

Initial Discussion on Conceptual Approach to Building Preferred Alternative and Other Alternative Scenarios for Strategic Plan, Core Themes & Criteria

Discussion Document Dated 7-18-11

I. Proposed Conceptual Approach

Step 1: **Define Baseline**

Current document to be updated and released with draft Strategic Plan. Items potentially impacting baseline to be reviewed with Panel in September.

Step 2: **Reduce baseline by:**

1. **No-cost efficiency measures**
2. **Efficiency targets assumed to be achieved**

Note that some efficiencies will require changing how the utility does business.

Step 3: **Add to baseline:**

Preferred alternative: E-Team recommended investments.

E-team to select investments based on **criteria** developed through discussion with Review Panel

Step 4: **Identify alternatives / options**

Final approach not yet determined. There are several options. For example, the baseline could be one alternative. The result of Step 2 (baseline less efficiencies) could be another. The Review Panel preferred alternatives LESS or PLUS certain items (defined by cost and/or other criteria) could be basis for other alternatives.

II. Core Themes

In order to succinctly express our main goals and focus for the strategic plan, we need to consolidate our messages—well above the level of 40+ initiatives, and also above the level of the 12 objectives.

City Light management is committed to making progress over the next 6 years on all 12 objectives. But we acknowledge there will need to be trade-offs. And not all 12 objectives are equally important.

Based on what we know about our challenges, what we have heard from the Review Panel, and what we have heard in the interim outreach effort, we are working to develop this succinct message—you might call it our “elevator speech.”

The key concepts we think it should include are expressed below in *draft* form for your consideration:

City Light remains committed to being a national leader in environmental stewardship. We will remain a carbon neutral utility with a major ongoing investment in cost-effective conservation programs.

The biggest changes we seek to achieve in the strategic planning period are to improve organizational performance and our ability to provide excellent customer service.

To do this, we believe the most critical targets are the foundations of the utility's operations: addressing our major workforce challenges, improving asset reliability and improving safety and efficiency of operations.

III. Criteria

The baseline represents what will maintain our current level of service over the next six years—current maintenance levels, current means of doing business. In addition to having core themes, we need a way to decide which initiatives make it into our preferred alternative (step 4 above)—what's in? what's out? This is where criteria come in.

We have not fully developed our approach to criteria for ranking initiatives. We have looked at very simple approaches, and others that are somewhat complex. Below, for discussion, is a simple approach. We welcome your feedback and ideas.

Highest ratings will go to Initiatives that most cost-effectively, or to the greatest degree:
• address & resolve workforce challenges
• improve asset reliability
• Improve workforce and system safety
• Implement efficiencies to reduce costs of operations while maintaining or enhancing service
• Increase our ability to increase performance from existing workforce and assets
• Improve the results produced by conservation program expenditures
• Are necessary to maintain our carbon-neutral status now and in the future
• Fund mandatory compliance items (if not in baseline)
The second highest ratings will go to Initiatives that:
• Are consistent with the above criteria, but have less impact than other initiatives or are less cost-effective
The third highest ratings will go to Initiatives that:
• Will make a substantial impact in promoting other objectives
Low rankings will go to Initiatives that:
• May be deferred with little or no impact on customer service, safety or reliability
• Are more expensive means of accomplishing desired outcomes than other available options