

City Light Advisory Committee Meeting
August 12, 2008, 8:30 a.m. – noon
MEETING SUMMARY

Committee Members present: Bill Alves, Carol Arnold, Robin Calhoun, Ron Ernst, Tim Hogan, Don Wise
City staff present: Herb Hogue, David Clement, Eric Campbell, Steve Kern, Corey Knutsen (Seattle City Light), Michael Jerrett, Tony Kilduff (Legislative), Alec Fisker, Julie Tobin (Office of Policy & Management)

Superintendent's Update

- The water year is close to average.
- Net wholesale Revenue. July net wholesale revenue stands at \$26.3 m. Projected year end net wholesale revenue is at \$154 m, \$7 m short of the \$161m goal.
- Federal Legislation. The extension of renewable energy tax credit legislation failed.
- Western Climate Initiative. The stakeholder group met in July and is producing a final draft design for a program which could be released the week of September 22. The plan will be reviewed by State officials and then forwarded to the legislature December 1.
- Bonneville Power Administration (BPA). The BPA is getting close to issuing records of decision on key elements in late August / early September after which they will send the proposed contracts out. The final contracts are to be negotiated by October 1, 2011, but BPA wants signed contracts by the end of this year. Given timing issues, City Light asked the Council Energy & Technology Committee to allow discretion for City Light review.
- Reliability Standards. NERC is conducting a compliance audit from September 8–12. The goal is for every utility to have a compliance program in place. The Superintendent introduced City Light's new Regulatory Compliance Officer, Andy Gallo. New standards around cyber security are being introduced and City Light is currently working on a full analysis and of strengths and weaknesses in that area.

City Light Monthly Reports

Monthly reports were distributed prior to the meeting. In response to Committee questions about the SAIDI variance from target level, the Superintendent noted that improvements after the 2006 storm lead to strong numbers in 2007 and some deterioration in 2008. The asset management system will trend the numbers up over the next ten years as the aging infrastructure is the underlying factor.

The anticipated bond issuance is not affected by the rates and budget process and is expected to be \$215m in the fourth quarter.

Ron Ernst congratulated City Light on their safety numbers.

The Advisory Committee asked if a metric on conservation / energy efficiency by sector could be included in the report. The Superintendent offered to provide a briefing at any time and mentioned the Mayor will be making an announcement on conservation on August 20.

Risk Management

In the near future City Light will bring forward a recommendation on a strategic partnership for Power trading to the Council Energy & Technology Committee. The Superintendent offered to brief the Advisory Committee in September. Four firms were evaluated and interviewed with one firm under consideration to provide the service. Once approved, the transition will begin immediately with the goal to be functioning no later than March 1, 2009.

Tony Kilduff reported that the Risk Management Policy issues are mostly resolved and he is relying on City Light staff to complete the requested work. The policy will be on the agenda for the Council Energy & Technology Committee on August 20. Steve Kern reported real progress on the risk management model.

Undergrounding – Chris Heimgartner (Presentation attached)

Responding to the presentation Advisory Committee members commented that it would be valuable for City Light to set the context for what the utility is achieving; from the developers' perspective the cost has to be predictable and well defined; Puget Sound energy has a lot of experience with agreements, talking to them might be valuable; a public process is very important and the codes and standards should be reviewed.

The Department of Planning and Development is working with an inter-departmental team, including City Light, on a sustainable development policy. It is anticipated that a draft plan will be ready in four to five months. The Superintendent will forward the names of the City Light staff involved. The proposed plan will change the way the City does business with developers and a lot of outreach is anticipated. Once the proposal is ready it will go out for public input. Council may anticipate its own public process which may delay the February 8 deadline, but not the overall schedule presented.

Tony Kilduff suggested the undergrounding policy be included in the strategic plan public process.

Advisory Committee Role Clarity

The Advisory Committee expressed frustration regarding lack of role clarity and an official process for providing advice to the Mayor, Council and Superintendent. For example the "Monitor IRP process and review final IRP and provide advice on conservation" is included in the Committee's work plan approved by the Mayor and Council. The draft IRP recently went to Council for approval without the Advisory Committee being asked to review and comment or being included in the public comment schedule.

Alec Fisker responded that the Executive would welcome input on the larger broad based issues such as the Strategic Plan and the Committee may be better served to shape policy direction rather than provide detailed review and comment.

Superintendent Carrasco commented that the current governance structure does not always result in the best level of coordination and most policy documents have to be vetted before they can be shared with the Advisory Committee.

Ron Ernst suggested that the Mayor be invited to a working session of the Committee.

Strategic Plan – Corey Knutsen (Presentation attached)

The Advisory Committee commented that the utility is on the right path; the Strategic Plan might undersell the challenges the utility faces and the financial implications; the community at large needs to understand the investment required and the Strategic Plan could be a living document and key component to educate on where the utility is going.

Alec Fisker said input on the draft plan from the Advisory Committee would be very helpful. Superintendent Carrasco will forward the Strategic Plan schedule, including public process, to the Advisory Committee and also welcomes the Advisory Committee's input.

Work Plan, Strategic Plan Review and Annual Report Preparation

SCL will distribute Strategic Plan to Committee members for review followed by a schedule as soon as developed. Julie Tobin will start setting up sub group meetings with City Light staff.

The City Light Advisory Committee will break into sub groups as follows:

- Environmental Stewardship – Bill Alves, Robin Calhoun
- Improved energy delivery infrastructure – Carol Arnold, Ron Ernst, Don Wise
- Balanced resource portfolio – Bill Alves, Robin Calhoun, Tim Hogan
- Financial resilience – Ron Ernst, Tim Hogan, Don Wise
- High-performance organization – Bill Alves, Carol Arnold, Don Wise

September 9 Meeting Agenda

Committee members will share observations of the Strategic Plan, determine the issues and identify areas for further review, formulate next steps and determine how to start developing the annual report structure.

Don will join the meeting by phone.