



# Net Wholesale Revenue

IMPROVED FORECAST, BUT VOLATILITY REMAINS

Seattle City Council, Energy Committee | May 14, 2014

[www.seattle.gov/light/](http://www.seattle.gov/light/)

# PRESENTATION SUMMARY

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## **We have good news to share.**

- In February, we were facing forecasts of drought and a bill surcharge
- We transferred \$21 million operating surplus from 2013 to push off surcharges
- Above-average rain and snow since then means much better forecasts

## **... but uncertainty remains high.**

- Volatile weather and wholesale electric prices means uncertain customer bills
- The 2013-2018 Strategic Plan reduces this dependence on wholesale revenue
- Opportunity to reduce dependence faster with 2015-2020 update

February 2014:

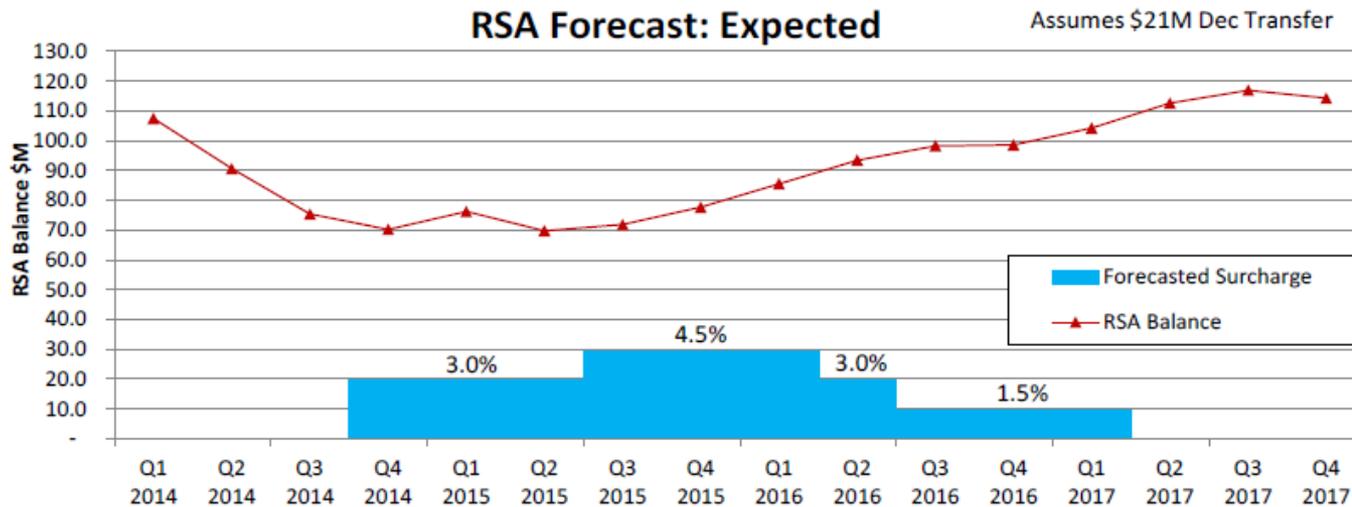
No rain in sight ...



# ENERGY COMMITTEE MEETING IN FEBRUARY

## Rate Stabilization Account (RSA) was working as planned.

- Below normal water and wholesale electric prices meant depleted account
- An automatic surcharge seemed likely (needed to replenish the account)
- Energy Committee approved transfer of \$21 million operating surplus to delay a surcharge, which still seemed likely to kick in at 3% in Q4 of 2014



Today:

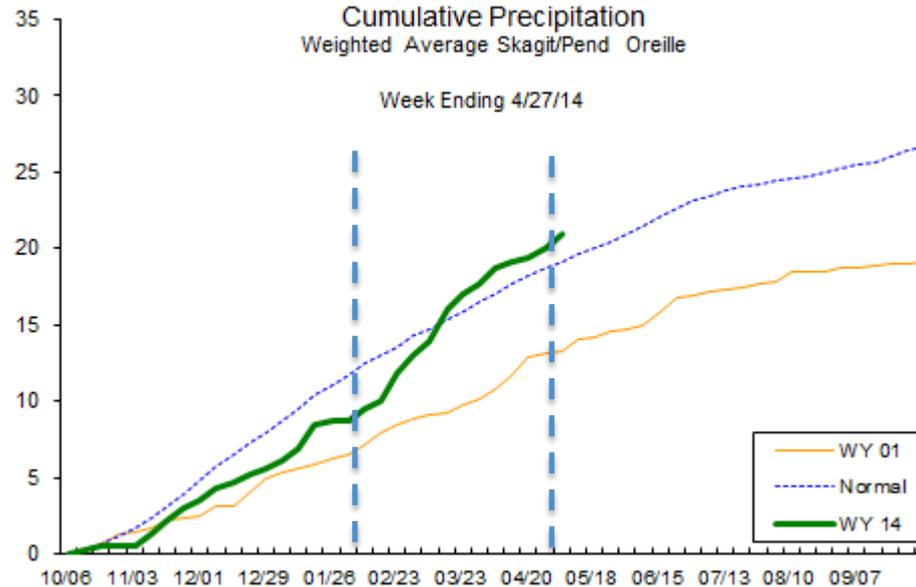
**Record rainfall**



# ENERGY COMMITTEE MEETING TODAY

## Where did all that water come from?

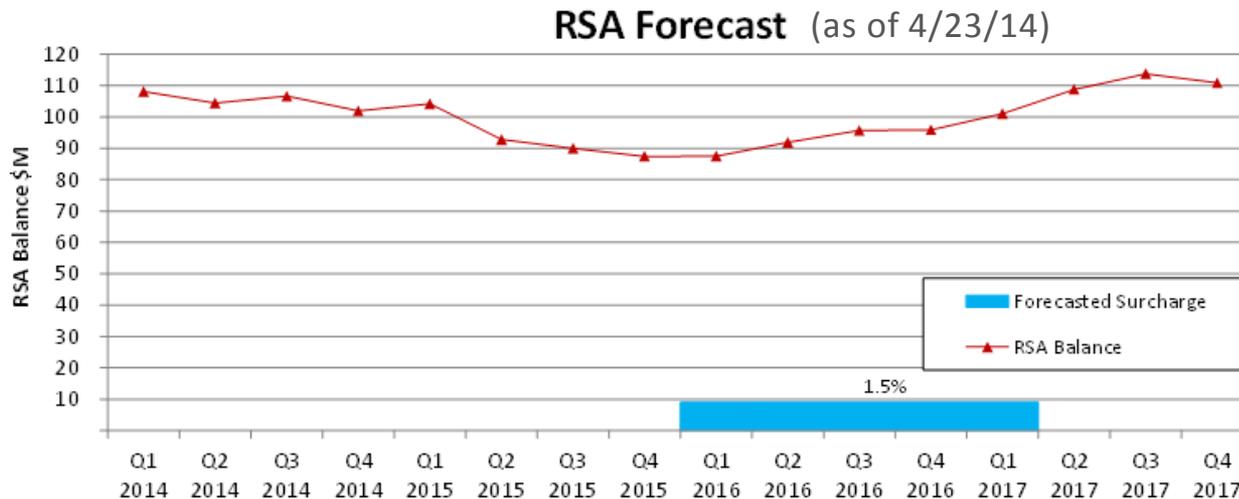
- Above normal water since February means more positive hydro outlook



# ENERGY COMMITTEE MEETING TODAY

## More net wholesale revenue means less chance of surcharges.

- Current forecast expects 1.5% surcharge starting Q1 of 2016
- As we saw this year, however, **forecasts of wholesale revenue are highly uncertain**



Future:

**We can reduce  
the likelihood of  
future surcharges**



# STRATEGIC PLANNING

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## Reducing our reliance on wholesale revenue will reduce the likelihood of bill surcharges.

- Our current 2013-2018 Strategic Plan has an initiative to slowly wean the utility off its dependence on net wholesale revenue (by 2018)
- As we update our plan for 2015-2020, we can accelerate the pace of that weaning off, further reducing the chance of surcharges
- Since we generate 50% of our own electricity with hydro-electricity (90% of all our electricity is from hydro) there will always be some uncertainty related to water and wholesale prices, but we can reduce customer exposure



## **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