



APPROVED 2/14/24

MINUTES
City of Tacoma
Public Utility Board Study Session
January 24, 2024
3:00 p.m.

Chair Watson called the Public Utility Board study session to order at 3:00 p.m. in the third-floor conference room (LT1) of the Public Utilities Administration Building.

Present: Carlos Watson, Elly Claus-McGahan, Anita Gallagher,

Excused: William Bridges, John O'Loughlin

Note: Board Member Bridges was in attendance for the executive session

Miscellaneous

Director Flowers introduced Kalyan Kakani, recently hired UTS Manager.

Ray Johnson, Power Manager, provided an update on the response to the cold weather event over the MLK weekend. Between January 12 and 16, extreme cold weather, transmission limitations, dry conditions in parts of the Columbia Basin, and the loss of the Jackson Prairie gas storage facility resulted in significant power supply challenges for multiple northwest utilities. No utility had to shed load due to lack of resources, but it was very close. Tacoma Power's loads were high, but Power's trading and systems dispatch teams navigated the situation very well. Hydroelectric generation played a critical role in maintaining reliability. Wholesale market prices were very high. Tacoma Power was able to avoid significant market purchases and maximized generation to help neighboring utilities who had insufficient resources.

Tacoma Power: Electro Fuels Tariff

Ray Johnson, Power Manager, shared that market, reliability, and regulatory paradigms have changed radically since a pilot rate tariff for green hydrogen producers (Schedule EF) was offered. Today, providing service under this tariff will result in large costs shifts to existing customers. Tacoma Power will modify design of Schedule EF to eliminate cost shift. As background, hydrogen can be produced using electrical energy to split water molecules in a process known as electrolysis, creating only oxygen as a by-product. If the electrical energy is made from renewable sources the process is close to zero emissions and called renewable or green hydrogen. In 2021, Power established Schedule EF as a pilot rate for green hydrogen and this schedule is a derivative of the

contract power tariff. Schedule EF requires the customer to allow their electrical usage to be curtailed periodically in exchange for discounts to the rate. Mr. Johnson then reviewed qualifiers, pricing, and key changes since Schedule EF was established. Wholesale prices have increased since Schedule EF was designed. Planned modifications were then outlined. Power intends to change the Schedule EF pilot rate from its current design to a design that is similar to the new Very Large Load Service (VLL). Schedule VLL passes through new power supply resource acquisition costs to serve the customer consistent with modern day rate pricing for large loads.

Tacoma Water: Fish Passage Update

Nancy Chin, Engineer with the Army Corps of Engineers, summarized the background. This project was authorized in 1999, updated in 2022, and sponsored by TPU. It is a multi-purpose project for municipal and industrial water supply and ecosystem restoration. The fish passage facility features were then detailed. There is a significant reduction in estimated O&M costs and the new design allows for flexibility and adaptability. Howard Hanson Dam tasks were then summarized: Data collection and studies to inform fish survivability, geotechnical exploration, hydraulic modeling; Engineering technical activities that include design, plans, specifications, safety, and quality reviews; Acquisition activities that include market research and pre-solicitation engagements. Construction is planned to take place 2026 – 2030. Jessica Knickerbocker, Tacoma Water Planning and Engineering Manager, outlined the next steps for Tacoma Water. These include completion in 2024 of the Headworks master plan and Headworks operations center remodel. The planning phase includes upstream fish passage, facility upgrades, fish habitat mitigation and restoration projects, and forecast informed reservoir operations.

Policy Maker's Governance Series

Director Flowers introduced the American Public Power Association (APPA) Governance series videos and handbook. The APPA Governance series videos outlines board governance best practices and used to be part of regular onboarding of Board Members. APPA removed the series just before the pandemic; it has been updated and again made available. The Board watched the first two lessons.

General Board Comments/Discussion and Director's Reports

Director Flowers and Chair Watson updated the Board on the topics discussed at the latest meeting with the Mayor and City Manager.

Executive Session

Chair Watson moved to enter an executive session at 5:05 p.m. for up to 120 minutes to discuss the performance of a public employee (RCW 42.30.110(1)(g)); seconded by Ms. Claus-McGahan. Voice vote taken and carried. Chair Watson moved that at the end of the executive session the Clerk of the Board is authorized to adjourn the meeting; seconded by Ms. Claus-McGahan. Voice vote taken and carried. The executive session was adjourned at 5:57 p.m.

Adjournment

The study session was adjourned at 5:57 p.m.

Approved:



Carlos Watson, Chair



William Bridges