

Seattle City Light Strategic Plan Interim Outreach Meeting Summary

Meeting Date: July 12, 2011

Audience: Municipal Customers

Number of attendees (excluding City Light staff and Review Panel members): 12. Representatives from all municipal customers except Renton attended.

Summary of Question & Answer Session:

Q: Are you expecting much growth in the use of electric vehicles?

A: We are assuming some growth in use of electric vehicles. How fast, and how many are unknown, and there are a variety of views on this. That said, we should have sufficient power over the next 10 years to meet the demand. But there are other issues we need to be concerned with, including whether we have transformers in place that can accommodate recharging of multiple electric vehicles at the same time, consideration of “time of use” rates that could encourage recharging at night when demand for electricity is lower. We are looking at an initiative in the draft strategic plan that will address this.

Q: Given your concerns about City Light’s lagging technology, what assumptions do you have in the baseline to fund investments such as smart grid?

A: Smart Grid systems or portions of such systems such as Automated Metering Infrastructure (AMI) are not included in the baseline. These would be additional investments over and above the baseline. We see AMI as the first step in moving towards a smart grid, but are still analyzing what level of investment here is appropriate. Other utilities have provided some important “lessons learned” in their implementation of AMI. We think there is value for City Light’s customers, but we want to approach it thoughtfully.

Q: Given your noted exposure to climate change—a challenge that you share with your biggest power provider, BPA—what is the utility doing to look at shifting its resource mix in future years? For example, are you anticipating a need to increase use of natural gas as a power generating source?

A: Every two years, City Light undertakes an update to our “Integrated Resource Plan” which forecasts power need and where that power will come from. We compare different alternative resource mixes in this plan, including use of natural gas, to determine what is most cost effective and to develop contingency plans in case pricing or availability changes. The preferred resource is primarily a mix of conservation and renewable energy. Bringing on new generation is a long-term challenge, and requires us to think well beyond the 6-year planning horizon of the strategic plan.

Q: Are you exploring waste-to-energy opportunities with King County?

A: We have two waste-to-energy projects in place now. The first involves incineration of Seattle's solid waste after it has been hauled to Arlington, Oregon. The second is a much smaller project that burns methane gas generated at the County's West Point Treatment Plant. We continue to look for other such options that may be cost-effective ways to diversify our power generation opportunities—we issue an annual request for proposals to identify such projects.

Reporting out from Tables

Table 1

- We need to get ahead on technology. This means investing in research and development, smart grid, and broadening the concept of what City Light is about -- to provide both electricity and data delivery (a fiber-optic system that could do phone/TV/etc.) Getting into new lines of business such as a fiber optic system could enhance revenue and rate predictability.
- Consider rebates when power sales exceed estimates instead of surcharges.
- Incentivize customers to change their behavior to moderate power usage.
- The workforce / retirement challenge is a significant concern. We encourage you to emphasize the apprentice program.
- City Light should get aggressive in helping people adopt energy saving strategies: finance these up front and get paid back over time as savings result.

Table 2

- The planning horizon for the strategic plan is too short at 6 years. A ten year minimum would be better.
- Promoting environmental stewardship as an objective does not just reside in the category of customers: it is an over-arching theme that affects everything that the utility does. It should be presented as such.
- Add an objective under assets to diversify fuel mix portfolio. The utility may be too comfortable in relying on hydropower. Related to the need for a longer-planning horizon for the strategic plan, new power sources take much longer than 6 years to bring on line. If you don't think in this longer term way about new resources, there could be significant problems.

Additional notes from follow-on discussion:

- Comcast is too expensive and is effectively a monopoly. City Light should get into this business to provide meaningful competition. It could be a revenue source. Investing in smart grid could be a foundation for such an effort. Consider using customer cities as a pilot project site for something like this. Fiber optic technology is in place already in Lake Forest Park.