

## SEATTLE CITY LIGHT ADVISORY COMMITTEE

William R. Alves, Carol S. Arnold, Robin Calhoun, Ron Ernst, Tim Hogan, Donald M. Wise

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October 16, 2008

Jorge Carrasco, Superintendent  
Seattle City Light  
PO Box 34023  
Seattle, WA 98124-4023

Dear ~~Superintendent~~ *Jorge* Carrasco:

Thank you for the time you and your staff have taken to familiarize our Committee with City Light's draft Strategic Plan and planning process. We are impressed with your progress thus far. Given the challenges facing the Utility over the next decade or more, a robust Strategic Plan that is understood and supported by ratepayers, City Light employees, and City elected officials alike will be crucial to charting a successful course for City Light. Our suggestions on the Plan are attached.

We look forward to working with you as the Plan evolves further. We would appreciate being informed as revised drafts become available.

Respectfully,



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City Light Advisory Committee

William Alves, Chair

Carol Arnold

Robin Calhoun

Ron Ernst

Tim Hogan

Donald Wise

cc: Councilmember Bruce Harrell, Chair, Council Energy & Technology Committee  
Mayor Greg Nickels

**CITY LIGHT ADVISORY COMMITTEE REVIEW OF SCL DRAFT STRATEGIC PLAN  
October 16, 2008**

First, compliments to SCL on producing a very workable document representing a considerable amount of thoughtful effort. We were particularly pleased with the willingness of your office and your various staff members to help us understand the plan and the process of its creation. Having gone through similar adventures in other organizations we understand the challenge in sorting out the critical while retaining the necessary. This major work is an excellent start in developing a clear focus for the strategic direction of the enterprise.

The document does a very thorough job of laying out the major challenges facing the utility in the next 5-10 year period. Although different members of the committee might place more emphasis on some items, in total the issues are well explained.

Our concern is a larger one of actually being able to successfully meet these challenges. To do this, financial and human resources must be up to the challenge. To achieve these vital resources, there must also be support from your stakeholders and the political leaders of the City of Seattle

**AN ADDITIONAL STRATEGIC ELEMENT**

Our major suggestion is the addition of RATEPAYERS/STAKEHOLDERS to be added as a fourth element of the strategic landscape on page 8. Stakeholders would include customers, employees and various special interest groups. We believe the utility must understand the needs and challenges facing its customers and stakeholders and how their challenges will affect their current and future relationships with SCL, the nature of the product and services they will require, and the investment they will be asked to bring to this mix of energy and services. The necessary associated priorities can then be driven by this analysis. Effectively building support for the activities and objectives of SCL requires both listening and education.

Inclusion of this strategic element might lead to a sixth PRIORITY to be added to the existing five. A title might be STAKEHOLDERS COMMUNICATION.

We believe the matrix on page 54 could then be modified to include a rearrangement of the objectives and initiatives. It seems to us that some very important activities are buried in the initiatives. For example the JD Powers Customer Survey is only a minor bullet within the Initiative Business Process Improvement. This measurement of progress in customer perception might even be considered a named initiative in its own right.

Given the attention the recent employee survey was given, an initiative to continue this project might be appropriate. Many of the current efforts to reach out to employees could be documented in this new priority section.

## **OFFENSE OR DEFENSE?**

This comment relates to the overall tone of the document. In reading the details and list of challenges a reader can be overwhelmed by the tsunami of issues without seeing the opportunities for successful outcomes. We sense a feeling of playing defense rather than offense on issues. This is a strategic decision and the defense tone may be appropriate. When listening to the presentations on sections of the plans, we did see more evidence of proactive programs. Again this is subtle and might need testing on other audiences.

## **INTEGRATION OF TECHNOLOGIES**

Looking at the Strategic Plan, we see that many of the Initiatives relate to building or rebuilding tools, and implementing many new or at least up-to-date technologies. We share your frustration in not knowing exactly what these tools will look like or their cost, thus the inability to be specific. However the result seems less than satisfying on the potential benefits. Our suggestion is that these technology initiatives be held on a tight leash with frequent reporting to senior management and to your “constituencies.”

## **THE ECONOMIC FORMULA**

From economics, we know that the two basics of enterprise are labor (now human resources) and capital. In our modern world, human resources include both the management creativity and the “hands on” labor to achieve desired results. The SCL Strategic Plan lays out the challenges in attracting, training, and retaining needed talent as well as identifying substantial improvements in the electrical distribution system and supporting systems that have suffered from inadequate maintenance. The Plan spells out the key initiatives to address these challenges but these activities will be dependent on significantly increasing the level of financial support.

The Strategic Plan correctly lays out the need for achieving financial “resilience,” but is vague on how the capital will be raised to achieve these results. The Advisory Committee understands the political sensitivity of rate discussions, and we know that large ticket items are still in negotiation. However, a Plan based on wishful projections of rainfall will not be robust. In the current world of financial turmoil we believe SCL will need more than “resilience” to thrive; it needs a forward thinking financial plan that anticipates the near-term market challenges and long-term investment needs. A future with vital initiatives starved of resources is unacceptable.

Some of us, but not all, have mentioned that we are concerned that the “speed bump” rate increase shown in the current Strategic Plan is not realistic. Perhaps a series of small programmatic adjustments would keep the financial targets in sight and provide the needed capital and O&M for desired initiatives.

### **Some specific observations:**

- 1) Conservation is a resource; it should be consistently referred to as such.
- 2) The word “customers” and or “ratepayers” should be used much more often even to the point of identifying industrial, commercial and residential users.
- 3) Within the initiative BUSINESS PROCESS IMPROVEMENT & REDESIGN there may be specific items worthy of being initiatives in their own right.
- 4) Is there a need for a City task force dedicated to discovering and fixing barriers to conservation such as conflicting codes and standards?
- 5) A clear definition of “infrastructure” might be helpful. A more common usage is roads and bridges. A series of pictures might be helpful. “Wires and poles.”
- 6) A short glossary of key words and abbreviations might be helpful to an outside reader. For example BPA, infrastructure, IT, RTO, etc. Our goal is clarity for all readers.
- 7) Consider number designations to the Initiatives for easier reference.
- 8) Consider a more appealing visual formatting of the plan to allow easier reading, but do not reduce the technical detail. Enlarge diagrams.
- 9) Where is Safety in the initiatives? It appears as an Objective but no specific initiatives are spelled out.
- 10) We strongly support discussing the draft Plan with very specific groups of customers and interest groups and being open to their observations and suggestions.

### **IN RECAP**

Thank you the opportunity to review this important work and for all the staff time that has been devoted to helping us understand.

During the briefings by your directors and managers we have gained much detailed information and discussed some of the ideas presented above.

The Advisory committee would welcome further discussion on its comments and be happy to answer further questions.