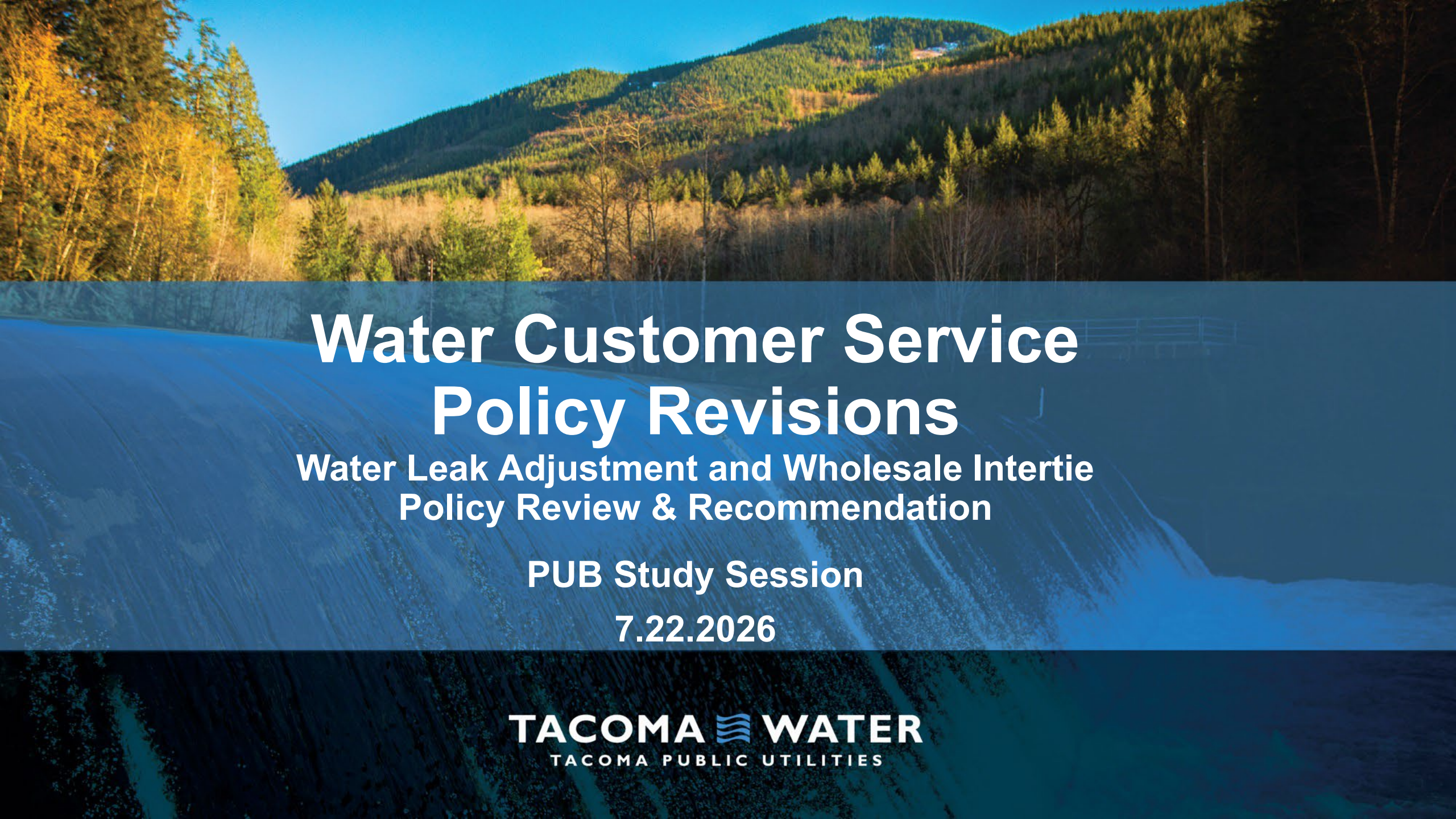




Water Customer Service Policy Revisions

Water Leak Adjustment and Wholesale Intertie
Policy Review & Recommendation

PUB Study Session

7.22.2026

Today's Agenda

- **Introduction – Tyler Cummings & Marc Powell**
- **Leak Adjustment Policy**
 - Policy Purpose & Current State
 - Key Project Drivers
 - Analysis Conducted
 - Proposed Policy Updates
 - Other Important Details
- **Wholesale Intertie Policy**
 - Policy Purpose & Current State
 - Types of Wholesale Agreements
 - Proposed Policy Updates
- **Timeline & Questions?**

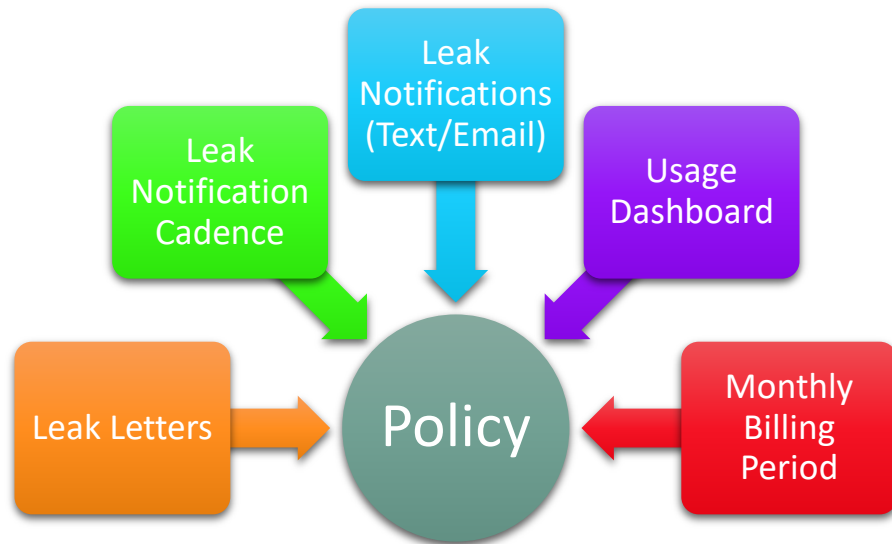
Leak Adjustment Policy

Policy Purpose & Current State



- **Provides financial relief to water customers with high water bills due to property-side leaks.**
- **Promotes conservation by incentivizing timely repair of property-side leaks.**
- **Current policy version in place for 12+ years**
 - Tacoma Water has undergone organizational changes that necessitate a policy refresh.
- **Part of Water Customer Service Policy**

Key Project Drivers



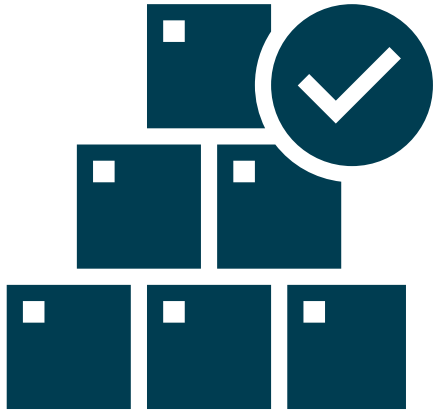
- **August 2022** – Leak letter process “go live.” Processed within 10 business days.
- **October 2023** – “Residential Water Leak Notification” text & email enrollment feature “go live” in MyAccount.
- **December 2023** - Tacoma Water completed AMI mass deployment.
- **March 2025** –
 - TPU customers converted to monthly billing from bimonthly billing.
 - Leak Notification goal to process within 3 business days & leak report upgraded.
- **September 2025** – Adjusted frequency of leak notifications (every 6 months & new accounts).

Analysis Conducted



- **Reviewed leak adjustment policy & proposed updates for:**
 - Outdated or non-equitable language
 - Clarification of repaired leak definition
 - Leak adjustment factors designed for non-AMI usage data.
- **Evaluated desirable policy components from peer utilities.**
- **Gathered stakeholder input early & late in process.**
- **Reviewed common pain points for CS AMI Billing with policy or process updates to reduce need to escalate for Water CX review.**
- **Recommended policy updates that align with the utility's operational capabilities & customer service goals.**
- **Analyzed leak adjustment credits between 2021 & 2025.**

Proposed Policy Updates



- **Extend the eligibility window: 60 → 90 days from desired billing period end**
- **Keep 18-month adjustment approval frequency**
- **Define requirements for additional billing period requests**
- **Define non-zero read baseline**
- **Require consecutive periods for multi-month adjustments**
- **Update leak adjustment limit:**
 - 100% stays at 100% for BCAP or LIE enrollees (~5.8% of Water BPs)
 - 100% → 75% of all other requests

Other Important Details



Commercial Customers (1.5" water meters or larger)

- No standard leak alerts (letters/text/email); usage patterns make leaks harder to detect vs. residential
- Eligible for adjustments
- Receive high-flow notifications only
- Proportion of all approved Leak Adjustments (by overall quantity): ~5.4%

CS Billing Supervisor anticipates minor workload increase to calculate 75% adjustment (~17 total hours annually).

Low-Value Adjustments

- CS confirms with customers before processing small credits
- <\$10 residential, <\$20 commercial

Leak Adjustment Trends

Water Leak Adjustments

Number of
Adjustments

Account Class

(All)

Owner/Tenant Status

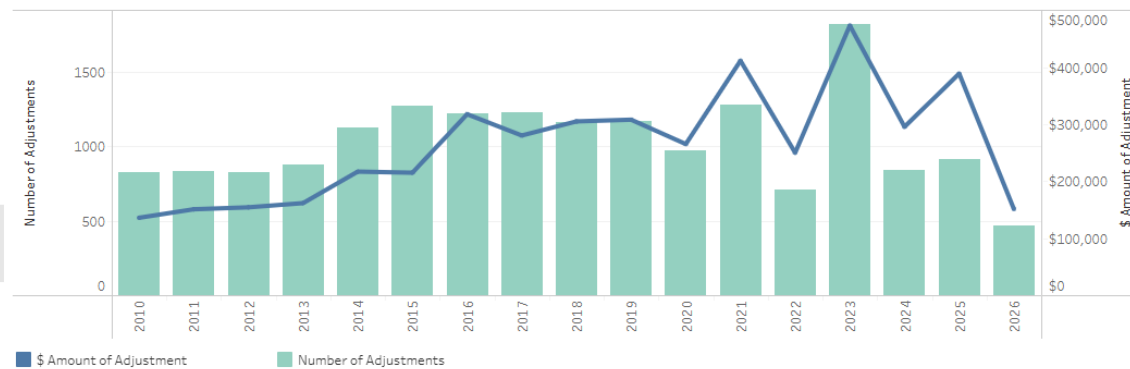
(All)

Posting Date

1/4/2010

7/8/2026

Count and Amount over Time



17,528

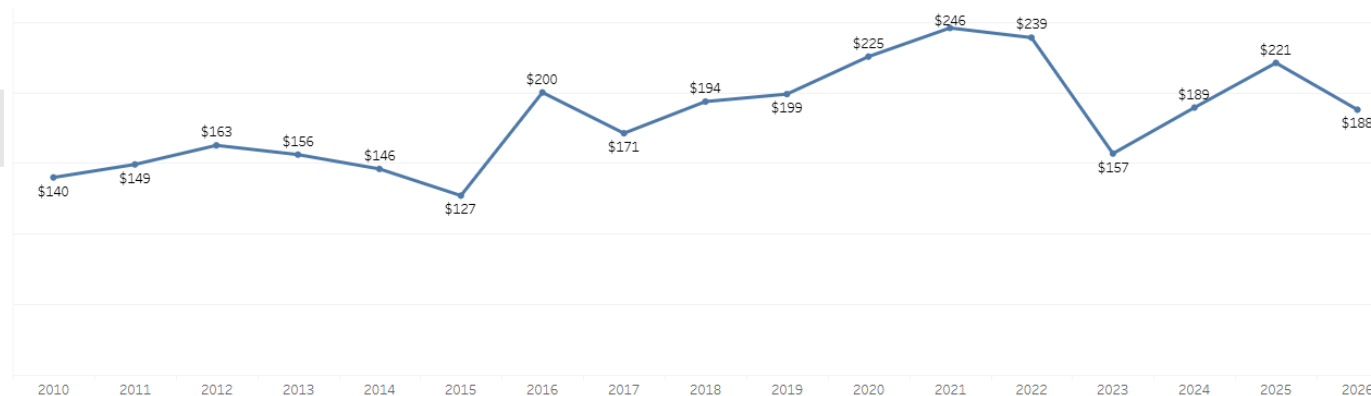
\$ Amount of
Adjustments

\$4,477,626

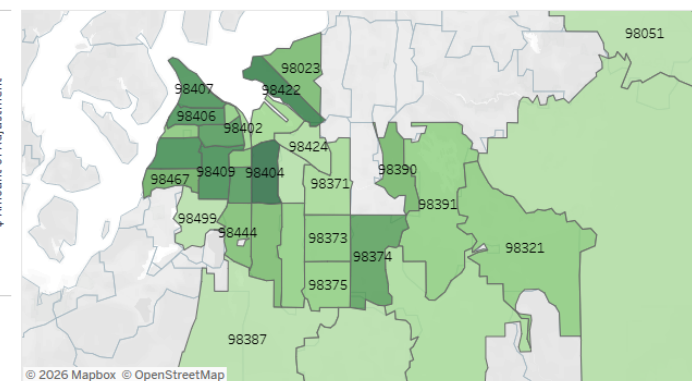
Avg. Adjustment
Amount

\$183

Avg. Adjustment Over Time



Leak Adjustments by Zip Code



Account Class

Residential	16,527	94.3%
Commercial	937	5.3%
Industrial	28	0.2%
Other Municipals/Public Agencies	21	0.1%
City of Tacoma	10	0.1%
Schools	5	0.0%

Date through COB 7/9/2026

Other Important Details

Average Leak Adjustment Amounts (displayed on right)

% of overall Water customers (Res and Comm) enrolled in BCAP / LIE (through 4/22/2026): ~5.8%

Estimated water revenue savings under the proposed policy (based on 2025 approvals)

- \$388,000 approved and credited in 2025
- 75% = \$291,000, for an approximate savings of ~\$97,000*

**doesn't account for BCAP/LIE enrolled requests*

Year	Adjustment Amount
2021	\$246
2022	\$239
2023	\$157
2024	\$190
2025	\$227
2026 (In progress)	\$229

Wholesale Intertie Policy

Policy Purpose & Current State



- Provides guidance for implementing Tacoma's wholesale water program
- Goal: Update customer service policies to align with current practices and feedback from current wholesale customers
- Proposed changes will enable increased flexibility for negotiating future water supply contracts

Types of Wholesale Agreements



- **Permanent**

- Tacoma required to provide service in perpetuity
- Customer pays System Development Charge (SDC) based on projected average day demand and peak day demand
- Ready-to-serve (RTS) based on SDC peak day demand
- RTS and volumetric rates per TMC
- Example: City of Fife

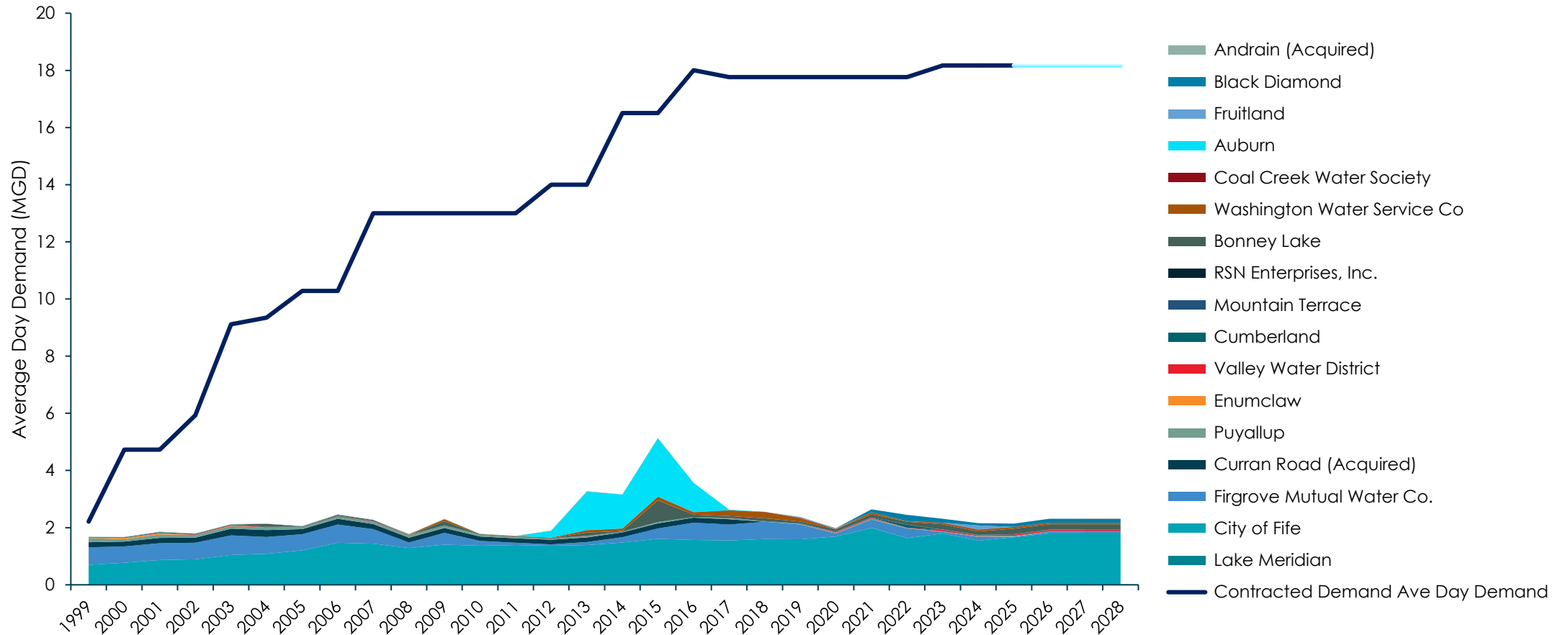
- **Short-term**

- AKA Market Wholesale Service
- Term limited
- No SDC
- Take-or-pay
- Pricing based on customer's alternatives
- No current short-term customers

- **Emergency**

- For intermittent use only
- No charges unless intertie is in use
- Water rates per TMC
- No SDC
- Example: Spanaway Water Company

Contracted Wholesale Capacity



Does not include Cascade Water Alliance

Proposed Policy Updates



- **Adjusts Take-or-Pay language for new, permanent wholesale customers**
 - Affects future permanent agreements
 - Not a current practice
 - Zero current wholesale customers have take-or-pay requirements
 - Take-or-pay will still be required for short-term contracts
 - Increase flexibility when negotiating
- **Increases maximum term for short-term contracts from 10 years to 20 years**
 - Affects short-term contracts only
 - Longer terms have been requested during current negotiations with an area purveyor
- **Adjusts language requiring capacity charge to make it optional.**
 - Affects short-term contracts only
 - Increase flexibility when negotiating
 - Staff can add to contract when appropriate based on risk
- **Adjusts language requiring emergency interties be bi-directional**
 - Bi-directional interties may not be appropriate in all circumstances
 - Has potential to place financial burden on small wholesale customers and cause Tacoma to construct seldom used assets
 - Bi-directional emergency interties will remain Tacoma's preference

Next Steps



August 26: Evening Session – Water Customer Service Policy Update Approval

Questions?

Tyler Cummings, Sustainability Analyst

tcummings@tacoma.gov

253-339-0064

Marc Powell, Business Service Analyst, SR

mpowell@tacoma.gov

253-719-4047