"ATTACHMENT A"

City Light Review Panel Meeting
Meeting Minutes

Date of Meeting: July 19, 2011

MEETING ATTENDANCE					
Panel Members:					
Name		Name		Name	
David Allen	x	Matt Lyons	✓	Debbie Tarry	x
Sylvester Cann IV	✓	Stan Price	✓	Eugene Wasserman	✓
Tom Lienesch	✓	Julie Ryan	x	Sue Selman	x
Staff and Others:					
Phil Leiber	✓	Tony Kilduff	✓	DaVonna Johnson	✓
Maura Brueger	✓	Calvin Chow	✓	Jim Baggs	✓
Kim Kinney	✓	Michael Jerrett	✓	Steve Kern	✓
Suzanne Hartman	✓	Karen Reed	✓	Paula Laschober	✓
Jorge Carrasco	✓	Phil West	✓		

Call To Order

The meeting was called to order at 8:35 a.m.

Welcome & Introductions

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

Approval of Minutes

Karen Reed asked the Panel to take a few minutes to review the June 14, 2011 draft meeting minutes. Eugene Wasserman made a motion to approve the minutes and this was seconded by Stan Price. The motion carried unanimously and the minutes were approved.

Presentations / Information

Chair Report: The Co-Chairs provided their comments on the presentation to Council on 6/27/11. Stan Price and Eugene Wasserman felt that the presentation went very well and gave a good synopsis on where we are. They were pleased with level of engagement from the Council and how they acknowledged they have an important role to play in this plan. Michael Jerrett and Tony Kilduff also spoke on how well received the presentation was and how it sets the table well for when we come back later. Tony commented that the Council will rely on what the review panel has to say and will base decisions on their feedback. The Council mentioned that they really liked the video.

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Suzanne Hartman reviewed the outreach summary results. The results are primarily *qualitative* rather than quantitative. There was generally good turnout for the Interim Outreach sessions. Major themes included interest in conservation and reliability. There was not a lot of feedback on rates. Suzanne noted that that 43% of telephone survey respondents were interested in hearing more about the Strategic Plan in coming months. The online survey results will be posted next week. All surveys and meeting summaries are also posted on the strategic plan website. Suzanne mentioned that she would like to do a direct mail piece as part of the final Strategic Plan outreach effort. An employee outreach is effort underway this month and Suzanne will provide information/results on this later. Karen Reed recognized and thanked Suzanne and her team for doing all the logistics for the forums as they turned out very well.

Karen reported we did not get any additional letters or correspondence in to the review panel general mailbox.

Karen reviewed the Strategic Plan Calendar, which anticipates the plan being transmitted to the City Council in mid-March 2012.

Phil West spoke on the UMS Group Report, which looks at utilities similar to City Light and compares key indicators on cost and performance. Per the report, City Light performs well with regard to reliability. City Light is more costly than peer utilities in some areas of distribution and transmission. The City Light generation facilities compare well against peer utilities for cost and efficiency. UMS provides a variety of recommendations that can serve as the basis for a more detailed City Light action plan, which is under development. City Light is targeting savings from efficiencies of $15M per year in capital and O&M costs. The report summary will be sent to Council in the near future along with a presentation to the ETCR Committee. A detailed plan for achieving efficiencies should be completed by years' end. Phil has met with the union leadership to discuss the Report.

The group discussed the need for a "cultural change" within the employee group if City Light is to achieve significantly greater efficiencies. Employees will need to be constructively engaged and exposed to best practices. The Panel asked if follow-up from the UMS study will be an initiative in this strategic plan? Phil responded that yes, the E-Team plans to include it. Tony Kilduff noted that City Light will need the full support of the Review Panel in order to implement the changes called for by the report.

Jorge Carrasco spoke on the proposed approach in building preferred and alternate scenarios for the strategic plan. Jorge spoke first to the conceptual approach to building preferred and alternate scenarios. In terms of achieving efficiencies, he noted that generating efficiencies in some areas will require a partnership with labor and addressing matters in the contracts. Jorge then spoke to the core themes the E-Team wishes to emphasize in the plan. The overarching theme is that the utility wants to continue to be an environmental leader and strive to be a more high performing organization. He then spoke to ranking of initiatives noting that the E-Team has not fully developed its approach to

criteria for ranking the initiatives. Attachment D introduces a simple approach to ranking criteria for the Panel's consideration. The Panel was asked for their thoughts and reactions to the conceptual approach, core themes and ranking criteria.

Karen conveyed that the utility wants to make progress on all 12 objectives, but it will be helpful to identify which are the key focus areas. Jorge remarked that Workforce continues to be an important core theme. He said that the utility needs to find a way to capture vigor in our employees, to engage our workforce. If we can get the right incentives in place to support enhancing workforce efficiencies and customer service, it would be a big win.

Matt Lyons noted that his company achieved successful cultural change by stressing employee safety as the primary focus. Once the commitment to safety was reinforced throughout the company, the employees felt better and ultimately they began to see results in all other areas - costs, efficiencies, productivity, and quality all improved. It did take quite a while but the end result was good. Others affirmed that the overarching message of we care about you and your families and getting you home safely, helps build a strong bond with employees.

The Panel asked whether other departments have the same struggles as City Light on work rules and labor issues? Tony responded that the levels of interest and pressure for other City Departments varies, but the issues are more acute with City Light. He observed that City Light's job classifications may present more challenging constraints than for other departments. Calvin indicated that the utility and the Panel need to get Council to think of themselves as the board of directors and this would help facilitate how they approach the labor negotiations.

Karen asked the Panel if they had any suggestions or questions regarding the proposed criteria? Karen asked for comments on the criteria by July 28th.

Phil Leiber noted that the E-Team has completed Part B of the initiative templates, which will be shared soon. This information will be compiled to calculate the projected rate impacts of the initiatives. He also noted that the financial baseline would also be updated this fall to reflect any significant changes in forecast assumptions, such as a continuation of relatively weak energy prices.

Karen reviewed the revised index of initiatives with the group, noting key changes.
Steve Kern spoke on the three new initiatives from his group: A-16 Gorge 2nd Tunnel, A-17 Environmental Leadership Climate, and A-18 Conservation Program Enhancement. Several questions were asked regarding the need for additional FTEs to support conservation; Mr. Kern indicated he would reconsider this. The relationship of the Strategic Plan to the IRP needs to be clarified, particularly given the importance of conservation as the priority for acquiring resources. Mr. Kern noted that final analysis is underway to determine whether the Gorge 2nd Tunnel should be included in the Strategic Plan or deferred.

Karen noted that Initiatives which will include the Part B's (excluding workforce initiatives to be introduced on August 5) will be mailed to the Review Panel next week. Questions about the initiatives should be forwarded to staff by email. At the next meeting or shortly thereafter, the utility will present a summary of the initiatives' cost.

Tony Kilduff noted that there are three major pieces to rate setting:– (1) the revenue requirement analysis, (2) how to allocate the costs of service among customer classes, and (3) how rates are structured to recover costs from each customer class. The strategic plan will address the revenue requirement piece; the rate review work that has been assigned to the Review Panel will address the other two pieces.

Paula Laschober spoke on Attachment G, the Review Panel Role in Reviewing Rates.
In discussion, the Review Panel asked questions about the energy blocks and asked for more information. Paula noted that the Cost of Service Summary is available on the website.

The group asked Tony and Calvin if they would write a short summary for easier understanding of how they see the Strategic Plan impacting the rate design and budget processes.

Issues/Action Items

Phil West will provide the Panel with a copy of the UMS report to Council when it is available.

Adjournment

There being no further business, the meeting was adjourned at 11:35 a.m.