



Outreach

Meeting Summaries

(Feb. – Mar. 2012)

Seattle City Light Strategic Plan Outreach
City Council
February 21, 2012
City Council Chambers

Questions & Comments

1. CM Rasmussen: Can we predict rates for the next six years?

Response:

There is reasonable predictability, understanding that catastrophic events can't be predicted. By laying out a pathway for system improvements and infrastructure investments, we can give some certainty to what customers can expect in terms of rate changes.

2. CM Licata: What is the schedule for the strategic plan and rate setting?

Response: The strategic plan would come to the Council in late April. The plan establishes the revenue requirements. Starting in April, the Review Panel will begin work on the rate design and cost allocations. This portion of the discussion will be how the rates are allocated among the various customer classes.

3. CM Harrell: How will customers know that they are getting something for the 4.7 percent rate increase? How will accountability be achieved?

Response:

There will be an annual report to the Council and to the customers identifying what City Light said they would do, and what was accomplished. We have metrics in place for the key investment initiatives and will be reporting out on those elements.

Summary
Strategic Plan Forum – Metropolitan Chamber of Commerce
Thursday – February 23, 2012
Chamber Offices

Synopsis: 10 participants (Port of Seattle, Nucor, Sabey, Boeing, Master Builders, University of Washington)

Synopsis of Interests/Questions

- What has happened with the UMS efficiency study and how will it be used to inform the report? How much more is the utility thinking about in terms of savings beyond the proposed \$18 million annually?
- When will there be a discussion regarding rate equity/rate allocation?
- How are you going to ensure that the assets are being taken care of and that there isn't a deeper hole being dug?
- Will the Review Panel look at the issuance of governance?
- How will plan address silos within the organization that may be hindering efficiency and customer service?

Comments

- Appreciate streamlining the permit process
- Customer service has improved dramatically in the past three years
- City Light is an asset to the region – rate affordability is particularly important
- Energy prices give us competitive edge compared to other locations – don't want to lose that
- What can Boeing do to help the utility with its workforce issues?
- (Boeing) Hoping Dallas Overpass can be completed
- Plan gives us some predictability and a way to plan – we applaud that
- Look beyond six years – consider the next 20 to 30 years of service
- Need to be able to factor in costs of increased reliability into their own strategic plans – margins are lower single-digit, making revenue availability difficult
- Look at committing to three – four year power commitment contracts
- Want to look to long-term sustainability and energy efficiency goals with the ability to reduce their carbon footprint
- Can City Light pass on savings from conservation to customers
- Incentivize conservation/sustainability opportunities

Seattle City Light Strategic Plan Outreach
Key Customers
March 12, 2012
Port of Seattle – Commissioner Chambers

Questions & Comments

1. How is aging infrastructure being addressed in the identified pathways?

Response:

Pathway 1 assumes the current level of maintenance with limited replacement/up-grades
Pathway 3 (Preferred Path) includes a more robust set of investments with technology up-grades, increased replacement work at our hydroelectric projects, more aggressive work on our transmission and distribution system, a new substation on Denny, and Automated Metering.

Pathway 4 includes everything that is in the Preferred Path, but shortens the timeframe for completion.

2. What kind of conservation is being considered that is any different than the current offering?

Response:

- More work funding local renewable projects
- Higher rates of conservation to achieve our goals to double our 2007 annual conservation goals (approx 15 aMw annually)
- \$104 million/year in incentives
- Pathway 5 would be even bolder investments that include more investments in transportation electrification (e.g. electric cars/charging stations; port electrification, etc.)

3. Why is low load growth a challenge?

Response:

As costs increase for operations and investments, there are fewer units of energy demand to spread the costs. We encourage our customers to use less of our product – that is, use it more efficiently – but that can mean less overall revenue for investments.

4. I'm on the Burien City Council and customers from outside of Seattle don't have a direct impact on the plan. Why can't City Light use its low cost municipal bonds to help with weatherization loans?

Response:

Suburban communities are represented on the City Light Review Panel (City of Shoreline has a representative) and we are meeting with the Burien City Council on April 2. In addition, we will be talking about rate design and cost of service in the coming months. Your concerns can be addressed then.

5. Can customers opt out of smart meters?

Response:

Right now, City Light is taking a close look at Automated Metering options. It would greatly improve our ability to manage outages and also to allow customers to manage their energy use. One of the advantages of waiting to acquire this technology is the benefit of learning from other utilities about what worked well and what didn't. We are looking at ways to allow people to opt out of AMI, but being mindful of the cost impacts this would have.

6. Why are schools lumped into the same rate class as other businesses?

Response:

This is more of a rate design/cost allocation question that the City Light Review Panel will be taking up in the coming weeks. We will certainly bring your concern to their attention.

Seattle City Light Strategic Plan Outreach
Hospitals & Institutions
March 15, 2012
Swedish Hospital

Questions & Comments

1. Comment: Strategic plan is important to them. They are looking for measures to support reliability and redundancy; and ensure a sustainable utility that provides environmentally responsible power.
2. Can we have a discussion with City Light to understand the planned maintenance and upgrade investments (e.g. substation to vault)? We would like to better understand how to get the biggest bang for the buck and to understand how that contributes to reliability and redundancy for us.

Response: The strategic plan includes funding for the Denny substation – the first substation to be built in 30 years – that will improve our service and our capacity throughout the system. It will include a true network for those in the South Lake Union vicinity (that they would pay for).

3. How much of the Preferred Alternative and the associated rate increase is reflected in the cost for the new substation and AMI.

Response:

The substation represents about 25 percent of the Preferred Path cost. In all, 80 percent of the Preferred Path cost (above the baseline rate increase of 4.7 percent) includes the new substation, AMI and workforce investments. These are the primary “additions” to the baseline.

4. Is AMI just for residential?

Response: No, it includes commercial

5. AMI is a great idea, but it is costly.

Response: AMI represents about 30 percent of the rate increase.

6. Can AMI be delayed until economy improves?

Response: We are looking at various options and following the industry, too. We are learning a great deal from the early-adopters. For instance, just a few years ago the cost was \$300/house for AMI meters. Today that cost is more like \$150/house.

7. Can you better leverage dollars over a different time period – that is, delaying investments?

Response: Everything is on the table, however we would add a cautionary note about learning from history. In the early '90s and continuing until about 2004, we were under-investing, delaying and/or deferring in people and in infrastructure. We are in a catch-up mode and we are paying the price. Also, there are some expenses we have little control over, such as the Alaskan Way Viaduct and Sound Transit projects. We also over-estimated potential revenues from surplus power sales and we need to wean ourselves from that practice and make more conservative revenue forecasts.

8. Can there be a non-profit rate for institutions?

Response: Those are the kinds of considerations we will be taking up during the rate design and cost allocation process that will be starting soon. The strategic plan looks at the revenue requirements and the rate design looks at how that is divided up among different classes or customers.

Follow-up:

- Institutions to come up with the list of considerations that they want City Light to examine.
- City Light will work with the group to identify a time and place to reconvene.

Seattle City Light Strategic Plan Outreach
Environmental Stakeholders
March 19, 2012
City Hall – Bertha Knight Landes

Questions & Comments

1. Comment: I'd like to see a lot more solar in the Preferred Option.

Response: More solar is certainly an option, the question is how much and is it a good return on our investment.

2. What are the low-level PCBs referenced in the plan?

Response: City Light has removed all transformers with PCBs that have great than 50 ppm (parts per million) of PCBs. There still are some 20,000 transformers that need to be tested and to remove any with great than 1 ppm of PCBs. They don't pose a risk if they are undisturbed, but should they be damaged in anyway, there is a chance that some small amount of PCBs could be released into the environment. Under the Bolder Environmental Pathway, we would do the testing and removal sooner than under the Preferred Pathway.

3. Should the city be looking at increased building codes to encourage solar?

Response: This is probably outside of City Light's strategic plan, and perhaps a recommendation to the city in general. There has been some work done on building codes.

4. Has the notion that we may reach a limit on attainable conservation been factored into the plan?

Response: Yes, we did take that into consideration, particularly with the efforts to change lighting codes. It will get more difficult to achieve the levels of efficiency we have realized during the Five Year Conservation Plan. Smart meters may help us attain additional efficiencies.

5. Comment: We urge the bolder path and we like knowing the rate impacts during the next six years. You may be missing a marketing opportunity to promote the Bolder Environmental Pathway as adding only a one percent increase above the baseline – rather than packaging it as a 5.1 percent increase. Energy efficiency should be viewed as a resource and create a pricing structure for it.

6. Comments: I see an emphasis on affordability and reliability, but not on being a green utility. I don't see the business case for AMI. There isn't anything in the plan included for education and outreach on AMI and that will be a huge issue.

Response: We are looking at various options and following the industry closely, too. We are learning a great deal from the early-adopters. For instance, just a few years ago the cost was \$300/house for AMI meters. Today that cost is more like \$150/house. We are including an extensive outreach and education component in our plan as we move forward on AMI.

7. Comment: I don't see anything in the plan around transmission efficiencies. Utility should invest in that.
8. What types of assumptions are built into the plan about increased electric vehicle use? How are you including assumptions around increased green jobs?

Response: the assumptions regarding electric vehicles are incorporated into our Integrated Resource Plan (IRP) (NOTE: City Light will be up-dating its IRP this year and will submit it to the Council in August.) It will be factored into our power resource requirements.

Regarding green jobs, we view much of what we are doing on capital projects as a contribution to green jobs. Additionally, our efforts to build a new substation in the north of downtown area also focus on increased economic development – not only through City Light but in other sectors as well.

We aren't necessarily promoting "buy electric" but we are looking at ways to reduce environmental impacts through the use of clean, renewable, carbon-neutral power from City Light – for instance, shore power and transportation electrification.

9. Whose "preferred option" is this?

Response: It is the utility's preferred option being recommended to the Mayor. The Review Panel will provide their comments at about the same time as the utility submits its final plan recommendations to the Mayor. Then it will go to the Council – we are estimating perhaps late May.

10. Comment (NW SEED): A rate increase doesn't have to mean a bill increase if you are providing energy efficiency options.

Response: That's true. And, we are talking with low income, elderly, and immigrant communities to work with them so that this plan doesn't end up as an unmanageable cost burden for them.

11. Comment (North Cascades National Park): Support the preferred option – even the bolder environmental. Maintaining carbon neutrality is essential and supporting habitat and fish is critical to the Skagit.

12. What are the themes you are hearing on any discussion of variable rates?

Response: At this point, we aren't talking about rate design. The Review Panel will be looking at cost allocation and rate design next. The Strategic Plan is about revenue

requirements. Rate design is one way to encourage energy efficiency and give customers a price signal.

13. What is the “more aggressive” reliability option?

Response: It involves doubling infrastructure investments in a shorter period of time – primarily around transmission and distribution – an accelerated CIP.

14. Is a High Ross Dam in the consideration?

Response: No.

15. Comment: I-937 doesn't belong in the category of “cost and compliance.”

16. Comment: Messaging around preferred option and bolder environmental should focus on the fact that the increase above the baseline is only 1.4% or 24 cents.

17. What is the deadline for comments?

Response: The end of March

18. What are the next steps?

Response: City Light will prepare a final plan to go to the Mayor in mid to late April; the Review Panel will provide their comments simultaneously; Hoping to have the plan to Council in early May.

Seattle City Light Strategic Plan Outreach
Public Forum #1 - NewHolly
March 19, 2012
The Gathering Place

Questions & Comments

1. Publicly owned labor services cost twice as much as free market, competitive labor. How do you close the gap between public and private sector labor costs?

Response: Actually, there is a great deal of competition for our skilled workers. In our industry, there are public and private utilities and we are all competing for the same skilled workforce. We pay a comparable rate to private sector utilities known as Investor Owned Utilities.

If you look around the country at similar-sized cities, we have the cheapest rates in the country. We can find more efficiencies and we are. We are looking at home we make crew assignments and how we utilize our workforce.

2. People can't afford to pay their electric bills now. If someone has a small apartment, how much would their average bill be?

Response: It depends on the building and if there is electric heat in that building and how well insulated it is.

3. Shouldn't the companies that are benefiting from the new substation have to pay for it? Why should residential ratepayers pay?

Response: City Light hasn't built a new substation in thirty years. All ratepayers will benefit from the increased capacity and reliability that a new station will provide. Residential ratepayers make up 33% of all customers; commercial and industrial are about 67%. Residential customers do have a tiered rate structure that keeps the lowest rates for basic energy use.

The Strategic Plan is focused on the revenue requirements that will be needed to meet our service needs. The next thing that City Light's Review Panel will examine is rate design and cost allocation – that is how much each class of customers pays.

4. Can you consider more tiers for residential customers to make it more affordable for those who have difficulty paying their bills now?

Response: You raise a good point for the discussion on rate design. We as a city do need to make major investments in our infrastructure, but we need to find a way to help those who are struggling to keep their bills from going up. We need to look at a variety of things: Have we made available all of the conservation and energy efficiency that we can; Can we

ensure that some buildings with electric heat provide more energy efficiency; Are we reaching all of the populations we should be with our rate assistance programs? In addition to the strategic plan outreach, we will be reaching out to low income communities to make sure that we are doing all that we can to help. The City Council will raise rates, but I want to be able to look you in the eye and tell you that your bill won't go up.

5. Comment: Option 5 gets my vote. The reason we have the lowest rates in the country is because of the investments we made years and years ago. We have a good system and we need to invest in it and keep the infrastructure solid. I did use Community Power Works and it lowered by energy bill by 20%. You can use this program no matter what your income level is. It is providing green jobs, too.

6. Comments: I am a single mother and have a \$1200 electric bill. I can't afford it.

Response: We have the people here who can help you and will talk with you after the

7. I have heard about utilities being de-regulated on the East Coast to open up competition and lower customer bills. Is that happening hear?

Response: No. There was talk about de-regulation on the West Coast until the 2000/2001 energy crisis hit and the Enron scandal. No efforts underway currently.

8. I am concerned about dams coming down and that there will be too much wind power.

Response: City Light owns and operates seven dams and there is no discussion of the dams being removed. The dams that have been removed are those that are obsolete. We do invest in new, renewable energy when it makes sense to do so. The more our customers can conserve, the less new power we have to acquire.

9. I'd like to see more people put to work. The cost of labor is down because of the recession. Can't you put people to work in part time jobs and reduce overtime costs?

Response: The kind of work that our skilled labor does requires a lot of specialized training. It's not the kind of work that lends itself well to part time workers. We make every effort not to use overtime and carefully weigh whether it is more efficient and economical to temporarily contract out work or pay overtime.

10. It is hard to hear that you have vacancies. How can that be when there are so many people out of work?

Response: Many of our vacancies require a high degree of training – particularly in the skilled labor area. Linework is very specialized. We do have apprentice programs and we work with the community colleges to offer opportunities to those who are interested in becoming a lineworker.

11. Will City Light do nuclear power? What about building out fiber optic options to provide more internet access to customers? How about education programs for school kids to teach them to be better energy consumers?

Response: Nuclear power isn't in City Light's foreseeable future. In the 1970s City Light turned away from nuclear power and avoided all of the huge costs from WPPSS. City Light opted for conservation as a power resource.

City Light is an electric utility and isn't looking to do fiber optics but we do work with private providers to building out conduit on some of our equipment. The City is looking into how fiber optic might work within the public sector. It won't be paid for by electric ratepayers.

City Light does have a school-based education program called Shrinking Bigfoot. It is designed for students grades 3 – 6 to teach them (and their families) how they can shrink their carbon footprint and conserve energy. We also support the North Cascades Learning Center that provides environmental education programs up on the Skagit River.

12. What is the plan to replace retiring workers? You should be partnering with the community colleges and SOIC to get the skills you need.

Response: We have an 8% vacancy rate. We are looking at a number of ways to recruit qualified employees. And we do have a close relationship with the Seattle Community College system – in fact, we have a training yard at South Seattle Community College.

Seattle City Light Strategic Plan Outreach
Public Forum #2 – Northgate Community Center
March 20, 2012
The Meeting Room

Questions & Comments

1. Seattle City Light trucks are parked at various locations during the work day. Why should we support additional rates if the public's money is being wasted?

Response: that perception is disturbing. However, without all of the facts it's hard to be specific about the situation you described. City Light is working on crew scheduling efficiencies now. It is very much a part of the strategic plan.

2. Comment: I'm concerned about noxious weeds in City Light's Right of Way (under power lines). (NOTE: customer will be contacted by City Light's Vegetation Management.)
3. Comment: I had a power outage at my house recently and the crew was terrific. Thank you. Question: Why does Initiative 937 say that hydroelectric power isn't renewable? It should be.

Response: That statewide initiative was passed by the voters to encourage alternative energy sources such as wind, solar, biomass, geothermal and the like. City Light not only has about 90% hydroelectric power, it also has wind, solar, biomass and is looking into geothermal. Seattle is willing to make investments in new renewable energy when it makes sense. Right now, we are "long" on power (meaning that we have more power than our customers need and we can sell it as surplus power).

4. I have a number of concerns about the Automated Metering Infrastructure (AMI) that is proposed in the strategic plan. I don't see a positive impact and the meters only last about 10 – 15 years. I support infrastructure investments, but this seems way too expensive for the payback to the utility and the customers.

Response: city Light is going through the process now of examining whether or not to move forward on Automated Metering Infrastructure. Similar to other infrastructure issues, many of our meters are old and need to be replaced. They don't read accurately. The majority of the meters in our service area are analog. That type of meter isn't being manufactured anymore, so we will be looking at new meters in any case. City Light has waited to see what others in the industry are experiencing with AMI. We know the cost and the technology is improving every year. One of the reasons we will look seriously at AMI is to allow customers more control over their use of energy. Customers have asked us for the ability to have a "time of day" or "time of use" rate. We can't do that now. The earliest we are looking at AMI is 2015.

5. Do you have the land for the North of Downtown (Denny) Substation?

Response: Yes, it's the former Greyhound maintenance yard on Denny Avenue.

6. When will LED streetlights pay off for the investment City Light has made?

Response: We already have saved about \$700,000 with the LEDs that have been installed to date. There are about 19,000 LED streetlights in our system today. When we complete the re-lamping, there will be about 42,000 LED streetlights. We estimate an annual savings of \$2.4 million dollars. They are less expensive to maintain, last 10 – 15 years, and require less energy to operate. There also are public safety benefits from LED streetlights.

7. Comments: I do not like those energy use reports that you send out that compare our household to other similar households. You don't know how we live or why we use the electricity we do.

Response: We have had mixed reviews on the home energy reports. We can certainly take you off the mailing list if you don't want to receive them. Customers do appreciate knowing how they are doing on their energy use and those who have received the reports are using 3 percent less electricity, on average, than customers who don't receive the reports.

8. If you are getting all of those efficiencies, will our rates go down after six years?

Response: We haven't mapped out rate impacts beyond six years. A lot will depend on the economy, what kind of water year we have had, and if we are able to invest in the kinds of technologies that will improve our efficiencies. We will keep looking for new ways to save money and do our best to pass those savings on to our customers. Just like those early visionaries who invested in hydroelectric power – there may have been those who questioned the costs and the wisdom of those investments. We hope that our investments today will pay dividends for years and years to come.

9. Since we actually get our bills every two months, the figures you present should indicate what it will really look like on our bill. You should think about sending monthly bills. Why don't you?

Response: Several years ago a decision was made to go to bi-monthly billing to cut costs and to do meter reads every other month and to mail bills only every other month. Monthly billing is certainly something we can look at. We are encouraging our customers to switch to e-billing. That can save on mailing costs.

10. Are we paying extra for renewable energy?

Response: New renewable energy sources are more expensive today than our existing hydropower. Efforts to increase renewable energy sources are designed to reduce the cost of the alternative energy and make it more available. City Light is buying what is known as "renewable energy credits" or RECs in order to meet our requirements under I-937. This is a more cost effective method for us right now, since we don't need the power.

11. Do commercial customers pay different rates than residential customers?

Response: Yes. Two-thirds of City Light's customers are commercial and one-third are residential. Residential customers have a two-tiered rate. Commercial customers pay based on their demand for energy. We will be looking at the rate structure after we complete the strategic plan and clearly understand the revenue we will require.

12. Have you tapped into Mt. Rainier yet for energy?

Response: No. It is unlikely people would like for us to disrupt the national park. However, we are looking at geothermal energy sources in central Oregon.

13. What areas outside of Seattle do we provide power to?

Response: There are seven suburban cities and a small part of unincorporated King County. (Burien, Tukwila, SeaTac, Normandy Park, Shoreline and Lake Forest Park.)

14. You talk about help with bills, but you are sending out shut-off notices after only 8 – 10 days from the billing date.

Response: We have someone here from customer service who can talk about your account because that does seem right. We are being more diligent about collecting on past due accounts – something that we haven't been as aggressive on in the past. We do want to work with customers and make sure that they are only are charged for the energy they use. We do have rate assistance programs available for those who qualify.

15. Why are costs for undergrounding projects being charged to my account?

Response: If you live in a franchise city and they decide to do an underground project, those costs are over and above your regular billing rate. We are showing you the cost for those projects.

Seattle City Light Strategic Plan Outreach
Great City – Urban Environments
March 22, 2012
Harbor Steps

Questions & Comments

1. The anticipated six-year rate increases – isn't that almost doubling your bill? Are we getting double return on our investment?

Response: It would be not quite a 30% rate increase during the next six years. Some costs such as some benefits, are not within our control; also costs such as the Alaskan Way Viaduct and Sound Transit requirements. We also are doing catch-up in terms of infrastructure investments. Improvements to our transmission and delivery systems; substations; newer technologies; the proposed Denny Substation project north of downtown; new metering, all of these things add to the one percent increase in the preferred option and the baseline. These are investments that are being made today for generations to come – much like those in the early 20th century who had the foresight to build the Skagit River dams; and those who chose to invest in conservation rather than nuclear power plants.

2. Will there be a variable rate? Do we give exemptions to businesses that generate jobs to help keep money in this community? Do these investments pass to franchise cities?

Response: All City Light customers will benefit from today's investments. Smart meters would help us create variable rates. We don't have that capability today. In a sense, the fact that City Light has such low rates is an economic development incentive. Companies want to locate here – especially those that rely more on electricity, such as some of our high tech and bio tech industries.

3. How have past rate increases affected those who rent?

Response: In Seattle, most tenants pay for their electricity, so the increase in rates doesn't affect renters more than other customers. Where there may be a difference is investments that a building owner may be willing to make in conservation that could help save energy. City Light does have incentive programs that could improve energy efficiency in multi-family buildings, such as heating and lighting.

4. Wasn't there a program set up last year requiring property owners to track energy efficiencies of buildings?

Response: Yes, energy disclosures are required and the city is compiling that data to identify the energy amounts going into buildings. There also is an effort underway to look at energy usage data when properties are bought and sold.

5. How does the increase in electric vehicles change energy demand in Seattle?

Response: In the 2010 Integrated Resource Plan, City Light looked at the demand for electric vehicles using data from the Electric Power Research Institute and the Natural Resources Defense Council and we found that Seattle has a bit of a lag with adoption of electric vehicles and it may have to do somewhat with the range of the current cars. We are continuing to track the market and the research to watch for trends. One of the things we do know is that as the popularity of electric vehicles increase, the utility will want to think about time of use and our ability to respond to demand at certain times during the day.

6. Comment: The North of Downtown/Denny Substation is important to the community and it's important to look at the community needs when it comes to the design of that facility. There is an opportunity to combine design and function.
7. Comment: It's important to look at electrification of transit and the strategic advantages to the community.