



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

**Date of Meeting: November 28, 2017**

<b>MEETING ATTENDANCE</b>					
<b>Panel Members:</b>					
<b>Names</b>		<b>Name</b>		<b>Name</b>	
Gail Labanara	√	David Allen		John Putz (on phone)	√
Sara Patton	√	Patrick Jablonski	√	Nina Sidneva	
Thomas Buchanan	√	Leon Garnett	√	Cal Shirley	√
<b>Staff and Others:</b>					
Larry Weis	√	Leigh Barreca	√	Colm Otten	√
Calvin Goings	√	Tony Kilduff	√	Joseph Fernandi	√
Robert Cromwell	√	Calvin Chow	√	Craig Smith	√
Paula Laschober	√	Saroja Reddy (for Greg	√	Karen Reed	√
Lynn Best	√	for Gregory Shiring)		Amy Wheeless (NWECC)	√
Jim Baggs	√	Maura Brueger	√	Joni Bosh (NWECC)	√
Ellen Javines	√	Kirsty Grainger	√	Rob Harmon (MEETS)	√
Susan Wickwire	√	Bruce Brown (PRR)	√	Anne Fruge (PRR)	√

Introduction: The meeting was convened at 11:04 AM. Panel members, staff and visitors introduced themselves.

Standing Items: Karen Reed reviewed the agenda.

Meeting Minutes: The meeting summary was approved as submitted. Gail Labanara noted that there was a request at the October meeting to have the dates and times of the stakeholder forums made available to panel members. Leigh Barreca will forward this information by email to all Panel members; some forums are occurring in December, others in January.

Public Comment: Karen noted that Sara has requested that public comment on MEETS and energy efficiency be deferred to prior to that briefing item; the Panel agreed with this process change. There was no other public comment.

Chair's Report: None

Communications to Panel: Leigh noted two communications have come in; both have been responded to by staff.

Other communications/update: None



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**Q3 2017 Strategic Plan Status Report – Leigh Barreca** [3rd quarter 2017 strat plan tracking report](#)

Leigh reviewed the report for the Panel. Karen noted that retail revenue is very close to target this year, as compared to recent years. Paula Laschober responded that is due to the cold winter months at the beginning of 2017. Leigh noted that several initiatives have been delayed due to lack of needed staff support from the City central IT department – including the Information Technology Security Upgrades, Enterprise Geospatial Information System, Mobile Workforce, Enterprise Document Management and Reducing Environmental Liability. City Light is on track to exceed the additional savings commitment of \$10 million by year-end 2018 in 2017.

**Market Research Results – Bruce Brown and Anne Fruge, PRR** [Strategic Plan Survey Presentation](#)

Bruce Brown and Anne Frugé from the consulting firm PRR reviewed the methodology and results of the market research on SCL customer priorities and interests. There were three audiences for the research: residential customers, general commercial customers, and key accounts. Among results noted,

- Top priorities for the utility are to be leaders in environmental and renewable energy; invest in technology for operational improvements and keep costs down.
- Responses differed between different customer groups.
- Most residents think their electricity bills are reasonable.
- Most respondents are not aware of the strategic plan.
- Rate predictability is important.

**Q:** How are key accounts defined?

**A:** The largest 150 customers, some defined by chains (e.g., multiple Safeway stores combined make Safeway a large customer of SCL).

**Q:** How do you correlate the key finding of top priorities with the open-ended question answers? They don't seem to match up.

**A:** Yes, the results are different when we ask the open-ended question about what customers want SCL to focus on, as compared to asking them to select priorities from a list of topics.

**Q:** How did commercial and industrial customers feel about their bills?

**A:** We did not ask them that question because the person responding to the survey for these customers was typically not in a position to have knowledge on that question. We only asked residents.

**Q:** How often to you do these types of surveys?



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**A:** We do market outreach similar to this in advance of each strategic plan; this survey is more in depth than previous surveys. The Utility is looking to do something like this survey on an ongoing basis.

**Q:** What is the purpose of the stakeholder forums?

**A:** To gather additional input. This information will be combined with what we heard in the surveys and will be used to guide the development and messaging of the strategic plan..

**Q:** Will the Panel get a report on feedback heard in the forums?

**A:** Yes.

**Re-cap, Next steps: Updated Strategic Plan Priorities and Objectives; Status of initiative review – Robert Cromwell** [Updated Strategic Plan and Objective; Status of initiative review](#)

Leigh reviewed the document presenting the strategic plan priorities, objectives and preliminary initiatives list. The document is marked to reflect input from the Panel at its October meeting. Karen asked for feedback from the Panel. Patrick Jablonski noted that the issue of cost containment and moderation of rate increases doesn't seem to come through as much as he had hoped.

In discussion, it was observed that prior to the strategic plan, rate predictability was a significant issue. Rates have become more predictable but are now consistently rising at well over the rate of inflation—that ongoing rate of increase is now a bigger concern. There was discussion about how to incorporate this issue more clearly into the plan, focusing on rewording the first strategic priority (“Improve customer experience and rate predictability”) to include wording about moderating cost increases, cost control, minimizing rate increases or something similar.

**Q:** Where does continuous improvement show up in this framework?

**A:** Under the initiative to leverage industry best practices to improve performance and efficiency.

**Comment:** We need a separate objective and / or priority around affordability and cost control, competitiveness of rates.

**Comment:** Patrick noted that electricity is Nucor’s largest cost and competitive pricing of electricity is important for Nucor to remain here in Seattle.

**Comment:** Under the “Customer Relationship Hub” initiative, it was noted that improving communication with customers should be expanded beyond use of technology, e.g., improving communication through advanced technologies and other means.

**Comment:** Under the environmental stewardship priority, the objective about energy efficiency should say “expand” opportunities for efficiency in generation and transmission, rather than “improve.”



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Leigh noted that the wording of the priorities and objectives needs to get firmed up now as we move forward to complete the plan. In terms of the initiatives noted, they do not involve expenditure of new dollars.

*At this point the group took a short break.*

**Evolving Energy Efficiency Market and Role of City Light's Pay-For-Performance Programs –  
Brendan O'Donnell & Joe Fernandi [Evolving EE Mrkt Pay-for-Performance](#)**

Public comment on this issue preceded the presentation.

- Susan Wickwire, Seattle 2030 District. Supports the Utility's work in Pay-for-Performance programs; several member businesses are participating.
- Rob Harmon, MEETS Coalition. Supports the MEETS program. It is a way to increase revenue for the utility despite reducing retail demand.
- Amy Wheelless, NW Energy Coalition. Supports the initiatives of SCL and to keep pushing the council for the initiatives for improvement

Brendan O'Donnell and Joe Fernandi presented on behalf of SCL. Brendan noted that energy efficiency is about 11% of the Utility's current energy portfolio and is the Utility's first choice for where it adds resources. Looking forward 20 years, there is much less total commercial energy efficiency potential than before, due to large transition in moving to more efficient LED lighting. The Utility will need to find different ways to secure the remaining types of efficiency opportunities.

Joe described the benefits of pay-for-performance energy efficiency programs and the process the Utility has gone through to develop this program and next steps.

Discussion points included:

**Q:** How is workforce development included? Is there a shortage of workers?

**A:** Yes. We seek to incentivize a diverse workforce and provide training.

**Q:** Is the cost of the workforce development part of the cost benefit analysis?

**A:** It is an administrative cost.

**Q:** How do you account in measuring success for economic change, such as a recession?

**A:** Occupancy rates are considered.

**Q:** How can the pilot be 20 years? That seems long for a pilot?

**A:** Target is to track for 3 years and take to scale if it works.

**Q:** What is the scale of these programs?

**A:** Less than 1% of the Utility's load.



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**Q:** How do these transactions work? What is the cost to the Utility of the pilot? What money is moved through SCL? How does MEETS actually mitigate lost revenue on the retail side?

**A:** Staff will provide a simple diagram to help respond to these questions.

**Presentation and Discussion: Rate Design and Rate Policy – Kirsty Grainger [Revenue Sustainability](#)**

The presentation re-capped work on the subject to date and then discussed the mechanics and implications of decoupling, one of the three major strategic options available to the utility (in addition to updating the forecast and rate design). Discussion points on the decoupling topic included:

- Decoupling maintains incentives for conservation better than some of the rate design options considered.
- Decoupling isn't an either/or; it could be combined with rate design and adjusting the rate forecast.
- For IOUs, decoupling avoids the pressure to disincentivize conservation—public utilities don't necessarily face that same pressure.

Larry Weis shared his view that decoupling is designed to protect IOUs but “makes no sense for public utilities” given the different benefits and restrictions each group of utilities faces.

**Q:** How much of the retail revenue swing impact shown is due to weather?

**A:** About half of it.

- Why should customers be asked to bear the risk of weather? It's one thing for IOUs to do this, but public utilities have reserve funds for this purpose—to absorb rate shocks and preserve more reliable rates for their customers.
- Would it be more straightforward to simply open up the Rate Stabilization Account to also address variations in retail revenue (in addition to wholesale) rather than do de-coupling?

In response to a question as to whether Panel members think decoupling is a good solution:

Cal Shirley shared his perspective that at PSE customers were not happy with decoupling. They just saw it as a surcharge. He wonders why we would shift the weather risk to consumers.

Patrick Jablonski noted that rate reliability is very important to Nucor.

Sara Patton reiterated her interest in keeping decoupling on the table as a potential solution, given the importance in her view of preserving the incentive to promote energy efficiency.

---Cost control is increasingly important. Rate increases are stable now, but well in excess of inflation.

The next steps for City Light include:

1. Presentation of the new retail sales forecast



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2. Development of rate path for inclusion in the strategic plan
3. Writing a strategic initiative focused on a long-term strategy for rate policy

**The meeting was adjourned at 2:05 PM**