



STRATEGIC PLAN BASELINE

Part 2: Power Costs

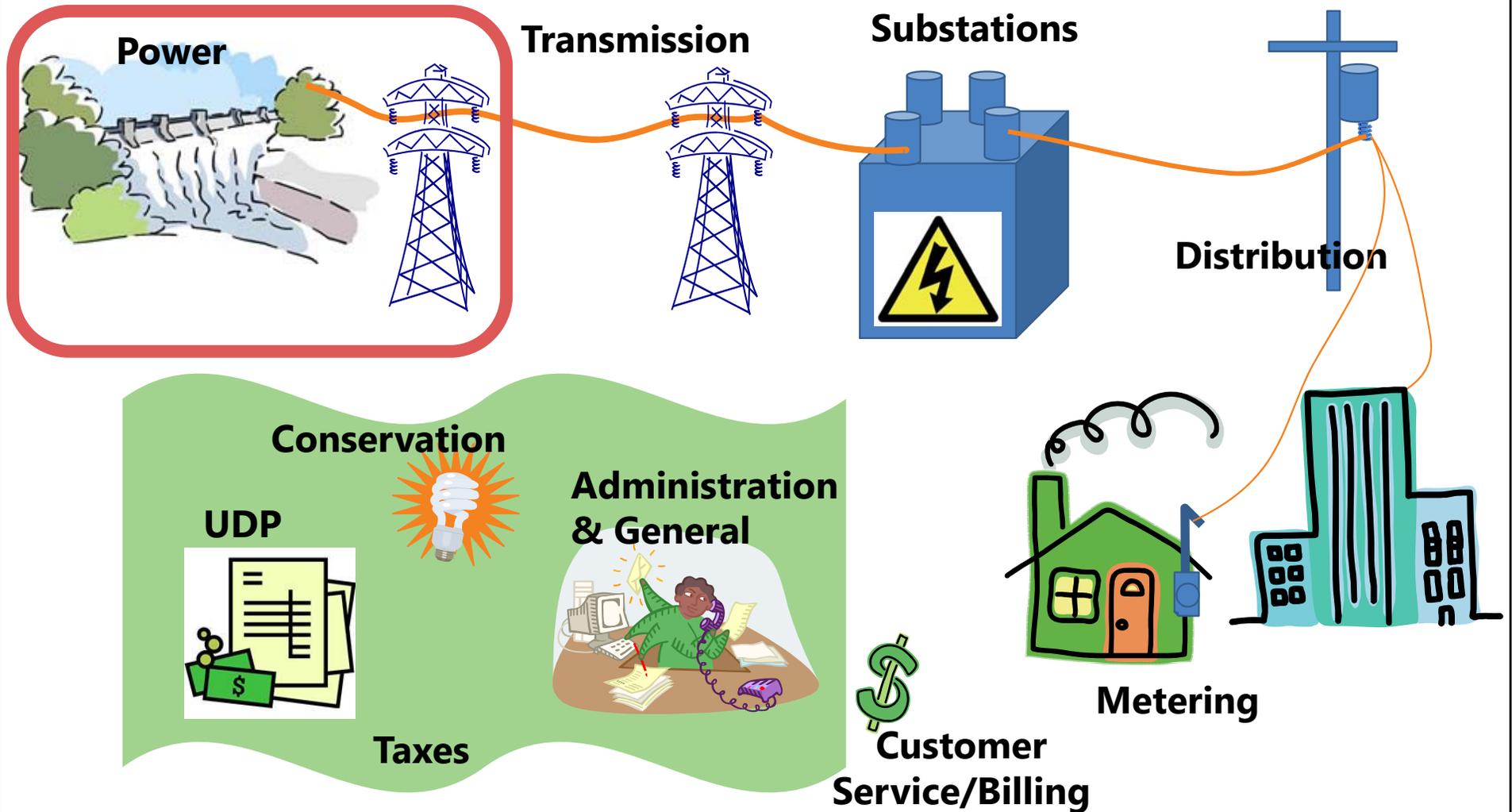
Paula Laschober and Mike Haynes

Review Panel Meeting

November 22, 2016



COMPONENTS OF ELECTRIC SERVICE



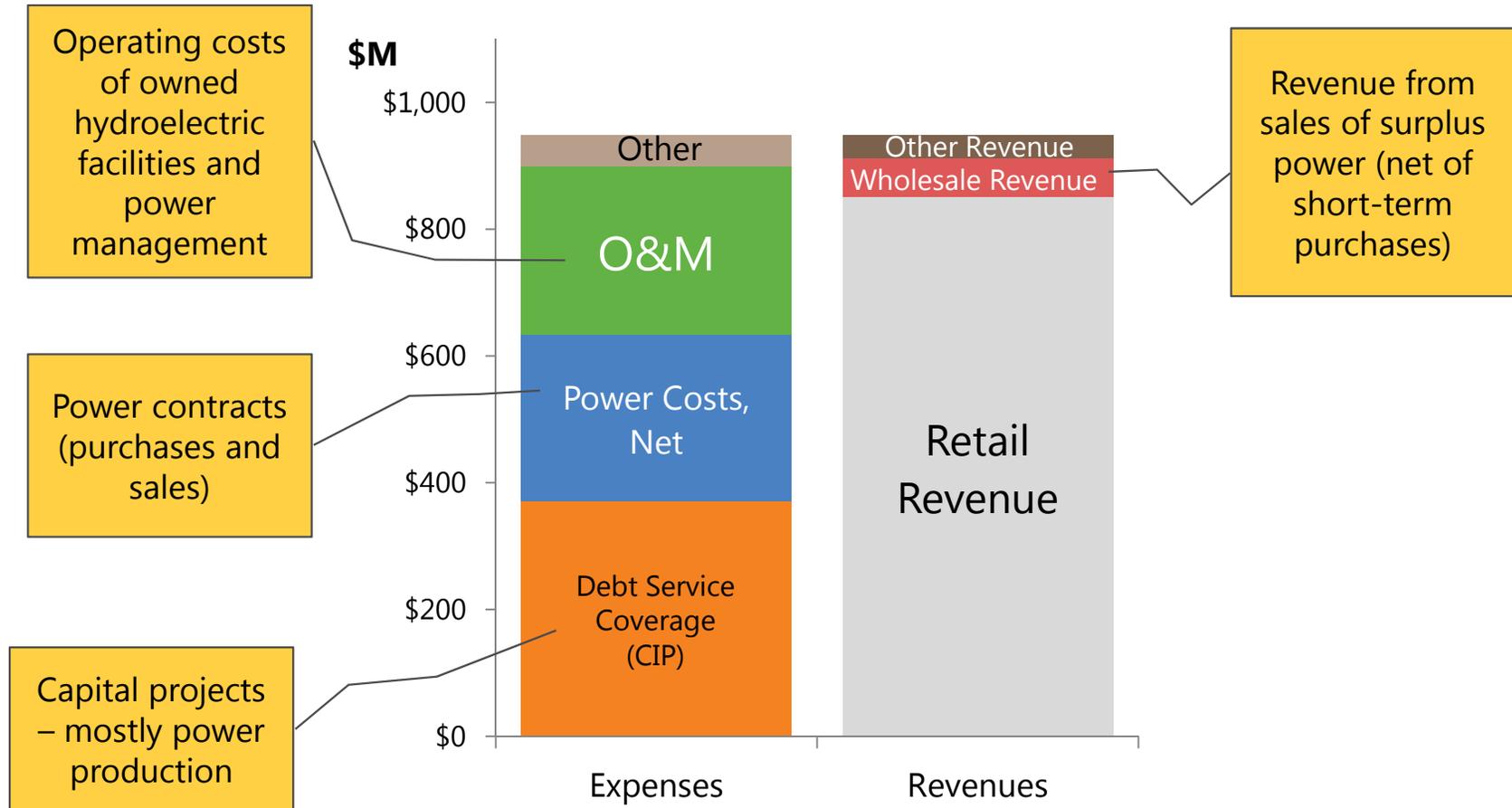
ENERGY COSTS

1. Net Operating Costs

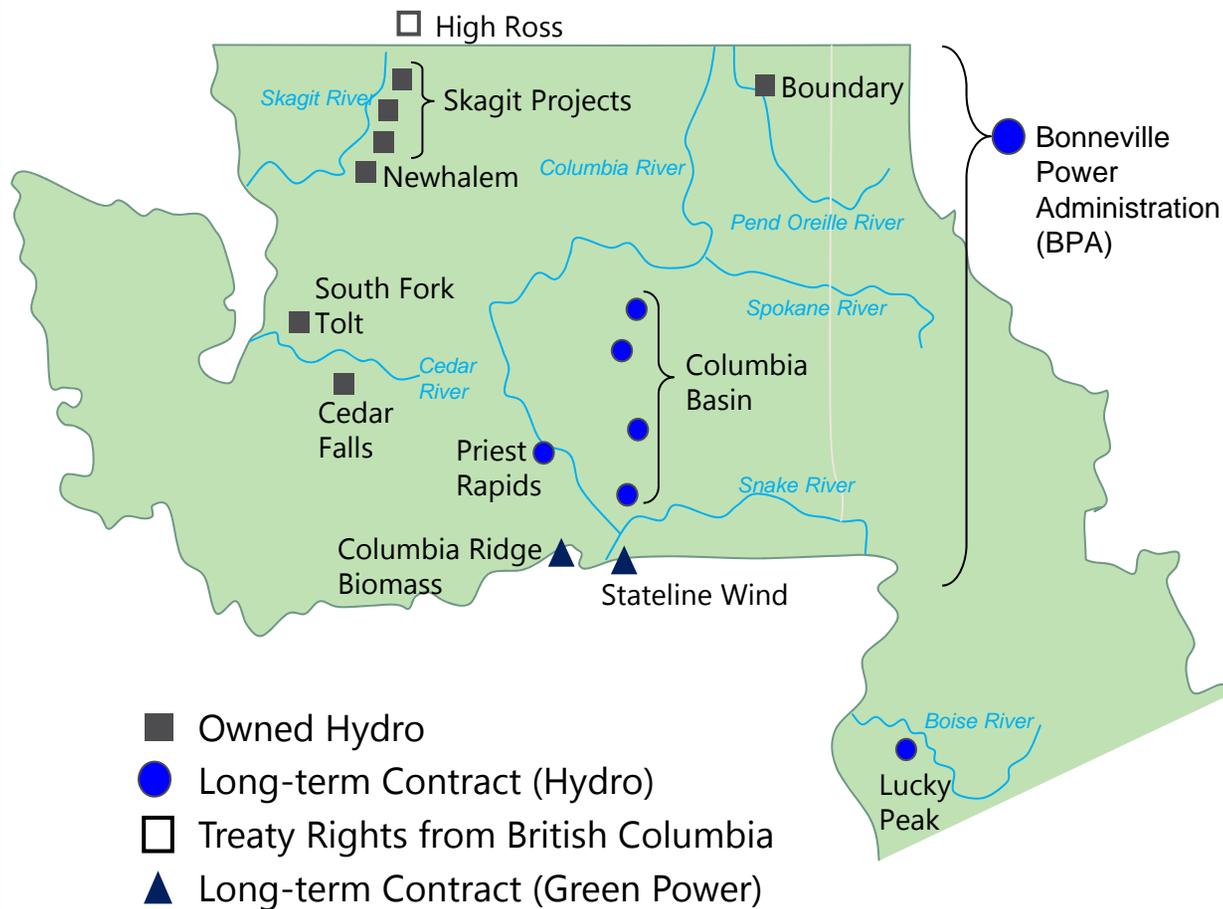
- a) Power Contracts
- b) Power Production (Generation) O&M
- c) Power Management O&M
- d) Net Wholesale Revenue (NWR)

2. Capital Expenditures

POWER COSTS SPREAD AMONG MANY CATEGORIES



MAJOR POWER RESOURCES



Power Costs (and Revenues)

2017 \$M

Expenses

BPA	\$175.2
Priest Rapids	\$2.4
Columbia Basin	\$6.7
High Ross	\$13.1
Lucky Peak	\$7.7
Stateline Wind	\$24.6
Small Renewables	\$10.0
Wheeling	\$43.8

Total Expense \$283.6

Revenues

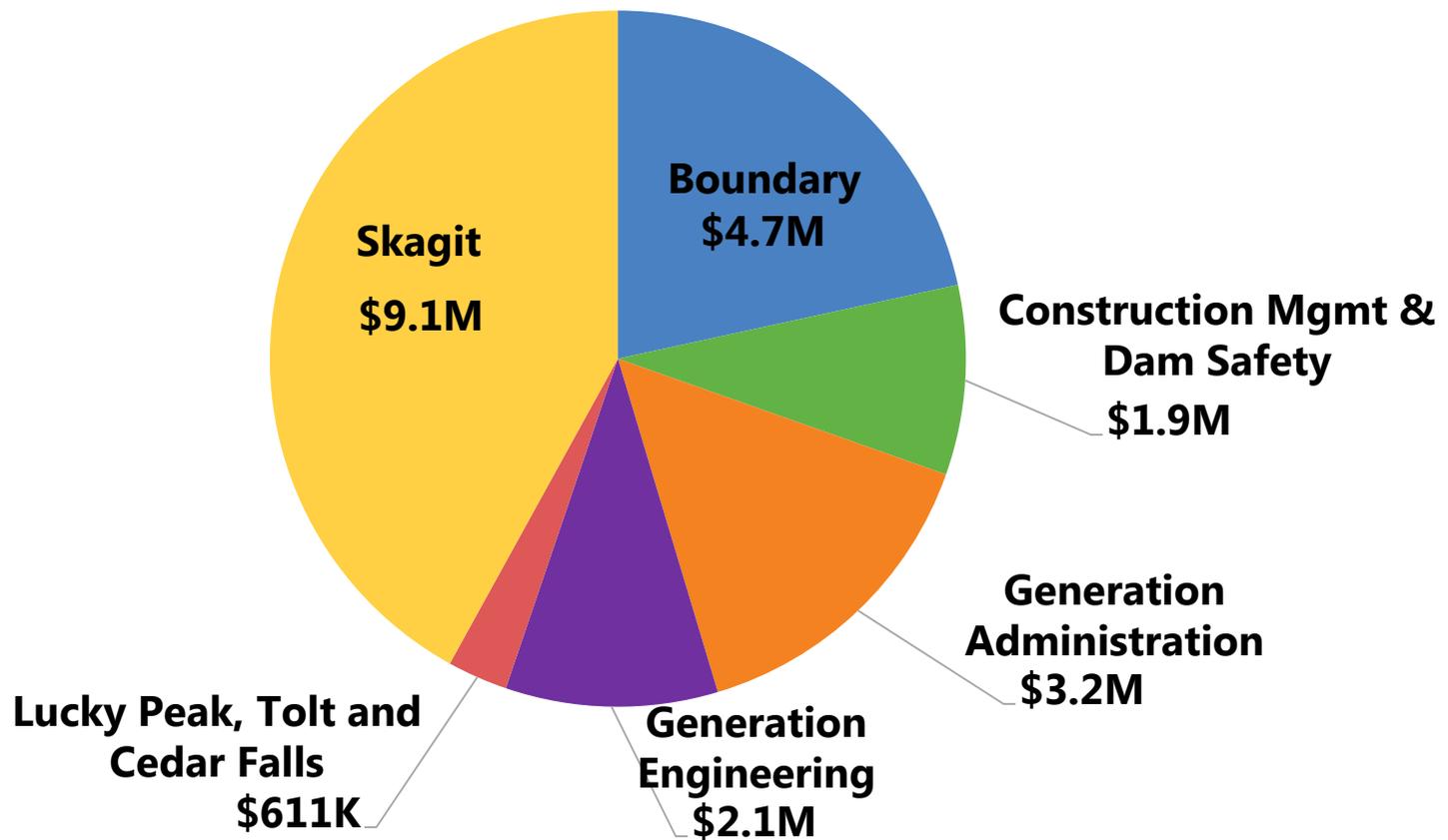
Power Contracts	\$13.2
Marketing	\$7.4

Total Revenue \$20.6

Total \$263.0

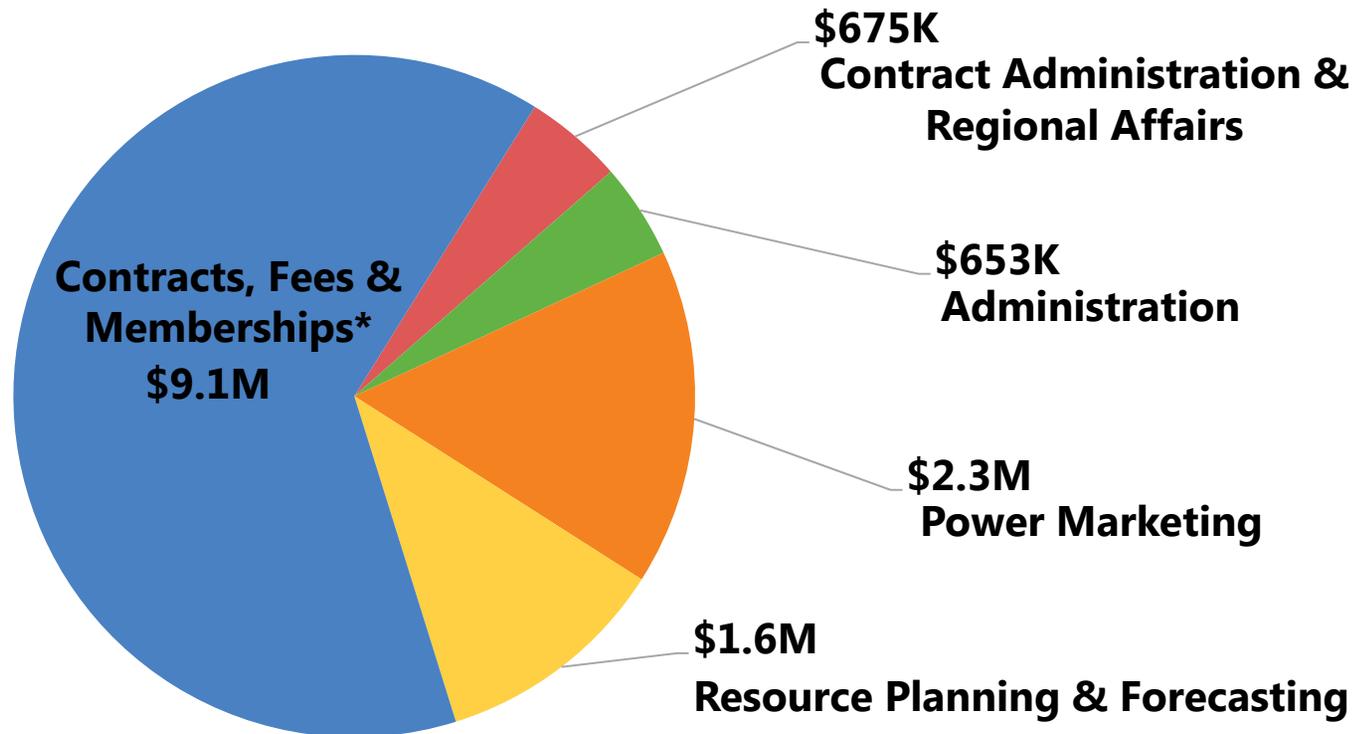
O&M: POWER PRODUCTION

2017 Power Production O&M Budget: \$21.8 M



O&M: POWER MANAGEMENT

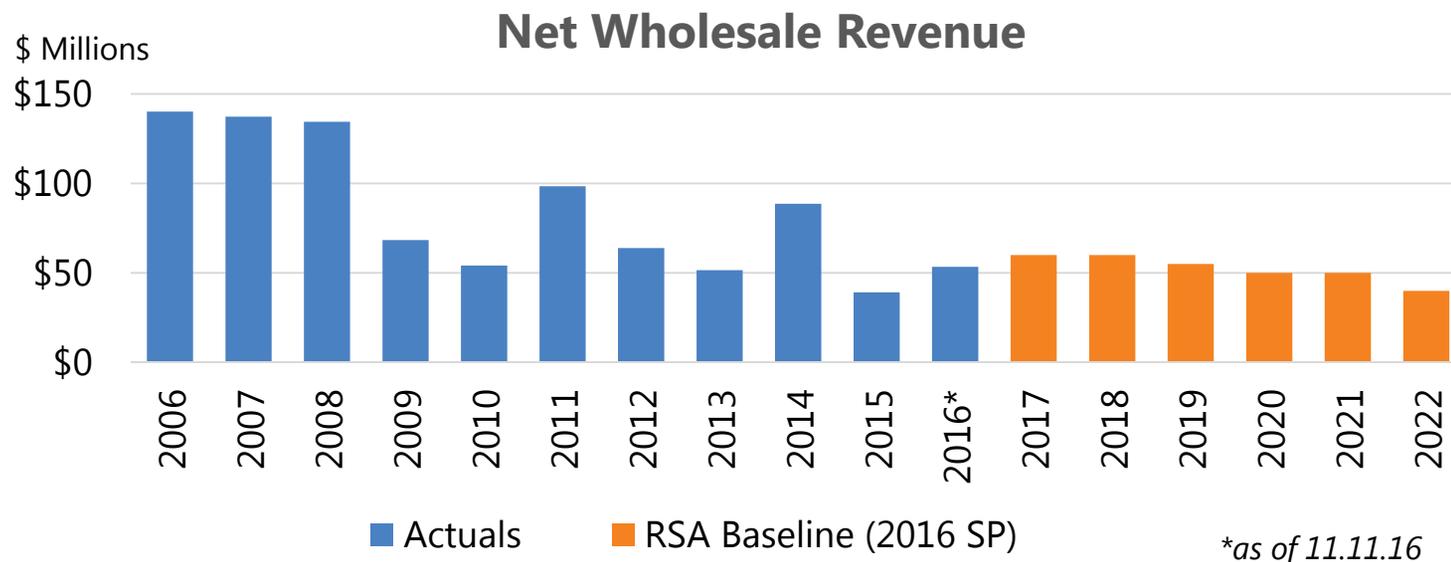
2017 Power Management O&M Budget = \$14.4 M



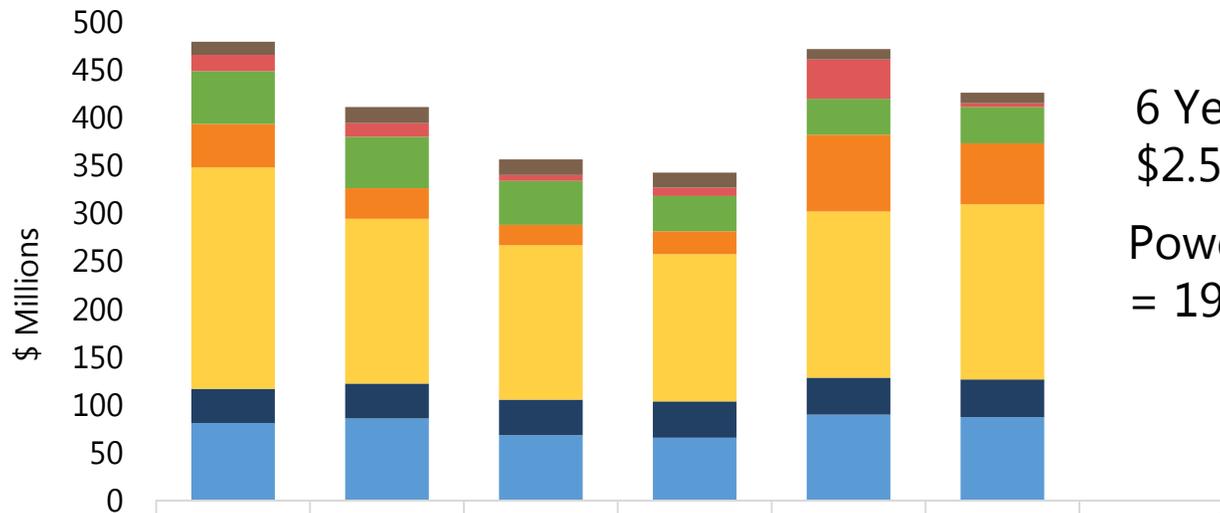
** Majority (\$7.6M) is FERC land use charges and administrative fees. Remaining is dues/memberships for regional groups (e.g. NAESB, NWPP, PNUCC) and consulting services.*

NET WHOLESALE REVENUE (NWR)

- NWR is less of a risk/strategic issue than in the past.
- RSA buffers impacts of uncertain NWR.
 - RSA rules of operation and NWR budget are topics that could be addressed by new strategic plan.



ADOPTED CAPITAL IMPROVEMENT PROGRAM



6 Year Total:
\$2.5 Billion
Power Supply
= 19%

	2017	2018	2019	2020	2021	2022	6 Yr Total
Other Deferred O&M	13.7	16.8	16.3	15.6	10.7	11.0	84.1
Transmission	17.1	14.3	6.2	8.7	41.1	3.9	91.4
External Projects	55.3	53.7	45.8	36.9	37.7	38.1	267.5
Central Utility Projects	45.3	32.0	21.4	23.9	80.1	63.6	266.4
Distribution	231.4	172.2	161.3	153.9	173.7	183.1	1075.5
Conservation	35.7	36.4	37.1	37.9	38.6	39.4	225.1
Power Supply	81.3	86.0	68.6	65.9	90.0	87.4	479.2
Total Expense	479.7	411.5	356.7	342.9	471.9	426.4	2,489

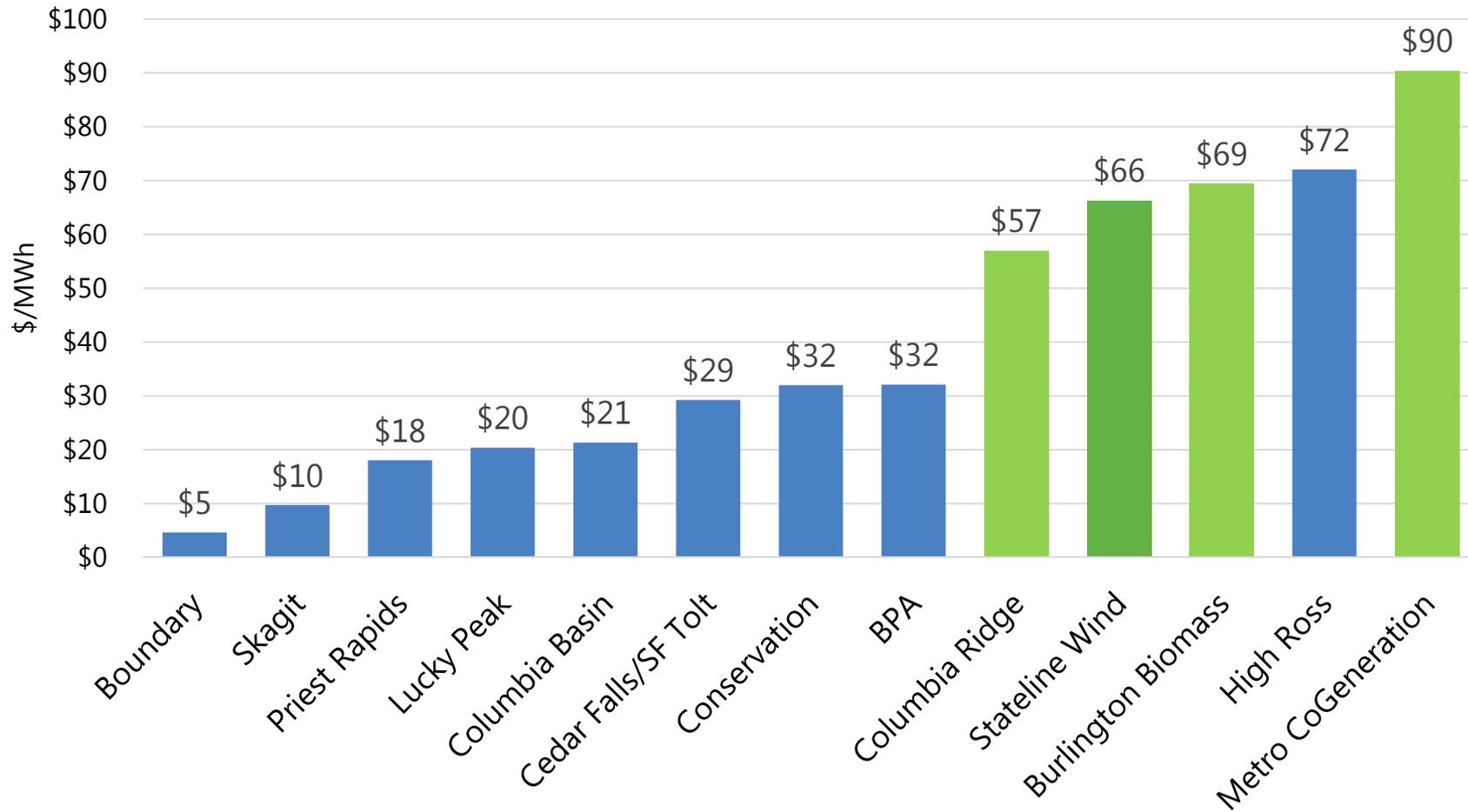
* Forecast is cash flow and includes a 10% under-expenditure assumption applied to budget values.

ENERGY COSTS SUMMARY*

Net Operating Expenses	2017
Power Contracts	\$263.0 M
Power Production O&M	\$21.8 M
Power Management O&M	\$14.4 M
Net Wholesale Revenue (NWR)	\$60.0 M
Capital Expenditures	2017-2022
Generation CIP	\$479.2 M
High Ross Deferred O&M	\$36.4 M

**Energy costs not included here, that will be discussed later: Environmental mitigation, owned long-distance transmission, conservation.*

POWER COST BY SOURCE





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.

