

ATTACHMENT A: POSSIBLE CUTS TO CITY LIGHT'S 2010 PROPOSED BUDGET

These do not necessarily reflect recommendations by staff

Description	O&M	Def O&M**	CIP	FTE	Comments
1 Reduced staff support for one-stop permitting and project management	626,000			5	One-Stop Permitting workload will be shifted to other City Light staff. Eliminates some project management capacity.
2 Skagit Tours	292,000				Suspends popular tour program
3 Grounds maintenance at plants, substations and service centers	286,027			4	Elimination of 5 vegetation management staff in Seattle. Reduces grounds maintenance
4 LED Streetlight Conversion Program	26,341		943,073		Reduces scope of 2010 LED streetlight conversion program by half. Does not affect \$1M for the same purpose from Federal Stimulus funding.
5 Network Hazeltine upgrade			200,000	1	This system, provides information on how the network is performing, needs updating. This cut will stretch that update over two years and increases the risk of major outage.
6 Underground line capacity additions and improvements (customer-requested and system betterments)			1,727,000	2	Amount in endorsed 2010 budget was estimated in 2008 before effects of economic downturn were apparent. Assumed loads have not materialized as expected. Assuming the economy (and customer connections) continues to recover slowly throughout 2010, the reduced funding should be sufficient.
7 Citywide Undergrounding Initiative			1,500,000	1	Decreases funding to carry out City-proposed discretionary undergrounding work.
8 Transfer of load from East Pine substation to South and Creston substations			173,000	1	This project would relocate lines to transfer loads from East Pine station to other substations. However, load growth in the East Pine area has been slower than expected in 2009.
9 Creston-Nelson to Intergate East feeder installation			3,721,000	2	Major customer feeder installation project. Reduction assumes the customer will not build out new load in 2010. If customer schedule changes, will need to submit supplemental budget request to complete the project.
10 Boundary Relicensing		1,300,000			This reduction will leave sufficient funds to meet City Light's best estimate at this time for relicensing costs in 2010. However, there is significant uncertainty regarding these costs at this time.
11 Newhalem Project: spare parts and supplies storage building			415,000		This project supports upcoming overhaul work/major maintenance. Current storage space is inadequate and requires seismic retrofits. Delay of this project will expose equipment to premature failure, as well as safety concerns due to inability of current storage facility to withstand earthquakes.
12 South Fork Tolt Project: penstock crossover connection			137,000		This project would increase the efficiency of the Tolt generation project by 5-10%. However, it produces little energy.
13 Cedar Falls Project: penstock stabilization			800,000		This project would address seismic issues related to stabilization of the foundation of the penstock (an enclosed pipe that delivers water to hydraulic turbines). Delay of this project increases vulnerability of this generation project to earthquake damage.

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14 Utility Support Services (building, vehicles, equipment)	775,000				About half of this reduction assumes lower office build-out costs due to reduced staffing, and lower 911 Building lease costs based on new contract. The other half reflects reduced vehicle O&M costs from recently implemented motor pools at North and South Service Centers, and reductions in fleet and rental equipment costs that will be realized if the Management Systems Analyst position requested in SCL BIP 110 to improve the overall management of these cost centers is approved.
15 Vehicle purchases			2,500,000		City Light would limit the acquisition of new vehicles in 2010 through aggressive prioritization of new vehicle purchases and management of the current fleet. Longer term vehicle replacement programs could be impacted. This reduction assumes that additional staff support is available to improve management of this cost center, as described above.
16 Green Fleets-cost of biodiesel in vehicles	280,000				This has already occurred as Fleets has re-structured its operations.
17 Reductions in 5-Year Conservation Plan beyond those already in Mayor's budget: staff, IT support, marketing conservation programs to customers, training	844,000			2	Reduces planned conservation by an additional 0.5 aMW in 2010 (10.3 aMW vs original 14.5 aMW in Plan). At this level of conservation, City Light will be uncomfortably close to not meeting the State of Washington's I-937 requirement, and could subject City Light to penalties of \$50/MWh for not meeting these defined conservation requirements.
18 Lighting Design Lab	415,000			7	The Lighting Design Lab (LDL) has been in existence for 20 years and acts as a resource for City Light and several other regional utilities. Lighting remains City Light's single largest energy consuming load. City Light counts on nearly 50% of our energy efficiency gains from new lighting technologies. Eliminating the LDL could further reduce City Light's ability to achieve conservation goals required by I-937.
19 Conservation incentive payments to residential customers		1,500,000			This is part of the Home Energy Audit program, which would pay incentives to residential customers to install energy efficiency measures (e.g., weatherization, energy-efficient windows, electric heat upgrades). <i>This item and the next should be considered together.</i>
20 Home Energy Audit program		2,500,000			City Light would not have funding to carry out 5,000 home energy audits in 2010. <i>The Council may wish to consider capping both this and #19 at current subscription levels for 2010 and deferring the balance of the funding to 2011.</i>

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21 Green Building Team		400,000			For the past four years, City Light has helped fund a significant portion of the City's Green Building team effort. Cutting this funding will jeopardize the progress and momentum of this program and may have FTE impacts elsewhere in the City.
22 Energy efficiency building code support		400,000			City Light has supported and funded improved building codes within the City, through this payment to DPD, to increase overall energy efficiency. Loss of this funding could reduce or terminate this effort and may have FTE impacts in DPD.
23 Commercial/Multi-Family Energy Score program		500,000			This is part of the Mayor's Green Building Task Force recommendations and requires larger commercial and multi-family buildings to participate in the EPA Energy Star Portfolio Manager scoring system. The score is meant to measure building energy efficiency and to inform building owners or potential buyers of how they rank with others so they can identify energy saving measures to focus on.
24 Recycling support	20,000				Budget to educate employees on the benefits of recycling.
25 Asset Management	\$2,175,000				Cut proposed add. <i>This entire program may warrant review as it has doubled in size since the Council approved it. A full review may highlight additional cuts.</i>
26 Cut inflation adjustment for HR	\$250,000				
27 Reduce healthcare budget	\$983,000				Bring in line with Citywide assumptions.
28 Project Officer/Director bonuses					<i>Potential savings unknown at this time.</i>
29 Reduce overtime budget 20%	\$1,000,000				Reflects lower level of effort overall.
Various Position Cuts Identified					
30 Vacant positions	\$1,657,000			10	
31 Currently filled	\$706,000			8	Offered by the utility but rejected by the Mayor.
32 Power Marketers - self build	\$411,000			3	Unit has received four additional positions from re-organization
33 Compliance Officer	\$200,000			1	Exec 3 managing 4.5 FTE.
34 One field crew	\$500,000			4	Utility has added a significant number of field workers in the last 18 months.
Total of Cuts	\$11,446,368	6,600,000	12,116,073	51	
Property Sales	(1,200,000)				Requires expedited process for property disposition. There may be additional opportunities if the process can be expedited.
NET CHANGE (Potential)	\$12,646,368	6,600,000	12,116,073	51	

** Cuts to deferred O&M have the same effect on rates as changes to CIP; i.e., much less than cuts to O&M proper.