



APPROVED 7/24/24

MINUTES
City of Tacoma
Public Utility Board Study Session
July 10, 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, Anita Gallagher, John O’Loughlin, William Bridges, Elly Claus-McGahan

Budget for TPU Shared Services

Ebony Peebles, Business Services Manager, provided an update on the budget timeline and a recap of the Board study session update from April 24. Common budget drivers are wage increase, benefit increases, and inflation. The shared services draft budgets and planned initiatives for the Director’s Office/Board, Customer Experience and External Affairs, and Management Services Office were detailed.

Tacoma Power: Cost of Service and Rates

Ray Johnson, Power Manager; Ellaine Hoff, Business Services Manager; Ying Hall, RPA Manager; and Jing Liu, Rates and Forecasting Manager, provided the information in this presentation. The Bonneville Power Administration (BPA) is expected impact the region with a larger than expected cost increase for their 2026-2028 rate period; Power’s BPA costs will be higher than expected so Power will need to adjust retail rates to recover the unexpected costs. The recommended system-wide rate adjustments of 5.3 percent each year of the new biennium were detailed. There was then an overview of the ratemaking process and review of the retail class breakdown. The results of the 2025/206 Cost-of-Service Analysis (COSA) were shared. Rate design and special rates (residential, commercial/industrial) were then detailed. Other rates and fees such as T&D inspection/permitting, electric vehicle public charging and electro fuels were summarized. The Board then discussed the policy question of whether or not the rate adjustments should be applied to the fixed rate, variable rate, or a combination of both.

Tacoma Power: Overview of Day Ahead Markets

Rick Applegate, Power Utility Manager, shared that a day-ahead market is a centralized market that coordinates across a regional footprint by having all participating revenues economically compete to serve aggregate customer load. Mr. Applegate then provided an overview of the reasons for a centralized market versus trading only bilaterally and

provided an overview of the CAISO and SPP markets. Key considerations in evaluating market options are governance, market design, footprint and transmission connectivity, and the Bonneville Power Administration. Mr. Applegate summarized his information by sharing that a centralized day-ahead market coordinates load service and generation resources across a broad regional footprint. CAISO's EDAM and SPP's Markets+ represent centralized day-ahead market options for Tacoma Power. Tacoma Power can benefit from participation in a day-ahead market, and ramifications of the two options may become clearer over the coming months. A decision to join a market would require Board authorization to execute a service agreement with a market operator, as well as additional resources to implement and sustain participation in a centralized day-ahead market.

Gross Earnings Tax on Grants

Director Flowers provided background on the issue of whether to place a gross earning tax on grants. This item may eventually come to the Board for a decision; a GPFC presentation will first be scheduled.

General Board Comments/Discussion and Director's Reports

Board Member Gallagher provided a Charter Review update. Board Member O'Loughlin expressed appreciation for Generation staff efforts to keep stakeholders informed and providing opportunities for feedback on the Cowlitz fishing issues.

Executive Session

Chair Watson moved to convene an executive session at 5:38 p.m. for up to 20 minutes to discuss pending/potential litigation (RCW 42.30.110(1)(i)); seconded by Mr. O'Loughlin. Voice vote taken and carried. Chair Watson announced after the conclusion of the executive session, the Board will not take further action and the study session would be adjourned. Chair Watson moved that the Clerk of the Board is authorized to adjourn the meeting; seconded by Mr. O'Loughlin. Voice vote taken and carried. The executive session was adjourned at 5:54 p.m.

Adjournment

The study session was adjourned at 5:54 p.m.

Approved:



John O'Loughlin
Chair



Elly Claus-McGahan
Secretary