



Utility Advisory Board (UAB)

Review of

Garland Power & Light

2010 Capital Improvement Program

(CIP)



UAB 2010 CIP Review



- **UAB met on December 17, 2009 to review GP&L 2010 CIP**
- **All UAB Board members were present- Lowell Hyatt, Linda Campbell, Gary Pickens, Billy Thompson, Chris Luna, Tony Torres, and Lee Alewine**
- **Purpose of the meeting—review 2010 CIP and make recommendations to the City Council relative to changes, approval, or disapproval**

UAB 2010 CIP Review



- **Approach/Process—**
 - GP&L staff briefed UAB on 2010 CIP
 - Summarized the details of the eleven proposed projects
 - ✦ Project descriptions
 - ✦ Funding source (s)
 - ✦ 2010 costs
 - ✦ Future costs through 2014
 - Verified that each project is aligned to specific strategic objectives/tactics
 - ✦ Provide for Customers
 - ✦ Support City Projects
 - ✦ Regulatory and Compliance Obligations
 - ✦ Prepare for Future

GARLAND POWER & LIGHT 2010 CIP STRATEGIES & OBJECTIVES

	Res	Comm	Comm/ Ind	Transm	St/Th Lts	Reloc	Dist OH	Dist UG	Subst	Prod	VI
Providing for Customers	x	x	x	x	x	x	x	x	x	x	x
Commitment to Competitive Rates		x	x	x			x	x	x	x	X
Maintain Superior System Reliability	x	x	x	x			x	x	x	x	x
Provide for Growth	x		x	x	x	x	x	x	x	x	x
Support City Projects	x		x	x	x	x	x	x	x	x	x
Regulatory & Compliance Obligations		x					x	x	x	x	
Mandates-Nodal/NERC/FERC/PUCT		x		x						x	

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- **Conclusions/results of review**
 - 2010 CIP expenditures have been reduced by \$47M from initial requests
 - Estimated impact on O&M is zero
 - Estimated impact on existing rates is static
 - 2010 CIP costs are consistently tracking and somewhat lower than costs in 2006, 2007, 2008, and 2009
 - Future CIP costs are expected to decline for years 2011 through 2014
 - All eleven proposed and on-going programs align to multiple strategies and objectives
 - Programs listed in the 2010 CIP are essential to GP&L achieving its Mission and strategic objectives

UAB 2010 CIP Review

- **Recommendations**

- Approve the 2010 CIP for GP&L as presented by staff
- Consider combining the CIP budgeting process and the O&M budgeting process on the same timeline
 - ✦ Provides for improved financial resource planning
 - ✦ Clarifies linkages to specific projects, future projects, and strategies
 - ✦ Organizes data/information in a single format

UAB 2010 CIP Review

- **Lessons Learned**

- Commence UAB's review process of GP&L proposed budgets at the earliest feasible date
- Expand the scope of the UAB's review of proposed budgets to include
 - ✦ Impact on ten-year financial plan
 - ✦ Review other "project" metrics in addition to costs— such as on- time delivery, regulatory compliance, safety, etc.
 - ✦ Include meaningful "benchmarks" from other appropriate organizations/utility providers
 - ✦ Review in more detail how GP&L accomplishes the strategic objectives of the City of Garland
- Develop a methodology of prioritizing the importance of "projects" relative to strategy and/or Council and City Management directive