



APPROVED 4-12-23

MINUTES
City of Tacoma
Public Utility Board Study Session
March 22, 2023
3:00 p.m.

Chair Watson called the Public Utility Board study session to order at 3:00 p.m. in the third floor conference room (LT1) of the Public Utilities Administration Building.

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

Tacoma Power: Financial Overview and 2023 Financing Plan

Nikki Bufford, Energy Risk Manager, explained that Power participates in the wholesale market for supply variability, system reliability, and because of hydro uncertainty. Ms. Bufford shared graphical representations of how Tacoma experiences significant generation and wholesale price volatility and of how generation and wholesale price volatility contributes to wholesale revenue variability. Wholesale market participation risks are addressed through the energy risk management program. Forward hedging addresses price volatility and market liquidity risks for Tacoma Power. Michelle Brown, Lead Financial Planning Analyst, provided an overview of the 2022 preliminary financial results (total revenues less expenditures). Ms. Brown then explained that the Rate Stabilization Fund (RSF) holds surplus revenue from selling power in the wholesale market that have been set aside for future use. Power uses it to meet financial metric requirements and keep rates as low as possible over fund. Planned RSF use include: continue to mitigate the financial impact of dry water years; apply toward debt service spikes in 2026 and 2030 – 2034; provide a revenue cushion when wholesale prices go down. Ms. Brown then addressed the capital program. The following financing plan requests will be brought to the Board in 2023. Key Bank Note Purchase Agreement; 2023 Bond Issuance; Wells Fargo Note Purchase Agreement extension.

SAP Update

Andrew Braeger, Chief Technology Officer, and Sally Mohr, Sr. Technology Mgr, presented the information in the presentation. Enterprise resource planning includes such things as sales, accounting, procurement, HR, production, and customer services. Tacoma's SAP ecosystem includes 1.25M lines of custom codes, 42 distinct integrated business functions, and 154 integrations to 89 other applications. The SAP suite on

Hana covers Finance, HR, Work Management, and Utilities. Back-end processes include meter to cash, customer information system, billing, asset management, utilities accounting, and work management. The timeline for the system upgrade was shared. Assessment and planning is taking place in 2023. In 2025/2026, the S/4 migration will take place. Service cloud (customer relationship management, unified agent desktop, case management, 360-customer view) is scheduled for 2024 with migration in 2027.

Workforce Development

Jennifer Airey, Asst. Water Div. Mgr; Alice Massara, Business Services Analyst; Shantel Broussard, Business Services Analyst; Valerie Sowell, Business Services Analyst; Sheryl Brown, Business Services Analyst, provided the information in the presentation. TPU's workforce development aligns itself with Board SD 1 (Equity and Inclusion) and Council Resolutions 39019 and 40622. Outreach, pipelines, and pathways for students' exposure and connection to TPU were outlined along with community partnerships and collaboration. Retention strategies were then discussed. The first strategy is to understand why employees stay and why employees leave. The second strategy is to develop an internal pipeline. The third strategy is to foster a culture of inclusion and belonging. Discussion ensued and Board Members made positive remarks about TPU's work in this area.

Adjournment

The study session was adjourned at 5:53 p.m.

Approved:



Carlos Watson, Chair



Holland Cohen, Secretary