MEMORANDUM

TO: Council Members
FROM: Elizabeth Osborne
SUBJECT: Presentation by Seattle City Light

BACKGROUND:

Presenter: Debra Smith, General Manager and CEO, Seattle City Light

Summary: Debra Smith will provide remarks to the Council on Seattle City Light’s operations and strategic priorities. The utility is adapting to customers’ changing demands for electricity, while pursuing clean energy and other opportunities to address climate change and facilitate decarbonization.

Background: Seattle City Light has been in operation since 1910, first providing power from a municipally-owned hydroelectric facility on the Cedar River. Over the next century, the utility went on to construct many more generating facilities and expand its service area, and later developed conservation programs and environmental protection projects. Today, Seattle City Light serves over 400,000 customers.

More Info: Seattle City Light 2019-2014 Strategic Plan Preview
Seattle City Light

• **Mission**
  - Seattle City Light is committed to providing our customer-owners with affordable, reliable and environmentally responsible energy services.

• **Vision**
  - Our vision is to connect Seattle to our shared energy future by helping our customers meet their energy needs in whatever way they choose.

• **Average Number of Customers**
  - Residential: 409,571
  - Non-Residential: 51,038

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2018 Power Mix

- **BIOGAS** ............ 1%
- **HYDRO** ............. 86%
- **NUCLEAR** .......... 5%
- **UNSPECIFIED** ...... 1%
- **WIND** ............. 7%

TOTAL .................. 100%
Five Priorities as General Manager

• Create a Customer-Centric Culture
• Enhance the Employee Experience
• Revenue Stabilization through Rate Redesign
• Innovation is Electrification
• Be a Good City Partner
Vision for Customer-Centric Culture

Seattle City Light understands, anticipates and consistently meets customers’ evolving expectations by putting the customers’ needs and wants at the center of everything we do.
Vision for Employee Experience

A workplace where all employees' interactions and experiences are aligned with Seattle City Light’s core values. Where workplace practices and policies support employee success and contribute positively to the culture.
Vision for Rate Redesign

Rates and pricing programs that help customers meet their energy needs in whatever way they choose while ensuring continued carbon-neutrality and long-term affordability for all customers.
Vision for Electrification

Establish City Light as a regional and industry leader in electric utility innovation focused on accelerating broad electrification. Provide a platform for customer choice and make carbon-free electricity the preferred option for our customers’ energy needs through focused and effective strategic use of technology.

Innovation is Electrification

Strategic deployment of technology will be key to accomplishing the electrification mission
Seattle City Light

- **Energized Denny Substation in May 2018**
  - Anticipated carrying customer load by Q4 2019
  - Dubbed the “World’s Coolest Substation” by *Fast Company Magazine*
  - Deploys state of the art substation automation technology
  - Built with compact equipment for a unique approach to a high-voltage facility in a dense urban area

- **Finalizing implementation of Automated Metering Infrastructure (AMI)**
Vision for City Partnership

Seattle City Light relates to other city departments as partners and allies. We build strong citywide relationships anchored in mutual respect, trust and effective collaboration.

“One Seattle”
RATE OUTLOOK

Key Customer Forum

Seattle City Light
November 1, 2019 Rate Changes

Two pass-through rate changes taking effect:

RSA Surcharge increase: +1.5%
BPA Passthrough: -1.9%

Net impact -- > -0.4%
<table>
<thead>
<tr>
<th></th>
<th>Non-Network</th>
<th>Downtown Network</th>
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<tbody>
<tr>
<td><strong>General Service</strong></td>
<td></td>
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</tr>
<tr>
<td>Small</td>
<td>5.5%</td>
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<tr>
<td>Medium</td>
<td>5.7%</td>
<td>6.6%</td>
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<tr>
<td>Large</td>
<td>5.6%</td>
<td>6.6%</td>
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<tr>
<td>High Demand</td>
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<tr>
<td><strong>Residential</strong></td>
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<td>4.7%</td>
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Coming in 2021: Rate Redesign

Rate design of the future:

1) Demand response rates help reduce costs
2) Different rates targeting decarbonization, affordability, etc.
3) Customers choose rate plan that is right for them
Four Pilots Being Developed

1. **Energy Equity**
   - Wraparound services to reduce energy burden
   - For very low-income residential customers

2. **Residential Time of Day**
   - Incentivize shifting consumption to off-peak times
   - For high use households and potentially EV owners

3. **Commercial Charging**
   - Incentivize electrification and charging off-peak
   - For fleets and commercial charging providers

4. **Industrial Demand Response**
   - Incentive for voluntary curtailment
   - For large/industrial customers
Retail Sales Outlook

The chart shows the annual aMW sales outlook from 2005 to 2040. The graph includes two lines:
- A solid line representing the 2019 Retail Forecast.
- A dashed line representing the Retail Weather Normals.

The chart also includes an inset zooming into the sales forecast for the years 2020 to 2040, showing a more detailed view of the anticipated sales trend.