



# Strategic Plan | 2013 - 2018

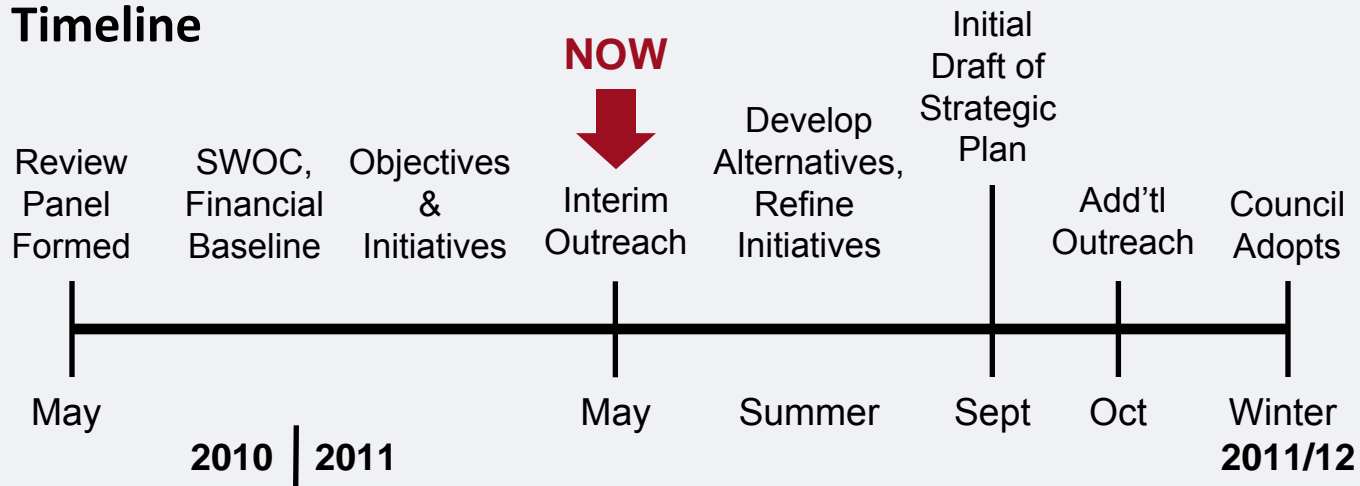
June 2011



# The Strategic Plan will guide our focus on accountability to ratepayers and customers

Decisions on rates, budgets, investments, programs and services for six years (2013-2018)

## Timeline



# What are City Light's strengths, weaknesses, opportunities and challenges?

Customers/Ratepayers

Workforce

Assets

Municipal Enterprise  
Excellence

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# What should be our focus for the next 5-6 years?

Priorities (4) → Objectives (12) → Specific Actions (~40)

Customers/  
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# Customers

## Proposed Objectives

1. Provide greater rate predictability
2. Balance multiple policy goals in rate design
3. Anticipate and exceed customer service expectations
4. Promote environmental stewardship

A nighttime photograph of a city skyline, likely San Francisco, with numerous illuminated buildings and the Golden Gate Bridge visible in the background. The image is overlaid with a blue gradient that fades from the top to the bottom.

# Workforce

## Proposed Objectives

5. Ensure a safe work environment
6. Attract, train and retain a high performance workforce



# Assets

## Proposed Objectives

7. Provide reliable, safe, cost-effective electric service to our customers
8. Maintain a stable, cost-effective, environmentally responsible power supply portfolio
9. Incorporate technology to meet future customer needs



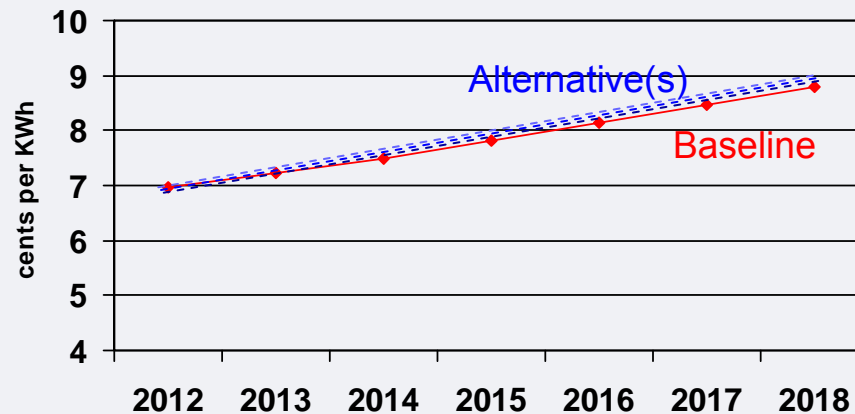
# Municipal Enterprise Excellence

## Proposed Objectives

10. Improve communication about, and support for, City Light's strategic priorities
11. Implement best practices in business processes and technology across the utility
12. Ensure fiscal strength

# What if we keep doing the same things we are doing today, where do we end up with rates?

Average System Rate (Example Only)



## “Financial Baseline” Assumptions

- Same level of service to customers
- Generally the same operating methods
- Same level of operating risk
- Meet known regulatory and other requirements



# Utility Rates “101”: A very simplified view

Utility costs

(net of non-customer revenues)

$$\frac{\text{Utility costs (net of non-customer revenues)}}{\text{Estimated customer usage}} = \text{rate/Kwh}$$

*Rates are set to cover utility operating costs, based on expected customer demand for energy.*

# Our baseline rate projection considered:

## Utility costs

(net of non-customer revenues)

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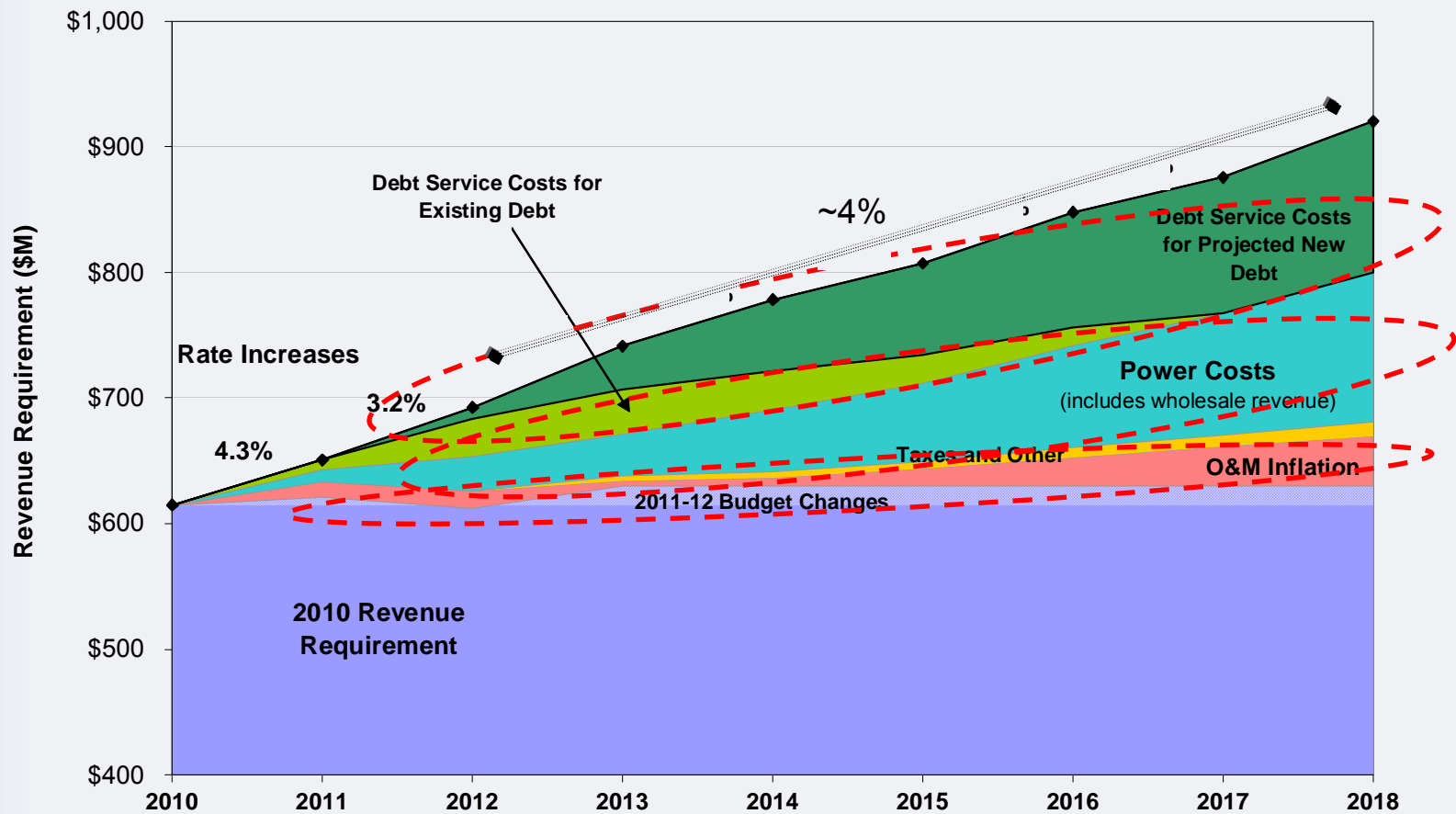
- Continuing need for infrastructure renewal
- Costs to purchase power under current long-term power purchase contracts
- Rates of inflation in costs of supplies, services, construction, labor, benefits

## Estimated customer usage

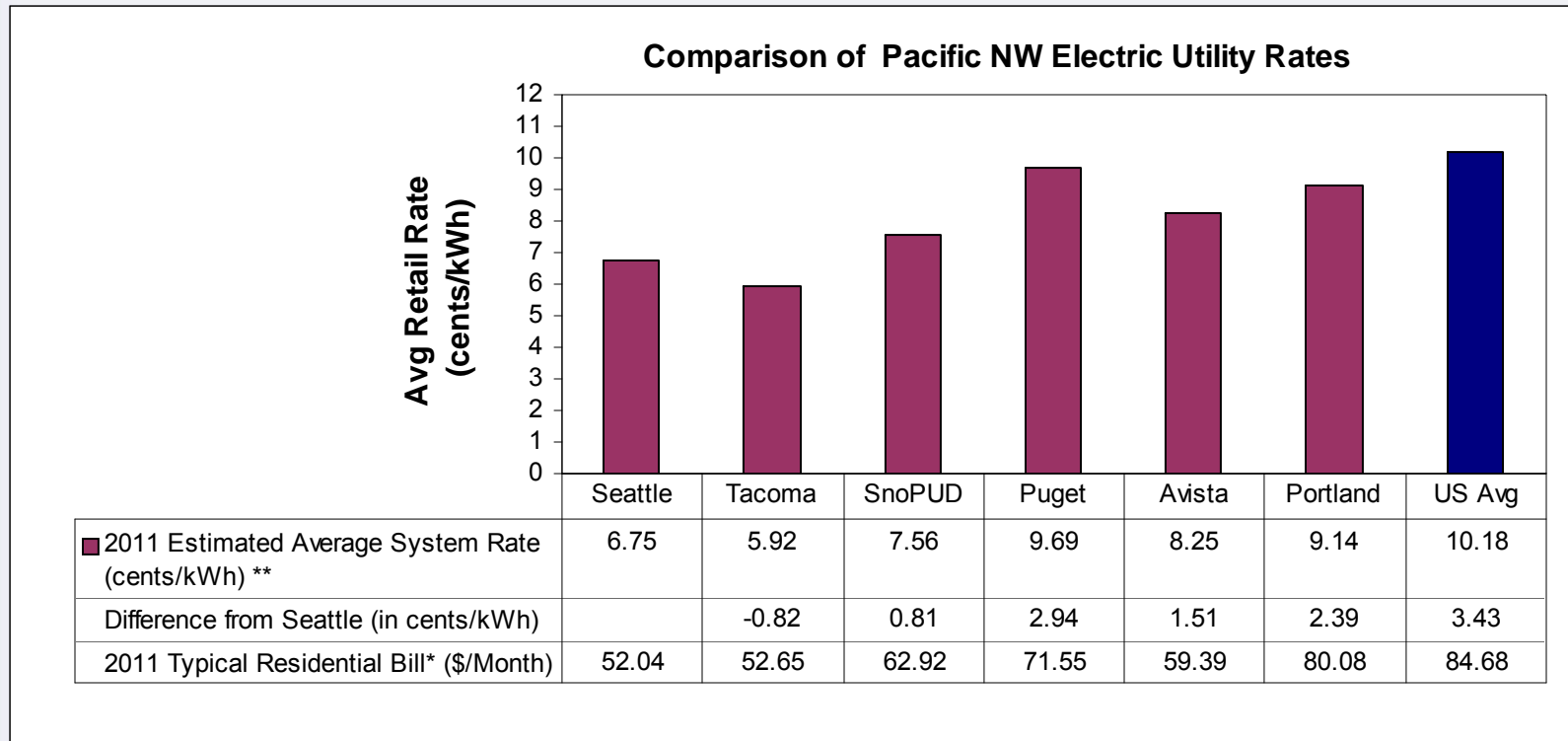
- Growth in demand



# Rate Impact with Status Quo: Estimated ~4% Annual Increases



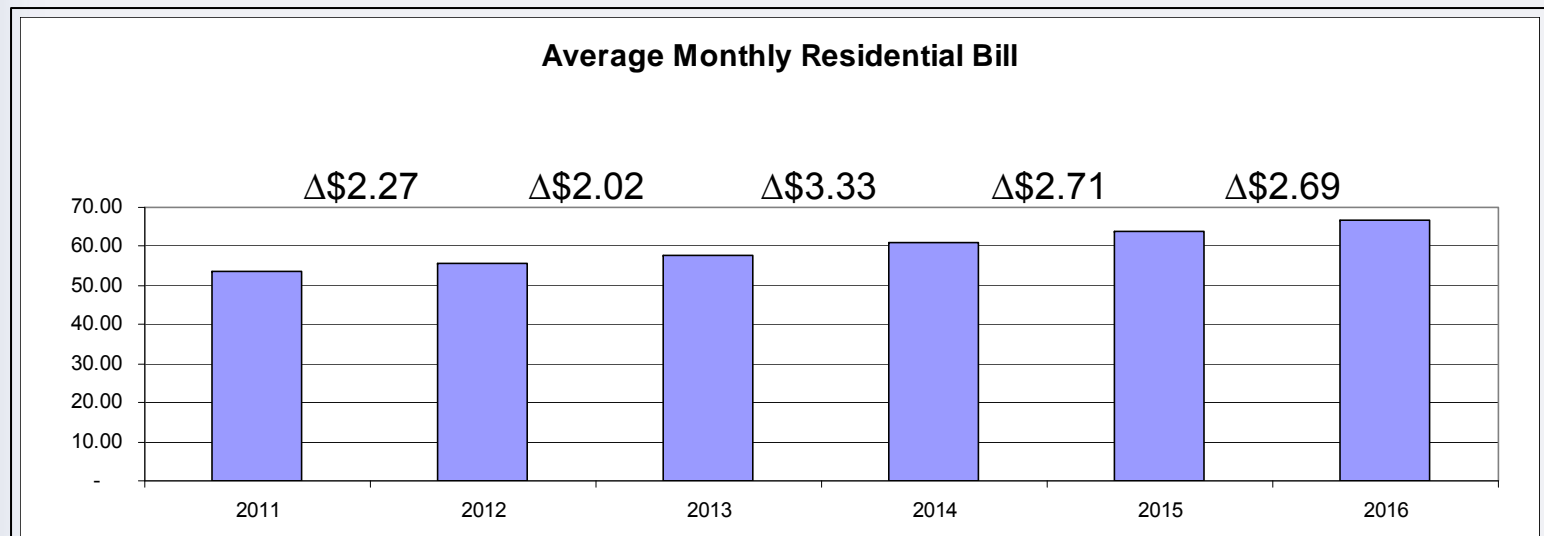
# City Light's Low Rates: A Comparison



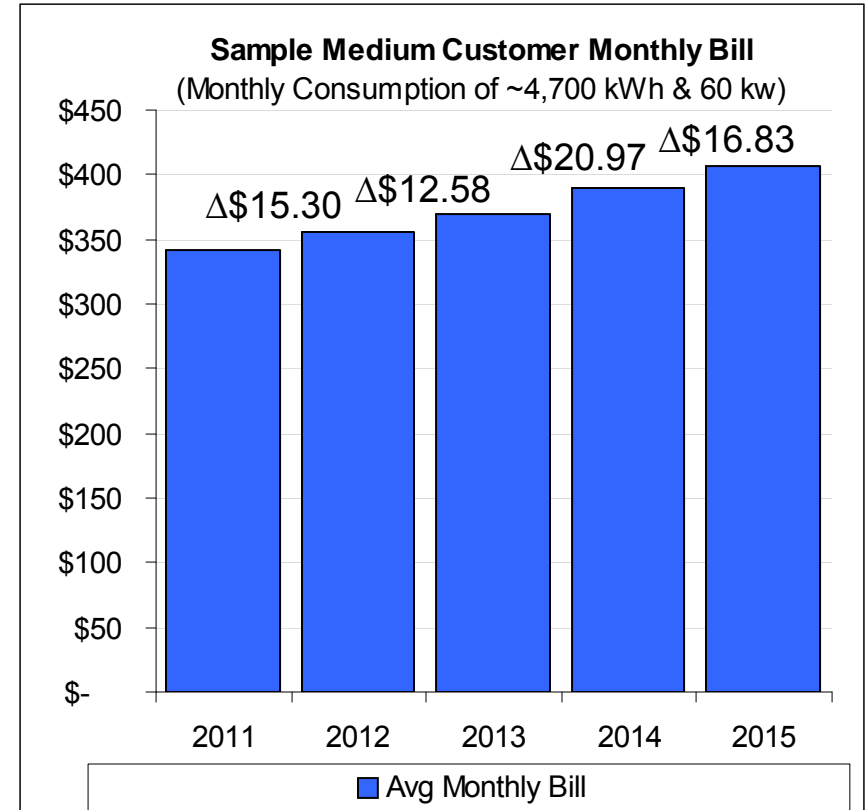
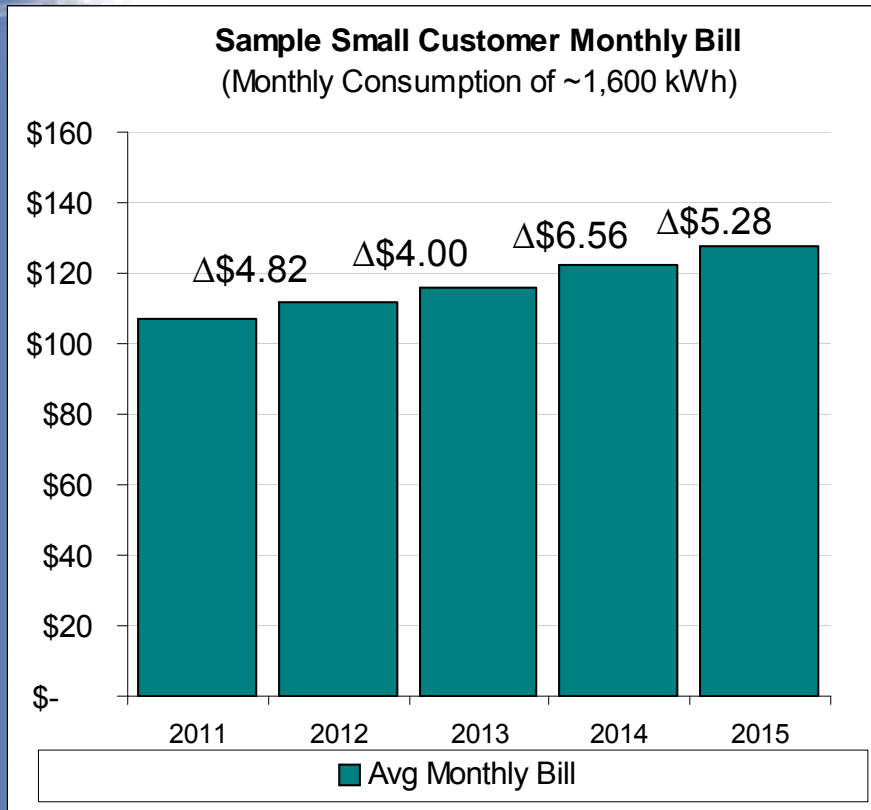
\* Assumes monthly usage of 710 kwh at residential rates (which are higher than the system average rate shown)

\*\* Tacoma's system average rate includes customers taking service at the Transmission level.

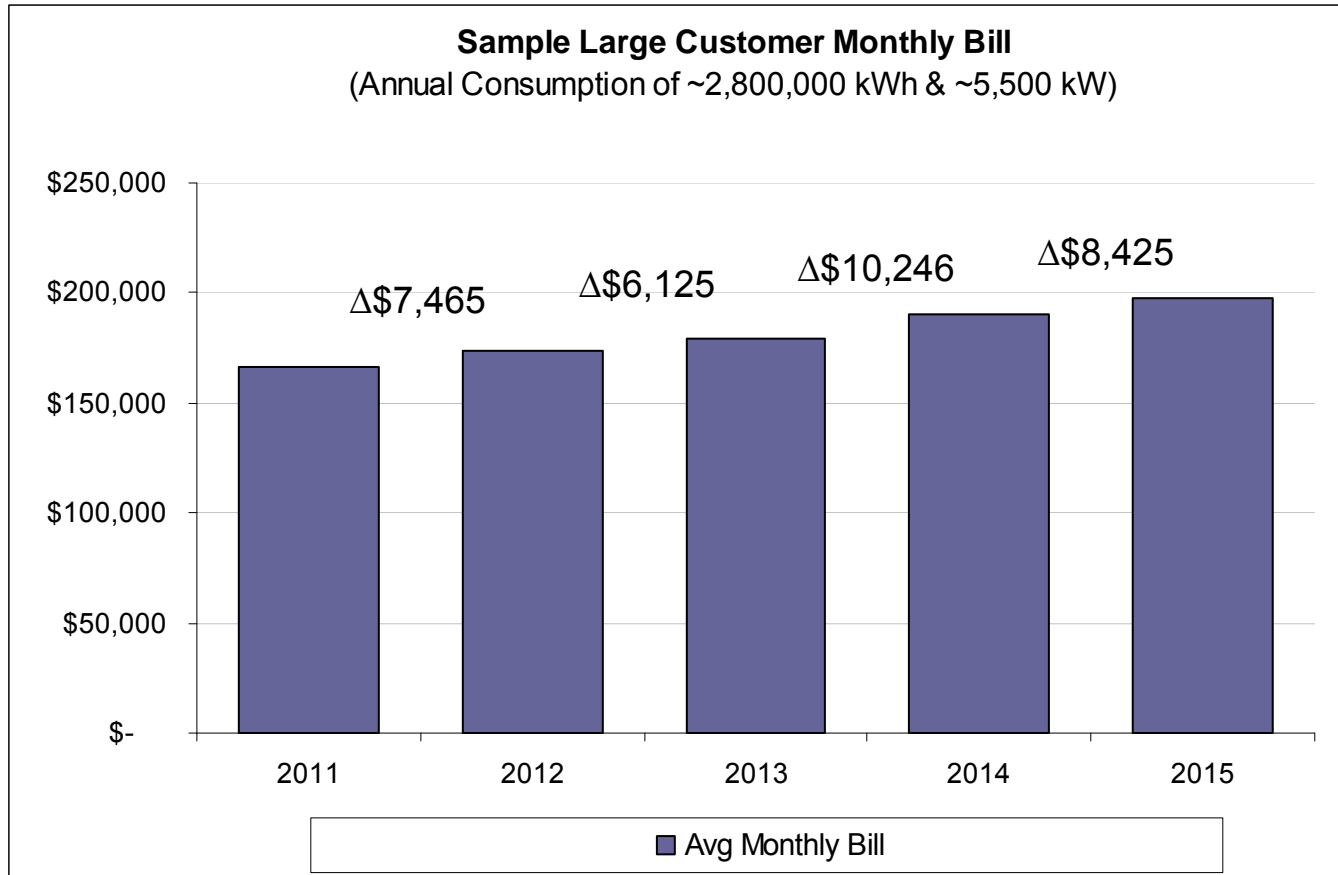
# Average residential monthly cost for Seattle residents



# Sample Small and Medium General Customer Monthly Cost



# Sample Large Customer Monthly Cost





# “Status Quo” projected forward: Conclusions

1. Significant ongoing reinvestment necessary to maintain infrastructure supporting current levels of service.
2. Purchased power costs will continue to rise.
3. Rates likely to remain among the lowest in the nation / region.
4. Key focus on increasing efficiency of operations to reduce costs.
5. This “base case” doesn’t fully address all identified challenges:  
**We need to take action and not accept the status quo projection.**

**Questions?**





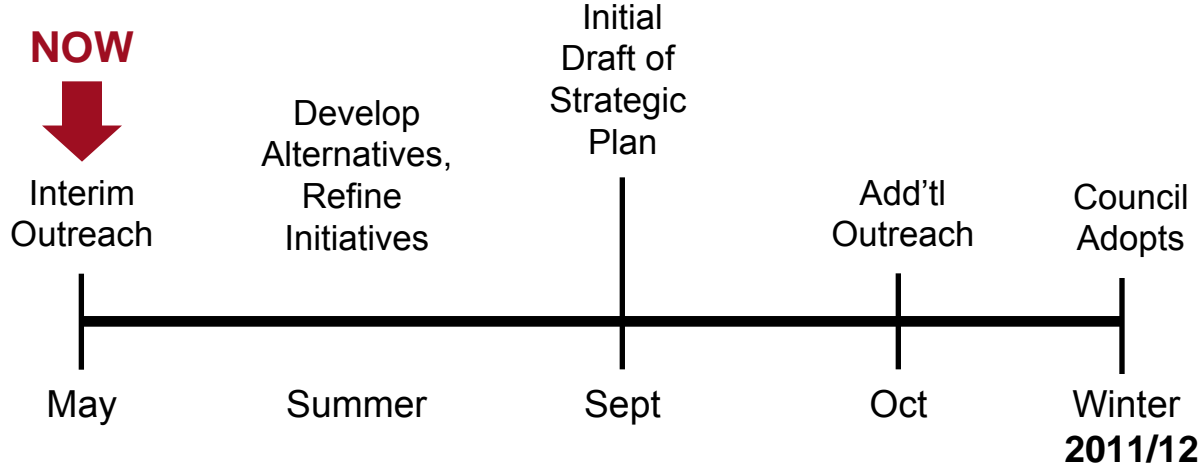
# What do you think?

1. Are the proposed objectives the right things for City Light to focus on in its Strategic Plan? Why or why not? What is missing? What questions do you have?
2. Select a proposed objective and give us feedback on what success looks like in your view: What should City Light do to achieve that objective?



# Next Steps

## Timeline



**Thank You!**  
**YOUR Seattle City Light**

