

Quarterly Strategic Plan Initiative Tracker First Quarter 2013

The Strategic Plan includes thirty-seven initiatives approved by the Mayor and City Council in 2012. Total project cost for all initiatives over the six-year period is estimated to be \$493.3 million and is forecast to deliver \$108.2 million in financial benefits.

For 2013 these amounts are comprised of project costs of \$32.1 million and are expected to deliver an additional \$6.9 million in financial benefits. Progress on these initiatives is reported under City Light's four themes:

- 1) Improve Customer Experience and Rate Predictability;
- 2) Increase Workforce Performance and Safety Practices;
- 3) Enhance Organizational Performance; and
- 4) Continued Leadership in Conservation and Environmental Stewardship.

The detailed information in this report is broken into three sections which discuss the following elements of this process:

Section I - Assessment of Initiative Performance

Section II - Summary of the Strategic Plan Results

Section III - Summary Performance Assessment for Each Initiative.

Section I – Assessment of Initiative Performance

Each initiative has a template that identifies start and finish dates, Operating & Maintenance (“O&M”) and Capital Improvement Project (“CIP”) budgets and actual expenditures for the period, as well as other information needed to track progress.

The Strategic Initiative achievement has been evaluated in the following way:

Green	Year-to-date	Metrics are met YTD.
	Full Year	Metrics are expected to be achieved by year-end.
Yellow	Year-to-date	Metrics are not met YTD, but expected to be made up by year-end.
	Full Year	Uncertainty exists around the achievement of metrics by year-end.
Red	Year-to-date	Metrics are not met YTD.
	Full Year	Metrics are not expected to be achieved by year-end.

Where appropriate, progress metrics will include scope and schedule, milestones, and deliverables under the milestones column. The financial impact (costs and/or savings) generated by each initiative compared to budget will be included under the “Financial” column.

Section II – Summary of Strategic Plan Results

Table 1 provides an assessment of the overall expected outcome of the Strategic Plan Initiatives broken down among the four themes.

Table 1 – Summary Initiative Progress

	YTD	Full Year
Improve Customer Experience & Rate Predictability		
Increase Workforce Performance & Safety Practices		
Enhance Organizational Performance		
Continued Leadership in Conservation & Environmental Stewardship		
Overall		

- Ratings are determined based on a combination of aggregate initiative progress relative to financial and project milestones, weighted to the initiatives with the largest financial impact.

In total, City Light’s Strategic Plan includes 37 initiatives, some of which have multiple parts or projects included. Of these, 34 begin in 2013 and 30 initiatives had milestones due in late 2012 through March 2013. Thirteen Strategic Initiatives are on track and 17 have experienced some minor delays. Further detail of these variances can be found in Section III of the document. Overall savings resulting from strategic investments are on track and are reported below.

Efficiencies

City Light is expected to produce at least a \$6.9 million reduction in costs associated with planned efficiencies by the end of 2013. Year-to-date efficiencies are as follows:

- Fleet Reduction - Savings targets were exceeded. A reduction in the size of the fleet results in 2013 O&M savings of \$1,419,170. (M9)
- Steel Stays for Poles - In the 1st quarter of 2013 16 steel stays have been installed on wood poles. This effort strengthens the pole and eliminates the need to replace it. This resulted in savings to the Utility of \$71,552. The goal is to install 100 steel stays in 2013. (M9)
- Cost Allocations - The General Expense 2013 allocation from other City Departments was reduced by \$399,000 exceeding the cost savings estimate in the strategic plan initiative. (M9)
- Credit and Collections - Staffing in the Credit and Collections group has been reduced by one position. This position was reassigned to the new Low Income Assistance Program. This results in an annual savings of \$69,000. (M9)
- Safety Culture and Accountability – Since January, Employee Relations has sent biweekly Light Duty requests to management within City Light. This has resulted in the successful placement of several employees who would otherwise have been on Worker Compensation. The savings to date is currently being calculated. As of the end of March, City Light’s Total Recordable Incident Rate (“TRR”) was at 4.5, a reduction from the 2012 year-end TRR of 7.0 (W1)

Delivery of Program Improvements

City Light expects to spend \$16.2 million on CIP projects in 2013 to implement the Strategic Plan. Progress through March is 84% of baseline forecast and is dominated in dollar terms by the three projects in the Denny Substation program, which is relatively large and is at 98% of baseline forecast. A contract for the Technical Training Center has been delayed but will be awarded in the 2nd quarter of 2013. Several projects that are new in 2013 show limited spending as they are delayed in starting.

Financial Update

Table 2 provides a holistic view of the status of costs and revenues. These figures include both dollars in the baseline in addition to those associated with initiatives.

SM	Year-to-Date			Full Year Forecast		
	Plan	Actual	Diff	Plan	Forecast	Diff
Retail Revenue	193.2	194.3	1.1	707.2	712.3	5.1
Net Wholesale Revenue	27.0	23.6	(3.4)	90.0	42.5	(47.5)
Net Power O&M	(69.2)	(79.3)	(10.1)	(257.2)	(258.5)	(1.3)
Net Non-Power O&M	(56.8)	(42.9)	13.9	(224.4)	(215.5)	8.9
RSA Transfers, Net	(0.3)	5.7	6.0	(1.4)	46.9	48.3
Taxes, Depreciation & Other	(54.5)	(62.4)	(7.9)	(209.6)	(214.7)	(5.1)
Available for Debt Service				312.8	321.0	8.2
Debt Service				172.8	173.1	0.3
Debt Coverage Ratio				1.80	1.85	0.05

The full year forecast continues to indicate that City Light will meet the required Debt Coverage Ratio. The higher Retail Revenues forecast is driven by colder than normal January. Net Wholesale Revenue is projected to fall below the plan but will be mitigated by funding provided by the operations of the RSA. The Net Power O&M cost is similar to the plan. Higher Net Power O&M costs year-to-date as compared to the plan reflect a few variances that are attributable to timing and will be consumed in the full year forecast. Net Non-Power O&M costs have been tracking below the plan year-to-date, which explains the full year forecast.

Section III - 2013 Summary Performance Assessment for Each Initiative

Section III provides an assessment of individual strategic plan initiative performance, associated major milestones achieved, and discussion of any material variances. Dollar amounts listed in the second column are 2013 net revenues or costs in millions of dollars.

Improve Customer Experience and Rate Predictability

2013 Progress			Year-to-Date		Full Year Forecast	
#	SM ¹	Description	Financial	Milestones	Financial	Milestones
A4	1.1	Implement Compliance Tracking & Standardization	●	●	●	●
A6	2.4	Denny Substation	●	●	●	●
A7	0.4	Upgrade Transmission System in the Puget Sound	●	●	●	●
A8		Underground Cable Replacement	n/a	●	n/a	●

#	\$M ¹	Description	Financial	Milestones	Financial	Milestones
A9		Improved Streetlight Infrastructure	Initiative begins June 2013			
A11	(0.2)	Hydro Performance and Generation Availability	Initiative savings to begin May 2013			
A13		Advanced Metering Infrastructure	Initiative begins in 2014			
CR1		Align Budget & Rates/ New Budget System	n/a	●	n/a	●
CR2	(14.8)	Tools to Reduce Potential Rate Shocks	●	●	●	●
CR3		Strengthen Ratepayer Advocacy	n/a	●	n/a	●
CR4		Cost of Service and Rate Design Policies	n/a	●	n/a	●
CR5	0.9	Customer Portal	●	●	●	●
CR7	(0.2)	Customer Contact Center Performance	●	●	●	●
CR10	0.4	Low Income Assistance Program	●	●	●	●

1. Financial impacts of each initiative are reflected as Expense/ (Savings)

- Compliance Tracking and Standardization – (Original milestone due date - 2/28/13) The tracking system RFP is in draft form. A formal RFP will be issued by the revised due date of 6/20/13. (A4)
- Denny Substation Facility – (Original milestone due date – 2/19/13) The milestone for 30% design completion has a revised target completion date of 7/18/13. (A6)
- Customer Portal – (Original milestone due date – 12/31/12) This project is part of the overall program to replace the billing system in a partnership with Seattle Public Utilities. The solicitation for the systems integrator was completed by the due date of 3/29/13. The project charter and steering committee will be in place by the revised due date of 5/15/13. (CR5)
- Customer Contact Center Performance – (Original milestone due date – 12/31/12) The project charter and steering committee will be established by the revised due date of 4/30/13. The delay resulted from the need to finalize the 2013 MOA between SCL and SPU before beginning this work. (CR7)
- Low Income Assistance Program – (Original milestone due date – 3/31/13) Many efforts are underway for this program and many milestones were completed on or before their target dates of 3/31/13. These include the hiring of a program manager, securing of long-term resource partners such as HSD, DON and SHA, and the development of quarterly reports. The creation of the long range marketing plan was delayed until staff was hired. The plan is in progress and will be completed by the revised due date of 5/17/13. (CR10)

Increase Workforce Performance and Safety Practices

2013 Progress			Year-to-Date		Full Year Forecast	
#	\$M	Description	Financial	Milestones	Financial	Milestones
W1	0.6	Safety Culture and Accountability	●	●	●	●
W2a/b	1.2	Attract and Retain Workforce	●	●	●	●
	2.3	Training and Development	●	●	●	●
W2	4.8	Technical Training Center	●	●	●	●

1. Financial impacts of each initiative are reflected as Expense/ (Savings)

- Safety Culture and Accountability – (Original milestone due date – 2/1/13) An Injury Analysis will identify trends, types and nature of injuries as well as detailing systematic program deficiencies. The Analysis will also provide recommendations for moving forward. The revised

due date for this project is 4/1/13. (W1)

- Attract and Retain Workforce – (Original milestone due date – 12/31/12) The initial development of a comprehensive incentive program was completed in December 2012. A program review is in process. The final program will be implemented by the revised due date 12/31/13. (W2a)
- Training and Development – (Original milestone due date – 3/1/13) The purchase and implementation of an online learning library of leadership skill courses is targeted to be complete by the revised due date of 6/28/13. The original due date was 2/1/13. A needs assessment for training for employee certifications and licenses will be completed by the revised due date on 6/1/13. (W2b)
- Technical Training Center – (Original milestone due date – 12/31/12) The Environmental Checklist is in progress and is scheduled to be completed by the end of the year. Because the checklist is dependent on the completion of design development tasks, the due date was revised to align with the design phase. However, it is expected that the facility will open according to schedule. (W2)

Enhance Organizational Performance

2013 Progress			Year-to-Date		Full Year Forecast	
#	\$M ¹	Description	Financial	Milestones	Financial	Milestones
M1		Effective Communication and Engagement	n/a	●	n/a	●
M2	0.3	Benchmarking City Light Performance	●	●	●	●
M3	0.6	IT Roadmap and Disaster Recovery	●	●	●	●
	1.2	FINMAP Project	●	●	●	●
	0.6	Enterprise Document Management	●	●	●	●
M4	2.0	Performance Based Reporting	●	●	●	●
M5	0.7	Internal Audit	●	●	●	●
M6	0.7	Project Management Quality Improvement	●	●	●	●
M7	0.1	Service Level Agreements with City Depts.	●	●	●	●
M8	(0.3)	Procurement Process for Internal Services	●	●	●	●
M9	(6.9)	Efficiency Initiatives	●	●	●	●
M10	0.5	Review financial policies/Insurance for Generating Units	●	●	●	●
A3	0.7	Information Technology Security Upgrades	Initiative begins June 2013			
A5	0.4	Implement Enterprise Geospatial Information	●	●	●	●
A10		Mobile Workforce Implementation	Initiative begins in 2014			
A12	(1.7)	Regional Electric Utility Leadership	Initiative savings to begin in December 2013			
A15	0.3	Updating Standards	●	●	●	●

1. Financial impacts of each initiative are reflected as Expense/ (Savings)

- Disaster Recovery – (Original milestone due dates –1/31/13) An RFP for a Disaster Recovery consultant is being processed. A consultant will be hired by the revised due date of 4/15/13. (M3)
- Internal Audit – (Original milestone due dates –1/31/13 and 3/31/13) The process to hire a team manager is underway. It is scheduled to be completed by the revised due date of 4/26/13. It was delayed due to a reconsideration hiring with City Personnel on the position level. In addition, the paperwork for 4 other positions has been submitted to Human Resources. The target for filling

these positions is 4/19/13. A draft charter for the program is being reviewed by the CFO. This will be completed by the revised due date of 4/30/13. (M5)

- Service Level Agreements with City Departments – (Original milestone due dates – 11/30/12 and 12/31/12) This RFP and selection of a consultant is delayed due to ongoing negotiations with multiple City departments regarding the overall project plan. In the meantime, work on milestones scheduled for later this year is underway such as a review of all existing agreements between City Light and other City departments. The revised due dates are 6/30/13 and 7/31/13. (M7)
- Procurement Process for Internal Services – (Original milestone due dates - 10/31/12 and 2/1/13) Several efforts are underway to improve internal procurement processes. The identification of repetitive direct voucher providers has resulted in the creation of 6 blanket contracts (4 are complete, 2 are in progress with FAS.) In addition, credit cards are being issued to internal high volume users. It is expected that these efforts will be completed by the revised due date of 6/30/13. (M8)
- Implement Enterprise Geospatial Information System – (Original milestone due date – 3/31/13) The process to hire 3 new positions is in progress. It will be completed by the revised due date of 4/30/13. (A5)
- Updating Standards – (Original milestone due dates – 12/31/12 and 1/31/13) The consultant contracting and employee hiring processes are underway. They will be completed no later than 4/30/13. In addition, drafts of the first eight design standards were submitted to City Light for review by the vendor SEI. This submittal met the milestone deliverable date of 2/21/2013 for "90% Submittal" of these design standards. This milestone is on track to meet the due date of 7/1/13 for publication of the standards. (A15)

Continued Leadership in Conservation and Environmental Stewardship

2013 Progress			Year-to-Date		Full Year Forecast	
#	\$M ¹	Description	Financial	Milestones	Financial	Milestones
CR8		Enhance Environmental Leadership	n/a	●	n/a	●
CR9	0.6	Reduce Environmental Liability	●	●	●	●
A14		Electric Vehicle Infrastructure	Initiative begins in 2014			
A17	0.2	Climate Research	Initiative begins April 2013			
A18		Conservation Program Enhancement	n/a	●	n/a	●

1. Financial impacts of each initiative are reflected as Expense/ (Savings)

- Enhanced Environmental Leadership – (Original milestone due date – 2/28/13) The process to hire a new Senior Environmental Analyst (TES) is underway. It is anticipated that hiring will be complete by the revised due date of 5/1/13. (CR8)
- Reduce Environmental Liability – (Original milestone due date – 3/31/13) The hiring process for a 3 year term-limited employee will be completed by the revised due date of 6/1/13. (CR9)
- Conservation Program Enhancement – (Original milestone due date – 1/1/13) An amended RFP was issued on January 10, 2013 and SCL is discussing the incentive requests with three of the respondents. (A18)