2025 – 2030 Strategic Plan

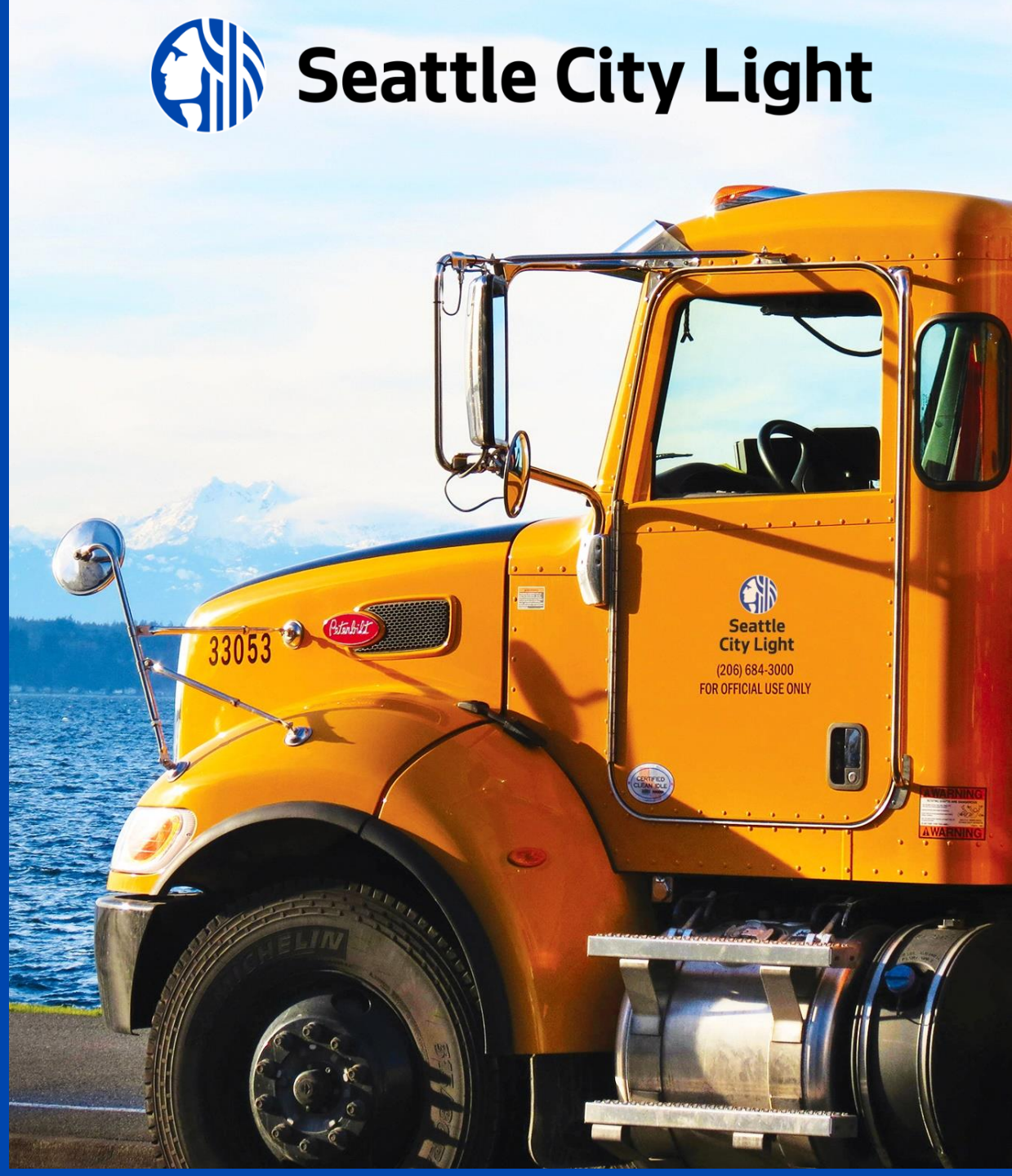
Sustainability, City Light, Arts & Culture Committee

July 15, 2024

Seattle City Light

Agenda

Welcome	Dawn Lindell General Manager & CEO
Strategic Plan	Leigh Barreca Manager, Strategic Planning & Performance
Rate Outlook	Kirsty Grainger Chief Financial Officer
Q&A	



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

- 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

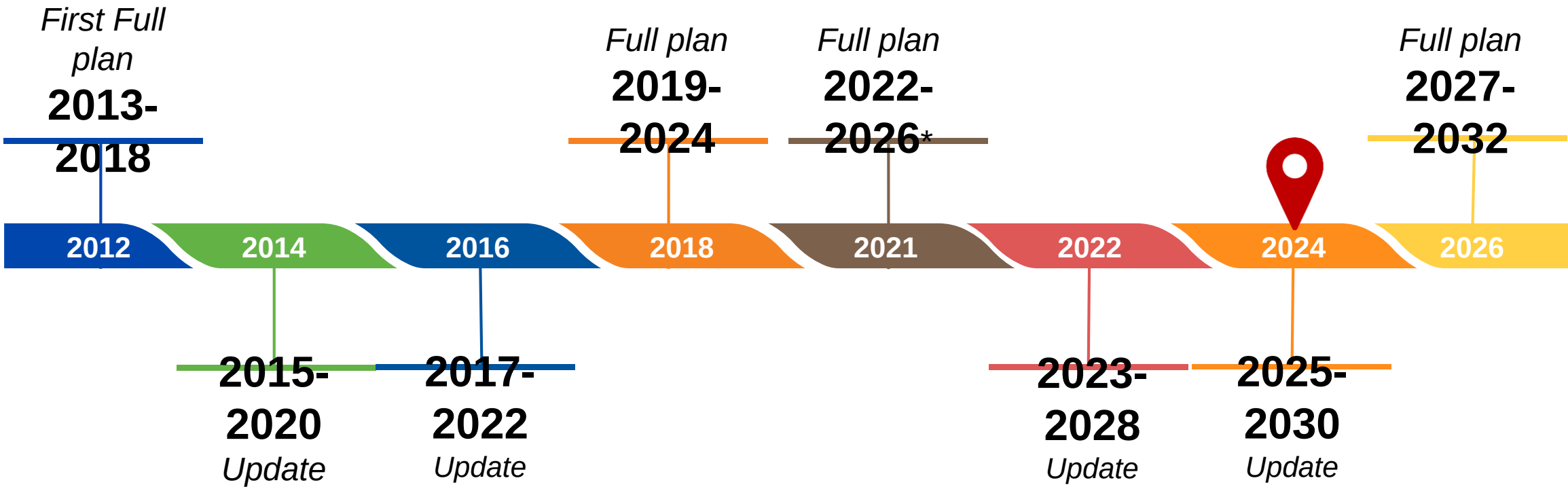
Oksana Savolyuk
Low-Income Cust. Rep

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

- 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

- 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

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

POWERING AHEAD
STRATEGIC PLAN UPDATE 2025–2030
Seattle City Light

Strategic Plan Business Strategies

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

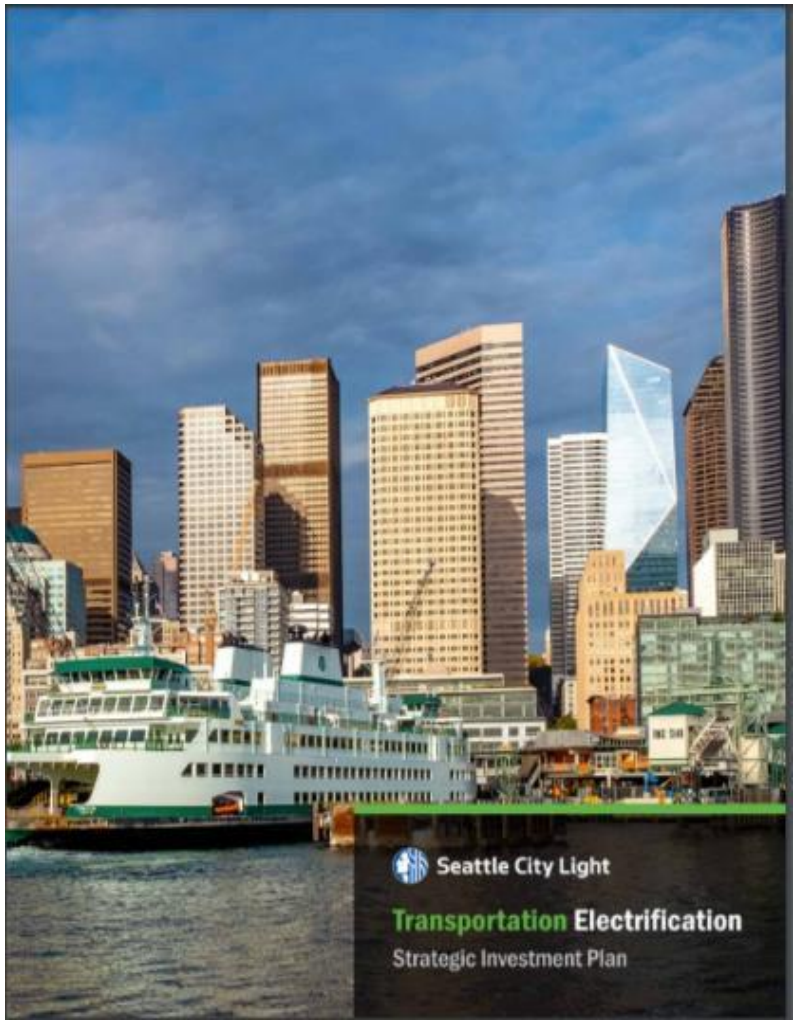
Outcomes:

- 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

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

Outcomes:

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

Priority: Financial Stewardship & Affordability

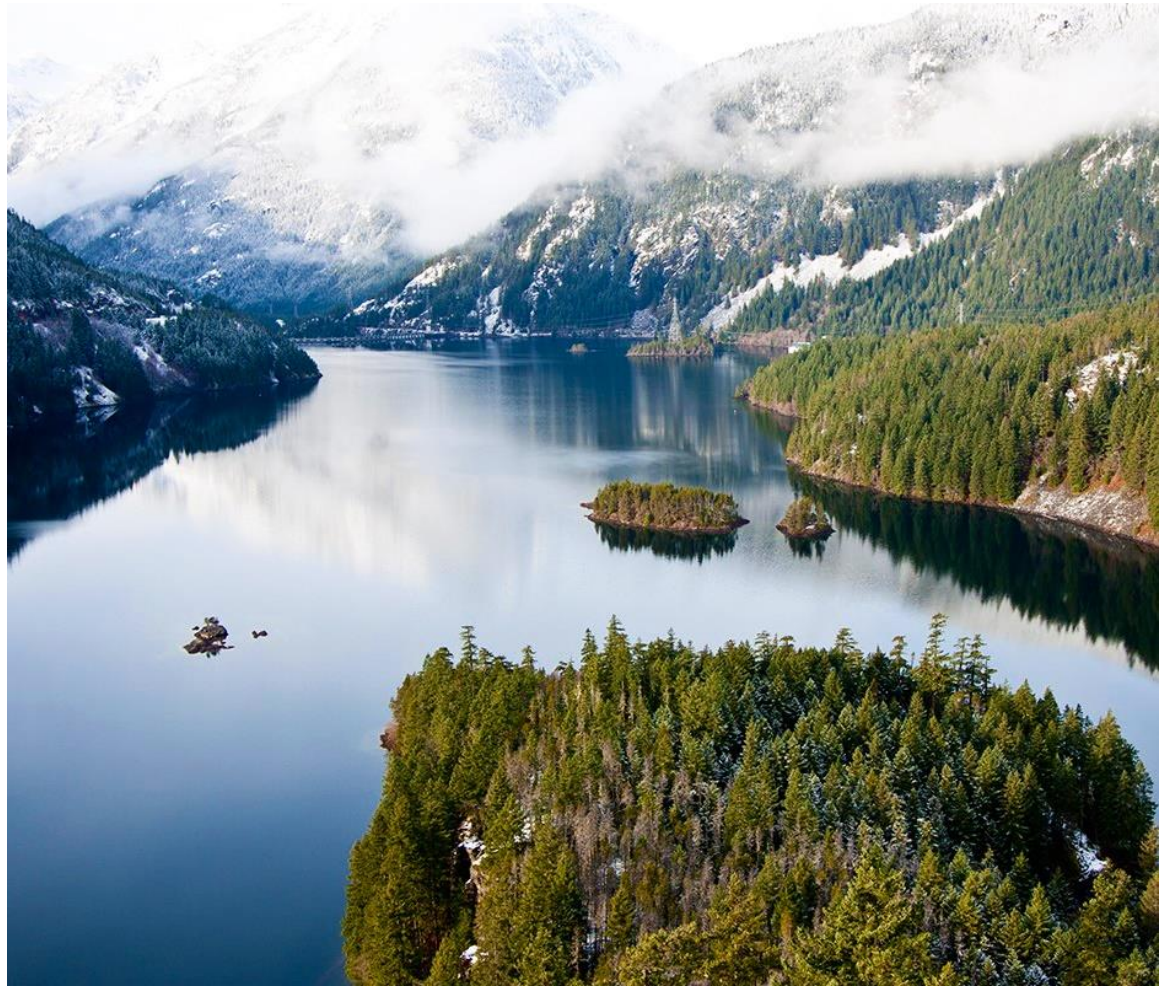
Outcomes:

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

Priority: We Power

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

Seattle City Light

Six-Year Rate Path

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Rate Increases	3.0%[1]	2.1%[2]	4.5%	5.6%[3]						
2022 Strategic Plan Update					3.0%	3.0%	3.0%	3.0%		
2024 Strategic Plan Update					**5.4%**	**5.4%**	5.0%	5.0%	5.0%	5.0%

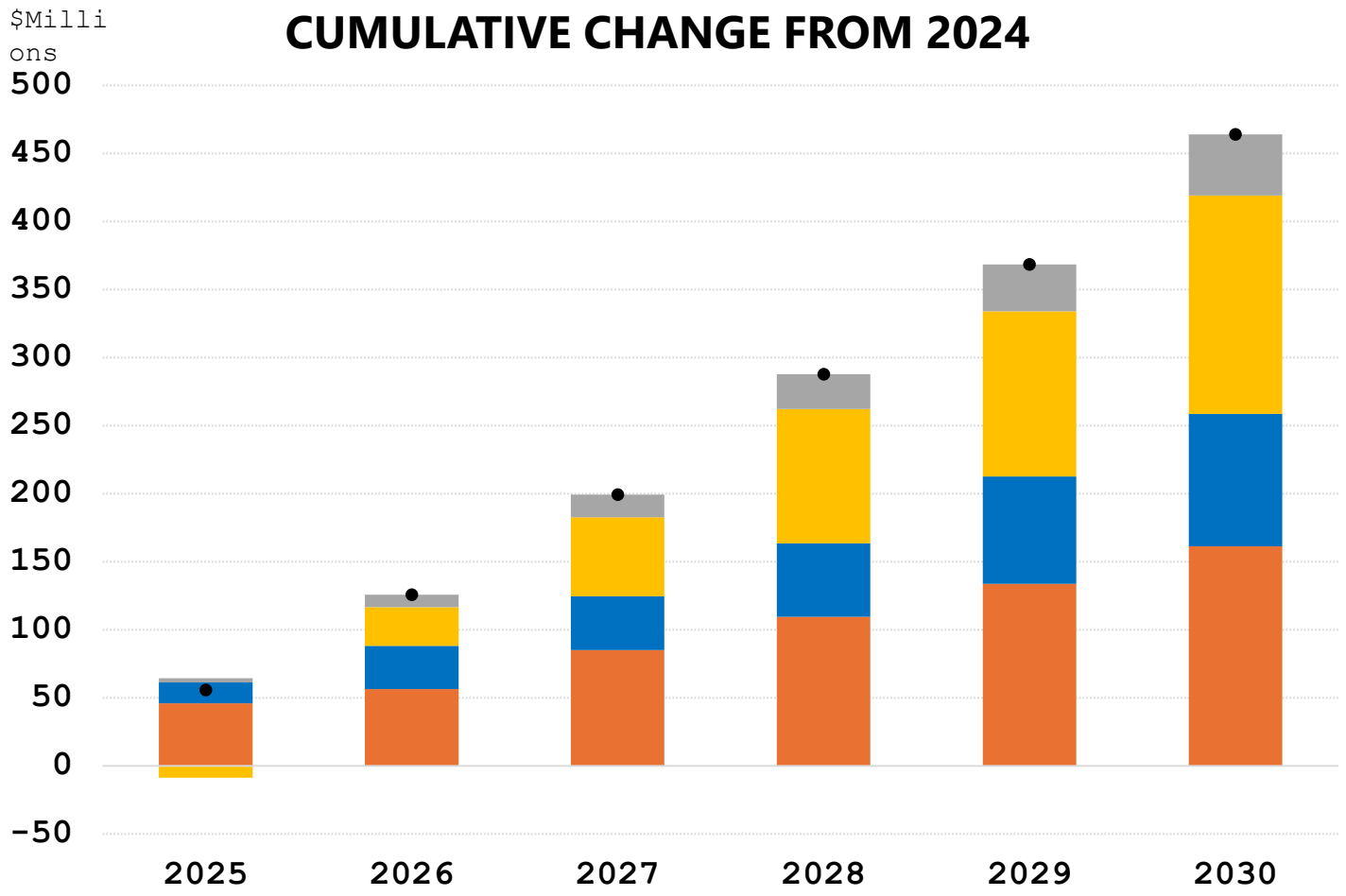
An increase of 5.4% translates to about $5 per month for a typical residential customer.

[1] *3.0% increase legislated for 2021 was offset by an RSA surcharge rolling off, resulting in a net impact for customers of 0.0%.*

[2] *The original 3.9% legislated base rate increase was reduced due to a BPA passthrough credit.*

[3] *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



Other *Taxes*

Capital Recovery *Skagit License* *Capacity* *Aging Assets*

O&M *Market Wages* *Materials* *Regulations*

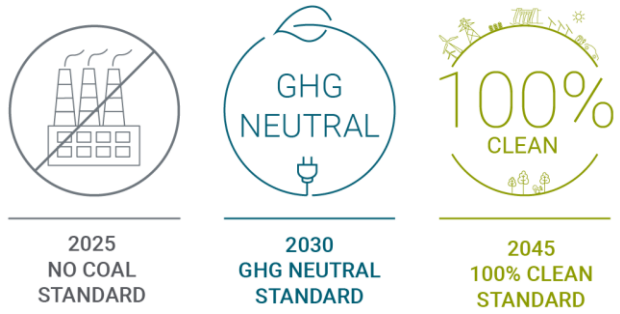
Power Costs *Climate Adaptation* *New Resources*

Clean Energy Transformation – New Regulations

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

INFRASTRUCTURE
INVESTMENT & JOBS
ACT

Washington State Clean Energy Transformation Act (CETA)



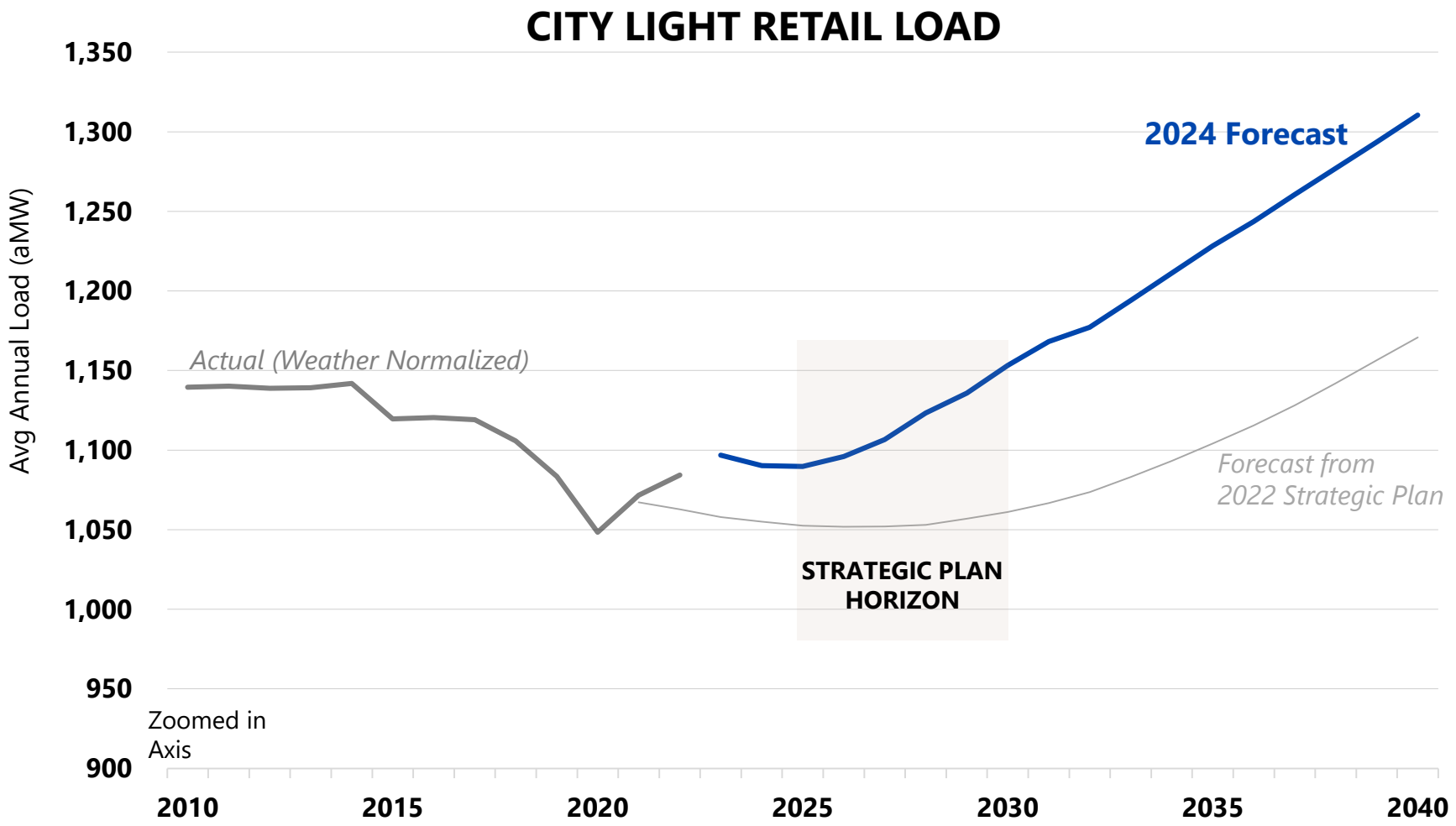
ACT OF 2022
INFLATION
REDUCTION
UNITED STATES OF AMERICA

FUNDED BY WASHINGTON'S
CLIMATE
COMMITMENT
ACT

Seattle's Building Emissions Performance Standard has been signed into law!

City of Seattle

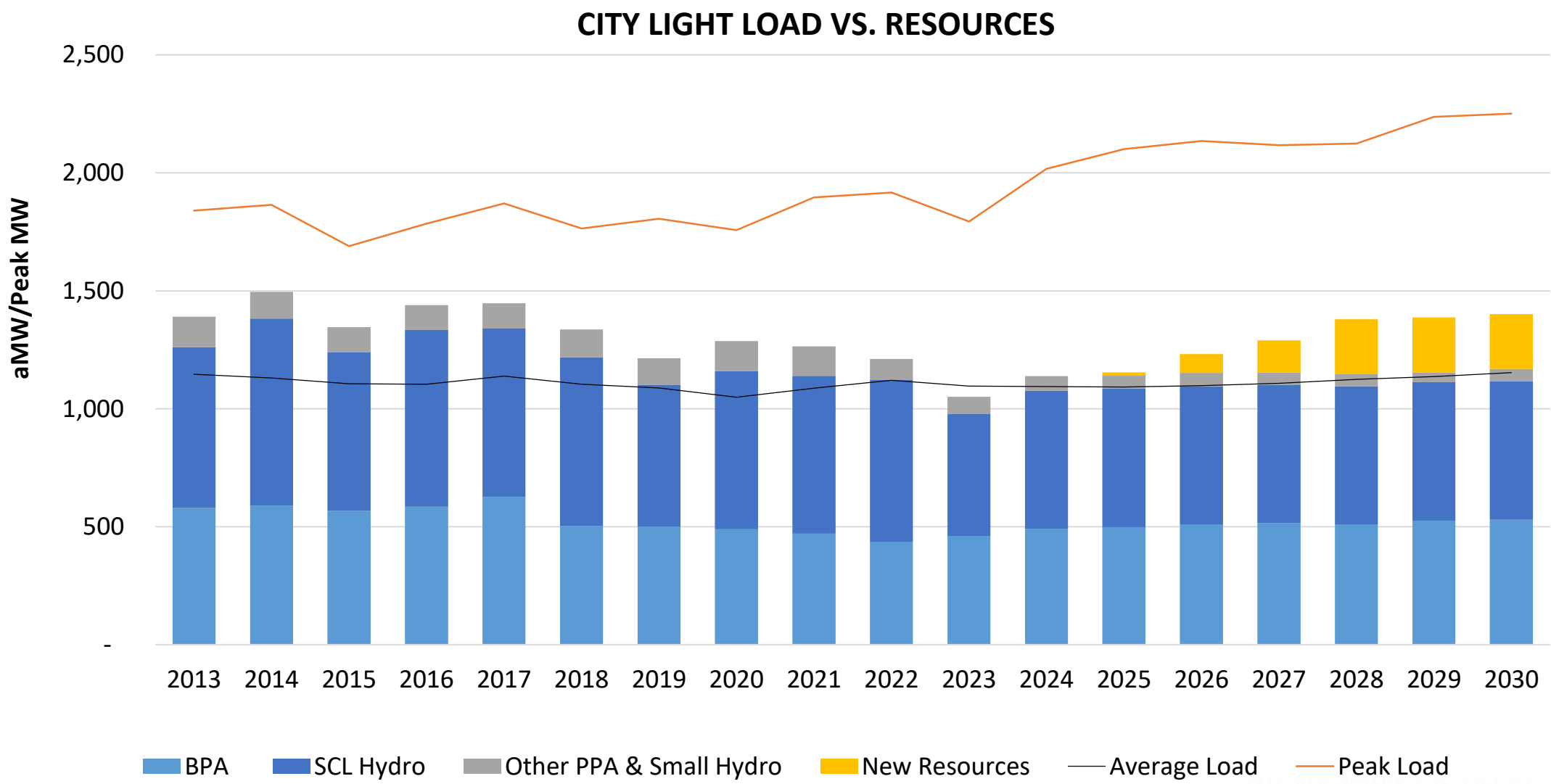
Growing Electricity Demand



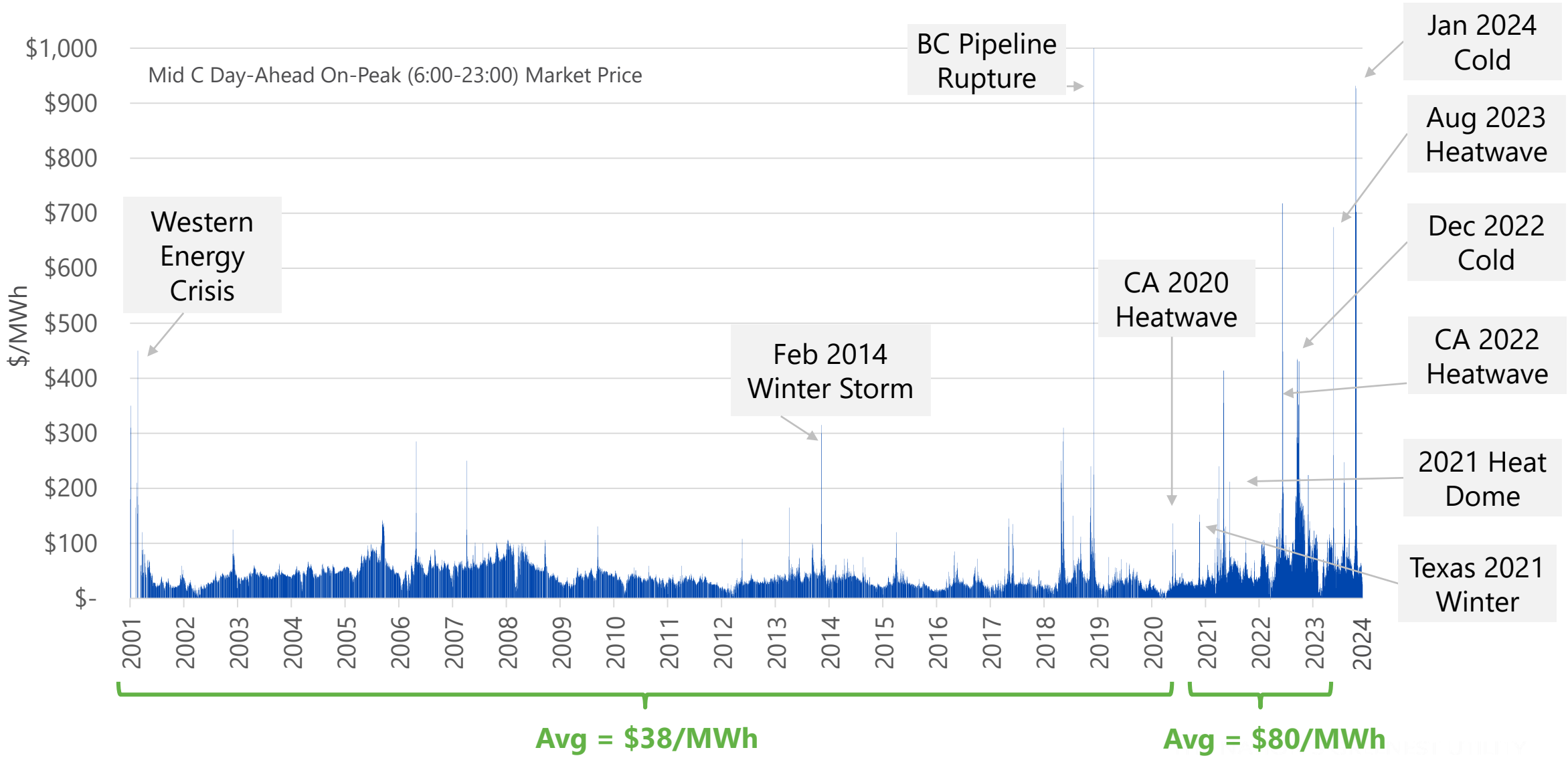
Load is now expected to rise faster than previously forecast.

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

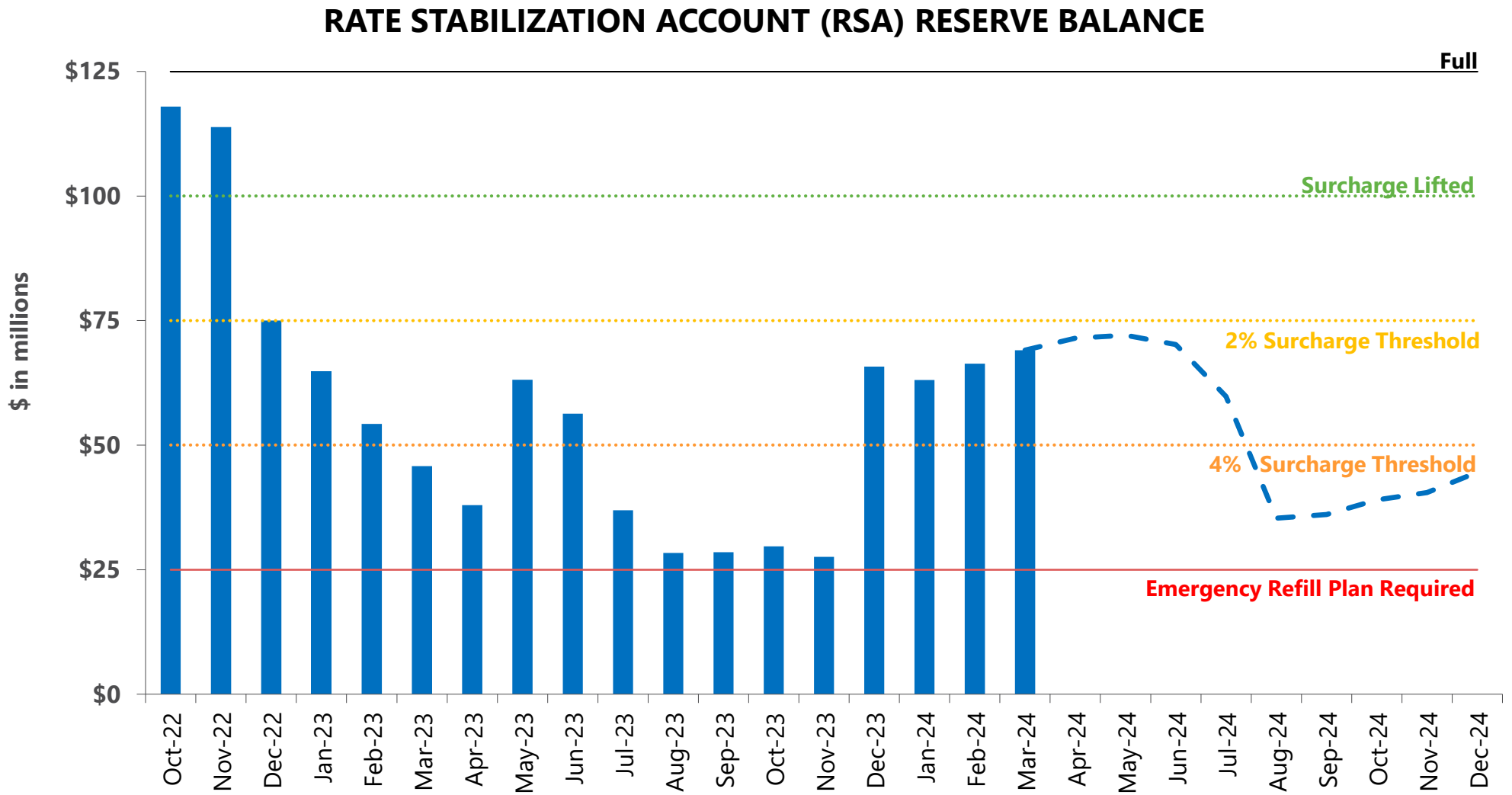
New Power Resources will be Needed



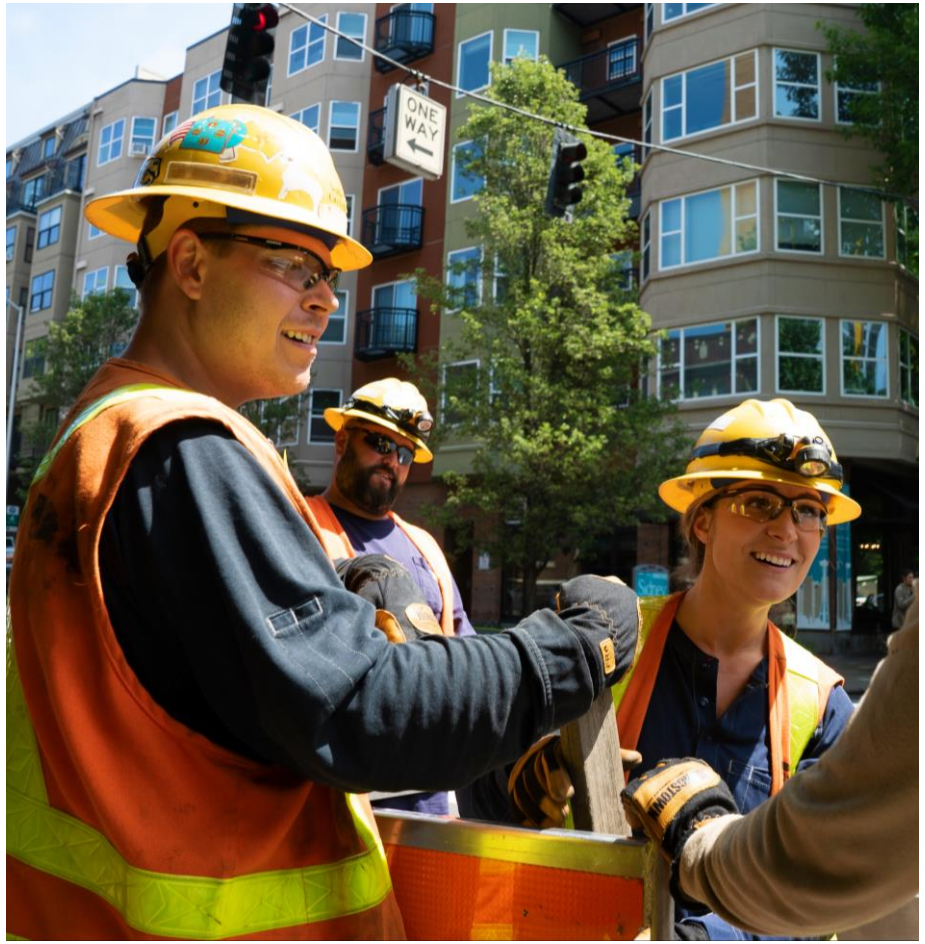
Rising Power Prices + Volatility

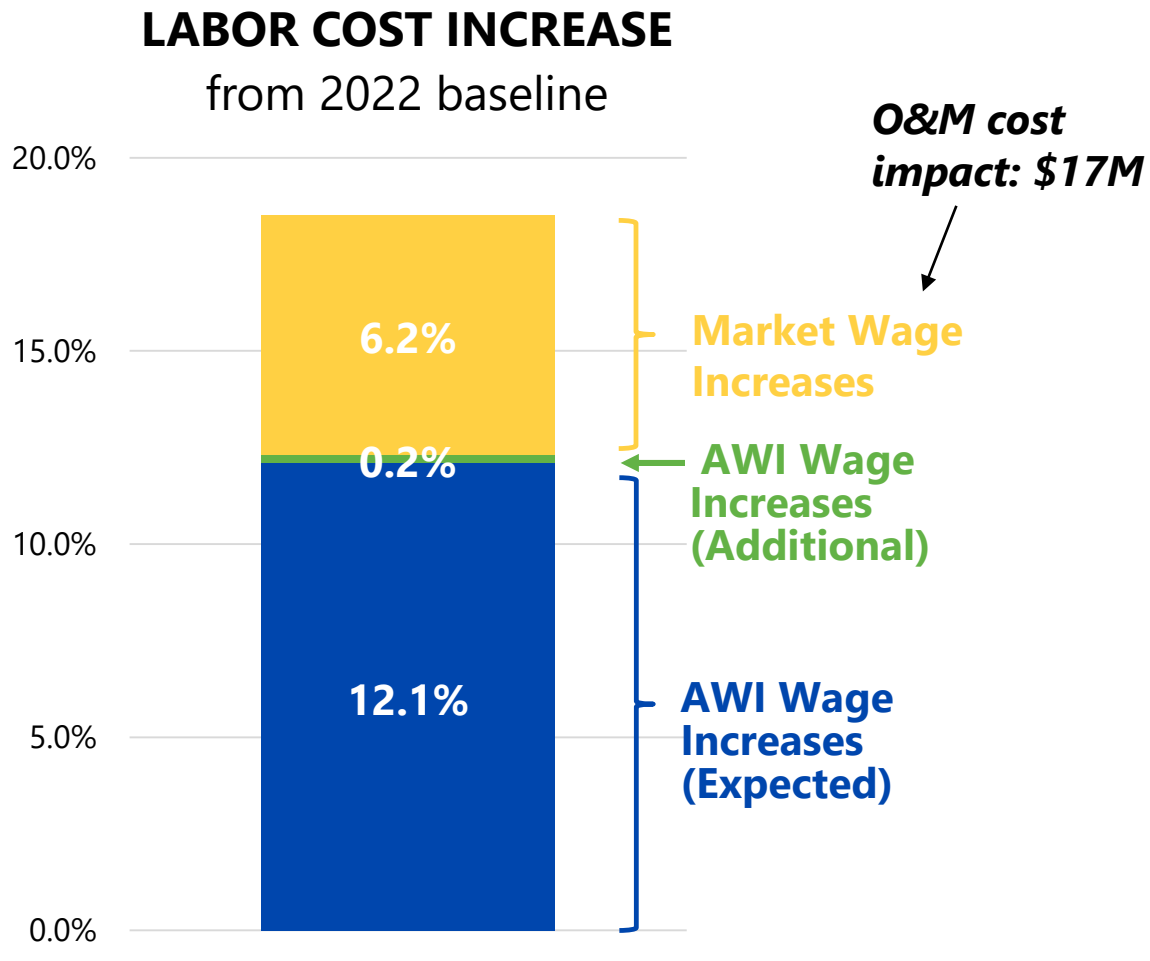


City Light's Cash Reserves are Depleted



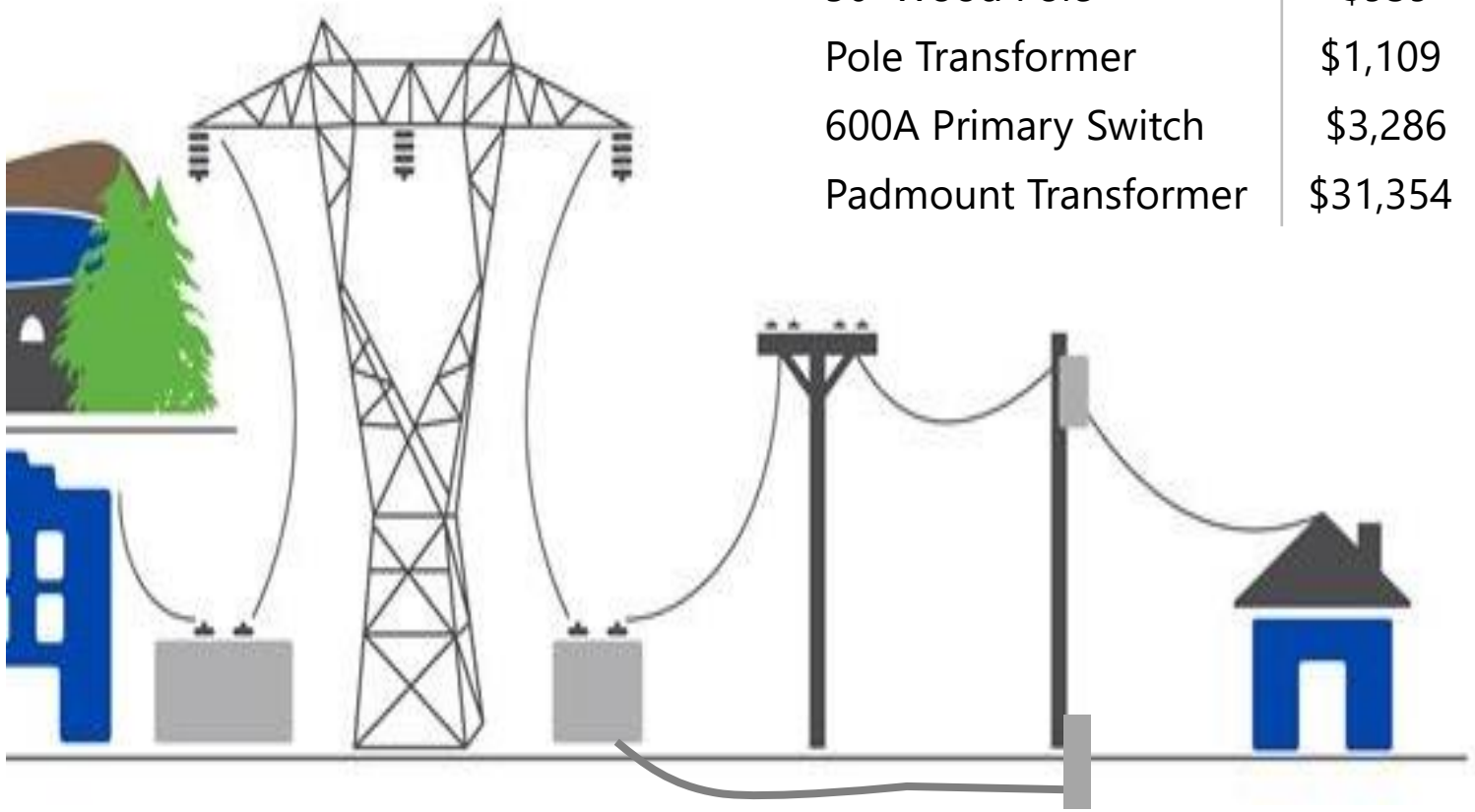
Catching Wages up to Market





Increasing Prices and Lead Times for Materials

	Price			Lead Time (weeks)	
Component	**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
Rate Increase from Last Strategic Plan (A)	**3.0%**
Cost Impact (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	- 1.0%
Cost Subtotal	*+7.1%*
Revenue Impact (C) *Higher Load/Retail Sales*	-4.7%
Rate Increase in New Strategic Plan (A+B-C)	**5.4%**

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

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
Total	**$56.4M**

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

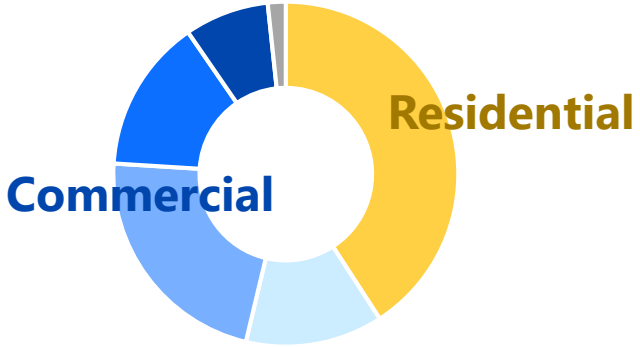
60 days to catch up on past due bills
Flexible Repayment Plan

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

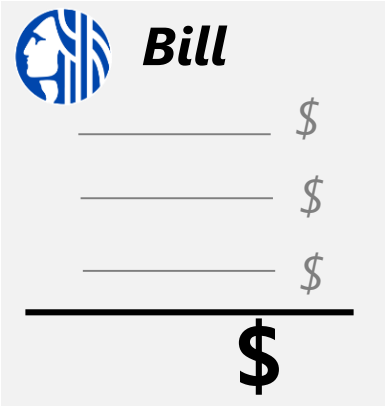
What's Next: Rates and Budget Proposal

- 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.

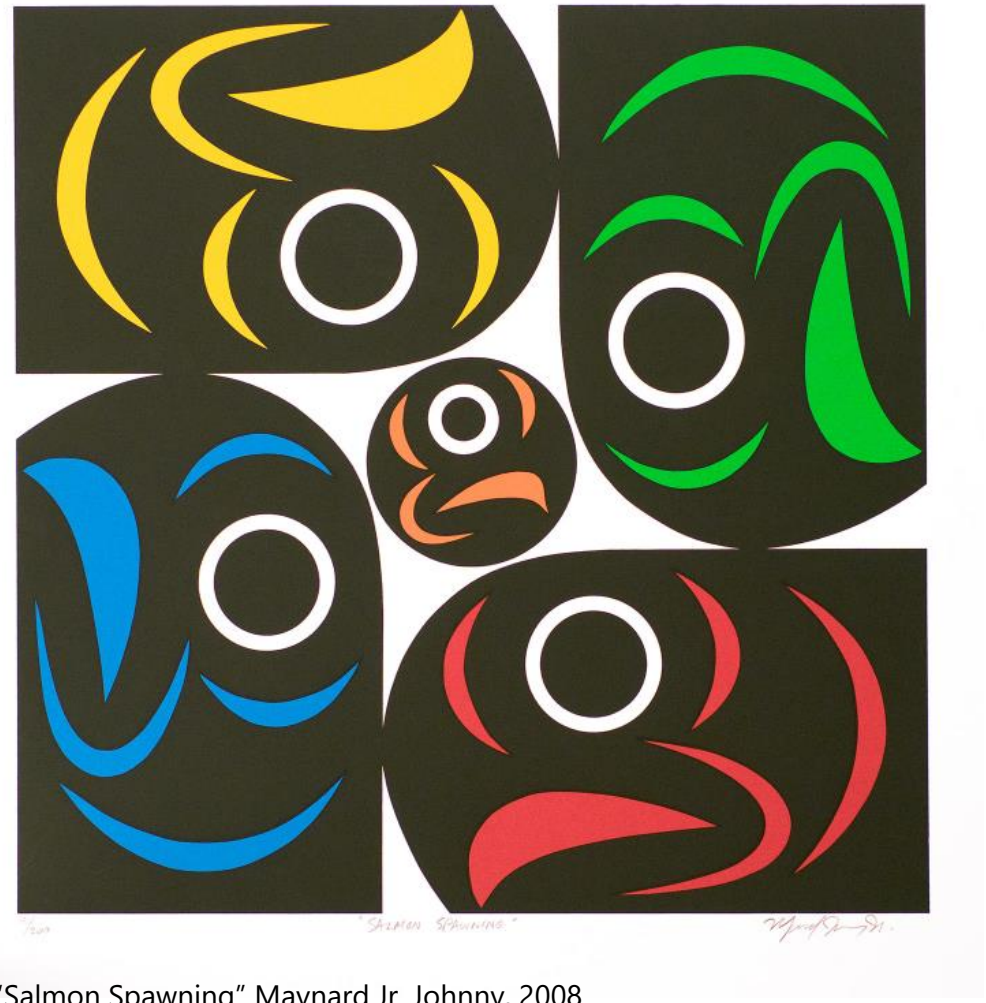
ASSIGNING COST RECOVERY TO CUSTOMER CLASSES



ADJUST ALL FEES & CHARGES (RATES)



Q&A



"Salmon Spawning" Maynard Jr. Johnny, 2008

QUESTIONS AND COMMENTS?

Thank you!

Seattle City Light