



APPROVED 10/14/20

MINUTES
City of Tacoma
Public Utility Special Board Meeting
September 23, 2020
3:00 p.m.

Chair Flint called the Public Utility Board meeting to order at 3:00 p.m.

Chair Flint led a moment of silence in honor of Harold Moss, who passed away on September 21. Chair Flint spoke of Ms. Moss' many accomplishments including being the first Black Mayor of the City of Tacoma and Black Chair of the Pierce County Council.

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

Excused: Carlos Watson

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.

Recognition

Christina Turner, TPU Social Responsibility Manager, provided an overview of the 2020 United Way Virtual Campaign at TPU, which runs from September 16 and October 7. Ms. Turner outlined the many ways to be involved and to give. Missy Zenczak-Candler and Emily Mendez-Bryant, of the United Way detailed needs in the community and the three key impact areas of giving (Center for Strong Families, Basic Needs, and 211). Board Members made positive remarks about the generosity of TPU employees and the importance of giving, especially during these times.

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.

Chair Flint clarified that there would be an opportunity to comment on U-11199 at the time the item is heard and that there will be a separate hearing on the budget and rates at 6:00 p.m.

There were no public comments.

Regular Agenda

D-1 Resolution U-11196 – Authorize adoption of Public Utility Board Strategic Directive Twelve (SD12) on Employee Relations.

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

Board Member Larkin stated that TPU is a large, capital-intensive utility, but still the most important asset is its employees. The Board wants fair and equitable treatment and good feedback loops for employees and this strategic directive encompasses those things.

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

D-2 Resolution U-11197 – Authorize adoption of Public Utility Board Strategic Directive Thirteen (SD13) on Customer Service.

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

Chair Flint stated that Board Member Watson was the lead on this strategic directive. Staff helped to identify values and outcomes in terms of how customers are treated and our relationship with them. We aren't a public utility without customers and they are valued. Board Members Patterson and Cooley remarked on the importance of this directive.

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

D-3 Resolution U-11198 – Authorize adoption of Public Utility Board Strategic Directive Fourteen (SD14) on Resource Planning.

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

Board Member Patterson shared that this directive has to do with planning for availability of resources for the utility and customers in the near and long term. It outlines the processes and goals in the power and water Integrated Resource Plans.

Board Member Larkin congratulated her fellow Board Members on the completion of adopting all Board Strategic Directives, a process that is almost two years in the making. This was a Board-driven process with support of staff and it sets the framework for policy development going forward. Chair Flint made positive remarks on the development of the Strategic Directives. Prior to these, the Board made decisions, but the overall values and vision were missing. Chair Flint expressed appreciation to the Director for bringing this forward during a retreat nearly two years ago. The process was completely Board driven, created from blank sheets of paper. There was collaboration with staff and Legal, but the product was owned by the Board.

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

D-4 Resolution U-11199 – Adopt and hold a public hearing on the Washington State Department of Commerce Advisory Opinion WA-2020-001 for renewable resources compliance with the Washington Energy Independence Act (I-937) involving approved engineering modeling for incremental hydro savings to the 2011 rebuild at Mossyrock Dam/Powerhouse [John Walkowiak, Conservation Operations Manager].

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

John Walkowiak, Conservation Operations Manager, summarized the resolution. In December 2011, Power completed a rebuild of the turbines, transformers, and wicket gate seals at Generators 51 and 52 located at the Mossyrock Dam Powerhouse. These Rebuild upgrades and the associated savings qualify as a qualifying eligible renewable resource per RCW 19.285.040 (2) (e) and WAC 194-37-130 to meet portions of annual renewable resource compliance with Washington Energy Independence Act. The renewable savings plus apprenticeship labor credited were based on 2010 engineering modeling. Per the advice of the State Auditor's Office needed to reflect actual stream flows for the most recent years. Staff saw the opportunity to update and revise the modeling report and submitted an Advisory Opinion to the Washington Department of Commerce per RCW 19.285.045 (2) on January 29, 2020. Commerce's advisory opinion process requires adequate documentation, fee of \$1,250 to perform a legal analysis and public comment period. There were no public comments regarding the Mossyrock Rebuild renewable energy savings. Commerce agreed with Tacoma Power's modeling and issued Advisory Opinion WA2020-001 on April 29, 2020. The savings from this Advisory Opinion are estimated to save Tacoma Power approximately 44,800+ MWh plus an additional 20 percent credit for using qualifying apprenticeship labor for an estimated annual total of 53,760 MWh to assist in meeting the renewable standards for the Washington Energy Independence Act without purchasing additional renewable resources such as third-party renewable energy credits (valued at \$2-\$6/MWh). Power Management estimates the annual cost savings to range from \$107,520 to \$322,560.

In response to Board requests for clarification, Mr. Walkowiak and Ahlmahz Negash, Power Analyst, provided the following information. The advisory opinion process isn't usually this lengthy. The advisory opinion gives credence to staff's methodology. In 2010, the methodology met standards of law until recently. There have been changes in the law requiring Tacoma Power to look at more recent stream flows. It was then decided to upgrade the process and see if the model was still effective given changes to Mossyrock (lower lake levels due to seismic planning). Renewal Energy Credits can be moved from one year to the next to meet targets. Unit 51 was designed to be more efficient at lower lake levels. Unit 52 will always have more incremental hydro than Unit 51; it depends on which unit you use and what the lake levels are. This explains the average delta of increase between the units.

Prior to voting on this matter, Chair Flint opened a public hearing per RCW 19.285.045 (2). There was no public comment. Voice vote was taken and carried. The resolution was adopted.

Board Member Patterson moved to suspend the rules to hear walk-on Resolution U-1120 in recognition of Karen Larkin and her service to the Tacoma Public Utility Board; seconded by Board Member Cooley. Voice vote taken and carried.

The commendatory resolution was read and a video highlighting Ms. Larkin's time as a TPU Board Member was shown. All Board Members made extremely positive remarks about Board Member Larkin's hard work, dedication, and accomplishments as a Board Member. Board Member Larkin then expressed appreciation to her fellow Board Members and staff.

Mr. Patterson moved to adopt the resolution; seconded by Ms. Cooley. Voice vote to adopt walk-on Resolution U-11200 taken and carried. The commendatory resolution was adopted.

Covid-19 Update

Director Flowers shared that it has been 209 days since TPU stood up its emergency response team. Steve Hatcher, Customer Services Manager, then reviewed the latest Emergency Assistance Program (EAP) numbers. Mr. Hatcher then detailed graphical representations of large balance tracking (open accounts with a balance greater than \$750), which as of September 14, 2020 total \$6,716,765.40, for both residential and commercial accounts. Board discussion ensued; staff will continue to work on this issue and there will be a briefing to the Mayor/Council in the future.

Financials

Director Flowers informed the Board that the June 2020 financials for Power, Water, Rail, Fleet, and Self-Insurance Fund have been provided to the Board in advance of the meeting. There was no verbal report.

Racial Equity Action Plan and Budget Overview

This item was postponed to the next Board meeting.

Tacoma Power Proposed Budget and Rate Review

Chris Robinson, Power Superintendent, began by reviewing the budget assumptions, budget risks and mitigation efforts, actual-to-date load during the Covid emergency declaration, net operating revenue shortfall, and staff reductions. Mr. Robinson then detailed graphical representations of debt profile to minimize long-term rates, base case financial metrics, budget comparison, preliminary budgets for wholesale, O&M, purchased power, personnel, taxes, assessments, and capital. In summary, Power is recommending a two percent rate increases for each year of the 2021/2022 biennium. FTEs were reduced, with the exception of Advanced Meter and Energy Imbalance Market implementation requirements. Mr. Robinson concluded by reviewing the budget drivers that are non-discretionary for Tacoma Power and the actions taken to manage costs and reduce revenue needs. In order to begin the 6:00 public hearing on the budget on time, it was decided the rates portion of the Power presentation would be heard after the public hearing.

Overview of 2021/2022 TPU Biennial Budget and Proposed Rates

Jim Sant, Deputy Director for Administration, summarized each of the following: budget development; public outreach; communications/resources for the public; TPU's commitment to equity; budget summary, rate summary, and bill payment assistance

programs. The proposed rate adjustment for each of the operating divisions was provided. Power: Proposed two percent system average rate increases in 2021 and 2011 beginning April 1, 2021. Water: Proposed two percent system average rate increase in 2021 and 2022 beginning January 1, 2021. Tacoma Rail: Proposed three percent increase to short line tariff rates in 2021 and 2022 beginning January 1, 2021.

Public Hearing on 2021/2022 TPU Biennial Budget and Proposed Rates

Kit Burns made public comments. Chair Flint encouraged the public to stay engaged and to stay informed and outlined the ways and opportunities to provide input to either the Public Utility Board or the City Council.

Tacoma Power Proposed Budget and Rate Review (continued)

Erin Erben, Assistant Power Section Manager, continued Power's presentation with a focus on rates. Ms. Erben provided an overview of the retail customer class and reviewed all of the rate discussions had with the Board during budget/rate preparations. The proposed residential rate design, average residential bill impact, proposed commercial and industrial rate design, and new service fees were reviewed.

Comments by the Board

Board Member Larkin wished everyone good luck and good health.

Adjournment

There being no further business or comments, the Public Utility Board meeting was adjourned at 6:57 pm. until Wednesday, October 14, 2020 at 3:00 p.m.

Approved:



Bryan Flint, Chair



Christine Cooley, Secretary