



Seattle City Light

DRAFT

CITY LIGHT RATE DESIGN

Council Committee Briefing
February 21, 2019

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RATE DESIGN PROJECT

Council request: recommend an updated City Light rate design that progressively responds to industry changes and challenges

- Added to 2019-2024 Strategic Plan scope
- Joint effort of City Light & City Light Review Panel
- Initial Report due January 2019
- Final Report due April 2019

WORKPLAN

	Jul - Sep	Scoping, draft goals and objectives Create outreach plan
2 0	Oct	Conduct initial stakeholder outreach
1 8	Nov	Aggregate and study outreach results Finalize draft goals and objectives
	Dec	Identify options for advancing rate design objectives
2 0	Jan	Complete Initial Report, due January 31 Refine rate design options
1 9	Feb	Additional outreach Finalize rate design preferred approaches
	Mar	Assemble Final Report for Council, due April 1

INITIAL JANUARY REPORT

Report describes work to date, including:

1. Results of public engagement sessions held in October 2018
2. Comparative study of rate design at similar utilities conducted by local third-party rate expert
3. Draft policy goals (“ends”) and potential options for achieving goals (“means”)

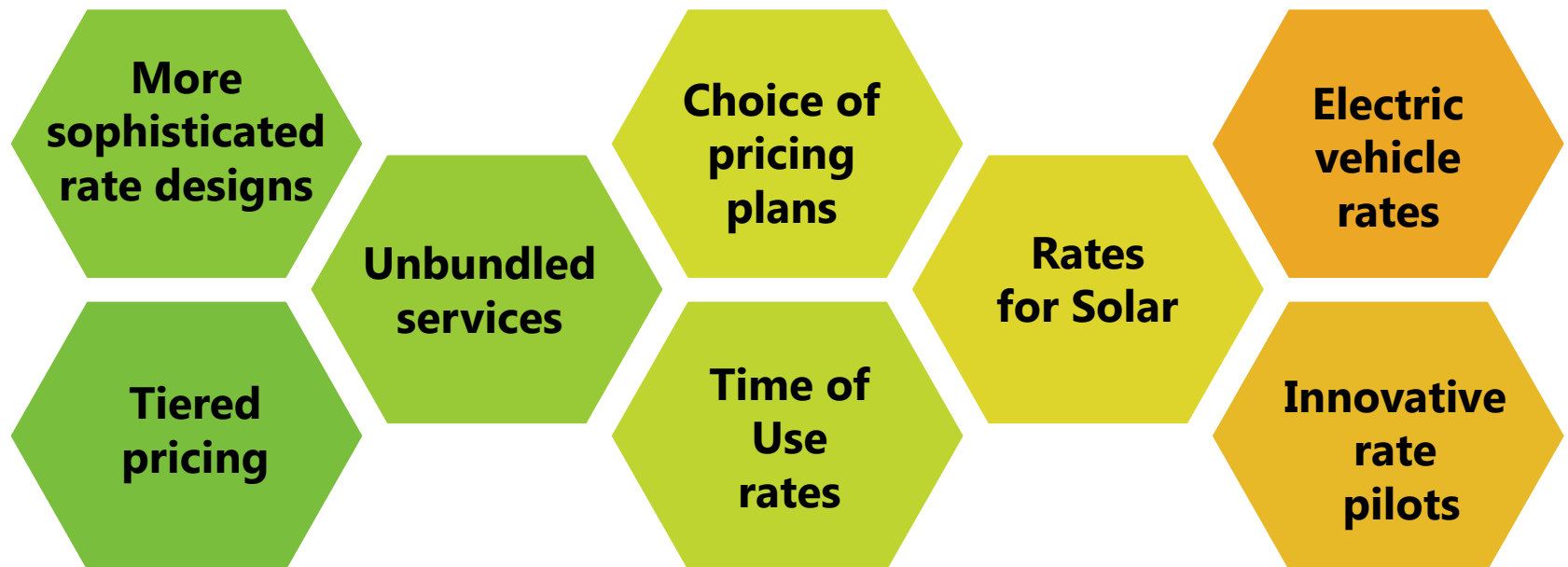
1. STAKEHOLDER ENGAGEMENT

- Responding stakeholders reflected a range of groups and interests
 - Insufficient response from small businesses and residents
- Feedback included many conflicting requests
- Input was greatly helpful in:
 - Refining thinking on rate design policy objectives
 - Providing a list of suggested action items for further exploration

Low Income The Energy Project
Government King County Sound Transit
Commercial/Industrial BOMA MIC Sabey Corp Kidder Mathews
Energy Services Ameresco
Environmental NW Energy Coalition NW Energy Efficiency Alliance Putnam Price Group
Community Seattle Latino Metro Chamber

2. COMPARATIVE UTILITY STUDY

- Conducted by third-party rate design expert
- Surveyed a selection of large municipal utilities, investor owned utilities in PNW, and municipal utilities that have adopted innovative rate designs
- Many themes consistent with feedback from stakeholder sessions



3A. RATE DESIGN POLICY GOALS (“ENDS”)

- 1. Cost-Based:** reflect and collect for true cost of service
- 2. Revenue Sufficiency:** collect the right amount of revenue
- 3. Decarbonization:** promote clean power, incentivizing transportation electrification, and carbon neutrality
- 4. Efficiency:** conserve finite natural resources and minimize overall system costs
- 5. Stable & Predictable:** aid customers in managing the financial impacts of their electricity bills
- 6. Affordability:** electric service is accessible for all customers
- 7. Transparency:** customers understand what they are paying for
- 8. Customer Choice:** offer pricing options that reflect the diversity of our customers’ energy needs and interests

3B. DRAFT OPTIONS (“MEANS”)

- **Migrate towards time-of-use (TOU) rates**
 - Simplify and standardize existing rates to ease transition
 - Adjust residential rate tiers (potentially eliminate) to simplify and better mirror cost of service
 - Small fixed charge on all rate schedules to recover non-energy service costs like metering and customer service
 - Rates to support **electrifying transportation**
 - Residential car pilot
 - Bus pilot
- **Pilot an interruptible/demand response** rate for large customers

3B. DRAFT OPTIONS (“MEANS”)

- **Re-design bills** to be more transparent and engaging.
 - Unbundle (itemize) rates for energy, delivery, and other services.
- **Expand flat rate billing offerings** to improve bill predictability and customers manage energy costs
 - Low income fixed rate pilot

Supplementary Efforts:

- Updates to Utility Discount Program (UDP) and other rate assistance programs
- Explore potential automatic rate mechanism to stabilize revenues

NEXT STEPS

- February 2019: additional outreach
 - 3 rate design focus groups targeting residential customers
 - Stakeholder input session on Initial Report
- Final report due April 1 will build on Initial Report, add final policy framework recommendation
 - Council resolution?
- Rate design strategic initiative will pick up where this project leaves off
 - Will inform rates for 2021-2022 and beyond
 - No changes anticipated for 2020, aside from pilot programs

CITY LIGHT

OUR MISSION

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

OUR VISION

We resolve to provide a positive, fulfilling and engaging experience for our employees. We will expect and reinforce leadership behaviors that contribute to that culture. Our workforce is the foundation upon which we achieve our public service goals and will reflect the diversity of the community we serve.

We strive to improve quality of life by understanding and answering the needs of our customers. We aim to provide more opportunities to those with fewer resources and will protect the well-being and safety of the public.

We aspire to be the nation's greenest utility by fulfilling our mission in an environmentally and socially responsible manner.

OUR VALUES

Safety, Environmental Stewardship, Innovation, Excellence, Customer Care



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