



# RETAIL REVENUE DISCUSSION

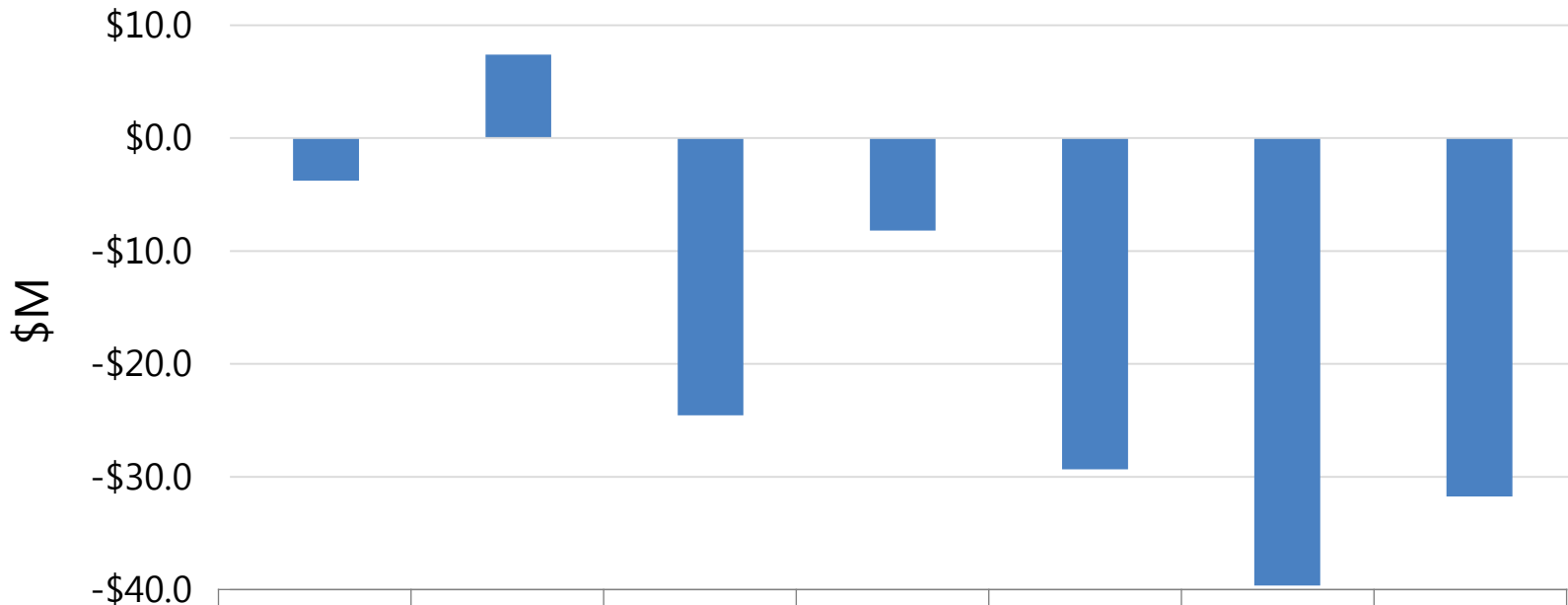
Energy and Environment Committee, May 23, 2017

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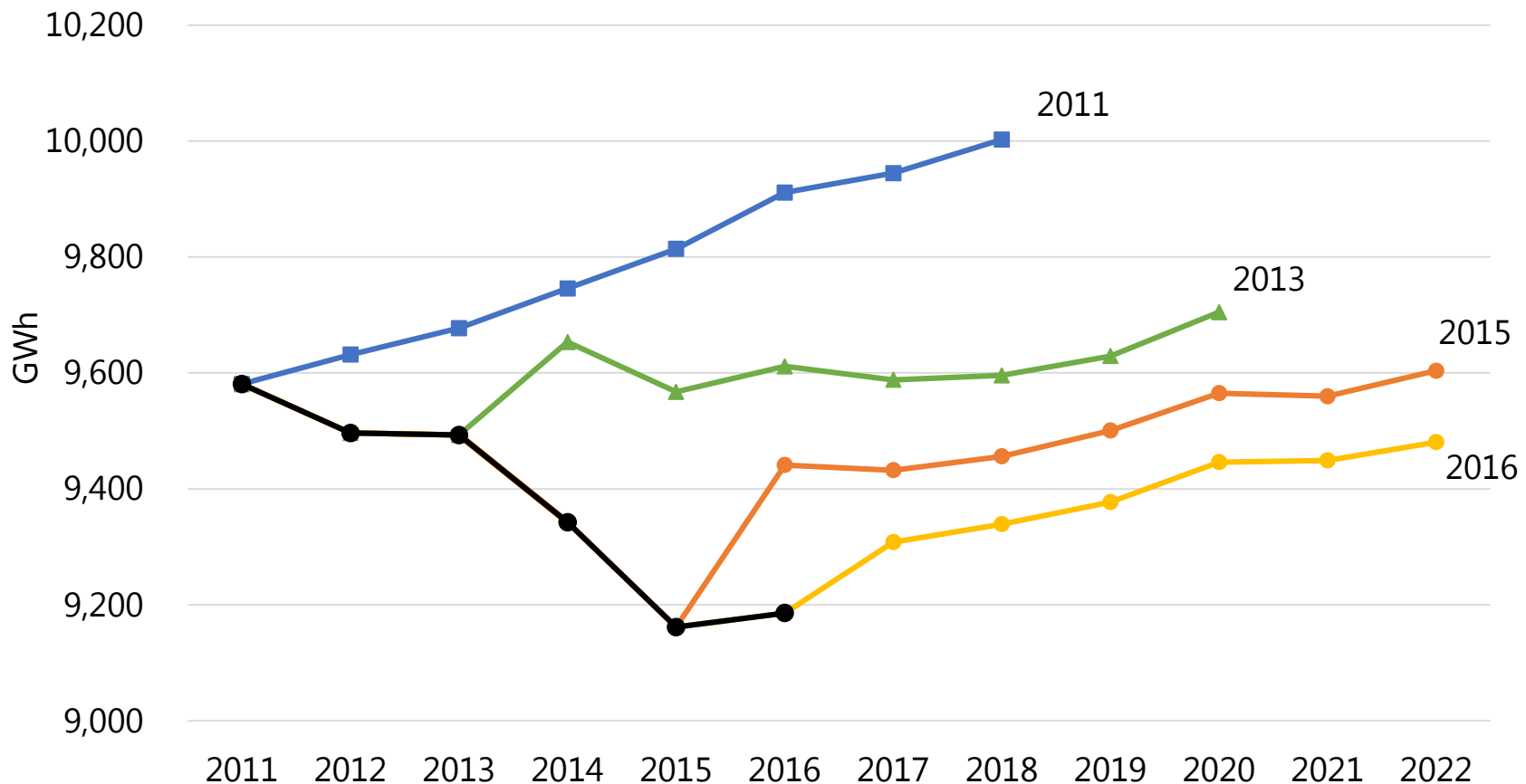
# PERSISTENT REVENUE SHORTFALLS

Five Years of Retail Revenue Shortfalls = \$133 M



	2010	2011	2012	2013	2014	2015	2016
Actual less Plan	-\$3.8	\$7.4	-\$24.5	-\$8.2	-\$29.3	-\$39.6	-\$31.7
Percent Diff	-0.6%	1.1%	-3.6%	-1.2%	-3.9%	-5.1%	-3.9%

# DIFFICULTY PREDICTING RETAIL SALES



(Y Axis enlarged to show detail.)

Black Line = Actual Load  
Colored Lines = Forecasts

# WHAT IS GOING ON?

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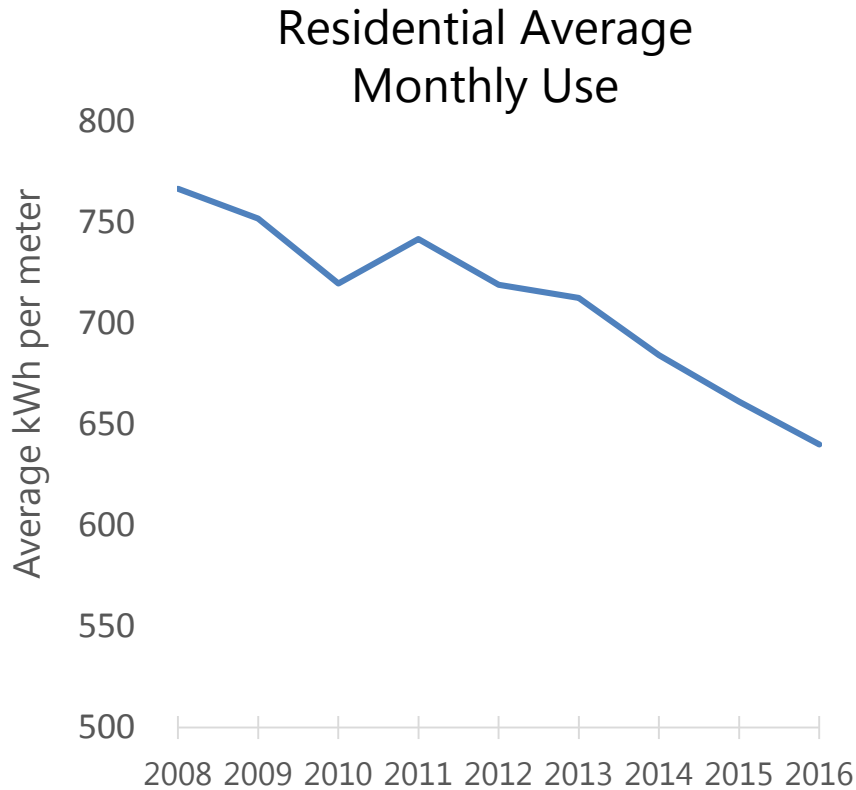
**Mild winters.** Roughly half of 2014-2016 revenue impact due to mild weather.

**Efficiency.** LEDs, appliances, building standards, and other technology improvements all contributing to lower energy consumption.

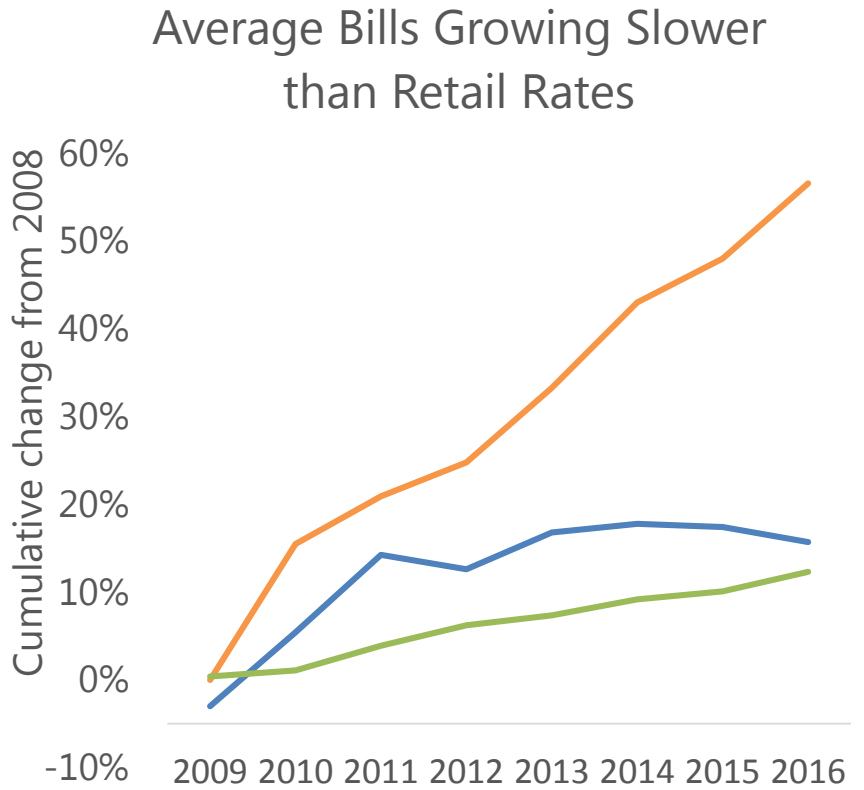
Addition of new customers each year is cushioning full impact.

**Higher Rates.** Magnifies \$ impact of each kWh.

# RESIDENTIAL CONSUMPTION IS DECLINING



*(Y Axis enlarged to show detail.)*



- Retail Rate (Avg 7.1% per year)
- Avg Bill (Avg 2.0% per year)
- Inflation (Avg 1.5% per year)

# ADDRESSING THE ISSUE

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What can we do to ensure City Light collects enough revenue?

**Under way:** Improve retail sales forecast, get better at understanding customer characteristics and end-use trends.

- Consultant best practices report finished
- Model rebuild under way, incorporating end use data
- End-use data a very important component

**Next:** Study policy options with Review Panel.

- Timeline: June – December 2017



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

