

Monthly Strategic Plan Initiative Tracker

July 2013

Progress on the Strategic Plan 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.

Achievement of each Strategic Initiative 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 are 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. |

Summary of Initiative Performance – through July 31, 2013

In total, City Light’s Strategic Plan includes 37 initiatives, some of which have multiple parts or projects included. Of these, 33 begun in 2013 had milestones due in late 2012 through July 2013. The following table provides a summary of progress on the Strategic Plan Initiatives broken down among the four themes. Seventeen Strategic Initiatives are on track and 16 have experienced minor delays.

| Summary Initiative Progress | YTD | Full Year | Project Life -Cycle Forecast |
|--|---|---|---|
| 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.

Efficiency Initiatives/Savings

| Previously Reported: | Initiative | Savings |
|-----------------------------|---------------------------------|--------------------|
| | A12 – BPA Power Factor | \$ 369,916 |
| | M9 – Fleet Reduction | \$1,419,170 |
| | M9 – Steel Stays for Poles | \$ 405,238 |
| | M9 – Cost Allocation Reductions | \$ 399,000 |
| | M9 – Credit and Collections | \$ 158,000 |
| | M9 – Permitting | \$ 11,479 |
| | W1 – Safety (Light Duty) | \$ 117,427 |
| | W1 - Safety (Claims) | \$ 190,000 |
| Subtotal | | \$3,070,230 |

July additions:

- Steel Stays for Poles – Steel stays are installed by crews on pre-selected wood poles to extend their life and delay replacement. The stays are used on poles with at least 15 years of life left on the pole. In July, 31 additional steel stays were installed. This resulted in savings of \$130,919. To date 94 steel stays have been installed. The goal is to install 100 steel stays in 2013. (M9)
- Permitting - \$2,037 was saved in July by using flaggers instead of police for traffic control. This is allowed by SDOT permitting requirements. (M9)
- BPA Power Factor Penalty Refund – SCL has been awarded a refund of power factor penalties charged by BPA. This refund is the result of an SCL audit and multi-division effort which illustrated a systemic problem with how BPA calculated penalties. BPA amended their approach to calculating penalties which will solve the systemic problem. This will result in ongoing savings estimated at \$129,000 per year or \$10,750 per month. (A12)
- Safety Culture and Accountability (Light Duty) – Since January 2013, Employee Relations has sent bi-weekly light duty requests to management within City Light. Employee Relations has also worked with Talent Acquisition to place light duty candidates in temporary and out-of-class positions where appropriate. As a result of these efforts, SCL has successfully placed several employees who had been on Workers' Compensation in light duty positions. These efforts have reduced the money spent in time-loss payments in July by \$44,365. (W1)
- Safety Culture and Accountability (Closure of Claims) – SCL has worked with the Workers' Compensation Unit to identify and close claims in a timely manner, which frees SCL funds by releasing the “frozen” reserves for each closed claim. Such efforts freed up more than \$74,468 in July. This amount does not include at least 12 claims also closed during this time-frame whose released reserves values have not yet been calculated. (W1)
- Safety Culture and Accountability (Workers' Compensation) - For the period of 1/1/13-7/31/13, the total workers' compensation pay-out for injuries which occurred in 2013 (as compared to the same period for the year 2012), has been reduced by \$13,770, which is attributable to the reduced TRR (rate of recordable injuries). (W1)

Total Savings Year-to-Date: \$3,346,539

Financial Analysis

Operations and Maintenance - Based on information to date, no overruns have occurred July year-to-date, nor are there any exceedances currently forecast for the initiatives in 2013. City Light management is engaged in a review of year-to-date spending to determine whether planned spending targets will be met.

Capital Delivery of Program Improvements - City Light expects to spend \$16.2 million on CIP projects in 2013 to implement the Strategic Plan. Progress through July is 78% of forecast and is dominated in dollar terms by the three projects in the Denny Substation program, which is relatively large and is at 93% of forecast. The Integrated Budget System project is also spending at the forecast level. The following projects are well underway: Underground Equipment Replacement, Technical Training Center, Enterprise Performance Management, and Summit FinMap. Reliability Standards and Streetlight Infrastructure are actively evaluating vendors.

Summary Financial Plan Tracker – 2013**

| M | Year-to-Date | | | Full Year Forecast | | |
|-----------------------------|--------------|---------|--------|--------------------|----------|--------|
| | Plan | Actual | Diff | Plan | Forecast | Diff |
| Retail Revenue | 411.7 | 405.3 | (6.4) | 707.2 | 703.2 | (4.0) |
| Net Wholesale Revenue | 63.0 | 43.0 | (20.0) | 90.0 | 44.9 | (45.1) |
| Net Power O&M | (146.2) | (141.6) | 4.6 | (257.2) | (249.5) | 7.7 |
| Net Non-Power O&M | (121.0) | (106.8) | 14.2 | (224.4) | (208.7) | 15.7 |
| RSA Transfers, Net | (0.8) | 19.7 | 20.5 | (1.4) | 45.2 | 46.6 |
| Taxes, Depreciation & Other | (124.5) | (131.6) | (7.1) | (209.6) | (200.7) | 8.9 |
| Available for Debt Service | | | | 312.8 | 327.6 | 14.8 |
| Debt Service | | | | 172.8 | 172.7 | (0.1) |
| Debt Coverage Ratio | | | | 1.8 | 1.9 | 0.1 |

**The full year forecast continues to indicate that City Light will meet the required Debt Coverage Ratio. Retail Revenue is slightly lower than the plan due to warmer weather from February through June. Net Wholesale Revenue is projected to fall below the Plan but will be mitigated by funding provided by the operations of the RSA. Both Net Power and Net Non-Power O&M costs have been tracking lower than the plan year-to-date, which explains the reduced full year forecasts. Year-to-date Taxes, Depreciation & Other is higher than the plan but is forecast to be below plan for the year. This is due to large contributions from the SDOT Mercer corridor project and an Amazon project.

Year-to-Date Performance Assessment for Each Initiative

This section provides an assessment of individual Strategic Plan Initiative performance (for initiatives scheduled to be in process before or during this reporting period), associated major milestones achieved, and a discussion of any pertinent status issues. Initiatives beginning in future reporting periods or future years are noted.

Improve Customer Experience and Rate Predictability

| 2013 Progress | | Year-to-Date | | Full Year Forecast | | Project Life Cycle Forecast | |
|---------------|---|---------------------------|------------|--------------------|------------|-----------------------------|------------|
| # | Description | Financial | Milestones | Financial | Milestones | Financial | Milestones |
| A4 | Implement Compliance Tracking & Standardization | | | | | | |
| A6 | Denny Substation Program ¹ | | | | | | |
| A7 | Upgrade Transmission System in the Puget Sound Area – Inductor Installation | | | | | | |
| | Upgrade Transmission System in the Puget Sound Area - Reconductoring | | | | | | |
| A8 | Underground Cable Replacement | n/a | | n/a | | | |
| A9 | Improved Streetlight Infrastructure | n/a | | n/a | | | |
| A11 | Hydro Performance and Generation Availability | | | | | | |
| A13 | Advanced Metering Infrastructure | Initiative begins in 2014 | | | | | |
| CR1 | Align Budget & Rates/ New Budget System | n/a | | n/a | | | |
| CR2 | Tools to Reduce Potential Rate Shocks | | | | | | |
| CR3 | Strengthen Ratepayer Advocacy | n/a | | n/a | | | |
| CR4 | Cost of Service and Rate Design Policies | Initiative begins in 2014 | | | | | |
| CR5 | Customer Portal | | | | | | |
| CR7 | Customer Contact Center Performance | | | | | | |
| CR10 | Low Income Assistance Program | | | | | | |

¹ Project cost increases have been included in 2014 six year capital program pending Council approval.

- Compliance Tracking and Standardization – During July Internal Compliance prepared a preliminary project scope of work, began development of detailed business process documentation, and informally contacted several vendors and utilities to gain information on the nature and functionality of software tools. Internal Compliance still intends to have a vendor/consultant contract in place by year-end 2013 but will not complete implementation of the software by year end. (A4)
- Denny Substation Program - Milestone due dates continue to shift slightly for this large CIP project with the progression of design, procurement, and interdepartmental coordination. In addition, the costs of the substation have continued to increase above the initiative estimates by significant dollar amounts. The Substation 30% Design and Review will be completed on 8/2/13. The South Lake Union Distribution Network 30% Design and Review has been completed by SCL and will be followed by further review to be conducted by the City of Seattle Interdepartmental Team. (A6)
- Improved Streetlight Infrastructure - A majority of the 2013 milestones for this initiative are complete or on target. However the 12th Avenue – Jackson to Madison grounding construction milestone may be delayed until the first quarter of 2014. All other milestones are expected to be completed by year-end as scheduled. (A9)
- Customer Contact Center Performance – The project start was delayed pending completion of a cost allocation study for the Contact Center. A project manager has been assigned to this initiative. The project charter has been drafted. The charter will be finalized by the Steering Committee with work on the project deliverables to begin by 8/31/13. (CR7)
- Low Income Assistance Program – High level milestones for this initiative are being met but metrics (program enrollment) are falling behind their target. Current enrollments are 460 with 200 applications pending. The goal for 2013 is currently 1,750. (CR10)

Increase Workforce Performance and Safety Practices

| 2013 Progress | | Year-to-Date | | Full Year Forecast | | Project Life Cycle Forecast | |
|---------------|-----------------------------------|--------------|------------|--------------------|------------|-----------------------------|------------|
| # | Description | Financial | Milestones | Financial | Milestones | Financial | Milestones |
| W1 | Safety Culture and Accountability | ● | ● | ● | ● | ● | ● |
| W2a/b | Attract and Retain Workforce | ● | ● | ● | ● | ● | ● |
| | Training and Development | ● | ● | ● | ● | ● | ● |
| W2 | Technical Training Center | ● | ● | ● | ● | ● | ● |

- Safety Culture and Accountability – An Injury Analysis continues to be conducted monthly to identify trends, types and nature of injuries as well as detailing systemic program deficiencies. These monthly analyses inform recommendations for developing a comprehensive safety program. The revised due date for completing development of the program remains at 12/31/13. (W1)
- Attract and Retain Workforce – The finalized comprehensive incentive program will be implemented by 12/31/2013. Meeting target timeline and implementation will be dependent upon labor negotiations. (W2a)
- Training and Development – The RFP for the Learning Management System is currently with City Purchasing and is expected to be purchased by 12/31/13. The Needs Assessment of Employee

- Technical Training Center – The pre-design phase is complete and the schematic design phase has begun. The complexity of the pre-design phase required more time than was originally scheduled. City Light is now evaluating additional potential sites due to the size of wet lands on the originally selected site. (W2)

Enhance Organizational Performance

| 2013 Progress | | Year-to-Date | | Full Year Forecast | | Project Life Cycle Forecast | |
|---------------|--|----------------------------|------------|--------------------|------------|-----------------------------|------------|
| # | Description | Financial | Milestones | Financial | Milestones | Financial | Milestones |
| M1 | Effective Communication and Engagement | n/a | ● | n/a | ● | ● | ● |
| M2 | Benchmarking City Light Performance | ● | ● | ● | ● | ● | ● |
| M3 | Disaster Recovery | ● | ● | ● | ● | ● | ● |
| | FINMAP Project | ● | ● | ● | ● | ● | ● |
| | Enterprise Document Management | ● | ● | ● | ● | ● | ● |
| M4 | Performance-Based Reporting | ● | ● | ● | ● | ● | ● |
| M5 | Internal Audit | ● | ● | ● | ● | ● | ● |
| M6 | Project Management Quality Improvement | ● | ● | ● | ● | ● | ● |
| M7 | Service Level Agreements with City Departments | ● | ● | ● | ● | ● | ● |
| M8 | Procurement Process for Internal Services | ● | ● | ● | ● | ● | ● |
| M9 | Efficiency Initiatives | ● | ● | ● | ● | ● | ● |
| M10 | Insuring Generation Assets | ● | ● | ● | ● | ● | ● |
| A3 | Information Technology Security Upgrades | ● | ● | ● | ● | ● | ● |
| A5 | Implement Enterprise Geospatial Information System | ● | ● | ● | ● | ● | ● |
| A10 | Mobile Workforce Implementation | Initiative begins in 2014. | | | | ● | ● |
| A12 | Regional Electric Utility Leadership | ● | ● | ● | ● | ● | ● |
| A15 | Updating Standards | ● | ● | ● | ● | ● | ● |

- Disaster Recovery – A Disaster Recovery (DR) Specialist starts 8/7/13. Work related to contracting the co-location site is on-going. The target for completing this milestone is 9/30/13. Discovery is underway to evaluate what services would be needed to supplement Professional DR staff. (M3)
- FinMap – Work on converting and entering asset data has been delayed while consolidation of existing FERC accounts has not yet started. Additional resources needed for the project have not been available. (M3)
- Internal Audit – The Audit Team is drafting an Audit work plan and charter to be finalized by the end of August. The final team member was hired and will start on 8/21/13. (M5)
- Service Level Agreements with City Departments – 2013 savings dollars have been exceeded but the initiative approach was revised in order to support the creation of service agreements with other City Departments. Even with the revised plan, it may be 2014 until the first agreements are in place. (M7)
- Procurement Processes for Internal Services – Several efforts continue to improve internal procurement processes. Currently the development of new process and forms for purchases is underway. (M8)
- Efficiency Initiatives – Progress on many of the efficiency initiatives are underway (see page 2 of this document.). Impacts such as delays in implementing some proposed projects have caused other efforts to fail to meet their target. (M9)
- Insuring Generation Assets – The project is on track to meet the revised dates for review of insurance specifications (8/30/13) and to meet with prospective insurers (9/30/13). (M10)
- Implement Geospatial Information System - Two positions have been filled and a third will be filled by the end of August, 2013. A final version of the Vendor Roster Solicitation document for securing a consultant to assist with the technical road mapping effort will be presented to the SCL GIS Steering Committee for their review and approval in August. (A5)
- Regional Electric Utility Leadership – One position has been filled and the individual has been engaged in several regional efforts. (A12)
- Updating Standards – Drafts of the first 20 design standards were submitted to SCL for review by the first consultant SEI. SCL accepted 13 of the drafts. These 13 drafts are having graphics prepared for publication with a target publication date of 10/1/13. The remaining seven are being reworked and should be resubmitted for SCL review and approval by 8/30/13. (A15)

Continued Leadership in Conservation and Environmental Stewardship

| 2013 Progress | | Year-to-Date | | Full Year Forecast | | Project Life Cycle Forecast | |
|---------------|----------------------------------|---|---|---|---|---|---|
| # | Description | Financial | Milestones | Financial | Milestones | Financial | Milestones |
| CR8 | Enhance Environmental Leadership | n/a |  | n/a |  |  |  |
| CR9 | Reduce Environmental Liability |  |  |  |  |  |  |
| A14 | Electric Vehicle Infrastructure | Initiative begins in 2014. | | | |  |  |
| A17 | Climate Research |  |  |  |  |  |  |
| A18 | Conservation Program Enhancement | n/a |  | n/a |  |  |  |

- Reduce Environmental Liability – Two applicants have been offered the position to work on this project but due to the fact that the position is temporary both have declined the offer. As a result, a permanent position for this job starting in 2014 was approved in the City Light budget and awaits final approval in November. (CR9)
- Conservation Program Enhancement – Initial contracts with pilot participants are in progress and are expected to be in place by 9/30/13. Legislation authorizing three-year agreements with the pilot participants will be submitted for Council approval by year-end. (A18)