



CITY LIGHT REVIEW PANEL MEETING

Tuesday, July 26, 2022

9:00 – 11:00 A.M.

SMT 3517

—or—

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 June 7, 2022	
c. Chair's Report (Mikel)	
d. Communications to Panel (Leigh Barreca)	
4. Review Panel Chair & Co-Chair Elections (10 min.)	Karen
5. General Manager Update (25 min.)	Debra Smith
6. Rate Proposal Review and Potential Panel Endorsement (30 min.)	Kirsty Grainger
7. Review Panel Workplan (25 min.)	Karen
8. Status Reports	
a. Strategic Plan Q1 & Q2 Status Reports (10 min.)	Leigh
b. Q2 Executive Dashboard (5 min.)	Angela Bertrand
9. Adjourn	

Next Meeting: September 27th, 9:00 – 11:00 a.m. Have a great August!



City Light Review Panel Meeting Meeting Minutes

Date of Meeting: June 7, 2022 | 1:00 – 3:30 PM |
Meeting held in SMT 3253 and 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	
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	√
Susan Gunn	√	Brian Taubeneck	√	Paul Nissley	√
Mike Hamilton	√	Pat Leyritz	√	Saul Villarreal	√
Verene Martin	√				

Welcome and Introductions. The meeting was called to order at 1:04 p.m.

Public Comment. There was no public comment.

Standing Items:

Review Agenda. Karen Reed reviewed the agenda.

Approval of April 26, 2022 Meeting Minutes. Minutes were approved as presented.

Chair’s Report. Scott Haskins will go to the City Council Committee meeting on June 22nd in Mikel Hansen’s place to convey the Strategic Plan and accompanying letter.

Communications to Panel. Leigh Barreca discussed the need, starting this month, to have a physical presence for Panel meetings in addition to the virtual meetings. According to the Open Public Meetings Act, Seattle Municipal Code and City Ordinance 123256, attendees are allowed to participate virtually but we are required to have a physical presence to allow for public comments. Beginning with the July meeting, you will be notified in advance of the meeting location should you like to attend in person. We will also plan an in-person meeting/event to celebrate the adoption of the Strategic Plan, likely in September after our August break.



City Light Review Panel Meeting Meeting Minutes

2023 – 2024 Rate Ordinance. Kirsty Grainger and Carsten Croff presented. They introduced two members of the Rates team, Susan Gunn and Mike Hamilton who were key in creating the presentation today. The presentation is in the meeting packets.

Q: Is there subsidization between customers?

A: We try our best to assign cost relative to the cost of service by customers. That is the intent, and due to assumptions and forecasts there may be a small amount of subsidization to certain customer groups. Rate making is an art and a science.

Q: Can you tell a little more about what goes into cost of service?

A: We have a relative depreciation schedule of our assets, and a certain part of our revenue requirement is allocated to those assets. This is divided out between customer classes.

Q: Can you clarify the terminology? Is revenue requirement how much money you need? How is that separate from cost of service?

A: The revenue requirement covers the cost of service. It's all factored in, including strategic priorities and planned capital projects. Each of the three steps is a huge body of work.

Q: What is driving the increase in distribution costs?

A: This comes primarily from our capital planning--- some of the costs are related to the pole replacement program, some are maintenance of overhead and overhead lines. Distribution cost has gone up in general.

Q: Is the fixed charge per customer or per meter? Would this hit customers with multiple meters multiple times?

A: It is per meter, but some are totalized meters. As we increase the customer charge, the energy charge will decrease. The impact is generally very minor for large customers.

Q: Is the goal to get to 50% or beyond 50% of the full customer charge? Did you say the City just started collecting this charge? If so, what does it look like over time?

A: City Light has had a residential fixed charge for many years, it is new for commercial customers. We don't have a specific goal for the customer charge. While customer charges can be seen as regressive, this evens out the fact that wealthier residential customers can, for example, install solar panels which decreases energy costs. This keeps those who are able to pay for solar -from being subsidized by lower income customers.

Q: How much have you laid the groundwork for this? It was controversial the last time you brought this up – what conversations have you had with council?

A: We do have work to do with stakeholders. NWECC has had a strong, negative response to this in the past, but they are not the only stakeholders. Presenting this proposal to you is the first step before we begin working with Mayor Harrell and the City Council.



City Light Review Panel Meeting Meeting Minutes

Q: The sticker shock of the full customer charge is hitting me. Can it be expressed as a percentage of a typical bill?

A: Yes, we can bring that to you at a future meeting. For general service customers, this would be a very small amount.

Q: Will the time-of-day (TOD) rate be an opt-in rate structure, or will everyone be shifted over?

A: It will be 100% optional for customers.

Q: Will there be the ability for customers to see how their charges would differ between TOU and the tiered rate?

A: We are working on creating a rate calculator for customers to be able to monitor rate impacts. This will be part of the customer portal.

Comment: With the least expensive power tier starting at midnight, I think very few people will use it.

Q: Will the difference between TOD and tiered rates be on the bill each month?

A: This differential will not be on the bill each month. The bill will just be reflective of the rate schedule each customer is on.

Q: What is the impact on capacity over time of moving to TOD rates?

A: It is an issue. Peak demand is growing faster than the population. Capacity needs will be increasing over time.

Q: Are you planning a major customer education campaign?

A: This is a big change that will be coming in 2024. We will be doing a comprehensive outreach and education campaign before this is launched. This huge change is just the beginning of setting new rate structures.

Q: Is an objective of TOD rates peak shaving?

A: Our real value stream is shifting usage to the middle of the night.

Debra Smith noted that the TOD proposal is a launch and will likely evolve over time. In her view, like most analysts in the Country, tiered rates no longer serve us well.

Q: Why did you decide to not include seasonal rates?

A: Building in simplicity will help make this transition and set the groundwork. If we're going to do seasonal, we need to consider the kinds of heating our customers have because seasonal rates would increase heating prices in the winter. We don't want to make it harder for people who are already struggling with their bills. We want to understand our customers better so we can know how our policy decisions will impact them.

Q: If all goes well, when will this go to Council?



City Light Review Panel Meeting Meeting Minutes

A: This will go to the Mayor's office in July and then to the City Council in August. This time next year we'll be working towards putting this structure in place. The plan is for both the new customer charges and the TOD rate launch to be approved by Council now; new customer charges would be implemented in January 2023; TOD would be implemented in January 2024.

Integrated Resource Plan. Emeka Anyanwu, Paul Nissley and Saul Villarreal presented. The presentation is in the meeting packets. The power need projections show SCL is in a slight power deficit now in the second week in July each year; we are heading to a deficit position in December as well. Coal is coming out of SCL's power portfolio in 2027. The new Bonneville Power Administration contract will be in place in 2028 (terms not yet negotiated).

Q: For resource adequacy, why do you show aMW when presumably it's peaking generation that you need?

A: Our modeling focuses on energy (usage volume) resource adequacy, not capacity (peaking ability) because of the nature (flexibility, amount) of our base hydro resources.

Q: How does the fact that SCL and other utilities are retiring coal from portfolios impact SCL's resource adequacy needs?

A: We are a part of a regional grid and use market resources as a necessary part of our portfolio to fill in gaps at different times of the year and to capitalize on low cost solar or wind when available. Also, keep in mind that BPA is a significant portion of our stack, and the amount of that available to us is affected by the needs of others – who may be impacted by fossil fuel retirements.

Q: Did you look at storage at all?

A: We did look at storage. In one portfolio it had a solar+battery pairing in place of standalone solar. Batteries helped extend the summer peak with the duck curve in mind. This portfolio wasn't selected because it was too expensive for the value. We do have storage in the proposed portfolio – as we're hydro our demand response operates like a battery.

Q: What are the criteria you are using for selection? Is it economically optimized or do you have other objectives as inputs to your analytical framework?

A: Yes, we have six metrics that go into scoring which portfolio would be best for city light. These include, cost, transmission risk, ability to withstand climate change, ability to withstand electrification, emissions avoidance, diversity of customer options, and transmission costs.

Q: Are there no capacity needs, even with summer heat? Are you planning to join the new voluntary resource adequacy initiatives? Does that require any capacity needs?

A: Our concerns are not around capacity, and we are still too early in the evaluation process to say for sure that requirements might emerge.

Adjourn: Meeting adjourned at 3:31 p.m.



City Light Review Panel Meeting Meeting Minutes

Next meeting: July 26, 2022, 9:00 – 11:00 a.m. There will be both virtual and In-person meeting options.

2023/2024 Draft City Light Retail Rates

REVIEW PANEL MEETING

July 26, 2022



Seattle City Light

Review Panel Charter

- Review changes to City Light's rates... provide an opinion to the Mayor and Council on the adequacy and prudence of rate changes in light of adopted planning assumptions and financial policies.
- The Council continues to expect the Panel to provide...analyses and recommendations on significant elements of the strategic plan including but not limited to
 - Financial policies
 - Cost allocation
 - Rate design
 - Operational efficiency...and to submit its recommendations to the Mayor and the Council, or if a collective recommendation cannot be reached, a recommendation indicating the majority and minority positions and the rationales for those positions.

Rate Design Proposal – Policy Foundation

Rate design proposal comes from City Light’s 2018 Rate Design Report

- Commissioned by Resolution 31819
- Clerk File 321222

Rate design goals were reiterated in an April 2021 memo to the Review Panel

Near Term Priorities

1. Bill Redesign
2. [Adjust Residential Block Rates](#)
3. [Time of Day \(TOD\) Rates](#)
4. Budget and Flat Rate Residential Billing
5. [Fixed Charge Recovery for Customer Costs in all Rate Schedules](#)
6. Interruptible/Demand Response Pilot Rate

<i>Goal/End</i>	<i>Definition</i>
Transparency	Rates should be structured so that customers can easily understand what services they are paying for.
Revenue Sufficiency	Rates should be designed to collect the approved revenue requirement with a reasonable degree of certainty.
Cost-Based	Rates should reflect the Utility’s cost of service, and each charge included on a customer bill should be designed to signal to customers the actual cost of providing the relevant service.
Stable & Predictable	To aid customers in managing the financial impacts of their electricity bills, rate changes should be deliberate and gradual.
Efficiency	To conserve finite natural resources and minimize overall system costs, rates should be structured to encourage efficient use of power. This applies to electricity produced and purchased, as well as the wires and associated equipment needed for energy delivery.
Decarbonization	Rate design should reflect the goals of Seattle’s Climate Action Plan, including promoting the use of clean power, incentivizing transportation electrification, and reducing greenhouse gas emissions.
Affordability	Rates should be designed to make electric service accessible for all customers; therefore, rates may be discounted for qualified low-income residential customers
Customer Choice	Rate and billing options should reflect the diversity of our customers’ energy needs and interests, so that customers may feel empowered to actively manage their energy consumption.

Key Residential Rate Design Policy Changes

- **Gradually increase fixed basic service charge**

- Ensure customers pay a fairer share for meter reading, billing and customer service.
- Align with industry-standard practice

- ✓ Cost-based
- ✓ Customer Choice
- ✓ Revenue Sufficiency
- ✓ Stable and Predictable

- **Introduce Time-of-Day residential rates**

- Provide an industry standard customer offering
- Support transportation electrification
- Offer more options for customers to control bills

- ✓ Cost-based
- ✓ Customer Choice
- ✓ Decarbonization
- ✓ Efficiency
- ✓ Revenue Sufficiency
- ✓ Stable and Predictable

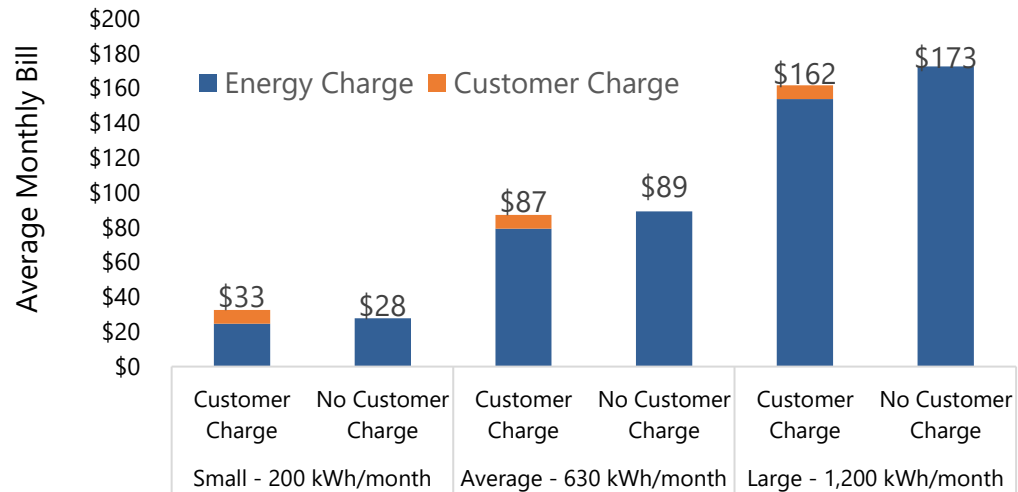
- **Gradually adjust difference between block rates**

- Sets up for future changes—flat energy charge or revised block structure.
- Create a cost structure that better incentivizes building and transportation electrification.

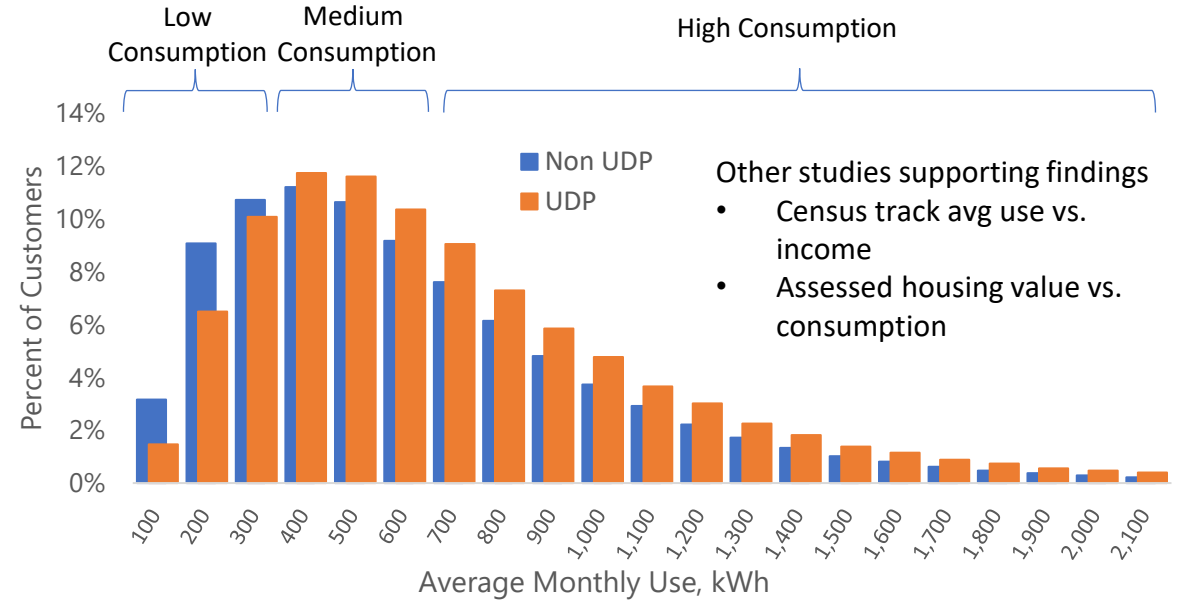
- ✓ Cost-based
- ✓ Customer Choice
- ✓ Decarbonization
- ✓ Efficiency
- ✓ Stable and Predictable

Affordability and Fixed Charges

2024 Residential Monthly Bill with and without a Customer Charge



Low-income does not mean low-use



Takeaways:

- Low to moderate income customers can be high users too and they will have higher bills with low or no customer charges
- Limits of what rate design can accomplish for affordability
- Assistance programs most efficient tool to address affordability

Utility Discount Program (UDP) offers 60% discount, review underway, program may have expanded offerings in the future

Key Non-Residential Rate Design Policy Changes

- **Introduce a fixed basic service charge**

- Ensure customers pay a fairer share of meter reading, billing and customer service
- Align with industry-standard practice
- Offset by a slightly lower kWh rate; SCL will recover the same revenue requirement from each customer class

- ✓ Cost-based
- ✓ Customer Choice
- ✓ Revenue Sufficiency
- ✓ Stable and Predictable

- **Introduce Time-of-Day general service rates (Sm/Md)***

- Provide an industry standard customer offering
- Support transportation electrification
- Offer more options for customers to control bills

- ✓ Cost-based
- ✓ Customer Choice
- ✓ Decarbonization
- ✓ Efficiency
- ✓ Revenue Sufficiency

- **Introduce Time-of-Day Commercial Charging rates (Md/Lg)**

- Supports fleet and public EV charging
- Reduces impact of demand charge when charging utilization is low
- No demand charge in 2024 but will gradually phase in through 2030

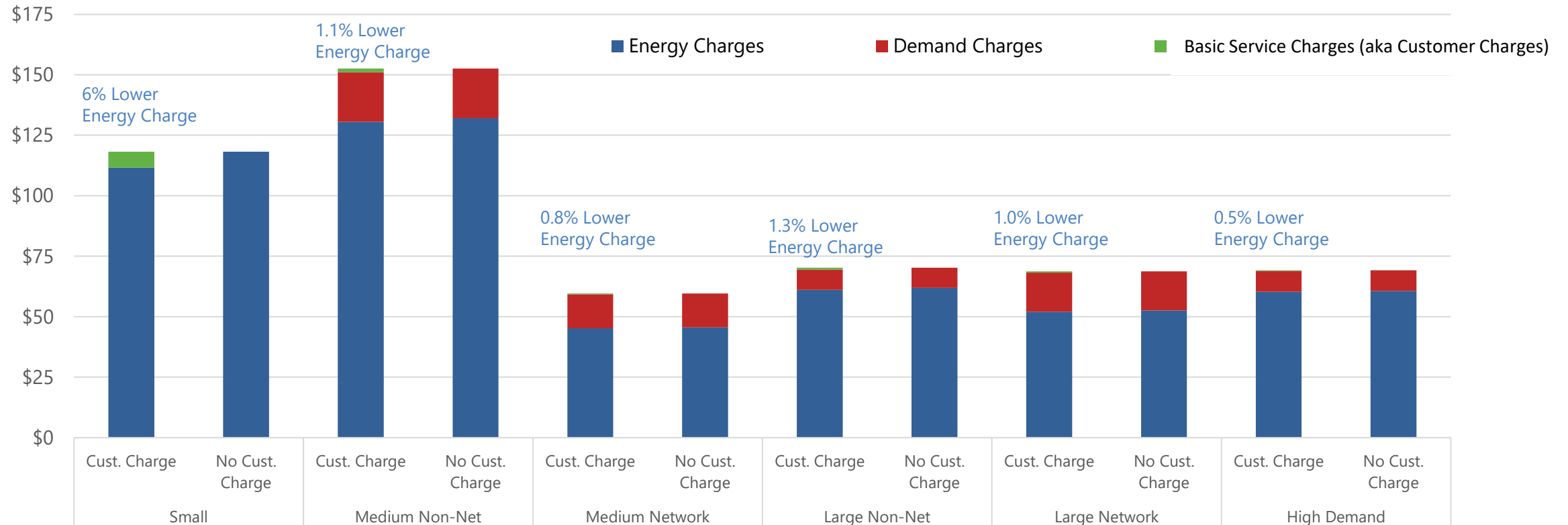
- ✓ Cost-based
- ✓ Customer Choice
- ✓ Decarbonization
- ✓ Efficiency

**All Large and High Demand customers already have TOD rates*

Non-residential Basic Service Charge

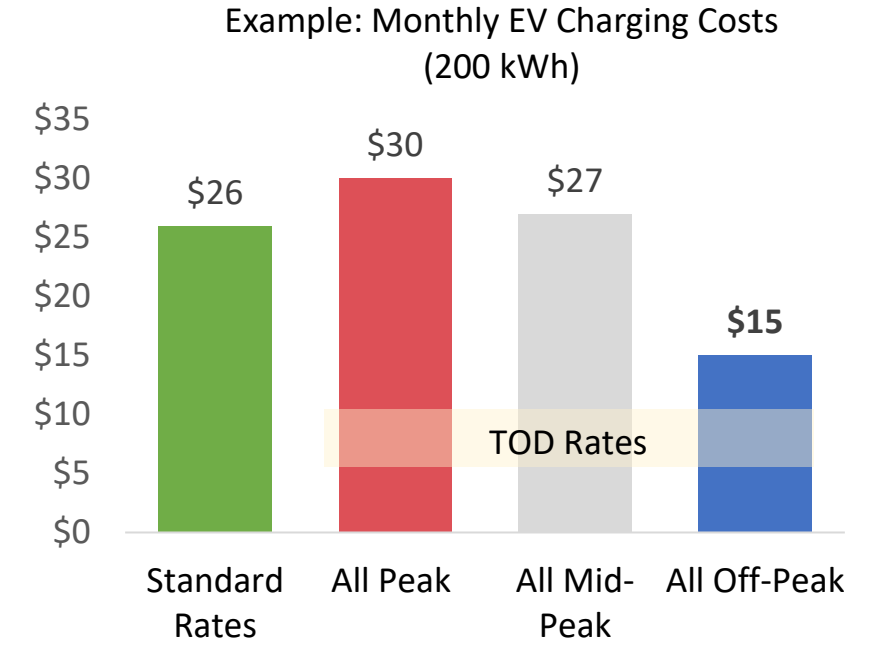
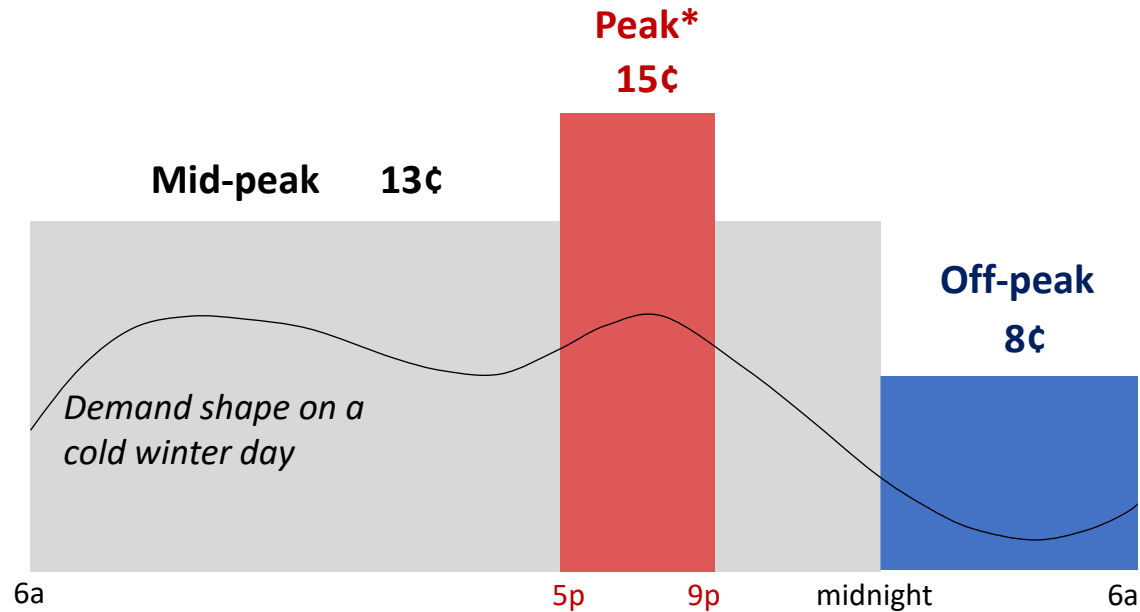
Revenue Requirement
\$Millions

2024 Cost Recovery with and without Basic Service Charges



Takeaway: *Introducing a customer charge does not impact the amount of revenue collected, only how it is collected. Energy charges will be slightly lower as a result of having a customer charge*

2024 Opt-in Time of Day Rates



- Based on successful pilot programs
- Price signals reflect specific SCL load profile and northwest power market

Example shown is TOD rates for residential Seattle customers.

Review Panel Discussion

- What questions do you have?
- What opinions/recommendations do you have?
- Do you endorse City Light's rate proposal? (From a policy perspective)

2023/2024 Draft City Light Retail Rates

REVIEW PANEL MEETING JUNE 7, 2022



Seattle City Light

2023-2024 Rate Design Goals

Rate design goals come from City Light's 2018 Rate Design Report

- Commissioned by Resolution 31819
- Clerk File 321222

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City Light Rates 101: Three Steps

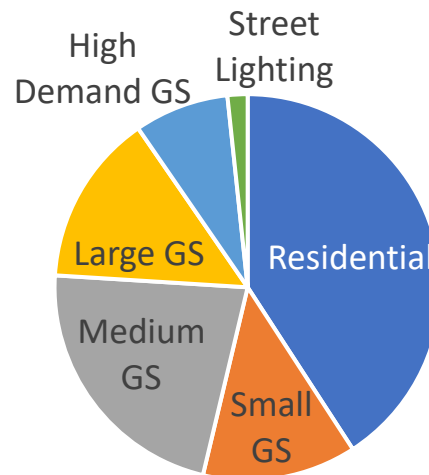
1. Revenue Requirement

- How much revenue do we need to collect from retail customers
- Needs to cover all operating expenses and debt service, plus a portion of capital costs (target > 40%)

+ Operating Expenses
- Other Revenue Sources
+ Debt Service
+ Capital Funding from Operations
= Revenue Requirement

2. Cost of Service

- How much it costs to serve each type of customer
- Allocates the revenue requirement to each customer class based on relative cost of service.



% of Total Revenue Requirement
GS = General Service (non-residential)

3. Rate Design

- How the revenue will be collected from customers
- Rates and charges designed to collect the revenue requirement from each class
- Customer classes have different rate designs to achieve different objectives

Common Rates

- Per kilowatt hour (kWh) energy charge
- Per kilowatt (kW) demand charge: based on monthly peak use (measures max stress put on distribution equipment)
- Fixed charge – Fixed amount per bill regardless of consumption

Cost of Service Summary

2023 Average Rate Increases

	Total	Residential	Small	Medium	Large	High Demand
All areas	4.4%	5.7%	5.6%	3.3%	3.4%	2.7%
Non-Network	4.7%	5.7%	5.6%	3.9%	4.4%	2.7%
Network	1.4%			1.7%	1.2%	

<i>All areas - After Discounts</i>	4.5%	6.0%				
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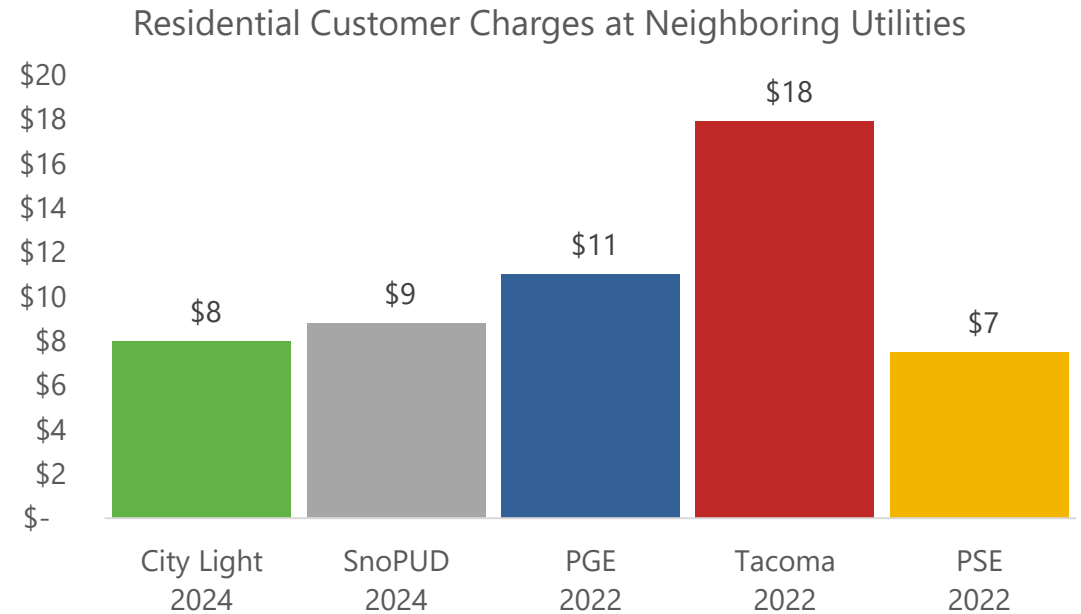
2024 Average Rate Increases

	Total	Residential	Small	Medium	Large	High Demand
All areas	4.4%	5.0%	4.7%	4.0%	3.0%	4.7%
Non-Network	4.8%	5.0%	4.7%	4.7%	4.6%	4.7%
Network	1.4%			1.7%	1.2%	

<i>All areas - After Discounts</i>	4.5%	5.3%				
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Fixed Charge Strategy (Customer Charges)

Customer Charge (\$/month)	2022	2023	2024	Full Customer Charge*
Residential	\$6	\$7	\$8	\$19
Small General Service		\$7	\$14	\$28
Medium General Service		\$27	\$55	\$110
Large General Service		\$334	\$688	\$1,376
HD General Service		\$1,761	\$3,625	\$7,249



- Residential
 - Slow ramp up, \$1/month increase in both years
 - Put some of the increase in the first block
- General Service
 - Gradually phase in customer charge over 4 years
 - 2023 = 25%, 2024 = 50%

*Customer costs include the costs for metering, billing, collecting payments and providing customer service. The “full” customer charge reflects recovering all costs identified as customer costs through a fixed charge.

Time-of-Day (TOD) Rates

- Goals

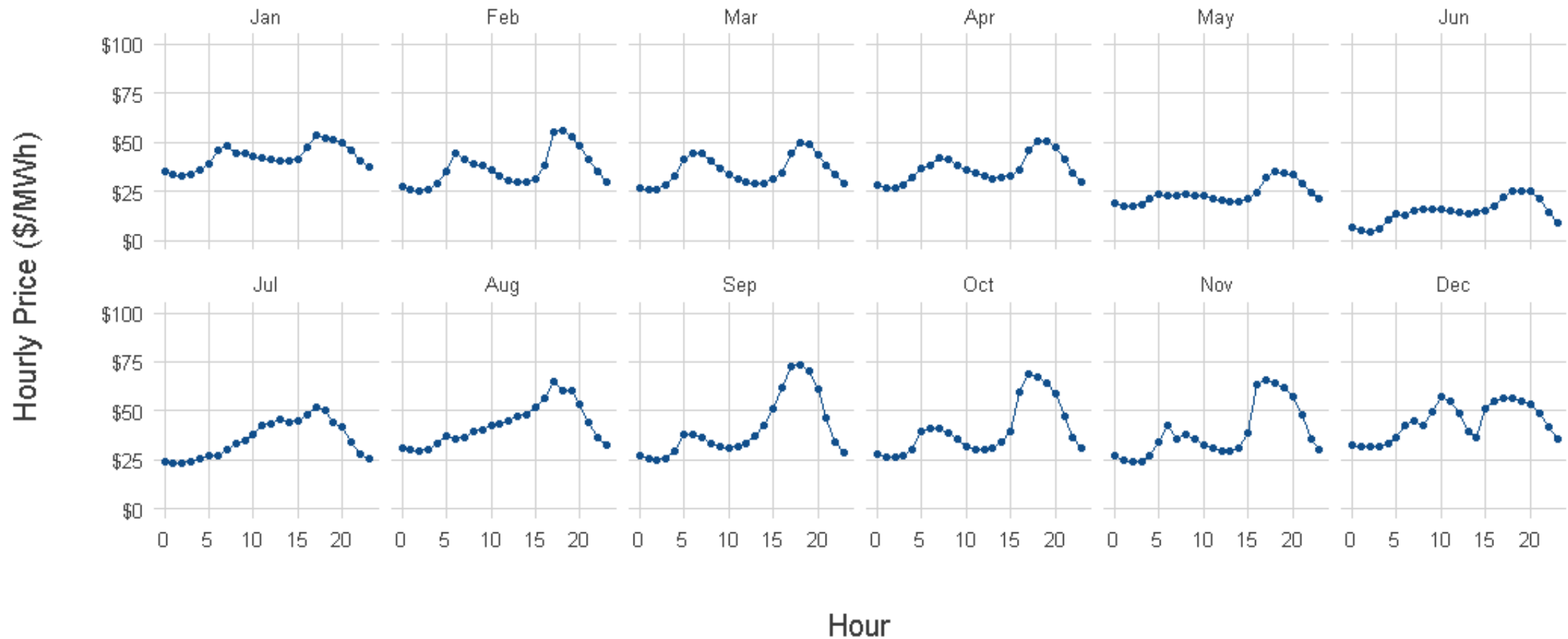
- Develop rates that better reflect actual cost of service at different times of the day
- Provide customers more choice in how they manage their electricity bills
- Support electrification/decarbonization goals
- Starting place – flexible framework to build on in the future

- General Approach

- Estimate hourly costs
- Determine optimal structure (i.e., two period or three period)
- Set price differential to balance costs structure and goals

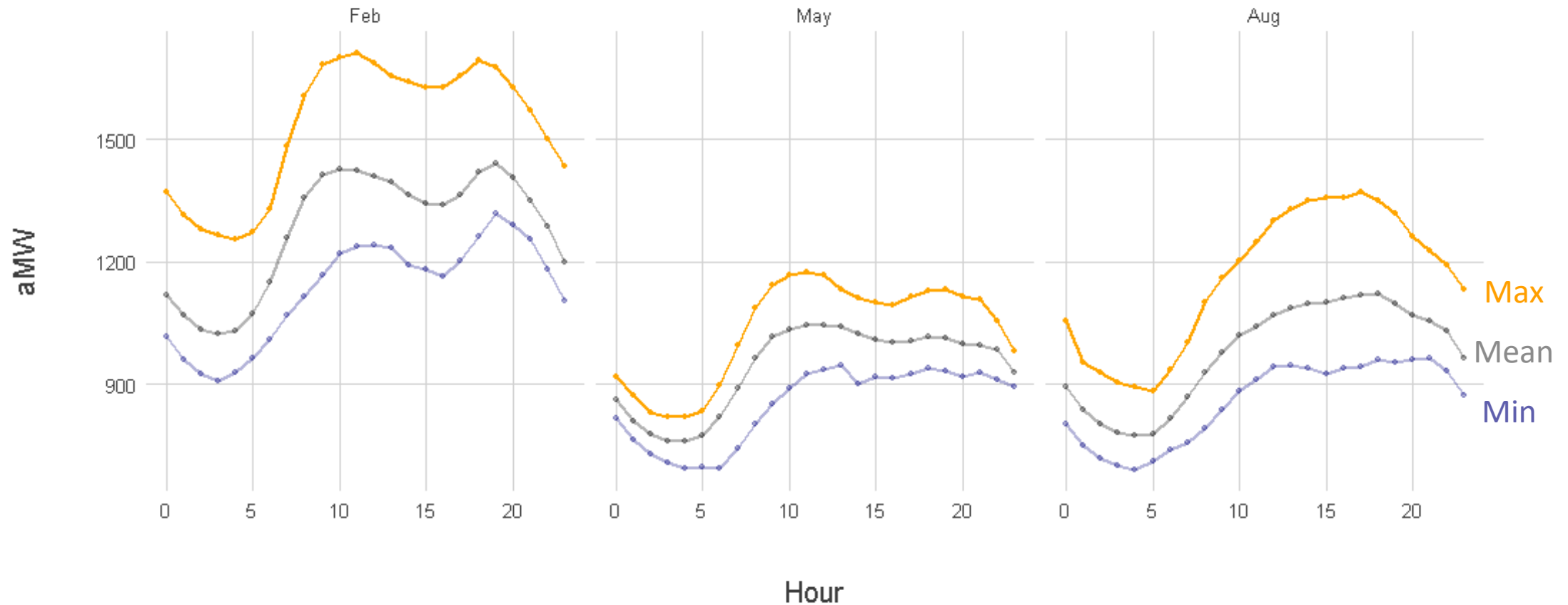
Daily Wholesale Price Shapes

Average Hourly Prices for Wholesale Forecast (IHS 2022)



City Light System Load Shape

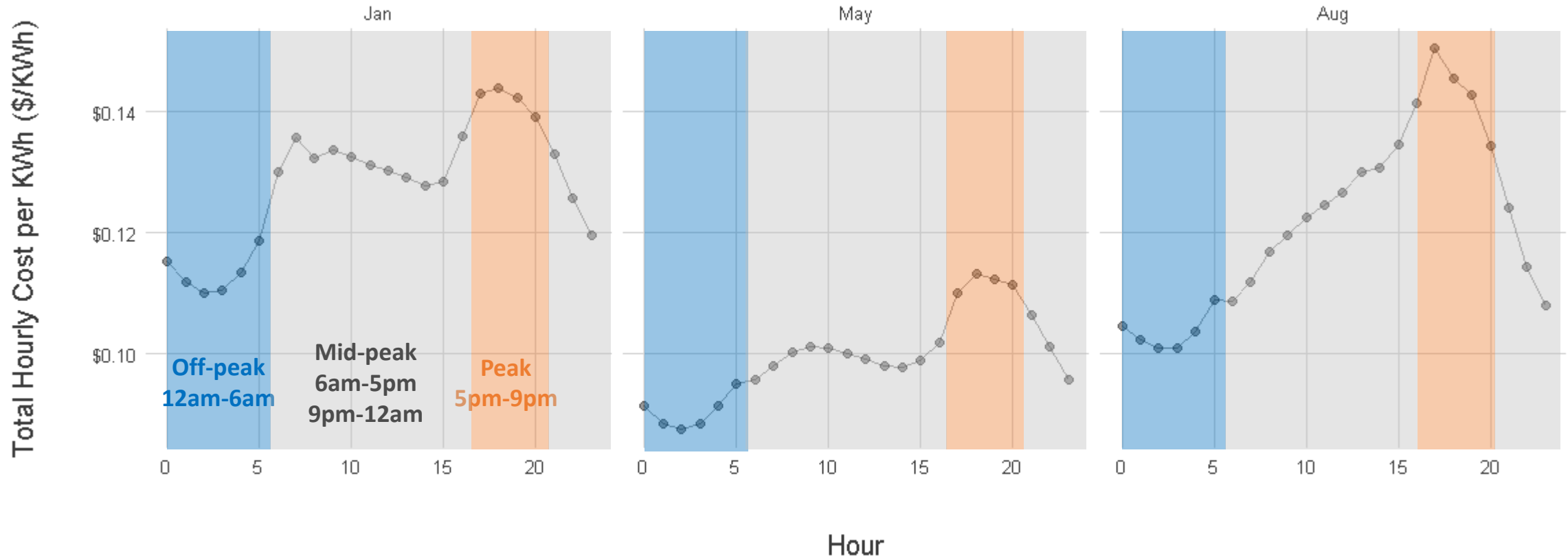
Hourly System Load - Monthly Min, Mean, Max: 2021



Takeaway: No significant short-duration peak we are trying to shave

Selecting TOD Periods

Total Hourly Cost per KWH: 2024 (Residential)



Proposal: Single Season, Three-Period TOD Rates - same as current rate pilots

Proposed TOD Rates

General Strategy for 2024 TOD Rates

- Send meaningful price signal for off-peak consumption
- Keep Peak and Mid-Peak Price signal modest

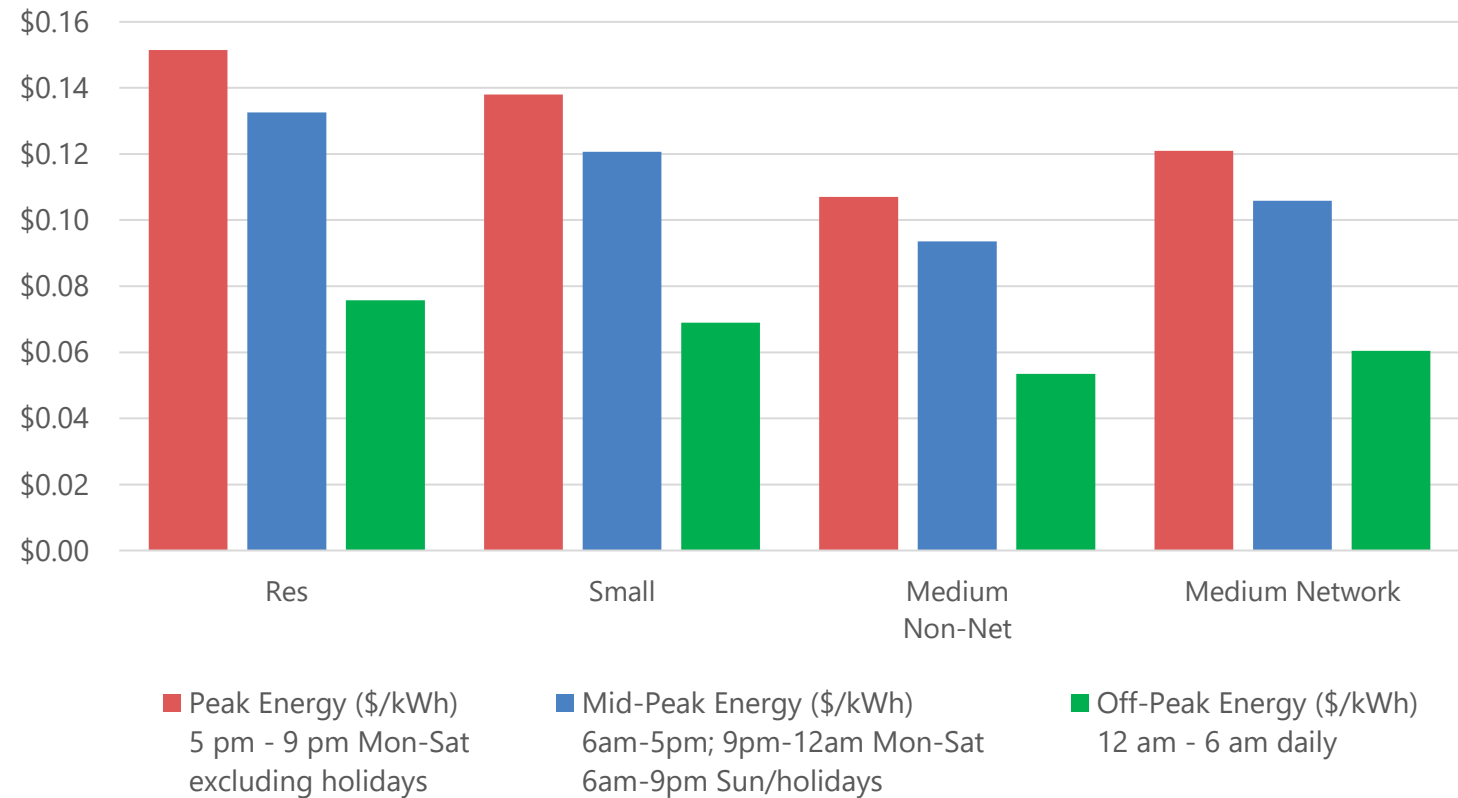
Proposed

- 2.0x Peak/Off-Peak Ratio
- 1.75x Mid-Peak Ratio

Cost Based

- 1.3x - 1.5x Peak/Off-Peak Ratio
- 1.2x Mid-Peak Ratio

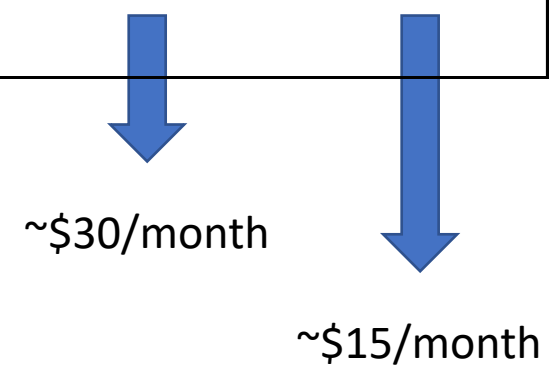
2024 Proposed TOD Rates



Example Bill Impacts: TOD Rates

Residential General Service	Avg Monthly KWH	2024 Standard Rate Bill	2024 TOD Bill (incremental)		
			No shifting	5% shifting	25% shifting
MF Electric baseboard/resistance heating	829	\$105.27	\$1.47	\$0.85	-\$1.50
SF Electric furnace or boiler	1,054	\$134.66	\$0.54	-\$0.18	-\$2.89
SF Gas furnace or boiler	1,080	\$138.08	-\$4.17	-\$4.84	-\$7.33
SF Heat pump	1,504	\$193.44	-\$3.02	-\$4.21	-\$8.68

	KWH	Standard Bill	Charging On-peak	Charging Off-peak
Electric Vehicle Charging Only	200	\$26.14	\$4.16	-\$11.00



Standard (Blocked) Rates

First Block (\$/kWh)	\$0.1229
Second Block (\$/kWh)	\$0.1307

BSC (\$/month)	\$8.00
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TOD Rates

Peak Energy \$/kWh	\$0.1515
Mid-Peak Energy \$/kWh	\$0.1325
Off-Peak Energy \$/kWh	\$0.0757
BSC (\$/month)	\$8.00

Impacts on Non-TOD Customers and Revenue Risk

- Having optional pricing plans adds risk
- Anticipated TOD savings, means extra revenue needs to be collected from standard rate customers, requiring additional small rate increases
- Higher than anticipated TOD savings means revenue shortfalls

Potential TOD Savings Amount of savings if all customers who would save under TOD rates opted-in. No assumed change in consumption.	~\$8 Million
Planned TOD Savings The amount of savings anticipated for customers who opt-in. Assumes 10% of the customer class opts-in and shift 5% of peak usage to off-peak.	~\$2 Million

Rate Class	Planned Impact to Standard Rates from TOD Savings
Residential	0.5%
Small	0.2%
Medium Non-Network	0.1%
Medium Network	0.1%

Residential Rates and Bill Impacts

Residential City Standard						2022	2023	2024
2023 average rate change:	6.0%			First Block (\$/kWh)		\$0.1056	\$0.1132	\$0.1229
2024 average rate change:	5.5%			End-Block (\$/kWh)		\$0.1307	\$0.1307	\$0.1307
Number of meters:	362,926			Base Service Charge (\$/month)		\$6.00	\$7.00	\$8.00
First Block/Second Block Ratio						0.81	0.87	0.94
Monthly Bills	kWh	2022	2023	Increase	%	2024	Increase	%
Apt- Gas/Oil Heat	204	\$27	\$30	\$3	10%	\$33	\$3	10%
Apartment- Electric Heat	463	\$57	\$61	\$4	7%	\$66	\$5	8%
SF Home - Gas/Oil Heat	634	\$79	\$83	\$4	5%	\$88	\$5	6%
SF Home - Electric Heat	841	\$106	\$110	\$4	4%	\$115	\$5	4%
SF Home - High User	1,180	\$150	\$154	\$4	3%	\$159	\$5	3%
Monthly Bills - UDP								
Apt- Gas/Oil Heat	204	\$11	\$12	\$1	10%	\$13	\$1	10%
SF Home- Electric Heat	841	\$42	\$44	\$2	4%	\$46	\$2	4%

UDP Rates are 40% of standard residential rates

Non-Residential Rate Design Highlights

- Introduce Customer Charge
- Demand Charge (Excluding Small General Service)
 - Continue to set at 20% Marginal Cost of Distribution
 - Increases between 12% to 20% in 2023
 - Highest for Network Customers
 - Minor bill impacts since they have lowest avg rate increases
- Large and High Demand
 - Currently on default two-period TOD Rates
 - Increase Peak/Off-Peak Ratio
- Commercial Charging Rate in 2024
 - Continuation of rate pilot
 - TOD rate with higher energy charges and lower/no demand charge
 - No demand charge in 2024, to be phased in over time

LG and HD	2022	2023	2024
Peak/Off-Peak Ratio	1.5x	1.6x	1.8x

2023-2024 Proposed Rates



City Standard Rates 2022-2024

Standard Rates	Residential		
	2022	2023	2024
Base Service Charge \$/month	\$6	\$7	\$8
First Block Energy \$/kWh	\$0.1056	\$0.1132	\$0.1229
Second Block Energy \$/kWh	\$0.1307	\$0.1307	\$0.1307

Standard Rates	Small			Medium Non-Network			Medium Network		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
Base Service Charge \$/month		\$7	\$14		\$27	\$55		\$27	\$55
Energy Charge \$/kWh	\$0.1075	\$0.1103	\$0.1124	\$0.0815	\$0.0831	\$0.0870	\$0.1006	\$0.0973	\$0.0985
Demand Charge \$/kW				\$4.17	\$4.74	\$4.86	\$8.97	\$10.81	\$11.06
Minimum Bill \$/month	\$13	\$13	\$14	\$40	\$40	\$55	\$40	\$40	\$55

2024 Time of Day & Commercial Charging Rates

2024 Rates	Opt-in TOD Rates				Opt-in Commercial Charging Rates	
	Residential	Small	Medium Non-Network	Medium Network	Medium Non-Network	Medium Network
Peak Energy \$/kWh	\$0.1515	\$0.1379	\$0.1070	\$0.1210	\$0.1235	\$0.1585
Mid-Peak Energy \$/kWh	\$0.1325	\$0.1207	\$0.0936	\$0.1058	\$0.1081	\$0.1387
Off-Peak Energy \$/kWh	\$0.0757	\$0.0690	\$0.0535	\$0.0605	\$0.0618	\$0.0792
Peak Demand \$/kW			\$4.86	\$11.06		
Off-Peak Demand \$/kW			\$0.30	\$0.30		
Base Service Charge \$/month	\$8	\$14	\$55	\$55	\$55	\$55
<u>TOD Statistics</u>						
Peak/Off-Peak	2.0	2.0	2.0	2.0	2.0	2.0
Mid-Peak/Off-Peak	1.75	1.75	1.75	1.75	1.75	1.75
Peak Energy - Mid-Peak Energy \$/kWh	0.02	0.02	0.01	0.02	0.02	0.02
Mid-Peak Energy - Off-Peak Energy \$/kWh	0.06	0.05	0.04	0.05	0.05	0.06
Peak Energy – Off-Peak Energy \$/kWh	0.08	0.07	0.05	0.06	0.06	0.08

Peak

5 pm - 9 pm Mon - Sat
excluding holidays

Mid-Peak

6 am - 5 pm & 9 pm-12 am Mon-Sat;
6 am - 12 am Sun & holidays

Off-Peak

12 am - 6 am daily

Large and High Demand Rates 2022-2024

	Standard Rates									Opt-in Commercial Charging	
	Large Non-Network			Large Network			High Demand			Large Non-Network	Large Network
	2022	2023	2024	2022	2023	2024	2022	2023	2024	2024	2024
Peak Energy \$/kWh	\$0.0930	\$0.0965	\$0.1036	\$0.1067	\$0.1070	\$0.1106	\$0.0882	\$0.0902	\$0.0978	\$0.1087	\$0.1347
Off-Peak Energy \$/kWh	\$0.0606	\$0.0603	\$0.0576	\$0.0698	\$0.0669	\$0.0615	\$0.0575	\$0.0564	\$0.0543	\$0.0604	\$0.0748
Peak Demand \$/kW	\$4.00	\$4.58	\$4.69	\$8.71	\$9.80	\$10.02	\$4.00	\$4.58	\$4.69		
Off-Peak Demand \$/kW	\$0.28	\$0.29	\$0.30	\$0.28	\$0.29	\$0.30	\$0.28	\$0.29	\$0.30		
Base Service Charge \$/month	\$0	\$334	\$688	\$0	\$334	\$688	\$0	\$1,761	\$3,625	\$688	\$688
Minimum Bill \$/month	\$957	\$957	\$957	\$957	\$957	\$957	\$2,950	\$2,950	\$3,625		
Peak/Off-Peak Ratio	1.5	1.6	1.8	1.5	1.6	1.8	1.5	1.6	1.8	1.8	1.8
Peak Energy - Off-Peak Energy (¢)	3.2	3.6	4.6	3.7	4.0	4.9	3.1	3.4	4.3	4.8	6.0

Peak

6 am - 10 pm Mon - Sat

Off-Peak

10 pm - 6 am Mon – Sat
and all day Sun & Holidays

POWER SEATTLE



Seattle City Light

DRAFT

June 2022 – June 2024 Review Panel Workplan

Quarter	Month	Topics	Other Topics to Consider
Q2 2022	June 7	<ul style="list-style-type: none"> ● IRP ● 2023 – 2024 Rate Proposal (COSA, Rate Design, TOD) ● Q1 2022 Strategic Plan Report 	
Q3 2022	July 26	<ul style="list-style-type: none"> ● Panel Workplan development ● Panel officers – Chair and Co-Chair ● 2023 – 2024 Rate Proposal Update ● June Executive Dashboard ● Q2 2022 Strategic Plan Report 	<ul style="list-style-type: none"> ● UDP Update ● Western Market development ● Business Strategy Overview (one strategy per meeting) <ul style="list-style-type: none"> ○ Customers First ○ Energy Future ○ Safe/Engaged Employees ○ Financial ○ We Power <p>Possible additional topics based on Panel SBP letter:</p> <ul style="list-style-type: none"> ● Accounts receivable update ● Climate Goals incentives/electrification updates ● Workforce update – RSJ, Vacancies ● BPA contract renewal update ● Rates & inflation update ● UDP update
	August	----NO MEETING----	
	September	<ul style="list-style-type: none"> ● Skagit Relicense Update ● Finalize Panel workplan ● Rate design update (Council action) ● Artist in Residence presentation (?) 	
Q4 2022	October	<ul style="list-style-type: none"> ● Debt Strategy ● September Executive Dashboard ● Q3 2022 Strategic Plan Report 	
	November	<ul style="list-style-type: none"> ● Debt Strategy (continued) 	
	December	<ul style="list-style-type: none"> ● 	
Q1 2023	January	<ul style="list-style-type: none"> ● Q4 2022 Strategic Plan Report 	
	February	<ul style="list-style-type: none"> ● December Executive Dashboard 	
	March		
Q2 2023	April	<ul style="list-style-type: none"> ● Q1 2023 Strategic Plan Report ● March Executive Dashboard 	
	May		
	June		
Q3 2023	July	<ul style="list-style-type: none"> ● June Executive Dashboard 	
	August	----NO MEETING----	

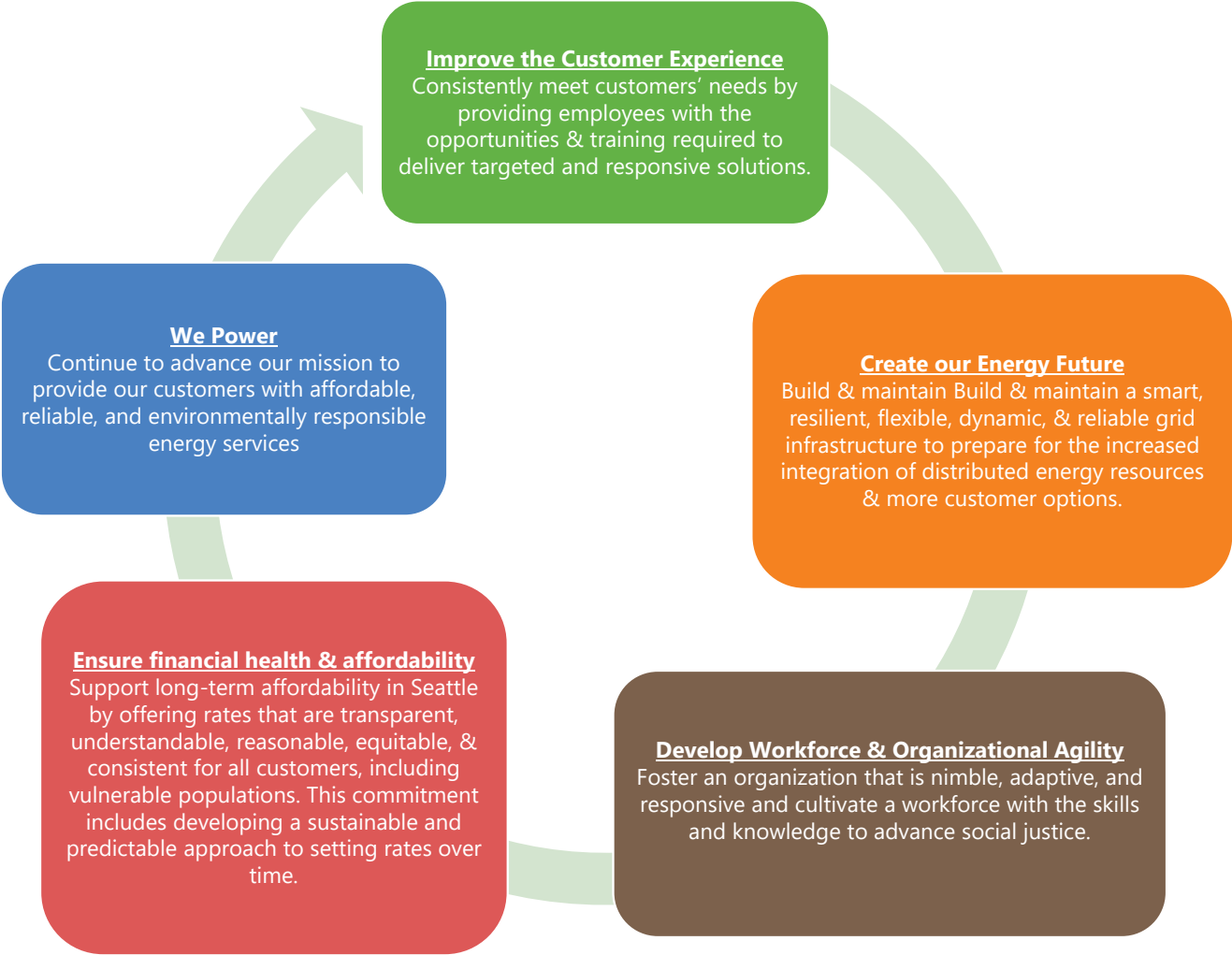
	September		Other: How can SCL promote regional goals around energy efficiency, decarbonization, economic development and smart growth (beyond SCL's service territory)
Q4 2023	October	<ul style="list-style-type: none"> • September Executive Dashboard 	
	November	<ul style="list-style-type: none"> • 	
	December	<ul style="list-style-type: none"> • Strategic Plan Update • Draft Revenue Requirement 	
Q1 2024	January – March	<ul style="list-style-type: none"> • Strategic Plan Update • December Executive Dashboard 	
Q2 2024	April - June	<ul style="list-style-type: none"> • Strategic Plan Update • Final Revenue Requirement • Review Panel SP letter • Panel 2024 – 2025 Workplan 	

2022 – 2026 Strategic Plan Status Report

Quarter One 2022



Recap: 2022 – 2026 Business Strategies & Objectives



Business Strategy Status Dashboard

1. Improve the Customer Experience



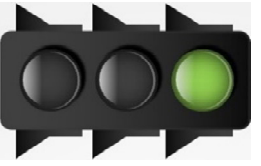
On track

2. Create our Energy Future



On track

3. Develop Workforce & Organizational Agility



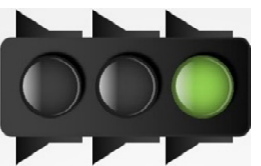
On track

4. Ensure Financial Health & Affordability



On track

5. We Power



On track

Q 1 2022 – Improve the Customer Experience

+ Voice of the Customer

- Customer Survey Results: Results from the recently completed Customer Satisfaction Survey (CSAT), the JD Power Residential & Business CSAT surveys, and Escalent/Cogent Residential & Business Brand Trust surveys were presented to City Light leadership and participating work groups.
- Project Support: Completed customer research, including customer surveys, for the Demand Response Pilot Project (initial research) and Grid Modernization efforts. This was supported by Customer Energy Solutions, Engineering & Strategic Technology, and Communications divisions.
- Customers First Strategy: The Draft Customers First Strategy (Vision & Focus Areas), along with potential roadmap was presented to Executive Team in February.
- Culture Assessment Pilot: Began the Engineering Culture Assessment Project including voice of customer and employee insights. This project is acting as a pilot/proof of concept for a utility-wide Culture Assessment. Includes conducting customer and employee interviews, conducting an internal culture survey, and drafting action plans for areas identified to improvement.

+ Strengthen and Improve Core Customer Services

- Specialized Customer Support: In the process of increasing staffing levels to support customers operations activities.
- Presumptive Consumption: Developed an estimated usage table (Presumptive Consumption), including three usage levels that will improve the resolution process for complex billing issues.
- Utility Discount Program (UDP): Finalization of the scope for the business process improvement project for the UDP interdepartmental team.



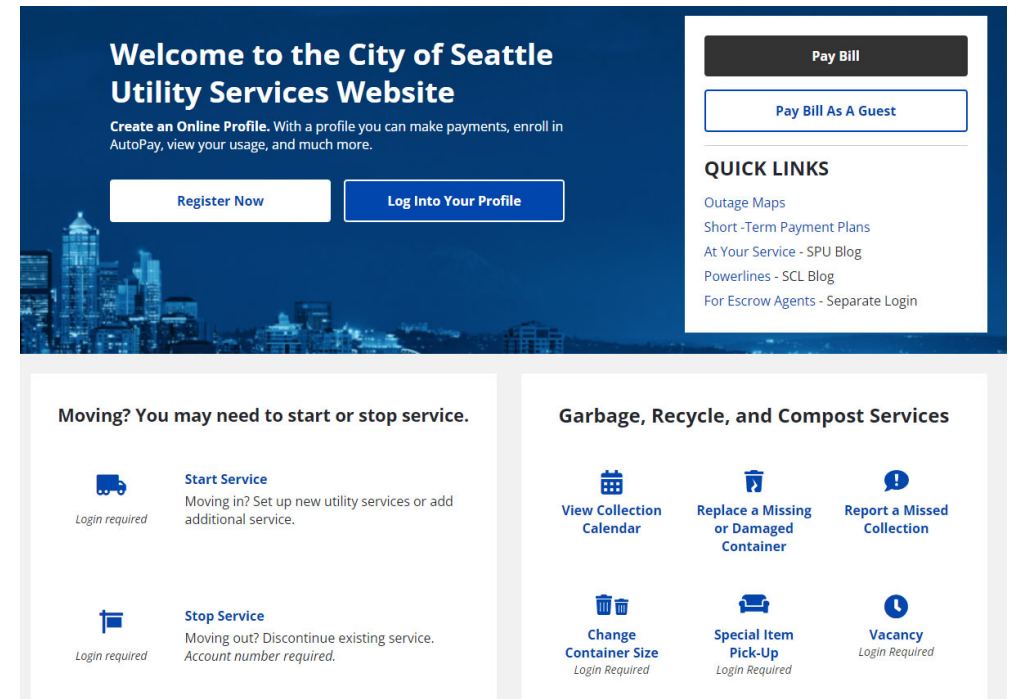
Q 1 2022 – Improve the Customer Experience, continued

+ Strengthen Core Services (Cont.)

- Service Connection Timeline: Using 2021 Work and Asset Management (WAMS) data, analyze the service connection application process to determine which parts of application process have longer than estimated timeframes and report on reasons behind longer timeframes. Develop recommendations to shorten estimated times.
- Billing Process Improvement: Develop a list of billing issues that have been identified in by the Customer Accounts Manager. Develop and utilize a rating system to determine which issues to address first and which billing processes need improvement.

+ Expand Customer Service Options

- Renewable Plus Program: The program is open for enrollment. This program will provide large customers with a bundled solar/wind energy/Renewable Energy Certificates product to help them meet their sustainability goals.
- Solar Power Purchase Agreement (PPA) – The agreement to sign a solar resource was delayed by the vendor due to price uncertainty stemming from a new US Department of Commerce investigation into solar panels.
- Utility Services Portal: Launched two new Portal features, Welcome Letter and Updated Payment Plans, in line with SCL's Road to Recovery and SPU's Resumption of Service.



Q 1 2022 – Create our Energy Future

+ Utility Next

- Collaboration: Continued collaboration with EPRI, City of Seattle, and Community Roots Housing to support grid interactive efficient buildings (GEBs); City Light staff joined with staff from the City of Seattle Office of Housing, Community Roots Housing, and EPRI to perform site walk-throughs and assess four potential sites for the Connected Communities demonstration
- Funding: Ongoing monitoring of potential funding opportunities, coordination with partners, engagement in workshops. In negotiations WA Department of Commerce on two of the four CEF awards (Colman Dock BESS and Seattle Central College Ecodistrict). Preparing for negotiations on final two contracts.

+ Grid Modernization

- Innovative microgrid on Capitol Hill nears completion with our support: Miller Community Center Microgrid will provide backup power storage for the community center during emergency events as well as reduce their electricity bill via the solar generation. In the future, we expect this project to generate opportunities for workforce development internally at SCL and externally as well.
- Reducing customer outages: Our work to configure DA-FLISR at our University substation will help minimize customer outages in the neighborhoods around the University of Washington. We're also updating the switching for Children's Hospital.
- Increasing safety and reducing costs: Siting has now been planned for a pilot of seven new remote switches throughout our service area, moving current manual switching to an automated system. We'll use this pilot to study and adjust before scaling up in the future.



Seattle City Light

2021 Grid Modernization Plan
and Roadmap



Q 1 2022 – Create our Energy Future, continued

+ Building Electrification

- Building Electrification Strategy: Continued to have discussions with stakeholders to introduce the strategy work. This month, we met with the Office of Economic Development, SCL Electrical Service Engineering team, and SCL Systems Planning.
- Heat Pump Engagement: Continued customer/partner interest in heat pump technologies via the Lighting Design Lab, with over 20 attendees at March education webinars and 3,700 subscribers to our e-newsletter.
- Sharing Expertise: Lighting Design Lab provided expertise and support to a range of partners including Boeing, Port of Seattle, and Holy Rosary Church in West Seattle to complete lighting audits and support upgrades that can improve efficiency and reduce costs.
- Supporting Policy: Supporting Office of Sustainability and Environment's Technical Advisory Group for the development of a carbon-based building performance standard.

+ Transportation Electrification

- Transit Electrification: King County Metro's new electrified South Base opened in March following two years of collaboration, partnership, and leadership.
- Access to Charging: Our Hosting Capacity Map will go live in Q3 2022 to support customers, distribution planners, and the public's awareness of locations that can accommodate electric vehicle charging.
- High Impact Partnerships: A team across SCL departments worked in March to address recent vandalism at public electric vehicle fast charging stations at Madison-Miller Residential Urban Village.



Q 1 2022 – Create our Energy Future, continued

+ Western Market Development

- California ISO Extended Day-Ahead Market: City Light has been actively participating in The CAISO EDAM stakeholder processes that has been underway and meeting twice a week since early January. Three individual workgroups are addressing resource sufficiency, transmission commitment and congestion rent, and greenhouse gas accounting. The CAISO is now drafting their day ahead market straw proposal that should be available for stakeholder review by the end of April.
- Southwest Power Pool Markets+ Program: City Light is also participating in a third major market centered effort in the West that is being promoted by the Southwest Power Pool (Markets+). Once developed, Markets+ might provide a day-ahead market alternative to the CAISO EDAM for some utilities in the West. SPP has also created stakeholder design teams in the areas of governance, transmission availability, market products and price formation.
- Western Markets Exploration Group: City Light was asked to join a group of fourteen western utilities that will be examining, evaluating, and proposing transmission and resource approaches to a Western energy and ancillary services market. The group issued an RFP for facilitation services and selected a consultant to work with. The effort is progressing nicely but is about two months behind schedule because of extra time taken in the facilitator selection process.



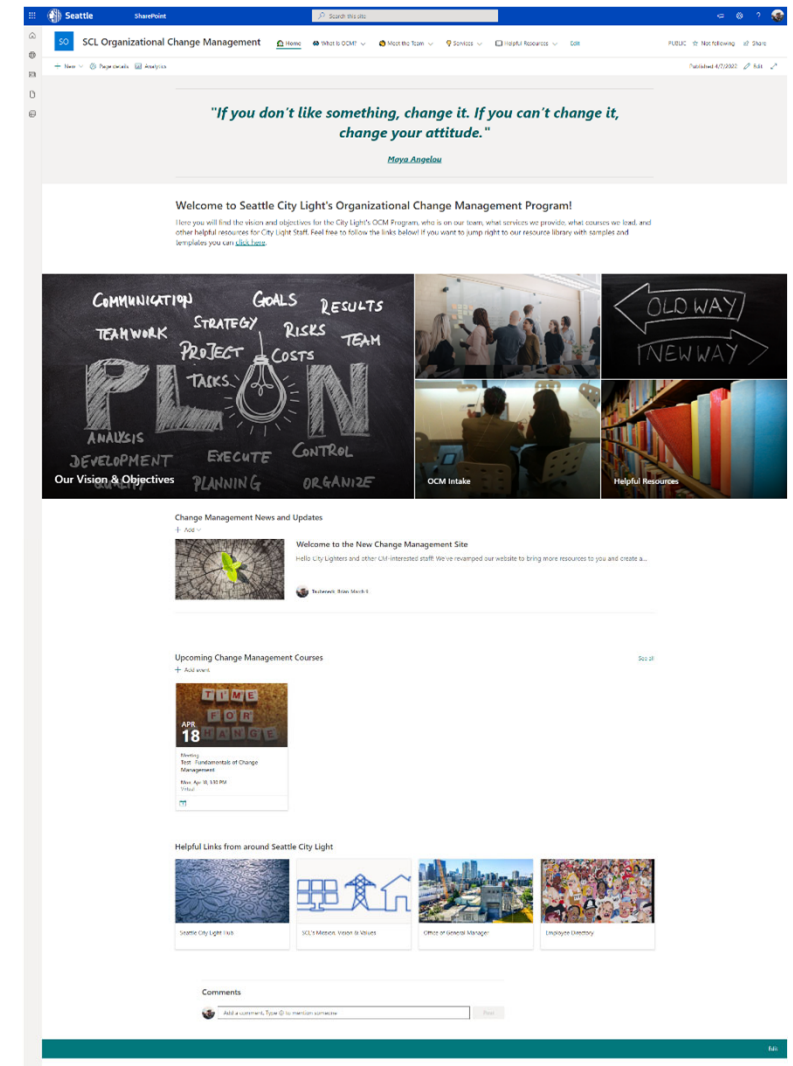
Q 1 2022 – Develop Workforce & Organizational Agility

+ Organizational Change Management

- Program Design: The Office of Change Management (OCM) program vision/mission along with intake process and service offerings model were established and published on OCM SharePoint site.
- Data Analysis: Conducted an initial knowledge survey and analysis around "What is OCM and how important it is?" The team then gathered and analyzed the data. This information will inform program design and execution going forward.
- Project Support: Actively managed and responded to OCM resource requests and have been providing resources to support Utility-wide. (Ex: Road to Recovery, Service to Bill, People & Culture process simplification, SCL Energization, Operation Technology Cyber Security policies development and launch.)

+ Agile Workforce

- Future of Work: The draft Future of Work plan has been developed and was presented to City Light leadership for feedback. Plan will be finalized in Q2.
- Employee Development: People & Culture (P&C) compiled existing data regarding employee development, reviewed existing emerging leaders and identified gaps, and implemented an emerging leaders' program with more structure. In progress for identifying a focus group and implementing the communication plan rollout strategy.
- Employee Surveys: P&C began work on implementing the Anniversary pulse surveys. Implementation is expected to be completed in Q2.
- Equity: P&C successfully launched multiple Equity Labs to support the development of the programs in the Strategic Plan and the 2023/2024 budget.



Q 1 2022 – Ensure financial health & affordability

+ Control Rate Increases

- Rates Path: Proposed a Rate Path under CPI inflation. This path is supported by Mayor and City Light Review Panel. The Financial Forecast documentation nearly complete. This document is an attachment to the 2023 – 2028 Strategic Plan Update.
- Capital Budget Development: CIP Prioritization is underway. Staffing shortages delayed some of the key inputs, but the process is expected to be completed by the end of April.

+ Pricing Services for the Future

- Initial meeting with NWECC on fixed charges.
- TOD Rate Development is in Progress.

+ Road to Recovery

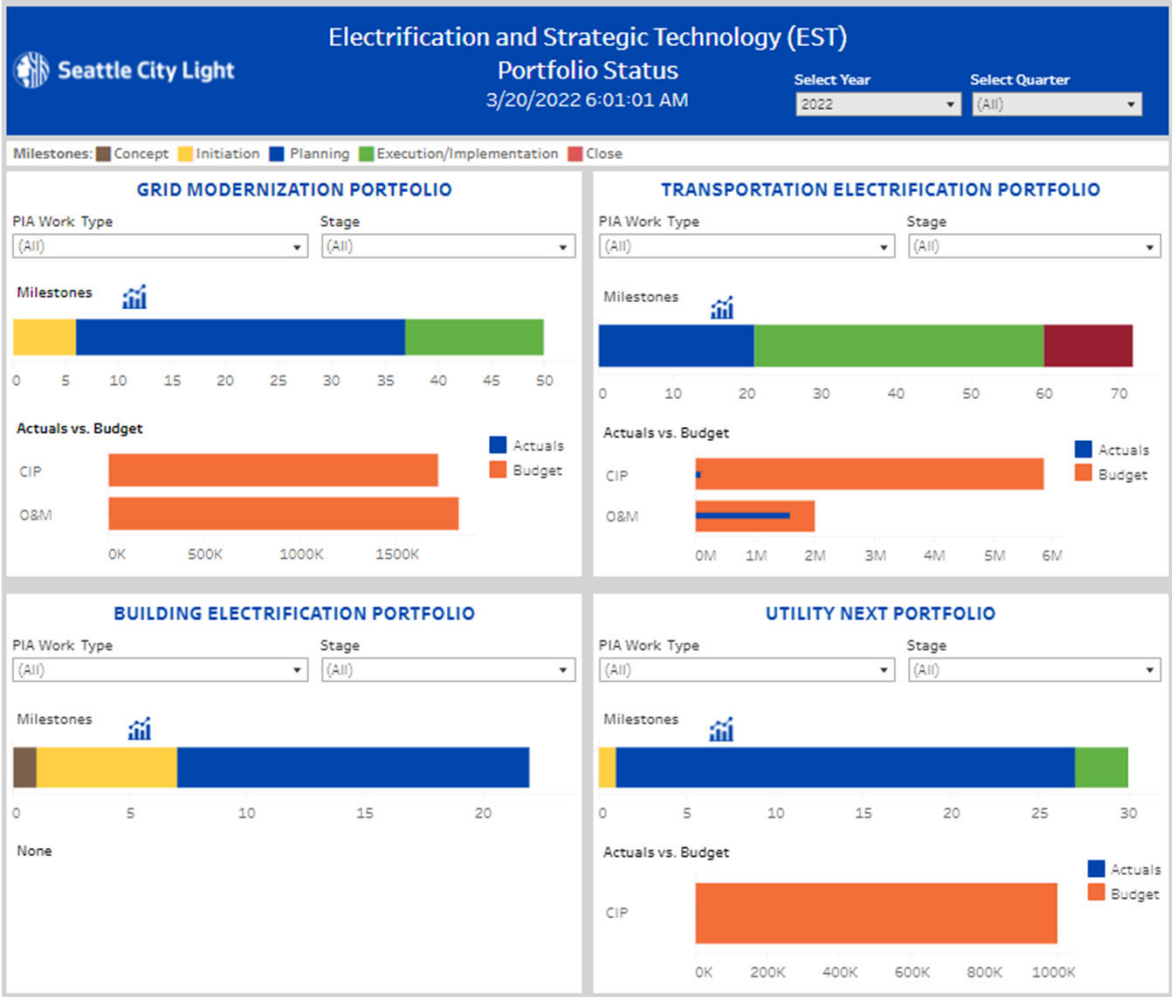
- Finalized new repayment and expanded financial assistance options for customers
- Developed internal policy and process documents
- Developed training materials for customer-facing staff
- Received Mayor's Office approval to proceed with customer engagement and collections resumption plan developed with SPU.



Q1 2022 - We Power

+ We Power Dashboards

- Electrification & Strategic Technology (EST) Dashboard: Wrapping up division dashboard for Electrification and Strategic Technology division
- Transmission & Distribution (T&D) Field Ops Dashboard: Began work on T & D Field Operations dashboard



This is a sample draft of the EST Dashboard

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

2022 – 2026 Strategic Plan Status Report

Quarter Two 2022



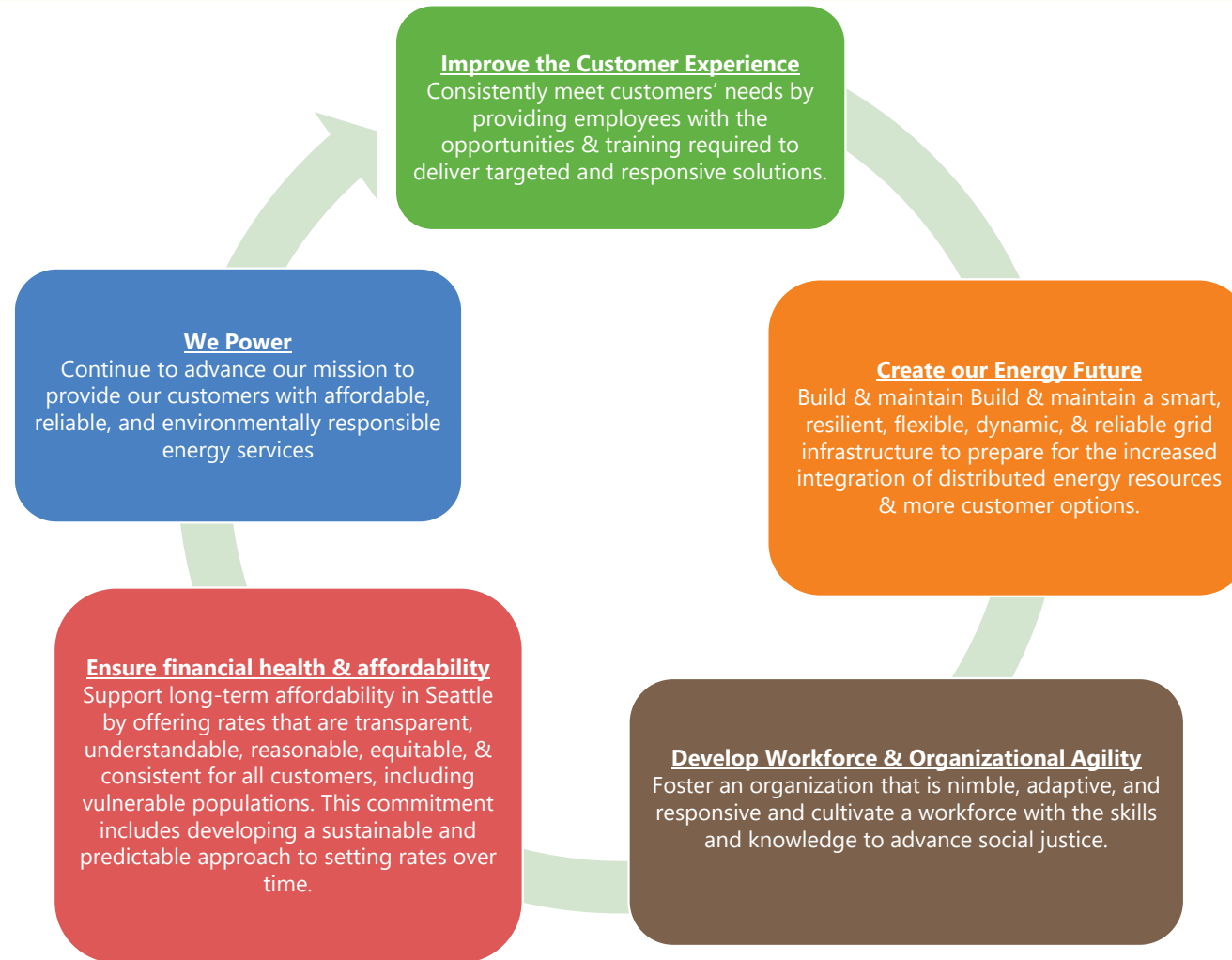
Photo: Zorn Taylor, 2021



Seattle City Light

WE POWER SEATTLE

2022 – 2026 Business Strategies & Objectives



Business Strategy Status Dashboard

1. Improve the Customer Experience



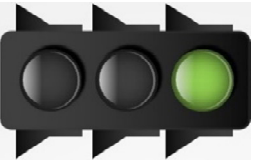
On track

2. Create our Energy Future



On track

3. Develop Workforce & Organizational Agility



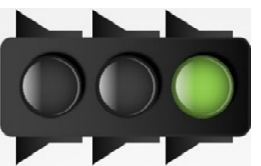
On track

4. Ensure Financial Health & Affordability



On track

5. We Power



On track

Q2 2022 – Improve the Customer Experience

+ Voice of the Customer

- Customer Satisfaction Survey - Data from a recent Customer Satisfaction survey was reviewed and synthesized to identify existing service gaps. A team convened for four workshops to generate and prioritize ideas to address significant gaps. The prioritized ideas were further refined and reviewed with critical stakeholders. A final recommendation will be submitted to E-Team in August.
- Customer Satisfaction Focus Groups - Focus groups were conducted in multiple native languages. Observations and translations have been submitted and a final report of findings will be available in September.
- JD Power & Cogent - Midyear scores (webinars, industry reports, and City Light specific scores) have been reviewed and shared with stakeholders. Residential scores remain stable and close to the industry/segment average; Business scores are excellent with 1st place rankings in our segment for both studies.
- Customer Outreach & Engagement Framework - SCL is engaging in a communications-led project aimed at standardizing and optimizing outreach and engagement efforts throughout the organization. We are currently gathering input from key stakeholders.



Q2 2022 – Improve the Customer Experience, continued

+ Strengthen Core Services

- Specialized Customer Support - SCL has hired five of seven Senior Customer Service Representatives and a Utility Account Supervisor to staff this team.
- Presumptive Consumption - The rates for the Presumptive Consumption Table were successfully programmed into the billing system in May. However, an appeal was filed regarding the settlement, so we are unable to start any of the items outlined in the settlement agreement. The table will be used for other billing issues outside of the lawsuit as planned.
- Utility Assistance Program (UAP) Evaluation - Due to technical challenges, the go-live date for UAP Automation has been delayed to late Q3 2022.
- Outages - Research was conducted to identify the best options used by other utilities for customer notification methods about Planned Outages. Using this information, SCL will select options to further improve and simplify outage processes.



Q2 2022 – Improve the Customer Experience, continued

+ Strengthen Core Services, cont.

- Escalations - The Service to Bill project team has worked on developing a root cause approach to dive deeper into where escalated issues are occurring. The team will also work with the Race and Social Justice Change Team regarding equity and culture considerations around addressing these escalation issues.
- Franchise City Pilot - Service to Bill is working on a pilot project to align franchise city codes and regulations with City Light standards for electrical service and plan review. Service to Bill has incorporated City Light information on Burien's customer website and have developed a template memo to provide an overview of our requirements early in the service request process.



+ Expand Customer Service Options

- Renewable Plus - The anchor subscriber has signed a participation agreement. The project developer continues to delay Power Purchase Agreement (PPA) commitment due to price uncertainty. We expect the rate to go before City Council for approval in Q1 2023.
- Digital Marketplace - All milestones will be delayed by one quarter due to a key staff change. We expect a Q1 2023 launch.

Q2 2022 – Create our Energy Future

+ Utility Next

- DOE Clean Energy Innovation - City Light applied to host a Clean Energy Innovator Fellow to support Transportation Electrification Strategic Investment Plan (TESIP) implementation. This program funds recent graduates and energy professionals to work with critical energy organizations for up to two years to advance clean energy solutions and make the U.S. power system more equitable and inclusive.
- Innovative Technology Explored in Partnership – SCL completed the Utility Technology intake process for a Resources Management System Distributed Energy (DERMS) pilot, funded through a Department of Energy Grid-Interactive Efficient Buildings grant.

+ Grid Modernization

- Miller Community Center Microgrid – The Miller Microgrid celebrated completion during Earth Week (April). The microgrid is a model for how to improve grid and utility resiliency and reliability of carbon-free power at a neighborhood level.
- Collaboration with the National Renewable Energy Laboratory - Improvements are underway in the 'Duwamish Valley Technology Zone' that will support more reliable and resilient service for environmental justice communities in South Park and Georgetown.
- Collaboration with the Pacific Northwest National Laboratory - We are collaborating on studies to evaluate the use of hydrogen fueling stations for heavy-duty vehicles as well as large-scale hydrogen storage, and potential risks and benefits.



Image: Maritime hydrogen fuel cell;
Image by Hydrogenics Corporation
<https://www.flickr.com/photos/sandialabs/20720021088>

Q2 2022 – Create our Energy Future, continued

+ Building Electrification

- Education on Building Electrification – The Lighting Design Lab continues to support building professionals and trade allies through educational webinars and in-person events focused on building regulatory requirements. In June, more than 60 attendees participated in the webinars. City Light also led a 2-day in-person class at LightFair International, a trade show and conference for architectural and commercial lighting professionals. Webinars are available at: <https://www.lightingdesignlab.com/education>

+ Transportation Electrification

- EV Charging Infrastructure – City Light celebrated several TE project launches, including the public input stage of our [curbside level charging project](#). This pilot aims to increase accessibility for residents without access to off-street EV charging.
- Food Truck Charging - A completed installation of an electric pedestal was unveiled at Denny Park on Earth Day. This allows food trucks to leave their gas generators behind and use quiet, pollution-free electricity instead. This electric food truck pilot can provide marketing and engagement opportunities to inspire the installation of new sites.
- High-Impact Partnerships and Collaboration – TE and grid modernization teams are supporting a project to build and test innovative, all-electric heavy-duty freight vehicle technology in collaboration with commercial sector partners at UPS and Kenworth.



Q2 2022 – Create our Energy Future, continued

+ Western Market Development

- California ISO Extended Day-Ahead Market: SCL has actively participated in the CAISO EDAM stakeholder processes that has been underway. Three primary areas of focus are resource sufficiency, transmission commitment & congestion rent, and greenhouse gas accounting. This work culminated in CAISO publishing an Extended Day-ahead Market Straw Proposal on April 28th.
- Southwest Power Pool Markets+ Program: SCL is actively involved in a separate market centered effort in the West that is being promoted by the Southwest Power Pool (Markets+). Once developed, Markets+ would provide a somewhat different day-ahead market alternative to the CAISO EDAM run by the SPP for some utilities in the West.
- Western Markets Exploration Group: SCL continues to actively participate in a group of western utilities that is evaluating transmission and resource approaches to a Western energy and ancillary services market. The group has been expanded to 25 transmission owning electric providers that serve over 16.5 million customers in the Western United States and represent a 95 GW combined peak demand. The group selected the consultant Utilicast to work with in developing a markets roadmap. The effort is progressing nicely with weekly work sessions fleshing out options and details of the roadmap. Preparations are also underway for an upcoming benefit-cost analysis.



+ Integrated System and Resource Planning

- This project is on hold pending identification of staffing resources.

Q2 2022 – Develop Workforce & Organizational Agility

+ Enterprise Change Management

- Organizational Change Management - Midyear project check-ins were conducted for all the OCM/BPM team members. Team workplans were developed, reviewed and approved by project team.
- Project Support - The OCM Team continues to support utility wide initiatives including, Future of Work, Reimagining Workspace and implementation of the Utility Technology Roadmap.

+ Agile Workforce

- Human Resource Management - A vendor has been identified to develop the HR strategy. The People & Culture (P&C) Business Unit is in the process of reviewing the statement of work and contract terms.
- Future of Work - P&C staff are revising employee communications that will include the Mayor's directive regarding increased on-site work requirements.
- Workspace Redesign – P&C is leading the effort to Reimagine the Workspace as we begin remodeling SCL floors. One goal of this is to increase workforce collaboration and agility.



Q2 2022 – Develop Workforce & Organizational Agility

+ Agile Workforce, cont.

- Recruitment Diversity - The Race and Social Justice Program team identified existing and prospective partners with BIPOC community-based organizations, tribes, pre-apprenticeship programs, and Seattle-area colleges. They are developing both an engagement plan and an awareness campaign strategy for clean energy career pathways.
- Comprehensive Employee & Leadership Development - This project is on hold until we new Workforce Development Manager is fully onboarded. The new manager started on June 22nd.
- Improving Employee Experience - P&C staff is reviewing and consolidating anniversary survey results. Action planning will begin to address identified concerns. Interested-based bargaining training is scheduled for Q3 for selected people leaders and union leadership.
- Addressing Race and Social Inequity - Race: The Power of an Illusion (RPOI) e-Learning is in final stages of curriculum and technology development. Roll out is expected in mid to late Q3. An Environmental Equity Advisor has been selected with an effective start date of July 20th. The RSJ Change team is meeting with teams to support the equity analysis for project and program teams.



Q2 2022 – Ensure financial health & affordability

GKO

+ Control Rate Increases

- Debt Management - The revenue requirement and resulting 6-year rate path to support the draft 2023-2028 Strategic Plan was developed and transmitted to the Mayor and City Council. The plan shows 40% of the 6-year capital plan will be funded with operating proceeds.

+ Pricing Services for the Future

- Time of Day Rates - Time of day rate options are included in the Rates legislation that will be reviewed and voted on by City Council in August and September. This rate will be available to residential customer beginning in 2024. Customers will be able opt into this rate class.

+ Road to Recovery

- Late Payments - Council legislation was passed to delay resumption of late payment charges until after June 30, 2022.



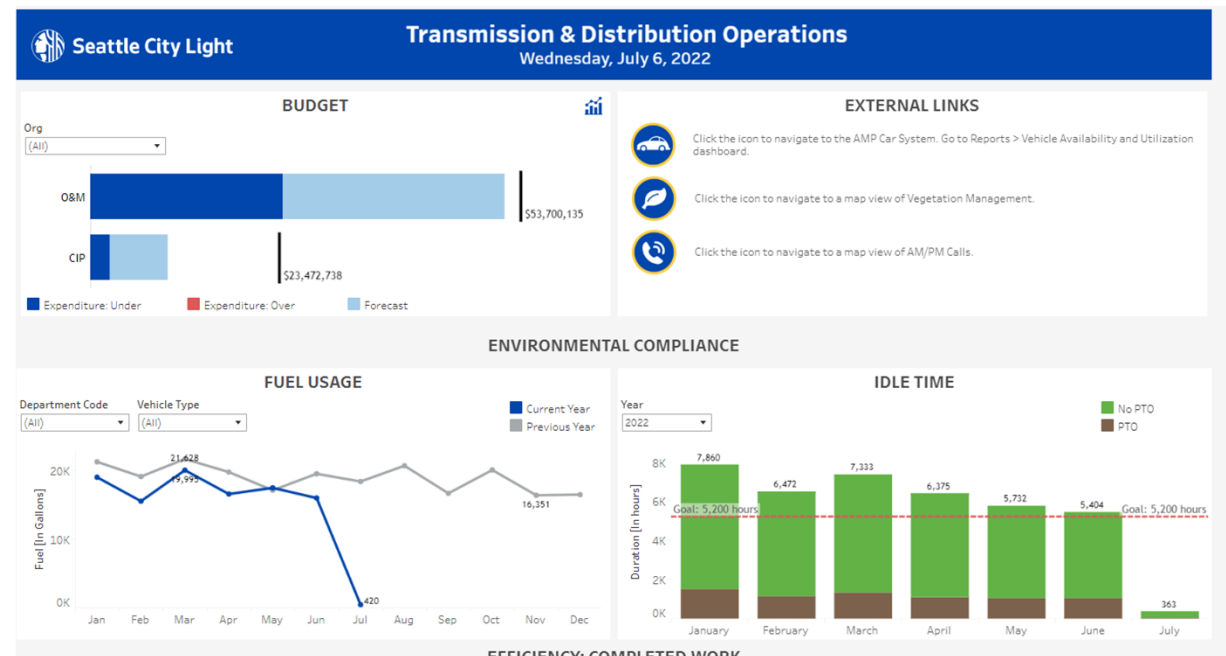
Slide 12

- GK0** [@Croff, Carsten] [@Ruffini, Chris] I Feel we need to delete the stuff about inflation because it isn't pertinent to debt and add something about our DSC assumptions in the SP.
Grainger, Kirsty, 2022-07-21T17:59:36.961
- CC0 0** done. Not sure where that language came from. In SP milestones we also discuss CIP prioritization and portfolio management associated with debt management. I also updated date of TOD to 2024
Croff, Carsten, 2022-07-21T18:17:18.064
- BLO 1** I put the inflation in because I was trying to beef up the entry. Took if from SP attachment. Sorry for that. Are you OK with this slide as it looks now?
Barreca, Leigh, 2022-07-21T19:22:17.357

Q2 2022 - We Power

+ We Power Dashboards

- Regulatory Affairs Office: Migrated RAO out of Excel and into SharePoint Lists
- T&D Field Ops Dashboard: Completed Transmission & Distribution Field Operations Dashboard
- AMLP: Began work on Asset Management and Large Project Dashboard
- Future Divisions: Lined up Customer Operations for fall and continued recruitment for future divisions.



This is a sample of the draft T&D Dashboard

POWER SEATTLE



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

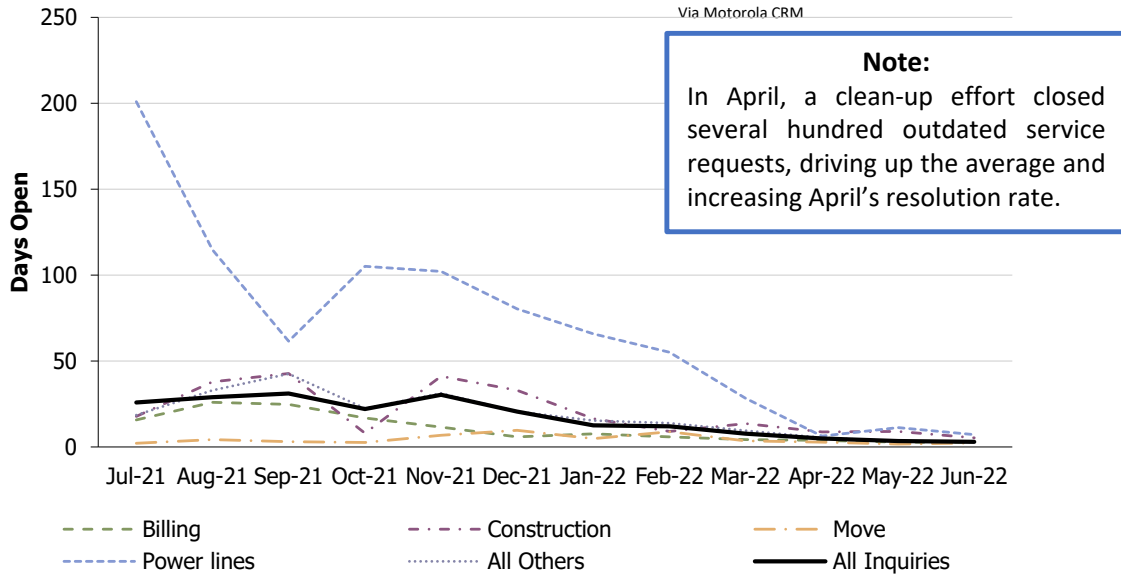


Seattle City Light

WE POWER SEATTLE



General Inquiries* Average Days Open by Issue

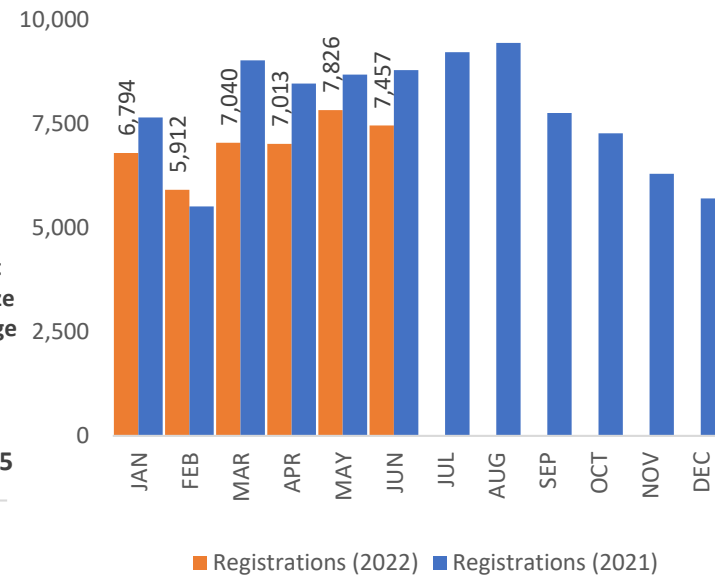


General Inquiry Resolution Rate total closed / total created

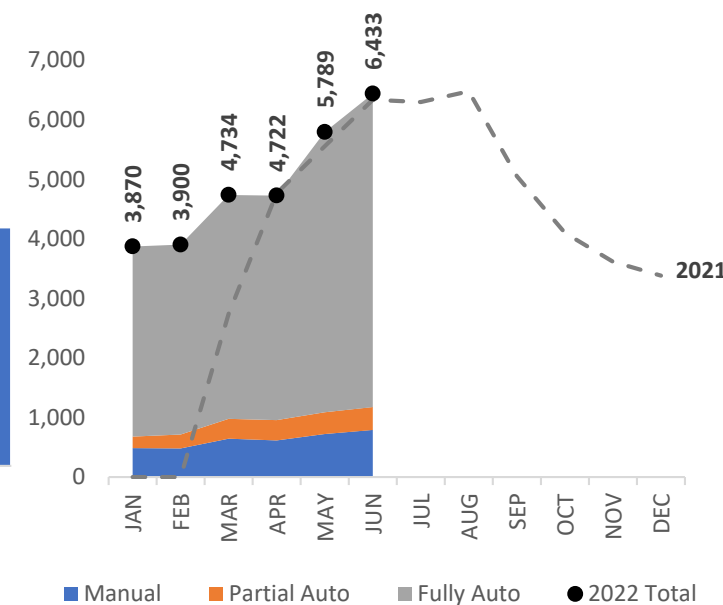
Resolution Rate	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
Billing	85.1%	145.5%	81.9%	93.8%	81.1%	98.8%	97.4%	121.4%	105.9%	108.0%	118.5%	98.5%
Construction	78.9%	78.1%	62.9%	94.4%	63.3%	90.0%	94.6%	82.9%	100.0%	137.8%	88.4%	80.6%
Move	90.0%	104.7%	109.6%	97.1%	91.7%	63.8%	127.8%	59.6%	145.4%	100.0%	86.3%	98.6%
Power lines	26.8%	53.1%	72.4%	51.5%	34.4%	48.6%	73.7%	33.3%	52.9%	1,000.0%	33.3%	20.0%
All Others	87.6%	102.5%	75.6%	84.0%	69.6%	76.3%	119.0%	142.5%	103.5%	144.6%	116.7%	102.7%
Total	82.8%	104.0%	83.5%	86.8%	72.6%	76.1%	110.0%	111.8%	111.7%	179.2%	103.9%	91.2%
Remaining Open:	22	16	17	6	11	7	12	12	20	31	59	94

Self-Service Registrations

(all utility customers)

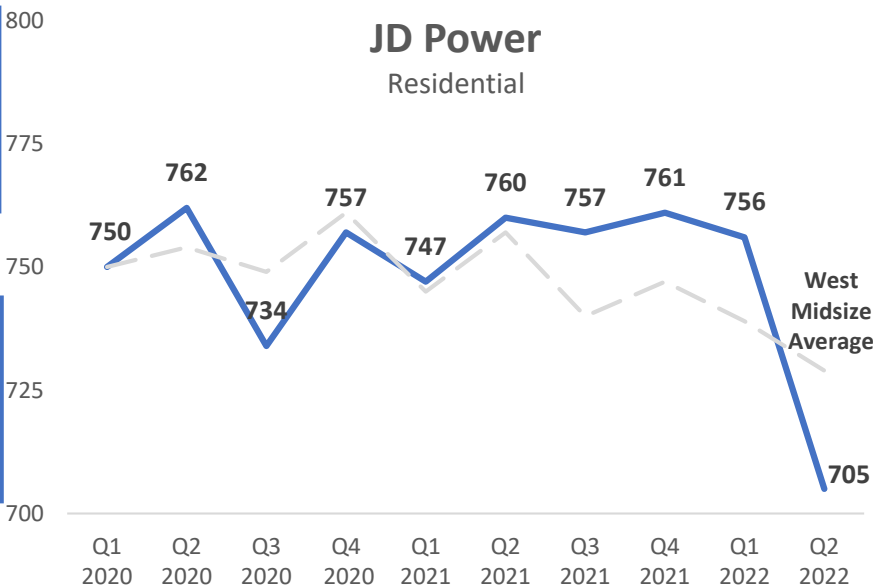


Portal Moves*



JD Power
Residential, Q2 2022
Western Mid-Size Segment
↓ **7th**

JD Power
Business, 2021
Western Mid-Size Segment
↑ **1st**





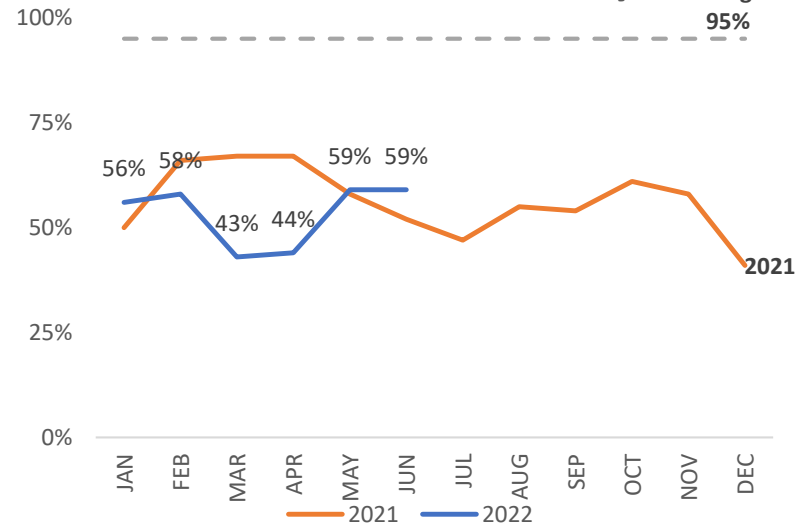
Operational & Financial Excellence

June 2022 Performance

Overtime Budget vs Actuals*



Invoices Paid within 30 Days*



Debt Service Coverage*

As of May 2022



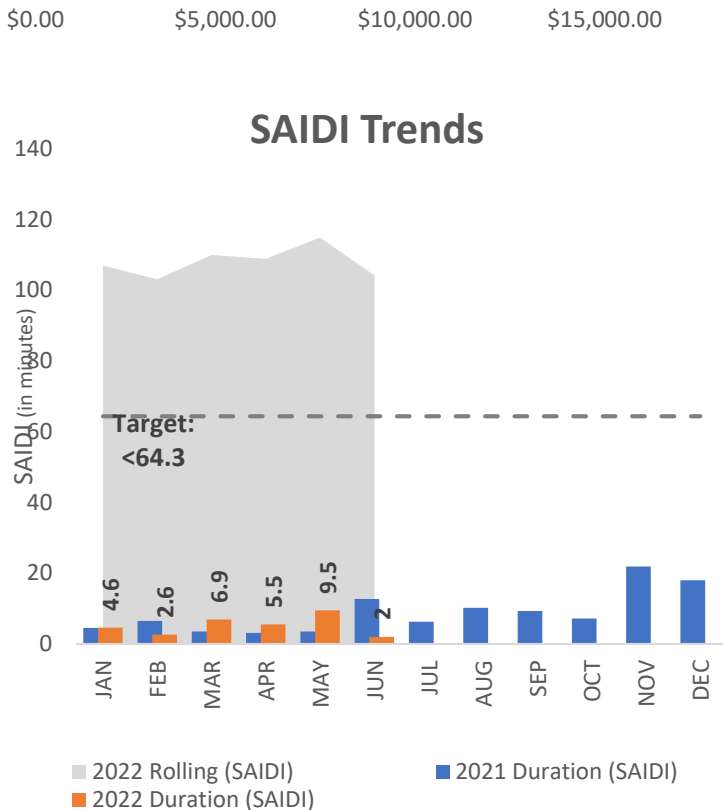
2.09

+12 basis points over plan

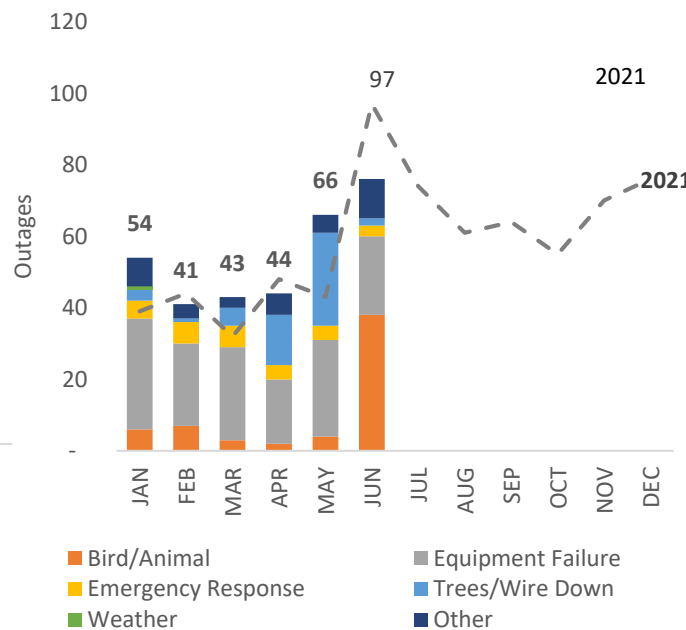
2022 Accelerated Pole Replacement Program*

(as of 7/1/2022)

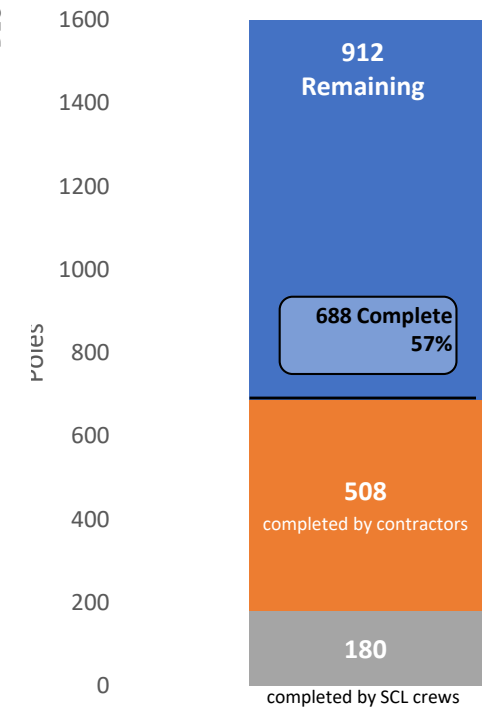
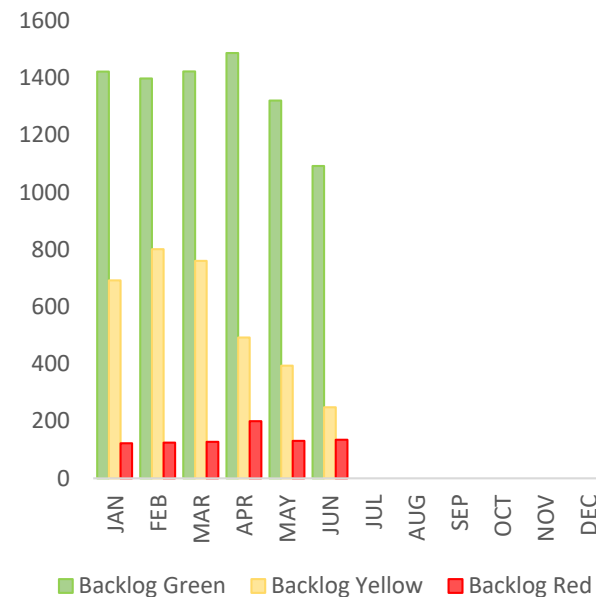
SAIDI Trends



Outage Trends*



Ticket Backlog



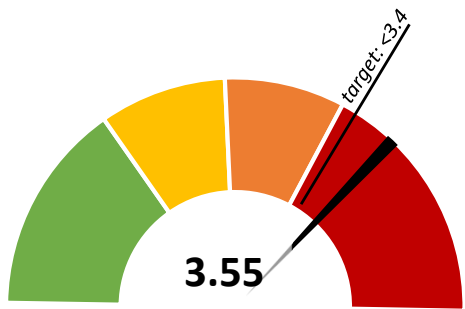
2022 Target: 1,600 Poles



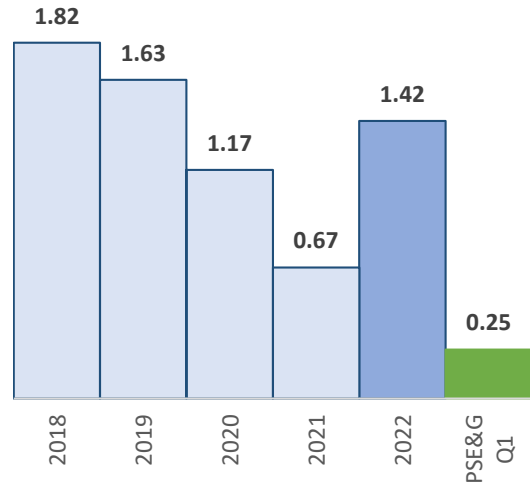
Safe & Engaged Employees

June 2022 Performance

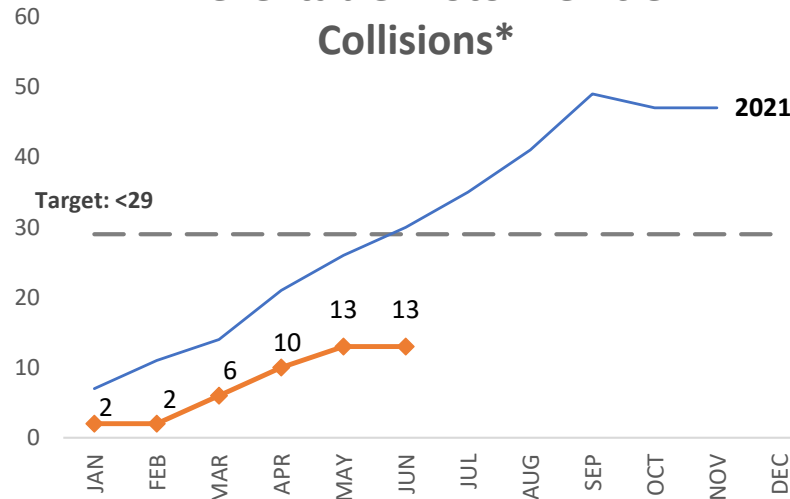
Total Recordable Incident Rate*



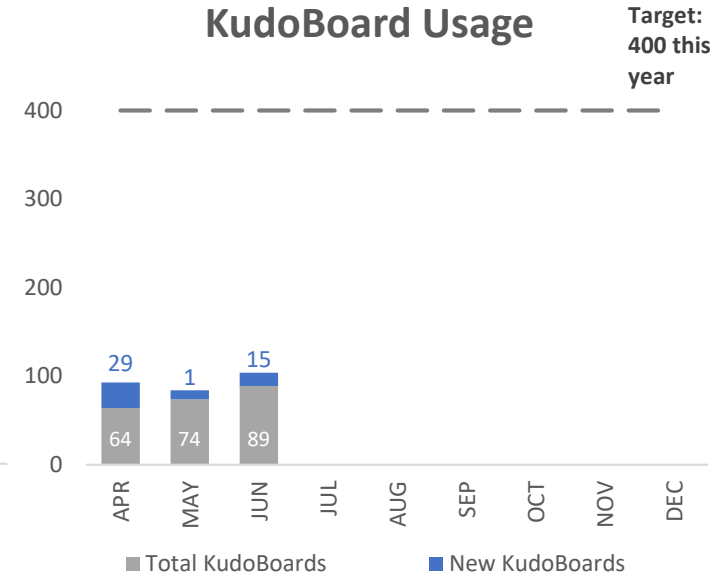
Lost Time Case Rate*



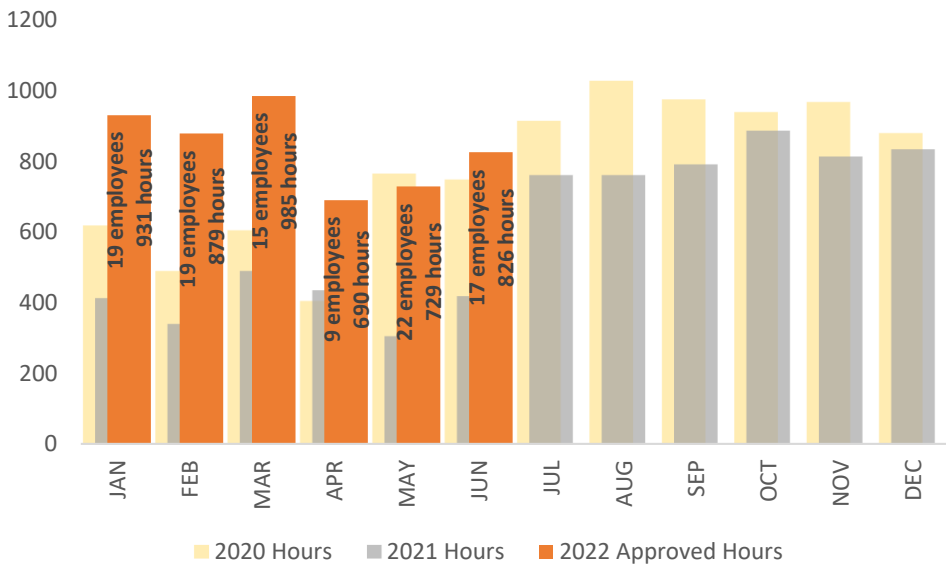
Preventable Motor Vehicle Collisions*



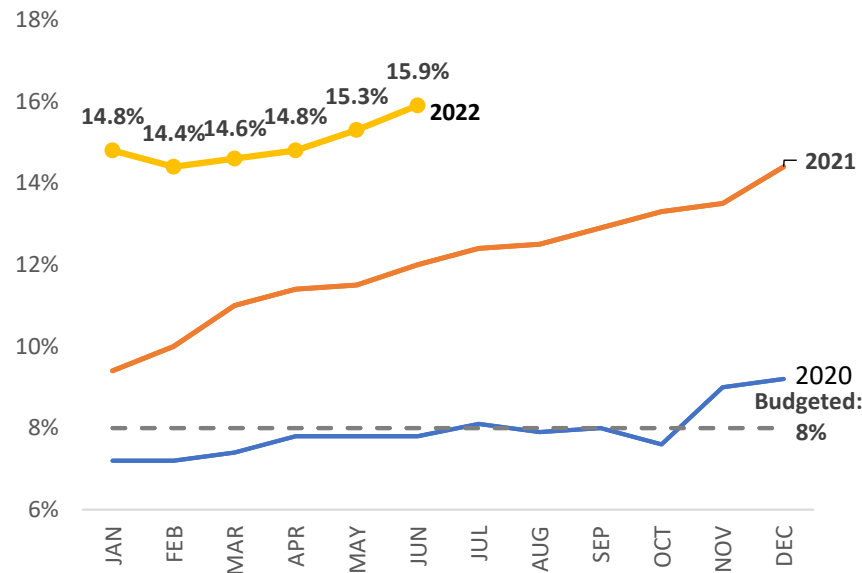
KudoBoard Usage



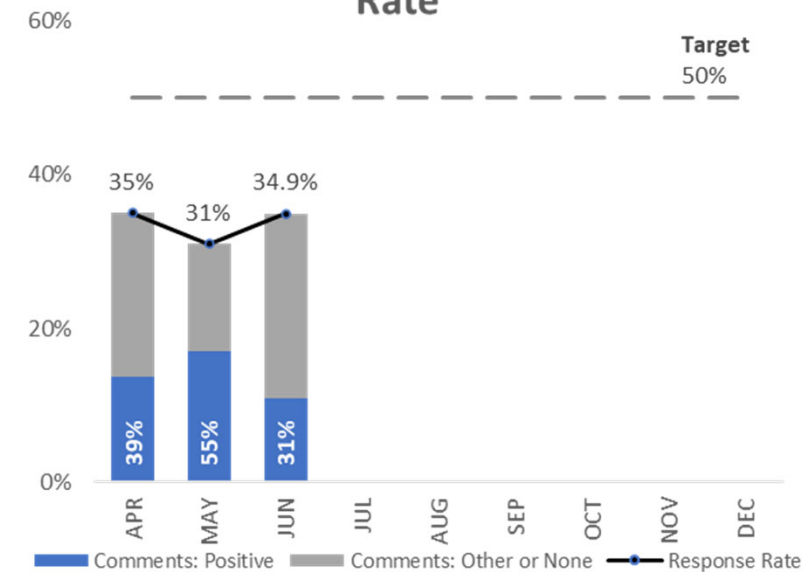
Leave Without Pay



Labor Vacancy Rate*



Anniversary Survey Response Rate

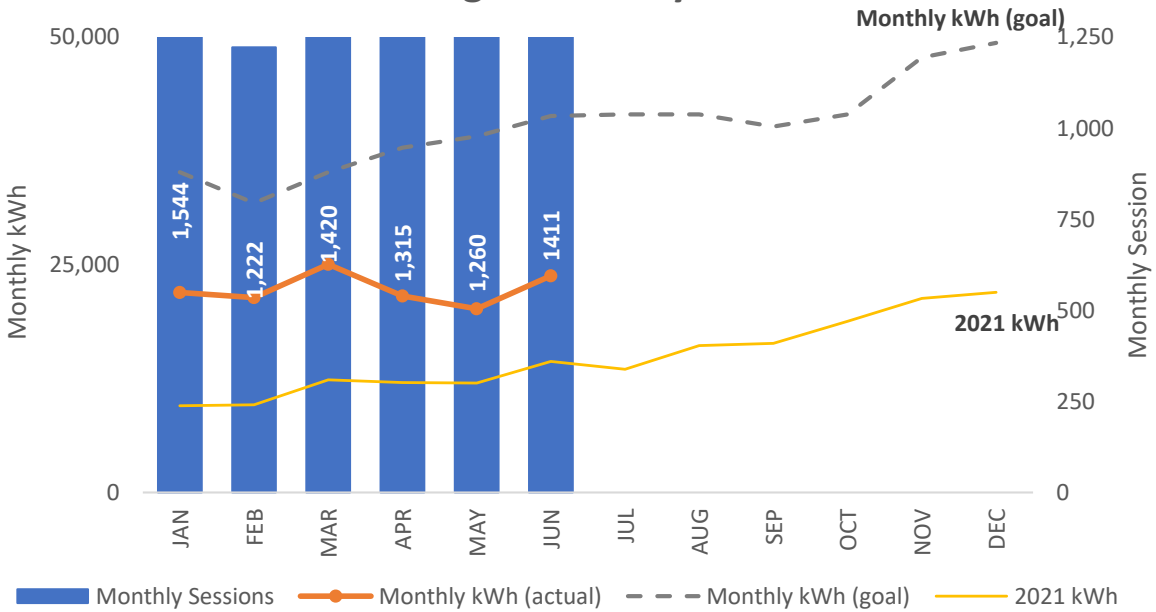




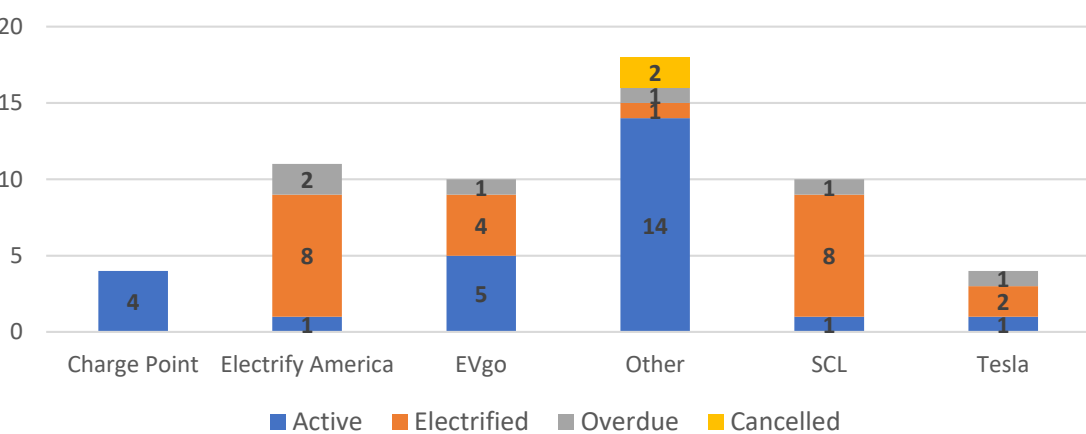
Environmental Stewardship

June 2022 Performance

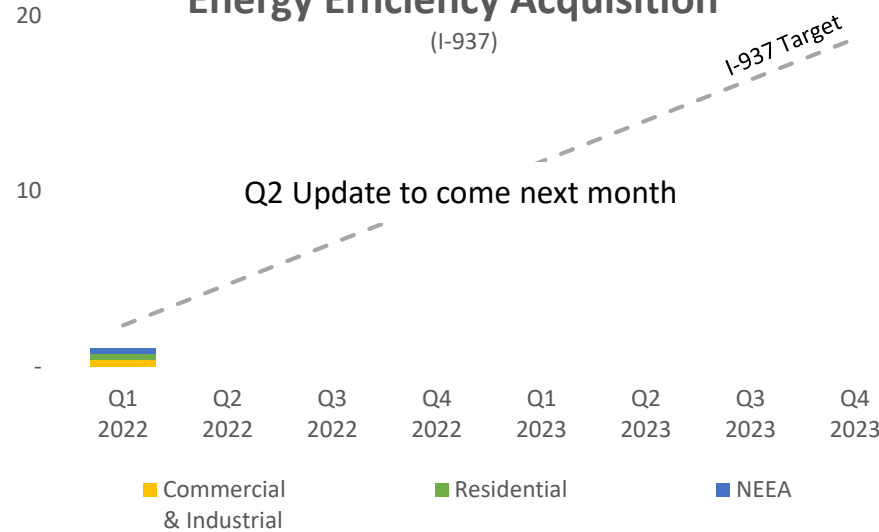
Public EV Charger Monthly Performance



City Light Charging Site Projects* (YTD)



Energy Efficiency Acquisition* (I-937)



Skagit Relicensing Project*

- Skagit Relicensing Digest linked for more information
- The Comprehensive Table will meet on July 13, 2022 and July 27, 2022 to continue developing the Focus Tables' structure and process.



Project Environmental Permitting*

- All project permits on track.
- CIP Project Permits – 25 Total
- O&M Project Permits – 7 Total
- Other Project Permits – 4 Total

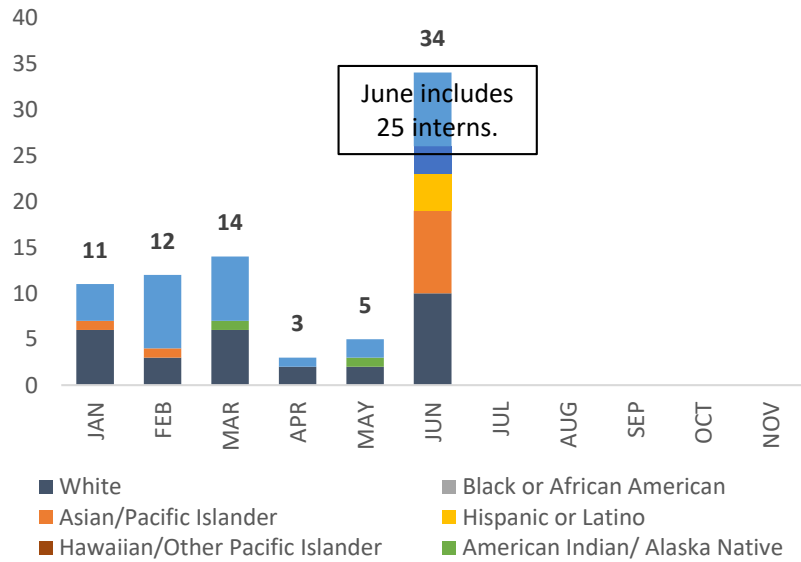




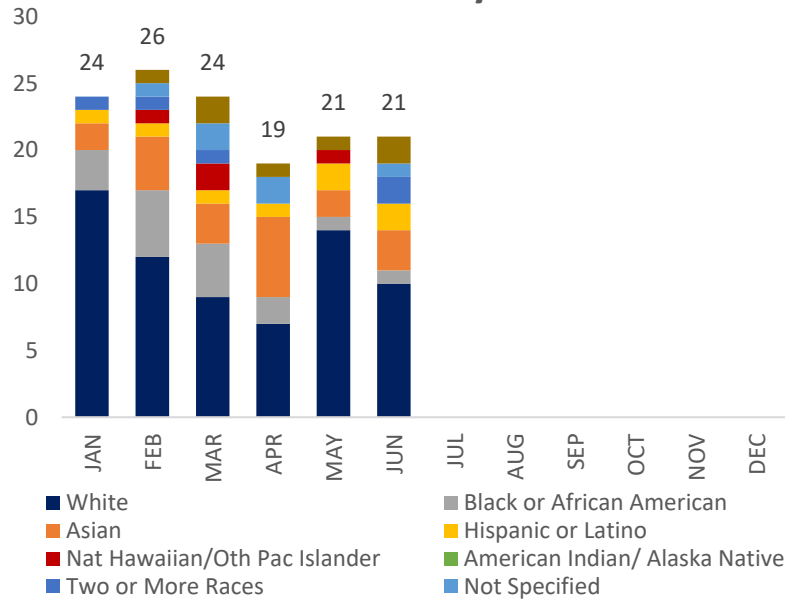
Equitable Community Connections

June 2022 Performance

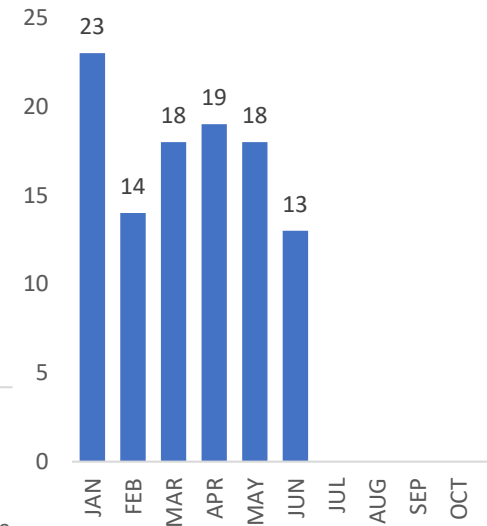
New Hires by Race*



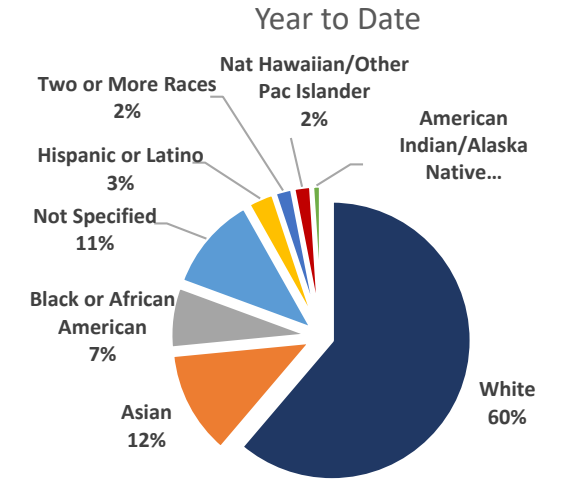
Promotions by Race



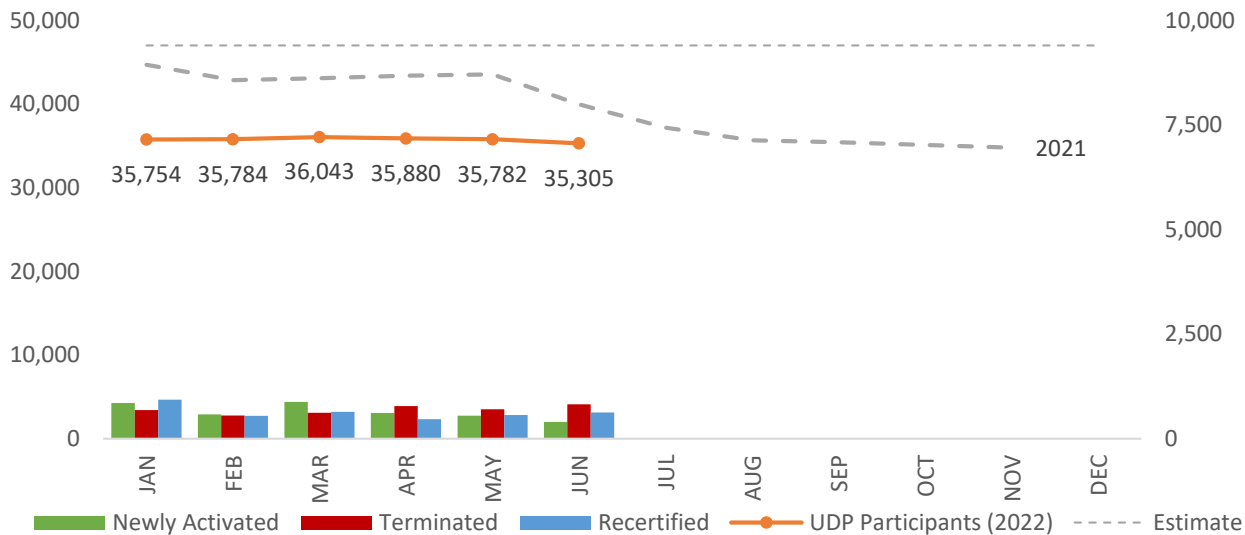
Employee Exits



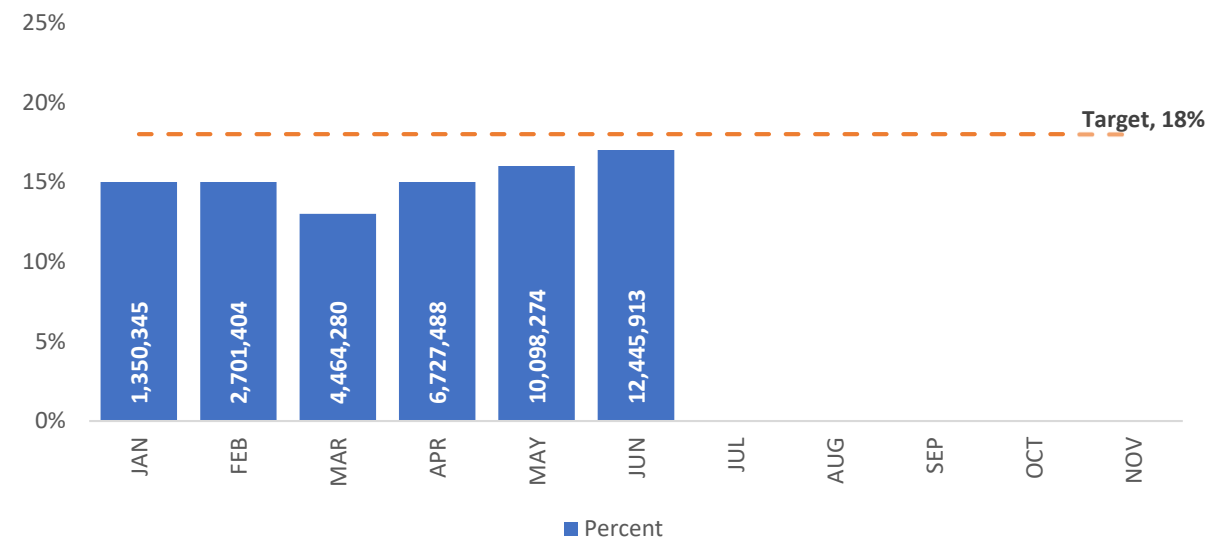
Exits by Race/Ethnicity



UDP Participation



WMBE Combined Progress Toward Goal*





Seattle City Light

RATE DESIGN PROJECT FINAL REPORT
for Seattle City Council

Presented by:
Seattle City Light Review Panel
and
Seattle City Light General Manager Debra Smith

April 2019

EXECUTIVE SUMMARY

In July 2018, the City Council directed the City Light Review Panel and the City Light General Manager to jointly undertake a rate design study. Following delivery of an initial report in January 2019, this final report sets forth our rate design priorities at a policy level, and our preferred rate design tools to accomplish those priorities.

The work plan we pursued in completing this report was presented to the City Council in August 2018. In addition to information about City Light’s current rates and operations, we utilized three core sets of data: stakeholder input; residential customer focus groups; and a consultant report commissioned for this project presenting comparative rate designs of 15 other electric utilities, both public and private.

We approached this work by identifying the policy goals, or “ends” we seek to achieve through rate design, and then correlating those goals with a series of potential rate design mechanisms, or “means.” The eight goals we identified are:

<i>Goal (“End”)</i>	<i>Definition</i>
Transparency	Rates should be structured so that customers can easily understand what services they are paying for.
Revenue Sufficiency	Rates should be designed to collect the approved revenue requirement with a reasonable degree of certainty.
Cost-Based	Rates should reflect the Utility’s cost of service, and each charge included on a customer bill should be designed to signal to customers the actual cost of providing the relevant service.
Stable & Predictable	To aid customers in managing the financial impacts of their electricity bills, rate changes should be deliberate and gradual.
Efficiency	To conserve finite natural resources and minimize overall system costs, rates should be structured to encourage efficient use of power. This applies to electricity produced and purchased, as well as the wires and associated equipment needed for energy delivery.
Decarbonization	Rate design should reflect the goals of Seattle’s Climate Action Plan, including promoting the use of clean power, incentivizing transportation electrification, and reducing greenhouse gas emissions.
Affordability	Rates should be designed to make electric service accessible for all customers; therefore, rates may be discounted for qualified low-income residential customers.
Customer Choice	Rate and billing options should reflect the diversity of our customers’ energy needs and interests, so that customers may feel empowered to actively manage their energy consumption.

These goals can be mutually reinforcing or in conflict, depending on the issue, and we believe all should be considered in evaluating any rate design proposal.

We identify revenue sufficiency and decarbonization as the top priorities in the near-term. In order to ensure that City Light remain stable and solvent in the face of rate increases annually in excess of inflation, declining retail sales, lower wholesale power revenues, and a heavy capital debt burden, we must look for new markets for our electricity. Our carbon neutral power supply creates a unique opportunity for City Light to support widespread decarbonization of transportation while simultaneously achieving goals of revenue sufficiency—and affordability.

We are proposing that City Light proceed on multiple fronts. A multi-pronged approach has greater capacity to provide greater results and balance competing goals. We recommend pursuing eight near-term rate design strategies:

1. **Redesign bills** for greater transparency—a top priority of residents participating in focus groups for this project.
2. **Adjust residential block rates** to be closer to actual cost and facilitate other rate design concepts.
3. **Deploy time of use rates** on a voluntary basis, to help manage City Light’s power demands at peak times and give customers options to reduce their costs.
4. Enhance programs that offer **residential customers budget** and **flat rate billing options**.
5. Adjust the calculation of **basic customer charges** to reflect the fixed costs associated with serving individual customers.
6. Pursue implementation of **interruptible/demand response** options that offer customers a lower price in exchange for agreeing to curtail energy use when City Light’s supply is constrained or are otherwise warranted.
7. Explore “**decoupling**” of rates from the revenue requirement as a way of managing revenue swings.
8. Explore options to **restructure the Utility Discount Program** (we have no specific recommendations on this item, pending work of an ongoing City interdepartmental team).

Our report includes a vision and roadmap for how these strategies can be accomplished and implemented by January 2021.

Rate design is challenging. Changing the rate structure without changing the revenue requirement means some customers pay more while others pay less. Despite this tension, rate design is a powerful tool for ensuring that City Light collects revenue in a way that aligns with community goals and priorities. A successful process requires thoughtful design, extensive customer outreach, and significant time for implementation. We believe a highly-transparent, multi-pronged effort is required, using pilot projects to learn from and ultimately move us towards a successful implementation. There is considerable work ahead before any of these ideas can be launched, and we look forward to engaging in that effort. The “Roadmap” attached to our report demonstrates the complexity of the task and the interdependencies ahead.

INTRODUCTION

The world in which electric utilities find themselves is changing rapidly, but City Light's rates have not changed notably in nearly 40 years. As stated in City Light's 2019-2024 Strategic Plan:

Energy consumption is declining, contributing to under-collection of revenue and persistent rate pressure. One contributing issue is that City Light's rate structure does not match our cost structure: current rates mainly charge per unit of energy consumed, but most of our costs are fixed and do not decline when customers consume less electricity.

In July 2018, the City Council directed the City Light Review Panel (the "Panel" or "Review Panel") and the City Light General Manager to jointly undertake a rate design study effort. The desired scope was set forth in Section 5 of Council [Resolution 31819](#), adopted July 9, 2018. This resolution called for submitting an initial report to Council by January 15, 2019, and a final report by April 1, 2019. The Review Panel responded to Council outlining a narrower scope of work that the Panel felt it could accomplish within the timeframe provided and has now completed that scope of work. Debra Smith began work as City Light's new General Manager, and as anticipated by Resolution 31819, the General Manager and the Review Panel are jointly submitting this Final Report.

This report sets forth our rate design priorities at a policy level, and our preferred rate design tools to accomplish those priorities.

Consistent with the rate design initiative included in the 2019-2024 City Light Strategic Plan, City Light will undertake additional work in the coming months to develop detailed rate design proposals with respect to the near-term action items described in this report. That work will be done in concert with the Mayor, Council, Review Panel and other stakeholders.

Implementation of additional information technology systems as well as extensive customer outreach and education must precede implementation of any new rate design. Therefore, the timeline for implementing the near-term rate design action items recommended in this report—other than pilot projects—is to bring them forward for Council consideration to enable implementation in January 2021.

PROJECT WORK COMPLETED

The work conducted for this project is consistent with the plan provided to the City Council, reproduced in **Attachment 1**. In summary, with the assistance of City Light Staff, the Panel:

- Adopted a **draft situation assessment**, and a set of goals and objectives –referred to as "**draft framework principles**" -- to use as baseline data in outreach with stakeholders. (See: **Attachment 2** and **Attachment 3**.)

- Reviewed results of recent local and national surveys of residential customers with respect to rate design.
- Invited over 74 stakeholders and stakeholder organizations to provide comment to the Panel, in person and otherwise, seeking response to a specific **set of stakeholder questions**. (See **Figure 1**)
- Adopted a **scope of work for a comparative utilities report** to be completed by an outside consulting team engaged by City Light.
- **Conducted two 3-hour stakeholder meetings** in October 2018, at which the Panel heard from individuals representing 13 organizations. (See **Attachment 5** for a list of participating stakeholders).

Figure 1: Review Panel Questions to Stakeholders

1. What opportunities for improvement do you see in the current City Light rate structures?
2. What outcomes do you want rate design to promote?
3. How would you prioritize the eight key policy goals identified by City Light (see Draft Rate Design Framework and Assessment of Current Rate Structure document) and why?
4. What alternative rate structure options would be of interest to you and why? (for example, time of use rates or premium green power options, decoupling, higher fixed charges, etc.) What data can you share that indicates the option(s) you advocate would support the outcomes that are important to you?

After completing the stakeholder meetings, the Panel, together with Debra Smith and other City Light staff:

- Discussed the main themes heard in the outreach and contained in the review of residential customer surveys. (See **Attachment 5: Public Feedback Themes on Rate Design**.)
- Reviewed the results of the comparative utility study prepared by Cuthbert Consulting based on our scope of work. (See **Attachment 4: Review of Electric Utility Rate Design Options** by Cuthbert Consulting, December 2018, referred to here as the “Cuthbert Report.”)

- Developed consensus on a **list of goals for rate design (“ends”)** and a **list of concepts (“means”)** to study further. These items were presented in the Initial Report to Council dated January 9, 2018 and are reproduced again at **Table 1** below.

Following submittal of the Initial Report, the Panel Chair and Vice-Chair, together with General Manager Debra Smith and other City Light staff met with the Council’s Housing Health Energy & Workers’ Rights Committee to discuss the Initial Report.

After meeting with the Council Committee, the Panel and City Light worked together to develop this Final Report. Steps in this last phase included:

- Seeking an **additional round of input from stakeholders** regarding the Initial Report. At the Panel’s February 26 meeting, seven stakeholders presented additional comments. All seven stakeholders had also participated in the initial round; the themes from their second round of comments are included in **Attachment 5**.
- Reviewing the results of **three residential customer focus groups** conducted on behalf of City Light in February 2019. The results are discussed below and in **Attachment 5**. A total of 23 people participated in these three focus groups; one of the three groups consisted entirely of Spanish-language speakers.
- Hearing from Councilmember Mosqueda at the beginning of our February 26 meeting, and reviewing a letter from her dated March 5, 2019.
- Deliberating on potential refinements to the Initial Report recommendations.

The next steps will be to hear from Council and Mayor on the recommendations in this report, and we hope, proceed over the next several months towards final proposals with respect to the eight priority near-term action items we identify below.

DATA SETS THAT CONTRIBUTED TO DEVELOPING THIS REPORT

In addition to information from City Light about its operations and current rate design, we reviewed three main data sets in developing this report: (a) input from stakeholders; (b) input from residential customers; and (c) a report on the rate design of a group of 15 other utilities, most of which are in the western United States. Before proceeding to our recommendations, we offer a few comments on each of these data sets.

A. Input from Stakeholders

A summary of rate design themes we heard in our stakeholder meetings held in October 2018 and February 2019 is presented in **Attachment 5**. In our Initial Report, we observed that there was insufficient response from small businesses and residents in the stakeholder meetings. The residential customer focus group outreach is intended to respond in part to this gap.

We deployed a conversational format for our stakeholder meetings that enabled questions to, and responses from stakeholders, which was helpful to getting their in-depth ideas.

The responding stakeholders reflected a wide range of groups and interests that City Light is accustomed to engaging with: environmental stakeholders, energy efficiency advocates, large business customers, etc. The stakeholder feedback was diametrically opposed on several issues; a reminder of the challenging policy balancing act that is inherent in rate design. A few examples may illustrate this:

- Some stakeholders supported time of use rates; others noted these would be of no assistance (but potentially no detriment) to them.
- Some stakeholders supported larger demand charges¹; others opposed them as confusing and beyond a customer's control to manage.
- The potential to sell significant new amounts of electricity to transit fleets seeking to electrify their vehicles is potentially at odds with goals that rates send strong signals to conserve electricity.
- Some stakeholders supported eliminating block rates or reducing the difference between the current ascending block rates; others felt the difference in cost between blocks of power should be retained to incentivize lower electricity consumption.
- Some support decoupling² rates from the revenue requirement to limit disincentives to energy efficiency; others opposed decoupling as undermining the goal of rate predictability.

The differences in views on these rate design components may help explain the consistent theme in support of customer choice.

The input from stakeholders was greatly helpful in refining our thinking with regard to policy objectives for rate design, and in focusing our deliberations on the potential action items we selected for further study.

A link to the videos of the two October stakeholder meetings can be found at:

<https://www.youtube.com/watch?v=pgXCCbMRXm0> and
<https://www.youtube.com/watch?v=bkXIHElejQo>

The February stakeholder meeting was not videotaped, but the results are summarized in **Attachment 5** and detailed meeting minutes can be found at:

<http://www.seattle.gov/citylightreviewpanel/meetings/minutes>

Written materials submitted by stakeholders can be found at:

<http://www.seattle.gov/citylightreviewpanel/meetings/materials>

¹ Demand charges are rates that apply to the maximum usage over the billing period, as measured in kilowatts.

² Decoupling is a regulatory mechanism that “decouples” revenues from the amount of electricity sold. With decoupling, rates are automatically adjusted periodically to guarantee that the utility collects its revenue requirement.

B. Residential Customer Focus Groups

As noted, we did not hear from residential customers in the October 2018 outreach. The three focus groups conducted on behalf of City Light³ in February 2019 provided a notably different set of feedback than we heard from other stakeholders. The focus groups also highlighted the challenge of getting detailed input on rate design through a *survey*. The concepts involved in rate design are complicated and can take a considerable amount of time to explain—factors not conducive to an online or telephone survey.

The focus groups focused primarily on the level of understanding and priorities of customers with respect to their utility bills; how those bills are presented; and some very general policy priorities in rate design. A summary of findings can be found in **Attachment 5**. More detail on the structure and findings of the focus groups is provided in PRR’s full report, which can be found in **Attachment 6**.

Among the findings we thought are particularly interesting:

- Customers are aware of many ways to conserve electricity and are motivated to do so more by habit than by a desire to reduce their bill or environmental impacts.
- Residential customers appreciate information about their bills, but detail is not very important—and if too confusing is not helpful.
- When asked to prioritize among the eight rate design goals that the Panel identified in its Initial Report, the focus group participant priorities were:
 1. Transparency
 2. Affordability
 3. Decarbonization
 4. Stable and predictable
 5. Customer choice
- Of the four simplified rate design options discussed—itemized charges; time of use rates; budget plans; and ascending block rates versus a single flat rate for energy consumption—participants preferred a single block/flat rate and time of use rates. Participants also supported the idea of *options*—having the ability to choose between different rate designs for their accounts.

Again, this was a small sampling of residential customers. Surveys can get feedback from many more individuals but getting responses to complicated questions is challenging in a survey format. That said, the consultant team recommended conducting an additional residential customer survey on rate design later this year.

³ The local public communications firm PRR conducted these focus groups.

C. Report on Comparable Utilities’ Rate Designs (Cuthbert Report)

The Cuthbert Report (presented in full at **Attachment 4**) reviewed and compared rate designs of 15 electric utilities in addition to City Light, including:

- 8 large municipal electric utilities
- 4 large investor owned utilities in the Pacific Northwest, and
- 3 other municipal utilities that have adopted innovative rate designs.

The report looked at the following twelve specific rate design concepts, a list agreed to in September by the Review Panel:

Table 1: Rate Design Concepts Explored in the Cuthbert Report⁴

Rate Design Concept	Summary Definition
Inverted Block Rates	Unit energy prices that differ by usage levels. Typically, a lower price is charged usage up to some minimum threshold and one or more higher rates is charged for usage above this level.
Time of Use Rates	Different charges for energy use based on the various time of day or seasonal periods, typically involving higher prices when power or delivery costs are higher.
Unbundled Rates	Itemizing charges for electric service elements such as power, delivery, and customer service.
Delivery or Access Charges	Separate rates or charges that collect for costs associated with delivering power or maintaining grid capacity to access power when needed.
Demand Charges	Rates that apply to a customer’s maximum usage over the billing period, as measured in kilowatts.
Critical Peak Pricing	A variation of time of use rates, in which customers are charged higher energy rates for several hours during a limited number of days each year when the utility’s costs are highest.
Coincident Peak Pricing	A very high demand charge assessed on a customer’s peak use during the time period when the utility sees its peak demand.
Green Power Rates	A premium added to rates for customers who want their energy supply to come from renewable sources such as wind or solar.
Low Income Program Rates	Separate charges that provide funds to facilitate utility discounted electricity rates for qualifying low-income customers.

⁴ The definitions in this table are drawn from the Cuthbert Report.

Rate Design Concept	Summary Definition
Decoupling Charges	A regulatory mechanism that “decouples” revenues from the amount of electricity sold. Rates are automatically adjusted periodically to guarantee that the utility collects its revenue requirement irrespective of the volume of electricity consumed.
Distributed Energy Resource Rates	Rates that provide cost-based pricing signals to distributed energy resource (DER) providers and recognize the value and benefits that DER generation provides.
Performance-based Rates	Rates that are intended to strengthen the incentives for utilities to meet certain goals, with award-or-penalty mechanisms and multiple year rate plans.

Many of these concepts were raised in the October stakeholder meetings. Most of these concepts are encompassed in the scope of the potential rate design action ideas we are recommending for further work.

Some of our major takeaways from the Cuthbert Report include:

- City Light’s current rate design is very simple and traditional when compared to designs that many other utilities are using today.
- Our basic customer charges are the lowest of any utility surveyed.
- There are many, many different rate design components—as yet untried in Seattle—that have been successfully deployed by other utilities.
- There is no single “silver bullet” rate design to address all the challenges we face.

THE “ENDS”: RATE DESIGN GOALS

The Review Panel and Utility chose to focus our approach to rate design by identifying the goals we want to achieve through rate design – the “ends” – and then to correlate those with a series of rate design actions – “means” – that can assist in accomplishing those goals.

Our thinking on the goals / “ends” of rate design has evolved since launching this project, but the eight goals presented in **Table 2** are the same as those put forth in the Initial Report, with very slight wording changes.⁵

⁵ A comparison of Attachment 2 to Table 2 will help illustrate the evolution in our thinking.

Table 2: Rate Design Goals (“Ends”)

<i>Goal/End</i>	<i>Definition</i>
Transparency	Rates should be structured so that customers can easily understand what services they are paying for.
Revenue Sufficiency	Rates should be designed to collect the approved revenue requirement with a reasonable degree of certainty.
Cost-Based	Rates should reflect the Utility’s cost of service, and each charge included on a customer bill should be designed to signal to customers the actual cost of providing the relevant service.
Stable & Predictable	To aid customers in managing the financial impacts of their electricity bills, rate changes should be deliberate and gradual.
Efficiency	To conserve finite natural resources and minimize overall system costs, rates should be structured to encourage efficient use of power. This applies to electricity produced and purchased, as well as the wires and associated equipment needed for energy delivery.
Decarbonization	Rate design should reflect the goals of Seattle’s Climate Action Plan, including promoting the use of clean power, incentivizing transportation electrification, and reducing greenhouse gas emissions.
Affordability	Rates should be designed to make electric service accessible for all customers; therefore, rates may be discounted for qualified low-income residential customers
Customer Choice	Rate and billing options should reflect the diversity of our customers’ energy needs and interests, so that customers may feel empowered to actively manage their energy consumption.

While some of these goals may be mutually reinforcing, some may be in conflict with one another. For example, some strategies designed to promote energy efficiency may be inconsistent with stable and predictable customer bills. As another example, promoting affordability through a budget billing program that smooths payments over time may be difficult to implement with adequate transparency to customers.

It may be informative to compare these policy principles with those in the City’s current rate design resolution, [Resolution 31351](#), most recently reaffirmed in 2012, which also highlights the conflict between various stated priorities. How these goals are balanced determines the “winners” and “losers” in any rate design proposal, which may suggest why it has been nearly four decades since any major restructuring of rates has taken place. Whatever the case, it is nevertheless true that, nationally, we are seeing many changes in rate design as local leaders and investor owned utilities grapple with the changing realities of the electric market and customer demands.

At our March 12 Panel Meeting, we discussed whether these goals can or should be prioritized, and if prioritized, what is most important?

Our consensus view is that *all these goals are important* and need to be balanced in any rate design. That said, some goals have particular importance to the Panel and the Utility. At a **conceptual level**, the Panel's priority goals are:

1. **Affordability**
2. **Transparency**
3. And –with equal ratings – **Revenue Sufficiency; Stable & Predicable Rates;** and rate design that promotes **Efficiency**

The Utility places **Revenue Sufficiency** and **Decarbonization** at the top of its conceptual priorities.

When we shift focus to think about **pragmatic near-term priorities**, considering where City Light is today—its challenges and opportunities—and where we think the Utility needs to focus its immediate efforts, the goal priorities shift. Why? Several current conditions stand out in the context of rate design:

- Annual electricity rate increases at rates higher than inflation, resulting from a combination of rising costs, declining sales, and declining supplementary revenue
- Declining retail sales of electricity for the last several years, and projections for this to continue for the foreseeable future if nothing changes
- Declining revenues from sale of surplus electricity on the wholesale market
- A heavy debt burden and capital-intensive operation
- Winter peaks in electricity demand are currently relatively modest as compared to the average demand in a year
- A largely carbon-neutral power generation supply
- A wide variety of priorities from stakeholders and customers that are not in alignment
- Our two major transportation utilities—Sound Transit and Metro Transit seeking to electrify their fleets in accordance with our region's strong environmental ethic

Under this lens, the Panel's top near-term pragmatic priorities align with those of the Utility: **Revenue Sufficiency** and **Decarbonization**. Again, why? The Panel and General Manager are in agreement: to ensure City Light will remain stable and solvent in the face of the challenges described above, we must look for new markets for our electricity.

This goal might appear at odds with Seattle's longstanding ethos of endeavoring to reduce consumption of electricity in the name of environmental stewardship. In the future, the equation will be more complex. Responsible use of electricity might mean encouraging reducing use in the case of waste and inefficiency but increasing use if it means weaning off of carbon-based fuels.

Without greater demand for power, City Lights fixed cost burden and need for continued capital investment will translate into unacceptable hikes in electric rates or a decline in service levels – or both. The silver lining is that our green power supply creates a potential opportunity for City

Light to support widespread decarbonization of transportation while simultaneously achieving goals of revenue sufficiency and affordability.

It is important to note that we are at the very beginning of this electrification discussion. The Panel is unaware of any calculations of how much demand for City Light electricity would be involved in the full conversion of the Metro Transit and Sound Transit fleets. We are fortunate today to generally have more energy resources than we need to meet retail demand.

If Revenue Sufficiency and Decarbonization are our top near-term pragmatic priorities, what rate design strategies make the most sense? Fortunately, there are many tactics we could potentially deploy in support of these goals, which allows the City to work towards a balance of the multiple “ends” we believe are important.

THE “MEANS”: RATE DESIGN STRATEGIES ENDORSED FOR THE NEAR TERM

Based on the input from stakeholders, the information in the Cuthbert Report, and our understanding of City Light’s challenges and opportunities, our Initial Report outlined a set of near-term and longer-term rate design tactics. We refer to these rate design ideas as “means.”

The “means” presented in the Initial Report are set forth in **Table 3** below. After further review and consideration of the additional inputs we have received since submitting the Initial Report, *the Panel, with the support and concurrence of the General Manager, endorses immediate work by City Light to further develop all the near-term ideas described in **Table 3**.* Pilot concepts can be implemented in the next year or so; however, we would recommend against any deployment of other ideas before January 2021, given the information technology and public education requirements necessary for a successful roll-out of these proposals.

Table 3: Potential Rate Design Ideas/"Means"

Near-Term Options that could be implemented in 2021-2022

1. **Redesign bills** to be clearer and more transparent. Unbundle rates to show itemized charges for energy, delivery, and other services.
2. **Adjust residential block rates** to facilitate transition to time of use rates and choice/pilots, align with cost of service, and promote efficient decision making by customers.
3. **Time of use (TOU) rates** – expand use of rates that vary by season and time of day. Implement pilot TOU rate programs targeted at residences with electric vehicles (EVs) and transportation electrification.
4. **Budget and flat rate residential billing** – enhance programs to offer residential customers more options for predictable bills.
 - a. Pilot subscription flat-rate residential program pilot for low-income residential customers.
 - b. Use advanced meter data to expand access to budget billing program.
5. **Fixed charge** recovers full fixed customer cost and included in all rate schedules.
 - a. Design to collect 100% of basic fixed cost for a customer; revisit cost of service to identify costs that are truly fixed.
 - b. Convert minimum charge to basic service charge for all general service rates.
6. **Interruptible/demand response** – explore rate pilot for large customers; rate should be cost-based to be a win-win. An interruptible rate is a lower rate where the customer agrees to curtail its use of energy at the utility's election when the utility's grid or supply is constrained or when economics for the utility so justify.

Near term ideas not primarily equated to rate design, but also under review, include:

7. **Decoupling/RSA** mechanism for managing revenue swings. Decoupling involves an automatic surcharge or credit on bills to compensate for total retail revenue shortfalls/surplus in past periods.
8. **Utility Discount Program (UDP)** – Explore options to restructure UDP benefit, such as a larger subsidy for the fixed charge, or a sliding scale. A **City Interdepartmental Team on UDP is on point for this item**; the Panel will continue to track their proposals.

Options that would require longer-term study and implementation timelines

1. **Green option** would offer a premium solar/super-green power supply alternative for customers (Could potentially lower bulk power costs for other customers?)
2. **Realign general service rate classes** to reflect new metering/billing capabilities and set foundation for offering customer choice. Redesign rates to smooth steps between classes (e.g., inclining charges based on service size), reduce number of rate classes.
3. **Bill redesign 2.0** – more unbundling opportunities. Show as separate charge on bills: RSA surcharge, BPA pass-through, UDP discount, franchise differential, cost of conservation, network delivery premium.
4. **Time of use rates 2.0** – further expansion of TOU offerings, such as critical peak rate for winter evenings/mornings.
5. **Cost reassignment** – study opportunities to target collection for cost-added non-standard service attributes, such as undergrounded wires in single family neighborhoods, residential/small business network service, network service in First Hill, UW area.
6. **Demand charges** – develop long-term plan for role of demand charges in rates. A demand charge is a retail rate component that reflects a customer's peak use of energy and the infrastructure required to meet the customer's peak energy needs.

At this time, we are not making recommendations with respect to the longer-term study ideas in **Table 3**.

We offer below a more detailed discussion of the eight near-term proposals. This discussion includes summary thoughts of how these rate design concepts reflect actions other comparable utilities have taken in recent years, stakeholder and customer input, and alignment with the rate design goals set forth above.

#1: Redesign Bills

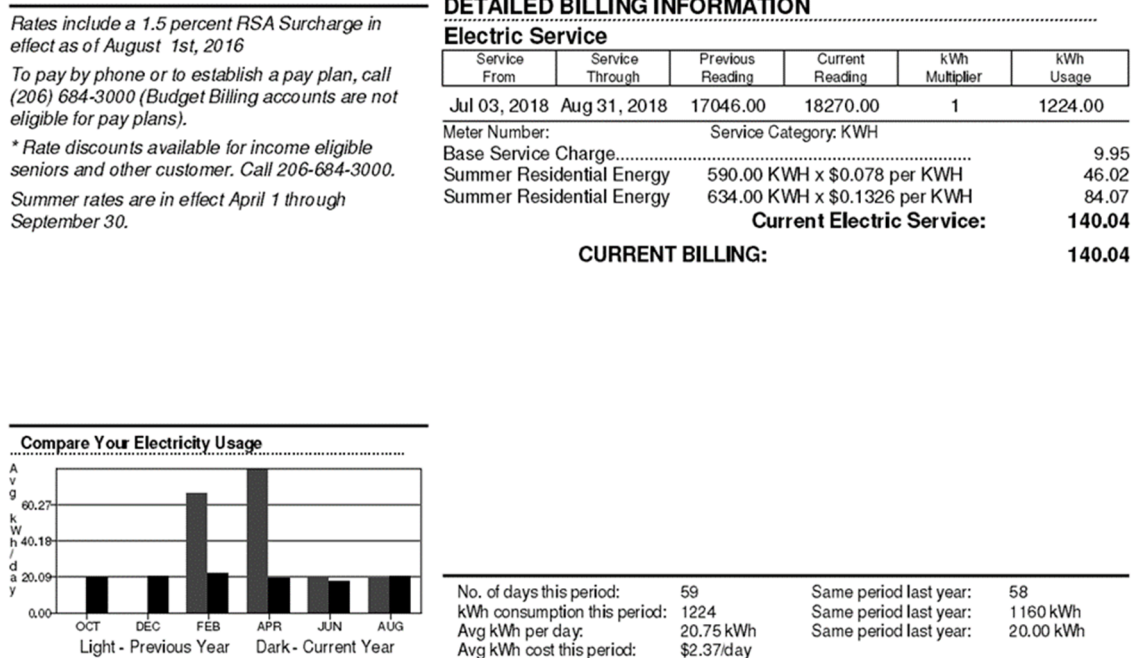
This proposal is fundamentally about **transparency** – *the top priority for the residential customer focus groups*. Redesigning the customer bill experience might not involve a change in rate design, but it would impact how customers understand their rates.

Today's residential customer bills include information about:

- Bill messages with information about RSA surcharge and payment options
- Meter readings
- A graphic showing electricity usage compared to the previous year
- Individual total consumption data
- Somewhat opaque information about base service charges and energy rates.

Figure 2 below presents an example of the information in a residential bill.

Figure 2: Example of Information in a Residential City Light Bill (for a 2-month period)



What is not in current residential customer bills is information about things like:

- How much of the cost of electricity is attributable to electricity generation, power purchases, transmission and distribution costs, or to funding the Utility Discount Program and environmental programs.
- How much of the cost is attributable to utility taxes or other surcharges.

In addition, current paper and e-bills are colorless, static, and heavy on text, codes and numbers. A re-designed bill could use color graphics and symbols to better communicate to customers what is driving their energy costs. Reducing use of text in favor of graphics and symbols could also help lower communication barriers. A new electronic customer portal (coming in 2019 or 2020) would make bills more interactive, allow customers to drill down on information, find details about their electricity consumption habits, and in the future, potentially compare different rate plan options. At the same time, we will want to improve transparency in billing without requiring every customer to go online and drill down.

Transparency in rate design is not, in and of itself, a change in rate design, but it is an educational tool. However, several of the comparable utilities we looked at used this information as a basis for developing new rate designs—new customer classes, and new rates and charges (Austin, Burbank, Los Angeles Dept. of Water and Power (LADWP), Sacramento Municipal Utility

District (SMUD), and Portland General Electric (PGE).⁶ Separately identifying different cost bundles can also be a pathway to more customer choice. We are not endorsing “unbundled rate design” per se, but we do endorse additional transparency in the bills that are sent out. Some of this requires additional software—implementation of which is underway but not complete—so that the billing system can pull the data and report it.

#2: Adjust Residential Block Rates

City Light’s current residential rates are made up of two inclining “blocks” (a rate for up to a certain amount of energy use, and then another higher rate for use in excess of that). The price of this first block is well below City Light’s actual cost of generating and delivering power. The second block is larger and priced well above the actual cost of power generation and delivery. The first block is smaller in the summer and larger in the winter to flatten winter heating bills. About a quarter of City Light’s residential households have consumption levels that typically stay below the first block threshold. But the range of consumption among residents varies widely with number of occupants, heating fuel source, and home size. For higher use households, first block energy might comprise less than 50% of their bill. Recent studies of City Light’s billings show that there is little relationship between income and consumption.

Residential Power Rates	Size (kWh)		Price (per kWh)	
	Winter	Summer	Winter	Summer
First block	Up to 480	Up to 300	9.0¢	9.0¢
Second block	480+	300+	13.3¢	13.3¢

The inclining block rate structure used by City Light is very common and has been used by many utilities for decades. It is used by most of the 15 utilities studied in the Cuthbert Report. It is intended to provide incentives to reduce electricity consumption.

The Cuthbert Report found that some utilities are moving to both eliminate seasonal differences in rates and decrease the differential between blocks to move rate blocks closer to the actual cost of power. The Cuthbert Report noted that both SMUD and Tacoma Public Utilities have “moved away from inverted block rate structures to rate designs based more on uniform energy charges.”⁷

A simpler cost structure for energy consumption that aligns with the actual cost of service would support goals of cost-based rate design and transparency as well as facilitate customer choice options. That said, it is often resisted by energy efficiency advocates as weakening pricing signals that promote conservation.

⁶ Source: Review of Electric Utility Rate Design Options, December 2018 report commissioned by City Light for this project, prepared by Cuthbert Consulting, Inc. (“Cuthbert Report”). See Attachment 4.

⁷ Cuthbert Report, p.14.

We found it interesting that the tiered, ascending block rate feature was confusing to the focus group participants—they preferred a single flat rate structure for consumption. And, the focus group attendees said their behavior to shut off lights and otherwise conserve energy was something done as a matter of habit, not directly tied to the cost of power.

City Light believes that flattening and otherwise simplifying the current tiered residential rate structure is a progressive rate design choice that will help facilitate transition to time of use rates and choice/pilots, align with cost of service, and promote efficient decision making by customers. The utility anticipates that this transition would happen very gradually to smooth bill impacts and allow time to introduce new, more progressive, alternative rate structures, and does not anticipate eliminating tiers anytime in the near future. The Panel concurs that work in this area should proceed.

Much of our focus has been on residential customer rate design and we've not yet spent significant time looking at small and medium general service rate options, including block pricing. We are aware that City Light's demand charges are quite low relative to many utilities and staff intend to focus effort during the 2020 Cost of Service Analysis to better understand the reasons for the difference. The Cuthbert Survey found a variety of approaches to setting rates for small and medium commercial customers: uniform, seasonal, TOU, seasonal TOU, inclining block, and declining block rates. City Light recommends TOU rates as a preferred strategy for future rate design due to the potential for more refined price signals, and as such, does not recommend introducing blocks for commercial rates at this time. The Panel does not have a position on this, but we look forward to hearing more from City Light in this regard.

#3: Time of Use (TOU) Rates

Seattle is growing, energy costs are on the rise, and the electric grid is becoming more complex as solar, electric vehicles, and batteries proliferate. As these changes happen, rates that vary with season and time of day will become an essential cost containment and grid management tool. Time-varying rates are intuitive and can be used to signal variations in the cost of electricity to help both customers and the utility keep energy costs low.

City Light has limited TOU rates in place for some commercial customers today. The utility proposes to slowly expand the use of TOU rate, beginning with small-scale pilots and then offering the rates as a voluntary option more widely. As customers learn more about TOU rates, they might eventually become the standard. A first phase, implemented in 2020-2021 could potentially be pilot TOU rate programs targeted at (1) residences with electric vehicles (EVs), and (2) transportation (bus system) electrification. The Panel supports this – noting that there are several policy issues as yet unresolved here, for example, the rate design structure to use for this customer group.

From a utility's perspective, TOU rates can be important in helping shave power demand at peak times, which can reduce the need to purchase expensive power on the wholesale market. For example, as electric vehicles become more prevalent, it makes sense to incentivize owners to

charge their cars during off-peak times to help keep costs low. That said, some stakeholders advised us that a very significant price differential is needed to significantly change customer behavior. The Cuthbert Report similarly noted that TOU rates are most effective at shaping consumer behavior when there is a high price charged for a short period of time.

The Cuthbert Report found “about half the utilities reviewed have some form of TOU rate option available for residential customers, but none have mandatory TOU residential rates.”⁸ TOU rates are becoming commonplace in areas with heavy air conditioning demand, like California and the Southwest. In California, the state has mandated that TOU rates will become the default rate for all customers of investor-owned utilities, citing potential environmental benefits. City Light’s peaking demand issues are much less severe than that of summer-peaking utilities, leading at least one stakeholder who spoke with us to question whether the major price signals needed to really shift behavior through this mechanism could be justified given actual costs. This is something that we hope a pilot project could help explore.

Coincident peak rates are a specific type of TOU rate that assigns a very high cost to the period of highest demand. For the Seattle area, the coincident peak is typically coldest part of winter. Coincident peak rates share the potential that TOU rates’ have for cost/bill savings and grid management, however they are challenging to administer, and a significant amount of customer education and communication would be needed. If implemented incorrectly, a coincident peak rate could have detrimental effects on transparency and winter bill affordability. City Light anticipates that this rate structure would be something to explore in future iterations of rate design, after we have some more experience with TOU offerings.

Block rates and demand charges have historically been useful rate design tools, however City Light believes that well-constructed TOU rates have the potential to provide stronger and more intuitive pricing signals to support conservation of energy, and may appeal to customers for both economic and stewardship reasons. The Panel encourages City Light to explore whether this belief is supported by TOU pilots and data from other utilities. The Panel and City Light see TOU rates as a *voluntary option*—potentially one that could be made available to all customers to the extent supported by data as to their effectiveness and if carefully structured with accompanying strong customer education.

#4: Budget and Flat Rate Residential Billing

Stable and predictable bills are a priority for customers, something reinforced both by our business stakeholders and the residential focus groups. The purpose of this proposal is to utilize new technology options to enhance programs to offer residential customers more choices for predictable bills. Examples of potential pilot concepts the Utility would like to pursue, which the Panel supports, are:

⁸ Cuthbert Report, p. 15.

1. A pilot program that couples subsidized energy efficiency measures such as weatherization with a percentage-of-income uniform rate for low-income residential customers. Customers would see lower bills as the result of having a more efficient home, and more stable payments would help with budgeting. This program would be offered on a pilot basis for qualified customers as an alternative to the standard UDP.
2. Analyzing options for using advanced meter data to lower barriers and improve program elements for budget billing. New billing system and advanced meter data could be used to smooth bill true-ups (which seemed to be unpopular with focus group participants) and might make it possible to allow new residents to register sooner than the current one year waiting period.

These pilot concepts were not reviewed in the Cuthbert Report. We note that budget billing can create transparency challenges, but despite that, both the Panel and City Light support these concepts. We heard feedback from low income advocates that supported City Light having an ongoing commitment to improving affordability and providing stable, low bills.⁹

#5: Fixed Charge Recovery for Customer Costs in all Rate Schedules

As stated in the Cuthbert report: “with a residential Basic Charge of \$5.00 per month, SCL’s fixed cost recovery is at the low end of the range of fixed cost recovery charges for the 15 utilities included in the review and is lower than any other municipal utilities.”¹⁰ Similarly, the Cuthbert Report finds that the fixed cost charges for non-residential City Light rate classes are at the low end of any of the utilities reviewed. Many utilities have increased these charges in recent years “to be more in line with cost-of-service estimates and to help promote revenue stability.”¹¹

The concept of greatly increasing fixed charges tends to be opposed by energy efficiency advocates concerned about reducing the price signal to consume less electricity. Low income advocates fear that higher fixed charges could have negative impacts on vulnerable populations. The Panel agrees that what goes into a “customer charge” must be carefully and transparently calculated. We support increasing the current residential Basic Charge to cover those actual costs that City Light must incur to serve a customer and converting the minimum charge for non-residential customer classes to a basic service charge, similarly calculated.

City Light could update its approach to computing basic fixed charges, and then apply this methodology to all customers, both residential and commercial.

Currently the residential fixed charge collects a portion of certain customer-related costs as defined by FERC accounting codes. City Light could revise its formula to align with methodology

⁹ See Stakeholder Themes, input from Michael Karp, The Energy Project. (Attachment 5)

¹⁰ Cuthbert Report, p. 14.

¹¹ Cuthbert Report, p. 16.

developed by the Regulatory Assistance Project,¹² work which has been endorsed by the NW Energy Coalition. The Panel has not reviewed this methodology.

The proposed updated fixed charge could collect for City Light's cost of making power available to that customer: (1) the customer meter; (2) billing system costs associated with that customer; (3) the line drop to the customer. This methodology could also be used to develop fixed charges for commercial customers as well. Currently commercial customer rate designs include only a minimum charge.

City Light anticipates that this change could result in a small increase to fixed charges. Such a change should not have disparate financial impacts for low to moderate income households, nor compromise the commodity price signal or impact energy efficiency. Staff has worked closely with low-income advocates and consideration is being given to a change in methodology which is consistent with their counsel and equitable towards City Light's limited-income customer-owners.

#6: Interruptible/Demand Response Pilot Rate

An interruptible or demand response rate offers a customer a discount if they agree to curtail use of energy at the utility's election. A utility might ask a customer to reduce their consumption when the grid or supply is constrained or when price of power is very high. This is typically something that may be of interest to large manufacturers who can curtail production but would not be helpful to customers needing a constant supply of power, such as a hospital.

Technology used for demand response might include voicemail, text alerts, smart thermostats or even load control switches that allow the utility to control the amount of power a customer can draw. The proposal is to explore a rate pilot for large customers, where the rate is cost-based so there is not a subsidy going in either direction and other customers are not impacted.

In terms of what other studied utilities are doing, the Cuthbert Report noted that the Salt River Project in Arizona offers an interruptible rate.

The Panel supports the City Light proceeding with this concept as a potential pilot. It promotes customer choice, can reduce costs for those with this rate feature, and can help the Utility manage its costs during peak events.

The following two near-term ideas are not necessarily equated to rate design, but the Panel and Utility both agree further exploration of these ideas is warranted.

#7: Decoupling

Decoupling involves an automatic surcharge or credit on bills to compensate for retail revenue shortfalls/surplus in past periods, thereby decoupling revenues from energy consumption. The

¹² <http://www.raponline.org/wp-content/uploads/2016/05/rap-lazar-gonzalez-smart-rate-design-july2015.pdf>

rationale behind this approach is that it stabilizes revenues and removes any financial disincentive for a utility to promote energy efficiency. City Light's incentive structure is based on Council policy as well as the need to balance its budget, so it is in a somewhat different position than investor owned utilities: City Light will continue to invest in energy efficiency programs at Council's direction.

One way that decoupling might be implemented at City Light could be to allow the monies in the existing Revenue Stabilization Account (RSA) to be used to manage not just swings in wholesale power sales revenue but also swings in retail revenue. The amplitude of these retail revenue swings is much less in percentage terms than swings in wholesale power revenue, but total retail revenues are far greater than wholesale revenues in any year. More analysis is needed to determine what the implications are for the necessary RSA reserve size if the use of the RSA were to be expanded.

Five of the 15 utilities examined in the Cuthbert Report have a decoupling charge for residential and general service customer classes—two municipal utilities, and three investor owned utilities.¹³ Experience from other utilities implementing this suggests the surcharges or credits typically are less than 5% of the total bill for the period. Decoupling would improve revenue certainty and stability for City Light, but periodic surcharges would reduce bill and rate certainty for customers. Therefore, this option and its implications would need to be studied carefully since stable and predictable rates are of great value to both residential and commercial customers.

Panel members agree further study of this possible rate design mechanism is warranted.

#8: Utility Discount Program (UDP)

The Panel is making no recommendations with respect to this issue. We await the results of work by the City Interdepartmental Team on UDP on point for this item.

¹³ Cuthbert Report, p. 13.

A MULTI-PRONGED APPROACH

We are proposing that City Light proceed on multiple fronts. A multi-pronged approach has greater capacity to provide greater results and balance competing goals. The changes we are anticipating should, in our view, be implemented with an eye toward avoiding rate shocks but at the same time not exhaust customers attention by implementing serial changes one at a time over years: we would prefer to see packages of structural changes launched together, with associated cost changes gradually added in if need be to avoid rate shocks.

With eight policy goals (“ends”) and eight “means” on the table for the near term, how does this all add up? **Table 4** below compares the first seven rate design “means” discussed above (excluding UDP on which the Panel is awaiting further information) as to how they would enhance (green) or detract (orange) from the eight policy goals identified. The point of this table is to simply illustrate that:

- No single “means” will support all policy “ends.”
- Some proposed “means” will detract from some “ends” while advancing others.

Table 4: Goal Impacts of Rate Design Proposals

	1.	2.	3.	4.	5.	6.	7.
MEANS:	Bill Redesign	Adjust Blocks	TOU Rates	Budget Billing	Fixed Charge	Interruptible	Decoupling
ENDS:							
Cost-based	Green	Green	Green	Green		Green	Green
Revenue			Green				Green
Decarbonization		Green				Green	
Efficiency		Green	Green	Green		Green	Green
Stability			Green		Green		Orange
Affordability					Green	Green	
Transparency	Green			Green	Orange		
Choice		Green		Green	Green	Green	

Impact on policy goals: green = enhances, orange =potentially detracts

It is important to analyze the trade-offs implied from any rate design proposal. Work by City Light in the coming months will help flesh out the implementation details and costs and should also inform policy makers about the trade-offs of each.

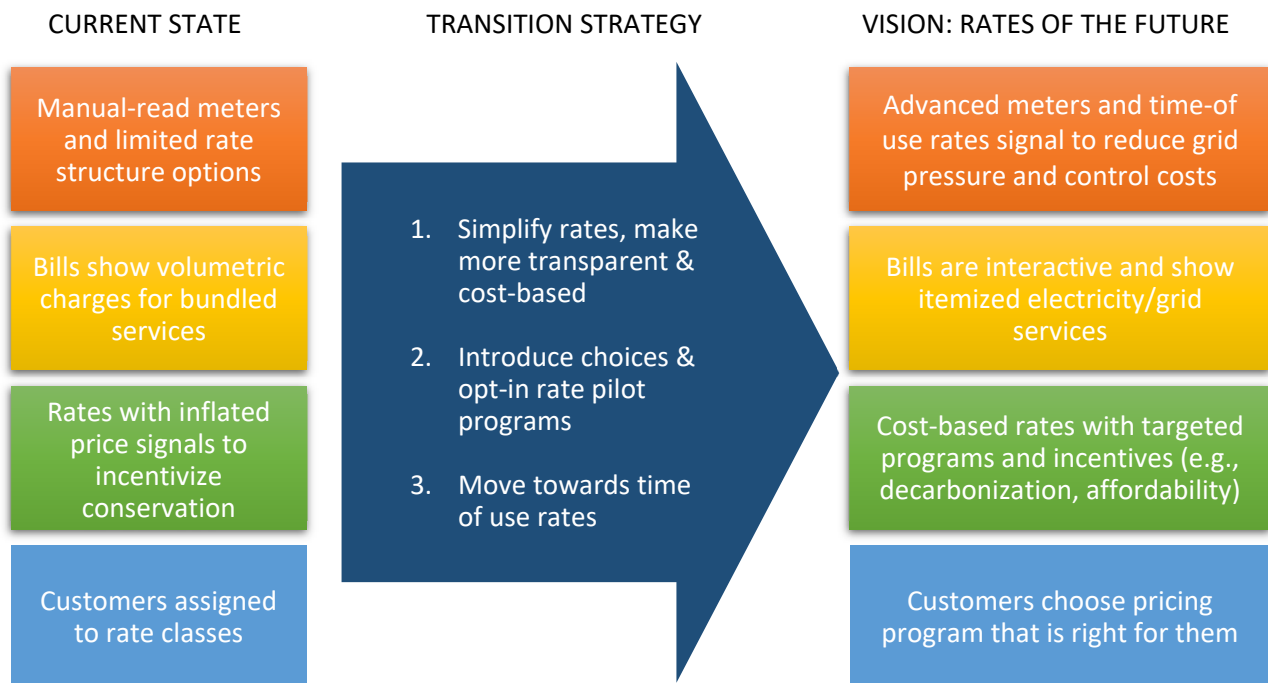
CURRENT STATE, FUTURE VISION AND TRANSITION STRATEGY

This rate re-design project comes at a critical transition in City Light’s technology. Historically, City Light had manually-read meters which limited options for rate structures, but new advanced meters offer the possibility of implementing many kinds of new rate structures.

Similarly, new billing and web customer interfaces present an opportunity for customers to be more engaged in choosing how they manage their energy costs. City Light envisions a future where customer-owners feel empowered to control how they use and pay for their electricity.

Figure 3 below illustrates the general transition we envision from where we are today to the future. The vision depicted in the graphic reflects how critical rate design objectives like transparency, decarbonization, affordability, and choice might be addressed in the future.

Figure 3: Transition Strategy



The three-part transition strategy set forth above is the core of the strategy behind the rate initiatives described in this report.

First, improving billing communication and presentation will also improve transparency; from there, work to simplify rates to slowly phase out structures incompatible with future rate attributes, and making them as consistent and cost based as possible.

Second, offer customers choice in pricing programs, including innovative rate pilots responsive to customer interests such as vehicle electrification and affordability.

Third, move towards rates that are time-differentiated to provide more refined price signals.

As Seattle continues to grow, and as new technology enables customers to generate and even store their own power, having rates that reflect this dynamic relationship will be critical to keeping costs low and maintaining equitable and socially-conscious pricing.

We believe that our recommended rate design action items outline a transition strategy that will advance both the interests of the customer and the Utility. **Attachment 7** to this report presents a draft "Roadmap to 2021" showing all the components of this transition and how we anticipate they will need to be coordinated and sequenced in order to deliver the new rate design components endorsed here for City Light customers effective January 2021. We caution that this is a living document that will evolve over time.

CONCLUSION

Rate design is challenging. Changing the rate structure without changing the revenue requirement means some customers pay more while others pay less. Despite this tension, rate design is a powerful tool for ensuring that City Light collects revenue in a way that aligns with community goals and priorities. A successful process requires thoughtful design, extensive customer outreach, and significant time for implementation.

This Final Report outlines the City Light Review Panel's goals and priorities for near-term rate design change in Seattle. We have looked at "ends" as the results we hope to achieve and "means" as the specific rate design components used to deliver on the ends. While we have specifically prioritized the need for full revenue recovery and decarbonization, all eight policy goals (ends) must be considered and balanced in any rate design proposal.

We believe a highly-transparent, multi-pronged effort is required, using pilot projects to learn from and ultimately move us towards a successful implementation. We have identified seven specific rate mechanisms (means) that we believe should be pursued in the near term. There is considerable work ahead before any of these ideas can be launched, and we look forward to engaging on that effort. The attached "Roadmap" demonstrates the complexity of the task and the interdependencies ahead.

We thank the Council for your interest in these challenging issues and look forward to working with you as the rate design work progresses.

ATTACHMENTS:

1. Review Panel Rate Design Update Work Plan, August 2018
2. Draft Rate Design Situation Assessment, October 2018
3. Draft Rate Design Framework Principles, October 2018
4. *Review of Electric Utility Rate Design Options*, by Cuthbert Consulting, Inc., December 2018
5. Rate Design Stakeholder Feedback Themes, March 2019
6. *Rate Design Focus Group Report*, by PRR, March 2019
7. Roadmap to 2021, March 2019



1. Rate Design Workplan Aug2018.pdf



2. Situation Assessment Oct2018.pdf



3. Rate Design Principles Oct2018.pdf



4. Review of Electric Utility Rate Design Options Dec2018.pdf



5. Stakeholder Feedback Themes March19.pdf



6. Rate Design Focus Group Report Mar2019.pdf



7. Roadmap to 2021 March2019.pdf

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Seattle City Light

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July 2022



Grilling with Electricity

Like many City Light residents, Nathan MacDonald lives in an apartment that doesn't allow charcoal or gas grills and he avoids using his stove and oven on hot summer days. Read about his experience using an outdoor electric grill that fits perfectly on his patio and requires only a standard three-pronged outlet. Do you have a summer recipe that doesn't require a stove or oven? Join our photo challenge!

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Spotlight

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June 2022



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Spotlight

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Plugged In

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POWERFUL Tips



Powerful Tips

Summer means outdoor gatherings and graduation parties (congrats Class of 2022!). If your event includes [mylar balloons](#), be sure to keep them secured and away from power lines to prevent possible outages.

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News

Business Customers Question Their Utility’s Commitment to Communities and the Environment

JULY 7, 2022

Businesses’ trust in their utility is on the decline and more than one factor is to blame. After reaching a historic peak in the Brand Trust Index in the first half of 2021, the overall industry utility Brand Trust score among business customers has declined 17 points to a 765 on a 1,000-point index. Declines in awareness of utilities’ charitable giving and donations, employee volunteering, and environmental stewardship are causing business customers to trust their utilities less. These and other findings are from the [Cogent Syndicated 2022 Utility Trusted Brand & Customer Engagement™: Business](#) study from [Escalent](#), a top human behavior and analytics advisory firm.

Each year, Escalent measures the Brand Trust Index of 82 of the nation’s utilities among their business customers. The Brand Trust Index is a composite score of utility performance on customer focus, business community support, communications effectiveness, reliable quality, environmental dedication and company reputation. Among these six factors, Environmental Dedication sees the biggest drop, down 18 points. This signals a perception that utilities’ commitment to using environmentally friendly energy and supporting environmental causes are declining.

“Businesses are increasingly focused on the environmental impact of their electric service,” said K.C. Boyce, vice president in Escalent’s energy and automotive & mobility divisions. “While the perception that a utility is ‘committed to using environmentally friendly energy’ didn’t drop significantly among natural gas utilities, it did among electric and combination utilities. In terms of electric generation, businesses have a strong preference for solar, natural gas and wind.”

Boyce continued, “Our Communications Intensity Index has dropped 15% from last year, with a big overall drop in the number of total communications recalled. This means that even though utilities are talking to their business customers, they’re not reinforcing the messages with multiple communications. Utilities that promote their contributions to local communities and the environment will build trust among their customers and maximize their positive impact.”

While the industry sees a decline in Brand Trust overall, there are utilities performing better than the average. Today, we’re pleased to announce the following 16 utilities as our 2022 Trusted Business Partners.

Cogent Syndicated 2022 Utility Trusted Business Partners*	
Alabama Power	OG&E
BGE	PSE&G
CenterPoint Energy – South	Puget Sound Energy
Con Edison	Salt River Project
DTE Energy	Seattle City Light
Florida Power & Light	TECO Peoples Gas
Georgia Power	TECO Tampa Electric
Mississippi Power	Xcel Energy Colorado

* Utilities named as Trusted Business Partners are selected based on having Brand Trust Index scores in the top decile of the industry, the top score within their respective benchmark segment, or a Brand Trust Index score within 20 points of the top benchmark segment score and above the industry average.

The following tables reflect regional peer benchmark Brand Trust scores among the 82 utilities surveyed. These scores reflect the amount of trust business customers have with each utility.



East Region Electric Utilities Brand Trust Business Performance

Utility brand name	Brand Trust score
BGE	809
PSE&G	800
Con Edison	795
PECO	788
National Grid	755
PSEG Long Island	752
PPL Electric Utilities	747
Jersey Central Power & Light	746
Penelec	746
West Penn Power	739
Duquesne Light	734
Eversource	733
NYSEG	717
Appalachian Power	706

Midwest Region Electric Utilities Brand Trust Business Performance

Utility brand name	Brand Trust score
DTE Energy	808
MidAmerican Energy	786
Ameren Missouri	776
Duke Energy Midwest	776
Ameren Illinois	774
We Energies	770
NIPSCO	762
Consumers Energy	753
ComEd	752
Evergy	745
Xcel Energy – Midwest	745
Indiana Michigan Power	740
AES Ohio	736
Wisconsin Public Service	735
Alliant Energy	732
Ohio Edison	731
The Illuminating Company	727
AEP Ohio	726
OPPD	720
AES Indiana	718

South Region Electric Utilities Brand Trust Business Performance

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Utility brand name	Brand Trust score
Florida Power & Light	790
OG&E	787
Georgia Power	779
Alabama Power	772
TECO Tampa Electric	771
Mississippi Power	770
El Paso Electric	768
Dominion Energy Virginia	762
Duke Energy Florida	759
Dominion Energy South Carolina	753
Public Service Company of Oklahoma	753
CPS Energy	752
Duke Energy Progress	750
Duke Energy Carolinas	748
Southwestern Electric Power Company	740
Kentucky Utilities	737
JEA	735
Gulf Power	732
Louisville Gas & Electric	724
Entergy	720

West Region Electric Utilities Brand Trust Business Performance	
Utility brand name	Brand Trust score
Seattle City Light	825
Xcel Energy – West	816
Puget Sound Energy	814
Salt River Project	810
SMUD	795
Los Angeles Department of Water & Power	790
PNM	782
APS	773
Pacific Power	772
Idaho Power	759
NV Energy	758
Colorado Springs Utilities	751
NorthWestern Energy	750
SDG&E	748
Rocky Mountain Power	748
Southern California Edison	748
PG&E	742
Portland General Electric	719

Natural Gas Utilities Brand Trust Business Performance	
Utility brand name	Brand Trust score
TECO Peoples Gas	846
CenterPoint Energy – South	827
Virginia Natural Gas	791
Dominion Energy West	789
CenterPoint Energy – Midwest	784
Nicor Gas	775
Dominion Energy Ohio	773
Chattanooga Gas Company	770
Dominion Energy North Carolina	769

About Utility Trusted Brand & Customer Engagement™: Business

Escalent conducted surveys among 17,876 business electric and natural gas utility customers of the 82 largest US utility companies (based on customer counts). The sample design uses a combination of quotas and weighting based on size of businesses surveyed to ensure a balanced sample of each evaluated utility. Utilities within each benchmark segment are assigned equal weight to balance the influence of each utility's customers on survey results. The Brand Trust Index score is a composite based upon consumer ratings across six factors. Escalent will supply the exact wording of any survey question upon request.

For more information on the full report, click below.

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