



City Light Review Panel Meeting Meeting Minutes

Date of Meeting: January 28, 2021 | 9:30AM – 12:00PM | Meeting held via Microsoft Teams “Final”

MEETING ATTENDANCE					
Panel Members:					
Names		Name		Name	
Gail Labanara	√	John Putz	√	Mikel Hansen	
Sara Patton	√	Anne Ayre	√	Leon Garnett	√
Thomas Buchanan		Scott Haskins	√		
Staff and Others:					
Debra Smith	√	Jen Chan		Karen Reed (Consultant /RP Facilitator)	√
Kirsty Grainger	√	Mike Haynes	√	Emeka Anyanwu	√
Jim Baggs	√	DaVonna Johnson		Tom DeBoer	√
Julie Moore	√	Chris Ruffini	√	Maura Brueger	√
Greg Shiring	√	Carsten Croff	√	Leigh Barreca	√
Eric McConaghy	√	Alex Pedersen		Kathryn Aisenberg	
Craig Smith	√	Toby Thaler	√	Angela Bertrand	√
Joni Bosch (NWECC)	√	Chris Tantoco	√		

Welcome\Introductions. Karen Reed called the meeting to order at 9:34 AM. Panel members introduced themselves, including Anne (Annie) Ayre, the new Industrial Customer Representative on the Panel. She resides in the City of Seattle and works for Cal Portland. SCL Staff introduced themselves. Leigh Barreca noted that the City Council has reconfirmed John Putz for an additional three- year term. Karen noted that Chris Mefford has resigned from the Panel due to the press of other business.

Public Comment. Joni Bosh, Northwest Energy Coalition, offered comments. She noted that the new proposed state and federal government budgets include grant funding for clean energy and for the Low-Income Home Energy Assistance Program (LIHEAP); she is wondering if SCL will apply for those dollars. Joni was invited to repeat her comments again prior to Maura Brueger’s presentation later in the meeting.

Standing Items:

Review Agenda. Karen reviewed the agenda. She noted that Panel meetings have been set through July; the schedule is in the Packet; two monthly meetings in February, March and April are scheduled in the ramp up to submittal of the strategic plan. If they are not needed, we will cancel them.

Approval of December 14th Meeting Minutes. Approved as submitted.

Chair’s Report. No report.

Communications to Panel. There were no Panel Communications. Leigh reaffirmed that we are looking for three new Review Panel candidates: Suburban Franchise City (Gail will be retiring in April), Economist (Chris Medford’s position), and an At-Large Residential representative (unless Tom Buchanan reconnects with us soon).



City Light Review Panel Meeting Meeting Minutes

General Manager's Update:

There is a lot going on right now. We are in the "where there is great risk there is great opportunity" space right now. The Review Panel members are our partners to provide input into our strategic planning work. We think of you as our governing/advisory body to think through issues related, not just to your Panel positions, but with regards to the community we serve.

The two 1.5% Rate Stabilization Account surcharges currently in place should be able to be repealed this winter. However, the projected revenue requirement for 2022 suggests we would need a 7.0% rate increase. Rather than cut rates this year and raise them much higher next year, the Utility is exploring with the Mayor a strategy to hold rates steady in 2021, capture the revenue from the RSA surcharges, and apply that money this year to other needs. The Utility would also legislate a 2022 rate increase of 3.9% (excluding the BPA passthrough). The Utility expects BPA's rate increase in the fall to be lower than budgeted. Given BPA's preliminary numbers this would result in a BPA passthrough that lowers City Light rates by about 1.5%, which would translate to an effective 2022 rate increase of 2.4%.

If approved by the Mayor, SCL hopes to send legislation exchanging the RSA surcharges for a 3% rate increase and the 3.9% 2022 rate increase forward in March.

The Rate Stabilization Account (RSA) mechanism was put in place to protect customers from unpredictability from revenues from the wholesale market. When we do well in selling surplus power on the wholesale market, money goes into this account. When these revenues fall short of budget, money is withdrawn. We keep \$100M in the RSA at the top end, but we have been working to reduce the targets in that fund to better reflect the amount of net wholesale revenue we can reasonably anticipate.

Our union contract for our high-voltage electric workers has expired. This group is paid 12% less than market rate so we anticipate a salary increase will be needed to retain these workers.

We are also concerned about our borrowing and rising debt. We want to fund 40% of our CIP with rate revenue/60% with debt.

- **Comment:** It is hard to react to the rate proposal so quickly. Did you think about adding BPA to the total to mitigate the rate increase? A: This is hot off the presses- City Light presented this to Mayor's E-Team yesterday afternoon, so we could not share this in advance of the meeting. The BPA rates are a different mechanism and come later in the year so we can't address that in the rates in March. We may need to resize the RSA, so this could be the way to do it.

Debra Smith continued: since we started Strategic Plan, we have had an average annual rate increase of 5.5%. For 2022, a 7.0% revenue increase is needed just to cover declining load and inflation. This proposal will help smooth rates between years. The total rate increase in 2022 would be 3.9% excluding the expected BPA passthrough and 2.4% including the expected BPA passthrough.



City Light Review Panel Meeting Meeting Minutes

- **Comment:** It seems like the choice is almost rate stability over time as opposed to putting incremental savings in the pockets of customers now. It seems like you are in a fortunate position, though looking at the role of this committee out into 2022 there will be challenges and you will need to identify and mitigate those. Perhaps we should defer initiatives to preserve the windfall? What is the plan for spending the windfall if you capture the RSA surcharge savings?
- **Q:** What happens to the money in the RSA – what do you do with that? **A:** Under normal circumstances it is considered a part of our centralized treasuring function as short term and long-term investments.

Debra: We will send out the 2022 rate proposal details to the Panel once we get clearance from the Mayor's office. If the Panel would like to reconvene before the 18th to discuss this, we can set that up.

Preliminary 2022-2026 Rate Path: Carsten Croff presented – presentation is in the meeting packet.

- **Q:** The inflation and Renewable Energy Credit (REC) growth line – where are the RECs from? **A:** As our Stateline project contract is ending, we are not renewing our contract to take the power, just to take the credits. In 2022 we have an increase in energy credits.
- **Q:** Do you see any impact from carbon pricing, or do you assume whatever happens is baked in? **A:** We are shielded from that as we set a planning value. We do look at forward price and forward forecast and make recommendations. The carbon pricing is not showing up in the forward markets.
- **Q:** Are you factoring in grants or using baseline costs? **A:** Right now, we do not have any grants factored in for electrification. If these are received, we will include them in our analysis.
- **Q:** For the budget transfers to City, does that cover all the services from the City including IT and human resources? **A:** Yes. That does include these cost allocations.

At this point the Panel took a 10-minute recess.

Panel Discussion: 2022-2026 Plan Priorities. Leigh Barreca presented; presentation materials are in the meeting packet.

- **Comment:** Three things came to mind as you went through this. 1) Just in looking at the Plan, it seemed there is an opportunity provide greater recognition of the need for an increased focus on equity. 2) COVID – what is the new normal? What are the impacts of change on our operations and customers? 3) Service levels - To what extent are service levels changing or increasing? What are the impacts of service levels you are having to deal with that because of vacancy rate?
- **Q:** How will Council use money for rent relief? How is City Light responding to this need on its own? How is this impacting your budget? **A:** We talked about the need to develop a clear narrative about what we are doing. We will do that once we get approval for our direction.



City Light Review Panel Meeting Meeting Minutes

Panel Discussion *(led by Karen Reed)*

Discussion Question 1: Reflecting on the events of the past year, what are your biggest “takeaways”-- in terms of how life may change going forward, what may be more important, less important – both generally, and as it relates to City Light?

- **Comment:** I would like to see SCL ramp up climate change mitigation efforts.
- **Q:** A lot of what is happening over the past year has been about inclusion and visibility. Are there plans to engage the community in a different way, so everyone’s voice is included? **A:** We are working on including more folks in our outreach efforts.
- **Comment:** How likely are federal relief funds—seems unlikely. We should communicate the impact of the future we anticipate in terms of money and numbers.
- **Comment:** There is a big imponderable in terms of what happens to downtown—will it come back? How? That will impact SCL.
- **Comment:** Climate change push by the new administration should help SCL.
- **Q:** Can you add an RSJ representative to the panel, so we have that input regularly? **A:** We have an opportunity with the three openings to increase panel diversity.
- **Q:** Are there things that SCL is doing to use city-wide work done earlier in the year? **A:** (Debra) Yes. We were very involved in the City’s recovery work last summer. We asked all City departments to look at the RSJI impacts on underserved populations. The City recently an equitable reinvestment director. All departments have been asked to really look at how to invest their money and serve constituents. We are also reaching out to other utilities to see what they anticipate, and we are exploring new federal funding opportunities.
- **Comment:** Add Cyber security to the list of impact. This will be a big deal moving forward.
- **Q:** Has city light put into place a framework for benchmarking the initiatives? **A:** We do quite a lot of benchmarking, and we are putting together a plan to make sure make the data more available to leadership and to increase its usage.
- **Comment:** change management is a bigger deal now, both internal to the City and external
- **Comment:** (Debra) We are looking at how our workforce change the way they work. There are huge unanswered questions about whether people will come to work every day for example. We are working on piloting space reduction and we think we can reduce our footprint by 25% with continued remote work.



City Light Review Panel Meeting Meeting Minutes

Panel Discussion Question 2: Focusing on the 5 Draft Priorities – do these still resonate? Gaps? Edits? What actions should Seattle City Light pursue?

- **Comment:** I really like these priorities, but we need a greater Diversity, Equity Inclusion (DEI) lens here. It is important to add. Also, what will a restored post-Covid ecosystem look like?
- **Comment:** I agree you need to add DEI issues. Also include how energy efficiency change might change. Electric bills might go up because people are home more which may increase desire for energy efficiency.
- **Comment:** Do you anticipate more interest in energy efficiency as we stay home and pay more attention to our electric bills?
- **Comment:** All the priorities are strong. With the focus on customers, sometimes customers are referred to as customer-owners. To me that suggests a higher level of accountability. That is a message to manage in the plan.
- **Comment:** Generally, the priorities are good. It would be interesting to have a more boldness in our plan for this year to outline a bigger picture vision. It is risky because we do not know with certainty how the future will evolve but given what we have been through it would be nice to have a bolder ambition.
- **Comment:** I agree with last comment. Even with Biden coming out with the climate initiatives – we may need to be bolder about saying that. Toot our own horn. We need to be bolder with customer social justice.
- **Comment:** We need to stress the electrification future we are proposing.
- **Comment:** I tend to agree with what has been said around DEI and Environmental. As an industrial rep, I am happy to see a focus on reliability because of the impact on customers.
- **Response:** We understand that commercial customers really care about reliability – the impacts are huge, and the company will pay a premium. Also, with more people working/schooling from home we know that reliability is more important now than ever.

State and Federal Legislative Update. *Maura Brueger presented; presentation is in the meeting packet.*

The Panel complimented Maura on her presentation.

Adjourn: The meeting adjourned at 12:00 noon.

Next meeting Feb 18. Possible short meeting on rate strategy will be scheduled prior to this.