

2023/2024 Retail Rate Ordinance

Economic Development, Technology & City Light Committee
August 10, 2022



Seattle City Light

City Light Rate Ordinance

- Implements rate increases for 2023 and 2024 per Strategic Plan
 - Produces the level of revenue needed to deliver reliable, clean, and socially-responsible electric service for the next 2 years
 - Reflects impacts of significantly higher inflation
 - No increase customer bills in 2021 as part of COVID response
 - 2022 rate increase was 2.1%, less than the 3.9% increase approved by the previous Strategic Plan
- Implements rate design changes recommended by the 2019 Rate Study
- Implements most recent Cost of Service Study

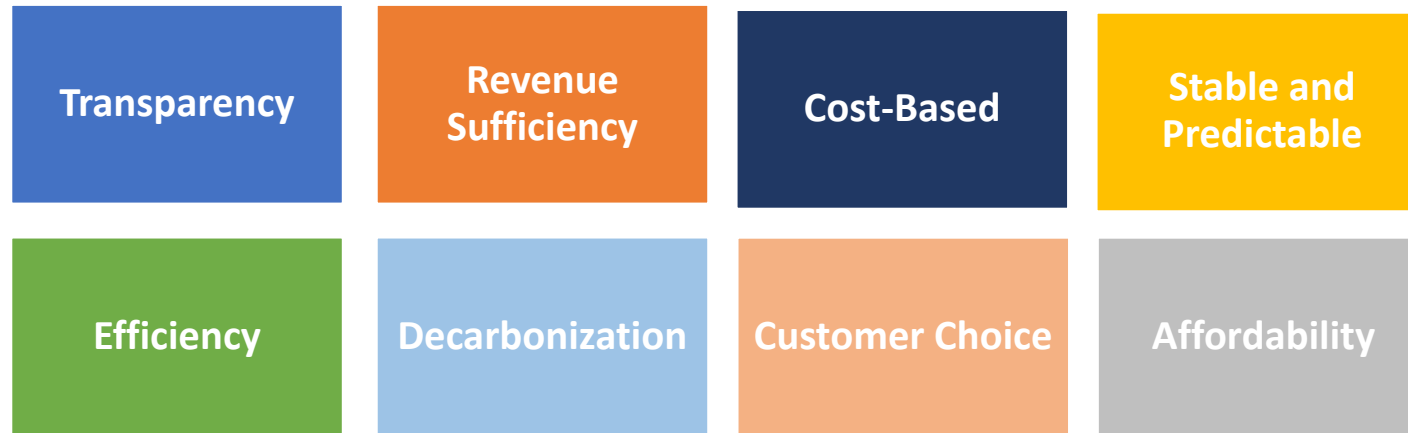
Rate Design Changes



Background: 2019 Rate Policy Study

Rate design changes follow the City Light Review Panel-led Rate Design Report published in 2019*

Rate design goals:



Near-term rate design strategies:

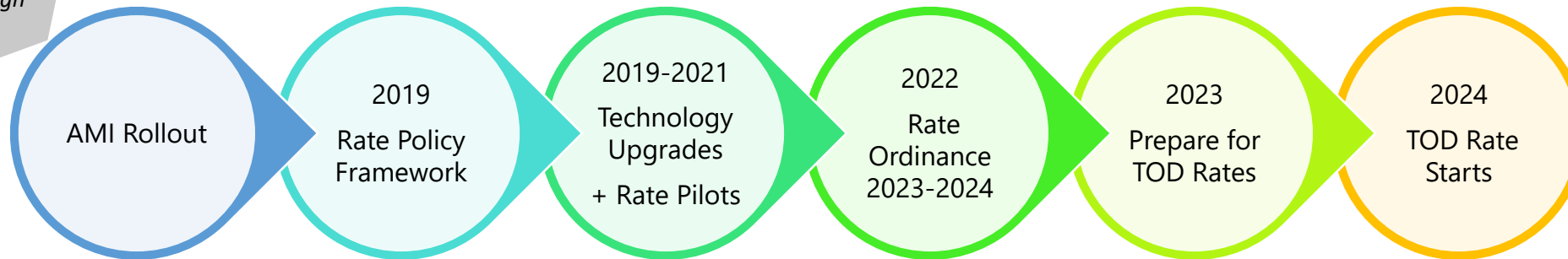
- a) Incorporate a fixed basic service charge for all customers to recover customer service costs
- b) Introduce optional time of day (TOD) rates
- c) Adjust legacy two block residential rate structure to facilitate migration to TOD rates

Long Road to Time-of-Day (TOD) Rate Option

Our past...

~30 years
of same
rate design

A clean energy future...



- Advanced Meters (AMI)
- Meter Data Management

- 2019 Report describes rate policy "ends" and "means"

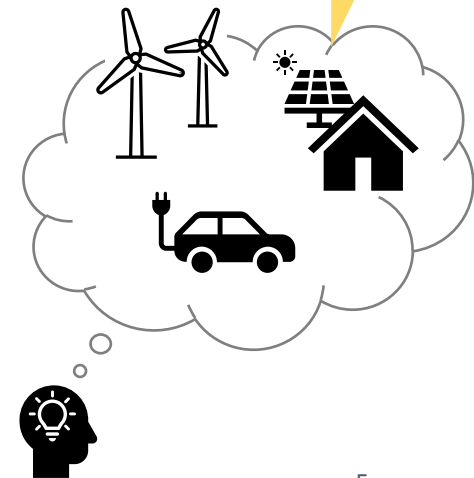
- AMI integration: connecting meter data to billing system
- Customer Portal buildout

- Fixed charges
- Time-of-day rates

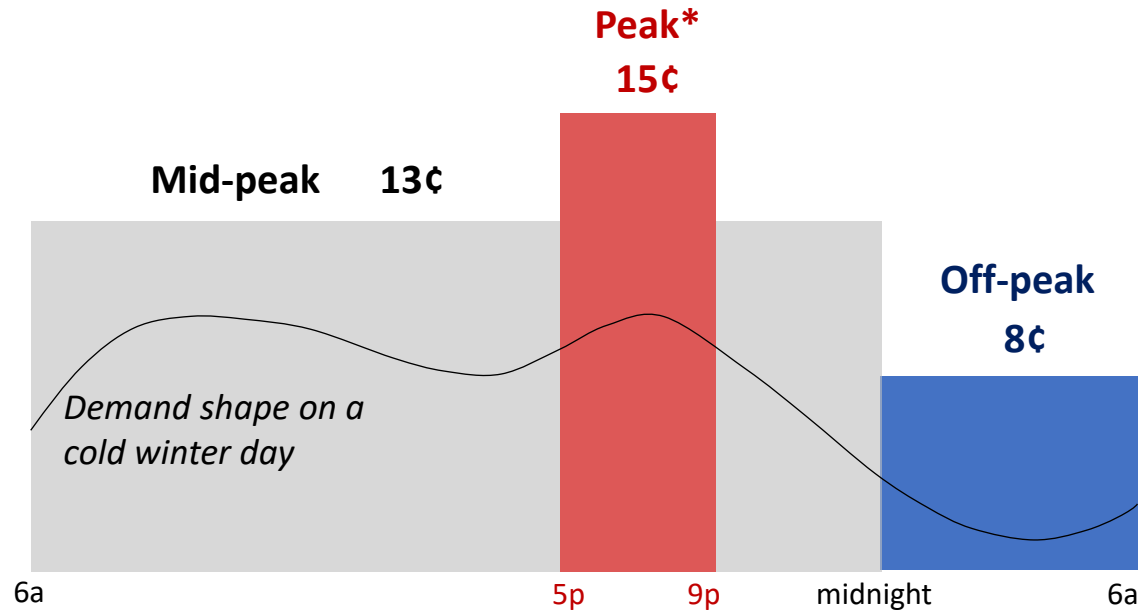
- Configure billing system
- Bill calculator and rate selector
- Customer outreach

- Tailored pricing plans
- Grid modernization
- Electrification

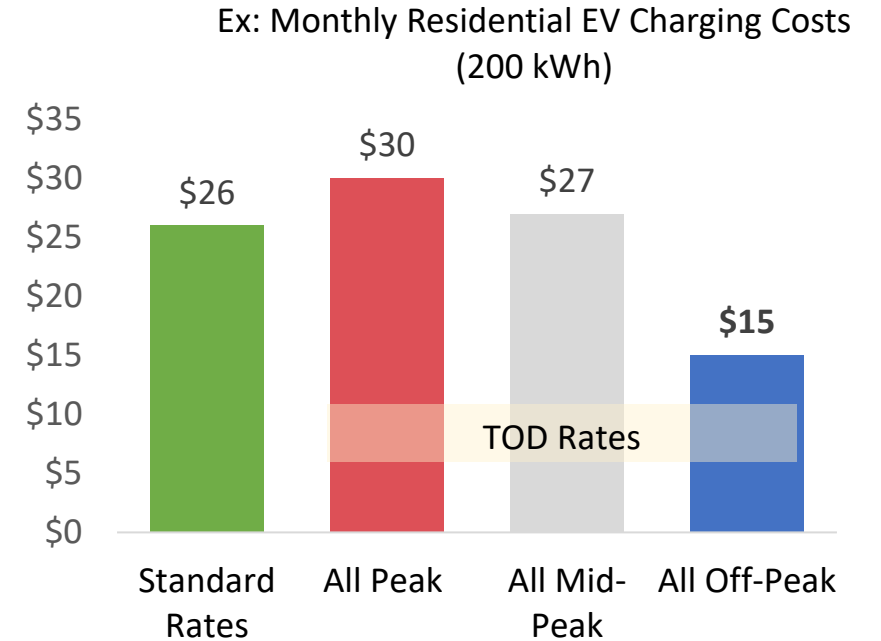

We are here



Opt-in Time of Day Rate Design



**No peak on Sunday/holiday*



- Available for Residential, Small and Medium General Service customers
- Commercial charging TOD rate for EV charging, based on successful pilot program

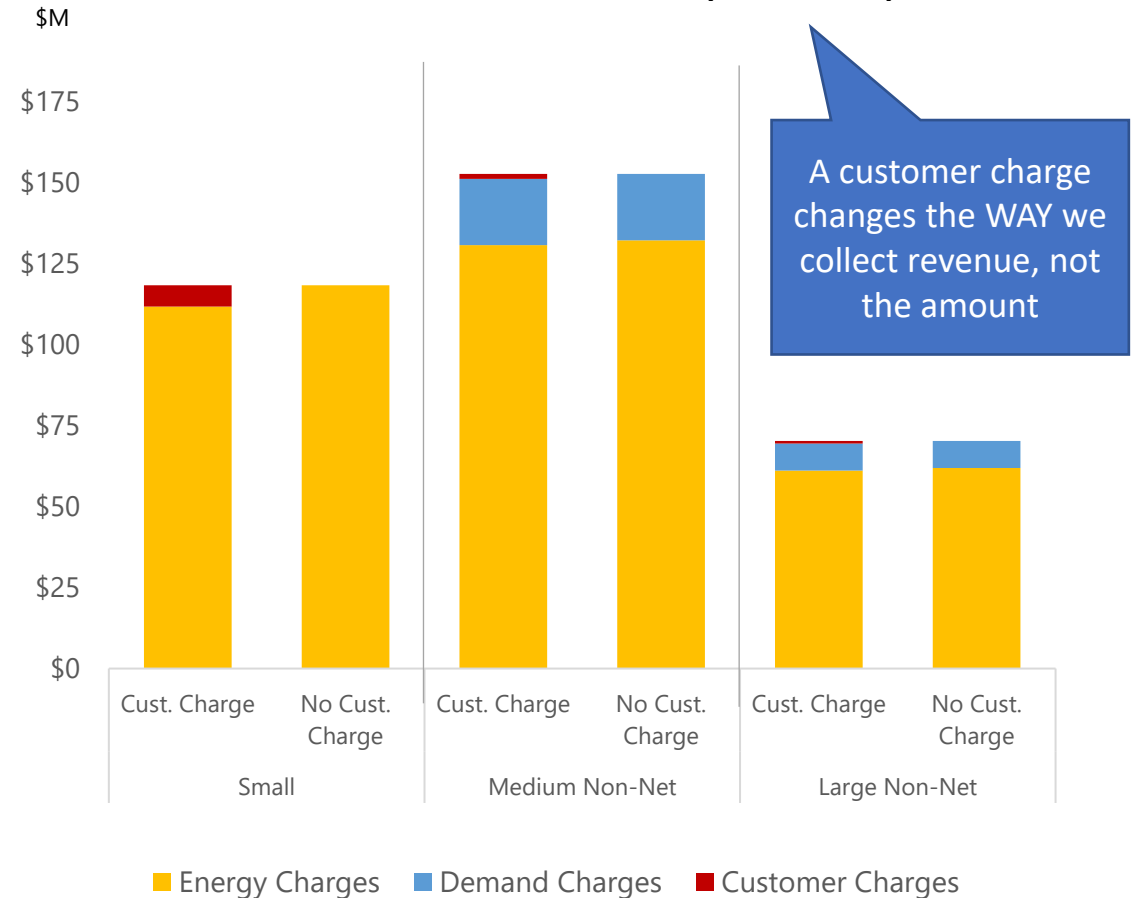
Example TOD rates shown are representative for residential Seattle customers. Rates for Small, Medium General Service customers will be similar but slightly lower, and rates outside the City of Seattle will be slightly higher.

Introducing/Increasing Base Service Charge

BASE SERVICE CHARGES

(\$/month)	2022	2023	2024	Full Cost*
Residential	\$6	\$7	\$8	\$19
Small GS	-	\$7	\$14	\$28
Medium GS	-	\$27	\$55	\$110
Large GS	-	\$334	\$688	\$1,376
High Demand GS	-	\$1,761	\$3,625	\$7,249

2024 REVENUE COLLECTION WITH AND WITHOUT BASE SERVICE (CUSTOMER) CHARGE



*The "full cost" represents the cost of serving a customer, including metering, billing, collecting payment, and customer service

Summary: Rate Design Changes

Residential Customers

1. Increase per-meter basic service charge
2. New TOD rate option in 2024

Business Customers (Sm, Md, Lg, HD General Service)

1. New per-meter basic service charges for all customers
2. New TOD rate option for Sm/Md General Service in 2024
3. New opt-in TOD commercial EV charging rate in 2024

Plus, Large Solar Program update and many other technical changes

Summary of Rate Increases

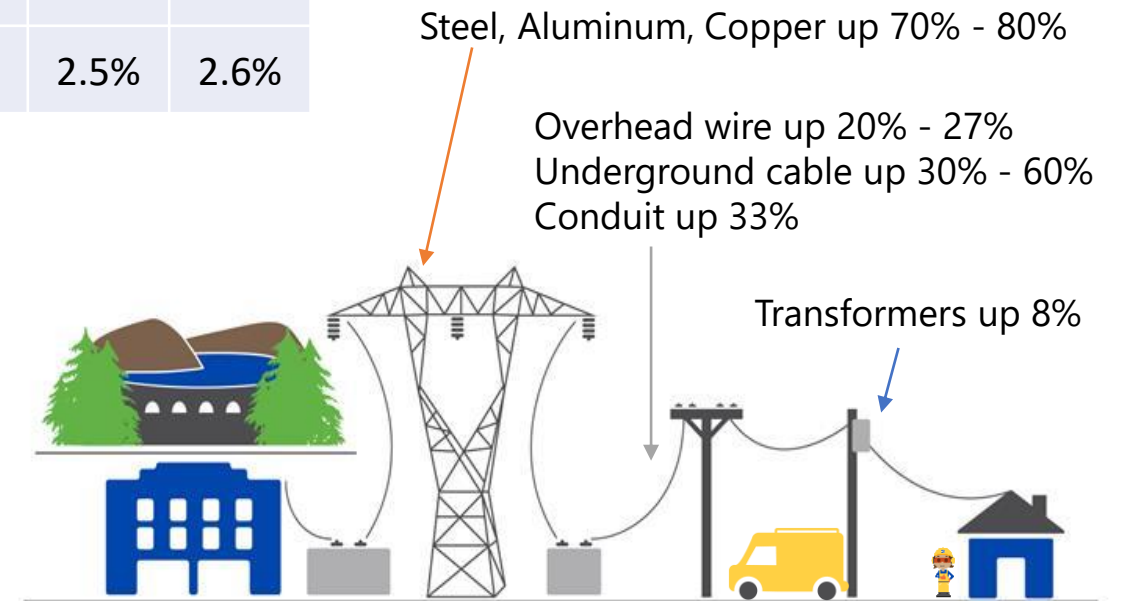


Why 4.5% - What is Driving up Rates?

- Inflation in the price of materials, services, labor, etc.

CPI*	2021	2022	2023	2024	2025	2026	2027	2028
2021 Outlook	2.8%	3.0%	2.5%	2.3%	2.2%	2.3%	2.3%	2.3%
2022 Outlook**	4.8%	5.1%	3.1%	2.3%	2.3%	2.4%	2.5%	2.6%

- Plus...
 - Flat demand for electricity
 - Strategic electrification
 - New green power needs



*CPI = Consumer Price Index, Source: City of Seattle Office of Economic and Revenue Forecasts
 ** as of Dec 2021, Current (July) inflation outlook is 8% for 2022

Observed cost increases since 2020, Source: SCL Material Control

Rate Increases by Customer Class

- Cost of service study results in increases ranging from 1.2% to 5.7%.

2023 Average Rate Increases

	Total	Residential	Small	Medium	Large	High Demand
Non-Network	4.7%	5.7%	5.6%	3.9%	4.4%	2.7%
Network*	1.4%			1.7%	1.2%	
All Customers	4.5%**					

2024 Average Rate Increases

	Total	Residential	Small	Medium	Large	High Demand
Non-Network	4.8%	5.0%	4.7%	4.7%	4.6%	4.7%
Network*	1.4%			1.7%	1.2%	
All Customers	4.5%**					

*Network rates are increasing less but are still around 25% higher than non-network rates

**From Strategic Plan

Impacts & Affordability



Seattle City Light



Progressive and Affordable Electric Rates

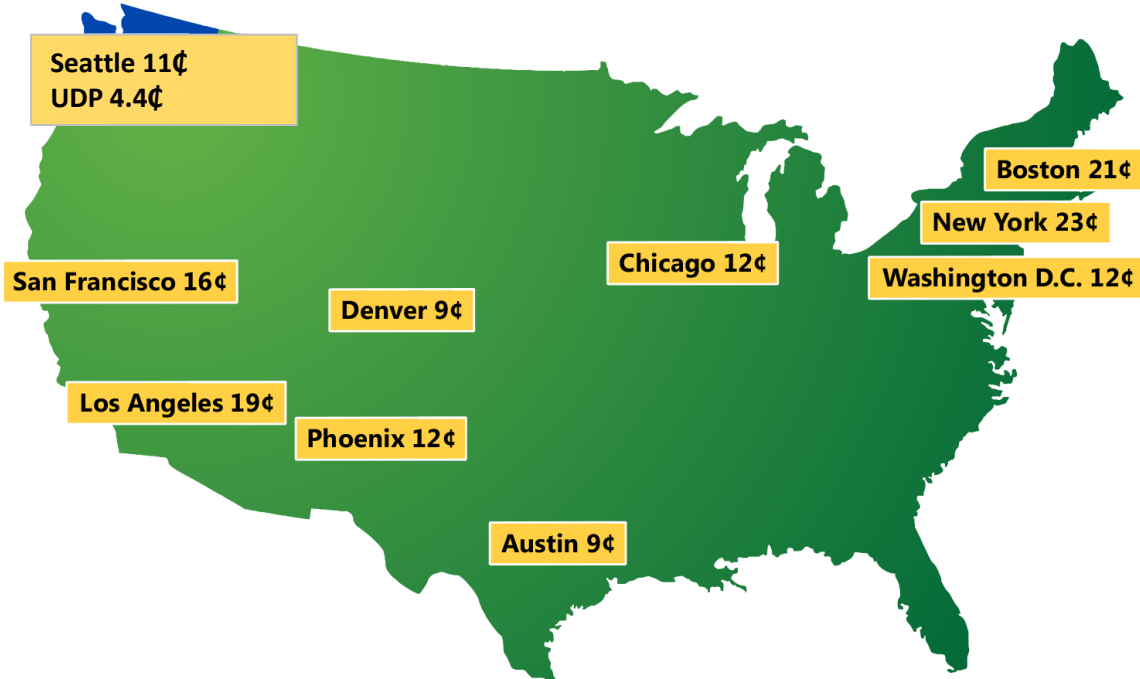
Seattle leads the nation in progressive rate offerings.

The Utility Discount Program (UDP) offers (60%) to income-qualified customers....on top of already competitive rates

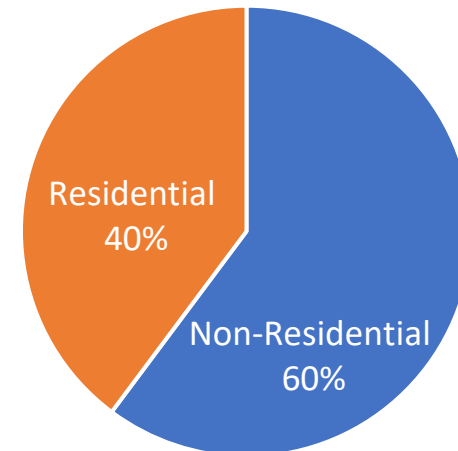
UDP is a community-based program funded by all customers through rates.

- An average residential customer contributes about \$2.75 per month
- Commercial and High Demand customers--who may have significantly higher usage—provide significant funding for UDP

2020 Seattle City Light Rates Compared to other US Cities

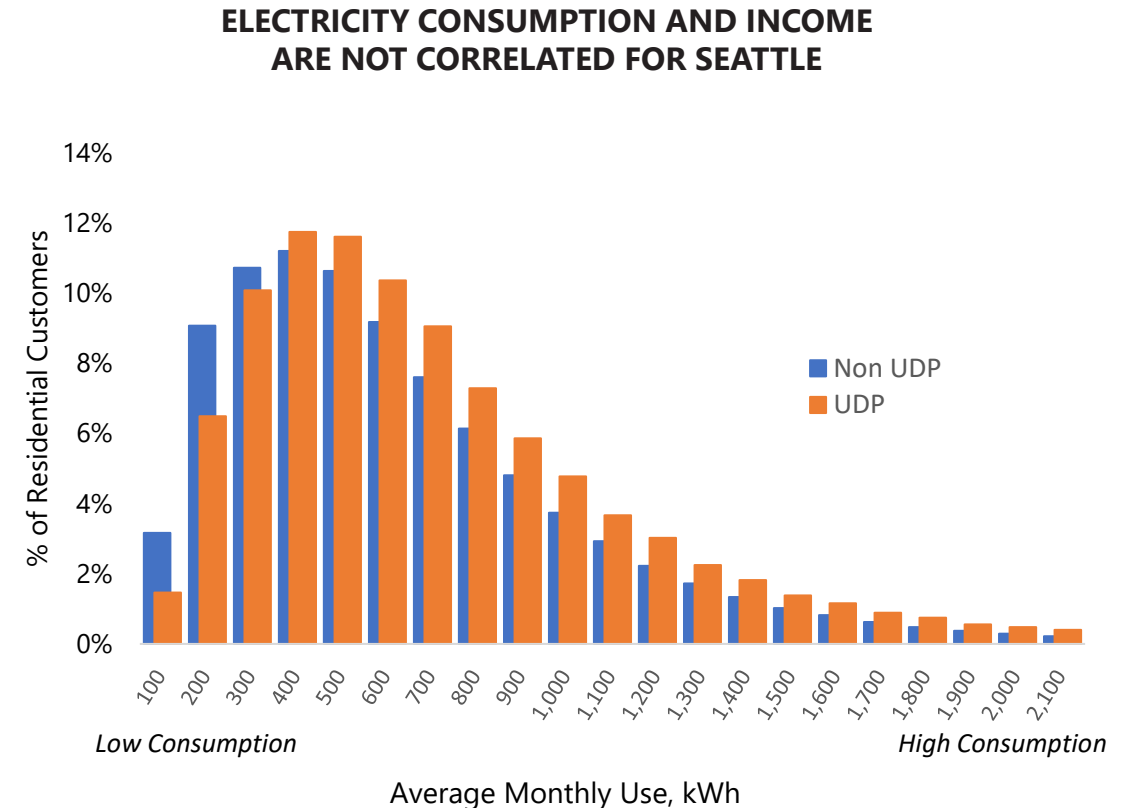


Source of \$35M UDP Funding



Rate Design & Affordability

- Households in Seattle have diverse energy use profiles
 - High-income households may be high or low-use
 - Low-income households may be high or low-use
- Rate design as an affordability tool is complemented by programs like UDP, budget billing and energy efficiency
- Successful TOD rollout will involve outreach, language access, and other tools to reach historically-excluded communities



Bill Impacts Example: Residential Customers

Residential City Standard		2022	2023	2024		
Number of meters:	335,682	First Block (\$/kWh)	\$0.1056	\$0.1132	\$0.1229	
		End-Block (\$/kWh)	\$0.1307	\$0.1307	\$0.1307	
		Base Svc Charge (\$/mo.)	\$6.00	\$7.00	\$8.00	
Monthly Bills	kWh	2022	2023	Increase	2024	Increase
Apt- Gas/Oil Heat	204	\$27	\$30	\$3	\$33	\$3
Apartment- Electric Heat	463	\$57	\$61	\$4	\$66	\$5
SF Home - Gas/Oil Heat	634	\$79	\$83	\$4	\$88	\$5
SF Home - Electric Heat	841	\$106	\$110	\$4	\$115	\$5
SF Home - High User	1,180	\$150	\$154	\$4	\$159	\$5
Monthly Bills – UDP*						
Apt- Gas/Oil Heat	204	\$11	\$12	\$1	\$13	\$1
SF Home- Electric Heat	841	\$42	\$44	\$2	\$46	\$2
SF Home - High User	1,180	\$60	\$62	\$2	\$64	\$2

Rate increases in first block rate
 Second block rate unchanged
 Small increases to fixed charge

\$5 or less monthly bill impact for all customers

\$2 or less for UDP customers

*UDP (Utility Discount Program) participants receive a 60% discount off standard residential rates

POWER SEATTLE



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