



# 2021-2022 University Place Rates

**TACOMA POWER**  
TACOMA PUBLIC UTILITIES

**TACOMA WATER**  
TACOMA PUBLIC UTILITIES

**TACOMA CITY COUNCIL MEETING**  
**FEBRUARY 23, 2021**



# ●●● OVERVIEW

- 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 & RATE- DESIGN



## 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**

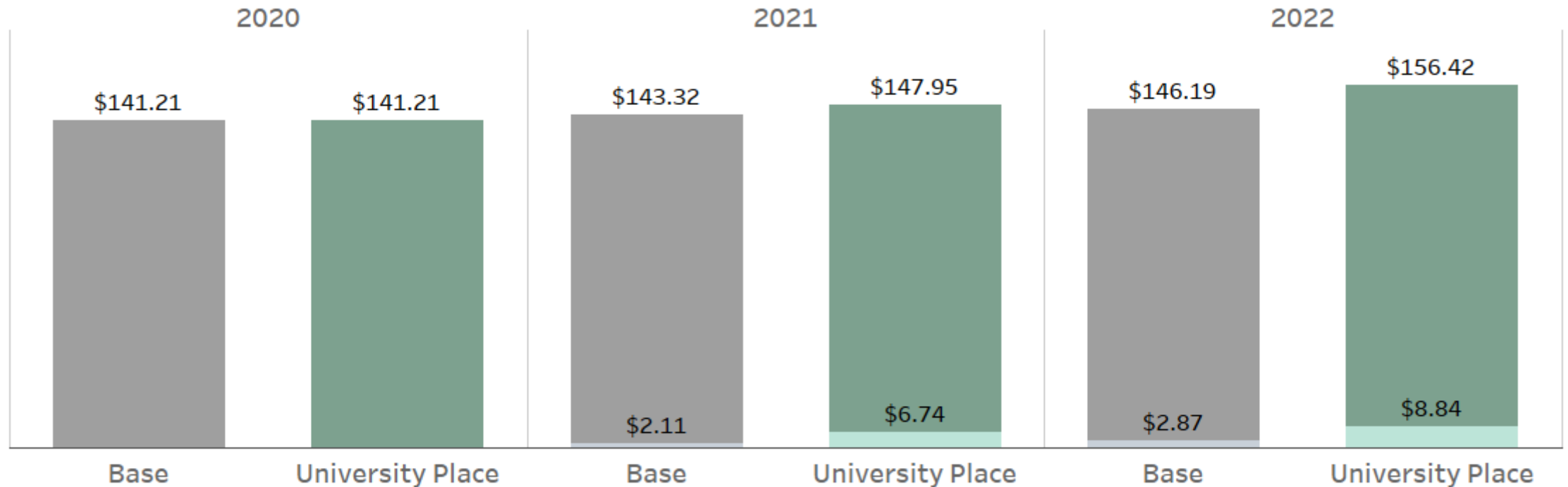
- **Power**: UP rates must increase by **3.50%** to make up for a **3.0%** additional tax, and by **7.26%** to make up for a **6.0%** additional tax
- **Water**: UP rates must increase by **3.6%** to make up for a **3.0%** additional tax, and by **7.4%** to make up for a **6.0%** additional tax

# AVERAGE MONTHLY POWER & WATER



## BILL

### Comparing System Average to University Place Rate Adjustments



*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

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## Tacoma Power

Meter # [REDACTED]

Energy* 3600@\$0.045351/kWh	\$163.26
Distribution* 3600@\$0.035353/kWh	\$127.27
Fixed charge @\$17.30/month	\$34.60
<b>Total</b>	<b>\$325.13</b>

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.

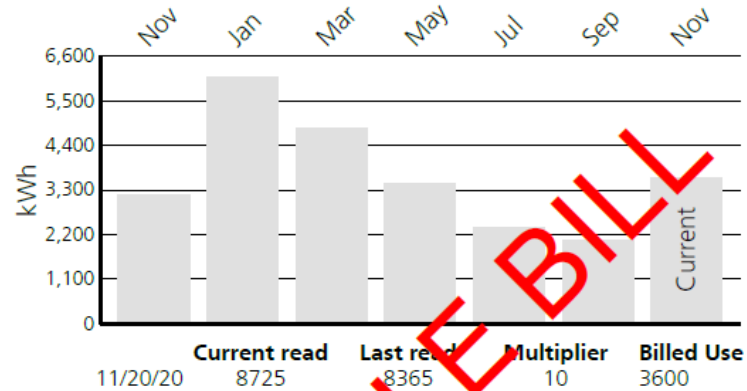


## Tacoma Water

Meter # [REDACTED]

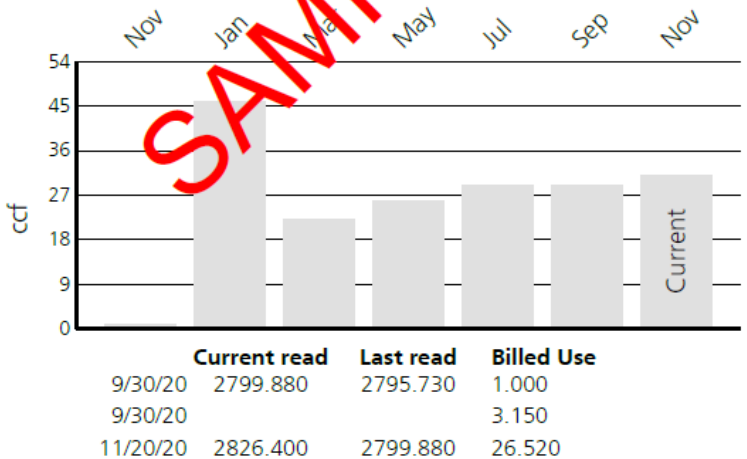
Summer Tier 1_ 1.000@\$2.558000/ccf	\$2.56
Summer Tier 2_ 3.150@\$3.198000/ccf	\$10.07
26.520@\$2.558000/ccf	\$67.84
Fixed Charge @\$30.21/month	\$60.42
<b>Total</b>	<b>\$140.89</b>

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**

# ● ● ● NEXT STEPS

FEB  
+  
MAR

## Outreach

Billing messages, letters,  
website

FEB  
16

## Informational Briefing GPFC

FEB  
23

## First Reading

City Council Meeting

MAR  
2

## Second Reading City Council Meeting



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