



Board Action Memorandum

TO: Jackie Flowers, Director of Utilities
COPY: Charleen Jacobs, Director and Board Offices
FROM: Ying Hall, Section Manager -- RPA, Power Utility
MEETING DATE: February 11, 2026
DATE: January 28, 2026

GUIDING PRINCIPLE ALIGNMENT (select as many that apply):

Please indicate which of the Public Utility Board's Guiding Principle(s) is supported by this action.

- Customer and Community Employees and Culture
 Resource Sustainability and Stewardship

SUMMARY: Tacoma Power requests approval by the Public Utility Board for the revision of the wholesale transmission and ancillary service rates in Tacoma Power's Open Access Transmission Tariff (OATT), as well as the adoption of updated terms and conditions in Attachment O of the OATT to better reflect the current practices of the Western Energy Imbalance Market (WEIM).

BACKGROUND: Tacoma Power collects revenue from wholesale transmission customers who use our transmission system under the published OATT. The OATT contains rates for two types of transmission service: Network Integration and Point-To-Point, and six ancillary services related to transmission. The proposed rates are based on 2024 cost information. The annual transmission cost of service ("annual revenue requirement") increased by 34% over the last five years, a period with high inflation on both material and labor costs. Tacoma Power also proposes to update terms and conditions in Attachment O of the tariff to better reflect current practices of WEIM.

Currently, Tacoma Power only has one wholesale transmission customer: Bonneville Power Administration (BPA). BPA uses Tacoma Power's transmission system to deliver power to nine utilities, known as the Pierce County Mutuels. BPA pays Tacoma Power a proportional share of annual transmission costs based on BPA's energy deliveries to the Mutuels.

The current OATT rates, terms and conditions were approved by the Board in 2021 under Resolution U-11246. The rates were based on 2019 cost information. The terms and conditions were updated to accommodate Tacoma Power joining the WEIM in March 2022.

Schedule 2 "Reactive Supply and Voltage Control" charges are set at zero due to a recent federal rule (FERC Order 904). This order prohibits charges for "Reactive Supply and Voltage Control" (Schedule 2 below) when generator output remains within standard voltage ranges. Although it is generally not subject to Federal Energy Regulatory Commission (FERC) jurisdiction, Tacoma Power voluntarily follows FERC guidance on OATT rates, terms, and conditions as an industry best practice to ensure fair and non-discriminatory access. If future studies show deviations from standard voltage range, Tacoma Power may apply a cost-based rate for reactive power.



Board Action Memorandum

The following table shows the rates for various transmission services.

| Schedule | Service | Current | Proposed | Units | % Increase | |
|----------|----------------------------------------|--------------|--------------|-----------|------------|--------|
| | | | | | Total | Yearly |
| | Revenue Requirement | \$26,712,192 | \$35,814,047 | per Yr | 34% | 6.0% |
| 1 | Scheduling, System Control, & Dispatch | \$1.06 | \$1.22 | per MWh | 15% | 2.9% |
| 2 | Reactive Supply and Voltage Control | \$0.14 | \$0.00 | per MWh | -100% | -100% |
| 3 | Regulation and Frequency Response | \$0.52 | \$0.56 | per MWh | 8% | 1.5% |
| 5 | Operating Reserves - Spinning | \$20.48 | \$20.71 | per MWh | 1% | 0.2% |
| 6 | Operating Reserves - Supplemental | \$20.48 | \$20.71 | per MWh | 1% | 0.2% |
| 7 | Point-To-Point (Yearly) | \$19,626 | \$26,027 | per MW-Yr | 33% | 5.8% |
| 7 | Point-To-Point (Hourly) | \$3.93 | \$5.21 | per MWh | 33% | 5.8% |

Total revenue is expected to increase about \$2.6 million each year, depending on usage.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

IF THE EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW IT IS TO BE COVERED.

N/A

IF THE ACTION REQUESTED IS APPROVAL OF A CONTRACT, INCLUDE LANGUAGE IN RESOLUTION AUTHORIZING \$200,000 INCREASE IN ADMINISTRATIVE AUTHORITY TO DIRECTOR? No

ATTACHMENTS: Updated Tacoma Power's Open Access Transmission Tariff

CONTACT:

Primary Contact: Jing Liu, Rates & Forecasting Manager, Tacoma Power

Supervisor's Name: Ying Hall, Section Manager, Power Utility