



APPROVED 10/9/24

MINUTES  
City of Tacoma  
Public Utility Board Special Study Session  
September 30, 2024  
1:00 p.m.

Acting Chair Bridges called the Public Utility Board study session to order at 1:00 p.m. in the ground floor conference room (G1) of the Public Utilities Administration Building.

**Present:** William Bridges, Elly Claus-McGahan, Anita Gallagher

**Excused:** Carlos Watson, John O'Loughlin

**Tacoma Rail: Preliminary Budget and Rates Review**

Dan McCabe, Rail CIO/CFO, provided an overview of Rail's strategic plan, mission, and budget goals. Goals include safety, cost control, right-sized staff, locomotive fleet modernization, railroad infrastructure investments, and financial health/stability. Budget drivers and assumptions, rate risks and mitigation, budget comparisons, cost savings, review of preliminary budget, staff levels, capital investments and funding, debt service, revenue, rate policy, line haul analysis and volumes, rate impacts, and tariffs were detailed by Mr. McCabe. In summary, full-time employees are up from 114 to 120. Line haul volume increases are anticipated. Expense increases are attributed to employee wages and health benefits and assessments. Rail will actively participate in grants and low-finance loan programs. Rates are below the benchmark of other short line railroads; the proposed rate adjustments vary by traffic base.

**Tacoma Water: Preliminary Budget and Rates Review**

Heather Pennington, Interim Water Superintendent; Jodi Collins, Financial Stewardship Manager; and Alyssa Flores Brown, Budget & Financial Lead, presented the information in this presentation. An overview of budget development and cost efficiencies, budget assumptions and risks, budget comparisons, revenue, expenditures, personnel, capital, expenditures, long-range financial planning, rate proposals, and customer-assistance programs were detailed by the presenters. In summary, the water rate and financial policy and Board Guiding Principles inform the budget. Ongoing financial, operational, and infrastructure changes due to the mill closure have been included in the plan. High inflation and other cost increases have been included and cost efficiencies, including capital deferrals, use of reserves, and expense prioritization help mitigate impacts and maintain rates as low as is responsible. Gradualism minimizes rate impacts while preserving financial flexibility and stability. The projected rate impact for an average residential bill inside Tacoma is \$2.88 per month in 2025 and \$3.09 per month in 2026. Increased and expanded BCAP credits will offset rate adjustments and aid qualifying customers.

### **Tacoma Power: Preliminary Budget and Rates Review**

Chris Robinson, Power Superintendent; Michelle Rhubright, Budget & Financial Planning Manager; and Keeley Mauro, Budget Manager, presented the information in this presentation. An overview of pressures and opportunities was presented. This was followed by details on budget highlights, rate mitigation, financial assumptions, budget development, personnel expenses, FTE requests, budget comparisons, revenue, expenditures, purchased power, capital projects, proposed rate adjustments and those of peer utilities, and financial strategy/financial metrics. In summary, Power's proposed budget supports utility operational needs, Board Guiding Principles, and Power's strategic plan. It maintains required financial metrics. Inflation is significantly driving up both O&M and capital costs for labor and materials. Actions have been taken to manage costs and reduce revenue needs. The overall system average retail rate increase for 2025/2026 is 5.3 percent.

### **Tacoma Power: Wildfire Mitigation Plan Review**

Joe Wilson, T&D Manager, and John Nierenberg, T&D Assistant Manager, presented the information in this presentation. The Wildfire Mitigation Plan (WMP) is a document that describes how an electric utility will work to reduce the risk of its assets and operations starting or contributing to a catastrophic wildfire. In 2023, the Washington State Legislature passed HB 1032 which requires all Washington State investor and consumer-owned utilities to file a WMP with the Washington Department of Natural Resources (DNR) by October 31, 2024. An assessment of risks for wildfire hazard potential and response plan were reviewed. Power's mitigation efforts were then summarized. These include asset management assessments and inspections, grid design and system hardening, vegetation management, incident command system, system operations practices, and electrical system protection. Public Safety Power Shutoffs (PSPS) were then discussed. During high-risk wildfire weather conditions or in cooperation with local fire authorities, Tacoma Power may temporarily shut off power lines in specific areas. This is called Public Safety Power Shutoffs and it's a measure of last resort to keep the community safe or for a specific emergency response. Staff will come to a future Board meeting to seek approval of Power's first WMP. Power will continue to meet with regional electric utilities and emergency service providers, deepen assessment of risks, and build out its communication plans.

### **Adjournment**

The special study session was adjourned at 3:18 p.m. Approved:



John O'Loughlin  
Chair



Elly Claus-McGahan  
Secretary