

APPROVED 6-8-16

MINUTES
 City of Tacoma
 Public Utility Board Study Session
 May 25, 2016
 4:30 p.m.

Mr. Flint called the Public Utility Board study session to order at 4:30 p.m. at the Public Utilities Administration Building.

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

Tacoma Power: Budget Strategic Plan

Chris Robinson, Power Superintendent, began by outlining Tacoma Power's financials and how the high bond ratings have been maintained. Superintendent Robinson then reviewed graphical representations of residential rate adjustment trends with peer utilities, system average rate increases, projected system-wide rate increases, declining wholesale revenues, budgeted versus actual revenue, retail load demands, Bonneville Power Administration (BPA) costs, and historical and projected capital budgets. Customer expectation trends and employee retirements/turnover were then summarized. Factors contributing to increasing rate pressures and steps that will be taken to mitigate them were detailed. Items creating upward rate pressure include low wholesale market prices, flat retail loads, increasing BPA costs, gross earnings tax increase, capital costs, increasing customer expectations, and employee retirements. Mitigation measures include the call of 2005B bonds, financial management of capital spending, bottom-up O&M budgeting wholesale optimization, and strategic planning. Superintendent Robinson concluded by reviewing Tacoma Power's strategic objectives and the next steps in the budget process, which includes final Board review on October 26.

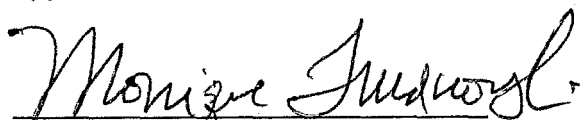
Adjournment

The study session was adjourned at 5:39 p.m. until the next regularly scheduled study session on Wednesday, June 8, 2016 at 3:00 p.m.

Approved:


 Bryan Flint, Chair

Approved:


 Monique Trudnowski, Secretary