



City Light Review Panel Meeting Meeting Minutes

Date of Meeting: November 19, 2019 | 11:00AM – 2:00PM | SMT3205

MEETING ATTENDANCE					
Panel Members:					
Names		Name		Name	
Gail Labanara		John Putz	√	Mikel Hansen	√
Sara Patton	√	Patrick Jablonski		Leon Garnett	√
Thomas Buchanan		Chris Mefford	√	Mikhaila Gonzales	√
Staff and Others:					
Debra Smith	√	Jen Chan	√	Karen Reed (Consultant /RP Facilitator)	√
Kirsty Grainger	√	Mike Haynes	√	Emeka Anyanwu	
Scott Thomsen	√	Carsten Croff	√	Maura Brueger	√
Gregory Shiring	√	Leigh Barreca	√	Erin House	
Eric McConaghy		Angela Bertrand	√	Kathleen Wingers	√
Beth Looney (Consultant)	√				

Welcome. Panel Vice Chair Leon Garnett called the meeting to order at 11:03 A.M.

Public Comment. There was no public comment.

Review of Agenda. Facilitator Karen Reed reviewed the agenda.

Meeting Minutes from October 15, 2019. The meeting minutes were approved as submitted.

Chair’s Report. There was no report from the Chair or Vice Chair.

Communications and Other Updates for Panel. There were no communications to the Panel. Maura Brueger reviewed the Council’s recently adopted Statement of Legislative Intent directed to Seattle City Light (SCL), in connection with the City’s “Green New Deal” resolution. SCL does not expect this to require changes from the path the Utility is on with respect to the development of the strategic plan. Kirsty Grainger reviewed the Rate Outlook PowerPoint recently presented at the fall Key Customer Forum.

General Manager’s Report. Debra Smith shared that the Utility is very busy. Debra is working with Seattle Public Utilities (SPU) and Seattle Information Technology (IT) to ensure timely implementation of the Customer Portal. ***The City is developing an internal monthly newsletter on the status of the Portal; when that is ready, it will be shared on an ongoing basis with the Panel.*** Debra expects they will meet the 2021 timeline but it will be a challenge. They are considering whether new resources are needed in support of the project. The Portal is designed to supply usage data to customers from the SCL Meter Data Management System that was installed with the AMI effort. This data is needed to implement time of use rates. John Putz asked whether SCL will be including voltage data in this work? Debra said she is not sure if that will be part of



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Phase I, but yes, SCL wants to be able to incorporate voltage data information in the Customer Portal.

Debra noted that the scenario planning results from today will lead directly into development of the next strategic plan. The timeline to complete the plan is very ambitious. Debra asked the Panel to let her know if they need more time to consider and review information. She very much hopes the Panel will support the new strategic plan. Debra shared that SCL is working on an update to its current mission, vision and values. The mission will be slightly reworded, the vision statement will be much more concise and will speak to partnering, customer choice, and delivery of “energy services” as opposed to “electricity. Debra has also reviewed the Panel’s concerns from the last Strategic Plan support letter. She plans to talk with the Panel in January about where the Utility is in responding to these concerns. This includes work towards more benchmarking and best practices analyses.

The Utility Pole Report final phase will be presented soon. In responding to that report, SCL has to work out updated cost sharing agreements with others using those poles, such as Century Link, in order to finalize the Utility’s cost share and approach.

Sara Patton shared that the Northwest Energy Coalition will have its conference in Seattle this year, and Debra is part of a panel on BPA- related challenges in connection with the Columbia River System. Debra noted she would be glad to speak to these issues with the Panel next month; many aspects of this issue are still confidential, but she can share some information. Courts recently struck down the opinion that BPA has been basing its environmental mitigation actions on so the challenge is how we move forward. Panel members agreed they would like to hear this update from Debra in December.

Update to Rate Design Roadmap. Leigh Barreca reviewed the updated Roadmap. ***Rate Pilot update reports are being developed and will be shared with the Panel when available.*** The “Low Income” pilot is being renamed the “Energy Equity” pilot. Bill redesign will not be implemented until 2022, about a year after the new rates are deployed. The IT work associated with rate design is slipping on the calendar somewhat, completion pushing out further toward the end of 2020 (target is to implement the new design in January 2021).

Strategic Plan Calendar. Leigh presented the outline of how the new strategic plan project will be completed between now and May. There are five major components to the effort: Scenario planning (we will complete that today; the Utility also has two internal groups doing this same work); identifying priorities, initiatives, developing the Plan outline; financial requirements and rate path; drafting the Plan and conducting associated outreach; Panel input. Staff shared that the capital management effort is underway; ***they will bring forward a presentation to Panel to share the strategy they are using to right size the CIP and how they intend to prioritize capital investments*** and consider adjustments to the current cash to debt policies. This will be an iterative process; the CIP will not be “rightsized” by the time the new Strategic Plan is completed. Kirsty advises that they are moving away from the term “baseline” and do not plan to track



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efficiencies going forward; they are making choices internally to adjust spending when other things rise to the top as needing to happen. Carsten Croff will bring forward more information on the revenue requirements in December, with a narrative of how things are changing. Discussion points included:

- Please circulate a copy of the Panel's 2018 letter.
- What was the process to revise the mission, vision and values? A: We had a small team reviewing citywide priorities, Debra's priorities and the current mission, vision, values and we tried to map these together and simplify them.

At this point the group took a short break.

Review of City Light Peer Comparison. Carsten Croff presented. SCL asked their financial advisor, Piper Jaffrey, to pull together comparative financial statistics on thirty-four other Utilities with greater than \$200M in annual operating and maintenance expense and compare them to SCL. The data shows that City Light's debt ratio is slightly higher than average, debt service coverage is less than average, and cash on hand is less than average. Discussion points included:

- A higher debt service coverage drives rates higher, so higher percentages in comparing where we are to other utilities is not necessarily a good thing correct? A: Yes.
- How do you use this data? A: Only indirectly. The focus is on how to maintain our credit rating (Aa2 and AA currently)
- John Putz reiterated his goal to understand what the plan is for managing growth of debt in the face of load decline and what plans there are to tackle this issue. Kirsty confirmed that SCL will not be revisiting the financial policies in the development of this strategic plan, there isn't time. The focus is on rightsizing and prioritizing capital projects. Review of the financial policies will follow.

Karen said that in order to complete the scenario planning results discussion, the review of the third quarter financials will be deferred to next month.

Scenario Planning Results. Beth Looney reviewed the process used to develop the strategic plan based on using both "SWOC" data and future-casting of potential problems. Today she is sharing four priority areas and potential tasks for SCL that are the result of looking for common themes from the discussion of the three possible future scenarios and how SCL should respond. She discussed the priority areas and tasks with the Panel. Discussion points included:

Ensure Future Financial Security

- Perhaps add a "green power" rate opt-out or "opt-in".
- Can the Utility effectively compete with the private sector on the revenue stream enhancements?

Prepare the Grid for Tomorrow's Energy Use



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- Add consideration of natural disasters, earthquakes.

Anticipate Transformational Changes in Electric Utility Service

- As phrased, this doesn't connect well to the three tasks presented. Reword?
- Add the need for organizational support for change—council and staff.

Optimize Operations

- Add reference to demand side management under Energy Asset Valuation.

Beth noted that the next step is for the Utility to consider what aspects of this exercise they want to bring forward as part of the Strategic Plan. As Panel members observed, there is way too much on this list to accomplish in the next six years, this is more of a 20-year list.

Karen thanked Beth for her work, and Debra for including the Panel in this whole discussion.

The meeting was adjourned at 2:08 PM