

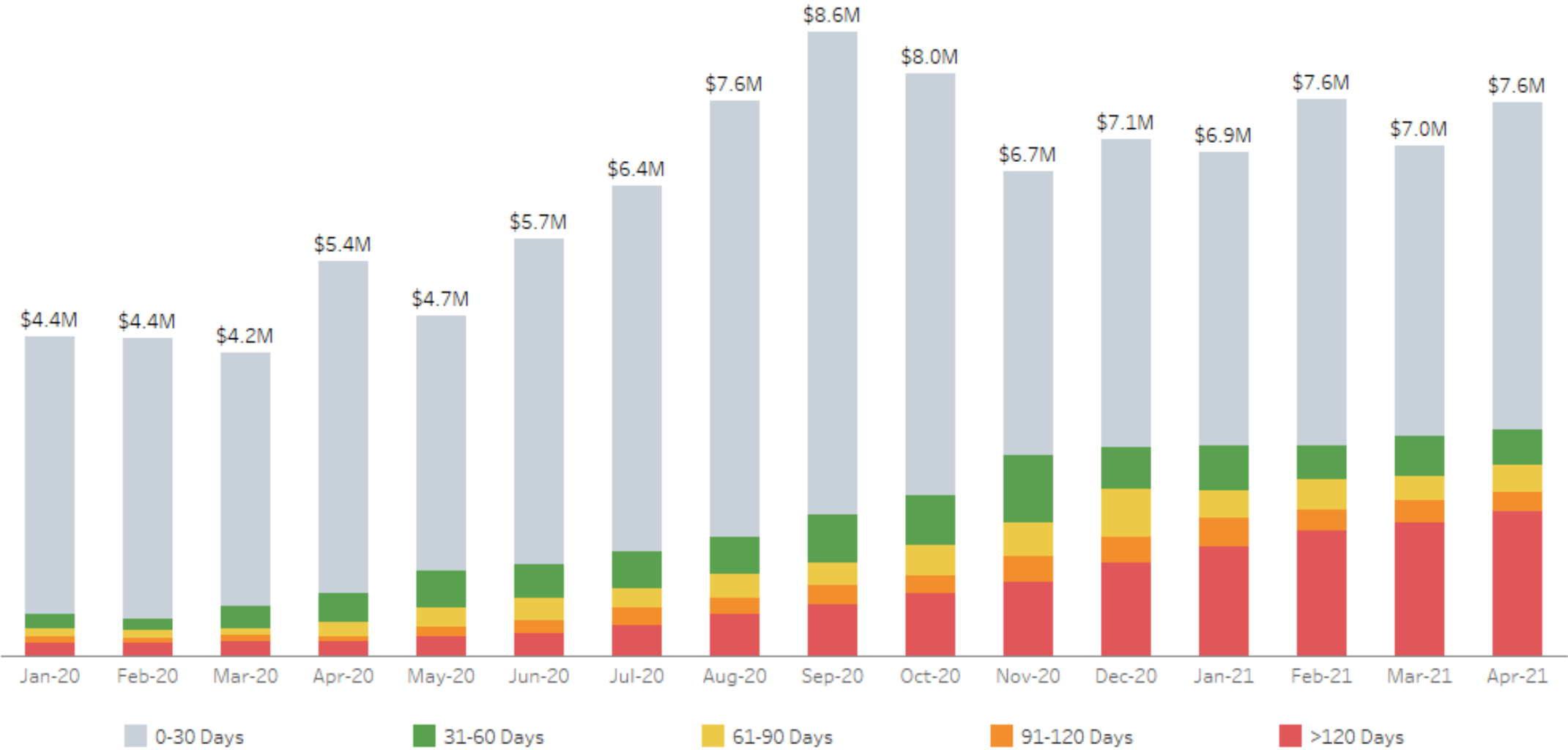
Tacoma Public Utilities

Financial Outlook Update
Quarter 1, 2021

Summary of Financial Outlook

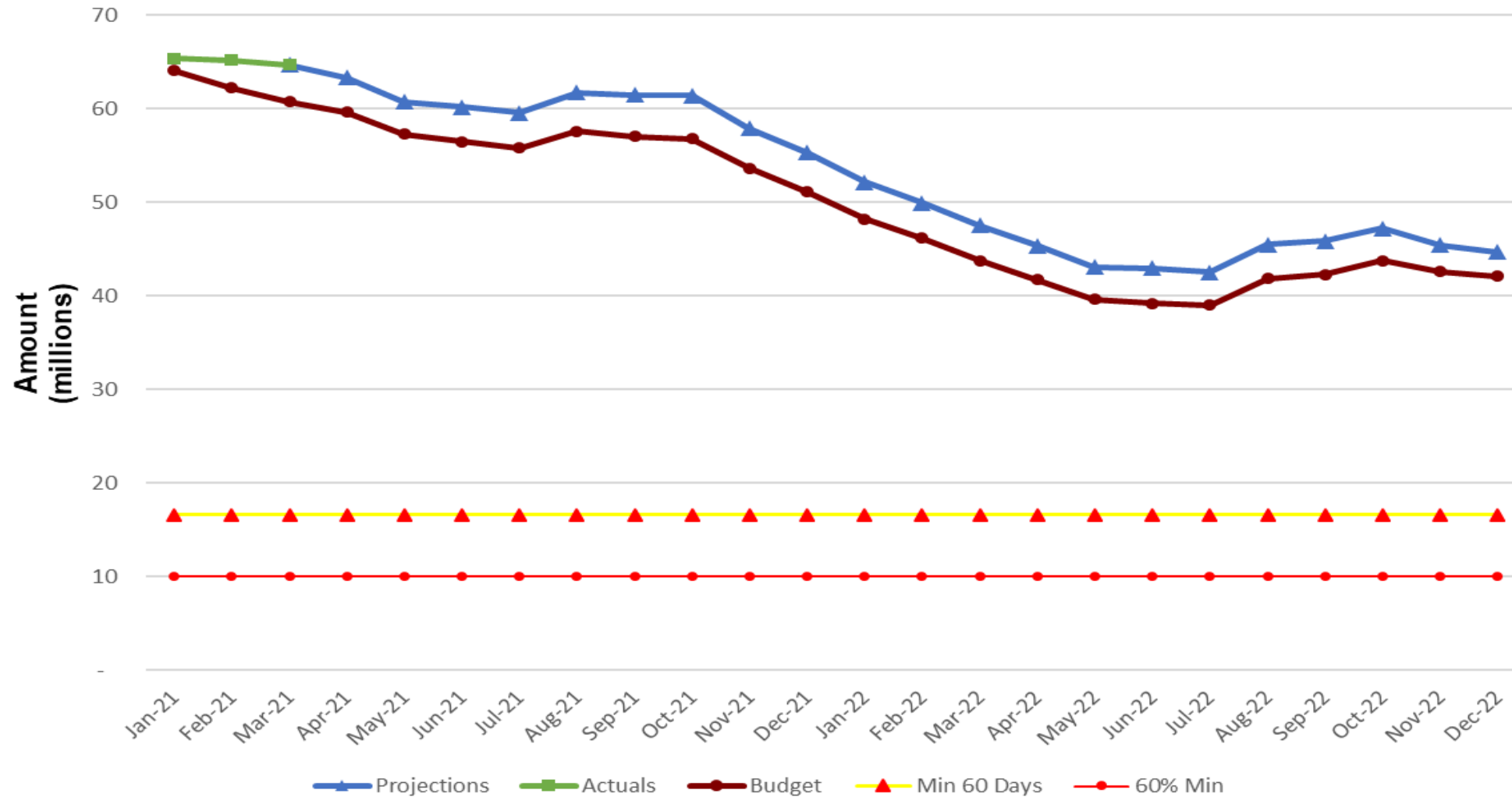
- *This report incorporates actual revenues and expenditures through March along with projected adjustments for the remainder of the biennium*
- **Forecast for total revenue is less than \$500,000 over budget**
 - Q1 Challenges: Actual rate adjustment 0.5% or \$471,000 lower than budget assumption for 2021, increased aging of accounts receivable and sluggish cash flow
 - Q1 Strengths: Generally inelastic demand, revenue stability through rate design, strong cash balances, increased Federal Utility Assistance available to our customers
 - Q2 Outlook: Continuing to monitor impacts of the pandemic, large volume customer demand
- **Forecast for expenditures \$325,000 under budget**
 - Q1 Challenges: Ongoing increases in bad debt expense, increased construction costs (labor and materials)
 - Q1 Strengths: New org structure, ability to shift timing of certain expenditures
 - Q2 Outlook: Monitoring spending and projections, potential new tax impacts

Aging of Accounts Receivable



Biennium Cash Projection

TACOMA WATER
CURRENT FUND CASH PROJECTIONS
Actual & Estimated Cash for 2021/2022



Summary of Financial Outlook

Forecasting Practices



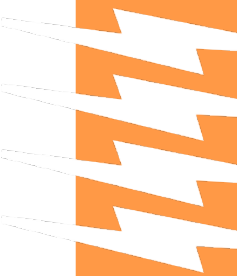
- March 2021 Actuals
- Moderate recession load forecast
- Adverse water conditions
- Budgeted Personnel and O&M expenditures
- Project estimates of capital spending

• **Forecast for total revenue is \$1.8 million more than budget**

- Q1 Strengths: Retail sales close to projections, above average inflows to our hydroprojects in January and February.
- Q1 Challenges: Below Adverse inflows to our hydroprojects in March & April.
- Q2 Outlook: Current drought conditions will reduce hydroproject inflows but should be offset by melting snowpack. Rollback of the phased pandemic reopening may reduce retail revenue.

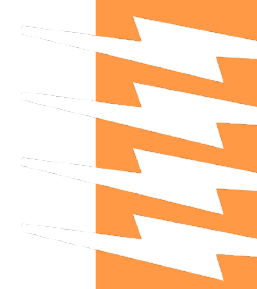
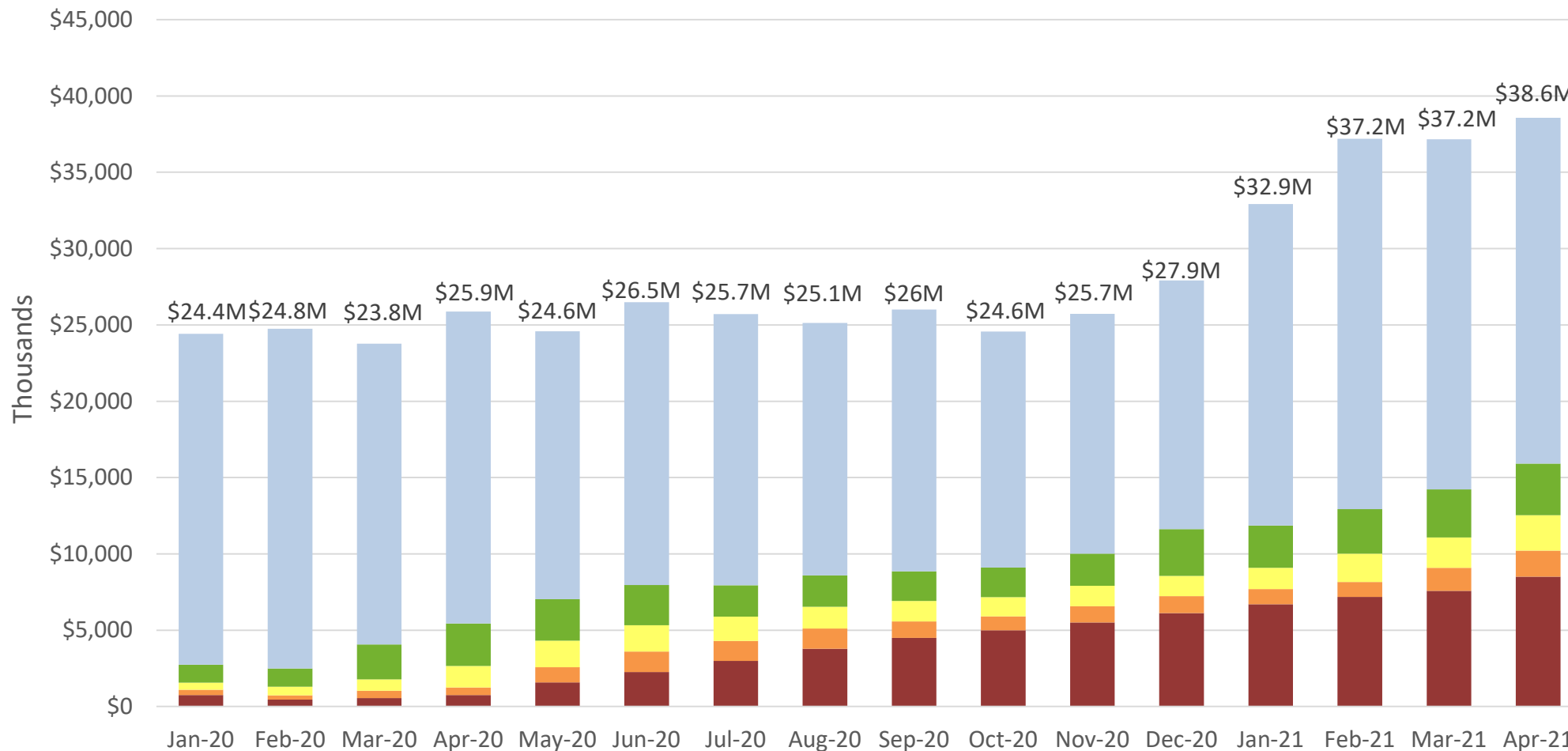
• **Forecast for total expenditures is \$6.5 million under budget**

- Q1 Strengths: Personnel and capital spending are close to budget.
- Q1 Challenges: Bad debt expenses are \$700,000 over budget.
- Q2 Outlook: Continue spending close to budget and monitor the bad debt expenses.

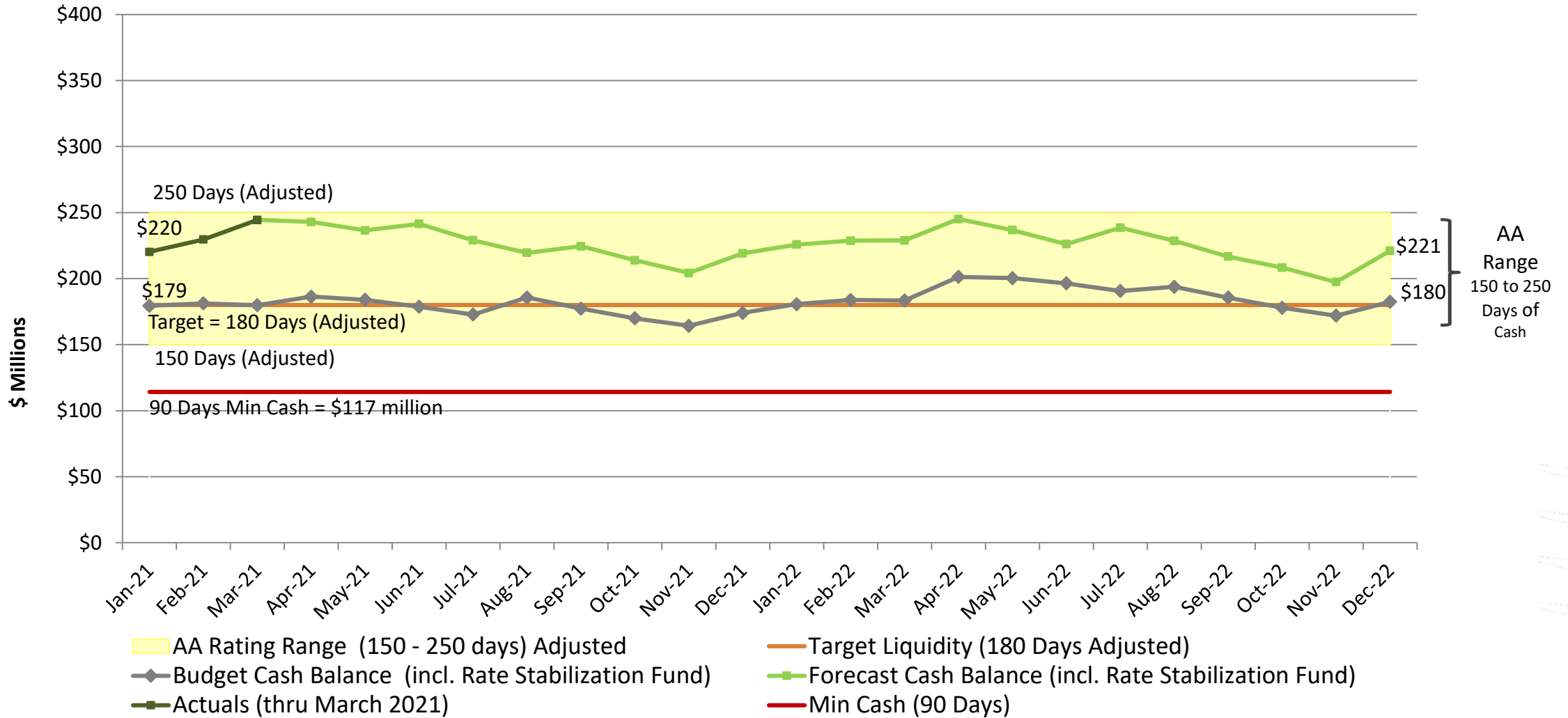


Aging of Accounts Receivable

Receivables Balances >120 days continues to grow



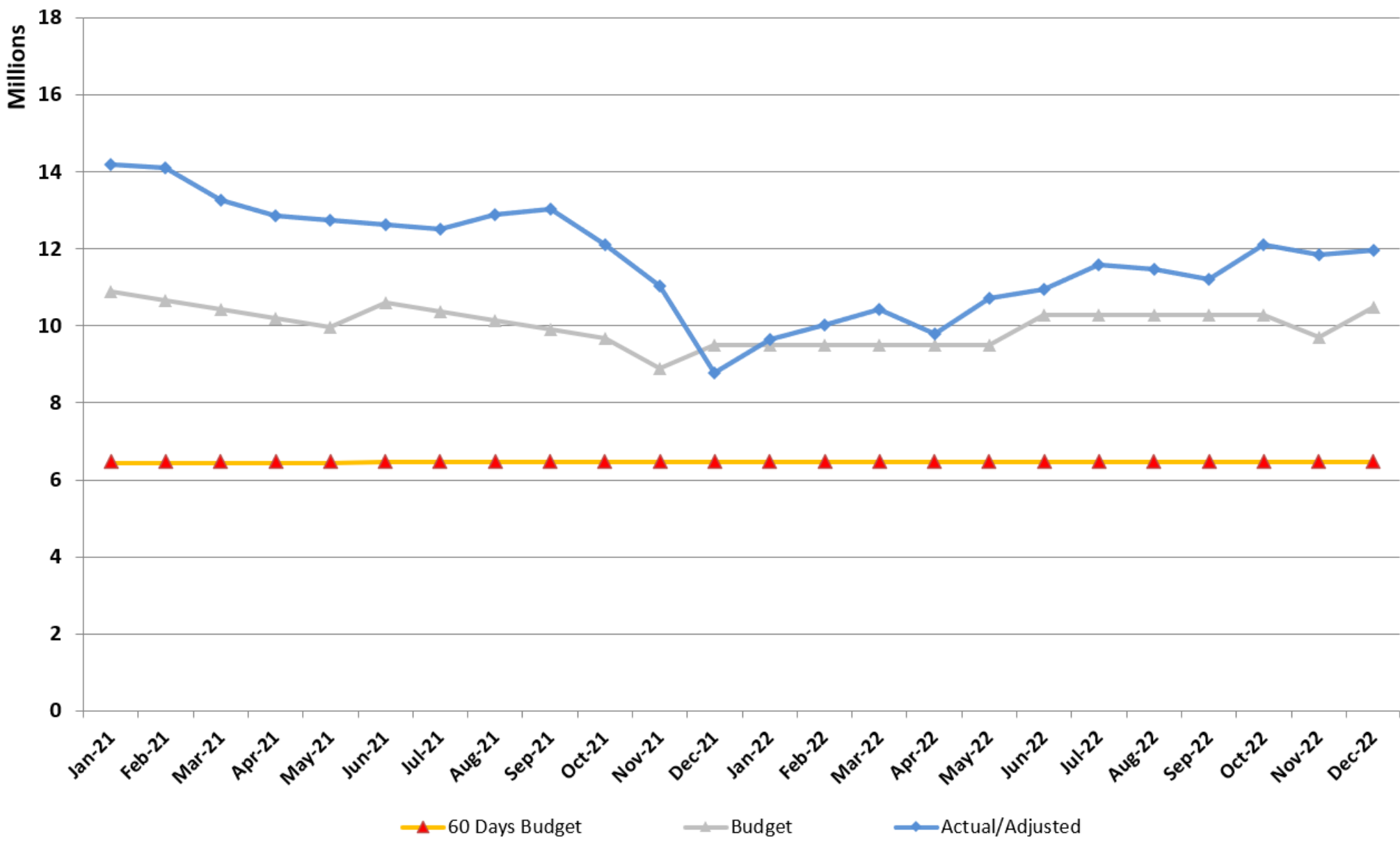
2021/2022 Projected Liquidity Balance as of 3/31/21



Summary of Financial Outlook

- *This report incorporates actual revenues and expenditures to date along with projected adjustments for the remainder of the biennium.*
- **Forecast for total revenue is \$2.8 million under budget**
 - Q1 Challenges: Rail volumes are under budget by an estimated \$3.2 million for the biennium.
 - Q1 Strengths: Locomotive servicing and demurrage revenues are over budget due to actuals by \$434,000.
 - Q2 Outlook: Rail volumes have been increasing over Q1 volumes and look to get to budgeted volumes by 2022.
- **Forecast for total expenditures is \$559,000 over budget**
 - Q1 Challenges: Forecasting biennium capital outlay increases over budget of \$3.8 million due to estimated cost increases and projects from the prior biennium.
 - Q1 Strengths: Budgeted FTE's left unfilled until volumes are picking up. Cost saving initiatives and deferment of operating expenditure activities.
 - Q2 Outlook: Filling budgeted FTE's as needed for rail volume growth and Rail continues to manage expenses relative to revenue.

Biennium Cash Projection






Tacoma Public Utilities

Performance Metrics Update

Quarter 1, 2021

Performance Metrics Summary



Quarter 1, 2021 Performance Metrics Report Tacoma Public Utilities						
 TACOMA POWER TACOMA PUBLIC UTILITIES		 TACOMA WATER TACOMA PUBLIC UTILITIES		 TACOMA RAIL TACOMA PUBLIC UTILITIES		
Financial Performance:		Power	Water	Rail		
1	Debt Service Coverage	●	1 Debt Service Coverage	●	1 Debt Service Coverage	○ (N/A)
2	Liquidity - Days Cash on Hand	●	2 Liquidity - Days Cash on Hand	●	2 Liquidity - Days Cash on Hand	●
3	Budget Performance	●	3 Budget Performance	●	3 Budget Performance	↓ ●
Operational Excellence:		Power	Water	Rail		
4	Residential Bill Comparison	●	4 Residential Bill Comparison	●	4 Railroad Tariffs Comparison	●
5	O&M Cost per Customer	●	5 O&M Cost per Account	●	5 Operating Ratio	↓ ●
6	Outage Duration	●	6 Unplanned Service Disruptions	●	6 Revenue Moves per Shift	●
7	Outage Frequency	●	7 Distribution System Leakage	●	7 On-Time Switching	●
8	Non-Carbon Power Resources	●	8 Regulatory Compliance	●	8a Diesel Conversion	●
9	Power Conservation	●	9 Water Conservation	●	8b Storm Water Remediation	●
Commitment to Cust & Employees:		Power	Water	Rail		
10	Customer Satisfaction	●	10 Customer Satisfaction	●	9 Customer Satisfaction	●
11	Employee Satisfaction	●	11 Employee Satisfaction	●	10 Employee Satisfaction	●
12	Employee Safety	●	12 Employee Safety	●	11 Employee Safety	●
13	Call Center Responsiveness	●	13 Call Center Responsiveness	●		
			14 Technical Service Complaints	●		

Performance Metrics Highlights



❖ Financial Performance

- Generally favorable
- Rail experiencing lower revenues

❖ Operational Excellence

- Power and Water O&M costs show minimal year-over-year change
- Rail operating ratio impacts

❖ Commitment to Customers & Employees

- Safety efforts
- Water technical complaints down
- 2020 customer and employee survey results
- Call center responsiveness consistently above target