



APPROVED 5/10/23

MINUTES
City of Tacoma
Public Utility Board Meeting
April 26, 2023
6:30 p.m.

Mr. Watson called the Public Utility Board meeting to order at 6:30 p.m.

Present: William Bridges; Elly Claus-McGahan; Carlos Watson; John O’Loughlin, Holland Cohen

Minutes of the Previous Meetings

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

Comments by the Public

Recognitions

2023 Tree Line USA Award: Jason Hymer, Tacoma Power Arborist, announced that Tacoma Power has received the Tree Line USA award for 19th years in a row. This is for recognition in five areas: Program standards for quality tree trimming; Following industry standards for quality of tree care; meeting required training; collaboration tree education; and participation in the Arbor Day celebration. Tacoma Power will soon be using social media to educate the public on tree and line safety. The Board made positive remarks about this achievement.

TPU Best Commuter Business Award: Laura Svancarek and Nikki Abernathy accepted this award from Pierce County Sustainable Transportation/Pierce Trips on behalf of TPU. This award recognizes employers who go above and beyond in encouraging employees to commute sustainably. Board Members made positive remarks about this achievement.

Regular Agenda

D-1 Resolution U-11378 – Authorize Tacoma Power to amend the borrowing benchmark index and corresponding spread used for pricing the KeyBank Note Purchase Agreement.

Mr. Watson moved to adopt the resolution; seconded by Mr. O’Loughlin.

Michelle Brown, Financial Planning Supervisor, summarized the resolution. Pursuant to Ordinance No. 28295 adopted on April 21, 2015, as amended (the Master Subordinate Ordinance), and Ordinance No. 28669, adopted on May 5, 2020 (the First Supplemental Ordinance), the City, acting through Tacoma Power issued its Electric System Subordinate Revenue Note, Series 2020, to evidence a revolving line of credit in the principal amount of not to exceed \$100,000,000 outstanding at any time (the 2020 Note) The 2020 Note was sold to and purchased by KeyBank, pursuant to the terms of the Note Purchase Agreement dated May 21, 2020 between KeyBank and the City, acting by and through the Board. Pursuant to Ordinance No. 28772, adopted on August 3, 2021, and the First Amendment to Note Purchase Agreement dated September 16, 2021, the City and the KeyBank agreed to reduce the available principal amount of the 2020 Note to \$50,000,000, to extend the final maturity of the 2020 Note and to amend certain provisions of the Original Note Purchase Agreement. Implementation of the 2020 Note and the Amended Note Purchase Agreement has provided liquidity and financial sustainability and increased Tacoma Power's fiscal position, all of which are consistent with City policy and fundamental to sound long range planning and government performance. The 2020 Note currently bears interest at a variable rate based on the London Interbank Offered Rate (LIBOR), and LIBOR is scheduled to be discontinued as of June 30, 2023. In anticipation of the pending unavailability of LIBOR, the Amended Note Purchase Agreement reflected certain terms related to alternate benchmark rates, including the Secured Overnight Financing Rate (SOFR). Tacoma Power has requested that the interest rate on the 2020 Note be converted to an index rate based on SOFR and the Board hereby finds that it would be beneficial to enter into a second amendment to the Amended Note Purchase Agreement (the "Second Amendment," and the Amended Note Purchase Agreement, and as it may be further amended, is referred to as the "Note Purchase Agreement") to reflect the terms.

Voice vote taken and carried. The resolution was adopted.

D-2 Resolution U-11379 – Authorize Tacoma Power to update the Network Integration Transmission Service Agreement in accordance with the Open Access Transmission Tariff with the Bonneville Power Administration on behalf of the Ohop Mutual Light Company to include the load merger with Alder Mutual [John Nierenberg, Asst. T&D Section Mgr].

Mr. Watson moved to adopt the resolution; seconded by Mr. O'Loughlin.

John Nierenberg, Asst. T&D Section Mgr, summarized the resolution. The Bonneville Power Administration (BPA) provides power to ten load serving entities embedded within the service territory of Tacoma Power under existing transmission service agreements. These load serving entities are often referred to as the Pierce County Mutuals or (PCM). BPA requires Tacoma Power transmission services to transmit power to these load serving entities. Service under Network Integration (NT) and Point-To-Point (PTP) Transmission Service Agreements are governed by the rates, terms, and conditions of Tacoma Power's Open Access Transmission Tariff (OATT), which requires all transmission service agreements to be approved by the Board. The Board, pursuant to Resolution U-11028, authorized a long-term Network Integration Transmission Service Agreement (NITSA) with BPA for delivery of power to Ohop Mutual Light Company (Ohop). The Board, pursuant to Resolution U-10652, authorized a long-term NITSA with BPA for delivery of power to Alder Mutual Light Company (Alder), and BPA, on behalf of Ohop, is seeking to update BPA's NITSA in accordance with our OATT to include the

load realized from Ohop's merger with Alder. The proposed NITSA will also supersede the NITSA for service to Alder as Alder is no longer an independent entity and service shall be provided to the Alder community from Ohop.

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

D-3 Resolution U-11380 – Authorize updates to Tacoma Power's Customer Service Policies to include clarification, correction of administrative errors, additions, and other general updates

Mr. Watson moved to adopt the resolution; seconded by Mr. O'Loughlin.

Joe Wilson, T&D Manager, summarized the resolution. Tacoma Power desires to update and clarify its Customer Service Policies previously approved by the Board through Resolution No. U-11287, on October 21, 2021. Since 2021, a complete review of the policies, staff are proposing certain updates, clarifications and corrections: The addition of language to clarify when load changes are required to be reported (Section 2.5 General Conditions for Service, D); Clarification of what information may be provided for clearance determinations (Section 2.5 General Conditions for Service, E); Added an end date for requesting of line extension reimbursement (Section 2.5 General Conditions for Service, F3); Clarified customer eligibility of up to only one 500 kVA transformer (Section 6.0 Multi-Family, Commercial and Industrial Services, C5); Clarification as to when Tacoma Power will commence underground conversion of facilities for Local Improvement Districts (Section 9.0 Overhead-to-Underground conversion by LID, H); Clarification of Service Point for customer-owned primary metering (Section 12.0 Commercial and Industrial Primary-Metered Service, A1); Added detail of customer responsibilities for ownership of primary metered equipment (Section 12.0 Commercial and Industrial Primary-Metered Service, A3); Added new section to detail scheduling of electrical service disconnects or reconnects (Section 16.0 Scheduled Service Disconnects and Reconnects); As requested by the Public Utility Board, added new section to detail fees for Tacoma Power labor and materials (Section 17.0 New or Modified Service Fees).

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

D-4 Motion 23-03 – Authorize Tacoma Water to settle the case of James Nelson, Claim W-072-022, in the amount of \$36,000.

Mr. Watson moved to approve the motion; seconded by Mr. O'Loughlin.

Engel Lee, Chief Deputy City Attorney, read the motion in its entirety: That upon concurrence by the City Council, the Director of Utilities is hereby authorized to approve the final settlement to James Nelson, concerning Claim No. W-072-022, relating to a motor vehicle accident in the amount of \$36,000.

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

D-5 Resolution U-11381 - Authorize a one-year extension of the 2022 Water Supply Agreement between Tacoma Water and WestRock.

Mr. Watson moved to adopt the resolution; seconded by Mr. O'Loughlin.

Scott Dewhirst, Water Superintendent, summarized the resolution. Tacoma Water entered into a 10-year contract Water Supply Agreement with the Simpson Tacoma Kraft Company (Resolution No. U-10006), commencing on January 1, 2006, and ending on July 31, 2015, that included two optional 5-year extensions, subject to mutual agreement of the parties. RockTenn, CP LLC, a wholly owned subsidiary of WestRock Company, acquired substantially all of Simpson's Tacoma assets in 2014, and the Board through Resolution U-10686, consented to the assignment of the contract from Simpson to RockTenn. The City and RockTenn, now doing business as WestRock, agreed to extend the initial 10-year term with the first of the 5-year extensions commencing August 1, 2015, through July 31, 2020, and such agreement was authorized through Resolution No. U-10784. Tacoma Water is requesting that the Board authorize the Director to sign the amendment to the agreement, authorizing a one-year extension, to July 31, 2024, with one remaining optional one-year extension, with the current mill operator, WestRock (amendment). The agreement sets the rate to be paid by WestRock for the water supplied by Tacoma Water.

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

D. Reports of the Director

Strategic Directive Eight (SD8, Telecom)

Sharon Brophy, Sr. Manager for Supplies and Business Services, reviewed history and background of Tacoma's HFC network from 1997 to 2020, the Indefeasible Right to Use (IRU), and the Council's 12 policy goals. Ms. Brophy reported on the status of each measurement established for SD8.

E. Comments by the Board

Chair Watson recognized the passing of Thomas Dixon, one of Tacoma's civil rights champions and community leaders.

F. Adjournment

There being no further business or comments, the Public Utility Board meeting was adjourned at 7:37 p.m. until Wednesday, May 10, 2023, for a study session at 3:00 p.m., followed by a regular meeting at 6:30 p.m.

Approved:



Carlos Watson, Chair



Holland Cohen, Secretary