



**City Light Review Panel Meeting
Meeting Minutes**

Date of Meeting: December 14, 2020 | 10:00AM – 12:00PM | Meeting held via Microsoft Teams “Final”

MEETING ATTENDANCE					
Panel Members:					
Names		Name		Name	
Gail Labanara	√	John Putz	√	Mikel Hansen	√
Sara Patton	√	Chris Mefford		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	√
David Logsdon		John Rudolph	√	Chris Tantoco	√
Joni Bosch (NWECC)	√	Scott Cooper	√	Logan Bowers	√

Welcome\Introductions. Leon Garnett convened the meeting at 10:05 am and led a round of introductions of Panel members.

Public Comment. There was no public comment.

Standing Items:

Review Agenda. Karen Reed reviewed the agenda.

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

Approval of November 16th Meeting Minutes. Approved as submitted.

Chair’s Report. No report.

Communications to Panel. There were no communications to the Panel.

Maura Brueger discussed the effort to fill the open Panel position and reappoint John Putz to the Panel. The appointment of the Industrial Customer Panel representative, Anne Ayre with Cal Portland, will be taken up by the Council Transportation and Utilities Committee at its January 20, 2021 Council Committee meeting. Maura expects John Putz will be reappointed at this same meeting.

Gail Labanara announced she is retiring in April and will step down from the Panel at that time. She will work with Maura to recruit a replacement for the Suburban Franchise Cities position on the Panel.



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General Manager's Update:

Debra Smith reported that it is an interesting time as we complete 2020 and doing work to adjust our 2021 budget. City Light is also starting the process to update the 2022 – 2026, 5-year strategic plan and 1-year rate trajectory. Finance is working on a white paper that will be get transmitted by the end of this week on financial issues, the budget, and recovery. John will present load forecast later this meeting. Our vacancy rate just reached 9% as we had a number of retirements in October/November however, we are not meeting the vacancy target of 12-13 %. We are considering other options to meet our 2021 budget.

There are bright spots. We have largely completed our Accelerated Pole Replacement Program goal for the year. [Clarification from Mike Haynes: The 2020 goal was revised from 2,000 to 1,500 poles to be replaced. At the end of November, we had replaced 1,459 (97.3% of target) poles.] We will continue this work using internal crews in 2021. Our IBEW contract expires in early 2021. Most of the city's unions are a part of 'the coalition.' Most of the city-wide issues are bargained together, then 'small table' discussions based on department specifics.

- **Q:** On vacancy rate impacts, are you looking at other ways to increase vacancy rate? **A:** Yes.
- **Q:** Will the Panel be able to see the white paper? **A:** It is an internal document to the Panel will not part of the review process, but we can share the financial white paper with you once it is completed. When we worked on the 2021 budget we did not know as much as we know now. We are seeing that there will be a much longer recovery trajectory. We are reviewing our initial assumptions based on the information we have now.
- **Q:** Can you say more about what the 12%-13% means? **A:** That is the target vacancy rate. We run our projects about as leanly as we can, so we consider our hydro operations as a fixed cost. Same with our payments to the Bonneville Power Administration (BPA). We do have some savings, but when you look at taxes and purchased power, which make up a lot of our cost structure there are very few areas we can impact. There are not enough discretionary dollars that are non-labor to cut to impact the budget. For this reason, we decided to pursue an attrition strategy.
- **Q:** 12%-13% is really high. PSE is farming out work to contractors. Are you looking at that? **A:** No, we are working to 'right-size' the organization. We have been having conversations with our union partners --- we need that partnership now more than ever. Our normal vacancy rate is about 6%.
- **Q:** What about workforce morale knowing these targets and conversations are taking place? **A:** Employees would better tell you, but I know that we have morale issues. I have been saying for months that we would pursue an attrition strategy through the end of the year. I cannot incentivize retirements without the City's approval. We would like to do this, and we will continue to see if there is an opportunity to do so. We are also looking at equity considerations for reduction in workforce vs retirement incentives.

In November we had 13 confirmed cases of COVID-19, which is higher than the March through October total. We received a L&I (Labor and Industry) complaint regarding our employees' use of PPE. There are very



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real issues related to field staff wearing PPE due to goggles fogging etc. There is also a continued issue between those who are teleworking and the front-line workers who do not have that option.

Comment: Mike Haynes: L&I was a multi-part complaint. Only one part was about face coverings. We are required to post the complaint at all workplaces, as well as our response.

Debra: We have also had a large number of escalated customer calls. Craig Smith and his team are working on these for us. On the Business side, we received the highest JD Power score from commercial customers for West Midsize Utilities for this year! We have done a lot of work to support our business customers and during COVID we have worked hard to reach out to the business community, and we are pleased to see that it has paid off.

Bundled Renewable Tariff Program Design:

Scott Cooper presented. PowerPoint in packet.

Load Update:

Carsten Croff & John Rudolph presented. PowerPoint in packet.

Key question for the forecast: "How do electricity sales recover from pandemic, recession, and paradigm shift?"

- **Q:** How many commercial customers have turned off their service? **A:** I do not know. That is not something that we typically look at. **Q:** How many are not coming back from an operational perspective? **A:** That would be interesting to know.
- **Q:** Since the end outcome is probably more work from home and remote work, will use of office space really return to normal? **A:** That is a good point, and something we took into consideration when we did the forecast. There are a range of opinions on what will happen. **Q:** Looking at some of our largest customers, like Amazon, will that office space get filled up another way? **A:** That is also a possibility.
- **Q:** Is there any specific analysis available to tell you how this will rebound? Is your forecast this cautious? **A:** There is a predicted rebound which is tied to the bubble chart (slide 4) that shows how we expect to get load back. We do not know the right answer, but we have had discussions with our technical team, and we landed on landed it on ramping it up over the next 2-4 years. It was a consensus of technical experts. The housing forecast is informed by a macro economic forecast and we use the City Budget Office's projections and estimates.
- **Q:** It look like you are using a lot of technical experts and data, and my gut is that there is still a lot of uncertainty. Are you doing an uncertainty analysis with a band high/low and what sort of impact that might have? **A:** There is a slide coming up that will help to answer that question. (slide 7)



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- **Q:** If fewer people go into offices that may impact energy efficiency from the office sector. **A:** (Debra) We are starting a new Conservation Potential Assessment which will include this analysis.
- **Q:** Is the 2021 forecast weather neutral or are you doing anything for la nina? **A:** No, we do not take la nina/el nino into account. We call it 'weather normal' forecast.
- **Q:** Has there been push back against the natural gas legislation? **A:** (Debra) This comes from SDCI (Seattle Department of Construction and Inspections) and other departments. They had this analysis done a year ago and were going to publish in the spring. Due to COVID-19 that timeline was pushed back.
- **Q:** Since overall load is declining in absence of electrification, does electrification generally require new, incremental capital investment? **A:** (Debra) Yes. This requires new capital investment. This grid modernization is a key piece for us to access public funding and any stimulus that may come up. We do not have sufficient funding without outside fund support

Debra: We feel excited about where we are heading, but there is also a lot of anxiety and apprehension.

- **Q:** What is your confidence level in this forecast? **A:** In the shorter term, even without a pandemic there is some uncertainty. With the pandemic, there is another percent or two of uncertainty. In the long term we have a larger confidence band. We try to focus on the elements that could really swing the program.

Kirsty Grainger: We used to be able to just use historical data and layer weather on top. Now there is a lot of uncertainty around recovery and technology. It is unlike anything the industry has faced. The way we talk about change will be different moving forward.

Planning Impact Discussion:

Draft 2021-2026 Strategic Priority. Leigh presented.

Debra commented. We have a great foundation for a plan. We will need to do a refresh to modify. A lot of that will be around timelines, particularly in light of the longer- term trajectory when it comes to load recovery.

This item will be continued during the January 2021 Review Panel meeting.

Close:

Next meeting is January 28th. Propose to expand to 2.5 hours to discuss priorities.

Two meetings will be scheduled for February.

Meeting Adjourn at 12:03 pm.