

APPROVED 10-9-19

**MINUTES**  
 City of Tacoma  
 Public Utility Board Meeting  
 September 11, 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  
**Excused:** 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 Ms. Cooley. Voice vote was taken and carried. The minutes were declared adopted.

**Recognitions**

LaTasha Wortham, Government Relations Analyst, announced that today is TPU's kick-off to raise money for this year's United Way campaign. Last year, TPU employees raised \$174,000 during the campaign. TPU is in the top 5 in Pierce County in giving to the United Way.

**Public comment**

Mitchell Shook reviewed the July financials and made comments in opposition to taxing broadband services.

**Consent Agenda**

There were no items on the consent agenda.

**Regular Agenda**

D-1 Resolution U-11101 – Authorize execution of the continued funding agreements with the United States Geological Survey for streamflow gaging and meteorological services with Tacoma Power's hydroelectric projects.

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

Leah Marquez-Glynn, Sr. Power Analyst, summarized the resolution. Tacoma Power has used the United States Geological Survey (USGS) for necessary streamflow gaging and meteorological services for Tacoma Power's hydroelectric projects, and is required

to use the USGS for data gathering under certain licenses and chooses to further partner with the USGS for data gathering at other gage locations. Under Resolution U-8896, Tacoma Power can pay USGS for these services without further approval as long as the cost increases stay under the increase of the national Consumer Price Index. Due to lack of funding at the USGS, Tacoma's cost in the agreements increased faster than the CPI last year and are expected to continue to do so. This resolution requests authorization to enter into an agreement to pay USGS a total of \$286,027 and approval to continue to pay USGS on an annual basis as long as the annual cost increases are no more than five percent in each future year. 10413

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

D-2 Resolution U-11102 – Authorize Tacoma Water to amend and revise sections of Chapter 12.10 of Title 12 of the Tacoma Municipal Code for wholesale rate, system development charge, and fixed fee adjustments.

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

Lyna Vo, Utilities Economist, summarized the resolution. 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.

Board Member Flint expressed appreciation to staff and made positive remarks about the long view taking on rate structure and modifying the structure so that they are more equitable and send strong economic signals. Mr. Flint also expressed appreciation for the stakeholder engagement process.

Board Chair Larkin made positive remarks about the modernization of rates.

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

## H. Reports of the Director

10414 Director Flowers summarized the Workforce Equity/Equity in Contracting study session discussion. Jim Sant, Deputy Director for Administration, summarized the Economic Development Strategy study session presentation. Chris Robinson, Power Superintendent, summarized the Advanced Meter Project opt-out policy discussion from the earlier study session.

Director Flowers shared that the July 2019 cash projections and financials have been provided to the Board in advance.

Dale King, Rail Superintendent, shared a video of how Tacoma Rail and its partners worked together to redevelop the former Kaiser Aluminum site for the first major customer facility expansion in the tide flats in six years for the Nissan WWS facility. Board Members made positive remarks about this effort.

Rich Arneson, Sr. Power Analyst, shared that the Energy Independence Act requires qualifying utilities to determine their conservation potential using methodologies consistent with those used by Pacific Northwest Electric Power and Conservation Planning Council. The conservation mandate (WAC 194-37) requires qualifying utilities to establish a 10-year achievable economic conservation resource potential and a 2-year conservation target that is no less than its pro rata share of its ten-year potential. These metrics must be developed and adopted every two years. Tacoma Power conducted a conservation potential assessment to determine our 10-year potential. We will incorporate the results of the conservation potential assessment in to the next Integrated Resource plan. Tacoma Power's ten-year conservation potential is 233,660 MWh and the two-year conservation target is 46,732MWh. Staff will come to the Board at a future meeting to request adoption of these two metrics. Board Members Flint and Cooley made positive remarks about the work done in setting these targets.

John Nierenberg, Assistant Power Section Manager, shared that today; Tacoma Power has limited visibility into real-time operations. Digital automation uses digital sensors, switches, and communications technology to automate electric distribution functions that will improve reliability, service quality, and deliver cost savings. Common industry examples of distribution automation include automated feeder switching, improved fault detection, real-time asset health monitoring, and enhanced outage management. New digital field devices can be deployed to enable distribution automation. Customer benefits include reduction in customer interruptions, automated power restoration, more accurate restoration times, and reduced customer burden to report outages. Utility benefits include reduced expenses, improved equipment maintenance, real-time situational awareness, improved employee safety, and enhanced resiliency and reliability.

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

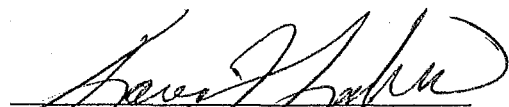
In response to a Board inquiry on how the lightning storm from the weekend of September 7 affected operations, Mr. Nierenberg shared that the transmission line feeding the Hilltop Substation was struck by lightning. Crews were able to isolate that section and bring the Hilltop Substation back into service. There were over 25 individual transformers changed out, but there are no lasting issues at the Hilltop Substation. All relays worked appropriately during the storm.

Chair Larkin announced that the Board study session and regular meeting of Wednesday, September 25 are cancelled.

**J. Adjournment**

There being no further business or comments, the Public Utility Board was adjourned at p.m. until Wednesday, October 9, 2019 for a study session beginning at 3:00 p.m. at Tacoma Public Utilities, followed by the regular meeting at 6:30 p.m. at Tacoma Public Utilities.

Approved:

  
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Karen Larkin, Chair

  
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Mark Patterson, Secretary