

Proposed Strategic Priorities and Objectives from Scenario Planning

1. Ensure Future Financial Security

Objective: Effectuate changes needed to be made to equitably stabilize rates, provide for financial flexibility, and to ensure stable financial positioning for the long-term future of SCL and its customers.

Tasks:

- Rate Restructuring and Policies - Evaluate and modify rate structures and customer policies with attention and prioritization to: cost-causation, energy burden, demand-based rates, time-of-use / real-time power pricing mechanisms.
- Financial Planning and Policies - Evaluate and modify financial plans and policies with a focus on the future sustainability of: capital and debt load goals and policies, cash reserves goals and policies, UDP goals and policies, non-pay / shut-off goals and policies.
- Revenue Stream Enhancement - Research and develop plans and policies to capitalize on consumer-driven power trends as a revenue center for SCL. Focus efforts on trends such as partnerships with corporate America on asset deployment opportunities, financing assistance for consumer device purchases, servicing options for consumer devices, convenience or boutique service options for high-end customers.
- Emergency Financial Operations - Evaluate and develop minimum operating cost plans to be deployed in the event of an operational financial crisis. Plans should allow for Seattle City Light to continue to equitably provide essential power services and should be scalable to meet the particular crises being endured.
- Financial Flexibility - Evaluate and develop creative flexible financing products and rate levers / options that are available to implement quickly in an effort to mitigate financial concerns or capitalize on financial opportunities quickly, efficiently and equitably.
- Cost Control and Optimization - Evaluate and identify unnecessary or non-value-added cost-causation programs, policies and procedures that can be scrutinized for elimination, suspension or modification.

2. Prepare the Grid for Tomorrow's Energy Use

Objective: Implement grid modifications necessary to meet customer needs, address current and future security requirements, and adapt to the new innovative grid utilization demands being placed upon it.

Tasks:

- Grid Resiliency and Modernization - Evaluate and modify the grid by hardening, sectionalizing and / or islanding SCL for resiliency, asset-optimization and operations protection.
- Enhancing Cyber Security, Compliance, and Planning - Evaluate, invest in, and fortify the physical and cyber assets of SCL, focusing on IT integration, security and compliance partnerships, preparedness plans and assets, education, and physical and cyber asset protection.
- EV's and Electrification Integration - Evaluate and modify the grid to accept and encourage electrification, focusing on implementing vehicle to grid transitions, EV infrastructure build-out, investor electrification partnerships, and City of Seattle electrification goals.

3. *Anticipate Transformational Changes in Electric Utility Service*

Objective: Provide excellent customer service while being pre-emptively prepared for transformative changes in electricity production, electricity consumption, consumer trends, and other innovative industry changes.

Tasks:

- Telling our Story - Increase external customer and community communications by distinguishing the difference between SCL's hydro-electric dams and other less environmentally sustainable resources, SCL's priority of making itself free of climate pollutants, SCL's robust low-income support programs, and SCL's outstanding outage and power restoration responses.
- Customer Choices - Identify, create and conduct customer-education programs on consumer-driven technology investments in DER's, distributed storage, and micro-grid applications.
- Advocating for Us - Increase federal lobbying activities to advocate for increased funding, communication and education on cyber security and regulations, grid modernization, and climate initiatives.

4. Optimize Operations

Objective: ———Modify business operations to optimize the value and operating efficiency of the utility while reducing cost of service and retaining and attracting an exemplary workforce.

Tasks:

- Micro-grids, DERs and Storage Integration - Evaluate, invest in and implement micro-grid, virtual power plants, DERs and storage integration across the SCL footprint while focusing on optimizing the grid operationally and financially and providing consumer choice access to communities historically most harmed by economic, racial and environmental injustice.
- Energy Asset Valuation - Conduct an in-depth useful life and economic value analysis of all current energy resources. Modify future resource plans by prioritizing all existing and future resources options based on least cost, resource diversification, renewables, storage, and grid resource / storage optimization.
- Right-sizing - Conduct an evaluation of the appropriate staffing levels and operational needs of SCL in several future operating scenarios. Develop plans on transitioning to “right size” should future operating scenarios develop.
- Improving IT for Enterprise-wide Solutions - Evaluate the effectiveness, cost, and efficiency of current disparate information technology infrastructure as compared to an enterprise-wide IT system or in-house IT program development. Incorporate City of Seattle and SCL employees in the evaluation of alternatives and modification plans.
- Preparing for Environmental Changes and Impacts - Evaluate the operational impacts SCL will face as climate change accelerates. Develop operational plans to accommodate changes to ensure safe, reliable continuity of service at the lowest cost possible.
- Enhancing and Preparing the Workforce - Conduct an in-depth evaluation on each current position at SCL for business need and skill gaps and future business need employment positions (i.e. more intellectual / analytical needs, less physical labor needs). Create succession plans for each class of positions and certain individual positions for transitioning from current use to defined future use. Evaluate all current employees’ skills against succession position requirements and create education plans for reasonably assumable future job classifications.
- Regional Operational Cooperation - Position SCL as the regional leader in an operations cooperation group with other utilities where mutual short- and long-term goals and plans are discussed, shared, examined and implemented jointly.