



CITY LIGHT REVIEW PANEL MEETING
Meeting Summary for Tuesday, December 8, 2015
11:00 AM - 2:00 PM
SMT, Conference Room 3205

MEETING ATTENDANCE					
Panel Members:					
Name		Name		Name	
David Allen	✓	Julie Ryan	✓	Eugene Wasserman	✓
Tom Lienesch	✓	Sue Selman	✓	Sara Patton	✓
Chris Roe	✓	Eric Thomas	✓	Gail Labanara	✓
Staff and Others:					
Sephir Hamilton	✓	Karen Reed	✓	Kim Kinney	✓
Maura Brueger	✓	Tony Kilduff	✓	Paula Laschober	✓
Jeff Bishop	✓	Calvin Chow	✓		
Jim Baggs	✓	Greg Shiring	X		
Mike Jones	✓	CM Sawant	X		

The meeting convened at 11:00 am. Julie Ryan opened with a review of the agenda items.

The 11/10 Meeting Minutes were unanimously approved.

Public Comment: There was no public comment.

Chair’s Comments: Julie Ryan spoke on the next few meetings. City Light will drive the agenda for the next few months in developing the strategic plan, and the Review Panel will provide input. Julie noted that the Mayor selected Larry Weis as the new General Manager of SCL; she was very impressed with him, his background, and how he is well respected in public power circles. Acting General Manager Comments: Larry still has to go through the Council confirmation process. Jim will check to see if Larry might be available to meet with the Review Panel at their next meeting.

Jim also informed the Panel of a recent “safety-stand-down” event held across the entire utility on December 2. It was an effort to focus on the importance of a safe workplace and how every employee can contribute to that.

Communications: Chris Roe said that the MIC (Manufacturing Industrial Council) has prepared a letter regarding potential changes in the Rate Stabilization Accounts and debt service coverage policies. He will forward the letter for distribution to the Review Panel.

Action Item: Karen Reed will email the MIC letter to the Review Panel.

Seattle IT Overview: Michael Mattmiller, the City of Seattle’s Chief Technology Officer, gave an overview of the plan to consolidate City Information Technology (IT) across all City departments. He



described guiding principles for the IT consolidation and the revised Citywide IT governance structure. The Panel had several questions and comments:

Q: How will this impact delivery of key elements of the City Light strategic plan? A: The consolidation does not change SCL's strategic plan.

Q: What is the benefit to the SCL ratepayer for doing this consolidation?

Q: What % of the total City IT budget might be attributable to SCL? A: There is no clear answer at this time; various departments accounts for their IT costs differently. SCL is one of the largest City departments so probably is a significant percentage of total IT costs.

Q: How will the service level agreement be developed? A: City is working with consultants (i.e. Price Waterhouse Coopers) to help parties develop these agreements.

Q: Why consolidate all 28 departments at the same time (on 4/6/16)? A: The transition will be phased to reduce disruption.

Q: How will the new system encourage or allow for innovation? A: They have been thinking about how to encourage innovation but don't have a solution yet. Maybe grants or incentive funds.

Other comments:

- Suggestion that the Department of Information Technology (DoIT) and SCL to hire an industry specialist to help develop the SCL service level agreement incorporating industry standards to increase accountability and transparency, with potential penalties if SCL's requirements not met.
- Request for a schedule for the 3 – year consolidation transition of IT functions specific to SCL.
- Concern about the Utility's specific unique business needs and how they can be met in a consolidated department.
- City Light is already ahead of the curve; consolidation may hold them back. It appears that City Light is doing a great job managing their needs on their own
- There is concern about biting off too much in the first year. Concerns that City IT is not ready to take over some of the systems from Seattle City Light, particularly the AMI project.
- Concern about City Light being only 1 of 12 people at the table in the new governance structure.
- City Light could end up paying a disproportionate amount of DoIT costs, subsidizing more than their share of the central costs.
- Request for SCL to review the baseline, DoIT costs, and analyze impacts to the rate path from consolidation

Michael said the he will ensure that stakeholders hear of the Panel's concerns. His goal is to make DoIT a business partner with the departments and help each City department create capacity and get benefit through consistent standards, while meeting the business requirements of each department.



Action Item: The Panel will send a thank you letter to Michael Mattmiller probably for delivery in January. Julie and Karen will prepare an initial draft for the Review Panel to review.

Karen noted that some of the meeting participants had to leave early so the group agreed to switch up the agenda and hear the RSA presentation earlier.

The Rate Stabilization Account (RSA) – Policy Options: Paula Laschober gave a presentation describing the rate stabilization account and policy options. Jeff Bishop noted that Rating Agencies are strong supporters of the automatic funding policies in place now, and this has helped improve the Utility's credit rating. Paula addressed the RSA and policy questions:

- Revenue Target: how should it be set and how conservative should it be? Should the RSA be designed to address both retail revenue volatility as well as wholesale revenue volatility?
- Fund Size: is \$100M the right size?
- Surcharge Parameters: when should automatic surcharges be triggered and how large should they be?

In discussion, varying opinions were expressed on the Utility's proposal. The following information requests were made by the Panel and others:

- Latest Retail Load Forecast
- Historical analysis of whether retail revenue is a hedge to Net Wholesale Revenue –is this a short term phenomenon or a longer term reality?
- Weather normalized planning estimates for NWR, Retail Revenue v. actual weather normalized data
- Show how all ratepayer classes might be affected by RSA proposal (using historical data)
- Impact of Alcoa shut down on NWR projections

Tony Kilduff advised that the Council issued a Statement of Legislative Intent (SLA) asking City Light to review their financial policies in 2016 and this might be done as part of the strategic plan.

Strategic Plan Outreach Plan: Maura Brueger reviewed the draft public engagement outreach plan and proposed timeline. She noted that the Utility plans to reach out to a set of groups and asked for additional suggestions from the Panel. The approach is to go to existing groups and get on their agendas rather than try to bring people to SCL-hosted meetings. Panel members expressed concern that the schedule may need to be revised so that the new GM can get up to speed on the strategic plan before outreach meetings take place. Maura will review the proposed outreach materials with the Panel in January.

Transportation Electrification Strategy: Sephir Hamilton gave a presentation on transportation electrification. The utility is analyzing whether it should be more aggressive in promoting transportation electrification and has hired a consultant to assist. Analysis shows there is a net benefit to ratepayers for increasing electrification of cars, buses and forklifts, and the distribution system can largely handle accelerated vehicle electrification targets. The Mayor's Office is interested in partnering with King County on the proposal, and potentially the Port. A change in state law is required in order to allow the proposed incentive/credits for electric vehicles. The Panel requested the following follow-up information:



- What are the start-up costs, administrative costs for the proposed program and how do these costs affect the “net benefit” to rate payers?
- If off-peak pricing rate structures are not implemented as assumed in the analysis, what happens to the estimated ratepayer benefits?
- Can the Utility get carbon offsets for fuel switching?

The next City Light Review Panel meeting will be on Tuesday, January 5, 2016 from 11:00 a.m. to 2:00 p.m.

Adjournment: There being no further business, the meeting adjourned at 2:00 p.m.