

Futuring and SWOC Overview

Presentation to the Customer Review Panel

October 26, 2016



What is Futuring?

Futuring describes how we think about longer-term trends and threats to the Utility.

- Emphasis on future thinking and the link to our mission.
- A more systematic and deliberate methodology to support our promise.

Futuring Current State

- Some Lines of Business (LOB) are already involved in planning for future scenarios.
- Focus on operations.
- Inconsistent discipline around use of futuring.

SPU Futuring Workshop

- We partnered with Rebecca Ryan, a nationally known Futurist, to lead us through interactive discussions of SPU's possible futures.
- Teams of SPU employees analyzed how 28 trends might impact SPU over the next 20 years.

Six dimensions/ Areas of Influence

Affordable
Utility
Services

Customer
Service
Quality

Reliable
Service
Delivery

Public Health
& the
Environment

Workforce

Equity

Futuring Trends

4. Retirement Wave



By 2022, 55% of the SPU employees will be eligible for retirement.

Source: SPU HR 6/2016.

How will this impact the future for SPU?

18. Income Disparity



Over the last 40 years, Seattle's income inequality has widened. In 2014, upper-income families commanded 10% more income than they did in 1973, while middle-income families commanded 8% as much.

Source: U.S. Census, Current Population Survey

How will this impact the future for SPU?

22. Rising Sea Levels



The current best available science projects sea level rise in the range of 3.9" to 56.3" for the Seattle area by 2100, with an additional 36" of storm surge during extreme events.

Source: "Sea Level Rise for the Coasts of California, Oregon and Washington: Past, Present and Future". The National Academies Press, 2012.

How will this impact the future for SPU?

SPU “Wild Card” Futuring Trends

We provided SPU LTeam the opportunity to identify additional trends:

- SPU LTeam identified 20 long term “wild card” trends
- We categorized these trends by the six dimensions/areas of influence

Outcomes/Deliverables

- Introduction of futuring concepts to the SPU Leadership Team.
- Make futuring a common business practice in SPU.
- Develop a cultural mindset of being future-ready.
- Make contingency plans that ensure resiliency.

Integration into the SBP Update

- Identifies future scenarios that could drive investments and efficiencies needed for the future.
- Ties to “forward-looking utility service” in our mission.
- Input into our SWOC work.

What is SWOC?

<p>Internal: You typically have a great deal of control over these</p>	<p>Strengths are what SPU does well.</p>	<p>Weaknesses are what SPU doesn't do well that holds it back.</p>
<p>External: Usually resulting from outside forces that impact you, but can also be related to customers, assets and processes.</p>	<p>Opportunities are emerging scenarios that can make SPU more successful in delivering its Promise.</p>	<p>Challenges can impede SPU's ability to deliver its Promise or conduct its business.</p>

Purpose of SWOC

- SWOC results will help:
 - Identify key areas for new investments;
 - Identify key areas where we can produce savings
 - Define outcome goals and service levels/metrics
 - Tell our story

Starting with LOB SWOCs

The LOBs and Corporate function developed SWOCs from a variety of inputs including:

- Previous employee and customer research
- Past SWOC exercises completed by LOBs/Branches
- The current SBP
- Futuring trends
- Customer focus group data
- Expertise from each LOB

Developing the SPU-wide SWOC

- Using the LOB SWOCs, L-Team workshop in September
- L-Team prioritized items from the LOBs
- E-Team reviewed and revised the L-Team list
 - Addressed redundancies and conflicts
 - Generalized SWOC statements
 - Cross-walked with 2014 SWOC
 - Validated the statements