

Objective: Provide Greater Rate Predictability

Initiative #CR1

Initiative Title: Align budgets and rates to strategic plan priorities

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Problem: City Light uses 3 outdated software systems to produce and monitor its annual budget.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:
 - o where budget proposals are linked to the strategic plan,
 - o where the strategic plan provides a budget/rate trajectory to enhance predictability,
 - o 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 shocks.

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

Document author(s): Paula Laschober

Document date: 3/17/2011

- 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 2011-16 capital improvement program.

Why is additional investment proposed?

Additional investment expected for:

1. One FTE in the Information Technology Division to support installation and operation of the new budget system
2. Budget system design and planning-consulting assistance
3. Annual budget software license fee 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 (2011-2016)

O&M (check one if applicable)		Capital (check one if applicable)	
<input checked="" type="checkbox"/>	<\$1 million	<input checked="" type="checkbox"/>	<\$1 million
<input type="checkbox"/>	\$1-5 million	<input type="checkbox"/>	\$1-5 million
<input type="checkbox"/>	\$6-10 million	<input type="checkbox"/>	\$6-10 million
<input type="checkbox"/>	\$11-25 million	<input type="checkbox"/>	\$11-25 million
<input type="checkbox"/>	\$26-50 million	<input type="checkbox"/>	\$26-50 million
<input type="checkbox"/>	\$51-100 million	<input type="checkbox"/>	\$51-100 million
<input type="checkbox"/>	\$101-200 million	<input type="checkbox"/>	\$101-200 million
<input type="checkbox"/>	>\$200 million	<input type="checkbox"/>	>\$200 million

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

Document date: 3/17/2011

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

<p>Part A:</p> <p>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.</p> <p>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).</p> <p><u>Tactics:</u> 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.</p>					
<p>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.</p>					
<p>What, if anything, is underway in this area and funded within the 6 year baseline? FPU paper and options modeling.</p> <p>Why is additional investment proposed? No additional investment is proposed.</p>					
<p>Category of proposed investment?ⁱ (Briefly identify basis for the categorization(s)—see endnote for definition)</p> <p>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.</p>					
<p>Ballpark cost estimate over 6-year period (2011-2016)</p> <table border="1"> <thead> <tr> <th>O&M (check one if applicable)</th> <th>Capital (check one if applicable)</th> </tr> </thead> <tbody> <tr> <td><input type="checkbox"/> <\$1 million</td> <td><input type="checkbox"/> <\$1 million</td> </tr> </tbody> </table>		O&M (check one if applicable)	Capital (check one if applicable)	<input type="checkbox"/> <\$1 million	<input type="checkbox"/> <\$1 million
O&M (check one if applicable)	Capital (check one if applicable)				
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Document author(s): Paula Laschober

Document date: 3/17/11

	\$1-5 million		\$1-5 million
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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

Document date: 3/17/11

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 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?

No additional investment is proposed.

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

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 (2011-2016) *

O&M (check one if applicable)		Capital (check one if applicable)	
<input type="checkbox"/>	<\$1 million	<input type="checkbox"/>	<\$1 million
<input type="checkbox"/>	\$1-5 million	<input type="checkbox"/>	\$1-5 million
<input type="checkbox"/>	\$6-10 million	<input type="checkbox"/>	\$6-10 million
<input type="checkbox"/>	\$11-25 million	<input type="checkbox"/>	\$11-25 million
<input type="checkbox"/>	\$26-50 million	<input type="checkbox"/>	\$26-50 million
<input type="checkbox"/>	\$51-100 million	<input type="checkbox"/>	\$51-100 million
<input type="checkbox"/>	\$101-200 million	<input type="checkbox"/>	\$101-200 million
<input type="checkbox"/>	>\$200 million	<input type="checkbox"/>	>\$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.

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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: Balance Multiple Policy Goals in Rate Design

Initiative #CR4

Initiative Title: Review and update cost of service and rate design policies for 2013-16

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

Part A:	
Brief description of proposed effort / sample tactics:	
<p>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).</p> <p>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 2013-2016. 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.</p> <p>The FPU will apply these principles in 2013-14 and 2015-16 rate studies, including specialized rates (such as for electric vehicles) as required.</p>	
Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)	
<p>Predictable rates by customer class as well as within customer classes. Addresses:</p> <p>1) SWOC weakness: Lack of long term strategic plan and associated rate and investment strategy.</p> <p>2) SWOC strength (depending on rate design): Strong support and commitment for energy efficiency.</p>	
What, if anything, is underway in this area and funded within the 6 year baseline?	
<p>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.</p>	
Why is additional investment proposed?	
<p>No additional investment is proposed.</p>	
Category of proposed investment?¹ (Briefly identify basis for the categorization(s)—see endnote for definition)	
<p>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.</p>	
Ballpark cost estimate over 6-year period (2011-2016)	
O&M (check one if applicable)	Capital (check one if applicable)
<input type="checkbox"/> <\$1 million	<input type="checkbox"/> <\$1 million
<input type="checkbox"/> \$1-5 million	<input type="checkbox"/> \$1-5 million
<input type="checkbox"/> \$6-10 million	<input type="checkbox"/> \$6-10 million
<input type="checkbox"/> \$11-25 million	<input type="checkbox"/> \$11-25 million
<input type="checkbox"/> \$26-50 million	<input type="checkbox"/> \$26-50 million
<input type="checkbox"/> \$51-100 million	<input type="checkbox"/> \$51-100 million
<input type="checkbox"/> \$101-200 million	<input type="checkbox"/> \$101-200 million

Document author(s): Paula Laschober

Document date: 3/17/2011

	>\$200 million	>\$200 million	
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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

Document date: 3/17/2011

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

<p>Part A:</p> <p>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 to find information they want and to make use of the online tools.</p> <p>Customers often feel they have to talk to a person — a customer service representative — to finally get their answer.</p> <p>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.</p> <p>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.</p>
<p>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.</p> <p>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.</p>
<p>What, if anything, is underway in this area and funded within the 6 year baseline? Why is additional investment proposed?</p> <p>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.</p>
<p>Category of proposed investment?' (Briefly identify basis for the categorization(s)—see endnote for definition)</p> <p>B. Correcting existing deficiency: Correct existing deficiency in current Web experience for customers; provide enhanced services, information and Web experience.</p>

Document author(s): Phil West/Kelly Enright

Document date: 3/17/11

Ballpark cost estimate over 6-year period (2011-2016)

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
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O & M						
Capital						

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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): Phil West/Kelly Enright

Document date: 3/17/11

Objective: Anticipate and exceed customer service expectations

Initiative #CR6

Initiative Title: Implement Enhanced Customer Information System

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

<p>Part A:</p> <p>Brief description of proposed effort / sample tactics:</p> <p>This initiative proposes replacement or update of SCL's current Consolidated Customer Service System (CCSS) to a more current technology solution. This system handles billing and other customer data needs. The current system is currently two versions behind and unsupported by the software vendor. Staff continues to use other legacy systems and work-arounds to overcome the limitations of the current system. This limits our abilities to serve customers well and adds additional labor costs for business process work-arounds and system maintenance.</p> <p>Updating or replacing the existing system enables high priority business capabilities that are not currently supported within the existing product and can greatly improve our ability to deliver quality customer service.</p>
<p>Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)</p> <p>This outdated system increases the level of effort needed for staff to make changes and corrections and impacts ability to meet customer service expectations. A new or updated system should be a part of City Light's Web network allowing customers access their accounts online. This would reduce the time needed to process account changes and billing adjustments. The goal is to give customers the ability to manage their own accounts, reduce calls to the Call Center, and improve customer satisfaction.</p> <p>SWOC Items this project addresses:</p> <p>Weaknesses: Increasing costs to maintain existing system reliability.</p> <p>Challenges: Enduring expectation of low cost power and high services.</p>
<p>What, if anything, is underway in this area and funded within the 6 year baseline?</p> <p>Why is additional investment proposed?</p> <p>The current system is undergoing a tech uplift (new hardware, with no changes in software functionality) so it can be maintained in the interim. Work shops are currently being planned to build the business requirements for an updated or replacement system sometime in 2011. Long term funding for replacement is in the proposed six-year capital improvement program.</p>
<p>Category of proposed investment?¹</p> <p>A. Correcting existing deficiency Current billing system is outdated making it difficult to maintain or change to meet business needs and customer service level expectations.</p>

Document author(s): Phil West/Kelly Enright

Document date: 3/17/11

Ballpark cost estimate over 6-year period (2011-2016)			
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	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

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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): Phil West/Kelly Enright

Document date: 3/17/11

Objective: Promote Environmental Stewardship

Initiative #CR8

Initiative Title: Continue environmental leadership

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

<p>Part A:</p> <p>Brief description of proposed effort / sample tactics:</p> <p>This initiative includes three efforts to ensure that SCL continues to be an environmental leader among electric utilities.</p> <p>One proposal will carry out the Climate Research and Adaptation Program. There is an expectation that all City departments will understand the impacts of climate change on our operations and develop a plan to adapt to them. 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:</p> <ul style="list-style-type: none"> - 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; as well as work with other affected divisions and agencies to help determine both environmental impacts and impacts to City Light generating facilities; - Develop strategies to reduce, minimize or mitigate those impacts. <p>The second effort is to 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.</p> <p>The third is to reduce long-term maintenance costs while improving ecological values by using an Earth-friendly approach to vegetation and landscape management.</p> <p>Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)</p> <ul style="list-style-type: none"> - Develop strategies for the utility to follow as it adapts to the effects of climate change. - Lower costs for vegetation maintenance and improved habitat. - This proposal meets the Customers/Ratepayers section of the SWOC exercise . This proposal would help to address SCL's significant exposure to climate change (a weakness mentioned in the Customer/Ratepayers SWOC) 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. <p>What, if anything, is underway in this area and funded within the 6 year baseline?</p> <p>Why is additional investment proposed?</p> <p>A small fraction of a staff person's time is included in the baseline. This time would be spent on research and the potential impacts of climate change on utility operations. No other funding is in the 6 year</p>

Document author(s): Lynn Best/Steve Kern

Document date: 3/17/11

baseline.

The additional investment is proposed to fund research and to develop an adaptation strategy. Vegetation in seven areas along the Skagit transmission right-of-way is already focused on maintaining native plants.

Category of proposed investment?¹ (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.

Ballpark cost estimate over 6-year period (2011-2016)

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
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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: 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:
 - o Develop a plan to test the oil in all transformers (20,000+) that do not have documented PCBs;
 - o 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,;
 - o Develop a program to audit specific sites and make sure we are in compliance with environmental requirements;
 - o 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: 3/17/11

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. [STF1]

Category of proposed investment?¹ (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 (2011-2016)

O&M (check one if applicable)		Capital (check one if applicable)	
<input type="checkbox"/>	<\$1 million	<input type="checkbox"/>	<\$1 million
<input checked="" type="checkbox"/>	\$1-5 million	<input checked="" type="checkbox"/>	\$1-5 million
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<input type="checkbox"/>	\$11-25 million	<input type="checkbox"/>	\$11-25 million
<input type="checkbox"/>	\$26-50 million	<input type="checkbox"/>	\$26-50 million
<input type="checkbox"/>	\$51-100 million	<input type="checkbox"/>	\$51-100 million
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- 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)

Whoever “authored” the document needs to put their name below.

Document author(s): S. Kern/L. Best
 Document date: 3/17/11

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

<p>Part A:</p> <p>Brief description of proposed effort / sample tactics:</p> <p>Continue developing a high performance, safety conscious work place</p>
<p>Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)</p> <p>This initiative addresses the SWOC objective of ensure a safe work environment</p> <ul style="list-style-type: none"> • Reduce injury frequency and severity rates to at or below the rates of 75% of other organizations in our industry. • Ensure compliance with all Federal, State and local worker safety regulations.
<p>What, if anything, is underway in this area and funded within the 6 year baseline? Why is additional investment proposed?</p> <ul style="list-style-type: none"> • Implement new regulatory safety programs including: <ul style="list-style-type: none"> ○ Fire Resistant Clothing ○ Crane Safety and Certification ○ Grassroots Safety Initiative • Employee Wellness – In 2011 SCL began implementation of a structured employee wellness program to measure, address and improve the productivity and overall health of Seattle City Light’s workforce. Expanding support and participation in an employee wellness program could positively impact productivity and ultimately decrease healthcare and industrial injury costs. <p><u>Additional Investment Needed:</u></p> <ul style="list-style-type: none"> • Provide adequate staffing levels across the utility to ensure our employees are able to attend necessary safety training and meet the customers’ needs for reliable electrical service • Utilize technology to take a systematic approach to addressing workers compensation costs • Implement utility safety best practices • Maintain compliance with all mandatory safety regulations • Fully fund and implement a comprehensive wellness program
<p>Category of proposed investment?ⁱ (Briefly identify basis for the categorization(s)—see endnote for definition)</p> <p>A. Efficiency –</p> <p>B. Correcting existing deficiency, – By implementing worker safety initiative over time this will reduce employee time loss due to injuries and workers compensation cost. Ensuring that all employees have a safe work environment and the utility is in compliance with federal, state and local safety</p>

Document author(s): DaVonna Johnson

Document date: 02/22/11

regulations. Our workforce will have the knowledge and expertise to perform their work safely.
C. Service level enhancement: Less injury time loss potentially increasing productivity

Ballpark cost estimate over 6-year period (2011-2016)

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

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): DaVonna Johnson

Document date: 02/22/11

Objective: Attract, train and retain high performance workforce

Initiative #W3

Initiative Title: Recruit and retain a diverse, 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 a hydro-powered electric utility operations. There is a national shortage of professional and skilled trade personnel trained to work in an electric utility. The industry is highly competitive for talent and there are several neighboring utilities in the region that we will need to remain competitive with to attract and retain talent.

Currently the average age of employees at Seattle City Light is 50. 55% of the Department's current workforce is eligible to retire within the next 5 years. The proposed strategy to address the current and future workforce needs include:

Attract

- Develop compensation and benefit programs for Utility positions that are competitive with publicly owned electric utilities and attract highly skilled candidates.
- Develop programs that contribute to creating an industry leading safety record that is attractive to candidates in dangerous high voltage electrical work.
- Create broader electric utility-specific job classifications that expand job duties and create a more flexible workforce.
- Recruit for highly qualified talent with utility specific qualifications and skilled e.g. high voltage workers, engineers, and power marketers.
- Recruit for apprenticeship type programs for utility specific areas including environmental, power operations, conservation.
- Recruit for high school and vocational school and college internship and co-operative programs to get students interested in careers in the electric utility industry.

Retain

- Implement compensation and benefit programs that are competitive in the industry and incent and reward improved job performance.
- Create broader electric utility specific job classifications that expand job duties and create a more flexible workforce
- Implement an incentive and recognition programs to reward high performance and increase efficiency.
- Create program for employee development and career progression that identify career paths for existing employees' upward mobility.

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

An efficient and effective workforce that is able to meet our customers' needs.

SWOC objective of attracting and retaining a high performance workforce and resolve challenges:

Document author(s): DaVonna Johnson

Document date: 02/22/11

- Positive impact on the Utility’s ability to meet customers’ needs and provide excellent customer service
- Competitive compensation in line with industry standards
- Pay compression between staff and management positions
- Workforce shortage in the Utility due to high percentage of retirement-eligible employees
- Recruitment and retention tool

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

Additional Investment Needed:

Positions for Cooperative, Apprenticeship and Internship Programs
Develop and Implement compensation programs that ensures the utility can attract and retain qualified staff
Incentives, pay for performance and gain-sharing
Safety Program Improvements (Included in the Safety initiative)

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

B. Correcting existing deficiency, or - Will address current and future compensation issues that are utility-specific and provide programs that are new to Seattle City Light which will address succession planning and future workforce needs.

Ballpark cost estimate over 6-year period (2011-2016)

O&M (check one if applicable)		Capital (check one if applicable)	
<input type="checkbox"/>	<\$1 million	<input type="checkbox"/>	<\$1 million
<input checked="" type="checkbox"/>	\$1-5 million	<input type="checkbox"/>	\$1-5 million
<input type="checkbox"/>	\$6-10 million	<input type="checkbox"/>	\$6-10 million
<input type="checkbox"/>	\$11-25 million	<input type="checkbox"/>	\$11-25 million
<input type="checkbox"/>	\$26-50 million	<input type="checkbox"/>	\$26-50 million
<input type="checkbox"/>	\$51-100 million	<input type="checkbox"/>	\$51-100 million
<input type="checkbox"/>	\$101-200 million	<input type="checkbox"/>	\$101-200 million
<input type="checkbox"/>	>\$200 million	<input type="checkbox"/>	>\$200 million

* This estimate does not include additional costs associated with maintaining competitive salaries

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): DaVonna Johnson

Document date: 02/22/11

Objective: Attract, train and retain high performance workforce

Initiative #W4

Initiative Title: Align City Light’s labor relations strategy to support customer service, efficiency and productivity.

Who would “Own” this Initiative within SCL: DaVonna Johnson

Part A:	
Brief description of proposed effort / sample tactics: Address the unique workforce needs of Seattle City Light through effective labor relations. 89% of Seattle City Light’s workforce is represented by a labor union. Effective labor relations are critical to Seattle City Light meeting our customers’ needs. Work collaboratively with labor partners to implement changes in work practices to improve productivity and efficiency.	
Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?) Align labor agreements and work rules to strengthen Seattle City Light’s ability to respond to customer needs. (Addresses SWOC section on People/Workforce Priority – Attract and Retain a High Performance Workforce) Increase incentives for employees to drive efficiency and increase productivity through rewards or gainsharing programs.	
What, if anything, is underway in this area and funded within the 6 year baseline? Why is additional investment proposed? This effort has not been funded in the baseline. Funding for gainsharing program should be self funded through efficiencies and productivity improvements. <u>Additional Investment Needed:</u> Additional funds and labor relations staff would be required.	
Category of proposed investment?¹ (Briefly identify basis for the categorization(s)—see endnote for definition) C. Service level enhancement- Increase Human Resources’ ability to effectively support Seattle City Light management’s needs concerning work represented by unions and represented employee personnel issues as well as provide more effective communication with the labor unions represented in the Utility.	
Ballpark cost estimate over 6-year period (2011-2016)	
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): DaVonna Johnson

Document date: 02/22/11

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): DaVonna Johnson

Document date: 02/22/11

Objective: Provide reliable, safe, cost-effective, electric service to our customers **Initiative #A1**

Initiative Title: Complete implementation of Work and Asset Management System (WAMS)

Who would "Own" this Initiative within SCL: Phil West/ Pam Johnson

Part A:

Brief description of proposed effort / sample tactics:

Asset Management for transmission, distribution and generation assets is underway and funded in the current 2011-2016 capital improvement plan.

This proposed initiative would expand implementation of the Work and Asset Management System (WAMS) to incorporate functionality for non-critical assets within the utility, and expand efficiency gains for functions currently implemented. This expanded functionality will provide efficiency in operations that will benefit our customers in terms of lower rates. The functionality added will include the following:

- Expand assets tracked within WAMS to include IT assets, mobile devices with maintenance activities; and Real Property (Land).
- Additional functionality with Compatible Units, Preventive Maintenance Module, Design Module, and Permit tracking.
- Conduct a Post-Implementation Review with Oracle to validate we have optimized our opportunities with the existing functionality of the system.
- Develop new WAMS interfaces with systems that were not identified as part of the original scope, including: Accounts Receivable Billing, Fixed Assets, General Ledger; and new software systems such as JRM (for Joint Use tracking with customers)

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

- Enhances Customer and Asset strengths by ensuring employees have tools to maintain high reliability distribution system, by increasing efficiency in design through compatible units.
- Addresses Asset Weakness by developing records of infrastructure that will ensure higher employee efficiency when responding to outages and developing capital improvement projects. Ensuring timely data integrity through integration to mobile workforce.

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

Why is additional investment proposed?

This initiative is not funded in the current six year baseline.

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

B. Correcting existing deficiency -- *Creates support for employees by providing tools needed to efficiently and safely plan and schedule corrective and planned work on non-critical assets. Enhance productivity for expanded functionality areas.*

Document author(s): Pamela Johnson

Document date: 3/17/11

Ballpark cost estimate over 6-year period (2011-2016)

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

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)

Objective: Provide reliable, safe, cost effective, electric service to our customers

Initiative #A2

Initiative Title: Implement Distribution Management System (DMS)

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

<p>Part A:</p> <p>Brief description of proposed effort / sample tactics:</p> <p>Comprehensive software application added to the Outage Management System (OMS) that enables the Power Dispatchers to improve their planning, coordination, and optimal operation of the distribution power system.</p> <p>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.</p> <p>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.</p>
<p>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.</p> <p>Weaknesses: Increasing costs to maintain existing reliability Lagging in automation and maintenance investment (Assets)</p> <p>Challenges: Changing customer expectations (Customers/Ratepayers)</p>
<p>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.</p> <p>This investment is proposed in order to optimize or existing infrastructure and improve our system reliability.</p>
<p>Category of proposed investment?ⁱ (Briefly identify basis for the categorization(s)—see endnote for definition)</p> <p>C. 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</p>

Document author(s): Sonny Person

Document date: 3/17/11

Ballpark cost estimate over 6-year period (2011-2016)

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

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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: 3/17/11

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

<p>Part A:</p> <p>Brief description of proposed effort / sample tactics:</p> <p>Develop more robust intrusion detection, system logging, and associated process improvements. See Attached list of activities that we are proposing to undertake to enhance information security to industry standards.</p>
<p>Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)</p> <p>Secure vital IT assets/resources/data, minimize risks of business disruption due to IT security incidents, and minimize risks of NERC / FERC fines.</p> <p>Need to identify the part(s) of the SWOC addressed by this Initiative – e.g. Aging/outdated Infrastructure - systems to not meet industry standards.</p>
<p>What, if anything, is underway in this area and funded within the 6 year baseline?</p> <ul style="list-style-type: none"> • Security – Upgrade SCL Firewalls, Power Production IT/access infrastructure, antivirus upgrades, physical access controls. <p>Why is additional investment proposed?</p> <p>The existing level of funding in the six-year baseline and CIP is insufficient to complete work that is necessary to maintain a secure IT infrastructure. Projects that the additional funding would cover include:</p> <ul style="list-style-type: none"> • Projects related to IT Security: Patching Routers, Switches, Operating Systems (OS), security information & event management (SIEM), Operating System Patching Procedures, replacing older switches, completing network drawings, Dynamic Host Configuration Protocol (DHCP) Server migration and Domain Name System (DNS) server migration, investigation other firewalls & provide staff training, update configuration management standards, improve internal vulnerability scanning, develop application database for vulnerability reporting.
<p>Category of proposed investment?¹ (Briefly identify basis for the categorization(s)—see endnote for definition)</p> <p>A. Efficiency</p> <p>B. Correcting existing deficiency, or</p> <p>Correct 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.</p>

Document author(s): Leigh Barreca

Document date: 3/17/2011

C. Service level enhancement:

Ballpark cost estimate over 6-year period (2011-2016)

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

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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

Document date: 3/17/2011

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

<p>Part A:</p> <p>Brief description of proposed effort / sample tactics:</p> <ul style="list-style-type: none"> ➤ 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: <ul style="list-style-type: none"> • 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.
<p>Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)</p> <ul style="list-style-type: none"> ➤ 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. ➤ Meets the requirement of effectively complying with new regulations affecting reliability. ➤ Reduces potential <i>weakness</i> due to lack of standards. ➤ Create <i>opportunity</i> (by implementing standardization) to reduce risk, increase efficiency, and lower cost.
<p>What, if anything, is underway in this area and funded within the 6 year baseline?</p> <p>Why is additional investment proposed?</p> <ul style="list-style-type: none"> ➤ 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.
<p>Category of proposed investment?¹ (Briefly identify basis for the categorization(s)—see endnote for definition)</p> <p>B. Correcting existing deficiency – Improve City Light operations to <i>good</i> 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.</p>

Ballpark cost estimate over 6-year period (2011-2016)

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

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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, cost effective, electric service to our customers

Initiative #A5

Initiative Title: First Hill Network Reliability Improvements

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

Part A:																		
<p>Brief description of proposed effort / sample tactics:</p> <p>Address existing network reliability issues (First Hill hospital load) -- The network serving the First Hill hospital load is not a traditional network in that it begins as an overhead distribution circuit before serving the underground network. Due to this overhead exposure, the service reliability in this area is not comparable with other network service areas.</p> <p>Addressing the expected load growth of the hospitals -- Additional investment is needed to reinforce the system to meet the build out of the medical facilities in this area.</p>																		
<p>Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)</p> <ul style="list-style-type: none"> ▪ Addresses Customer and Asset strengths by strengthening the reliability in the existing First Hill Network area. 																		
<p>What, if anything, is underway in this area and funded within the 6 year baseline?</p> <p>Why is additional investment proposed?</p> <ol style="list-style-type: none"> 1. Funded by reoccurring network customer connection projects (CIP # 8301, 8364) for increased load growth of hospitals, but is not funded for significant reconfiguration of the network source to enhance the reliability of the area. 																		
<p>Category of proposed investment?¹ (Briefly identify basis for the categorization(s)—see endnote for definition)</p> <p>A.</p> <p>B. Correcting existing deficiency -Reinforce existing network source to establish network infrastructure providing service level comparable to other network customers.</p> <p>C.</p>																		
<p>Ballpark cost estimate over 6-year period (2011-2016)</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 50%;">O&M (check one if applicable)</th> <th style="width: 50%;">Capital (check one if applicable)</th> </tr> </thead> <tbody> <tr> <td><input type="checkbox"/> <\$1 million</td> <td><input type="checkbox"/> <\$1 million</td> </tr> <tr> <td><input type="checkbox"/> \$1-5 million</td> <td><input type="checkbox"/> \$1-5 million</td> </tr> <tr> <td><input type="checkbox"/> \$6-10 million</td> <td><input checked="" type="checkbox"/> \$6-10 million</td> </tr> <tr> <td><input type="checkbox"/> \$11-25 million</td> <td><input type="checkbox"/> \$11-25 million</td> </tr> <tr> <td><input type="checkbox"/> \$26-50 million</td> <td><input type="checkbox"/> \$26-50 million</td> </tr> <tr> <td><input type="checkbox"/> \$51-100 million</td> <td><input type="checkbox"/> \$51-100 million</td> </tr> <tr> <td><input type="checkbox"/> \$101-200 million</td> <td><input type="checkbox"/> \$101-200 million</td> </tr> <tr> <td><input type="checkbox"/> >\$200 million</td> <td><input type="checkbox"/> >\$200 million</td> </tr> </tbody> </table>	O&M (check one if applicable)	Capital (check one if applicable)	<input type="checkbox"/> <\$1 million	<input type="checkbox"/> <\$1 million	<input type="checkbox"/> \$1-5 million	<input type="checkbox"/> \$1-5 million	<input type="checkbox"/> \$6-10 million	<input checked="" type="checkbox"/> \$6-10 million	<input type="checkbox"/> \$11-25 million	<input type="checkbox"/> \$11-25 million	<input type="checkbox"/> \$26-50 million	<input type="checkbox"/> \$26-50 million	<input type="checkbox"/> \$51-100 million	<input type="checkbox"/> \$51-100 million	<input type="checkbox"/> \$101-200 million	<input type="checkbox"/> \$101-200 million	<input type="checkbox"/> >\$200 million	<input type="checkbox"/> >\$200 million
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<input type="checkbox"/> \$11-25 million	<input type="checkbox"/> \$11-25 million																	
<input type="checkbox"/> \$26-50 million	<input type="checkbox"/> \$26-50 million																	
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<input type="checkbox"/> >\$200 million	<input type="checkbox"/> >\$200 million																	

Document author(s): Pamela Johnson

Document date: 3/17/11

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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: Provide reliable, safe, cost effective, electric service to our customers

Initiative #A6

Initiative Title: North Downtown System Improvements for Reliability and Load Growth

Who would "Own" this Initiative within SCL: Phil West/ Pamela Johnson/Tuan Tran

<p>Part A:</p> <p>Brief description of proposed effort / sample tactics:</p> <p>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.</p> <ol style="list-style-type: none"> 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 high reliability looped radial or spot network as required.
<p>Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)</p> <ul style="list-style-type: none"> • Address load growth and reliability issues in key areas of the system • Development of 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 building additional high reliability looped radial and /or spot network areas.
<p>What, if anything, is underway in this area and funded within the 6 year baseline? Why is additional investment proposed?</p> <p>Power Source – not in baseline, anticipate Budget Issue Paper (BIP) submittal in 2011. In 2011, baseline funding is provided to conduct analysis of alternatives, develop business case and BIP.</p> <p>Partially funded by reoccurring system network customer connection projects (8363,8404,8405) Not funded to create new NoDo spot network at sufficient levels for full build out</p>
<p>Category of proposed investment?¹ (Briefly identify basis for the categorization(s)—see endnote for definition)</p> <p>The work is primarily a Service level enhancement ----- <i>New and expanding customers in the redeveloping North Downtown Area desire highly reliable service. (primary for distribution system design). To a lesser extent, the work corrects an existing deficiency as increasingly dense load requires additional power source in the North Downtown area. (primary for substation)</i></p>

Document author(s): Pamela Johnson

Document date: 3/17/11

Ballpark cost estimate over 6-year period (2011-2016)			
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	X	>\$200 million

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): Pamela Johnson

Document date: 3/17/11

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/Pamela Johnson

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?)																													
<ul style="list-style-type: none"> • 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? Is funded at 5 M in baseline for 2011 and decreasing amounts in future years, anticipated Budget Issue Paper (BIP) in 2012 after the strategic analysis (outlined in tactic) is completed.																													
Category of proposed investment? ⁱ (Briefly identify basis for the categorization(s)—see endnote for definition)																													
<p>A.</p> <p>B. Correcting existing deficiency, or 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.</p> <p>C.</p>																													
Ballpark cost estimate over 6-year period (2011-2016)																													
<table border="1"> <thead> <tr> <th colspan="2">O&M (check one if applicable)</th> <th colspan="2">Capital (check one if applicable)</th> </tr> </thead> <tbody> <tr> <td>X</td> <td><\$1 million</td> <td></td> <td><\$1 million</td> </tr> <tr> <td></td> <td>\$1-5 million</td> <td></td> <td>\$1-5 million</td> </tr> <tr> <td></td> <td>\$6-10 million</td> <td></td> <td>\$6-10 million</td> </tr> <tr> <td></td> <td>\$11-25 million</td> <td>X</td> <td>\$11-25 million</td> </tr> <tr> <td></td> <td>\$26-50 million</td> <td></td> <td>\$26-50 million</td> </tr> <tr> <td></td> <td>\$51-100 million</td> <td></td> <td>\$51-100 million</td> </tr> </tbody> </table>		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
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Document author(s): Pamela Johnson

Document date: 3/17/11

	\$101-200 million		\$101-200 million
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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): Pamela Johnson

Document date: 3/17/11

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

<p>Part A:</p> <p>Brief description of proposed effort / sample tactics:</p> <p>Reconstruction of Seattle City Light’s aging streetlight system. Reconstruct existing underground streetlight infrastructure consisting 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.</p> <p>Construction of a safe, modern, reliable, efficient, durable streetlight system resulting 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.</p> <p>Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)</p> <p>Weaknesses: Increasing costs to maintain existing streetlight system infrastructure</p> <p>What, if anything, is underway in this area and funded within the 6 year baseline? Why is additional investment proposed?</p> <p>The current approved budget is \$1.2 million, 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 through out the system, one district failure precipitating another district failure.</p> <p>Category of proposed investment?¹ (Briefly identify basis for the categorization(s)—see endnote for definition)</p> <p>A. Efficiency</p> <p>B. Correcting existing deficiency</p> <p>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.</p> <p>C. Service level enhancement</p>

Document author(s): Tuan Tran

Document date: 3/17/11

Ballpark cost estimate over 6-year period (2011-2016)			
O&M (check one if applicable)		Capital (check one if applicable)	
<input type="checkbox"/>	<\$1 million	<input type="checkbox"/>	<\$1 million
<input type="checkbox"/>	\$1-5 million	<input type="checkbox"/>	\$1-5 million
<input type="checkbox"/>	\$6-10 million	<input type="checkbox"/>	\$6-10 million
<input type="checkbox"/>	\$11-25 million	<input type="checkbox"/>	\$11-25 million
<input type="checkbox"/>	\$26-50 million	<input type="checkbox"/>	\$26-50 million
<input type="checkbox"/>	\$51-100 million	<input type="checkbox"/>	\$51-100 million
<input type="checkbox"/>	\$101-200 million	<input checked="" type="checkbox"/>	\$101-200 million
<input type="checkbox"/>	>\$200 million	<input type="checkbox"/>	>\$200 million

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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)

	\$26-50 million		\$26-50 million
	\$51-100 million		\$51-100 million
	\$101-200 million		\$101-200 million
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Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Pamela Johnson

Document date: 3/17/11

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:	
<ul style="list-style-type: none"> - 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?)	
<ul style="list-style-type: none"> - 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, increasing our wholesale revenues. 	
What, if anything, is underway in this area and funded within the 6 year baseline?	
Why is additional investment proposed?	
<ul style="list-style-type: none"> - Work Management is currently funded but will require additional investment to continue implementation. 	
Category of proposed investment?¹ (Briefly identify basis for the categorization(s))	
<p>A. Efficiency: It 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.</p>	
Ballpark cost estimate over 6-year period (2011-2016)	
O&M (check one if applicable)	Capital (check one if applicable)
<input type="checkbox"/> <\$1 million	<input type="checkbox"/> <\$1 million
<input checked="" type="checkbox"/> \$1-5 million	<input checked="" type="checkbox"/> \$1-5 million
<input type="checkbox"/> \$6-10 million	<input type="checkbox"/> \$6-10 million
<input type="checkbox"/> \$11-25 million	<input type="checkbox"/> \$11-25 million
<input type="checkbox"/> \$26-50 million	<input type="checkbox"/> \$26-50 million
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<input type="checkbox"/> \$101-200 million	<input type="checkbox"/> \$101-200 million
<input type="checkbox"/> >\$200 million	<input type="checkbox"/> >\$200 million

Document author(s): Steve Kern and Mike Haynes

Document date:

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)

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

<p>Part A:</p> <p>Brief description of proposed effort / sample tactics:</p> <ul style="list-style-type: none"> - Devote more executive attention and staff time to leadership and direction on various regional power supply and transmission matters. <ul style="list-style-type: none"> o 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. o Increase focus on power supply and transmission operating issues that involve Northwest 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.
<p>Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)</p> <ul style="list-style-type: none"> - 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.
<p>What, if anything, is underway in this area and funded within the 6 year baseline? Why is additional investment proposed?</p> <p>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).</p> <p>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.</p>
<p>Category of proposed investment?¹ (Briefly identify basis for the categorization(s)—see endnote for definition)</p> <p>This work primarily addresses a :</p> <p>A. 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.</p>

Document author(s): _____

Document date:

Ballpark cost estimate over 6-year period (2011-2016)			
O&M (check one if applicable)		Capital (check one if applicable)	
<input checked="" type="checkbox"/>	<\$1 million	<input type="checkbox"/>	<\$1 million
<input type="checkbox"/>	\$1-5 million	<input type="checkbox"/>	\$1-5 million
<input type="checkbox"/>	\$6-10 million	<input type="checkbox"/>	\$6-10 million
<input type="checkbox"/>	\$11-25 million	<input type="checkbox"/>	\$11-25 million
<input type="checkbox"/>	\$26-50 million	<input type="checkbox"/>	\$26-50 million
<input type="checkbox"/>	\$51-100 million	<input type="checkbox"/>	\$51-100 million
<input type="checkbox"/>	\$101-200 million	<input type="checkbox"/>	\$101-200 million
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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): _____

Document date:

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 & 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 documenting improvements 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.

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?¹ (Briefly identify basis for the categorization(s)—see endnote for

Document author(s): _____ Carol Butler _____

Document date: 4/8/11

definition)

- 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 (2011-2016)

The cost for benchmarking \$1.25M.

O&M (check one if applicable)		Capital (check one if applicable)	
<input type="checkbox"/>	<\$1 million	<input type="checkbox"/>	<\$1 million
<input checked="" type="checkbox"/>	\$1-5 million	<input type="checkbox"/>	\$1-5 million
<input type="checkbox"/>	\$6-10 million	<input type="checkbox"/>	\$6-10 million
<input type="checkbox"/>	\$11-25 million	<input type="checkbox"/>	\$11-25 million
<input type="checkbox"/>	\$26-50 million	<input type="checkbox"/>	\$26-50 million
<input type="checkbox"/>	\$51-100 million	<input type="checkbox"/>	\$51-100 million
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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

Part A:

Brief description of proposed effort / sample tactics:

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
- integrated emerging smart grid technologies with IT systems to support real-time decision-making; and
- implement a comprehensive approach to IT (cyber) security to adequately protect City Light's assets, intellectual property, and customer privacy.

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 2011-16 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?)

The five 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 through-out City Light
- Smart Grid Integration: Quicker diagnosis and response to service disruptions
- Secure: Avoid business and operational disruption due to IT (cyber) security incidents

will address the following concerns noted in the Utilitywide 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 years. Obsolete/unsupported systems will need to be upgraded to ensure maintainability.
- People/Workforce: Challenge. Workforce can be resistant to change/ impedes efforts to

Document author(s): Marlene Flynn

Document date: 3/17/11

- 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 #6	9.7	Efficiency
2.	Work and Asset Management System	Implement Oracle WAMS and associated business process improvements	Supports Strategic Initiative #26	37	Efficiency
3.	Substation Automation - IT Components	Implement IT supported systems that result from implementing substation automation (IT components will be \$1-5M, TBD)	Supports Strategic Initiative #39	\$16	Efficiency
4.	Mobile Workforce Implementation	Implement Oracle Mobile Workforce (MWF) Module and associated business process improvements	Supports Strategic Initiative #12	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	Supports Strategic Initiative #43	20.8	Correct Existing Deficiency
6.	Customer Information System	Implement CCSS replacement and associated business process improvements; Retire legacy CCSS	Supports Strategic Initiatives #3, 31 & 37	14.2	Service Level Enhancement

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(M3)

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 #2, 6 & 11	2.1	Efficiency
8.	Integrated Budget System	Replace obsolete systems with new integrated system	Supports Strategic Initiative #13/14	1.6	Correct Existing Deficiency
9.			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 #24	< \$1	Correct Existing Deficiency
2.	Business Intelligence	Extend Cognos Business Intelligence utility-wide	Supports Strategic Initiative #13/14	\$ 5 - 10	Efficiency
3.	Enterprise Compliance Tracking System	Automate compliance document management, tracking, mitigation and status reporting	Supports Strategic Initiatives #24 & 29	< \$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 #1 & 31	\$ 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 #2 WAMS dependency	< \$1	Efficiency
6.	Distribution Management System	Implement DMS to build foundation for automation of the distribution system	Supports Strategic Initiative #6 OMS dependency	\$ 5 - 10	Correct Existing Deficiency
7.	Meter Data Management	Implement Meter Data Management System	Supports Strategic Initiatives #5 & 37 (Funding is included in those initiatives)	\$ 1 - 5	Correct Existing Deficiency
			Total	\$23 midpoint (Range \$13.5-33)	

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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	Supports Strategic Initiative #22 WAMS dependency	\$ 1 - 5	Correct Existing Deficiency
9.	Replace/Upgrade PeopleSoft Financial System	Implement or upgrade Citywide financial system, new interfaces; retire legacy systems	Supports Strategic Initiative #23 Requires City-wide coordination Summit dependency	\$ 1 - 5	Correct Existing Deficiency
10.	Enterprise Human Capital Management System	Implement enterprise Human Capital Management System	Supports Strategic Initiatives #34, 35 & 36 Requires City-wide coordination	\$7.5 - 9	Efficiency
			Total	\$16 midpoint (Range \$13-18.5)	

Category of proposed investment?¹ (Briefly identify basis for the categorization(s))

These IT Projects can be categorized in all of the following of the categories. See specific coding above.

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

Ballpark cost estimate over 6-year period (2011-2016)

The IT Roadmap represents a combination of:

- 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 Strategic Initiatives:

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

Document author(s): Marlene Flynn

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(M3)

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

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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)

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

<p>Part A: (due 2/2)</p> <p>Brief description of proposed effort / sample tactics: Performance based reporting on a programmatic basis is a goal of the Superintendent. 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.</p> <p>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.</p> <p>Tactics:</p> <ol style="list-style-type: none"> 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
<p>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.</p>
<p>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 2012. 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.</p> <p>Why is additional investment proposed? City Light has many legacy systems that contain data that can not 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.</p>
<p>Category of proposed investment?¹ (Briefly identify basis for the categorization(s)—see endnote for definition) O&M for ongoing maintenance and capital funding for future development, training, and design.</p>

Document author(s): Carol Butler

Document date: 4/08/11

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.

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: 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

<p>Part A:</p> <p>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.</p> <p>Tactics:</p> <ul style="list-style-type: none"> • Develop an annual audit plan that identifies highest value <ol style="list-style-type: none"> 1. opportunities to collect revenues 2. lost opportunities to achieve cost savings 3. eliminate fraud and abuse • Measure value achieved in dollars and/or productivity improvements
<p>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:</p> <ol style="list-style-type: none"> 1. Lack of a mature performance driven culture 2. Outdated poorly defined business practices in all divisions <p>Review Panel Recommendations supported:</p> <ol style="list-style-type: none"> 1. Address need for greater efficiency through a productivity initiative 2. Dedicate sufficient resources to oversight needs <p>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.</p>
<p>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.</p> <p>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</p>

Document author(s): Carol Butler

Document date: 3/17/11

to help reduce costs that would otherwise be charged to ratepayers.

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

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.

B.

C.

Ballpark cost estimate over 6-year period (2011-2016)

O&M (check one if applicable)		Capital (check one if applicable)	
<input type="checkbox"/>	<\$1 million	<input type="checkbox"/>	<\$1 million
<input checked="" type="checkbox"/>	\$1-5 million	<input type="checkbox"/>	\$1-5 million
<input type="checkbox"/>	\$6-10 million	<input type="checkbox"/>	\$6-10 million
<input type="checkbox"/>	\$11-25 million	<input type="checkbox"/>	\$11-25 million
<input type="checkbox"/>	\$26-50 million	<input type="checkbox"/>	\$26-50 million
<input type="checkbox"/>	\$51-100 million	<input type="checkbox"/>	\$51-100 million
<input type="checkbox"/>	\$101-200 million	<input type="checkbox"/>	\$101-200 million
<input type="checkbox"/>	>\$200 million	<input type="checkbox"/>	>\$200 million

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)

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: FSBU

Part A:

Brief description of proposed effort / sample tactics:

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.

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.

Document author(s): Risk Director

Document date: Apr 11, 2011

- 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?¹ (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 (2011-2016)

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

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): Risk Director

Document date: Apr 11, 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

<p>Part A:</p> <p>1. 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.</p> <p>Tactics:</p> <ol style="list-style-type: none"> 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
<p>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</p> <p>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.</p>
<p>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 as in the 6 year baseline.</p>
<p>Category of proposed investment?ⁱ (Briefly identify basis for the categorization(s)—see endnote for definition)</p> <p>This initiative is categorized as <u>correcting existing deficiencies</u> as it seeks competitive pricing and improved performance from City departments</p>

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 _____

Document date: 4/8/11

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.

<p>Part A:</p> <p>Brief description of proposed effort / sample tactics: Streamline the City Light procurement process while maintaining any necessary financial controls to prevent fraud and abuse.</p> <p>Tactics:</p> <ol style="list-style-type: none"> 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 & 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.
<p>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.</p> <p>Addresses:</p> <ol style="list-style-type: none"> 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
<p>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.</p> <p>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.</p>
<p>Category of proposed investment?ⁱ (Briefly identify basis for the categorization(s)—see endnote for</p>

Document author(s): Phil Leiber

Document date: 3/16/2011

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 (2011-2016)

O&M (check one if applicable)		Capital (check one if applicable)	
<input type="checkbox"/>	<\$1 million	<input type="checkbox"/>	<\$1 million
<input checked="" type="checkbox"/>	\$1-5 million	<input type="checkbox"/>	\$1-5 million
<input type="checkbox"/>	\$6-10 million	<input type="checkbox"/>	\$6-10 million
<input type="checkbox"/>	\$11-25 million	<input type="checkbox"/>	\$11-25 million
<input type="checkbox"/>	\$26-50 million	<input type="checkbox"/>	\$26-50 million
<input type="checkbox"/>	\$51-100 million	<input type="checkbox"/>	\$51-100 million
<input type="checkbox"/>	\$101-200 million	<input type="checkbox"/>	\$101-200 million
<input type="checkbox"/>	>\$200 million	<input type="checkbox"/>	>\$200 million

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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): Phil Leiber

Document date: 3/16/2011

Objective: Ensure fiscal strength

Initiative #M9 ^{M10}

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 continuing on into 2012, provide sufficient information to the City Council to make decisions on financial policies relating to (1) debt service; (2) CIP funding; and (3) the Rate Stabilization Account (RSA). Periodically review these policies and their effect on rates with the Review Panel, the Mayor and the Council.	
<u>Tactics:</u> 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 higher debt service coverage (DSC); c) CIP funding: Rate implications of funding a percentage of CIP with bonds vs cash from operations; d) Surety Bond Replacement: Whether to set funds aside (e.g., \$5-10 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.	
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. Addresses SWOC weakness: Lack of long term strategic rate and investment policy.	
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? No additional investment is proposed.	
Category of proposed investment?ⁱ (Briefly identify basis for the categorization(s)—see endnote for 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.	
Ballpark cost estimate over 6-year period (2011-2016)	
O&M (check one if applicable)	Capital (check one if applicable)
<input type="checkbox"/> <\$1 million	<input type="checkbox"/> <\$1 million
<input type="checkbox"/> \$1-5 million	<input type="checkbox"/> \$1-5 million

Document author(s): Paula Laschober

Document date: 3/17/2011

	\$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

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

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

Document author(s): Paula Laschober

Document date: 3/17/2011