



PUBLIC UTILITY BOARD POLICY

<p>Category: Guiding Principle</p> <p>Date of Adoption: August 28, 2019</p> <p>Resolution No.: U-11099</p> <p>Revision Date: December 13, 2023 via Resolution Up</p>	<p>Title: Financial Sustainability</p> <p>Policy Number: GP-2</p>
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Purpose

Tacoma Public Utilities (TPU) ~~will secure itsis committed~~ commitment to ~~provide~~ providing safe, affordable, and reliable power, water, and rail services over the long term by maintaining sustainable budget, financial, and asset management practices⁴.

Outcomes

1. Planning methods, as summarized in Rate and Financial Policies, that provide long-term financial stability for reliable power, water, and rail services.
2. Detailed Operating, Capital, and Strategic Plans that guide planning for sustainable financial, business, and capital budgets over the long term while maintaining infrastructure assets at the lowest responsible lifecycle cost.
3. TPU planning methods that incorporate conservatism and gradualism into near-term budgets and rate designs, as necessary, to ensure long-term financial stability and anticipate unexpected future events with adequate cash reserves and insurance.
4. Maintain financial metrics that support ~~AA- the highest level of~~ bond ratings, ~~or better,~~ whichto facilitate access to the ~~low~~ester cost financing and produce sustainable debt service expenses and adequate and relevant reserve level.
5. ~~Utilities-Utility~~ rates at the lowest levels reasonably sufficient to meet our vision mission, to provide reliable, safe, affordable, and equitable utilities services to customers over the long term.
6. ~~Strategic asset management that guides capital project development to predict when improvements are necessary and to operate infrastructure assets at the lowest lifecycle cost.~~

7.6. Financial management of debt including loans, ~~and~~ revenue bonds, and grants over the long term to maintain reasonable debt-service requirements and meet debt service coverage ratios.

8.7. Board Members who are educated in the business model and financing of these utilities.

Measurements

1. Budget Performance and Forecast to Actuals (~~Forecast to Actual comparisons, specifically on revenues~~) (revenues and expenditures)
2. Debt Service Coverage Ratio
3. Days Cash on Hand (based on budgeted expenditures)

Reporting

Frequency: Quarterly

Method: Biennial budget and rate development process; Quarterly financial outlooks

⁴<https://www.mytpu.org/about-tpu/investors/>