

TPU Budget & Rate Process Improvement

July 23, 2025



Agenda



- Why & Why now?
- Current State – 2024 Budget & Rate Development
- Future State – What changed?
- What's next?

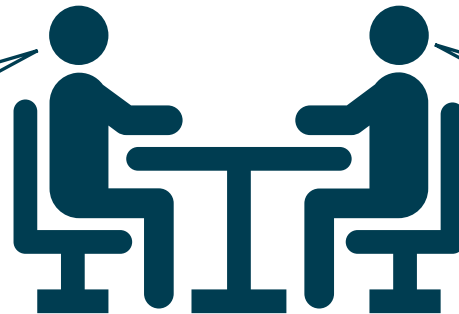
Why and Why Now?

Why - Feedback from Policy Makers

What decisions can we as Board influence? 🤔

- Can we make suggestions or additions to the budget?
- It felt really late in the game to make any adjustment for budget and rate
- What options do we have in rate decision?

Information seemed out of sequence
– rate before budget? 🤔



😞
A lot of information all at the same time
and hard to decipher a decision point

No more how to “make pies” 🤔

Why Now



- Help prepare for 2027-28 budget & rate development starting with Board Retreat in December 2025
- Clear timeline and presentation expectation to aid decision-making for policy makers
- Incorporate Continuous Improvement approach to TPU Budget & Rate Process

Current State

Project Management Approach



Project Charter

Sponsor:	Director Flowers
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Core Team:	Lead: Alex Yoon
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	Power: Ying Hall
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	Water: Dana Larsen
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	Rail: Dan McCabe
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	Shared Services: Ebony Peebles
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Team Members:	Budget & Rate Staff from Power, Water, Rail, CXEA & MSO
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Stakeholder Engagement



Public Utility Board & ELT

- Discussed Project Charter & Deliverable
- Discussed what the Board is looking for in Budget & Rate Development Process
- The Board requested more transparency on Capital Projects

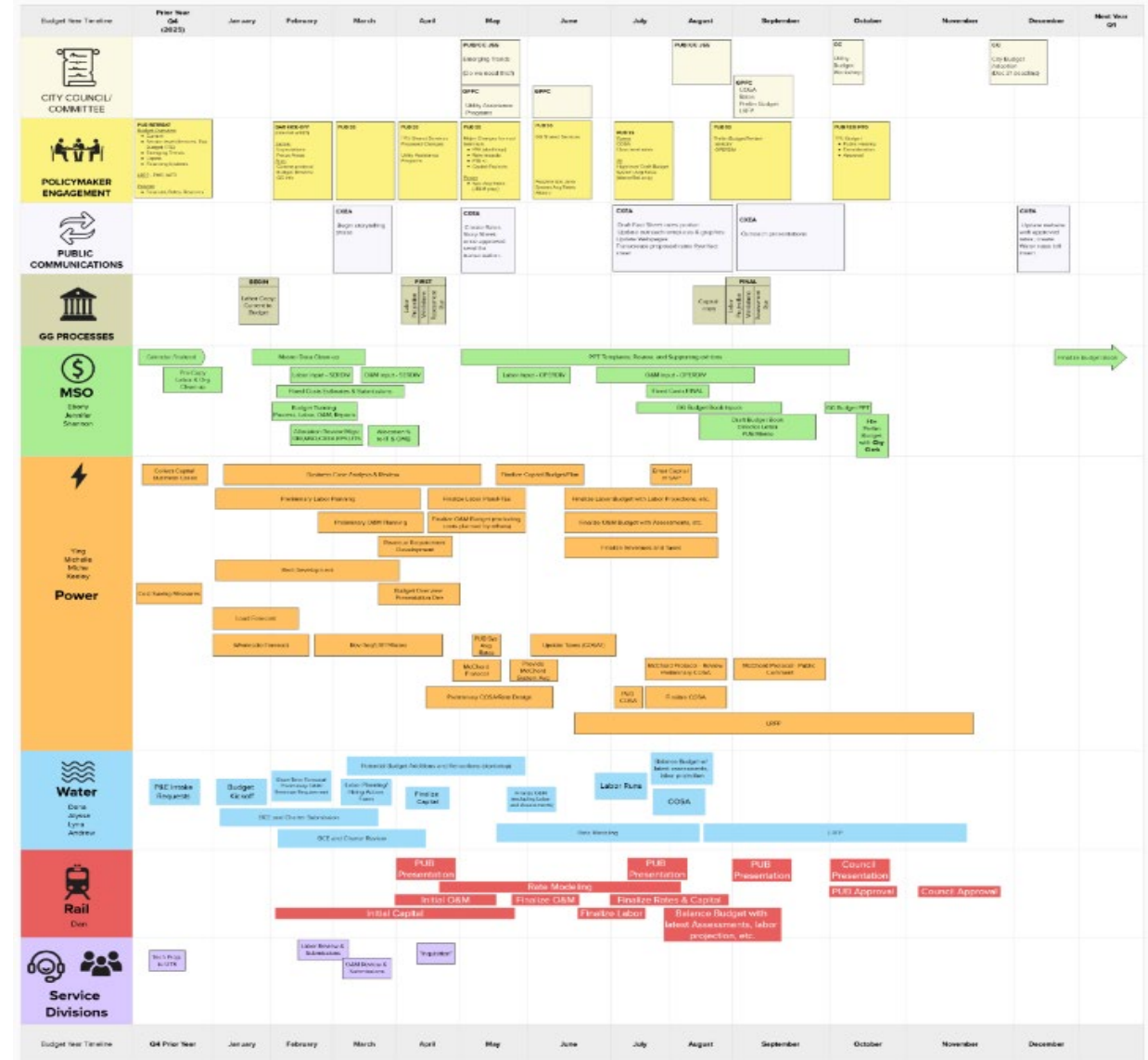
Hotwash w/Budget & Rates Teams

- Went through what went well and what can be improved
- Staff spent a lot of time preparing for budget & rate presentations @ PUB, GPFC, ELT, GG&TPU Directors, etc.

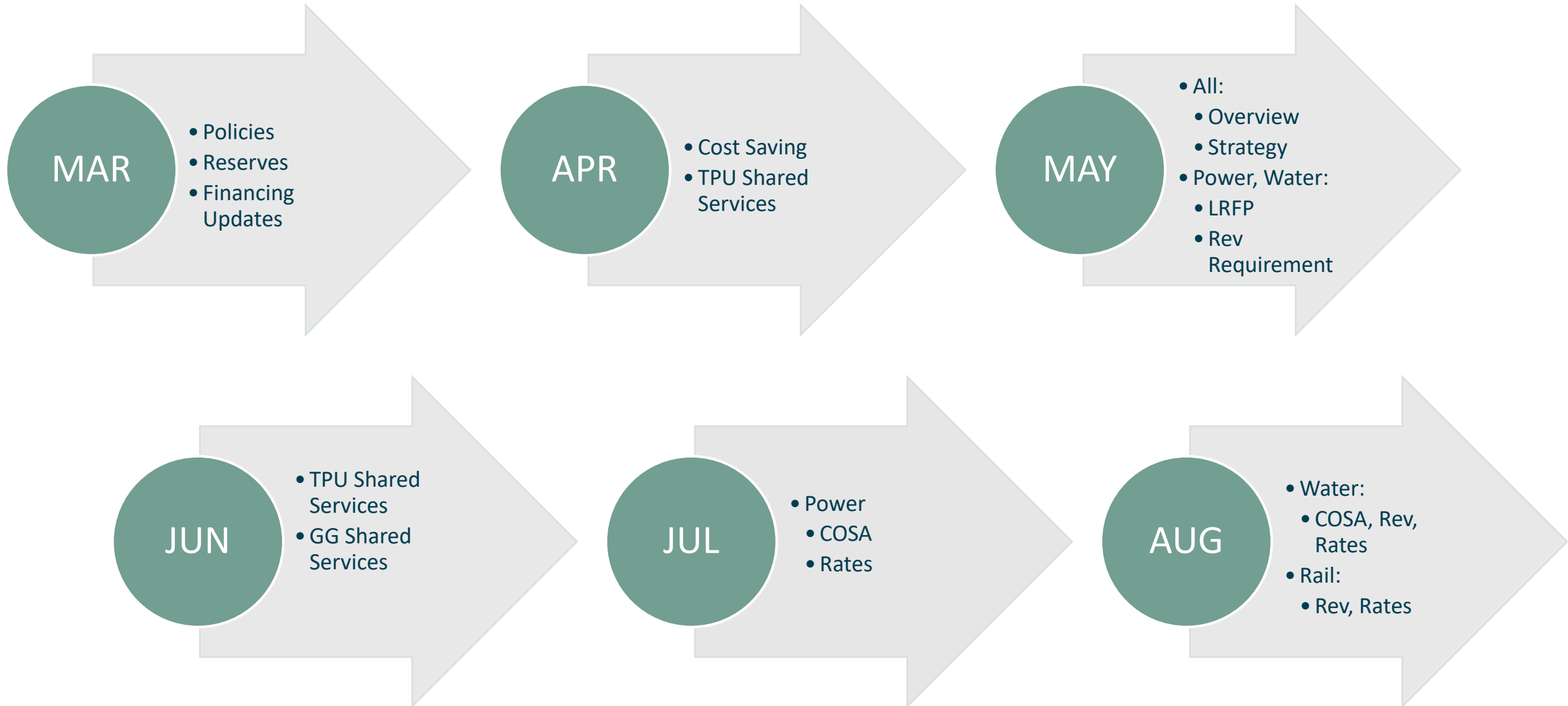
Current State Exercise (2024)



- Current State is based on 2025-26 Budget Development Process in 2024
- Capturing what each division does and when we come to PUB & City Council
- Bottomline: How can we improve on delivering our Budget & Rate stories?



Timeline of Current State



Future State

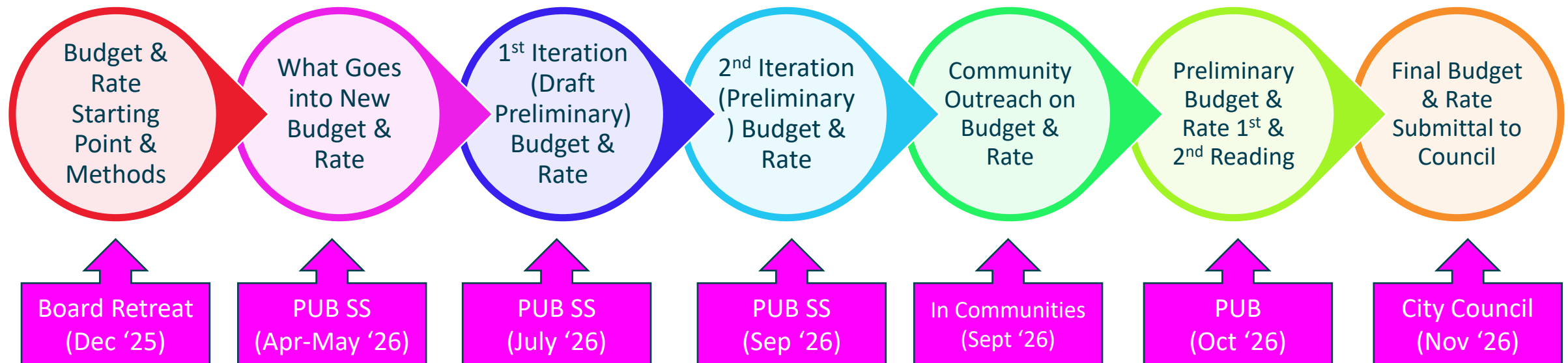
Objective



- Provide adequate information for policymakers to make an informed decision
- Present information in a sequential and logical manner
- Separate the HOW from the WHAT
- Show estimated budget sooner for decision making

<u>HOW:</u> Processes & Deep Dive Topics	<u>WHAT:</u> is in (or impacting) the budget and rates?
<ul style="list-style-type: none">• Policies	<ul style="list-style-type: none">• Services Provided
<ul style="list-style-type: none">• Rate Development	<ul style="list-style-type: none">• Program/Service Changes (continue, start, stop)
<ul style="list-style-type: none">• Long Range Financial Plan	<ul style="list-style-type: none">• Assumptions (wages, benefits, etc.)
<ul style="list-style-type: none">• Rate Making Fundamentals	<ul style="list-style-type: none">• Capital Projects

Future State (2025-26)



Future State Changes



- Bring all background information on Budget & Rate @ Budget & Rate Retreat with Board:
 - Budget & Rate Starting Point – 2025-2026 Budget & Rates
 - Capital Plan (5-10 Years) and how to prioritize capital
 - Cost Saving Measures
 - Emerging needs to consider in next biennial budget
 - Methods and Assumptions used in COSA & LRFP
- Bring individual changes – add, reduction, repurpose – related with budget & rate for awareness and consideration
- Building up TPU Stories for new biennial budget & rate
- Condensing presentation for the Board for decision-making process
- Draft budget & rate presented by July to give more time for Board review and discussion in August/September for final decision making in October

Future State (2025) - Details

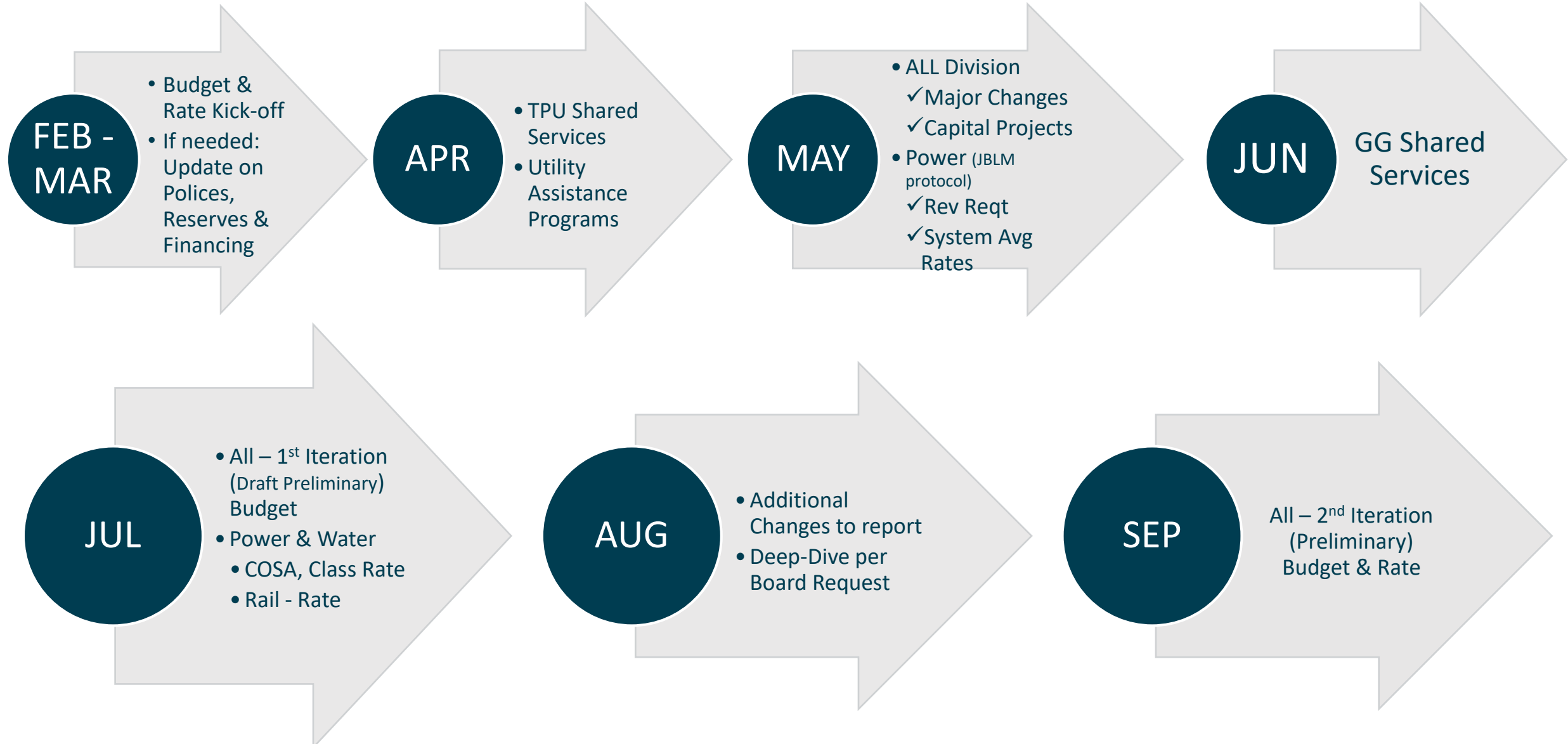


Q4

PUB Retreat

- Budget Overview
 - ✓ 2025-26 Budget
 - ✓ Section Expenditures & FTE
 - ✓ Highlight Section Programs & Services
- Emerging Trends
- Capital Plan – 5 to 10 Yr
- Financial Policies & Reserves
- Upcoming Financing
- Cost Saving Measures
- Rate Making Fundamentals

Future State (2026/Budget Year) - Details



Benefits of Future State



- Build TPU Budget & Rate **stories** throughout the Budget & Rate Development Process
- Give **more time** for Board Consideration and Decision Making
- Reduce amount of presentations
- Be more **succinct** on decision making phases
- Give staff **more time** for their analysis and attention to budget & rate workload

What's Next

Next Steps



- Upon Board approval & feedback, work with Budget & Rate staff to develop presentation templates based on proposed changes
- Start preparing for 2027 & 2028 Budget & Rate process including Board Retreat in December 2025

- Do you approve of the direction of Budget & Rate Process?
- Any feedback you would like to provide?