Date of Meeting: June 30, 2015

MEETING ATTENDANCE
Panel Members:

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<tr>
<th>Name</th>
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<tbody>
<tr>
<td>David Allen</td>
<td>Julie Ryan</td>
<td>Eugene Wasserman</td>
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<td>Tom Lienesch</td>
<td>Sue Selman</td>
<td>Sara Patton</td>
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<td>Chris Roe</td>
<td>Eric Thomas</td>
<td>Gail Labanara</td>
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Staff and Others:

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<th>Name</th>
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<tr>
<td>Sephir Hamilton</td>
<td>Karen Reed</td>
<td>Kim Kinney</td>
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<td>Maura Brueger</td>
<td>Tony Kilduff</td>
<td>Wayne Morter</td>
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<tr>
<td>Jeff Bishop</td>
<td>Calvin Chow</td>
<td>Melissa Skelton</td>
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<td>Paula Laschober</td>
<td>Greg Shiring</td>
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<td>Mike Jones</td>
<td>CM Sawant</td>
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Call To Order:
The meeting was called to order at 10:00 a.m. Karen Reed was welcomed back as the Facilitator for the Review Panel.

Public Comment:
None

Chair’s Report:
Julie Ryan opened the meeting with a review of the proposed agenda. The group briefly discussed setting a standing meeting time for the Review Panel Meetings. A poll will be done to see if the group can make the 2nd Tuesdays of the month work. There will not be a meeting in August.

Action Item: Kim Kinney will send out Doodle polls to the Review Panel to calendar meetings for the next three months.

Meeting Minutes:
The May 27th, 2015 meeting minutes were approved.

Denny Substation:
The group discussed Denny and the press release on the cost overruns. Jim Baggs said that various factors caused the costs to increase, the biggest three items being acceleration of the project, cost of the street vacation and design changes required by the City design commission. He noted that the Utility is still on their intended Strategic Plan rate path, but they may have to defer other capital expenditures. Panel members asked several questions regarding the Utility’s capital budget process and how approvals for Denny Substation are made.

Action Item: Jim Baggs confirmed that they will provide more detailed information at a later meeting regarding the Denny Substation.

Status of GM Search:
Julie Ryan reported that the Selection Committee met with the recruiter on June 18th. They reviewed a large number of resumes and were very encouraged by the strong level of candidates. The next meeting is planned for July 23rd, followed by another meeting on August 10th. Julie confirmed she did request that...
the Review Panel members be invited to interview the final candidates but has not yet received a response from the Mayor’s office.

**Action Item:** Julie will report back to the Panel if they will have the opportunity to interview the final candidates and if so, the date that this would happen.

**Communications:**
There were two emails sent in to the general mailbox. Kim Kinney reported one email asked about the next Review Panel meeting dates and materials. The other correspondence was an inquiry about estimated billing and this query was forwarded on to SCL’s Customer Care group to respond. Several Panel members asked about the frequency the meters were checked, how the process works to bill people based on estimates for several months, and what staff City Light has to do the meter checks accurately.

**Action Item:** Sephir Hamilton will talk to Phil West and Kelly Enright and will ask them to send the estimated billing information by email to the Review Panel. The Panel can advise later if they need a follow-up briefing.

**Status of Review Panel Appointments:**

**Action Item:** Tony Kilduff will check in with Councilmember Sawant’s office on Chris Roe’s and Eric Thomas’s re-appointments. David Allen’s is a Mayor’s Office appointment and the utility is awaiting word from them on their process for this appointment.

**Q1-2015 Strategic Plan Update**

Jeff Bishop gave a presentation on the First Quarter Strategic Plan results. He provided an overview of the major project updates along with their milestones and future steps. The Panel asked questions on:

- **Denny:** How much did the street vacation cost? ($6-8M) Why does Utility have to pay for it and why is it so expensive?
- **AMI:** Status of community engagement? Is the privacy policy adequate as SCL will have to manage AMI privacy issues? Can the utility send the Review Panel members a link to the privacy policy?
- **Utility Discount Program (UDP):** Progress has not been as hoped for with this program and the Panel asked to prioritize this topic from the Panel’s workplan to discuss at the next regular Panel meeting.

**Action Item:** Staff will forward utility’s privacy policy to the Panel.

**Action Item:** The Utility will bring back information on the UDP to a September or October meeting.

Tony Kilduff advised the group to watch the archive video of the meeting at Council where King County Health, HSD and SCL were in attendance commenting on UDP.

Jeff reviewed the financial forecast and highlighted the Q1 2015 results. He reported that S&P and Moody’s reaffirmed City Light’s credit rating (AA stable and Aa2 stable, respectively). 2014 ended with strong revenues and the RSA level exceeded expectations. For the 2015 outlook, weather is extremely dry, so excess funding in RSA will likely be drawn down by year’s end. Warmer winter means retail revenue will be down about $20M from projections. Debt service coverage is anticipated to be at or above 1.80x. The April forecast projected net wholesale revenue to track with budget. Jeff also gave a brief description on the 2015 baseline, strategic plan initiatives and efficiencies achieved.
Energy Markets & Net Wholesale Revenue:
Mike Jones gave a presentation on energy markets and net wholesale revenue. The presentation covered the utility portfolio, power marketing, wholesale markets, net wholesale revenue and financial policies and regional issues.

Mike Jones described Utility owned assets and significant long-term power contracts. A summary handout was given on some of the long-term contracts, noting City Light is a winter-peaking utility. He outlined the sources of power making up SCL’s portfolio, described the variable resources, and explained how much uncertainty is in SCL’s portfolio. Ninety percent of the Utility long-term resource portfolio is hydroelectric. Solar installations account for less than 1% of retail load and growth rate in these is tapering off. Residential demand is about 1/3 of the Utility’s load and is projected to decline gradually. Commercial demand is forecasted to grow. The 20-year average growth rate projecting for total retail is 0.5%. In the next strategic planning period, it is less: 0.3 – 0.4%. The Utility is involved in markets in California and in the western interconnect (transmission and trading hubs). Natural gas pricing nationally affects power prices. On the supply side, there is uncertainty in the generation portfolio (i.e. water levels, fish flow, gas and power prices, and availability of generators & transmission).

A panel member expressed interest in City Light’s position on the Energy Imbalance Market (EIM). Mike responded by saying SCL is doing a thorough cost-benefit analysis in the Northwest market and what is going on in the California market.

The Review Panel raised the following additional questions and comments:

- SCL should explore how load growth is changing and why
- Impact of electric vehicles should be reviewed
- How big should the RSA be in the future
- What was the discussion about options when RSA was set up—for example, buying insurance instead?
- Has SCL explored the sale of surplus power assets?
- What is the appropriate amount of surplus generation to own?
- Utility wants to protect their preferential rights with Bonneville Power and also want more transmission flexibility


The Utility is planning for these speakers and topics:
- 2 utility presenters and Rocky Mountain Institute presenter (overall trends)
- Proposed topics include changes in solar markets and integrated grid issues

Proposed break out discussions would cover the following topics:
- Emerging technology
- Workforce needs
- Social equity model
- New environmental leadership
- Customer experience

The Panel liked the proposed speaker topics and added the following:
- More “general/non-utility specific speakers” up front—not all utility insiders... ideas include:
  - Clean energy
  - Consumer protection/low income
• Needs of the hi-tech industry

The Panel supported the break-out sessions idea and suggested other topics:
• Physical asset security
• Impacts of negative load growth
  o What would drive higher load growth?
  o Relationship b/t load growth and energy efficiency as well as distributed energy generation
• Climate change and power generation challenges

Sephir Hamilton advised that the goal is to have a bigger discussion on what the utility may want to invest in for the future. SCL proposed keynote speakers provide a broad picture of where the industry is going, what the big trends are, and what is working elsewhere. For example, EPRI will offer what utilities can do from a technology perspective to accommodate future ideas. And SCL would like speakers from other utilities to address future trends in the business, from the perspective of what they have experienced already.

**Action Items:**
Maura Brueger will email the Review Panel a list of proposed attendees to invite. The Review Panel should provide feedback to Maura on the guest list.

Review Panel can also provide more input on other ideas for breakout sessions.

**Broadband**
Greg Shiring said that the study recently completed estimates that it would cost $500-600 million to deploy a broadband system in the City and 43% market participation would be needed to make the investment viable, which seems a very high hurdle. The City does not have funding to pay for the system, and would expect strong competition from CenturyLink and Comcast. Seattle IT has looked at it (the numbers don’t look good) and they’re not in a position to say this endeavor is feasible right now. At the moment, there is no final decision on how the Mayor will proceed. Greg will provide an update when more information is available.

**City’s Comprehensive Plan – Seattle 2035**
The City is required by the state Growth Management Act to periodically update its comprehensive plan. Maura encouraged everyone to look at the Seattle 2035 website [http://2035.seattle.gov/](http://2035.seattle.gov/) and participate. The basic plan is the “Urban Hub” idea and includes 4 different options. The plan must by law include a utilities component. SCL staff, including Maura and some of their engineers provided input to the plan. There is no difference in impact on SCL as between any of the 4 options under consideration. The Comprehensive Plan is not expected to impact the SCL Strategic Plan.

**Plans for upcoming meetings:**
• The next Review Panel meeting will be on Thursday, July 30th at McKinstry. There will be a reception to follow.
• The utility will get a “save the date” to stakeholders for the July 30th meeting at McKinstry.
• The utility will bring back more information on Denny in September.

**Adjournment:** There being no further business to discuss, the meeting was adjourned at 12:55 p.m.