



APPROVED 5/25/22

MINUTES
City of Tacoma
Public Utility Board Meeting
May 11, 2022
6:30 p.m.

Chair Patterson called the Public Utility Board meeting to order at 6:30 p.m.

Present: Mark Patterson, Chrissy Cooley, John O'Loughlin, Carlos Watson,
Excused: Holland Cohen

The meeting was quorate.

Minutes of the Previous Meetings

Ms. Cooley moved that the minutes of the previous meetings be adopted; seconded by Mr. Watson. Voice vote was taken and carried. The minutes were declared adopted.

Comments by the Public

There were no comments by the public.

Regular Agenda

C-1 Resolution U-11319 – Authorize modification to the income eligibility level for the Emergency Assistance Program and approve Bill Credit Assistance Plan funds to be reallocated to the Emergency Assistance Program in order to assist eligible households with outstanding utility balances accrued prior to March 31, 2022.

Ms. Cooley moved to adopt the resolution; seconded by Mr. Watson.

Francine Artis, Interim Customer Services Manager, summarized the resolution. The City Council and the Public Utility Board have consistently budgeted funds for the Bill Credit Assistance Plan (BCAP), through moneys from TPU and Environmental Services (ES) funds. BCAP is available to eligible electricity, drinking water, sanitary sewer, storm water and solid waste utilities customers, and provides assistance in the form of a utility bill credit up to \$564 annually and households eligible to receive BCAP assistance previously needed to meet applicable household income guidelines of not more than 150 percent of the poverty guidelines established by the U.S. Department of Health and Human Services. As a result of the impacts of COVID-19 and the state of emergency that has been declared, it was determined that more TPU customers may be in need of utility bill payment assistance than was available through BCAP, and a new Emergency Assistance Program (EAP) was created on March 17, 2020, pursuant to Second Amended Resolution No. U-11149 and Resolution No. 40575, with up to one million dollars of the fund used for Power low-income assistance and the fund used for Water

Utility operations to be used for the EAP. The number of requests for assistance through the EAP that was created on March 17, 2020, demonstrated a need for expansion and additional funding of the program and on April 22, 2020, the Board recommended by Resolution No. U-11159, additional funding for the EAP from TPU funds and from ES funds. On April 28, 2020, the City Council approved by Resolution No. 40596, the establishment of an EAP within ES sanitary sewer, storm water and solid waste utilities and approved allocations from rate stabilization reserves and from funds established for low-income assistance to support the ES portion of the program and to further increase the overall funding of the program with funds used for low income assistance and the fund used for Water Utility operations. The Director of Utilities and the City Manager were delegated authority to establish criteria for the EAP, except that the income eligibility criteria was set by the Board and the City Council at not more than 200 percent of the poverty guidelines established by the U.S. Department of Health and Human Services. In January of 2021, as part of the 2021-2022 budget process, the Public Utility Board and the City Council approved a change of income levels for BCAP eligibility to 60 percent of the area median income (AMI) and the requests for customer assistance through the existing EAP have demonstrated the need to serve additional households beyond those currently eligible for assistance under the program or under BCAP and have also demonstrated a need for additional funding of the EAP. TPU recommends changing the income eligibility criteria for the EAP from not more than 200 percent of the poverty guidelines established by the U.S. Department of Health and Human Services to 80 percent of the area median income (AMI) and requests that the Board recommend the City Council approve the use of funds currently budgeted to BCAP for low-income assistance to the EAP, and that the Council give the City Manager and the Utilities Director authority to determine the appropriate reallocation of existing BCAP funds where such reallocation will result in additional households becoming potentially eligible to be assisted in response to the state of emergency. TPU requests that in addition to amending the income eligibility requirements for funds in the EAP that were contributed by TPU, the Board recommend that the City Council approve a similar amendment to the eligibility requirements for funds in the EAP that were contributed by ES.

Board Members Watson and Cooley made positive remarks about this resolution.

Voice vote was taken and carried. The resolution was adopted.

C-2 Motion 22-09 – That the Tacoma Public Utilities Policy Statement for Green Electrolytic Hydrogen as submitted and on file with the Clerk of the Board for the Public Utility Board meeting of May 11, 2022, is accepted and approved.

Ms. Cooley moved to approve the motion; seconded by Mr. Watson.

Jackie Flowers, Director of Utilities, summarized the motion. This Green Electrolytic Hydrogen (GEH) statement was developed by subject matter experts in Tacoma Power, TPU's Public Affairs and Communications, and the Economic Development Manager. As electric utilities assume a larger role in decarbonizing other industries, like the transportation industry which is the largest source of carbon emissions in Washington State, TPU is in a strong position given legacy investments in carbon free power resources and long standing relationship with Bonneville Power Administration. TPU is fortunate that its power portfolio today is nearly carbon free, provides electricity that is on average 98 percent carbon-free. A strong regional GEH market will benefit Tacoma

Power ratepayers by increasing retail load and by supporting the goals of TPU and City concerning decarbonization, equity, and economic development. The actions of the Board and Power are intended to attract producers to the Tacoma area and demonstrate multiple uses, such as, using GEH as a clean fuel to decarbonize heavy-duty transportation and as a source of electricity to stabilize the electric grid. Actions like the electrofuels pilot rate, which TPU believes to be first-in-the-nation, support production of electrofuels from carbon-free hydropower. Technology, markets, and opportunities associated with green hydrogen are emerging, cutting edge, and rapidly evolving, and this policy statement recognizes that flexibility will be needed to ensure Tacoma Power is well-positioned to support the growth of a regional GEH market. GEH production in the Tacoma area will support the Tacoma Power service area by using renewable, nearly zero-carbon hydropower to replace current fossil fuel uses, which will increase retail load, reduce greenhouse gas emissions and other harmful pollutants to make progress toward TPU and City of Tacoma's carbon reduction and equity goals, and support the local economy by promoting sustainable economic development. Tacoma Power will work with the Board, City, partners, and other stakeholders in exploring further opportunities to incent and demonstrate the versatility of GEH.

Board Member Cooley made positive remarks about this motion and extended appreciation to staff for its work. This region is positioned well to be a GEH hub.

Board Member O'Loughlin added that GEH has critical benefits to future economic development and can bring back living-wage jobs yet won't create an environmental obligation for future generations.

Voice vote was taken and carried. The motion was approved.

C-3 Resolution U-11320 – Authorize a five-year new land use permit to DF Holdings, LLC for its use of the Cushman transmission line right-of-way on the east side of Highway 16, south of the Pioneer Way exit in Gig Harbor, WA [Dori Bishop, Sr. Real Estate Specialist].

Ms. Cooley moved to adopt the resolution; seconded by Mr. Watson.

Board Member Cooley moved to enter substitute exhibit B, which in section two, clarifies the unit of measure as feet. The section now reads: No improvements authorized herein shall exceed twelve and one-half feet in height; seconded by Mr. Watson. There was no public comment on the substitute exhibit. Voice vote to enter the substitute exhibit was taken and carried.

Dori Bishop, Sr. Real Estate Specialist, summarized the resolution. Tacoma Power requests approval to grant a new five (5) year Land Use Permit to DF Holdings, LLC, for its use of 49,012 square feet (1.12 acres), which includes the construction of a new 20-stall parking lot expansion connecting to the south end of the existing improvements, of the Cushman Transmission line right-of-way, located on the east side of Highway 16, south of the Pioneer Way exit in Gig Harbor, WA in conjunction with the company's adjacent commercial operations located at 6908 and 6820 Kimball Drive. The current permit expires June 21, 2022, and Tacoma Power desires to grant a new 5-year Land Use Permit the annual use fee will be \$36,170.86, with a 3 percent annual escalator, which is based upon a market value analysis by Real Property Services and approved by

Tacoma Power. The permit form contains standard legal provisions, including revocability with ninety (90) days' written notice, and indemnity and insurance provisions to address liability. This matter is before the Board pursuant to Public Utility Board Resolution No. U-10777, Section 7, which states, "in the event the proposed use fee to be imposed exceeds \$25,000 annually, the underlying use permit shall be brought before the Board for approval of the proposed use and fee".

Voice vote was taken and carried. The resolution was adopted.

D. Reports of the Director

Covid

Director Flowers reported that TPU continues to approach customer engagement on past due accounts with the objective of keeping customers in service through payment plans and in identifying utility bill assistance for which they may qualify. In addition to the 25,000 plus letters mailed in February and the 30,000 automatic installation plans created in March, Customer Services was able to substantially complete the door hangers in April. At the last meeting it was shared with the Board that Customer Services had mailed disconnect notices, with payment arrangement options, to 1,268 customers who have made no payment on their account since opening the accounts. Of those accounts, approximately one third responded and remained in service. TPU commenced disconnects on the remaining approximately 800 customers. Customer Services continues to work with those customers to restore services, re-establish payment plans, and get information to aid in identifying assistance program for which they may qualify. Customer Services is next focusing disconnect notices on customers with high balances and where TPU has not been successful in obtaining information from them or receiving payment. Since the MyAccount customer portal went live on April 14, 2022, we have seen the following activity: 150,000 logins (half via web, half via mobile); 21,000 paperless billing enrollments (half via web, half via mobile); 1870 new registrations; 1285 service orders (move ins/move outs, etc.); 50,000 payments (75percent via web, 25percent via mobile); 3,000 new bank auto payments; and 450 payment plans initiated via MyAccount.

Strategic Directive Nine (SD9, Economic Development) Update

Michael Catsi, Economic Development Manager, remarked that utilities are an asset that can aid in improved quality of life for all TPU customers and stakeholders. TPU supplies critical resources to the communities it serves and provides the foundation for building a strong and resilient economy, which will ultimately result in more revenue for TPU. Economic Development (ED) promotes economic well-being and quality of life by creating retaining, and expanding jobs that facilitate growth, enhance wealth, and provide a stable tax base. Mr. Catsi provided an economic overview of industrial vacancy rates and office vacancy rates. There is a significant uptick in purchases and construction of individual, commercial, and multi-family facilities and land by firms inside and outside the region. Demand for industrial and commercial properties continues to outstrip supply. The supply chain issues hinder development projects. Pierce County continues to be attractive to development and new businesses and the pace of new development is increasing faster than process times. In 2021, focus shifted from recovery to expansion, including activity on prospects including manufacturing, logistics, and electrofuels. TPU continued to support business customers with the Covid resources page and actively engaged in several developments throughout the service

area. TPU also supported the study of a 5G computing network in the Port of Tacoma and assisted with the EDA Build Back Better grant submission. Staff provided subject matter expertise to the non-interim tideflats regulations and assisted 20 companies interested in locating green hydrogen businesses within TPU service territory. Work continues on building an ecosystem for green hydrogen and green hydrogen liquid fuels. The focus for 2022 includes continued focus on business retention efforts with additional efforts in recovery and expansion; monitor and identify trends that may require changes to the ED strategies; and continued engagement with land use planning processes as needed.

Chad Edinger of Tacoma Power outlined 2021 accomplishments in electrical services, which included 3,018 new connections and continued conversion of paper to electronic forms. Mr. Edinger then outlined the supply chain impacts to his work group. The focus for 2022 includes new service and central business district engineering, continuous improvement to customer processes, permitting fee updates, and project deployments such as the permitting platform.

Ryan Cox of Tacoma Water outlined 2021 accomplishments in new services. Telework continued for customer experience and planning and engineering teams. The team supported record levels of water main extensions and new service transactions. There were also process improvements to the hydrant rental permit and water main project scheduling and tracking. The focus for 2022 includes hiring and training, strategic initiative support, employee survey results action plan development, and large project deployments and support.

Dale King, Rail Superintendent, outlined 2021 accomplishments. Rail maintained its exceptional service levels and strong financial position by matching expenses to reduced revenues while staying focused on customer needs. The locomotive servicing facility upgrade commenced in 2021. The focus for 2022 is the expansion of ethanol unit train business and completion of locomotive servicing facility upgrade.

Each operating division representative then provided the status of each measurement in SD9

Director Flowers completed her reports by informing that there will be a public listening session on budget and rates on June 26 at 6:00 p.m. It will be a hybrid meeting and Mike Slevin of Environmental Services.

E. Comments by the Board

There were no final comments by the Board.

F. Adjournment

There being no further business or comments, the Public Utility Board meeting was adjourned at 8:04 p.m. until Wednesday, May 25, 2022 for a study session at 3:00 p.m. followed by a regular meeting at 6:30 p.m.

Approved:



Mark Patterson, Chair



Carlos Watson, Secretary