



## Board Action Memorandum

**TO:** Jackie Flowers, Director of Utilities  
**COPY:** Charleen Jacobs, Director and Board Offices  
**FROM:** **Chris Robison, Power Superintendent**  
**MEETING DATE:** July 13, 2021  
**DATE:** June 10, 2021

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### **STRATEGIC DIRECTIVE ALIGNMENT (select as many that apply):**

Please indicate which of the Public Utility Board's Strategic Directives is supported by this action.

- |  |   |
|--|---|
| <input type="checkbox"/> SD1 – Equity & Inclusion                  | <input type="checkbox"/> SD8 – Telecom                            |
| <input checked="" type="checkbox"/> SD2 – Financial Sustainability | <input type="checkbox"/> SD9 – Economic Development               |
| <input type="checkbox"/> SD3 – Rates                               | <input type="checkbox"/> SD10 – Government Relations              |
| <input type="checkbox"/> SD4 – Stakeholder Engagement              | <input type="checkbox"/> SD11 – Decarbonization/Electric Vehicles |
| <input type="checkbox"/> SD5 – Environmental Leadership            | <input type="checkbox"/> SD12 – Employee Relations                |
| <input type="checkbox"/> SD6 – Innovation                          | <input checked="" type="checkbox"/> SD13 – Customer Service       |
| <input type="checkbox"/> SD7 – Reliability & Resiliency            | <input type="checkbox"/> SD14 – Resource Planning                 |

**SUMMARY:** Tacoma Power recommends the Board approve the revised 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 \$198,800, which was calculated in 2018 using the Annual Wheeling Charge Methodology described in Exhibit A to the Agreement. Per the Agreement, the calculation of the Annual Wheeling Charge is included in Exhibit B to 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 \$219,463. This is an increase of approximately 10.0% over the three-year period. The effective yearly increase is about 3.4%, which is in line with annual inflation. The largest driver of the cost increase is an investment of a little over \$450,000 in equipment. The additions were for the Mossyrock-Glenoma Protection System Upgrade project that replaced protective relays at Mossyrock Switchyard on the Lewis County PUD Mossyrock-Glenoma line, including the teleprotection system for that line.

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 15th, and 2) allows Lewis County PUD 45 days to review the information. Due to staff



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workload, Tacoma Power did not provide Lewis County PUD the information by April 15<sup>th</sup>, but Lewis County PUD was still allowed the full 45 days to review the documentation.

Tacoma Power requests Public Utility Board approval of the revised rate, which will then proceed to the City Council for further approval. Although the normal process is to present rates to the Government Performance and Finance Committee (“GPFC”) before advancing to the full Council for approval, the GPFC Chair has graciously waived this requirement.

### **ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No**

The revised rate and corresponding revenue increase is not known, and therefore not budgeted for, until the three-year rate update is complete.

### **IF THE EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW IT IS TO BE COVERED.**

N/A

### **IF THE ACTION REQUESTED IS APPROVAL OF A CONTRACT, INCLUDE LANGUAGE IN RESOLUTION AUTHORIZING \$200,000 INCREASE IN ADMINISTRATIVE AUTHORITY TO DIRECTOR? No**

**ATTACHMENTS:** 1993 Lewis County PUD Transmission Service Agreement  
Revised Exhibit B to be effective August 1, 2021

### **CONTACT:**

Primary Contact: Marc Donaldson, Power Engineer IV, 253-502-8352 (work)/406-565-0741 (WFH)

Supervisor's Name: Khanh Thai

Presenter (if different from primary contact):