

APPROVED 1-8-20

MINUTES  
 City of Tacoma  
 Public Utility Board Meeting  
 December 4, 2019  
 6:30 p.m.

Chair Larkin called the Public Utility Board meeting to order at 6:30 p.m. in the auditorium at Tacoma Public Utilities.

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

The meeting was quorate.

**Minutes of the Previous Meetings**

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

**Recognitions**

Breanna Chance informed the Board that Tacoma Power has been designated a smart energy provider by the American Public Power Association. This is in recognition of projects such as the Electric vehicle ride and drive workshops, school bus and vanpool electrification, energy efficiency programs, and community engagement. Board Members made positive remarks.

**Public comment**

There were no comments by the public.

**Consent Agenda**

There were no items on the consent agenda.

**Regular Agenda**

D-1 Resolution U-11123 – Award contracts and approve purchases:

1. Increase and extend contract with Internet Service Provider Network to provide continued call center customer services (\$100,000, plus applicable taxes. Cumulative contract total \$290,000, plus applicable taxes) [Pam Burgess, Click! Business Operations Manager];
2. Increase contract to Z2 Solutions LLC for test coordination, enhanced deployment support, operational planning, and implementation change management phases of the Advanced Meter Project (\$583,324, plus applicable taxes. Cumulative total \$2,628,524, plus applicable taxes) [Andre Pedeferra, Advanced Meter Program Manager];

3. Award contract to Excergy Corporation for customer engagement portal consulting services related to the Advanced Meter Project (\$718,681, plus applicable taxes) [Andre Pedefferri, Advanced Meter Program Manager];
4. Award contract to ABB, Inc., for the Mossyrock Unit 51 and 52 generator breaker replacement project (\$1,246,760, plus applicable taxes) [Eric Hoffman, Power Engineer];
5. Increase contract to Olsson, Inc., to provide additional engineering services during the construction and commissioning phase of the Cowlitz Trout Hatchery ozone generator replacement project (\$50,000, plus applicable taxes. Cumulative total \$250,000, plus applicable taxes) [Karen Hedlund, Generation Project Manager];
6. Award contract to Jacobs Engineering to provide engineering consulting services to develop a plan for pressurizing Tacoma Water Pipeline No. 1 (\$624,537, plus applicable taxes) [Michael Washington, Principal Engineer].

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

In response to a Board request for additional information on item number one, Pam Burgess, Click! Business Operations Manager, stated that Click! has been using this vendor to handle overflow calls associated with staff reduction. The transition to Rainier Connect has been extended requiring the addition of funds. There is a 30-day exit clause to the contract. This is the same vendor being used by Rainier Connect and that will ease the transition for customers.

In response to a Board inquiry on items number two and three relating to project scope and budget, Andre Pedefferri, Advanced Meter Project Manager responded. Mr. Pedefferri explained that vendor for item number three (Excergy Corporation) is a subcontractor to the vendor on item number two (Z2 Solutions LLC). For program continuity, we are able to separately contract with Excergy Corporation to save prime fees for the portal advisory services. This is on the customer engagement portal scope that is not in the Z2 Solutions contract. This is within the current program budget and not an addition to the Advanced Meter budget. In response to a Board inquiry about budget tracking, Mr. Pedefferri stated that budget dashboards have been developed and will be presented to the Board at a future study session.

In response to a Board inquiry on item number six relating to pricing and the pre-bid estimate, Michael Washington, Principal Engineer responded. When negotiating with the consultant, it was done by a request for qualifications so pricing is taken into account until negotiating with the most-qualified firm. The firm was selected based on the highest qualifications. The pre-bid estimate was approximately \$500,000.

In response to a Board request for additional information on item number four, Eric Hoffman, Power Engineer, answered that Mossyrock has the largest generator and has unique breakers. Breakers connect, and more importantly, disconnect generators should there be a fault. When the units were upgraded in 2010, ratings of the breakers became marginal and staff have identified this as the best long-term solution.

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

D-2 Resolution U-11124 – Authorize resolution formalizing coordination improvements for the City's government relations operations and outlining additional structural

actions to enhance harmony and effectiveness of government relations efforts between General Government and the Department of Public Utilities.

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

Clark Mather, Community and Government Relations Manager, summarized the resolution. The requested resolution would formalize recent coordination improvements in the City's government relations operations and set forth additional structural actions to enhance the harmonization of government relations efforts across General Government and TPU. While there have been recent improvements in the harmonization of government relations work, the City Manager and Director of Public Utilities recommend that the city build upon the recent success of these efforts and implement structural enhancements to promote the goal of government relations synergy that would be adopted by both the Board and Council via companion resolutions.

Board Members expressed appreciation for the work on coordination on this resolution and made positive remarks.

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

D-3 Resolution U-11125 – Approve and adopt TPU's state and federal legislative policies.

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

Clark Mather, Community and Government Relations Manager, summarized the resolution. This resolution is requested to approve TPU's state and federal legislative policy document that summarizes TPU's position on certain federal and state issues. The legislative policies are generally updated and approved by the Board on an annual basis.

Board Members made positive remarks on this resolution.

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

D-4 Resolution U-11126 – Approve and adopt TPU's state and federal legislative agenda.

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

Clark Mather, Community and Government Relations Manager, summarized the resolution. This resolution is requested to approve TPU's state and federal legislative agendas. TPU's legislative agendas are some of the proactive policy objectives, consistent with TPU's legislative policies, that TPU staff will advocate for at the state and federal levels.

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

D-5 Resolution U-11127 – Authorize a contract amendment with The Lamar Company for Customer Energy Programs for outdoor poster advertising.  
Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

Julie Jensen, Communications Supervisor, summarized the resolution. The current contract with this vendor expires on January 2, 2020 and staff recommends again contracting for outdoor poster advertising. Customer Energy Programs began using outdoor poster advertising in 2019 and would like to continue as part of their marketing mix in 2020 to promote programs, rebates, and loans.

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

D-6 Resolution U-11128 – Authorize payment of the Western Electricity Coordinating Council (WECC), North American Electric Reliability Corporation (NERC), and Western Interconnection Regional Advisory Board (WIRAB) statutory costs for 2020 in the amount of \$228,518.

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

Harley Johnson, T&D Systems Operations Manager, summarized the resolution. Tacoma Power is a member of WECC. Section 11 of the WECC bylaws requiring balancing authorities or load-serving entities, such as Tacoma, to pay a proportional share of their statutory costs. The Federal Energy Regulatory Commission has also approved statutory assessments for NERC and WIRAB.

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

D-7 Resolution U-11129 – Authorize Tacoma Water to participate in the City of Tacoma, Department of Public Works, East 64<sup>th</sup> Street Project to install approximately 3,300 feet of new four-inch water main along East 64<sup>th</sup> Street from Pacific Avenue to McKinley Avenue.

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

Ali Polda, Principal Engineer, summarized the resolution. This resolution would authorize Tacoma Water to participate in the Department of Public Works East 64<sup>th</sup> Street Project. Tacoma Water proposes to install approximately 3,300 feet of new four-inch water main at a project cost of \$748,505.19. New water main is proposed to improve existing customer water pressure by adjusting and extending the higher-pressure zone boundaries to the area. Tacoma Water believes it is in the best interest of the utility and its customers to include the water main work in the Public Works project. Project partnership will improve project delivery, reduce costs, mitigate future risks, and consolidate construction disturbance to residences and businesses.

Board Members made positive remarks about the street improvements and inclusion of this project as a green roads project.

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

D-8 Resolution U-11130 – Repeal Resolution U-11102 adopted on September 11, 2019 and authorize amending and revising sections of Tacoma Municipal Code Chapter 12.10 regarding Water regulations and rates

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

Lyna Vo, Utilities Economist summarized the resolution. Resolution U-11102 was adopted on September 11, 2019 for the requested rate adjustments; however changes were not made to the most recent version of the TMC. Water wholesale revenue and demand have been declining while ongoing costs to maintain Tacoma Water's supply obligation remain and Tacoma Water is proposing a revenue neutral wholesale rate design based on contracted peak capacity that would increase the fixed charge while decreasing the variable rate. Tacoma Water assesses system development charges in three different situations; a one-time charge for water service connection to the system, a service upgrade that requires a larger meter, or an existing service for larger meters that exceeds usage thresholds. The last system development charge was updated in 2004 and since that time, changes have occurred in the system capacity, plant assets, capital projects, and demand. Tacoma Water also assesses fixed charges for water service installations, or fixed fees. The fixed fees are one-time charges for installations of the water service in schools, shopping centers, restaurants, residential homes, and apartments. In circumstances where the fixed fees are not adequate to cover the actual costs of installing water service, charges for installations are based on the costs of time and materials. The last time the fixed fees charge was updated was in 2009. Since then Tacoma Water's cost of service has changes such that Tacoma Water's fixed fees rates no longer accurately reflect current costs and the proposed change to the fixed fees rate will align the fees with actual expenses, reduce staff time, and shorten the time of quote delivery to customers. The proposed changes to the regulations in Chapter 12.10 of the TMC ensure consistency with the proposed rate changes and provide additional clarity on the appropriate standards for the installation of residential domestic service. This request repeals and replaces Resolution U-11102 and incorporates changes to the most recent version of the TMC while addressing additional errors in the resolution. The requested changes are for wholesale rate adjustments effective January 1, 2020; system development charge adjustments effective January 1, 2020; and fixed fees adjustments effective each January 1 starting in 2020 through 2024.

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

#### **H. Reports of the Director**

Power Superintendent Robinson summarized the Energy Storage for Grid Modernization study session presentation. Director Flowers summarized the Safety Office update, Purchasing Code Amendments, and Board policies study session presentations.

Director Flowers reported that the 2019 cash projections and financials have been provided to the Board for their review in advance of the meeting.

#### **I. Comments by the Board**

Board Member Flint made positive remarks about the Energy Storage for Grid Modernization presentation as it contained interesting information relating to using batteries and other forms of storage for decarbonization. Mr. Flint wished all a very Happy Holiday season.

Chair Larkin also made positive remarks about the Energy Storage for Grid Modernization presentation. Chair Larkin shared that she had a tour of Toray Composites and made positive remarks about TPU's work with that company on energy conservation measures. Chair Larkin extended Season's Greetings to all.

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**Adjournment**

There being no further business or comments, the Public Utility Board was adjourned at 7:13 p.m. until Wednesday, January 8, 2020 for a study session is at 3:00 p.m. at Tacoma Public Utilities, followed by the regular meeting at 6:30 p.m. at Tacoma Public Utilities.

Approved:

  
Karen Larkin, Chair

  
Mark Patterson, Secretary