



APPROVED 5/27/26

MINUTES
City of Tacoma
Public Utility Board Study Session
May 13, 2026
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; Anita Gallagher; William Bridges; Devin Hampton

Tacoma Power: Energy Risk Management Update

Saul Villarreal, Resource Operations Lead, reviewed in detail graphical representations of hydroelectric resources; seasonal outlook of power supply; snowpack status; Tacoma system inflows; the federal system inflows; Tacoma system inflow ranking; Cowlitz operations; and Cushman operations.

Nikki Bufford, Energy Risk Mgr, shared that the purpose and objective of the Energy Risk Management program is to provide independent oversight of wholesale trading activities and decision-support tools for operations and trading functions. The program is designed to manage variability in Tacoma's hydro supply portfolio, mitigate adverse financial impacts from wholesale market transactions, and stabilize revenues. Graphical representations of wholesale net revenues were detailed. In summary, the 2025/2026 wholesale net revenues are projected below budget. Unfavorable wholesale variance to budget is consistent with historical volatility. Despite near-average hydrologic conditions, the water year has been mostly dry. Wholesale power prices have trended significantly lower than budget. Poor wholesale revenue outcome reinforces the importance of maintaining conservative budgeting approach. There's no need to draw on the rate stabilization fund given sufficient financial metrics, and the financial position remains stable and sound due to below-budget purchased power.

Tacoma Water: Water Condition Update

Glen George, Water Resource Manager, shared that on April 8, the DOE declared a drought due to statewide conditions. Tacoma Water has taken a proactive measure to store water to meet summer demands; currently there is ample water supplies and Tacoma Water does not anticipate a water shortage in the summer. The April to September runoff forecast for the Green River is estimated to be 75 percent of normal.

Snowpack is now mostly melted and that is approximately one month ahead of schedule. This may cause the use of storage to begin earlier than normal. El Niño is expected to develop this fall with a good probability of moderate to strong rating. This may mean lower than normal snowpack for winter of 2026/2027. Mr. George then detailed graphical representations of snow in the Green Basin, Tacoma demand forecast, and Howard Hanson Dam storage.

Operating Division Major Budget Changes

Alex Yoon, Deputy Director for Administration, made introductory remarks and reviewed the 2026 budget and rates preparation timeline.

Tacoma Power: Michelle Rhubright, Power Budget and Financial Planning Mgr, reviewed the current biennium budget's expenses and revenues. Graphical representations of wholesale sales revenues, purchased power, debt service, personnel costs, hydro project relicensing, preliminary O&M budget, preliminary budget for FTEs and capital were detailed. In summary, Tacoma Power is focused on keeping rates as low as responsible. Focus is on managing costs that can be controlled as keeping FTEs flat; identifying significant reductions in supplies, services, and other charges costs to offset emerging programs; and proposing a capital budget that is in line with the current budget and historical performance. There are other factors impacting rates and long-range financial planning. These are lower wholesale revenue due to lower market prices; significant increase in personnel costs due to benefit increases, market wage adjustments, and cost of living increase; and costs for extraordinary projects.

Tacoma Water: Hayley Falk, Water Financial Services Asst. Division Mgr, reviewed the current biennium revenue and expenses. Graphical representations of the major changes from the current biennium budget were detailed. These include the Water operations building; Pipeline pressurization/Canyonfalls Creek Pump Station; Trilogy Reservoir and pump station; Howard Hanson Dam additional water storage project; Cascade Water Alliance, Ozone system upgrades; and land acquisition.

Tacoma Rail: Dan McCabe, Asst. Rail Supt., reviewed the current biennium budget by division (Administration, Operations, Apprenticeship program, Mechanical (capital), construction, and tracks. The proposed changes for the current budget were summarized: These include the apprenticeship program, locomotive modernization, and track infrastructure.

Ebony Peebles, Sr. Business Services Mgr, provided a summary of FTE changes by department and outlined the next steps in the budget process.

Executive and Closed Sessions

Chair O'Loughlin moved to enter into a closed session to discuss labor negotiations [RCW 42.30.140(4)(b)] and an executive session to discuss pending/potential litigation [RCW 42.30.110(1)(i) and RCW 42.30.110(1)(iii)] at 5:00 p.m. for 60 minutes; seconded by Board Member Claus-McGahan. Voice vote taken and carried. Chair O'Loughlin stated that after the conclusion of the closed/executive session, the Board would not take further action, and the study session would be adjourned. Chair O'Loughlin moved that at the conclusion of the closed/executive sessions, the Clerk of the Board is authorized to adjourn the meeting; seconded by Mr. Bridges. Voice vote taken and carried. Engel Lee, Chief Deputy City Attorney, was the attorney present. At 6:00 p.m., the closed/executive session was extended by 10 minutes. The closed/executive session was adjourned at 6:09 p.m.

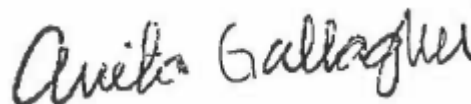
Adjournment

The study session was adjourned at 6:09 p.m.

Approved:



John O'Loughlin, Chair



Anita Gallagher, Secretary