

RATES ADVISORY COMMITTEE

November 3, 2009

Committee Members Attending:

David Allen
Dave Gering
Eric Hausman
Rod Kauffman
Ellen Monrad
Stan Price (remote)
Joe Simpson
Debby Tarry
Andrea Caupain (remote)

Also Attending:

Karl Stickel, Mayor's staff
Jorge Carrasco, SCL
Phil Leiber, SCL
Corey Knutsen, SCL
Art Johnson, consultant

Mr. Kauffman called the meeting to order at 2:05 p.m.

Mr. Kauffman asked Mr. Carrasco if he had comments he would like to make to the group.

Mr. Carrasco said he did. He first asked if the RAC members felt they had all the information they needed to make their recommendations. There was a general sense from the group that all their questions had been addressed by SCL staff.

Mr. Carrasco then offered additional information on the Power Revenue Adjustment Mechanism, Debt Service Coverage and rate adjustment levels. He said that the volatility of Wholesale Power Revenue and the utility's dependence on that revenue was at the heart of the matter. He suggested that an additional approach that might be considered was to gradually reduce the utility's dependence on Wholesale Power Revenue by moving away from "normal" water as a planning criterion toward "critical" water as the basis for the revenue projection. He said that other NW utilities used this more conservative planning approach and their customers were much more insulated from the volatility to which SCL customers were exposed.

Mr. Carrasco and Mr. Leiber then answered several questions about financial assumptions that were in the materials shared with the RAC at earlier meetings.

At this point, the RAC chair asked that the RAC be allowed to work by itself to finalize the recommendations and the staff left.