



CITY LIGHT REVIEW PANEL MEETING

Thursday, February 25, 2021

10:00 AM – 12:00 PM

Microsoft Teams Meeting

Proposed Agenda

- | <u>Item</u> | <u>Lead</u> |
|---|---------------------------|
| 1. Welcome, Introductions (5 min.) | Leon Garnett, Panel Chair |
| 2. Public Comment (5 min.) | |
| 3. Standing Items: (5 min.) | |
| a. Review of agenda (Karen Reed) | |
| b. Action: Review and approval of meeting minutes of February 18, 2021 | |
| c. Chair's Report (Leon) | |
| d. Communications to Panel (Leigh Barreca) | |
| e. Panel recruitment update (Maura Brueger) | |
| 4. General Manager's update (15 min.) | Debra Smith |
| 5. Panel Discussion: 2022-2026 Strategic Plan (1 hour 40 min.) | Leigh/Karen |

The goal of this discussion is to receive input from the Panel on the draft strategies, objectives, and success criteria.

- a. 2022-2026 Planning Process / Structure / Nomenclature (10 min.)
 - b. Business Strategy Presentation & Discussion (90 min.) (A member of the SCL Executive Team will present for about 10 minutes, and then there will be Q&A on each presentation followed by the RP discussion.)
6. Adjourn



City Light Review Panel Meeting Meeting Minutes

Date of Meeting: February 18, 2021 | 1:00 – 3:00PM | Meeting held via Microsoft Teams “Draft”

MEETING ATTENDANCE					
Panel Members:					
Names		Name		Name	
Gail Labanara	√	John Putz	√	Mikel Hansen	√
Sara Patton	√	Anne Ayre	√	Leon Garnett	√
Scott Haskins	√				
Staff and Others:					
Debra Smith	√	Jen Chan	√	Karen Reed (Consultant /RP Facilitator)	√
Kirsty Grainger	√	Mike Haynes		Tom DeBoer	√
Jim Baggs		DaVonna Johnson		Craig Smith	
Kalyana Kakani	√	Emeka Anyanwu	√	Maura Brueger	√
Julie Moore	√	Chris Ruffini	√	Leigh Barreca	√
Greg Shiring	√	Carsten Croff	√	Kathryn Aisenberg	
Eric McConaghy	√	Alex Pedersen		Angela Bertrand	√
Hillary Winchester	√	Toby Thaler	√	Aliza Seelig	√
Zana Jones	√	Chris Tantoco	√	Joni Bosch (NVEC)	√

Welcome\Introductions. Karen Reed called the meeting to order at 1:02 PM. Kalyana Kakani, City Light’s newly hired Director of Utility Technology was introduced. In his role, Kalyana is a member of SCL’s Executive Team. Panel members introduced themselves.

Public Comment.

No comment.

Standing Items:

Review Agenda. Karen reviewed the agenda.

Approval of January 28, 2021 Meeting Minutes. Approved as submitted.

Chair’s Report. No report.

Communications to Panel. There were no communications to the Panel.

Panel Member Recruitment. Maura Brueger discussed the recruitment efforts for three current (or upcoming) vacancies: Suburban Franchise City (Gail will be retiring in April), Economist, and an At-Large Residential representative. SCL has received one nominee for the Economist position and is preparing the paperwork to submit this candidate to the Mayor’s Office.

IRP Progress Report. Emeka Anyanwu and Aliza Seelig presented. Presentation materials are in member packets.



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- Comments: Great job and thank you for emphasizing outreach alongside the other aspects. One thing that may be useful is to say who the outreach is to. Perhaps describe and include the process.
- Q: I didn't see anything in reference to scenario planning or high/low supply/demand curves or confidence levels. That may be something to consider. What is the impact of the IRP on potential pricing and rate structure issues? Are you considering pricing changes? Finally, can you describe what technology has been applied and what is coming in this analysis? There are many technologies highlighted in the report – maybe innovation and technology warrant a further call out in the next IRP report.
 - A: This was a progress report on the IRP framework, so we did not include demand scenarios. That will be included in our upcoming work with the Electric Power Research Institute (EPRI.) Your tip on highlighting the technologies is a good one. We do not typically include rate impacts in the IRP as our approach is to present the lowest cost resource portfolios.
 - A: You will hear more about rate path coming soon. One thing we are looking at is how we make sure our IRP process is consistent with our business strategy. Finally, the distinction between IT and OT is important. The reason we call it Utility Technology is purposeful. IT and OT lines are blurring so we are looking at the entire architecture of tools that will help us be dynamic about balancing supply and demand.
- Q: I think of the IRP process of looking at our 90% and 10% demand scenarios. But I am wondering about what is happening in Texas now and what happened in California this summer. Is that a part of the IRP process? What are the lessons from Texas right now?
 - A: The resource adequacy assessment considers different demand and supply scenarios. The progress report considered 30 years of different weather and water conditions and looked at climate change data we had from Skagit. These are all important aspects of the resource adequacy planning.
- Q: It would be good to see the specific scenarios you are running. Will you also do a related look at resiliency strategies?
 - A: There is some really good information coming from the Union of Concerned Scientists. The Texas and California situations are very different. We have our work cut out for us around water and adaptation. We will continue to look at extreme heat and other environmental impacts.
- Comment: The public wants to know SCL has it under control.
 - A: the American Public Power Association (APPA) helps its members to understand how to communicate with customers around these risk and resiliency issues.
- Q: How is SCL handling the 'new' aspect of electrification and energy efficiency? Can you tell more about that? Does the IRP include the impacts of the latest energy codes?
 - A: Yes, energy code impacts are considered. We are working on this with EPRI to determine impacts to our planning needs.
- Q: You mention that you are working on Dept. Of Health on equity indicators. Can you say more?
 - A: We provided them data and they are developing those indicators.
- Q: Is the concept of system reliability in the IRP or in the Strategic Plan?
 - A: The resource adequacy work looks at generation and transmission at the grid level. Our



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resource strategy needs to target resources that will fit our emerging needs.

- A: As Seattle decarbonizes, we are looking at what those impacts will be also.
- Q: Page 6 talks about how BPA provides 40% of your resources through 2028 – will you keep us in the loop about the new contract? We are very interested.
 - A: Yes, we are working on putting together our thoughts on what products and services we want Bonneville to offer to us in the years of the new contact.

General Manager's Update:

- Storm - We fared well during this weekend's storm. The snow was light and fluffy with a clean transition to rain without ice. We were able to send crews to provide support in Portland.
- Labor strategy - We are working on the IBEW labor strategy. Snohomish Public Utility District raised their Journey level wages, so now our rate is 12.5% below them. Other local utilities are working through similar issues. We are working on this, but we do not have clear parameters from the Labor Relations Policy Committee (LRPC) yet. The contract we negotiate will be a shorter than usual 2-year contract to get us to a point where we have a better idea about future power loads. Our outside workers are really struggling. They have been working these last 11 months despite lack of COVID leave. We will share more with the Panel when we can.
- Road to Recovery - Road to Recovery is short for resuming the full collection cycle. We have not shut off customers due to non-payment since 2006. A moratorium preventing us from doing so is still in place. We can talk to you more about this process as it evolves, including the many equity impacts.
- Skagit Dam relicensing – SCL submitted to FERC our proposed list of 24 studies we would complete as part of the relicensing process. The license participants (tribes, non-governmental organizations, regulators) also ask for studies. We are all using a new FERC licensing process that we have never used so the process has been challenging. We are expecting upcoming media (King 5 TV, newspaper) that will likely cast the relicense effort in a negative light. We have done strategic communications study and are keeping the Mayor's Office in the loop.
- Utility branding - We are walking away from the Nation's Greenest Utility brand. With the Clean Energy Transformation Act (CETA), all Washington utilities will be completely green and carbon free. The Communications team has done a great job refreshing documents and templates to display our new brand, *We Power*.
- Q: Is the basic Skagit issue about more spill over the dam?
 - A: Currently that is not clear. The big issue is that SCL has taken the position that we are following the agreements we made in the prior license. These agreements were made in alignment with science. We are in a bit of a dispute around the science.
 - A: We are in the study phase. Fish passage is another big issue.
- Q: The last time SCL relicensed the Skagit, that became a model because of the intensive involvement of stakeholders before going to FERC for the license. Are you messaging this positive history?



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- A: I think the environment has changed as have stakeholder expectations. We met with Tribal leaders and their new leadership is younger and more emboldened in terms of their expectations of us. There is a feeling that the benefit from these projects has been to Seattle and the Tribes and environment have been harmed as a result.

RSA/2022 Rate Strategy Kirsty Grainger presented. Presentation is in member meeting packets.

- Q: I know Goldman Sachs came out with their growth estimate with a fairly robust recovery. Have you looked at that?
 - A: Yes. We have looked at that. The interesting thing will be what happens in the Seattle downtown core. Will people go back to high rises even if economy picks back up?
 - A: We assumed 350,000 people were working downtown prior to the pandemic. This number is now approximately 15,000. The Mayor is very focused on downtown recovery. They believe they will be able to get back to 30% (or 105,000) of where they were. There is a lot of uncertainty about what will actually happen, but we try to stay in alignment with the City's economic forecast.
 - A: If the downtown economy does come back faster it will decrease future rate increases OR will allow us to refill programs that we have cut.
- Q: If the actuals fall short, will you deal with it this year or the next?
 - A: We would do both. We have practice in making short-term budget reductions. If this does turn out to be long-term, we will need to do something differently there as well.
- Q: On the reduction of the surcharge, you are swapping the surcharge for a permanent increase. What is the trigger to put the surcharge back in place?
 - A: The surcharge would not come back on until the RSA fall below \$90M. We do not anticipate that happening. We are hopeful the surcharge will not come back for some time.
 - A: Our goal would be to 'rightsize' the surcharge mechanism itself. It was developed in 2010 when power prices were higher. We may find we do not need to hold as much cash as we used to. Hopefully, we will do this work before another surcharge is needed.
- Q: The rate increases looked residential. Is the increase uniform across all rate classes?
 - A: Yes.

Adjourn: The meeting adjourned at 2:55 PM.

Next meeting: Feb 25, 2021. (next Thursday – focus on draft strategic plan components)

CITY LIGHT REVIEW PANEL ROSTER CONTACT LIST

Updated Feb 2021

Name	Position	Appointing Authority	Contact Information
Vacant	#1 - Economist	Mayor	
Scott Haskins	#2 – Financial Analyst	City Council	Chief Executive Officer Haskins Strategic LLC 5230 NE 75th St Seattle, WA 98115 (425) 894-0439 scott@haskinsstrategic.com
Sara Patton	#3 – Non-Profit Energy Efficiency Advocate	Mayor	731 Broadway East #103 Seattle WA 98102 Phone: (206) 372-6838 broadwaye731@comcast.net
Thomas Buchanan	#4 – Residential Customer	City Council	603 NW 75 th Street Seattle, WA 98117 Home Phone: (206) 285-1442 Cell: (206) 947-6832 trb73@icloud.com clrtom@gmail.com
Mikel Hansen	#5 – Commercial Customer	Mayor	Chief Operating Officer Sabey Corporation 12201 Tukwila Int'l Blvd, Fl. 4 Seattle, WA 98168 Phone: (206) 281-8700 MikelH@sabey.com
Anne Ayre	#6 – Industrial Customer	City Council	Environmental Manager CalPortland 12736 7th Avenue Northwest, Seattle, WA 98177 Phone: 406.839.3831 anne.ayre1@gmail.com
Leon Garnett	#7 – Low Income Customer	Mayor	Chief Operating Officer Byrd Barr Place 722 18 th Ave Seattle, WA 98122 Phone: (206) 812-4964 Cell: (206) 659-5110 leon@byrdbarr.place
John Putz	#8 – At-Large Customer	City Council	Research Scientist The Energy Authority 405 114 th Avenue SE, Suite 100 Bellevue, WA 98004 Phone: (206) 632-6522 Cell: (206) 910-5229 Johnputz3655@yahoo.com
Gail Labanara	#9 – Suburban Franchise	Mayor	Public Works Analyst, City of Tukwila 6300 Southcenter Blvd. Tukwila, WA 98188

Name	Position	Appointing Authority	Contact Information
			Phone: 206-431-3660 gail.labanara@TukwilaWA.gov <i>alternate email: labanara@comcast.net</i>

KEY CONTACTS:

Name	Position	Contact Information
Debra Smith	SCL, General Manager & CEO	(206) 684-3200
Jen Chan	SCL, Chief of Staff	(206) 684-0491
Kirsty Grainger	SCL, CFO	(206) 684-3713
Maura Brueger	SCL, Dir. Gov't & Legislative Affairs	(206) 684-3015
Leigh Barreca	SCL, Manager, Strategic Planning	(206) 684-5072
Eric McConaghy	Council Central Staff	(206) 615-1071
Gregory Shiring	City Budget Office	(206) 386-4085, Cell: (206) 245-4123
Karen Reed	Facilitator/Contractor	(206) 932-5063, Cell: (206) 948-3556

Tantoco, Chris

From: SCL_CLRPquestions
Sent: Monday, February 22, 2021 2:16 PM
To: Barreca, Leigh
Subject: Seattle City Light Review Panel Seeks Residential Customer Candidate

CAUTION: External Email



REVIEW PANEL RECRUITMENT RESIDENTIAL CUSTOMER CANDIDATE

TRANSLATION SERVICES AVAILABLE AT (206) 684-3000

* Información en español * Impormasyon sa Tagalog * 中文資訊
* Thông tin bằng tiếng Việt * 한국어 정보 * Macluumaad Af-Soomaali ah

Seattle City Light Review Panel Seeks Residential Customer Candidate

Seattle City Councilmember Alex Pedersen is currently seeking a candidate to serve on the City Light Review Panel and represent our residential rate-paying customers. The Review Panel, established in 2010 through City Council [Ordinance Number 123256](#), plays an important role in providing input and engagement of City Light ratepayers in the development and review of the utility's biennial update to the six-year Strategic Plan. The Review Panel is also tasked with reviewing electricity rate proposals, assessing City Light's electricity rate design, and considering the implementation of cost allocation changes among customer classes. The current vacant panel position is designated for a City Light Residential Customer representative, preferably with knowledge and interest in the electricity industry. City Light is committed to racial diversity and inclusion in recruitment for this position. For more details regarding participation in the Review Panel and Strategic Plan, including the time commitment to attend regular monthly meetings, please visit the links below:

<https://powerlines.seattle.gov/2021/02/22/residential-customer-candidate-sought-for-city-light-review-panel>

<http://www.seattle.gov/citylightreviewpanel>

<http://www.seattle.gov/city-light/about-us/strategic-plan-and-review-panel>

This position is appointed by the City Council to serve a renewable three-year term. Qualified candidates will be screened and forwarded to Seattle City Councilmember Pedersen's office for consideration.

TO APPLY

To be considered for appointment by the City Council to the City Light Review Panel, **please send a letter of interest and resume by Friday, March 19, 2021** to SCL_CLRPquestions@seattle.gov.

Stay Connected and Updated!



Seattle City Light, 700 Fifth Avenue, P.O. Box 34023, Seattle, WA 98124-4023

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2022 – 2026 Business Strategies

Seattle City Light Review Panel

February 25, 2021

Planning Process



Strategic/Business Planning

- Business Strategies - Broad, multi-year goals that move us towards our Vision. Business Strategies must have a stated objective.
 - Projects, initiatives and activities (PIA) that advance the business strategy and drive the allocation of resources through the financial planning process
 - Goal or success criteria - How we will measure our progress and/or success. Should be identified at both the Business Strategy and PIA level.

Operational Planning

- Who
- What (specific)
- When
- Required resources



Terminology

- Business Strategy: Broad, multi-year area of focus that will help us achieve our vision.
- Objective: The 'end goal' that we aspire to achieve. Usually defined with a long-term timeframe.
- Success Criteria: How will our progress and/or success. Criteria will be established for each business strategy and for items in the operational workplan.
- PIAs: An inclusive list of specific actions, both long and short term, undertaken to achieve objectives.
 - Projects: A piece of planned work that is done over a period of time and is intended to achieve a specific outcome.
 - Initiatives: A new plan or action to improve something or solve a problem.
 - Activities: An action or series of actions that bring teams closer to the achievement of an outcome or deliverable.

2022 – 2026 Strategic Plan



Business Strategy & Objective



Success Criteria

IMPROVE THE CUSTOMER EXPERIENCE

Our employees are empowered to meet customer needs by delivering targeted solutions in a consistently responsive way.

1. Consistently high customer satisfaction scores as measured through benchmark surveys (JD Power and SCL longitudinal survey.)
2. Adopt metrics related to customer centric culture.
3. Measure customer participation in projects and services.

CREATE OUR ENERGY FUTURE

To prepare for the future, we will build and maintain smart, resilient, flexible, dynamic, and reliable grid infrastructure. We will prepare for increased integration of distributed energy resources and increased customer options. We will intentionally prioritize underserved populations by seeking to reverse historical inequity impacts and avoid collateral harm to them as we create our energy future.

1. Increased load/revenue associated with electrification.
2. Penetration of automation on our grid.
3. Distributed energy resource penetration and integration.
4. Percentage of transportation electrification in Seattle.
5. Lower carbon footprint for our service territory.
6. Race and equity measures
 - a. Reduction of emissions in Environmental Justice Communities (EJC)
 - b. Access to Electric Transportation in EJC
 - c. % of TE and GridMod investment in EJC

DEVELOP WORKFORCE & ORGANIZATIONAL AGILITY

To prepare for major transformations in our industry and the world, we will foster an organization that is nimble, adaptive, and responsive. We will cultivate a workforce that is agile, accountable, inclusive, and empowered to bring about social justice and meaningful change.

1. Business process management
 - a. Level of business process analysis, redesign, and management capabilities developed.
 - b. Frequency and effectiveness with which those capabilities are used.
2. Organizational change management readiness and adoption
 - a. Employee culture survey shows positive responses related to SCL's adaptation to change.
 - b. Overcoming organizational resistance to change – projects are on time and on budget.
3. Workforce development/culture
 - a. Staffing measures for retention and promotions.
 - b. Development of foundational and equitable distributed tools to support culture change.



Business Strategy & Objective

ENSURE FINANCIAL HEALTH & AFFORDABILITY

City Light is committed to sustainably affordable rates for our customer-owners, including vulnerable populations. This includes developing a stable and predictable approach to setting rates over time.

WE POWER SEATTLE

City Light's utility operations will always support our mission and vision of meeting customer needs for affordable, reliable, and environmentally responsible energy services. We will prioritize diversity, equity, and inclusion in all that we do and will also actively manage and mitigate the constraints, risk, and uncertainty of operating in a COVID adjusted environment.



Success Criteria

1. Rate path at or below inflation.
2. 1.8X+ debt service coverage ratio.
3. Capital financed 60% or less by debt.
4. Spending aligns closely with budget– higher proportion of budget is spent, w/o going over, and with limited carry forwards. (Like the “The Price is Right”)
5. Managers and project managers know and are accountable for what is in their budget (Leadership has strong budget & financial literacy)

Individual high-level, dashboards capturing the primary annual workplans for each functional area of utility operations are being developed. Metrics for each area will be included. Results will be reported monthly or quarterly as available for all dashboards. Links to dashboards will be readily available.

Examples of initial dashboards include:

- Customer service
- Customer construction
- Financial management
- Safety
- Diversity, inclusion & social justice
- Power production
- System planning & operations
- Distribution planning and operations
- Market participation
- Risk
- Communications & community involvement
- Physical & cyber security
- Compliance & regulation

Example PIAs:

1. Voice of the Customer insights – Actively listen to customers to better understand and respond to both residential and commercial customers. We will also use this information to educate employees and shift our culture to be more customer centric.
2. Assess and improve our culture – Develop and implement programs to support our workforce by engaging and listening to their operational challenges, needs and priorities. Incorporate change management practices and organizational training.
3. Expand Customer Service Options – In response to our customers' individual needs, expand and diversify customer programs & services.
4. Utility Next – The focus of this program is to deliver projects that will realize Seattle's vision of creating a clean energy delivery system. This includes transformation of our grid, while also contributing to the long-term economic recovery and clean energy development of our region.
5. System Planning - Fully integrated planning process aligning traditional IRP through Transmission & Distribution, environmental planning, and customer service engineering.
6. Demonstrate Leadership & Collaboration: Ending the use of fossil fuels in our area requires working with others in the region, state, and nation to provide the best possible alternatives. Continue our leadership role to ensure the capacity and availability of carbon-free generation resources, and to leverage diversity of resources and maximize our abundant hydro resources most effectively.
7. Safety – Make a strategic, bold shift in our safety program to ensure the well-being of our community, employees, and environment.
8. Organizational Change Management – Help the utility achieve greater return on investments on technology projects and business process redesigns by having structured OCM planning, activities and resources dedicated to prepare the organization and people to adopt and sustain new changes.
9. Business Process Management (BPM) – Identify ways to improve customer service, seize opportunities, enhance productivity, maximize resource usage, and build flexibility to adapt to change using business process analysis, management, and redesign.
10. Implement Technology Roadmap - With people increasingly dependent on the services we provide, City Light needs strong, smart, and secure technology systems to keep everything running smoothly. Create, adopt, and implement Technology roadmap incorporating IT and OT in a single, comprehensive architecture and plan.
11. Workforce Next – Anticipate new requirements to prepare for strategic workforce staffing. Build a workforce that reflects the diversity of our community and increases investment in our current workforce to provide the skills and experience to meet the organization's emerging needs.
12. Long-term Cost of Power – Improve tracking and management of bulk power costs. Reassess and potentially redesign RSA/BPA rate mechanisms.
13. Service to Bill Program – Improve the processes associated with customer requests for service – beginning to end.



Questions for the Panel today:

Strategy/Objective	Success Criteria	Projects, Initiatives, Activities (PIAs)
<p>What additional input do you have on the objectives?</p> <p>Ideas for other concepts that we should try to capture when describing the Objective and why it is important?</p>	<p>Are these good measures? Are there other measures that you think should be targeted as well?</p>	<p>Do you have any input for the Utility as we develop PIAs to achieve the business strategies and objectives?</p>