



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

Date of Meeting: October 24, 2017

MEETING ATTENDANCE					
Panel Members:					
Names		Name		Name	
Gail Labanara	√	David Allen	√	John Putz	√
Sara Patton	√	Patrick Jablonski	√	Nina Sidneva	√
Thomas Buchanan		Leon Garnett	√	Cal Shirley	√
Staff and Others:					
Larry Weis		Robert Cromwell	√	Karen Reed – Contractor/Facilitator	√
Calvin Goings	√	Mike Haynes	√	Pawel Krupa	√
Paula Laschober	√	Leigh Barreca	√	Maura Brueger	√
Lynn Best	√	Tony Kilduff	√	Kirsty Grainger	√
Jim Baggs		Calvin Chow		Carsten Croff	√
Bernie Ziemianek		Gregory Shiring	√	Ellen Javines	√
DaVonna Johnson				Amy Wheelless	√

Introduction: Gail Labanara, Chair of the Panel, called the meeting to order at 11:05 a.m. and led a round of introductions.

Meeting Minutes: Karen reviewed the agenda for the meeting and noted that she and Gail proposed switching the order of the presentations at the end of the meeting that revenue sustainability would proceed the discussion of Strategic Plan Objectives. The meeting summary of September 26 was approved as submitted.

Sara Patton noted for the record that she remembers a commitment to brief the Panel on the MEETS program in October and reiterated her request that this issue be brought to the Panel soon. Gail noted the strategic plan remains the Panel’s top priority in terms of scheduling time. Maura Brueger noted that the Utility is seeking to expand the MEETS program and that discussion is on a faster track than the strategic plan; a briefing is being developed now for the Council Committee overseeing City Light. Karen asked that the Panel be provided with the briefing when it is ready.

Public Comment: None

Chair’s Report: None

Communications to Panel: There was one email to the panel about a bill issue – staff have responded.

Other communications/update: None



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

Review Panel Mission and Role Re-cap, Strategic Plan Scope; Goals and Process Re-cap – Karen Reed [Excerpts of City Council Ordinance 124740](#) / [October SCL Panel Plan Overview v2](#) / [Priorities for the Panel](#)

Karen noted this item was suggested by Robert Cromwell in the interest of level-setting now that we have two new members. Tony Kilduff shared the history and goals of the process with the Panel. Greg Shiring stated the importance of the Panel to the Executive Branch.

Discussion points included:

Q: What metrics show that the Panel is successful?

A: With the exception of a rate design proposal, the Council has approved all three strategic plans (the original and two updates).

Karen reviewed proposed Panel subject matter items in “tiers” of importance per discussion with Gail and Patrick. The priority is: (1) completing review and input on the strategic plan; (2) addressing any impacts of the updated retail demand forecast; (3) rate policy and rate design; (4) utility of the future; and (5) other issues as time permits.

Q: What is the linkage between the strategic plan and the Integrated Resources Plan (IRP)?

A: The IRP is overseen by a separate citizen group and subject to a separate statutory timeline. The Utility is long on power so the implications are not as immediate for the strategic plan.

- MEETs seems to be a Tier 1-3 issue
- Concern expressed that we are not doing enough to address the Utility of the Future issues.

Strategic Plan Over, Status, Calendar – Leigh Barreca [SCL Panel Work Plan Excerpt](#)

Leigh Barreca gave a PowerPoint presentation that included an overview of the strategic plan process and work plan. The timing of the strategic plan delivery to Council is very important, in that it separates the discussion of rates from the regular budget process and ties the rate discussion to outcomes. The Utility has received some initial information on the customer survey and key account interviews; they will report back in November and January on the full final results. In response to a request from a Panel member, ***the Utility will email out to all the dates/times and locations of the stakeholder forums***—Panel member are welcome to attend and observe these.

At this point the group took a short break.



City Light Review Panel Meeting
Meeting Minutes
DRAFT

Path to Revenue Sustainability – Paul Laschober [Path to Revenue Sustainability](#)

Paula Laschober presented a PowerPoint that re-capped the revenue shortfall issues and their sources. She reviewed the rate impact of the Utility issuing debt in response to the shortfall in revenue, noting it adds about 1.4% to rates in 2018 and then the rate impact continues for many years, but at a lower level; the Utility typically issues 30 -year debt. Paula then shared a recommended rate design approach that the Utility believes will reduce volatility in revenue recovery; the Utility calls this a “transparency” approach to rate design. Discussion points included:

Q: When will the updated forecast be completed?

A: December

Q: What is the retail demand path going to look like going forward?

A: Flat to down in the future.

Q: Is the residential load forecast the major problem?

A: Yes. Fifty seven percent (57%) of the shortfall is in the residential load. The commercial load forecast has been more accurate. Residential load is expected to continue to decline per household.

Q: What is the magnitude of the revenue shortfall experienced in recent years as compared to total revenues?

A: About 4% a year.

Q: How much does the Utility spend on energy efficiency?

A: About \$50M a year. With one exception, the Utility has always met or exceeded its energy efficiency targets, which currently are 14 average megawatts.

Q: How many of the residential ratepayers actually limit their power use to just the first block?

A: Only about 10-20%.

Q: How is the 2nd block priced as compared to marginal cost?

A: The second block of residential power was initially priced at marginal cost but is now considerably higher than marginal cost, which exacerbates the income impact of any residential demand shortfalls.

Q: How much debt does the Utility have now and how much higher is it than what the rating agencies would like to see?

A: The Utility has about \$2.4 billion in debt outstanding. The Debt to capital ratio target is 60% - 40%, e.g., the goal is to fund 60% of capital by debt and 40% by cash. The Utility has not been able to achieve this target for the last couple of years—they are closer to 35% cash funding.

Q: How does the Utility decide whether to issue debt or scale back expenditures?

A: Each director looks at this issue each year and carefully analyzes impacts.

Q: Is the “rate transparency” proposal a rate design proposal?

A: Yes.



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

A change like that proposed in the “transparent” model will be very difficult to communicate to the public—it will require clear communication.

Q: What’s in the public benefit charge?

A: Costs of the Utility Discount Program for low income residents and costs of conservation programs.

Using the word “transparent” here doesn’t make sense; it’s more of an unbundled rate design approach.

The “transparent” proposal seems to eliminate the cost signal to conserve and will be a concern for the environmental community.

It’s an interesting proposal that we need to hear more about.

Presentation and Discussion: Strategic Plan Priorities and Proposed Objectives – Leigh Barreca [SWOT Draft v.4.7.17](#)

The Panel was asked to provide input on the proposed objectives for the 2019-2024 Strategic Plan. In discussion, Panel members offered the following suggested additions and revisions (presented below by Priority):

Priority: Improve Customer Experience and Rate Predictability

- Initiative suggested to improve reliability and speed of customer hook-ups.

Priority: Increase Workforce Investments and Safety Practices

- Add an objective or initiative to ensure competitive salaries for employees (part of being able to retain a high-performance workforce)
- Add an objective to improve resiliency to natural disasters

Priority: Enhance value to customers through organizational performance

- Add “monitoring” to the objective about improving alignment with the changing energy market.
- Add an objective about ensuring the Utility is cost competitive, prudent in making expenditures
- Add an objective about exploring new revenue opportunities (e.g., leasing equipment)

Priority: Provide strong environmental stewardship and leadership in clean energy solutions

- Programs to promote efficient use of clean energy should be expanded beyond “customer programs”—there may be actions the Utility could take with respect to its own transmission and distribution systems to advance efficiency *by the utility and its customers*.

The meeting was adjourned at 2:05 PM