

# City Light rates to rise 4.5%

## TEMPORARY INCREASE TO BUILD SAVINGS STARTS IN MAY

### City Council acts despite protests of business leaders

BY EMILY HEFFTER  
*Seattle Times staff reporter*

Seattle's electricity rates will rise temporarily, starting in May, by 4.5 percent as the city tries to boost Seattle City Light's savings.

The Seattle City Council approved the rate increase Monday over the protests of business leaders, who said the increase, combined with a 13.8 percent increase that took effect at the beginning of

the year, was a bad idea.

"The business community needs a predictable environment to operate in," said George Allen, senior vice president of government affairs for the Greater Seattle Chamber of Commerce.

He joined representatives of the shipping and fishing industries, Boeing, and other business people testifying against the rate increase.

The City Council passed the increase unanimously, arguing that a bigger cushion of savings at the utility is the only way to provide stable rates in the long term.

On the average residential bill of \$44 a month, that would be about a \$2 increase.

Last year, City Light collected less than half of what it expected in wholesale revenue, the money it collects from selling electricity on the open market. This year, its forecasts were far too optimistic again, and the utility expects a \$70 million shortfall because low snowpack leaves the utility less

hydroelectric power to sell.

Council members said City Light needs to build a \$100 million savings account to protect ratepayers from volatile changes in revenue. Currently, the utility has \$25 million in savings.

"The fact is that the Rate Stabilization Fund offers us the protection of being able to really be in a better position going forward," said council President Richard Conlin. "It is the solution."

The interim rate increase is paired with an effort by the City Council to establish more over-

See > CITY LIGHT, B2

## < City Light

FROM B1

### RATES TO RISE

#### Council also adds more oversight of electric utility

sight of City Light's operations. The council weighed in on details of the utility's business operations. It loosened some of the utility's fi-

nancial policies to allow more cash to be put toward operations. It also established a set formula the utility must use to forecast its revenue each year.

The council also voted to establish a new citizen task force to oversee City Light.

City Light spokeswoman Suzanne Hartman said the council's new policies are "a welcome engagement."

Under the bill passed Monday, the city will start the new fund with \$25 mil-

lion it already has in savings. Then ratepayers will see a 4.5 percent increase on their bills. The increase will drop to 3 percent when the fund reaches \$80 million and 1.5 percent when the fund has \$90 million.

When the account reaches \$100 million, the increase will go away. And if the account ever tops \$125 million, it will trigger an automatic rate review.

Emily Heffter: 206-464-8246 or  
ehffter@seattletimes.com