



# Seattle City Light Financial Update

Seattle City Council

March 3, 2003



Seattle City Light

# 2002 Financial Results

- ◆ **Budget**
- ◆ **Power**
- ◆ **Financial**



# 2002 Budget

- ◆ **Adopted \$541 m non-power budget**
- ◆ **Identified \$37 m (6.8%) in cuts**
  - \$12 O&M
  - \$24 CIP
  - \$1 Benefits
- ◆ **Actually spent \$476 m or \$28 m (5.5%) less than reduced budget**



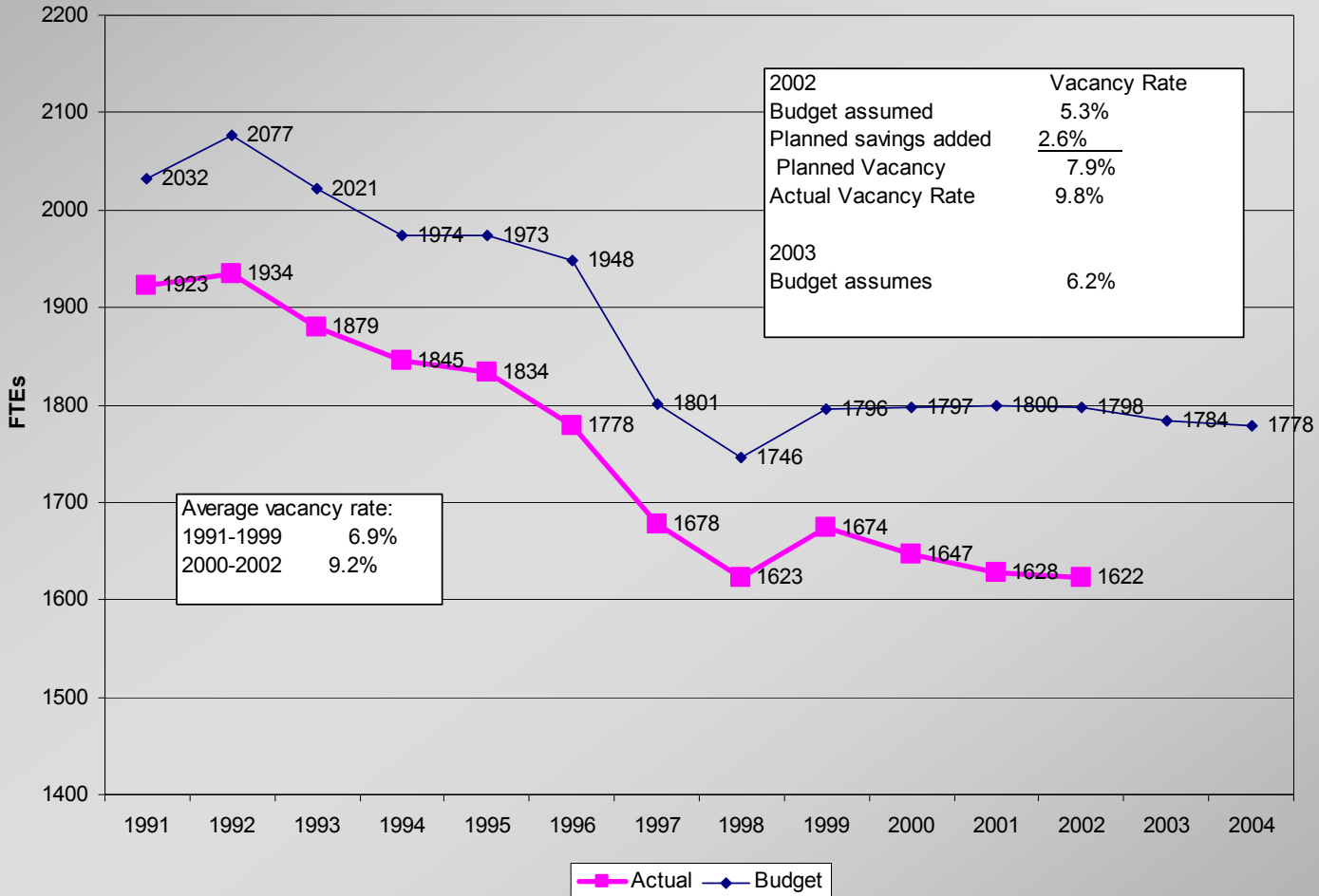
## 2002 Non-Power Budget

(million \$)

		<b>Budget</b>	<b>Planned Savings</b>	<b>Added Savings</b>	<b>Total Savings</b>
<b>O&amp;M</b>		<b>148</b>	<b>12</b>	<b>2</b>	<b>14</b>
<b>Capital</b>		<b>168</b>	<b>24</b>	<b>16</b>	<b>40</b>
<b>Benefits</b>		<b>29</b>	<b>1</b>	<b>(1)</b>	<b>0</b>
<b>Taxes</b>		<b>69</b>	<b>0</b>	<b>8</b>	<b>8</b>
<b>Debt Service</b>		<b>127</b>	<b>0</b>	<b>3</b>	<b>3</b>
<b>Total</b>		<b>541</b>	<b>37</b>	<b>28</b>	<b>65</b>

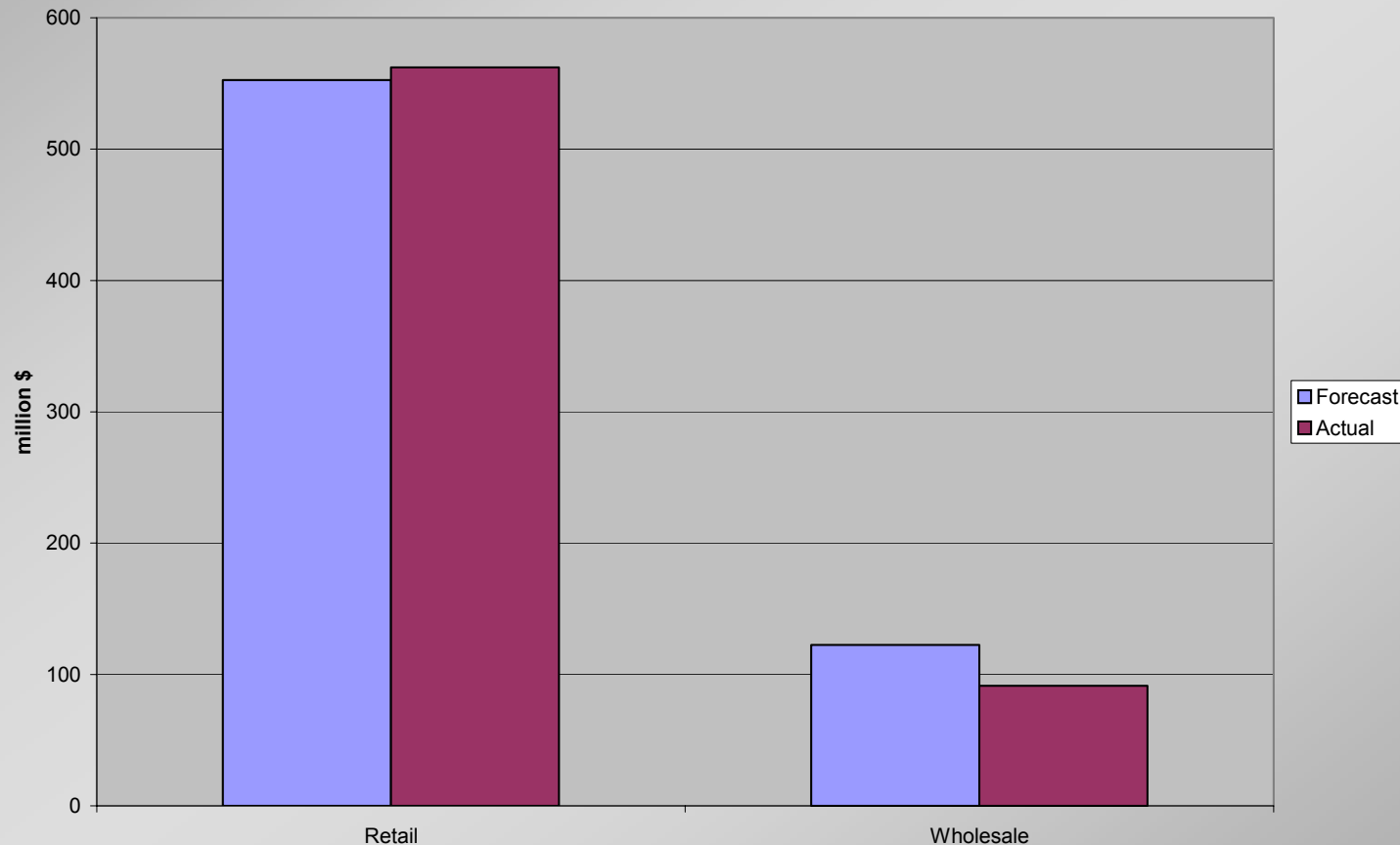
# Continued Downward Trend in FTEs

## Full Time Equivalent Employees



# 2002 Power Forecast to Actual

2002 Retail and Net Wholesale Revenues



# 2002 Net Income

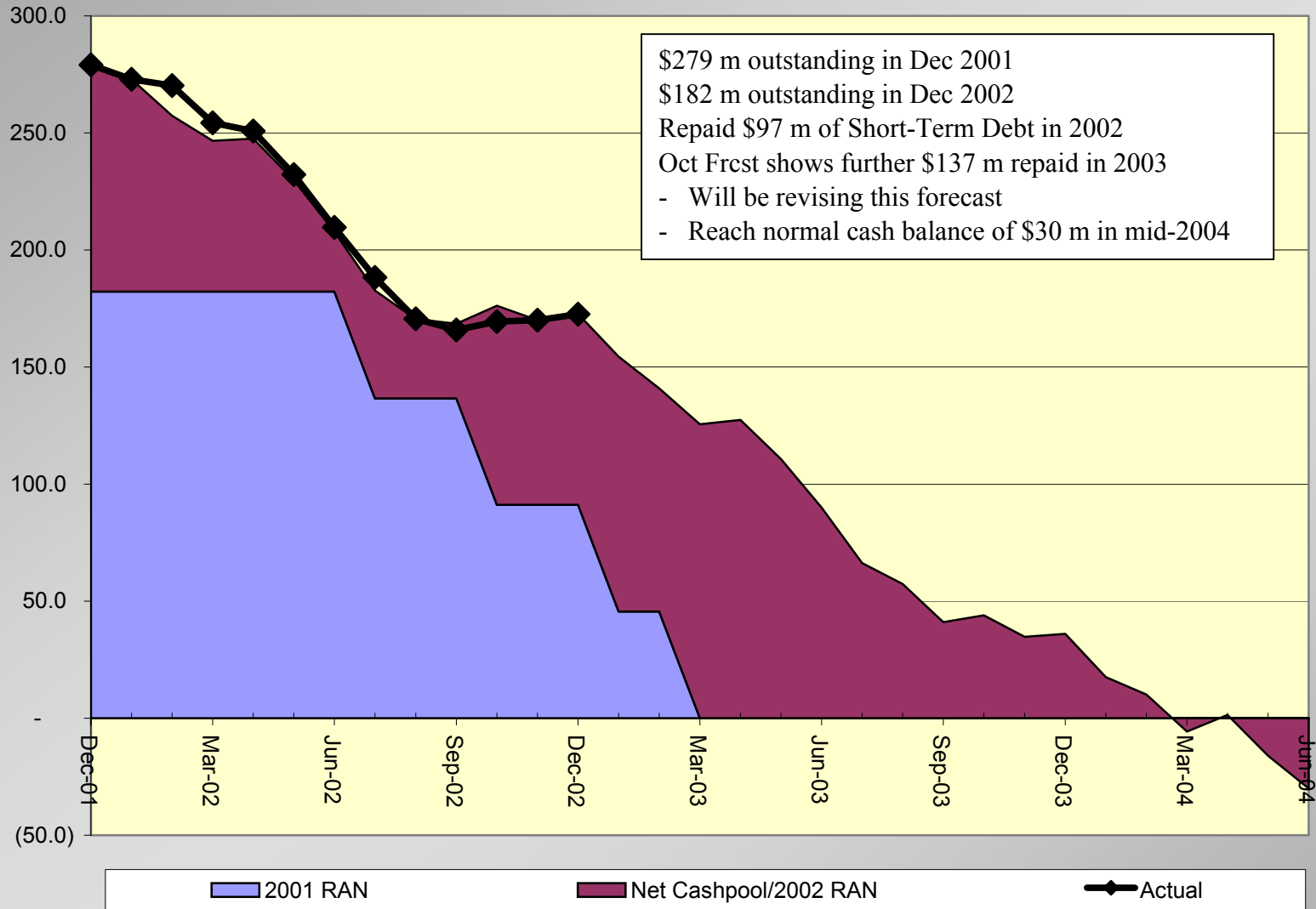
(million \$)

	2001	Apr Frkst	Oct Frkst	Actual*
Retail Power Revenues	503.4	552.7	566.0	562.4
Wholesale Power Revenues	115.5	126.4	113.2	131.8
Transmission & Other Revenues	10.7	18.6	22.0	15.1
<b>Total Operating Revenues</b>	<b>627.6</b>	<b>697.7</b>	<b>701.2</b>	<b>709.3</b>
Wholesale Power Purchases	528.9	4.5	13.6	25.0
Long-Term Purchased Power	151.2	234.2	220.2	223.7
Wheeling	21.9	30.9	31.0	31.1
Other O&M	138.7	130.1	142.0	144.2
Taxes	52.6	58.2	60.2	60.2
Depreciation	61.5	72.4	72.4	66.5
<b>Total Operating Expense</b>	<b>954.8</b>	<b>530.3</b>	<b>539.4</b>	<b>550.6</b>
Non-operating Revenues (Exp)	(63.4)	(76.7)	(69.8)	(73.6)
Fees, Grants, and Transfers	15.3	15.0	12.9	13.0
<b>Net Income (Loss)</b> (excl deferral of 2001 power cost)	<b>(373.3)</b>	<b>105.7</b>	<b>104.9</b>	<b>98.1</b>
Deferral of Power Costs	(300.0)	100.0	100.0	100.0
<b>Net Income (Loss)</b>	<b>(73.3)</b>	<b>5.7</b>	<b>4.9</b>	<b>(1.9)</b>

\*Preliminary, unaudited financial results.



## Short Term Debt Outstanding with Average Water



# New Financial Policies

- ◆ **Designed for increased hydro risk with BPA Slice contract and increased price risk in market**
- ◆ **Take effect when short-term debt repaid and normal operating cash balances (\$30m) restored**
- ◆ **95% probability of not borrowing for operating purposes**
- ◆ **1st 2 years, build up \$25 m reserve for extremely dry years**
- ◆ **Average results:**
  - **about 50% of CIP financed from current revenues**
  - **debt service coverage above 2.0**



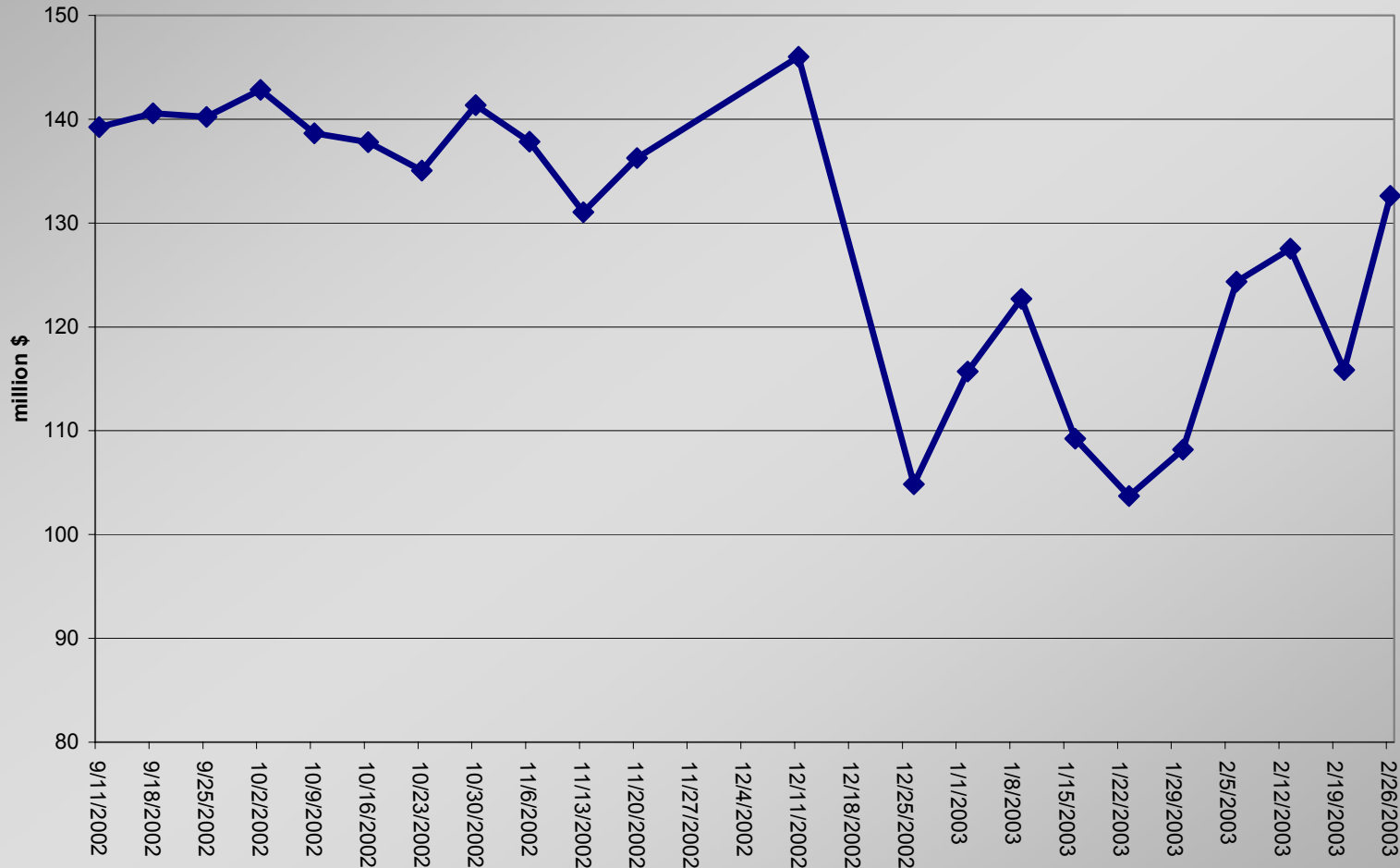
# 2003 Power Issues

- ◆ **Load forecast revision, cut 2003 forecast by about 1.5% to about 2002 actual level**
- ◆ **Lack of precipitation and snowpack, still evaluating, evolving situation**
- ◆ **Wholesale prices higher than forecast**
  - **\$69m of surplus power already sold**



# Forecasts of 2003 Sales Very Volatile

Forecast of 2003 Net Wholesale Sales Revenue



# BPA Passthrough

- ◆ **BPA has a number of opportunities within contract to increase customer payments to compensate for higher costs**
  - **LB CRAC on block and slice**
  - **FB CRAC on block**
  - **SN CRAC on block**
  - **“True-Up Payment” on slice**
- ◆ **Because CRACs change about twice a year (Apr and Oct), Council approved automatic passthrough into SCL retail rates.**



# April 1 Passthrough

## ◆ BPA Passthrough Charges

- Oct '01            0.55 cents/kWh,
- April '02          0.48 cents/kWh,
- April '03          0.56 cents/kWh

## ◆ Average incr of about 1.2%

## ◆ Average Seattle Residential monthly bill will increase by \$0.59



# 2003 Financial Forecast

- ◆ **Currently working on revision that incorporates**
  - **actual 2002 results**
  - **economic conditions**
  - **water conditions**
  - **wholesale prices**
- ◆ **Available around end March/beg April**
- ◆ **Could brief EEP Committee on April 17**

