



APPROVED 6/25/25

MINUTES
City of Tacoma
Public Utility Board Study Session
May 28, 2025
3:00 p.m.

Chair O'Loughlin 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: John O'Loughlin, Elly Claus-McGahan, Devin Hampton, Anita Gallagher; William Bridges

Tacoma Power: Energy Risk Management and Power Supply Update

Saul Villarreal, Resource Operations Lead, provided the power supply update. Graphical representations of Tacoma Power's hydro resources, seasonal outlook (temperatures and precipitation below and above average), snowpacks, system inflows, and Cushman project elevation were detailed. Energy Risk Manager (ERM), Nikki Bufford, then addressed ERM. The objective of ERM is to manage the variability from the power supply portfolio. Graphical representations of wholesale net revenues and wholesale market prices were detailed.

TPU Quarterly Financial Outlook and Performance Metrics

Tacoma Water: Dana Larsen, Water Business Services Division Mgr, provided the 2025/2026 biennium summary of financial outlook. The forecast for total revenue is \$1.3M or one percent over budget. The forecast for operating expenditures is \$1.8M under budget. Graphical representations of billed revenue, billed demand, and biennium forecast vs. budget were shared. Alyssa Flores, Business Services Analyst, then reviewed capital spending, and capital projects. Ms. Larsen concluded by reviewing the projected liquidity balance as of March 31, 2025.

Tacoma Power: Michelle Brown, Power Financial Planning Mgr, provided the 2025/2026 biennium summary of financial outlook. The forecast for total revenue is \$19.4M less than budget. The forecast for total expenditures is \$29.1M less than budget. Graphical representations of electric retail revenues, gross wholesale revenues, biennium forecast vs. budget, capital budget, and capital projects were detailed. Ms. Brown concluded by reviewing the projected liquidity balance as of March 31, 2025.

Tacoma Rail: Dan McCabe, Rail CIO/CFO, reported that the forecast is zero percent above budget. The forecast for total expenditures is \$277,000 or zero percent below budget. Graphical representations of rail volumes, intermodal volumes, commercial volumes, biennium forecast vs. budget, and capital budget spending summary were detailed. Mr. McCabe concluded by reviewing the projected liquidity balance.

Performance metrics: Ebony Peebles, Business Services Mgr, summarized the Q1 2025 performance metrics for each of the operating divisions. The quarter's highlights were summarized: Q1 performance was favorable across all metrics; power outage duration times were longer due to winter events. Water's O&M cost/account experienced an uptick due to additional year-end expenses; Water conservation progress continues to fluctuate through the 10-year plan; Rail's stormwater testing is in full compliance; Water's customer satisfaction is on par with prior year's results; the Safety program and recordable incident rate benchmark reflects recent updates; and call center response times were impacted by telework, vacancies, and disconnections.

Public Utility Board Strategy Planning Overview, SWOT Framework, and Guiding Principles

Director Flowers summarized this body of work. Concurrent with strategy work is refinement of the Board's Guiding Principles (GPs). At the fall retreat last year, the Board put its GPs to the ends versus means test in that they discussed which are the desired outcomes (ends) and which were a roadmap to how those outcomes are achieved (means). The 'ends' will remain in the GP framework while the 'means' will be incorporated into strategy and reflected into operational maturity in that area. What are currently known as GP1 (Diversity, Equity, Inclusion, and Belonging) and GP 12 (Employee Relations) will be combined into a new GP for Employee Experience. What is currently known as GP 13 (Customer Service) will now be Customer Experience. A pillar that will contain GP2 (Financial Sustainability), GP3 (Rates), GP5 (Environmental Sustainability), GP7 (Reliability and Resiliency), and GP14 (Resource Planning), will be created. Board Members Bridges and Hampton will be on point for drafting the Employee Experience pillar. Board Member Gallagher will be on point for drafting the Customer Experience pillar. Board Members O'Loughlin and Claus-McGahan will be responsible for drafting the large, yet-to-be named pillar.

KayLyne Newell, Strategy Manager, then provided the Board with an overview of the TPU strategy plan. A graphical representation of how the TPU strategy and Board's GPs shapes the work of all employees was detailed. The TPU strategy framework consists of Mission (why we exist); Vision (aspirational statement for the desired future); Values (behavioral expectations of ourselves and others); Objectives (3–5-year key priorities that moves TPU toward the vision); and Initiatives (1–2-year efforts that support progress on objectives). The current strategy, development cadence, planned adjustments, planning process, and timeline were summarized. Ms. Newell then walked

the Board through the Strengths/Weaknesses/Opportunities/Threats (SWOT) exercise in which they'll be engaging at future study sessions.

Board/Director Comments/Updates

Director Flowers introduced Keri Burchard-Juarez, the new Water Superintendent.

Director Flowers provided an update on the Large Public Power Council congressional meetings she attended.

Board Member Claus-McGahan made positive remarks about the Communities for a Healthy Bay event she attended.

Chair O'Loughlin informed that at the last GPFC meeting, a do-pass was sent to Council recommending the reappointment of Mr. OLoughlin to the Public Utility Board with a term of July 1, 2025, to June 30, 2030.

Adjournment

The study session was adjourned at 5:40 p.m.

Approved:



John O'Loughlin
Chair



Elly Claus-McGahan
Secretary