



**City Light Review Panel Meeting
Meeting Minutes
DRAFT**

Date of Meeting: September 26, 2017

MEETING ATTENDANCE					
Panel Members:					
Names		Name		Name	
Gail Labanara	√	David Allen	√	John Putz	√
Sara Patton	√	Patrick Jablonski		Nina Sidneva (by phone)	√
Thomas Buchanan	√	Leon Garnett	√	Cal Shirley	√
Staff and Others:					
Larry Weis	√	Robert Cromwell	√	Karen Reed – Contractor/Facilitator	√
Calvin Goings	√	Leigh Barreca	√	Kirsty Grainger	√
Paula Laschober	√	Ellen Javines		Carsten Croff	√
Lynn Best	√	Tony Kilduff	√	Kim Kinney	√
Jim Baggs		Calvin Chow		Sean O’Leary	√
Bernie Ziemianek		Gregory Shiring	√	Murray Greenwood	√
DaVonna Johnson		Martha Hobson	√		

Call to Order: The meeting was convened at 11:07 a.m.

Introduction: Gail Labanara, Chair of the Panel, called the meeting to order. Introductions followed, including introducing new Panel members Cal Shirley and Nina Sidneva, and new SCL interim officer of Power Supply and Strategic Planning, Robert Cromwell.

Meeting Minutes: The meeting summary from July 25, 2017 was unanimously approved as submitted.

Public Comment: None

Chair’s Report: None

Communications to Panel: There was one email to the panel in the last month; it was forwarded to appropriate staff for response.

Other communications/update: Sara Patton mentioned here that a request to have a briefing on performance-based contracts for energy efficiency projects. Robert Cromwell and Karen Reed offered a proposal to have a broader briefing for the panel on SCL’s energy efficiency targets, programs, costs, including addressing the “MEETS” program that Sara is specifically interested in. Sara agreed with this idea and the Panel concurred they are interested in hearing a presentation on energy efficiency. The presentation will be scheduled after conferring with the staff who would do the presentation.



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Mid-year Review of City IT Consolidation as it has impacted City Light - Paula Laschober
[City Light ITD Consolidation Update](#)

Paula Laschober gave a presentation outlining the costs and service issues related to recent consolidation of department IT functions into a central IT department. Discussion questions included:

- Q: What are the City Light initiatives addressed in the IT workplan?
A: Staff will provide more detail at a future meeting.
- Q: Is DoIT response slowing down capital projects such as AMI and others mentioned?
A: Yes. DoIT does not have the capacity to respond fast enough to meet SCL's schedules.
- Q: How much of the increased cost for IT that SCL is being asked to pay is attributable to an expanded scope of work for SCL?
A: We don't know if the scope for operation and maintenance tasks is bigger or smaller.
- Q: Is there an oversight group that looks at the cost increases?
A: Paula said she could possibly check with Patti DiFazio.
- Q: Is there a service level agreement in place as the Panel had requested?
A: No. There is a published schedule identifying expectations for turn-around time on various tasks.
- Q: What is the cost impact of centralization across the City?
A: We don't know.
- Q: Do you have an internal communication system between the departments that help standardize all the systems?
A: The intent of consolidating all the resources into one department was to get more efficient use of resources. The problem is that there is not clear detail regarding the services provided to City Light in exchange for the amount of money the department is being charged.

Tony Kilduff commented that we do not know what City Light is getting for what ratepayers are supporting and this could be an audit issue. He encouraged City Light staff to bring him specific details on problems that he could then address.

Greg Shiring noted that some of the IT cost increase relates to a corresponding decrease in charges previously imposed by Finance and Administrative Services.

In summarizing challenges, Paula noted that procurement of IT equipment is particularly slow. Lack of DoIT capacity is slowing down progress on City Light projects and initiatives due to lack of assigned IT project managers. Desk top support is experiencing a 3-month delay in delivery and DoIT charges a 3.7% surcharge on everything they provide—consulting services, etc., in addition to the central overhead charges. City Light has had to add staff to meet service needs not met by DoIT; they are essentially duplicating staff in areas of project management and billing. Continued discussion questions included:



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Q: How much more costs has SCL had to add internally in response to the DoIT challenges?

A: About a million dollars. Greg pointed out that there were no additional FTEs requested by SCL for this—the services are provided by some temporary staff.

Paula noted that reporting requirements are not being met by DoIT.

Q: Are you documenting the problems?

A: Yes

Q: How much time is left on the DoIT rollout?

A: About 1.5 years left; they are mid-way through and on track with published milestones.

Robert noted that when SCL equipment fails, we've had a good response. Response has been weaker in implementing initiatives.

Q: Aren't there steering committees to help address departmental problems?

A: Yes, but they are just advisory.

Panel members expressed concern about that they heard. In order for the Panel to offer a follow-up response to DoIT, they requested information on the specific concerns raised in the Panel's January 2016 letter.

Paula will report back to the Panel with the additional information requested.

Rate Policy Options – City Light's Analysis of Options and Impacts, Draft Load Forecast Results - Kirsty Grainger [Retail Revenue and Rates](#)

Kirsty Grainger began the presentation. In response to a range of problems—declining retail sales, under-recovery of revenue targets, retail revenue volatility, growing debt burden, rate structure not matching cost structure and cost subsidies between ratepayers—the Utility is looking at ways to stabilize revenue. Options that could be considered include: More conservative forecasting, rate restructuring, unbundling and gradualism.

Staff noted that the new forecast in the near term shows continued slow decline in retail load. The new forecast will be released at the end of the year. It will include a range of uncertainty.

Discussion points included:

- Debt service costs SCL about \$300M/year, which is high for a utility of City Light's size. This burden has been exacerbated by the under-recovery of retail revenue.
- About 93% of the utility's revenue comes from energy charges.
- Lighting efficiency has recently taken about 20% off retail load.
- Net-metered solar energy provides about 1% of Utility's power.
- Connection fees are not recovering costs.
- Net metering policies in place exacerbate revenue loss.



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- The big picture strategic issue is what do we want to be in a world of declining demand?
- The future is here now: PSE and other utilities are experiencing major disruptions when large customers go off grid.
- We need an integrated discussion on rates and energy efficiency

While the Panel has been briefed on rate recovery and rate policy issues, they are not yet in a position to develop a Panel rate policy recommendation. Karen offered to develop a survey on the issues for Panel to respond to before the next meeting.

- Please provide more information on decoupling
- We seek to change behavior through rate structure. What else could we do?
- How can we respond to these ideas without more detail about how specific customer groups are impacted?
- Could we get a profile of the size and nature of the various customer groups?
- Gradualism is important.

Strategic Plan Update – Robert Cromwell [Strategic Plan Update](#)

Robert noted that there are materials in the packet on proposed strategic objectives, and staff are working on criteria to prioritize initiatives. Panel discussion on this issue will be deterred to the next meeting.

The meeting was adjourned at 2:00 pm.