



APPROVED 1-13-16

MINUTES
City of Tacoma
Public Utility Board Meeting
December 16, 2015
6:30 p.m.

Mr. Flint called the Public Utility Board meeting to order at 6:30 p.m. at the Public Utilities Administration Building.

Present: Woodrow Jones, Bryan Flint, Karen Larkin, Monique Trudnowski

Excused: Mark Patterson

The meeting was quorate.

Minutes of the Previous Meetings

Mrs. Trudnowski moved that the minutes of the previous meetings be adopted; seconded by Mr. Jones. A correction was made to the special meeting minutes of December 3, 2015. Page 8, center paragraph, third line: “*45 percent rate increase* was corrected to *4 to 5 percent rate increase*”. Voice vote was taken and carried. The minutes, with noted correction, were declared adopted and made part of the record.

Recognitions

Dolores Stegeman, T&D Manager, summarized for the Board the Gold Star Community Partner Award received from Tacoma Public Schools.

Clay Norris, Power Manager; Bruce Carter, Conservation Supervisor; and Rich Arneson, Power Analyst, presented the Board with an award received from the Northwest Energy Efficiency Alliance for Leadership in Energy Efficiency.

Comments from the Public

Mitch Shook of Internet Service Provider Advanced Stream, made public comment in appreciation of the City Council passing Resolution No. 39347.

Consent Agenda

There were no items on the consent agenda.

Regular Agenda

D-1 Resolution U-10830– Award contracts and approve purchases:

1. Award three-year contract to Anixter, Inc., for the purchase of overhead and underground secondary triplex and quadruplex cable on an as-needed basis (\$277,873.20, plus the option for two additional one-year renewal periods for a cumulative total of \$468,716, plus sales tax);

2. Award contract to Alcatel-Lucent USA, Inc., for monitoring and maintenance support of Tacoma Water's microwave system (\$232,711.60, plus sales tax).

Mrs. Trudnowski moved to adopt the resolution; seconded by Mr. Jones.

In response to a Board inquiry regarding item number two regarding the length of the contract and if the maintenance was included, John Luu, Sr. Principal Engineer, explained that the original 2012 contract included maintenance. The vendor provided excellent service, so the original three-year contract was extended administratively after the first expiration. As we go forward in 2017, training the internal communication shop to take over system maintenance and monitoring is planned.

Voice vote was taken and carried. The resolution was declared adopted.

- D-2 Resolution U-10831 – Amend existing contract with Traversa Consulting, Inc., for strategic planning services for TPU Public Affairs, Market Development, Community and Media Services, and Customer Services.

Mr. Jones moved to adopt the resolution; seconded by Mrs. Trudnowski.

Dan Drennan, Market Development Manager, summarized the resolution. This resolution requests approval to amend an existing contract with Traversa Consulting by an additional \$70,000 and to extend the contract through May 15, 2016. In 2014, Traversa assisted Public Affairs, Customer Solutions and CMS Marketing Communications to begin the process of designing their respective organizational structures. Additional strategic planning services provided in the scope of work remains to be completed. In response to a Board inquiry regarding the duties of the commercial systems supervisor, Mr. Drennan stated that this position will conduct outreach to small businesses and other inbound customer requests. Account Executives will continue the outbound role with these customers.

Voice vote was taken and carried. The resolution was adopted.

- D-3 Resolution U-10832 – Approve an increase in the contract limit to \$400,000 for a legal services agreement with Orrick, Herrington, and Sutcliffe, LLP in connection with the issuance of bonds and other financial transactions for Tacoma Power.

Mrs. Trudnowski moved to adopt the resolution; seconded by Mr. Jones.

Travis Metcalfe, Financial and Business Planning Manager, summarized the resolution. In December 2014, Tacoma Power implemented a legal services agreement with this vendor to provide legal services in connection with the issuance of bonds and other financial transactions for Tacoma Power. The current maximum compensation limit of the agreement is to not exceed \$200,000. In the last year, Orrick has completed necessary due diligence to review Tacoma Power's current bond status and provide legal services in connection with issuance of new not purchase agreements and two unanticipated IRS audits. The increase from the initial contract amount of \$200,000 to \$400,000 is expected to cover costs through remainder of the agreement.

In response to a Board inquiry as to whether or not this will carry Tacoma Power through the 2017 bond issuance, Mr. Metcalfe answered that it does as this agreement goes through December 2017.

In response to a Board inquiry regarding how the unanticipated IRS audit resulted in this contract amount increase, Mr. Metcalfe, answered that we exercised a portion of the agreement that provides the opportunity to work with Orrick for legal expertise. The primary reason was the audit response.

In response to a Board inquiry regarding the timing of invoices received for the audit and other work and how common audits for municipal bonds are, Mr. Metcalfe answered that Tacoma Power hasn't received all bills from the audit as Tacoma Power received an extension to respond to the audit notice and it took time for the IRS to complete their work. The last invoice was through October and it was requested to hold off on some billing until Board approval. The audit for municipal bonds is uncommon, was unanticipated, and we were selected randomly. Tacoma Power received accolades for record keeping and timely responses and that knowledge was shared with peer utilities.

Voice vote was taken and carried. The resolution was adopted.

D-4 Resolution U-10833 – Authorize payment of the Western Electricity Coordinating Council (WECC), North American Electric Reliability Corporation (NERC), and Western Interconnection Regional Advisory Board (WIRAB) statutory costs for 2016.

Mrs. Trudnowski moved to adopt the resolution; seconded by Mr. Jones

Board Member Flint recused himself and remained at the dais.

Joy Sage, Reliability and Compliance Supervisor, summarized the resolution. Tacoma Power's share of the amount assessed to Western Interconnection Balancing Authorities for the WECC, NERC, and WIRAB for annual net energy load and 2016 assessments is \$216,446.00. The statutory costs were calculated in accordance with section 11 of the WECC bylaws and approved by the WECC Board of Directors and the Federal Energy Regulatory Commission. In response to a Board inquiry about what is covered for this amount, Ms. Sage explained that we pay these dues not because we're part of an agreement but rather because we're a registered entity that has established reliability standards. The cost is based on the net energy per load.

Voice vote was taken and carried. The resolution was adopted.

D-5 Resolution U-10834 – Authorize payment of the Peak Reliability (Peak) final funding amount for 2016 for Tacoma Power's portion of the 2016 reliability coordination service costs.

Mrs. Trudnowski moved to adopt the resolution; seconded by Mr. Jones

Board Member Flint recused himself and remained at the dais.

Joy Sage, Reliability and Compliance Supervisor, summarized the resolution. Tacoma Power's portion of the 2016 Peak funding agreement is \$270,885.00. Western

Interconnection Balancing Authorities fund Peak's 2016 costs to provide reliability coordination services calculated in accordance with section 4.3 of the executed Peak Reliability funding agreement.

Voice vote was taken and carried. The resolution was adopted.

D-6 Resolution U-10835 – Authorize Tacoma Power to convey two easements to Pope Resources, L.P., along existing Forest Service roads located in Lewis County, Washington.

Mrs. Trudnowski moved to adopt the resolution; seconded by Mr. Jones.

Gloria Fletcher, Sr. Real Estate Officer, summarized the resolution. This resolution will execute and convey two non-exclusive easements, with an estimated market value of \$3,300 to Pope Resources, L. P., along existing Forest Service Roads located on Tacoma Power property within the Peterman Hill area of Lewis County. This transaction will allow Tacoma Power to complete a recreational trail within the Cowlitz Wildlife Area that is required by the Federal Energy Regulatory Commission license to the Cowlitz River Hydroelectric Project. In response to a Board inquiry regarding whether a controlling mechanism is contained in the agreement to make sure Tacoma Power gets the second transaction, Ms. Fletcher answered that the easements are placed in escrow while we move to get the conveyance of property and they'll close simultaneously.

Voice vote was taken and carried. The resolution was adopted.

D-7 Resolution U-10836 – Authorize adoption of the 2015 Tacoma Power Integrated Resource Plan.

Mrs. Trudnowski moved to adopt the resolution; seconded by Mr. Jones

Cam LeHouillier, Integrated Resource Plan Manager, summarized the resolution. RCW 19.280 requires that utilities meet its system demand with a least cost mix of energy supply resources and conservation. In furtherance of that responsibility, each electric utility must develop an Integrated Resource Plan (IRP). It is the intent of the legislature to encourage the development of new safe, clean, and reliability energy resources to meet demand in Washington for affordable and reliable electricity. To achieve this end, the legislature finds it essential that electric utilities in Washington develop comprehensive resource plans that explain the mix of generation and demand-side resources they plan to use to meet their customers' electricity needs in both the short and long term. Tacoma Power conducted and sought customer involvement through regular public meetings throughout the planning process. The most significant finding of the IRP is that acquisition of all cost-effective conservation resources is the least cost, least risk alternative for meeting forecasted retail load over the planning horizon. Board Members made positive remarks about the high quality of the final IRP and the stakeholder engagement process used.

Voice vote was taken and carried. The resolution was adopted.

H. Reports of the Director

H-1 October cash projections for Power, Water, Rail

H-2 October financials for Power, Water, Rail, Fleet, Self-Insurance Fund

I. Comments by the Board

Board Members made positive remarks about the TPU response to the recent storm events, thanked staff for the hard work over the last year, and wished all a very happy Holiday season.

Chair Flint announced that in accordance with Council Resolution 39347, staff will work on a Click! business plan.

J. Adjournment

There being no further business or comments, the Public Utility Board was adjourned at 7:26 p.m. until Wednesday, January 13, 2016, for a study session beginning at 3:00 p.m., followed by the regular meeting at 6:30 p.m.

Approved:

Bryan Flint, Chair

Monique Trudnowski, Secretary