

# TPU Financial Outlook and Performance Metrics Update 1<sup>st</sup> Quarter 2026

May 27, 2026



# Tacoma Power Financial Outlook

**1st Quarter 2026**

May 27, 2026

## Forecasting Practices



- March 2026 Actuals
- Adverse water conditions
- February 2026 load forecast update
- Budgeted Personnel and O&M expenditures
- Project estimates of capital spending

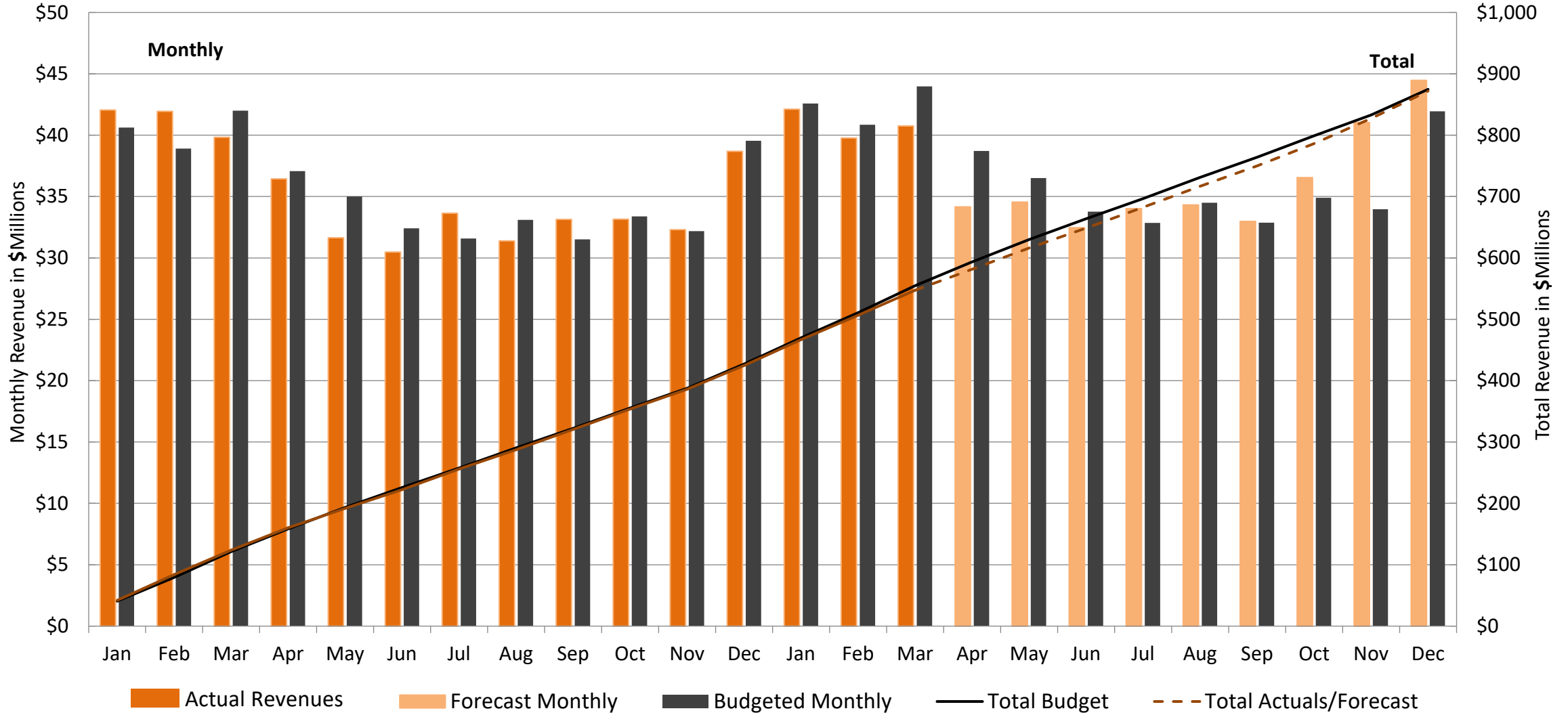
### • **Forecast for total revenue is \$63.9 million less than budget**

- Q1 Strengths: Two significant atmospheric events in December and March helped to improve hydro conditions across watershed area.
- Q1 Challenges: Actual wholesale prices were 63% below the budgeted amount for the first quarter.
- Q2 2026 Outlook: Forecasts reflect lower wholesale sales vs. budget due to lower wholesale market prices and below average water conditions.

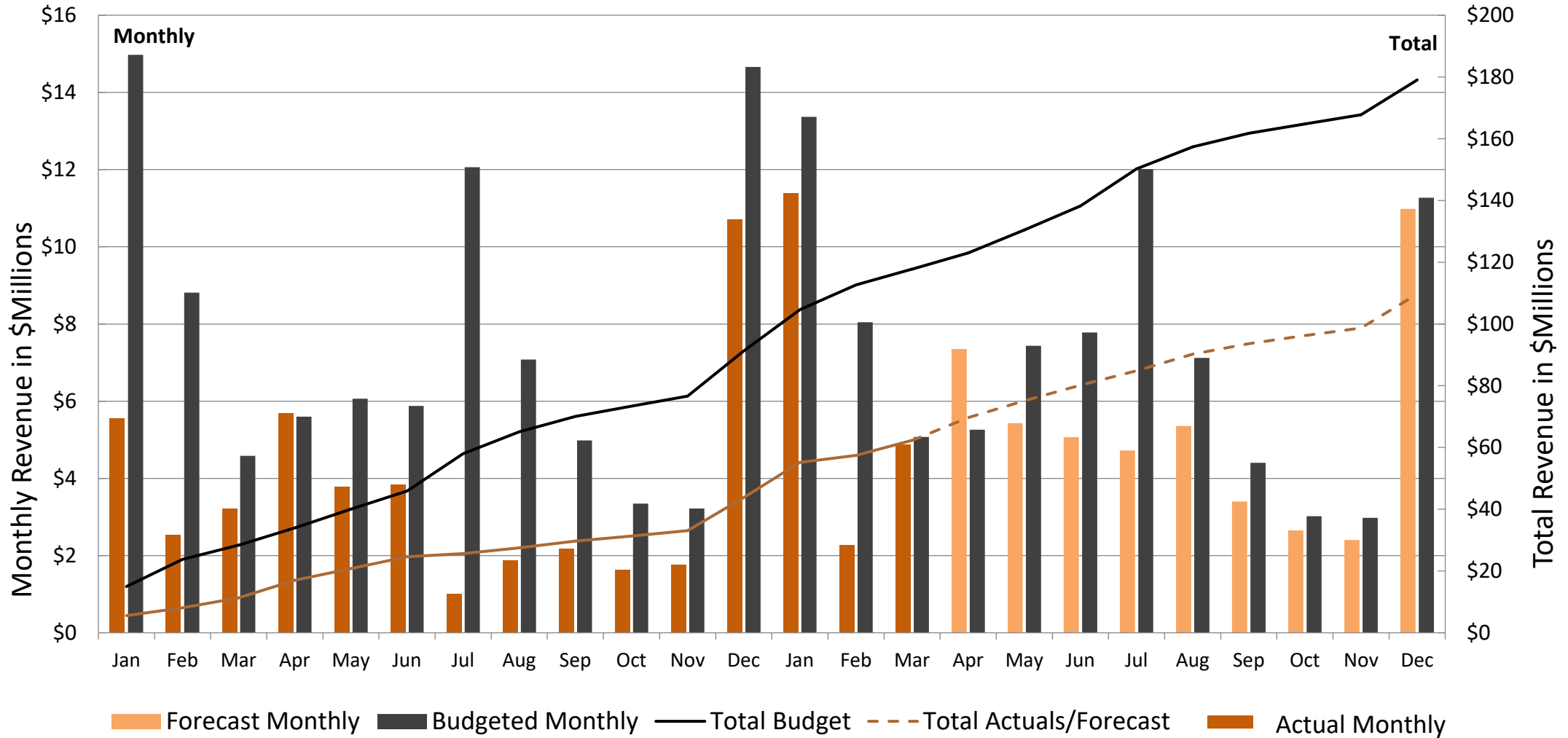
### • **Forecast for total expenditures is \$77.6 million less than budget**

- Q1 Strengths: Most expenses are currently under budget through Q1 2026.
- Q1 Challenges: No significant challenges during Q1.
- Q2 2026 Outlook: Forecasted wholesale purchases expected to be below budget.

# 2025/2026 Electric Retail Revenues



# 2025/2026 Gross Wholesale Revenues



# 2025/2026 Biennium Forecast vs. Budget

Notes listed on this slide correlate to the subsequent chart.

## Forecast for Revenue Compared to Budget: -\$63.9 million (-5.6%)

1. Retail Revenues: forecast to be \$2.9 million less than budget (-0.3%).
  - Actual retail revenues in the first quarter of 2026 were \$4.5 million less than budget due to marginally warmer temperatures in January and February, which resulted in slightly lower than forecasted heating loads and electricity sales.
  - Future retail revenues reflect an updated load forecast.
2. Gross Wholesale Revenues: forecast is \$69.4 million less than budget (-38.7%).
  - Gross biennium wholesale revenues through Q1 2026 were \$55.4 million lower than budget.
    - Water inflows to our hydro projects were below average for much of first quarter, partially offset by two significant atmospheric events in December and March.
    - On average, actual prices were 63% below the budgeted amount for the first quarter.
  - Forecasts reflect lower wholesale revenues vs. budget for the biennium due to:
    - Wholesale market prices trending below budget for the remainder of the biennium.
    - Dry hydrologic conditions for most of water year 2026, including below-average projections for Q2.

# 2025/2026 Biennium Forecast vs. Budget

Notes listed on this slide correlate to the subsequent chart.

## Forecast for Expenditures Compared to Budget: -\$77.6 Million (-6.5%)

3. Purchased power expenses: forecast is \$49.7 million less than budget (-14.2%)
  - Total purchased power expenses are \$39 million below budget through Q1 2026.
    - This total includes BPA purchases that are \$8 million below budget through Q1 2026.
  - BPA purchases are forecasted to be \$12.9 million below budget due to a lower rate increase compared to what was assumed in the budget.
  - Future wholesale purchase forecasts are also below budget due to lower wholesale market prices.
4. Personnel expenses: forecast is \$6.2 million less than budget (-2.0%)
  - Actual personnel expenses were below budget through Q1 2026 by \$6.2 million due to vacancies and delayed hiring, which are partially offset by Power 483 wage adjustments and retroactive payment.
  - Future personnel expense forecasts reflect approved budget.
5. Supplies, Services, & Other Charges: forecast is \$17.1 million less than budget (-7.8%)
  - Biennium spending through Q1 2026 was below budget by \$13 million, primarily in contract services due to timing differences between planned spending and when actual costs occurred.

# 2025/2026 Biennium Forecast vs. Budget

Notes listed on this slide correlate to the subsequent chart.

## Forecast for Expenditures Compared to Budget: -\$77.6 Million (cont.)

6. Taxes: forecast is \$1.2 million less than budget (-0.9%)
  - Forecast assumes Gross Earnings Tax at 6% through remainder of biennium.
7. Revenue Funded Capital: forecast to be \$44.5 million less than budget (-52.6%)
  - Majority of Revenue Funded Capital underspending is due to approximately \$55 million of 2024 capital spending that was reimbursed by the 2025 bond issuance.
  - Actual biennium revenue-funded capital spending is \$4.8 million below budget through Q1 2026 without 2024 reimbursement.
  - Future spending provided by project managers forecasted to be near budget.
8. Debt Service: forecast is \$18.9 million less than budget (-23.4%)
  - Pay-off of the 2010C bonds during the 2025 Bond issuance has reduced the forecasted biennium debt service to \$18.9 million below budgeted amount.
9. Early Paydown of Debt: forecast is \$60.0 million more than budget (400%)
  - \$75 million in cash was used to reduce outstanding debt during the 2025 bond issuance.
  - \$24.4 million towards the 2010C bond and \$50.6 million towards the 2010B bonds.

## Forecast for Net Revenues Compared to Budget: \$13.7 million

10. Net Revenue forecast to be \$13.7 million more than budget, not including our bond-funded capital spending.

# 2025/2026 Biennium Forecast vs. Budget

## 2025/2026 Biennium Adjusted Estimates Comparison to Budget

as of 3/31/2026

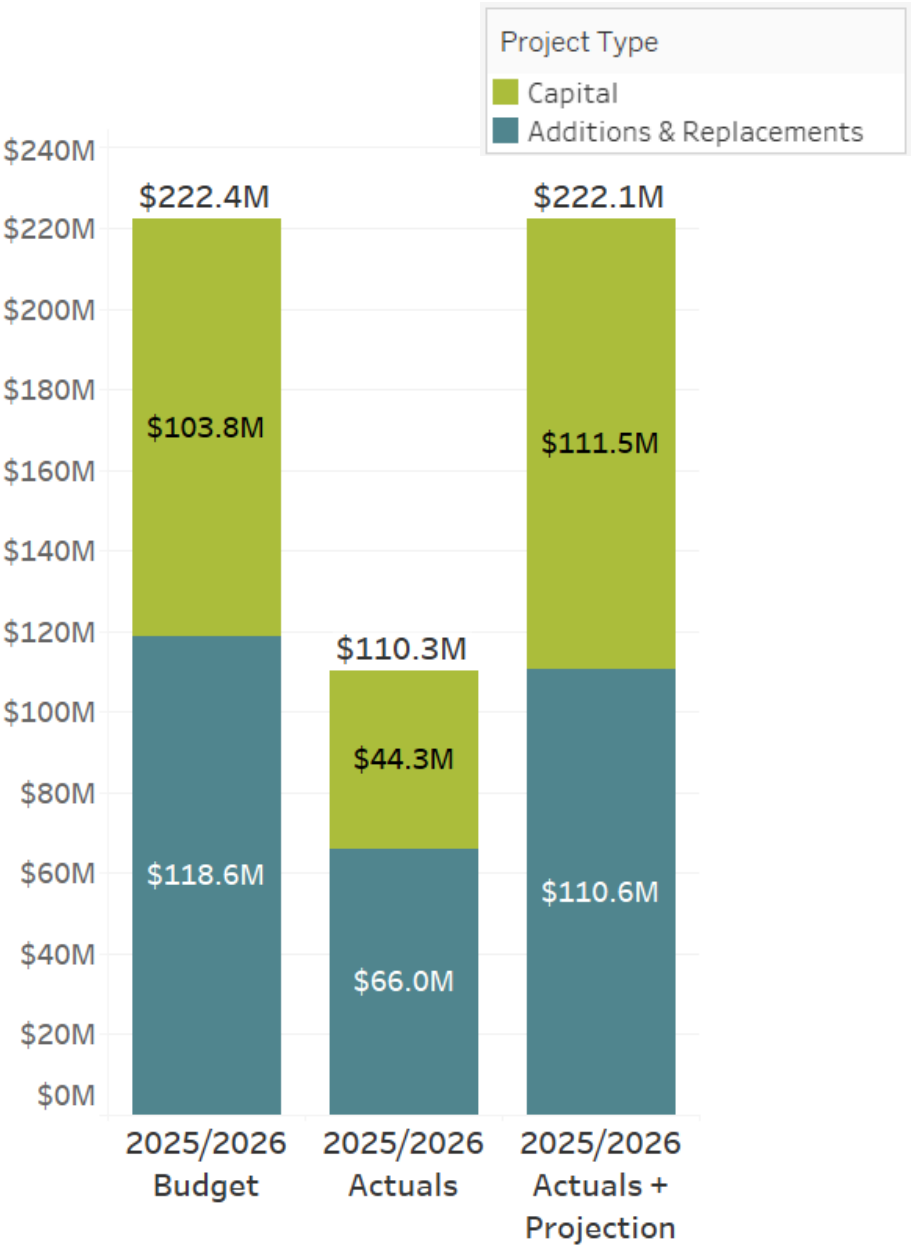
All \$'s in 1000's

	2025 Budget	2025 Actual	2025 Difference	2026 Budget	2026 Forecast	2026 Difference	Total Biennium Budget	Total Biennium Forecast	Biennium Difference	Note	Biennium Diff. (%)
<b>Revenue</b>											
Retail Sales	\$427,302	\$424,723	(\$2,580)	\$447,489	\$447,175	(\$315)	\$874,792	\$871,897	(\$2,894)	(1)	-0.3%
Bulk Power (wholesale) Sales	\$91,265	\$43,786,868	(\$47,478)	\$87,775	\$65,903,264	(\$21,871)	\$179,040	\$109,690,132	(\$69,350)	(2)	-38.7%
Other Electric Revenue	\$26,746	\$29,098	\$2,352	\$30,809	\$32,265	\$1,455	\$57,555	\$61,363	\$3,807		6.6%
<b>Total Operating Revenue</b>	<b>\$545,314</b>	<b>\$497,607</b>	<b>(\$47,706)</b>	<b>\$566,073</b>	<b>\$545,343</b>	<b>(\$20,731)</b>	<b>\$1,111,387</b>	<b>\$1,042,950</b>	<b>(\$68,437)</b>		-6.2%
Other Income	\$17,627	\$22,374	\$4,747	\$17,024	\$16,849	(\$175)	\$34,652	\$39,224	\$4,572		13.2%
<b>Total Revenue</b>	<b>\$562,941</b>	<b>\$519,982</b>	<b>(\$42,959)</b>	<b>\$583,098</b>	<b>\$562,192</b>	<b>(\$20,906)</b>	<b>\$1,146,039</b>	<b>\$1,082,174</b>	<b>(\$63,865)</b>		-5.6%
<b>Expenses</b>											
Purchased Power & RECs	\$166,496	\$137,724	(\$28,772)	\$182,504	\$161,598	(\$20,906)	\$349,000	\$299,322	(\$49,678)	(3)	-14.2%
Personnel Costs	\$152,211	\$148,541	(\$3,670)	\$161,365	\$158,877	(\$2,488)	\$313,575	\$307,418	(\$6,157)	(4)	-2.0%
Supplies, Services & Other Charges	\$111,364	\$102,749	(\$8,615)	\$109,292	\$100,804	(\$8,489)	\$220,656	\$203,552	(\$17,104)	(5)	-7.8%
Taxes	\$64,858	\$65,439	\$581	\$67,175	\$65,369	(\$1,806)	\$132,032	\$130,808	(\$1,225)	(6)	-0.9%
Revenue Funded Capital Outlay *	\$42,327	(\$13,781)	(\$56,108)	\$42,327	\$53,901	\$11,574	\$84,654	\$40,120	(\$44,534)	(7)	-52.6%
Debt Service	\$37,131	\$33,868	(\$3,264)	\$43,726	\$28,079	(\$15,646)	\$80,857	\$61,947	(\$18,910)	(8)	-23.4%
Early Pay Down of Debt	\$0	\$75,000	\$75,000	\$15,000	\$0	(\$15,000)	\$15,000	\$75,000	\$60,000	(9)	400.0%
<b>Total Expenses</b>	<b>\$574,386</b>	<b>\$549,538</b>	<b>(\$24,848)</b>	<b>\$621,389</b>	<b>\$568,629</b>	<b>(\$52,760)</b>	<b>\$1,195,775</b>	<b>\$1,118,167</b>	<b>(\$77,608)</b>		-6.5%
<b>Total Revenues less Expenses</b>	<b>(\$11,445)</b>	<b>(\$29,556)</b>	<b>(\$18,111)</b>	<b>(\$38,291)</b>	<b>(\$6,436)</b>	<b>\$31,855</b>	<b>(\$49,736)</b>	<b>(\$35,993)</b>	<b>\$13,743</b>	(10)	
<b>Capital Outlay Financing Detail</b>											
Funded From Revenue Funds	\$42,327	(\$13,781)	(\$56,108)	\$42,327	\$53,901	\$11,574	\$84,654	\$40,120	(\$44,534)		-52.6%
Funded From Bond Fund	\$68,894	\$111,143	\$42,249	\$68,894	\$70,868	\$1,974	\$137,788	\$182,011	\$44,223		32.1%
<b>Total Capital Outlay</b>	<b>\$111,221</b>	<b>\$97,362</b>	<b>(\$13,859)</b>	<b>\$111,221</b>	<b>\$124,770</b>	<b>\$13,549</b>	<b>\$222,442</b>	<b>\$222,131</b>	<b>(\$311)</b>		-0.1%
<b>Ratios</b>	<b>2025 Budget</b>	<b>2025 Actual</b>	<b>2025 Diff.</b>	<b>2026 Budget</b>	<b>2026 Forecast</b>	<b>2026 Diff.</b>					
Debt Service Coverage Ratio	1.8	1.9	0.1	1.4	2.7	1.3					
Days Liquidity	366	339	(27)	319	296	(23)					
EOY Rate Stabilization Fund Balance	\$158,000	\$158,000	\$0	\$158,000	\$158,000	\$0					
EOY Current Fund Balance	\$297,888	\$227,219	(\$70,670)	\$260,020	\$206,997	(\$53,023)					
<b>Total Liquidity</b>	<b>\$455,888</b>	<b>\$385,218,549</b>		<b>\$418,020</b>	<b>\$364,997</b>						

\* In 2025, the Revenue Funded Capital balance is approximately \$55 million lower due to 2024 bond-funded capital projects that were reimbursed by the 2025A bond issuance.

# 2025/2026 Capital Budget

	2025/2026 Budget	2025/2026 Actuals	2025/2026 Actuals + Projection
Additions & Replacements	\$118.6M	\$66.0M	\$112.7M
Aging Infrastructure / Reliability Upgrades	\$38.0M	\$22.4M	\$40.2M
Conservation	\$9.0M	\$6.1M	\$9.4M
Facilities Improvements	\$21.5M	\$0.7M	\$23.0M
Other Capital	\$1.2M	(\$1.1M)	\$2.3M
Relicensing / License Implementation	\$11.0M	\$2.5M	\$9.0M
Technology	\$23.2M	\$13.7M	\$25.6M
<b>Grand Total</b>	<b>\$222.4M</b>	<b>\$110.3M</b>	<b>\$222.1M</b>

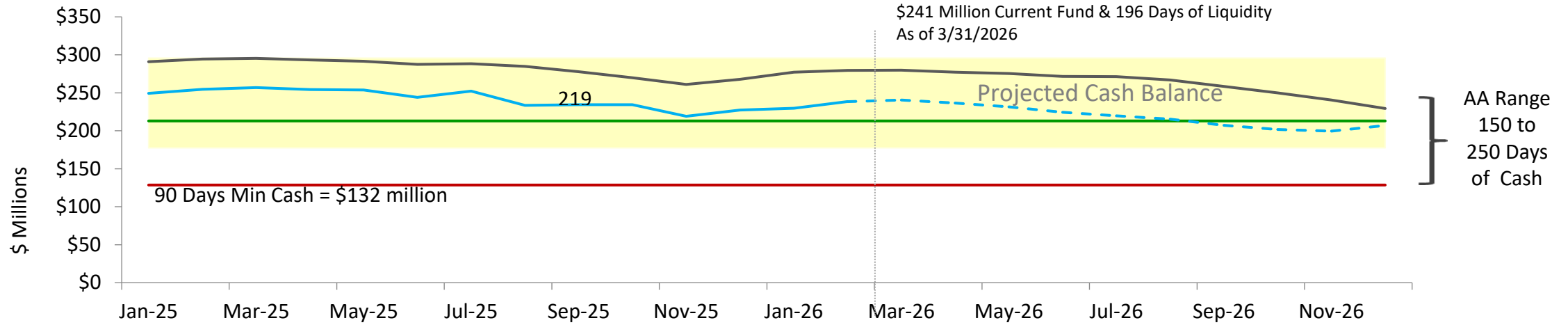


# Capital Projects above \$5M

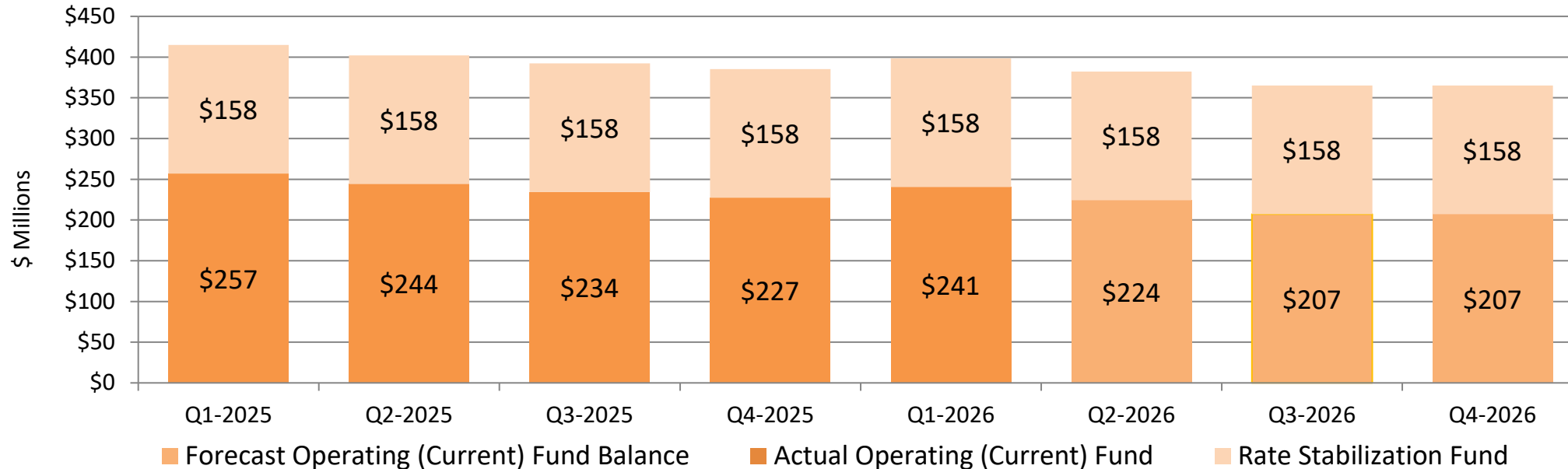
Active Projects	Current Phase	Life-to-Date* Budget	Life-to-Date Actuals	Biennium Projection (through 2026)	Extended Projection (2027-2036)
Cushman #2 U31, U32 Rebuild	Construction	\$21,622,000	\$20,346,894	\$4,700,002	\$6,700,000
Automated Distribution Mgmt System (ADMS)	Design/Procure	\$10,758,000	\$6,013,783	\$7,035,666	\$10,000,000
TPU Admin Complex Storage & Parking Facility	Design/Procure	\$9,986,000	\$573,975	\$12,629,474	\$12,240,000
South Service Center Storage	Design/Procure	\$6,462,000	\$358,845	\$6,381,667	\$18,000,000
Cowlitz Trout Hatchery Fish Rearing Revision	Design/Procure	\$6,098,000	\$4,521,658	\$733,833	\$19,505,413
Mayfield Fish Passage Modification	Design/Procure	\$5,423,000	\$1,820,299	\$1,208,333	\$20,670,831
Facilities ABN/ECC/WynDam Elevator Controls	Construction	\$5,036,000	\$4,869,301	\$284,891	\$0

\*Life-to-Date (LTD) Budget refers to all funding to-date that has been appropriated for the project, independent of the biennium. A significant portion of Tacoma Power's project portfolio is considered multi-biennium due to the long duration of the projects.

# 2025/2026 Projected Liquidity Balance as of 3/31/2026



AA Rating Range (150 - 250 days) — Target Liquidity (180 Days) — Budget Current Fund — Operating (Current) Fund — Min Cash (90 Days)



# Tacoma Water Financial Outlook

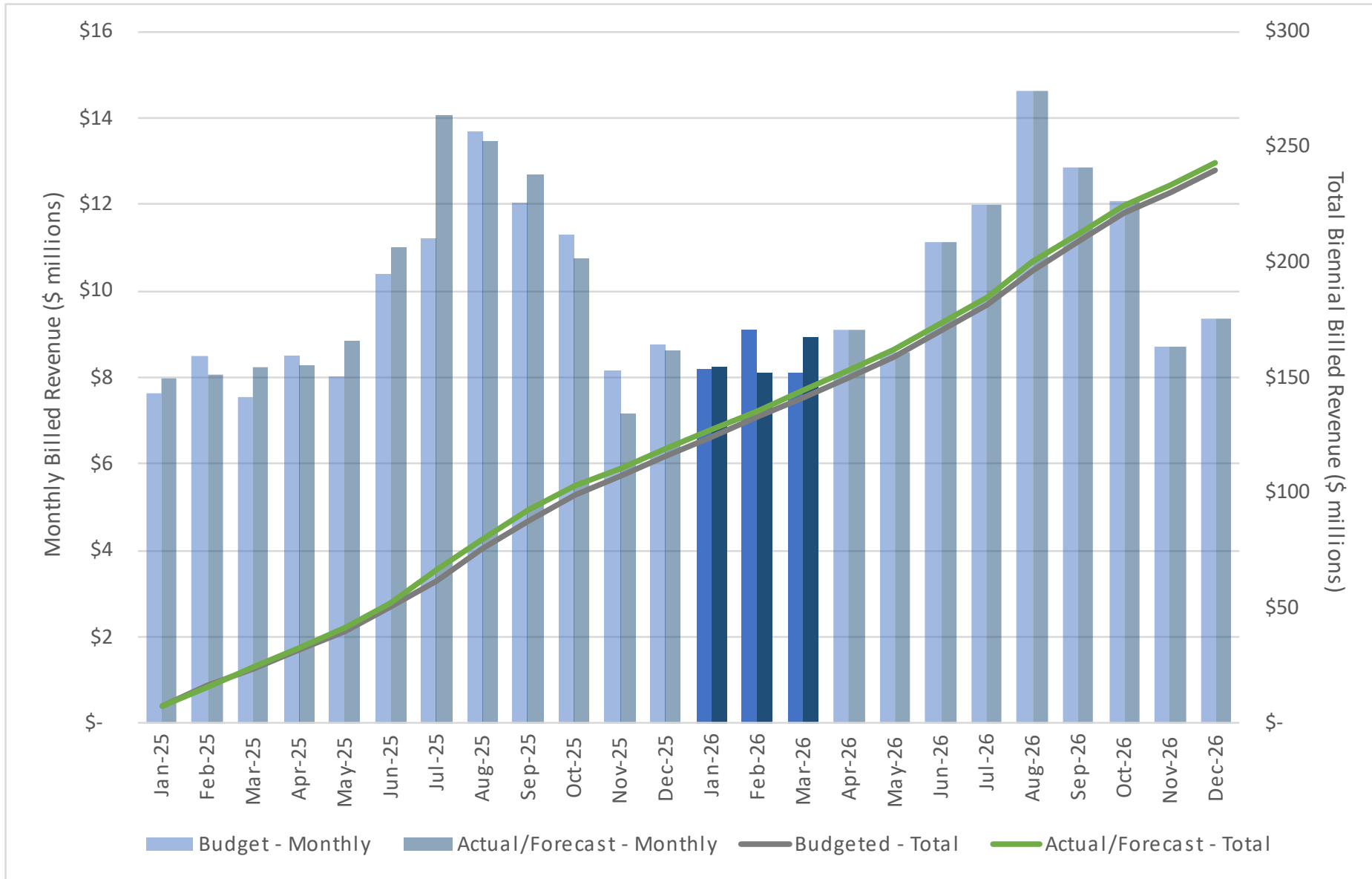
**1st Quarter 2026**

May 27, 2026

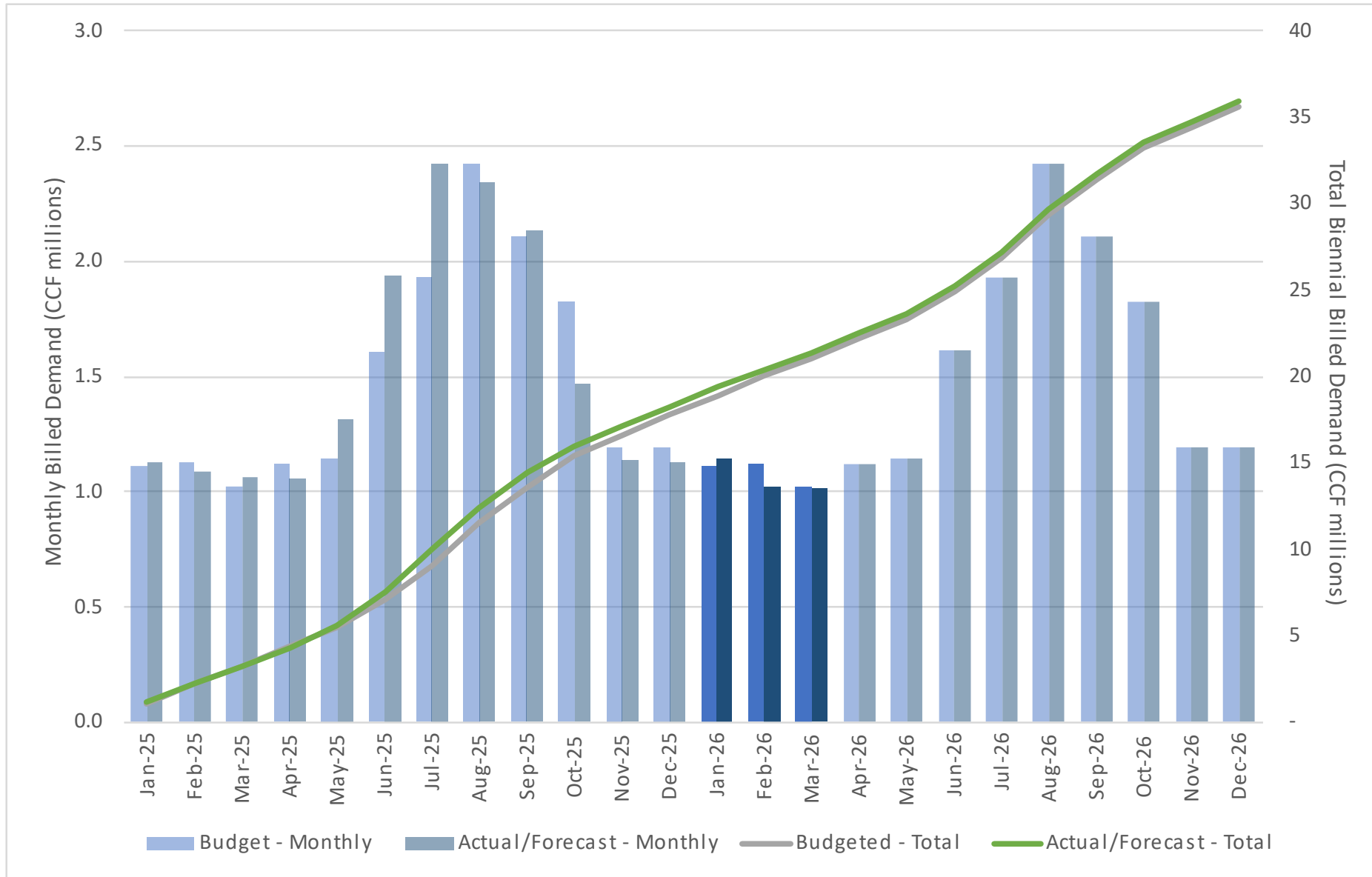
# 2025/2026 Biennium Summary of Financial Outlook

- *This report incorporates actual revenues and expenditures through March 2026 with projections for the remainder of the biennium*
- **Forecast for total revenue is \$7.2M or 3% over budget**
  - Q1 strengths: Water sales revenue was within 0.5% (\$100,000) of budget for the quarter.
  - Q1 challenges: No significant challenges.
  - 2026 outlook: Drought declaration by the Department of Ecology may put downward pressure on consumption, particularly in the Irrigation class.
- **Forecast for operating expenditures is \$8.3M or 3% under budget**
  - Q1 strengths: Expenditures generally within budget and Capital program moving forward as planned.
  - Q1 challenges: No significant challenges.
  - 2026 outlook: Review of vacancies and rising costs in areas such as fuel, as well as review in projects beginning such as Howard Hansen Dam (AWSP).

# Billed Revenue



# Billed Demand



# 2025/2026 Biennium Forecast vs. Budget

Notes listed on this slide correlate to the subsequent chart.

## 1. Total Revenue

- Billed Water Sales were \$3M (2.1%) higher than projected biennium-to-date, primarily due to water sales from Commercial, Private Fire, and Irrigation customers
- Non-Operating revenue is \$3.4M higher than projected due to higher than planned interest earned on cash

## 2. Personnel Expenses

- \$3.8M under budget or 7% biennium to date
- At the end of 2026 Q1 there were 21 vacancies, or an 6% vacancy rate

## 3. Supplies, Services and Other Charges

- This expense category is projected to be \$5.4M under budget for the biennium
- Assessments are \$2.9M under budget overall

## 4. Debt Service

- 2025/2026 biennial budget assumed issuance of bonds, direction shifted towards use of capital and SDC funds in lieu of issuance, resulting in a \$5.9M in expense savings

# 2025/2026 Biennium Forecast vs. Budget

Notes listed on this slide correlate to the subsequent chart.

## 5. Total Revenue less Total Expenditures

- Projected to have higher-than-anticipated revenues and lower-than-anticipated expenses for a total of \$19.5 million through the remainder of the biennium

## 6. Capital Outlay

- The 2025/26 capital plan is funded from operating, capital reserves, and includes a carryforward factor reduction to account for projects that span biennia
- We are monitoring the capital plan, and several projects are forecast to be higher than budgeted. Project management staff are reviewing which capital projects can be delayed to stay within appropriation levels.

## 7. Projected Cash Ending Cash Balance

- Operating reserve is projected to be at \$72.1 million at the end of biennium due to using SDC funds and Capital reserve funds for capital projects.
- The cash balance projection includes adjustments for working capital to date to reflect changes in accounts receivables, payables and accruals

# 2025/2026 Biennium Forecast vs. Budget

All \$'s in 1000's	2025	2025	2025	2026	2026	2026	Total	Total	Biennium	Biennium
	Budget	Actuals	Difference	Budget	Forecast	Difference	Biennium Budget	Biennium Forecast	Difference \$	Difference %
<b>Revenue</b>										
Residential Water Sales	85,483	85,866	384	91,441	91,132	(309)	176,924	176,998	75	0%
Wholesale Water Sales	3,208	3,156	(51)	3,432	3,409	(23)	6,640	6,566	(74)	-1%
Other Water Sales	27,046	30,150	3,103	28,932	29,154	223	55,978	59,304	3,326	6%
Other Operating Revenue	3,665	3,539	(126)	3,609	4,000	391	7,274	7,539	265	4%
<b>Total Operating Revenue</b>	<b>119,402</b>	<b>122,713</b>	<b>3,310</b>	<b>127,414</b>	<b>127,974</b>	<b>561</b>	<b>246,816</b>	<b>250,687</b>	<b>3,871</b>	<b>2%</b>
Non-Operating Revenue (includes BAB's subsidy)	3,496	6,335	2,839	3,453	3,990	537	6,949	10,325	3,376	49%
<b>Total Revenue</b>	<b>122,898</b>	<b>129,048</b>	<b>6,149</b>	<b>130,867</b>	<b>131,964</b>	<b>1,098</b>	<b>253,765</b>	<b>261,012</b>	<b>7,247</b>	<b>(1) 3%</b>
<b>Expenditures</b>										
Personnel Costs	43,603	40,574	(3,030)	46,053	45,288	(765)	89,656	85,862	(3,794)	(2) -4%
Supplies, Other Services & Charges	44,763	40,129	(4,633)	43,917	43,109	(809)	88,680	83,238	(5,442)	(3) -6%
Debt Service	22,276	22,120	(156)	28,123	21,572	(6,551)	50,399	43,692	(6,707)	(4) -13%
Taxes	16,854	20,524	3,670	17,915	17,909	(6)	34,769	38,433	3,664	11%
<b>Total Expenditures</b>	<b>127,496</b>	<b>123,347</b>	<b>(4,149)</b>	<b>136,008</b>	<b>127,878</b>	<b>(8,130)</b>	<b>263,504</b>	<b>251,225</b>	<b>(12,278)</b>	<b>-5%</b>
<b>Total Revenue less Total Expenditures</b>	<b>(4,598)</b>	<b>5,701</b>	<b>10,299</b>	<b>(5,141)</b>	<b>4,087</b>	<b>9,227</b>	<b>(9,739)</b>	<b>9,787</b>	<b>19,526</b>	<b>(5)</b>
Reconciling Cash Items		4,125			(1,740)					
<b>Appropriation from Current Fund</b>	<b>(4,598)</b>	<b>1,576</b>	<b>10,299</b>	<b>(5,141)</b>	<b>5,826</b>	<b>9,227</b>	<b>(9,739)</b>	<b>9,787</b>	<b>19,526</b>	
<b>Capital Outlay Financing Detail</b>										
Funded from Bond Funds	-	-	-	36,722	-	(36,722)	36,722	-	(36,722)	
Funded from Operating Reserve	4,070	2,720	(1,350)	2,930	1,138	(1,792)	7,000	3,858	(3,142)	-45%
Funded from Capital Reserves	35,582	23,074	(12,508)	-	61,994	61,994	35,582	85,068	49,486	139%
<b>Total Capital Outlay</b>	<b>39,652</b>	<b>25,794</b>	<b>(13,858)</b>	<b>39,652</b>	<b>63,132</b>	<b>23,481</b>	<b>79,304</b>	<b>88,926</b>	<b>9,622</b>	<b>(6) 12%</b>
<b>Debt Service Coverage Ratio</b>		<b>2.41x</b>			<b>2.39x</b>			<b>2.39x</b>		
<b>EOY Current Fund (Jan 2025 Beg Balance \$63,832)</b>		<b>70,939</b>			<b>72,147</b>			<b>72,147</b>	<b>(7)</b>	

# Comprehensive Capital Budget Spending Summary

<b>Tacoma Water Capital Outlay Budget Approved</b>	<b>\$79,304,158</b>
Add 2 <sup>nd</sup> Diversion RWSS – Tacoma	11,239,634
Add 2 <sup>nd</sup> Diversion RWSS – Other Partners	15,735,486
<b>Total Capital Projects Planned for 2025/2026</b>	<b>\$106,279,278</b>
<hr/>	
<b>Total Capital Spent to Date (March 2026)</b>	<b>\$42,012,487</b>
Less 2 <sup>nd</sup> Diversion RWSS – Partners Portion	9,252,758
Tacoma Water Capital Budget Spent (40%)	32,759,729
<hr/>	
<b>Total Spending Projections (April - December 2026)</b>	<b>58,739,333</b>
Less 2 <sup>nd</sup> Diversion RWSS – Partners Portion	2,639,643
Tacoma Water Capital Budget Projection	56,996,690
<b>Total Capital Budget Performance Projection (under)</b>	<b>(\$5,527,458)</b>

- The 2025/26 capital plan was budgeted from operating, capital reserves, and anticipated bond proceeds.
- A carryforward factor reduction is included to account for projects that span biennia.
- Regional Water Supply System (RWSS) Projects are unique because they are funded by the RWSS Participants through a shared allocation. Although these expenditures are considered O&M Contract Resource Obligations (CRO), they can be paid with capital funding sources such as revenue bonds.
- RWSS and Tacoma Water have expended approximately 40% of the capital budget through Q1 2026. Current forecasts indicate the biennium will close approximately \$5.5 million under budget.

Budget assumes a new project completion (carryforward factor) reduction of 10% - \$7.9M

# Comprehensive Capital Budget Summary

## Summary of 25/26 Biennium Capital Spending through March 2026 (\$ and % of Project Spend)

<i>Project or Program</i>	<i>Capital \$ Spent</i>	<i>25/26 Budget</i>	<i>% of Project Spend</i>
Distribution Renewal and Replacement	\$ 6,446,656	6,350,000	102%
Howard A Hansen Additional Water Storage	\$ 6,066,475	11,072,000	55%
MRP (Including Curran Rd)	\$ 5,309,302	10,709,621	50%
Fleet Purchases and Replacement	\$ 5,189,079	9,081,305	57%
Water Operations Warehouse	\$ 2,577,141	24,700,000	10%
Land Acquisition	\$ 2,562,416	500,000	512%
Pipeline 1 Pressurization	\$ 2,350,656	12,400,000	19%
Headworks Remodel	\$ 2,021,308	0	
FRP (Franchise Required Projects)	\$ 1,815,240	3,331,800	54%
Other Capital Projects	\$ 7,674,217	28,134,552	27%
<b>Total</b>	<b>\$42,012,490</b>	<b>\$106,279,278</b>	<b>40%</b>

# Capital Projects Above \$5M

Active Projects	Current Phase	Life-to-Date Budget	Life-to-Date Actuals	CIP Budget (2027-2034)
<b>Water Warehouse<sup>1</sup></b>	<b>Design</b>	<b>25,492,749</b>	<b>3,369,889</b>	<b>4,000,000</b>
<b>Pipeline 1 Pressurization- Canyon Falls<sup>2</sup></b>	<b>Various</b>	<b>13,678,050</b>	<b>3,628,706</b>	<b>74,250,000</b>
<b>Howard Hanson Additional Water Storage (RWSS Only)<sup>3</sup></b>	<b>Design</b>	<b>13,328,690</b>	<b>8,323,165</b>	<b>1,456,000</b>
<i>Tacoma Water</i>		<i>5,553,621</i>	<i>3,467,985</i>	<i>606,667</i>
<i>RWSS Partners Portion</i>		<i>7,775,069</i>	<i>4,855,180</i>	<i>849,333</i>
<b>Curran Road System Acquisition<sup>4</sup></b>	<b>Various</b>	<b>11,125,257</b>	<b>6,593,790</b>	<b>3,055,000</b>
<b>Ozone System Upgrades (RWSS Shared)</b>	<b>Design</b>	<b>7,268,853</b>	<b>984,868</b>	<b>1,000,000</b>
<i>Tacoma Water Portion</i>		<i>4,873,160</i>	<i>660,272</i>	<i>670,417</i>
<i>RWSS Partners Portion</i>		<i>2,395,693</i>	<i>324,596</i>	<i>329,583</i>
<b>Fish Habitat Mitigation &amp; Restoration (RWSS Only)</b>	<b>Planning</b>	<b>5,438,266</b>	<b>338,984</b>	<b>15,419,991</b>
<i>Tacoma Water</i>		<i>2,265,944</i>	<i>141,243</i>	<i>6,424,996</i>
<i>RWSS Partners Portion</i>		<i>3,172,322</i>	<i>197,741</i>	<i>8,994,995</i>

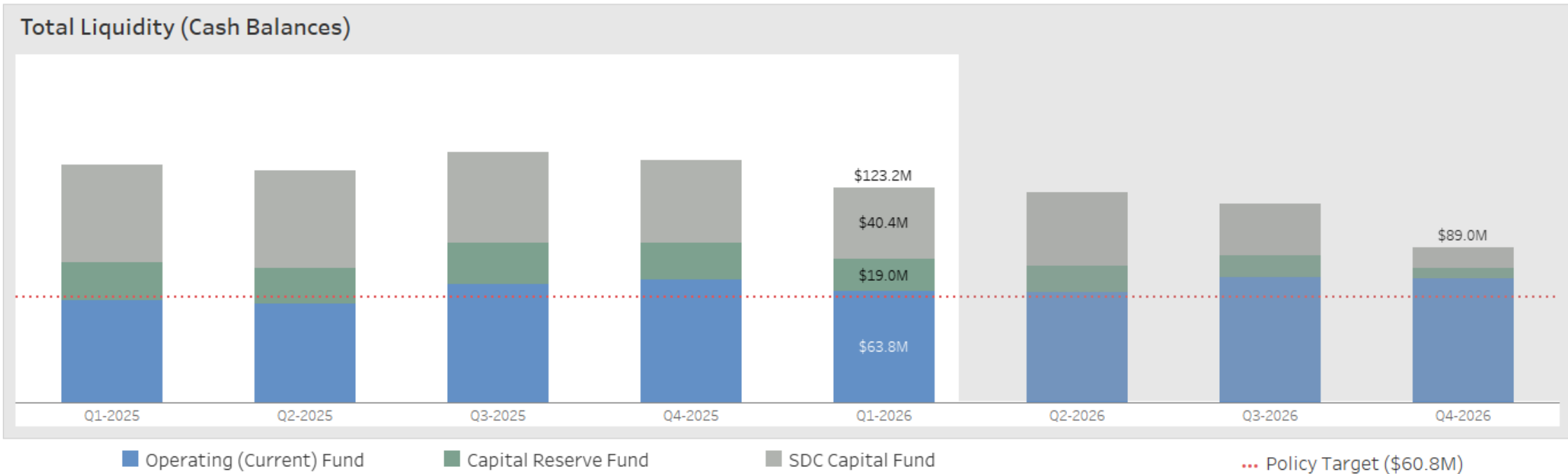
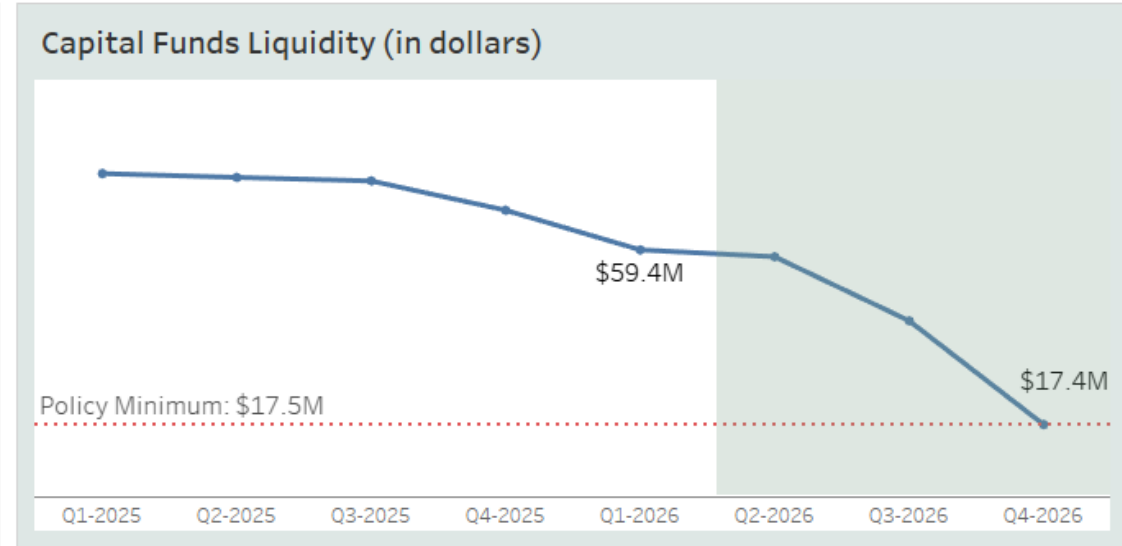
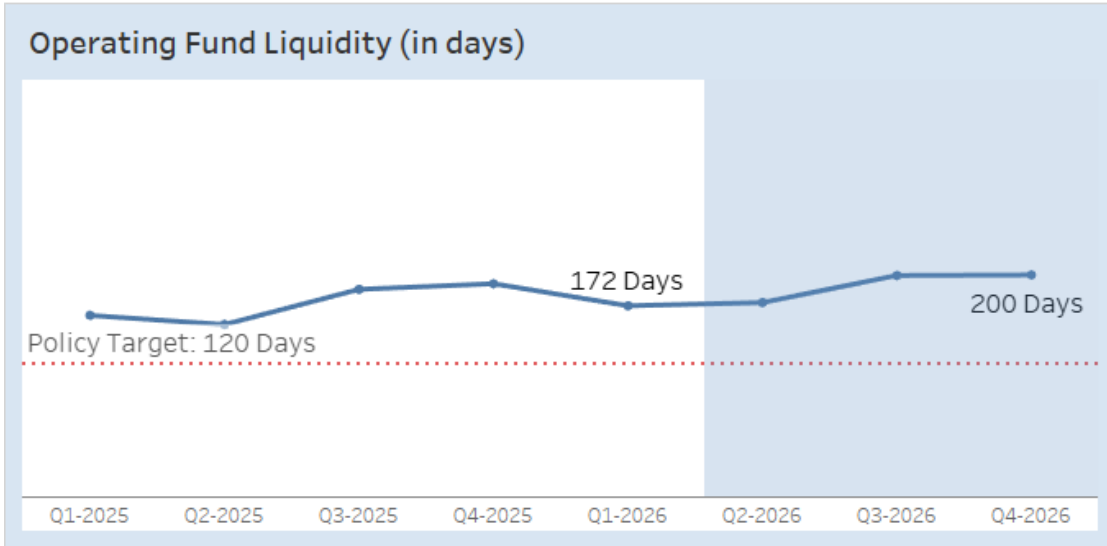
<sup>1</sup> PUB Study Session 03/12/25 - Tacoma Water: Warehouse and Shops Project Update

<sup>2</sup> PUB Study Session 02/26/25 - Tacoma Water: Canyon Falls Creek Pump Station - Pipeline One Pressurization Program

<sup>3</sup> PUB Study Session 02/12/25 - Tacoma Water: Howard Hanson Dam Additional Water Storage

<sup>4</sup> PUB Meeting 05/14/25 - Resolution U-11529, D-1.3 Award contract to Pape & Sons Construction for project Curran Road

# 2025/2026 Projected Liquidity Balance as of 3/31/26



# Financial Outlook

**1st Quarter 2026**

May 27, 2026

# Summary of Financial Outlook

- Incorporates actual revenues and expenditures through March 2026 with projections for the remainder of the biennium
- **Forecast for total revenues is \$4.1M or 5% above budget**
  - Q1 Challenges: Commercial traffic volume down due to US Oil maintenance.
  - Q1 Strengths: Intermodal volumes remained above budget by 4% despite a reduction of 20% from Q1 2025.
  - Q2 Outlook: New intermodal shipping lanes and import automobile traffic increases.
- **Forecast for total expenditures is \$1.7M or 2% below budget**
  - Q1 Challenges: Rising cost of fuel. The fuel surcharge will make up for it in Q2 and Q3 2026.
  - Q1 Strengths: Expenditures generally within budget. Car hire cost reductions have continued.
  - Q2 Outlook: Placeholders totaling \$1.4 million for potential initial locomotive repower expenses. US Oil signalized crossings and Taylor Way Yard Upgrade projects estimated to start late summer.

# Summary of Rail Volumes

Quarter	2025		2026		%	
	Intermodal	Commercial	Intermodal	Commercial	Intermodal	Commercial
1	57,504	15,436	45,862	12,695	-20%	-18%
2						
3						
4						
<b>Total</b>	<b>57,504</b>	<b>15,436</b>	<b>45,862</b>	<b>12,695</b>	<b>-20%</b>	<b>-18%</b>

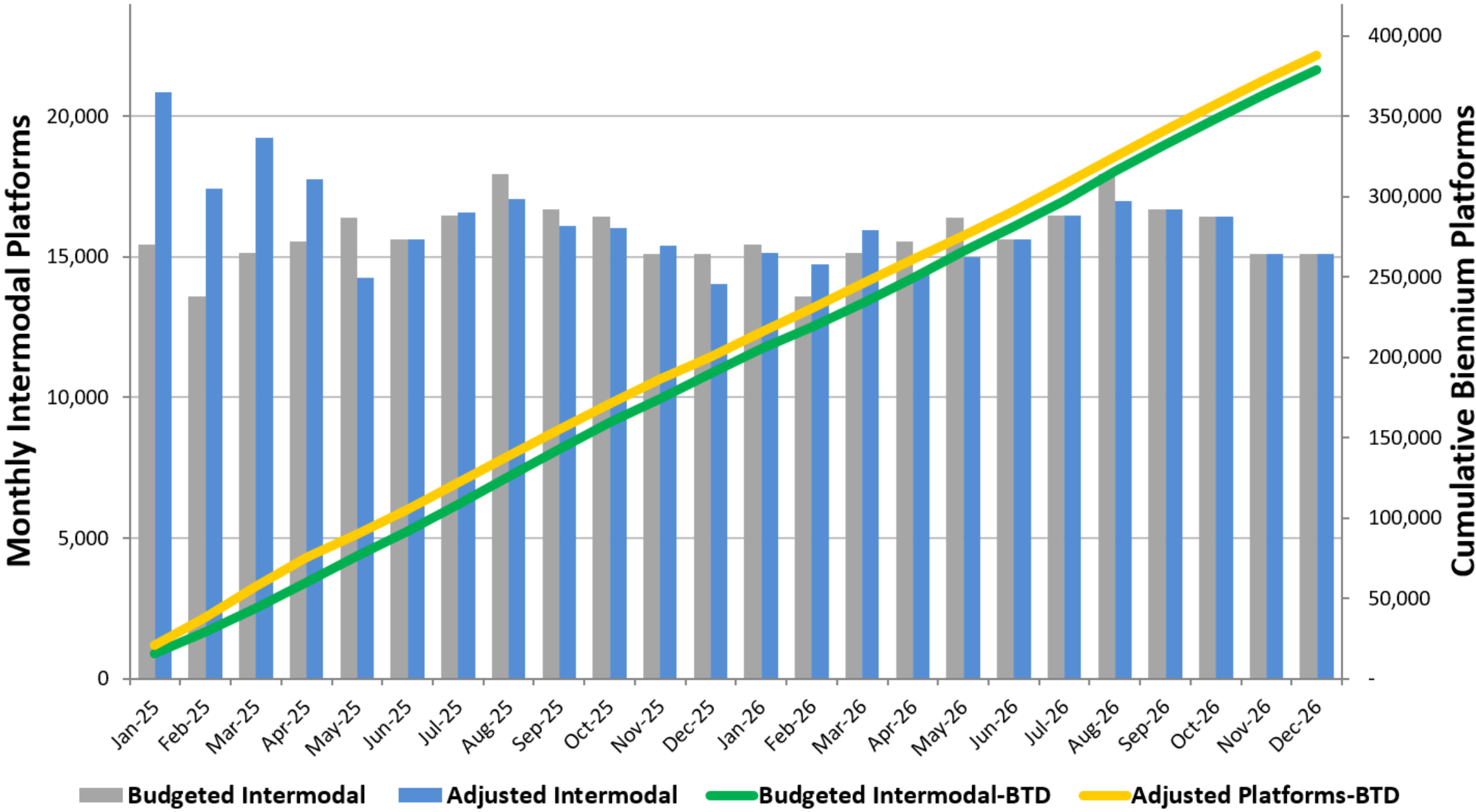
Quarter	2026 Budget		2026		%	
	Intermodal	Commercial	Intermodal	Commercial	Intermodal	Commercial
1	44,167	15,455	45,862	12,695	4%	-18%
2						
3						
4						
<b>Total</b>	<b>44,167</b>	<b>15,455</b>	<b>45,862</b>	<b>12,695</b>	<b>4%</b>	<b>-18%</b>

### Year Over Year Customer Insights

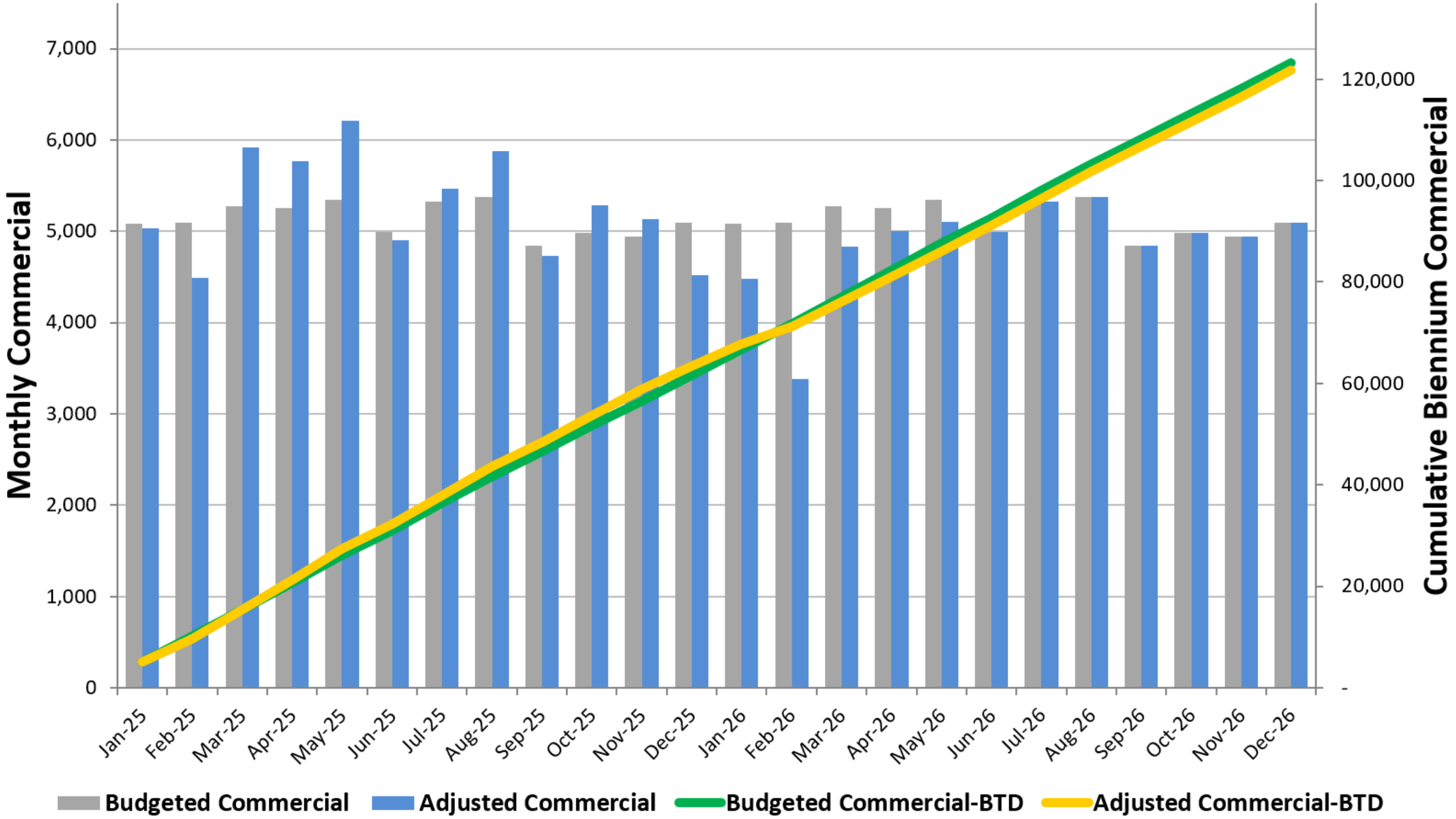
- Intermodal:
  - ▼ NIM -33%
  - ▼ WUT -31%
  - ▼ SIM -6%
  - ▲ PCT +4%
  
- Commercial:
  - ▼ US Oil -32%
  - ▼ WWS -19%
  - ▼ AWC +9%
  - ▼ Seaport -1%

▲ Increase from last quarter  
 ■ No change  
 ▼ Decrease from last quarter

# Intermodal Volumes



# Commercial Volumes



# 2025/2026 Biennium Forecast vs. Budget

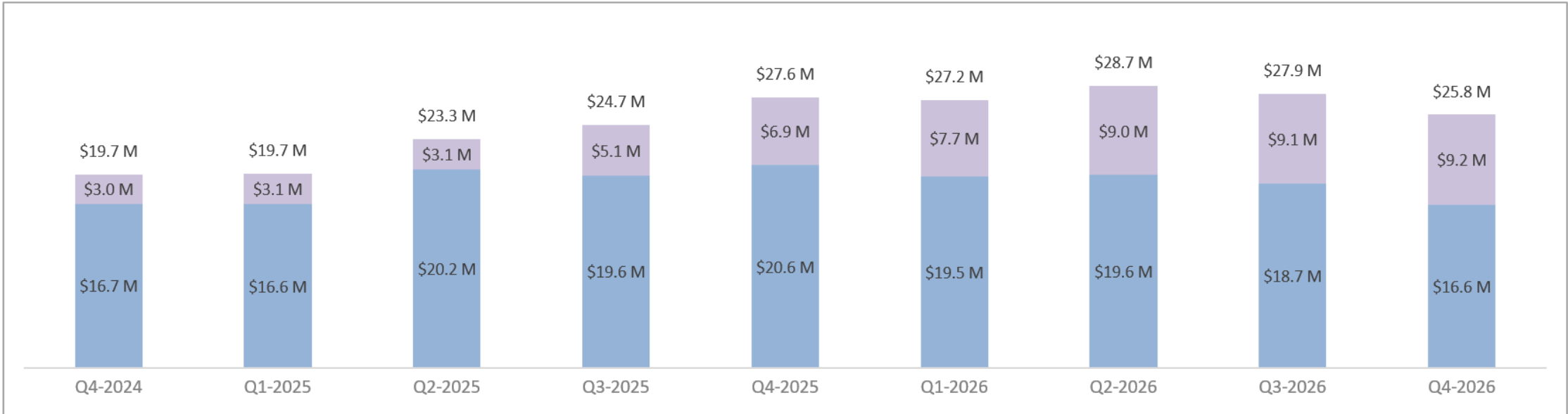
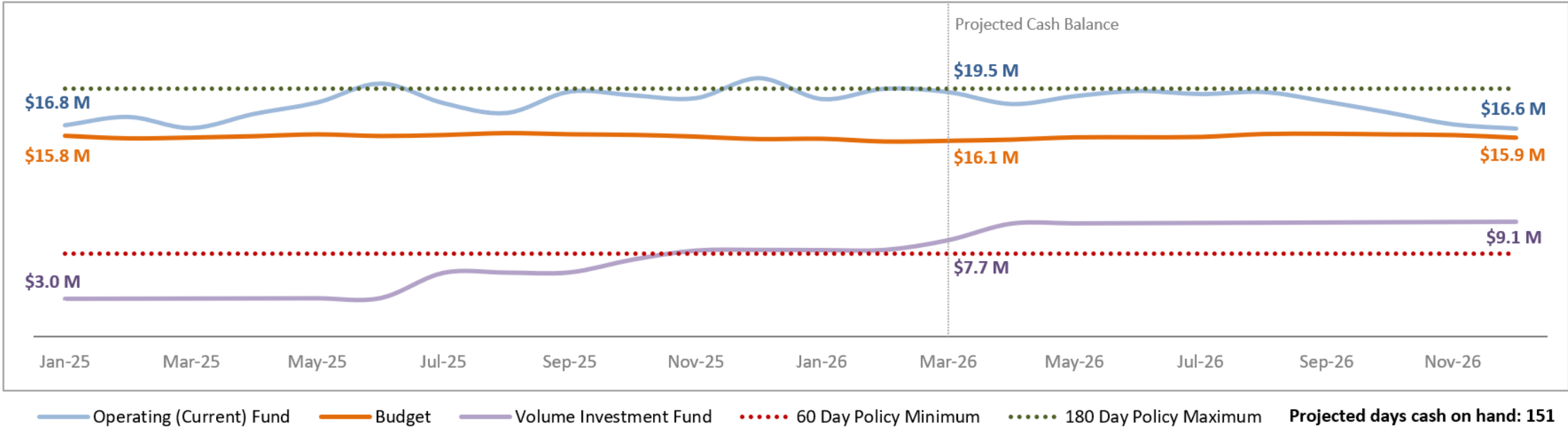
1. Intermodal volumes 7% higher and Commercial volumes 2% below budget for biennium to date through Q1 2026.
2. Demurrage revenues above budget due to customer railcar dwell.
3. Locomotive Servicing
  - Locomotive volumes up
  - Fuel servicing volume below budget, but rate above due to cost of fuel
  - Labor revenue above budget
4. Additional railcar storage.
5. Increase due to cash levels.
6. Grants, Transfers & Pledges
  - Adjusted capital project costs and projects spanning biennia.
  - Locomotive repower reimbursements removed from cash projection due to estimated timelines of costs incurred being at the end of the year.
7. Debt funding reimbursement spanning biennia.

# 2025/2026 Biennium Forecast vs. Budget

	2025 Budget	2025	2025 Difference	2026 Budget	2026 Forecast	2026 Difference	Budget Biennium	Adjusted Forecast	Biennium Difference	Biennium Diff. (%)	
<b>Revenue</b>											
Switching Revenue	\$ 35,221	\$ 37,076	\$ 1,855	\$ 36,167	\$ 35,172	\$ (995)	\$ 71,389	\$ 72,249	\$ 860	1%	(1)
Demurrage Fees	1,620	2,255	635	1,620	1,802	182	3,240	4,058	818	25%	(2)
Locomotive Servicing	1,257	1,902	645	1,290	1,588	297	2,547	3,490	943	37%	(3)
Other	213	617	404	213	250	37	427	867	441	103%	(4)
<b>Total Operating Revenue</b>	<b>\$ 38,312</b>	<b>\$ 41,851</b>	<b>\$ 3,539</b>	<b>\$ 39,291</b>	<b>\$ 38,813</b>	<b>\$ (478)</b>	<b>\$ 77,603</b>	<b>\$ 80,664</b>	<b>\$ 3,061</b>	<b>4%</b>	
Interest	240	543	303	240	574	334	480	1,117	637	133%	(5)
Rent & Misc Income	800	924	124	1,500	1,773	273	2,300	2,698	398	17%	
<b>Total Revenue &amp; Avail Funds</b>	<b>\$ 39,352</b>	<b>\$ 43,318</b>	<b>3,967</b>	<b>\$ 41,031</b>	<b>\$ 41,160</b>	<b>\$ 129</b>	<b>\$ 80,383</b>	<b>\$ 84,478</b>	<b>\$ 4,096</b>	<b>5%</b>	
<b>Expenditures</b>											
Personnel Costs	\$ 20,362	\$ 20,211	\$ (151)	\$ 21,226	\$ 21,657	\$ 431	\$ 41,588	\$ 41,868	\$ 280	1%	
Supplies, Other Services	11,192	9,143	(2,049)	11,076	11,046	(30)	22,268	20,190	(2,079)	-9%	
Current Fund Capital Outlay	3,290	1,973	(1,317)	4,105	4,966	861	7,395	6,939	(456)	-6%	
Debt Service	892	892	-	625	625	-	1,517	1,517	-	0%	
Taxes	3,826	4,195	368	3,893	4,081	188	7,719	8,275	557	7%	
<b>Total Expenditures</b>	<b>\$ 39,562</b>	<b>\$ 36,414</b>	<b>\$ (3,148)</b>	<b>\$ 40,925</b>	<b>\$ 42,375</b>	<b>\$ 1,450</b>	<b>\$ 80,487</b>	<b>\$ 78,789</b>	<b>\$ (1,698)</b>	<b>-2%</b>	
<b>Total Revenues Less Expenditures</b>	<b>\$ (210)</b>	<b>\$ 6,904</b>	<b>\$ 7,115</b>	<b>\$ 106</b>	<b>\$ (1,215)</b>	<b>\$ (1,321)</b>	<b>\$ (105)</b>	<b>\$ 5,689</b>	<b>\$ 5,794</b>		
<b>Appropriation from Current Fund</b>	<b>\$ 210</b>	<b>\$ (3,970)</b>	<b>\$ (4,180)</b>	<b>\$ (106)</b>	<b>\$ 4,031</b>	<b>\$ 4,137</b>	<b>\$ 105</b>	<b>\$ (5,689)</b>	<b>\$ (5,794)</b>		
<b>Capital Outlay Financing Detail</b>											
Funded from Current Fund	\$ 3,290	\$ 1,973	\$ (1,317)	\$ 4,105	\$ 4,966	\$ 861	\$ 7,395	\$ 6,939	\$ (456)	-6%	
Grants, Transfers & Pledges	11,445	-	(11,445)	8,450	721	(7,729)	19,895	721	(19,174)	-96%	(6)
Funded from New Debt	640	2,157	1,517	1,200	1,200	-	1,840	3,357	1,517	82%	(7)
<b>Total Capital Outlay</b>	<b>\$ 15,375</b>	<b>\$ 4,130</b>	<b>\$ (11,245)</b>	<b>\$ 13,755</b>	<b>\$ 6,886</b>	<b>\$ (6,869)</b>	<b>\$ 29,130</b>	<b>\$ 11,016</b>	<b>\$ (18,114)</b>	<b>-62%</b>	
<b>Starting Cash Balance</b>	<b>\$ 16,000</b>	<b>\$ 16,660</b>	<b>660</b>	<b>\$ 15,790</b>	<b>\$ 20,630</b>	<b>4,840</b>	<b>\$ 16,000</b>	<b>\$ 16,660</b>	<b>4%</b>	<b>4%</b>	
<b>EOY Current Fund Balance</b>	<b>\$ 15,790</b>	<b>\$ 20,630</b>	<b>4,840</b>	<b>\$ 15,895</b>	<b>\$ 16,599</b>	<b>704</b>	<b>\$ 15,895</b>	<b>\$ 16,599</b>	<b>4%</b>	<b>4%</b>	
<b>Volume Investment Fund</b>	<b>\$ -</b>	<b>\$ 3,700</b>	<b>3,700</b>	<b>\$ -</b>	<b>\$ 2,050</b>	<b>2,050</b>	<b>\$ -</b>	<b>\$ 5,750</b>	<b>-</b>	<b>-</b>	

Values in thousands

# Biennium Cash Projection


















































# Performance Metrics Update

**1<sup>st</sup> Quarter 2026**

May 27, 2026

# Performance Metrics Dashboard



Quarter 1, 2026 Performance Metrics Report Tacoma Public Utilities		
 TACOMA POWER TACOMA PUBLIC UTILITIES	 TACOMA WATER TACOMA PUBLIC UTILITIES	 TACOMA RAIL TACOMA PUBLIC UTILITIES
Financial Performance		
1 <i>Debt Service Coverage</i>  	1 <i>Debt Service Coverage</i> 	1 <i>Debt Service Coverage</i> 
2 <i>Liquidity - Days Cash on Hand</i> 	2 <i>Liquidity - Days Cash on Hand</i> 	2 <i>Liquidity - Days Cash on Hand</i> 
3 <i>Budget Performance</i> 	3 <i>Budget Performance</i> 	3 <i>Budget Performance</i> 
Operational Excellence		
4 <i>Residential Bill Comparison</i> 	4 <i>Residential Bill Comparison</i> 	4 <i>Railroad Tariffs Comparison</i> 
5a <i>Distribution O&amp;M Cost per Customer</i>  	5 <i>O&amp;M Cost per Account</i> 	5 <i>Operating Ratio</i> 
5b <i>Power Supply Expense per kWh Sold</i> 	6 <i>Unplanned Service Disruptions</i> 	6 <i>Locomotives Serviced</i> 
6a <i>Outage Duration</i>  	7 <i>Distribution System Leakage</i> 	7 <i>On-Time Switching</i> 
6b <i>Outage Frequency</i> 	8 <i>Water Conservation</i> 	8 <i>Storm Water Stewardship</i> 
7 <i>Non-Carbon Power Resources</i> 		
8 <i>Power Conservation</i> 		
Commitment to Cust & Employees		
9 <i>Customer Satisfaction</i> 	9 <i>Customer Satisfaction</i> 	9 <i>Customer Satisfaction</i> 
10 <i>Employee Satisfaction</i> 	10 <i>Employee Satisfaction</i> 	10 <i>Employee Satisfaction</i> 
11 <i>Employee Safety</i> 	11 <i>Employee Safety</i>  	11 <i>Employee Safety</i>  
12 <i>Call Center Responsiveness</i>  	12 <i>Call Center Responsiveness</i>  	

# Performance Metrics Highlights



## Financial Performance

- Q1 performance favorable across all metrics
- Positive impact of Power's bond refinancing

## Operational Excellence

- Power outage durations shorter as we move away from winter events
- Power's O&M metric reflects updated benchmark
- Water's O&M metric higher due to including costs previously excluded

## Commitment to Customers & Employees

- Safety incident down across all three divisions
- Call center response times impacted by SAP upgrade, system downtime, and unplanned absences

# Appendix

# PUB Engagement for Capital Projects above \$5M

Active Projects	Prior PUB Engagement Dates
Cushman #2 U31, U32 Rebuild	PUB Meeting 11/16/2022 - Resolution U-11359, Award contract to GE Renewables US LLC. PUB Meeting 04/09/2025 - Resolution U-11224 and U-11520, Contract increase for HDR Engineering. PUB Study Session 09/10/2025 – Hydro Unit Modernization Program PUB Meeting 10/10/2025 – Resolution U-11571, Award 5-year contract to HDR Engineering PUB Meeting 10/10/2025 – Resolution U-11571, Increase and extend contract with GE Renewables
TPU Admin Complex Storage & Parking Facility	PUB Study Session 07/12/2023 - TPU Administration Complex Storage/Parking facility and South Service Center Projects. PUB Meeting 10/10/2025 – Resolution U-11571, Award contract to Absher Construction Co. PUB Study Session 02/25/2026 – TPU Admin Complex & Parking / South Service Center
South Service Center Storage	PUB Meeting 01/22/2025 - Resolution U-11504, Award contracts to WSP USA, Inc. and Kennedy Jenks. PUB Study Session 02/25/2026 – TPU Admin Complex & Parking / South Service Center
Automated Distribution Mgmt System (ADMS)	PUB Study Session 09/27/2023 - Automated Distribution Mgt System (ADMS) PUB Study Session 04/23/2025 – ADMS Business Case Overview PUB Meeting 05/14/2025 - Resolution U-11529, Award contracts to Media Mosaic, Inc., Sun-Net, Inc., Open Systems International, Inc., Aveva Software LLC PUB Meeting 05/28/2025 - Resolution U-11532, Award contract to Cerium Networks, Inc. PUB Meeting 07/23/2025 – Resolution U-11542, Award contract to Leidos Engineering, LLC PUB Meeting 08/13/2025 - Resolution U-11546, Increase Toba Consulting LCC



# PUB Engagement for Capital Projects above \$5M

<b>Active Projects</b>	<b>Prior PUB Engagement Dates</b>
Cowlitz Trout Hatchery Fish Rearing Revision	PUB Study Session 04/24/2024 - Tacoma Power: Cowlitz Trout Hatchery Remodel PUB Meeting 05/22/2024 - Resolution U-11459, Award contract to McMillen Inc.
Mayfield Fish Passage Modification	PUB Meeting 05/24/2023 - Resolution U-11384, Increase contract to Kleinschmidt Associates PUB Meeting 06/26/2024 - Resolution U-11461, Award contract to Kleinschmidt Associates PUB Study Session 10/10/2025 – Mayfield Dam Juvenile Bypass Project PUB Meeting 03/11/2026 – Resolution U-11589, Award contract to Kleinschmidt Associates

