



1994 ANNUAL REPORT
MORE THAN ELECTRICITY



Seattle City Light







In a competitive era
unknown in the utility industry since
its infancy, we have learned to appreciate,
develop and enhance the range of services that
go into delivering the product of electrical power.
We see our job as delivering electricity with services
that will make our customers' lives easier.

*Seattle City Light is in business to sustain and enhance our
community's quality of life by providing excellent
energy services.*

We recognize the dynamics of the workplace, especially in
our business. To remain professional and flexible in
delivering our product, our services require
Seattle City Light to be more than
electricity.

1994 IN SUMMARY

ENERGY

Total generation (including Centralia)	5,641,438,000 kWh
Firm energy load	9,415,703,041 kWh
Peak load (highest single hourly use) - February 8, 1994	1,819,323 kW
Average number of residential customers	301,679
Annual average residential energy consumption	10,465 kWh

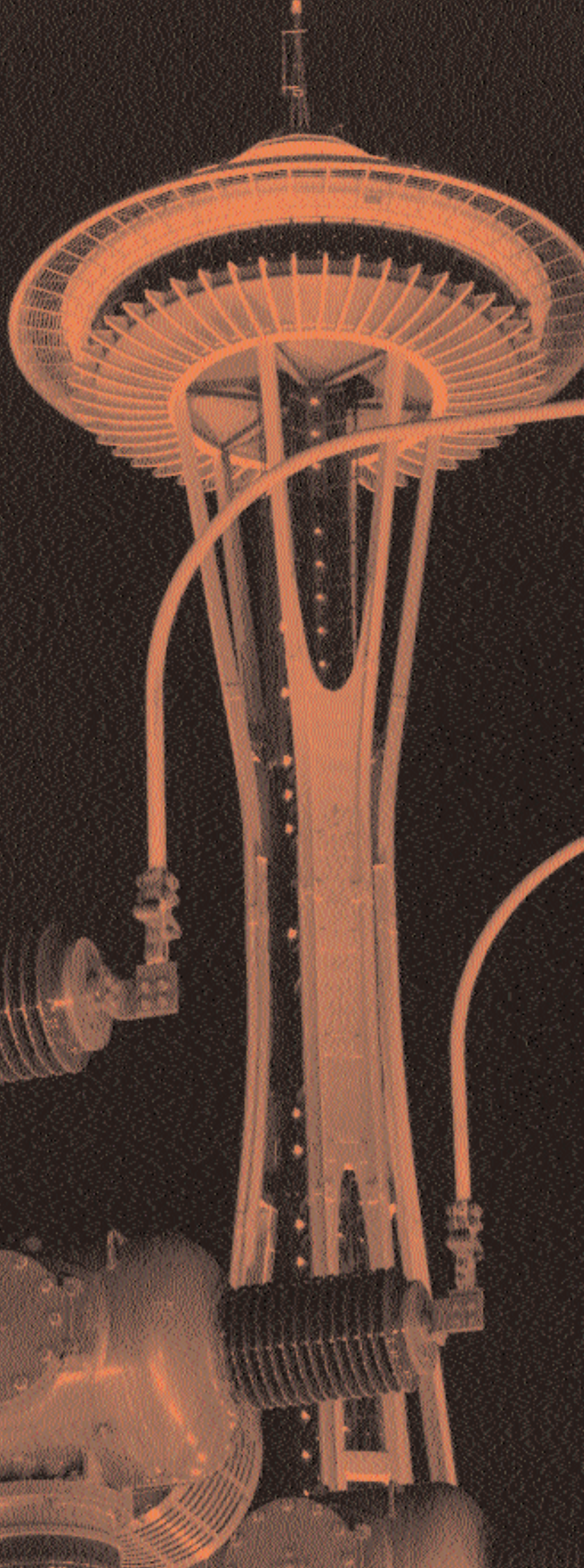
FINANCIAL

	In Millions		Percent Change
	1994	1993	
Total operating revenues	\$335.1	\$322.9	3.8 %
Total operating expenses	307.7	307.2	0.2 %
Net operating income	27.4	15.7	74.5 %
Interest earned on investments	7.1	9.1	(22.0) %
Interest expense, net	34.5	36.0	(4.2) %
Other income, net	0.3	1.0	(70.0) %
Net income (loss)	0.3	(10.2)	
Debt service coverage	1.66	1.68	

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Seattle Electric Light Company launched the first lighting system west of the Rockies in 1886, and the City of Seattle began Seattle City Light in 1910. The first source of power was from Cedar River, completed in 1904. The Skagit Hydroelectric Project began in 1918, and in 1951 Seattle City Light became the city's sole supplier of electricity with the voter-approved purchase of private competing facilities. The Boundary Dam became part of our resources in 1967. Seattle City Light is now the nation's seventh-largest municipally owned electric utility.





The passage of the Energy Policy Act of 1992 signaled changes in the electric utility industry. What had become apparent, as I joined the utility at the end of 1994, is that Seattle can be proud of its electric utility and all that it represents as a community asset.

Seattle City Light is well situated to respond to the competitive changes now



taking place in our industry. A

study of our civil infrastruc-

ture completed in 1994 by R. W.

Beck provides us with reassur-

ing information about the

state of our electrical system

and provides detailed guid-

ance for improvements. Our elected officials continue to show sensitivity to

the changing circumstances of drought conditions throughout the Pacific

Northwest and helped maintain our financial strength and favorable bond rat-

ing. Most importantly, our employees have responded with loyalty and dedication to service in the face of dramatic change, from cutbacks required by the drought to reorganizing for greater efficiency.

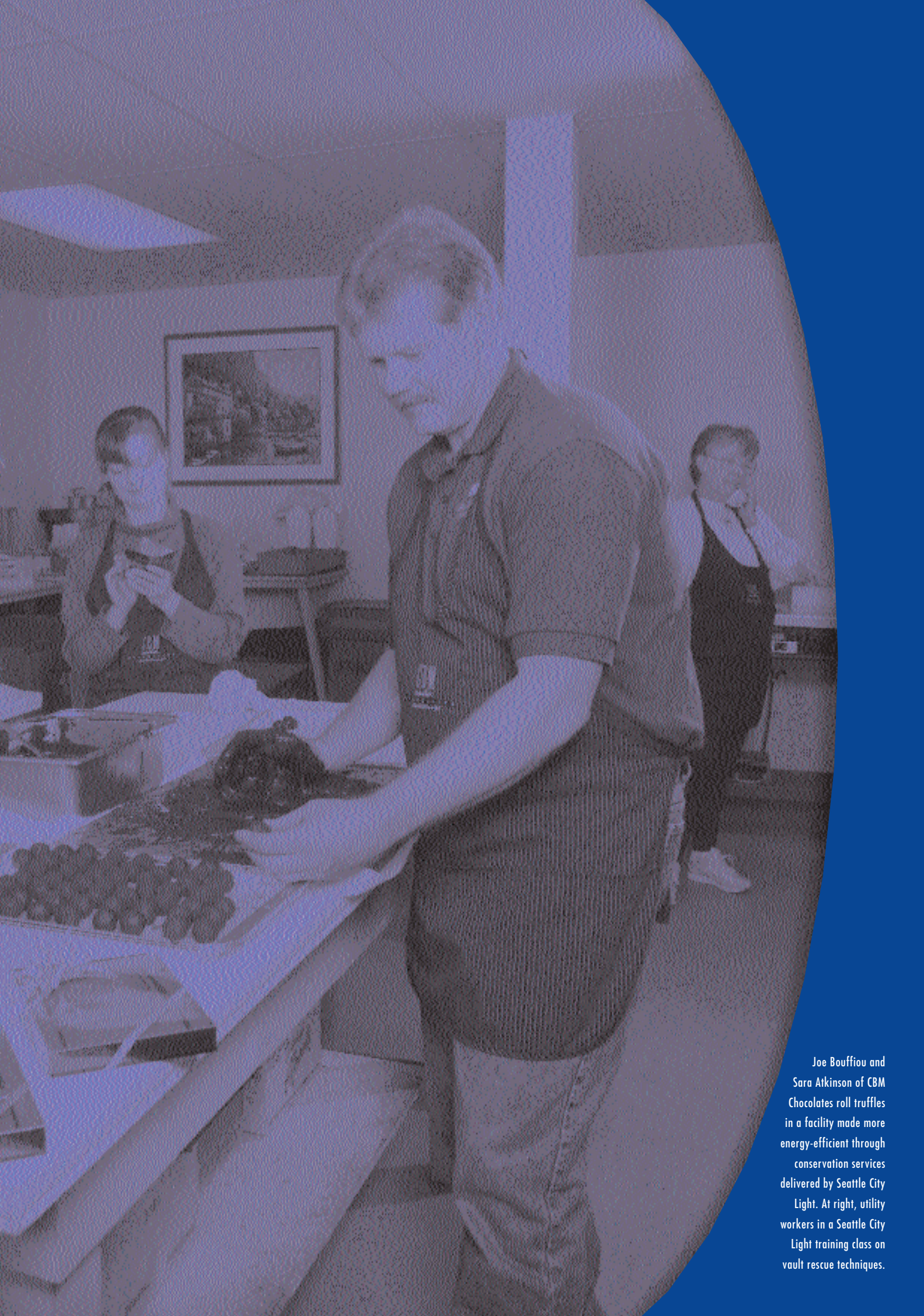
For our customers, Seattle City Light's ability to provide clean, efficient, reliable and low-priced electricity has never been stronger.

Seattle City Light is, indeed, more than electricity. We are an economic force, stewards of the environment, and partners with our customer-owners of a unique energy resource.

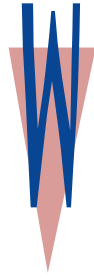
As 1994 closed we completed a Strategic Corporate Plan. Out of that a pragmatic business plan will help us maximize our physical plant and human resources to forge an even stronger partnership between Seattle City Light and the community-owners it serves.



Gary Zarker, Superintendent



Joe Bouffiou and Sara Atkinson of CBM Chocolates roll truffles in a facility made more energy-efficient through conservation services delivered by Seattle City Light. At right, utility workers in a Seattle City Light training class on vault rescue techniques.



We must be good managers. In 1994, City Light employees implemented ideas that resulted in savings of more than \$200,000. We completed a Strategic Corporate Plan, outlining the Mission, Goals, Vision and Values that will guide us through the implementation of a Comprehensive Business Plan. Five initiatives were launched to improve operational efficiency and customer service. We developed a Management Blueprint, a matrix of skills and knowledge managers should possess, to guide hiring, training, promotions, operational expertise and more. We will continue to review, revise, innovate and improve our operations to deliver maximum efficiency and reliability from all of our resources at the lowest cost possible.



Even as we invest in developing the management skills of our employees, we strive to provide them with the tools for effective management of our infrastructure. In 1994 the R.W. Beck



study, using survey information commissioned by the City Council, reported on the status of our electrical distribution system and planning for maintenance and upgrading. While the results were positive, the information

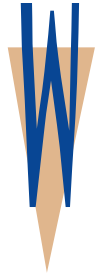
allows development of an integrated comprehensive plan that reflects City Light's commitment to achieve optimum efficiency. Part of that management includes a plan to coordinate construction with other city departments, minimizing disturbance to our customers. ▼

David Allen, left, and Jeff Wilson, right, of the refurbished Paramount Theatre, enjoy energy-efficient lighting through Seattle City Light involvement. At left, a maintenance crew keeps the power flowing and the streetlights on for the citizens of Seattle.





Families enjoy a more comfortable home while reducing electrical bills through conservation. At right, the Common Area Lighting program saves money and maintenance time.



We must deliver services that aid and educate our customers in the use of our product. Our energy conservation program earned recognition in 1994 as one of five such efforts nationwide with exemplary demand side management programs. In 1994, the cumulative savings from conservation programs totaled 49 megawatts. New contracts signed in 1994 exceeded long-range goals by 37 percent, the second year in a row the program has surpassed goals by more than one-third. This not only has a favorable impact on resource management and capital spending, but gives our customers savings of more than \$19 million per year.



As part of our service, City Light works hard to recognize the power quality issues important to our customers in an increasingly technological age. Coupled with a continuous



emphasis on reliability, our employees are assisting customers in managing their electric use to maintain quality connections to the world via computers, faxes, video and other emerging technology.

This past year has also seen an increase in demand for streetlighting. We responded by providing our customers with quicker response on repairs and a streamlined review process for installing new lighting. ▼



Judy Roan enjoys quality electrical energy in the delicate environment of medical research at the new campus of the Fred Hutchinson Cancer Research Center. At left, power quality calculations assist customers in getting the best value for their electricity dollar.



Joan Bullock and LauDon Thomas plant the right tree in the right place, which helps reduce maintenance costs. City Light works with neighborhoods and other city departments to coordinate plantings. At right, work on the Tolt River hydroelectric project includes environmental monitoring.



e must protect the environment. To be more than electricity means we must be responsible stewards of all the resources that contribute to our product. We're spending millions of dollars each year to care for the environment in partnership with local, state and federal agencies, Indian tribes to preserve and enhance natural resources and long-term economic benefits. 1994 was a banner year for the return of salmon below our Skagit Hydroelectric Project, and we will continue to monitor environmental developments and techniques to insure we use the most benign resources available.



Hydro facilities, however, are not the only place we incorporate environmental stewardship into energy resource planning and operations. In concert with other city agencies, we have an aggressive tree-trimming program that enhances system reliability while preserving our urban forest. We planted trees in Seattle's South Park neighborhood in 1994 and work actively with the City Arborist and City Engineering to develop tree

plantings that will improve our city environment while minimizing maintenance problems.

We are an active and involved member of the community. As a participant in the Partners in Public Education program, our



employees give time to Seattle schools for tutoring and career guidance. Our ongoing Education Program supports local schools through presentations, teaching aids, and visits by the Hard Hat Heroes, line crews who demonstrate electrical safety and our

distribution service. Each year employees donate thousands of dollars to Combined Charities, and participate in annual Spring Clean and Earth Day projects. Our employees are members and volunteers for school boards, parent-teacher associations, church groups, food banks, social service agencies and crisis intervention programs. Each year Seattle City Light takes great pride in the thousands of hours we donate to the community, as a corporation and as individuals. ▼

Mari, right, and Alysa Sugiyama learn about the sources, distribution and safe use of electricity from Brian Wennerliand at the Pacific Science Center. At left, the Hard Hat Heroes program teaches electrical safety and maintenance at local schools.



CITY OFFICIALS

MAYOR OF SEATTLE

Norman B. Rice

CITY ATTORNEY

Mark H. Sidran

CITY COUNCIL MEMBERS

Jim Street, President

Martha Choe

Cheryl Chow

Susan Donaldson

Jan Drago

Sherry D. Harris

Jane Noland

Margaret Pageler

Tom Weeks

City Light Management as of December 31, 1994

Gary Zarker, Superintendent

Barbara Harvey, Deputy Superintendent, Retail Branch

Dana Backiel, Acting Director of North Electrical Services

Larry Gunn, Director of South Electrical Services

Melinda Nichols, Acting Director of Facilities Management

Marc Sullivan, Director of Energy Management Services

Myrtis Thompson, Director of Account Services

Ted Coates, Deputy Superintendent, Wholesale Branch

Fred Butler, Chief Engineer of Engineering Division

Paula Green, Acting Director of Power Management

Donald Hundahl, Acting Director of Skagit Operations

Dennis Parrish, Acting Director of Energy Resources Planning & Forecasting

Betty Tobin, Acting Director of Power Systems, Construction and Maintenance

Roberta Bhasin, Director of Corporate Communications

Kirvil Skinnarland, Director of Environment, Health and Safety

Laura Gilbert, Acting Director of Finance

Larry Yok, Director of Human Resources

Norm Alberg, Director of Strategic Technology and Planning



MISSION

Our mission consists of our Business Definition, Vision, Values, and Goals.

BUSINESS DEFINITION

Seattle City Light is in business to sustain and enhance the community's quality of life by providing excellent energy services to our customers.

VISION

To be the most customer-focused, competitive, efficient, innovative, and environmentally responsible community-owned utility in the United States by the year 2000.

VALUES

- | | |
|--------------------------|---------------------------|
| Customer Service | Community |
| Investment in Employees | Excellence |
| Safety | Environmental Stewardship |
| Financial Responsibility | Integrity |
| Accountability | Mutual Respect |
| Teamwork | |
-

GOALS

- | | |
|-----------------------|--------------------------|
| Customer Satisfaction | Safety |
| Employee Satisfaction | Financial Responsibility |

SERVICE AREA AND ENERGY RESOURCES

