

# STRATEGIC PLAN METRICS

Seattle City Light Review Panel

February 2, 2016



# TODAY'S PRESENTATION

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Look at the road forward for the  
City Light Strategic Plan

1. Investments and Programs
2. Expected Outcomes for 2017-  
2022



# STRATEGIC PLAN: FOUR KEY OBJECTIVES

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**1. Improve Customer Experience and Rate Predictability**

**2. Increase Workforce Performance and Safety Practices**

**3. Enhance Organizational Performance**

**4. Continue Conservation and Environmental Stewardship Leadership**

# 1.

## IMPROVE CUSTOMER EXPERIENCE & RATE PREDICTABILITY

### RELIABILITY

**Outage Duration-SAIDI/Outage Frequency-SAIFI:** Target = 5% improvement over the previous 3-year average.

Supporting Investments (examples):

- Vegetation management (annual): \$6.2M
- Underground cable injection/replacement (annual): \$6.4M
- Denny Substation (total project): \$209.5M
- Energy Management System (total project): \$22.5M
- Distribution Automation (annual): \$3.1M
- Alaskan Way Viaduct Relocations (total project): \$210M
- Other: Outage management system, overhead/underground capacity additions, substation and line improvements, compliance with NERC reliability standards, asset condition assessment.

1.

## IMPROVE CUSTOMER EXPERIENCE & RATE PREDICTABILITY

### CUSTOMER SERVICE EXPERIENCE

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#### **Residential/Business Rankings for Customer Service (JD Power):**

City Light strives to be #1.

#### Supporting Investments (examples):

- New Customer Information System (total, City Light): \$45M
- Advance Metering Infrastructure: \$85.3M
- IT Security Upgrades (annual): \$0.9M
- Other: Maintenance of high power quality and availability, improved Web portal, flexible billing, e-billing, dedicated account executive for larger customers and chains, mobile apps for customers.



# 1. IMPROVE CUSTOMER EXPERIENCE & RATE PREDICTABILITY

## BILL ASSISTANCE

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**Utility Discount Program (# of participants):** Goal is Mayor's target for 2018 (28,000).

### Supporting Investments (examples):

- Low-Income Assistance Outreach (annual): \$0.4M
- Project Share (annual contributed): \$0.2M
- Other:
  - Increased utility staff to sign customers up
  - Free home energy audits
  - Support for low-income housing weatherization (HomeWise program- Seattle Office of Housing)
  - Administrative support for and direct emergency bill assistance (LIHEAP, ELIA, Project Share)

1.

## IMPROVE CUSTOMER EXPERIENCE & RATE PREDICTABILITY

### STREETLIGHTS & SERVICE CONNECTIONS

**Streetlight Repairs:** Goal is rapid response to lighting outages and reduced need for repairs.

Supporting Investments (examples):

- Streetlight Infrastructure (annual): \$3.5M
- LED Conversion Program (annual): \$6.0M
- Waterfront (Viaduct replacement) Streetlighting (annual): \$2.5M

**Service Connections:** Goal is rapid hook-up of new customers.

Supporting Investments (examples):

- Establishment of standards and compatible units (annual): \$1.0M

# 1.

## IMPROVE CUSTOMER EXPERIENCE & RATE PREDICTABILITY

### RATE PREDICTABILITY

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**Rate Changes:** Goal is low average annual rate increases, progressively lower as new Strategic Plans are adopted.

#### Supporting Investments (examples):

- Performance Based Reporting (annual): \$1.4M
- Utility of the Future (annual): \$0.2M
- Internal Audit (annual): \$0.6M
- Other: Lower cost implementation of capital projects (new project management guidelines and system)



## 1.

## IMPROVE CUSTOMER EXPERIENCE &amp; RATE PREDICTABILITY

## METRICS

**Goal:** Efficiently manage the energy system, respond quickly to customer concerns and outages, and make it possible for customers to predict and budget their utility costs.

	2003	2008	2012	2013	2014	2015	Goal 2017-22
<b>Outage Duration: SAIDI</b> (avg. cum. minutes/customer)	77.8	88.4	69.0	68.7	69.7	62.5	60-65
<b>Outage Frequency: SAIFI</b> (avg. # of events/customer)	1.6	1.0	1.0	0.9	0.9	0.5	0.6-0.8
<b>Residential Customer Service Ranking</b> (JD Power West Rgn)	#18	#11	#2	#3	#3	#3	#1
<b>Business Customer Service Ranking</b> (JD Power West Rgn)	N/A	N/A	#4	#1	#1	#2	#1
<b>Utility Discount Program</b> (# of participants)	12,702	12,351	13,415	14,000	16,941	20,779	28,000
<b>Streetlight Repairs</b> (% responded to in <14 days)	N/A	N/A	N/A	93.5%	95.4%	93.9%	90%
<b>Service Connections</b> (days for connection)	N/A	59.7	33.5	35.2	36.1	33.1	30-40
<b>Rate Predictability</b> (avg. annual increase 6 years)	N/A	N/A	N/A	4.7%	N/A	4.4%	4.3%

## 2.

# INCREASE WORKFORCE PERFORMANCE AND SAFETY

## HIRING AND VACANCIES

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**Hiring Cycle:** Improved hiring means less vacancy time lost, reduced need for temporary hiring and continued productivity. Goal is continued improvement, less than a month from advertising for a position to filling it.

**Vacancy Rate:** Goal is vacancy rate assumed in annual budget.

### Supporting investments (examples):

- Succession Planning (annual): \$0.2M 2017, \$0.1M 2018-2022
- Workforce Development (annual): \$1.9M
- Facility Improvements (annual): \$2.9M
- Other: Training, leadership focus on employee experience, employee benefits, expedited hiring practices.

## 2.

# INCREASE WORKFORCE PERFORMANCE AND SAFETY

## ACCIDENT REDUCTION

**Accident Rate (TRR):** Goal is continued improvement, ideal is 0 accidents.

**Preventable Vehicle Collisions:** Goal is no more than 30, ideal is 0.

Supporting investments (examples):

- Safe Driving Program (annual): \$0.4M
- Arc Flash Resistant Clothing (annual): \$0.6M
- Other: Utility-wide promotion of safety culture (Safe Habits, Safe Worker Program, “The Other 16”), safety training, Personal Protection Kits, site assessments and root cause analysis, ergonomic mitigation programs.

## 2.

# INCREASE WORKFORCE PERFORMANCE AND SAFETY

## TRAINING

**Avg. Training \$/Employee:** Goal is continuous improvement and maintenance of employee skills at a high level.

Supporting investments (examples):

- Apprenticeship Program (annual): \$1.5M
- Internship Program (annual): \$0.6M
- Technical Training Center(total project): \$14M
- Other: Broader and redesigned job classifications, Organizational Excellence leadership development program, computer skills training and online learning library, learning and talent management system.

## 2.

## INCREASE WORKFORCE PERFORMANCE AND SAFETY

## METRICS

Goal: Maintain a well-trained up-to-date workforce, proactively manage impending wave of retirements, retain highly skilled workers, and continuously improve employee safety record.

	2003	2008	2012	2013	2014	2015	Goal 2017-22
<b>Hiring Cycle</b> (days)	184	57	49	42	24	28	30
<b>Vacancy Rate</b> (% of FTE)	9.6%	6.3%	7.0%	7.0%	5.0%	5.4%	4.0%
<b>Accident Rate</b> (TRR)	13.1	6.9	7.0	6.3	5.3	6.0	0-2.2
<b>Preventable Vehicle Collisions (#/year)</b>	N/A	N/A	N/A	N/A	30	31	0-30
<b>Avg. Training \$/Employee</b>	\$593	\$798	\$622	\$799	\$1,223	\$1,689	\$2,000

# 3.

## ENHANCE ORGANIZATIONAL PERFORMANCE

### LOW RATES

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**Average Rate:** Goal is rates as low as possible while providing sufficient revenue for excellent customer service and well-functioning infrastructure.

**Rate Ranking Among 25 Major U.S. Cities:** Goal is to be #1 (i.e., lowest average rate among 25 cities).

Supporting Investments (examples):

- Efficiencies (annual): \$28M
- Surplus Real Estate Sales (annual): \$1M standard, +\$1.4M 2017-2022
- Other: Generation improvements resulting in more surplus power to sell, low cost hydro generation.



# 3.

## ENHANCE ORGANIZATIONAL PERFORMANCE

### FINANCIAL TARGETS

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**Debt Service Coverage:** Goal is 1.80 per City Council resolution, sufficient to provide cash for capital investment (40% over 6-year CIP).

**S&P Credit Rating:** Goal is to maintain AA rating (highest = AAA).

Supporting Investments (examples):

- BPA long term contract (annual power & transmission): \$230M
- Variable rate debt issuance savings (annual): \$4.2M
- Financing of Diablo generator rewinds with Clean Renewable Energy Bonds (CREBs) @ 1% interest: \$32M
- Other: Low cost hydro, Boundary and Skagit project relicensing, strategic reduction of working capital, on-going management strategy to reduce cost of new debt and consequent debt service coverage requirement.

# 3.

## ENHANCE ORGANIZATIONAL PERFORMANCE

### GENERATION IMPROVEMENTS

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**Generator Rewinds/Transformer Replacements:** Goal is to achieve maximum production and efficiency from City Light generating equipment.

Supporting Investments (examples):

- Boundary Unit 51 Generator Rebuild (total): \$22.2M
- Boundary Unit 52 Generator Rebuild (total): \$19.2M
- Boundary Transformers (total): \$47.3M
- Diablo Unit 31 & 32 Generator Rebuilds (total): \$43.4M
- Other: Instrumentation upgrades, rockfall mitigation, spill gate upgrades, dam safety improvements.

## 3.

## ENHANCE ORGANIZATIONAL PERFORMANCE

## METRICS

Goal: Be in the top 10 percent of peer utilities on measures of efficiency and effectiveness, and reduce baseline costs by an ongoing \$18 million per year, at a minimum.

	2003	2008	2012	2013	2014	2015	Goal 2017-22
<b>Average Rate</b> (¢/kWh)	6.2	5.6	6.8	7.2	7.6	8.1	9-11
<b>Rate Ranking among 25 Major US Cities</b>	#5	#1	#1	#1	#1	N/A	#1
<b>Debt Service Coverage</b>	1.56	2.05	1.81	1.85	1.86	1.69	1.80
<b>S&amp;P Credit Rating</b>	A-	AA-	AA-	AA	AA	AA	AA
<b>Efficiencies</b> (\$M)	N/A	N/A	N/A	\$9.9	\$22.4	\$24.2	\$28.0
<b>Major Generator Rewinds completed</b>	1	3	2	1	1	1	7
<b>Generator Transformer Replacements completed</b>	1	4	4	1	1	6	9

# 4.

## CONSERVATION & ENVIRONMENTAL LEADERSHIP

### CONSERVATION

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**Conserved Energy:** Recent conservation potential assessment established 2016-17 target of 25.6 aMW, but utility goal is 14.0/year.

**Solar installations:** Goal is to facilitate Community Solar and customer self-generation.

Supporting Investments (examples):

- Green Up Program RECs (annual): \$0.5M
- Other: Utility rebates for advanced rooftop controllers, lighting retrofits, commercial kitchen rebates, ductless heat pump rebates, weatherization, support for community/customer solar installations.

# 4.

## CONSERVATION & ENVIRONMENTAL LEADERSHIP

### RENEWABLES

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**I-937 Compliant:** Washington's Renewable Portfolio Standard (Initiative 937) of 2006 requires percentages of retail load be served with renewable resources (excluding hydropower existing as of 1999) or by offset purchases of equivalent Renewable Energy Credits (RECs). Requirements: 9% by 1/1/2016 and 15% by 1/1/2020.

Supporting Investments (examples):

- Renewable Purchases (annual): \$37M
- REC purchases (annual): \$3M
- Other: Qualifying hydro generator upgrades.

# 4.

## CONSERVATION & ENVIRONMENTAL LEADERSHIP

### GREENHOUSE GAS NEUTRALITY AND ENVIRONMENTAL MITIGATION

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**Greenhouse Gas Emissions:** Goal is to remain at 0 net emissions.

Supporting Investments (examples):

- Carbon offsets (annual): \$1M
- Environmental cleanup of Duwamish River (annual): \$10.4M
- Boundary licensing mitigation (total to 2021): \$151M
- Skagit licensing mitigation (total to 2021): \$58M
- Other: New decant facility, PCB cleanup, wastewater treatment plants at generation facilities, new initiative to support electrified transportation.



## 4.

## CONSERVATION &amp; ENVIRONMENTAL LEADERSHIP

## METRICS

Goal: Remain the nation's greenest utility.

	2003	2008	2012	2013	2014	2015	Goal 2017-22
<b>Conservation</b> (aMW added/year)	7.0	10.1	13.0	14.7	16.0	15.8	14.0
<b>Residential Incentives</b> (\$M)	\$5.7	\$4.7	\$7.4	\$14.6	\$11.4	\$10.5	TBD
<b>Commercial &amp; Industrial Incentives</b> (\$M)	\$10.5	\$6.8	\$7.7	\$11.4	\$12.7	\$14.2	TBD
<b>Solar Installations</b> (cumulative # installed)	-	159	674	1,126	1,610	2,244	4,300
<b>Solar Installations</b> (cumulative MWh)	-	0.5	4	6	8	13	26
<b>I-937 Compliant</b>	N/A	N/A	3%	6%	6%	6%	15%
<b>GHG Emissions</b> (metric tons)	296,219	0	0	0	0	0	0



# CITY LIGHT

## OUR VISION

To set the standard—to deliver the best customer service experience of any utility in the nation.

## OUR MISSION

Seattle City Light is dedicated to exceeding our customers' expectations in producing and delivering environmentally responsible, safe, low-cost and reliable power.

## OUR VALUES

Excellence, Accountability, Trust and Stewardship.

