



**City Light Review Panel Meeting
Meeting Minutes**

Date of Meeting: November 27, 2018 | 11:00AM – 2:00PM | SMT32

MEETING ATTENDANCE					
Panel Members:					
Names		Name		Name	
Gail Labanara	√	David Allen	√	John Putz	√
Sara Patton	√	Patrick Jablonski	√		
Thomas Buchanan		Leon Garnett	√		
Staff and Others:					
Debra Smith	√	Paula Laschober	√	Karen Reed (Consultant Contractor/RP Facilitator)	√
Carsten Croff	√	Kirsty Grainger	√	Leigh Barreca	√
Robert Cromwell	√	Calvin Chow		Kathleen Wingers	√
Gregory Shiring	√	Joni Bosh	√	Richard Cuthbert	√
Eric McConaghy	√				

Introduction: Patrick Jablonski welcomed the group and convened the meeting at 11:05 AM.

Meeting Minutes: Approved September 25, 2018, October 9, 2018 and October 23, 2018.

Public Comment: Joni Bosh with the Northwest Energy Coalition (NWECC) offered a clarification on her response to a question posed to her at the October 9 stakeholder outreach session: NWECC does support opening up the RSA for addressing retail revenue volatility and hopes that the Panel will endorse bold actions in the rate design project.

Patrick noted that lacking a quorum, we could not approve the meeting summaries.

Chair's Report: Patrick started introductions and reminded everyone how important meeting attendance would be in the next few months.

Panel Vacancies. Robert Cromwell has identified potential Panel members for the economist and financial analyst positions and will be forwarding those on to the Mayor's office and Council, respectively, for action.

Remarks by Debra Smith, City Light General Manager. Debra noted she was surprised that the path ahead on rate design isn't clear. She recognizes that this is a huge task. Her priorities are enhancing the customer experience, supporting employees and the work that the Panel is doing. Some policy ideas are pretty prescriptive. She likes to think in terms of means and ends. The goals and outcomes are the ends, the policy ideas proposed are the means. Richard Cuthbert's survey that we will hear about is a good sampling of different "means." The next meeting we'll match up the means to the various ends and what we can do mid-term and longer-term. What we can do in the near term is probably a much smaller subset of actions than Councilmember Mosqueda might hope for. Debra wants the Panel to focus on the desired ends. She shared that she will be meeting with environmental groups including NWECC soon to test ideas with them, to



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see what they would support. She has had similar meetings with other stakeholders, including the Manufacturing Industrial Council (MIC) and Business Owners and Managers Association (BOMA).

Gail Labanara agreed with Debra's observation that there is a significant time challenge with the rate design project given the scope.

John Putz asked what Debra is hearing from the different stakeholder and will she share that with the Panel? Debra said she would share those inputs with the Panel.

Debra continued her comments noting that everyone wants affordable, predictable rates. For the MIC, power reliability is a priority. She said she has told the commercial customers that there is no major structural change in rates in the next year.

There being a quorum of Panel members present, the group considered the meeting summaries from September 25, October 9, October 23; one typo was noted on the October 9 minutes; as amended all three meeting summaries were approved unanimously.

There were no communications to the Panel.

Robert noted that Michael Maddux has left the employment of the City; Eric McConaghy will cover the Council representation for now; it is possible that Councilmember Mosqueda may send another of her staff people to our meetings.

Panel discussion: Stakeholder Input

Karen Reed provided a re-cap of the rate design work plan that the Panel agreed to and that was shared with the City Council in August. We are on track now, but looking forward, the draft interim report will not be prepared prior to the next Panel meeting (December 13)—it will be prepared following that meeting, in later December, for review by the Panel in early January. It needs to be submitted to the Council by January 15.

At this point the Panel took a short break.

Upon reconvening, Kirsty Grainger reviewed a document she prepared summarizing the issues and themes from the stakeholder meetings.

Sara Patton noted that she liked the stakeholder panel process but observed we had very little input from small businesses—we need more input from them. We also didn't hear from residents yet.

Karen facilitated a discussion with the Panel around three questions; Leigh Barreca wrote down comments.

Question 1 (for all meeting attendees) What were the noted points of agreement/disagreement you



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heard from Stakeholders, and/or overall “take-aways” from the sessions?

- The process went well
- We were missing the voice of small and medium businesses as well as residents
- Input was not surprising, but useful overall
- Surprised at the lack of specific recommendations for how to change rates
- Surprised that demand charges were viewed by some as not effective
- We heard basically from two groups: environmental advocates and big business
- The interests of these two groups are not necessarily aligned, or in opposition to one another, but they were two distinct points of view
- There was interest in customer choice by many of those speaking to us
- The written comments were very useful
- No unexpected input; most comments reflected the self-interest of the speakers
- There was a lot of conflict amongst the positions expressed
- There seemed to be little understanding about what drives rates
- We heard from a very narrow segment of SCL customers
- We heard lots of proposals for action—potential solutions—but less about *why* these were a good idea
- A lot of special interests were represented
- Interesting to hear from the transit agencies
- Demand charges were a point of conflict; this isn’t necessarily a rate design issue.
- The City’s desire to decarbonize and electrify transportation doesn’t sync up with the idea (currently in place) of inverted block rates (that are in place to promote conservation of electricity). This makes the rate design discussion more complex than anticipated,
- We need to consider the near term and long-term goals of the City
- We heard from a self-selected group
- When going to the City Council, it is helpful to present ideas in context—was this idea ever considered before? If so, why was it rejected?

Question 2: Panel Brainstorming. *What problems could/should be addressed by rate design change? What goals/outcomes/ends should rate design promote? What priorities do you have? What policy ideas would you like to explore further?*

- AMI will give customers a better ability to understand what is driving their cost. I’d like to see rates designed to be clear about what costs users are paying for and how they can control their bill.
- Climate change is an important issue; since we have clean power, we should support electrification of transportation. But this adds complexity to rate design.
- We should take advantage of SCL’s access to clean power
- We should help customers have a better ability to measure the cost of the power they use—to know when to charge their electric vehicle.
- Time of use rates, to help incentivize cost savings by customers.
- Changing our revenue requirement is not the same thing as rate design.



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- Bills should be more transparent and informative—the money spent on social justice issues should be clearly set forth.
- Since the greenhouse gas footprint of industry is so low here, we should incentivize more manufacturing here—it's an economic development tool to incentivize use of green power.
- Allow customers to see the impact of rate changes
- Consider a new block structure
- Explore increases in fixed charges to reduce revenue volatility
- Provide green power option, expanding customer choice.
- Explore demand response
- Explore demand charges
- Explore interruptible rates for industrial customers and others
- Do decoupling and/or expand use of RSA to cover retail revenue volatility.
- The UDP is part of the revenue requirement.

Question 3: *What goals are not well addressed through rate design? Ideas that we should not pursue further?*

- UDP is important, but changes to it are being led through the interdepartmental team, not our work.
- The size of the capital budget is important but it is not just a rate design issue
- Financial policies are important, like debt service coverage, but these are not rate design issues.
- Weatherization programs are not rate design.
- Programs promoting solar panels are also not rate design
- Franchise agreements with suburban cities are not rate design

Presentation, Q & A: Draft comparative utility rate design report. Richard Cuthbert, rate design consultant to SCL, presented a PowerPoint that first compared how five different utilities present their residential rates to customers. The messaging is very different with each; some residential rate designs are extremely complicated, others are much simpler. City Light's rate design explanation does not mention the RSA surcharge or the BPA pass through, and it doesn't describe the services provided, or the cost of those services.

Mr. Cuthbert spoke to some of the key issues with residential rate design:

- Unbundling of rates to achieve transparency
- Fixed cost charges, to help improve certainty of meeting revenue requirement
- Energy charges—trends in this area show utilities moving away from season rates and inverted blocks and increasing Time of Use rates. This is about the economically efficient use of power
- Unbundling of delivery charges—again, a transparency issue,
- Time of Use rates to promote economically efficient use of power
- Complexity of rate structure—consider the transparency for the customer.



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Discussion points included:

- Can we unbundle our rates with current software programs in place?
- It was asked if there is an actual cost basis for time of use rates? Robert pointed out that yes there is seasonality and a difference in value of power, this value differential will become more apparent when SCL joins the EIM. Kirsty added that delivery cost of service can also be signaled with time-varying volumetric rates. This concept of migrating away from demand and fixed charges and towards time-varying volumetric rates has been the subject of recent publications by both RMI (Rocky Mountain Institute) and RAP (Regulatory Assistance Project). Up until recently, metering technology was a limiting factor in this area of rate design, so Seattle is well poised to pursue these opportunities.
- Not all on the panel agree with the idea of increasing fixed cost recovery.
- Demand charges are harder to implement than delivery charges.
- Better information on actual cost of service and linking rate design to actual cost of service seems generally supported by the group
- Complex rates, or significant changes require a lot of advance work with customers.

Panel members thanked Richard for his excellent work.

Introduction/Discussion: Outline of Interim Council Report. Karen noted that there is a one-page outline showing the scope of the interim report due to Council on January 15; the contents of that are the focus for the next meeting.

Next Panel Meeting Agenda (December 3). Karen noted that the next agenda will: Continue rate design discussion; include a look at the draft policy statements; receive a high level analysis from the utility of the ideas we talked about today, as well as the Utility's thoughts about potential rate design actions; and provide direction so that staff can complete the interim council report for Panel review in early January.

The meeting adjourned at 2:00 p.m.