

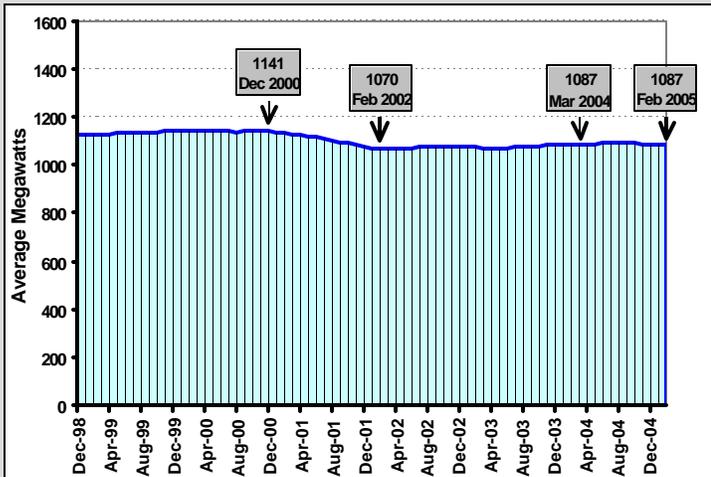


Seattle City Light Operations Report

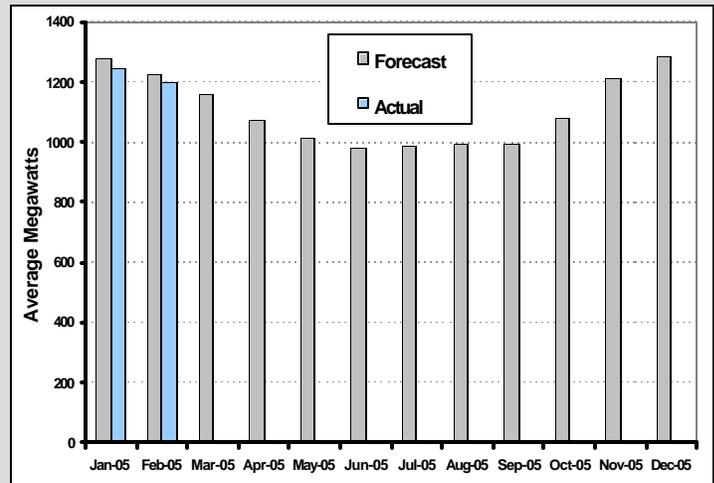
March 2005

- Historic and Projected Load -

**Weather-Adjusted Load
12-month rolling average**



Forecast vs Actual YTD 2005

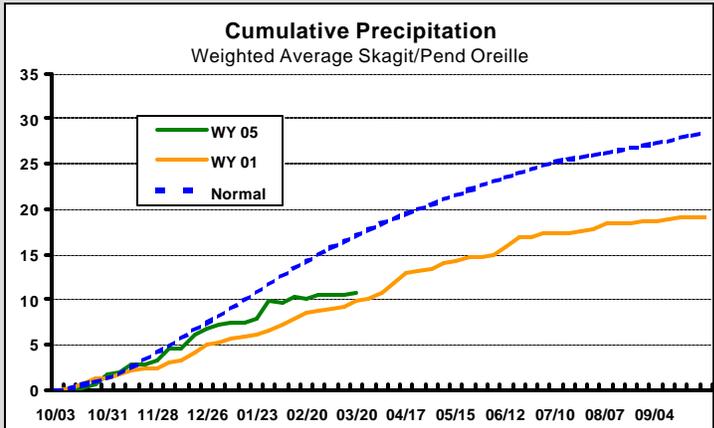
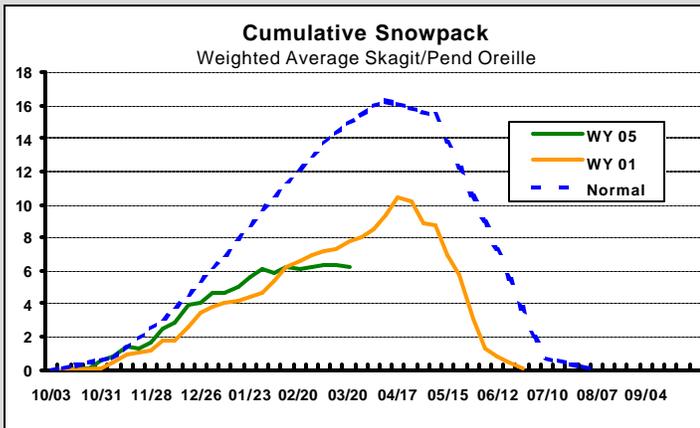


Load is at about the same level that it was a year ago. As of the end of February, load is 54 aMW less than it was at its former high of 1141 aMW.

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.

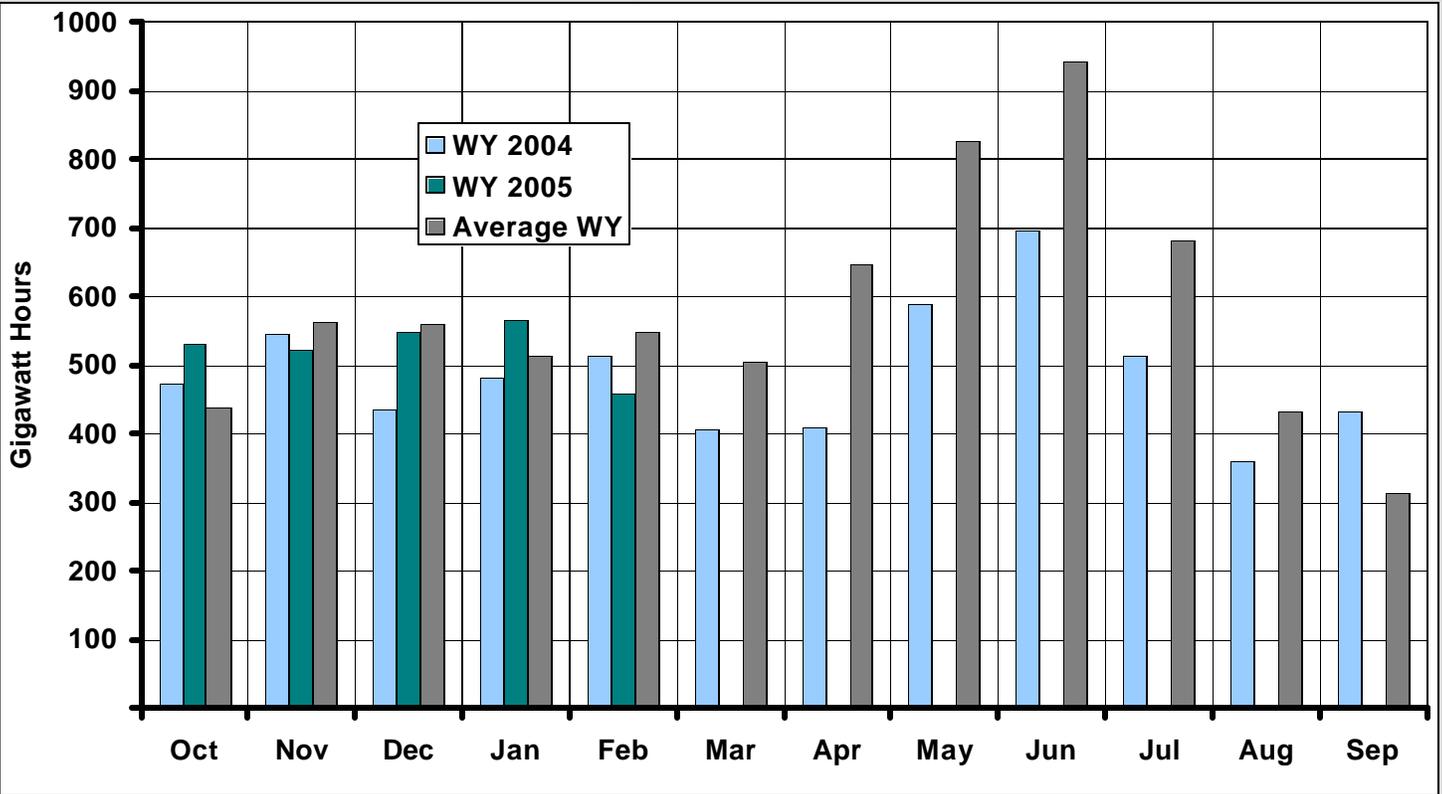
- Hydro Resources: Rain and Snow -

Snowpack and Precipitation Above Our Hydroelectric Projects as of March 14, 2005



Dry and warm. Two words that Northwest Hydroelectric planners don't like to hear in the winter. Unfortunately, we have heard them too much. As a result, the snowpack in City Light's watersheds is very low. At the Skagit, the levels are lower than ever before recorded. While the watershed above Boundary is not quite as bad, the snowpack there is even less than was seen in the recent 2001 drought year. What this means to Seattle City Light is that surplus sales will be much less than normal. At this point there appears to be sufficient water to meet both the electric needs of our customers and the water needs of the salmon and steelhead at the Skagit. There is now, however, about a 1-in-3 chance that there will not be enough water to fill Ross Lake to the top. This would have deleterious effects on recreational users of the lake this summer. Planners will continue monitoring hydro conditions and forecasts very closely and releasing frequent updates.

- Generation - Monthly Net Generation



This chart compares City Light's monthly net generation from owned resources in the current 2005 water year to net generation figures from the previous water year (2004) and the average water year.

- Boundary Dam Relicensing -



The consultant firm of Longview Associates has been hired to assist City Light with strategic guidance and completion of the first FERC submittal, the preliminary application document. This document will set the tone for future study plans (2006-8) that begin to address potential project impacts, and will ultimately roll into the City's Protection, Mitigation, and Enhancement (PM&Es) commitments in the new license.

Consultants have joined with City Light relicensing staff to form resource teams in the areas of water quality, fisheries, recreation and land use, terrestrial/wildlife, cultural/archeological, and socioeconomic resources. A joint Relicensing Team/Longview Associates project management team has been formed to manage the efforts of both Longview and City Light staff. A technical scenarios team consisting of City Light and Longview Associates staff has also been formed to review all modeling needs during the course of the relicensing process.

All resource area teams have met to review and revise drafts of the 2005/6 work plans, which are due by March 31, 2005. By early April, this effort will produce a master 2005/6 work plan that integrates resource area efforts and provides a "big picture" for prioritizing and defining specific scopes of work with deliverables that are basic to study plans (2006 to 2008) and to inform City Light's decision making process.

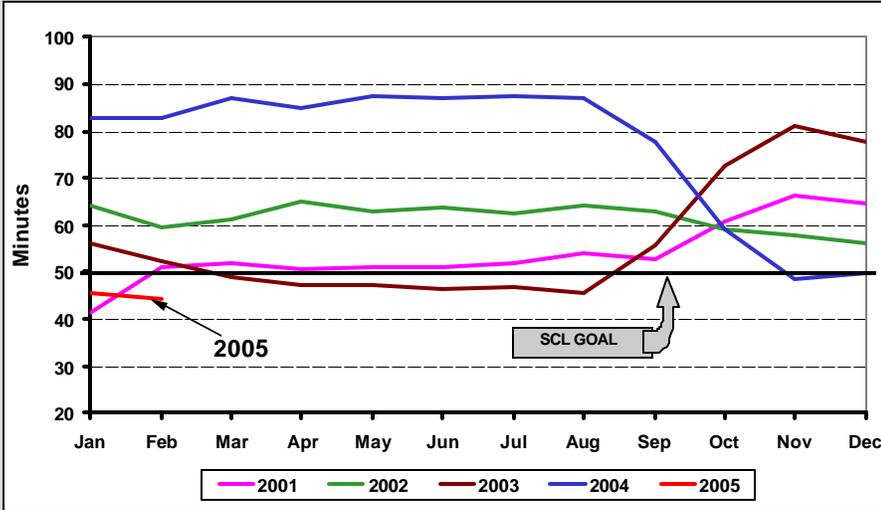
Outreach to local communities began this month as Relicensing Team staff met with elected officials in Metaline, Metaline Falls, Lone, and Cusick. These discussions about the impact of the dam on surrounding communities are helpful as City Light develops the socioeconomic section of the preliminary application document. City Light will work closely with elected officials and other community leaders in the project area to keep them informed of our progress and identify impacts of the Boundary project in these communities.

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

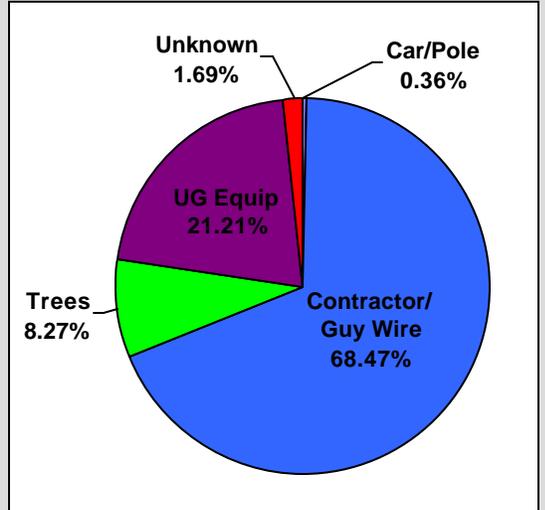
- Distribution System Reliability, February 2005 -

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



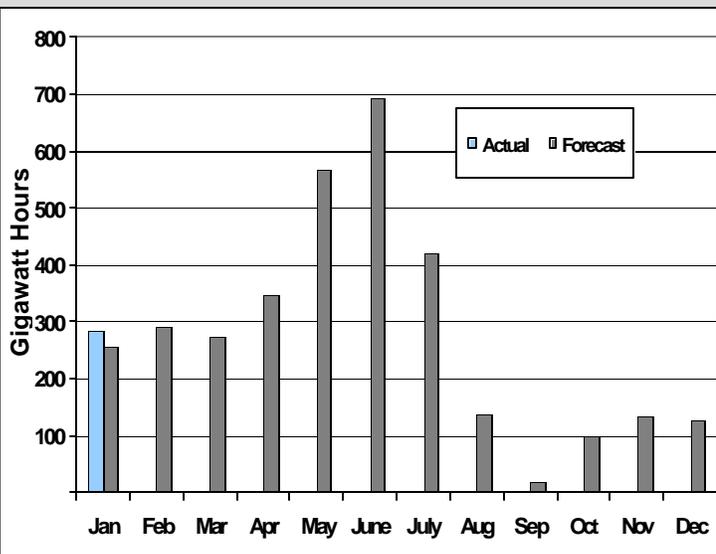
Reasons for Outages



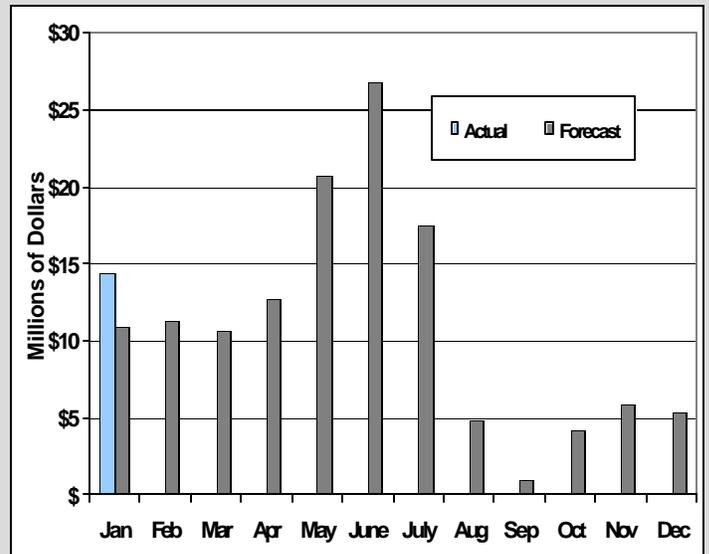
SAIDI for February was a very low 1.2 minutes, yielding a total for the 12 months ending February 28th of 44.2 minutes, down 1.5 minutes from January and below the goal of 50. The largest single outage event contributed about 50 seconds of SAIDI and occurred on February 26th when a contractor damaged a pole guy-wire. A small number of underground equipment related outages contributed about 15 seconds of SAIDI. The SAIDI figure which include storms dropped from 60.9 minutes to 59.4 minutes. When comparing current SAIDI figures with the substantially higher figures in the first 3 quarters of 2004, it is important to remember that in the fall of 2003 a limited number of equipment and weather related outages had an abnormally severe impact on SAIDI, driving it well above its historic range.

- The Business: Wholesale Activity Jan 2005 -

Net Wholesale Energy



Net Wholesale Revenue



January 2005 net revenue from wholesale market transactions, at \$14.4 million, was \$3.5 million above forecast, both because of a higher net volume of energy sold and higher than anticipated prices. Power generated at City Light-owned hydro resources and purchased under long-term contracts was 1.8% higher than forecast. As a result, net surplus power available for sale was 10.8% above forecast despite 2.1% higher than projected system load. The average sales price, \$49.81/MWh, was 15.3% higher than forecast, while the average purchase price, \$46.84/MWh, was 1.0% higher than forecast.

- Finances - Income Statement, YTD 2005 vs 2004

Year-To-Date Through 1/31/2005				
	2005 Actual	2004 Actual	2005 - 2004	Notes
Operating Revenues	\$75.4	\$73.8	\$1.6	
Retail Power Revenues	56.1	58.9	(2.8)	4
Wholesale Energy Sales	16.5	13.0	3.5	1
Other Power-Related Revenue	1.6	1.0	0.6	
Other Revenues	1.1	0.8	0.3	
Operating Expenses	\$50.4	\$52.6	(\$2.1)	
Generation	1.0	0.9	0.1	3
Long-Term Purchased Power	21.2	13.5	7.7	2
Short-term Wholesale Energy Purch	2.1	4.1	(2.0)	1
Power-Related Wholesale Purch	0.1	0.0	0.1	
Amort. of Deferred Power Costs	0.0	8.3	(8.3)	
Other Power Costs	0.4	0.4	(0.0)	
Transmission and Wheeling	2.8	2.8	0.0	
Distribution	2.9	3.4	(0.5)	3
Customer Service	2.5	2.0	0.5	3
Conservation	0.8	0.9	(0.0)	
Administration & General	3.9	3.8	0.0	3
Taxes	6.1	6.6	(0.5)	5
Depreciation	6.6	5.8	0.8	
Net Operating Income	\$25.0	\$21.2	\$3.7	
Other Deductions, Net	(\$6.5)	(\$4.1)	(\$2.3)	
Investment Income	0.1	0.4	(0.3)	
Other Income (Expense), Net	(0.0)	(0.0)	(0.0)	
Interest Expense	(6.7)	(6.6)	(0.1)	
Contributions In Aid of Construction	0.1	2.1	(2.0)	6
Grants and Transfers	(0.0)	(0.0)	0.0	
Net Income/(Loss)	\$18.5	\$17.1	\$1.4	

NOTES

- 1 **Net Wholesale Revenue** – January 2005 net revenue from wholesale market transactions, at \$14.4 million, was \$5.4 million above a year ago, despite lower prices, because of a higher net volume of energy sold. Power generated at City Light-owned hydro resources and purchased under long-term contracts was 7.6% higher than a year earlier and firm system load was 1.6% lower. As a result, net surplus power available for sale increased by 72.6%, from 162,061 MWh in January 2004 to 285,561 MWh in January 2005. The average sales price, \$49.81/MWh, was 3.7% lower than a year earlier, and the average purchase price, \$46.84/MWh, was 3.0% lower. The increase in generation reflected higher than normal water levels in the Department's reservoirs because of precipitation in September and December 2004.
- 2 **Long-Term Purchased Power** – Long term purchased power was up \$7.4 million from a year earlier. Expenses for purchases from Bonneville were \$4.4 higher than a year earlier because of a Slice true-up credit for fiscal year 2003 of \$6.3 million that was recorded in January 2004. The increase in expenses for Bonneville power would have been even greater if a Slice true-up payment of \$2.1 million for fiscal year 2004, which will be recorded in February 2005, had been recorded in January 2005. A \$3.8 million increase in purchases from Klamath Falls was the other major contributor to the increase in long term purchased power expenses. This was also largely due to timing, as most January 2004 expenses for Klamath were not actually recorded until February of that year.
- 3 **Other Operations & Maintenance (O&M) Expenses** – Expenses in the categories of generation, distribution, customer service, conservation and administration and general (A&G) increased \$0.1 million or 0.8%. Distribution expense decreased \$0.5 million, primarily for maintenance of poles, conductors and services related to storm damage. Customer service expenses increased \$0.5 million, primarily for the department's share of expenses for the CCSS retail electric billing system. Conservation and A&G expenses were essentially unchanged from a year earlier.
- 4 **Retail Revenues** – Retail revenues decreased \$2.8 million or 4.7%, mostly due to warmer than average weather which reduced the use of electric energy to heat residences. Revenues from residential customers fell \$2.2 million or 8.4% while revenues from nonresidential customers decreased just \$0.6 million or 1.9%. Total MWh billed to customers declined 1.4%, reflecting a 5.6% drop in MWh of energy billed to residential customers while nonresidential MWh billed actually rose 1.4%.
- 5 **Taxes** – Taxes were lower than a year earlier primarily due to lower retail revenue. It also reflects the reclassification of taxable rate classes to service class #29, streetlight revenue from the General Fund, as a result of the Okeson case.
- 6 **Contributions in Aid of Construction** – Contributions in aid of construction were down \$2.0 million from a year earlier due to an accounting change related to conversion to the new Summit accounts receivable module in October 2004. A reduction to accounts receivable at 2003 year-end was reversed in January 2004, creating a \$2.0 million increase in contributions in aid of construction recorded in January 2004. This was a one-time accounting change; therefore it was not repeated in January 2005.

The Seattle City Light Operations Report

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