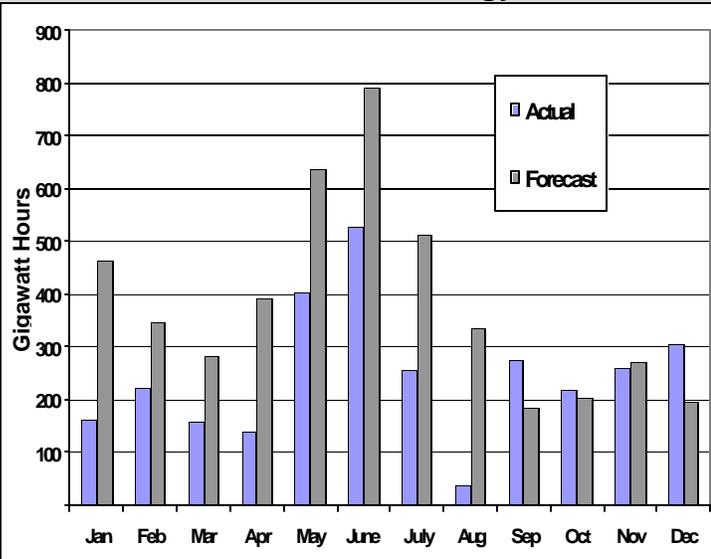


Reasons for Outages



SAIDI for January was 3.3 minutes, yielding a total for the 12 months ending January 31 of 45.7 minutes, down 4 minutes from December and below the goal of 50. A failure of an underground cable serving Magnolia and Queen Anne on January 15 was the largest single outage event, contributing 1.2 minutes (36%). When storms are included, SAIDI drops from 161.8 minutes to 60.9 minutes due to the major January 7, 2004 storm dropping out of the calculation. As the result of a periodic customer count update, the number of customers used in the calculations was changed from 349,558 to 361,396 starting this month. This lowers SAIDI by about 3.3%. If the prior customer figure were used, SAIDI would be 47.2 minutes.

- The Business: Wholesale Activity Jan - Dec 2004 - Net Wholesale Energy Net Wholesale Revenue



Actual net revenue from wholesale market transactions, at \$113.6 million, was \$30.5 million below the adopted forecast, despite higher prices, because of a lower net volume of energy sold. Due to dryer than normal water conditions, power generated at City Light-owned hydro resources and purchased under long-term contracts was 11.7% lower than anticipated. Net surplus power available was therefore 35.7% below the forecast. The average sales price, \$39.59/MWh, was 27.1% higher than forecast. Net wholesale revenue in the month of December, at \$15.9 million, was \$8.5 million higher than the forecast of \$7.4 million. The net volume of surplus energy available in December, 305,579 MWh, was 55.4% above forecast, and the average sales price was 40.0% above forecast.

- Finances -
Income Statement, January 1-December 31, 2004

	Year-To-Date Through 12/31/04			Notes
	Adopted Forecast	Actual	Actual - Adopted	
Operating Revenues	\$760.4	\$777.9	\$17.5	
Retail Power Revenues	573.9	579.0	5.1	4
Wholesale Energy Sales	145.0	163.3	18.3	1
Other Power-Related Revenue	28.6	20.0	(8.5)	
Other Revenues	12.9	15.6	2.6	
Operating Expenses	\$672.3	\$710.0	\$37.7	
Generation	20.2	20.3	0.0	3
Long-Term Purchased Power	250.2	229.4	(20.8)	2
Short-term Wholesale Energy Purch	1.0	49.7	48.7	1
Power-Related Wholesale Purch	5.1	0.1	(5.0)	
Amort. of Deferred Power Costs	100.0	100.0	0.0	
Other Power Costs	6.8	7.0	0.1	
Transmission and Wheeling	39.0	36.3	(2.7)	
Distribution	37.1	41.0	3.8	3
Customer Accounting	27.9	33.7	5.8	3
Conservation	11.8	11.2	(0.6)	
Administration & General	41.8	46.0	4.2	3
Taxes	62.5	61.4	(1.0)	5
Depreciation	68.7	73.9	5.1	
Net Operating Income	\$88.1	\$67.9	(\$20.2)	
Other Deductions Net	(\$51.7)	(\$54.2)	(\$2.4)	
Investment Income	6.4	2.5	(4.0)	
Other Income (Expense), Net	1.7	1.8	0.1	
Interest Expense	(73.5)	(76.3)	(2.8)	
Contributions In Aid of Construction	13.3	10.6	(2.8)	
Grants and Transfers	0.3	7.3	7.0	6
Net Income/ (Loss)	\$36.4	\$13.8	(\$22.6)	

NOTES

- Net Wholesale Revenue** – Low precipitation and stream flows in the Northwest reduced the amount of energy available for sale in the wholesale market by 35.7% relative to the adopted forecast, which had assumed normal water conditions. Higher than expected market prices partially offset the effect of low water. Net wholesale revenue was \$113.6 million, which was 21.2% below the adopted forecast.
- Long-Term Purchased Power** – Long term purchased power was \$20.8 million (or 9.1%) below the adopted forecast. Power purchased from the Bonneville Power Administration (BPA) cost \$16.6 million less than anticipated by the adopted forecast, mainly due to the receipt of a \$6.3 million true-up payment for 2003 Slice power purchases from BPA (a true-up payment of \$5.2 million from City Light to BPA had been anticipated). BPA 2004 rates were also lower than projected. Purchases from State Line and Lucky Peak and expenses for seasonal exchange energy received from the Northern California Power Authority were also lower than forecast.
- Other Operations & Maintenance (O&M) Expenses** – Expenses in the categories of generation, distribution, customer accounting, conservation and administration and general (A&G) exceeded the adopted forecast by \$13.3 million or 9.6%. Distribution was up by \$3.8 million, customer accounting by \$5.8 million and A&G by \$4.2 million. A major cause of increases in distribution and A&G expenses was a shift of resources from the capital improvement program (CIP) to O&M, partly caused by delays in the construction schedules of Sound Transit and the Monorail. A&G expenses were also pushed upward by higher industrial insurance claims. Customer accounting expenses were above forecast mainly due to continued high levels of uncollectable accounts. Conservation expenses were below forecast because of lower than anticipated amortization.
- Retail Revenues** – Retail revenues were 0.9% above the adopted forecast. Energy billed to retail customers was 0.2% below the adopted forecast, at average billed rates that were 0.9% lower than forecast. Unbilled revenue was extremely close to the adopted forecast. The Department also received a \$9 million true-up payment from Nucor in March 2004 and recorded a \$2.4 million accrual of streetlight revenue, net of expenses, from the General Fund pursuant to the Okeson case.
- Taxes** - Taxes were lower than projected, despite higher than projected retail revenue, because of large deductions taken from revenue subject to City occupation taxes and State public utility taxes. These deductions reflect reclassification of a significant amount of retail revenue from taxable rate classes to service class #29, streetlight revenue from the General Fund, as a result of the Okeson case.
- Grants and Transfers** - Actual grant revenues earned were \$7.0 million higher than forecast. Most of this unanticipated grant revenue was for Sound Transit. It had been forecast as contributions in aid of construction rather than as grant revenue, and it had also been projected to be more than offset by City Light payments to the Community Development Fund. These payments have not been made. The Department also received around \$0.6 million in Federal and State funding related to the 2003 Skagit flooding as well as a variety of smaller grants related to conservation, environmental mitigation and security.

The Seattle City Light Operations Report

*The Operations Report is published by Seattle City Light's
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Mayor: Greg Nickels

City Light Superintendent: Jorge Carrasco

Communications and Public Affairs Director: Bob Royer

Editor: Larry Vogel

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