



City Light Review Panel and Stakeholder Outreach Meeting Minutes

Date of Meeting: October 23, 2018 ("Draft")

MEETING ATTENDANCE					
Panel Members:					
Names		Name		Name	
Gail Labanara	√	David Allen	√	John Putz	√
Sara Patton	√	Patrick Jablonski	√		
Thomas Buchanan	x	Leon Garnett	√		
Staff and Others:					
Debra Smith	√	Greg Shiring	√	Karen Reed (Consultant Contractor/RP Facilitator)	√
Leigh Barreca	√	Eric McConaghy	√	Richard Cuthbert	x
Robert Cromwell	√	Calvin Chow	x	Jenny Levesque	√
Paula Laschober	x	Michael Maddox	√	Josh Czebotar	√
Maura Brueger	x	Vas Duggirala	√	David Broustis	√
Kirsty Grainger	√	Sabrina Villanueva	√	Alex Tsimerman	√
Carsten Croff	√	Kirk Engle	√	Glenn Atwood	√
Kathleen Wingers	√	Rachel Brombaugh	√	Stan Price	√
Mikel Hansen	√	John Sasser	√	Kerry Meade	√
Michael Karp	√	Jaime Page	√	Kim Kinney	√
Marcos Wanless	√	Kiersten Grove	x	Caylyn Rolph-Tate	√

Welcome. Patrick Jablonski, Chair of the Panel, convened the meeting at 11:03 AM. He called for comments from the general public not dealing with rate design. One person offered comment.

Public Comment. Alex Tsimerman spoke. He said that in thirty years he has found no honest people in government. City Light has over \$100 billion and is stealing money from the public. The new director and old director of City Light have a salary of \$340,000. He attends all public forums he can. The question in his view is whether we can change or not.

Introductions, The Panel and the Rate Design Project. Panel members introduced themselves. Patrick then spoke briefly to the structure of the Panel and its advisory role.

Safety Minute. Robert Cromwell spoke to how to leave the building in the event of an emergency.

City Light employees introduced themselves.

Patrick spoke to the rate design project scope of work. He thanked everyone for coming and helping to inform the Panel.

Kirsty Grainger spoke to the meeting packet materials. She noted that the structure of City Light's rates hasn't changed much since the 1980's. With the deployment of AMI there are new opportunities for the City to consider in rate design, so this effort is timely. City Light has a large heating load in winter and a lot of hydroelectric generation, two things that distinguish us from most other utilities nationally. The rate framework document in the materials shows proposed rate principles as a starting point.



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Rate Design Stakeholder Comment

Mike Hansen and John Sasser, Sabey Corporation. Mr. Hansen noted that Sabey has data center facilities in Seattle and Tukwila. Mr. Sasser stated that for industrial customers, demand charges are very low and energy charges are relatively high compared to other utilities nationally. The effect of this is to penalize high load factor customers and incentivize low load factor customers. He would support realigning these charges to better reflect actual cost to the utility. Sabey has paid for some feeders to connect to their substation in Tukwila, so no infrastructure investment was required on the part of City Light. This also is not recognized in the rate structure. Sabey believes it is being double taxed. The 6% franchise fee the City collects is not supposed to increase our rates paid in Tukwila over what they are in Seattle, but Sabey believes this does happen.

Q: Do you mean the Utility tax? **A:** Yes, the equivalent.

The data center business is important to our local economy. City Light has been a valuable asset for our economy. The value of City Light declines as rates get more expensive.

Q: How would you take advantage of higher demand charge? **A:** It would lower our operating expenses and keep us competitive.

Q: What is your perspective on time of use rates? Could you use them? **A:** No. We have a flat load profile. We're looking at putting power back on the grid.

Q: Like solar? **A:** Yes.

But there is a bill-back problem so we didn't install the solar. We'd like to charge our tenants for that solar power at the same rate we pay City Light but City Light's rules do not allow that.

Q: Are you saying that your tenants would shop for the cheapest cost power? **A:** Yes. For a data center, electricity is one of their highest expenses and if they don't have a competitive electricity rate, customer may choose to go to another place like Hillsboro instead of Seattle.

We are good customers for the City. We generate taxes and don't impose infrastructure burdens. A fairer electric rate in terms of actual cost of service would help us.

Q: Why would a customer prefer a data center in Tukwila versus Seattle? **A:** Work force and connectivity to other services are considerations. Adjacency is attractive to many of these companies. We will leave written comments with Leigh Barreca.

Michael Karp, The Energy Project. He is submitting written comments in addition to his testimony. The Energy Project represents low income households throughout the state and has done so for 25 years. They are a partnership with the state Department of Commerce and local community action agencies. A recent University of Washington study concluded that there is an estimated pool of eligible customers of 109,000 households for City Light's Utility Discount Program (UDP), but the program only enrolls 19% of that number. Low income households pay more of their income on energy, so the price of the first block is critical. Housing structures are also important factors in cost. The weatherization program is very important.



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Mr. Karp recommends confirming the Utility's commitment to stable, low bills for low income people. He encouraged the Panel to work with the inter-departmental taskforce (IDT) Low Income Steering Committee. This committee is charged with evaluating the Utility Discount Program progress and making recommendations for program improvements. This committee could host a workshop to develop recommendations to City Light on rate design. The Review Panel should examine fixed versus variable costs, as well as the size and price of the first block. He also recommends holding learning sessions at Low Income Home Energy Assistance Program (LIHEAP) facilities. People don't understand how rates affect their bills. Additional recommendations mentioned by Mr. Karp include:

- Consider changing the eligibility criteria for the UDP and the amount of the discount.
- Prioritize whole-house weatherization as part of rate design.
- Explain that flat revenue and SCL's CIP are contributing to the increase in rates.
- Provide resources to educate the public on rates versus bills.
- Don't pit low income household needs against environmental interests; we see this in many places.

SCL is a poster child for a needs-based UDP and other programs. Support for these efforts is sliding now. SCL should be a model again.

Q&A

Q: Studies show that energy use by low income households is all over the map. What should we look at? **A:** Look at the earlier study. Increasing base charges doesn't help low income households.

Q: Would you support a sliding scale eligibility for UDP? All these programs are being subsidized now. **A:** I think sliding scale is a credible idea, but the Panel should also do outreach with these stakeholders to learn more. Reach out to the Low Income ITD and do workshops with low income customers.

Q: What is the conflict between environmental and low-income interests? **A:** Nationally, we see this conflict, so we would like to avoid it. Ranking principles leads to low income people getting short shrift.

Q: How would you improve the 19% enrollment rate in UDP? **A:** Outreach investments. SCL hasn't looked at the breakdown of income in the 19%. We want to see the lowest income participants for the program get the greatest benefit.

Q: Why do you think the Utility is backsliding in this area? **A:** The rate design issue is important. Customers are unaware. I am focused on empowering low-income people. I am not making rate design recommendations. I am recommending that the Panel support and engage in the process. I would like to see City Light provide more serious investment in resources to do enhanced outreach in different ways to reach more of the low-income population. In addition, whole-house weatherization should include new appliances.

Comment: It's very complicated to combine all the funding sources to accomplish whole house weatherization.

At this point the group took a short break.

Marco Wanless, Seattle Latino Metropolitan Chamber. I understand the importance of securing the Utility's revenue requirements. City Light is a member of our Chamber of Commerce. A problem for Seattle is that our members are getting squeezed out. Starting a new business in Seattle is very expensive. How can the government



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support small businesses in Seattle? It is most important that the Panel have the vision for supporting small business growth. City Light could establish 3-year incentives for small firms and provide them with free energy for the duration of the agreement. We need government programs to help small business to be successful here. Rates and utilities costs are going up too much. I can provide more data if the Panel would like. If our economy is too dependent on a few large businesses, it can be significantly disrupted if they leave. It is more stable to have a strong base of small and medium businesses.

Q&A

Q: The state constitution prohibits gifts of public funds, excluding for support of the poor and infirm. How can we help your members? **A:** Grants. Loans. Find a path.

Q: What types of businesses are you thinking of where electricity is an important cost? **A:** All businesses. A pastry maker or an ice cream maker for example.

Q: You are proposing many sectors work on promoting small business and want us to lead? **A:** Yes.

Comment: It would be difficult to administer a small business 3-year electricity grant. **A:** I will work with you on the specifics on what has worked in other cities and in the international arena if you are interested.

Dave Broustis, King County Dept. of Natural Resources and Parks. King County uses over one million kilowatt hours per year. SCL's demand charges are very low. This means there is no price signal to reduce peak use. Your demand charges are much lower than other utilities. You need to consider the price signal to reduce demand. There needs to be financial incentives for customers to pursue deep energy efficiency. Don't rely too much on per customer charges—they reduce the price signal too much.

For customers in the middle, those hovering between medium and large schedules, they avoid conservation investments in order to keep the lower rates of the large customer's schedule. Look to see what others have done in these situations. King County is a high demand customer. Metro adjusts its power usage to ensure it still qualifies for the lower large customer rates; if we didn't it would cost us an extra \$250,000 a year. We would like more predictability here.

Mr. Broustis offered several potential ideas for addressing the challenge Metro faces:

- Change the kwh triggers to qualify for the medium rate schedule.
- Make a lower price differential between the two rate schedules.
- Implement a new rate schedule for that in-between medium and large.
- Make the qualifier hitting the peak in 3 months rather than 6.
- Offer public agency rates.

There is a lot to think about and he is making no specific recommendation. Metro wants to conserve, but the risk is that it will jack up our power costs which removes the incentive for us to invest here. In terms of time of use rates, Metro doesn't have much use for this, but it would be great to offer to customers; it will help SCL, the grid and the region.



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Q&A

Q: How would you fix this simply? **A:** A smaller gap between the two rate schedules; a grace period on conservation investments (would have to be several years). Ratchet rates down. There are many options. But look carefully at the impact on large customers.

Q: Are there other large electric uses at King County beyond West Point Treatment Plant? **A:** Yes. Large office buildings. But West Point is the only high demand user.

Kerry Meade, Northwest Energy Efficiency Council. Kerry noted she took over her position from Stan Price who was formerly the Co-Chair of the Panel. There is a lot of disruption occurring in the electric utility industry. Looking at rates is an important opportunity to shape our future. In the energy efficiency industry, we think a lot about the utility of the future. Rates help you recover the revenue requirement. But what is the value of the Utility? SCL pursues a capital investment mentality in their structure to recover their costs. Historically, customers wanted the City to make large investments in power. Now, we are seeing things decentralized around energy generation. Today, customers are interested in solar opportunities and selling to their tenants. We support providing customer choice. There are opportunities that utilities can do to enable new business models in the state and more customer choice in how they consume their energy.

Q: What do NEEC's constituents want? **A:** They have no single perspective. Energy Efficiency companies are looking to transform themselves. Customers are becoming more involved in decision making around power. The Utility could enable new things—peer to peer energy sales, for example. This is happening now in Brooklyn.

Q: Unclear what the "utility of the future" is. We hear it is about 15 years out until we will see significant deployment of distributed storage and electric vehicles. What about in the next five years? What should the Utility do? **A:** Answers vary. SCL could facilitate smart buildings. It could move to promoting smaller scale customer investments to offset the need to invest in larger public infrastructure projects in the future. Look at micro-grids.

Q: Examples? **A:** Take a building with solar panels and offer energy storage nearby: micro-grids. "Behind the meter management" of power to reduce demand in a particular area.

Rachel Brombaugh, King County Energy Partnership Specialist, County Executive's Office. The County has adopted a goal of reducing carbon emissions of all governments in King County. Electrification of the Metro bus fleet by 2040 is one ambitious part of that. It will reduce greenhouse gas emissions, noise and particulates. This will increase City Light's load. We will deploy next batch of buses with an equity lens – putting the buses in areas that have the worst air quality. We are interested in exploring new rate structures –we don't want to create spikes in demand that require gas resources to be fired up to serve us. Battery bus charging would help us, but hopefully help SCL as well. Tukwila is our first area where we plan to deploy these buses. We have good partnerships with SCL.

Q&A

Q: How dependent are you on new technology success for power storage this goal of electrification and how soon is that technology coming? **A:** I don't know. We're looking at using old bus batteries in emergency situations. One of our challenges is that we're on the leading edge of bus technology. There are no sixty-foot articulated electrical buses available on the market yet for us to test. We are pushing the bus market.



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Q: Have you talked to City Light about managing bus charging? **A:** At a high level, yes. We are looking at low load times for powering up buses.

Q: Congratulations to King County for its work on Electric Vehicles. Does the County have other fleets that might be able to become electric? **A:** Yes, our non-revenue fleet of cars. Also, electrification of the paratransit fleet—those are privately operated.

Q: Whose responsibility is it to take down the lines that support today's electric buses if we convert? **A:** There is a lot of sunk cost in that infrastructure, which also supports the trolley. Changing this out is a low priority for us; we are focusing on the highly polluting diesel buses to transform first.

This concluded the stakeholder testimony.

Patrick invited Debra Smith, the new City Light CEO/General Manager, to speak. She shared that the testimony she heard was interesting and continued: We need to look at who we want to be in the future and what the revenue requirement will be for that. This won't happen in the next year. How do we restructure revenue to allow us to become the utility our customers want us to be? That is the work we need to do now. Electrification of public transit is out there and that could be a different, and positive, future for us. We need to determine how to manage this change.

Patrick adjourned the meeting at 1:03 PM.