APPROVED 7/22/26

MINUTES
City of Tacoma
Public Utility Board Study Session
July 8, 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; William Bridges; Devin Hampton
Excused: Anita Gallagher

Tacoma Power: Day Ahead Markets

Ray Johnson, Power Manager, made introductory remarks. Thad LeVar, Market Initiatives & Policy Engagement Manager, and Gabrielle Glynn, Market Analytics and Settlements Team Supervisor, provided the information in this presentation. Organized energy markets are prevalent across the USA. In a day-ahead market (DAM), a software tool chooses what generation will meet load optimally at the lowest costs. Participants in the market decide and bid what their generation will cost to run. In a DAM, the software tool determines how to meet load optimally for a whole day. Decision points since 2004 in joining SPP Markets+ and SPP's expanding footprint were reviewed. Steps, timeline, and staffing for joining this market were detailed. Contracts necessary for implementation will be brought before the Board for consideration at a future regular meeting.

Draft Budgets for Operating Divisions

Ebony Peebles, Sr. Business Services Mgr, reviewed the budget and rates preparation timeline, common expense drivers (labor market, benefit increases, retail sales tax changes, removal of gross earnings tax exemptions, and inflation), and a summary of department FTE changes.

Service Divisions: Ms. Peebles summarized the responsibilities, budget highlights, and biennium to biennium budget comparison for the Director/Board, MSO, and CXEA offices.

Power: Keeley Mauro, Power Budget Mgr, provided an overview of Power's expense budget for proposed FTEs, personnel, purchased power, and O&M. The major capital project timeline and biennium to biennium budget comparison were then reviewed. In summary, there is an increase three FTE (net 2 with transfer out); increase in personnel costs; decrease in purchased power; increases in taxes (including GET and CIAC); and a decrease in debt service related to the 2025 bond issuance.

Water: Hayley Falk, Water Financial Services Mgr, provided an overview of Water's expense budget for O&M, personnel, capital improvements, and Regional Water Supply System. In summary, there are two net FTEs; benefits increase beyond COLAs; and assessment and debt service increases.

Rail: Dan McCabe, Asst. Rail Supt., provided an overview of Rail's expense budget for administration, rail operations, mechanical, engineering, and capital outlay. In summary, there are zero net FTEs; benefits increase beyond COLAs, assessments increase; debt service decreases; and large capital outlay increases due to locomotive projects.

The next Board study session will review the draft revenues and rates and GG shared services. The calendar for the rest of the budget preparation season was reviewed by Ms. Peebles.

Tacoma Power: Balancing Authority

Jennie Wike, Compliance Lead; Cullen Ritchie, Chief Dispatcher – Reliability; and Casey Rood, Real Time Trading Mgr, provided the information in this presentation. The role of a Balancing Authority (BA) in grid reliability is to ensure power system demand and supply are always balanced. It also prevents collapse because if supply falls below demand, then the system frequency can drop and cause blackouts or equipment damage. The history/key milestones of regional integration efforts and federal requirements were reviewed. Tacoma Power is registered as a BA because the North American Electric Reliability Corporation (NERC) requires entities to register for functions based on activities or services that a company performs. NERC standards are then applied only to entities that perform the specific functions. The responsible BA entity integrates resource plans ahead of time, maintains load-interchange-generation balance within a BA area, and supports interconnection frequency in real time. Responsibilities and benefits of being a BA were then summarized. Benefits: increased agility to respond to changing conditions; ability to prioritize Tacoma needs; direct control of generation; increased access to reserve sharing; and improved collaboration and input to compliance. Examples of real-time event analyses were then shared.

General Reports

Chair O'Loughlin reported on the content of the July 8 GPFC meeting. Board Members Claus-McGahan and Hampton made positive remarks about their attendance at the American Public Power Association national conference. Board Members O'Loughlin and Bridges made positive remarks about their attendance at the American Water Works Association national conference.

Executive Session

Chair O'Loughlin moved to enter into an executive session to discuss pending/potential litigation [RCW 42.30.110(1)(i)] at 5:50 p.m. for 30 minutes; seconded by Board Member Claus-McGahan. Voice vote taken and carried. Chair O'Loughlin stated that after the conclusion of the 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 executive session, the Clerk of the Board is authorized to adjourn the meeting; seconded by Board Member Claus-McGahan. Voice vote taken and carried. Engel Lee, Chief Deputy City Attorney, was the attorney present. The executive session was adjourned at 6:11 p.m.

Adjournment

The study session was adjourned at 6:11 p.m.

Approved:

Elly Claus, Chair	Devin Hampton, Secretary