

LIST OF STRATEGIC PLAN DRAFT INITIATIVES --7/18/11

Major changes:

CR-7 no longer in baseline
 CR-8 split up into short term (vegetation management, communications) and long-term (climate change—new A-17)
 W-2 eliminated; contents moved to W-1 and two new initiatives: A-5, A-15
 W-3 , 4 and 5 being re-written
 A-5 (First Hill network) eliminated. (Number re-used).
 A-16 added: 2nd Gorge Tunnel. Timing of this major project is under consideration. It may be deferred.
 A-18 added: Exploration of new Conservation programs. Response to Interim Outreach.

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CUSTOMERS/RATEPAYERS						
Provide greater rate predictability	CR-1	FSBU	Align budgets and rates to strategic plan priorities	<\$1M	<\$1M	<ul style="list-style-type: none"> <i>King County experience is that you will go over budget in replacing these systems (business intelligence systems, interface with city budget systems). Funding seems low.</i>
	CR-2	FSBU	Investigate and implement mechanisms to reduce potential rate shocks	-0-	-0-	<ul style="list-style-type: none"> <i>Why isn't this in the baseline?</i> <i>Perhaps more clearly, this initiative is about two things: managing revenues and managing the forecast.</i>
	CR-3	FSBU	Strengthen ratepayer advocacy in rate process	-0-	-0-	<i>no comments</i>
Balance rate goals	CR-4	FSBU	Review and update cost of service and rate design policies	-0-	-0-	<i>no comments</i>
Anticipate / exceed customer exp.	CR-5	CSED	Customer Focused Website Redevelopment	\$<1M	\$1-5M	<ul style="list-style-type: none"> <i>Why doesn't City Light develop a user friendly website for its customers?</i> <i>Would rather have City Light have their own website not tied to the City</i>
	CR-6	CSED	Implement Enhanced Customer Information System	\$1-5M	\$11-25M	Delete: it is in baseline. Cost estimate has increased slightly, which will be reflected in the revised Baseline.

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	CR-7	CSED	Define and achieve improved performance from Customer Contact Center	<u>\$1-5M</u>	<u>-0-</u>	Previously deleted as in baseline, however, per July subsequent discussions---Still an initiative: \$200K annually budgeted.
Stewardship Promote environmental	CR-8	PSEA	Continue Environmental Leadership	\$1-5M <u>\$<1M</u>	-0-	<ul style="list-style-type: none"> <i>Climate change is a major long-term strategic issue for the health of a hydro based utility. That aspect of this should be part of the assets discussion. (DONE: see new Initiative A-17)</i> <i>Perhaps sort out long-term efforts from short term (like vegetation management) (DONE: Short term initiatives remain part of CR-8)</i> <i>Differing opinions on whether it is important for utility to staff climate change issues internally.</i>
	CR-9	PSEA	Reduce Environmental Liability	\$1-5M	\$1-5M <u>\$5-10M</u>	<ul style="list-style-type: none"> <i>This seems like it should be in asset management. (E-Team refers leaving here).</i>
WORKFORCE						
Ensure safe work env't.	W-1	HR	Promote a safety culture in the workplace with shared accountability	\$1-5M	-0-	<ul style="list-style-type: none"> <i>Talk to McKinstry about how they have improved their safety record. If McKinstry had an injury rate as high as that of City Light, it wouldn't be allowed to do business with Microsoft or other major companies around here.</i> <i>If you lack necessary data from Central HR on detail around City Light injuries, that sounds like a municipal enterprise initiative.</i>
	W-2	CSED	Provide tools for employee safety and efficiency	\$1-5M	\$6-10M	<ul style="list-style-type: none"> <i>How is this different from W-1? Clarify.</i> <p>This initiative has been eliminated. Workforce items moved to W-1; other items split into 2 new initiatives A-5-GIS, and A-15-Standards</p>

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Attract, train, and retain a high performance workforce	W-3	HR	Recruit and retain a diverse, high-performing workforce to meet the Utility's current and future customer needs	\$5-10M 1-5M (excluding salary costs)	-0-	<ul style="list-style-type: none"> <i>This again sounds like a municipal enterprise issue: the city is not meeting City Light's needs here on classification.</i> <i>It is hard to evaluate this lacking hard data on salary competitiveness.</i> <i>We should spend more time on this issue: need more specificity on where the problems are, how big the problems are, what the strategy is to address it.</i> <p>W-3, 4 and 5 are being re-written to provide clarification on facts, overarching strategy, resources required</p>
	W-4	HR	Align City Light's labor relations strategy to support customer service, efficiency and productivity	\$<1M	-0-	<ul style="list-style-type: none"> <i>Need more information to be able to recommend proceeding here.</i>
	W-5	HR	Invest in developing a high-performing skilled workforce to efficiently meet our customers' needs	\$6-10M (excluding apprentice salary costs)	\$6-10M (excluding (cost of proposed new capital facility))	<ul style="list-style-type: none"> <i>With half the workforce potentially retiring, we should be thinking strategically about how to restructure our work – to automate or contract out. Is that happening? Seems like a major strategic issue. This initiative seems more tactical than strategic. What is the strategy?</i> <i>Need more info on the training facility, and what we train versus what we can use other outside training facilities for.</i> <i>If the apprentice training system at SCL is not big enough to cover your expected needs, does this initiative fully address that?</i> <p>Training facility idea needs further exploration of options before decision can be made</p>

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ASSETS						
Provide reliable, safe, cost-effective electric service to our customers	A-1	CSED	Build out work and asset management system	\$<1-5M	\$1-5M	<ul style="list-style-type: none"> <i>Clarify in title and in row re: additional funding proposed that this is Phase 3 and Phase 1& 2 are in baseline at \$5M.</i> <i>Identify benefits to offset the cost of project.</i> <i>In first row (description) place in priority order. First bullet seems non-critical. Isn't third bullet (Post Implementation review) already funded?</i> <p>It may be possible to accomplish w/in baseline.</p>
	A-2	CSED	Implement distribution management system (DMS)	<\$1M	\$1-5M	<ul style="list-style-type: none"> <i>Suggested to re-title this more layman's terms something like "Automate Substation Power Routing."</i> <i>The larger context of this initiative is automation of the power system. This is just part of that. Perhaps description can help put that in context—why this part, what are the other parts?</i> <i>The description is too technical. Put it in layman's terms: this will facilitate X, the ultimate goal of this project is Y.</i>
	A-3	FSBU	Information Technology security upgrades	<\$1-5M	\$1-5M	<ul style="list-style-type: none"> <i>This seems so critical it should be in the baseline.</i> <i>Under desired outcome, note that City Light has responsibility for specialized IT staff-- it is not a central service.</i> <i>List of activities proposed is not attached (under brief description)</i> <p>E-Team agrees this is appropriate for the baseline, but funding will need to be added for it.</p>

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	A-4	Compliance	Federal and Regional Reliability and Cyber Security Standards Compliance	<\$1-5M	<\$1M	<ul style="list-style-type: none"> • <i>Expect to complete this initiative when?</i> • <i>Why isn't this in the baseline? Shouldn't it be?</i> <p>E-Team agrees this is appropriate for the baseline, but funding will need to be added for it.</p>
	A-5	CSED Deleted old initiative. Replaced with new Initiative (unrelated)	<p>First Hill Network reliability improvements</p> <p>Geographic Information System</p> <p>Contents of this new initiative formerly part of W-2</p>	<p>0</p> <p><u>\$1-5M</u></p>	<p>\$6-10M</p> <p><u>\$5-10M</u></p>	<ul style="list-style-type: none"> • <i>The Review panel was interested in the policy issues around paying for these local area improvements; it was explained that the Council policy has NO cost sharing requirement for upgrades in First hill and UW, but 20% contribution requirements in downtown. Is this the right policy? Where is the policy written down? Cost sharing is a strategic issue.</i> • <i>The project description should note the essential public facility/critical community infrastructure nature of hospitals—broad community benefit from reliability in this system.</i> • <i>Phil W noted that the 1st Hill community is not pushing for this—perhaps it should be a lower priority?</i> <p>Work necessary for the First Hill Network project cannot begin until 2019. Project has been pulled from the Initiatives list and replaced with a project to upgrade the GIS system.</p>
	A-6	CSED	North Downtown System Improvements for reliability and load growth.	\$1-5M	<u>\$150</u> →200M	<ul style="list-style-type: none"> • <i>Perhaps re-title North Downtown Substation?</i> • <i>The description should explain the underlying cost sharing policy and distinguish the Network from the Substation needed. Clarify when the substation is expected to be needed ((Phil W said 2016-2020) and the uncertainty here</i> • <i>Panel interested in challenge of how this should</i>

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						<i>be funded, given local benefit and big cost.</i> <ul style="list-style-type: none"> <i>Distinguish between network and substation improvements being proposed here and show how they relate, what the 20% surcharge will pay for (network) and what it will not (substation)</i> <i>Phil W noted the cost is probably more like \$150M</i>
	A-7	CSED	Transmission system improvements in the Puget Sound Area	<u>\$0</u>	<u>\$10-25M</u>	<i>no comments</i>
	A-8	CSED	Escalate rate of underground cable replacement	<u><\$1-5M</u>	<u>\$15-2510M</u>	<ul style="list-style-type: none"> <i>Identify the benefits of this project that would offset costs.</i> <i>Shouldn't this be in the baseline because not doing it really degrades the system below the current baseline level of reliability?</i> <i>Are there measurable risk standards indicating whether this project should be pursued?</i>
	A-9	CSED	Planning , design and construction of improved streetlight infrastructure	<u><\$1M</u>	<u>\$101-20050-100M</u>	<ul style="list-style-type: none"> <i>Noted that funding of this could be stretched out over 10-20 years.</i> <i>Are the benefits of this quantifiable?</i> <i>The whole issue of general fund and municipal customers having to pay for these improvements should be explained in this initiative.</i> <i>How would the decision be made about the level of funding for this, since it is general fund supported?</i>

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	A-10	CSED	Mobile workforce implementation	<\$1-5M	\$≤1-5M	<ul style="list-style-type: none"> <i>This seems more like a service level enhancement</i> <i>Define the savings in staff that can be achieved if this is implemented.</i>
Maintain a stable, cost effective, environmentally responsible power supply portfolio	A-11	PSEA	Improve hydro performance and generator availability across generating fleet	\$1-5M <u>(With savings to more than offset)</u>	<u>\$1-5M-0-</u>	<i>no comments</i>
	A-12	PSEA	Regional electric utility leadership	<\$1-5M <u>(With incremental revenues to more than offset)</u>	-0-	<i>no comments</i>

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Incorporate technology to meet customer needs	A-13	CSED	Advanced metering infrastructure (AMI)	\$1-5-10M additional O&M Offset by \$10-25M O&M savings	\$51-100-150M	<ul style="list-style-type: none"> <i>This initiative raises a lot of strategic questions. Important to tackle this in the strategic plan – the other asset issues seem more straightforward requirements, not a lot of options.</i> <i>It is important to understand the strategic assumptions driving this recommendation—can these be inserted in summary form? E.g., this will facilitate rates that can support expanded electric vehicle use w/o major infrastructure updates.</i> <i>Expand upon the compelling factors behind this recommendation.</i> <i>Identify phasing options and recommendations for implementation: should this just be implemented for the business/commercial/industrial sector? Why or why not? Where is the biggest bang for buck in terms of the utility and the customers?</i> <i>Can this save FTEs, such as meter readers? Identify offsetting savings.</i> <i>Can this help businesses save money? If so, identify.</i> <i>What is the “cost per customer” analysis—what would it cost a residential customer, on average, etc.</i>
	A-14	CSED	Electric Vehicle Infrastructure and rates	\$0	\$0	<ul style="list-style-type: none"> <i>It seems like our rate policy needs to be adjusted to catch up with this issue.</i> <i>Would like to see that we have clearer policies established on this – who pays for it (in home charger, etc.)?</i>

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	A-15	CSED New Initiative	Standards Contents of this new initiative were formerly part of W-2	<u>\$1-5M</u>	<u>\$0</u>	
	A-16	PSEA New Initiative	2nd Gorge Tunnel	\$11-25M new O&M Offset by \$11-25M O&M savings and new revenue	\$50-100M	Timing of this initiative is under review. It may be deferred.
	A-17	PSEA New Initiative	Long-term Climate Change	\$1.3M		
	A-18	PSEA New Initiative	Conservation –exploring feasibility of new programs/funding approaches	\$1.2M		
MUNICIPAL ENTERPRISE EXCELLENCE						
re: City Light Improve communications	M-1	Supt.	Effective communications and engagement	<u>\$0</u>	<u>\$0</u>	<ul style="list-style-type: none"> Success here depends on being able to institutionalize change—get beyond the need for individual personalities to block or promote this.
best practices in Initiative	M-2	FSBU	Benchmarking performance of City Light as compared to other peer utilities and plan to address gaps	< <u>\$1-5M</u>	<u>\$0</u>	<ul style="list-style-type: none"> Should this be recast as an asset initiative? (Costs do not reflect plans to address gaps that may be identified)

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	M-3	FSBU	Implement Information Technology Roadmap	\$1-5M	\$11-25M	<i>No comments</i> (Costs adjusted to avoid double counting, since several other initiatives are included in the IT Roadmap)
	M-4	FSBU	Develop performance based reporting	\$1-5 <u>10M</u>	\$1-5M	<i>No comments</i>
	M-5	FSBU	Establish internal management review unit	\$1-5M	-0-	<i>No comments</i>
	M-6	FSBU	Project Management Quality Improvements	\$1-5M	-0-	<ul style="list-style-type: none"> <i>King County wastewater has done a lot of work in this area recently—they may have some ideas that could help.</i>
	M-7	FSBU	Secure service level agreements with city central service providers incorporating performance metrics	\$<1M	-0-	<i>No comments</i>
	M-8	FSBU	Review and improve procurement process for external service contracts	\$1-5M <u>More than offset by cost savings of similar magnitude.</u>	-0-	<i>No comments</i>
	M-9	FSBU/ CSED	Review and Improve Internal Business Processes	<u>\$50-\$100M</u>	<u>\$25-50M</u>	<i>No comments</i> NOTE: This initiative contains the savings from implementing M2 through M8. They are to be considered as a package.

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Ensure fiscal strength	M-10	FSBU	Review and affirm or amend financial policies	<u>\$1-5M</u> 0	0	Consideration of whether to fund insurance for key assets added to this Initiative