



## City Light Review Panel Meeting Meeting Minutes

**Date of Meeting: February 27, 2018**

MEETING ATTENDANCE					
Panel Members:					
Names		Name		Name	
Gail Labanara	√	David Allen	√	John Putz	√
Sara Patton	√	Patrick Jablonski	√	Nina Sidneva (by phone)	√
Thomas Buchanan		Leon Garnett	√	Cal Shirley	√
Staff and Others:					
Jim Baggs	√	Ellen Javines	√	Karen Reed (Consultant Contractor/RP Facilitator)	√
Calvin Goings	√	Kirsty Grainger	√	Kelly Enright	√
Robert Cromwell		Mike Haynes	√	Jaya Bajpai	√
Paula Laschober	√	Monica Fontaine	√	Leigh Barreca	√
Lynn Best	√	Tony Kilduff	√	Amy Wheelless (NW Energy Coalition)	√
Gregory Shiring	√	Calvin Chow	√		

Introduction: Gail Labanara welcomed the group and convened the meeting at 10:03 AM.

Panel Discussion: **Panel's Role in providing input on Strategic Plan.** Jim Baggs kicked off the discussion. Tony Kilduff spoke to the importance of the committee and their advisory role as a sounding board to the Mayor and Council. They expect the Panel to opine on what it has heard. Greg Shiring said there are limits to what can be reviewed in this process. Calvin Chow noted that the process is iterative. Panel members shared their thoughts in response. Discussion items included:

- We are at too low a level of detail, especially on initiatives
- The need for a lot of detail to feel comfortable signing something. The need to talk to staff offline.

In discussion on this last point, it was agreed that it is fine for Panel members to call staff if they have questions.

- Concern about needing to opine on the baseline without information on why the costs are going up so much. Need clarity on that.
- Preference for higher level review.
- This is a diverse and very good panel. The on-boarding process could be improved procedure. More questions can be taken offline to manage our meetings.
- It would help if the type of feedback that is expected from the panel could be more clearly framed.
- Preference to meet only once a month and to have people hold all their questions until the end of a presentation.



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Review of Agenda: Karen Reed reviewed the agenda.

Meeting Minutes – February 13<sup>th</sup> meeting summary: The meeting summary was approved as submitted.

Public Comment: None

Chair's Report: Gail noted she had participated in a SCL strategic plan outreach meeting for suburban jurisdictions served by City Light. Most of the discussion focused on current billing problems.

Communications to Panel: None

SCL in the news and other updates: No discussion on SCL in the news. Other updates – Karen noted that this will be Ellen's last meeting working with us; everyone thanked Ellen for her help and support over the last many months.

Update on Stakeholder Outreach: Leigh Barreca noted the further updated summary on outreach. Detail on the recent suburban cities meeting is not yet included. The full outreach report will be presented to the Panel at the end of March.

### **Future agenda topics – Leigh Barreca**

Karen reviewed with the group the proposed meeting schedule and agendas proposed by the staff team for the panel to complete its work on the strategic plan on a timely basis. The Panel's letter on the strategic plan must be submitted to the Mayor the first week of May. After discussion, it was agreed that the schedule will be as proposed: Two three-hour meetings in March (March 12 and 27) and two three-hour meetings in April (April 3 and 24). The strategic plan outline will be added to the March 12 agenda.

### **Baseline Presentation – Paula Laschober**

Information presented was a repeat and update of material presented at October, November, December 2016 and January, February, March 2017 Review Panel meetings.

Discussion points included:

**Comment:** When charts begin above zero, find a way to note that.



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- Q Why are transmission costs going up in 2021?**  
**A** Denny Substation transmission line.
- Q Is the conservation amount of \$35-39M mostly incentive payments?**  
**A** Yes
- Q When does the Stateline Wind contract end?**  
**A** 2020
- Q What are the inflation rate changes in O&M and capital over time?**  
**A** *We will provide that.*

At this point, the group took a short break.

### **Strategic Plan Initiatives – Leigh Barreca**

Leigh Barreca provided some context for this discussion. The panel has received briefings on 4 of 7 initiatives so far and preliminarily endorsed three of those initiatives. Today we will hear about the remaining 3 initiatives; the one initiative previously discussed but not endorsed will be taken up on the next agenda.

### **Initiative #1: Improving Customer Service – Kelly Enright**

The proposal is to establish an independent call center for SCL and no longer have the Utility's calls serviced by SPU. Kelly anticipates this could both substantially increase service levels and reduce annual costs by about one-third or \$2M/year.

Discussion points included:

**Comment:** Show the savings you expect.

- Q What will the impact be on SPU rates?**  
**A** Council may consider this?
- Q Does SPU know about this?**  
**A** Yes
- Q What is the main goal?**  
**A** Improving ease of addressing customer billing concerns.
- Q You note the best practice goals. Are those targets?**  
**A** Yes, we want to reach those by 2020.
- Q Are bargaining units ready for this?**  
**A** Yes
- Q Will the Mayor support this?**  
**A** Unknown
- Q What percentage of the current combined call center calls are for City Light?**  
**A** About 70%

The Panel gave their preliminary endorsement for this initiative.



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### **Initiative #2: Business Process Improvements – Kelly Enright**

This initiative will use existing staff to deploy three to five process improvement efforts on existing procedures/practices each year. The target result is a minimum 10% cost savings from each exercise.

Discussion points included:

**Q Are efficiencies from this exercise included in the rate path?**

**A** No.

**Q Are there formal cost savings targets?**

**A** No

**Q What are examples of where this has been used in the past?**

**A** Improved processes for replacing burned out street lights and the Solar refund process.

**Comment:** Add examples of the first efforts that will be undertaken.

**Comment:** Clarify your target for how many processes you will address each year.

The Panel gave their preliminary endorsement for this initiative.

### **Initiative #6: Environmental Stewardship – Lynn Best**

This initiative includes five programs; two of them require additional funding – the integrated vegetation management effort and the environmental mitigation response. Programs not requiring funding include implementing the Climate Change Adaptation Plan, eliminating PCB's from the SCL system, and the continuing environmental equity program.

Discussion points included:

**Q How much is spent on vegetation management a year now?**

**A** \$6M

**Comment:** Explain the value of having the additional mitigation funding.

The Panel gave their preliminary endorsement for this initiative.

### **Strategic Options for Smoothing Rates – Paula Laschober**

The presentation reviewed that the forecast spending path is slightly lower than projected in earlier strategic plans and reviewed the changes in the baseline from 2018 to 2019; reviewed constraints on the rate path including cost of shared central city services (costs dependent on actions of other city departments); the Utility's regulatory burden (oversight costs only). Paula then presented a proposal from the Utility's leadership team about how the rates could be potentially smoothed over the next 6 years. The proposal has two parts: (1) cuts to



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proposed additional spending in the next 6 years, and (2) O&M reductions in 2019 to reduce the 8.2% projected revenue requirement increase without impacting customer service levels.

In discussion, Panel members confirmed their desire to see a smoothed rate path but expressed reservations about the O&M reductions presented—it is not possible for the Panel to know if this is the best set of cuts to apply, and several of them seem very unlikely to be acceptable to Council.

Panel members requested additional information at the next meeting regarding potential additional revenue that could reduce the rate path, including an update on a pending surplus property sale. It was noted that if the sale is allowed to proceed, it would largely mitigate the projected 2019 rate hike.

Panel members agreed that they would like to see a quantification of projects savings that the Utility expects will result from its initiatives over the next 6 years.

**The meeting adjourned at 2:14pm**