



City Light Review Panel Meeting Meeting Minutes

Date of Meeting: March 12, 2019 | 11:00AM – 2:00PM | SMT32

| MEETING ATTENDANCE | | | | | |
|---------------------------|---|-------------------|---|---|-------|
| Panel Members: | | | | | |
| Names | | Name | | Name | |
| Gail Labanara | √ | David Allen | √ | John Putz | Skype |
| Sara Patton | √ | Patrick Jablonski | √ | vacant | |
| Thomas Buchanan | √ | Leon Garnett | √ | vacant | |
| Staff and Others: | | | | | |
| Debra Smith | √ | Paula Laschober | √ | Karen Reed (Consultant /RP Facilitator) | √ |
| Carsten Croff | √ | Kirsty Grainger | √ | Leigh Barreca | √ |
| Robert Cromwell | √ | Calvin Chow | | Maura Brueger | √ |
| Gregory Shiring | √ | Erin House | | Kiersten Grove | √ |
| Eric McConaghy | √ | Scott Thomsen | √ | Kathleen Wingers | √ |
| Josh Czebotar | √ | Jenny Levesque | √ | | |

Welcome: Patrick Jablonski, Chair of the Review Panel, convened the meeting at 10:05 AM. A round of introductions followed.

Public & Stakeholder Comment.

Alex Tsimerman said the City Councilmembers are fascists. Large staff meetings at the City are very expensive and wasteful. The Panel meeting also costs ratepayers. Directors should come to meetings like this and hold public Q & A sessions. He appreciates Director Smith being at the meeting.

Joni Bosh, NWECC: With respect to the rate design discussion on the agenda today, she recommends leaving tiered rates in place while doing a TOU pilot for EVs.

Review of Agenda: Karen Reed reviewed the agenda.

Meeting Minutes: The minutes were approved as submitted.

Chair’s Report: Patrick noted that the Panel has a lot to cover today and it is important to do this right. He noted Councilmember Mosqueda’s letter indicates she wants us to refine our recommendations.

Panel Vacancies. Robert Cromwell and Maura Brueger reported that Mayor Durkan has nominated Mikel Hansen from Sabey to replace David Allen and Chris Mefford for the economist position. Their nominations will be in front of the Committee on March 21st with final action hopefully shortly thereafter. The Council appointee is still not identified—the financial analyst position.

Panel Member David Allen commented that after eight years on the panel, he sees this as the most



City Light Review Panel Meeting Meeting Minutes

viable, well working Panel, tackling a very large complex business that he has ever participated on. He complimented the City staff and noted that this Panel shows how public engagement can help chart the direction for public agencies. The Panel members and staff thanked David for his service.

Communications to Panel. The letter from Councilmember Mosqueda was referenced. Eric noted the value of the Panel and General Manager's discussion with her Committee.

SCL in the News. Maura noted that communications to the public are out about bill jumps they will be seeing due to the severely cold weather in February and noting payment plan options. Robert noted that February was among the coldest on record and SCL had the highest recorded load and energy prices they've recorded—resulting in the need to buy power on the market in February due to low water flows at the dams.

Focus Group Results. Bruce Brown and Shaun Glaze from PRR presented information on the methodology and results of the three residential ratepayer groups conducted on behalf of City Light in February. The three groups included 23 individuals; one group consisted entirely of Spanish speakers. Rate design questions are complicated and difficult to address in a survey; focus groups allow more time for explanation, Q &A. Participants noted many things they do to conserve electricity but said this is more from habit than a conscious effort to reduce bills. Most understand the bill information but pay little attention to it. The current two-tier rate system is confusing to them. Spanish speakers wanted the option to have their bills in Spanish. The top rate design goals for all groups were (in order):

- Transparency
- Affordability
- Decarbonization
- Stable and Predictable rates
- Customer choice

When testing simple rate design options, the groups supported increasing customer choice, and a combination of TOU rates and a single energy block.

Mr. Brown recommends additional surveys of ratepayers later this year.

Discussion points included:

- Could we ask about basic service charges and whether there is a preference for more or less fixed cost recovery in rate design?
 - In a residential survey planned for later this year, which would cover things well beyond rate design, at most 30 questions could be asked so the ability to delve deeper on rate design is limited.
- Debra Smith agreed, noting the upcoming ratepayer survey won't be enough to really flesh out rate design issues with rate payers. Language around these issues can be very



City Light Review Panel Meeting Meeting Minutes

confusing.

- Bruce Brown has done about 10 surveys for SCL over the last 20 years.
- Mr. Brown noted that the attitude towards SCL registered by these focus group participants is mostly positive; they perceive that SCL cares about its customers. They are concerned about billing spikes and seek more multi-lingual bills. Ratings of SCL were all 7 or higher on a scale of 10.
- How did you get renters to participate? A: We worked from a list of people who earlier indicated interest in participating in a focus group; we paid participants \$100, which is a fairly standard approach.

At this point the group took a short break.

Panel discussion: Rate design Recommendations.

The Panel began by reviewing the rate design goals/"ends."

- Agreed to remove the word "economically" in the description of Efficiency.

Panel members were asked whether, at least conceptually, the goals are of equal value and must all be balanced, or some are more important than others. Panel responses overall were:

- All Panel members agree that balancing all goals is important.
- One Panel member said there could not be a priority beyond balancing.
- Votes of the other Panel members resulted in conceptual priorities of:
 - Affordability
 - Transparency, and
 - Tied: Revenue Sufficiency, Stable and Predictable Rates and Efficiency.

Debra Smith indicated her priorities are revenue sufficiency and decarbonization.

When the conversation shifted to what the Utility should focus on now as priorities moving ahead—pragmatic near-term priorities, assuming we are already committed to doing bill re-design in the next 2 years, the Panel's priorities matched Debra's: Revenue Sufficiency and Decarbonization. Debra observed that in a situation of declining demand, decarbonization is needed to maintain affordability.

The discussion then turned to the "means" of rate design. Debra Smith shared as follows:

- The time horizon for implementation of new rate design is January 2021.
- In the meantime, the Utility plans to conduct a couple of pilots, around TOU rates and electric vehicles, as well as affordability pilots with weatherization and percentage of income bills.
- The utility is working to redesign bills; additional software is needed to make this possible.



City Light Review Panel Meeting Meeting Minutes

- In terms of residential block rates, the near-term plan is to flatten the price differential between these but not eliminate the tiered blocks.
- In terms of customer charges, the Utility has conferred with NWECC and is proposing a basic customer charge that would recover the costs of the customer meter, line drop and billing system. This will result in a modest increase in the basic customer charge as compared to the current rates.

The Panel decided not to seek to prioritize the near terms “means.” All will be advanced in the final report.

The Panel discussed what additional tables and information to present in the final report. Agreed that Table 1—matrix for comparing options—should be included; but reserve the information on the two axis. Discussion points included:

- This table shows trade-offs and the lack of a silver bullet.
- Revise the phrasing of “realign customer charge” to be more specific.
- The RSA/decoupling item should show benefits in terms of being cost-based and efficiency.

The Panel agreed not to include Table 2 about current and future state.

The Panel agreed to include the Transition Strategy table, but re-order the first two bullets in the middle column.

At Debra’s request, Leigh brought forward copies of a rough draft of a rate-design road-map she is developing, showing when the pilots and the other means will be deployed. This may be ready to include as an exhibit to the final report.

Debra noted that she believes a detailed response to Councilmember Mosqueda’s letter is appropriate; she will take point on drafting one that would be co-signed by her and Patrick as the transmittal letter for the report.

Next meeting: April 16th.

The meeting adjourned at 1:50 PM