

Seattle City Light Review Panel
c/o K. Kinney, Seattle City Light
P.O. Box 34023, Seattle WA 981244-4023

January 6, 2016

Mr. Michael Mattmiller
Chief Technology Officer and Director
Department of Information Technology
City of Seattle

Dear Michael,

Thank you for meeting with the Seattle City Light Review Panel on December 8, 2015. We very much appreciated the opportunity to hear your vision for the Department of Information Technology (DoIT) and to ask questions about the implementation plan as it impacts Seattle City Light and its customers.

The Review Panel members represent City Light customers and major stakeholder groups. We focus on City Light's Strategic Plan and the rates resulting from the implementation of that Plan. Several key Strategic Plan initiatives relate directly to information technology (IT) and there may be additional such initiatives in the future Strategic Plan. We will remain focused on how implementation of those IT initiatives are proceeding as you partner with City Light. We hope to hear how the Utility and its ratepayers will benefit from the steps you are leading to move IT functions from the Utility to a centralized organization.

As you know, technology is changing at a rapid pace in the electric utility industry and we anticipate it will continue to be very prominent in City Light's updated strategic plan (currently scheduled for Council review in late spring/early summer 2016). For City Light to be successful implementing its updated Strategic Plan, strong coordination between the Utility and DoIT will be critical.

We concur that improving security standards, creating a shared resource to help all city departments, and pooling IT professionals to help with hiring, training and retention makes sense for IT systems commonly used by the City's various departments. So, we applaud your efforts on this front. However, as we discussed in our meeting, City Light does a good job with its IT systems, some of which are very different in size, scale and criticality than general city-wide IT systems. With that in mind, we have summarized below three major points raised by the Review Panel at our December 8, 2015 meeting for your continued consideration.

- Seattle City Light is a large municipal utility system with critical systems subject to federal regulation and cyber security standards. Therefore, it should have a level of technical support that a large utility would receive from a third-party IT provider. We encourage DoIT and City Light to draft an industry standard service level agreement to define expectations on the delivery of services. Particular clarity is needed around cost allocation between DoIT and SCL.
- Given the large number of City department systems that DoIT is integrating, and given the criticality of many of SCL's systems to reliable delivery of electricity, we recommend a slower

staging to move City Light IT systems to DoIT than is currently planned. Specifically, we recommend you integrate City Light's most critical systems later in the integration process than currently proposed. There are always challenges with integration, and it is better to work out those issues on less critical systems.

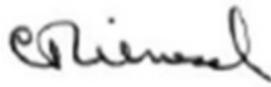
- As you move forward, the Review Panel would like to stay informed of your progress with City Light's IT systems. We would like to see a high level timeline of which services are going to be managed by DoIT, which will remain with SCL, and which City Light Strategic Plan Initiatives are impacted by this timeline. Finally, we would also like to receive updates on the progress of the City Light IT systems implementation plan.

We appreciate your attention and focus on these issues. Thank you again for meeting with us in December and we look forward to hearing from you again in the coming months.

On Behalf of the Review Panel,



Julie Ryan
Chair



Tom Lienesch
Vice-Chair

cc: Honorable Edward Murray
Seattle City Councilmembers
Deputy Mayor Kate Joncas
James Baggs, Interim General Manager, City Light
Tony Kilduff, Council Staff
Greg Shiring, Budget Office
Review Panel Members