



### City Light Review Panel Meeting Meeting Minutes

Date of Meeting: December 15, 2011

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

#### Call To Order

The meeting was called to order at 11:00 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. There was no public comment to report for today's meeting.

#### Approval of Minutes

The meeting participants reviewed the draft meeting minutes of December 2, 2011. The minutes were approved as submitted.

#### Presentations / Information

##### Chair's Report:

Eugene Wasserman began with the Chair's Report advising that he and Stan met with the Mayor, Superintendent Carrasco, and Calvin Chow on Monday. They discussed the progress of the Review Panel with the Mayor. They talked about the ownership of the strategic plan report. The plan is for the Mayor to issue the strategic plan report to Council.

There was no new correspondence received for the Review Panel's general mailbox.

Superintendent Carrasco advised the Review Panel Members that City Light is currently interviewing firms for additional assistance in planning and conducting an effective outreach



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program for the strategic plan. He indicated that we expect, from our discussions with the consultants, that an effective outreach program will likely require three to four months. He said the utility will aim to produce a draft report in January; the outreach would take until close to April; then the Mayor would be provided a package of materials including the report, outreach results, and Review Panel recommendations to transmit to the Council most likely in May. Primary goals would be to ensure that the Executive and Council are satisfied with the report and the thoroughness of the outreach conducted. Stan Price raised the issue of the Review Panel's involvement in the outreach. The issue was discussed but not resolved; outreach will be discussed again at the January 6 meeting.

There were questions on timing of budget and other rate matters in connection with the completion and approval of the plan. Councilmember O'Brien suggested that it would be best to coordinate the utility and Council outreach, so that deliberations could run in unison rather than running two parallel or sequential separate processes. Jorge said that the cost of service and rate design matters are currently being worked on and the Utility plans to have something for the Panel to begin deliberating on the early months of 2012. Tony Kilduff said that it is very important that the Review Panel stay engaged with all rate related matters, and emphasized that the cost of service and rate design piece are critical components of rates.

Karen reviewed with the Review Panel Members the proposed letters to be sent in response to comments/letters received at the last December 2<sup>nd</sup> Review Panel Meeting. There were minor edits made to the drafts. Kim Kinney will send the letters out signed by the Co-Chairs.

Karen referred the Panel to the memo from the Co-Chairs in the packet regarding how the Review Panel could begin framing its recommendations. Eugene said that he and Stan have general consensus on most issues except for those noted. Discussions were held on which additional subjects may require further discussion or a recommendation by the Panel. Further initial discussions were held on when the Panel's report and recommendations should be issued, either before or after the final public outreach.

After lengthy discussion, the Panel Members offered the following:

- It would be better to create a checklist which would call out the key things and note where the Panel was in consensus
- Can we identify where the range of concerns are around some of the issues?
- Determine what issues the Panel would like to comment on and when the Panel will provide its comments
- Panel would like to look at a basic strategic plan draft first, get comfortable with what's on the table and then proceed forward on recommendations on which they have consensus
- A final report will be issued after the outreach process
- What will help the Panel in the engagement with Council?
- Who are the target audiences?



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- It's important on how the Panel positions its opinion on the plan – should aim for an objective and informed stance.
- What is the process for the Panel issuing their opinions, if divergent views remain?

Jorge observed that as he talks to different parties in the community, he has heard several diverse points of view on issues. The question was raised on who is our primary audience for the plan— City Light, the Mayor's Office, Council, outside groups? Jorge said that there are different audiences depending on where you are in the evolution of the process. The Utility and the policymakers appreciate the Panel's input to balance the multiple needs and interests of the various audiences. Karen noted to the Panel Members that their charter is to give input to the Mayor and Council on the plan and other matters.

In speaking about the Review Panel's role, Councilmember O'Brien asked the Panel Members to convey what they are seeing and his job will be to convey the main points to his fellow Councilmembers.

Karen recapped the comments heard. The Review Panel would like a checklist created that would show where there may or may not be a consensus reached and the checklist would also help identify the range of concerns around the issues. The Panel would like to look at this larger issues list and after deliberating, decide what is appropriate to comment on and when to comment on that issue. They'd like to deliberate from feedback received before issuing their formal opinions/recommendations to the public.

Tony Kilduff commented that it would be helpful if Phil Leiber could provide a summary baseline report to the Panel again. The baseline is a crucial piece of the story and should be highlighted along with the Workforce, NWR, UMS, and AMI initiatives, since the baseline affects all four.

Sue Selman expressed appreciation to the utility for taking the time to explain the various mechanics of the topics as it was very helpful in understanding the bits and pieces even though they're not responsible for these policy items.

Phil West provided an overview of the next item on the agenda, Automated Metering Infrastructure (AMI). He advised that they are currently updating assumptions in the AMI business case. His goal is to involve the Panel so they can get a clear understanding of this initiative. He inquired about the Panel's expectations on this topic, questions they had, whether there were gaps that needed further explanation, and what areas and level of detail would they like addressed.

After some discussion, the Panel Members made the following comments:

- Asked to get a summary report to get a sense of lessons learned from several utilities' deployment of AMI



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- More information needed on how City Light would address the risk of proceeding with technology that may later change and won't interface well with newer technology. Has progress been made on standards?
- Utility needs to articulate the tangible benefits (such as reducing revenue lost from energy theft) and the upside benefits (the actual cost savings and usage)
- What does it mean if we don't make the AMI decision considering the aging infrastructure, etc? Explain the implications if we continue down the current path as compared to moving ahead with an AMI project as proposed?
- Are there opportunities for the utility to leverage with neighboring utilities or with Seattle Public Utilities?

Jorge responded that the utility will engage with some industry resources to provide information on lessons learned and best practices. EPRI (Electric Power Research Institute) is the organization that comes to mind and Jorge will ask them what they've found on AMI experiences. The experiences will vary and the issues will be different for each utility.

Phil West said that from his perspective, EPRI could give a very broad industry perspective on this subject. Portland General would be good comparable as they have similar weather and could perhaps share their lessons learned. The Utility intends to continue the AMI discussion at the two January meetings with the Review Panel; the Panel agreed that both the EPRI information and a presentation from Portland General Electric would be helpful.

Phil West then presented on the plan to achieve efficiency improvements at the Utility. This was in response to the request for more information on what the utility is doing for achieving the efficiencies outlined in the UMS benchmarking report. Phil West noted that more details of this effort will come later. In the preferred path projected rate scenario, the Utility has committed to achieve \$18M in efficiencies by 2015. Phil noted that we are targeting \$15M from distribution, transmission & generation, and another \$3M would be additional efficiencies from business process improvements throughout the utility.

Julie Ryan asked if the UMS benchmarking report assumed that we have the necessary infrastructure in place to achieve the efficiencies. Phil West responded affirmatively that they do assume that, and it would require investments in different equipment in some cases. Jorge stated that it is also important to note that negotiations will be required with unions before many of the UMS recommendations can be implemented. Conversely, some recommendations can be implemented within the flexibility of the existing labor contracts. These issues affect the pacing of how quickly the savings indicated in the report can be achieved.

Conversation occurred on why improvement recommendations of this nature haven't been implemented earlier by the Utility. Superintendent Carrasco addressed the issue, noting that when he came to the Utility in 2004, he made an assessment and aimed to address some work practice issues through the commencing labor negotiations. Such labor negotiations continued for two years without significant progress on these matters, and then the huge storm hit in 2006, and as a result, negotiations were concluded without making the progress we wanted. In



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contrast, the Superintendent believes that we are in a better place now to try to address some of the work rules, and that improved labor-management relations will also facilitate this.

Phil West reviewed the next steps for the Utility in addressing some of the efficiency work, during which time he noted that staffing reductions would occur through normal attrition rather than layoffs. DaVonna Johnson (Human Resources Officer) informed the group that with retirements, the utility is losing about nine people per month right now. Phil described some of the management process improvement opportunities related to crew sizing, software updates to help identify, schedule & manage work, and the need to broaden certain job descriptions (current job descriptions are in some cases too narrowly defined, resulting in inefficiencies).

Stan Price remarked that strategic plan should contain sufficient language, upon adoption, to provide City Light's Human Resources with the mandate to enable them to take the steps to capture some of the efficiencies. Tony Kilduff also advised that the Review Panel group should also provide an opinion and support for such efforts, and this would be of value to the Council and the Mayor. He also highlighted awareness that the contract negotiations are an Executive function, and that the Panel can emphasize the importance of having the right people at the table during such negotiations (to understand trade-offs and the strategic direction they need to move towards).

DaVonna Johnson next provided an update on Seattle City Light's safety program. She referenced the handout which described Seattle City Light's health and safety function background as well as injury statistics. She advised that they have a grassroots safety initiative as well as a top-down approach where they are trying to implement a wide range of safety related improvements. They also plan to bring in reporting software to collect and manage their injury reporting information, and have better information about root causes of injuries that can subsequently be targeted for improvements.

DaVonna explained to the meeting participants that management of industrial injuries is overseen by the City and this leaves City Light with little ability to proactively manage claims prior to the employee being released for regular or modified duty. She acknowledged that there are changes that could be implemented to improve the utility's safety record in addition to generating efficiencies and savings. It would require however some important policy changes and/or recommendations to be adopted.

Karen thanked everyone for attending today's session. She advised that they'll work on having an issues checklist available the next time we meet.

### **Issues/Action Items**

Kim Kinney will look into creating an email ListServe distribution list exclusively for the Review Panel Members. She will also send out the signed Co-Chair's response letters to the individuals who provided correspondence/public comment at the 12/2/2011 meeting.

Phil Leiber and Karen Reed will draft the checklist for the Review Panel.



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**Adjournment**

There being no further business, the meeting was adjourned at 2:10 p.m.