



City Light Review Panel Meeting Meeting Minutes

**Date of Meeting: June 7, 2022 | 1:00 – 3:30 PM |
Meeting held in SMT 3253 and 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 | √ | Michelle Mitchell-Brannon | |
| 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 | √ | Caia Caldwell | √ | Angela Bertrand | √ |
| Susan Gunn | √ | Brian Taubeneck | √ | Paul Nissley | √ |
| Mike Hamilton | √ | Pat Leyritz | √ | Saul Villarreal | √ |
| Verene Martin | √ | | | | |

Welcome and Introductions. The meeting was called to order at 1:04 p.m.

Public Comment. There was no public comment.

Standing Items:

Review Agenda. Karen Reed reviewed the agenda.

Approval of April 26, 2022 Meeting Minutes. Minutes were approved as presented.

Chair’s Report. Scott Haskins will go to the City Council Committee meeting on June 22nd in Mikel Hansen’s place to convey the Strategic Plan and accompanying letter.

Communications to Panel. Leigh Barreca discussed the need, starting this month, to have a physical presence for Panel meetings in addition to the virtual meetings. According to the Open Public Meetings Act, Seattle Municipal Code and City Ordinance 123256, attendees are allowed to participate virtually but we are required to have a physical presence to allow for public comments. Beginning with the July meeting, you will be notified in advance of the meeting location should you like to attend in person. We will also plan an in-person meeting/event to celebrate the adoption of the Strategic Plan, likely in September after our August break.



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2023 – 2024 Rate Ordinance. Kirsty Grainger and Carsten Croff presented. They introduced two members of the Rates team, Susan Gunn and Mike Hamilton who were key in creating the presentation today. The presentation is in the meeting packets.

Q: Is there subsidization between customers?

A: We try our best to assign cost relative to the cost of service by customers. That is the intent, and due to assumptions and forecasts there may be a small amount of subsidization to certain customer groups. Rate making is an art and a science.

Q: Can you tell a little more about what goes into cost of service?

A: We have a relative depreciation schedule of our assets, and a certain part of our revenue requirement is allocated to those assets. This is divided out between customer classes.

Q: Can you clarify the terminology? Is revenue requirement how much money you need? How is that separate from cost of service?

A: The revenue requirement covers the cost of service. It's all factored in, including strategic priorities and planned capital projects. Each of the three steps is a huge body of work.

Q: What is driving the increase in distribution costs?

A: This comes primarily from our capital planning--- some of the costs are related to the pole replacement program, some are maintenance of overhead and overhead lines. Distribution cost has gone up in general.

Q: Is the fixed charge per customer or per meter? Would this hit customers with multiple meters multiple times?

A: It is per meter, but some are totalized meters. As we increase the customer charge, the energy charge will decrease. The impact is generally very minor for large customers.

Q: Is the goal to get to 50% or beyond 50% of the full customer charge? Did you say the City just started collecting this charge? If so, what does it look like over time?

A: City Light has had a residential fixed charge for many years, it is new for commercial customers. We don't have a specific goal for the customer charge. While customer charges can be seen as regressive, this evens out the fact that wealthier residential customers can, for example, install solar panels which decreases energy costs. This keeps those who are able to pay for solar from being subsidized by lower income customers.

Q: How much have you laid the groundwork for this? It was controversial the last time you brought this up – what conversations have you had with council?

A: We do have work to do with stakeholders. NWECC has had a strong, negative response to this in the past, but they are not the only stakeholders. Presenting this proposal to you is the first step before we begin working with Mayor Harrell and the City Council.



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Q: The sticker shock of the full customer charge is hitting me. Can it be expressed as a percentage of a typical bill?

A: Yes, we can bring that to you at a future meeting. For general service customers, this would be a very small amount.

Q: Will the time-of-day (TOD) rate be an opt-in rate structure, or will everyone be shifted over?

A: It will be 100% optional for customers.

Q: Will there be the ability for customers to see how their charges would differ between TOU and the tiered rate?

A: We are working on creating a rate calculator for customers to be able to monitor rate impacts. This will be part of the customer portal.

Comment: With the least expensive power tier starting at midnight, I think very few people will use it.

Q: Will the difference between TOD and tiered rates be on the bill each month?

A: This differential will not be on the bill each month. The bill will just be reflective of the rate schedule each customer is on.

Q: What is the impact on capacity over time of moving to TOD rates?

A: It is an issue. Peak demand is growing faster than the population. Capacity needs will be increasing over time.

Q: Are you planning a major customer education campaign?

A: This is a big change that will be coming in 2024. We will be doing a comprehensive outreach and education campaign before this is launched. This huge change is just the beginning of setting new rate structures.

Q: Is an objective of TOD rates peak shaving?

A: Our real value stream is shifting usage to the middle of the night.

Debra Smith noted that the TOD proposal is a launch and will likely evolve over time. In her view, like most analysts in the Country, tiered rates no longer serve us well.

Q: Why did you decide to not include seasonal rates?

A: Building in simplicity will help make this transition and set the groundwork. If we're going to do seasonal, we need to consider the kinds of heating our customers have because seasonal rates would increase heating prices in the winter. We don't want to make it harder for people who are already struggling with their bills. We want to understand our customers better so we can know how our policy decisions will impact them.

Q: If all goes well, when will this go to Council?



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A: This will go to the Mayor's office in July and then to the City Council in August. This time next year we'll be working towards putting this structure in place. The plan is for both the new customer charges and the TOD rate launch to be approved by Council now; new customer charges would be implemented in January 2023; TOD would be implemented in January 2024.

Integrated Resource Plan. Emeka Anyanwu, Paul Nissley and Saul Villarreal presented. The presentation is in the meeting packets. The power need projections show SCL is in a slight power deficit now in the second week in July each year; we are heading to a deficit position in December as well. Coal is coming out of SCL's power portfolio in 2027. The new Bonneville Power Administration contract will be in place in 2028 (terms not yet negotiated).

Q: For resource adequacy, why do you show aMW when presumably it's peaking generation that you need?

A: Our modeling focuses on energy (usage volume) resource adequacy, not capacity (peaking ability) because of the nature (flexibility, amount) of our base hydro resources.

Q: How does the fact that SCL and other utilities are retiring coal from portfolios impact SCL's resource adequacy needs?

A: We are a part of a regional grid and use market resources as a necessary part of our portfolio to fill in gaps at different times of the year and to capitalize on low cost solar or wind when available. Also, keep in mind that BPA is a significant portion of our stack, and the amount of that available to us is affected by the needs of others – who may be impacted by fossil fuel retirements.

Q: Did you look at storage at all?

A: We did look at storage. In one portfolio it had a solar+battery pairing in place of standalone solar. Batteries helped extend the summer peak with the duck curve in mind. This portfolio wasn't selected because it was too expensive for the value. We do have storage in the proposed portfolio – as we're hydro our demand response operates like a battery.

Q: What are the criteria you are using for selection? Is it economically optimized or do you have other objectives as inputs to your analytical framework?

A: Yes, we have six metrics that go into scoring which portfolio would be best for city light. These include, cost, transmission risk, ability to withstand climate change, ability to withstand electrification, emissions avoidance, diversity of customer options, and transmission costs.

Q: Are there no capacity needs, even with summer heat? Are you planning to join the new voluntary resource adequacy initiatives? Does that require any capacity needs?

A: Our concerns are not around capacity, and we are still too early in the evaluation process to say for sure that requirements might emerge.

Adjourn: Meeting adjourned at 3:31 p.m.



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Next meeting: July 26, 2022, 9:00 – 11:00 a.m. There will be both virtual and In-person meeting options.