

City Light Advisory Board Meeting
March 15, 2005, 8:30 a.m. – 12:30 p.m.
MEETING SUMMARY

Board members present: Carol Arnold, Randy Hardy, Jay Lapin, Sara Patton, Gary Swofford

Also present: City Light Superintendent Jorge Carrasco, DaVonna Johnson, Bill Gaines, Bob Royer, Jean Becker (City Light), Carol Butler, Ben Noble (Legislative), Thomas Dunlap (Department of Finance), Alec Fisker, Julie Tobin (Office of Policy & Management)

Superintendent's Update

- Weather and Seattle City Light Operations Report. (Handout).
- External Issues. BPA will fund 25% (\$150,000) of the \$600,000 to the Transmission Issues Group, an entity originally formed by utilities opposed to Grid West. Randy Hardy noted the importance of moving this group to a neutral position on the future of Grid West. Jorge Carrasco emphasized the importance to City Light of participating in all these discussions regarding transmission planning.
- Grid West. Work is being done to determine funding and which markets Grid West will operate in. Decisions will be made toward the end of the year when a permanent Board will be in place. The Superintendent will come back to the Advisory Board with the proposed funding arrangement. The Advisory Board complemented the Superintendent on his ability to create an important role for City Light in these discussions.
- Superintendent Carrasco also mentioned City Light's participation in the Alliance of State Leaders Protecting Electricity Consumers, which is an organization of public utilities, municipals, PUDS, etc. involved in the federal legislative process. SCL will be supportive.
- SLICE mediation. The process is going well, although there are still several issues yet to be resolved.
- Transformation of City Light. The working groups of employees set up to evaluate job functions and qualifications (Organizational Improvement Teams) are continuing to conduct internal outreach and identify opportunities for improvement. City Light will update a subgroup of the Advisory Board on March 22.
- Strategic Plan mission statement and goals. City Light is scheduling a meeting with the strategic plan consultant, Clear Path, to determine next steps, after which the Superintendent will update the Advisory Board on progress. Advisory Board members commented that the reorganization of the utility should be generating information that should be incorporated into the strategic planning process.

Contingency Plan for a Low Water Year

Carol Everson gave an update and handed out the "2005 Flow of Funds" chart. She noted that City Light went into this year with conservative forecasts, so the lack of precipitation has not had as much impact on projected revenue as might have been expected. Advisory Board members reiterated their hope that the utility does not over-react to tough times.

Federal Budget Proposal to Charge Market Rates for BPA Power

Bill Gaines gave a quick update and handed out an overview of the impact of the President's proposed increase in BPA rates. He noted, however, that the proposed rates increases appear to have been squelched by congressional opposition.

Risk Management

The Advisory Board asked for an update on risk management. The Pace report makes recommendations on the organization and separation of duties for the risk management function, a quantitative analysis of Seattle's portfolio and a recommendation that City Light interact with their wholesale counterparts to lay off volume risk. City Light are evaluating all the recommendations. The Advisory Board hopes that identifying costs will be a part of that evaluation.

Rate Framework Task Force

Jay Lapin gave an overview of the Task Forces role and work to date.

Financial Policy Review

Carol Arnold encouraged all to attend the public meeting on Thursday. Some large user groups are urging changes to the financial policy. The Advisory Board are briefing the Environmental & Energy Policy on March 23. The Mayor is revising the "lockbox" proposal and the Executive will circulate the draft to the Advisory Board and Council staff.

Outreach Meetings

- City Council – Complete
- Mayor – Complete
- Chamber Committee – Complete
- Leadership Forum – Complete
- BOMA – Scheduled for Thursday, March 18. Jay Lapin will present.
- LMLC – Carol Arnold to set up.
- Municipal League – Sara Patton and Jay Lapin will follow up with Bruce Carter
- Public Interest Group – Sara Patton to set up.

The Advisory Board will consult with these groups throughout the utility governance process.

Governance Work Plan

Jean Becker distributed binders for review by Board members prior to the next meeting.

Board members gave updates on their work to date as follows: Legal framework, Carol Arnold, Blue Ribbon Panel, Gary Swofford; Budget/DOF oversight Jay Lapin, Rates process research Carol Arnold and Sara Patton. The Advisory Board will invite members of the Mayor's Blue Ribbon Task Force to a future Advisory Board meeting. Jean Becker will touch base with Janet Pelz.

Other Business

Sara Patton and Randy Hardy requested a briefing to report on IRP progress before May.

Gary Swofford is unable to attend the May meeting. Julie Tobin will work with Board members to reschedule.