









Strategic Plan Tracking Report First and Second Quarter 2018

This report provides status on the Utility's performance in meeting the commitments of the City Light Strategic Plan. Status is provided for individual initiatives as well as for the delivery of financial benefits. Progress on the initiatives is reported under City Light's four themes:

- 1) Improve Customer Service and Rate Predictability;
- 2) Increase Workforce Performance and Safety Practices;
- 3) Enhance Organizational Performance; and
- 4) Continue Leadership in Conservation and Environmental Stewardship.

The report is comprised of three sections. **Section I** details performance for active Strategic Initiatives. Budget and spending information is provided for those initiatives with CIP budgets. Initiatives with only O&M budgets are highlighted¹. **Section II** is a summary of status and budget for City Light's other large CIP projects (excluding those that are reported as strategic initiatives). **Section III** provides a holistic view of the status of costs and revenues. The figures in this section include both dollars in the baseline and those associated with initiatives.

Definitions and status key:

| Status/Trend = Progress compared to approved plan/Change from prior report | | | |
|---|---------------------------------|---|-------------------|
|  | On Schedule/No Change |  | Delayed/Improving |
|  | Returned to On Schedule status |  | Delayed/Declining |
|  | Not Started |  | Delayed/No Change |
|  | Completed or Eliminated in 2018 |  | Delayed/Declining |




¹ O&M Only


Section I: Strategic Initiative Performance

(1) Adopted Budget: Original Total Adopted Budget when project was first adopted




(2) Revised Budget: Current Revised Adopted Budget as of 2018

(3) Forecast Spend: Life to Date Actuals through 2018 + Current Revised 2018 Budget + Proposed 2019-2024 Budget

| Improve Customer Experience and Rate Predictability | | | | | | |
|---|---|--|--|-------------------------------|-------------------------------|-------------------------------|
| Initiative | Status/ Trend | Status Update | Target Completion (Previous Target) | Adopted Budget ⁽¹⁾ | Revised Budget ⁽²⁾ | Forecast Spend ⁽³⁾ |
| A2 – Distribution Management System |  | Updated business case indicated an expanded scope with increased costs of \$16M from original strategic initiative in 2013. The cost increase is primarily due to delayed implementation and new functionalities available when integrated with AMI, EMS, WEIM and OMS. Project to be re-evaluated and prioritized based on business need. | TBD | \$8M | \$9.1M | \$9.1M |
| A6 – Denny Substation Program |  | <p>This program has experienced delays due to the challenges of managing right-of-way construction coordination within the major traffic corridors in the South Lake Union and Central Business District Urban Centers; and the associated coordination issues and impacts with the (3) Prime Contractors [ABB, Mitsubishi, WALSH] implementing the Major Equipment Installation during Q1 thru Q2-2018 to meet Critical Path energization of transmission line and major equipment.</p> <p>First and second quarter accomplishments include: Denny Substation Facility Project – SUBSTATION ENERGIZED 5/19/2018</p> <ul style="list-style-type: none"> • 115kV Transmission Cable in service (BR-DN & EP-DN) • All major electrical equipment is energized and commissioned; <p>Denny Network Civil Project The second quarter milestones were pushed into the third quarter due to the issues as described above.</p> | 6/30/18 | \$377.3M | \$521M | \$503M |
| A7 – Transmission System Improvements |  | Progress on this project is dependent on the final ordinance from City Council for street vacation and on timely Master Use Permit approval from SDOT. The project is focused on the Street Vacation review process for Urban Design Merit and Public Benefit which are part of Master Use Permit filling. Milestones have been pushed due to some additional process on street vacation such as council briefings and resolving Seattle Design Commission comments for Urban Design Merit and Public Benefit. | 12/31/19 | \$28.9M | \$32.7M | \$32.4M |

| | | | | | | |
|------------------------------------|--|---|----------|--|-----|--|
| A8 – Underground Cable Replacement |  | <p>This initiative is on track. Second quarter accomplishments included:</p> <ul style="list-style-type: none"> • SCL civil crews working on Arroyo Beach Replacement; • Brace Point UG Permit should be complete by end of 2018; • 42nd Ave S, SR 518 to S 160th St is nearing civil construction completion with cable installation completed by end of 2018; • 53rd Ave S, S 137th St to S 144th St is starting Civil Construction; • Summit Ave E & E Thomas St civil design completed by end of 2018; and • Blueridge conduit work is nearing completion, cable work to follow. | 12/31/18 | Project viewed from a 6-Year CIP Average | N/A | |
|------------------------------------|--|---|----------|--|-----|--|





Improve Customer Experience and Rate Predictability




| Initiative | Status/ Trend | Status Update | Target Completion (Previous Target) | Adopted Budget | Revised Budget | Forecast Spend |
|---|--|--|--|----------------|----------------|----------------|
| A11 – Hydro Performance and Generation Availability |  | <p>The project is on schedule. First and second quarter accomplishments include:</p> <ul style="list-style-type: none"> • New Boundary Bank 156 GSU transformer was put into service in May; • Continued construction on the Unit 81 intertie project, which will be finished during the third quarter of 2018; • Completed work on Gorge U24 isophase improvements to increase unit capacity; • Diablo U31 overhaul was completed in April; and • Construction on the Diablo U32 overhaul started in April. The Unit is scheduled to return to service in Q1 2019. | 12/31/18 | \$46.6M | \$47M | \$47M |
| A13 – Advanced Meter Infrastructure |  | <p>This program is on schedule.</p> <ul style="list-style-type: none"> • Number of Advanced Meters in the field reached 253,000 by the end of Q2; • Achieved 95.6% successful billable read percentage for meters in the field; • Began planning for high voltage, complex and special handling exchanges; and • System integration stabilization period completed. IT Project moved from Execution to Closeout. | 12/31/18 | \$84.1M | \$100.4M* | \$100.4M |
| CR10 - Utility Discount Program |  | <p>The program has exceeded its goal of 32,000 enrollees by YE 2018. At the end of June 2018 33,545 customers were enrolled.</p> <ul style="list-style-type: none"> • Current program focus is on data analysis to develop updated marketing plans to increase enrollment; and • Continued work on the automation of the online application. | 12/31/18 | | | |

Increase Workforce Performance and Safety Practices

| Initiative | Status/ Trend | Status Update | Target Completion (Previous Target) | Adopted Budget | Revised Budget | Forecast Spend |
|------------|------------------|---------------|--|----------------|----------------|----------------|
|------------|------------------|---------------|--|----------------|----------------|----------------|

All initiatives moved to baseline/core business functions, except for W2, Technical Training Center. This initiative was removed from the budget in 2017.

| Enhance Organizational Performance | | | | | | |
|---|--|--|--|----------------|----------------|----------------|
| Initiative | Status/ Trend | Status Update | Target Completion (Previous Target) | Adopted Budget | Revised Budget | Forecast Spend |
| A3 - Information Technology Security Upgrades |  | This initiative continues to be delayed due to facility access issues. The Seattle Information Technology Department is working with City Light to secure access for its staff to City Light remote facilities. Milestones are targeted as follows: <ul style="list-style-type: none"> North Service Center switch and router replacement will be completed by 9/15/18; South Service Center switch and router replacement will be completed by 12/31/18; and Switch/router replacement for other sites (System Control Center, Substations, Boundary and Skagit) are scheduled for 2019 – 2020. | 12/31/18 (Tracking ends; moves to Seattle IT O&M) | | | |
| A5 – Enterprise Geospatial Information System (GIS) |  | The program is on schedule. Accomplishments during the 1 st and 2 nd Quarters of 2018 include: <ul style="list-style-type: none"> Program scope, schedule and budget updated to reflect final technology choice; Unified Database (UDB) Build Project prioritized by Seattle IT for project initiation in October 2018; and GIS Steering Committee reconvened. | 12/31/18 | \$12M | \$14.2M | \$8.7M |
| A10 – Mobile Workforce |  | A request for proposal for system integration vendors was developed in Q2-3 and is scheduled to be published on September 7 th . It is estimated that a SI vendor will be selected by the end of 2018 and contracted to integrate Oracle’s Field Service Cloud, with CC&B version 2.6 in 2019. The schedule for integration work is dependent on the completion of the CC&B version 2.6 upgrade which is estimated to be completed in Q3 2019. The overall mobile workforce project schedule is further dependent on the completion of software upgrades on WAMS and OMS before OFSC integration work can be completed. The WAMS and OMS software upgrades have not yet been scheduled. | 12/31/18 (12/31/17) | \$7.2M | \$6.7M | \$5.8M |
| M3 – Enterprise Document Management |  | This initiative is on track to meet its goals. Second quarter milestones were: <ul style="list-style-type: none"> ECM WAMS Repository: Go live was 6/11/2018, stabilization ended 7/31/2018; ECM Hydro Re-licensing Phase II: Relicensing Public Library – in progress; Newhalem Creek and Shared Documents – in progress; and ECM Utility Assistance Program: Initiation in progress, drafting project charter | 12/31/20 (12/31/18) | \$11.7M | \$12.2M | \$11.7M |
| M9 – Efficiency Initiatives | | By focusing on value-added activities, City Light exceeded its \$18.9 million efficiency savings target for 2016 by several million dollars. In 2017, this initiative was moved to City Light’s baseline activities. A new efficiency target was set for the two-year Strategic Planning period 2017-18. The target was to achieve additional efficiencies, on an annual basis, of \$10M, by year-end 2018. The Utility achieved its year-end 2018 goal of \$10M in 2017. A total of \$12,811,051 in new efficiencies was achieved for 2017 – 2018. | | | | |

| Continued Leadership in Conservation and Environmental Stewardship | | | | | | |
|--|---|---|--|----------------|----------------|----------------|
| Initiative | Status/ Trend | Status Update | Target Completion (Previous Target) | Adopted Budget | Revised Budget | Forecast Spend |
| A14 – Transportation Electrification |  | <p>This initiative is behind schedule. Negotiations with Seattle Parks for hosting charging stations at Parks sites have gone slower than anticipated. Parks Property Committee has been briefed and is expected to make a recommendation to the Superintendent in Q3. First and second quarter accomplishments include:</p> <ul style="list-style-type: none"> Completed construction of Beacon Hill site which has been in operation since January 29. Utilization rate has more than doubled between February and July; and Completed draft site host agreement, interviewed several potential site hosts and began initial negotiations with SAFECO Field/Mariners and City of Burien. | 12/31/19 | \$2.8M | \$2.9M | \$3.7M |
| A17 – Climate Research and Adaptation |  | <p>Work on this initiative has progressed but has been delayed due to hiring of a new Climate Change Research and Adaptation Advisor. It is expected that the program will be back on schedule by year-end 2018. Accomplishment for the first half of 2018 include:</p> <ul style="list-style-type: none"> Funding Greenway Trust for restoration of the City’s Stossel Creek property under the City’s Endangered Species Act Early Action Program; and Progressing on implementing the Climate Adaptation Plan, including adapting land restoration practices to account for climate change and assessing potential increased risk to City Light infrastructure from landslides associated with climate change. | 12/31/18 | | | |
| CR8 – Enhanced Environmental Leadership |  | <p>This initiative is on track. Major accomplishments for first half of 2018 include:</p> <ul style="list-style-type: none"> Analysis of first and 2nd year data for vegetation plots; Fostered stewardship partnerships with The Common Acre, EarthCorps, and Duwamish Alive; Initiation of stewardship partnerships and permits with two new organizations, ECOSS, Mountains to Sound, & Forterra; Distribution of stewardship survey to determine stewardship outcomes and needs; and Collaboration with Duwamish Alive, Duwamish River Clean-up Coalition and other groups and agencies to host Green-Duwamish Watershed Symposium. | 12/31/18 | | | |

Section II: Major CIP Projects







The following are City Light's highest budgeted CIP projects in 2018 that are not strategic initiatives. A quarterly report which provides a status summary and cash spending vs budget authority, total project costs, current year budget detail, project completion statistics, explanations for spending and project completion statistics is provided to the City Budget Office.








(1) Adopted Budget: Original Total Adopted Budget when project was first adopted

(2) Revised Budget: Current Revised Adopted Budget as of 2018

(3) Forecast Spend: Life to Date Actuals through 2018 + Current Revised 2018 Budget + Proposed 2019-2024 Budget

NA* These projects are considered ongoing programs that do not have a total project cost as these programs are funded each budget cycle.

| Project | Status/ Trend | Status Update | Adopted Budget ⁽¹⁾ | Revised Budget ⁽²⁾ | Forecast Spend ⁽³⁾ |
|--|---|---|--|-------------------------------|-------------------------------|
| MC-CL-ZS8366: Medium OH and UG Services |  | New service connections running above expectations. Will need budget transfer to cover expenses. | Project viewed from a 6-Year CIP Average | | |
| MC-CL-XB6987: Boundary Licensing Mitigation |  | Some project schedules have been delayed with the support of stakeholders and FERC. Construction of the fish hatchery is now scheduled to begin in 2019 and estimated construction costs have risen to \$20M compared to original estimates of \$10M in 2013. This project is considered ongoing and only as a forecast spend through 2024 but will continue beyond the 6-year forecast. | \$165.4M | \$175.5M | \$196M |
| MC-CL-ZT8307: SCL ALASKAN WAY VIADUCT |  | Seawall Construction is substantially complete; Pier 62/63 to be completed in 2018. Anticipated completion of SR-99 (Viaduct Demo & Battery St Tunnel Demo) is 2020; Waterfront Seattle (13.8kV and T4) is anticipating completion in 2024. | \$238.2M | \$240.5M | \$257.2M |
| MC-CL-YR8452: Pole Attachments |  | During the first half of the year, Joint Use Engineering performed intake of: <ul style="list-style-type: none"> Approximately 310 attachment applications reviewed and engineered 173 work orders. Nearly 200 work orders were constructed by contract crews. Make-ready construction contributed to the replacement of approximately 159 City Light wood poles. Joint Use also worked with Puget Sound Energy (PSE) to support their AMI installation attachments on City Light poles. Performed engineering design review & approvals on approximately a quarter of pole site requests. Work on a City Light/PSE MOA is on-going with an expected execution in Sept 2018. | Project viewed from a 6-Year CIP Average | | |
| MC-CL-XF9101: Equipment Fleet Replacement |  | Ongoing project, fleet replacements continue based on four factors: utilization, oldest equipment versus expected service life; condition; and mileage. | Project viewed from a 6-Year CIP Average | | |
| MC-CL-XB6351: Boundary U51 Generator Rebuild |  | Design Build Contract was awarded to GE/Alstom in the second quarter and design work is now underway. | \$16.9M | \$22.5M | \$20.5M |

| Project | Status/ Trend | Status Update | Adopted Budget ⁽¹⁾ | Revised Budget ⁽²⁾ | Forecast Spend ⁽³⁾ |
|---|--|--|--|-------------------------------|-------------------------------|
| MC-CL-XP9976: West Energy Imbalance Market |  | Ongoing project on target. Projected underspend by year end due to decision to delay a year. Under spend will be carried forward to offset spending in 2019 and 2020. | \$9M | \$14.7M | \$14M |
| MC-CL-ZS8363: Network Additions and Services: Broad Street Substation |  | Network Services continue to be at very high historic levels. Additional funds will be requested to complete needed services work. | Project viewed from a 6-Year CIP Average | | |
| MC-CL-XB6493: Boundary Generator Step-up Transformer Upgrade |  | This multi-year project will replace 6 power transformers at the Boundary Powerhouse. The first transformer, for Generating Unit 55, was placed into service in March 2017. The Unit 56 transformer was placed into service in May 2018. Replacement of the remaining 4 transformers is still in the procurement phase. They will be installed over a 4-year period beginning in 2020. | \$45.9M | \$44M | \$45.5M |
| MC-CL-YD9202: Security Improvements |  | Ongoing project. The project is in process at multiple substations through-out the utility. University Substation is in final contracting, Duwamish Substation will be contracted by August 31, North Substation projected to be contracted by 09/28Creston Nelson substation to be complete by 12/31 with the goal of 3 additional substations to be completed in 2019. | \$46.5M | NA* | NA* |
| MC-CL-WF9970: PeopleSoft Reimplementation |  | This project is in the closeout phase as PS 9.2 went live in January 2018. | \$27.7M | \$27.5M | \$27.2M |
| MC-CL-ZL8441: LED Streetlight Conversion Program |  | On-going Project - This project replaces HPS streetlight fixtures with LED fixtures, which will reduce annual energy consumption by 40% (for those lights replaced), provide Greenhouse Gas avoidance of 5,446 metric tons of carbon per year, and reduce maintenance cost of the Utility's streetlight system. With a total system conversion, it is estimated that annual operating costs will be reduced \$3.7 Million per year. The savings in energy and maintenance costs will pay for the initial investment within the life of the new system. Since inception and as of June 30, 2018 conversions of HPS to LED total 67,217. | Project viewed from a 6-Year CIP Average | | |
| MC-CL-YS7752: Substation Equipment Improvements |  | Ongoing project, yearly activities on schedule and practically on budget target. Provides for basic substation equipment upgrades, retrofits and installations. | Project viewed from a 6-Year CIP Average | | |

Section III: Financial Tracker

As of June 30, 2018

| \$ in millions | Forecast | Plan | Variance |
|--|----------------|----------------|-----------------|
| Debt Service Coverage | | | |
| Retail Revenue | \$872.6 | \$877.5 | (\$4.8) |
| RSA Surcharge Revenue | \$13.0 | \$7.7 | \$5.3 |
| Net Wholesale Revenue | \$53.9 | \$60.0 | (\$6.1) |
| RSA Transfers (net) | (\$6.1) | (\$8.4) | \$2.3 |
| Other Revenue (expense) | (\$19.4) | (\$13.4) | (\$6.0) |
| Total Revenue | \$914.1 | \$923.4 | (\$9.3) |
| Purchased Power (net) | \$251.3 | \$254.1 | (\$2.8) |
| Other O&M | \$281.9 | \$294.2 | (\$12.2) |
| Total Expense | \$533.2 | \$548.3 | (\$15.0) |
| Amount Available for Debt Service | \$380.8 | \$375.1 | \$5.7 |
| Debt Service | \$214.0 | \$214.4 | (\$0.5) |
| Debt Service Coverage | 1.78 | 1.75 | 0.03 |

2018 debt service coverage is forecast to come in at 1.78, slightly above the Plan of 1.75. The 2018 Plan is lower than the policy target of 1.80 partially because the 2018 Plan anticipates lower retail sales than assumed when 2018 rates were set back in 2016. The favorable variance from the Plan is primarily due to lower O&M costs, including around \$10 million of spending reductions to the adopted 2018 O&M budget.

Baseline Budget Performance - City Light spent 53% of the overall O&M budget through June with the initiative spending consistent with overall O&M budget spending. City Light forecasts spending to be below baseline budget levels through the year in the areas of Non-Power O&M and CIP. The baseline projects represent the investment required to maintain a consistent level of reliability and customer service. City Light is delivering on all baseline programs in 2018. Some of the major projects in the baseline include the implementation of advanced meters (Advanced Meter Infrastructure), work associated with the Denny Substation construction, and the generator rewind program.