



Seattle City Light

FINANCE & DEBT MANAGEMENT

Overview for Review Panel – Part 2

Carsten Croff & Eyvind Westby | June 2019



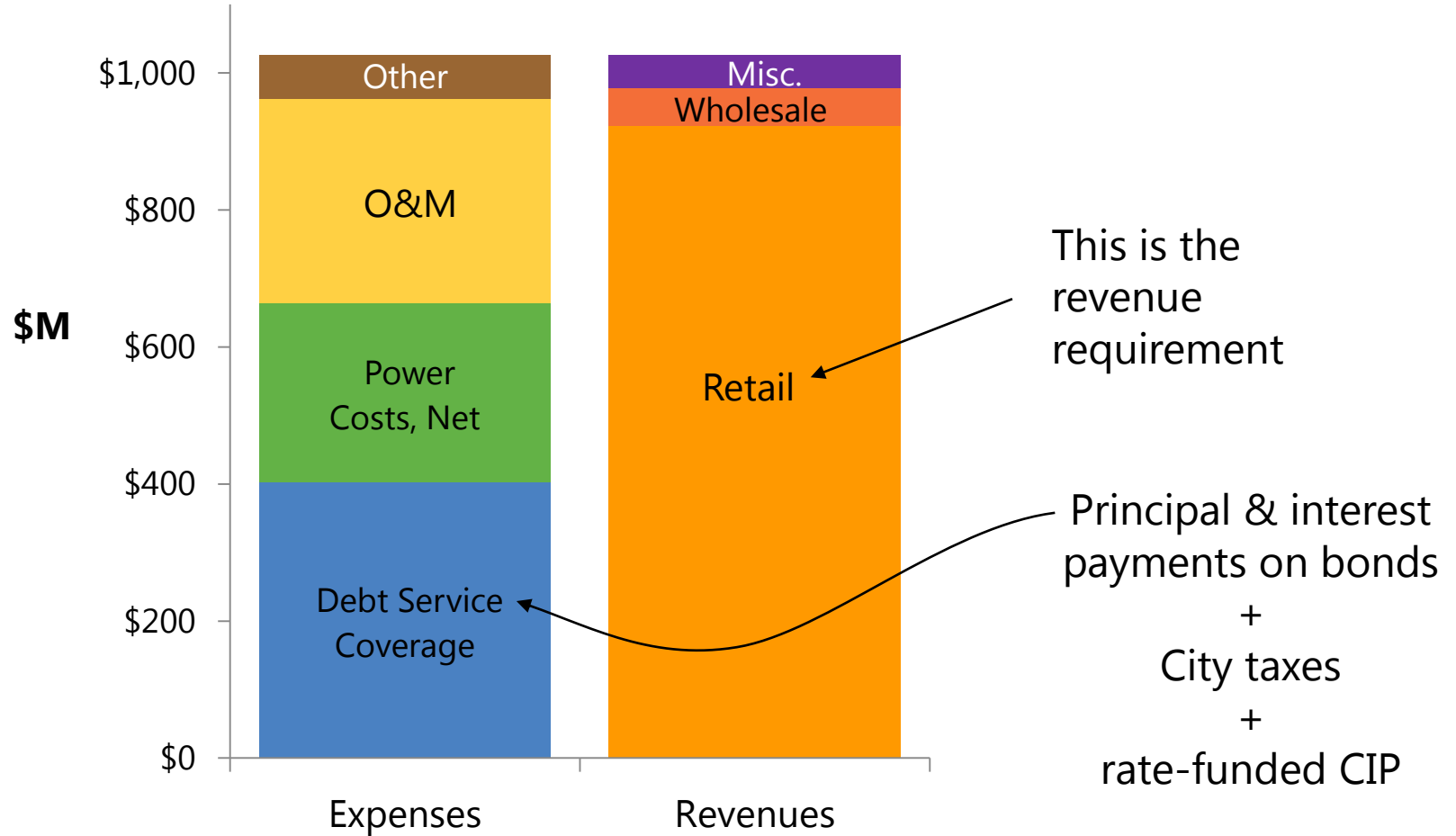
FINANCIAL POLICIES

- Financial policies are rules that guide financial decision making.
 - Set by City Council Resolution.
 - Current policies established in 2010.
- Two main financial policy targets:

Debt service coverage of 1.8x
Cash financing 40% of 6-year CIP

- Financial policies indirectly drive bond issues and rate increases.

COST & REVENUE BALANCE

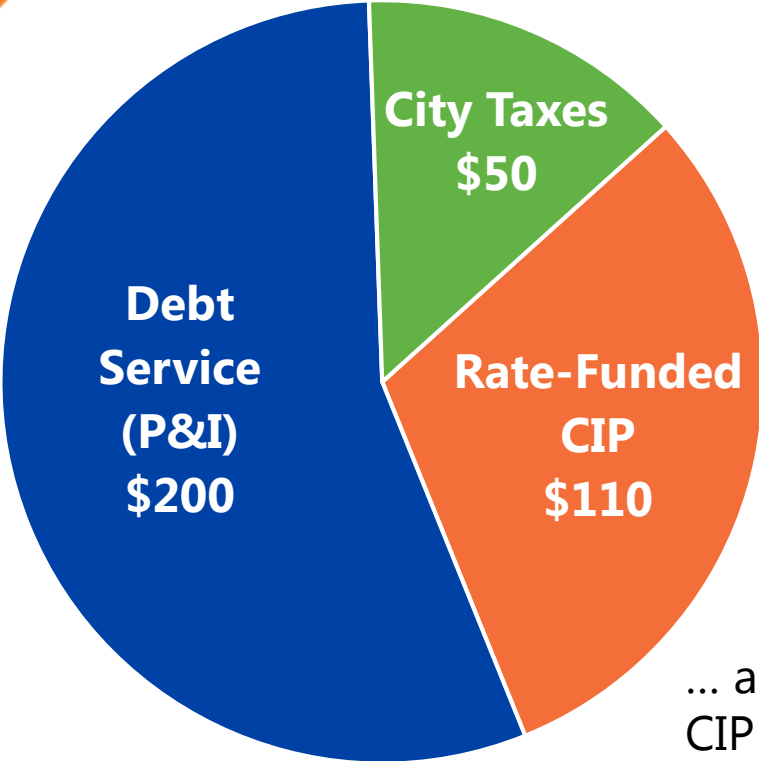


DEBT SERVICE COVERAGE: 1.8X

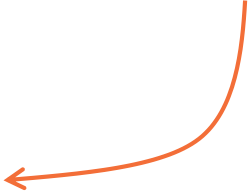
Debt Service
\$200



Collect \$360 in Revenue



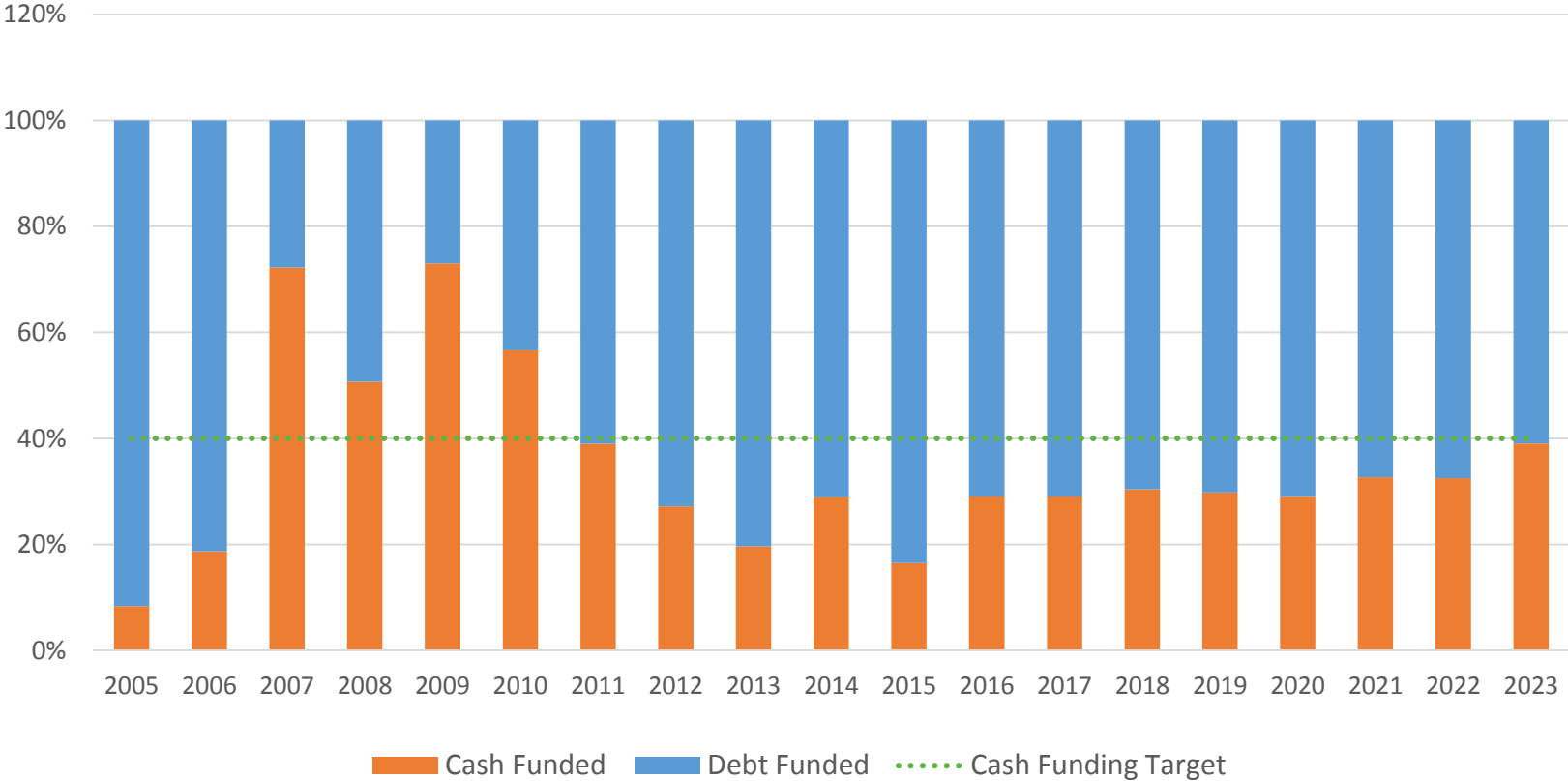
Debt service coverage policy indirectly determines how much CIP gets cash funded



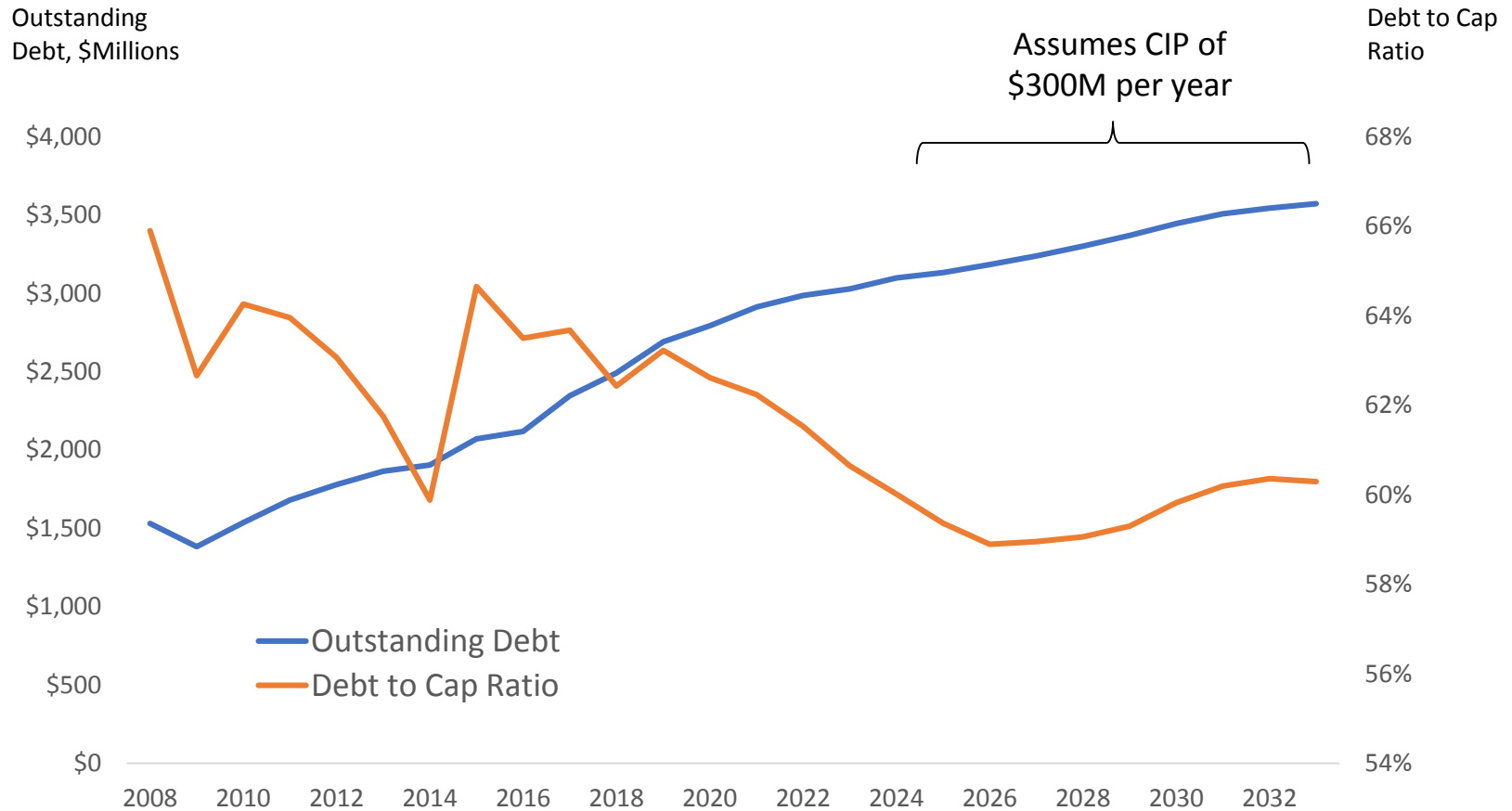
... and then the rest of the CIP gets funded with new bonds, and P&I bond payments get rolled into next year's debt service

CASH FUNDING OF CAPITAL EXPENSES (CIP)

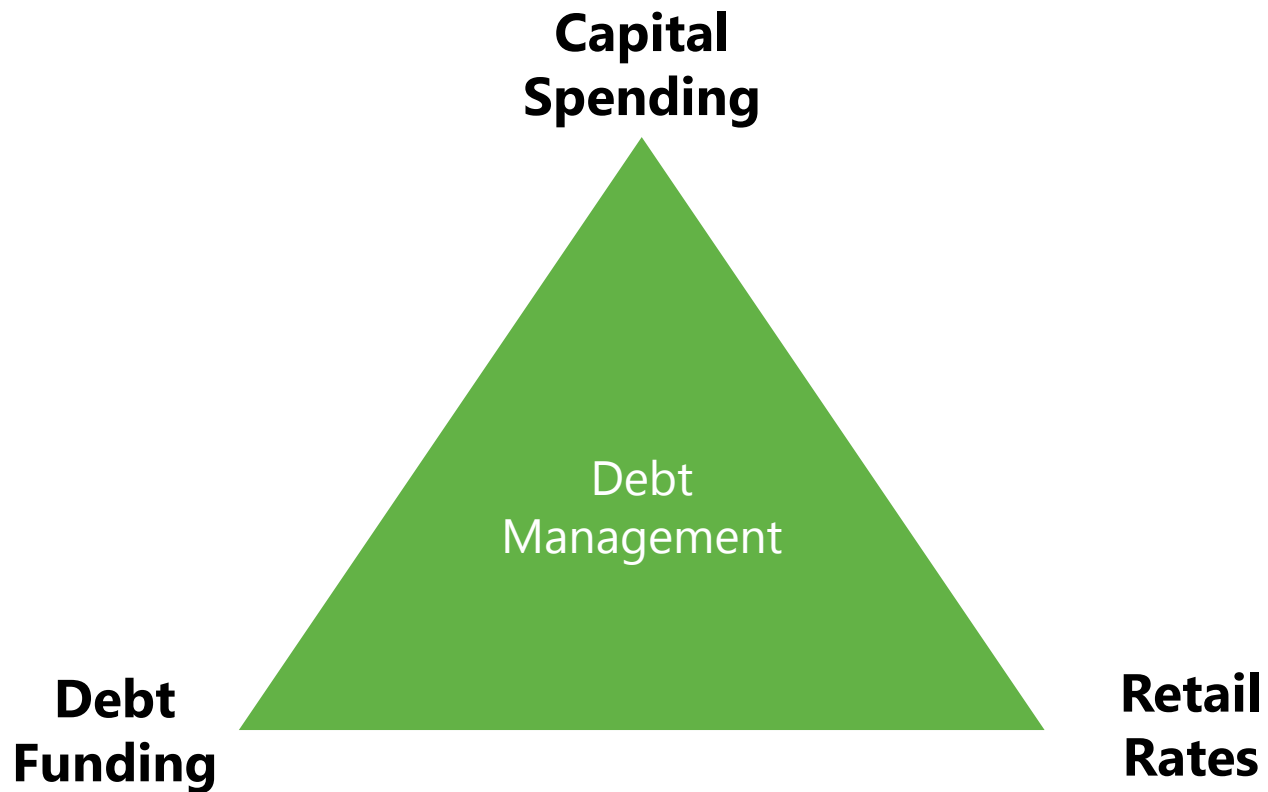
Capital Funding Sources
6 year rolling avg



DEBT GROWTH AND CREDIT METRICS

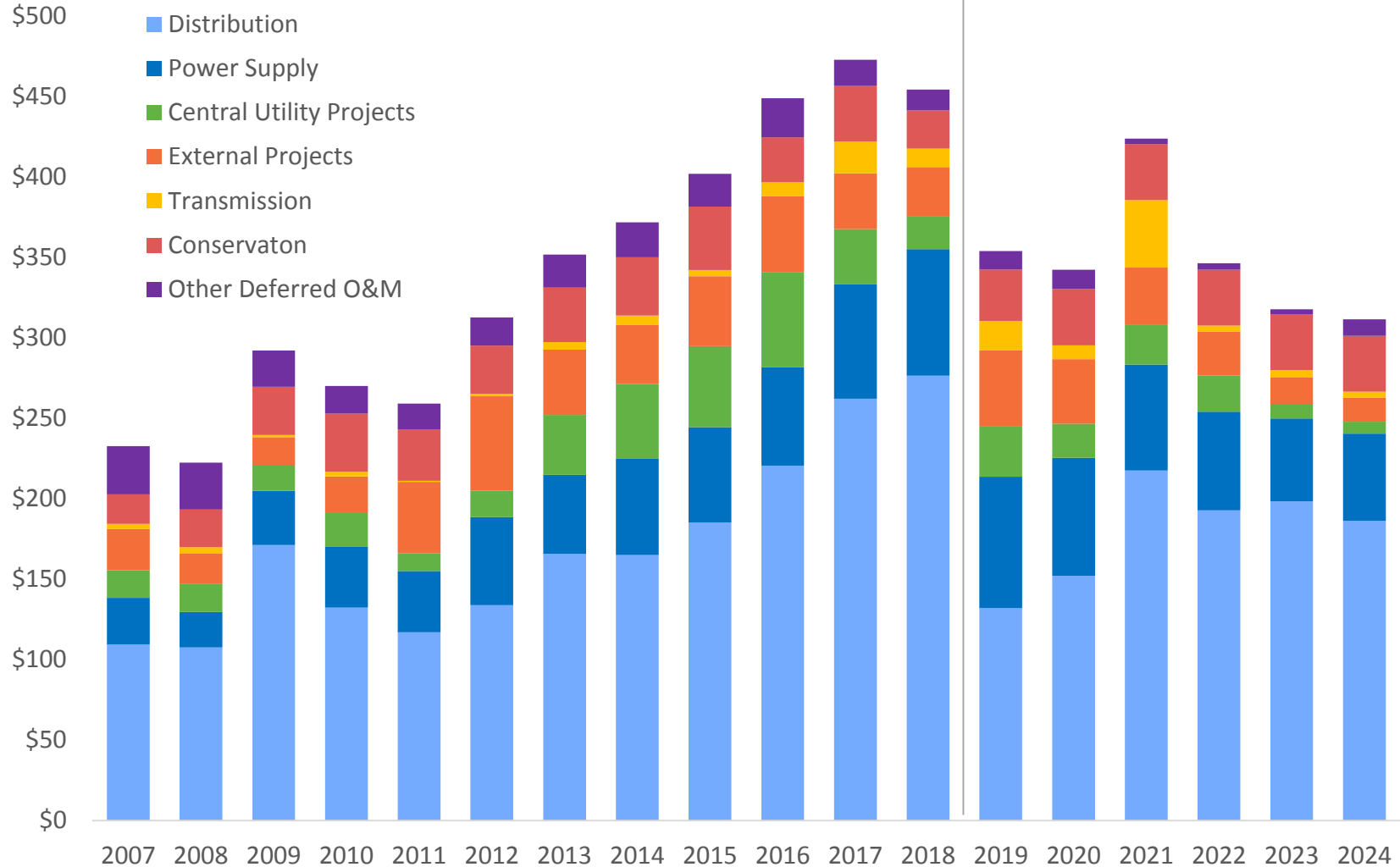


DEBT MANAGEMENT CHALLENGES

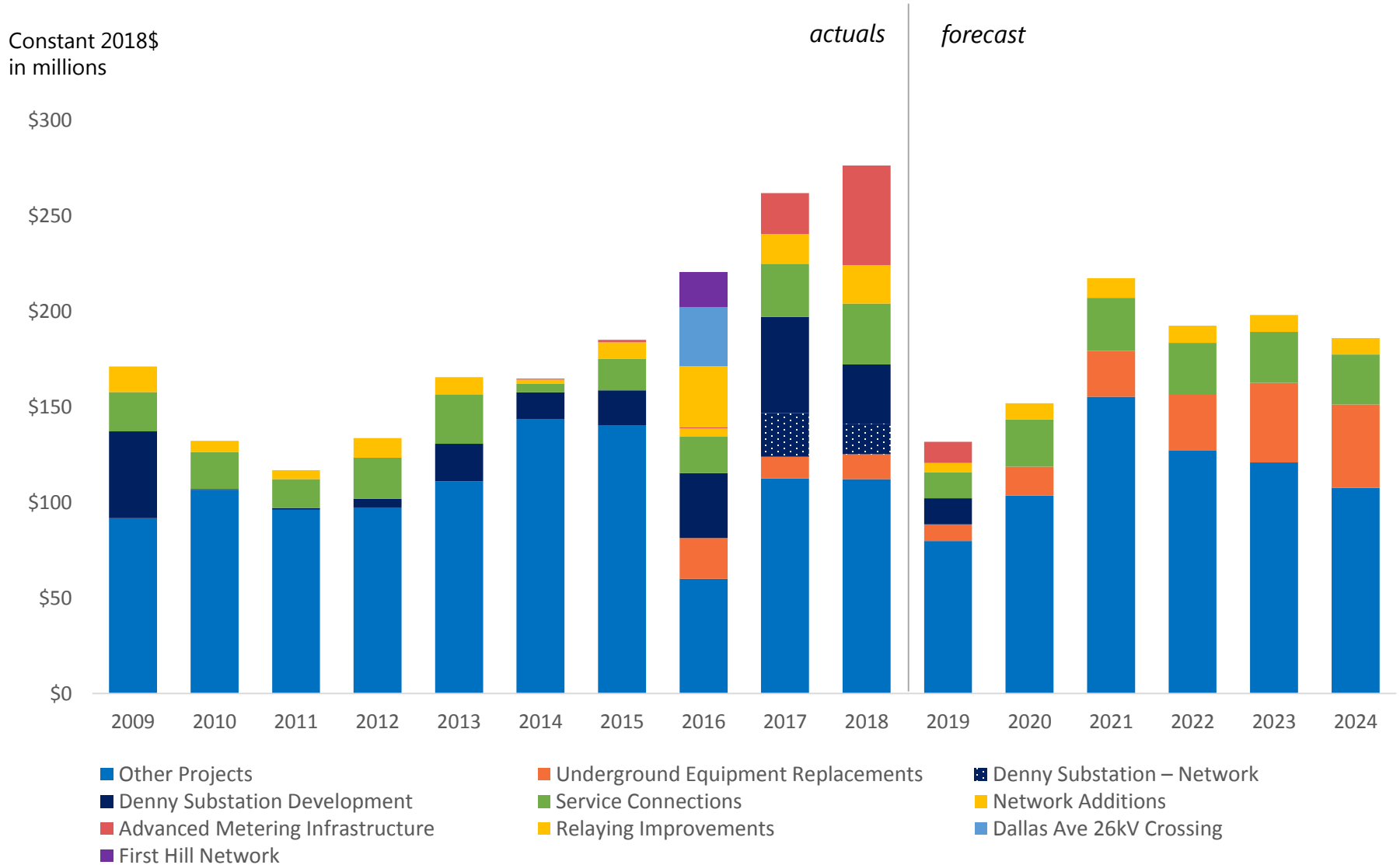


CAPITAL (CIP) SPENDING

Constant 2018\$
in millions

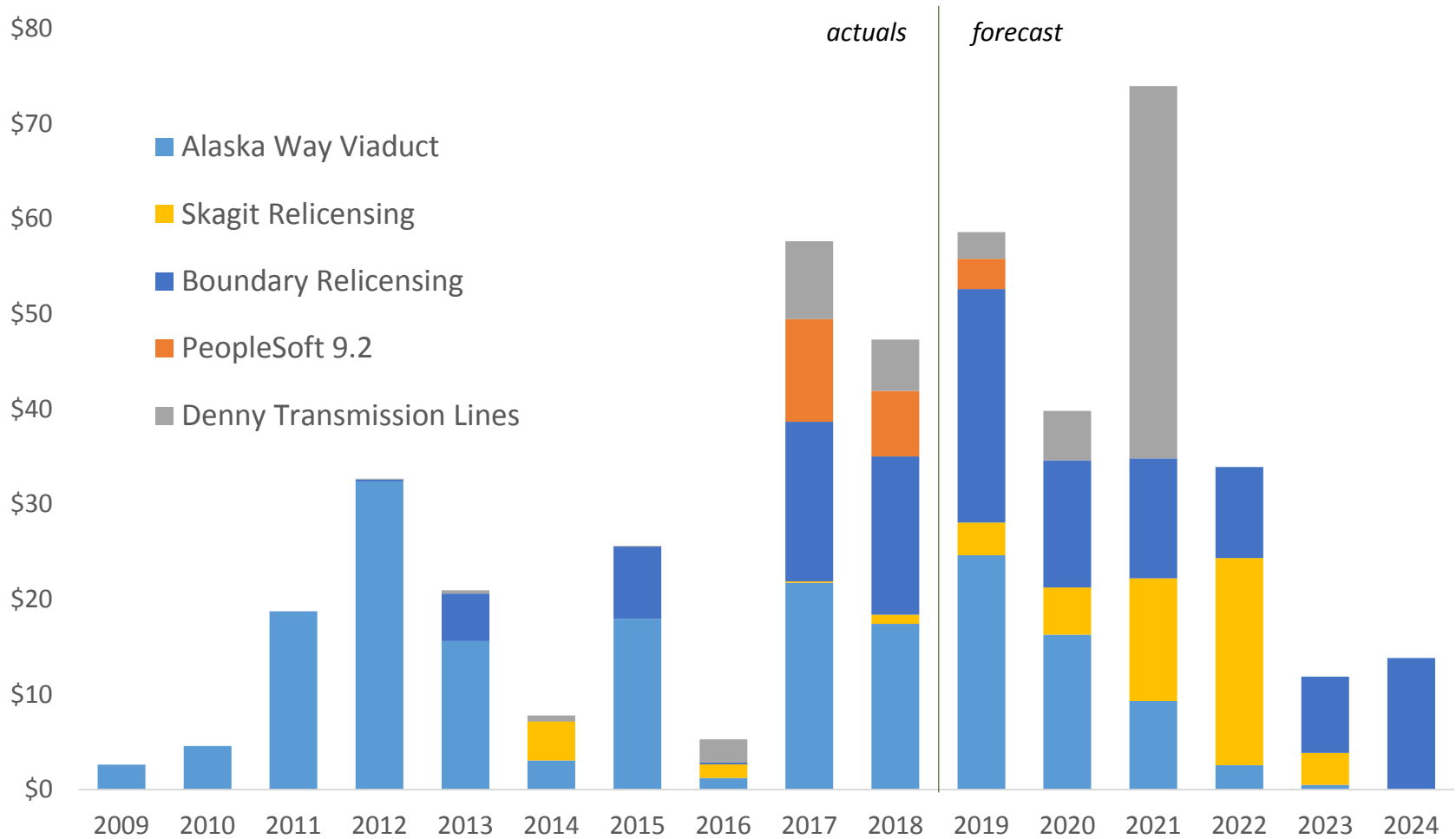


LARGE PROJECTS - DISTRIBUTION



Constant 2018\$
in millions

LARGE PROJECTS - NON-DISTRIBUTION



CIP MANAGEMENT

- Capital Asset Review and Evaluation (CARE)
 - Cross-functional executive involvement in capital funding decisions
 - Review process for project initiation, justification, prioritization and variances
- Project Management Initiative
- Capital Project Reporting
 - Project variance reporting
 - Large project reporting
- Future Improvements
 - Refine prioritization, improve project forecast accuracy and decrease capital plan thru 2025



Seattle City Light



Seattle City Light is dedicated to delivering customers affordable, reliable, and environmentally responsible electricity services



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