



OVERVIEW OF CITY LIGHT

Seattle City Council: Energy Committee
22 January 2014

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www.seattle.gov/light/



OUR VISION

To set the standard – to deliver the best customer service experience of any utility in the nation.

OUR MISSION

Seattle City Light is dedicated to exceeding our customers' expectations in producing and delivering environmentally responsible, safe, low-cost and reliable power.

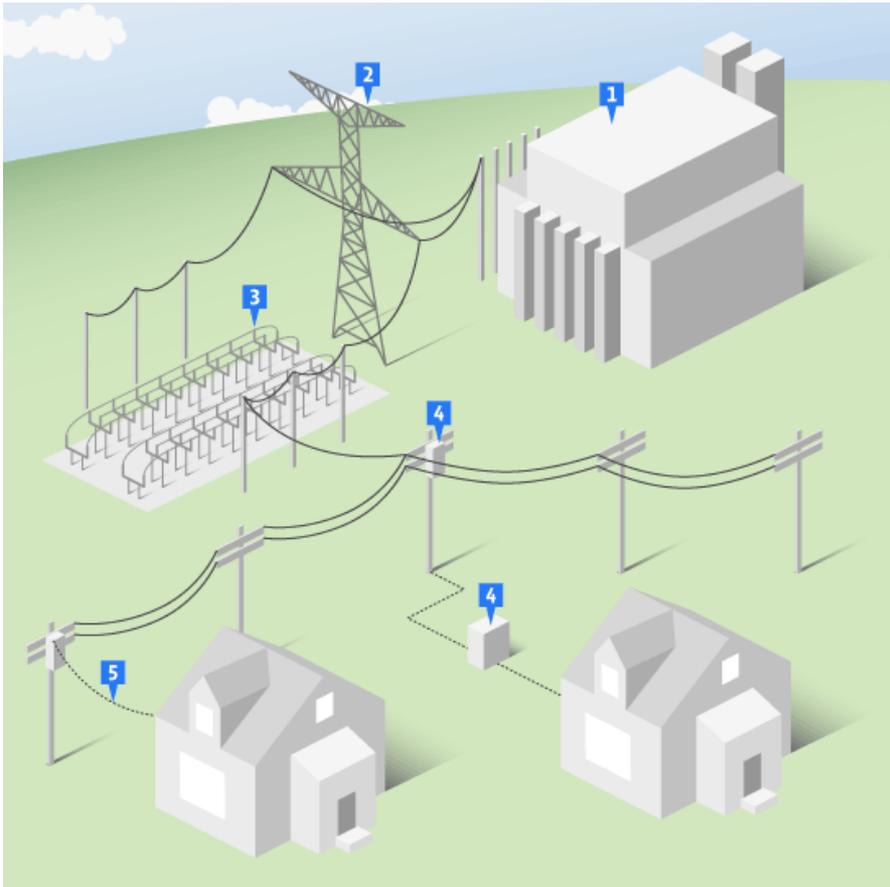
OUR VALUES

Excellence, Accountability, Trust and Stewardship

IF A PICTURE IS WORTH 1,000 WORDS, **A VIDEO** IS ...

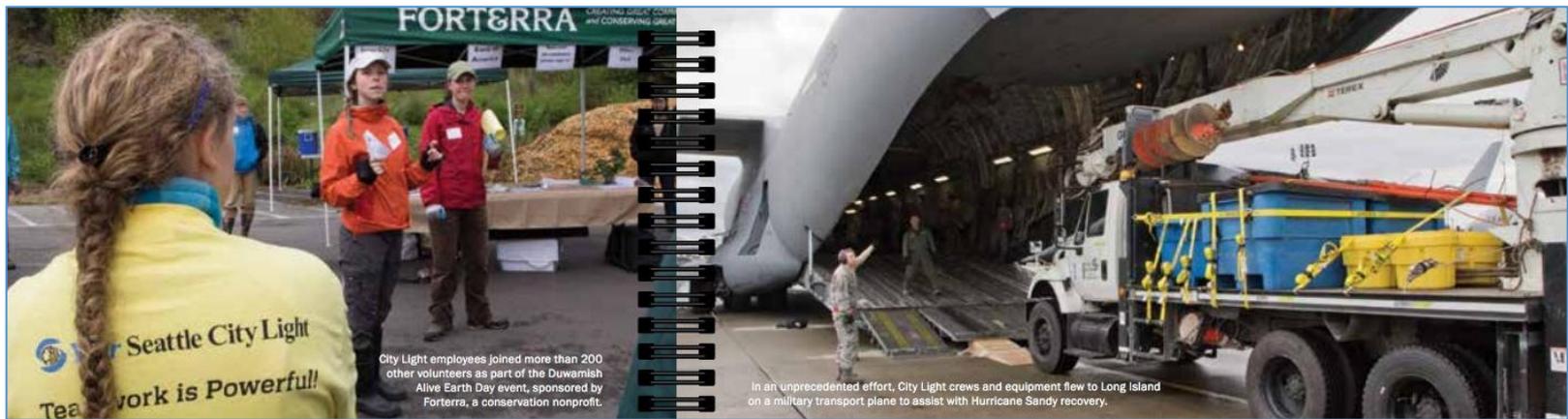


YOU NEED **ALL OF THIS** TO TURN ON YOUR LIGHTS



- 1 Power Station (e.g. hydro)
- 2 Transmission Lines
- 3 Substations
- 4 Distribution Pole, Wire, & Transformers
- 5 Electric Service to Home

AND THIS IS HOW **WE PROVIDE YOU** THE BEST SERVICE



MOST CITY LIGHT CUSTOMERS ARE RESIDENTIAL

90% of Customers are Residential

Yet they only account for 33% of the electricity we deliver.

10% of Customers are Non-Residential

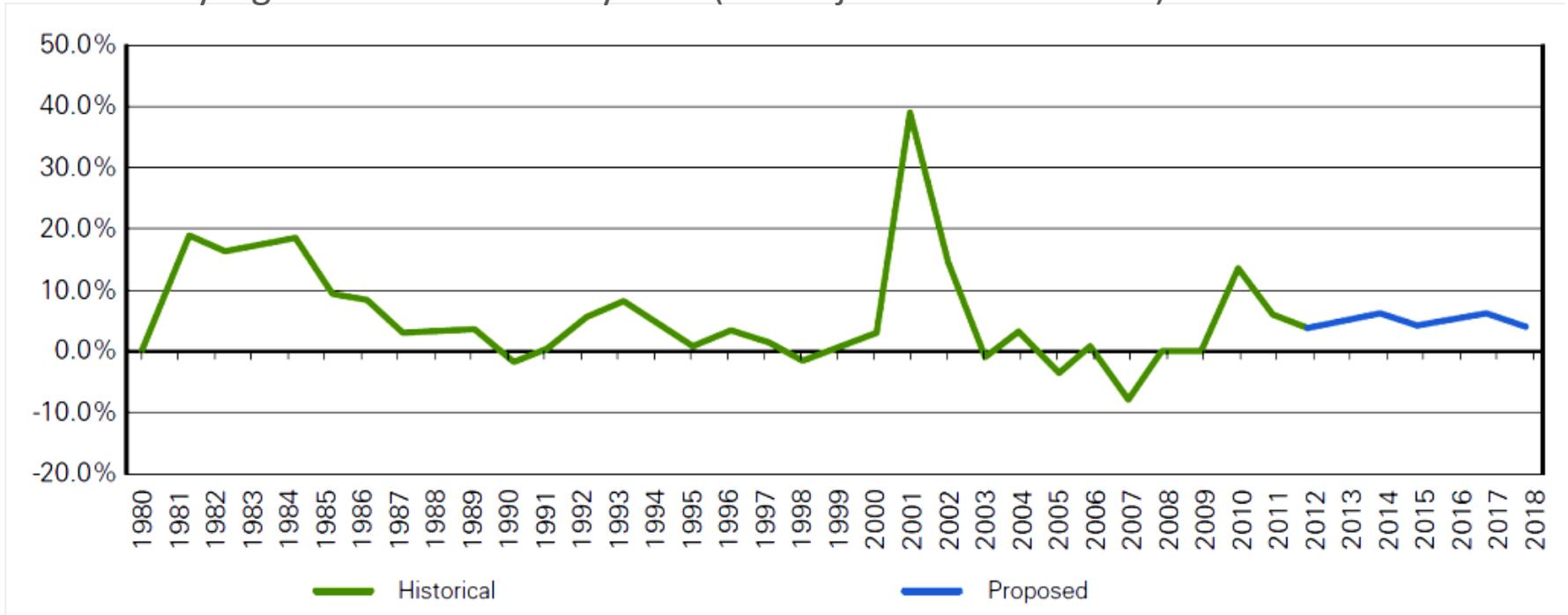
Yet they account for 67% of the electricity we deliver.

Largest customers are:

- Nucor (3.4% of revenue)
- University of Washington (3.4%)
- City of Seattle (2.9%)
- Boeing (2.2%)
- Sabey (1.6%)
- King County (1.6%)
- Federal Government (1.0%)

IN THE PAST, PRICES HAVE BEEN TOO UNPREDICTABLE

City Light Rate Increases by Year (not adjusted for inflation)



... the Strategic Plan provides predictability & consistency of service

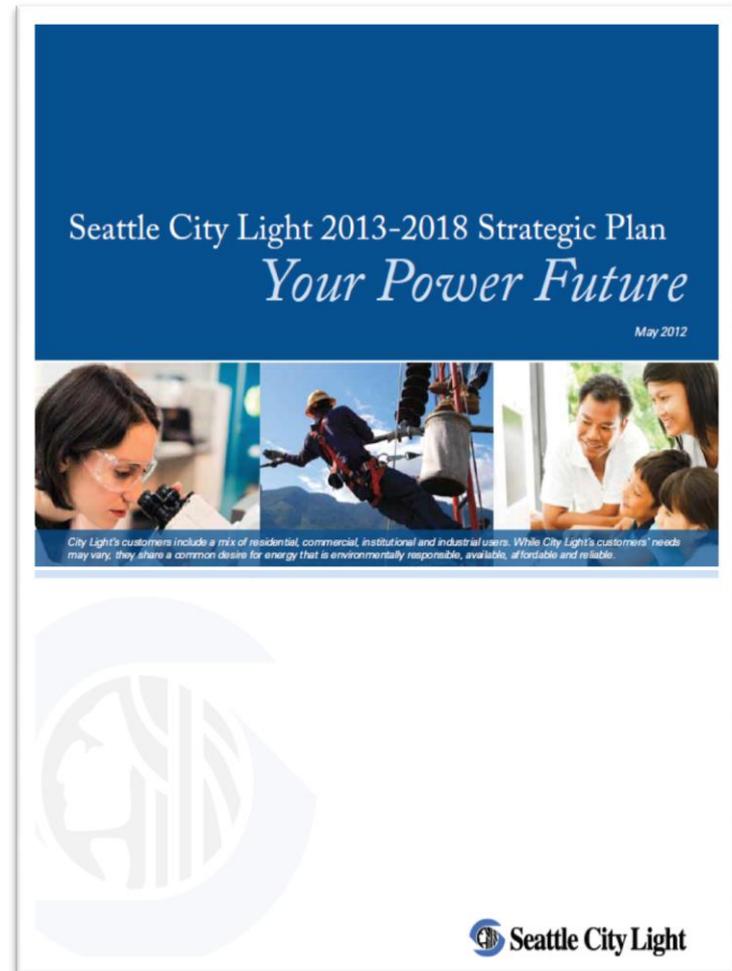
THE STRATEGIC PLAN IS OUR **GUIDING LIGHT**

Improve customer experience & rate predictability

Increase workforce performance and safety practices

Enhance organizational performance

Continue conservation and environmental leadership



SEATTLE HAS THE **LOWEST PRICES** IN THE COUNTRY

... among the largest 25 cities (visit NationsGreenest.org for details)

	Typical Monthly Bill (2014)	
	Residential	Low Income
Seattle	\$60	\$23
Bellevue	\$69	\$69
Portland	\$82	\$82
San Francisco	\$174	\$80
Los Angeles	\$155	\$147
New York	\$130	\$122

Low income eligible
For 60% discount
If <75% median income
(ex: \$57,840 for family of 4)
Seattle.gov/Light/Discount

Source: City Light analysis of utility rates (posted on websites as of January 21, 2014)
based on 700 kWh of usage

LOW INCOME PROGRAM IS BIG PART OF THE PLAN

We offer the largest discount (up to 60%) of any utility in the country.

Anyone with income less than 75% of the state median qualifies (example: family of four with income of **\$57,840 or less**)

Invested \$8.6 million in discounts in 2013

Focus now is to sign eligible customers up.

- 13,340 customers signed up through 2012 (not enough!)
- Estimate that approximately 25,000 - 30,000 may be eligible (difficult estimate)
- Strategic plan call for signing up 22,000 (in total) by 2018

Seattle.gov/Light/Discount

CONSERVATION PROGRAM KEEPS BILLS LOW

City Light has been investing in conservation since 1977

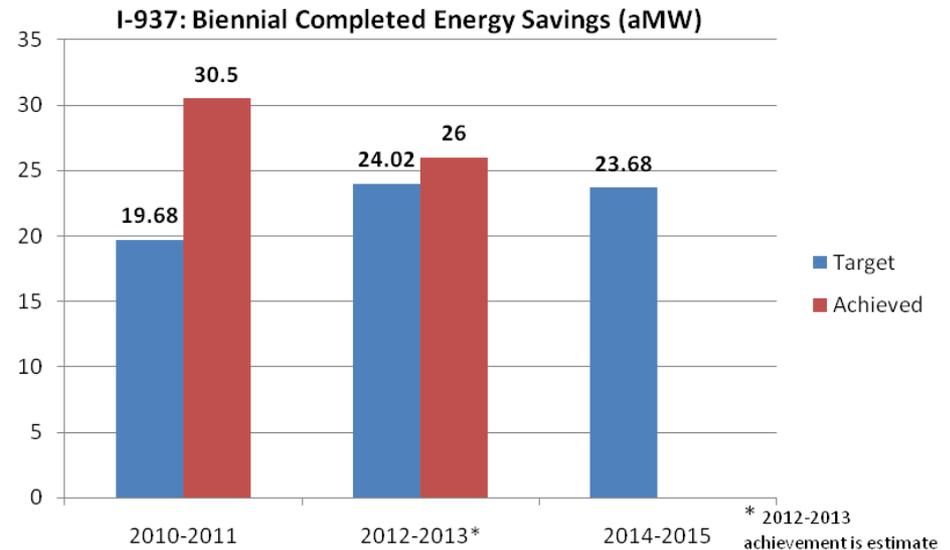
It is the lowest cost way to meet anticipated load growth

Renewed focus on low income

Outreach via Homewise program to help low income customers afford to be efficient

State I-937 requires continued investment in conservation

Must find nearly 24 average megawatts of energy savings in 2014 and 2015 (combined)



How Prices are Set.



WHAT'S A WATT?

60 watts



Lights and appliances use **Watts** of electric power to run.
More Watts = more power demand = **more infrastructure**
1,000 watts = 1 kilowatt (kW)

15 watts



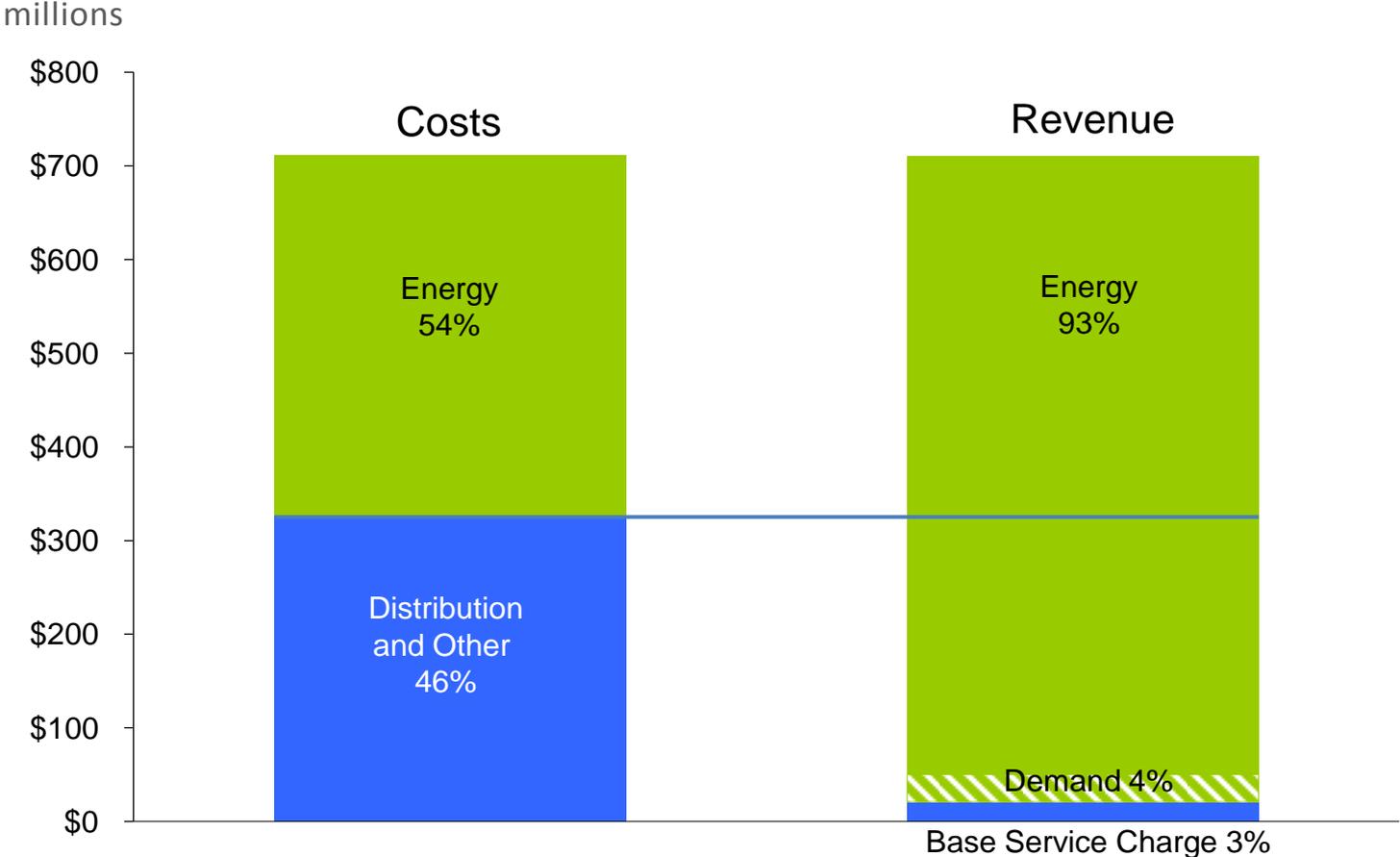
Your bill is based on **energy use** in kilowatt-hours.
More kilowatt-hours = **more water through a hydro dam**
6 watt light bulb x 10 hours left on = 60 watt-hours
1,000 watt-hours = 1 kilowatt-hour (kWh)

6 watts



Cost to you (\$) = kWh used x **price (\$ per kWh)**

REVENUE = EXPECTED COSTS (NO PROFIT)



COSTS ARE **ALLOCATED** AMONG CUSTOMER CLASSES

Cost Allocation

Costs must be allocated between customer classes using a comprehensive & transparent process to ensure that each class of customer is paying for its own **marginal cost of service**.

Customer Classes (simplified)

- Residential
- Small Non-Residential (less than 50 kilowatts of peak power demand)
- Medium Non-Residential (50 to 999 kilowatts of peak demand)
- Large Non-Residential (1,000 or more kilowatts of peak demand)
- Lighting (streetlights and area lights)

(medium and large network customers are allocated additional costs specific to the network)

RATES ARE THEN **DESIGNED** USING SEVERAL TOOLS

Fixed Charges

Some fixed monthly payment for each customer, intended to cover the cost of providing a basic level of service (a.k.a. base service charge, customer charge, infrastructure charge, meter charge)

Demand Charges

A monthly charge that is set based on how much “peak demand” (\$ per kilowatt) a customer needs, regardless of how often they use it. It often reflects the cost of providing infrastructure to serve a customer. Because a special (more expensive) meter is required, demand charges are not common for residential customers.

Energy Charges

A variable payment based on how much energy a customer uses (\$ per kilowatt-hour)

HOW ENERGY CHARGE RATES ARE SET

Price per kilowatt-hour (\$ per kWh)

= Revenue needed (\$ per year)

÷ Expected customer energy use (kWh per year)

RATE INCREASE vs. SURCHARGE

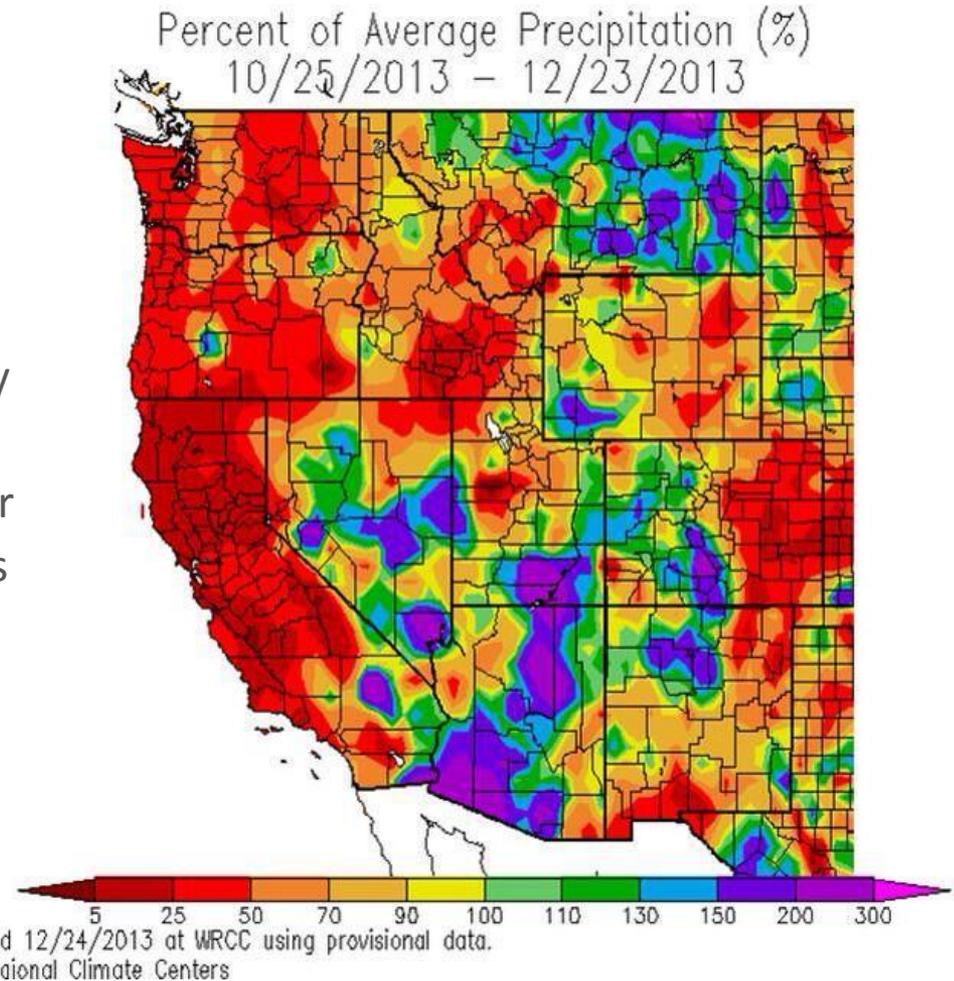
Rate Increase

Long-term adjustment to fund ongoing operating costs of the utility

Surcharge (or Credit)

Short-term adjustment to cover temporary shortfalls from drier than normal weather (less water to power our hydro facilities) or lower than normal wholesale power prices (less “net wholesale” revenue from selling excess power to others in the region).

Conversely, a credit would go into effect if rain & pricing was higher than normal.



WE ARE NOT **SATISFIED** UNTIL YOU ARE

“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.