



CITY LIGHT REVIEW PANEL MEETING

Thursday, June 2, 2020

10:00 AM – 12:00 PM

Microsoft Teams Meeting

Proposed Agenda

<u>Item</u>	<u>Lead</u>
1. Welcome, Introductions (<i>5 min.</i>)	Gail Labanara, Panel Chair
2. Public Comment (<i>5 min.</i>)	
3. Standing Items: (<i>30min.</i>)	
a. Review of agenda (Karen Reed)	
b. General Manager's update/Plan Delivery (Debra Smith)	
c. Action: Review and approval of meeting minutes of April 14 th	
d. Chair's Report (Gail)	
e. Panel Appointments (Maura Brueger)	
f. Communications to Panel (Leigh Barreca)	
4. 2021 – 2026 Strategic Plan (<i>20min.</i>)	Leigh
a. Letters from SPU and SCL to CM Pedersen	
b. Final Draft plan – Presentation (No action required)	
i. Review of changes from prior drafts	
5. City Light Recovery Planning Update (<i>30 min.</i>)	Tom DeBoer
6. Next Steps - Looking forward (<i>20 min.</i>)	All
7. Adjourn	



**City Light Review Panel Meeting
Meeting Minutes**

Date of Meeting: April 14, 2020 | 11:00AM – 1:00PM | Meeting held via Skype “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	√
Saroja Reddy		Carsten Croff		Leigh Barreca	√
Eric McConaghy	√	Alex Pedersen		Kathryn Aisenberg	
Craig Smith		Toby Thaler	√	Angela Bertrand	√
Kathleen Wingers		Vanessa Lund	√	Chris Tantoco	√

Welcome\Introductions. Karen Reed, Panel facilitator, convened the meeting at 11:08 AM with a roll call to confirm Panel member participation. Karen welcomed new Panel Member nominee Scott Haskin, who has been nominated for the Financial Analyst position. We are hoping that he will be formally approved by Council next month.

Public Comment. There was no public comment.

Standing Items:

GM Update. Debra Smith spoke about the recent editorial in the Seattle Times, City Light and the City of Seattle’s COVID-19 response efforts, and the completion of the strategic plan. Debra has drafted a blog post in response to the editorial for SCL’s PowerLines publication and is considering submitting the post as an opinion piece to the Times; she is waiting for approval from the Mayor’s office.

Gail Labanara expressed concern that the Panel heard about the audit from the Seattle Times, not from the Utility, and that the audit was finished in February. Debra responded that the City’s Internal Auditor released the report just two weeks ago and City Light is working on its response and approach. The Times OpEd did not include information the utility had provided multiple times to them.

Gail asked that the Panel be provided updates on this more regularly, perhaps every other month. Debra affirmed that this would be possible but noted that the utility’s ability to make a lot of progress on this has been limited during the COVID response. Chris Mefford commented that



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Debra should let us know if and how the Panel can be helpful here.

Debra continued her comments. SCL has been actively working on multiple improvements to its customer operations before the audit report was completed. For example, SCL is standing up a customer advocacy team to proactively work with customers on issues they may be having. In addition, SCL has made improvements to the UDP enrollment process. She will share the blog post that identifies some of our early efforts after our meeting today.

Debra spoke to SCL's ongoing COVID-19 response. Last week, the utility reached a point where the operational cadence had stabilized. The goal is to keep a sufficient level of staff working at any given time to keep lights on and provide usual service levels. Some staff are on call and some are teleworking. Staff who are high risk are staying home and taking care of their health. Debra has been working with the City on operationalizing the Continuity of Operations Plan (COOP) into priorities 1-4. Currently COOP priority levels 1 & 2 work is considered most critical and is being resourced to the degree necessary. Employees whose work falls in lower priority levels are getting reallocated to higher priority work. Two resource hubs (one for City Light and another for all City departments) have been developed to facilitate matching resources with requests for assistance on priority projects.

Next week (April 20) the Central Budget Office will announce how dire the City's finances are. SCL loads are still down seven to ten percent since onset of COVID. The shift is more to residential load. Some larger customers are cutting back and many more customers are simply not paying their bills. Debra says she thinks the Utility is looking at 18 months disruption. Citywide, there will be planning for three scenarios—best, likely, and worst. They are expecting a longer time before turnaround in the economy. SCL has offered \$12M in cuts to assist in the budget challenge this year. In this uncertainty, it is not possible to bring rate actions forward in good faith. We don't know what we will be looking at in five years; we simply do not know enough to complete the Strategic Plan at this point. Both SCL and SPU are recommending delaying the completion and transmission of the strategic business plans.

- **Question:** Are you considering using the debt market for funding? **A:** We do have a bond issue scheduled for this summer (was June, pushed to July) and we are planning on going forward with this. We may downsize the issue, especially if we're scaling down our capital program to keep our debt service coverage down.

Debra continued speaking about the Strategic Plan and upcoming rates. The plan now is for City Light to forego any rate increases on January 2021. In the absence of proposed rate changes, the Utility is not required to submit a Strategic Plan. Her recommendation, and what SCL would like the Panel's approval on, is that we complete the Strategic Plan as a draft at this time, and hold onto it until we have more clarity of how COVID-19 and recovery planning will impact SCL's strategy and financial outlook moving forward. Debra said she believes the draft plan is good and she appreciates the time the Panel has put into developing it with staff. She is confident that the Utility will use it when it is appropriate to resume that work.



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- **Q:** Does the Panel need to write a letter commenting on the draft plan? **A:** If the plan is held, the Panel doesn't need to draft a letter now. When we revisit this work, the Panel will be asked to craft a letter. Right now, SCL wants the Panel's support on making this pivot, and to have you work on recovery planning with us. It is important to get through the plan quickly to put it on the shelf so staff can shift focus to recovery planning. Some aspects of plan will be a part of the recovery, including Cyber Security.
- **Q:** Are the rate pilots still happening? **A:** They're not all on hold. Some of the large-scale deployments of rate redesign will likely be on hold. Small-scale rate pilots are still happening, and with a shorter delay. SCL will likely do a slower ramp up from small-scale to large-scale.
- **Comment:** Glad you are still able to contemplate a bond issue.

Approval of Meeting Minutes of March 31st. The meeting minutes were approved as submitted.

Chair's Report. There was no report.

Communications to Panel. Leigh Barreca reported there were no communications to the Panel. A member of the public did request Skype information for this call which was provided to them.

2021- 2026 Strategic Plan

The discussion began with a review of the initiatives not discussed at the last meeting, to gather any additional comments or concerns from Panel members.

City Light is moving forward on the Cyber Security initiative. Performance Measures for this initiative, and all other initiatives, are being developed and will be shared with the Panel as soon as that information is available.

- **Comment:** Thank you for the candor and the work of the team. Let us get through the Plan and put it on the shelf. The world will look very different when we are past this crisis. Cyber security remains a priority—we should keep focus on that. **Reply:** Despite the City hiring freeze, Cyber Security has moved forward through an exemption process to hire additional cyber staff. SCL has had multiple conversations with Seattle IT to move some key systems back to SCL's control, including the Outage Management System and Asset Management system, but the utility isn't going to proceed with this right now due to the budget gap at SCL.
- **Comment:** I am impressed with the extent of operational challenges faced as well as financial and service level impacts. I would be interested in seeing the CIP decision framework/criteria. **Reply:** Debra responded that SCL is a stronger organization now, doing a lot while working remotely. Many big changes have been made quickly, for example, the Accounts Payable staff is now working entirely from home and is paperless.



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Debra does not expect to go back to having all employees on-site all the time, having proven that SCL can be efficient with teleworking. Leigh Barreca has been tasked with recovery work moving ahead. Cyber Security and Right-Sizing capital program will be a big piece of the recovery. Customer Program Options will be a part of recovery effort, as well as how we help customers in the wake of COVID. Rate design and grid modernization will slow down.

- **Comment:** Let's use Microsoft Team for the next meeting. **Reply:** Chris Tantoco will investigate the feasibility of using Microsoft Teams for future meetings.
- **Comment:** I would like to see the scenarios and how we will adapt the plan to the new reality.
- **Comment:** In terms of the initiatives, there are no red flags, just questions about cost rollout schedules and measures.

Noted that the Panel will go through all the Initiatives when we resume work on the Plan in the fall, and the Panel will then have an opportunity to provide further input before anything is finalized. Finishing the initiative templates with performance measures will be tabled a bit because of the pivot to COVID response. Panel comments on the other initiatives from prior meetings are included in meeting summaries.

Vanessa Lund led a review of the draft Plan section by section. Substantive changes that were made after receiving Panel comments include:

- Added a transitional paragraph about scenario planning
- Note: The outreach summary will be updated pending new efforts, such as a customer satisfaction survey that we plan on launching when we resume work on the plan.
- Added "promote energy efficiency" to various sections.
- Added "attract workforce that reflects our community" as a goal for Keep the Lights On.
- Added content around factors that drive rates

The Financial Forecast will be updated when we have more information.

Panel motion was made, seconded and approved to hold the Strategic Plan until City Light is able to revisit long-term strategy.

Next Steps

Moving forward, City Light is committed to staying involved with the Panel. The April 28 meeting will be cancelled, and we will move to monthly meetings again starting in May, for two (rather than three) hours. A Panel member requested that the meetings not be held over lunch. ***SCL will explore scheduling options for future meetings.***

Panel was asked about other topics the Panel would like to hear about in the next four – five months. Responses included:

- Revenue recovery/financials
- CIP program planning
- City Light audit response



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- UDP Enrollment, based on COVID and impact of increased UDP enrollment on City Light revenue
- Impact on SCL employees-- ensure they are being paid, and that there are no layoffs.
- Changes in consumption and impacts on energy efficiency
- Bond issuance information
- Rate impact resulting from lower demand moving forward: how will the Utility manage this?
- Interest in seeing consumption reports
- Creative path for finding a balance between firing people and increasing rates. Is there a role for debt financing?
- Recovery plan and impacts to staff, finances, rates
- Financial policies in light of current circumstances.

Shoutout to Nucor – thanks for stepping up to develop PPEs. Leigh thanked the Panel for their support.

The meeting adjourned at 1:02 P.M.

April 27, 2020

Councilmember Alex Pedersen, Chair
Transportation and Utilities Committee
Seattle City Council
PO Box 94728
Seattle, WA 98124-4728

Councilmember Pedersen,

Thank you for your work as chair of the Transportation and Utilities Committee on behalf of rate affordability in our city. I want you to know Seattle Public Utilities shares your commitment to keeping our rates as low as possible.

For the past seven months, Seattle Public Utilities has solicited input from our customers, employees, and our Customer Review Panel on a new 2021-2026 Strategic Business Plan, with a six-year planning and rate horizon including a three-year adopted rate path and three-year rate projection. Our schedule has been to provide the Plan to Mayor Durkan in June.

Given the severe and still unfolding social and economic consequences of the COVID-19 pandemic, I'm writing to let the Council know it is not possible to provide a thoughtful and meaningful business plan and rate path on the schedule we have intended. As such, we are planning to hold on our transmittal to allow time to assess and discern the best path forward and we will not transmit the planned 2021-24 water rates package this year.

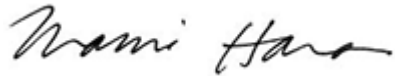
To support this approach, SPU intends to use our last two scheduled customer panel meetings wrapping up our planning and documenting panel members' thoughts and preliminary conclusions about potential investment priorities. SPU's customer panel would continue to meet on its regular quarterly schedule but we will put on hold final consideration of our strategic business plan, future rates, and other recommendations until such time as we have a better understanding of the impact of this crisis on the utility's operations and financial outlook.

I have the greatest admiration for the dedication our customer panel members have shown and their commitment to convene during this crisis and I want the Council to know we will work collaboratively with them to create a process for the panel to synthesize preliminary thoughts and then pick up where they left off. When we resume this effort, we are committed to providing time for them to ramp back up, assess the situation and finish deliberations.

I believe we can both manage and withstand this delay and anticipate coming to you with our plan and proposal no sooner than January of 2021.

Thank you for your understanding and if you have questions or comments, please do not hesitate to contact me.

Respectfully,

A handwritten signature in black ink that reads "Mami Hara". The signature is written in a cursive, flowing style.

Mami Hara, General Manager/CEO
Seattle Public Utilities

April 27, 2020

HONORABLE ALEX PEDERSEN
CHAIR, TRANSPORTATION & UTILITIES COMMITTEE
SEATTLE CITY COUNCIL

Dear Council Member Pedersen,

As we discussed, I wanted to update you on some important COVID-19 related impacts regarding Seattle City Light's Strategic Plan originally scheduled for review and adoption by the City Council this summer. For the past year, SCL has actively engaged with our Customer Review Panel (Review Panel) to develop the 2021-2026 Strategic Plan along with a six-year rate path and rate proposal for 2021 & 2022.

Originally, this work would have been completed and submitted to the Mayor's Office in May 2020. However, the unprecedented nature of the COVID-19 emergency and the impact on the local economy makes transmittal of a long-term strategic plan in the next two months impossible. In consultation with you, the City Budget Office and the Mayor's Office we explored a different approach to be responsive to the situation and better understand how the utility's work fits into the City's recovery. As a result, we have all agreed SCL will complete the current work with our Review Panel and then hold on the Strategic Plan transmittal until after the City has been in a some reasonable period of economic recovery and we are able to reassess the impact of the COVID-19 pandemic on the utility's finances and operations for 2021 and beyond. Two weeks ago, our Review Panel met and unanimously supported this recommendation.

In addition to the resolution adopting SCL's Strategic Plan, a two-year rate ordinance implementing the first two years of the adopted plan would have been transmitted later this summer. In conferring with the Mayor's Office and the Review Panel, SCL will maintain the current 2020 rates for 2021 and will not transmit a rate ordinance to the Council this year. This decision not to raise our electricity rates for 2021 is consistent with your often stated priority as chair of the Transportation and Utilities Committee to keep rates low for customers to help address Seattle's challenges with affordability, which is even more important in the wake of the COVID-19 pandemic.

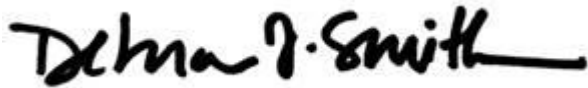
As Seattle City Light, in coordination with the City, moves into the recovery phase, we will begin to better understand the long-term impact of the pandemic on our utility customers and our finances. We have already experienced a higher than forecasted load decline during the past couple months. We are working with the City Budget Office to adjust our operations and capital improvement plans to align with the no rate increase scenario for 2021. The specific details and recommendations will be

incorporated into the Mayor's 2021 City of Seattle proposed budget transmitted to Council in September 2020.

We are proud of the solid relationship we have built with our Review Panel and have incorporated their recommendations on issues such as affordability and keeping the projected rate path down, maintaining infrastructure, resilience and preparing for climate change, and a continued focus on improving the customer experience and electric system safety and reliability. Looking ahead, our Review Panel will have an ongoing role in supporting recovery planning and other advisory activities. As such, SCL will move to convene them at their regular meeting cadences and focus on providing updates on utility progress and performance consistent with currently adopted plans.

Thank you for your support for this decision and please feel to let us know if you have any additional requests or questions.

Sincerely,

A handwritten signature in black ink that reads "Debra J. Smith". The signature is written in a cursive, flowing style with a long horizontal line extending from the end of the name.

Debra Smith
GM/CEO
Seattle City Light

Cc: Seattle City Council Members
Anthony Auriemma, Office of Mayor Jenny Durkan
Kathryn Aisenberg, Office of Mayor Jenny Durkan
Ben Noble, City of Seattle Budget Office
Toby Thaler, Seattle City Council
Eric McConaghy, Seattle City Council
Maura Brueger, Seattle City Light

DRAFT



Seattle City Light

**BUILDING THE
UTILITY
OF THE
FUTURE**

2021–2026 Strategic Plan

THE POWER OF OUR PLAN

May 2020

When we began the strategic planning process in fall of 2019, there was no way to predict how COVID-19 would shake and shape our world. This was to be my first strategic plan as City Light's General Manager, and I was excited to help craft something that would reflect my priorities and the challenges and opportunities ahead. And then came March 2020.

Our world has been shaken by the COVID-19 pandemic and many people are understandably anxious about the future.

City Light took every step to ensure the safety and wellbeing of our community, customers and employees, while keeping the lights on! We worked collaboratively with Seattle Public Utilities to provide immediate relief for customers who have been financially impacted by COVID-19, and our response has evolved along with the situation. One of the reasons we've been able to adjust quickly is because developing our strategic plan prompted us to consider how to deliver essential products and services in a changing and unpredictable world.

There are several factors that were driving change for City Light: The incredible population growth of our region; our increasing dependence on technology; and our need for renewable energy that can be deployed in new ways. The global energy industry itself is in disruption due to these and other factors. Of course, the unparalleled shutdown created by COVID-19 may be one of the biggest disruptive forces we've ever experienced. And yes, the virus has impacted City Light and the electric utility industry—it's changing how, when, and how much electricity is being used. And it has understandably changed the focus of our planning efforts.

Seattle City Light is committed to providing affordable, reliable energy services in an environmentally sustainable way. As a "public" utility, we are responsible to our customer-owners and that means you. We support customers experiencing economic hardships with programs like the Utility Discount Program; we help those with high energy bills with weatherization programs and conservation information; and we help customers take control of their bills with innovations like our rate pilot programs. As we continue to develop appropriate responses to the COVID virus, we will develop and implement new ways of meeting our customers at their point of need. You can and should count on us to do so.

This plan is the culmination of more than a year of listening to our customers and communities, building new partnerships, thinking creatively about the future, and carefully considering our priorities. Although COVID-19 has changed our focus, the work that went into developing this plan will still inform the decisions we make in coming months and the prioritization we put on the resumption of activities. Although we are not formally delivering THIS plan to the Seattle City Council, it will not be a shelf document either.

Our first commitment is, and always has been, to our customers. We will continue to embrace that commitment and partner with the communities we serve as we move towards the recovery state of this pandemic and thoughtfully consider how to reopen and reinvent ourselves for the future. The objectives, goals and initiatives discussed in this plan will also guide our recovery, even as we look to how we can best serve you, our customers.

At Seattle City Light, we strive to bring our amazing community's values to life. We hope you see yourself in the plan.

Debra Smith
General Manager & CEO

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 our customers some of the lowest electricity rates in the nation.

By The Numbers

Service Area Population	906,595
Service Area Size	131.31 Square Miles
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 (97% Advanced Meters)

Source: 2018 Fingertip Facts

OUR MISSION

Seattle City Light provides our customers with affordable, reliable and environmentally responsible energy services.

VISION

Create a shared energy future by partnering with our customers to meet their energy needs in whatever way they choose.

VALUES

ENVIRONMENTAL STEWARDSHIP: We care about the environment and we are dedicated to enhancing, protecting and preserving it for future generations.

EQUITABLE COMMUNITY CONNECTIONS: We are proud to be a local, community-owned utility. We are visible and actively involved in the communities we serve. We are rooted in our commitment to racial diversity, social justice and the equitable provision of services to all.

OPERATIONAL AND FINANCIAL EXCELLENCE: We strive for excellence, are forward-focused, and seek new and innovative solutions to meet the challenges of today and tomorrow. We prioritize our investments and operating choices to build upon our strong financial foundation and solid, reliable infrastructure.

PUTTING CUSTOMERS FIRST: We believe customer service is everyone's job. We pledge to be approachable, respectful and responsive in providing products and services that our customers want and need.

SAFE AND ENGAGED EMPLOYEES: We actively practice our commitment to employee and public safety. We treat each other with kindness and respect, are personally accountable and work effectively in teams.



BUILDING MOMENTUM: CITY LIGHT SUCCESSES

The last few years have been marked by important accomplishments in customer service, affordability, support of our workforce and clean energy. More recently, the utility rose to the challenges created by COVID-19 and quickly adapted to provide safe work environments for its employees and maintain essential services to customers. We will build on our accomplishments and experiences as we move forward.



Planned for Our Carbon-Neutral Transportation Future

City Light's Transportation Electrification Strategic Investment Plan 2020–2023 identifies the existing, expanded and new priorities necessary to expand transportation electrification. The plan describes how data-driven analysis, and community and stakeholder input is helping to build an equitable and electrified transportation system that maximizes grid, community and environmental benefits.



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 system overload, improve customer service and plan for the future. The real-time data makes billing more accurate, eliminates billing delays and reduces the need to estimate bills. Plus, customers gain access to information that helps them save money and reduce their environmental impact.



Measurably Improved Workplace Safety

City Light continued to make investments in a safer work environment with fewer and less serious injuries. 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, reduce the need for expensive new infrastructure and provide our customers with increased options for how they manage their use of electricity.

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

ENERGY EQUITY will provide discounted rates, personalized energy efficiency weatherization services and payment management options for low-income, high-use consumers.

RESIDENTIAL TIME-OF-DAY will use advanced meter data to vary rates based on the time-of-day energy is used, giving customers the ability to better manage costs and incentivizing conservation.

DEMAND RESPONSE will focus on our largest industrial customers and provides incentives to decrease energy use during peak periods.

COMMERCIAL ELECTRIFICATION will incentivize companies to charge electric vehicles during off-peak periods.

These pilot programs will help us understand how customers manage their energy costs and how we can improve efficiency. While the pilots 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 many important 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 include undergrounding facilities along the Seattle waterfront, completing the Denny Substation, adding capacity for light rail and accelerating wooden utility pole replacements. We also upgraded hydroelectric generation with improvements in dam safety, outage management, and long-term system and facility 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.

UTILITY RELIEF FOR COVID-19 IMPACTED CUSTOMERS

City Light has provided the following utility bill relief for residential and commercial customers:

- Suspending utility disconnections for non-payment
- Allowing more flexible payment plans
- Allowing residential customers to self-certify for the Utility Discount Program*
- Proactive outreach to small businesses with delinquent accounts to offer flexible payment plans
- Waiving interest charges on delinquent balances

*Learn more about the Utility Discount Program on page 18



STRATEGIC PLAN PERFORMANCE METRICS

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:

	2014	2015	2016	2017	2018	2019	TARGET 2020
RELIABILITY							
Outage Duration: SAIDI* (in minutes)	69.7	62.3	61.0	64.5	58.3	71.9	64.3
Outage Frequency: SAIFI**	0.9	0.5	0.5	0.4	0.5	0.5	0.5
Generator Availability	83.7%	82.0%	83.8%	81.5%	89.1%	84.1%	77.9%
Miles of Line Trimmed***	587	572	553	417	373	408	387
CLEAN ENERGY							
Energy Efficiency Incremental Average Megawatts (aMW)	16.0	15.8	14.0	15.4	14.4	13.0	10.6
SOCIAL JUSTICE							
Utility Discount Program Participants	1,941	20,229	28,000	33,000	31,924	34,028	36,000
Purchases from Women & Minority Business Enterprise (in millions)	\$14.6	\$17.7	\$15.2	\$14.0	\$11.5	\$13.0	\$15.6
FINANCE							
Debt Service Coverage	1.9	1.6	1.7	1.9	1.8	2.1****	1.8

*SAIDI – System Average Interruption Duration Index (average total number of minutes per year of sustained outage per customer served)
 **SAIFI – System Average Interruption Frequency Index (average number of times a customer's electric service was interrupted in the year)
 ***Tree trimming and vegetation management as measured by transmission line miles
 ****Preliminary, unaudited number

ABOUT THE PLAN

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

To stay nimble and prepare for future uncertainties, 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.

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.

THE VALUE OF SCENARIO PLANNING

One new and innovative aspect of the planning process was the inclusion of a long-term visioning activity called scenario planning. The goal was to identify risks the utility may face 20–30 years in the future, then identify the strategies needed to prepare for long term uncertainties.

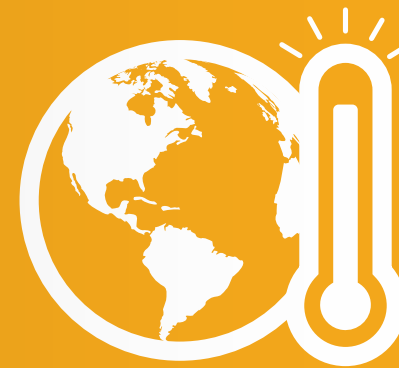
As part of the scenario planning, City Light identified tactics necessary to keep customers' lights on through several extreme futures. Similarities were identified across the scenarios and informed further discussion and analysis. This work informed the plan you see today.

Our planning effort predated COVID-19 and didn't evaluate a pandemic scenario. However, it did underscore the importance of being nimble and responsive when dealing with a disruptive force. This agility has allowed us to maintain a high level of service during an unprecedented crisis.



SCENARIO 1 *Attack!*

Risks to cyber security, grid resiliency, load loss and more



SCENARIO 2 *I'm Melting*

Challenges to climate change, electrification, heat conversion, cost management and increase in population



SCENARIO 3 *Poverty*

Increases in impoverished customers, poor economy, increased unemployment

COMMUNITY VOICES

DRAFT

We Heard From You

Outreach efforts for the 2021–2026 Strategic Plan built on what we heard from customers and stakeholders over the last two years and inform development of our priorities and programs. 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 reached out:

CUSTOMERS

- Community, business and franchise city ‘preview’ presentations
- Residential and small business customer market research survey
- Customer outreach, including direct mail postcard, email invitations and advertising to drive input to our survey
- Stakeholder forums

COMMUNITY

- Media outreach and advertising (traditional, social and ethnic media)
- Strategic scenario planning think tanks and work groups
- Rate redesign outreach (stakeholder meetings, focus groups and peer review)
- Equity and environmental justice focused outreach
- Public electric vehicle charging outreach (open houses, presentations, workshops, surveys and materials distribution)
- Transportation electrification planning engagement

EMPLOYEES

- Employee outreach (news, meetings and forums)
- Employee engagement survey

CUSTOMER SURVEY INSIGHTS

Results of an online survey of more than 1,700 residential and business customers

- Residential and small business customers desire affordable service that replaces fossil fuels with clean electric power.
- Large commercial customers requested investments in infrastructure to improve reliability and maintain City Light's legacy assets.
- All customers agreed on the need to ensure the safety of our community and employees while identifying new technology to improve service.

**See appendix for detailed community outreach report.*

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 (Vice-Chair), 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

*The Seattle City Light Review Panel was created March 22, 2010 through City Council Ordinance Number 123256.



Community Solar Project, Jefferson Park

OUR PRIORITIES

Providing continuous, excellent service in a complex environment means we must focus our efforts on clear priorities.

Within each of those priority areas, we have clear goals, objectives and initiatives to guide us.

GOALS

The changes we want to achieve

OBJECTIVES

Results that show how we will meet our goals

INITIATIVES

Projects that will help us accomplish our goals

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FOCUS ON CUSTOMERS

A strong relationship with our customers has always been central to our work, and we're excited to do more to individualize the customer experience.



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, promote energy efficiency and increase customer options.



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.



ENSURE FINANCIAL HEALTH & 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.



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 reliability, responsiveness and resiliency.



FOCUS ON CUSTOMERS

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 focused on customer engagement and helping employees see the impact of their actions on the customer experience. We are also strengthening our customer relationships and providing a better experience through expanded programs and journey mapping.

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 will use customer research to better understand and respond to both residential and commercial customers. We will also use this information to educate employees and shift our culture to be more customer centric.

EXPAND CUSTOMER PROGRAM OPTIONS: We will develop programs to provide highly personalized services that our customers are requesting. This will include bringing the business customer service center pilot to scale, expanding energy efficiency programs and expanding public and residential home charging pilots.

OBJECTIVE

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

GOALS

- Focus City Light culture on customer engagement
- Build on our long-term customer relationships
- Individualize the customer experience through expanded programs





CREATE OUR ENERGY FUTURE

Our energy future will be based on carbon-free renewable resources, but moving away from fossil fuels will be 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 the electric system to deliver essential services that, in turn, support other critical sectors such as financial services, communications, transportation and other utilities, like water and sewer. This makes us a top target for attack. We must be vigilant in continually tracking risks, addressing vulnerabilities and securing our assets.

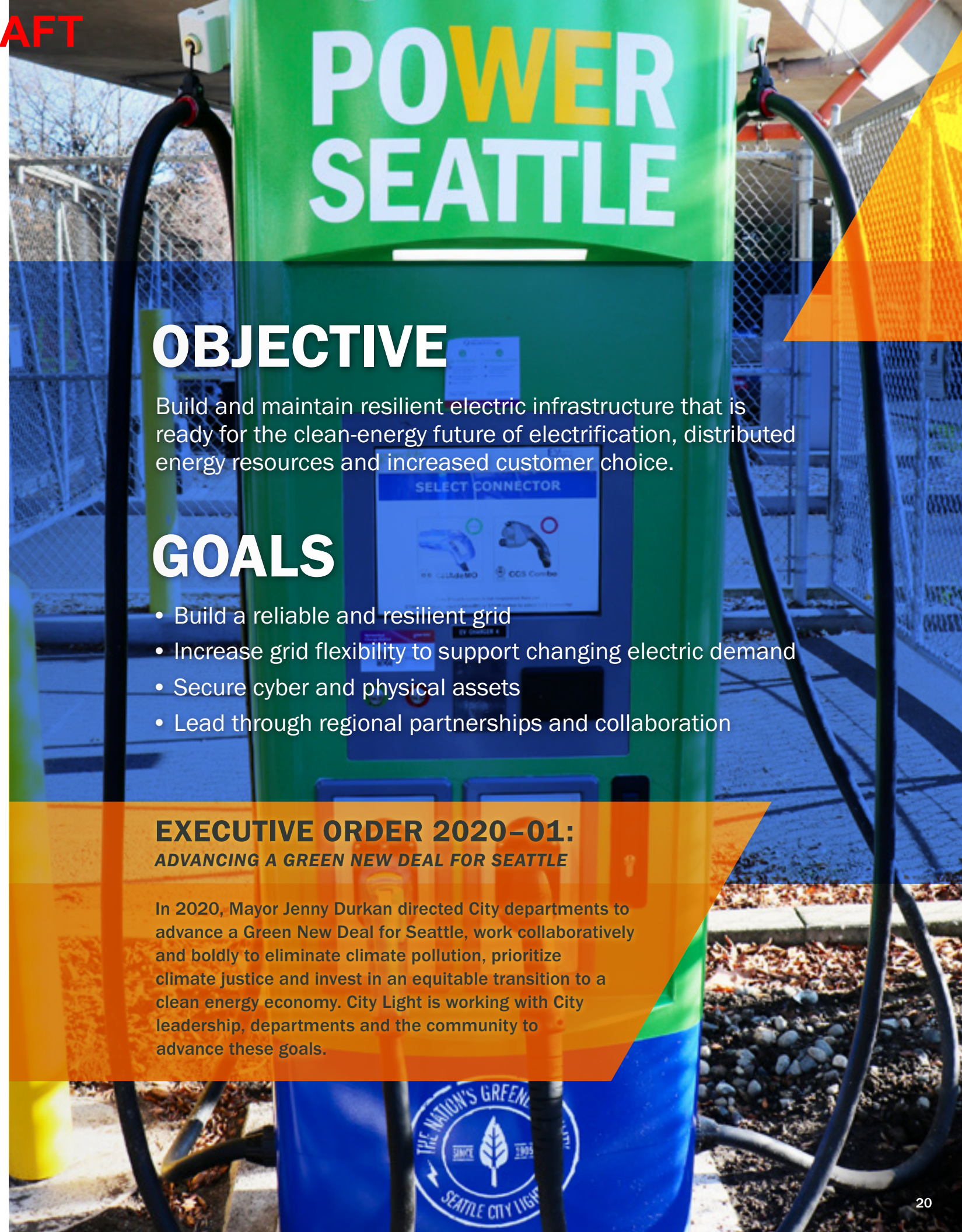
We can't build a successful energy future on our own. We must collaborate and build partnerships to learn, grow and create change. It will take bold leadership and radical collaboration to take us to a secure future without fossil fuels.

Initiative Highlights

GRID MODERNIZATION IN SUPPORT OF ELECTRIFICATION: As we electrify transportation and other sectors of our economy to take advantage of our carbon-free hydro resource, we will need a stronger, smarter grid to handle the increased consumption. This plan will help us make the investments needed to support electrification.

INFORMATION TECHNOLOGY, OPERATIONAL TECHNOLOGY AND CYBER SECURITY ROADMAP: With people increasingly dependent on the services we provide, City Light needs strong, smart and secure technology systems to keep everything running smoothly.

LEADERSHIP AND COLLABORATION: Ending the use of fossil fuels in our area requires working with others in the region, state and nation to provide the best possible alternatives. We must step into the leadership role to ensure the capacity and availability of carbon-free generation resources. And we will make the most of our hydro resources to reach our decarbonization goals.



OBJECTIVE

Build and maintain resilient electric infrastructure that is ready for the clean-energy future of electrification, distributed energy resources and increased customer choice.

GOALS

- 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

EXECUTIVE ORDER 2020-01: ADVANCING A GREEN NEW DEAL FOR SEATTLE

In 2020, Mayor Jenny 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.



CULTIVATE A CULTURE OF CHANGE

Our industry is transforming quickly, and so are our customers' needs. Our products and services must evolve at the same pace. Seattle City Light employees are essential to our progress, which is why we will continue to refine work processes and develop skill sets by investing in training and mentoring. We'll also plan for generational turnover of staff, and be ready to 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 customer service and new service offerings.

Initiative Highlights

CHANGE MANAGEMENT: We are living through major transformations in the energy industry and the way we do our work. It's never been more important 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, build a workforce that reflects the diversity of our community, and better deliver and share data. This initiative will improve our ability to recruit employees, address retirements and build and retain 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, reduce inefficiency and provide better service to our customers.

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 the undefined future



ENSURE FINANCIAL HEALTH & AFFORDABILITY

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

Some of this work is internally focused, 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 rate increases 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 electric system are a big component of rates. This initiative sets strategic priorities for 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.

OBJECTIVE

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

GOALS

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

UTILITY DISCOUNT PROGRAM

City Light's Utility Discount Program (UDP) is one of the most substantial income-qualified assistance programs in the country, with a 60 percent discount on electric bills. In 2019, more than 34,000 customers were enrolled in UDP. This year, UDP has been an economic lifeline for those impacted by COVID-19.



KEEP THE LIGHTS ON

To continue delivering affordable, reliable and environmentally responsible electricity services, we must constantly improve our business operations. We must also be nimble, responsive and creative as we evolve to address urgent issues and new customer needs.

'Keeping the Lights On' is central to all we do—more than 90 percent 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.

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. We must make investments in our human capital.

SAFETY CONTINUES TO BE A TOP PRIORITY FOR CITY LIGHT: We are responsible for ensuring public, employee and environmental safety. Utility workers are exposed to risks on a routine basis, from trips and falls to cuts and burns. We must 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 TO PROVIDE RELIABLE AND RESPONSIVE SERVICES: For example, we are upgrading aging hydroelectric generation equipment and facilities, and refurbishing and replacing other critical assets, including aging poles. 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.

OBJECTIVE

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

GOALS

- Attract and retain a workforce that reflects the diversity of the community we serve
- Put safety first (employee safety, public safety and environmental safety)
- Optimize our investment in transmission & distribution infrastructure
- Improve reliability and ensure capacity to serve our growing city
- Preserve hydroelectric generation assets

KEEPING CUSTOMER BILLS AFFORDABLE AND STABLE

City Light’s electric rates are 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 revenues must cover debt service, operations and maintenance and costs associated with delivering power.



Factors Driving Rates

INFRASTRUCTURE INVESTMENTS—These are the projects included in our Capital Improvement Plan as well as the debt service for money borrowed to fund prior investments. Major capital projects currently in progress include accelerated pole replacement, underground and overhead equipment replacements, Boundary licensing mitigation and expansion of the South Lake Union Network. City Light financial policy (Resolution 31187) requires us to have debt service coverage well above (1.8 times) what is required to pay principal and interest (our debt obligation). Our strong financial record gives us a favorable bond rating and lower borrowing costs.

OPERATIONS AND MAINTENANCE, TAXES AND OTHER—These are the costs to run the utility and maintain our plants and equipment. This is a broad category that includes costs associated with power production, distribution and transmission, customer services and administrative support.

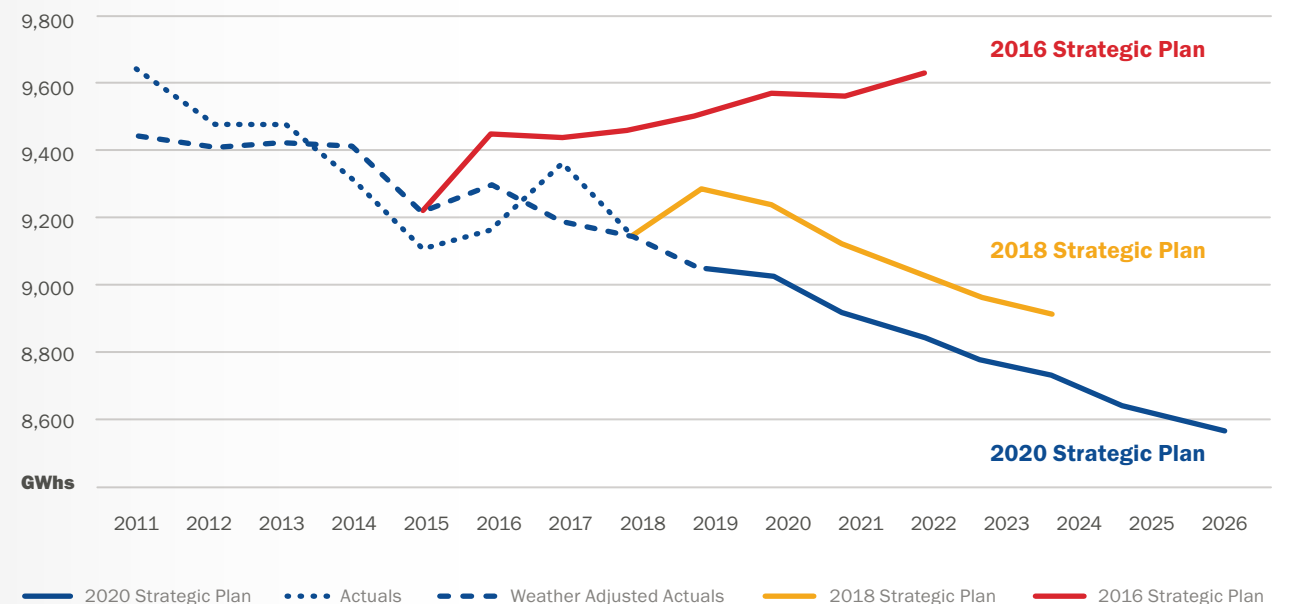
POWER COSTS—These are the costs to purchase power and bring it to our system. These costs can vary dramatically due to climate and market forces. More snowpack in the mountains gives us more hydro resources, for example. By the same token, drought may reduce our revenue. City Light’s largest contract to purchase power is with the Bonneville Power Administration (BPA).

DECLINING DEMAND—While downward trends in electricity consumption is a victory for our conservation efforts, it creates rate pressure. Our current rate structure is primarily based on how much electricity our customers use; if customers use less electricity, the utility collects less revenue. Maintaining the power infrastructure is very capital intensive, and these fixed costs do not shrink when customers conserve energy. In fact, pressures associated with population growth, new safety and security requirements, renewable portfolio requirements (I-937) and inflation of costs like labor, raw materials and construction, contribute to our cost of operation.

RETAIL SALES—Our retail sales forecast model anticipates that new construction will slow and energy efficiency improvements will continue into the future, as illustrated below.

RESIDENTIAL & COMMERCIAL RETAIL SALES

RESIDENTIAL & COMMERCIAL RETAIL SALES ARE EXPECTED TO CONTINUE TO DECLINE



FUNDING THE PLAN: OUR 6-YEAR RATE PATH

Seattle City Light is committed to maintaining a secure and resilient electric system that provides our customer-owners with 24-7 access to reliable and affordable energy services. We have a long history of doing just that. Yet, looking ahead, we must confront major challenges, including the COVID-19 response and recovery. This will exacerbate the need to balance essential investments with our shared financial reality.

The rate plan described below was intended, pre-COVID, to balance needs with financial realities. Yet we now know that affordability must take a priority for our community. That was a primary consideration in not moving the plan forward at this time.

We will do our best to advance the goals, objectives, and initiatives contained in this Strategic Plan, while minimizing future rate actions. For 2021, we will prioritize keeping current rates in place while funding necessary work. It will be difficult, but we have proven ourselves capable of doing hard things; as we all have done.

The Strategic Plan is the roadmap that would have guided Seattle City Light's work in 2021–2026.

The coronavirus pandemic has increased the need for clear prioritization and it has changed the priorities themselves.

When appropriate, we look forward to updating this plan and presenting it for further consideration by the Seattle City Council. We also look forward to working with the Mayor’s Office and City Council on citywide COVID-19 recovery efforts. #OneSeattle, #SeattleTogether, #SeattleCityLight

PROPOSED RATE INCREASE SUMMARY

	2021	2022	2023	2024	2025	2026
Average Rate Increase	3.6%	3.7%	4.0%	0.3%	2.5%	2.9%

The table below shows potential bill impacts as examples, only. Customers who decrease their consumption through energy efficiency measures will experience smaller bill impacts.

CUSTOMER BILL IMPACT EXAMPLES: MONTHLY INCREASE PER YEAR

BILL TYPE	MONTHLY BILL	2021	2022	2023	2024	2025	2026	AVG
Typical Residential	\$75	\$2.66	\$2.81	\$2.95	\$3.28	\$0.27	\$2.13	\$2.35
Typical UDP Residential (40%)	\$30	\$1.06	\$1.12	\$1.18	\$1.31	\$0.11	\$0.85	\$0.94
Small Commercial (Car Wash)	\$451	\$16	\$17	\$18	\$20	\$2	\$13	\$14
Medium Commercial (Retail)	\$7,219	\$257	\$272	\$286	\$318	\$26	\$206	\$228
Large Commercial (Hospital)	\$91,851	\$3,273	\$3,466	\$3,637	\$4,045	\$328	\$2,619	\$2,895



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Seattle City Light

seattle.gov/light

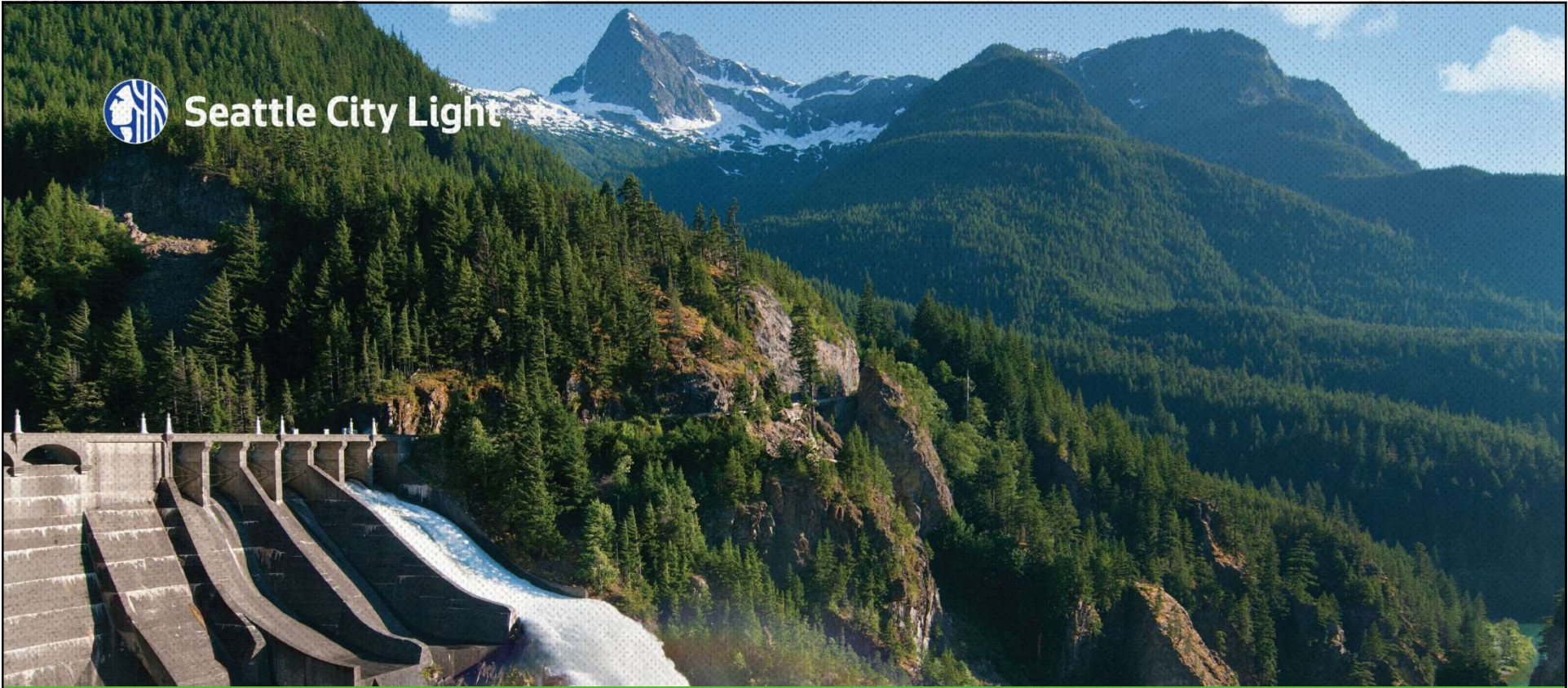
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Seattle City Light



REOPENING/RECOVERY PLANNING

Utility Review Panel Presentation

Tom DeBoer | May 14, 2020

PANDEMIC TIMELINE

- February 29: Governor declares State of Emergency
- March 4: SCL activates Incident Command to manage pandemic response
- May 4:
 - “Stay Home – Stay Healthy” order extended to May 31
 - “Safe Start Washington” – a phased approach to recovery announced
- May 13: SCL activates Reopening/Recovery team
 - Operational re-opening plans
 - Longer-term recovery efforts

"SAFE START WASHINGTON" SUMMARY

- Flexible, data-driven approach to reopening
- Reopening schedule dependent on:
 - COVID-19 activity trends
 - Healthcare readiness trends
 - Healthcare system readiness
 - Testing capability and availability
 - Contact tracing ability
 - Ability to protect high-risk populations
- Phased approach with at least 3 weeks between phases

CITY OF SEATTLE

- City guidance has followed State lead
- City has begun planning with “Business Recovery Planning Worksheet”
- Provides template for plans to transition from emergency response to restoration of impacted departmental functions
- Common scenarios to guide planning
- Worksheets due to City by May 22

CITY OF SEATTLE PLANNING SCENARIOS

- Likely Case – gradual easing with similar second wave in fall. “Normal” conditions by spring/summer 2021. Economic recovery in late 2022
- Worst Case – significantly larger second wave in fall. Second round of sheltering and no school. Vaccine delayed. Economic recovery in 2023.
- Best Case – no second wave. Near normal conditions late 2020. Economic recovery early 2021

SCL OBJECTIVES OF REOPENING, RECOVERY AND REDEFINING

Objectives - draft

- Maintain **health and safety** of our employees and the public while continuing to provide electric services
- **Regularly communicate** recovery information and operational impacts to employees and public
- **Prioritize** restoring customer-impacted work
- **Provide clear direction** about which activities and practices will be resumed and reimagined, but be flexible and responsive to the changes of the COVID-19 trajectory
- Develop 'Utility Next SCL 2.0' project proposals to position the utility to successfully compete for **future stimulus funding opportunities**

PLANNING CONSIDERATIONS

- Childcare and school schedules
- Employee and public equity considerations
- Commuting challenges
 - Transit restrictions/availability/concerns
 - West Seattle Bridge
- High risk individuals for COVID-19
- Availability of PPE and other equipment
- Employee sentiment and concerns

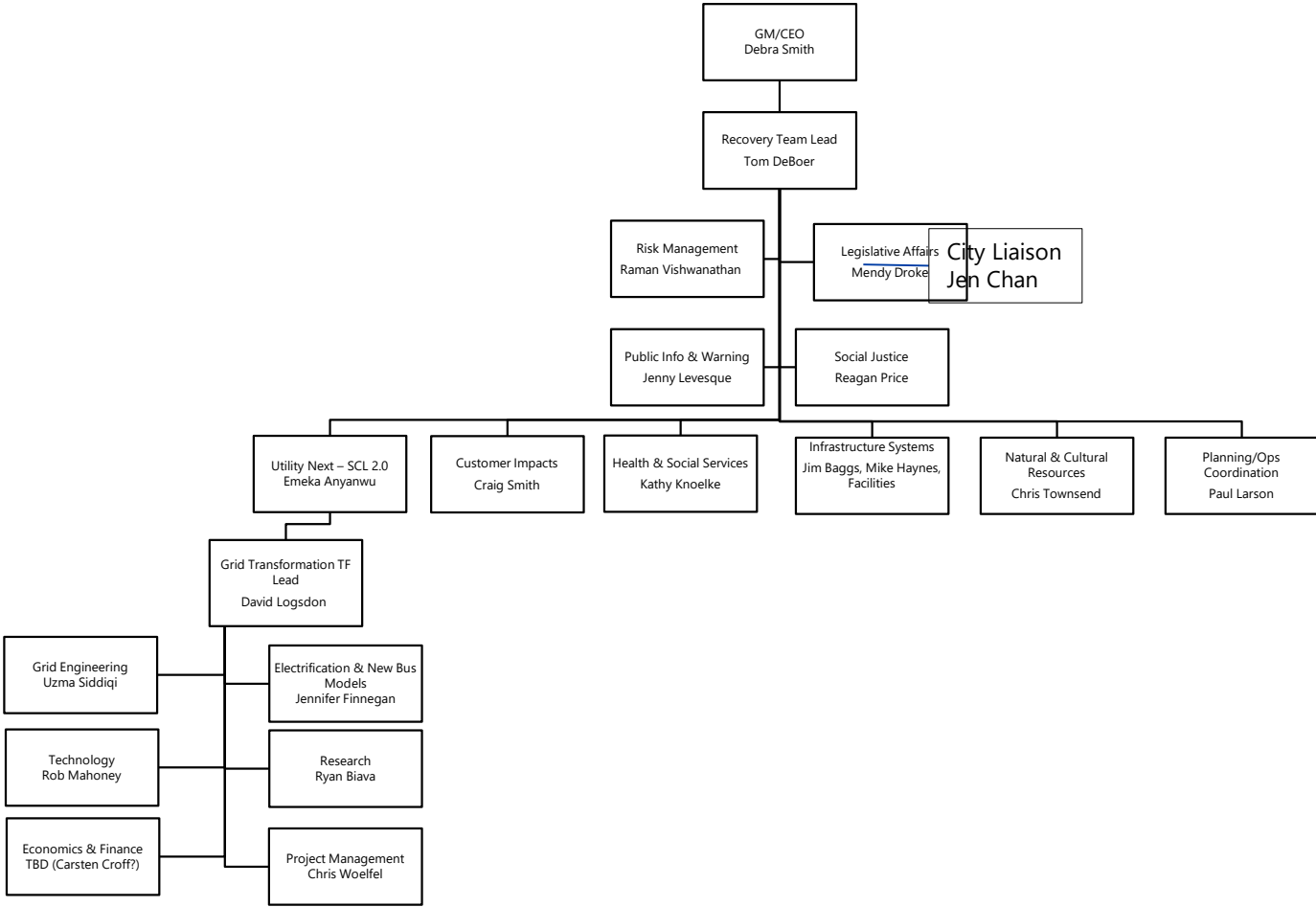
GUIDING PRINCIPLES

- Close coordination with other City departments
- Opportunity to redefine new 'normal'
- Recognize employee differences – some eager to return to workplace; others reluctant
- Mitigate customer impacts:
 - Return priority to those whose work has been impacted (tools, resources, technology, etc.)
 - Teleworkers with no customer impacts will continue to telework
- Planning/actions need to be flexible

MITIGATION MEASURES

- Leader support for continued remote/flexible work
- Continuation of virtual meeting options
- Availability of PPE
- Cleaning and sanitation protocols
- Staged return to workplace
- Continued telework

Seattle City Light Reopening/Recovery Team Structure



QUESTIONS?