

Seattle City Light Advisory Board

Press Release
January 29, 2004

Seattle City Light Advisory Board Issues First Report
“From Recovery to Stability and Security”

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Advisory Board Website: www.seattle.gov/light/news/advisory/

Full Report: www.seattle.gov/light/news/advisory/docs/report_01_29_04.pdf

The Seattle City Light Advisory Board issued its first annual report today, offering recommendations to help the utility “restore the trust and confidence of its customers that it can deliver reliable, low-cost and environmentally responsible power in the decades to come.”

The Board was appointed last year by Mayor Nickels and the Seattle City Council to provide expertise and advice to the utility, Mayor and Council. The report, titled “Seattle City Light: From Recovery to Stability and Security,” comes eight months after the Board’s first meeting in May 2003.

The Advisory Board provides recommendations in three major areas:

- Restoring the financial strength of the utility to ensure that, regardless of unforeseen events and market shocks, customers can rely on competitive, sustainable, predictable rates from the utility;
- Determining the right mix of power resources, including conservation and renewable resources, needed to meet the demands of the utility’s customers; and,
- Rebuilding the utility into a more effective, high performance organization that can not only meet these challenges, but also regain market leadership in the face of an increasingly dynamic and volatile power industry.

“City Light has made great progress recovering from the energy crisis, but its challenge now is to restore its financial strength and position itself to

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deliver the traditional rate advantage of public power in Puget Sound,” said Jay Lapin, 2003 Chairman of the six member board.

“The policies of the City since 1992 that featured more borrowing to keep rates low are simply not sustainable,” Lapin said. “Only rigorous financial and management discipline over a sustained period of time will protect us from the next crisis and more disruptive, unexpected rate increases.”

Current Board Chair Don Wise said that the Board sees a bright future for Seattle City Light.

“We believe that City Light has a dedicated group of employees who care deeply about their customers and the institution they serve,” he said. “With the support of the Mayor and Council, and with a new Superintendent, they can restore the financial health of the utility and build an organization that can deliver on the promise and legacy of public power.”

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Following the west coast energy crisis of 2001, in which City Light was required to raise rates by 58% and substantially increase its outstanding debt to more than \$1.5 billion, the Mayor and City Council accepted the recommendation of the Mayor's City Light Review Committee (Report dated October 10, 2002) to create the Seattle City Light Advisory Board "to provide expert industry-specific knowledge and nonpartisan advice to the Mayor, the Council, and the City Light Superintendent on key energy issues facing the City." The Board consists of six members, three members appointed by the Mayor, three by the Council, and all six confirmed by the Council.

Carol S. Arnold is a lawyer with more than 20 years experience in electric energy and utility matters. She currently serves as of counsel at Preston, Gates & Ellis, LLP. She has extensive background in issues before the Washington State Utilities and Transportation Commission and the Federal Energy Regulatory Commission.

Randall W. Hardy is a former chairman of the Electric Power Research Institute, past president of the American Public Power Association and a previous board member of the Large Public Power Council. From 1991 to 1997, he served as the head of the Bonneville Power Administration, which supplies more than 40 percent of all electricity in the Pacific Northwest. From 1984 to 1991, he served as Superintendent of Seattle City Light and negotiated the successful re-licensing of the City's three major dams on the Skagit River.

Jay F. Lapin brings an important perspective as a former litigator involved in energy issues, and as former president and CEO of General Electric Japan Ltd., Lapin oversaw a division with more than 16,000 employees and \$10 billion in revenues. As a partner with Wilmer, Cutler & Pickering in Washington, D.C., Lapin built a litigation and regulatory law practice that included the practice of energy and environmental law.

Maura L. O'Neill has founded four companies that focused on developing solutions to some of the toughest problems in the energy, environment, high technology, and life sciences areas. O'Neill has served as co-chair of the Governor's Transition Team on Energy, Telecommunications and Technology, a member of the National Panel on Energy and Environmental Policy and as an executive committee member for the Northwest Electric Light and Power Association. Maura started her career as an environmental analyst for Seattle City Light, where she conducted some of the first modeling of the potential for energy efficiency and renewable energy technology to meet region-wide electricity needs.

Sara Patton is well known throughout the Northwest as an energy efficiency expert and a clean and affordable energy advocate. Patton serves as Executive Director of the NW Energy Coalition (NVEC). The Coalition works for energy efficiency, clean renewable energy, consumer and low income protection in energy decisions and restoration of fish and wildlife harmed by energy. The Coalition has more than 100 member groups ranging from environmental, low income and consumer advocacy groups to utilities, clean energy businesses and unions.

Donald M. Wise is currently Managing Director of Asset Services at Metzler Realty Advisors, Past President of Seattle's Building Owners and Managers Association (BOMA) - and led the organization's review of City Light's downtown network rate structure - and serves on the Seattle Chamber of Commerce's Energy Committee. He has also led the building industry's local efforts to promote energy efficiency within commercial real estate properties. Most recently, he helped formulate BOMA International's national energy policy to respect "regional differences" with regard to federal energy policy.