

# 2025 – 2030 Strategic Plan

**Sustainability,  
City Light,  
Arts & Culture  
Committee**

**July 15, 2024**



# Agenda

## Welcome

Dawn Lindell  
General Manager & CEO

## Strategic Plan

Leigh Barreca  
Manager, Strategic  
Planning & Performance

## Rate Outlook

Kirsty Grainger  
Chief Financial Officer

## Q&A



# Seattle City Light



# What is the City Light Strategic Plan?

- Process established by Council Ordinance in 2010.
- Six-year view of priorities, outcomes and initiatives.
- Six-year rate path, a foundation for biennial budget and retail rates.



# City Light Review Panel

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- Nine-member volunteer Panel representing customers and partners
- Appointed by Council or Mayor, charter set by Resolution
- Panel guides and provides input on strategic planning, financial planning, and rate proposals



**Leo Lam**  
Residential Cust. Rep  
**Panel Chair**



**Joel Paisner**  
Suburban Cities Rep  
**Panel Co-Chair**



**Kerry Meade**  
Non-Profit Energy  
Efficiency Rep



**Tim Skeel**  
Economist



**Thien-Di Do**  
Member at Large



**Oksana Savolyuk**  
Low-Income Cust. Rep



**John Putz**  
Financial Analyst

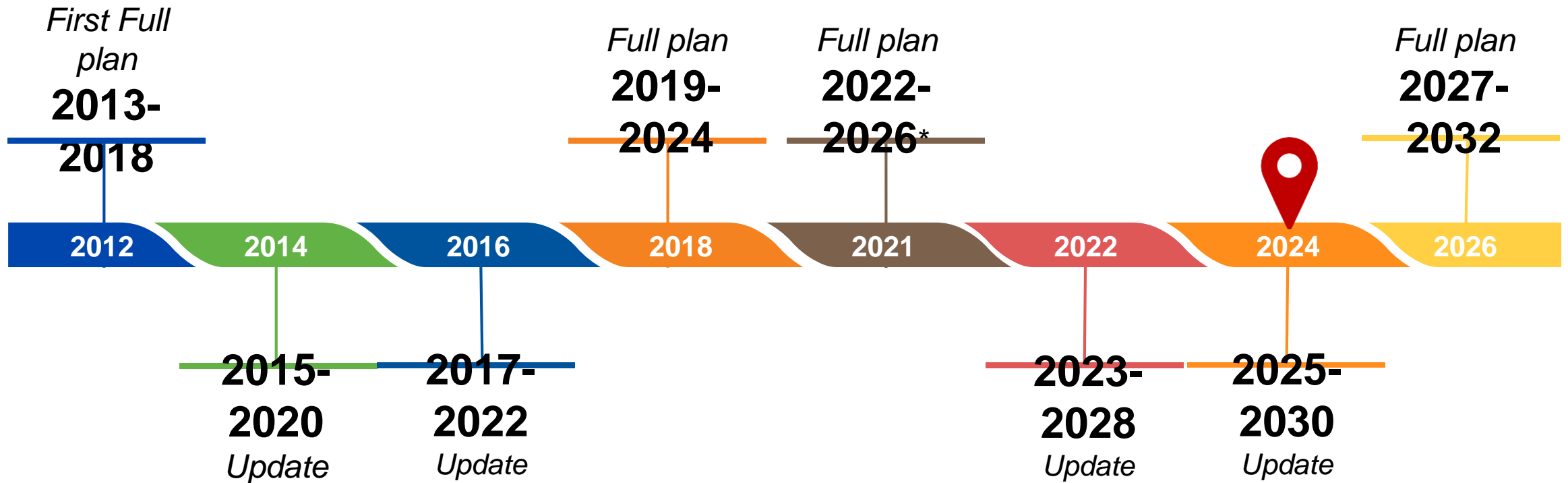


**Mikel Hansen**  
Commercial Cust. Rep



**Amy Altchuler**  
Industrial Cust. Rep

# Strategic Plan Cycles



\* Due to pandemic 2022-2026 SP was a five-year plan

# Commitment to Diversity, Equity & Inclusion

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- Strategic plan & rate path informed by large utility planning efforts
  - Planning efforts include community engagement & racial equity review
- RSJI Project Team reviewed and made recommendation for budget change requests (BCR).



# Focusing on our Community's Values

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- Six stakeholder group presentations offered in 2023 and 2024, 131+ attendees
- 16 hours of strategy planning meetings with the City Light Review Panel
- Customer outreach via survey
- Employee outreach: meetings & online materials through City Light internal communication channels

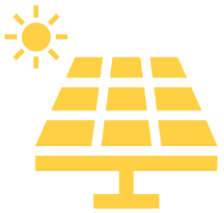


# Some Key Things we Heard

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Everyone cares about the affordability and predictability of rates



Many are interested in renewable energy, especially solar incentives



People want to learn more about available rebates and incentives



Customers and employees want to be involved

A utility worker wearing a yellow hard hat and safety glasses is focused on working inside an open electrical panel. The worker is wearing a blue long-sleeved shirt. The background shows the interior of the panel with various electrical components, including circuit breakers and busbars. A yellow banner with white text is overlaid on the right side of the image.

# POWERING AHEAD

STRATEGIC PLAN UPDATE 2025-2030



Seattle City Light

# Strategic Plan Business Strategies

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Improve the Customer Experience



Create our Energy Future



Develop Workforce and Organizational Agility



Ensure Financial Stewardship and Affordability



We Power

# Priority: Improve the Customer Experience

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## Outcomes:

- Deliver programs aligned with customer priorities.
- Decrease unplanned outages in areas experiencing above-average outage rates.
- Provide more predictable electric service connection timelines.

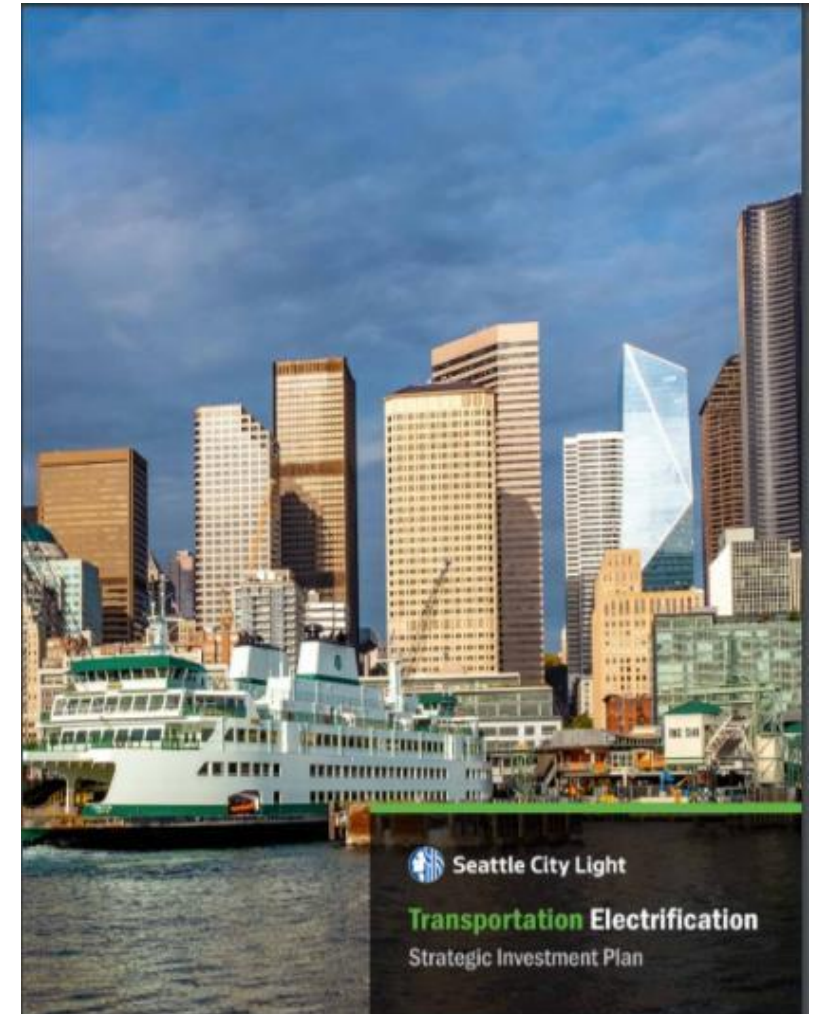


# Priority: Create our Energy Future

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## Outcomes:

- Secure a diverse mix of long-term energy resources to meet growing demand.
- Support customer adoption of transportation & building electrification.
- Improve energy delivery infrastructure to support current & future capacity needs.



# Priority: Workforce & Organizational Agility

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## Outcomes:

- Increase employee engagement.
- Provide opportunities for career mobility.
- Prioritize our work & staff it appropriately.



# Priority: Financial Stewardship & Affordability

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## Outcomes:

- Reduce volatility in power supply costs.
- Allocate resources to balance growing energy costs & customer expectations.
- Limit energy burden on customers.



# Priority: We Power

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## Outcomes:

- Enhance our response to climate change.
- Efficiently manage operations to comply with expanding regulations.
- Enhance technology to adapt to evolving energy landscape.



# Rate Path



# Six-Year Rate Path

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Rate Increases</b>	3.0% <sup>1</sup>	2.1% <sup>2</sup>	4.5%	5.6% <sup>3</sup>						
<b>2022 Strategic Plan Update</b>					3.0%	3.0%	3.0%	3.0%		
<b>2024 Strategic Plan Update</b>					<b>5.4%</b>	<b>5.4%</b>	5.0%	5.0%	5.0%	5.0%

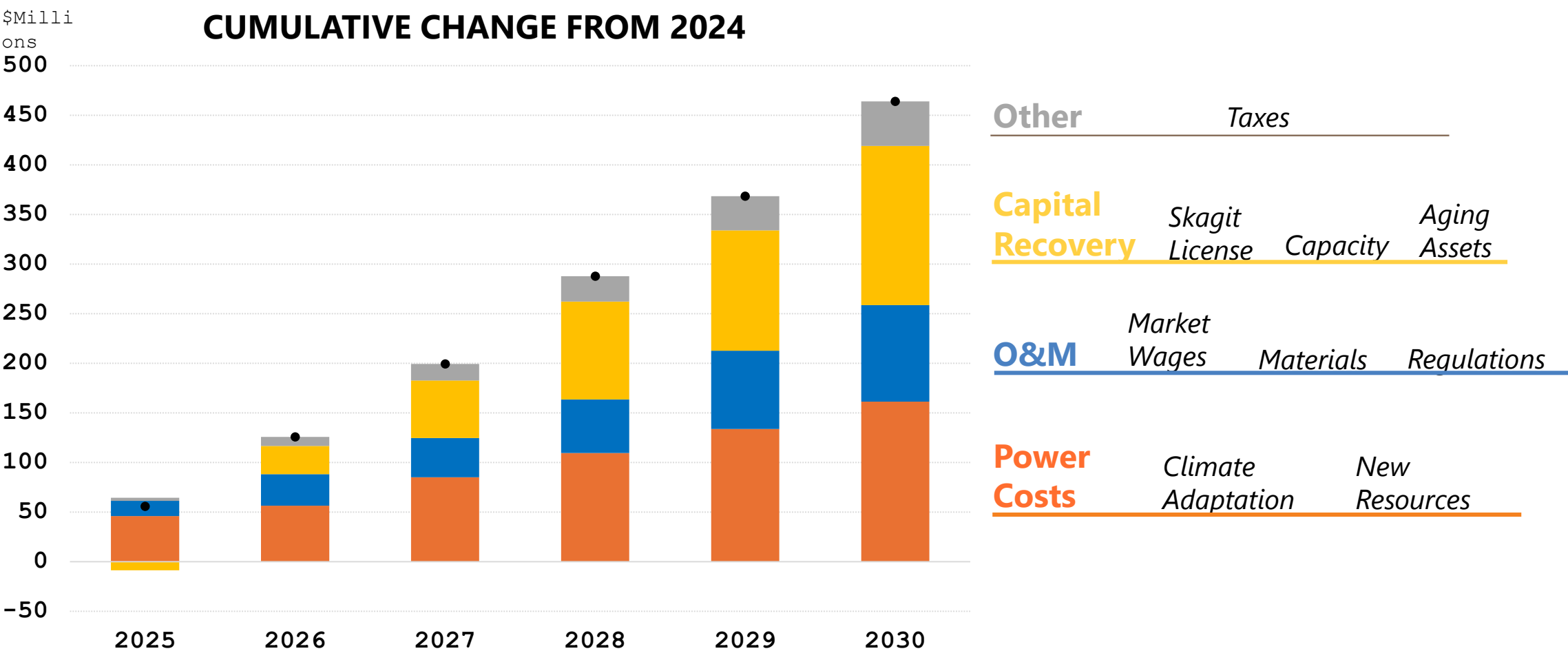
*An increase of 5.4% translates to about \$5 per month for a typical residential customer.*

<sup>1</sup> 3.0% increase legislated for 2021 was offset by an RSA surcharge rolling off, resulting in a net impact for customers of 0.0%.

<sup>2</sup> The original 3.9% legislated base rate increase was reduced due to a BPA passthrough credit.

<sup>3</sup> The legislated 4.5% base rate was increased due to BPA passthrough. Concurrently, 4.0% RSA surcharge took effect, resulting in a total impact for customers of 9.8%.

# Cost Pressures Driving Up Rates



# Clean Energy Transformation – New Regulations

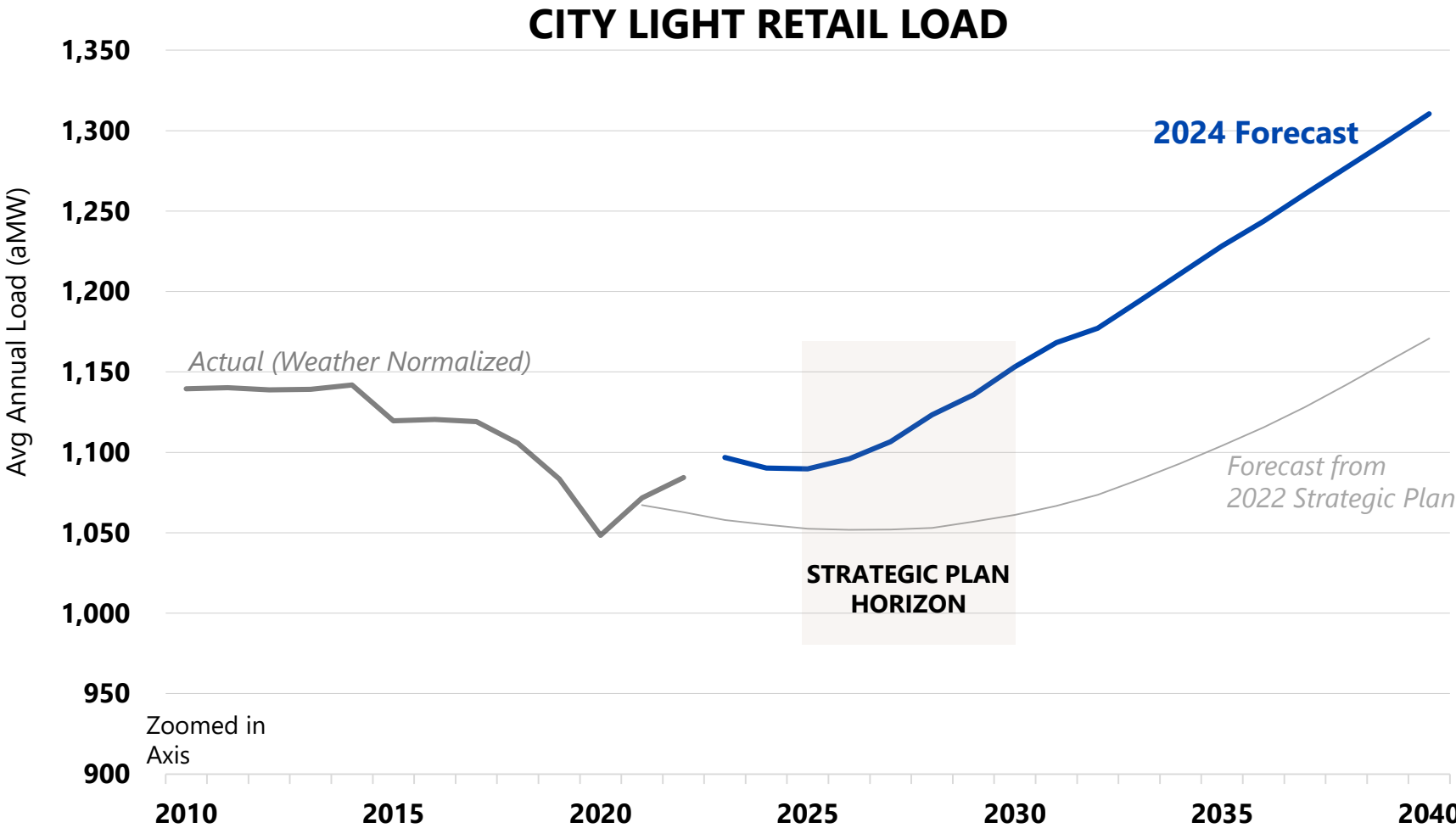
*New clean energy policies have altered the utility marketplace for electricity, materials, and skilled labor.*



## Washington State Clean Energy Transformation Act (CETA)



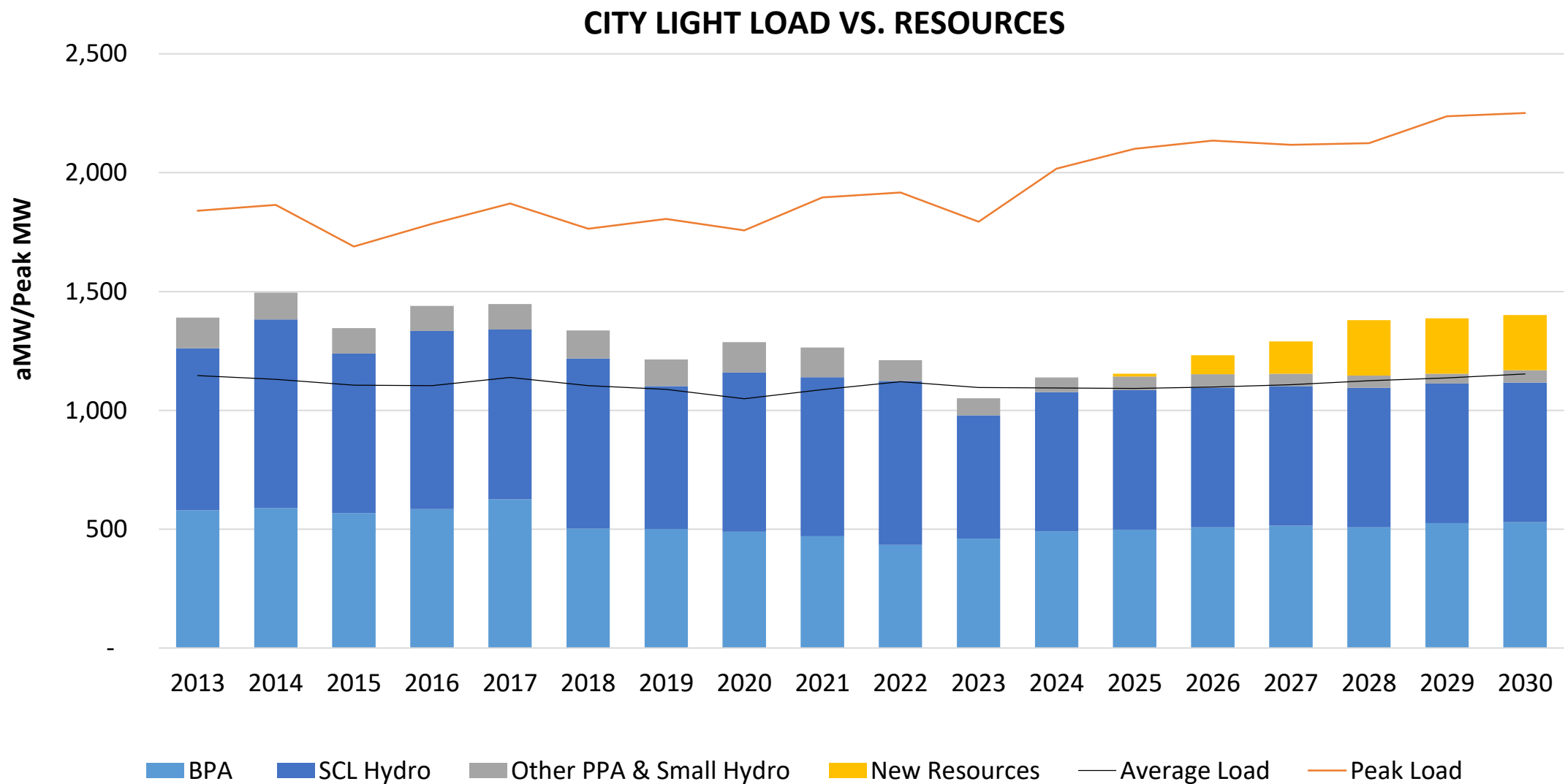
# Growing Electricity Demand



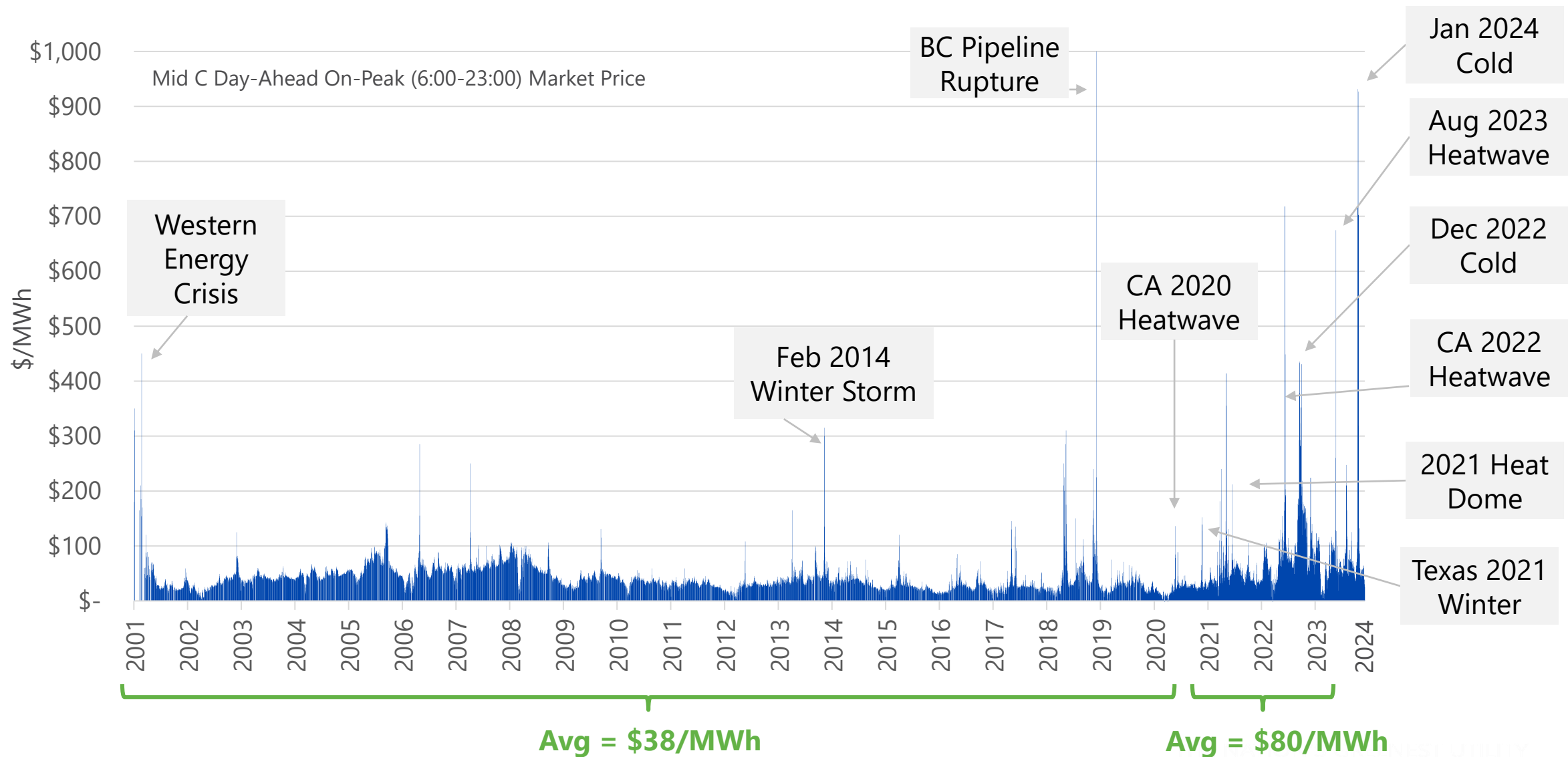
*Load is now expected to rise faster than previously forecast.*

*New resources, transmission, and peaking capacity will be needed to meet this future demand.*

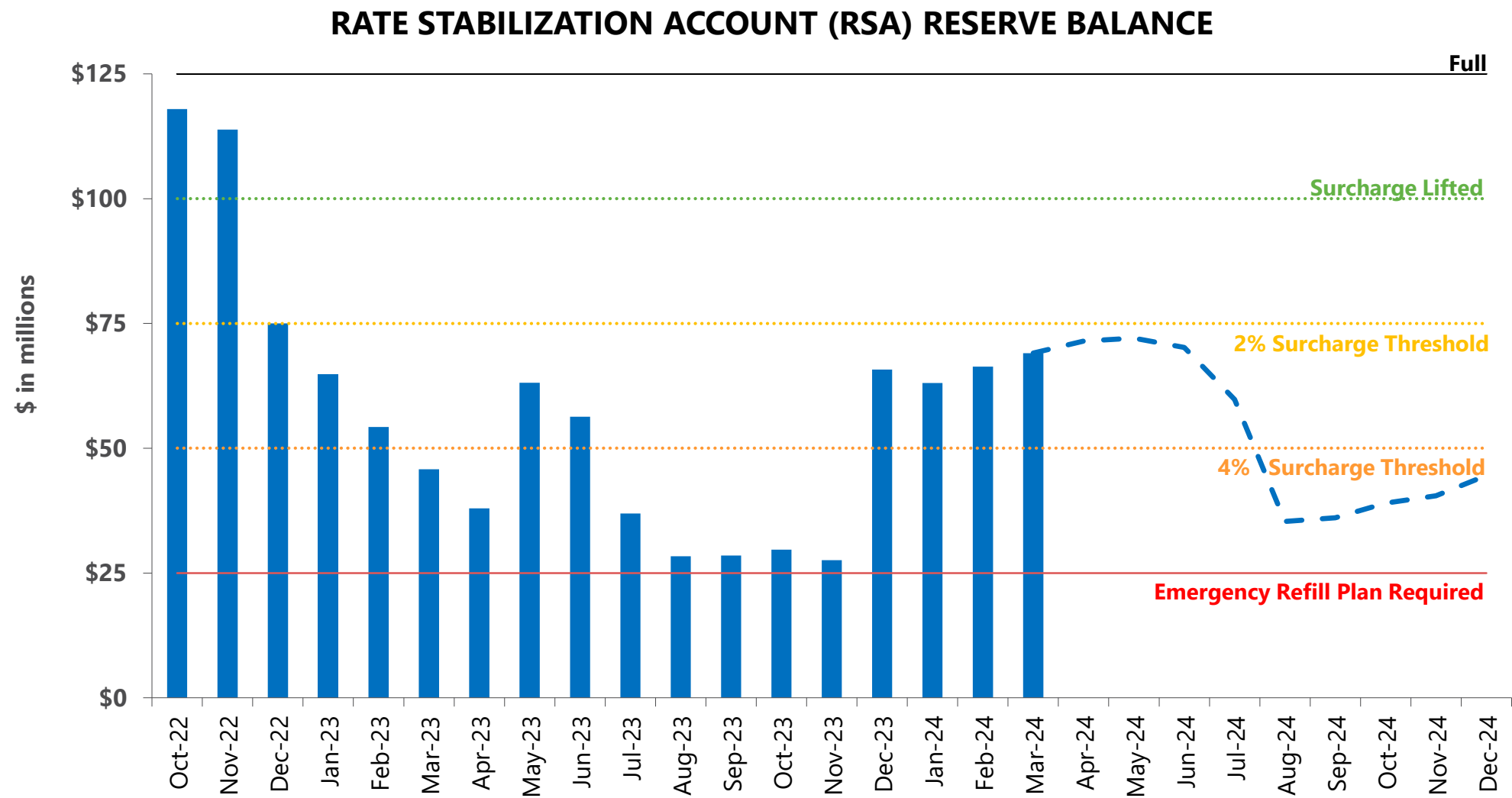
# New Power Resources will be Needed



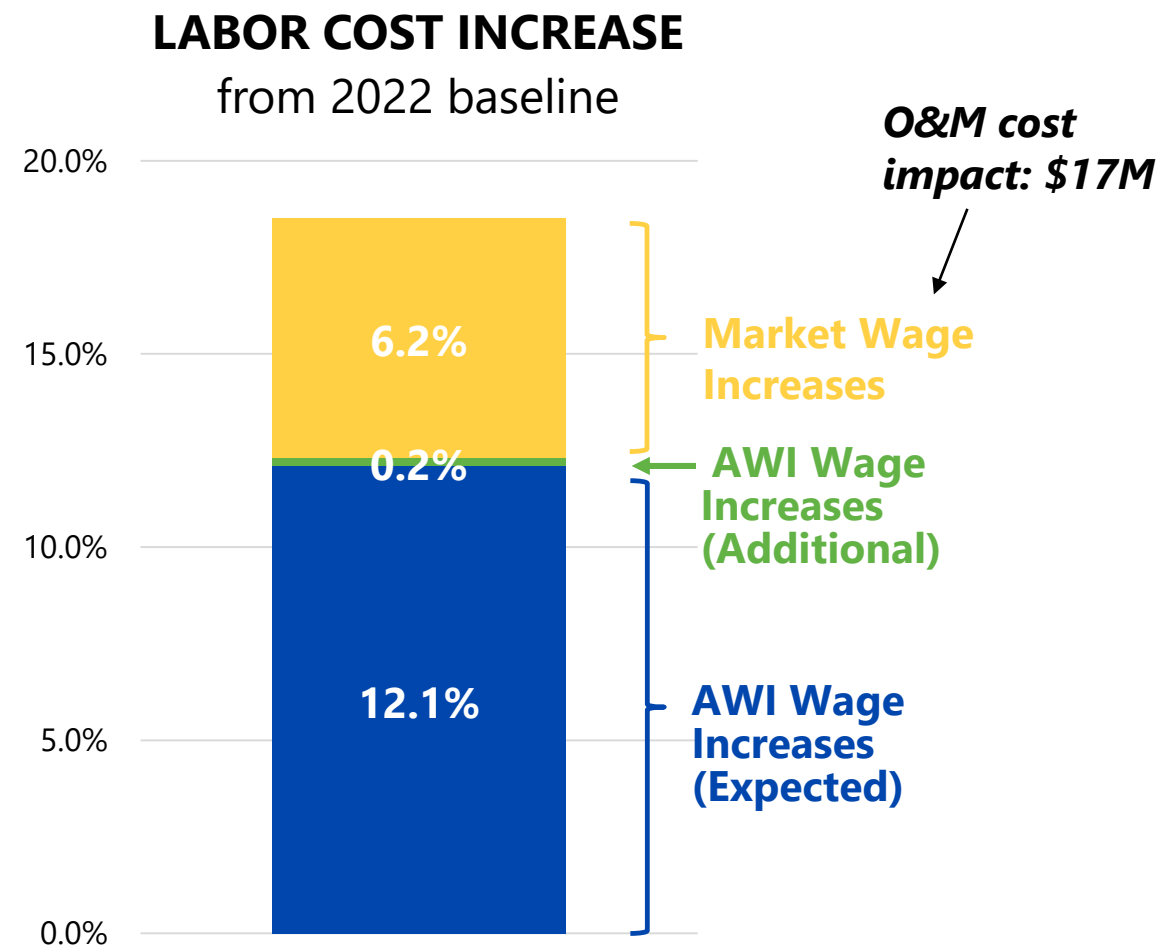
# Rising Power Prices + Volatility



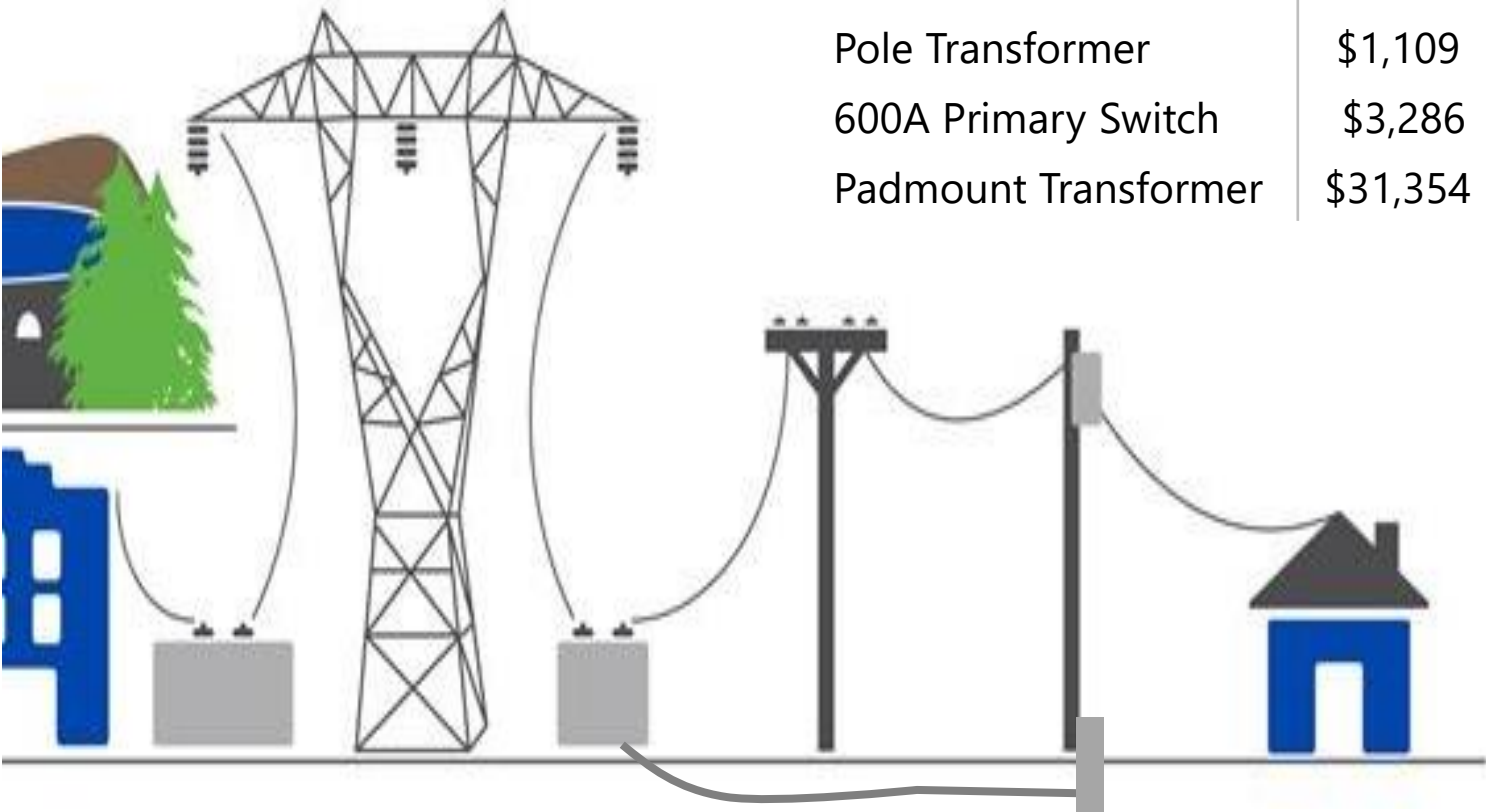
# City Light's Cash Reserves are Depleted



# Catching Wages up to Market



# Increasing Prices and Lead Times for Materials



Component	Price			Lead Time (weeks)	
	2019	2024	Increase	2019	2024
1' Underground Cable	\$0.62	\$1.47	239%	16-39	26-52+
50' Wood Pole	\$939	\$1,598	170%	1-2	4-6
Pole Transformer	\$1,109	\$2,276	205%	16-26	43-60
600A Primary Switch	\$3,286	\$5,337	162%	9-12	18-22
Padmount Transformer	\$31,354	\$75,329	240%	16-38	43-120

# Summary: 2025 Rate Increase Drivers

	2025
<b>Rate Increase from Last Strategic Plan (A)</b>	<b>3.0%</b>
<b>Cost Impact (B)</b>	
Power Cost Increases	+3.7%
Net Wholesale Revenue Reduction	+1.9%
O&M (Inflation Impacts)	+1.6%
Other (Primarily Taxes)	+0.9%
Capital Recovery	<u>- 1.0%</u>
<i>Cost Subtotal</i>	<b>+7.1%</b>
<b>Revenue Impact (C)</b> <i>Higher Load/Retail Sales</i>	<b>-4.7%</b>
<b>Rate Increase in New Strategic Plan (A+B-C)</b>	<b>5.4%</b>

# Higher Rate Increases Across the Region

## RESIDENTIAL RATE INCREASES & PROPOSALS

Utility	2023	2024	2025	2026	Avg
Seattle City Light	3.4%	5.5%	5.4%	5.4%	4.9%
Tacoma Power	3.9%	3.9%	5.0%	5.0%	4.5%
Puget Sound Energy	8.7%	1.7%	6.9%	9.6%	6.7%
Snohomish PUD	2.0%	5.8%	?	?	3.9%
Portland General	0.0%	18.0%	7.4%	?	8.5%
Avista - Washington	5.0%	2.0%	13.8%	6.7%	6.9%

# Being Good Stewards

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Highlights of 2023 Cost Savings, Recovery & Leveraged Funding	Estimated Amount
BPA Refunded Power Costs	\$30.9M
Waterfront Project Savings	\$14.0M
Deployment of New Customer Payment Plan Option	\$3.0M
DOE Port of Seattle Hydrogen Grant Funding	\$1.3M
DOE Affordable Mobility Platform Grant	\$1.3M
Transmission Tower Landslide Mitigation Grant	\$1.0M
Other (e.g., grants, IT inventory management, member & early bird training discounts, etc.)	\$4.9M
<b>Total</b>	<b>\$56.4M</b>

# Supporting Affordability for All

## For **Income-Eligible**\*



**60% off all bills**

*Utility Discount Program*



**Credits on past due bills**

*Emergency Bill Assistance Program*



**\$1,000 for heating expenses**

*Federal LIHEAP*



**\$200 bill credit**

*Washington Families Clean Energy Credits* **NEW!**

## For **Anyone**



**Option to pay a set amount each bill, that readjusts once a year**

*Budget Billing Program*



**60 days to catch up on past due bills**

*Flexible Repayment Plan*

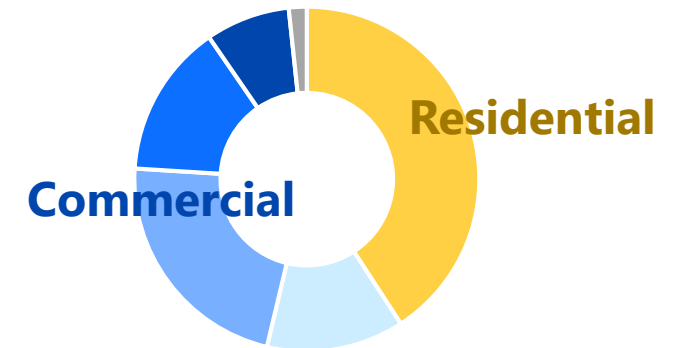


\* Coming soon: income eligibility limit will rise from 70% of state median to 80% of area median!

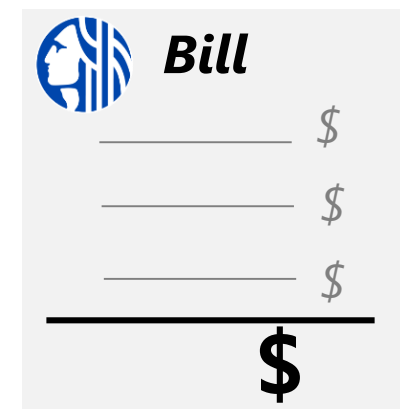
# What's Next: Rates and Budget Proposal

- Strategic plan informs the budget proposal and 2025-2026 rates.
  - Rate Ordinance transmitted in August.
- Final rate increases for customers/customer classes **will vary from the 5.4% average.**
  - Rate-making entails assigning cost recovery to customer classes, then adjusting the various fees and charges (i.e., rates) to collect for costs.
  - Rate goals are 1: recover the right amount of revenue, and 2: customers all pay their fair share.

## ASSIGNING COST RECOVERY TO CUSTOMER CLASSES

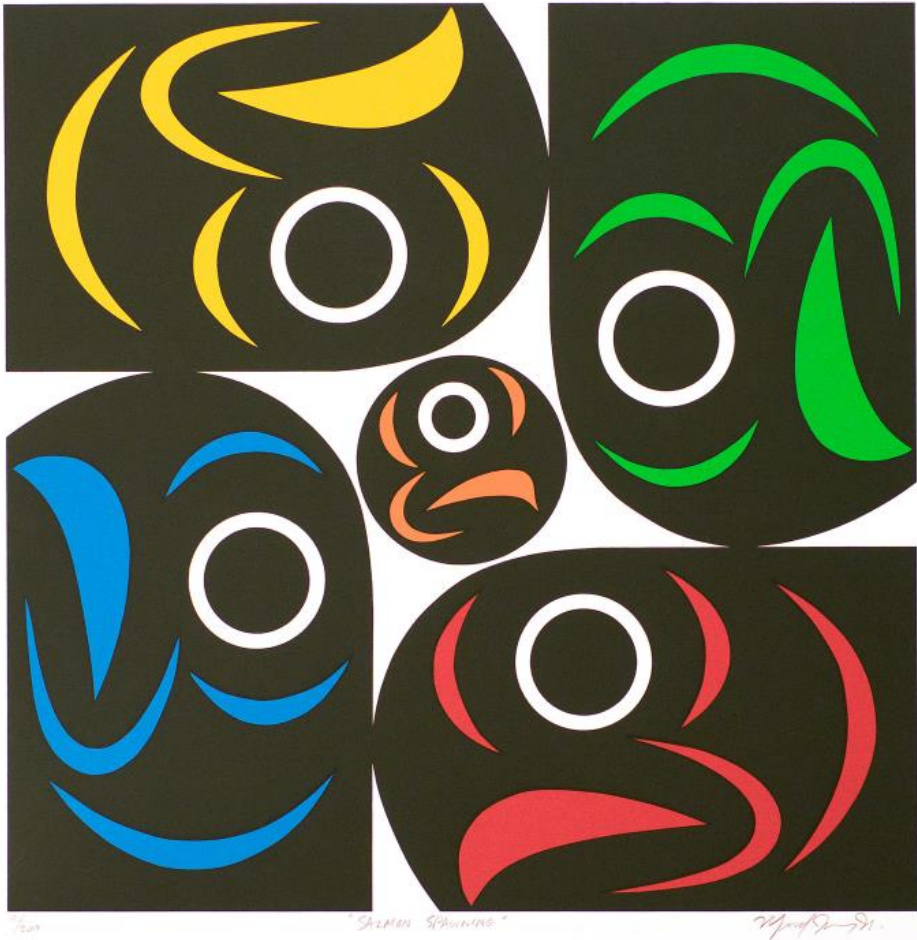


## ADJUST ALL FEES & CHARGES (RATES)



# Q&A

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"Salmon Spawning" Maynard Jr. Johnny, 2008

QUESTIONS AND COMMENTS?

# Thank you!



Seattle City Light

