



APPROVED 5-24-17

MINUTES
City of Tacoma
Public Utility Board Study Session
May 10, 2017
4:00 p.m.

Chair Patterson called the Public Utility Board study session to order at 4:02 p.m. at the Public Utilities Administration Building.

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

Tacoma Power: Undergrounding Policy

Clay Norris, Power Manager, made introductory remarks and introduced Rachel Allen, Assistant Section Manager, and Erik Andersson, Business Manager for Economic Development. Mr. Norris outlined the challenges facing this issue: 1) expense for the utility; 2) expense for the individual property owner; 3) other utilities, namely telecommunications, also use poles; 4) equity issues on who pays. The current practice within the city is for residential Local Improvement Districts (LIDs), Tacoma Power pays 30 percent of conversion costs for utility lines and customers pay 100 percent of converting their service to the meter; commercial/industrial customers pay 100 percent; and new electric service is required to be underground. Outside the city of Tacoma, residential LIDs are the same as within Tacoma and franchise agreements dictate level of co-funding. Legal research, analysis, and limitations were reviewed. Four policy alternatives, with the pros and cons of each, were summarized: 1) Status quo (Pros - generally more favorable toward undergrounding than most utilities and customers who benefit pay most of the costs. Cons – doesn't address commercial undergrounding and is different than the approach in franchise cities); 2) Fixed contribution to undergrounding projects (Pros – similar to treatment with franchise cities, undergrounding benefits for utility approximate costs, co-pay means only projects of value to owners are done. Cons – likely some subsidization especially for business customers, may not fully meet the city's objective of improving aesthetics); 3) Surcharge within well-defined area (Pros – customers who benefit are generally the ones who pay and path to complete undergrounding in the targeted geographic. Cons – unpopular rate increase for some customers and geographic area and sequencing may be contested); 4) Utility-wide surcharge for undergrounding (Pros – process leads to wide-spread underground facilities, rate impact is known and transparent. Cons – choosing highest priority projects may be contentious, equity issue low income customers pay, unpopular rate increase for some customers). Two staff recommendations were then detailed: 1) TPU works with the city to target a geographic area for undergrounding with separate rates. Specific areas have a rate adder to recover utility undergrounding costs; city requires customers in the area to convert their service connection at their expense; city requires other utilities such as telecommunications in

the area to convert to undergrounding. The rationale for this is that co-funding through LIDs alone is unlikely to make a material difference in the aesthetics of downtown. 2) TPU investigates feasibility of a loan program for customer service connections. The rationale for this is that up-front costs of conversion is a challenge for customers and may create a barrier to undergrounding projects. Dialogue ensued and staff will further consider those discussion points into additional analysis and recommendations.

Tacoma Rail: Positive Train Control Update

Dale King, Rail Superintendent, made introductory remarks. Alan Matheson, Assistant Rail Superintendent, outlined the regulatory framework (The Rail Safety Improvement Act of 2008 and the Surface Transportation Act of 2015) mandating Positive Train Control (PTC). PTC refers to a set of highly advanced technologies and communication-processor based train control software designed to prevent train-to-train collisions, over speed derailments, incursions into established work zone limits, and train movement through a mainline switch in the improper position. PTC will not prevent accidents caused as a result of equipment failure or improper vehicle movement through a grade crossing, trespassing on railroad tracks, and some types of train operator errors. The current timeline for PTC implementation is entirely driven by the Burlington Northern Santa Fe (BNSF). Tacoma Rail is expected to be PTC ready in July 2017 with onboard locomotive equipment installation, back office system access, and PTC revenue service following Federal Railroad Administration (FRA) certification. Contracts necessary to proceed with PTC compliance were reviewed. Next steps include Board consideration of associated contracts at the May 24, 2017 regular meeting, contract executions and FRA approvals in June 2017, and commencement of operations and revenue service in July 2017.

Adjournment

The study session was adjourned at 5:37 p.m. until the next regularly scheduled study session on Wednesday, May 24, 2017 at 3:00 p.m.

Approved:

Approved:

Mark Patterson, Chair

Woodrow E. Jones, Jr., Secretary