



Seattle City Light



STRATEGIC PLAN UPDATE

2023-2028

READY, SET, GO



As a public utility, our customers and the communities we serve help to define Seattle City Light's goals. We, in turn, deliver affordable, reliable, and environmentally responsible power. And we strive to keep the power on, even in challenging situations like extreme weather, population growth, and ever-changing business demands. And as we're learning in 2022, with supply chain disruptions, inflation, and the "great resignation," it's not easy, but no one ever said it would be.

City Light has met the unparalleled challenges of the past two years with resilience, ingenuity, and determinedness. This is to the credit of our incredible workforce and the understanding that no matter the disruptions we face, we are a team with a clear vision of where we want to go and a map for getting there. City Light's Strategic Plan is our guide. It reminds us of our shared purpose and keeps us pointed in the direction of our long-term goals while we navigate the uncertainty of the present. Having a north star has never been more important.

Since 2012, City Light has developed a full Strategic Plan every six years to outline the key strategies that guide our work. We update this plan regularly to reflect current conditions, report on our progress, and make necessary adjustments. This includes incorporating customer, community, and employee feedback to ensure our plans and our day-to-day work continue to reflect diverse needs and perspectives.

In May 2021, the City Council and Mayor adopted a five-year 2022–2026 Strategic Plan, having deferred a planning year during the pandemic. This update puts us back on our regular six-year trajectory. More than that, it's an opportunity for us to add detail and further clarify our shared goals as we move into a post-pandemic reality. The 2022–26 plan helped us keep our sights set on the future as we dealt with the disruption of the pandemic. With that disruption receding, it's time to get going. That's what this update is about—acknowledging the progress we've made, reaffirming our vision, and putting our strategies into action. Ready, set, go!

ACCOMPLISHMENT HIGHLIGHTS

City Light is already making progress on the Strategic Plan. Below are some key accomplishments that highlight work that is underway.

Delivering Power in Extreme Weather

From windstorms and record snow in the winter and fall to record-breaking triple-digit temperatures in the summer, 2021's extreme weather caused many large-scale outages and high peak energy usage. Through it all, City Light responded quickly and safely to get the power back on and manage power loads to ensure the system could accommodate increased use.

Creating Shelter for Unhoused Neighbors

Working with other City of Seattle partners, City Light has turned its former Power Control Center on Roy Street in Seattle's Uptown neighborhood into a 24-hour shelter for up to 40 unhoused individuals. The Seattle Indian Center will manage the shelter.

Expanding Access to Electric Vehicle Charging

City Light continues efforts to install and operate publicly accessible electric vehicle fast chargers throughout its service area. In 2021, City Light installed six new rapid chargers in its franchise cities, including five in Tukwila and one in downtown Burien. In addition, City Light partnered with King County Metro and the City of Tukwila to develop and open a charging facility for Metro's new fleet of all-electric buses. The facility supports efforts to provide accessible electrified public transit for south King County communities and reduces air and noise pollution throughout the region.

Earning a Place on the Clean Energy Leaderboard

In April 2021, the Smart Electric Power Alliance (SEPA), a nonprofit organization that envisions a carbon-free energy system, announced that City Light earned a spot on its 2021 Utility Transformation Leaderboard. The recognition results from City Light's participation in SEPA's Utility Transformation Challenge—an assessment of U.S. electric utilities' efforts to embrace the transition to a clean and modern energy future.





Greening Up Our Community

City Light and the Washington State Housing Finance Commission's (WSHFC) Sustainable Energy Trust were selected as 2021 Green Power Leadership Award winners by the Center for Resource Solutions. The award recognized the two agencies for removing barriers for low- and moderate-income communities to install solar energy projects. Along with affordable financing through WSHFC's Sustainable Energy Trust, communities can access funding through City Light's Green Up Community Program. When customers participate in Green Up, City Light purchases regional renewable energy credits on their behalf to fund community rooftop solar projects.

Customer Assistance

City Light continues its focus on ensuring all customers have access to clean energy, no matter their income. No one should be without power. We are working with City and community partners to increase the effectiveness of our utility bill assistance programs.

Customer Technology

City Light is improving customer-facing technologies to give customers the tools they need to manage their accounts and services. This work is part of the Utility Technology Roadmap, a strategic document created in 2021 that provides a comprehensive plan for our technology portfolio investments.

Organizational Change Management Office

City Light has established a formal change management program to provide consistent structure, standards, training, coaching, and resources to help employees adapt to, and make the most of, changing job functions, business processes, and technology. The program has dedicated staffing, and initial projects are underway.

Exploring Renewable Hydrogen with the Port of Seattle

In 2021, a team led by City Light, Pacific Northwest National Laboratory and Sandia National Laboratories began exploring a potential shift from fossil fuel to clean hydrogen fuel to power medium- and heavy-duty vehicles at the Port of Seattle. Clean hydrogen fuel is expected to significantly reduce greenhouse gas emissions, particularly in the maritime and trucking industries, which are harder to decarbonize. This work is supported by two awards from the U.S. Department of Energy totaling \$2.12 million to help meet emission reduction goals set by City Light and the Port.

Resetting Skagit Hydroelectric Project Relicensing

Climate change makes the carbon-free energy produced by the Skagit River Hydroelectric Project vital to our customers and an important part of today's solution to global climate change. It's also true that our infrastructure has a significant impact on the native lands and culture of Tribes and First Nations, and the dams that power the Northwest are challenging for fish, particularly salmon. When City Light received feedback that the relicensing process was not going well for our partners, we recognized the need for change. Over the last year, we improved our relationships with participating Tribes and agencies by making collaboration the centerpiece of the relicensing process. We also committed to go beyond basic dam mitigation to improve the Skagit watershed and its salmon runs.

Replacing Aging Infrastructure

The Boundary Hydroelectric Project installed a brand new 772,000-pound rotor (rotating component) and refurbished stator (stationary component) in one of its six generators as part of a comprehensive rehabilitation project. This upgrade will enable the generator to operate at improved efficiency, increasing energy output and providing carbon-free, reliable power for the next 40+ years.

ACCOMPLISHMENT HIGHLIGHTS

OUR STRATEGIES



The update is organized around the following business strategies:

- 1 Improve the Customer Experience**
- 2 Create our Energy Future**
- 3 Develop Workforce & Organizational Agility**
- 4 Ensure Financial Health & Affordability**
- 5 We Power**

The fundamentals of the Strategic Plan remain unchanged for the 2023–2028 update. We are delivering on our investments to maintain current service levels and additional strategic investments to enhance service and improve productivity. This plan update further describes the steps City Light is taking.

1 IMPROVE THE CUSTOMER EXPERIENCE

We are focused on engaging with our customers and helping employees see the impact of their actions from the customers' perspective.

We are making investments to enhance accessibility, offer new program choices, and better meet our customers' diverse needs.



PROJECTS, INITIATIVES, ACTIVITIES	WHAT DOES IT LOOK LIKE?
<p>Integrate the 'voice of the customer' into our organizational culture</p>	<p>Implement a Customers First strategy that enables us to keep customers' diverse needs and perspectives front and center when making decisions, developing programs, and delivering services.</p>
<p>Strengthen and fix core customer services</p>	<p>Evaluate and redesign our portfolio of utility assistance programs to ensure our customer assistance and affordability programs are accessible and effective, and help as many eligible customers as possible.</p> <p>Establish a specialized customer support team to address complex billing issues and implement new billing processes to improve customer interactions and address billing issues.</p> <p>Implement service-to-bill recommendations to reduce delivery times for new service connections.</p>
<p>Expand customer service options</p>	<p>Launch the Renewable Plus program, digital marketplace, and demand response pilot to improve demand-side management and energy-efficiency options to help customers meet their sustainability goals.</p> <p>Implement customer technology projects to enable us to give customers more self-service opportunities.</p>

2 CREATE OUR ENERGY FUTURE

Our energy future is based on carbon-free renewable resources. Moving away from fossil fuels will require significant commitments and partnerships. New infrastructure is needed to ensure electricity can be accessed wherever and whenever people need it. Similarly, customers will need more options for accessing and paying for electricity.

Creating our energy future involves:

- Responsibly growing demand for clean energy through electrification.
- Investing in access to low-cost carbon-free renewable power.
- Building and maintaining a smart, resilient, flexible, dynamic, and reliable grid infrastructure.
- Preparing for the increased integration of distributed energy resources and more customer options.
- Working to reverse historic inequities and avoid collateral harm to underserved populations by intentionally prioritizing their needs.

PROJECTS, INITIATIVES, ACTIVITIES	WHAT DOES IT LOOK LIKE?
Utility Next Portfolio	Compete for state and federal grants , including major investments being made available by the Infrastructure Investment and Jobs Act that will augment and accelerate progress in grid modernization and electrification and reduce costs to ratepayers.
Grid modernization program	Implement grid modernization projects and programs to enhance and update our grid to support our customers as more buildings and transportation become electric.
Implement electrification plans	Develop and implement strategies and new programs to support building electrification and invest in transportation electrification infrastructure.
Integrate distribution system and resource planning	Implement an integrated distribution, transmission, and generation resource planning framework to directly connect those three major segments of our system. The framework will incorporate the new grid architecture, including distributed energy resources, and ensure that the overall supply resource plan meets strategic and policy objectives as well as regulatory requirements.
Demonstrate leadership in western market development	Provide leadership to develop a coordinated Western energy market to enable the integration of carbon-free resources, enhance reliability, and support increased planning and operational efficiency in the region.

3

DEVELOP WORKFORCE & ORGANIZATIONAL AGILITY

Our industry is transforming quickly, and so are our customers' needs. We must invest in our people and processes to enable them to thrive in this transformational environment. We are building an organization that is nimble, adaptive, and responsive by investing in strong change management, workforce development, and new technology resources. And we are cultivating a workforce with the skills and knowledge to align with evolving business needs and to advance social justice.

PROJECTS, INITIATIVES, ACTIVITIES	WHAT DOES IT LOOK LIKE?
Organizational change management program	Launch and grow an organizational change management program to help employees prepare and seamlessly adapt to changing job functions, business processes, and technology.
Build an agile workforce	Develop and implement a future of work strategy that encompasses reimagining the workspace for a hybrid work environment; broadening recruitment to reach a more diverse applicant pool; enhancing employee development and training; and developing a culture of accountability and outcomes.
Continued implementation of the Utility Technology Roadmap	Develop and implement policies, procedures, and standards for governance, data management and application implementation. Right-size the plan to ensure that the work can be done effectively and successfully; and real-size the plan to align with industry cost benchmarks.

4

ENSURE FINANCIAL HEALTH & AFFORDABILITY

Financial stability is essential to everything we do. Responsible financial planning makes it possible to develop innovative energy solutions, plan for critical investments, and keep our rates affordable.

We are focused on supporting long-term affordability in Seattle by offering rates that are transparent, understandable, reasonable, and equitable for all customers, including vulnerable populations. This commitment includes developing a sustainable and predictable approach to setting rates over time and providing new pricing options to help customers manage their energy bills through efficient use of our products and services.

PROJECTS, INITIATIVES, ACTIVITIES	WHAT DOES IT LOOK LIKE?
Control rate increases	Improve reporting, analysis, and controls to foster strong fiscal management and accountability at all levels. Cost control and prudent budgeting will enable us to deliver incremental, affordable rate increases that resemble inflation.
Price services for the future	Deliver a new time-of-day rate option and other enhancements to customer pricing plans to refine price signals and give customers more control over their bills.
Road to recovery	Implement a comprehensive, customer-focused road to recovery . This process will include the expansion of repayment and financial assistance options to help customers as they emerge from the COVID-19 pandemic.

5 WE POWER

“We Power” refers to our core mission as a utility—to provide our customers with affordable, reliable, and environmentally responsible energy services. This is central to all we do, and our organizational values describe the way employees deliver on that core purpose.

Our commitment to our core business operations and delivering value to our customers includes:

- Continuing to advance our mission to provide our customers with the energy services they need by responsibly maintaining our key assets and infrastructure.
- Prioritizing diversity, equity, and inclusion in all that we do.
- Actively managing and mitigating the constraints, risks, and uncertainty of operating in a COVID-adjusted environment.

PROJECTS, INITIATIVES, ACTIVITIES	WHAT DOES IT LOOK LIKE?
We Power	Develop dashboards for each line of business to track our progress and hold ourselves accountable.
Skagit relicensing*	Relicense the Skagit River Hydroelectric Project under the Federal Energy Regulatory Commission so that the project can continue to provide clean, carbon-free energy while also safeguarding the cultural and natural resources of the area.
Prioritize investment in core infrastructure*	<p>Prioritize investments in core infrastructure and incorporate new concepts and technologies to accelerate grid modernization.</p> <p>Evaluate and adjust business processes to ensure design and planning supports advancements in our customer-facing services.</p>

* New for 2023–2028 update

INITIATIVE SPOTLIGHTS

Market Development

Western states are increasingly challenged to safely provide cost-effective, reliable electricity from diverse resources across a complex grid and a geographically diverse region. Climate change, drought, and reduced fossil fuel and hydropower resources have exacerbated this task. Meanwhile, customer demand for more and cleaner electricity is increasing due to transportation electrification, building electrification, and increased commercial development. City Light is coordinating with other energy leaders across the West on regional efforts to drive energy market solutions that can improve market efficiencies, leverage diverse resources, achieve carbon reduction goals, and increase reliability in the West. Through participation in efforts like the Western Energy Imbalance Market, the Western Resource Adequacy Program, and the West Markets Exploratory Group, City Light is helping create a more modern electric grid to deliver a cleaner, reliable, and more affordable energy future for everyone.

Investment in Critical Infrastructure

City Light is prioritizing investments in core infrastructure. Thanks to committed crews and staff, we have significantly accelerated our pole replacement schedule—our goal is to replace 1,700 utility poles by the end of 2022. We are also continuing work to upgrade transformers and switchgear at substations, in addition to other system resiliency enhancements.



Skagit Relicensing

City Light is in the process of relicensing the Skagit River Hydroelectric Project, a series of three dams that provides 20 percent of City Light's power. Renewing our federal operating license will allow the Skagit Project to continue producing clean, carbon-free energy while also safeguarding the area's cultural and natural resources. City Light is working with 38 partner organizations and consulting parties—including federal and state agencies, Indian tribes, and nongovernmental organizations—to gather information needed to ensure the protection of natural and cultural resources within the Skagit Project area for the duration of the new license. In March 2022, City Light filed the Initial Study Report (ISR) with the Federal Energy Regulatory Commission.

The ISR provides initial results from 33 studies that are being done to inform the actions that City Light will take to manage and protect the cultural, environmental, and recreational resources of the Skagit River watershed under the next license.

Electrification Strategy

The electrification of transportation and buildings is key to reducing carbon emissions and combating climate change. We are investing in public charging stations, working with customers and partner agencies to electrify fleets, and implementing our building electrification strategy to support City policy goals and further reduce emissions.

Our grid modernization work is key to ensuring we can meet increased demand, while further enhancing the reliability and resiliency of our infrastructure and offering new choices to our customers. Another quickly evolving opportunity is the emergence of renewable hydrogen as an element of a decarbonized energy system; we are piloting hydrogen concepts along the downtown Seattle waterfront, and working with other agencies to promote a regional hub for renewable hydrogen as called for by the Infrastructure Investment and Jobs Act.

KEEPING CUSTOMER BILLS AFFORDABLE & STABLE

Seattle City Light is committed to providing strong, secure, and flexible energy infrastructure so all our customers have access to reliable and affordable electricity, whenever they need it and wherever they are.

This Strategic Plan Update results in a rate path of 4.5 percent increases annually for the first two years, then increases of 3.0 percent each year for the remaining four years. For 2023 and 2024, the 4.5 percent increase translates to about \$4 a month for a typical residential bill or \$1.50 a month for a typical residential utility discount program (UDP) bill. In 2023, a typical residential bill would be \$84.69/month, a \$3.65 increase; a typical UDP bill would be \$33.87, a \$1.46 increase.

Inflation in the cost of construction materials (e.g., wire, wood poles, and transformers) is a driving factor behind the 4.5 percent rate increases for 2023 and 2024. We are all seeing the impacts of price inflation in our purchases, and City Light is no exception. The rising value of raw materials like copper and steel has also increased the theft and vandalism of utility infrastructure, which compounds cost pressures.

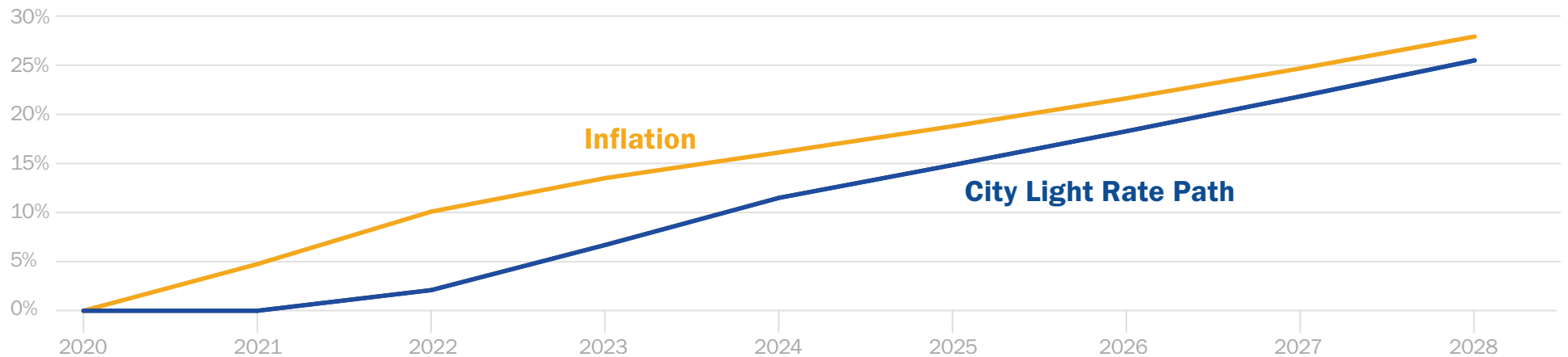
Access to affordable electricity for everyone is our goal. Throughout the pandemic, City Light has continued to deliver essential services to the residents and businesses we serve, including those who could not afford to pay their bills. As pandemic response measures sunset and we restart collections practices, we will work with more than 40,000 residential and business customers who have a total balance of nearly \$40 million in unpaid bills to help them manage their outstanding balances. As a community-based electric utility, rates include funding for income-based bill discount programs, emergency bill repayment resources, and outreach to historically excluded communities, so all customers can access help when they need it.

Rate Increase	2023	2024	2025	2026	2027	2028
Strategic Plan Update 2023–2028	4.5%	4.5%	3.0%	3.0%	3.0%	3.0%

RATES ARE GROWING WITH INFLATION

Cumulative Increase

Consumer Price Index, Source: City of Seattle Office of Economic and Revenue Forecasts, January 2022



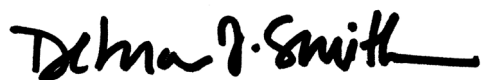
TO OUR CUSTOMERS & COMMUNITY

It has been an honor to lead Seattle City Light over the past three and a half years. None of us could have predicted the arrival of COVID-19 in early 2020 or the profound impact it would have on every area of life. When March 2020 arrived, we paused and shifted our focus to employee and customer safety. The pause included our strategic planning process; we knew our attention must be short term, tactical, and logistical. Over time, our comfort with the new normal increased and 2021 became our year to “Focus and Finish.” City Light employees were ready to think about the future, and we restarted our strategic planning work. The resulting 2022–2026 Strategic Plan Update prioritized work that would help us “Recover, Refocus, Restart.”

Looking ahead, we know the future is uncertain, and success is dependent on approaching challenges and opportunities with curiosity, kindness, and a commitment to equity. Economic recovery is happening all around us. As a community-owned utility, our job is to help our customers thrive in the future we are creating together.

The time is now. Ready, set, go!

Thank you,



Debra Smith
General Manager & CEO



Seattle Mayor Bruce Harrell with City Light General Manager and CEO Debra Smith at the Earth Day celebration of the completion of the Miller Community Center Microgrid.

REVIEW PANEL

The Seattle City Light Review Panel is comprised of nine members drawn from among City Light's customers, to review and assess City Light's strategic plan and provide an opinion on the merits of the plan and future revisions to it to the Mayor and the City Council.

Anne Ayre
Industrial Customer Representative

Mikel Hansen
Commercial Customer Representative

Scott Haskins
Financial Analyst

Leo Lam
Residential Customer Representative

Kerry Meade
Nonprofit Energy Efficiency Advocate

Michelle Mitchell-Brannon
Low-Income Advocate

Joel Paisner
Suburban Franchise Representative

John Putz
At-Large Customer Representative

Timothy Skeel
Economist

APPENDICES

[Financial Forecast](#)

[Outreach Summary](#)

Visit the [Seattle City Light Strategic Plan website](#) to learn more ▶



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