



City Light Review Panel Meeting Meeting Minutes

Date of Meeting: March 20, 2024 | 9:00 – 11:00 AM

Meeting held in SMT 3204 and via Microsoft Teams “Draft”

MEETING ATTENDANCE					
Panel Members:					
Mikel Hansen	√	Leo Lam	√	Oksana Savolyuk	√
Joel Paisner	√	John Putz	√	Thien-Di Do	√
Kerry Meade	√	Tim Skeel	√	Amy Altchuler	√
Dawn Lindell (<i>New GM, pending appointment</i>)	√	Jen Chan	√	Julie Ryan (Consultant /RP Facilitator)	√
Mike Haynes	√	Andrew Strong	√	Craig Smith	
Kirsty Grainger		DaVonna Johnson		Maura Brueger	√
Julie Moore		Chris Ruffini	√	Leigh Barreca	√
Greg Shiring		Carsten Croff	√	Angela Bertrand	√
Eric McConaghy	√	Caia Caldwell	√	Brian Taubeneck	
Jeff Wolf	√	Karin Estby	√	Bridget Molina	√
Pat Leyritz		Siobhan Doherty	√	Marco Lowe	√
CM Tanya Woo	√	Vanessa Lund	√	Ellen Pepin-Cato	√
Nina Park	√	Jenny Levesque	√		

Welcome and Introductions. The meeting was called to order at 9:02 a.m.

- Council member Woo was introduced by Maura Brueger.

Public Comment. There was no public comment.

Remarks from CM Tanya Woo.

- Introduced herself as Citywide Councilmember and chair of the Sustainability, City Light, Arts & Culture Committee and introduced her Policy Director, , Nina Park.
- Emphasized transparency between committee and council. Plans to attend future meetings and encourages Review Panel to attend committee meetings as well.
- Currently setting legislative priorities; looking forward to Strategic Plan & working on the Rate Path.

Standing Items:

Chair’s Report. Leo Lam welcomed everyone to the meeting. .

Review Agenda. Julie Ryan reviewed the agenda.



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Approval of Feb. 21, 2024, Meeting Minutes. Minutes were approved as presented.

Communications to Panel. There were no communications to the Panel.

General Manager's Update.

Leigh was recognized for her work organizing the review panel.

1. Electric Bus Charging Station - Dawn joined King County Executive Dow Constantine, the Mayor of Tukwila Tom McLeod, KC Metro GM Michelle Allison, and Heena Vahora, co-chair of the Mobility Equity Cabinet, to offer remarks at the groundbreaking of KC Metro's new Interim Base electric bus charging facility. City Light previously partnered with KC Metro to electrify the South Test Base, which is charging the first 40 all-electric buses and testing charging equipment. The Interim Base will charge 120 buses. This is a great example of a partnership that helps us create the energy future.
2. Transportation Electrification - Last month, the Washington State Department of Commerce announced more than \$85 million in grants to fund 5,000 electric vehicle (EV) charging stations across the state. The program prioritized multifamily housing, workplaces, fleet operators, public charging locations, tribal communities, and communities most at risk of negative health effects caused by fossil fuel pollution.

The awards will fund about 1,550 chargers at more than 100 locations across Seattle City Light's service area and one of our hydroelectric sites. Nearly all the chargers are Level 2, which can provide a full charge in about six to eight hours. Thirteen of the funded chargers are direct current fast chargers, which can charge a 300-mile-range car to 80% in 20 minutes.

Meanwhile, we continue to invest in public charging infrastructure to meet significant customer adoption. City Light operates 21 fast chargers at 9 sites throughout our service area, from Magnuson Park to Tukwila. We're developing six fast chargers at two sites: two in Shoreline and four in Morgan Junction in West Seattle.

In addition to fast chargers, we are wrapping up the installation of public Level 2 EV chargers at 31 curbside locations throughout the city, giving drivers without off-street parking a way to charge. We expect 27 charging stations to open this month, with 4 charging sites coming online by June. We had tremendous interest in this offering and received community requests for more than 1,800 chargers!

- Impact to load - Level 2 draws load equivalent to 3 homes
- TOU really starts to matter with increasing load
- Managing the influx of this new work will be part of the rate path conversation we are having later on.



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3. Arbor Day Foundation Recognition - The Arbor Day Foundation has named Seattle City Light a 2024 Tree Line USA utility. This award recognizes our dedication to proper urban forest management across our service area. Tree Line USA is a partnership between the Arbor Day Foundation and the National Association of State Foresters. They recognize utilities for pursuing best practices that protect and cultivate urban tree canopy. Tree Line USA also promotes delivering safe and reliable electricity while maintaining healthy community forests. We are honored to be recognized for our work and climate adaptation work. (Mike Haynes, David Bayard)
4. Building Electrification - Seattle is amping up its green energy game, with Seattle City Light setting the stage for a more modern, clean-energy grid. Beginning April 1, the utility is requiring that all new solar panel inverter-based Distributed Energy Resources (DER) meet specific safety and communication standards. The advanced inverters, featuring communications functions, are at the forefront of City Light's efforts for grid modernization and a pivot to renewable resources.

This is a significant step in the journey to an electrified future. A future where customers have more say in their energy production and the collective environmental footprint shrinks. As the push for sustainability takes firmer roots in public consciousness, measures like these reveal not just an environmental responsibility, but a commitment to innovation and customer empowerment. "The new inverters will allow City Light to understand how much energy customer solar is generating in real time," the utility explained, an investment in technology that underscores a greener tomorrow.

- Again, managing the influx of new work will be part of the rate path conversation we are having later on.

5. Other grants – Cedar River Watershed Defensible Space Phase 1" received a Hazard Mitigation Grant from the State of Washington and the Federal Emergency Management Agency (FEMA). The state contribution is \$11,050 and the federal contribution is \$198,900. Local match is \$11,050. This project will help to reduce hazardous fire fuels and create approximately 57 acres of defensible space adjacent to critical power and potable water facilities in the Cedar River Municipal Watershed.
6. State Legislative Update – The most recent State Legislative Session which was a short 90- day session, just ended last week. We are pleased to share that the State Legislature included \$150M in Climate Commitment Act (CCA) funds for utilities to provide a \$200 bill credit for low- and moderate-income customers for 2024. We are still waiting to hear how much funding City Light will receive but we have a strong track record of quickly applying funds to utility customer bills, which is a priority for the State.



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7. Cost pressures

- a. Not covered previously
 - i. Long overdue pay increases, going back to 2022 via negotiated union contracts.
 - ii. Keeping a close eye on market pay in order attract and retain top talent. Need to pay at least at the median.
 - iii. Material costs have significantly outstripped the CPI and we must begin to address that.
 - iv. We use the Handy-Whitman index to look at the cost of materials for things like substations. It has jumped significantly in recent years; we need to make up for that.
- b. Chris Ruffini will discuss these as part of the Revenue Requirement presentation.

8. Do Panel members want an in-person meeting in April? (A majority of Panel members noted they would be available to attend in person.)

Q: When you listed out all of the chargers that will be developed in the city and the demand impact from building electrification, how is that impacting power supply?

A: Yes, we are looking at this. It's at the forefront of our engineers' minds. As Buildings and EVs take more energy, we are look at how to increase capacity by working with Power Pool. The bottleneck is in the regional transmission system, particularly in terms of transmission capacity e bringing energy from Wyoming, Montana, Idaho, and northern Oregon. City Light is working with regional partners about how to add additional transmission if BPA is unable to respond to the challenge. Locally, we have plans in place to meet near-term needs. We have the capacity to expand our networks downtown and at UW. We have a couple substations close to capacity but with planning for additional substations we will be all right within our service territory.

We are in an evolving time, and we are seeing big changes in the load forecast. We need to plan investment with expected future loads. We will be looking at our 10, 20, and 30-year forecasts. We must make this investment today to provide energy tomorrow.

Q: As you're thinking about acquiring new power and managing transmission, how are you managing customer-side resources in those analyses.

A: One of the places we haven't invested, and need to, is in our technology. We must have technology systems, such as DERMS (distributed energy resource management system) and ADMS (advanced distribution management system). We've applied for a GRIP grant to pay for roughly half the cost - \$40M. Energy moves at the speed of light; you must manage it with technology. We need the tool set and must make the investment in order to deliver. That helps us look at all our options. In Burbank we worked with companies to lease their rooftops to access solar, which may be worth exploring here. We want to explore every avenue.



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Strategic Plan Update. Leigh Barreca introduced the topics related to the 2025 – 2030 Strategic Plan Update. All materials are included in the Review Panel packet.

- a. Draft Revenue Requirement (Chris Ruffini presented. Materials are in the Review Panel Packet).

Q: Beyond 2025, a lot of investment will be needed to meet growth. Therefore, will the “new” portion of the capital budget will be higher in the future?

A: Yes, for example, the ADMS/DERMS technology could be an \$85-90 million project. Additionally, we still have more investment in Skagit included in this rate path.

The difference between our average load and the peak hours load is increasing, as the peak load grows at a faster rate (driven by more extreme weather as well as electrification demand that adds to the peak load). We need to purchase more resources to serve that load. Electrification is happening more quickly than we thought in the last strategic plan. The resources we need to purchase will be intermittent, and we need to buy more than average energy to ensure we have enough. The wholesale market price drops when intermittent energy production is at the maximum level. Because intermittent energy cannot be accurately forecasted, it cannot be forward sold and instead is sold into the real-time market.

Q: Historically you’ve been pretty long with plenty of peaking capability (capacity). And capacity is a scarce resource in the Pacific Northwest. Instead of acquiring more average energy to meet peak, are there ways to add capacity? For example, could City Light return to being a BPA “Slice” customer. And are there ways to add capacity to the current resources?

A: We walked away from the prior Slice arrangement because it was not a good economic choice for us at the time. This question is now back on the table. We’re looking at what product we want from BPA – block or slice – and how they’re developing those products given markets. We are also looking at how to increase capacity from our current resources as well, though we are a little limited by regulations. Currently, the strategic plan rate path assumes Block as we haven’t made a decision around Slice. We do want to have some buffer for unplanned outages. The take-away is that load is growing faster than expected, new resources are rising in cost, and the nature of the resources makes them hard to forward hedge.

Q: People don’t care about per kWh, they care about how much it costs to run refrigerator. The rate increase does not show the full picture in terms of energy efficiency, and it looks like there is quite a bit of energy efficiency. You should build that into the description.

A: Yes, that is an important point, Energy Efficiency definitely takes away some of the rate shock for customers.

Q: Please explain the graph with some elements adding to load and other elements reducing load.

A: Customer growth and above add to our load, such as replacing homes with townhomes. The bottom are things we are doing to try to mitigate this growth to get to the dotted line to show net load. Efficiency programs, other efficiency, and solar will decrease load. Everything else will increase our load. The net load number of the graph shows the net impact of what is causing load to grow, offset by some elements that reduce the load growth trajectory.



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Q: I'm not opposed to raising rates if they need to be raised for good reasons. The slides show cost pressures. Are there any "revenue enhancers?". Also, it would be nice to see if the rate classes contributing to that problem are paying for it (and not apply costs across all rate payers).

A: We will work on a chart that reflects this for time of use, planned implementation in 2025. We've been working hard on ensuring we are prepared for this and that customers have the tools they need.

Q: The resources cost in the rate path does not feel like a balanced view. Aren't there upsides as well?

A: Energy goes negative on cost when we don't need it, when it is not at peak time. This is the same in California. There is a lot of buying competition for long-term contracting, which is driving up the cost. But in the short-term, when we cannot use the power, that is also during the hours when the real time market price is depressed. We may be able to buy and store power to use between 4-6 pm when people get home, but battery storage is an investment. We are short peak capacity in August and that is when prices are the highest – this is much higher than the average energy price.

Q: Can residential customers opt into time of day now?

A: Time of use will be available to residential customers to opt-in to in 2025.

RP Member comment: This conversation underscores the importance of thinking differently around managing our customer demand and managing peaking demand. It is great to hear about the DERMS investment. I'd like to explore how California is aggregating loads in power purchase agreements.

Q: Is there more we can do to optimize resources, to bring down the forecasted rate path?

A: We have not built optimization into the rate path because we cannot be sure of it. We are also working on forecasting the technology and people we will need going forward. Regarding the projected rate path, City Light is not an outlier, for other utilities are facing the same problem. You can see some of the regional utilities rate projections in the slide deck. As an industry, we are re-electrifying America and it's a big change. I cannot state an increase in the 3% range with any confidence we could meet the changes coming our way.

Q: You mentioned a part of the O&M cost is increased staffing. Dawn also mentioned City Light had delayed pay increases. Does the rate path include what will be needed going forward?

A: We have included it as far as what we know, including tentative agreements. We do not have a tentative agreement with Local 77. We have pieces that are still to be determined. We've accounted for these things as best we can. What can we do to maintain competitiveness in the marketplace. In the labor agreements there were lots of market adjustments because we are not keeping up with regional utilities around us and we must be competitive to keep and maintain good staff.

Q: What are the next steps?

A: We are working through the budget process, including prioritization and timing. We want to make sure we are shifting where we need to and iron out what is new and incremental. We hope to wrap that up over the month of April. By mid-May we can bring a final rate path to support the budget we turn in



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on June 4th.

Review Panel Comment: I would be interested in learning more about the Handy Whitman index.

- b. Review Panel letter (Julie presented)
- c. Outreach Update (Jenny Levesque presented. Materials are in the Review Panel Packet).
- d. Discussion of Strategic Plan Draft (Vanessa Lund presented.)

Adjourn. The meeting was adjourned at 10:59 a.m.

Next meeting: April 17, 2024, 9:00 – 11:00 a.m. All in person; no virtual option.