



**City Light Review Panel Meeting
Meeting Minutes**

**Date of Meeting: October 26, 2021 | 9:00 AM – 11:00 AM |
Meeting held 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	√		
Staff and Others:					
Debra Smith	√	Jen Chan	√	Karen Reed (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	√	Chris Tantoco	√
Greg Shiring	√	Carsten Croff	√	Leigh Barreca	√
Eric McConaghy	√	Toby Thaler	√	Angela Bertrand	√
Brian Taubeneck	√	Julien Loh (guest)	√	Namura Nkeze	√

Welcome\Introductions. The meeting was called to order at 9:04 a.m.

New members were welcomed. All attendees introduced themselves.

Public Comment. There was no public comment.

Standing Items:

Review Agenda. Karen Reed reviewed the agenda.

Approval of September 22, 2021 Meeting Minutes. Minutes were approved as presented

Chair’s Report. No report.

Communications to Panel. Leigh Barreca shared that there was one email addressed to the Panel. This was an inquiry about the status of filling the Low-Income Advocate Panel position. Leigh responded to the inquiry that this was still in process and was being actively attended to. Leigh also provided the citizen with the solicitation for the position that was used in City Light’s public media channels.

Panel Member Recruitment. We have one Panel vacancy, the Low-Income Advocate. Leigh has been in touch with a contact referred by the City Light Customer Experience Program Manager,



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Zana Jones. The contact, Teresa Everett, is the Resource Development Officer for the Atlantic Street Center-- a Seattle non-profit social service agency that serves children and families. Ms. Everett is confident that she can find us a panel candidate for this important position. Leigh will continue working with her until the position is presented to the MO and Council.

General Manager's update. Debra Smith presented.

- Covid Update –
 - Current situation: A week ago today was the deadline for employees to submit vaccine verifications or vaccine exemption requests. Approximately 80 submitted an exemption request. There is an accommodation process for medical exemptions. Most of what remains are religious exemptions. Only four people chose to do nothing.
 - Vaccine mandate impact: There were no impacts to response time during the weather event this weekend. Our biggest risks are out at the Boundary project. Four out of seven operators did not fulfill the vaccine requirement. We are running the 24/7 facility with three operators. We are also monitoring Skagit. It will take us through December to work through the mandate process due to the letters of agreement with our labor partners. Some employees have decided to become vaccinated; they are unable to work until they complete the vaccination cycle.
- Customer Satisfaction Survey: Yesterday we completed the fielding of our customer satisfaction survey. We did one targeted fielding and one open link. The two will be analyzed separately. This will provide a great baseline as we move towards doing this every other year, alternating with an employee survey in the off years.
- Visit to Skagit Area Tribes: Things continue to go well with relicensing. We are at the very beginning of the settlement process. This is a normal part of the process, but outside of the FERC process. This involves one-on-one conversations with the tribes. Last week the Mayor, Debra, and a few other staff went to meet with two tribes---Swinomish and Upper Skagit. We continue to have struggles with Skagit county. The media is working on a story about our third-party evaluation for our green power certification.
- New Market Transformation – Emeka shared a short presentation. City Light went live in the Western Energy Imbalance Market (WEIM) in April 2020. The three primary benefits are decreased carbon emissions, enhanced reliability, and cost savings. We leveraged the WEIM for various events since joining, such as the heat event in June of this year. There are a few regional market concepts that are in discussion. It is mainly a question of when, how, and what sort of incremental steps we may want to take along the way. Our participation is not an indication of a decision, it is to ensure our seat at the table as they're being discussed to make us informed decision makers.

Q: How much have you reduced reserves? **A:** The reduction in reserves that has occurred has happened on a broader scale.



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Q: Is there a variance in possible benefit based on high vs. low load participants? **A:** It isn't necessarily a question of load, but of mix. We have typically had a surplus; our benefit would be different than someone who relied on the market or expiring PPAs (power purchasing agreements.) We live in a transmission constrained region, so it can be hard to move the power to where it is needed. Regionalization can maximize efficient transmission. Skagit operates dispatchable energy – we hold a pool and release it as needed. This allows us to share that dispatchability to maximize renewables.

Q: Do you have concerns that CAISO is trying to get their hands on NW's flexible resources without paying for flexibility? **A:** That is why we are participating in any and all efforts. We are saying that a market will serve the west and the time is right to move that forward. Ultimately, we will need to decide for City Light. Once we see what that market is, we can make a decision about risk for ourselves. Different entities have different motivations. We also benefit from taking advantage of California's solar resources.

Long-term Debt Planning

Kirsty Grainger presented. The presentation is in the Review Panel packet.

Q: Does this mean the cost to serve load is going up as well? **A:** Yes. This is why our rates have been going up faster than inflation. As customers use less of our product the infrastructure needs do not decrease. We may need to sell less of a more expensive product to a more diverse customer base.

Q: You have committed to rates only growing as fast as inflation. Does this mean debt will continue to grow? **A:** Yes. That is our challenge in a nutshell.

Q: Looking at the financial statistics, they look good and it's hard to judge in a vacuum. For me to offer reasonable inputs I would like to see the split between new and existing resources. What percent of resources is going to each? Are the dollars sufficient to support existing assets? What is the risk of a big wave of needs? Which project do you select when you hit a resource constraint and is the bond/cash financing set project by project? **A:** When City Light sells bonds, we don't tie them to specific projects, but to our capital program as a whole. While it makes sense conceptually to fund some projects with cash and some with debt, that is not how we have made decisions. There is a lot of programmatic work (lots of little jobs) in our capital budget.

Q: Is there a long-term analysis you can do to evaluate the risk for various financing strategies?
A: We will bring this to the next meeting

Q: Can we get more context in what the fixed assets are. Does it add to resiliency for climate change? **A:** Yes, we will bring this and a long-term analysis to the next meeting.

Q: Is City Light considering a new strategy that capitalizes on energy efficiency through GEBs (Grid Interactive Efficient Buildings) or the stacking of other distributed, behind the meter



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resources. **A:** We are not considering any new strategies with regards to GEB at this time. Our answer to many of these questions is the same. Traditionally you match long term assets with long term debt and rate-fund short term investments such as IT. We don't do it that way. We are fairly highly leveraged and need to take that into account as we look at our future options. We are working on raising debt service coverage while also pulling back on rates to move towards a better matched strategy. Some of our assets are intangible, such as energy efficiency.

Q: What is the reason for higher leverage? **A:** We own two large hydro projects and the downtown network. We have more assets than other utilities with a similar load. We also serve an urban employment hub, and we spend a large amount on conservation work.

2023 – 2028 Comprehensive Planning schedule

Leigh presented the schedule of Review Panel meeting topics and activities that will contribute to the development of the 2023 – 2028 Strategic Plan and City Light 6-year rate path. The schedule is in the Review Panel packet.

Adjourn: Meeting adjourned at 10:55.

Next meeting: November 23, 2021.