

Message from the Superintendent



Jorge Carrasco

Jorge Carrasco
 Seattle City Light
Superintendent

An introduction is in order.

I am Jorge Carrasco, Seattle City Light's new superintendent. Mayor Greg Nickels nominated me for that position in December 2003, and the Seattle City Council confirmed me early in 2004. This is my first superintendent's message for a City Light annual report.

2003 will prove to be an historic year for City Light. For the first time since the utility was created a century ago, its governance framework has been altered. More importantly, this change was part of an extraordinary alignment among the utility's overseers and stakeholders.

City Light emerged from the West Coast energy crisis with a strong consensus for change. Mayor Nickels appointed a blue-ribbon panel, which took a close look at the utility and recommended the creation of an independent board to act in an advisory capacity and focus exclusively on City Light policy issues.

The mayor adopted this recommendation, and the City Council concurred. The mayor and council then each appointed three board members. The Seattle City Light Advisory Board began meeting in June 2003, receiving presentations from every branch of the utility throughout the summer. Its first report and recommendations were published early in 2004.

I joined City Light on this wave of constructive change. Since then, we have made steady progress toward agreement about how the utility should move forward. I have been working with my executive team, the mayor, the City Council and the Advisory Board to establish clear goals and priorities for the utility. Beyond 2003, City Light will:

- Be a customer and community focused organization.
- Create an empowered, respectful, high-performance workplace that recognizes employees for their contributions to the Seattle City Light mission.
- Provide stable, competitively priced and environmentally sound electricity to customers.
- Create financial stability and flexibility to address industry challenges.

I look forward to reporting our progress on these goals in City Light's next annual report.



Transitions Introduction

Transition, change and steady progress toward financial goals were the hallmarks of 2003 for Seattle City Light.

Gary Zarker, who led City Light for nine years, announced his retirement in February after the Seattle City Council indicated it would not reconfirm him as superintendent. Zarker remained on the job until May, when Jim Ritch, deputy superintendent for Finance and Administration, became acting superintendent.

Ritch kept City Light's financial team intact — including Finance Director Carol Everson and Financial Planning Manager Joe McGovern — and the utility continued to improve its financial position. In March, City Light redeemed \$182.2 million in revenue anticipation notes (RANs) issued in March 2001. In November, it repaid another \$125 million of RANs, borrowed in November 2002. At year end Seattle City Light had paid off all external debt remaining from the 2000-2001 energy crisis and owed \$70 million to the City of Seattle cash pool. Net loss for the year was \$8.1 million after recognizing \$100 million of deferred 2001 power costs.

In August, City Light issued \$251.85 million in long-term debt, with a true interest cost of 4.44 percent. Of the total, \$136.17 million of the issue will finance capital improvement and conservation programs. The remaining \$115.68 million was used to refinance 1993 bonds, achieving a \$6.6 million net present value savings for customers. Moody's (Aa3) and Standard & Poor's investor services (A) maintained their credit ratings for City Light.

The year also introduced one of the most significant changes in City Light governance in its 100-year history. Selected by both the mayor and City Council, the six-member City Light Advisory Board began meeting in the summer. The Advisory Board was charged with providing financial advice and utility expertise to the superintendent, mayor and council.

One water year — which runs from Oct. 1 through Sept. 30 — ended well, and the next one started well during 2003. It took a very wet spring in 2003 to turn a bad water year into a mediocre one, bringing precipitation in City Light's watersheds up to 82 percent of normal. The 2003-2004 water year began with a bang. October rains brought floods to the Skagit, damaging property and devastating a record run of pink salmon. In spite of below-normal runoff in the spring and summer of 2003, City Light ended the year with net surplus wholesale power sales of \$113.4 million.

In December, Seattle Mayor Greg Nickels announced his candidate for City Light superintendent. It was Jorge Carrasco, a man with 25 years of experience as a city manager, the head of a public water and wastewater utility and an executive for a private water-services company.

The year ended with anticipation of two important actions, expected in early 2004 — the confirmation of Carrasco as superintendent by the City Council and the initial report and recommendations of the City Light Advisory Board. Both are bound to have a significant impact on the future of Seattle City Light. The utility emerged from 2003 with its financial plan on track, poised to meet the goals it had set for itself during the energy crisis just two years earlier.

Short-Term Debt

2003

Perhaps nothing is more symbolic of City Light's recovery from the energy crisis than the repayment of revenue anticipation notes during 2003.

The combination of drought and high market prices meant that City Light had to borrow substantial sums to purchase power in 2001. To meet customer demand, the utility spent in excess of \$500 million on power from the wholesale market in 2000-2001. The rates in place before the crisis assumed \$20 million in net power market purchases. In response to this unexpected increase, the City Council raised retail rates four times in 2001 by a total of 58 percent. But even increases of this magnitude were insufficient to deal with the problem. In order to meet its cash requirements in 2001, City Light incurred short-term debt in the amount of \$282.2 million by issuing two-year revenue anticipation notes (\$182.2 million) and borrowing funds from the City of Seattle consolidated cash pool (\$100 million). The utility replaced its existing debt to the cash pool in November 2002 by issuing a second one-year series of revenue anticipation notes (\$125 million). The notes were issued at a true interest rate of 1.56 percent, far less than the projected rates of 3.5 to 4 percent that the utility would have had to pay on its loan from the city cash pool.

In March 2003, City Light redeemed the \$182.2 million in RANs that it had issued in March 2001. In November, it redeemed the other \$125 million in RANs, issued a year earlier. At that point, Seattle City Light had paid off all external debt remaining from the 2000-01 energy crisis.

At the end of 2003, City Light owed \$70 million to the consolidated cash pool, which it continued to use for cash flow management. The utility attained a positive cash balance in the second quarter of 2004 and established a \$30 million operating cash balance in the third quarter. By City Council resolution, passed in December 2001, the short-term debt payoff and \$30 million positive balance will trigger a rate review process. The City will set new rates using new council-mandated financial policies that will explicitly address the higher level of risk City Light faces in the current electrical utility environment.



Resources

City Light's resource portfolio was robust and capable of providing sufficient power to its customers even under the worst water conditions. The blended, weighted average cost of power from its portfolio was \$21.92 per megawatt-hour in 2003.

In 2003 City Light's resource mix included natural-gas combustion energy from the Klamath Falls cogeneration plant in southern Oregon and wind power from the Stalene Project in southeastern Washington. At 100 average megawatts, the Klamath plant provided about 5 percent of City Light's total supply. City Light increased its share of wind capacity from Stalene, beginning August 2002, from 50 to 100 megawatts. Those resources supplemented City Light's hydroelectric power, generated by the utility's own dams and federal power marketed by the Bonneville Power Administration (BPA). City Light conservation programs achieved more than 8 average megawatts of energy savings in 2003.

City Light's dams on the Skagit and Pend Oreille rivers produce, on average, almost half of the utility's total power supply. In normal weather conditions, these projects and City Light's long-term contracts produce significant surplus power for the wholesale market. Revenue from surplus sales helps hold down rates for City Light retail customers and has been one of the major factors in helping the utility recover from the energy crisis. The Power Management branch sold a large amount of energy in 2003. The Power Marketing division racked up gross surplus sales of \$137.7 million which, along with purchases totaling \$24.2 million, produced net surplus sales of \$113.4 million.

In addition to record surplus sales, Power Management created new revenue for the utility by selling operating reserve services to several other utilities around the region. BPA requires every customer of its transmission business to maintain operating reserves to provide greater assurance of a reliable electric power grid. Utilities can provide these reserves themselves or buy them from BPA or a third party. Power Marketing staff negotiated new



third-party operating reserve service agreements with several utilities, under which City Light would provide operating reserves to BPA on behalf of those utilities. The service began Oct. 1, and fourth-quarter revenue from these contracts totaled more than \$1.4 million.

In 2003 City Light received 538 average annual megawatts of firm power from the federal system under a 2001 contract with BPA, as amended. About one-quarter of that power came in the form of a traditional block shaped to the difference between City Light's loads and owned resources. The rest of the BPA allotment comes to City Light as a fixed share of the federal system, for which City Light pays the same share of costs. City Light shares the risks with Bonneville when water is low but gains the benefits when water conditions improve. BPA audits the cost of this "slice" of the system each fiscal year. The 2003 fiscal year slice true-up audit resulted in a credit for City Light of \$6,264,187, plus interest in the amount of \$84,438, which will offset payments to BPA in 2004.

Governance

Seattle City Light has always been accountable directly to City government — the mayor and the City Council. The mayor appoints the superintendent and proposes rates and policies to the City Council, which oversees the utility in much the same way that it does all other city departments.

In the aftermath of the West Coast energy crisis, newly elected Mayor Greg Nickels appointed a blue-ribbon panel to look at City Light governance issues. The panel's recommendations included formation of a City Light Advisory Board that would provide the mayor, council and superintendent with independent expertise in the areas of risk management, finance and power markets, issue analysis, policy development, long-range planning and other areas particular to the electric utility industry.

The mayor and council accepted that recommendation. Established under the terms of City Ordinance 121059, the six-member Seattle City Light Advisory Board began meeting in June 2003. The board had a unique and imposing membership. Randy Hardy was a former administrator of the Bonneville Power Administration and superintendent of City Light. Jay Lapin was a former president of General Electric Japan. Carol Arnold was a utility attorney at Seattle's Preston, Gates and Ellis law firm. Sara Patton is executive director of the Northwest Energy Coalition. Don Wise is currently managing director of asset services at Metzler Realty Advisors, a German commercial real estate firm. Entrepreneur Maura O'Neill brought her experience with regional issues to the table.

The Advisory Board met throughout the summer, receiving presentations from every branch of the utility. Subjects covered in just the first three months of the board's existence included industry restructuring, environmental issues, conservation, finances, customer service, power resource strategy, distribution, power management, risk management and organization and staffing. The board's initial report and recommendations — setting both a short- and long-term direction for City Light — was published early in 2004.

Long-Term Borrowing

City Light issued new long-term debt in 2003 and also refinanced some outstanding debt to reduce long-term debt cost.

In August, City Light sold \$251.85 million of long-term debt with a true interest cost of 4.44 percent. The utility will use \$136.17 million of the issue to finance capital projects and conservation programs. The remaining \$115.68 million was used to refinance outstanding debt, achieving a \$6.6 million net present value savings for rate payers.

Both Moody's Investor Services and Standard & Poor's reaffirmed their strong ratings for City Light.

In maintaining its Aa3 credit rating for existing and new debt, Moody's cited City Light's "steady progress" in its recovery from

the energy crisis. The agency also noted the utility's continued access to the City of Seattle's cash pool, the financial plan's conservative forecasts for water and energy prices, greatly reduced exposure to the wholesale power market, and "the fundamental longer-term strength" of the utility's low-cost, owned generation.

Standard & Poor's assigned an A rating to City Light's new revenue bonds and reaffirmed that rating on outstanding bonds. The rating reflected City Light's "fundamental credit strengths and progress toward full recovery by 2004."

Both agencies maintained a negative credit outlook for City Light, reflecting continued financial pressure during City Light's period of recovery from the 2000-2001 energy crisis and general uncertainty regarding electricity industry markets.



Nuts and Bolts



It was a busy year for Distribution, the City Light branch responsible for, among other things, the system's 14 major substations, 2,000 feeder lines, 3,100 miles of distribution circuit and 381,000 customer meters.

The branch completed phase one of its capacity plan, which includes a range of strategies and identifies the costs required to keep the distribution system ahead of future demand. Hot spots of development, including Interbay, South Downtown (SODO) and South Lake Union, are driving the plan. Amgen, a major biotechnology facility, came on line in Interbay in 2003, and Distribution is preparing to build a new Interbay substation by 2006, freeing up capacity at the existing Broad Street substation. That substation will serve South Lake Union as it grows as a biotech hub. South Lake Union eventually may need a new substation, and City Light began the property acquisition process in 2003.

Distribution continued planning in 2003 for major Seattle transportation projects, including Sound Transit's LINK light-rail project and the Seattle monorail. City Light completed engineering work on utility relocation along the light-rail alignment in South Seattle and on Pine Street in downtown Seattle. Preliminary engineering work was under way for the monorail's north corridor along 15th Avenue West.

In October, Jesse Krail left his post as deputy superintendent for Distribution to become deputy director of the Seattle Department of Transportation. Betty Tobin, a 24-year City Light employee, became acting deputy superintendent. One of her first challenges arose in December, when the most severe winter storm in several years lashed the area and cut power to more than 45,000 customers. City Light crews worked around the clock in freezing rain to restore power.

City Light's Generation branch completed work on generator unit 51 at the Boundary Dam powerhouse in 2003, part of an ongoing generator rehabilitation program at the facility. For the year, Generation achieved an 87.1 percent generator availability average, which surpassed the branch's goal for the year.

The Skagit Project welcomed Dave Bowers as its new manager in October, just in time for record flooding. Generation and Power Management held back in Ross Lake a part of a huge runoff to mitigate downstream flooding. The U.S. Army Corps of Engineers recognized City Light for its "major contribution ... to flood damage reduction in the Skagit River."

The heavy rains also triggered a massive rockslide in November on Highway 20 — the east-west highway just south of the Canadian border — that cut off road access between City Light's company towns of Newhalem and Diablo. Diablo was cut off from the outside world. Supplies and personnel could be taken in and out only by helicopter. The town remained isolated through the holidays and into the new year as the Washington State Department of Transportation worked to stabilize the slope and repair the roadway for its normal opening in April of 2004.

South Lake Union

The City of Seattle's vision of developing a biotechnology hub in the South Lake Union area means that City Light faces some key decisions about infrastructure investment. Almost all branches of the utility — along with many other city departments — were involved in the South Lake Union planning effort in 2003.

The planning challenge for City Light is to assure that there is enough capacity — not too much, not too little — to meet growth as it happens. Too much capacity means stranded costs for the utility and its ratepayers. Too little means low reliability and attendant economic impacts for customers. City Light's Distribution branch is taking a flexible approach for South Lake Union by looking at the system in its entirety. Creating more systemwide capacity will give City Light the flexibility to shift customer load among different substations.

The substation providing primary service to South Lake Union is now at capacity. A new substation in the Interbay neighborhood is in the planning stage. Reallocation of loads to this new substation will allow load increases in South Lake Union in the short term. In the long term, as the City's vision unfolds, City Light will probably need to build a new substation in the South Lake Union area.

As the Distribution branch worked on capacity issues, the Real Estate Services Division in the Finance and Administration branch began the process of acquiring a site for a South Lake Union substation. Meanwhile, the Distribution, Generation and Customer Services branches worked together to study the feasibility of an energy district for South Lake Union. In an energy district, a group of customers would develop a shared heating and cooling plant in the neighborhood, from which participating buildings would draw energy. The buildings would not need individual coolers and boilers, releasing more useable interior space. Phase one of the study was completed in 2003.

In concert with other City of Seattle efforts to make South Lake Union a sustainably developed area, City Light's Energy Management Services staff is working closely with developers and building owners to provide technical assistance and incentives toward "green" sustainable buildings.

City Light is prepared today to provide electrical service for much of the near-term growth that may occur at South Lake Union. It also stands ready to make the necessary investments to serve load as it occurs in five, ten or twenty years.



Regulation and Litigation

City Light continued to keep a wary eye on evolving national energy legislation in 2003. The previous year, City Light Director of External Affairs Jim Harding was instrumental in forming a coalition of consumer and utility interests primarily from the Northwest and Southeast. The effort helped kill a federal energy bill that would have imposed uniform rules on widely differing regional markets throughout the United States. In 2003, the coalition succeeded in getting language in both the House and Senate versions of the bill that limited the ability of the Federal Energy Regulatory Commission (FERC) to implement standard market design.

The bill that emerged from conference committee remained too costly and controversial to be brought to a vote in 2003. But the provisions limiting FERC remained intact. The coalition has slowed down the FERC's implementation calendar and undermined its attempt to effect radical change in the region's unique hydroelectric system.

Whether the issue is standard market design or creation of a regional transmission organization, City Light continues to favor solutions that fit the Northwest's unique energy identity rather than the FERC's ideology.

Another FERC decision affecting City Light in 2003 was the decision to deny refunds to Northwest utilities that had paid enormous prices for power during the 2000-2001 energy crisis. In December, Mayor Greg Nickels announced that the City of Seattle, having exhausted all available administrative processes, would seek action in federal court to collect the refunds.

"Federal regulators cost our customers millions of dollars because they failed to police the electricity market in the West," Nickels said.

City Light's refund claim of \$282 million is one of several claims, including Snohomish County Public Utility District, the Port of Seattle, Tacoma Power and PacifiCorp, that have been denied in various rulings by the FERC during the past two years. The case is scheduled to be heard beginning late in 2004 in the Ninth Circuit Court in San Francisco.



Another court case made headlines in 2003. The Washington State Supreme Court ruled in November that the City of Seattle imposed an unlawful tax in 1999 when it shifted streetlight costs to City Light customers, in effect forcing them to subsidize the City's general fund. Following the decision, streetlight costs — about \$6 million per year — reverted immediately to the general fund. The City's budget process was nearly complete at the time of the ruling, and officials proposed a temporary strategy to repay City Light for streetlight costs. The state Supreme Court remanded the case to King County Superior Court, which will rule on the required remedies.



Environmental Excellence



Water for fish, power for people — City Light’s commitment to that doctrine of coexistence was never more apparent than in 2003, when the utility achieved several significant environmental accomplishments.

City Light earned recognition from the National Hydropower Association (NHA) for its role as an exceptional river steward. The NHA honored the utility in its fifth annual “Outstanding Stewardship of America’s Rivers” report, which showcases hydro companies that excel in habitat enhancement, environmental restoration, recreational improvement, mitigation and fish passage. City Light, the report said, spent more than two decades working with agencies, tribes and conservation groups to protect salmon runs and preserve wildlife habitat on the river. Those efforts resulted in a 700 percent increase in the chum salmon population, and a recent healthy run of fall Puget Sound chinook, which are listed as threatened under the federal Endangered Species Act.

“The 2003 Outstanding Stewardship of America’s Rivers winners exemplify the hydro industry’s success in balancing power generation with environmental stewardship and recreational enhancement,” said NHA President John Suloway.

In February, City Light’s bold programs addressing climate change earned the City of Seattle a 2003 International Climate Protection Award from the federal Environmental Protection Agency (EPA). The EPA established its Climate Protection Award program in 1998 to recognize exceptional leadership, personal dedication and technical achievements in protecting the climate.

The award recognized Seattle for City Light’s commitment to meeting all of its growth in energy demand through renewable resources and conservation. That policy resulted in the largest contract for wind power of any public utility in the country and reinforced the region’s oldest and most effective conservation program, one of the leading programs in the nation. It also honored City Light’s initiative to mitigate all greenhouse-gas emissions from any fossil-fuel-based power it uses, making City Light the first electric utility in the country committed to being climate neutral.



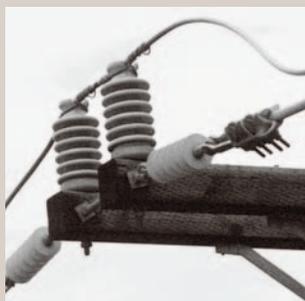
Earlier in the year, City Light implemented its first contract under the greenhouse-gas mitigation program. The contract promotes the use of industrial waste products such as fly ash and furnace slag as replacements for traditional materials used in cement. Processing raw materials for cement creates huge amounts of greenhouse gases that by some estimates account for 7 percent of worldwide human-caused greenhouse-gas emissions. By substituting waste materials that would otherwise go to landfills, cement producers and users can gain nearly a pound-for-pound reduction in emissions.

In May, the Low Impact Hydropower Institute (LIHI) certified City Light's Skagit Project as low-impact hydropower. The Skagit is the only project in Washington state and the first large hydro project in the nation to be certified. The Skagit Project successfully completed LIHI's rigorous application process, which includes public comment, review by an independent technical consultant, consultations with state and federal natural resource agencies, and evaluation by the LIHI governing board, including leaders in the river conservation and renewable energy fields. The board's vote to certify the Skagit was unanimous.

Certification as low impact means the facility is well sited, well operated, exceeds current legal requirements, and meets other defined environmental qualities. Certification from the institute also qualifies the power produced at the Skagit for participation in many green power programs as well as the Leadership in Energy and Environmental Design (LEED) building certification.

The salmon runs on the Skagit are testimony to City Light's stewardship. In the fall of 2003, one year after the largest chum run in the Skagit since 1917, pink salmon swarmed into the river in record numbers. An estimated two million pinks returned to the Skagit to spawn. But nature can sometimes overwhelm even the most careful resource management. Serious flooding in October, at the peak of the run, killed fish and wiped out untold numbers of eggs. The damage to the pink salmon population will not be known until the next run in fall 2005.

Conservation



The Customer Services branch is responsible for the utility's direct customer services, including Seattle City Light's conservation programs. Conservation has been a priority resource for City Light since 1977. The City of Seattle's Earth Day resolution (2000) and the utility's own strategic resources plan (2001) mandate that the utility meet all load growth over the next decade (2001-2011) through conservation and new renewable resources. With a well-established conservation program and load growth slowed by a sluggish economy, City Light finished 2003 well ahead of the pace necessary to achieve the overall goal.

BPA and City Light continued their conservation partnership that was renewed in 2002.

Through the Conservation Augmentation Agreement, Bonneville paid City Light \$10.7 million in 2003. City Light anticipates a minimum of 7.76 average megawatts of energy savings for federal fiscal year 2003-2004.

The commercial and industrial sectors provide City Light's greatest opportunities for energy conservation, and savings realized in those sectors amounted to 4.97 average megawatts in 2003. The slight drop-off from last year's 5.83 average megawatts reflected a slower economy and a poorer climate for energy-efficiency investments by large businesses. Still, City Light was involved with 235 customer contracts among large companies, institutions and governments within the service territory. City Light's energy-management field staff experts provided technical assistance and aggressive new construction and retrofit programs for lighting, heating and cooling systems, and industrial processes.

City Light's community conservation programs — aimed at residential customers, multifamily building owners and small businesses — realized 1.48 average megawatts of savings in 2003. The programs provide financial incentives for multifamily retrofits and new construction, small commercial lighting retrofits, resource-efficient clothes washers and low-income residential conservation. In 2003, City Light was involved in 52 new multifamily construction projects, 220 multifamily retrofits and 213 projects with small businesses. The utility provided WashWise rebates to 4,803 customers.

Total 2003 energy savings from new and prior participants for all sectors was enough to power 86,100 Seattle homes for one year. The resulting reduction in greenhouse-gas emissions was the equivalent of removing 32,500 vehicles from the region's roads for 13 years.

The Neighborhood Power Project targets a different neighborhood each year to promote resource conservation. Focusing on Seattle's Ballard neighborhood in 2003, City Light performed 189 "green" audits for residential customers and distributed 15,848 compact fluorescent light bulbs to the community.

Meanwhile, Seattle Green Power, City Light's own green power program, increased to almost 4,000 subscribers who make voluntary payments in addition to their regular bills in support of clean energy with no greenhouse-gas emissions. The program funded the installation of nine solar power systems at schools and other public facilities and supported other renewable energy projects such as dairy waste-to-energy and small wind turbines.

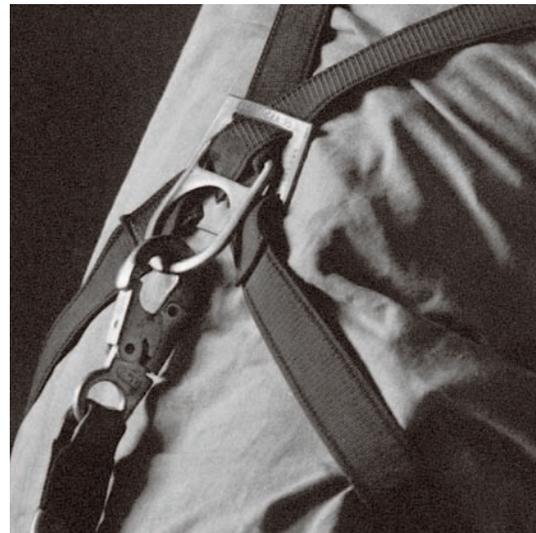
City Light's conservation program earned national recognition in 2003, receiving an Exemplary Program designation from the American Council for an Energy Efficient Economy.

Customer Service

In 2003, the Customer Services branch continued to aggressively address issues identified in 2001 and 2002 following the startup of the utility's new billing system. That billing system, coinciding with the energy crisis, four rate increases and a new, third-tier rate, posed enormous challenges for those reading meters, issuing bills and resolving bill disputes among City Light's 365,000 total customers.

A six-point business plan brought stability to the billing system. The goals were to eliminate backlogs, perform more thorough reviews of bills before they went out, develop new business practices, reduce estimated meter readings, and create an internal audit program for the computerized billing process.

By early 2003, staff had eliminated all backlogs in bill validation and service orders, resulting in better service-connection response times and fewer bills requiring adjustments. In 2003, City Light completed 93 percent of its service connections within five days of the original request.



Conclusion



In 2002, for the first time in 74 years, City Light did not offer public tours of its Skagit River hydroelectric project. The tour season was cancelled in the wake of the September 11, 2001, terrorist attacks on the United States. During the hiatus, City Light redesigned the tours to address security issues, and they resumed for their 75th anniversary in 2003.

J.D. Ross, City Light superintendent from 1911 to 1939, began Skagit tours for Seattle citizens in 1928. Ross wanted to generate continued voter support and funding for Skagit Project construction, as well as showcase the beauty and recreational opportunities of the North Cascades. Today, the Skagit Project stands as a powerful symbol of City Light: public power and energy independence for Seattle, in harmony with the environment. The dams represent Seattle's energy past, present and future.

But the Skagit dams are practical as well as symbolic. With City Light's Boundary Dam on the Pend Oreille River, they are a major source of inexpensive, nonpolluting power for 750,000 people. Equally important, publicly-owned hydroelectric power has become embedded in the character of Seattle and the Pacific Northwest — one of those icons, like chinook salmon and Mount Rainier, that are a part of our Northwest religion.

Today, J.D. Ross and his legacy are a source of inspiration as Seattle and the Pacific Northwest confront a new set of challenges — the recovery from the West Coast energy crisis, endangered salmon runs, global climate change and continued efforts to deregulate the industry. As 2003 ended, City Light was poised to face the future with new leadership and recovered financial strength, eager to rekindle the sense of pride embodied in its Skagit legacy.