

APPROVED 1-24-18

MINUTES
 City of Tacoma
 Public Utility Board Study Session
 January 10, 2018
 2:00 p.m.

Chair Trudnowski called the Public Utility Board study session to order at 2:04 p.m. at the Public Utilities Administration Building.

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

Board Review of Auditorium Technology

The upgraded technology in the auditorium was demonstrated for the Board Members.

Tacoma Power; Net Neutrality

Tenzin Gyaltzen, Click! General Manager, began by describing an open access network as one that is open for use by many service providers. Click! operates under a two layer model of an open access network in which Click! is the owner/operator; there are one or more entities providing services over the network; and the owner/operator typically does not compete with the entities providing services over the network. Per the FCC's consumer guide, net neutrality rules protect your ability to go where you want when you want online. Broadband service providers cannot block or deliberately slow speeds for internet services or apps, favor some internet traffic in exchange for consideration, or engage in other practices that harm internet openness. The 2017 Internet Freedom Order restores broadband internet access to its Title I information service classification; reinstates private mobile service classification of mobile broadband internet access service; retains transparency rules in the open internet order with some modifications and eliminates the additional reporting obligations of the Title II Order which requires Internet Service Providers (ISP) to disclose blocking, throttling, affiliated prioritization, and paid prioritization. The 2017 Internet Freedom Order also preempts any state and local measures; restores authority of the FCC to police privacy practices of ISPs. In response to the FCC's action, the City of Tacoma adopted Resolution 39902 on December 19, 2017 urgently requesting the Public Utility Board to require Click! Network to include in all contracts with current ISPs, as a condition to use Click! Network that the ISPs abide by the Click! Network Open Internet Policy. Click!'s stance on open internet was then outlined by Mr. Gyaltzen. Click! has an existing open internet policy and it is posted on the Click! website. Click! proactively manages the network to ensure its shared/best effort internet service is optimized for all users. The Click! ISPs resell the internet service that is provisioned by Click!. The Click! ISPs have no access nor control over the internet connection therefore have no ability to disrupt the internet service. As such, there is no action necessary at this time stemming from the City Council

resolution to modify ISP contracts. Board discussion about a Board policy ensued and an executive session on this topic will be scheduled.

Tacoma Power: Carbon Study

Arne Olson, Partner with Energy + Environmental Economics (E3) was introduced and conducted the presentation. Oregon and Washington are currently exploring potential commitments to deep de-carbonization in line with international goals. This carbon study was conceived to inform policymakers on the effectiveness of various potential policies to reduce emissions in the northwest. Key study findings were detailed. 1) The most cost-effective opportunity for reducing carbon in the northwest is to displace coal generation with a combination of energy efficiency, renewables, and natural gas; 2) Renewable generation is an important component of a low-carbon future, however, a Renewables Portfolio Standard (RPS) results in higher costs and higher carbon emissions than a policy that focuses directly on carbon; 3) Prohibiting the construction of new natural gas generation adds significant cost but does little to save greenhouse gas emissions; 4) Meeting de-carbonization goals becomes significantly challenging and costly should existing zero-carbon resources retire; 5) Returning revenues raised under a carbon pricing policy to the electricity sector is crucial to mitigate higher costs; 6) Research and development is needed for the next generation of energy efficiency measures; 7) Vehicle electrification is a low-cost measure for reducing carbon emissions in the transportation sector.

Chris Weber, Power Analyst, then provided an overview of the carbon policy and the economic impacts to Tacoma Power. The high-level policy effect of increased RPS is it requires investment in new renewables, but does not directly incentivize divestment from fossil fuels. It lowers wholesale energy prices, making it harder for our surplus hydro to compete, despite being carbon free. The carbon tax directly incentivizes divestment from fossil fuels. It increases wholesale energy prices, making our surplus hydro more competitive, due to its carbon-free nature. Graphical illustrations of the data analysis were shared. The staff conclusion is a carbon tax is a win for the environment, Tacoma Power, and its customers. The step is approval of this in TPU's legislative policy and conducting ongoing carbon policy management with the Public Generating Pool during the 2018 legislative session.

TPU Legislative Priorities and Policy Update

Marian Dacca, Government Relations Analyst, reported on state legislative activities and Clark Mather, Community and Government Relations Manager, reported on federal activities. The state legislature adjourned on July 24, 2017 without passing a capital budget. The 2018 legislature convened on January 8, for a 60-day session. Ms. Dacca provided an overview of state legislative issues for each operating division. Power: Solar incentives (SB 5939); Telecommunications industry legislation (SB 5711); Electrification of transportation/clear authority for public utilities; and Carbon legislative or carbon ballot initiative. Water: Lead in drinking water; and Hirst and Foster Supreme Court decisions. Rail: Safety initiatives. Mr. Mather provided an overview of federal legislative issues for each operating division. Power: Energy legislation; Columbia River Treaty; and pole attachments. Water: Howard Hanson Dam/Additional water storage project. Rail: tax credit; and short line rail program. Staff recommendation is to maintain the existing legislative policies for TPU with one exception for Power, which is to add language on state residential/community solar incentives – "TPU supports additional state funding that would make residential solar generation and community solar projects financially feasible for low-income customers and TPU's broader customer base".

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The next step is to bring TPU legislative policies forward for Board consideration on January 24 and to conduct ongoing legislative coordination with General Government.

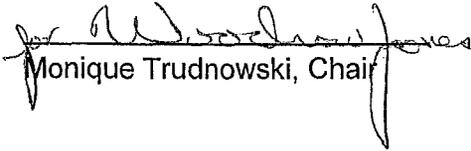
Executive Session

Board Member Jones moved to convene an executive session at 5:15 for 35 minutes to discuss pending litigation (RCW 42.30.110(1)(i)); seconded by Mr. Patterson. The executive Session was adjourned at 5:50 p.m. City Attorney, Bill Fosbre, was present.

Adjournment

The study session was adjourned at 5:50 p.m. until the next regularly scheduled study session on Wednesday, January 24, 2018 at 3:00 p.m.

Approved:


Monique Trudnowski, Chair

Approved:


Karen Larkin, Secretary