

# Seattle City Light 2013-2018 Strategic Plan

## *Your Power Future*

February 2012



*City Light's customers include a mix of residential, commercial, institutional and industrial users. While City Light's customers' needs may vary, they share a common desire for energy that is environmentally responsible, available, affordable and reliable.*

Imagine the possibilities of a future-forward electric power utility. Information is used to predict and prevent potential outages rather than respond to failures. Strategic infrastructure investments enhance reliability and enable more economic development. Lean and nimble business practices maximize efficiencies, saving customers money. Business strategies, budget and performance measures are aligned enabling decision makers to evaluate and adjust accordingly. The public understands, evaluates and participates in the business decisions of their Utility.

The Seattle City Light 2013-2018 Strategic Plan positions Seattle City Light to realize this vision and exceed customers' expectations in producing and delivering environmentally responsible, safe, affordable and reliable power.

## What's the current situation?

The last decade has been challenging for Seattle City Light. In 2010, the recession, volatile energy prices and a low snow-pack dealt the Utility a triple blow. City Light responded by developing a new business approach to aggressively pursue even more efficiencies, cut spending, and secure the organization's finances through the creation of a rate stabilization account, as well as rate increases that went into effect in 2011 and 2012. City Light has emerged leaner and better connected to customers. See "2004-2011 Efficiency Highlights" at bottom of the page.



*Seattle City Light is the 10th largest public utility in the nation, serving more than 400,000 customer accounts in Seattle and seven adjacent municipalities.*

## What will the future bring?

Affordable, reliable power can no longer be taken for granted. City Light is facing several significant challenges as it prepares for an uncertain future. Environmental commitments and legal requirements call for the Utility to acquire even more higher-cost new, renewable power. The historically solid transmission and distribution system is aging, fragile and sorely in need of upgrades to meet customers' requirements. Nearly half of the Utility's skilled, experienced workforce will be eligible to retire within five years. And rising costs are making it more expensive to maintain current levels of service.



*City Light customers are the beneficiaries of a legacy of public hydropower investments – some made nearly a century ago – that today provide some of the lowest cost electric energy in the country.*

## Why a strategic plan?

Seattle City Light, in consultation with the Mayor and City Council, initiated a strategic planning process nearly two years ago to chart a predictable course for how to best meet customers' current and future needs. Led by the City Light Executive Team, the process has actively involved customers, the Seattle City Light Review Panel, City Council members, other City department personnel, community members, business leaders, environmental leaders and City Light employees.



*City Light expects to meet future load growth needs entirely through conservation and acquisition of new renewable energy sources.*

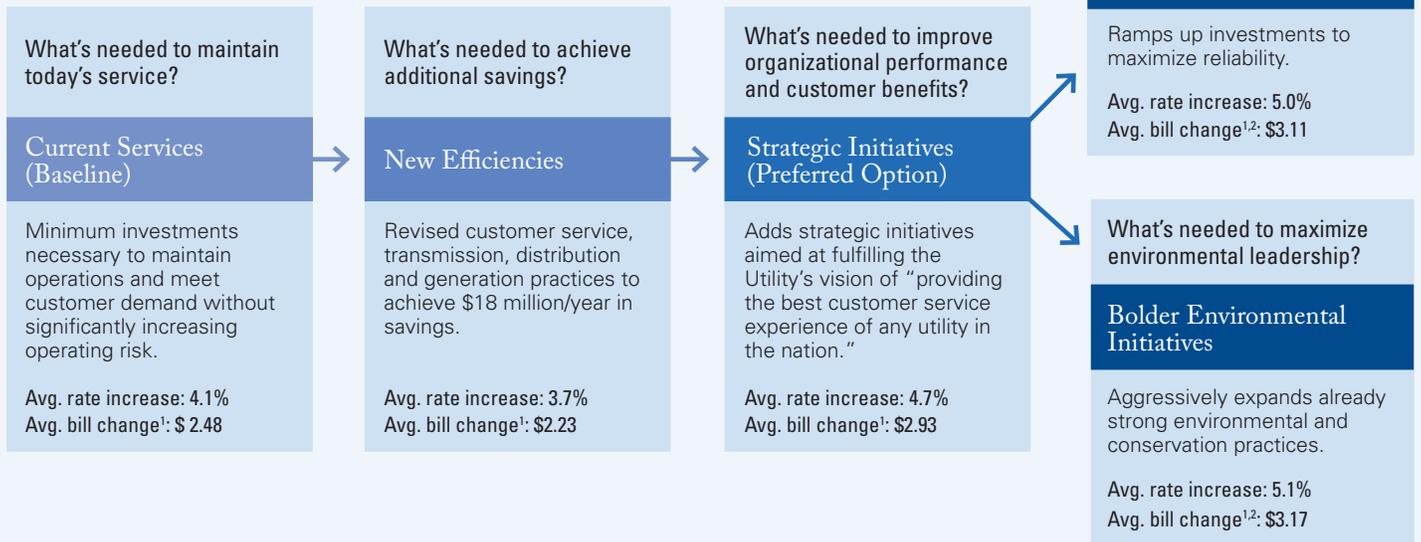
This 6-year plan provides a roadmap for making informed decisions about the future. It answers a fundamental question: How can Seattle City Light best meet and exceed customers' expectations in producing and delivering environmentally responsible, safe, affordable and reliable power?

### 2004-2011 Efficiency Achievement Highlights

	Achievements	Estimated Annual Savings (\$ millions)
Transmission & Distribution	Improved work processes and targeted programs to prevent disruptions (cable injection, tree trimming, pole replacement).	12.0
Environment & Conservation	Installation of energy-saving light and lamp heads, conservation strategy and renewable energy program.	13.2
Generation & Power	Replaced aging equipment, reorganized operations at key facilities to achieve savings, and executed 17-yr. BPA contract.	9.8
Human Resources & Safety	Improved safety performance, reduced workers' comp costs and implemented new hiring and staffing strategies.	3.4
Customer Service	Revamped work processes to reduce hookup, repair and outage times and upgraded key customer tools (website, billing and mobile apps).	0.7
Infrastructure	Introduced new programs to reduce risks to assets and personnel, theft and compliance fines.	0.7
Financial Management	Established Rate Stabilization Account; refinanced debt; generated revenue; maximized value of contracts; improved risk management, billing and lease policies.	13.3
<b>Total</b>		<b>53.1</b>

# What are the potential paths to success?

The strategic plan proposes five policy paths. The first three build on each other. These paths were developed through discussions and outreach with the community and Review Panel.



<sup>1</sup> Average change in monthly residential bill. For rate impacts on other customer classes, City Light will post additional information online at: [www.seattle.gov/light/strategic-plan](http://www.seattle.gov/light/strategic-plan).

<sup>2</sup> The More Aggressive Reliability Investments and Bolder Environmental Initiatives paths could be pursued together, with an average annual rate increase of 0.7 percent.

## Why choose the Strategic Initiatives path?

The Strategic Initiatives path builds on the Baseline and New Efficiencies options and makes tactical investments to meet future needs of the Utility, its customers and the community. This path best positions City Light to address key challenges and difficulties while maximizing efficiencies and cost savings. It also addresses delayed investments necessary to weather the "perfect storm" of high energy prices and drought experienced in the early part of the 21st Century. Investing in Strategic Initiatives focuses attention on improving customer service, reliability, and rate predictability, increasing workforce performance and safety, enhancing organizational performance and continuing conservation and environmental stewardship. It is the path that best responds to what customers want – excellent customer service, reliability, predictable rates, efficient operations and environmental leadership.

Examples of key investments are highlighted below:



Building a new North Downtown substation to create a stronger and better-integrated distribution system throughout the City.



Improving City Light's safety performance by investing in training, equipment and improved work processes.



Replacing nearly 400,000 manually-read meters with remote-read meters to improve outage management and restoration as well as allow customers to more easily manage their energy use.



Managing an impending wave of retirements and improving skilled worker recruitment and retention.

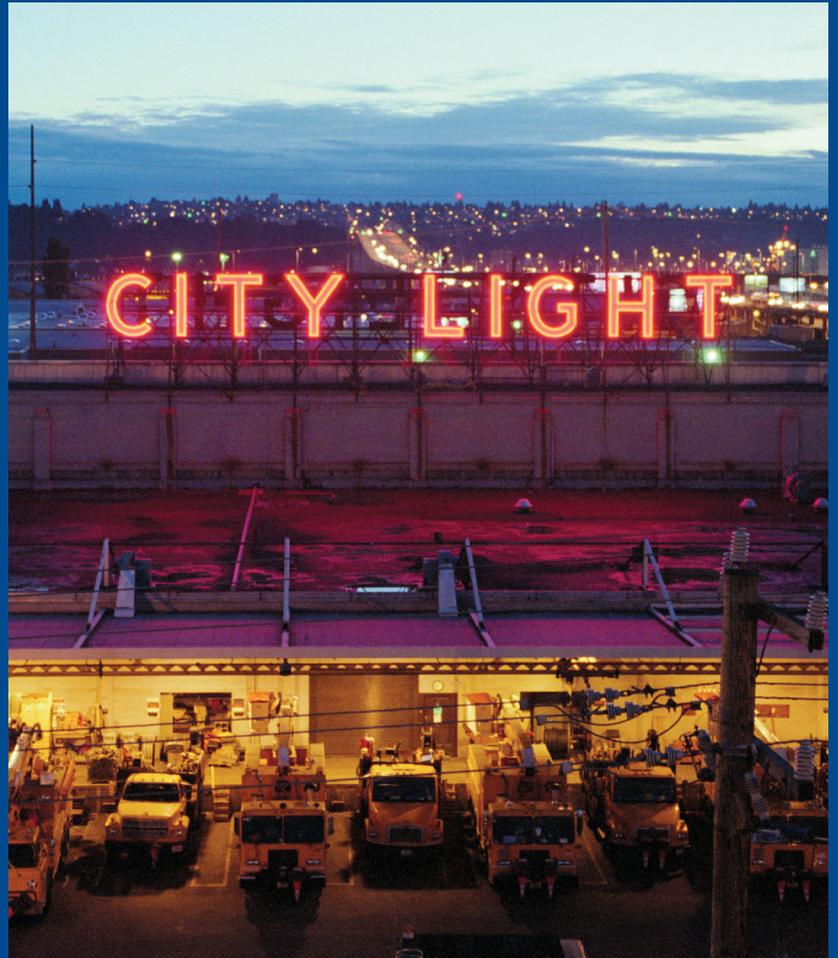
## What is the rate impact of the Strategic Initiatives path?

The Strategic Initiatives (Preferred Option) path envisions rate increases averaging 4.7 percent per year through 2018. It is estimated that the average residential monthly bill would rise from \$55.05 in 2012 to \$72.62 in 2018.

# Your Seattle City Light

The citizens of Seattle created Seattle City Light in 1902, when they approved bonds to build a hydroelectric power plant on the Cedar River. The plant delivered its first electricity to customers in 1905. As a municipally-owned public power system, Seattle City Light is governed by the Mayor and City Council and primarily supported by customer revenues as well as surplus power sales. Today, more than 750,000 customers depend on City Light for electric power.

**The full Seattle City Light 2013-2018 Strategic Plan is available at**  
[www.seattle.gov/light/strategic-plan](http://www.seattle.gov/light/strategic-plan)



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