



APPROVED 11/16/22

MINUTES  
City of Tacoma  
Public Utility Board Meeting  
October 26, 2022  
6:30 p.m.

Mr. Watson called the Public Utility Board meeting to order at 6:30 p.m.

**Present:** Carlos Watson, John O'Loughlin, William Bridges

**Excused:** Elly Claus-McGahan, Holland Cohen

The meeting was quorate.

**Minutes of the Previous Meetings**

Mr. O'Loughlin moved that the minutes of the previous meetings be adopted; seconded by Mr. Bridges. Voice vote was taken and carried. The minutes were declared adopted.

**Comments by the Public**

**Regular Agenda**

C-1 Resolution U-11350– Award contracts and approve purchases:

1. Award contract to Green Earthworks Construction, Inc., for homeless encampment mitigation (\$1,983,860.06, plus applicable taxes. Includes option to renew for three additional one-year periods for a projected contract amount of \$1,983,860.06) [Patsy Best, Procurement and Payables Division Mgr];
2. Award contract to Loomacres, Inc., for hazing and wildlife management at the Cowlitz trout hatchery (\$166,181.22, plus applicable taxes) [Jamie Murphy, Project Mgr.]
3. Increase contract to Presidio Networked Solutions Group, LLC for Verint premium support care services (\$315,000, plus applicable taxes. Cumulative total \$652,940, plus applicable taxes) [Tony Landrith, Asst. Power Section Mgr.]
4. Award contract to Regents of the University of California (dba University of California San Diego) for the Forecast Informed Reservoir Operations project (\$393,673) [Greg Volkhardt, Water Div. Mgr];
5. Award three-year contract to Coast Rail, Inc., for railroad track and bridge maintenance repairs (\$937,440, plus applicable taxes. Includes option for two additional one-year periods for a projected contract total of \$1,562,400, plus applicable taxes) [Kyle Kelleem, Roadmaster].

Mr. O'Loughlin moved to adopt the resolution; seconded by Mr. Bridges.

In response to a Board inquiry relating to hazing methods in item number two, Jamie Murphy, Natural Resources Biologist, shared that it is TPU's responsibility to produce

fish for harvest and recovery of fish, there requirements to be met by two hatcheries. This contract protects the fish production at the trout hatchery. Loomacres uses sound to chase birds from the rearing lakes. Sometimes vehicles or clapping of hands works as well. If that doesn't work, the vendor can employ pyrotechnics for noisemaking – similar to a fire cracker. Loomacres does not employ lethal methods to remove birds from the lakes.

In response to a Board request for clarification for services provided in item number three, Tony Landrith, Assistant Power Section Manager, shared that their services are related to product support services and 24-hour support to provide vendor and product support (responding/troubleshooting) and establishing application monitoring verification and reporting. It supports the Verint product platform, which is used by Customer Service on a daily basis. It also provides employee scheduling for coverage and resource forecasting for a forward looking staffing plan, call reporting, and review for continuous improvement. Lastly, it provides pause and resume function for compliance related to PCI payment card requirements and provides analytics.

In response to a Board inquiry for clarification on item four, Greg Volkhardt, Water Division Manager, explained that the contract is to assess the feasibility of implementing Forecast Informed Reservoir Operations (FIRO). The Green River provides the resource for Tacoma Water. Since 2007, Water has used Howard Hanson Dam to store water during spring for availability in summer and fall. Howard Hanson Dam is an Army Corp of Engineers dam that uses a water control manual that was last updated in 1980's. It establishes fixed dates for water storage and emptying. Using this manual has been successful in only 9 out the last 16 years. FIRO would enable the Corp to test and access real-time weather forecasting to manage the dam and reservoir. This concept started in 2014 and expanded to two other California projects. The Corp wants to now test it in the Pacific Northwest. Tacoma Water would serve as non-federal sponsor. This project isn't about offsetting the cost of using in-town wells, but about positioning TPU for the future. Climate models in the future show an expectation for more precipitation in the winter in the form of rain and not so much in spring and summer with water to decline. This allows TPU to leverage investments customers have made into the Green River.

Circling back to item number three, in response to a Board request for an example of how the Verint technology is used, Mr. Landrith shared that when a customer calls in and makes a credit card payment via phone, when the customer provides the actual digits on the credit card, the software will pause and resume recording afterward so that the card number isn't stored or recorded.

In response to a Board inquiry on item number one, Patsy Best, Payment and Procurement Manager, shared that the Green Earthworks contract is a citywide contract used for homeless encampment mitigation. It is taken to both the PUB and Council, but the vast majority, 90 percent, is used by General Government. This is to replace an ongoing contract in place since 2017.

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

C-2 Resolution U-11351 – Declare surplus and authorize the negotiated sale of approximately 1.74 acres of Tacoma Power property identified as a portion of Pierce County Assessor tax parcel No. 0317222001 located in the Graham/Eatonville vicinity of unincorporated Pierce County to Amie and Jared Brisson for \$13,500. [Greg Muller, Real Estate Officer].

Mr. O'Loughlin moved to adopt the resolution; seconded by Mr. Bridges.

Greg Muller, Real Estate Officer, summarized the resolution. Tacoma Power requests the Board declare surplus and approve the negotiated sale of approximately 1.74 acres of property, identified as a portion of Pierce County Assessor Tax Parcel No. 0317222001, located in a rural location in central unincorporated Pierce County near Graham, WA, used for electrical distribution, to Amie and Jared Brisson. The property currently is encumbered by a county road and this transaction will allow legal access to the Brisson property for development of a single-family residence and after the sale by Tacoma Power, the portion of the sale property improved with Kinsman Road E will be dedicated to Pierce County for continued use of the public road while Tacoma Power retains an easement therein. Tacoma Power does not need to own the property as ownership entails additional management time and expense and Power's operational needs can be met through permanent easement rights as included in this transaction. The sale will generate one-time revenue for Tacoma Power at a proposed negotiated price of \$13,500.00, which takes into consideration the reservation of an easement to Tacoma Power for continued operations. Because this property is limited to right-of-way use, this type of sale is consistent with TPU Surplus Policy #121 adopted in 2020 and due to the retained easement rights, Tacoma Power has determined that ownership of the property sought by Amie and Jared Brisson is not essential for continued effective utility service and has deemed the property surplus to Tacoma Power's needs pursuant to RCW 35.94.040 and TMC 1.06.272-.278.

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

C-3 Resolution U-11352 – Declare surplus and authorize the negotiated sale of approximately 1.29 acres of Tacoma Power property identified as a portion of Pierce County Assessor tax parcel No. 0317271012 located in the Graham/Eatonville vicinity of unincorporated Pierce County to Eduardo Dominguez and Margarita Calderon for \$13,500

Mr. O'Loughlin moved to adopt the resolution; seconded by Mr. Bridges.

Greg Muller, Real Estate Officer, summarized the resolution. Tacoma Power requests the Board declare surplus and approve the negotiated sale of approximately 1.29 acres of property, identified as a portion of Pierce County Assessor Tax Parcel No. 0317271012, located in a rural location in central unincorporated Pierce County near Graham, WA, used for electrical distribution, to Eduardo Dominguez and Margarita Calderon. The property currently is encumbered by a county road and this transaction will allow legal access to the Dominguez and Calderon property for development of a single-family residence and after the sale by Tacoma Power, the portion of the sale property improved with Kinsman Road E will be dedicated to Pierce County for continued use of the public road while Tacoma Power retains an easement therein. Tacoma Power does not need to own the property as ownership entails additional management time and

expense and Tacoma Power's operational needs can be met through permanent easement rights alone as included in this transaction. The sale will generate one-time revenue for Tacoma Power at a proposed negotiated price of \$13,500.00, which takes into consideration the reservation of an easement to Tacoma Power for continued operations. Because this property is limited to right-of-way use, this type of sale is consistent with TPU Surplus Policy #121 adopted in 2020.

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

C-4 Resolution U-11353 – Authorize Tacoma Power to enact a new tariff schedule for electric vehicle public charging effective January 1, 2023

Mr. O'Loughlin moved to adopt the resolution; seconded by Mr. Bridges.

Ying Hall, Power Section Manager, summarized the resolution. Tacoma Power is requesting an additional schedule – Electric Vehicle Public Charging (“Schedule EVPC”) to Chapter 12.06 of the Tacoma Municipal Code. Tacoma Power has provided electric service to utility-owned electric vehicle (EV) charging stations since 2012. In 2021, Washington State passed Senate Bill 5192 on EV service provider disclosures, codified as RCW 19.94.560, with a requirement that all EV service providers must disclose to the user the price to refuel in U.S. dollars per kilowatt-hour (kWh) or megajule (MJ) by January 1, 2023. In order to be in compliance with new state regulation, Tacoma Power has developed a cost-based price for EV public charging of \$0.21 per kWh, to replace the current set fee of \$2 per five hours and the price for EV public charging is based on the Chapter 12.06 of the Tacoma Municipal Code, Schedule B (Small General) electric rate, plus networking fees, maintenance costs, and all relevant taxes. In response to a Board inquiry, Ms. Hall shared that the Seattle City Light rates were between .20 and .36 per kWh in 2019. Others range from .25 to .43 cents per kWh.

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

C-5 Resolution U-11354 – Amend and revise Tacoma Municipal Code Chapter 12.06 to enact a new Tacoma Power rate category of prepaid small general service

Mr. O'Loughlin moved to adopt the resolution; seconded by Mr. Bridges.

Ying Hall, Power Section Manager, summarized the resolution. Tacoma Power is requesting a new, Prepaid Small General Service (Schedule PB), be added to Chapter 12.06 of the Tacoma Municipal Code (TMC). Tacoma Power implemented a prepaid residential service tariff Schedule PR for the residential customer class in TMC 12.06.166, effective January 1, 2021 and the tariff Schedule PR allows residential customers to elect to pay for electric service in advance of usage as soon as Advanced Metering Infrastructure (AMI) is installed. After Schedule PR was implemented, Tacoma Power received requests from some small general customers for the prepaid option. Schedule PB allows small commercial customers to voluntarily pay for electric service in advance of usage as soon as AMI is installed. Schedule PB provides small commercial customers a better understanding of their electricity use and greater control over their electricity costs. Service under the prepaid tariff is provided at the same effective rates as regular post-paid service, the only difference is the timing of the customer payment.

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

C-6 Resolution U-11355 – Amend and revise Tacoma Municipal Code Chapter 12.01 and 12.06A regarding inspection, permitting, and pole reconnection fees

Mr. O’Loughlin moved to adopt the resolution; seconded by Mr. Bridges.

Ying Hall, Power Section Manager, summarized the resolution. Tacoma Power is requesting revisions to Chapter 12.01 “Utility Charges” and Chapter 12.06A “Electrical Code” of the Tacoma Municipal Code (TMC). TMC 12.06A.250 sets forth certain fees for inspections and permits related to the connection of electrical service under various circumstances and for different types of customers and TMC 12.06A.260, sets forth certain penalty fees and fee adjustments under various circumstances related to the connection and provision of electrical service. The fees set forth in TMC 12.06A.250 and TMC 12.06A.260 have not been updated since 2005 and Tacoma Power is proposing to update the fees to more accurately reflect the current cost of providing service. Tacoma Power also proposes a change to pole connection fees in TMC 12.01.010 which result from delinquency cut-offs, to more accurately reflect actual costs, as the pole connection fees have not been updated since 1985. Additional revisions are proposed to improve current practices: deletion of TMC 12.06A.135, since the requirements of that section are covered in Tacoma Public Utilities standard C-MR-0005; modifications to the language in TMC 12.06A.230, to remove a hurdle for permit applications and to revise language that requires an owner to submit an affidavit; deletion of a sentence in TMC 12.06A.380, that requires 200 ampere service capacity to allow customers to utilize smaller services when allowed by the National Electric Code and prevent customers from having to oversize their service capacity

In response to a Board comment about the age of some of the fees being replaced, Ms. Hall explained that the intent going forward is to review fees on a regular basis, in step with budget and rate years.

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

C-7 Resolution U-11356 – Amend and revise Tacoma Municipal Code Chapter 12.06 regarding electric rates for two Tacoma Power rate adjustments effective April 1, 2023 and April 1, 2024

Mr. O’Loughlin moved to adopt the resolution; seconded by Mr. Bridges.

Ying Hall, Power Section Manager, summarized the resolution. Tacoma Power is requesting the approval for two rate adjustments, effective on April 1, 2023, and April 1, 2024. Tacoma Power’s revenue requirement analysis indicates that the utility needs to increase retail revenue by approximately \$41.4 million for the twenty-four-month rate period starting April 1, 2023. This amount indicates a need for system-wide retail rate increase of 3.5 percent in 2023 and 3.5 percent in 2024. The utility has experienced substantial inflationary increases in operating and capital expenses such as materials, personnel, city assessments, and technology upgrades and the proposed rate increases are designed to generate additional revenue to meet financial metrics (debt service coverage and liquidity), operational needs, and to avoid future rate shocks. Tacoma

Power has made efforts to keep the rate increases at a level that is as low as is consistent with Public Utility Board's Strategic Directive SD-3 regarding rate stability and Tacoma Power has prioritized new budget additions and has reduced its initial Operation & Maintenance and Capital spending to mitigate increases to the 2023/2024 biennial budget. Tacoma Power plans to utilize its current cash reserves and anticipated wholesale sales revenue to ensure that the retail rate increases are limited to the requested system-average increase of 3.5 percent for years 2023 and 2024. In addition, Tacoma Power will increase investment in the Bill Credit Assistance Plan program and support program enforcement to offer more financial assistance to income-restrained customers that will more than offset the proposed rate increases for participating customers and is designed to help mitigate future rate increases for income-restrained Power customers. Tacoma Power conducted a Cost-of-Service Analysis (COSA) for the 2023/2024 biennium to determine how to raise the additional \$41.4 million revenue amongst different rate classes. Because rate classes have different usage characteristics, the cost of providing services to each class will differ along with the rate allocated to each class. The proposed annual rate increases effective April 1, 2023, and April 1, 2024, respectively, are as follows: • TMC 12.06.160 - residential – 3.9 percent; TMC 12.06.170 - small general class – 1.5 percent; TMC 12.06.215 & TMC 12.06.372 - general class and Shore Power – 5.0 percent; TMC 12.06.290 - street and highway lighting class – 7.0 percent. There are no proposed rate adjustments for the following classes: Traffic signals and lights, private off-street lighting, high-voltage general contract industrial, New Large Load, Electrofuel and Electric Vehicle Fast Charging. This proposal is in alignment with industry ratemaking standards and best practices, Public Utility Board's Strategic Directives of Financial (SD-2) and Rates (SD-3), and supports Tacoma Power's Long-Range Financial Plan. Tacoma Power also proposes a change to the fee for additional poles in Chapter 12.06.300, Private-Off Street Light Service (Schedule H-2), of the TMC, to more accurately reflect current cost, with a transition period of five years and proposes to eliminate the contract requirement in Chapter 12.06.225, High Voltage General Service (Schedule HVG), as the contract requirement is no longer needed because Schedule HVG was closed to new customers as of April 1, 2021. In preparation of this request, Tacoma Power has actively sought out public input through public presentations with various neighborhood groups and city councils in communities served by Tacoma Power as well as interested community organizations, and presented overviews and proposals on revenue budget and rates to the Board at different stages of development since early 2022. The Board held a public hearing on the proposed rate increases and code changes at its regular meeting on October 12, 2022.

Board Members made positive comments about the work on the budget and rates and expressed appreciation for hearing input from the Board.

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

#### Tacoma Water

C-8 Resolution U-11357 – Amend and revise Tacoma Municipal Code Chapter 12.10 regarding water rate adjustments effective January 1, 2023 and January 1, 2024

Mr. O'Loughlin moved to adopt the resolution; seconded by Mr. Bridges.

Jodi Collins, Assistant Water Division Manager, summarized the resolution. Tacoma Water is requesting the approval to amend and revise sections of Chapter 10 (Water Regulations and Rates) in Title 12 (Utilities) of the Tacoma Municipal Code (TMC) sections 12.10.301 and 12.10.400, for two rate adjustments, effective January 1, 2023, and January 1, 2024. Tacoma Water directly serves a population of over 350,000 in the greater Tacoma metropolitan area and the utility delivered approximately 54 million gallons a day and generated about \$99 million in water sales. While overall water consumption has remained steady, ongoing costs to maintain the utility have increased. Tacoma Water is proposing annual system average rate adjustments of 4.0 percent effective January 1, 2023, and 4.0 percent effective January 1, 2024, in order to meet these ongoing goals. The rate adjustments will be implemented across the various rate classes dependent on each class' cost-of-service analysis and are scheduled to be phased in over the planning period and the rate adjustment will be distributed to fixed and variable rate elements where applicable or consistent with policy and contractual provisions. In preparation for this request, Tacoma Water sought input from customers, policymakers, and members of the public through various meetings such as: franchise city council meetings, neighborhood council meetings, PUB study sessions and meetings, a joint study session with the Board and City Council, Government Performance & Finance Committee (GPFC) meetings, and a public hearing on the rate proposals at the Board's October 12, 2022 regular meeting. Communication has also been distributed through bill inserts, mailings, website, and social media. Based on customer research on affordability, many of Tacoma Water customers are able to afford low, stable rate adjustments. There are customers who are more negatively impacted by rate increase therefore, this proposal also includes adjustments to TPU's Bill Credit Assistance Program (BCAP), providing a portion of the available credit to all income-qualified customers who apply. Although the remainder of the credit is provided to those who are able to maintain their account in a current status, the automatic credit alone is enough to offset both rate adjustments for the average customer participating in BCAP. Voice vote was taken and carried. The resolution was adopted.

### Tacoma Rail

C-9 Resolution U-11358 – Authorize Tacoma Rail to reissue the Tacoma Municipal Belt Line 8807 series freight switching tariff for an effective date of January 1, 2023 and a tariff supplement with an effective date of January 1, 2024

Mr. O'Loughlin moved to adopt the resolution; seconded by Mr. Bridges.

Dan McCabe, Rail CIO/CFO, summarized the resolution. Tacoma Rail, requests Public Utility Board approval and authorization to reissue its freight switching TMBL 8807 series and TMBL 6004 series demurrage tariffs effective January 1, 2023, and a switching tariff supplement effective January 1, 2024. Tacoma Rail's customers consist of local industries and other railroads and switching tariffs define the line haul and miscellaneous switching charges allocated to the movement of railcars. Tacoma Rail's TMBL tariff rates associated with unit train and other Tacoma interchanged line house traffic were last updated in 2019; miscellaneous switching rates were last updated in 2010. Tacoma Rail's rates encapsulate cost of service practices – line haul rates are charged to the BNSF or Union Pacific railroads unless the industry served or shipper elects to pay the fees themselves. The switching tariff rate adjustments for 2023 include a system average rate increase of 4.3 percent over current rates, a special switch rate increase of \$85 to \$600, and a 3 percent increase to all miscellaneous switching rates. The 2024

tariff supplement increases line haul traffic rates by a system average of 4.3 percent. Tacoma Rail's demurrage tariff was last updated in 2018 and demurrage is a federal requirement for railroads to charge for the undo detention of railcars. The proposed tariff increases the rate by \$5 per day, for a total of \$65, and add Juneteenth as a holiday.

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

### Departmental

C-10 Motion 22-17 – The Department of Public Utilities 2023/2024 Budget, as submitted and filed with the Clerk of the Board, be accepted and approved and the City Council is requested to approve the same as provided by Section 4.12 of the Charter of the City of Tacoma.

Mr. O'Loughlin moved to approve the motion; seconded by Mr. Bridges.

Jackie Flowers, Director of Utilities, shared that this motion is the culmination of over a year's work. Director Flowers thanked the Board for its input throughout process and to staff who've put together the rates and conducted community outreach. TPU is still working its way out of pandemic impacts. This budget has adjustments accounting for reductions going into the pandemic and considers supply chain issues, inflation, and reduced labor markets that have made their way into the proposals. The rate adjustments are below the rate of inflation. It is recommend Board approve this motion and send it to the City Council for its consideration.

Voice vote was taken and carried. The motion was approved.

## **D. Reports of the Director**

### Utility Funding Update

Francine Artis, Interim CS Manager, shared that TPU has been awarded grant of \$12.9M to help with arrearages. CS staff will be working hard to get these funds applied to accounts; it has to be spent by the end of the year. In response to a Board inquiry, Ms. Artis explained that these are federal dollars that were awarded to the state and TPU had to apply to the state. Ms. Artis also added that these funds can be applied to all five services and that TPU is currently at \$17M in arrearages.

### Strategic Directive Ten (SD10, Government Relations) Update

LaTasha Wortham, Regional Relations Manager, provided the Board with an update on SD10. Ms. Wortham outlined the government-to-government relations post height of the pandemic. This included hybrid meetings and decreases to franchise partner budgets. Ms. Wortham then spoke to relations with Native American Tribes. The Generation/Natural Resources teams continue to foster positive relationships with their Tribal partners around the hydroelectric projects. Tacoma Water teams continue to foster positive relationships with Tribal partners near the Green River watershed. Engagement and collaboration with General Government was then summarized. Highlights include regular coordination between staff, budget/rates outreach, Climate Action Plan and decarbonization efforts, town hall meetings, Rail strategic plan, Equity work, internship programs, EV charging stations, project tours, Cushman Substation, Lower Snake River Dams, and Howard Hanson Dam funding. Government relations with franchise partners was then summarized. Efforts in this area include budget/rates,



assistance programs, conservation programs, AMI, franchise agreements, and outage updates. Upcoming government relation priority areas include continued budget/rates outreach, AMI program updates, conservation programs and efforts, franchise agreements, and Climate Action Plan implementation.

**E. Comments by Board**

Board Member O’Loughlin provided an update on a meeting he and Board Member Cohen attended with Spark Northwest to hear their concerns about BCAP program.

Chair Watson announced the Board will hold a special meeting on Wednesday, November 2 and Thursday, November 3 and that appropriate public notice will be posted.

**F. Adjournment**

There being no further business or comments, the Public Utility Board meeting was adjourned at 8:02 p.m. until Wednesday, November 2, 2022 for a special meeting at 12:00 p.m.

Approved:



Carlos Watson, Chair



Holland Cohen, Secretary