



APPROVED 11-15-23

MINUTES
City of Tacoma
Public Utility Board Study Session
October 25, 2023
3:00 p.m.

Chair Watson called the Public Utility Board study session to order at 3:00 p.m. in the third-floor conference room (LT1) of the Public Utilities Administration Building.

Present: Carlos Watson, Elly Claus-McGahan, John O’Loughlin,
Excused: Anita Gallagher; William Bridges

Director of Utilities Performance Review Process

Cheryl Bidleman, Assistant HR Director, provided an overview of the Director’s performance review process. Council reconfirmation is required every two years and must be complete before May 3, 2024. The Board votes to approve the review and for reconfirmation. The Board Chair presents the review to the Council and the City Council votes on a motion to reconfirm. Ms. Bidleman provided an overview of the 2023 timeline, Director’s work plan, Director’s self-evaluation, and the performance review form.

Low Carbon Fuel Standards Regulations

This information was presented by Aimee Higby, Principal Power Energy Portfolio Analyst, and Breanna Chance, Principal Power Energy Conservation Analyst. WA Clean Fuels Standard is a program to decarbonize fuels produced or sold in Washington and credits are based on carbon intensity compared to a declining annual standard. Credit revenue can be spent on transportation electrification projects, including installing more EV charging and purchasing electric fleet vehicles. Registration and credit generation, reporting and receiving credits, and base credit spending requirements were detailed. Key program compliance dates were revised; 2023 annual compliance reporting is due in April 2024. TPU and GG are developing an MOU to identify roles and responsibilities for ongoing program management. This includes data collection, accounting, budgeting, and transacting monetizing credits.

Tacoma Power: Bond Financing

Michelle Brown, Power Financial Planning Supervisor provided an overview of the recommended financing plan. Staff will request approval to issue approximately \$100M

Tacoma Power electric system revenue bonds, series 2024 to pay down current Wells Fargo Note Purchase Agreement (NPA). The plan is to issue the new money revenue bonds as green bonds. Ms. Brown provided a detailed overview of debt service and active debt management and shared graphical illustrations of historical and current scheduled debt service. Staff will request approval to issue refunding bonds of approximately \$49M to refund the outstanding Tacoma Power 2013 A and 2013 B bonds that produce savings. Ms. Brown shared graphical illustrations detailing refunding bonds, source and use of funds, maturity dates, and aggregate debt service. Ms. Brown closed by presenting the process schedule, which includes GPFC presentations, Council first and second readings, and closing of 2024 bonds on January 31, 2024.

Guiding Principle Fourteen (GP14 Resource Planning) Update

Rachel Clark, Resource Planning and Analytics Manager, reviewed the Power Integrated Resource Plan (IRP), which per state law needs to be updated every four years with a mini update every two years. The last IRP was completed in August 2022 and work is underway for the full 2024 IRP update. This document includes a 20-year outlook and public input accompanies the process. Recommendations from the 2022 IRP were reviewed. Key questions for 2024: which BPA product will best meet customer needs in the next contract period; how electrification might affect future resource needs; how might industrial load growth affect needs; how will climate change affect future needs; what additional resources might be needed to meet customer demand; and what changes to hydropower capacity might be pursued in the next set of Federal Energy Regulatory Commission licenses. The schedule was then reviewed; Board adoption will be considered in July 2024 and the final IRP must be submitted to the Department of Commerce by August 2024.

Glen George, Water Quality Manager, reviewed the Water IRP, which isn't required by law and is updated every six years. The last IRP was completed in 2018 and work is underway for 2024; it provides a 60-year outlook. Public engagement is part of the process. Mr. Glenn reviewed recommendations from the 2022 IRP. Key objectives for 2024: update climate change information model; fold-in Water demand forecast; emphasis on groundwater, including PFAS; incorporate loss of WestRock demand into plans; and modify wells master plan. The final document is scheduled for delivery in June 2024.

Alan Matheson, Asst. Rail Superintendent, provided an overview of Rail's areas of focus. There are ongoing efforts toward locomotive assets/fleet rationalization and modernization. The average age of the current locomotive fleet is 31 years; three are less than 10-years old. Areas of focus for Rail: battery-electric locomotive project; funding partnerships; oil spill contingency plan; operating protocols; track inspection/maintenance; and the South Intermodal yard as the current lease with the Port is set to expire in 2025.

General Board Comments/Discussion and Director's Reports

Director Flowers provided an update on the progression of reviewing and updating the Board's Guiding Principles.

Mr. O'Loughlin made positive remarks about Jodi Collins' WestRock presentation to the Government Performance and Finance Committee.

Adjournment

The study session was adjourned at 5:07 p.m.

Approved:



Carlos Watson, Chair



William Bridges