Seattle City Light

APPENDICES

2023–2028 STRATEGIC PLAN UPDATE

A. FINANCIAL FORECAST

B. OUTREACH SUMMARY

Seattle City Light

2023-2028 Strategic Plan Update Financial Forecast

EXECUTIVE SUMMARY

This document details the financial assumptions behind the 3.5% average rate path established by City Light's 2023-2028 Strategic Plan Update (the "Plan"). The proposed rate path provides the revenue required to deliver on City Light's Strategic goals outlined in the Plan.

Average rates are derived by dividing the revenue requirement by retail sales. On average the revenue requirement is increasing around $40M (3.8%) per year and retail sales are increasing by 0.3%.

RATE INCREASE SUMMARY

	2022[1]	2023	2024	2025	2026	2027	2028	AVG
Revenue Requirement	939.6	1,000.8	1,046.4	1,071.8	1,103.3	1,136.7	1,175.8	
Annual Increase		6.5%	4.6%	2.4%	2.9%	3.0%	3.4%	3.8%
Retail Sales GWh	8,633	8,777	8,782	8,733	8,728	8,730	8,767	
Annual Change		1.7%	0.1%	-0.6%	-0.1%	0.0%	0.4%	0.3%
Average Rate, ¢/kWh	10.91	11.40	11.92	12.27	12.64	13.02	13.41	
Annual Increase		**4.5%**	**4.5%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.5%**

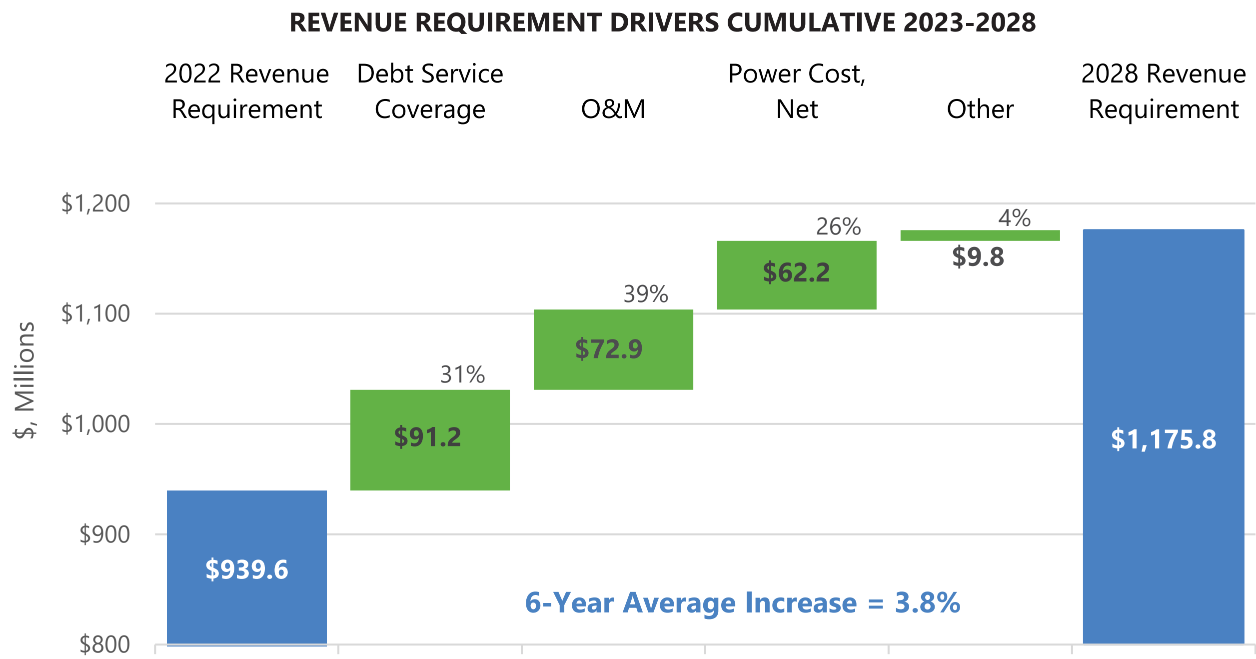
[1] 2022 values are planning values from the Adopted 2022-2026 Strategic Plan with the revenue requirement adjusted for the BPA Passthrough effective January 1, 2022. The average rate is further adjusted to reflect current consumption profiles. (i.e., represents current forecast of 2022 average rate)

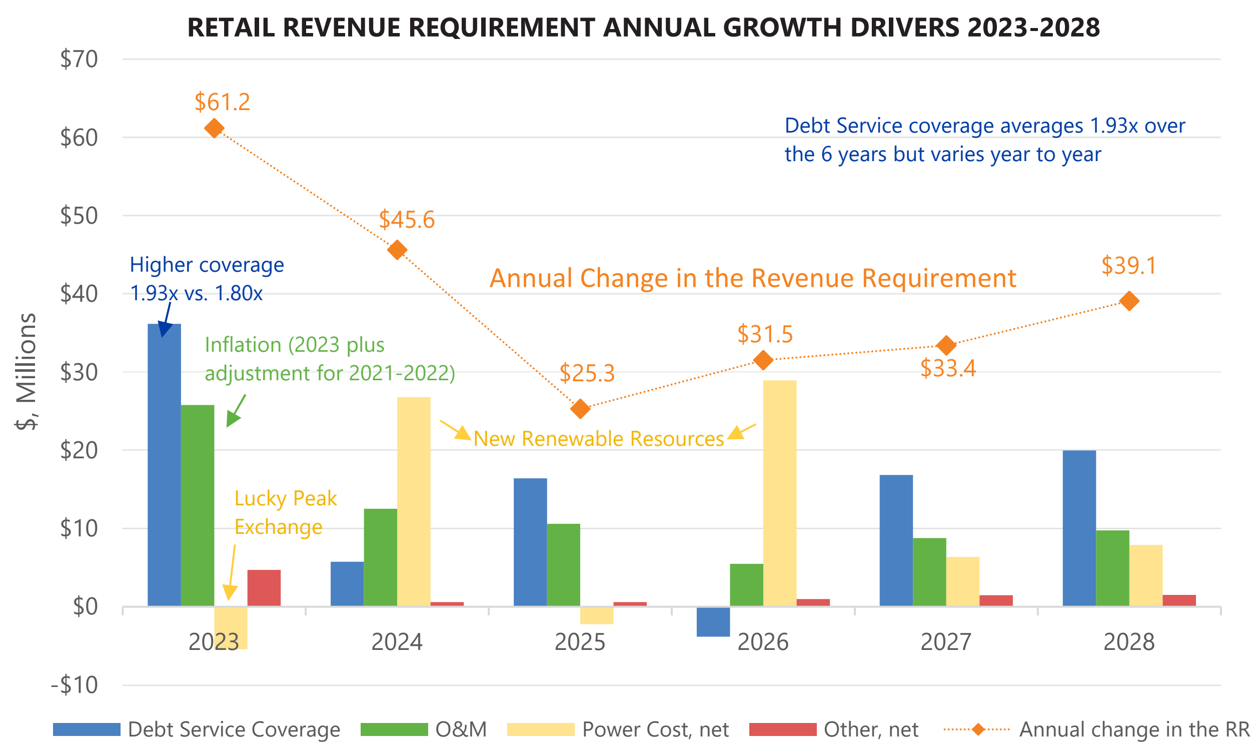
Below is a table of bill impacts assuming each customer receives the annual rate increase noted above and maintains a consistent level of consumption. These impacts are examples only and will change after the cost of service and rate design process is completed for each year. Customers who decrease their consumption through energy efficiency measures will experience smaller bill impacts.

CUSTOMER BILL IMPACT EXAMPLES

	Monthly Bill	Monthly Increase						
	2022	2023	2024	2025	2026	2027	2028	AVG
Residential (650 kWh/mo.)	$81.04	$3.65	$3.81	$2.66	$2.74	$2.82	$2.90	$2.98
UDP Residential (60% Discount)	$32.42	$1.46	$1.52	$1.06	$1.09	$1.13	$1.16	$1.19
Small Commercial-Car Wash	$474	$21	$22	$16	$16	$16	$17	$17
Medium Commercial-Retail Store	$7,562	$341	$356	$248	$255	$263	$271	$278
Large Industrial-Stone	$24,026	$1,084	$1,130	$787	$811	$835	$860	$885
Large Commercial-Hospital	$96,232	$4,343	$4,526	$3,153	$3,248	$3,345	$3,445	$3,543
Large Commercial-Education	$2,022,247	$91,270	$95,109	$66,261	$68,248	$70,290	$72,395	$74,461

The below charts and table summarize City Light's revenue requirements for 2023-2028.





RETAIL REVENUE REQUIREMENT SUMMARY

$, Millions	2023	2024	2025	2026	2027	2028
Revenue Requirement	1,000.8	1,046.4	1,071.8	1,103.3	1,136.7	1,175.8
Debt Service Coverage						
Debt Service	237.3	251.2	250.0	255.0	243.4	255.0
Additional Coverage[1]	220.9	212.7	230.3	221.5	249.9	258.3
Operations & Maintenance (O&M)						
2022 O&M Baseline	337.8	337.8	337.8	337.8	337.8	337.8
Inflation	24.9	33.3	41.9	51.0	60.8	71.0
Program Growth[2]	2.1	6.2	8.2	4.5	3.5	3.1
Net Power Costs						
Power and Wheeling Contracts	223.2	247.8	245.4	307.1	317.7	324.4
Net Wholesale Revenue (NWR)	(40.0)	(45.0)	(45.0)	(80.0)	(85.0)	(85.0)
Power Related Revenues, Net	(25.7)	(18.5)	(18.4)	(16.2)	(15.4)	(14.2)
Other Revenues/Costs						
Taxes, Payments and Uncollectibles	60.6	63.1	64.7	66.8	69.2	71.9
Miscellaneous Revenue	(40.2)	(42.2)	(43.2)	(44.3)	(45.3)	(46.5)
Debt Service Coverage	**1.93**	**1.85**	**1.92**	**1.87**	**2.03**	**2.01**

[1] Additional Coverage is a planning cushion that ensures that SCL can meet our bond obligations even in a worst-case scenario. If not needed to pay debt service, these funds will be used to pay City taxes (6% or ~$60M) and the remainder is used to cash-fund CIP.

[2] Primarily growth in renewable energy credits and transportation electrification incentives from 2022 levels

Drivers of 2023-2028 Revenue Requirements and Rates

1. Debt Service and Debt Service Coverage
    - Funds historic and future capital investments
        - $2.2 billion 2023-2028 net capital requirements ($364 million per year)
        - 40% expected to be funded with revenue/operating cash
    - Debt service expected to only have minor growth between 2024-2028
        - Payments on new debt replaces payments on retired debt
        - Coverage changes year to year to help buffer swings in other costs while still meeting financial policies and providing stable rate increases

2. Operations and Maintenance (O&M)
    - Based on 2022 adopted O&M budget
    - Inflation increases are 7.1% in 2023, partially to adjust for higher 2021 and 2022 inflation currently not captured in 2022 budget. Average inflation of 2.4% for 2024-2028.
    - Annual transportation electrification incentives expected to increase around $5 million above current 2022 levels of around $2 million.

3. Net Power Costs
    - Bonneville (BPA) power and transmission costs are the largest single component at over $200 million; BPA rates are expected to increase around 3% per year on average.[1]
        - 4.0% increase to power rates every other year
        - 3.8% increase in purchase volume in October 2023
        - 7.5% increase to transmission rates every other year
    - New power resources required to meet resource adequacy targets. Planning assumption is $74 million, 136 aMW by 2028, combination of solar and wind generation plus transmission.

4. Other Revenues/Costs[2]
    - Not a large driver, expected to remain stable over planning period

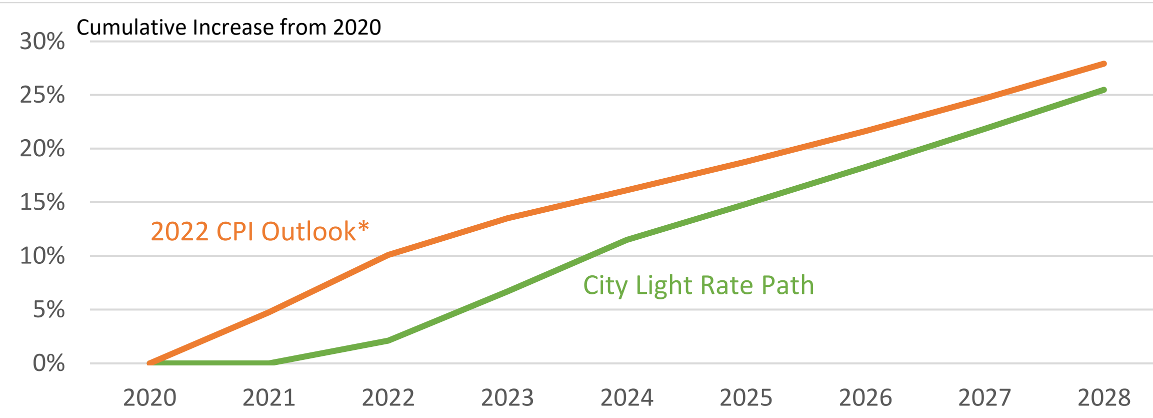
Inflation Outlook

Price inflation in 2021 along with the near-term outlook is higher compared to previous expectations. The below table shows the higher 2022 CPI inflation forecast compared to the 2021 outlook, which was the basis for the 2022-2026 Strategic Plan.

CPI*	2021	2022	2023	2024	2025	2026	2027	2028
2021 Outlook	2.8%	3.0%	2.5%	2.3%	2.2%	2.3%	2.3%	2.3%
2022 Outlook	4.8%	5.1%	3.1%	2.3%	2.3%	2.4%	2.5%	2.6%
*CPI = Consumer Price Index, Source: City of Seattle Office of Economic and Revenue Forecasts								

While future inflation is still uncertain, the chart below shows that City Light's planned cumulative retail rate increases fall slightly below the current inflation outlook.

CUMULATIVE RATE INCREASES COMPARED TO INFLATION



CPI = Consumer Price Index, Source: City of Seattle Office of Economic and Revenue Forecasts

[1]Once BPA announces final record of decision for fiscal year 2024 rates, any material cost differences between the planning values and expected BPA bills with final BPA rates will be passed through to City Light customers with the BPA passthrough mechanism.

[2] Includes state taxes, franchise payments and uncollectible revenue, which tend to grow in proportion to retail revenue. Miscellaneous revenue comes from a variety of fees and service charges, as well as interest earnings.

INTRODUCTION

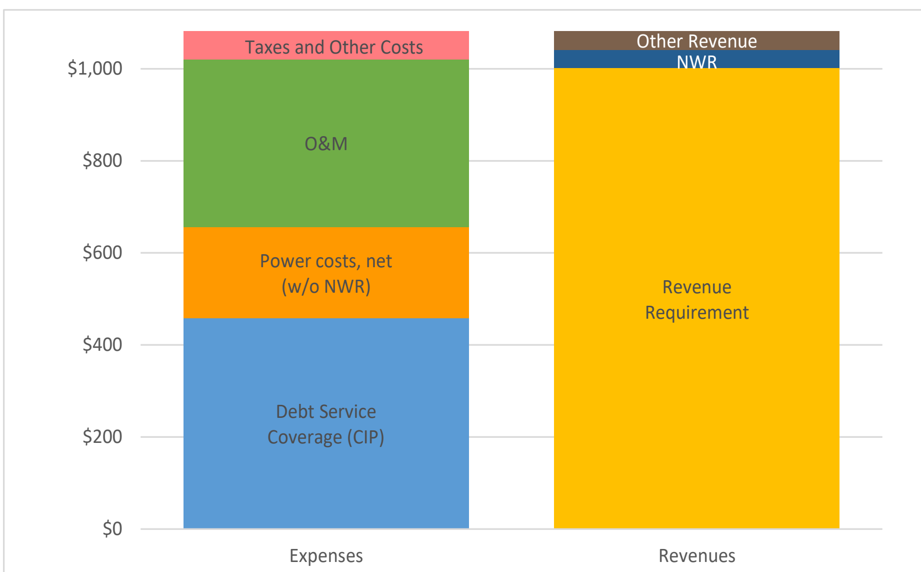
The 2023-2028 Strategic Plan Update (the Plan) builds on the 2022-2026 Strategic Plan approved in July 2021. The Plan extends the horizon an additional two years to 2028 and returns the planning horizon to six years. The 2022-2026 Strategic Plan horizon was only five years because it was postponed a year while the Utility focused on COVID-19 related issues in 2020. This update realigns strategic planning with the Utility's biannual budget setting process.

This document details the assumptions that determine the average retail rate path for the years 2023-2028. Average retail rates are not actual billed rates but are the ratio of the revenue requirement to retail sales and represent the average impact to customer bills, assuming their consumption is constant.

$$average\ rate\left(\frac{\$}{kwh}\right) = \frac{revenue\ requirement\ (\$)}{retail\ sales\ (kwh)}$$

The revenue requirement is the amount of retail revenue that must be collected to balance revenues with expenses, given current effective financial policies. The chart below illustrates how the revenue requirement is sized to meet expenses.

REVENUES AND EXPENSES (2023 FORECAST, $MILLIONS)



Following is a short description of each primary component of the revenue requirement. These are discussed in detail in the subsequent sections of this document.

Debt Service Coverage

- The cost of debt-funded capital investments as recovered over time.

- Per policy, debt service coverage is set at or above 1.8 times the annual debt service obligation.
- The additional funds in debt service coverage above those needed to pay principal and interest obligations cash-fund a portion of the current year capital requirements, so they are not all debt-financed.
- For this planning horizon, debt coverage is higher than 1.80x every year so as to meet the target of revenue-funding 40% of the 6-year CIP.

O&M

- Includes cash-related expenses for all O&M costs excluding taxes, purchased power and wheeling (wheeling is purchased transmission).
- All non-capitalized labor costs are included in this category.
- Includes inflation assumptions, additional program funding requirements, as well as any mitigating cost reductions.

Power, Net

- Purchased power costs and wheeling costs, net of power revenues.
- Includes revenues from surplus power sales net of purchases, also called net wholesale revenue.
- Does not include costs of operating owned generation (e.g. Skagit, Boundary hydro projects), these are part of O&M.

Other

- Includes tax payments, franchise payments and uncollectible revenue, net of miscellaneous revenues.

This document concludes with a short discussion of the retail sales forecast, which is the denominator in the average rate formula.

DEBT SERVICE COVERAGE (CIP AND BONDS)

Debt service coverage represents the cost of capital spending, as recovered over time. Net capital requirements are comprised of the capital improvement program (CIP) less capital contributions, which are payments from outside sources that offset capital expenses.

Net Capital Requirements = CIP – Capital Contributions

Net capital requirements are not a direct component of the revenue requirement but determine the amount of debt (bonds) that must be issued. The principal payments on outstanding debt and associated interest expense make up debt service.

City Light's debt service coverage policy (established by Resolution 31187) calls for setting rates to yield sufficient revenue net of expenses to cover annual debt service obligations by at least 1.8 times. Since the additional amount required for debt service coverage is not an actual expense, these funds are typically used to pay for City taxes[3] and current year capital expenditures, which reduces the size of future bonds.

---

[3] Because City Light is part of the City of Seattle, taxes paid to the City of Seattle are considered junior lien to debt service and are not included in the taxes category when calculating the revenue requirement.

The capital expenditures forecast is based on the 2022-2027 CIP Plan that was adopted in 2021 as part of the 2022 budget. The 2028 CIP is a placeholder value given typical capital spending. The adopted CIP was adjusted to reflect the cumulative increase in inflation compared to 2021 inflation assumptions used to develop the Adopted 2022-2027 CIP. The amount of the inflation adjustment was roughly 5% or $18M per year on average. It also differs from the CIP Plan (budget) in that the timing of spending is adjusted to reflect projected cash outflows, and amounts are reduced by a 10% assumed under-expenditure.

CAPITAL EXPENDITURES FORECAST

$ Millions	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
2023-2028 CIP	426.0	405.0	401.3	398.6	404.6	408.3

The next table summarizes capital requirements and funding sources. Capital contributions include third-party funding for capital expenses such as service connections and reimbursements for certain transportation projects. They are included in the forecast as a credit to total capital requirements. Capital funding from operations reflects cash drawdowns and may represent net operating proceeds from the current or previous year(s). Bond issuances totaling about $1.3 billion to support 2023-2028 capital requirements will bring total outstanding debt to almost $3.3 billion by 2028.

Per financial policy, the six-year CIP should be funded with at least 40% operating cash. Cash funding over the six-year period is projected to just meet the planning target of 40%.

CAPITAL REQUIREMENTS AND FUNDING

$, Millions	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
CIP	426.0	405.0	401.3	398.6	404.6	408.3
Capital Contributions	(41.4)	(39.7)	(40.1)	(41.1)	(48.2)	(48.2)
Total	**384.6**	**365.3**	**361.2**	**357.5**	**356.4**	**360.0**
Capital Funding						
Operations	141.3	140.7	147.5	141.8	173.5	128.4
Bond Proceeds	243.3	224.6	213.7	215.7	182.9	231.6
Total	**384.6**	**365.3**	**361.2**	**357.5**	**356.4**	**360.0**
Total Debt Outstanding	**2,779**	**2,882**	**2,975**	**3,087**	**3,152**	**3,268**

Capital requirements determine the size of future bond sales and resulting debt service. The bond size shown below is slightly higher than bond proceeds shown above to account for issue costs and required deposits into the bond reserve fund. All bond issues are assumed to have a 30-year term. Borrowing costs are assumed to be 4% in 2022 and 2023 and 5% in 2024-2028. In efforts to smooth the rate path, debt service coverage is allowed to fluctuate year to year but set at an overall level that meets the target of 40% capital funding from operations.

BOND SALES AND DEBT SERVICE, $MILLIONS

	Bond Size	2023	2024	2025	2026	2027	2028
Existing[1]		225.8	225.3	209.1	199.7	173.7	173.4
2022 (Aug)[2]	200	11.5	11.5	11.5	11.5	11.5	11.5
2023 (Aug)[2]	250		14.4	14.4	14.4	14.4	14.4
2024 (Aug)[3]	231			15.0	15.0	15.0	15.0
2025 (Aug)[3]	220				14.3	14.3	14.3
2026 (Aug)[3]	222					14.4	14.4
2027 (Aug)[3]	184						12.0
Total Debt Service		237.3	251.2	250.0	255.0	243.4	255.0
Debt Service and Coverage		458.2	463.9	480.3	476.5	493.3	513.3
Debt Service Coverage ratio		1.93	1.85	1.92	1.87	2.03	2.01

[1]*As of December 2021*, [2]*Fixed Rate Issue (30 year/4.0%)*, [3]*Fixed Rate Issue (30 year/5.0%)*

OPERATIONS AND MAINTENANCE (O&M)

Operations and maintenance expenses (O&M) are the costs associated with day-to-day operations. O&M is a large and diverse category of costs that includes functions such as power production; distribution and transmission system operation and maintenance; customer services such as billing and meter reading; and administrative support. This forecast defines O&M as excluding purchased power, wheeling and taxes, which are included in separate categories.

The basis for the 2023-2028 O&M forecast is the 2022 Adopted O&M budget, which is then adjusted for inflation. The 2023 inflation rate of 7.1% includes the 3.1% published CPI 2023 inflation rate plus adjustments for inflationary impacts related to 2021 costs (+1.9%) and 2022 costs (+2.1%) that were not reflected in the adopted 2022 O&M budget. In general, the Strategic Plan assumes that overall 2022 funding levels will grow with inflation. However, specific funding in certain areas may change as City Light makes resource and organizational adjustments to deliver on the strategic initiatives and core services. The number of overall positions is expected to stay constant over the next six years.

BUDGET O&M INFLATION BY CATEGORY

$, millions	2023	2024	2025	2026	2027	2028
Inflation Assumption[1]	7.1%	2.3%	2.3%	2.4%	2.5%	2.6%
Labor	164.2	168.0	171.9	176.0	180.4	185.1
Labor Benefits	75.0	76.7	78.5	80.4	82.4	84.5
Non-Labor	88.9	91.0	93.1	95.3	97.7	100.2
Transfers to City	79.3	81.1	83.0	84.9	87.1	89.2
Operating Supplies[2]	13.8	14.1	14.4	14.7	15.1	15.5
Overhead Credits[3]	(57.3)	(58.6)	(59.9)	(61.4)	(62.9)	(64.5)
Total Inflated Budget	**363.9**	**372.3**	**380.9**	**390.0**	**399.8**	**410.0**

[1] 2022 CPI Forecast for King and Snohomish Counties, the 7.1% for 2023 includes the 3.1% published CPI 2023 inflation rate plus adjustments for inflationary impacts related to 2021 costs (+1.9%) and 2022 costs (+2.1%) that were not reflected in the adopted 2022 O&M budget. Source: City Office of Economic and Revenue Forecasts.

[2] Includes IT equipment and software; fuel costs; and inventory material for distribution and generation.

[3] Overhead expenses associated with the Capital Improvement Program (CIP) are removed from the O&M budget and included as capital expenditures.

There are numerous adjustments made to the 2022 O&M budget to make it consistent with financial reporting and policies. The following table details these changes. It shows the relationship between the inflated O&M budget and the O&M forecast.

O&M ADJUSTMENTS DETAIL

$, millions	2023	2024	2025	2026	2027	2028
Inflated 2022 Budget	363.9	372.3	380.9	390.0	399.8	410.0
adjustments						
REC Expense[1]	11.5	13.3	14.9	12.8	12.2	12.2
Intertie Expense[1]	1.1	1.1	1.2	1.2	1.2	1.2
Solar Tax Credit[2]	1.6	1.6	1.6	0.8	0.6	0.2
Transportation Electrification[3]	2.0	4.5	5.0	4.3	4.3	4.3
Engineering OH (excl from budget)	(5.4)	(5.5)	(5.6)	(5.7)	(5.9)	(6.0)
Under Expenditure[4]	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
Total O&M	**364.8**	**377.3**	**387.9**	**393.3**	**402.1**	**411.9**
2022 O&M Baseline	337.8	337.8	337.8	337.8	337.8	337.8
Inflation	24.9	33.3	41.9	51.0	60.8	71.0
Program Growth[5]	2.1	6.2	8.2	4.5	3.5	3.1
Total O&M	**364.8**	**377.3**	**387.9**	**393.3**	**402.1**	**411.9**

[1] I-937 Renewable Energy Credits (RECs) and maintenance costs associated with ownership of the 3rd AC intertie are budgeted as purchased power budget but recognized as O&M in financial statements.

[2] Passthrough of WA State solar production tax credit. State taxes lowered by same amount.

[3] Growth in transportation electrification incentives above what is in the 2022 budget (around $2 million).

[4]Deduct $10 million per year to reflect assumed budget under expenditure.

[5]Program Growth reflects adjustments relative to 2022 levels.

POWER COSTS, NET

This category includes all costs and revenue associated with the wholesale purchase and sale of electricity, wheeling (rented transmission) and associated ancillary services.

Current projections reflect the expiration of the Columbia Basin Hydro contracts in 2024 through 2026 and the acquisition of new resources from 2024 onward. New resource acquisitions may be pursued in greater or lesser quantities than currently planned based on factors including power market outlook, reliability studies and customer programs. The costs of new power resources are partially offset by increases in planning values for Net Wholesale Revenue. Below is a table outlining long-term power and wheeling costs.

LONG-TERM POWER AND WHEELING CONTRACTS

$, Millions	2023	2024	2025	2026	2027	2028
BPA Power[1]	140.5	148.0	150.0	153.9	156.0	160.1
BPA Wheeling[2]	53.8	56.8	57.8	61.0	62.2	65.6
New Resources[3]	0.0	14.0	14.0	64.2	72.9	74.2
Lucky Peak[4]	9.3	9.5	9.8	10.0	10.3	10.5
Other Wheeling[5]	1.0	1.0	1.0	5.3	5.1	5.3
Columbia Ridge[6]	6.5	6.7	6.8	6.9	7.1	4.5
King County West Point[6]	2.4	2.5	2.6	2.6	2.7	2.7
Priest Rapids[7]	1.4	1.3	1.2	1.1	1.0	0.9
High Ross[8]	0.4	0.4	0.4	0.5	0.5	0.5
Columbia Basin Hydro[9]	7.8	7.5	1.7	1.5	0.0	0.0
Total LT Power & Wheeling Contracts	**223.2**	**247.8**	**245.4**	**307.1**	**317.7**	**324.4**

[1] Assumes that BPA bills reflect 3.8% higher purchase volume starting FY2024 and a 4.0% increase to BPA power rates every other year. BPA rates updated October 1st of odd-numbered years.
[2] Assumes BPA wheeling costs increase 7.5% on October 1st of odd-numbered years.
[3] New Resources identified to meet resource adequacy targets in the 2022 Integrated Resource Plan. The planning values include a mix of solar and wind resources and include transmission. The new resources are expected to provide 136 aMW by 2028. The resource brought online in 2024 is part of the Renewable Plus Program.
[4] Reflects production O&M costs growing with inflation.
[5] Forecast assumes Lucky Peak transmission costs are transferred to a third party as part of a renewed exchange agreement through 2025.
[6] Cost inflates per contract terms.
[7] Priest Rapids costs are expected to decline because City Light's share of the project will shrink as Grant PUD's load grows.
[8] Expenses for the High Ross contract reflect a small level of O&M costs. City Light stopped making capital payments in 2020.
[9] Reflects City Light's apportioned allotment of production O&M costs, growing with inflation. Contracts start expiring in 2024 and all will expire by 2026.

City Light's largest contracted power purchase is with the Bonneville Power Administration (BPA). BPA power and wheeling bills are assumed to increase 4.0% and 7.8%, respectively, every other year during 2023-2028, with the rate changes effective in October of odd years. In addition, purchased power volumes are expected to increase 3.8% starting October 2023 due to a higher load forecast outlook relative to the load forecast used to set current BPA purchase volumes. Once BPA announces its record of decision for BPA rates for FY 2024-2025 City Light's 2024 BPA power and transmission bills under the new rates will be compared to the 2024 planning values in this report and any material differences will be passed through to City Light customers via the BPA pass-through mechanism (SMC 21.49.081).

BPA DETAIL

$ Millions	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Block	140.5	148.0	150.0	153.9	156.0	160.1
Wheeling	53.8	56.8	57.8	61.0	62.2	65.6
Total BPA Costs	**194.3**	**204.8**	**207.8**	**214.9**	**218.1**	**225.7**
Annual Change		5.4%	1.5%	3.4%	1.5%	3.5%

Net Wholesale Revenue is the revenue from selling surplus energy on the wholesale market, net of purchases for load balancing. The planning values are increasing in 2026 to reflect an anticipated increase in surplus power volumes owing to new long-term power resource acquisitions. Any differences between actual NWR and these planning values will be transferred to/from the Rate Stabilization Account (SMC 21.49.086).

WHOLESALE REVENUES, NET

	2023	**2024**	**2025**	**2026**	**2027**	**2028**
Net Wholesale Revenue	40.0	45.0	45.0	80.0	85.0	85.0

Power related revenues are comprised of long-term power sales, net revenues from sales of ancillary market services, and transmission sales. The following table details these assumptions.

POWER RELATED REVENUES, NET

$, Millions	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Power Contracts						
Article 49 to PO County	2.8	2.8	2.9	2.9	3.0	3.1
Priest Rapids	1.6	1.5	1.4	1.1	0.8	0.6
BPA Credit for South Fork Tolt	2.9	2.8	2.8	2.7	2.6	1.5
BPA Residential Exchange Credit	-	-	-	-	-	-
Power Marketing Net[1]	14.9	7.8	7.8	5.8	5.3	5.3
Transmission Sales[2]	3.5	3.6	3.6	3.6	3.7	3.7
Total Power Related Revenues, net	**25.7**	**18.5**	**18.4**	**16.2**	**15.4**	**14.2**

[1] Power marketing revenues (net of purchases) are earned from sales of ancillary services associated with generation and transmission assets, such as reserve capacity sales. Assumes Lucky Peak exchange premiums of $9.6 million in 2023, $2M annually in 2024-2025 and no exchange in 2026-2028.
[2] Assumes $1.5M revenue from the resale of BPA point-to-point transmission in 2023, increasing with inflation. Includes $1M annual revenue from the resale of 3rd AC transmission capacity in all years. Also includes $1M annual frequency response revenue, a transmission ancillary service.

OTHER COSTS AND MISCELLANEOUS REVENUES

This “other” category is made up of costs and revenues such as taxes, interest income and fees for retail services.

OTHER COSTS (TAXES, PAYMENTS AND UNCOLLECTIBLES) DETAIL

$, Millions	2023	2024	2025	2026	2027	2028
State Taxes[1]	43.0	44.8	45.9	48.0	49.9	51.9
Franchise Payments and Other Taxes[2]	10.0	10.5	10.7	10.5	10.8	11.2
Uncollectible Revenues[3]	7.5	7.9	8.1	8.3	8.6	8.9
Total Other Costs	**60.6**	**63.1**	**64.7**	**66.8**	**69.2**	**71.9**

[1] State taxes are 3.8734% of retail revenues, plus some other revenues and contributions. Not included are City taxes, which are 6% of total taxable revenues but do not directly impact the revenue requirement because they are junior to debt service. They are treated as a “below the line” expenditure and are deducted from the additional debt service coverage, reducing the amount of current year operating proceeds going to capital requirements.

[2] Payments associated with franchise contracts with the cities of Burien, Lake Forest Park, SeaTac, Shoreline, Tukwila and King County (expected to be approved in 2022). Franchise payments range from 4% to 6% of total retail revenue in each franchise territory. Franchise payments for King County are assumed to start at 8% effective April 2022 and decrease to 6% in 2026 and thereafter. Also includes a utility tax passthrough for Normandy Park and Lake Forest Park and other miscellaneous taxes (e.g., B&O tax) to other jurisdictions where the utility has operations.

[3] Uncollectible revenue is assumed to be 0.75% of retail revenues.

MISCELLANEOUS REVENUE SOURCES DETAIL

$, Millions	2023	2024	2025	2026	2027	2028
Non-Base Rate Retail Revenue[1]	5.2	6.3	6.5	6.6	6.8	6.9
Other Revenue[2]	22.8	23.4	24.0	24.7	25.3	25.9
Suburban Undergrounding[3]	4.2	4.2	4.2	4.2	4.3	4.3
Property Sales[4]	1.2	1.3	1.3	1.3	1.4	1.4
Interest Income[5]	6.8	7.0	7.1	7.4	7.6	8.0
Operating Fees & Grants	0.0	0.0	0.0	0.0	0.0	0.0
Net RSA Transfers[6]	0.0	0.0	0.0	0.0	0.0	0.0
Total Other Revenue Sources	**40.2**	**42.2**	**43.2**	**44.3**	**45.3**	**46.5**

[1] Non-base rate retail revenue includes revenues from retail customers for services or programs which are not dictated by the revenue requirement. Examples include elective green power programs, distribution capacity charges and power factor charges.

[2] Other revenue includes a broad range of income sources, such as late payment fees, payments for damages to property, transmission tower attachments, distribution pole attachments and account change fees. These revenues are expected to increase mildly over time, mostly growing with inflation.

[3] Suburban undergrounding revenues are collected from customers in certain suburban cities for the repayment of discretionary municipal undergrounding of parts of their distribution system.

[4] Property sales based on historical averages. No large sales are assumed in this forecast.

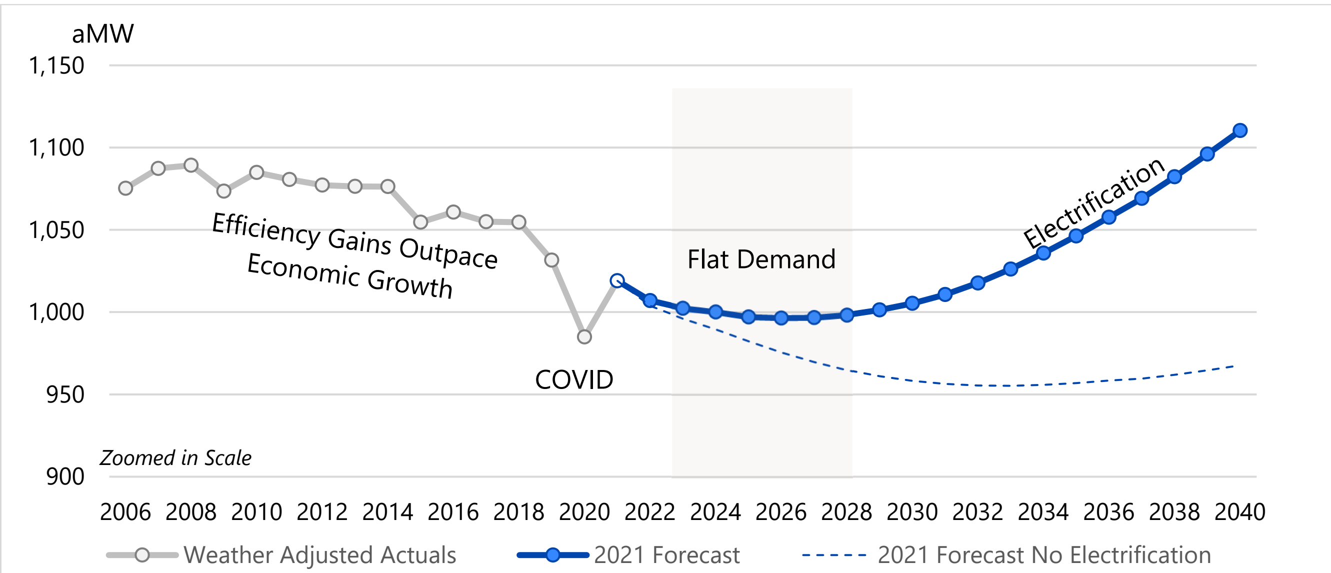
[5] Interest income assumes City Cash Pool cash holdings accrue interest at an annual rate of 1.5%.

[6] RSA transfers are the deposit into the RSA net of any RSA surcharge revenue.

RETAIL SALES

The forecast of retail sales is based on City Light's 2021 official load forecast, which predicts relatively flat retail sales over the course of the Plan. Energy efficiency investments by both the Utility and customers are expected to continue to reduce sales and outpace new load from economic growth. However, electrification of transportation and buildings is expected to gradually bring on more load, resulting in load growth after 2030. The amount and timing of new electrification load is very uncertain and will continued to be studied by City Light. Retail sales have recovered from initial COVID impacts faster than originally projected and the retail sales outlook for 2023 is 1.7% above the 2022 levels in the Adopted 2022-2026 Strategic Plan. This helps offset some of the large increase in the 2023 revenue requirement. However, since load is relatively flat for 2023-2028 it does not have a significant impact on the rate increases for those years.

RETAIL SALES FORECAST: LONG TERM



RETAIL SALES FORECAST

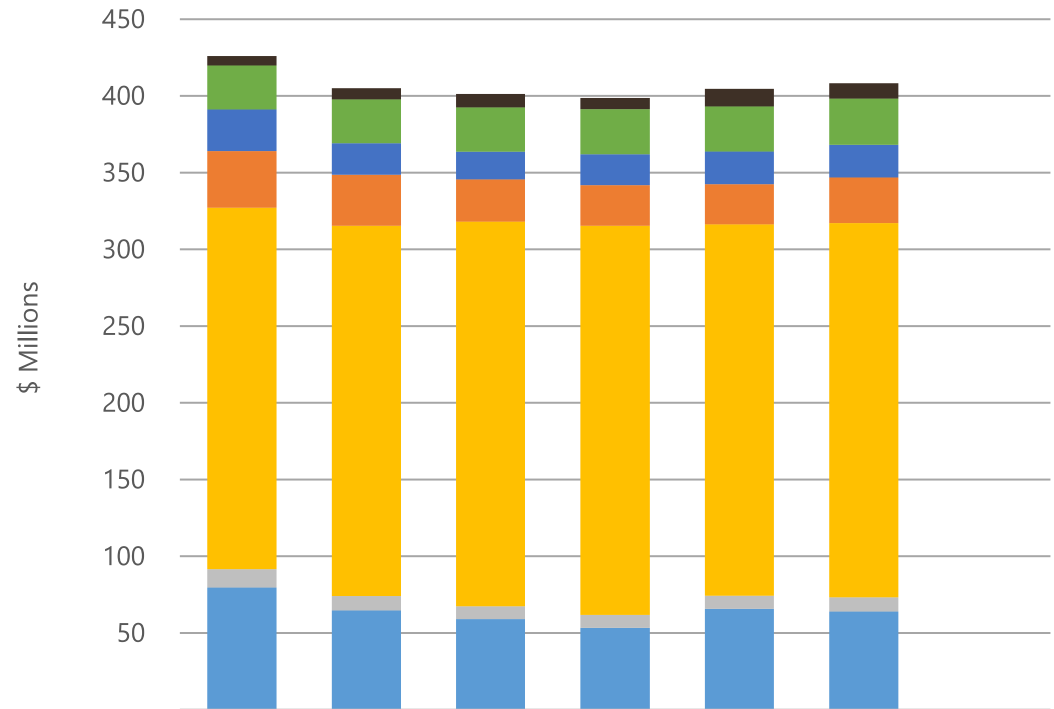
	2023[4]	2024	2025	2026	2027	2028
GWh						
Residential	3,068	3,058	3,039	3,036	3,040	3,056
Small and Medium	3,433	3,445	3,430	3,432	3,435	3,451
Large and High Demand	2,276	2,279	2,264	2,259	2,255	2,260
Total	**8,777**	**8,782**	**8,733**	**8,728**	**8,730**	**8,767**
Annual change						
Residential	2.0%	-0.3%	-0.6%	-0.1%	0.1%	0.5%
Small and Medium	2.1%	0.3%	-0.5%	0.1%	0.1%	0.5%
Large and High Demand	0.6%	0.2%	-0.7%	-0.2%	-0.2%	0.2%
Total	**1.7%**	**0.1%**	**-0.6%**	**-0.1%**	**0.0%**	**0.4%**

[4] Annual Change is relative to Adopted 2022 levels (retail sales assumptions used to set 2022 rates)

CIP

The following bar chart is a graphical depiction of expected capital expenditures. The forecast is based on the Adopted 2022-2027 CIP budget and has been increased by approximately 5% to reflect the cumulative change in the long-term inflation forecast. The 2028 CIP is a placeholder value. This forecast sets overall spending targets. Funding levels for individual CIP programs and projects will be developed during the budget setting process.

CAPITAL REQUIREMENTS FORECAST: BASED ON 2022-2027 ADOPTED CIP



	2023	2024	2025	2026	2027	2028	Total 2023-2028
Other Capitalized Expenses	6	7	9	7	11	10	51
Conservation	29	29	29	29	29	30	175
External Projects	27	21	18	20	21	21	128
Central Utility Projects	37	33	27	26	26	30	180
Distribution	236	241	251	254	242	244	1,467
Transmission	12	9	8	8	9	9	56
Power Supply	80	65	59	53	66	64	386
Total Expenditures	426	405	401	399	405	408	2,444

Key infrastructure projects planned during 2023-2027 include:

- Underground and overhead equipment replacements, which include replacing older distribution equipment that is nearing the end of its useful life, is overloaded or no longer has available parts. The overhead equipment replacement project also includes the accelerated wood pole replacement program.
- Other key projects include the overhead and underground electric power service connections for Medium General Service and various protection, mitigation and enhancement activities that will fulfill the requirements for the 2013 FERC license and settlement agreement at Boundary.

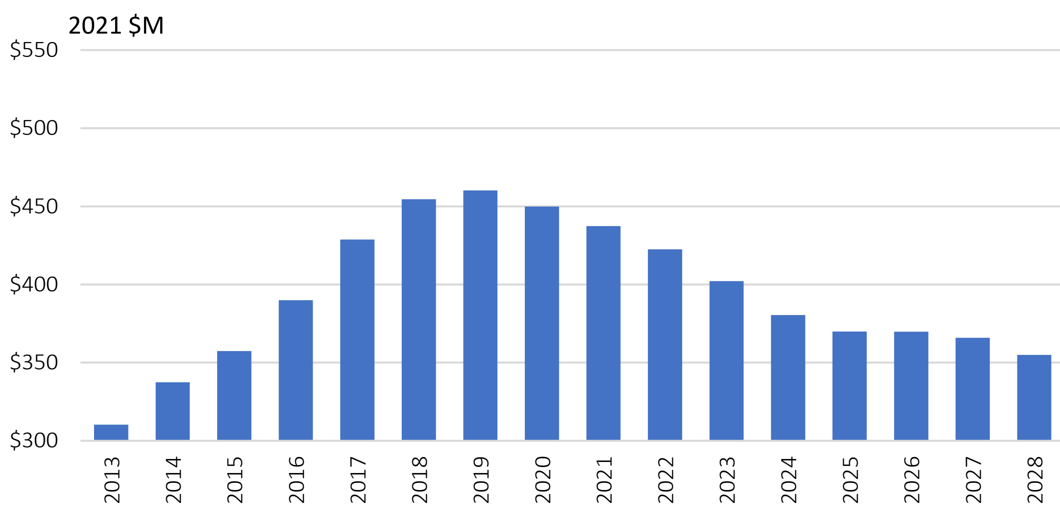
MAJOR CIP PROJECTS 2023-2027 SPENDING, $MILLIONS

Included in 2022-2027 Adopted CIP Budget

8351: Overhead Equipment Replacements	205.8
8353: Underground Equipment Replacements	168.8
6987: Boundary – Licensing Mitigation	97.6
8366: Medium Overhead and Underground Services	96.8
8452: Pole Attachments	86.5
9969: Software Replacement Strategy (Distribution)	59.2
8363: Network Additions and Services: Broad Street Substation	52.8
8404: Denny Substation – Network	45.9
9239: Transportation Electrification	43.7
9101: Equipment Fleet Replacement	38.8

Compared to recent historical CIP spending the 2023-2028 CIP forecast is lower, especially when adjusted for inflation. The below chart shows this trend.

AVERAGE* CAPITAL EXPENDITURES – INFLATION-ADJUSTED



**Retro Rolling 6-year average (i.e., 2020 = avg 2015-2020)*

APPENDIX B: HIGH-LEVEL STRESS TEST

There is a large amount of uncertainty projecting rates out six years and many of the largest risks are factors outside of City Light's control. To help illustrate the rate impacts of additional cost pressures a few high-level scenarios were developed. The scenarios are not comprehensive and do not assign any probability of occurrence. They can be viewed as "what if" scenarios. The scenarios are grouped in the following categories:

1. Operating Costs
2. Capital Costs
3. Retail Sales

All costs or retail sales changes are relative to values currently in the Plan. Each scenario assumes a net cost change after any funding offsets are identified. For example, $100M higher capital costs can be inferred as the impact of $100 million of new capital costs or $150 million of new costs with $50 million of offsets.

Rate impacts are shown as an increase to 2028 rates relative to 2028 rates in the Plan (i.e., a 5% rate impact in 2028 means on average 2028 customer bills would be 5% higher than projected in the Plan). Impacts between categories can be additive. The below table shows an example of this:

Stress Test - Example	**2028 Rate Impact**
$25 million higher operating costs	2.2%
$200 million higher capital costs	2.9%
5% lower retail sales	2.8%
Total	**7.9%**

OPERATING COSTS

Since net purchase power costs and O&M impact the revenue requirement in the same way they are combined for purpose of stress testing.

Major risks in O&M over next six years

- Labor costs / inflation
    - Labor and benefits are assumed to increase 21% through 2028 in the Plan
    - A 30% increase (approximately 5% per year on average) would be an additional $21 million
- Funding new initiatives without offsets (higher service levels)
- New regulatory requirements

Major risks in net purchase power costs over next six years

- Higher BPA costs
  - Higher rate increases than current assumption of increases every other year of 4% for power and 7.8% for transmission
    - Transmission faces highest cost pressures
- Higher cost and/or amount of new resource purchase
  - Current planning levels are $74 million for 136 aMW by 2028
  - 15% higher costs would be $11 million
  - Higher purchase volumes would be partially offset by increased net wholesale revenue
- Depressed wholesale prices on sustained basis
  - Reduces value for surplus sales
  - The Rate Stabilization Account buffers short term volatility but sustained change in the market would require changing the net wholesale revenue planning values, impacting base retail rates.

Select Costs/Revenues

$ Millions	2028 Value	10%
Labor and benefits	$270	$27
Other O&M	$142	$14
Power and wheeling contracts	$324	$32
Net Wholesale Revenue (NWR)	-$85	-$9

Stress Test

Net Operating Cost Increase, $ Million	2028 Rate Impact
$10	0.9%
$25	2.2%
$50	4.4%
$75	6.6%

CAPITAL COSTS

Major risks to capital costs include

- High inflation for materials and labor
- Accelerated maintenance and replacements of infrastructure
- Skagit relicensing cost uncertainty
- Electrification and other growth requiring significant distribution capacity additions
- Major equipment failure

Increased CIP costs are assumed to be spread evenly over 2023-2027 (2028 CIP will impact retail rates starting in 2029).

Capital Cost Stress Test

Increase to 6-Year CIP	Percent of 2023-2028 CIP*	2028 Rate Impacts
$100	4%	1.4%
$200	8%	2.8%
$400	16%	5.7%
**Total CIP = $2,444*		

Financing costs are assumed to be 5% in most years of the Plan. If borrowing costs increased to 6% for 2023-2027 the approximate 2028 rate impact would be 1.5%.

RETAIL SALES

Changes in retail sales will impact rates through both the revenue requirement and the amount of sales the revenue requirement is spread over.

$$average\ rate\ \left(\frac{\$}{kwh}\right) = \frac{revenue\ requirement\ (\$)}{retail\ sales\ (kwh)}$$

Retail sales impact the revenue requirement by changing net power costs. Lower retail load will decrease net power costs (lower the revenue requirement) since there will be more surplus to sell on the wholesale market or less energy purchased through long term contracts. Conversely, higher retail load will increase net power costs since there will be less surplus to sell on the wholesale market or more energy required through long term contracts. In addition, changes in retail sales will impact the base unit consumption that fixed costs are recovered over. In general, over the six-year planning period increases in retail sales will decrease retail rates, while decreases to retail sales will increase retails rates[5].

	Net Power Costs	Fixed Costs / kWh	Net Impact to Avg Rates
Higher Retail Load			
Lower Retail Load			

[5] This analysis assumes that City Light's current distribution system has current capacity to absorb incremental load without significant investments not already identified in the Plan.

In the short run, changes to City Light's retail sales will only impact the amount of surplus sales sold on the wholesale market. However, in the outyears, changes to retail sales will also impact City Light's BPA purchase volume and may also impact the amount of new renewable resources the utility acquires. There are many different possibilities of the combination of incremental power resources, along with uncertainty about their prices. Therefore, a range of incremental power prices are used to show the range of possible rate impacts.

The below chart shows 2028 rate impacts resulting from changes in retail sales for a range of incremental power prices between $40/MWh and $100/MWh. The $60/MWh incremental cost is the closest scenario to what would be expected under current expectations.

Incremental Price of Energy, $/MWh	**$40**	**$60**	**$80**	**$100**
Change in Retail Sales*	2028 Rate Impact			
-10%	7.7%	6.0%	4.2%	2.5%
-5%	3.6%	2.8%	2.0%	1.2%
5%	-3.3%	-2.6%	-1.8%	-1.1%
10%	-6.3%	-4.9%	-3.5%	-2.1%

*Cumulative by 2028

Seattle City Light

APPENDIX

2023-2028 Strategic Plan Update Outreach Summary

Executive Summary

In accordance with Resolution 31463, adopted in September 2013, Seattle City Light engaged with customers and stakeholders to offer opportunities for these groups to provide input on the 2022-2026 Strategic Plan. Outreach efforts for the Strategic Plan began in early 2020, when the intent was to publish a six-year plan in line with the normal cadence of City Light's strategic planning process. However, when the COVID-19 pandemic arrived in our region in March 2020, progress on the next strategic plan was halted in order to attend to the more pressing needs of our community, staff, and business.

When the planning process resumed in early 2021, outreach for the new plan resumed as well. In March and April 2021, City Light presented our 2022-2026 Strategic Plan to community groups and hosted a Virtual Town Hall open to the public. We created a 2022-2026 Strategic Plan Executive Summary document and made the summary and presentation slides available online for those who were unable to attend one of the outreach sessions.

For the 2023-2028 Strategic Plan Update, we are building on these outreach efforts. As some of the business strategies and programs identified in the 2022-2026 Strategic Plan are multi-year efforts, we continue to use the feedback we received to inform planning and implementation for 2022 and beyond. City Light plans to continue the conversations with stakeholder groups and customers to inform program plans going forward. The outreach efforts we initiated for the 2022-2026 Strategic Plan are leading to more ongoing, mutually beneficial relationships with community-based organizations and stakeholders as we continue moving forward over the next six years.

Outreach Methods

Clean Energy Future Survey

The Clean Energy Transformation Act (CETA) commits Washington to an electricity supply free of greenhouse gas emissions by 2045. Clean electricity will allow Washington residents and businesses to power their buildings and homes, vehicles, and appliances with carbon-free resources, such as wind and solar. Reductions in fossil fuel use will improve the health of communities, grow the economy, create family-sustaining jobs, and enable the state to achieve its long-term climate goals.

The law provides safeguards to maintain affordable rates and reliable service. It also requires an equitable distribution of the benefits from the transition to clean energy for all utility customers and adds and expands energy assistance programs for income-eligible customers.

On August 6, 2021, Seattle City Light sent out a Clean Energy Future survey to 180,000 residential customers via email. The total number of responses that City Light received was 4,522. The survey questions were informed by CETA equity indicators as well as other utility-wide initiatives including the Transportation Electrification Strategic Investment Plan, the Clean Energy Implementation Plan, the Integrated Resource Plan, and the 2022-2026 Strategic Plan that had been recently adopted.

A vast majority of respondents were concerned about climate change. All demographics listed reducing climate change impacts, reducing reliance on fossil fuels, and reducing environmental impacts as the three most important benefits of achieving 100% clean energy by 2045. The main concerns with achieving 100% clean energy were a mixture of four responses: bill increases, negative impacts of clean energy technology, reliability of service, and construction impacts. More than 80% of respondents believe that City Light's power supply is less than 90% renewable and 41% of respondents believe less than 50% is renewable.

When asked about transportation, more than half of respondents listed a personal vehicle as their main form of transportation. Low-income customers and renters are the most likely to use public transportation. The main concerns when choosing transportation were a mix between ease of access to home/work, commute time, options to reach destination, and cost.

When asked how comfortable respondents were in transitioning to all-electric in their daily life (electric cooking, electric heat, electric vehicle, etc.), more than half responded with 'very comfortable,' and about a quarter responded somewhat comfortable. Renters are the most comfortable transitioning to all-electric in their daily lives.

Residential Customer Satisfaction Survey

The Seattle City Light Residential Customer Satisfaction Survey was conducted by both random-sample hybrid (phone and text-to-online) and an opt-in (online) format. The random-sample format was conducted from September 30 through October 6, 2021. The sample size was 690 residential customers. The opt-in format was conducted from October 13 to October 25, 2021. The sample size was 2,669 residential customers.

An overwhelming majority (85%) of residential customers are satisfied with the overall service they receive from Seattle City Light (54% very satisfied and 31% somewhat satisfied). Reliability of service is the main reason most customers are satisfied. A majority of customers rate City Light positively for almost every service area tested (providing reliable service, being responsive and friendly, having affordable rates, keeping customers informed, providing clean power, helping reduce energy use, and being active in the community).

Of the 15% of residential customers who are not satisfied, they reported that unaffordable rates and billing issues were the top two reasons why they were dissatisfied.

Seven in ten customers say providing clean, carbon-free power or helping reduce energy use should be a top priority. Keeping customers informed about changes that can affect them is a priority for a quarter of residential customers.

The survey results show that customers are most likely to interact with City Light first via website (to find information or to pay their bill online) and second by phone. Most customers are satisfied with getting answers to their questions and service needs resolved, regardless of which method of communication is used.

Customers are more aware of programs for billing and payment assistance than programs to help save energy, money, and the environment. Lack of awareness of these programs is higher among People of Color, limited-English speaking customers, younger customers, renters, and residents that are new to the Seattle area.

Customers in every demographic group have positive impressions of hydropower generated by dams, yet positive impressions for wind and solar sources are much higher.

Customers think electric vehicles (EVs) are the future, and a majority of customers in every demographic group are interested in leasing/purchasing an EV. Customers point to the cost of EVs as the biggest barrier to purchasing one, but charging locations, charging time, and vehicle range are also concerns.

Stakeholder Meetings

City Light contacted 16 stakeholder groups in 2021 offering them an opportunity to hear information about the 2022-2026 Strategic Plan. City Light presented our high-level business strategies for the plan and asked attendees to provide input. Of the groups contacted, 11 expressed interest in engaging in the process. Stakeholder meetings were arranged for City Light leadership to present an overview of the Business Strategies and answer questions from the group. Over 150 individuals participated in these stakeholder meetings, bringing a variety of perspectives on the strategies laid out in the plan. A summary of the stakeholder meetings and the key findings are presented on the following pages.

Virtual Town Hall

To encourage participation from community members who may not have been able to attend a stakeholder meeting, we offered a Virtual Town Hall open to the public. The town hall was held on April 15, 2021, from 6:00-7:30 pm, on Webex. City Light General Manager and CEO, Debra Smith presented information on the 2022-2026 Strategic Plan and answered questions from the audience. Community members were encouraged to send any additional questions and feedback to SCL_StrategicPlan@seattle.gov.

Online Materials

City Light shared information about the Strategic Plan on our website. The 2022-2026 Strategic Plan Executive Summary was posted on our website and on our Powerlines blog. The stakeholder presentation was posted on the website. The executive summary and a sample stakeholder presentation are included at the end of the outreach summary for your reference.

Employee Outreach

In addition to the public outreach, City Light leadership presented information about the 2022-2026 Strategic Plan to City Light managers and supervisors and to the City Light Race & Social Justice Initiative (RSJI) Change Team. Employees were invited to attend the virtual town hall on April 15. A Strategic Plan update was shared with employees in the Network Newsletter and on the SCL Hub (City Light's internal employee website).

On March 11, 2022, City Light leadership published messaging on the utility's internal website about the 2023-2028 Strategic Plan. The post offered all employees the opportunity to share comments regarding the current plan as well as areas of focus that they believe should be reflected in the next plan. This input was recorded using a Microsoft Forms survey, where questions were structured around the plan's five Business Strategies and corresponding

Projects, Initiatives, and Activities (PIAs). Employees emphasized electrification as a critical topic they want to see throughout various PIAs, as well as ensuring support for customers in the electrification process. Responses also highlighted the need for meaningful, two-way communication between City Light and customers.

Customer Experience Outreach

City Light has continued to engage with customers to understand the barriers they face when interacting with the utility. A core commitment for both the 2019-2024 and 2022-2026 Strategic Plans was to improve the customer experience. This cannot be done without working directly with our customers to understand the challenges they face when interacting with City Light. Efforts are underway to modernize and improve the customer journey by making the Utility Discount Program more accessible and the City of Seattle launched the new Utility Services Website in May 2020. Seattle City Light and Seattle Public Utilities (SPU) continue to add new features to the Utility Services Website to enhance self-serve options and the overall customer service experience.

City Light continues to work to provide customers with more options. In 2022, City Light, SPU, the Human Services Department, and Seattle IT will be launching a new Utility Assistance Programs online application process. This online application will provide access to City Light and SPU emergency assistance programs for residential customers. The online, automated system is intended to provide a single, streamlined process for all customer assistance programs. This is one way we can continue to improve the customer experience.

Stakeholder Meetings and Virtual Town Hall

Summary of Meetings

Date	Stakeholder Group	Key Questions/Comments	Number of Attendees
3/18/2021	City Light Environmental Advisory Board	• City Light should work to be more agile and roll out new programs more quickly • Questions about rate design	12
3/30/2021	Environmental Justice Committee members, Office of Sustainability and Environment staff	• We need to think about affordability beyond just "energy burden" • Need more support for those who don't qualify for "low income" programs but who still need assistance • City Light needs to connect with work already being done at the community level • Need more support for assistance program applications • Align with other City departments to better serve the community • Need meaningful mitigations for impacts on environmental justice communities	6
4/5/2021	Seattle Renters' Commission	• Would like City Light to consider a warning period before rates increase • Provide more information around rate structure • Consider changing our schedule so that rate increases in January aren't occurring during the middle of "peak energy use season" • Make sure our projects to benefit the community don't just benefit wealthy residents	9
4/6/2021	Franchise Cities	• Interest in electrification of infrastructure—EV charging stations, facilities, proactively planning for future needs • Better coordination on multigovernmental projects and CIP projects • Support infrastructure improvements that will improve power quality and future development in their city	7
4/8/2021	NW Energy Coalition	• Interested in how advanced meters can improve the customer experience • How do we encourage energy efficiency and manage loads at the same time? • As we move to more time-of-day (TOD) pricing, how does that affect those who cannot shift their usage? • Very supportive of electrification; NWEC would like to see City Light be a leader in this area	19

Date	Stakeholder Group	Key Questions/Comments	Number of Attendees
4/12/2021	Seattle 2030 District, Business Owners and Management Association (BOMA)	• Interest in speeding up the implementation of new energy efficiency incentives for businesses and being involved in development/decision-making process • Electrification is not necessarily a positive word for BOMA due to the challenges of modifying existing buildings • Concerns about electrification happening too fast without enough homework being done • Want to see commercial real estate represented more in our outreach efforts • Glad to hear about efforts to control debt and ensure financial health	5
4/15/2021	Staff from Multi-Service Center and Hopelink	• Want information in the plan around resuming shutoffs for non-payment; want to be kept in the loop so they can be prepared to serve customers • Would like greater freedom of information around customer data so they can better reach all eligible customers for assistance programs • Looking forward to ongoing opportunities to partner with City Light	27
4/15/2021	Virtual Town Hall (open to the public)	• Questions around re-training workforce to work on electrification in the coming years so that current employees aren't left behind • How do we ensure that we are building a diverse workforce? What does success in this area look like? • Interest in ensuring those who have been traditionally underserved are part of our future plans • Interest in incentives around building electrification, advocating for building electrification	16
4/29/2021	Key Customers	• High level of interest in incentives to electrify existing buildings • Questions and concerns about grid stability and ability to handle the increased load resulting from electrification • Want increased access to their energy use data • Asked about opportunities to partner with City Light on mutually beneficial projects • Support infrastructure improvements that will improve power quality	65
		Total Attendees	**166**

Key Findings

Affordability and Predictability of Rates

Customer bills remain a high priority across all stakeholder groups. Stakeholders expressed interest in understanding how their rates are currently structured, how rates might be structured in the future, and how City Light can ease transitions to higher or different rates. Customers would like to see a clear explanation when rates are going to change, and they ideally would like rates to increase at a time of year when energy use is not at its peak. Customers also had questions about how advanced meters will impact rates and improve the customer experience.

Residential customers emphasized the need to reimagine some of our bill assistance programs to help those who currently "fall through the cracks" of existing programs. Feedback included encouraging City Light to look at energy burden more holistically and reimagine what assistance programs can look like to benefit the most people who need help.

Mixed Feelings Around Electrification

Stakeholders from environmentally focused groups applauded City Light's plans for increased electrification and urged the utility to be a leader in bringing the region along with us.

However, for others, there were concerns. Business owners are apprehensive about the high costs associated with retrofitting existing buildings to conform with new electrification standards and pushed for more incentives for converting to electric. Some business representatives noted that they would support a modest rate increase to fund more commercial incentives. These customers also had questions about how City Light's electrical grid will be able to handle the increased load that will come with more electrification. Commercial customers are eager to see City Light continue to make improvements to our infrastructure so that their power supply is more reliable and consistent.

Environmental justice community members want to ensure that electrification does not come at the expense of their communities through unintended impacts. These representatives would like to see pathways to green jobs and opportunities for Black, Indigenous, and People of Color (BIPOC) community members not only to start jobs at City Light, but to advance through the utility.

Customer Involvement in Utility Decision Making

Commercial and residential customers alike would like to be included in decision-making at City Light earlier in the process when their input can shape the outcomes. One idea for improving customer service in this area is to align our customer-facing programs with other

City departments to maximize accessibility and minimize confusion in the community. If given a seat at the table, customers can advise on environmental justice work already underway at the community level. This would allow City Light (and other City departments) to focus on finding ways to lift up and support existing grassroots programs.

Business customers shared a strong desire for City Light to be quicker to roll out new incentives for energy efficiency projects. These customers would also like to have a greater voice in determining what the incentives will be. They noted that sometimes the bureaucracy involved in City Light processes prevents customers from getting the help they need in a timely manner. Business customers would like more opportunities to partner with City Light to develop mutually beneficial solutions.

Positive Reaction to Debt Strategy

Overall, stakeholders were pleased and relieved to hear about City Light's plan to control debt and right-size the capital improvement program. They appreciate that City Light leadership understands the need to control costs. This strategy is reflected in the lower five-year rate trajectory included in the plan.

Conclusion and Next Steps

Our outreach efforts have informed the development of the 2023-2028 Strategic Plan Update. Over the next six years, we will continue the conversations that we have started with community-based organizations, stakeholder groups, and customers. Some of the business strategies and programs identified in the 2023-2028 Strategic Plan Update will be multi-year efforts. We anticipate using the feedback we received from our outreach efforts to inform planning and implementation for 2022 and beyond.