



APPROVED 1/12/22

MINUTES
City of Tacoma
Public Utility Special Board Meeting
December 15, 2021
3:00 p.m.

Chair Patterson called the Public Utility Board meeting to order at 3:00 p.m.

Present: Mark Patterson, Chrissy Cooley, Carlos Watson, Joe Bushnell, Holland Cohen

The meeting was quorate.

Minutes of the Previous Meetings

Ms. Cooley moved that the minutes of the previous meetings be adopted; seconded by Mr. Watson. Voice vote was taken and carried. The minutes were declared adopted.

Comments by the Public

Ms. Cooley moved to suspend the rules of Public Utility Board Government Process Eight (GP8) to allow all public comment for all topics, whether on or off the agenda, at one time; seconded by Mr. Watson. Voice vote was taken and carried.

There were no public comments.

Regular Agenda

- C-1 Resolution U-11295 - Award contracts and approve purchases:
1. Increase and extend contract to Citybase to include a one-time payment for new hardware and software implementation and to increase the annual maintenance for the kiosk payment platform (\$96,105 one-time payment; annual maintenance increase by \$39,475 to \$102,101, plus applicable taxes. Cumulative total \$890,802, plus applicable taxes) [Patsy Best, Procurement and Payables Division Manager];
 2. Award contract to the Washington State Department of Fish and Wildlife for the supply of 50,000 pounds of hatchery trout to the Cowlitz Hydroelectric Project (\$176,490, plus applicable taxes; initial contract term March 1, 2022 to December 31, 2022 with the option to renew for four additional one-year terms for a projected contract amount of \$974,450) [Eric Shoblom, Cowlitz Facilities Manager].

Ms. Cooley moved to adopt the resolution; seconded by Mr. Watson.

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

C-2 Resolution U-11296 – Authorize adoption of Tacoma Power’s 2022 Clean Energy Implementation Plan in accordance with state law, SB 5116, the Clean Energy Transformation Act (CETA)

Ms. Cooley moved to adopt the resolution; seconded by Mr. Watson.

Rachel Clark, Sr. Power Analyst, summarized the resolution. In 2019, CETA was adopted and the State of Washington committed to a retail electricity supply comprised of a hundred percent renewal and non-emitting resources by 2045. The landmark law imposes clean energy mandates on electric utilities in Washington as well as planning and reporting requirements. One of the requirements is that utilities complete a Clean Energy Implementation Plan (“CEIP”) by January 1, 2022, and every four years thereafter. The CEIP is a planning document to make sure that utilities are prepared to meet CETA’s clean energy requirements. Tacoma Power held two public meetings to obtain input on the draft plan, has made all components of the CEIP available online to the public for questions and comments, and the public has been provided an opportunity to give public comment to the Public Utility Board on the draft plan. Board Members made positive remarks about this resolution and recalled that Power has exceeded this criteria consistently.

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

C-3 Resolution U-11297 – Authorize adoption of Tacoma Power’s 2022 Clean Energy Transformation Act (CETA) low-income assessment in accordance with state law (SB 5116, the Clean Energy Transformation Act and RCW 19.405.120(4))

Ms. Cooley moved to adopt the resolution; seconded by Mr. Watson.

John Walkowiak, Conservation Operations Manager, summarized the resolution. In 2019, CETA was adopted and the State of Washington committed to a retail electricity supply comprised of a hundred percent renewal and non-emitting resources by 2045. The landmark law imposes clean energy mandates on electric utilities in Washington as well as planning and reporting requirements. One of the requirements is that utilities complete and submit a CETA Low-Income Assessment by February 1, 2022 to the Washington Department of Commerce, and every two years thereafter. The CETA Low-Income Assessment is a utility status report to document the number of households with energy burden that exceeds six percent of their annual household income, and it is a strategy tool for how the utility plans to reduce the energy burden by at least 60 percent by the year 2030, and 90 percent by the year 2050. Customer Services/Customer Solutions and Tacoma Power’s Customer Energy Programs are currently jointly planning assistance and conservation programs to reduce energy burden in the short and long-term for owner-occupied and tenant customers. Energy-burden data and indicators, and means for addressing the Utility’s vulnerable populations were discussed at the second CEIP workshop and all components of the CEIP are available online to the public for questions and comments, and the public has been provided an opportunity to provide comment on the CEIP. Board Members made positive remarks about this resolution.

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

C-4 Resolution U-11298 – Authorize Tacoma Power to extend the exchange agreement with the Bonneville Power Administration (BPA) for the delivery of energy from the Cowlitz Project for an additional 30 years

Ms. Cooley moved to adopt the resolution; seconded by Mr. Watson.

Rick Applegate, Sr. Power Analyst, summarized the resolution. Energy generated at the Cowlitz Project is sent to Tacoma on BPA transmission lines under the terms of a 1966 exchange agreement with BPA. BPA originally offered the agreement as an alternative to Tacoma Power developing its own transmission line between the Cowlitz Project and the City. The agreement provides Tacoma Power with two extension periods beyond its initial term, with the first occurring in 2001, lasting for twenty years and the second and final period lasting for thirty years, commencing at the end of 2021. Tacoma Power previously exercised its first extension which lasts through 2021 and now is moving forward to exercise its second extension. The agreement established an initial price based on the assumed cost of developing a transmission line, and requires the price to be revised to reflect current costs at the start of the second extension. By working collaboratively with BPA, Tacoma Power has developed an extension proposal that: 1) updates cost schedules to reflect the renewal and replacement costs of assumed transmission assets; 2) sets compensation for energy losses consistent with BPA prevailing rates; 3) limits the scope of the agreement to the currently constructed capacity of the Cowlitz Project, which is 560 MW; and 4) documents Tacoma Power's current operation and specifies it will continue in a manner consistent with applicable BPA transmission service business practices. It is anticipated the incremental costs of this extension is between \$2.1 and \$2.7 million per year, depending upon the market value energy losses returned to BPA. The total expected annual cost of the extension, even with the cost increases, will cost less than comparable point-to-point transmission service purchased from BPA at the agency's current rates. The extended agreement will remain a highly favorable means of delivering energy from the Cowlitz Project to the City. Although the extension cost was not specifically budgeted, total purchase of power, transmission, and exchange services from BPA are expected to be less than budgeted for the biennium because the actual BPA power and transmission rates for this period turned out to be less than originally forecasted. In response to a Board inquiry about disbursement of funds to BPA, Mr. Applegate explained that a portion of the renewal costs goes to offset BPA's cost of transmission and that BPA has worked continuously to maintain the capability, reliability, and service of the federal transmission system. In response to a Board inquiry about contract pricing history, Mr. Applegate explained that the original cost per year was \$300K and that included delivery of the Cowlitz output and compensation for energy losses to the BPA system. This year the price is \$1.2M per year and allows for continued delivery of energy output from Cowlitz and compensate BPA for loss. This is still less than what the cost would be if Power purchased point to point transmission service from BPA; the price then would be \$15M per year.

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

Board Member moved Cooley moved to suspend the rules to hear walk on Resolution U-11299 in recognition of Joe Bushnell for his service to the Tacoma Public Utility Board; seconded by Board Member Watson. Voice vote was taken and carried.

The Clerk read the commendatory resolution for Mr. Bushnell, a video highlighting Mr. Bushnell's time on the Board was shown, and Board Members made positive remarks about working with Board Member Bushnell and his service and dedication to TPU and wished him well as a City Council Member.

D. Reports of the Director

Covid

Director Flowers shared that there is no new operational information to share on Covid. However, Director Flowers shared updated information on the status of account arrearages. As background, the Mayor and Governor issued utility disconnect moratoriums in March 2020; the Governor's moratorium ended September 2021 and Mayor Woodards has established a bridge period allowing customers to seek funding assistance. Customers are responsible for their bills; TPU is committed to assisting customers in identifying and pursuing assistance to help pay utility bills over the bridge period. At the end of the bridge period, disconnects will resume after notification. Director Flowers reviewed account status as of December 9, 2021; 27,117 residential customers have aging account balances. Eighty-four percent owe less than \$2k and sixty-six percent owe less than \$1k. Residential pandemic payment activity: 1,484 have not made a payment since the start of the pandemic; 17,112 have not made a payment in the last 60 days; 10,245 have not made a payment in the last 90 days. The Director then provided an overview of LIHEAP (Federal recurring program - \$2,500 assistance is available for qualified customers), the Discount Rate (TPU recurring program – 30 percent discount applied to current charges) assistance available, BCAP (TPU recurring program - \$3,102,279 budget remains available); and Emergency Assistance Funding (one-time funding – repurposed BCAP in 2020, distributed \$2.4M). Outreach efforts, communication strategies, recent communication activities, and the outreach campaign timeline were then reviewed.

August 2021 Financials for Power, Water, Rail, Self-Insurance Fund

These financials were in written form only with no verbal report provided.

Strategic Directive Four (SD4, Stakeholder Engagement) Update

John Gaines, Community Relations Manager, began by outlining the purpose of SD4 and conducted a review of stakeholder engagement activities prior to and during Covid. Mr. Gaines highlighted both challenges and benefits in this environment; challenges include lack of in-presence and interaction and benefits include additional customer participation and new ways to engage with customers. Hollie Coates-Seamster, supervisor in Customer Solutions, provided an overview of Customer Services' engagement. This included assistance programs during Covid, outreach during Covid, and welcoming customers back with appointments and the lobby reopening. Monika Sundbaum, Community Relations Specialist, provided an overview of outreach to communities around the hydroelectric projects. Christian Paige, Community Relations Officer, summarized education outreach in 2021. Christina Turner, Social Responsibility Manager, provided a recap of social responsibility outreach, community connection, and the sponsorship program. Mr. Gaines concluded by sharing that stakeholder

engagement will continue for customer assistance programs, utility assistance, payment plans, rates outreach, AMI, and conservation. Board Members made positive remarks about staff work in this area.

Green Hydrogen Update

Chris Robinson, Power Superintendent, outlined the case for Tacoma as a green hydrogen hub. Tacoma is on the I5 corridor with good access for long-haul truck fueling; Tacoma is well-situated with a seaport, rail lines, robust water supply, clean low-cost electricity supply, and a skilled workforce; and JBLM is a possible customer of clean fuels. Green electrolytic hydrogen has multiple end uses – as a clean fuel to decarbonize transportation and as a source of electricity to help stabilize the electric grid. Mr. Robinson summarized Tacoma Power’s electrofuels rates, obstacles for hydrogen producers, and both federal and state opportunities. Mr. Robinson concluded with a summary. Tacoma Power is working with state and regional organizations and has joined advocacy organizations. Power continues economic development work with interested producers/businesses. Education, outreach, and advocacy with the community will continue and the Director has created a ‘roadmap to electrofuels’ team to ensure coordination across TPU. Board Members expressed appreciation for this information and expressed optimism for how Tacoma is positioned for this opportunity in the future.

E. Comments by the Board

Chair Patterson shared that the Board has received the transportation electrification action plan and made positive remarks about the content and how the public would benefit from its review.

F. Executive Session

Board Member Bushnell moved to enter into an executive session at 5:30 p.m. not to exceed 90 minutes, to discuss the performance of a public employee per RCW 42.30.110(1)(g) and to discuss pending litigation per RCW 42.20.110(1)(i); seconded by Mr. Patterson. Voice vote taken and carried.

Chair Patterson announced that there would be no further business after the executive session and moved that after the conclusion of the executive session, the Clerk of the Board is authorized to adjourn the meeting; seconded by Mr. Bushnell. Voice vote taken and carried. The executive session concluded at 6:24 p.m.

G. Adjournment

There being no further business or comments, the Public Utility Board meeting was adjourned at 6:24 p.m. until January 12, 2022 at 3:00 p.m.

Approved:



Mark Patterson, Chair



Carlos Watson, Secretary