



City Light Review Panel Special Meeting Meeting Minutes

Date of Meeting: September 11, 2018

MEETING ATTENDANCE					
Panel Members:		Name		Name	
Gail Labanara	√	David Allen	X	John Putz	√
Sara Patton	√	Patrick Jablonski	X		
Thomas Buchanan	√	Leon Garnett	√		
Staff and Others:					
Jim Baggs	√	Eric McConaghy	√	Karen Reed Consultant/Facilitator)	√
Paula Laschober	√	Calvin Chow	√	Robert Cromwell	√
Kirsty Grainger	√	Gregory Shiring	√	Richard Cuthbert (Consultant)	√
Leigh Barreca	√	Kiersten Grove	X	Josh Czebotar	√
Kathleen Wingers	√	Michael Maddux	√	Maura Brueger	√
Jenny Levesque	√				

Introduction: Gail Labanara, Vice-Chair of the Panel, convened the meeting at 11:05 AM. Calvin Chow introduced Eric McConaghy, who will be lead council staff on City Light going forward; Cal will remain involved. Karen Reed, panel facilitator, noted that Cal Shirley has resigned from the Panel and will be missed.

Review of Agenda: Karen Reed, facilitator for the Review Panel, reviewed the agenda.

Public Comment: Three people offered public comment.

- Alex Tsimerman said he has spoken at about 800 public meetings. His electric bill has been very high as compared to previous bills. He suggested that City Light should provide all customers a bill rebate. He stated that he is considering bringing a class action against the city over the high electric bills and that the Panel should support this effort.
- Joni Bosh said that she missed the last panel meeting because it wasn't posted. She noted the rate design project is very large and on a very fast timeline. She encouraged the Panel to hire the Rocky Mountain Institute or another consultant to help provide perspective on rate design issues. For today's agenda, she noted that her agency, the Northwest Energy Coalition, wants to work on the data and assumptions presented, and encouraged that cost allocation be part of the discussion. She said that she hopes the Panel's October stakeholder meetings will be conversations, not just testimony. Her group wants to talk about grid connection fees versus customer charges—terms that are used interchangeably in the draft meeting documents. She noted that the Eugene Water and Electric Board (EWEB) approach noted in articles included in the packet is something they would not agree with, and encouraged the Panel to look at what Burbank and SMUD are doing.
- Marguerite Richard said that her electric bill is too high and that Councilmember Mosqueda is new on the Council and she doesn't see her as workable on this issue. She said she believes the City Council is abusing its power and the City is discriminating against black



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people. She said she is being persecuted for speaking out.

Chair's Report: Gail Labanara, Vice-Chair of the Panel reported that she participated in the search committee meetings to select the new General Manager. She advised Mayor Durkan selected a candidate for the General Manager position - Debra Smith. Debra is a 22-year veteran of the public utility industry in the Pacific Northwest. Since 2013, she has served as the General Manager of Central Lincoln Public Utility District. Confirmation hearings will be forthcoming.

Communications to Panel: Leigh Barreca, SCL staff, referenced emails thanking the Review Panel and staff included in the packet.

SCL in the news and other updates: James Baggs, Interim General Manager, said he had nothing to report. Michael Maddux, aide to Councilmember Mosqueda, said that she has requested an audit of City Light's customer billing practices from the city auditor. The audit will likely take at least 10 months to complete.

Other communications: Sara Patton noted that she participated in a meeting with the new General Manager nominee Debra Smith and salmon advocates, being clear that she was not speaking on behalf of the Panel. Salmon advocates have raised concerns about the nominee based on her involvement with the advocacy group River Partners.

The group briefly discussed the rate design task that the Council had requested they take on, the goal of engaging with stakeholders and providing policy advice back to Council, and how this differs from the Panel's usual work.

Economist & Financial Analyst Panel Vacancies: Karen and staff encouraged Review Panel members to help the City identify potential candidates for both the economist and the financial analyst positions on the Review Panel.

Presentation of Q1-2 2018 Strategic Plan Tracking Report. Leigh Barreca presented the report. She noted that the many initiatives launched with the first strategic plan would become baseline activities after 2018 and not necessarily reported separately in the future; Panel members observed they would like to continue to track some of these initiatives—they may be major capital projects, or not. ***Leigh will check in on this item with the group as the new format for reporting is developed.*** The new format will be deployed in 2019. Retail revenue was very slightly under projections as of June, but now is slightly over projections—the new forecast methodology seems to be on track.



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Framework for Financial Reporting for SCL Review Panel. This agenda item was moved up, since it relates to data to be included in the tracking report. Kirsty Grainger presented a one-page summary of the data she believes the Utility can present in response to the Panel's requests. As a starting point, she is proposing that the Panel receive the same regular financial briefings as are currently provided to Mayor and City Council. In terms of more customized information requested by the Panel, she noted that regulatory costs are spread all over the budget so this will be a challenge to determine. Also, the budget categories change over time and have changed significantly with the new budget software which makes analysis over time challenging. Calvin Chow noted that more conversation is needed on what comprises discretionary spending in order for the Utility to respond. The Panel was generally in support of the approach outlined by Kirsty.

Rate Design – Situation Assessment. The group reviewed and offered edits to this document, which would be a draft introductory document to set the foundation for the discussions with stakeholders. Discussion points included:

- Demand for Electricity
 - What is the source of the greater unpredictability in retail sales? This should be noted.
 - Include pie charts on customer classes, power demand, # of accounts, revenue generated
- Supply of Electricity
 - Spell out acronyms.
 - Revise last sentence to remove duplicative language. Soften reference to benefit of conservation to be "may be" rather than "is."
 - Include pie charts of generation sources, costs.
 - Include bar chart comparing fixed/variable costs and fixed/variable revenues.
 - Identify cost drivers in the price of power sold since this is connected to what rate structures may make sense.
- Rate Mechanisms
 - Rework item 9 to clarify what is meant by "customer account" versus "basic grid connection" and include accurate data. This seems to be residential customer focused—that should be noted.
 - Note the current surcharge in place on the RSA
 - Place Item 10 before item 9
- Other
 - Delete item 13
 - Prepare a simplified presentation of current rate structures for each class

Kirsty and Karen will work on revisions to this document. Panel will be asked to approve this at the next meeting.

Rate Design – Rate Design Principles and Analysis of Current Rate Structures. Again, this would be a draft baseline document to share with stakeholders. Discussion points included:



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- The principles seem on track. May want to reword “*collect all revenue requirement*” since rate design doesn’t actually yield 100% of the revenue requirement, it is only estimated to be able to do so.
- Add a principle around *promoting equity—social, environmental*. Include the city policies about residential first block size and low-income rates in the analysis of this principle.
- Include the adopted city policies around conservation costs and low-income rate costs under principle 5, *fairly apportion cost of service*.
- Add more information about commercial and industrial rates.
- Amend the analysis under *collect all revenue requirement* to say “no automatic rate mechanism to true up when collections exceed or fall short of budget. Shortfalls are managed now through the capital budget by either increasing borrowing or undertaking fewer projects.”

Kirsty and Karen will work on revisions. The Panel will be asked to approve this at the next meeting.

Rate Design – Stakeholder Input. Karen reviewed the short list of proposed questions to be submitted for Stakeholder response. It was agreed that the last question should be revised to ask not only what alternative rate structures are of interest, but also why, based on what data, do stakeholders think that their proposals would be effective? Staff will revise and ask Panel to approve at the next meeting.

Maura spoke to a revised approach to getting input from residential customers. Staff propose deferring a survey of residential ratepayers until the winter, when the Panel may have specific ideas to test. In the meantime, staff will mine existing data sources—local and national—and present the information to the Panel at the next meeting. The Panel concurred with this approach.

Rate Design – Scope and Timeline for Comparative Utilities Report. Richard Cuthbert, rate design consultant to City Light, presented a one-page document listing a range of approaches that could be taken here. Karen noted that the Council has asked that a report of this nature be included in the Panel’s work plan, and the question is what does the Panel think would be most useful?

Discussion points included:

- We should look at utilities with a similar community culture/values to ours
- We should look at utilities with similar resources—hydro, rather than thermal
- We should include short case examples/explanations of the many illustrative innovations listed, from wherever they may best be illustrated.
- Decoupling needs to be in the inventory of issues surveyed
- Perhaps pick utilities that are similar to City Light in terms of size, resources and ethos.
- There may not be enough similar utilities on all those criteria.

The group will revisit this issue at the next meeting and provide direction.

Time having run out for the meeting, the proposed letter to Council re: sale of utility property will also be deferred to the next meeting

The meeting was adjourned at 2:02 PM