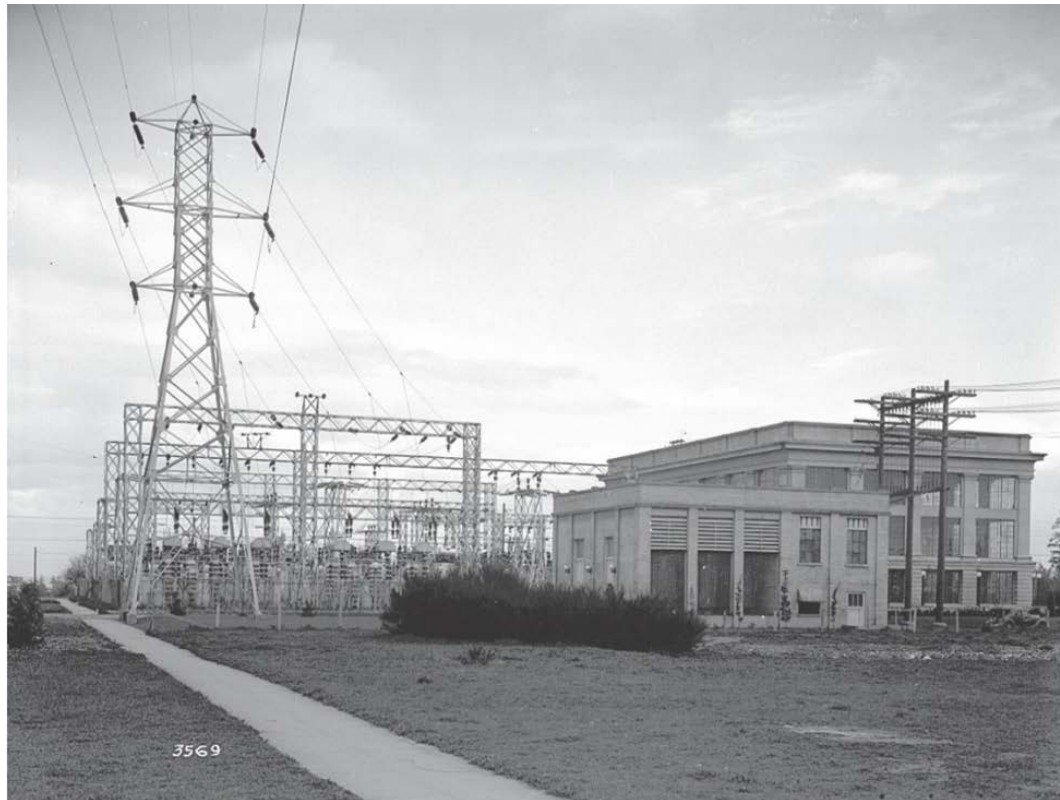


# Cushman & Adams Substations MOU

## March 28, 2018



*Cushman & Adams Substations – April, 1937*

# Joint Staff Task Force

- Terry Coggins, Tacoma Power
- Ward Groves, Legal
- Jennifer Hines, Real Property Services
- Peter Huffman, Planning & Development Services
- Clark Mather, TPU
- Tom Morrill, Legal
- Terry Ryan, Tacoma Power
- Steve Victor, Legal
- Joe Wilson, Tacoma Power

# Overview of Properties



# Background

- **Adams substation declared surplus to utility operations in 2009**
- **Cushman Substation still connected to electrical system – used for large equipment storage and repair using crane**
- **Cushman substation and transmission line added to National Register of Historic Places in 2016**
- **2017 Tacoma Power signed Henderson Bay Memorandum of Agreement (MOA)**
  - **Refurbish main door on the south side of Cushman Substation**
  - **Refurbish historic outdoor light fixtures outside Cushman Substation**
  - **Pursue national register listing for Adams Substation**
- **North 21<sup>st</sup> Street transmission line replacement project scheduled to be completed in 2018 – would disconnect Cushman substation from the electrical system**

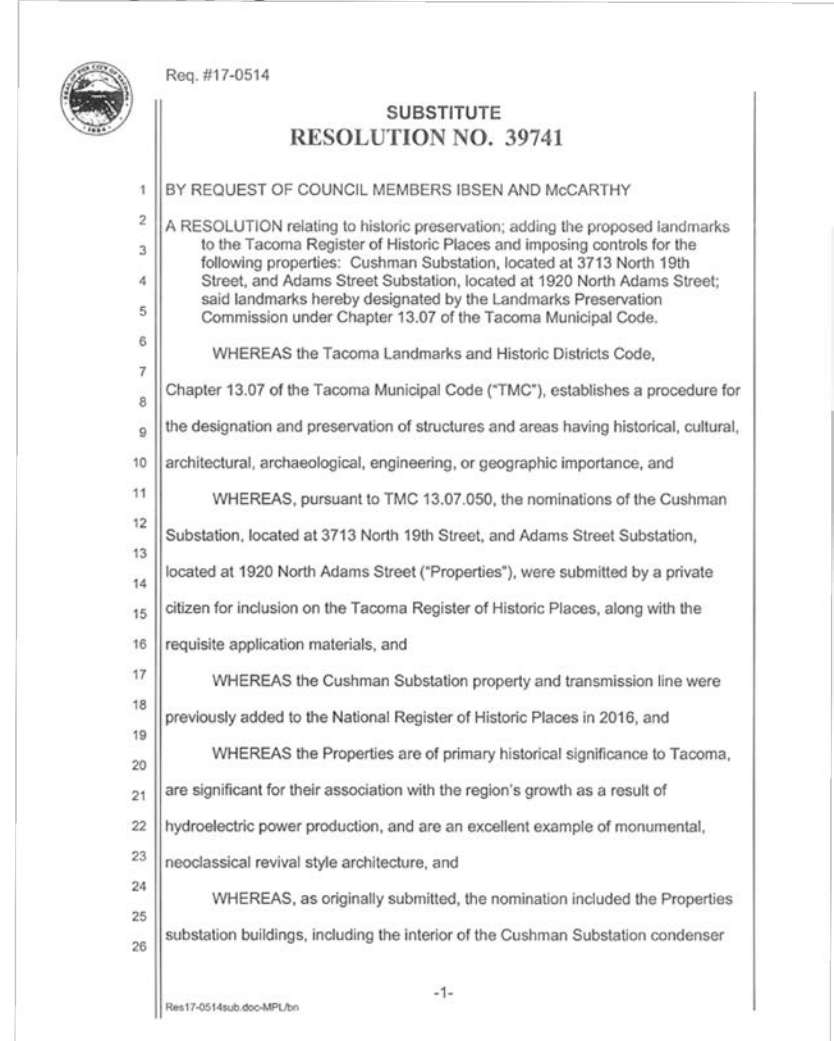
# Tacoma City Council Resolution

- **June 6, 2017: Tacoma City Council unanimously adopts Substitute Resolution 39741**
  - Adds the exteriors of Cushman and Adams Substations and sites on the surrounding parcels to the Tacoma Register of Historic Places
  - Directs the City Manager to work with TPU/Tacoma Power to address the current condition of Adams Substation, maintain the interior and exterior of both the properties to standard that is attractive and amenable to future development, and to evaluate the degree to which environmental cleanup of the properties will be required
  - Directs the City Manager to work with TPU/Tacoma Power to enter into a Memorandum of Understanding (MOU) as necessary to establish a process to encourage, “...timely redevelopment of the Properties...”



# RES 39741/MOU framework

- Set a schedule that, “promotes the expedited relocation of the current Tacoma Power operations from the Cushman Substation...”
- Establish a process for a, “prompt internal transfer of the Properties from Tacoma Public Utilities to the City of Tacoma General Government...”
- Establishing a fair market value for the Properties



# RES 39741/MOU framework (cont.)

- Establish and fund the cost for required environmental cleanup
- Allocating the risk and responsibility for any environmental liability, “past, present, and future,” which may be included as a factor in the internal transfer sales price
- Setting out a process by which the City will conduct a Request for Proposals (RFP), including community input for future redevelopment of the properties
- Prior to issuing an RFP, work with stakeholders to identify community goals for redevelopment of the properties

# Developments since RES 39741

- **Fall 2017: Tacoma Power Superintendent directs staff to begin environmental characterization at Cushman properties -- Phase 1 complete, Phase 2 ongoing**
- **Fall 2017: Tacoma Power Superintendent directs staff to begin analysis of alternatives to replace Cushman Substation storage and 50-ton crane capabilities**
- **Ongoing community engagement**
- **Tacoma Power continues work to comply with 2017 Henderson Bay MOA**
- **Tacoma Power continues work on North 21<sup>st</sup> Street Transmission Line Replacement Project – scheduled to be completed in 2018**
- **Joint TPU/General Government task force draft MOU, pursuant to Tacoma City Council Resolution 39741 – draft presented here today**



# MOU – Joint Staff Draft

- 'Whereas' clauses layout history/background
- Establishes end of calendar year (CY) 2021 'goal' for operational replacement of storage facilities/crane capabilities
- Establishes end of CY 2019 'goal' to complete environmental assessment/characterization of at or below grade environmental issues
- Tacoma Power to maintain interior and exterior of structures consistent with utility operations and 2017 Henderson Bay MOA

# MOU – Joint Staff Draft (cont.)

- After environmental condition of the property is fully characterized, TPU and the General Government will work cooperatively and collaboratively to fully allocate financial and operational responsibility for clean-up, and to determine a fair market value for the properties, including an independent appraisal
- The General Government will be the lead for scoping, scheduling and conducting community outreach regarding the future redevelopment of the properties
- Tacoma Power has agreed to participate in community outreach process through up to \$50,000 in funding to pay for consultant for public outreach
- Community outreach may occur with or without transfer

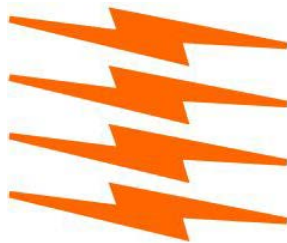
# Next steps

- **March 28 PUB Study Session**
- **Interim Director/City Manager sign MOU**
- **Joint staff task force continues work**

# 2018 Legislative Session

## March 28, 2018

- Clark Mather, Community and Government Relations Manager
- Marian Dacca, State Relations Manager



# Overview

- 2018 Legislative Session recap
- What's ahead in 2018

# 2018 Legislative Session-- Overview

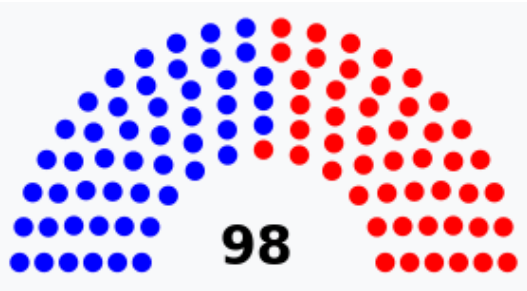
- The Washington State Legislature convenes annually on the 2nd Monday in January
- Legislative sessions are defined by the biennium, or the two-year period in which bills are considered
- 1<sup>st</sup> year of the biennium is a *Long Session*, lasting for 105 calendar days.
  - State's Budgets: Operating, Capital, Transportation
  - Policy Bills
  - All bills that do not pass during the long session are retained in present status and eligible in current form in the following short session.
- 2<sup>nd</sup> year of the biennium is a *Short Session*, lasting for 60 calendar days
  - Adjustments, additions and small changes to the State Budgets: Operating, Capital, Transportation (Supplemental Budgets)
  - Policy Bills

**The Washington State Legislature convened on Monday, January 9th 2018 for 60 consecutive days, adjourning on Thursday, March 8th 2018.**



# 2018 Legislative Session-- Overview

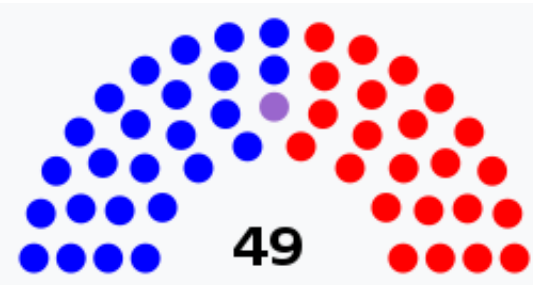
## House of Representatives – Democratic Majority



- Democrats hold the majority in the House (50 Democrats – 48 Republicans)
- All 98 Representatives are up for election in 2018

**50 – 48**

## Senate – Democratic Majority



- Democrats hold the majority in the Senate (25 Democrats – 23 Republicans + 1 Ind. Democrat who caucuses with the Republicans)
- 24 Senators are up for election in 2018

**25 – 24**

## Governor – Democrat

- Governor Jay Inslee - Democrat

# 2018 Legislative Session-- Overview

2018 Regular Session	Bills Introduced	Bills Passed Legislature
House	763	165
Senate	647	143
	<b>1410</b>	<b>308</b>



# State Legislative Update

## WATER

- SB 6091, “Ensuring that water is available to support development,” passed the Legislature on January 18, and signed by the Governor on January 19
- Addresses the *Hirst* and *Foster* Supreme Court Decisions
  - ***Hirst* Supreme Court Decision:** 2016 Washington State Supreme Court decision that changed how counties decide to approve or deny building permits that use wells for a water source
  - **Provisions in SB 6091:**
    - » Allows for counties to once again rely on the Department of Ecology to issue building permits for lands with permit-exempt wells, but reduces the amount of water those wells can draw in certain areas of the state
    - » Establishes a fee of \$500 for each new permit-exempt withdrawal in the 15 watersheds with older (pre-2001) instream flow rules
    - » Provides \$300 million over 15 years for projects to support watershed improvement processes



# State Legislative Update

## WATER

- **Foster Supreme Court Decision:** 2015 Washington State Supreme Court decision that changed how the Department of Ecology uses OCPI (“public interest”) and mitigation in relation to instream flows
- **Provisions in SB 6091:**
  - » Creates a joint legislative task force (report due Nov. 15, 2019) to:
    - Review the treatment of surface water and groundwater appropriations as they relate to instream flows and fish habitat
    - Develop and recommend a mitigation sequencing process and scoring system to address such appropriations
    - Review the Washington Supreme Court decision *Foster v. Department of Ecology*
- Five water resource mitigation pilot projects are established to inform the legislative taskforce on possible mitigation approaches eliminated by the *Foster* decision

Passage of SB 6091 ended the gridlock on the Capital Budget. The Capital Budget was quickly passed on January 18, and signed into law by the Governor on January 19.

# State Legislative Update

## RAIL

Two state proposals that would have impacted Tacoma Rail:

- **HB 1669 - Minimum Railroad Crew Size Requirements**
  - This legislation would have required:
    - » Railroad carriers operating hazardous material trains to operate with no less than three crew members, with one crew member assigned to the rear of the train and within rolling equipment
    - » Railroad carriers operating hazardous material trains consisting of fifty or more car loads to operate with no less than four qualified crew members, with two crew members assigned to the rear of the train and within rolling equipment
- **HB 2944 - Railroad Worker Safety**
  - This legislation would have prohibited railroad carriers from disciplining employees due to illness, injury, or fatigue
  - It also requires Class I railroad carriers and certain Class II and III railroad carriers to establish a fatigue layoff program

# State Legislative Update

## RAIL

- Tacoma Rail did not take positions on either proposal in 2018
- TPU continued to share with legislators our commitment to safety and ongoing efforts led by Tacoma Rail:
  - Slow Speeds
  - More training
  - Coordination with first responders
  - Less oil barged on Puget Sound/Commencement Bay

No legislation impacting Tacoma Rail was enacted during the 2018 Legislative Session



# State Legislative Update

## POWER

### **SB 5935 - Small Cell Technology and Broadband Deployment**

- Unlike proposals from last year, this legislation was drafted with feedback from cities, and consumer-owned utilities to help facilitate the deployment of new small technology without taking away local control, preempting local governments, or taking away the ability to set pole attachment rates
- SB 5935 added an additional focus on the deployment of broadband in the state of Washington, creating the Governor's Office on Broadband Access, a Broadband Access Task Force, Broadband Deployment Partner Initiative, and a Broadband Grant Program
- Supported by the telecommunication industry, consumer-owned utilities and cities
- Feb. 14: Passed the Senate by a vote of 45 – 3
- Mar. 8: Scheduled for a vote in the House
  - This legislation was alive until the final hours of the 2018 Legislative Session however failed to be passed into law

# State Legislative Update

## POWER

### Net Neutrality

- HB 2282, “Protecting an open internet in Washington,” passed the legislature and was signed into law by the Governor on March 5, 2018
- HB 2282 focused on consumer protection by amending Title 19 of the Revised Code of Washington (Consumer Protection Act), making it illegal for broadband internet providers in Washington state to:
  - Block lawful content, applications, and services including blocking content from *edge providers* like Google, Facebook and Netflix
  - Throttle or slow down lawful content
  - Favoring certain content over others due to special deals also known as paid prioritization
- Washington became the first state to pass net neutrality protections into law
- TPU supported this legislation as it moved through the legislative process



# Power Management

## POWER

### Electrification of Transportation, Clear Authority for Public Utilities

- TPU partnered with a coalition of consumer-owned utilities to seek clear legislative authority to be able to offer incentive programs and services in electrification of transportation for its customers
  - Senate Bill 6187, Sponsored by Sen. Guy Palumbo, D – Maltby
  - House Bill 2897, Sponsored by Rep. Jeff Morris, D – Mt. Vernon
- Both SB 6187 and HB 2897 did not follow traditional paths through the legislative process
- Multiple attempts were made to keep them alive despite not meeting legislative cut-off deadlines
- Authority language was amended into other legislation until the final hours of the 2018 legislative session, however clear authority failed to be passed into law



# Power Management

## POWER

### Carbon Reduction Legislation

- Heading into the 2018 Legislative Session, environmental advocacy groups and the Governor indicated that they would like the 2018 Legislature to pass new policy aimed at reducing carbon
- Jan. 9: Governor released his carbon tax legislative proposal, SB 6203
- Jan. 10: Tacoma Power presents E3 study and carbon pricing analysis
  - Net benefit for TPU customers
  - Most effective way to reduce carbon emissions
- TPU worked in coordination with the Public Generating Pool to brief legislators and participate in stakeholder groups with the Governor's office to revise and improve language in SB 6203 applying to the electric sector
- After a robust stakeholder process, TPU moves from "*Other*" to a "*Support*" position on SB 6203
- SB 6203 continued to move through the legislative process but ultimately was declared "dead" by Governor Inslee and the bill's sponsors with less than two weeks remaining in the legislative session



# Power Management

## POWER

### Clean Electricity Energy Bills

- With less than two weeks remaining in the legislative session, Governor Inslee and some legislators pivot towards passing a bill to address carbon that does not include a tax
- Four “clean electricity” bills become active in the legislative process:
  - SB 6253 (Senator Ranker), HB 2283 (Rep. Debolt), HB 2402 (Rep. Tarleton), HB 2995 (Rep. Tarleton)
  - All four bills went through multiple published and unpublished versions, sometimes within the same day
  - HB 2995 became the vehicle for what was termed the “100% Clean Energy” bill
  - Key components of these bills included:
    - Prohibition against new natural gas generation, new hydroelectric generation, new nuclear generation, and varying “cutoff” dates for the continued use of carbon-emitting resources
    - Penalties for the use of “non-clean” resources, including spot market purchases for reliability and BPA market purchases
    - Some versions would have penalized Tacoma Power in the range of \$1M - \$9M per year despite a 97% carbon-free resource portfolio



# Power Management

## POWER

### Clean Energy Bills

- While many utilities supported carbon reduction legislation in other legislative vehicles, there were many concerns with HB 2995 including:
  - Reliability impacts
  - Cost to customers
  - Lack of public process
  - Effectiveness in reducing carbon as compared to other carbon reduction proposals such as a carbon tax
- Utilities and other stakeholders asked for an interim process to review the policies put forward in HB 2995 and to discuss the best way to achieve the state's emission reduction goals
- Ultimately no legislation was enacted in 2018





## Carbon Ballot Initiative

- “Initiative Measure No. 1631” was filed on March 2, 2018
  - » *“AN ACT Relating to reducing pollution by investing in clean air, clean energy, clean water, healthy forests, and healthy communities and imposing a fee on large emitters based on their pollution.”*
  - » Signors of the original press release: Washington State Labor Council, The Nature Conservancy, Front and Centered, Washington Conservation Voters, Washington Environmental Council, Puget Sound Sage, Climate Solutions, Got Green, One America
- I-1631 appears to be similar to the Governor’s Carbon Tax bill, SB 6203
- Tacoma Power is currently reviewing language

## Tacoma Power PUB Presentation on I-1631 and Analysis on Clean Energy

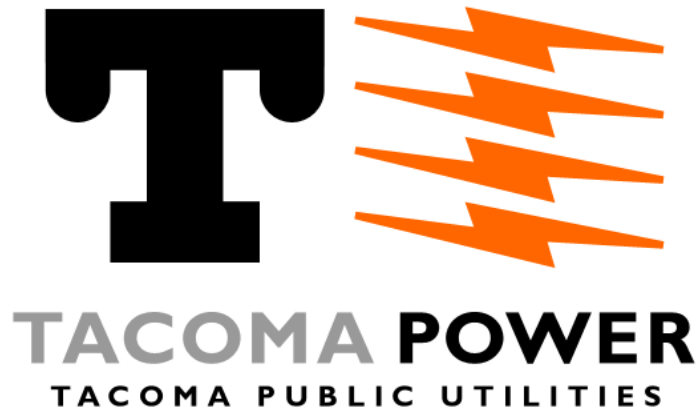
- To be scheduled

## 2018 Elections

- Washington Primary Election – Tuesday, August 7, 2018
- Washington General Election – Tuesday, November 6, 2018

## 2019 Legislative Session

- Legislative Priorities Study Session: Q4 2018
- 2019 Legislative Session: Monday, January 14, 2019
  - » *Long Session*, lasting for 105 calendar days



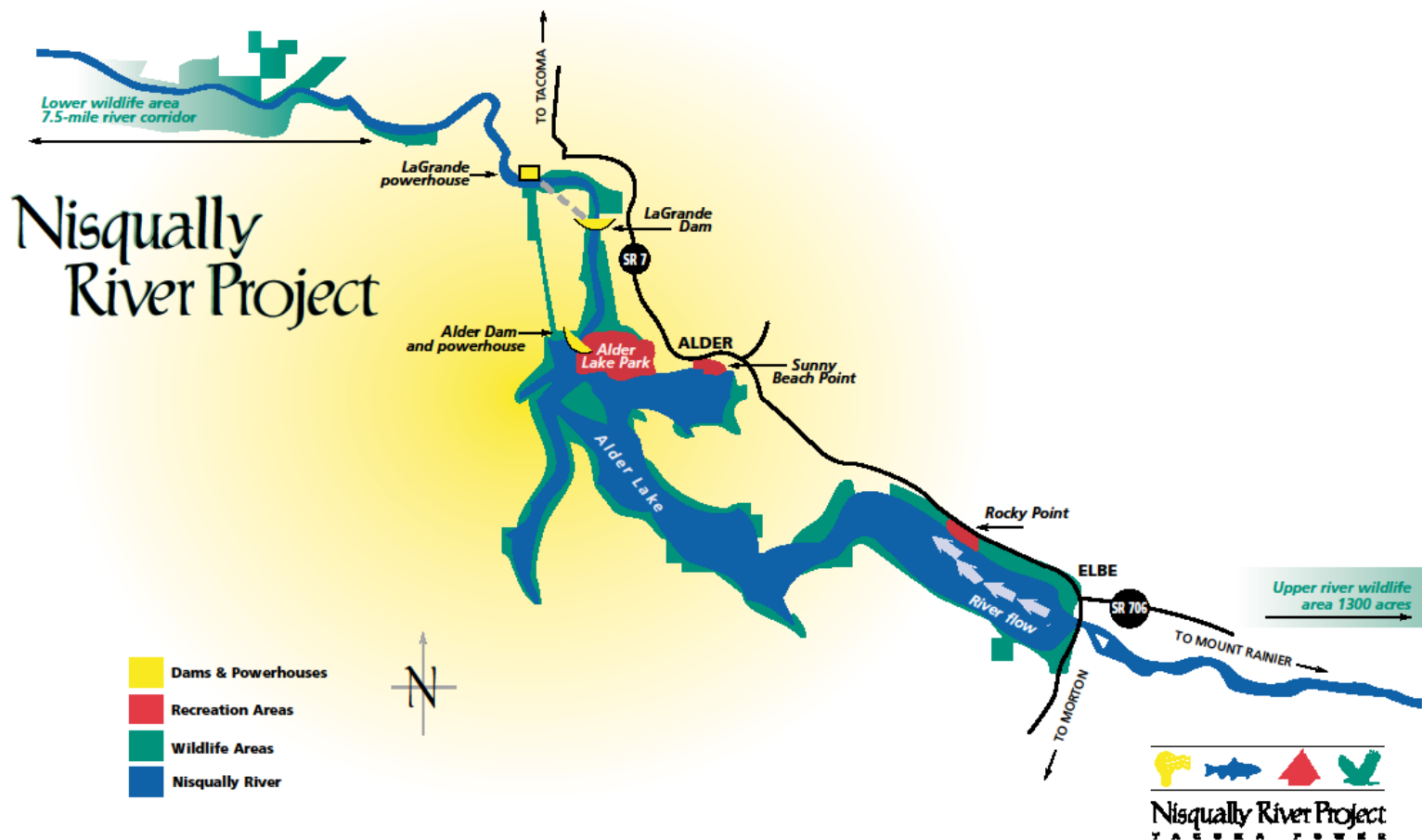
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# Nisqually Landslide

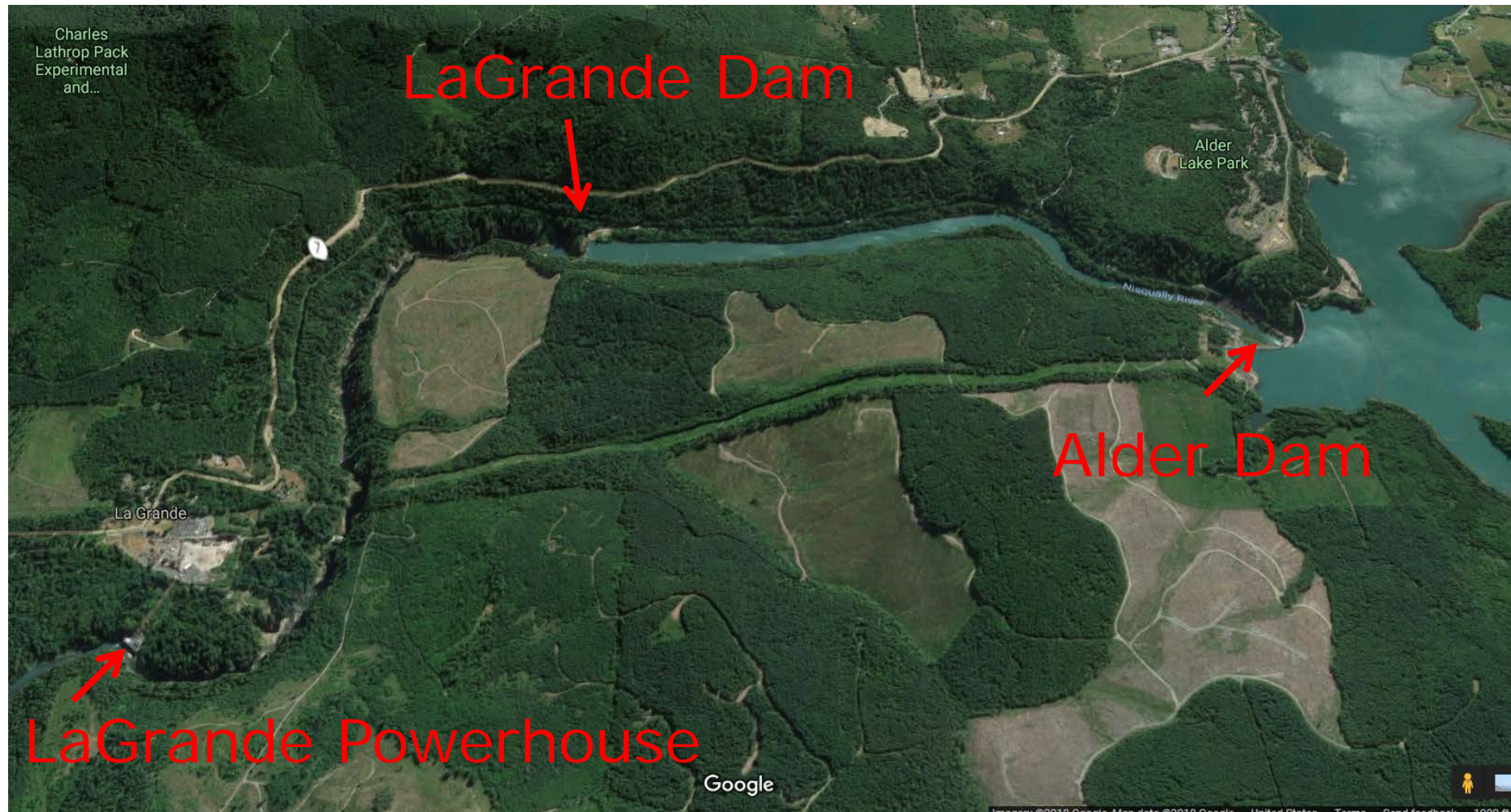
*Briefing for TPU Board*

*March 28, 2018*

# Nisqually River Project

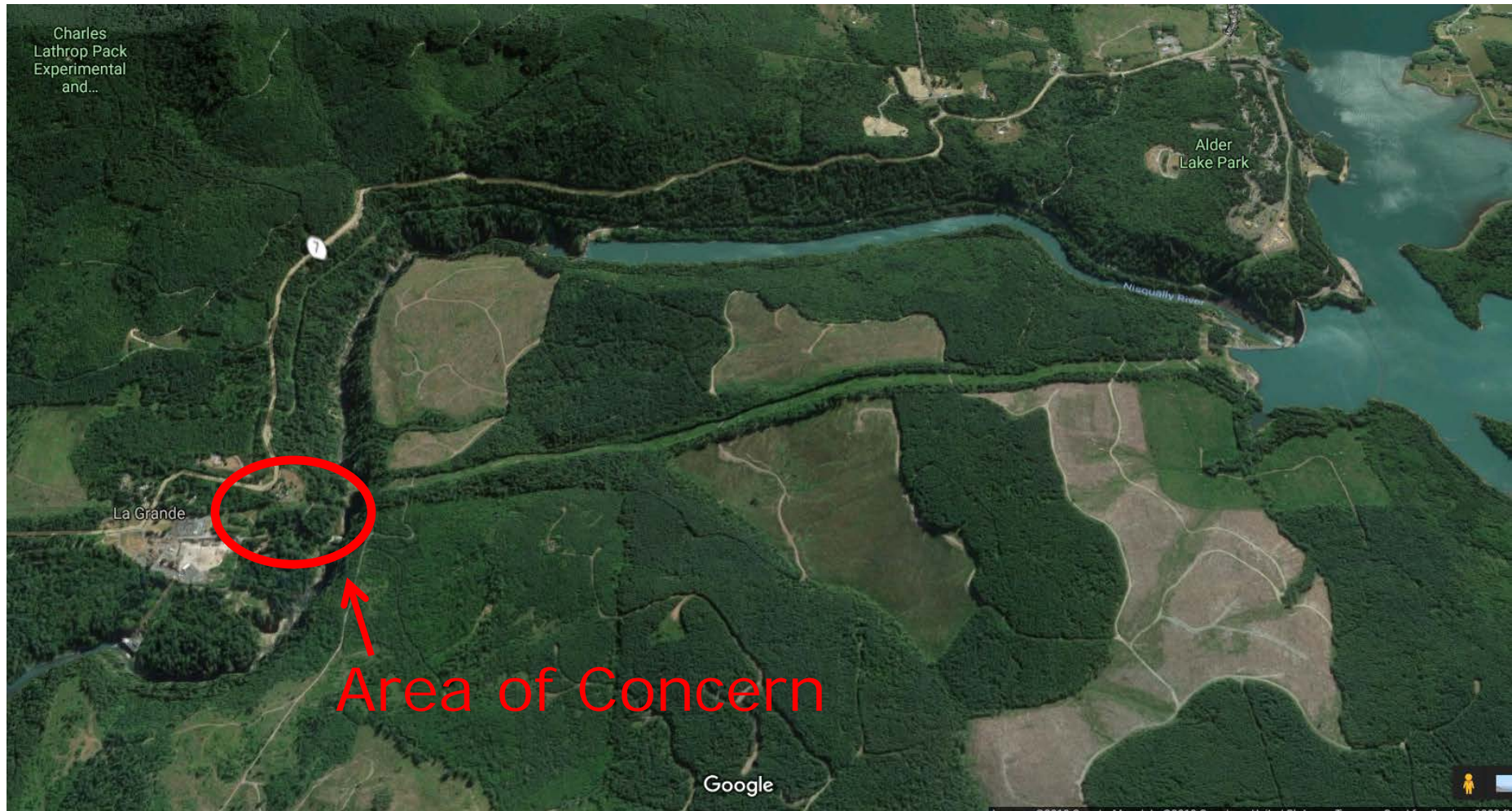


# Nisqually River Project



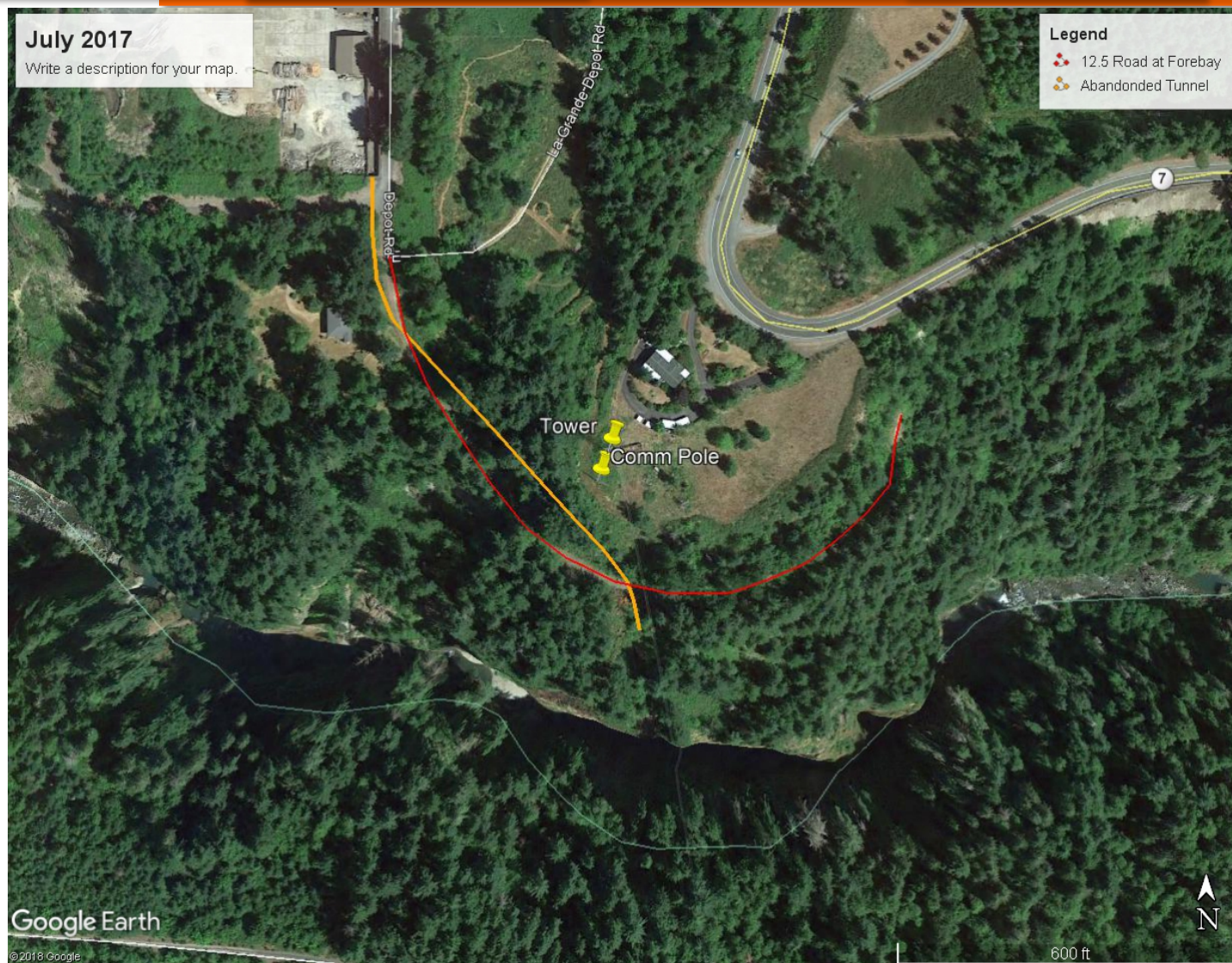


# Nisqually River Project



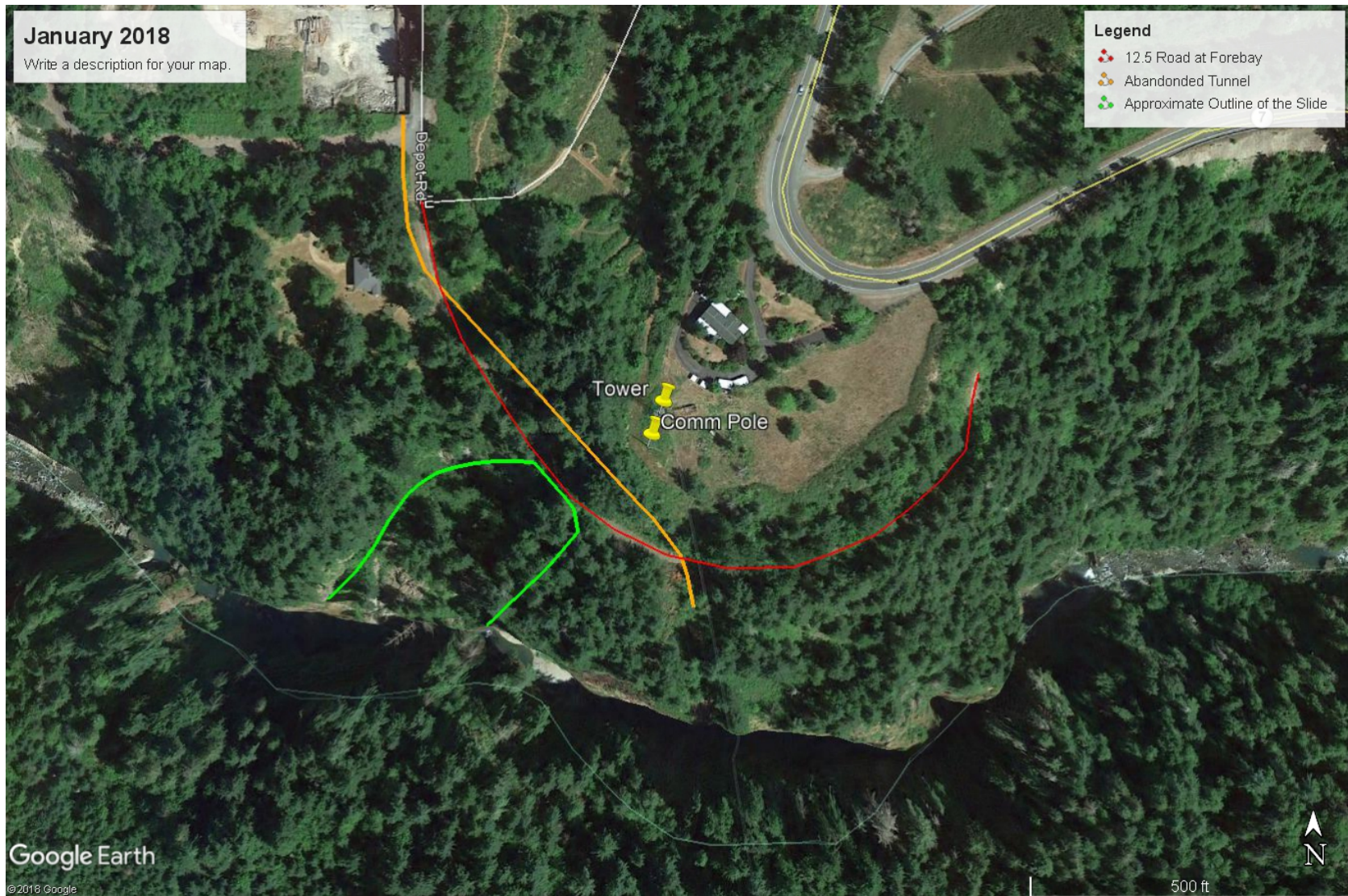


# Slide Area Before January 2018



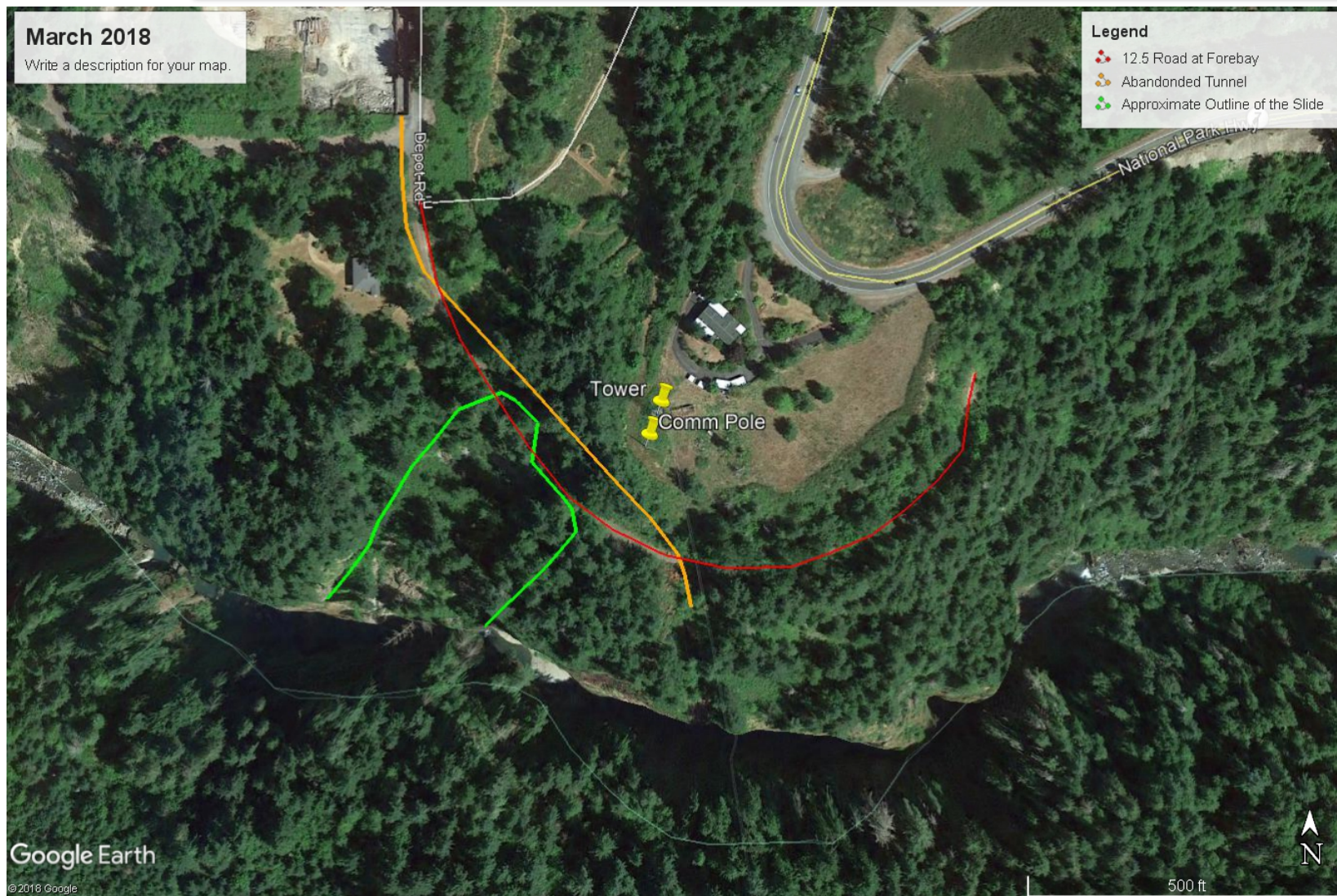


# Slide Area January 2018





# Slide Area March 2018





# Slide Area March 2018





# Slide Area March 2018





# Slide Area March 2018





# Slide Area and Tower



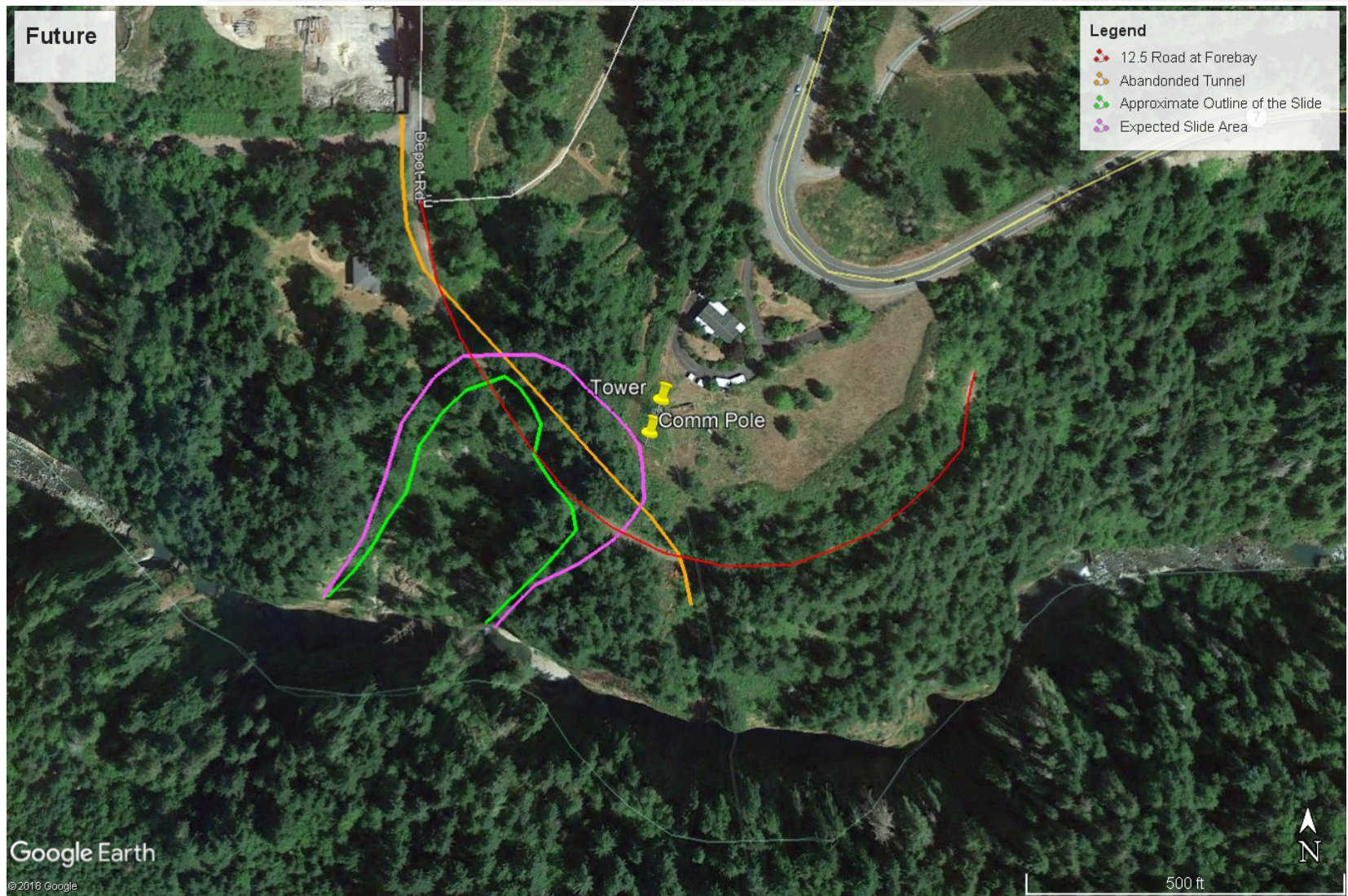


# Nature's Angle of Repose





# Potential Expansion





# Potential Impacts of Slide

- **Safety of Employees and Public Near Site**
- **Loss of Redundant Communication to Dams**
- **Loss of Transmission Tower**
- **Damming of River & Release During Spill Events**
- **Debris Carried Downstream to Powerhouse**

# Mitigation Strategy

- **Geologists / Geotechnical Engineers Recommending Continued Monitoring**
- **Short Term and Long Term Planning**
  - **Alternate Communication Paths**
  - **Alternate Transmission Paths**
- **The Slide is Natural and will Continue to provide Gravel Augmentation to the River System; benefitting the fish**

# Questions

- Questions?