

Tacoma Power Budget & Rates Proposal *2023/2024 Biennium*

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Appendix



This proposed budget supports utility operational needs, PUB strategic directives and Tacoma Power's strategic plan

- Total O&M budget increase of \$156M from 2021/2022 to 2023/2024
- 2021/2022 budget about \$50M lower than originally planned in response to COVID pandemic
- **Inflation for both labor and materials is largely driving our budget increase**
- We've optimized our capital portfolio and prioritized new budget additions
- 3.5% overall system average retail rate increase for 2023/2024 budget
- Utilizing significant funding from Wholesale Revenues to minimize rate increases
- Increased investment in customer assistance program and modified the program to increase participation



Equity & Inclusion



Economic Development



Reliability & Resiliency



Environmental Leadership



Decarbonization/Electric Vehicles

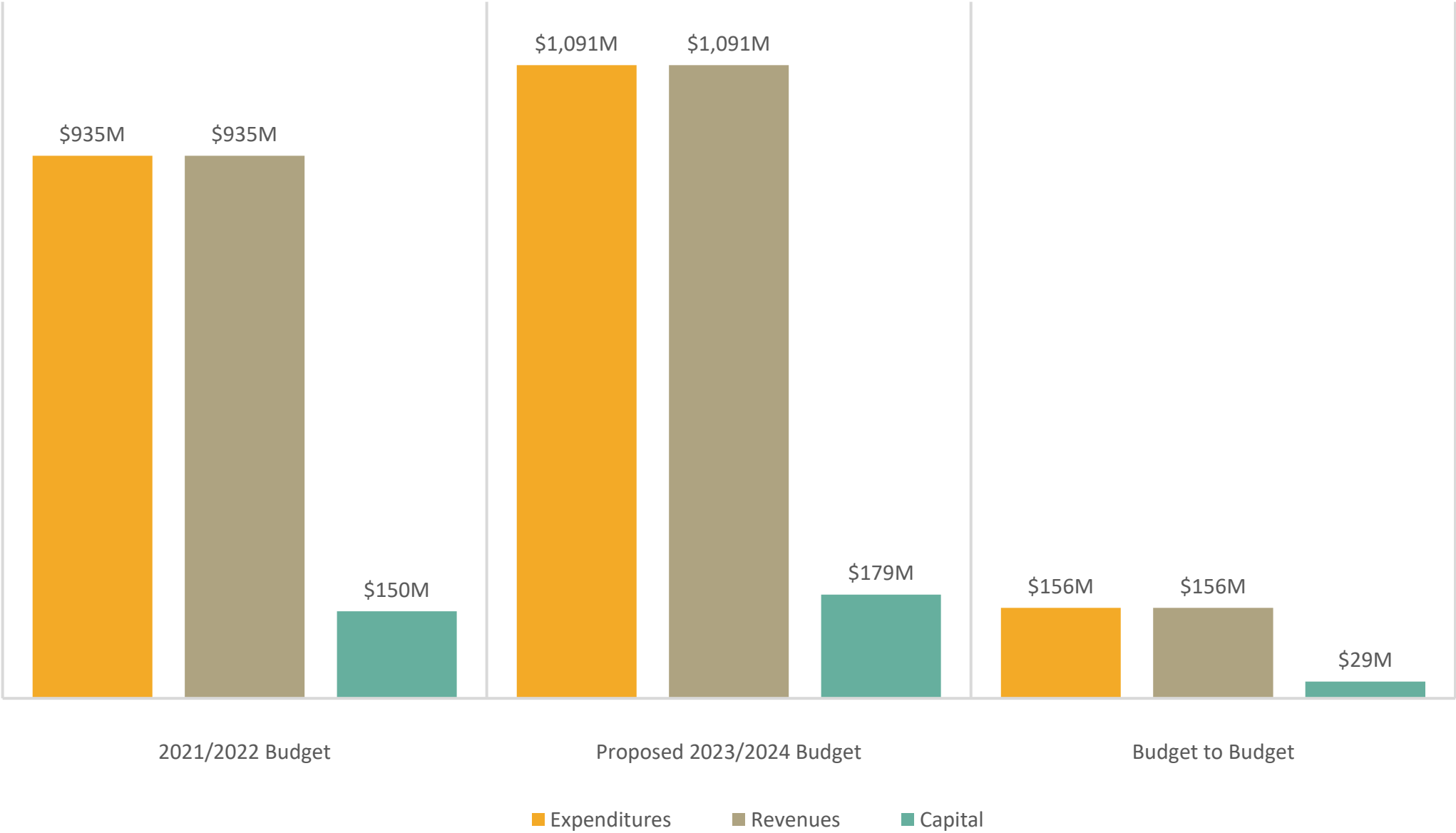


Employee Relations



Financial Sustainability

Budget Comparison



Budget Assumptions

- \$175M Wholesale Revenues based on adverse water conditions for 2023 and 2024
- Capital spending planned to be approximately 46% revenue-funded and 54% bond-funded in 2023/2024
 - \$97M in bond-funded capital
 - \$83M in revenue-funded capital
- New retail revenue of \$31M associated with 3.5% annual rate increases effective on April 1st of 2023 & 2024
- Use of cash reserves of \$26M

Budget Challenges

Ongoing Impacts from 2020 Budget Development Cycle

- Lower rate adjustment (0.5%) in 2021:
loss of about \$1.9M every year going forward
- Make up for budget reductions in 2021/22 to address the uncertainty of COVID impacts
- Reinstating deferred resource requests from 2021/22

Labor and Materials Inflation and Supply Chain Issues

- Market labor wage adjustments & inflation:
Power largest contract (483) with 295 employees - wages increased as high as approximately 20%
- Higher supply and operational costs - examples include:
transformers (↑65%), hydro agreement payments (↑17%), fleet costs (↑30%), cybersecurity products and contracts (↑15%), fish food (↑35%)
- Long-lead times and increased costs for many supplies and materials

Uncertainties

- Aging receivables collection \$15 million
- Final Class & Compensation market adjustments for non-represented staff
- Long-term economic assumptions such as inflation and interest rates

Budget Development: Capital

Original Proposed Capital Budget of \$226M

- Evaluated proposed projects based on strategic values, criticality and feasibility
- Analyzed risk associated with schedule, scope and cost estimates
- Includes projects that were deferred due to 2020 spending reductions and 2021/2022 budget reductions
- Full or partial deferral of projects based on criticality and potential resourcing concerns
- Uncertainty regarding inflation impacts and supply chain disruptions

Final Proposed Capital Budget of \$179M

Budget Development: O&M

Supplies, Services & Charges

- Original proposed increase over current spending of **\$28M**
- Anticipating significant increase in existing contracted services due to inflation
- Reinstating and making progress towards FERC required actions cut in 2021/2022 budget
- Reduced additional Extraordinary Maintenance projects by \$2.5M
- Reduction in additional contract services of \$1.3M
- Final proposed increase of **\$24M**

Personnel

- Original requested increase of approximately **100 FTEs - \$24M**
- Converting 14 Natural Resources contractors to Power FTEs - **\$2.7M, offset by corresponding reduction in O&M**
- Prioritized position requests across the organization based on critical need
- Reinstating deferred resource requests from 2021/2022 budget reductions
- Plan to defer approximately half of new FTEs until 2024
- Adding additional **53 FTEs by the end of 2024 - \$16M**

Budget Risks & Mitigation Efforts

	Risks	Mitigation
Weather	<ul style="list-style-type: none">• Stream flows/ hydro-availability• Temperature/ loads	<ul style="list-style-type: none">• Adverse water planning• Rate stabilization fund• Financial scenario planning
Customer Demand	<ul style="list-style-type: none">• Loss of large customer(s)• Economic downturn• Prolonged pandemic impacts	<ul style="list-style-type: none">• Economic development• Expense reductions• Second line of credit
External Cost Factors	<ul style="list-style-type: none">• Wholesale market power prices• BPA rate increase• New/expanded regulatory mandates	<ul style="list-style-type: none">• Wholesale risk management program• Regional coalitions• Federal & State policy engagement
Affordability Concerns	<ul style="list-style-type: none">• Customer acceptance of needed rate increases• Impacts to customers	<ul style="list-style-type: none">• Stakeholder engagement• Enhanced low-income support

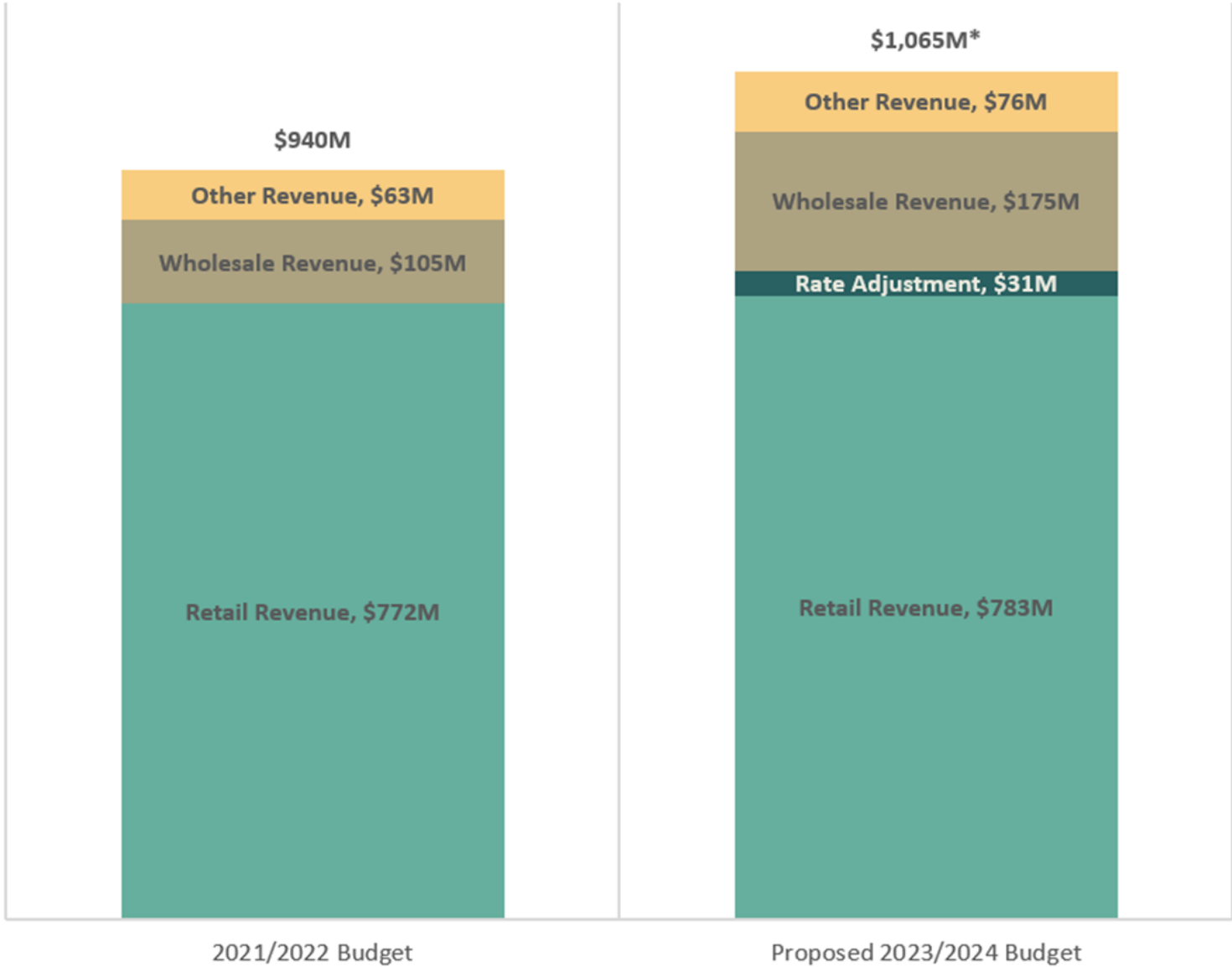
01

Preliminary Revenue Budget

+ *Revenue Summary*

+ *Wholesale Revenue*

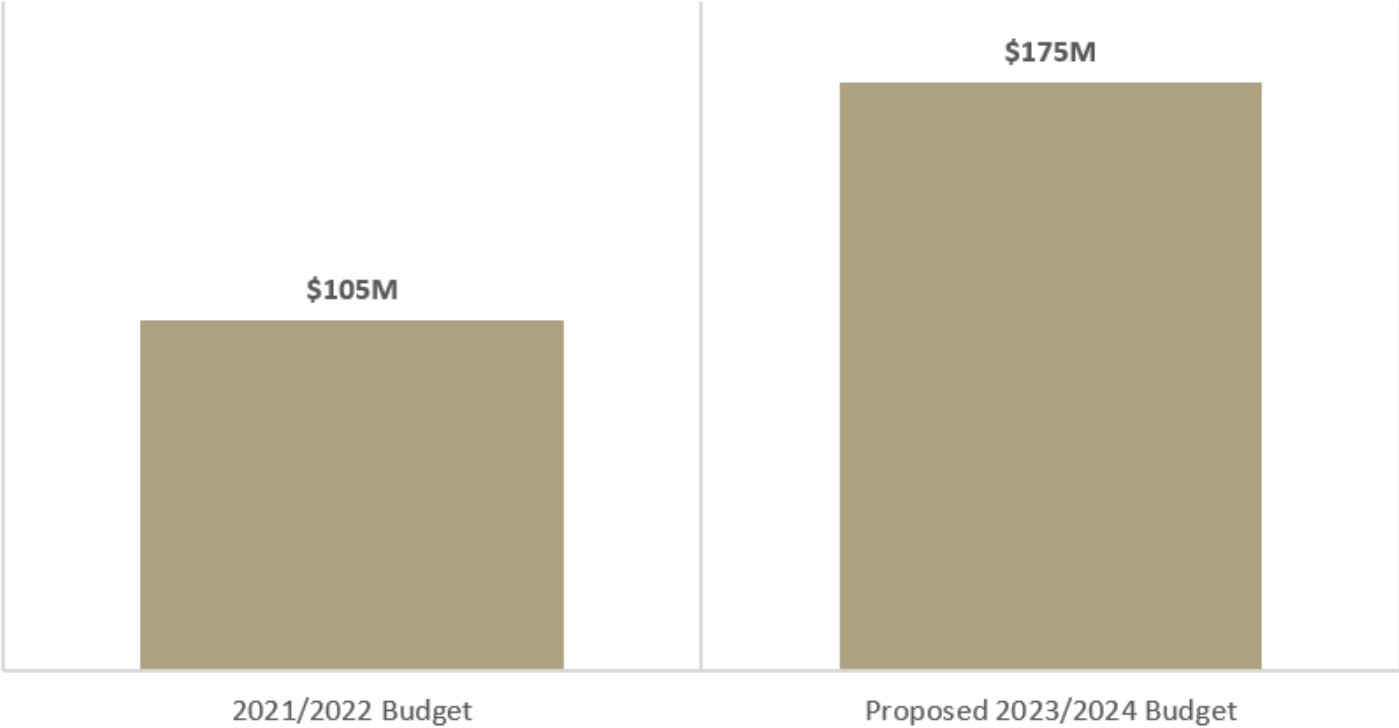
Proposed Budget: Revenue



- Assumes a 3.5% rate increase on April 1, 2023 and April 1, 2024
- \$31M** from rate adjustment
- \$70M** increase in Wholesale Revenue

*Excludes \$26M in cash reserves

Revenue Budget: Wholesale



- 2023/2024 budget is **\$70M** more than the 2021/2022 Budget
- 2023/2024 budget assumes higher prices in the wholesale market

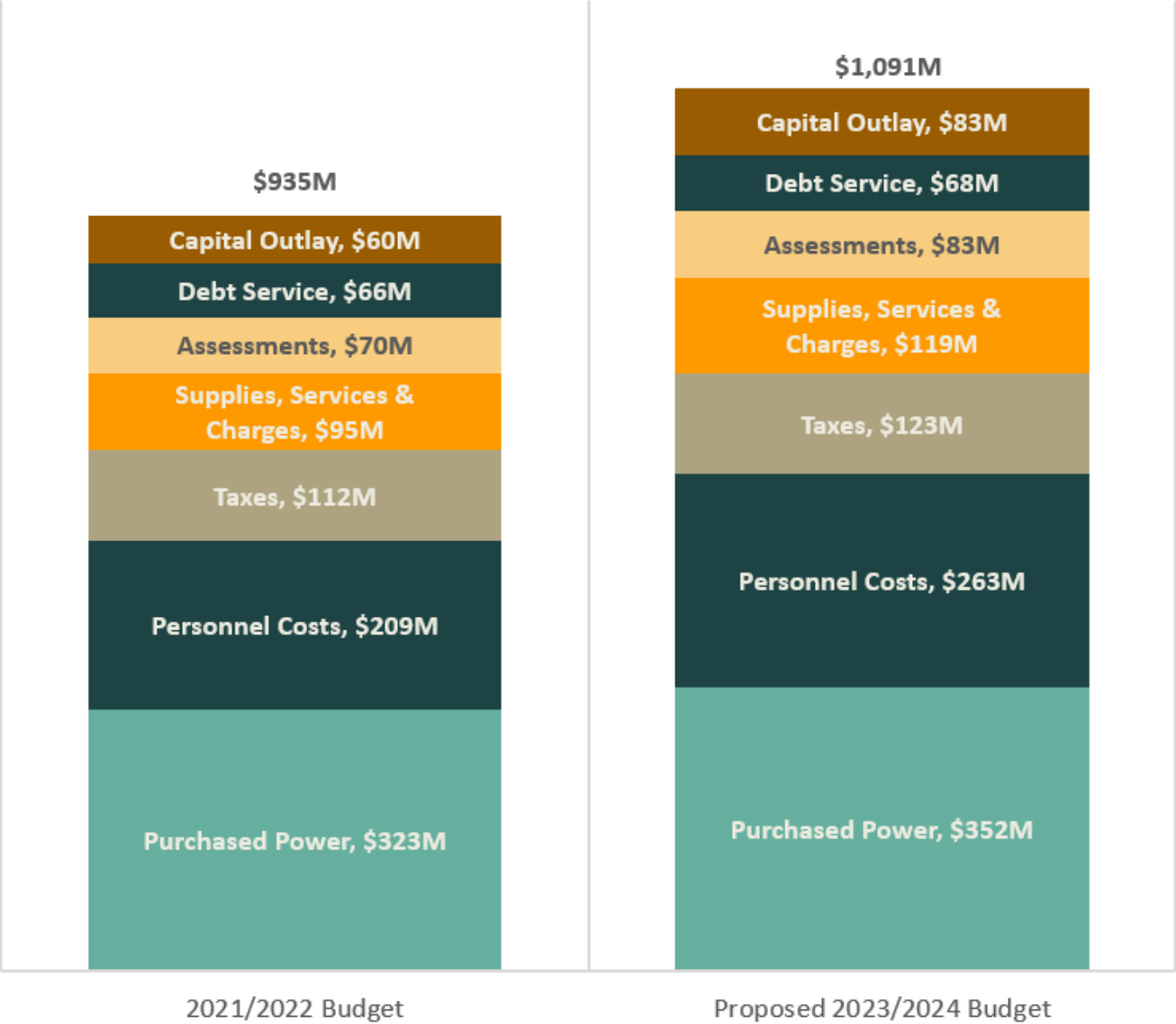
Wholesale Revenue	2021/2022 Budget	2023/2024 Budget	Budget to Budget	% Change
Dollars	\$105M	\$175M	\$70M	67%
aMW	204	239	+35	17%
\$/MWh	\$29	\$42	+\$13	43%

02

Preliminary O&M Budget

- + *Expenditure Summary*
- + *Purchased Power*
- + *Personnel*
- + *Other O&M*
- + *Capital Projects*

Proposed Budget: Expenditures



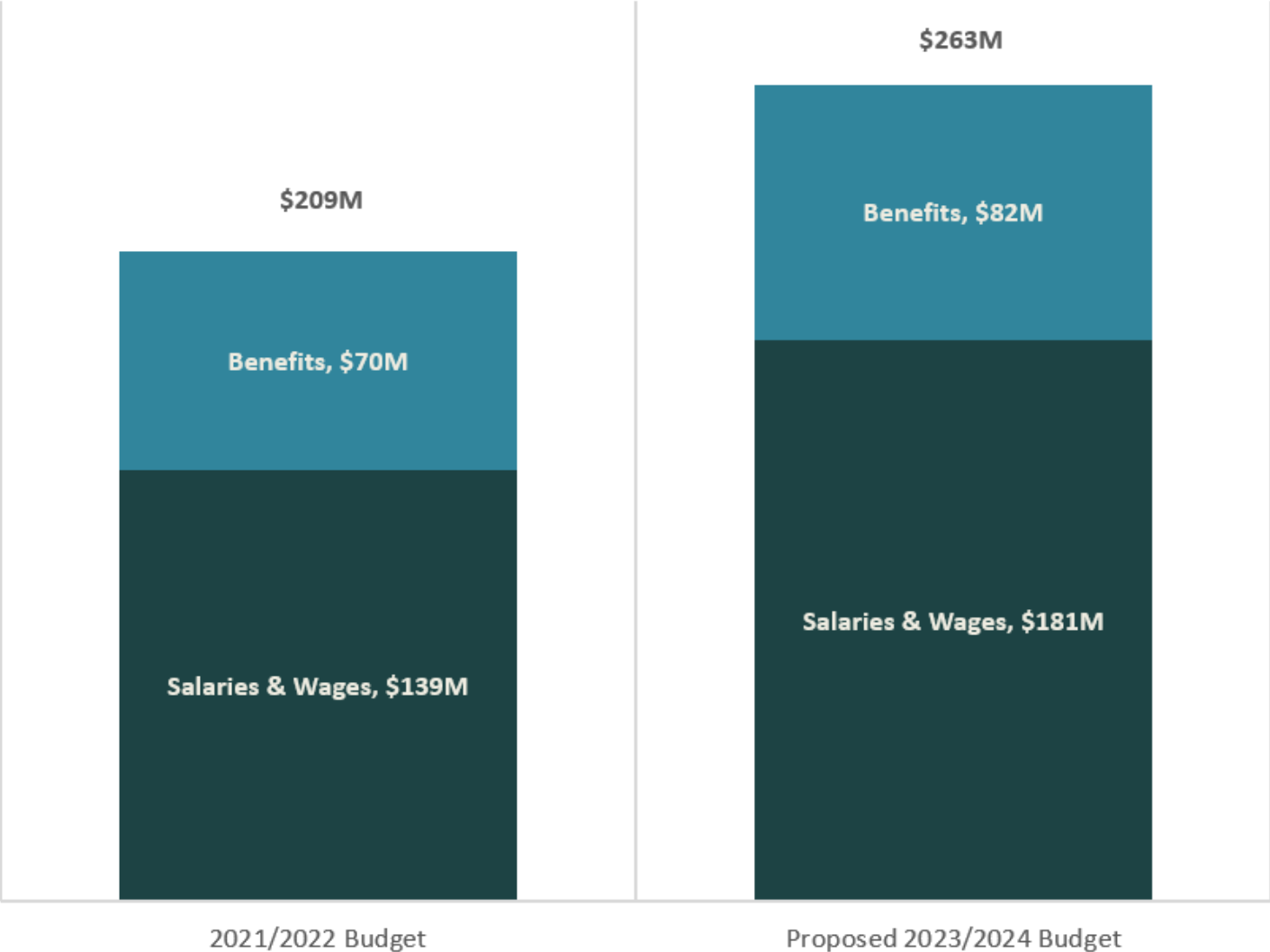
- Overall Operations & Maintenance is **\$156M** higher in 2023/2024 than in 2021/2022
- Revenue Funded Capital Outlay increase of about **\$23M**
- Debt Service slightly higher by **\$2M**
- Assessments higher by **\$13M**
- Supplies, Services & Charges increase of **\$24M** mainly due to increases in contracted/professional services and supplies
- Taxes increase of **\$11M** as a function of revenue
- Personnel costs higher by **\$54M** due to increases in market wages, benefits and FTEs
- Purchased Power higher by **\$29M** mainly due to assumed higher market prices

O&M Budget: Purchased Power

- Portfolio Purchases increasing due to assumed higher market prices
- Need to acquire additional 50MW of Bonneville transmission
- Anticipating 2.5% BPA Power rate increase

Purchased Power	2021/2022 Budget	2023/2024 Budget	Budget to Budget	% Change
BPA Power	\$239,369,141	\$242,850,710	\$3,481,569	1.5%
BPA Transmission	44,024,285	48,709,290	4,685,005	10.6%
Other Power Contract Costs	15,249,688	15,980,259	730,571	4.8%
Portfolio Purchases	17,825,952	36,557,193	18,731,241	105.1%
Renewable Energy Credits	6,300,000	7,900,000	1,600,000	25.4%
Total	\$322,769,066	\$351,997,452	\$29,228,386	9.1%

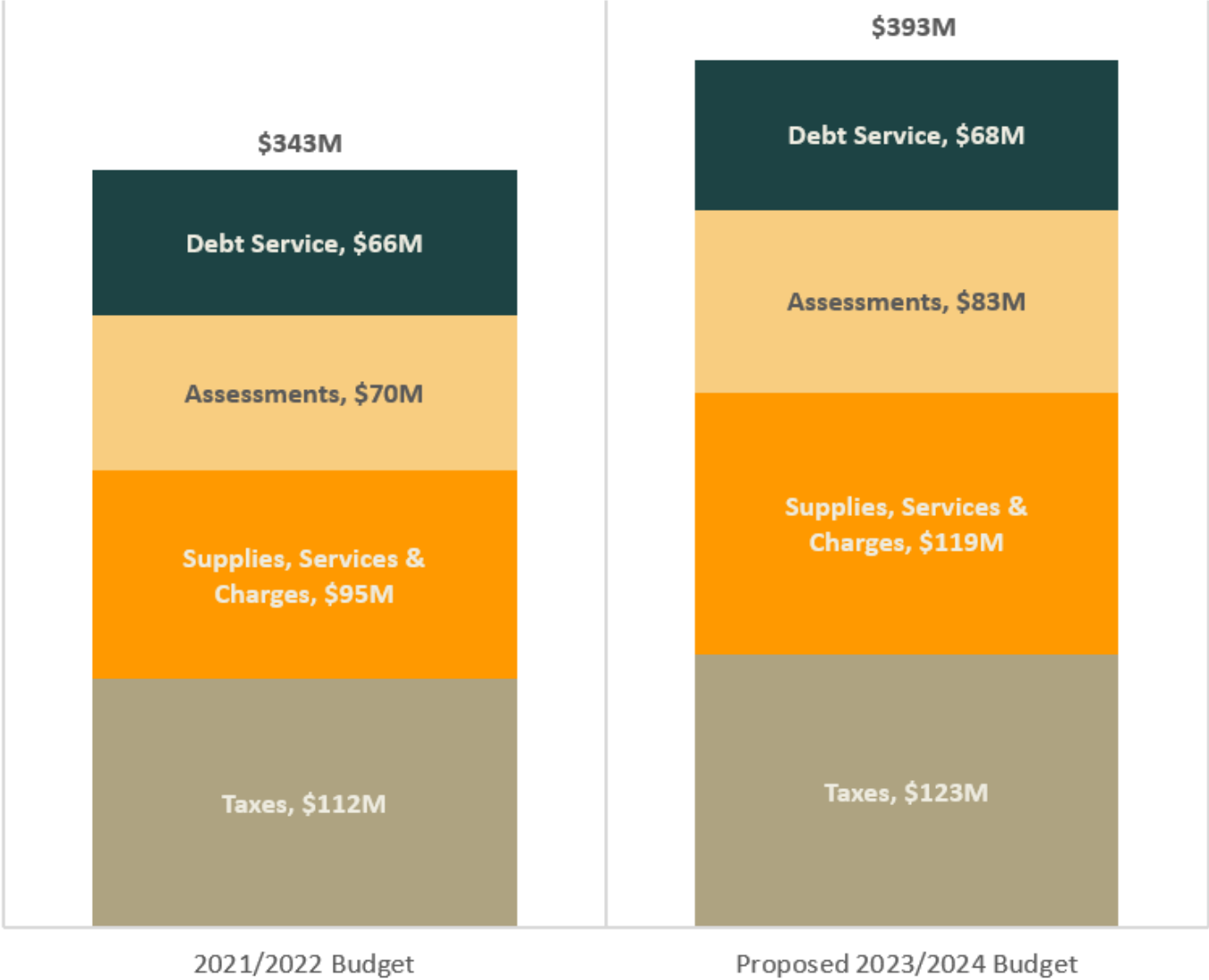
Proposed Budget: Personnel



Overall

- \$42M increase for Salaries & Wages
- \$12M increase for Benefits
- Of the \$54M, **70% is for existing FTEs** and the remaining 30% is for 53 additional FTE by end of 2024
- Incorporates deferred market wage adjustments, general wage increases, increased benefits
- Assumes updated contracts for represented positions and Class & Comp study for non-represented

Proposed Budget: Other O&M



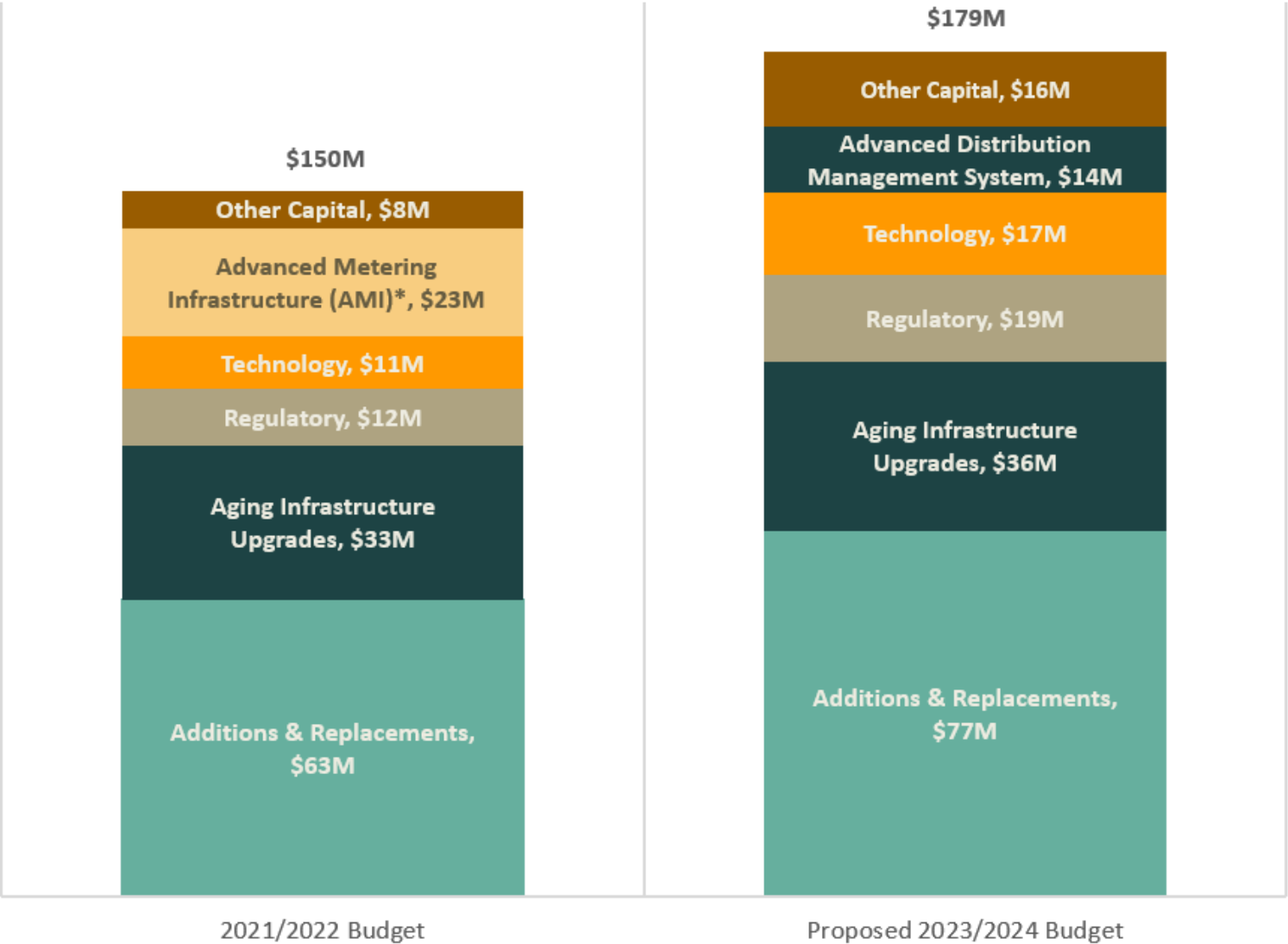
Total Other O&M is about **\$50M** higher in 2023/2024 than in 2021/2022

- Debt Service increase **\$2M**
- Assessments increase **\$13M**
- Supplies, Services & Charges increase of **\$24M**
- Taxes increase of **\$11M**

Supplies, Services & Charges

- Increase in contracted labor and professional services
- Reinstating deferred O&M projects from 2021/22
- Increased customer assistance

Proposed Budget: Capital



- Approximate **\$23M** increase in revenue funded capital reflects move to 46%-bond and 54%-revenue funding for 2023/2024.
- Deferred projects from 2021/2022 reintroduced in 2023/2024 budget
- Assumptions of inflationary impact increasing budget for many projects

**Power-only portion, no additional funding needed for 2023/2024*

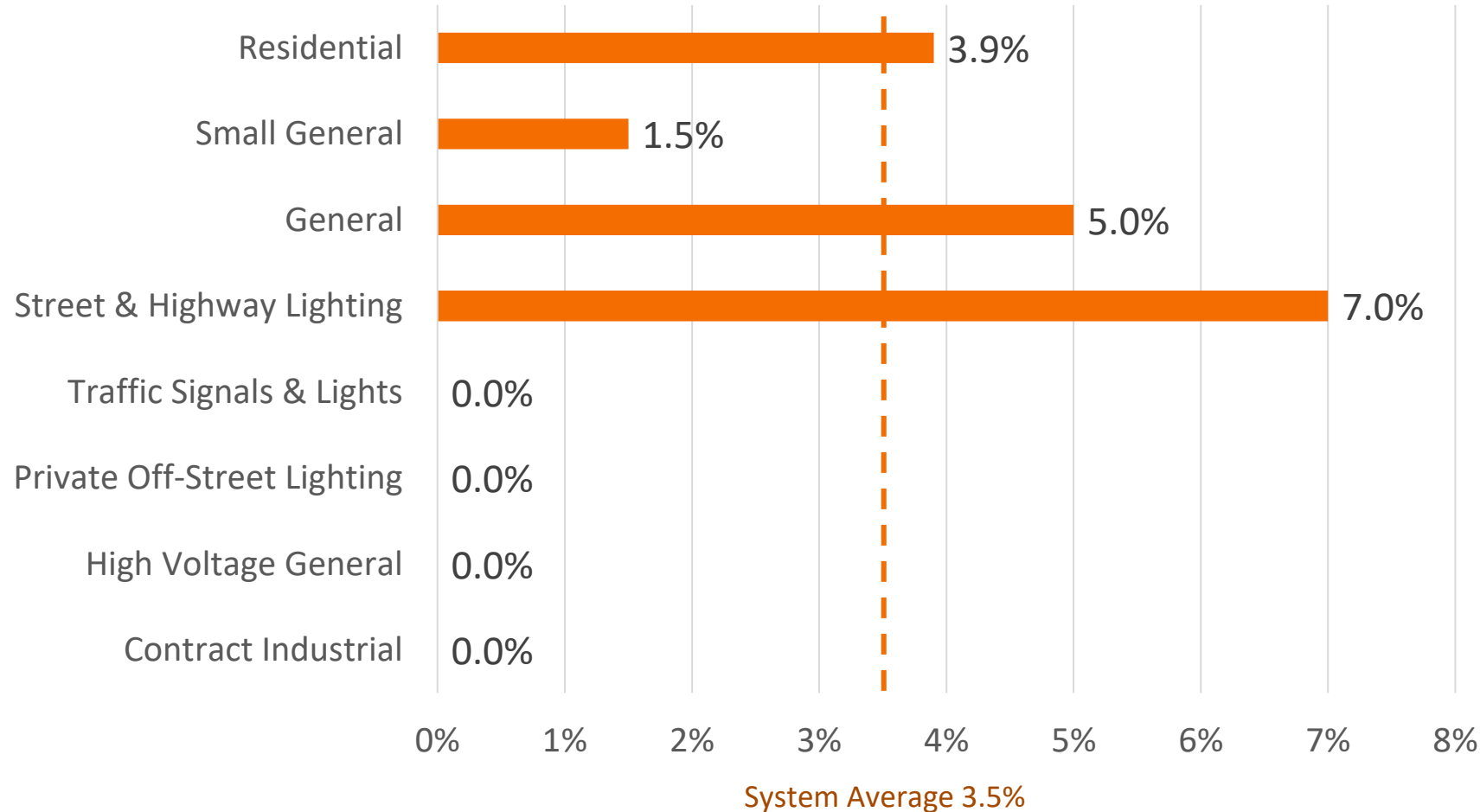
03

Rates Update

- + *Rate Adjustments by Class*
- + *Rate Comparison*
- + *Residential Rate Design*
- + *Bill Assistance Credit Plan Enhancements*
- + *Commercial and Industrial Rate Design*
- + *Special Rates*
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- + *Summary*

Proposed Rate Adjustments 2023/2024

Proposed Annual Rate Adjustments by Class

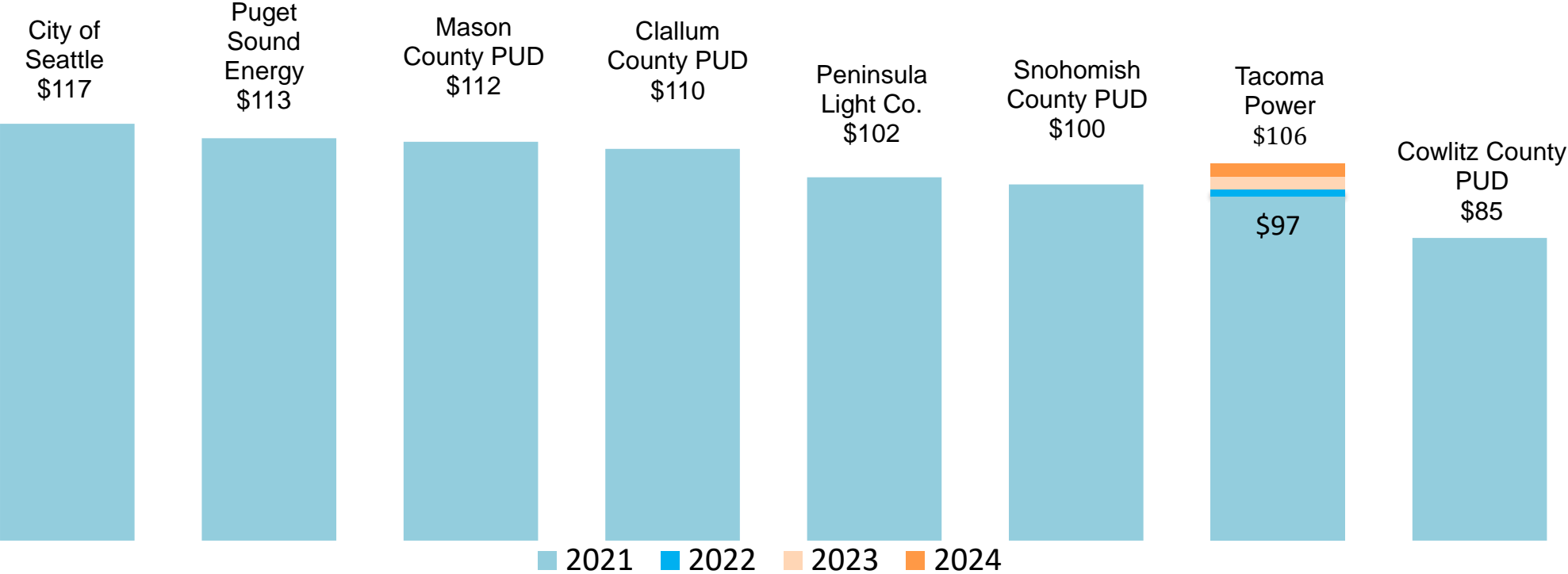


*Equivalent to
\$3.70
residential
step increase*

Preliminary, subject to change.

Rates Remain Low and Competitive




Comparative Monthly Bills



Source: Energy Information Administration, Form 861, 2021.

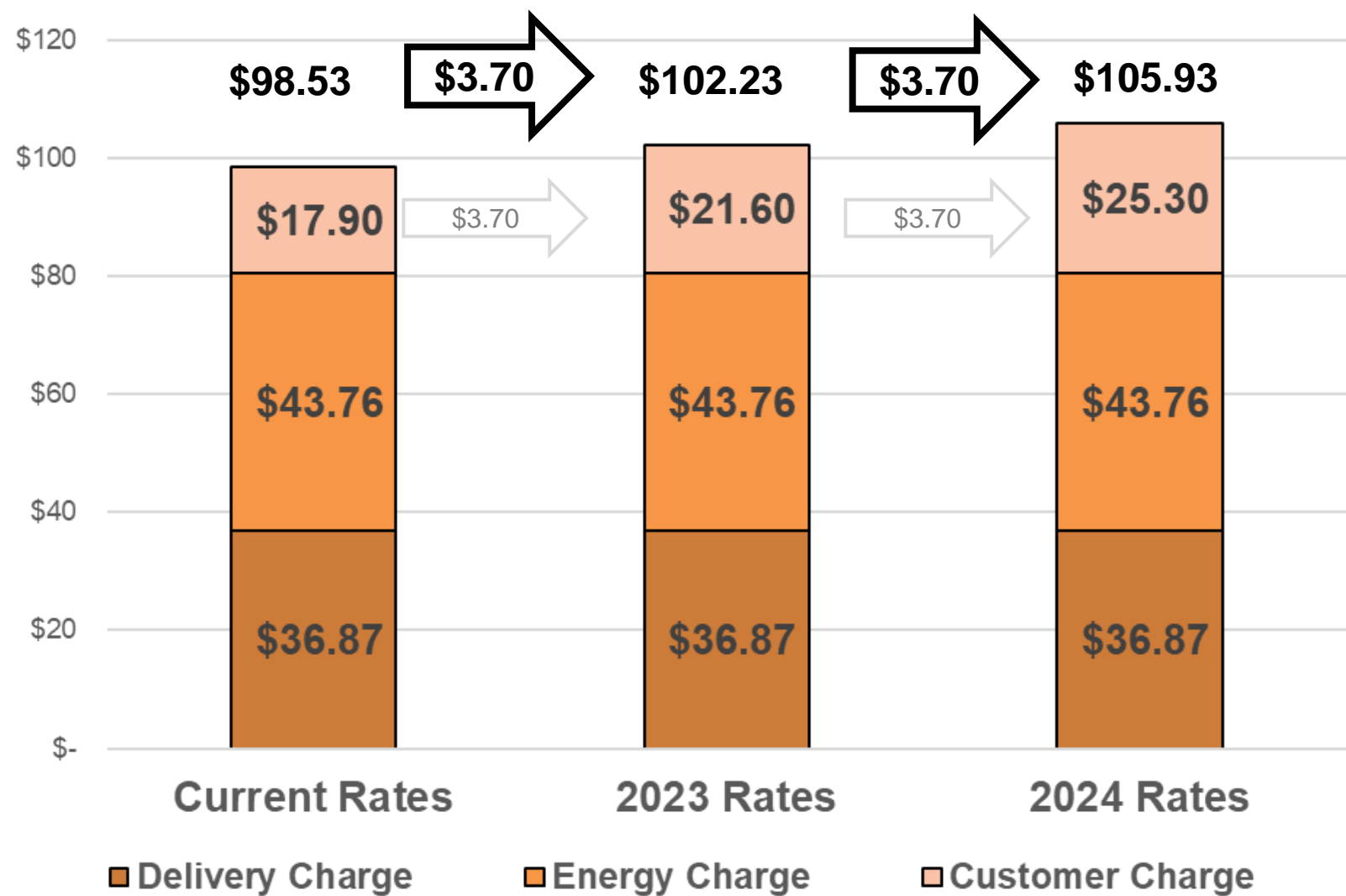
Tacoma Power orange shaded area represents the additional cents per kWh from a 3.5% annual rate increase in 2023 and 2024.

Proposed Residential Rate Design

	Current	2023	2024	
 <div>Customer Charge (\$ per Month)</div>	\$17.90 <i>current</i>	\$21.60 +\$3.70	\$25.30 +\$3.70	} Customer charge indicated by cost-of-service is \$26.07
 <div>Energy Charge (\$/kWh)</div>	4.5351¢ <i>current</i>	4.5351¢ <i>no change</i>	4.5351¢ <i>no change</i>	
 <div>Delivery Charge (\$/kWh)</div>	3.8207¢ <i>current</i>	3.8207¢ <i>no change</i>	3.8207¢ <i>no change</i>	

Preliminary, subject to change.

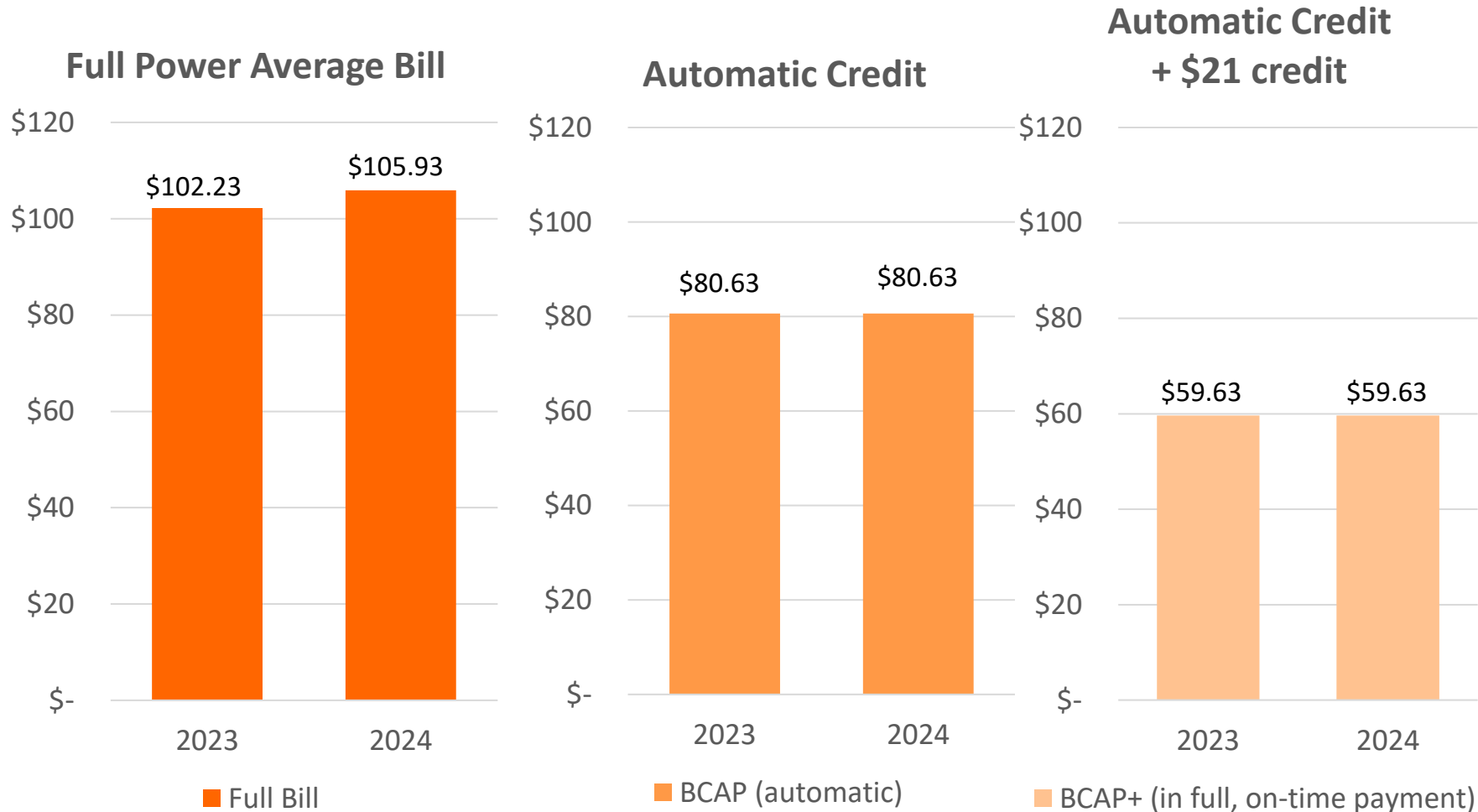
Average Residential Bill Impact



- 2023/2024 bill based on **average usage of 965 kWh** per month
- Actual bills **vary based on usage**

Preliminary, subject to change.




Expanded Bill Credit Assistance Plan (BCAP Plus) More than Mitigates the Rate Increase



*Preliminary, subject to change.
Assumes 965 kWh consumption.*

- New automatic credit is equal to customer fixed charge
 - \$21.60 proposed for 2023
 - \$25.30 proposed for 2024
- Customers who pay their full bill on-time will receive an **additional \$21 reduction** in their bill

Effective Rates for BCAP Plus Customers

	Current	2023	2024	
 Customer Charge (\$ per Month)	\$17.90 <i>current</i>	\$0 <i>due to \$21.60 automatic credit</i>	\$0 <i>due to \$25.30 automatic credit</i>	<p>Customer charge <i>totally offset</i> by automatic BCAP credit</p> <p>No rate change proposed for energy & delivery charges to BCAP customers.</p> <p><i>\$21 credit based on payment behavior available to cover these charges.</i></p>
 Energy Charge (\$/kWh)	4.5351¢ <i>current</i>	4.5351¢ <i>no change</i>	4.5351¢ <i>no change</i>	
 Delivery Charge (\$/kWh)	3.8207¢ <i>current</i>	3.8207¢ <i>no change</i>	3.8207¢ <i>no change</i>	

Preliminary, subject to change.

Commercial & Industrial Rate Design

Schedule B	Small General		
	Current	2023	2024
Customer Charge	\$ 24.35	\$ 26.65	\$ 28.95
Energy Charge	4.4616¢	4.4616¢	4.4616¢
Delivery Charge	3.8014¢	3.8014¢	3.8014¢
Total per-kWh Charges	8.2630¢	8.2630¢	8.2630¢

**Industrial classes
(HVG and CP)
maintain current rates**

Schedule G	General		
	Current	2021	2022
Customer Charge	\$82.80	\$82.80	\$82.80
Energy Charge	5.1726¢	5.4780¢	5.8014¢
Delivery Charge	\$8.81	\$9.12	\$9.44

Preliminary, subject to change.

EV Charging Rate

- Update public charging fees to comply with **new state law** (SB5192)
- Legislation requires changing fee from **time-based** (\$/hr) to **volumetric** (\$/kWh)

Small Commercial Prepay

- Response to **customer requests**
- Ability to **pay anytime** allows business owners to conduct business on their schedule

HVG Rate Language Cleanup

- Clarify **eligibility requirements** for HVG rate schedule

Electrical Services Fees

- Update electric permit and inspection fees, pole fees to **more fully recover costs**



Financial Strategy

- **Long-term planning**

- We project revenues and expenses ten years into the future
- Gradual and consistent rate adjustments
- Expand eligibility and increase funding of payment assistance programs

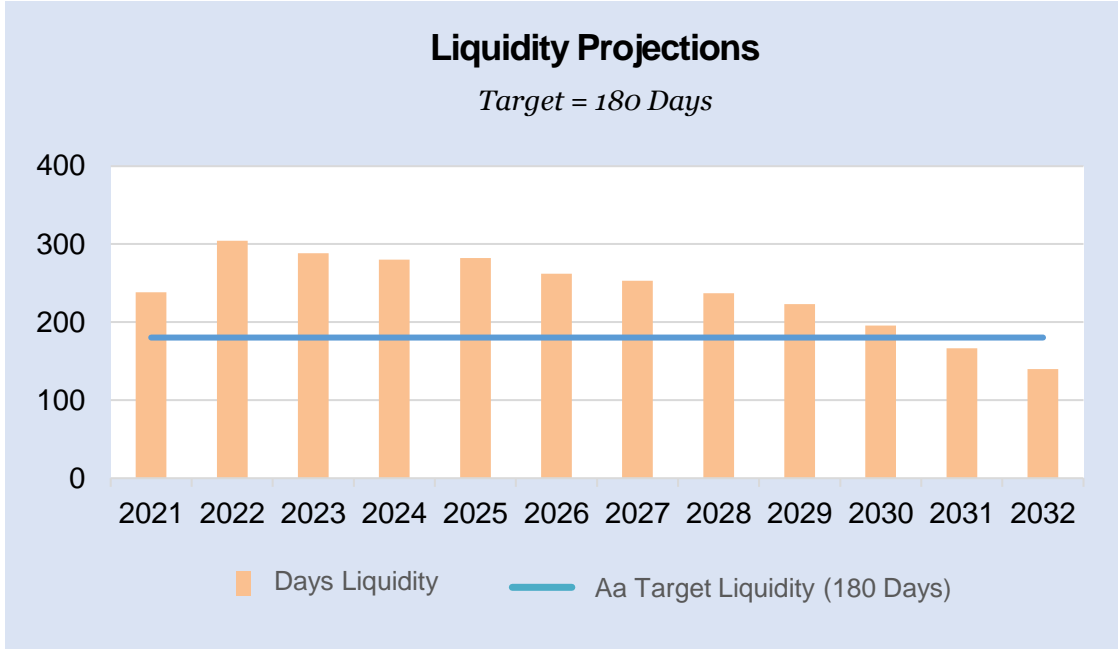
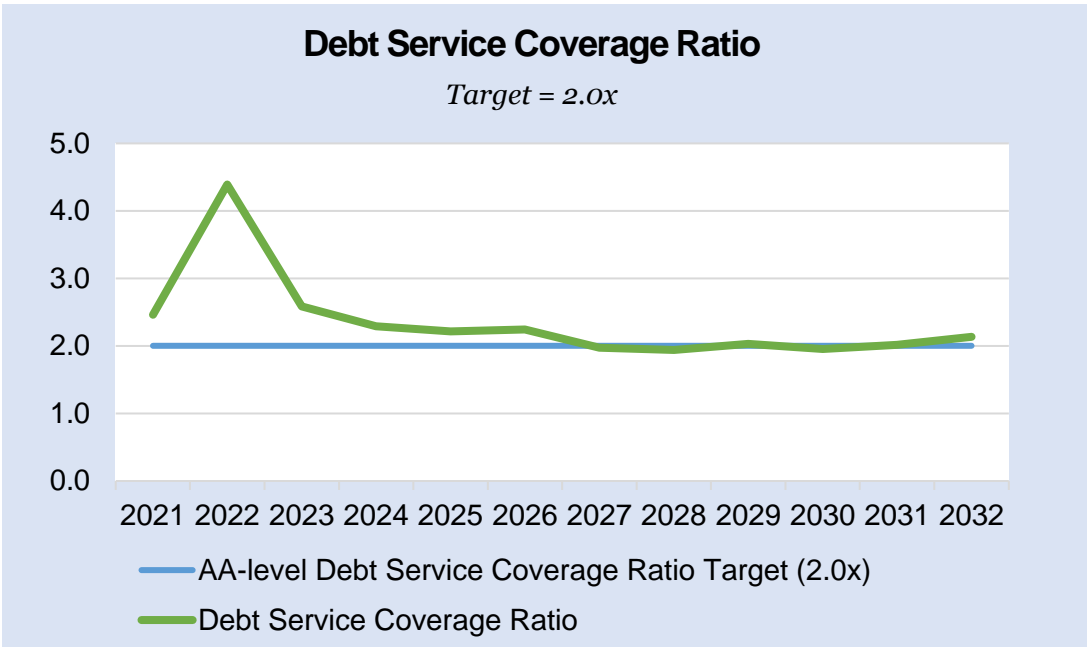
- **Manage Long-term debt**

- Use the Rate Stabilization Fund to manage debt spikes in 2030 through 2034
- Continuously review opportunities to restructure debt

- **Financial metrics meet bond covenants and maintain AA rating**

- Bond Covenant Debt Service Coverage ratio: 1.25x
- AA Debt Service Coverage minimum ratio: 2.0x or greater, Power's target is 2.0x
- AA Liquidity - Days Cash on Hand: 150-250 days, Power's target is 180 days

Base Case Financial Metrics



Assumes 3.5 percent average rate increases in 2023 and 2024, 3.5 percent average rate increases in 2025 through 2030. Required to maintain financial metrics.

Summary

This proposed budget supports utility operational needs, PUB strategic directives and Tacoma Power's strategic plan

- Inflation is significantly driving up both O&M and Capital costs for labor and materials
- Actions taken to manage costs and reduce revenue needs
- 3.5% overall system average retail rate increase for 2023/2024 budget
- Leveraging Wholesale Revenue to reduce rate increase
- BCAP enhancements designed to significantly lower the cost of electric services for income-constrained customers

04 Appendix

Retail Customer Class Overview

- single-family and multifamily residences
- 164,000 accounts
- \$192.0 million annual revenue

Residential



- small businesses, such as flower shops, nail salons, small offices
- 17,000 accounts
- \$29.7 million annual revenue

Small General Service



- large businesses such as schools, restaurants, hospitals
- 2,500 accounts
- \$109.0 million annual revenue

General Service



- 8 large customers directly on the transmission system
- \$26.2 million annual revenue

High Voltage General



- 3 large manufacturers directly on the transmission system
- \$25.1 million annual revenue

Contract Power



- Streetlights and traffic signals
- 900 accounts
- \$447,000 annual revenue

Streetlights & Signals



- Rental street and area lighting
- 3,100 accounts
- \$1.5 million annual revenue

Private Off-Street Lighting



Special Rates: EV Charging Rate



Current fee is outdated: The current charging fee was set in 2014 when Tacoma Power operated 20 charging ports. Tacoma Power will have 93 charging ports in service by end of 2023.



State law has changed: SB5192 requires public charging to use a dollar-per-kWh fee structure. The current \$2-per-5-hour fee does not comply.



Stakeholders are requesting a new rate: The City of Tacoma and others look to Tacoma Power for rate-setting guidance.

EV Rate: Basic Principles

1. **Affordable** rate that aligns with **cost-of-service**

- Public charging costs vary widely
- Need to recover the cost of energy and network fees

2. **Encourage** charger use

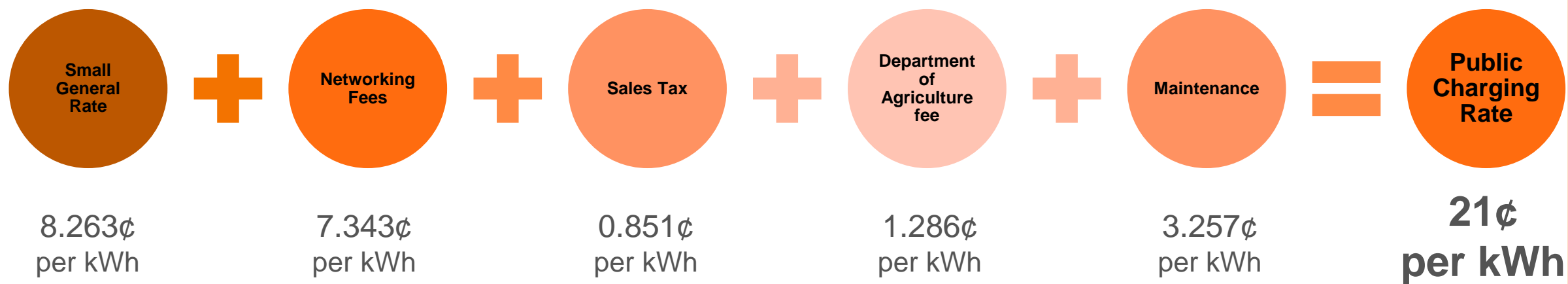
- A core group of regular users is key to making chargers financially viable
- A high rate that limits use will never recover costs and inhibit EV adoption

3. Provide **equitable** access

- Serve multifamily households and garage orphans without home charging
- Affordable charging options in neighborhoods without access to public charging



EV Rate: Cost-Based & Affordable



Local Comparisons	
Tacoma Power Proposed (Level 2 and DCFC)	\$0.21
Level 2 sites in Tacoma (various; 2019 data)	\$0.25 - \$0.33
Seattle City Light (Level 2)	\$0.20 - \$0.21
Seattle City Light (Level 3)	\$0.20 - \$0.36
Electrify America (DCFC)	\$0.31 - \$0.43

Proposed rate is competitive with other local charging options.

Maintenance based on ~20% estimated maintenance cost.

REVENUE

(\$ millions)	Current	Proposed	Increase (Decrease)	
	2021/2022 Budget	2023/2024 Budget	Budget to Budget	
Operating Revenue				
Retail Sales	\$ 758.5	\$ 782.4	\$ 23.9	3.2%
Anticipated Rate Increase	13.9	30.8	16.9	120.5%
Total Retail Sales	\$ 772.4	\$ 813.2	\$ 40.8	5.3%
Wholesale Sales	104.8	175.5	70.7	67.4%
Other	49.2	52.4	3.2	6.7%
Total Operating Revenue	\$ 926.4	\$1,041.1	\$ 114.7	12.4%
Non-Operating Revenue	13.5	23.8	10.3	76.3%
Total Revenue	\$ 939.9	\$ 1,064.9	\$ 125.0	13.3%
Current Fund Appropriation	(4.6)	26.4	31.0	–
Total Revenue & Available Funds	\$ 935.3	\$ 1,091.3	\$ 156.0	16.7%

EXPENDITURES

(\$ millions)	Current	Proposed	Increase (Decrease)	
	2021/2022 Budget	2023/2024 Budget	Budget to Budget	
Expenditures				
Personnel Costs (Vacancy Credit)	\$ 209.1	\$ 263.2	\$ 54.1	25.9%
Purchased Power	322.8	352.0	29.2	9.1%
Supplies, Services & Charges	94.9	119.0	24.1	25.4%
Assessments	70.1	82.9	12.8	18.3%
Capital Outlay	60.2	82.6	22.4	37.2%
Debt Service	65.8	68.1	2.2	3.4%
Taxes	112.4	123.5	11.1	9.9%
Total Expenditures	\$ 935.3	\$ 1,091.3	\$ 156.0	16.7%

Capital Outlay				
Revenue Funded	\$ 60.2	\$82.6	\$ 22.4	37.2%
Debt Funded	89.7	96.8	7.2	7.9%
Total Capital	\$ 149.9	\$ 179.4	\$ 29.6	19.7%

CAPITAL BUDGET

(\$ millions)	Current	Proposed	Increase (Decrease)	
	2021/2022 Budget	2023/2024 Budget	Budget to Budget	
Capital Projects				
Advanced Distribution Management System	\$ 0.0	\$ 14.0	\$14.0	100.0%
AMI	22.9	0.0	(22.9)	-100.0%
Aging Infrastructure Upgrades	32.6	36.1	3.5	10.6%
Technology Projects	11.1	17.4	6.3	56.7%
Regulatory	12.1	18.5	6.4	53.0%
Additions & Replacements	63.0	77.4	14.4	22.8%
Other Capital Projects	8.1	16.0	7.8	96.7%
Total Capital Projects	\$ 149.8	\$ 179.4	\$ 29.6	19.7%
Capital Funding Sources				
Revenue Funded	\$60.2	\$82.6	\$22.4	37.2%
Debt Funded Bonds	89.6	96.8	7.2	7.9%
Total Capital Funding Sources	\$ 149.8	\$ 179.4	\$ 29.6	19.7%

(\$ millions)	Current	Proposed	Increase (Decrease)	
	2021/2022 Budget	2023/2024 Budget	Budget to Budget	
IT	\$ 13.5	\$ 18.6	\$5.1	38.0%
HR	3.8	4.2	0.4	9.4%
Legal	2.4	2.5	0.1	5.0%
Finance	5.0	6.4	1.4	27.5%
Other	3.2	3.8	.6	18.1%
Total GG Assessments	\$ 27.9	\$ 35.5	\$ 7.6	27.0%
Customer Services	\$ 26.0	\$ 29.0	\$ 3.0	11.6%
Public Affairs & Communication	9.3	10.5	1.2	13.4%
Administration & Support	6.8	7.8	1.0	14.9%
Total TPU Assessments	\$ 42.1	\$ 47.4	\$ 5.3	12.5%
Total Assessments	\$ 70.0	\$ 82.9	\$ 12.8	18.3%

(\$ millions)	Current	Proposed	Increase (Decrease)	
	2021/2022 Budget	2023/2024 Budget	Budget to Budget	
Taxes to the General Fund	\$ 68.9	\$ 77.6	\$ 8.7	12.6%
State Utility Taxes	31.0	32.0	1.0	3.3%
Other Taxes (including Franchise Fees)	12.5	13.9	1.4	11.5%
Total Taxes	\$ 112.4	\$ 123.5	\$11.1	9.9%

TACOMA PUBLIC UTILITY BOARD

**2023 - 2024 PROPOSED BUDGET
TACOMA POWER**

Wednesday September 28, 2022

Tacoma Power

Recap of Biennial Budget	1
Revenue	2-3
Division Consolidation	4
Taxes	5
Debt Service	6
Capital Outlay	7-11

Tacoma Power Recapitulation of Biennial Budget	2021-2022 Current Budget	2023-2024 Proposed Budget	2021-22 to 2023-24 Budget Comparison	
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REVENUE

Operating Revenue

Sales of Electric Energy	\$ 863,264,996	\$ 957,839,988	\$ 94,574,992	11.0%
Anticipated Additional Revenue	13,942,506	30,749,496	16,806,990	120.5%
Other Electric Revenue	49,199,161	52,474,672	3,275,511	6.7%

Total Operating Revenue	926,406,663	1,041,064,156	114,657,493	12.4%
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Other Income	13,500,794	23,788,317	10,287,523	76.2%
Appropriation from Fund Balance	(4,574,666)	26,432,464	31,007,130	(677.8%)

Total Revenue & Available Funds	\$ 935,332,791	\$ 1,091,284,937	\$ 155,952,146	16.7%
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EXPENDITURES

Personnel Costs	\$ 209,120,827	\$ 263,203,666	\$ 54,082,839	25.9%
Supplies, Other Services & Charges	487,738,278	553,891,726	66,153,448	13.6%
Taxes - Current Revenue Estimate	110,814,030	120,041,555	9,227,525	8.3%
Taxes - Anticipated Additional Revenue	1,577,266	3,451,713	1,874,447	118.8%
Debt Service	65,845,389	68,059,277	2,213,888	3.4%
Capital Outlay	60,237,000	82,637,000	22,400,000	37.2%

Total Expenditures	\$ 935,332,791	\$ 1,091,284,937	\$ 155,952,146	16.7%
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CAPITAL OUTLAY FINANCING DETAIL

Funded from Operating Fund	\$ 60,237,000	\$ 82,637,000	\$ 22,400,000	37.2%
Funded from New Bonds	89,661,000	96,742,000	7,081,000	7.9%

Total Capital Outlay	\$ 149,898,000	\$ 179,379,000	\$ 29,481,000	19.7%
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PERSONNEL - Budgeted FTE	798.2 / 818.2	865.8 / 885.3
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Includes 2021-22 Mid Biennium Adjustment

Prior years may have been reclassified or restated to reflect organizational changes.

	2021-2022 Current Budget	2023-2024 Proposed Budget	2021-22 to 2023-24 Budget Comparison	
Tacoma Power Revenue				

REVENUE SUMMARY

Sales of Electric Energy	\$863,264,996	\$957,839,988	\$94,574,992	11.0%
Anticipated Additional Revenue	13,942,506	30,749,496	16,806,990	120.5%
Other Electric Revenue	49,199,161	52,474,672	3,275,511	6.7%
Total Operating Revenue	926,406,663	1,041,064,156	114,657,493	12.4%
Other Income	13,500,794	23,788,317	10,287,523	76.2%
Appropriation from Fund Balance	(4,574,666)	26,432,464	31,007,130	(677.8%)

Total Revenue & Available Funds	\$935,332,791	\$1,091,284,937	\$155,952,146	16.7%
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REVENUE DETAIL

Sales of Electric Energy

Residential	\$363,405,622	\$376,163,832	\$12,758,210	3.5%
Private Off-Street Lighting	2,816,295	3,259,053	442,758	15.7%
Small General	58,125,420	62,031,482	3,906,062	6.7%
General	220,957,858	229,142,956	8,185,098	3.7%
High Voltage General	51,644,499	55,960,667	4,316,168	8.4%
Contract Industrial - Firm	48,910,948	50,817,601	1,906,653	3.9%
New Large Load	10,456,714	3,473,441	(6,983,273)	(66.8%)
Street Lighting & Traffic Signals	2,148,861	1,544,744	(604,117)	(28.1%)
Total Retail Sales	758,466,217	782,393,776	23,927,559	3.2%

Other Sales

Bulk Power Sales	104,798,779	175,446,212	70,647,433	67.4%
Total Other Sales	104,798,779	175,446,212	70,647,433	67.4%
Anticipated Additional Revenue	13,942,506	30,749,496	16,806,990	120.5%
Total Sales of Electric Energy	877,207,502	988,589,484	111,381,982	12.7%

	2021-2022 Current Budget	2023-2024 Proposed Budget	2021-22 to 2023-24 Budget Comparison	
Tacoma Power Revenue				

Other Electric Revenue

Rent from Electric Property	4,285,672	4,986,884	701,212	16.4%
Rainier Connect IRU	6,500,000	8,500,000	2,000,000	30.8%
BPA Efficiency Incentive	7,500,000	7,200,000	(300,000)	(4.0%)
Interdepartmental Rent	4,597,966	5,534,931	936,965	20.4%
Service Connection Fees	1,825,504	2,903,418	1,077,914	59.0%
Green Power	114,575	394,212	279,637	244.1%
Overhead on Work for Others	1,009,911	297,273	(712,638)	(70.6%)
Late Payment Fees	2,171,369	285,678	(1,885,691)	(86.8%)
Income from Campgrounds	3,310,662	4,196,494	885,832	26.8%
Wheeling	17,665,990	17,728,936	62,946	0.4%
Miscellaneous	217,512	446,846	229,334	105.4%
Total Other Electric Revenue	49,199,161	52,474,672	3,275,511	6.7%

Other Income

Interest	3,927,064	9,820,359	5,893,295	150.1%
Federal Subsidy for BABS/CREBS interest	7,458,448	7,458,448	0	0.0%
Miscellaneous	2,115,282	6,509,510	4,394,228	207.7%
Total Other Income	13,500,794	23,788,317	10,287,523	76.2%

Other Available Funds

Appropriation from Fund Balance	(4,574,666)	26,432,464	31,007,130	(677.8%)
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Total Revenue & Available Funds	\$935,332,791	\$1,091,284,937	\$155,952,146	16.7%
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	2021-2022 Current Budget	2023-2024 Proposed Budget	2021-22 to 2023-24 Budget Comparison	
Tacoma Power Division Consolidation				

SUMMARY - Operation & Maintenance by Section

Power Administration	\$ 178,589,806	\$ 195,421,295	\$ 16,831,489	9.4%
Generation	87,688,266	111,939,267	24,251,000	27.7%
Power Management	364,495,650	402,528,460	38,032,810	10.4%
Power Shared Services	34,442,328	41,059,640	6,617,312	19.2%
Rates, Planning & Analysis	6,307,819	7,669,106	1,361,287	21.6%
Transmission & Distribution	99,092,185	132,914,903	33,822,718	34.1%
Utility Technology Services	38,634,347	49,055,989	10,421,643	27.0%

Total for Division	\$ 809,250,401	\$ 940,588,660	\$ 131,338,259	16.2%
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SUMMARY - Operation & Maintenance by Category

Salaries & Wages	\$ 189,076,133	\$ 236,128,654	\$ 47,052,521	24.9%
Employee Benefits	70,076,858	82,422,988	12,346,130	17.6%
Capital Credit & Labor To/From Others	(50,032,164)	(55,347,976)	(5,315,812)	(10.6%)
Total Personnel Costs	209,120,827	263,203,666	54,082,839	25.9%
Supplies	295,662,996	320,095,596	24,432,600	8.3%
Services	69,857,118	89,974,489	20,117,371	28.8%
Other Charges	52,142,531	60,899,298	8,756,766	16.8%
Total Assessments	70,075,633	82,922,343	12,846,711	18.3%
Taxes	112,391,296	123,493,268	11,101,972	9.9%
Total Supplies & Other Charges	600,129,574	677,384,994	77,255,420	12.9%

Total for Division	\$ 809,250,401	\$ 940,588,660	\$ 131,338,259	16.2%
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	2021-2022 Current Budget	2023-2024 Proposed Budget	2021-22 to 2023-24 Budget Comparison	
Tacoma Power Taxes				

TAX PAYMENTS

City of Tacoma:

Gross Earnings Tax (7.5%)	\$ 67,883,273	\$ 75,303,878	\$ 7,420,605	10.9%
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State of Washington:

Utility & Business Tax	30,443,275	30,820,295	377,020	1.2%
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Other*

County/Schools/Fire Protection Dist.	4,508,900	5,513,240	1,004,340	22.3%
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Franchise Administrative Fees	7,978,582	8,404,142	425,560	5.3%
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Subtotal	110,814,030	120,041,555	9,227,525	8.3%
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Anticipated Additional Revenue**

Gross Earnings Tax (7.5%)	1,040,132	2,280,148	1,240,016	119.2%
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Utility & Business Tax	537,134	1,171,565	634,431	118.1%
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	1,577,266	3,451,713	1,874,447	118.8%
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Total City and Utility Tax	112,391,296	123,493,268	11,101,972	9.9%
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Federal Taxes (FICA)	12,986,642	15,993,540	3,006,897	23.2%
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Total Tacoma Power Taxes	\$ 125,377,938	\$ 139,486,808	\$ 14,108,869	11.3%
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Note: State Sales Tax is included in O & M budget line items for materials.

FICA tax is included in O & M budget line items for personnel costs/employee benefits.

*Other includes franchise, administrative and other fees paid to other cities and entities and fire patrol assessments paid to WA State DNR.

**Taxes on anticipated additional revenue due to rate increase.

Tacoma Power Debt Service	2021-2022 Current Budget	2023-2024 Proposed Budget	2021-22 to 2023-24 Budget Comparison	
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DEBT SERVICE SUMMARY

Interest	\$ 49,585,389	\$ 54,619,277	\$ 5,033,888	10.2%
Principal	16,260,000	13,440,000	(2,820,000)	(17.3%)

Total Debt Service	\$ 65,845,389	\$ 68,059,277	\$ 2,213,888	3.4%
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DEBT SERVICE DETAIL

2010B Revenue Bonds	Interest	\$ 17,383,647	\$ 17,383,647	\$ 0	0.0%
\$147,070,000	Principal	0	0	0	0.0%
2010C Revenue Bonds	Interest	2,728,552	2,728,552	0	0.0%
\$24,185,000	Principal	0	0	0	0.0%
2013A Ref & Rev Bonds	Interest	7,785,200	7,785,200	0	0.0%
\$181,610,000	Principal	0	0	0	0.0%
2013B Ref & Rev Bonds	Interest	3,042,470	2,244,970	(797,500)	(26.2%)
\$35,620,000	Principal	7,780,000	8,580,000	800,000	10.3%
2017 Bonds	Interest	6,466,100	6,014,600	(451,500)	(7.0%)
\$80,000,000	Principal	4,405,000	4,860,000	455,000	10.3%
2019 Line of Credit	Interest	3,660,000	0	(3,660,000)	-
\$150,000,000	Principal	0	0	0	-
2021 Line of Credit - Wells Fargo	Interest	0	3,000,000	3,000,000	-
\$150,000,000	Principal	0	0	0	-
2021 Line of Credit - Key Bank	Interest	0	200,000	200,000	-
\$50,000,000	Principal	0	0	0	-
2021 Bonds	Interest	8,519,420	9,967,100	1,447,680	17.0%
\$121,855,000	Principal	4,075,000	0	(4,075,000)	-
2023 Bonds	Interest	0	5,295,208	5,295,208	-
\$100,000,000 - Anticipated	Principal	0	0	0	-

Total Debt Service	\$ 65,845,389	\$ 68,059,277	\$ 2,213,888	3.4%
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Tacoma Power Capital Outlay	2021-2022 Current Budget	2023-2024 Proposed Budget
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SUMMARY

General Plant

Capital Projects:	\$31,154,000	\$8,393,000
Additions and Replacements:	16,225,000	12,736,000
General Plant Total	47,379,000	21,129,000

Generation

Capital Projects:	28,560,000	39,120,000
Additions and Replacements:	1,758,000	2,431,000
Generation Total	30,318,000	41,551,000

Power Management

Capital Projects:	11,389,000	13,832,000
Power Management Total	11,389,000	13,832,000

Transmission & Distribution

Capital Projects:	5,041,000	9,200,000
Additions and Replacements:	42,108,000	55,101,000
Transmission & Distribution Total	47,149,000	64,301,000

Utility Technology Services

Capital Projects:	10,720,000	31,401,000
Additions and Replacements:	2,943,000	7,165,000
Utility Technology Services Total	13,663,000	38,566,000

Sub-Total	\$149,898,000	\$179,379,000
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Projects Funded from New Bonds	(89,661,000)	(96,742,000)
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Total Operating Fund Capital Outlay	\$60,237,000	\$82,637,000
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Tacoma Power Capital Outlay	2021-2022 Current Budget	2023-2024 Proposed Budget
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General Plant Capital Projects

Advanced Metering Infrastructure (AMI)	\$22,918,000	\$0
Capital Funding	4,677,000	0
ECC Battery Monitoring	122,000	0
Facilities - TPU Garage Electrical System Replacement	0	293,000
Facilities ABN Main Fan Modernization	878,000	0
Service Division Capital-Customer Service	94,000	0
South Service Center Storage	0	2,707,000
Tacoma Power Facility Elevator Controls Upgrade	2,465,000	0
TPU Admin Complex Storage and Parking Facility	0	5,293,000
Windom Street Gate Replacement	0	100,000

General Plant A & R

Fleet Replacement	14,800,000	11,000,000
General Plant	200,000	200,000
Tacoma Power Security Upgrade	1,225,000	1,336,000
TPU Critical Operations Power Supply	0	200,000
General Plant Total	\$47,379,000	\$21,129,000

Generation Capital Projects

Cowlitz Falls Downstream Improvements	\$408,000	\$611,000
Cowlitz Mayfield Crane Controls Upgrade	0	517,000
Cowlitz Mayfield Downstream Collection	0	3,457,000
Cowlitz Mossyrock Dam Guard Valve and Stop Logs	109,000	716,000
Cowlitz Mossyrock PDS-6 Replacement	289,000	0
Cowlitz Mossyrock U51, U52 Exciter Controls Retrofit	0	453,000
Cowlitz Mossyrock U53 Draft Tube Wall	0	327,000
Cowlitz Off-Site Fish Rearing - Satellite Ponds	0	595,000
Cowlitz Trout Hatchery Remodel	4,250,000	2,500,000
Cushman #1 Dam ROV Replacement	3,250,000	7,000,000
Cushman #2 Draft Tube Stoplogs	0	2,758,000
Cushman #2 Saltwater Park Hatchery Auxiliary Water Supply	0	796,000
Cushman #2 U31, U32 Unit Rebuild	4,250,000	7,496,000
Cushman #2 U31, U32, U33 TIV & Bypass Valve Actuator Replacement	0	471,000
Cushman #2 Valve House EG Upgrades & ATS	0	155,000
Cushman Barrier Dam Repair Cont.	6,800,000	0
Cushman FSC Juvenile Fish Collector Upgrades	656,000	0
Cushman FSC Upgrades and South Fork Chinook Recovery Develop	0	803,000
Cushman Powerhouse Crane Controls Upgrade	425,000	1,402,000
Nisqually Alder & LaGrande Cooling Water Piping & Valve Replacement	0	225,000
Nisqually Alder U11 Generator Rewind	8,123,000	7,000,000
Nisqually LaGrande Downstream Fish Barrier - FERC	0	534,000

Tacoma Power Capital Outlay	2021-2022 Current Budget	2023-2024 Proposed Budget
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Nisqually LaGrande U1, U2, U3, U4 Excitation Upgrade	0	500,000
Nisqually LaGrande U1, U2, U3, U4 Protection Relay Upgrade	0	500,000
Wynoochee Powerhouse Substation EG	0	304,000

Generation A & R

Cowlitz Project Generation	132,000	142,000
Cowlitz Project Recreation	108,000	201,000
Cushman Project Generation	127,000	210,000
Fish Facilities	425,000	452,000
Gen Engineering Automation A&R	0	197,000
Gen Engineering Civil A&R	0	50,000
Gen Engineering Electrical A&R	0	130,000
Gen Engineering Mechanical A&R	0	107,000
Generation Electrical	175,000	0
Generation HMI Server Replacement A&R	0	491,000
Generation Paving	46,000	0
Hydro Plant Automation	340,000	0
Hydro Plant Mechanical	42,000	0
Hydro Plant Water and Sewer Systems	55,000	0
Natural Resources	51,000	22,000
Nisqually Project Generation	112,000	150,000
Nisqually Project Recreation	77,000	110,000
Plant Engineering	17,000	0
Wynoochee Project Generation A&R	51,000	169,000
Generation Total	\$30,318,000	\$41,551,000

Power Management Capital Projects

Customer Energy Programs	\$11,000,000	\$9,954,000
Energy Imbalance Market (EIM)	331,000	0
Energy Trading and Risk Management system (ETRM)	58,000	0
Hydrogen Production, Distribution, and Storage	0	2,340,000
Transportation Electrification	0	1,538,000
Power Management Total	\$11,389,000	\$13,832,000

Transmission & Distribution Capital Projects

#6 Copper Conductor Replacement	\$1,550,000	\$887,000
115 kV Sectionalizing MOD	0	352,000
Billable-WSDOT SR167 Ph1 Stg1b: I5-SR509	0	3,000,000
Distribution Automation	0	688,000
Distribution Efficiency Program	207,000	0

Tacoma Power Capital Outlay	2021-2022 Current Budget	2023-2024 Proposed Budget
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Distribution Substation Transformer Replacement Program	2,145,000	0
Distribution System Upgrades	678,000	0
Fawcett Ave Duct bank	0	1,280,000
Improve Substation Grounding Systems - Design	0	107,000
Joint Use Pole Enhanced Permitting Project	0	279,000
LaGrande Bank 3 GSU Replacement	0	1,419,000
MC Switchgear Replacement Pilot Project	0	1,188,000
Narrows and North Bay Tower Fall Protection	178,000	0
Replace Digital Fault Recorders	283,000	0

Transmission & Distribution A & R

Central Business District	2,981,000	1,962,000
Distribution Efficiency A&R	0	232,000
Distribution Substation Transformer Replacement	3,457,000	4,487,000
Distribution System Upgrades A&R	0	4,403,000
Distribution Transformer A&R	0	5,723,000
Distribution UG/PM Switchgear Replacement	484,000	301,000
Energy Management System A&R	0	1,577,000
HFC Fiber Projects	0	686,000
HFC Road Projects - Power Apps	433,000	695,000
Joint Use A&R	0	1,252,000
Meters and Devices	2,308,000	2,285,000
New Services	3,822,000	3,990,000
Overhead Distribution & Transmission	14,834,000	14,308,000
Protection & Controls	1,511,000	1,554,000
Rental Light	787,000	500,000
Roads / Public R/W	5,262,000	5,270,000
Substation	2,152,000	2,814,000
T&D Tools and Materials	185,000	250,000
Transmission	1,683,000	1,191,000
Underground	2,209,000	1,621,000
Transmission & Distribution Total	\$47,149,000	\$64,301,000

Utility Technology Services Capital Projects

Asset Investment Planning Software	\$695,918	\$800,000
Automated Distribution Management System	0	13,997,000
Automated Fleet Fuel Management	155,479	0
Customer Engagement Portal	779,168	1,495,000
Distributed Antenna Systems	0	1,555,000
Financial Planning Software	1,020,663	587,000
Identity and Access Management	0	723,000
Physical Access Control System Replacement	1,331,603	173,000
Power GIS Modernization	3,905,951	1,083,000

Tacoma Power Capital Outlay	2021-2022 Current Budget	2023-2024 Proposed Budget
Power GIS Value Stream	0	6,140,000
Power VHF Radio System Upgrade	0	2,749,000
TPU Auditorium TV Tacoma Upgrade	123,160	0
Verint Upgrade	0	51,000
Wide Area Network Modernization	2,102,451	2,048,000
Workforce Connect	605,607	0
<u>Utility Technology Services A & R</u>		
Analytics & Data Management	1,180,000	0
Conference Room AV Upgrades	0	718,000
Cybersecurity and Resilience	194,000	916,000
Operational Information Systems A&R	0	478,000
System Administration	499,000	0
Telephony	119,000	308,000
Unmanned Aircraft Systems Program	0	40,000
Utility Modernization A&R	0	3,254,000
UTS Communications	951,000	1,451,000
Utility Technology Services Total	\$13,663,000	\$38,566,000
Total Capital Outlay	\$149,898,000	\$179,379,000