2021-2022 University Place Rates

TACOMA CITY COUNCIL MEETING
FEBRUARY 23, 2021
• **University Place Utility Tax**
  The City of University Place approved a utility tax on gross revenue from Tacoma Power and Water customers in that jurisdiction.

• **Effective Date**
  The tax is 3% effective April 1, 2021 to March 31, 2022, and 6% effective April 1, 2022 and thereafter.

• **Request**
  Rate adjustment to pass through the additional tax to University Place customers as a cost of service.

• **If No Action**
  The cost of the University Place taxes will be borne by all Tacoma Power and Tacoma Water customers, instead of only customers in the University Place.
**CASE LAW & LEGAL CONSIDERATIONS**

- **Lakehaven Water & Sewer District v. City of Federal Way**
  Rejected a challenge to a City’s authority to impose water utility taxes on Public Utility Districts

- **Tacoma Public Utility Board | Resolution No. U-11237**
  Costs associated with utility tax increases should be passed on as rate increases to customers of the relevant jurisdiction (aligns with cost-of-service principles)

- **City of University Place | Ordinance No. 737**
  Imposes a utility tax on electrical services, sewerage and water services within University Place

- **TPU Request**
  Approval of revised 2021-2022 University Place power and water rates
Cost-of-service utilities set rates based on cost causation:

- **Tax on Tax Impact**
  - Tax is on *gross* revenues, which include revenues that will be used to pay taxes
  - All taxes are applied concurrently, so if revenue is increased to pay one tax (UP), additional tax liability will be incurred for other revenue taxes (GET, State Utility Tax)

- **Effective Tax Rates**
  - **Power**: UP rates must increase by 3.50% to make up for a 3.0% additional tax, and by 7.26% to make up for a 6.0% additional tax
  - **Water**: UP rates must increase by 3.6% to make up for a 3.0% additional tax, and by 7.4% to make up for a 6.0% additional tax
### AVERAGE MONTHLY POWER & WATER BILL

### Comparing System Average to University Place Rate Adjustments

<table>
<thead>
<tr>
<th>Year</th>
<th>Base</th>
<th>University Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$141.21</td>
<td>$141.21</td>
</tr>
<tr>
<td>2021</td>
<td>$143.32</td>
<td>$147.95</td>
</tr>
<tr>
<td>2022</td>
<td>$146.19</td>
<td>$156.42</td>
</tr>
</tbody>
</table>

The lighter shades at the bottom represent the monthly impact of new rates by year end after all rate changes have been implemented. These projections assume an average family consumes 928.5 kWh of power and 6 CCF in winter months/9 CCF in summer months of water. Actual bills may vary based on consumption.
BILLING INVOICE EXAMPLE

Billing period - 9/23/20 to 11/20/20 (59 days)
Issue date 11/23/20

Tacoma Power

<table>
<thead>
<tr>
<th>Meter #</th>
<th>kWh</th>
<th>Rate</th>
<th>Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy* 3600@$0.045351/kWh</td>
<td>1632.26</td>
<td>$0.045351/kWh</td>
<td>$7.40</td>
</tr>
<tr>
<td>Distribution* 3600@$0.035353/kWh</td>
<td>127.27</td>
<td>$0.035353/kWh</td>
<td>$4.46</td>
</tr>
<tr>
<td>Fixed charge @ $17.30/month</td>
<td>214.60</td>
<td>$17.30/month</td>
<td>$34.60</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$325.13</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Taxes included in your power service:
Tacoma gross earnings - 7.5% - $24.38
State Public Utility - 3.8734% - $12.59
University Place Utility - 3.0% - $9.75

*The energy charge is for producing electricity. The distribution charge is for delivering that electricity to you.

Tacoma Water

<table>
<thead>
<tr>
<th>Meter #</th>
<th>ccf</th>
<th>Rate</th>
<th>Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summer Tier 1_ 1.000@$2.558000/ccf</td>
<td>2.56</td>
<td>$2.558000/ccf</td>
<td>$6.54</td>
</tr>
<tr>
<td>Summer Tier 2_ 3.150@$3.198000/ccf</td>
<td>10.07</td>
<td>$3.198000/ccf</td>
<td>$31.63</td>
</tr>
<tr>
<td>26.5200@$2.558000/ccf</td>
<td>67.84</td>
<td>$2.558000/ccf</td>
<td>$172.24</td>
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<tr>
<td>Fixed Charge @ $30.21/month</td>
<td>60.42</td>
<td>$30.21/month</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$140.89</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Taxes included in your water service:
Tacoma gross earnings - 8.0% - $11.27
State Public Utility - 5.029% - $7.09
University Place Utility - 3.0% - $4.23

Power use
This billing period 3600.00 kWh
Last year 3200.00 kWh
Difference +400.00 kWh

Water use
(1 ccf = 748 gallons)
This billing period 30.670 ccf
Last year 1.100 ccf
Difference +29.570 ccf

Current read 8725
Last read 9965
Multiplier 10
Billed Use 3600

Current read 2799.880
Last read 2795.730
Billed Use 1.000

Current read 2826.400
Last read 2799.880
Billed Use 26.520

Sample Bill

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NEXT STEPS

**Outreach**
Billing messages, letters, website

**Informational Briefing**
GPFC

**First Reading**
City Council Meeting

**Second Reading**
City Council Meeting
2021-2022 University Place Rates

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