

APPROVED 12-14-16

MINUTES
 City of Tacoma
 Public Utility Board Study Session
 November 9, 2016
 3:30 p.m.

Mr. Patterson called the Public Utility Board study session to order at 3:34 p.m. at the Public Utilities Administration Building.

Present: Bryan Flint, Woodrow Jones (arrived 3:35), Mark Patterson, Karen Larkin
 Excused: Monique Trudnowski

Tacoma Power: Constructing New Facility to Serve Puget Sound Energy Load

Joe Wilson, Assistant Power Section Manager, stated Puget Sound Energy (PSE) has requested Tacoma Power provide new electric service to meet their large load request near the Hylebos Waterway in the Port of Tacoma. Mr. Wilson then gave a brief overview of the large load interconnection process. Tacoma Power has a 2-phase interconnection process. Phase 1 is a system impact study, phase 2 is a facilities study. Puget Sound Energy (PSE) has gone thru both phases. The load characteristics and interconnection facilities were then reviewed. Mr. Wilson stated this is a standard substation with standard equipment necessary to serve the PSE load. The construction timeline and cost breakdown were then detailed. The total cost is \$5.5M. PSE is prepared to give us \$1.7M now and we will get final finding before going into construction. In summary, Mr. Wilson stated that Tacoma Power has an obligation to serve loads within our service territory and that PSE has followed all Tacoma Power processes.

In response to a Board inquiry, Mr. Wilson stated PSE will have a dual power feed.

In response to a Board inquiry, Mr. Wilson stated PSE could build portions of the substation themselves, but we would be reluctant to house outside equipment that could interact with our customer's power.

In response to a Board inquiry, Mr. Wilson stated there are no additional risks associated by our building of the substation.

Tacoma Water: Water Supply Forum

Chris McMeen, Deputy Water Superintendent gave an overview of the water supply forum. The Water Supply Forum is a voluntary organization with representatives from public water systems and local governments from King, Pierce, and Snohomish Counties. The Forum is comprised of Seattle Public Utilities, Everett Public Works, Tacoma Water, Cascade Water Alliance, and other water utilities in the region. The Forum selected four initial risk topics: earthquakes, water quality, drought, and climate change. For each risk topic, a utility-led team was formed that included Forum representatives from multiple agencies, augmented by risk-area consultants.

Resiliency areas were identified; earthquake, water quality, climate change and drought. The methodology and results for each area were then detailed.

In response to a Board inquiry, Mr. McMeen stated that the impact of multiyear droughts has not been reviewed but will be done in the future.

In response to a Board inquiry, Mr. McMeen stated the Forum is dues funded and Tacoma Water is a majority funder, bearing approximately one quarter of the cost share.

In response to a Board inquiry, Mr. McMeen stated the sixty day restoration plan is to get all water, not just potable water, into areas as fast as possible.

In response to a Board inquiry, Mr. McMeen stated the report revealed the response for intentional contamination vs. accidental is about the same.

Mr. McMeen concluded by reviewing phase II. We don't have staff capacity to complete phase II, so are asking to continue to work with HDR, Inc.

TPU Quarterly Financial Outlook and Performance Metrics

Bill Zimmerman, Utilities Economist, provided an overview of the Pierce County and greater Puget Sound economic forecast and indices.

Tacoma Water: Linda McCrea, Water Superintendent, provided an overview of the budget forecast assumptions, summary of outlook, water retail sales and revenues, and revenue and expense summary. In summary, water sales are projected to be \$11.2M higher than budget for the biennium and total expenditures are projected to be \$2.6M under budget. Net revenues less expenditures are expected to be nearly \$14.9M over budget. The current fund cash balance is expected to increase \$7.3M over the biennium. Superintendent McCrea concluded by reviewing the current fund cash projection.

Tacoma Power: Chris Robinson, Power Superintendent, provided an overview of the budget forecast assumptions, electric retail revenues, wholesale revenues, revenue and expense details, current outlook versus previous quarter, and projected liquidity balance. In summary, revenues are \$47.1M under budget, wholesale revenues are \$12.5M under budget and telecommunication revenues are \$5M under budget. Expenses are under budget due to unfilled personnel positions, underspending on current funded capital projects and lower wholesale market prices. Superintendent Robinson concluded by reviewing the current fund cash projection.

Tacoma Rail: Dale King, Rail Superintendent, provided an overview of the summary of budget assumptions, summary of finances/traffic analysis, intermodal/commercial volumes, and quarter-to-quarter forecast comparisons. In summary, there is increased demurrage actuals due to railcar dwell, locomotive servicing revenue is above budget forecast. Switching revenue decreased due to lower than anticipated volumes. Locomotive servicing is double the typical monthly revenue in August. Superintendent King concluded by reviewing the current fund cash projection.

Performance Metrics Update: Jim Sant, Deputy Director for Administration, reviewed the performance metrics for each of the operating divisions in the areas of finance performance, operational excellence, and commitment to customers and employees. Mr. Sant stated the financial metrics are generally solid and the operational metrics are generally green. The customer and employee metrics show some deficiencies in employee safety, call center responsiveness and technical service complaints.

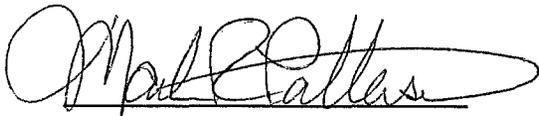
In response to a Board request, Deputy Director Sant stated future performance metrics summaries will show which areas have changed for easier comparison.

In response to a Board inquiry, Power Superintendent Robinson stated we have implemented an employee safety initiative into our strategic plan. We will also be hiring a safety manager for TPU, not just Tacoma Power, to make safety a higher priority. Will be also be hiring a consultant to work through safety concerns. Water Superintendent McCrea stated they have heightened the visibility of management by having managers attend safety meetings as well as having the safety coordinator report to the Water Superintendent on a quarterly basis.

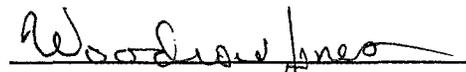
Adjournment

The study session was adjourned at 5:58 p.m. until the next regularly scheduled study session on Wednesday, December 14, 2016 at 3:00 p.m.

Approved:


Mark Patterson, Chair

Approved:


Woodrow E. Jones, Jr., Secretary