Seattle City Light

Memorandum

DATE: August 1, 2011

TO: Seattle City Council Energy, Technology & Civil Rights Committee Members: Councilmember Bruce Harrell, Chair, Council President Richard Conlin, Vice Chair, Councilmember Nick Licata and Councilmember Mike O'Brien, Members

FROM: Jorge Carrasco, Seattle City Light

COPY: Beth Goldberg, CBO
Cameron Keyes, CBO
Calvin Chow, CBO
Tony Kilduff, Council Staff

SUBJECT: Response to **SLI 21-1-A-1** "Requesting that City Light present a plan to improve workforce efficiency and performance"

The Seattle City Council requested that Seattle City Light (SCL) submit a report that included management recommendations for improving workforce efficiency and performance improvements. This information is intended to be used as a part of ongoing discussions with labor partners on how to enhance efficiency of City service.

Seattle City Light's 2012 Endorsed Budget includes $500,000 in unidentified savings to encourage the utility to find workplace efficiencies without reducing service levels. The following efforts will generate the savings goal identified by the Council.

Shift, work hours and peak work load management

Skagit Reorganization

Seattle City Light owns and operates the Skagit Hydro Electric Project located 120 miles outside of the Seattle Metro area. The project consists of three powerhouses (Diablo, Gorge and Ross). In 2011 SCL implemented a major reorganization of the Skagit Project to improve efficiency in the deployment and utilization of our workforce, reduce the amount of time that a generating unit is off-line for maintenance, and improve the completion rate for critical work.

The Skagit project was divided into 6 different units. Each of those areas had a supervisor and assigned crew that developed and managed its own work plan, schedule and budget. There were times when those plans conflicted with, or competed for, the same limited resources resulting in inefficient use of staff time and missed opportunities for completing critical tasks.

We implemented the new business model to consolidate all operations and maintenance activities of the facility into one centralized function headquartered at a primary location. The goal of the consolidation is to have 65% of all employees' time scheduled to work on specific projects, reduce the amount of time that a generating unit is off-line by 30%, complete 90% of all planned critical work, and implement cross training and succession planning strategies to mitigate loss of institutional knowledge due to impending retirements.

Currently most employees at the Skagit are now headquartered at one location at the Skagit. The supervisors oversee functional areas of responsibility rather than a powerhouse and supervise employees that perform similar types of work. Defined job plans are now developed from a centralized project management function and include estimated employee resource hours required, and an outage management plan. This increases the productivity of skilled employees and reduces the amount of time that generation facilities are out of service.

The key changes associated with the reorganization of the Skagit were implemented through impact bargaining with Local 77 and the Coalition of City Unions that represent most of the other employees who work at the Skagit Project.

Improved management of Seattle City Light Return to Work Program

Much of the work performed in the electric utility industry is physically demanding and often dangerous. Every year electrical and construction workers across the country are seriously injured while on the job. Costs associated with workplace injuries and lost productivity are substantial. Return to Work (RTW) programs allow employees with temporary work restrictions, to resume working in an appropriate and timely manner. This is critical for minimizing health-related absences and optimizing productivity. Effective Return to Work programs can save between 20-40% of Workers Compensation costs.

In 2010, SCL's Workers Compensation costs were approximately $4 million. In 2011 the utility established a goal to reduce Workers Compensation costs by $500k for 2011 and 2012 (approximately 11% reduction). The Utility implemented the following Return to Work best practices:

- Training line management to understand their role and act as a key participant in the injury and Return to Work process.
- Developing a tracking tool for key industry metrics, e.g. Lost work days per 100 employees, to improve efficiency and reduce costs.
- Increasing the number of Light Duty assignments to have employees return to meaningful work while they recover from their injury.

Next Steps: By the end of the second quarter of 2012 Seattle City Light will develop a comprehensive 3-year Return to Work Action plan to reduce total Workers Compensation Costs by 20% annually.

Multi-skill job classification

Engineering

Seattle City Light currently has 219 engineering positions classified in 29 different engineering job titles. The number of engineering job titles is larger than in other similarly sized electric utilities. The titles represent three major disciplines: electrical, civil and mechanical. Most titles within these disciplines have identical or very similar educational, experience and licensing requirements however they differ in the level and complexity of work that can be assigned to the employee in the classification and rate of pay.

Efficiencies could be realized if those titles with similar job responsibilities, but differing levels of ability were consolidated into broader classifications. Work could be assigned and completed based on proficiency of the incumbent, without the delay of determining if the work is more appropriate for one of two closely related classifications. This would also provide more cross training opportunities and more easily allow employees to move around the Utility based on workload and customer demands.

If titles with broader classifications and pay bands were utilized Engineers would be allowed the opportunity to gradually perform more complex work and better develop their proficiency and understanding of the SCL system. They would also be able to develop more comprehensive and well rounded engineering skills that would aid in their development and long term career opportunities.

Performance Benchmarking

Work and Asset Management

In June of 2011 Seattle City Light implemented a Work and Asset Management system (WAMS). This system will allow management and employees to schedule, plan and track the progress of job assignments, work tasks, and costs. We will be able generate specific productivity data for all work tasks and processes and assess how employees, work units and the Utility is performing in comparison to other comparably sized public utilities.

An example of a key benefit of the WAMS is that it will serve as a centralized system to store work orders, asset maintenance records, and project costs allowing the utility to plan projects more efficiently. When engineers are planning a project they will be able to see all of the assets on the system, with associated performance and maintenance data. If they are making changes to the electrical system they would have access to see which equipment has a high failure rate and would be able to incorporate the equipment replacement into the initial design. This will reduce costs over time because planned replacement of equipment is less costly than emergency replacement on overtime.

Next Steps

The WAMS has been implemented for Energy Delivery Operations, Engineering, and Customer Service. In 2012 the plan is to implement the WAMS in Substations and Generation. At that point all of the assets, work orders and costs will be in one system allowing the work units to continue to standardize their business processes across the utility.

UMS Benchmarking Study

In 2010 Seattle City Light retained UMS Group, an international management consulting firm that specializes in benchmarking and best practices for utility operations, to review transmission, distribution and generation operations. Seattle City Light received the evaluation data in July of 2011.

The findings of the UMS study are being reported in a separate SLI Response 18-1-A-1 "Requesting that City Light provide a detailed explanation of various benchmarking studies."

Next Steps

Based on the UMS benchmarking data, Seattle City Light has targeted approximately $15 million in annual savings in the Transmission, Distribution and Generations area if able to fully implement the recommended operational changes. We are developing a 3 year implementation plan to improve business processes and workplace efficiency. Our savings target would be $3.75 million in 2012, $7.5 million in 2013 and $15 million in 2014.

Seattle City Light also plans to continue to utilize benchmarking in other areas of the Utility including IT, HR and other administrative functions to identify industry best practices and metrics.