



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) is committed to providing safe, affordable, and reliable power, water, and rail services over the long term by maintaining sustainable budget, financial, and asset management practices.

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 bond ratings AA or better which facilitate access to the lowest-cost financing and produce sustainable debt service expenses with adequate and relevant reserve level.
5. Utility rates at the lowest levels reasonably sufficient to meet our vision.
6. Financial management of debt including loans, revenue bonds, and grants over the long term to maintain reasonable debt-service requirements and meet debt service coverage ratios.

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

Measurements

1. Budget Performance and Forecast to Actual (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

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