

2027-2032 Strategic Plan RES & 2027-2028 Retail Rate ORD

Parks & City Light Committee

July 1, 2026

Summary

- Strategic Plan Resolution
 - Adopts City Light's 2027-2032 strategic plan
 - Endorses 9.5% rate path for 2027 and 2028
- Rate Ordinance
 - Implements rate increases
 - New large data center load policy
 - Expands Rate Stabilization Account (RSA)
 - Utility Discount Program (UDP) eligibility

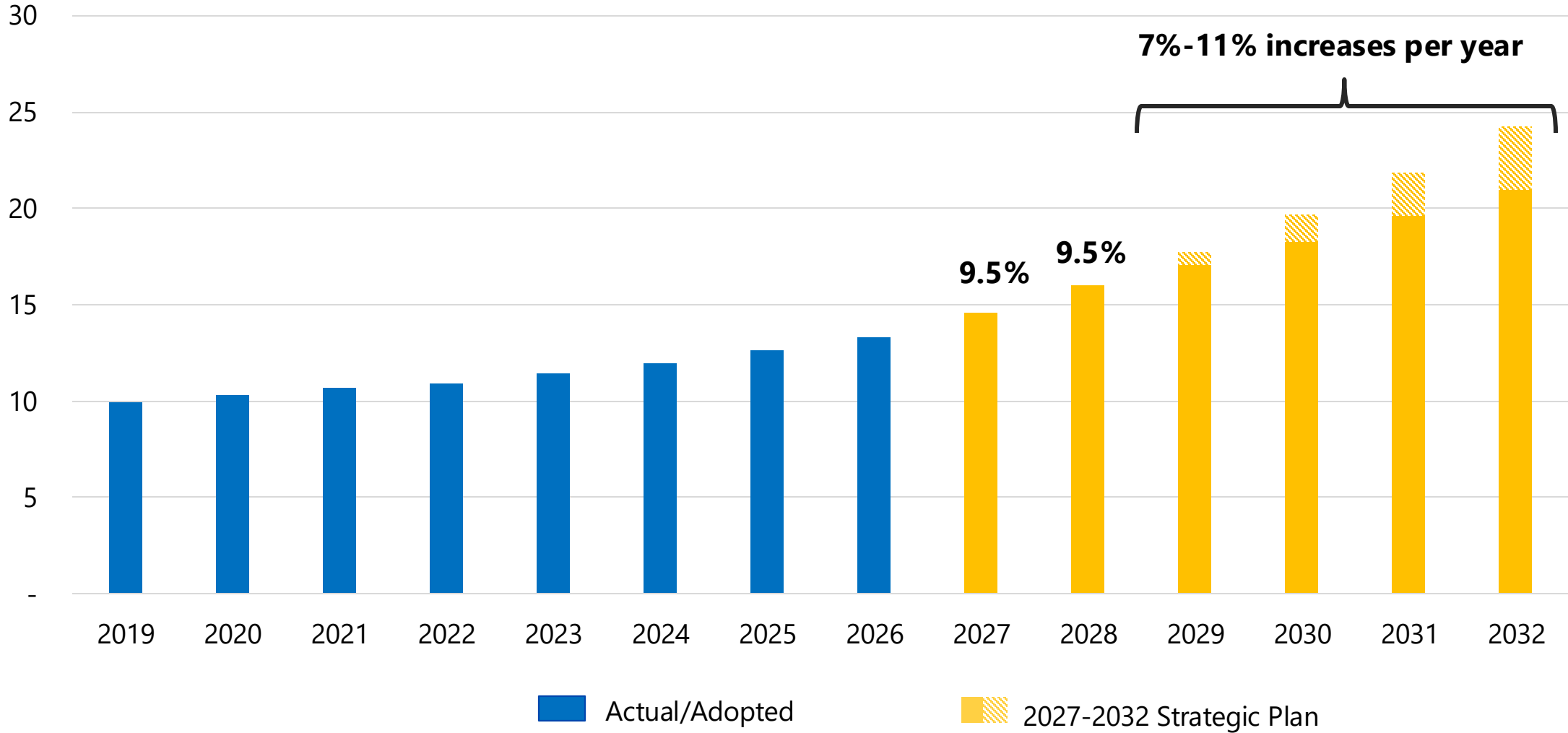


Rate Ordinance

1. Sets new electric rates effective Jan 1, 2027 and Jan 1, 2028
 - Increases average 9.5% annually, per strategic plan
 - Updated cost allocation and rate design
2. Establishes rate for new data centers
3. Expands Rate Stabilization Account (RSA)
4. Broadens Utility Discount Program (UDP) eligibility

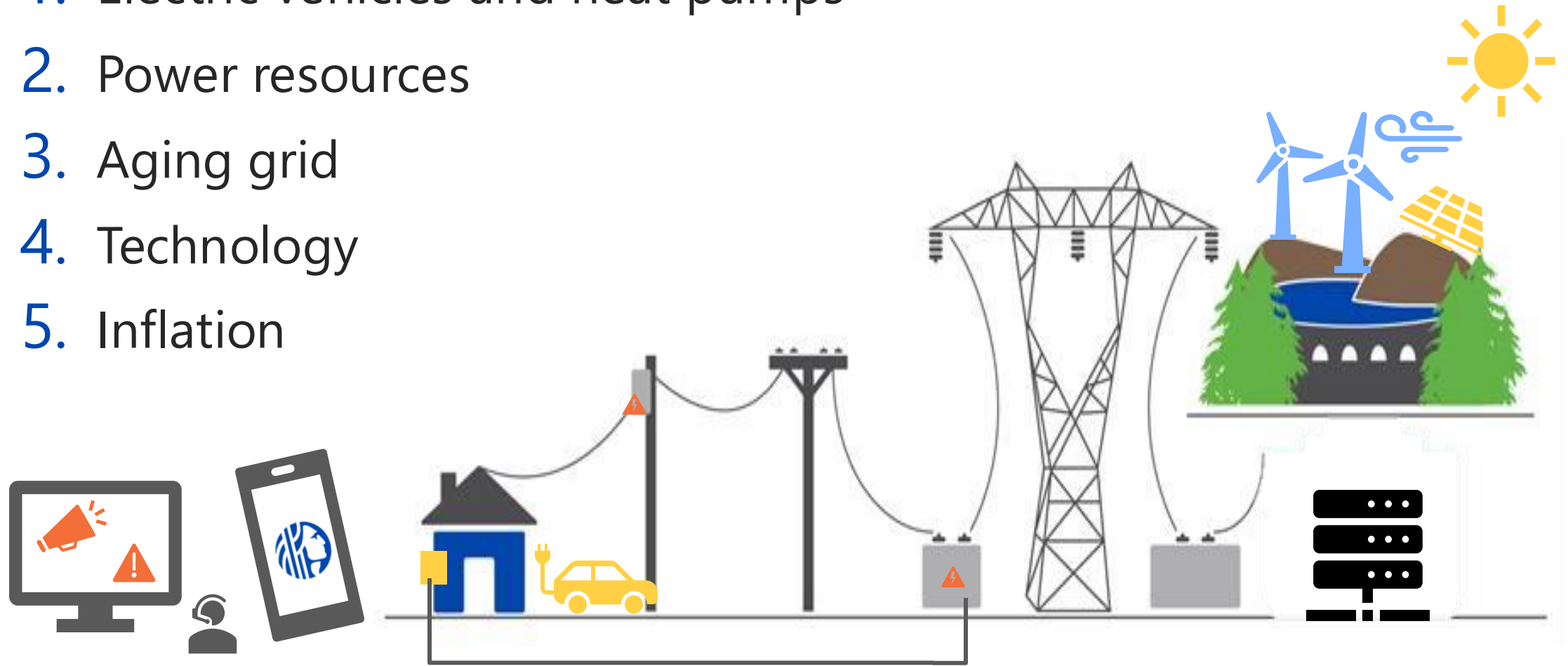
Strategic Plan Retail Rate Path

¢ per kWh



Why Rate Increases are Needed

1. Electric vehicles and heat pumps
2. Power resources
3. Aging grid
4. Technology
5. Inflation



Investing in Infrastructure

- Direct buried underground cable
 - 300 miles of failing cable
 - Replacement cost ~\$2 billion
- Poles & transformers
- Hydroelectric dams
 - Skagit Gorge dam superstructure
 - Boundary forebay bridge
- Wildfire mitigation



Growth & Urban Density

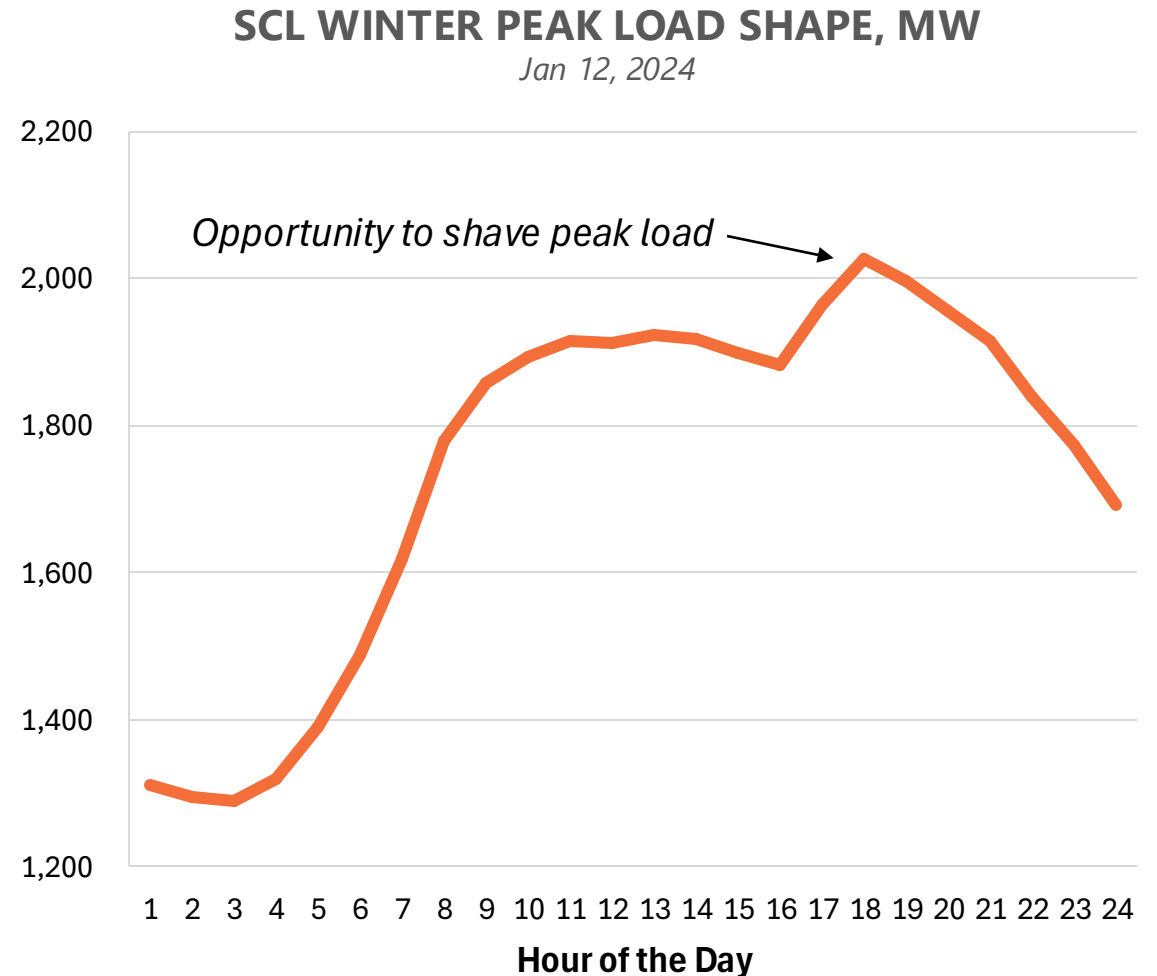
Service drops for new multifamily developments must be underground for safety.

Policies and fees ensure new development pays its fair share, so existing residents and businesses aren't left covering the costs.



Managing Peaks in Demand

- Leverage hydro flexibility
 - Skagit
 - New Bonneville contract
- New resources
- Customer demand response
 - Time-of-Use Rates
 - Large Industrial Curtailment
 - DERMS (Distributed Energy Resource Management System)



Cost Allocation & Rate Design

AVERAGE ANNUAL RATE INCREASES

	Residential	General Service				Downtown Network		Street Lights	System Average
		Small	Medium	Large	High Demand	Medium	Large		
2027	9.5%	9.5%	9.4%	9.7%	9.1%	7.4%	7.3%	27.2%	9.5%
2028	9.5%	9.5%	9.5%	9.7%	9.0%	8.5%	8.1%	20.9%	9.5%

Residential and general service: Increases near the 9.5% average.

Downtown network: Lower increases of about 7–8%; network service remains priced at a premium.

Streetlights: Significant increases due to rising maintenance costs.

Bill Impacts: Residential Rates

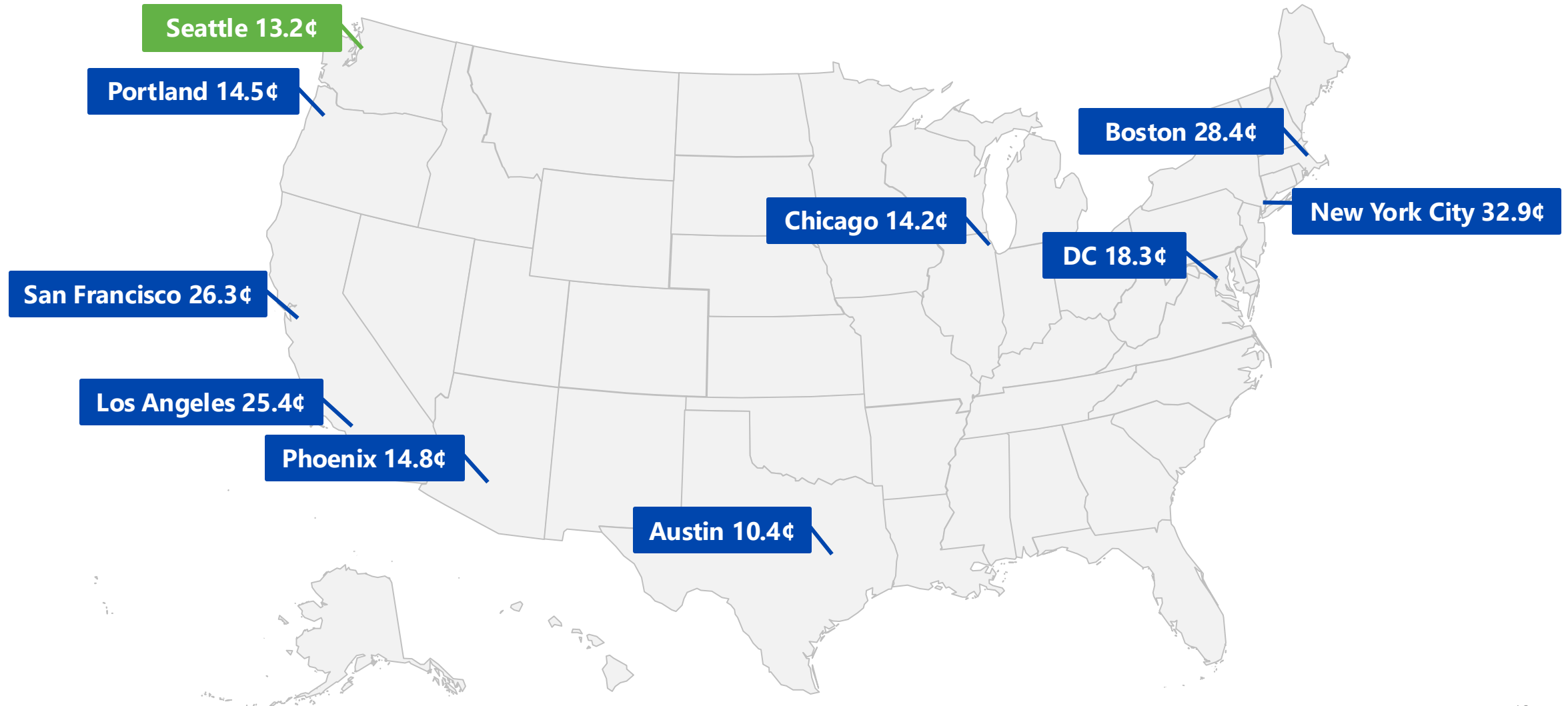
Residential Standard			2026	2027	2028
2027 average increase:	9.5%	Energy (\$/kWh)	\$0.1338	\$0.1417	\$0.1457
2028 average increase:	9.5%	Base Service Charge (\$/month)	\$12.00	\$16.78	\$23.55
Number of meters:	467,866				

Monthly Bills	kWh	2026	2027	Increase	2028	Increase
Apartment- Gas Heat	204	\$39	\$46	\$6	\$53	\$8
Apartment- Electric Heat	463	\$74	\$82	\$8	\$91	\$9
SF Home- Gas Heat	634	\$97	\$107	\$10	\$116	\$9
SF Home- Electric Heat	841	\$124	\$136	\$11	\$146	\$10
SF Home- High Use	1,180	\$170	\$184	\$14	\$195	\$11

Bill Impacts: Small/Medium Businesses

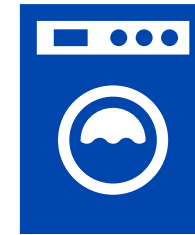
Monthly Bills	kWh	2026	2027	Increase	2028	Increase
Small Office	1,195	\$173	\$190	\$16	\$213	\$23
Car Wash	7,573	\$965	\$1,042	\$78	\$1,110	\$68
Investment Firm	8,833	\$1,121	\$1,211	\$90	\$1,288	\$77
Fast Food Restaurant	17,078	\$2,144	\$2,313	\$169	\$2,448	\$135
Small Grocery Store	34,463	\$3,863	\$4,264	\$401	\$4,701	\$437
Apartment Complex	216,300	\$24,614	\$26,673	\$2,060	\$28,995	\$2,322
Real Estate Development	453,050	\$48,411	\$52,306	\$3,895	\$56,727	\$4,421

Comparing Electric Rates in Other US Cities



Navigating Big Rate Increases

- Broad customer communication
 - Newsletters, blog, social media, news
 - Community forums and in-person events
- Opportunities for savings
 - “Energy Insights” online tool
 - Time of use rates
 - Efficiency investments and rebates
 - Multifamily home incentives



Supporting Affordability for All

For Income-Qualified



60% bill discount

Utility Discount Program



Up to \$1,670 for past due bills

Emergency Bill Assistance & Project Share



Up to \$1,250 for heating costs

Federal LIHEAP



Up to \$1,000 for energy costs

State Home Energy Assistance Program (SHEAP)

For Anyone



Pay a levelized amount each bill, readjusts annually

Budget Billing Program



60 days to catch up on past due bills

Short Term Payment Plan

Ordinance expands UDP eligibility



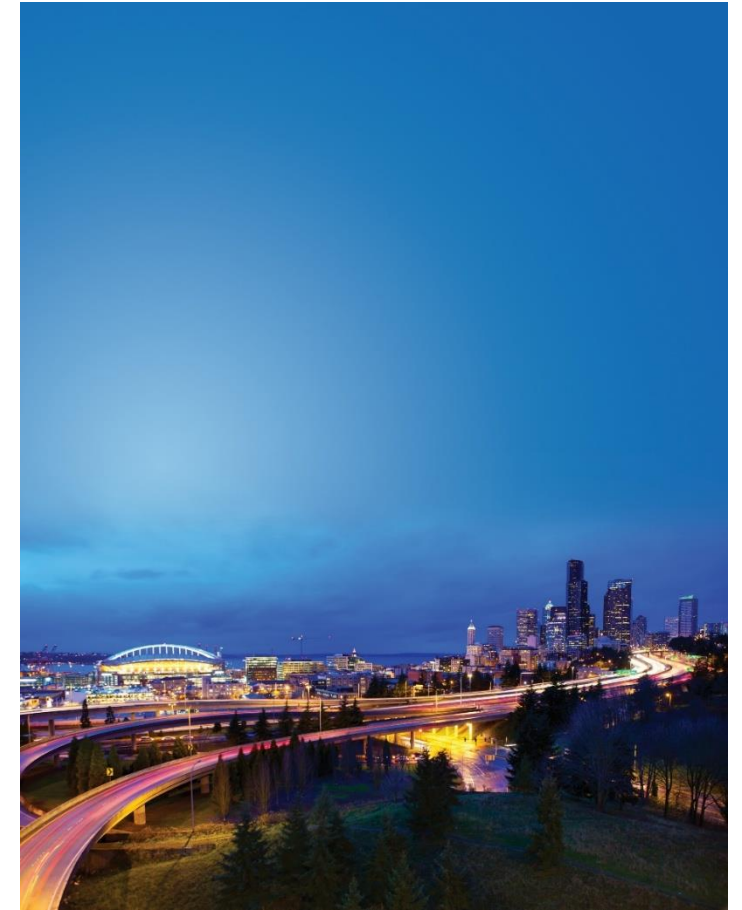
THANK YOU



Seattle City Light

New Data Center Rate

- **New rate class for data centers with new or expanded service greater than 10 MVA**
 - Pay upfront for any grid investments
 - Rate based on cost of new power and transmission
 - Contract demand and overrun fees
 - Required curtailment provisions, conservation
- Policy ensures existing customers are held harmless
- Large load policies are becoming industry standard



Rate Stabilization Account (RSA) Expansion

- RSA created in 2010 to absorb wholesale cost/revenue fluctuations. If needed, automatic rate surcharges trigger to rebuild the cash reserve.

	Current RSA	Expanded RSA
Applies to	Wholesale	Wholesale + Power Contracts + Retail Load Variation
Size / Ceiling	\$100M / \$125M	\$150M / \$200M
Surcharges	2% at \$75M 4% at \$50M <i>All rate components</i>	2%* at \$120M 5%* at \$80M <i>Per-kWh rates only</i>

* Percentage of average system rate, all customers pay same per-kWh surcharge

- Expansion does not require higher rates or surcharge.

UDP Program Expansion

- Utility Discount Program (UDP) provides 60% discount on electric bills
- Ordinance expands eligibility
 - Current: 70% of SMI (state median income)
 - New: 60% of AMI (area median income)
- Adds about 31k more eligible customers

AVERAGE ENERGY BURDEN AFTER DISCOUNT

Discount	0<10%	10<20%	20<30%	30<40%	40<50%	50<60%	60<70%	70<80%
80%	3%	1%	1%	1%	0%	0%	0%	0%
70%	5%	2%	1%	1%	1%	1%	0%	0%
60%	6%	2%	2%	1%	1%	1%	1%	1%
50%	8%	3%	2%	1%	1%	1%	1%	1%
40%	9%	4%	2%	2%	1%	1%	1%	1%
30%	11%	4%	3%	2%	2%	1%	1%	1%
20%	12%	5%	3%	2%	2%	1%	1%	1%
10%	14%	6%	4%	3%	2%	2%	1%	1%
5%	14%	6%	4%	3%	2%	2%	1%	1%
No discount	15%	6%	4%	3%	2%	2%	1%	1%

Regional Rate Increase Comparison

Residential Rate Increases						27/28 Proposals:
Utility	2023	2024	2025	2026	Avg	
Seattle City Light	3.4%	5.5%	4.1%	4.8%	4.5%	
Tacoma Power	3.9%	3.9%	6.5%	6.5%	5.2%	
Puget Sound Energy	8.7%	1.7%	12.0%	12.0%	8.6%	+21%
Snohomish PUD	2.0%	5.8%	4.9%	2.8%	3.9%	
Portland General Electric	7.0%	18.0%	5.5%	2.8%	10.2%	
Avista - Washington	5.0%	2.0%	2.6%	4.4%	3.8%	+19%

as of 3/20/2026