



APPROVED 8-26-20

MINUTES
City of Tacoma
Public Utility Special Board Meeting
August 12, 2020
3:00 p.m.

Chair Flint called the Public Utility Board meeting to order at 3:01 p.m.

Present via Zoom: Karen Larkin, Bryan Flint, Christine Cooley, Carlos Watson, Mark Patterson

The meeting was quorate.

Minutes of the Previous Meetings

Mr. Patterson moved that the minutes of the previous meetings be adopted; seconded by Ms. Cooley. Voice vote was taken and carried. The minutes were declared adopted.

Comments by the Public

Board Member Patterson moved to suspend the rules of Public Utility Board Government Process Eight (GP8) to allow all public comment for all topics, whether on or off the agenda, at one time; seconded by Board Member Cooley. Voice vote was taken and carried.

There were no verbal public comments made. Two written comments were submitted from: 1) Northwest Energy Coalition on item D4, U-11186; 2) Kit Burns outlining cybersecurity concerns with Advanced Metering.

Regular Agenda

D-1 Resolution U-11183– Award contracts and approve purchases:

1. Increase contract to Associated Petroleum Products, Inc., to continue purchasing bulk fuel as needed (\$3,200,000. Cumulative total \$23,232,382.26, plus applicable taxes) [Don Ashmore, Fleet Manager];
2. Increase contract to RWC Group to continue purchasing various new International model cab chassis trucks planned for replacement through 2021 (\$5,600,000. Cumulative total \$10,187,366, plus applicable taxes) [Don Ashmore, Fleet Manager];
3. Award contract to RailWorks Track Systems, Inc., for upgrades of approximately 3,400 feet of track and other associated renewals (\$1,549,477, plus applicable taxes) [Kyle Kellem, Tacoma Rail Roadmaster].

Mr. Patterson moved to adopt the resolution; seconded by Ms. Cooley.

In response to a Board inquiry about fuel pricing, Don Ashmore, Fleet Manager, stated that the pricing off the state contract is used. It is a percentage of the market and changes frequently. Currently TPU is paying less than a dollar a gallon for bulk fuel. In response to another Board inquiry about the state's process for setting up another bid, Mr. Ashmore stated that the state is getting ready to set up a bid for bulk fuel and that he serves on the advisory panel for that. The state is also trying to negotiate alternative fuels into the contract. In response to a Board inquiry about any role electrification has in fuel reduction, Mr. Ashmore stated that the largest user of fuel is the Rail department and that is off-road diesel that doesn't have a road tax associated with it. Staff is working to bring in more electrification and just issued a contract for hybrid vans.

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

D-2 Resolution U-11184 – Adopt proposed revisions to the Customer Services Policies in support of the Advanced Metering Infrastructure Project, including provisions related to PrePay and the addition of new policy sections for PrePay and Advanced Metering Opt-Out.

Mr. Patterson moved to adopt the resolution; seconded by Ms. Cooley.

Matt Hubbard, Power Engineer, summarized the resolution. TPU plans to deploy Advanced Metering Infrastructure (AMI) across its entire water and electric service territories, replacing or upgrading all non-communicating power and water meters with advanced two-way communicating technology. AMI is a foundational element of TPU's Utility Modernization Strategy and will deliver customers new key benefits over time related to their power and water usage. AMI technology will capture interval data, enable two-way communications, include remote capabilities, and provide advanced outage/issue detection, and verification. AMI will modernize utility operations and be a cornerstone to deliver customers improved services and benefits. AMI has and continues to require a significant effort across TPU to implement the new processes, applications, technologies, and integrations needed to fully enable the functions and features of the solution. As part of this initiative, TPU has reviewed existing utility policies, procedures, and practices for essential changes required to implement advanced metering or to make other essential updates as needed. Proposed revisions to the Customer Services Policies include updating references throughout the policy to reflect PrePay rather than a future pre-payment program and clarifying that PrePay customers receive statements in lieu of invoices. New policy Section VI has been added to provide details regarding TPU's planned PrePay Program, including timing of PrePay service establishment, combining charges, disconnection, converting to standard invoicing, and reinstatement of PrePay. TPU also plans to allow residential electric customers to opt-out of advanced metering for an electric meter. New policy Section VIII has been added to provide details regarding opt-out, including eligibility, fees, steps to opt-out, moves, and steps to cancel opt-out.

All Board Members made positive remarks about staff work on this resolution, the prepay option, and the opt-out options.

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

D-3 Resolution U-11185 – Authorize execution of an agreed order with the Washington State Department of Ecology to allow Tacoma Power to provide for final characterization and development of a remedial action where there has been a release or threatened release of hazardous substances in an area including the former Kosmos lumber mill at Riffe Lake [Jessica Knickerbocker, Engineering Manager].

Mr. Patterson moved to adopt the resolution; seconded by Ms. Cooley.

Jessica Knickerbocker, Engineering Manager, summarized the resolution. The former Kosmos lumber mill was abandoned and demolished before it was flooded with water in 1968 with the construction of Mossyrock Dam and creation of Riffe Lake, which is part of Tacoma Power's Cowlitz River Project. In 1992, Tacoma Power removed two underground storage tanks related to the lumber mill. One of the tanks located near remnant foundations contained petroleum product and halogenated hydrocarbons. Petroleum product contaminated surrounding soil at levels exceeding state cleanup standards. A total of 87 cubic yards of contaminated soil was removed and disposed of appropriately. In April 2019, the Department of Ecology (Ecology) was notified about seeps of Bunker C oil found on the eastern bank of Rainey Creek near Champion Haul Road and at the former lumber mill area. At that time, Ecology required visual inspections of the area. Tacoma Power hired Hart Crowser, Inc. to investigate, characterize the seeps, and provide appropriate cleanup alternatives. In November 2019, an increase to contract CW2231783 went to the Board of Contracts and Awards, and was approved by the Public Utility Board for a cumulative total of \$289,000, plus applicable taxes. During the investigation, the soil and groundwater samples from test pits and soil borings found contamination that include diesel, gasoline, and heavy oil. Possible sources for the seeps are from former lumber mill operations, including old underground storage tanks and piping, or petroleum-impacted soil. Currently, the surrounding land and water in this area are used for recreational activities such as boating, camping and a hang-gliding landing area. Contact with these hazardous substances can be harmful to human health and the environment. Tacoma Power has closed the area to protect the public until cleanup is complete. November 21, 2019, the competitive bidding process was waived under Emergency Declaration, per Tacoma Municipal Code 1.06.257.C. This allowed, Tacoma Power to cap the seeps to keep oil from moving into Rainey Creek before the water level in Riffe Lake inundated the site. Also under emergency status, Tacoma Power coordinated with work with the Department of Ecology, Department of Fish and Wildlife, and the United States Army Corps of Engineers to obtain all necessary permitting. Approximately 11,000 tons of impacted soil were removed and disposed of appropriately. This work was declared substantially complete on February 13, 2020 and the cost to complete is anticipated to be under \$5,300,000. Tacoma Power has notified and kept local officials and representatives informed regarding the discovery, closure, and the cap construction. Two public fact sheets were distributed to the community. The Cowlitz River Project website was updated and two articles were published in the East County Journal. Ecology also created a fact sheet and website. Ecology and Tacoma Power jointly crafted the Agreed Order for which Ecology facilitated public comment. One comment was received resulting in no subsequent revisions to the Agreed Order.

In response to a Board inquiry about cooperation with the Department of Ecology, Ms. Knickerbocker confirmed that it is standard procedure to enter into an Agreed Order to

document work. In response to a Board inquiry about the timing of the feasibility study, Ms. Knickerbocker stated that the next move is the remedial restoration work plan that will take us in to 2021 and the feasibility study won't take place until after that. In response to a Board inquiry about records of the old infrastructure, Ms. Knickerbocker shared that we can investigate as there are some records from before the mill was demolished. These are mainly of foundations and lack underground piping. TPU has used ground-penetrating radar with good results. Also, staff has dug test pits with excavators to find limits of contamination and there are more areas to investigate.

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

D-4 Resolution U-11186 – Authorize adoption of Tacoma Power's 2020 Integrated Resource Plan as required by RCW 19.280 (Electric Utility Resource Plans) [Rachel Clark, Sr. Power Analyst].

Mr. Patterson moved to adopt the resolution; seconded by Ms. Cooley.

Washington State's electric utility resource plans law, RCW 19.280, requires that all state electric utilities develop and update resource plans or integrated resource plans (IRP) and must make them available to the public every two years. For consumer-owned utilities, it also requires that the governing body of a consumer-owned utility that develops a plan under this chapter shall encourage participation of its consumers in development of the plans and progress reports and approve the plans and progress reports after it has provided public notice and hearing." The IRP is not only a state requirement but is also useful tool to help Tacoma Power plan for an uncertain future so that we can continue to meet our customers' needs for decades to come. Tacoma Power's last full IRP was completed in 2015 and was updated in 2017. To be in compliance with RCW 19.280, the 2020 IRP must be submitted to the Department of Commerce by September 3, 2020. Ms. Clark summarized the 2020 IRP findings. The IRP resource plan includes acquisition of the 10 and 20-year conservation potentials identified in Tacoma Power's 2020 Conservation Potential Assessment (CPA) and that there may be a new promising role for a moderate demand response acquisition. The development of the 2020 IRP was consistent with requirements set out in RCW 19.280.030 The IRP team conducted a series of study session on resource planning throughout the end of 2019 and early 2020, an overview of methodologies used in the 2020 IRP were presented to the Board on June 24, 2020 and an overview of the findings were presented to the Board on July 22,2020. Community input is an integral part of the development of each IRP. The 2020 public IRP process centered on a series of stakeholder workshops between late February and late June. All IRP workshops were open to the public and were, and meeting materials are posted to Tacoma Power's IRP website. Due to the onset of COVID-19, three of the four workshops for the 2020 IRP were held virtually. Video recordings of each workshop are also available on the website. Attendance ranged from 13 to 15 stakeholders. Meetings reminders were sent to known stakeholders with interest in the IRP process, and meetings were also advertised on TPU's homepage card and on TPU's social media sites. The 2020 IRP was also posted on the IRP website for public comment. In addition to the attached technical IRP document, a shorter and more accessible document will be created to communicate key IRP findings with the public.

Board Members made positive comments on the work done for this year's IRP and requested that when the regional IRP is done in 2021, an update with comparisons between it and Tacoma's plan be presented to the Board.

In accordance with RCW 19.280.050, a public hearing on this resolution will be held and there were no participants in the public hearing.

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

F. Unfinished Business

F-1 U-11174 – Amend the existing Department of Public Utilities Fleet Services Fund ordinance to transfer operating division fleet assets to the divisions for funding flexibility while maintaining the purchasing and maintenance responsibilities within TPU Fleet Services.

Mr. Patterson moved to adopt the resolution; seconded by Ms. Cooley.

Dan McCabe, Rail CIO/CFO, summarized the resolution. Ordinance 23295 was approved on December 11, 1984 establishing a Department of Public Utilities Fleet Services Fund (Fleet Fund). Each utility division has contributed to and utilized the Fleet Fund for the acquisition and maintenance of fleet equipment used in utility operations. It is in the best interest of our customers and citizens to amend the existing ordinance to align it with modern operating and accounting practices, increase fiscal responsibility, and provide greater flexibility in purchasing future fleet assets. This amendment will allow the TPU Fleet Services Department to continue managing and maintaining the equipment for all divisions and establishing appropriate rates to cover other fleet operating expenses. All equipment owned or leased by the Department of Public Utilities and not exclusively used by the Power, Water, or Rail divisions will continue as an asset of TPU Fleet Services. The amendment to this ordinance will allow all other equipment to become an asset of the division that acquired it. The transfer of assets will take place prior to December 31, 2020 to accommodate year-end accounting procedures. Any unused capital reserves contributed to the Fleet Fund will be transferred back to the division that contributed it. An adequate reserve fund will be established and maintained to support the ongoing operations of TPU Fleet Services.

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

F-2 Amended Resolution U-11179 - Adopt proposed revisions to Tacoma Municipal Code Title 12 in support of the Advanced Meter Project to provide clarity around demand meter billing for applicable electric meters, physical disconnects for unauthorized water usage, and to include updates for compliance with the 2020 edition of the National Electric Code [Matt Hubbard, Power Engineer].

Mr. Patterson moved to adopt the resolution; seconded by Ms. Cooley.

Matt Hubbard, Power Engineer, summarized the resolution. TPU plans to deploy Advanced Metering Infrastructure (AMI) across its entire water and electric service territories, replacing or upgrading all non-communicating power and water meters with advanced two-way communicating technology. AMI is a foundational element of TPU's Utility Modernization Strategy and will deliver customers new key benefits over time

related to their power and water usage. AMI technology will capture interval data, enable two-way communications, include remote capabilities, and provide advanced outage/issue detection, and verification. Advanced metering will modernize utility operations and be a cornerstone to deliver customers improved services and benefits. AMI has and continues to require a significant effort across TPU to implement the new processes, applications, technologies, and integrations needed to fully enable the functions and features of the solution. As part of this initiative, TPU has reviewed existing utility policies, procedures, and practices for essential changes required to implement advanced metering or to make other essential updates as needed. Proposed revisions to the Tacoma Municipal Code, Title 12-Utilities include removing four references in TMC Chapter 12.06 to a demand meter being reset monthly. This reflects the more accurate metering capabilities of advanced metering, which uses more granular interval data for billing calculations. In addition, numerous revisions within TMC Chapter 12.06A are proposed to update references and bring the code into compliance with the 2020 National Electric Code. Lastly, the proposed revision to 12.10.110 B adds specificity that unauthorized water use is describing a physically disconnected service. This proposed addition is required to account for the future state of advanced metering when a water meter will be virtually disconnected; turned off for billing purposes but left physically on in the field. In response to a Board inquiry, Mr. Hubbard he will be providing the cost associated with getting power turned back on after delinquent payments for pre and post AMI.

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

Reports of the Director

Covid-19 Update

Jackie Flowers, Director of Utilities, reported that it has been 163 days since the emergency declaration. The Governor's proclamation regarding the open public meetings act has been extended to September 1. Rate payer assistance has also been extended and TPU is in alignment with the Mayor's proclamation on that subject. Telework has been extended to January 4, 2021. Continuity of operations staff continues to report with rigor around face coverings, sanitation, etc. Teams are working on child care evaluation and a long-term telework policy. Director Flowers reviewed the emergency assistance numbers and shared that \$1.2M is available for the remainder of the year. In response to Board inquiries, the Director added that reopening the lobby will be done in coordination with the Governor's safe start directive. The lobby can open once Pierce County goes into the Governor's phase three. At that time, it will take approximately two weeks to conduct outreach to customers about the changes they'll see; i.e. appointments, customer representatives in the parking lot, etc. In terms of opening other departments, that evaluation is still being done, but full occupancy isn't anticipated until there is a vaccine. Staff is working with the Department of Health about regular flu shots this fall. Work is also being done on protocols when an employee feels ill and there is no plan for consistent Covid testing at this point. In response to a Board inquiry about the plan to add more PayBoxes for unbanked customers while the lobby is closed, Director Flowers shared that the location of additional PayBoxes is being done in alignment with the equity index and that staff will get an update on PayBox visits during the emergency declaration.

Financial Reports

Director Flowers called attention to the written reports that were provided to the Board in advance of the meeting:

- April 2020 Financials for Power, Water, Rail, Fleet, Self-Insurance Fund
- Second Quarter 2020 Budget Performance Reports
- Quarterly Financial Outlook

Advanced Meter Installation Contract and Customer Side Repair Policy

Pat Bacon, Sr. Project Manager, provided a review of the Advanced Meter Program (AMI) program scope for infrastructure. There will be 1800,000 power meters in 180 square miles of service area; 107,000 water meters in 117 square miles of service area; and approximately 65 base stations. The deployment team will consist of internal TPU staff, project of limited duration staff, and the Meter Installation Vendor (MIV). At full speed, the team will install approximately 1,000 electric and 300 water meters per day. The residential meters will be primarily installed by the MIV; commercial and industrial meters by the TPU meter shop staff; and communications network primarily by contractors. There was a competitive RFP process and staff recommendation for the MIV is Tribus Services; that contract is currently being prepared for Board consideration. Mr. Hubbard reviewed the AMI deployment budget and upcoming target dates, which has mass meter communications beginning this November and December and mass meter installations from Q1 2021 to Q3 2022. Mr. Hubbard then addressed the customers side repair policy, which is a specific policy outlining criteria for TPU to complete power and water customer-owned infrastructure repairs during the AMI project.

Bi-Annual Check-In on Board Strategic Directive One (SD1) on Equity & Inclusion

Mia Navarro, TPU Manager of the Office of Equity and Human Rights (OEHR) provided the first annual report on the first Strategic Directive (SD1) approved by the Board, SD1 on Equity and Inclusion. Ms. Navarro began by detailing a draft HR dashboard containing statistics on workforce composition. Equity lens cases in 2020 were then reviewed. These include AMI customer side repairs for Water, the emergency assistance program, power conservation insulation program, electric vehicle charging stations, and TPU internships. Ms. Navarro then outlined the year's progress in outreach, Equity 101 classes, staffing, Equity committee expansion, Equity index expansion, and responding to 'listening sessions' held by the Director and City Manager. Challenges to progress were then outlined and those include the pandemic, General Government budget constraints, staffing, and the inability to conduct outreach in person. Priorities for next year were outlined: workforce and other data dashboards; 2021 equity at 75 percent completion; implement Racial Equity Action Plan; annual schedule for organizational assessment.

Bi-Annual Check-in on Board Strategic Directive Four (SD4) on Stakeholder Engagement

John Gaines, Community Relations Officer, provided the second bi-annual report on the fourth Strategic Directive (SD4) approved by the Board, SD4 on Stakeholder Engagement. The purpose statement of SD4 is "TPU is committed to proactive engagement and open dialogue with customers and other stakeholders to understand their needs and improve service that informs decision-making while enhancing community understanding of TPU's operations, programs, and services". Dr. Gaines outlined what engagement looked like pre and post Covid-19. Before there were in-person meetings, tours, attendance at community meetings, and events/fairs/festivals.

Currently, there are virtual community meetings, increased written communication, and more conference calls. Dr. Gaines provided an overview of types and number of engagements performed in 2020. Staff has worked on proactive messages on the emergency assistance program, Click! transition, advanced meters, rate adjustments, regional hydropower issues, water conservation, and equity initiatives. Dr. Gaines then reviewed upcoming stakeholder engagement efforts, which include budget and rates and continued Covid-19 updates. Board Members made positive remarks and expressed appreciation to Dr. Gaines and all those working on this initiative that is of importance to the Board.

Board Discussion on Strategic Directive 10 (Government Relations)

Board Members reviewed and edited the next Strategic Directives (SD) under consideration, which are SD 10 (Government Relations), SD 11 (De-Carbonization), and SD 12 (Employee Relations). The Board and staff will review and edit as discussed with these coming before the Board for consideration by the meeting of September 23, 2020. At the next meeting of August 26, the Board will consider SD 13 (Customer Service) and SD 14 (Resource Adequacy).

Comments by the Board

There were no closing comments by Board Members.

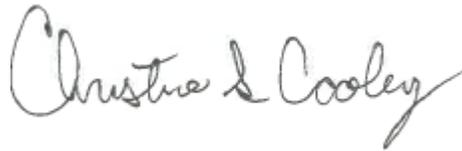
Adjournment

There being no further business or comments, the Public Utility Board meeting was adjourned at 6:23 pm. until Wednesday, August 26, 2020 at 3:00 p.m.

Approved:



Bryan Flint, Chair



Christine Cooley, Secretary