

## Seattle City Light Advisory Committee Minutes

April 14, 2009

Seattle City Hall, Boards and Commissions Room

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Attending: Advisory Committee Members: Don Wise (Chair), Bill Alves, Carol Arnold, Robin Calhoun, Tim Hogan  
City Light Staff: Superintendent Carrasco, Sung Yang, Phil Leiber, Paula Laschober  
Council Staff: Tony Kilduff Executive Staff: Karl Stickle, Julie Tobin

### Superintendent's Update

- Introduction of Phil Leiber, new City Light Chief Financial Officer.
- Water Supply. From a shaky start, the 2009 water year has improved. Boundary has adjusted from 88 percent of normal to 101 percent of normal since mid March. Skagit is still below normal, but rising.
- Energy prices. As of April 3, 2009, gas prices were at \$3.93 per million BTU compared to \$12 last summer. Energy prices have also weakened resulting in a change of utility wholesale revenue projections from \$142.2 million to \$75 million.
- Federal Stimulus funding. The City of Seattle received \$6.1 million as part of the energy efficiency block grant. The State of Washington Energy Office received \$60 million. The Department of Energy has announced availability of \$400 million in energy efficiency block grant. \$4.5 billion is available competitively nationwide for Smart Grid, guidelines have not been announced yet. The Executive, City Light and Department of Information Technology are working together on proposals.
- Western Climate Initiative. The legislature is scaling back the initial Cap and Trade bill likely due to the economic climate and Federal interest. Senate Bill 5735 directs the state to study the issue more closely and look at other ways to curb emissions with a report back to the legislature next year.
- I-937 Initiative. The original legislation passed two years ago giving the legislature the opportunity to make modifications. City Light did not request changes but a number of regional utilities proposed modifications resulting in Senate Bill 5840. Changes include increasing the renewable standard 1.25%, from 9 to 10.25 percent by 2016 and from 15 to 16.25 percent in 2020. The additional 1.25 percent is intended to compensate for allowing biomass to count as a renewable resource. The utility is researching this issue. The bill sets a goal (not a requirement) that by 2025 the standard will call for 20 percent. City Light supports the bill.
- Senators Waxman and Markman recently introduced a full fledged Cap and Trade bill with aggressive emission targets 20 percent below 2005 levels by 2020. The 2050 target is 83 percent below 2005. The bill combines a renewable energy standard and climate change bill in one. The goal is to get legislation out of committee by Memorial Day.

### Financial Updates and Performance Metrics

Superintendent Carrasco will review the performance metric report on safety and definitively determine the reason for the changes and report back to the Advisory Committee on his findings.

### Council Comment - Tony Kilduff

Council held the first meeting to review the Customer Service Energy Delivery business unit and is looking forward to a continued effort. Further departmental briefing meetings are on track for every two weeks, including similar review of the Power Supply Environmental Affairs business unit. Tony will send Sung an e-mail to clarify any needs. The goal is to complete the review by mid-July to inform the Strategic Plan development.

### Executive Comment - Karl Stickle

Karl is meeting with Executive staff and will confirm whether the Strategic Plan should be formally legislated, with the thought that a resolution would be appropriate.

### Power Marketing Self Build – Tim Hogan / Carol Arnold

Tim Hogan and Carol Arnold gave an update on their meeting with Steve Kern. The Self Build proposal includes increases in personnel by 15.5 FTEs and incremental costs totaling \$23 million over a five year period

into 2013. In 2009, City Light is projecting an increase of 1.5 FTEs and incremental cost of over \$3 million for development of the self build option in the first year. Tim had two observations. First, the utility did a good job of outlining the game plan and costs. What was as not well presented was the benefits from the self build proposal, i.e. cost savings, cost and risk control and revenue enhancements. Secondly, how will the utility start thinking of a program like this in the midst of a cost cutting environment and how will this project fit in Dept's budget prioritization. Carol Arnold raised concerns about the short term staffing issue and with only two people running the control room, when one or both are unable to work there is negative on the risk side. Carol asked if City Light is considering shifting resources from another area into the self build area. The Superintendent responded there was no short-term budget solution and would not propose to make additional cuts to support the proposal in 2009. Tony Kilduff pointed out that the Department has the power to move funds around within a budget control unit, up to a certain limit before needing Council approval. The discussion was tabled until the financial presentation.

**Follow up: Bill Alves asked the Superintendent to report what the middle ground might look like at the next Advisory Committee meeting.**

#### Strategic Plan Next Steps- Don Wise

Don Wise circulated a proposed Strategic Plan development schedule. Tony Kilduff reported that Councilmember Harrell asked that the charrette be taken off the table as it would be difficult to engage Councilmembers and others at this time. Tony suggested this step could be accommodated through devoting a large portion of two or three Energy & Technology Committee meetings to the issue. Advisory Committee members acknowledged that utility issues are not high on most Councilmember agendas and offered to meet with them if that would help. The Strategic Plan will be a regular meeting item.

**Follow up: Karl Stickel and Tony Kilduff will clarify process and next steps. Karl will get the Executive feedback on a proposed resolution to formally adopt the plan. Tony will get clarity on the substitution of the charrette with a Council committee process, and confirm whether the timeline is achievable within Council's priorities. Sung Yang will forward the Strategic Plan workshop schedule to Committee members.**

#### City Light Financial Presentation

Don Wise suggested tweaking the language from "reestablishing financial health" to "preserving financial health".

Committee members expressed concerns regarding the utility's existing financial forecasting tools. Don Wise commented the financial forecasting tool needs the ability to model a range of inputs to understand how they influence the outputs. The outputs are rates. The range of inputs are the cost implications of boundary relicensing, various approaches to Smart Grid, the supply side, how much retail or wholesale power to sell and acquisition of resources. It would be beneficial to see a ten year trajectory on rates as a principal metric. That trajectory could vary wildly but would provide the ability to review and discuss the cost burdens of the variables and how they affect the overall model. It is not clear the ability to conduct this exercise currently exists.

**Follow up: While reviewing the cost containment plan for 2009, the Advisory Committee members requested more information on the distribution percentage over the budgets. Paula Laschober will respond. Phil Leiber will review the existing financial forecasting tools and report back at the May meeting with a concrete evaluation of issues raised. Phil will review findings and come back with a first report on feasibility of model.**

#### May 19 – Meeting Agenda

- Plans for use of the \$ 6 million Stimulus Conservation Grant (City Light staff)
- Strategic Plan - Debrief on Strategic Plan workshops (Committee members)
  - Council Committee process / Charrette (Michael Jerrett)
  - Resolution (Karl Stickel)
- Financial Forecasting Tool (Phil Leiber)
- Power Market Self Build – mitigate power risk (City Light Staff)