



Seattle City Light

# CITY LIGHT 2019-2020 RATES

City Council Committee Briefing

Jim Baggs, Interim City Light GM | August 16, 2018



# PURPOSE OF BRIEFING

- Inform about a forthcoming ordinance to **increase City Light rates** in 2019 and 2020
- Ordinance **implements the 2019-2024 Strategic Plan**
- Rates to be legislated reflect **existing rate design policies** with no changes

# CITY LIGHT'S RATE SETTING PROCESS

- The 2019 and 2020 Revenue Requirements were developed as part of the Strategic Plan.
- City Light's rate setting process also involves:
  1. Allocating the Revenue Requirement to the major service categories (Energy, Distribution and Customer Service)
  2. Allocating each service category revenue to customer classes based on their relative marginal cost
  3. Designing rates to collect the targeted revenue for each customer class given existing policies

# RATE PATH EVOLUTION

	2019	2020
<b>January:</b> Current Strategic Plan with new retail sales forecast	10.0%	3.5%
<b>February:</b> New Strategic Plan preliminary forecast	8.2%	3.8%
<b>April:</b> New Strategic Plan, initial City Light proposal	6.5%	6.5%
<b>May: Council-adopted Strategic Plan</b>	<b>5.8%</b>	<b>5.4%</b>

# ELECTRIC SERVICE COMPONENTS

## Customer Cost

### *fixed cost services*

- Metering
- Billing
- Customer service
- Account management
- Credit/collections

## Energy

### *volume consumed*

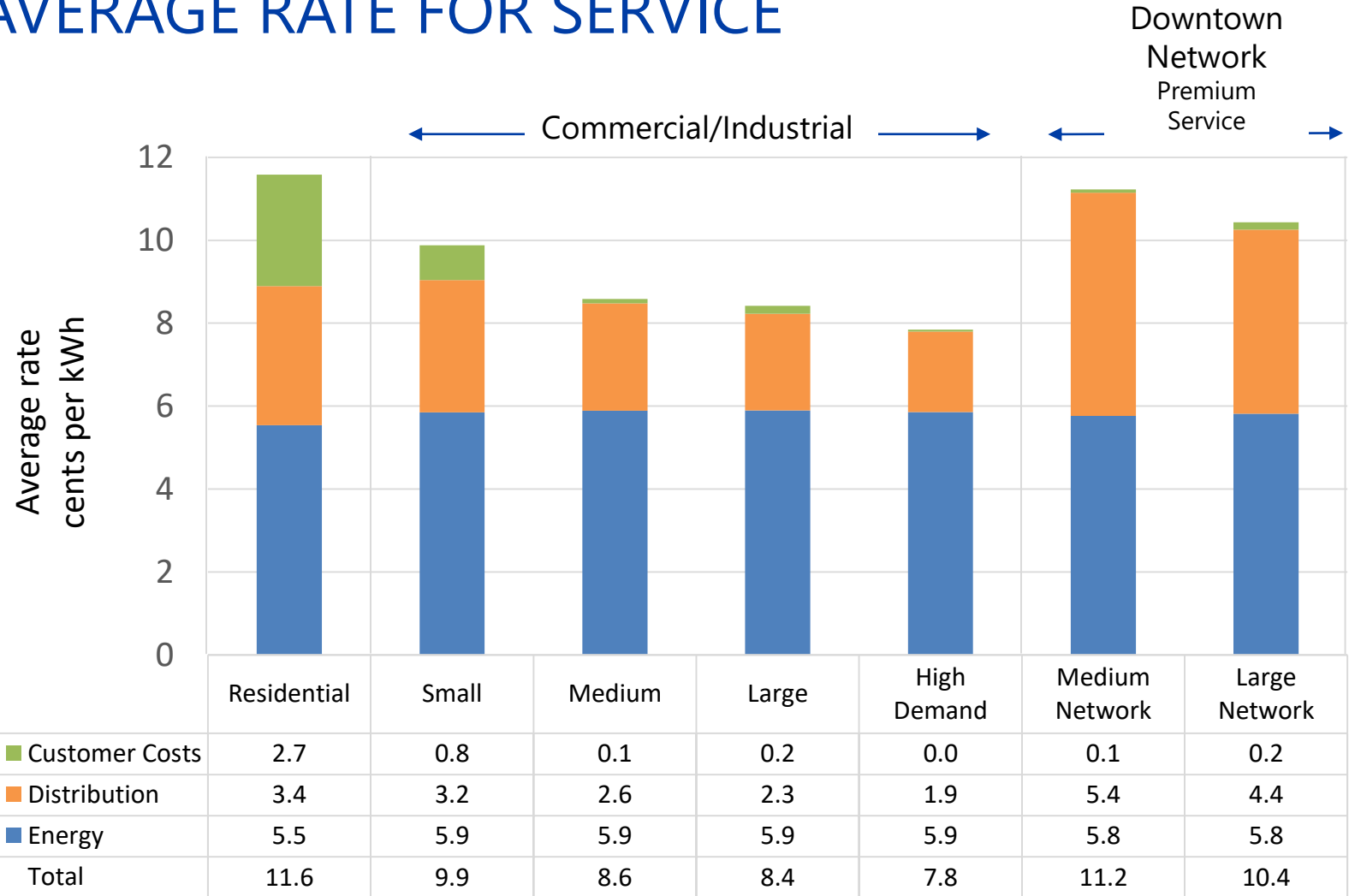
- Generating and purchasing electricity
- Power trading and wholesale ops
- Conservation programs
- Long-distance transmission

## Distribution

### *capacity for delivery*

- Local high-voltage transmission
- Substations
- Transformers
- Wires, poles, vaults

# AVERAGE RATE FOR SERVICE

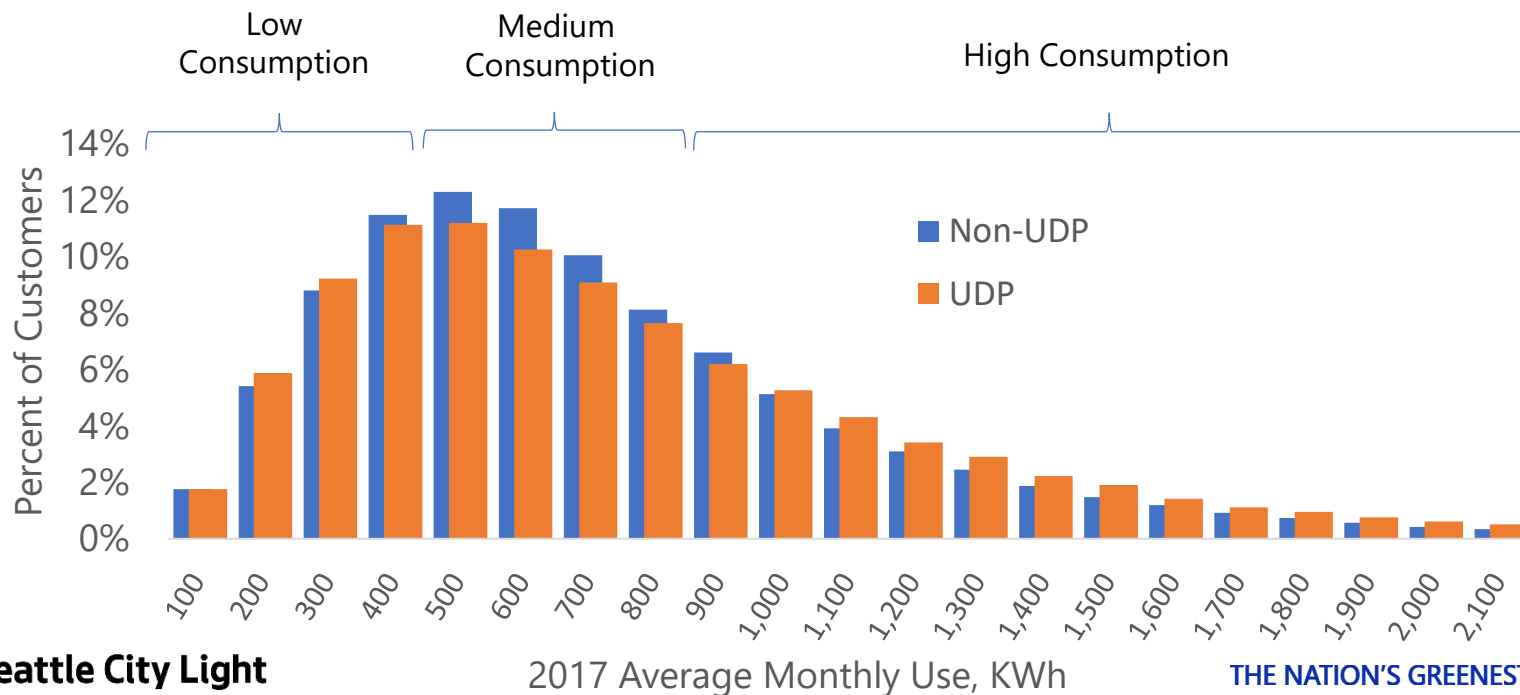


# AVERAGE RATE INCREASES

Annual Avg 2019-2020	Total	Residential	----- Commercial/Industrial -----			
			Small	Med	Large	High Demand
All Areas	5.6%	5.8%	4.9%	5.7%	5.2%	5.9%
Non-Network	5.6%	5.8%	4.9%	5.1%	4.9%	5.9%
Downtown Network	6.4%			7.5%	5.4%	
<b>2019</b>						
All Areas	<b>5.8%</b>	6.6%	4.4%	5.6%	4.3%	5.9%
Non-Network	5.7%	6.6%	4.4%	4.7%	4.3%	5.9%
Downtown Network	6.2%			8.4%	4.3%	
<b>2020</b>						
All Areas	<b>5.4%</b>	4.9%	5.4%	5.8%	6.0%	5.8%
Non-Network	5.4%	4.9%	5.4%	5.5%	5.5%	5.8%
Downtown Network	6.5%			6.5%	6.4%	

# RESIDENTIAL CUSTOMER IMPACTS

- Fairly uniform bill impacts: increases in the \$1 to \$5 per month range
  - Increase of about \$1-2 per month for UDP customers
- Residential customers have diverse electricity consumption
  - Winter heating fuel is a major determinant of household consumption level
  - Contrary to popular belief, low income households are not necessarily low electricity consumers





# PROPOSED RESIDENTIAL CITY RATES AND BILL IMPACTS

<b>Residential City</b>		<b>2018</b>	<b>2019</b>	<b>2020</b>		
Number of meters:	364,283	First Block (\$/kWh)	\$0.0768	\$0.0889	\$0.0989	
		End-Block (\$/kWh)	\$0.1306	\$0.1306	\$0.1306	
		Base Service Charge (\$/month)	\$5.05	\$5.26	\$5.39	
<b>Example Bill Impacts</b>						
<b>Monthly Bills - Standard</b>	<b>kWh</b>	<b>2018</b>	<b>2019</b>	<b>Increase</b>	<b>2020</b>	<b>Increase</b>
Apt- Gas/Oil Heat	204	\$20.69	\$23.36	\$2.67	\$25.53	\$2.17
Apt- Electric Heat	463	\$45.56	\$50.26	\$4.70	\$54.12	\$3.85
SF Home- Gas/Oil Heat	634	\$66.85	\$71.78	\$4.92	\$75.81	\$4.04
SF Home- Electric Heat	841	\$93.87	\$98.80	\$4.92	\$102.83	\$4.04
SF Home- High User	1,180	\$138.15	\$143.07	\$4.92	\$147.11	\$4.04
<b>Monthly Bills – UDP*</b>						
Apt- Gas/Oil Heat	204	\$8.28	\$9.34	\$1.07	\$10.21	\$0.87
SF Home- Electric Heat	841	\$37.55	\$39.52	\$1.97	\$41.13	\$1.61

\*UDP Rates are 40% of standard residential rates

# COMMERCIAL/INDUSTRIAL CUSTOMER IMPACTS

- Bill increases ranging between 4%-6% for most customers
- Rising distribution infrastructure costs means higher bill impacts for...
  - Downtown Network customers
  - Intermittent electricity users (e.g., event space), as compared to customers with steady use (e.g., hospital)

*See handout for rates and bill impacts*

# TIMELINE

<b>August</b>	Council HHWR briefing and legislation transmittal
<b>Early September</b>	Council adopts rate ordinance in advance of 2019-2020 budget
<b>October-November</b>	Customer outreach on upcoming rate changes
<b>January 1, 2019</b>	New 2019 rates go into effect
<b>January 1, 2020</b>	New 2020 rates go into effect

# CITY LIGHT

## OUR MISSION

Seattle City Light is dedicated to delivering customers affordable, reliable and environmentally responsible electricity services.

## OUR VISION

We resolve to provide a positive, fulfilling and engaging experience for our employees. We will expect and reinforce leadership behaviors that contribute to that culture. Our workforce is the foundation upon which we achieve our public service goals and will reflect the diversity of the community we serve.

We strive to improve quality of life by understanding and answering the needs of our customers. We aim to provide more opportunities to those with fewer resources and will protect the well-being and safety of the public.

We aspire to be the nation's greenest utility by fulfilling our mission in an environmentally and socially responsible manner.

## OUR VALUES

Safety, Environmental Stewardship, Innovation, Excellence, Customer Care



Seattle City Light