

Seattle City Light: Looking Forward

A Community Conversation



Agenda for Briefing

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

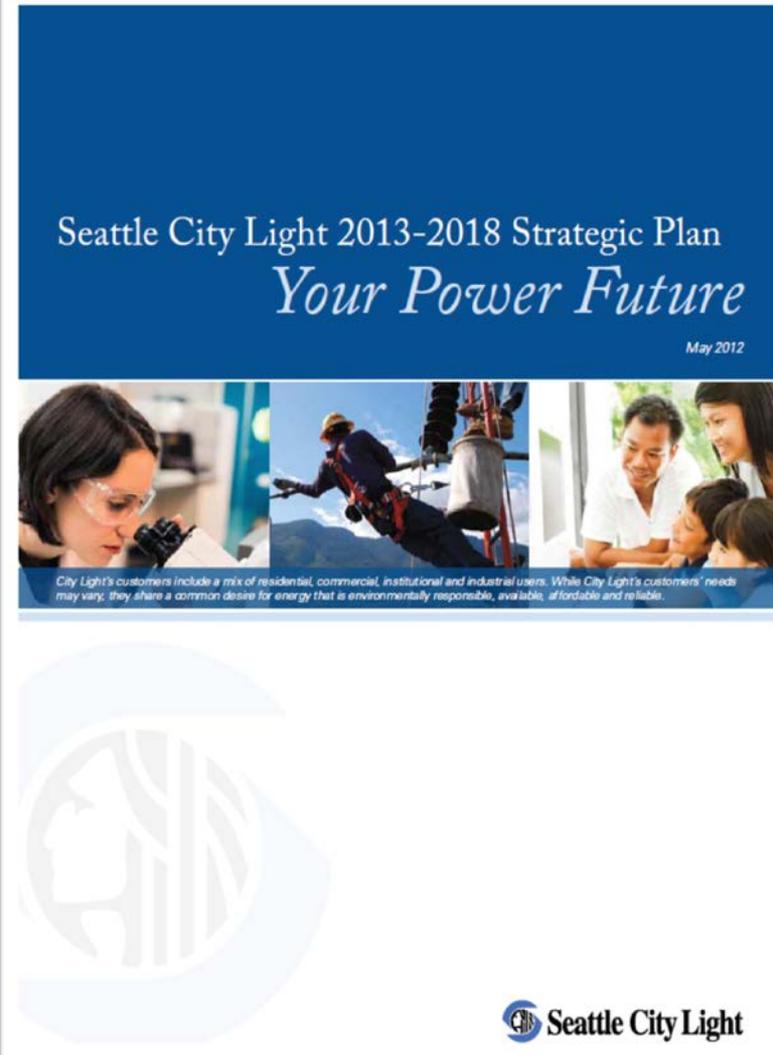


Strategic Priorities

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

*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



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”

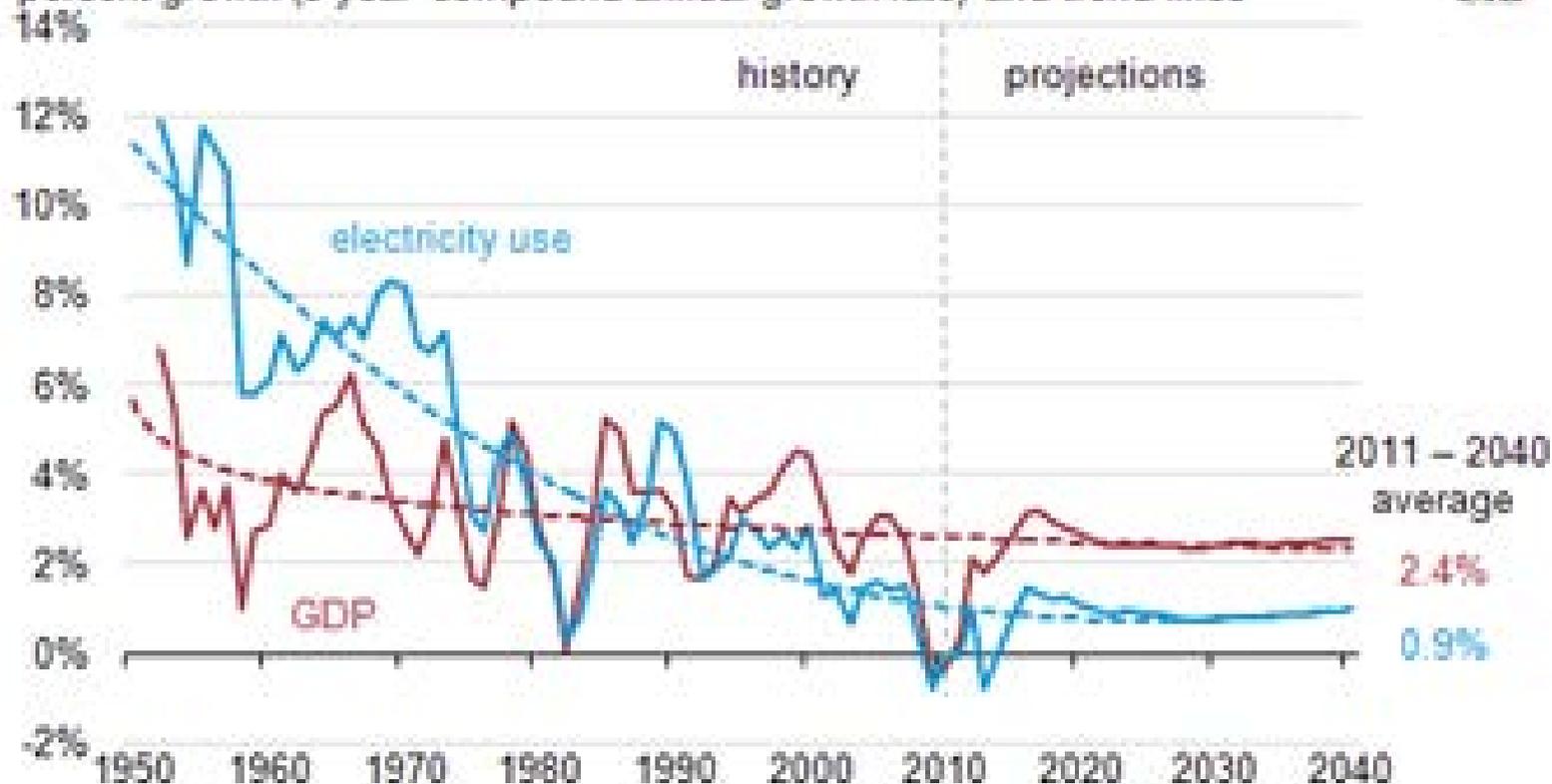


Seattle City Light ranked highest in a study that looked at customer service, communications, and corporate citizenship, among other factors.

Service needs are increasing. Energy demand is not.

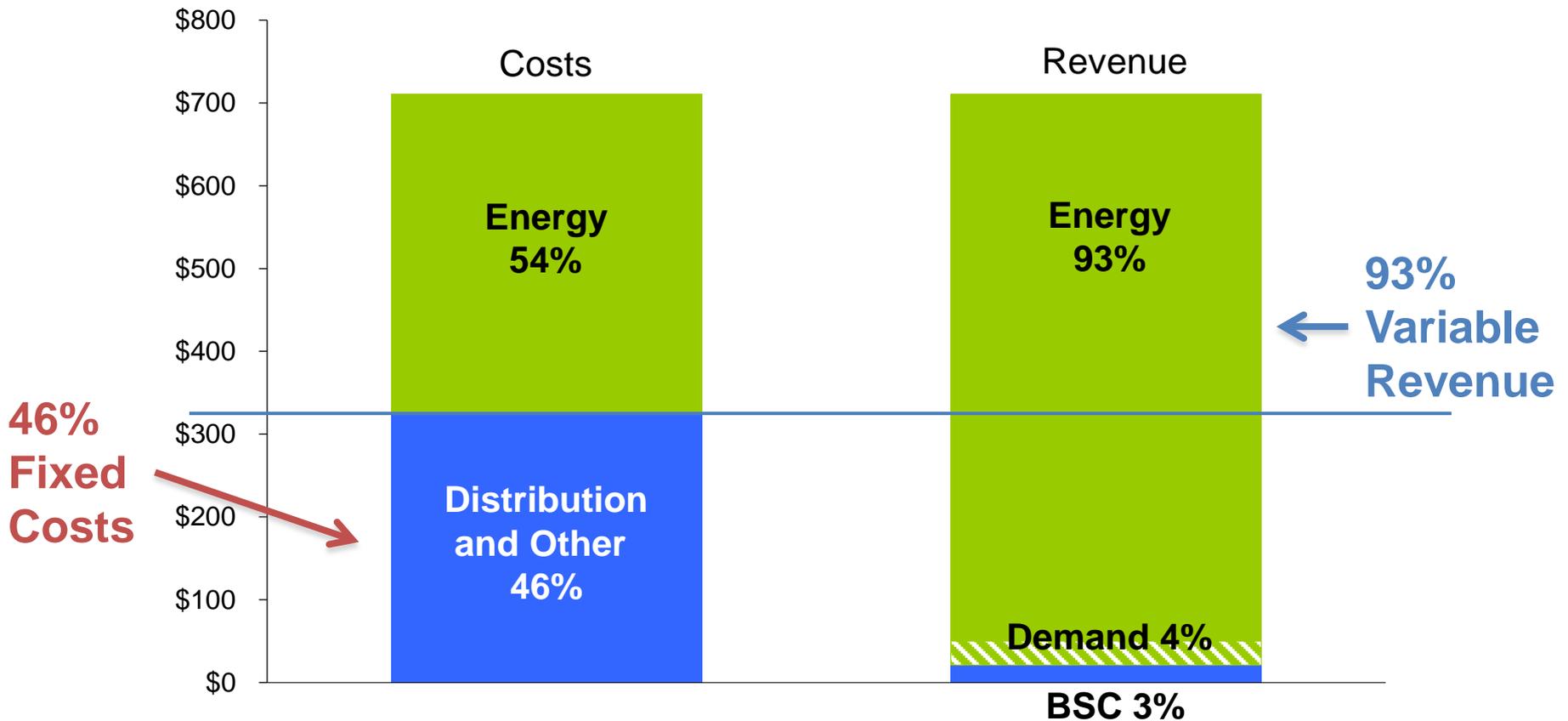
U.S. electricity use and economic growth, 1950 - 2040

percent growth (3-year compound annual growth rate) and trend lines



Fixed Costs. Variable Revenue.

True Costs vs. Current Revenue





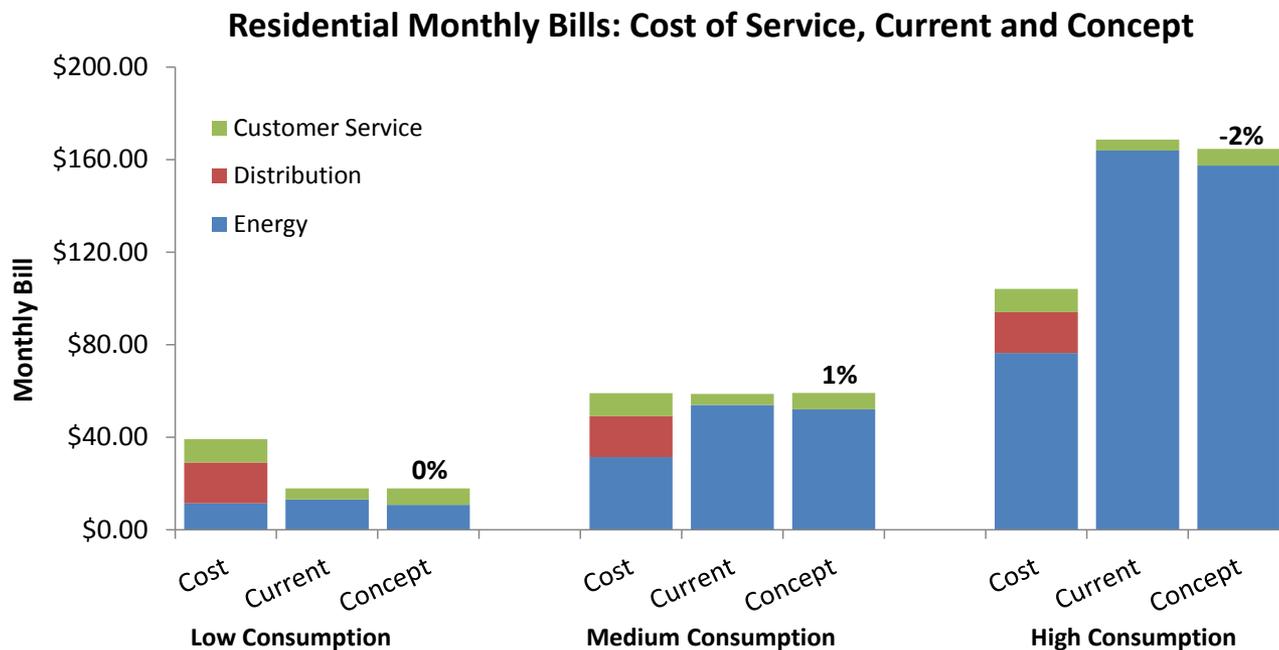
Residential Rates

What They Look Like Today

- 2 blocks of energy priced in cents per kilowatt-hour (kWh)
 - A first block priced below cost for essential uses (4.75¢)
 - 300 kWh in summer
 - 480 kWh in winter
 - A second block priced to cover all additional use (10.8¢)
- A base service charge set at 50% of the cost of customer services that do not vary with use (e.g., billing, meter reading).
 - 15.7¢ per day (\$4.71 per month)

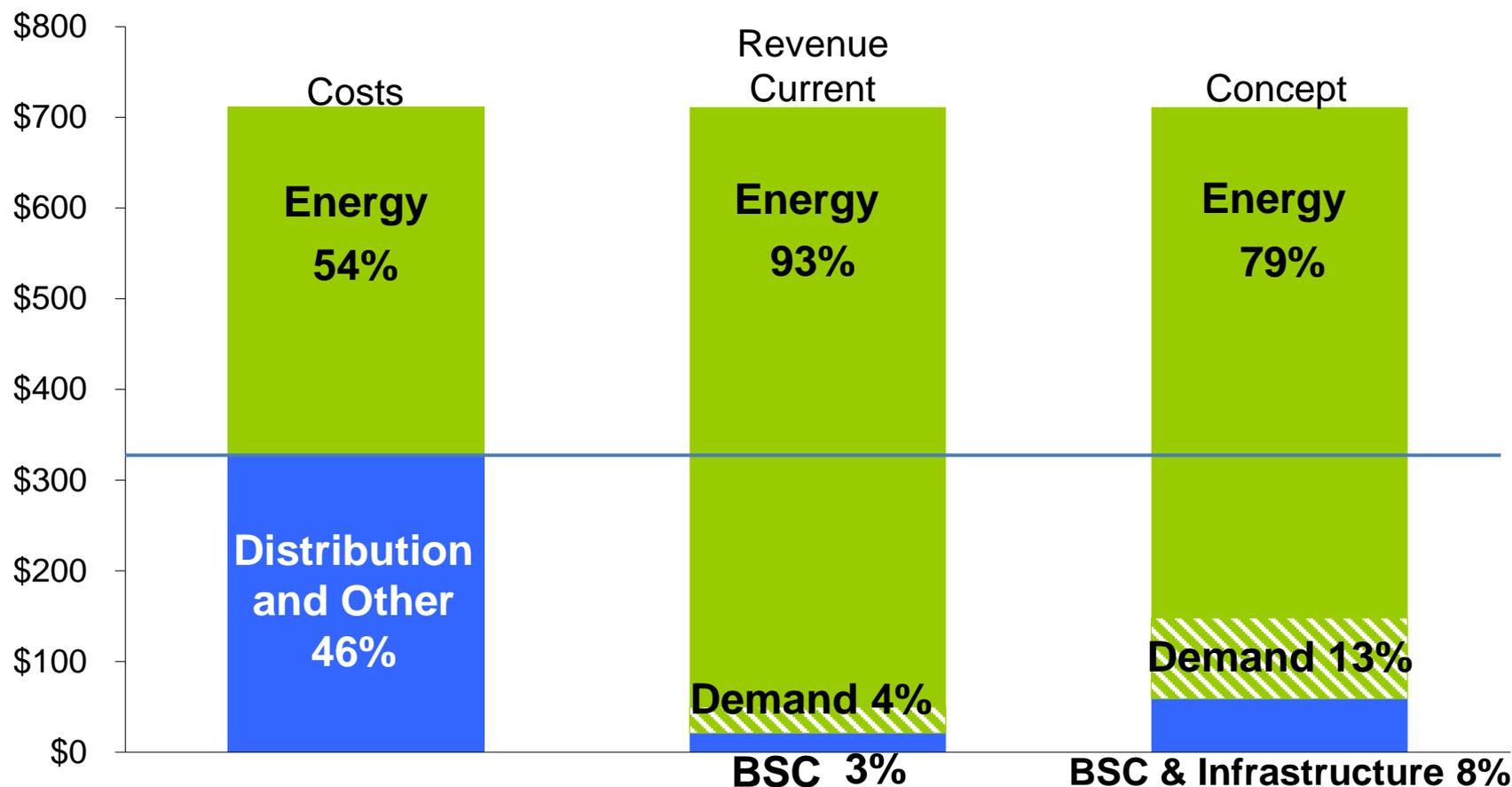
Residential Concept: Rebalance

- First block of energy same all year - 300 kWh/month
- Small increase in base service charge
- Small decrease in energy charge



Impact of Commercial and Residential Concepts

True Costs, Current Revenue and Concept



Residential Rebalancing Tradeoffs

Benefits

- Increased fairness
- Minimal impact on customers
- Bill predictability
- Improves utility operations
- Protects valued programs

Concerns

- Will it reduce incentives for conservation?
- Some customers will see a small increase



Schedule for Action (Tentative)

- Rate Design Outreach (December 2013/January 2014)
- Strategic Plan Update Outreach (Feb/March 2014)
- Strategic Plan Report to Mayor (April 2014)
- Transmitted by Mayor to Council (May 2014)
- Strategic Plan Update, including possible rate design proposal, adopted by Council (July 2014)
- New rates adopted by the Council (September 2014)

Feedback Needed

Please go to

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

and give us your feedback.

