

PUBLIC UTILITY BOARD GUIDING PRINCIPLE



RESOURCE STEWARDSHIP & SUSTAINABILITY

RESOLUTION U-11576



OUR PURPOSE

Tacoma Public Utilities is committed to delivering reliable and affordable services by integrating sustainable practices, maintaining financial stability, building resilience to on-going and future challenges, maximizing value of assets, and strategically managing resources to meet current and future needs.

GUIDING PRINCIPLES

In order to ensure resilient and affordable services, TPU will focus on:



SUSTAINABILITY

Drive toward carbon neutrality in both how TPU operates and in the services TPU provides through a variety of means including integrating renewable resources when prudent; decreasing consumption; increasing efficiency of use and production; stewarding wildlands and natural resources; supporting City of Tacoma Climate Action Plan as appropriate.



FINANCIAL SUSTAINABILITY

Ensure responsible financial management in order to provide fair pricing and affordable services.



RESILIENCE

Anticipate and adapt to externalities including climate change, market shifts, regulatory changes, and infrastructure risks.

OUTCOMES

SUSTAINABILITY

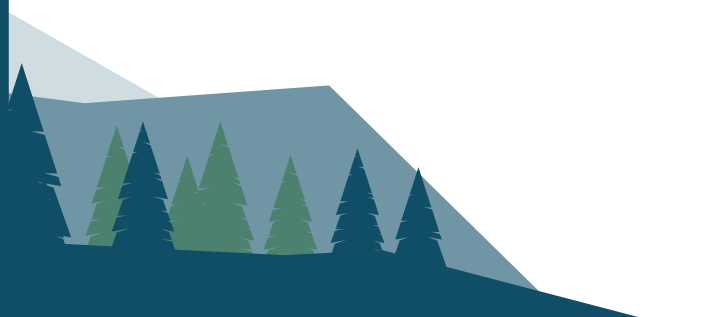
Drive toward carbon neutrality and sustainable natural resource consumption in both how TPU operates and in the services TPU provides through a variety of means.

- 1. Carbon-free Energy:** adopt renewable energy where prudent as well as protect current hydroelectric power resources and set clear goals for carbon neutrality.
- 2. Conservation:** develop and sustain programs for energy or water savings including demand side management tools, price signals, other best practices as well as waste reduction in utility operations.
- 3. Natural Resource Management:** conduct operations in a manner to protect and mitigate impacts on natural resources including air quality, water, fish, and forest management.

FINANCIAL SUSTAINABILITY

Provide responsible financial management in order to ensure fair pricing and affordability.

- 1. Financial Planning:** develop and maintain Long Range Financial Plan (LRFP) as well as capital and strategic plans.
- 2. Cost Management:** regularly assess labor, material, and process costs to ensure optimization of the total life cycle cost of asset ownership while providing the target level of service.
- 3. Rate Structures:** provide fair and flexible options that encourage conservation and decarbonization while ensuring affordability and costs align for benefits received for all customer segments.



OUTCOMES *CONTINUED*

RESILIENCE

Anticipate and adapt to externalities including climate change, market shifts, regulatory changes and infrastructure risks.

1. **Asset Management:** use up-to-date enterprise systems to track age, maintenance activities (preventative and corrective), risks, failure analysis, cost, and priorities to inform investment decisions and modernization of critical assets.
2. **Emergency Planning:** conduct contingency planning for natural disasters, supply chain interruption, Continuity of Operations, and other unplanned disruptions to operations.
3. **Resource Adequacy Planning:** strategically plan for resource acquisition, research of and prudent implementation of new technologies, and strategic regional and local partnerships.
4. **Innovation:** strategically adopt new technologies, ideas, market opportunities and scientific methodologies as appropriate.

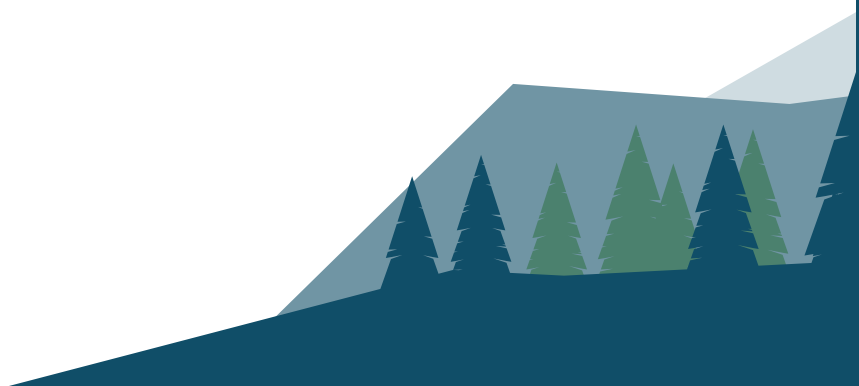
MEASUREMENTS

SUSTAINABILITY

- **Conservation programs** performance for operating divisions.
- **Renewable energy** and any demand side management programs performance.
- **Report progress on ongoing TPU and joint TPU-General Government initiatives** related to environmental stewardship, waste reduction, and climate change including the Climate Action Plan with emphasis on components relevant to TPU utility operations.
- **Track community outreach and communication activities** related to environmental stewardship, customer rebates, water programs including watershed initiatives, decarbonization and electrification as well as customer participation in programs.

FINANCIAL SUSTAINABILITY

- **Long Range Financial Plans** for operating divisions
- **Budget Performance and Forecast to Actual** (revenues and expenditures)
- **Debt Service Coverage**
- **Days Cash on Hand** (based on budgeted expenditures)
- **Debt to Total Assets**
- **Quarterly financial outlooks**
- **Capital expenditures**



MEASUREMENTS *CONTINUED*

RESILIENCE

- **Integrated Resource Plans (IRP) for Tacoma Power every two years and Tacoma Water every five years.** Any anticipated changes in integrated resource planning, issues and/or opportunities reported as needed.
- **Tacoma Rail expects to deliver intermodal trains at least 95% on-time and will deliver commercial carloads at least 85% on-time.**
- **Tacoma Water Resource Adequacy Standard is one mandatory curtailment in 25 years.** Using the Water Yield and Supply Demand Model (WYSDM), developed with the 2018 Water IRP and regularly updated, the long-term mix of supply resources to meet the Resource Adequacy Standard shall be identified annually.
- **Tacoma Water will maintain compliance with state and federal drinking water regulations** 100% of the time.
- **TPU will annually calculate the outage frequency and duration measures using industry-standard methods and report.**
- **TPU will track Customer Satisfaction regarding restoration of utility services** after disruptions as one measure of effectiveness of planning and resiliency.
- **Emergency Management will track the number of incident activations and notifications,** categorized by type and severity, compared annually.
- **Review of foundational emergency management plans and procedures** including an annual review of the COOP, as needed updates on EM policies, Incident Command Job Aids, and EOP—to verify TPU readiness, ensure alignment with current guidance, and incorporate lessons learned.

REPORTING FREQUENCY



- **Annually** or as otherwise appropriate.
- **Quarterly** financial reporting provided in Board reports.
- Updates on sustainability, financial sustainability, and/or resilience initiatives will **occur on an as needed basis.**

