

Metro

600 NE Grand Ave.
Portland, OR 97232-2736
oregonmetro.gov



Metro

Minutes

Tuesday, December 14, 2021

2:00 PM

Best Practices in Public Utilities - Expert Panel & Discussion

<https://us06web.zoom.us/j/86003416363> (Webinar ID:
86003416363) or 669-900-6833

Council work session

1. Introductions

Council President Peterson called the Work Session to order at 2:03 p.m., gave context for the meeting and introduced Elliot Lisac from Portland Water Bureau, Spencer Huang from Seattle Public Utilities, Michael Grant from the Oregon Public Utility Commission, Kyle Walker from Northwest Natural, John Walsh from King County Solid Waste and Angie Sanchez from FCS Group.

Present: 6 - Council President Lynn Peterson, Councilor Christine Lewis, Councilor Shirley Craddick, Councilor Juan Carlos Gonzalez, Councilor Gerritt Rosenthal, and Councilor Mary Nolan

2. Presentation

Overview of Public Utility Fee Setting Process

Angie introduced today's meeting, explained rate setting fundamentals, and asked panelists to discuss the following: formal financial policies used by agencies in the financial process, agencies' financial reserve management, agencies' revenue requirement forecasts, cost of service analysis and how it affects agencies' fee setting process, major factors considered as policy direction the fee setting process, how their agencies use fees to encourage conservation, cost recovery strategies for providing public goods, and how agencies engage customers and stakeholders in the fee setting process.

3. Panelist Discussion

Elliot, John, and Spencer described their agencies' financial policies and financial reserves and how their agencies manage these reserves.

Kyle, Eliot, Spencer, and John explained the revenue requirement forecast process for each of their agencies, focusing on the rate setting process and projections.

Kyle, Eliot, and Spencer described the process behind cost of service analysis for their agencies. Panelists stressed that the cost of service analysis is a very technical process

Mike, Spencer, Elliot, John, and Kyle, discussed fee setting priorities, many panelists stressed rate smoothing.

Mike, Elliot, and Kyle discussed how their agencies use fees to encourage conservation, panelists dove into time of use rates and equity concerns.

Kyle, Elliot, and Spencer provided information on how their agencies pay to provide public goods.

Elliot, John, Mike, Spencer and Kyle describe how their agencies engage customers and stakeholders in the fee setting process panelists explained the importance of public engagement, advisory committees and panels, and outreach to customers.

4. Council Q/A

Council President Peterson asked for more information on reserve and emergency funds.

Elliot responded by voicing the importance of robust reserves and explained that the Portland Water Bureau is continuing to expand reserves.

John discussed King County Solid Waste's rainy day reserve fund as well as their recession reserve.

Councilor Gonzalez asked panelists how their agencies engage with stakeholders on large capital investments.

John explained that the large capital projects by King County Solid Waste were discussed with stakeholders during the

solid waste management update. Kyle explained that rate making is done at the state level for Northwest Natural. Elliot highlighted that many projects being done by the Portland Water Bureau have little to no regulatory flexibility. Mike explained that the planning and rate making processes are separated at the Oregon Public Utility Commission. Spencer added that Seattle Public Utilities has long term planning that is done in order for large capital investments to move forward.

Councilor Rosenthal asked if funds are ever allocated to cities and counties within a service territory for them to carry out services.

John explained that there are small buckets of money set aside for city partners.

Council President Peterson described least cost planning and asked panelists to discuss how they deal with demand management and how this interacts with rate setting.

Mike explained the Oregon Public Utility Commission's focus on cost of service rather than the cost to society when planning and the difficulty of planning for additional cost requirements.

Kyle described Northwest Natural's move towards renewable natural gas.

John explained King County Solid Waste's goal to have zero wasted resources by 2030 and how decisions are made to support this goal.

Councilor Rosenthal asked the panel about transparency and rate setting.

Kyle expressed the difficulty of explaining the complexity behind rate setting. Spencer described how Seattle Public Utilities presents the data behind their rate setting process.

Spencer, Mike, and John discussed changes in rate setting priorities for their agencies.

5. Wrap-Up and Next Steps

Each panelist shared final remarks to Council.

There being no further business, Council President Peterson adjourned the Metro Work Session at 3:56 p.m.

Respectfully submitted,

Stellan Roberts

Stellan Roberts, Legislative Assistant