



Legislation Details (With Text)

File #: Res 31678 **Version:** 3 **Name:**

Type: Resolution (Res) **Status:** Adopted

In control: City Clerk

On agenda: 7/25/2016

Final Action: **Ord. No.**

Title: A RESOLUTION relating to the City Light Department; adopting a 2017-2022 Strategic Plan for the City Light Department and endorsing a six-year rate path required to support the Strategic Plan.

Sponsors: Kshama Sawant

Indexes:

Attachments: 1. Att A - 2017-2022 Strategic Plan, 2. Att A Ex 1 - Financial Forecast Assumptions, 3. Att A Ex 2 - Strategic Initiatives Summary, 4. Att A Ex 3 - Metrics Report, 5. Att A Ex 4 - Customer Outreach Summary, 6. Att A Ex 4a - Utility of the Future Agenda, 7. Att A Ex 4b - Strategic Plan Customer Survey, 8. Att A Ex 4c - Strategic Plan Employee Survey, 9. Att A Ex 5 - Review Panel Letter, 10. Att B - City Light Response to SLI 4-1-A-2, 11. Juarez Amendment (added; 7/25/16), 12. Herbold Amendment 2 (added; 7/25/16), 13. Herbold Amendment 1, 14. Amendment to RES 31678 (added; 7/15/16), 15. Summary and Fiscal Note, 16. Central Staff Memo (6/22/16), 17. Signed Resolution 31678

Date	Ver.	Action By	Action	Result
7/29/2016	3	City Clerk	attested by City Clerk	
7/29/2016	3	Mayor	returned	
7/29/2016	3	Mayor	Signed	
7/26/2016	3	City Clerk	submitted for Mayor's signature	
7/25/2016	2	City Council	adopted as amended	Pass
7/18/2016	1	City Council	re-referred	
6/30/2016	1	Select Committee on the 2016 Seattle City Light Strategic Planning	discussed	
6/27/2016	1	City Council	referred	
6/10/2016	1	Council President's Office	sent for review	
6/7/2016	1	City Clerk	sent for review	
6/7/2016	1	Mayor	Mayor's leg transmitted to Council	

CITY OF SEATTLE

RESOLUTION _____

A RESOLUTION relating to the City Light Department; adopting a 2017-2022 Strategic Plan for the City Light Department and endorsing a six-year rate path required to support the Strategic Plan.
 WHEREAS, the City Light Department (“City Light”) is the tenth largest public utility in the nation, serving

more than 400,000 customer accounts, and providing safe, affordable, and reliable electricity to its customers; and

WHEREAS, Resolution 31383 of July 2012 adopted City Light's 2013-2018 Strategic Plan and endorsed a six-year rate path that supported that plan; and

WHEREAS, Resolution 31383 also specified that City Light would review and update the Strategic Plan every two years, adding two years to and re-evaluating the remaining four years of the existing Strategic Plan; and

WHEREAS, Resolution 31529 of June 2014 adopted City Light's 2015-2020 Strategic Plan Update and endorsed a six-year rate path that supported that plan; and

WHEREAS, City Light has reviewed and updated the Strategic Plan by: (a) reviewing changes in its operating environment for the 2017-2020 period and making adjustments to remain within the previously approved rate path; and (b) adding a forecast of revenues, expenditures, and investments for two additional years, 2021 and 2022; and

WHEREAS, City Light continues to face challenges which include: (a) slowing load growth leaving less revenue to cover rising infrastructure costs; (b) technological changes and threats to cybersecurity; (c) an aging workforce stressing the importance of training, succession planning, and workforce development programs; (d) the emergence of electric vehicles, solar power, and other technological advances that promise to change the electric industry landscape; and (e) finding and achieving new operational efficiencies; and

WHEREAS, City Light seeks to provide rate predictability and stability in future rates, and to avoid the pattern of volatile rate adjustments that characterized the decade before the adoption of the 2013-2018 Strategic Plan; and

WHEREAS, in consultation with the Mayor and the City Council, City Light initiated the Strategic Planning process in 2010 to provide more transparency and accountability for decision-making within City Light;

and

WHEREAS, Ordinance 123256 establishes the City Light Review Panel (“Review Panel”) to represent City Light ratepayers and requires the Review Panel to review and assess City Light’s strategic plans; and

WHEREAS, the Review Panel has reviewed City Light’s progress in carrying out the Strategic Plan on a quarterly basis since 2013, and also reviewed the Utility’s proposed changes for the 2017-2022 Strategic Plan Update; and

WHEREAS, the City Council has reviewed the Strategic Plan Update, the associated six-year rate path, the recommendation of the Review Panel, and the results of customer engagement; NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE MAYOR CONCURRING, THAT:

Section 1. The City Council adopts the City Light Department’s (“City Light”) proposed 2017-2022 Strategic Plan Update (the “Strategic Plan”), a copy of which is attached to this ordinance as Attachment A and incorporated by reference.

Section 2. To achieve the goals of the Strategic Plan, annual rate increases averaging 4.3 percent system-wide per year are anticipated over the period of 2017-2022. The following six-year rate path for City Light rates is endorsed:

2017: 5.6%

2018: 5.6%

2019: 5.0%

2020: 3.6%

2021: 3.1%

2022: 2.5%

Section 3. The City Council requests that the executive submit the 2017-2018 City Light Proposed Budget in support of the Strategic Plan.

Section 4. The City Council requests that the executive submit the 2017-2018 City Light Rate Proposal in support of the Strategic Plan, including the endorsed system rate increases of 5.6 percent in 2017 and 5.6 percent in 2018.

Section 5. City Light will continue to review and update the Strategic Plan every two years, adding two years to the Strategic Plan and re-evaluating the subsequent six-year rate path. The next review and adjustment of the Strategic Plan will be finalized in 2018 and will encompass the years 2019 through 2024.

Section 6. As part of the next update to the Strategic Plan, the Council requests that City Light prepare options for mitigating and preparing for the financial impacts of possibly flat or declining retail load, including:

1. Pursuing state authority for City light to pursue electrification of transportation and Port of Seattle operations that reduce carbon emissions and increase retail load;
2. Providing proposals for permanent reductions in costs; and
3. Proposing changes to Resolution 31351 establishing policy guidance on rate making. In developing options City Light should consider at least the following topics:
 - a. use of the Rate Stabilization Account to help reduce retail revenue volatility;
 - b. decoupling retail revenue recovery from retail sales;
 - c. changes to rate design; and
 - d. changes to the utility's approach to load forecasting as discussed in City Light's response to Council's 2015 Statement of Legislative Intent 4-1-A-2 (incorporated at Attachment B).

Section 7: Workforce Planning. Much of City Light's workforce is eligible to retire, or will be eligible to retire in the near future. Historically, apprenticeships have been used to train and hire the next generation of skilled workers. The apprenticeship program should also provide opportunities for individuals who have historically not been included in the construction industry, including women and people of color, and expansion of the program will allow for greater inclusion of these populations. Council signals its intent to work with City

Light to establish new strategies and approaches, including potential legislation that would facilitate recruitment and hiring of apprentices from pre-apprenticeship programs identified in the City’s Project Hire Program, to ensure a diverse population is hired into City Light’s apprenticeship programs as these will be City Light’s future workforce.

Section 8. The Council requests that City Light include with its next strategic plan update a report that identifies the impacts on existing customer rate classes of establishing a single rate class while preserving the existing low income discount program for low income customers. The report should clearly identify any legal, technical, or practical issues with establishing such a single class structure, especially as it relates to City Light’s franchise agreements with neighboring jurisdictions. The report should include an analysis of the economic impacts to Seattle and the region.

Adopted by the City Council the _____ day of _____, 2016, and signed by

me in open session in authentication of its adoption this _____ day of _____, 2016.

President _____ of the City Council

The Mayor concurred the _____ day of _____, 2016.

Edward B. Murray, Mayor

Filed by me this _____ day of _____, 2016.

Monica Martinez Simmons, City Clerk

(Seal)

Attachments:

Attachment A - 2017-2022 Strategic Plan Update

Exhibit 1 - Financial Forecast Assumptions

Exhibit 2 - Strategic Initiatives Summary

Exhibit 3 - Strategic Plan Metrics

Exhibit 4 - Summary of Customer and Stakeholder Outreach

Exhibit 4a - City Light Review Panel Meeting: "Utility of the Future," Program Agenda

Exhibit 4b - Strategic Plan Update 2017-2022: Customer Survey

Exhibit 4c - Strategic Plan Update 2017-2022: Employee Survey

Exhibit 5 - May 23, 2016 Letter from Seattle City Light Review Panel to Mayor Murray

Attachment B: City Light Response to SLI 4-1-A-2