

2017-2018 RATES & 2017-2018 NET WHOLESALRE REVENUE

Paula Laschober, City Light CFO

Energy & Environment Committee
September 13, 2016



OVERVIEW: TWO ORDINANCES

1. 2017-2018 Net Wholesale Revenue (NWR) Baseline
2. 2017-2018 Rates

Revenue requirement and NWR set by 2016 Strategic Plan, adopted in July 2016.

2016 Strategic Plan Rate Increases

2017	2018	2019	2020	2021	2022	Avg.
5.6%	5.6%	5.0%	3.6%	3.1%	2.5%	4.3%

NET WHOLESAL REVENUE

- Ordinance codifies net wholesale forecast for 2017 and 2018, which the RSA will manage to.
- Amount is consistent with strategic plan, budget and rates.

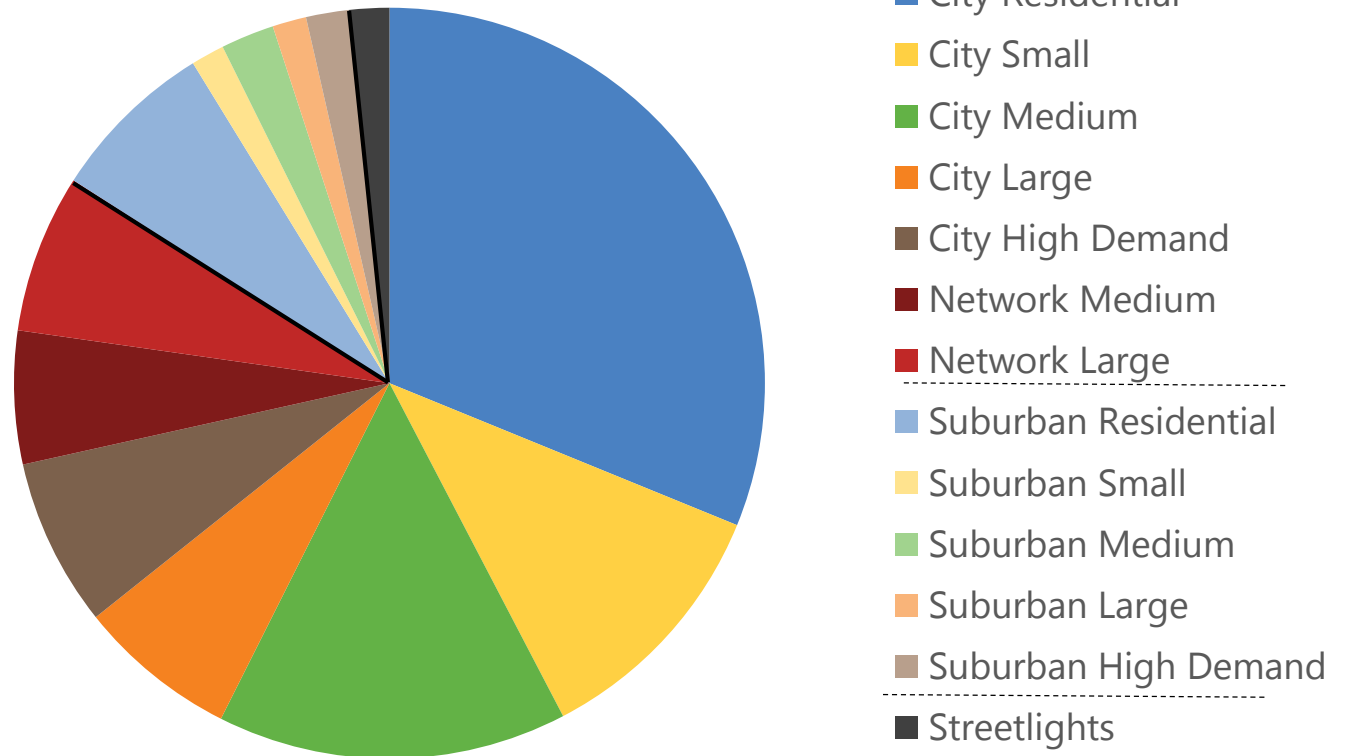
Wholesale Revenue Forecast

2015	2016	2017	2018	2019	2020	2021	2022
\$65	\$60	\$60	\$60	\$55	\$50	\$50	\$40

COST OF SERVICE

- Cost of service goal: allocate retail revenue requirement equitably to all rate classes.

2017 Revenue Requirement



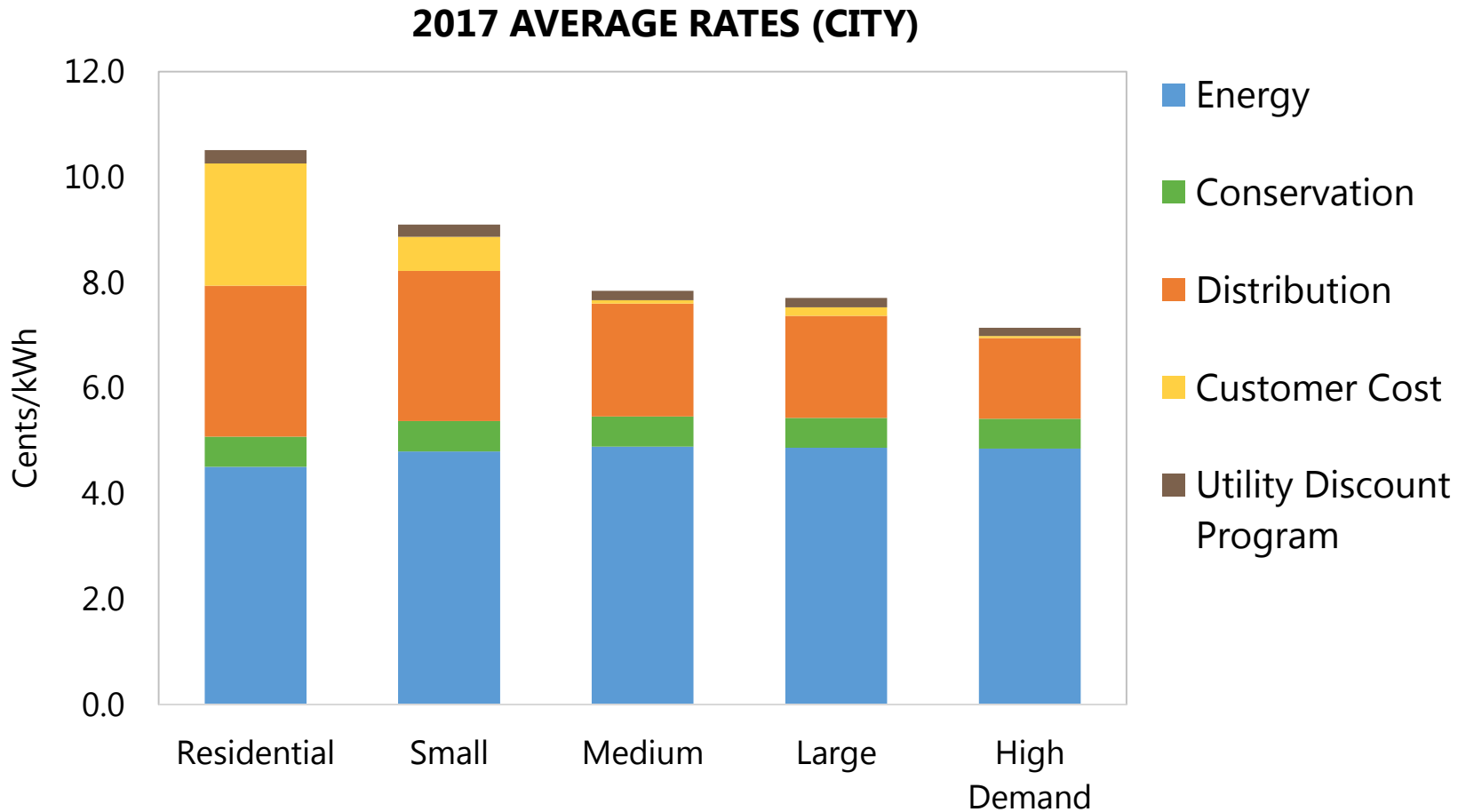
COST OF SERVICE RESULTS

SUMMARY OF PERCENTAGE AVERAGE RATE CHANGES BY RATE CLASS

2017	Total	Residential	Small	Medium	Large	High Demand
All Areas	5.6%	5.0%	7.3%	5.5%	4.9%	6.9%
City of Seattle	5.9%	5.2%	7.3%	6.8%	5.7%	6.7%
Downtown Network	3.8%			3.8%	4.2%	
Franchise Cities	5.9%	4.5%	7.8%	6.8%	5.4%	7.8%
2018	Total	Residential	Small	Medium	Large	High Demand
All Areas	5.6%	5.7%	5.5%	5.6%	5.7%	5.6%
City of Seattle	5.6%	5.7%	5.5%	5.5%	5.5%	5.7%
Downtown Network	6.0%			6.0%	6.0%	
Franchise Cities	5.5%	5.7%	5.4%	5.5%	5.4%	5.6%

$$\text{AVERAGE RATE} = \frac{\text{REVENUE REQUIREMENT (\$)}}{\text{RETAIL SALES FORECAST (kWh)}}$$

AVERAGE RATES BY SERVICE COMPONENT



RATE DESIGN

- Set rates to collect revenue requirement set by cost of service.
 - Dependent on retail sales forecast.
- Rate design policy and principles are unchanged from the 2015-2016 rate review.
 - Rates reflect changes in costs for different service components.

RESIDENTIAL RATES

Residential - City		2016	2017	2018		
# of meters: 326,151	First Block (\$/kWh)	\$0.0596	\$0.0701	\$0.0782		
	End-Block (\$/kWh)	\$0.1257	\$0.1288	\$0.1320		
	Base Service Charge (\$/month)	\$4.51	\$4.93	\$5.05		
Monthly Bills - Standard	kWh	2016	2017	Increase	2018	Increase
Multifamily Home	463	\$38.17	\$42.78	\$4.61	\$46.21	\$3.43
SF Home Non-Electric Heat	634	\$58.41	\$63.68	\$5.27	\$67.74	\$4.06
SF Home Electric Heat	841	\$84.41	\$90.33	\$5.92	\$95.05	\$4.72
High User	1,180	\$127.03	\$133.99	\$6.96	\$139.80	\$5.81
Monthly Bills – UDP*						
Multifamily Home	463	\$15.27	\$17.11	\$1.84	\$18.48	\$1.37
SF Home Electric Heat	841	\$33.77	\$36.13	\$2.36	\$38.02	\$1.89

*UDP Rates are 40% of standard residential rates

SMALL GENERAL SERVICE RATES

Small General Service - City (< 50 kW)		2016	2017	2018	
# of meters:	37,781	Energy (\$/kWh)	\$0.0848	\$0.0910	\$0.0960
Monthly Bills	kWh	2016	2017 Increase	2018 Increase	
Small Office	1,195	\$101	\$109 \$7	\$115 \$6	
Car Wash	7,573	\$642	\$689 \$47	\$727 \$38	
Investment Firm	8,833	\$749	\$804 \$55	\$848 \$44	

MEDIUM GENERAL SERVICE & NETWORK RATES

Medium General Service - City (≥50 kW and < 1,000 kW)			2016	2017	2018		
Number of meters:	2,225		Energy (\$/kWh)	\$0.0675	\$0.0698	\$0.0740	
			Demand (\$/kW)	\$2.32	\$3.36	\$3.44	
Monthly Bills	Load Factor	kWh	2016	2017	Increase	2018	Increase
Office Building	20%	135,650	\$10,229	\$11,022	\$793	\$11,629	\$607
Apt. Complex	34%	216,300	\$15,946	\$17,046	\$1,101	\$18,001	\$955
Produce Co.	54%	50,705	\$3,668	\$3,894	\$227	\$4,116	\$221
Real Estate Dev	82%	453,050	\$32,082	\$33,796	\$1,715	\$35,751	\$1,955
Medium Downtown Network (≥50 kW and < 1,000 kW)			2016	2017	2018		
Number of meters:	545		Energy (\$/kWh)	\$0.0832	\$0.0797	\$0.0852	
			Demand (\$/kW)	\$4.54	\$7.48	\$7.67	
Monthly Bills	Load Factor	kWh	2016	2017	Increase	2018	Increase
Theater	29%	78,840	\$8,028	\$8,702	\$675	\$9,197	\$495
Hotel	42%	89,220	\$8,370	\$8,671	\$301	\$9,202	\$530
Shopping Ctr.	44%	285,700	\$26,788	\$27,741	\$954	\$29,439	\$1,698
Office Building	66%	43,325	\$4,082	\$4,239	\$157	\$4,497	\$258

LARGE GENERAL SERVICE & NETWORK RATES

Large General Service - City (>=1,000 kW and < 10,000 kW)				2016	2017	2018	
Number of meters:	81			Energy On-Peak (\$/kWh)	\$0.0767	\$0.0801	\$0.0848
				Energy Off-peak (\$/kWh)	\$0.0514	\$0.0533	\$0.0565
				Demand On-Peak (\$/kW)	\$2.08	\$3.05	\$3.12
				Demand Off-Peak (\$/kW)	\$0.22	\$0.27	\$0.27
Monthly Bills	Load Factor	kWh	2016	2017	Increase	2018	Increase
Cement	18%	218,316	\$17,369	\$19,361	\$1,992	\$20,333	\$972
Shipyards	35%	974,837	\$71,272	\$76,739	\$5,467	\$80,941	\$4,202
Hospital	69%	1,569,322	\$109,860	\$116,899	\$7,039	\$123,479	\$6,581
Large Downtown Network (>=1,000 kW)				2016	2017	2018	
Number of meters:	60			Energy On-Peak (\$/kWh)	\$0.0914	\$0.0875	\$0.0935
				Energy Off-peak (\$/kWh)	\$0.0612	\$0.0583	\$0.0624
				Demand On-Peak (\$/kW)	\$4.05	\$7.62	\$7.81
				Demand Off-Peak (\$/kW)	\$0.22	\$0.27	\$0.27
Monthly Bills	Load Factor	kWh	2016	2017	Increase	2018	Increase
Event Space	20%	250,567	\$24,713	\$27,606	\$2,893	\$29,152	\$1,537
Office Tower	43%	778,428	\$74,042	\$79,515	\$5,473	\$84,192	\$4,677
Hotel	67%	1,093,011	\$95,436	\$98,869	\$3,433	\$104,990	\$6,120

HIGH DEMAND RATES

High Demand General Service City (>= 10,000 kW)				2016	2017	2018	
Number of meters: 7				Energy On-Peak (\$/kWh)	\$0.0732	\$0.0746	\$0.0791
				Energy Off-peak (\$/kWh)	\$0.0491	\$0.0497	\$0.0527
				Demand On-Peak (\$/kW)	\$2.08	\$3.05	\$3.12
				Demand Off-Peak (\$/kW)	\$0.22	\$0.27	\$0.27
Monthly Bills	Load Factor	kWh	2016	2017	Increase	2018	Increase
Waste Treatment	45%	4,275,991	\$290,424	\$304,957	\$14,534	\$322,074	\$17,117
Education	67%	24,077,474	\$1,630,834	\$1,700,571	\$69,736	\$1,797,662	\$97,092
Glass Manufacturer	88%	7,462,299	\$493,371	\$512,697	\$19,326	\$542,164	\$29,467

OTHER RATES

- **Streetlights**
 - Different types of lights (HPS or LED, etc.)
 - Monthly fixed charge covers capital, maintenance and energy costs
- **Duct, Vault and Pole Rentals**
 - Annual fixed charge for capital, maintenance, space allocation for attachments
- **Minimum Charges**
 - All non-residential customers classes have minimum bills
- **Transformer Investment and Losses Credit**
 - Discounts for customers who supply their own transformers
- **Power Factor**
 - Customers with power factor < 97% pay for cost of corrective distribution equipment.
- **Reserved Distribution Capacity**
 - Capital cost of a feeder per kW for customers who request additional dedicated capacity.

SUMMARY

- Rate ordinance establishes rate increases for 2017-2018 biennium.
 - Critical for ensuring sufficient revenue to support budget and strategic plan.
 - Does not include BPA pass-through or RSA surcharges.
- Full rate design policy study planned for 2017.



CITY 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.

