

**City Light Advisory Board Meeting
December 6, 2005, 8:30 – 11:30 a.m.
MEETING SUMMARY**

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

Also present: Bill Gaines, (Seattle City Light), Carol Butler (Legislative), Alec Fischen, Julie Tobin (Office of Policy & Management)

City Light Update – Bill Gaines

- Weather conditions. The snowpack was above normal in September and October and declined in November. City Light will more significant snowpack numbers in early January.
- Market. December prices are still strong for forward sales.
- City Light Reorganization. Seven director positions out of approximately twenty have been announced.

The Advisory Board congratulated Bill Gaines on his promotion. Bill Gaines thanked the Advisory Board for their work on the Executive Compensation legislation.

Portfolio Optimization

Bill Gaines and Laura Scott, Lands Energy, updated the Advisory Board on the status of City Light portfolio optimization and risk management. Earlier this year the Advisory Board had recommended that City Light reconfigure the portfolio to render some immediate economic results. In order to achieve this, City Light expanded their engagement with their consultant Lands Energy.

Gaines discussed Lucky Peak as an example of a good transaction which created about 3.2 million of additional value. These short term transactions are viewed as step one and the objective is to have three or four deals in the pipeline at all times. City Light is also contemplating sales to the California ISO as a project to bring additional value to the portfolio.

City Light is looking at establishing a standard of 80 percent confidence as a guide for nearer term sales. The Advisory Board enquired as to whether this was going to be a policy change from the 95 percent confidence rule.

At the August meeting Board members had commented that the goals and purpose of a risk management function had not been made clear. It was suggested that the Council, Executive and policy makers might benefit if the risk management framework was presented with a specific set of parameters i.e. “revenue for risk” and the policy choices outlined with more clarity. As a follow up, Board members asked if any progress had been made in this area. Bill Gaines responded that City Light has put out a work plan containing elements and a schedule, presented that workplan to Council and the plan is about 50 percent complete. Laura Scott is the lead.

Bill Gaines also gave an overview of the Puget Power/Chelan PUD announcement.

Advisory Board Legislation

The Executive has forwarded legislation extending the life of the Advisory Board with staggering terms to Council. The legislation has been referred to the Energy & Environmental Policy Committee and will be heard at a committee meeting in January 2006. If the legislation is passed, it is assumed there will be no Advisory Board for several months while the recruitment process takes place.

Strategy for Public Involvement

Sara Patton met with Bob Royer on the proposal. There has been no change in the status since the Advisory Board's last meeting. Concerns about the IRP Advisory group were raised and it was suggested that the situation is a good example of why the public participation process should be formalized. The Colorado Springs public participation process organized by their external relations department was mentioned again as a good example.

Alec Fisker reported that the timetable for the rates process should be known by the end of the week, and the goal is to complete the process by spring. Given this timetable it is not likely that an Advisory Board will be in place to participate in the process. Board members recommended that a public workshop is included.

Annual Report

The rest of the meeting was spent discussing and editing the Advisory Board's draft annual report.

Other Business

Carol Butler gave an update on the Resolution "Requesting that the Seattle City Light Department work with the Bonneville Power administration and other stakeholders to increase transparency in the Bonneville Power Administration rate process and to help ensure that its new wholesale power rates will be fair and reasonable."

January Meeting

The next Advisory Board meeting will be January 10.