



**City Light Review Panel Meeting
Meeting Minutes
DRAFT**

Date of Meeting: December 15, 2016

MEETING ATTENDANCE					
Panel Members:					
Names		Name		Name	
Tom Lienesch	✓	David Allen	✓	Gail Labanara	✓
Julie Ryan	X	Patrick Jablonski	✓		
Sara Patton	✓	Leon Garnett	✓		
Thomas Buchanan	✓	John Putz	✓		
Staff and Others:					
Larry Weis	✓	Leigh Barreca	✓	Tony Kilduff	✓
Mike Jones	✓	Pat Leyritz	X	Calvin Chow	✓
Sephir Hamilton	✓	Ellen Javines	✓	Gregory Shiring	✓
Paula Laschober	✓	Kirsty Grainger	✓	Karen Reed	✓
Lynn Best	X	Emily Rich	✓	Darnell Cola	✓
Jim Baggs	✓	Michael Clarke	✓	Alan Matthews	✓
Bernie Ziemianek	X	Kelly Enright	✓	Robin Cross	✓
DaVonna Johnson	X	Wayne Morter	X		
Mike Haynes	X	Martha Hobson	✓		
Guest(s):					

Call to Order: The meeting was convened at 11:05 a.m. Karen Reed reviewed the agenda.

Introduction: Tom lead introductions of everyone attending.

Meeting Minutes: Minutes from 11/22/16 meeting were approved.

Public Comment: No public comments

Chair's Report: Special full council meeting tomorrow, 12/16/16 for confirmation of new panel members.

Communications to Panel:

- One email was received from someone expressing interest in being a member of a City panel or commission. No specification was given on which position. Leigh Barreca will follow up on this and forward to appropriate person.

Denny Substation – presented by Michael Clark



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The project is currently about 2 months behind schedule, but the Utility has a plan to make up that time later. They have not yet spent all the budgeted project contingency and feel they will meet the current budget. Six other projects connected to the Denny project and are being constructed at the same time.

Discussion points included:

- Does the design level on this substation set a new standard for how you will build substations?
 - A: It sets a standard nationally, but we don't need new substations. It might impact what SCL is required to do when upgrading existing substations.
- What is the cost of the six related projects?
 - A: \$34.5M
- Is the Massachusetts Substation transmission line project being deferred due to challenges with routing or to address rate path concerns?
 - A: The latter.
- Are different network customers charges different premiums?
 - A: They are charged at the same rate once the networks achieve a certain level of reliability.
- What is the purpose of a network?
 - A: Enhanced reliability, not necessarily power quality
- Did you fund the private office space portion of the substation with public bonds?
 - A: Yes.



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Utility Discount Program (UDP) – presented by Kelly Enright and Matt McCudden

This program provides a discount of 60% off City Light electric bills and 50% off Seattle Public Utility (SPU) for qualified customers. This program is a partnership with City Light, SPU, and the Human Services Department.

- It costs \$18M a year in direct benefit and has a 2% rate impact.
- There are 29,000 current customers. Their annual benefit is about \$600/year per customer.
- Administrative costs total about 1.3M -- \$800K in the Human Service Dept., \$500K in City Light.
- There are an estimated 86,000 eligible customers in the City, an estimated 135,000 total in the Utility's entire service area.

Discussion points included:

- Are customers disqualified for any reason—like being an ex-felon—if they meet the income standard?
 - A: No. Income is the only test.
- Targets seem very bright line. Could they be graduated?
 - A: We could study that.
- Snohomish County has a graduated system, not a threshold. SCL would have to decrease the benefit for some in order to implement this.
- This is the most generous program in the county in terms of the percentage of rebate offered, but not necessarily in terms of the amount of money spent (since our power rates are so low)
- Low income households use more power often because their apartments are not well insulated, they have electric heat and older appliances.

Action Item: Utility will provide Panel with (1) an end of year snap shot about the total program costs and customers, and (2) a summary of current low income weatherization programs.

Strategic Planning Baseline, cont'd (Transmission and Distribution)– presented by Kirsty Grainger

These two areas of the Utility include about one-third of total operations and maintenance expenditures, and about half of the total CIP expenditures.



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Discussion points included:

- What efficiencies have been secured in distribution?
 - A: In the original strategic plan, this was an area called out as a potential place to achieve significant efficiencies.

Action Item: Utility will provide a review of efficiencies proposed in the original plan and where we are today.

- Do you do any benchmarking with peer utilities?
 - A: Yes, although comparables can be difficult to find given the differences between public and private utilities.

Action Item: Benchmarking presentation

BPA & Regional Issues Overview – presented by Mike Jones

City Light is BPA's second largest customer. They provide 40% of SCL's power. Their largest customer is Snohomish PUD. SCL is also one of the top ten transmission customers of BPA.

Discussion points included:

- Where and how does SCL have input into BPA's budget?
 - A: As a stakeholder, in meetings of stakeholders with BPA.
- How many other stakeholders are there?
 - A: BPA serves 142 different utilities.
- Who makes the final budget and rate decisions?
 - A: The BPA Administrator.
- How frequently are BPA's rates set?
 - A: Every 2 years.
- What has been the rate experience in recent years?
 - A: About 7-8% rate increase every two years; SCL's rates from BPA only increase at about half that, however.
- Explain how the pass-through of BPA rates works on customer bills?
 - A: An estimated BPA rate increase is included in the SCL budget—the pass through only applies to the extent that estimate was over or under the actual rate increase.



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Mike explained that there is an effort underway to begin renegotiation of the Columbia River Treaty between Canada and the U.S. Seattle supports incorporating ecosystem considerations into the treaty.

The Endangered Species Act has been the basis for a lot of litigation involving BPA. All BPA's contracts end in 2028. SCL is hoping for better long-term rate forecasting by BPA and that they are able to keep costs down to remain a competitive power alternative.

Discussion points included:

- What is the role of the Northwest Power Planning Council?
 - A: They provide guidelines for what BPA must consider in developing its rates and seek to ensure a holistic perspective in rate setting. They approve a five-year fish plan and power plan.
- Could BPA join the California energy management market (CAISO)?
 - A: Unclear. It is under discussion, but BPA does not currently intend to join.

IT Integration – SCL Experience to Date – presented by Paula Laschober

Paula described the internal management structure for City IT and how SCL interacts with City IT. She noted that to date there have been no incidents impacting SCL power operations caused by the IT consolidation. They are still in transition and will know a lot more about how well this is working for SCL by mid-year 2017. The Utility's concerns moving forward include:

- What will be the cost of City IT (it increased \$5M in 2017 over 2016, primarily due to a City-wide server/data storage project)?
- Will there be sufficient detail in invoices from City IT?
- How can SCL be certain that things they are asked to pay for benefit SCL?
- Scope of authority/decision making as between SCL and IT – this has been an area of confusion to date.
- Can the decision-making process be streamlined?

Action Item: Bring an IT consolidation update to the Panel in July 2017

Adjournment: The meeting was adjourned at 2:05 p.m.