"DRAFT" DOCUMENTS

PROPOSED STRATEGIC INITIATIVES

Customers / Ratepayers

Objective: Provide Greater Rate Predictability **Initiative #CR1**

Initiative Title: **Align budgets and rates to strategic plan priorities/Implement new budget system**

Who would "Own" this Initiative within SCL: Phil Leiber/Paula Laschober

Part A:

Brief description of proposed effort / sample tactics:

This initiative is proposed to:

1. Streamline the budget development process at City Light
2. Enhance capital project prioritization and justification
3. Improve budget systems
4. Align budgets and accompanying customer rates with the strategic plan

Problem: In the past, budgets and rates have not always been aligned, e.g., sometimes budgets are increased without the accompanying rate increase that would provide the appropriate level of funding. Likewise, budgets and rates have not been set consistent with a Council-approved strategic plan. Furthermore, City Light uses three outdated software systems to produce and monitor its annual budget. The systems don't integrate effectively with each other, or with the City's budget system. Approximately 100-150 internal budget users have to be trained to use these systems each year. The current systems are cumbersome, inflexible, and do not provide the real-time information necessary to improve forecasts and model multiple scenarios. Furthermore, the rate forecasting and budget models are not well-integrated and they should be.

Tactics: The Finance Division (with other utility staff) will improve budget and rate development by:

1. Deploy the Cognos (Business Intelligence) system utility-wide for detailed monthly budget forecasts
2. Update and enhance the existing Capital Project prioritization process (including management engagement) and related systems
3. Increase visibility of Business Case development and review that feeds into Capital prioritization and the City's BIP (new budget proposals) process
4. Integrate capital budget development with Strategic Plan development
5. Provide a transparent crosswalk between budgets and rates
6. Develop a planning/budget process framework:
    - where budget proposals are linked to the strategic plan,
    - where the strategic plan provides a budget/rate trajectory to enhance predictability,
    - that provides for periodic updates to the strategic plan.
7. Purchase and implement a new integrated budget system that will:
    a) replace the three current systems,
    b) feed the City Budget System (BIPs, REM) via an automated interface,
    c) integrate with City Light's Cognos (Business Intelligence) system, and
    d) facilitate programmatic and performance-based budget development consistent with the strategic plan.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

A clear linkage among the Strategic Plan, budgets and rates. Predictable rate changes that avoid price

Document author(s): Paula Laschober / Phil Leiber

Document date: 8/1/2011

shocks. Appropriate budgeting system.
Addresses the following SWOC elements:

- Oversight of enterprise needs more strategic and commercial focus to improve effectiveness and efficiency
- Lack of long term strategic plan and associated rate and investment strategy
- Technology lag
- Limited business intelligence capacity

What, if anything, is underway in this area and funded within the 6 year baseline?
Normal staffing and approved funding for new budgeting system in the 2011-2016 Capital Improvement Program. This includes budget system design and planning-consulting assistance.

Why is additional investment proposed?
Additional investment expected for annual budget software license fee after implementation (initial support fees would likely be paid with capital project, so O&M budgeted support fees would be necessary 2-3 years after implementation).

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition

Service level enhancement: Makes budgeting system more user-friendly, flexible and responsive to internal customers, while making alignment of budgets and rates with Strategic Plan more transparent to both internal and external customers. When rates are consistent with the strategic plan, external customers will be able to plan their expenditures for electricity with more certainty.

Ballpark cost estimate over 6-year period (2013-2018)*

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

* This initiative will be accomplished with existing staff supported by the approved annual O&M and capital budget. No added funding is anticipated at this time.

Part B:

Rough estimated cost (capital and operating)
If project would be bond-funded, note total capital cost estimate: $1.5M
If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

Possible offsetting savings are decreases in time spent on budgeting activities across the utility. These offsetting savings of employee time will likely result in additional hours to provide more accurate

Document author(s): Paula Laschober / Phil Leiber
Document date: 8/1/2011

forecasts and better service delivery in other areas. Any possible reductions in FTEs as a result of this new system would occur after the system was implemented and used for more than one budget cycle (after 2016).

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?** Can be accomplished within existing staff levels.
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?** 3 years.
- **How time sensitive is this initiative? What year would you propose work to begin? Why?** Not time sensitive. **Year to begin proposed work:** 2013. **Reason:** Outdated systems become more outdated as time goes by; efficiencies to be captured by new system deferred.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)** Not scaleable.
- **Other ways to achieve a similar desired outcome?** No.
- **Different policy direction (give example, and note why not recommended)** Continue with non-alignment and old systems. Not recommended because it takes up too much staff time which could be spent on more productive activities, and because non-alignment of rates/budget/strategic plan is likely to lead to unpredictable rate shocks for customers.

Sample metrics: How would you measure the success of this initiative?
Budgeting process demonstrates alignment with strategic plan. New budget system implemented and used throughout the utility.

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
CR1: O&M	$0	$0						
CR1: CIP			$ 204,000	$ 505,000	$ 718,000	$ 200,000		

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
CR1: New O&M	N/A	$0	$0	$0	$125,000	$125,000	$125,000
CR1: Prop. CIP							

Document author(s): Paula Laschober / Phil Leiber
Document date: 8/1/2011

Explanation:

O&M $: Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.

***Capital $:** Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these some capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.*

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
CR1: Proj Rev	$0	$0	$0	$0	$0	$0
CR1: O&M Saved	$0	$0	$0	$0	$0	$0

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

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[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:

Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.

Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.

Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Paula Laschober / Phil Leiber

Document date: 8/1/2011

Objective: **Provide Greater Rate Predictability** **Initiative #CR2**

Initiative Title: **Investigate and implement tools to reduce potential rate shocks**

Who would "Own" this Initiative within SCL: Phil Leiber, Paula Laschober/Risk Manager

Part A:

Brief description of proposed effort / sample tactics:

Bring City Light's net wholesale revenue budget into line with expected water and prices in order to increase revenue and rate predictability. It is expected that the change would be ramped in over 3-5 years in order to avoid a one-time large rate increase solely from this initiative.

Investigate the use of financial instruments ("hedge contracts") to reduce City Light's exposure to volume and price volatility on the wholesale market. The utility already uses forward contracts (agreement to buy or sell physical energy at a future time and price). Other hedging instruments might include weather derivatives, contracts for differences (parties agree to a defined strike price for defined time periods), call options and put options (rights, without obligation, to buy/sell an agreed quantity at a certain time and price).

Tactics: (1) The Financial Planning Unit (FPU) will prepare a paper on the topics described above in 2011, to serve as guidance to Council as it reviews financial policies in late 2011 or early 2012 (Council Resolution 31187). FPU will work with Council staff to present options and their rate implications, and to draft an ordinance, as needed. All information will also be shared with the Review Panel and the Mayor.

(2) A historical hedging analysis would be conducted by the Risk Manager with input from the Power Supply Group. This would involve designing a set of hedge products, and modeling what the impact would have been over the last several years had they been in use. By doing this back-testing they can see how much rates might have been stabilized over the look back period. Necessary data would be historical pricing information from exchanges (ICE) or brokers.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

Predictable average retail rate/MWh and retail revenue requirement at a system-wide level.
Addresses:

1) SWOC weakness: Reliance on wholesale energy revenue can lead to rate shocks.
2) SWOC weakness: Lack of long term strategic plan and associated rate and investment strategy.

What, if anything, is underway in this area and funded within the 6 year baseline?

FPU paper and options modeling.

Why is additional investment proposed?

No additional investment is proposed.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)

Document author(s): Paula Laschober /Phil Leiber
Document date: 8/1/2011

Service level enhancement: Rates may be higher in the short term but avoids rate volatility; customers can plan their expenditures for electricity with more certainty.

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

* This initiative will be accomplished with existing staff supported by the annual O&M budget. No added funding is anticipated at this time.

Part B:

Rough estimated cost (capital and operating)
If project would be bond-funded, note total capital cost estimate. N/A
If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1).

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?** No
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?** About 1 year
- **How time sensitive is this initiative?** Not time sensitive. **What year would you propose work to begin?** 2011 **Why?** Work can start within normal work plan and would benefit ratepayers in near future.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)**
  No
- **Other ways to achieve a similar desired outcome?**
  None
- **Different policy direction (give example, and note why not recommended)**
  Continue with current policies: Net wholesale revenue set on the high side, leading to potentially lower base rates but more likelihood of Rate Stabilization Account (RSA) surcharges; inability to determine if hedging instruments would be beneficial to rate stabilization.

Sample metrics: How would you measure the success of this initiative?
Modified budgeted net wholesale revenue target; hedging study complete.

Document author(s): Paula Laschober /Phil Leiber
Document date: 8/1/2011

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
CR2: O&M	$200,000	$200,000						
CR2: CIP								

*O&M, mostly labor, assumes about 2 FTEs and associated supplies/software licenses/equipment

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
CR2: New O&M	N/A	$0	$0	$0	$0	$0	$0
CR2: Prop. CIP							

Explanation:
O&M $: Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.
***Capital $:** Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.*

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
CR2: Proj Rev	$0	$0	$0	$0	$0	$0
CR2: O&M Saved	$0	$0	$0	$0	$0	$0

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

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[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:
Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.
Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.
Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Paula Laschober /Phil Leiber
Document date: 8/1/2011

Objective: Provide Greater Rate Predictability **Initiative #CR3**

Initiative Title: **Strengthen ratepayer advocacy in rate process**

Who would "Own" this Initiative within SCL: Philip Leiber, Paula Laschober, Maura Brueger

Part A:

Brief description of proposed effort / sample tactics:

This initiative is intended to identify and recommend ways to restructure the current rate review process for City Light to increase opportunities for meaningful ratepayer input prior to the time decisions are made.

The City Light Review Panel has been tasked by the Council to review proposed City Light rate changes, review rate design to ensure that customers are sent appropriate signals to use electricity efficiently, and review cost allocations among customer classes. A rate review process is scheduled to begin in 2011 to examine cost allocation and rate design issues. During 2012, the Review Panel will review the proposed rates for 2013 that reflect the revenue requirement for that year, and the results of the cost allocation and rate design work commenced in 2011.

Tactics:

- Discuss ideas on how to achieve these goals with the Review Panel and policymakers.
- Obtain best practices from peer utilities, such as members of the Large Public Power Council.
- Consider formal changes in the calendar for rate development and adoption to add additional opportunities for public input, in addition to input from the Review Panel.
- Implement public communications plan regarding possible rate changes.
- Clearly document cost allocation methodologies proposed.
- Ensure Review Panel has opportunity to bring issues to the attention of the Mayor and Council in a timely manner.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

A better understanding by rate payers about the utility's challenges, why we may need to adjust rates, and what the consequences are if we don't. When ratepayers are brought into the process, there is more acceptance and support for rate adjustments that are predictable and result in reliable service.

Addresses:

- SWOC Challenges: We need to educate customers on the challenges facing the electric industry. Customers have come to expect low-cost power along with reliable service.
- SWOC Strength: Our low, competitive rates.

What, if anything, is underway in this area and funded within the 6 year baseline?

City Light staff will meet regularly with the Review Panel to discuss rate design and the cost allocation methodology/principles.

Why is additional investment proposed?

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)

Document author(s): Paula Laschober / Phil Leiber
Document date: 8/1/2011

Service level enhancement: Better communication and engagement with our customers to gain understanding of our challenges, influence our programs, and comprehend the reasons behind rate changes. Allows customer to better plan for rate adjustments.

Ballpark cost estimate over 6-year period (2013-2018) *

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

* This initiative will be accomplished with existing staff supported by the annual O&M budget. No added funding is anticipated at this time.

Part B:

Rough estimated cost (capital and operating)
If project would be bond-funded, note total capital cost estimate. N/A
If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?**
  No new staffing is required.
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**
  This is expected to be an ongoing effort. It can be initiated quickly with minimal development time.
- **How time sensitive is this initiative? What year would you propose work to begin? Why?**
  Not time sensitive. Can be started at any time.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)**
  Yes
- **Other ways to achieve a similar desired outcome?**
  Continue current public outreach process.
- **Different policy direction (give example, and note why not recommended)**
  None.

Document author(s): Paula Laschober / Phil Leiber
Document date: 8/1/2011

Sample metrics: How would you measure the success of this initiative?
Review Panel recommends and Council adopts ratepayer input process.

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
CR3: O&M	$10,000	$10,000						
CR3: CIP								

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
CR3: New O&M	N/A	$0	$0	$0	$0	$0	$0
CR3: Prop. CIP							

Explanation:
O&M $: Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.
***Capital $:** Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.*

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
CR3: Proj Rev	$0	$0	$0	$0	$0	$0
CR3: O&M Saved	$0	$0	$0	$0	$0	$0

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

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[1] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:
Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.
Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.
Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Paula Laschober / Phil Leiber
Document date: 8/1/2011

Objective: Balance Multiple Policy Goals in Rate Design **Initiative #CR4**

Initiative Title: **Review and update cost of service and rate design policies for 2013-18**

Who would "Own" this Initiative within SCL: Phil Leiber, Paula Laschober

Part A:

Brief description of proposed effort / sample tactics:
Changes in costs of service and rate design policies can change the amount of rate revenue allocated to customer classes and to customers within classes. However, such changes may also encourage more conservation efforts by customers and improve integration of new technologies into rate design (e.g., rates for electric vehicles).

Tactics: The Financial Planning Unit (FPU) will work with the Review Panel, Mayor and Council throughout 2011-12 to establish cost of service and rate design policies that provide customers a smooth transition from current rates to new rates for 2013-2018. This may include a recommendation for two-year rate ordinances based on a marginal cost of service study and rate structures designed to promote energy conservation.
The FPU will apply these principles in 2013-14 and subsequent rate studies, including specialized rates (such as for electric vehicles) as required.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)
Predictable rates by customer class as well as within customer classes. Addresses:
1) SWOC weakness: Lack of long term strategic plan and associated rate and investment strategy.
2) SWOC strength (depending on rate design): Strong support and commitment for energy efficiency.

What, if anything, is underway in this area and funded within the 6 year baseline?
A review of City Light's marginal cost of service and rate design methodologies in 2011-12, with presentations to Review Panel and Council, to inform 2013-14 rates.

Why is additional investment proposed?
No additional investment is proposed. This work will take place during 2011/2012, and budgets have already been set for these years.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)

Service level enhancement: Avoids potential rate volatility caused by abrupt changes in cost of service/rate design policies; customers can plan expenditures for electricity with more certainty.

Ballpark cost estimate over 6-year period (2013-2018)*

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million

Document author(s): Paula Laschober /Phil Leiber
Document date: 8/1/2011

	$101-200 million		$101-200 million
	>$200 million		>$200 million

* This initiative will be accomplished with existing staff supported by the annual O&M budget. No added funding is anticipated at this time.

Part B:

Rough estimated cost (capital and operating)
If project would be bond-funded, note total capital cost estimate. N/A
If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)
Annual operating cost is the staff cost already included in the assumed budget.

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?** No.
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?** About one year.
- **How time sensitive is this initiative?** It is time sensitive because new rate and cost of service studies will have to be done in 2012 in order to support 2013-14 rates. Same studies will have to be done every two years in order to support next two-year rate cycle.
  What year would you propose work to begin? 2011-12 **Why?** Need for 2013-14 rates

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)**
  No.
- **Other ways to achieve a similar desired outcome?**
  None.
- **Different policy direction (give example, and note why not recommended)**
  Continue rate changes across-the-board as needed, with no backup cost of service study. Not recommended in the interests of equity among customers, and not consistent with previous Council policy direction re customer payment of costs of service.

Sample metrics: How would you measure the success of this initiative?
Council approves 2013-14 rates and underlying cost of service study.

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
CR4: O&M	$300,000	$300,000						
CR4: CIP								

Document author(s): Paula Laschober /Phil Leiber
Document date: 8/1/2011

* O&M, mostly labor, assumes about 3 FTEs and associated supplies/software licenses/equipment

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
CR4: New O&M	N/A	$0	$0	$0	$0	$0	$0
CR4: Prop. CIP							

Explanation:
O&M $: Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.
Capital $: Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
CR4: Proj Rev	$0	$0	$0	$0	$0	$0
CR4: O&M Saved	$0	$0	$0	$0	$0	$0

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:
Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.
Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.
Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Paula Laschober /Phil Leiber
Document date: 8/1/2011

Objective: Anticipate and exceed customer service expectations **Initiative #CR5**

Initiative Title: Customer Focused Web Redevelopment

Who would "Own" this Initiative within SCL: Phil West/Kelly Enright

Part A:

Brief description of proposed effort / sample tactics:

City Light's public website is not user friendly and the information is often out-of-date. Customers say it's difficult to find information they want and to make use of the online tools.

Customers often feel they have to talk to a person — a customer service representative — to finally get their answer.

It's not just customers who are affected. SCL's Web team members are the only people who can make changes to the website. That creates a backlog of work for the team and frustrates City Light employees trying to get their Web pages updated. A simpler method of content management is needed.

A re-designed public website will give customers easy access to online tools, forms, and relevant information. The new site will provide customers a host of services at their fingertips including bill-payment plans and paying bills online, as well as web tools to help them save energy. More people would be willing to use online tools to manage their utility account if it was easier to access. In turn, more people who successfully use our website will mean a decrease in the number of phone calls to both Customer Care and the SPU call center.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

Helpful customer service is available 24-hours-a day through the use of online resources and tools.

The 2009 J.D. Power Electric Utility Residential Customer Satisfaction Study said that City Light's website "significantly trails peer set" in all surveyed categories and noted that customers were not aware of many of our energy savings programs.

Addresses SWOC challenge: Changing customer expectations; enduring expectation of low cost power and high services.

What, if anything, is underway in this area and funded within the 6 year baseline?
Why is additional investment proposed?

Incremental improvements are ongoing, but don't necessarily address the big picture use issues. A new Content Management system could reduce this time dramatically. The implementation of this initiative would allow content "owners" to make real-time changes as necessary instead of relying on the Web team.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)

B. Correcting existing deficiency:
Correct existing deficiency in current Web experience for customers; provide enhanced services,

Document author(s): Kelly Enright
Document date: 8/1/2011

information and Web experience.

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
X	<$1 million		<$1 million
	$1-5 million	X	$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)

Operating: Estimate $105,000 per year to cover staffing and maintenance.

Capital: CIP cost estimated at $1,400,000, spread over two fiscal years depending on timing of a vendor contract.

NOTE: To the extent that this initiative could be combined with similar work being considered by other areas of the City, some cost savings could be gained by sharing capital acquisition costs and finding efficiencies of scale with operational costs.

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?** Existing staff in Customer Care and Communications and Public Affairs may be adequately realigned to lead efforts to engage customers through our Web programs and services. A Web-content lead in Communications, which currently monitors content, may be desirable at some point.
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?** 2 years includes contract, design, and implementation stages
- **How time sensitive is this initiative? What year would you propose work to begin? Why?** Technology Roadmap 2013-2015 – Timing aligned with implementation of new Customer Information System in order to enable new customer facing online tools for bill management.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)** City Light has delayed Web development by making as-needed changes to existing webpage. Web page could be staged to implement in phases but it may not provide a financial benefit to do so.
- **Other ways to achieve a similar desired outcome?** There are no in-house "customer experience" web designers.
- **Different policy direction (give example, and note why not recommended)** If the project is not carried out, City Light will continue to lag behind other utilities. Customers will continue to be unhappy with the existing website, and frustrated by their inability to navigate the site, and manage their account.

Sample metrics: How would you measure the success of this initiative?

Increase in use of our electronic tools, increased number of customers using electronic billing, and more customers paying online, for example. Decreased call volume in Customer Care and the SPU call center.

Document author(s): Kelly Enright

Document date: 8/1/2011

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
CR5: O&M	$105,000	$105,000						
CR5: CIP								

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
CR5: New O&M	N/A	$105,000	$105,000	$105,000	$105,000	$105,000	$105,000
CR5: Prop. CIP	$0	$726,510	$741,580	$0	$0	$0	$0

Explanation:

O&M $: *Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.*

Capital $: *Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.*

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
CR5: Proj Rev	$0	$0	$0	$0	$0	$0
CR5: O&M Saved	$0	$0	$0	$0	$0	$0

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

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[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:

Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.

Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.

Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Kelly Enright

Document date: 8/1/2011

Objective: Anticipate and exceed customer service expectations **Initiative #CR7**

Initiative Title: Define and achieve improved performance from Customer Contact Center

Who would "Own" this Initiative within SCL: Phil West/Kelly Enright

Part A:

Brief description of proposed effort / sample tactics:
Perform a comprehensive review and analysis of all areas where customers come in contact with City Light including accessing account information, reporting concerns, and paying their bills. Part of this review will mean improving our business processes and consolidating work units to deliver the best customer service and operate more efficiently.

City Light seeks to provide a more efficient and effective way of managing customer contacts within the current system. Customers contact us in different ways including in-person, phone (live and through the Interactive Voice Response system) and the website to resolve basic customer service issues. A significant portion of this service model (the telephone Call Center function) is provided by another department (SPU) under a memorandum of agreement. The initial plan was for the Call Center to provide more efficient service and reduce barriers to customer service, but a Call Center separated from City Light operations has not provided reliable and efficient response to City Light's customer calls. City Light personnel handle customer calls separately from the Call Center as part of our utility customer accounts processes. This method is inefficient and duplicative.

Currently, information is limited about service delivery outcomes for City Light customers under the business model of a shared Call Center, but what little information is available suggests that there are significant inefficiencies and needed areas of improvement.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

The goal of this initiative is to develop an optimal customer-contact management model that incorporates all relevant customer-account service-delivery functions (including Customer Accounts, Credit and Collections, and Customer Response Management). This model would incorporate all customer services (including in-person, telephone, IVR and web) to enhance service, offer optimal efficiency and reduce costs.

This addresses SWOC weakness: Utility does not control key aspects of customer service experience, i.e., call center.

What, if anything, is underway in this area and funded within the 6 year baseline?
Why is additional investment proposed? The current Call Center is already funded, with City Light providing approximately 60 % of the costs for technology and staffing through a Memorandum of Agreement with SPU.

The Customer Care Division is currently reorganizing. As part of that reorganization, a broad range of business process improvements focuses on all customer account functions (meter reading, billing, payment and collections). This reorganization also will include the development of a customer service/leadership academy. The technology to support the Call Center is already in place. There are no

anticipated additional operational costs.

No additional funding is anticipated for this initiative.

Category of proposed investment?[1] (Briefly identify basis for the categorization(s)—see endnote for definition)

A. **Efficiency:** Reduce inefficiencies in service delivery (reduce handoffs, wait times, redundant processing steps).
B. **Correcting existing deficiency:**
C. **Service level enhancement:** Will increase opportunities to address multiple customer service issues from a customer-user perspective. Improve first-call resolution. Improve customer service outcome measurement and results, address accountability issues. Improve communications with other Customer Accounts and Credit and Collections staff.

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
X	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

*** It is anticipated that these changes will be implemented using existing funding for the Customer Contact Center**

Part B:

Rough estimated cost (capital and operating)

Operating: This initiative will primarily utilize existing staffing operating within current position duties. Project oversight will be performed by a senior manager in the Customer Care Division (est. 0.10 FTE at $20K). Process improvement efforts will be performed by internal technical and strategic planning staff (est. 1.0 FTE at $140K). Implementation of local changes to accommodate improvement planning will be performed by local staff and supervisors (est. 1.0 FTE at $75K). Future changes in staff classifications (if approved) will be accomplished with implementation of a comprehensive class that covers most operational functions at slightly elevated labor costs (est. $200K annually). These costs are assumed to be paid for out of existing funding by achieving efficiencies. In the event that the utility assumes responsibility for staffing its own call center, the cost for additional FTEs will be covered by paying for direct labor costs in lieu of the current MOA costs associated with SPU provided services.

Capital: No additional capital costs indicated. In the event that the utility assumes responsibility for staffing its own call center, the cost for call center technology and equipment costs will be covered by paying for direct costs in lieu of the current MOA cost sharing agreement.

General Implementation Plan

Document author(s): Kelly Enright
Document date: 8/1/2011

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?** Can be accomplished with existing staff, however we anticipate reclassifying positions into a single classification series for increased flexibility and upward mobility within the Account Services and Credit and Collections work units.
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?** This should take approximately 18 to 24 months.
- **How time sensitive is this initiative? What year would you propose work to begin? Why?** The work needs to begin as soon as possible. In 2010, City Light account services struggled to meet its performance targets without the use of overtime. SPU's Call Center also had challenges meeting its performance metrics. As retirements increase and other technology up-grade initiatives move ahead (such as a customer information system and an improved web site) this is an optimal time to get started on improvements and consolidation efforts.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)?** There could be separate initiatives; one focusing on the contact channels directly managed by City Light, and one to continue to monitor SPU's performance through the annual Memorandum of Understanding.
- **Other ways to achieve a similar desired outcome?** None apparent at this time.
- **Different policy direction (give example, and note why not recommended)** There could be an effort to consolidate call functions within City Light or SPU, or contract with a third party. That would have labor union impacts and remove direct customer contact.

Sample metrics: How would you measure the success of this initiative? Reduction in the cost per transaction; reduced average time with each call; increased customer satisfaction; improved employee morale.

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
CR7: O&M	$235,000	$235,000						
CR7: CIP								

Note: 2011-12 Memorandum of Agreement between SCL and SPU for Call Center shows that SPU charges City Light about $5M/year.

Document author(s): Kelly Enright
Document date: 8/1/2011

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
CR7: New O&M	N/A	$200,000	$200,000	$200,000	$200,000	$200,000	$200,000
CR7: Prop. CIP							

Explanation:

O&M $: *Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.*

Capital $: *Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.*

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
CR7: Proj Rev	$0	$0	$0	$0	$0	$0
CR7: O&M Saved	($200,000)	($200,000)	($200,000)	($200,000)	($200,000)	($200,000)

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

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[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:

Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.

Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.

Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Kelly Enright

Document date: 8/1/2011

Objective: Promote Environmental Stewardship **Initiative #CR8**

Initiative Title: **Enhance Environmental leadership efforts**

Who would "Own" this Initiative within SCL: Environmental Affairs Division and Power Supply & Environmental Affairs Officer

Part A:

Brief description of proposed effort / sample tactics:

This initiative includes two efforts to ensure that SCL continues to be an environmental leader among electric utilities.

1. Increased awareness

Work with Communications to let our customers and stakeholders know about our many environmental achievements; update the Environmental Report and website; develop more ways of communicating with internal and external stakeholders; and consider creating a City Light brand that characterizes us as a green utility.

2. Reduce maintenance costs

Reduce long-term maintenance costs while improving ecological values by using an Earth-friendly approach to vegetation and landscape management.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

- Lower costs for vegetation maintenance and improved habitat.
- This proposal addresses the Customers/Ratepayers section of the SWOC exercise. This proposal would help ensure that SCL remains a leader in environmental stewardship. It would also help our customers to better understand the utility's efforts in this direction.

What, if anything, is underway in this area and funded within the 6 year baseline?
Why is additional investment proposed?

- No other funding is in the 6 year baseline.
- The additional investment is proposed to develop a comprehensive ecological management plan for all ROWs through rural and natural areas. Vegetation in seven areas along the Skagit transmission right-of-way is already focused on maintaining native plants. We would also increase our communication efforts around our environmental work including updating the environmental report and website.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)

C. Service level enhancement – An ecological approach to ROW vegetation management would reduce costs while improving habitat values.

Document author(s): Lynn Best/Steve Kern
Document date: 8/1/2011

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
X	<$1 million		<$1 million
	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)

If project would be bond-funded, note total capital cost estimate.

If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?** One new half-time Senior Environmental Analyst for developing the vegetation management program for two years.
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**
  Development of a comprehensive ecological approach to vegetation management should require about 2 years with additional implementation overtime.
- **How time sensitive is this initiative? What year would you propose work to begin? Why?**
- Work on an ecological approach to vegetation management should begin in 2013.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)**
  Yes, we can work at a different pace
- **Other ways to achieve a similar desired outcome?**
  Contract out for services (would require a contract manager).
- **Different policy direction (give example, and note why not recommended)**
  Continue to manage ROW vegetation as we do currently. Not recommended due to increased costs and higher environmental impact.

Sample metrics: How would you measure the success of this initiative?

Ecologically based Vegetation Management Plan for rural/natural areas developed and implemented.
New environmental report and website developed.

Document author(s): Lynn Best/Steve Kern
Document date: 8/1/2011

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
CR8: O&M	$15,000	$15,000						
CR8: CIP								

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
CR8: New O&M	N/A	$60,000	$50,000	$10,000	$10,000	$10,000	$0
CR8: Prop. CIP							

Explanation:

O&M $: Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.

Capital $: Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
CR8: Proj Rev	$0	$0	$0	$0	$0	$0
CR8: O&M Saved	$0	$0	($21,000)	($21,000)	($21,000)	($21,000)

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

- An ecological approach to vegetation management in select areas of SCL's transmission line ROWs would improve habitat in key areas and reduce the cost of maintenance. Puget Sound Energy estimates a reduced ROW maintenance of $700/mile using a more targeted, ecological management approach instead of conventional mowing. Establishing 30 miles of SCL ROW of self-sustaining native vegetation communities would result in a cost savings of $21,000.

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[1] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:

Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.

Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.

Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Lynn Best/Steve Kern

Document date: 8/1/2011

Objective: Promote environmental stewardship **Initiative # CR9**

Initiative Title: **Reduce Environmental Liability**

Who would "Own" this Initiative within SCL: Environmental Affairs with support from Power Production and Energy Delivery

Part A:

Brief description of proposed effort / sample tactics:

- Reduce City Light's environmental liability and the risk of pollution by addressing historical contamination; also reducing the presence and use of toxic material in current operations.

- Develop a comprehensive environmental management plan to more systematically coordinate our efforts including:
  - Develop a plan to test the oil in all transformers (20,000+) that do not have documented PCBs;
  - Based on these test results, develop a plan to remove transformers with PCBs. within utility's service territory starting with transformers that have the highest levels of PCBs and/or pose the greatest risk to the environment;,
  - Develop a program to audit specific sites and make sure we are in compliance with environmental requirements;
  - Investigate all generating plants that may pose a spill risk to a body of water and develop a program that addresses risk based on priority.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

- Reduce future costs for correcting environmental problems;
- Significantly reduce the risk of an oil spill to a body of water; and
- Reduce harm to the environment and public health.

The cost of cleaning up a spill is much greater than the cost of preventing a spill. In addition, spills of PCB-free oil are much easier and cheaper to deal with than a spill with even small amounts of PCBs. If not appropriately addressed, environmental liability from historical contamination, and the use of toxic materials in current operations has the potential to influence increased customer rates

This proposal would address the Customer/Ratepayer section of the SWOC exercise. These actions would continue and support SCL's strong commitment to environmental stewardship (one of the strengths listed), address environmental impacts and reduce environmental consequences of utility operations.

Document author(s): S. Kern/L. Best
Document date: 8/1/2011

What, if anything, is underway in this area and funded within the 6 year baseline?
Why is additional investment proposed? Many Superfund projects to clean up historical contamination are ongoing and the cost is included in the baseline. However, there is no funding for the preventive measures described above. Design work to reduce oil spills at high-priority generation systems is underway and a part of the baseline.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s))

This program will address all three categories. Operating the utility will be cheaper in the long run because it is much more cost-effective to invest in correcting potential problems such as spill risks than to clean up spills after they occur (efficiency). We would correct the existing deficiency of not adequately funding preventive measurements. Our customers will not be subject to PCB spills and other types of contamination (service level enhancement).

A. **Efficiency**
B. **Correcting existing deficiency, or**
C. **Service level enhancement**

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
X	$1-5 million		$1-5 million
	$6-10 million	X	$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)
If project would be bond-funded, note total capital cost estimate.
If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?** PCB removal will require the work of some field crews to be changed and perhaps contracting out for sampling work.
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**
  Both projects require more than 6 years. Improved performance will be seen immediately and continue to get better.
- **How time sensitive is this initiative? What year would you propose work to begin? Why?**

This project should start as soon as funding is available (2013?).

Document author(s): S. Kern/L. Best
Document date: 8/1/2011

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)**
  Yes
- **Other ways to achieve a similar desired outcome?**
  N/A
- **Different policy direction (give example, and note why not recommended)**
  If we do as we do now, we continue to react to events rather than prevent them, which is not recommended.

Sample metrics: How would you measure the success of this initiative?

Sample metrics would include: the number of transformers with PCL levels > 1 ppm in the field (showing amount of work left to complete), number with unknown concentration (showing amount of testing left to complete), number of preventable spills (showing trend data on environmental performance of field from year to year), number of audits (showing activity level dedicated to meeting standards). The goal is to reduce risk to the environment and future costs and liability due to spills, compliance issues and other environmental problems. So these are measures of eliminating PCBs completely from the system (very expensive and more damaging to spill PCBs than just oil). Number of preventable spills is obvious. Number of audits is a measure of our ability to check our operations to see if our practices meet environmental policy, laws and regulations. This will help to protect the environment and workers, and prevent violations and fines.

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
CR9: O&M	$16,000	$16,000						
CR9: CIP	$ 761,000	$ 548,000	$ 1,324,000	$ 1,013,000	$ 994,000	$ 485,000		

CIP: Project 6458-Skagit Oil Containment Improvements and Project 7783-Power Stations Oil Containment

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
CR9: New O&M	N/A	$125,000	$260,000	$260,000	$260,000	$260,000	$260,000
CR9: Prop. CIP	$0	$1,995,827	$2,037,226	$2,080,669	$2,126,726	$764,202	$782,162

Explanation:

O&M $: *Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.*

Capital $: *Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use*

Document author(s): S. Kern/L. Best
Document date: 8/1/2011

loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
CR9: Proj Rev	$0	$0	$0	$0	$0	$0
CR9: O&M Saved	$0	$0	$0	$0	$0	$0

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

- Reducing the risk of an oil spill into a body of water will save cleanup costs, reduce harm to the environment, promote public health, and protect SCL's reputation as a clean energy producer. One significant oil spill, such as the one at Diablo Lake, can have significant costs. Clean up of that spill cost $800,000. The cost of cleaning up a spill is much greater than the cost of preventing a spill.

- SCL currently spends millions of dollars per year to clean up contamination from past practices. The use of toxic materials and the presence of PCBs in our equipment has the potential to create future liability and costs.

- Spills of PCB-free oil are much easier and cheaper to address than a spill with even small amounts of PCB. Cleanup and disposal costs, potential harm to the environment, regulatory oversight, and future liability are all significantly reduced.

- The cost of cleaning a spill is not something that SCL budgets. Costs can vary from a couple of hundred dollars for a small spill, with very little waste, to close to a million dollars. Cleanup costs for spills are paid for by NOT doing something else. Cleanup cost come out of OU 831 or the budgets for other OUs. The successful Reducing of Environmental Liability therefore results in the saving of budgeted O&M elsewhere.

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[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:
Efficiencies—a project that pays for itself (please estima e payback period);
Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.
Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): S. Kern/L. Best
Document date: 8/1/2011

Workforce

Objective: Ensure a safe work environment **Initiative #W1**

Initiative Title: Promote a safety culture in the workplace with shared accountability

Who would "Own" this Initiative within SCL: DaVonna Johnson/and HRBU Safety Manager

Part A:

Brief description of proposed effort / sample tactics:

Protecting the health and safety of our employees and customers to foster a safety culture that supports continuous improvement in the delivery of safety and health programs at Seattle City Light.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

- All employees are motivated to work in a way to ensure that everyone returns home safe
- Ensure compliance with all Federal, State and local worker safety regulations.
- Reduce injury frequency and severity rates a level that is in the top quartile of other fully integrated electric utilities (public and private)
  (SCL's currently at 8.4 total recordable rate(trr), public and private fully integrated electric utility industry average 2009= 4.3 trr)

This initiative addresses the SWOC objective of ensuring a safe work environment.

What, if anything, is underway in this area and funded within the 6 year baseline?
Why is additional investment proposed?

The current worker safety program is funded at a level to meet the current minimum state, federal and local health and safety regulations.

Additional Investment Required:

- Develop and document consistent safety standards, policies, procedures and work practices for the utility
- Awards and recognition program including "On the spot" recognition program for safe work behavior
- Annual recognition for employees that have a year without a safety violation, OSHA recordable and vehicle accident
- Skills assessment program for electrical workers that identifies areas where additional training or coaching are needed
- Dashboard to report safety statistics and metrics to the crew chief level
- Crew Audit program to identify areas of concern and teach employees how to work safe with the goal of eliminating unsafe behavior before it leads to injury

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)

A. **Efficiency** –
B. **Correcting existing deficiency**: Providing all employees with a safe work environment and maintain

Document author(s): DaVonna Johnson
Document date: 8/2/2011

compliance with federal, state and local safety regulations. Ensuring our workforce has the adequate skills, tools and expertise to perform their work safely.

C. **Service level enhancement:** Implement a safety and health management program that incorporates industry best practices that significantly reduces injury frequency and severity rates. Create a culture of continuous safety improvement where each employee is responsible for their own safety, the safety of other employees and the safety of our customers.

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
X	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)

If project would be bond-funded, note total capital cost estimate.

If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

$5,000,000 O&M

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?**

To meet industry best practice ratio of safety professional to employee, three additional utility safety professionals are needed.

- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**

The initiative would have a goal of reducing injury and severity rate by 20% per year. SCL would achieve the goal to be in the top quartile for TRR compared to other public fully integrated electric utilities by the end of the 5th year of the initiative.

- **How time sensitive is this initiative? What year would you propose work to begin? Why?**

This initiative is time-sensitive. The work would begin as soon as funding for the initiative is in place. Our current injury rates far exceed acceptable industry standards. Worker safety and health is a critical concern and primary responsibility of SCL.

What alternatives are there?

- **Is the initiative scalable (can it shrink and still deliver measurable value)?**
  No; while we could implement components of a comprehensive safety program we would not be able to achieve the goals of the initiative and the full value of a comprehensive safety and health program would not be realized.

Document author(s): DaVonna Johnson

Document date: 8/2/2011

- **Other ways to achieve a similar desired outcome?**
  No
- **Different policy direction (give example, and note why not recommended)**
  Maintain current safety program. This is not recommended because our current safety investment is yielding substandard results.

Sample metrics: How would you measure the success of this initiative?

- Decrease in employee injury and severity rates related to safety
- Reduction in motor vehicle accidents
- Onsite safety audits completed
- Reduction in number of lost workdays
- Reduction in cost per injury
- Decrease in worker's compensation costs and third-party claim costs.

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
W1: O&M	$2,428,000	$2,428,000						
W1: CIP	$ 229,000	$ 234,000	$ 239,000	$ 244,000	$ 250,000	$ 256,000		

CIP Project 9006-Safety Modifications

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
W1: New O&M	N/A	$1,300,000	$900,000	$700,000	$700,000	$700,000	$700,000
W1: Prop. CIP							

O&M $: Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.

Capital $: Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance (Jon Lutton) has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
W1: Proj Rev	$0	$0	$0	$0	$0	$0
W1: O&M Saved	($701,485)	($1,262,673)	($1,711,624)	($2,070,784)	($2,358,113)	($2,587,975)

Document author(s): DaVonna Johnson
Document date: 8/2/2011

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

---

[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:
Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.
Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.
Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): DaVonna Johnson
Document date: 8/2/2011

Objective: Attract and retain high performance workforce **Initiative #W2**

Initiative Title: Attract, develop and retain an efficient, high-performing workforce to meet the Utility's current and future customer needs.

Who would "Own" this Initiative within SCL: DaVonna Johnson/and HR Talent Director

Part A:

Brief description of proposed effort / sample tactics:

Seattle City Light employs a highly specialized workforce that is recruited specifically for their skills and knowledge of hydro-powered electric utility operations. The average age of employees at Seattle City Light is 50, and 55% of the workforce is eligible to retire within the next 5 years. Electric utilities across the Country are experiencing challenges in recruiting and retaining talent in roles where utility specific expertise is required. To ensure that we have a qualified high performance workforce to meet our customers' needs, SCL will need to implement a comprehensive workforce strategy that includes:

Attract/Retain

Seattle City Light competes in a national market for talent with other public and private utilities and our current compensation programs for positions that require specific utility knowledge and expertise are not competitive. In some job categories SCL lags other public utilities in compensation and benefits programs by 20-50%. In addition approximately 60% of comparably sized public utilities have annual performance based incentive programs for managers, utility subject matter experts and executives.

- Implement compensation and incentive programs that are competitive with other public electric utilities and attract candidates/retain existing employees with electric utility expertise
- Develop high school, technical college and university partnerships to create a qualified candidate pool for entry level technical or professional utility positions

Workforce Development

There is an increasing shortage of workers available that possess the minimum qualifications or utility expertise to work in the electric utility industry. SCL will need to implement a "grow your own" strategy as a component in meeting its future workforce needs:

- Expand the Apprenticeship program to address current attrition to ensure adequate staffing in the field
- Implement a succession planning strategy that includes evaluating future workforce/staffing needs, knowledge transfer and career development opportunities for new or existing employees
- Implement Leadership development programs that support high performance, effective management, improved decision making and efficient operations
- Invest in a technical training center that ensures apprentices and skilled electrical workers are trained in safe, efficient work practices and new technology.
- Implement trainee programs for positions that require specialized utility expertise, e.g., power operations, conservation, environmental

Workforce Efficiency

Seattle City Light needs discretion and flexibility to direct the workforce in a way that provides cost effective, reliable, efficient service to customers:

- Implement gainsharing programs that incentivize employee productivity and efficiency

Document author(s): DaVonna Johnson
Document date: 8/3/2011

- Align labor agreements and work practices to promote workplace efficiency and customer service
- Create broad utility specific classifications that increase workforce flexibility

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)
A highly qualified workforce that operates efficiently and provides excellent service to our customers.

SWOC objective of attracting and retaining a high performance workforce.

What, if anything, is underway in this area and funded within the 6 year baseline?
Why is additional investment proposed?

Attract/Retain
SCL currently has funding in the baseline for market adjustments based salary survey data once market rate salaries are achieved that funding would be used to maintain competitive salaries. Additional funding would be required to implement market rate compensation and incentive programs. In order for Seattle City Light to be able to attract and retain qualified staff with expertise in utility operations the organization needs to provide compensation that is competitive with other public utilities.

Workforce Development
There is minimum level of funding in the baseline that currently does not cover the full cost of mandatory training. Industry best practice recommends investing $2,200 annually per employee on non-mandatory technical and development training (SCL currently budgets approximately $200 annually per employee).

The market for talent is competitive and while we will likely always need to recruit externally for some positions, we also need to invest in the development of our current workforce. With a significant portion of the workforce nearing retirement there will be a need for well qualified people to fill these roles. SCL needs to ensure that existing employees have opportunities to expand their current skills through an effective workforce development program to be competitive for future career advancement. The expected outcome of investing in employee development is improved performance, effective management, better decision making and more efficient operations.

Technical Training Center
Currently Seattle City Light conducts technical training in multiple locations across the service territory. In some cases we lease facilities/property to conduct safety/regulatory training. Our intent is to explore options for partnership with other agencies/educational institutions or secure a consolidated technical training facility that would support technical training of employees across the entire utility eg apprenticeship, electrical workers, skilled trades, conservation and new technology.

Workforce Efficiency
Seattle City Light currently has constraints in its ability to directly influence workforce efficiency. Work practices dictated by the labor agreement limit operational changes that could improve efficiency and customer service. In addition the City's classification system has hundreds of narrowly defined job titles that impede management's ability to efficiently assign work based on employees' qualifications or skill in the utility industry.

We currently have funding in the budget that pays the City Personnel department for labor relations and classification services. If SCL assumed lead responsibilities for these functions it would require additional staffing at the utility but that cost could be offset by a reduction in the cost paid to City Personnel for these services.

Labor Relations
Currently 89% of the utility's workforce is represented by 15 labor unions. Effective relationships with our labor partners is critical to ensuring that City Light labor agreements allow for efficient delivery of electrical services to our customers. The current structure for managing labor relations at the City of Seattle is centralized in the City Personnel department. City Light's labor interests are only one amongst 20+ other City departments. SCL needs the authority to serve in a lead role on labor issues that directly impact the daily operations of the utility.

Classification
Seattle City Light needs a classification system that is designed to help attract, retain, and motivate qualified individuals by providing job classifications and salaries that reflect internal equity, external competitiveness, and individual performance. Our current classification system does not meet the needs of an electrical utility in a dynamic highly competitive market. The centralized classification compensation system favors consistency across the City. Generic general government titles are utilized rather than titles that reflect the unique qualifications and expertise required in an electric utility.

Gainsharing
Seattle City Light currently has no mechanism in place to incentivize improved performance. An effective Gainsharing program would improve productivity through employee involvement, with the gains from "working smarter" shared between the utility and the employees. In addition this would foster a culture of continuous improvement at the utility. The funding for this program would be generated by the savings from employee identified efficiencies.

Category of proposed investment?[1] (Briefly identify basis for the categorization(s)—see end note for definition)

B. Correcting existing deficiency – At our current funding level we will not be able to maintain a qualified workforce that is able to meet customers' needs. If attrition rates increase and our compensation continues to fall further behind other public electric utilities we will be unable to attract or retain qualified candidates. By not investing in the development of existing staff we will be unable to implement new technology that improves productivity and the pool of qualified employees to draw from for succession will be limited.

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
	$1-5 million		$1-5 million
	$6-10 million	X	$6-10 million
	$11-25 million		$11-25 million
X	$26-50 million		$26-50 million

Document author(s): DaVonna Johnson
Document date: 8/3/2011

		$51-100 million		$51-100 million	
		$101-200 million		$101-200 million	
		>$200 million		>$200 million	

Part B:

Rough estimated cost (capital and operating)
If project would be bond-funded, note total capital cost estimate.
If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)
Attract/Retain
Improvements in compensation:
Market based salaries
$2,419,750 annually / $14,518,500 (over 6 yr period)
Incentive Program
$1,389,000 annually / $8,334,000 (over 6 year period)

Implementing a market rate compensation and incentive program would increase payroll cost by 2%.

Workforce Development (over 6 years):
Training and development (1750 employees $1000-$2200)
$1,750,000 – 3,850,000 annually /$16,450,000 (over 6 year period)

Internship/High school program/Cooperative Programs
$570,000(annually) / $3,420,000 (over 6 year period)

Total estimated cost of this initiative:
Total O&M amount of Initiative: $6,128,000- $8,228,750 annually
Total Capital amount of Initiative: $6,000,000

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?**
  Staff person to lead SCL dedicated Labor Relations function
  (Assumes funding for this role would be offset by a reduction in the costs currently paid to City Personnel)

  Staff person to lead SCL managed classification and compensation program
  (Assumes funding for this role would be offset by a reduction in the costs currently paid to City Personnel)

  Staff person to support expanded workforce development program

- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**

  The initiative will begin to deliver results approximately one year after the programs are authorized. New compensation/incentive programs and classifications would need to be developed and legislated. After the new programs are authorized City Light will be able to reduce the time to fill utility specific roles that have been vacant for a long period of time due to lack of competitive pay. In addition more competitive compensation will increase SCL's ability to retain current employees. With new opportunities for gain sharing and incentive pay, employees would be focused on increased performance and identifying operational efficiencies.

Document author(s): DaVonna Johnson
Document date: 8/3/2011

Planning for the employee training and development program would begin in 2012 with implementation planned in 2013. The desired results would begin to be realized in 2014. Employees would begin to apply the new knowledge and expertise obtained in the workplace. Investment in the workforce is as important as investment in the aging electrical systems. Proactive, systematic investment in developing the future workforce when more than 50% of the workforce is eligible to retire in the next five years, will position the utility to meet customer needs and avoid reactionary approaches to finding skilled talent as we face shortages in the years to come.

- **How time sensitive is this initiative? What year would you propose work to begin? Why?**

Year	Action	Reason
2012	Plan and develop compensation, workforce development and workforce efficiency programs Labor Relations/Compensation	New programs need to be planned and possibly legislated. Some programs may require labor negotiations.
2013	Workforce Efficiency Compensation/Incentives Phased implementation: Training and Development	Limited staff to provide program development and implementation.
2014	Internships/Cooperatives Apprenticeship Expansion Technical Training Center	Limited staff to provide program development and implementation.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)?**
  Yes; City Light could implement aspects of this initiative or phase in some components. There are parts of the initiative that have a diminished return if not completely implemented. For instance, the efficiency initiatives should be developed and implemented in concert with labor negotiations in 2012 and 2013. The training and development component should be implemented over time to minimize the impacts on daily operations. The compensation component would not deliver measurable results if it shrank below the low end of the estimate. A change this low would not bring SCL in line with the market and thus not make an appreciable difference in the utility's ability to attract and retain qualified talent.

- **Other ways to achieve a similar desired outcome?**
  No
- **Different policy direction (give example, and note why not recommended)**
  City Light could continue with its current programs at the current level. This will significantly hamper the utility's ability to recruit and retain a highly specialized workforce knowledgeable about hydro-powered electric utility operations. SCL will be unable to fully achieve the productivity gains that can be achieved by having a highly qualified stable workforce that can maximize efficiency and still exceed customers' expectations.

Document author(s): DaVonna Johnson
Document date: 8/3/2011

Sample metrics: How would you measure the success of this initiative?

- Time to fill a vacancy
- Cost per hire
- Turnover rate/costs
- Number of days that key positions are vacant
- Increased operational efficiency
- New hire turnover rate

Exhibit 1 Rough Estimated Costs—Operating and Capital
(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011[1]	2012	2013	2014	2015	2016	2017	2018
W2: O&M	$2,010,000	$2,010,000						

[1] The figure above includes current annual funding for 2011-12 in the following areas:
$340,000 or $194 per employee annually for training
$1,450,000 for Apprenticeship program (no additional funding is required to expand the program)
$20,000 for recruitment expenses
$200,000 for workforce development (2 FTE)

W2: CIP								

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
W2: New O&M	N/A	$6,128,750	$6,128,750	$7,003,750	$7,003,750	$8,228,750	$8,228,750
W2: Prop. CIP	$0	$3,629,644	$2,634,410	$0	$0	$0	$0

Notes:

O&M $*: Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.*

Capital $*: Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.*

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
W2: Proj Rev	$0	$0	$0	$0	$0	$0
W2: O&M Saved	($2,867,000)	($2,867,000)	($2,867,000)	($2,867,000)	($2,867,000)	($2,867,000)

$280,000 annual savings from cost currently paid to City Personnel for Labor Relations and Classification Services
$1,307,000 annual savings from reduced turnover costs
$1,000,000 annual savings from Gainsharing program

Document author(s): DaVonna Johnson
Document date: 8/3/2011

Savings from productivity gained by implement and negotiating more efficient work practices into labor agreements captured in Initiative M9

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

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[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:

Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.

Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.

Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): DaVonna Johnson

Document date: 8/3/2011

Assets

Objective: Provide reliable, safe, cost effective, electric service to our customers **Initiative # A-2**

Initiative Title: **Implement Distribution Management System (DMS)**

Who would "Own" this Initiative within SCL: Phil West/Sonny Person

Part A:

Brief description of proposed effort / sample tactics:

The Distribution Management System (DMS) is a comprehensive software application that enables Power Dispatchers to improve their planning, coordination, and operation of the distribution power system.

This system will enable dispatchers to improve their switching operations for planned shutdowns, ensuring that circuit or equipment overloads, or voltage related problems do not occur. It will also make it easier to prepare planned outages by developing an automatic switching plan that provides an analysis of the proposed switching before it is approved and directed.

Customers will receive more accurate information regarding planned outages. In some cases the area needed for the outage will be reduced because of the ability to create switching scenarios during the planning process.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)
This application would provide additional real time technical support for improving reliability.

Weaknesses:
Increasing costs to maintain existing reliability
Lagging in automation and maintenance investment (Assets)
Challenges:
Changing customer expectations (Customers/Ratepayers)

What, if anything, is underway in this area and funded within the 6 year baseline?
Why is additional investment proposed?
It is currently not underway, nor is the DMS funded within the 2013-2016 baseline.

This investment is proposed in order to optimize our existing infrastructure and improve our system reliability.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)

B. Service level enhancement: Implementing an automatic switching plan that provides an analysis of the proposed switching before it. Increase our ability to improve system reliability, while optimizing our infrastructure

Document author(s): Sonny Person
Document date: 8/1/11

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
X	<$1 million		<$1 million
	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million	X	$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)

If project would be bond-funded, note total capital cost estimate.

If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?** This project will be managed by a system implementation consultant and City Light project manager. Existing staff will be reassigned to work on the project as needed for business process redesign related to the system. Temporary staff may be required but this has not been determined. IT Staff additions assume two additional FTE's in O&M Power Systems Automation beginning 2017, the year following project implementation.
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?** It is expected to take 1-2 years to install, implement and deliver desired results. Significant cost benefits will be realized when distribution automation has been implemented up to and including the meter.
- **How time sensitive is this initiative? What year would you propose work to begin? Why?** DMS would be installed when it is determined that City Light has enough substation automation and Supervisory Control and Data Acquisition (SCADA) field switching equipment in place to benefit from its use. The labor saving benefit is achieved by maximizing the utilization of the substation and SCADA field switching equipment linked to the DMS.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)** No.
- **Other ways to achieve a similar desired outcome?** We currently use manual processes to accomplish this work but this does not have the same outcome. Manual processes require reviewing maps to determine system configuration and options. They also do not provide accurate estimates of customers impacted by planned outages, or additional labor to perform planning
- **Different policy direction (give example, and note why not recommended)** The only different direction would be to delay installation of DMS or choose not to install.

Sample metrics: How would you measure the success of this initiative?

Document author(s): Sonny Person

Document date: 8/1/11

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
A2: O&M	$0	$0						
A2: CIP								

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
A2: New O&M	N/A	$0	$0	$0	$0	$248,500	$248,500
A2: Prop. CIP	$0	$0	$0	$0	$7,403,362	$4,003,088	$0

Explanation:

O&M $: Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.

Capital $: Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
A2: Proj Rev	$0	$0	$0	$0	$0	$0
A2: O&M Saved	$0	$0	$0	$0	$0	$0

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

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[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:

Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.

Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.

Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Sonny Person

Document date: 8/1/11

Objective: Provide reliable, safe electric service to our customers **Initiative #A3**

Initiative Title: Implement IT Security Upgrades

Who would "Own" this Initiative within SCL: Phil Leiber/IT Director

Part A:

Brief description of proposed effort / sample tactics:

The proposed initiative consists of two phases. The first phase of this effort updates or replaces information security systems that are at high risk of failure due to obsolescence and lack of resources to properly maintain them. City Light's obsolete information security systems are a critical area to address in order to minimize the possibility of network failure, security incidents, and business disruption.

Once obsolete systems are replaced or updated, the second phase can begin. The second phase will further enhance our security posture by providing vulnerability and intrusion detection, as well as response capabilities and procedures. This is necessary to prevent security incidents from occurring in the future.

The IT Security upgrades will implement a more comprehensive suite of security systems and industry standard information security business processes.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)
Protect sensitive and private customer information.

Addresses SWOC weaknesses: Technology lagging industry; understaffed in many areas
Takes advantage of SWOC strength: Knowledgeable, experienced, diverse workforce (some even possess security certifications)

What, if anything, is underway in this area and funded within the 6 year baseline?

Security – Adding redundancy to SCL Firewalls, Power Production IT/access infrastructure, antivirus upgrades, and physical access controls.
CIP Project 9915-Information Technology Infrastructure includes $3.1-$3.5M per year 2011-2016 but this amount funds a wide variety of equipment and software needs and is insufficient to also cover the security improvements in this initiative.

Why is additional investment proposed?

The existing level of staffing provided in the six-year baseline and CIP is insufficient to complete work that is necessary to maintain a secure IT infrastructure. Our firewall is outdated, and as such we are no longer able to apply security patches that are needed to block hacking and viruses from entering City Light's corporate IT network.

Every week the City of Seattle's Information Security office logs over a hundred thousand attempts to deliver malicious code via E-Mail, and hundreds of attempts through other methods. While the City's firewall is our first line of defense, if a virus enters the City's network, it is critical that City Light's networks are protected to prevent intrusion to safeguard customer privacy and minimize business disruption.

Document author(s): Leigh Barreca / Mark Vickers/Phil Leiber
Document date: 8/1/2011

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)

A. **Efficiency**
B. **Correcting existing deficiency** - Additional information security activities are highly recommended to ensure adequate protection of digital assets. Threats to IT security are escalating. SCL's infrastructure must be enhanced to effectively combat the increasing levels of threat.
C. **Service level enhancement**

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
X	$1-5 million	X	$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)
If project would be bond-funded, note total capital cost estimate.
If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?**

Yes. This initiative proposes the addition of 3 FTEs. With this staffing level, the first phase of the project, i.e., replacing obsolete security infrastructure, could be completed within 1-2 years. Phase 2 assumes that the FTEs added to accomplish Phase 1 will be retained and that these resources will be available to implement Phase 2.

Existing staff that have both a network operational role as well as responsibilities related to new project roll outs have not been able to maintain both the network modifications necessary for projects and security infrastructure. This is an ongoing problem which has now left us with a large collection of efforts that need to be undertaken before our systems can be considered acceptable in terms of security.

- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**

This initiative will be implemented in 2 phases. Phase 1 involves replacing obsolete systems that are no longer supported by the vendor and are, therefore, at higher risk of failure. Phase 1 is estimated to be between 12 and 24 months effort and will require a mix of FTE labor (new and existing), software, hardware and outside services.

Phase 2 will follow Phase 1 and implement more robust intrusion detection and prevention capability such as

vulnerability scanners, installation of intrusion detection sensors, proper patching mechanisms and the associated procedure needed to ensure their proper use. Phase 2 is estimated to be a 36 to 48 month effort and will require a mix of FTE labor (new and existing), software, hardware and outside services.

- **How time sensitive is this initiative? What year would you propose work to begin? Why?**

This work should be begin as soon as possible to maintain City Light's IT security. It is proposed to begin in 2013.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)?**
  This initiative can shrink or its time scale can be expanded; however, there is a corresponding increase in risk to systems that are already severely out of date. Given our current security posture it would be wise to fully fund a security effort and then re-evaluate the staffing level once we have corrected the obvious deficiencies.

- **Other ways to achieve a similar desired outcome?**
  It's possible that the tasks laid out could be broken down into components that could, once set up, be delegated to less technically sophisticated staff. The long term mix of experience levels may need to be adjusted in subsequent years of this project.

- **Different policy direction (give example, and note why not recommended)**
  Continue current situation. Not recommended given on-going threats to City Light's IT assets.

Sample metrics: How would you measure the success of this initiative?

Obsolete systems replaced.
Intrusion detection software installed.
Security threat response procedures in place.

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
A3: O&M	$191,000	$218,000						
A3: CIP								

Document author(s): Leigh Barreca / Mark Vickers/Phil Leiber
Document date: 8/1/2011

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
A3: New O&M	N/A	$240,000	$216,000	$201,000	$231,000	$156,000	$156,000
A3: Prop. CIP	$0	$1,052,968	$821,026	$667,960	$706,902	$0	$0

Explanation:

O&M $: Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.

***Capital $:** Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.*

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
A3: Proj Rev	$0	$0	$0	$0	$0	$0
A3: O&M Saved	$0	$0	$0	$0	$0	$0

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

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[1] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:

Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.

Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.

Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Leigh Barreca / Mark Vickers/Phil Leiber

Document date: 8/1/2011

Objective: **Provide reliable, safe electric service to our customers** **Initiative # A4**

Initiative Title: Federal and Regional Reliability and Cyber Security Standards Compliance

Who would "Own" this Initiative within SCL: Jim Baggs

Part A:

Brief description of proposed effort / sample tactics:

- Under federal law, City Light is required to comply with roughly 900 complex and ever-changing requirements under Critical Infrastructure Protection and Reliability Standards.
- Utility performance is subject to periodic audits by the Western Electricity Coordinating Council (WECC), the North American Electric Reliability Corporation (NERC) and the Federal Energy Regulatory Commission (FERC). Penalties for any violation can be as high as $1 million per day per violation.
- The proposed effort would:
  - Formalize the approach to meeting reliability requirements and document compliance.
  - Compare performance against requirements to identify potential gaps;
  - Implement a system to track reliability requirements, workflow, and reporting to better manage our efforts and ensure compliance.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

- Reduce the risk of a violation by developing a standardized, rigorous approach to Critical Infrastructure Protection and Reliability Standard requirements with documented procedures and controls, training, and self-monitoring.
- Manage workflows and track compliance with an online system of NERC standards and requirements to increase ability to meet mandated requirements.
- Meet the requirement of effectively complying with new regulations affecting reliability.
- Reduce potential *weakness* due to lack of standards.
- Create *opportunity* (by implementing standardization) to reduce risk, increase efficiency, and lower cost.

What, if anything, is underway in this area and funded within the 6 year baseline?
Why is additional investment proposed?

- A base level program is funded in the six-year baseline.
- Implementing standardization and building increased discipline and expertise in this area will require additional resources.
- Additional investment is required for an online system that manages workflows and tracks compliance with NERC standards and requirements. The investment required is relatively small but the risk reduction will be huge.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)

B. Correcting existing deficiency – Improve City Light operations to *good* utility compliance practice and correct existing weaknesses in meeting the requirements of the Critical Infrastructure Protection and Reliability Standards. A fiscally responsible measure because an effective compliance program will reduce the risk of potentially very large fines.

Document author(s): Jim Baggs
Document date: 8/1/2011

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million	X	<$1 million
X	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)

If project would be bond-funded, note total capital cost estimate.

Capital $780,000

If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

O&M $ 3,500,000

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?**
  The O & M component of this initiative represents primarily incremental labor costs.
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**
  Results should begin to appear late in the first year of implementation.
- **How time sensitive is this initiative? What year would you propose work to begin? Why?**
  This initiative is extremely time sensitive. The regulatory requirements it proposes to better fulfill exist today, and the sooner we introduce additional rigor into our performance the sooner we can reduce compliance risk.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)**
  The O&M component is scalable but the capital component is not.
- **Other ways to achieve a similar desired outcome?**
  N/A
- **Different policy direction (give example, and note why not recommended)**

Sample metrics: How would you measure the success of this initiative?

Increased internal identification and implementation of compliance performance improvements.
Implementation of internal controls in operational processes required for compliance.
Reduced penalty exposure/results.

Document author(s): Jim Baggs
Document date: 8/1/2011

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
A4: O&M	$300,000	$300,000						
A4: CIP	$ 661,000	$ 475,000	$ 270,000	$ 276,000	$ 283,000	$ 289,000		

CIP: Project 6470-Generation Federal Reliability Standards Improvements

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
A4: New O&M	N/A	$300,000	$500,000	$600,000	$700,000	$700,000	$700,000
A4: Prop. CIP	$0	$778,403	$0	$0	$0	$0	$0

Explanation:
O&M $: Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.
Capital $: Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance (Jon Lutton) has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
A4: Proj Rev	$0	$0	$0	$0	$0	$0
A4: O&M Saved	$0	$0	$0	$0	$0	$0

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

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[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:
Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.
Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.
Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Jim Baggs
Document date: 8/1/2011

Objective: Provide reliable, safe, cost effective, electric service to our customers **Initiative #A5**

Initiative Title: Enterprise Geospacial Information System (GIS)

Who would "Own" this Initiative within SCL: Phil West/Darnell Cola

Part A:

Brief description of proposed effort / sample tactics:

Currently, there are two GIS systems in the Utility which are not interchangeable and out-dated. By Integrating and modernizing GIS systems, the Utility is enable to utilize a fully-functional enterprise level access to geospatial and asset data:

- Centralized geospatial data store supporting Enterprise Systems, such as OMS, WAMS, Mobile WorkForce, System Planning/Analysis, Engineering design, Advanced Meter Infrastructure, Distribution Automation System and Business Intelligence.
- Provide map products and electronic access for Distribution, Transmission and Streetlight infrastructure
- Flexible, configurable system that can accommodate evolving mapping information needs

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

- Addresses Asset Weakness by developing records of infrastructure that will ensure higher employee efficiency when responding to outages and developing capital improvement projects
- Increase operational efficiency by eliminating redundant data and mapping processes and providing transparent data access for other technology supporting enterprise needs.
- Enhanced 24/7 access to fully-functional GIS systems to field and office personnel, providing better operational safety of crews.

What, if anything, is underway in this area and funded within the 6 year baseline?
Why is additional investment proposed?

Baseline is funded with existing core staffing levels for GIS workgroups.

The two current GIS systems do not interface and are out-dated. New technologies being implemented will only interface with a single GIS reducing our ability to optimize these efficiencies across the entire service territory. In order to fully implement OMS, WAMS, Mobile WorkForce, Advanced Meter Infrastructure and the Distribution Management System a single GIS is required.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)

A. **Efficiency** *Increase operational efficiencies due to elimination of redundant data maintenance processes and ready access to GIS information for enterprise needs.*

B. **Correcting existing deficiency** -- *Creates support for employees by providing 24/7 access to GIS information, supporting engineering and operational tasks. Provide and maintain transmission and streetlight infrastructure information (not included in current GIS systems). Provides enhanced metric availability to monitor performance.*

Document author(s): Darnell Cola
Document date: 8/1/2011

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
	$1-5 million		$1-5 million
X	$6-10 million	X	$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)

If project would be bond-funded, note total capital cost estimate.

If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

- Additional funding is required for incremental base staffing (O&M)and improvements to GIS tools (CIP)

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?**
  Additional 6 staff positions will be requested: 2 senior level (Sr. EE Spec), 2 mid level (EE Spec Assoc) and 2 entry level (EE Assist Spec). This staff will perform these new bodies of work: transmission GIS data maintenance/mapping, streetlight GIS data maintenance/mapping, custom map/data requests, special projects GIS dataset creation and management ($800K per year).
  IT requires 3 additional application developers and new hardware ($75K first year, $18,750 per following year for maintenance).

- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**
  Enterprise GIS system will deliver results immediately after implementation. Staff augmentation will result in complete transmission and streetlight infrastructure support in 3-5 years with ongoing maintenance afterwards.
- **How time sensitive is this initiative? What year would you propose work to begin? Why?**
  This initiative can begin as early as 2012, but could begin at any time. Staffing additions would be beneficial immediately.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)**
  Not recommended. Suboptimal staffing, continued redundant data and mapping processes would keep GIS data out of date and not as useful for employees. Lack of electronic access to GIS data to support existing enterprise needs creates operational inefficiencies throughout the organization.
- **Other ways to achieve a similar desired outcome?**
  No, contracting or temporary employees is not a viable option.
- **Different policy direction (give example,** and note why not recommended)
  Alternative is not to develop GIS tools and continue with two separate systems with increasing

Document author(s): Darnell Cola
Document date: 8/1/2011

maintenance costs and risk of failure. Existing interfaces to GIS are cumbersome and error prone, creating operational inefficiency and suboptimal data quality for informational and analytical purposes. Not recommended as implementing technology and consistent work practices will be a key component to enhanced employee efficiency for today and the future. These are proven industry standard practices. Not recommended as implementing technology will be a key component to enhanced employee efficiency for today and the future.

Sample metrics: How would you measure the success of this initiative?

- User satisfaction with GIS data availability driving the usability of multiple enterprise technologies including mobile workforce, engineering analysis, asset management and business intelligence.
- Time from first request to delivery of work product
- Timeliness of GIS data updates resulting from operational changes.

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
A5: O&M	$0	$0						
A5: CIP	$ 772,000	$ 819,000	$ 2,221,000					

CIP: Project 9943-Network Geographic Information Systems (2011-2013) and Project 9957-Unified Geographic Information System (2013)

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
A5: New O&M	N/A	$1,343,000	$1,286,750	$1,286,750	$1,286,750	$1,286,750	$1,286,750
A5: Prop. CIP	$0	$543,394	$1,262,320	$3,141,053	$2,473,156	$0	$0

Explanation:

O&M $: *Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.*

Capital $: *Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.*

What financial benefits will this program achieve? (New revenues, or O&M avoided)

Document author(s): Darnell Cola
Document date: 8/1/2011

	2013	2014	2015	2016	2017	2018
A5: Proj Rev	$0	$0	$0	$0	$0	$0
A5: O&M Saved	($800,000)	($1,300,000)	($1,300,000)	($1,300,000)	$0	$0

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

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[1] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:
Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.
Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.
Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Darnell Cola
Document date: 8/1/2011

Objective: Provide reliable, safe, cost effective, electric service to our customers **Initiative #A6**

Initiative Title: **North Downtown Substation**

Who would "Own" this Initiative within SCL: Phil West/ Darnell Cola/Tuan Tran

Part A:

Brief description of proposed effort / sample tactics:

Provide reliable electrical service to the customers in the North Downtown area. The North Downtown area has expanded in both density and load makeup in the past decade and existing system does not provide the high level of reliability needed for the area's business customers.

1. Provide additional power source for North Downtown Area (options are: Substation, New Feeders, New Transmission) to meet increasingly dense electrical load.
2. Provide underground distribution system to meet demands of dense high tech and biotech customers, including both high reliability looped radial and spot network as required. The Spot Network approach allows SCL to incrementally serve the emerging high tech and biotech loads without forcing a total rebuild of the existing radial system serving underdeveloped properties in the area. This also gives SCL the flexibility to assess the best system/service options in serving each new particular development as they occur.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

- Address load growth and reliability issues in key areas of the system
- Development of Spot Network and new power source will ensure highly reliable service to critical high tech and biotech customers in redeveloped area.
- Addresses Customer and Asset strengths by incrementally building focused spot network primary distribution for emerging Bio Tech and High Tech loads in the critical North Downtown area.

What, if anything, is underway in this area and funded within the 6 year baseline?
Why is additional investment proposed?

Power Source – not in baseline, anticipate Budget Issue Paper (BIP) submittal in 2012. In 2012, baseline funding is provided to conduct analysis of alternatives, develop business case and BIP.

Partially funded by reoccurring system network customer connection projects (7757, 8363, 8404*, 8405*) Note: CIP's 7757, 8404, and 8405 are restricted by Council Spending Provisos. SCL would need to execute legislation with Council to lift provisos and gain budget authority for full funding of this initiative.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)

Service level enhancement -- New and expanding customers in the redeveloping North Downtown Area desire a more reliable level of service consistent with their business missions (Institutional Campus / Research / Bio Tech). The proposed Substation and Spot Network primary system will provide the

Document author(s): Michael Clark
Document date: 8/1/2011

appropriate level of power source and distribution system design for this sector of our service territory.

Corrects an existing deficiency -- as increasingly dense load requires additional power source in the North Downtown area. (primary for substation)

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
X	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million	X	$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)

If project would be bond-funded, note total capital cost estimate.

If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?**
  2 engineering and 8 crew personnel. Assumes contracting substation design and build.
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**
  Anticipate benefits will be delivered after substation is complete and network customers connected. (est. 2016 if funded in 2012) The spot network will continue to build out for multiple years.
- **How time sensitive is this initiative? What year would you propose work to begin? Why?**
  Propose to fund and begin this project in 2012. Customers in this area are anxious to enhance the service reliability in this redeveloping area, and the project should start as soon as practical.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)**
  No
- **Other ways to achieve a similar desired outcome?**
  No, the spot network is a scaled down alternative from the downtown network
- **Different policy direction (give example, and note why not recommended)**
  Could decide this area would not receive higher reliability service. Not recommended due to following reasons:
  - Customers require higher level of service due to critical nature of their work (data intensive, medical research or hospital load)
  - Customers have invested through providing space for eventual network build-out and have planned for conversion to network load – risk of claims and dissatisfied customers

Sample metrics: How would you measure the success of this initiative?

Document author(s): Michael Clark

Document date: 8/1/2011

1. Comparison of outages in area before and after work.
2. Survey of network customers to determine satisfaction.

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
A6: O&M	$0	$0						
A6: CIP	$ 6,237,000	$ 1,847,000						

CIP: Project 7757: North Downtown Substation Development

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
A6: New O&M	N/A	$0	$0	$0	$500,000	$500,000	$500,000
A6: Prop. CIP	$0	$12,470,245	$25,017,997	$90,146,225	$12,071,511	$12,357,584	$12,165,332

Explanation:
O&M $: Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.
Capital $: Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
A6: Proj Rev	$0	$0	$0	$0	$0	$0
A6: O&M Saved	$0	$0	$0	$0	$0	$0

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

Document author(s): Michael Clark
Document date: 8/1/2011

[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:
Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.
Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.
Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Michael Clark
Document date: 8/1/2011

Objective: Provide reliable, safe, cost effective, electric service to our customers **Initiative # A7**

Initiative Title: **Transmission System Improvements in Puget Sound Area**

Who would "Own" this Initiative within SCL: Phil West/Darnell Cola/Tuan Tran

Part A:

Brief description of proposed effort / sample tactics:

Electric transmission congestion in the Puget Sound Area is increasing due to changes in area generation; load growth; transfers of power to Canada required by treaty; and outages needed to maintain the lines. To address these issues, the ColumbiaGrid (the Puget Sound Area electric planning entity) has proposed the following investments be made in the Seattle Transmission system.

- Increase capacity of Bothell/SnoKing double circuit 230kV line to meet area reliability requirements
- Install inductors or phase shifting transformers to curtail power flow through Seattle area
- Re-conductor Maple Valley – SnoKing double circuit 230kV line to increase capacity

The cost of these improvements will be reimbursed partially by other utilities in the area.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

- Enhances Customer and Asset strengths by building additional high reliability transmission system.
- Addresses Asset Weakness by replacing aging transmission lines (Bothell/SnoKing, potentially Maple Valley – SnoKing) with new infrastructure.
- Enhances Customer and Asset Strengths and maintains service reliability in Seattle by installation of Inductors or phase shifting transformers.

What, if anything, is underway in this area and funded within the 6 year baseline?
Why is additional investment proposed?

Not in baseline. In 2011, funded to conduct analysis of alternatives and develop business case ($400k for this work and NoDo work combined).

Additional investment is proposed to ensure power supply reliability and operational flexibility for Seattle City Light and the entire Puget Sound area. Projects have been proposed by ColumbiaGrid, the area planning entity, and cost will be split appropriately between benefiting utilities (PSE, BPA, Snohomish, Tacoma, SnoPud, SCL)

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)

B. Correcting existing deficiency: Increasing growth in the Puget Sound Area as well as Canadian entitlement flow requirements are overloading existing transmission infrastructure. Seattle's transmission system is a part of the Puget Sound Area Transmission system. Investment cost will be shared proportionally by Puget Sound Area utilities.

Document author(s): Darnell Cola
Document date: 8/1/2011

Ballpark cost estimate over 6-year period (2013-2018)

The amount SCL would have to pay depends on the cost of the upgrades, and the cost allocation between utilities that would fund this work.* These matters are subject to upcoming negotiation between the parties.

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million	X	$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

* The work detailed in this initiative is currently under negotiation. The budget required has not been determined.

Part B:

Rough estimated cost (capital and operating)
If project would be bond-funded, note total capital cost estimate.
If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?**
  1 transmission design engineer (EPSE) This assumes transmission and station design and build is contracted. Sunset personnel would also be needed if desired to perform work in-house.
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**
  3 to 4 years after funding the benefits would accrue (once operational).
- **How time sensitive is this initiative? What year would you propose work to begin? Why?**
  The initiative should begin in 2012. Delay of these investments will potentially limit Northern Intertie transfers or cause additional generation dispatch to ensure firm load delivery through area transmission facilities.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)**
  No, these three projects are high in the Puget Sound Area's priority overall
- **Other ways to achieve a similar desired outcome?**
  May consider alternatives to stated projects; however, costs are similar and work remains necessary and urgent.
- **Different policy direction (give example, and note why not recommended)**
  Will evaluate lease or sale of infrastructure as an alternative if there are interested parties.

Document author(s): Darnell Cola
Document date: 8/1/2011

Sample metrics: How would you measure the success of this initiative?

- Projects completed on time within budget
- Number of PSANI events before/after investments
- Availability of transmission lines for clearances (to perform required maintenance work)

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
A7: O&M	$0	$0						
A7: CIP								

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
A7: New O&M	N/A	$0	$0	$0	$0	$0	$0
A7: Prop. CIP	$0	$532,445	$3,694,271	$18,836,269	$0	$0	$0

Explanation:

O&M $: Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.

Capital $: Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
A7: Proj Rev	$0	$0	$0	$0	$0	$0
A7: O&M Saved	$0	$0	$0	$0	$0	$0

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

Document author(s): Darnell Cola
Document date: 8/1/2011

[1] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:
Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.
Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.
Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Darnell Cola
Document date: 8/1/2011

Objective: Provide reliable, safe, cost-effective, electric service to our customers **Initiative # A8**

Initiative Title: **Escalate Rate of Underground Cable Replacement**

Who would "Own" this Initiative within SCL: Phil West/ Tuan Tran/Darnell Cola

Part A:

Brief description of proposed effort / sample tactics:
Underground cable in City Light distribution service has reached the end of its serviceable life and is failing at increasing rates, leading to increasing outage duration system-wide. A strategic cable replacement program is needed to address this issue long-term.
Tactic: Develop a rational cable replacement strategic plan in 2011 for submittal in the next biennial budget cycle. Include analysis of lower-cost replacement strategies or construction techniques; develop pilot projects for technologies that look promising, and reduce overall replacement spending required to increase reliability in underground areas while replacing failing underground cable.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

- Enhances Customer and Asset strengths by building high reliability distribution system.
- Addresses Asset Weakness by replacing aging underground distribution cables with new infrastructure.
- Enhances Customer and Asset Strengths by maintaining service reliability.

What, if anything, is underway in this area and funded within the 6 year baseline?
Why is additional investment proposed?
Cable injection for cables whose life can be extended is funded in the baseline for 2011-2016 at the level of $5-6M/year (Project 8440-Neighborhood Cable Injection Program). Replacement of failed cable, however, is done under Project 8353, Underground Equipment Replacements. No funding for replacement of failed cable was included in the approved 2011-16 CIP. In the proposed 2011-2017 plan, however, funds were reallocated to start development of contracts for direct boring, which promises to be much cheaper than the traditional cut and cover method or replacing underground cable.

Additional investment is proposed because underground cable is failing at increasing rates.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)

A.
B. **Correcting existing deficiency:** Increasing failures of underground cable system in distribution service will be addressed through strategic cable replacement program. Accelerating this effort will reduce the number and length of outages experienced by residential customers.
C.

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
X	$1-5 million	X	$1-5 million

Document author(s): Darnell Cola
Document date: 8/1/2011

	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)

If project would be bond-funded, note total capital cost estimate.

If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?** This initiative will require additional staffing to design replacement infrastructure. Staff requested is 2 engineer positions (EPSE).
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?** This is a long-term investment initiative. The over 500 miles of underground distribution cable within the city was not installed in a short term, and will need be replaced over time. The results will be delivered on a neighborhood basis, with reliability improvements occurring immediately after neighborhood cable refurbishment.
- **How time sensitive is this initiative? What year would you propose work to begin? Why?** This initiative should begin in budget year 2013, with approval of the associated budget issue paper. Delay of these investments will reduce reliability in the underground service areas, and significantly reduce it in coming years.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)** No, this investment can not be delayed and must address the entire population of underground cable based upon its condition and life expectancy.
- **Other ways to achieve a similar desired outcome?** Changing service delivery to overhead may deliver similar results at lower overall cost. However, this will be contrary to past experience, customer expectation, and in some cases, City policy.
- **Different policy direction (give example, and note why not recommended)** Overhead service, see answer to #2 above.

Sample metrics: How would you measure the success of this initiative?

- Projects completed on time within budget
- Reliability statistics or outages experienced in neighborhoods before and after underground cable replacement work.
- Cost per foot of installed underground cable (with and without civil infrastructure)

Exhibit 1 Rough Estimated Costs—Operating and Capital

Document author(s): Darnell Cola

Document date: 8/1/2011

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
A8: O&M	$0	$0						
A8: CIP	$0	$0	$0	$0	$0	$0		

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
A8: New O&M	N/A	$200,000	$200,000	$200,000	$200,000	$200,000	$200,000
A8: Prop. CIP	$0	$0	$1,060,989	$1,083,614	$1,107,601	$1,133,849	$1,160,496

Explanation:
O&M $: Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.
Capital $: Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
A8: Proj Rev	$0	$0	$0	$0	$0	$0
A8: O&M Saved	$0	$0	$0	$0	$0	$0

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

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[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:
Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.
Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.
Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Darnell Cola
Document date: 8/1/2011

Objective: Provide reliable, safe, cost-effective, electric service to our customers **Initiative #A9**

Initiative Title: **Planning, Design and Construction of Improved Streetlight Infrastructure**

Who would "Own" this Initiative within SCL: Phil West/Tuan Tran/Bernie Ziemianek

Part A:

Brief description of proposed effort / sample tactics:
Reconstruction of Seattle City Light's aging streetlight system. Reconstruct existing underground streetlight infrastructure including replacement of 20,000 light fixtures and 350 miles of conduits and cables. This effort consists of three phases: planning (inventorying, assessing and prioritizing the existing underground street lighting systems culminating in a ten year comprehensive plan), design (may include system specifications, contract documents, and material purchases), and construction (installation of the proposed streetlight infrastructure). Lastly, a complete inventory of all streetlight assets will be compiled.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)
Construction of a safe, modern, reliable, efficient, durable streetlight system will result in vastly improved customer service. The reconstruction will adhere to current electrical safety codes and standards. The new system will require significantly less maintenance and lower operating cost.

Addresses weaknesses: Declining system reliability; aging/outdated infrastructure; assets require increasing levels of maintenance and/or replacement.

What, if anything, is underway in this area and funded within the 6 year baseline?
Why is additional investment proposed?
The current approved budget of about $3 million/year is clearly insufficient because it is estimated that there is $200 million worth of infrastructure to replace. At the current rate of infrastructure reconstruction streetlight failures will be more frequent, of greater duration, and will increase the already large backlog of repairs. Without reconstructions there will be a cascade of failures throughout the system, one district failure precipitating another district failure. The project starts at $3 million in 2013 and ramps up to $15 million, plus inflation, in 2016. Then it remains at that level per year, plus inflation, through 2027.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)

A. **Efficiency**

B. **Correcting existing deficiency**
Much of the system is failing because it has exceeded its design life. Some light fixtures are obsolete and repair parts are unavailable. Direct buried cables are failing and we cannot determine the location of the failure without completely digging up the line. SCL also seeks to improve the safety of the street lighting system by bringing it up to current NESC grounding and bonding codes.

C. **Service level enhancement**

Document author(s): Tuan Tran
Document date: 8/1/2011

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
X	<$1 million		<$1 million
	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million	X	$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)

If project would be bond-funded, note total capital cost estimate.
If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

See Exhibit 1 (below) for costs. Streetlight rates would increase by the following percentages, given the cost of this initiative, in addition to the baseline rate increase projected apart from this initiative:

	2013	2014	2015	2016	2017	2018
Increase	1.4%	3.4%	5.5%	8.8%	9.6%	8.6%

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?**
  If work cannot be accomplished with existing staff within the group, additional personnel will be found within SCL's current FTE pool.

  IT will require an additional .5 FTE for streetlight related systems O&M work as initiative is implemented into production.

- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**
  This initiative can start delivering results within a year and will not be completed for a minimum of 10 years.
- **How time sensitive is this initiative? What year would you propose work to begin? Why?**
  This initiative is time sensitive. The proposal is to start in 2011. The longer SCL waits to reconstruct these older systems the frequency and duration of failures will increase.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)**
  Yes, it is possible but not desirable to create a 20 or 30 year plan.
- **Other ways to achieve a similar desired outcome?**
  The system could be constructed as an overhead system. This would result in a cheaper and quicker to build system.
- **Different policy direction (give example, and note why not recommended)**
  See above overhead system suggestion.

Document author(s): Tuan Tran
Document date: 8/1/2011

Sample metrics: How would you measure the success of this initiative?
Reduction of outages and cost saving from reduced maintenance.

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
A9: O&M	$0	$0						
A9: CIP	$ 3,469,000	$ 3,455,000	$ 3,066,000	$ 3,134,000	$ 3,207,000	$ 3,286,000		

CIP: Project 8378-Streetlights: Arterial, Residential and Floodlights

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
A9: New O&M	N/A	$78,000	$78,000	$78,000	$78,000	$78,000	$78,000
A9: Prop. CIP	$0	$3,113,614	$6,356,400	$11,901,900	$16,589,129	$16,982,261	$17,381,372

Explanation:

O&M $: *Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.*

Capital $: *Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.*

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
A9: Proj Rev	$0	$0	$0	$0	$0	$0
A9: O&M Saved	$0	$0	$0	$0	$0	$0

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:
Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.
Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.
Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Tuan Tran
Document date: 8/1/2011

Objective: Incorporate technology to meet future customer needs **Initiative #A10**

Initiative Title: **Mobile Workforce Implementation**

Who would "Own" this Initiative within SCL: Phil West/Darnell Cola/Bernie Ziemianek

Part A:

Brief description of proposed effort / sample tactics:
Implementation of Mobile Workforce Management software (Oracle module MWM) to automate schedule and dispatch for field workforce. Will enable real-time monitoring of work progress and dispatch of work to respond to emergencies or outages and meet customer commitments for work performance date.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

- Addresses Opportunity by implementing best practice on maintenance of all assets and ensure competitive costs with comparable utilities.
- Addresses Changing customer expectations
- Enhances Customer and Asset strengths by ensuring employees have tools to maintain high reliability distribution system.
- Addresses Asset Weakness by developing standard work practices to quickly respond to outages while reassigning critical customer work in real time, leading to greater customer satisfaction.

What, if anything, is underway in this area and funded within the 6 year baseline?
Why is additional investment proposed?
Project is currently in baseline budget beginning in 2012 through 2014 but current budget projection may not cover all related implementation expenses. This initiative proposes to restructure spending through 2015 and provide ongoing O&M to cover air card expenditure. Thorough review of cost structure will occur before project initiation.

Category of proposed investment?[1] (Briefly identify basis for the categorization(s)—see endnote for definition)

A.
B. **Correcting existing deficiency, or**
Creates support for employees by providing tools needed to efficiently and safely address electrical infrastructure corrective and planned work. Provides standardized approved methods for assigning and re-dispatch of critical work and enhanced metric availability to monitor performance. Enhances employee safety through GIS information about work unit location. Provides ability to move work real-time to address customer needs or commitment dates.
C. **Service level enhancement**

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million	X	<$1 million
X	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million

Document author(s): Darnell Cola
Document date: 8/1/2011

	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)

If project would be bond-funded, note total capital cost estimate.

If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?**
  This initiative will require additional staffing to implement the IT program. It is anticipated up to 10 sunset or part time positions – or contract funding – would be needed to implement this specific project. Positions will be required from project initiation in 2013 through sunset in 2015.

  IT will add 2.5 staff for O&M support of applications and hardware beginning 2015 as mobile workforce systems are moved to production.

- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**
  After implementation (in early 2015) the efficiency gains would be seen.

- **How time sensitive is this initiative? What year would you propose work to begin? Why?**
  This initiative should begin in budget year 2013, with purchase of the software and development of the implementation strategy.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)**
  No, a CSED-wide implementation is needed for measurable results and consistent service
- **Other ways to achieve a similar desired outcome?**
  No other technology is available for real-time dispatch of work
- **Different policy direction (give example, and note why not recommended)**
  Can continue to dispatch via radio and upload information nightly. Not recommended due to changing technology and need to monitor workload on a real-time basis to meet customer need dates. This is becoming an industry standard practice.

Sample metrics: How would you measure the success of this initiative?

- Customer satisfaction with responsiveness
- Time from first outage call to on-site response
- Use of performance metrics by managers to address and motivate a high performance workforce.

Exhibit 1 Rough Estimated Costs—Operating and Capital

Document author(s): Darnell Cola

Document date: 8/1/2011

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
A10: O&M	$0	$0						
A10: CIP		$ 1,179,000	$ 1,279,000	$ 1,360,000				

C

IP: Project 8429: Mobile Workforce Implementation

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
A10: New O&M	N/A	$0	$200,000	$590,000	$590,000	$590,000	$590,000
A10: Prop. CIP	$0	$0	$0	$0	$308,481	$530,591	$0

Explanation:

O&M $: *Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.*

Capital $: *Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance (Jon Lutton) has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.*

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
A10: Proj Rev	$0	$0	$0	$0	$0	$0
A10: O&M Saved	$0	$0	$0	$0	$0	$0

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

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[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:

Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.

Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.

Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Darnell Cola

Document date: 8/1/2011

Initiative #A11

Objective: Maintain a stable, cost effective, environmentally responsible power supply portfolio

Initiative Title: Improve Hydro Performance and Generator Availability across Seattle City Light's generating fleet

Who would "Own" this Initiative within SCL: Director of Power Production and Power Supply and Environmental Affairs Officer

Part A:

Brief description of proposed effort / sample tactics:

- This proposal would increase our operations and maintenance efforts at all of our hydro facilities in order to proactively maintain our generating units. It would do so by concentrating more resources and labor on operations and maintenance rather than on capital projects. This would ensure that investments and maintenance actions will improve system performance by operating more efficiently and reducing unit outages.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

- Improved performance at these facilities will help reduce Seattle City Light's power production costs, and provide additional sources of power (energy and capacity) that can be sold into the wholesale power market, increasing City Light's wholesale revenues.

What, if anything, is underway in this area and funded within the 6 year baseline?
Why is additional investment proposed?
- Work Management is currently funded but will require additional investment to continue implementation.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s))

A. Efficiency: This gets the right people focused on the right activities, based on priorities, resulting in reduced costs to generate power, increased power production, and enhanced revenue opportunities.

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
X	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Document author(s): Steve Kern and Mike Haynes
Document date: 8/1/2011

Part B:

Rough estimated cost (capital and operating)
If project would be bond-funded, note total capital cost estimate.
If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?**
  This can be accomplished with current staffing levels. Some realignment of classifications and assignments will be required to ensure the correct skill sets are deployed for the activities identified.
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**
  Results will be visible by year 3.
- **How time sensitive is this initiative? What year would you propose work to begin? Why?**
  With less funding, the work will take longer and the results will not be realized as soon. This plan anticipates a full implementation effort in 2013, with all application live in 2014.

What alternatives are there?

- **Is the initiative scalable (can it shrink and still deliver measurable value)**
  The implementation is scalable, however the investment is not.
- **Other ways to achieve a similar desired outcome?**
  Contract out all CIP work and move all staff into maintenance. This would improve the timing however, the systems would still require upgrades in the form of investments.
- **Different policy direction (give example, and note why not recommended)**
  Run equipment to failure without any specific programmatic resource management. React to major failures as they occur rather than anticipating required maintenance based on field measurements of equipment condition. The result of this would be longer forced outages at an increased cost for power replacement at market rates.

Sample metrics: How would you measure the success of this initiative?
Reduced overtime for scheduled maintenance
Increase generating unit availability, reduce forced outage rates across generating fleet.

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
A11: O&M	$75,000	$75,000						
A11: CIP								

Document author(s): Steve Kern and Mike Haynes
Document date: 8/1/2011

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
A11: New O&M	N/A	$500,000	$500,000	$500,000	$75,000	$0	$0
A11: Prop. CIP							

Explanation:

O&M $: *Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.*

Capital $: *Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance (Jon Lutton) has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.*

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
A11: Proj Rev	($500,000)	($1,000,000)	($1,500,000)	($1,500,000)	($1,500,000)	($1,500,000)
A11: O&M Saved	$0	$0	$0	$0	$0	$0

Increased unit availability approximately 1% across generating fleet of 1,800 mW, equaling an estimated additional net wholesale revenue of up to $1.5 million per year beginning in 2015.

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

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[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:

Efficiencies—a project that pays for itself (please estimate payback period);

Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.

Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Steve Kern and Mike Haynes
Document date: 8/1/2011

Initiative #A12

Objective: Maintain a stable, cost effective, environmentally responsible power supply portfolio

Initiative Title: Regional Electric Utility Leadership

Who would "Own" this Initiative within SCL: Power Supply and Environmental Affairs Officer, supported by the Power Contracts and Resource Acquisition Director and Power Management Director

Part A:

Brief description of proposed effort / sample tactics:

- Devote more executive attention and staff time to leadership and direction on various regional power supply and transmission matters.
  - Increase focus on City Light's power sales and transmission agreements with the Bonneville Power Administration (BPA). BPA supplies more than 40% of Seattle City Light's energy portfolio and most of it is transmission services.
  - Increase focus on power supply and transmission operating issues that involve Northwest and west coast utilities and other state and federal agencies; e.g. the challenges of integrating wind energy into the power grid is just one example of the issues facing the region.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

To be an industry leader on transmission and operations issues in the Pacific Northwest, and to protect customer interests regionally and nationally. To be able to take proactive positions instead of reacting to what others do.

Addresses SWOC challenges: New regulations affecting reliability, transmission planning and cost allocation, integration of renewables; regional transmission constraints.

What, if anything, is underway in this area and funded within the 6 year baseline?
Why is additional investment proposed?

The Power Supply and Environmental Affairs Officer and the Power Contracts and Resource Acquisition Director devote some of their time to regional power and transmission issues and are supported by one full-time staff member dedicated to BPA-specific matters (with additional partial support from staff across the utility).

Additional travel and staffing resources in both the Power Supply and the Customer Service and Energy Delivery Business Units (particularly transmission planning) would be required to achieve our objectives.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)

This work primarily addresses a
A. **Efficiency** --
B. **Correcting existing deficiency** –
Seattle City Light does not currently staff regional power and transmission issues equal to the

importance and overall costs of these issues, and staffing is substantially higher at other utilities with less at risk than SCL on these matters. Addressing these matters in an effective manner can also improve the economic efficiency of managing our power supply and transmission system within an evolving energy market.

C. Service level enhancement -

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
X	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)

No estimated capital costs.

2 additional full time equivalents (FTEs) and associated travel, training, and related expenses (see Ex. 1)

1. A Regional Transmission Specialist in Power Supply and Environmental Affairs
2. A Regional and Federal Power Marketing Specialist in PSEA/PCRA

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?**
  Yes, it requires additional staffing in both PSEA and CSED.
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**
  Results will be immediate in terms of advancing Seattle City Light's interests, but will be difficult to quantify given the nature of regional and federal regulatory processes (given that the outcome of such processes often reflect the input of multiple parties).
- **How time sensitive is this initiative? What year would you propose work to begin? Why?**
  As soon as possible.

What alternatives are there?

Lower staffing levels will achieve a lower level of engagement and leadership. Current staffing is inconsistent with our customers' interests, as we are one of the largest BPA preference customers. Accordingly, SCL has more at stake in regional affairs than other utilities that devote greater resources.

- **Is the initiative scaleable (can it shrink and still deliver measurable value)**
  Yes, though value will be difficult to quantify upfront for the initiative overall.

Document author(s): Steve Kern/Robert Cromwell
Document date: 8/1/2011

- **Other ways to achieve a similar desired outcome?**
  Hiring non-staff representatives in Portland and Washington DC won't have the same outcome, as non-staff representatives do not have the familiarity with SCL operations and needs and tend to be more "reactionary" and have a difficult time advocating proactively.

- **Different policy direction (give example, and note why not recommended)**
  n/a

Sample metrics: How would you measure the success of this initiative?
Seattle City Light would provide leadership on power operations and policy initiatives that achieve better outcomes for our customers.
There is no simple means to quantify the value of this type of leadership, though its lack is harming our customers' interests including BPA power rates, as it is difficult to effectively advocate for important interests over the phone; this work usually takes place most effectively in person.

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
A12: O&M	$0	$0						
A12: CIP								

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
A12: New O&M	N/A	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000
A12: Prop. CIP							

Template previously had $400,000 annually starting in 2011—this has been deferred until 2013 as budgets for 2011/12 are already set. The number of FTEs has been decreased to two and the total annual cost decreased to $300,000.

Explanation:
O&M $: Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.
Capital $: Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.

Document author(s): Steve Kern/Robert Cromwell
Document date: 8/1/2011

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
A12: Proj Rev	$0	$0	$0	$0	$0	$0
A12: O&M Saved	($2,000,000)	($2,000,000)	($2,000,000)	($2,000,000)	($2,000,000)	($2,000,000)

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

Seattle City Light's BPA supply costs are approximately $300 million annually. Additional staff will help reduce costs associated with BPA supply through more in depth involvement in BPA's rate setting process and other regional issues that impact BPA costs. Seattle City Light estimates that a 0.5% annual decrease in overall operational costs or increases in net wholesale revenue of approximately $2 million per year is achievable.

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[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:
Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.
Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.
Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Steve Kern/Robert Cromwell
Document date: 8/1/2011

Objective: Incorporate technology to meet future customer needs **Initiative #A13**

Initiative Title: **Advanced Metering Infrastructure (AMI)**

Who would "Own" this Initiative within SCL: Phil West / Kelly Enright

Part A:

Brief description of proposed effort / sample tactics:

Implement the proposed Advanced Metering Infrastructure plan as an integral part of a strategy to meet operational needs and customer expectations when combined with Oracle Meter Data Management System (MDMS) and Customer Care and Billing (CCB).

Advanced Metering Infrastructure (AMI) is a key component of Smart Grid consistent with the Federal Energy Act of 2007[1]. As a fundamental element of City Light's Smart Grid Strategy, AMI will replace over 400,000 existing residential and commercial meters with Smart Meters capable of two-way communications and providing real time consumption data.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

AMI will enable increased capabilities including flexible billing options, more timely and accurate billing, support for electric vehicles, quicker outage notices, and support efforts to reduce energy consumption and energy theft.

It will provide SCL with an integrated communication network (both internally and with customers), and support flexible rate structures and demand side power management.

Addresses SWOC Weaknesses:
Technology that lags industry trends
Increased demand from electrification of the transportation sector
Increase the utility's ability to respond to changing customer expectations.

What, if anything, is underway in this area and funded within the 6 year baseline?

AMI was previously proposed but not funded. Planning continues in preparation for funding in future budgets.

Limited CIP funds allocated annually for meter additions are being used to install AMI type devices in over 6,000 customer locations where access is an issue. Feedback from these installations will further inform the AMI business case for full funding in the 2013-2014 budget process.

Why is additional investment proposed?

The existing inventory of electro-mechanical meters is obsolete and the average age is well beyond an acceptable life cycle. At the present rate of funding, it would take 40 years to replace all meters. Although this would extend the timeline for the capital investment, it would not provide customer services consistent with current demand, and opportunities for operational efficiencies would be missed.

[1] By the end of 2009, 8.7% of all installed electric meters in the United States were advanced meters, nearly double the market penetration rate at the end of 2007, according to survey results released by FERC Feb. 3, 2011.

Document author(s): Kelly Enright
Document date: 8/1/2011

In addition to meter replacement, SCL will also need to implement a communication technology and replace the current Meter Data Management System which has very limited capacity.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)

A.
B.
C. **Service level enhancement**
Increase billing and service efficiency; reduce existing inefficiency in billing and service management; support enhanced services to customers

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
	$1-5 million		$1-5 million
X	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million	X	$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)
If project would be bond-funded, note total capital cost estimate.
If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?**

This initiative would require temporary additional staffing to effect meter replacements on a large scale. IT* and account support staffing would increase slightly to support the system data and infrastructure requirements (est. 4.0 FTE). The current meter reading staffing of 45+ FTE would be mostly eliminated, with some positions reallocated.

IT* staff would increase by 2 FTE for AMI system support as new meters are rolled out. Hardware will increase by about $300,000 the first year, and 25% for maintenance ($75,000) each subsequent year.

- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**

Timeline for completing the implementation in this plan is 5 years. The AMI Business Case shows a net gain in financial benefits beginning in 2016 and continuing forward.

- **How time sensitive is this initiative? What year would you propose work to begin? Why?**

This initiative is very time sensitive to obtain the desired net benefits. To the extent that this project is deferred, SCL will forego opportunities to gain benefits and improve customer service and system capabilities. The aging meter inventory will continue to degrade, resulting in decreased revenue and increased operational costs without accruing benefits.

Document author(s): Kelly Enright
Document date: 8/1/2011

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)**

This initiative cannot be scaled except to extend the implementation timeline, which would significantly reduce the financial, efficiency, and customer service benefits.

- **Other ways to achieve a similar desired outcome?**

There are no viable alternatives that would achieve a similar outcome. Due to the obsolescence of current electro-mechanical meters, SCL must purchase digital meters for future replacements but cannot achieve the same benefits without the proposed system.

- **Different policy direction (give example, and note why not recommended)**

Option considered and not recommended: Accelerated Meter Replacement Only would purchase and install replacement digital meters across the utility at a total cost of $86M over twelve years to catch up with four years of backlog meter replacement and replace the existing outdated meter inventory on a sustainable schedule. SCL would be required to purchase the same meters as those required for AMI, but would not have the two-way communication system required to support the AMI infrastructure and would not achieve the same benefits.

Sample metrics: How would you measure the success of this initiative?

Labor costs (decrease), Billing errors (decrease); Revenue (increase); Customer satisfaction (increase)

Exhibit 1 Rough Estimated Costs—Operating and Capital

Note: A detailed analysis of costs and benefits is available from the AMI Business Case Analysis

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
A13: O&M	$134,000	$236,000						
A13: CIP	$ 4,755,000	$ 4,649,000	$ 8,317,000	$ 8,347,000	$ 8,547,000	$ 8,754,000		

CIP: Project 8054-Meter Additions

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
A13: New O&M	N/A	$746,000	$801,000	$880,000	$1,095,000	$1,370,000	$1,054,000
A13: Prop. CIP	$0	$12,646,523	$34,751,051	$25,962,068	$21,907,292	$21,434,599	$1,894,683

Explanation:

O&M $: Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.

Capital $: Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.

Document author(s): Kelly Enright

Document date: 8/1/2011

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
A13: Proj Rev	$0	$0	$0	$0	$0	$0
A13: O&M Saved	($251,620)	($976,570)	($1,701,400)	($2,426,290)	($3,074,575)	($3,588,886)

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

Document author(s): Kelly Enright
Document date: 8/1/2011

Objective: Proactively plan to incorporate technology to meet future customer needs **Initiative #A14**

Initiative Title: Electric vehicle infrastructure and rates

Who would "Own" this Initiative within SCL: Phil West / Kelly Enright

Part A:

Brief description of proposed effort / sample tactics:
Respond to, and support, the increased market for electric vehicles, including rates policies and infrastructure needs.

The Customer Care Division is sponsoring an inter-departmental team to address the challenges and opportunities of this new technology.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)
Appropriate electric vehicle strategy and support.

SWOC Strengths:
Strong environmental stewardship credentials
Strong support and commitment for energy efficiency

SWOC Challenges:
Electrification of transportation and the effect on utilities (could be challenge or opportunity)
Change customer behaviors and expectations related to power consumption

What, if anything, is underway in this area and funded within the 6 year baseline?
City Light is identifying customer needs and making preliminary estimates of infrastructure requirements. The utility is reaching out to customers through web and print documents, participation in public events, and pursuing other ways to interact with customers. Currently, this initiative is funded internally; there are no specific funds to support this effort.

Why is additional investment proposed?
Meeting the anticipated demand to power electric vehicles may require future infrastructure investments to ensure adequate system capacity. Long-term planning is needed to ensure that City Light can meet the increasing needs of customers who have electric vehicles and when they charge those vehicles.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)
A. **Efficiency:** Creates efficiencies in transportation and greenhouse gas reduction
B. **Correcting existing deficiency:** Possible neighborhood distribution capacity issues
C. **Service level enhancement:** Proactively meets customer expectation for technology solutions

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million

Document author(s): Kelly Enright
Document date: 8/1/2011

		$1-5 million		$1-5 million	
		$6-10 million		$6-10 million	
		$11-25 million		$11-25 million	
		$26-50 million		$26-50 million	
		$51-100 million		$51-100 million	
		$101-200 million		$101-200 million	
		>$200 million		>$200 million	

Part B:

Rough estimated cost (capital and operating)

Operating: This initiative is considered part of the Customer Care Division's responsibility to anticipate and respond to a changing customer market. At the present time, this initiative is expected to directly utilize available existing staffing equivalent to one (1) FTE, an Electrical Service Representative, at an annual loaded cost of approximately $100K. Other costs (such as other staff participation, outreach and publications) will be absorbed by the appropriate org unit consistent with their mission. Future staffing levels to support this initiative may increase in the event of changes in the utility's level of support and public demand.

Capital: No capital costs are directly associated with this initiative as it is primarily for planning and analysis purposes. The results of the analysis may suggest the need for additions to system capacity either in spot areas or overall if demand in this market grows to significant levels. These additions would be covered by new capital initiatives as indicated by demand growth. The level of capital investment will be determined by number and nature of installed charging stations, by the scope of capacity enhancements required to meet load demand, and by policies about funding the associated costs.

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?** The initial development phases of this initiative will be funded and staffed via reallocation of existing resources.
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?** This initiative is expected to be integrated into annual operations on an ongoing basis as the market changes occurring are likely to continue at an accelerated pace. Preliminary results will be newly developed City codes and service requirements to address the impact of customers charging their vehicles at home and at public or private charging stations. As new technologies are brought to market and made more affordable, the demand for charging stations and the need for appropriate rate structure actions will increase.
- **How time sensitive is this initiative? What year would you propose work to begin? Why?** This initiative is already being implemented at a limited level to provide a timely response to rapidly changing markets for electrical vehicles. An inter-departmental team is working on this initiative.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)** The scale of this initiative is currently at the minimum required to ensure adequate planning for the impact of this technology on the utility. The Inter-departmental team reviewing developments has determined that the need for continuing work on this initiative may increase over time as the market for these vehicles expands. It is essential that the utility has conducted adequate advance planning to ensure that the infrastructure can meet increased capacity.
- **Other ways to achieve a similar desired outcome?** The marketing and public outreach of this

Document author(s): Kelly Enright
Document date: 8/1/2011

initiative could be outsourced, but that could mean delays in getting timely and critical information to customers and others.

- **Different policy direction (give example, and note why not recommended)** The utility could ignore this emerging market and treat it like any other electric load.

Sample metrics: How would you measure the success of this initiative?
Outcome Measure: Policies, pricing, and delivery infrastructure designed to address the impact of any increased demand resulting from this source
Process Measures: Market penetration of electric vehicles; number of charging stations permitted and installed; customer satisfaction with the utility's processes and level of support

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
A14: O&M	$100,000	$100,000						
A14: CIP								

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
A14: New O&M	N/A	$0	$0	$0	$0	$0	$0
A14: Prop. CIP							

Explanation:
O&M $: *Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.*
Capital $: *Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.*

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
A14: Proj Rev	$0	$0	$0	$0	$0	$0
A14: O&M Saved	$0	$0	$0	$0	$0	$0

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

Document author(s): Kelly Enright
Document date: 8/1/2011

Objective: Provide reliable, safe, cost-effective electric service to our customers **Initiative #A15**

Initiative Title: **Updating Standards to Ensure Engineering & Operation Consistency and Efficiency**

Who would "Own" this Initiative within SCL: Phil West / Darnell Cola

Part A:

Brief description of proposed effort / sample tactics:

Enhanced Standards: This area will expand and update work practice guidelines for installation of City Light equipment and standards for design, construction, and materials. This will also initiate City Light's efforts to create compatible units (which are additional standards within Energy Delivery required for the work management system software), and publish standards documents, which will ultimately foster greater productivity from City Light engineers and field crews through use of standard designs as much as practicable. Increased standardization will also improve planning and reliability because the behavior of standardized equipment will be more predictable. It is required for all System Planning and Design Criteria capabilities.

Standard operating procedures ensure consistent, quality installation of utility material and equipment. Tactics to close the existing gap and enhance efficiency of operations include the following:

- Provide clearer guidelines which will enable enhancement for routine maintenance for all standards, develop needed new standards (e.g., Design and Construction), and develop compatible units (increasing efficiency of design and construction).
- Develop standardized work processes to enhance NERC compliance by providing consistent processes and controls documentation (no additional funding needed).

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

- Enhances Customer and Asset strengths by ensuring employees have efficient, standardized work practices to maintain high reliability in our distribution system.
- Compatible Units will ultimately optimize work processes and resource allocations/assignments that will ensure higher operating efficiency when directing customers and/or designing and constructing projects.

Addresses SWOC weaknesses: Declining system reliability; lack of standards across assets. SWOC opportunity: Implementing standards can lower costs.

What, if anything, is underway in this area and funded within the 6 year baseline?
Why is additional investment proposed?

Baseline is funded with existing core staffing levels for Standards workgroup. Additional project and staffing is anticipated to meet these needs and will be described in Budget Issue Papers (BIPs) in 2012 (next biennial budget cycle) after the strategic analysis is completed.

Limited Compatible Unit (CU) development budget ($1.5 Million over 2 years) is included in Asset Management project. This funding is only for temporary or contact support to create standards documents and initial CU's.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)

A. **Efficiency**

Document author(s): Darnell Cola
Document date: 8/1/2011

B. **Correcting existing deficiency** -- Compatible units are not used for construction standards, work order/management, and cost estimating (within Stations and Energy Delivery), resulting in process inefficiency and less accurate cost estimates:

- Because there are over 300 distribution standards currently in place, enforcement and updating of design and material standards is a challenge; some of these standards include use of obsolete materials or equipment
- Many standards have not been updated and field personnel do not always rely on these standards for construction
- SCL uses such a large number of equipment types and sizes that inventory control, stores levels, and workflow efficiency may be suboptimal
- Creates support for employees by providing clear expectations and standardized, consistent operational practices needed to efficiently and safely address electrical infrastructure corrective and planned work.

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
X	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)

If project would be bond-funded, note total capital cost estimate.

If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

- Additional funding is required for incremental base staffing (O&M)and improvements to GIS tools (CIP in Initiative A5)

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?** Additional 4 staff positions will be requested ($500K per year):
  - 2 Elecl Pwr Systs Engr, Design Standards & Compatible Units
  - 1 Elecl Pwr Systs Engr, Construction Standards
  - 1 Elecl Engrng Spec Asst III, Standards Publishing
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**
  Immediately after staff augmentation and contract support to purchase and customize industry standards into SCL best practices. Would anticipate 3 to 5 years for full implementation of tools and then move towards ongoing maintenance. Some results could be achieved immediately pending findings.
- **How time sensitive is this initiative? What year would you propose work to begin? Why?**
  This initiative can begin as early as 2012, but could begin at any time. Staffing additions would be

Document author(s): Darnell Cola
Document date: 8/1/2011

beneficial immediately.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)**
  Competing needs and major capital dollars tied to other top priorities could be impacted. Risk of losing institutional knowledge over the next several years is high due to aging workforce.
- **Other ways to achieve a similar desired outcome?**
  This solution is a hybrid of in-house resources and contracting. One option is to do 100% contracting, which doesn't address knowledge extension for future in house capabilities.
- **Different policy direction (give example,** and note why not recommended)
  Continue to address only the most urgent standards. Not recommended as implementing technology and consistent work practices will be a key component to enhanced employee efficiency for today and the future. These are proven industry standard practices.

Sample metrics: How would you measure the success of this initiative?

- User satisfaction with work tools and standard products
- Time from first request to delivery of work product

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
A15: O&M	$1,000,000	$1,000,000						
A15: CIP	$ 546,000							

CIP: Project 9940-Lifecycle Asset Management includes limited funding for standards.

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
A15: New O&M	N/A	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000
A15: Prop. CIP							

Explanation:

O&M $: Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.

Capital $: Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.

What financial benefits will this program achieve? (New revenues, or O&M avoided)

Document author(s): Darnell Cola
Document date: 8/1/2011

	2013	2014	2015	2016	2017	2018
A15: Proj Rev	$0	$0	$0	$0	$0	$0
A15: O&M Saved	$0	$0	$0	$0	$0	$0

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

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[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:
Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.
Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.
Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Darnell Cola
Document date: 8/1/2011

Objective: **Improve Efficiency of Gorge Plant** **Initiative # A16**

Initiative Title: Gorge 2nd Power Tunnel

Who would "Own" this Initiative within SCL: **Power Production**

Part A:

Brief description of proposed effort / sample tactics:
Bore a 22 foot diameter tunnel, between Gorge Dam and Gorge Powerhouse, to operate in parallel with the existing power tunnel, in order to increase plant efficiency by reducing frictional head loss.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)
Plant production will be increased by 56,000 MWh per year with no change in water flow through the plant. This is enough energy to operate 5,100 homes, or equivalent to taking 6,100 cars off the road. In addition to increased production, the energy generated will qualify as renewable energy credit which will contribute to meeting SCL's obligation under I-937.

Addresses SWOC strengths: Seattle's clean energy; low cost, carbon neutral power supply portfolio.

What, if anything, is underway in this area and funded within the 6 year baseline?
Consultant is currently performing design work, FERC License Amendment application has been finalized and has been submitted for Superintendent's signature.

Why is additional investment proposed?
Cost of construction is not currently funded.

Category of proposed investment?[i]
A. Efficiency – As stated above, the project is expected to increase production of Gorge Powerhouse by 56,000 MWh/year with no change in water flow. This represents approximately $2.7 M in increased revenue and an additional $1.4 M in renewable energy credits under I-937. The project has positive net present value with a Benefit/Cost ratio of approximately 1.2.

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
X	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million	X	$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)
Total Capital Cost: $69.3 Million plus inflation.
O&M Cost during construction period (lost generation during plant outage, construction power): $11 Million.
After construction is complete, O&M will only be $1,000/year for tunnel inspection.

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?**
  No new staffing is required

Document author(s): John Owen
Document date: 8/1/2011

- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?** Design work is currently underway. The tunnel is scheduled to be in operation by December 2015.
- **How time sensitive is this initiative? What year would you propose work to begin? Why?** Public Works Construction Contract is scheduled to get underway in 2013. This would theoretically make it possible for us to take advantage of CREBs (Clean Renewable Energy Bonds) funding. The CREBs allocation is in the amount of $38 M. Taking advantage of this allocation will save the City approximately $13 M in interest costs compared to using tax exempt bonds. In order to take advantage of the CREBs allocation, the project will need to be included in the 2012 bond issuance. Another time sensitive consideration is the fact that the sooner the project goes into operation, the sooner the City starts realizing the annual benefit of $3-4 M.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)**
  Smaller diameter tunnel could be built but analysis shows a lower B/C ratio would result.
- **Other ways to achieve a similar desired outcome?**
  Existing tunnel could theoretically be enlarged but process would be much more expensive and complicated and would require a plant outage during the entire construction period – not practical.
- **Different policy direction (give example, and note why not recommended)**
  The plant could continue to be run with only the existing tunnel but this is inconsistent with the "Operational Excellence, Stewardship and Financial Strength" elements of the SCL Strategic Plan since we would miss the opportunity to achieve significant energy efficiency improvement and increased productivity while minimizing environmental impact. The "do-nothing" approach would also represent a lost opportunity for obtaining a qualified renewable resource under I-937.

Sample metrics: How would you measure the success of this initiative?
MWh generated per CF of water through the plant can be measured (before and after)

Exhibit 1 Rough Estimated Costs—Operating and Capital ($000)

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
A16: O&M	$0	$0						
A16: CIP								

Note: Adopted 2011-16 CIP included $75.5M over the six years, but this was removed in strategic plan financial baseline and not included in proposed 2012-17 CIP.

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
A16: New O&M	N/A	$727,000	$727,000	$9,406,000	$0	$0	$0
A16: Prop. CIP	$758,754	$70,150,446	$1,234,437	$1,477,295	$15,143	$0	$0

Document author(s): John Owen
Document date: 8/1/2011

Explanation:
O&M $: Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.
***Capital $:** Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.*

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
A16: Proj Rev	$0	$0	$0	($2,156,000)	($2,286,000)	($2,411,000)
A16: O&M Saved	$0	$0	$0	($1,400,000)	($1,400,000)	($1,400,000)

*Additional wholesale revenue. **Savings from buying RECs instead of renewable resources (purchased power).

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

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[1] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:
Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.
Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.
Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): John Owen
Document date: 8/1/2011

Objective: Promote Environmental Stewardship **Initiative #A17**

Initiative Title: **Enhance Environmental Leadership Efforts through Climate Research**

Who would "Own" this Initiative within SCL: Environmental Affairs Division and Power Supply & Environmental Affairs Officer

Part A:

Brief description of proposed effort / sample tactics:
This proposal is to carry out the Climate Research and Adaptation Program. There is an expectation that all City departments will understand the impacts of climate change on their operations and develop a plan to adapt to these impacts. This program would assess how City Light's facilities and operations are likely to be affected by climate change by tracking and overseeing research on this topic. We would:

- Work with National Energy Laboratories and the University of Washington Climate Impacts Group on adjusting the model for global climate change to meet our watersheds needs; assess changes in glaciers and flooding; refine hydrology models and impacts; assess potential impacts on fish survival; and work with other affected divisions and agencies to help determine both environmental impacts in our watersheds and impacts to City Light generating facilities;
- Develop strategies to reduce, minimize or mitigate those impacts.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)
Develop strategies for the utility to follow as it adapts to the effects of climate change.

This proposal addresses the Customers/Ratepayers section of the SWOC exercise. This proposal would help to address SCL's significant exposure to climate change (a weakness) and ensure that SCL remains a leader in environmental stewardship. It would also help our customers to better understand the utility's efforts in this direction.

What, if anything, is underway in this area and funded within the 6 year baseline?
Why is additional investment proposed?
A small fraction of a staff person's time is included in the baseline. This time is spent on tracking the general research done by others on NW climate change and the potential impacts. No other funding is in the 6 year baseline.

The additional investment is proposed to fund targeted research and develop an adaptation strategy.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)

B. Correcting existing deficiency- We currently do not understand the implications of climate change on City Light operations. Anticipating impacts will allow the utility to plan ahead and minimize long-term impacts on utility operations. It could also increase efficiency of our operations.

Document author(s): Lynn Best/Steve Kern
Document date: 8/1/2011

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
X	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)

If project would be bond-funded, note total capital cost estimate.

If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?**
  One new strategic advisor for climate adaptation.
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**
  The climate adaptation program should begin to deliver results within one year.
- **How time sensitive is this initiative? What year would you propose work to begin? Why?**
- Work on Climate adaptation should begin as soon as possible, no later than in 2013. Climate change is happening now and we should take advantage of several parallel initiatives that are on-going (Skagit Science Cooperative, National Park Service Climate Adaptation Initiative).

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)**
  Yes, we can work at a different pace
- **Other ways to achieve a similar desired outcome?**
  Contract out for services. (would require a contract manager)
- **Different policy direction (give example, and note why not recommended)**
  Rely on others to provide climate change research to inform our power management decisions. Not recommended as we would have no control over timing or content of research. Research into general climate pattern changes is not sufficiently detailed to allow us to plan operations.

Sample metrics: How would you measure the success of this initiative?

Climate Adaptation Strategy developed and initiated.

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

Document author(s): Lynn Best/Steve Kern

Document date: 8/1/2011

	2011	2012	2013	2014	2015	2016	2017	2018
A17: O&M								
A17: CIP								

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
A17: New O&M	N/A	$220,000	$220,000	$220,000	$220,000	$220,000	$220,000
A17: Prop. CIP							

Explanation:
O&M $: Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.
Capital $: Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
A17: Proj Rev	$0	$0	$0	$0	$0	$0
A17: O&M Saved	$0	$0	$0	$0	$0	$0

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

Climate research would not result in cost savings or new revenues. However, SCL's significant exposure to climate change (a weakness mentioned in the SWOC) would be reduced and SCL would continue to maintain its leadership role in environmental stewardship.

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[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:
Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.
Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.
Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Lynn Best/Steve Kern
Document date: 8/1/2011

Objective: Maintain a stable, cost effective, environmentally responsible power supply portfolio. Initiative #A18

Initiative Title: Conservation Program Enhancement

Who would "Own" this Initiative within SCL: Conservation Resources Division (CRD) and Power Supply & Environmental Affairs Officer

Part A:

Brief description of proposed effort / sample tactics:

Energy conservation is Seattle City Light's most cost-effective, environmentally friendly, and least risky energy resource. Since the late 1970's, energy conservation has been the utility's first priority resource for meeting customers' electricity needs. This emphasis has been confirmed through pursuit of the Conservation Five Year Action Plan, nearly doubling conservation targets and budgets since 2007, and Washington state law I-937 which, beginning in 2010, requires acquisition of all cost effective conservation.

The Five-Year Plan has four key themes:

- Rebuild the conservation infrastructure;
- Expand existing programs;
- Develop new programs; and
- Incorporate customer-side renewables.

The effort to rebuild the core infrastructure focuses in several key areas: information systems, measurement and verification, planning, and evaluation. The ability to successfully deliver and improve existing programs, while continuing to develop creative, cost-effective, future initiatives depends upon sufficient and reliable budget authority. Included in the plan's new initiatives are both energy conservation programs and other power-related activities on the customer side of the meter, including support for small-scale renewables, largely funded through voluntary customer contributions or state funds.

City Light is on pace to achieve the 2010-2011 I-937 target of 19.68 aMW cumulative over the two year period. Under the Strategic Plan baseline, the annually contracted conservation goal is 12.6 aMW in 2011, increases to 14 aMW in 2012, and reaches 16 aMW in 2013 consistent with I-937 requirements absent a utility-specific Conservation Potential Assessment, where it remains for the balance of the Strategic Plan period. A Conservation Potential Assessment is scheduled for completion by the fall of 2011 and the annual energy savings target may be adjusted due to the results of this effort. The base portfolio used in the 2012 Integrated Resource Plan (IRP) is consistent with the Strategic Plan baseline assumptions.

Plans include researching and testing innovative ways to invest existing conservation funds while maximizing program cost effectiveness and partnership opportunities with customers.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

This proposal supports the continued priority of energy conservation and its benefits for customers and the utility. Energy conservation is the most cost effective resource available to meet future customer needs, and the level of acquisition is meant to ensure compliance with I-937.

This proposal addresses the Customers/Ratepayers section of the SWOC exercise. Continued robust

Document author(s): Glenn Atwood/Steve Kern

Document date: 8/1/2011

investment in conservation helps address the challenge of customer expectations of continued low power costs and high service levels. Continued procurement of energy savings avoids greenhouse gas emissions and ensures that SCL remains a leader in environmental stewardship. It also helps customers to become better connected with the utility and increases customer satisfaction.

Investments in energy conservation have multiple benefits:

- Reduces customer electric bills which in turn frees up dollars to spend on other consumer goods and services.
- Provides jobs for those working to retrofit homes and businesses.
- Assists Seattle City Light in maintaining greenhouse gas neutrality.

What, if anything, is underway in this area and funded within the 6 year baseline?
2012 marks the final year of the 2008 – 2012 plan. The New Conservation Potential Assessment will set I-937 targets for 2012 -2013 and provide greater predictability for the future. A Measurement and Verification process will be enacted. This enhanced quality control function provides on-going data from in-field metering and inspections that City Light uses to verify energy savings estimates. Planning for the 2013 – 2017 Five Year Conservation Plan will be underway coinciding with the budget cycle.

Why is additional investment proposed? CRD's energy savings targets increase from 14 aMW to 16AMW in 2013-2016. We anticipate needing this level of energy savings to meet the I-937 requirements.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)

B. Correcting existing deficiency-
The Five-Year Plan identified a series of core infrastructure improvements necessary to meet increased energy savings goals and ensure energy saving projections are achieved. These include but are not limited to information management, long range planning capability, program evaluation, succession planning and transfer of institutional knowledge.
C. Service level enhancement – Incentives for conservation should be deployed more creatively, in new ways allowing more customers to take advantage of opportunities.

Ballpark cost estimate over 6-year period (2011-2016)
All costs are included in the 6-year baseline.

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)

Document author(s): Glenn Atwood/Steve Kern
Document date: 8/1/2011

All costs are included in the 6-year baseline. See table below.

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?** To meet increased energy savings targets, 3 additional FTEs are required.
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?** Delivery of results is ongoing and measured monthly.
- **How time sensitive is this initiative? What year would you propose work to begin? Why?** Conservation acquisition work is ongoing, continuing and building on the accelerated levels of activity under the 2008-2012 Five- Year Plan. A new five year plan for the period beginning 2013 will be undertaken in 2012, informed by the results of a new Conservation Potential Assessment and direction from the 2012 Integrated Resource Plan.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)**? Yes, a reduced incentive budget will still deliver conservation savings but not at the desired resource acquisition level or at a level required to meet I-937 requirements. Also, for energy conservation to be sustained at high levels, consistent level of funding needs to be provided to maintain the required staff, contractor and program infrastructure.
- **Other ways to achieve a similar desired outcome?** Efforts can be shifted to less costly customer sectors and conservation measures, although I-937 calls for acquisition of all cost-effective conservation over time.
- **Different policy direction (give example, and note why not recommended)** Do not meet I-937 energy conservation targets. Not recommended because SCL places high priority on regulatory compliance and that is assumed to be an expectation of our customer-owners.

Sample metrics: How would you measure the success of this initiative?
Measure annual energy savings against targets. In particular, meeting the energy savings targets for completed projects under I-937.

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

Note: All costs are included in the six-year baseline

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
A18: O&M	$42,688,909	$44,368,245						
A18: CIP			$ 696,000	$ 711,000	$ 372,000	$ 347,000		

CIP: Project 9320: Energy Conservation (Facilities Management Division).
Note: The following costs are assumed in the 6-year baseline, broken out by regular and deferred O&M. Costs include labor loadings and are in nominal dollars.

Document author(s): Glenn Atwood/Steve Kern
Document date: 8/1/2011

A18	2013	2014	2015	2016	2017	2018
TOTAL	52,797,000	55,446,000	59,377,000	60,446,000	61,616,000	62,804,000
Deferred	41,724,000	44,373,000	48,304,000	49,373,000	50,543,000	51,731,000
Regular	11,073,000	11,073,000	11,073,000	11,073,000	11,073,000	11,073,000

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
A18: New O&M	N/A						
A18: Prop. CIP							

Explanation:

O&M $: *Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.*

Capital $: *Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.*

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
A18: Proj Rev						
A18: O&M Saved	$0	$0	$0	$0	$0	$0

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

Document author(s): Glenn Atwood/Steve Kern
Document date: 8/1/2011

Municipal Enterprise Excellence

Objective: Improve Communications about, and support for, SCL's Strategic Priorities Initiative #M1

Initiative Title: Effective Communications & Engagement

Who would "Own" this Initiative within SCL: Jorge Carrasco/ Maura Brueger

Part A:

Brief description of proposed effort / sample tactics:

This Initiative would develop options for the Mayor, City Council, City Light leadership and the Review Panel to identify a new paradigm for communications, oversight and engagement for the Utility that better aligns with its unique characteristics and the complexity of the electric utility industry. The Review Panel, which has been empowered through ordinance with representing City Light customers in development of the Strategic Plan and rate design and cost allocation, provides an important third-party perspective on how to strengthen communications and engagement with the Utility's oversight board (the City Council) and customers. This initiative would seek to leverage the outstanding work already under way with the Review Panel on the Strategic Plan.

Sample tactics might include:

- Development of a schedule for the City Council to meet four times annually as the Utility's oversight board to consider action on key strategic priorities for the utility and receive updates on options, milestones and outcomes, including rate impact.
- Annual retreats with Council, Mayor and Review Panel representatives to review and discuss utility policy and strategic issues.
- An ongoing coordinated public engagement effort including customer updates and status reports on strategic priorities, objectives and initiatives.
- Review of other utilities' communication and engagement tools and strategies for interaction between the utility's oversight board, utility leadership and customers to look for best practices.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

The Utility is currently developing its Strategic Plan with an outside Review Panel, and more effective communications and engagement with policy-makers and customers and its relationship to the Utility's performance and success is at the forefront. The electric utility industry has become far more complex, requiring more sophistication and time to make the critical strategic decisions needed for City Light. In addition, City Light has a number of important characteristics that make it unique when compared to other City departments. This is particularly true for its technical complexities, capital-intensive nature, impact of federal regulations and regional relationships, and its role as a commodity trader.

Desired outcomes might be:

- Implement long-term strategic investment decisions and rate stability.
- Better ability to meet policy-makers and customer expectations for service levels, reliability and costs.
- Ability for Utility's oversight board to spend more time discussing and providing oversight on utility matters, receiving more in depth information on the complexities of the operation.

Addresses SWOC challenge: Short-term political cycle impacts on need for long-term decision-making.
Addresses SWOC weaknesses: Oversight of enterprise needs more strategic and commercial focus to improve effectiveness, efficiency; difficult to respond quickly and effectively to complex power market/industry situations within current oversight structure.

Document author(s): Maura Brueger
Document date: 8/1/2011

What, if anything, is underway in this area and funded within the 6 year baseline? Not in baseline.
Why is additional investment proposed? Will need to be further developed but not significant costs (less than $500,000 over 6 years)

Category of proposed investment?[i] (Briefly identify basis for the categorization(s))

A. **Efficiency** -
B. **Correcting existing deficiency** - Allow for implementation of long term strategies, resulting in rate and budget alignment and stability for policy-makers and customers.
C. **Service level enhancement** –

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)
If project would be bond-funded, note total capital cost estimate.
If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?** Outside consultant for facilitation could be helpful (Review Panel currently uses outside facilitator).
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?** Ongoing initiative that should be part of 6 year Strategic Plan Implementation.
- **How time sensitive is this initiative? What year would you propose work to begin? Why?** Would be implemented upon adoption of the 6 year Strategic Plan.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)** - Yes
- **Other ways to achieve a similar desired outcome?** – Variety of tactics offered to improve engagement and communications. Some or all of them might be deployed.
- **Different policy direction (give example,** and note why not recommended) NA

Document author(s): Maura Brueger
Document date: 8/1/2011

Sample metrics: How would you measure the success of this initiative?

- Implementation of key strategic initiatives that allow for new ways of doing business for the Utility with the City.
- Alignment of the long term strategic priorities with the Utility's budget and rates.
- Survey responses from customers and stakeholders that the Utility is responsive to needs and interests (J.D. Powers and other surveys)

Exhibit 1 Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
M1: O&M	$0	$0						
M1: CIP								

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
M1: New O&M	N/A	$0	$0	$0	$0	$0	$0
M1: Prop. CIP							

Explanation:

O&M $: *Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.*

Capital $: *Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance (Jon Lutton) has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.*

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
M1: Proj Rev	$0	$0	$0	$0	$0	$0
M1: O&M Saved	$0	$0	$0	$0	$0	$0

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

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[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:
Efficiencies—a project that pays for itself (please estima e payback period);
Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.
Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Maura Brueger
Document date: 8/1/2011

Objective: Implement best practices in business processes and technology **Initiative #M2**

Initiative Title: Benchmarking Performance of City Light as compared to other peer utilities and address plans to address gaps

Who would "Own" this Initiative within SCL: Philip Leiber/ Carol Butler

Part A: (due 2/2)

1. **Brief description of proposed effort / sample tactics:**
   Historically City Light has provided comparisons of its performance to other utilities, particularly with regard to rates and other financial measures.

   In the past few years this effort has expanded to various operational and functional areas through participation in surveys on transmission and distribution, generation, customer service, and general and administrative functions such as human resources. These surveys included several conducted by the American Public Power Association, Large Public Power Council members, outside firms, and in-house work.

   Several years of the survey data indicated that City Light should consider looking in-depth at some of the costs in the transmission and distribution areas. Based on this, City Light retained an internationally recognized benchmarking firm to conduct this analysis, identify gaps, and recommend an action plan for improvement.

   This initiative will continue the benchmarking activities and provide an additional method of identifying improvement opportunities at City Light.

   Tactics:
   1. Participate in other Public Power and other utility benchmarking surveys
   2. Identify potential areas for improvements
   3. Continue to conduct benchmark studies to address potential improvement areas and identify gaps
   4. Develop and implement improvement plans
   5. Track and monitor results

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)
This initiative will help to ensure that City Light is performing at high levels of effectiveness in all areas.

Addresses SWOC opportunity: Metrics can drive service levels and costs to competitive levels.

What, if anything, is underway in this area and funded within the 6 year baseline? Why is additional investment proposed? Corporate Performance staff funding is included in the baseline along with $139,000 for the 2011 study being performed by UMS. In order to continue the benchmarking efforts an additional $250,000 annually is needed to perform in depth gap analysis and for a staff person with major responsibility for managing consultants and/or conducting the in-depth analysis required.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)

Document author(s): Carol Butler/ Phil Leiber
Document date: 8/1/2011

A. **Efficiency.** This is an efficiency initiative as it seeks to measure City Light against other utilities. However, as gaps are identified and action plan put in place, existing deficiencies will be corrected and the ultimate results should be enhancements in service levels as well as reduced costs.
B. **Correcting existing deficiency, or**
C. **Service level enhancement**

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
x	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)
If project would be bond-funded, note total capital cost estimate.
If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?**

  Existing staff supplemented by consultants and one additional staff person with technical and quantitative skills (as problem areas are identified and require in-depth analysis) can accomplish this. City Light has participated in benchmarking studies in recent years, and we have done this work within existing staffing. Continuing that approach is a viable alternative, but we propose incremental resources in order to "bring the effort to the next level". While past efforts have resulted in some tentative high level data/areas for investigation, the data has been less than actionable, and not resulted in action plans for improvement. Relatively small additional resources could be necessary to facilitate these next steps. In early 2011, we retained a consulting firm to assist in these efforts.

- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**
  The first results during the 2011-2018 time period will begin to be seen this year in 2011 and should be ongoing each year.

- **How time sensitive is this initiative? What year would you propose work to begin? Why?**
  This initiative began in 2008 and will continue past 2018. In 2008 and 2009, in addition to staff time, approximately $50,000 was spent each year with outside consultants for survey work. However, this limited spending was not sufficient for the in-depth work needed to identify gaps and develop action plans.

Document author(s): Carol Butler/ Phil Leiber
Document date: 8/1/2011

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)** Yes, previous surveys have pointed to areas that are now being examined in depth with the use of consulting funds and expertise. Decisions on which areas to examine and where to concentrate efforts can be scaled up or down as can expenditures on consultants.

- **Other ways to achieve a similar desired outcome?** City Light could contract with a single consulting firm to conduct a performance analysis and benchmarking study of the entire utility, point out gaps, and recommend a multi-year action plan. This effort would require the expenditure of more dollars than proposed in this initiative and would be difficult to implement even over a period of years.
- **Different policy direction (give example, and note why not recommended)** City Light could quit comparing its performance to other utilities but still work on improving operations. However, this would be ineffectual, as City Light would not have the knowledge of a savings target to aim for nor the best operating practices that would allow that level of performance to be achieved.

Sample metrics: How would you measure the success of this initiative? Various measures would be applicable: number of identified areas for potential improvements, number of gaps identified and eliminated are examples.

Exhibit 1 Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
M2: O&M	$139,000	$0						
M2: CIP								

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
M2: New O&M	N/A	$275,000	$275,000	$275,000	$275,000	$275,000	$275,000
M2: Prop. CIP							

Explanation:

O&M $: *Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.*

Capital $: *Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use*

loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
M2: Proj Rev	$0	$0	$0	$0	$0	$0
M2: O&M Saved		See benefits in M9				

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

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[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:
Efficiencies—a project that pays for itself (please estima e payback period)/has a positive net present value.
Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.
Enhancement: projects that increase the level of service (to internal or external customers)

Objective: Provide reliable, safe electric service to our customers **Initiative #M3**

Initiative Title: **Implement IT Roadmap**

Who would "Own" this Initiative within SCL: Phil Leiber and IT Division Director

Part A:

Brief description of proposed effort / sample tactics:

Previously, City Light adopted a set of IT Strategies intended to guide the future direction of information technology at the utility:

- Consolidate and Modernize Information Technology Solutions
- Enable Real-time Information Across the Utility
- Drive Enterprise Mobile Business Solutions
- Anticipate and Integrate Smart Grid Technologies
- Promote Ubiquitous, Enterprise-wide Information Technology Security

These five strategies recognize and reinforce City Light's need to:

- replace obsolete legacy systems with a planned set of modern and commercially sustainable technologies;
- improve City Light's ability to operate in an agile and customer-focused manner;
- integrate emerging smart grid technologies with IT systems to support real-time decision-making;
- implement a comprehensive approach to IT (cyber) security to adequately protect City Light's assets, intellectual property, and customer privacy; and
- implement a sustainable plan for managing SCL systems and infrastructure whose objective is to manage our IT portfolio for growth/obsolescence, cost containment/investment and risk.

As a result of the 6 year plan and new strategic initiatives, a significant portion of the information technologies at City Light are planned to be replaced or upgraded during the 2011-18 timeframe. Those projects are shown on the IT Roadmap. Some of the projects on the IT Roadmap are already funded in the approved, six-year CIP and are in the Financial Baseline. Other projects are a result of new strategic initiatives that should be funded. The IT Roadmap reflects IT projects that support Strategic Initiatives as well as implement City Light's IT Strategies.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

This initiative supports one or more of the five established SCL IT Strategies of:

- Modernize: Ease integration of business solutions in support of end-to-end business processes; support a practical number of computing platforms and business solutions
- Realtime: Increase agility in sensing and responding to changing business and market conditions
- Mobile: Increase information access throughout City Light
- Smart Grid Integration: Quicker diagnosis and response to service disruptions
- Secure: Avoid business and operational disruption due to IT (cyber) security incidents

It will address the following concerns noted in the SWOC exercise:

- Customers / Ratepayers: Strength. Highly competitive rates make room for strategic investments
- People/Workforce: Weakness. Aging workforce; 50% of workforce eligible to retire within 5

Document author(s): Marlene Flynn / Carol Thompson / Phil Leiber
Document date: 8/1/11

years. Obsolete/unsupported systems will need to be upgraded to ensure maintainability.

- People/Workforce: Challenge. Workforce can be resistant to change/ impedes efforts to improve productivity.
- Assets: Weakness. Aging/outdated infrastructure: Transmission, distribution, and generation
- Assets: Weakness. Lagging in automation and maintenance investments
- Assets: Opportunity. Complete implementation of Asset Management program
- Assets: Opportunity. Implementing standards can lower costs
- Municipal Enterprise Excellence: Opportunity. Metrics can drive service levels and costs to competitive levels
- Municipal Enterprise Excellence: Opportunity. Lack of technology investments in past allow technology leap as infrastructure is improved (Investments in new technologies of over $100 million during next 6 years)
- Municipal Enterprise Excellence: Challenge. Resistance to strategic investments during difficult economic times

What, if anything, is underway in this area and funded within the 6 year baseline? Why is additional investment proposed?

The following Projects/Activities are funded within the 6 year baseline:

Priority	Project	Description / Background Info	Strategic Initiative	Funding in $M (2010-2016)	Category
1.	Outage Management System	Implement Oracle OMS and associated business process improvements.	Support Strategic Initiative #A2	9.7	Efficiency
2.	Work and Asset Management System	Implement Oracle WAMS and associated business process improvements	Supports Strategic Initiative #A1	37	Efficiency
3.	Substation Automation - IT Components	Implement IT supported systems that result from implementing substation automation (IT components will be $1-5M, TBD)		$16	Efficiency
4.	Mobile Workforce Implementation	Implement Oracle Mobile Workforce (MWF) Module and associated business process improvements	Supports Strategic Initiative #A10	3.8	Efficiency
5.	Energy Management System	Implement new EMS that will replace obsolete system and more easily integrate with newer technologies including Smart Grid systems		20.8	Correct Existing Deficiency
6.	Customer Information System	Implement CCSS replacement and associated business process improvements; Retire	Supports Strategic Initiatives #A14	14.2	Service Level Enhancem

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		legacy CCSS			ent
7.	Unified GIS	Develop a unified GIS system. This will simplify integration between GIS and future software system implementation (such as Mobile Workforce.)	Supports Strategic Initiatives #A1, A2, W2	2.1	Efficiency
8.	Integrated Budget System	Replace obsolete systems with new integrated system	Supports Strategic Initiative #CR1	1.6	Correct Existing Deficiency
			Total	$100	

The following initiatives are NOT currently in the adopted CIP or financial baseline, but the initiatives are listed separately in the strategic plan.

Priority	Project	Description / Background Info	Strategic Initiative	Funding in $M (2010-2016)	Category
1.	IT (Cyber) Security Upgrades	Develop more robust intrusion detection, system logging, and associated process improvements	Supports Strategic Initiative #A3 (but may be moved into baseline)	< $1	Correct Existing Deficiency
2.	Business Intelligence	Extend Cognos Business Intelligence utility-wide	Supports Strategic Initiative #M4	$ 5 - 10	Efficiency
3.	Enterprise Compliance Tracking System	Automate compliance document management, tracking, mitigation and status reporting	Supports Strategic Initiatives #A3, A4	< $1	Correct Existing Deficiency
4.	Redevelop City Light web presence to be more customer focused	Customer-focused website redevelopment. Implement social networking, phone apps, and other web tools (e.g. Web Content Management)	Supports Strategic Initiatives #CR-5 (Web Redevelopment)	$ 1 - 5	Correct Existing Deficiency
5.	Enhance Work and Asset Mgmt System Effectiveness	Provide more WAMS Functionality; develop new WAMS interfaces to financial, customer and field systems	Supports Strategic Initiative #A1 (WAMs dependency)	< $1	Efficiency
6.	Distribution Management System	Implement DMS to build foundation for automation of the distribution system	Supports Strategic Initiative #A2 (OMS dependency)	$ 5 - 10	Correct Existing Deficiency
7.	Meter Data Management	Implement Meter Data Management System	Supports Strategic Initiatives #A13, A14 (Funding is included in those	$ 1 - 5	Correct Existing Deficiency

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			initiatives)		
			Total	$23 midpoint (Range $13.5-33)	

The following initiatives are NOT currently in the adopted CIP or financial baseline, and the initiatives are NOT listed separately in the strategic plan. Accordingly, funding is required for this work in this initiative.

8.	Replace/Upgrade Passport	Implement warehouse inventory functionality; retire obsolete Passport System	May be funded during 2011-TBD	$ 1 - 5	Correct Existing Deficiency
9.	Replace/Upgrade PeopleSoft Financial System	Implement or upgrade Citywide financial system, new interfaces; retire legacy systems	Requires City-wide coordination Summit dependency	$ 1 - 5	Correct Existing Deficiency
9.	IT Strategic Planning & Disaster Recovery	Develop, implement and maintain a strategic plan for each application and infrastructure which identifies investment plan, life cycle, costs and workforce impacts.		$ 2.5-5	Correct existing deficiency
11.	Enterprise Document Management System	Implement Enterprise Document Management System for improved workflow and efficiency	Supports M9 (Efficiency initiative), but not funded there	$1-5	Efficiency
			Total	$10 midpoint (Range $5-20)	

Category of proposed investment?[i] (Briefly identify basis for the categorization(s))

The 2 upgrade projects are expected to correct existing deficiencies due to unsupported vendor software. The Document Management System project will support more efficient and productive work practices by eliminating manual processes associated with document storage, search and retrieval. The IT strategic planning and Disaster Recovery project will ensure that adequate resources are identified and budgeted over the life of key IT systems needed to support important business functions.

A. **Efficiency**
B. **Correcting existing deficiency, or**
C. **Service level enhancement**

Ballpark cost estimate over 6-year period (2013-2018)
The IT Roadmap represents a combination of:

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a) "IT" projects that are currently in the 6 year plan and
b) projects related to new strategic initiatives not yet funded.

Costs for item (a) are already funded, so are not discussed in the strategic plan.
Costs for item (b) are discussed in the strategic plan. The table below shows the estimated costs for IT software, hardware, services and labor associated with new strategic initiatives that ARE NOT listed elsewhere in Strategic Initiatives:

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
	$1-5 million		$1-5 million
X	$6-10 million		$6-10 million
	$11-25 million	X	$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)
The estimated costs are as follows:

Replace/ Upgrade Passport: $ 1.5 M
Replace/Upgrade Peoplesoft Financial System: $5.0
Strategic Plan and Disaster Recovery for Applications : $3 M
Implement Enterprise Document Management System: $4 M

Total Capital Expenditure = $13.5 Million

Total Operating Expenses = $4.6 Million

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?**

Replace / Upgrade Passport: assume existing staffing levels.

Replace/Upgrade Peoplesoft/Summit: assume existing staffing levels with some backfill of key roles

Implement Enterprise Document Management: assume existing staffing levels.

IT Strategy and Disaster Recovery Planning: assume consultant for first year to produce recommendations on project approach. Additional FTE's required (2 dev, 2 ops) beginning in 2014, after recommendations are made and agreed upon. FTE's can be reduced by 2 to maintenance levels in 2017.

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- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**
  Replace / Upgrade Passport: Immediately
  Replace/Upgrade Peoplesoft/Summit: Immediately
  Implement Enterprise Document Management: Immediately
  IT Strategy and Disaster Recovery Planning : Development of plans and recommendations estimated to take 1 year. Implementation to follow; incremental benefits attained as plans are implemented.

- **How time sensitive is this initiative? What year would you propose work to begin? Why?**

  Upgrade Passport: 18 month project; beginning in 2013 because software is unsupported by vendor. If it fails, material control functions will be significantly and deleteriously impacted. Manual processes would need to be established and instituted.

  Upgrade Peoplesoft/Summit: this project is expected to begin in 2015 and is sponsored and led by another City Department. Typically, City Light has had to contribute 25% of total implementation costs.

  Enterprise Document Management: 18 month project; beginning in 2013.

  IT Strategy and Disaster Recovery: 1 year planning effort, starting in 2013 to produce plan and recommendations. Incremental plan implementation from 2014–16.

What alternatives are there?

1. **Upgrade Passport:** accept higher risks of system failure and business disruption due to unsupported vendor software.
2. **Upgrade Peoplesoft/ Summit:** there are no viable alternatives, as this is a Citywide system used by all City of Seattle departments
3. **Implement Enterprise Doc Mgmt:** Allow each Line of Business to budget for and implement their own document management solutions rather than approaching from enterprise perspective.
4. **IT Strategy and Disaster Recovery:** continue status quo: 1) accept business risks associated with lack of disaster recovery capabilities; 2) implement and maintain applications and infrastructure without a plan that identifies long range resource requirements for key systems.

- **Is the initiative scaleable (can it shrink and still deliver measurable value)**
  1. **Upgrade Passport:** This project implements a current vendor supported version of the software. That alone provides measureable value because it reduces risks of business disruption due to system failure.
  2. **Upgrade Peoplesoft:** This project implements a current vendor supported version of the software. That alone provides measureable value because it reduces risks of business disruption due to system failure.
  3. **Implement Enterprise Doc Mgmt:** An Enterprise Document Management solution can be scaled to a subset of City Light divisions and/or units and still deliver measureable

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value by eliminating manual document management processes for those divisions. The system can be implemented in a phased approach so that benefits are realized as implemented.

4. **IT Strategy and Disaster Recovery:** The applications and infrastructure systems that require strategic plans and DR will be prioritized such that IT systems that support mission critical business functions will be addressed first.

- **Other ways to achieve a similar desired outcome?**
  No

- **Different policy direction (give example, and note why not recommended)**

We recommend enacting a policy that ensures that software remain vendor supported for high priority business functions such as material control and financial management functions. This policy direction minimizes risks of core business function disruption due to failures from obsolete systems.

We recommend approaching document management from an enterprise perspective because this will ease the sharing of documents across the utility and reinforce cross-department communications.

Sample metrics: How would you measure the success of this initiative?

1. **Upgrade Passport:** software is successfully implemented and used to support material control functions
2. **Upgrade Summit:** software is successfully implemented and used to support financial management functions
3. **Implement Enterprise Doc Mgmt:** software is successfully implemented and used to store, search and retrieve City Light documents. Hard copies are replaced with digital versions.
4. **IT Strategy and Disaster Recovery:** Approved IT strategy and Disaster Recovery Plans are implemented.

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
M3: O&M	$0	$0						
M3: CIP								

Document author(s): Marlene Flynn / Carol Thompson / Phil Leiber
Document date: 8/1/11

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
M3: New O&M	N/A	$975,000	$1,218,000	$1,218,000	$1,218,000	$1,062,000	$1,062,000
M3: Prop. CIP	$0	$8,107,834	$3,603,316	$1,081,991	$1,105,942	$0	$0

Consists of:

Upgrade Passport: $750,000 in 2013, $250,000 in 2014
Upgrade Summit: $1,250,000 in 2014, $1,250,000 in 2015
Enterprise Doc Mgmt: $1,250,000 in 2013, $1,250,000 in 2014
IT Strategic Plan/Disaster Recovery: O&M $750,000 in 2013, $1M in each year 2014, 2015 & 2016

Explanation:
O&M $: *Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.*
Capital $: *Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.*

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
M3: Proj Rev	$0	$0	$0	$0	$0	$0
M3: O&M Saved	$0	($300,000)	($300,000)	($300,000)	($300,000)	($300,000)

Explanation:
O&M: The reflected O&M savings reflects ONLY savings related to the Document Management System Initiative and quantifies ONLY a reduction in expected AP processing costs. Additional savings through efficiency will be felt throughout the organization in reduced processing effort for AP approvals. The Document management system also has far reaching applications beyond AP (HR, Contracting, project management, environmental, and NERC compliance), and will doubtless produce considerable savings in those areas as well; no attempt has been made here to quantify those impacts.

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[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:
Efficiencies—a project that pays for itself (please estimate payback period);
Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.
Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Marlene Flynn / Carol Thompson / Phil Leiber
Document date: 8/1/11

Objective: Standardize business processes to increase safety, service, and efficiency **Initiative #M4**

Initiative Title: Develop Performance Based Reporting

Who would "Own" this Initiative within SCL: Philip Leiber/ Carol Butler

Part A:

Brief description of proposed effort / sample tactics:

Performance based reporting on a programmatic basis is a goal of the Superintendent to improve communications about SCL priorities and performance, and to drive a continuous improvement culture. A business intelligence (BI) system is the backbone required for information delivery, measuring organizational performance, and for management to have the information needed to make improvements in their organizations. The BI System collects, aggregates, and prepares data taken from other system applications and other sources to provide metrics, dashboards, reports and analytic capability. The BI System supports the goals to provide better customer service, increase revenues, increase efficiencies and reduce costs.

Currently, some financial (budget and actual) and some operational metrics are available through the reporting being produced by the BI system. However, not all of the metrics needed for automated programmatic reporting can be produced in the current state of development. This initiative further develops City Light's BI system.

Tactics:

1. Build the system and add operational metrics area by area
2. Use Quality Assurance and checking to ensure accuracy of information
3. Produce programmatic reporting of financial information on an ongoing basis

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

City Light's limited business intelligence capacity is identified in the SWOC (under the "Municipal Enterprise" category) as a weakness. This initiative implements specific technology that promotes the use of performance metrics throughout the organization and provides information for continuous improvement throughout City Light.

What, if anything, is underway in this area and funded within the 6 year baseline?

There is capital project funding for the BI system through 2011. The capital project includes software licenses, training, consulting services and personnel costs. Approximately 1.5 FTEs charge time to the project for development, technical support, quality assurance and project oversight. This is insufficient to develop this capacity utility wide.

Why is additional investment proposed?

City Light has many legacy systems that contain data that cannot provide reports needed for making decisions. The data needs to be extracted, transformed, and loaded into data warehouses before the metrics can be reported. An incremental build-out for a single legacy system can take from 3 months to a year. As new systems are added (WAMS and OMS, for example) the data from these systems will need to be added. Additional investment is needed to fund the continuing efforts.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition

Document author(s): Carol Butler
Document date: 6/20/11

Efficiency: The initiative should generate efficiencies in the long run, as the metrics will provide visibility into performance trends, and how we perform against peers. This will provide opportunities to improve performance. We may not be able to quantify these benefits, however.

Ballpark cost estimate over 6-year period (2013-2018)*

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
X	$1-5 million	X	$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)

Some funding is included in the baseline. The incremental capital cost is $3M.

The initiative will also require ongoing operating costs. Estimated 6 year O&M costs are $5M (see Exhibit 1).

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?** Yes, 4 new staff positions are proposed to complete the addition of legacy system data and reporting capability throughout City Light within the six year period.

  IT staff required is 4 FTE's, 3 BI Systems Analysts, 1 Database/Data Management, beginning in 2013. Data Storage (hardware) beginning in 2013 is $100,000 and remains a recurring charge assuming large stores of data will be added. Maintenance is assumed at 25% of each original purchase of storage.

- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?** The initiative already delivers results in the form of the financial metrics and some operational metrics needed for programmatic reporting. The incremental funding proposed by this initiative would result in completion of the automated reporting and reductions in resource time needed from each program area to produce manual metrics, check the accuracy (both in that unit and by Corporate Performance, and insert each metric (also manually) into the report.

- **How time sensitive is this initiative? What year would you propose work to begin? Why?** Work is ongoing now but this initiative ensures that it will continue and enable automated reporting of the operational metrics that are currently reported manually. The majority of operational metrics must be reported manually now.

What alternatives are there?

Document author(s): Carol Butler
Document date: 6/20/11

- **Is the initiative scalable (can it shrink and still deliver measurable value)?** Yes, it would be possible to add only two additional positions rather than four and still add measureable value. However, all of the benefits expected to be delivered by four positions building datamarts and reporting capability would be reduced. Nevertheless, some benefits would be realized with only two positions.
- **Other ways to achieve a similar desired outcome?** City Light could hire contractors to implement the datamarts for the legacy systems and to train in-house personnel on the production of reports.
- **Different policy direction (give example, and note why not recommended)** If City Light uses outside consultants, the in-house expertise needed for maintenance of the system and for building datamarts would not be available when new systems need to be incorporated.

Sample metrics: How would you measure the success of this initiative?
Sample metrics would include the number of users, the number of automated reports, and the number of legacy systems added to the BI system within the time period.

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
M4: O&M	$100,000	$100,000						
M4: CIP	$ 447,000							

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
M4: New O&M	N/A	$1,386,000	$749,000	$774,000	$799,000	$824,000	$849,000
M4: Prop. CIP	$0	$789,299	$805,672	$822,852	$841,067	$0	$0

Explanation:
O&M $: *Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.*
Capital $: *Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.*

What financial benefits will this program achieve? (New revenues, or O&M avoided)

2013 2014 2015 2016 2017 2018

Document author(s): Carol Butler
Document date: 6/20/11

M4: Proj Rev	$0	$0	$0	$0	$0	$0
M4: O&M Saved		See benefits in M9				

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

[1] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:
Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.
Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.
Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Carol Butler
Document date: 6/20/11

Objective: Implement best business processes across the enterprise to increase safety, service and efficiency. **Initiative #M5**

Initiative Title: **Establish Internal Management Review Unit**

Who would "Own" this Initiative within SCL: Philip Leiber / Carol Butler

Part A:

Brief description of proposed effort / sample tactics:

Establish an internal review group within the Corporate Performance Division of the Financial Services Business Unit to perform internal audits. The value added by this group will exceed the cost of staffing. The effort is self-funded and savings and/or revenue increases results achieved documented annually. The work would continue if the benefits to the utility exceeded the costs of the program. This requirement would be communicated to the staff upon hiring.

Tactics:

- Develop an annual audit plan that identifies highest value programs to:
  1. collect non-rate revenues
  2. achieve cost savings
  3. eliminate fraud and abuse
- Measure value achieved in dollars and/or productivity improvements

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

Desired outcome: Identify opportunities to reduce costs and increase revenues.

SWOC weaknesses addressed:

1. Lack of a mature performance driven culture
2. Outdated poorly defined business practices in all divisions

Since 2008, City Light has attempted to establish an internal group to conduct performance and process reviews, manage state and city accountability and compliance audits, and provide independent analysis of high risk areas. The lack of this function means inefficient processes and procedures continue, the ability to address potential fraud and abuse is lost, and the opportunity to reduce waste is minimized.

What, if anything, is underway in this area and funded within the 6 year baseline?

Corporate Performance currently performs a portion of the work envisioned. No funds are included in the baseline specifically dedicated to the outcomes identified.

Why is additional investment proposed?

In order to achieve the efficiencies desired, a dedicated effort is needed. The investment would result in efficiency analysis across the entire organization with an updated and consistent methodology. For example, developing a process, policy and procedures for collecting revenue from customers engaging in energy theft took more than a year. Since studies conducted by electric utilities show that without such a process between 2 and 5 percent of revenue is lost annually, City Light's lost opportunity for a single year, conservatively measured, could be as high as $10M. City Light would recover revenues that would help reduce costs that would otherwise be charged to ratepayers.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)

Document author(s): Carol Butler/ Phil Leiber

Document date: 8/1/11

A. **Efficiency** - Performance and process improvements resulting from the work performed will result in increased efficiency and provide internal audit reviews. Results would be immediate. There is an expectation and commitment that the costs of this program would be offset by incremental cost savings and additional non-rate revenues.

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
X	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)

If project would be bond-funded, note total capital cost estimate.

If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

See Exhibit below.

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?** Yes, five new positions are required. The staffing would include accountants, senior accountants, and an engineer.

- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**
  This initiative will deliver desired results as soon as the first review is completed and the recommendations are implemented. Assuming staff is hired in the first half of the year, first results could be delivered by year end.

- **How time sensitive is this initiative? What year would you propose work to begin? Why?**
  This initiative should be staffed in 2013. Work could begin sooner if staffing could be put in place before then.

What alternatives are there?

- **Is the initiative scalable (can it shrink and still deliver measurable value)**

The objectives of the initiative cannot shrink since a minimum effort currently exists. However, it would be possible to split the addition of personnel into two increments with three positions added in 2013 and the remaining two in 2014. The first year the three positions would be direct reports to the Corporate Performance Director which would increase the number of direct reports to 9. This would be manageable for a year.

Document author(s): Carol Butler/ Phil Leiber
Document date: 8/1/11

- **Other ways to achieve a similar desired outcome?**
  Instead of staffing the unit, City Light could contract for services although this removes some flexibility and may not result in the savings expected.

- **Different policy direction (give example, and note why not recommended)**
  The current minimal effort is inefficient and doesn't provide desired outcomes. City Light's current model does not meet industry standards, nor recommendations from the State Auditor.

Sample metrics: How would you measure the success of this initiative?
Annual documented cost savings, revenue enhancements, or productivity improvements at a minimum of $500,000.

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
M5: O&M	$0	$0						
M5: CIP								

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
M5: New O&M	N/A	$680,000	$680,000	$680,000	$680,000	$680,000	$680,000
M5: Prop. CIP							

Explanation:
O&M $: *Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.*
Capital $: *Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.*

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
M5: Proj Rev	$0	$0	$0	$0	$0	$0
M5: O&M Saved		See benefits in M9				

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

Document author(s): Carol Butler/ Phil Leiber
Document date: 8/1/11

[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:
Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.
Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.
Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Carol Butler/ Phil Leiber
Document date: 8/1/11

Objective: Implement best practices in business processes and technology across the utility.

Initiative Title: **Project Management Quality Improvement** **Initiative #M6**

Who would "Own" this Initiative within SCL: **Phil Leiber/Paula Laschober**

Part A:

Brief description of proposed effort / sample tactics:

Current State: An idea of the magnitude of capital projects conducted by City Light is provided by the statistics for 2011--there are 159 discrete capital projects, with 53 different project managers, amounting to a total expected cash outlay of $242 million. At present, there are three different Project Management Offices (PMOs) at City Light that deal with capital projects conducted by their business units: Information Technology, Power Supply, and Customer Service & Energy Delivery. One PMO uses Primavera software as its planning tool, one uses Microsoft Project and Maximo software, and one uses a combination of Microsoft Project and Excel spreadsheets. There is no PMO dedicated to overseeing O&M projects, though some fall under the purview of the Information Technology Division's PMO.

Given the diversity, scope and cost of its projects, City Light needs to build a consistent enterprise project management capability to ensure proper project development, oversight, management, and accountability. This can be accomplished by implementing the following tactics:

1. Establish a centralized Project Management Office (PMO) and charter to develop policy, promote sharing, and develop enterprise capabilities as needed.
2. Develop a standard specifying which projects require project plans, oversight, and reporting based on risk, complexity, costs and stakeholder impact.
3. Hold personnel responsible and incentivize them to deliver projects on time, within scope, and at or under budget.
4. Create risk assessment and planning standards consistent with the Enterprise Risk Management Council.
5. Standardize project management tools.
6. Standardize project management methodology, processes, and guidelines where there is a business case/value.
7. Prioritize funding for project management training, tools, and project control staff for each PMO team.
8. Develop a governance structure in each Business Unit to ensure projects are prioritized and budgeted appropriately.
9. Assign a member of the senior leadership team (Officer or Director) to move this initiative forward.

Reporting will be a critical function of the proposed centralized PMO: e.g., time and money spent on projects, number of labor hours committed and available, number of projects being tracked, number of projects implemented as approved, those with schedule changes or changes in scope, those that require more funding than initially estimated, those that should be stopped, etc.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

Improved project management

Addresses:

- Aging workforce. Provides an opportunity to use less tenured project managers to help run the PMOs.
- Insufficient resources for training and development. Creates the opportunity to develop current staff with formal project management training. Encourage professional certification as Project

Manager Professionals (PMP).
- Improve accountability at all levels. PMO would define accountability standards.
- Compensation. Creates opportunity for incentive pay. Incentives must match the added risk these employees will be taking on. Also provides incentives for early completion of projects and/or coming in under budget.

What, if anything, is underway in this area and funded within the 6 year baseline?
Nothing for this initiative is included in the baseline.

Why is additional investment proposed?
- 3 FTEs (certified PMPs) to report to the Senior Leader (Officer or Director) in charge of the new PMO.
- In house training for up to 75 employees. Hire trainer from Project Management Institute.
- Reimbursing employees for annual costs to maintain PMP status.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)

A. **Efficiency**
B. **Correcting existing deficiency:** City Light has identified project management risks as a top risk of the Utility. This program would reduce risks inherent in the lack of centralized oversight of projects.
C. **Service level enhancement**

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
X	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)
If project would be bond-funded, note total capital cost estimate.
If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

Capital costs, if any, are anticipated to be below $1 million and related to the purchase of project management software. Ongoing operating costs are expected to include annual software license renewals, initial training costs on use of the software, ongoing labor costs for 3.0 new FTEs, and ongoing annual PMP designation maintenance costs (training).

General Implementation Plan
- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?** Yes, 3.0 new FTEs are needed to effectively implement project management objectives.
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired**

Document author(s): P. Leiber/P. Laschober/C. Thompson
Document date: 8/1/2011

results? The initiative will begin adding benefits in a short time. The first deliverable will be to list all projects on a master schedule. This will facilitate systematic, utility-wide scheduling of projects and their required resources, thereby improving the efficient use of limited resources.

- **How time sensitive is this initiative? What year would you propose work to begin? Why?** In order to see immediate benefits, the PMO should start as soon as possible.

What alternatives are there?

- **Is the initiative scalable (can it shrink and still deliver measurable value)?** It may be possible to avoid adding 3.0 FTEs by using known in-house PMP experts. However, this would require reprioritizing existing work and perhaps deferring or delaying an existing project. The training cannot be reduced or deferred as we are striving to shift the existing project management mindset at City Light.

- **Other ways to achieve a similar desired outcome?** No. Again, the alternative is to use in-house PMP experts at the expense of existing priorities.

- **Different policy direction (give example, and note why not recommended)** Alternative: Continue business as usual. However, this is not desirable since City Light is proposing to spend more than $1 billion on capital projects during the next six years. Assuming that improved project management as proposed by this program would conservatively save ½ of 1%, the gross savings would be $5 million, which would exceed the cost of staff, training and tools proposed by this program.

Sample metrics: How would you measure the success of this initiative?

- Project metrics:
  - Number of projects that are included in PMO status reports.
  - Number of projects that are completed on time, at or under budget, and within scope.
  - Number of projects requiring course correction.
- Administrative metrics:
  - Number of employees with PMP status.
  - Number of employees that have received formal project management training.
  - Number of licenses issued for project management software.
  - Number of employees receiving performance evaluations that include ratings for project management skills and associated results.
  - Number of Project Management Council meetings recorded with minutes to the Superintendent.

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

2011	2012	2013	2014	2015	2016	2017	2018

Document author(s): P. Leiber/P. Laschober/C. Thompson
Document date: 8/1/2011

M6: O&M	$0	$0						
M6: CIP								

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
M6: New O&M	N/A	$700,000	$700,000	$700,000	$700,000	$700,000	$700,000
M6: Prop. CIP							

Explanation:

O&M $: *Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.*

Capital $: *Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.*

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
M6: Proj Rev	$0	$0	$0	$0	$0	$0
M6: O&M Saved		See benefits in M9				

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

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[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:

Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.

Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.

Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): P. Leiber/P. Laschober/C. Thompson

Document date: 8/1/2011

Objective: Enhance cost competitiveness and accountability in delivery of central services

Initiative #M7

Initiative Title: Secure service level agreements with City central service providers incorporating performance metrics

Who would "Own" this Initiative within SCL: Philip Leiber/ Carol Butler

Part A:

Brief description of proposed effort / sample tactics: In a report produced in spring 2010, the Washington State Auditor identified multiple issues with costs being charged to City Light by the City of Seattle. The auditor made a series of recommendations to address these issues and requires City Light to file an annual report describing progress on addressing these issues. City Light expects to develop and sign service level agreements with metrics with key City departments and to review and revise cost allocations as appropriate.

Tactics:

1. Analyze current cost allocations and methodology
2. Develop a plan and metrics for cost allocation revisions for each department
3. Schedule negotiating sessions on issues
4. Monitor and track service level agreements and cost allocation results

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?) This initiative addresses enhanced accountability, performance and cost control in services delivered by City of Seattle central service departments. This also addresses the Review Panel objective to dedicate sufficient resources to oversight needs including central services.

The desired outcome is to achieve better service from the City of Seattle at a competitive cost or to implement provisions of the services in-house or using vendors external to the City at lower cost.

What, if anything, is underway in this area and funded within the 6 year baseline? Why is additional investment proposed? This initiative will utilize personnel resources within City Light as needed to move this initiative forward, along with adding one additional staff person. Any time will come from existing resources and would already be included in the 6 year baseline.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)
This initiative is categorized as **correcting existing deficiencies** as it seeks competitive pricing and improved performance from City departments.

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
X	<$1 million		<$1 million
	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Document author(s): Carol Butler / Phil Leiber
Document date: 8/1/11

Part B:

Rough estimated cost (capital and operating)
If project would be bond-funded, note total capital cost estimate.
If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?** Existing staff assisted by one additional resource will implement this initiative
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?** Given that the 2011 budget and 2012 budgets have been set, it is likely that those impacts will not be felt until 2013. However, improved performance should be seen by the end of 2011.
- **How time sensitive is this initiative? What year would you propose work to begin? Why?** The initiative will begin in 2011, as existing resources can be engaged now.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)** Yes, it would be possible to address each cost allocation separately as time permits.
- **Other ways to achieve a similar desired outcome?** Instead of developing Memoranda of understanding, cost allocations using the same methodology could be aggregated and revised for inclusion in annual budget processes.
- **Different policy direction (give example, and note why not recommended)** The City and City Light could choose to ignore the State Auditor's recommendations. Should this occur the most likely outcome could be a lawsuit, either by the State Attorney General or City Light ratepayers.

Sample metrics: How would you measure the success of this initiative?
The number of City departments that meet their performance goals would be one metric. Costs that are competitive with external providers would also be a measure of success.

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
M7: O&M	$0	$0						
M7: CIP								

What additional funding is proposed?

2012	2013	2014	2015	2016	2017	2018

Document author(s): Carol Butler / Phil Leiber
Document date: 8/1/11

M7: New O&M	N/A	$125,000	$125,000	$125,000	$125,000	$125,000	$125,000
M7: Prop. CIP							

Explanation:

O&M $: *Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.*

Capital $: *Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance (Jon Lutton) has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.*

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
M7: Proj Rev	$0	$0	$0	$0	$0	$0
M7: O&M Saved		See benefits in M9				

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

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[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:

Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.

Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.

Enhancement: projects that increase the level of service (to internal or external customers)

Objective: Enhance cost competitiveness and accountability in procurement of all services **Initiative #M8**

Initiative Title: **Review and improve procurement processes for external service contracts**

Who would "Own" this Initiative within SCL: Phil Leiber, Brian Brumfield.

Part A:

Brief description of proposed effort / sample tactics:
Streamline the City Light procurement process while maintaining any necessary financial controls to prevent fraud and abuse.

Tactics:

1. Add two (2) Senior Buyer level positions and one (1) administrative support position. The additional positions will "right staff" the organization for current and anticipated work
2. Additional staffing will provide the tactical execution for contracts to sustain tracking (SharePoint) and maintain existing business process improvements (includes WEB maintenance)
3. Cross train contract administrators to be proficient in three procurement disciplines (purchase, consultant and public works)
4. Additional staff would allow the current Strategic Advisor to identify, measure (from SharePoint)and recommend business process improvements AND map policy/procedural changes associated with improvements
5. Decentralize purchase, consultant and public works contract administration throughout City Light contracting
6. Coordinate City Light and Finance & Administrative Services (FAS) on risk assessments which weigh business process improvements within the confines of statute requirements.
7. Configure organizational structure, staff competencies, and staffing to align with customer expectations.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)
Streamline the procurement process to ensure City Light goals are met while maintaining necessary financial controls.

Addresses:

1) SWOC weakness: Outdated/poorly defined organizational contracting/procurement business practices.
2) SWOC opportunity: Metrics can drive service levels and costs to competitive levels
3) SWOC opportunity: Opportunity for multi-department coordination for large projects
4) SWOC opportunity: Opportunities for improved coordination with other City Departments on service delivery and capital projects

What, if anything, is underway in this area and funded within the 6 year baseline?
Funding for this initiative is not included in the 6 year baseline.
Why is additional investment proposed?
Two (2) Senior Buyers @ $78,864/EA X 2= $157,728
One (1) Material Controller @ $50,864
Plus associated benefit loads.

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for

Document author(s): Brian Brumfield/ Phil Leiber
Document date: 8/1/2011

definition)

Streamline procurement process to achieve business process efficiencies and cost savings. Because we cannot quantify the savings that may result from this initiative, we are classifying the initiative as "Correcting an existing deficiency."

Ballpark cost estimate over 6-year period (2013-2018)

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
X	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)

If project would be bond-funded, note total capital cost estimate.

If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?** This Initiative requires three (3) additional staff (2 Senior buyers and 1 administrative support). It cannot be accomplished with existing staff as current staffing is focused on core contracting functions required to execute contracts. Additional staffing would allow for strategic planning, business process improvements, and more responsive customer service delivery.
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?** Within one quarter after full staffing occurs.
- **How time sensitive is this initiative? What year would you propose work to begin? Why?** 2011, since implementation coincides with other process improvements.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)** No, requested staffing levels were approved in 2008 for initiatives realized in 2009-10 and projected for the balance of 2011-12.
- **Other ways to achieve a similar desired outcome?** Reduce span of control, delegate authority elsewhere in the Utility and/or back to FAS.
- **Different policy direction (give example, and note why not recommended)** Reduces autonomy, increases operational risk and adds layers of process.

Document author(s): Brian Brumfield/ Phil Leiber

Document date: 8/1/2011

Sample metrics: How would you measure the success of this initiative?
SharePoint, customer service satisfaction surveys (continuation of NIGP survey) and turnaround time for purchasing requests.

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
M8: O&M	$0	$0						
M8: CIP								

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
M8: New O&M	N/A	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000
M8: Prop. CIP							

Explanation:
O&M $: *Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.*
Capital $: *Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.*

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
M8: Proj Rev	$0	$0	$0	$0	$0	$0
M8: O&M Saved	($300,000)	($300,000)	($300,000)	($300,000)	($300,000)	($300,000)

[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:
Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.
Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.
Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Brian Brumfield/ Phil Leiber
Document date: 8/1/2011

Objective: Implement best practices in business processes and technology **Initiative #M9**

Initiative Title: Efficiency Initiative

Who would "Own" this Initiative within SCL: Philip Leiber/ Carol Butler/Kelly Enright

Part A: (due 2/2)

Brief description of proposed effort / sample tactics: The efficiency initiative is a multi-year effort to improve performance, enhance value for internal and external customers, and generate cost savings across the utility.

Both the Corporate Performance and Customer Care divisions of City Light have been working on improving efficiencies at City Light over the past few years. In early 2010, the two groups created a joint team, developed an initial list of potential improvements to pursue, and completed a project charter to use when pursuing improvements. This initiative continues and expands on this effort by adding staff time from other divisions within City Light. A key element of this program will be to implement recommendations from a 2011 benchmarking study covering distribution, transmission and generation. An Operational Excellence Improvement action plan addressing the recommendations from that study will be developed during 2011. That plan will include timelines for the changes the Utility will strive for and detailed targeted savings. This initiative includes estimated savings from the overall efficiency initiative, and the Operational Excellence Improvement plan focusing on distribution, transmission and generation.

Tactics:

1. Explore non-rate revenue enhancement opportunities
2. Identify potential areas for process and performance improvements, including elements from the 2011 benchmarking study on distribution, transmission and generation (documented in an "Operational Excellence Improvement Plan")
3. Develop and implement process improvement plans
4. Track and monitor results (Quantify revenues received and cost savings achieved)

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)
This initiative will focus on value added activities that can be quantified in terms of savings or revenues with the expectation that these will help to offset what would otherwise be larger rate increases.

Addresses SWOC challenge: Enduring expectation of low cost power and high services.
Addresses SWOC opportunities: Business process improvements/efficiencies create room to improve compensation without increasing rates; implement best practices on maintenance of all assets and ensure competitive costs with comparable utilities.
Addresses SWOC weakness: Outdated/poorly defined business practices.

What, if anything, is underway in this area and funded within the 6 year baseline? Why is additional investment proposed? While City Light has consistently pursued productivity improvements, cost effectiveness and revenue enhancement possibilities, this initiative will consist of pursuing opportunities in 2011 and 2012 as well as over the six-year period 2013-2018 with an objective to provide the equivalent of 0.5% to 1.0% of revenue requirements (approximately $3M to $7M) annually in value. Additional savings in the distribution, transmission and generation area will be documented in the

Operational Excellence Improvement Plan. These savings are likely to be on the order of $7.5 M annually in O&M and $7.5 M annually in capital.

Examples of successes to date include: 1) the effort to improve response times for repairs to streetlights from more than 60 days to a majority being fixed within 10 working days, 2) saving more than $5 million by improving the process for managing the materials inventory, and 3) reducing energy theft by implementing an improved process for reporting and billing.

The core team for this initiative is developing a workplan that spans 2011-2018. A sample of projects to be undertaken over this period will include:

- Process improvement to account receivable miscellaneous billings to collect revenues faster and reduce the need for write-offs
- Design and implementation of a new process to manage customer complaints
- Audit of material in the spares inventory to reduce amounts
- Revisions to the billing process to reduce the amount of manual effort needed to produce reports and free up staff time for other work

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for definition)

A. **Efficiency.** This is an efficiency initiative to improve work processes and performance at the utility though it should also correct existing deficiencies as they are identified and result in service enhancements through the improvements made in processes and productivity.
B. **Correcting existing deficiency, or**
C. **Service level enhancement**

Ballpark cost estimate over 6-year period (2013-2018)

Incremental resources are not proposed at this time. Already budgeted staff time and resources will be used.

O&M (check one if applicable)		**Capital (check one if applicable)**	
	<$1 million		<$1 million
	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
X Savings in this range	$51-100 million	**X Savings in this range**	$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)

Document author(s): Carol Butler/ Phil Leiber
Document date: 8/1/2011

If project would be bond-funded, note total capital cost estimate.
If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

See exhibit 1 below.

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?** Existing staff already engaged in the improvement efforts with the addition of others from across the utility will implement the initiative.

- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**
  The initiative is already delivering results in 2011. Because the initiative consists of numerous smaller subprograms, the start and end dates of each vary.

- **How time sensitive is this initiative? What year would you propose work to begin? Why?** Efforts to improve efficiency have been ongoing. The opportunity costs of delay vary by individual subprogram.

What alternatives are there?

- **Is the initiative scalable (can it shrink and still deliver measurable value)? Other ways to achieve a similar desired outcome?** The staffing committed to the initiative could be changed, with a commensurate impact on the level of efficiencies we are able to deliver.

- **Different policy direction (give example, and note why not recommended)** If City Light does not seek to gain efficiencies, enhance revenues, or add value ratepayers will be disadvantaged by the higher rates that will result. To capture the greatest extent of efficiencies available, policy changes are likely to be necessary.

Sample metrics: How would you measure the success of this initiative?
Success will be measured by identifying targeted efficiencies, then tracking actual savings from those programs.

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

Document author(s): Carol Butler/ Phil Leiber
Document date: 8/1/2011

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
M9: O&M	$0	$0						
M9: CIP								

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
M9: New O&M	N/A	$0	$0	$0	$0	$0	$0
M9: Prop. CIP	$0	($7,784,035)	($7,945,500)	($8,114,932)	($8,294,564)	($8,491,130)	($8,690,686)

Explanation:

O&M $: *Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.*

Capital $: *Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.*

What financial benefits will this program achieve? (New revenues, or O&M avoided)

	2013	2014	2015	2016	2017	2018
M9: Proj Rev	$0	$0	$0	$0	$0	$0
M9: O&M Saved	($5,250,000)	($8,625,000)	($10,500,000)	($10,500,000)	($10,500,000)	($10,500,000)

For O&M savings, $7,500,000 is from Operational Excellence Program, and $3,000,000 is from Other. Savings are assumed to phase-in during first two years, with year 1 at ½ the steady state level.

	2011	2012	2013	2014	2015	2016	2017	2018
Capital-Operational Excellence Program	N/A	N/A	$7,500,000	$7,500,000	$7,500,000	$7,500,000	$7,500,000	$7,500,000

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

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[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:

Efficiencies—a project that pays for itself (please estima e payback period)/has a positive net present value.

Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.

Document author(s): Carol Butler/ Phil Leiber

Document date: 8/1/2011

Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Carol Butler/ Phil Leiber
Document date: 8/1/2011

Objective: Ensure fiscal strength **Initiative # M-10**

Initiative Title: Review and affirm or amend financial policies

Who would "Own" this Initiative within SCL: Phil Leiber, Paula Laschober

Part A:

Brief description of proposed effort / sample tactics:
Before the end of 2011 and every 2-4 years thereafter, provide sufficient information to the City Council to make decisions on financial policies relating to (1) debt service; (2) CIP funding; (3) the Rate Stabilization Account (RSA); and (4) insurance. Periodically review these policies and their effect on rates with the Review Panel, the Mayor and the Council.

City Light's buildings, structures and the equipment in them are generally insured against earthquake, fire, flood and other damage by the City's insurance policy with FM Global. However, its most important generating assets are not covered by this, or any other, insurance. The policy also excludes the majority of the transmission and distribution systems.

Tactics: The Financial Planning Unit will provide information to the Review Panel, the Mayor and the Council for review of the following:
a) Wholesale Revenue: Amount of net wholesale revenue to be assumed for the RSA.
b) Debt Service Coverage: Rate implications of changing the debt service coverage (DSC) requirement from the current level of 1.8 times principal and interest.
c) CIP funding: Rate implications of funding a differing percentage of CIP with bonds (currently ~60%) vs. cash from operations.
d) Surety Bond Replacement: Whether to set funds aside (e.g., $10 million) each year to replace the current surety bond ($109.5 million) when it expires in 2029. The surety bond is in lieu of a bond reserve fund, as required by the utility's bond covenants.
e) Insurance: Whether to insure City Light's generation, transmission and distribution facilities against potential catastrophic damage.

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)
Reduce the cost of borrowing and minimize debt service pressure on rates. Maintain rate levels appropriate to support needs of utility and customers. Enhance utility's ability to meet long-term investment needs at the lowest cost possible. Improve ability to restore asset functionality in the aftermath of a disaster.

Addresses SWOC weakness: Lack of long term strategic rate and investment policy.
Addresses SWOC challenge: Preparedness for natural disasters, especially earthquakes, storms and health threats.

What, if anything, is underway in this area and funded within the 6 year baseline?
Staff time to support Council review of financial policies.

Why is additional investment proposed?
The only additional investment proposed would be to cover the cost of insurance (estimated at about $500,000/year).

Category of proposed investment?[i] (Briefly identify basis for the categorization(s)—see endnote for

Document author(s): Paula Laschober / Phil Leiber
Document date: 8/1/2011

definition)

Service level enhancement: Provides both internal and external customers with more revenue and rate certainty; also contributes to lower rates in the long-term by providing bond market with assurance of City Light's financial stability. This would lead to lower debt service costs and continued access to debt funding for the utility's investment needs. Would provide for more rapid asset restoration in the aftermath of a disaster.

Ballpark cost estimate over 6-year period (2013-2018)*

O&M (check one if applicable)		Capital (check one if applicable)	
	<$1 million		<$1 million
x	$1-5 million		$1-5 million
	$6-10 million		$6-10 million
	$11-25 million		$11-25 million
	$26-50 million		$26-50 million
	$51-100 million		$51-100 million
	$101-200 million		$101-200 million
	>$200 million		>$200 million

Part B:

Rough estimated cost (capital and operating)
If project would be bond-funded, note total capital cost estimate. N/A
If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

a) Wholesale Revenue: Amount of net wholesale revenue to be assumed for the RSA;

b) Debt Service Coverage: Rate implications of changing the debt service coverage (DSC) requirement from the current level of 1.8 times principal and interest;

Using 2013 as an example, changing to 2.0 times debt service coverage would increase the revenue requirement by $36.5 million annually (but result in reduced debt service over time), while reducing to 1.6 times debt service coverage would reduce the revenue requirement by about the same amount annually, but increase debt service over time.

c) CIP funding: Rate implications of funding a differing percentage of CIP with bonds (currently ~60%) vs. cash from operations.

This is related to the issue immediately above. Increasing debt service coverage would result in less of the CIP program funded with bonds (and more from cash from operations), while decreasing debt service coverage would result in more CIP funded from bonds and less from cash from operations.

d) Surety Bond Replacement:

Setting aside funding each year for this purpose results in less cash from operations available to

fund the CIP program, resulting in more borrowing. In total, increased borrowing of $75 million increases rates by about 1%.

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?** No additional staffing is needed in connection with any policy changes related to the above.
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?** Within a year or two
- **How time sensitive is this initiative?** Sensitive because new rates will be set for 2013-14 **What year would you propose work to begin?** 2011 **Why?** In Council financial policies resolution adopted March 2010.

a) Wholesale Revenue: Amount of net wholesale revenue (NWR) to be assumed for the RSA;

A transition to a different approach could be commenced immediately (resulting in the greatest impact to base rates), or phased in over time. Regarding time sensitivity: the sooner we reduce the net wholesale revenue assumption, the more pressure there will be on base rates. Delaying action instead increases the likelihood of an automatic rate surcharge of up to 4.5% from drawing down the Rate Stabilization Account. We will likely propose a plan in early 2012 that would transition to a lower NWR assumption over the course of several years.

b) Debt Service Coverage: Rate implications of changing the debt service coverage (DSC) requirement from the current level of 1.8 times principal and interest;

A transition to a different approach could be commenced immediately (resulting in the greatest impact to base rates), or phased in over time. We do not anticipate a change in the standard at this time; however, if further study suggests a change is warranted it would likely be phased in over a one to three year period.

c) CIP funding: Rate implications of funding a differing percentage of CIP with bonds (currently ~60%) vs. cash from operations.

Any change would likely be implemented immediately, but a change could be implemented over several years. Timing for this item is related to item (b).

d) Surety Bond Replacement:

The amount of funding per year for the Surety Bond Replacement could be constant, or vary, as long as the $109.5 million funding amount was met by 2029. However, there are multiple reasons why funding the reserve sooner would be beneficial. City Light committed to begin funding the Surety Bond Replacement to the rating agencies during 2011 with about $10 million; however, the amount of funding in future years could vary.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)**
  Yes, each policy can be changed without the others being changed.
- **Other ways to achieve a similar desired outcome?**
  No
- **Different policy direction (give example, and note why not recommended)**
  No change to current policies: may be recommended after Council review.

Document author(s): Paula Laschober / Phil Leiber
Document date: 8/1/2011

Sample metrics: How would you measure the success of this initiative?
Study and Review Panel recommendations presented to Council, decision made.

Exhibit 1 Rough Estimated Costs—Operating and Capital

(All data is to be entered here: Strategic Initiatives Cost Master File.xls)

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
M10: O&M	$200,000	$200,000						
M10: CIP								

*O&M, mostly labor, assumes about 2 FTEs and associated supplies/software licenses/equipment

What additional funding is proposed?

	2012	2013	2014	2015	2016	2017	2018
M10: New O&M	N/A	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000
M10: Prop. CIP							

Explanation:

O&M $: Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.

Capital $: Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance (Jon Lutton) has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital $ amounts into this initiative form. This will allow us to have just one source for CIP $.

What financial benefits will this program achieve? (New revenues, or O&M avoided) *

	2013	2014	2015	2016	2017	2018
M10: Proj Rev	$0	$0	$0	$0	$0	$0
M10: O&M Saved	$0	$0	$0	$0	$0	$0

*Changes in all or any one of the elements of this initiative could increase or decrease revenue. Amount is not able to be forecasted at this time.

If this initiative will reduce O&M costs, include those reductions in the table above (as negative amounts). If the program generates incremental revenue, include that in the table above.

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[i] Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:
Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.
Correcting an existing deficiency—projects that bring up SCL operations to ***good*** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.
Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Paula Laschober / Phil Leiber
Document date: 8/1/2011