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Agenda



CITY LIGHT REVIEW PANEL MEETING

Tuesday, March 24, 2020

11:30 AM – 1:00 PM

Conference Room #3205 Seattle Municipal Tower

Proposed Agenda

- | <u>Item</u> | <u>Lead</u> |
|--|----------------------------|
| 1. Welcome, Introductions (<i>5 min.</i>) | Gail Labanara, Panel Chair |
| 2. Public Comment | |
| 3. Standing Items: (<i>25 min.</i>) | |
| a. Review of agenda (Karen) | |
| b. Action: Review and approval of meeting minutes of Feb 25 th | |
| c. Chair's Report (Gail) | |
| d. Communications to Panel (Leigh Barreca) | |
| e. General Manager's Report (Debra Smith) | |
| i. City Light/City of Seattle response to COVID-19 | |
| 4. 2021 – 2026 Strategic Plan (<i>60 min.</i>) | Leigh/Kirsty Grainger |
| a. Updated revenue requirement and rate path | |
| i. Potential impacts/adjustments | |
| b. Draft plan | |
| i. How plan may be impacted by COVID-19 and input from Review Panel regarding potential timing prioritizations | |
| ii. Strategic Initiatives | |
| 1. Is anything missing? | |
| 2. Additional information requested | |
| 5. Next steps and requested actions for Review Panel (<i>30 min.</i>) | Group Discussion |
| a. Reconfirm timeline for completing Strategic Plan deliverables to Mayor's Office and City Council | |
| b. Suspension of Strategic Plan outreach during COVID-19 | |
| c. Accompanying Review Panel letter | |
| d. Review Panel meeting schedule through June | |
| 6. Adjourn | |

Meeting Minutes



**City Light Review Panel Meeting
Meeting Minutes**

Date of Meeting: February 25, 2020 | 11:00AM – 2:00PM | SMT3205 “Draft”

MEETING ATTENDANCE					
Panel Members:					
Names		Name		Name	
Gail Labanara	√	John Putz		Mikel Hansen	√
Sara Patton	√	Patrick Jablonski	√	Leon Garnett	√
Thomas Buchanan	√	Chris Mefford			
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	
Gregory Shiring	√	Carsten Croff	√	Leigh Barreca	√
Eric McConaghy	√	Alex Pedersen		Kathryn Aisenberg	√
Craig Smith	√	Michelle Vargo		Angela Bertrand	√
Kathleen Wingers	√				

Welcome\Introductions. Gail Labanara, Panel Chair, called the meeting to order at 11:07 AM. A round of introductions followed.

Public Comment. There was no public comment.

Review of Agenda Karen Reed, Panel Facilitator, reviewed the agenda.

Approval of Meeting Minutes. There were two corrections to the meeting summary: typo on p 2 and clarification on. p. 3 that the rental car facility at SeaTac is in City Light’s service territory. As amended, the meeting summary was approved unanimously.

Chairs Report. Gail Labanara reported that she and Debra had received an email from Councilmember Pederson sharing his support for controlling growth in the rate path; Debra has responded to this; CM Pedersen responded to her and we will get all this correspondence to the Panel as soon as Debra has responded to the latest email from CM Pedersen.

Communications to Panel. There were no communications to the Panel.

SCL in the News/Updates. Leigh Barreca shared that Julie Moore will come and report later in the meeting.

Updates to the Roadmap. Carsten Croff noted there are no significant updates to the roadmap. The next Panel meeting will include a report on the Cost of Service Study, an updated rate path and report-out on the pilots. Kirsty Grainger noted that staff are still updating the rate path,



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particularly the capital improvement program assumptions. Projects are being chosen for deferral to fund the light pole replacements. The Utility will be participating in two public meetings with partners later this week and will be sharing an updated rate path with them. At the next Panel meeting, a further refined version of that rate path will be shared with the Panel.

General Managers/CEO's Report. Debra is unable to attend today's meeting. Mike Haynes, Chief Operating Officer, shared brief summary on the street lighting/copper theft update provided to the Mayor's office, that Electric Vehicle (EV) Charging is moving forward and is a priority for the electrification strategy and that the Transportation Electrification legislation has been submitted.

Strategic Plan Outline Review. Leigh introduced Vanessa Lund, with the firm of Cocker Fennessy. Vanessa wrote the first SCL Strategic plan back in 2012 and will be writing the plan again this year, as well as SPU's updated plan. Vanessa reviewed a one-page outline of the proposed content, sections and page length of the strategic plan. Discussion points included:

- Will initiatives be included in any detail in the plan? A: Not in detail however initiatives and their component will be included.
- Will you provide links to more detail on each initiative? A: This is an interesting idea
- Will there be a link to SCL metrics? A: yes.
- Are the priorities going to be prioritized? A: No. We are thinking about how to display them in a way to not suggest prioritization.
- Do the priorities cover everything SCL does? A: Things that don't clearly fit elsewhere are in "keeping the lights on"
- SCL has moved away from initiatives and dollars being in the strategic plan
- I like the rewording of the five priorities.
- When is the draft report available to the Panel? A: 2nd meeting in March is the target.

Operational Metrics Report, Q1, 2020. Angela Bertrand presented. This is a new format replacing the old metrics. Discussion points included:

- Do you track how much money is owed by customers in arrears? A: yes. The number has grown a lot in the last 2 years when we were not cutting off service. The Utility does not shut off customers in winter. The number is now declining. Some debt is really old and may not be resolved. The City Council is sensitive to collection policies.
- The report is hard to read. It's cryptic. Too much inside baseball, acronyms, unexplained color choices in text. A: It is an internally focused document.
- Cost savings metrics are not shown. A: There were none; SCL just took cuts.
- There is no O&M cost data. A: That comes in Kirsty's quarterly reports.
- Are there targets on service reliability that could be reported? A: Yes, but they are on a monthly rolling average and this is a static monthly report. We are looking at how to deal with this.

Jen Chan shared that this report is part of an iterative process. It is a beginning. The Utility is building more benchmarks. This is not yet a public facing document.



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Kirsty Grainger noted that historically, the Utility has just issued externally focused reports; staff are excited to have internal metrics to consider.

The staff will continue to work on this report and bring it back quarterly, hopefully with a narrative. We will schedule a time in a later meeting (after delivery of the strategic plan) to consider with the Panel what types of things a general audience would find most helpful.

2021-2026 Strategic Plan Proposed Initiatives. Leigh introduced the topic, noting that this is an introduction to the proposed scope of 12 initiatives the Utility will be proposing as part of the Strategic Plan. The next step will be for each sponsor to complete a template providing more detail on each initiative, including outcomes, milestones, risks, etc. Initiatives were presented by each of the initiative sponsors. The topics and discussion points are noted below:

Grid Modernization to enable and accelerate electrification. Emeka Anyanwu, Energy Innovation & Resources Officer presented.

- Q: What does this actually look like? A: updating some of the physical infrastructure and software.
- Q: Is this the front end of a major expense item? A: Over time we will be updating pieces of the system.

Regional Leadership and collaboration. Emeka Anyanwu presented. It is important to engage regionally as electrification rules and policies are being put into place.

Utility Technology and Technology Operations Roadmap. Jim Baggs, Facilities & Oversight Services Officer, presented. The Utility is moving some systems back under department control, out of the City's central IT department.

- The Panel supported SCL keeping its critical IT systems in the past.

Enhance Cyber Security Capabilities and Oversight. Jim Baggs.

- Comment: For me, this is the most critical initiative on the list.
- Cyber security is the prerequisite to grid modernization.

Continuous Improvement. Jen Chan, Chief of Staff, presented. This is about people, process and systems. Standardization, automation, transitions between silos. Examples of areas of focus include the service to bill process and accounts payable.

Change Management. Jen Chan presented. This is more of the "how" we will accommodate change. General discussion points:

- City Light seems to have been doing this forever. Perhaps just identify and accomplish one project?
- The customer roadmap will help.

Future of work. DaVonna Johnson, People & Culture Officer, presented. The goal of is this initiative is to align City Light's workforce strategies with our technical and operational strategies. The labor



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market in Seattle is very tight. We want City Light to become the employer of choice for job seekers.

Customer Experience Roadmap. Craig Smith, Director, presented. This is about research on customer preferences and designing products and services to meet customer desires.

Expand Customer Program Options. Craig Smith Presented. This is where the Energy Efficiency as a Service program (EEas) fits in.

- Q: I'm concerned about how well the AMI roll-out will go. A: this is a big opportunity for us to succeed. AMI is responsive to customer desires.
- Q: Are there metrics for this initiative? It seems really broad. A: JD Powers ratings are one.
- Coalition working on EEas is very happy with the work SCL is doing on this issue.

Right-size capital program. Kirsty Grainger, Chief Financial Officer, presented.

- Q: Do you have the software you need to do the asset management you are talking about here? A: Yes. The current asset management system is being upgraded.
- Q: Any major CIP projects anticipated due to public works projects by other departments or agencies? A: Yes, Sound Transit 3 is one.

Rate Path at or below inflation. Kirsty Grainger presented. Long-term cost management work is in this initiative.

- Phrasing of "containing labor costs" can be politically problematic
- This seems really broad and not specific. Q: How much more specific targets will we see; will we see Key Performance Indicators? A: The real KPI is the budget.

Pricing Services for the Future. Kirsty Grainger presented. This is where the specifics of rate design implementation fall. General discussion points:

- Unclear how these initiatives will have concrete performance targets. These are overall very high level. What are the receivables or deliverables for each?
- It seems like the Utility is reluctant to commit to specific outcomes. Response: We will have some metrics and performance indicators. This is helpful feedback.

There being no further business, the meeting was adjourned at 1:30 P.M.

Draft Strategic Plan

DRAFT 2.5: ALL COPY

3-18-20

COVER

Seattle City Light: 2021-2026 Strategic Plan

Building the Utility of the Future

3-18-2020

[logo]

INSIDE FRONT COVER:

About Seattle City Light

Seattle City Light, a department of the City of Seattle, is one of the nation's largest publicly owned utilities in terms of the number of customers served. Our customers include the cities of Seattle, Shoreline, Burien, Lake Forest Park and portions of Normandy Park, Tukwila, Renton, SeaTac and unincorporated King County.

Elected leaders of the City of Seattle govern City Light and we are funded by customer revenue, not taxes.

A recognized national leader in energy efficiency and environmental stewardship, Seattle City Light provides low-cost, reliable and environmentally responsible electric power. Over half of our customers' electric needs are met from hydropower dams owned and operated by Seattle City Light; most of the remaining power needs are met by hydropower purchased from the Bonneville Power Administration and investments in renewable and conservation resources. We are proud to offer residential customers some of the lowest electricity rates in the nation.

SEATTLE CITY LIGHT: BY THE NUMBERS

Service Area Population: 906,595

Service Area Size: 131.31 sq. mi.

Residential Customers: 410,650

Non-Residential Customers: 50,846

Personnel (full-time equivalent positions): 1,802

Major Substations: 16

Commercial and Industrial Power Transformers: 56

Distribution Circuit Miles: 2,334.6

Network Distribution Circuit Miles: 309

Meters: 461,496

Source: 2018 Fingertip Facts

PAGE 1:

[INSERT MESSAGE FROM DEBRA: The **Power** of Our Plan]

Commented [VL1]: We may use the POWER Seattle branding here.

Copy is forthcoming. It will likely address current events/COVID response, factors driving change for the utility and provide an overview of the planning process. It will also reinforce the utility's commitment to customers and community.

Debra
Debra Smith
General Manager & CEO

[INCLUDE POTENTIAL CALL OUT ABOUT COVID/UTILITY BILL RELIEF?]

[PAGE 2]

Mission: Seattle City Light is committed to providing our customer-owners with affordable, reliable and environmentally responsible electricity services.

Vision: To connect Seattle to our shared energy future by partnering with our customers and ensuring that their energy needs are met, in whatever way they chose.

Values:

- **Safe & Engaged Employees:** Employee and public safety come first, and we will actively demonstrate that commitment to everyone around us. We treat each other with caring and respect, are personally accountable, and work effectively in teams.
- **A Customer-Centric Culture:** We value our customer-owners. We are approachable, respectful and responsive in providing the products and services that our customers want and need.
- **Financial and System Stability:** Everything we do is based on a strong financial foundation and solid, reliable infrastructure; we prioritize our investments and operating choices to that end.
- **Community Connections:** We are a community-owned utility and we will stay visible and actively involved in the communities we serve. We prioritize social justice and the equitable provision of service to all.
- **Environmental Stewardship:** We care about the environment and we will enhance, protect and preserve it.
- **Operational Excellence & Innovation:** We strive for excellence every day, and we are forward-focused, seeking new and innovative solutions to the challenges of today and tomorrow.

PAGE 3 & 4: Building Successful Momentum

These last years have been marked by important accomplishments in customer service, affordability, and clean energy. As we move forward into the next six years, that momentum is driving us forward in being customer-focused, reliable, affordable and environmentally responsible.

Installed Electric Vehicle Fast Chargers

The City of Seattle has set an ambitious goal: By 2030, 30 percent of all personal vehicles will be electric. This means City Light needs to make sure people have access to clean power for transportation.

In the last two years, City Light opened eight new public electric vehicle (EV) fast chargers at three sites (North Beacon Hill, Magnuson Park and the utility's South Service Center in SODO.) These EV fast chargers use time-of-day charging fees, are located in both right-of-way and parking lots, and attract different types of users. These chargers give fueling choices to drivers and usage data to the utility, which informs program plans.

In 2020, City Light plans to install another 18 EV fast chargers. Sites include 23rd Ave & East Madison Street, West Seattle, Tukwila, Burien, Shoreline. We seek out locations that serve environmental justice communities, and then we engage with neighbors and stakeholders to collect feedback and address concerns. Every stage in the expansion guides our future investments and helps us contribute to the community.

Planned for Our Carbon-Neutral Transportation Future

City Light's Transportation Electrification Strategic Investment Plan 2020-2023 outlines how City Light will achieve our vision of an equitable and electrified transportation system that maximizes electricity grid, community and environmental benefits. The plan describes how the utility builds on data-driven analysis, values and relationships with other parts of the City of Seattle, franchise cities, community groups and partner agencies to enable transportation electrification.

Tapped into the Power of Smart Meters

Advanced meters are an essential building block in an efficient electric system. Radio and cellular technology send real-time usage data to our system, enabling us to speed up service restoration, avoid overloading, improve customer service and plan for the future. The real-time data makes billing more accurate, eliminates delays and reduces the need to estimate bills. Plus, customers gain access to information that helps them save money and reduces their environmental impact.

Measurably Improved Workplace Safety

City Light continued investments to build a safer work environment and reduce injury frequency and severity. New systems and programs to prevent injuries and engage employees have rooted our

corporate culture in safety awareness. There has been a strong focus on communication and outreach as well as the implementation of a safety management system to increase the visibility of injuries and encourage operational improvements. In the 10 years prior to the implementation of the safe work environment strategic initiative, the average number of recordable injuries was 145. In 2019, the number of recordable injuries dropped to 59, a 59 percent decrease.

Explored opportunities for new pricing options

For many years, City Light's electricity rates have been based on customer type (residential or business), size, season and volume of energy use. But as more of our lives are powered by electricity, new rate designs will help better manage resources and avoid the need for expensive new infrastructure.

In 2019, the utility began four pilot projects to explore how our pricing system could better respond to customer needs while meeting our financial sustainability goals. These pilots (continuing in 2020) were designed using feedback from extensive research and public engagement. Each pilot focuses on a different pricing model:

- 'Energy equity' provides discounted rates, personalized energy efficiency services and payment management options for low-income, high-energy use consumers.
- 'Residential time-of-day' uses advanced meter data to vary rates based on time-of-day, giving customers the ability to better manage costs and incentivizing conservation.
- 'Demand response' focuses on our largest industrial customers and provides incentives to decrease energy use during peak periods.
- 'Commercial electrification' incentivizes non-residential customers to charge electric vehicles during off-peak periods.

The pilots are helping us understand how customers manage their energy costs and how we can improve efficiency. While the pilot programs are intentionally small and focused, the lessons learned will be applied across the utility and will help us build an energy system that better meets customer needs, is good for the environment and provides financial stability for ongoing service.

Made customer service more personal and convenient

We pride ourselves on continually improving our service to customers. As customer expectations and technologies change, so must our business practices. We've transformed key customer services in the last year, including: improving our online payment system for mobile use, launching a Business Customer Service Center pilot program, and developing an online customer portal with improved account management tools and the ability to see and respond to real-time usage data.

Invested in critical infrastructure and assets

We continued to make strategic, reliability-enhancing investments in our transmission and distribution systems. Recent investments included: undergrounding facilities along the Seattle waterfront, adding

capacity for light rail and accelerating wooden utility pole replacements. We also improved hydroelectric generation with improvements in dam safety, outage management, and long-term planning.

Joined the Western Energy Imbalance Market

City Light recently joined the Western Energy Imbalance Market (WEIM). This advanced market system automatically finds low-cost energy to serve real-time consumer demand across the west. WEIM enhances grid reliability and generates cost savings for participating utilities. In addition to providing economic advantages, the market improves the integration of renewable energy, which leads to a cleaner, greener grid.

[PAGE 5]

The Strategic Plan uses performance metrics to track progress and provide insights that allow us to refine our work. Overall, we're making good progress, but there's more work to be done. Here are a few examples of how our work benefits the utility, customers and the community:

2021-2026 Strategic Plan Metrics

Category	2014	2015	2016	2017	2018	2019 Target	2019
RELIABILITY							
Outage Duration: SAIDI*	69.7	62.3	61.0	64.5	58.3	<= 70.0	71.9
Outage Frequency: SAIFI**	0.9	0.5	0.5	0.4	0.5	<= 1.0	0.5
Generator Availability	83.7%	82.0%	83.8%	81.5%	89.1%	82.3%	84.1%
Miles of Line Trimmed	587	572	553	417	373	420	408
CLEAN ENERGY							
Energy Efficiency Incremental Average Megawatts (aMW)	16.0	15.8	14.0	15.4	14.4	12.3	13.0
SOCIAL JUSTICE							
Utility Discount Program participants	16,941	20,229	28,000	33,000	31,924	34,000	34,028
Purchases from Women and Minority Business Enterprise (in millions)	\$14.6	\$17.7	\$15.2	\$14.0	\$11.5	\$14.5	\$13.0
FINANCE							
Debt Service Coverage	1.86	1.62	1.69	1.85	1.83	1.80	2.07***

* SAIDI (in minutes) – System Average Interruption Duration Index

** SAIFI (in events) – System Average Interruption Frequency Index

*** Preliminary, unaudited number

Pages 6 & 7: About the Plan

Planning matters. Plans explain where you're coming from, where you're going to and how you'll stay the course. The world changes fast, and so does the electricity service business. What doesn't change however, is our community's need for stable and affordable power.

To stay nimble and prepare for future uncertainties, Seattle City Light uses innovative planning tools to anticipate big changes in the delivery of electricity services. This helps the utility and the public prepare for tomorrow.

A strategic plan should never be a 'set it and forget it' report. It's dynamic document that will be updated to reflect changes in our community, the industry and the world. Most importantly, it's a framework to guide decision making and help marshal resources.

Potential graphic treatment of scenarios:

1. *Attack! Cyber security, grid resiliency, load loss, cost increases, etc.*
2. *I'm Melting. Climate change, electrification, heat conversion, cost increases, increase population*
3. *Poverty. Increased in impoverished customers, electric vehicle saturation, poor economy, increased unemployment*

SIDEBAR: Seattle City Light Strategic Plan 101:

- What? A path for making informed decisions to meet current and future needs of Seattle City Light and its customers.
- Who? Seattle City Light's executive team leads the planning effort with input from the Seattle City Light Review Panel, City of Seattle policymakers, community members, business representatives, customers, employees and other stakeholders.
- Why? New technologies, climate change, change in consumer needs and a generational wave of retirements are just a few of the disruptive forces creating major challenges for our industry.

We heard from you:

Seattle City Light is committed to hearing from customers and the community and use these insights to inform both our strategic planning and our daily work. Here are a few ways we reach out:

- Community, business and franchise city 'preview' presentations
- Employee outreach (news, meetings and forums)
- Translation and distribution of materials into x languages
- Media outreach (traditional, social and ethnic media)
- Targeted outreach, including:
 - Strategic scenario planning think tank
 - Rate design stakeholder sessions and focus groups
 - EV charging pilot program research
 - Customer experience roadmap task force
 - Customer portal user experience testing
 - Employee engagement survey
 - Transportation electrification planning stakeholder engagement

Commented [VL2]: This is a placeholder for now. Will have updated info April 1.

City Light Review Panel

The City Light Review Panel provides advice and recommendations to the Mayor and City Council on the utility's strategic plan and rates. The panel includes representatives from private, public and nonprofit sectors, utility experts, business leaders and community representatives. The panel met with City Light leaders regularly and provided valuable input that shaped this effort.

Thomas Buchanan, Residential Customer Representative

Leon Garnett, Low-Income Customer Representative

Mikel Hansen, Commercial Customer Representative

Patrick Jablonski, Industrial Customer Representative

Gail Labanara (Chair), Suburban Franchise Representative

Chris Mefford, Economist

Sara Patton, Non-Profit Energy Efficiency Representative

John Putz, At-Large Customer Representative

PAGES 8&9: Strategy & Priorities

Overview (with strong graphic treatment) to show overarching strategy and the connection between priorities and initiatives.

PRIORITIES	OBJECTIVES	GOALS	MEASURES	INITIATIVES
Strategic issues deemed highly important to City Light’s future success	What we hope to achieve and why it matters	What we expect to accomplish in the 2021-2026 time period	Numeric benchmarks we’ll use to track progress	Strategic projects that will help us accomplish our goals

Our Priorities:

1. **Ensure Future Financial Stewardship & Affordability**—City Light is committed to stable and affordable rates for our customer-owners, including vulnerable populations. This includes developing a stable and predictable approach to setting rates over time.
2. **Create Our Energy Future**—Seattle has a long tradition of clean energy, and our energy future depends on electrification and technology. This means we must build and maintain resilient infrastructure, plan for small-scale generation and storage, and increase customer options.
3. **Focus on Customer Experience**—Strong relationships with customers have always been central to our work, and we’re excited to do more to individualize the customer experience.
4. **Cultivate a Culture of Change**—The energy industry is changing quickly, and our employees need to be prepared and empowered to act. This will require us to be nimble and accountable while delivering high-quality services.
5. **Keep the Lights On**—City Light’s business operations must always support our mission and vision. This means we must invest in our infrastructure, workforce and environment to provide consistent service, reliability and response.

[PAGE 10]

Priority 1: Ensure Financial Health & Affordability

[In this section, objectives and goals may be a sidebar or have a graphic treatment to set apart from the narrative]

Objective:

- Increase our financial stability and position the utility to provide affordable rates to all our customers

Goals:

- Stable and affordable rates for all, including the most vulnerable
- Financial flexibility and resiliency

Financial stability isn't glamorous, but it's essential to everything we do. A stable financial picture makes it possible to develop innovative energy solutions, plan for critical investments and keep our rates affordable.

Some of this work happens out of the public's eye, with long-term debt plans and improved budget monitoring. But when we make progress in these areas, our customers get more choices and stable and affordable prices.

Initiative Highlights:

- Develop a rate path that is at or below inflation: Rates need to keep up with costs in order to keep the lights on, but City Light is committed to keeping rates at or below inflation. To ensure affordability, the utility is holding down long-term costs, better managing labor costs and improving financial tracking.
- Right-size the capital program: Capital investments to maintain or improve our electricity infrastructure assets are costly relative to other investments. This initiative reduces the size of the capital program, strengthens project management standards and improves capital cost control systems.
- Price services for the future: Seattle is physically evolving to encourage smart, green energy. Transit-oriented development and green buildings are just two examples of reducing our dependence on fossil fuels. Our rate structure needs to evolve, too. This initiative will establish new rate structures to encourage decarbonization and increase affordability.

Priority 2: Create Our Energy Future

Objective	<ul style="list-style-type: none">• Build and maintain a resilient electric infrastructure that is ready for the clean-energy future of electrification, distributed energy resources, and increased customer choice
Goals	<ul style="list-style-type: none">• Build a reliable and resilient grid• Increase grid flexibility to support changing electric demand• Secure cyber and physical assets• Lead through regional partnerships and collaboration

Electricity based on renewable resources is our energy future, but moving away from fossil fuels is a challenge. New infrastructure will be needed to ensure electricity can be accessed wherever people need it. Similarly, customers will need more options for accessing and paying for electricity.

Our energy future also includes serious and evolving threats. Our city and society rely on electrical infrastructure to function. Plus, the infrastructure we provide enables other critical systems like finances, communications, transportation, water and sewers. This makes us a top target for attack. We must be vigilant in continually tracking risks, addressing vulnerabilities and securing our assets.

We can't build a successful energy future on our own. We must collaborate and build partnerships to learn, grow and create change. It will take bold leadership and radical collaboration to move away from fossil fuels.

Initiative Highlights:

- **Grid Modernization in Support of Electrification:** Greater use of clean-energy electricity means we need a stronger, smarter grid to handle the increased use. This plan will help us wisely choose electrification modernization investments.
- **Information Technology, Operational Technology and Cyber Security Roadmap:** With more people and businesses dependent on electricity, we need strong, smart and secure technology systems to keep everything running.
- **Regional Leadership and Collaboration:** Ending the use of fossil fuels in our region requires working with others to provide the best possible alternatives. We must step up to the leadership role to ensure the capacity and availability of carbon-free generation resources. And we will make the most of our hydroresources to reach our decarbonization goals.

POTENTIAL SIDEBAR:

[Executive Order 2020-01: Advancing a Green New Deal for Seattle](#)

In 2020, Mayor Durkan directed City departments to advance a Green New Deal for Seattle, work collaboratively and boldly to eliminate climate pollution, prioritize climate justice, and invest in an equitable transition to a clean energy economy. City Light is working with City leadership, departments and the community to advance these goals.

Priority 3: Focus on Customers

Objective

- Build strong relationships with our customer-owners and provide personalized customer experiences that respond to individualized needs and preferences

Goals

- Focus SCL culture on customer engagement
- Build lasting customer relationships
- Individualize the customer experience through expanded programs

We provide clean energy solutions to our customers so they can live their best lives. The energy industry is evolving, and with it, customers will benefit from a more customized experience.

Seattle City Light has always kept the customer at the heart of our work, but there is more to be done. We are focusing our entire culture on customer engagement, so every staff person knows how they can make an impact. We're also working to build lasting customer relationships and provide a better experience through expanded programs.

As a result of this work, customers will have the tools they need to make smart energy choices that help them and the planet.

Initiative Highlights:

- Customer Experience Roadmap: We'll use customer research to better understand and respond to customers' needs and expectations. We'll also use this information to educate employees and shift our culture to be more customer centric.
- Expand Customer Program Options: Using customer research, we will develop programs that provide highly personalized services. This will include bringing the business customer service center pilot to scale, launching an all-electric new construction pilot, expanding energy efficiency programs and expanding public and residential home charging pilots.

Priority 4: Cultivate a Culture of Change

Objective

- Prepare for changing industry needs by empowering employees, refining our processes, and continually seeking operational excellence

Goals

- Increase workforce optimization
- Ensure our processes are nimble in the face of an undefined future

Our industry is transforming quickly, and so are our customers' needs. This is no time for our service evolution to be stuck. Seattle City Light employees are essential to our progress, which is why we will continue to refine work processes and develop their skills by investing in training and mentoring. We'll also plan for generational turnover of staff, and how to best hire, prepare, promote and retain the workforce of the future.

Investing in our people and processes will pay off for customers through increased accountability, new efficiencies, better service and green energy.

Initiative Highlights:

- **Change management:** We are living through major transformations of the energy industry and the way we work. It's imperative that we invest in our workforce, so they can manage change, build skills, adapt to new technologies, work smarter, and become even more customer focused.
- **Future of Work:** To be prepared for the future we must anticipate new staffing requirements, prepare for the retirements of our most experienced employees and better deliver and share data. This initiative will better position the utility to recruit employees, address retirements and build institutional knowledge.
- **Nimble Processes:** Being nimble means being able to quickly respond to new ideas and challenges. It requires breaking down barriers and abandoning old ways of doing business that no longer work. Through this initiative we will streamline the way we do our work and we'll fix things faster.

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Priority 5: Keep the Lights On

Objective

- Improve and align business operations in support of Seattle City Light’s mission and vision

Goals

- Attract and retain a core workforce
- Always be safe (employee safety, public safety and environmental safety)
- Optimize transmission and distribution infrastructure
- Improve reliability and ensure capacity to serve our growing city
- Preserve hydroelectric generation assets

To continue delivering affordable, reliable and environmentally responsible electricity services, we must constantly improve our business operations.

Initiative Highlights:

- A great workforce is necessary to keep the lights on. We already have the best people in the business, but we can’t take them for granted. Their skills, experience and knowledge are critical assets. Retirements are creating challenges in this area since filling positions is tough in a tight labor market, particularly when many skilled positions in our industry require years of specialized training and preparation.
- Safety continues to be a top priority for City Light. We are responsible for ensuring public safety, employee safety and environmental safety. Utility workers are exposed to risks on a routine basis, from trips and falls to burns and electrocutions. We also carefully consider and mitigate risks to the public and the environment. We will continue to build a safety culture to keep the well-being of our community, employees and environment at the center of all we do.
- We are also continuing to invest in the infrastructure that allows us provide reliable and responsive services. For example, we are upgrading aging hydroelectric generation equipment and facilities, and refurbishing and replacing other critical assets. These investments will improve dam safety and outage management, while also preparing us for complex regulatory processes such as the Skagit River Hydroelectric Project relicensing agreement. By making systemic improvements in how we manage, maintain and upgrade our infrastructure, we can keep energy service reliable while our city changes.

‘Keeping the Lights On’ is at the heart of all we do—more than 90% of our workforce is focused on delivering this promise to our customers. As we work on new efforts outlined in the strategic plan, we will remain committed to our core business and delivering value to our customer-owners.

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Addressing Ongoing Revenue Challenges

Due to energy efficiency programs and policy successes, energy consumption continues to decline in the Seattle area, creating revenue challenges for City Light.

City Light recommends electric rates designed to collect the amount of revenue needed to maintain existing and planned operations, while also moving forward on Strategic Plan programs and investments. Our current rate structure is primarily based on how much electricity our customers use: if customers use less electricity, the utility collects less revenue.

[ADD REVENUE FORECAST INFO HERE]

[PAGE 16] ACHIEVING THE PLAN: OUR 6-YEAR RATE PATH

Seattle City Light is committed to providing a strong, secure and flexible energy infrastructure so all our customer-owners can get reliable and affordable electricity, wherever they are. Achieving this will not be easy. In the coming years, we will confront a multitude of challenges to improve our power system. We’ve worked hard to anticipate likely barriers, but as we have all learned this year, we also must prepare for the unexpected.

Working with customer-owners, communities and employees, this Strategic Plan builds the energy system for the future. We need a rate plan that is just as modern.

Seattle City Light recommends the rate path provided in table X. It is the best approach to position the utility to deliver the best customer service in an affordable, reliable and environmentally responsible manner.

We recommend rate increases averaging 3.4 percent per year through 2026. Because City Light begins with a fairly low base, that increase has a relatively modest impact on customer bills. It is estimated that the typical City Light monthly bill would rise from **\$x in 2020 to X in 2026, about \$x.xx per month.**

SAMPLE RATE PATH TABLE (FROM PREVIOUS PLAN)

Rate Path

The Strategic Plan proposes a six-year rate path that increases 4.5 percent annually on average for 2019–2024. Decreasing retail sales account for about one-third of the 2019 rate increase, and one percent of the 4.5 percent six-year average. This average annual increase equals \$3.26 per month or \$39.12 per year for a typical residential customer.

Monthly Bill Increases	2019	2020	2021	2022	2023	2024	Average
Annual Increase ¹	5.8%	5.4%	3.6%	3.9%	4.0%	4.2%	4.5%
Typical Residential Bill (\$65)	\$3.77	\$3.72	\$2.63	\$2.93	\$3.12	\$3.42	\$3.26
Typical UDP ² Residential Bill (60% off)	\$1.51	\$1.49	\$1.05	\$1.17	\$1.25	\$1.37	\$1.31
Small Commercial (Coffee Shop)	\$42	\$41	\$29	\$33	\$35	\$38	\$36
Medium Commercial (Grocery)	\$951	\$938	\$663	\$740	\$787	\$863	\$824
Large Industrial (Metals)	\$92,279	\$91,031	\$64,382	\$71,831	\$76,407	\$83,745	\$79,946
Large Commercial (Education)	\$103,630	\$102,228	\$72,302	\$80,666	\$85,806	\$94,046	\$89,780

¹The bill impacts shown in this table assume that all customer bills increase by the percentage increase shown here. Actual bill impacts will reflect allocated cost of service and rate design, which may result in different increases.

²Denotes Utility Discount Program (UDP) participant. The UDP offers eligible customers a 60 percent discount on their City Light bill. UDP is available for income-qualified residential households.

May also include infographic re: residential bill change

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Conclusion

The Strategic Plan is the roadmap that will guide Seattle City Light's work in 2021-2026.

The objectives set forth in this plan will be tracked via a detailed implementation plan and monitoring system. An online dashboard will be available at [INSERT URL] to track progress.

City Light will also report on its progress on a quarterly basis to the Review Panel, Council and the public.

We are pleased to present this plan for further consideration by the Seattle City Council and are excited by the opportunities it offers to deliver outstanding service to our customers and prepare for the future.

We look forward to additional engagement on this plan with the Council and having it serve as the foundation for success in the years ahead.

Back Cover

Logo

Address

URL

Social media icons/links

Appendices:

- A. Financial forecast
- B. Summary of outreach
- C. Review Panel letter
- D. Initiatives summary

Initiatives

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Organizational Change Management



Initiative Basics:

Strategic Priority	Cultivate a Culture of Change
Initiative Name	Organizational Change Management
Strategic Measures Impacted	<ul style="list-style-type: none">• Current Culture Survey•

Initiative Team:

Initiative Sponsor/s (1/BU)	Lead: Jen Chan (GM Office)
Initiative Lead	New OCM Coordinator in General Manager's Office (currently in hiring process)

Overview

Through the development of a new Organizational Change Management (OCM) initiative, we will enable City Light to become a change-ready organization by preparing, equipping and supporting individuals in successfully transitioning, embracing and adopting change in order to drive organizational success. By establishing an intentional change management support model, we will facilitate a broader transformation goal to build a culture that enabling nimble, adaptable, and effective teams and partnerships.

Reasoning

By helping City Light become a more change-ready organization, the following benefits will be achieved:

- Individuals are aware of the organizational vision and anticipated impacts and benefits from desired changes that connect to their day to day work and individual contributions.
- Individuals embrace change quickly and effectively.
- City Light will respond more quickly to new changes.
- Employees feel reassured when changes arrive.
- Staff show a reduction in negative behaviors/impact/productivity.
- Higher project success rate, including stronger and quicker adoption of technology and process changes

Timeline

Phase	Deliverable	Start Date	Due Date
Scoping	OCM program scope developed, including high level deliverables, timeline, stakeholder involvement, etc.	6/1/2020	8/15/2020
Planning	2021 OCM work plan approved by sponsor, including identification of specific OCM projects to be led from General Manager's Office, and other key deliverables and milestones in building utility-wide framework and coordination with other OCM resources within City Light and across other City departments	9/1/2020	11/1/2020
Execution	Key OCM milestones and deliverables, as outlined in 2021 OCM work plan	12/1/2020	Ongoing
Monitor & Revise	Course corrections made to OCM program scope and 2021 work plan based on ongoing feedback and lessons learned.	Ongoing	Ongoing

Process Measures

Measure	Currently Tracking?	Baseline	Target
Organizational performance metrics (e.g., performance improvements, business and change readiness, project KPI measures, adherence to project plan and timeline, speed of execution)	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no	TBD	TBD
Individual performance metrics (e.g., change adoption metrics, employee engagement, employee readiness and satisfaction survey results)	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no	TBD	TBD
Change management performance metrics (e.g., adherence to change management plans, delivery of specific change management activities, performance improvements, project KPIs, speed of execution)	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no	TBD	TBD

Scope

The OCM initiative will establish a utility-wide framework and internal consultancy to support City Light's business units in developing and executing formal change management plans, training, readiness tools and other resources to help staff prepare for key changes in improving performance, streamlining processes, and adopting new technologies.

Anticipated Budget

The anticipated budget to hire an outside OCM consultant is estimated to be \$100,000, however this funding request will be prioritized within existing SCL resources therefore there is not an additional budget impact to the utility. The vendor will leverage industry expertise and experience in organizational change management for large, complex systems such as City Light.

Anticipated Risks

Beyond the inherent challenges associated with supporting successful change management in general, there is an organizational risk of ensuring there is clear coordination and alignment with other OCM resources within the utility, including other external OCM consultants who may be assigned to work on existing/more discrete projects, otherwise it may feel fragmented, disjointed and confusing to staff.

Continuous Improvement Program



Initiative Basics:

Strategic Priority	Cultivate a Culture of Change
Initiative Name	Continuous Improvement Program
Strategic Measures Impacted	<ul style="list-style-type: none">• Current Culture Employee survey• Reduction in O&M costs (Overtime, Temp staff)

Initiative Team:

Initiative Sponsor/s (1/BU)	Lead: Jen Chan (GM Office)
Initiative Lead	<i>Leigh Barreca</i>

Overview

Elements of this initiative include:

- Improve business processes to meet existing and emerging business needs using time-limited teams to solve process problems, drive efficiencies and results.
- Centralize improvement ideas sourced from employees, performance metrics, and benchmarking data to identify areas in the Utility for continuous improvement.
- Educate and train working groups participating in process improvement activities to build problem solving skills, knowledge, and experience so that a pool of internal talents is built within the Utility.
- Track and report on improvement results, operational metrics, and employee engagement for each improvement effort undertaken

Reasoning

This is a continuation of the existing Business Process Improvement strategic initiative. We will continue to identify inefficiencies in work processes that span the organization. We will work with business teams to identify problem areas, improve process flows, and engage with staff in the collaborative creation of new and more efficient processes. We will work with impacted employees during and after process improvement effort and will offer training support as needed.

Timeline

Phase	Deliverable	Start Date	Due Date
Initiation	Annual workplan, including Utility-wide improvement projects approved by Executive Team	Annually	Q1
Planning	Each improvement project's charter and workplan are approved by affected departmental sponsors	Annually	Q1 - Q2
Execution	Each improvement project deliverables are executed, as outlined in plan	Ongoing	Ongoing
Monitor	Projects are monitored by project and Program Steering Committees	Ongoing	Ongoing
Close	Projects are closed with measurable metrics. 30-60-90 days post-project check-in to gather improvement results	Ongoing	Ongoing
Reporting	Quarterly reporting on project status to sponsors and Program Steering Committee Annual reporting to Executives	Bi-Annually	Q2, Q3

Process Measures

Measure	Currently Tracking?	Baseline	Target
Program Impact: <ul style="list-style-type: none"> - # of projects submitted - # of projects completed - # of employees impacted - # of employees involved - Estimated time /\$ saved 	√ yes <input type="checkbox"/> no	TBD	TBD
Project Measures: Each Continuous Improvement begins with the identification of tracking measures. Measures will be standardized as much as possible. Current samples below:			
# days to complete customer construction letter	√ yes <input type="checkbox"/> no	120 days to 110 days to 30 days (72% decrease)	30 days or fewer
# min to process WO	√ yes <input type="checkbox"/> no	60 to 32 minutes (47% decrease)	30 minutes or fewer

Scope

Projects are evaluated based on level of effort, degree of impact and span across the organization. Projects are selected that impact the greatest need and improve service to the greatest extent.

An additional element of this program is providing training to teams throughout City Light that are engaging in their own process improvement efforts.

Specifically, the definition of a business process improvement project includes:

- Addressing an Existing Process
- No Solution Clarity (vs. technology solution)
- Alignment with Corporate Strategy
- Clear Project Scope
- Generating Specific Benefits
- Strong Sponsorship and Management

The prioritization of improvement projects is based on the following characteristics:

- Cross-Functional
- Measurable Benefits
- Urgency/Linkage
- Employee & Customer Experience

Anticipated Budget

All work will be done with existing budget.

Anticipated Risks

- Conflicting priorities will limit the ability for staff to work on improvement efforts.
- Organizational capacity is limited. In order to successfully complete a continuous improvement effort, there needs to be strong sponsorship and commitment from upper management.

Grid Modernization in Support of Electrification



Initiative Basics:

Strategic Priority	Create Tomorrow's Energy Future Today
Initiative Name	Grid Modernization in Support of Electrification
Strategic Measures Impacted	<ul style="list-style-type: none"> • Smart Grid Technology Penetration Rate • Distributed Energy Resource (DER) Penetration Rate • Electric Transportation Adoption Rate • New Grid Architecture Implementation

Initiative Team:

Initiative Sponsor/s (1/BU)	Lead: Emeka Anyanwu (Energy Innovation & Resources) Mike Haynes + Michelle Vargo (Operations) Craig Smith (Customer Experience)
Initiative Lead	Cameron Keyes

Overview

To enable the electrified – and decarbonized – future our customers want, we will create, maintain, and execute a Grid Modernization roadmap with specific technology timelines and an associated CIP plan. This will establish a disciplined approach to prioritizing and sequencing our modernization investments that will deliver the operational capabilities required to give our customers access to the energy choices they want for themselves. The grid is a key enabler of change and the investments outlined in the Grid Modernization roadmap will be crucial to managing this evolution in core capabilities.

Elements of this initiative include:

- Smart Grid: Increase operational usage of smart grid & automation technology on the Distribution system.
- Foundational OT: Connectivity to and integration with Operational Technology; Grid Mod roadmap is incorporated in, and coordinated closely with the Enterprise Technology Roadmap
- Operational Process evolution: Planned development of operations processes and protocols to leverage new OT capabilities
- Distributed Energy Resources (DERs): Develop ability to consistently and effectively integrate DERs of all kinds – distributed generation (solar), storage, Demand Response (DR),
- New Grid Architecture: Develop framework for City Light's next generation grid including structure, design/performance criteria, component standards, etc.

Reasoning

The way our customers use energy is evolving – smart homes and commercial buildings, industrial automation, industrial automation and controls, flexible loads and transactive energy are no longer buzzwords, they are all being actively adopted. Electrification at scale will especially challenge the entire structural framework that underpins legacy electric utility systems. Challenges driving the need for foundational change come not only from behind the meter, but throughout the entire system of production, delivery, and usage. With massive new demand for energy emerging even as carbon-producing baseload generation is being shuttered, we must meet these new needs with a different portfolio of resources – distributed, renewable, and smart resources. Interconnecting these new resources will require a delivery system that can keep up in order to maintain current levels of reliability and integrity. The physics of the delivery platform will be considerably different for this new universe of customer and community needs and wants and will be an evolution decades in the making. We must execute a sustained, organized strategic approach to identifying, implementing and integrating the technology and architecture of this new system to ensure success and do so while investing our customer-owner's funds wisely. Our plan will be informed by the best practices of peer utilities throughout the country who are implementing their own Grid Modernization plans in the face of similar challenges, and in partnership with the best solution providers that are helping utilities across the globe to build their capabilities.

As a result of this initiative, we will increase the automation, visibility and flexibility of the grid, as we move away from the reliable, but unidirectional and manually operated legacy distribution, to a multi-directional energy system with flexibility and resiliency built in, and visibility that enables situational awareness to maintain reliability and deliver customer value. This modernized grid will allow the adoption of the innovative technologies our customers demand, allowing Seattle to achieve its carbon-neutrality goals via electrification, while working to stabilize rates by increasing overall revenues and allowing for more efficient capital deployment that considers traditional T&D investments alongside potentially more cost-effective dynamic DER-based solutions.

Maintaining the Grid Modernization roadmap (including DER) with specific technology timelines and an associated CIP plan establishes a disciplined approach to prioritizing and sequencing our modernization investments that deliver operational capabilities our customers need from us.

- Grid Modernization roadmap
 - Completed and adopted; included in Strategic plan
 - CIP funded and maintained as essential to operations
 - Biennial Grid Mod Roadmap updates
 - Execution of Grid Mod projects – within scope schedule & budget; consistent with SCL PM Framework requirements
- DER Integration: Develop a robust DER program
 - Hosting capacity study capability (identify how much distributed generation or storage a given grid segment can integrate without upgrades)
 - Improved and streamlined interconnection process
 - Easier access to data and mapping
 - DERs incorporated into system planning, forecasting, and capital planning

- Next Gen Grid Architecture: Resilient, reliable, flexible
 - Develop new grid architecture framework/concepts
 - Updated system planning criteria
 - Operational use of new grid mod equipment: SOPs leverage new grid capabilities
- Smart Grid & Automation
 - Integration of foundational OT systems with grid automation equipment
 - Smart grid technology penetration – scaling smart capabilities on entire system

Timeline

Phase	Deliverable	Start Date	Due Date
Initiation	Charter Signed by all departments involved.	Q2 2020	Q3 2020
Planning	Project management plan approved by sponsor	Q4 2020	Q1 2021
Execution	Key project deliverables, as outlined in plan	Various	Ongoing
Monitor & Revise	Final Report	n/a	Annual
Close	Presentation to Executive Team	n/a	Biennial

Process Measures

Measure	Baseline	Target
Project documentation completion		
System penetration for smart grid technologies		
Grid Mod Roadmap draft		
Grid Mod Roadmap adoption		
Next Gen grid template development		
Operations SOPs created for use of smart grid technology		
DER penetration		
EV Adoption		

Scope

1. Grid Modernization is not a wholesale replacement of grid equipment and infrastructure assets.
2. This initiative is related to and will be coordinated with other Technology initiatives including OT and Cybersecurity – but it does not fully incorporate them.
3. Closely affiliated with and a key enabler of Transportation Electrification - but does not include it. May ultimately include Vehicle-to-Grid (V2G) as a DER option but does not explicitly include EVs or other electric transportation.

Anticipated Budget

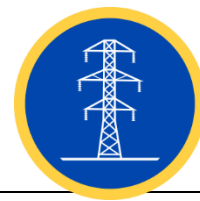
Scope of this effort suggests an eventual annual funding level in the **\$10-20M** range. Early capability limitations likely mean this will be more in the **\$3-7M** range in first few years. Funding escalation depends on our CIP capacity and ability to successfully implement.

***Needs revisions by Kirsty & Debra before final*

Anticipated Risks

- Operational culture – changing to a culture of operating smart devices will require robust change management and disciplined adherence to new protocols
- Technology risks – vendor management, cybersecurity, ITD support, recruitment and retention of necessary talent.
- Procurement – Processes are slow and paperwork intensive and introduce execution and cost risk.

Regional Energy Leadership and Collaboration



Initiative Basics:

Strategic Priority	Create Tomorrow's Energy Future Today
Initiative Name	Regional Energy Leadership and Collaboration
Strategic Measures Impacted	<ul style="list-style-type: none"> Forecast certainty on building and transportation electric load increases on City Light's long-term load forecast. Long-term rate competitiveness from BPA and improved revenue outcomes for SCL in regional energy markets. Clearer path forward on federal BiOp obligations for BPA and the impact of the associated costs on long-term electric rates Becoming an early adopter of EDAM if certain market design elements are not averse to City Light's policy objectives. Faster and deeper reductions in carbon emissions in western United States through regional markets and greater integration of renewables through innovative hydro operations Continued and ongoing collaboration with regional and west-wide partners on major energy market initiatives including EDAM and a potential future RTO.

Initiative Team:

Initiative Sponsor/s (1/BU)	Lead: Maura Brueger (Government & Legislative Affairs) Emeka Anyanwu (Energy Innovation & Resources) Tom DeBoer (Chief Environmental Officer)
Initiative Lead	Maura Brueger

Overview

Elements of this initiative include:

- State Legislative Agenda & engagement with state and regional agencies.
- Formalized collaboration with Tacoma Public Utilities, Snohomish PUD and Puget Sound Energy on Puget Sound building decarbonization.
- Development of strategies and actionable solutions, through engagement with key trade associations & coalitions or stakeholder groups, to high profile regional energy issues.
- Active leadership and participation on upcoming and ongoing major policy initiatives throughout the west including EDAM, NWPP Resource Adequacy, regional transmission planning efforts, and other advances in regional cooperation that will lead to decarbonization of the energy sector.
- Active and continued leadership and participation in national and regional trade groups and formal coalitions to advance City Light's environmental, carbon reduction, and marketing goals.

Reasoning

Take a leadership position in defining the future of deep decarbonization in the energy sector through the expansion of electricity for buildings and transportation in our region, consistent with the city's broader environmental stewardship and racial equity and social justice values. Additionally, ensuring the capacity and availability of carbon-free generation resources will ensure reliability and affordability for our customers today and for future generations. Finally, pursuing innovative solutions that allow our hydro resources to integrate the continued proliferation of renewable resources in the west to further assist with our decarbonization goals.

- Puget Sound Utility Collaboration on Building Decarbonization established with strategy & timeline for measurable actions.
- City Light's Successful entry and operation in CAISO's EIM and future entry into EDAM provided there are benefits to our customer owners.
- Successful entry of BPA into the CAISO EIM and EDAM to benefit NW ratepayers and leverage NW hydropower for western decarbonization.
- Establishment of new CRSO BiOp with long-term vision and strategic plan to recover species, honor tribal needs, strengthen electric grid & support agricultural services.
- Aggressive and strategic state legislative agenda promoting regional decarbonization through building and transportation electrification.
- Continued support of state legislative and agency policy objectives relating to environmental outcomes and decarbonization by providing leadership and expertise on key strategic issues while also minimizing impacts to customers through undue added costs or undue compliance obligations.

Timeline

Phase	Deliverable	Start Date	Due Date
Initiation	Charter Signed by all departments involved.		
Planning	Project management plan approved by sponsor		
Execution	Key project deliverables, as outlined in plan		
Monitor & Revise	Ongoing rubric and metrics evaluated with regular reporting		
Close	Final Report & Presentation to Executive Team		

Process Measures

Measure	Currently Tracking?	Baseline	Target
Groups/Coalitions SCL actively participates in	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no	Some existing groups+ new	New coalition & engagements exist
Issue and/or initiative participation comments	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no		
Leadership roles within trade groups	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no	Current status	Staff serve on key working groups or in leadership roles
Coordination and collaboration tools developed	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no	Current status	New useful analysis with data/info available

Anticipated Budget

Currently, the expectation is to work within existing resources and budgets, leverage trade association and coalition affiliations.

Anticipated Risks

These are all ambitious efforts that require participation and action by parties outside of Seattle City Light's control. With that, measuring success will be difficult. However, City Light's leadership and engagement in these efforts is more likely to contribute to the establishment of actionable strategies and more rapid regional decarbonization. Absent City Light's leadership, many of these issues, in the northwest utility landscape, could create a leadership vacuum where there is no entity helping guide and deliver a coherent objective of achieving deep-decarbonization in the energy sector.



Future of Work

Initiative Basics:

Strategic Priority	Cultivate a Culture of Change
Initiative Name	Future of Work
Strategic Measures Impacted	<ul style="list-style-type: none"> • Current Culture employee survey • Employee promotion rates • New hire retention rates • Percentage of employees compliant with req'd safety training • Total Recordable Incident Rate • Safety assessments completed by people leaders • % of employees participating in utility safety programs • % reduction in preventable motor vehicle collisions

Initiative Team:

Initiative Sponsor/s (1/BU)	Lead: DaVonna Johnson (People & Culture) Jen Chan (General Manager's Office)
Initiative Lead	Kathy Knoelke

Overview

This initiative will build a workforce that is rooted in flexibility, agility, and resilience while positively impacting the employee experience and achieving a culture of safety excellence.

Elements of this initiative include:

- Developing a comprehensive customer centric workforce strategy that attracts, develops, and engages the workforce for greater connection and execution of City Light's business goals.
- Driving a growth mindset culture where our employees embrace and make change a reality.
- Developing an executable safety change management strategy to achieve safety excellence.

Reasoning

As we look at needs of our customer-owners, from residential to big business, we see that the workforce and safety strategy that brought us to 2020 is not sustainable. We must build a workforce that is rooted in flexibility, agility, and resilience.

The Future of Work strategic initiative strives to:

- Align evolving customer expectation to our workforce strategy.
- Implement a strategic staffing and succession plan.
- Transform the workforce to be responsive to our changing industry and customer-owner needs.
- Embed a culture of safety excellence that drives the work of all employees regardless of location or title.

Data will be a key component of this initiative. Data will inform our decisions and how we utilize employee resources.

We anticipate that implementation and successful execution of this initiative will result in:

- A growth mindset culture that embraces change to enable innovation.
- An inclusive environment where collaboration is valued.
- A comprehensive public safety program that includes employee training and education regarding public safety issues, customer education talking points and customer education, and awareness program regarding electrical hazards.
- An employee experience that is defined by increased morale, high engagement, and effective communication.
- Increased communication to customer-owners and the general public to improve safety on and around active job sites.
- A shared vision for safety aligned around a consistent message to drive better outcomes.

Timeline

Phase	Deliverable	Start Date	Due Date
Initiation	Charter Signed by all departments involved.	October 2020	December 2020
Planning	Project management plan approved by sponsor	January 2021	March 2021
Execution	Key project deliverables, as outlined in plan	April 2021	Quarterly report out
Monitor & Revise	Final Report	July 2022	September 2022
Close	Presentation to Executive Team	October 2022	December 2022

Process Measures

Measure	Currently Tracking?	Baseline	Target
Current Culture employee survey	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no	Participation 76% Engagement Index 70%	Participation 80% Engagement Index 75%
Pulse Surveys	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no	n/a	
New hire retention rates		n/a	
Total Recordable Rate	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no		
Safety assessments completed by people leaders	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no		
Training participation			
Absenteeism rates			

Scope

The Future of Work initiative will touch upon every aspect of the employee experience. As such, intentional collaboration across the initiatives will be imperative.

Anticipated Budget

Budget need is still under development. There is a recognized need to engage a consultant to assist in the rollout of some of the parts of this initiative to employ a train the trainer model. Additionally, we will need to hire a survey company to help us build and implement a pulse survey to understand how employees are experiencing People and Culture.

Anticipated Risks

As we move to a workforce that is agile and flexible our traditional way of defining work will need to change. Potential risks may include:

- The City's classification system is controlled by the Seattle Department of Human Resources (SDHR). Any changes would have to be developed in partnership with SDHR and could result in the project being delayed.
- All changes in the City's classification structure require Union agreement. Even though this is a potential risk, we have been successful working in collaboration with the unions to reach an agreement on classification issues.

Rate Path at or Below Inflation



Initiative Basics:

Strategic Priority	Ensure Future Financial Stewardship & Affordability
Initiative Name	Rate Path at or Below Inflation
Strategic Measures Impacted	<ul style="list-style-type: none"> • Rate Path • Leverage Ratio • Debt Service Coverage

Initiative Team:

Initiative Sponsor/s (1/BU)	Lead: Kirsty Grainger (CFO) DaVonna Johnson (P&C Officer) – for O&M portion
Initiative Lead	Chris Ruffini (Finance)

Overview

This initiative is about delivering long-term affordability and a rate path at or below inflation.

Elements of this initiative include:

- **Long-term Debt Plan.** Research debt management policy and create a long-term debt plan to stabilize leverage ratio. Propose and gain approval for amendments to financial policies to support prudent financing of capital investments and debt levels.
- **Full Reimbursement for Costs.** Focused financial tracking for costs and revenues associated with reimbursable work, develop cost/revenue financial reporting templates for reimbursable capital work, opt-in customer programs, and other functions that operate as mini lines of business with revenue streams. Identify opportunities for amending work practices around coding costs and revenues to automate tracking by program. Full funding of reimbursable work eliminates impact on regular customer rates.
- **Contain O&M Costs.** Manage labor costs through redeployment of vacant positions resulting from efficiency improvements and reordered priorities. Labor constitutes approximately 60% of non-power O&M costs, and new initiatives and changing technology will require new positions to support this work.

Reasoning

Maintaining affordable energy costs for our customer-owners is central to City Light’s mission. In recent years, annual rate increases have averaged 5-6% range, significantly higher than inflation. This initiative proposes to flatten the rate trajectory though containing long-term costs from CIP and debt service, customer-driven work (services provided beyond regular electric service delivery), and internal labor costs.

Timeline

Phase	Deliverable	Start Date	Due Date
Initiation	Charter Signed by all departments involved.		
Planning	Project management plan approved by sponsor		
Execution	Key project deliverables, as outlined in plan		
Monitor & Revise	Final Report		
Close	Presentation to Executive Team		

Process Measures

Measure	Currently Tracking?	Baseline	Target
Proportion of capital work funded with bonds	Yes	60%	tbd
Forecasted & actual leverage ratio	Yes	tbd	
"P&L" for lines of business with revenue streams	No	tbd	tbd
Number of positions redeployed	Yes		
Total FTE	Yes		No change

Scope

The scope of this initiative is limited to the three items listed.

Anticipated Budget

Incremental work to be accomplished with existing finance and P&C staff.

Anticipated Risks

The main risk is bandwidth to implement change given competing priorities.

Customer Experience Roadmap



Initiative Basics:

Strategic Priority	Focus on Customer Experience
Initiative Name	Customer Experience Roadmap
Strategic Measures Impacted	Customer Surveys
	Issue Resolution Time
	Current Culture Employee Survey

Initiative Team:

Initiative Sponsor/s (1/BU)	Lead: Craig Smith (Customer Care & Energy Solutions)
	<ul style="list-style-type: none"> • Jen Chan (Chief of Staff)
	<ul style="list-style-type: none"> • Emeka Anyanwu (Energy Innovation & Resources)
	<ul style="list-style-type: none"> • Kirsty Grainger (Finance and Load Forecasting)
	<ul style="list-style-type: none"> • DaVonna Johnson (People & Culture)
	<ul style="list-style-type: none"> • Robert Cromwell (Customer Operations)
Initiative Lead	Mike Little – CCES Business Support Services

Overview

Through this initiative we will work to understand our customers and use that understanding to develop a customer experience roadmap. This work will involve substantial data collection and analysis through a variety of tactics and methodologies. Areas of focus will include:

- Comprehensive research to understand our customers' needs and preferences.
- Market research to understand technology trends, adoption curves and customer demands
- Survey mechanisms to gain feedback on customer experience and satisfaction with the utility
- Journey mapping to identify customer pain points and opportunities for the utility to add value
- Collection and assessment of utility AMI data, end use load research, and customer end use saturations to better understand how customers use energy in buildings, transportation and processes.

Reasoning

In late 2019 City Light established a Customer Experience Strategy and created a vision for the utility: **“We empower our customer-owners in meeting their energy needs. Simple and accessible solutions – for every customer, in every interaction.”** To transform these words from vision to reality, we must become an organization that delivers products and services that are grounded in data and research that captures our customers' values, interests, preferences and needs. We must deeply know our customers *now* so that we can anticipate -- and therefore meet -- their *future* energy needs.

The Customer Experience Roadmap is designed to help us understand customers' needs and desires through comprehensive research on preferences, behavior, energy use, building stock, customer journey mapping, and ongoing customer satisfaction measurement. We will use the voice of the customer as well as other customer data and analytics to drive ongoing empathetic process improvement, employee training and product and service design. This approach should lead to higher levels of customer satisfaction and loyalty, as well as employee engagement.

As a result of this initiative, we will:

- Establish detailed strategic roadmap that allows us to create meaningful customer initiatives.
- Build better understanding of our customers’ challenges and how to prioritize our improvement efforts to become a customer centric organization.
- Establish a customer information system(s) with real-time, actionable and ongoing feedback, tools and metrics to measure our success
- Develop customized, personalized products and services that meet customers’ energy needs and speak to their values
- Make more data-driven decisions based on customer research.
- Be able quantify the impact to our customers for current and future work to incorporate it into our business cases to support and justify the need for changes
- Strive to reduce the time it takes to develop, pilot, launch, evaluate and revise customer offerings.
- Have data and information to identify how to better equip employees with tools and resources to empathize, listen and advocate for customers

Timeline

Phase	Deliverable	Start Date	Due Date
Initiation	Charter Signed by all departments involved.	Q2 2020	Q4 2020
Planning	Project management plan approved by sponsor	Q4 2020	Q1 2021
Execution	Key project deliverables, as outlined in plan	Various	
Monitor & Revise	Final Report	n/a	Ongoing
Close	Presentation to Executive Team	n/a	Ongoing

Process Measures

Measure	Currently Tracking?	Baseline	Target
JD Power – Customer Survey	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no	TBD	TBD
Issue Resolution Time	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no	TBD	TBD
Customer Satisfaction Survey Scores	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no	TBD	TBD

Scope

What is included: Understanding customers, understanding customer energy needs, understanding the buildings that customers live and work in.

What isn’t included: Work with other City Departments and employee experience that does not intersect with the customer experience roadmap are considered out of scope.

Anticipated Budget

- Estimated staff resource need is \$600,000 (annual)
- Estimated consulting budget for research, analytics, and culture change is \$550,000 (annual)
- Estimated costs for acquisition and/or development of technology is \$1,000,000

Anticipated Risks

High	<p>Cooperation and collaboration with other City Departments and IT. Department goals, priorities, budgets, timing and resources may not be aligned. This will require negotiation. City-level strategic vision and sponsorship can help.</p> <p>Past interdepartmental initiatives around CRM and building data analytics have been bogged down. We worry about resourcing, our relative priority, scope creep, and timing.</p> <p>Moreover, we are aware of a parallel IT 'data lake' initiative. Customer insight that is collected in this City Light strategic initiative may be folded into that City-wide initiative</p>
High	Operational culture – changing to a culture that a) values customer perspective <i>in addition to</i> utility perspective, and b) emphasizes data-driven decisions will require robust change management and disciplined adherence to new norms
Medium	Procurement – Processes are slow and paperwork intensive and introduce execution and cost risk.
Medium	Recruitment and retention of necessary talent
Medium	Other technology risks -- vendor management, cybersecurity, ITD support

Pricing Services for the Future



Initiative Basics:

Strategic Priority	Ensure Future Financial Stewardship & Affordability
Initiative Name	Pricing Services for the Future
Strategic Measures Impacted	<ul style="list-style-type: none"> • Contribution Margin • Rate Path •

Initiative Team:

Initiative Sponsor/s (1/BU)	Lead: Kirsty Grainger (CFO) Craig Smith (Customer Programs)? Emeka Anyanwu (EIR)
Initiative Lead	Carsten Croff (Rates Manager)

Overview

This initiative continues to deliver on the recommendations from the 2019 Rate Design Project Report and builds on the 2019-2024 Strategic Plan initiative “revenue recovery and rates”. Elements of this initiative:

- **TOD Pricing.** Establish TOD pricing alternatives available to all customers, on an opt-in basis. This initiative is already underway but will continue and evolve as more information becomes available. TOD pricing is a key to long term affordability because it facilitates customer participation in efficiently managing energy costs, demand response, and electrification.
- **Commercial Pilots.** Partner with commercial customers to create pilots and pricing programs to encourage demand response and deep decarbonization. This will impact long term affordability by increasing kWh/revenues while potentially alleviating need for new capacity investments.
- **Residential Pilots.** Study and develop new residential programs that address affordability needs (energy burden), new TOD options, and desire for new green power alternatives. Affordability programs will complement and improve the existing UDP, directly improving affordability for vulnerable populations. Meeting customers’ desire for premium green power alternatives might prevent loss of customers to alternative power providers.
- **Service Availability Pricing.** Building on a standardized fixed charge methodology that captures 100% of applicable customer costs (to be implemented 2021), design a capacity-based fixed (commercial) or minimum (residential) charge to collect for the appropriate infrastructure cost of maintaining service availability.
- **Power Cost Rate Mechanism.** Study, evaluate and (potentially) implement an integrated power cost rate mechanism that combines impacts of BPA, RSA, EIM and other wholesale marketing revenues. Develop tracking and reporting for each component for transparency. Clarify impact of net power costs on rates, and stabilize downstream impact to rates from these interrelated drivers.
- **Commercial Rate Class Standardization.** Efficient rate design may alleviate the need for four different general service rate classes. Study and recommend an ideal long term structure for commercial rates (determining the best mix of volumetric charges, capacity/demand charges, fixed/minimum charges.) Simplifying and standardizing rate classes should improve customer satisfaction, reduce administrative costs, remove incentives for false loading and increase incentives for certain types of energy efficiency.

Reasoning

Time of Day (TOD) and demand response rates contain capacity costs and maximize wholesale market benefits. Rates have mechanism to adjust for power costs, stabilizing contribution margin. Pricing alternatives that meet diverse customer needs and expectations.

Timeline

Phase	Deliverable	Start Date	Due Date
Initiation	Charter Signed by all departments involved.		
Planning	Project management plan approved by sponsor		
Execution	Key project deliverables, as outlined in plan		
Monitor & Revise	Final Report		
Close	Presentation to Executive Team		

Process Measures

Measure	Currently Tracking?	Baseline	Target
Net Power Costs	Not like this	Set by budget	Lower than budget
Participation in Pilots	Not yet		
Customer Satisfaction	Yes (JD Power)		

Scope

This initiative focuses on customer classification and rate design, it doesn't include changing cost of service methodology or overall rate path. It is possible that this is too much to accomplish in 2-6 years, along with other department initiatives, and some scope adjustment or prioritization will be needed.

Anticipated Budget

Assumes this initiative will be supported by existing staff in Finance, Customer Programs, and EIR. May need external communications/marketing support depending on internal resource availability. No incremental budget specifically for this initiative.

Anticipated Risks

The largest risk is that diverse stakeholders will not be able to come to a common agreement on changes to be made, leading to failure to get support from elected officials/Council, and status quo will continue.

New rate structures will support key goals and improve the way that revenue is collected from customers. However, not all customers will directly benefit. Relative to current rate structures some customers will see decreases in their bills and other customers will experience higher bills. There is a risk that some customers will experience higher than anticipated bill impacts.

Expand Customer Program Options



Initiative Basics:

Strategic Priority	Focus on Customer Experience
Initiative Name	Expand Customer Program Options
Strategic Measures Impacted	JD Power Score
	Customer Satisfaction
	First Contact Resolution

Initiative Team:

Initiative Sponsor/s (1/BU)	Lead: Craig Smith (Customer Experience) <ul style="list-style-type: none">• Emeka Anyanwu – Energy Innovation and Resources• Jen Chan – Chief of Staff
Initiative Lead	Mike Little – CCES Business Support Services

Overview

This Initiative expands customer-facing programs, products and services in order to improve our customers' experience and ensure we are meeting their energy needs. Areas of focus are identified through various strategic planning and research activities, and many will be initiated and informed through complementary 2020 Strategic Initiatives. Past and planned bodies of work internal to City Light guiding the content of this Initiative include:

- 2018 Strategic Initiative for Business Customer Services
- 2018 CCES Residential Customer Strategy
- Transportation Electrification Strategic Investment Plan
- Customer Experience Roadmap Initiative
- Grid Modernization Initiative
- Pricing Services Initiative
- CCES Commercial Customer Strategy

Reasoning

As we gain understanding to our customer pain points and needs, we can plan for and establish programs that meet their energy needs, improve our value proposition, and create positive experiences. This Initiative has two phases of work; work that is current underway and new work identified through the various strategic planning efforts identified above.

Phase 1. Recently completed research and strategic planning within the utility has identified areas where gaps exist and/or where there are opportunities for enhanced services or expanded offerings. Several pilots are planned or underway. Some are reaching points of scale/no scale decisions. The initial work plan for this Initiative will be focused on assessing, modifying, and scaling these programs. Existing programs and offers that are identified as obsolete or ineffective will be sunset or exited as appropriate. Five significant efforts are identified in Phase 1.

1. Expand business customer service center pilot to scale for all small and medium commercial customers; approximately 32,000 customers impacted.
2. Expand digital customer experience through adding functionality to the existing customer portal and creating a complementary customer engagement and purchase platform to help customers understand and manage energy use.

3. Develop new energy-efficiency programs for residential and commercial buildings with special emphasis on underserved populations.
4. Evaluate and scale DER programs including the large solar pilot and virtual net metering for affordable housing.
5. Evaluate and expand public charging and residential home charging pilots and introduce new transportation electrification programs that align with the City Light Transportation Electrification Strategy Investment Plan.

Phase II. As the utility completes new strategic work, new opportunities for customer facing programs will be brought forward. As these opportunities are approved for development, the Programs Initiative workplan will expand. New program development will follow a formal stage-gate process of discovery, design, build and implementation. While the specific customer solutions are not yet identified and need to be developed through a cross-functional customer-centric design process, we can anticipate potential outcomes. Some anticipated areas of programmatic expansion include:

- Distributed generation and renewable energy purchase options
- Solar storage, batteries, and load management
- Demand management and response
- Transportation charging infrastructure in commercial, residential and industrial markets
- Technologies for deep energy efficiency in multifamily and commercial buildings including efforts to achieve net zero and carbon neutrality
- Information systems to support customer energy use and pricing decisions

Outcomes. The solutions proposed under this Initiative will be designed using customer-centric methodology. The expected outcomes include increased customer satisfaction and loyalty, and in some cases, reduced cost to the utility and our customer owners. Other focuses will be on customer activities that provide added value to the utility such as demand response.

Timeline

Phase	Deliverable	Start Date	Due Date
Initiation	Charter Signed by all departments involved.	Q2 2020	Varies
Planning	Project management plan approved by sponsor	Varies	Varies
Execution	Key project deliverables, as outlined in plan	Varies	Varies
Monitor & Revise	Final Report	N/A	Ongoing
Close	Presentation to Executive Team	N/A	Bi-annual

Program-Specific Timelines. There are several programs/projects planned in this Initiative. Each program will have business objectives, and a workplan with specific milestones and due dates. Program status and health will be reported out monthly via program dashboards. We recommend bi-annual status updates to the Executive team.

Process Measures

Measure	Currently Tracking?	Baseline	Target
Customer Satisfaction JD Power	✓ yes <input type="checkbox"/> no	790 (2017)	TBD

Program-Specific Measures. Each program/project identified in this Initiative will have a set of business success factors and program metrics. These will vary by program, and each will include a customer satisfaction component that can be measured through program workflow. Status of program metrics will be reported monthly on the program dashboards.

Scope

What is included. Design, build and delivery of programs, products and services that are identified as opportunities for improving the customer experience, adding customer value, and/or adding value to the utility. Opportunities pursued in this Initiative will be driven and informed by formal strategic research and planning.

What isn't included. Work that is not identified through a formal planning process is considered out of scope.

Anticipated Budget

We anticipate this Initiative will represent a \$15-20 million investment over the 5-year planning cycle. A good portion of funding will come from our existing budgets and/or the costs will be offset from new revenue sources. In addition, we will need additional dedicated staffing resources.

Anticipated Risks

High	Procurement – Processes are slow and paperwork intensive and introduce execution and cost risk.
High	Technology risks – there is a parallel City- IT ‘data lake’ initiative; customer insight that is collected in this City Light strategic initiative may be folded into that City-wide initiative – with associated timing and resources – or may be independent. This will require negotiation.
Medium	Recruitment and retention of necessary talent
Medium	Operational culture – changing to a culture of valuing customer perspective <i>in addition to</i> utility perspective will require robust change management and disciplined adherence to new norms
Medium	Other technology risks -- vendor management, cybersecurity, ITD support
Medium	Authority to deliver new products and services may challenge traditional utility role/perspective.
Medium	Cooperation and collaboration from city departments. Department goals, budgets, resources may not be aligned. City-level strategic vision and sponsorship can help.
Medium	Cooperation and collaboration from internal utility workgroups. Resources and budget need to be allocated throughout the utility for successful design and implementation.



Information & Operational Technology for Cyber Security

Initiative Basics:

Strategic Priority	Create Tomorrow's Energy Future Today
Initiative Name	Enhance Cyber Security Capabilities and Oversight
Strategic Measures Impacted	<ul style="list-style-type: none"> • •

Initiative Team:

Initiative Sponsor/s (1/BU)	Lead: Jim Baggs (Facilities and Oversight Services) Jeff Brausieck (CISO)
Initiative Lead	Jeff Brausieck (CISO)

Overview:

We will establish foundational capabilities of a robust cyber security program for utility technology. Phase one includes staffing a Cyber Security team and establishing cyber security governance and risk management framework for Utility Technology. We will monitor and direct City provision of cyber security protection for critical energy infrastructure assets and centralized systems on which the utility depends. Appropriate security toolsets and controls to improve security posture in key program areas will be implemented.

Elements of this initiative include:

- Establish Cyber Security Governance and Frameworks
- Hire initial staff and build core program capabilities
- Adopt and adapt NIST Cyber Security Framework and DOE C2M2 as appropriate to City Light
- Develop Cyber security communications plan
- Provide customer oversight to services provided by SIT
- Work with SMEs to develop security policies and standards
- Develop plan for security monitoring (incident detection and response)
- Inventory all IT & OT systems the utility depends on to develop a roadmap
- Increase change management around IT/OT changes including training and support
- Build system to increase compliance with efforts to record, manage, and report on all technology projects

Reasoning:

Proactively understanding and addressing cyber risk of both current and future technology improves service reliability, protects our customers, and demonstrates due diligence in risk management for the utility. As interconnected systems can each affect the combined risk profile, an enterprise cyber security program will provide the governance, frameworks and leadership needed to manage risk across all City Light technologies. It will also provide the expertise needed to address increasing NERC-CIP, PCI-CSS, PII Privacy and other emerging cyber security requirements, reducing both security and compliance risk.

This initiative will integrate cyber security considerations into utility technology governance processes and enable secure technology innovation. A cyber security risk management program will be implemented leveraging well established frameworks to mitigate risks and maintain operational resiliency. We will provide leadership and technical expertise to throughout City Light on cyber security architecture, controls and design to support various technology initiatives including new systems upgrades and enhancements.

We will enhance cyber security operations capability and ensure the necessary tools, integrations and staff are in place to monitor and analyze utility technology systems and to detect and respond to incidents.

Timeline

Phase	Deliverable	Start Date	Due Date
Initiation	Charter Signed by all departments involved.	12/31/19	4/30/20
Planning	Project management plan approved by sponsor	3/1/20	4/30/20
Execution	Key project deliverables, as outlined in plan	3/1/20	6/30/20
Monitor & Revise	Final Report	Annual Report	2/28/21
Close	Presentation to Executive Team	No close	

Process Measures

Measure	Baseline	Target
Staff Hired		
Governance Defined		
Communication Plan		
Seattle IT Performance		
Regulatory Compliance		

Scope

Some cyber security protection is provided to all City departments including City Light by Seattle IT. They will continue to be responsible for cyber security for the information technology they are responsible for.

Anticipated Budget

Unknown currently... budget still under development.

Anticipated Risks

None.

Right-Size the Capital Program



Initiative Basics:

Strategic Priority	Ensure Future Financial Stewardship & Affordability
Initiative Name	Right-Size the Capital Program
Strategic Measures Impacted	<ul style="list-style-type: none">• Leverage Ratio• Debt Service Coverage• Completion Rate/Capital Adherence

Initiative Team:

Initiative Sponsor/s (1/BU)	Lead: Kirsty Grainger (CFO) Mike Haynes
	Andy Strong
Initiative Lead	TBD

Overview

This initiative will prudently reduce and standardize the size of the capital program by changing how the capital budget is developed. Elements of this initiative include:

- Overhaul programmatic CIP– Reorganize asset management team and concentrate efforts on improving planning and estimating that precedes new capital investments. Build robust asset condition data within WAMS. Develop budgets by pooling funds (rather than using annual allocations) and use long-term system planning and condition assessments to identify most-needed capital investments. Explore new models for dividing responsibility and enforcing accountability for managing programmatic capital spending between project managers, analysts, and engineers. Improve reporting capabilities; create metrics and dashboards for monitoring & tracking of spending, budget status, milestones and timelines.
- Enhance management of discrete capital projects. Continue to expand use of project management framework. Research best practice (cost/benefit, plans/charters, stage gates, etc.) and implement augmented project controls process for use with CARE committee. Improve reporting for project status and budgets.

Reasoning

Capital improvements account for 60% of the projected 6-year rate trajectory, so carefully right-sizing the capital program will be impactful in managing overall costs and rates. Simply reducing the size of the capital program is not difficult but doing so in a way where infrastructure is not compromised for the long-term is.

This initiative proposes to fundamentally alter how the utility manages programmatic CIP, which accounts for 70% or more of the capital program. In parallel, strong project controls will help weed out unnecessary work and limit budget variances for discrete projects.

Timeline

Phase	Deliverable	Start Date	Due Date
Initiation	Charter Signed by all departments involved.		
Planning	Project management plan approved by sponsor		
Execution	Key project deliverables, as outlined in plan		
Monitor & Revise	Final Report		
Close	Presentation to Executive Team		

Process Measures

Measure	Currently Tracking?	Baseline	Target
Number of projects using project mgmt. framework	Yes		
Various metrics for programmatic work	Some		
CIP Forecast vs Actuals	Yes		
Budget overages	Yes		
CIP Completion Rate	Yes		
	<input type="checkbox"/> yes <input type="checkbox"/> no		

Scope

WAMS reimplementation and integration is outside the scope of this initiative, though the timing and purview of this technology upgrade would impact how proposed new processes would use this system. Also, it is assumed that some organizational changes and reassignments will be resolved before this initiative begins.

Anticipated Budget

No incremental O&M or headcount is included in this initiative. It is likely that staffing among engineers/capital project management will need to be shifted or reorganized. There is interest in adding staffing to support project management, program management, cost estimating and project controls analysis, but a full analysis has not yet been completed.

Anticipated Risks

Culture change: this initiative will require cross-functional teamwork, and strong sponsorship to shift responsibilities from one team to another and enforce accountability.

Cost/Staffing/Technology: As this initiative progresses and we clarify how processes and responsibilities will change, we may determine that we do need headcount (at least in the short-term) consulting support or new technology.

Draft Rate Path

2021-2026 Strategic Plan Financial Forecast

March 5, 2020

RATE INCREASE SUMMARY

(\$ in millions)	2020	2021	2022	2023	2024	2025	2026	AVG
Revenue Requirement	950.4	952.2	981.4	1,012.3	1,046.8	1,061.5	1,082.8	
Annual Increase		0.2%	3.1%	3.1%	3.4%	1.4%	2.0%	2.2%
Retail Sales GWh	9,230	8,912	8,844	8,769	8,720	8,632	8,580	
Annual Change		-3.5%	-0.8%	-0.8%	-0.6%	-1.0%	-0.6%	-1.2%
Average Rate, ¢/kWh	10.32	10.69	11.10	11.54	12.00	12.30	12.62	
Annual Increase		3.6%	3.9%	4.0%	4.0%	2.4%	2.6%	3.4%

RETAIL REVENUE REQUIREMENT DRIVERS

(\$ in millions)	2020	2021	2022	2023	2024	2025	2026
Revenue Requirement	950.4	952.2	981.4	1,012.3	1,046.8	1,061.5	1,082.8
Debt Service Coverage	421.7	426.1	443.4	460.6	479.1	491.3	497.2
Operations & Maintenance (O&M)	303.3	313.8	327.6	339.6	349.4	357.1	365.6
Net Power Costs	209.6	195.1	193.5	194.9	200.5	197.3	203.6
Other	15.7	17.0	16.8	17.2	17.7	15.9	16.3
Rate Adjustment Assumptions							
Unallocated O&M Reductions		2.5	3.5	-	-	-	-
Debt Service Coverage Target		1.80	1.80	1.80	1.80	1.88	1.90
BPA Assumptions (from Power Mgmt)							
BPA Block*	162.4	164.6	168.1	169.4	173.3	174.8	179.3
BPA Wheeling**	43.6	44.0	45.4	45.9	47.3	47.8	49.3
Total BPA Costs	205.9	208.6	213.5	215.3	220.6	222.6	228.6
Annual Change		1.3%	2.4%	0.8%	2.5%	0.9%	2.7%

*Purchased power volumes: decrease 2.3% per year on average, power rates: increase 4.1% per year on average (~8% every other year)

**Transmission rates: increase 2.1% per year on average (4.2% every other year)

WHAT CHANGED FROM THE DECEMBER FORECAST

Two material changes:

(1) Increased debt service coverage target to 1.9x in 2025 and 2026 to smooth out rate path and fund more of the capital program with operating cash. Note, this is a placeholder and might ultimately be replaced with something different.

(2) Updated CIP to reflect updated project schedules and included provision for increased pole replacement costs (\$85 million) that won't be offset by reductions to other projects. This is also a placeholder since CIP costs have not yet been finalized.

Rate Path

	2021	2022	2023	2024	2025	2026	AVG
2019-2024 Adopted SP	3.6%	3.9%	4.0%	4.2%			
2021-2026 SP March 2020 Update	3.6%	3.9%	4.0%	4.0%	2.4%	2.6%	3.4%
2021-2026 SP December 2019 Update	3.6%	3.6%	3.7%	4.0%	0.3%	2.4%	2.9%
Difference	0.0%	0.2%	0.3%	0.0%	2.1%	0.2%	0.5%

Retail Revenue Requirement Driver Differences - March 2020 SP Update over (under) December 2019 SP Update

(\$ in millions)	2021	2022	2023	2024	2025	2026
Revenue Requirement	-0.1	1.9	5.3	5.8	27.8	30.0
Debt Service Coverage	0.0	7.0	6.8	7.2	28.2	30.2
Operations & Maintenance (O&M)	1.1	-1.9	1.6	1.6	1.6	0.8
Net Power Costs	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8
Other	1.3	-0.5	-0.4	-0.3	0.9	1.7

High level variances

Debt Service Coverage – 2021-2024 increased debt service due to larger bond issues (see CIP section below). 2025 and 2026 large increases are from transitioning from 1.80 to 1.90 coverage.

O&M – Revised forecast of Washington State solar production tax credit (a tax credit passthrough to customers, customer payments recognized as O&M). Small changes to unallocated O&M reductions required to hit rate targets.

Net Power Costs – \$2 million increase to forecast of power marketing revenue (reserve capacity and basis sales). Slightly lower costs for Columbia Ridge power contract costs due to updated information.

Other – Revised forecast of Washington State solar production tax credit, increased franchise payments for Burien (4% to 6%), residual tax impacts from changes in retail revenue.

CIP and Bonds

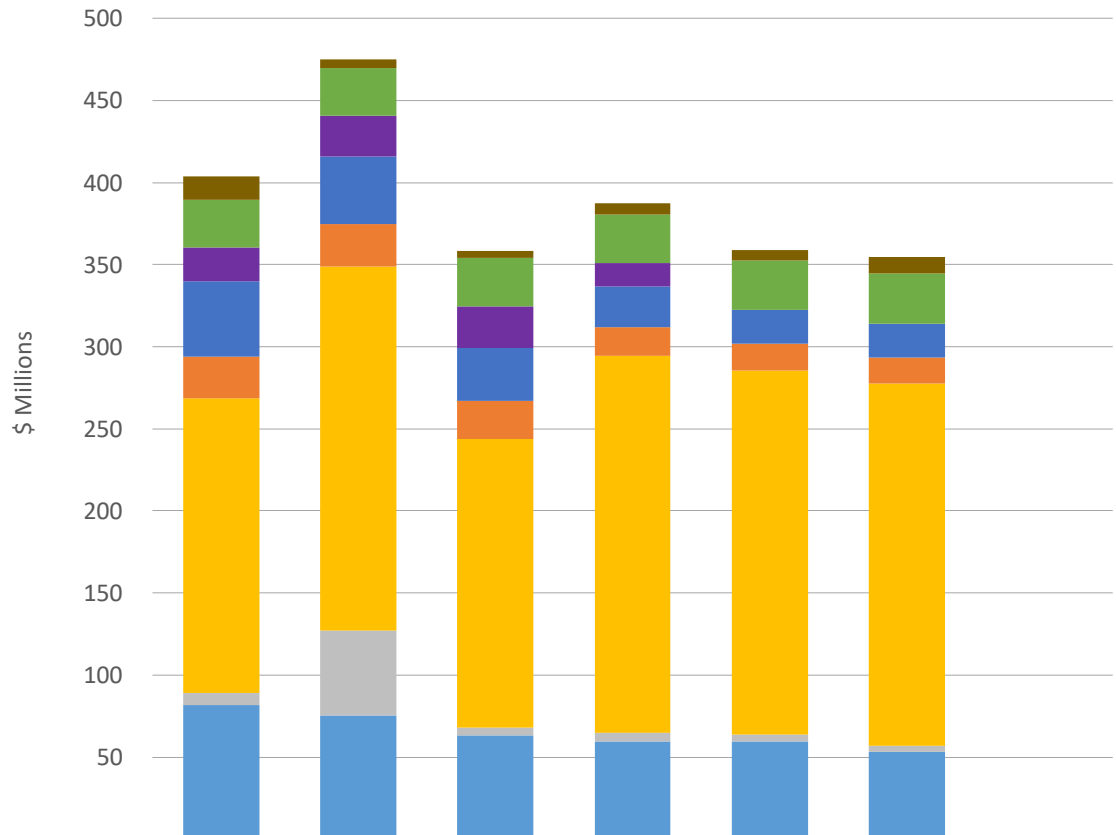
Pole Replacement Costs – Increased CIP by \$85M to reflect a portion of the pole replacement costs that won't be offset by other projects. At the time this forecast was developed the provision reflected 50% of the increased pole attachment costs. Current pole replacement estimates put the \$85 million provision at 40% of the total increased cost.

Updated CIP schedules – Revised schedules transferred more 2019 CIP into 2020 but there was also a higher cash balance that offset the impact. More spending was scheduled in 2021 (more shifted from 2020, less shifted into 2022).

CIP and Debt Changes from December Update

(\$ in millions)	2020	2021	2022	2023	2024	2025	2026
Increased Pole Replacement	20.0	25.0	26.0	14.0	0.0	0.0	0.0
Other CIP	41.2	61.1	-49.6	2.3	0.3	0.0	-0.2
Total CIP	61.2	86.1	-23.6	16.3	0.3	0.0	-0.2
Bond Proceeds	0.0	47.7	-3.0	4.0	2.0	-26.8	-9.9
Operating Cash as of Jan 1	62.4	-10.9	-34.6	-8.8	-9.9	-11.0	10.5
Outstanding Debt	-1.8	46.2	42.5	45.8	46.9	19.1	8.5

2020-2025 Capital Requirements



	2020	2021	2022	2023	2024	2025	Total 2020-2025
Other Deferred	15	5	4	7	6	10	47
Conservation	29	29	30	30	30	30	178
Pole Replacement Program	20	25	26	14	-	-	85
External Projects	46	41	32	25	21	21	186
Central Utility Projects	25	26	23	17	16	16	124
Distribution	179	222	176	230	221	220	1,248
Transmission	8	52	5	5	4	4	77
Power Supply	81	76	63	60	60	53	393
Total Expenditures	404	475	358	387	359	354	2,339

Letter Topics

Draft List of Topics for Panel Letter on 2021-2026 Strategic Plan

Overall statement re: endorsement of Plan, rate path, contents
Strategic Plan process overview
Overview of Review Panel structure, role, process in reviewing the plan
Comment on public outreach included in plan development
Progress of SCL since last Plan
Assessment of City Light's current situation, challenges, opportunities
Comments on Strategic Plan priorities and strategic initiatives
Comments on baseline spending and efficiencies
Comments on Strategic Plan 6-year rate path
Other points of interest/concern/suggestions from Panel for action by City or SCL