



MOSSADAMS

Audit Results Presentation

# Tacoma Public Utilities Public Utility Board

Presented by Olga A. Darlington, CPA, Partner

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June 24, 2020



## To the Members of the Public Utility Board

- Tacoma Public Utilities  
- Power, Water, and  
Rail Division

Thank you for your engagement of Moss Adams LLP. We are pleased to have the opportunity to meet with you to discuss the results of our audit of the financial statements of the Power, Water and Rail Divisions as of and for the year ended December 31, 2019.

The accompanying presentation, which is intended solely for the use of the Board and Management, and not intended to be and should not be used by anyone other than these specified parties, presents important information regarding the Divisions' financial statements and our audit that we believe will be of interest to you.

We conducted our audit with the objectivity and independence that you expect. We received the full support and assistance of Divisions' personnel. We are pleased to serve the utilities as independent public accountants and look forward to our continued relationship.



Olga A. Darlington  
Moss Adams LLP



# Auditor's Report on the Financial Statements

## **Unmodified Opinions on each Division's Financial Statements**

- Financial statements are presented fairly and in accordance with US GAAP – following pronouncements promulgated by the Governmental Accounting Standards Board (GASB)
- Tacoma Public Utilities - Power, Water, and Rail Divisions – reports dated May 18, 2020

Audits and reports on each Division's internal control and compliance over financial reporting in accordance with *Government Auditing Standards*

- No material weaknesses in internal control



# Area of Audit Emphasis

## Internal Control Environment

- Cash receipts/revenues, cash disbursements/payables, payroll, power trading, treasury, financial close and reporting;
- Our IT team of specialists tested the IT general computer controls that support the various financial reporting systems;

## Treasury

- Coordination with State Auditor's Office testing of cash and investment balances for existence, valuation, restrictions and classification; evaluation of fair value;

## Capital Assets

- Consideration of capitalization policies, as well as testing of additions, retirements, overhead application, and depreciation;
- Interest on debt is no longer being capitalized to construction projects in accordance with GASB 89, implemented in 2019.



# Area of Audit Emphasis, continued

## Debt Activity

- Debt repayments, arbitrage liability, discounts and premiums, compliance with debt covenants; third party confirmations with financial institutions;
- No new debt issued in 2019

## Net Pension and OPEB Liability

- Recognition of share of the liability for future pension and OPEB obligations as part of TERS plan;
- Employer liability and related deferred inflows/outflows including employee census and contributions made to TERS

## Revenues and Expenses

- Vouching of cash receipts and timing of revenue recognition;
- Third-party confirmations with largest commercial power purchasers for Electric Division;
- Detail testing of large line haul transactions for Rail Division;
- Analytical testing of revenue and expenses



# Our Responsibility Under Auditing Standards

1

To **express our opinion on whether the financial statements prepared by management with your oversight** are fairly presented, in all material respects, and conform to US GAAP. However, our audit does not relieve you or management of your responsibilities.

2

To perform an audit in accordance with generally accepted auditing standards issued by the AICPA and Government Auditing Standards issued by the Comptroller General of the United States and **design the audit to obtain reasonable, rather than absolute, assurance** about whether the financial statements are free of material misstatement.

3

To **consider internal control over financial reporting as a basis for designing audit procedures** but not for the purpose of expressing an opinion on its effectiveness or to provide assurance concerning such internal control.

4

To **communicate findings that, in our judgment, are relevant to your responsibilities in overseeing the financial reporting process**. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.



# Required Audit Communications

## Planned Scope and Timing of Audit

- The planned scope and timing of the audit was communicated through management's communication to PUB in a planning letter dated December 2, 2019, and was included in the engagement letter dated October 15, 2019;
- Our audit was performed according to the planned scope

## Accounting Estimates

- Note 2 discloses the Divisions' significant accounting policies:
  - Allowance for doubtful accounts
  - Unbilled revenues
  - Depreciable lives and estimated residual value of utility plant
  - Actuarial valuations for pension and OPEB amounts



# Required Audit Communications, continued

## Consultation with Other Accountants

- None known

## Disagreements with Management

- No disagreements or difficulties in performing the audit

## Potential Effect of Any Significant Risks and Exposures

- The Divisions are subject to potential legal proceedings and claims that arise in the ordinary course of business.
- Commitments and contingencies are disclosed in notes to the financial statements.





# Audit Adjustments and Passed Audit Adjustments

## Audit Adjustments

- None

## Passed Audit Adjustments

- One passed audit adjustment:
  - Water Fund – management's entry to record donated assets that were omitted in error which would have increased capital assets and contributions in aid of construction by \$647,143.



# New Accounting Standards

## GASB 83 – Asset Retirement Obligations

- Addresses accounting and financial reporting for certain asset retirement obligations;
- Implemented in 2019 financial statements

## GASB 84 – Fiduciary Activities

- Addresses guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported;
- Effective for 2020 financial statements

## GASB 87 - Leases

- Addresses accounting and financial reporting for leases recognizing that leases are financings of the right to use an underlying asset;
- Effective for 2021 financial statements

## GASB 88 - Debt Disclosures

- Addresses accounting and financial reporting related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt
- Implemented in 2019 financial statements



# Acknowledgements

**Thank you!**

- The audit progressed in an orderly fashion; requested schedules were received on a timely basis.
- All personnel across all departments were courteous, responsive, and fulfilled all of our requests in a timely manner.
- 'Tone at the Top' and attitude from management was one of helpfulness and openness in response to audit requests and discussion points.





THANK  
YOU



12

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(425) 551-5712



# Advanced Meter Communications Update

Public Utility Board  
Reports of the Director  
June 24<sup>th</sup>, 2020



# Deployment Customer

## Communications Plan - *DRAFT*



General Awareness	Initial Deployment Area (IDA)	Residential Deployment	Commercial Deployment
Web Content - Constant	Virtual Open House	45, 30, 14 Days - Install Letter	60 Days - Install Letter
Web Banner Ads	Installation Videos	7 Days - Install Reminder Postcard	Scheduling Call from Meter Shop
U* Article, Jan 2020 issue	45, 30, 14 Days - Install Letter	2 Days - Auto Dial Call (from MIV)	45-7 Days Outreach from Account Executives
E-newsletter	7 Days - Install Reminder Postcard	Completed Door Hanger	Reminder Call (as needed)
U*Articles, July & Sept 2020 Issues	2 Days – Reminder Call		
Bill Insert July/Aug 2020			
Bill Insert Sept/Oct 2020			
Community Outreach			
Social Media			
Communication materials will be available in multiple languages.			

5 specific residential customer communications **before** meter installation.

# Deployment Customer Pieces

## 45 Day Letter Power & Water



### Advanced Meter Upgrade Coming Soon

Service Address for Advanced Meter Upgrade:

Address Line 1  
Address Line 2

The electric and water meters at the **service address** above will be upgraded within the next two months to improve your utility service. The upgrade will give you increased privacy, control, convenience, automated meter reads, monthly billing, faster response to outages, and more efficient move-in/move-out services.

#### Why Am I Receiving this Notice?

Ordinarily, as part of the terms and conditions for utility service, we'll access the meter and related equipment at reasonable times. (Tacoma Municipal Code sections 12.06.050.B and 12.10.525) This notice is a courtesy to ensure you're aware of the upgrade and brief interruption to service.

#### What to Expect

- Your electric and water meter upgrades might require two separate visits.
- Installations will occur Monday through Friday, between 8 a.m. and 6 p.m.
- You'll receive more information as your installation date approaches.
- A certified installer from Tribus, a TPU authorized contractor, will knock on your door, but won't need to enter your home. The installer will carry an ID badge and will wear proper protective gear to prevent the spread of COVID-19. If you have questions about an installer, call **253-XXX-XXXX**.
- You don't need to be home, unless you must provide access to the meter.  
**Secure all animals before installation.**
- The installer will need access to your meters and you'll experience brief interruptions to your water and power during the upgrade - see reverse for details.

Conozca más acerca de la instalación de su medidor avanzado en [MyTPU.org/AdvancedMeters/SP](https://MyTPU.org/AdvancedMeters/SP).  
 Tìm hiểu về cách cài đặt đồng hồ đo điện/nước sắp tới của quý vị tại [MyTPU.org/AdvancedMeters/VIET](https://MyTPU.org/AdvancedMeters/VIET).  
 Получить информацию об установке счётчика можно здесь: [MyTPU.org/AdvancedMeters/RU](https://MyTPU.org/AdvancedMeters/RU).  
 다음 웹사이트에서 곧 설치될 미터기에 대해 알아보세요. [MyTPU.org/AdvancedMeters/KOR](https://MyTPU.org/AdvancedMeters/KOR).  
 了解有關安裝先進計量器的詳情，請前往 [MyTPU.org/AdvancedMeters/KM](https://MyTPU.org/AdvancedMeters/KM)。

PW 45, 6/20

### About Your Advanced Meter Installation

#### Electric Meter

You won't need someone home for your meter upgrade unless a meter reader needs someone present to access your meter. Please ensure no obstructions to your meter are blocking access, such as locked gates, doors, trees, bushes, or outdoor pets. The installer will need 18 inches of clearance on each side and 36 inches in front of your meter. The installation will take five to 15 minutes. You will experience a brief interruption in power service during this time.

#### Water Meter

The installer will need access to your water meter for 15 to 30 minutes. You won't have water service during the installation. Leave at least four feet of clearance around the meter. You can typically find the meter in front of your home near the sidewalk or street. Please remove any obstructions in advance, such as rock or retaining walls, fences, trees, plants, locked gates, or vehicles parked over the meter.

The installer will replace the lid and meter and, in most cases, won't need to replace the meter box in the ground. The installer will run water for a short time after installation to release any air caught in the line if your home has an accessible exterior spigot.

Your water is safe. Running your cold water for two minutes after installation will clear any air from your pipes or discoloration caused by the meter replacement.

#### If You Need an Appointment

If you can't accommodate a brief shut off to your power or water, or must be home to provide access, please call **253-XXX-XXXX** to schedule an appointment.

#### Opt-Out

If you prefer to forgo your upgrade, visit [MyTPU.org/AdvancedMeters](https://MyTPU.org/AdvancedMeters) for details about opting out, eligibility requirements and fees.



[MyTPU.org/AdvancedMeters](https://MyTPU.org/AdvancedMeters)



Communication materials will be available in multiple languages.

Draft letter shown.

# Deployment Customer Pieces



## 7 Day Postcard



### Installation Reminder

We will install your advanced electric and water meters between Monday and Friday in the next week **at this service address:**

**Address Line 1**

**Address Line 2**

Your installation might require two visits between 8 a.m. and 6 p.m. and will take five to 45 minutes. **Expect a brief interruption in your power and water service during install.**

If your meters are accessible, you don't need to be home. Visit [MyTPU.org/AdvancedMeters/XXXX](https://MyTPU.org/AdvancedMeters/XXXX) to ensure your property is ready.

If you can't accommodate a brief shut off to your power and water, or must be home to provide access, call **253-XXX-XXXX** to schedule an appointment. **Secure all animals before installation.**



[MyTPU.org/AdvancedMeters](https://MyTPU.org/AdvancedMeters)

Mailing & Barcode Areas

Indicia

Communication materials will be available in multiple languages.

Draft postcard shown.



# ●●● Ongoing Community Outreach

- Tacoma's Neighborhood Councils
- Tacoma City Council
- Black Collective
- Neighborhood Block Groups
- Community Organizations
- Franchise Cities
- Pierce County
- Joint Municipal Action Committee

# Customer Communications

## TACOMA PUBLIC UTILITIES Advanced Meter Project

The Tacoma Public Utilities (TPU) Advanced Meter Project will provide you with greater control, choice, and convenience. Starting in mid 2020, TPU will begin upgrades to its electric and water meters with modern digital technology that brings many new customer benefits over time, including monthly billing, remote electric service reconnection, more options to control your costs, improved reliability through faster outage and leak detection, and more flexible payment options in a safe and secure way.

TPU has been a trusted service provider in the region for more than 125 years and will continue to provide you with the reliable, affordable, and environmentally-responsible service you expect by replacing and upgrading aging meters. With technology that is used in more than 75 million households nationwide, the advanced meter project enables a shift to a modern digital utility, making operations more efficient and helping the environment through reduced carbon emissions.

### Your benefits over time



**Your Control, Choice, and Convenience**  
Access more usage data anytime to manage your use and costs.



**Automated Meter Reading**  
More accurate, timely bills based on real-time data.



**Monthly Billing**  
Advanced meters will allow a switch to monthly utility bills, which most people prefer.



**Enhanced Personal Privacy**  
No need for regular physical access to read your meter.



**Easier Move In, Out, and Reconnection**  
Remote turn on and off of electric service saves you time.



**Expanded Ways to Save**  
Providing data about your use increases your ability to save money, water, and energy.



**Faster Outage and Leak Detection**  
Locating and fixing issues helps us restore service to you sooner.



**Flexible Payment Options**  
More options over time include prepay for electric service and custom due dates.



**Improved Operational Efficiency**  
Better information about our systems helps us manage costs.



**Reduced Environmental Impact**  
Fewer vehicle miles traveled for meter reading, basic field services, and outage detection lowers our carbon footprint.

[MyTPU.org/AdvancedMeters](https://MyTPU.org/AdvancedMeters)



## TACOMA PUBLIC UTILITIES

### Facts about Advanced Meters and Radio Frequency Emissions

Your concerns about radio frequency (RF) emissions are important. The intent of the information below is to help you better understand advanced meters and provide reassurance about the health and safety questions often associated with them.

#### How do advanced meters work?

Advanced meters measure your usage throughout the day, just like your current meter. The meters transmit data via RF to us up to twenty-four times per day. The meters emit RF only when they transmit data, which is typically less than one minute per day.

#### Radio Frequency (RF) Exposure Values (in microWatts)

\*based on average usage

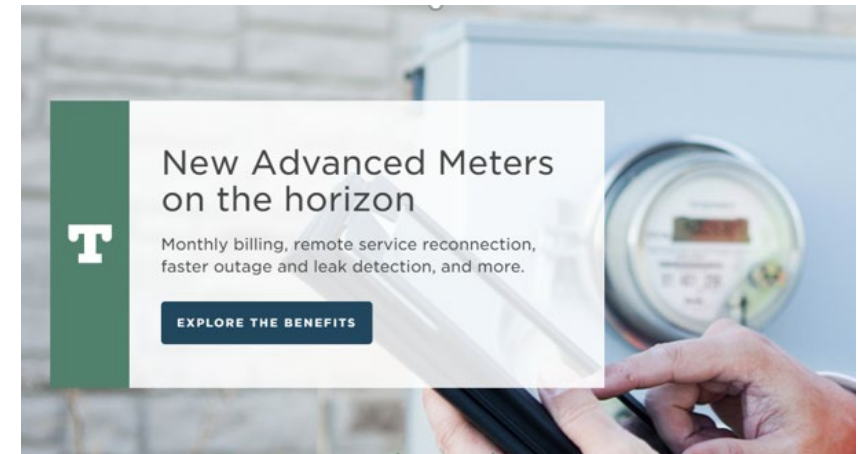


#### Scientific Research about Advanced Meters and Health

- A study by Washington State University determined the amount of energy absorbed from advanced meter radio frequency is substantially less than the Federal Communications Commission (FCC) safety guidelines, even when a person stands close to a meter.

continued on reverse >

[MyTPU.org/AdvancedMeters](https://MyTPU.org/AdvancedMeters)



PAYMENT & BILLING OUTAGES & SAFETY WAYS TO SAVE COMMUNITY & ENVIRONMENT CUSTOMER SERVICE

Community & Environment > Projects > Advanced Meters > Public Process

### Public Process

### Advanced Meter Public Process

We host several outreach events to provide an opportunity for members of the community to learn more about the Advanced Meter project.

#### Public Utility Board Meetings

[View agendas and minutes from the Public Utility Board Meetings online.](#)

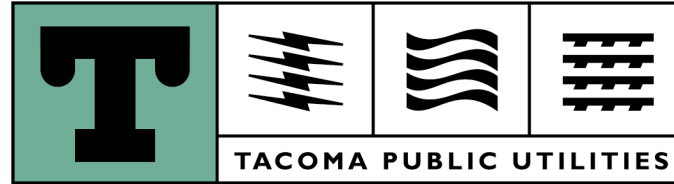
#### Neighborhood Council Meetings

- April 10, 5:30 p.m. - New Tacoma Neighborhood Council - Tacoma Municipal Building
- May 2, 7 p.m. - Central Neighborhood Council - Tacoma Nature Center
- June 3, 6 p.m. - North End Neighborhood Council
- June 17, 7 p.m. - South End Neighborhood Council
- June 19, 6:30 p.m. - South Tacoma Neighborhood Council
- June 20, 6 p.m. - Northeast Neighborhood Council

Customer communications  
before, during, and after meter installation.

# Upcoming Target Dates

IDA Communications Begin	July/August
IDA Meter Installations	September/October
Mass Meter Communication Begin	November/December
Mass Meter Installations	Q1 2021- Q3 2022



# Questions?

[MyTPU.org/AdvancedMeters](https://MyTPU.org/AdvancedMeters)



# Our Energy Future Series

## June 24 IRP Update

Rachel Clark  
Resource Planning Manager

1

IRP Analysis Update

2

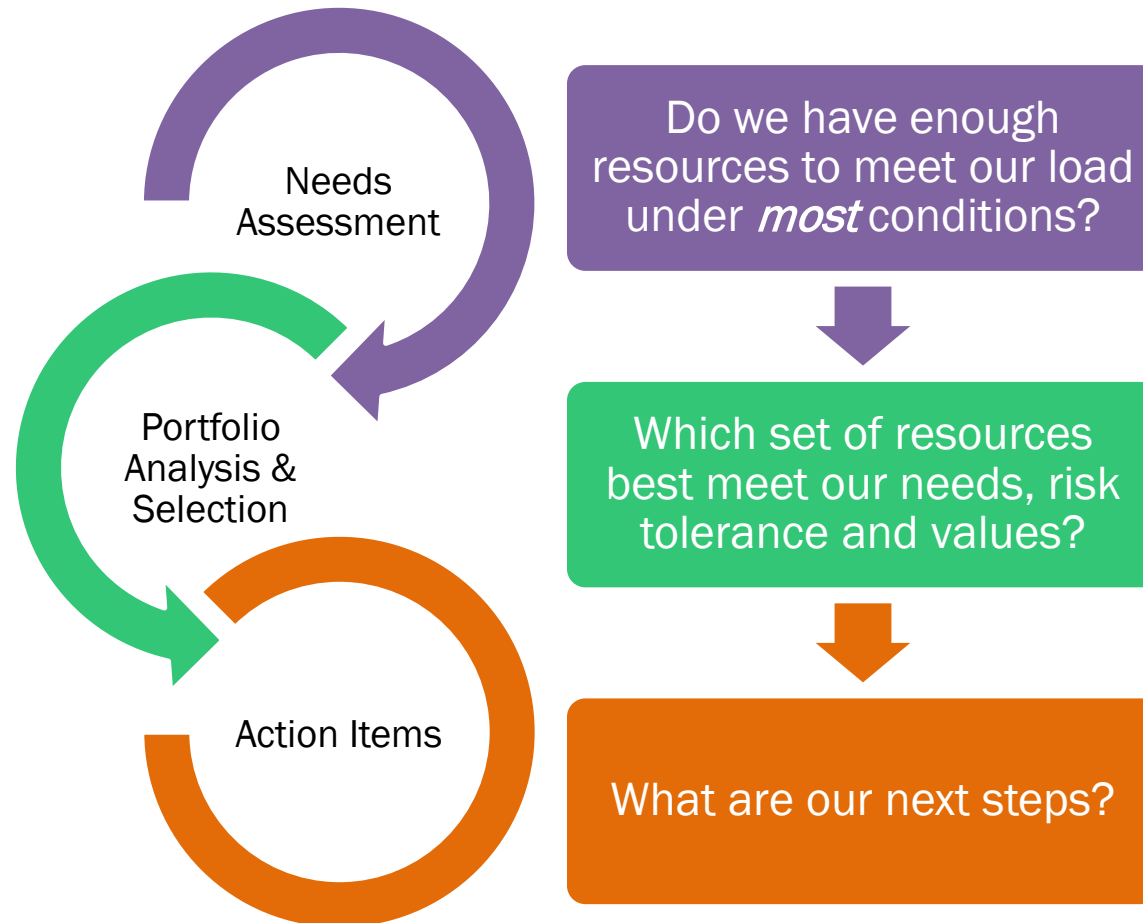
Stakeholder Engagement Update

Where are we with the  
IRP?

**Section 1**

## Section 1: IRP 101 Review

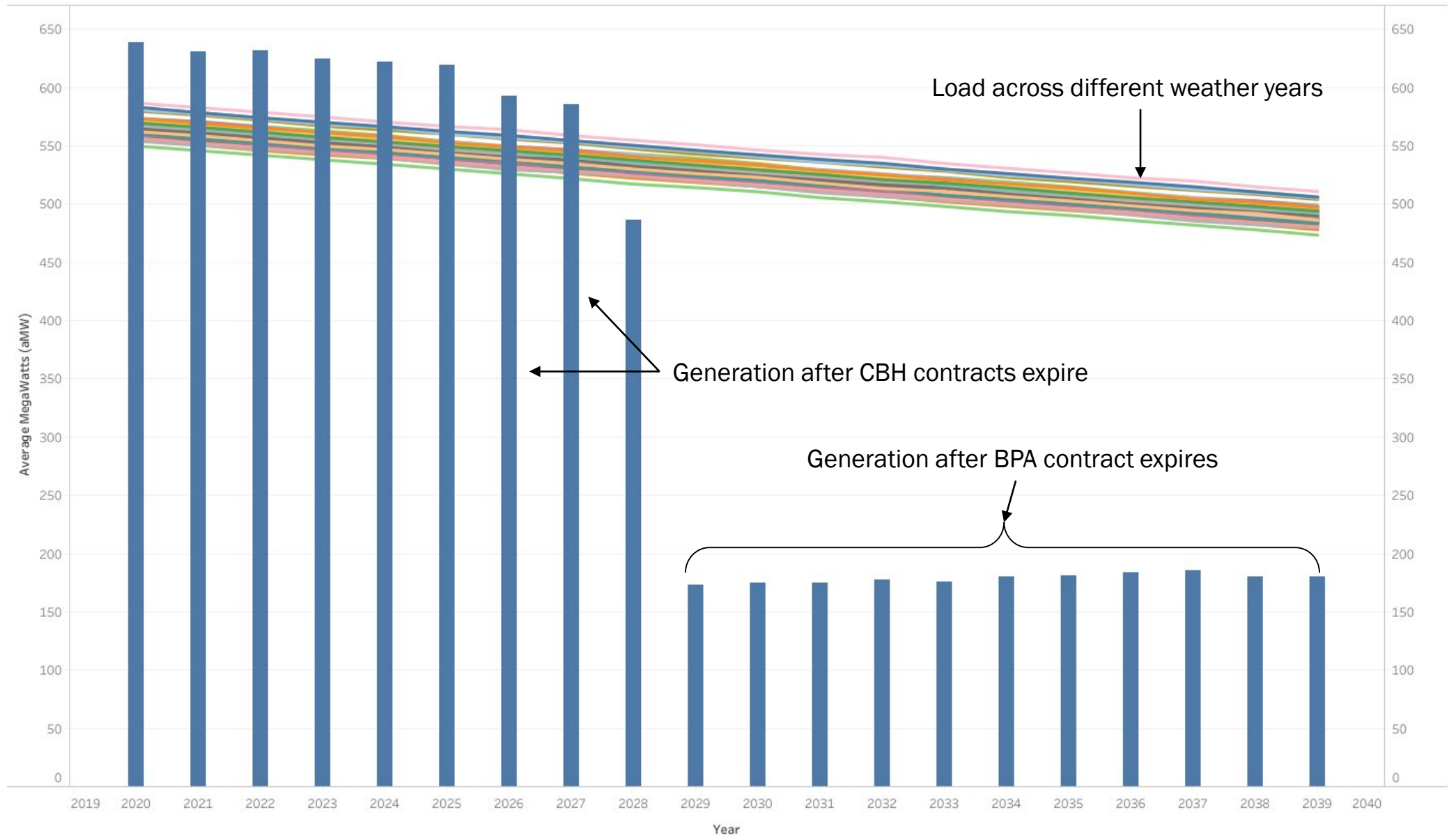
# Review of IRP Analysis Process





# We do not have enough resources if we don't renew our BPA contract in 2028

Load vs. 25th Percentile Generation



## Section 1: IRP Analysis Update

# Portfolio List

### Renew BPA Slice/Block

- Tacoma Power Hydro + BPA Slice
- Tacoma Power Hydro + BPA Slice + renew CBH (*continue current portfolio*)
- Tacoma Power Hydro + BPA Slice + 60MW 2023 Solar
- Tacoma Power Hydro + BPA Slice + 60MW 2028 Solar
- Tacoma Power Hydro + BPA Slice + 100MWWA Wind
- Tacoma Power Hydro + BPA Slice + 100MWGorge Wind
- Tacoma Power Hydro + BPA Slice + 150MW Pumped Storage at Cowlitz
- Tacoma Power Hydro + BPA Slice + 150MW 3<sup>rd</sup> Generator at Cowlitz
- Tacoma Power Hydro + BPA Slice + 50MW Demand Response

### Renew BPA with Shapeable Block

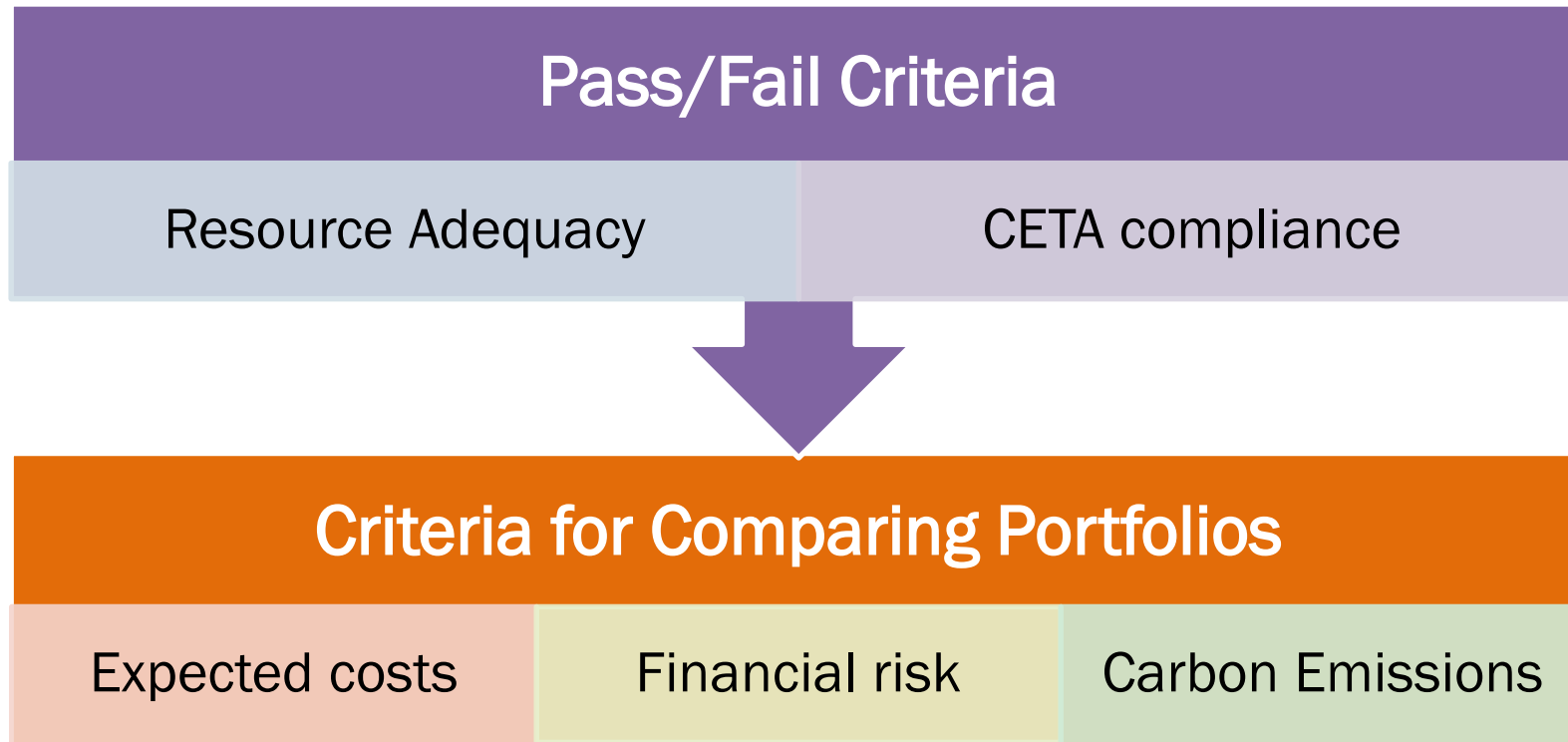
- Tacoma Power Hydro + BPA Block
- Tacoma Power Hydro + BPA Block + renew CBH
- Tacoma Power Hydro + BPA Block + 60MW 2023 Solar
- Tacoma Power Hydro + BPA Block + 60MW 2028 Solar
- Tacoma Power Hydro + BPA Block + 100 MW WA Wind
- Tacoma Power Hydro + BPA Block + 100 MW Gorge Wind
- Tacoma Power Hydro + BPA Block + 150MW Pumped storage at Cowlitz
- Tacoma Power Hydro + BPA Block + 50MW Demand Response (DR)

### No BPA Renewal

- Tacoma Power Hydro + 650MW WA Wind + 650MW Gorge Wind + 100MW MT Wind + 300MW DR
- Tacoma Power Hydro + 700MW WA Wind + 700MW Gorge Wind + 100MW MT Wind + 250MW DR + 150MW Pumped storage
- Tacoma Power Hydro + 700MW WA Wind + 700MW Gorge Wind + 100MW MT Wind + 250MW DR + 150MW Cowlitz Generator
- Tacoma Power Hydro + 700MW WA Wind + 700MW Gorge Wind + 100MW MT Wind + 200MW DR + 100MW Small Nuclear
- Tacoma Power Hydro + 650MW WA Wind + 650MW Gorge Wind + 100MW MT Wind + 100MW DR + 200MW Natural Gas

## Section 1: IRP Analysis Update

How do we evaluate portfolios?



## Section 1: IRP Analysis Update

# How do our metrics relate to our Strategic Directives?

### Equity & Inclusion

- TPU is committed to achieving equity and inclusion in its workforce, service delivery, policy decision making, and community/stakeholder engagement.

### Financial Sustainability

- TPU will secure its commitment to provide **safe and reliable power**, water, and rail services over the long term by **maintaining sustainable budget**, financial, and asset management practices.

### Rates

- TPU strives to ensure rates will be adequate, fair, just, and **reasonable**.

### Stakeholder Engagement

- TPU is committed to engagement with customers to understand their needs and improve service that informs decision-making.

### Environmental Leadership

- TPU is committed to being stewards of the region's natural resources, and a leader in the preservation of those resources while maintaining our excellent delivery of services.

### Innovation

- TPU is committed to fostering a culture of innovation to meet these challenges today and into the future.

#### Relevant Metrics

- Portfolio cost (keep rates low for financially disadvantaged customers)
- Equity metric to be developed for next IRP

#### Relevant Metrics

- Resource adequacy
- Portfolio cost
- Financial risk

#### Not a criterion for resource decisions

- Stakeholder input sought in portfolio selection
- Metrics of engagement to be developed to gauge success of public process

#### Relevant Metrics

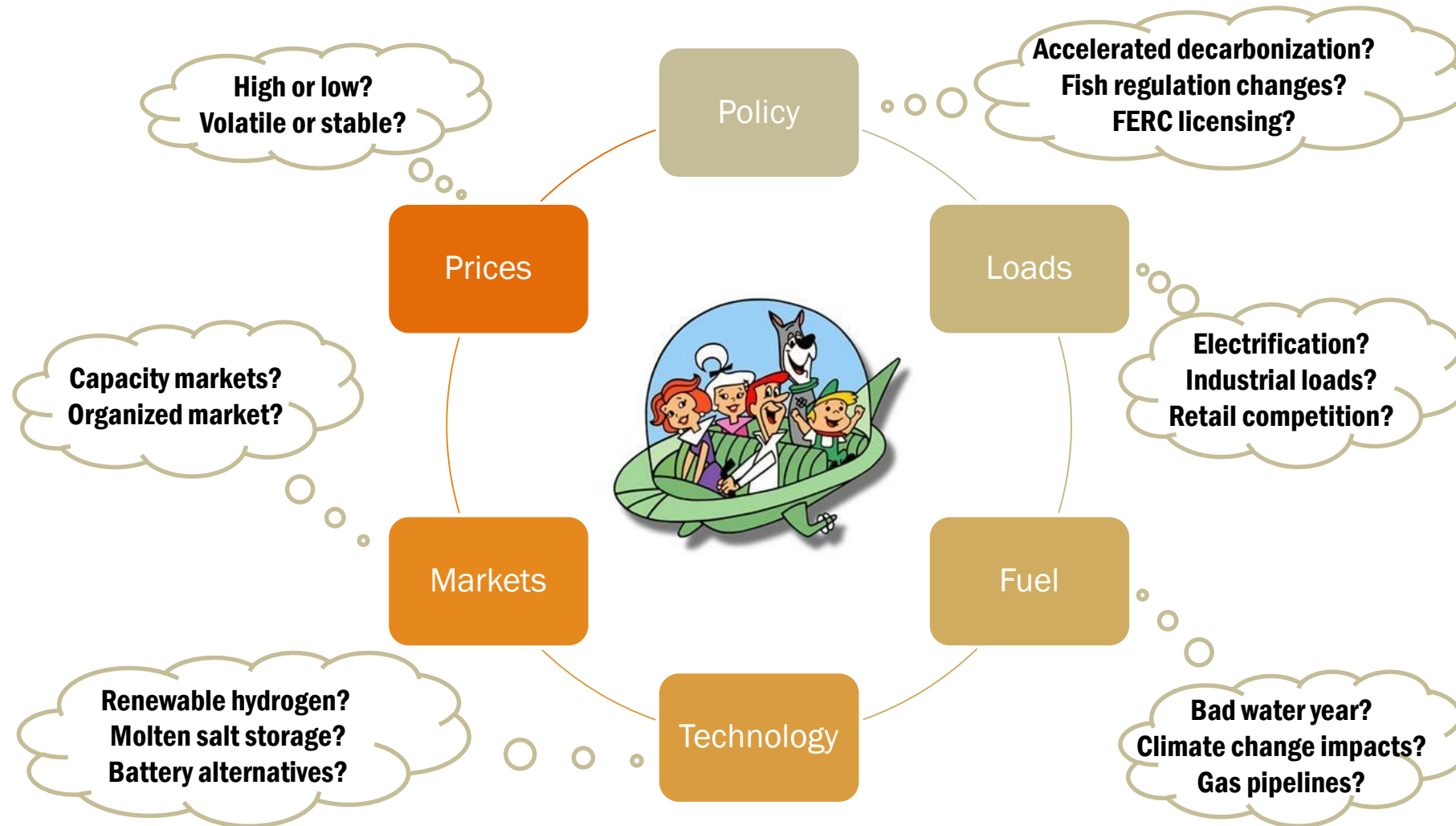
- CETA compliance
- Portfolio carbon emissions

#### Not currently a criterion for resource decisions

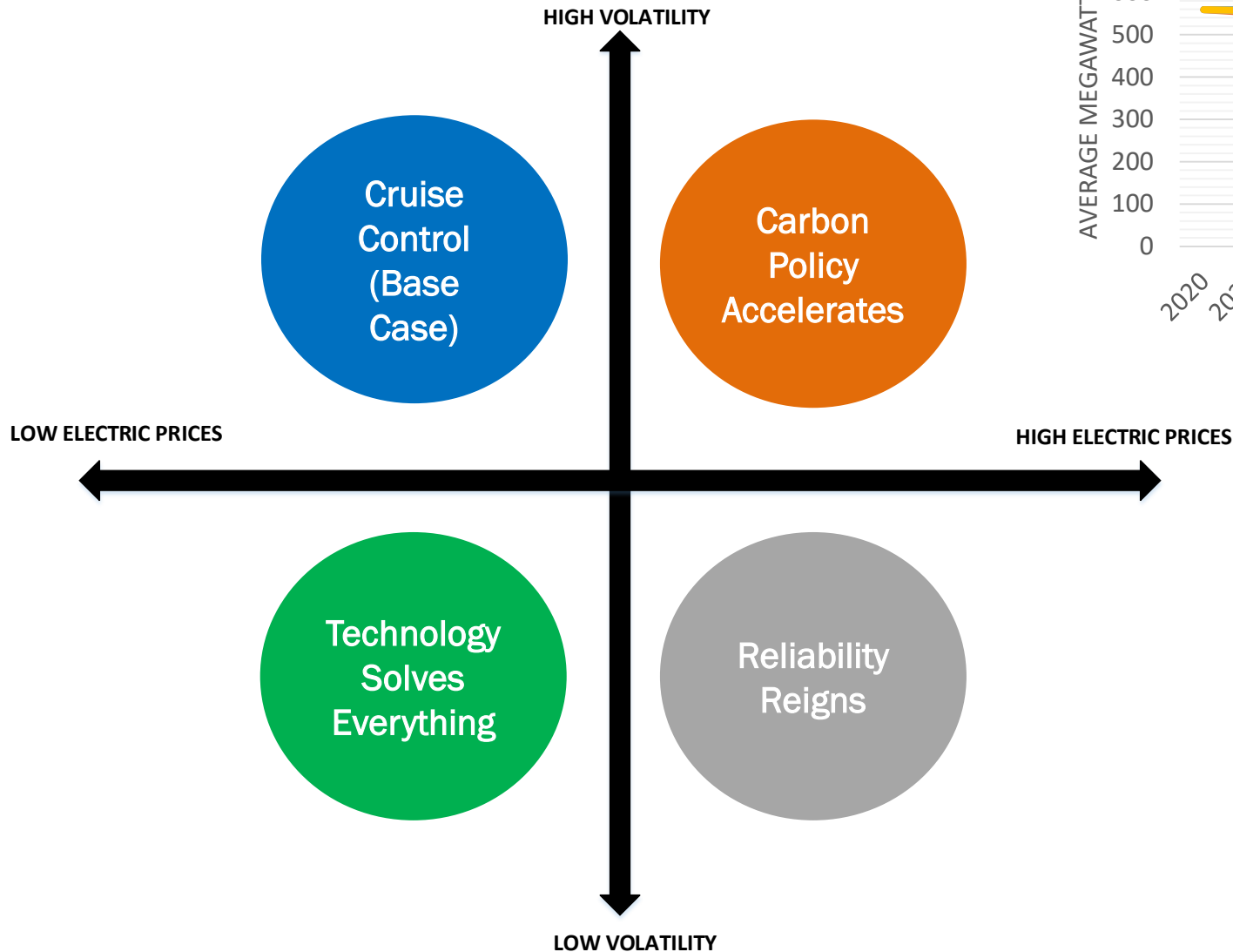
- Can be considered qualitatively

## Section 1: IRP Analysis Update

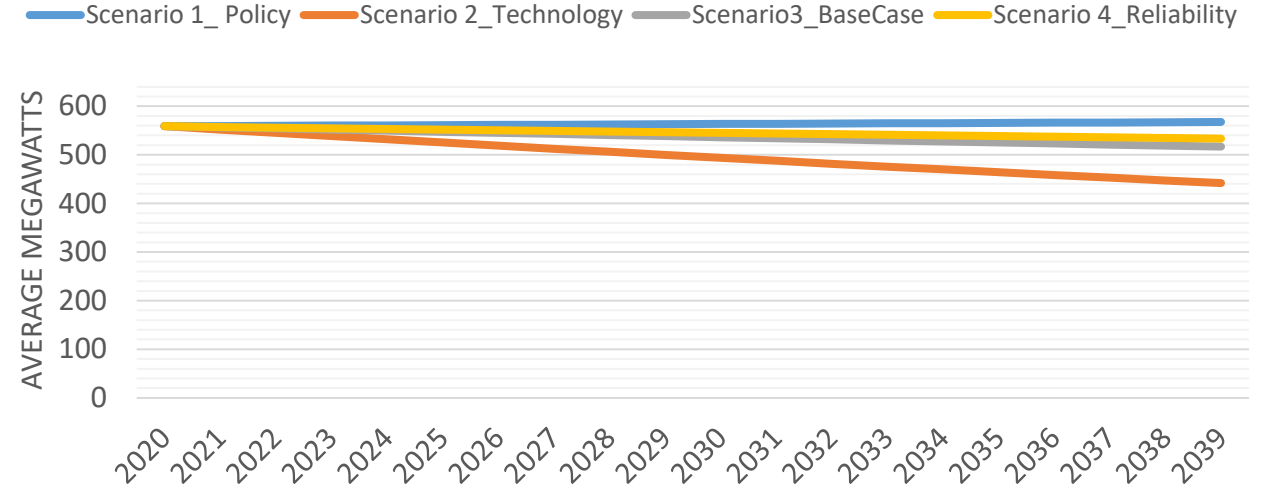
# Who knows what will the world look like in 20 years?



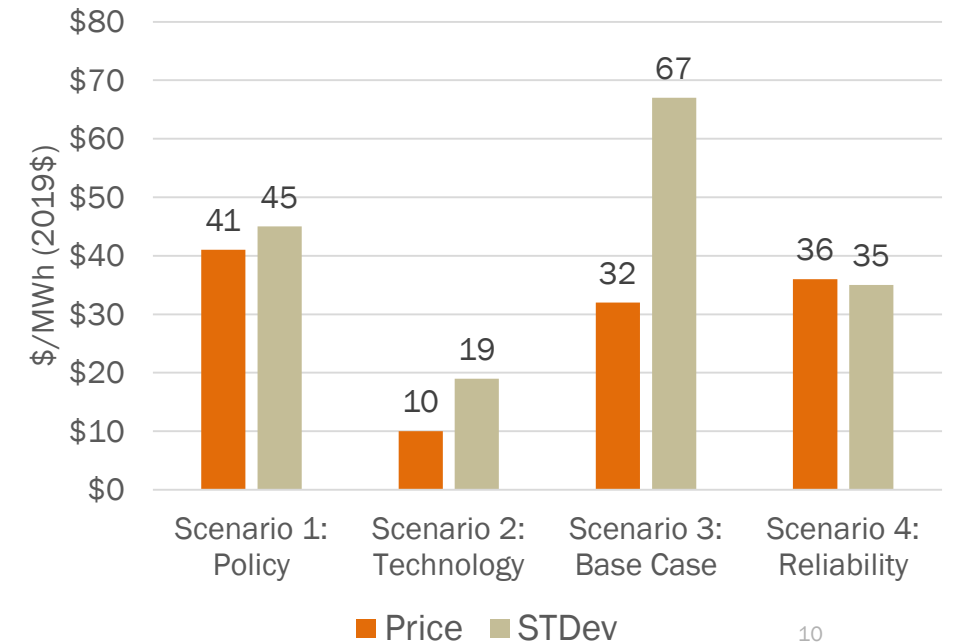
# Scenarios of the future



Tacoma Power Load

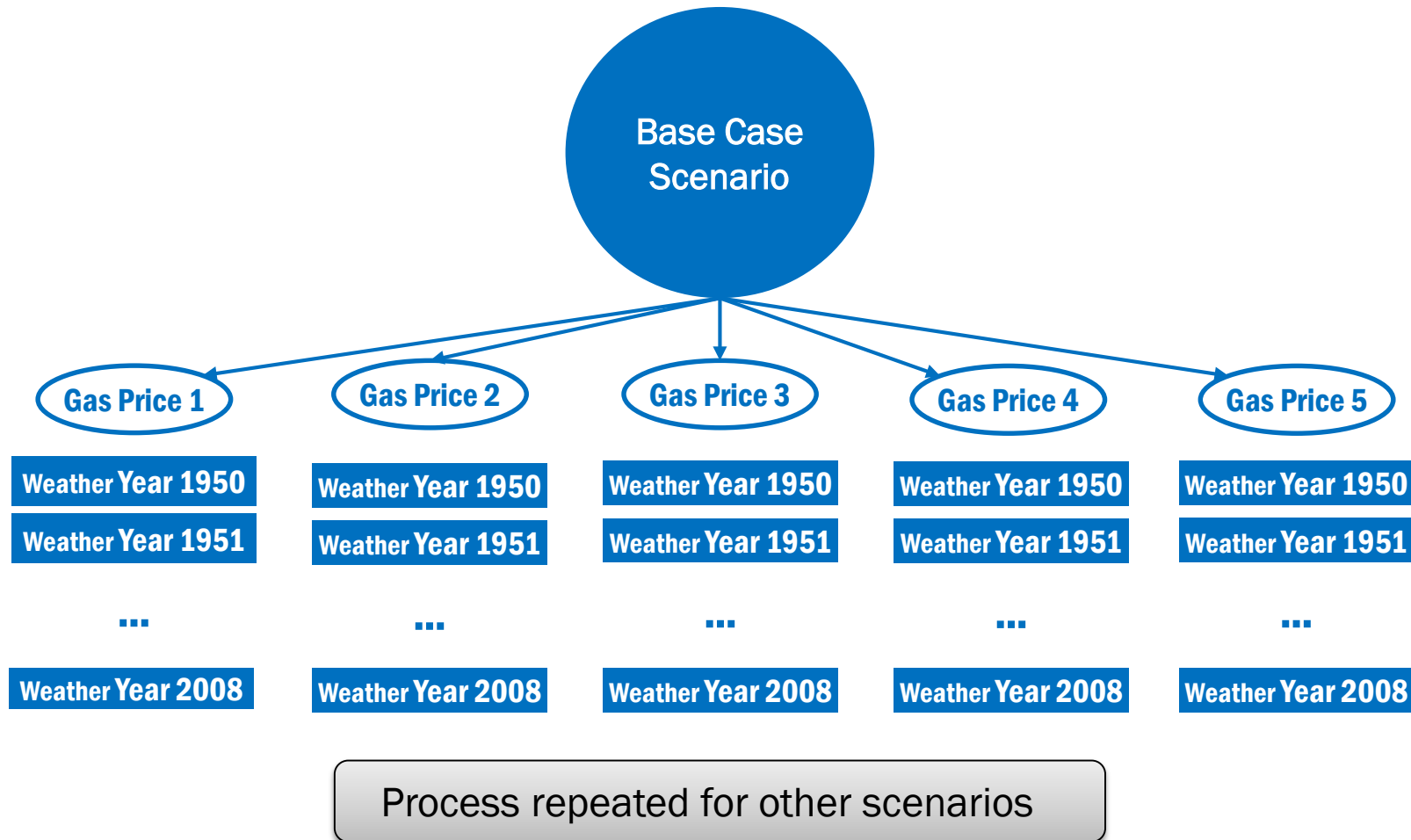


Average Mid-C Price and Volatility 2020-2040



## Section 1: IRP Analysis Update

# How do we account for uncertainty?



## Section 1: IRP Analysis Update

### Other factors

#### Sensitivities we will run on preferred portfolio

- ✓ **Climate change**

Would our preferred portfolio still meet our needs under climate change?

Climate change to be addressed more thoroughly in next IRP

- ✓ **New large load**

How much of a very large new load could be served by preferred portfolio?

How big would the gaps be and what times of year would they occur?

- ✓ **Loss of a large industrial load**

How much surplus power would we have if we were to lose a large load?

- ✓ **BPA resource dedication**

What if BPA Administrator were to not allow us to reduce what we get for a resource acquired in 2028?



## Section 1: IRP Analysis Update

# What's next?

	Topic	Date
1	Resource planning 101	August 28 (complete)
2	Resource adequacy	October 9 (complete)
3	Our current portfolio & resource options	October 23 (complete)
4	Small nuclear reactors	November 13 (complete)
5	Energy storage	December 4 (complete)
6	Pump storage hydro	January 7 (complete)
7	IRP Update	June 24 (today)
8	Preview of findings and recommendations	July 22
9	Approve IRP (BOARD MEETING)	August 12
10	Submit IRP	Before September 1
11	Public-friendly summary document	October 1

How have we engaged  
with stakeholders?

**Section 2**

## Section 5: Stakeholder Update

# Engagement Plan

### Public Workshops

- Working group as core participants
- Open to the public
- Email updates to working group & other interested parties

### IRP Web Landing Page

- Refresh live on Jan 10
- Updated regularly with workshop information, materials, recording
- Comment form

### TPU Homepage Card Row

- Feb-June: Encourage participation in workshops
- July: Post draft IRP for public comment

### TPU Web Events Calendar

- Workshops posted

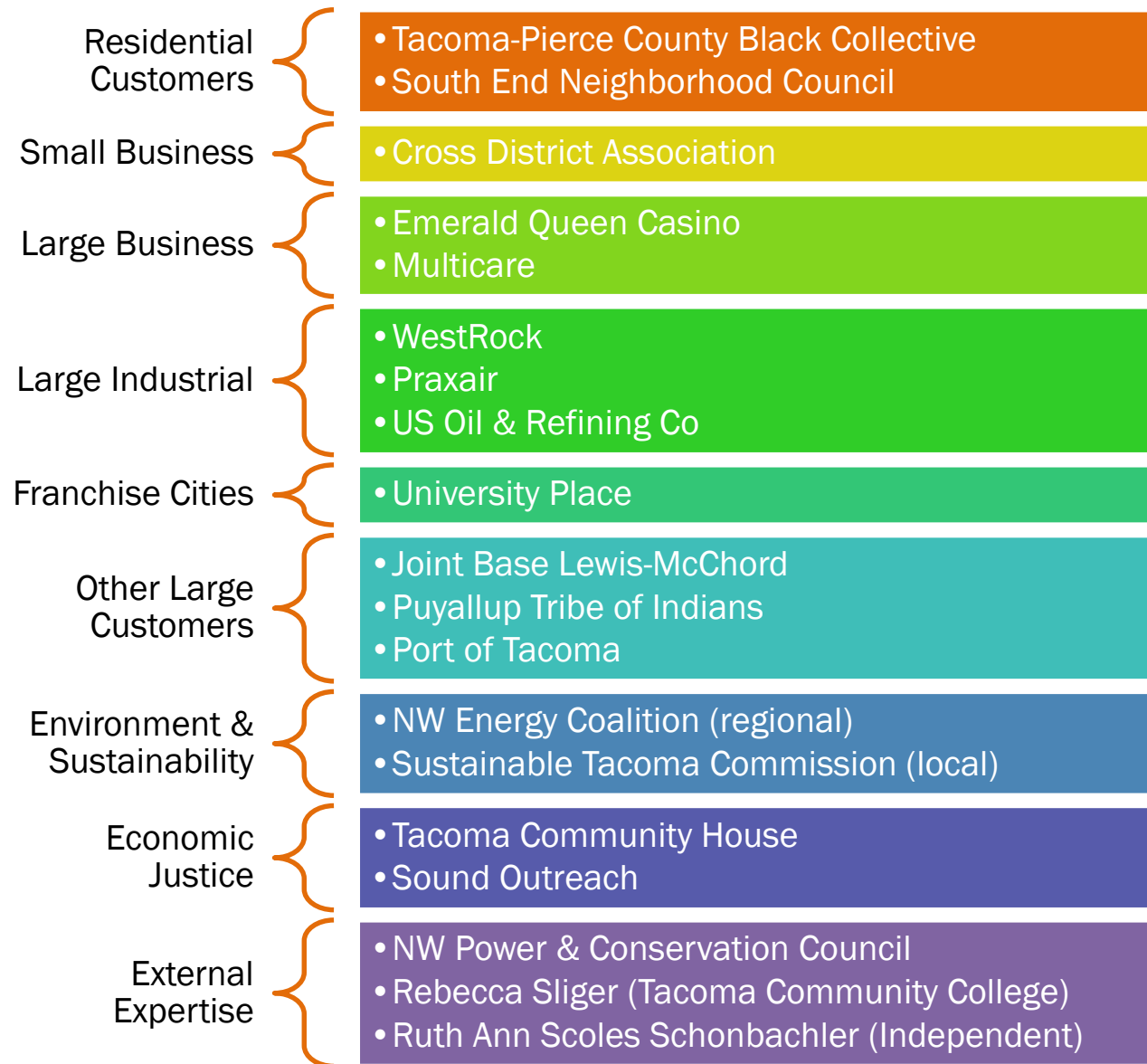
### Social Media

- Posts to promote workshops
- Possible mini-survey for folks to weigh in on future energy sources



## Section 6: IRP Update

# Working Group Membership



### Other Participants

Bonneville Power Administration  
Citizens for a Healthy Bay  
Kaiser Permanente  
Renewable Northwest  
Clearway Energy

## Section 5: Stakeholder Update

### IRP Workshops





## PUBLIC UTILITY BOARD POLICY

Category: <b>Strategic Directive</b>	Title: <b>Government Relations</b>
Date of Adoption:	Policy Number: <b>SD-10</b>
Resolution No.:	Reporting Frequency:
Revision Date:	Reporting Method:

### I. Purpose

Tacoma Public Utilities (TPU) is committed to building and strengthening respectful and mutually-productive relationships with tribal, federal, state, and other local units of government so that public policy benefits TPU ~~rate-payers~~ customers and fosters the outcomes set out in TPU's strategic Directives.

**Commented [JC1]:** Cooley: maybe replace customers with stakeholders -- or add stakeholders?

### II. Values

1. As one of the nation's largest publicly-owned, municipal utilities, TPU values the relationship it has with tribal, federal, state, and other local units of government.
2. TPU believes in developing, preserving and enhancing government-to-government relationships built on trust, responsiveness, and collaboration based on mutual ~~interests~~.
3. TPU recognizes the sovereign status of Native American Tribal Nations and is committed to consulting with those Nations on a government-to-government ~~basis~~.
4. As part of one municipal entity, TPU is committed to strong collaboration and proactive communication with the City of Tacoma's General ~~Government~~.
5. TPU is committed to regular, proactive outreach with its government partners with the intention of listening, sharing relevant information, and identifying opportunities for collaboration when possible.
6. TPU is committed to working with tribal and local government partners to proactively share and communicate about TPU programs that benefit their communities.
7. TPU is committed to communicating and working with tribal and government partners near outlying TPU facilities and lands.

**Commented [JC2]:** Larkin: Values 2 & 5 seem to overlap -- try to combine if possible

**Commented [JC3]:** Patterson: Should specify Tribes (Native American/First Nations) we affect?

**Commented [JC4]:** Larkin: Values 3 and 6 seem to overlap -- try to overlap? Cooley: Perhaps use neighboring governments?

**Commented [JC5]:** Patterson: Does everyone know the term General Government and what it encases? Do we specific City Council?

### III. Outcomes

1. Ongoing government-to-government consultation with sovereign Native American Tribal Nations will ensure long term stewardship of TPU managed resources in mutually beneficial ways and prevent drawn-out negotiations and legal battles.
2. TPU's policy initiatives are in alignment with the City of Tacoma's General Government. TPU and General Government staff collaborates and actively communicates on a regular basis to achieve alignment. Where interest diverge, active communication and collaboration fosters understanding and mitigates negative impacts to both entities of Tacoma municipal government
3. Policy decisions at the federal, state and local level protect the long-term investment that Citizens of Tacoma and TPU ratepayers have made in the infrastructure, operational capacity, financial stability and intellectual capital of TPU.
4. TPU is seen as a leader locally, regionally, and nationally in strategically developing policy positions and initiative that benefit TPU, and the industries and communities in which it operates.
5. TPU's ongoing relationship with franchise cities insures collaboration and smooth negotiation-negotiation on franchise agreements and issues of mutual concern.
6. TPU staff routinely seeks collaborative engagement and input from government partners during strategy planning processes, such as Integrated Resource Planning.
7. When full alignment is not possible, TPU will transparently acknowledge differences, communicate challenges and seek to maintain strong, trusting relationships with government partners.
8. TPU will be able to avoid costly legal fights with other government entities, except where absolutely necessary to protect vital interest or determine president, and seek solutions through negotiation.

Commented [JC6]: Patterson. also has Tribal language – See Values 3

Commented [JC7]: Patterson. Add budget reference?

### IV. Measurement

1. TPU staff will internally track government relations activities, including necessary follow-up.
2. TPU staff will provide consistent updates to government partners regarding projects, rates, and programs.
3. TPU staff will regularly provide the Public Utilities Board, TPU executives, and staff with information about government relations activities and any potential recommended policy changes and/or impacts relating to a government partner.

Commented [JC8]: Add the measures that relate to local governments from SD4?

## **V. Reporting**

Frequency: Quarterly

1. Staff will report of active policy initiatives and significant policy issues at the Federal, state and local level to the Board on a quarterly basis.
2. Once before, once during, and once after the Washington State legislative session.

DRAFT