



APPROVED 8-9-17

MINUTES
 City of Tacoma
 Public Utility Board Study Session
 July 26, 2017
 3:00 p.m.

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

Present: Mark Patterson, Karen Larkin; Monique Trudnowski; Woodrow E. Jones, Jr; Bryan Flint (arrived 3:36 p.m.)

Tacoma Power Energy Risk Management Update

Ray Johnson, Assistant Power Section Manager, presented the energy risk management update.

Wholesale Revenues: Mr. Johnson reviewed and detailed graphical representations of cumulative net wholesale revenue vs. budget net revenue; biennial net revenues, and the cumulative net wholesale revenue variance.

Hedging Program: The hedging program objective is 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. Mr. Johnson reviewed and detailed a graphical representation of the 2017-2018 hedging program performance.

Credit Risk Management: Tacoma power frequently sells electricity to wholesale trading partners or counterparties and incurs credit exposure money that the utility could lose in the event of a counterparty default. Mr. Johnson reviewed and detailed a graphical representation of the top 15 credit exposures.

Tacoma Water: Potential Lead Gooseneck Service Replacement Plan

Matt Hubbard, Engineer, described lead goosenecks as a piece of equipment that connects the water service main to the service line. The replacement plan's objective is: 1) replace all lead goosenecks within five years; 2) complete work in a geographically equitable manner; 3) provide relevant regular communication; 4) tactically coordinate and plan service replacements; 5) minimize disruptions to staffing levels and planned work. Mr. Hubbard shared a timeline up to the May 2021 removal deadline. Coordination efforts with existing Public Works street operations projects were reviewed. There is also additional coordination with Environmental Services and Puget Sound Energy. This coordination minimizes construction disruption to the public. Corey Bedient, Water Division Manager explained that there have been approximately 1,215 goosenecks identified with 126 resolved; the project completion is at 10 percent. Mr. Bedient reviewed the gooseneck replacement workflow. The communication plan is being

coordinated with the Community and Media office and contains methods for reaching specific audiences with specific messages. Mr. Hubbard then reviewed and detailed a graphical illustration of gooseneck replacements by year. Staff will continue coordination with other construction projects, communicate, and track costs.

Miscellaneous

Ray Johnson, Assistant Section Manager, provided an overview of Resolution U-10943 #2 (Black & Veatch) item on the evening's agenda. In early 2016, Tacoma Power conducted an RFP process to select a rate advisor for the 2017/2018 rate case and selected Black & Veatch. Tacoma Power has historically retained a rate advisor, an industry best practice. This contract will allow Black & Veatch to complete projects and to serve as Tacoma Power's rate advisor for the 2019/2020 rate case. Mr. Johnson reviewed the completed work under this contract, which included rate design, cost of service modeling, rate design, and pole attachment fees. New work, which includes Board rate policy workshops, cost of service modeling, open access transmission tariff work, and creating a new financial mode, was then outlined.

Executive Session

Mr. Flint made a motion at 4:21 p.m. to convene an executive session for 20 minutes to evaluate qualifications of an applicant for public employment per RCW 42.30.110(1)(g) and to discuss pending litigation per RCW 42.30.110(1)(i); seconded by Mr. Jones. Voice vote was taken and carried. The executive session was extended at 4:41 for 10 minutes. The executive session was adjourned at 4:51 p.m. Attorney present for the discussion on pending litigation was Bill Fosbre, City Attorney.

Adjournment

The study session was adjourned at p.m. until the next regularly scheduled study session on Wednesday, August 9, 2017 at 3:00 p.m.

Approved:



Monique Trudnowski, Chair

Approved:



Karen Larkin, Secretary