



**City Light Review Panel Special  
Meeting Meeting Minutes**

**Date of Meeting: August 21, 2018**

<b>MEETING ATTENDANCE</b>					
<b>Panel Members:</b>					
<b>Names</b>		<b>Name</b>		<b>Name</b>	
Gail Labanara	√	David Allen	√	John Putz	
Sara Patton	√	Patrick Jablonski	√	Calvin Shirley	√
Thomas Buchanan		Leon Garnett	√		
<b>Staff and Others:</b>					
Jim Baggs	√	Tony Kilduff	√	Karen Reed (Consultant Contractor/RP)	√
Paula Laschober	√	Calvin Chow		Robert Cromwell	
Kirsty Grainger	√	Gregory Shiring	√	Richard Cuthbert (Consultant)	
Leigh Barreca	√	Kiersten Grove	√	Josh Czebotar	√
Kathleen Wingers	√	Michael Maddux	√	Maura Brueger	√
Jenny Levesque	√				

Introduction: Patrick Jablonski, Review Panel Chair, convened the meeting at 11:09 AM

Review of Agenda: Karen Reed, facilitator for the Review Panel, reviewed the agenda. Approval of the meeting summary was held pending a quorum of Review Panel members being in the room.

Public Comment: There was no public comment.

Chair's Report: Patrick held his chair's report for later in the meeting.

Communications to Panel: Leigh Barreca, SCL staff, and Patrick have work on multiple responses to Mr. Greenway. Sara Patton asked to see the response. This will be included in the packet for the next meeting. Karen noted the rate design binders prepared by staff, thanking Leigh Barreca and Kathleen Wingers for their work on these.

SCL in the news and other updates: James Baggs, Interim General Manager, noted the recent article about the billing error; this matter was resolved in June; Tony Kilduff, Council staff, noted he was drawn into this issue and looked to see if this billing error was a systemic problem; after inquiry, he concluded it was not.

Other communications: Meetings have been scheduled through the fall, 2 per month, to complete the rate design work. Meetings times dates and locations are presented in the meeting packet. Review Panel members should have received meeting invites for all these sessions.



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Economist Panel Vacancy: Karen and staff encouraged Review Panel members to help the City identify potential candidates for the economist position on the Review Panel.

Meeting Summary of July 24. A quorum of Review Panel members being in attendance, the meeting summary was approved as submitted.

**Information Item: Council Resolution on Sale of City Light Surplus Property.** Tony Kilduff spoke briefly to this item, requested by Patrick and Gail Labanara. Council has recently adopted procedures that will allow it to sell surplus SCL property at less than fair market value for the purposes of promoting affordable housing. Tony recounted the split in state Supreme Court rulings on the subject. Michael Maddux noted the points on which he believes the action will be supported by the courts. After deliberation, most Panel agreed that they would like to submit a letter to the Council raising concern about the impact on Utility finances from this direction and requesting transparency with ratepayers about such acts, but acknowledging the importance of addressing affordable housing. Sara Patton noted she does not think this is within the Panel's purview and she may include a dissent in the letter. She noted the state constitution limit on use of proprietary funds allows expenditures in support of the poor and infirm. David Allen noted his concern that this be handled in a manner that is transparent to ratepayers. Gail noted that since this type of action affects utility rates it seems well within the Panel's scope of authority to offer comment. ***Karen will work with Gail and Patrick on a draft letter for consideration by the Review Panel at its September 11, 2018 meeting.***

**Panel Work Plan for 2018-2020, Transmittal Letter.** The Review Panel approved the proposed work plan and transmittal letter included in the packet.

Chair's Report: Patrick presented his Chair's Report, noting that Tony Kilduff is retiring at the end of this month and will be greatly missed. He was the architect of the Review Panel structure. The group echoed Patrick's thanks to Tony. Tony thanked the group.

At this point, the group took a short break.

**Presentation, Q & A: Rate Design 201.** Kirsty Grainger began the presentation with an overview of rate design principles. Paula Laschober presented the history of City Light rates. Kirsty presented information about how the electric utility industry is changing, how electric rate design is correspondingly changing, some of the factors making City Light unique compared to other regions of the County, and emerging issues for City Light as they related to rate design principles. Discussion points included:

- There is often argument about how to define marginal cost.
- The customer charge does not include costs for distribution.
- How many customers have interruptible power? A: About 8. It has been years since power has been interrupted.



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- Distributed Energy resources account for less than 1% of City Lights' power resources; there is a lull in how quickly they are being added as tax incentives for solar are ending and/or shrinking.
- City light has a comparatively high use of the amount of homes using electricity for heating, and a high percentage of residential renters—also mostly electric.
- City Light's load provide is relatively flat on a daily, weekly and annual basis compared to other utilities.
- It may be helpful to poll residential ratepayers about their interest in purchasing different types of energy for their electricity (green power, etc.), as well as around the importance of stable bills.
- Can we quantify how much revenue volatility is increasing, and why?
- Electricity demand is relatively inelastic.
- Other utilities have explored different size first blocks for different types of customers (those in areas using more air conditioning, or with electric heat, for example)
- It is important that the Panel understand cost allocation and cost of service. ***Review Panel members should watch the presentations Tony Kilduff did; these are posted on line. Links will be provided to all Review Panel members.***

The next Review Panel meeting will include more discussion about the “problem statement” and rate design goals and principles.

**Information Item: Rate Design Work Plan Components.** Leigh Barreca presented the meeting packet materials. Maura Brueger noted that the interdepartmental team is focused on ways to increase UDP enrollment. Karen noted it seems unlikely that the Review Panel can redesign the UDP as well as all other rates in the time given but that the Review Panel may well want to offer some policy priorities with respect to the UDP in its rate design report. The Panel agreed that it would be helpful to survey residential customers. ***The Review Panel will consider the types of information it would like to learn from customers and we will take this up at the September 11, 2018 Review Panel meeting. Review Panel members are asked to offer names of additional customers to reach out to by this Friday—send your thoughts to Leigh.***

**Action Item: Proposed Rate Design Scope and Work Plan and Transmittal Letter.** The Review Panel agreed to forward the transmittal letter and work plan as presented, with the addition of the specific timing of the October meetings. The October meeting date should be added to the related letter to stakeholders as well. The date of the stakeholder letter mentioned in the transmittal letter needs to be corrected. After discussion, it was agreed that Jim Baggs should co-sign the letter to the stakeholders seeking to engage them in the rate



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design project, since Council intends for this to be a joint effort. With those changes the Review Panel also approved the stakeholder letter.

Karen noted the several agenda items that will be on deck at the September 11, 2018 Review Panel meeting.

The group wished Tony Kilduff bon voyage and happy retirement.

The meeting adjourned at 1:57 PM.