2017-2022 Strategic Plan Update & Progress Report
Summary of Customer & Stakeholder Outreach
May 27, 2016

Overview

An important commitment made by City Light as part of the six-year Strategic Plan process is transparency and accountability to the mayor, the City Council, and the customers and stakeholders in the utility's service territory. As with the original 2013-2018 Strategic Plan and the 2015-2022 Progress Report and Update, this latest two-year Progress Report and Update builds on the extensive customer and stakeholder engagement efforts from the two previous plans.

As in previous years, City Light and the City Light Review Panel (Review Panel) proposed two distinct phases of the public engagement and outreach plan for Seattle City Light that culminates in an updated Strategic Plan, with an accompanying recommendation from the Review Panel being sent to the mayor in May 2016.

Phase 1 provided a venue for City Light, the Review Panel and representatives from important customer classes and stakeholders to become knowledgeable on various issues and developments impacting the traditional utility business-model nationally.

Phase 2 provided an opportunity for the Review Panel, mayor and City Council to hear from the utility's customer and stakeholders regarding (1) satisfaction with implementation of the Strategic Plan to date and (2) whether the direction the utility proposes in the update adequately prepares City Light for changes in the industry and customer expectations.

Phase 1: Changing Utility Business Model (July 2015)

- Inform all customer classes in the residential, commercial and industrial sectors, as well as important stakeholders about changes in the utility business model and the innovations other utilities have developed or proposed to address the challenges and opportunities faced by electric utilities going forward.
- Solicit input from customers and stakeholders about priority areas of interest for the 2017-2022 Strategic Plan update.
- Continue to identify key organizations, commercial and residential customers and individuals interested in engaging with the Review Panel and utility on Strategic Plan development and implementation.

Main Components

A half-day session on the "Utility of the Future" led by Rocky Mountain Institute and Electric Power Institute (EPRI) along with representatives from peer utilities such as Sacramento Municipal Utility District (CA) and Salt River Project (AZ) (see attached agenda). Participants

included City Light senior staff, Review Panel members, Council staff, and customers and stakeholder representatives.

Topics discussed included (agenda attached):

- New solutions to enable greater adoption of economic distributed energy resources
- Innovations other utilities have developed or proposed to address the challenges and opportunities faced by electric utilities going forward.
- Role of emerging technology (Electric vehicles, distributed generation/solar, advanced metering (AMI), storage, controls).
- Customer expectations/needs (residential, commercial & industrial).
- Social equity model (affordability, community solar, energy efficiency and weatherization, community workforce opportunities).
- Bolder environmental leadership (new performance-based models for conservation, carbon reduction, climate resiliency and mitigation, renewables).

Phase One Findings and Conclusions

- Innovation is having significant impact on the industry and change is occurring quickly, as compared to traditional utility thinking. Transformations happen quickly.
- Demand for electricity is flat and may decline. Full installation of LED lights alone could shave up to 10 percent of U.S. electricity use, and buildings are becoming more efficient (saving 40-80 percent of total energy bill).
- Grid defection poses a significant risk if not managed. Typical rate design disguises the true marginal cost of service.
- Looking ahead, the power system includes more flexible generation; more resilient transmission and distribution; consumers becoming energy producers; and more dynamic and interactive load.
- Customers want more control, access and tools to use energy efficiently.
- Utilities need to map out how to manage renewable resources for a more reliable grid; change their rate structure to more accurately manage customer energy usage; send the correct price signals; and build partnerships to help with the evolution of operations.
- Interest in the future of electric vehicles (EVs) - air pollution reduction, carbon emission reduction, reduce storm water impacts. Clean power helps utility with load decline and city's carbon footprint.
- Affordability in general is a concern. Cross subsidy is going the wrong way: Incentives programs in place have typically benefited the more affluent customers (solar and energy efficiency).

Phase 2: Draft Strategic Business Plan Update (April and May 2016)

- Continue to inform and educate customers and stakeholders on the changing utility business model.

- Solicit support and input from customers and stakeholders on City Light's draft Strategic Plan update, including the utility's financial baseline; showing progress on efficiencies and new efficiencies; and outlining new strategic initiatives.
- Identify any major issues or concerns that need to be addressed in the final City Light proposal and recommendations from the Review Panel.

Main Components

- Updated City Light Strategic Plan Website to share updated information on the draft and solicit input on the draft proposal. City Light's Facebook and Twitter resources were used to communicate and solicit input from customers and stakeholders. http://www.seattle.gov/light/stratplan/.

- Presented information to customers and stakeholders through briefings hosted by the Seattle Chamber of Commerce, NW Energy Efficiency Council & 2030 District, NW Energy Coalition, and utility hosted meetings with franchise cities and large commercial customers.

- Customer survey (both commercial and residential) distributed through social media, customer emails lists, and meeting with participants at briefings and meetings. *See attached survey.*

- Employee survey distributed through employee communications tools such as the City Light Weekly Message; NetWork News and all-user email with the focus on awareness of the Strategic Plan, and challenges and successes with implementation. *See attached survey.*

Phase 2 Findings & Conclusions

<u>Meeting and Briefings:</u>

- Support for transportation electrification and ensuring broad access to electric-car charging infrastructure and including mass transit in strategy.
- Interest in customer portal for advanced meter deployment to drive increased energy efficiency, including a standardized interface (compatible with other technologies) and time-of-use rates.
- Important for City Light to coordinate efforts with the city's Climate Action Plan.
- Franchise cities want to see better coordination with large capital projects in their cities as well as opportunities to collaborate on projects such as City Light's new decant facility at the South Service Center.
- Strong support for performance-based contracting for energy efficiency, including expansion into multi-family sector.

- Important for advanced meter program to engage low-income community, communicating the opportunities it provides to reduce their usage and save money.
- Must expand and grow the Low Income Weatherization Program.
- Strong support for continuing to focus on conservation as a resource, including substituting demand response for purchased power.
- Strong interest in the utility continuing to commit to additional operational efficiencies and benchmarking them to work done for the original Strategic Plan in 2012, especially the labor efficiencies identified.
- Large commercial customers were sensitive to the continued rate increases and to the likelihood of the Rate Stabilization Account surcharge being triggered in 2016.
- Interest in distribution automation and advanced meters improving operational efficiencies and better isolating outages to improve reliability across the system.

Customer & Stakeholder Survey:

Seattle City Light customers were asked to give the utility feedback through an online survey about the Strategic Plan and proposed initiatives for the 2017-2022 update. The survey was promoted heavily through various communication channels including social media, participants in the meetings & briefing, City Light's website and a targeted customer e-blast, which reached approximately 215,000 recipients. **A total of 3,616 recipients (residential and commercial customers) submitted their responses on the survey**. Nearly 60% of City Light customers opened the survey via a mobile device.

Overall, customers continue to show their knowledge, interest and support in the Strategic Plan. The survey shows that customers give City Light particularly good marks for its workforce, assets, infrastructure and community support. On the topic of how customers heard about City Light's efforts to update the Strategic Plan, only a third of respondents had read or heard something about the plan.

Regarding the Strategic Plan objectives, customers continue to rate renewable energy investments, increased efficiencies, rate affordability and improved electrical reliability as important priorities. However, other priorities focused on improving employee performance and online utility accounts were less important for the customer. These findings were generally consistent with the 2014 Strategic Plan customer survey.

Looking forward, customers agreed overall that City Light must continue to adapt to become a more agile "Utility of the Future." Survey respondents view the Transportation Electrification initiative and the Climate Adaptation Plan as important priorities that the utility should continue focusing on for the future. Lastly, a majority of survey respondents felt that the rate path for the Strategic Plan update is reasonable. Others were either opposed to the rate increase or unsure about the increase itself.

Employee Survey:

City Light employees were also surveyed on the latest Strategic Plan update. **A total of 151 employees participated in the survey.** The survey was promoted throughout City Light's internal communication channels.

Overall, employees were generally aware of the Strategic Plan or were involved in the plan. Employees also gave City Light good marks on environmental commitment, affordability and customer service. Respondents were generally neutral on the initiatives and programs relating to employee development, leadership development, and workforce development and employee safety. Lastly, respondents were divided on whether the Strategic Plan impacts or change how they do work at City Light.

Outreach Materials Produced

1. Strategic Plan Update Website - http://www.seattle.gov/light/stratplan/
2. Strategic Plan Update & Progress Report Folio - translated into Traditional Chinese, Spanish, Korean, Vietnamese, Somali and Tagalog
3. Summary of Strategic Plan Metrics
4. Customer Survey (attached)
5. Employee Survey (attached)