



**City Light Review Panel Meeting
Meeting Minutes**

Date of Meeting: March 27, 2013

MEETING ATTENDANCE					
Panel Members:					
Name		Name		Name	
David Allen	x	Stan Price	✓	Debbie Tarry	✓
Tom Lienesch	x	Julie Ryan	✓	Eugene Wasserman	✓
Chris Roe	x	Sue Selman	✓	Eric Thomas	✓
Staff and Others:					
Jorge Carrasco	✓	Rashad Morris	✓	Paula Laschober	✓
Maura Brueger	✓	Councilmember O'Brien	x	Kirsty Grainger	✓
Kim Kinney	✓	Phil West	✓	Nina Sidneva	✓
Suzanne Hartman	✓	Jim Baggs	✓	Nate Moore	✓
Jeff Bishop	✓	DaVonna Johnson	x		
Karen Reed	✓	Saroja Reddy	✓		
Tony Kilduff	✓	Cameron Keyes	x		

Call To Order

The meeting was called to order at 1:00 p.m.

Karen Reed welcomed everyone to the meeting and began with a review and approval of the agenda. The agenda was approved.

Approval of Minutes

The meeting participants reviewed the draft meeting minutes of February 15, 2013. The minutes were approved as submitted.

Presentations / Information

Rashad Morris was pleased to report that the re-appointments for Sue Selman, Eugene Wasserman, and Debbie Tarry were taken up at the March 26th Energy & Environment Committee meeting; he expects the re-appointments to be confirmed at Full Council on April 1st, 2013.

Superintendent Jorge Carrasco shared that the Federal Energy Regulatory Commission (FERC) issued an order on March 20 for a new 42-year license on the Boundary Dam power plant. The order still needs to be reviewed by all parties during the next 30 days.

Superintendent Carrasco also mentioned that JD Power & Associates released their business customer satisfaction results. City Light was ranked first nationally for utilities of its size, and is



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number three nationally for all electric utilities. This was a major accomplishment, and credit goes to City Light's employees. The utility will work hard to retain this rating next year as well. In July, results of the residential survey rankings should be available as well.

Chairs Report:

Eugene Wasserman reported that good work has been done to improve Seattle's streetlighting system. He and Phil West have worked together and it is in his view a massive improvement from a few years ago. Phil noted that with Eugene's input, the utility has established a practice of patrolling arterials to identify outages and schedule repairs.

There was no public comment offered for today's meeting.

Kim Kinney advised there were no emails received in to the general mailbox.

Maura Brueger provided presentation materials outlining the goals, objectives and milestones to accomplish the Strategic Plan initiative on communications. In addition to monthly Review Panel meetings, she proposed quarterly meetings between the Review Panel and the Mayor, and quarterly briefings at the City Council Energy & Environment Committee meetings. By end of 2014, they hope to establish a Special Committee of the full Council to oversee proposed update of the Strategic Plan. The goal of this initiative is to keep policymakers informed and engaged. Maura noted that the first of the communication events will occur next month on April 9 with a briefing by the Co-Chairs to the Energy & Environment Committee.

Karen Reed asked about whether there was an expectation for the Full Council Special Committee to provide input on proposed rate policy recommendations from the Panel? Maura responded that, no, it would be brought to the Energy & Environment Committee and then it could be acted on by Full Council. The Panel concurred that they were okay pursuing on this path and the action items outlined in the briefing materials.

Maura then introduced the sample survey on electric ratepayer engagement, to be submitted to other utilities that are members of the Large Public Power Council. The Panel offered suggestions for the proposed survey instrument, including asking whether ratepayer outreach impacted rate decisions (and if so, how?); how much weight was given to ratepayer input, and whether outreach processes had been changed to increase ratepayer input (which outreach practices were effective, which were not?)

In response to an inquiry about customer outreach in developing the Strategic Plan, Suzanne noted that the process was quite in depth, and involved talking to stakeholders, key customers, conducting on-line surveys, public forums, focus groups. Suzanne advised that the Phase I and Phase II survey materials are available to read on the strategic plan website. Maura offered to provide additional information off-line.

Jorge Carrasco introduced the day's discussion on residential rate policy. The utility has listened to Panel input from the last few discussions and today will present a possible approach for future policy direction on residential and low income rates. He cited some of the approaches that City



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Light uses in rate setting, including equitable apportionment of different costs among different customer classes, promoting efficient use of resources, and predictability for customers. Other policy considerations include protecting vulnerable members of the community by offering low income rate assistance.

Paula Laschober began her presentation describing characteristics of City Light's residential customers with highest energy use. The utility does not have detailed customer information on things like who has swimming pools or hot tubs, or electric heat. High users are found in each zip code in City Light's service area, which suggests they are economically diverse. The great majority of high energy users live in single family dwellings.

The question was raised if the Utility does outreach to those customers who are considered high energy users? It was noted that what may look like a single family dwelling could be a group home.

Phil West advised that the low income pilot program is trying to identify high use customers and get energy efficiency information to them. A Panel Member noted that perhaps the utility also needs to look at the high users that are not low income customers.

Paula described how the utility's average low income resident usage is higher than standard residential usage.

Paula presented a "strawman" proposal for discussion purposes incorporating three changes to residential rates: (1) base service charge would be set at 100% of marginal customer cost (excluding meters); (2) there would remain two ascending blocks but the seasonal rate differential would be eliminated, staying with the lower first block size (1-300kWh) year round; (3) the second block would be priced at marginal cost of energy and distribution. She reviewed the Utility's analysis of how this proposal would impact residential rates at varying use levels. Paula then presented impacts of a proposed shift in the low income rate subsidy level to 50% (down from the current 60% discount). She noted that the 60% discount was instituted in last decade's energy crisis; before then, the discount was 50%. Seattle's discount is more generous than that of other utilities in the region. The Utility would pair this discount change with its initiative to enroll more qualified residents in the low income rate discount program and efforts to help low income customers reduce their energy consumption. In response to questions, Paula noted that the outreach program is expected to double the cost of the program, which is borne by the entire rate base.

Jorge noted that the utility's residential rates are not in alignment with most of their peer utilities in that City Light recovers very little through demand charges and has a more generous subsidy of low income residents. Other low income rate subsidy programs tend to be in the 25-50 % range. Under current policy, the low income subsidy program costs are borne by the entire rate base, not just the residential customers.



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The Panel discussed the two "strawman" proposals and requested some adjustments and follow up information. Please refer to **Attachment A-1** summarizing the discussion.

Action Items

Paula Laschober will tweak some of the proposals discussed today and come back with more information at the April 30th meeting.

Adjournment

There being no further business, the meeting was adjourned at 4:00 p.m.



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Exhibit 1: Write-up of 3/27 Panel Discussion of Residential Rates, Discussion of Low-Income Rates

Residential Rates

A. Base Service Charge:

Rationale for moving to increase this is:

1. A matter of equity (customers paying for the costs the utility incurs to serve them); and
2. Avoiding longer term issues with revenue stability (noting that revenue volatility is not a big problem with residential rates now)

B. 2-Block Inclining Rate Structure:

Panel generally supports the two-tier "strawman" proposal presented by City Light staff, subject to notes below. (*consensus items italicized*)

1. *A 2 block structure preferred to a 3 block structure because 2 blocks are simpler, more familiar to customers, easier to implement, and still include an incentive for conservation.*
2. *Tweak to balance impacts so that low energy users are not comparatively paying more and high users paying less as compared to current bills.*
3. Add a minimum customer charge, perhaps \$20
4. Concerned that a 15 percent drop in the cost of the second tier reduces the incentive to conserve by increasing the payback time on conservation investments. *Perhaps the new rate proposal should be scheduled in over a few years*
5. *Communications plan needed to explain any change and how it impacts the 6 year rate path.*
6. Optics on this will be challenging. Need to clarify the problem that the Utility seeks to solve with this proposal; there is not much revenue volatility now.
7. *Utility should get more data on high use customers to assist us in the future (not for this rate period).*

C. Elimination of Seasonal Rates:

Panel supports this given explanation that: (1) it is simpler to administer and understand; (2) data suggests that the use patterns are shifting and seasonal differences are not as notable as in the past, and (3) a larger winter 1st block reduces incentives for conservation.

TO DO for next meeting: Expand policy rationale to include points above (including notes in A, B, C); bring back revised "strawman" that addresses consensus points.



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Low Income Rates

A. Data requests from Panel:

1. What is the estimated 6-year cost of expanding enrollment in the low-income rate subsidy program?
2. How much of this program expansion cost is included in the 6-year preferred rate path in the strategic plan?
3. What is the estimated revenue impact over 6-years from reducing the subsidy level from 60% to 50%? (assuming the program is expanded)
4. Is it possible to quantify either the utility's expected investment, or low-income customer electricity savings, anticipated from weatherization programs or other conservation programs over the next 6 years? (*I think the point was made that weatherization comes from somewhere other than SCL*)
5. What other funding support do low-income households receive from SCL or other City departments (*I thought I heard Maura say you could do this, though it seems a large request*)

B. Comments from Discussion:

- Optics of reduced subsidy are difficult
- Optics are significantly improved when the subsidy reduction is paired with the program expansion
- Costs of the low income rate subsidy program are interactive with conservation program investments
- Costs should be sustainable and not overly burdensome on the rest of the rate base.