



TO: Elizabeth Pauli, City Manager
FROM: Jackie Flowers, Director, Tacoma Public Utilities
Chris Robinson, Superintendent, Tacoma Power

COPY: Government Performance & Finance Committee (GPFC);
Andy Cherullo, Director, Finance;
D'Angelo Baker, Senior Management Fellow, City Manager's Office

PRESENTER: Leah Marquez-Glynn, Assistant Section Manager, Tacoma Power
Rachel Gardner Clark, Integrated Resource Planning Manager, Tacoma Power

SUBJECT: Bonneville Power Administration Contract Negotiations Update
DATE: May 6, 2025

PRESENTATION TYPE:
Informational Briefing

SUMMARY:

Tacoma Power purchases a substantial portion of its power from the Bonneville Power Administration (BPA). As a municipal utility, Tacoma Power has the statutory right to purchase this reliable, flexible, low carbon power at-cost. It is now time to renew this long-term contract and select the best product to purchase from BPA, moving forward.

A rigorous analysis has shown that BPA's Slice/Block product meets Tacoma Power's resource adequacy needs at the lowest total portfolio cost and with the least risk. Tacoma Power would like to explain to the committee the contract development process and the results of their product choice analysis.

BACKGROUND:

The Bonneville Power Administration is a Federal Power Marketing Agency. Tacoma Power, along with many other public power entities in the Northwest, have the statutory right to purchase power from BPA at-cost.

Tacoma Power has been a Bonneville Power Administration customer since 1940 and purchases approximately 60% of its resource portfolio from BPA. The contract between Tacoma Power and BPA ends September 2028 and Tacoma Power will sign a new long-term contract by the end of 2025.

Leading up to this decision, BPA and its preference customers (including Tacoma Power) worked together to develop different power contract options from which BPA's customers could select.

ISSUE:

Tacoma Power performed a detailed analysis to determine which product offering would best serve our customers' needs for the duration of the next long-term contract. Tacoma Power selected Slice/Block as its product of choice. Slice/Block is comprised of a monthly "block" of power plus a small percentage of the power produced by the federal system and has been the utility's product of choice since 2011.



The Slice/Block product puts Tacoma Power in the best position to meet customer demand into the future; it is also the lowest cost option and presents the least implementation risk. In the next few months BPA will provide Tacoma Power with a finalized contract that both parties will sign by the end of 2025. Power delivery will begin in October 2028 and continue through September 2044.

ALTERNATIVES:

This is an information briefing only. There are no alternatives presented.

FISCAL IMPACT:

This is an information briefing only. There is no fiscal impact.

RECOMMENDATION:

This is an information briefing only. There is no recommendation.