



APPROVED 8/28/24

MINUTES
City of Tacoma
Public Utility Board Study Session
August 14, 2024
3:00 p.m.

Chair O'Loughlin 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: John O'Loughlin, Carlos Watson, William Bridges, Elly Claus-McGahan

Excused: Anita Gallagher

TPU Budget Outreach Efforts and Plans (Guiding Principle Four; GP4 Stakeholder Outreach) Update

John Gaines, Community Relations Manager, reviewed the budget and rates communications and outreach strategies. These strategies exist to provide transparent information about what drives rate adjustments and provides multiple options to encourage community members to engage in the public process. Dr. Gaines reviewed the virtual, hybrid, and in-person engagements which include neighborhood councils, block groups, trade organizations, and other government/franchise agencies. The self-serve budget information available to the public was summarized. These include social media, online access to the budget/rates page, and an online customer feedback portal. Other ways to keep customers informed, such as newsletters, bill inserts, newsletters, website, and fact sheets, were summarized. Dr. Gaines concluded by providing an overview of engagement tracking so far this year; as of August 8, there have been 156 total engagements.

Tacoma Rail: Rail Revenue and Rates

Dan McCabe, Rail Division Manager, began by outlining the sources of Rail Revenue: tariff based; agreement based; and interest income. Rail's primary rates come from line haul traffic (BNSF Railway, Union Pacific Railroad, and U.S. Oil Refining), switching, locomotive servicing, and demurrage. Rate risks and mitigation were reviewed. Risks include such things as line haul volumes, economy, assessments, inflation, and fuel expenses. Mitigation mechanisms include the rail volume investment funds, grants / loans, fuel surcharge, and experience with existing mandates. The preliminary budget, line haul rate analysis, line haul volumes, preliminary rate impacts, rates over time, and rate tariffs were detailed. Mr. McCabe concluded by reviewing the rates outreach and communication plan.

Tacoma Water: Budget, Long-Range Financial Plan, Cost-of-Service Analysis, and Rates

Jodi Collins, Financial Stewardship Manager, provided an overview of this topic including budget challenges and risks, budget drivers, budget impacts, cost savings, and mitigation. Alyssa Flores, Budget and Financial Lead, detailed the preliminary budget and that of the Regional Water Supply System. This included O&M, personnel, supplies, services, and capital. Andrew Zaremba, Sr. Utilities Economist, provided an overview of the preliminary revenue forecast and included details on non-rate revenue, forecasting accounts, and forecasting demand. Mr. Zaremba also detailed the cost-of-service analysis, customer classes, rate design, monthly bills, regional comparisons, and customer assistance. Lyna Vo, Sr. Utilities Economist then spoke to financial forecasting and provided the forecasting summary, base case scenarios, and long-range financial plan. Ms. Collins concluded by reviewing the budget and rates timeline.

General Board Comments/Discussion and Director’s Reports

Deputy Director Wortham summarized the Washington Families Clean Energy Grant Program. The program provides funds for a one-time \$200 credit on the power portion of utility bills for eligible Tacoma Power customers. This is a grant from the Climate Commitment Act (CCA). The funds are available to customers whose annual income does not exceed 150 percent of the area median income.

Executive Session

Chair O’Loughlin moved to convene an executive session at 5:35 p.m. for up to 25 minutes to discuss pending/potential litigation (RCW 42.30.110(1)(i); seconded by Mr. Bridges. Voice vote taken and carried. Chair O’Loughlin announced after the conclusion of the executive session, the Board will not take further action and the study session would be adjourned. Chair O’Loughlin moved that the Clerk of the Board is authorized to adjourn the meeting; seconded by Mr. Bridges. Voice vote taken and carried. The executive session was adjourned at 5:50 p.m.

Adjournment

The study session was adjourned at 5:50 p.m.

Approved:



John O’Loughlin
Chair



Elly Claus-McGahan
Secretary