

One World:

Connection, Community & Collaboration

Making Them Care – A Case For Public Engagement

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Situation

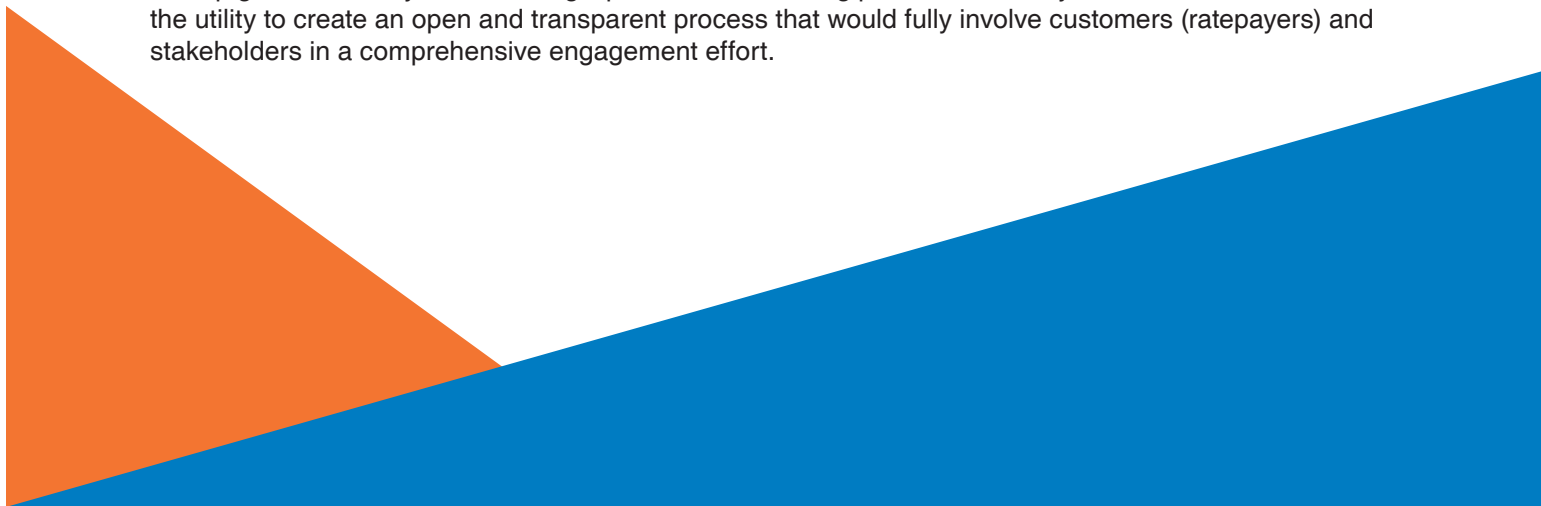
Seattle City Light is a department within the City of Seattle government and serves some 410,000 customer accounts representing about 3/4's of a million residents. The citizens of Seattle voted in 1902 for a bond issue to create the electric utility and service began in 1905. Today, City Light serves not only the City of Seattle, but also seven suburban cities and some of unincorporated King County. The utility is a billion dollar operation and the 12th largest public utility in the U.S.

City Light does not receive any general fund money from the city. It's what is known as an "enterprise fund" – that is, all of its revenue is self-generated either through the rates it collects from residential and commercial customers, or through the surplus energy it sells in the wholesale market. City Light owns and operates seven hydroelectric dams and has investments in a variety of alternative energy projects such as wind turbines and geothermal. It is in the enviable position of generating nearly 60 percent of the energy its customers use. The balance of its energy needs are realized through long-term contracts. City Light has some of the cheapest power rates among comparably-sized cities at about 7 cents/kilowatt hour. Compare that to Philadelphia with rates of more than 14 cents/kilowatt hour – or New York City at about 24 cents/kilowatt hour. It also is one of the greenest power producers in the country.

City Light is governed by the Mayor – the executive branch or CEO – and a nine-member City Council – the legislative branch or board of directors. They are all elected. The general manager of the utility is appointed by the Mayor and confirmed by the Council. In order to raise electric utility rates, the Mayor must endorse and submit the request to the Council for approval. However, unlike most city departments, City Light is capital intensive requiring multi-year investments in major infrastructure facilities. Unlike general purpose government, the utility doesn't fit well in a two-year planning process. It needs to be thinking long-term.

In 2007, the utility began a major effort to evaluate the condition of its assets – poles, power lines, cables, transformers, generating units, turbines, fleets, etc. This asset management tool gave the utility a good baseline on the condition of the utility's equipment and facilities. A similar inventory of the utility's workforce provided insight into the human capital challenges the utility faced. Nearly half of the utility's workforce was eligible to retire in the next five years.

In 2010, the Mayor and Council agreed to begin the process of developing a six-year strategic plan for the utility. A nine-member outside, customer-represented review panel was appointed to a three-year term to help guide the utility in the strategic plan and rate-setting process. The Mayor and Council directed the utility to create an open and transparent process that would fully involve customers (ratepayers) and stakeholders in a comprehensive engagement effort.



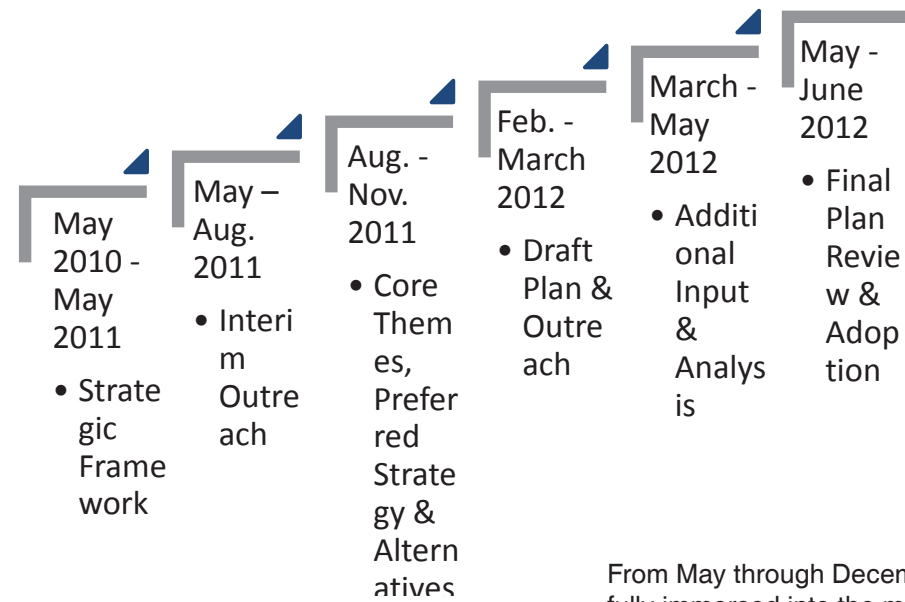
Approach

Internally for City Light, there was a core team of three staff people who played key roles throughout the process:

- Chief Financial Officer – responsible for financial input
- Government Affairs Director – responsible for the political strategies
- Communications & Public Affairs Director – responsible for the outreach & engagement strategies

We also worked closely with the City Councilmember who chaired the Energy & Environment Committee.

The Review Panel was staffed by an outside consultant paid by the utility. She was instrumental in gaining consensus among the panel members and giving City Light staff direction into the thinking among the panel members. Once in place, the wheels of the strategic plan were set into motion (see Table 1 – Timeline).



From May through December 2010 the panel members became fully immersed into the minutiae of City Light – delving into finances, infrastructure, workforce and other issues.

Table 1 - Timeline

2011 was the “discovery” phase of the strategic plan. Research was conducted with customers, stakeholders, employees and elected officials. Basically, the public played a major role in the SWOT (Strengths/Weaknesses/Opportunities/Threats) analysis that was conducted by the utility. The utility reached out to the community in a variety of ways (see Table 2 - Outreach).

	One-on-one	Briefings/ forums/ presentations	Translated materials	Direct mail	Social media	Media	Survey	Website	Ed. board and op-ed	News releases
Key customers	◆	◆			◆			◆		
Low-income/non-English speaking		◆	◆							
Businesses	◆	◆		◆			◆			
Residential customers		◆		◆	◆	◆	◆	◆		
Environmentalists	◆	◆								
Institutions	◆									
Franchise cities	◆									
Elected officials	◆									
Media	◆								◆	◆

Table 2 – Audience Outreach

Aligned strategies with audience segments

Research and Outreach – 2011

- Statistically valid residential customer survey (May)
- Online survey with customers and employees (May & July)
- Eight stakeholder forums (May – August) targeting:
 - o General business customers (two forums)
 - o Key utility customers
 - o Institutional customers (hospitals, schools, government)
 - o Environmental groups
 - o Commercial property owners
 - o Suburban cities (franchise customers to the utility)
 - o Elected officials
- Two public meetings
- Five focus group-type meetings with non-English speaking customers

2012 – The Draft Plan & Approval

Early 2012 was spent on the draft strategic plan based on the input received during 2011. City Light hired an outside consultant – Cocker/Fennessy – to help craft the plan and an executive summary in easy-to-understand language and content that was graphically appealing. In late March of 2012 another series of public outreach began with the goal of delivering the strategic plan to the City Council in May. The Council held three public meetings about the plan with a unanimous adoption of the plan on July 2. The corresponding two-year rate path was passed unanimously in September; and the final budget unanimously passed in November of 2012.

Challenges

- City Light’s six-year strategic plan was a major commitment by elected officials to adopt a rate path that would mean approximately a 32 percent increase during the duration of the plan. Not an easy sell.
- o Recession was still impacting businesses by 2012
 - o Major utility customers actively opposed any proposed rate increase claiming utility inefficiencies needed to be addressed first
 - o Rates had increased 23 percent during the prior three years – although a portion of the rate increase was only temporary
 - o Infrastructure investments in an electric utility – basically an “invisible” service – isn’t particularly engaging for most power consumers

The outreach and engagement effort had to address two questions:

- Why do I care?*
- What does it mean to me?*

If we couldn’t successfully answer those questions, our chance for aligning the major stakeholders would fail.

Tactics

As referenced in Table 2, we used specific methods for communicating with different audiences to ensure that the fundamental questions of why they should care would be answered. In short, we needed to demonstrate the value proposition for the various customer groups.

Residential Customers:

- o Make it convenient for them to engage using online surveys, social media, customer newsletter, cable television advertising and promotions, even public meetings with utility-related incentives to attend;
- o Make the message compelling and personal . . . reliability, the dedication of utility workers to get power restored during major events, the environmental stewardship and leadership of the utility;

Business Customers:

- o Look for champions who have benefited from (a) inexpensive power; (b) reliable power; (c) conservation incentives; and/or (d) environmental stewardship. They would be important messengers to dilute the impact of a handful of (influential) customers who opposed the strategic plan;
- o Hand-to-hand combat, that is lots of one-on-one meetings with key influencers took place. Also, numerous presentations were made to industry and civic groups. Our research told us where we likely would be vulnerable and we were able to proactively counter many of the arguments opposing the strategic plan. Divide and conquer;

Environmental Community:

- o Identify the key elements of the plan that would strengthen the utility's efforts on sustainability, alternative energy efforts, and carbon reduction;
- o Support from this audience segment was essential with the city's elected officials;

Elected Officials:

- o The review panel was critical to persuading the mayor and the council to support the strategic plan. These individuals were hand-picked by the mayor and council to represent customer interests. The panel members provided cover and credibility;
- o Critical to the utility's success was the fact that the chair of the Council's Energy and Environment Committee was committed to the need for a strategic plan. He attended every public meeting and actively participated with those who attended. He also was an advocate with his council colleagues, helping the utility make its case;
- o Outreach and engagement efforts by the utility also were critical. The council held out the utility's efforts as a model for the rest of the city to follow when it comes to involving the public in a major public policy decision.

Bonus

In early 2013 the utility was notified by JD Power that City Light's business customers had ranked it the #1 mid-size utility in U.S. in customer satisfaction, and the utility's efforts to communicate with business customers during the strategic plan process was one of the factors that played into this ranking. This was the first time City Light had ever received this ranking by JD Power.

