



**City Light Review Panel Meeting
Meeting Minutes**

**Date of Meeting: January 18, 2023 | 9:00 – 11:00 AM |
Meeting held in SMT 2821 and via Microsoft Teams “Final”**

MEETING ATTENDANCE					
Panel Members:					
Names		Name		Name	
Anne Ayre	√	Leo Lam		John Putz	√
Mikel Hansen	√	Kerry Meade	√	Tim Skeel	√
Scott Haskins	√	Joel Paisner		Michelle Mitchell-Brannon	
Staff and Others:					
Debra Smith	√	Jen Chan	√	Julie Ryan (Consultant /RP Facilitator)	√
Kirsty Grainger	√	Mike Haynes		Craig Smith	√
Jim Baggs		DaVonna Johnson		Michelle Vargo	√
Kalyana Kakani		Emeka Anyanwu		Maura Brueger	√
Julie Moore	√	Chris Ruffini	√	Leigh Barreca	√
Greg Shiring	√	Carsten Croff	√	Angela Bertrand	√
Eric McConaghy	√	Caia Caldwell		Brian Taubeneck	√
Robert Shelley (Piper Sandler)	√				

Welcome and Introductions. The meeting was called to order at 9:05 a.m.

Public Comment. There was no public comment.

Standing Items:

Chair’s Report. Mikel Hansen expressed appreciation for the panel charter refresh and the staff’s responsiveness to the panel.

Review Agenda.

- a. Recap of meetings with panel members – Leigh Barreca thanked the panel members for taking part in individual meetings with her and Julie Ryan. Leigh shared a high-level recap of key themes from the meetings.
 - a. A utility glossary is included in the materials
 - b. An updated workplan is included in the materials
- b. Review Panel charter refresh – Julie reviewed the Review Panel charter and discussed panel member roles and responsibilities.

Approval of Nov. 22, 2022, Meeting Minutes. Minutes were approved as presented.

Communications to Panel. Leigh reported that no emails were received.



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General Manager's update.

1. Arrearage Funds - As of Dec. 20, City Light staff had applied all \$9,756,647.05 of Washington State COVID Arrears funding to customer accounts. In total, 16,891 accounts received this one-time assistance. We prioritized the distribution based on customers participation in other assistance programs: LIHEAP, UDP, other bill assistance, Recovery 3 Payment Arrangements, short-term pay plans.

2. Year in Review -

After a few tumultuous years, 2022 felt like a step in the right direction and there was certainly plenty to celebrate. As we look ahead to an even brighter 2023, here is a sampling of the milestones, achievements, and accolades Seattle City Light marked in 2022.

- a. **Transportation Electrification**: Electrification was certainly a huge theme for City Light in 2022. We started off the year by completing our Electrification Assessment with industry-leader Electric Power Research Institute (EPRI). This work will help us better understand our energy needs as we tackle the electrification of buildings, transportation, and commercial and industrial applications.
 - i. Metro Charging Facility - In March, we were on hand to celebrate the opening of the Metro Transit South Base charging facility for King County Metro's new fleet of all-electric buses. These buses went into service that very day, supporting our efforts to provide accessible electrified public transit and help reduce air and noise pollution in communities that are most impacted.
 - ii. Curbside Charging - Last summer we began taking requests from residents asking where they would like to see curbside electric vehicle chargers installed in their communities. Following extensive media coverage, we received nearly 2,000 responses and identified 30 pilot sites to install Level 2 curbside chargers in early 2023.
- b. **Working with our community**: In 2022 we established and participated in a number of efforts to further strengthen our connections to our community.
 - i. Social Responsibility Program- As a local, not-for-profit, public utility, social responsibility is at the core of everything we do. The program shares the stories of City Light employees who give back to their communities. Our employees participated in Seattle's Pride parade, adopted highways, helped build homes, and much more.
 - ii. Training Future Leaders - In April, we hosted 16 middle-school students and their mentors from SPIN Girls, a leadership program that provides immersive STEM experiences, for a STEAM in Power Workshop. Women from across the utility introduced participants to science, technology, engineering, arts, and math (STEAM) fields through hands-on activities at our South Service Center.



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- c. **Awards Received** – We were proud to be the recipients of two industry awards/rankings last year.
- i. JD Power - In November, J.D. Power bestowed City Light with the highest business customer satisfaction index score of any midsize electrical utility in the Western United States. The recognition is a testament to the work of countless City Light employees who make it their mission to be a champion for the customer every day.
 - ii. Escalant - In addition, City Light was recently named a 2022 Escalant Business Customer Champion, topping the Western region with the highest Customer Engagement Benchmark Performance index score (847) of any utility in the country regardless of size.

We thank our employees, community partners, Review Panel members and customers who create a shared energy future. Here's to an even better and brighter 2023.

Q: Do you know how the existing chargers are being used?

A: Transportation electrification program manager, Angela Song provides an update, and we'll bring that back to you in the future. Two of our stations are out of service due to vandalism. Electric Utility vandalism is up nationwide, so this is not a Seattle crime problem, but a larger issue.

Strategic Plan. Leigh introduced the Strategic Plan status topic, Future Financial Health & Affordability, and debt strategy. This is a continuation of the presentation that occurred in November. The presentation is in meeting packets.

Carsten Croff and Rob Shelley from Piper Sandler presented on City Light's debt strategy. Consistent with the financial policies the debt strategy is to use more conservative financial targets to ensure there is adequate funding for capital projects.

Q: Is this level of debt sustainable? How much of every dollar goes to debt service?

A: We track debt as a percentage of total assets. We also track how load has been declining, but customer count is growing. Also, we track debt cost as a percentage of the total costs. (The Panel member requested a ten-year history showing the debt portion of the total costs, which Staff will provide.)

Q: What are the future capital investments that will be required beyond the 10 years shown?

A: We will talk about capital investments as a part of the "We Power" strategy presentation in June.

Q: I would be interested to hear about the retail sales projection.



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A: We'll be updating our load use model in preparation for next year's strategic plan update, which can be brought the Panel in late Q3/early Q4.

Q: Are city taxes included in the 1.8x DSC ratio?

A: The DSC ratio in the Debt Strategy is before city taxes.

A: Municipal utility bond contracts require that transfers to the general fund or payment of city taxes, are made after debt service is made. Sometimes we look at DSC ratio with city taxes because the credit rating agencies look at this measure both with and without the city tax or general fund transfer. They understand municipal utilities will endeavor to pay the city taxes unless something unusual occurs.

Q: Could you give us rationale again for raising DSC target?

A: An additional 0.2x coverage is fiscally more conservative. It provides ~\$50M more cash to fund CIP. While this increases retail rates, it provides capital needed for system investment. Additionally, more cash means less debt will have to be issued.

A: The increase will give us a buffer against unknown expenses that could relate to inflation risk, unplanned expenses, and supply chain impacts.

A: In the past, we often have not met the 1.8x target or 40% cash target. The Debt Strategy is to raise the target to 2.0x, and for 1.8x to be the minimum in any given year. Similarly, the strategy is to make 40% cash target the minimum.

Q: Having another longer-term objective around debt level might be beneficial. Maybe it is debt to revenue target or debt as a percentage of the customer rate.

A: It is important to understand that while reducing the Debt Service Coverage ratio can help keep rates low, it has negative long-term impacts. Without adequate capital, City Light cannot maintain the system, which negatively impacts reliability and service.

A: If you wanted to make sure the percent of bill that went to debt stayed stable, you would keep the debt service coverage ratio stable. Together, the debt service coverage ratio and leverage ratio would give you the view you're looking for.

Q: At a high level, how does SCL compare to peer utilities?

A: City Light ranks well next to peers. There are some measures where City Light is at the low end, so there is room to improve. As a whole, City Light is very strong.

As the meeting closed, City Light explained the next step will be to document the recommended debt strategy in a white paper which will be completed in the coming months. The recommendations will then become an appendix to the Financial Forecast in the 2025 – 2030 Strategic Plan update.

Adjourn: Meeting adjourned at 11:04 a.m.

Next meeting: Feb. 15, 2023, 9:00 – 11:00 a.m.