

# 2010

# REVIEW



**Every year it's a good idea to look back and assess how we did.**

We knew 2010 would be a challenging year. The economy remained in a downturn, our wholesale revenues were substantially reduced, and the Utility had to be creative in controlling costs and improving its revenue picture.

Yet despite those challenges, our staff delivered some very significant accomplishments. City Light responded to customer, City Council and Mayoral priorities while achieving infrastructure improvements and realizing operating efficiencies. One of the most enduring 2010 changes was the

addition of a Rate Stabilization Account. This fund should help us maintain customer service levels and avoid the type of unplanned cuts we had to take in 2010 due to downturns in revenue from surplus power sales. We had numerous operational improvements as well, and we made significant strides toward modernizing our IT and physical infrastructure. Yet there remains much to do, including making further investments necessary to become a high-performance organization, and that means investing more in our assets – both physical facilities and our workforce. The good news is that our efforts in 2010 put us in a good position to address our challenges and to set the stage for our six-year strategic plan. Here's a re-cap of some of our 2010 accomplishments.

## Providing Excellent Service to our Customer-Owners

Benchmark	Innovation & Efficiency
Streetlight Repair and Maintenance	Repair time reduced from 64 days to 10 working days due to business process improvements Online repair tracking map and reporting system improved accountability and customer service
Outage Management System (OMS)	First phase of OMS installed on time and within budget, improving customer information about estimated time of restoration (ETOR) Online outage tracking map improved customer information about estimated time of restoration (ETOR) Quarter section maps updated to improve accuracy of asset information and to ensure worker and public safety
Meter Reading	Reduced estimated meter reads from 6.3% in 2009 to 0.8% in 2010, improving bill accuracy for customers and reducing customer complaints attributed to meter reading and billing errors by more than 50%
JD Power Results	Ranked in the top quartile (25%) of all electric utilities in the US and 5th in the West and improved in all measurement standards
Service Connections	Residential Electrical Connections: Installed connections in average of 35 days, well ahead of the 60 day goal Engineered Service Connections: Installed connections in average of 46 days, down from 64 days in 2009 (though still short of the 40 day goal)
Small Business Energy Conservation	Provided 576 small-commercial customers \$2.2 million in rebates for conservation upgrades, saving 8.3 million kWh per year and resulting in annual customer bill savings of \$575,000
Communications With Customers	Significantly improved customer service by re-designing the City Light website providing more intuitive menus, faster navigation, and new services for customers

## Environmental Stewardship

Benchmark	Innovation & Efficiency
Greenhouse Gas Neutral	Sixth year achieved. Only utility to accomplish greenhouse gas neutrality
Exceeded Conservation Goals	Achieved 15.3 aMW, 25 percent higher than stated goal Completed Phase 1 conservation improvements for Skagit residential and commercial buildings with an expected savings of nearly 500,000 kWh per year
CFL Bulbs	3 millionth bulb sold (since 2007 by retailers participating in our Twist & Save program) saving customers as much as \$9 million during those four years. SCL paid retailers to mark down the retail price of CFLs so customers would purchase and install more of them, as a cost-effective energy conservation measure Installed 139,873 CFLs in 7,503 customer homes
Green Up	Increased participation in our Green Up program from 2.2% of our customers in 2009 to 2.9% in 2010 for a total of 11,364 customers
Salmon Population Restoration	\$1.3 million in grants received to support salmon habitat acquisition
Tolt Floodplain Restoration	Restored 50 acres of river and floodplain habitat
Integrated Resource Plan	Filed 2010 plan on time with support of IRP stakeholders. Reduced future needs for purchased power by 3.4 million MWh between now and 2019 with resource efficiencies, conservation, and lower demand
Fish & Wildlife Habitat Protection	Added more than 1,200 acres of fish and wildlife habitat to Skagit watershed conservation lands

# Infrastructure & Assets

Benchmark	Innovation & Efficiency
Vegetation Management	Trimmed 535 miles of powerlines on schedule as part of the 4th year of the 4-year vegetation program. Keeping on track with vegetation management reduced customer tree-related powerline contact calls from 12,000 a year in 2006 to under 900 Completed 36 miles of tree trimming along utility's 230 kV eastside transmission line from Bothell to Renton on time and within budget. Extensive community outreach reduced customer concern and potential delays
Improved Reliability	Outage Frequency (SAIFI): Met goal of one outage or less per customer Completed a NERC spot audit of the Critical Infrastructure Protection Program with minor violations Standardized work practices for capital work in order to align O&M work scheduling <b>Transmission</b> Repaired three major transmission failures Helicopter inspection of all 2,329 transmission towers covering more than 742 miles of transmission lines Conducted structural inspection on 86 steel lattice transmission towers located in our highest risk terrain areas Replaced 15,000 feet of 230kV transmission line dating from 1944. This was the last vintage conductor that ran from Talbot St. to South Substation <b>Distribution</b> Replaced more than 16,000 feet of underground cable at Seattle Center with 9,000 feet of new. Cable installed prior to the World's Fair in 1962 Inventoryed 108,000 poles and began pole replacement program Began reliability improvement feeder inspection pilot Completed duct banks and electrical vaults between 1st Ave and 5th Ave Completed relocation of overhead line on the East Marginal Way grade separation project Completed the 4kV to 26kV conversion along Fautleroy Way SW Completed the underground infrastructure rebuild on Queen Anne from 6th Ave and W Galer St to 9th Ave and W Blaine St - a total of 5 Vaults and more than 25,000 feet of conduit installed Completed the underground rebuild of Arroyo Beach primary system with 9 vaults and more than 30,000 feet of conduit installed
Power Management and Production	Sold \$1.952 million in renewable energy credits applicable to one year Boundary Relicensing settlement agreement reached setting stage for license to be issued Contracted \$2.16 million worth of excess transmission capability (most of this relates to the assignment of the 3rd A/C line, generating \$1.92M per year or \$9.6M over the five year term) Completed stabilization, installed temporary mooring facilities and restored access to the Ross Dam service road washed out by a rockslide Boundary sluice maintenance gate removed for repairs, the first time in 30 years. Reinstallation in 2011 Completed the FERC 5-year Independent Safety Inspection of the Boundary Project Completed installation and commissioning of the Skagit phone system which provides voice messaging and caller ID Completed installation of a back-up transformer at Tolt to improve reliability of the SPU Water Treatment Plant, including successful settlement negotiations with Puget Sound Energy over future maintenance
Streetlights	Completed Phase III of streetlight re-lamping Installed 6,000 LED streetlights for an estimated annual savings of \$294,000 Tested more than 37,000 metal streetlight poles and related equipment and repaired faulty equipment with elevated voltage levels for public safety

# High-Performance Workforce

Benchmark	Innovation & Efficiency
Safety	Implemented a Crane Certification Program for City Light employees
Workforce	Maintained less than 45-day hiring process Hosted a recruitment fair for City employees displaced by budget cuts
Training	Provided performance management training for managers, supervisors and crew chiefs Completed Race - The Power of Illusion training for more than 80% of City Light employees. 130 employees were trained on Racial Equity Analysis Toolkit training
Apprentices	Recruited and hired 14 pre-apprentice lineworkers from 1,500 applications received

# Financial Performance

Benchmark	Innovation & Efficiency
Budget Savings	Saved \$15 million in O&M costs and \$73.7 million in CIP for a total savings of \$89 million. This was \$48 million above the mid-year savings target of \$41 million Revenue enhancements: Met goal to increase non-rate revenue by \$5.6 million through implementation of process improvements recommended by employees Recouped approximately \$250,000 from current diversion (power theft) enforcement Saved \$600,000 in one-time contracting cost by conducting an in-house substation transformer testing process Saved \$10.4 million in clean-up costs by resolving Georgetown Steamplant and Slip 4 lawsuit Completed 22.3 miles of underground cable injections, delaying at least \$50 million in cable replacement Saved customers \$30 million in debt service coverage and lowered rate increase requirements for 2011 & 2012 by 5 percent \$1.2 million in revenue from property sales (about \$300,000) and more timely collection of rents (about \$900,000) Implemented new motorpool system, reducing fleet by 49 vehicles (avoiding replacement cost of \$1.3 million and \$67,000 in annual maintenance costs—more than \$500,000 over the life of the vehicles)
Rate Stabilization Account Established	\$100 million Rate Stabilization Account established and fully funded, reducing revenue volatility
Exceeded HUB/WMBE Goals	Achieved 10.4 percent Historically Underutilized Business/Woman and Minority Business Enterprise (HUB/WMBE) contracting; Goal was 9 percent Achieved 13.7 percent HUB/WMBE purchasing; Goal was 10.5 percent
Bond Refinancing Savings	\$57 million of savings realized for rate payers, providing a sizable contribution to the newly established Rate Stabilization Account
City Light Review Panel Organized	Panel convened in May 2010, focusing on three priorities: Strategic Plan, rates, and cost of service
Strategic Plan Revived	Strategic Plan process accomplishments included: (1) Presenting nine key elements to Energy, Technology & Civil Rights Committee during summer 2010; (2) Baseline six-year rate projection; (3) documented Utility's strengths, weaknesses, opportunities & challenges; (4) established four strategic priorities and associated initiatives