



Your Power Future: Seattle City Light 2013-2018 Strategic Plan Outreach

Cocker Fennessy Public Affairs and City of Seattle AND Seattle City Light Business & Residential Customers, Jan 1, 2013

Summary: 2013 Silver Anvil Award Winner — Public Affairs — Government

After years of deferred infrastructure investments, Seattle City Light – the nation’s 10th-largest publicly owned utility – developed a multi-year Strategic Plan including built-in rate increases. It was the first of its kind for a utility. Employing research at every phase, City Light conducted a highly collaborative communication campaign to solicit public support for the plan. The result: City Light secured approval of this first-ever plan from its City Council in spite of strong opposition by business customers, creating a model campaign for government communicators nationwide and earning the prestigious #1 ranking by J.D. Power & Associates from the utility’s business customers.

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Full Text: SITUATION / RESEARCH

Seattle City Light is the country’s 10th-largest publicly owned utility, out of 2,000 nationally. That means that its 410,000 customers are the customer-owners of this billion-dollar utility. More than 90 percent of its power is hydroelectric. During the past decade, the utility weathered several events – including a severe drought and the West Coast Energy Crisis related to Enron’s market manipulation – that decreased revenue, drove rate increases of as much as 59 percent at one point, and prevented critical investments in infrastructure. Add to that, in December 2006, elected officials got a wake-up call when one of the worst windstorms in history hit the Northwest, leaving half of City Light’s customers (and a million others in the region) without power – and many customers were furious; some were without power for a week or longer. Investments such as tree trimming, which the City Council had cut from the budget in 2004, likely could have prevented many of the major power outages caused by trees in power lines.

Recognizing the need to improve investments in infrastructure and taking a longer term view for a capital intensive enterprise, City Light worked with the Mayor and City Council to achieve a path of rate stability and predictability for residential and business customers in order to **enable us to make critical infrastructure investments.**

It took major political will to begin the Strategic Plan process. In 2010, the Mayor and Council appointed a nine-member Review Panel made up of representatives from each of the utility’s customer rate groups to work on developing a six-year Strategic Plan. The plan was to include a pathway for revenue predictability – and that would mean rate increases. **The challenge? No utility in the country had laid out a multi-year plan with successive annual rate**

increase plan. An additional challenge, the city and the country were in the middle of a recession. Customer and political opposition to rate increases could torpedo the plan.

City Light communicators would be called upon to **engage the public in the plan's creation, keep the public informed at each step of the planned two-year process, and rally public support for its approval.** City Light's communicators would need to employ a highly collaborative and transparent approach to **gather public input** that would shape a plan everyone could agree on, while careful communication strategies would be needed to keep the planning process moving forward in time for the plan to be submitted to the Council for the next biennium. Research would be **the #1 strategy at every phase.**

Phase I, Public Outreach and Research (2011): Before the plan drafting would begin, City Light conducted extensive research as follows.

- Statistically valid telephone survey of 500 residential customers, May 2011, to determine customer satisfaction, but also to identify customer priorities when it comes to their electric utility
- Online survey (Zoomerang) of employees, July 2011, to identify their urgent priorities for the utility and to engage them in the discussion of the importance of the strategic plan so that they could serve as messengers.
- Online survey of customers, July 2011, to probe more deeply into the results from the May survey
- Eight stakeholder forums, two public meetings and three employee meetings were held between May and August
- Three focus groups with customers, November-December 2011 to help drive the compilation of the draft plan

One of the most important conclusions from this research was that **reliability was the most important factor in customer satisfaction.** Customers did not want to pay more for better customer service, but would pay higher rates for infrastructure improvements that would lead to better service. Additionally, we learned some business customers were opposed to a strategic plan and possible rate increases.

PLANNING

Objectives

Business Objective: Gain approval from elected officials for **rate stability** and to **raise electric utility rates by (on average) 4.7 percent** per year for the next six years (2013-2018) beginning during one of the worst recessions in decades.

Communications Objective: Gather input from business and residential customers that would shape the plan and help secure its approval. There was no set goal for the level of participation because City Light had never attempted anything like this before; however, we knew that business customers – who represent more than 67 percent of the power consumed – would be key. We knew this influential community would be pivotal. A city priority also was to include non-English speaking customers, who comprise 33 percent of City Light's customers.

Strategy

Through a **carefully crafted communications strategy** to engage customers, stakeholders, influencers, the media and others, the utility began to build enormous customer and community support for the Strategic Plan, paving the way for approval by elected officials.

Strategies included the Phase I research and outreach described above.

Strategies for Phase II, Plan Development and Approval (2012), included more public forums, meetings with key customers and business leaders, additional research, building support for the process via customer communications and more.

Target Audiences: The 410,000 customers – residential, business and institutional; and its “Board of Directors,” the elected Mayor and City Council and our 1800 employees.

Budget: \$240,000 was out of pocket, including strategic plan writing (\$76,369), research (\$68,281), graphic design (\$52,215) and translations. An internal staff of one communicator and one each from government relations and finance were tasked with the project.

EXECUTION

Phase I – the Research phase – is described above in Research. To generate additional public input, City Light invited participation in this research via fliers, news releases, the Web site, customer newsletter, social media, a video, public forums, and more.

Phase II (2012): During the plan drafting. Online survey (March), to test the acceptance of certain elements of the plan, plus customer communication and solicitation of feedback including direct mail postcard to 408,000 customers and 40,000 postcards to small and medium-sized businesses; eight stakeholder forums, two public meetings and five targeted non-English-speaking forums; an ad campaign on the local cable TV provider (Comcast); a PSA; and social media, resulting in 3,800 visits to the Strategic Plan Web site.

Challenges: The Strategic Plan had faced several challenges.

- 1. A Plan with six years of rate increases had never been done by any other utility.** These capital-intensive operations require many years, yet in our case funding is only set on a two-year budget cycle, and **no government official wanted to be the “rate-hiker.”** City Light worked to demonstrate the need for and benefits of the rate increase so convincingly that both customers and officials agreed.
- 2. Communicating the benefits of an “invisible” service is difficult.** The challenge was to make customers care. Research indicated customers sometimes hold priorities different from those of the utility; for example, to the utility, improving infrastructure was #1, but customers said keeping rates low was tops. City Light worked hard to emphasize the connection between infrastructure, reliability and rates.
- 3. Some vocal members of the business community opposed a rate hike.** City Light listened carefully and, where possible, made adjustments, to support economic growth just as our area was emerging from the recession.

EVALUATION

This campaign **succeeded beyond expectations** and **established best practices citywide.**

Public Engagement: City Light succeeded in gathering extensive input from customers. More than 1,200 customers participated in the online survey, what we considered an overwhelming response; key business customers attended stakeholder forums and met individually with us; 130 residential customers attended two public forums; 70 attended five non-English-speaking forums; and 3,800 linked to the Strategic Plan Web site from social media. This was described by one City Council member as the City’s most successful effort to proactively solicit public comment ever and is being used as a model for other city departments.

Plan Approval: The most direct evidence of success is that we secured approval of **the first-ever Strategic Plan.**

- Seattle’s Mayor approved the Strategic Plan and submitted it to the City Council in May 2012; the **Council approved it unanimously July 2, 2012**, with no one testifying against the plan. That was the first hurdle; the second would be adoption of the rates package by the City Council.
- In September 2012, the Council unanimously adopted the rates package – making City Light **the first electric utility in the nation to lay out a specific, six-year rate increase**

for customers.

Moreover,

- The outreach campaign was praised by one of the councilmembers as “**the best communication the City has ever done,**” and is being used by other City departments as an **example of best practices** for their efforts.
- As validation of our effectiveness among our business customers: The J.D. Power & Associates satisfaction survey of business customers announced February 2013, City Light’s **ratings moved to 1st among all midsize utilities in the country – a first for us.** Nationally among all 95 utilities regardless of size, City Light moved from 10th to 3rd.

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