



**City Light Review Panel Meeting  
Meeting Minutes**

**Date of Meeting: September 22, 2021 | 1:00 PM – 3:00 PM |  
Meeting held via Microsoft Teams “Final”**

<b>MEETING ATTENDANCE</b>					
<b>Panel Members:</b>					
<b>Names</b>		Name		Name	
Anne Ayre	√	Leo Lam	√	John Putz	√
Mikel Hansen	√	Kerry Meade	√	Tim Skeel	√
Scott Haskins	√	Joel Paisner	√		
<b>Staff and Others:</b>					
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	√
Joel Ohringer	√	Julien Loh (guest)	√		

**Welcome\Introductions.** The meeting was called to order at 1:04 p.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 June 17, 2021 Meeting Minutes.** One correction was made to the minutes, Leo Lam was not in attendance. Minutes were approved as revised.

**Chair’s Report.** Mikel Hansen reported that the presentation of the Review Panel’s Strategic Plan letter to the Council Committee in July was a great process. The Review Panel is definitely not seen as a rubber stamp group and the City Council very much appreciates our input. Mikel encouraged the new Panel members to be vocal about their thoughts and questions.

**Communications to Panel.** Leigh Barreca shared that there was one email addressed to the Panel. A request came in requesting that service be disconnected for a property that is technically vacant, as one of the homeowner’s recently passed away this month and the other homeowner is in hospice. The request came from the legal guardian of the homeowner in hospice. However, the



## City Light Review Panel Meeting Meeting Minutes

property is being occupied without permission by the homeowner's two adult sons. The legal guardian indicated that is in the process of eviction and would like to turn off the utilities.

According to Customer Operations division director, Marcus Jackson, the utility does not get involved with these types of issues. City Light does not want its action of shutting off the electric service to be used to force the occupants out of the property. SCL's position is to let the eviction process play out with the guardian, and once the property is vacant, she can request for the electric to be shut off and have the meter removed as the Electric Service Representative suggested to the customer. The customer has been notified of this position.

**Panel Member Recruitment.** We have one Panel vacancy, the Low-Income Advocate. City Light has posted several requests for applications, and Leigh has reached out to numerous partner agencies. We would be happy to get any suggestions for this position that Panel members may have.

**General Manager's update.** Debra Smith presented.

- Skagit Relicensing – SCL proposed creating a new \$2M fund to support endangered fish species in the Skagit watershed and it was approved unanimously by the City Council. This funding is designed to help through the planning phase and will allow us to partner with others doing work in the area. There will be a group of license participants that will make decisions on which grants to fund. SCL is now focusing on completing the science studies approved by FERC's. The relationship rebuilding we have committed to is going well. There are three primary tribes that are a party to the relicensing, the Upper Skagit, Swinomish, and Sauk Tribes. Relationships with the first two are improving. However, a second piece of litigation has been filed by the Sauk. Third piece of litigation is from the Skagit County.

**Q:** When will the current license expire and how long will the new license be in affect? **A:** The current license expires on May 1, 2025. Our current schedule has us submitting the relicensing application on May 1, 2023. This date may be impacted by the scientific study process. The length of this license has not been decided. Licenses typically last for 40+ years.

- Renewable Plus – Emeka will speak to this soon. It's a product specifically for our large commercial customers, such as Climate Pledge Arena, that want to fund new renewables in the area. This was also approved by council on Monday.
- Covid Update –
  - Current situation: Official return to office date for teleworking employees has not changed from October 18. This intentionally aligns with the vaccine mandate date.
  - Vaccine mandate: This is contentious and is an incredible amount of work to manage vaccine and exemption status for 13,000 city employees. The most recent numbers from today is 772 out of about 1,700 City Light employees have completed their vaccine confirmation process. We have 19 employees asking for medical exemptions and 82 asking for religious exemptions. These will go through an anonymous exemption process, and, if approved will be followed by an accommodation discussion with the employee.



## City Light Review Panel Meeting Meeting Minutes

- Return to office: Staff have submitted their return to office hybrid plans. We are waiting the impact discussions with the labor unions to make final decisions. It is challenging to balance the needs of the 50% of the staff that have been coming in with the 50% that have been teleworking, particularly as children cannot be vaccinated. We were not given specific guidance around what hybrid looks like. We asked staff to come in two days a week – but this was not a mandate. We are also starting to have conversations about how supervisors can manage employee performance from a distance.

**Q:** What mandate are you referring to? Are you following the State's mandate? **A:** Yes, the City and County are in alignment with the mandates issued by Governor Inslee. The City is currently working through mandate issues related to contractors doing work for us.

**Q:** Will testing be available as an accommodation? **A:** I don't believe the City will include that as an accommodation option. The frequency of testing needed to use this as a preventative measure makes it challenging to implement.

**Q:** Are you regulated by OSHA? **A:** No, we are under state Labor & Industries.

- Clean Energy Grants – Emeka Anyanwu presented. We are very happy that this passed the Council and are excited to launch this program for customers who want to impact the regional fuel mix. Four projects received funding. There are two tracks: the first is pre- design work; the second is design and development. In the design and development track, the grants are (1) a second use for electric vehicle batteries to extend their life, and (2) battery energy storage at the Coleman Dock to support Washington State Ferries as they move towards an electric fleet. We were tied for the most projects accepted with four. These are strong partnerships that are helping us define our energy future.

**Q:** How do these grants impact our revenue requirements? **A:** We don't know the full scope as these are developed in partnership with the other organizations. We will have more information in about a month. The four grants allocated a total of \$1.3M from the State Dept. of Commerce.

### Mid-year 2021 Financials

Kirsty Grainger presented. The Financial Highlights document is in the Review panel Packet. Thus far in 2021, the financials are at or better than planned. We made this budget knowing it would be a tough year and we are pleased with how it's going. Due to much less net wholesale revenue coming in than budgeted (due to drought conditions), we may need to restore the RSA (Rate Stabilization Account) surcharge this fall but we are looking for strategies to avoid needing to do this.

**Q:** Looking back, do you bump up against the 1.8 Debt Service Coverage target frequently? **A:** We used to shoot for 2.0 but reduced it after the last recession.

**Q:** Is there a simple summary of the kind of financial options you're looking at to avoid reimposing the RSA surcharge? **A:** Once we have concurrence with the Mayor's office we would be happy to share that.



## City Light Review Panel Meeting Meeting Minutes

**Q:** Given climate change, the drought condition is likely to be cyclical. Are you building resilience to weather those kinds of conditions? **A:** Yes. On both our hydro side and electrification side. Our Rate Stabilization Account (RSA) is our primary risk management tool. We budgeted \$60M for surplus power sales this year; in future years, the budget target will be \$40M.

**Q:** You covered the accounts receivable issue previously. As the moratorium is extended, are you looking at how you will set your guidelines in the future? **A:** Chris Ruffini responded. We have done a couple of things this year. We have expanded our emergency assistance programs and raised it from \$400 onetime credit to two \$500 credits. We also are getting close to releasing federal assistance funding later this month. We are working on a program called Road to Recovery. People will make applications and either apply funds for their arrearages and/or create payment arrangements. We have loosened our restrictions around payment arrangement terms to give customers extra time to get caught up. At the beginning of the pandemic there was a jump in accounts receivable, but it has been fairly stable since then. It looks like there are a handful of customers out of our total 600,000 that are continuing to struggle. It feels manageable.

**Q:** To get a better picture, what is the monthly revenue of SCL? **A:** About \$1B over 12 months.

Carsten Croff presented the most recent load forecast. The forecast is in the Review Panel packet.

**Q:** For the load forecast, is it different from what the utility was expecting four years ago? **A:** Yes. The data in this presentation shows a comparison to the forecast made at the end of last year. We'll give you more of picture of the historical trend when we come back to give a detailed presentation on this as part of the strategic planning process. Since 2007, we have seen our load drop because of our cumulative investment in energy efficiency, and we are starting to see an increase coming from electrification-- not necessarily from people's cars but from transit commercial electrification.

### Debt Strategy Introduction

Carsten presented. The presentation is in the Review Panel packet.

**Q:** Since there is an interplay between coverage and Cash funded CIP, how do you decide that interplay for a typical year? **A:** We don't decide it for a typical year, but we do decide it for a segment of years. We wanted to fund more CIP from our rates, so that effects a longer-term strategy but not on an individual year.

**Q:** Are numbers adjusted for inflation? **A:** The amounts are adjusted, but the \$340 is just an average in today's dollars.

**Q:** Are there strategies you can deploy to get closer to the debt service coverage and cash funding targets each year? **A:** There are ways to micro-manage debt service for a particular year, though we try to avoid that.



## City Light Review Panel Meeting Meeting Minutes

**Q:** Can you explain how the target works? The hypotheticals show cash funding well over and under the target—is the target binding? **A:** The 40% is a target amount. If we wanted to target exactly 40%, we might need to move our debt service coverage up and down. Stable rates and stable coverage are a higher priority than precisely meeting the target or debt service amount.

**Q:** Do you have formal debt service coverage legal obligations? If so, what is it? **A:** Yes. Our bond covenants commit us to a debt service coverage rate of 1.25 rather than the 1.8 target.

**Comment:** This was great grounding, and it doesn't give answers to specific debt strategy. **Response:** There are several large building blocks of cost we are still establishing that will need to be set before we can choose a strategy, including the cost of Skagit relicensing and advancing Automated Metering Infrastructure (AMI). We may not be able to choose a debt strategy until those things are completed, however, we can develop alternatives, we wanted to present some foundational material to you today knowing there were several new members. We will prepare a follow up discussion for a future meeting.

**Adjourn:** Meeting adjourned at 3:03 PM

**Next meeting:** October 19, 2021.