



APPROVED 10/14/26

MINUTES
City of Tacoma
Public Utility Board Study Session
September 23, 2026
3:00 p.m.

Chair Claus-McGahan 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; Anita Gallagher; William Bridges; Elly Claus-McGahan

Excused: Devin Hampton

Tacoma Power: Resource Adequacy

Ray Johnson, Power Manager, made introductory remarks and introduced Mary Wiencke, Executive Director of Public Generating Power Pool. Energy + Environmental Economics (E3) was retained by regional utilities and generation owners to evaluate the state of resource adequacy in the Pacific Northwest. Graphical representations of regional load growth and resource additions showing the PNUCC (Pacific Northwest Utilities Conference Committee) northwest regional forecast by aMW and peak MW were reviewed. Actual loads are growing and projected loads are rising. Resource development has not kept pace with growing loads and resource retirements, particularly in Washington and Oregon. In the northwest, the reliability challenge is wintertime cold weather events where hydro plays a critical role; different energy resources play different roles during winter events. The greater northwest region faces a resource shortfall in 2026 and beyond. E3 load assumptions include conservative data center growth with high electrification for economy-wide net zero goals. An overview of mature and emerging technology resource options that were studied was summarized. The E3 resource portfolio includes significant number of new resources (demand response, wind, solar, natural gas). The Northwest Power and Conservation Council is an interstate compact agency created by Congress under the 1980 NW Power Act that links regional power planning and Columbia Basin stewardship. A draft of the Council's Ninth Regional Power Plan was published in August and is expected to be finalized by the end of 2026. The Council's Ninth Power Plan recommendations for the region, including Bonneville, its customers, investor-owned utilities, and others portfolio acquisitions were reviewed. Both E3 and the Ninth Power Plan emphasize the need for transmission to the west side. Demand side management strategies can help if tailored to address winter resource adequacy needs. E3 high case assumes economy-

wide net zero across the entire study footprint and conservatively does not incorporate large load flexibility that could reduce demand.

Budget and Rate Recommendations for 2027/2028 Biennium

Ebony Peebles, Business Services Mgr, made introductory remarks and reviewed the budget timeline.

Tacoma Power: Keeley Mauro, Power Budget Manager, and Jing Liu, Power Rates and Forecasting Manager, provided the information in this presentation. The proposed budget supports utility operational needs, PUB guiding principles, and Tacoma Power's strategic plan. The 2027-2028 budget represents a four percent increase from the last biennium. The decrease in wholesale revenues and increases in operating expenses result in greater use of cash reserves to maintain financial metrics. Staff proposes a 7.8 percent overall system average retail rate increase. The recommended rate increase better covers the rising cost of personnel attributed to benefit increases and estimated market adjustments. Splitting the rate adjustment among the customer, energy, and delivery charges in Schedule G customer class supports gradualism and incentivizes conservation and efficiency. The Bill Credit Assistance Program will expand eligibility from 60 percent to 80 percent area median income and move to a 3-tiered assistance system.

Tacoma Water: Dana Larsen, Customer and Financial Services Manager, and Hayley Falk, Asst. Water Division Mgr, presented the information in this presentation. The proposed budget supports utility operational needs, PUB guiding principles, and Tacoma Water's strategic plan. The 2027-2028 budget represents a 7 percent increase. Personnel costs are increasing by 12 percent and assessments by 7 percent. Labor and material cost increases significantly impact operational expenses and capital costs. Staff proposes a 5.5 percent overall system average rate increase. The Bill Credit Assistance Program will expand eligibility from 60 percent to 80 percent area median income and move to a 3-tiered assistance system.

Ms. Peebles summarized the next steps in the budget/rates process. In October, TPU will take this information to a joint study session with the Council and Board. This is followed by a TPU public hearing and two readings; the final being October 28. The budget then goes to the City Council for first and second reading in November.

General Reports

Director Flowers provided an overview of process improvements on how TPU receives and handles claims. Claims will be tracked through the city's software system and filed with the City Clerk. Claims thresholds for approvals are established. TPU is continuing to enhance procedures and continue working on the change management process.

Board Member Bridges made positive remarks about the South Sound Outreach event he recently attended.

Board Members made positive remarks about the budget and rates stakeholder outreach events they attended recently.

Director Flowers reported on the content of the recent meeting with the PUB Chair and Council Committee Chairs.

Board Members made positive remarks about attending the TPU United Way campaign kick-off event.

Adjournment

The study session was adjourned at 5:24 p.m.

Approved:

A handwritten signature in black ink, appearing to read 'Elly Claus-McGahan'.

Elly Claus-McGahan, Chair

A handwritten signature in black ink, appearing to read 'Devin Hampton'.

Devin Hampton, Secretary