



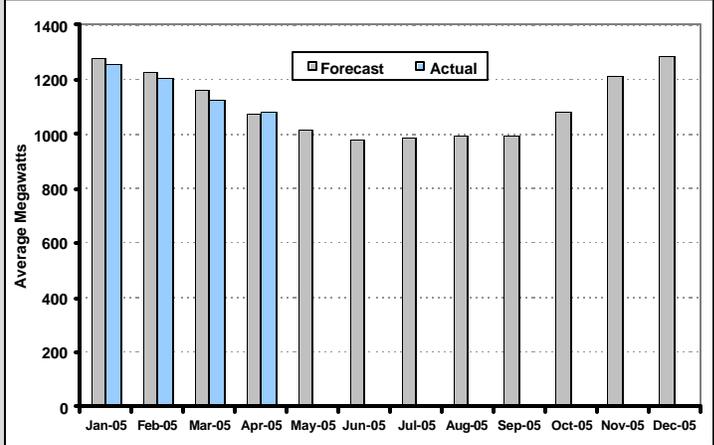
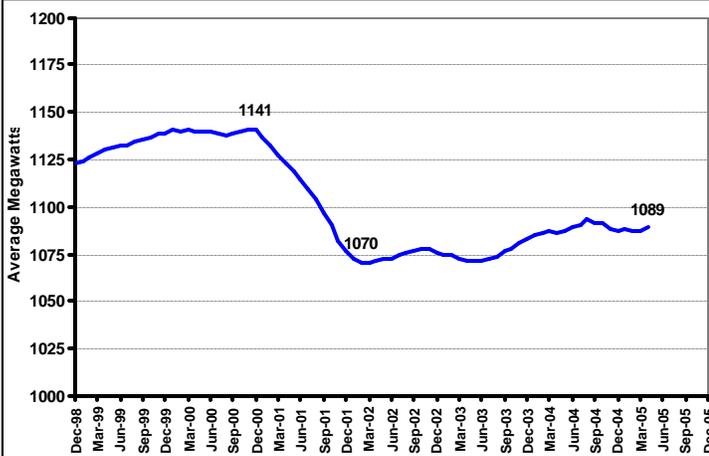
Seattle City Light Operations Report

May 2005

- Historic and Projected Load -

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

Forecast vs Actual YTD 2005

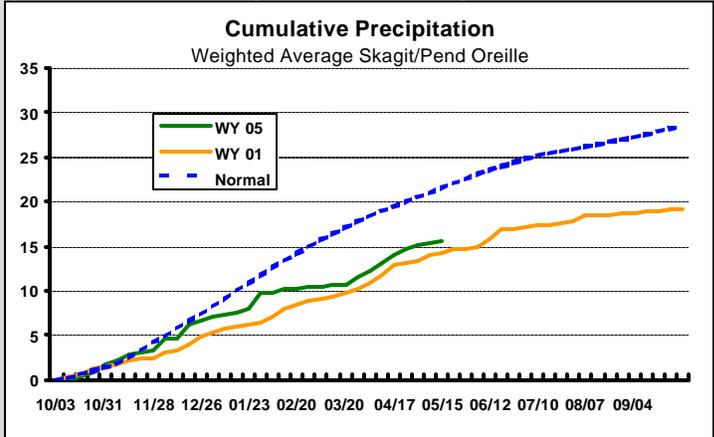
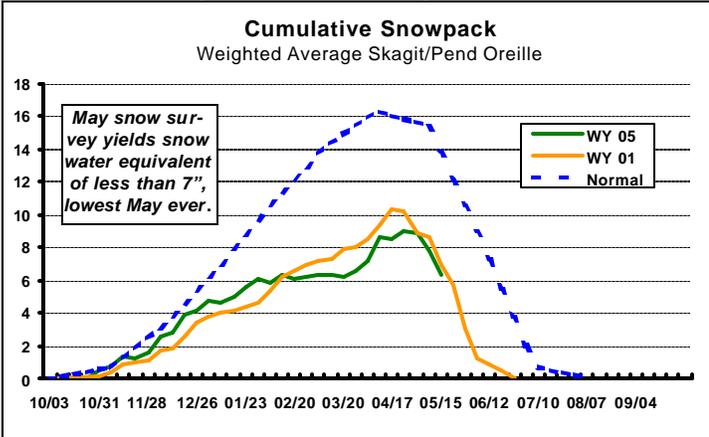


We have regained about 26% of the decline in load between the high of 1141 aMW in December 2000 to the low of 1070 aMW in February 2002.

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.

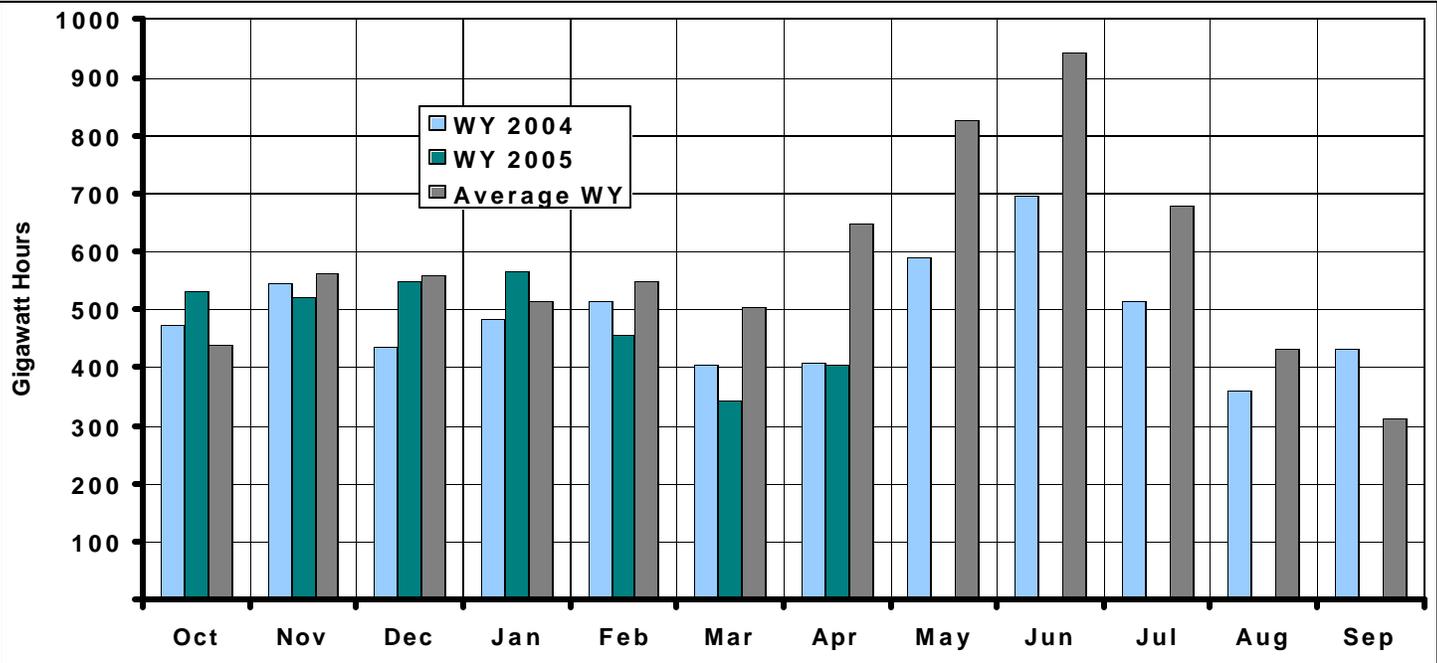
- Hydro Resources: Rain and Snow -

Snowpack and Precipitation Above Our Hydroelectric Projects as of May 8, 2005



The past month has provided better than expected hydro conditions. The odds of filling Ross lake to the top by July have improved substantially, and we now expect only a one-chance-in-ten of not refilling. However, the amount of snow in the hills remains very low. The results of the May 1st manual survey of snow at 17 locations at the Skagit became available this week. Of the 7 sites located below 4,000 ft., all were bare of snow. This was the lowest snowpack in the 60+ years of May surveys with only 7.0 inches of snow water or 28 percent of normal. The previous low May snowpack was recorded in 1977 with 9.9 inches. Conditions are better behind Boundary Dam, but snowpack there is also well below normal. The message we continue to send is that there still 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.

- 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. Overall net generation from the start of the water year through the month of April is 3.37 million GWh (compare to 3.78 million GWh in an average year).

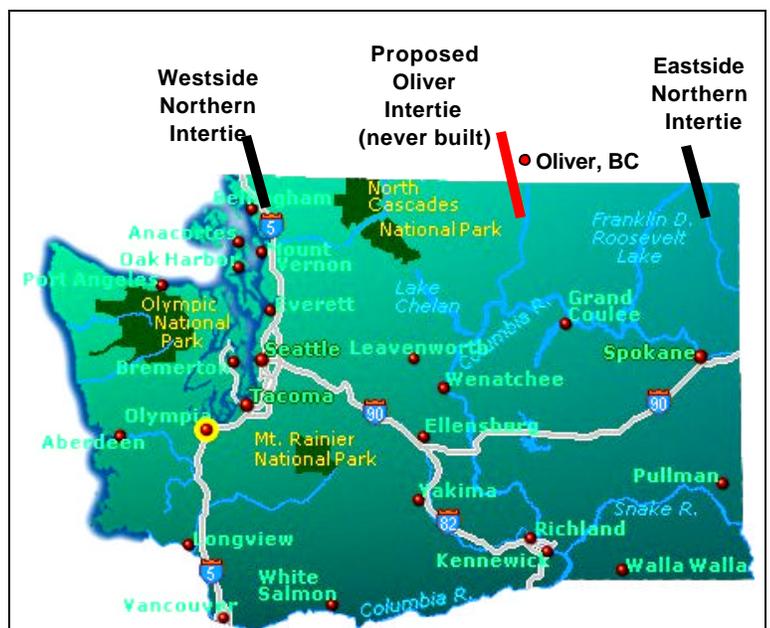
- Transmission And Regional Power Supply - Puget Sound Area Northern Intertie: Resolving a Transmission Issue for SCL

Beginning in April 2003, the Bonneville Power Administration (BPA) was required by the 1964 Columbia River Treaty to supply an initial 1150 MW to the Canadian border. This power is in exchange for the downstream benefits of water storage in Canada enjoyed by the US. Under the treaty, Canada has rights to these power deliveries until 2024.

According to the treaty, the power was to flow across a new transmission line that would be built from the middle of Washington State to Oliver, BC. The "Oliver line" was never built due to cost, environmental and tribal considerations.

Currently, there are two major sets of transmission lines across Washington State's border with Canada, one near Blaine (the westside northern intertie) and one near Boundary Dam (the eastside northern intertie).

Since the Oliver Line was never built, BPA is delivering the Canadian Entitlement power over the existing two interties. This increased traffic has occasionally pushed the capacity of these lines to their limits, resulting in a very real risk of curtailments, blackouts, etc. to City Light and other Puget Sound area utility customers.



Since the 2003 increase in traffic on these interties, a number of curtailments have occurred, some of which have had adverse impacts on SCL operations. In each case we were forced to either buy from Powerex or Puget Sound Energy, or drop customers. Powerex has little incentive to offer the best price, and has made it clear that they will not always have power to sell. If we are unable to secure sufficient power, as has happened in the past, our only remaining option is to drop load.

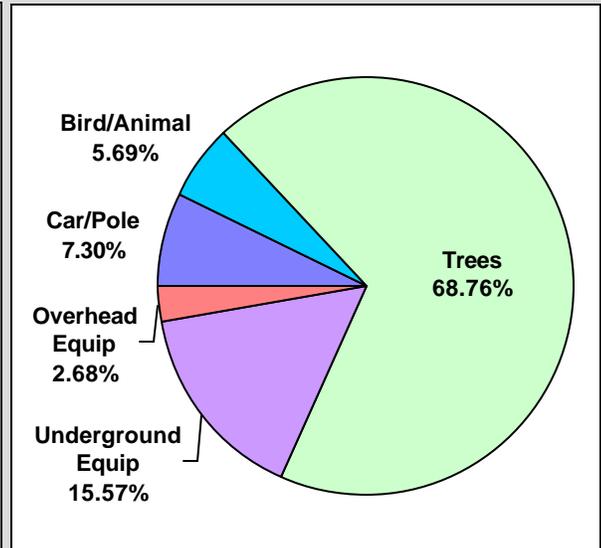
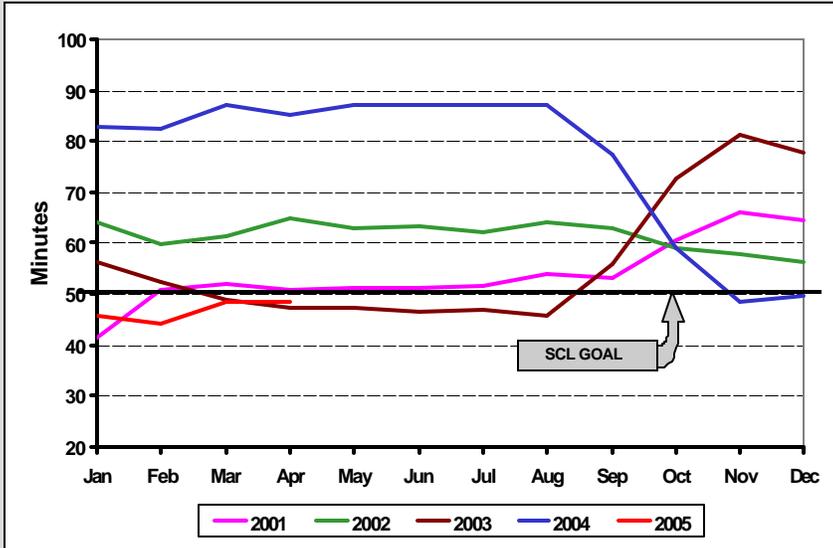
With leadership from the City Light Superintendent, SCL staff has worked diligently with others throughout the PNW region on short and long-term solutions to this problem. The short-term fixes that are now in place greatly reduce City Light's risk of power outages. A permanent solution remains forthcoming. For more information contact Sue Kuehl (386-4513) or Doug Rough (386-4516).

- Distribution System Reliability -

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.

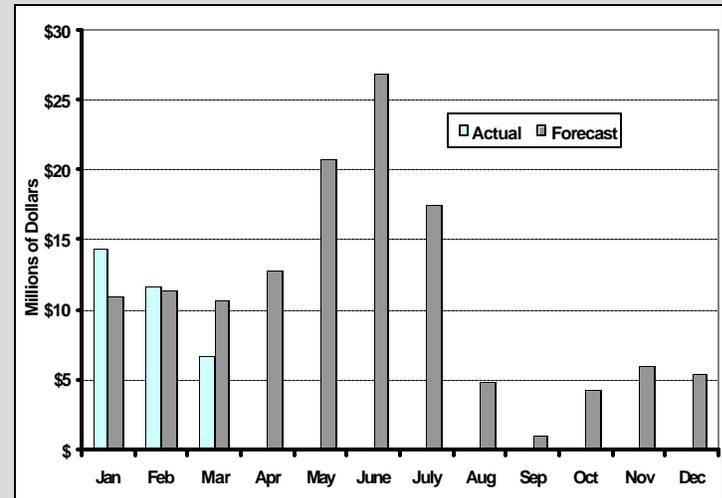
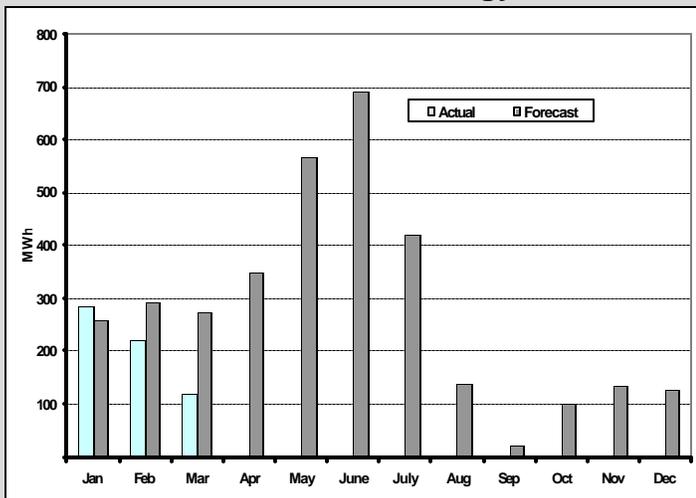
Average Customer Outage Minutes

Reasons for Outages



SAIDI for April was 1.4 minutes, yielding a total for the 12 months ending April 30th of 48.4 minutes, up 0.1 minutes from April but below the goal of 50. Tree related outages during the night of Friday April 1st were the largest outage impact, contributing about 0.9 minutes. A series of underground equipment failures were the next largest contributor with a combined SAIDI value of 0.2 minutes. There have been no storms or other major events in the past 12 months.

- The Business: Wholesale Activity March 2005 - Net Wholesale Energy Net Wholesale Revenue



Actual net revenue from wholesale market transactions, at \$32.7 million, was \$0.1 million below the forecast. The downward impact on net revenue of a lower than anticipated net volume of energy sold was almost entirely offset by increases in net revenue due to higher than projected sales prices and lower than projected purchase prices. Power generated at City Light-owned hydro resources and purchased under long-term contracts was 7.2% lower than forecast. Net surplus power available through the end of March was therefore 23.9% below forecast. The average sales price, \$51.11/MWh, was 23.0% higher than forecast while the average purchase price, \$46.88/MWh, was 1.0% lower than forecast. Net wholesale revenue in the month of March was \$6.7 million, \$3.9 million less than the forecast of \$10.6 million. The net volume of surplus energy available in February, 120,078 MWh, was 55.9% below forecast, the average sales price, \$52.77/MWh, was 28.5% above forecast and the average purchase price, \$47.26/MWh, was 2.2% below forecast.

- Finances - YTD Forecast to Actual and Year-End Forecast

	Year-To-Date Through 3/31/05			Year-End Forecasts			Notes
	Adopted Forecast	Actual	Actual - Adopted	Adopted Forecast	Revised Forecast	Revised - Adopted	
Operating Revenues	\$204.5	\$197.5	(\$7.0)	\$777.3	\$751.1	(\$26.2)	
Retail Power Revenues	153.3	148.4	(4.9)	569.2	569.2	0.0	4
Wholesale Energy Sales	43.1	40.0	(3.1)	172.0	145.8	(26.2)	1
Other Power-Related Revenue	4.8	5.9	1.0	23.2	23.2	0.0	
Other Revenues	3.2	3.3	0.1	12.9	12.9	0.0	
Operating Expenses	\$161.7	\$155.7	(\$6.1)	\$610.8	\$604.8	(\$6.0)	
Generation	4.5	4.3	(0.2)	18.5	18.5	0.0	
Long-Term Purchased Power	70.5	66.1	(4.4)	237.7	232.7	(5.0)	2
Short-term Wholesale Energy Purch	10.2	7.2	(3.0)	40.2	34.1	(6.1)	1
Power-Related Wholesale Purch	0.5	0.1	(0.4)	2.0	2.0	0.0	
Amort. of Deferred Power Costs	0.0	0.0	0.0	0.0	0.0	0.0	
Other Power Costs	1.8	1.6	(0.3)	8.3	8.3	0.0	
Transmission and Wheeling	8.6	8.8	0.2	36.0	36.0	0.0	
Distribution	10.7	9.6	(1.2)	44.6	44.6	0.0	3
Customer Accounting	6.7	7.6	0.9	31.4	31.4	0.0	3
Conservation	2.9	2.6	(0.3)	12.6	12.6	0.0	3
Administration & General	9.1	11.8	2.7	41.1	43.1	2.0	3
Taxes	17.1	16.2	(1.0)	62.5	62.5	0.0	
Depreciation	19.0	19.8	0.8	75.9	79.0	3.1	
Net Operating Income	\$42.8	\$41.9	(\$0.9)	\$166.5	\$146.3	(\$20.2)	
Other Deductions, Net	(\$8.5)	(\$14.9)	(\$6.4)	(\$34.8)	(\$33.5)	\$1.3	
Investment Income	1.2	1.4	0.2	5.5	6.5	1.0	
Other Income/(Expense, Net)	0.4	(0.1)	(0.5)	1.8	1.8	0.0	
Interest Expense	(18.6)	(18.6)	(0.1)	(74.3)	(74.0)	0.3	
Contributions In Aid of Construction	8.3	1.7	(6.6)	31.9	31.9	0.0	5
Grants and Transfers	0.1	0.6	0.6	0.3	0.3	0.0	
Net Income/ (Loss)	\$34.3	\$27.0	(\$7.3)	\$131.6	\$112.7	(\$18.9)	

NOTES

- Net Wholesale Revenue** – Actual net revenue from wholesale market transactions, at \$32.7 million, was \$0.1 million below the forecast. The downward impact on net revenue of a lower than anticipated net volume of energy sold was almost entirely offset by increases in net revenue due to higher than projected sales prices and lower than projected purchase prices. Power generated at City Light-owned hydro resources and purchased under long-term contracts was 7.2% lower than forecast. Net surplus power available through the end of March was therefore 23.9% below forecast. The average sales price, \$51.11/MWh, was 23.0% higher than forecast while the average purchase price, \$46.88/MWh, was 1.0% lower than forecast. The forecast of net wholesale revenue through year-end has been reduced by \$20.1 million to reflect the financial impact of recent Power Management forecasts that project drier water conditions and less surplus energy available for sale than assumed in the adopted forecast.
- Long-Term Purchased Power** – Long term purchased power was \$4.4 million below forecast. Purchases from Stateline Wind were \$2.3 million below forecast, followed by Klamath Falls (\$0.9 million below), Lucky Peak (\$0.5 million below) and Grand Coulee (\$0.3 million below). Purchases from the Bonneville Power Administration were only \$0.1 million below forecast, and purchases under all other long-term contracts combined were \$0.4 million below forecast. These below -forecast variances primarily reflect lower than anticipated generation by these contracted resources. In light of having experienced lower than anticipated purchases under long term contracts through March, we have revised the forecast of long-term purchased power through year-end downward by \$5.0 million.
- Other Operations & Maintenance (O&M) Expenses** – Expenses in the categories of distribution, customer service, conservation and administration and general (A&G) were \$2.1 million, or 7.1%, higher than forecast. Distribution expense was \$1.2 million below forecast and conservation was \$0.3 million lower, but customer service and administrative and general (A&G) expenses were \$0.9 million and \$2.7 million above forecast, respectively. The variance in A&G reflects year-to-year increases in expenses for information systems, governmental services, industrial and property insurance (estimated quarterly), bond service maintenance and other finance expenses. Employee pensions and benefits have grown despite declining staffing levels because of higher Citywide allocation rates. The variance in customer service reflects higher billing system and bad debt expenses. The forecast of other O&M expenses through year-end has been revised upward by \$2.0 million to reflect higher A&G expenses.
- Retail Revenues** – Revenue billed to retail customers was \$5.2 million higher than forecast in the first quarter. Revenues from residential customers were \$1.0 million or 1.5% above forecast while revenues from nonresidential customers were above the forecast by \$4.2 million or 4.6%. Total MWh billed to customers were 1.7% higher than forecast, reflecting 1.3% higher MWh billed to residential customers and 1.9% higher nonresidential MWh billed. At the end of each quarter, retail revenue is adjusted to include an estimate of the change in unbilled revenue from the prior quarter. In the first quarter this adjustment resulted in a reduction in revenue that was \$10 million greater than projected. This variance in unbilled revenue is expected to be reversed in future quarterly adjustments.
- Contributions in Aid of Construction** – Contributions in aid of construction (CIAC) were \$6.6 million below forecast. \$1.8 million of this variance was due to an accounting change related to conversion to the new Summit accounts receivable module in October 2004. The remainder of the variance is mostly due to differences between the timing of actual receipts in 2005 and the monthly profile assumed in the forecast.

The Seattle City Light Operations Report

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