



City Light Review Panel Meeting Meeting Minutes

Date of Meeting: May 15, 2024 | 9:00 – 11:00 AM
Meeting held in SMT 3204 and via Microsoft Teams “Approved”

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 (GM, pending appointment)	√	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	√
Siobhan Doherty	√	Nina Park	√	Claire Lloyd	√

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

Public Comment. There was no public comment.

Standing Items:

Chair’s Report. Leo Lam welcomed everyone to the meeting. He noted that today’s objective will be to finalize the Review Panel letter.

Review Agenda. Julie Ryan reviewed the agenda.

Approval of April 17, 2024, Meeting Minutes. Minutes were approved as presented.

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

General Manager’s Update.

1. Financial Support for Customers - In this year’s budget, the state allocated \$150M from Climate Commitment Act funds for a \$200 rebate for low- and moderate-income customers to be credited on their utility bill. We found out that SCL will receive **\$19,143,506** for **90,932** customers.

We are not exactly sure of the timing of the distribution, but the money must be allocated to



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customer accounts by September. We are working with the state Department of Commerce to discuss the funding timing. We are also currently identifying qualifying customers so we will be able to move quickly when funds are available. This is terrific news that will offer relief to many of our customers.

2. South Fork Tolt Relicense - The City of Seattle filed documents on April 8 with the Federal Energy Regulatory Commission (FERC) to formally begin relicensing the South Fork Tolt Hydroelectric Project. Seattle City Light and Seattle Public Utilities (SPU) are collaborating on this relicensing project.

City Light's 16.8-megawatt hydropower generation facility is the project being relicensed. It was fully commissioned in 1996 to take advantage of the preexisting dam and reservoir. SPU has owned and operated the reservoir and water treatment facility since the 1960s. These facilities provide 30-40% of the drinking water supply for 1.6 million people in our region. The hydropower plant associated with the dam is small and provides less than 1% of City Light's power. But it powers the Tolt Water Treatment Facility and balances out the power provided by other renewable sources. Each facility is a key part of the infrastructure network that provides our region with electricity and water services.

Next steps: FERC will host a public scoping meeting and site visit in early summer 2024. The City continues to work closely with Tribes, agencies, and other licensing participants to identify and design a series of relicensing studies. These will help fill in gaps in our collective knowledge and inform the details of the new license.

3. Solar Installation - On April 23, South Seattle College celebrated a new solar array installation on top of Cascade Hall. This new 300-panel system can generate 86 kilowatts of clean energy, a significant improvement from the original 7-kilowatt array. This installation marks a leap forward in the college's commitment to sustainability. It is also part of a broader effort across Seattle Colleges to decarbonize their campuses. Seattle Central College and North Seattle College also installed new solar arrays, which generated more than 275 kilowatts of photovoltaic electricity last year.

For all three Seattle Colleges, City Light proudly contributed \$425,000 toward the purchase of renewable energy credits from these projects through the Green Up Community Program. For South Seattle College in particular, we contributed more than \$123,000 in renewable energy credits for this local rooftop solar project.

Green Up is a voluntary program that allows City Light customers to support Pacific Northwest renewable energy projects. When City Light customers participate in Green Up, City Light purchases renewable energy credits on behalf of our customers. Green Up also sources renewable energy credits from local rooftop solar projects hosted by nonprofit and public organizations like schools, pools, and affordable housing authorities.



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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. Revenue Requirement and Rate path Follow up (Kirsty Grainger presented. Materials are in the Review Panel Packet).
 - I. Rate path assumptions
 - II. Cost Savings

Q: Will the cost drivers chart be updated to reflect these new labor costs?

A: Yes, the charts have been updated. The inflation buffer that we included in prior versions of the Rate Path will be used largely up by material and labor cost increases. You can see this in the blue O&M segment on the revenue requirement drivers chart in the packet.

Q: With respect to tree trimming, how much do you currently devote to that and how is that changing?

A: Currently we have \$8 million in our budget for urban tree trimming. Most of our outages are due to squirrels and trees. We are trying to add an additional trimming cycle to increase reliability. Outages drive overtime so this will hopefully decrease overtime costs. We contract much of our trimming, and their costs are going up the same as ours – their employees are part of the same bargaining unit as City Light's.

Q: Are the annual rate increases in the Rate Path the same for each rate class?

A: No. We start with a system wide rate increase, then we break it out by each rate class. The full rate proposal, by rate class with rate design, will be presented this summer.

Q: Do you have a similar chart for the revenue as far as how much will be covered by load growth vs rate changes?

A: In slide "2025 Rate Increase Walkthrough," there is a table showing the first year of the Rate Path's costs and savings by category. The rising cost results in a rate increase of 7.1%, but this is partially offset by higher retail revenues of 4.7%. If we did not have increased load, our rate would likely be more, noting that it would be slightly offset by the decrease in purchased power costs.

We have had 3 years of drought, and we do not have the reserves to absorb another year. This drought has resulted in us using more of our own generation and having to be a net purchaser in the market (as opposed to net seller.) We are planning with a 30th percentile confidence level for hydro energy. If we do better than planned, the RSA surcharge will come off, resulting in a 4% rate decrease.

Q: You mentioned the wholesale power costs are somewhat out of our control. I see that as a large variable component. There are many things you can consider to manage that and I do not feel it has been managed to the best extent possible; I would advise using some tools to focus on that



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more.

A: I agree. I meant to express that we must purchase power – that is non-negotiable,

C: City Light has included an initiative in the Plan relating to energy risk management.

Q: How much do the supply chain challenges impact your costs? Will this improve or will we live in that world for a long time?

A: Inflation is significant, and it is definitely impacting costs. It may flatten out, but it will be higher than we have seen in the past. We are seeing orders take double or triple the amount of time it used to take to get supplies and parts. We have seen costs increase 190% to 239% from 2019 to today. Geopolitical relations have impacted these costs and timelines, as well as limitations on what countries we can source parts from.

C: This shows so much work. I encourage you to highlight how if actuals are better than the forecast, rates will not increase as much as originally forecasted.

- b. Draft Strategic Plan (Leigh presented. Materials are in the Review Panel packet)
- c. Finalize Review Panel letter (Julie Ryan led the discussion). Panel members suggested several more edits and requested clarification on several points. Review Panel members supported the Rate Path and generally approved the letter, subject to those revisions being made.

Q: Did you see in California they are changing fixed rates and reducing variable?

A: Yes. I believe the reason for this is because in California there is a lot of customer participation in rooftop solar programs. Utility rates did not include a connection charge for those customers to stay connected to the grid and therefore the connection cost has not been fully recovered by utilities. Increasing the fixed portion of the customer bill is intended to recover the interconnection costs. Otherwise, everyone who has roof-top solar ends up being subsidized by those who do not. With the growing customer-side generation, the rate design had to change.

San Diego Gas & Electric is currently running a pilot, where they can access distributed batteries in customers garages to help manage peak demand events. If successful, this may be a program that we could consider for City Light and its customers.

Adjourn. The meeting was adjourned at 10:38 a.m.

Next meeting: June 26, 2024, 9:00 – 11:00 a.m.