

**City Light Advisory Committee Meeting
February 12, 2008, 8:30 a.m. – 11:30 a.m.
MEETING SUMMARY**

Committee Members Present: Bill Alves, Carol Arnold, Ron Ernst, Tim Hogan, Don Wise

City staff present: Superintendent Carrasco, Sung Yang (Seattle City Light), Tony Kilduff (Council Central Staff), Alec Fiskien, Julie Tobin (Office of Policy & Management)

Superintendent's Update

Hydro: The numbers continue to look good, for example Boundary is at 113% compared to 82% at the same time last year. As of February net wholesale revenue based on sales to date is at \$33m.

Climate Change: The Committee commented that if demand for carbon offsets grows the prices will increase and it will be more expensive for City Light to purchase carbon offsets. This is an issue to be included in the work program.

Residential Exchange Program (REP): BPA has issued an announcement regarding amounts to be repaid to public utilities based on the court decision regarding the Residential Exchange Program. The Committee requested regular updates on the program at future meetings.

Washington DC visit: On a recent visit, the Superintendent briefed the Federal Energy Regulatory Commission, promoting existing renewables and the energy efficiency programs of northwest public power.

Labor: Local 17 has reached a tentative agreement with City Light. Legislation is being drafted and should go to Council next week.

City Light Monthly Report to Advisory Committee

To assist the committee as they move forward with their work program, Bill Alves asked the Superintendent to provide a regular written report five days prior to each meeting on: SAIDI, SAIFI, vacancy rate, Residential Exchange Program, status of risk limit controls and other key policy parameters.

Recognizing staffs' current workload, it was suggested that the report could be combined with the regular Council and Mayor reporting formats. City Light will review the needs of both and prepare a draft report for distribution to the Committee prior to the March meeting.

To kick off the process the Superintendent provided updates as follows:

- Net Wholesale: Projected for budget: \$149.8m; net sales to date: \$33m.
- CIP Budget: The 2007 CIP accomplishment rate is 95% compared to 94% in 2006. Initial 2008 numbers will be available in the next few months and City Light will make them available to the Committee on a monthly or quarterly basis.
- Vacancy Rate: The December 2007 employment vacancy rate was 5% compared to 14% in January 2007. The January 2008 rate of 15% is higher due to new positions added in the 2008 budget.
- Strategic Partnership: City Light issued an RFP in December and received eight responses currently under review. The goal is to interview 4 in late February/early March and make recommendations in early April. The initial results will be evaluated by the Mayor and then go to the Advisory Committee and Council. The partnership could take a year to implement. Bill Alves recommended that the Executive and Council expedite their review process.
- Strategic Plan: At the end of February City Light directors will participate in a retreat on the draft plan. The plan will go to the Mayor and Council at the end of March with the goal to finalize the process by August 2008. Responding to Committee questions, the Superintendent stated that the draft plan incorporated rate planning and a mechanism to monitor and evaluate progress. City Light is developing an enterprise performance management system to reframe the budget to program management and tie to metrics.

The Committee asked that at future meetings City Light present on one key work program issue per meeting. The issue could be tied into the policy calendar City Light is developing. Tentative issues are personnel, City Light Strategic Plan, risk management, strategic partnership, weather modeling/climate change, long range financial forecasting and rate stability, and the 2008 Integrated Resource Plan.

The Superintendent mentioned the policy calendar will be ready in a couple of weeks and is intended to identify upcoming issues requiring Mayor and Council action. A draft should be available to the Committee prior to the March meeting for use in scheduling presentations on key 2008 issues.

Update on meetings with Mayor Nickels and Councilmember Harrell

Tim Hogan, Ron Ernst, Bill Alves and Carol Arnold met with Councilmember Harrell on January 24 and all except Carol Arnold with the Mayor on January 29.

Presentation to Energy & Technology Committee

Committee members finalized the Power Point for their presentation to the Council Energy & Technology Committee on February 20.

Feedback on Advisory Committee Report and Draft Work Program

Superintendent Carrasco: The report is positive and right on the mark. The Committee should consider presenting to a broader audience, beyond the Mayor and Council including a mention of the report in the utility's bill stuffer. To ensure Council and the Mayor are comfortable with this approach, Bill Alves will follow up with Councilmember Harrell and Alec Fisker will follow up with the Mayor's Office.

Tony Kilduff, Council Central Staff: Councilmember Harrell will provide more input in the near future. The committee should become engaged in the IRP which is due to be presented to the City by September. Communication on critical utility legislation is a two way process and City Light needs to alert Council on key legislation ahead of time so that lack of processing time does not become a detriment to the rate payers.

Alec Fisker, Executive: The Committee might want to consider: a review of City Light's existing plan to replace the 4KV system; a review of City Light's definition of a Smart Grid and make recommendations on technology that would be beneficial to ratepayers; review the role of the IRP in conservation decisions.

2008 Draft Work Program

The work program should focus on the 2008 annual report issues and follow up on recommendations including some of the following issues:

1. Financial Health
 - o 2008 Legislative issues agenda
 - Rate setting and achieving rate stability
 - Review of financial policies now that debt to capitalization ratio is less than 70% .
 - Coordination of the rate process with budget and long term forecasting
 - o Understanding credit markets
2. Reliability and Distribution
 - o Review undergrounding and role while revamping distribution system
 - o Review the Tacoma CLICK initiative within the context of a Smart Grid
3. Resource Acquisition and Risk Management
 - * Role of accelerated conservation
 - o Focus on IRP weather modeling particularly in light of climate change
 - o Understand how climate change affects other issues
 - o Risk Management and strategic partnering. Review RFP evaluation and City Light recommendation
4. Human Resources
 - o Review revamping of customer service policies and hook up issue
5. Define a collaborative process for talking about governance

The Committee will agree on draft work plan prior to next meeting.

Other Business

A sub group of committee members will be conducting a field trip to review SCADA at Puget Sound Energy next week.

Julie will send the schedule and information regarding the Superintendent's reconfirmation as it becomes available.

March Agenda

- Review City Light monthly report
- City Light policy calendar
- Review and finalize work plan
- Set schedule for City Light presentations on key initiatives

April Agenda

- Strategic Partnership. Committee requests City Light provide committee members with written or e-mailed materials prior to the meeting date.

Public Comment

Two members of the public signed up for public comment:

Kurt Zumdieck – Municipal Power Initiative for use of solar energy.

Rud Okeson – Recommended the Advisory Committee follow up on Blue Ribbon Panel recommendations and include governance in the work program.