



MAY 31, 2018

## Select Committee on 2018 Seattle City Light Strategic Plan Q & A

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### **Overview & Process**

**What is CL doing to address discrimination and harassment? What role is executive leadership playing?** CM Mosqueda & CM Sawant

*Answer: From the General Manager down through every level of management and in communications to our employees, it has been made clear that discrimination and harassment will not be tolerated. In addition to closely tracking the participation of City Light employees taking the required online training for all City employees, City Light has also embarked on an aggressive workplace culture change effort.*

**What is the timeline for joining the Western Energy Imbalance Market?** CM O'Brien

*Answer: On schedule to join in Spring 2020, delay due to the need to replace trading floor technology used for all sales and purchases in the energy markets.*

**Are IT Projects a weakness; how much of the plan is focused on IT Projects?** CM Mosqueda

*Answer: No, IT projects are not a weakness. City Light works closely with Seattle IT to ensure that the department's IT needs are being met. The current plan includes several IT projects that improve the department's digital customer service and that upgrade existing technology systems. Overall, the plan includes about \$4M in new O&M and about \$28M in new capital expenses for enterprise software/technology projects (Enterprise Software Upgrades, Power Plant Remote Control Operating System and Energy Management SCADA Upgrade).*

### **Survey & Outreach Results**

**Why were Hispanics not specifically identified in the survey data demographics?** CM Mosqueda

*Answer: The race categories used in our market research survey are the same as those used by the U.S. Census Bureau. Seattle City Light will work with other City departments to standardize how the City collects demographic data on race and ethnicity on future market research projects.*

**How can we better reach residential groups during stakeholder outreach?** (felt that there was more outreach to business groups than residential) CM Mosqueda

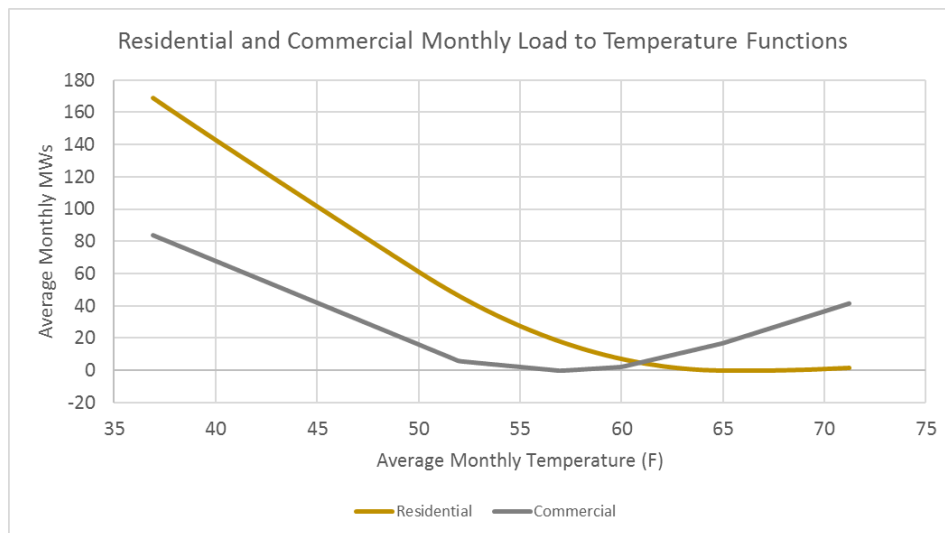
Answer: Residential customers, including the over-sampling of Utility Discount Program participants, were a prime focus of the extensive market research conducted in the early fall. The interests of residential customers, including their rates, were also part of the following stakeholder meetings: Human Services/Low-Income Providers; Franchise Cities; NW Energy Coalition; & Citywide Open Houses.

Seattle City Light has been using a variety of methods over the past six years to reach as many customers as possible, particularly residential customers that represent 397,074 of our nearly 450,000 customers (88%). Market research has been the most successful method at reaching a statistically relevant sample size (1,665 respondents), but we continue to seek new and innovative ways to incorporate our residential customers input.

### New Load Forecast Methodology

**What is weather-adjusted forecast?** CM O'Brien

Answer: It is system electricity consumption adjusted to remove the impacts of hotter-than-normal and colder-than-normal weather. It shows what consumption for the year would have been given an average weather year.



**How does rate design impact revenue decline?** CM Mosqueda

Answer: Rate design does not impact the overall revenue requirement that the department sets in the rate ordinance, however adjustments to "how" the revenue is collected (rate design) can impact the variability of the revenue. City Light rates have fixed daily charges (basic service charge), charges based on peak demand, and charges based on unit consumption. Rate design determines how much revenue is collected

via each type of charge. Lower consumption has had an outsized effect on revenues because City Light's rate design relies heavily on consumption charges. Updating rate designs could improve revenue stability, create new service options, and better target cost recovery.

**How did CL and the external consultant select variables when developing the forecast, and what are they? Did the forecast comment on the types of changes that are needed?** CM Mosqueda

*Answer: The new retail sales forecast uses economic variables such as employment and housing growth, as well as end-use variables: utility efficiency program savings; non-programmatic (customer-initiated) efficiency savings; distributed generation (solar); electric vehicles; and climate change. The forecast is supported by a cross-functional internal technical team and is closely related to City Light's Conservation Potential Assessment (CPA), distribution capacity planning, and long-term Integrated Resource Plan (IRP). No, the forecast does not provide any recommendations related to retail rate changes. City Light has not yet engaged an external report specifically on rate design matters, however the declining utility revenue issue is widespread, and rate design reform is a prominent industry issue and frequent topic of discussion and research. City Light has actively researched this topic for several years and is engaged with other utility rate staff across the country on this issue.*

**How does climate change impact our load?** CM O'Brien

*Answer: For residential customers, the warmer winters has meant a lower heating load in the winter (reduced load). For commercial customers, the warmer winters are somewhat off-set by increased use of energy for cooling in the summertime. (see chart above)*

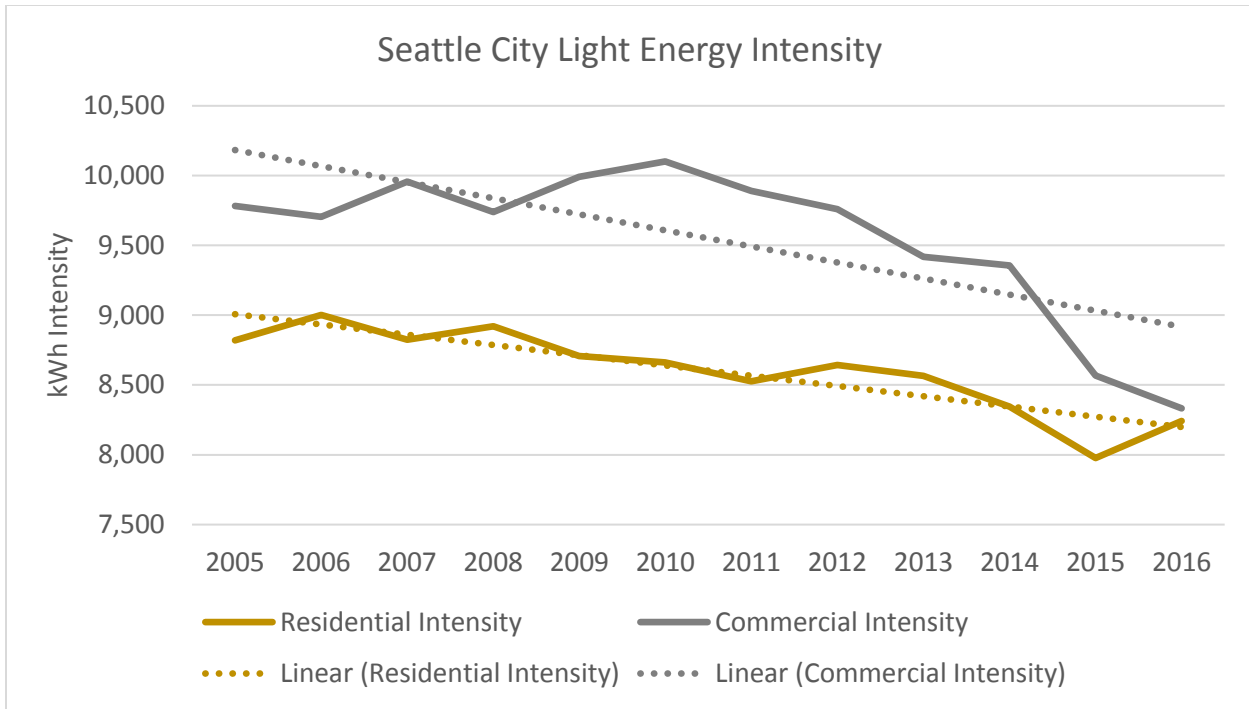
**Why does the load forecast indicate there will be less customer solar in the future?** CM O'Brien

*Answer: The forecast model considered that the reduction in the state financial incentive program for solar, which impacts the customer's pay-back period, will likely reduce or slow deployment of customers installed solar on homes or businesses in our service territory.*

**Requests for information**

**Information on per capita reduction in residential load & per square foot reduction in commercial load** CM O'Brien

*The following chart documents the steady decline in weather-adjusted energy intensity in City Light's service territory. Energy intensity is a standard industry measure for electricity consumption.*



$$\text{Residential Intensity} = \frac{\text{Annual Weather Adjusted kWh}}{\text{Number of Residential Meters}}$$

$$\text{Commercial Intensity} = \frac{\text{Annual Weather Adjusted kWh}}{\text{Number of SCL Service Sector Employees}}$$

**Total bill impact important – rate goes up, but bill does not necessarily go up that much, if usage goes down. Would like to sample customers bill impacts** CM O'Brien

*This is included in the Strategic Plan document along with the rate path.*

**How are you addressing bill estimates/backlog problems?** CM Sawant

*City Light is preparing a written summary of data to reflect the success of the focused effort to reduce bill estimates and the backlog of billing issues from the Fall 2017. This will be transmitted separately.*

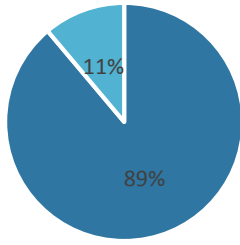
**What costs are relevant and need to be funded?** CM Mosqueda

*This information will be part of the next presentation representing the plan components and costs associated with them.*

**Requested charts showing customer group and energy usage/revenue.** CM Mosqueda

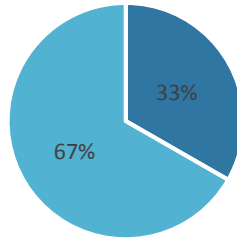
*2017 Statistics:*

### Customer Accounts



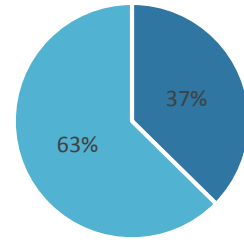
■ Residential ■ Non-Residential

### kWh Consumption



■ Residential ■ Non-Residential

### Retail Revenues



■ Residential ■ Non-Residential