



APPROVED 10/26/22

MINUTES
City of Tacoma
Public Utility Board Study Session
September 28, 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, Holland Cohen, Carlos Watson

Excused: William Bridges

Tacoma Power: Permit and Inspection Fee Update

Ying Hall, Power Section Manager, and Chad Edinger, T&D Electrical Services Manager, presented this information. Permit and inspection fees in TMC 12.06A.250 are intended to cover the cost to Tacoma Power of maintaining an inspection service with associated permitting support. Permit and inspection fees were last updated in 2005; the proposed fee updates are intended to more fully recover costs. Graphical representations outlining the proposed residential and commercial permit fees were reviewed as was benchmarking with peer utilities. Special fees were then covered. Special fees include pole installation fees for private, off-street lighting customers and pole reconnection fees due to delinquency cut-off and tampering. The proposed updates to special fees are intended to more fully recover the cost of providing such services. Graphical representations outlining special fees and benchmarking was also shared. Next steps include Board consideration of the fees in the TPU budget and rates on October 26. If approved, the new fees would be effective April 1, 2023.

Tacoma Water: Preliminary Budget Review

Scott Dewhirst, Water Superintendent, made introductory remarks. Water's budget development and strategy align with the PUB strategic directives. Objectives in the process were to provide customers with increased value; preparing the workforce for the future; and improving systems, processes, and use of resources. Budget development took into account: strategic long-range planning; asset management and expense prioritization; operational efficiencies; financial, project, and process management; inflationary pressures and supply chain issues; balancing workload with organizational capacity. Jodi Collins, Asst. Water Division Mgr, reviewed budget assumptions and then outlined budget risks and mitigation measures. Graphical representations of revenue,

expenditures, personnel costs, capital costs, increases, financial forecasting, budget comparisons, and enhancements to the Bill Credit Assistant Program (BCAP+) were detailed. In summary, Water's budget aligns with the Board Strategic Directives and Water's strategic plan; there are ongoing impacts from the 2020 budget development having to do with cycle, high inflation, and other cost increases; gradualism minimizes rate impacts while preserving financial flexibility and stability; the projected rate impact for average residential inside Tacoma is \$1.73 per month in 2023 and \$1.80 per month in 2024. The BCAP+ program will offset rate adjustments and provide assistance for qualifying customers.

Tacoma Power: Preliminary Budget Review

Chris Robinson, Power Superintendent, made introductory remarks. Power's proposed budget supports utility operational needs, the PUB strategic directives, and Power's strategic plan. There total O&M budget increase of \$156M from the last biennium. Inflation for both labor and materials is largely driving the budget increase. A 3.5 percent overall system average rate increase for the next biennium is proposed. Staff is utilizing significant funding from wholesale revenues to minimize rate increase. Increased investment in customer assistance program will increase participation. Michelle Rhubright, Budget Manager, detailed graphical illustrations of budget assumptions, budget challenges, capital expenses, budget risks/mitigation efforts, revenue, wholesale, expenditures, personnel, purchased power, rate adjustments, residential rate design, bill impacts, BCAP+ expansions, special rates, financial strategy, and base case financial metrics. In summary, the proposed budget supports operational needs and supports Board directives and strategic plans. Inflation is significantly driving up costs for labor and materials. Actions have been taken to manage costs and reduce revenue needs. A 3.5 percent overall system average retail rate increase is proposed for the 2023/2024 budget. Power is leveraging wholesale revenue to reduce rate increases. BCAP+ enhancements are designed to lower the cost of electric services for income-constrained customers.

Customer Services: Enhanced Bill Credit Assistance Program and Bill Impact

Lyna Vo, Sr. Utilities Economist, and Ying Hall, Power Section Manager, reviewed how TPU measures affordability with benchmarks, reviewed Bill Credit Assistance Program (BCAP) design changes in 2022 and other program challenges during the pandemic. Program enhancements for 2023 and beyond and how they mitigate rate impacts were detailed. Francine Artis, Interim Customer Services Manager, concluded with a summary. Since March 2020, TPU received over \$14M in utility assistance for customer accounts from federal and state grants and funding from other community partners. Customers enrolled in BCAP+ will now automatically receive a monthly credit. Customers may also apply for utility assistance from outside resources which will increase their opportunity to sustain service without using their own income. In addition, a one-time financial education credit of up to 4160 is still available for households enrolled in BCAP+ who participate in a financial education program offered by one of TPU's approved community partners.

Adjournment

The study session was adjourned at 5:48 p.m. until the October 12, 2022 for a study session beginning at 3:00 p.m.

Approved:

A handwritten signature in blue ink that reads "Carlos Watson". The signature is written in a cursive style with a large initial 'C'.

Carlos Watson, Chair

A handwritten signature in blue ink that reads "Holland Cohen". The signature is written in a cursive style with a large initial 'H'.

Holland Cohen, Secretary