

APPROVED 5-8-19

MINUTES
 City of Tacoma
 Public Utility Board Study Session
 April 24, 2019
 3:00 p.m.

Mr. Jones called the Public Utility Board study session to order at 3:04 p.m. at the Public Utilities Administration Building.

Present: Woodrow E. Jones, Jr., Christine Cooley, Mark Patterson, Bryan Flint, Karen Larkin

Board Workshop Follow-Up: Development of Equity and inclusion Strategic Directive

The Board continued its work on the development of the first Strategic Directive (SD) on Equity and Inclusion. The Board developed a framework of the SD that may be used for future ones as well. It involves having the following sections: 1) Purpose; 2) Values; 3) Outcomes; 4) Measurement; 5) Reporting. Staff will incorporate Board input into the template that includes these five sections and bring it forth to the next study session for continued discussion.

Tacoma Power: Cowlitz River Restoration Program

Keith Underwood, National Resources, Manager, began by providing an overview of the upstream fish passage contested by the Cowlitz Tribe and the Friends of the Cowlitz. These groups prefer fish ladders or elevators and Mr. Underwood described how these mechanisms have failed. Background on the resulting Federal Energy Regulatory Commission (FERC) license history was provided. In lieu of fish passage, \$15M was placed into an account with the requirement to conduct fish survival studies for 15 years. The Cowlitz River Recovery (CRR) program development timeline from 2002 to 2036 was then shared. CRR requirements are to fund the recovery of endangered species act listed salmon and steelhead in the upper basin. This includes habitat restoration and protection projects and hatchery-associated production projects. The CRR program is grant-based, uses existing state processes to select projects, promotes and maintains partnerships, encourages sustainability, and considers the value of hatchery programs and habitat programs. The grant program, program benefits, use of funds, and program administration were detailed. Funding rate is constrained to \$3M per biennium unless there is special approval from the Board. The Board agreed to

provide the Director the delegated authority for grantee contracts provided Board oversight occurs as part of an annual program report.

Tacoma Power: Energy Risk Management Update

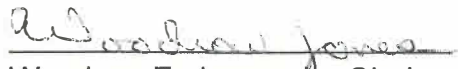
Todd Lloyd, Assistant Power Manager, provided an update on resource operations and trading. Due to drier than normal conditions, system flows and snow pack have been below average. As a result, Tacoma Power has been selling less power than budgeted and purchasing more. Graphical representation of system flows and snow pack were shared. Ying Hall, Energy Risk Manager, detailed graphical representations of wholesale net revenues. Ms. Hall then provided an overview of the hedging program. The hedging program is part of Tacoma power's energy risk management policy to stabilize net revenues from wholesale operations and protect against very low wholesale revenue outcomes. The hedging policy enforces dollar cost averaging of surplus sales and prohibits holding deficit positions. The credit risk management program was then reviewed. Tacoma Power frequently sells electricity to wholesale trading partners (counterparties). Tacoma Power incurs credit exposure and manages that credit by extending credit to investment grade counterparties only and sets exposure limits based on creditworthiness. There is daily monitoring of credit quality and exposure. Actions can include stopping trading with a specific counterparty or requesting collateralization. Ms. Hall concluded by sharing Tacoma Power's top 15 credit exposures. Board Members requested more frequent updates when we are in below adverse water conditions. Board Members also requested a future report on the nuclear industry and battery storage.

In response to a Board request, Scott Dewhirst, Water Superintendent, provided an overview of the water supply. Mr. Dewhirst stated that March was dry and there was some recovery in April. The Howard Hanson dam is being restored and should be refilled by mid-May. Staff is cautiously optimistic and the supply really depends on when the fall rains start.

Adjournment

The study session was adjourned 5:41 p.m. until the next regularly scheduled study session on Wednesday, May 8, 2019 at 3:00 p.m.

Approved:


Woodrow E. Jones, Jr., Chair

Approved:


Bryan Flint, Secretary