



APPROVED 8/24/22

MINUTES
City of Tacoma
Public Utility Board Study Session
August 10, 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, John O'Loughlin, William Bridges, Holland Cohen

Excused: Carlos Watson

Tacoma Power: Western Resource Adequacy Program (WRAP)

Ray Johnson, Assistant Power Manager, began with a summary of the previous presentation on WRAP. The integrated regional power system is in transition. The impending retirement of several thermal generators within and outside the region has led to questions about whether the region will continue to have an adequate supply of electricity during critical hours. Many states in the west are pursuing policy to decarbonize the economy through electrification of transportations, buildings, and industry. Recent studies suggest that increased electrification will lead to large increases in peak loads. These developments threaten to upset the balance of loads and resources within the region and if not properly addressed, and will increase the risk of supply disruptions. WRAP is a forward-looking program that helps ensure that the footprint has sufficient generating capacity. It creates a framework to provide participants with pre-arranged access to capacity resources in the program footprint during times when a participant is experiencing an extreme event. Mr. Johnson then provided an overview of how WRAP will be directed, controlled, and provided details on the administrator/operator, governance, Federal Energy Regulatory Commission (FERC) jurisdiction, and participant exit provisions. Mr. Johnson concluded by reviewing an implementation timeline. This item will be brought before the Board at a future meeting to review costs and benefits of joining WRAP.

Tacoma Water: Cost of Service Analysis and Rates

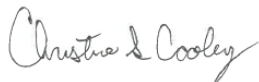
This presentation was made by Water Financial Stewardship team: Jodi Collins (Overview of challenges, risks, budget drivers, impacts, cost savings, and mitigation); Alyssa Flores-Brown (O&M, personnel, supplies, services); Andrew Zaremba (Forecasting accounts, forecasting demand, revenue at existing rates, cost of service

analysis, customer classes, monthly bills, customer assistance, regional comparisons, grant/loan program); and Lyna Vo (forecasting summary, base case scenarios, long-range financial plan). Challenges and risks include ongoing impacts from the 2020 budget development cycle; workforce, inflation, and supply chain issues; and uncertainties such as long-term economic assumptions, general wage increases, and aging receivables collections. Accounts are projected to grow by approximately 0.8 percent per year for the next ten years. Outside-city residential accounts make up approximately 80 percent of this growth. Demand per account for residential customers is still declining. Account growth is expected to keep total demand steady. Total demand is projected to grow by approximately 0.03 percent per year the next ten years. Staff currently projects a 4.0 percent annual system average rate adjustment for the next biennium. For residential customers, the recommend changes result in an increase of \$1.73 per month in 2023 and \$1.80 per month in 2024 for the average inside-city residential customers. For customers enrolled in the Bill Credit Assistance Plan (BCAP), automatic monthly bill credits will reduce their drinking water bill by \$4.00, which offsets the adjustments for the next biennium. In 2023, BCAP customers will see a net reduction in their drinking water bill. In 2024, monthly drinking water bills will look similar to 2021. Ms. Collins concluded by reviewing the next steps in this process. The Board and Council will continue to review rates in October and November with a final vote by the Council in November.

Adjournment

The study session was adjourned at 5:17 p.m. until the August 24, 2022 for a study session beginning at 3:00 p.m.

Approved:



Christine Cooley, Chair



John O'Loughlin, Secretary