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Seattle City Light Strategic Plan

Key Customers Forum

May 11, 2011
City Hall, Bertha Knight Landes Room
600 4th Avenue
Seattle, WA 98124

AGENDA

Welcome and Overview of today's meeting (10 minutes)	Eugene Wasserman, City Light Review Panel Councilmember Bruce Harrell Seattle City Council
Presentation and Q & A (40 minutes)	Jorge Carrasco, Superintendent Phil Leiber, Chief Financial Officer
Table exercise (5 minutes)	Karen Reed, Facilitator
Conduct table exercise (35 minutes)	Table facilitators and attendees
Report out results (25 minutes)	Table facilitators or designees
Close (5 minutes)	Jorge Carrasco

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Seattle City Light Strategic Plan Participant Discussion Guide Outline

INSTRUCTIONS

You have 35 minutes. Working with the others at your table, discuss the following questions. The table facilitator will keep notes of your comments.

1. Are the proposed objectives the right things for City Light to focus on in its strategic plan? Why or why not? What is missing? What questions do you have? (15 minutes)
2. Select one proposed objective and give us feedback on what success looks like in your view. (15 minutes)
3. From the ideas identified at your table, pick up to three to report out, and pick a presenter to present these ideas to the larger group. Each table presenter will have two minutes to speak to the larger group. (5 minutes)

If you have follow-up questions from today's meeting, want to track the progress of the Strategic Plan, or want to view any of the materials, please visit www.seattle.gov/light/strategic-plan



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Seattle City Light Strategic Plan Survey for all Forum Participants

PART I

Based on what you have heard, how important do you think it is for City Light to pursue the different objectives identified below. Please rate and circle each objective on a scale of 1-5, with 5 being the most important.

Objective	Importance Rating (1 = LEAST important 5 = MOST important)				
1. Provide greater rate predictability	1	2	3	4	5
2. Anticipate and exceed customer service expectations	1	2	3	4	5
3. Promote environmental stewardship	1	2	3	4	5
4. Balance multiple policy goals in rate design; affordability, recover utility's costs, promoting a positive business climate, provide low income rate relief, etc.	1	2	3	4	5
5. Ensure a safe work environment	1	2	3	4	5
6. Attract, train and retain a high performance workforce	1	2	3	4	5
7. Provide reliable, safe, cost-effective electric service to our customers	1	2	3	4	5
8. Maintain a stable, cost effective environmentally responsible power supply portfolio	1	2	3	4	5
9. Incorporate technology to meet future customer needs	1	2	3	4	5
10. Improve communication about, and support for, SCL's strategic priorities	1	2	3	4	5
11. Implement best practices in business processes and technology across the utility	1	2	3	4	5
12. Ensure fiscal strength	1	2	3	4	5

PART II

What priorities do you think City Light should focus on in the next six years that perhaps **are not** included in the objectives above?

1.
2.
3.

PART III

What questions, comments or suggestions do you have about today's presentation? Is there anything that wasn't covered that you want to know more about.

You can complete this form today and leave it on the table at the end of the meeting or you can mail it to: Seattle City Light Strategic Plan c/o Kim Kinney, P.O. Box 34023, Seattle, WA 98124-4023. Or you can fill out the online survey and/or submit comments at www.seattle.gov/ight/strategic-plan

Thank you!

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Please place
First Class
postage
here

Seattle City Light Strategic Plan
c/o Kim Kinney
P.O. Box 34023
Seattle, WA 98124-4023



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Seattle City Light Strategic Plan

Priority Areas, Proposed Objectives and Outcomes

Customers/Ratepayers

"Serving our customers well is at the center of our vision"

PROPOSED OBJECTIVE	PROPOSED OUTCOMES
Provide greater rate predictability	<ul style="list-style-type: none"> • Rates should avoid price shocks • Rates and budgets should reflect a steady approach over time to funding goals in the strategic plan • Increase opportunity for public input in the rate setting process
Balance multiple policy goals in rate design	<ul style="list-style-type: none"> • Rates should be structured to balance several policy goals including: affordability; ensuring necessary cost recovery; promoting a positive business climate; promoting efficient energy use; and providing rate relief to low income residents
Anticipate and exceed customer service expectations	<ul style="list-style-type: none"> • Improve ability of customers to access and manage their accounts online • Upgrade billing system to enable use of more flexible rate models (e.g., time-of-use rates, customers selecting date of their periodic bills, etc.) • Resolve customer issues in one call
Promote environmental stewardship	<ul style="list-style-type: none"> • Maintain greenhouse gas neutrality • Promote efficient use of energy • Continue environmental leadership and reduce environmental consequences of utility operations

Workforce

"City Light's ability to attract and retain a high performance workforce is key to our continued success and ability to meet our customer's needs and future challenges"

PROPOSED OBJECTIVE	PROPOSED OUTCOMES
Ensure a safe work environment	<ul style="list-style-type: none"> • Decrease workforce injury rates to be below national averages for large utilities
Attract, train, and retain a high performance workforce	<ul style="list-style-type: none"> • Increase Seattle City Light's ability to attract qualified candidates with electric utility expertise • Ensure that the utility has the ability to effectively manage the risk of loss of institutional knowledge due to the significant number of upcoming retirements • Ensure that work rules and processes maximize employee efficiency and productivity • Ensure City Light leadership has the tools to effectively manage the labor management partnership • Improve workforce productivity and skills by investing in employee development and technical training

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Assets

"With billions in publicly-owned assets and infrastructure, it is vital that we maintain our generation, transmission, distribution and other systems—and operate these assets in a most efficient manner"

PROPOSED OBJECTIVE	PROPOSED OUTCOMES
Provide reliable, safe, cost-effective electric service to our customers	<ul style="list-style-type: none">• Increase preventative maintenance programs in transmission and distribution systems to reduce costs over time and improve reliability• Replace aging systems in order to increase reliability and optimize use of existing infrastructure• Support current and future customer needs by addressing growth in demand & reliability issues in key locations
Maintain a stable, cost effective, environmentally responsible power supply portfolio	<ul style="list-style-type: none">• Make improvements to aging dams, turbines, and equipment to maximize power production capacity and reliability• Maintain leadership in acquisition of cost-effective conservation• Ensure upcoming major regional investments in the Northwest transmission system are managed to avoid power delivery bottlenecks and equitably allocate costs between City Light and other electric utilities in the region
Incorporate technology to meet future customer needs	<ul style="list-style-type: none">• Continually assess customer needs and ensure appropriate, cost effective technologies are in place when needed

Municipal Enterprise Excellence

"There are benefits in being publicly owned, and accompanying challenges in oversight and business practices"

PROPOSED OBJECTIVE	PROPOSED OUTCOMES
Improve communication about, and support for utility's strategic priorities	<ul style="list-style-type: none">• Improve ability to plan and implement long-term strategies• Improve City Light's ability to manage its operations, systems and personnel to best meet the unique needs of the utility and our customers
Implement best practices in business processes and technology across the utility	<ul style="list-style-type: none">• Ensure City Light is performing at high levels of effectiveness and efficiency in all areas• Provide tools to help employees perform their jobs efficiently and effectively• Identify and eliminate waste and inefficiency• Promote use of performance metrics throughout the organization• Reaffirm support for a culture of continuous improvement• Improve procurement processes to reduce costs and increase operating efficiency and service levels
Ensure fiscal strength	<ul style="list-style-type: none">• Maintain sound fiscal policies to reduce cost of borrowing• Keep rates a responsible levels to support needs of utility and ratepayers• Enhance ability to meet utility's long-term investment needs

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Customers/Ratepayers

Strengths and Opportunities:

- Strong public support for public power
- Quality service
- Low, competitive rates can support local economic activity
- Strong environmental stewardship programs
- Carbon neutral utility
- Sophisticated customer base
- Strategic Plan: opportunity for engagement and long-term planning

Weaknesses and Challenges:

- Low customer satisfaction with customer contact options (e.g. website and call center)
- System reliability is declining
- Reliance on wholesale power sales can result in rate shocks
- Possibility of extended economic downturn
- Electric cars could increase demand
- Changing customer expectations
- Communication of utility challenges
- Expectations of continued very low power costs and high service levels
- Significant exposure to climate change

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Workforce

Strengths and Opportunities:

- Knowledgeable, experienced, diverse workforce
- Pride and commitment of staff
- Strong management team
- Utility will experience cultural change as retiring employees are replaced
- Salaries and benefits are only about 15% of our cost

Weaknesses and Challenges:

- Injury rates much higher than national averages
- Aging workforce: 50% eligible to retire within 5 years.
- Shortage of engineers and skilled trade personnel
- Some job salaries are not competitive with industry
- Competition for talent
- Lack of flexibility in workforce rules and classification system

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Assets

Strengths and Opportunities:

- Low cost, carbon neutral power supply portfolio
- Adequate power supply for next 10 years
- We own or control 50% of our power supply
- Reliable network
- Long-term rights to low cost federal system generation (BPA)
- Fully implementing asset management system can lower maintenance costs and increase reliability

Weaknesses and Challenges:

- Aging infrastructure requires increasing levels of maintenance or replacement
- Limited or incomplete asset and maintenance data
- Lagging technology
- New state and federal regulations—cyber security, reliability, and continuity of operations
- Regional transmission system bottlenecks—upcoming decisions on funding, cost allocation
- Wholesale power price variability
- Cost and availability of qualifying I-937 resources (existing hydro doesn't count)

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Municipal Enterprise Excellence

Strengths and Opportunities:

- Access to low cost capital
- AAA rating of City of Seattle
- Financially stable
- Strong support for public power
- Strategic Plan adoption can increase certainty for customers, utility

Weaknesses and Challenges:

- Lack of strategic plan and investment strategy
- Business practices need updating
- Outdated information technology systems
- Communications to policy makers
- Opportunities to engage busy policy makers about City Light's issues
- Financial downturn makes it more difficult to fund needed investments

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Seattle City Light Strategic Plan

Table Facilitator Discussion Guide

Meeting Date:

Table Facilitator Name:

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PART I: 15 minutes

Proposed Objectives Discussion

Start by asking people to take two – three minutes to fill out **PART I of the survey**—rating each objective from 1 to 5, with 5 being the most important.

Then, ask for general reactions and comments: “What do you think about these objectives and outcomes? Do they make sense? Are they the right things for City Light to focus on? Why or why not?”

Then ask, “Are there things that you think are missing?”

Then, “What questions do you have?”

Write down all input—summarize as appropriate. Please write legibly. Use the general matrix below, or you can use the matrix that follows after each objective listed in this guide.

General Reactions & Comments
1.
2.
3.
4.
5.
6.
7.
8.
9.

Items Missing?
1.
2.
3.
4.
5.
6.
7.
8.
9.

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Questions?
1.
2.
3.
4.
5.
6.
7.
8.
9.

Objective	Comments
1. Provide greater rate predictability	
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PART II: 15 minutes

Feedback on a Specific Initiative

Ask the group to select **1 of the objectives** to give more detailed feedback on. They can pick any one, for any reason: identify the reason in the table below. (e.g., consensus choice not based on any particular reason; most interesting; easiest to understand and talk about; most confusing; most important).

Then, ask people what they think would be a good outcome for this objective: What does success look like? What would ratepayers see if City Light is successful here? What would be different from today?

People may alternately/additionally want to identify programs or action items that City Light should undertake as part of this initiative. And, they could identify metrics for success.

Write down input in the table below.

Objective
Reason (if any) for picking this objective:
A.
B.
C.
D.
E.
F.
G.
H.
I.
J.

PART III: 5 minutes

Ask the group to select three - five ideas TOTAL from the entire discussion (**PARTS I and II**) to report out. Help them by trying to suggest points around which you heard the most consensus, or the most frustration/confusion.

Then, ask them to nominate someone to report out for them—it is fine if they nominate you. The presenter will have only two minutes. **Be concise!** Please circle or clearly mark on this form the objectives and recommendations that are selected for reporting out by your group.

Be sure to turn in this completed form at the end of the session!