



APPROVED 9-28-16

MINUTES
City of Tacoma
Public Utility Board Meeting
September 14, 2016
6:30 p.m.

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

Present: Mark Patterson, Bryan Flint, Monique Trudnowski; Woodrow Jones, Karen Larkin

The meeting was quorate.

Minutes of the Previous Meetings

Ms. Trudnowski moved that the minutes of the previous meetings be adopted; seconded by Mr. Jones. Voice vote was taken and carried. The minutes were declared adopted and made part of the record.

Recognitions

There were no recognitions.

Comments from the Public

There were no general public comments.

Consent Agenda

There were no items on the consent agenda.

Regular Agenda

Resolution U-10874 - Approval of a Click! All-In business and funding plan to provide retail telecommunication services.

Board Member Flint made a motion to suspend the rules to not make a motion and second to adopt the resolution and engage in public comment and Board discussion on the draft proposed language; seconded by Board Member Trudnowski.

Voice vote to suspend the rules was taken and carried.

Public comment was taken from 13 individuals. The public comment sign-up sheet is appended as part of the record.

Tom McCarthy: Made remarks in support of keeping Click! as a TPU asset.

Wayne Withrow: Made remarks in support of keeping Click! as a TPU asset.

Bill Baarsma: Made remarks in support of Board Member Flint's substitute resolution with emphasis on having Click! funded by TPU and removing Section 9 of the original resolution.

Cheryl Kopek: Made remarks in support of keeping Click! as a TPU asset.

Peter Jung: Made remarks in support of keeping Click! as a TPU asset and against any leasing of the network in an effort to avoid gentrification of Tacoma.

Kit Burns: Made comments encouraging economic development in Tacoma through technology, expressed support for contracting with the Internet Service Providers, developing gig speed, and area competition.

Karen Ramage: Made remarks in support of keeping Click! as a TPU asset and encourages ala carte television options, not bundling.

Michael Lafreniere: Made comments in support of the all-in plan to expand the vision of Click! and rejects any private/public partnership and expressed desire to see Section 9 of the original resolution removed.

Jose Chavez: Made comments that the Click! issue isn't only about technology and funding, but the public benefit to education, children, and low-income customers.

Pat Fletcher: Made comments in favor of ala carte options for Click! cable TV and how she has chosen to keep internet through Click!.

Mitchell Shook: Made comments describing customer growth at Advanced Stream and in support pro-rating Power's contributions to Click!. Also, commented on benefits of smart metering and in support of the substitute resolution.

Kirk Newell: Made comments that he is a current Click! employee and greater customer penetration could be achieved by increased advertisement and creating public awareness.

Vince Kueter: Made remarks in support of keeping Click! as a TPU asset and TPU's funding of it instead of funds coming from General Government's general fund.

Board Members then made remarks on the issues surrounding Click! and expressed their points of view on the issues as summarized below.

Board Member Jones expressed appreciation for the public comments and stated that they will be internalized and the Board will do their best to find a resolution that supports service and value.

Board Member Larkin expressed appreciation for the public comments and stated her support of public broadband as an essential utility. Ms. Larkin expressed that public competition drove and continues to drive infrastructure improvement in Tacoma and a

publically operated broadband system can support future competition. Ms. Larkin expressed support for TPU ratepayers paying the cost of Click! because there is a connection with the business of providing power through the network and automated metering is the future of power and water.

Board Member Trudnowski expressed appreciation for the public comments. Ms. Trudnowski clarified that the all-in proposal causes direct competition between Click! Network and the Internet Service Providers. Ms. Trudnowski also expressed that the internet is an equalizer and a necessity, but there are court decisions limiting the use of power enterprise funds that must be considered. Ms. Trudnowski expressed that there is a high acquisition cost and short technology cycles associated with broadband. Ms. Trudnowski requested to receive from staff how much Click! rates would be if there was no Power subsidy and the customers bore all the cost. Ms. Trudnowski requested to hear from citizens about if they're willing to pay that cost to keep and maintain the network.

Board Member Flint expressed appreciation for the public comments and described his vision of the Click! Network supporting Tacoma Power's strategic plan elements of providing real-time power usage, energy audits, web tools to management power, and economic development. Mr. Flint expressed that Click! Network can provide low-income rates that can help close the digital divide. Mr. Flint then summarized his substitute resolution. The amendments recognize that Click! customers would cover 90 percent of service costs. Section three delegates the ability to manage the business plan with annual reports to the Board. The section that refers to the use of capital dollars from General Government has been removed as was Alternative A that splits costs with TPU rate payers and the General Government. Alternative B was modified to remove the general fund contribution. Language encouraging collaborating with labor was added and Section 9 was removed in its entirety.

Chair Patterson expressed appreciation for the public comments and his appreciation to Click! employees. Mr. Patterson summarized three main issues with Click!: failure of cable TV to attract customers to pay expenses; no decision on advanced metering; and a series of court decisions limiting the ability of a utility to use rate payer funds for purposes other than electricity. The resolution seeks to do three things: phase out power ratepayer support over five years; seeks a city contribution and lacking that, seek funds through a partnership; examine different funding proposals using TPU and/or General Government funds. Mr. Patterson described the Board's role as established in the city charter to protect rates for uses not having to do with the production or delivery of electricity, especially with coax cable not being used for electricity purposes. Mr. Patterson also offered clarification in that Section 9 of the resolution was never intended to be an ultimatum to Council but rather strove to emphasize the benefits of a timely decision.

In response to a Board request, Chris Gleason, Community and Media Services Manager, shared that there is a link to the public comment section at www.mytpu.org/clickresolution. Comments can also be made on Facebook. Comments will be compiled and posted to the Click! resolution page. Board Members reminded the public that questions can be posted as well.

Chair Patterson stated that the Board will see all comments. Board Members will be suggesting alternative language and the resolution drafting committee, comprised of

Board Chair Patterson and Board Member Larkin, will work with Legal to draft resolution(s) for the September 28 Board meeting.

H. Reports of the Director

H-1 Current fund cash projections for Power, Water, Rail

H-2 June 2016 financials for Power, Water, Rail, Fleet, Self-Insurance Fund

I. Comments by the Board

Board Member Flint made positive remarks about the revitalization work being done in the city's Lincoln district and how Tacoma Power's participation in making the poles 20 percent higher cleans up the sight lines and allows for future development.

J. Adjournment

There being no further business or comments, the Public Utility Board was adjourned at 7:53 p.m. until Wednesday, September 28, 2016, for a study session beginning at 3:00 p.m., followed by the regular meeting at 6:30 p.m.

Approved:

Mark Patterson, Chair

Woodrow E. Jones, Jr., Secretary