



APPROVED 7-26-17

MINUTES  
 City of Tacoma  
 Public Utility Board Study Session  
 July 12, 2017  
 3:00 p.m.

Chair Patterson called the Public Utility Board study session to order at 3:00 p.m. at the Public Utilities Administration Building.

Present: Bryan Flint, Mark Patterson, Karen Larkin; Monique Trudnowski (arrived 3:06)  
 Excused: Woodrow E. Jones, Jr.

**Tacoma Power and Water: University Place and Lakewood Franchise Agreements**

Heather Pennington, Deputy Water Superintendent, and John Merrell, T&D Engineering Manager, presented the information on the franchise agreements for the cities of University Place (water and power) and Lakewood (power), which expire in October. The three agreements have similar terms as the last 20 years and can be extended for two to five years. Favorable terms include no permit, processing, or franchise fees. In addition to coordination language, the agreements provide for payment based on a 15 year life if TPU installs infrastructure in support of a public works project and have to adjust within 15 years. The Lakewood power franchise contains some changes, the most significant of which is an update to the administrative (non-compete) fee that Tacoma Power pays. This fee is in lieu of Lakewood levying a utility tax, competing with Tacoma Power, and contracting with third parties for electrical energy. The existing franchise sets this administrative fee at six percent of gross revenue received. The proposed Lakewood franchise renewal would increase the administrative fee rate to match Tacoma's utility tax rate, which is at 7.5 percent. This increased administrative fee would remain for as long as the utility tax exceeds six percent. The changed language is similar to that in the existing franchise agreement with Fircrest. The Lakewood franchise would also include in the notification timeline that Lakewood provides an increased notification timeframe for projects requiring relocation of major utility infrastructure. Both University Place and Lakewood will be taking action on the extensions next week. A Board resolution will be brought forth in August for consideration.

**Tacoma Power: Low Income Solar**

Clay Norris, Power Manager, began by reviewing Council Resolution 39699 regarding economic equality of residential solar units. Mr. Norris shared graphs illustrating load resource balance that Tacoma Power doesn't require new resources to serve load, that Tacoma Power is a winter-peaking utility, and that the resource portfolio is very renewable and nearly carbon free. Mr. Norris then addressed solar economics and how they're subject to significant economies of scale. From the customer perspective, solar generation provides three categories of financial

benefit: net metering; federal tax credit; and Washington production incentives. The state incentive and federal tax credit provide most of solar's financial benefits. Mr. Norris then detailed how solar acquisition creates rate pressure and how conservation is better situated to meet customer needs. Mr. Norris summarized how low income customers can face solar barriers and outlined ideas on how the barriers can be overcome: partner with outside entities; seek bonus incentives in future solar legislation; revamp the Evergreen Options to include bonus scoring for low income housing projects; partner with solar installers; provide zero interest loans; prepay the value of energy to reduce initial costs; buy renewable energy credits up front to reduce initial costs; multi-family pilot project. Board discussion on the ideas presented ensued and staff will work to incorporate Board comments into recommendations for the Board's consideration.

### **Tacoma Power: Electric Vehicles Update**

Clay Norris, Power Manager, began by outlining the benefits of electric vehicles, which include lower operating cost, domestic source of energy, and environmental improvement. Early market risks and other factors influencing whether to buy electric vehicles were summarized. Mr. Norris then detailed past efforts to encourage electric vehicles. TPU purchased its first hybrid vehicle in 2003 and the current fleet includes 59 hybrids and electric vehicles. In 2011, the public charging station pilot program was implemented. Currently, Tacoma Power has joined "Forth", which is a coordination effort with other utilities that includes education and outreach elements. Recently, there has also been an application for grant funding for charging infrastructure and staff is working on an electric vehicle web portal. Future activities include events to provide an opportunity to try electric vehicles without sales pressure, pursuing more grant opportunities, and working with the Port of Tacoma to pursue shore power.

### **Miscellaneous**

Walk-on Resolution U-10942, waiving power and water utility connection and inspection fees for cities in Tacoma Power and Water's service territories during the current state of emergency for homelessness was discussed.

### **Executive Session**

Ms. Trudnowski made a motion at 4:50 p.m. to convene an executive session for 40 minutes to discuss pending litigation per RCW 42.30.110(1)(i); seconded by Mr. Flint. Voice vote was taken and carried. At 5:30 p.m., the executive session was extended by five minutes. The executive session was adjourned at 5:35 p.m. Attorneys present were Bill Fosbre, City Attorney, and Paul Goulding, Deputy City Attorney.

### **Adjournment**

The study session was adjourned at 5:35 p.m. until the next regularly scheduled study session on Wednesday, July 26, 2017 at 3:00 p.m.

Approved:

Monique Trudnowski, Chair

Approved:

Karen Larkin, Secretary