



A Progress Report on the Future of Your Electric Service

SEATTLE CITY LIGHT STRATEGIC PLAN UPDATE 2017-2022



The update to Seattle City Light's Strategic Plan highlights progress we're making to serve you better. The utility's goal is to exceed customer expectations in producing and delivering power that is environmentally responsible, safe, affordable and reliable.



2017-2022 Strategic Plan Progress Report

ADVANCING KEY OBJECTIVES

Every two years, City Light updates its Strategic Plan with the last revision in 2014. For this next update, the plan's foundation remains unchanged in order to maintain current levels of service while planning for a challenging future.

The Strategic Plan is organized around four key objectives that are important to the utility and its customers:

- 1 Improve customer experience and rate predictability
- 2 Increase workforce performance and safety
- 3 Enhance organizational performance
- 4 Continue conservation and environmental leadership



The Plan is Working

Here are some examples of how the plan is improving customer service and utility operations compared to 2008 when City Light had no Strategic Plan in place.

BETTER SERVICE

City Light customers experienced 50 percent fewer power outages. In addition, the utility saw higher rankings from the J.D. Power customer survey (Western region).

Residential customers:

2008: No. 11 ranking
2015: No. 3 ranking

Business customers:

2008: Not ranked
2015: No. 2 ranking

SAFETY FIRST

City Light cares about its employees and makes safety a top priority.

2008 injury rate: 6.9

2015 injury rate: 6.0

UTILITY CREDIT RATING RESTORED

An excellent credit rating means the utility significantly reduces its cost of borrowing, which ultimately impacts customer bills.

2008: S&P rating, AA-

2015: S&P rating, AA

MONEY & ENERGY SAVINGS

Conservation efforts save customers money and reduce the need for City Light to generate more electricity.

2008: 10.1 average megawatts saved

2015: 15.8 average megawatts saved

STRATEGIC PLAN COST-SAVINGS

Careful use of resources and efficient operations have resulted in sustainable cost-savings for the utility. Through these efficiencies, City Light saved \$18.5 million in 2015. By 2018, the utility is committed to achieving an additional \$10 million in cost savings for a total of \$28 million.

Work the Plan

PROGRESS ON STRATEGIC INVESTMENTS

City Light understands that service improvements must continue even as the industry rapidly evolves. That's why the utility is making progress on the following investments to fulfill its four key objectives:

1 IMPROVE CUSTOMER EXPERIENCE & RATE PREDICTABILITY

Denny Substation:

This is the first substation City Light has built in 30 years. It brings greater reliability to meet ever-increasing energy demands in many neighborhoods and provides support to other substations as well as the regional transmission grid. Completion: 2018



Denny Substation

Advanced Metering:

This \$94 million utility investment streamlines City Light operations and offers benefits to customers, including improved power-outage response. Completion: 2019

2 INCREASE WORKFORCE PERFORMANCE & SAFETY PRACTICES

Safety Culture:

In 2015, a utility-wide safety stand-down encouraged employees to focus on safety awareness. In 2016, City Light held a successful employee survey on safety, following up on a 2007 survey. In a few years, workers will be surveyed again to track progress.



Skilled Workforce:

To provide customers with the best service, City Light invests in employees through a new online training system as well as on-going leadership coaching.



3 ENHANCE ORGANIZATIONAL PERFORMANCE

Performance Targets:

Customers want to know that the utility takes care of business, spending both time and money wisely. To that end, the utility established benchmarks as a way to clearly track our goals and see if they're being met. Since 2013, at least three annual benchmark studies have been done, with more planned in the future.

Cyber-security Measures:

A robust cyber-security program keeps the utility safe and in compliance with national security standards. City Light also has established backup facilities to be used in case a disaster disables our primary facilities.

4 CONTINUE CONSERVATION & ENVIRONMENTAL LEADERSHIP

Climate Research:

City Light released its first Climate Adaptation Plan in 2016, which will help the utility meet the many challenges of climate change.

Conservation Innovation:

Working with three commercial office buildings in Seattle, City Light launched a new program called pay-for-performance. It offers financial incentives through ongoing annual payments for energy savings, rather than a traditional one-time, up-front incentive pay-out. In 2015, participants saved a total of approximately 3.5 million kilowatt hours, enough energy to power 440 Seattle residences for one year.



Looking Forward

ADAPTING TO A CHANGING FUTURE

The electric industry is changing. Seattle's electric load growth is slowing and may decline long term, even as the economy grows. That means less revenue for the utility as it faces increasing costs to replace aging infrastructure and deploy new technology customers want. The fast pace of technological change means electric vehicles, solar power and battery storage are becoming more efficient and less expensive. The reality is that customers may not need traditional utility service tomorrow as they do today.

UTILITY OF THE FUTURE

City Light is committed to adapting. As part of this Strategic Plan update, we will explore how to become an agile "Utility of the Future" and have already identified two areas where the utility must evolve: transportation electrification and climate adaptation.

Transportation Electrification:

Last year, City Light studied electrification of Seattle's transportation sector and the benefits of replacing fossil fuels with clean electric power, especially in public transport. We worked with other city departments and Mayor Edward Murray to launch the "Drive Clean Seattle" initiative, and continue to invest in this effort.

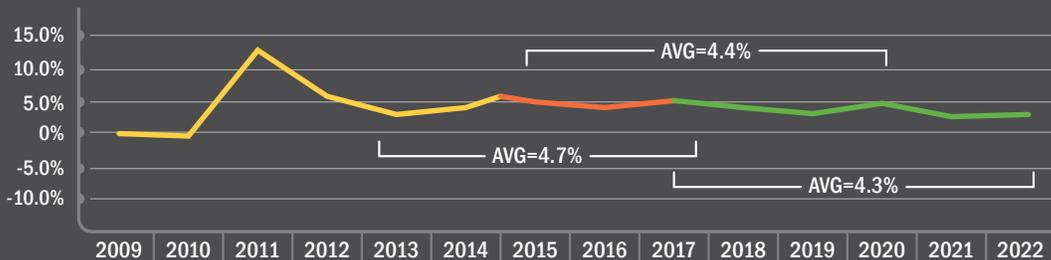
Climate Adaptation Plan:

In our last Strategic Plan, we studied how climate change would impact the utility and our customers. Now we've published a Climate Adaptation Plan that helps the utility prepare for and be less vulnerable to climate change.

CITY LIGHT RATE PLAN: PREDICTABLE & SUSTAINABLE

The Strategic Plan update proposes a rate increase that averages a predictable 4.3 percent annually through 2022 for an average residential bill change of \$3.12 per month or \$37.44 per year.

UPDATED STRATEGIC PLAN RATE PATH 2015-2020 vs 2017-2022



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