

Seattle City Light Review Panel
c/o K. Kinney Seattle City Light
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CLRPquestions@seattle.gov

June __, 2013

Honorable Mike McGinn, Mayor
The City of Seattle

Honorable Sally J. Clark, Council President
The City of Seattle

Dear Mayor McGinn and Council President Clark:

On behalf of the City Light Review Panel, we write to convey the Review Panel’s endorsement for Proposed Resolution _____ relating to Seattle City Light ratepayer engagement (the “Proposed Resolution”). The Proposed Resolution, in our view, contains important policy direction that will strengthen and build upon the goals in the City Light Strategic Plan.

The Strategic Plan includes 35 initiatives – specific action plans for the 2013-2018 time period. A “ratepayer advocacy initiative” is among those initiatives. The goal of the initiative is to *“identify and recommend ways to restructure the rate review process to increase opportunities for meaningful ratepayer input prior to the time decisions are made.”* (Strategic Plan Appendix—Strategic Investments Summary). Components of this initiative, as identified in the Strategic Plan, include: obtaining best practice information from peer utilities; amending the City’s calendar for rate development to add more opportunities for public input; clearly documenting cost allocation methodologies proposed; and ensuring that the Review Panel has an opportunity to weigh in before the rates are adopted.

Over the last several months, we have reviewed information presented by the City Light staff in support of the “ratepayer advocacy initiative.” We believe that all the components of the initiative, as identified in the Strategic Plan, are appropriately incorporated into the Proposed Resolution now before you. We offer the following comments regarding the major aspects of the Proposed Resolution.

Overall Goal: Single Unified and Transparent Process linking the Strategic Plan and Electricity Rates. In our view, one of the main benefits of the Strategic Plan is to provide longer-term, policy driven, accountable oversight of City Light—as well as predictability in the revenue requirement and associated rates. There is a direct link between the Utility’s ability to accomplish its goals and its rate revenues. If electricity rates are not developed based on the direction in the Strategic Plan, the Plan has little chance of success. It is therefore a priority for the Review Panel to have a stronger, more transparent link between the Strategic Plan and

electricity rates. As the Strategic Plan is updated every two years, that update should help provide guidance to the next biennial rate ordinance. The Proposed Resolution sets forth a calendar and a process to strengthen this linkage by having a single, sequential process of a biennial Strategic Plan update immediately preceding the consideration and adoption of the biennial electricity rates. We strongly endorse this proposal.

Incorporating Peer Utility “Best Practices” into the Ratepayer /Customer Engagement Plan. It is also a priority for the Review Panel to encourage continued engagement between the Panel, Mayor, Council, ratepayers and City Light around the Strategic Plan—to share with all these parties how City Light is doing in implementing the Strategic Plan, seek their advice and input on these efforts, and work with all of them when we update the Strategic Plan every two years. City Light staff compiled a report based on a national peer survey of “best practices” around ratepayer outreach. The results of the survey indicated that City Light engaged many of these best practices in the development of the Strategic Plan. The challenge now is to expand upon that success and create the transparent linkage with the rate process. That challenge is met, in our view, by the concepts set forth in the Proposed Resolution.

Role for Review Panel in Assisting with Outreach to Ratepayers. The Review Panel is an advisory Panel. Part of our role per Ordinance 123256 which established the Review Panel, is to “assess City’ Light’s rate design to ensure that rates send the appropriate signals to customers to use electricity efficiently; and...assess City Light’s implementation of marginal cost allocation among customer classes to ensure that it provides a fair allocation of costs among customer classes and takes account of changes in costs and consumption.” For the past several months, the Panel has been engaged with the leadership at City Light on these matters. We see participating in outreach on any City Light rate proposals resulting from this dialogue as a logical extension of our current role, and would be willing to participate in such outreach. It remains important, however, to be clear that as an advisory citizen board, our focus is on policy recommendations and we are not in a position to be recommending detailed rate structures.

We encourage your favorable consideration of the Proposed Resolution, and thank you for the opportunity to provide these comments. We would be glad to meet with you to further discuss the Proposal Resolution and rate policy issues.

On behalf of the City Light Review Panel, Sincerely,

Stan Price
Co-Chair

Eugene Wasserman
Co-Chair