



APPROVED 8-10-22

MINUTES
City of Tacoma
Public Utility Board Study Session
July 27, 2022
3:00 p.m.

Chair Cooley called the Public Utility Board study session to order at 3:00 p.m. at the auditorium of the Public Utilities Administration Building.

Present: Christine Cooley, Carlos Watson, John O'Loughlin, William Bridges

Excused: Holland Cohen

Budget and Rates Outreach

Jim Sant, Deputy Director for Administration, made introductory remarks and summarized TPU coordination on budget and rates outreach and stakeholder engagement (SD4). Dr. John Gaines, Community Relations Manager, provided an overview of the outreach environment, which includes technology barriers, community priorities, and hybrid-style meetings with virtual attendance. Dr. Gaines outlined the upcoming rates engagement opportunities in September. These include coordinated outreach to neighborhood Councils and block groups with Environmental Services. Staff is presenting to the Chamber of Commerce, Economic Development Council, franchise cities, local government partners, JBLM/key accounts, business districts, and trade organizations. Staff also has partnerships with existing events of other organizations. Dr. Gaines concluded by outlining the communication and engagement tools. These include lobby screens, bill inserts, web messages, language access, online, customer feedback form, social media, and quarterly newsletters.

Tacoma Power: Integrated Resource Plan

Rachel Clark, Sr. Power Analyst, outlined the core Integrated Resource Plan (IRP) questions: Bonneville Power Administration (BPA) contract renewal; how will TPU ensure there are enough resources under accelerated vehicle and building electrification; and how climate change will impact our resource position. Ms. Clark detailed the IRP modeling framework. Resource adequacy was described as having enough resource to serve loads under a broad range of conditions. The methods on how staff makes adequacy assessments were summarized. Ms. Clark updated the Board on tentative results since the update in April and reviewed how Tacoma would reduce potential adequacy risks and the impacts of electrification. A summary of key findings were

presented. Preferred resource strategy: 1) renew slice/block product with BPA in 2028 if it remains similar to today's product; 2) continue to acquire all cost-effective conservation identified in the conservation potential assessment; 3) continue to develop capability to acquire demand response; and 4) continue involvement in Western Resource Adequacy Program efforts. Electrification: 1) uncertainty as to how much and when it will show; 2) preferred portfolio is likely not capable of handling the large-scale electrification modeled in the 2022 IRP; 3) continue to understand how Tacoma can prepare. Ms. Clark concluded by outlining the two, four, and ten year action plans for conservation and BPA.

Tacoma Power: Climate Commitment Act Cost Burden Forecast

Kyle Frankiewich, Power Analyst, began with a description of the Climate Commitment Act (CCA) as a state law passed by the Washington State legislature in 2001 and established a cap and invest program to reduce greenhouse emissions across all sectors of the economy. Electric power entities are covered under the CCA if they exceed 25,000 metric tons of CO₂e from in-state generation and from emissions associated with imported electricity into the state. Tacoma Power will be a covered entity. "Cost Burden" includes costs for emissions allowances needed to offset carbon emissions associated with imported electricity. Cost Burden also includes costs associated in the CCA, including program registration, planning, reporting/verification, and load increase due to electrification. Tacoma Power has joined other utilities commenting on the draft rules approach to estimating a utility's cost burden. The joint utilities have proposed an alternative template to capture the cost burden impacts on rates or charges to electric customers. Consideration of a finalized utility CCA cost burden estimate will be brought before the Board for consideration on August 24, 2022.

Tacoma Power: Cost of Service Analysis/Rates

Christina Leineweber, Sr. Utilities Economist, reviewed the current budget and rate timeline and then provided an overview of the retail customer class. These include residential, small general service, general service, high-voltage general, contract power, streetlights and signals, and private off-street lighting. The Cost of Service Analysis (COSA) results were reviewed. Rates are based on COSA to customers. Customer classes are groups of customers with similar usage characteristics that influence cost such as infrastructure requirements and consumption patterns. A COSA determines the cost of serving each customer class. Proposed rate adjustments for the next biennium, 2023/2024, were reviewed. Rate design was then reviewed. Rate design sets structure to bill each customer. The proposed residential rate design, broken down by customer charge, energy charge, and delivery charge, and the average residential bill impact were explained. How the rate increase is mitigated by the Bill Credit Assistance Program (BCAP) were summarized. Commercial/Industrial rate design and the EV charging rate were then detailed.

Adjournment

The study session was adjourned at 5:30 p.m. until the August 10, 2022 for a study session beginning at 3:00 p.m.

Approved:



Christine Cooley, Chair



John O'Loughlin, Secretary