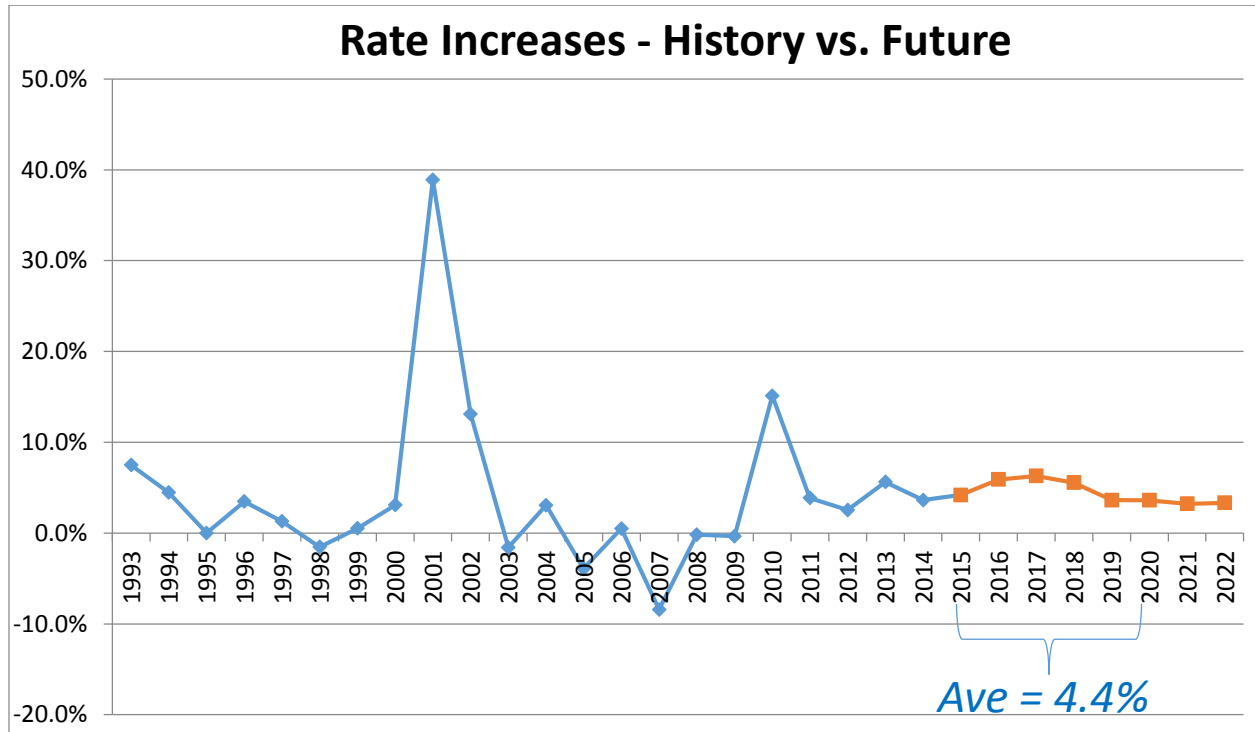


Review Panel Meeting February 16, 2016  
Answers to Prior Meeting Questions

**1. What has been the average annual rate increase since 1994?**

This question was originally asked as the average rate increase 1992-2012 (the 20 years prior to the first Strategic Plan, i.e., the years shown in the following graphic). In those 20 years, rates increased 106.3% or 5.3% per year.



**2. Is there an opportunity to get new revenue from other users at the new training center? Will it have excess capacity?**

The center is designed to accommodate City Light’s workforce training needs. As such, there are substantial custom spaces that don’t lend themselves to general purpose use. There is some general purpose space that could be rented to outside groups, possibly for CDL training, computer lab use, or more generic uses. At present, we don’t believe renting out space would result in a substantial revenue stream and we are not certain of its reliability. While we remain open to the idea of renting out space, we need to stay focused on the primary purpose of the training center. In answer to the second question, we are not forecasting excess capacity, i.e., space that is not identified for use. Space could only be rented when not scheduled for use by City Light.

### **3. Forty days seems long for a hook-up. What is the industry average?**

There is not much data available on this subject. We were able to find two completion requirements:

- 90% of new service connections should be completed within 15 days (Detroit Edison)
- 85% of service connection appointments need to be completed within the four hour window scheduled by the company and the customer (Massachusetts IOUs)

To City Light's knowledge, there is no industry requirement.

### **4. Can you provide some proposed metrics for capital project delivery?**

About half of City Light's capital spending is for what are called "programmatic" projects. These projects cover such ongoing tasks as addition of capacity, repair/replacement of lines, and substation improvements. In 2015, City Light implemented quarterly tracking of the Top 20 (in cost terms) projects. Programmatic projects track both cash and budgetary spending to date, for the current year, for the next year and a five-year average. They also track annual goals vs achievements in terms of the type of equipment covered in the particular capital project; an example would be number of poles replaced and reinforced under the project "Overhead Equipment Replacements."

The other projects are those that have a beginning and end, with an in-service date. In 2015, an in-service date was implemented for all capital projects in this category. These projects were also tracked quarterly in the Top 20 analysis. Tracking of these projects covers cash and budgetary spending to date, for the current year, for future years til the project is done, and the total project costs. These are large projects with in-service dates for various components. For each component, we track the original percentage to be completed by year-end as well as the revised percentage. For example, the AMI project expects that the system integration component will be completed by March 2017. By the end of 2015, 5% of this work was expected to be completed.

In addition to the highest cost projects, in 2015 we also began reviewing all projects \$500,000 or more under or over their budgets. This review continues in 2016 and beyond.

In 2016, we have expanded the Top 20 projects to the Top 30. Eventually, the process will cover all capital projects.

In 2015, we also implemented a financial governance policy that requires forms and signatures all the way up to the GM (as appropriate) when scope, timing and budget for capital projects changes.

We recognize the need for more comprehensive metrics and are working on data for the following proposed metrics:

- % of capital projects completed *below budgeted cost*
- % of capital projects completed *before targeted completion date*
- % of capital projects completed *to capital project planned*
- % of projects tracked that meet their annual milestones