

Seattle City Light Review Panel

c/o K. Wingers, Seattle City Light
P.O. Box 32023 Seattle, WA 98124-4023
CLRP@seattle.gov

June 26, 2018

Sent via email and hand delivery

Councilmember Teresa Mosqueda, Chair
And Members, Select Committee on the 2019 City Light Strategic Plan
Seattle City Hall
Seattle, WA 98104

Dear Councilmembers:

We write in response to the June 14 request from Councilmember Mosqueda seeking the Seattle City Light Review Panel's reaction to the Mayor's changes to the proposed City Light's 2019 Strategic Plan. We conferred as a full Review Panel on June 26, 2018.

The Panel supports the Mayor's addition of targeted reductions to the revenue requirement in the 2019 Strategic Plan. It is our hope that these cost control measures will be made without increasing the operating risks for the Utility, while maintaining safety and reliability in City Light's operations, and not simply shifting costs to the future. With careful consideration of the implications and options, we are optimistic these goals can be met. We see these reductions as a first step in the need to fundamentally re-examine how to preserve the Utility's long term financial health in light of the new reality of declining retail demand for electricity.

The issue of rate design was raised at the June 14 Select Council session on the Strategic Plan. We note that rate design is a core part of the Review Panel's mission approved by the City Council. The nine members of the Review Panel are prepared to take on that task over the next year. Stakeholder engagement is an important part of rate design, and stakeholder outreach is also part of our mission. Rate design is a challenging policy discussion, as it is essentially a zero-sum game: any changes to the current design mean some will pay more, while some may pay less. And there is still the issue that Seattle City Light faces declining demand with a consumption based rate model. Identifying agreed upon principles to guide rate design will be critical: we look forward to engaging with you on that subject. To ultimately be successful, we will need the Mayor's and Council's backing.

With respect to the seven action items proposed in our May 7 letter to Mayor Durkan, we hope that these will be prioritized for completion within the Utility's 2019-2020 budget and work plan.

We thank you for your interest in our views. We continue to strongly support the Review Panel process and structure as created by the City Council.

Sincerely,



Patrick Jablonski, Chair
City Light Review Panel



Gail Labanara, Vice-Chair
City Light Review Panel

CC: Mayor Jenny A. Durkan
James Baggs, Interim CEO, Seattle City Light
Members, Seattle City Light Review Panel