December 17, 2013

Seattle City Light Looking Forward

A Community Conversation

Seattle City Light

Agenda for Briefing

- City Light's strategic approach
- Challenges
- Concepts and tradeoffs
- Feedback

Strategic Priorities

2013-2018 Strategic Plan*

1. Improve customer experience & rate predictability
2. Increase workforce performance and safety practices
3. Enhance organizational performance
4. Continue conservation and environmental leadership

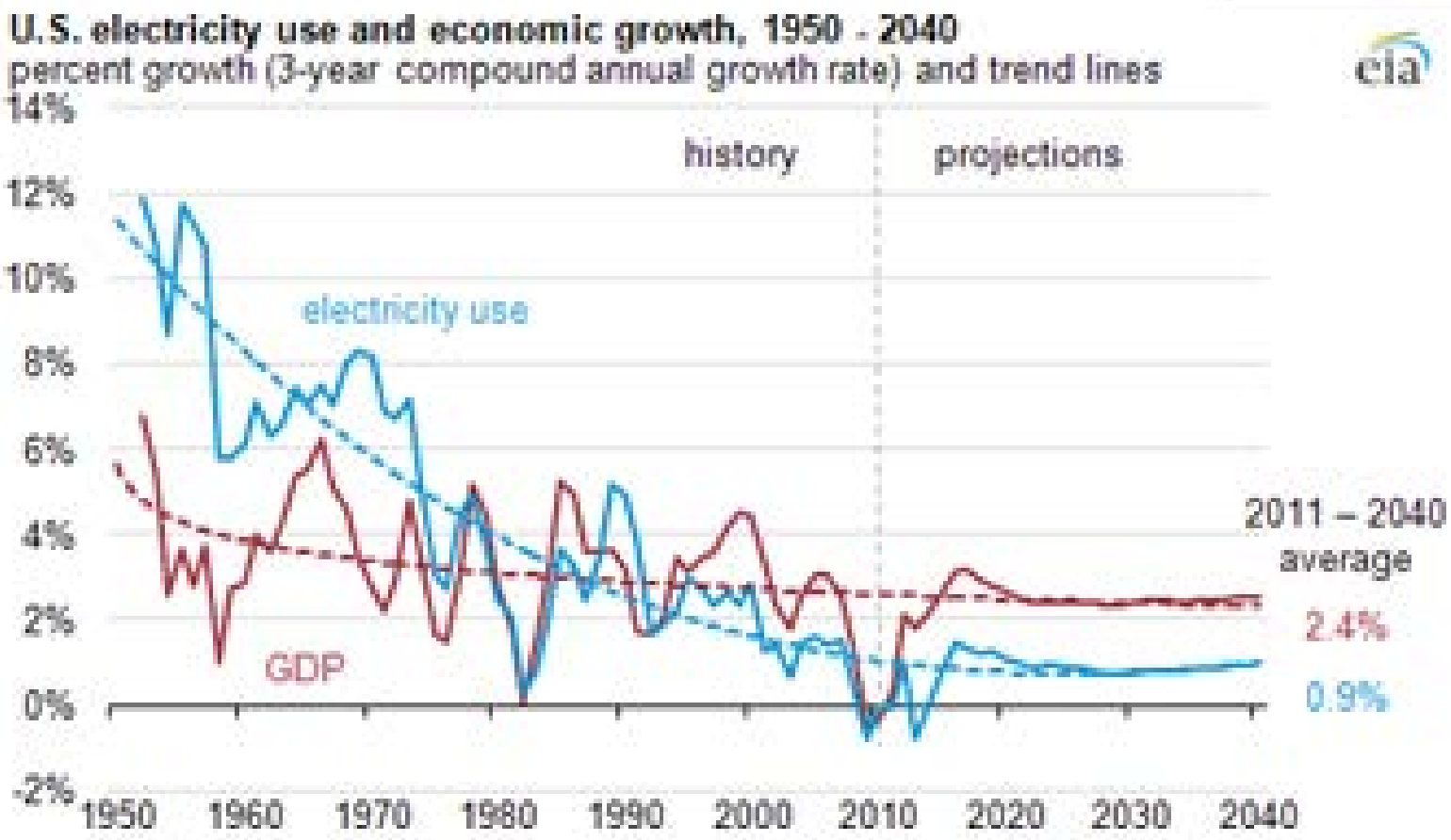
Seattle City Light

*Approved by the Mayor and unanimously adopted by City Council in 2012

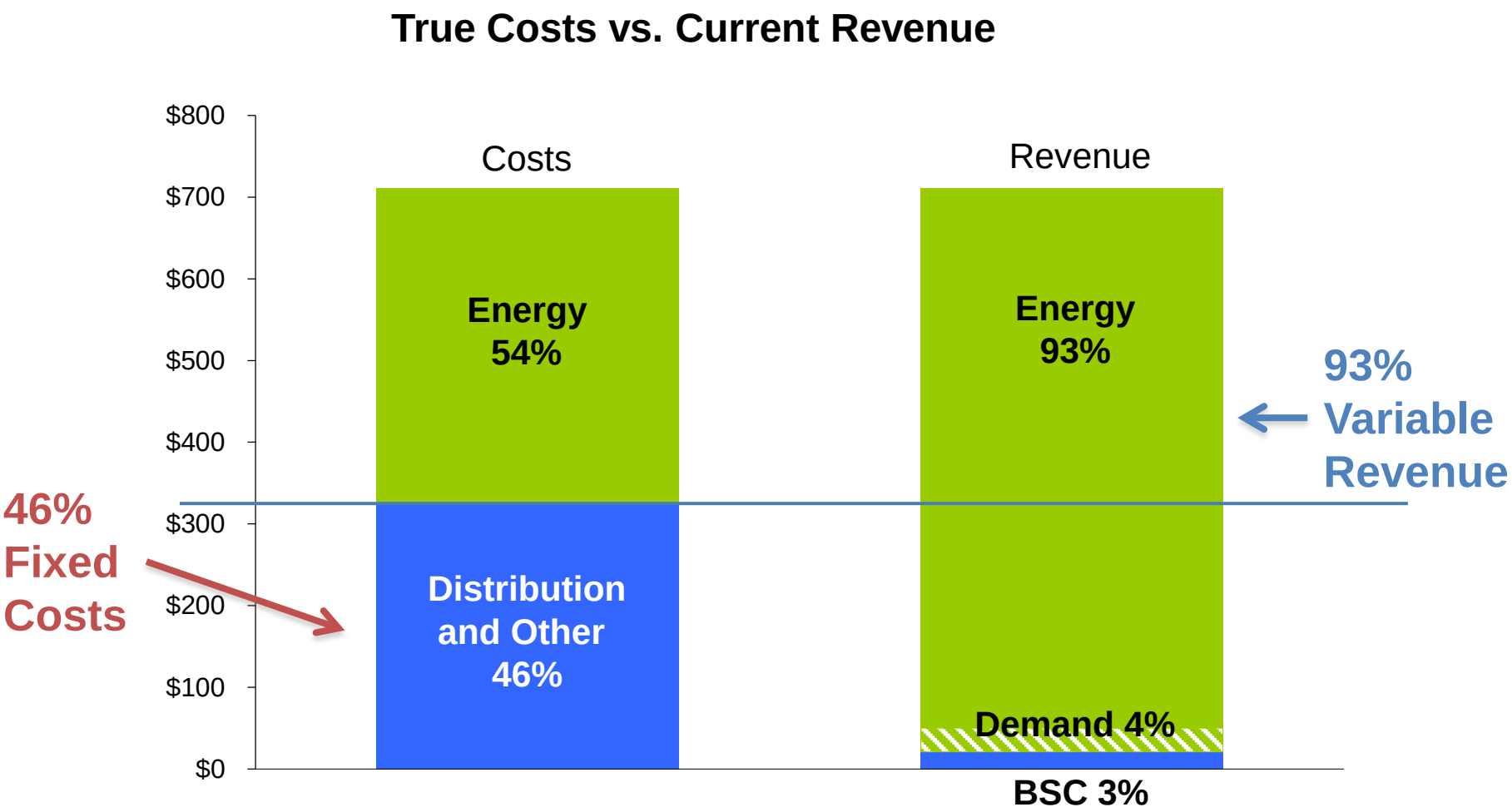
Customer Expectations

- Reliable energy, predictable rates
- Improve customer service:
  - Mobile/online tools
  - Performance-based pricing
  - Net-metering
  - More transparency
- Investment in conservation
- More solar panel installation
- Update building codes
- New efficiency standards

Service needs are increasing. Energy demand is not.



Fixed Costs. Variable Revenue.



2014 Rate Design

Priorities:

- Fair and predictable rates*
- Continued environmental leadership
- Continued improvement of City Light's financial health

* No change in revenue collected in total, or by class

"Highest Customer Satisfaction With Business Electric Service in the Western U.S. Among Midsize Utilities"

Seattle City Light ranked highest in a study that looked at customer service, communications, and corporate citizenship, among other factors.

Non-Residential Rates: Out-of-Balance Price Structure

Does not reflect the true cost of delivery - emphasis on energy use

Some pay more than the actual cost
Consistent use 24/7

Some pay less than the actual cost
Intermittent use with high peak.

Non-Residential Rates- What They Look Like Today

- Small General Service (< 50 kW of monthly maximum demand)
  - Energy charge per kWh
- Medium General Service (50-999 kW of mo. max. demand)
  - Energy charge per kWh
  - Demand charge per max. kW
- Large and High Demand GS (1,000+ kW of mo. max. demand)
  - Energy charges per peak and off-peak kWh
  - Demand charges per peak and off-peak max. kW
- Minimum charge on all non-residential rate schedules equal to 100% of customer service costs (e.g., billing, meter reading) that do not vary with amount of use

Concept Summary

Small General Service

- Replace minimum charge with a base service charge covering service and infrastructure costs
- Reduce energy rate (price per kilowatt hour)

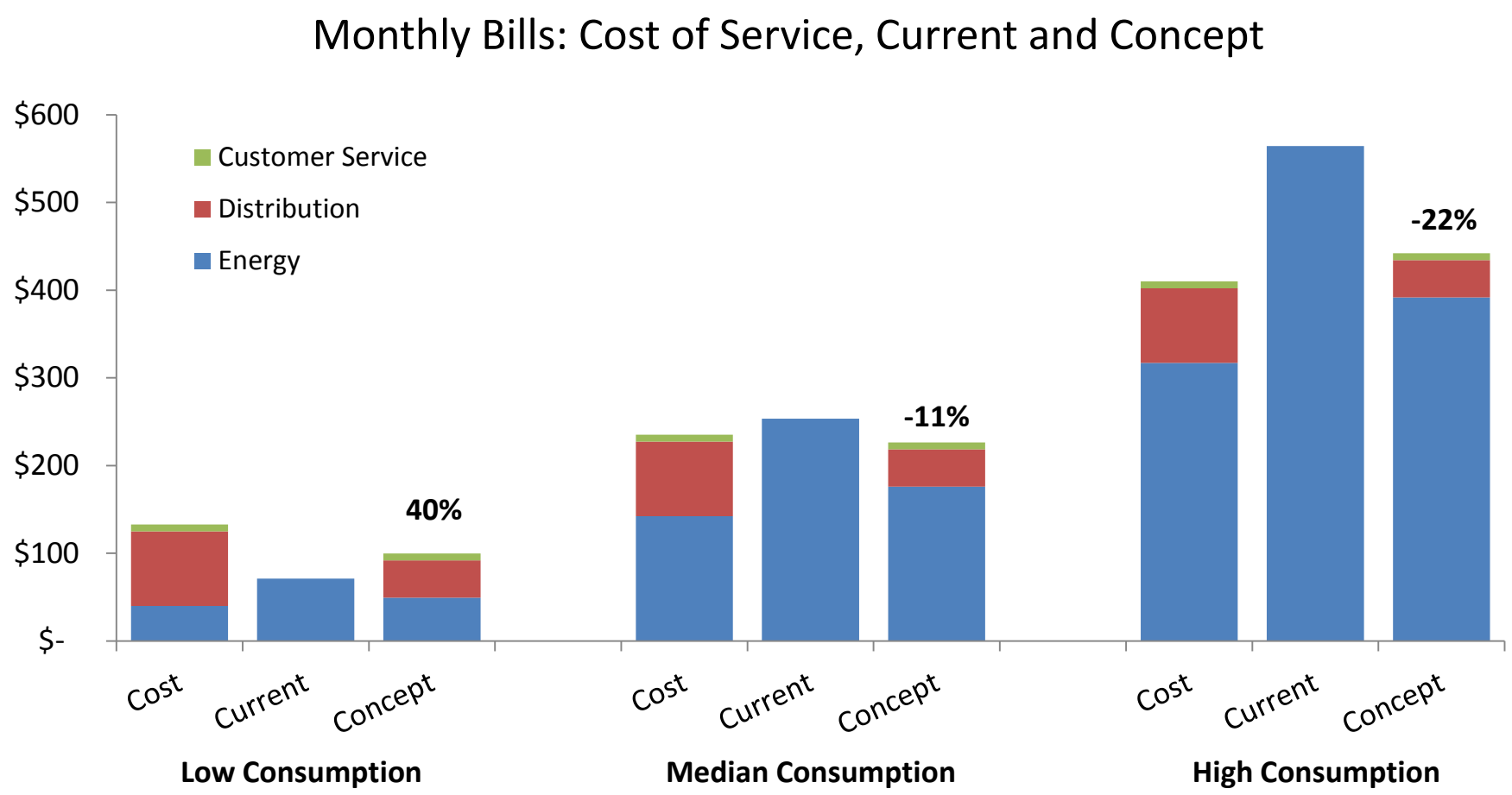
Medium General Service

- Shift to time-of-use rates for downtown network
- Replace minimum charge with a base service charge
- Increase demand charge (price per peak kilowatt)
- Reduce energy rate (price per kilowatt hour)

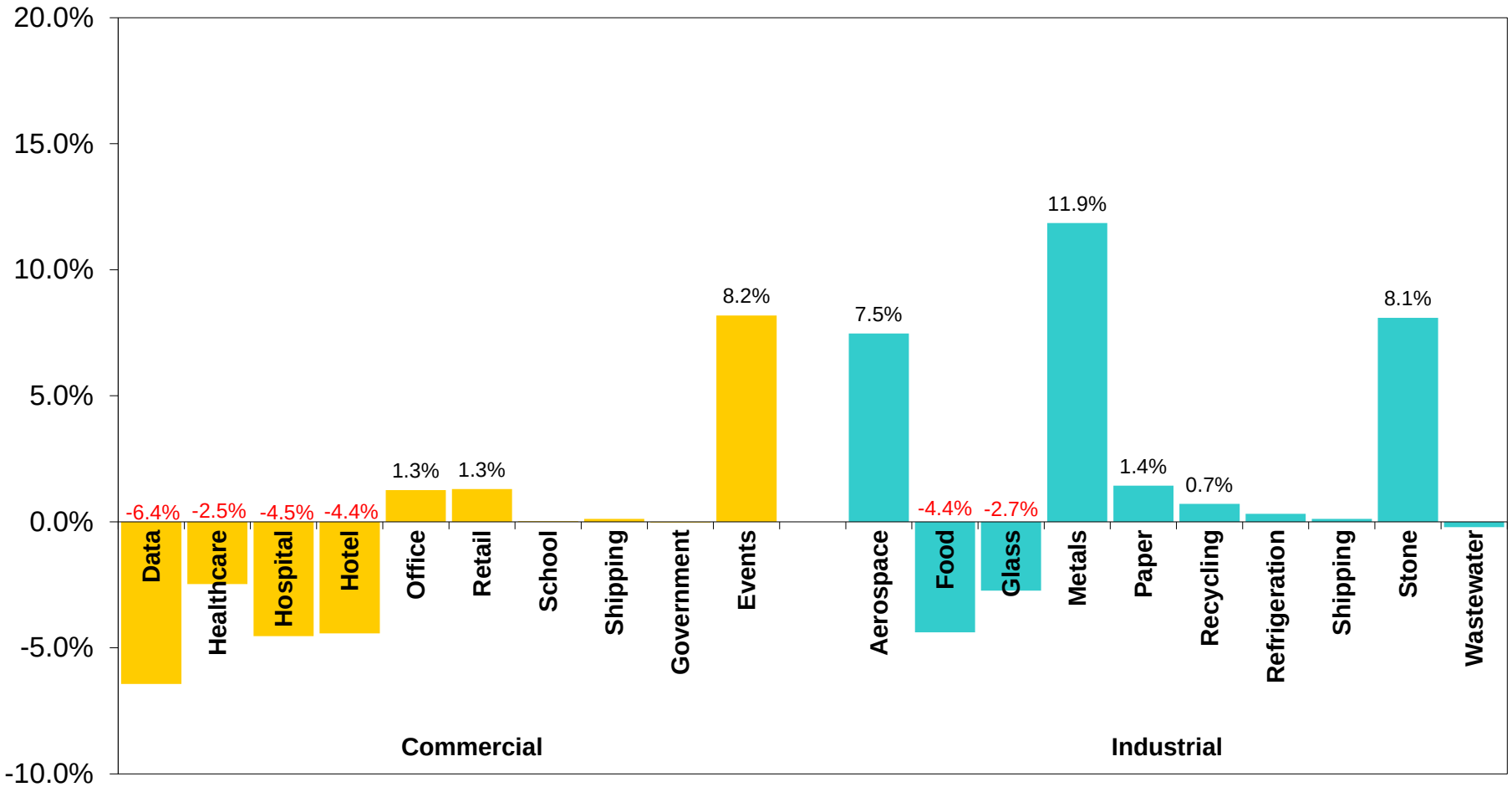
Large and High Demand General Service

- Replace minimum charge with a base service charge
- Increase demand charge (price per peak kilowatt)
- Reduce energy rates (peak and off-peak price per kilowatt hour)

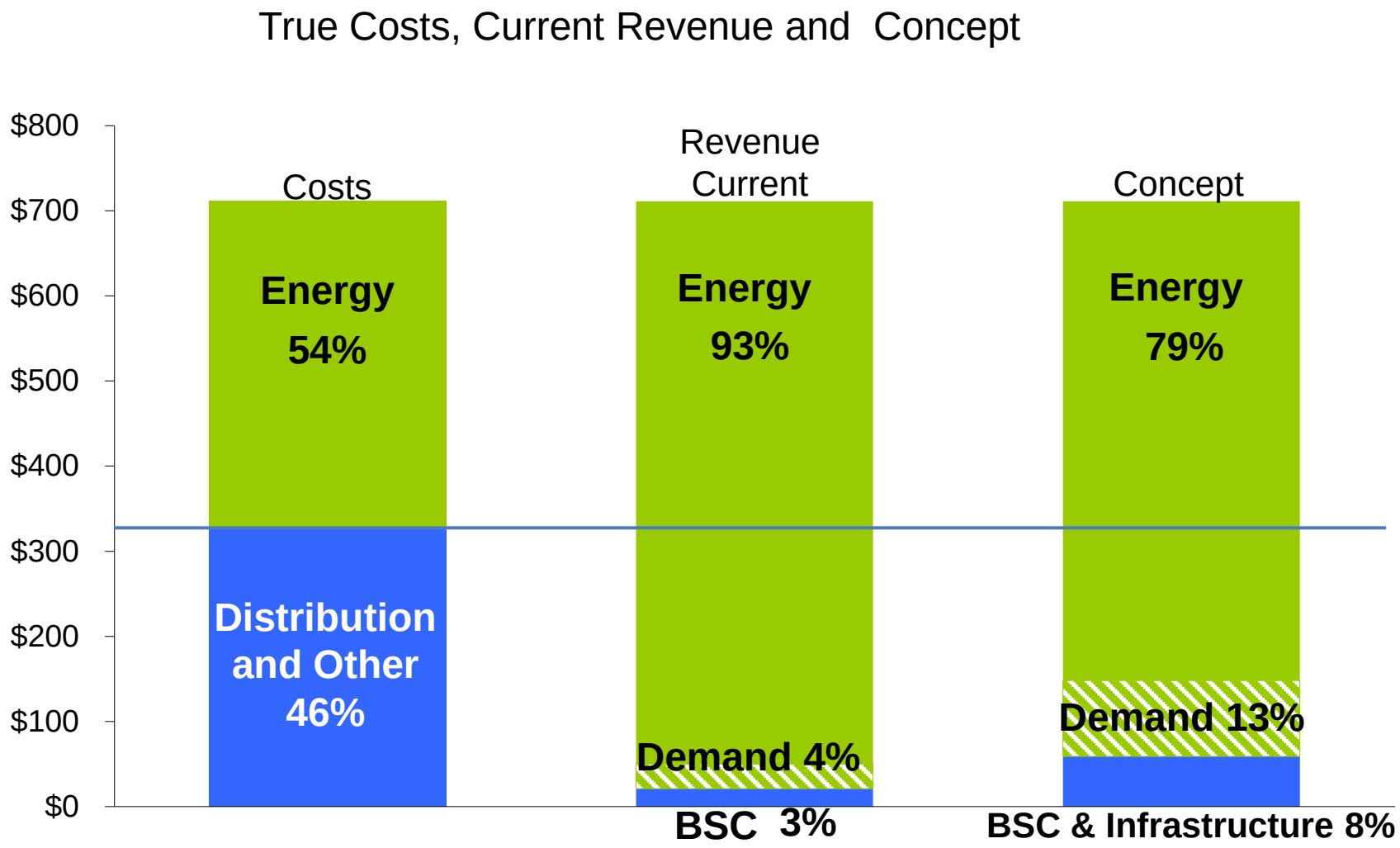
Small General Service Concept



Large/High Demand Business Concept



Impact of Options



Feedback Needed

Please go to

www.seattle.gov/light/accounts/rates/ratedesign.asp

and give us your feedback.