

PUBLIC TESTIMONY SUMMARY

I-900 STATE AUDITOR'S PERFORMANCE AUDIT:

Seattle City Light (March 16, 2010)

As Heard by the Joint Legislative Audit & Review Sub-Committee on I-900 Performance Audits
on April 21, 2010

The performance audit being discussed at this hearing was conducted solely and independently by the office of the State Auditor, under the authority of legislation approved by the voters in Initiative 900. The State Auditor is elected directly by the people of the State of Washington and operates independently of the Legislature and the Joint Legislative Audit & Review Committee. Staff to the Joint Legislative Audit & Review Committee prepare a summary of public testimony on State Auditor reports. These summaries are for informational purposes only, and do not serve as an assessment by committee staff of the findings and recommendations issued by the State Auditor nor do they reflect a staff opinion on legislative intent.

Title: Seattle City Light**Audit Scope and Objectives:**

SAO states that it conducted a performance audit of Seattle City Light to determine whether it could improve the efficiency of its operations, whether it could reduce costs, and whether it received the full value of the services it provided and received.

SAO conducted the audit to answer the following questions:

- Does the Utility operate in the most efficient and economical manner possible?
- Are administrative staffing levels and related expenses limited to those reasonable and necessary to help ensure the safe and efficient operation of the Utility?
- Do the Utility and the City allocate overhead in accordance with statutes, ordinances and federal regulations and are allocated amounts reasonable and necessary?
- Does the Utility fully recover the cost of services provided to other City departments?

SAO indicates it also conducted this audit in accordance with the required elements of Initiative 900.

SAO reviewed records for the three-year period from 2006 to 2008. SAO reports that more current data and reports were used if available.

SAO Findings:

- Non-standard practices contribute to higher operating costs.

SAO Recommendations:

There are ten recommendations to Seattle City Light related to extending the life of electrical cable, testing electrical transformers, excess electrical system capacity, and billings for customers' special orders.

<ul style="list-style-type: none"> • City Light is charged questionable general government costs. • Opportunities exist to reduce costs and increase revenue. 	<p>There are six recommendations to the City of Seattle related to City allocations of indirect costs.</p> <p>There are nine recommendations to Seattle City Light related to accounts receivable, rental properties, and joint operations with Seattle Public Utilities.</p>
Agency Responses in Audit Report?	Yes, in Appendix B
Legislative Action Requested?	No

Agencies Testifying:

Seattle City Light (Carol Butler, Corporate Performance Director)

Summary of Testimony from Audited Agencies:

We give commendations to SAO and the contractor. While this took a lot of work, it was a pleasure working with them. We welcome opportunities to discuss ways to enhance our performance. We have begun implementing many of the recommendations and had, in fact, been working in many of these areas before the audit started. I have a fact sheet describing where we are in implementing each recommendation, as well as a 2009 report on our accomplishments.

Other Parties Testifying:

(No other parties signed in to testify.)

Summary of Testimony from Other Parties:

(No other parties signed in to testify.)