



# 20 Tacoma Power 24 Annual Financial Report

FOR THE FISCAL YEAR ENDED  
**DECEMBER 31, 2024**  
PREPARED BY THE FINANCE DEPARTMENT

**TACOMA POWER**  
TACOMA PUBLIC UTILITIES



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# Public Utility Board

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DEPARTMENT OF PUBLIC UTILITIES

CITY OF TACOMA

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CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES, LIGHT DIVISION  
Doing Business As

## Tacoma Power

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# Financial Data

## **Report of Independent Auditors**

The Chair and Members of the Public Utility Board  
City of Tacoma, Department of Public Utilities, Power Division  
Tacoma, Washington

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the City of Tacoma, Department of Public Utilities, Power Division (the Division), which comprise the statements of net position as of and for the years ended December 31, 2024 and 2023, and the related statements of revenues, expenses, and changes in net position, and cash flows and notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Division as of December 31, 2024 and 2023, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Division and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Financial Reporting Entity***

As discussed in Note 1, the financial statements present only the Division and do not purport to, and do not, present fairly the financial position of City of Tacoma, Washington, as of December 31, 2024 and 2023, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis, Proportionate Share of Net Pension Liability Last 10 Years, Schedule of Contributions Last 10 Fiscal Years, and Proportionate Share of the Collective OPEB Liability Last 10 Years be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Management is responsible for the other information included in the table of contents. The other information comprises the statistical data and graphs but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2025, on our consideration of the City of Tacoma, Department of Public Utilities, Power Division, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Tacoma, Department of Public Utilities, Power Division's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering of the City of Tacoma, Department of Public Utilities, Power Division's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Tacoma, Washington  
May 21, 2025

# Management Discussion and Analysis

The following management discussion and analysis of Tacoma Power's (Utility) financial performance provides an overview of the financial activities for the years ended December 31, 2024, 2023, and 2022. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues, provide an overview of the Utility's financial activities, and identify changes in the Utility's financial position. We encourage readers to consider the information presented here in conjunction with the financial statements and the accompanying notes taken as a whole.

The management of the Finance Department of the City of Tacoma is responsible for preparing the accompanying financial statements and for their integrity. The statements were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America applied on a consistent basis and include amounts that are based on management's best estimates and judgment.

The basic financial statements, presented on a comparative basis for the years ended December 31, 2024 and 2023, include the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows. The Statements of Net Position present information on all of the Utility's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference being reported as net position. The Statements of Revenues, Expenses and Changes in Net Position report all of the revenues and expenses during the time periods indicated. The Statements of Cash Flows provide information on cash receipts and disbursements during the year and report changes in cash resulting from operating, non-capital financing, capital and related financing, and investing activities.

The Notes to Financial Statements provide additional disclosures that are essential to a full understanding of the data provided in the financial statements. They are an integral part of the Utility's presentation of financial position, results of operations and changes in cash flows.

## Financial Highlights

- Tacoma Power reported an increase in net position of \$37.4 million or 4.1% in 2024 and an increase of \$40.5 million or 4.6% in 2023, as restated.
- Operating revenues decreased \$4.2 million or 0.8% in 2024. Operating revenues increased \$36.0 million or 7.5% in 2023.
- Utility Plant in Service before depreciation and Right to Use increased \$91.2 million or 3.8% in 2024 and \$41.7 million or 1.8% in 2023.
- Construction work in progress increased \$2.6 million or 5.9% in 2024 and \$18.1 million or 69.5% in 2023.

## Overview of Financial Statements

Tacoma Power reported net operating income of \$23.1, \$32.5, and \$13.9 million, respectively, in 2024, 2023, 2022, as restated. Operating revenues decreased \$4.2 million during 2024 and operating expenses increased \$5.2 million. For 2023, operating revenues increased \$36.0 million and operating expenses increased \$17.5 million, as restated. Tacoma Power reported an increase in net position of \$37.4 million in 2024 compared to an increase of \$40.5 million in 2023, as restated, and a decrease of \$402,000 in 2022.

The following tables highlight Tacoma Power's past three years' operating results and megawatt-hours billed.

### OPERATING RESULTS

(in thousands)

<u>Category</u>	2023			24/23	23/22
	2024	(As Restated)	2022	Increase (Decrease)	Increase (Decrease)
Operating Revenues	\$ 512,351	\$ 516,547	\$ 480,528	\$ (4,196)	\$ 36,019
Operating Expenses <sup>(*)</sup>	489,298	484,070	466,599	5,228	17,471
Net Operating Income	23,053	32,477	13,929	(9,424)	18,548
Net Non-Operating Expenses	(10,539)	(8,048)	(35,201)	(2,491)	27,153
Capital Contributions	14,436	9,599	8,261	4,837	1,338
BABs and CREBs subsidies	3,729	3,729	3,729	-	-
Transfers In	6,717	2,728	8,880	3,989	(6,152)
Change in Net Position					
Increase (decrease)	\$ 37,396	\$ 40,485	\$ (402)	\$ (3,089)	\$ 40,887

(\*) Gross Earnings Tax was reclassified from Transfers Out to Operating Expenses.

### MEGAWATT-HOURS BILLED

(in thousands)

<u>Type of Customer</u>	2023			24/23	23/22
	2024	(**)	(**)	Increase (Decrease)	Increase (Decrease)
Residential	1,962	1,967	2,024	(5)	(57)
Commercial/General/Industrial	2,390	2,692	2,753	(302)	(61)
Other <sup>(**)</sup>	29	37	20	(8)	17
Bulk Power Sales	1,272	1,036	2,095	236	(1,059)
Total	5,653	5,732	6,892	(79)	(1160)

(\*\*) In 2024, Other was reclassified from Residential to be presented on a separate line.

2023 and 2022 were reclassified for comparative purposes.

Street Lighting data, included in Other, was restated for 2023 due to an update in data collection.

## Net Position

Net position may serve over time as a useful indicator of an entity's financial position. The following analysis highlights net position for the last three years.

<b>NET POSITION</b> (in thousands)					
<u>Description</u>	<u>2024</u>	<u>2023</u> <u>(As Restated)</u>	<u>2022</u>	<u>24/23</u> <u>Increase</u> <u>(Decrease)</u>	<u>23/22</u> <u>Increase</u> <u>(Decrease)</u>
Net Utility and Non-Utility Plant	\$ 1,228,461	\$ 1,177,231	\$ 1,158,516	\$ 51,230	\$ 18,715
Special Funds, Current Assets, and Other Assets	670,245	686,254	668,429	(16,009)	17,825
<b>Total Assets</b>	<b>1,898,706</b>	<b>1,863,485</b>	<b>1,826,945</b>	<b>35,221</b>	<b>36,540</b>
Deferred Outflows	66,323	71,936	34,259	(5,613)	37,677
<b>Total Assets and Deferred Outflows</b>	<b>\$ 1,965,029</b>	<b>\$ 1,935,421</b>	<b>\$ 1,861,204</b>	<b>\$ 29,608</b>	<b>\$ 74,217</b>
Net Position:					
Net Investment in Capital Assets <sup>(*)</sup>	\$ 625,967	\$ 564,934	\$ 567,070	\$ 61,033	\$ (2,136)
Restricted <sup>(*)</sup>	31,736	30,374	85,192	1,362	(54,818)
Unrestricted	297,240	322,238	224,799	(24,998)	97,439
<b>Total Net Position</b>	<b>954,943</b>	<b>917,546</b>	<b>877,061</b>	<b>37,397</b>	<b>40,485</b>
Long-Term Debt	594,071	506,619	595,564	87,452	(88,945)
Other Liabilities	173,078	270,021	114,663	(96,943)	155,358
<b>Total Liabilities</b>	<b>767,149</b>	<b>776,640</b>	<b>710,227</b>	<b>(9,491)</b>	<b>66,413</b>
Deferred Inflows	242,937	241,235	273,916	1,702	(32,681)
<b>Total Net Position, Liabilities and Deferred Inflows</b>	<b>\$ 1,965,029</b>	<b>\$ 1,935,421</b>	<b>\$ 1,861,204</b>	<b>\$ 29,608</b>	<b>\$ 74,217</b>

<sup>(\*)</sup> The Debt Service Funds under Restricted Net Position was reclassified from Restricted to Net Investment in Capital Assets in 2023 and 2022.



Revenues

2024 Compared to 2023

Operating revenues totaled \$512.4 million in 2024 compared to \$516.5 million in 2023, a decrease of \$4.2 million or 0.8%.

Sales of electric energy decreased \$2.0 million or 0.4%.

In 2024, residential sales accounted for 43.6% of electric revenues, commercial, general and industrial revenues accounted for 39.2%, other for 0.6% and bulk power sales accounted for 16.6%.

Other Operating Revenue decreased \$1.9 million. The decrease was primarily due to the decrease in reimbursement of qualified conservation expenses. Tacoma Power entered into an Energy Conservation Agreement (ECA) with Bonneville Power Administration (BPA) in 2009. Under this agreement, funds are collected in wholesale power rates to support regional energy efficiency programs. As utilities implement conservation programs and activities, BPA reimburses these funds per program specifications. Conservation programs and activities decreased in 2024 compared to 2023 which is consistent with the industry wide trend and led to the decrease in BPA reimbursements in 2024.

Lease revenues were recorded in the amount of \$2.2 million in 2024 compared to \$2.5 million in 2023.

2023 Compared to 2022

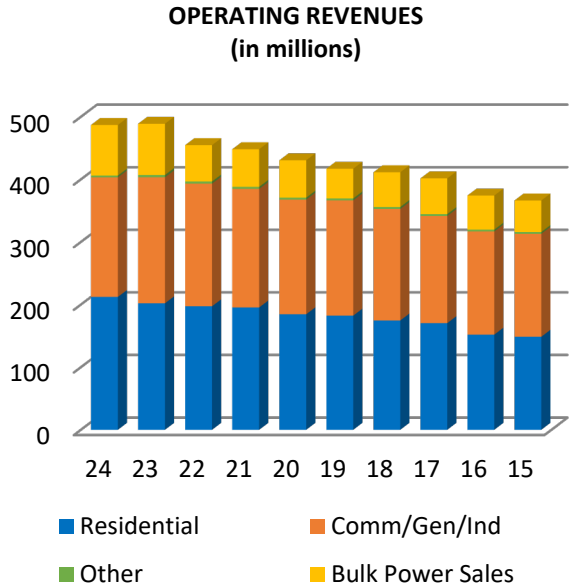
Operating revenues totaled \$516.5 million in 2023 compared to \$480.5 million in 2022, an increase of \$36.0 million or 7.5%.

Sales of electric energy increased \$34.1 million or 7.5%. The increases occurred across different revenue types primarily from residential, general, and wholesale in the amount of \$37.9 million, offset with a decrease in contract industrial of \$3.8 million. There was a 3.5% rate increase effective April 1, 2023, which attributed to \$63.4 million of the total increase. This was offset by a reduction in consumption of \$29.3 million.

In 2023, residential sales accounted for 42.1% of electric revenues, commercial and industrial revenues accounted for 41.2% and bulk power sales accounted for 16.7%.

Other Operating Revenue increased \$2.0 million. The increase was primarily due to the increase in reimbursement of qualified conservation expenses. Tacoma Power entered into an Energy Conservation Agreement (ECA) with Bonneville Power Administration (BPA) in 2009. Under this agreement, funds are collected in wholesale power rates to support regional energy efficiency programs. As utilities implement conservation programs and activities, BPA reimburses these funds per program specifications. Receipt of these funds is cyclical, resulting in a greater amount recovered in the even years of Tacoma Power’s biennium.

Lease revenues were recorded in the amount of \$2.5 million in 2023 compared to \$2.6 million in 2022.



## Expenses

### 2024 Compared to 2023

Total operating expenses increased \$5.2 million or 1.1% compared to 2023, as restated.

Purchased and Interchanged Power decreased \$7.4 million or 5.8% primarily due to a decrease in purchased power because of a decent water year and decreased overall system load.

Generation expenses increased \$2.7 million or 9.2%. The increase is primarily due to the increases of \$1.2 million in maintenance expenses and \$606,000 in operating supplies in Cowlitz, Nisqually and Cushman natural resources projects. The remaining variance was spread across multiple functional accounts and not attributed to a specific event.

Administrative and General expenses increased \$4.8 million or 6.8%. Salaries and wages increased \$3.6 million. Bad debt expense increased \$4.1 million due to aging accounts receivable balances. These increases were offset by \$3.0 million increase in administrative and general credits allocated to capital projects due to more spending on capital projects.

### 2023 Compared to 2022

Total operating expenses increased \$17.5 million or 3.7% compared to 2022, as restated.

Purchased and Interchanged Power decreased \$19.3 million or 13.1%. The decrease is primarily due to \$11.1 million of the Reserves Distribution Clause from BPA to Tacoma Power from their strong reserves in 2022 which was recorded as an offset to expenses. This is a component of BPA's Financial Reserves Policy that is triggered when their reserves in 2022, measured in days cash on hand, reached pre-established target.

Generation expenses increased \$7.4 million or 34.1%. Salaries and wages increased \$5.4 million. Services provided by Washington Department of Fish and Wildlife represented \$2.4 million of the increase. The remaining variance was spread across multiple functional accounts and not attributed to a specific event.

Transmission expenses decreased \$6.4 million or 15.2%. In 2023, Tacoma Power discovered certain meter data inaccuracies in conjunction with its participation in the California Independent System Operator's (CAISO) Western Energy Imbalance Market and self-reported the inaccuracies to CAISO. The impacted trade periods spanned from March 2022 through November 2022 and the Division corrected the errors beginning February 2023 through December 2023 due to the timing of CAISO settlement calendar. These corrections primarily decreased the transmission expenses in 2023 compared to 2022.

Distribution expenses increased \$9.8 million or 45.4%. The increase was primarily due to an increase in salaries and wages.

Maintenance expenses increased \$8.2 million or 22.9%. Salaries and wages increased \$6.3 million. Maintenance costs for the Cushman #1 Low Level Outlet accounted for \$1.5 million of the increase. The remaining variance was spread across multiple functional accounts and not attributed to a specific event.

Administrative and General expenses increased \$19.5 million or 38.0%. Salaries and wages increased \$10.2 million, assessments increased \$4.0 million and bad debt expense increased \$2.7 million due to higher aging accounts receivable. Self-insurance expenses increased \$2.1 due to an increase in claims. The remaining variance was spread across multiple functional accounts and not attributed to a specific event.

Compensated absences expense increased \$1.6 million due to the implementation of GASB No. 101 – *Compensated absences*. This increase was spread across Operations, Maintenance, Telecommunications, Administrative and General expenses. 2023 ending net position, compensated absences expense and liabilities were restated for the year ended 2023. Additional information can be found in Note 3 of the financial statements.

Non-Operating Revenues (Expenses)

Interest income increased \$6.1 million in 2024 primarily due to higher interest rates in City Pooled investments in 2024. Unrealized gain on fair value investment decreased \$4.7 million due to lower market value of investments as of December 31, 2024.

Other expenses increased \$5.6 million mainly due to \$4.4 million more expenses in crediting utility accounts receivable in 2024 compared to 2023. In 2024, the Division received \$7.1 million in pass-through federal funding from Neighborhood and Community Services (NCS) as part of the Family Clean Energy Programs. The funding was applied to utility accounts receivable at a credit of \$200 per customer that applied and met the requirements for the funding. In 2023, the Division received \$2.7 million in pass-through federal funding from NCS as part of the corona virus state fiscal recovery fund federal appropriation programs. The funding was applied to overdue utility accounts receivable for customers impacted by COVID-19. In addition, there was another \$1.1 million decrease in other revenues from hydro incentive program in 2024 compared to in 2023. The remaining variance was spread across multiple functional accounts and not attributed to a specific event.

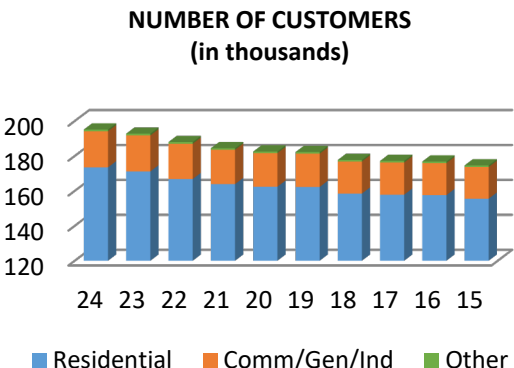
There was no gain/ (loss) on lease modification and termination in 2024. In 2023, there was \$1.8 million loss due to a renewal term of total 20 years was added to the original lease term and remeasurement of lease receivables and deferred inflows was performed.

Capital Contributions and Transfers

In 2024, capital contributions and transfers increased \$8.8 million. Contributions in aid of construction increased \$4.8 million. Transfer from other funds increased \$4.0 million mainly due to the increase in transfers from NCS as discussed in the non-operating revenues (expenses) section.

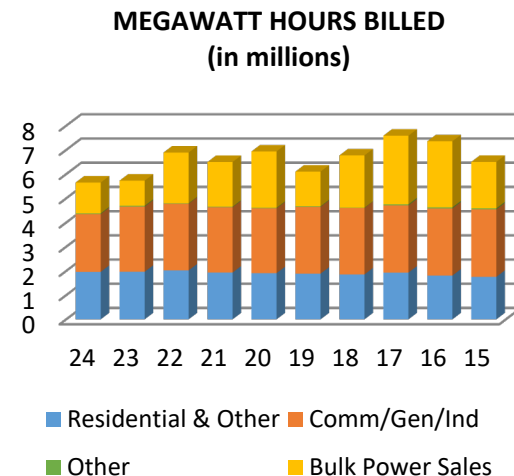
Customer Counts

Tacoma Power's overall customer growth during the past 10 years has been relatively steady averaging between less than 1% and 3% per year. The customer count for 2024 is 195,113 compared to 192,767 in 2023 and 187,950 in 2022.



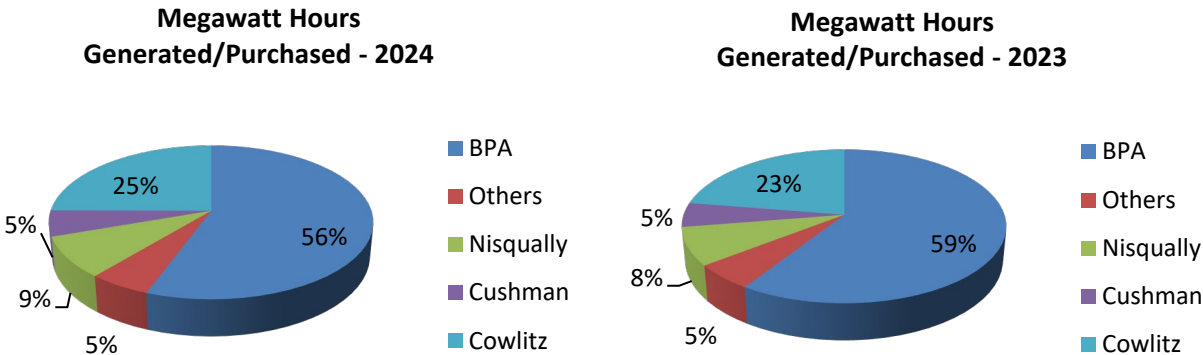
Megawatt-hours Billed

Megawatt-hours billed to residential customers decreased 0.3% in 2024. Commercial / general / industrial billings decreased 11.2% and other decreased 19.7%. Bulk power sales billed in 2024 was 1,272,332 megawatt-hours compared to 1,036,598 in 2023, an increase of 235,734 megawatt-hours or 22.7%.



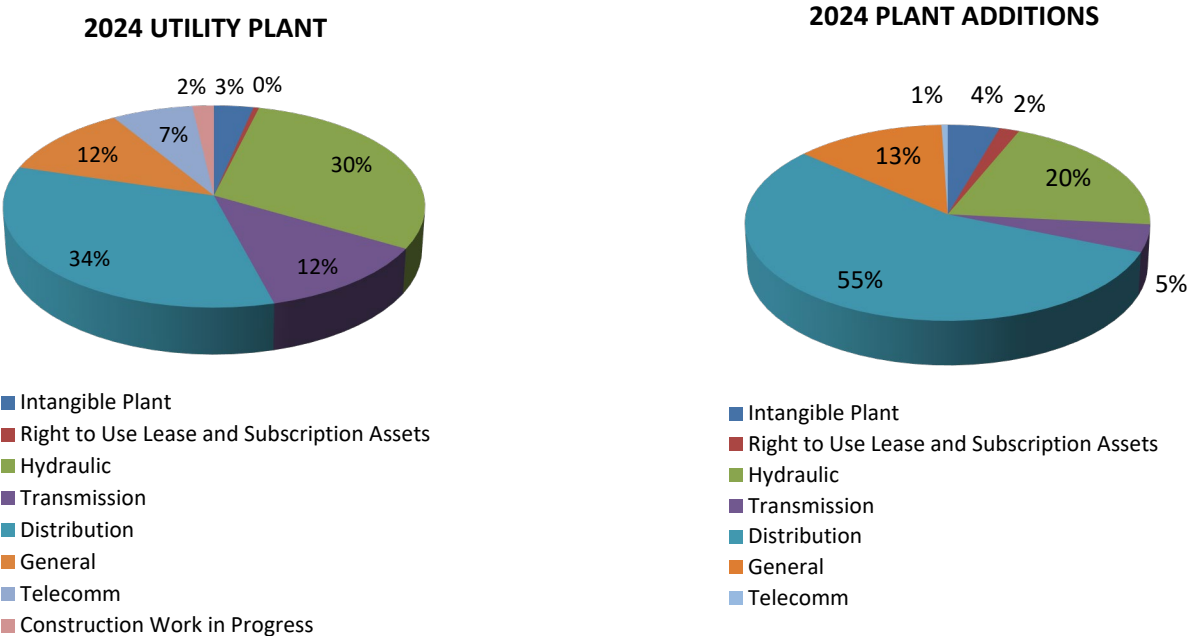
Sources of Power

Tacoma Power's total resources for power supply to serve its retail and wholesale customers for the last two years are shown in the following graphs.



Utility Plant and Plant Additions

Tacoma Power has \$2.5 billion invested in its utility plant assets on a cost basis. The largest portion is for the combined distribution and transmission business unit followed by the generation (hydroelectric) business unit. The following graphs show the total investment in plant and allocation of plant additions.



Additions to Intangible Plant in 2024 were \$4.5 million, which primarily included easements, customer engagement portal, utility modernization additions and replacements, and advanced meter modules.

Additions to right to use subscription assets were \$1.7 million in 2024 compared to \$410,000 in 2023.

Additions to Hydraulic Plant in 2024 were \$20.5 million, which mainly included Alder unit 11 rebuild, Cowlitz Mayfield Cove Lane culvert & bank remediation, Cushman #1 rockfall mitigation and debris removal ramp, Nisqually hydro project relay upgrades, Cushman #2 draft tube stoplogs, LaGrande residence #1 upgrades, Mossyrock governor controls, Mossyrock unit 51 exciter controls, and other hydro projects additions and replacements.

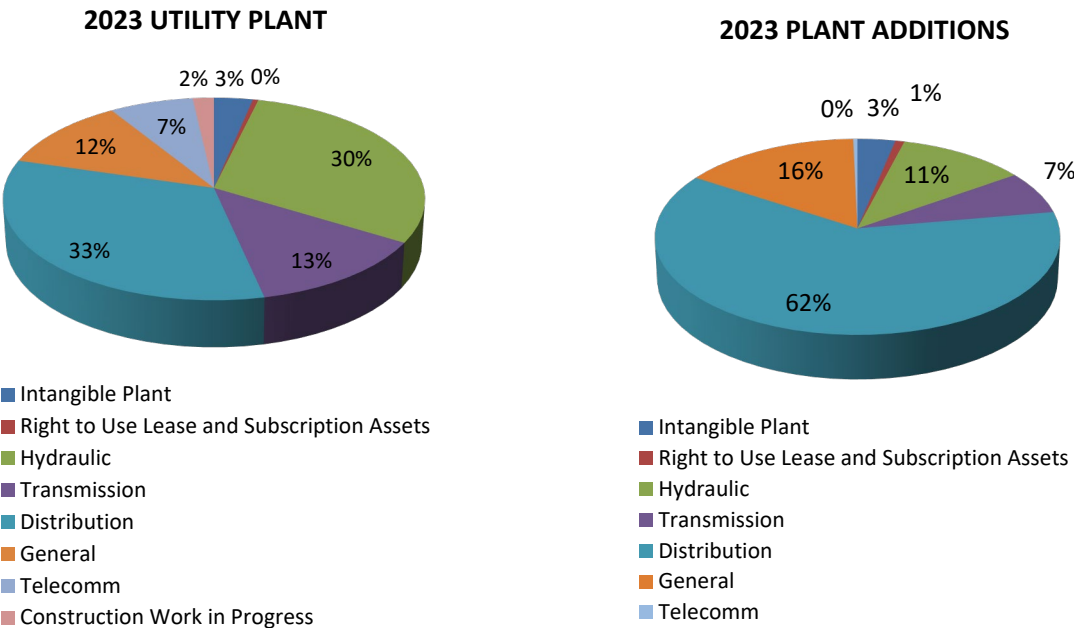
Transmission additions were \$4.1 million, which included addition and replacement programs for substations, transmission, protection and controls, joint use, transmission-related-assets from Washington State Department of Transportation state route 167 phase 1 A, and other road related additions and replacements.

Distribution additions were \$55.4 million, which included addition and replacement programs for overhead and underground distribution, new services, joint use, central business district, distribution system and transformers, meters and devices, copper replacement, power security upgrades, road related additions and replacements, the advanced meter project, Fawcett Avenue duct bank, and distribution-related-assets for Amazon cold storage.

Regional Transmission additions were \$426,000, which primarily included critical operations power systems additions and replacements program.

Additions to General Plant were \$13.1 million, which included, fleet related vehicles and equipment, radio systems for Cowlitz, Cushman, and Nisqually, geographic information system servers, survey equipment, electric vehicle charging ports, data cable infrastructure, supervisory control and data acquisition remote terminal units, and multiprotocol label switching.

Telecommunications additions were \$539,000, which included hybrid fiber coax plant extensions.



Additions to Intangible Plant in 2023 were \$1.7 million, which included cyber security & resilience additions and replacements, advanced meter modules and software, drawing management solutions, and easements.

Additions to right to use subscription assets were \$410,000 in 2023 compared to \$10.2 million in 2022.

Additions to Hydraulic Plant in 2023 were \$5.9 million, which mainly included Mossyrock unit 52 generation breakers, Nisqually hydro project relay upgrade, Wynoochee dam electrical system upgrade, drift tube stop log, Cowlitz salmon hatchery barrier dam, Cowlitz Rife Lake North Shore fishing trail enhancements, and other hydro projects additions and replacements.

Transmission additions were \$3.4 million, which included addition and replacement programs for substations, transmission, protection and controls, power security upgrade, and road related additions and replacements.



Distribution additions were \$32.5 million, which included addition and replacement programs for overhead and underground distribution, new services, joint use, central business district, distribution system and transformers, meters and devices, and the advanced meter project.

Regional Transmission additions were \$266,000, which primarily included the Verint system and the energy imbalance market (EIM) video wall software.

Additions to General Plant were \$8.1 million, which included, fleet related vehicles and equipment, conference room upgrades, communication tower modifications, energy control center elevator replacement, advanced metering infrastructure and security upgrades.

Telecommunications additions were \$190,000, which included hybrid fiber coax plant extensions.

<b><u>Net Utility Plant</u></b> (in thousands)	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>24/23</u></b> <b>Increase</b> <b>(Decrease)</b>	<b><u>23/22</u></b> <b>Increase</b> <b>(Decrease)</b>
Intangible Plant	\$ 57,272	\$ 55,419	\$ 56,113	\$ 1,853	\$ (694)
Right to Use Lease and Subscription Assets	6,007	6,939	8,848	(932)	(1,909)
Hydraulic Plant	471,370	461,727	466,600	9,643	(4,873)
Transmission Facilities	132,287	133,929	139,051	(1,642)	(5,122)
Distribution Facilities	410,019	373,221	357,081	36,798	16,140
General Plant	95,619	91,665	92,615	3,954	(950)
Telecommunications Plant	9,030	10,077	12,030	(1,047)	(1,953)
Construction Work in Progress	46,675	44,072	25,996	2,603	18,076
Total Net Utility Plant	<u>\$ 1,228,279</u>	<u>\$ 1,177,049</u>	<u>\$ 1,158,334</u>	<u>\$ 51,230</u>	<u>\$ 18,715</u>

Additional information on Tacoma Power's capital assets can be found in Note 5 of the financial statements.

## Debt Administration

On December 31, 2024, Tacoma Power had outstanding revenue bonds of \$553.6 million, an increase of \$77.8 million compared to 2023. Tacoma Power issued \$95.3 million of Electric System Revenue Bonds, Series 2024A (Green Bonds) and \$47.4 million of Electric System Revenue Refunding Bonds, Series 2024B in February 2024. The proceeds of the issuance were used to pay down \$104.8 million of the Wells Fargo line of credit and portions of the 2013A and 2013B bonds. In October 2024, Tacoma Power paid the remaining \$250,000 balance due on the Wells Fargo line of credit.

At December 31, 2023, Tacoma Power had outstanding revenue bonds of \$475.8 million, a reduction of \$6.2 million compared to 2022. In December 2023, Tacoma Power took a draw of \$25.0 million on the line of credit agreement with Wells Fargo bringing the total balance outstanding at December 31, 2023 to \$105.0 million.

On October 1, 2021, Tacoma Power entered into a \$150.0 million line-of-credit agreement with Wells Fargo to pay for working capital, which matured on October 1, 2024. As of December 31, 2024, this line-of-credit has been paid off, terminated and was not renewed. There was no outstanding balance from this line-of-credit as of December 31, 2024.

On May 21, 2020, Tacoma Power entered into a 2-year Note Purchase Agreement with KeyBank in the amount of \$100.0 million. On September 16, 2021, an amendment was made to the agreement which reduced the amount to \$50.0 million and extended the maturity date to December 2024. As of December 31, 2024, this Note reached the maturity date without extension and was terminated. There were no draws outstanding on this Note Purchase Agreement during 2024 or 2023. There was no outstanding balance from this note as of December 31, 2024.

All bonds are rated AA by Standard and Poor's and AA- by Fitch, Inc. Bonds prior to 2017 are rated Aa3 by Moody's Investors Service.

Additional information on Tacoma Power's long-term debt can be found in Note 7 of the financial statements.

### **Debt Service Coverage**

Tacoma Power is required by its bond covenants to maintain a debt service coverage ratio of 1.25. In 2024, principal and interest were covered 4.29 times compared to 4.98 times in 2023, as restated, and 3.63 times in 2022, as restated.

### **Economic Factors Affecting Next Year**

On April 1, 2025, an average rate increase of 5.3% for electric customers went into effect. The biennial rate increase approved by the Public Utility Board are expected to bring in an additional \$13.5 million in operating revenues for 2025. The rate increases remain competitive with surrounding jurisdictions.

### **Summary**

The management of the Finance Department of the City of Tacoma is responsible for preparing the accompanying financial statements and for their integrity. We prepared the financial statements according to GAAP in the United States of America, and they fairly portray Tacoma Power's financial position and operating results. The Notes to Financial Statements are an integral part of the basic financial statements and provide additional financial information.

The financial statements have been audited by Moss Adams LLP. We have made available to them all pertinent information necessary to complete the audit.

Management considers and takes appropriate action on audit recommendations. Management has established and maintains a system of controls which includes organizational, administrative, and accounting processes. These controls provide reasonable assurance that records and reports are complete and accurate, that assets are used appropriately and that business transactions are carried out as authorized.

### **Request for Information**

Power financial statements are designed to provide a general overview of the Division's finances, as well as to demonstrate the Division's accountability to its customers, investors, creditors, and other interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Tacoma, Finance Department, 747 Market Street, Room 132, Tacoma, WA 98402-2773.

# Financial Statements

City of Tacoma, Washington  
Department of Public Utilities  
Tacoma Power  
Statements of Net Position

	DECEMBER 31,	
	2024	2023
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>UTILITY PLANT</b>		
In Service	\$2,486,039,310	\$2,394,876,667
Less - Accumulated Depreciation	<u>(1,310,442,484)</u>	<u>(1,268,838,145)</u>
Total Net Plant in Service	1,175,596,826	1,126,038,522
Right to Use Lease and Subscription Assets	11,969,310	11,357,495
Less - Accumulated Amortization	<u>(5,962,722)</u>	<u>(4,418,470)</u>
Total Net Right to Use	6,006,588	6,939,025
Construction Work in Progress	<u>46,675,429</u>	<u>44,071,113</u>
Net Utility Plant	1,228,278,843	1,177,048,660
<b>NON-UTILITY PROPERTY</b>	182,051	182,051
<b>SPECIAL FUNDS</b>		
Debt Service Funds	19,845,651	18,167,955
Special Bond Reserve Funds	-	4,997,639
Wynoochee Reserve Funds	2,970,010	2,845,795
Fish and Wildlife Reserves	<u>28,765,950</u>	<u>27,528,493</u>
Total Special Funds	51,581,611	53,539,882
<b>CURRENT ASSETS</b>		
Operating Funds Cash and Equity in		
Pooled Investments	423,729,699	426,962,861
Accounts Receivable	32,177,965	37,521,720
(Net of Allowance for Doubtful Accounts of \$10,799,479 in 2024 and \$10,478,836 in 2023)		
Accrued Unbilled Revenue	28,716,362	29,276,055
Materials and Supplies	11,231,672	11,201,742
Prepayments and Other	11,523,002	13,664,290
Current Lease Receivable	<u>1,332,035</u>	<u>1,266,513</u>
Total Current Assets	508,710,735	519,893,181
<b>OTHER ASSETS</b>		
Regulatory Asset - Conservation		
(Net of Amortization of \$89,382,646 in 2024 and \$82,895,317 in 2023)	28,032,769	29,406,972
Conservation Loans Receivable	4,997,617	5,155,337
Long-Term Lease Receivable	<u>76,922,078</u>	<u>78,259,109</u>
Total Other Assets	<u>109,952,464</u>	<u>112,821,418</u>
 Total Assets	 1,898,705,704	 1,863,485,192
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflow for Pensions	63,997,636	69,115,910
Deferred Outflow for OPEB	<u>2,325,711</u>	<u>2,820,270</u>
Total Deferred Outflows	66,323,347	71,936,180
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$1,965,029,051</u>	<u>\$1,935,421,372</u>

*The accompanying notes are an integral part of these financial statements*

NET POSITION, LIABILITIES AND DEFERRED INFLOWS	DECEMBER 31,	
	2024	2023 (As Restated)
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$625,967,151	\$564,933,504
Restricted for:		
Wynoochee Reserve Funds	2,970,010	2,845,795
Fish and Wildlife Reserves	28,765,950	27,528,493
Unrestricted	297,239,631	322,238,548
Total Net Position	954,942,742	917,546,340
<b>LONG-TERM DEBT</b>		
Revenue Bonds	594,071,189	506,618,951
Total Long-Term Debt	594,071,189	506,618,951
<b>CURRENT LIABILITIES</b>		
Current Portion of Revenue Bonds and Line of Credit	6,205,000	111,555,000
Taxes and Other Payables	30,559,048	21,287,664
Purchased Power Payable	11,249,824	10,678,886
Salaries, Wages and Compensated Absences Payable	10,116,812	7,534,706
Interest Payable	13,640,651	11,612,955
Unearned Revenue	3,827,027	4,680,907
Customers' Deposits	12,298,390	14,178,531
Current Accrued Environmental Liability	115,000	120,000
Current Pension Withdrawal Liability	35,112	35,112
Net Current OPEB Liability	245,486	321,032
Current Lease and Subscription Liability	1,791,407	1,914,806
Total Current Liabilities	90,083,757	183,919,599
<b>LONG-TERM LIABILITIES</b>		
Long-Term Accrued Compensated Absences	15,413,301	14,330,578
Net Pension Liability	51,637,595	53,548,006
Net OPEB Liability	9,949,518	11,186,123
Pension Withdrawal Liability	350,324	350,324
Long-Term Lease and Subscription Liability	2,908,921	3,761,088
Other Long-Term Liabilities	2,735,029	2,925,382
Total Long-Term Liabilities	82,994,688	86,101,501
Total Liabilities	767,149,634	776,640,051
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflow for Pensions	770,206	1,267,692
Deferred Inflow for OPEB	3,400,617	2,770,304
Deferred Inflow for Leases	77,043,625	79,196,985
Deferred Inflows for Gain on Refunding	3,722,227	-
Rate Stabilization	158,000,000	158,000,000
Total Deferred Inflows	242,936,675	241,234,981
<b>TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS</b>	<b>\$1,965,029,051</b>	<b>\$1,935,421,372</b>



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City of Tacoma, Washington  
Department of Public Utilities  
Tacoma Power  
Statements of Revenues, Expenses and Changes in Net Position

	YEAR ENDED DECEMBER 31,	
	2024	2023 (As Restated)
<b>OPERATING REVENUES</b>		
Sales of Electric Energy	\$486,894,353	\$488,845,315
Other Operating Revenue	23,303,801	25,193,920
Lease Revenue	2,153,360	2,507,510
Total Operating Revenue	512,351,514	516,546,745
<b>OPERATING EXPENSES</b>		
Operations		
Purchased and Interchanged Power	120,891,221	128,335,810
Generation	31,547,908	28,887,498
Transmission	37,545,594	35,940,083
Distribution	30,166,482	31,270,234
Other	26,365,736	26,337,877
Maintenance	46,436,836	44,218,202
Telecommunications Expense	999,877	1,009,322
Administrative and General	75,515,194	70,708,842
Depreciation and Amortization	53,562,084	53,576,433
Taxes	66,267,241	63,786,043
Total Operating Expenses	489,298,173	484,070,344
Net Operating Income	23,053,341	32,476,401
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income	19,001,929	12,933,375
Unrealized Gain (Loss) on Fair Value Investment	2,164,432	6,910,454
Interest Income on Lease Activity	2,062,801	1,244,607
Contribution to Family Need	(3,500,000)	(3,500,000)
Others	(5,953,214)	(332,797)
Gain on Sale/Disposal of Capital Assets	68,027	429,179
Loss on Lease Modifications and Termination	-	(1,756,141)
Interest on Long-Term Debt	(27,779,055)	(26,366,314)
Amortization of Debt Premium	3,395,372	2,390,051
Total Non-Operating Expenses	(10,539,708)	(8,047,586)
Net Income Before Capital Contributions and Transfers	12,513,633	24,428,815
Capital Contributions		
Cash	12,897,614	8,979,522
Donated Capital Assets	1,538,525	619,432
BABs and CREBs Interest Subsidies	3,729,224	3,729,224
Transfers		
Transfers from/(to) Other Funds	6,717,406	2,728,458
<b>CHANGE IN NET POSITION</b>	37,396,402	40,485,451
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>	917,546,340	877,060,889
<b>TOTAL NET POSITION - END OF YEAR</b>	\$954,942,742	\$917,546,340

*The accompanying notes are an integral part of these financial statements*

City of Tacoma, Washington  
Department of Public Utilities  
Tacoma Power  
Statements of Cash Flows

	YEAR ENDED DECEMBER 31,	
	2024	2023 (As Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash from Customers	\$516,701,891	\$536,788,970
Cash Paid to Suppliers	(192,561,738)	(203,917,472)
Cash Paid to Employees	(157,955,020)	(151,128,978)
Taxes Paid	(65,934,474)	(66,148,449)
Cash from/(to) Conservation Loans	157,720	(2,483,768)
Cash from /(to) Other Revenues (Expenses)	(4,352,838)	783,647
Net Cash from Operating Activities	96,055,541	113,893,950
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Grants Received	-	68,548
Grants Paid	(668,058)	(970,926)
Transfer from Other Funds	6,717,406	2,728,458
Transfer to Family Need Fund	(3,500,000)	(3,500,000)
Net Cash from Non-Capital Financing Activities	2,549,348	(1,673,920)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Expenditures	(101,838,083)	(73,665,800)
Principal payments on leases and subscriptions	(2,764,979)	(2,143,738)
Proceeds from sales of capital assets	295,799	480,814
Proceeds from Issuance of Long-Term Debt and LOC	142,660,000	25,000,000
Debt Issuance and LOC Costs	(750,736)	(13,250)
Principal Payments on Long-Term Debt and LOC	(169,850,000)	(6,240,000)
Premium on sale of bonds	16,409,837	-
Interest Paid on Debt, LOC, and subscriptions	(25,751,359)	(26,702,604)
BABs and CREBs Interest Subsidies	3,729,224	3,729,224
Contributions in Aid of Construction (Cash)	12,897,614	8,979,522
Net Cash from Capital and Related Financing Activities	(124,962,683)	(70,575,832)
<b>CASH FLOWS FROM INVESTING ACTIVITIES <sup>a</sup></b>		
Investment Income (Loss)	21,166,361	19,843,829
Net Cash from Investing Activities	21,166,361	19,843,829
Net Change in Cash and Equity in Pooled Investments	(5,191,433)	61,488,027
Cash and Equity in Pooled Investments at January 1	480,502,743	419,014,716
Cash and Equity in Pooled Investments at December 31	\$475,311,310	\$480,502,743

<sup>a</sup> Increases and decreases in the fair value of investments are treated as additions or deductions to cash and equity in pooled investments and long term-term investments. Information on the increases and decreases in the fair value of long-term investments is shown in the Noncash Investing, Capital, and Financing Activities section of the Statement of Cash Flows.

*The accompanying notes are an integral part of these financial statements*

City of Tacoma, Washington  
Department of Public Utilities  
Tacoma Power  
Statements of Cash Flows

	YEAR ENDED DECEMBER 31,	
	2024	2023 (As Restated)
<b>Reconciliation of Net Operating Income to Net Cash From Operating Activities:</b>		
Net Operating Income	\$23,053,341	\$32,476,401
Adjustments to reconcile net operating income to net cash from operating activities:		
Depreciation and Amortization	53,562,084	53,576,433
Amortization of Regulatory Assets	6,487,329	7,139,304
Pension Expenses (Credits)	2,710,377	8,400,843
Net OPEB Expenses (Credits)	(187,279)	(120,298)
Accrued Environmental Expense	(5,000)	(255,000)
Lease Revenue Net	1,180,950	701,800
Other Revenues (Expenses)	(4,352,838)	783,647
Cash from changes in operating assets and liabilities:		
Accounts Receivable and Accrued Unbilled Revenue	5,903,449	16,280,444
Conservation Loans Receivable	157,720	(2,483,768)
Materials, Supplies, and Other	1,885,407	(298,429)
Taxes and Other Payables	8,417,501	(2,246,268)
Purchased Power Payable	570,938	(1,245,296)
Salaries, Wages and Compensated Absences Payable	2,582,106	1,296,103
Long-Term Accrued Compensated Absences	1,082,723	381,373
Customers' Deposits	(1,880,141)	3,368,637
Regulatory Asset - Conservation	(5,113,126)	(3,861,976)
Total Adjustments	73,002,200	81,417,549
Net Cash from Operating Activities	\$96,055,541	\$113,893,950
Reconciliation of Cash and Equity in Pooled Investments to Balance Sheet:		
Cash and Equity in Pooled Investments in Special Funds	\$51,581,611	\$53,539,882
Cash and Equity in Pooled Investments in Operating Funds	423,729,699	426,962,861
Cash and Equity in Pooled Investments at December 31	\$475,311,310	\$480,502,743
Noncash Investing, Capital, and Financing activities		
Donated fixed assets	\$1,538,525	\$619,432
Unrealized Gain (Loss) on Fair Value Investment	2,164,432	6,910,454
Additions in Right to Use Lease Assets	89,152	-
Additions in Right to Use Subscription Assets	\$779,325	\$123,252

City of Tacoma, Washington  
Department of Public Utilities  
Tacoma Power

Notes to Financial Statements  
Years Ended December 31, 2024 and 2023

**NOTE 1 OPERATIONS**

**OPERATIONS OF TACOMA POWER** - The Light Division, doing business as Tacoma Power (Tacoma Power or the Division), is a division of the City of Tacoma, Washington (the City), Department of Public Utilities (the Department) and is included as an enterprise fund in the Annual Comprehensive Financial Report (ACFR) of the City. The Department consists of Tacoma Power, Tacoma Water and Tacoma Rail and is governed by a five-member Public Utility Board (the Board) appointed by the City Council. Certain matters relating to utility operations, such as system expansion, issuance of bonds and setting of utility rates and charges, are initiated, and executed by the Board, but also require formal City Council approval. Tacoma Power owns and operates the City's electrical generation and distribution facilities. Tacoma Power also owns a telecommunications network which is leased out under an Indefeasible Right of Use (IRU) agreement. Tacoma Power serves approximately 195,000 retail customers and has 1,029 employees. Tacoma Power is organized into six business units: Generation, Power Management, Transmission and Distribution, Rates, Planning and Analysis, and Utility Technology Services.

**GENERATION** - operates four hydroelectric generating projects (Cowlitz, Cushman, Nisqually and Wynoochee) and the associated recreational facilities, fish hatcheries and other project lands.

**POWER MANAGEMENT** - manages the power supply portfolio, markets bulk and ancillary power supply services, schedules and dispatches division-owned generation and contract power supplies and performs power trading and risk management activities. Revenues and the cost of electric power purchases vary from year to year depending on the electric wholesale power market, which is affected by several factors including the availability of water for hydroelectric generation, marginal fuel prices and the demand for power in other areas of the country.

**TRANSMISSION AND DISTRIBUTION** - plans, constructs, operates, and maintains the transmission and distribution systems including substations, the underground network system, supervisory control and data acquisition (SCADA) systems, revenue metering facilities and all overhead transmission and distribution systems. Electricity use by retail customers varies from year to year primarily because of weather conditions, customer growth, the economy in Tacoma Power's service area, conservation efforts, appliance efficiency and other technology.

**RATES, PLANNING AND ANALYSIS** - plans for and manages the retail rate process, financial planning, analysis and modeling, budget strategies, the capital program and risk management.

**UTILITY TECHNOLOGY SERVICES (UTS)** - maintains communication networks, operational and informational technology systems, and related equipment and infrastructure to optimize utility operations and improve reliability and service quality. This includes a Project Management Office that establishes and leads Tacoma Public Utilities Information Systems project governance process and implements project portfolio management tools. UTS is responsible for all matters related to Tacoma Power's compliance with North American Electric Reliability Corporation (NERC) Reliability Standards, maintains overall responsibility for the NERC Reliability Standards and manages Tacoma Power's Internal Reliability and Compliance Project.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING AND PRESENTATION** - The financial statements of the Division are prepared in accordance with GAAP issued by the Governmental Accounting Standards Board (GASB) applicable to governmental entities that use proprietary fund accounting. The financial statements use a flow of economic resources measurement focus to determine financial position and the change in financial position. The accounting principles used are similar to those applicable to businesses in the private sector and are maintained on the accrual basis of accounting. Revenues are recognized when earned, and costs and expenses are recognized when incurred.

The Division follows the provisions set forth in regulatory accounting guidance. In general, regulatory accounting permits an entity with cost-based rates to defer certain costs or income that would otherwise be recognized when incurred to the extent that the rate-regulated entity is recovering or expects to recover such amounts in rates charged to its customers.

The Division accounts are maintained substantially in accordance with the uniform system of accounts prescribed by the Federal Energy Regulatory Commission and the Division of Audits of the Washington State Auditor's Office.

**ACCOUNTING CHANGES** - Effective for the fiscal year 2024, the Division implemented the following new accounting and reporting standard issued by the GASB:

GASB Statement No. 100 – *Accounting Changes and Error Corrections*. This statement was issued in June 2022 as an amendment to GASB Statement No. 62 to enhance accounting and financial reporting requirements for accounting changes and error corrections. The goal is to provide clearer, more reliable, relevant, consistent, and comparable information to support decision-making and accountability assessments. This statement categorizes accounting changes into three types: (1) Changes in accounting principles, (2) Changes in accounting estimates, and (3) Changes to or within the financial reporting entity. The statement defines the transactions or events that constitute these changes and specifies that for certain changes in accounting principles and measurement methodologies, the new principle or methodology must be justified as preferable to the previous one. This preferability should align with the qualitative characteristics of financial reporting: understandability, reliability, relevance, timeliness, consistency, and comparability. Additionally, this statement provides guidance for correcting errors in previously issued financial statements. The Division implemented GASB Statement No. 100 for the fiscal year ended December 31, 2024.

GASB Statement No. 101 – *Compensated Absences*. This statement superseded the requirements of GASB Statement No. 16, *Accounting for Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosure. The implementation of this standard requires a liability to be recorded for compensated absences and reported in the government-wide and proprietary financial statements for (a) leave that has not been used and (b) leave that has been used but not yet paid or settled through noncash means. Compensated absence liability is recognized for leave that has not been used if (i) the leave is attributable to services already rendered, (ii) the leave accumulates, and (iii) the leave is more likely than not to be used for time off or settled through noncash means. The City implemented the provisions of GASB Statement No. 101 effective January 1, 2023, and restated financial results for the year ended December 31, 2023, as required by the standard (see Note 3).

**CASH, SPECIAL FUNDS AND EQUITY IN POOLED INVESTMENTS** - The Division's cash balances are a "deposit" with the City Treasurer's Tacoma Investment Pool (TIP) for the purpose of maximizing interest earnings through pooled investment activities. Pooled investments are reported on the Statement of Net Position as Cash and equity in pooled investments. Cash and equity in pooled investments in the TIP are reported at fair value and changes in unrealized gains and losses are recorded in the Statements of Revenues, Expenses and Changes in Net Position. Interest earned on such pooled investments is allocated daily to the participating funds based on each fund's daily equity in the TIP.

The TIP operates like a demand deposit account in that all City departments, including the Division, have fund balances, which are their equity in the TIP. Accordingly, balances are considered cash equivalents and the equity in pooled investments is considered cash for cash flow reporting purposes.

The City of Tacoma Investment Policy permits legal investments as authorized by state law including Certificates of Deposit with qualified public depositories (as defined in Chapter 39.58 of the Revised Code of Washington (RCW)), obligations of the U.S. Treasury, Government Sponsored Agencies and Instrumentalities, bonds issued by Washington State and its Local Governments with an A or better rating, general obligation bonds issued by any State or Local Government with an A or better rating, Bankers' Acceptances, Commercial Paper, Repurchase and Reverse Repurchase agreements, and the Washington State Local Government Investment Pool (LGIP).

Daily liquidity requirement to meet the City's daily obligations is maintained by investing a portion of the City's Investment Pool in the LGIP.

The Division's equity in that portion of the City of Tacoma Investment Pool held in qualified public depositories at December 31, 2024 and 2023, is entirely covered by the Federal Deposit Insurance Corporation (FDIC) and the Washington State Public Deposit Protection Commission (WSPDPC).

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, longer-term investments have greater exposure to changes in market interest rates. The City of Tacoma investment policy allows for authorized investments up to 60 months to maturity. One way the City manages its exposure to interest rate risk is by timing cash flows from maturities so that portions are maturing over time to provide cash flow and liquidity needed for operations.

Credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Repurchase agreements and commercial paper are protected by the FDIC insurance up to \$250,000. All deposits not covered by the FDIC are covered by the WSPDPC. The WSPDPC is a statutory authority established under RCW 39.58. It constitutes a fully insured or fully collateralized pool. The WA State Treasurer's LGIP is authorized by RCW 43.250. The LGIP is operated like a money market fund and is collateralized by short-term legal investments.

**RESTRICTED ASSETS** - In accordance with bond resolutions, agreements and laws, separate restricted funds have been established. These funds consist of cash and investments in pooled investments with restrictions externally imposed and legally enforceable, established by the City Council. Generally, restricted assets include bond construction, reserve and debt service funds, fish and wildlife reserves, and customer deposits.

**ACCOUNTS RECEIVABLES AND ACCRUED UNBILLED REVENUES** - Accounts receivable consist of amounts owed by private individuals and organizations for goods delivered or services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts. The Division accrues an estimated amount for services that have been provided but not billed as of December 31, 2024, and 2023.

**ALLOWANCE FOR DOUBTFUL ACCOUNTS** - A reserve has been established for uncollectible accounts receivable based on historical write-off trends and knowledge of specific circumstances that indicate collection of an account may be unlikely. Generally, accounts receivable is considered past due after 30 days.

**INTERFUND AND INTERGOVERNMENTAL TRANSACTIONS** - Unsettled transactions between entities at year end are recorded as due to or due from other funds or other governmental units as appropriate.

**MATERIALS AND SUPPLIES** - Materials and supplies consist primarily of items for maintenance and construction of Division assets and are valued at the lower of average cost or fair market value.

**BOND PREMIUM AND GAIN/LOSS ON REFUNDING** - Bond premiums are amortized over the life of the bonds using a straight-line basis, are presented as an offset to the long-term debt balance in the statement of net position. Gains or losses on bond refunding represent the difference between reacquisition price and the carrying value of the old debt and are amortized on a straight-line basis over the applicable bond period and are presented as deferred inflows or deferred outflows in the statement of net position.

**DEBT ISSUANCE COSTS** – Debt issuance costs are recognized as expenses when incurred.

**REGULATORY ASSET CONSERVATION** - The Division has deferred conservation costs to be charged to future periods matching the time when the revenues are included in rates. Conservation assets represent installation of savings measures at the properties of its customers. The deferred balance is reduced as costs are recovered and are amortized as other operating expense on the statements of revenues, expenses, and changes in net position.

**UTILITY PLANT, DEPRECIATION AND AMORTIZATION** - Utility plant is stated at original cost, which includes both direct costs of construction or acquisition and indirect costs. The cost of maintenance and repairs is charged to expense as incurred, while the cost of replacements and betterments is capitalized. Assets are capitalized when costs exceed \$5,000 and the useful life exceeds one year.

Depreciation and amortization are recorded using a straight-line composite method based on Federal Energy Regulatory Commission (FERC) recommended economic asset lives from 2 to 62 years for related operating assets placed in service at the beginning of the year. The original cost of property together with removal cost, less salvage, is charged to accumulated depreciation at such time as property is retired and removed from service.

The economic lives for plant in service are as follows:

Intangible Plant	2 – 37 years
Hydraulic Production Plant	62 years
Transmission Plant	29 years
Distribution Plant	27 years
Regional Transmission	5 – 27 years
General Plant	19 years
Telecommunications Plant	5 – 19 years
Right to Use	depends on the life of the lease or subscription

**CONSTRUCTION WORK IN PROGRESS** - Capitalizable costs incurred on projects which are not in service or ready for use are held in construction in progress. When the asset is ready for service, related costs are transferred to capital assets. Upon determining that a project will be abandoned, the related costs are charged to expense.



**ASSET IMPAIRMENT** - The Division periodically reviews the carrying amount of its long-lived assets for impairment. An asset is considered impaired when estimated future cash flows are less than the carrying amount of the asset. In the event the carrying amount of such asset is not deemed recoverable, the asset is adjusted to its estimated fair value. Fair value is generally determined based on discounted future cash flows. There was no impairment existed in 2024 or 2023.

**INTANGIBLE ASSETS** - In accordance with GASB No. 51 *Accounting and Financial Reporting for Intangible Assets*, land use rights, such as easements and rights-of-way, are recorded as intangible assets.

**CAPITAL CONTRIBUTIONS** - In accordance with GASB No. 33 *Accounting and Financial Reporting for Nonexchange Transactions*, capital grants and capital contributions are recorded as capital contributions.

**COMPENSATED ABSENCES** - The City has two different policies for compensated absences.

The vacation and sick leave policy allows employees to accrue vacation based on the number of years worked with a maximum accrual equal to the amount earned in a two-year period. Employees in this policy accumulate sick leave at the rate of one day per month with no maximum accumulation specified. Employees receive 25% of the value at retirement or 10% upon termination for any other reason. In the event of death, beneficiaries receive 25% of the value.

The PTO policy allows employees to earn PTO (personal time off) without distinction between vacation and sick leave. The amount of PTO earned is based on years of service. The maximum accrual for PTO is 960 hours, and upon termination, employees are entitled to compensation for unused PTO at 100%.

The accrued liability is computed using the applicable pay rates at year end for leave and associated salary-related payments when leave is earned. Short term compensated absences include sick leave balances more likely than not to be used as time off in future reporting periods, and 10% of vacation, PTO, and sick leave at pay-out based on historical information.

**RATE STABILIZATION ACCOUNT** - The Division has established a rate stabilization account to reduce significant year-to-year variations in rates. Amounts deposited into the account are excluded from the statement of revenues, expenses and changes in net position in accordance with regulated operations. Revenue will be recognized in subsequent periods when it is withdrawn in accordance with rate decisions.

**DEFERRED OUTFLOWS OF RESOURCES** - Deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until then. Deferred outflows of resources consist of balances related to losses on refunding of bonds, pensions, and other post-employment benefits other than pensions.

**DEFERRED INFLOWS OF RESOURCES** - Deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. Deferred inflows of resources consist of balances related to gains on refunding of bonds, rate stabilization, pensions, other post-employment benefits other than pensions, and leases.

**OPERATING REVENUE** - Service rates are authorized by the Tacoma City Council. Revenues are recognized as earned and include an estimate of revenue earned but not billed to customers as of year-end. Utility revenues are derived primarily from the sale and transmission of electricity. Utility revenue from power sales and power transmission is recognized when power is delivered to and received by the customer.

**NON-OPERATING REVENUES AND EXPENSES** - These are items that do not qualify as operating defined above such as interest and gain (loss) on disposition of property.

**TAXES** - The City charges the Division a Gross Earnings Tax at the rate of 7.5% on electrical revenues. In addition, the Division pays a 3.8734% public utility tax to the State on a certain portion of revenues identified as utility revenues. The Division also pays business and occupation tax to the State at the rate of 1.75% on certain other non-utility revenues, as well as 0.484% for Wholesaling and 0.471% for Retailing. The Division is exempt from payment of federal income tax.

**NET POSITION** - The Statement of Net Position reports all financial and capital resources. The difference between assets and deferred outflows, and liabilities and deferred inflows is net position. There are three components of net position: net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, less accumulated depreciation, reduced by the outstanding balances of any bonds, loans or other borrowings, less outstanding construction funds, which are attributable to the acquisition, construction, or improvements of those assets.

Net position components are restricted when constraints placed on net position use are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position components are those that are not “net investment in capital assets” or “restricted”.

**LEASES** - Division as a lessor and Division as a lessee

Division as a lessor - A lessor is required to recognize a lease receivable and a deferred inflow of resources. A lease receivable is recognized at the net present value of the leased asset at a borrowing rate either explicitly described in the agreement or implicitly determined by the Division and is reduced by principal payments received. The deferred inflow of resources is recognized in an amount equal to the sum of the lease receivable and any payments relating to future periods which were received prior to the lease commencement. These deferred inflows of resources are amortized over the life of the lease. Key estimates and judgments related to lease include how the Division determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Division uses the Daily Treasury Par Yield Curve Rates published by the U.S. Department of Treasury plus 1% spread as the discount rate for leases. The lease term includes the noncancelable period of the lease.

Lease receipts included in the measurement of the lease liability are composed of fixed payments from the lessee. The Division monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Division as a lessee - A Lessee is required to recognize a lease payable and an intangible right to use lease asset. A lease payable is recognized at the net present value of future lease payments and is adjusted over time by interest and payments. Future lease payments include fixed payments, variable payments based on index or rate, and reasonably certain residual guarantees. The right to use lease asset is initially recorded at the amount of the lease liability plus prepayments less any lease incentives received prior to lease commencement and is subsequently amortized over the life of the lease. Key estimates and judgments related to the lease include how the Division determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Division uses the Daily Treasury Par Yield Curve Rates published by the U.S. Department of Treasury plus 1% spread as the discount rate for leases. The lease term includes the noncancelable period of the lease.

Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Division is reasonably certain to exercise. The Division monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

**SBITA** - Subscription-based information technology arrangements (SBITA) are recognized in accordance with GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*. This statement defines a SBITA as a contract that conveys control of the right to use another party's (the SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a period of time in an exchange or exchange-like transaction.

A subscriber is required to recognize a subscription liability and an intangible right to use subscription asset at the commencement of the subscription term. The Division uses various SBITA assets that it contracts through cloud computing arrangements such as software as a service and platform as a service. The related obligations are presented in the amounts equal to the net present value of future subscription payments and is adjusted over time by payments and interest. Future subscription payments are discounted using the Daily Treasury Par Yield Curve Rates published by the U.S. Department of Treasury plus 1% spread. Payments for future subscription may be fixed or variable, based on the terms of the agreement between the subscriber and the vendor. The subscription asset is initially recorded as the sum of the subscription liability, payments made at the commencement of the subscription term, and capitalizable implementation costs, less any incentives received prior to the commencement of the subscription term and is subsequently amortized over the life of the subscription. Subscription and capitalizable implementation cost payments made prior to the commencement of the subscription are classified as assets under construction until the subscription commences; after the subscription commences, the assets under construction are reclassified as an intangible right to use subscription asset.

**ARBITRAGE REBATE REQUIREMENT** - The Division is subject to the Internal Revenue Code ("IRC"), Section 148(f), related to its tax-exempt revenue bonds. The IRC requires that earnings on gross proceeds of any revenue bonds that are in excess of the amount prescribed will be surrendered to the Internal Revenue Service. As such, the Division would record such a rebate as a liability. The Division had no liability in the current or prior year.

**ENVIRONMENTAL REMEDIATION COSTS** - The Division recognizes environmental obligations and accruals for expected pollution remediation outlays which are recorded when one of the five obligating events occurs and are adjusted as further information develops or circumstances change.

The five obligating events are applied when the Division is: 1) compelled to take action because of an imminent endangerment, 2) the Division is in violation of a pollution prevention-related permit or license, 3) the Division is named or evidence indicates that it will be named by a regulator as a responsible party or potentially responsible party, 4) named in a lawsuit to compel participation in pollution remediation or 5) the Division commences or legally obligates itself to commence pollution remediation.

Costs related to environmental remediation are charged to operating expense when the liability is recognized; outlays are capitalized when goods and services are acquired under specific circumstances. Measurement is based on the current value of the outlays for the individual remediation components using the expected cash flow technique, adjusted for recoveries from other parties and insurance.

**SHARED SERVICES** - The Division receives certain services from other departments and agencies of the City, including those normally considered to be general and administrative. The Division is charged for services received from other City departments and agencies.

**USE OF ESTIMATES** - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. The Division used estimates in determining reported unbilled revenues, lease receivables, allowance for doubtful accounts, right to use lease and subscription assets, accrued compensated absences, depreciation, OPEB, pension, pension withdrawal liability, self-insurance liabilities, lease and subscription liability, deferred inflows of leases and other contingencies. Actual results may differ from these estimates.

**FAMILY NEED** - The Family Need program is Tacoma Power's low-income bill assistance program. Contributions are received from customers, employees and Tacoma Power.

**INCURRED BUT NOT REPORTED CLAIMS** - Liabilities for incurred but not reported claims are initially recorded when the expected loss is both probable and reasonably estimated in Self-Insurance Fund. Equity in the Self-Insurance Fund is transferred to the Division in accordance with GASB 10 and reported under Prepayments and Other and Other Long-Term Liabilities on the Statement of Net Position.

**SIGNIFICANT RISKS AND UNCERTAINTIES** - The Division is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include, but are not limited to, water conditions, weather and natural disaster-related disruptions, collective bargaining labor disputes, fish and other endangered species act issues, Environmental Protection Agency regulations, federal government regulations or orders concerning the operation, maintenance and/or licensing of facilities.

**RECLASSIFICATIONS** - Changes have been made to prior year account classifications as needed to conform to the current year presentation format.

### **NOTE 3 RESTATEMENTS**

The Division restated the December 31, 2023, financial statements for the adoption of GASB Statement No. 101 – *Compensated Absences*, which increased total liabilities and decreased net position in the amount of \$1.6 million. In addition, during 2024, the Division determined that gross earnings tax levied by the City, which has been reported under Transfers, should have been reported as an operating expense. Therefore, transfers were overstated by \$39.8 million and operating expenses were understated in the same amount for the year ended December 31, 2023. Also, the Division determined that the restricted cash for Debt Service Funds, which has been reported as Restricted Net Position, should have been reduced by the Current Portion of Revenue Bonds related to this restricted cash. Therefore, Restricted Net Position was overstated by \$6.6 million and Net Investment in Capital Assets was understated in the same amount as of December 31, 2023.

The effects of correcting these errors are shown in column Restatement of the table below.

STATEMENT OF NET POSITION	DECEMBER 31,		
	2023 (As Previously Reported)	Restatement	2023 (As Restated)
<b>NET POSITION, LIABILITIES AND DEFERRED INFLOWS</b>			
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$558,378,504	6,555,000	\$564,933,504
Restricted for:			
Wynoochee Reserve Funds	2,845,795	-	2,845,795
Fish and Wildlife Reserves	27,528,493	-	27,528,493
Debt Service Funds	6,555,000	(6,555,000)	-
Unrestricted	323,819,839	(1,581,291)	322,238,548
Total Net Position	<u>919,127,631</u>	<u>(1,581,291)</u>	<u>917,546,340</u>
<b>CURRENT LIABILITIES</b>			
Salaries, Wages and Compensated Absences Payable	5,753,033	1,781,673	7,534,706
<b>LONG-TERM LIABILITIES</b>			
Long-Term Accrued Compensated Absences	14,530,960	(200,382)	14,330,578
Total Liabilities	<u>\$775,058,760</u>	<u>\$1,581,291</u>	<u>\$776,640,051</u>
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	YEAR ENDED DECEMBER 31,		
	2023 (As Previously Reported)	Restatement	2023 (As Restated)
<b>OPERATING EXPENSES</b>			
Operations			
Purchased and Interchanged Power	\$128,335,810	-	\$128,335,810
Generation	28,711,977	175,521	28,887,498
Transmission	35,872,375	67,708	35,940,083
Distribution	30,723,026	547,208	31,270,234
Other	26,308,180	29,697	26,337,877
Maintenance	43,905,203	312,999	44,218,202
Telecommunications Expense	987,962	21,360	1,009,322
Administrative and General	70,282,044	426,798	70,708,842
Depreciation and Amortization	53,576,433	-	53,576,433
Taxes	24,010,110	39,775,933	63,786,043
Total Operating Expenses	<u>442,713,120</u>	<u>41,357,224</u>	<u>484,070,344</u>
Net Operating Income	73,833,625	(41,357,224)	32,476,401
Transfers			
City of Tacoma Gross Earnings Tax	(39,775,933)	39,775,933	-
<b>CHANGE IN NET POSITION</b>	42,066,742	(1,581,291)	40,485,451
<b>TOTAL NET POSITION - END OF YEAR</b>	<u>\$919,127,631</u>	<u>(\$1,581,291)</u>	<u>\$917,546,340</u>

STATEMENT OF CASH FLOWS	YEAR ENDED DECEMBER 31,		
	2023 (As Previously Reported)	Restatement	2023 (As Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Taxes Paid	(\$26,372,516)	(\$39,775,933)	(\$66,148,449)
Net Cash from Operating Activities	153,669,883	(39,775,933)	113,893,950
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfer Out for Gross Earnings Tax	(39,775,933)	39,775,933	-
Net Cash from Non-Capital Financing Activities	(41,449,853)	39,775,933	(1,673,920)
Net Change in Cash and Equity in Pooled Investments	61,488,027	-	61,488,027
Cash and Equity in Pooled Investments at January 1	419,014,716	-	419,014,716
Cash and Equity in Pooled Investments at December 31	\$480,502,743	-	\$480,502,743

	YEAR ENDED DECEMBER 31,		
	2023 (As Previously Reported)	Restatement	2023 (As Restated)
<b>Reconciliation of Net Operating Income to Net Cash From Operating Activities:</b>			
Net Operating Income	\$73,833,625	(41,357,224)	32,476,401
Cash from changes in operating assets and liabilities:			0
Salaries, Wages and Compensated Absences Payable	(485,570)	1,781,673	1,296,103
Long-Term Accrued Compensated Absences	581,755	(200,382)	381,373
Total Adjustments	79,836,258	1,581,291	81,417,549
Net Cash from Operating Activities	\$153,669,883	(\$39,775,933)	\$113,893,950

**NOTE 4 INVESTMENTS MEASURED AT FAIR VALUE**

The City measures and records its investments within the fair value hierarchy established by generally accepted accounting principles.

The hierarchy is based on the valuation inputs used to measure the fair value of the asset, where fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

These guidelines recognize a three-tiered fair value hierarchy, as follows:

- **Level 1** - Level 1 inputs are quoted (adjusted) prices in active markets for identical assets or liabilities that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.
- **Level 2** - Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs are sourced from pricing vendors using models that are market-based and corroborated by observable market data including: quoted prices; nominal yield spreads; benchmark yield curves; and other corroborated inputs.
- **Level 3** - Level 3 inputs are unobservable inputs for the asset or liability and should only be used when relevant Level 1 or Level 2 inputs are unavailable.

The fair value evaluations are provided by Interactive Data.

Cash and cash equivalents include highly liquid investments including short-term investment funds. Cash and cash equivalents are valued at cost and, therefore, excluded from the fair value schedule.

Data regarding the City's investments, valued and categorized according to the above outlined levels, is below:

Debt Securities	As of 12/31/2024	Fair Value Measurements Using			Not Measured at Fair Value	
		Level 1	Level 2	Level 3	Amortized Cost	Carrying amount
Cash	\$5,671	\$ -	\$ -	\$ -	\$ -	\$5,671
Money Market Fund	3,153,160	-	-	-	3,153,160	-
U.S. Treasury Securities	808,114,725	-	808,114,725	-	-	-
U.S. Agency Securities	449,364,653	-	449,364,653	-	-	-
Supranational Securities	16,351,475	-	16,351,475	-	-	-
Municipal Bonds	41,275,075	-	41,275,075	-	-	-
Corporate Securities	108,469,338	-	108,469,338	-	-	-
	<u>\$1,426,734,097</u>	<u>\$ -</u>	<u>\$1,423,575,266</u>	<u>\$ -</u>	<u>\$3,153,160</u>	<u>\$5,671</u>

Debt Securities	As of 12/31/2023	Fair Value Measurements Using			Not Measured at Fair Value	
		Level 1	Level 2	Level 3	Amortized Cost	Carrying amount
Money Market Fund	\$1,199,500	\$ -	\$ -	\$ -	\$1,199,500	\$ -
U.S. Treasury Securities	643,384,888	-	643,384,888	-	-	-
U.S. Agency Securities	673,735,766	-	673,735,766	-	-	-
Supranational Securities	32,104,066	-	32,104,066	-	-	-
Municipal Bonds	22,877,649	-	22,877,649	-	-	-
Corporate Securities	77,539,603	-	77,539,603	-	-	-
	<u>\$1,450,841,472</u>	<u>\$ -</u>	<u>\$1,449,641,972</u>	<u>\$ -</u>	<u>\$1,199,500</u>	<u>\$ -</u>

Tacoma Power's share of the City investments shown in the table above is 30.64% and 30.59% for 2024 and 2023, respectively.

**NOTE 5 UTILITY PLANT**

A summary of the balances and changes in utility plant for 2024 and 2023 follows:

	Balance December 31, 2023	Additions	Retirements	Transfers & Adjustments	Balance December 31, 2024
Intangible Plant	\$ 80,952,579	\$ 1,427,179	\$ (165,001)	\$ 3,103,357	\$ 85,318,114
Hydraulic Production Plant	732,253,014	-	(22,574)	20,450,367	752,680,807
Transmission Plant	276,503,298	-	(3,523,868)	4,144,280	277,123,710
Distribution Plant	808,112,892	111,346	(2,092,843)	55,312,855	861,444,250
Regional Transmission	39,504,372	-	-	426,092	39,930,464
General Plant	282,405,103	-	(1,635,059)	13,087,989	293,858,033
Telecommunications Plant	175,145,409	-	-	538,523	175,683,932
Total Plant In Service	2,394,876,667	1,538,525	(7,439,345)	97,063,463	2,486,039,310
Right to Use Lease and Subscription Assets	11,357,495	1,743,110	(1,131,295)	-	11,969,310
Total Utility Plant in Service	2,406,234,162	3,281,635	(8,570,640)	97,063,463	2,498,008,620
Less Accumulated					
Depreciation	(1,268,838,145)	(50,886,538)	9,207,857	74,342	(1,310,442,484)
Amortization	(4,418,470)	(2,675,547)	1,131,295	-	(5,962,722)
Total Accumulated Depreciation & Amortization	(1,273,256,615)	(53,562,085)	10,339,152	74,342	(1,316,405,206)
Construction Work in Progress	44,071,113	106,672,287	-	(104,067,971)	46,675,429
Net Utility Plant	\$ 1,177,048,660	\$ 56,391,837	\$ 1,768,512	\$ (6,930,166)	\$ 1,228,278,843

	Balance December 31, 2022	Additions	Retirements	Transfers & Adjustments	Balance December 31, 2023
Intangible Plant	\$ 79,262,767	\$ 446,391	\$ (38,296)	\$ 1,281,717	\$ 80,952,579
Hydraulic Production Plant	728,262,830	-	(1,888,837)	5,879,021	732,253,014
Transmission Plant	274,712,301	-	(1,639,969)	3,430,966	276,503,298
Distribution Plant	779,435,108	211,337	(3,869,711)	32,336,158	808,112,892
Regional Transmission	39,238,780	-	-	265,592	39,504,372
General Plant	277,351,877	-	(3,086,035)	8,139,261	282,405,103
Telecommunications Plant	174,955,103	-	-	190,306	175,145,409
Total Plant In Service	2,353,218,766	657,728	(10,522,848)	51,523,021	2,394,876,667
Right to Use Lease and Subscription Assets	11,248,092	409,566	(300,163)	-	11,357,495
Total Utility Plant in Service	2,364,466,858	1,067,294	(10,823,011)	51,523,021	2,406,234,162
Less Accumulated					
Depreciation	(1,229,728,104)	(51,258,263)	10,432,918	1,715,304	(1,268,838,145)
Amortization	(2,400,463)	(2,318,170)	300,163	-	(4,418,470)
Total Accumulated Depreciation & Amortization	(1,232,128,567)	(53,576,433)	10,733,081	1,715,304	(1,273,256,615)
Construction Work in Progress	25,995,658	77,160,646	-	(59,085,191)	44,071,113
Net Utility Plant	\$ 1,158,333,949	\$ 24,651,507	\$ (89,930)	\$ (5,846,866)	\$ 1,177,048,660

Total Utility Plant in Service includes non-depreciable assets of \$76,276,757 for 2024 and \$74,635,984 for 2023.



## Right to Use Lease and Subscription Assets

A summary of the balances and changes in right to use lease and subscription assets for 2024 and 2023 follows:

	Balance December 31, 2023	Additions	Retirements	Transfers & Adjustments	Balance December 31, 2024
Right to Use Lease and Subscriptions Assets					
Land	\$ 306,898	\$ -	\$ -	\$ -	\$ 306,898
Equipment	-	184,578	-	-	184,578
Telecommunications	687,005	-	-	-	687,005
SBITAs	10,363,592	1,558,532	(1,131,295)	-	10,790,829
Total Right to Use	11,357,495	1,743,110	(1,131,295)	-	11,969,310
Less: Accumulated Amortization					
Land	(63,864)	(21,288)	-	-	(85,152)
Equipment	-	(76,377)	-	-	(76,377)
Telecommunications	(137,400)	(34,350)	-	-	(171,750)
SBITAs	(4,217,206)	(2,543,532)	1,131,295	-	(5,629,443)
Total Accumulated Amortization	(4,418,470)	(2,675,547)	1,131,295	-	(5,962,722)
Total Right to Use Lease and Subscription Assets, net	\$ 6,939,025	\$ (932,437)	\$ -	\$ -	\$ 6,006,588
	Balance December 31, 2022	Additions	Retirements	Transfers & Adjustments	Balance December 31, 2023
Right to Use Lease and Subscriptions Assets					
Land	\$ 352,546	\$ -	\$ (45,648)	\$ -	\$ 306,898
Telecommunications	687,005	-	-	-	687,005
SBITAs	10,208,541	409,566	(254,515)	-	10,363,592
Total Right to Use	11,248,092	409,566	(300,163)	-	11,357,495
Less: Accumulated Amortization					
Land	(77,917)	(31,595)	45,648	-	(63,864)
Telecommunications	(103,050)	(34,350)	-	-	(137,400)
SBITAs	(2,219,496)	(2,252,225)	254,515	-	(4,217,206)
Total Accumulated Amortization	(2,400,463)	(2,318,170)	300,163	-	(4,418,470)
Total Right to Use Lease and Subscription Assets, net	\$ 8,847,629	\$ (1,908,604)	\$ -	\$ -	\$ 6,939,025

## NOTE 6 LEASES AND SUBSCRIPTION LIABILITY

### Lease receivables and Deferred Inflows of Resources - Lessor

The Division is a Lessor of two lease agreements related to land and telecommunications network. These leases have various length terms through 2065. The monthly receipts from these leases range from \$30,463 to \$250,000. The Division used its average incremental borrowing rate ranging between 2.264% and 2.671% in calculation of net present value of lease receipts, as the interest rates are not stated in the agreement.

Total lease receivable as of December 31, 2024 is \$78.3 million and \$79.5 million as of December 31, 2023. Current lease receivable as of December 31, 2024 and 2023 is \$1.3 million.

Interest income on lease activity of \$2.1 million and \$1.2 million was recorded in 2024 and 2023, respectively. Lease Revenue in the amount of \$2.2 million and \$2.5 million was recorded for the year ended December 31, 2024 and 2023, respectively.

**Right to Use Lease Assets and Lease Liability - Lessee**

The Division entered into three long-term lease agreements as the lessee for land, equipment, and telecommunications. These leases have various length terms through 2037. The Division is required to make annual principal and interest payments ranging from \$22,612 to \$95,426. The Division used the average incremental borrowing rate ranging between 2.264% and 4.840% in calculation of net present value of lease liabilities, as the interest rates are not stated in the agreement.

Lease liability activities for the year ended December 31, 2024 and 2023 is as follows:

	Lease Liability
Beginning balance, January 1, 2024	\$ 589,438
Additions	197,134
Reductions	(145,354)
Ending Balance, December 31, 2024	641,218
Less: Current Lease Liability	(140,537)
Total Long-term Lease Liability	<u>\$ 500,681</u>
Beginning balance, January 1, 2023	\$ 643,945
Additions	6,203
Reductions	(60,801)
Change due to termination	91
Ending Balance, December 31, 2023	589,438
Less: Current Lease Liability	(44,174)
Total Long-term Lease Liability	<u>\$ 545,264</u>

As of December 31, 2024, scheduled lease principal and interest payments are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 140,537	\$ 13,479	\$ 154,016
2026	45,054	11,360	56,414
2027	45,587	11,546	57,133
2028	46,183	11,691	57,874
2029	46,846	11,792	58,638
2030-2034	246,542	58,926	305,468
2035-2037	70,469	36,237	106,706
Total	<u>\$ 641,218</u>	<u>\$ 155,031</u>	<u>\$ 796,249</u>

**Right to Use Subscription Assets and Subscription Liability**

The Division has thirty-four (34) qualified SBITA agreements as the subscriber for software as of December 31, 2024 compared to twenty-three (23) agreements as of December 31, 2023. The subscription liability related to these SBITAs was initially recognized on January 1, 2022, with the adoption of GASB Statement No. 96. All thirty-four (34) SBITAs have initial terms of 2 to 7 years, and may contain renewal provisions, if any, generally 1 to 3-year periods, with the latest expiring in 2029. Annual payments in 2024 and 2023 range from \$0 for prepayments to \$837,000 for other subscriptions. The subscription liability was \$4.1 million including \$63,962 interest accrual as of December 31, 2024, compared to \$5.1 million including \$68,814 interest accrual as of December 31, 2023.

The Division used the average incremental borrowing rates ranging between 2.264% and 5.65% in calculation of net present value of subscription liability, as the interest rate is not stated in the agreements.

Subscription Liability activities for the year ended December 31, 2024 and 2023 are as follows:

	Subscription Principal Payable
Beginning balance, January 1, 2024	\$ 5,017,643
Additions	1,558,532
Reductions	(2,581,027)
Ending Balance, December 31, 2024	3,995,148
Less: Current Subscription Liability	(1,586,908)
Total Long-term Subscription Liability	<u>\$ 2,408,240</u>
Beginning balance, January 1, 2023	\$ 6,719,005
Additions	409,566
Reductions	(2,110,929)
Ending Balance, December 31, 2023	5,017,642
Less: Current Subscription Liability	(1,801,818)
Total Long-term Subscription Liability	<u>\$ 3,215,824</u>

As of December 31, 2024, future scheduled annual subscription principal and interest payments are as follows:

	Principal	Interest	Total
2025	\$ 1,586,908	\$ 121,934	\$ 1,708,842
2026	1,249,170	70,324	1,319,494
2027	1,131,907	30,850	1,162,757
2028	27,163	697	27,860
	<u>\$ 3,995,148</u>	<u>\$ 223,805</u>	<u>\$ 4,218,953</u>

**NOTE 7 LONG-TERM DEBT**

Tacoma Power's long-term debt is primarily for capital improvements. Long-term liability activities for the years ended December 31, 2024 and 2023, were as follows:

	<b>Balance December 31, 2023</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance December 31, 2024</b>	<b>Due Within One Year</b>
Revenue Bonds	\$ 475,775,000	\$ 142,660,000	\$ (64,850,000)	\$ 553,585,000	\$ 6,205,000
Plus: Unamortized Premium	37,398,951	16,409,837	(7,117,599)	46,691,189	-
Net Revenue Bonds	513,173,951	159,069,837	(71,967,599)	600,276,189	6,205,000
Line of Credit	105,000,000	-	(105,000,000)	-	-
Total Long-Term Debt	<u>\$ 618,173,951</u>	<u>\$ 159,069,837</u>	<u>\$ (176,967,599)</u>	<u>\$ 600,276,189</u>	<u>\$ 6,205,000</u>
	<b>Balance December 31, 2022</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance December 31, 2023</b>	<b>Due Within One Year</b>
Revenue Bonds	\$ 482,015,000	\$ -	\$ (6,240,000)	\$ 475,775,000	\$ 6,555,000
Plus: Unamortized Premium	39,789,002	-	(2,390,051)	37,398,951	-
Net Revenue Bonds	521,804,002	-	(8,630,051)	513,173,951	6,555,000
Line of Credit	80,000,000	25,000,000	-	105,000,000	105,000,000
Total Long-Term Debt	<u>\$ 601,804,002</u>	<u>\$ 25,000,000</u>	<u>\$ (8,630,051)</u>	<u>\$ 618,173,951</u>	<u>\$ 111,555,000</u>

Tacoma Power's long-term debt at December 31 consists of the following payable from revenues of Tacoma Power:

	<u>2024</u>	<u>2023</u>
2010B Revenue Bonds, with interest rates ranging from 5.791% to 5.966%, with a Build America Bond (BAB) rebate at 35% of interest, due in yearly installments of \$27,310,000 to \$31,630,000 from 2031 to 2035. Original Issue: \$147,070,000 Current Portion: \$0	\$ 147,070,000	\$ 147,070,000
2010C Revenue Bonds, with an interest rate of 5.641%, with Clean Renewal Energy Bond rebate at 67% of interest, due in one payment of \$24,185,000 in 2027. Original Issue: \$24,185,000 Current Portion: \$0	24,185,000	24,185,000

**Long-term debt (continued)**

2013A Refunding Bonds, with interest rates ranging from 4.0% to 5.0%, due in yearly installments of \$10,990,000 to \$14,310,000 from 2039 to 2042. These were partially refunded with proceeds from 2024B Revenue Refunding Bonds.

Original Issue: \$181,610,000	\$ 54,015,000	\$ 88,655,000
Current Portion: \$0		

2013B Refunding Bonds, with interest rates ranging from 3.05% to 5.0%, due in yearly installments of \$4,185,000 to \$5,155,000 from 2024 to 2030. These were refunded with proceeds from 2024B Revenue Refunding Bonds.

Original Issue: \$35,620,000	-	27,840,000
Current Portion: \$0		

2017 Revenue Bonds, with interest rates ranging from 4.0% to 5.0%, due in yearly installments of \$2,370,000 to \$5,225,000 from 2025 to 2047.

Original Issue: \$70,575,000	63,800,000	66,170,000
Current Portion: \$2,490,000		

2021 Revenue Bonds, with interest rates ranging from 2.5% to 5.0%, due in yearly installments of \$5,355,000 to \$10,040,000 from 2036 to 2051.

Original Issue: \$121,855,000		
Current Portion: \$0	121,855,000	121,855,000

2024A Revenue Bonds, with interest rates of 5.0%, due in yearly installments of \$3,120,000 to \$7,510,000 from 2036 to 2054.

Original Issue: \$95,300,000		
Current Portion: \$0	95,300,000	-

2024B Revenue Refunding Bonds, with interest rates of 5.0%, due in yearly installments of \$3,610,000 to \$10,070,000 from 2025 to 2038.

Original Issue: \$47,360,000		
Current Portion: \$3,715,000	47,360,000	-

Unamortized premium

	553,585,000	475,775,000
	46,691,189	37,398,951
	(6,205,000)	(6,555,000)

Current Portion of Revenue Bond Debt		
Total Long Term Debt	\$ 594,071,189	\$ 506,618,951

On May 21, 2020, Tacoma Power entered into a 2-year Note Purchase Agreement with KeyBank in the amount of \$100 million. On September 16, 2021, an amendment was made to the agreement which reduced the amount to \$50 million and extended the maturity date to December 2024. As of December 31, 2024, this Note reached the maturity date without extension and was terminated. There were no draws outstanding on this Note Purchase Agreement as of December 31, 2024 and 2023. There was no outstanding balance from this note as of December 31, 2024.

On October 1, 2021, Tacoma Power entered into a \$150 million line-of-credit agreement with Wells Fargo to pay for working capital, which matured on October 1, 2024. This line-of-credit was paid as part of the bond refunding discussed below. As of December 31, 2024, this line-of-credit has been paid off, terminated, and was not renewed. There was no outstanding balance from this line-of-credit as of December 31, 2024.

**Bond refunding** - In February 2024, Tacoma Power issued \$95.3 million of Electric System Revenue Bonds, Series 2024A (Green Bonds) at a premium of \$10.0 million, and \$47.4 million of Electric System Revenue Refunding Bonds, Series 2024B at a premium of \$6.4 million. The proceeds of the issuance, along with \$5.0 million from Special Bond Reserve Funds, were used to refund \$34.6 million of the 2013A bonds of the total debt outstanding \$88.6 million, pay down \$23.7 million of the 2013B bonds and \$104.8 million of the Wells Fargo line of credit. The Green Bonds have been independently verified by Kestrel for conformity with the Green Bond Principles (2021) and are in complete alignment with the Renewable Energy eligible project category. Major projects financed by the refunded bonds and line of credit support the Division's hydropower system – a renewable system that has minimal greenhouse gas emissions, prioritizes climate resiliency and environmental restoration, and expands community access to electricity. Tacoma Power integrates fish passage and watershed stewardship to minimize environmental risks associated with hydroelectric facilities. The refunded amounts of the 2013A and 2013B bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

Power refunded a portion of the 2013A and paid 2013B bonds in full to reduce its total combined debt service payments over the next 14 years by \$16.1 million and to obtain net present value savings of approximately \$7.5 million. The funding resulted in a difference between the net reacquisition price and the net carrying amount of the old debt of \$4.1 million. This amount, reported in the Statement of Net Position as a deferred inflow of resources, is being charged to operations through the year 2037 using the straight-line basis method. As of December 31, 2024, the deferred inflows for gain on refunding balance is \$3.7 million.

As of December 31, 2024, scheduled principal maturities on the bonds and interest payments are as follows:

	Principal	Interest
2025	\$ 6,205,000	\$ 27,126,175
2026	6,220,000	26,815,550
2027	24,185,000	25,977,912
2028	6,540,000	25,132,274
2029	6,860,000	24,797,274
2030-2034	122,645,000	108,298,889
2035-2039	122,675,000	70,118,747
2040-2044	118,595,000	41,835,125
2045-2049	85,750,000	20,020,850
2050-2054	53,910,000	5,070,700
	<u>\$ 553,585,000</u>	<u>\$ 375,193,496</u>

Tacoma Power's revenue bonds are secured by the net revenue of Tacoma Power and all cash and investments held in the bond and construction funds. The bonds are also subject to certain financial and non-financial covenants. Management believes that the Division was in compliance with all loan covenants at December 31, 2024 and 2023.

#### NOTE 8 PURCHASED POWER

Tacoma Power purchased electric power and energy from BPA under a long-term contract that expires on September 30, 2028. The contract consists of a base rate per kWh and certain cost-recovery adjustment clauses can be invoked under particular circumstances.

On December 1, 2008, the Board authorized the execution of a twenty-year Slice/Block Power Sales and Creditworthiness Agreement with BPA. The agreement allows Tacoma Power to purchase a Slice/Block power product from BPA which began October 1, 2011 and continues through September 30, 2028. In broad terms, the agreement requires Tacoma Power to purchase a firm amount (Block) and proportionate share (Slice) of power based on a number of criteria and calculations. This is a take or pay arrangement which allows Tacoma Power to remarket excess capacity. The related Creditworthiness Agreement provides for BPA to conduct a credit review of Tacoma Power. To determine if a letter of credit or cash deposit would be required, BPA completed this review and determined that as long as Tacoma Power's credit rating remains above BBB-, no Letter of Credit or cash deposit will be required.

The power received under this contract averaged approximately 354,363 and 378,825 kilowatts per hour for 2024 and 2023, respectively. Charges for the BPA purchased power were approximately \$107.4 million and \$109.3 million for 2024 and 2023, respectively, and are based on the total amount of energy delivered and the monthly peak power demand.

Under fixed contracts with other power suppliers, Tacoma Power has agreed to purchase portions of the output of certain generating facilities. Although Tacoma Power has no investment in such facilities, these contracts require Tacoma Power to pay minimum amounts (which are based at least in part on the debt service requirements of the supplier) whether or not the facility is operating. The cost of power obtained under the contracts, including payments made when a facility is not operating, is included in operations expense in the Statements of Revenues, Expenses and Changes in Net Position.

Information for the year ended December 31, 2024 pertaining to these contracts is summarized as follows:

Tacoma Power's Current Share of	Columbia Basin Hydropower	Grant County PUD - Priest Rapids Project
Energy Output .....	251,854 mWh	19,923 mWh
Megawatt Capacity .....	-	5 mW
Operating Costs .....	\$ 4,902,058	\$4,055,215
Incentive Payments .....	\$ 3,503,051	-
Contract Expiration Date .....	12/31/2026	4/1/2052

On April 17, 2008, the FERC issued a new license to the Public Utility District No. 2 of Grant County (Grant PUD) for the continued operation of the Priest Rapids Hydroelectric Project which consists of the Priest Rapids Development and the Wanapum Development. The renewed license issued by FERC allows Grant PUD a 44-year license for the continued operation of the Project. The term of Tacoma Power's contract with Grant PUD is for the term of the FERC license. Tacoma Power's purchase quantity and costs are tied to the actual costs of the Project.

Total expenses under the above contracts for the years 2024 and 2023 were \$7.3 million and \$6.2 million, respectively for Columbia Basin Hydropower. Grant County PUD – Priest Rapids had proceeds under the contract exceeded expenses in 2024 and 2023 resulting in direct payments to the Division in the amount of \$4.1 million and \$4.3 million, respectively.

In addition, Tacoma Power is required to pay its proportionate share of the variable operating expenses of these projects.

**Other Power Transactions** - Other power transactions include purchases under short-term agreements and interchanges of secondary power between utilities in response to seasonal resource and demand variations. Fluctuations in annual precipitation levels and other weather conditions materially affect the energy output from Tacoma Power’s hydroelectric facilities. Accordingly, the net interchange of secondary power in and out may vary significantly from year to year. Tacoma Power’s trading activities are limited to purchasing power to meet native loads, optimizing the value of Tacoma Power’s power supply portfolio, and selling energy during times of surplus.

Starting from 2022, Tacoma Power also made secondary power transactions via participation in the California Independent System Operator’s (CAISO) Western Energy Imbalance Market (EIM). The EIM is a centrally organized and cleared energy market that strives to optimize the dispatch of generators in its footprint to meet demand at the lowest possible cost while maintaining system reliability. Nearly every major electric utility in the West is a participant. Market participants must show they have sufficient resources submitted into the CAISO system in order to participate in the EIM for that hour. Participants then bid into the EIM for energy purchases or sales.

The EIM market optimizes and clears at both fifteen and five-minute intervals resulting in short-term transactions. The CAISO serves as both the market operator and as a clearing house for processing payment between market participants. Invoices are generated by CAISO every Wednesday and must be settled within one week of invoicing.

Tacoma Power records applicable energy contracts using accrual accounting and recognizes the revenue or expense at the time of contract performance, settlement, or termination. As of December 31, 2024 Tacoma Power had forward sales contracts totaling \$1.1 million dollars extending out to June 2025 with a fair market value of \$823,000. These contracts meet the normal purchase normal sales scope exception for derivative reporting under GASB Statement 53, *Accounting and Financial Reporting for Derivative Instruments*.

Tacoma Power’s net power purchases or sales and interchanged activities are reflected in the Statements of Revenues, Expenses and Changes in Net Position.

A breakdown of the net interchange in kilowatt-hours is as follows:

<u>Interchange Summary</u>	<u>2024</u> (in kWh)	<u>2023</u> (in kWh)
Secondary Sales	(1,208,572,000)	(1,034,456,000)
Portfolio Purchases	36,100,000	121,849,000
Miscellaneous Exchanges	(2,082,000)	(1,042,000)
Other	<u>154,274,000</u>	<u>133,726,000</u>
Net Interchange	<u>(1,020,280,000)</u>	<u>(779,923,000)</u>



**NOTE 9 FLEET SERVICES FUND**

The Department of Public Utilities Fleet Services Fund provides administration, repair and maintenance of the vehicles and related equipment for all divisions, and replacements for the service divisions.

Tacoma Power pays Fleet Services Fund to cover fleet operating expenses related to administration, overhead, repair and maintenance of the division-owned vehicles and related equipment. The Division also pays Fleet Services Fund a usage fee on an as-needed basis for the use of pool cars. This fee contributes to the replacement of pool vehicles. Payments made by Tacoma Power in 2024 and 2023 were \$6,534,776 and \$5,676,113, respectively.

Fleet Services' management conducts a biennial assessment of the maintenance and capital replacements needs for all division-owned vehicles and related equipment.

**NOTE 10 SELF-INSURANCE FUND**

The Department of Public Utilities maintains a self-insurance program and insurance policies. The Department has established a Self-Insurance Fund to insure Tacoma Power and other divisions within the Department for certain losses arising from personal and property damage claims by third parties. The major risks to Tacoma Power are flooding, wind damage, chemical spills and earthquakes. Mitigating controls and emergency and business resumption plans are in place. To the extent damage or claims exceed insured values, rates may be impacted.

Tacoma Power is required to make payments to the Self-Insurance Fund to cover claims incurred by Tacoma Power and administrative expenses of the Fund. Tacoma Power's premium payments were \$500,000 in 2024 and 2023 respectively. As of December 31, 2024, assets in the Self-Insurance Fund total \$12.2 million which exceeded accrued and incurred but not reported liabilities of \$4.2 million. Equity in the Self-Insurance Fund is transferred to the appropriate operating divisions in accordance with GASB No. 10. Management believes Tacoma Power's investment in the Self-Insurance Fund is more than adequate to settle all its known or estimated claims.

The City purchased a Fiduciary Liability coverage with a limit of \$15.0 million and a \$100,000 deductible. This coverage provides for wrongful acts related to the fiduciary duty of the City, trustees, or committee members arising out of the administration of the City's employee benefit programs. The coverage also provides a Government Crime policy with a \$5.0 million limit and a \$200,000 deductible for employee dishonesty and for fraudulent or dishonest acts by employees against the City for loss of money, securities, and property. Coverage also includes an Excess Worker's Compensation policy with a statutory limit and a self-insured retention of \$1.25 million per occurrence. Coverage also has a Cybersecurity policy with a limit of \$2.0 million and a deductible of \$250,000. An Excess Cyber policy is maintained with a limit of \$2.0 million in excess of the primary policy. The City also has an Aviation Liability – Unmanned Aircraft Liability coverage for drones with a limit of \$3.0 million. There is no deductible for this coverage.

Separate from General Government, the Department of Public Utilities maintains Property insurance and coverage, Wrongful Acts Liability coverage, and Excess General Liability insurance policies. The Property insurance policy has a deductible of \$250,000 per occurrence applies to the buildings and contents. For loss due to earthquake, a limit of \$10.0 million applies with a deductible of 5% of the value of the damaged property subject to a \$250,000 minimum. For loss due to flood, a limit of \$15.0 million applies for property in Flood Zones A & V, while a limit of \$50.0 million applies to property in all other Flood Zones. A \$250,000 deductible applies to loss due to flood. Coverage also provides a Wrongful Acts Liability coverage with a deductible of \$150,000 and a limit of \$2.35 million for each wrongful act and a \$2.35 million aggregate. Excess General Liability policies provide coverage in excess of the previously noted Wrongful Acts liability policy and include General liability and Automobile liability coverage. These policies have a limit of \$55.0 million each occurrence with a \$55.0 million aggregate in excess of a \$2.5 million retention.

Changes in the Division's estimated claims settlements liability under self-insurance fund for the past three years were as follows:

	2024	2023	2022
Balance 01/01	\$ 2,925,382	\$ 888,040	\$1,155,213
New Claims	532,517	1,863,792	437,991
Adjustment to Claims	302,110	226,081	(450,337)
Claims Payment	(1,024,980)	(52,531)	(254,827)
Balance 12/31	<u>\$ 2,735,029</u>	<u>\$ 2,925,382</u>	<u>\$ 888,040</u>

Tacoma Power's share of the Self-Insurance Fund shown in the table above is 64.46%, 69.34%, and 30.91% as of December 31, 2024, 2023, and 2022, respectively.

#### NOTE 11 WESTERN METAL INDUSTRY PENSION FUND

The City of Tacoma had approximately 113 employees who participated in the Western Metal Industry Pension Fund (Plan). The Plan is a cost-sharing, defined benefit, multiple-employer pension plan and is administered by the Board of Trustees. The Trustees and other Plan fiduciaries have discretionary authority to interpret the Plan and determine entitlement to Plan benefits.

The Plan fell into critical status following the 2009 Plan Year and was certified as "critical" in 2010. In an effort to improve the Plan's funding situation, the Trustees adopted a Rehabilitation Plan on May 28, 2010 and subsequently updated it on July 24, 2012 and December 9, 2016.

The Rehabilitation Plan consists of reductions in adjustable benefits including early retirement benefits and retirement payment options, and contribution increases of 16% per year for up to 11 years over the current contribution level. These contribution increases do not translate into additional benefit accruals but instead are directed solely toward improving the Plan's funded status. The Trustees have adopted the "free look" rule set forth in subsection 4210(a) of ERISA related to withdrawal liabilities.

Annual reports also are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. Or, a copy of the Plan's annual report may be obtained by making a written request to the Plan administrator.

The employer is required to make contributions to the Plan absent terms of a Collective Bargaining Agreement.

On December 3, 2019, the Tacoma City Council approved the collective bargaining agreement for the International Association of Machinists and Aerospace Workers District Lodge 160, Local Lodge 297 General Unit. Contained in this agreement was a call for cessation of the participation in the Plan. The contributions submitted for the December 31, 2019, payroll was the final contributions made on behalf of the employees in this unit. As of December 31, 2024, there were no employees participating in the plan.

Those employees who vested would be eligible for benefits based on their date of withdrawal.

There were no contribution rates applicable for 2024 and 2023. There were no contributions paid by the City in 2024 and 2023.

On November 5, 2021, the City received a Withdrawal Liability Demand Letter from the Plan. The actuaries for the Plan determined that the withdrawal liability attributed to City of Tacoma is \$44,325,881 in total, but the collective liability was recorded by the City of Tacoma for 20-year limitation liability of \$17,863,052 in accordance with Section 4219 (c) of the Employee Retirement Income Security Act (ERISA), 20 U.S.C. 1399(c). Each operating division recorded the respective liability based on its proportionate share of the 20-year limitation liability as of December 31, 2021. The initial \$337,619 payment was due on or before January 1, 2022 which was comprised of \$169,829 attributable to the partial withdrawal and \$167,790 attributable to the complete withdrawal. Subsequent payments are due quarterly. The partial withdrawal quarterly payment will continue until 80 quarterly payments are made for a total of \$13,586,320 while the last quarterly installment for the complete withdrawal will be due on April 1, 2028 for a total of \$4,276,732, the last payment amount will be \$81,982. There was no payment made in 2024 and \$1.7 million was made by the City during 2023.

As of December 31, 2024 and 2023, the Division reported a liability of \$385,436 for its proportionate share of the City's collective total withdrawal liability of \$14,824,481. The current portion of the withdrawal liability is \$35,112 as of December 31, 2024 and 2023. At December 31, 2024 and 2023, the Division's proportion was 2.6%. There was no withdrawal expense for the year ended December 31, 2024 and 2023.

On January 26, 2022, the City submitted an appeal over the liability calculation subject to the Employee Retirement Income Security Act of 1974 (ERISA). On April 12, 2023, the City submitted a Demand and Notice of Initiation Arbitration to American Arbitration Association. On January 2, 2024, the City received the ruling on motions for summary judgement and award regarding the interest rate used to calculate the withdrawal liability from American Arbitration Association. On January 23, 2024, the City filed a complaint to enforce arbitration award to United States District Court Western District of Washington in Seattle. The outcome of the complaint is uncertain at the time of the report issuance and may affect the estimated liability amount.

#### **NOTE 12 TACOMA EMPLOYEES' RETIREMENT SYSTEM FUND (TERS OR THE SYSTEM)**

The Tacoma Employees' Retirement System (TERS or System), a pension trust fund of the City of Tacoma, issues a publicly available ACFR that includes financial statements and required supplementary information may be obtained by writing to:

Tacoma Employee's Retirement System  
3628 South 35th Street  
Tacoma, WA 98409

Or the TERS ACFR may be downloaded from the TERS website at [www.cityoftacoma.org/retirement](http://www.cityoftacoma.org/retirement).

**Administration of The System** - The "Tacoma Employees' Retirement System" is a cost-sharing, multiple-employer, defined benefit retirement plan covering substantially all employees of the City of Tacoma, with the exception of police officers, firefighters, and Tacoma Rail employees who are covered by state and federal retirement plans. Employees of the Tacoma-Pierce County Health Department, as well as certain employees of the Pierce Transit and South Sound 911 (formerly known as Law Enforcement Support Agency) who established membership in the System when these agencies were still City of Tacoma departments, are also members.

The Board of Administration of the Tacoma Employees' Retirement System administers the plan and derives its authority in accordance with Chapter 41.28 RCW and Chapter 1.30 of the Tacoma City Code.

At the direction of the City Council, the System is administered by the Board of Administration (the Board) consisting of nine regular members and one alternate member. The members of the Board are the Mayor, who serves as Chair; the Director of Finance; the City Manager (or designee); the Public Utilities Director (or designee); three elected employee representatives; one elected retired representative; and one City resident (not employed by the City) elected by the other eight members.

The nine Board members appoint a TERS member, either active or retired, as an alternate Board member. The Board is required by the Tacoma Municipal Code to make annual reports to the City Council on the financial condition of the Retirement System. The Board, subject to City Council approval, appoints the Director who is responsible for managing the daily operations of the System.

The breakdown of membership as of December 31, 2023 and 2022 (measurement date) is as follows:

	Measurement date as of	
	December 31,	
	2023	2022
Retirees and beneficiaries currently receiving benefits	2,836	2,765
Terminated vested and other terminated participants	948	918
Active members:		
City of Tacoma	2,982	2,877
Pierce Transit	15	17
South Sound 911	-	2
Tacoma-Pierce County Health Department	328	305
Total active members	3,325	3,201
Total membership	7,109	6,884

**Membership** - Substantially all employees of the City of Tacoma are members of the System, with the exception of police officers, firefighters, and Tacoma Rail employees, who are covered by state or federal retirement plans. Other members include employees of the Tacoma-Pierce County Health Department, and certain employees of the Pierce Transit and the South Sound 911 who established membership in the System when these agencies were still City of Tacoma departments.

**Benefits** - There are two formulas to calculate the retirement benefits. The benefit paid will be issued on the formula which provides the higher benefit. The most commonly applied formula, "service retirement", is a product of the member's average monthly salary for the highest, consecutive 24-month period, the number of years of membership credit, and a percentage factor (2% maximum) that is based on the member's age and years of service. The other formula is an annuity based on member contributions. There are several options available for the retiree to provide for their beneficiaries. The System also provides death, disability and deferred retirement. Additionally, the System provides cost of living adjustment (COLA) increases up to 2.125% as of July 1st of each year; the actual COLA granted is dependent on the Consumer Price Index (Seattle Area – all items) over the preceding calendar year.

Any active member who has not retired, and has five or more years of service as a member may purchase up to five additional years of service at the time of retirement. Total service including service purchased cannot exceed 30 years.

The System participates in the portability of public retirement benefits in Washington State public retirement. As provided under Chapter 4154 of the RCW, this allows a member to use all years of service with qualified Washington systems to determine retirement eligibility and percentage factor for benefits under the System.

**Contributions** - The participating employers are responsible for funding the System at a level sufficient to pay obligations and ensure the actuarial and financial soundness of the System. Contribution rates for the employer and the employee are recommended by the Board of Administration and final approval rests with the Tacoma City Council.

The total contribution rate continues to be 21%, divided as 54% for the employer and 46% for the employee, for a new total of 11.34% from the employer and 9.66% from the employee. Changes to the contribution rate are subject to Sections 1.30.340 and 1.30.360 of the Tacoma Municipal Code.

**Significant Assumptions** - The following actuarial methods were used in the funding valuation.

Measurement Date	December 31, 2023
Valuation Date	January 1, 2024
Actuarial Cost Method	Entry Age Normal
Amortization Method	Funding is based on statutory contributions rate. This amount is compared to a 25-year amortization for the purposes of calculating the Actuarially Determined Contribution (ADC). The amortization method for the ADC is as follows*:
	<ul style="list-style-type: none"> <li>• Level percent</li> <li>• Open periods</li> <li>• 25 year amortization period*</li> <li>• 3.25% amortization growth rate</li> </ul>
Asset Valuation Method	4 year smoothing period; Corridor - None
Inflation	2.50%
Salary Increases	Varies by service
Investment Rate of Return	6.75%
Cost of Living Adjustment	2.125%
Retirement Age	Varies by age, gender, and eligibility
Turnover	Varies by service, and gender
Mortality	105% of the Male and 100% of the Female PubG-2010 Amount-Weighted Mortality Tables, sex distinct. Generational improvements with unisex projection scale based on Social Security Administration Data 1957-2017.

*\*The actual contribution is used if that rate is greater than the rate necessary to amortize the UAAL. Note that the UAAL amortization period is 30 years for years 2017 and earlier and 25 for years beginning January 1, 2018 and later.*

**Benefit and Assumption Changes** - The comparability of the data from year to year can be affected by changes in actuarial assumptions, benefit provisions, accounting policies, and other factors. There have been no significant changes between the January 1, 2024, valuation date and December 31, 2023, the measurement date. Therefore, no adjustments were needed from the January 1, 2024, actuarial valuation date to the calculated liabilities as of December 31, 2023, measurement date for reporting date of December 31, 2024. There were no changes between the January 1, 2023, and January 1, 2024, valuation dates.

**Target Allocations** - The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's (the System's actuary) investment consulting practice as of December 31, 2023 and 2022 for reporting date December 31, 2024 and 2023, respectively. The target asset allocation is based on the Tacoma Employees' Retirement System Investment Policy Statement dated August 2023 and November 2022 for reporting date December 31, 2024, and 2023, respectively.

Asset Class	Reporting date			
	December 31, 2024		December 31, 2023	
	Target Allocation	Long-term Expected Arithmetic Real Rate of Return	Target Allocation	Long-term Expected Arithmetic Real Rate of Return
Investment Grade Fixed Income	21.5%	2.28%	19.5%	2.35%
US Bank/ Leveraged Loans	2.0%	4.12%	3.0%	3.75%
US Long Government Bonds	3.0%	2.43%	3.0%	2.38%
High Yield Bonds	5.0%	3.93%	6.0%	4.28%
Emerging Market Debt	5.0%	2.80%	5.0%	4.04%
Global Equity	19.0%	4.35%	34.5%	5.08%
Low Volatility Global Equity	9.5%	4.47%	-	-
Private Real Estate	10.0%	3.53%	10.0%	3.35%
Private Equity	15.0%	7.15%	10.0%	7.78%
Private Credit	3.0%	5.90%	-	-
Master Limited Partnerships	-	-	4.0%	5.73%
Infrastructure	7.0%	5.28%	5.0%	4.12%
Assumed Inflation - Mean		2.50%		2.50%
Assumed Inflation - Standard Deviation		1.44%		1.41%
Portfolio 10 year Geometric Rate of Return		6.60%		7.04%
Portfolio 30 year Arithmetic Rate of Return		7.89%		-
Portfolio 30 year Geometric Rate of Return		7.28%		-
Portfolio Standard Deviation		11.55%		11.04%
Long-Term Expected Rate of Return, net of investment expenses		6.75%		6.75%

**Sensitivity Analysis** - The following presents the net pension liability (asset) of the Division, calculated using the discount rate of 6.75% as of December 31, 2024 and 2023, as well as what the Division's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower, 5.75%, or 1 percentage point higher, 7.75%, than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
As of December 31, 2024	5.75%	6.75%	7.75%
Net pension liability (asset)	\$ 153,907,354	\$ 51,637,595	\$ (33,577,796)
	1% Decrease	Current Discount Rate	1% Increase
As of December 31, 2023	5.75%	6.75%	7.75%
Net pension liability (asset)	\$ 152,225,204	\$ 53,548,006	\$ (28,682,034)

## Notes to Financial Statements (continued)

As of December 31, 2024 and 2023, the deferred inflows and outflows of resources are as follows:

	December 31, 2024		December 31, 2023	
	Deferred Inflows of Resources	Deferred of Outflows Resources	Deferred Inflows of Resources	Deferred of Outflows Resources
Difference Between Expected and Actual Experience	\$ (727,414)	\$ 10,961,402	\$(1,207,123)	\$ 3,705,737
Changes of assumptions	-	6,341,861	-	10,524,144
Net Difference Between Projected and Actual Earnings	-	32,232,250	-	41,678,112
Changes in Employer Proportion	(47,792)	2,288	(60,569)	162
Contributions Made Subsequent to the Measurement Date	-	14,459,835	-	13,207,755
Total	<u>\$ (770,206)</u>	<u>\$ 63,997,636</u>	<u>\$(1,267,692)</u>	<u>\$ 69,115,910</u>

The Division reported \$14.5 million as deferred outflows of resources related to the amounts associated with contributions subsequent to the measurement date and will be recognized as a reduction of the total pension liability in the fiscal year ending December 31, 2025.

The net amount of deferred inflows and outflows, other than contributions made subsequent to the measurement date, will be recognized as pension expense in each of the next five years.

Amounts will be recognized in pension expense as follows:

2025	\$ 15,322,816
2026	9,735,217
2027	23,005,454
2028	(119,664)
2029	823,772
	<u>\$ 48,767,595</u>

At December 31, 2024, the Division reported a pension liability of \$51,637,595 for its proportionate share of the total System, compared to a pension liability of \$53,548,006 at December 31, 2023. The proportionate share of the Power Division is 38.05% of total System's pension liability as of December 31, 2024, and 38.76% as of December 31, 2023. The proportionate share was based on the actual contributions for the year as of December 31, 2024 and 2023.

### NOTE 13 OTHER POST EMPLOYMENT BENEFITS (OPEB)

**Plan Description** - The City provides the opportunity to receive medical benefits to most of its retirees until age 65. Eligibility and the amount of benefits paid by the City vary by group (TERS, LEOFF 1, LEOFF 2, or Rail employees). The City charges some early retirees not yet eligible for Medicare a health premium based on the claims experience of both actives and retirees. Since health claims costs generally increase with age, retiree health premiums would be significantly higher if they were determined without regard to active claims experience. Therefore, the employer effectively subsidizes the costs of the participating retirees' healthcare through payment of the employer's portion of the premiums for active employees.

Benefit payments are recognized when due and payable in accordance with benefit terms. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes, and is administered by the City of Tacoma Human Resources Department. The membership as of January 1, 2024 for non-LEOFF 1 members includes 4,038 active participants, 639 vested terminated participants, 255 retirees and surviving spouses, and spouses of current retirees. The membership as of January 1, 2024 for LEOFF 1 members includes 1 active participant and 227 retirees.

This plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

**Actuarial Assumptions and Other Inputs** - The valuation date is January 1, 2024 for both non-LEOFF 1 and LEOFF 1 members. This is the date as of which the census data is gathered and the actuarial valuation is performed. The measurement date is December 31, 2023. This is the date as of which the total OPEB liability is determined. Note that GASB 75 allows a lag up to one year between the measurement date and the reporting date. No adjustment is required between the measurement date and the reporting date. The reporting date is December 31, 2024 and 2023.

In preparing the valuation, the actuary relied, without audit, on information as of January 1, 2024, furnished by the City. This information includes, but is not limited to, statutory provisions, member census data, and financial information.

Valuation Date:	January 1, 2024
Census Date:	January 1, 2024
Actuarial Cost Method:	Individual Entry Age Normal Cost Method
Demographic Assumptions:	Demographic assumptions regarding retirements, disability, and turnover are based upon pension valuations for the various pension plans.

**Actuarial Assumptions:**

Discount Rate:	2.00% for pay-as-you-go funding
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Medical Cost Trend:	2024	6.90%
	2025	6.10%
	2026	5.40%
	2030	4.80%
	2040	4.20%
	2050	4.30%
	2060	4.30%
	2070	4.00%
	2080	3.90%

Note that the trend for year 2024 reflects the percent by which 2025 medical costs are expected to exceed 2024 medical costs. These trend rates assume that, over time, deductibles and out-of-pocket maximums will be periodically increased as medical trends increase.

Economic Assumptions -	
Discount Rate (Liabilities):	3.25%



Demographic Assumptions:

Eligibility:

Disability - Five years of service are required for non-service connected disability.

Retirement - TERS members are eligible for retiree medical benefits after becoming eligible for service retirement pension benefits (either reduced or full pension benefits).

- 30 years of service
- 60 years of age
- Age + Service = 80 years
- Age 55 with 10 years of service
- Age 40 with 20 years of service

Former members who are entitled to a deferred vested pension benefit are also eligible to receive medical benefits after pension benefit commencement.

Survivors of members who die prior to retirement are eligible for medical benefits.

The discount rate was based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Changes of Assumptions:** The discount rate was updated to 3.25% in 2024 from 3.75% in 2023. The medical cost discount rate was updated to 6.9% in 2024 from 6.5% in 2023. The actuarial cost method is the individual entry age actuarial cost method to be in compliance with GASB 75.

#### OPEB Liabilities, OPEB Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources

At December 31, 2024 the Division reported a total liability of \$10,195,004 for its proportionate share of the collective total OPEB liability of \$181.7 million compared to \$11,507,155 at December 31, 2023. At December 31, 2024 the Division reported a current liability of \$245,486 compared to \$321,032 at December 31, 2023. At December 31, 2024, the participating Division's proportion was 5.61226% as compared to 5.99115% at December 31, 2023. For the year ended December 31, 2024, the participating Division recognized an OPEB credit of \$187,279 compared to an OPEB credit of 120,298 in 2023.

At December 31, 2024, the Division reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	December 31, 2024		December 31, 2023	
	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference Between Expected and Actual Experience	\$ (848,951)	\$ 93,097	\$ (75,283)	\$ 127,660
Changes of assumptions	(1,489,462)	840,807	(2,103,832)	845,470
Changes in Employer Proportion	(987,226)	944,293	(490,023)	1,270,269
Differences in Contributions	(74,978)	15,293	(101,166)	10,051
Contributions Made Subsequent to the Measurement Date	-	432,221	-	566,820
Total	\$ (3,400,617)	\$ 2,325,711	\$ (2,770,304)	\$ 2,820,270

The Division reported \$432,221 as deferred outflows of resources related to the amounts associated with contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB Liability in the fiscal year ending December 31, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2025	\$	(53,986)
2026		(81,461)
2027		(192,100)
2028		(468,486)
2029		(511,934)
Thereafter		(199,160)
		<u>\$ (1,507,127)</u>

#### Sensitivity of the Division's Proportionate Share of the OPEB Liability to Changes in the Discount Rate

As of December 31, 2024, the following presents the Division's proportionate share of the OPEB liability, calculated using the discount rate of 3.25%, as well as what the Division's proportionate share of the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower, 2.25%, or one percentage point higher, 4.25%, than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
As of December 31, 2024	2.25%	3.25%	4.25%
Net OPEB liability	\$ 11,322,713	\$ 10,195,004	\$ 9,229,010

As of December 31, 2023, the following presents the Division's proportionate share of the OPEB liability, calculated using the discount rate of 3.75%, as well as what the Division's proportionate share of the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower, 2.75%, or one percentage point higher, 4.75%, than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
As of December 31, 2023	2.75%	3.75%	4.75%
Net OPEB liability	\$ 12,765,814	\$ 11,507,155	\$ 10,428,825

#### Sensitivity of the Division's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Rates

As of December 31, 2024 and 2023, the following presents the Division's proportionate share of the OPEB liability using the healthcare cost trend rate as well as what the Division's proportionate share of the OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Trend Rates	1% Increase
As of December 31, 2024	5.90%	6.90%	7.90%
Net OPEB liability	\$ 9,174,260	\$ 10,195,004	\$ 11,385,055

	1% Decrease	Current Trend Rates	1% Increase
As of December 31, 2023	5.50%	6.50%	7.50%
Net OPEB liability	\$ 10,269,356	\$ 11,507,155	\$ 12,957,206

#### **NOTE 14 COMMITMENTS AND CONTINGENCIES**

**Capital Improvements** - The financial requirement for Tacoma Power's 2023/2024 biennial Capital Improvement Program is approximately \$179.4 million. As of December 31, 2024, the remaining financial requirement for the 2023/2024 biennial Capital budget was approximately \$46.9 million.

**Kosmos Mill Oil Seep** - On November 21, 2019, emergency action was initiated and subsequently completed to install a containment cap on oil seepage near Riffe Lake on the Cowlitz River. A sawmill was historically located at this site near the town of Kosmos before the area was inundated by Riffe Lake. The Division is working through an Agreed Order with the Department of Ecology to provide remedial action. Per the Agreed Order, a remedial investigation is in progress, and a feasibility study and a draft cleanup plan will be completed, anticipated by June, 2026. As of 12/31/24, liability in the amount of \$115,000 has been recognized as the known cost for the site investigation progress which will be performed in 2025.

**General Legal Matters** - Tacoma Power has received several other miscellaneous claims that either do not allege significant amounts or that the Legal Department has determined do not pose a risk to liability to the Utility.

#### **NOTE 15 SUBSEQUENT EVENTS**

On May 6, 2025, the Division is approved to issue and sell one or more series of Electric System Revenue and Refunding Bonds, Series 2025, in an aggregate principal amount not to exceed \$325.0 million, to provide funds to be used with available funds of the Division, to finance and/ or reimburse for capital improvements, to defease and/or redeem certain obligations of the Division, and to pay costs of issuance for the Bonds.

# Required Supplementary Information

## Proportionate Share of the Net Pension Liability Last 10 Years

	As of Measurement Date December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset) as a percentage	38.05%	38.76%	38.13%	38.11%	38.64%	39.23%	39.43%	39.50%	39.47%	39.80%
Employer's proportion share of net pension liability (asset)	\$ 51,637,595	\$ 53,548,006	\$ (55,917,696)	\$ 26,436,014	\$ (7,189,022)	\$45,902,976	(\$15,506,238)	\$36,687,245	\$34,177,293	(\$3,823,476)
Employer's covered payroll (1)	\$126,849,161	\$119,492,391	\$ 109,506,998	\$ 103,973,693	\$ 103,961,975	\$ 98,135,432	\$95,163,955	\$91,704,363	\$93,063,240	\$86,312,354
Employer's proportionate share of net pension liability (asset) as a percentage of its covered employee payroll (1)	40.71%	44.81%	-51.06%	25.43%	-6.92%	46.78%	-16.29%	40.01%	36.72%	-4.11%
Plan fiduciary net position as a percentage the total pension liability	93.49%	93.02%	107.74%	96.22%	101.08%	92.81%	102.53%	93.91%	93.94%	100.71%

## Schedule of Contributions Last 10 Fiscal Years

	Fiscal Year Ended December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	\$14,459,835	\$13,207,755	\$11,921,168	\$11,305,402	\$11,063,963	\$10,961,788	\$10,415,912	\$9,528,899	\$9,322,005	\$9,053,341
Contributions in relation to the contractually required employer contribution	(14,459,835)	(13,207,755)	(11,921,168)	(11,305,402)	(11,063,963)	(10,961,788)	(10,415,912)	(9,528,899)	(9,322,005)	(9,053,341)
Employer contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Employer's covered employee payroll	\$136,695,763	\$126,849,161	\$119,492,391	\$109,506,998	\$103,973,693	\$103,961,975	\$98,135,432	\$95,163,955	\$91,704,363	\$93,063,240
Employer contribution as a percentage of covered-employee payroll	10.58%	10.41%	9.98%	10.32%	10.64%	10.54%	10.61%	10.01%	10.17%	9.73%

(1) The 2016 covered payroll has been updated to accurately reflect the covered payroll, which therefore also updated the calculation for the Employer's proportionate share of net pension liability (asset) as a percentage of its covered employee payroll.

## Proportionate Share of the Collective OPEB Liability Last 10 Years\*

	As of Measurement Date December 31,							
	2023	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the collective OPEB liability as a percentage	5.61%	5.99%	6.18%	5.80%	5.26%	5.17%	5.56%	5.48%
Employer's proportion share of collective OPEB liability	\$10,195,004	\$11,507,155	\$14,048,357	\$13,295,561	\$10,972,398	\$10,562,836	\$12,272,355	\$11,471,098
Employer's covered-employee payroll**	\$126,849,161	\$119,492,391	\$109,506,998	\$103,973,693	\$103,961,975	\$98,135,432	\$95,163,955	\$92,203,786
Employer's proportionate share of collective OPEB liability as a percentage of its covered-employee payroll	8.04%	9.63%	12.83%	12.79%	10.55%	10.76%	12.90%	12.44%

\* The above schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Division will present information for available years.

\*\* The Division's covered employee payroll has been restated for the measurement date ended December 31, 2017.

### Notes to Required Supplementary Information For the Fiscal Year Ended December 31, 2024

There are no assets accumulated in a trust to pay related benefits.

**Changes of benefit terms:** There have been no changes to the benefit provisions since the prior actuarial valuation.

**Changes of Assumptions:** The discount rate was updated to 3.25% in 2024 from 3.75% in 2023. The medical cost discount rate was updated to 6.9% in 2024 from 6.5% in 2023. The actuarial cost method is the individual entry age actuarial cost method to be in compliance with GASB 75.

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# Statistical Data (Unaudited)



City of Tacoma, Washington  
Department of Public Utilities  
Tacoma Power  
Ten-Year Financial Review

	2024	2023 (As Restated)	2022	2021
<b>STATEMENTS OF NET POSITION</b>				
ASSETS AND DEFERRED OUTFLOWS				
Utility Plant - Net	\$1,228,278,843	\$1,177,048,660	\$1,158,333,949	\$1,124,691,055
Special and Other Assets	161,716,126	166,543,351	199,553,189	140,444,929
Current Assets	508,710,735	519,893,181	469,057,955	351,281,064
Total Assets	1,898,705,704	1,863,485,192	1,826,945,093	1,616,417,048
Deferred Outflows	66,323,347	71,936,180	34,259,223	38,975,355
TOTAL ASSETS AND DEFERRED OUTFLOWS	1,965,029,051	1,935,421,372	1,861,204,316	1,655,392,403
NET POSITION	954,942,742	917,546,340	877,060,889	876,790,994
LIABILITIES AND DEFERRED INFLOWS				
Long-Term Debt	594,071,189	506,618,951	595,564,002	534,254,991
Current Liabilities	90,083,757	183,919,599	79,914,893	65,518,845
Long-Term Liabilities	82,994,688	86,101,501	34,748,573	55,463,452
Total Liabilities	767,149,634	776,640,051	710,227,468	655,237,288
Deferred Inflows	242,936,675	241,234,981	273,915,959	123,364,121
TOTAL NET POSITION, LIABILITIES, AND DEFERRED INFLOWS	\$1,965,029,051	\$1,935,421,372	\$1,861,204,316	\$1,655,392,403
<b>STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>				
OPERATING REVENUES				
Residential	\$212,755,558	\$204,813,075	\$202,426,757	\$190,098,283
Small General	31,887,901	32,271,456	31,533,517	29,993,197
General	121,773,524	118,933,924	112,558,787	107,346,523
High Voltage General	27,238,598	26,857,988	25,725,286	26,702,063
Contract Industrial	6,423,807	19,823,085	23,680,737	23,967,448
New Large Load	3,641,100	3,412,658	2,434,984	1,446,341
Shore Power	1,438	-	-	-
H1 Street Lights and Traffic Signals	286,999	821,362	572,326	581,514
H2 Private Off-Street Lighting	1,482,863	1,498,702	1,530,280	1,542,339
H3 Street Lighting	512,222	665,591	708,940	601,300
Sales to Other Electric Utilities	683,763	715,965	659,801	594,932
Subtotal Retail Sales	\$406,687,773	\$409,813,806	\$401,831,415	\$382,873,940
Change in Unbilled	(559,693)	(2,821,132)	(5,172,096)	5,249,462
Bulk Power Sales	80,766,273	81,852,641	58,100,867	60,118,206
Total Electric Revenues	486,894,353	488,845,315	454,760,186	448,241,608
Other Operating Revenue	25,457,161	27,701,430	25,768,160	21,711,976
Total Operating Revenues	512,351,514	516,546,745	480,528,346	469,953,584
OPERATING EXPENSES				
Operation and Maintenance	369,468,848	366,707,868	346,605,050	355,003,154
Taxes <sup>(*)</sup>	66,267,241	63,786,043	65,849,556	57,736,396
Depreciation and Amortization	53,562,084	53,576,433	54,144,320	50,646,094
Total Operating Expenses	489,298,173	484,070,344	466,598,926	463,385,644
NET OPERATING INCOME	23,053,341	32,476,401	13,929,420	6,567,940
NON-OPERATING REVENUES (EXPENSES)				
Other Income and Expense (Net)	(5,885,187)	(1,494,541)	(6,720,026)	176,476
Interest Earned on Investments	21,166,361	19,843,829	(6,562,198)	(1,096,248)
Interest Charges (Net)	(22,320,882)	(22,896,874)	(20,918,855)	(18,271,994)
Contributions to Family Need	(3,500,000)	(3,500,000)	(1,000,000)	(1,000,000)
Net Income Before Contributions, Transfers & Extraordinary Items	12,513,633	24,428,815	(21,271,659)	(13,623,826)
Total Capital Contributions	18,165,363	13,328,178	11,989,793	10,489,071
Transfers In/Out <sup>(*)</sup>	6,717,406	2,728,458	8,879,606	2,925,802
CHANGE IN NET POSITION	\$37,396,402	\$40,485,451	(\$402,260)	(\$208,953)

<sup>(\*)</sup> Gross earnings tax is reclassified from Transfers In/Out to Operating expenses on the Statements of Revenues, Expenses, and Changes in Net Position from 2015 to 2023 for comparative purpose.

2020	2019	2018	2017	2016	2015
\$1,098,579,166	\$1,069,731,618	\$1,068,290,040	\$1,037,776,028	\$1,033,409,064	\$1,002,810,874
111,347,289	113,665,257	120,789,034	81,257,489	95,903,332	125,203,792
316,708,685	254,522,388	282,186,074	276,486,000	289,162,319	267,460,091
1,526,635,140	1,437,919,263	1,471,265,148	1,395,519,517	1,418,474,715	1,395,474,757
22,628,413	55,281,371	20,842,914	38,820,632	39,469,454	10,977,517
1,549,263,553	1,493,200,634	1,492,108,062	1,434,340,149	1,457,944,169	1,406,452,274
876,999,947	832,027,328	863,431,784	830,375,494	821,995,693	825,933,297
386,222,415	470,424,575	461,339,467	417,800,137	457,601,726	441,928,130
192,829,811	73,264,089	66,566,861	68,841,615	70,165,746	63,906,544
26,370,429	71,866,789	26,315,935	61,418,039	57,893,021	22,647,914
605,422,655	615,555,453	554,222,263	548,059,791	585,660,493	528,482,588
66,840,951	45,617,853	74,454,015	55,904,864	50,287,983	52,036,389
\$1,549,263,553	\$1,493,200,634	\$1,492,108,062	\$1,434,340,149	\$1,457,944,169	\$1,406,452,274
\$185,112,030	\$180,549,765	\$174,592,879	\$168,264,912	\$152,830,272	\$147,936,447
28,587,971	29,724,195	29,248,619	29,133,553	27,703,400	26,956,059
105,112,999	106,960,713	104,598,765	100,276,264	97,708,618	97,425,750
25,416,533	23,643,687	20,800,261	19,428,371	17,892,033	18,628,248
23,962,855	23,730,505	23,494,502	22,278,802	21,462,712	21,356,911
-	-	-	-	-	-
-	-	-	-	-	-
577,578	614,900	967,837	1,341,644	1,392,144	1,323,993
1,510,390	1,452,477	1,386,806	1,318,424	1,260,997	1,258,646
700,262	697,680	351,668	-	-	-
470,489	454,787	435,738	413,158	333,056	319,763
\$371,451,107	\$367,828,709	\$355,877,075	\$342,455,128	\$320,583,232	\$315,205,817
(527,907)	1,816,954	29,348	2,114,131	(840,477)	677,091
59,615,216	47,420,681	55,486,697	57,062,247	54,506,535	50,380,147
430,538,416	417,066,344	411,393,120	401,631,506	374,249,290	366,263,055
30,414,785	44,300,152	43,898,363	44,711,899	44,365,098	44,363,160
460,953,201	461,366,496	455,291,483	446,343,405	418,614,388	410,626,215
338,082,475	388,725,538	313,885,614	325,018,197	312,790,388	299,200,704
58,340,024	56,124,889	55,871,926	54,897,722	50,187,411	45,475,656
48,123,728	48,700,270	53,869,012	57,231,313	55,702,297	57,381,578
444,546,227	493,550,697	423,626,552	437,147,232	418,680,096	402,057,938
16,406,974	(32,184,201)	31,664,931	9,196,173	(65,708)	8,568,277
7,079,995	1,795,633	1,776,333	(1,534,389)	1,555,659	(1,923,329)
6,064,525	7,607,143	3,719,705	2,251,477	2,405,144	1,796,071
(18,757,244)	(19,522,990)	(17,219,276)	(14,076,794)	(16,196,734)	(19,428,673)
(500,000)	(500,000)	(100,000)	(100,000)	(480,000)	(480,000)
10,294,250	(42,804,415)	19,841,693	(4,263,533)	(12,781,639)	(11,467,654)
8,740,649	11,399,959	13,214,597	12,643,334	8,846,216	9,383,844
25,937,720	-	-	-	(2,181)	512,401
\$44,972,619	(\$31,404,456)	\$33,056,290	\$8,379,801	(\$3,937,604)	(\$1,571,409)

City of Tacoma, Washington  
Department of Public Utilities  
Tacoma Power  
Ten-Year Power Summary

	2024	2023	2022	2021
MWh Available				
Generated				
Nisqually	480,882	447,423	571,548	544,826
Cushman	302,267	286,103	270,056	347,364
Cowlitz	1,389,962	1,260,783	1,896,461	1,771,400
Wynoochee	30,839	26,389	23,541	35,008
Hood Street	41	176	-	1,775
Tacoma's Share of Priest Rapids	19,923	20,206	26,935	24,753
Tacoma's Share of GCPHA	251,854	256,750	292,384	265,851
Total Generated	2,475,768	2,297,830	3,080,925	2,990,977
Purchased	3,104,224	3,318,505	3,927,466	3,516,841
Interchange - Net	(1,020,280)	(779,923)	(1,976,511)	(1,581,873)
Losses - Net	625	(8,988)	(807)	2,795
Total System Load	4,560,337	4,827,424	5,031,073	4,928,740
MWh Billed				
Residential	1,961,819	1,966,881	2,024,151	1,933,657
Commercial/General/Industrial	2,389,894	2,691,740	2,752,467	2,699,506
Other <sup>(*)</sup>	29,138	36,305	20,214	23,018
Total Firm MWh Billed	4,380,851	4,694,926	4,796,832	4,656,181
MWh Available Over MWh Billed (Causes: Timing differences, internal use, and losses other than those reflected above)	179,486	132,498	234,241	272,559
Percent of Power Generated	54.29%	47.60%	61.24%	60.68%
Average Load Factor	52.74%	59.46%	58.39%	57.64%
Average Number of Customers	195,113	192,767	187,950	184,406
Maximum Hourly Energy Load				
MWh	984	920	971	968
Date	1/12/24	2/24/23	12/22/22	12/27/21
Time	1800 hr	0800 hr	1000 hr	1800 hr
Maximum Daily Energy Load				
MWh	21,287	18,982	21,460	20,895
Date	1/13/24	2/23/23	12/22/22	12/27/21
Minimum Hourly Energy Load				
MWh	313	316	349	351
Date	6/24/24	9/17/23	7/3/22	8/22/21
Time	0400 hr	0500 hr	0400 hr	0400 hr
Minimum Daily Energy Load				
MWh	9,473	9,658	10,208	10,121
Date	6/23/24	5/21/23	7/3/22	6/5/21
Average Hourly Energy Load	519	547	567	558

<sup>(\*)</sup> In 2024, Other was reclassified from Residential to be presented on a separate line.  
The information from 2015 to 2023 was reclassified for comparative purposes.  
Street Lighting data, included in Other, was restated for 2023 due to an update in data collection.

2020	2019	2018	2017	2016	2015
562,674	387,967	538,674	631,627	630,483	511,592
259,101	180,935	292,553	377,366	507,618	272,457
1,838,319	1,034,672	1,556,232	2,138,980	1,989,438	1,630,130
29,756	13,734	26,071	34,103	37,209	12,680
3,617	3,543	2,892	3,282	2,942	1,889
26,687	21,140	26,974	27,440	26,975	25,360
258,513	220,240	241,233	228,781	253,625	258,679
2,978,667	1,862,231	2,684,629	3,441,579	3,448,290	2,712,787
3,697,665	3,551,373	3,980,124	4,023,330	3,807,370	3,674,140
(1,871,233)	(559,101)	(1,804,434)	(2,458,785)	(2,438,369)	(1,569,981)
2,743	2,367	5,073	27,919	(8,870)	10,340
4,807,842	4,856,870	4,865,392	5,034,043	4,808,421	4,827,286
1,909,650	1,889,361	1,857,386	1,931,900	1,810,757	1,757,385
2,677,791	2,759,606	2,743,659	2,777,190	2,771,822	2,786,233
23,323	24,221	14,410	43,196	44,949	43,729
4,610,764	4,673,188	4,615,455	4,752,286	4,627,528	4,587,347
197,078	183,682	249,937	281,757	180,892	239,939
61.95%	38.34%	55.18%	68.37%	71.71%	56.20%
61.19%	59.00%	60.20%	57.27%	60.02%	62.71%
182,526	182,234	177,723	177,153	176,784	174,562
894	939	922	997	913	877
1/14/20	2/7/19	2/23/18	1/5/17	12/17/16	12/31/15
1900 hr	0800 hr	0800 hr	0800 hr	0900 hr	0900 hr
18,856	19,052	19,318	20,525	19,641	18,675
1/14/20	2/6/19	2/23/18	1/5/17	12/17/16	12/31/15
315	307	329	350	351	354
7/6/20	9/8/19	6/7/18	7/2/17	7/5/16	6/21/15
0600 hr	0500 hr	0400 hr	0600 hr	0400 hr	0600 hr
9,501	9,911	10,208	10,315	10,110	10,262
7/6/20	9/8/19	9/2/18	6/4/17	9/4/16	5/24/15
547	554	555	571	548	550

City of Tacoma, Washington  
Department of Public Utilities  
Tacoma Power  
Gross Generation Report  
December 31, 2024 and December 31, 2023

	YEAR ENDED		2024 OVER (UNDER) 2023	PERCENT CHANGE
	Dec 31 2024	Dec 31 2023 <sup>(*)</sup>		
KWH GENERATED, PURCHASED AND INTERCHANGED - Gross				
Generated - LaGrande	297,706,000	277,662,000	20,044,000	7.2%
Generated - Alder	183,176,000	169,761,000	13,415,000	7.9%
TOTAL NISQUALLY	480,882,000	447,423,000	33,459,000	7.5%
Generated - Cushman No 1	120,389,000	115,845,000	4,544,000	3.9%
Generated - Cushman No 2	181,878,000	170,258,000	11,620,000	6.8%
TOTAL CUSHMAN	302,267,000	286,103,000	16,164,000	5.6%
Generated - Mossyrock	812,830,000	714,954,000	97,876,000	13.7%
Generated - Mayfield	577,132,000	545,829,000	31,303,000	5.7%
TOTAL COWLITZ	1,389,962,000	1,260,783,000	129,179,000	10.2%
Generated - Wynoochee	30,839,000	26,389,000	4,450,000	16.9%
Generated - Hood Street	40,745	176,000	(135,255)	-76.8%
Tacoma's Share of Priest Rapids	19,923,000	20,206,000	(283,000)	-1.4%
Tacoma's Share of GCPHA	251,854,000	256,749,500	(4,895,500)	-1.9%
TOTAL KWH GENERATED - TACOMA SYSTEM	2,475,767,745	2,297,829,500	177,938,245	7.7%
Purchased Power				
BPA Slice Contract	1,873,055,000	1,816,742,000	56,313,000	3.1%
BPA Block Contract	1,231,169,000	1,501,763,000	(270,594,000)	-18.0%
Interchange Net	(1,020,280,000)	(779,922,623)	(240,357,377)	30.8%
TOTAL KWH GENERATED, PURCHASED AND INTERCHANGED	4,559,711,745	4,836,411,877	(276,700,132)	-5.7%
Losses	24,418,725	19,924,142	4,494,583	22.6%
Baldi Replacement	1,574,383	992,755	581,628	58.6%
Ketron	246,438	253,128	(6,690)	-2.6%
NT PC Mutuals Schedules	(27,927,000)	(31,465,000)	3,538,000	-11.2%
PC Mutual Inadvertent	2,312,885	1,307,026	1,005,859	77.0%
TACOMA SYSTEM FIRM LOAD	4,560,337,176	4,827,423,928	(267,086,752)	-5.5%
PIERCE COUNTY MUTUAL LOAD	1,525,226,000	1,534,462,000	(9,236,000)	-0.6%
KWH BILLED <sup>(**)</sup>				
Residential Sales	1,961,819,038	1,966,880,883	(5,061,845)	-0.3%
Small General	315,755,599	325,379,722	(9,624,123)	-3.0%
General	1,412,931,119	1,458,031,115	(45,099,996)	-3.1%
High Voltage General	483,787,772	475,854,757	7,933,015	1.7%
Contract Industrial	125,646,325	388,608,868	(262,962,543)	-67.7%
New Large Load	51,763,667	43,865,650	7,898,017	18.0%
Shore Power	9,600	-	9,600	n/a
H1 Street Lights and Traffic Signals <sup>(*)</sup>	12,402,038	18,083,351	(5,681,313)	-31.4%
H2 Private Off-Street Lighting <sup>(*)</sup>	7,256,760	7,649,106	(392,346)	-5.1%
H3 Street Lighting <sup>(*)</sup>	8,252	10,896	(2,644)	-24.3%
Sales to Other Electric Utilities	9,470,700	10,561,500	(1,090,800)	-10.3%
TOTAL FIRM	4,380,850,870	4,694,925,848	(314,074,978)	-6.7%
Bulk Power Sales	1,272,332,000	1,036,598,000	235,734,000	22.7%
TOTAL KWH BILLED	5,653,182,870	5,731,523,848	(78,340,978)	-1.4%

<sup>(\*)</sup> Street Lighting data was restated due to an update in data collection.

<sup>(\*\*)</sup> KWH Billed data was reclassified into different categories to provide the information more aligned with power rates.

City of Tacoma, Washington  
Department of Public Utilities  
Tacoma Power  
Debt Service Requirements  
December 31, 2024

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2025	6,205,000	27,126,175	33,331,175
2026	6,220,000	26,815,550	33,035,550
2027	24,185,000	25,977,912	50,162,912
2028	6,540,000	25,132,274	31,672,274
2029	6,860,000	24,797,274	31,657,274
2030	7,205,000	24,445,648	31,650,648
2031	27,310,000	23,474,762	50,784,762
2032	28,335,000	21,856,059	50,191,059
2033	29,335,000	20,153,052	49,488,052
2034	30,460,000	18,369,368	48,829,368
2035	31,630,000	16,517,222	48,147,222
2036	21,245,000	15,042,575	36,287,575
2037	22,305,000	13,953,825	36,258,825
2038	21,270,000	12,864,450	34,134,450
2039	26,225,000	11,740,675	37,965,675
2040	27,355,000	10,595,625	37,950,625
2041	28,465,000	9,466,450	37,931,450
2042	29,685,000	8,219,725	37,904,725
2043	16,160,000	7,167,500	23,327,500
2044	16,930,000	6,385,825	23,315,825
2045	17,735,000	5,566,574	23,301,574
2046	18,590,000	4,707,725	23,297,725
2047	19,395,000	3,888,100	23,283,100
2048	14,725,000	3,221,538	17,946,538
2049	15,305,000	2,636,913	17,941,913
2050	15,905,000	2,028,812	17,933,812
2051	16,530,000	1,396,263	17,926,263
2052	6,810,000	903,500	7,713,500
2053	7,155,000	554,375	7,709,375
2054	<u>7,510,000</u>	<u>187,750</u>	<u>7,697,750</u>
	<u>553,585,000</u>	<u>375,193,496</u>	<u>928,778,496</u>

City of Tacoma, Washington  
Department of Public Utilities  
Tacoma Power  
Funds Available for Debt Service

	<u>2024</u>	<u>2023 (As Restated)</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Income	\$534,747,488	\$538,886,575	\$478,366,018	\$471,174,087	\$476,791,233
Less: Operating Exp Before Depreciation and Amortization	<u>394,691,591</u>	<u>390,717,977</u>	<u>370,369,315</u>	<u>376,398,775</u>	<u>359,613,214</u>
Income Available for Debt Service	<u>\$140,055,897</u>	<u>\$148,168,598</u>	<u>\$107,996,703</u>	<u>\$94,775,312</u>	<u>\$117,178,019</u>
Bond Redemption	\$6,205,000	\$6,555,000	\$6,240,000	\$5,945,000	\$7,470,000
Bond Interest	<u>26,409,488</u>	<u>23,225,910</u>	<u>23,537,910</u>	<u>20,332,831</u>	<u>19,220,110</u>
Debt Service Payable on All Debt	\$32,614,488	\$29,780,910	\$29,777,910	\$26,277,831	\$26,690,110
Times Debt Service Covered	4.29	4.98	3.63	3.61	4.39

City of Tacoma, Washington  
Department of Public Utilities  
Tacoma Power  
Resources  
As of December 31, 2024

GENERATING FACILITIES	GENERATING UNITS	AGGREGATE NAME PLATE RATING (kW)	APPROX. RATED 4-YR. AVERAGE ANNUAL OUTPUT (1,000 kWh)
Hydro:			
Alder	2	50,000	197,240
LaGrande	5	64,000	313,958
Cushman No 1	2	43,200	120,642
Cushman No 2	3	81,000	180,816
Mayfield	4	162,000	654,291
Mossyrock	2	300,000	925,418
Wynoochee	1	12,800	28,848
Total Hydro		713,000	2,421,212

Tacoma Power and the City of Seattle Light Department have entered into a 40-year purchase power contract with three Eastern Washington irrigation districts that have combined to develop the Grand Coulee Project Hydroelectric Authority. Tacoma Power and the City of Seattle Light Department share equally the output of the project which has a combined capacity of 128,700 kW and an annual energy capability of about 476,000,000 kWh.

CUSTOMERS BY CLASS	AVERAGE NUMBER OF CUSTOMERS	AVERAGE HOURLY ENERGY (kW)
Residential	173,466	1.288
Incidental	18,030	1.994
General	2,616	90.676
Public Streets and Highways	1,001	0.490
Total System	195,113	2.547
Circuit Miles of Transmission Lines		
115 kV		307
230 kV		44
Circuit Miles of Distribution Lines		
Overhead		1,170
Underground		870



City of Tacoma, Washington  
Department of Public Utilities  
Tacoma Power  
Taxes and Employee Welfare Contributions  
For the Year 2024

**FEDERAL**

Power Social Security (FICA)	<u>\$9,893,165</u>	
Total		\$9,893,165

**STATE OF WASHINGTON**

Retail Sales and Use Taxes	4,758,470	
Power Utilities and Business Operations Tax	15,992,678	
Power State Employment Security	<u>13,528</u>	
Total		20,764,676

**COUNTY**

Lewis County - In Lieu of Taxes	2,475,376	
Mason County - In Lieu of Taxes	232,152	
Pierce County School Support - Eatonville	7,000	
White Pass School Support	144,849	
Mossyrock School Support	125,947	
Morton School Support	3,539	
Mason County Fire Protection District	7,136	
Lewis County Fire Protection District	13,818	
Pierce County Fire Protection District	23,852	
Pierce County Drainage District	93,518	
Thurston County	<u>2,491</u>	
Total		3,129,678

**MUNICIPALITIES**

City of Tacoma Power Gross Earnings Tax	41,044,498	
City of Fife Power Franchise Fee	1,460,750	
City of University Place Power Franchise Fee and taxes	3,028,384	
City of Lakewood Power Franchise Fee	1,291,557	
City of Fircrest Power Franchise Fee	327,890	
City of Steilacoom Power Franchise Fee	<u>5,892</u>	
Total		<u>47,158,971</u>
TOTAL TAXES		<u><u>\$80,946,489</u></u>

Taxes as a % of Operating Revenues of \$512,351,514	15.80%
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**EMPLOYEE WELFARE CONTRIBUTIONS**

Power Industrial Insurance and Medical Aid	661,043	
Power City of Tacoma Pension Fund	14,036,244	
Power Medical/Life Insurance	<u>23,085,358</u>	
TOTAL EMPLOYEE WELFARE CONTRIBUTIONS		<u><u>\$37,782,645</u></u>

City of Tacoma, Washington  
Department of Public Utilities  
Tacoma Power  
2024 Electric Rates  
(Based on 2024 rate schedules)

**RATE PER MONTH**

	Tacoma and Other Jurisdictions	University Place
<b>Schedule A-1 - Residential Service</b>		
Customer Charge	\$23.50 per month	\$27.14 per month
Customer Charge (for collectively metered apartments)	\$20.70 per month	\$22.20 per month
Energy (all energy measured in kilowatt-hours)	\$0.045351 per kWh	\$0.048644 per kWh
Delivery (all energy delivered in kilowatt-hours )	\$0.038207 per kWh	\$0.040981 per kWh
<b>Schedule A-2 - Low-Income/Elderly/Handicapped Residential Service</b>		
Sixty-five percent (65%) of the monthly bill as calculated under Section 12.06.160 of the official Code of the City of Tacoma, known as RESIDENTIAL SERVICE - SCHEDULE A-1		
<b>Schedule B - Small General Service</b>		
Customer Charge	\$28.95 per month	\$31.05 per month
Customer Charge (for unmetered services)	\$22.55 per month	\$24.19 per month
Energy (all energy measured in kilowatt-hours)	\$0.044616 per kWh	\$0.047856 per kWh
Delivery (all energy delivered in kilowatt-hours)	\$0.038014 per kWh	\$0.040774 per kWh
<b>Schedule G - General Service</b>		
Customer Charge	\$82.80 per month	\$88.81 per month
Energy (all energy measured in kilowatt-hours)	\$0.054780 per kWh	\$0.062227 per kWh
Delivery (all kilowatts of Billing Demand delivered)	\$9.44 per kW	\$10.13 per kW
<b>Schedule HVG - High Voltage General Service</b>		
Customer Charge	\$1,750.00 per month	\$1,877.08 per month
Energy (all energy measured in kilowatt-hours)	\$0.045729 per kWh	\$0.049050 per kWh
Delivery (all kilowatts of Billing Demand delivered)	\$5.21 per kW	\$5.59 per kW

Other schedules also now in effect are:

PR - Prepaid Residential Service

CP - Contract Industrial Service (major industrial power use -  
written contract required)

NLL - New large load service

VLL - Very large load service

H-1 - Street Lighting and Traffic Signal Service

H-2 - Private Off-Street Lighting Service

H-3 - Street Lighting Service

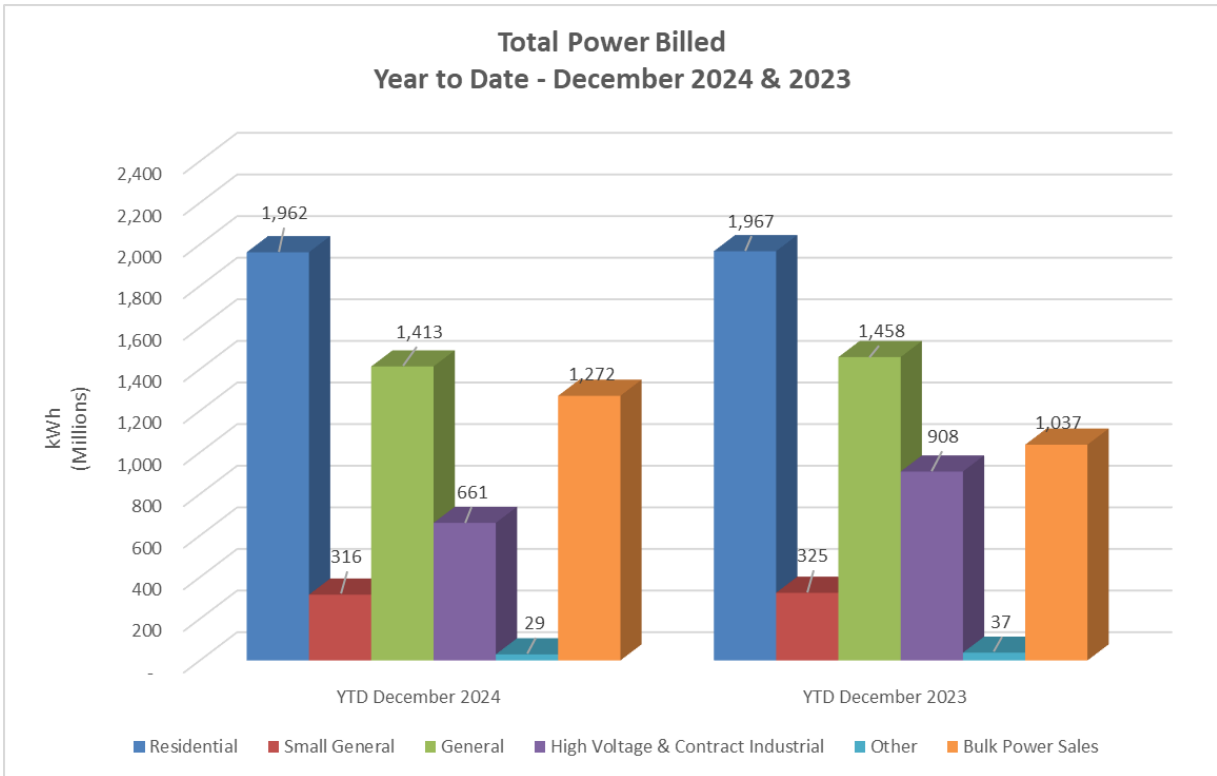
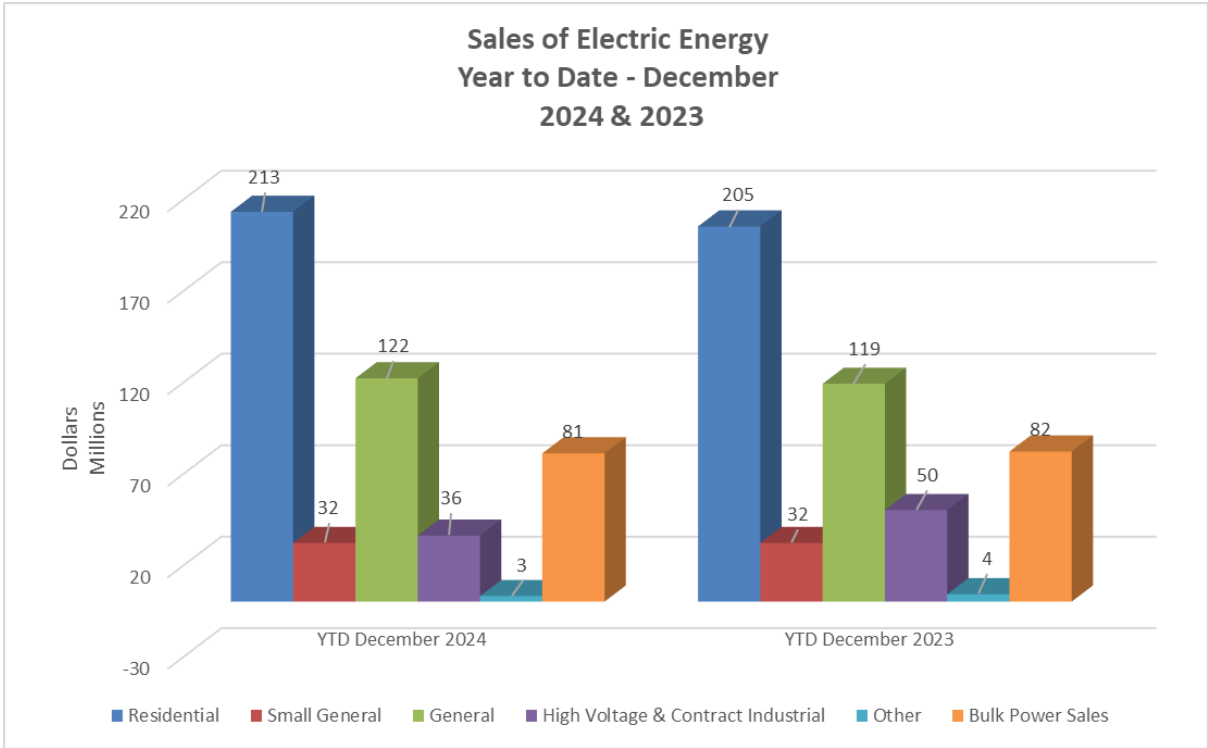
FC - Electric Vehicle Fast Charge

SP - Shore Power

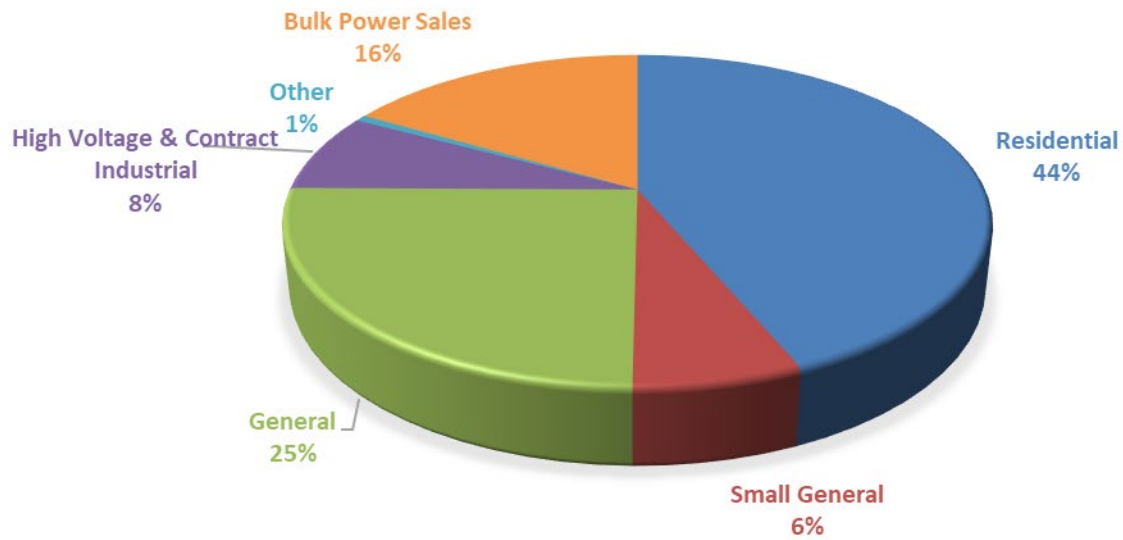
Electric rates were established by Ordinance No. 28847  
and became effective April 1, 2024.

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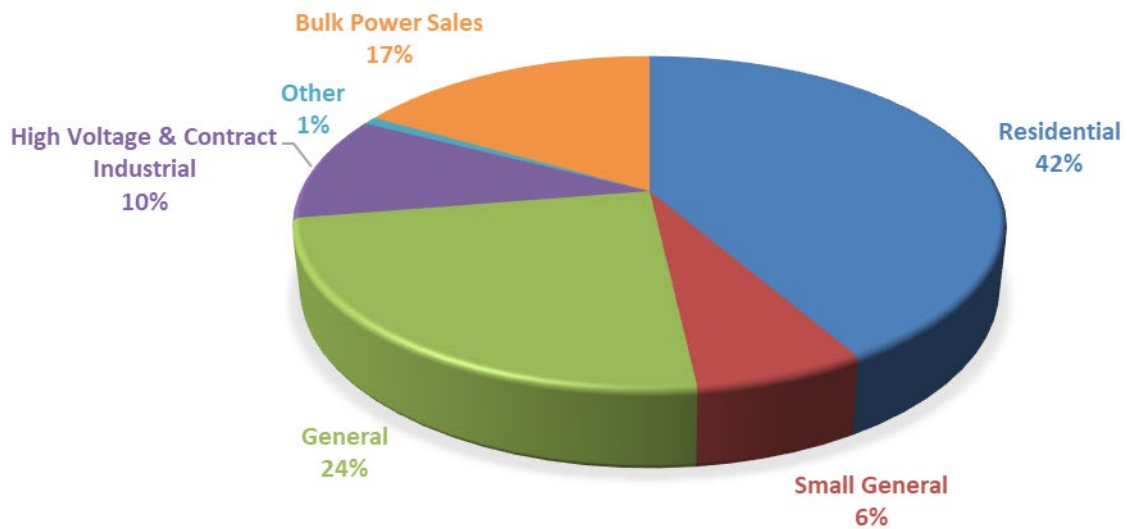
# Graphs



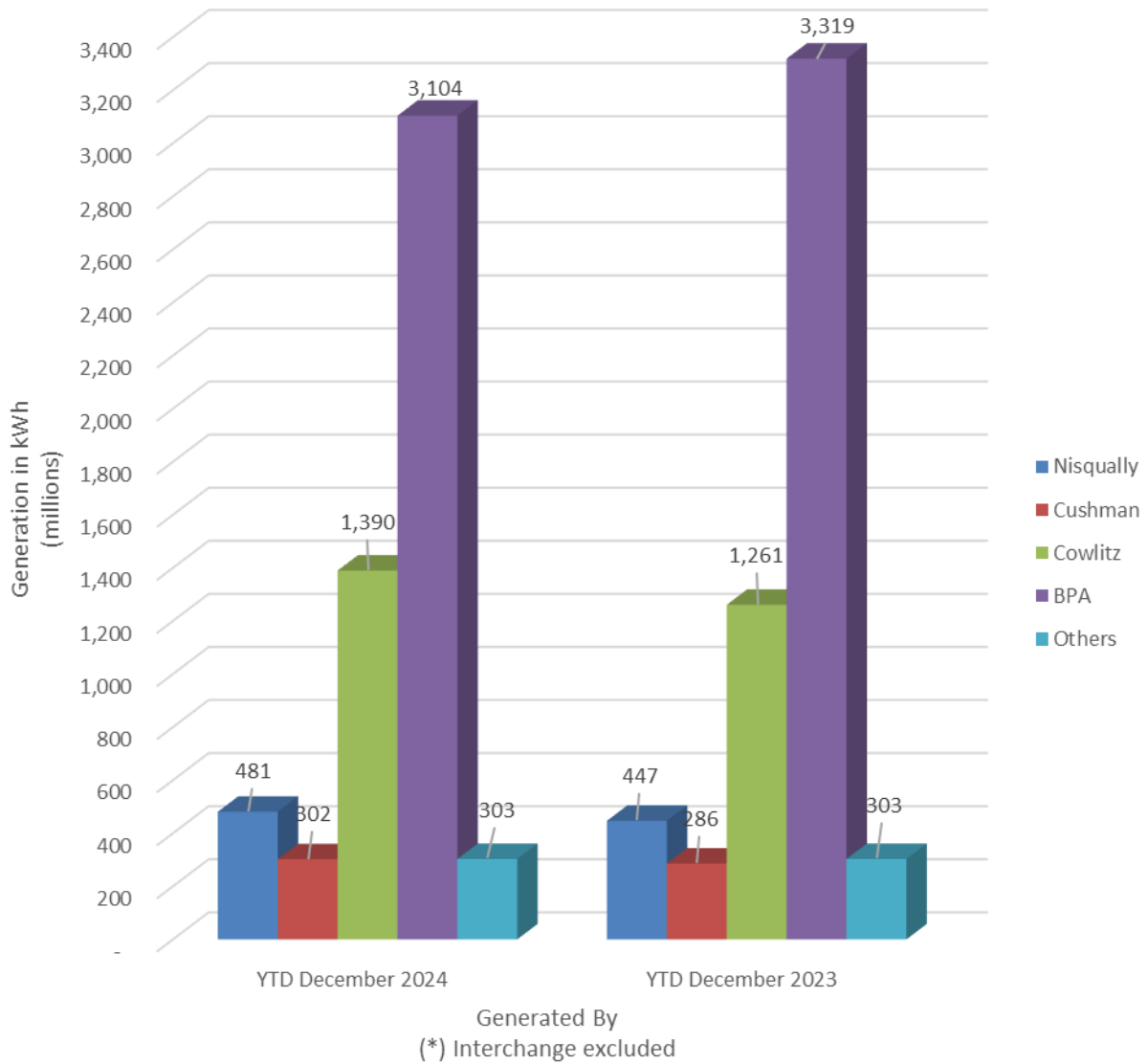
**SALES OF ELECTRIC ENERGY  
YEAR TO DATE - DECEMBER 2024 (\$486,894,353)**



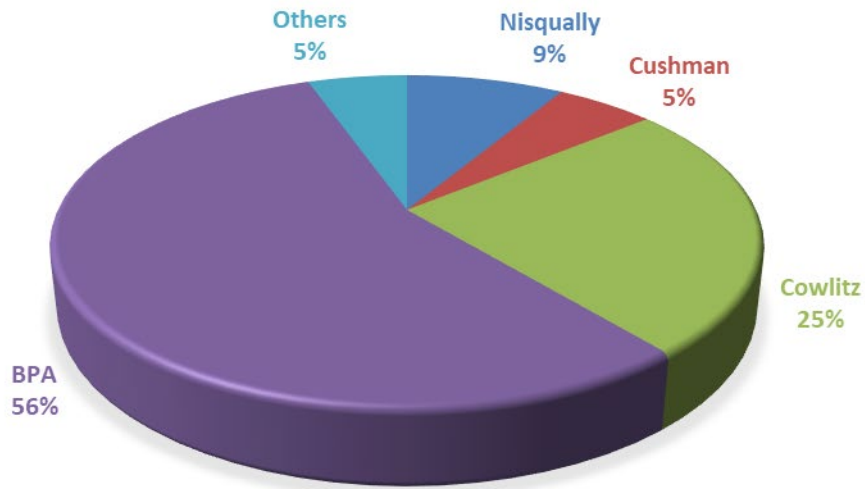
**SALES OF ELECTRIC ENERGY  
YEAR TO DATE - DECEMBER 2023 (\$488,845,315)**



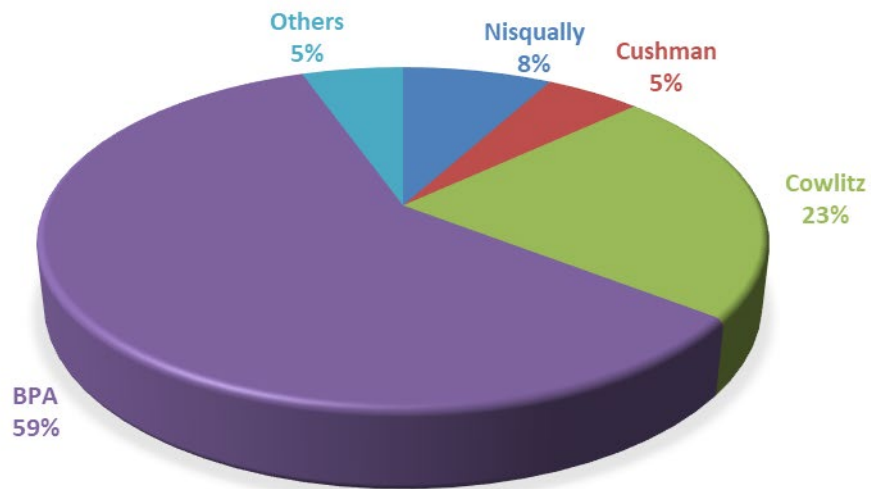
# **Power Sources (\*)** **Year to Date December 2024 & 2023**



**POWER SOURCES (\*)**  
**YEAR TO DATE - DECEMBER 2024**



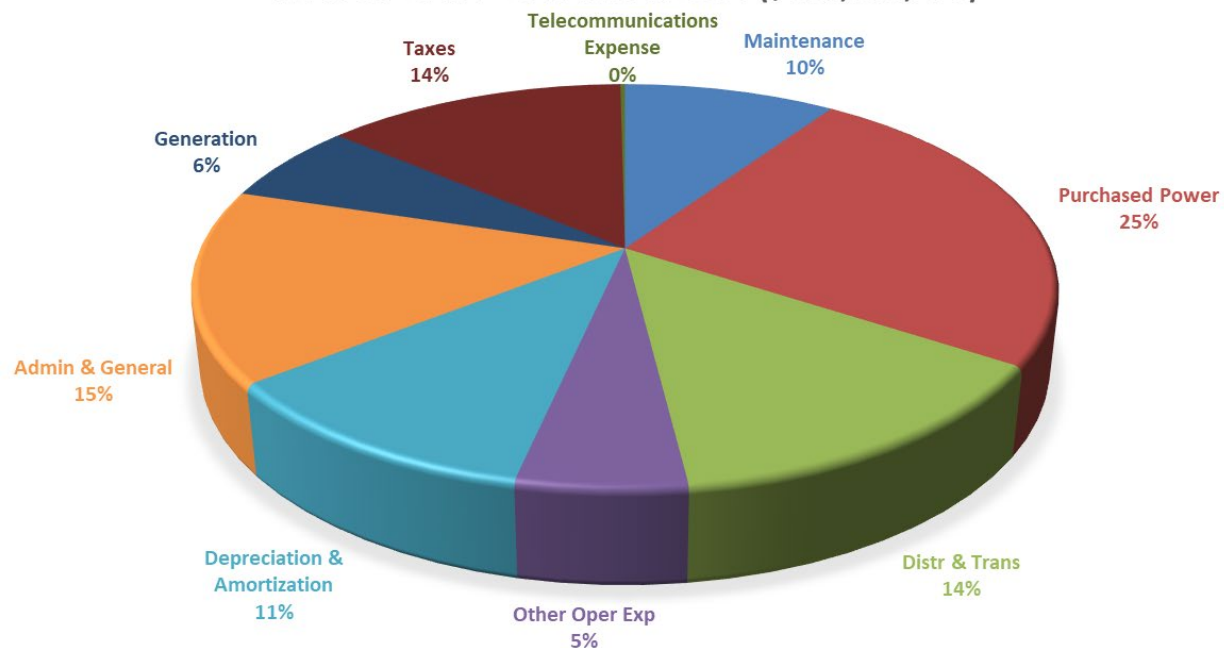
**POWER SOURCES (\*)**  
**YEAR TO DATE - DECEMBER 2023**



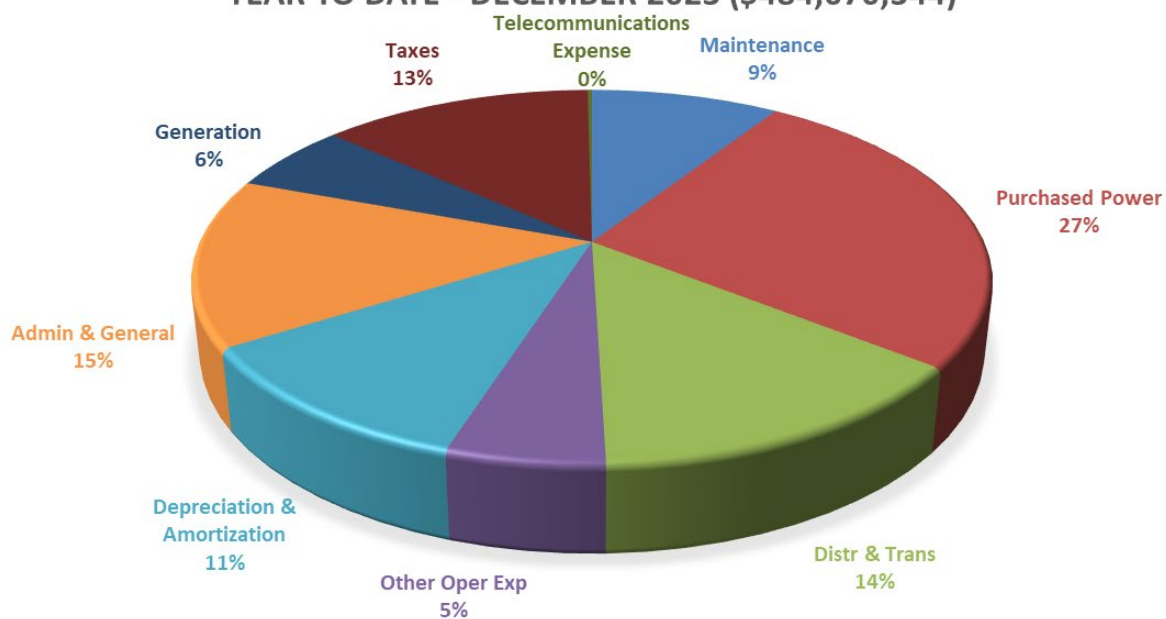
(\*) Interchange excluded



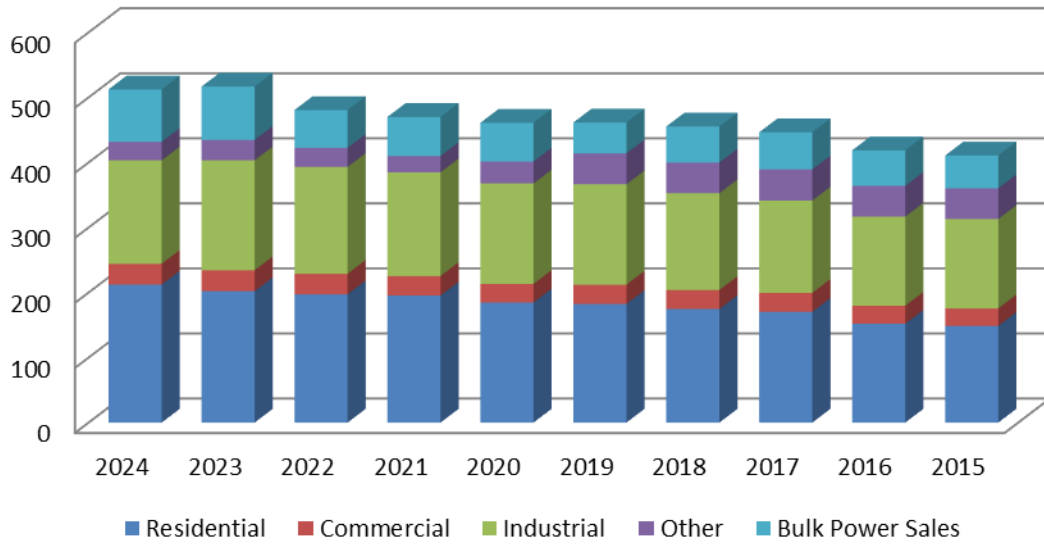
**TOTAL OPERATING EXPENSES  
YEAR TO DATE - DECEMBER 2024 (\$489,298,173)**



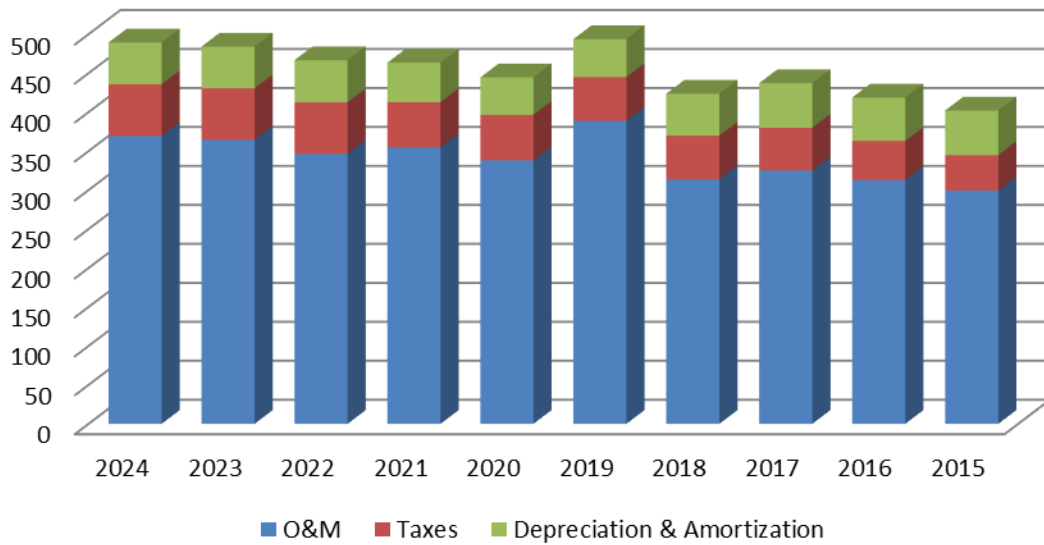
**TOTAL OPERATING EXPENSES  
YEAR TO DATE - DECEMBER 2023 (\$484,070,344)**



## TEN-YEAR SUMMARY OF OPERATING REVENUES



## TEN-YEAR SUMMARY OF OPERATING EXPENSES





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