

**DATE:** June 12, 2018

**TO:** Linda McCrea, Interim Director of Utilities/CEO

**FROM:** Chris Robinson, Power Superintendent/COO

**SUBJECT:** Tacoma Power Revised Rate Under the 1993 Transmission Service Agreement with Lewis County PUD

**RECOMMENDATION**

Tacoma Power recommends revising the transmission rate charged to Lewis County PUD under the 1993 Transmission Service Agreement between the parties.

**BACKGROUND**

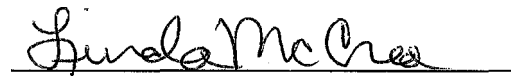
Tacoma Power and the Public Utility District No. 1 of Lewis County (“Lewis County PUD”) entered into a Transmission Service Agreement (“Agreement”) in December of 1993. Under the Agreement, Tacoma Power provides transmission service to Lewis County PUD for the delivery of its Cowlitz Falls generation, over certain facilities owned by Tacoma Power, to the Bonneville Power Administration transmission system.

The charges under the Agreement are based on the facilities used to deliver the generation. The current Annual Wheeling Charge is \$189,269, which was calculated in 2015 using the Annual Wheeling Charge methodology described in Exhibit A of the Agreement. Per the Agreement, the calculation of the Annual Wheeling Charge is included in Exhibit B of the Agreement. The Agreement contains provisions that allow for revisions to the Annual Wheeling Charge, which remains in effect for at least three consecutive operating years. The Agreement defines “operating year” as “any consecutive twelve (12) month period during the term, which commences at 2400 hours, July 31, and ends at 2400 hours the following July 31.”

Following the Annual Wheeling Charge methodology, Tacoma Power has determined that the rate should be revised to \$198,800. Exhibit B to the Agreement has been revised accordingly. For the rate to be revised, the Agreement: 1) requires Tacoma Power to provide the proposed Exhibit B and supporting documentation to Lewis County PUD by April 15<sup>th</sup>, and 2) allows Lewis County PUD 45 days to review the information; both of which occurred.

Tacoma Power requests your approval to submit this matter to the Public Utility Board for its consideration.

**APPROVED**

A handwritten signature in black ink, reading "Linda McCrea", is written over a horizontal line.

Linda McCrea

Interim Director of Utilities/CEO