



APPROVED 7-11-18

MINUTES
 City of Tacoma
 Public Utility Board Study Session
 June 27, 2018
 3:00 p.m.

Chair Trudnowski called the Public Utility Board study session to order at 3:03 p.m. at the Public Utilities Administration Building.

Present: Monique Trudnowski, Mark Patterson, Karen Larkin, Bryan Flint, Woodrow E. Jones, Jr.

Tacoma Water: Water Shortage Response Plan

Glen George, Sr. Principal Engineer, shared that the purpose of the Water Shortage Response Plan (WSRP) is to be well prepared to serve customers in the event of a water shortage and/or system issues. The WSRP complements existing water conservation programs and provides guidelines and options to address extended low flows in the Green River or reduced availability of groundwater. It provides a menu of possible responses on both the supply and demand sides. Principles of the plan are that it should be flexible; solutions consider responsible supply and demand side alternatives; shortage inconvenience/disruption should be shared; consideration of conservation vs curtailment; and it safeguards water quality. Mr. George walked the Board through the four stages of the plan: 1) preparation; 2) voluntary; 3) mandatory; 4) emergency. The WSRP does not pre-set explicit goals for demand reduction; goals will be set at the time of an event. In summary, the WSRP builds on strong regional collaboration. The four stage process provides a step-wise approach to conditions as they naturally evolve. Staff recommendation is for adoption of this plan and will come back to the Board at a later date for consideration.

Tacoma Water; Water Supply Update

Scott Dewhirst, Water Superintendent, provided the water supply outlook. The snowpack this year was at near-normal conditions in mid-April. However, a very dry and warm May caused rapid melting and an increased rate in the natural recession of natural streamflow. Full storage was achieved on June 3, 2018. In order to reduce Tacoma's impact on the river system, Tacoma Water started approximately 10 million gallons per day of in-town wells in early June. This amounts to a storage savings of approximately 200 acre feet per week, which can be utilized to maintain in-stream flow minimums during late summer and early fall. Tacoma Water will be monitoring conditions closely this summer and believes there will be sufficient water for the season.

Murray Morgan Bridge update

Joe Wilson, T&D Manager and Anita Gallagher, Government Relations Analyst, provided an update on the Murray Morgan Bridge project. As background, two substations serve downtown. These are the Hilltop and Nisqually substations. Ten years ago the City gave notice that the Murray Morgan Bridge would be dismantled and decommissioned. Tacoma Power had infrastructure that supported the tide flats and moved the electrical cables from conduits serving that zone. The City then changed direction and decided to refurbish bridge and put back in service.

There has been recent downtown growth so Tacoma Power looked for an opportunity to address the increased service required in the area and the most cost effective is from the tide flats. Community outreach was conducted, the plan developed, and bridge outages identified. The bridge will be shut down from July 9 to August 17 for structuring and cable work. Work will stop during the maritime festival. From August 20 through the end of September, there will be single lane closures as cabling is finished. At the end of the summer, there will be a third power source feeding downtown.

In response to Board inquiries, staff provided clarification. This project is needed now because if anything happens to the Nisqually and Hilltop substations or they're overloaded, there could be electrical curtailment. These new cables would alleviate that concern. The nature of the work is such that there are cranes at high elevation so wind risk is a factor; thus summertime work. This time of year has the lightest winds and affords the best weather conditions. There will be a watch for boat traffic and a safety plan is in place for boat traffic. Boat traffic won't be impeded, just paused. TPU account executives have communicated the plans to the marinas and the Foss Waterway Authority. There has been good coordination. Work will be done on the weekdays and weekends are reserved if make up time is required. The fire department is aware of all detour routes.

Tacoma Power: Cost of Service Analysis and Revenue Class Rates

Bill Berry, Rates, Planning, and Analysis Manager, began by reviewing the budget rate and timeline and revenue requirement calculations. The revenue requirement forecast represents a more realistic or less conservative estimate of actual expected spending. The methodology removes some of the budget conservatism that results in the growth of cash reserves. Should actual expenditures be greater than the revenue requirement forecast, Tacoma Power will use or request an additional rate adjustment. Christina Leinneweber, Sr. Utilities Economist, then addressed the Cost of Service Analysis (COSA) and rate design. TPU is a COSA organization as rates are based on cost to serve customers. The COSA calculates the total revenue that should be collected from each rate class. The overarching principles of rate design are: 1) Legal (fair, just, reasonable, non-discriminatory); 2) Industry-Standard (revenue stability, cost causation, economic efficiency, equity, bill stability; and 3) TPU principles (affordability, environment, public involvement). Ms. Leinneweber then provided a detailed review underlying data, staff rate recommendations, and rationale for each of the following: fixed customer charges, Click! policy under-recovery, street lights, HVG class rate design; G class rate design, and electric vehicle station pilot rate. Board and staff discussion ensued; staff will continue to develop

the budget and rates with full consideration of Board input. Presentations throughout the late fall will continue as the rates and budget are developed. The next Board presentation is scheduled for July 25 for a rate and financial policy study session for both Power and Water.

Executive Session

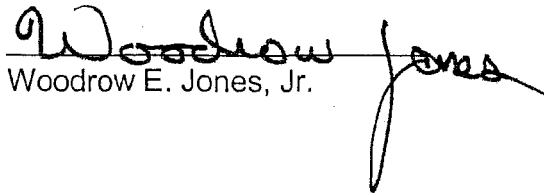
Mr. Jones moved to convene an executive session at 5:31 p.m. 5:36 until p.m. to discuss pending and potential litigation per RCW 42.30.110(1)(i) seconded by Ms. Larkin. Voice vote was taken and carried. The executive session was adjourned at 5:36 p.m.

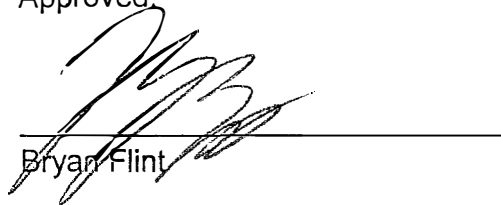
Adjournment

The study session was adjourned at 5:36 p.m. until the next regularly scheduled study session on Wednesday, July 11, 2018 at 3:00 p.m.

Approved:

Approved:


Woodrow E. Jones, Jr.


Bryan Flint