



Bruce Harrell
Seattle City Councilmember

March 1, 2010

Superintendent Jorge Carrasco
Seattle City Light
700 5th Avenue, Suite 3200
PO Box 34023
Seattle, WA 98124-4023

Dear Mr. Carrasco (Jorge):

With respect to first quarter net wholesale revenue, we have continued to observe the actual revenue received by the Utility relative to the \$120 million projection made last year. Based on the most recent information, it is our understanding that there may be between a \$40 million to \$50 million shortfall in net wholesale revenue based on the 2010 projections.

During this year's ETC Committee discussions relative to financial policies, including the creation of a rate stabilization fund, we have repeated these concerns regarding this shortfall and are, of course, taking remedial measures through legislation currently before the committee.

Last week, the Utility forecasted an operating cash deficit of \$20.25 million by February 27, 2010, making it necessary to temporarily borrow funds from the City's cash pool. A closer examination of City Light would suggest that its cash deficit would continue to grow through March and possibly April, to as large as \$40 million, again, based on the current 2010 wholesale revenue outlook.

Given these circumstances, we are requesting that the Utility develop a plan to be presented to the Energy, Technology, and Civil Rights Committee by March 31, 2010, which demonstrates that the spending of the Utility will be within the parameters of its actual expected revenue. For example, a suggested target may be to reduce O&M spending by \$10 million and Capital spending by \$30 million and ensure that such reductions are sustainable and intact, as we prepare for the upcoming budget year. While these targets are provided merely as an example, we believe it is prudent for you and the Executive to develop a specific spending plan with actual targets that demonstrate such plan is in alignment with the actual revenue.

While we have been sharing these policy directives at the last several meetings, we thought requesting a written work plan would prevent the Utility from walking down a road of inadvertent and unmonitored spending into the next budget cycle.

An equal opportunity employer
600 Fourth Avenue, Floor 2, PO Box 34025, Seattle, Washington 98124-4025
Office: (206) 684-8804 Fax: (206) 684-8587 TTY: (206) 233-0025
email: bruce.harrell@seattle.gov
<http://www.seattle.gov/council/harrell/>

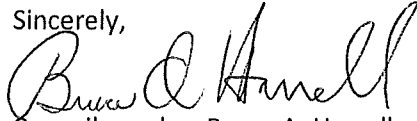
Letter to Superintendent Jorge Carrasco

March 1, 2010

Page 2

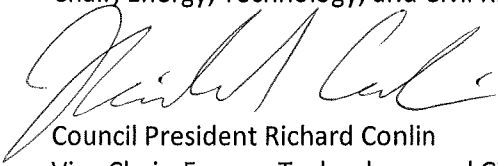
Thank you very much for your attention to this matter. I will look forward to addressing it.

Sincerely,



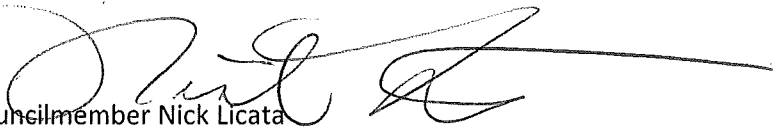
Councilmember Bruce A. Harrell

Chair, Energy, Technology, and Civil Rights Committee



Council President Richard Conlin

Vice Chair, Energy, Technology, and Civil Rights Committee



Councilmember Nick Licata

Member, Energy, Technology, and Civil Rights Committee

cc: Mayor Mike McGinn

Deputy Mayor Phil Fujii

Councilmember Sally Bagshaw

Councilmember Tim Burgess

Councilmember Sally Clark

Councilmember Jean Godden

Councilmember Mike O'Brien

Councilmember Tom Rasmussen

Tony Kilduff

Dan Eder