

**City Light Advisory Board Meeting  
September 7, 2004, 8:30am – 11:30 am  
Boards & Commissions Conference Room  
MEETING SUMMARY**

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

Also present: Jorge Carrasco (Superintendent City Light), Joan Walters, Nancy Glaser, DaVonna Johnson, Jean Becker (City Light), Carol Butler (Legislative), Thomas Dunlap (Department of Finance), Alec Fiskien, Julie Tobin (Office of Policy & Management)

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**Superintendents Update**

Superintendent Carrasco distributed the City Light Monthly Operations Report and asked that any comments, questions or suggestions for variations in format be given to Joan Walters. The Board requested that the report be sent to them on the Friday prior to each meeting. Suggestions made: it would also be beneficial to measure customer satisfaction; the net income statement is useful, but it would be useful to see a revenue requirement model that uses the elements of inflows and outflows to see where City Light is in respect to the targets for maintaining cash.

Starting with the October meeting, the Board asked that the Superintendent provide a very short quarterly update on the progress of the City Light organizational priorities. This will enable the Board to help on issues where necessary.

Sara Patton thanked the Board and City Light for their participation in the BPA hearings.

**Board Presentation to the Council Environmental and Energy Policy (EEP) Committee – August 18**

Don Wise, Sara Patton and Jay Lapin provided an update to the EEP on the Board's work. They gave an overview of the Board's key work program items and re-emphasized the importance of the financial policies, staying the course, and resisting the temptation to reduce rates. Risk management continues to be a high priority for Council. Councilmember Della had asked the Board for a recommendation regarding the hiring of a Chief Operating Officer. Don Wise will draft a letter of response to the EEP Committee, and circulate it to Board members for their review.

**Integrated Resources Planning (IRP)**

Nancy Glaser gave an update on the Integrated Resource Plan and the Request for Qualifications sent out today. Nancy will distribute the RFQ electronically to the Board and asked the Board to let her know of suggestions for distribution. Sara Patton mentioned that the NW Energy coalition has been involved in other utility IRPs and will be happy to make staff people available to City Light. The Board suggested that City Light staff talk to the three principle investor owned utilities that have completed IRPs in the past couple of years as they will all have good advice. A lot of work has already been completed by other utilities and there is no need to reinvent the wheel and pay a consultant for information that is easily obtained. Where possible it would be advisable to borrow from other people's models, use the same software and use their consultants. A pre-proposal meeting was suggested.

Nancy Glaser also gave an overview of the questions City Light is addressing regarding the concerns raised by Council staff on the Klamath decision. The Board commented that whether or not elected officials need to get into this level of detail is a good topic for the governance best practices study.

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**Governance Best Practices Study**

The Board working group on governance includes Jay Lapin, Carol Arnold, Gary Swofford and Jean Becker. The draft questions for interviews with other utilities were distributed and will be revised over the next couple of weeks. Jay Lapin asked that Thomas Dunlap, Alec Fisker and Carol Butler review the draft to make sure the right questions are being asked. During September the Superintendent will contact the CEO of each utility regarding the proposed visit. Jean Becker will follow up at a working level and schedule the visits to be carried out in October and November. The working group will give more thought to the details of gathering and compiling the information received. It was suggested that the Superintendent present each utility CEO with the areas of focus for the study, so that the appropriate staff are brought to the meetings and internal documents can be sent to the Board in advance. The purpose of the study is to identify process changes within the current structure that can be improved and put together as a foundation for a more comprehensive discussion in 2005 on what structural changes would make sense. The Board approved moving forward with the working group's proposed schedule and work program. All board members except Randy Hardy are available to participate in the interviews.

**Annual Report**

The Board will begin to talk about the annual report writing scope and schedule at the October meeting. If an additional interim meeting is needed then it should be scheduled on an ad hoc basis. This report maybe an interim report/shorter than last and should measure progress toward 2003 recommendations. The Board suggested that the December meeting be expanded to a full-day meeting.

**Risk Management**

Carol Arnold gave an update on the Risk Management working group's progress. City Light has retained a consultant – Pace Global Energy. Their work program includes reviewing the appropriate structure for the front, middle, and back offices, assessing the potential for outsourcing, hedge programs, and other organizational changes. Phase 1 review and assessment will be complete by next week. Phase 2 will be complete by mid October, and the final report by November 22. The role of the Board is to compare what the consultant's recommendations with the Board recommendations. The Board may have the opportunity to comment on this in their January report and to assist Council on their decision.

**Financial Policy**

The Mayor is considering the financial policies in the context of the budget revenue requirement forecast and has been looking at alternatives, changes in financial policy and whether it would be possible to lower rates. In this regard two focus groups on City Light rates were put together. Jay Lapin attended. Neither group expressed expectation that there will be a rate reduction. The Mayor is considering sending financial policy recommendation to the Council with the budget.

**Follow Up Items**

Focus group transcripts – Julie Tobin  
Draft letter of response to the EEP Committee and circulate to Board members for review – Don Wise  
Distribute the RFQ electronically to the Board – Nancy Glaser  
Review the draft governance questions - Thomas Dunlap, Alec Fisker and Carol Butler  
Extend December meeting – Julie Tobin

**October Agenda Items**

Advisory Board Annual Report – Schedule and Scope  
Financial Policy Update