

*Serving our customers*



**Q1 2026**

# **Energy Risk Management / Power Supply Update**

**May 13, 2026**

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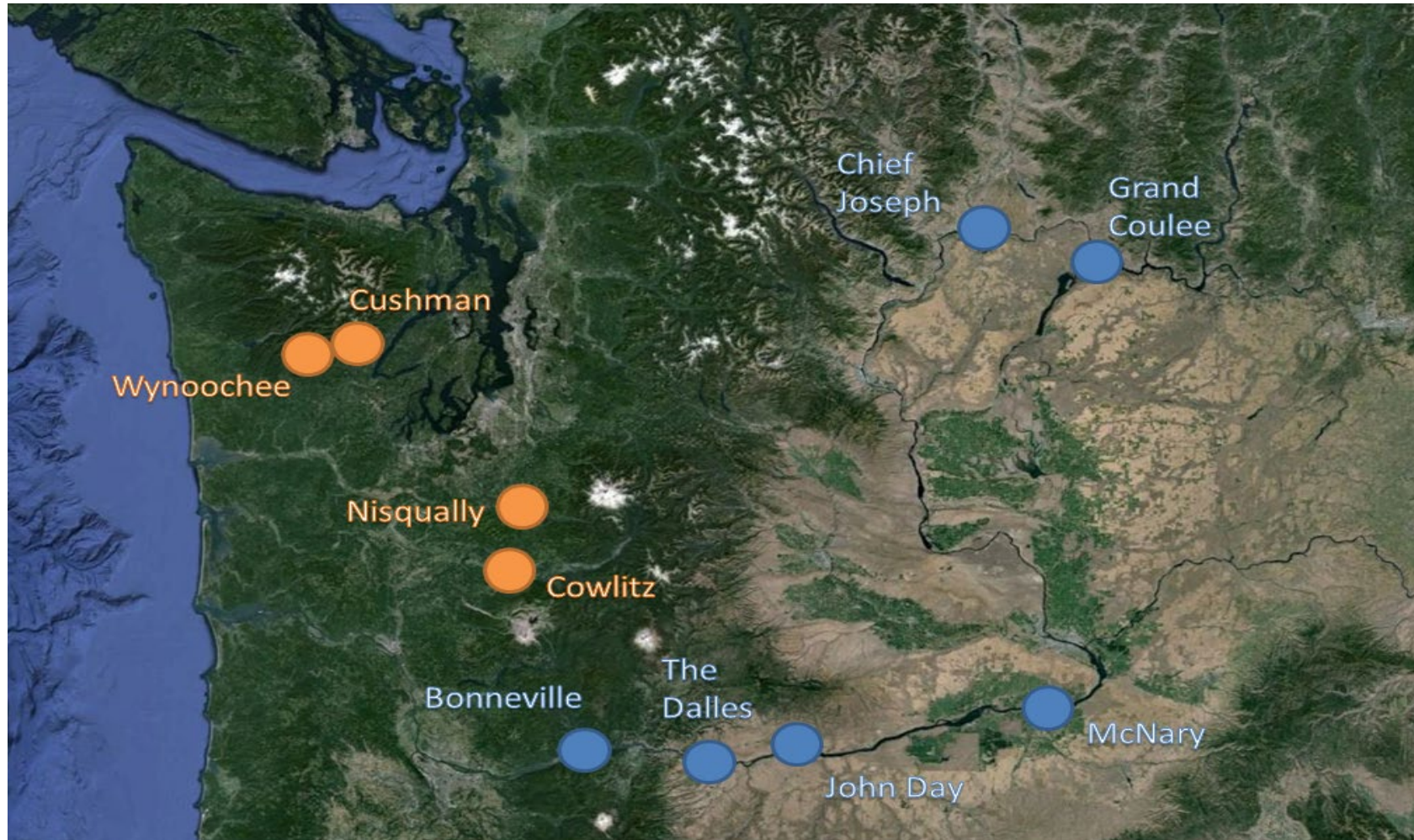
**TACOMA POWER**  
TACOMA PUBLIC UTILITIES

# Power Supply

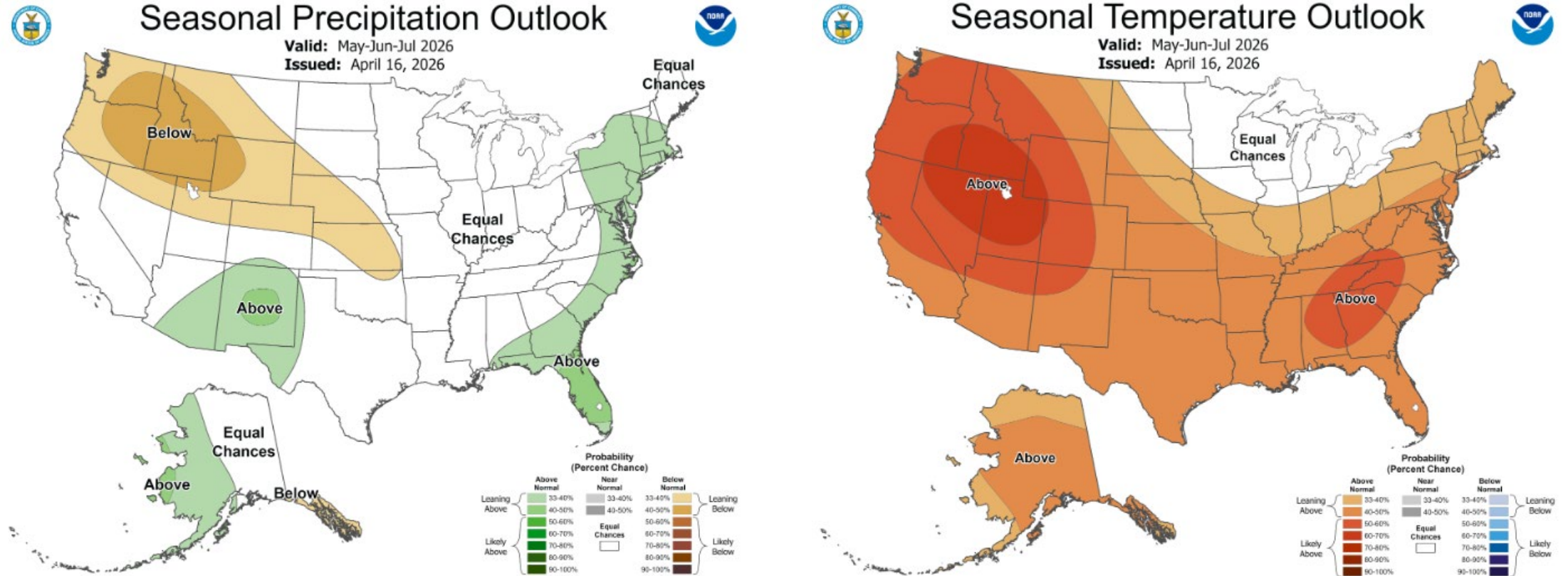
Section 1

## Graph 1: Tacoma Power Hydroelectric Resource Overview

(Map of Tacoma Power’s Hydroelectric Projects and the Federal System)

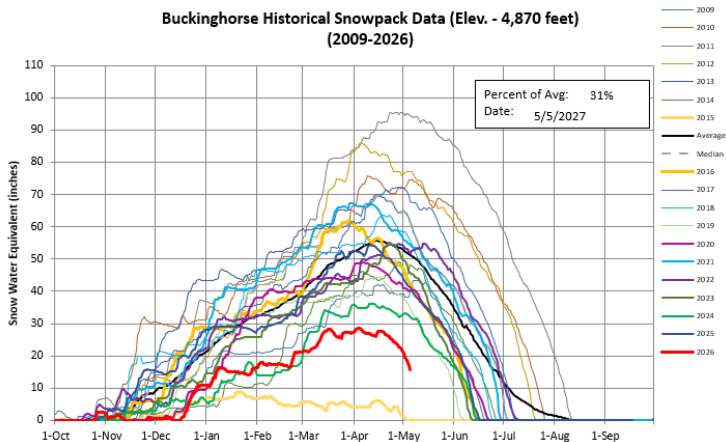
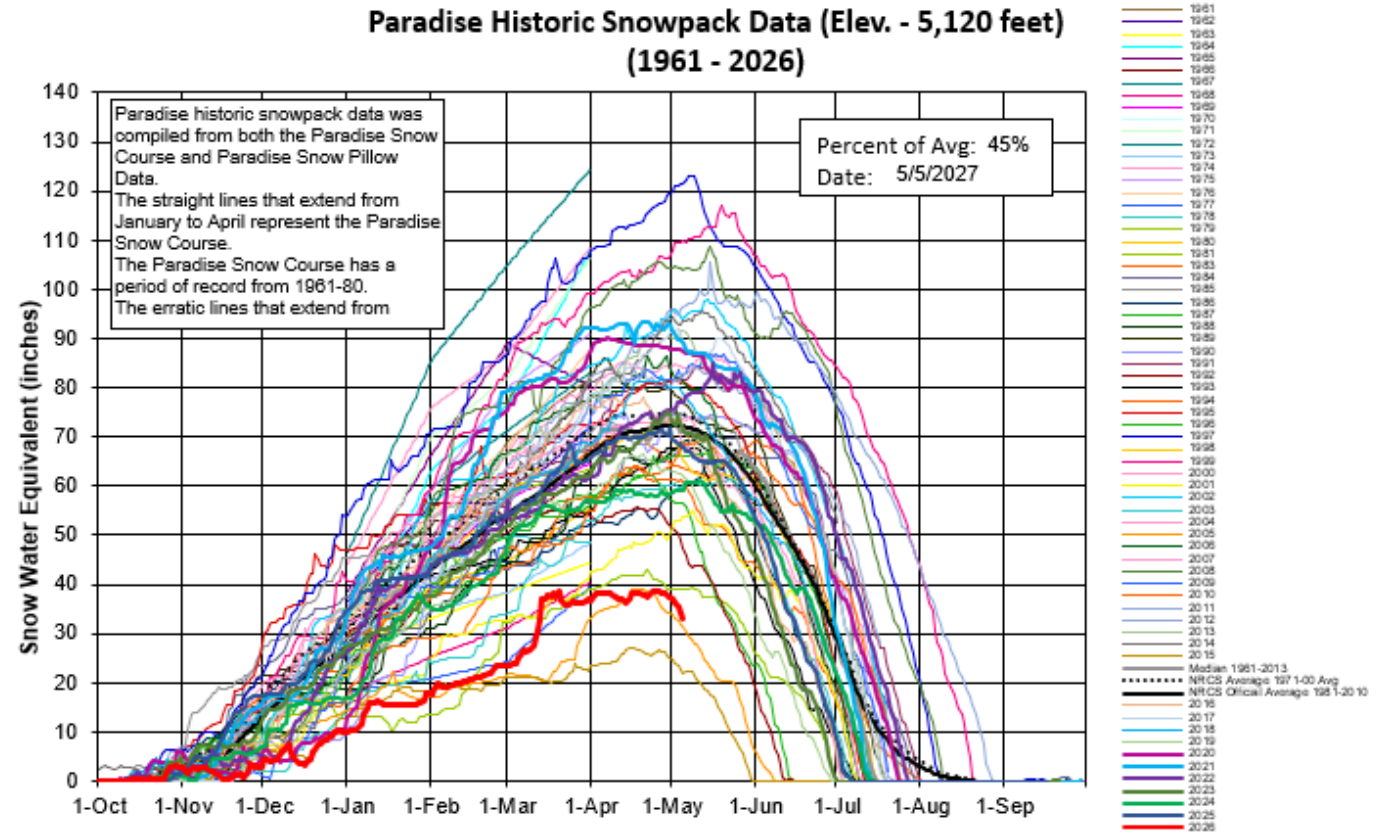
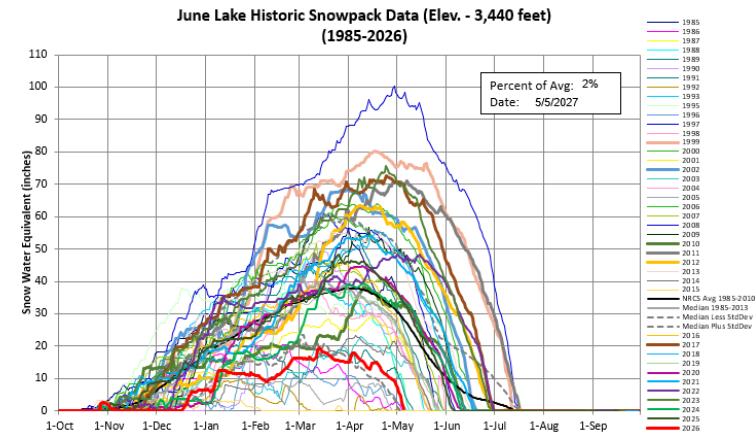


Graph 2: Equal Likelihood of Below or Above Average Temperatures and Rainfall, Proximity to More Extremes



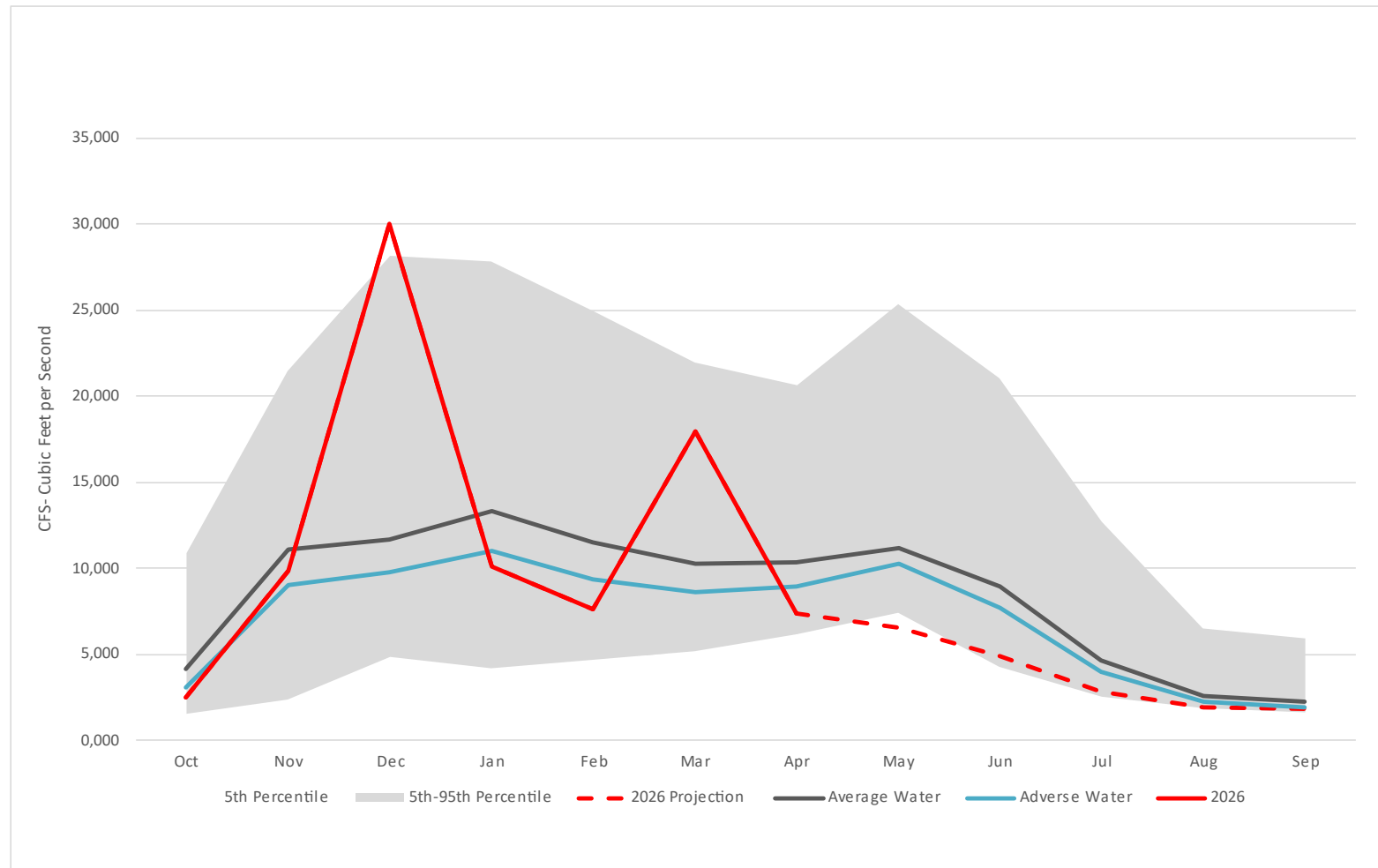
# Power Supply Update – Snowpack Status

Graph 3: Snowpack Well Below Average at Key SNOTEL Sites, Early Melt  
(Cowlitz & Nisqually: Paradise and June Lake, Cushman & Wynoochee: Buckinghorse)

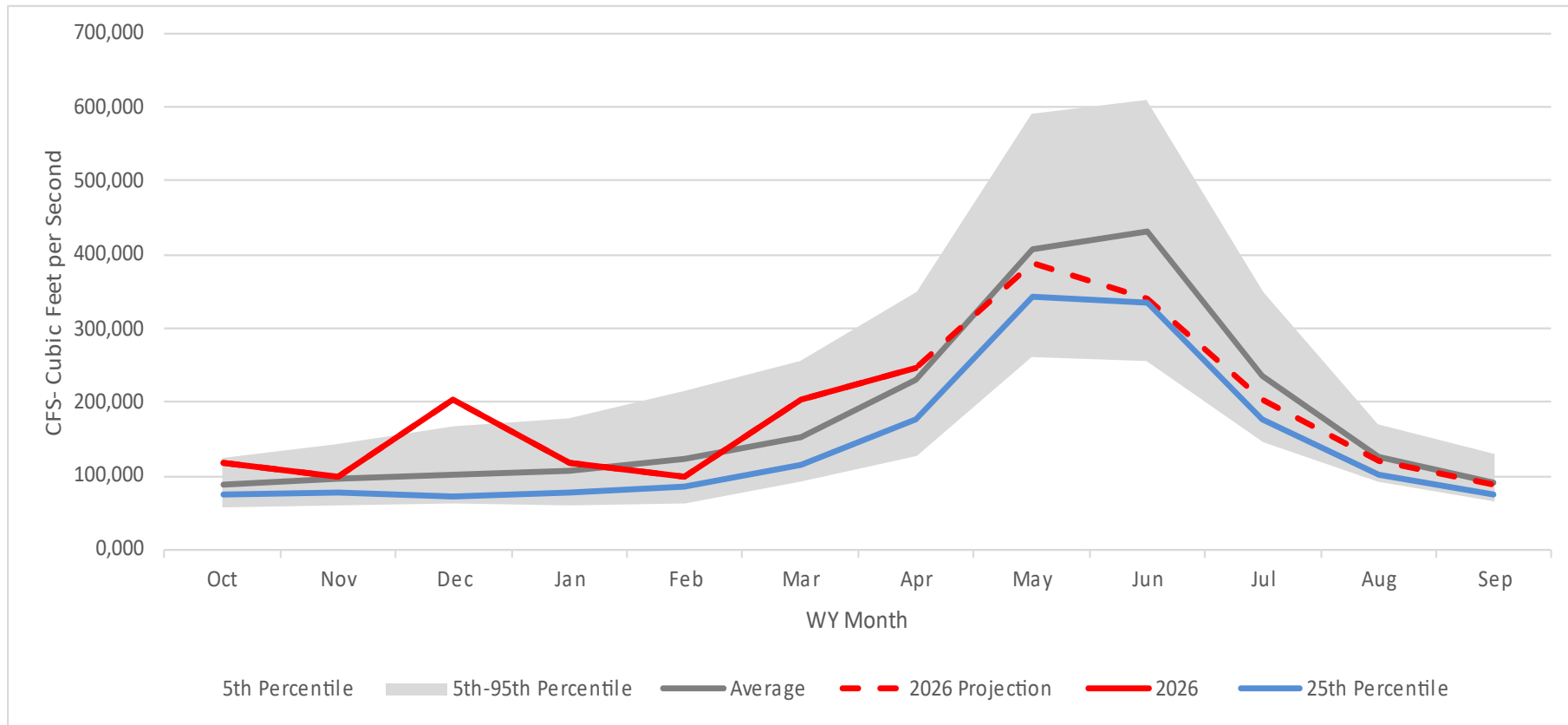


Graph 4: Tacoma System Inflows – Extreme December & March Inflows, Dry Outlook Ahead

(Tacoma System Hydro Inflows, Historical Years 1929 – 2026)

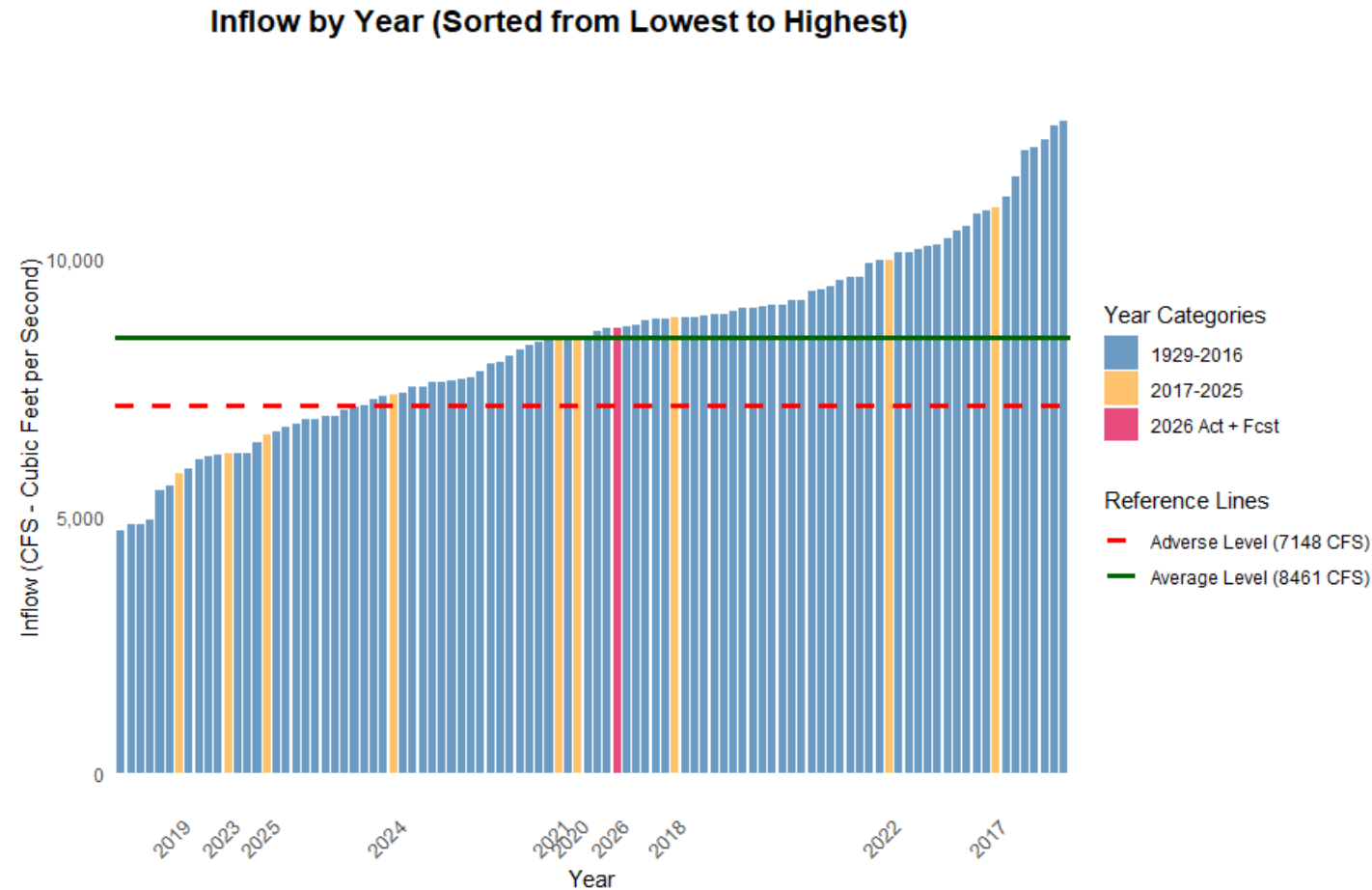


Graph 5: Federal System Inflows – (Federal System Hydro Inflows, Years 1961 – 2026)

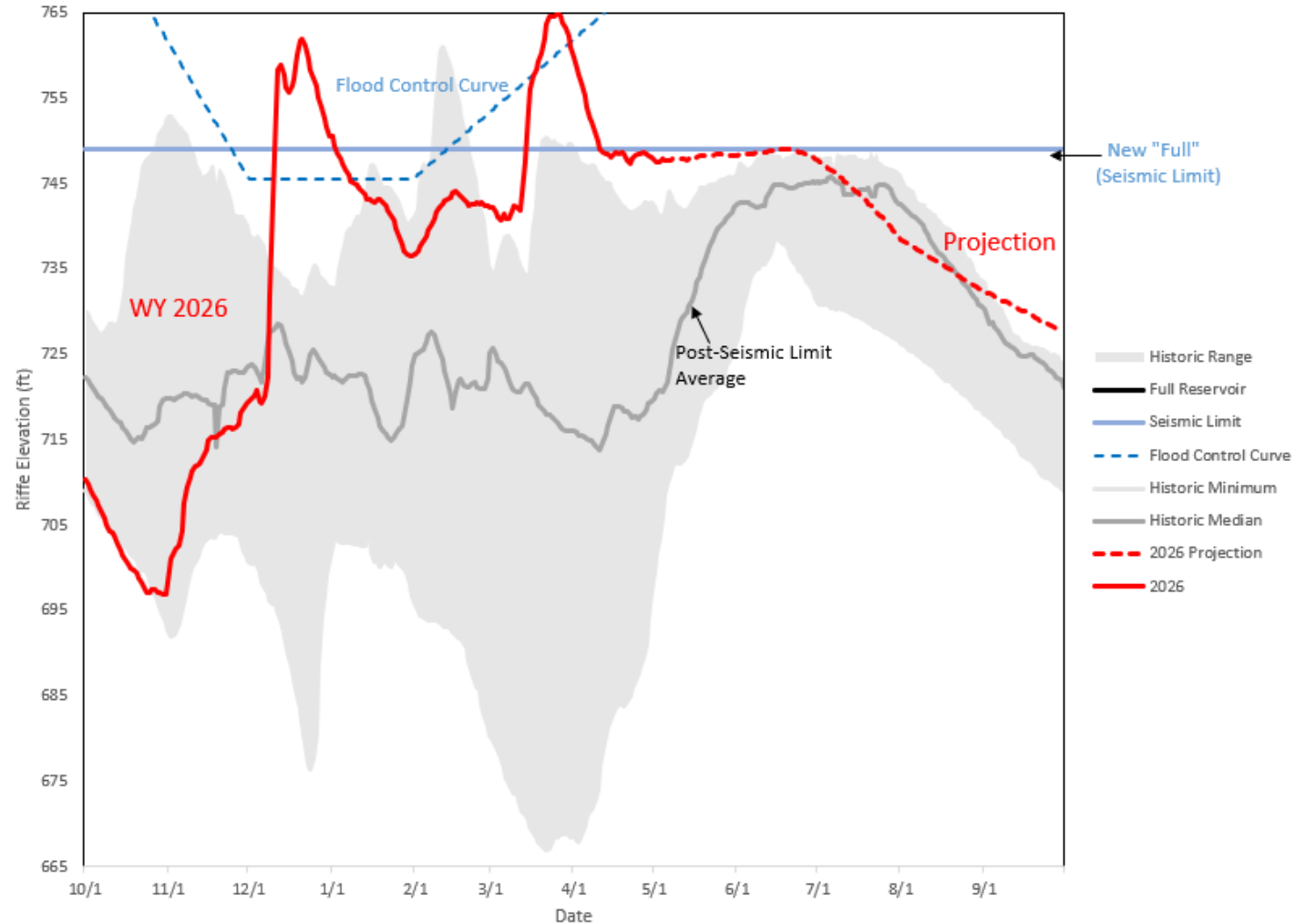


Graph 6: Water Year 2026 Tacoma System Inflows – Extreme Events Pushed Inflows Above Average

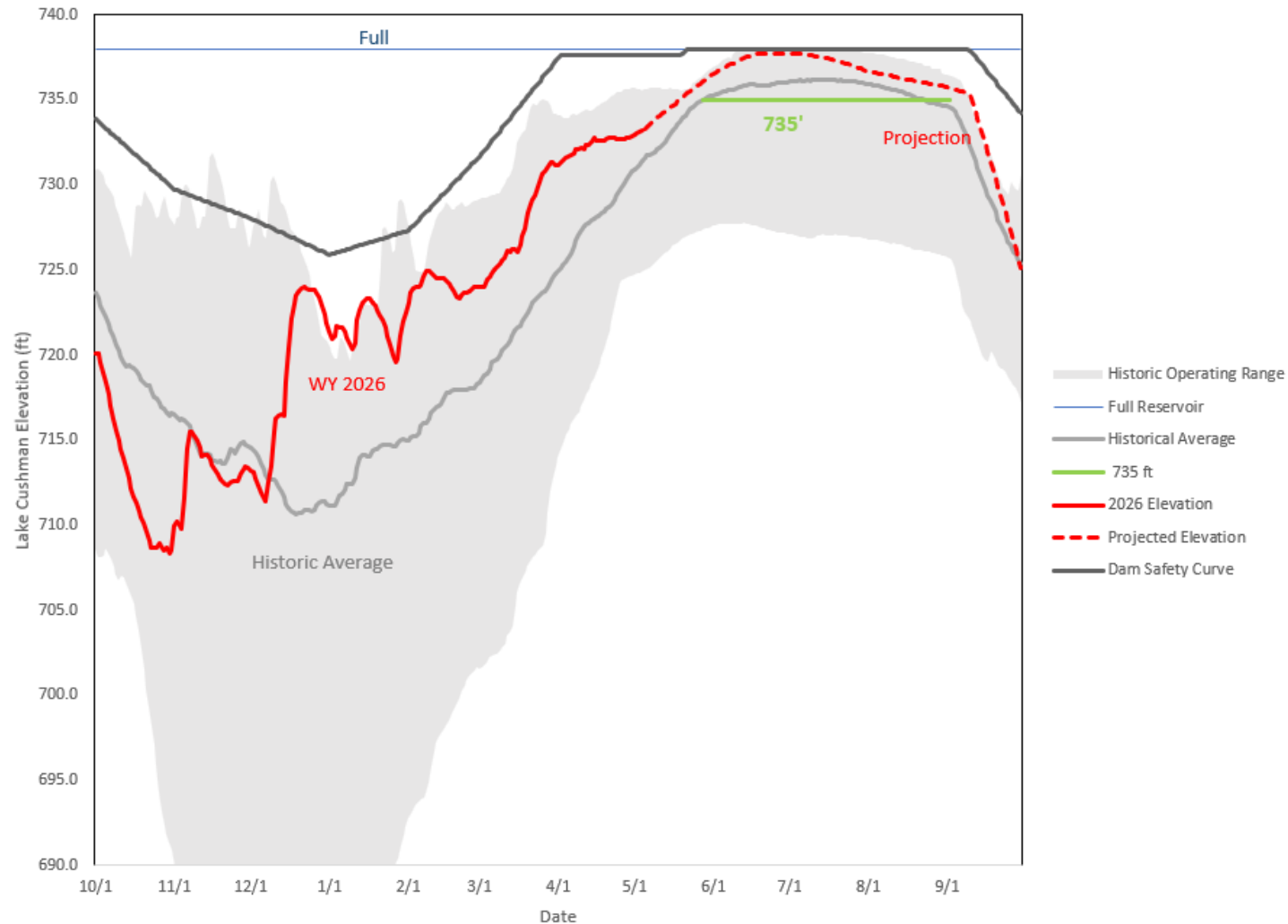
(Tacoma System Inflows Annual Avg., Water Years 1929 – 2026)



Graph 7: Extreme December Events Followed by Conservative Operations  
(Cowlitz Elevation, Water Year 2026 vs. Years 2017-2025)



Graph 8: Cushman Project Elevation – Maintaining Above Average Elevation Ahead of Dry Summer Fcst  
(Cushman Elevation, Water Year 2026 vs. Years 2012-2025)



# Wholesale Net Revenues

Section 2

## Program Purpose & Objective:

Provide **independent oversight** of wholesale trading activities and **decision-support tools** for operations and trading functions. The program is designed to manage variability in our hydro supply portfolio, mitigate adverse financial impacts from wholesale market transactions, and stabilize revenues.

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### Primary Functions:

- Portfolio Risk Modeling
- Credit Risk Management
- Risk Controls

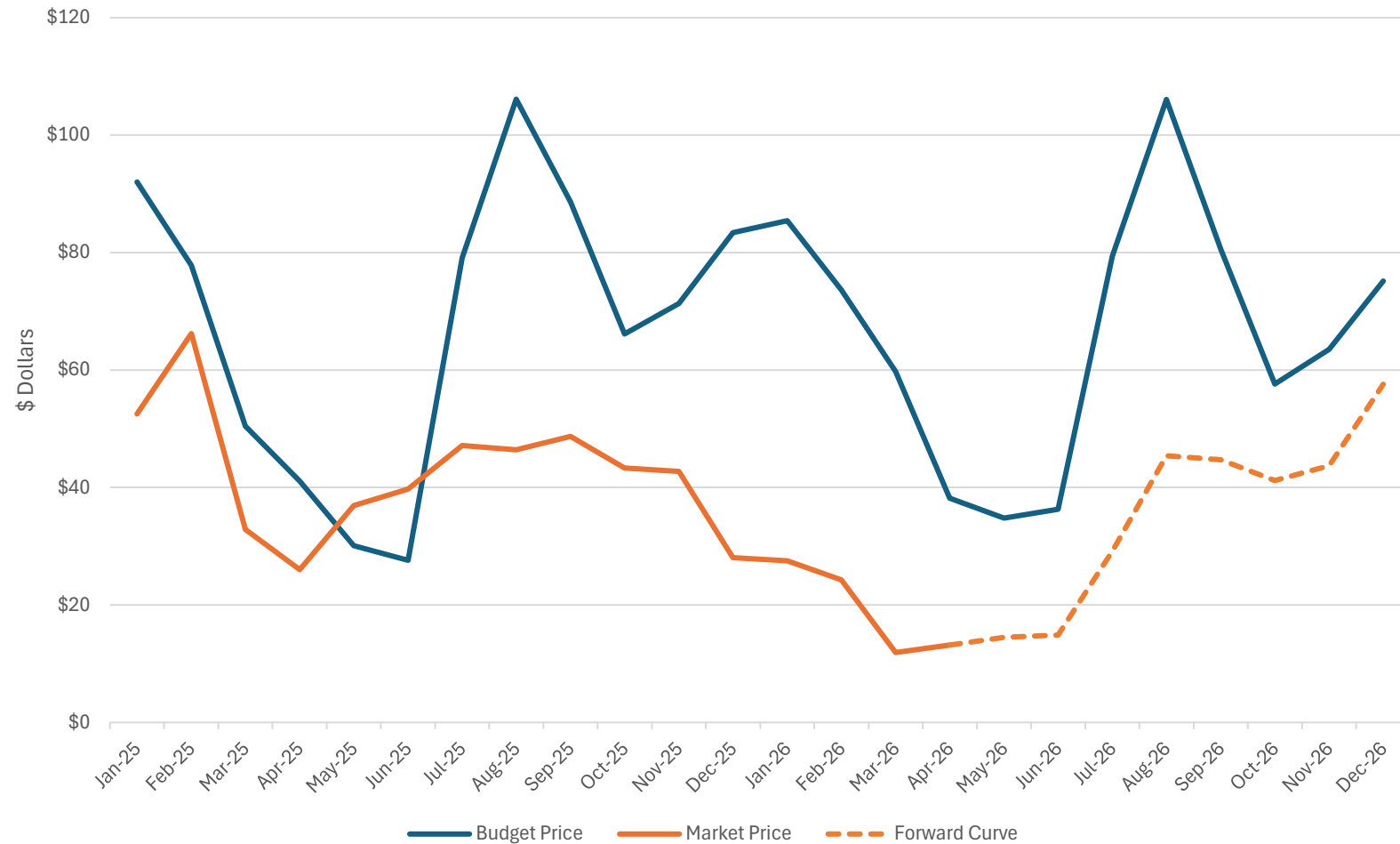
### Program Focus Areas:

- Identify & Quantify Risks
- Risk Tolerance & Policies
- Hedging Program & Metrics
- Trade Controls & Processes
- Monitor & Report Risks

# Wholesale Net Revenues – Power Prices

## Graph 9: Wholesale Market Prices Trend Below Budget for 2025/2026 Biennium

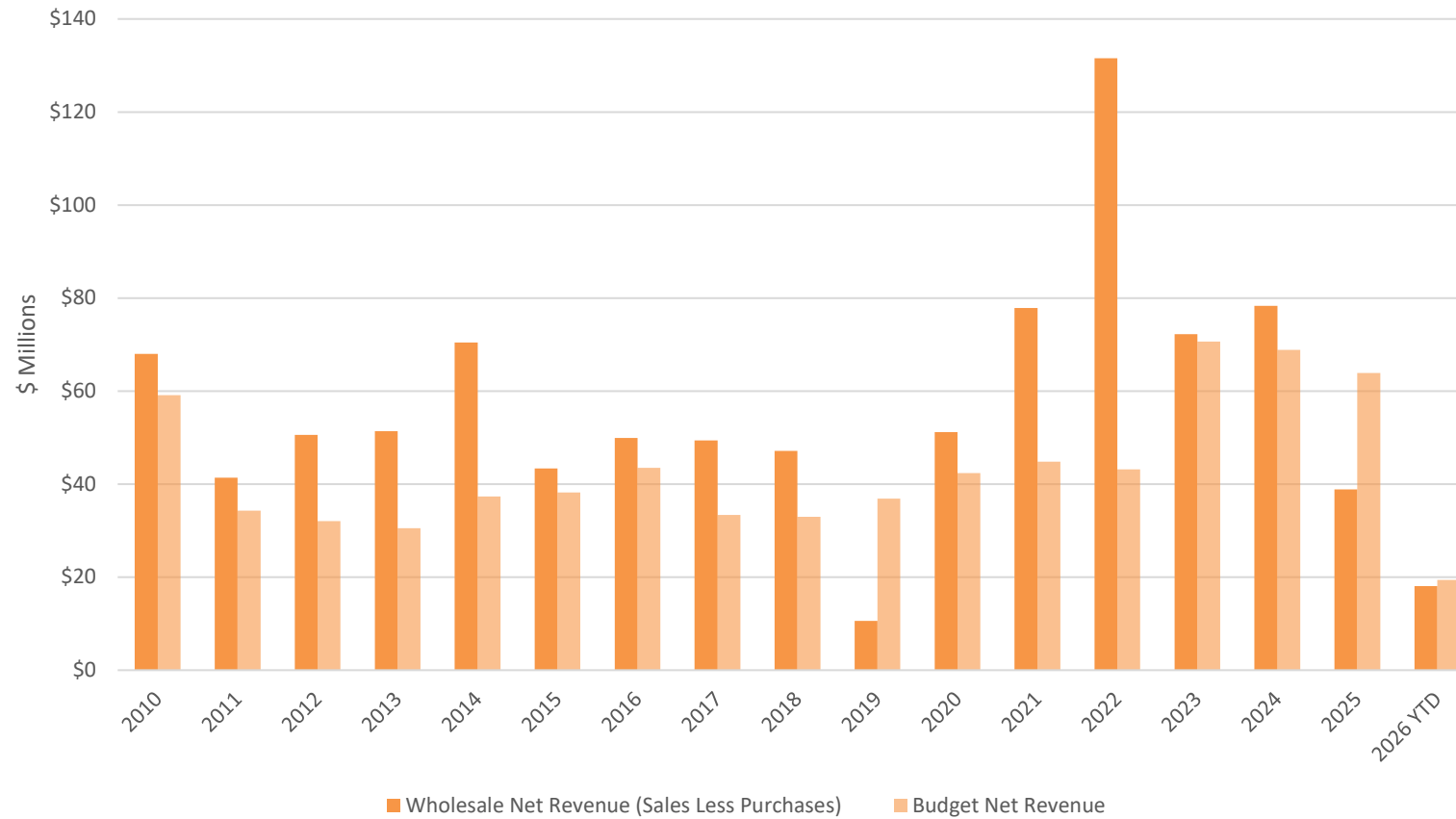
(ICE Mid-C Market vs. Budget Wholesale Prices, 2025 – 2026)



# Wholesale Net Revenues – Historical Net Revenues

## Graph 10: Market Price and Hydro Volatility Leads to Greater Wholesale Revenue Variability

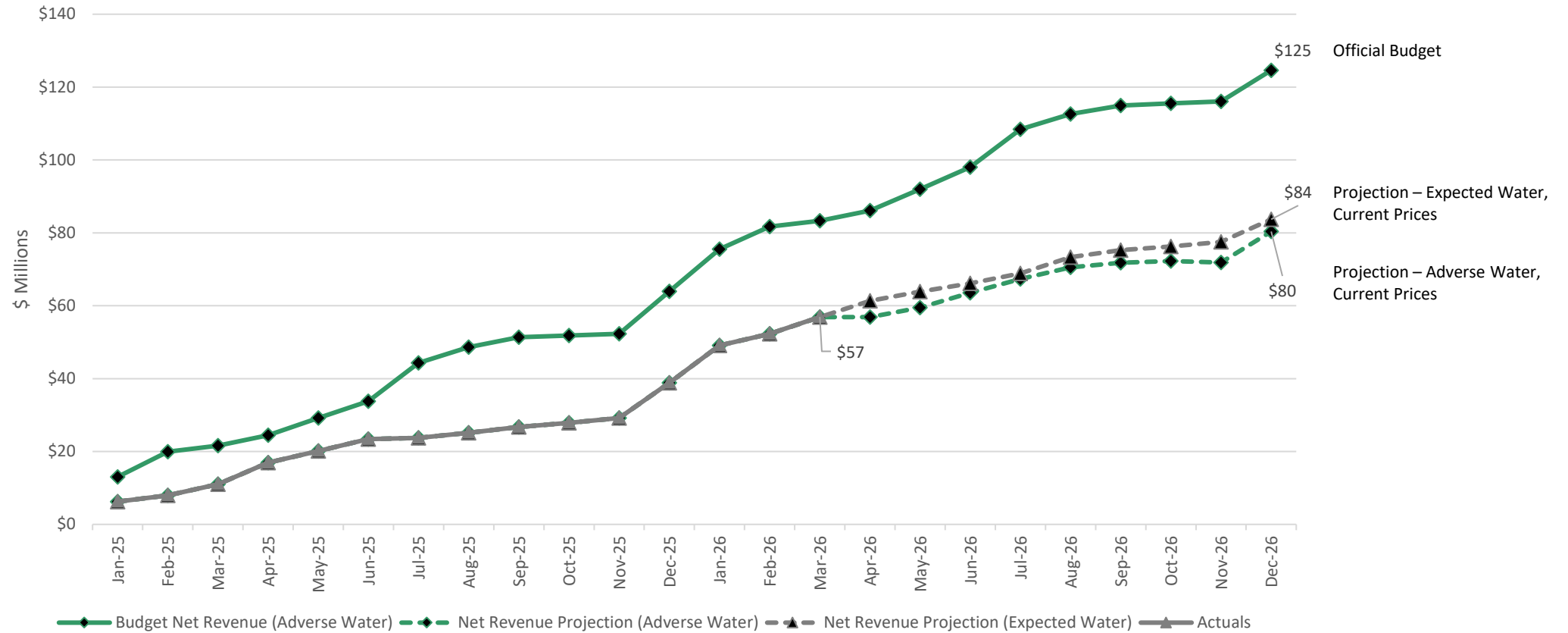
(Annual Actual vs. Budget Wholesale Net Revenues, 2010 – Q1 2026)



# Wholesale Net Revenues – Cumulative View

Graph 11: Net Revenues Below Budget due to Low Market Prices and Poor Hydro Conditions

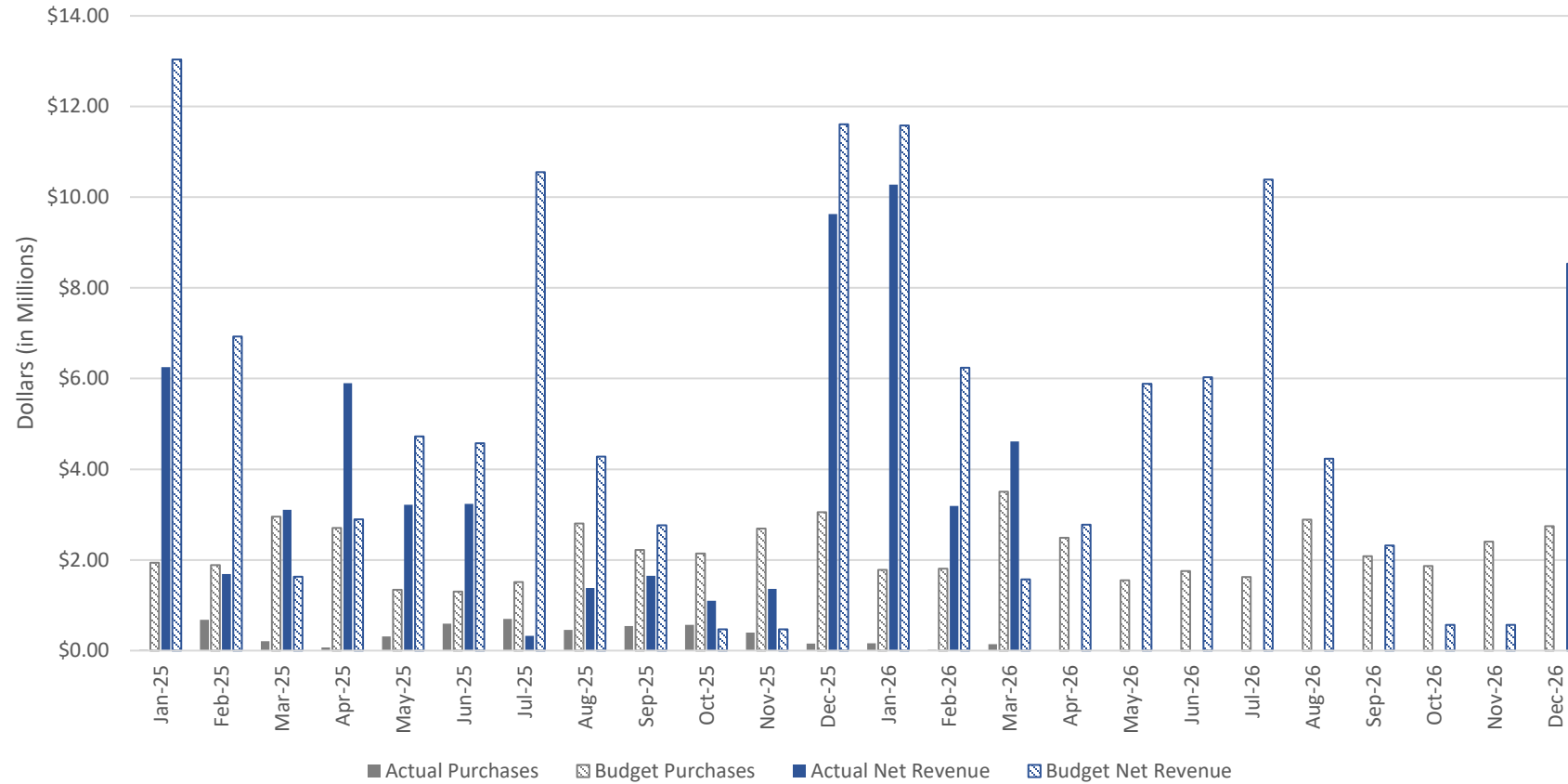
(Cumulative Actual vs. Budget Wholesale Net Revenues, 2025 – 2026)



# Wholesale Net Revenues – Monthly View

Graph 12: Lower Purchases Partially Offset Under-Budget Net Revenues

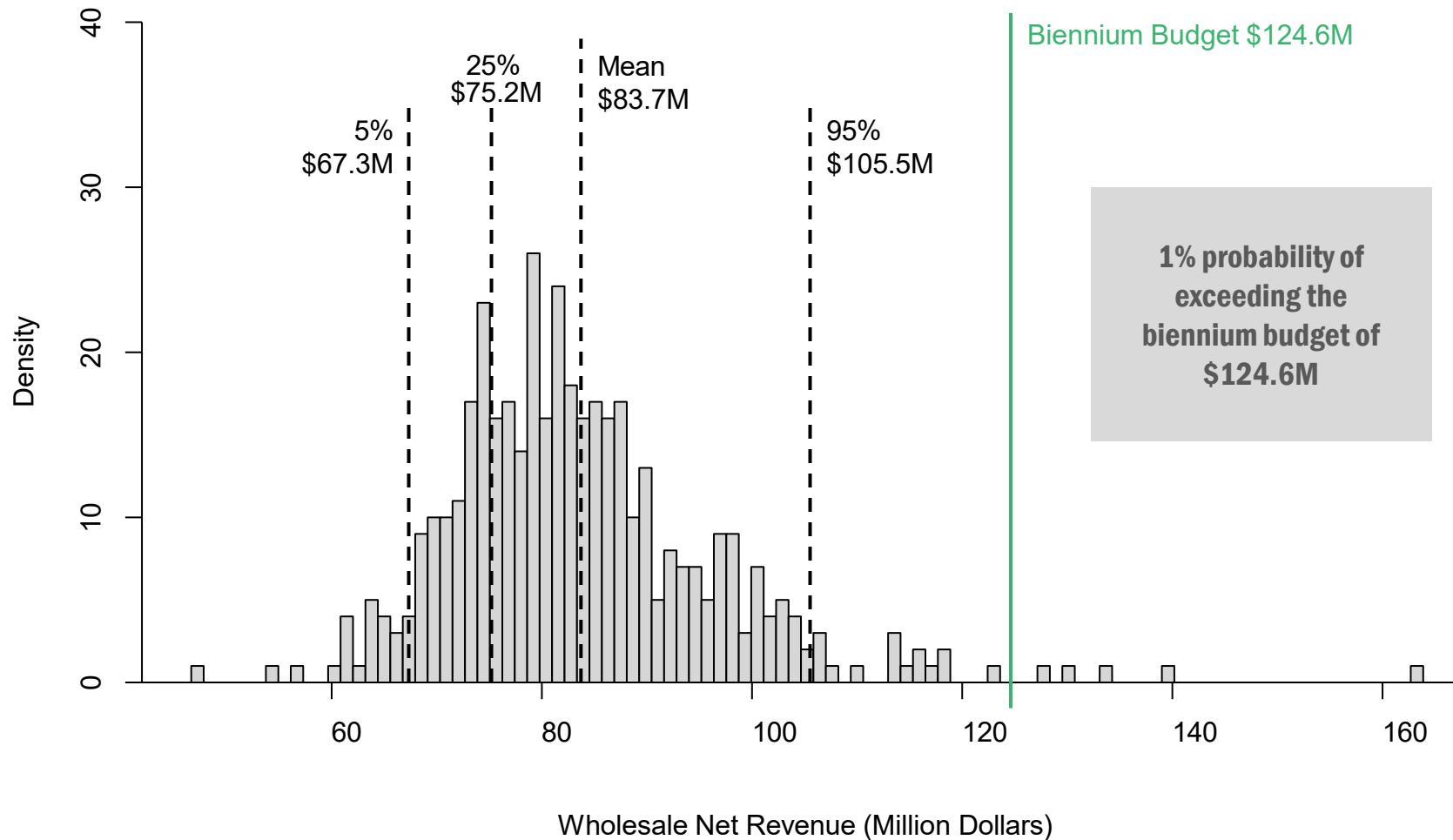
(Monthly Actual vs. Budget Wholesale Purchases and Net Revenues)



# Wholesale Net Revenues – 2025/2026 Projection

## Graph 13: Wholesale Net Revenues Projected \$41M Below Budget for the 2025/2026 Biennium

(Risk Model Simulation of Biennial Net Revenues, 2025-2026)



- 2025/26 wholesale net revenues are projected below budget by ~\$40M
- Unfavorable wholesale variance to budget is consistent with historical volatility
- Despite near-average hydrologic conditions, the water year has been mostly dry, marked by two significant atmospheric events
- Wholesale power prices have trended significantly lower than budget, despite conservative assumptions
- Poor wholesale revenue outcome reinforce the importance of maintaining conservative budgeting approach, well-established energy risk management program, and robust Rate Stabilization Fund balance
- No need to draw on the Rate Stabilization Fund given sufficient financial metrics
- Financial position remains stable and sound due to below-budget purchased power expenses