



APPROVED 4-8-20

MINUTES
City of Tacoma
Public Utility Special Board Meeting
March 31, 2020
11:30 a.m.

Chair Larkin called the Public Utility Board meeting to order at 11:55 a.m. in the auditorium at Tacoma Public Utilities.

Present: Karen Larkin. Telephonically: Bryan Flint, Christine Cooley, Carlos Watson, Mark Patterson

The meeting was quorate.

Board member Flint moved to suspend the Board rules providing for public comment through the period in which the Board will be holding its meetings remotely to comply with the Governor's Proclamation; seconded by Mr. Patterson. Voice vote to suspend the rules was taken and carried.

Resolution U-11150 - Award seven-year contract to Power Costs, Inc., and Open Access Technologies for the implementation and licensing software that will enable Tacoma Power to participate in the California Independent System Operator's Energy Imbalance Market (\$7,940,000 and \$1,350,000, respectively).

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

Chris Robinson, Power Superintendent, summarized the resolution. The California Independent System Operator (CAISO) Energy Imbalance Market (EIM) is an extension of the CAISO real-time bulk power centralized trading market to balancing areas outside of CAISO's footprint. Siting a cost/benefit analysis that identified likely net benefits from Tacoma Power's participation in the EIM as well as the mitigation of likely risks to the utility, the Tacoma Public Utilities Board authorized the Director of Utilities to enter into an EIM implementation agreement with CAISO on June 26th, 2019. The implementation agreement was subsequently signed in August of 2019. The contracts submitted for approval in this C&A letter are for the procurement of software needed to join and participate in the EIM. The contract with Power Costs, Inc., is for a software-as-a-service (SaaS) solution that will provide functionality needed for EIM participation. That functionality includes, but is not limited to power trading, power scheduling, EIM base schedule submission, meter data management, and settlements and invoicing. The second EIM software contract is for the procurement of a SaaS generation and transmission Outage Management System (OMS). The purpose of the project is to

procure and implement software that will enable Tacoma Power to safely, efficiently, and effectively participate in the EIM. While it is theoretically possible to interact with the EIM using CAISO's native interfaces, doing so would be extremely difficult. CAISO's native interfaces are bare-bones applications that are manual in nature and provide little to no situational awareness in a fast-moving, deadline driven market where a great many factors need to be constantly monitored and adjusted. One alternative is to try and enter the EIM using CAISO's native interfaces. To date, none of the entities that have joined the EIM, or are planning to join the EIM, have done so without the procurement and implementation of third-party software. While this could be done in theory, it would require hiring more staff than currently planned to manually perform all of the tasks that are normally automated by the third party software. It is likely that the additional staffing costs would be greater than the software costs. It is also likely that this approach would be so slow and cumbersome that Tacoma Power would not be able to make effective use of the EIM to economically dispatch its resources. A second alternative is for Tacoma Power to attempt to build and maintain its own software suite. While there is one EIM entity that has taken this approach, due to geography that entity interacts with the EIM in a very different manner than all of the other EIM entities. This entity also has a very large information technology staff with significant experience in building applications used for power trading and scheduling. The entity in question considers these applications to be proprietary, and is not interested in licensing or otherwise exporting their software. Tacoma Power does not have the resources or experience to build and maintain its own EIM software at this point in time. This option would also likely be more expensive than procuring 3rd party software from an experienced vendor. An RFP was opened November 5th, 2019. Five companies were invited to bid in addition to normal advertising of the project. Four submittals were received. The RFP was structured in such a way that different vendors could be selected to supply different components. This approach was taken to give Tacoma Power the option to select best-in-class vendors for each component. The vendors were given a score based on 100 maximum possible points. The vendors were also required to respond to a cyber-security questionnaire.

In response to a Board inquiry about any challenges awarding the contract to two vendors, Mr. Robinson stated there is no issue with this approach and many other utilities are doing the same. In response to a Board inquiry about confidence in the vendor's solutions, Mr. Robinson stated there was a vigorous approach to the RFP and there is high confidence in the vendors. In response to a Board inquiry about system automation, Mr. Robinson stated that this is not a machine learning application and the decisions are made by humans. The system will be taking staff decisions and making transactions. In response to a Board inquiry about the budget, Mr. Robinson stated that the \$1.3M amount is what is projected to be utilized this biennium. The costs are spread over four biennia. The amount wasn't a line item authorized in the budget, but when the EIM decision was made, it was deemed that adequate funds in the budget were available and staff will make sure that continues to be the case.

Voice vote was taken and carried. The resolution was declared adopted.

Resolution U-11151 – Authorize execution of a letter of agreement as negotiated with the International Brotherhood of Electrical Workers, Local 483, Tacoma Power Unit regarding the pay scale and work rules for the classification of System Powers Dispatch Candidate.

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

Tom Morrill, Chief Deputy City Attorney, summarized the resolution. Due to changes in technology and in an effort to ensure training programs are providing candidates with the most relevant and up to date information, the parties have agreed to update the systems power dispatcher candidate program. Effective January 24, 2020, the parties agree to eliminate the first step of the wage scale of the program. Employees who are currently at step 1 shall receive compensation retroactively to January 24, 2020 at the new step 1. This resolution is scheduled to be considered by the City Council on April 7, 2020.

Voice vote was taken and carried. The resolution was declared adopted.

Resolution U-11152 – Authorize execution of a letter of agreement as negotiated with the International Brotherhood of Electrical Workers, Local 483, Tacoma Power Unit regarding the creation of a new classification, the elimination of a salary step due to compression, and amendments to Section 9.1 of the collective bargaining agreement.

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

Tom Morrill, Chief Deputy City Attorney, summarized the resolution. The letter of agreement provides for the creation of a new classification titled Electrician, Lead. It establishes a one-step pay rate at 10 percent above the current Electrician classification effective April 1, 2020. The letter also provides for the elimination of step one of the pay scale of the classification of heating/AC maintenance mechanic supervisor due to compression. In addition, the letter agrees to amendments to Article 9.1 of the CBA in reference to temporary upgrade offers and compensation.

Voice vote was taken and carried. The resolution was declared adopted.

Resolution U-11155 – Authorize the revision of Chapter 12.06 of the Tacoma Municipal Code (“TMC”), requesting that the City Council declare an emergency and amend Ordinance No. 28551 to delay a scheduled increase to electric rates due to COVID-19 related state of emergency.

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

Chris Robinson, Power Superintendent, summarized the resolution. The Board passed Resolution U-11033 on October 24, 2018 regarding electric rates. The resolution provided for two system average 2.0% rate increases, one was effective April 1, 2019 and the other that will become effective April 1, 2020. The Council passed corresponding Ordinance 28551. Due to the emergency proclamation from the Mayor regarding Covid-19 on March 12, 2020, Tacoma Power proposes that the rate increase be delayed until July 1, 2020. The Board requests that the Council use its emergency power to dispense with a second reading and the ten-day waiting period for the ordinance to become effective. This item will go before the Council for consideration this same evening.

Board Member Cooley commented that she was happy to hear that staff is looking at trends from previous recessions and applauded the quick action to support ratepayers with relief from the Covid-19 emergency.

In response from an inquiry from Board Member Patterson about the timing of additional study work to gauge the impact of this and other possible moves, Mr. Robinson stated that additional models are being run and hopefully staff will have this information over the next week to make informed decisions on impacts on the budget and expenses. Chair Larkin added that there will probably be special sessions in April to discuss rate policies.

Board Member Flint expressed appreciation that this action is being taken and delaying the rate increase is the right thing to do at this time.

Chair Larkin provided background. Power rate increases are usually scheduled for April so that there is no increase during peak winter usage. The 2 percent increase is modest, but any increase during this time would be difficult to absorb. This past winter, Power had a critical water year and that has limited retail rates. We had less water sales and less revenues and Power dipped into the rate stabilization fund. In addition to this rate delay and reduced usage, due to businesses being closed, we have fewer power sales. TPU will look at opportunities for savings to help customers work through this without a significant rate impact later this year.

Voice vote was taken and carried. The resolution was declared adopted.

Reports of the Director:

Director Flowers provided an update on the status and impact of the Covid-19 virus and the City's response to the emergency, with an emphasis on TPU's response.

Director Flowers updated the Board on the completion of the transition from Click! to Rainier Connect.

Comments by the Board

Board Member Patterson expressed appreciation for staff's hard work under these emergency circumstances.

In response to a Board inquiry about use of the Bill Credit Assistance Program (BCAP) and capital projects, Director Flowers answered that Customer Services are seeing some of the same applications in the emergency assistance program as BCAP and many also qualify for Low Income Heating Energy Assistance Program (LIHEAP). At this point, there is good resourcing and staff is looking at a broader application base and information can be put together for the Board. Staff will also look at delaying capital projects where people work in close proximity. That is the next phase happening now with the current project load. As we move to alternating crew structure, only half will report every day while the others will receive tele-training. We're continuing to prioritize projects and there may also be a drop off in demand for some commercial construction projects.

Board Member Flint commented about the final transition of Click! to Rainier Connect and stated that the Council and Board's 12 policy goals were adhered to and protected because it is critical that the public benefits of the infrastructure be protected.

Chair Larkin stated that TPU will continually be looking at ways to fund and support programs during this time and made positive remarks about staff working in these difficult times and managing a smooth Click! transition as well.

Executive Session

Board Member Flint moved to convene an executive session at 12:55 p.m. for 30 minutes to discuss pending and/or potential litigation per RCW 42.30.110(1)(i); seconded by Mr. Patterson. Voice vote to enter into the executive session was taken and carried.

Chair Larkin made a motion that at the conclusion of the executive session, the Clerk of the Board is authorized to come back and inform the public that the executive session is over and to announce that the meeting is adjourned; seconded by Mr. Patterson. Voice vote on the motion was taken and carried.

Attorneys present for the executive session were Bill Fosbre, City Attorney and Chief Deputy City Attorneys Tom Morrill and Chris Bacha. The executive session was adjourned at 1:25 p.m.

Adjournment

There being no further business or comments, the Public Utility Board was adjourned at 1:25 p.m. until Wednesday, April 8, 2020 for the regular meeting at 6:30 p.m. at Tacoma Public Utilities.

Approved:



Karen Larkin, Chair



Mark Patterson, Secretary