

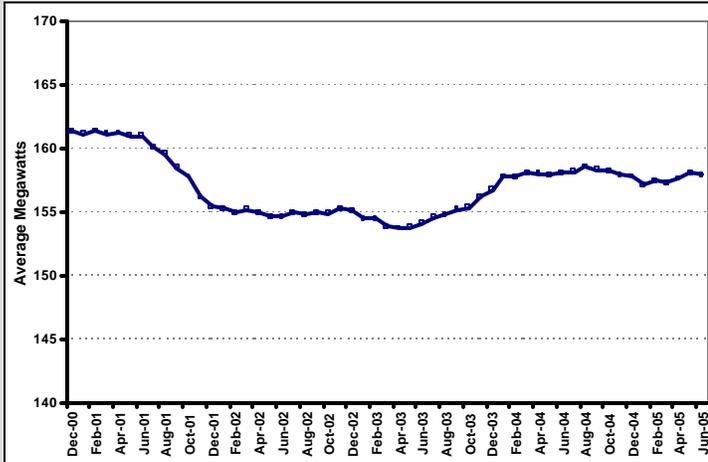


# Seattle City Light Operations Report

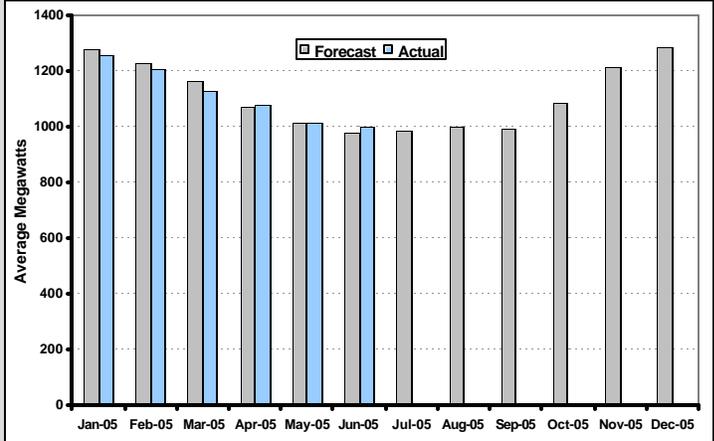
July 2005

## - Historic and Projected Load -

**Downtown Network Load  
12-month rolling average**



**Forecast vs Actual YTD 2005**



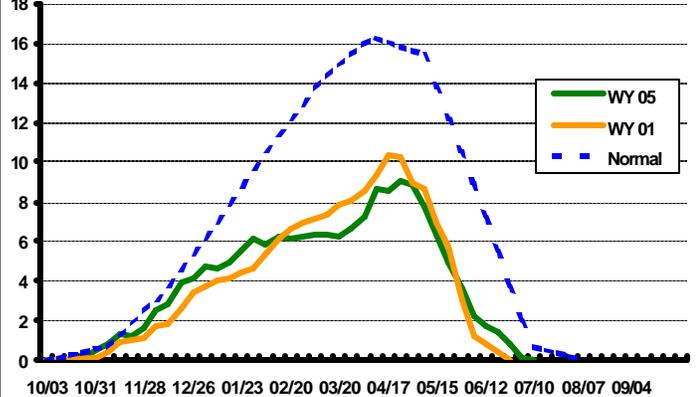
Downtown network load has regained about half of the load it lost during the recession. Downtown load has been fairly flat

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.

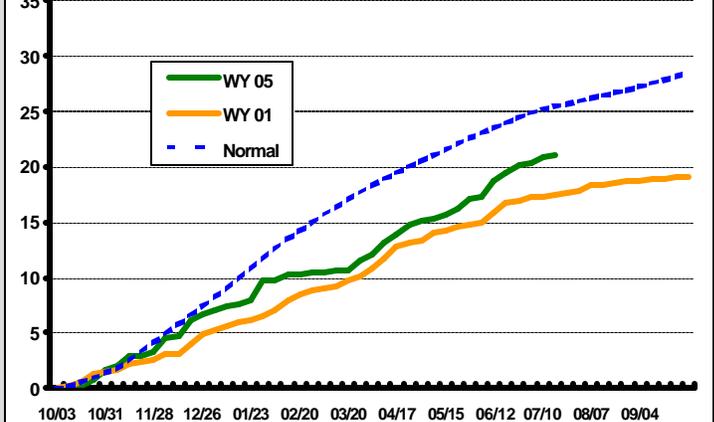
## - Hydro Resources: Rain and Snow -

**Snowpack and Precipitation Above Our Hydroelectric Projects as of July 10, 2005**

**Cumulative Snowpack**  
Weighted Average Skagit/Pend Oreille

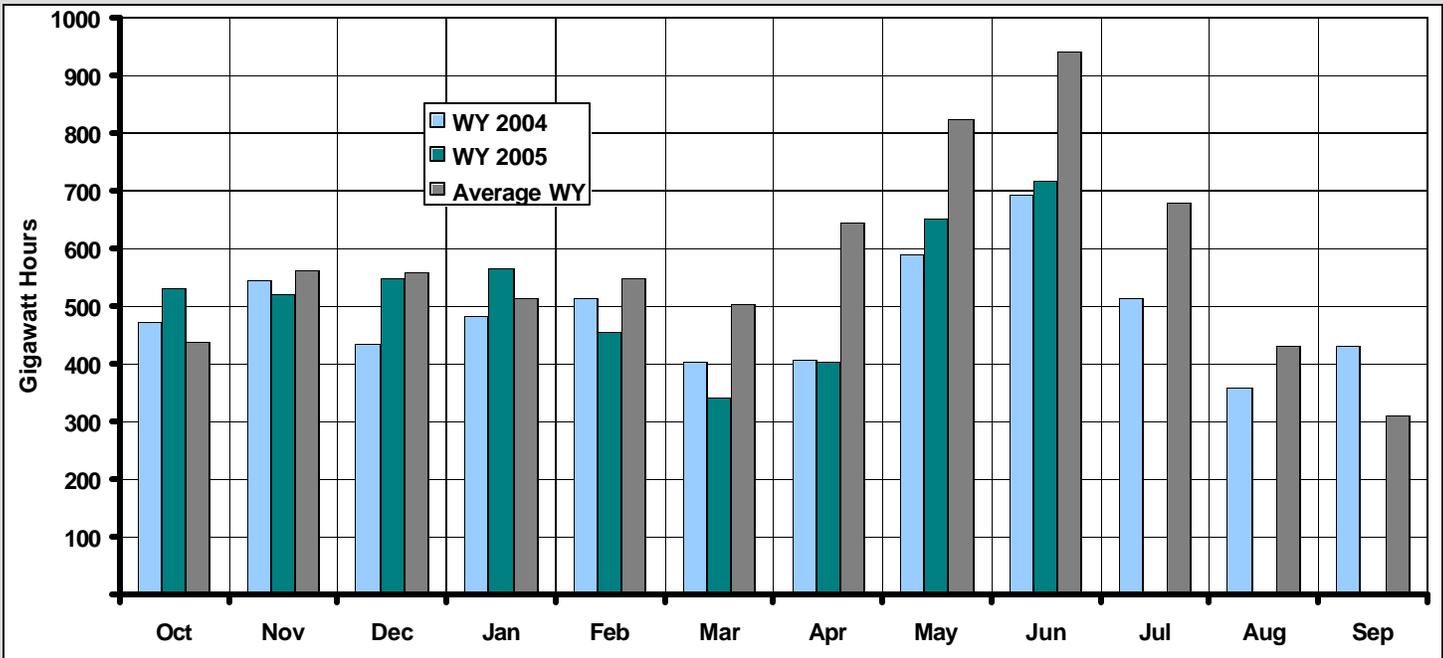


**Cumulative Precipitation**  
Weighted Average Skagit/Pend Oreille



The driest ever June Skagit flow was recorded this year. Only 2272 cfs flowed into Ross Lake this June (26% of average). The previous low was in 1926 when 2870 cfs was observed (33% of average). Ross lake ended the month of June at elevation 1597.8 and is filling slowly. By July 10th the lake level was at 1600 feet, only 2.5 feet below full. Flows at Boundary Dam on the Pend Oreille river have begun their normal summertime recession. The water year on the Pend Oreille has been relatively good at 84% of normal.

## - 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 May is 4.025 million GWh (compared to 4.603 million GWh in an average year).

## - Transmission And Regional Power Supply- This Month in Transmission

The Northwest electrical transmission arena continues to move rapidly toward improved service and better utilization of existing infrastructure, although the specific nature of impending changes are not yet clear.

The Bonneville Power Administration (BPA), the federal agency that owns and operates approximately 75% of the Northwest transmission grid, is developing methods for determining "available transmission capability" (ATC) on its lines, and for clearing areas of congestion. BPA is hoping to identify underused transmission that could be released to new customers waiting in a queue for service. Existing customers at the same time are interested in protecting their rights from being oversold. Transmission owners other than BPA are also developing ATC methodologies, and the Federal Energy Regulatory Commission (FERC) has released a Notice of Inquiry regarding information requirements for ATC.

Meanwhile, BPA is nearing a decision point in late September 2005 regarding its continued participation in Grid West, and/or

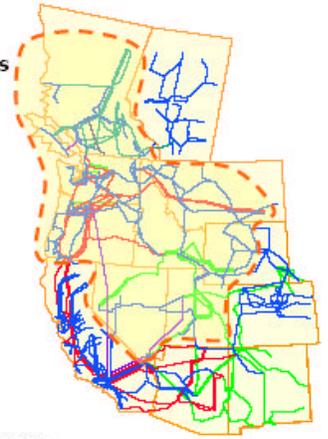
acceptance of proposals from the Transmission Improvements Group (TIG). City Light staff is involved in both groups, which are utilizing different strategies for solving transmission problems. Grid West would create a new, FERC-jurisdictional entity that would serve as a clearinghouse for trading excess transmission between parties, and would address new service requests. Grid West would be guided by an independent board. In contrast, TIG is proposing to primarily use existing organizations to solve problems without triggering FERC jurisdiction. BPA's public utility customers are negotiating with BPA to ensure a "contract lock" if BPA chooses to pursue the Grid West option, in order to preserve many of the essential characteristics of existing service under current contracts.

On the national front, Pat Wood, III has stepped down from his position as FERC Chair, and is replaced by Commissioner Joseph Kelliher. On June 28, the US Senate voted 85-12 to pass its comprehensive Energy Policy Act of 2005, propelling the issue to a House-Senate conference committee.



### Regional Scope

- Over 62,000 circuit miles of transmission lines
- Includes most transmission facilities shown in this region owned by the following companies:
  - Avista Corporation (AVA)
  - Bonneville Power Administration (BPA)
  - BC Hydro (BCH)
  - Idaho Power Corporation (IPC)
  - Nevada Power (NP)
  - NorthWestern Energy (NWE)
  - PacifiCorp (PAC)
  - Portland General Electric (PGE)
  - Puget Sound Energy (PSE)
  - Sierra Pacific (SP)



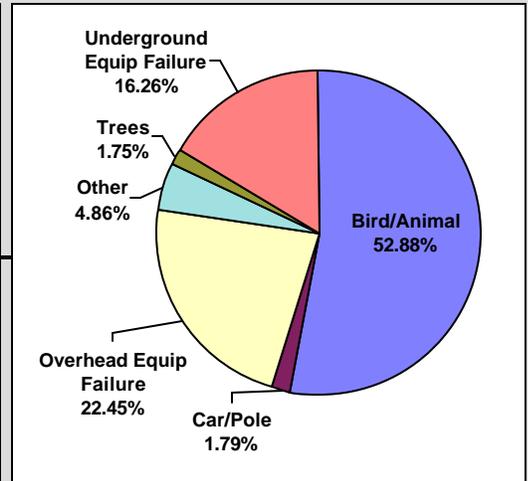
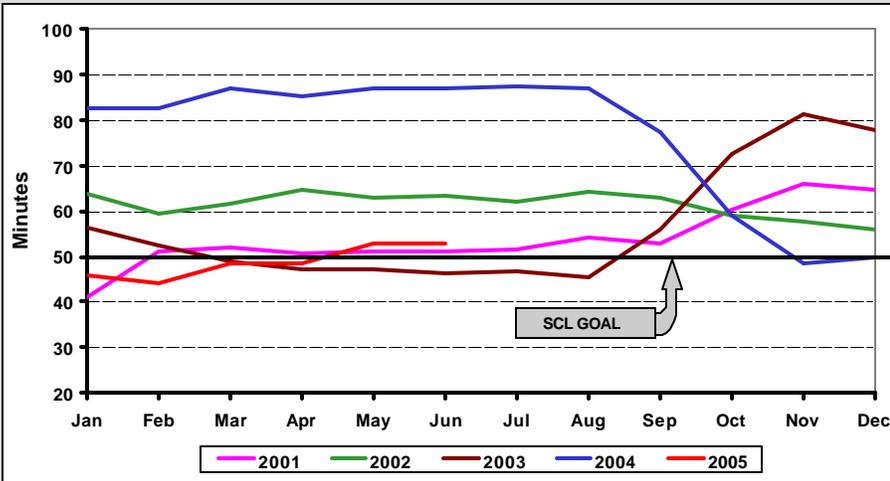
Note: The Grid West proposal is designed to accommodate participation by Canadian transmission owners and operators in British Columbia and Alberta.

## - 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**

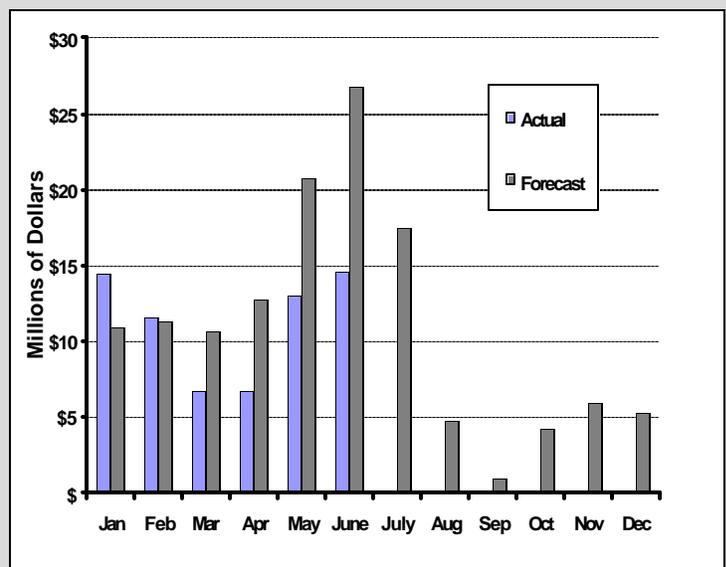
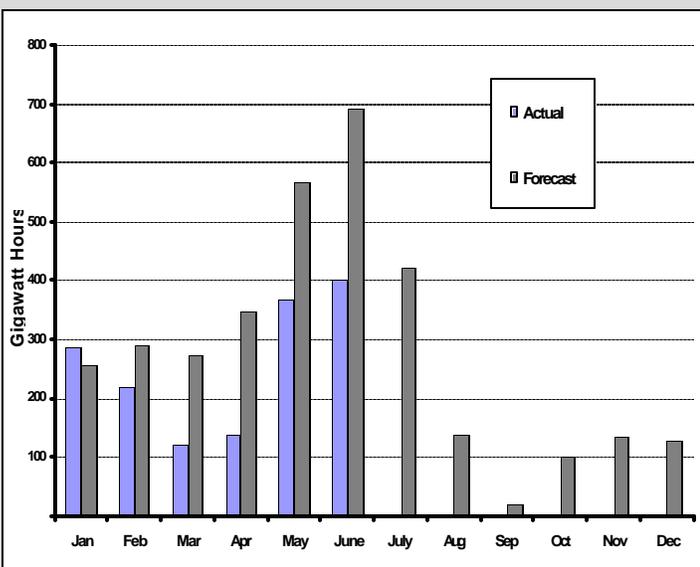


SAIDI for June was 5.3 minutes, yielding a total for the 12 months ending June 30<sup>th</sup> of 53.0 minutes, up 0.2 minutes from May, and above the goal of 50. Bird/Crow related outages were the key contributor throughout the month. The largest single outage was on June 21<sup>st</sup> when a crow landed on an open switch and caused a fault on both feeders. The failure of an aging station breaker to clear the fault compounded the outage impact of this event. In total this outage contributed 2.8 minutes to SAIDI. There have been no storms or other major events in the past 12 months.

## - The Business - Wholesale Activity through June, 2005

**Net Wholesale Energy**

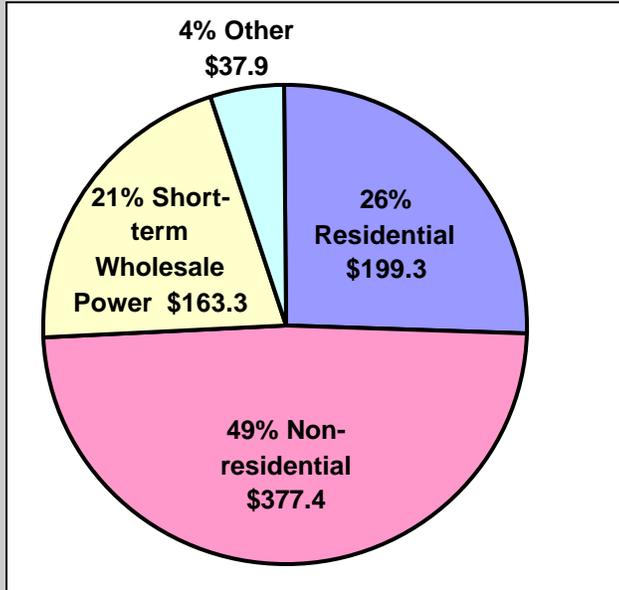
**Net Wholesale Revenue**



Actual net revenue from wholesale market transactions through June 30, at \$67.1 million, was \$26.0 million or 27.9% below the forecast. The downward impact on net revenue of a lower than anticipated net volume of energy sold was partially offset by increases in net revenue due to higher than projected sales prices and lower purchase prices. Net surplus power available through the end of June, at 1,533,597 MWh, was 36.9% below forecast. The average sales price, \$43.61/MWh, was 11.7% higher than forecast while the average purchase price, \$42.87/MWh, was 0.4% lower than forecast. Net wholesale revenue in the month of June, at \$14.6 million, was \$12.2 million or 45.5% below the forecast. The net volume of surplus energy available in June, 402,221 MWh, was 41.9% below forecast, the average sales price, \$36.81/MWh, was 5.1% below forecast and the average purchase price, \$44.37/MWh, was 12.0% above forecast.

## - Finances - 2004 Annual Report Highlights

### 2004 Operating Revenues (total = \$779.9 million)



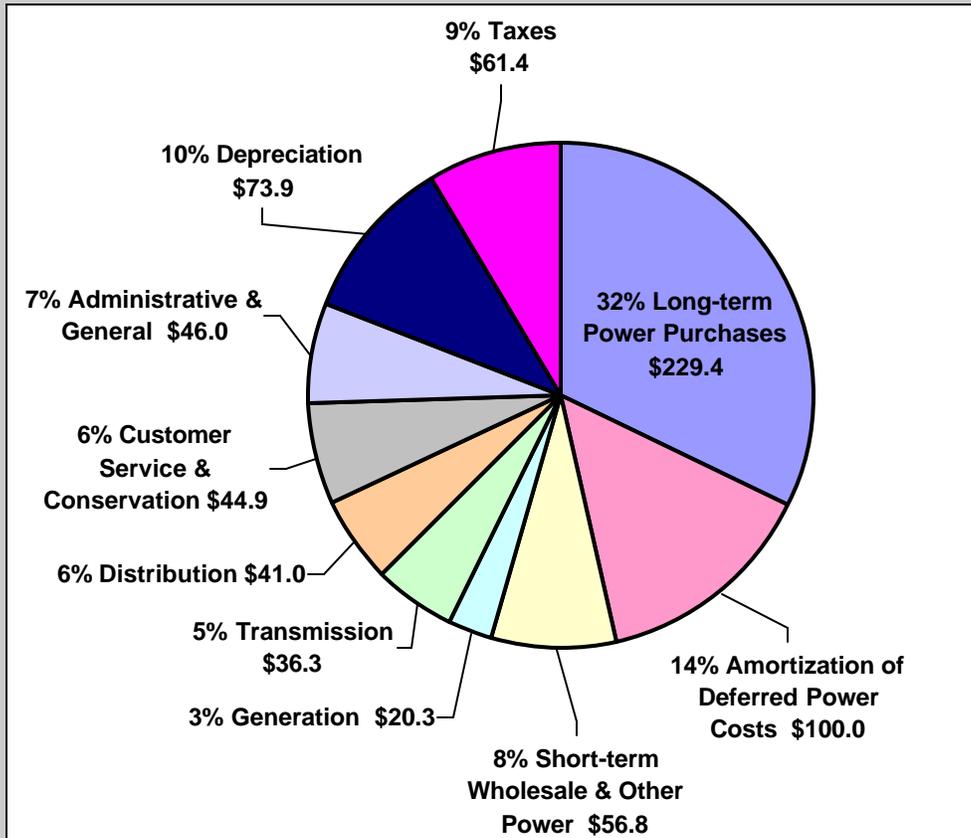
**Revenue:**

Retail revenue rose from \$552.2 million in 2003 to \$576.7 million in 2004, a 4.4 percent increase. Almost all of the increase occurred in non-residential rate classes from the following sources:

- \$6 million from the cities of Seattle and Tukwila for streetlight services, after the state Supreme Court struck down the practice of billing customers for streetlights.
- \$9 million from City Light's largest customer, Nucor Steel, as in a one-time payment to compensate the utility for discounted rates paid in 2002 and 2003.
- \$1 million recovered from previous underbillings of some nonresidential customers.

Sales of surplus power on the wholesale market generated \$163.3 million. Market purchases totaled \$49.7 million, for a net revenue of \$113.6 million, and increase of just \$100,000 from 2003. Below-normal water reduced City Light wholesale revenues, but the loss was somewhat offset by higher-than-anticipated market prices.

### 2004 Operating Expenses (total = \$710.0 million)



**Expenses:**

The cost of power purchases under long-term contracts decreased from \$240.5 million in 2003 to \$229.4 million in 2004, due mainly to a decrease in the cost of power from the Bonneville Power Administration from \$157.1 million to \$131 million. The cost of other long-term purchased power increased from \$83.4 million in 2003 to \$98.4 million.

Amortization of power costs that were deferred during the energy crisis totaled \$100 million in 2004. As of Dec. 31, 2004, deferred power costs were fully amortized.

City Light's costs for operating and maintaining its own transmission lines was more than \$5.3 million in '04, and the cost of wheeling power over other utilities' lines was more than \$30.9 million for a total of about \$36.3 million. Distribution costs of \$41 million included growth in the apprenticeship program and more tree trimming.

**The Seattle City Light Operations Report**

*The Operations Report is published by Seattle City Light's Communications and Public Affairs Division*

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