



CITY LIGHT REVIEW PANEL MEETING

Tuesday, February 15, 2022

9:00 AM – 11:00 AM

Microsoft Teams Meeting

Proposed Agenda

- | <u>Item</u> | <u>Lead</u> |
|--|---------------------------|
| 1. Welcome (5 min.) | Mikel Hansen, Panel Chair |
| 2. Public Comment (5 min.) | |
| 3. Standing Items: (5 min.) | |
| a. Review of agenda (Karen Reed) | |
| b. Action: Review and approval of meeting minutes of January 24, 2022 | |
| c. Chair's Report (Mikel) | |
| d. Communications to Panel (Leigh Barreca) | |
| 4. General Manager's update (15 min.) | Debra Smith |
| 5. Strategic Planning (90 min.) | |
| a. Strategic Plan update schedule review | Leigh |
| b. Draft Rate Path/Revenue Requirement | Carsten Croff |
| c. Outreach plan | Jenny Levesque |
| d. Panel Discussion: PIAs for 2023 – 2028 Strategic Plan Update | Leigh/All |
| 6. Adjourn | |

Next meeting: March 23, 2022, 1:00 – 3:00 p.m.



**City Light Review Panel Meeting
Meeting Minutes**

**Date of Meeting: January 24, 2022 | 9:00 – 11:00 AM |
Meeting held via Microsoft Teams “Draft”**

MEETING ATTENDANCE					
Panel Members:					
Names		Name		Name	
Anne Ayre	√	Leo Lam	√	John Putz	√
Mikel Hansen	√	Kerry Meade	√	Tim Skeel	√
Scott Haskins	√	Joel Paisner	√	Michelle Mitchell-Brannon (appointment pending)	
Staff and Others:					
Debra Smith	√	Jen Chan	√	Karen Reed (Consultant /RP Facilitator)	
Kirsty Grainger	√	Mike Haynes	√	Craig Smith	√
Jim Baggs		DaVonna Johnson		Michelle Vargo	√
Kalyana Kakani	√	Emeka Anyanwu		Maura Brueger	√
Julie Moore	√	Chris Ruffini	√	Chris Tantoco	√
Greg Shiring	√	Carsten Croff	√	Leigh Barreca	√
Eric McConaghy	√	Caia Caldwell	√	Angela Bertrand	
Aaron Stephan	√	Kate Clark	√	Kathryn Aisenberg	√
Tony Iaccarino	√	Brian Taubeneck	√		

Welcome and Introductions. The meeting was called to order at 9:02 a.m. Leigh Barreca led a round of introductions.

Public Comment. There was no public comment.

Standing Items:

Review Agenda. Leigh reviewed the agenda.

Approval of December 13, 2021 Meeting Minutes. Minutes were approved as presented

Chair’s Report. There was no Chair’s report.

Communications to Panel. There was one email to the panel regarding the status of filling the Low-Income Advocacy position. Leigh responded to the email that we have found a candidate and are preparing appoint materials.

General Manager’s update. Debra Smith presented.

- Skagit tribal court lawsuit.



City Light Review Panel Meeting Meeting Minutes

Relationships with tribes in a good place. City Light is putting together an interim study report that goes to FERC. The report details where we are in the research. We are preparing for a 2023 license application. Skagit county continues to push for fish passage.

Q: Is that \$67M number (related to research) new or had it already been included in budget. And how is this impacting revenue requirements and rate projections? **A:** Yes, it's in our budget. We will have a fair amount of flexibility for these investments and timing.

- Mayor's office communications
 - i. Extended moratorium on utility disconnections (until 4/15/22)

Mayor's Office reporting structure with new administration – City Light reports up to the Mayor's Office's Chief Operating Officer, Marco Lowe. Caia Caldwell staff's the COO's Office and is City Light's liaison.

- Council committee assignments. Maura Brueger presented.

There is a new Council Committee Structure. City Light is now part of the Economic Development, Technology and City Light committee. The committee is chaired by CM Nelson. CM Juarez is the vice-chair.

- Maura also reported on an agreement that will protect the upper Skagit watershed. City Light worked on this with a coalition of parties including the British Columbia government and other impacted groups.

[Mining firm drops rights to Upper Skagit watershed](#)

The Seattle Times | Thursday, January 20, 2022

"The British Columbia government has announced the surrender of mining rights at the headwater of the Skagit River, following yearslong controversy over protection of one of the region's premier salmon rivers.

Under an agreement announced by the office of the B.C. premier, Imperial Metals will return to the province of B.C. all of its mining and related rights within a more-than-14,000-acre area for a 24 million Canadian dollar (\$19.1 million) buyout."

"The agreement is intended to ensure the preservation and protection of natural and cultural resources as well as recreational opportunities within the headwaters of the Skagit River. The buyout was paid by the Canadian government and nonprofits, according to B.C.'s Ministry of Energy, Mines and Low Carbon Innovation. It also includes \$4.5 million from Washington Gov. Jay Inslee's supplemental operating budget. Legislative approval is needed before the money is available, Inslee spokesman Mike Faulk said."



City Light Review Panel Meeting Meeting Minutes

Related Article:

[Mineral tenures surrendered in ecologically sensitive Skagit River Donut Hole](#)

British Columbia Gov News | Wednesday, January 19, 2022

Road to Recovery

Kathryn Aisenberg presented. The presentation is in panel packets.

Q: Are commercial customers all non-residential customers including industrial? **A:** Yes. All commercial customers are our non-residential customers.

Q: What are your biggest challenges now? (one-time repayment plan success, outreach to targeted populations, meeting equity goals, etc.) **A:** Yes, there are challenges related to landlord/tenant issues. Robust messaging is key to our ability to implement the program.

Q: Do the Customer Care & Billing application conversion and COVID impacts fully explain the 2.5X difference in bad debt between SCL and Industry average? **A:** Both of those factors play a big role in our increased uncollectible numbers.

Q: How many of the residential customers in arrears do you anticipate will be eligible for assistance? **A:** We know that of the customers owing at least \$100 and are 30+ days overdue, 15% of these customers are current UDP customers. Our hope is that through an effective communications campaign we can increase the number of income-eligible customers benefitting from both the Utility Discount Program (lowers future bills) and our Emergency Bill Assistance Program (up to two \$500 credits to pay down debt).

Q: How many of the commercial customers in arrears do you think will have to be write-off, due to bankruptcy and/or business closed during COVID? **A:** These will likely result in larger write offs, but it will take a few years to determine the full impact of closed businesses.

Q: You mentioned that you are finalizing disconnection/reconnection policies. You also mentioned that diversity, equity, and inclusion (DEI) is a center tenant of this process. How do you anticipate that to materialize in the policies? **A:** We are being very thoughtful of our disconnection policies and are working closely with our Race and Social Justice staff in policy design.

Customer Satisfaction Survey results

Tony Iaccarino from DHM Market Research presented. The presentation is in panel packets.

Q: How does data compare to past surveys? **A:** This study is City Light's first primary survey with DHM. We participate in secondary research surveys. These studies, e.g., JD Power, provide additional customer satisfaction data.



City Light Review Panel Meeting Meeting Minutes

Q: How are you addressing the improvement areas that were identified? **A:** We are in the process of sharing the results with staff. The first read out was with our Customer Energy Solutions and Communications divisions. We are planning to do 3 in-depth focus groups with community-based groups. After we complete this process we will establish a framework for addressing the identified action items.

Q: How does this compare to other utility results? **A:** We see similar positive results with other utilities. City Light is unique in that across all demographic groups, results were positive.

Q: What do you think of doing opt out programs such as environmental, or low income similar to California? **A:** We're going to think it about more when we give our customers options. We would need to study this more to focus in on equity among all our customers.

Strategic Planning (This topic was postponed until the February meeting)

Adjourn: Meeting adjourned at 11:00 a.m.

Next meeting: February 15, 2022.

January 24, 2022

Dear Partners,

Like so many others at this time of year, we are reflecting on 2021 and planning our 2022 work. It has been almost a year since we reset our approach to relicensing the Skagit River Hydropower Project, and I wanted to update you on our progress and next steps.

This time last year, some of our partners were voicing concerns that they weren't truly engaged in the relicensing process. That was concerning to me personally: City Light must meet regulatory deadlines, but we also have a larger, mission-driven commitment to being a good partner to Tribes, federal, state, and local agencies, and others as we support the Skagit River watershed and meet the needs of our customers.

In March 2021, City Light started changing its approach to relicensing, and you were willing to give us a chance to make improvements. Thank you for that. We have made a concerted effort to communicate better, resolve our issues earlier and more effectively, and stay focused on ecosystem needs for future generations. Working together, we believe we have made real progress and have much to be optimistic about.

Back in March, we made some short- and long-term commitments to what we would do and how. We started looking beyond the immediate regulatory requirements and took a longer-term view of the entire watershed. We prioritized resolving our differences about the study plan, and as a result, immediately doubled the amount of money spent on scientific studies. Those studies are critical to inform the next stage of decision-making about mitigation.

We also committed to:

Return water to the bypass reach: Restoring water to the bypass reach is vital to the cultural well-being of the Upper Skagit Tribe. We are already working on data collection and conceptual design of a new valve that will enable us to release controlled flows directly from the dam. Over the next few months, we will be working with license partners to determine the level of flow that would meet short- and long-term needs while ensuring the protection of endangered fish species that may use the bypass reach. We will collaborate with our partners every step of the way to ensure that we are moving forward in a way that meets cultural and ecosystem needs while also meeting regulatory requirements.

Create a fund to support Skagit watershed habitat restoration during the relicensing process:

Last year, the Seattle City Council passed an ordinance creating the Skagit Habitat Enhancement Program. The fund can spend \$2.5 million in the first year and an additional \$500,000 in each

subsequent year until the new license is issued. The Council also allocated an additional \$500,000 for 2021 that could be allocated to projects supported by tribes prior to the implementation of the new administrative process for the fund.

The first two projects selected are:

- The Smokehouse Project estuary restoration project, sponsored by the Swinomish Indian Tribal Community; and
- The Skagit River Estuary restoration projects, sponsored by the Washington Department of Fish and Wildlife.

Accelerate ecosystem protection and restoration work: The new FERC license will be issued with an extensive set of ecosystem protections and restoration requirements, and those requirements are informed by multiple years of study. However, City Light also committed to working with partners on early implementation of mitigation measures that could be implemented in advance of the license.

Study fish passage: Because of our partners' involvement, we are now doing extensive research to understand the engineering feasibility and biological impacts of moving salmon from the lower to the upper river. Questions about species interactions, population viability, and physical infrastructure options need to be answered. The studies will inform the next set of decisions that Tribes and regulatory agencies will make about fish passage.

We look forward to sharing preliminary results as we roll out the initial study report in March and collaborating with you on the best way to move forward.

Other areas of real importance to City Light ratepayers and local communities include:

Partner Relationships

The process reset started last March. Since then, we have had hundreds of meetings with hundreds of individuals from the Tribes and partner agencies. Our focus has been on having constructive dialogue where everyone feels heard and where it is "safe" to raise issues and resolve them together. I would love to hear your perspective on how or whether this shift is working for you.

Responsibility to Customers

As a publicly owned utility, City Light has a responsibility to manage ratepayer dollars effectively. We have budgeted \$68 million from 2018 to 2026 for the relicensing process. Relicensing, which only happens every 30-50 years, is in an intense regulatory process that takes many years to complete. It requires the work of dozens of scientists, engineers, lawyers, and other experts, as well as careful coordination among many federal and state agencies, Tribes, groups, and individuals. We are also on pace to meet our major milestones. While the timing of some project components may have shifted, the overall project is on track. It may seem like it takes a long time to relicense, but keep in mind that the decisions established under this license will have implications for decades to come. It's critical that we take the time needed to get this right.

City Light's costs are comparable to recent relicensing projects of similar size and complexity, even while we are doing more research and more community outreach than is typical. Relicensing is a regulatory requirement, but it is also a long-term investment in our future. We plan for these investments well in advance in order to avoid impact to customers. The \$68 million dollar budget is for the process and the science that will determine the required investment in license measures. Ultimately, the budget for license implementation and mitigation measures will be developed as the terms of the new license are determined.

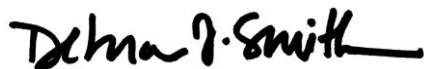
Moving Forward

The next big milestone is in March 2022, when we file the Initial Study Report. There will be significant opportunities for collaboration then, and as we move into the development of mitigation measures to include in the new license.

We should all be proud of the work we have done in the past year. However, my message to City Light leadership and staff is clear: there is still much work to be done, and it will require continued conversation, collaboration, and compromise. We are positioned to improve the health of the watershed, and we are grateful for your partnership.

If you have any questions or concerns, please don't hesitate to reach out. We are still limiting in-person meetings and trying not to let that interfere with building important relationships.

Take care and be safe.

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 J. Smith
General Manager and CEO
Seattle City Light

2023 – 2028 Strategic Plan Update

Review Panel Schedule

Month	Planning Topics
October	Review comprehensive planning schedule
November	<ol style="list-style-type: none">1. Review 2022 – 2026 Strategic Plan in preparation for 2023 – 2028 planning<ol style="list-style-type: none">a. Prioritiesb. Projects/initiatives/ Activities (PIAs)2. Gather initial input from RP
December	<ol style="list-style-type: none">1. Equitable Strategic Planning and Core Business2. 2022 – 2026 Plan review – Leadership Team input3. 2022 – 2026 Plan reporting process4. 2023 – 2028 Outreach – Initial planning
January	Other topics
February 15, 2022	<ol style="list-style-type: none">1. Review Strategic Plan update schedule2. Draft Rate Path/Revenue Requirement3. Outreach plan presentation4. Review and discuss PIA detail for plan update
March 23, 2022 1:00 – 3:00 p.m.	<ol style="list-style-type: none">1. Review high-level draft of 2023 – 2028 Strategic Plan2. Begin Review Panel letter discussion
April 20, 2022 9:00 – 11:00 a.m.	<ol style="list-style-type: none">1. Final revenue requirement/ rate path2. Draft 2023 – 2028 Strategic Plan3. Begin drafting Review Panel letter4. Q1 2022 - 2026 Strategic Plan progress report
May 4, 2022 1:00 – 3:00 p.m.	<ol style="list-style-type: none">1. Outreach report2. Review 2023 – 2028 final plan3. Finalize Review Panel letter <p>NOTE: Plan delivered to Mayor’s office in mid-May</p>



Other proposed 2022 meeting dates:

June 30th (9:00 – 11:00)

July 26th (9:00 – 11:00 a.m.)

August – No meeting

September 27th (9:00 – 11:00 a.m.)

October 25th (9:00 – 11:00 a.m.)

November 15th (9:00 – 11:00 a.m.)

December 12th (1:00 – 3:00 p.m.)

2023 – 2028 Strategic Plan Update

City Light Review Panel

February 15, 2022



Seattle City Light

WE POWER SEATTLE

Today's Strategic Planning Topics

- Strategic Plan Background
- Planning assumptions and schedule
- Draft Revenue Requirement
- Outreach Planning
- Projects/Initiatives/Activities (PIAs) –2023 Plan Update



Seattle City Light 2013-2018 Strategic Plan

Your Power Future

May 2012



City Light's customers include a mix of residential, commercial, institutional and industrial users. While City Light's customers' needs may vary, they share a common desire for energy that is environmentally responsible, available, affordable and reliable.

SEATTLE CITY LIGHT 2015-2020 STRATEGIC PLAN UPDATE

A PROGRESS REPORT ON YOUR POWER FUTURE



The Seattle City Light Strategic Plan Update highlights the progress the utility is making to realize its goal to exceed customers' expectations in producing and delivering environmentally responsible, safe, affordable and reliable power.



FUTURE-FORWARD ELECTRIC POWER



COMMUNITY INVOLVEMENT

MAXIMUM EFFICIENCIES



ENHANCED RELIABILITY



WE POWER *Seattle*

Seattle City Light



Strategic Plan
2019-2024

A Progress Report on the Future of Your Electric Service

SEATTLE CITY LIGHT STRATEGIC PLAN UPDATE 2017-2022



The update to Seattle City Light's Strategic Plan highlights progress we're making to serve you better. The utility's goal is to exceed customer expectations in producing and delivering power that is environmentally responsible, safe, affordable and reliable.



RECOVER REFOCUS RESTART

2022-2026 Strategic Plan

This is City Light's Sixth Strategic Plan

- First Seattle City Light Strategic Plan: 2013-2018
- Updated every 2 years:
 - 2015-2020 - Update
 - 2017-2022 - Update
 - 2019-2024 – New Plan
 - 2021-2026 (Drafted but not completed due to COVID-19)
 - 2022-2026 Strategic Plan (Five-year plan) – New Plan
 - **2023 – 2028 - Update**

Planning Assumptions

- Most, if not all, of the PIAs included in the plan are enterprise efforts = Requiring participation and resources from several City Light business units
- Identified PIAs are multi-year efforts, with staggered start/end times and milestones continuing throughout the plan's lifespan.
- PIAs are NOT meant to represent the full body of work of any SCL business unit
- PIAs ARE consistent with the utility's 2022 workplan, leadership expectations and multi-year priorities.
- **New for 2023 – 2028 plan** = PIAs that will be added to the plan update but may already be on the utility workplan

Review Panel Strategic Planning Schedule

We are here!

February 15th

- 1. Draft Rate Path/Revenue Requirement
- 2. Outreach plan presentation
- 3. Review and discuss PIA detail for plan update

March 23rd

- 1. Review high-level 2023 – 2028 Strategic Plan
- 2. Begin discussion of Review Panel letter

April 20th

- 1. Final Revenue Req/Rate Path
- 2. Draft Strategic Plan update
- 3. Begin drafting Review Panel letter

May 4th

- 1. Outreach Report
- 2. Review Final Plan
- 3. Finalize Review Panel letter

Draft 2023 – 2024 Revenue Requirement



Artist: Stan Hammer
"2nd and Pike, Seattle " 2004

Overview

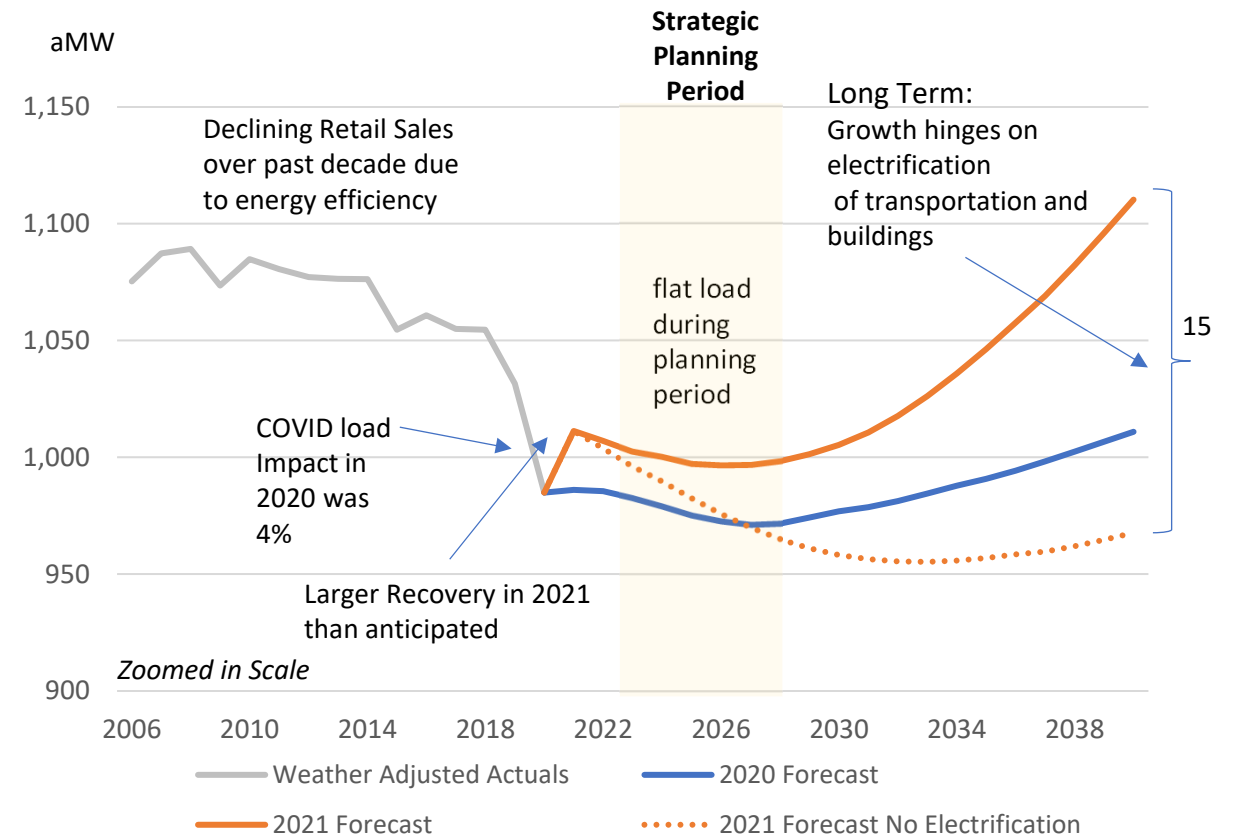
Rate Path Summary

- **3.3%** average annual rate increases over 6 years
 - Meets target of “inflation like” rate increases
- **1.90x** average debt service coverage
 - Additional operating cash available for funding capital

What’s new from the 2022-2026 Plan

- Retail Sales outlook up around 2%
- Draft 2022 IRP identifies new renewable resources required to meet reliability needs
 - 136 aMW, \$72M million by 2028 (placeholder values)
 - Most new resources needed by 2026
 - Cost expected to be partially offset by higher Net Wholesale Revenue
- Higher O&M
 - Inflation and transportation electrification incentives

Retail Sales Forecast



2023-2028 Draft Rate Path Summary

(\$ in millions)	2023	2024	2025	2026	2027	2028	AVG
Revenue Requirement	994.1	1,032.5	1,057.4	1,088.5	1,121.5	1,160.1	
Annual Increase	3.3%	3.9%	2.4%	2.9%	3.0%	3.4%	3.2%
Retail Sales, GWh	8,777	8,782	8,733	8,728	8,730	8,767	
Annual Change	-0.5%	0.1%	-0.6%	-0.1%	0.0%	0.4%	-0.1%
Average Rate, ¢/kWh	11.33	11.76	12.11	12.47	12.85	13.23	
Annual Rate Increase	3.8%	3.8%	3.0%	3.0%	3.0%	3.0%	3.3%
Debt Service Coverage	1.94	1.82	1.89	1.83	1.99	1.96	1.90
Rate paths from previous strategic plans							
2019-2024	4.0%	4.2%					
2022-2026	3.8%	3.8%	3.0%	3.0%			

Flat Sales

$$\text{Rate} = \frac{\$M \text{ revenue}}{\text{GWh sales}} * 100$$

Rate increases at Adopted 2022-2026 SP levels

Coverage above 1.80 target to increase operating funding of CIP

General Rule: Every 0.1x increase in coverage means ~2.5% higher rates and ~\$25M more CIP funding from operations

Key assumptions

O&M

- New spending covered by corresponding offsets
 - No increase in permanent head count – strategic reallocation of labor resources to fund new initiatives
- Inflation at 3.0%, slightly above CPI inflation ~2.3%
 - Higher 2023 inflation: 5% labor-related, 4.0% all else
- Transportation Electrification incentives moved from CIP to O&M \$6M-\$7M per year
 - Partial funding from WA State looks very promising but nothing included in the forecast at this time

Budget O&M Inflation by Category* (\$ in millions)	2023	2024	2025	2026	2027	2028
Labor	161.0	166.3	171.7	177.4	183.2	189.3
Labor Benefits	73.5	76.0	78.4	81.0	83.7	86.5
Non-Labor	86.4	88.3	90.3	92.4	94.5	96.7
Transfers to City	77.7	80.3	82.9	85.6	88.4	91.4
Operating Supplies	13.4	13.7	14.0	14.3	14.6	15.0
Overhead Credits	(56.1)	(58.0)	(59.9)	(61.9)	(63.9)	(66.0)
Total	355.8	366.6	377.5	388.9	400.7	412.8
CPI Growth (Non-Labor and Supplies)	4.0%	2.3%	2.2%	2.3%	2.3%	2.3%
CPI Growth + 1.0% (Labor-Related)	5.0%	3.3%	3.2%	3.3%	3.3%	3.3%
Avg Growth All O&M	4.7%	3.0%	3.0%	3.0%	3.0%	3.0%

* Additional adjustments are made to the budget numbers to convert to the financial forecast so the total used in the forecast will be slightly different than shown here

Key Assumptions (continued)

Power Costs

- BPA power rates assumed to increase 4% every other year, FY 2023 volumes up 4%
- BPA transmission rates assumed to increase 7.5% every other year
- Adding 136 aMW, \$74M of new renewable resources by 2028
- NWR increased from \$40M to \$85M by 2028

CIP and Debt

- Capital Spending set at Adopted 2022-2027 levels, ~\$390M per year
 - Inflation adjusted: 2022-2027 = ~\$360 million compared to 2016-2021 = ~\$430M
- Borrowing cost: 4.0% in 2023 and 5.0% in 2024-2028; Interest earning rate of 1.5%
- Higher liquidity target: Days Cash on hand in the 130-150 days range.
- Operating cash funding of capital is greater than 40% in all years

Draft Revenue Requirement Summary

\$ Millions	2023	2024	2025	2026	2027	2028
Revenue Requirement	994.1	1,032.5	1,057.4	1,088.5	1,121.5	1,160.1
Debt Service Coverage						
Debt Service	237.3	250.7	248.6	253.0	240.4	253.4
Additional Coverage	222.7	205.9	221.6	210.6	237.5	242.2
Operations & Maintenance (O&M)						
Baseline 2022 O&M	339.0	339.0	339.0	339.0	339.0	339.0
Inflation and TE Incentives	18.0	32.5	43.9	53.7	64.6	76.3
Net Power Costs						
Power Contracts	223.2	248.2	247.5	307.1	317.7	324.4
Net Wholesale Revenue (NWR)	(40.0)	(45.0)	(45.0)	(80.0)	(85.0)	(85.0)
Power Related Revenues, Net	(25.7)	(18.5)	(18.4)	(16.2)	(15.4)	(14.2)
Other						
Taxes, Payments and Uncollectibles	60.2	62.4	63.9	66.0	68.4	71.1
Miscellaneous Revenue	(40.5)	(42.7)	(43.6)	(44.8)	(45.8)	(47.1)
Debt Service Coverage	1.94	1.82	1.89	1.83	1.99	1.96

Key Risks and Next Steps

Power Costs

- Inflation pressures on BPA Power and Transmission Costs
- Resource acquisition Plan still being developed
 - Uncertainty in both volume and cost of new resources

Inflationary pressures for both O&M and CIP

- Seeing significant cost increases for many materials
- Labor wages will likely adjust for higher inflation
 - Updated inflation outlook from Office for Economic and Revenue Forecasts

Next Steps

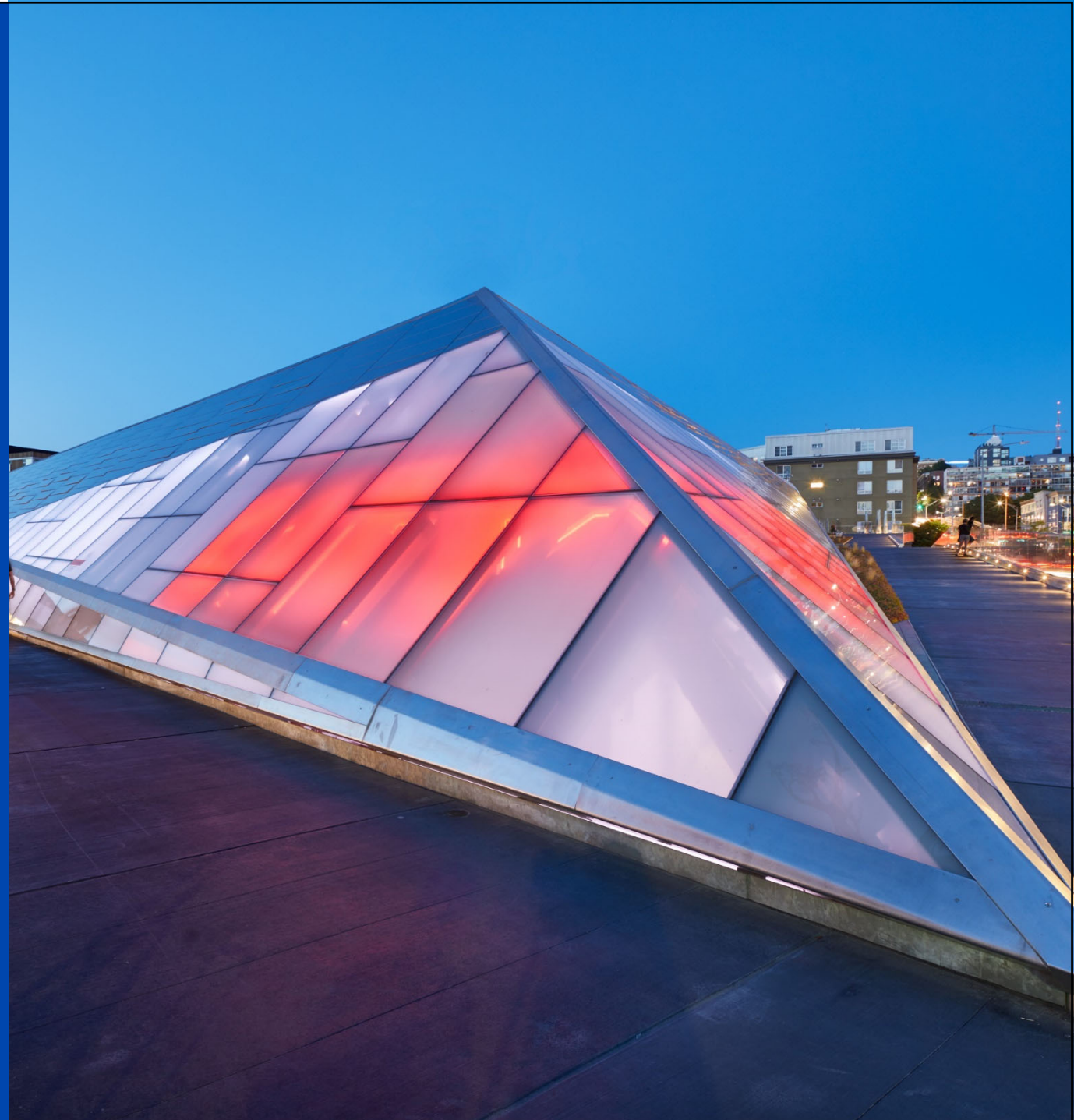
- Continue to research inflation and develop a plan to address in the rate path
- Scenario stress testing

Outreach Overview

Jenny Levesque



Seattle City Light



2023 – 2028 Strategic Plan Update

PIA Review



Seattle City Light



Seattle City Light

A photograph of a utility worker in a hard hat and safety gear working on a tower. The worker is on a bucket truck, reaching for a component on the tower. The background is a clear sky. The image is partially overlaid with a blue and yellow graphic at the bottom.

**RECOVER
REFOCUS
RESTART**

2022–2026 Strategic Plan

Strategic Plan Business Strategies



Improve the Customer Experience



Create our Energy Future



Develop Workforce and Organizational Agility



Ensure Financial Stewardship and Affordability



We Power

Discussion – Business Strategies and PIAs

- City Light Leadership - Presentation of proposed PIA programs and new 2023 – 2028 PIAs.
- Review Panel - Comments and clarifying questions (Raise hand or enter in chat)

GOAL: Shared understanding of PIA/program details that will be included in the Strategic Plan update.



Improve the Customer Experience



- Integrate the Voice of the Customer Into Our Organizational Culture
 - Customers First Strategy and Roadmap Development
- Strengthen and Fix Core Services
 - Specialized Customer Support
 - Implement Service to Bill recommendations
 - Utility Assistance Program evaluation
 - Billing Processes
- Expand Customer Service Options
 - Customer Technologies
 - Digital Marketplace
 - Demand Response Pilot
 - Renewable Program for large customers

Create our Energy Future



- Fund and Implement the Utility Next Portfolio
 - Aggressively compete for state and federal funding from Infrastructure Package and Build Back Better
- Implement Grid Modernization Roadmap
 - DER Strategy
- Implement Electrification Plans
 - Building Electrification
 - Transportation Electrification
- Integrated System and Resource Planning
- Demonstrate Leadership and Collaboration
 - Provide regional leadership for western market development **New for 2023 – 2028 plan**

Develop Workforce and Organizational Agility



- Enterprise Change Management program
- Build an Agile Workforce
 - Broadening recruitment network to reach more diverse applicant pool
 - Future of Work
 - Comprehensive Employee and Leadership Development Strategies
 - Continuous improvement efforts focused on improving employees' experience and the workplace culture
 - Address racial and social inequities through advancement of the City's Race and Social Justice initiative, workplace management, and outreach

Ensure Financial Stewardship and Affordability



- Control Rate Increases
 - Implement strategies to deliver rate in increases resembling inflation
- Price Services for the Future
 - Deliver customers pricing plan options beginning 2024
- Enhanced financial and strategic planning
- Implement Road to Recovery recommendations

We Power



- We Power Dashboard Project
- Skagit Relicensing **New for 2023-2028 plan**
- Investment in core system is prioritized. Align investment decisions with strategic direction for next generation grid architecture. **New for 2023-2028 plan**
 - Projects include:
 - Accelerated Pole Replacement Program
 - Underground cable policies and funding strategies
 - Substation transformers and switchgear upgrades + resiliency enhancements
 - Plan for reconductoring in network to increase capacity is developed with funding strategy
 - Upgrades to generation assets

Next Steps & Questions



Seattle City Light

Artist: Shawn Parks
"Good Morning" 2020

Looking Ahead



March 23rd

- Review high-level 2023 – 2028 Strategic Plan
- Begin discussion of Review Panel letter

QUESTIONS AND COMMENTS?

THANK YOU



Seattle City Light



Mission, Vision & Values

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



Customers First



Environmental Stewardship



Equitable Community Connections



Operational and Financial Excellence



Safe and Engaged Employees



Seattle City Light

WE POWER SEATTLE

2023- 2028 Strategic Plan PIA Update

Business Strategy	Objective(s)	Projects, Initiatives, Activities (PIAs)	2022 – 2026 Programs + New 2023 – 2028 PIAs
Improve the customer experience	Consistently meet customers’ needs by providing employees with the opportunities and training required to deliver targeted and responsive solutions.	Integrate the ‘voice of the customer’ into our organizational culture	<p>Customers First - Key program elements:</p> <ul style="list-style-type: none"> • Customers First Strategy and Roadmap; Governance Charter; Communications Plan. • Engineering Culture Assessment Findings; Improvement Action Plans; Long-term Culture Assessment Plan • Completed Core Services Journey maps and associated process improvement recommendations • Scope and define Customer Personas & Segmentation • Empathy training delivered to utility staff
		Strengthen and fix core customer services	<p>Utility Assistance Program Evaluation - Conduct an integrated, holistic evaluation of SCL and SPU affordability/assistance programs, focused on those programs represented by the in-development UAP Automation ECM project: UDP, SCL’s ELIA/EBA and Project Share, and SPU’s Emergency Assistance Program</p>
			<p>Specialized Customer Support – Implement improved consistency in customer messaging including website and Contact Center interactions. Establish a Customer Support team focused on responding to customer billing concerns.</p>
			<p>Billing Processes – Implementation of an estimated usage table to be used on residential accounts to address some of the billing issues we experience during normal business that has a negative impact on the customer experience.</p>
		<p>Service to Bill - Develop clear list of Service to Bill recommendations including Engineering cost estimation, Construction Ready, Planning & Scheduling and Planned Outages) and implement according to schedule. Reduce delivery times for new service connections.</p>	
		Expand customer service options	<p>Renewable Plus – Develop plan to launch Renewable Plus program in 2024, providing large customers with a bundled solar/wind energy/Renewable Energy Certificates product to help them meet their sustainability goals.</p>

			<p>Digital Marketplace – Launch digital marketplace where customers purchase efficient products, are supported in their transition to electric transportation and experience higher satisfaction with the City Light digital experience. The digital marketplace will provide products appropriate for renters, special incentives for UDP customers, and work toward universal accessibility of the City Light website.</p> <p>Demand Response Pilot - Launch a demand response pilot program that will deliver on commitments expressed in the Clean Energy Implementation Plan (CEIP – requirement of the Clean Energy Transformation Act), IRP, and Grid Mod plan. Results from the pilot will inform a future CEIP demand response targets. The demand response pilot program design will incorporate geographic (census level), participation (type of occupant) and workforce considerations.</p> <p>Customer Technologies - Providing customers with increased opportunities for self -service by completing customer-facing technology projects e.g., Fusion, Portal, Utility Assistance Portal, and deliver value to customers from AMI and other technology investments as identified in the Utility Technology roadmap.</p>
<p>Create our energy future</p>	<ol style="list-style-type: none"> 1. Build and maintain a smart, resilient, flexible, dynamic, and reliable grid infrastructure. 2. Prepare for the increased integration of distributed energy resources and more customer options. 3. Work to reverse historic inequities and avoid collateral harm to underserved populations by intentionally prioritizing their needs as we create our energy future. 	<p>Utility Next Portfolio</p>	<p>Utility Next - Aggressively compete for state and federal funding from Infrastructure Package and Build Back Better. Create Our Energy Future investments will focus on benefits primarily in Environmental Justice Communities. This emphasis aligns with the Justice 40 initiative, which commits to delivering on the overall benefits of Federal climate, clean energy, affordable and sustainable housing, clean water, and other investments to disadvantaged communities that have been historically marginalized, underserved, and overburdened by pollution.</p>
		<p>Grid Modernization Program</p>	<p>Grid Modernization – Implement grid modernization roadmap. Implementing Grid Modernization projects and programs will ensure a continually reliable grid for increasing electrification.</p> <ul style="list-style-type: none"> • DER Strategy- Development of a comprehensive utility and customer owned DER strategy covering interconnection standards, programmatic offerings, planning integration and tools, and clearly defined roles and responsibilities across the organization. This will also inform and help define a role for DERs in the supply portfolio.
		<p>Implement electrification plans</p>	<p>Building Electrification – Develop a long-term strategy for Building Electrification including policy objectives for the 2022 legislative session and rebranding of the Lighting Design Lab as an electrification resource center.</p>
			<p>Transportation Electrification – Implementation of the Transportation Electrification Strategic Investment Plan including reducing barriers to investing in charging infrastructure in our service territory by reducing the cycle time from application for service-to-service connection and increased personal mobility and fleets programs.</p>

		Integrated Distribution System and Resource planning	<p>Integrated System and Resource Plan - Implement integrated <u>Distribution, Transmission, and Generation resource planning</u>. The plan includes:</p> <ul style="list-style-type: none"> • Clear and consistently applied definition of integrated system planning, including documented procedures that define planning processes involving generation, transmission & distribution systems • Incorporates and accounts for next generation system architecture, including grid flexibility, DERs, and Non-wires alternatives as part of the system plan and evaluated in planning processes on consistent basis • Clearly defined approach to incorporating Integrated System Plan requirements into Financial Plan • Advanced supply resource strategy that layers strategic & policy objectives (e.g., IRP, CPA, CETA) on top of compliance requirements
		Demonstrate Leadership and Collaboration	<p>Market Development (New PIA for 2023 – 2028 plan)</p> <ul style="list-style-type: none"> • Provide regional leadership for western market development to help ensure region selects clear path forward. • Ensure that the utility is well positioned to be effective in future landscape, including identifying necessary programs/services to participate in, and securing appropriate legislative approvals to do so.
Develop workforce & organizational agility	Foster an organization that is nimble, adaptive, and responsive and cultivate a workforce with the skills and knowledge to advance social justice.	Enterprise Change Management program	Change management program - Program will be established to provide consistent structure, standards, training, coaching, and resources. This will help employees successfully adapt to and master changes in job functions, business processes, and technology usage.
		Build an agile workforce	Future of Work - Develop and implement a strategy for the “Future of Work” that includes office space, labor negotiations, safety protocols, performance expectations and accountability agreements, employee development, training, develop a culture of accountability and outcomes.
			<p>Broadening recruitment network to reach more diverse applicant pool - Develop a strategy to increase diversity in all positions. Implement the Puget Sound Utility strategy to increase diversity in the trades.</p> <p>Build a comprehensive employee development strategy</p> <ol style="list-style-type: none"> Build upon Emerging Leaders program to include accountability/adoption Professional development of existing staff Safety training and development Customer service training

			<p>Build a comprehensive leadership development strategy</p> <ul style="list-style-type: none"> a) On-call coaching b) Talk like a leader series c) Operational Excellence d) People Leader Forum <p>Continuous improvement efforts focused on improving employees’ experience and the workplace culture</p> <ul style="list-style-type: none"> a) Implement a human resource management strategy driven by data analytics - Make data-driven decisions utilizing available data to improve the employee experience and performance outcomes. b) Develop a labor strategy to effectively engage our labor partners (e.g., Implement Interest Based Bargaining for LMC with IBEW Local 77) c) Resolve employee issues in a timely manner d) Conduct current culture survey e) Employee engagement efforts <p>Address racial and social inequities through advancement of the City’s Race and Social Justice initiative, workplace management, and outreach</p> <ul style="list-style-type: none"> a) Provide more virtual learning spaces and educational resources for employees b) Launch new Racial Equity Analysis project. c) RSJ Program staffing
<p>Ensure financial health & affordability</p>	<p>Support long-term affordability in Seattle by offering rates that are transparent, understandable, reasonable, equitable, and consistent for all customers, including vulnerable populations. This commitment includes developing a sustainable</p>	<p>Control Rate Increases</p>	<p>Implement strategy to deliver rate increases that look like inflation –</p> <ul style="list-style-type: none"> a) Train for strong financial acumen, budget management, purchasing and payments b) Implement financial project restructure for operations (WAMS) in 2023 budget c) Debt management strategy – fund CIP with a prudent level of revenue to manage overall level of debt d) Control size of CIP through CARE portfolio management and improved capital project management
		<p>Price Services for the Future</p>	<p>Rate Options –Deliver customers pricing plan options in 2024.</p> <ul style="list-style-type: none"> a) Time of Day (TOD) rates legislated in 2023-2024 rate ordinance b) Billing system reprogrammed to simplify fees across rate classes- utilize riders for franchise differentials, etc. c) Pilot: TOD commercial and residential pilot customers migrated to automated billing d) Change management for customer service staff and customer communications for 2024 rate rollout

	and predictable approach to setting rates over time.	Road to Recovery	Implement Road to Recovery recommendations – Implement comprehensive road to recovery project including bill clean-up, flexible payment plans, and expanded energy assistance; be ready to resume service collection of late fees and active collections/service disconnection/reconnection by Q2 2022 reduce outstanding receivables balance.
		Enhanced Financial and Strategic Planning (New PIA for 2023 – 2028 plan)	Enhanced Planning - e) Integration of <u>financial and strategic planning</u> continues to get tighter f) Integration of resource needs include in financial planning g) Capital planning process continues to mature and includes all capex including IT spend, and programmatic (non-discrete project) spending.
We power	<ul style="list-style-type: none"> Continue to advance our mission to provide our customers with affordable, reliable, and environmentally responsible energy services Prioritize diversity, equity, and inclusion in all that we do Actively manage and mitigate the constraints, risks, and uncertainty of operating in a COVID-adjusted environment 	We Power	We Power - Division dashboards 4 – 6 per year developed.
		Skagit Relicensing (New PIA for 2023 – 2028 plan)	Relicensing activities including - <ul style="list-style-type: none"> Comprehensive settlement achieved and license application submitted Off license settlement agreements with Tribes Area between Gorge dam and the powerhouse is rewatered
		Investment in core infrastructure is prioritized (New PIA for 2023 – 2028 plan)	Investments in infrastructure - Ensure that investment decisions are aligned with, support, and accelerate strategic direction to build next generation grid architecture - incorporate new concepts and technologies (DERs, NWS, automation) as part of planning and decision making. Investments include - <ul style="list-style-type: none"> <u>Accelerated Pole Replacement Program</u> plan put in place to ensure adequate investment over time; complete 2022 replacement target of 1700 poles Policies, approach, and funding strategies developed for failing cable in <u>underground system</u> Work continues at <u>substations</u> to upgrade transformers and switchgear as well as resiliency enhancements. Improve ancillary systems and facilities including powerhouse systems Plan for reconductoring in <u>network and looped radial</u> to increase capacity is developed with funding strategy Upgrades to <u>generation</u> assets