

# UTILITY ASSISTANCE PROGRAMS - UPDATE

July 24, 2019

Francine Artis

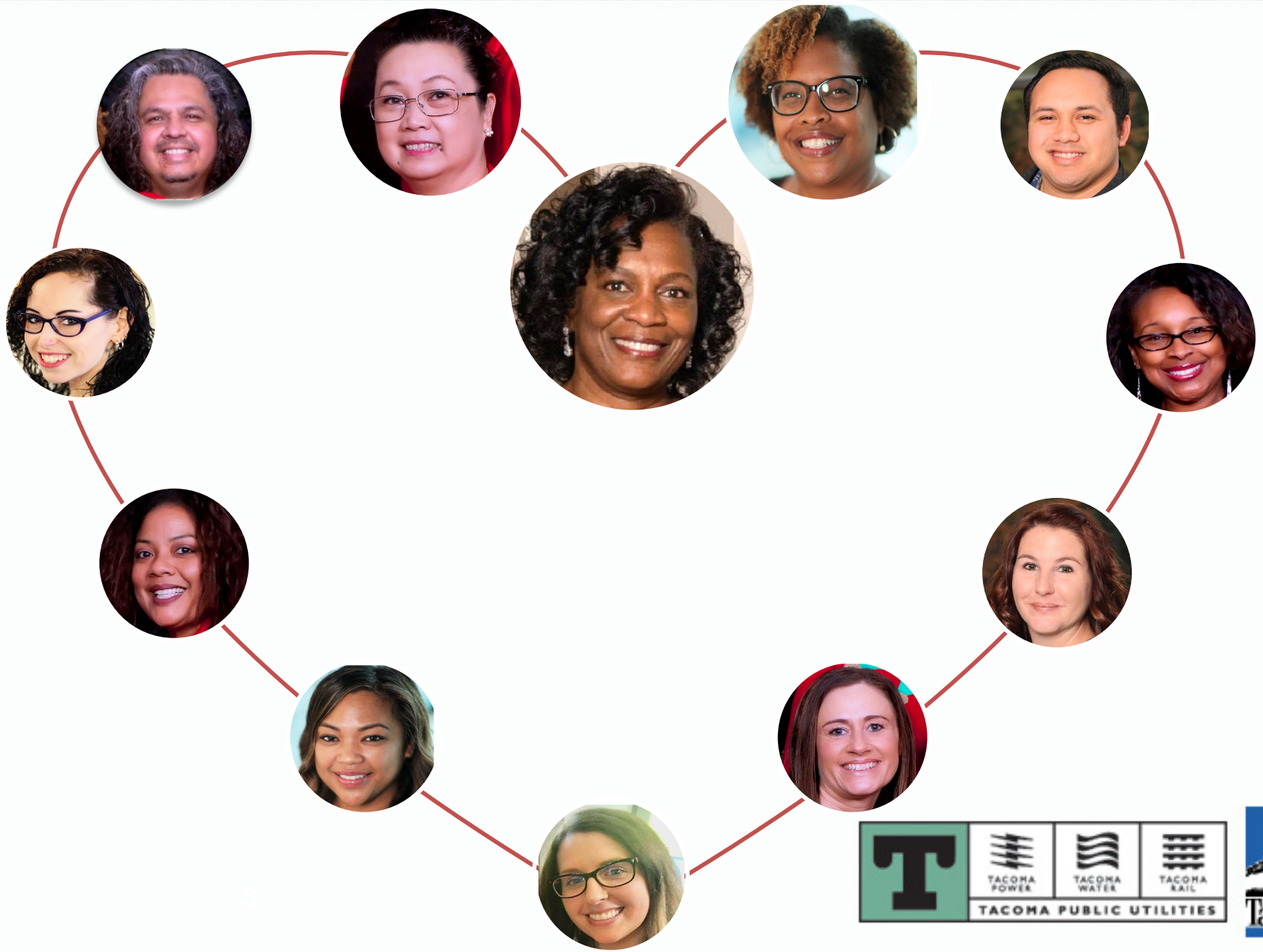


# CUSTOMER SOLUTIONS OFFICE

## What is the Customer Solutions Office?

- A team of **12** Customer Services employees dedicated to working with seniors, customers with disabilities, and households with limited incomes who are seeking help with their utility bills.
- We work closely with our customers and community partners to provide a holistic approach to providing assistance for utilities provided through TPU and Environmental Services.

# CUSTOMER SOLUTIONS TEAM



# CURRENT UTILITY ASSISTANCE PROGRAMS



## Bill Credit Assistance Plan

Up to \$564 per year\*



## Discount Rate Program

30% Discount



## Financial Education Credit

One-time bill credit  
Up to \$160\*\*

\*Credits are based on the number of services billed directly from TPU.

\*\* Completion of approved financial education program.

# HALF-YEAR REPORT & COMPARISONS

## Bill Credit Assistance Plan (BCAP)

January – June 2018 vs 2019

Activity	2018	2019	Difference	Total Active Accounts
	Customers	Customers		
New Enrollments	121	1,061	777% ↑	1,254

Activity	2018	2019	Difference
	Dollars	Dollars	
Credits Earned	\$47,535	\$101,290	113% ↑

# HALF-YEAR REPORT & COMPARISONS

## Discount Rate Program

January – June 2018 vs 2019

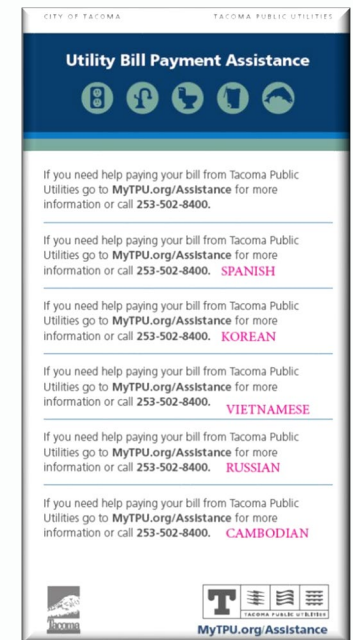
Activity	2018	2019	Difference	Total Active Accounts
	Customers	Customers		
New Enrollments	381	643	69% ↑	5,295

Activity	2018	2019	Difference
	Dollars	Dollars	
Discounts	\$1,657,539	\$1,711,929	3% ↑



# MARKETING & OUTREACH

## Banners, Counter Stands, Posters & Table clothes

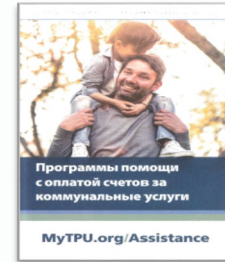


# MARKETING & OUTREACH

## Brochures



English



Russian

Khmer



Spanish



Korean

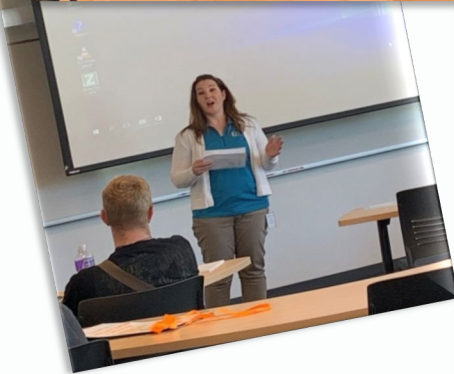


Vietnamese



# MARKETING & OUTREACH

## Community Events



# IN THE WORKS

## Information being researched for future consideration

- **Income Guidelines – Researching using Washington State Median Income vs Federal Poverty Guidelines.**
- **Customer Donations – Reviewing possibility of expanding customer donations to be used for all utility services.**

# CONTACT INFORMATION

**Tacoma Public Utilities  
Customer Solutions Office**

**3628 South 35<sup>th</sup> Street**

**Tacoma, WA 98409**

**Phone: 253-502-8400**

**Website: [MyTPU.org/Assistance](http://MyTPU.org/Assistance)**



# Tacoma Power

## Energy Risk Management/Power Supply Update – Q2'2019

**Ying Hall**  
Energy Risk Manager

**Todd Lloyd**  
Assistant Power Manager, Resource Operations & Trading

July 24, 2019

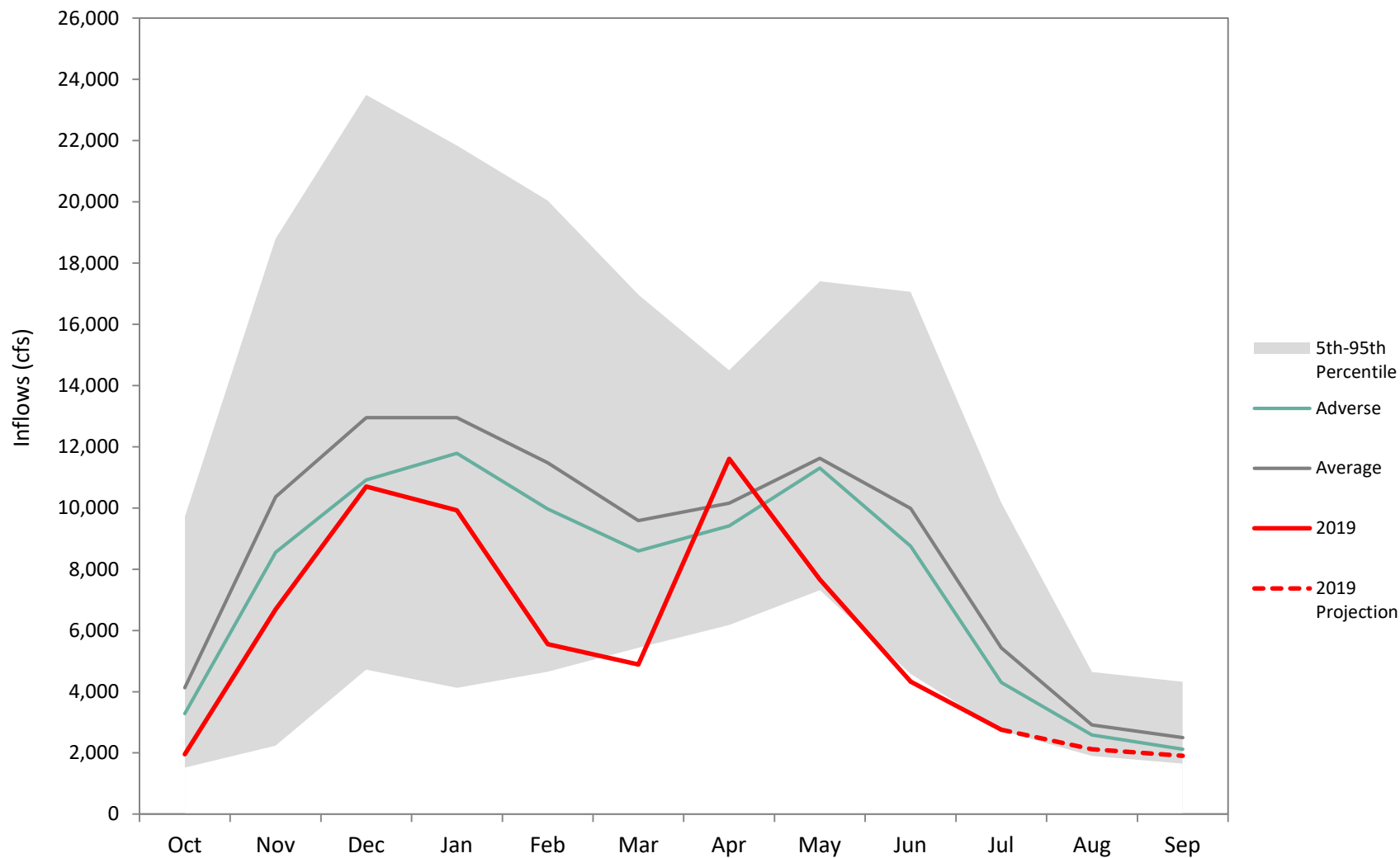


# Power Supply

## Section 1

## Power Supply Update

Graph 1: Tacoma System Flows Near 5<sup>th</sup> Percentile for May through July  
(Tacoma System Hydro Flows, Water Year 1929 – 2019)

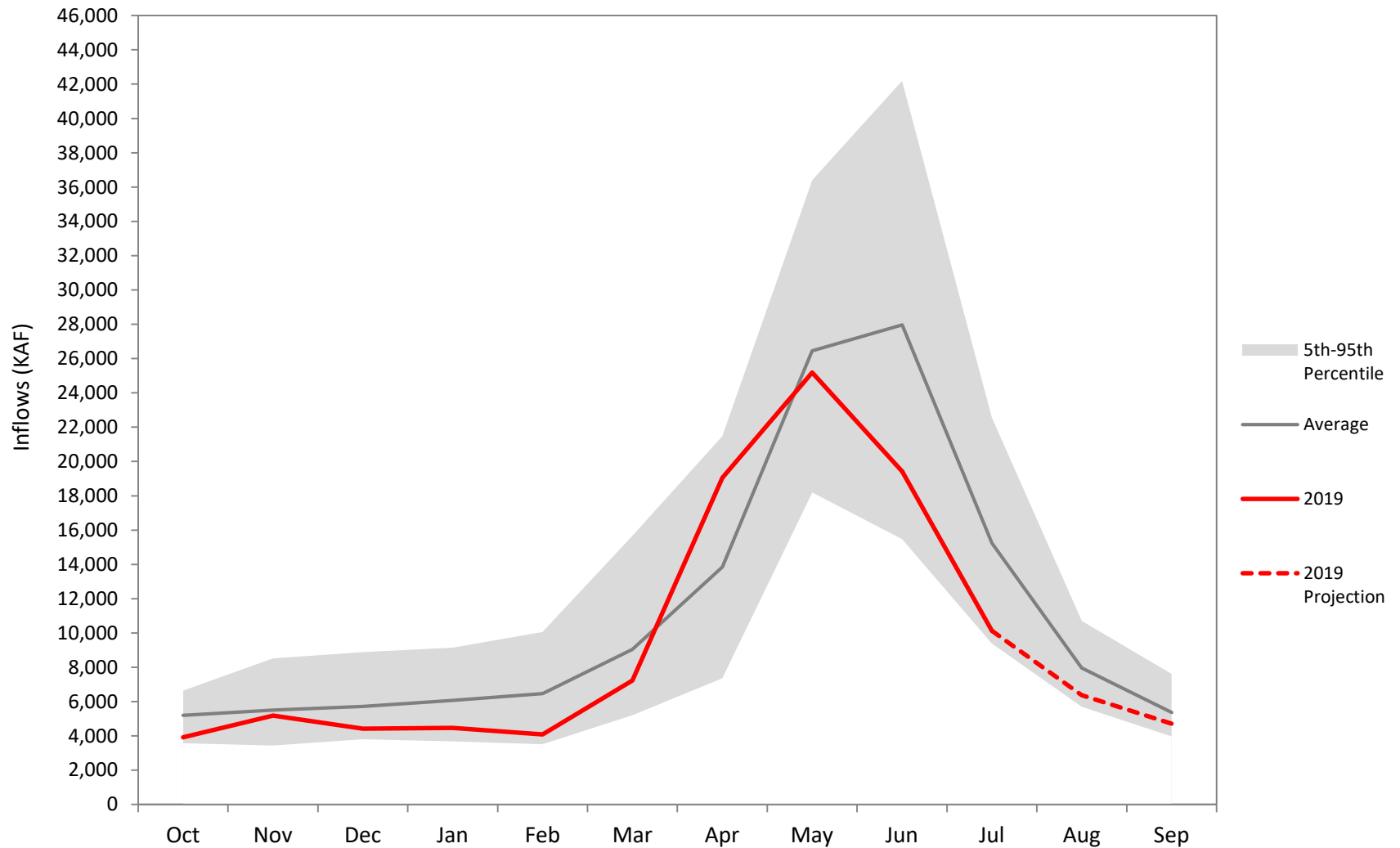




## Power Supply Update

### Graph 2: Federal System Flows Have Been Below Average

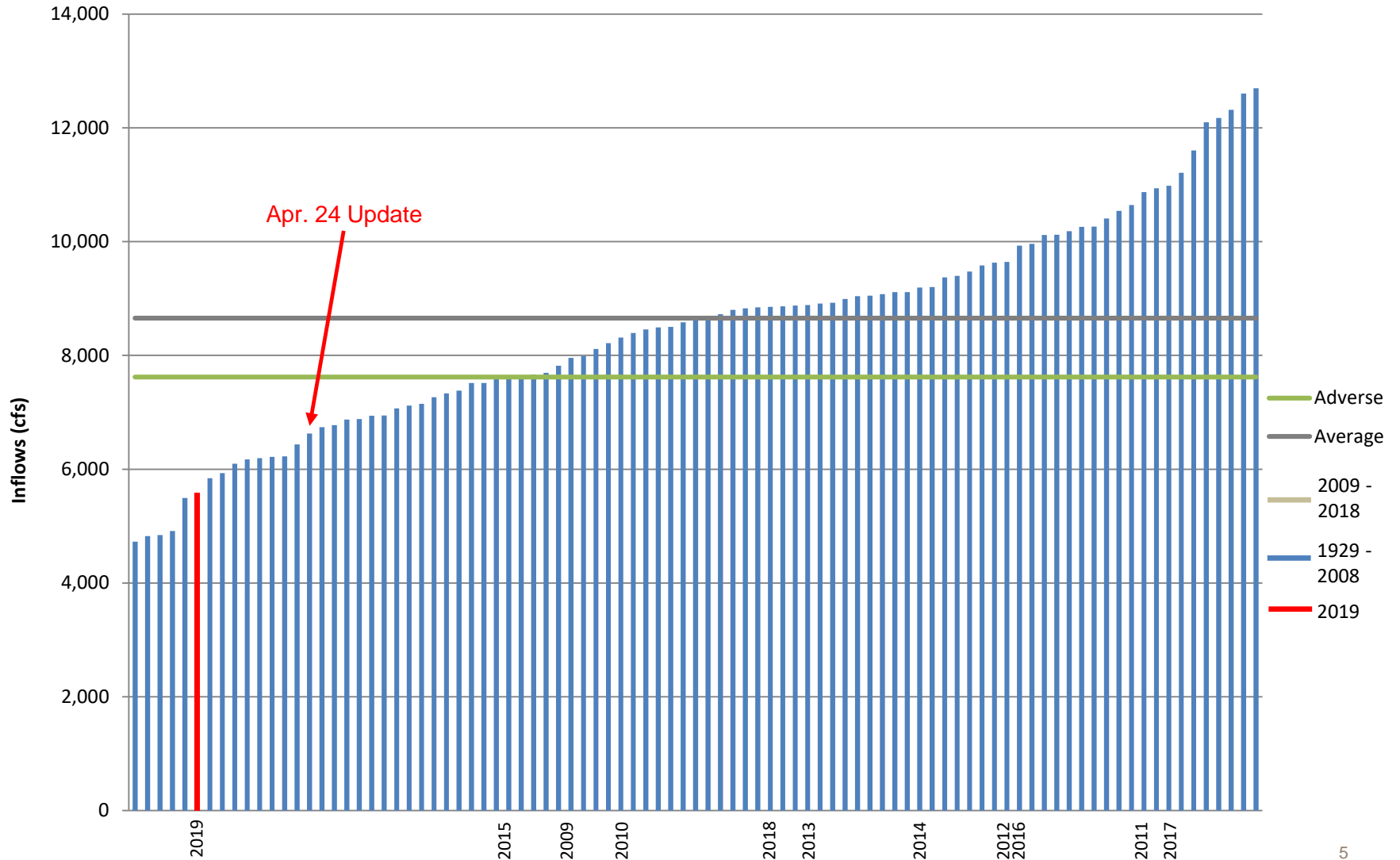
(Federal System Hydro Flows, Water Year 1961 – 2019)



## Power Supply Update

### Graph 3: 2019 Tacoma System Flows are Nearing Lowest on Record

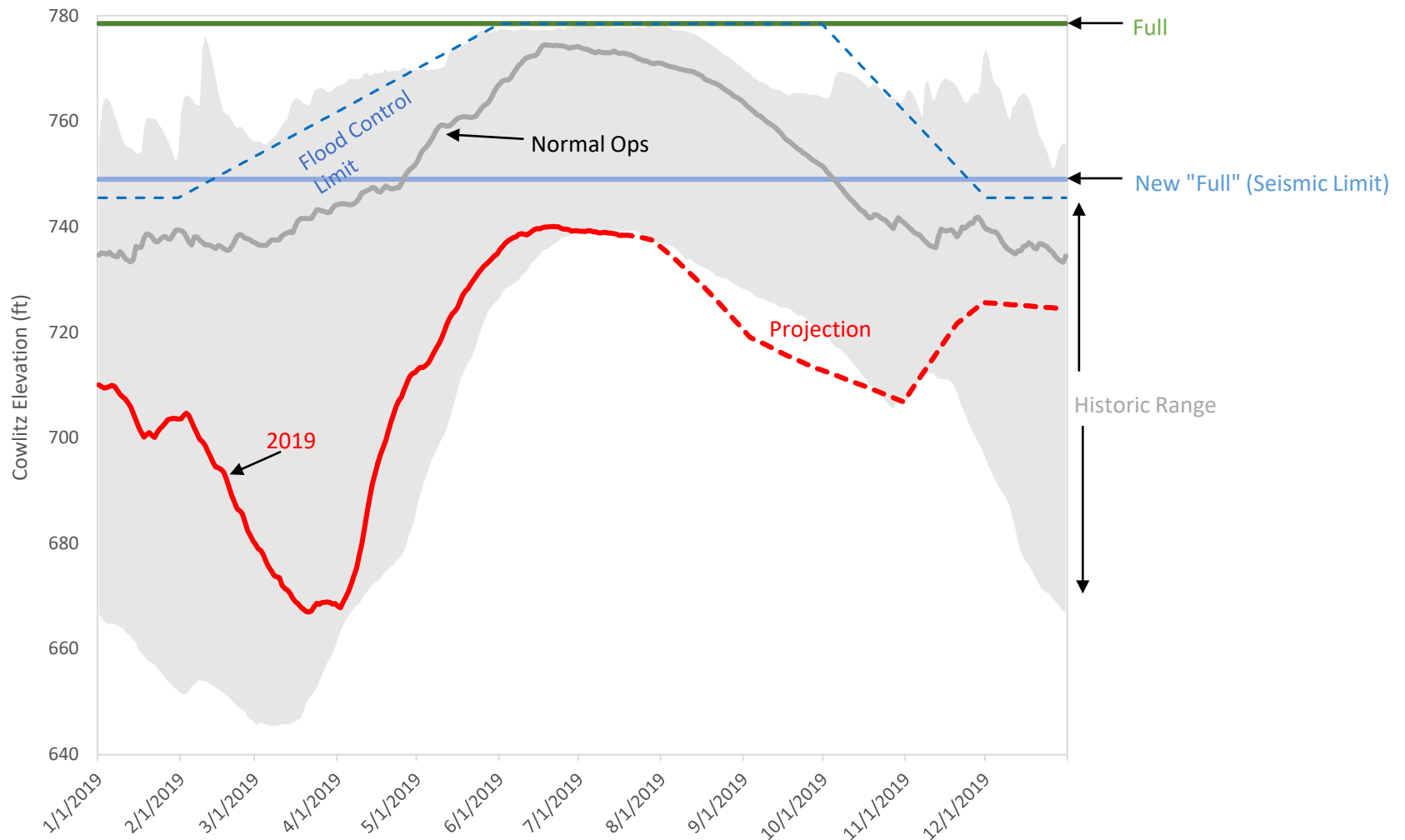
(Tacoma System Flows Annual Avg., Water Year 1929 – 2019)



## Power Supply Update

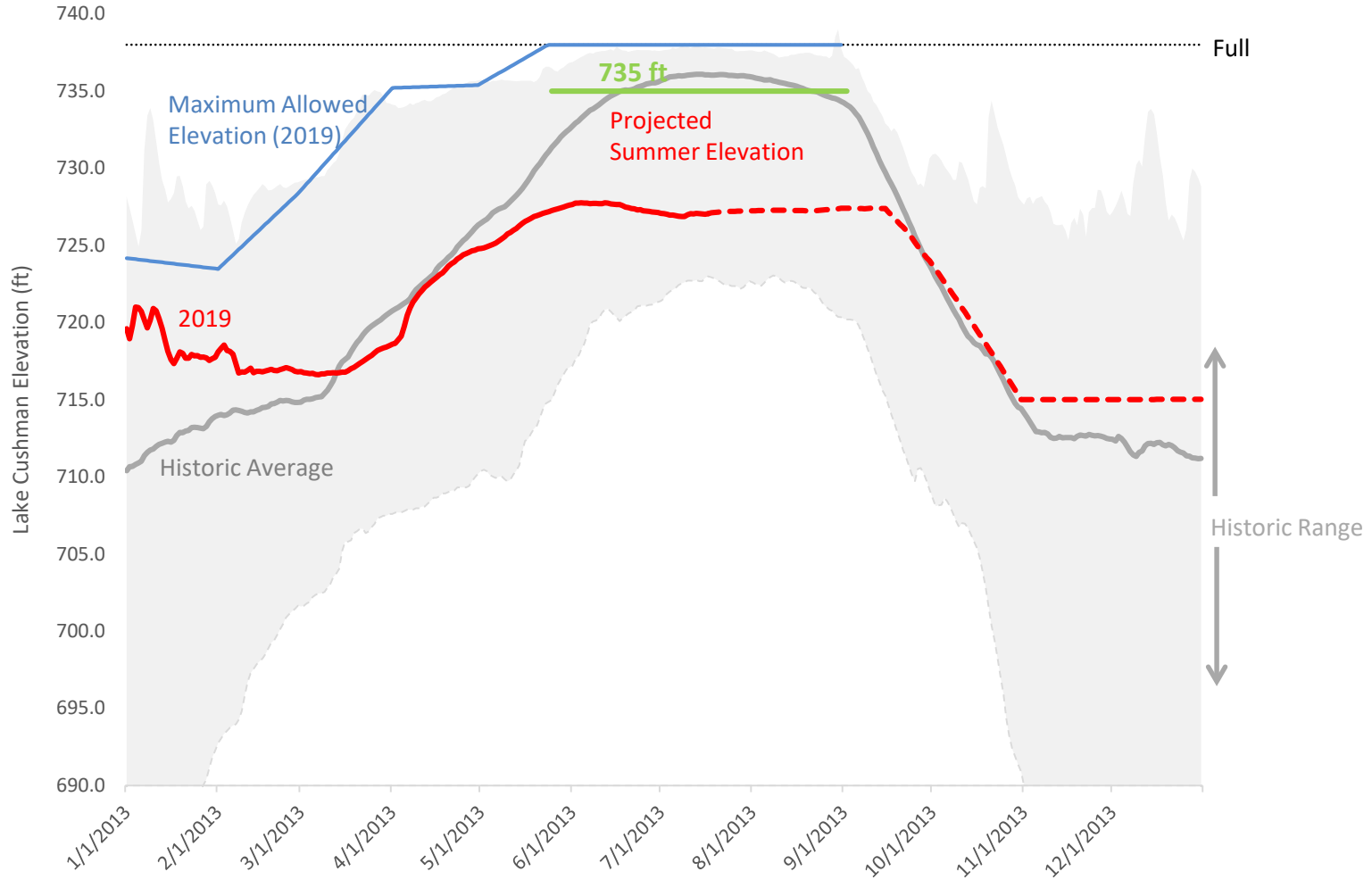
### Graph 4: Cowlitz Has Filled Substantially, but is Unlikely to Reach “Full”

(Cowlitz Elevation, Current vs. Historic)



## Power Supply Update

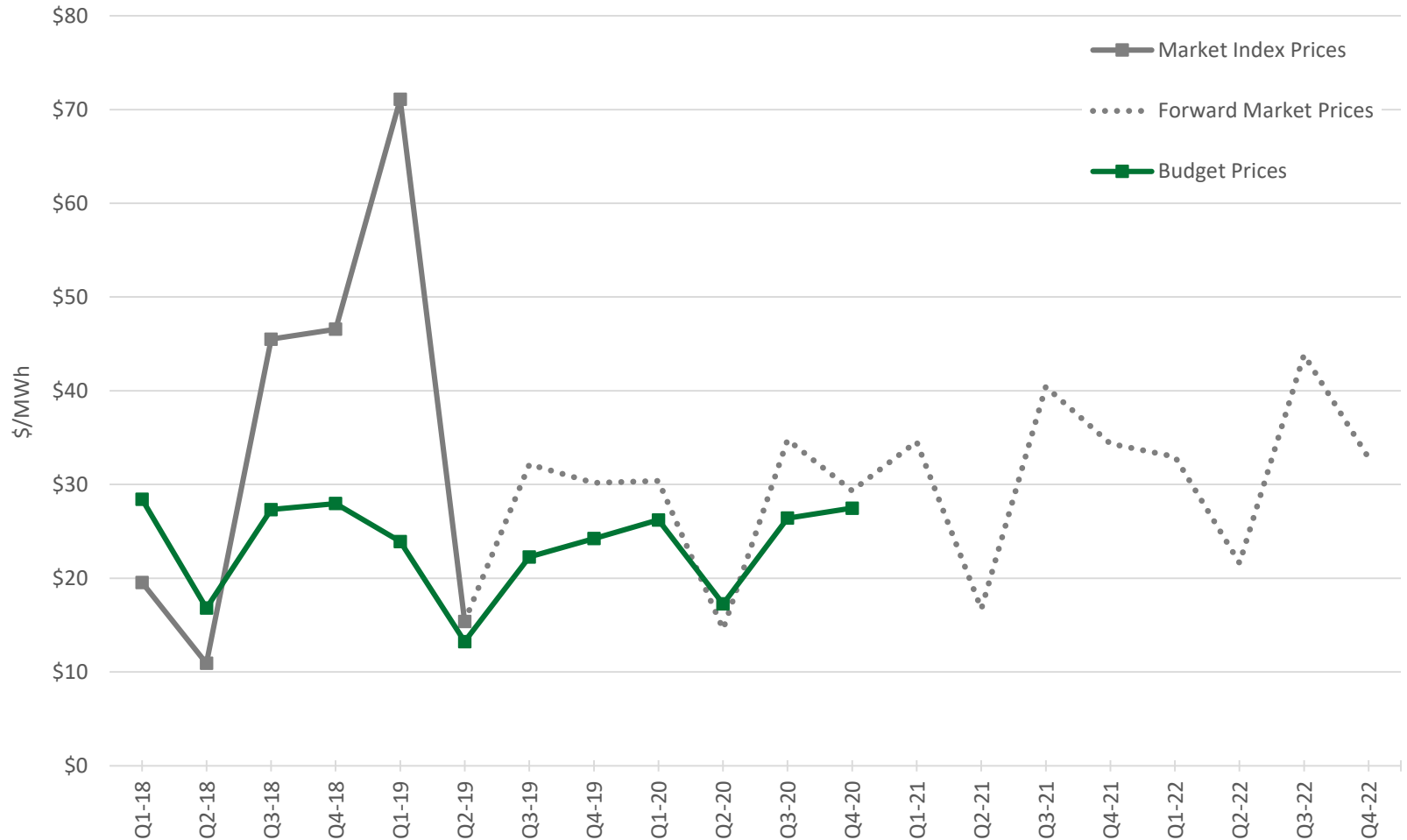
Graph 5: Lake Cushman unlikely to reach 735 ft this summer  
(Cushman Elevation, Current vs. Historic)



## Power Supply Update

### Graph 6: Market Prices Have Decreased Closer to Budget Levels

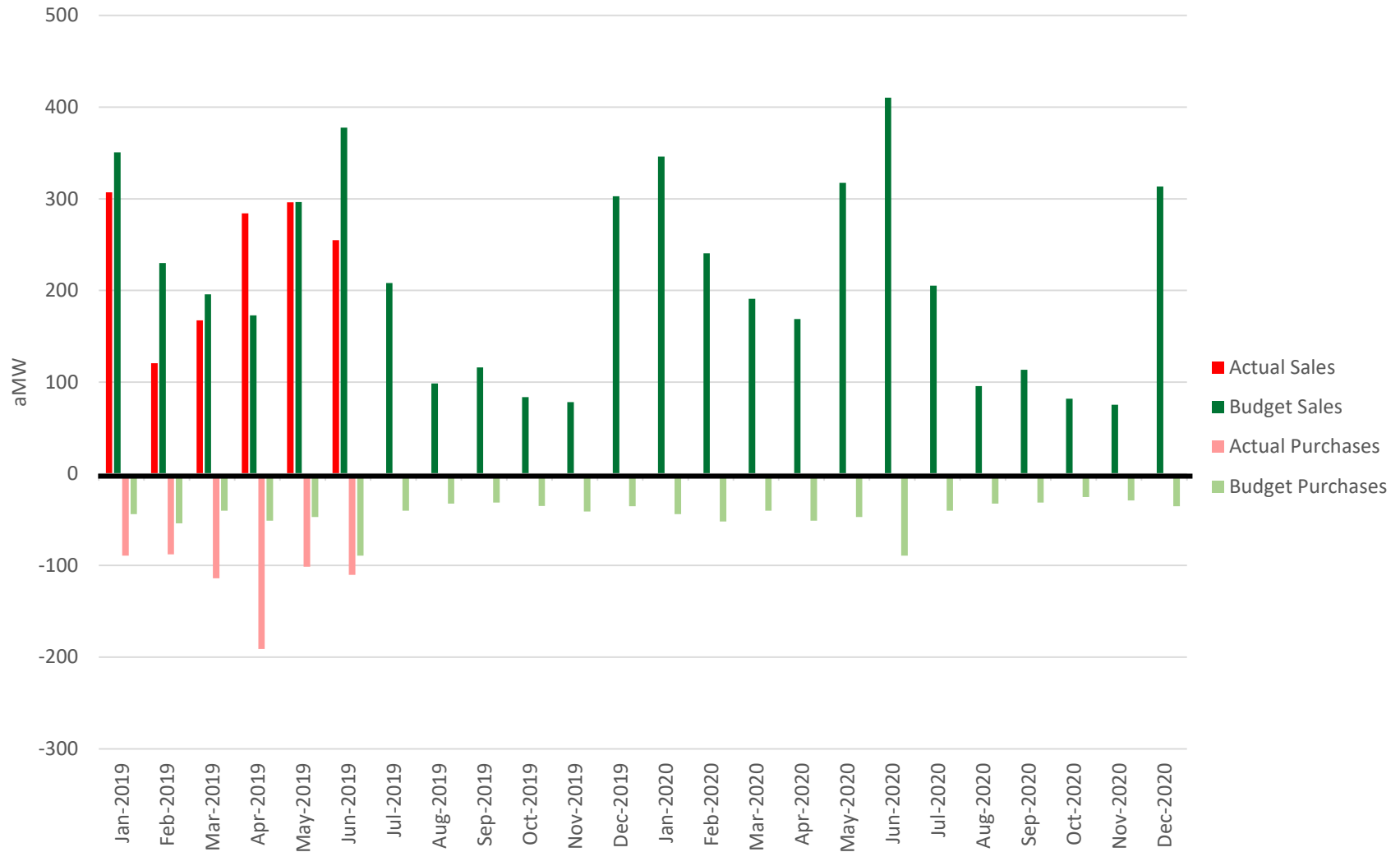
(Market vs. Budget Prices, 2018 – 2022)



## Power Supply Update

### Graph 7: We've Been Selling Less than Budgeted, Purchasing More

(Actual vs. Budget Wholesale Volumes, 2019 – 2020)





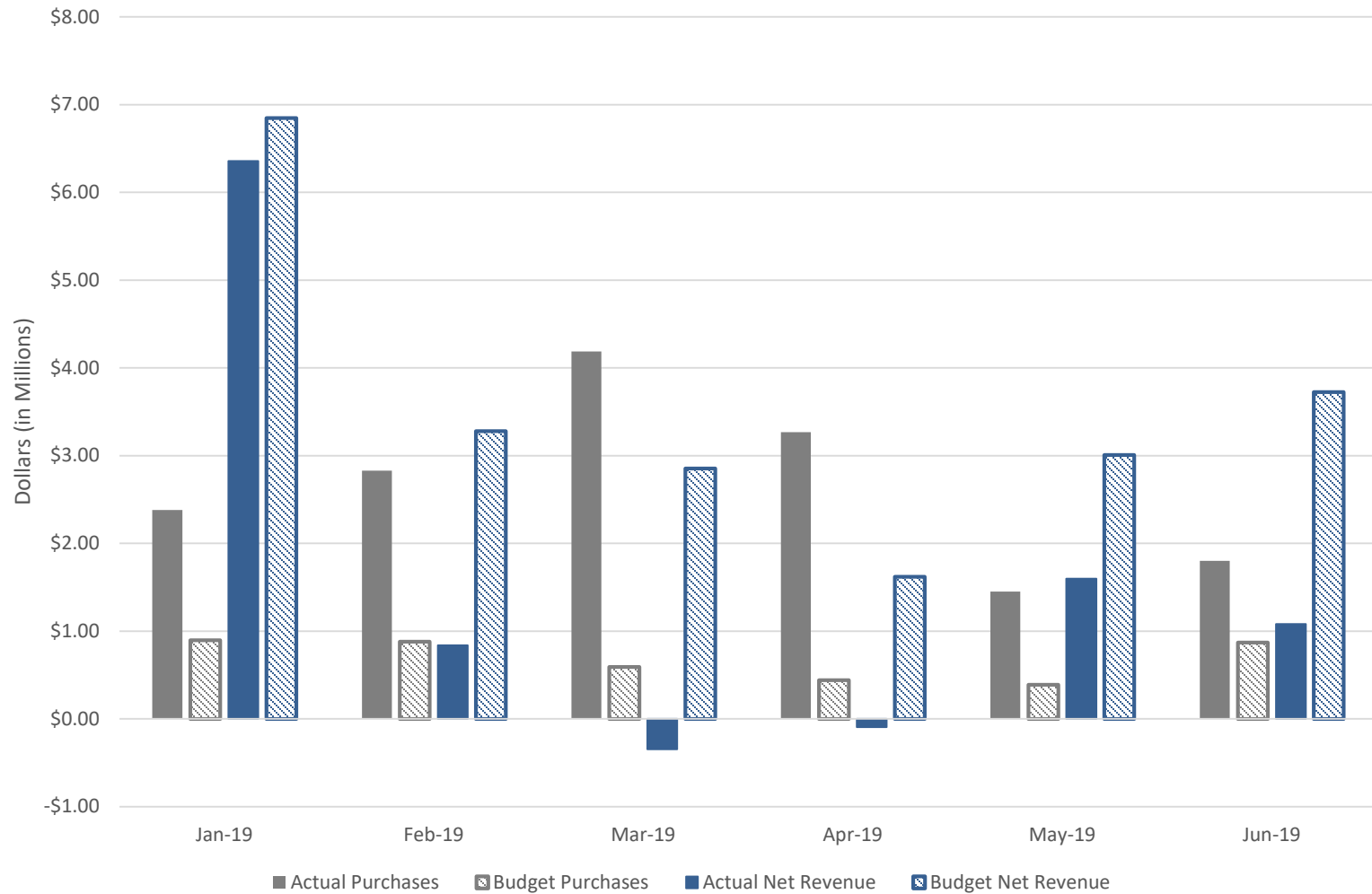
# Wholesale Net Revenues

## Section 2

## Wholesale Net Revenues

### Graph 8: Actual Wholesale Net Revenue is \$12M Below Budget YTD

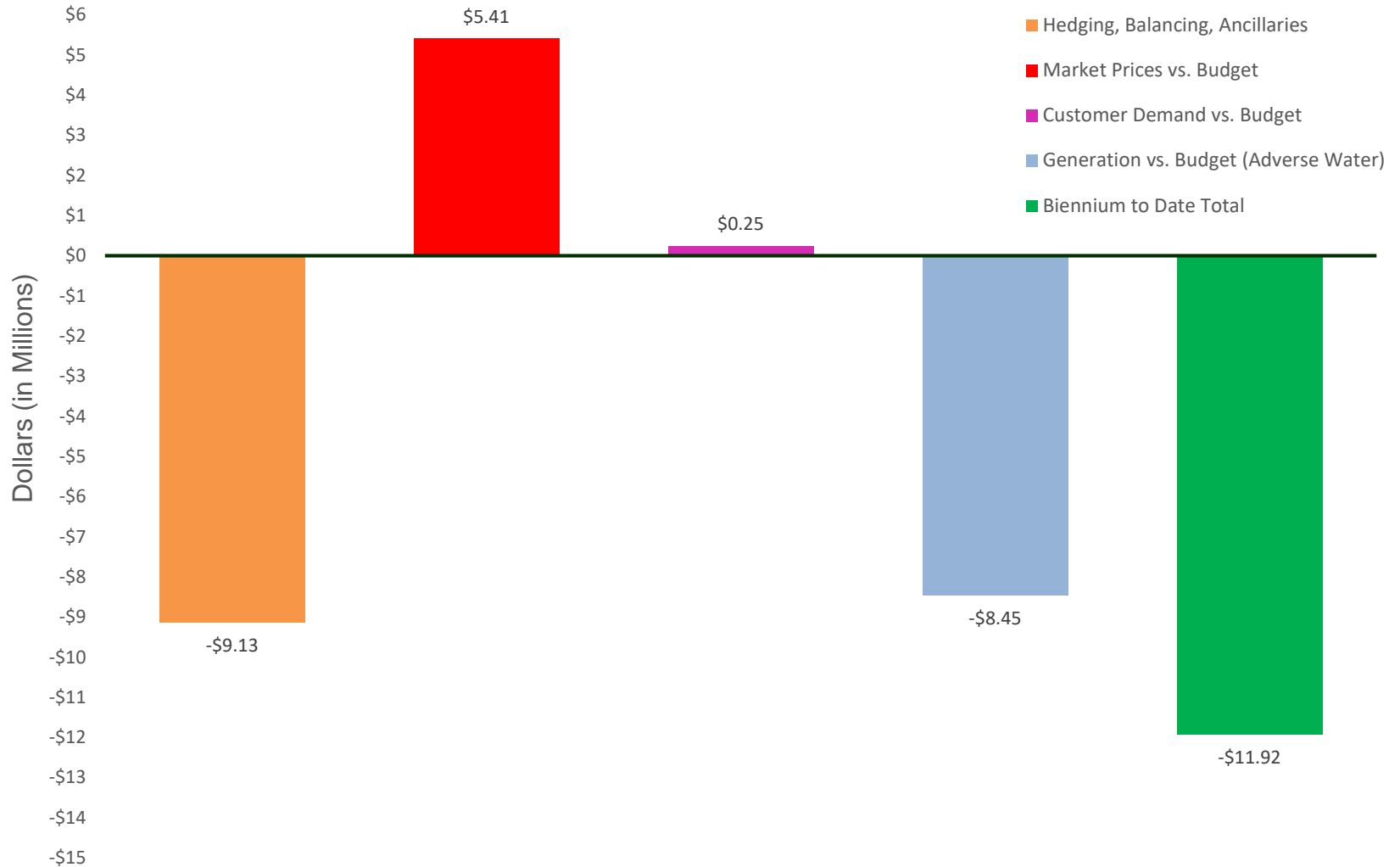
(Monthly Actual vs. Budget Wholesale Purchases and Net Revenues)



## Wholesale Net Revenues

### Graph 9: \$12M Below Budget Due to Poor Hydro, Purchases

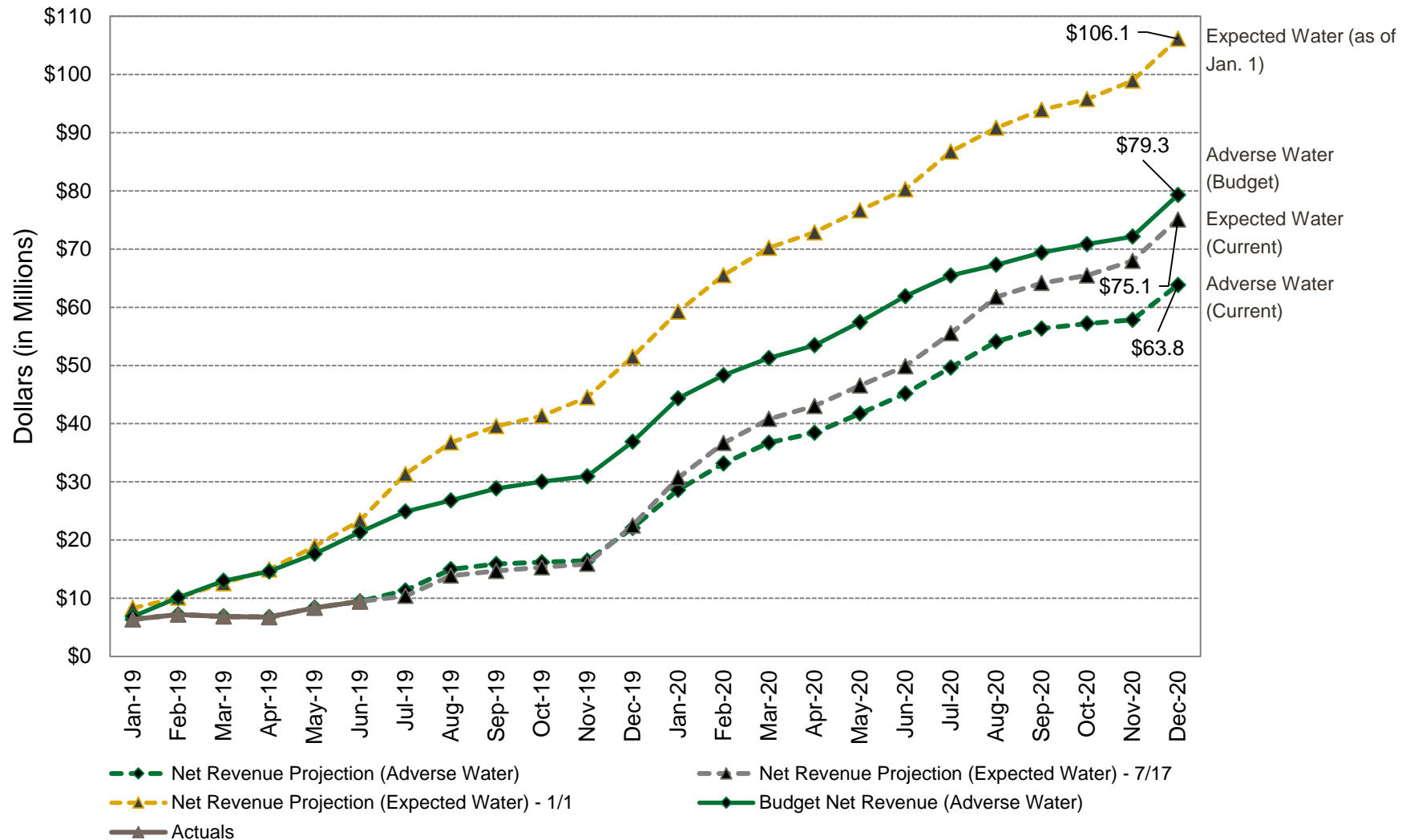
(Cumulative Wholesale Net Revenue Variance, Jan – Jun 2019)



## Wholesale Net Revenues

### Graph 10: Low Q2 Revenues, Projections Below Budget

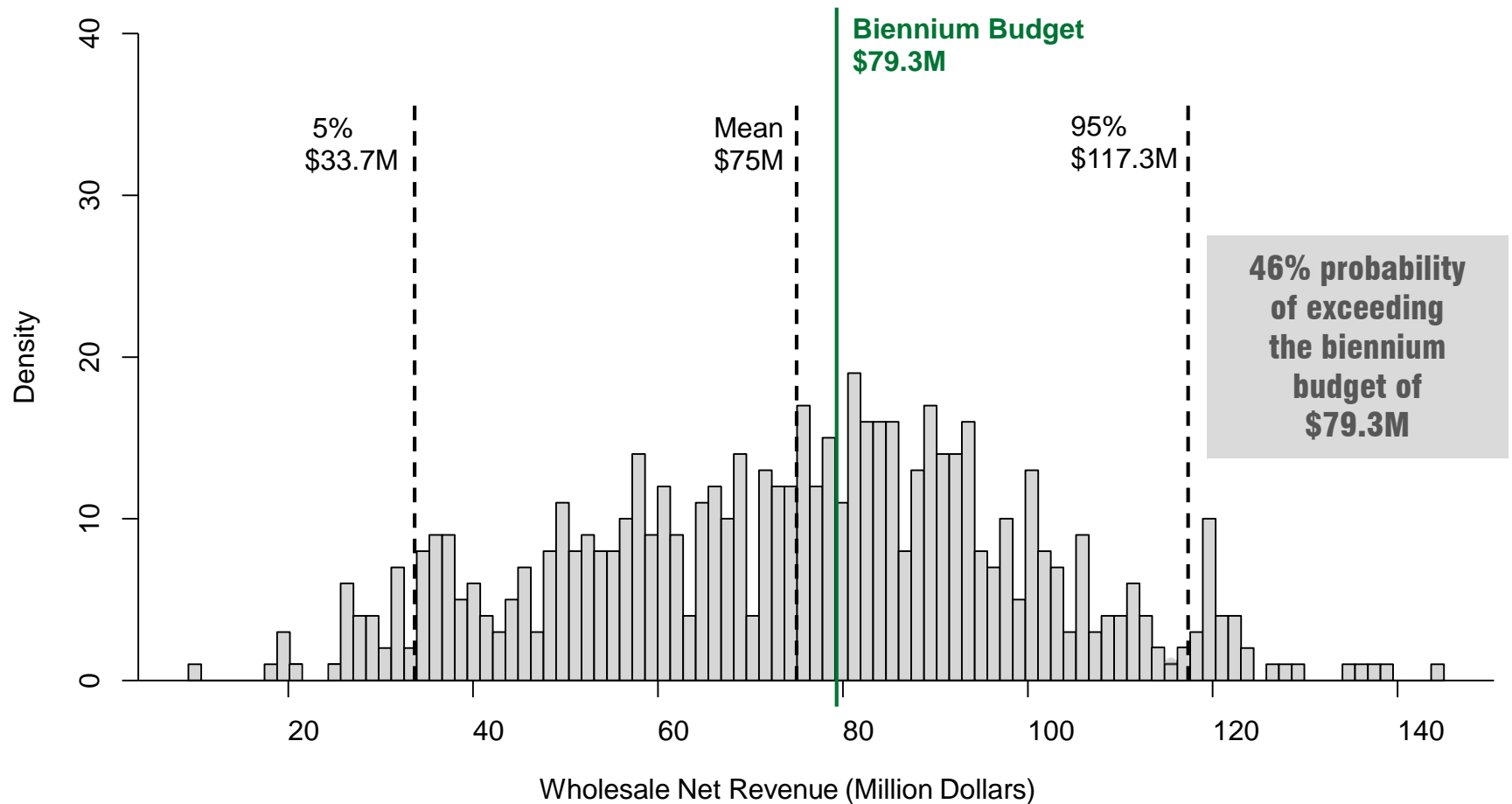
(Cumulative Actual vs. Budget Wholesale Net Revenues, 2019 – 2020)



## Wholesale Net Revenues

### Graph 11: Probability of Making Budget Has Decreased to 46%

(Risk Model Simulation of Biennial Net Revenues, 2019 – 2020)



# Hedging Program & Credit Risk Management

## Section 3



## Hedging Program

# Overview

### Hedging Program Objective

A hedging program is part of Tacoma Power's energy risk management policy.

The objective of the hedging program is to:

- ✓ Stabilize net revenues from wholesale operations
- ✓ Protect against very low wholesale revenue outcomes

### Hedging Program Design

The hedging policy enforces dollar cost averaging of surplus sales and prohibits holding deficit positions.

The program has a two year horizon, and utilizes physical forward contracts.

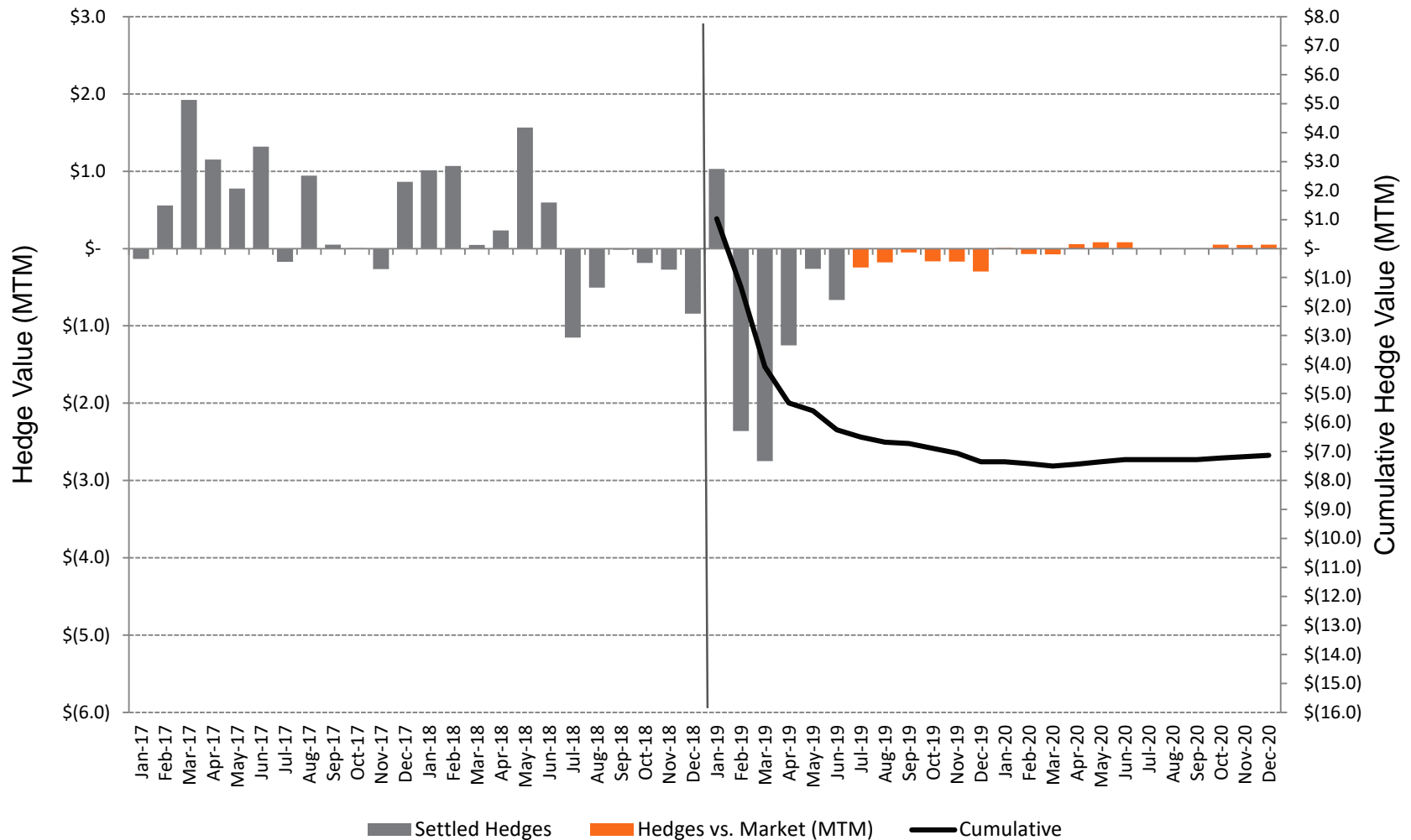
Allowable hedge ratio governed by "hedging bands" that:

- ✓ Limit the maximum amount hedged far into the future
- ✓ Require progressively more surplus be hedged as time to delivery gets closer

## Hedging Program

### Graph 12: Current Hedging Program Performance Is Not Typical

(Hedging Program, 2017 – 2020)



## Credit Risk Management

# Overview

### Background

- ✓ Tacoma Power frequently sells electricity to wholesale trading partners or “counterparties”
- ✓ Tacoma Power incurs credit exposure – money that the utility could lose in the event of a counterparty default

### Credit Risk Management Program

Tacoma Power manages credit risk by:

- ✓ Extending credit to investment grade counterparties only
- ✓ Setting exposure limits based on creditworthiness
- ✓ Daily monitoring of credit quality
- ✓ Daily monitoring of exposure
- ✓ Actions include stopping trading with a specific counterparty, requesting collateralization

## Wholesale Credit Exposures

### Graph 13: Current Credit Exposures Are at Typical Levels

(Top 15 Counterparty Credit Exposures)

Rank	Counterparty	Internal Model Rating	Letter of Credit Collateral	Loss in Event of Default
1	Citigroup Energy, Inc.	A-		\$1,050,824
2	Avangrid Renewables, LLC	BBB+		\$729,396
3	California ISO	AA-		\$612,964
4	Puget Sound Energy, Inc.	BBB		\$563,276
5	Sacramento Municipal Utility District	AA-		\$367,691
6	Public Service Company of Colorado	BBB+		\$297,440
7	Portland General Electric Co.	BBB+		\$284,966
8	Macquarie Energy, LLC	A		\$284,712
9	Morgan Stanley Capital Group, Inc.	A+		\$241,803
10	Powerex Corp.	A+		\$178,624
11	TransAlta Energy Marketing (US) Inc.	BB+	\$1,000,000	\$163,985
12	PacifiCorp	A-		\$80,800
13	Bonneville Power Administration	A-		\$68,263
14	BP Energy Company	A-		\$44,506
15	Shell Energy North America (US), L.P.	BBB		\$37,905