



CITY LIGHT REVIEW PANEL MEETING

Thursday, September 17, 2020

2:00 – 4:00 PM

Microsoft Teams Meeting

Proposed Agenda

<u>Item</u>	<u>Lead</u>
1. Welcome, Introductions (<i>5 min.</i>)	Leon Garnett, Panel Chair
2. Public Comment (<i>5 min.</i>)	
3. Standing Items: (<i>5 min.</i>)	
a. Review of agenda (Karen Reed)	
b. Action: Review and approval of meeting minutes of June 23rd	
c. Chair's Report (Leon)	
d. Communications to Panel (Leigh Barreca)	
4. Customer Service Audit Update (<i>10 min.</i>)	Craig Smith
5. City Light's Utility Next Overview (<i>20 min.</i>)	David Logsdon/Emeka Anyanwu
6. City of Seattle's Reimagining Seattle (<i>20 min.</i>)	Debra Smith
7. Q2 2020 Reports (<i>20 min.</i>)	
a. Financials	Kirsty Grainger
b. Strategic Plan	Angela Bertrand
8. General Manager's update (<i>30 min.</i>)	Debra Smith
a. Questions about August status memo	
9. Adjourn	



**City Light Review Panel Meeting
Meeting Minutes**

Date of Meeting: June 23, 2020 | 11:00AM – 12:00PM | Meeting held via Microsoft Teams “Draft”

MEETING ATTENDANCE					
Panel Members:					
Names		Name		Name	
Gail Labanara	√	John Putz	√	Mikel Hansen	√
Sara Patton	√	Chris Mefford	√	Leon Garnett	√
Thomas Buchanan	√	Scott Haskins	√		
Staff and Others:					
Debra Smith	√	Jen Chan	√	Karen Reed (Consultant /RP Facilitator)	√
Kirsty Grainger	√	Mike Haynes		Emeka Anyanwu	
Jim Baggs		DaVonna Johnson		Tom DeBoer	√
Julie Moore	√	Chris Ruffini	√	Maura Brueger	√
Greg Shiring	√	Carsten Croff	√	Leigh Barreca	√
Eric McConaghy	√	Alex Pedersen		Angela Bertrand	√
Craig Smith		Toby Thaler		Chris Tantoco	√
Kathryn Aisenberg	√				

Welcome\Introductions. Gail Labanara kicked off the meeting at 11:03.

Public Comment. None. Two members of the public were in attendance to listen to the meeting.

Standing Items:

Review Agenda. No comments.

Approval of June 3rd Meeting Minutes. The meeting minutes were approved as submitted.

Chair’s Report. No report.

Communications to Panel. There were no communications to panel. Maura Brueger gave an update on panel vacancies and expired positions. Transportation & Utility Committee meetings are pushed off until August, at which point the appointments are expected to be on their agenda and acted on. Three appointments are council nominees and one is a Mayoral appointment. Will include an update on this as an agenda item for the July 21st Panel meeting.

Election of Panel Chair & Vice Chair.

Nominations for President: Leon Garnett. All in favor. None opposed. Elected.

Nominations for Vice Chair: Mikel Hansen. All in favor. None opposed. Elected.

2021- 2026 Strategic Plan. Corrected Rates & Bill Impacts

The corrected rates and bill impact for the strategic plan are included in Panel packets. Thank you for catching the error in the last meeting.



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- **Q:** This is in the strategic plan, but the strategic plan is going on the shelf? **A:** Correct; the plan is not considered to be final. It is not being published or sent to the City Council or Mayor at this time.
- **Q:** How are these different than what were in the draft plan? **A:** The out years, 2024, showed 0% increase. We are striving for rate increases that track inflation.

GM Update. Debra Smith presented; her comments are summarized below.

All SCL crews are working again. We resumed planned outages June 8th. We resumed small-cell deployment as well as accelerated pole replacements and other customer work. We still have many employees on the Line side who have self-declared as high-risk who are not currently working. Many are chronologically older (60+ or underlying health condition = high risk.) Many of these are crew chiefs. This effects how we put together nearly 1/3 of our crews. We have to bargain (mandatory subject of bargaining) how to work with at risk employees. If you do self-declare, the City requires you look on the City employment hub for telework options. Staffing limitations impacts our timeliness for service.

SCL received Council and Mayor's Office approval to move forward with Transportation & Electrification Strategic Investment Plan. The request for this plan came out of the 2019 Legislative session. Following approval of the plan in August we will begin to develop the plan's programs.

We are also moving forward with Rate Pilot projects. The Equity Pilot is moving forward in partnership with Byrd Barr Place. It has been hard to recruit participants in the current situation. As we move into Phase two, we anticipate increased enrollment. In August we hope start both the Time of Day Residential Electrical Vehicle pilot, as well as the Public Charging demand rate pilots. These were already approved by Council.

Kelly Enright, our former Director of Customer Transformation, has taken a new job outside the City of Seattle. Her last day is in early July. Kelly has done a great job for City Light; moving on was her decision and she did that very collaboratively. Kelly stepped up to support the City's Human Resources Department as Chief of Staff to launch policies related to COVID-19 for the past three months.

We are in week seven of the Grid Enhancement/Modernization Project and it is close to wrapping up. This project is intended to identify a suite of technical projects that could allow the City to do projects such as microgrids and smart city apps. The goal of was to identify and document projects that SCL could put forward for possible stimulus funds. Many of these require matching funds, so the City would need to put up sizable budget dollars as well to access the stimulus funds.

We are finalizing the memo on AMI that includes a staffing plan for meter readers going forward. We will likely share this with you in your packets in July. We have declared the project phase of AMI over and have moved to business as usual for the Technical Metering Office.

In order to consider resuming customer collections we have established a customer advocacy/advisory



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team. They will be focused on working with customers who have struggled with bill payments.

There has been issues in serving Nucor in the past few weeks caused by substation breaker and transformer issues. Nucor has had to manage their load to respond to the reduced capacity. We worked with our Systems Operations Center to get them back up and running last Thursday and they have been up since. A switch will be replaced on June 26th which will provide them with unlimited capacity.

- **Q:** Is Nucor's load still down? **A:** They have been running different schedules lately--- not running 7 days a week. The cause of the decline is likely due to supply chain issues as well as reduction in demand for their products.

We will have a status update for City audit of City Light billing processes at the next Review Panel meeting. We have not been able to do as much as we hoped by this time as we have had to shift to remote work and increased focus on COVID response needs. We have a new manager in Customer Service to lead this project.

July 24th is mediation date for the lawsuit that was filed on behalf of one customer as a class-action lawsuit. City Light has hired a forensic accounting firm to see how big the class is and how they have been affected. City Light entered the lawsuit with the intent to settle. We have no specific information on what the recommendations will be, but on the 24th we will be talking through options.

In response to a question, Debra provided some history on the class-action lawsuit:

The customer filing the suit was back billed. When City Light upgraded our billing systems and implemented AMI, a number of billing issues occurred. For example, if customer consumption appeared to be incorrect when the new meter was installed, the bill was suppressed so customers may not have received bills for some time. Some customers received incorrect bills. Also, there was a batch billing impact. There are two possible financial impacts: 1) The bill was incorrect, and customer paid too much. We will make that right. 2) Customers were charged and paid the right amount, but it caused hardship because of the higher bill amounts that were stressful. We expect to pay out some money, but it will be up to the terms of the settlement of the case to determine how the funds will be distributed.

Recovery has taken on a new meaning. The effort around reopening/recovery is happening both city-wide and inside City Light. City Light is leading the creation of the plan for internal City operations. There was an effort before civil unrest to restore functions to be better than we were before and to work through known issues of systemic racism. We are now thinking of recovery with a greater focus on the race and social justice landscape. The Mayor's cabinet has been spending a lot of time together working on this. There are three things are happening concurrently: COVID, Economy/Recession, Community Unrest.

The City is looking at how to do the budget differently, in a more collaborative manner. As a non-General Fund department, we are in a different position from a budgeting perspective, but we want to work with the City to develop strategies and "quick wins". We will also have to take cuts in each of our



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Business Units.

Tom DeBoer is leading internal SCL recovery efforts. We expect that most employees will likely telework from home until the end of the year at a minimum. Financial and Administrative Services is working towards a 25% reduction in City office space footprint, assuming more people will want to work from home permanently. We may reconfigure office space with launchpads so people can come in when needed, without the need for as many individual office stations.

Q&A.

- **Q:** What the status of the load? **A:** It is coming back a little bit. It's hard to tell because we're going into summer and we are a winter peaking utility. We are building the budget assuming a 3.4% reduction in load plus an additional 1% of assumed decline. We are getting ready to issue bonds and have been working with a rating agency. We are thinking we may need to shave another 1% on our load projections, which would result in something closer to a 5.5% load reduction forecast.

Kirsty: The bond agency appreciated that we've put a lot of thought into it and are keeping ahead of the forecast projections during this unprecedented time.

- **Q:** How many people are working from home? **A:** Of our non-field staff, 90-95%.
- **Q:** With decreased load are you planning to sell in the wholesale market? **A:** We do and will continue to sell unused electricity. However, wholesale rates have been very low, i.e. \$0.01/kWh and negative at times. Retail rates are \$0.11/kWh. We expect to see an increase in wholesale revenue in the late summer/Q3 when wholesale prices increase due to reduced supply. We ended 2019 with \$14.7M in wholesale revenue sales.
- **Q:** What are your major milestones for the budget? **A:** City departments are submitting 2021 budgets right now. Most of the general fund departments were asked to cut 5-10% of their budgets. For us we are expected to participate in things like furlough days, hiring freezes, layoffs, contracting freezes, etc. Other than that, we are expected to solve our own problem. We are cutting more from our business units than some would like. Kirsty's team is working to align and identify budgets as close to what we actually need as possible. For example: we know that we need to operate with 300 fewer FTE. We always plan for a 6% vacancy rate and we are currently at 10% right now. We can also continue to not fill vacancies resulting from retirements. We are planning to manage towards this 300 FTE target through attrition where possible. It gives us less control, but means people keep their jobs. Tomorrow Central Budget Office is submitting the 2020 rebalancing plan. The City is in pretty good shape for 2020 because of recovery and stimulus funds. 2021 will be more problematic.
- **Q:** Is the Customer Energy Solutions group still not meeting energy efficiency goals? Are there any updates? **A:** No. Nothing has changed.
- **Q:** Do you have more information about state or federal stimulus funds? **A:** We hear they're "close". We do not know for sure but expect funding programs to be available in July or August.

Meeting Adjourn at 12:03pm.



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Next meeting on July 21st will be a two-hour meeting.
A round of applause for Gail for serving her term as Chair.

AUGUST 20, 2020

TO

City Light Review Panel

FROM

Debra Smith, General Manager/CEO

SUBJECT

Status Memo

I hope this memo finds you all healthy and safe. My family and I are doing well and are conscious of our many blessings during this challenging time - however, I sure do miss seeing my colleagues, our terrific employees, and dedicated partners, like you. I look forward to when we can meet face-to-face to move our strategic planning work forward. Meanwhile, I am grateful that we can continue to meet virtually. In anticipation of our September 17th meeting, I wanted to provide you with updates on key items that we have been working on since we last met.

Review Panel Appointments

We have had three positions up for reappointment and one vacancy (1 Mayoral appointment and 3 Council appointments):

- Chris Mefford – Position 1, Economist – Mayoral Appointment - ***Reappointed on August 17, 2020.***
- Tom Buchanan – Position 4, Residential Customer Representative - Council Appointment – Pending reappointment.
- VACANT – Position 6, Industrial Customer Representative – Council Appointment - Advertising
- John Putz – Position 8, Member at Large Representative – Council Appointment – Pending reappointment

Thanks to Chris, Tom and John for your willingness to continue your work with us.

Staff – Return to Work

Like many employers, the City's telework guidance for employees has been extended through January 8, 2021. This decision was made through close consultation with public health experts and partner jurisdictions, including King County. For City Light, the extension means a few things. The first is that employees who can do their jobs remotely, should continue to do so. Employees whose work has required them to be onsite during this public health crisis (essential workers) should continue to do so. To help ensure the continued health and safety of our employees, the Department of Finance and

Administrative Services (FAS) is working with us to install safety signage in our worksites, consistent with what has already been installed at the SMT, City Hall, and the Seattle Justice Center. The signage reinforces public health practices such as social distancing and use of protective face coverings. I am thankful that the infection rate has been dropping in Washington State and Seattle since early August but remain concerned about what fall may mean for all of us.

Recovery Planning

We have several teams being led by Tom DeBoer, Chief Environmental Officer, working on recovery planning. The teams are focused on facility planning, telework, human resources, safety, logistics, operations, customer service and communications. Recent activities include:

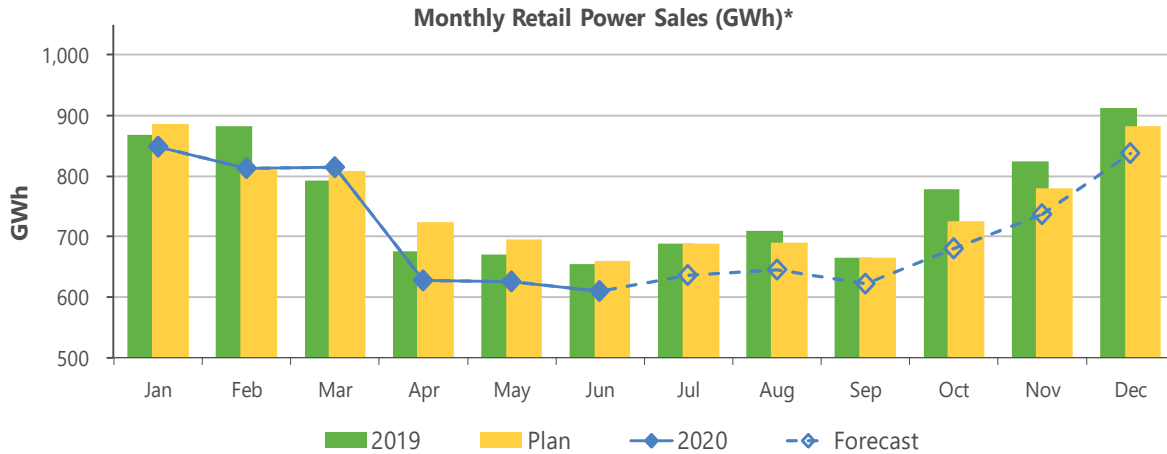
- Work with SDOT to gather information for our employees related to public transit, parking and other return-to-work transportation concerns. FAS has provided guidelines on City-run facilities, e.g. SMT.
- Guidance documents and occupancy maps are under development for work at our remote facilities to ensure proper spacing and occupancy levels. Guidelines for proper use of safety equipment and conference room use will be included. Labor union participation is part of this planning. Procedural signage for each facility is being created and installed.
- Guidelines for purchasing office equipment and computer hardware are being developed. We are coordinating with Seattle IT for the configuration of new equipment.
- A City-wide Return to Work Memorandum of Agreement (MOA) between the City and our labor partners is under development. This will address such things as mask and temperature check requirements.
- Work to resolve supply issues related to extended vendor lead times. Ensuring that employees are provided with timely guidance on accessing and using PPE.

Budget

- City Light transmitted a budget proposal to the Mayor's office in July.
- The budget proposal balances the impacts of reduced load and a no-rate increase scenario through labor and non-labor cost reductions, other revenues, and by relaxing the financial debt service coverage ratio slightly below the usual 1.8x. (The 2019-2024 Strategic Plan originally contemplated a 3.6% rate increase for 2021.)
- The Mayor will present her budget on September 29. The budget and any rate decision would be adopted by City Council in November.

Retail Load

- Energy consumption in 2020 is expected to be 5.8% lower than plan/budget.
- Commercial (-11%) and industrial (-20%) loads declined significantly March to May.
- In contrast, residential usage increased (+2%) over the same period. Aligning with the shift to teleworking, consumption is up during the middle of the day on weekdays, with the morning peak occurring around 9:30 am, slightly later than the 8:30AM that was the historical norm.



*Load forecast updated in June to reflect extended public health measures and a deeper recession than previously planned.

Financials

- We project a \$60M retail revenue shortfall. Retail sales are projected to be down 4.7%, resulting in a \$44M negative variance. We are also seeing a rising receivables balance, accounting for the remaining \$16M negative variance.
- O&M savings are currently forecast at \$13M.
- Spring spill season is behind us and we are currently forecasting wholesale revenues of approximately \$50 million for 2020, which is very close to budget. The 3% RSA surcharge is expected to drop to 1.5% this fall and then 0% in the first part of 2021.
- Some good news: we had a very successful bond issue on July 28, the 2.485% TIC interest rate is the lowest City Light has ever received for a 30-year financing. This will reduce debt service costs starting in 2021.

Rate Pilots

Rate Pilot status is as follows:

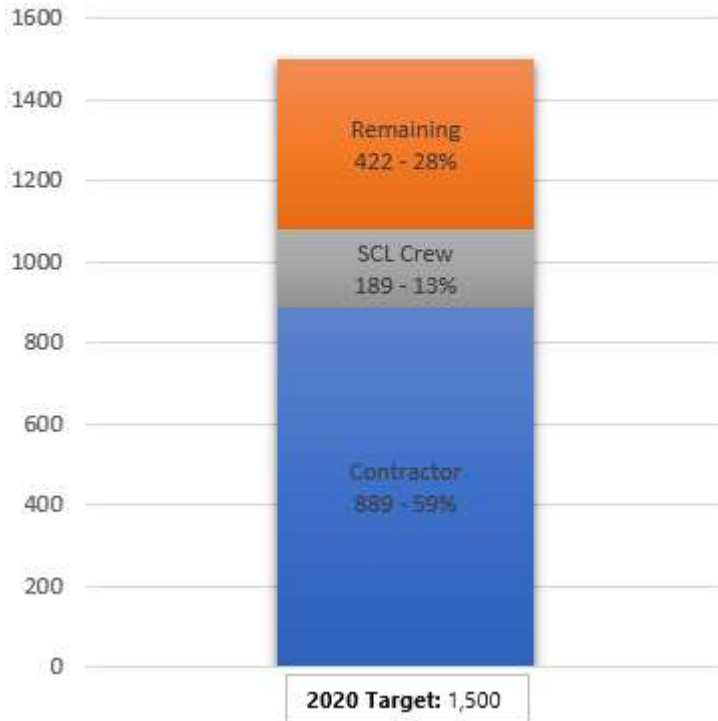
Pilot	Eligibility/Scale	Structure
Energy Equity	Through Byrd Barr Place, up to 300 customers whose energy burden exceeds 6% even with participation in the Utility Discount Program. Launched late 2019. 54 customers enrolled as of the end of July, with 17 additional applications under review.	No fixed monthly charge. Reduced energy (KWh) rate. Balance Management Arrangements for participants with a balance >\$300. Free home energy audit. Identification of Homewise or other energy efficiency program eligibility.
Residential Time of Day	For customers with average monthly consumption of >750 KWh. Limited to 200 participants due to manual billing requirements, may be scaled up once the billing system is able to automate computation of TOD rates. Launch planned for September 2020.	6.64¢/kWh Off-Peak Rate 12am to 6am. 15.50¢/kWh Peak Rate 5pm to 9pm. 11.07¢/kWh Mid-Peak Rate all other times.
Commercial Electrification	Any commercial customer with a new or existing meter dedicated to electric vehicle charging, including public transit, large fleets operations and companies offering charging. Launch planned for September 2020.	5.47¢/kWh Off-Peak Rate 12am to 6am. 12.77¢/kWh Peak Rate 5pm to 9pm. 9.12¢/kWh Mid-Peak Rate all other times. No demand charge.
Demand Response	Up to 5 large and high demand rate customers with meters that can track energy consumption in 15-minute intervals. Launch tentatively planned for Q4 2020.	Monthly capacity incentive per kW during two summer and two winter months based on load reduction commitment. With 24 hours' notice, customers must curtail load from 2 to 8 hours. Failure to meet load reduction commitment will cause partial or full forfeiture of incentive.

Accelerated Pole Replacement Program

The Accelerated Pole Replacement Program (APRP) is a utility-driven capital project for the replacement of existing wooden distribution poles located in City Light's service area. City Light owns 92,000 wooden

utility poles within its service territory, 72,000 of which have shared ownership with CenturyLink. City Light is currently working with our co-owners to maintain this system in a safe and reliable manner at the least possible cost to its customers/owners.

2020 Accelerated Pole Replacement Program (as of 8/11/2020)



Thank you again for your ongoing contribution to City Light. I look forward to meeting with you next month.

Billing Audit Dashboard

Auditor Recommendations	City Light Response	Status	Target and Completion dates	Dashboard
1. Decrease the number of consecutive estimated bills	SCL will change this setting in MDM from 12 to 3 consecutive estimated bills permitted.	SCL has changed this setting in MDM. Any estimated bills over three will not automatically bill and must be worked as exceptions. Currently 600+ customers have exceeded this threshold this year and a new backlog is growing.	02/10/2020 02/08/2020	
2. Lower high consumption variance	SCL will change this setting in MDM from 600% to 400%.	SCL has changed this setting in MDM. Bill exceeding "normal" now have a much stricter definition and will require review prior to mailing more often.	02/10/2020 02/08/2020	
3. Track seasonal workloads	SCL will develop a plan to monitor and trend seasonal work loads to allow for better staff planning and fewer backlogs.	SCL currently tracking number of completed and pending transactions for Start/Stop bills, refunds, delayed bills and other relevant transactions to establish baseline activity. Reports are reviewed weekly and are part of discussions with impacted work groups.	02/08/2020 06/20/2020	
4. Develop a seasonal staffing plan	SCL will use OOC and temporary employees seasonally to prevent backlogs from growing once more.	Seasonal temporary employees requested for 2020 peak season - July - October. Pending internal and CBO waiver approvals	06/01/2020 06/20/2020	
5. Better manage returned mail	SCL will exploring both staffing and	SCL is taking a multi pronged approach as this is a symptom of other policies and procedures. We currently have 3-4 staff	07/24/2020	

	vendor support for this body of work.	working on various elements and will be issuing a white paper for management discussion as to mitigation of several root causes for the excess later this year.	10/31/2020	
6. Conduct regular customer satisfaction surveys	SCL will initiate regular satisfaction and transactional surveys.	City Light will issue annual customer surveys, alternating annually with employee surveys. In addition, City Light intends to implement transactional surveys, piloting as part of the CAT.	2021 In process	
7. Proactively provide customers data about their account	The SPU/SCL Customer Portal will provide more data to customers about their account.	The joint utilities' Unified Customer Self Service Portal (Portal) successfully launched on Memorial Day weekend. The Portal provides customers direct access to their usage data and planned improvements include additional self-serve functionality and rate options.	Q1 2020 05/24/2020	
8. Contact customers who call when an issue is resolved	SCL & SPU will explore how best to address this recommendation by revising our approach to customer service.	We've discovered that this recommendation best applies when a customer has affirmatively communicated to City Light. In circumstances where a customer was unaware of a billing issue, the direct follow-up was perceived as confusing. Discussions continue with SPU on how best to implement this across our customer-facing teams.	12/31/2020 In process	
9. Evaluate escalation team (aka Customer Advocacy Team)	REINVENT AS CAT We will evaluate the effectiveness of the escalation team process at year end.	Initial evaluation of the escalation team's work in the end of 2019 indicated that working through high-bill reports was not effective, see comment above. As a result we had started a "re-boot" of the escalation team in February, seeks to create a more structured and supported approach. With the advent of Covid-19 in	12/31/2020 In process	

		late February/early March we pivoted again and reinvented the escalation team as the "Customer Advocacy Team" seeking to reach out to our BIPOC communities in distress using our community based partner organizations that serve these communities of color.		
10. Incorporate lessons-learned from the escalation team utility-wide	SCL will socialize the lessons learned from the escalation team evaluation.		12/31/2020 In process	
11. Report back to City Council in 2020	SCL will report back to its City Council committee in 2020 at the Committee Chair's convenience.		12/31/2020 incomplete	
12. Provide all customer-facing staff authority to establish payment arrangements	SCL & SPU are consulting on how to implement this recommendation.	SCL has scoped out the control requirements to ensure monitoring and feedback. Implementing this recommendation is complicated by the demands of COVID-19 and telework (training, monitoring etc.) In parallel we are performing a programmatic review of payment plans and arrangements which will likely inform how we approach this goal.	12/31/2020 In process	
13. Institute appropriate controls on this expanded staff payment arrangement authority	SCL & SPU will establish internal controls on the exercise of authority by front-line staff to	See Above comments for Recommendation #12.	12/31/2020 &/or Prior to resumption of utility disconnections	

	establish payment arrangements.			
14. Provide language translation options	The SCL/SPU customer portal will provide tier one language support in the April go-live.	The UCSS Portal launched Memorial Day weekend with Google Translate support.	Q1 2020 05/24/2020	
15. Conduct targeted outreach in the city's tier one languages on payment plans, payment arrangements and assistance programs	City Light will develop a targeted communication plan.	Under development as part of our programmatic review of payment plans and arrangements.	12/31/2020 In progress	
16. Implement best practices from our peers	SCL has been engaging peer utilities in this discussion.	Best practices are being considered while also improving our basic operations to better address existing deficiencies	n/a On going	

Key:

Green	Light Green	Yellow	Orange	Red
Effort is on schedule and risks are mitigated	On schedule but new risks are emerging or other variables are impacting delivery	Behind schedule or Covid-19 impacts are delaying execution	Behind schedule, new risks emerging or significant Covid impacts	At risk of failure or mitigation path unknown



"UTILITY NEXT - SCL 2.0"

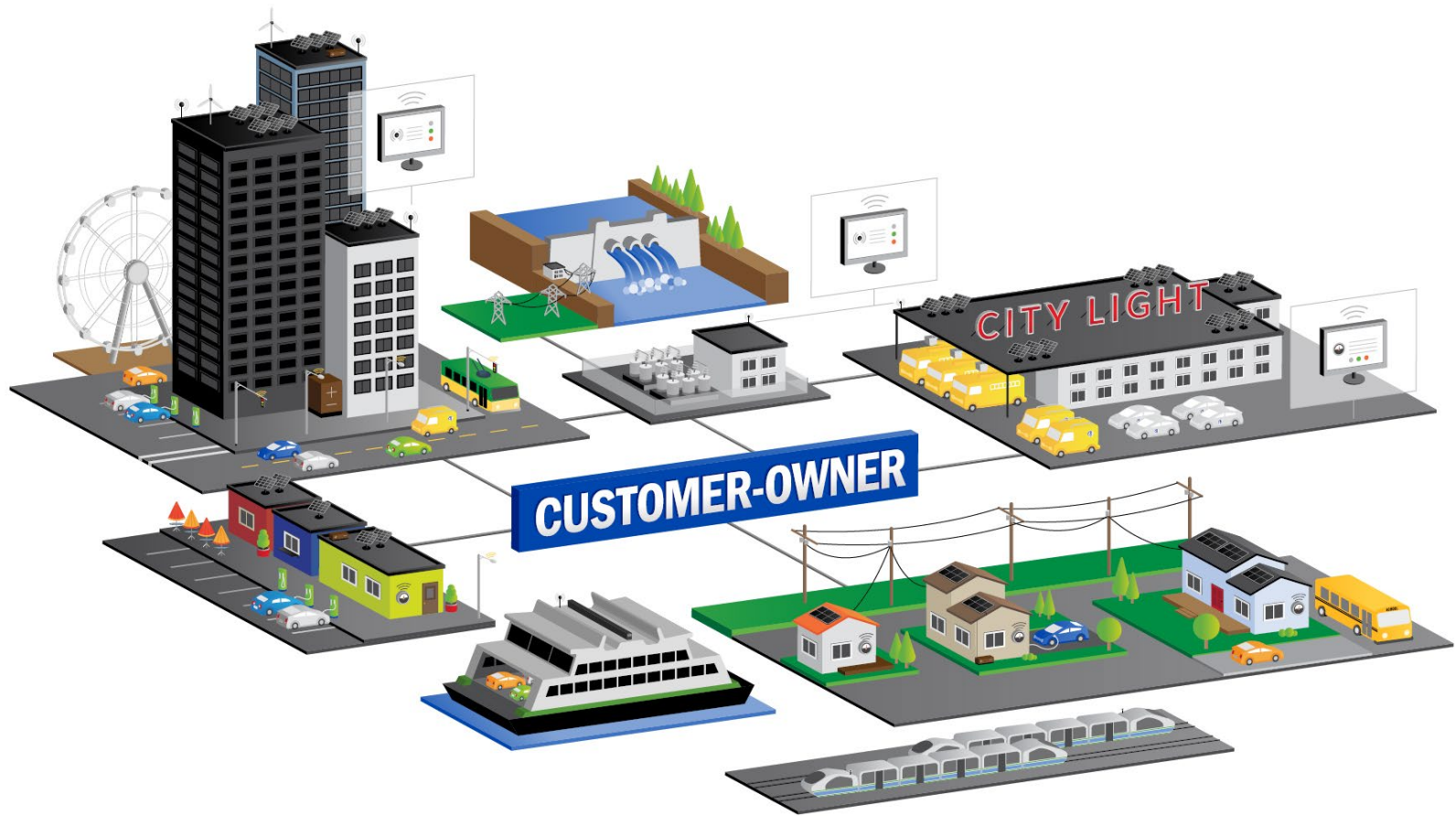
SEEKING TRANSFORMATIVE OPPORTUNITY IN A PERIOD OF HISTORIC UNCERTAINTY

Emeka Anyanwu & David Logsdon

Seattle City Light Review Panel

September 16th, 2020

CITY LIGHT AS A CUSTOMER-OWNER "PLATFORM"



CITY LIGHT'S GRID AS A "PLATFORM"

- The future will require:
 - Progressive leadership focused on innovation
 - New rate structures to balance load with capacity, and keep costs low in the process
 - A continued focus on efficiency coupled with electrification technologies and demand flexibility
 - Partnering with institutions that want to lead the way
 - Staying centered on SCL's environmental and race/social justice values
 - **Being proactive in supporting COVID-19 recovery**

SCL HAS A CENTRAL ROLE IN RESPONSE AND ECONOMIC RECOVERY

REBUILD SMART

City Light can rebuild City infrastructure to a “new normal” – a next generation electric utility delivery system

ELECTRIFY

To place downward pressure on rates for customer-owners, increase long-term revenue, continue environmental progress

CREATE JOBS

Innovative, scalable infrastructure projects coupled with workforce development will accelerate economic recovery

LEVERAGE PARTNERSHIPS

Be positioned to capitalize on opportunities for State and Federal funding, and access resources, and expertise through public-private partnerships



A HISTORIC FUNDING OPPORTUNITY IS LIKELY

America Reinvestment and Recovery (2009)

- Infrastructure stimulus in response to the 2008 financial crises lead to \$3.4BN in Smart Grid funding awarded by DOE to 99 different utilities nationwide (avg. \$35M/utility)
- ARRA overall represented \$841BN in stimulus and was credited with ending the 2008 recession and increasing employment in subsequent years. It targeted financial relief for families, infrastructure, alternative energy, health care, education, and scientific research and development

CURRENT OPPORTUNITY

- Existing State and Federal Opportunities are emerging that align well with a utility-based recovery portfolio
- Most substantial opportunity would be a forthcoming "ARRA 2.0" fourth round COVID stimulus that is expected to focus on economic recovery
- Expect substantial opportunities from DOE, DOT, DOC, and EPA
- Democrats' "Moving Forward Framework" outlines \$760BN in infrastructure spending / Biden put forward a \$2TN plan focused on clean-energy infrastructure



PORTFOLIO CONSTRUCTION: ALIGNED WITH OPPORTUNITY

- ✓ **Job Creation**
- ✓ **Readiness**
- ✓ **Partnerships**
(PNNL, EPRI, UW, Amazon, Emerald Cities, Tribes, City...)
- ✓ **Decarbonization / Green New Deal Overlap**
- ✓ **New, Innovative Projects**



OPPORTUNITY AREAS FOR PORTFOLIO



Re-envision Largescale Capital Projects

Largescale infrastructure (e.g. communications) coordinated across City Departments, re-thinking of traditional capital projects



Grid Modernization and Transformation

Visibility, flexibility, automation that incorporates dynamic grid- and customer-sited DERs in planning, using our system as a "living lab" for cutting edge research.



Energy Storage

Large-scale solar, battery storage, and renewable hydrogen development and deployment leveraging public-private partnerships.



Electrification and Efficiency

Accelerate customer-owner and private TE investment, strategic partnerships and transportation equity. Accelerate BE through efforts bundling electrification and efficiency.

Workforce Development

Robust training and certification programs to create opportunities across the portfolio, focusing on disadvantaged workers.



THE “UTILITY NEXT – SCL 2.0” IDEA

- **PORTFOLIO DEVELOPMENT (7 weeks)**

- Projects City Light can execute **with other City departments or external partners**
- Projects must **create jobs and/or economic activity** and advance push to **become the next generation of utility**

- **DELIVERABLES**

- A set of **project charters** for each project in the portfolio, capable of being **rapidly** advanced from planning to implementation **within weeks** (not months) of a confirmed funding award



“UTILITY NEXT” APPROACH – 7 WEEKS

GOAL: Prepare Charters for “Shovel-Ready” Projects

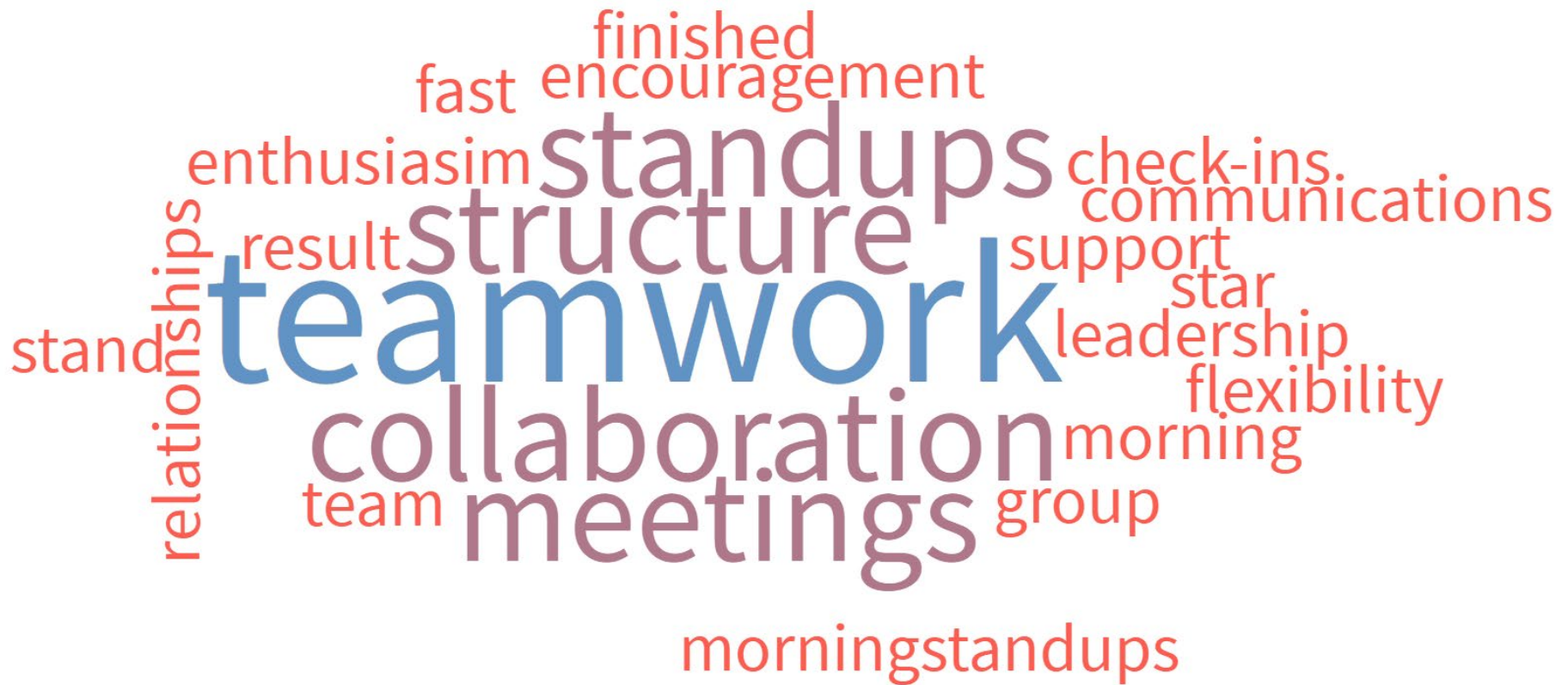
Task force fundamentals

- Utility-Wide Participants, PNNL embedded
- Two Groups then self-organized into small teams
- **Seeded** with project ideas
- Weekly Deliverables (**Scope->Schedule->Costs**)
- Daily 30-min Morning Group meetings
- Strong Executive Sponsorship/ Product Owners
- City and Utility Advisers review deliverables
- **Agile project management** approach



TEAM MEMBER FEEDBACK

In one word, what went well?



UTILITY NEXT TEAMS AND PROJECTS

- **Transportation Electrification Team**
 - Car Share for Community Organizations
 - City Contracted Fleets (Medium Duty/Heavy Duty Charging Depot)
 - Public Electric Vehicle Charging
 - Transit Electric Vehicle Supply Equipment Charging
- **Hydrogen Storage Team**
- **Solar and Renewables Team**
- **Workforce Development Team**
- **Distribution Automation Team**
 - Downtown Waterfront
 - Duwamish Multi-Microgrids

UTILITY NEXT TEAMS AND PROJECTS

- Field Communication Infrastructure Team
- Grid Modernization Team
 - Distribution Line Sensors
 - Distribution Substation SCADA Control
 - Expansion of FLISR
 - Remotely Two-Point Distribution Feeders Switching
- Mobile Grid Storage Team
- Waterfront Electrification
- Building Decarbonization Acceleration and Green Affordable Housing Team
- Grid Interactive Buildings Team



THE DUWAMISH DELTA CONCEPT: BRINGING IT ALL TOGETHER

- Pilot Area with major Social Justice & Equity implications
- Electrification
 - MD and HD Fleets, Electric Dredging, Port of Seattle Electrification
- Non-Wires Alternatives (NWA)
 - Automation (Flexibility), DERs, Demand Response
- Hydrogen and Battery Storage
- Networked Microgrids
- Training/Demonstration Facility



SHARING UTILITY NEXT WORK OPPORTUNITIES

- Congressional Delegation – Co-hosted by Chamber KC Labor Council, Front & Centered, NWECC
- NW SeaPort Alliance & Port of Seattle Briefing
- Building Electrification Stakeholders – Co-hosted by 2030 District & Emerald Cities
- Transportation Electrification Stakeholders
- WA Department of Commerce & Key State Legislators – Co-hosted by Clean Tech Alliance



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QUESTIONS?

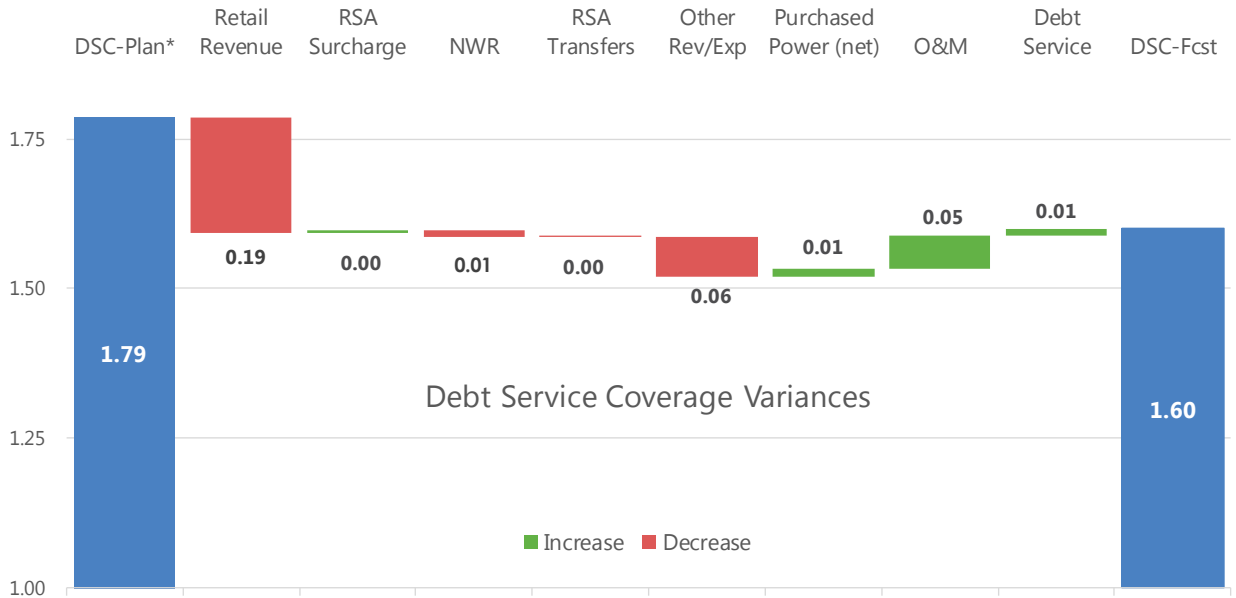




Seattle City Light

2020 FINANCIAL HIGHLIGHTS JUNE 2020

Forecasted debt service coverage of 1.60x is 19 basis points below planned coverage of 1.79x*.



*2020 retail rates were legislated in 2018 to achieve 1.80x debt service coverage given expectations about costs and sales volumes. The 2020 Plan reflects new information available going into the year, including the 2020 Adopted Budget and a lower retail sales outlook, resulting in 1.79x debt service coverage.

2020 Full Year Forecast vs. 2020 Plan:

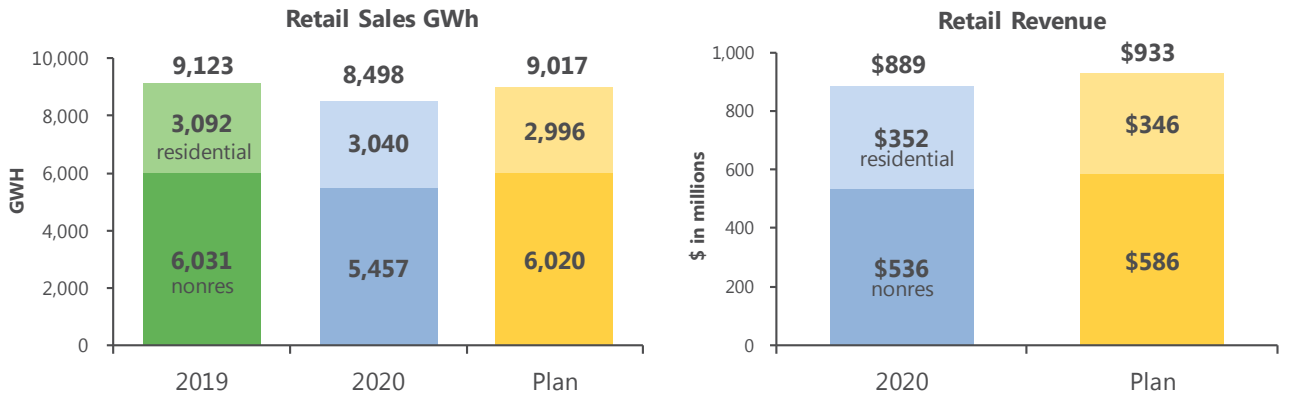
Retail revenue is forecasted to come in lower than planned by \$44.1M (-4.7%) due to a reduced retail sales outlook caused by COVID-19 pandemic public health measures and related economic recession. The load outlook was further reduced in June to reflect extended public health measures and a deeper recession than previously forecasted.

Net wholesale revenue (NWR) is forecasted to come in \$2.6M lower than planned. The impact of higher than planned resources for the remainder of the year is more than offset by lower than planned prices.

The \$14.8 million unfavorable **other revenue/expense** variance, also driven by COVID-19 related impacts (higher uncollectible accounts and lower late fees), exacerbated the retail revenue shortfall. Planned **O&M** costs were reduced by \$7.5M as part of the Utility’s COVID-19 mitigation strategy with both YTD and forecasted balance of year costs lower than planned.

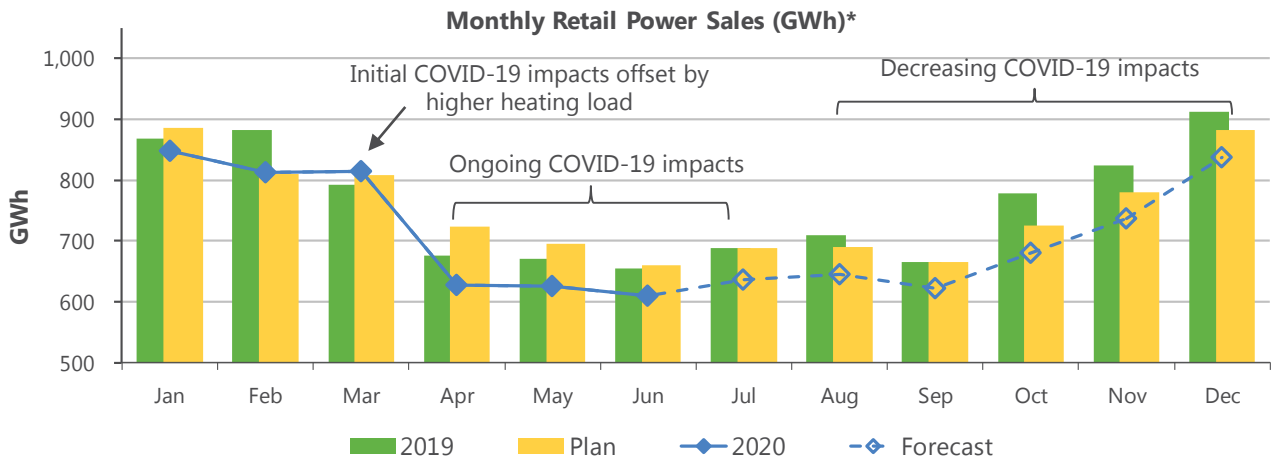
A 1.5% **RSA surcharge** has been in effect since August 2016 with an additional 1.5% surcharge (3% total) effective November 2019. The additional 1.5% surcharge is expected to be lifted February 1, 2021.

RETAIL POWER SALES AND REVENUE



Retail Sales GWh			
	Nonresidential	Residential	Total
2020 Fcst vs. Plan	(9.4%)	1.5%	(5.8%)

Retail Revenue			
	Nonresidential	Residential	Total
2020 Fcst vs. Plan	(8.6%)	1.7%	(4.7%)



*Load forecast updated in June to reflect extended public health measures and a deeper recession than previously planned.

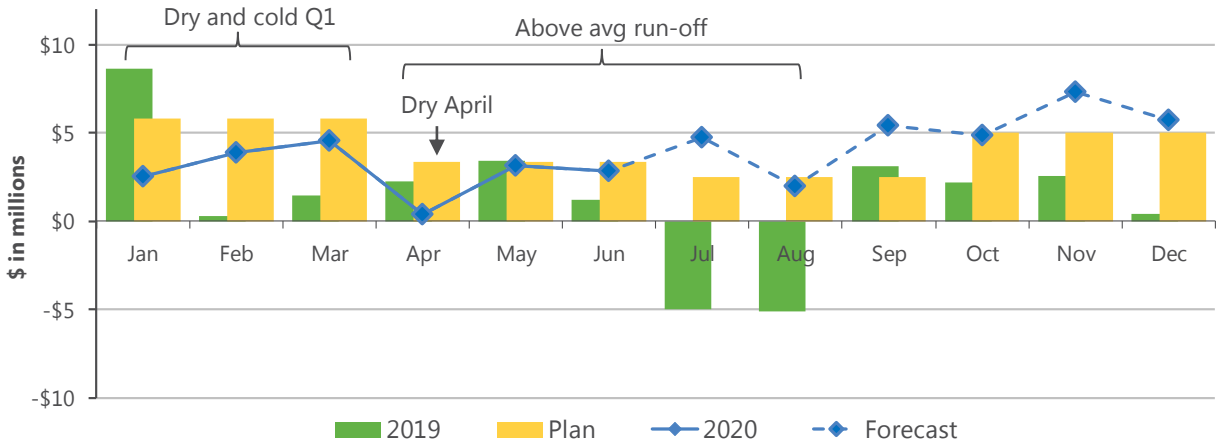
COVID-19 related impacts are expected to significantly reduce non-residential retail sales and revenue. The non-residential retail sales forecast for the remainder of 2020 (Jul-Dec) includes a 9.1% downward adjustment on average, with impacts weighted towards the near term as public health measures are expected to be gradually lifted throughout the year.

Recent data suggests weather adjusted residential consumption might have a small uptick due to customers spending more time at home. The forecast still projects residential sales at close to planned levels for the remainder of the year but will likely be revised upwards slightly for the next report. The slightly higher than planned annual variance is driven by YTD actuals, including significantly higher heating load from much colder-than-normal temperatures in March.

The larger increase in planned residential revenue is due to a 4.1% favorable YTD variance (colder than normal temperatures in March and increased telework) partly offset by a 3.2% unfavorable balance of year variance (expected increase in Utility Discount Program (UDP) enrollment). The forecast has been adjusted to include an additional 5,000 households participating in the UDP, with bill discounts reducing revenues by \$2.0 million for the year.

NET WHOLESALE REVENUE

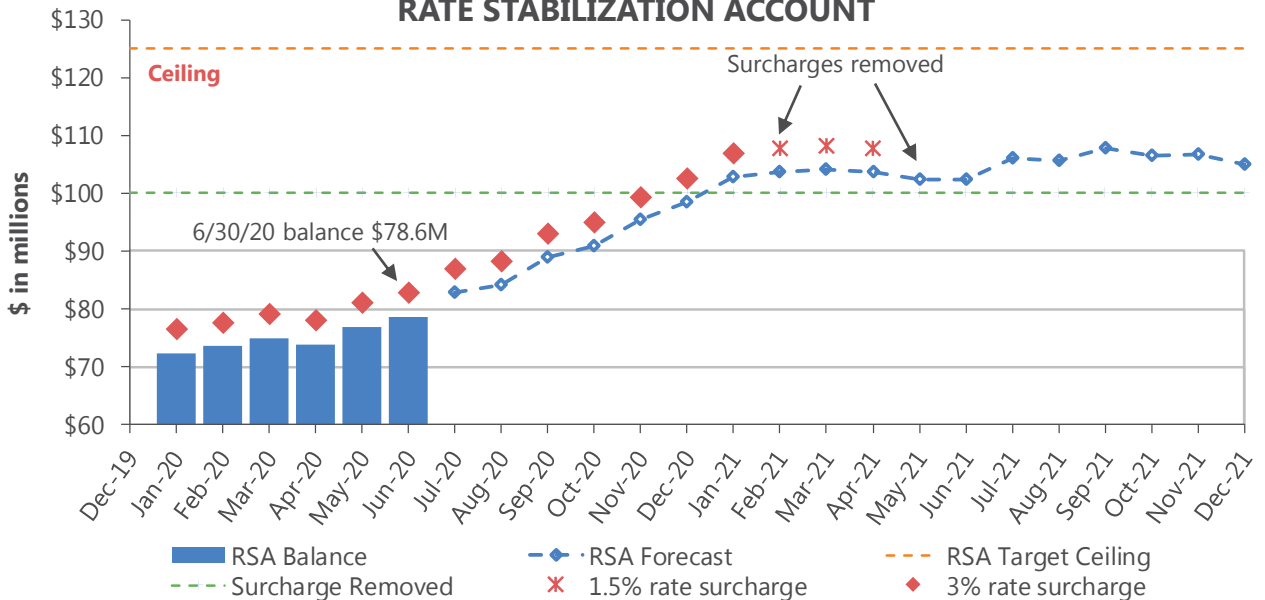
\$ in millions	2019	2020	Plan	Variance-Y/Y	Variance-Plan
Full Year	\$15.5	\$47.4	\$50.0	\$31.9	(\$2.6)
YTD	\$17.2	\$17.3	\$27.5	\$0.1	(\$10.2)



As of July 1, 2020	5 Year Avg	2020 Avg	% of 5 Yr Avg
SCL Hydro Generation (GWh)	6,051	6,289	104%
Market Prices (On-Peak Hours)	\$24.11	\$25.90	107%

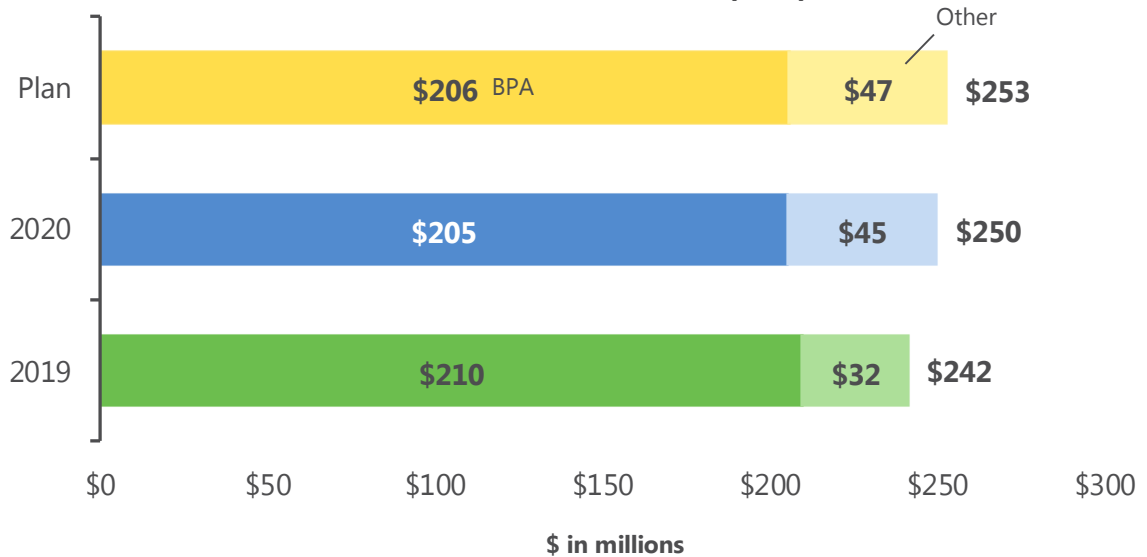
- Lower expected retail load increases surplus position for remainder of year.
- For calendar year 2020 Boundary inflows are forecasted to be strong at about 106% of normal, while inflows at Skagit are expected to be close to normal.

RATE STABILIZATION ACCOUNT



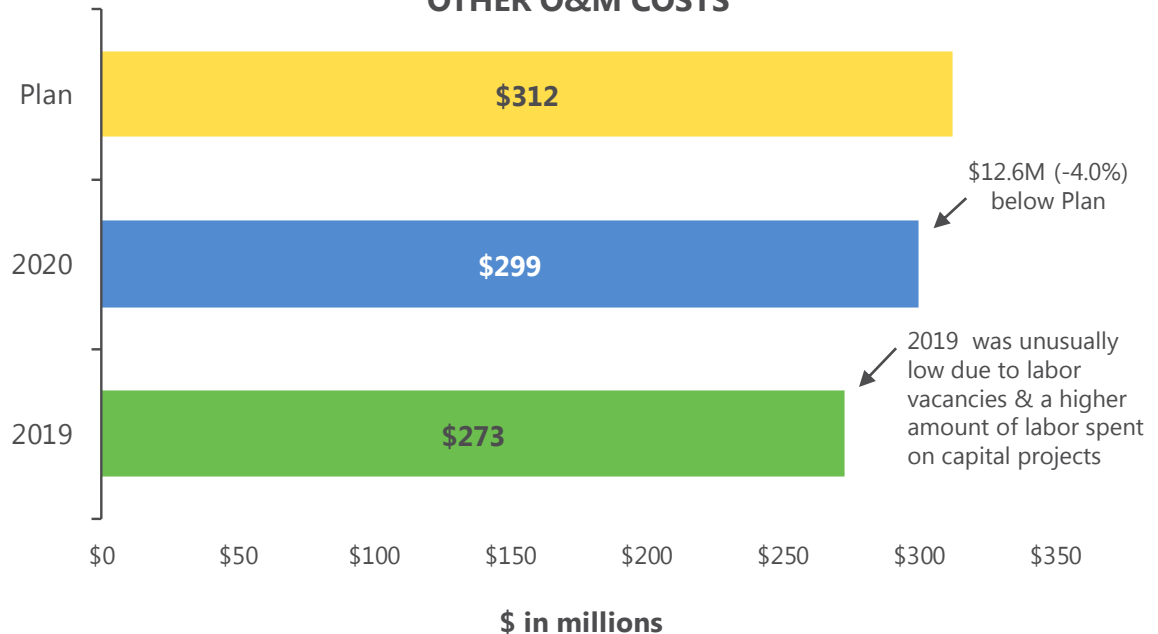
- The initial 1.5% surcharge (effective Aug 1, 2016) is expected to stay on through 2020 and then be lifted in February 2021.
- The second 1.5% surcharge (effective Nov 1, 2019) is forecasted to stay on through 2020 and then removed in May 2021.

PURCHASED POWER COSTS (NET)



- BPA power costs slightly lower due to BPA removing financial reserve surcharge in July.
- Non-BPA costs (net) are forecasted to come in lower than Plan due primarily to higher than planned power marketing revenue (net).

OTHER O&M COSTS



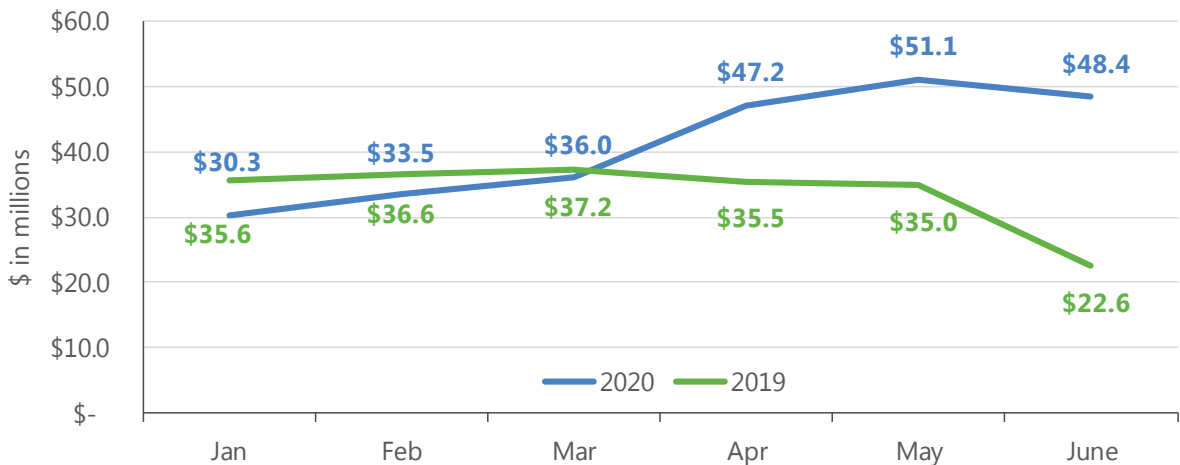
- Other O&M is forecasted to come in \$12.6M under Plan driven by:
 - \$7.5M in cost reductions related to COVID-19 cost mitigation measures
 - \$3.1M lower YTD costs (distribution, power supply and customer service); partially offset by unplanned administrative & general costs incurred in dealing with the COVID-19 pandemic (a lower amount of labor spent on capital projects).
 - \$2.0M lower forecasted non-labor expenses for balance of the year

OTHER REVENUE & EXPENSE (NET)

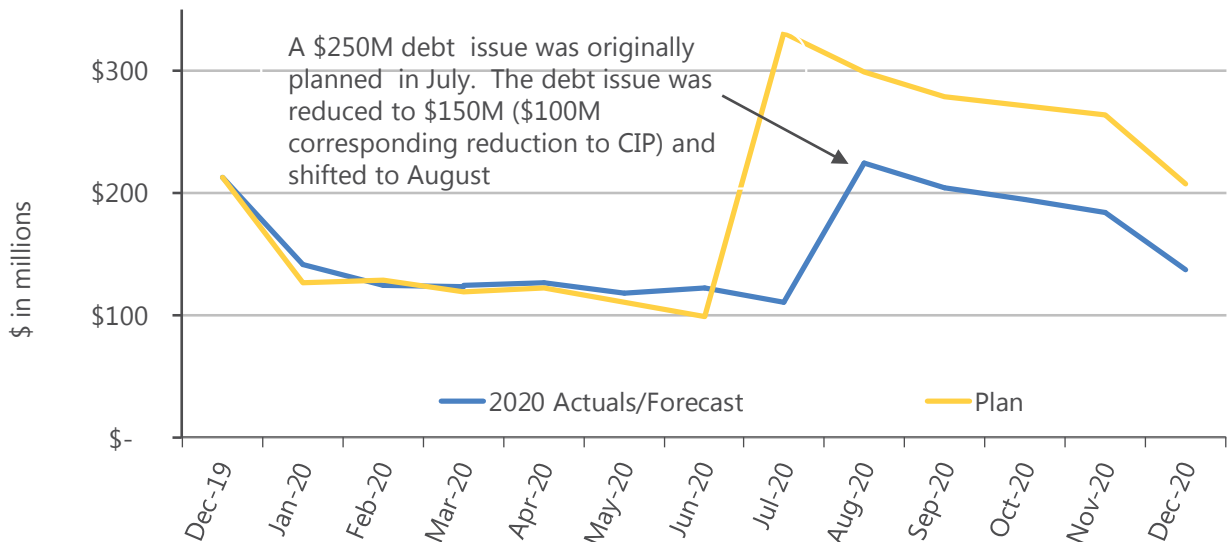
\$ in millions	2019	2020	Plan	Variance-Plan
Other Revenue	\$44.7	\$38.9	\$38.9	(\$0.0)
Other Expense	\$41.5	\$65.4	\$50.6	\$14.7
Other Revenue (Expense) - net	\$3.2	(\$26.5)	(\$11.8)	(\$14.8)

- **Other revenue** is forecasted to come in as planned due to lower forecasted late payment fees offset by unfavorable variances in multiple miscellaneous revenue categories. City Light has stopped charging interest on outstanding balances for most customers as a COVID-19 relief measure.
- The **other expense** variance is due primarily to a \$15.9 million increase in forecasted uncollectible balances driven by COVID economic impacts (\$23.0 million total forecasted for the year, \$8.0M YTD). The increase is predicated upon the observed spike in overdue accounts receivable balances beginning in April 2020 shown below.

Total Overdue Accounts Receivable Balances



OPERATING & CONSTRUCTION CASH BALANCES



SUMMARY FINANCIAL RESULTS – FULL YEAR 2020

\$ in millions	Forecast	Plan	Variance	Page ⁽¹⁾
Debt Service Coverage				
Retail Revenue	\$888.7	\$932.8	(\$44.1)	2
RSA Surcharge Revenue	\$26.4	\$25.4	\$1.0	--
Net Wholesale Revenue	\$47.4	\$50.0	(\$2.6)	3
RSA Transfers (net)	(\$24.4)	(\$24.2)	(\$0.2)	--
Other Revenue (expense)	(\$26.5)	(\$11.8)	(\$14.8)	5
Total Revenue	\$911.5	\$972.2	(\$60.7)	--
Purchased Power (net) ⁽²⁾	\$249.9	\$252.7	(\$2.8)	4
Other O&M ⁽³⁾	\$299.5	\$312.1	(\$12.6)	4
Total Expense	\$549.4	\$564.7	(\$15.4)	--
Amount Available for Debt Service	\$362.2	\$407.5	(\$45.4)	--
Debt Service	\$226.3	\$228.1	(\$1.8)	--
Debt Service Coverage	1.60	1.79	(0.19)	--
Net Income	\$100.7	\$157.3	(\$56.6)	--
Debt to Capitalization Ratio	58.9%	59.2%	-0.3%	--
Liquidity				
Operating & Construction Cash @ June 30, 2020	\$121.8	\$98.9	\$22.8	5
Rate Stabilization Account @ June 30, 2020	\$78.6	\$87.6	(\$9.0)	3

⁽¹⁾See referenced page for additional detail

⁽²⁾Purchased power costs (net) include long-term purchased power & wheeling expenses net of power contract and power marketing revenue

⁽³⁾Other operations and maintenance expense includes costs related to distribution, transmission, power supply, conservation, customer service and administrative activities

BUDGET

Budget Summary	YTD-June		Full Year 2020	
\$ millions	Actuals	Projections	Budget	Diff
<i>O&M</i>				- Over / + Under
Purchased Power	\$161.2	\$315.7	\$348.1	\$32.4
Utility Operations & Administration	\$219.5	\$384.7	\$421.5	\$36.7
Taxes and Debt Service	\$198.3	\$333.9	\$349.5	\$15.6
O&M Total	\$579.0	\$1034.3	\$1119.1	\$84.7
% of Annual Budget	51.7%	92.4%	100.0%	7.6%
CIP Total	\$257.4	\$468.0	\$549.6	\$81.6
% of Annual Budget	46.8%	85.1%	100.0%	14.9%
Total Budget	\$836.4	\$1502.3	\$1668.7	\$166.3
% of Annual Budget	50.1%	90.0%	100.0%	10.0%

Purchased Power forecasted underspend of \$32.4 million is primarily due to lower short-term wholesale purchases resulting from lower than expected consumption driven by the COVID-19 pandemic.

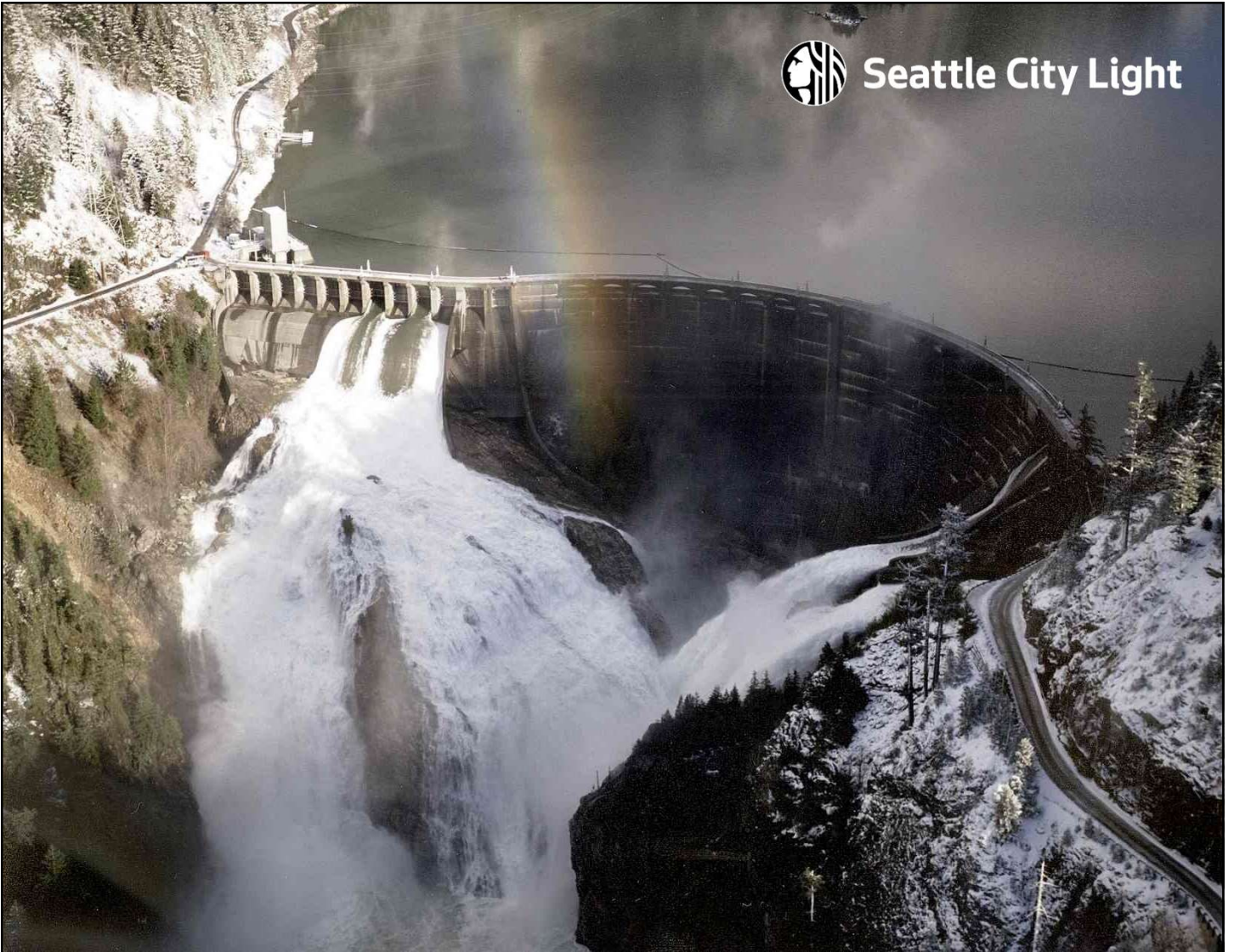
Utility Operations and Administration expected underspend of \$36.7 million is primarily attributable to COVID-19 related reductions and labor savings from vacant positions.

Taxes and Debt Service projected underspend of \$15.6 million is due to lower than expected retail revenue driven by the COVID-19 pandemic.

CIP is forecasted to underspend by \$81.6 million and is not expected to meet the 90% achievement target for 2020. The forecast includes \$74.6M in budget reductions related to Covid-19 delays and deferrals.



Seattle City Light



2019 – 2024 STRATEGIC PLAN QUARTERLY REPORT

Second Quarter 2020

Customer Service



BU: Transformation & Cust Exp.

Executive Sponsor: Debra Smith

Director: Craig Smith

Report Date: Q2 2020

Strategic Initiative: Improving Customer Service

Objectives & Projects

Objective:

Upgrade customer service practices to meet evolving customer needs and expectations.

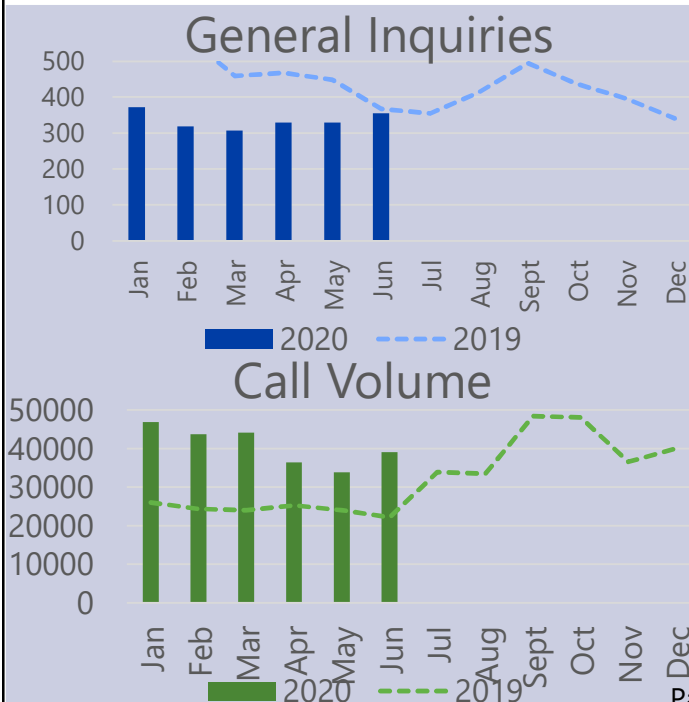
Projects:

- 1) Expansion of customer communication to social media, web chat, and mobile technology.
- 2) A full-service after-hours and weekend customer service team.
- 3) Increased options for customer self-service with an enhanced digital customer experience platform.
- 4) A Commercial Customer Service Center to better serve small to mid-size businesses

Accomplishments

- City Light and Seattle Public Utilities launched the new Customer Portal in late May. The web-based portal, accessible on any device, improves our customers' experience by allowing them to manage all account-related business needs online and in one place without the need for phone calls.
- "Stop and transfer" account functionality has been added to our customer facing website to better support our line employees with reliable, customer-supplied move in/out information and to permit retirement of our fax machine.
- AMI project has formally transitioned to implementation from planning and is being executed as part of the "Fusion" project with the CCB/MDM cloud transition effort.

Measures & Progress



Next Steps

- Q3**
- Initiate the Kubra Real Time Payment Processing project ("Kubra RT PP") with SPU and Seattle IT.
 - Robotic Process Automation (RPA) project will transition to implementation for customer service teams at both utilities.
 - Evaluate next steps for CIS Data warehouse project with SPU
 - Initial Customer Advocacy Team ("CAT") pilot staffing is complete, and materials are being translated into targeted languages.
- Q4**
- Customers of both SCL and SPU will be able to use their portal account to sign up for Payment plans. This provides an easy sign up options for customers impacted by COVID.

Affordability



Business Unit: Energy Innov & Res.

Executive Sponsor: Emeka Anyanwu

Director: Joy Liechty

Strategic Initiative: Evolving Energy Markets

Report Date: Q2 2020

Objectives & Projects

Objective:

Pursue new opportunities for cost savings or incremental revenue in wholesale market operations.

Project:

Join the Western Energy Imbalance Market (WEIM). This will allow City Light to more efficiently use our generation and transmission assets and monetize their intrinsic flexibility and environmental quality.

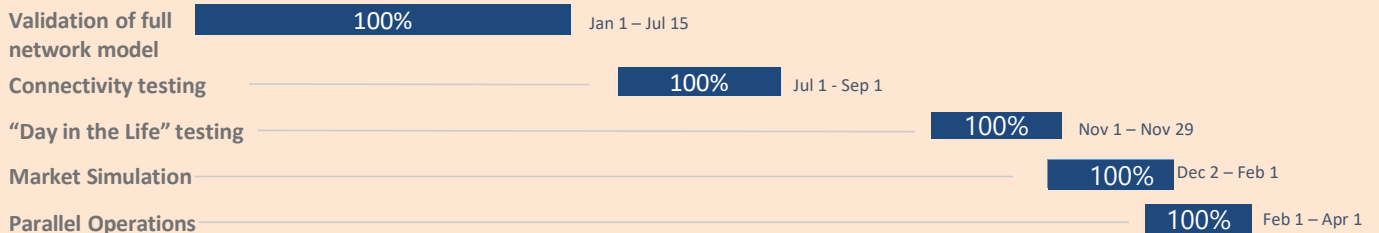
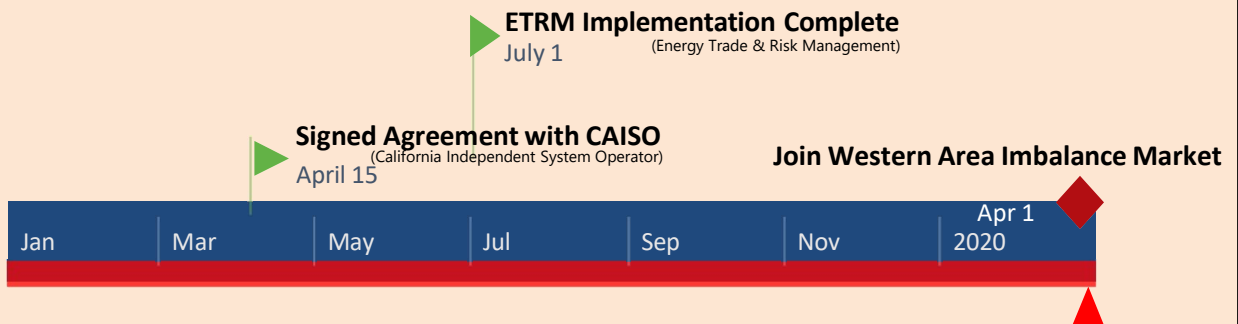
Accomplishments

Initiative is complete.

We joined the Western Energy Imbalance Market in Q1 on time and on budget, providing several benefits to City Light. These benefits include:

- Our flexible hydro can displace non-renewables, resulting in an overall carbon emission reduction
- The opportunity for additional revenues, enhanced system reliability with increased grid visibility and improved transmission planning and management all benefit customers.
- Employee growth and development, as well as improved operational coordination bring value to our core business

Progress



Affordability



Business Unit: Financial Services

Executive Sponsor: Kirsty Grainger

Director: Chris Ruffini

Report Date: Q2 2020

Strategic Initiative: Cost of Growth

Objectives & Projects

Objective:

Audit current fees and charges for customer-initiated construction services and amend policies and charges.

Projects:

Examine system expansion, customer connections and other capital expenditures driven by regional growth and customer needs for new capacity.

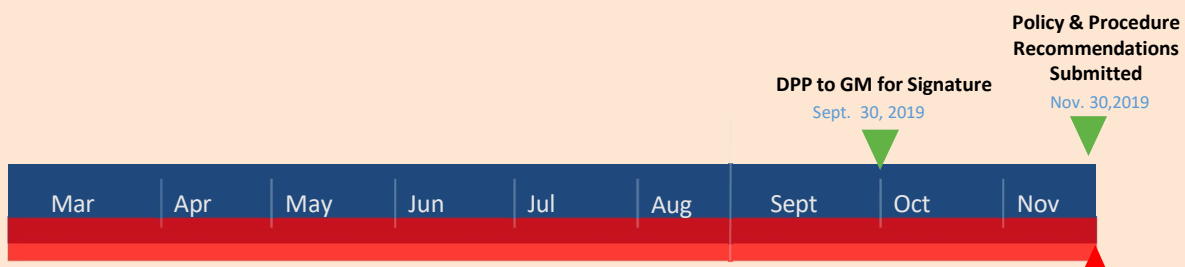
- Audit: Study fees and charges for customer-initiated construction services
- Policy recommendations: A review of new and amended policies that would dictate what components of system work are charged upfront, and what cost should be added to rates.

Accomplishments

Initiative is complete.

With policies updated and implemented, the Cost of Growth initiative is considered closed. Further efforts on policy changes to ensure costs are recouped have been redistributed to the Service to Bill Business Process Improvement and can be tracked there.

Progress



Draft changes to DPP 500 P III-417



Review/Edit DPP 500 P III- 417



Taskforce develop recs for policy changes



Implement process changes



Affordability



Business Unit: GM/CEO

Executive Sponsor: Debra Smith

Director: Jen Chan

Strategic Initiative: Business Process Improvement

Report Date: Q2 2020

Objectives & Projects

Objective:

Enhance service delivery and productivity through the implementation of a sustainable business process improvement (BPI) program.

Projects:

This initiative will deliver process improvement projects resulting in operational savings, improved customer experience and increased consistency in work processes across the utility. The 2020 Workplan consists of the following projects:

Accounts Payable/ Purchase to Pay: Two projects carried forward from 2019 to ↑ efficiency in vendor payment.

New Service to Bill: Two projects carried forward from 2019 to ↑ turnaround time for service connections and accuracy for electricity billings.

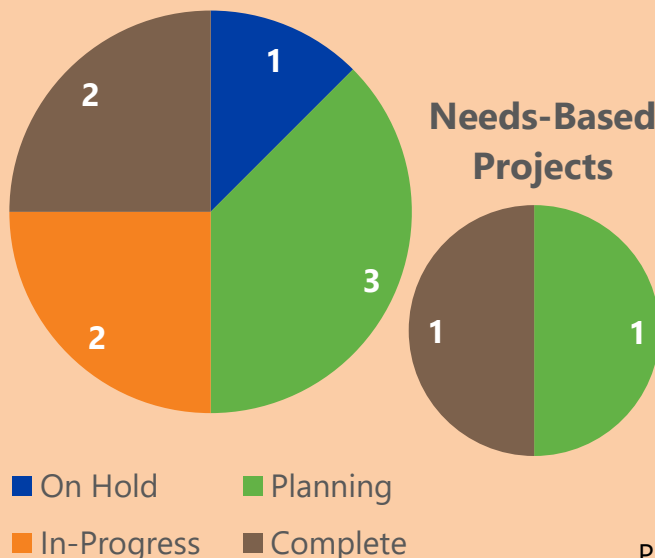
Needs-based: Payment Plan Process (Q2).

Accomplishments

- Finalized the New Service to Bill project workplan, which consists of three subprojects: Engineering Cost Estimation, Construction Readiness and Scheduling & Planning. All three subprojects are in the Planning stage.
- Two improvement projects were completed in Q2: (1) Accounts Payable Outlook Mailbox administration to enable faster vendor payment processing (2) Payment Plan Process Mapping to support providing customers with an improved process for establishing utility payment plans.
- Performed follow-ups on the eight improvement projects that were completed in 2019. Of the eight projects, three are showing sustained improvements. Five of the projects still require additional monitoring to ensure sustainability. The CI team is working with the associated business units to provide support, as necessary.

Measures & Progress

2020 Workplan



Project Highlights

New Service to Bill

Quick wins completed include:

- A new ESR locator tool helps the Contact Center find the correct ESR assigned to a geographic area. This makes locating an ESR 75% faster.
- Meter route and cycle are required to setup new customer accounts, and often they are provided inaccurately. New process ↑ accuracy by 93%.

Accounts Payable (AP)

Worked with AP Outlook Mailbox owners to correct organizational mailboxes used to receive electronic invoices. Conducted training on new AP processes. Credit card pilot concluded and in-progress of getting users' feedback.

Payment Plan Process Mapping

Validated and updated City Light's five Payment Plan and Payment Arrangement workflows to support process improvements.

Affordability



Business Unit: Financial Services

Executive Sponsor: Kirsty Grainger

Director: Chris Ruffini

Strategic Initiative: Revenue Recovery and Rates

Report Date: Q2 2020

Objectives & Projects

Objective:

Create new rate policies and structures that progressively respond to industry changes and challenges.

Project:

Updated rate policies could improve revenue stability, create new service options, and better target cost recovery, which would reduce the rate burden for some or all customers. City Light will study customer classification, special rates for premium services and metering options, and identify policy improvement opportunities.

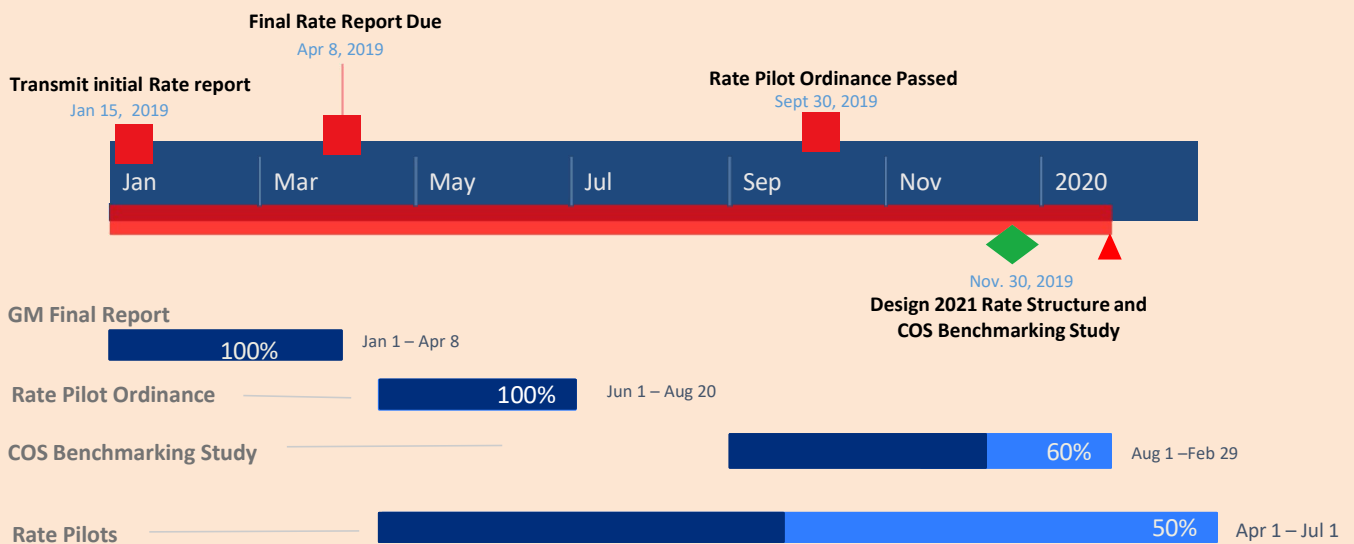
Accomplishments

The rollout of 3 of pilots has been postponed due to COVID-related impacts but we are still on track to launch 2 of the pilots in very near future

- **Energy Equity Pilot**
 - Launched in Q1 2020
- **Residential Time of Day**
 - Launching in September
- **Commercial Electrification**
 - Launching in September
- **Large Customer Demand Response**
 - TBD – re-evaluating scope and budget

To support customers during this challenging time City Light will not be changing rates in 2021 (pending budget adoption). Rate Design work will start in 2021 for 2022 rates.

Progress





Objectives & Projects

Objective:

Deliver innovative and forward-thinking programs that promote clean energy solutions.

Projects:

- 1) Expansion of whole building energy efficiency programs such as Pay for Performance (P4P) and Energy Efficiency as a Service (EEaS) to increase energy savings in commercial buildings.
- 2) Transportation Electrification (TE) - Install and operate electric vehicle charging stations and build partnerships to provide customers with increased access to carbon- neutral electricity.
- 3) City Light's Lighting Design Lab (LDL) will provide a broad offering of education, technical support and technology validation services to designers, buildings operators and contractors.
- 4) Large Solar: Provide customers a pathway to incorporate solar into their energy consumption mix.

Accomplishments

Transportation Electrification:

- Four TE project charters were developed by Utility Next Stimulus Task Force
- Utilization at public EV chargers was down 40% in Q2 compared to Q1

EEaS: (energy efficiency as a service)

- EEaS: The five applications received by City Light all passed the review process and will proceed to contracting.
- The applications propose an estimated 7M kWh in savings. M&V (Measurement & Verification) Vendor RFP is in process.

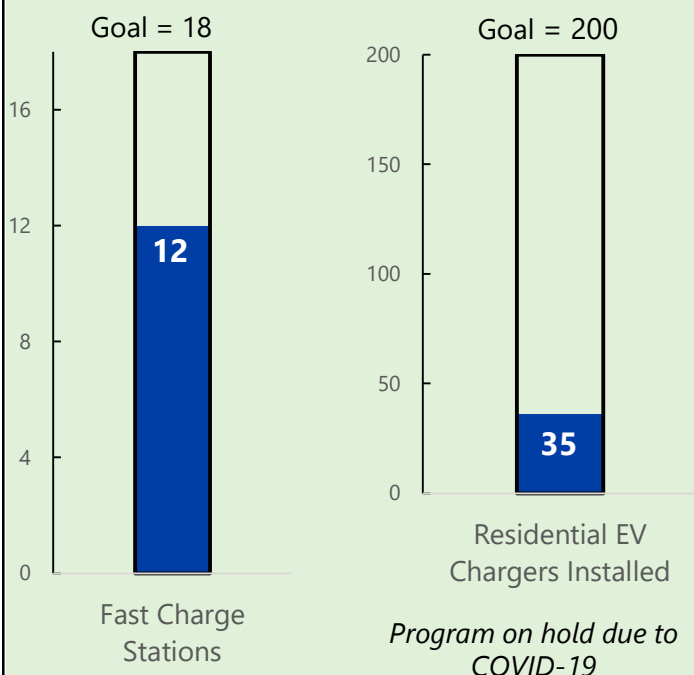
P4P (pay for performance)

- Continued interest is being shown by large customers. One application was rejected due to accuracy issues with AMI data.

Large Solar

- Stakeholder outreach meetings were held in May and are on track to deliver the required program evaluation report to City Council by August 31.

Measures & Progress



Next Steps



- Public EV Charging:** Complete Tukwila station w/ 4 DC fast chargers and 1 Level 2 charger. Planning for next round of stations
- TE:** Incorporate feedback from Mayor's Office into Transportation Electrification Strategic Investment Plan and present Plan for approval at Council mid-September.
- EEaS:** Contract with M&V Vendor and determine baselines for participants. Next solicitation round is being developed. Covid-19 is requiring additional review of existing program design.



- TE:** Following Council approval of Transportation Electrification Strategic Investment Plan, advance to Phase 2 of community & stakeholder engagement and further program design and implementation.

Clean Energy



Business Unit: Environmental Affairs

Executive Sponsor: Tom DeBoer

Director: W. Devereaux/C. Townsend

Strategic Initiative: Environmental Stewardship

Report Date: Q2 2020

Objectives & Projects

Objective:

Continue our industry leadership in improving the protection of the ecosystems in which we operate.

Projects:

- 1) Climate Adaptation (CA) - Enhance climate resilience within City Light
- 2) Habitat Protection (HP) – Protect fish and wildlife habitats through acquisition and restoration of important salmon and wildlife habitat.
- 3) Remove PCBs - (Tracking for this program will begin when the tracking software program is implemented by Seattle IT. Expected Q2 2020)
- 4) Environmental Equity (EE) - Continue to develop our environmental equity program to help ensure that we are engaging environmental justice communities

Accomplishments

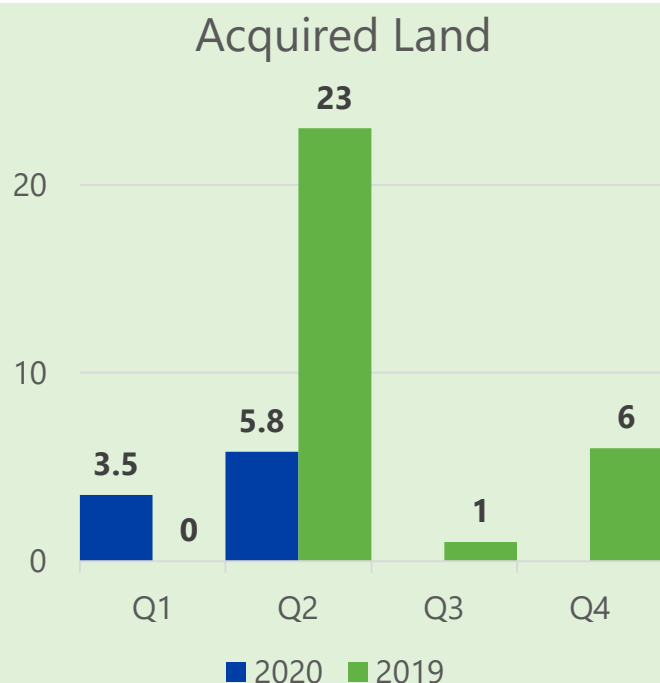
Environmental Equity:

- Due to COVID 19, the annual environmental equity trip to the North Cascades Environmental Learning Center is cancelled. An Environmental Equity Virtual Townhall is being planned.

Climate Adaptation:

- Negotiated new contract for long-term monitoring of adapted reforestation project at Stossel Creek with Mountains to Sound Greenway Trust.

Measures & Progress



Next Steps

Q3

CA: Continue updating Climate Change Vulnerability Assessment and Adaptation Plan.

EE: Electric vehicle community outreach has moved to virtual engagement through online video conferencing and is moving forward to present to council late in 2020/early 2021.

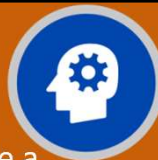
HP: Purchase salmon property; continue ongoing restoration on existing properties

Q4

CA: complete temperature modeling for SF Tolt Reservoir

HP: Purchase salmon property; continue ongoing restoration on existing properties

Core Business



Accomplishments: Quarter 2 2020

Invest in our infrastructure and workforce to provide a consistent level of service, reliability, and response.

Utility Operations & Engineering “Keep the lights on”

Preserve Hydroelectric Generation Assets

Many CIP activities were slowed in the 2nd quarter due to of the COVID 19 pandemic.

- Boundary Unit 51 – Design work continued during the stay-at-home period. A return to full service of the unit is planned for early 2021.
- Cedar Falls – The design-build contractor completed 30% design for the substation.
- Skagit Project – Design for several projects was completed in Q2. Projects starting in Q3 include: Gorge Unit 23 temperature monitor upgrade, Ross waterpipe and Diablo switchgear replacements.

Relicense Skagit

- Using telework technologies, City Light engaged in consultations with licensing parties to develop the FERC study plan required by the Integrated License Process. A number of field studies and data collection efforts will be conducted to address data gaps and management of ongoing resource issues at the Project.

Energy Innovation & Resources “The future is now”

Respond to a growing city

- The Accelerated Pole Replacement Program (PRP) is a utility-driven capital project that was established to address existing poles that while currently safe, are scheduled for replacement --- approximately 6,000 of a total 92,000 poles. As of mid-June 2020, 883 have been replaced. SCL is on track to replace our goal of 1,500 poles in 2020.

Enhance grid performance/grid modernization

- Developed a portfolio of projects to improve grid performance, integrate customer objectives and drivers and enable enhanced electric vehicle adoption.
- In the process of developing a phased approach for supporting key SCL objectives for the grid modernization road map, including system-wide improvements.

People & Culture “Enhance the employee experience”

Improve workplace culture

- Due to the Mayor’s COVID-19 hiring freeze, the hiring process for the Employee Experience Director has been placed on hold. The process will resume when the freeze is lifted.
- The 2019 Current Culture Employee Engagement action planning process has been restarted. Employees will have an opportunity to participate in planning.

Sustain high-performance workforce

- Due to the impact of COVID-19, the succession planning analysis for the Generation and Engineering division has been placed on hold.

Lead with safety

- In the second quarter, there was a 35% decrease from the past 5 years with 24 total OSHA recordable incidents.
- The number of preventable motor vehicle collisions decreased by 28% compared to the 5-year average of 21 down to 15 in the 2nd quarter.

Facilities & Oversight “Play good defense”

Ensure secure, resilient work environment

- In Q2 much of the focus was on pandemic response. Facilities’ teams are working to ensure that our facilities are safe for essential workers and those scheduled to return to the worksite. Efforts included the procurement and provision of safety materials such as mask and sanitizers as well as establishing guidelines for social distancing.

Comply with regulations

On June 12, 2020, City Light completed a successful Critical Infrastructure Protection / Cyber Security (CIP) compliance audit conducted by its regulator, WECC. WECC evaluated nine CIP Standards, 22 individual requirements. Although WECC found potential non-compliance for three requirements, it judged the instances as minimal risk. WECC was complimentary of City Light’s CIP Program, together with its commitment to a culture of compliance.

August 19, 2020

TO Deputy Mayor Sixkiller

FROM Debra Smith, GM/CEO
Jen Chan, Chief of Staff

SUBJECT Update and Workplan for Advanced Metering Infrastructure (AMI)

Purpose & Summary:

This memo provides the latest update on the Advanced Metering Infrastructure (AMI) Exchange & Installation Project that ended on January 31, 2020. While the CIP project concluded with nearly a 99% completion rate towards the 450,000 AMI exchange/installation target, there are approximately 27,068 remaining meters that still require exchange due to technical complexity and iterative customer follow-up. City Light had contracted with an outside vendor to exchange most of the AMI meters to date, however staff determined that the remaining meters are more complicated and would be better suited and more cost effective for City Light to finish out. Therefore, City Light will be launching an internal Non-AMI Exchange Workplan utilizing internal crews and staff that will be funded with anticipated budget savings from the prior AMI CIP project.

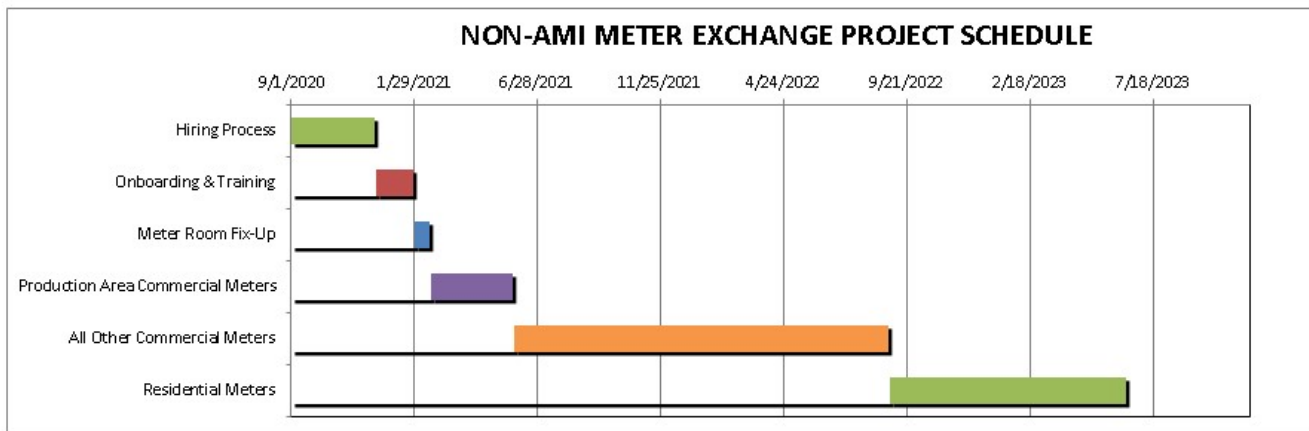
Background:

Advanced meters provide two-way communication between the meter and the utility providing many benefits and efficiencies to both customers and the utility. Based on initial planning estimates, City Light contracted with an outside vendor, Aclara to install approximately 432,000 meters that were in addition to other meter exchanges led by City Light crews. However, planning adjustments were made once the teams developed more field knowledge and experience resulting in Aclara installing fewer meters and internal staff installing more. Upon conclusion of the CIP project, Aclara's 407,000 AMI meter installations combined with nearly 40,000 installed by City Light's Technical Metering crews helped the utility deliver 99% of its overall 450,00 meter exchange target.

Now that Aclara's vendor contract has expired, the AMI exchange/installation project is expected to close with approximately \$10.1 million in capital budget underspend that will be used to support remaining non-AMI meter exchanges by City Light staff. In addition to utilizing existing crews, a new dedicated transition team of 10.5 FTEs will focus exclusively on customer preparations and communications, as well as managing and prioritizing work pipeline to support efficient crew planning. Recognizing current budget and hiring challenges, the plan is to secure as many as half of the new dedicated 10.5 FTE team using internal out-of-class assignments or repurposing existing staff; and will fill remaining staff needs via long-term temporary assignments (TLTs).

While the goal will be to exchange out as many meters to AMI as possible, City Light recognizes there will be a limited number of customers where an exchange may not be desired nor practical. For example, in addition to formal AMI opt-out participants, other customers have expressed interest in potentially opting-out, have requested more follow-up information on AMI meters, and/or have refused to provide safe property access to the meter to facilitate an exchange. Other exchange situations may require further investigation of the customer’s electrical services to determine whether a service upgrade is required beforehand, which could be a significant financial investment that the customer would be responsible for first. Therefore, based on an initial work planning analysis, staff have identified that as many as 60-70% of the remaining 27,068 meters can be exchanged over the course of 3 years between September 2020 – July 2023.

PROPOSED TIMELINE



Given the anticipated \$10.1 million project savings from the prior AMI CIP project, there should be sufficient budget to cover remaining meter exchange costs listed below, as well as likely overtime costs depending on timing and volume of crew work management.

PROPOSED COST ESTIMATES

Fully Loaded Labor Costs for dedicated 10.5 FTEs (does not include crews)		\$ 5,698,766
NON-LABOR COSTS		
AMI meter purchases	5,915 meters to ultimately exchange remaining 27K non-AMI meters	\$ 945,138
Cellphone service	\$50/month x 10.5 staff	\$ 17,325
Tablet purchases	\$2000/one-time cost per staff	\$ 22,000
SCL repairs	Avg \$6000/job x 150 jobs	\$ 900,000
Subtotal Non-Labor		\$ 1,884,463
TOTAL ESTIMATED PROJECT COST (LABOR + NON-LABOR)		\$ 7,583,229*

*Crew overtime is difficult to estimate at this time and is not included in initial cost estimates above.

Recommendation/Options/Next Steps (Timeline):

Next steps for launching SCL's internal Non-AMI Meter Exchange Workplan include:

- Submit hiring documentation for approval to City Light and to City Budget Office by September 1, 2020 to begin securing dedicated 10.5 FTE team resources.
- City Light is in the process of reviewing and updating its meter reading fees to account for the cost of ongoing manual readings over time and to encourage more customers to convert to an AMI meter. Note - customers who qualify for UDP will have the 60% discount applied to meter reading fees.
- Once internal Non-AMI Meter Exchange Project begins in earnest in 2021, establish quarterly progress updates regarding exchange rates and budget spend.
- Continue to refine and implement existing meter reader staffing plan based on non-AMI Meter exchange progress.

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