

Draft Outline of Proposed Seattle City Light (SCL) Strategic Plan Development Path: E-Team Discussions & Link to Review Panel and Other Stakeholders

Draft dated September 15, 2011

- This document outlines a process for linking the Review Panel and other stakeholders into development of the Strategic Plan.
- Unknown what work products exist that might be incorporated to make process more efficient.
- The Stage 1 facilitated sessions are proposed to include the Superintendent and Officers (the “E-Team”), E. Campbell, M. Brueger. Further consideration should be given as to how to ensure input from SCL Directors is obtained and incorporated in this process.
- Order in which the Stage 1 Discussion Drafts are developed can vary.
- Careful attention will need to be given to wording of the Stage 1 Discussion Drafts since they will be shared outside SCL.
- This document assumes the Mayor and Council (or at least their staffs) are given the information generally concurrent with Review Panel. We look to the Council and Mayor staff to provide input as to how their branches of government want to be involved.
- Some formal ‘check-in’ from Review Panel with the ETCR Committee should occur later this year. This would likely be after budget and thus after the Panel has reviewed and commented on most or possibly all of the Stage 1 materials. (this meeting not shown on outline)
- Assumes the Strategic Plan will be presented to Council in Q2 2011.
- This document does not reflect other stakeholder input efforts: in particular, when/how input is sought from employees, customers.
- There are other ways to do this.

| Stage 1: Strategic Framework Development: 4 E-Team Discussion Drafts | |
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| <p>What are the Discussion Drafts?</p> <p>“Think Pieces” developed by the E-Team focusing at a high level: draft documents listing ideas, concepts, key facts, and questions. Intended to frame the thinking that would follow to identify strategic options and priorities.</p> <p>The E-Team drafts would be shared with key stakeholders (Review Panel, SCL Directors, Council staff, Mayor’s staff for feedback and comment. Mayor and Council involvement to be determined based on feedback from their staff.</p> <p>Based on the feedback, the E-Team would revise the draft documents as appropriate, and then (stage 2) develop proposed strategic path options. Subsequent stages are: selecting preferred path; completing/review draft plan; and plan rollout.</p> | <p>How and when are these developed?</p> <p>General Process Proposal:</p> <ul style="list-style-type: none"> • E-Team facilitated discussion • Write-up results of discussion/edit/internal approval (SCL staff/facilitator) • Presentation to Review Panel – opportunity for Mayor’s office/ETCR/Council Staff, SCL Directors to provide feedback • Write up Review Panel / other feedback • Circulate feedback to E-Team / stakeholders • E-Team reviews and considers feedback—direct adjustments • Summary report back to Review Panel /others on adjustments |

| What: General Description of the 4 Discussion Drafts | When | Notes |
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| <p>1. Link Vision / Mission / Values to the Plan: (a) Are these statements still meaningful, accurate, complete? Has the utility/city/world evolved since these were adopted to the point that critical concepts are now missing or outdated? (any suggested edits to these statements are advisory—would need larger process to formally amend). (b) How are these statements relevant to the development of the strategic plan and priorities?</p> <ul style="list-style-type: none"> • <u>End Product:</u> a short document outlining initial E-Team examples and ideas about what the statements suggest (or should suggest if significant gaps identified) in terms of the development of the strategic plan and identification of strategic priorities. Flag ideas for changes to mission/vision values. For review/feedback by Review Panel /others. | <ul style="list-style-type: none"> • E-Team September • Review Panel: October (<i>panel also hearing 2011-2012 budget proposal presentation at this meeting</i>) • E-Team Time: 1.5 hours | <ul style="list-style-type: none"> • E-Team Prep-work: 2-3 <i>Examples from each officer: what do the vision or mission or values statements suggest to YOU should be important to consider as we develop strategic priorities for the next 6 years? (something more descriptive than just re-stating excerpts from the statements themselves).</i> |
| <p>2. Where should we be going? Brainstorming about how the utility should be different in 6 years.</p> <p>Review of shared examples from E-Team members. Develop consensus list. What's missing? What are the most significant game changers –things you can do to get most impact to strengthen/reposition the Utility---in the next 6 years?</p> <ul style="list-style-type: none"> • <u>End Product:</u> Initial Brainstorming Strategic Ideas List for feedback from Review Panel, flagging the most significant items. | <ul style="list-style-type: none"> • E-Team September-October • Review Panel: November • E-Team Time: 3 hours (1 hour for presentations, 2 hours for discussion) | <ul style="list-style-type: none"> • E- Team Prep-work: 3-5 <i>Examples from each officer (developed with input from their directors). At least one should be a cross-agency item (e.g. but applicable to entire agency). Suggestions at a strategic level, rather than tactical.</i> <ul style="list-style-type: none"> ○ <i>What is the subject?</i> ○ <i>How would you like it look different in 6 years?</i> ○ <i>Why?</i> ○ <i>How does this idea relate to vision/mission/values?</i> |
| <p>3. Environmental Scan & SWOC: What are the key items that define the current environment? What are the trends and key drivers defining change in the years ahead (6 year / 20 year).</p> | <ul style="list-style-type: none"> • E-Team: October • Review Panel: November • E-Team Time: 3-4 hours | <ul style="list-style-type: none"> • E-Team Prep-work: <i>review draft environmental scan list in advance. Discuss with directors in advance and come prepared with comments: What's missing? What should be</i> |

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| <p>Assessment of the Utility’s strategic location (as an agency): building / reaffirming Utility SWOC after review of division report-outs.</p> <ul style="list-style-type: none"> • <u>End product</u>: High level consensus list of environmental scan issues & trends, key drivers, together with SCL SWOC summary that can be presented for feedback from Review Panel / others and ultimately include in the Plan | | <p><i>removed from the list? Wording suggestions.</i> <i>Also, working with your directors, prepare a short presentation assessing your Division’s key SWOC issues (internal strengths/core competencies and weaknesses; external opportunities and challenges.)</i></p> |
| <p>4. Define the Existing & Projected Financial Baseline: Given the environmental scan & SWOC... What are the revenue requirements to continue the current operations (no new initiatives)--status quo operations trended forward 6 years, given existing/trending key cost drivers. (labor cost trends, legal requirements (I-937, FERC, etc.), etc.? Incorporate minimum capital investment requirements to maintain operations/serve customers. What are the rate impacts of this (e.g., what rate increases are required to keep current operations intact).</p> <ul style="list-style-type: none"> • What are the operational concerns with this scenario? • What would be the impacts on customers? • Are the assumptions correct and generally consistent with the SWOC? • What are the biggest unknowns that could impact costs? <ul style="list-style-type: none"> • <u>End product</u>: Short document summarizing financial baseline and identifying major implications/ unknowns. | <ul style="list-style-type: none"> • E Team: October • Review Panel: December • E-Team Time: 2 hours | <p><i>Presentation from Phil Leiber reviewed in advance.</i></p> |
| <p>Stage 2: Develop strategic options— a range of “possible future paths”</p> | | |
| <p>Given all the input from the Stage 1 Exercises and feedback: what are our options? Develop 3 or 4 scenarios that represent the major choices for the utility. The scenarios represent different sets of policy choices. For example a scenario could be built around a priority on keeping rates low,</p> | <ul style="list-style-type: none"> • E-Team: November • Review Panel: December • E-Team Time: 3-4 hours | <p><i>P. Leiber / E. Campbell develop “straw men” --- general packages of options packages for E – Team advance review.</i></p> |

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| <p>or a priority on upgrading the transmission system, or a combination of several priorities.</p> <p>The scenarios would be evaluated at a high level to describe the general costs and benefits of each, how the utility would look different in 6 years under each scenario, how the scenario addresses the key drivers, vision/mission/values.</p> <p><u>Desired outcome:</u> E-Team confirms the set of general 'future paths' for the Utility and the descriptions, cost/benefits</p> | | |
| Stage 3: Select & Refine a Preferred Option / Path | | |
| <p>Select/refine a preferred alternative. What is prioritized; what is de-emphasized; how is it different from the status quo.</p> <p>Identify the general implementation plan:</p> <ul style="list-style-type: none"> • Key policy changes necessary for success • Key initiatives (tactical) • Preferred timing • General associated costs/rate impacts-- over the planning period | <ul style="list-style-type: none"> • <i>E-Team: December - January</i> • <i>Review Panel: January - February</i> | |
| Stage 4: Complete Draft of Plan & Review | | |
| <p>Incorporate other desired Plan components, including potentially...</p> <ul style="list-style-type: none"> • Other options /paths considered/rejected –why? • Monitoring / review/ updating of plan • Metrics • Tactical initiatives/ Implementation Schedule / Price tag (range) | <ul style="list-style-type: none"> • <i>E-Team: February-March</i> • <i>Review Panel: March-April</i> | <p><i>Staff complete plan. Circulate, seek edits/comments.</i></p> |
| Stage 5: Plan Roll-out | | |
| <p>Developed in concert w/Mayor's office, Council</p> | <p>April – May</p> | <p><i>Review Panel comment letter accompanies final report to Council</i></p> |