



Mike McGinn, Mayor  
City of Seattle

# 6  
CF312413

June 4, 2012

The Honorable Sally Clark  
President, Seattle City Council  
Seattle City Hall, 2<sup>nd</sup> Floor  
Seattle, Washington 98104

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CITY CLERK

Dear Council President Clark:

I am pleased to transmit to the City Council the following confirmation packet for my reappointment of Jorge Carrasco as the Superintendent, Seattle City Light.

The materials in this packet are divided into two sections:

**A. Jorge Carrasco**

This section contains Mr. Carrasco's reappointment and oath of office forms.

**B. Professional Credits**

This section contains Mr. Carrasco's resume and list of accomplishments.

Mr. Carrasco has been serving as the Superintendent of Seattle City Light since 2004 and as you know, Seattle City Light is one of the city's most capital intensive departments with an annual billion dollar budget, 1,800 employees, and billions of dollars of critical physical assets. Energy reliability, predictability and costs are inherent in Seattle's economic development, public safety and quality of life.

In his first term, Jorge's work included addressing the utility's financial instability and making progress on reducing the utility's debt. In less than two years, City Light's Standard and Poor's (S&P) rating was upgraded from A/Negative to A/Positive. In 2008, S&P upgraded City Light to AA- and affirmed by S&P again in 2010, despite the tough economic outlook at the time. Contributing to the rating agency's confidence was the utility's work to develop and implement a Rate Stabilization Account to shield our customers from the rate volatility of wholesale energy market and the impacts of weather conditions on our hydro generation.

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He also began a utility-wide effort to identify and achieve efficiencies, resulting in \$53 million in annual savings to our ratepayers from 2004-2011. Building on this, record Superintendent Carrasco and his executive team have imbedded another \$18 million in annual efficiencies over the next three years in the utility's Six Year Strategic Plan. In addition, the Superintendent committed to continue to pursue additional efficiencies identified in a benchmarking report commissioned by the utility.

City Light is nationally recognized for success in the energy efficiency and environmental arena. In 2005, under Superintendent's Carrasco's leadership, City Light became the first and the only electric utility in the nation to become greenhouse gas neutral and has maintained that distinction for the past seven years.

In 2008, the Council adopted City Light's Five-Year Conservation Plan that doubles the utility's energy conservation efforts and contributes \$185 million worth of investments in energy efficiencies programs, saving City Light customers more than \$310 million in residential and business bills over five years. In 2011, City Light surpassed its two-year energy savings target required by state mandates by 25%, saving 15.3 aMW in 2010 and another 13aMW in 2011. This was double the utility's energy efficiency savings. This leadership locally has been recognized nationally as Superintendent Carrasco was recently selected to serve on the Alliance to Save Energy Commission on National Energy Efficiency Policy led by U.S. Senator Mark Warner and Tom King, National Grid USA president. Their charge is to develop and issue a new set of national energy efficiency policy that could make the United States one of the world's most energy-efficiency economies by 2030.

Finally, I am pleased to report that Superintendent Carrasco has been mindful of the direction the Council provided him during his reconfirmation in 2008. At that time, the Council expressed their expectation that City Light would develop a long-term strategy for the utility that would lay out the financial, rate, reliability and service level implications of the proposed course of action. Three weeks ago, we delivered City Light's Six Year Strategic Plan to the City Council, providing a framework for making informed decisions about the future and proposing a pathway for critical infrastructure investments, regular maintenance on production, transmission and distribution assets, a high-performance workforce, enhanced customer service and a more conservative approach to how we address net wholesale revenue.

Superintendent Carrasco is a respected and active member of our community, serving as a Trustee for the Seattle Community College System and a board member of The Nature Conservancy. He gives his best not only to the utility but has shared his wisdom and expertise with other important organizations. I recommend you reconfirm Jorge Carrasco for another term.

Clark, Honorable Sally  
June 4, 2012  
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If you have any questions about the attached materials or need additional information, please contact Jaline Quinto, Council Liaison to the Mayor at 684-4021.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike McGinn". The signature is stylized and cursive.

Mike McGinn  
Mayor of Seattle

# City of Seattle

## Notice of Appointment

<b>Name:</b> <b>JORGE CARRASCO</b>	<input checked="" type="checkbox"/> <b>Executive Reappointment</b> <input type="checkbox"/> <b>Legislative Appointment</b>
<b>Appointed to:</b> <b>Superintendent, Seattle City Light</b>	<b>Date of Appointment:</b> <b>June 1, 2012</b>
<b>Authority (Ord., Res.):</b> <b>SMC 3.08.010</b>	<b>Term of Office</b> <b>From: Confirmation</b> <b>To: Four Years or Mayor's Discretion</b>
<b>Comments:</b>	
<b>Authorizing Signature:</b> 	<b>Name and Title of Officer Making Appointment:</b> <b>Mike McGinn, Mayor</b>



**CITY OF SEATTLE - STATE OF WASHINGTON  
OATH OF OFFICE**

**STATE OF WASHINGTON**

**COUNTY OF KING**

**I, Jorge Carrasco, confirm that I am the person reappointed on June 1, 2012, and reconfirmed by the City Council on [City Clerk will insert date], to the position of Superintendent, Seattle City Light, of the City of Seattle, in the State of Washington, and that I possess all the qualifications prescribed for said position by the Charter of the City of Seattle; that I will support the Constitution of the United States; and the Constitution of the State of Washington; and the Charter and Ordinances of the City of Seattle; and that I will faithfully conduct myself as Superintendent, Seattle City Light.**

\_\_\_\_\_  
**Jorge Carrasco**

**Subscribed and sworn to before me  
this \_\_\_\_\_ day of \_\_\_\_\_, 2012**

(affix seal)

\_\_\_\_\_  
**Monica Martinez Simmons, City Clerk**

# JORGE CARRASCO

## PROFILE

Chief executive with a proven record of improving the performance of public and private organizations facing economic, institutional, or business challenges. National and regional leader in environmental stewardship and sustainable business practices. Recognized for achieving a measurable impact on infrastructure and productivity through strong leadership, effective negotiations, and astute financial management. Highly responsive to customer needs.

## EXPERIENCE

### SEATTLE CITY LIGHT, Seattle, WA

2004 -Present

Seattle City Light is the largest consumer-owned electric utility in the Northwest with a \$1.1 billion budget; a peak load of 2,100 MW; and 1,810 authorized positions serving more than 400,000 customers, including Seattle and seven suburban communities.

#### Superintendent

Appointed by the Mayor and City Council in 2004 to lead City Light's recovery from the western energy crisis by restoring financial stability, enhancing the utility's resource position through accelerated conservation and renewable energy development, improving reliability and customer service, and transforming the utility into a high performance organization.

Significant achievements include:

- Reduced the utility's debt to capitalization ratio from 85% to 62% retiring \$550 million in short and long-term debt and financing all capital work between 2004 and 2007 with current revenue. Moody's improved City Light's outlook from negative to stable and raised our rating to Aa2 (December 2008). Standard & Poor's improved City Light's outlook from negative to stable and raised our rating from A- to AA- (November 2008), our highest bond ratings in more than 10 years.
- Reduced rates over 12% between 2003 and 2009, including an 8.4% rate cut in 2007 (for the years 2008 and 2009), the largest rate cut in more than 35 years. City Light's residential and commercial rates are the lowest of any comparably sized city in the country. Established and funded a \$100 million Rate Stabilization Fund to address hydro and energy price volatility. Realized \$53 million in annual efficiency savings between 2004-2011.
- Developed risk management program with enhanced hydro forecasting tools and a risk metric that optimizes the utility's marketing of surplus power. Secured authorization for hedging of hydro risk 24 months forward and use of put and call physical options. Instituted enterprise-wide risk management practices throughout the utility.
- Implemented customer service improvement initiatives that resulted in a #4 ranking in 2011 of City Light by its business customers among all Western Region utilities of comparable size; ranked in the top quartile of all utilities nationally in 2011 by the J.D. Power Residential Customer Satisfaction Survey.
- Established a \$60 million Asset Management program to inventory and to implement timely maintenance, rehabilitation or replacement of physical infrastructure.

- Developed 20-year power supply acquisition strategy to ensure all load growth is met through conservation and renewable energy while ensuring reliable service and competitive rates. Negotiated power contract with the Bonneville Power Administration (40% of utility's power supply) that ensures reliable, low cost, clean power for 17 years. Led development of accelerated 5-year Conservation Power Plan that doubles annual energy savings to 15.8 aMW, 1.4% of City Light's average load.
- Expanded City Light's commitment to environmental stewardship. Since 2005, City Light has been greenhouse gas neutral – becoming the first electric utility in the country with this distinction.
- Implemented an outage management system and emergency preparedness program to enable effective responses to storms, earthquakes, pandemics, or other natural disasters.
- Assembled executive team and restructured the organization to be more responsive to customer needs and business performance. Facing a tight labor market for utility workers and an aging work force: reduced our vacancy rate from 14% to 5%; initiated an aggressive recruitment campaign to hire skilled craft workers and established a succession program; expanded the utility's training and development programs; and worked with our labor unions to improve employment levels, compensation, and dramatically reduced employment litigation.

#### **AMERICAN WATER, Voorhees, NJ**

1996 – 2003

American Water is a \$2.2 billion water resource manager. RWE/Thames acquired the company in January 2003 and subsequently sold the company. American Water Services is a subsidiary of American Water.

#### **President — American Water Services, 1999-2003**

Promoted to build a non-regulated business that would enhance the growth of the company and create value for shareholders. Acquired and integrated new businesses, including a large number of small entities with disparate accounting systems and many underperforming contracts. Appointed new executive team, installed new business and accounting systems, and reduced overhead by 14%.

Significant achievements include:

- Achieved a first-time operating profit of \$20.7 million in 2003.
- Built a \$424 million subsidiary, American Water Services (AWS), providing water, wastewater, and related services in the United States and Canada to cities, industries, and the federal government. The company became the fourth largest contract operator in the country with 2,200 employees serving 6.1 million customers, including the cities of Seattle, Houston, Detroit, Buffalo, Birmingham, and Miami in the United States; and Toronto and Hamilton in Canada. It ranks second in size in the bio-solids and underground pipe rehabilitation markets. Awarded multi-year contracts including operation of water and wastewater facilities for Ft. Leavenworth, Kansas (\$90M); Ft. Rucker, Alabama (\$55M), Ft. Sill, Oklahoma (\$175M); and Lake Pleasant Water Treatment Plant in Phoenix, Arizona (a design-build-operate project, \$336M).
- Led the integration of three key acquisitions (American Anglian in 1999—annual revenues \$38M; EA2 in 2001—\$8M in profitable revenue with service delivery in five Midwestern states; and Azurix North America in 2001—annual revenues \$133M). In addition, the business grew organically by \$111M in 2002-03. Specifically, the acquisition of Azurix North America added diverse lines of business; increased geographic presence in Southeast, Southwest, and five Canadian provinces; and brought a talent base of over 1,000 employees. The RWE/Thames merger added two product companies, a small services company, and an operations contract of \$125M in revenue.

**President—American International Water Services Company, 1998-1999**

Approached by new CEO to transform business from traditional regulated Water Company into a water resource manager serving diverse clients in highly competitive markets. Led strategic initiative to address major changes affecting the water business and to improve the company's ability to compete. The transformation strategy included acquisition of companies involved in the delivery of water and wastewater services and products to cities, industry, and the federal government.

**Vice President, Operations—American Water Works Service Company, 1996-1998**

Recruited to expand the presence of American Water in the West. Acquired a wastewater system in Hawaii serving a population of 30,000, developed an integrated water resource plan for the Monterey Peninsula, and consolidated all customer service operations resulting in savings of over \$400,000 (including a reduction of nine positions, while improving service and expanding hours of operation).

**EAST BAY MUNICIPAL UTILITY DISTRICT, Oakland, CA****1991 – 1995**

East Bay Municipal Utility District (EBMUD) is the second largest urban water and wastewater utility in the western U.S. serving a population of 1.2 million water customers and 600,000 wastewater customers in Oakland, Berkeley, and the eastern San Francisco Bay area. EBMUD's budget totals \$450 million and employs 2,100.

**General Manager**

Hired by new board majority in 1991 to transform the water and wastewater utility into an environmental leader.

Significant achievements include:

- Developed a Water Supply Management Program recognized as one of the most advanced integrated resource planning strategies of any water utility in the nation. Supplemented by conservation and reclamation efforts, the District's actual drinking water demand in 1995 was lower than in 1986.
- Rebuilt emergency financial reserves from less than \$2M in 1991, to over \$34M in 1995. Refinanced high interest rate debt to cut expenses and save ratepayers millions in future interest costs. In 1993, the District cut rates for the first time in its 70-year history.
- Overhauled infrastructure policies and preventive maintenance programs to improve management of capital assets — increasing total labor hours for preventive maintenance by more than 50% (from less than 20% in 1991 to more than 40% in 1995) — producing an annual net savings of \$1.6M.
- Resolved \$150M in environmental lawsuits and established environmental best practices to address contamination issues including PCBs in creeks, contaminated soils at reservoir sites, and dumping of spoils on watershed properties.
- Developed and implemented a \$189M Seismic Improvement Program to retrofit and upgrade the water system — the most advanced seismic program in California water industry history (prompted by the 1989 Loma Prieta Earthquake).

1988 – 1991

**CITY OF SCOTTSDALE, Scottsdale, AZ**

Scottsdale is an enterprising, fast-growing community of 135,000 in suburban Phoenix with an annual budget of \$158M and 1,200 employees.

**City Manager**

Selected by newly elected City Council majority as City Manager in 1988 to respond to a weak economy and declining revenues coupled with a significant backlog of infrastructure needs — particularly in the areas of transportation, water and community facilities.

Significant achievements include:

- Received voter approval in 1991 for a \$300M bond program to make critical infrastructure improvements (the most comprehensive bond program ever approved by voters with the highest turnout in the city's history).
- Created and funded the City's first Economic Stabilization Reserve totaling over \$10M to weather fluctuations of local business cycles and mitigate impact on City finances. Developed economic development and retail incentive policies that brought the Phoenix Open Golf Tournament, Barrett Jackson Car Auction, Neiman Marcus and the Imax Theatre to Scottsdale. Working in cooperation with the Scottsdale Chamber of Commerce and San Francisco Giants' ownership, secured funding for the construction of Scottsdale Stadium, the Spring Training Home of the San Francisco Giants.
- Established Council-approved criteria for reserves resulting in all-time high capital and operating contingency reserves of \$8M (5% of the General Fund Budget). Recognized by the Government Finance Officers Association with a "Distinguished Budget Presentation Award" for 1989-90 — a first for the city.
- Secured \$146M for a 10-year transportation plan using a .2 cent sales tax approved by voters. The plan included funding for the Interim Outer Loop, the start of construction by the Arizona Department of Transportation on the Pima Freeway, and installation of a totally automated traffic signal system. These initiatives responded to community surveys that ranked transportation as a leading priority.
- Addressed long-standing water supply shortage by negotiating a 100-year water lease with the San Carlos Indian Tribe. Developed City's first Reclamation Project for golf courses using Central Arizona Project water; and implemented the first Comprehensive Water Conservation Program. Protected water supply through an agreement with the Environmental Protection Agency (EPA) and responsible parties for the construction and operation of a Volatile Organic Compounds (VOC) removal plant at no cost to the City.

**CITY OF AUSTIN, Austin, TX**

1974 – 1987

Austin is a capital city of 435,000 with 9,500 employees and an annual budget totaling \$960M — with regional electric, water and wastewater utilities; two hospitals and a network of clinics; a transit system; and an international airport.

**City Manager — 1984-1987**

Led the organization during a boom/bust growth cycle when the city's population more than doubled and the entire state of Texas faced an unprecedented economic downturn. As City Manager, oversaw the Austin Electric Utility (now Austin Energy).

Significant electric utility achievements included:

- Reorganized the electric utility to compete in an industry undergoing significant change and to stay at the cutting edge of innovation in both operations and demand management; added a chief operating officer and chief financial officer and strengthened generation, fuels planning, engineering and construction management capabilities.
- Saved ratepayers and taxpayers almost \$5.5M in annual interest payments through advance refunding of almost \$1B in debt. Maintained Austin's AA+(AA1) general obligation bond ratings and A+(A1) revenue bond ratings during the economic downturn.
- Achieved rate reductions of 14.6% through renegotiation of fuel contracts and significant reductions in capital requirements; moved to cost-based rates to enhance our competitive position and restore fairness and equity to our rates.
- Created a Department of Conservation and Renewable Resources to develop a conservation power plant with a goal of 553 megawatts and incorporate renewables into Austin's long-term resource plan. The conservation power plant received national recognition through the American Public Power Association's Energy Innovators Award.
- Introduced demand management initiatives including "the Best Little Home Loan in Texas," a leveraged home efficiency loan program; the Austin Energy Star program, an efficiency rating system for new home construction (eventually expanded to resale and multi-family markets) used as a competitive marketing tool by Austin area builders; and commercial programs including lighting and small scale cogeneration applications.

**Other Executive Roles — 1974-1983**

Joined City as an Administrative Aide in 1974; held increasingly responsible roles over the next ten years— Administrative Assistant to the City Manager, Capital Budget Officer, Budget Director, Superintendent of Administration for the Electric Utility, Assistant City Manager, Deputy City Manager — before being named City Manager in 1984.

## EDUCATION

MBA, St. Edwards University, Austin, TX, 1984  
 BA in Economics, University of Texas, Austin, TX, 1971  
*Magna Cum Laude, Phi Beta Kappa*

## PROFESSIONAL & CIVIC AFFILIATIONS

### Associations

American Public Power Association, 2004-present  
 American Water Works Association, 1991-2003  
 International City/County Management Association, 1974-2003

### Boards of Directors

Large Public Power Council, 2004-present (Chair 2010-2011)  
 Public Power Council, 2004-present  
 American Public Power Association's Climate Change Task Force, 2006-present  
 Alliance to Save Energy, 2010-present  
 Electric Power Research Institute, 2011-present  
 The Alliance Commission on National Energy Efficiency, 2012 - present

The Nature Conservancy, Washington State Chapter, 2007-present  
 Seattle Community College District, 2009-present  
 Mayor's Green Ribbon Commission, 2012 - present

National Energy Efficiency Commission, 2012  
 Water Partnership Council, 2003  
 American Water Works Association (AWWA) Research Foundation, 1994-1996  
 Water Education Foundation, 1994-1995  
 Western Urban Water Coalition, 1993-1995  
 California Urban Water Agencies, 1992-1995  
 Founding Board Member, Greater Phoenix Economic Council, 1990-1991

### Federal Regulatory Oversight

National Electric Reliability Corporation (NERC) Member Representatives Committee, 2007  
 U.S. Environmental Protection Agency National Drinking Water Council, 1993-1995

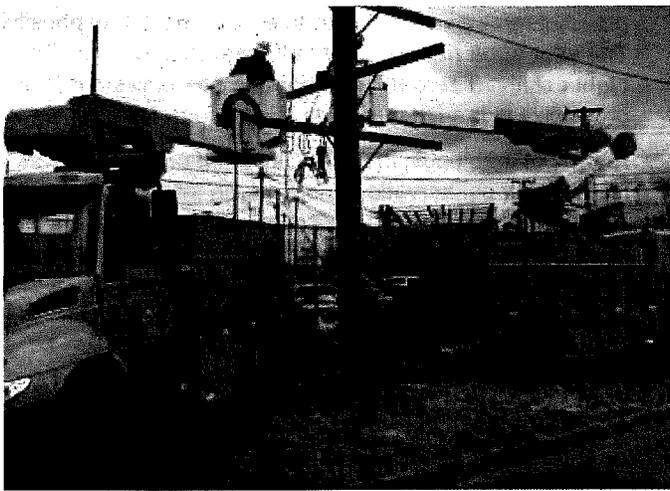
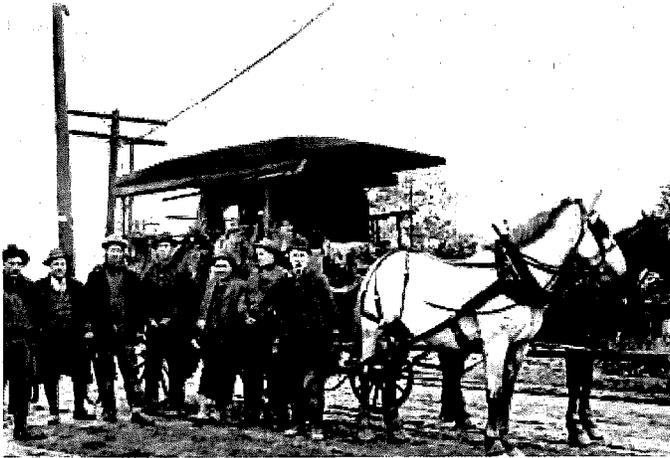
## MILITARY

U.S. NAVY, Newport, RI & Pensacola, FL

1971 – 1972

Ensign, U.S. Naval Reserve, Air Intelligence Officer  
 Completed Officer Candidate School in Newport, RI and Air Intelligence School in Pensacola, FL  
 Received early discharge after Viet Nam Conflict ended

# A proud past, a promising future



In the early days of Seattle City Light, line crews used horse-drawn carts to haul equipment, but these days, crews have access to hybrid diesel trucks, which are quieter than conventional trucks, save on fuel costs, and you don't have to feed them.

At a pivotal time, the utility was buffeted by the 2000-2001 West Coast energy crisis and a drought year in the Northwest, causing it to incur power expenses that exceeded its budgeted estimates by almost \$600 million. Net income was negative four years in a row, customer rates jumped 58 percent, debt increased, and infrastructure maintenance was deferred.

Hired in 2004 as the utility's new superintendent, Jorge Carrasco immediately took steps to bring City Light back from the brink. Our 2004 net income of \$13.8 million was the first positive net income since 1999. By the end of 2005 it had risen to \$81.9 million. At the same time, the utility paid off nearly \$600 million in short-term and long-term debt that it had borrowed during the energy crisis to deal with the high power costs.

Building on its financial recovery, the utility began to address financial discipline, paying for capital investments without borrowing, and reducing debt-to-capitalization margins. In 2006, the utility made investments in customer service, including reductions in the time it takes for customers to receive new electrical hookups. Energy supply resources were strategically forecast through completion of an Integrated Resources Plan.

The utility also began work on long-deferred maintenance issues by preparing a comprehensive Asset Management Plan.

Employees were asked what makes for a high-performance organization, and out of that came City Light's Vision, Mission and Values. Not just words on paper, the document brought clarity and purpose to the utility's endeavors.

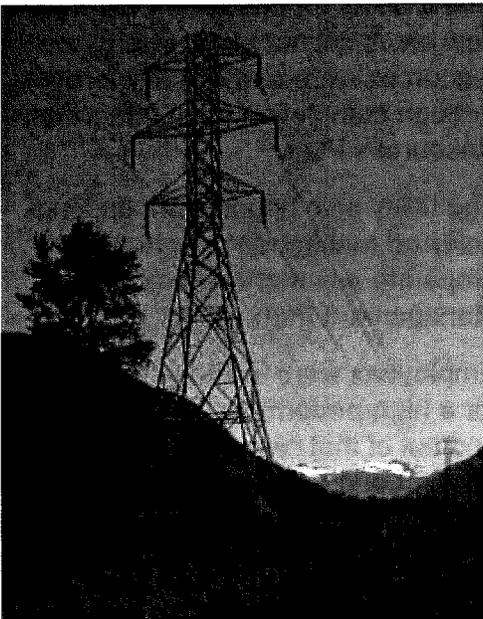


## A game-changing storm

In December, 2006, the historic Hanukkah eve windstorm hit, and 50 percent of City Light customers lost power. With a massive, heroic effort by City Light crews, electricity was restored to most customers within a few days, but some customers were in the dark for more than a week. The utility lost precious infrastructure — dozens of poles, miles of power lines.

The storm had exposed the utility's long-standing vulnerabilities due to deferred maintenance and lack of emergency preparedness planning.

Superintendent Carrasco recognized the challenges, of course, but also saw the opportunity to make critical improvements to the utility. He knew that there was a solid foundation, but it was an old one — in some cases, more than 100 years old — and it needed attention.



He called for an independent and comprehensive review of City Light's storm response, an assessment of what the utility could do better, and recommendations on how to do that. He also called on peer utilities with extensive natural disaster experience to help with the after-action review.

In 2007, the Davies Report was issued, offering more than 70 recommendations, and by 2008, Seattle City light had completed many of them, such as:

- purchasing and installing an Outage Management System that would, over time, vastly improve the utility's response to power outages;
- implementing our Asset Management Plan to oversee the critical needs of essential infrastructure, and developing a regular maintenance and replacement schedule.

The initial maintenance priorities included streetlights and tree trimming. Using four-year cycles for both, a rigorous group re-lamping schedule was launched with streetlight replacement in the southern part of the service territory. This effort recognized that functioning streetlights are one of the most essential services customers want.

To reduce tree-related outages, a four-year tree-trimming program was adopted resulting in fewer and fewer outages caused by downed trees or tree limbs.

The utility also started an underground cable-injection program that would improve the reliability of buried power lines and extend cable life by decades.

Even as the utility sought to provide affordable, reliable power, it remained committed to environmental responsibility. The year 2008 marked the fourth year in a row that City Light achieved zero-net greenhouse-gas emissions, the only utility in the country to do so.

And most ambitious, in 2008, City Light completed work on its five-year conservation goals, which introduced the idea of relying on conservation as our resource of first choice to meet new load requirements. The plan called for a doubling of conservation efforts — even though the utility was already a national leader in conservation.



The utility ended the year with an announcement from Superintendent Carrasco that City Light had signed a 17-year contract with the Bonneville Power Administration (BPA), which secures 40 percent of City Light's energy load through September 30, 2028. The agreement meant that the utility would be able to acquire a substantial amount of low-cost hydroelectric power for the next two decades. That new agreement began in 2011.

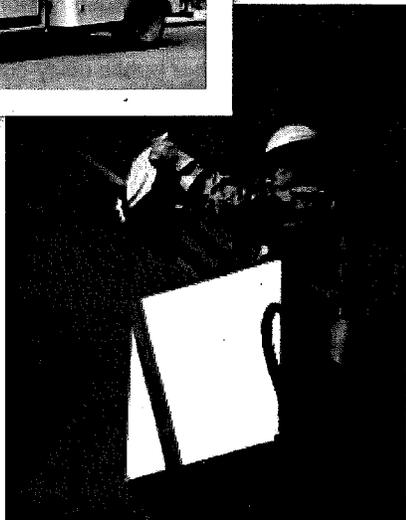
After the Seattle City Council unanimously re-confirmed Jorge Carrasco for a second term as superintendent in 2008, the utility was positioned to make some of its most important gains, providing a second century of service with renewed vigor.

This document outlines the challenges and accomplishments the utility has experienced since then in these important areas:

- Financial Management
- Power Supply and Reliability
- Customer Service
- Conservation and Environmental Stewardship
- Workforce Performance
- Regional and National Leadership



Seattle City Light streetlights have undergone technological and style changes over time. The latest advance is the LED streetlight, which lasts many years longer than conventional lighting and uses half the energy.



## Our work in progress

The global economic decline caught up with City Light in 2009, compounded by a severe drop in natural gas prices that adversely impacted the utility's surplus wholesale power sales — an important revenue source was diminished significantly. The superintendent made difficult decisions to reduce spending while instituting conservative fiscal policies.

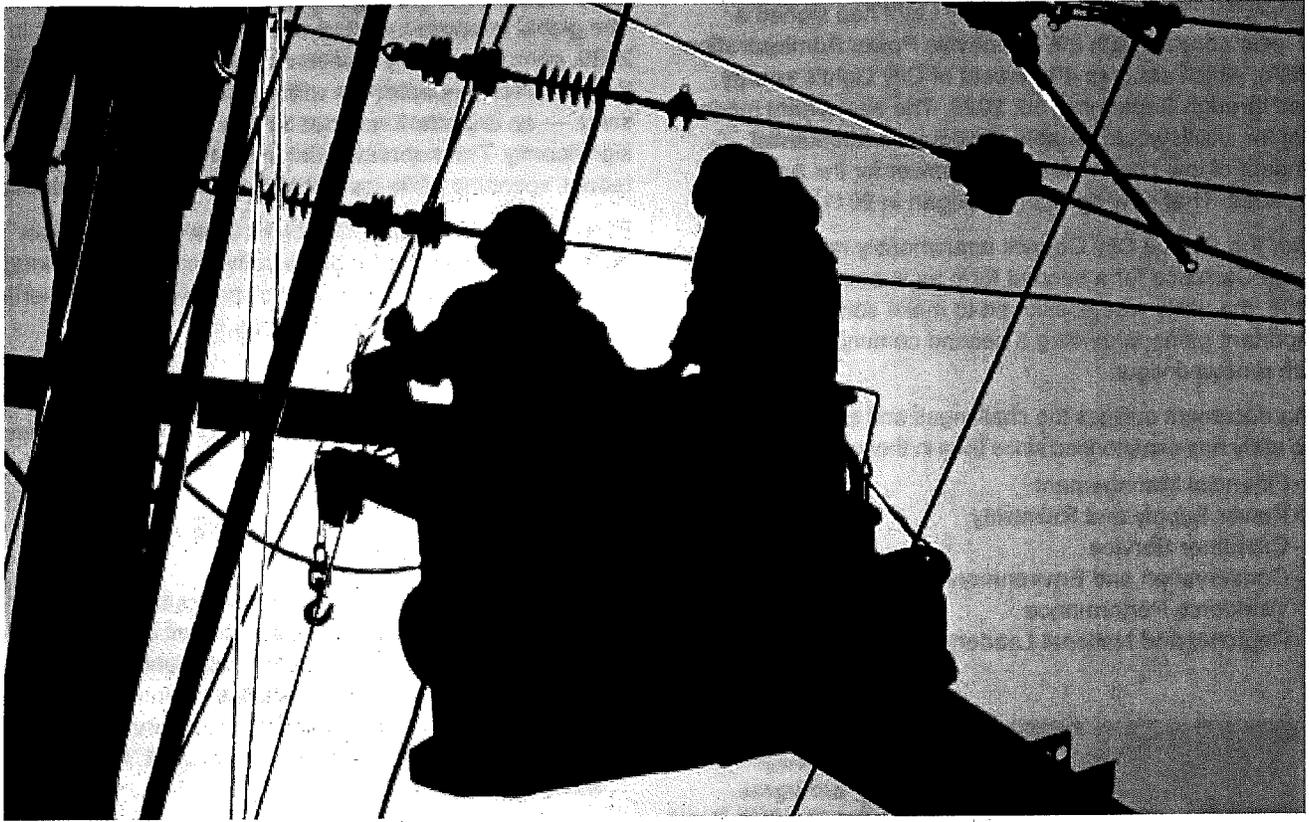
Even with these actions, City Light, as well as most City departments, prepared for budget cuts, layoffs, and furloughs in 2010. Remarkably, the utility still accomplished essential work, launched important initiatives, and improved customer services.

By 2011, the utility could catch its breath and take concrete steps to ensure the future of reliable power for its customer-owners.

## Seattle City Light priorities

### FINANCIAL MANAGEMENT

- One of the most important contributors to City Light's financial stability was the establishment of a **Rate Stabilization Account** in 2010. Fully funded by the end of the year, the account shields customers from rate volatility, in order to maintain customer service and avoid unplanned budget cuts. At the end of 2011, the account stood at \$141.5 million;
- In 2010, Superintendent Carrasco, with the guidance of a nine-member Review Panel, led the development of City Light's **Strategic Plan** — a six-year road map for the utility. Throughout 2011 and early 2012, the utility reached out to its diverse stakeholders and customers, and by the spring of 2012, the final plan was submitted, and accepted, by the mayor. The City Council is now considering the plan. Its over-arching purpose is to properly manage the utility's infrastructure, as well as to integrate the budget process with realistic rates, making rate-setting more predictable for customers and utility planning. The Strategic Plan also includes building the first new substation in 30 years to meet increasing demand for power.
- Every year the utility seeks out **efficiencies**, and between 2004 and 2011, \$53 million of annual savings were found through improving work processes, streamlining purchasing and inventory, and increasing productivity.
- City Light is moving forward on a comprehensive **Enterprise Risk Management (ERM)** structure that will assess the potential impacts of business risks within the various divisions of the utility. ERM can improve operational efficiencies to proactively identify risks, and help to avoid or minimize impacts and costs to the organization.



## POWER SUPPLY AND RELIABILITY

- The 17-year contract with the BPA began in 2011, ensuring that City Light can continue to provide customers with low-cost, reliable, environmentally responsible energy in the future.
- City Light led negotiations with BPA and Puget Sound Energy to reduce transmission congestion issues along the high-demand I-5 power-transmission corridor. This included identifying ways to increase capacity and allocating cost-sharing to achieve greater reliability.
- Following several years of intense activity, the complex **Boundary Dam relicensing** project is scheduled for approval in the fall of 2012. It will allow us to operate the dam for the next 50 years. Boundary provides about 58 percent of the power City Light generates, and 26 percent of our overall sources of power.
- The utility is subject to mandatory federal standards, about 1,000 complex ever-changing requirements that affect all aspects of our work. Especially important is protection of critical computers and information technology. In 2011, the **North American Electrical Reliability Corporation (NERC)** did not identify any findings of non-compliance with the reliability standards at City Light, and only one minor violation of the Critical Infrastructure Protections standards — a favorable review overall.

•In recent years, the utility has launched a series of projects to shore up **reliability** of the system. For instance, since 2008:

- Crews have been injecting underground power cables with protective silicone to extend their life and save the utility millions of dollars in repairs. Twenty-nine miles of power lines have been treated as of 2011;
- The utility has trimmed thousands of miles of vegetation along power lines, minimizing outages even during a snowy, blustery storm in January, 2012.
- After years of negotiations on behalf of City Light customers and other public utility customers in the region, a successful agreement resulted in credits to City Light from the BPA for prior years of overpayment to BPA's **Residential Exchange program**. City Light began receiving credits of \$5.7 million in 2008, and they will continue through September 2019.

## CUSTOMER SERVICE

- Based on surveys and focus groups, City Light customers rank the utility's service as good or very good. **J.D. Power**, an independent consumer research organization, consistently ranks City Light in its national top-quartile of utilities. In a 2011 survey, J.D. Power reports City Light is ranked number four in the West by business customers when compared to other utilities. In terms of price, business customers rank City Light fourth nationally.

Residential customers rank City Light second among mid-sized Western utilities, and among the top 10 nationally. The utility continues to show improvement in account management, corporate citizenship, and communications.

- After the 2006 Hanukkah wind storm, City Light made it a priority to implement an **Outage Management System (OMS)**, and in 2010 the first phase was installed on time and on budget. One of the most popular features is an online outage map on the utility's external website that is used by customers and media, providing more communications about power restoration during outages. The second phase of OMS rolled out in 2011, and included customer-callbacks when outages were restored.
- The first thing customers notice — particularly in fall and winter — is a streetlight out or fading. That may become a rare event because of City Light's far-reaching **LED (light emitting diode) streetlight replacement project**, which would save the utility both energy and money, extend the life of streetlights, and reduce maintenance costs. In 2011, more than 12,000 LED streetlights were installed in residential neighborhoods to the north end of City Light's service territory, bringing the total of LED streetlights to 19,147 by the end of the year. The utility is on track for more than 40,000 LED streetlights being installed by 2014 throughout the utility's service territory.
- In the last several years, City Light has been catching up with 21st century technologies, including a new **online bill-payment system** for customers. The utility also launched a major push into new media: In 2011, City Light introduced a mobile phone app to give customers instant access to their accounts, outage information, and streetlight outage reporting. The utility even turned to social media channels to improve ways to reach customers. In 2011, the utility's Twitter account had 2,943 followers, and the Powerlines blog recorded 335,273 views, averaging 26,939 per month. Also that year, City Light went on Facebook, offering readers news, photos, videos and more. Today we have more than 300 Facebook "friends."

## CONSERVATION AND ENVIRONMENTAL STEWARDSHIP

- In 2008, the utility adopted its ambitious **Five-Year Conservation Plan** that doubles City Light's annual energy conservation efforts with a goal to save a total of 66 aMW. In addition, \$185 million worth of investments in efficiency programs will save customers more than \$310 million in residential/business bills.
- In 2011, the utility surpassed its two-year **energy savings target** required by state mandates (I-937) by 25 percent, saving 13 aMW that year in newly contracted energy, and achieved targets for new renewable energy.

- The utility expanded its **Powerful Neighborhoods** program in 2011, in which utility representatives go door-to-door to offer free compact fluorescent light bulbs, energy-saving showerheads, and faucet aerators. The program targets customers who may not have taken advantage of our conservation programs, including senior citizens, non-English-speaking households, and low-income customers.
- In 2011, the utility launched its first **Community Solar** project at Jefferson Park. Utility customers can share in the benefits of the energy produced by receiving utility bill credits for the next nine years.
- City Light is proud of its work to be good **stewards of the environment**, and in 2011, the utility restored 50 acres of Tolt River and floodplain, and added 910 acres of fish and wildlife habitat to Skagit watershed conservation lands.
- As a measure of how well the utility is doing to **restore habitat** for fish, near-record numbers of pink salmon arrived in the Skagit River in 2011—the largest return of pinks in the Puget Sound watershed.
- Since 2005, City Light has been **greenhouse-gas neutral**, the first utility in the nation to do so.

## WORKFORCE PERFORMANCE

- Following difficult furloughs and layoffs in 2010, the utility worked hard to **stabilize employment**. In 2011, City Light hired 14 pre-apprentice line workers and 135 new employees. The utility promoted 124 employees, and received the budget approval to fill positions and reduce the vacancy rate to 4 percent.
- The utility received a favorable review from the 2011 **NERC Compliance Audit**, as well as positive



Our volunteers in the annual Heart Walk.

endorsements from FERC for the security audits at the Boundary, Skagit, and Tolt projects.

- Suggested by employees during annual all-employee meetings with the superintendent, new attention was given to the issue of **electricity theft**. The utility has been working with law enforcement to counter the problem and recoup revenue losses. In addition, the utility has helped initiate a **Western Washington Copper Theft Task Force**, and added a mobile security patrol that reduced thefts at our substations.
- City Light launched an **employee-volunteer program** in 2011, with dozens of employees getting involved in the annual American Heart Association's Heart Walk, a Duwamish River clean up, and other fund-raising events at all utility locations to support local causes.

### REGIONAL AND NATIONAL LEADERSHIP

Superintendent Carrasco is engaged regionally and nationally in energy and environmental issues.

- Panel member, The Alliance Commission on National Energy Efficiency Policy (led by U.S. Senator Mark Warner, D-Va., and Tom King, National Grid USA president)
- Immediate past president of the Large Public Power Council (LPPC)
- Board member of the Nature Conservancy, Washington
- Board member of the Alliance to Save Energy
- Trustee of the Seattle Community College system
- Board member of the Electric Power Research Institute (EPRI)
- Panel member of City of Seattle's Green Ribbon Commission
- In addition, in 2010 the U.S. Dept. of Energy selected Seattle City Light to lead the Municipal Solid State Street Lighting Consortium, a national group that provides information on LED streetlights to municipalities and other entities. Today, there are more than 690 members of the consortium, exceeding the original participation goals.

## A powerful future:

### 2012 AND BEYOND

This is a pivotal time for City Light. Critical decisions and investments must be made to ensure the utility's systems and services continue to meet customer expectations, especially for reliability, smarter technologies, and rate predictability. As the Hanukkah storm of 2006 taught the utility, challenges present opportunities if there is the courage and vision to take advantage of them:

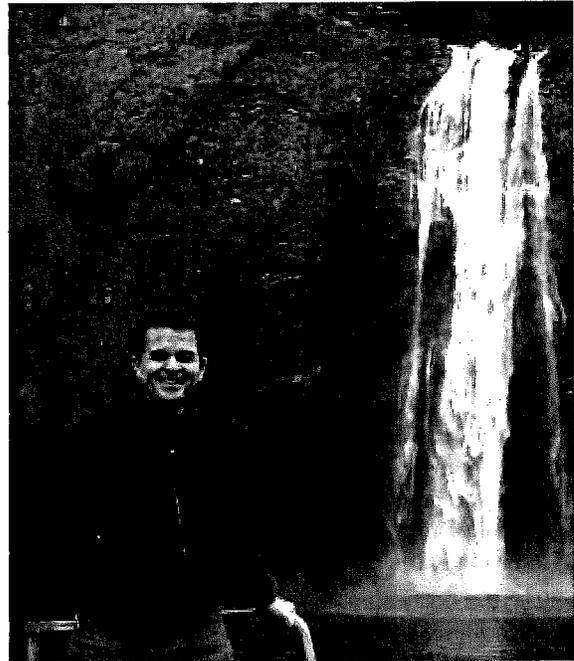
- City Light generates more than half of its own power needs, yet it must also acquire higher-cost renewable power to meet load growth and to continue its commitment to the environment and to comply with I-937;
- Although the utility is fortunate to have a historically solid transmission and distribution system, it includes obsolete equipment that is not up to the rigors of 21st century demands;

- There is no question that City Light's workforce is highly skilled and experienced, but fully half of those employees are eligible to retire within the next few years;
- And while the utility has reduced annual expenses (see the efficiencies chart on the back of the included benchmarks page), inevitably costs will increase as the utility maintains current levels of service.

To manage these issues, Superintendent Carrasco has helped guide the development of City Light's Strategic Plan — the six-year road map for utility operations. The plan offers management practices that focus on critical asset investments to extend the life of equipment, as well as establish a schedule for replacing infrastructure in a timely and cost-effective way. In turn, this will provide energy in a modern, efficient and reliable way — meeting an increasingly technology-driven economy and a cleaner transportation system, while achieving long-term cost savings. The plan includes:

- building the first substation in more than 30 years to improve the entire city grid system by providing needed capacity and increased reliability;
- investing in new technology (Advanced Metering Infrastructure) that allows for almost simultaneous energy and outage management for the utility and its customers.

Seattle City Light has weathered many peaks and valleys in its 107-year history. It has learned from its past and welcomes its future with stable finances, improved reliability, low-cost power, environmental stewardship, talented employees and visionary leadership.



Superintendent Jorge Carrasco visits the Pend Oreille River near Boundary Dam in northeast Washington.

## Seattle City Light Benchmarks 2007–2011

<b>Customer service</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>SAIDI (System Average Interruption Duration Index)</b> Average amount of time a year a customer is without power (in minutes) Target: 50 minutes	57.3	88.4	75.6	74.7	58.8
<b>SAIFI (System Average Interruption Frequency Index)</b> Number of times a year a customer experiences an outage Target: one event	1.3	1.0	1.0	1.0	0.7
<b>Billing adjustments</b> Percentage of bills manually corrected due to a billing error, access problem or incomplete customer information	1.79%	1.79%	2.28%	3.16%	1.73%
<b>Cost per kilowatt-hour (kWh)</b> residential/non-residential 2011 system estimate: 6.83¢ per (kWh)	6.32 5.33	6.32 5.31	6.34 5.27	7.42 6.29	7.61 6.44
<b>Customer satisfaction</b> J.D. Powers ranking/customer satisfaction survey (residential)	4	9	6	5	2
<b>Finance</b>					
<b>Long- and short-term debt</b> Long-term debt total outstanding (in billions)/ Debt total amortized (in millions)	\$1.34 \$71.0	\$1.53 \$70.5	\$1.20 \$146.0	\$1.54 \$638.0	\$1.68 \$163.0
<b>Debt-to-capital</b> Debt as a percentage of total capital (debt plus equity)	67%	65.9%	62.6%	64.3%	64.0%
<b>Net income</b> (in millions)	\$113.5	\$131.7	\$34.7	\$30.4	\$92.2
<b>Year-end operating cash balance</b> (in millions)	\$87.7	\$63.1	\$32.7	\$56.9	\$165.4
<b>Debt collection</b> (in millions)	\$31.0	\$13.9	\$17.4	\$13.6	\$27.6
<b>Community commitment</b>					
<b>HUB/WMBE Initiative</b> Procurement of goods and services from "Historically Underutilized Businesses and Women/Minority Business Enterprises" (in millions)	\$7.23	\$8.88	\$10.87	\$10.19	\$11.81
<b>Human resources</b>					
<b>Demographics</b> Percentage of women in workforce (leadership)/ percentage of minorities in workforce (leadership)	33.6% (39.4) 37.3% (33.8)	38.8% (36.6) 35.0% (19.6)	39.3% (36.6) 31.0% (19.6)	39.7% (36.7) 32.1% (21.2)	34.0% (32.0) 32.0% (39.0)
<b>Safety</b> Total recordable incident rate per 100 full-time equivalent employees	9.2	6.9	9.1	7.3	8.4
<b>Environmental affairs</b>					
<b>Greenhouse-gas emissions</b> Percentage of SCL's annual greenhouse-gas emissions offset	100%	100%	100%	100%	100%
<b>Conservation</b> Annual load met through conservation (average megawatt-hours)	7.57	10.1	13.24	15.3	13.13
<b>Power supply</b>					
<b>Generator availability</b> Weighted average of the percentage of time City Light's generator units are capable of providing service Target: 85%	83.6%	90.6%	84.7%	81.4%	85.2%
<b>Net wholesale power sales</b> Short-term surplus power sales less short-term purchases (in millions)	\$137.3	\$134.4	\$68.4	\$54.2	\$98.4

## 2004–2011 Efficiency Achievement Highlights

	Achievements	Estimated annual savings (\$ millions)
<b>Transmission &amp; distribution</b>	Improved work processes and targeted programs to prevent disruptions (cable injection, tree trimming, pole replacement).	<b>12.0</b>
<b>Environment &amp; conservatiuon</b>	Installation of energy-saving light and lamp heads, conservation strategy and renewable energy program.	<b>13.2</b>
<b>Generation &amp; power</b>	Replaced aging equipment, reorganized operations at key facilities to achieve savings and executed 17-year BPA contract.	<b>9.8</b>
<b>Human resources &amp; safety</b>	Improved safety performance, reduced workers' comp costs and implemented new hiring and staffing strategies.	<b>3.4</b>
<b>Customer service</b>	Revamped work processes to reduce hookup, repair and outage times and upgraded key customer tools (website, billing and mobile apps).	<b>0.7</b>
<b>Infrastructure</b>	Introduced new programs to reduce risks to assets and personnel, theft and compliance fines.	<b>0.7</b>
<b>Financial management</b>	Established Rate Stabilization Account; refinanced debt; generated revenue; maximized value of contracts; improved risk management, billing and lease policies.	<b>13.3</b>
<b>Total estimated savings</b>		<b>53.1</b>

Jorge Carrasco Reconfirmation  
Energy & Environment Committee Questions  
June 26, 2012

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Questions

*Personal*

1. What is your vision for Seattle City Light?

Overall: Redefine our relationship with the customer – as a service organization we need a retail-focused customer service orientation and experience. This would include:

- Increased use of two-way communication technologies, e.g. mobile applications, automated metering infrastructure, outage management system
- Focus on ways to engage all customers at a variety of levels to provide an even better customer experience especially around issues such as: low income services; barriers to service accessibility such as language, cultural or other impediments; hi-demand/hi-quality customer requirements; allowing customers better management of their own accounts electronically; etc.

Specific vision:

Financial

- Conservative financial path related to wholesale surplus power revenue
- Increased efficiencies in administrative management through best practices
- Focus on rate affordability and managing debt to reduce rate pressures
- Establish benchmarks and metrics for the strategic plan initiatives to assure customers and bond investors that we are achieving the strategic plan goals

Infrastructure & Reliability

- Maintain strategic investments in our infrastructure to ensure service reliability
- Implement asset management to guide key investments
- Expand network opportunities to support economic development
- Increase efficiencies within our workforce and operations to keep costs low

Customer Service

- Continuous improvement to provide customers the ability to manage their accounts online
- Improved web-based communications with customers
- Using technology to increase two-way communications with customers through outreach and engagement; social media; web-based; mobile-based; and tools such as Outage Management System (OMS) and Automated Metering Infrastructure (AMI)

Power Resources, Generation & Environmental Stewardship

- Manage I-937 requirements through a combination of prudent renewable resource acquisition and purchase of Renewable Energy Credits (RECs)
- Improve operating efficiencies at our generating facilities
- Maintain carbon-neutral operations

### Workforce

- Invest in our workforce to ensure retention and recruitment of qualified skilled workers
- Utilize tenured workers to train newer employees as we transition to meet the challenges of a retiring workforce (succession planning)
- Grow and train our own and ensure competitive wages to retain

2. Please describe your leadership style, what strengths you bring to the utility, and how will you mitigate any weaknesses in your leadership style?

I value the concept of team and feel that we have developed a core of leadership – from supervisors to the officer and director level – where we work together cohesively on behalf of our customers. Customer service is our driving vision and it will take all of us in a management role to realize that promise. Specifically, since 2004 my priorities have included:

- Integrity and ethical behavior are fundamental
- Articulating a clear, strategic direction for the utility
- Valuing our relationship with customers as a publicly-owned utility
- Empowering employees to do their jobs and providing the tools necessary to accomplish
- Maintaining transparency in decision-making both internally and with customers/ the public
- Making myself accessible to employees, customers, stakeholders and policymakers
- Emphasizing customer service at every level of the organization – and, in 2005 we began a Transformation process that involved employees at all levels of the organization to identify how the utility would meet its Vision, Mission & Values statement
- Expecting performance excellence at all levels of the organization, setting expectations, and identifying accountability measures
- Acknowledging success and achievement and celebrating it at all levels of the organization

I will continue to solicit operational improvements from every employee at all levels of the organization to help inform the management team.

3. What has been your biggest success at SCL; biggest disappointment? What have you learned?

Success: There have been many successes since 2004. Those that come quickly to mind:

#### Financial

- Reducing long and short term debt by \$600 million after the disastrous 2000/2001 Energy Crisis
- Reducing our debt-to-capital ratio to 62% from 85%
- Securing approval of the Rate Stabilization Account – reducing rate volatility for our customers

#### Resource Acquisition & Environmental Stewardship

- Negotiating a 17-year contract with BPA for power
- Relicensing Boundary Dam for possibly 50 years and fulfilling our environmental and economic commitments to the Pend Oreille community
- Being greenhouse gas neutral since 2005

### Customer Service

- Improving communications with our customers through our Outage Management System
- Enhancing online communications with customers and streamlining bill payment options
- Continuing steady improvements to our customer service ratings as measured by JD Power & Associates

### Infrastructure and Reliability

- Implementing an asset management program
- Returning to a regular tree-trimming schedule that has resulted in improved reliability
- Implementing a utility-wide 24-hour security monitoring system well in advance of NERC requirements – avoiding hundreds of thousands of dollars in non-compliance fines
- Creating an Emergency Response system and routinely testing it.\*

### Workforce

- Ongoing improvements in communications with employees

\*One of the **major** successes for our customers and for the utility was what came out of a crisis situation: The Hanukkah Eve Windstorm of 2006. More than half of City Light's customers lost power. The City's Emergency Operations Center wasn't open and, at the time, City Light didn't have an emergency response plan in place. Add to that, we were in contentious union discussions; we didn't have crucial systems (outage management and asset management) in place; we had just started a vegetation management plan; and, we didn't have the necessary technologies in place to support our crews and response staff.

What we did as a part of our After Action Response:

- Brought in a panel of peer utilities with emergency response experience to review our performance and provide recommendations. Some 76 recommendations were proposed and all of those have been addressed;
- Acquired an outage management system is in place that includes a "call-out" feature to notify customers of restoration;
- Initiated an asset management plan;
- Fully developed and tested emergency response plans/continuity of operations designed for a variety of potential disasters/emergencies. It is tested semi-annually;
- Negotiated Mutual Aid agreements with sister utilities;

Disappointment:

There have been few disappointments in eight and one-half years, but perhaps what stands out most in my mind was the inability to achieve greater efficiencies through our labor partner agreements when I first arrived in 2004. I was an unknown quantity, and I hadn't had the time to build relationships with our unions. I think it was a missed opportunity to build in increased efficiencies then, so that we wouldn't be talking about them today.

4. What challenges and complexities do you anticipate facing in your continued role as the Superintendent of Seattle City Light? What strategies will you use to address those challenges and complexities?

Challenges:

- Nationally: Realizing a national energy policy that effectively addresses issues related to climate and energy efficiency; the continued volatility in natural gas prices; and continuing regulatory uncertainties (FERC, NERC, EPA, and DOE);
- Regionally: Transmission congestion; renewable and intermittent energy resource integration; rate impacts from both existing resources (e.g. BPA) and new renewables; and certifying hydro as a renewable energy source;
- Locally: Lower Duwamish clean-up; changing commercial customer profile to high demand uses (e.g. server farms, bio-tech, hi-tech); continued infrastructure investments to ensure reliability and power quality; expansion of network services; increasing energy efficiency opportunities; continued reliance on wholesale surplus power sales; worker safety improvements; competition for talent; a workforce that will be retiring in significant numbers during the next several years; increasing workplace efficiencies; lagging technologies.

Strategies:

- Six-year strategic plan identifies these challenges and sets a pathway to address these challenges. It provides policy-makers, our customers, and our employees with a tool to make necessary improvements, benchmark progress, and establish accountability.
5. What is the most publicly controversial issue you have dealt with in your career? What role did you have in the situation and how did you contribute to resolution of the issue? What were your positive and negative experiences, and was there anything you would have done differently?

I will reflect on a fairly recent incident that occurred Thanksgiving of 2010. It involved the electrocution of a beloved family pet as a result of the pet coming into contact with an energized piece of streetlight equipment. It was a very sad time for the family. Some of the issues surrounding this incident included:

- Initial assessment that this was an isolated incident proved to be incorrect. There were other streetlights with potentially dangerous voltage present.
- City Light had a mechanism in place to report malfunctioning streetlights, but not a specific way to report a potentially hazardous streetlight;
- No comprehensive evaluation of metal streetlights had ever been conducted at City Light and there was no plan in place to up-grade equipment on aging streetlights;

How it was handled:

First of all, we (City Light) “owned” the issue – that is, we took full responsibility for addressing the problem, regardless of other departments or organizations that may have had a part of the issue. To that end,

- As soon as we determined that there was a problem with more than a few streetlights, we acted immediately:
  - o All metal streetlights were tested throughout the service territory in less than a month

- Any streetlights with voltage present were decommissioned and put on a list for immediate repair
  - Established a new system for reporting suspected streetlights with potentially dangerous voltage levels
  - A plan was developed that: (1) Implemented an annual streetlight testing protocol; (2) Created a long-term plan for bringing all streetlights up to current code standards
  - Every day, the previous day's testing results were made public on City Light's blog – the media used this information extensively to help inform the public about city Light's findings
  - I held a press conference to talk with the media (and, ultimately the public) about what we were doing and how we were ensuring the safety of our system
- Results and Lessons Learned
- Important to communicate as soon as possible with the public and to be fully transparent
  - Keep the public and media informed
  - Affirmed the critical nature of asset management and scheduling infrastructure maintenance and up-grades
  - Established an annual testing of streetlight equipment and report of findings
  - Provided customers/public with safety information and what to be aware of, as well as how to report potential hazards

### Seattle City Light Internal

1. Recruiting and maintaining a strong workforce of the best and the brightest employees is critical to the success of SCL. How will you address issues of the evolving workforce of the future, such as filling positions vacated by aging City workers? How will you welcome more people of color, women, and people with disabilities into the workforce where they may not have been represented in large numbers? What are the best practices that you have used as Superintendent of the utility, as well as best practices that you intend to implement going forward?

I am proud of the demographic representation of the City Light workforce. In fact, throughout the organization at all levels of the workforce we either meet or exceed the demographics of the populations we serve.

Recruitment and diversity at Seattle City Light continues to focus on attracting and retaining talent at all levels. We have reduced our time to hire from an average of 150 days in 2004 to 47 days in 2011. Since 2006, when we began tracking this metric, more than 700 of our employees have been promoted to more senior positions.

Our goal at Seattle City Light is to attract and retain a workforce that is reflective of the community that we serve. Currently we meet or exceed the representation of women and minorities in 80% of the EEO job categories. We are especially proud of our apprenticeship

program and the diversity of our workforce in the skilled trades. In the case of the skilled trades, City Light meets or exceeds EEO targets.

Some best practices measures we have implemented since 2004 include:

- Our organizational transformation process – creating a utility-wide Vision, Mission & Values commitment
- Asset management system
- Outage Management System
- After Action Peer Review after the 2006 Windstorm
- A Rate Stabilization Account
- Our six year strategic plan
- Performance review contract with UMS
- Five-year conservation plan
- Greenhouse gas neutrality – first utility in the country
- Outreach and engagement with our customers and the use of social media and mobile applications
- Boundary Relicensing and our commitment to environmental stewardship

2. SCL employee morale and motivation have been a concern in the past for the Council. In 2004 and again in 2007, an employee survey was conducted. Would you support conducting another employee survey to help assess where we are today and identify possible issues to focus on? Or do you have other suggestions for tracking the attitudes and concerns of the workforce?

City Light has used employee surveys on a variety of occasions to gauge employee attitudes and perceptions. In addition to the utility-wide surveys in 2004 and 2007, we also conducted a more specific utility-wide communication survey (with follow-up focus groups) in 2010. From that survey in 2010 we addressed some specific communication recommendations made by employees.

Surveys are one way to measure and identify employee concerns, questions or recommendations. Other ways we use to engage employees on a regular basis include:

- Semi-annual all-employee meetings (held at every City Light facility, with two meetings each for SMT, North Service Center and South Service Center employees)
- *Ask Us* an anonymous (online or written) employee question forum where the questions run the gamut of work conditions to policy questions. It is open to all employees and answers are provided (on average) within a week of receipt
- *Pulse Poll* is an informal “research” tool where questions are posed to employees and their responses are used to inform a variety of decisions – a new question is posed every week
- *Power Exchange* (at least) monthly informational sessions for employees on a variety of industry-related topics
- *Grassroots Safety Councils* – employee-driven safety initiatives

In the 2007 survey, employees cited training, compensation and hiring as their chief concerns. Since then we have reduced the vacancy rate from 14% to 8% and we have reduced the time to fill positions from more than 150 days to about 47 days. We have made significant progress in bringing compensation to market rate for many positions at the supervisor level and below. In the strategic plan we have specified specific funding for training and development to ensure that our workforce has the knowledge and skill to effectively perform their jobs.

3. Turnover is a part of any business or organization. Recent data suggest that for the high-level management positions, you tend to bring in new people from outside the organization as opposed to promote from within. Is this a strategic decision, or should SCL be doing more to develop talent internally? What more could we be doing to develop new leaders from within SCL's ranks?

Forty-five percent of our executives and 73% of our managers were promoted from within the organization. Between 2004 and today we have had 45 people in executive level roles leave the utility. The majority or 60% of them left for better paying positions at the same or more senior level. 20% of them retired with more than 20 years of service. At the manager level 42 have left the utility. The majority of them, 52% retired while 40% left for better career opportunities. We continue to focus on promoting attracting and retaining talent at all levels of the organization but this is especially difficult at the senior levels given the competitive market for talent in the electric utility industry.

At times, it is beneficial to bring talent from outside the organization – especially when there is a unique set of skills that someone brings embodying a broader industry-based knowledge that would benefit City Light as it develops unique policies. In the 6-Year Strategic Plan we have recommended a significant investment in training and development for our existing workforces. This will include leadership development with a focus on succession planning.

### Seattle City Light in the Community

1. Please describe a project or two that required neighborhood and community collaboration on issues that the neighborhood initially felt hesitant or skeptical about, and specifically how you worked with the community to address their concerns.

Two projects come to mind:

- **North Beacon Hill Utility Pole**

In this case, Seattle City Light had installed a very large pole (Glu-Lam) in a residential area. It replaced two poles that previously carried utility distribution lines along a steep slope. The work was done to accommodate the Sound Transit tunnel project on Beacon Hill. Unfortunately, the community was not consulted prior to doing the work and the resulting installation met with considerable community opposition. City Light spent 18 months working with the community to reach a mutually satisfactory solution. We worked with a task force of community members and spent hours and hours going over options and alternatives. Initially, the meetings were borderline hostile, with considerable

skepticism on the part of the community that City Light would truly commit to a viable resolution. However, after months and months of working together, there was a healthy respect for the relationship and a partnership was formed. We addressed the neighborhood's concerns by:

- Reducing the size of the GluLam
- Altering the height of the transmission lines
- Running a second feeder underground to reduce the number of lines overhead
- Reconfiguring the supporting "guy lines" to the pole
- Reducing the size of several other new poles in the neighborhood

In this case, I learned the value of working with the community on the front end of a project and to be truly forthright and open. It would have saved all of us – the utility and the community – time and money, and would have demonstrated to the community our commitment to customer service.

#### - **Eastside 230 kV Vegetation Management Project**

This situation is an interesting one. Seattle City Light's high voltage 230 kV transmission lines (and a part of the regional transmission service) that run from Bothell to Renton (basically) along I-405 impact residences and businesses not in City Light's service territory. That is, the people who are adjacent to these lines are not customers of City Light. In some instances, neighboring properties used City Light's Right-of-Way (ROW) as an extension of their backyards – even to the extent of building permanent structures, swimming pools, and fences. Needless-to-say, City Light had been lax in many cases to enforce our property rights on this land. With new safety and security regulations from the North American Electrical Reliability Corporation (NERC), City Light is required to maintain certain protections for transmission lines as it relates to the potential for vegetation (particularly trees) to damage lines. Significant fines could be assessed for non-compliance. Additionally, these encroachments posed potential safety hazards for the residents.

Our goal was to gain access to our right-of-way to do the necessary work that needed to be done in a fairly short amount of time. It meant working within seven separate municipal/county jurisdictions and to gain cooperation from property owners who would see our work as intrusive and potentially unattractive because of the removal of trees and shrubs. Since these were not City Light customers, they had less inclination to be very understanding of our needs nor how they (personally) would benefit from our tree trimming.

We had a deliberate community relations plan that focused on working with the local political jurisdictions first to brief them on what would take place and why. We prepared materials and provided fact sheets for them to use if they received any property owner/tenant complaints. We did direct mailings to hundreds of property owners to explain the project and invite them to a public meeting to learn more. We held a series of community meetings – that, were very, very well-attended, and initially started out a bit hostile, but by the end of the evening, we received their support and endorsement. We notified all local elected officials to

ensure that they were fully aware of what we were doing and why. We put notices in the local community newspapers, as well as prepared articles for the newspapers describing the project. Local municipalities (Bellevue, Kirkland, Woodinville, Bothell, and Renton) put information into their city newsletters. We worked with homeowners to provide replacement trees and shrubs where vegetation needed to be removed.

In the end, we only had one objecting property owner, and we eventually reached an agreeable solution to his concerns. This was a six-month project, and you never heard anything about it, because we did do it right and worked with the community(ies) proactively from the beginning.

- I also would offer as an example of our ability to work with the community/customers the outreach and engagement on our six-year strategic plan.

2. The community interacts with SCL in a number of ways – one of the most important of which is via the internet. How do you intend to improve bill pay for our residents, as well as user interface with the SCL webpage?

There are several initiatives underway at City Light to improve our customers' ability to manage their City Light accounts and to receive information about utility services and activities. Collaborating with the City's Department of Information Technology (DoIT) and our own web team we have been able to make some improvements to our website that improve the customer experience. These include:

- Creating a "system status" capability that allows customers to monitor outages either from their laptop/desktop or from their mobile phone;
- Report streetlight outages from their computer or their mobile phone;
- Pay their bill either as an "auto-pay," e-bill; or using debit/credit cards and not having to pay a fee; or paying at neighborhood located payment centers
- We are working on more improvements. We have found that our current ebill provider doesn't offer as much flexibility for our customers as we want and we are looking at vendor improvements that would go into effect the first of 2013.
- We are working with DoIT and the SCL web team on a comprehensive content management capability that would allow our web information to be up-dated and refreshed easily by content owners. This reduces the time it takes to provide up-dated information to customers.
- City Light already has a number of language-option materials on the web for non-English speaking customers. With a new ebill vendor, we will add more languages to expand the ability of customers to manage their accounts and to identify utility resources to help them.
- City Light has been recognized by JD Power as one of the leading utilities in the U.S. using social media to good effect. City Light will continue to lead in this area in order to meet and exceed the expectations of our customers.

### **Seattle City Light and Budget**

1. The strategic plan and the process around it will be an important tool to help the Council and the utility make sound investment decisions on behalf of the rate payers. How will you ensure that the utility meets the goals and targets of the adopted plan and how will you keep the Council and the public informed about progress?

- Staff at City Light have developed a plan to track the goals and targets of the strategic plan and, at my request, are adding new metrics and reports to those City Light currently provides on a monthly basis to the Mayor and Council.
- In addition to the strategic plan performance monitoring, we will expand benchmarking efforts and use outside expertise to assist us to identify gaps and create action plans to address them.
- I will monitor progress on an ongoing basis using monthly and quarterly reports. When metrics show that targets are not being met, the “accountable owner” whether an officer, director or manager will provide an action plan for how the goal will be met. Each initiative owner will be responsible and accountable.
- I also recognize that keeping the Council and the public informed must be an integral part of the reporting. Reports with varying levels of detail, from summary reports to expanded reports with greater detail, will be sent to the Council and Council staff regularly. Similar reports will be available on City Light’s web-site and communicated to the public at least annually, as called for in the strategic plan.

### Seattle City Light and Conservation

1. SCL is widely regarded as an innovator in the area of energy efficiency and today we are benefiting from past investments in conservation. How do you intend to both elevate and motivate conservation work? What do you see as future trends in conservation work? What would it take to lead in new ways and how would you make the case for it to the public?

Seattle City Light embraced energy efficiency long before the rest of the country realized conservation was critical as an energy resource. In the 1970s, City Light turned to conservation rather than nuclear power. That decision led the way to future decisions about power resources and the use of conservation as a resource. City Light has encouraged customers to conserve energy and has helped both residential and commercial customers through the use of incentives to realize energy savings.

In 2008, we set a course to do even more to increase our commitment to energy conservation. In our Integrated Resource Plan of 2006, City Light committed to meeting load growth through conservation and new renewable resource acquisition. In 2008, a comprehensive five-year energy conservation plan was unveiled which would nearly double our annual energy savings from 7.5 average megawatts, to 14 average megawatts; and double our annual incentive investments from \$21 million to \$42 million. In fact, today, 1.3% of our annual load is conserved.

We have achieved increased savings through a combination of efforts:

#### Residential

- Rebates on energy efficient appliances. In fact, City Light and Seattle Public Utilities led the effort in the Puget Sound area for energy and water efficient rebates on clothes washers with the *WashWise* program;
- *Twist & Save* – reducing the cost of energy-efficient compact fluorescent lights (CFLs) for customers, installing more than 3 million CFLs between 2007 and 2010 and (on average) saving residents about \$150/year/household with the installation of 33 CFLs per home
- *Powerful Neighborhoods* – offering energy savings to residential customers, with a focus on low income, elderly and non-English speaking customers installing energy-saving CFLs and providing customers with low-flow showerheads and faucet aerators. Since 2010, about 20,000 customers have received energy saving devices, saving the average household about \$50 – 60 per year. The program now moves to multi-family residences.
- *Multi-family new construction* – providing incentives for more aggressive energy efficient efforts particularly related to windows, insulation and HVAC systems
- *Ductless heat pumps* – creating rebates and incentives for residential customers with electric heating systems to install ductless heat pumps.
- *OPower* – Providing customers with energy consumption comparisons that are designed to motivate behavioral changes in energy use by comparing like energy consumers to one another and providing tips on ways to reduce energy use. And, using customer data (AMI, etc.) to drive even greater energy savings

#### Commercial

- *Quick Lighting Incentives* - Conversion of old, inefficient T-12 fluorescent lights to more efficient T-8 in advance of the national requirements and phasing out of older, inefficient models
- IT data center project – providing incentives for large data centers to separate their air supply and cooling systems in such a way that large processing units are positioned in a way that reduces cooling requirements

#### **What do you see as future trends in conservation work?**

- Deep retrofitting – to do more in an effort to realize greater energy efficiencies in heating and insulating and committing to a “whole building” approach to energy savings
- Attracting external sources of financing for conservation upgrades in private facilities such as efforts by the Clinton Foundation’s Climate Initiative work

- Exploring innovative program models such as pay for performance incentives
- Incentivize new technologies to create even higher efficiencies than currently exist with Seattle's energy efficiency codes and demonstrating the viability and cost-effectiveness more stringent building code requirements
- Continuation of City Light's efforts with LED streetlight conversion. To date, 22,000 of the 41,000 residential streetlights have been converted realizing a cost savings of \$1.2 million. Once the program is fully implemented, annual savings will be \$2.4 million
- AMI integration should provide opportunities to present consumption information to and engage customers in real time, and it will provide data to increase our understanding of how and when customers are using energy
- Working national through the Alliance to Save Energy's National Energy Productivity Commission to achieve 50% more energy efficiency by the year 2030.



# Seattle City Council

Jorge Carrasco  
Director  
Seattle City Light  
700 5<sup>th</sup> Ave  
Seattle, WA 98104

*Re: Confirmation Questions – Director Designee Jorge Carrasco*

June 20, 2012

Dear Mr. Carrasco,

Below please find the questions for your confirmation process beginning on June 26, 2012. Please respond in writing by June 25, 2012.

## **Personal**

- 1) What is your vision for where you see Seattle City Light (hereon “SCL”) in five, ten and twenty years?
- 2) Please describe your leadership style, what strengths you bring to the utility, and how will you mitigate any weaknesses in your leadership style?
- 3) What has been your biggest success at SCL? What would you say is the biggest disappointment you’ve had at SCL? What did you learn from that?
- 4) What challenges and complexities do you anticipate facing in your continued role as the Director of Seattle City Light? What strategies will you use to address those challenges and complexities?
- 5) What is the most publicly controversial issue you have dealt with in your career? What role did you have in the situation and how did you contribute to resolution of the issue? What were your positive and negative experiences, and was there anything you would have done differently?

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### **Seattle City Light Internal**

- 1) Recruiting and maintaining a strong workforce of the best and the brightest employees is critical to the success of SCL. How will you address issues of the evolving workforce of the future, such as filling positions vacated by aging City workers? How will you welcome more people of color, women, and people with disabilities into the workforce where they may not have been represented in large numbers? What are the best practices that you have used as Director of the utility, as well as best practices that you intend to implement going forward?
- 2) SCL employee morale and motivation have been a concern in the past for the Council. In 2004 and again in 2007 an employee survey was conducted. Would you support conducting another employee survey to help assess where we are today and identify possible issues to focus on? Or do you have other suggestions for tracking the attitudes and concerns of the workforce?
- 3) Turnover is a part of any business or organization. Recent data suggest that for the high-level management positions, you tend to bring in new people from outside the organization as opposed to promote from within. Is this a strategic decision, or should SCL be doing more to develop talent internally? What more could we be doing to develop new leaders from within SCL's ranks?

### **Seattle City Light in the Community**

- 1) Please describe a project or two that required neighborhood and community collaboration on issues that the neighborhood initially felt hesitant or skeptical about, and specifically how you worked with the community to address their concerns.
- 2) The community interacts with SCL in a number of ways – one of the most important of which is via the internet. How do you intend to improve bill pay for our residents, as well as user interface with the SCL webpage?

### **Seattle City Light and Budget**

- 1) The strategic plan and the process around it will be an important tool to help the Council and the utility make sound investment decisions on behalf of the rate payers. How will you ensure that the utility meets the goals and targets of the adopted plan and how will you keep the Council and the public informed about progress?

**Seattle City Light and Conservation**

- 1) SCL is widely regarded as an innovator in the area of energy efficiency and today we are benefiting from past investments in conservation. How do you intend to both elevate and motivate conservation work? What do you see as future trends in conservation work? What would it take to lead in new ways and how would you make the case for it to the public?

Thank you for your thoughtful response.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike O'Brien", with a long horizontal flourish extending to the right.

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Councilmember Mike O'Brien

