



2016 SYSTEM LOAD FORECAST

Resource Planning, Forecasting, & Analysis

September 2016



ASSUMPTIONS

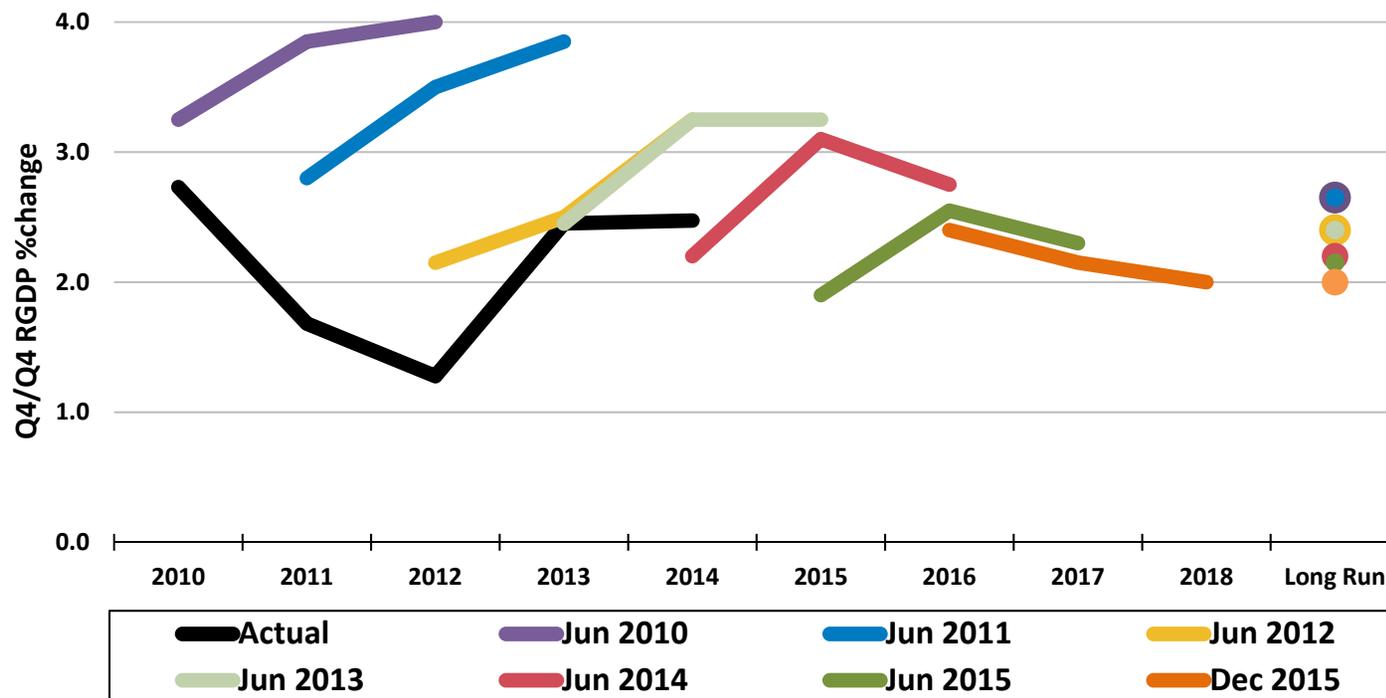
- Forecast based on “normal weather”
- Utility programmatic energy efficiency
 - Achieved historical is included
 - New potential (CPA) is excluded
- National economic outlook from IHS Economics

KEY ECONOMIC VARIABLES

- Inputs supplied by IHS (vendor) or forecast outside the model
 - US GDP, US CPI, US personal income, US population, US unemployment rate, Boeing employment
- Inputs forecast in the Regional Economic Model
 - Wage & salary employment, unemployment rate, personal income, housing permits, headline CPI, population
- Energy efficiency components are developed from the Conservation Potential Assessment

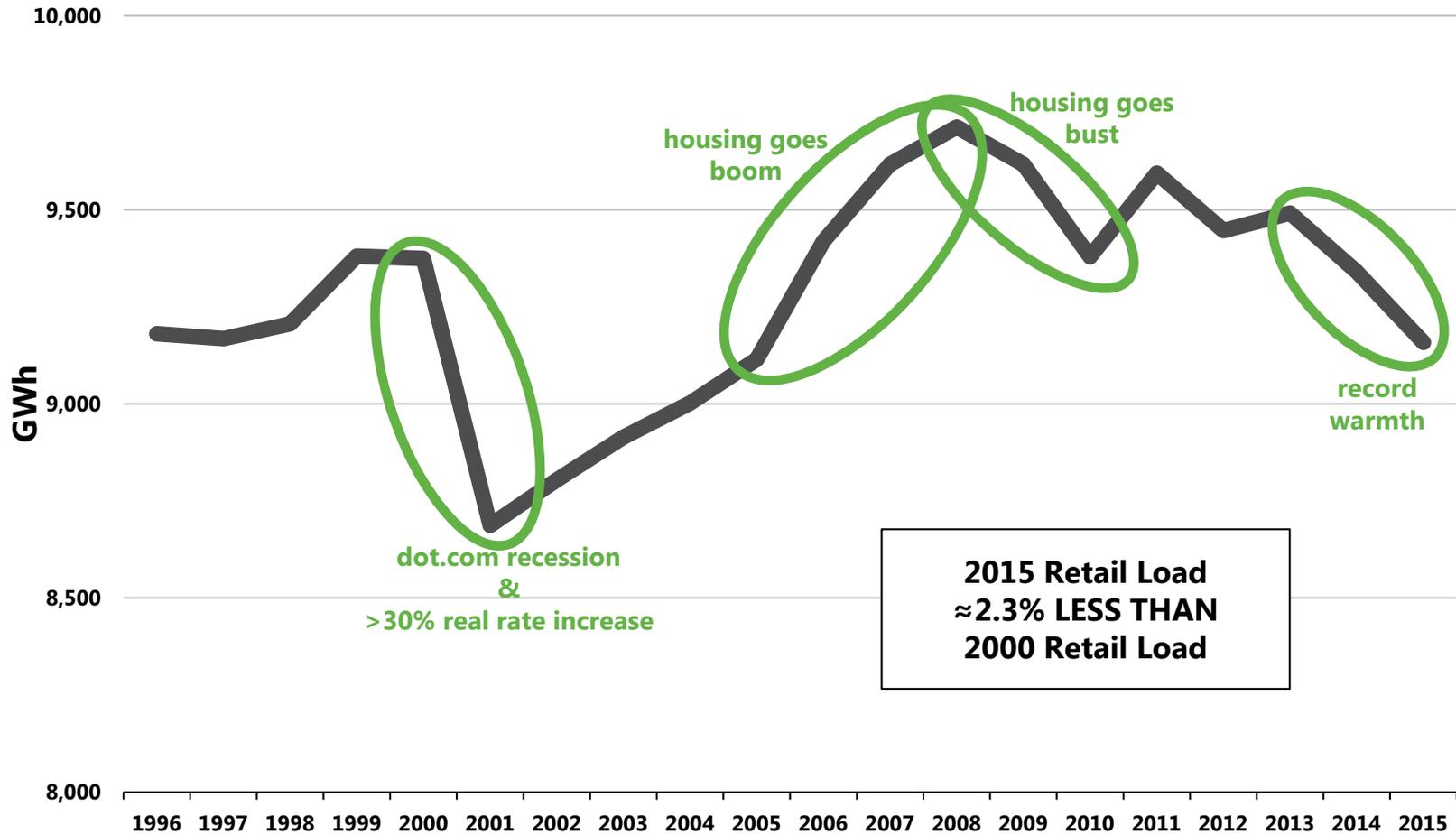
PRIMARY DRIVERS HAVE BEEN POOR QUALITY

FOMC Real GDP Forecast Projections (Central Tendency)

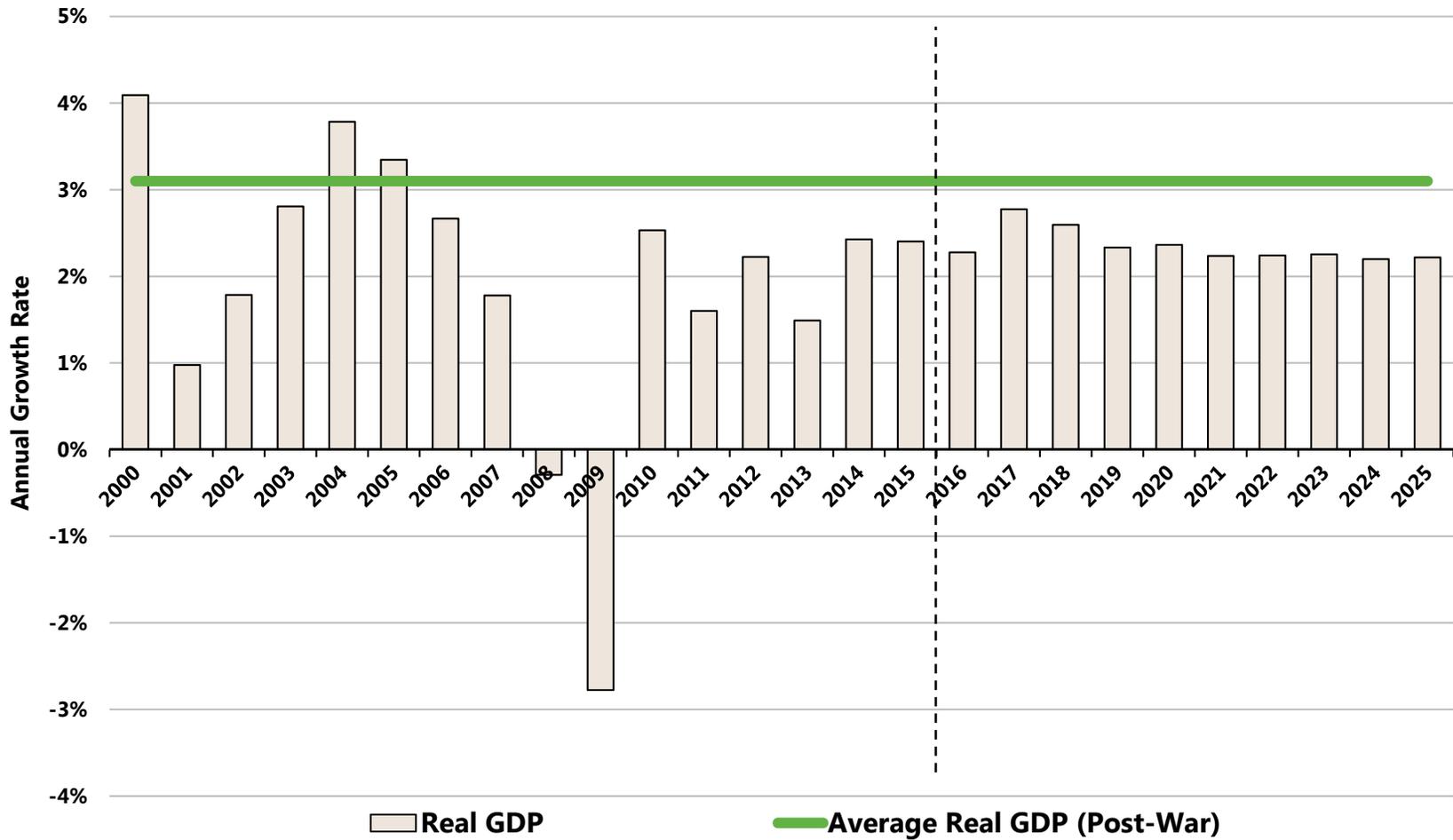


“An economist is an expert who will know tomorrow why the things he predicted yesterday didn’t happen today.” ~Evan EsAR

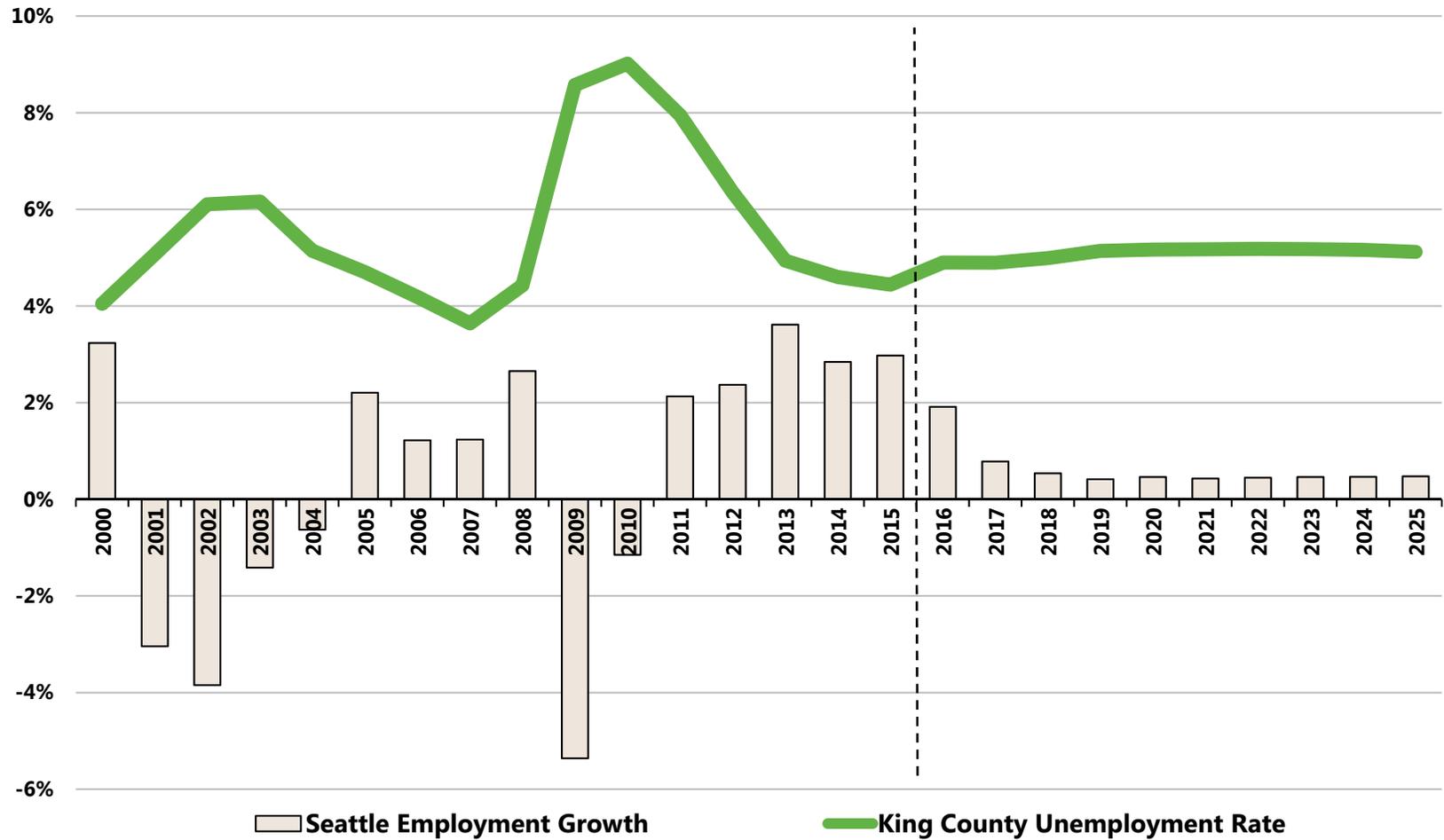
SEATTLE CITY LIGHT RETAIL LOAD HISTORY



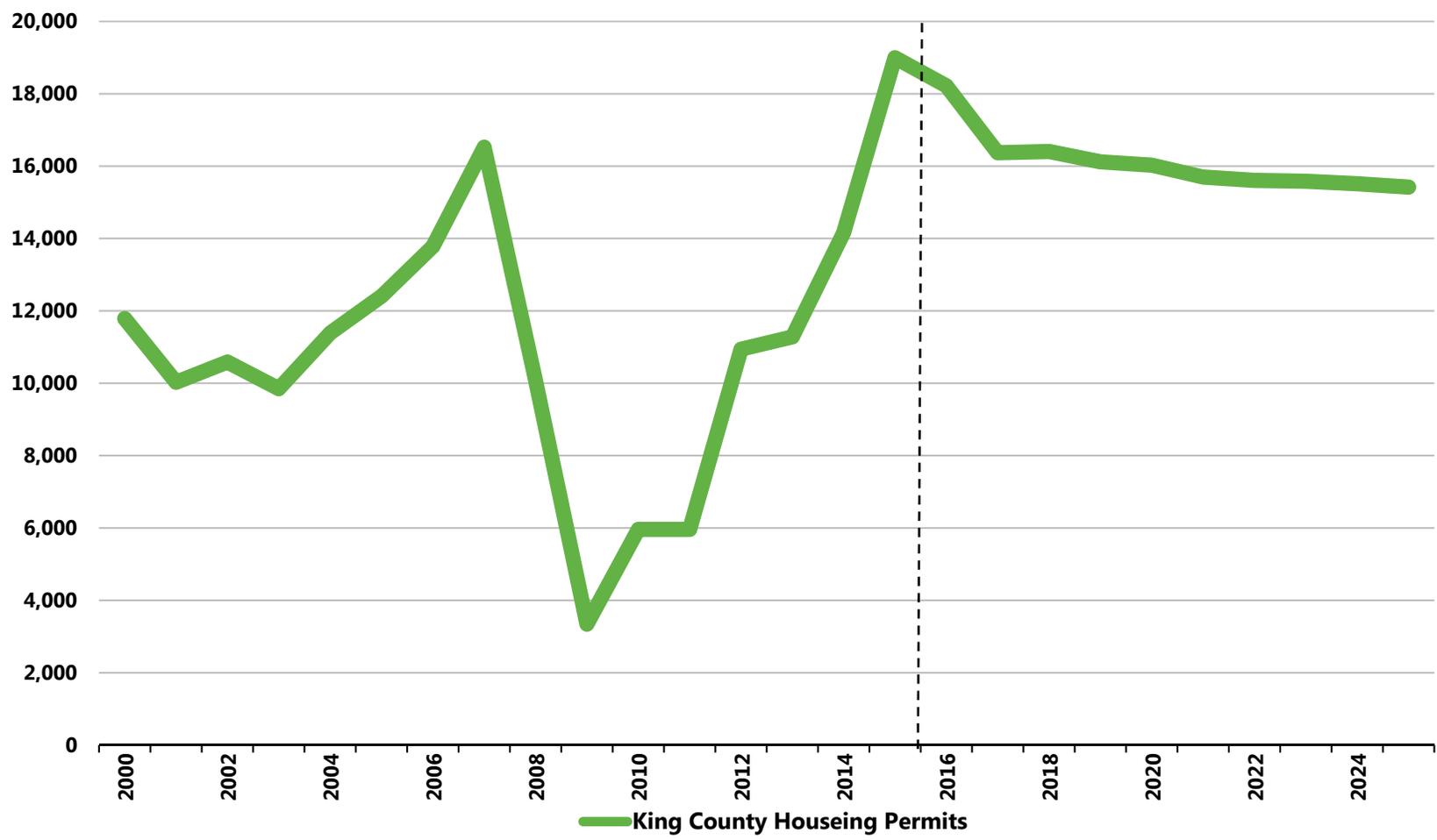
"NEW NORMAL" - MODERATE ECONOMIC GROWTH?



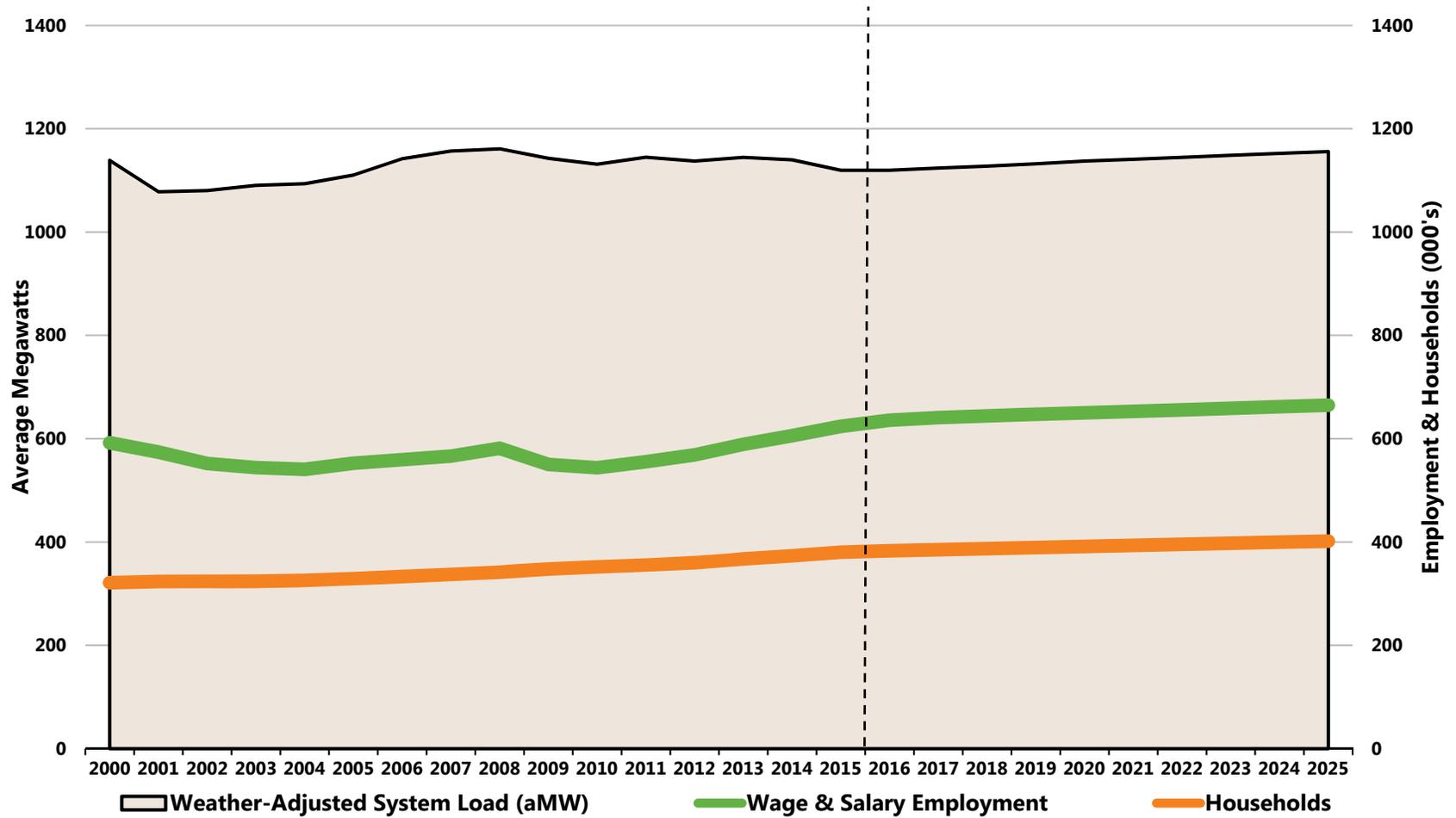
LOCAL LABOR MARKETS



CURRENT HOUSING GROWTH NOT SUSTAINABLE

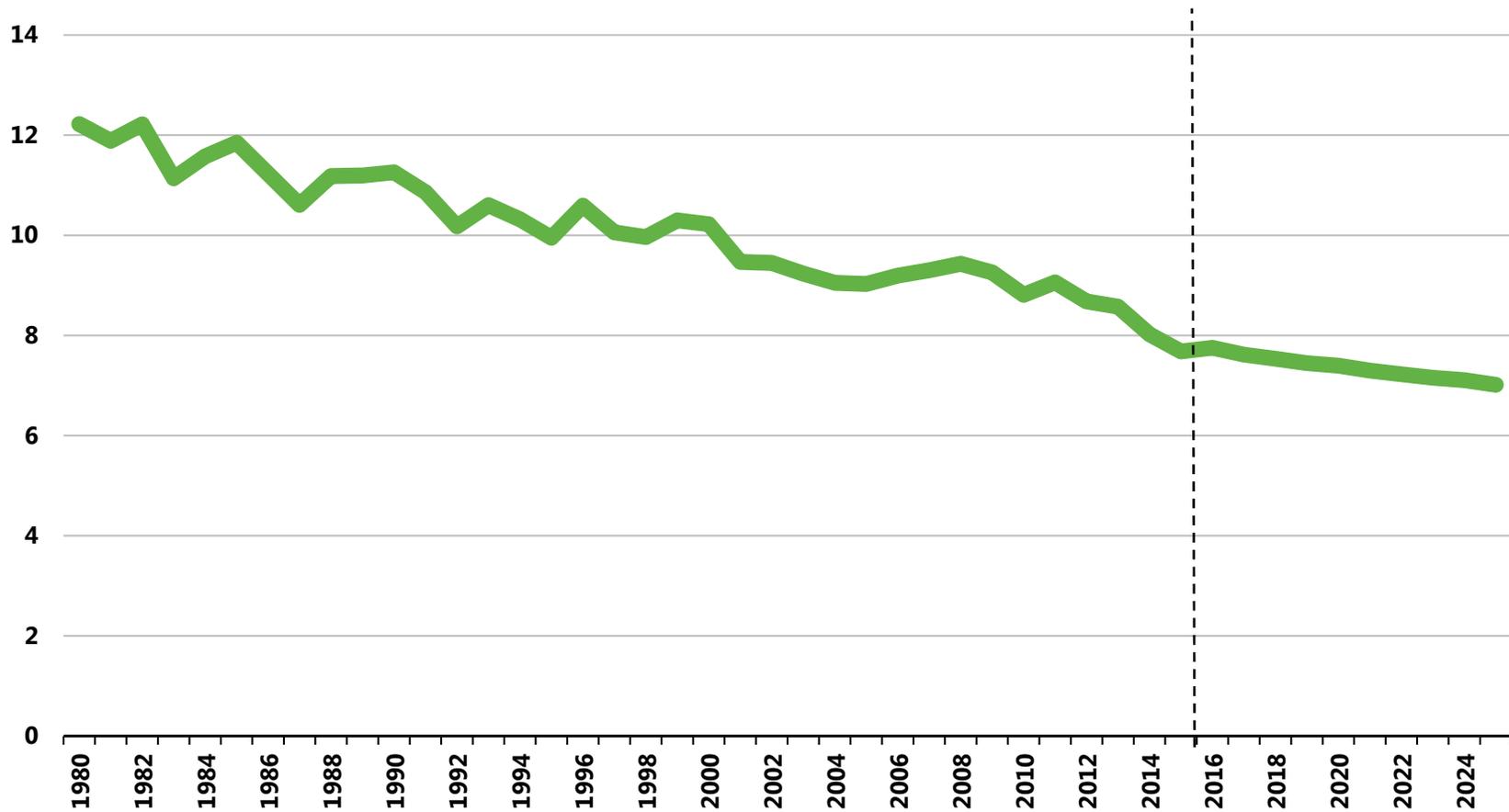


LOAD, EMPLOYMENT, AND HOUSEHOLDS



ENERGY EFFICIENCY, BUILDING CODES, & RATES

Residential MWh Per Household



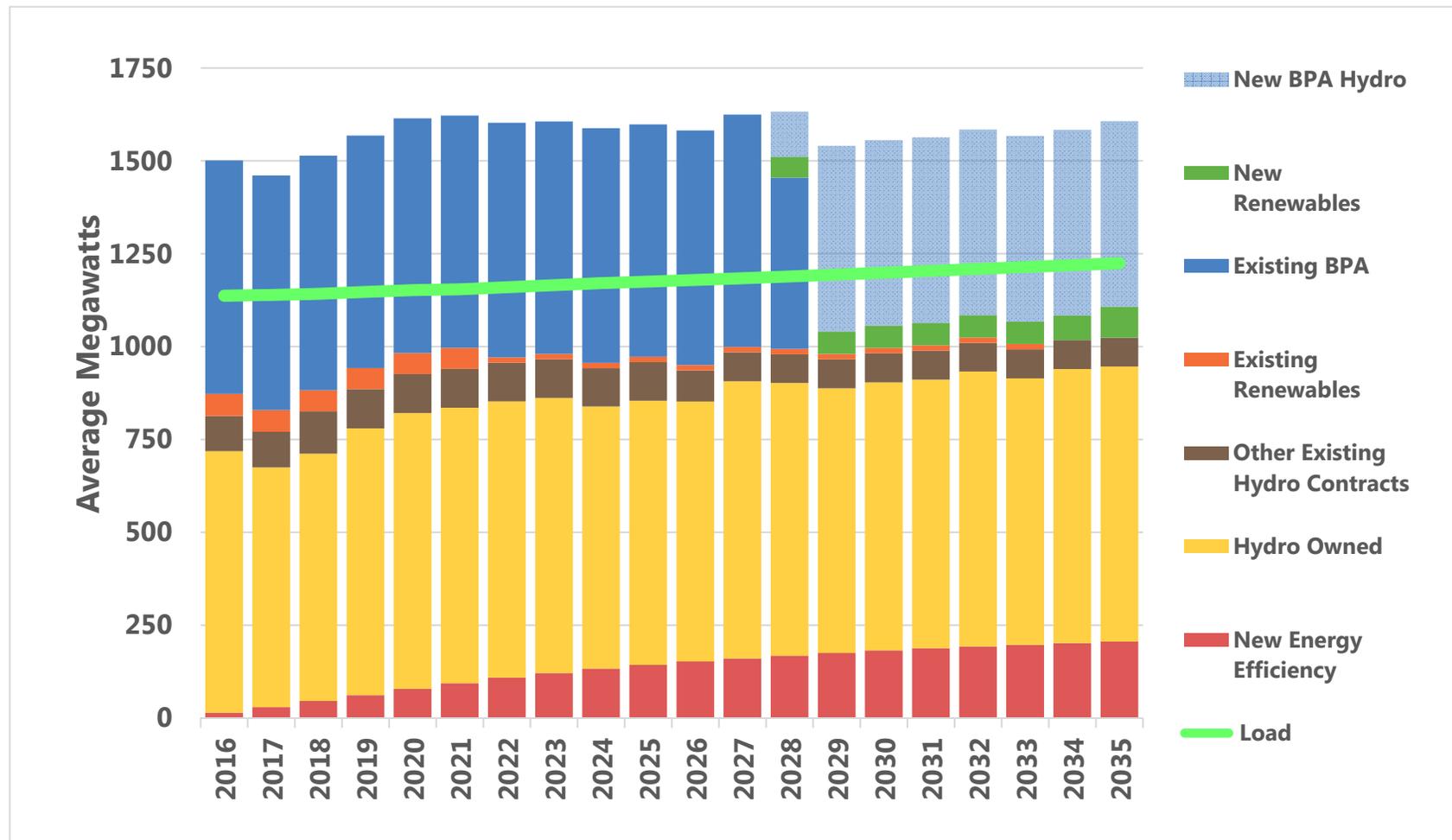
NEGATIVE LOAD IMPACT FROM RISING RATES

	2016	2017	2018	2019	2020	2021	2022
Estimated Nominal Rate Change (%)¹	6.66	5.60	5.60	4.00	4.00	4.00	4.00
Load Impact (MW)²	-2.1	-6.9	-10.5	-12.7	-14.5	-16.5	-18.5

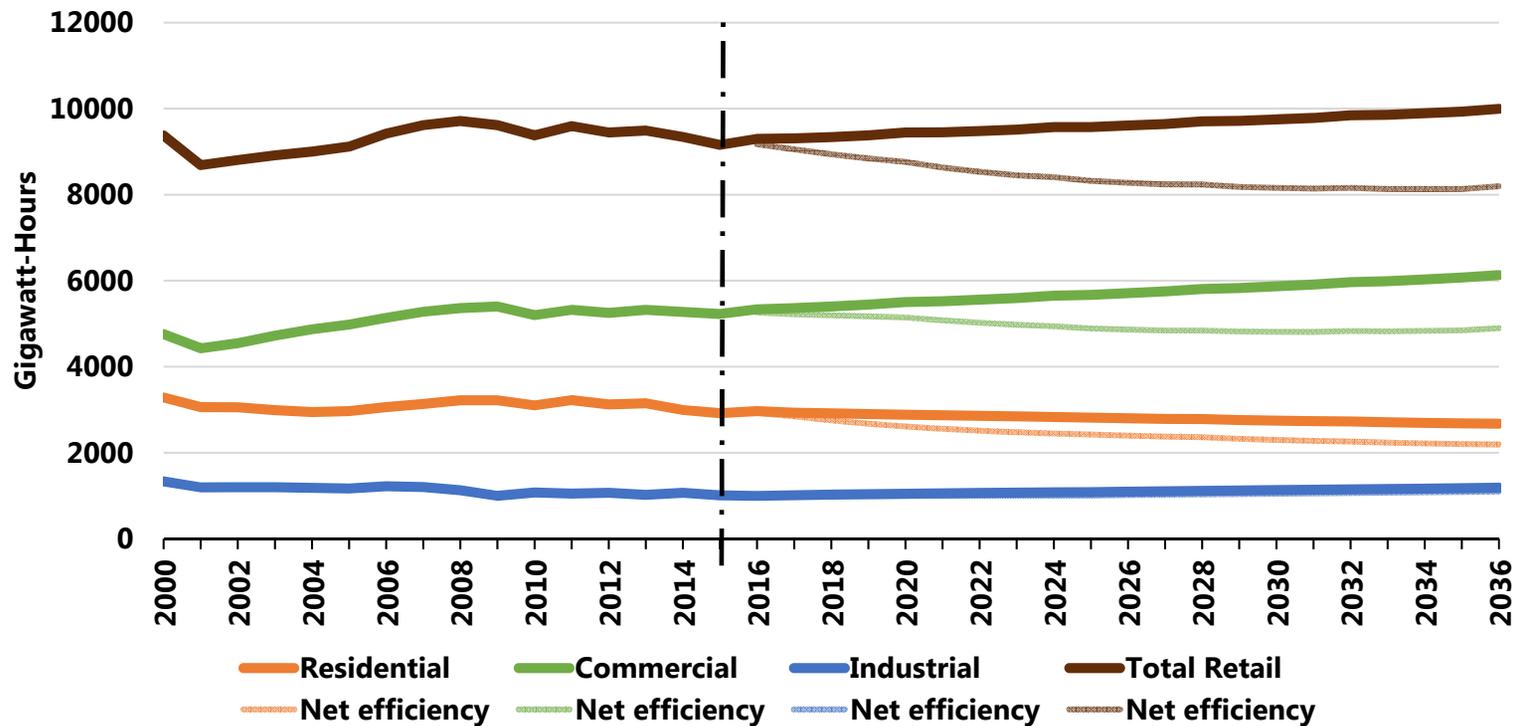
¹Estimated nominal rates from Seattle City Light's Financial Planning Unit

²Elasticities include multi-quarter polynomial distributed lags

2016 IRP FUTURE LOAD RESOURCE BALANCE



LOAD HISTORY & FORECAST BY CUSTOMER CLASS



Forecasted 20-year Average Growth Rates (net new utility energy efficiency)

Total Retail: 0.36% (-0.6%) Commercial: 0.7% (-0.4%)
 Residential: -0.5% (-1.4%) Industrial: 0.9% (0.6%)

SUMMARY

- Primary drivers
 - Expect moderate economic growth
 - Expect local labor markets to moderate
 - Rapid growth in residential construction not likely to be sustainable
- Energy efficiency is driving change
 - Average retail growth rate 0.4% - before new EE
 - Average retail growth rate -0.6% after new EE



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.

