



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

Date of Meeting: April 16, 2019 | 11:00AM – 2:00PM | SMT32

MEETING ATTENDANCE					
Panel Members:					
Names		Name		Name	
Gail Labanara	√	John Putz	√	Mikel Hansen	√
Sara Patton	√	Patrick Jablonski	√	Leon Garnett	√
Thomas Buchanan		Chris Mefford		Vacant – Position #2	
Staff and Others:					
Debra Smith	√	Paula Laschober	√	Karen Reed (Consultant /RP Facilitator)	√
Jen Chan		Kirsty Grainger	√	Leigh Barreca	√
Carsten Croff	√	Calvin Chow	√	Maura Brueger	√
Gregory Shiring	√	Erin House	√	Kathleen Wingers	√
Eric McConaghy	√	Scott Thomsen	√	Josh Czebotar	√

Welcome. Patrick Jablonski convened the meeting at 11:07 AM. A round of introductions followed.

Public & Stakeholder Comment.

Alex Tsimerman stated he had made a request two months ago for a list of meeting attendees and the costs associated with City Light conducting large staff meetings in the Bertha Knight Landes room. He is unhappy he did not get the information he sought and asked repeatedly what the Panel was going to do in response to his request and repeatedly called the Panel member idiots. Karen Reed asked Mr. Tsimerman to moderate his language out of respect for the Panel who are volunteers and said that if he needs data, he should seek it from the Utility, it is not the Panel’s purview to respond to this.

Martin Westerman, Seattle Greenspace Coalition. Mr. Westerman noted that City Light is the nation’s greenest utility. The Coalition is grateful for the new Environmental Learning Center in the Denny Substation. They are asking the Utility to add a box on all bills seeking monetary donations to facilitate funding for converting City Light vacant substations to parks.

Mary Fleck, Seattle Greenspace Coalition. She has also been working on converting substations to parks. She worked with the Delridge Park program that was formerly a substation.

Elaine Ike, Seattle Greenspace Coalition. She expressed concern about the lack of notice to the community about the proposed sale of the Ballard substation; she asked for better communication from the Utility before RFPs like this are issued.

Joni Bosh, NWECC. The rate design report should be clarified in some respects. The term “flat rate” is not well defined. NWECC is interested in TOU pilots—these need to be done in a way that is connected to coincident peak pricing. Joni strongly supports decoupling. She encourages more



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work on that. A decoupling solution cannot be based on simply residential ratepayers—it must incorporate all ratepayers.

Patrick asked for a response from SCL staff at the next meeting on their thoughts with respect to the request from the Seattle Greenspace Coalition. **Staff will prepare this for the May meeting.** Maura noted that the Utility does participate in the Green Up program which is state authorized.

Sara noted that decoupling is not deferred as a recommendation, and the group agreed with this assessment.

Review of Agenda. Karen Reed reviewed the agenda.

Meeting Minutes. The meeting minutes were approved unanimously.

Chair's Report. Patrick noted the importance of the Panel's having concluded work on the rate report.

Panel Vacancies. The Council has approved the Mayor's two nominees. The Council is still working to select a nominee for the Financial Analyst position.

SCL in the News, Other Updates. Debra Smith reported that power has been restored along East Marginal Way, where 26 power poles collapsed on April 19th. The City Attorney's Office is coordinating the City's investigation into the cause of the incident. They have retained a key investigator and will add experts to the team in the coming weeks. At this time, although we would like for the investigation to proceed as quickly as possible, we are unable to predict how long it will take. Debra is committed to as much transparency as possible given the circumstances. The Utility will fund the needed repairs through scaling back other capital projects. Discussion points included:

- Will the Utility slow customer work in the South Distribution area to deal with this? A: No.
- What is the extent of the damage? A: Limited to customers in the immediate area.
- Gail Labanara asked Debra: have you briefed the Mayor? A: Not personally; however, we have sent a lot of information and written briefings to her office.
- Gail continued, she is concerned there has been no contact with my City, Tukwila; they have 5 intersections that are dark and were told to manage this and bill the City. The City of Tukwila does not have adequate staff to do this nor the capacity to take on what is already a cost of over \$300K. Debra said that staff have contacted Tukwila police and public services. Gail suggested she call the Mayor.
- Karen noted that the last briefing on the issue of pole replacement suggested the Utility had really ramped up here and was feeling good that they had the problem well scoped. Debra said that she has found there is an internal process disconnect between people who identify pole problems and those who actually repair them. The Utility doesn't have good data on what the status of repairs is and what needs to be done, but they should.



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Debra next highlighted problems at the Cedar Falls generation facility, one of the oldest in the system. There was an oil spill in the river, and the Utility has cleaned that up. Then, a pen stock failed sending a lot of water downstream. The facility is offline at the moment. They are working to assess and devise a fix. There is no impact on the City water supply.

Patrick asked who pays for the Denny Substation and what is the completion date? The Utility is waiting for the certificate of occupancy from the City before it can open. The substation is funded through the general ratepayer base; the network project is funded by network customers. **Utility will bring an update on the South Lake Union work for the next meeting. [Note: this briefing will be held in the next few months.]**

Maura noted that the transportation electrification bill has passed in Olympia, as well as a bill supporting 100% renewable energy. **Utility will bring briefings on both these items to the next meeting**

Debra spoke briefly about the departmental reorganization, which will go into effect May 1. Patrick asked who the Panel liaison staff in Robert Cromwell's absence will be; Debra said it will be both her new Chief of Staff, Jen Chan, and Leigh Barreca.

Sara asked where customer energy solutions are housed in the new department. Debra said they are in the "Future is Now" group.

Panel Charter; Upcoming Election. Karen reviewed the Panel's Charter. Election for the next Chair and Vice Chair will be next month. *The Panel agreed they prefer a Chair and Vice-Chair structure. **Karen will make conforming edits to the Charter.** After discussion, it was agreed the revised panel should also include more detail about public comment rules and rules of conduct. **Karen will include that in the next charter.***

Response to Rate Design Report. There is no plan for a presentation before Council. CM Mosqueda plans to visit with the Panel in July to discuss the report findings. She has told Debra she is very comfortable with the approach that the Panel has taken in the report. At this point, the group took a short break.

City Light Debt Strategy/Projections/Policies. Kirsty Grainger presented the [Debt and CIP](#) Discussion points included:

- Annual CIP spending has more than doubled since 2007.
- SCL spent 80% of its CIP budget in 2018.
- The Utility does not match asset life to debt term. They simply go out every year for additional debt to fund CIP.
- Financial policies were last updated in 2010.
- The 40% cash funding target for CIP is set on a forward-looking basis—the next 6 years.



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- The taxes shown are the 6% utility tax charged to customers and paid to the City General Fund.
- Most of the debt is 30-year debt.
- The Rate Stabilization Account (RSA) was established in 2011.
- City Light does as much refinancing as possible. This is the number one source of identified efficiencies since the first strategic plan was adopted in 2012.
- It is alarming that debt has doubled in the last 10 years. Would like to see the trajectory decline in the future.

Debra noted that City Light's financing policies are unusual compared to other utilities she is familiar with. Most will identify a level of CIP spending and charge rates to recoup that, only issuing debt if there is a very large project need—such as the Denny Substation. She noted that line staff are deployed to do either capital or O&M work, and they need to be fully engaged. What are the alternatives? How should we do this? We will explore that over the next 9 months. Are we underspending in some areas? Are we overspending in others?

Discussion continued:

- Can we capitalize on having high value hydro? A: We've been waiting for a price premium on hydro for the last 10 years and it has yet to happen. But as carbon pricing laws are implemented up and down the West Coast we are more likely to see this.
- We have spent a lot on technology in the last few years.
- What kind of benchmarking studies will you do here? Will you do another UMS study? This was very helpful context back when we did the original comp plan.

Information requests from Panel & others:

- Please provide data on capital spending relative to all spending and compare it to other utilities.
- Please put this information in context of rates and revenue requirement.
- Provide additional metrics—debt: capital ratio, debt: asset value.
- Compare the 60-40 policy to what others do.
- Please provide discounted numbers – both nominal and real.
- Customer work takes forever; how can we speed it up, scaling up and down employees if necessary? A: This is tricky in the union context, but we do assign some work outside the union in some areas.

Debra noted we need to assess if we are spending the right amount on capital, on the right projects, and if we are funding that the right way.



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2018 Q4 Strategic Plan/Financial Update / Final 2013-2018 Initiative Summary / Briefing on 2019 Strategic Plan Reporting. Leigh Barreca reviewed the close-out report on 2013-2018 Strategic Plan initiatives, and the Q3 - Q4 report. The plan going forward is to provide to the Panel the same quarterly updates as the Mayor gets—including major CIP information, budget information, risk information, updates on the strategic plan, and operational performance metrics.

- Patrick noted that the Panel will need to see planned v. actual data in these reports.
- ***Debra will forward the AMI Update Memo recently shared with the Mayor to the Panel.***

The first of these new briefings will be provided to the Panel at the May meeting.

Review of Draft Work Plan. Karen and Leigh spoke to the draft of the work plan for May through December 2020. The Panel has previously sent a work plan that covers the period through May 2020 to the Council; this provides refinement to that, the dates for delivery of the strategic plan update are unchanged. Discussion points included:

- What can we do to ensure the Panel has the information it needs to be comfortable supporting the updated rate path next spring? Panel should identify these information needs sooner rather than later.
- Is it possible to provide earlier draft assessments of the revenue requirement before January 2020? A: Yes, if the panel understands that they are draft and may change.
- The UDP report will be done in June; an update can and should be provided sooner.
- Link this to the rate design roadmap so we see how it fits together.

Debra noted that in her assessment, the Utility is stretched. The next two years will be about stabilizing, not major new initiatives. Her five key focus areas, which she is in the process of sharing in a series of “all staff” meetings, include: customer care; employee care; stable revenues; innovation through electrification of transportation; and ensuring SCL is a good partner.

The next Panel meeting will be May 14th and will be held in the 19th Floor Conference Room of the 901 5th Avenue Building.

The meeting was adjourned at 1:52 PM