



CITY LIGHT REVIEW PANEL MEETING

Tuesday, June 23, 2020

11:00 AM – 12:00 PM

Microsoft Teams Meeting

Proposed Agenda

<u>Item</u>	<u>Lead</u>
1. Welcome, Introductions (<i>5 min.</i>)	Gail Labanara, Panel Chair
2. Public Comment (<i>5 min.</i>)	
3. Standing Items: (<i>5 min.</i>)	
a. Review of agenda (Karen Reed)	
b. Action: Review and approval of meeting minutes of June 2	
c. Chair's Report (Gail)	
d. Communications to Panel (Leigh Barreca)	
4. Election of Panel Chair and Vice-Chair (<i>5 min.</i>)	Gail
5. 2021 – 2026 Strategic Plan (<i>5 min.</i>)	Leigh
a. Corrected Rates and Bill Impacts	
5. General Manager's update (<i>30 min.</i>)	Debra Smith
6. Adjourn	



City Light Review Panel Meeting Meeting Minutes

Date of Meeting: June 2, 2020 | 10:00AM – 1:00PM | Meeting held via Microsoft Teams “Draft”

MEETING ATTENDANCE					
Panel Members:					
Names		Name		Name	
Gail Labanara	√	John Putz	√	Mikel Hansen	√
Sara Patton	√	Chris Mefford	√	Leon Garnett	√
Thomas Buchanan		Scott Haskins (pending appt)	√		
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		Leigh Barreca	√
Greg Shiring	√	Carsten Croff	√	Angela Bertrand	√
Eric McConaghy	√	Maura Brueger	√	Chris Tantoco	√
Toby Thaler	√	Kathryn Aisenberg			

Welcome\Introductions. Gail convened the meeting at 10:04. All attendees introduced themselves.

Public Comment. There was no public comment.

Standing Items:

Review Agenda. Karen reviewed the agenda.

GM Update. Debra Smith noted that the final Draft Strategic Plan is in the packets. She stated that she believes the Plan is responsive to the Panel’s letter accompanying the 2019 – 2024 plan.

Debra continued her remarks, saying it is both a difficult and incredibly aspirational moment. The situation we are dealing with right now should send a clear message that there is opportunity to pivot city government operations and how we engage our community. We need to march forward and each of us need to decide what we can do differently as community leaders and government officials. The SCL strategic plan does a good job of recognizing that, and when the time comes, we hope to we’ll be able to roll it back out with minimal changes yet through the lens of a fresh perspective.

Debra reviewed current activities at SCL in response to COVID and the economic impacts. SCL is supporting the city-wide reopening recovery strategy. Leigh Barreca and Angela Bertrand have been working to coordinate City-wide planning. They developed a template and are collating a report that incorporates input from every City department. The work is focused on RSJ/equity, interdepartmental dependencies, readiness drivers, safety, and more. Debra is serving on the City’s



City Light Review Panel Meeting Meeting Minutes

executive steering committee for City recovery, tasked with restoring city functions. The team is looking for opportunities to reach out to and engage with the community. A Citywide Recovery Director will be appointed to put together community-based teams to participate in restoration planning. If any Panel members want to volunteer to review the report that Angela and Leigh are helping to develop, let Debra or Leigh know. There will be a quick turnaround for document review.

Debra noted that Mike Haynes is focused on many aspects of service resumption. Some of this work such as accelerated pole replacement will require that we have planned outages. SCL has not had planned outages in 3 months. The outages are needed to resume accelerated pole replacement and pole attachment work. SCL will continue to communicate with our customers regarding the necessity and scheduling of this work.

Very soon, a vast majority of SCL employees will be working at full capacity unless they have self-designated as high risk. Mike Haynes stated that nearly 100% of workforce has NOT self-identified as high-risk.

Debra said that SCL will not be able to serve all our customers as fast as they want, due to very serious financial issues as a city and as a utility which will impact service delivery for the next 2-3 years.

The 2020 budget update will come out from the Mayor in the next week or so. SCL has submitted \$12.5M in reductions for the 2021 budget; more may be needed. There is a Citywide freeze on service contracts and SCL hiring needs to be approved by our internal Hiring Advisory Team. SCL's vacancy target has been 6%; they are currently at 10%.

Work continues rightsizing the capital program. For 2021, we expect a drop in capital spending of around \$100M. The utility anticipates a 5% load reduction. Currently, load reduction is greater than that, but as businesses reopen, SCL anticipates load will increase somewhat. But between load reductions and deferring the rate increase planned for 2021, there is a big funding gap.

- **Q:** Can you raise rates? **A:** We would not get support for this from the Mayor or City Council. We have not said that we would not raise rates in 2022... just 2021. We will try to stay within the previously assumed rate trajectory.

It is unclear whether transportation electrification will be substantially delayed.

We have a "tiger team" (Emeka Anyanwu & David Logsdon) working to develop a portfolio of projects around grid modernization and electrification projects that are shovel ready in the event federal stimulus funds become available.

- **Q:** Are there staffing savings through attrition or furloughs? **A:** I am not a fan of attrition since we need people doing the right things. Furloughs need City authorization; this would not be City Light's decision.



City Light Review Panel Meeting Meeting Minutes

- **Q:** How is SCL's situation tracking with other electric utilities? **A:** Good! SCL is working collaboratively with PSE, Tacoma, and Snohomish PUD. We are talking weekly to discuss plans for how operations are shut down and restored. SCL's approach is consistent with other utilities. Mike and Debra also participate on calls with the American Public Power Association (APPA) and others.
- **Q:** What is the current load reduction? **A:** Around 7-10%. Approximately 100MW.
- **Q:** Is there an option to do self-performing work **A:** We do not lack of work to do; it is an issue with having capacity to do the work we need to do.
- **Q:** How do you compare this region's economic situation to other regions nationally? **A:** Some parts of the country never shut down, so there are fewer economic impacts. We are blessed that we have suffered no infrastructure damage during the current unrest. Around the country load reductions range between 3 and 10%.
- **Q:** What type of service level reductions may be at play? **A:** We are looking at what's discretionary. We will not reach all our Customer Energy Solution (CES) targets for example because some of those activities could not be performed at the peak of COVID-19. These staff have continued to be engaged in other activities. Officers are identifying work that can put on hold. With labor rights and bumping rights, it can be challenging to decide which functions to continue and which to roll back.
- We are working with communities to address higher bills due to greater levels of working from home.
- Kelly Enright is on loan to the Seattle Department of Human Resources (SDHR) to support director Bobby Humes. He has had an incredible amount of policy work to stand up.
- We have combined our customer service and energy efficiency teams into one Division that reports to Craig Smith. This gives us an incredible opportunity to benefit from the great customer service skills of our CES staff.

Approval of Meeting Minutes of April 14th. The meeting minutes were approved as submitted.

Chair's Report. Gail Labanara noted that her term as Chair is up and she will ask for an election of a new Chair and Vice-Chair at the next Panel meeting.

Panel Appointments. Maura Brueger presented. Scott Haskins joined the panel in late April. This was a council appointment. At the expiration of his term, Patrick decided to step down from the Panel. This created a vacancy for the industrial representative. Typically, the Manufacturing Industrial Council (MIC) provides us with a suggested nominee. At our request, they forwarded Annie Ayer as a nominee. Anne works for Cal Portland. Councilmember Pedersen will be considering this nomination. John Putz and Tom Buchanan's terms are both expired; these are both council positions, so we are working with Councilmember Pedersen's office for these as well. John indicated that he is willing to serve another term. Tom is also willing however, due to current commitments that will keep him away from panel work thru the November election, he expressed that he understood if CM Pedersen choses to seek another candidate. Chris Mefford indicated his willingness to continue the



City Light Review Panel Meeting Meeting Minutes

Panel. The economist position is a Mayoral appointment. We have forwarded his re-appointment paperwork to the Mayor's office. SCL hopes that the City Council can vote on all the appointments in early July.

Communications to Panel. There were no communications to panel.

2021- 2026 Strategic Plan. Leigh Barreca presented.

Letters from SCL and SPU to CM Pederson

Both utilities, SCL and SPU, sent letters to Councilmember Pederson about deferring submittal of their respective strategic plans. The letters highlight our desire and commitment to continue ongoing work with the SCL and SPU advisory panels.

Final draft plan – presentation

This is the fully designed draft plan. There is continued uncertainty in future rates and in the timing for delivery. When we revisit this work, we expect that we will have greater certainty regarding our financial and operational strategy.

Review of changes from prior drafts

Leigh reviewed the draft plan, section by section and noted changes from the prior draft.

- Debra's letter has been revised to talk about COVID and how this planning process helped us pivot quickly.
- New mission, vision, and values are included. These have not yet rolled out to employees. There is an increased focus on shared energy future.
 - Debra noted the important shift in the vision statement to providing customers the energy services they want, rather than traditional paternalistic approach.
- Values are listed in alphabetical not priority order.
- The accomplishment section has been streamlined.
- Metrics now include 2020 targets. These will roll to 2021 when we resume planning efforts.
- "About the plan" section was revised to respond to comments that the text about scenario planning was too abrupt. Text added to indicate that, although we did not discuss a pandemic scenario, this exercise helped us respond quickly.
 - **Comment:** The results of scenario planning are not referenced later in the plan.
 - **Comment:** You could include results under each scenario description. **A:** Good idea.
 - **Comment:** How closely are the scenarios tied to the forecast? Not recommending changes, but I am curious what the underlying assumptions are.
- A small section was added to the outreach summary section highlighting key findings from our initial outreach efforts. SCL expects this section will change a lot when planning efforts and outreach to stakeholders is resumed.
- The Priorities section has not changed aside from text updates.
- Funding the Plan has been updated significantly. This section highlights that the plan has been put on hold and that priorities will need to shift as we look forward.
- **Question:** Will the typical attachments be included the Plan? In the fall the Panel will need



City Light Review Panel Meeting Meeting Minutes

time to look at those things. **A:** We will have the same attachments as before including the outreach summary, financial outlook, grid modernization funding efforts, high-level summary of initiatives and the Review Panel letter. They are not referenced yet but will be include on the last page of plan and the Panel will have an opportunity to review them prior to finalization.

- Debra noted that SCL will take direction from the Panel here. We stopped work because it was tone deaf, but also because it is not a priority for the city right now. City-wide recovery will be very focused on bottom-up community based-work. She would rather have Leigh work on city-wide recovery not this. She cannot commit that we will be able to revisit this as early as the fall. We do not want to commit to a timeline, but we WILL be bringing this back.
- **Comment:** It might be helpful to highlight elements of the draft document that are most impacted by the current situation while it is fresh in your mind.
- **Comment:** The letter says it is not a shelf document, but you are saying it is. Be clear. I also want to highlight a concern around 2024 rate increase of 0.3%.
 - Debra: That is an error that will be updated as it does not match what we told Pedersen. **(Staff will provide the correct rate path and bill impact summary at the next meeting.)**

City Light Recovery Planning

Tom DeBoer presented. He began by noting that reopening and recovery are two different things. Reopening is unwinding and restarting 'normal' work. Recovery is the longer-term plan for how we re-invent the city. His presentation is focusing on reopening, not longer-term recovery.

Q: when you talk about economic recovery, what does that mean? **A:** When we were developing the scenarios, we were trying to lean into both what the virus might do but the U/V/W/L shaped recovery that ties into the CBO scenarios.

Q: Does economic recovery mean back to 2020 economic numbers or are you looking at a different threshold? **A:** We do not know yet, however, in the next two years, our economy will not look the same as it did before COVID.

Q: Considering the incidents of this weekend, do you want to include enhanced security, especially for the grid infrastructure? **A:** Yes. We have also experienced some increased criminal activity at our outer offices (apart from the Seattle Municipal Tower.)

Q: You have public facing counters, but also contacts in the community. What are the protocols for that? **A:** This has not been decided yet. These issues may fall into general workplace and contact guidelines. The Mayor has extended telework until at least September 7th but will likely be longer for most employees.

Q: Is it anticipated that if we have monthly meetings will we get updates between meetings? **A:** Tom is happy to funnel things through Leigh. The next agenda item today is our meeting cadence going



City Light Review Panel Meeting Meeting Minutes

forward.

Debra noted that recovery planning has two parts. First, there is “pure data” collection. 703 functions were reported across all city departments. 103 were COVID-19- specific responses. 73% of City functions were fully upheld and only 11% were halted. Secondly, there is the qualitative piece. That is what we are asking for volunteers to review.

Debra shared that the Customer Portal is live. It currently includes one-year work of data. There was 7.4% lower load (weather adjusted) in May. Load was “Normal” until mid-March. There is not a noticeable change in residential use. Industrial loads are down 25%. This is a big driver for revenue. We do not know how those loads will come back. Commercial loads (non- industrial) were down 15% in aggregate, but in specific classes it looks very different. Mike Haynes noted that residential peak usage has moved from 7:00 or 8:00 am to 1:00 to 2:00 pm.

Next Steps

Karen introduced the next discussion, about the next series of meetings and what should be included on the agendas. Two questions, do we need a meeting on June 23rd? Does the Panel want to get updates on recovery planning? Debra said SCL cannot commit to being able to present specific topics as things change too fast.

- **Comment:** These meetings are helpful and a good forum.

Debra said that the Utility will still be teleworking until September. SCL is happy to meet with the Panel but does not have the bandwidth to prepare large amounts of materials in advance. In July we should be able to share some information about our budget submittals.

- **Comment:** It’s helpful to hear what you say as I work with other departments.

What’s the feeling about holding more informal meetings without documents to review in advance?

- **Comment:** Sounds good. Will look forward to seeing budget information in July.
 - Debra: The budget process will be more iterative this time.
 - Greg Shiring: We cannot share the entire city budget until September. Prior to that we will be able to have a high-level discussion.
- **Comment:** I would like to hear about UDP enrollment.
- **Comment:** An hour-long check in sounds good. Because everything is evolving quickly, I would appreciate a shorter meeting but on the monthly cadence.
- **Comment:** The data that the SCL team reports on activity (ex: load, change in peak, uptick in UDP) is very helpful.

Leigh and Karen will develop an agenda for a shorter Panel meeting on June 23rd based on the input from the Panel.

Meeting adjourned at 11:56.

2021-2026 Strategic Plan Financial Forecast

March 5, 2020

RATE INCREASE SUMMARY

(\$ in millions)	2020	2021	2022	2023	2024	2025	2026	AVG
Revenue Requirement	950.4	952.2	981.4	1,012.3	1,046.8	1,061.5	1,082.8	
Annual Increase		0.2%	3.1%	3.1%	3.4%	1.4%	2.0%	2.2%
Retail Sales GWh	9,230	8,912	8,844	8,769	8,720	8,632	8,580	
Annual Change		-3.5%	-0.8%	-0.8%	-0.6%	-1.0%	-0.6%	-1.2%
Average Rate, ¢/kWh	10.32	10.69	11.10	11.54	12.00	12.30	12.62	
Annual Increase		3.6%	3.9%	4.0%	4.0%	2.4%	2.6%	3.4%

CUSTOMER BILL IMPACTS

	2020	2021	2022	2023	2024	2025	2026	AVG
Residential-typical (700 KWh/month)	\$75	\$2.68	\$3.01	\$3.21	\$3.34	\$2.08	\$2.31	\$2.77
UDP Residential-typical (40%)	\$30	\$1.07	\$1.20	\$1.28	\$1.33	\$0.83	\$0.92	\$1.11
Small Commercial-Car Wash	\$451	\$16	\$18	\$19	\$20	\$13	\$14	\$17
Medium Commercial-Retail Store	\$7,219	\$260	\$292	\$311	\$323	\$202	\$224	\$269
Large Industrial-Stone	\$22,864	\$823	\$924	\$984	\$1,024	\$639	\$709	\$850
Large Commercial-Hospital	\$91,851	\$3,307	\$3,711	\$3,955	\$4,113	\$2,566	\$2,847	\$3,417
Large Commercial-Education	\$1,932,950	\$69,586	\$78,099	\$83,225	\$86,554	\$54,010	\$59,915	\$71,898

RETAIL REVENUE REQUIREMENT DRIVERS

(\$ in millions)	2020	2021	2022	2023	2024	2025	2026
Revenue Requirement	950.4	952.2	981.4	1,012.3	1,046.8	1,061.5	1,082.8
Debt Service Coverage	421.7	426.1	443.4	460.6	479.1	491.3	497.2
Operations & Maintenance (O&M)	303.3	313.8	327.6	339.6	349.4	357.1	365.6
Net Power Costs	209.6	195.1	193.5	194.9	200.5	197.3	203.6
Other	15.7	17.0	16.8	17.2	17.7	15.9	16.3
Rate Adjustment Assumptions							
Unallocated O&M Reductions		2.5	3.5	-	-	-	-
Debt Service Coverage Target		1.80	1.80	1.80	1.80	1.88	1.90
BPA Assumptions (from Power Mgmt)							
BPA Block*	162.4	164.6	168.1	169.4	173.3	174.8	179.3
BPA Wheeling**	43.6	44.0	45.4	45.9	47.3	47.8	49.3
Total BPA Costs	205.9	208.6	213.5	215.3	220.6	222.6	228.6
Annual Change		1.3%	2.4%	0.8%	2.5%	0.9%	2.7%

*Purchased power volumes: decrease 2.3% per year on average, power rates: increase 4.1% per year on average (~8% every other year)

**Transmission rates: increase 2.1% per year on average (4.2% every other year)