



APPROVED 8-12-20

MINUTES  
City of Tacoma  
Public Utility Special Board Meeting  
July 22, 2020  
3:00 p.m.

Chair Flint called the Public Utility Board meeting to order at 3:01 p.m.

**Present via Zoom:** Karen Larkin, Bryan Flint, Christine Cooley, Carlos Watson, Mark Patterson

The meeting was quorate.

**Minutes of the Previous Meetings**

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

**Comments by the Public**

Board Member Patterson 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 Board Member Cooley. Voice vote was taken and carried.

Kit Burns made public comment in opposition of the Advanced Meter project based on the need of a business case, financing costs, and cybersecurity issues.

Written comments were received related to Resolution U-11182, Tacoma Power's Transportation Electrification Plan. The comments were received from the Port of Tacoma president; Port of Tacoma air quality manager; Northwest Energy Coalition policy associate; City of Tacoma sustainability officer; Puget Sound Clean Air agency executive director; and Climate Solutions policy managers.

**Regular Agenda**

D-1 Resolution U-11178 – Authorize adoption of a Letter of Agreement as negotiated with the Tacoma Joint Labor Committee to establish parameters for the implementation of the “Rebound” pilot program (formerly known as Tactical Athlete) for a period of twelve months,

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

Dylan Carlson, Sr. Labor Relations Manager, summarized the resolution. The intent of this letter of agreement is to establish parameters for the implementation of the 'Rebound' pilot program, formerly known as 'Tactical Athlete' for a period of twelve months. Rebound is a service that assists employees in getting diagnosis and treatment for musculoskeletal injuries in a more expedient and efficient manner by working with private insurers and workers compensation. Rebound has potential to provide employees with a better and factory recovery and save the City lost time. This item is scheduled for Council consideration on July 28, 2020. In response to a Board inquiry about why Tacoma Power was selected to participate in the pilot program, Mr. Carlson stated that all city departments were analyzed for high rates of injury and Tacoma Power expressed an interest in this pilot program.

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

D-2 Resolution U-11179 – Adopt proposed revisions to Tacoma Municipal Code Title 12 in support of the Advanced Meter Project to provide clarity around demand meter billing for applicable electric meters, physical disconnects for unauthorized water usage, and to include updates for compliance with the 2020 edition of the National Electric Code

Board Member Patterson moved to postpone this item to the meeting of August 12, 2020 in order to allow staff additional time to make necessary corrections to the legislation; seconded by Board Member Cooley. Voice vote was taken and carried.

D-3 Resolution U-11180 – Adopt proposed Utility Privacy Policy replacing the existing Tacoma Power Customer Privacy policy in support of the Advanced Meter Project to provide clarity on protections around the privacy of customer utility information and provide consistency on how customer information is shared with third parties and affiliates, and to remain in compliance with RCW 19.29A.100.

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

Matt Hubbard, Power Engineer, summarized the resolution. TPU plans to deploy Advanced Metering Infrastructure (AMI) across its water and electric service territories, replacing or upgrading all non-communicating power and water meters with advanced two-way communicating technology. Advanced metering is a foundational element of TPU's Utility Modernization Strategy and will deliver customers new key benefits over time related to their power and water usage. Advanced metering technology will capture interval data, enable two-way communications, include remote capabilities, and provide advanced outage/issue detection, and verification. Advanced metering will modernize utility operations and be a cornerstone to deliver improved services and benefits. TPU has reviewed existing utility policies, procedures, and practices for essential changes required to implement advanced metering or to make other essential updates as needed. TPU currently has a Tacoma Power specific Customer Privacy Policy in place, approved in 2016 by Board Resolution U-10877. The proposed Utility Privacy Policy will modify and extend the existing policy to be utility wide. Customers have identified a concern about the disclosure of their utility consumption information and in the past it was the responsibility of individual departments to protect customer information and mitigate customer concerns. In light of the detailed nature of the data that will be available regarding customer usage patterns following the implementation of AMI, it was

determined that a utility wide privacy policy was needed to protect the interests of TPU customers and to provide consistency in how customer information is shared with third parties and affiliates. The proposed Utility Privacy Policy is a holistic approach to addressing the privacy concerns of TPU customers in an advanced metering world while still allowing the utility to conduct business and adapt to the technological changes it is facing. This policy will also maintain existing compliance with RCW 19.29A.100. After implementation of the Utility Privacy Policy, the Tacoma Power Customer Privacy Policy will be eliminated and TPU will have one comprehensive Utility Privacy Policy. This single policy will lead to consistency and accountability regarding the handling and disclosure of customer information at TPU.

In response to a Board inquiry for clarification on changes to the policy, Kat Weller, Customer Accounts Supervisor, explained that the Power-specific policy didn't have any references for data collection. The privacy policy provides for the detailed level of information TPU is going to get from advanced meters.

In response to a Board inquiry concerning cyber security policies, Mr. Hubbard shared that cybersecurity considerations are built into the AMI project. But, all cybersecurity policies are held in the Power UTS division and are already in place. Board Member Cooley thanked Mr. Burns for making public comment and stated that cybersecurity is an important consideration. Director Flowers added that cybersecurity is part of TPU's normal operating standards. The Utilities are the only industry with federally mandatory cybersecurity standards. We have dedicated annual training for staff and have ramped up cyber hygiene standards as staff moved to telework status.

Board Member Larkin thanked Mr. Hubbard for the AMI presentation given to Council on July 21 at the joint study session with the Board. Ms. Larkin also added that there has been a net present value on AMI and it is positive with current costs.

In response to a Board request for information about what protections are in place about TPU affiliates and third party vendors, Mr. Hubbard stated that when TPU works with third party vendors, it can be advantageous to pass along information so the policy was crafted so customers are aware of what information is out there and how it can be used. Ms. Weller provided an example of voluntary programs the utility may offer for conservation programs or analytics resulting in cost-saving measures.

Discussion ensued with Chair Flint thanking Mr. Burns for providing public comment and requesting staff to incorporate an online application for staff to opt-out of having their information shared in addition to mail in and in-person requests.

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

D-4 Resolution U-11181 – Adopt proposed revisions to the Tacoma Water Customer Service Policy in support of the Advanced Meter Project to provide clarity around infrastructure definitions, their applications, and to include an update for compliance with the Health Insurance Portability and Accountability Act (HIPAA).

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

Matt Hubbard, Power Engineer, summarized the resolution. TPU plans to deploy AMI across its entire water and electric service territories, replacing or upgrading all non-communicating power and water meters with advanced two-way communicating technology. Advanced metering is a foundational element of TPU's Utility Modernization Strategy and will deliver customers new key benefits over time related to their power and water usage. Advanced metering technology will capture interval data, enable two-way communications, include remote capabilities, and provide advanced outage/issue detection, and verification. Advanced metering will modernize utility operations and be a cornerstone to deliver customers improved services and benefits. As a transformative initiative, the AMI Project has and continues to require a significant effort across TPU to implement the new processes, applications, technologies, and integrations needed to fully enable the functions and features of the solution. As part of this initiative, TPU has reviewed existing utility policies, procedures, and practices for essential changes required to implement advanced metering or to make other essential updates as needed. Proposed revisions to the Tacoma Water Customer Service Policy include definition updates or additions for Critical Medical Condition (to comply with HIPAA laws), Property Side Pipe, Virtual Disconnect/Reconnect, and Utility Owned Asset. These definitions are updated and/or used accordingly throughout the proposed policy. In addition, a revision has been proposed to specify using the previous day's meter read for verification of a customer's abnormally high water consumption, a new benefit of advanced metering.

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

D-5 Resolution U-11182 – Approve Tacoma Power's transportation electrification strategic plan to comply with Senate Bill 1512 and allow Tacoma Power to actively engage in projects and programs to promote transportation electrification [Cam LeHouillier, Asst. Power Section Mgr].

Cam LeHouillier, Assistant Power Section Manager, summarized the resolution. The Transportation Electrification Plan is a document that provides the strategic vision for the utility's role in promoting transportation electrification, it establishes consistency and clarity to utility staff and stakeholders, and sets the guiding principles for utility action to design and deliver programs in support transportation electrification. It also lays out the governance of the Public Utility Board over this plan and addresses compliance requirements of SB 1512. Transportation electrification benefits electric vehicle owners, utility customers, and our communities, and our environment. Tacoma Power can help achieve these benefits by actively engaging in the promotion and by making investments for our customers in transportation electrification. This document aims to align with the long-term strategic directives of the Public Utility Board now and in the future. The Public Utility Board may, should it decide that it is necessary to meet its' strategic vision, provide new guidance to the utility to direct it to update this Transportation Electrification Plan at any time. This document does not contain descriptions of specific programs, research, and activities that the utility intends to undertake. Those details are included in the companion report, the Transportation Electrification Action Report, also included in this package. The Transportation Electrification Action Report is a document, annually updated, for the Public Utility Board to learn about the utility's progress over the previous year and to inform the Public Utility Board of forthcoming research and programs.

Board Member Cooley made positive remarks about the stakeholder involvement incorporated into this process. Chari Flint also made positive remarks about the

involvement and the letters of support received. In response to a Chair Flint's request, Mr. LeHouillier stated that staff has been working with the Northwest Energy Coalition since October and have met with them many times on this topic and will continue to do so as we make balances and try to come to common ground.

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

## **F. Unfinished Business**

F-1 U-11174 – Amend the existing Department of Public Utilities Fleet Services Fund ordinance to transfer operating division fleet assets to the divisions for funding flexibility while maintaining the purchasing and maintenance responsibilities within TPU Fleet Services.

Mr. Patterson moved to postpone this item to the Board meeting of August 12, 2020 in order to provide staff with additional time to make edits to the legislation; seconded by Ms. Cooley. Voice vote was taken and carried.

## **Reports of the Director**

### Covid-19 Update

Director Flowers shared that this is the 145<sup>th</sup> day of the Covid-19 emergency response; the numbers are going up and Pierce County remains in Phase 2. Continuity of operations staff keeps working with the modifications, including telework. Telework has been established through Labor Day and may be extended. Work continues on the business reconstitution plan and staff has conducted facility walk-throughs. The Director concluded by providing an overview of the statistics from the emergency assistance programs.

### Tacoma Power Financial Update and Revenue Requirement Preview

Bill Berry, Power Rates, Planning, and Analysis Manager, provided an overview of 2019 conductions, which was a challenging financial year for the Power utility due primarily to critical water conditions. Power has worked to maintain the same rate trajectory as last year's Long Range Financial Plan (LRFP). The preliminary budget request includes 10 percent reduction in O&M; capital spending held constant with 2019/2020, and a shift to 60/40 debt-funded capital. Erin Erben, Assistant Power Section Manager, shared a graph illustrating that after the stay at home order of March 23, retail loads dropped significantly compared to pre-Covid-19 days with similar weather. Ms. Erben then walked through graphical representations of short term large load reduction and long term anticipated load decline, which are currently forecast to decline by approximately four percent. Ms. Erben then provided an overview of the \$22M in O&M and capital spending that was reduced to mitigate the financial impacts of the pandemic on the heels of a critical water year. These included 40 positions that will remain vacant, travel and training reductions, and deferral/cancellation of revenue-funded capital projects. Additionally, \$13.8Min revenue-funded capital projects was shifted to debt funding. Mr. Berry shared that the electric rate and financial policy was modified in 2018 to explicitly support low and steady rate increases. Managing debt service has produced significant savings to date. Mr. Berry reviewed other base case financial metrics. Mr. Berry reviewed the rates and budget timeline and provided an overview of the topics that will be brought forth for continued Board discussion.

### Tacoma Water Revenue Requirement Preview, Rate Design, and Long Range Financial Plan Update

Scott Dewhirst, Water Superintendent, made introductory remarks and provided an overview of budget preparation measures. Jodi Collins, Assistant Water Division Manager, detailed graphical illustrations of rate and debt service coverage, total fund balance, revenue requirement analysis, preliminary O&M budget (down two percent), capital budget (down 8.5 percent), capital budget overview, revenue overview (for demand and growth). Cost of Service (COSA) was then reviewed. The COSA calculates the total revenue that should be collected from each rate class. Principles of rate design, status of parks and irrigation rates, and wholesale rates were reviewed. The rate recommendation is to apply the overall system average of two percent annually to all customer rate classes. The adjustment would apply to both fixed and variable rates with two exceptions: parks and irrigation continue with phasing out of the fixed charges; and wholesale continues phasing in a higher fixed charge. Ms. Collins reviewed the next steps, which include presentation of the budget in September and October and final Board consideration in October.

### Tacoma Power Integrated Resource Plan

Rachel Clark, Sr. Power Analyst, provided an update on the Integrated Resource Plan (IRP) portfolio performance and preliminary recommendations. Preliminary portfolio recommendations are to not renew the BPA slice/block contract if offered; don't renew the Columbia Basin Hydro contract; further explore feasibility of adding 10MW demand response; and continue to evaluate options to diversify BPA with wind or solar, but not to acquire anything now. Temperatures are generally higher and loads are generally lower. Inflows and generation are generally higher for both Tacoma Power and the Bonneville Power Administration (BPA), especially in winter. Summer inflows and generation tend to be lower, but not as pronounced as winter increases. Adequacy of slice/block portfolio is improving. There are potential adequacy issues that occur under extreme conditions with slice/block portfolio. More work needs to be done to refine the approach for incorporating climate change projections into modeling. Ms. Clark summarized the key findings. The next steps in the process is to have Board consideration on August 12, submit the IRP to the Department of Commerce before September 1, and have a public-friendly summary document by October 1.

### Board Strategic Directive Ten (SD10) on Government Relations

The Board postponed this discussion to a future Board meeting.

### General Update

Chris Robinson, Power Superintendent, shared that there was an outage on Tuesday, July 21, 2020 at noon caused by a fire on a transmission pole in the Midland area. This outage impacted 11,000 power customers and 9,000 served by other utilities that utilize Tacoma Power's transmission lines to serve them. All customers were back online by 3:00, but most were back up within the hour. The incident seems to be caused by arson and is under investigation.

### **Comments by the Board**

Board Member Cooley thanked Ken Ostrus of UTS for his help in aiding Board Members with technology.

**Adjournment**

There being no further business or comments, the Public Utility Board meeting was adjourned at 6:39 pm. until Wednesday, August 12, 2020 for a meeting at a time to be determined.

Approved:



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Bryan Flint, Chair

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Christine Cooley, Secretary