



3RD QUARTER 2015 STRATEGIC PLAN UPDATE

Seattle City Light Review Panel

October 13, 2015



TODAY'S PRESENTATION

- Major Project Updates
 - Denny Substation
 - New Customer Billing System
 - Automated Metering Infrastructure
 - Energy Management System
 - Utility Discount Program
- Financial Update
 - Financial Forecast
 - Financial Highlights
- Strategic Plan Metrics
 - Baseline
 - Initiatives
 - Efficiencies



MAJOR PROJECT UPDATES



DENNY SUBSTATION

Milestones Completed at Sept. 2015

- 100% Substation Design
- 100% Network Design Phase 1 & 2
- Master Use Permit Issued
- Construction Management Contract Executed

Future Steps Post Sept. 2015

- Network contract award – October 2015
- Network Civil construction – November 2015
- Facility bid solicitation and award – January 2016

Other Updates

- Unanimous City Council approval of Street Vacation petition, Master Use Permit and final Environmental Impact Statement – August 2015

Completion

- Facility to be energized 1st Q. 2018

NEW CUSTOMER BILLING SYSTEM

Milestones Completed at Sept. 2015

- System integration testing phase II continued
- Data conversion rehearsal complete-- data and defect fixes being analyzed
- 52 of 86 reports need for day-one operations have been created

Future Steps Post Sept. 2015

- Operational "Day in the Life" testing – October 2015
- Finalize training materials – November 2015
- User Acceptance Testing – January to March 2016
- Train system users – January to April 2016

Other Updates

- Close collaboration with AMI project to ensure successful integration
- Customer Portal functionality approved with Single Sign-on capability through portal with link to KUBRA e-payment system.

Completion

- System go-live scheduled for April 2016

ADVANCED METERING INFRASTRUCTURE (AMI)

Milestones Completed at Sept. 2015

- System Integration vendor hired and on-site
- Quality Assurance vendor hired and on-site

Future Steps Post Sept. 2015

- Sign AMI Meter Vendor Contract – October 2015
- Internal Communications Plan Kick-off – October 2015
- Release Meter Install RFP – November 2015

Other Updates

- Policy to allow residential customers to opt-out is being drafted
- Career Development Program for affected staff is in progress

Completion

- Project will be completed by December 2017 with 430,000 meters installed

ENERGY MANAGEMENT SYSTEM

Milestones Completed at Sept. 2015

- SCADA database delivered to vendor (OSI)
- Operational Station Displays build is complete
- 2 remote terminal units are connected in listen mode allowing operators to see field data in the new EMS

Future Steps Post Sept. 2015

- Testing Gap Analysis to be completed prior to factory acceptance testing – November 2015
- OSI to complete system build at factory in MN – October 2015
- Pre-Factory Acceptance Testing to be completed – November 2015
- SCL to start testing of field devices in the new EMS – October 2015

Other Updates

- City Light's internal network model is able to be imported from the WECC wide model.
- OSI is sending a trainer to City Light for advanced applications training to help with Utility resource constraints

Completion

- System go-live is scheduled for September 30, 2016

UTILITY DISCOUNT PROGRAM (UDP)

Milestones Completed at Sept. 2015

- Completed legislation to align eligibility requirements for all Utility rate assistance programs, i.e. ELIA, Project Share
- Secured auto-enrollment agreement with the Washington State Housing Finance Commission netting more than 3,000 new program participants.
- Auto-enrollment opportunity implemented for customers receiving food stamps.

Future Steps Post Sept. 2015

- Continue targeted marketing and expanded outreach – Ongoing 2015 and 2016
- Implement pilot project which allows Section 8 housing voucher holders to participate in the UDP – February 2016
- Develop on-line application that will auto-populate in the new billing system – June 2016

Other Updates

- Finalized benefit option offerings, i.e. Project Share funding, long-term payment arrangements, for customers participating in the Human Services Department's Financial Empowerment Center.

Completion

- Year-to-date program enrollees exceeds 21,1900.
- The Mayor's initiative to strengthen rate assistance programs has a goal of 28,000 new participants by 2018.



FINANCIAL UPDATE



Financial Forecast

\$ in millions	Full Year 2015	
	Forecast	Plan
Retail Power Revenues	\$ 747.0	\$ 775.8
Wholesale Energy Sales (net)	\$ 36.4	\$ 65.0
Power O&M	\$ (261.5)	\$ (271.9)
Non Power O&M	\$ (225.8)	\$ (223.0)
RSA Transfers (net)	\$ 24.5	\$ (1.3)
Taxes, Depeciation & Other	\$ (190.7)	\$ (214.8)
Net Income	\$ 130.0	\$ 129.8
Debt Coverage Ratio	1.70	1.80
Debt to Capitalization Ratio	59.6%	59.6%

FINANCIAL HIGHLIGHTS

- 2015 outlook:
 - Retail revenue \$29M less than Plan
 - Wholesale revenue \$29M less than Plan (\$65M)
 - Net Income of \$130M
 - Debt service coverage anticipated at about 1.7x
 - Not expected to exceed capital or O&M budgets

BASELINE, INITIATIVES AND EFFICIENCIES



STRATEGIC PLAN CONTINUES TO DRIVE UTILITY ACCOMPLISHMENTS

- Strategic Plan 2015 accomplishments
 - Baseline: Delivering on all 22 programs.
 - Initiatives: Out of 31 initiatives, 28 on track, 3 delayed.
 - Efficiencies: \$16.5 million YTD through 3rd Quarter.



CITY LIGHT

OUR VISION

To set the standard—to deliver the best customer service experience of any utility in the nation.

OUR MISSION

Seattle City Light is dedicated to exceeding our customers' expectations in producing and delivering environmentally responsible, safe, low-cost and reliable power.

OUR VALUES

Excellence, Accountability, Trust and Stewardship.

