



CITY LIGHT REVIEW PANEL MEETING

Wednesday, January 24, 2024

9:00 – 11:00 A.M.

SMT 3204

—or—

Microsoft Teams Meeting

Proposed Agenda

<u>Item</u>	<u>Lead</u>
1. Welcome (5 min.)	Julie Ryan, Facilitator
2. Public Comment (5 min.)	
3. Standing Items: (15 min.)	
a. Chair's Report (Mikel)	
b. Review of agenda (Julie Ryan)	
c. Action: Review and approval of meeting minutes of November 15, 2023	
d. Communications to Panel (Leigh Barreca)	
e. Member update (Leigh Barreca)	
i. New member onboarding session, 2/6/24, 9:00 – 10:30 a.m.	
4. Review Panel Chair and Co-Chair vote (10 min.)	Julie
5. General Manager Update (25 min.) https://powerlines.seattle.gov/2024/01/04/2023-year-in-review/	Mike Haynes
6. Strategic Plan Update (40 min.)	Leigh
a. Planning Schedule	Leigh
b. Strategic Outcomes Review & Discussion	Angela Bertrand
7. Time of User Rate Implementation update (15 min.)	Joe Fernandi
8. Adjourn	

Next Meeting: February 21, 2024



City Light Review Panel Meeting Meeting Minutes

Date of Meeting: November 15, 2023 | 9:00 – 11:00 AM |
Meeting held in SMT 3204 and via Microsoft Teams “Draft”

MEETING ATTENDANCE					
Panel Members:					
Mikel Hansen	√	Leo Lam	√	Oksana Savolyuk	√
Joel Paisner	√	John Putz	√	Thien-Di Do <i>Appointment pending</i>	√
Kerry Meade	√	Tim Skeel	√	Amy Altchuler <i>Appointment pending</i>	√
Mike Haynes		Jen Chan	√	Julie Ryan (Consultant /RP Facilitator)	√
Kirsty Grainger	√	Andrew Strong	√	Craig Smith	
Jim Baggs		DaVonna Johnson		Maura Brueger	
Kalyana Kakani		Emeka Anyanwu	√	Leigh Barreca	√
Julie Moore	√	Chris Ruffini	√	Angela Bertrand	√
Greg Shiring	√	Carsten Croff	√	Brian Taubeneck	√
Eric McConaghy		Caia Caldwell		Bridget Molina	√
Jeff Wolf	√	Karin Eastby		Jenny Levesque	√

Welcome and Introductions. The meeting was called to order at 9:02 a.m.

Julie Ryan introduced Amy Altchuler, a candidate for the recently vacated Industrial Customer Representative position. Amy works at First Mode, one of City Light’s industrial customers. Because Council committee meetings are on hold during the city budget process, it is likely that the positions will not be voted on until early 2024. Until that time, Amy and Di Do will join meetings as non-voting members. Julie and Leigh Barreca are putting together a packet of materials for new members as well as a short training session. These will be available in January. All panel members are welcome to receive the packet and to attend the one-hour training.

Public Comment. There was no public comment.

Standing Items:

Chair’s Report. Mike Hansen welcomed everyone and opened the meeting.

Review Agenda. Julie Ryan reviewed the agenda.



City Light Review Panel Meeting Meeting Minutes

Approval of Sept. 20, 2023, Meeting Minutes. Minutes were approved as presented.

Communications to Panel. There were no communications to the Panel.

General Manager's update. (Jen Chan provided the update.)

1. Social responsibility program – There are several fundraising efforts underway throughout the utility, in advance of the holidays. One fundraising effort is a Toys for Tots drive that is happening right now as well as a campaign to get donations to the City Light Project Share account. Through [Project Share](#), City Light offers emergency assistance to residential customers facing financial challenges with their past due electricity bills.
2. Customer focused events – City Light held Key Customer and Franchise City forums in late October. There were 50 Key Customer and 12 Franchise City representatives at the meetings. There was a lot of good interaction with these groups. We focused on topics that were selected by each group---strategic planning, rates, wholesale power and the impact of our recent water year.
3. Customer Satisfaction Survey City Light just launched its second customer satisfaction survey and we will be receiving those results in December or January. The summary information will be shared with the Review Panel early next year.
4. Award for Craig Smith - Craig has been recognized with the [Northwest Energy Efficiency Alliance \(NEEA\)](#)'s Tom Eckman Lifetime Achievement Award. This award is for his legacy in energy efficiency in the Northwest, which included key utility leadership roles at Snohomish PUD and City Light, as well as time serving as NEEA's board chair.
5. Cedar Falls – City Light finalized a memorandum of agreement with SPU to meet power needs at Cedar Falls and build a new substation (over 6 years) This will provide additional capacity and alleviate some environmental concerns about water running into the Cedar River.
6. Skagit – City Light's fire mitigation work continues. For the next five years, there is a risk of flooding in the area, so mitigation is underway to support the area.
7. Organizational updates – The Mayor's Office continues the GM/CEO search, hoping to name a new GM/CEO soon. Other executive vacancies at City Light, such as the chief operating officer will be recruited soon.
8. Proposed Load Forecast –Electrification is increasing the load forecast sooner than we planned. Electrification load is difficult to forecast because it is based on customer choices. City Light is working to anticipate how this new load will affect our resource planning.
9. Western Resource Adequacy Program (WRAP) – This is the Western Power Pool's voluntary program to help the region plan resources to meet future load. City Light is a participant in this regional coordination and planning effort. In 2028 City Light will enter the "binding program" which will require compliance with the WRAP. City Light is currently participating in the rule making phase of this process.
10. FIFA World cup – City Light is working on an inter-departmental team to plan how to support the games, such as power reliability at the stadium, increased load, requests for new EV

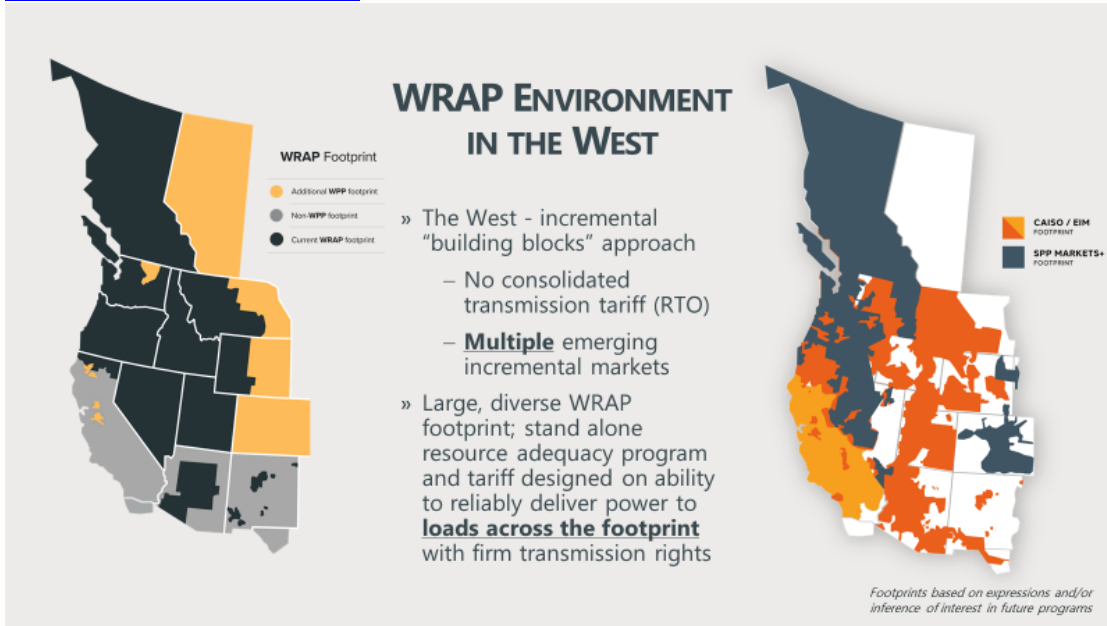


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charging, and working with the host association. The Aug 2026 event will span most of the month, with special focus on the waterfront and stadium districts.

Q: Who are the other partners in the Western Adequacy Group?

A: <https://www.westernpowerpool.org/about/organizations/WPP> ([westernpowerpool.org](https://www.westernpowerpool.org))



Strategic Plan Update. Leigh Barreca introduced the following topics related to the 2025 – 2030 Strategic Plan Update. All materials are included in the Review Panel packet.

- a. Summary of Landscape Exercise (Julie Ryan presented)

Summary of the landscape exercise from the workshop last month

There were great observations made and suggestions provided during the October workshop to discuss the landscape in which Seattle City may be operating over the next six years. Not too surprising, the external and the internal topics were closely interwoven. The largest workshop themes were:

1. **Forecasting is Far More Challenging:** Climate change has contributed to more forecasting uncertainty for customer demand (load) and supply (resources). "Normal" weather is harder to forecast and there have been more severe temperature deviations seen in recent years. Hydro forecasting is very difficult too, for similar reasons. And there are more external risks to City Light's system, from wildfire and other weather driven events. Some key impacts are:
 - o City Light has two peaking seasons, with high demand in both winter and summer.



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- Wholesale Power Markets similarly have been more volatile. This is relevant since City Light sells surplus power into the market and purchases power when load exceeds its power supply.
 - Recognition that with more forecasting uncertainty, there is greater benefit to conducting scenario analysis, considering resource diversity, and working on regional initiatives that could result in more efficient use of regional resources to meet loads and improve long-term resource and transmission planning.
2. **Government regulations are increasing.** This adds complexity to long-range planning. Government decarbonization efforts may also result in:
- Significantly more load from the transportation sector switching and demand from building electrification that may ban natural gas space and water heating, in favor of electric.
 - There are challenges to advocate and connect with policy makers given there are often many proposed policies and legislation at any given time.

The challenges of complying with new regulation opens up opportunities for regional collaboration as well as re-imagining City Light's relationship with customers (such as demand response, TOU, and customer DERs).

3. **There are many technology and infrastructure challenges and opportunities.** The October workshop discussion included smart meter infrastructure, customer owned generation, aging infrastructure, and the need for strong cyber security measures. There are some new generation technologies such as green hydrogen and other new generation sources like small modular nuclear reactions in the region. . AI may also become a tool to use for monitoring demand, grid management, administering demand response programs, and other applications that may result in even more responsive service to customers.
4. **Customer issues received a lot of attention during the workshop.** Customers have wide, varied interests, and City Light will need to continue to reduce barriers, bring customers along, and meet customers' needs. But the greatest emphasis was on how to keep rates affordable (and noting the energy burden for customers), given that costs are rising everywhere. There are many different types of costs, related to grid modernization, possible cost increases in the BPA contract, supply chain challenges, reliability investment, ensuring adequate supply and transmission, and preparing for the workforce of the future.
5. **Workforce is a critical area to address.** City Light faces labor shortages in the skilled crafts areas, as well as in other important areas at the utility. Upcoming retirements add to this problem. This is happening when City Light needs to develop and train employees to respond to the rapidly changing technologies. The discussion included the importance of competitive salaries and the importance of employee retention.



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- b. Strategic Outcomes introduction (Angela Bertrand presented)
- c. Q3 2023 Strategic plan status report (Brian Taubeneck presented)

Q: Help me understand what “in progress/delayed” means? Does that mean it will happen or will it miss the milestone?

A: We use this to show that it missed the quarter it was due but will be done soon. This is a high-level summary. We use this to give as accurate a picture as we can to highlight delays and not gloss over them.

- d. Outreach Overview (Jenny Levesque presented)

Load Growth and Electrification. Emeka Anyanwu presented (materials are in the Packet.)

Q: Are you focused on resources built in Washington?

A: Yes. In terms of evaluating the responses, we did indicate a preference generation sited in Washington state. This was considered in addition to other criteria such as transmission interconnection, delivery to our system or BPA’s system, and cost. We will be considering projects both inside and outside Washington.

Q: For valuing resource decisions, what kind of price forecasting are you using?

A: For price forecasting, we are using a combination of internal expertise and external consultants.

Other discussion:

- Julie Moore shared the recently released combined 2021 & 2022 City Light Annual Report: <https://www.seattle.gov/documents/Departments/CityLight/Communications/SCLAnnualReport2022.pdf>

Adjourn. The meeting was adjourned at 10:34 a.m.

Next meeting: January 24, 2024, 9:00 – 11:00 a.m.

2023 Year in Review

by [Wesley Matlock](#) on January 4, 2024



Each year brings unique challenges and opportunities, and 2023 was no exception for Seattle City Light. Before we dive into 2024, let's look at some of the highlights we marked in 2023.

We remain committed to helping customers facing financial challenges and providing customers with more information to make decisions.

We allocated \$880,000 in state funds to help low- and moderate-income residential customers who were receiving help from utility bill assistance programs. These state funds helped reduce past-due balances compounded by the pandemic.

For the second year in a row, we secured the highest business customer satisfaction index score among midsize electric utilities in the

Western United States in the [J.D. Power 2023 U.S. Electric Utility Business Customer Satisfaction Study](#).

Also, [we added a new feature to our Utility Services Website](#). This tool shows daily electricity usage, giving you the data to make decisions for cost-saving energy adjustments.

We led significant initiatives throughout the year that exemplify our dedication to sustainable energy solutions and environmental stewardship.

In April, [we submitted a final license application](#) to the Federal Energy Regulatory Commission. This application details plans to operate the Skagit Hydroelectric Project for the next 50 years. (Interested in learning more? [Check out our relicensing update from last fall.](#))

To address the escalating challenge of wildfires, we refined our [Wildfire Risk Reduction Strategy](#) with expanded measures and strategies. We also applied the strategy during [the Sourdough fire](#) near our Skagit facilities.

Transportation electrification, a strategic priority, saw great progress in 2023:

- We launched incentive programs and technical support for [businesses transitioning to electric fleets](#) and [multifamily customers looking to install EV chargers](#) at their properties.
- We are close to completing our [pilot program to install public curbside EV charging](#) stations at 31 neighborhood locations across the city.
- We joined statewide partners in unveiling the [first electric bus in the Amtrak National Network](#).
- We collaborated with the Seattle Department of Transportation and ZEV co-op to [unveil a new electric ADA-accessible vanshare at Estelita's Library](#).

- We hosted two [ride-and-drive events](#) and demonstrated how EV charging works at events like the [Seattle International Auto Show](#).

Finally, we invested nearly \$785,000 in renewable energy credits through the [Green Up Community](#) program. This program facilitated local rooftop solar projects at [Highline High School](#), [Brighton Senior Housing](#), the [Evergreen Aquatic Center](#), and more.



Expanded City Light EV charging stations are available across Seattle.



Brighton Senior Housing community's solar panels help lower operating costs.



MTR Western's new electric bus is the first in the Amtrak National Network.



Students led the charge for Highline Highschool's new solar panels.



The new electric ADA-accessible vanshare is up and running at Estelita's library.



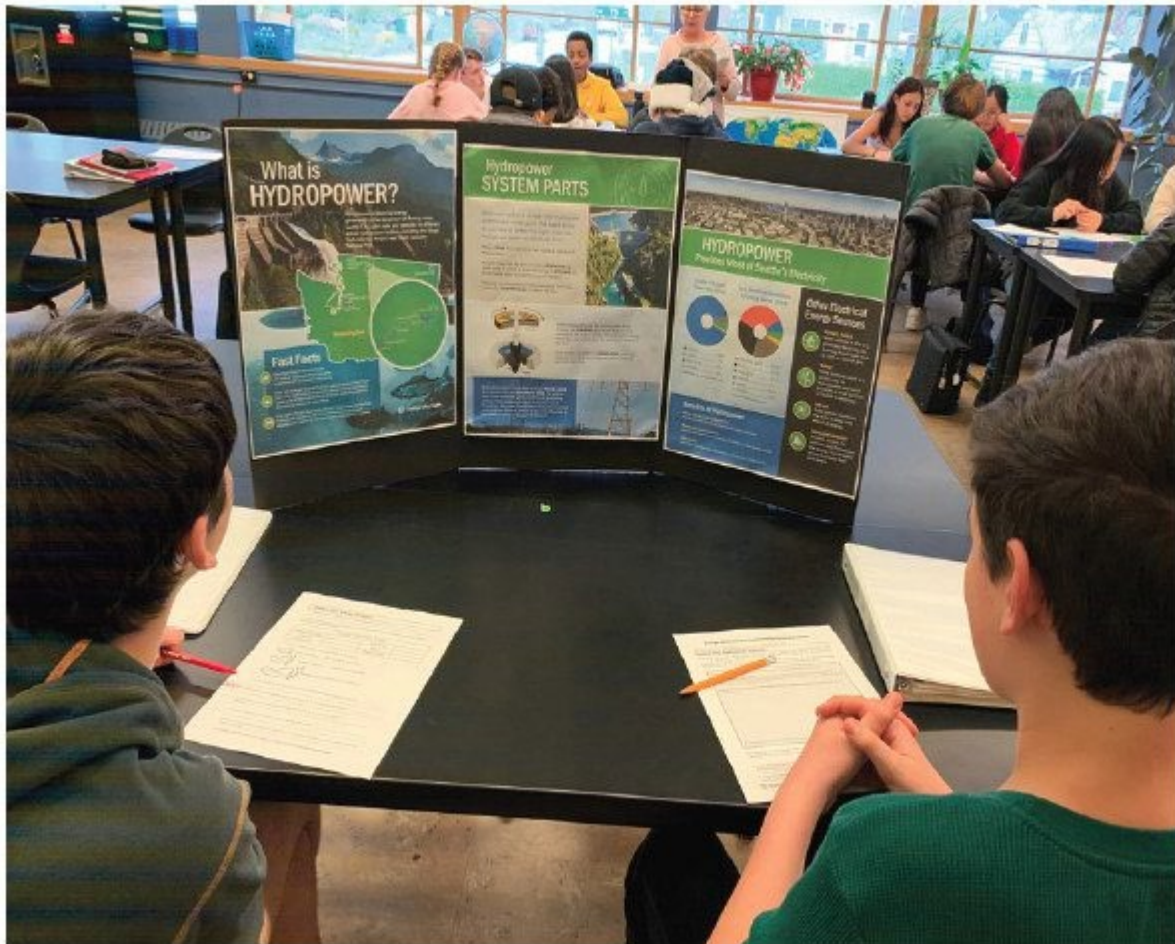
Evergreen Aquatic Center's new solar panels help reduce its carbon footprint.

Our support for economic, educational, and environmental development means we do more than just deliver power.

During the 2022-2023 school year, [we expanded our Energy Heroes program](#). We taught more than 2,000 students at 17 schools in our service area about electrical safety, energy conservation, and all things renewable. We also completed a pilot for a new high school workshop on electrification and equity.

[We welcomed a new tenant to the Denny Substation](#). YouthCare, a Seattle-based youth homelessness services provider, will offer educational and workforce development services in the southeast corner of the substation.

We continued enhancing and expanding recreational opportunities at our hydropower facilities. This summer, [we opened two new day-use overlooks at the Boundary Reservoir](#), home to our Boundary Hydroelectric Project. The overlooks not only provide breathtaking views of the landscape, but also make these areas accessible to the public.



Students learn about hydropower during a classroom workshop.



Community members explore the new YouthCare annex at Denny substation.



Chris Townsend and Carin Vadala open the overlooks to the public.

We are proud of how our employees go above and beyond to make a difference to our customers and communities.

Our [Toys for Tots holiday drive](#) brought in more than \$11,000 and filled 91 bags with toys. It was the most successful drive to date.

We also rallied [to raise life-saving dollars for the American Heart Association](#):

- In August, an employee lunch and raffle raised more than \$4,000.
- In October, three employee walking teams participated in Puget Sound American Heart & Stroke Walks, raising an additional \$2,296.

We express our sincere appreciation to our employees, community partners, and customers for their invaluable contributions to a shared energy future. We remain committed to continued excellence,

innovation, and collaboration. Here's to an even better and brighter 2024!

2025 – 2030 Strategic Plan Update

Review Panel Schedule

Quarter	Month	Topics
Q3 2023	July	----NO MEETING----
	August	----NO MEETING----
	September 20 th (This is too much for one meeting)	<ul style="list-style-type: none"> • Strategic Plan update <ul style="list-style-type: none"> ○ RP roles vis a vis the 2025-2030 SP ○ Draft 2025-2030 Strategic Plan schedule ○ Confirm 2025-2030 Strategic Plan priorities ○ Q2 2023 Strategic Plan Report
Q4 2023	October 18 th	<ul style="list-style-type: none"> • 2025 – 2030 Strategic Plan Exercise: Landscape analysis (Threats/Opportunities exercise)
	November 15 th	<ul style="list-style-type: none"> • 2025 – 2030 Strategic Plan Outreach – Initial planning – Why before the plan? • Verbal/Written summary of workshop exercise • RP outreach – What are your top 5 items that you think SCL should focus on in the next 6-years? • Q3 2023 Strategic Plan Report (in packet) • September Executive Dashboard (in packet)
	December 20 th	<ul style="list-style-type: none"> • Cancelled
Q1 2024	January 24 th	<ul style="list-style-type: none"> • Strategic Plan schedule review • Review/test outcomes developed by SCL Executive Team
	February 21 st	<ul style="list-style-type: none"> • Draft Revenue Requirement • Outcomes mapped to current PIAs • Strategic Plan Update outline
	March 20 th	<ul style="list-style-type: none"> • Final Revenue Requirement and rate path • Brief on outreach • Strategic Plan draft

		<ul style="list-style-type: none"> • Intro to PIAs (changes, deletions, new) • Intro RP Letter <ul style="list-style-type: none"> ○ Key Themes
Q2 2024	April 17 th	<ul style="list-style-type: none"> • Outreach results • Strategic Plan Update review <ul style="list-style-type: none"> ○ Changes to PIAs • Review Panel SP letter
	May 15 th	<ul style="list-style-type: none"> • Final look at Strategic Plan update • Finalize RP letter
	June 26 th	<ul style="list-style-type: none"> • TBD

Outcomes: A Progress Update

Review Panel – Jan 24, 2024



- **Review: Intro to Outcomes**
- Process Update
- Preview of Draft Outcomes



Strategic Plan

Priority

Our strategic
areas of focus

Outcome

WHY
we do what we do

PIAs

WHAT
we do

Outcomes: Three Tests



Outcome

- **Result** (not an action)
- **Single Focus**
- **Specific** (& jargon free)

Skill Check!

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To make meaningful Progress toward...

Priority

we must see change in...

Outcome

by working on...

PIA

A *(hypothetical)* example...

To make meaningful progress towards **Financial Health and Affordability,**^{priority}
we must see change in **overall O&M budget attainment,**^{outcome} **suppliers paid in a timely manner,**^{outcome}
and **an increase in customer bills paid on time.**^{outcome}

...by working on **Proposing a new Rate Structure** **Assigning Project Managers to all Projects** **Launching an Underground Rate Class** & **Remote Disconnect**

- Review: Intro to Outcomes
- **Process Update**
- Preview of Draft Outcomes



Strategic Plan Schedule



- Review: Intro to Outcomes
- Process Update
- **Preview of Draft Outcomes**



Draft Outcomes

- *To Be Added after 1/22 Leadership Team Meeting*

THANK YOU



Seattle City Light



Seattle City Light

seattle.gov/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

SCL Landscape Activity

Response Summary

On Wednesday, October 18, 2023, members of City Light’s Executive and Leadership Teams, City Light Review Panel, and representatives from the Mayor’s Office, and Central Budgeting Office came together for a two-hour workshop to discuss the possible “landscape” in which City Light may be operating over the next six years, as context for the 2025 – 2023 Strategic Plan Update.

This document summarizes the conversations held and identifies key internal and external drivers that were considered. Key areas on the external side include the multi-pronged impacts of climate change on regulations, energy supply, wholesale power prices, wildfire safety, and load demand. On the internal side, we see challenges around building and sustaining a skilled workforce, rapidly shifting customer needs, and rising costs despite the mandate to keep rates low.

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External Drivers

For the external drivers portion of the conversation, the group was split into two breakout rooms. Each group discussed what may be changing externally over the next six years that would affect City Light and its customers. Participants were encouraged to consider five general areas:

- Environment: How is the natural environment changing? Are we well positioned?
- Government/ Regulation: How might regulation/legislation impact City Light?
- Economy/Society: Are there societal trends we should consider in our future planning?
- Technology: How is technology changing the resource mix? Grid operations. What opportunities are before us?
- The greater western regional grid: What opportunities or challenges should we be thinking about?

**Action Ideas only capture what was said during the activity and are not vetted recommendations for action--- only suggestions to consider.*

1. Environment: Climate Change

Driver	Impact	Action Ideas*
Loss of “normal” weather	<ul style="list-style-type: none"> • Hard to forecast • Increased uncertainty 	<ul style="list-style-type: none"> • Diversify resource portfolio • Distributed energy resources (DERs) such as battery/solar
Aridification & Hydro Supply – Recent drought conditions	<ul style="list-style-type: none"> • Less run off/water supply • Reduced wholesale revenue opportunity • Greater risk of wildfires 	<ul style="list-style-type: none"> • Scenario analysis is increasingly important
Wholesale Costs	<ul style="list-style-type: none"> • Higher/more volatile costs • Rates + RSA + Wholesale ↑ 	<ul style="list-style-type: none"> • Work broadly to address challenges • Reduce risk from hydro variability
Shifting Peak	<ul style="list-style-type: none"> • Winter Peak → Dual Peak • Need more capacity overall 	<ul style="list-style-type: none"> • Participate in regional initiatives to efficiently dispatch energy and plan capacity

2. Government Regulations & Other Commitments

Driver	Impact	Action Ideas*
Changing Regulations (Fed, State, Local, Other states)	<ul style="list-style-type: none"> • Increased complexity to navigate. • Compliance tracking requirements increasing • Not recognizing other state regulatory issues • WA state is using cap & trade auctions to raise \$ towards decarbonization 	<ul style="list-style-type: none"> • Focus on tiers: Tier 1 is compliance; Tier 2 is benchmarking & performance targets

De-Carbonization Initiatives	<ul style="list-style-type: none"> • Potential for additional load through electrification efforts (PSE “Green Energy”) • Additional pressure on regional resource planning / adding to current resource adequacy concerns • Larger Load overall & higher peak load 	<ul style="list-style-type: none"> • Collaboration to prepare for electrification • Potential to reimagine relationship between the utility and the customers through demand response programs, TOU, and using customers’ DERs/storage
Re-licensing Agreement Commitments	<ul style="list-style-type: none"> • Increased costs put pressure on rates 	
State Session	<ul style="list-style-type: none"> • Challenges of advocacy with so many policy proposals 	<ul style="list-style-type: none"> • Engage early with elected officials

3. Technology & Infrastructure Maintenance

Driver	Impact	Action Ideas*
Smart Meters – still installing and time to upgrade	<ul style="list-style-type: none"> • Increased costs • Staff time • Long payback period • Customer acceptance 	
Customer-Owned Generation (COG)	<ul style="list-style-type: none"> • Consumers becoming prosumers will need less energy supplied by SCL. • Lost revenue • Connection challenges 	<ul style="list-style-type: none"> • New opportunities to explore with customer DERs. Re-thinking the revenue model with prosumers.
Aging Infrastructure	<ul style="list-style-type: none"> • Delayed reliability projects • A lot of infrastructure at end of expected lifespan • As we add load can our infrastructure support? (ex: High Speed EV) 	<ul style="list-style-type: none"> • Balance the competing objectives of affordable rates & reliability (ties to Increasing Rates below)
Cyber Security	<ul style="list-style-type: none"> • Service reliability • Everything is now digital – this can impact more 	
Emerging technologies	<ul style="list-style-type: none"> • Hydrogen- would we be asked supply power for green hydrogen production? 	

	<ul style="list-style-type: none"> • Small modular nuclear- will this provide baseload capacity in the region? 	
Natural Disasters	<ul style="list-style-type: none"> • Recent focus has been on wildfire mitigation. But how are we positioned for other natural disaster risks like a major earthquake? • Earthquake: single one-time impact. How do we come back? • Resiliency and recovery 	<ul style="list-style-type: none"> • Align all teams dealing with risk: comms, emergency management, cyber security, etc.

4. Customers' Issues

Driver	Impact	Action Ideas*
More sophisticated/diverse customer needs	<ul style="list-style-type: none"> • Flexibility in meeting needs • More complex design process (ex: increased load) 	<ul style="list-style-type: none"> • Reduce barriers as service cost increases • Bring customers along: share journey and involve in process • Equity lens
Costs everywhere are rising (less hydro, rising BPA rates, inflationary costs)	<ul style="list-style-type: none"> • Customer rates increase 	
New Resources are expensive	<ul style="list-style-type: none"> • Transmission costs • Resource costs • Balancing supply/demand given the changing load and resource mix 	<ul style="list-style-type: none"> • Choices around how to meet peak load • Creative opportunities on demand side (demand response) • SCL-planned DERs such as community solar
EV Charging	<ul style="list-style-type: none"> • Charging infrastructure may struggle to keep pace with demand • Potential for more charging in homes & on travel routes 	<ul style="list-style-type: none"> • Distribution grid modernization (trade off on reliability <-> cost)

5. Greater Western Regional Grid

Driver	Impact	Action Ideas*
Transmission constraints and resource capacity concerns	<ul style="list-style-type: none"> SCL is well situated, compared to neighboring utilities that must add significant low-carbon resources Regional grid challenges 	<ul style="list-style-type: none"> Participation in regional solutions will be critical Opportunity to partner in projects
Transmission system expansion with growing renewable energy resources	<ul style="list-style-type: none"> Increased costs for renewable energy projects 	<ul style="list-style-type: none"> Leverage new markets Increase portfolio diversity: solar, wind, nuclear
Evolution of the power markets	<ul style="list-style-type: none"> Requires planning to prepare and participate 	<ul style="list-style-type: none"> Staffing and training to prepare for the new markets
BPA Contract	<ul style="list-style-type: none"> Uncertainty of future rates – one more year before ‘record of decision’ 	

6. Other

Driver	Impact	Action Ideas*
Supply Chain	<ul style="list-style-type: none"> Equipment delays 	
City Governance Structure	<ul style="list-style-type: none"> Council focuses on a wide array of city issues Council may not fully appreciate the complex climate impacts and regional resource adequacy issues 	<ul style="list-style-type: none"> Increase pace of decision-making

Internal Drivers

For the internal driver conversation, the group was kept together to discuss what internal challenges and opportunities we should consider in the coming six years. Participants were encouraged to consider:

- Customers: In what parts of our operations are customers most pleased? Where do customers express concerns about our responsiveness, reliability, or credibility?
- Infrastructure: Where we need to invest in infrastructure in the next five years outside of maintaining the system?
- Operations – Are there drivers that impact core operations at SCL?
- Workforce – what are the big priorities in workforce planning?
- Technology – How can we use technology more effectively?
- Finance – Does SCL have adequate funding?
- Rates – What rate paths and rate structures may be acceptable to customers? What might be unacceptable?

Responses below are not in any particular order. Blank spaces are intentional and capture areas that were not discussed in the conversation.

**Action Ideas only capture what was said through the activity and are not vetted recommendations, only suggestions to consider.*

1. Recruitment & Workforce

Driver	Impact	Action Ideas*
Labor shortage for skilled trades	<ul style="list-style-type: none"> • Labor is critical for system maintenance • Balance staffing vs rates (skilled + new at adequate numbers) • Opportunity to improve relations with crews (ex: line) • City salary structure makes it difficult to compete with non-municipal utilities 	<ul style="list-style-type: none"> • Balance existing infrastructure with regional. • Training facility
Increase in upcoming retirements	<ul style="list-style-type: none"> • Expensive & hard to attract → increased costs 	<ul style="list-style-type: none"> • Must bring up next generation of leadership. • Need for succession planning
Changing skill needs	<ul style="list-style-type: none"> • How to develop & train in response to rapidly changing technologies • New skillsets needed as infrastructure changes Balance new vs current work • Need to grow & adapt to meet customer demands 	<ul style="list-style-type: none"> • Build culture supporting innovation • People focus over next strategic planning cycle • Prepare the future workforce • Succession planning

	<ul style="list-style-type: none"> Design becoming more complex with changing infrastructure (ex: High speed EV) 	
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2. Customer Needs Shifting

Driver	Impact	Action Ideas*
Affordability	<ul style="list-style-type: none"> Impact of rising rates on low-income customers (energy burden). What affordability programs to support? Customer participation in demand response programs is unknown 	<ul style="list-style-type: none"> Set funds aside for Low Income Communities Offer equipment (such as air conditioning) to LI Re-imagine customer interaction to leverage customer side load/supply (TOU, demand response). Set participation goals
Customer Concerns		<ul style="list-style-type: none"> New way to solve problems
Outreach	<ul style="list-style-type: none"> How to increase speed of communication to customers (ex: around outages)? Challenge of communicating day-to-day with customers 	<ul style="list-style-type: none"> Interact beyond just bill to increase reliability

3. Finance/Rates

Driver	Impact	Action Ideas*
Rates <-> Needs	<ul style="list-style-type: none"> Low rates vs. rising costs associated with needed investment (infrastructure, systems, staffing, etc.) 	<ul style="list-style-type: none"> Decide what isn't a priority & cut it. Locate new opportunities to save money
Supply <-> Demand	<ul style="list-style-type: none"> Decreased supply vs Increased demand New infrastructure vs. costs 	<ul style="list-style-type: none"> Encourage customers to invest in DERs (with right rate structure and interconnection)
Access to Service	<ul style="list-style-type: none"> As rates increase, how do we ensure access to services? 	<ul style="list-style-type: none"> Bring customers on journey – let them know what SCL is doing & why

Reducing Rate Volatility	<ul style="list-style-type: none"> • Hydro variability creates rate volatility 	<ul style="list-style-type: none"> • Diversify resources (ex: exchange hydro volatility for a more stable resource if available and cost effective)
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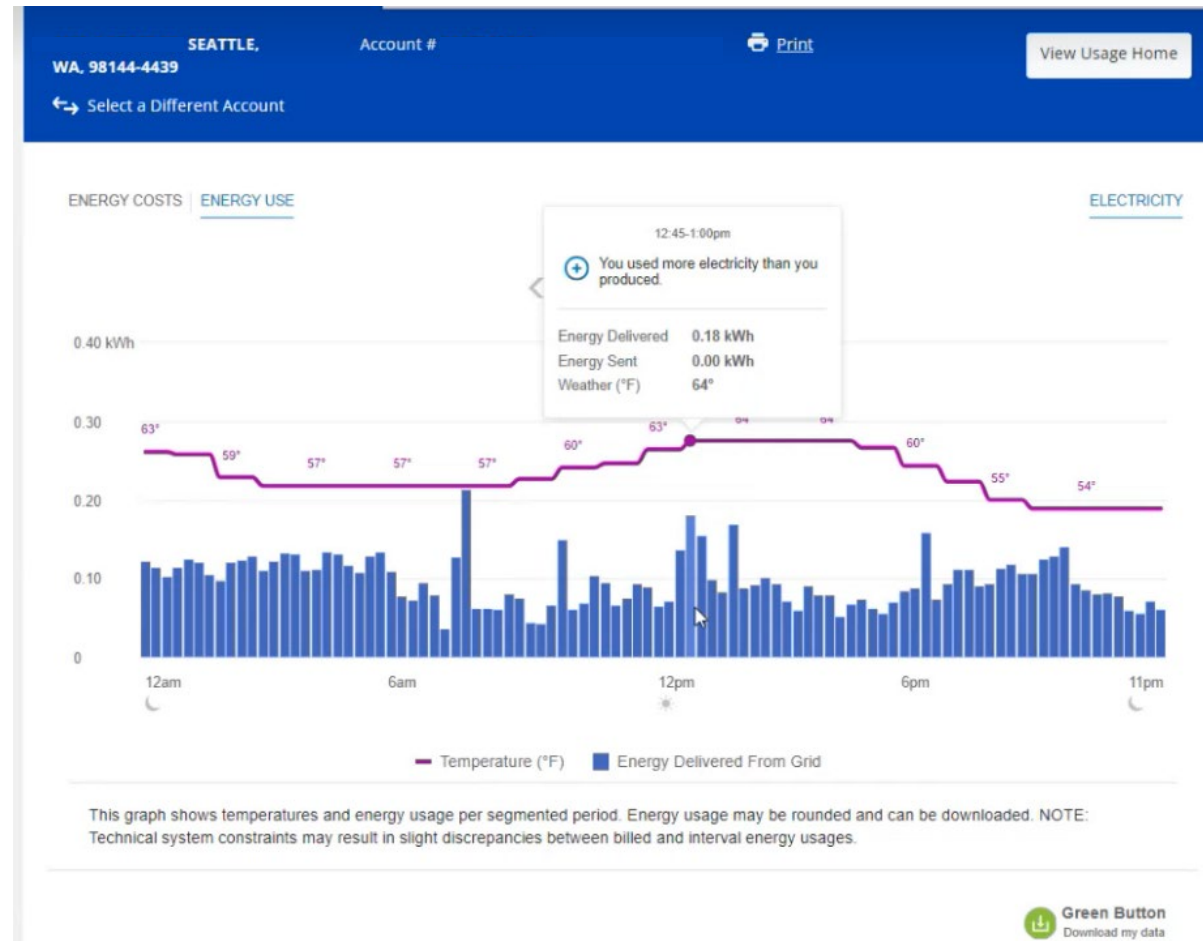
4. Technology & Automation

Driver	Impact	Action Ideas*
AI	<ul style="list-style-type: none"> • Lots of opportunities (grid management, customer interaction) • Increased risk, especially around cyber security 	<ul style="list-style-type: none"> • AI demand/response • AI load management • Address customer support with AI

Implement Time of Use (TOU) Rates

What did we accomplish in 2023?

- Interval data for all Advanced Metering Infrastructure (AMI) capable meters available to customers
- Released Customer Insights Solution RFP
- Began Racial Equity Analysis work
- Pilot feedback and lessons learned gathered



Implement Time of Use (TOU) Rates



Customers will be able to view up to 13 months of usage, cost, weather data and bill length regardless of meter type.



Customers with AMI or MV90 meters will have the ability to drill down and see additional graph views that will include Daily, Monthly, and 15-minute Interval data.



Commercial customers will be able to drill down to additional views that include demand and power factor data.



Solar customers will be able to view delivered and received meter information.



All customers will have the Green Button option to download their data



Implement Time of Use (TOU) Rates

What are we planning to do in 2024?

- Transition pilot customers to permanent rate
- Select and contract with technology vendor to provide a suite of decision-support and rate implementation tools
- Develop customer communication & outreach plan including equity and inclusion study outcomes
- Strengthen internal business process to ensure excellent customer service
- Develop project schedule & go-live date
- Prepare for release of TOU rates in early 2025

