Mr. Jones called the Public Utility Board study session to order at 3:02 p.m. at the Public Utilities Administration Building.

Present: Woodrow E. Jones, Jr., Mark Patterson, Bryan Flint
Excused: Karen Larkin; Chrissy Cooley

**Discussion of Board Policies**
Director Flowers reviewed the process and timeline for the development of the Board’s strategic directives.

Board Members conducted final editing on Strategic Directive (SD1) on Equity and Inclusion. The only edit was to make the wording for number four in the ‘outcomes’ section consistent and in the same tense as the others. In case there are any revisions to the adoption process, the Board agreed to wait to adopt this SD by resolution until the first few SDs are finalized.

Mr. Patterson then reviewed his draft SDs for Financial Sustainability and Rates, SD2 and SD3. Mr. Patterson walked through the thought process and evaluation utilized by Board Chair Jones and himself as they did the work. Edits, re-wording, and categorizing topics consistently under values and outcomes were discussed. Mr. Patterson stated he would rewrite the policies to reflect the Board discussion and share them with the Board when complete.

**Tacoma Power: Power Supply and Wholesale Revenue Update**
Todd Lloyd, Assistant Power Manager, summarized the weather-related, deteriorating hydro conditions. Governor Inslee has declared a drought; river flows this season are expected to be at the fiftieth percentile and this affects our reservoirs and wholesale market sales. At the Board’s last briefing, staff expected that storage reservoirs would be refilled, but no longer feel that will happen this summer. Fish aren’t impacted at this point and staff is coordinating with resource agencies. A concern may be temperature issues for the fish if the drought expands into the autumn. Keith Underwood, Natural Resources Manager, stated that the basic fish programs should stay intact; however, there may be an impact on fish rearing densities. Mr. Lloyd stated a lack of refill and lack of recreation this summer is a concern. Agencies and those around the dams have been notified of the effects to recreation. Public comment has also been opened, but there has not been much feedback.
at this point. Mr. Lloyd shared graphs and charts illustrating system flows. Ying Hall, Energy Risk Manager reviewed impacts of these conditions on wholesale revenues. Actual purchases are $10.9M above budget year-to-date as rainfall was about half of normal levels. Low inflow forecasts for the runoff period limited how much generation Tacoma Power could run in March and still refill the storage reservoirs. Actual wholesale net revenues are $9.3M below budget year-to-date. Staff will continue to keep the Board updated on the weather conditions and their impacts to reservoir levels and power supply and purchasing/selling hydro power.

Heather Pennington, Deputy Water Superintendent, shared that the drought declaration does not apply to the Green River watershed and there are full reservoirs at the Howard Hanson Dam. Inflows and outflows are being matched at this time.

**Tacoma Power: Conservation Analysis on Under-Served/Low-Income Customers**

Steve Bicker, Assistant Power Section Manager, shared that Power’s conservation plan follows three key principles: conservation is analysis driven; programs must satisfy customers; equitable access to programs. Tacoma Power has had an active weatherization program throughout the service territory since 1980. Low-income spending is trending downward; lower savings value and lower measure savings are two trends putting pressure on the low-income programs. The low income conservation program will not be cost effective under the current approach. Jeremy Stewart, Power Analyst, shared that staff explored three options to increase the program: do low-income conservation even though it is not cost effective; supply low-income agencies with grant funds; offer deferred loans and partial grants. Staff recommendation is to pursue the deferred loan program wherein Tacoma Power offers a grant and deferred loan that covers 100 percent of the project cost and lien property to ensure repayment. The customer enjoys energy savings when the equipment is installed and loan payments are deferred. The customer repays the loan using equity from their home and the loan is paid back when the home sells or is occupied by someone else. Challenges with this option include: unknown customer uptake, rental housing, and agency coordination. Board Members made positive remarks about staff work on this recommendation and asked that this information be shared with the City Council or a Council sub-committee with possible future coordination Customer Solutions’ low-income assistance programs and with General Government’s affordable housing initiatives.

**Adjournment**

The study session was adjourned at 5:35 p.m. until the next regularly scheduled study session on Wednesday, June 26, 2019 at 3:00 p.m.

Approved:                 Approved:

Karen Larkin, Chair        Mark Patterson, Secretary