



**City Light Review Panel Meeting
Meeting Minutes**

Date of Meeting: November 1, 2013

| MEETING ATTENDANCE | | | | | |
|---------------------------|---|-----------------------|---|------------------|---|
| Panel Members: | | | | | |
| Name | | Name | | Name | |
| David Allen | x | Stan Price | ✓ | Debbie Tarry | x |
| Tom Lienesch | ✓ | Julie Ryan | ✓ | Eugene Wasserman | ✓ |
| Chris Roe | ✓ | Sue Selman | ✓ | Eric Thomas | ✓ |
| Staff and Others: | | | | | |
| Jorge Carrasco | ✓ | Rashad Morris | ✓ | Paula Laschober | ✓ |
| Sephir Hamilton | ✓ | Councilmember O'Brien | X | Kirsty Grainger | ✓ |
| Maura Brueger | ✓ | Phil West | X | Nancy Hirsh | ✓ |
| Kim Kinney | ✓ | Jim Baggs | X | Nina Sidneva | ✓ |
| Jeff Bishop | ✓ | DaVonna Johnson | X | Rollin Fatland | ✓ |
| Karen Reed | ✓ | Mike Jones | x | Vanessa Lund | ✓ |
| Tony Kilduff | ✓ | Anthony Colello | ✓ | T. Marle | ✓ |
| | | | | S. Weldon | ✓ |
| | | | | | |

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 October 18, 2013. Karen thanked Chris and Eric for their suggested edits. An additional correction was requested with respect to Nancy Hirsh’s comments on October 18th – change the wording fixed *cost recovery* to fixed *charges*. The Panel concurred with the suggested edits. *The minutes were approved with the corrections noted.*

Presentations / Information

Karen Reed reviewed the agenda.

Jorge Carrasco noted that the utility was not asking the Panel for recommendations on rate concepts right now. The results of the outreach survey will show how the customers have reacted so far. It will most likely be in January of next year when the Panel weighs in for any recommendation.



City Light Review Panel Meeting Meeting Minutes

Jorge noted that the Utility has removed the kVA charge concept/proposal from the table for now.

Public Comment:

Nancy Hirsh from NWEC provided public comment. She observed that it is important in the outreach to clearly explain what accounts for any increase in fixed charges and how it is tied directly to a particular customer. NWEC suggests that fixed costs be placed in the energy charge rather than increasing customer charges.

The group discussed whether there was the ability to have outside people call in with “open comment. Karen stated that if there is public comment, it would be more helpful if they came here to the meeting rather than have it over the phone.

Communications:

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

Ratepayer Outreach Survey:

Maura Brueger advised that the utility will be going out in November and December (primarily to existing business meetings) for phase 2 of the ratepayer outreach. She handed out a list of meetings that they will seek to be scheduled. A Brown Bag Lunch has been set up with Northwest Energy Coalition for December 5th. Maura asked the Review Panel members to mark their initials on the list beside the organization meeting(s) to indicate they are interested in participating at that particular outreach session.

Next, Maura introduced Vanessa Lund from Cocker Fennessy. Vanessa will present results from the ratepayer survey.

Vanessa reported that SCL conducted an online Survey Monkey from mid to the end of October. The survey was out for 12 days with the analysis period being a bit shorter (8 days). It was sent to a random sample of 20,000 people and there were 1177 respondents. Vanessa cautioned that there are some limitations in doing any online survey. 91% of respondents were residential customers. There was only a small response from the business sector (85 respondents, mainly from real estate and manufacturing sectors).

Vanessa reported on findings from the survey:

- For the most part, both residential and commercial respondents thought SCL offered a fair price for services.
- 57% of businesses do not see rate design as much of a problem (Maura cautioned it’s difficult to make definitive determinations with only 85 respondent business customer sample)
- 66% don’t see residential rate design as much of a problem.
- Results did not appear to show significant differences between race, gender, ethnicity.
- Businesses and residential customers differ in their top priorities. Rate predictability is a top priority for business customers. For residential customers, predictability is not high on the



City Light Review Panel Meeting Meeting Minutes

map but conservation is. Transparency and simplicity were items also important to residential customers.

- There was much concern about rate increases and what it meant for peoples' pocketbooks. Some viewed rate design as code for rate increases.
- Instead of the term "equity" being used in customer's comments, the term that came up several times was "fairness". There were many different impressions of what "fairness" meant to each customer, however.
- Customers recommended that the utility be clear in communicating/educating the public about how the true costs of service compare with the current rate design and any proposed changes.
- Messages that portray fixed costs as "too low" are not likely to be believed.
- Environmental and conservation initiatives are highly valued – particularly by residential customers. Rate design shouldn't undercut these achievements.

Karen asked the Review Panel for their thoughts on the survey results. Maura added that the group needs to think about these priorities and how we talk about them in the phase 2 outreach. Panel observations were:

- The survey was good value and gives good clues in describing rate design that will be coming in public outreach.
- Surprised to see that environmental/conservation views came through so strongly.
- The utility will need to work on refining the concepts and wording when they go forward in the next phase of outreach – for example with the issue of "fairness" – this was a value judgment with different individual impressions of what "fairness" meant to them.
- Shouldn't expect the survey to be conclusive; there are limitations as noted in the presentation.
- Be clear in communications/messaging and educating the public.
- Draft language to clearly explain how the true costs of electric service compare with the current rate design and any proposed changes.
- Suggested that discussions in focus group settings may be more helpful to refine some of the concepts and to relay them in easily understood language.
- Can the utility conduct a follow-up survey with clearer wording on concepts?
- Cautioned against using the non-representative sample to shape views or jump to conclusions.
- Ensure the utility checks in with under-represented neighborhoods to make sure they are getting valid sample results from those areas; they may see things differently.

Karen thanked Vanessa for attending the panel meeting and presenting the summary results of the online ratepayer survey.

Chair's Report

Eugene Wasserman noted that Seattle has gained 140,000 people in the last decade, but load growth has not increased. He asked if City Light could analyze and provide information on why



City Light Review Panel Meeting Meeting Minutes

this is so. Karen Reed confirmed that we do plan to have an IRP presentation done later on this subject.

Rate Policy Discussion/Presentation:

Karen said that in the next presentation, the utility will show the concepts that are on the table that will be tested in the public outreach. All of these concepts have been discussed with the Panel in the course of the last year. The Utility is today asking whether the framework of these concepts is correctly presented. Jeff Bishop stated that the presentation is intended to recap the rate policy review goals and summarize the rate concepts/changes. .

Paula Laschober noted that the Utility does not intend to implement any rate changes in 2014. She also stressed that rate design is not a euphemism for rate increase. She summarized the rate policy review goals:– predictability, simplicity/transparency, price signals, equity “fairness”, financial stability.

Paula described the items in the Policy Issues Matrices 1 and 2 which recapped the SCL rate design concepts presented and the policy goals supported by the proposed concepts. The check marks on the matrices indicated City Light’s assessment of the policy goals served by each of the rate concepts.

Paula spoke on the low income customers, who currently have a 60% subsidy. The utility is trying to expand the number of customers served by low income rates. The proposal is to go back to a 50% subsidy in order to reach out to more customers in this class.

There was discussion on the concern with people paying their fair share of the cost within each of the customer classes. Tony Kilduff noted that City Light has a long history of allocating the costs between customer classes using marginal costs. He thought that the original intent in the Council resolution establishing the Review Panel was for the Panel to look at mechanics of the allocations and the allocation of revenue requirements across customer classes. He said clearly you want fairness within a customer class. Jeff agreed that we need to make sure that rates are equitable to each class and they pay their fair share.

The dialogue continued with the group trying to determine where the Panel was in framing up and reaching out to the public with these proposals. Jorge requested Panel feedback on how the Utility presents these concepts in outreach. The concepts are not intended to be framed as “this is what the Panel said.” Rather, these are the ideas that we’ve discussed with the Panel, the decisions have not been made yet, and we want to hear what the public says about the rate design concepts.

Questions and comments noted during the panel discussion were:

- How can the utility help the customer to understand what the true cost of service is for a customer? Put a bit more context around it to get your audience to understand what exactly you mean when you mention things like “equity” (i.e., explain how the goal of “equity” gets squared away with the increase in the base service charge in residential rates.)



City Light Review Panel Meeting Meeting Minutes

- “Equity” is a mushy, slippery word that can mean different things to different individuals.
- Block rates remain complicated to understand – recommend simplicity in communicating any rate structure changes to audience.
- The matrix check-offs are rated from the utility’s perspective and some Panel members might have rated things differently than the utility. Recommend framing the wording differently in the matrix – i.e., instead of “proposed new structure”, change to “possible changes to rate structure”.
- Decoupling: some feel there isn’t a compelling need to institute decoupling but it is important to have the concept considered. Decoupling is a complicated mechanism; there was concern that you may lose your audience trying to introduce this concept. SCL already has the Rate Stabilization Account to hedge against volatility

Some of the important items to keep in mind for the outreach were:

- Be sure to express diversity of views on the rate concepts.
- We understand that the Panel has not yet taken a position on these issues.
- There’s a diversity of opinion among the Panel on what to do with these issues.

Jorge confirmed that these rate concepts are not a final product. He is looking for the Panel to advise if these are the elements to test in our outreach and we are interested in getting feedback from the public outreach.

Jeff Bishop re-iterated that the rate design concepts presented have been those that the Panel has had input on. Jorge advised that the utility intends to go out with outreach to the public before it proposes anything concrete.

Action Items

Eric Thomas asked how we introduced and described the rate survey to the people. Maura Brueger will send Eric a copy of the introduction.

Eugene Wasserman asked if there were cross-tabs available. Maura asked him to email her if he wanted analysis run on specific cross-tabs within specific businesses.

Staff at the utility will do more work on how best to properly educate/deliver the concepts in phase 2 of the public outreach.

Tony asked if the utility could put in an update to the Baseline for the next update of the Strategic Plan.

Adjournment

There being no further business to discuss, the meeting was adjourned at 4:05 p.m.