**Date of Meeting: May 1, 2015**

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| **MEETING ATTENDANCE**  **Panel Members:** | | | | | |
| Name |  | Name |  | Name |  |
| David Allen | x | Julie Ryan | ✓ | Eugene Wasserman | x |
| Tom Lienesch | x | Sue Selman | x | Sara Patton | ✓ |
| Chris Roe | x | Eric Thomas | ✓ | Gail Labanara | x |
|  |  |  |  |  |  |
| **Staff and Others:** | | | | | |
| Sephir Hamilton | x | Greg Shiring | ✓ | Kim Kinney | ✓ |
| Maura Brueger | ✓ | Tony Kilduff | x | Mike Jones | ✓ |
| Jeff Bishop | ✓ | Calvin Chow | ✓ |  |  |
| Paula Laschober | ✓ | CM Sawant | x |  |  |
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Call To Order:

The meeting was called to order at 12:15 p.m.

March 24, 2015 Minutes:

There were only three panel members in attendance so it was agreed to defer to the next meeting for a vote on passing the 3/24/15 meeting minutes.

Public Comment:

None

Chair’s Report:

Julie Ryan reported that she will be giving a Review Panel Update Report at the May 27th Energy Committee (EC) Meeting.

Julie also advised she’s been invited to participate on the Search Committee for the new General Manager and will keep the Panel advised of the process. Sara Patton commented that in the past, the advisory board was part of the final interview panel. Julie will mention the prior process to the Selection Committee advising that this Review Panel has asked to be engaged and have input into the process.

Julie thanked Greg Shiring for finding some great candidates interested in being the moderator for the Review Panel. She announced that Karen Reed will be coming back to moderate the Review Panel meetings starting in June. Until Karen can join the meetings, Calvin and Greg will help in capturing discussion points, creating agendas, etc.

Julie addressed setting a standing meeting time for the Review Panel Meetings. Sara Patton and Eric Thomas confirmed that the 1st or 2nd Tuesday of the month would work for them.

2014 Strategic Plan Results:

Jeff Bishop gave a presentation on the 2014 Strategic Plan Results (report focused on end of year results at December 31, 2014).

* Denny Substation:

The substation design was completed on time in March 2015. They plan to energize by June of 2017.

* New Customer Billing System:

This initiative is to improve customer service. Jeff advised that the solution City Light will go with is Oracle PwC. The group asked about the LADWP billing system problems in which PwC assisted, but Jeff said the utility has contacted LA to investigate their PwC issues. City Light is actively working mitigation issues with PwC to make sure that the right team is working on our account. LA had some change management matters that added layers of complexity and resulted in some of their problems. City Light decided to add another 6 months of follow-up service from PwC to ensure that any of those issues can be mitigated.

Q: How will the new system look to our customers?

A: There will be a customer portal for customers to look online and get information. The goal is to make sure that customers get a good solid experience and don’t get confused when entering the portal.

Q: Is there going to be a test period?

A: Yes, there will be a 2 month test period.

* Technical Training Center:

Q: What are the implications of this initiative being delayed by two years?

A: No significant impact to reliability. This site is on the Duwamish site. This was an area set aside for substation expansion and there will be mitigation efforts performed. They are taking some wetland from the area but adding improvements to the site.

* Utility Discount Program (UDP):

The goal is to have 28,000 customers signed up by 2018. We’ve brought on additional resources to get more enrollments. The question was raised if City Light staff were the people doing the energy audits.

**Action Item:** Jeff Bishop will check to see if Centerstone is involved.

**Action Item:** Sara Patton said she will check with Craig Smith to see if the audit work was being contracted out.

* Financial Forecast:

Jeff spoke on the financial forecast saying that there has been a steady improvement in net income over the course of time. In 2014, SCL exceeded the Net Wholesale Revenue (NWR) target.

**Action Item:** Julie Ryan asked Mike Jones to provide an overview at a future Review Panel Meeting on NWR and load forecasting.

There was discussion on what kind of depth the Review Panel would want on the wholesale discussion. Recommended items were things like what are the major trading locations, what other market participants are there, what are the differences between the wholesale and retail market, what drives prices in the power market, SCL’s net position, the primary drivers to net wholesale revenue, and details about the EIM and how it affects the utility.

**Action Item:** Julie will talk to SCL management to refine the information that would best give the Review Panel an overview of the wholesale market.

Jeff summarized that wholesale power prices are relatively low. In 2014, SCL proposed an ordinance with respect to the RSA to hold off returning the surplus reserve because we expect to see a reversal. The water surplus is occurring earlier in the season this year, when prices are low and SCL expects to have less hydro in the later summer months.

The group spoke about risks inherent in large industrial load and pointed to the tunnel boring delay in the City and how it’s a good example of why big industrial loads can have a heavy impact. They can change load forecasts and it is very hard to capture the magnitude of the risk factor when something like this is unknown.

Jeff said that Rating agencies look at the liquidity picture and the RSA is included in liquidity. There is some value in that for the rating we get from the bond agencies. We want to make sure we keep our costs as low as possible. He noted there is a cost associated with it if that goes away.

* Jeff reviewed the information on the 2014 progress the utility has made on the strategic plan. He explained the deliverables on the baseline assumptions, initiatives and efficiencies achieved in 2014. They are holding staffing to 1811 authorized positions (plus 24 for new strategic initiative positions). For compliance, Jeff said there two violations identified in the CIP requirements, both which have been mitigated.

**Action Item:** Jeff will check to see if any of the noted violations were of a material nature.

Q: How is the utility doing in attracting and retaining workforce?

A: Jeff replied referencing an example within our IT department. We’ve got a number of different IT companies in the area which brings on challenges in which the level of compensation, the benefits, and the turnaround time for hiring, has not been working in our favor. We do want to look at putting together more attractive hiring packages.

The Cornerstone Talent Demand system is used more for tracking and signing up for soft training. The more important lineworker training and specialized training are not handled by our Cornerstone modules.

The Panel asked for a briefing on SCL’s progress on safety initiative.

**Action Item:** Jeff will bring to a future meeting some of the metrics outlined in our Organizational Goals – TRR and vehicle accidents are a few examples of the metrics the Panel is interested in.

SCL’s Baseline Budget

Paula Laschober presented information with respect to City Light’s baseline budget. She reviewed the financial assumptions behind City Light’s 2015-2020 strategic plan update. She reviewed the capital plan showing the major categories of transmission, distribution, external projects and central utility projects. They were divided into blocks to show the magnitude of the big block items. She reported SCL has seen a huge increase in service connections. SCL has a Council approved financial policy of a debt service coverage ratio of at 1.8x.

Operating Efficiencies:

Jeff presented information on the six year strategic plan efficiencies. In 2011, UMS did a benchmarking study which compared City Light to others in the utility industry on the T&D and the generation side. They produced a report with ideas that could help improve efficiencies at the utility.

Jeff explained that the utility is looking at delivering on the $18M in 2015 but may come in short by $6.9M. The $18M efficiencies is a challenging goal given the labor contract changes and business process changes that are required. He added that the utility will continue to vet out further operational efficiencies.

Plans for upcoming meetings:

• The Review Panel will take a vote on passing the 3/24/15 meeting minutes at the 5/27 meeting.

• The group will talk about Financial Policies at the 5/27 meeting.

• Please send in any of your interim questions to Julie Ryan.

Adjournment:

There being no further business to discuss, the meeting was adjourned at 3:15 p.m.