

**Presentation to City Council Energy Technology and Civil Rights (ETCR) Committee
by Seattle City Light Review Panel Co-Chairs**

August 18, 2:00, City Hall, Council Chambers

Presenters: Panel Co-Chairs Eugene Wasserman and Stan Price

Purpose:

1. Introduce Review Panel Co-Chairs
2. Review work of Panel to date
3. Request future opportunities to get input from Committee and provide input to Committee
4. Provide some preliminary input and ideas.

Panel work to date:

The Panel has met 6 times since convened in late May. In this time, we have received a number of presentations, including:

- a “City Light 101” presentation;
- presentations outlining the structure and function of 4 divisions of City Light;
- a presentation on the City budget process
- presentations outlining:
 - the Integrated Resources Plan
 - Renewable Acquisitions Issues
 - Conservation Plan
 - Asset Management Program
 - the Financial Services Business Unit
 - the Human Resources Division
 - Smart Grid, and
 - Business Process Improvements.

We have three more initial “grounding” presentations to hear, and then will begin to delve more deeply into issues for the Strategic Plan and identifying strategies to engage ratepayers on the plan and its implications.

It is our intent to provide feedback to City Light staff over the next three months while they are developing the draft strategic plan, and then to review that draft once it is completed. We will provide feedback on the draft to the utility for their consideration before finalizing the plan. We will also provide comments to the City Council on the plan that is submitted to you. We understand the schedule is to provide the plan to the City Council in the first quarter of 2011.

The Panel has also approved a charter and set of groundrules for how we will work together. In discussions on the charter, we determined to appoint Co-Chairs. As the initially elected Co-Chairs, our terms will run through the anniversary of the Review Panel’s formation, that is, through May 1, 2011. Next May the Panel will vote on the next set of Co-Chairs, who will serve one-year terms.

Our Request to the ETCR Committee:

We understand the 2008 Strategic Plan development process was problematic in that there was insufficient communication between the Council, Mayor and Utility in the development of the Draft Plan. As a result, the Draft Plan was never adopted. The Review Panel members are unanimously desirous of avoiding a repeat of that process. We think it is very important that the utility, and hopefully the Review Panel itself, hear from you as the plan is being developed. We also hope to hear from the Mayor. Specifically, we hope you can provide us with any direction and guidance as to what you hope will be addressed or included in the Strategic Plan.

As one step towards this goal, we have scheduled our meetings to be compatible with the schedules of your staff, including Mr. Kilduff and Mr. Jerrett, as well as representatives from the Mayor's office and budget office. In addition to this, however, we would like the opportunity to meet with you periodically over the next several months, to share our initial ideas and hear from you.

Preliminary Input and Ideas:

Based on our discussions in the two most recent meetings of the Panel, we would offer the following preliminary ideas and input on the strategic plan development.

First, we see the Strategic Plan as a living document that should be periodically updated. We also see it as a new document—that is, while it may cover a lot of the same territory as the draft 2008 plan, it will be presented as an entirely new document.

Second, in terms of its time horizon, we are targeting a six-year planning horizon, with longer-term looks ahead on issues as may be appropriate.

Third, the Plan should help guide decision-making between competing options—by identifying priorities, presenting options (including costs and rate impacts) for achieving those priorities, and providing decision-making criteria.

Fourth, the plan should describe how City Light will and should look different at the end of six years.

Fifth, we would like to see a focus on customers in this plan. City Light's vision is "to set the standard and deliver the best customer service experience of any utility in the nation." To that end, we think it is important to identify customers and acknowledge that different customers may have different goals and different needs. It is important that City Light have a way of really understanding what their customers define as good customer service.

According to the power supply forecast, City Light will continue to be a low growth utility for the next decade. We will be exploring the implications of this in the coming months, including but not limited to the implications related to the expected growth in number of electric vehicles. That said, the local, regional, and national technical and political environment for electric utilities is very dynamic. This is important context. What will be different about how City Light serves its customers? What will City Light need, in terms of resources and policy to ensure that it will—per its mission statement—"exceed customer's expectations in producing and delivering environmentally responsible, safe, low cost and reliable power"? Thank you for the opportunity to speak with you today.