



CITY LIGHT REVIEW PANEL MEETING
Meeting Summary for Friday September 18, 2015
9:00 AM – Noon
SMT, Conference Room 3205

MEETING ATTENDANCE					
Panel Members:					
Name		Name		Name	
David Allen	x	Julie Ryan	✓	Eugene Wasserman	x
Tom Lienesch	✓	Sue Selman	✓	Sara Patton	✓
Chris Roe	✓	Eric Thomas	x	Gail Labanara	✓
Staff and Others:					
Sephir Hamilton	✓	Karen Reed	✓	Kim Kinney	✓
Maura Brueger	✓	Tony Kilduff	✓	Phil West	✓
Jeff Bishop	✓	Calvin Chow	x	Greg Stamatiou	✓
Jim Baggs	x	Greg Shiring	✓	Kelly Enright	✓
Mike Jones	✓	CM Sawant	x	Darnell Cola	✓
Paula Laschober	x			Claire Lloyd	✓

The meeting convened at 9:10 am. Karen reviewed the agenda, noting the general manager’s update would be moved to the end of the agenda. The June 30 meeting minutes meetings were unanimously approved as submitted.

Public Comment: There was no public comment.

Chair’s Comments: Julie spoke to the agenda items, noting that the Utility of the Future discussion will help frame work around the Strategic Plan update.

CEO Search: Julie reported that the names of three individuals have been forwarded to the Mayor. Julie thinks they are all strong candidates.

Lapsed Panel appointments: Mayor’s office is conducting outreach before deciding on who to appoint to the Commercial Customer Representative Position. Tony informed the group that the Energy Committee members will all be on hiatus after next week for the budget process, so the earliest that the two lapsed positions for Council appointment will be filled is mid-December (those are the Residential Customer Representative and Industrial Customer Representative).

Communications: Kim noted the Panel received a communication from a ratepayer concerned about connection charges; Kim emailed the person and referred him to customer care.

Utility Discount Program (UDP). After an introduction by Phil West, Kelly Enright presented an update on the UDP program. Feedback and suggestions from Panel members included:



- It's important to connect efforts to reduce utility bills to energy efficiency. Most of those programs target higher income customers.
- Engage suburban jurisdictions in this effort.
- The utility should benchmark the penetration of this program as compared to other programs.
- Continue to work with nonprofits to expand program participation
- Evaluate the transaction costs to the utility of this program: are they dropping or not?
- Engage with community action agencies to expand program participation.

As a follow up item, **Phil West offered to bring back information to the Panel listing all the strategies being deployed to expand participation in the UDP.**

Denny Substation Update and Related Network Feeder Buildout. After an introduction by Phil, SCL staff Greg Stamatiou gave a PowerPoint presentation, outlining the planned build out of two networks connecting to the new substation, and the costs of various mitigation items included in the final design for the substation. There is no immediate rate impact from the planned network feeder buildout, but there will be some cost impact in the out-years of the strategic plan update. Panel questions and comments included:

- Is there precedent for this level of mitigation in building a substation? SCL responded that this will set a new standard when SCL upgrades urban substations.
- The Panel requested additional information on the management of the substation and networks, the community impact, schedule, budget and workforce impact.
- The Panel requested frequent updates on the status of the project.

Discussion and Follow up from "Utility of the Future" meeting. Karen provided a quick re-cap of each of the four presentations from the external guests at the July 30 meeting. After each summary, the Panel and staff offered *takeaways* and *additional information requests relative to the content provided by each presenter which are listed as bullets below each presentation.* Additionally, the Panel suggested the following proposed principles for Seattle City Light:

- *SCL should be adaptive rather than defensive:*
- *SCL needs to change thinking: future is one of declining demand*
- *SCL should embrace the idea that customers will expect more from SCL in the future*

Lena Hansen (Rocky Mountain Institute)/Keynote Presentation: "Reinventing the Electricity Sector"

- Typical rate design hides the true cost of service
- Explore technology trends and figure out how we can be more nimble in the future
- How can we be more flexible in an environment we increasingly don't control?
- Should SCL plan to accommodate all or a specific subset of technologies? Explicit assumptions should be developed around this.
- Will the utility get into the solar business?
- Identify SCL's local problem sets around technology and change
- Set up a special "futurist" team within SCL



- Watch for solar funding/cap issues—decreasing hurdle for solar investment, issues around leasing and 3rd party financing. What is SCL’s role here?
- New buildings must be solar ready by code—implications for strategic plan?
- Will need ratepayer education around fixed charges, if we move more in that direction
- Are we losing our position as the default supplier? Maybe not, but people are thinking differently now about how they buy power than in the past.
- Consider whether proposed new investments facilitate the future characterized by 2-way communication with customers, 2-way power flows?
- Moving customer-generated power is a benefit for those customers.
- How do we treat hydro-electric power in this new world? How do we appropriately value it? How do wholesale power markets relate to this?
- In the strategic plan, should we lay out future rate design principles and changes to consider?
 - laying groundwork for future policy decisions that will need to be made
- Advocacy on these issues will continue to be important to SCL stakeholders and state regulators

Rob Chapman, Electric Power Research Institute (EPRI)

- Shorter life span of investments is important to consider
- Increasing impact of third parties on SCL business
- Pilot projects to test technology solutions – should SCL lead here or partner?
- Utility doesn’t have a lot of depth to respond on technological innovation
- Figure out what are SCL’s core strengths in this new future

Arlen Orchard, Sacramento Municipal Utility District (SMUD)

- Customer focus
- Loss of monopoly status
- Low income support for Time of Use (TOU) rates
- Community solar –for low income customers
- Piloting of rate design
- We’re a service business in the future—it’s not all about generation and wires
- Seamless customer experience—map your customer touch points

Lori Singleton, Salt River Project (SRP)

- Hope SCL will be more open to customer desires for change (Noted SRP fought Boeing’s attempt to invest in solar through third parties)
- Demand-side services – there are a lot of new ideas out there. Can SCL do more?

Feedback/Takeaways from the Break-out Sessions

A. Role of Technology



- Someone at the July 30 meeting encouraged looking at SCL's governance structure. Should there be an independent board? Tony noted this was a "third rail discussion"
- Electric Vehicle future and strategies
- Rate design that works for all and is scale-able – a "win-win" for SCL and its customers
- Pilot projects: consider scalability

B. Customer Expectations

- Nucor and Virginia Mason don't want to be "prosumers"
- Nucor interested in interruptible rates
- Virginia Mason interested in reliability

C. Low Income

- Keep supporting these customers
- Focus on the lowest end customers – do more energy efficiency programs for them
- Engage building owners of low income rental and tenants
- Synchronize desired policy outcomes.

D. Environmental Leadership

- Advocates want:
 - carbon pricing
 - electric vehicle policy expansion
 - climate change policy that is more aggressive
 - more engagement of low income customers in energy efficiency programs
 - more action locally and more advocacy at the state

Over the course of the discussion, **two items for additional briefings were identified:**

1. **Solar Power**—what trends and issues need to be considered in strategic plan?
 - a. State cap has been hit.
 - b. Feasibility of community solar
2. **Demand Side Management** – where are we? What's next? How do these issues relate to/impact rate structure?

Panel members commended SCL for the excellent presentations on July 30 and for bringing such high caliber speakers to meet with our community.

General Managers Update. Jeff Bishop gave an update on some recent Utility issues, on behalf of Jim Baggs.

Retail Revenue: Jeff noted that retail revenue for 2015 is down 4% or \$28M; there was lower than normal load in the winter and spring due to warmer temperatures. Weather is impacting the Utility financials. Residential sector decline most significant—despite increasing customer count.

Net Wholesale Revenue: Early in the year, the Utility expected revenues similar to the \$65M budgeted. Net wholesale revenues are now down to about \$39M, or about \$26M below budget. Expecting an RSA balance of about \$90M at the end of the year, just above the threshold for a



surcharge. Next year's budget is \$60M; still lots of uncertainty in revenue expectations and whether a surcharge will be needed in 2016.

Load Forecast: The projected annual growth rate of 0.48% is declining to 0.4% with the most recent load forecast. This will have negative impacts on the 2016 retail revenue forecast.

Recent Fires: The Goodell Creek fire approached the facilities at the utility's Skagit hydroelectric project forcing the temporary evacuation of Diablo, Gorge and Ross dam facilities as well as the evacuation of the town of Newhalem. Fortunately there were no injuries. Preliminary cost estimates are \$5.4M, including lost power sale opportunities.

Windstorm: The windstorm came on August 29th on the heels of the Goodell Creek fire producing the most powerful storm that the utility had experienced recently. There were 300 scattered outages, approximately 72,000 customers impacted. Outages were worse at other utilities. Total cost to utility was about \$1.4M.

Information Technology Consolidation: In May of this year the Mayor issued a directive to consolidate all city-wide Information Technology functions into the Dept. of Information Technology (DoIT). The consolidation will take on progressive steps beginning in April of 2016 and continuing through 2018. A particular concern is to keep the utility's major IT implementation projects, AMI, NCIS, EMS and others, unaffected by the consolidation effort. The consolidation effort has proven to be very time consuming for staff. Panel members asked for a briefing on this item.

Adjournment:

There being no further business, the meeting adjourned at 12:15 P.M.