

Objective: Anticipate and exceed customer service expectations

Initiative #CR7

Initiative Title: Define and achieve improved performance from Customer Contact Center

Who would "Own" this Initiative within SCL: Phil West/Kelly Enright

<p>Part A:</p> <p>Brief description of proposed effort / sample tactics: Perform a comprehensive review and analysis of all areas where customers come in contact with City Light including accessing account information, reporting concerns, and paying their bills. Part of this review will mean improving our business processes and consolidating work units to deliver the best customer service and operate more efficiently.</p> <p>Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?) This supports SWOC CRW1: Utility does not control key aspects of customer service experience. i.e. call center. City Light seeks to provide a more efficient and effective way of managing customer contacts within the current system. Customers contact us in different ways including in-person, phone (live and through the Interactive Voice Response system) and the website to resolve basic customer service issues. A significant portion of this service model (the telephone Call Center function) is provided by another department (SPU) under a memorandum of agreement. The initial plan was for the Call Center to provide more efficient service and reduce barriers to customer service, but a Call Center separated from City Light operations has not provided reliable and efficient response to City Light's customer calls. City Light personnel handle customer calls separately from the call center as part of our utility customer accounts processes. This method is inefficient and duplicative. Currently, information is limited about service delivery outcomes for City Light customers under the business model of a shared Call Center, but what little information is available suggests that there are significant inefficiencies and needed areas of improvement. The goal of this initiative is to develop an optimal customer-contact management model that incorporates all relevant customer-account service-delivery functions (including Customer Accounts, Credit and Collections, and Customer Response Management). This model would incorporate all customer services (including in-person, telephone, IVR and web) to enhance service, offer optimal efficiency and reduce costs.</p> <p>What, if anything, is underway in this area and funded within the 6 year baseline? Why is additional investment proposed? The current Call Center is already funded, with City Light providing approximately 60 % of the costs for technology and staffing through a Memorandum of Agreement with SPU. The Customer Care Division is currently reorganizing. As part of that reorganization, a broad range of</p>

Document author(s): Kelly Enright
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business process improvements focuses on all customer account functions (meter reading, billing, payment and collections). This reorganization also will include the development of a customer service/leadership academy. The technology to support the Call Center is already in place. There are no anticipated additional operational costs.

No additional funding is anticipated for this initiative.

Category of proposed investment?¹ (Briefly identify basis for the categorization(s)—see endnote for definition)

This affects all of the areas, but will be classified as “correct existing deficiency”.

- A. **Efficiency** Reduce inefficiencies in service delivery (reduce handoffs, wait times, redundant processing steps).
- B. **Correcting existing deficiency,**
- C. **Service level enhancement** Will increase opportunities to address multiple customer service issues from a customer-user perspective. Improve first-call resolution. Improve customer service outcome measurement and results, address accountability Issues. Improve communications with other Customer Accounts and Credit and Collections staff.

Ballpark cost estimate over 6-year period (2011-2016)

O&M (check one if applicable)		Capital (check one if applicable)	
<input type="checkbox"/>	<\$1 million	<input type="checkbox"/>	<\$1 million
<input type="checkbox"/>	\$1-5 million	<input type="checkbox"/>	\$1-5 million
<input type="checkbox"/>	\$6-10 million	<input type="checkbox"/>	\$6-10 million
<input type="checkbox"/>	\$11-25 million	<input type="checkbox"/>	\$11-25 million
<input type="checkbox"/>	\$26-50 million	<input type="checkbox"/>	\$26-50 million
<input type="checkbox"/>	\$51-100 million	<input type="checkbox"/>	\$51-100 million
<input type="checkbox"/>	\$101-200 million	<input type="checkbox"/>	\$101-200 million
<input type="checkbox"/>	>\$200 million	<input type="checkbox"/>	>\$200 million

* It is anticipated that these changes will be implemented using existing funding for the Customer Contact Center

Part B:

Rough estimated cost (capital and operating)

If project would be bond-funded, note total capital cost estimate.

If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

No additional capital or operating costs indicated.

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?**
Can be accomplished with existing staff, however we anticipate reclassifying positions into a single classification series for increased flexibility and upward mobility within the Account Services and Credit and Collections work units.
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired**

Document author(s): Kelly Enright

Document date: May 2, 2011

results? This should take approximately 18 to 24 months.

- **How time sensitive is this initiative? What year would you propose work to begin? Why?** The work needs to begin by second quarter of 2011. In 2010, City Light account services struggled to meet its performance targets without the use of overtime. SPU's Call Center also had challenges meeting its performance metrics. As retirements increase and other technology up-grade initiatives move ahead (such as a customer information system and an improved web site) this is an optimal time to get started on improvements and consolidation efforts.

What alternatives are there?

- **Is the initiative saleable (can it shrink and still deliver measurable value)?** There could be separate initiatives; one focusing on the contact channels directly managed by City Light, and one to continue to monitor SPU's performance through the annual Memorandum of Understanding.
- **Other ways to achieve a similar desired outcome?** None apparent at this time.
- **Different policy direction (give example, and note why not recommended)** There could be an effort to consolidate call functions within City Light or SPU, or contract with a third party. That would have labor union impacts and remove direct customer-contact.

Sample metrics: How would you measure the success of this initiative? Reduction in the cost per transaction; reduced average time with each call; increased customer satisfaction; improved employee morale.

Exhibit 1 Rough Estimated Costs—Operating and Capital

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
O & M								
Capital	Finance Use Only	N/A	N/A					

What additional funding is proposed?

	2011	2012	2013	2014	2015	2016	2017	2018
O & M	N/A	N/A						
Capital	N/A	N/A	Input in ESpro Only					

Document author(s): Kelly Enright

Document date: May 2, 2011

O&M \$: Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.

Capital \$: Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance (Jon Lutton) has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital \$ amounts into this initiative form. This will allow us to have just one source for CIP \$.

¹ Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:

Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.

Correcting an existing deficiency—projects that bring up SCL operations to **good** (not "gold standard") utility practice, correct existing weaknesses in safety or operating standards.

Enhancement: projects that increase the level of service (to internal or external customers)

Objective: Implement best practices in business processes and technology across the utility Initiative# W2

Initiative Title: Improving Operational Processes to ensure Employee Safety and Efficiency

Who would "Own" this Initiative within SCL: Phil West/Pam Darnell Cola

<p>Part A:</p> <p>Brief description of proposed effort / sample tactics: Standard operating procedures and updated maps/records ensure consistent, quality installation of utility material and equipment. Tactics to close the existing gap and enhance efficiency of operations include the following:</p> <ul style="list-style-type: none"> • Provide routine maintenance for all standards, develop needed new standards (e.g. Design and Construction), and develop compatible units (increasing efficiency of design and construction). • Develop standardized work processes to enhance NERC compliance by providing consistent processes and controls documentation. (no additional funding needed) • Implement develop new GIS tools and applications to ensure worker safety and efficiency, and streamline future strategic investment of technology (e.g: Unified GIS Project, develop streetlight infrastructure maps, transmission infrastructure GIS records)
<p>Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)</p> <ul style="list-style-type: none"> • Enhances Customer and Asset strengths by ensuring employees have efficient, standardized work practices to maintain high reliability distribution system. • Addresses Asset Weakness by developing records of infrastructure that will ensure higher employee efficiency when responding to outages and developing capital improvement projects
<p>What, if anything, is underway in this area and funded within the 6 year baseline? Why is additional investment proposed? Baseline is funded with existing core staffing levels for both Standards and GIS workgroups. Additional project and staffing is anticipated to meet these needs and will be described in Budget Issue Papers (BIPs) in 2012 (next biennial budget cycle) after the strategic analysis is completed. Limited Compatible Unit (CU)development budget (\$1.5 Million over 2 years) is included in Asset Management project. This funding is only for temporary or contact support to create standards documents and initial CU's.</p>
<p>Category of proposed investment?¹ (Briefly identify basis for the categorization(s)—see endnote for definition)</p> <p>A. Efficiency</p> <p>B. Correcting existing deficiency -- <i>Creates support for employees by providing clear expectations and standardized, consistent operational practices needed to efficiently and safely address electrical infrastructure corrective and planned work. Provides enhanced metric availability to monitor performance</i></p>

Ballpark cost estimate over 6-year period (2011-2016)			
O&M (check one if applicable)		Capital (check one if applicable)	
	<\$1 million		<\$1 million
X	\$1-5 million		\$1-5 million
	\$6-10 million	X	\$6-10 million
	\$11-25 million		\$11-25 million
	\$26-50 million		\$26-50 million
	\$51-100 million		\$51-100 million
	\$101-200 million		\$101-200 million
	>\$200 million		>\$200 million

Part B:

Rough estimated cost (capital and operating)
 If project would be bond-funded, note total capital cost estimate.
 If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

- Additional funding is required for incremental base staffing (O&M) and improvements to GIS tools (CIP)

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?**
 Additional 11 staff positions will be requested. 5 will be in the Standards work group and 5 in the network and radial mapping group, 1 for streetlight infrastructure mapping maintenance.
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**
 Immediately after staff augmentation the operational tools (e.g. GIS records and standards) would improve incrementally. Would anticipate 3 to 5 years for full implementation of tools and then move towards ongoing maintenance. Unified GIS system would deliver results immediately after implementation.
- **How time sensitive is this initiative? What year would you propose work to begin? Why?**
 This initiative can begin as early as 2012, but could begin at any time. Staffing additions would be beneficial immediately.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)**
 Suboptimal staffing and would drive documents to be out of date and not as useful for employees.
- **Other ways to achieve a similar desired outcome?**
 No, contracting or temporary employees is not a viable option.
- **Different policy direction (give example, and note why not recommended)**
 Can continue to address only the most urgent standards and not develop GIS tools to allow the data display to be used for informational and analytical purposes. Not recommended as implementing technology and consistent work practices will be a key component to enhanced employee efficiency for today and the future. These are proven industry standard practices.

Sample metrics: How would you measure the success of this initiative?

- User satisfaction with work tools and standard products
- Time from first request to delivery of work product

Document author(s): Pamela Johnson

Document date: 3/17/11

- Integration of GIS with other technology products for enhanced efficiency.

Exhibit 1 Rough Estimated Costs—Operating and Capital

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
O & M								
Capital	Finance Use Only	N/A	N/A					

What additional funding is proposed?

	2011	2012	2013	2014	2015	2016	2017	2018
O & M	N/A	N/A						
Capital	N/A	N/A	Input in ESpro Only					

O&M \$: Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.

Capital \$: Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance (Jon Lutton) has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital \$ amounts into this initiative form. This will allow us to have just one source for CIP \$.

¹ Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:

- Efficiencies**—a project that pays for itself (please estimate payback period)/has a positive net present value.
Correcting an existing deficiency—projects that bring up SCL operations to **good** (not “gold standard”) utility practice, correct existing weaknesses in safety or operating standards.
Enhancement: projects that increase the level of service (to internal or external customers)

Objective: Attract, train and retain high performance workforce

Initiative # W-5

Initiative Title: Invest in developing a high-performing skilled workforce to efficiently meet our customers' needs.

Who would "Own" this Initiative within SCL: DaVonna Johnson/and HR Talent Director

Part A:

Brief description of proposed effort / sample tactics:

Implement Seattle City Light's Electric Utility Workforce Development Plan to position the Utility to meet current and future workforce needs. In the next 5 years approximately 55% of our workforce will be eligible for retirement. The proposed strategy will ensure that our current and future workforce have adequate training and development to provide efficient and effective service to our customers.

Train/Develop

- Expand Seattle City Light's Apprenticeship Program for high voltage electrical workers to ensure that the utility maintains an adequate workforce to meet the customers' needs.
- Create apprenticeship type development track programs for professional electric utility-specific positions including environmental, conservation, electrical engineering and power marketing.
- Implement an effective supervisor and management leadership training program to support an efficient, high performing workforce.
- Develop high school and vocational school and college internship and co-operative programs to get students interested in careers in the electric utility industry.
- Implement a formal succession plan to avoid a loss of institutional knowledge.
 - Effectively document current processes
 - Allow for cross training and sufficient overlap between new hires and future retirees to effectively transfer knowledge

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

An efficient and effective workforce that is able to meet our customers' needs.

SWOC objective of attracting and retaining a high performance workforce and resolve challenges:

- Positive impact on the Utility's ability to meet customers' needs and provide excellent customer service
- Workforce shortage in the Utility due to high percentage of retirement-eligible employees

What, if anything, is underway in this area and funded within the 6 year baseline?

Why is additional investment proposed?

Additional Investment Needed:

Staffing in Workforce Development (1 FTE)
 Positions for Cooperative, Apprenticeship and Internship Programs (20 student/entry level positions)
 Leadership Development for managers and supervisors
 Safety Training Program Improvements
 Possible IT systems needs

Document author(s): DaVonna Johnson

Document date: 5/20/11

Category of proposed investment?¹ (Briefly identify basis for the categorization(s)—see endnote for definition)

B. Correcting existing deficiency – This initiative will address current lack of adequate technical and leadership training for employees in their current roles. In addition there will also be a significant need for training for the new hires that will be hired as our current workforce retires.

Ballpark cost estimate over 6-year period (2011-2016)

O&M (check one if applicable)		Capital (check one if applicable)	
<input type="checkbox"/>	<\$1 million	<input type="checkbox"/>	<\$1 million
<input type="checkbox"/>	\$1-5 million	<input type="checkbox"/>	\$1-5 million
<input checked="" type="checkbox"/>	\$6-10 million	<input type="checkbox"/>	\$6-10 million
<input type="checkbox"/>	\$11-25 million	<input type="checkbox"/>	\$11-25 million
<input type="checkbox"/>	\$26-50 million	<input type="checkbox"/>	\$26-50 million
<input type="checkbox"/>	\$51-100 million	<input type="checkbox"/>	\$51-100 million
<input type="checkbox"/>	\$101-200 million	<input type="checkbox"/>	\$101-200 million
<input type="checkbox"/>	>\$200 million	<input type="checkbox"/>	>\$200 million

*This estimate includes salaries for interns but not apprentices. The apprentices are budgeted in Operations.

Part B:

Rough estimated cost (capital and operating)

If project would be bond-funded, note total capital cost estimate.

If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

General Implementation Plan

- Does this require new staffing to accomplish or can it be accomplished within existing staff levels?
- From the time work begins, how long until the Initiative is completed/begins to deliver desired results?
- How time sensitive is this initiative? What year would you propose work to begin? Why?

What alternatives are there?

- Is the initiative scaleable (can it shrink and still deliver measurable value)
- Other ways to achieve a similar desired outcome?
- Different policy direction (give example, and note why not recommended)

Sample metrics: How would you measure the success of this initiative?

Document author(s): DaVonna Johnson

Document date: 5/20/11

Exhibit 1 Rough Estimated Costs—Operating and Capital

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
O & M								
Capital	Finance Use Only	N/A	N/A					

What additional funding is proposed?

	2011	2012	2013	2014	2015	2016	2017	2018
O & M	N/A	N/A						
Capital	N/A	N/A	Input in ESpro Only					

O&M \$: Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on base salary for benefits. Use 2011 salaries. Remember to add any support costs that may go with the position, e.g., desktops and phones, or vehicles for crews or engineers, etc.

Capital \$: Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance (Jan Luttan) has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital \$ amounts into this initiative form. This will allow us to have just one source for CIP \$.

¹ Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:

- Efficiencies**—a project that pays for itself (please estimate payback period)/has a positive net present value.
- Correcting an existing deficiency**—projects that bring up SCL operations to *good* (not “gold standard”) utility practice, correct existing weaknesses in safety or operating standards.
- Enhancement:** projects that increase the level of service (to internal or external customers)

Objective: Provide reliable, safe, cost effective, electric service to our customers

Initiative # A7

Initiative Title: Transmission System Improvements in Puget Sound Area

Who would "Own" this Initiative within SCL: Phil West/Darnell Cola/Tuan Tran

<p>Part A:</p> <p>Brief description of proposed effort / sample tactics: Electric transmission congestion in the Puget Sound Area is increasing due to changes in area generation; load growth; transfers of power to Canada required by treaty; and outages needed to maintain the lines. To address these issues, the ColumbiaGrid (the Puget Sound Area electric planning entity) has proposed the following investments be made in the Seattle Transmission system.</p> <ul style="list-style-type: none"> • Increase capacity of Bothell/SnoKing double circuit 230kV line to meet area reliability requirements • Install inductors or phase shifting transformers to curtail power flow through Seattle area • Re-conductor Maple Valley – SnoKing double circuit 230kV line to increase capacity <p>The cost of these improvements will be reimbursed partially by other utilities in the area.</p>
<p>Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)</p> <ul style="list-style-type: none"> • Enhances Customer and Asset strengths by building additional high reliability transmission system. • Addresses Asset Weakness by replacing aging transmission lines (Bothell/SnoKing, potentially Maple Valley – SnoKing) with new infrastructure. • Enhances Customer and Asset Strengths and maintains service reliability in Seattle by installation of Inductors or phase shifting transformers.
<p>What, if anything, is underway in this area and funded within the 6 year baseline? Why is additional investment proposed?</p> <p>Not in baseline, anticipated Budget Issue Paper (BIP) in 2011 requesting funding for projects beginning in 2012. In 2011, funded to conduct analysis of alternatives and develop business case and BIP (\$400k for this work and NoDo work combined).</p> <p>Additional investment is proposed to ensure power supply reliability and operational flexibility for Seattle City Light and the entire Puget Sound area. Projects have been proposed by ColumbiaGrid, the area planning entity, and cost will be split appropriately between benefiting utilities (PSE, BPA, Snohomish, Tacoma, SnoPud, SCL)</p>
<p>Category of proposed investment?¹ (Briefly identify basis for the categorization(s)—see endnote for definition)</p> <p><i>B. Correcting existing deficiency, -- Increasing growth in the Puget Sound Area as well as Canadian entitlement flow requirements are overloading existing transmission infrastructure. Seattle's transmission system is a part of the Puget Sound Area Transmission system. Investment cost will be shared proportionally by Puget Sound Area utilities</i></p>

Document author(s): Pamela Johnson

Document date: 4/28/11

Ballpark cost estimate over 6-year period (2011-2016)

The amount SCL would have to pay depends on the cost of the upgrades, and the cost allocation between utilities that would fund this work. These matters are subject to upcoming negotiation between the parties.

O&M (check one if applicable)	Capital (check one if applicable)
<\$1 million	<\$1 million
\$1-5 million	\$1-5 million
\$6-10 million	\$6-10 million
\$11-25 million	\$11-25 million
\$26-50 million	\$26-50 million
\$51-100 million	\$51-100 million
\$101-200 million	\$101-200 million
>\$200 million	>\$200 million

* The work detailed in this initiative is currently under negotiation. The budget required has not been determined.

Part B:**Rough estimated cost (capital and operating)**

If project would be bond-funded, note total capital cost estimate.

If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

General Implementation Plan

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?**
1 transmission design engineer (EPSE) This assumes transmission and station design and build is contracted. Sunset personnel would also be needed if desired to perform work in-house.
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**
3 to 4 years after funding the benefits would accrue. (Once operational)
- **How time sensitive is this initiative? What year would you propose work to begin? Why?**
The initiative should begin in 2012. Delay of these investments will potentially limit Northern Intertie transfers or cause additional generation dispatch to ensure firm load delivery through area transmission facilities.

What alternatives are there?

- **Is the initiative scaleable (can it shrink and still deliver measurable value)**
No, these three projects are high in the Puget Sound Area's priority overall
- **Other ways to achieve a similar desired outcome?**
May consider alternatives to stated projects, however costs are similar and work remains necessary and urgent.
- **Different policy direction (give example, and note why not recommended)**
Will evaluate lease or sale of infrastructure as an alternative if there are interested parties.

Document author(s): Pamela Johnson

Document date: 4/28/11

Objective: Proactively plan to incorporate technology to meet future customer needs **Initiative #A14**

Initiative Title: Electric vehicle infrastructure and rates

Who would "Own" this Initiative within SCL: Phil West / Kelly Enright

<p>Part A:</p> <p>Brief description of proposed effort / sample tactics: Respond to, and support, the increased market for electric vehicles, including rates policies and infrastructure needs.</p> <p>The Customer Care Division is sponsoring an inter-departmental team to address the challenges and opportunities of this new technology.</p>																					
<p>Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)</p> <p>Strengths: Strong environmental stewardship credentials Strong support and commitment for energy efficiency</p> <p>Challenges: Electrification of transportation and the effect on utilities (could be challenge or opportunity) Change customer behaviors and expectations related to power consumption</p>																					
<p>What, if anything, is underway in this area and funded within the 6 year baseline? City Light is identifying customer needs and making preliminary estimates of infrastructure requirements. The utility is reaching out to customers through web and print documents, participation in public events, and pursuing other ways to interact with customers. Currently, this initiative is funded internally; there are no specific funds to support this effort.</p> <p>Why is additional investment proposed? Meeting the anticipated demand to power electric vehicles may require infrastructure investments in neighborhoods to make sure there's enough capacity. Long-term planning is needed to ensure that City Light can meet the increasing needs of customers who have electric vehicles and when they charge those vehicles.</p>																					
<p>Category of proposed investment?¹ (Briefly identify basis for the categorization(s)—see endnote for definition)</p> <p>A. Efficiency Creates efficiencies in transportation and greenhouse gas reduction B. Correcting existing deficiency Possible neighborhood distribution capacity issues C. Service level enhancement Proactively meets customer expectation for technology solutions</p>																					
<p>Ballpark cost estimate over 6-year period (2011-2016)</p> <table border="1"> <thead> <tr> <th colspan="2">O&M (check one if applicable)</th> <th colspan="2">Capital (check one if applicable)</th> </tr> </thead> <tbody> <tr> <td>X</td> <td><\$1 million</td> <td></td> <td><\$1 million</td> </tr> <tr> <td></td> <td>\$1-5 million</td> <td></td> <td>\$1-5 million</td> </tr> <tr> <td></td> <td>\$6-10 million</td> <td></td> <td>\$6-10 million</td> </tr> <tr> <td></td> <td>\$11-25 million</td> <td></td> <td>\$11-25 million</td> </tr> </tbody> </table>		O&M (check one if applicable)		Capital (check one if applicable)		X	<\$1 million		<\$1 million		\$1-5 million		\$1-5 million		\$6-10 million		\$6-10 million		\$11-25 million		\$11-25 million
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 Document date: May 2, 2011

	\$26-50 million		\$26-50 million
	\$51-100 million		\$51-100 million
	\$101-200 million		\$101-200 million
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Part B:			
Rough estimated cost (capital and operating) If project would be bond-funded, note total capital cost estimate. If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)			
General Implementation Plan			
<ul style="list-style-type: none"> • Does this require new staffing to accomplish or can it be accomplished within existing staff levels? The initial development phases of this initiative can be funded and staffed with existing resources. • From the time work begins, how long until the Initiative is completed/begins to deliver desired results? Preliminary results are being developed that include City codes and service requirements so that customers can charge vehicles at home. The initiative will be ongoing. As new technologies are brought to the market and made more affordable, the demand for charging stations and new rate structures will increase. • How time sensitive is this initiative? What year would you propose work to begin? Why? An inter-departmental team is working on this initiative. Customers are buying more electric vehicles and we must respond with solutions in a timely manner. 			
What alternatives are there?			
<ul style="list-style-type: none"> • Is the initiative scalable (can it shrink and still deliver measurable value) The scale of the initiative is being addressed by the Inter-departmental team. It will not shrink but advanced planning to ensure that infrastructure can meet increased capacity in neighborhoods will help control future costs. • Other ways to achieve a similar desired outcome? The marketing and public outreach of this initiative could be outsourced, but that could mean delays in getting timely and critical information to customers and others. • Different policy direction (give example, and note why not recommended) The utility could ignore this emerging market and treat it like any other electric load. 			
Sample metrics: How would you measure the success of this initiative? Market penetration of electric vehicles; Number of charging stations permitted and installed; Customer satisfaction with the utility's processes and level of support			

Exhibit 1 Rough Estimated Costs—Operating and Capital

Note: Staffing levels to be determined by decisions about utility level of support and public demand; Capital levels to be determined by number and nature of installed charging stations, by the scope of capacity enhancements required to meet load demand, and by policies about funding the associated costs.

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
O & M								
Capital	Finance	Finance	Finance	Finance	Finance	Finance	N/A	N/A

Document author(s): Kelly Enright

Document date: May 2, 2011

	Use Only							
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What additional funding is proposed?

	2011	2012	2013	2014	2015	2016	2017	2018
O & M	N/A	N/A						
Capital	N/A	N/A	Input in ESpro Only					

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Capital \$: Initiative proposers should leave these cells blank. All capital dollars for both initiatives and current baseline projects should be input to ESPro only, in 2011 dollars for all years. Finance (Jon Lutton) has arranged for subprojects where there may be both existing funding for a project and new initiative funding for the same project, to keep the two parts separate. Finance will use loaded CIP values to estimate rate impacts. Subsequently, Finance will copy these same capital \$ amounts into this initiative form. This will allow us to have just one source for CIP \$.

Document author(s): Kelly Enright
 Document date: May 2, 2011

Objective: Implement best practices in business processes and technology

Initiative #M9

Initiative Title: Efficiency Initiative

Who would "Own" this Initiative within SCL: Philip Leiber/ Carol Butler/Kelly Enright

Part A: (due 2/2)

Brief description of proposed effort / sample tactics: The efficiency initiative is a multi-year effort to improve performance, enhance value for internal and external customers, and generate cost savings across the utility.

Both the Corporate Performance and Customer Care divisions have been working on improving efficiencies at City Light over the past few years. In early 2010 the two groups created a joint team, developed an initial list of potential improvements to pursue, and completed the design of a commissioning document to use when pursuing improvements. This initiative continues and expands on this effort by adding staff time from other divisions within City Light. A key element of this program will be to implement recommendations from a 2011 benchmarking study covering distribution, transmission and generation. An Operational Excellence Improvement action plan addressing the recommendations from that study will be developed and published in July 2011. That plan will include timelines for the changes to be made, and estimated targeted savings.

Tactics:

1. Explore non-rate revenue enhancement opportunities
2. Identify potential areas for process and performance improvements
 - i. Including elements from the 2011 benchmarking study on distribution, transmission and generation.
3. Develop and implement process improvement plans
4. Track and monitor results (Quantify revenues received and cost savings achieved)

Desired outcome/Rationale for proposal (what part of the SWOC does it address, if any?)

This initiative will focus on value added activities that can be quantified in terms of savings or revenues with the expectation that these will help to offset what would otherwise be larger rate increases.

What, if anything, is underway in this area and funded within the 6 year baseline? Why is additional investment proposed? While City Light has consistently pursued productivity improvements, cost effectiveness and revenue enhancement possibilities, this initiative will consist of pursuing opportunities in 2011 and 2012 as well as over the six-year period 2013-2018 with an objective to provide the equivalent of 0.5% to 1.0% of revenue requirements (approximately \$3M to \$7M) annually in value. This is a tentative goal to be refined after the development of the Operational Excellence Improvement Plan.

Examples of successes to date include: 1) the effort to improve response times for repairs to streetlights from more than 60 days to a majority being fixed within 10 working days, 2) saving more than \$5 million by improving the process for managing the materials inventory, and 3) reducing energy theft by implementing an proved process for reporting and billing.

The core team for this initiative is developing a workplan that spans 2011-2018. A sample of projects to

Document author(s): _____ Carol Butler _____

Document date: 6/10/11

be undertaken over this period will include:

- Process improvement to account receivable miscellaneous billings to collect revenues faster and reduce the need for write-offs
- Design and implementation of a new process to manage customer complaints
- Audit of material in the spares inventory to reduce amounts
- Revisions to the billing process to reduce the amount of manual effort needed to produce reports and free up staff time for other work

Category of proposed investment?¹ (Briefly identify basis for the categorization(s)—see endnote for definition)

- A. **Efficiency.** This is an efficiency initiative to improve work processes and performance at the utility though it should also correct existing deficiencies as they are identified and result in service enhancements through the improvements made in processes and productivity.
- B. **Correcting existing deficiency, or**
- C. **Service level enhancement**

Ballpark cost estimate over 6-year period (2011-2016)

Incremental resources are not proposed at this time. Already budgeted staff time and resources will be used.

O&M (check one if applicable)		Capital (check one if applicable)	
X	<\$1 million		<\$1 million
	\$1-5 million		\$1-5 million
	\$6-10 million		\$6-10 million
	\$11-25 million		\$11-25 million
	\$26-50 million		\$26-50 million
	\$51-100 million		\$51-100 million
	\$101-200 million		\$101-200 million
	>\$200 million		>\$200 million

Part B:

Rough estimated cost (capital and operating)

If project would be bond-funded, note total capital cost estimate.

If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)

Annual operating costs are included in the financial baseline.

General Implementation Plan

Document author(s): _____ Carol Butler _____

Document date: 6/10/11

- **Does this require new staffing to accomplish or can it be accomplished within existing staff levels?**
Existing staff already engaged in the improvement efforts with the addition of others from across the utility will implement the initiative.
- **From the time work begins, how long until the Initiative is completed/begins to deliver desired results?**
The initiative is already delivering results in 2011. Because the initiative consists of numerous smaller subprograms, the start and end dates of each vary.
- **How time sensitive is this initiative? What year would you propose work to begin? Why?**
Efforts to improve efficiency have been ongoing. The opportunity costs of delay vary by individual subprogram.

What alternatives are there?

- **Is the initiative scalable (can it shrink and still deliver measurable value) Other ways to achieve a similar desired outcome?** The staffing using existing personnel could be moved up and down as long as the efforts continue to produce an approved level of efficiencies.
- **Different policy direction (give example, and note why not recommended)** If City Light does not seek to gain efficiencies, enhance revenues, or add value ratepayers will be disadvantaged by the higher rates that will result.

Sample metrics: How would you measure the success of this initiative?

This initiative will be a success if the objective of gaining efficiencies in the annual amount of at least \$3M in savings, enhancements or productivity improvements is met.

Exhibit 1 Rough Estimated Costs—Operating and Capital

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
O & M								
Capital	Finance Use Only	N/A	N/A					

What additional funding is proposed?

	2011	2012	2013	2014	2015	2016	2017	2018
O & M	N/A	N/A						
Capital	N/A	N/A	Input in ESpro Only					

Document author(s): _____ Carol Butler _____

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¹ Projects may have attributes of more than one category; this should be noted. General definitions of categories follow:

Efficiencies—a project that pays for itself (please estimate payback period)/has a positive net present value.

Correcting an existing deficiency—projects that bring up SCL operations to **good** (not “gold standard”) utility practice, correct existing weaknesses in safety or operating standards.

Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): _____ Carol Butler _____

Document date: 6/10/11

Category of proposed investment?¹ (Briefly identify basis for the categorization(s))

- A. Efficiency -
- B. Correcting existing deficiency, or - Allow for implementation of long term strategies, resulting in rate and budget alignment and stability for policy-makers and customers.
- C. Service level enhancement –

Ballpark cost estimate over 6-year period (2011-2016)

O&M (check one if applicable)		Capital (check one if applicable)	
<input checked="" type="checkbox"/>	<\$1 million	<input type="checkbox"/>	<\$1 million
<input type="checkbox"/>	\$1-5 million	<input type="checkbox"/>	\$1-5 million
<input type="checkbox"/>	\$6-10 million	<input type="checkbox"/>	\$6-10 million
<input type="checkbox"/>	\$11-25 million	<input type="checkbox"/>	\$11-25 million
<input type="checkbox"/>	\$26-50 million	<input type="checkbox"/>	\$26-50 million
<input type="checkbox"/>	\$51-100 million	<input type="checkbox"/>	\$51-100 million
<input type="checkbox"/>	\$101-200 million	<input type="checkbox"/>	\$101-200 million
<input type="checkbox"/>	>\$200 million	<input type="checkbox"/>	>\$200 million

Part B:

Rough estimated cost (capital and operating)

If project would be bond-funded, note total capital cost estimate.
 If initiative has ongoing annual operating costs, rough estimate over 6 year period (see Ex. 1)
 Less than \$500,000 over 6 years.

What is in the current baseline to support this Initiative?

	2011	2012	2013	2014	2015	2016	2017	2018
O & M								
Capital	Finance Use Only	N/A	N/A					

What additional funding is proposed?

	2011	2012	2013	2014	2015	2016	2017	2018
O & M	N/A	N/A						
Capital	N/A	N/A	Input in ESpro Only					

O&M \$: Initiative proposers should use 2011 dollars for all years (i.e., NO assumed inflation). Finance will take care of inflation assumptions later, to make sure we have uniform assumptions. If you plan to add O&M staff, use 35% loading on

Document author(s): Maura Brueger

Document date: 5/2/2011

Correcting an existing deficiency—projects that bring up SCL operations to **good** (not “gold standard”) utility practice, correct existing weaknesses in safety or operating standards.

Enhancement: projects that increase the level of service (to internal or external customers)

Document author(s): Maura Brueger

Document date: 5/2/2011