

Tacoma Power Budget Overview

2021/2022 Biennium

Chris Robinson | Power Superintendent

23 September 2020

Table of Contents

Overview

- + *Budget Assumptions*
- + *Budget Risks*
- + *2019/2020 Net Revenue Shortfall*
- + *Budget Mitigation Efforts*
- + *2020 Reductions*

01

Preliminary Revenue Budget

- + *Revenue Summary*
- + *Wholesale Revenue*

02

Preliminary O&M Budget

- + *Purchased Power*
- + *Personnel*
- + *FTEs*
- + *Taxes*
- + *Other O&M*
- + *Assessments*
- + *Revenue Funded Capital*
- + *Capital Projects*
- + *2021/22 Reductions*

03

Rate Process Update

- + *Class Overview*
- + *Special Considerations for this Rate Process*
- + *Rate Proposals*
- + *Outreach*

04

Appendix



Budget Assumptions



- Wholesale revenue forecast provided by Power Management
- Adverse water conditions for 2021 and 2022
- Capital budget developed through business case review
- Capital spending planned to be approximately 40% revenue-funded and 60% bond-funded
- \$150 million bond issuance planned for 2021
- 2% annual rate increases effective on April 1st of 2021 & 2022

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 • Long-range financial 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
Political Risks	<ul style="list-style-type: none"> • Customer acceptance of needed rate increases 	<ul style="list-style-type: none"> • Stakeholder engagement • Enhanced low-income support



COVID: Actual-to-Date Load

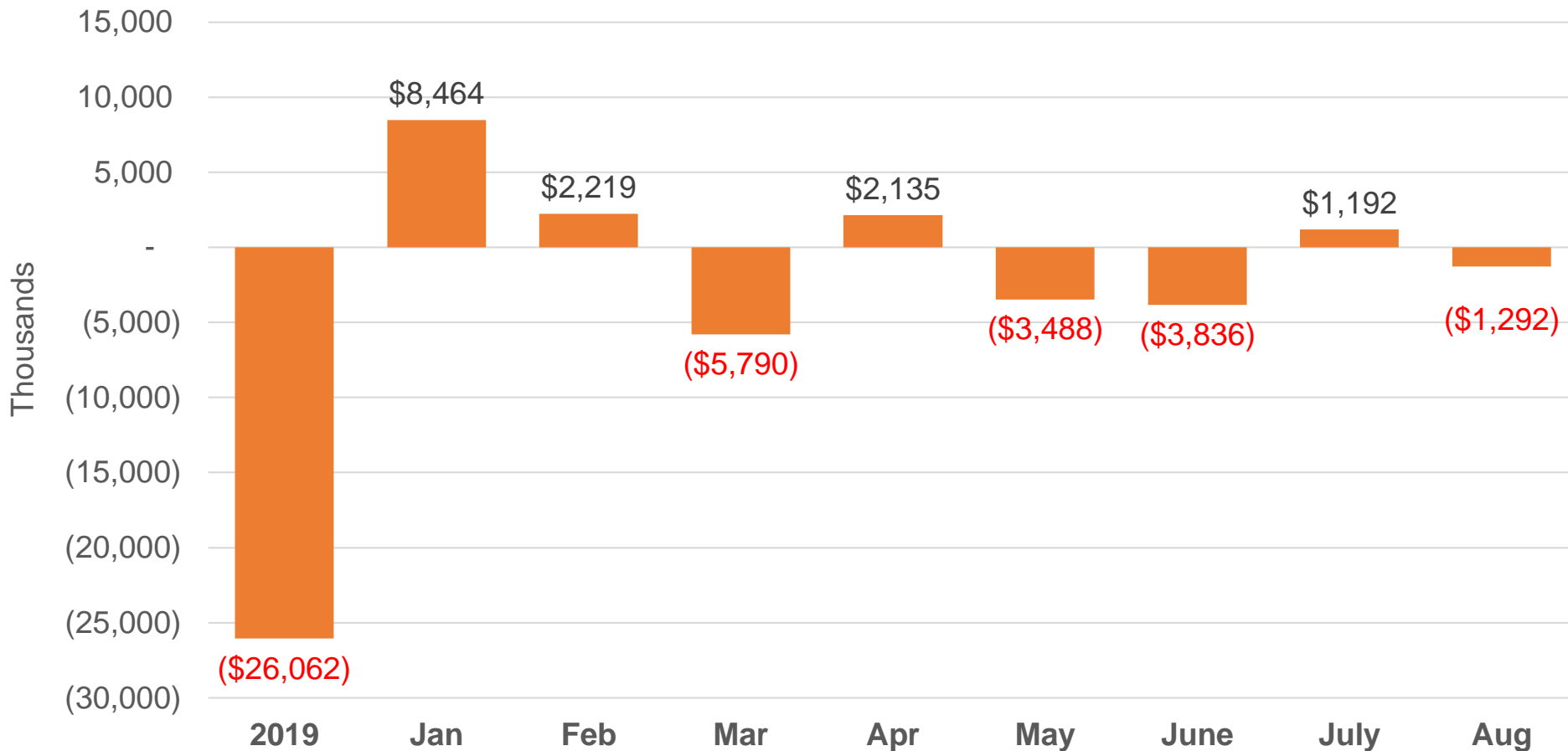
- Observed retail loads declined under stay-at-home and phased-restart orders, compared to the pre-COVID forecast.
- Customer demand appears to be rebounding as people adapt. The utility continues to monitor the changing situation.

2020	January	February	March	April	May	June	July	August
Weather-Normalized Actual Load	681	657.6	596.6	520.2	454.4	461.7	460.2	479.5
October 2019 Forecast Load	679.3	643.3	607.5	549.8	482.3	479.8	486.4	489.4
Forecast Variance	0.25%	2.21%	-1.80%	-5.38%	-5.79%	-3.77%	-3.07%*	-2.02%

*In the month of July, a contract industrial customer conducted its annual maintenance process, which significantly impacted forecast variance. For this reason, forecast variance reported in that month excludes contract industrial loads. When contract industrial loads are included, forecast variance increases to 5.39%.

19/20 Net Operating Revenue Shortfall

Actual Net Operating Revenues* less Budget



Total 2019/20
biennium Net
Operating
Revenue*
shortfall
through August
= **(\$26.4)**
million

* Includes the Rate Stabilization Fund transfer and the Gross Earnings Tax

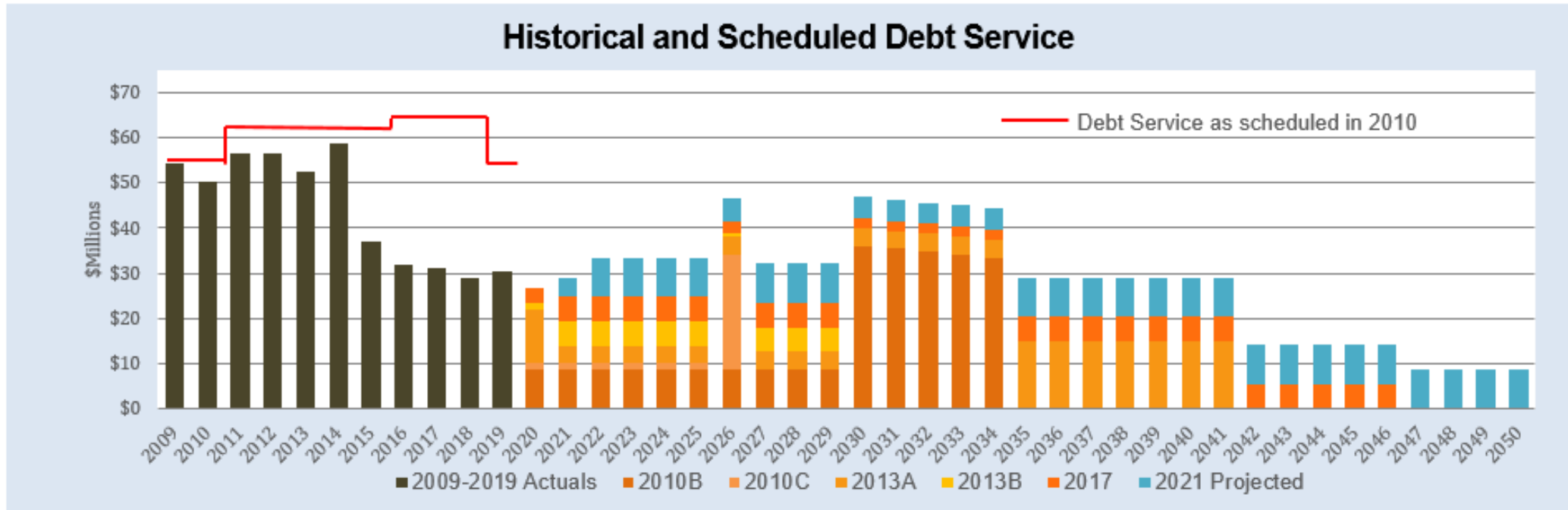
2020 Reductions

\$22 million in O&M and capital spending was reduced to mitigate the fiscal impacts of the COVID pandemic immediately after a critical water year:

- 40 positions to remain vacant - \$5.4 million
- Professional and Contracted Services - \$5 million
- Deferral of Extraordinary Maintenance work- \$1 million
 - \$640k in seismic studies due to PEER earthquake data not being released
 - \$368k in deferral of maintenance and contract costs associated with smaller projects
- Training and Travel reduction - \$0.9 million
- Miscellaneous expenses - \$4.3 million including:
 - \$2.3 million in budget reduction for utilities conservation related to impacts of COVID pandemic in both the business and residential sectors
 - \$190k in efficiencies at TPU facilities to reduce water, wastewater and solid waste expenses
 - \$662k in reduced licenses and permits
- Deferral/cancellation of revenue funded capital projects - \$6.1 million

Additionally, \$13.8 million in revenue-funded capital projects was shifted to debt funding.

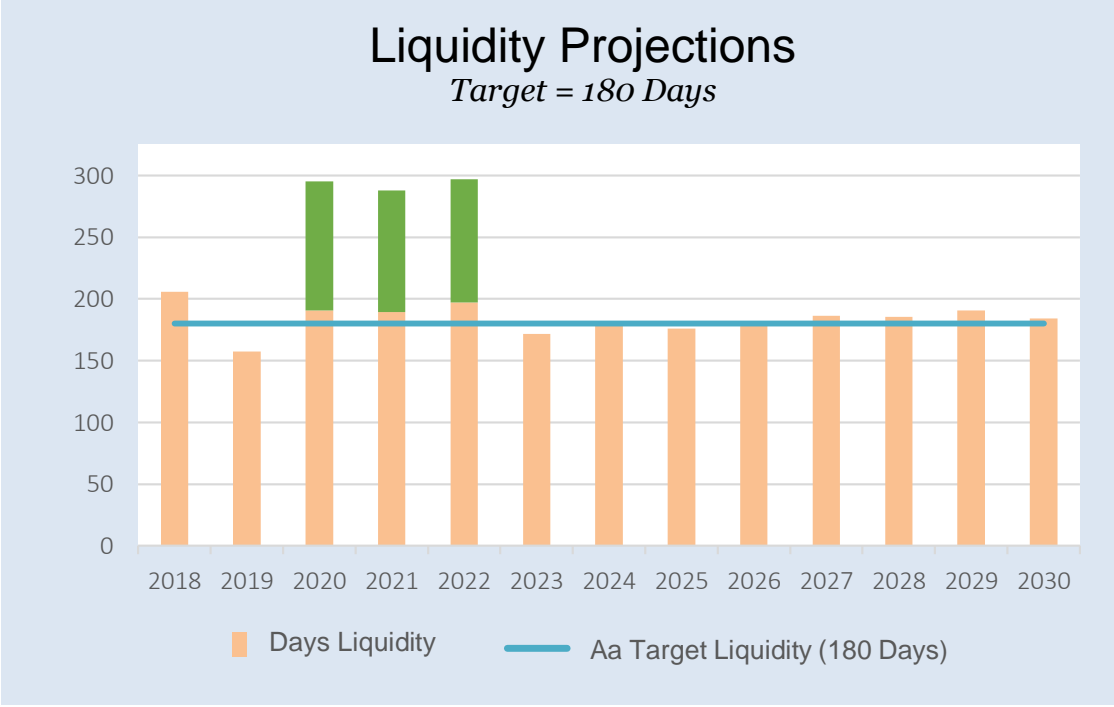
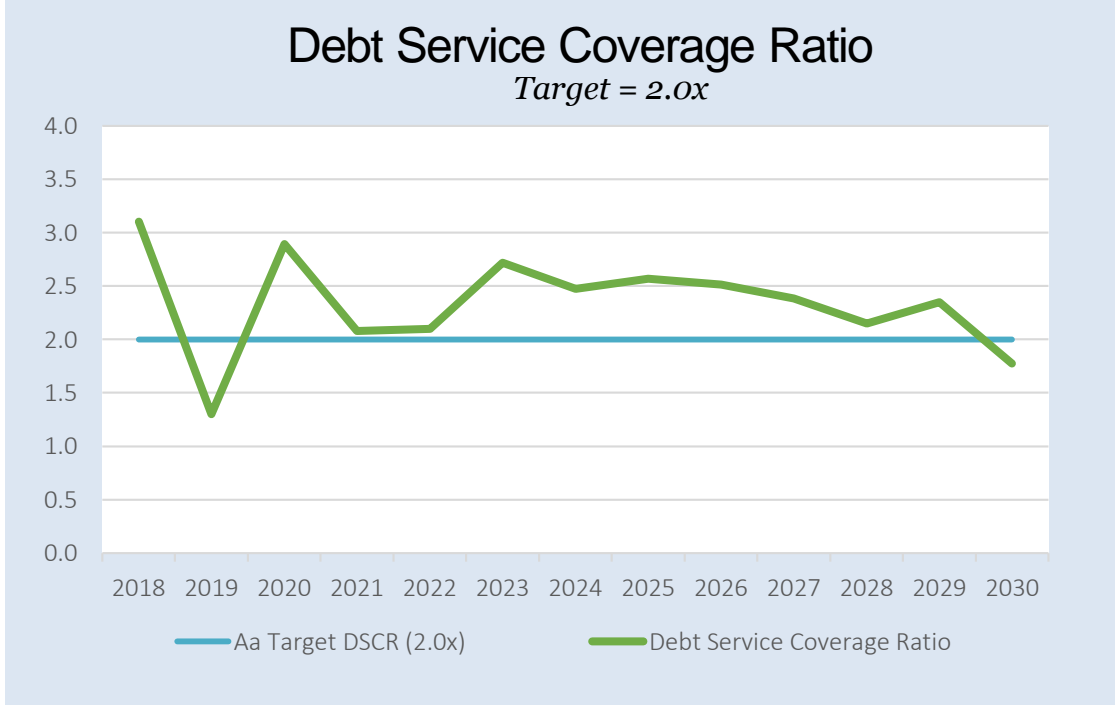
Manage Debt Profile to Minimize Long-Term Rates



The Long View:

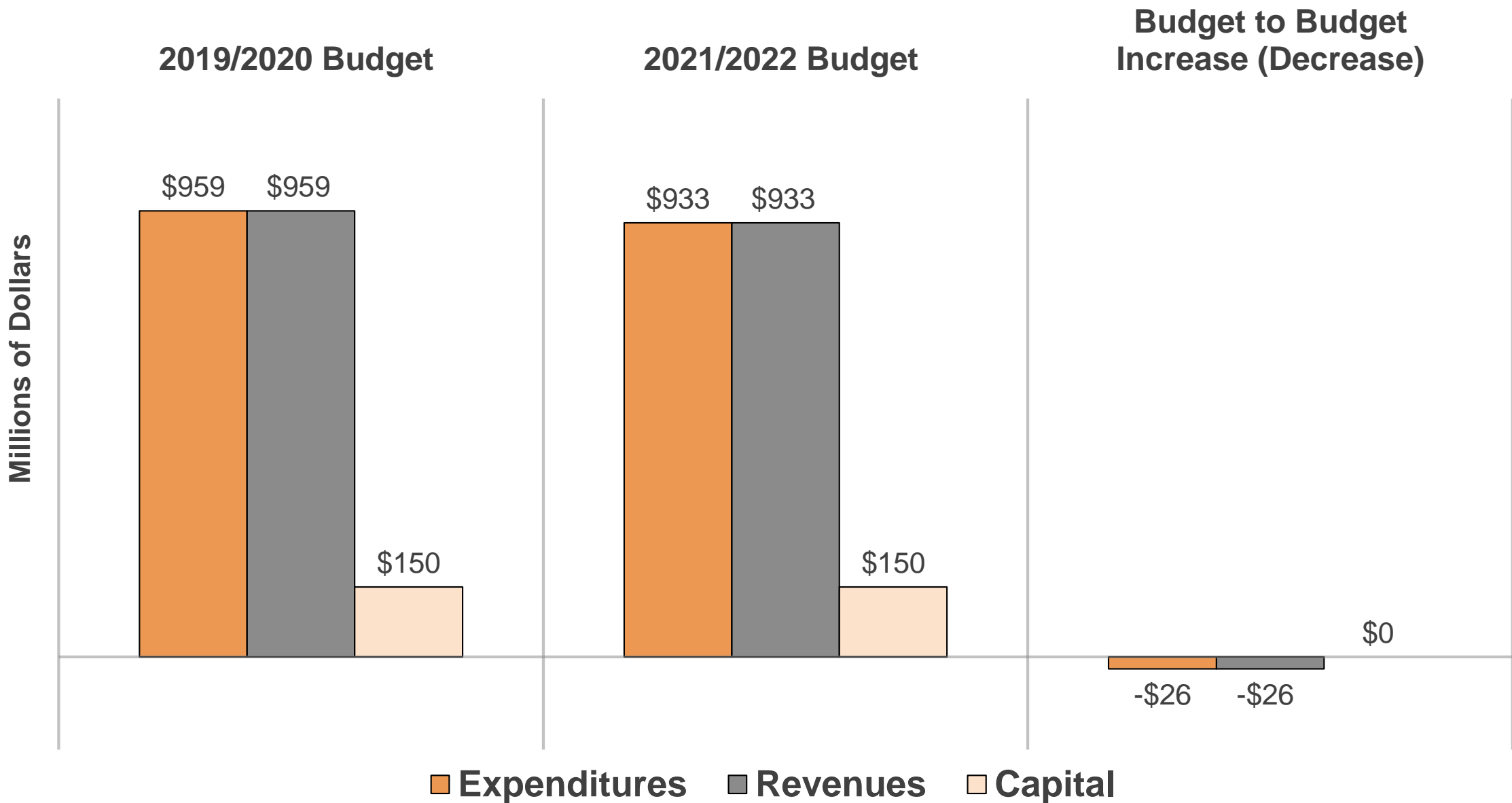
- Managing debt service has produced significant savings to date.
- \$150 million bond issuance assumed for 2021.
- A bond call in 2023 and a defeasance in 2025 are desirable to manage debt service and keep rates low. **This will require cash to pay down the debt spikes seen here.**

Base Case Financial Metrics



Assumes 2 percent average rate increases in 2021 and 2022, 2.7 percent average rate increases in 2023 through 2028, and 6.9 percent average rate increases in 2029 and 2030. Required to maintain financial metrics.

High-Level Budget Comparison



SD2
Financial
Stability



SD3
Rates



SD4
Stakeholder
Engagement



SD6
Innovation



SD7
Reliability and
Resiliency



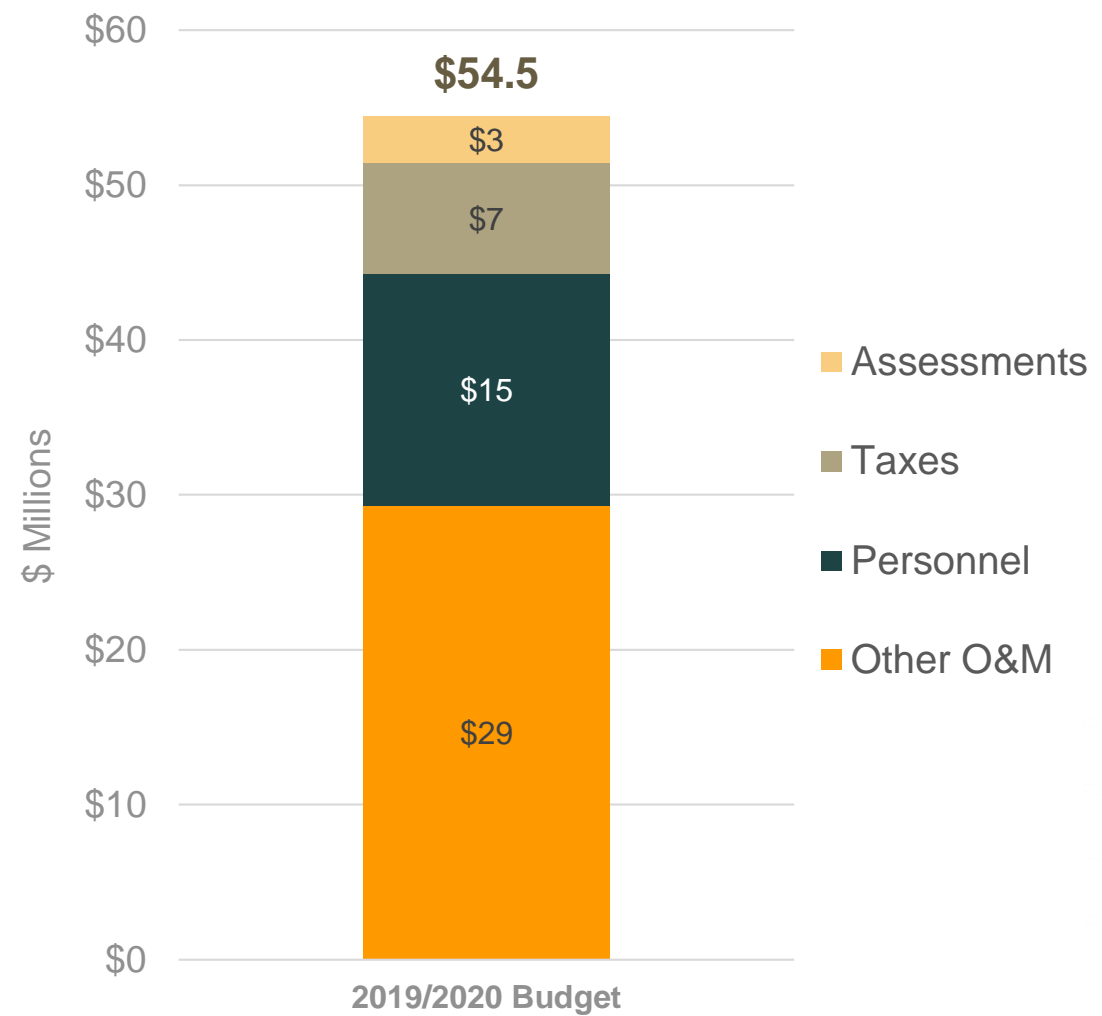
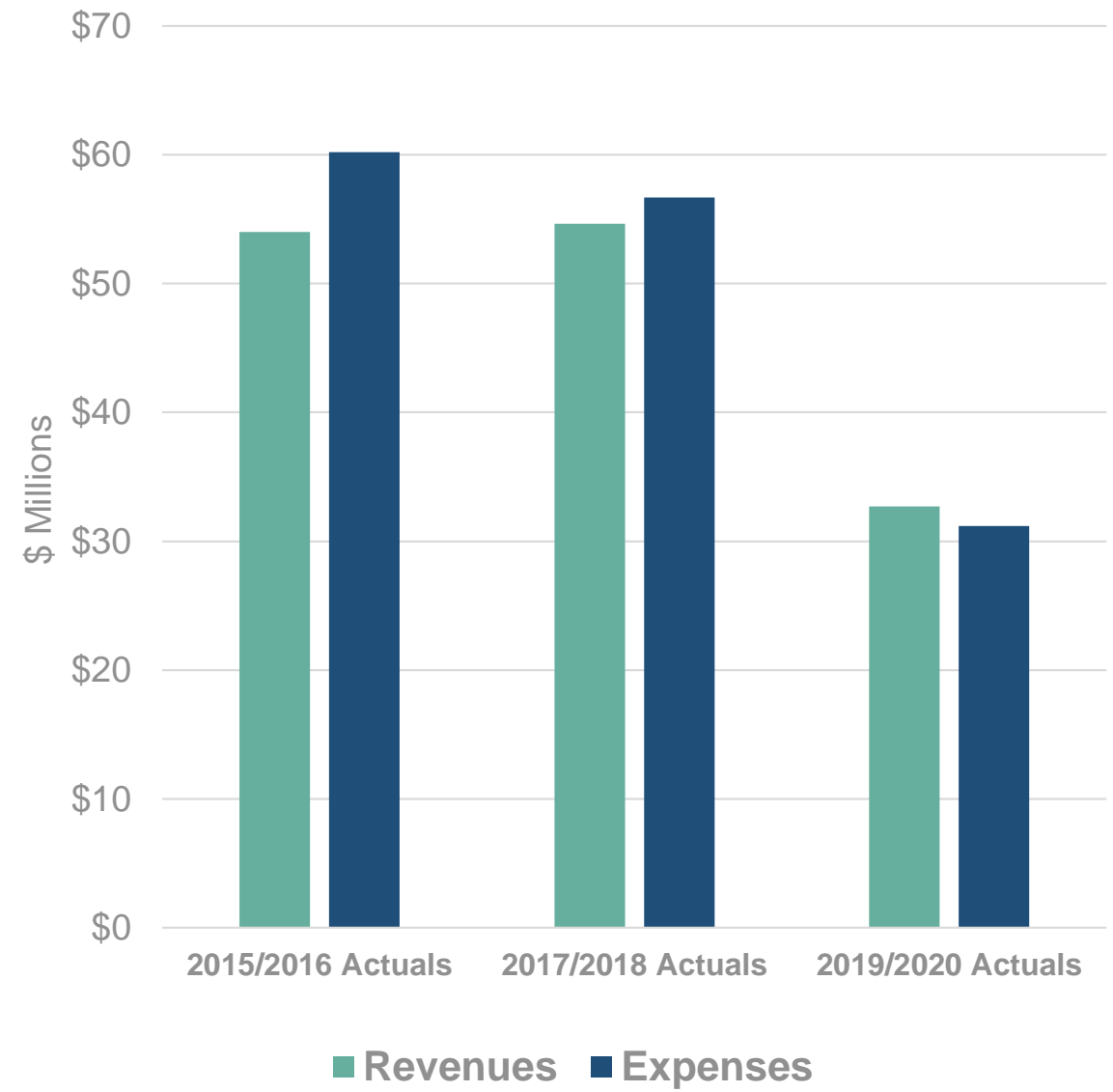
SD12
Employee
Relations



SD13
Customer
Service



Click! Network



2019/2020 Budget: \$54.5 million

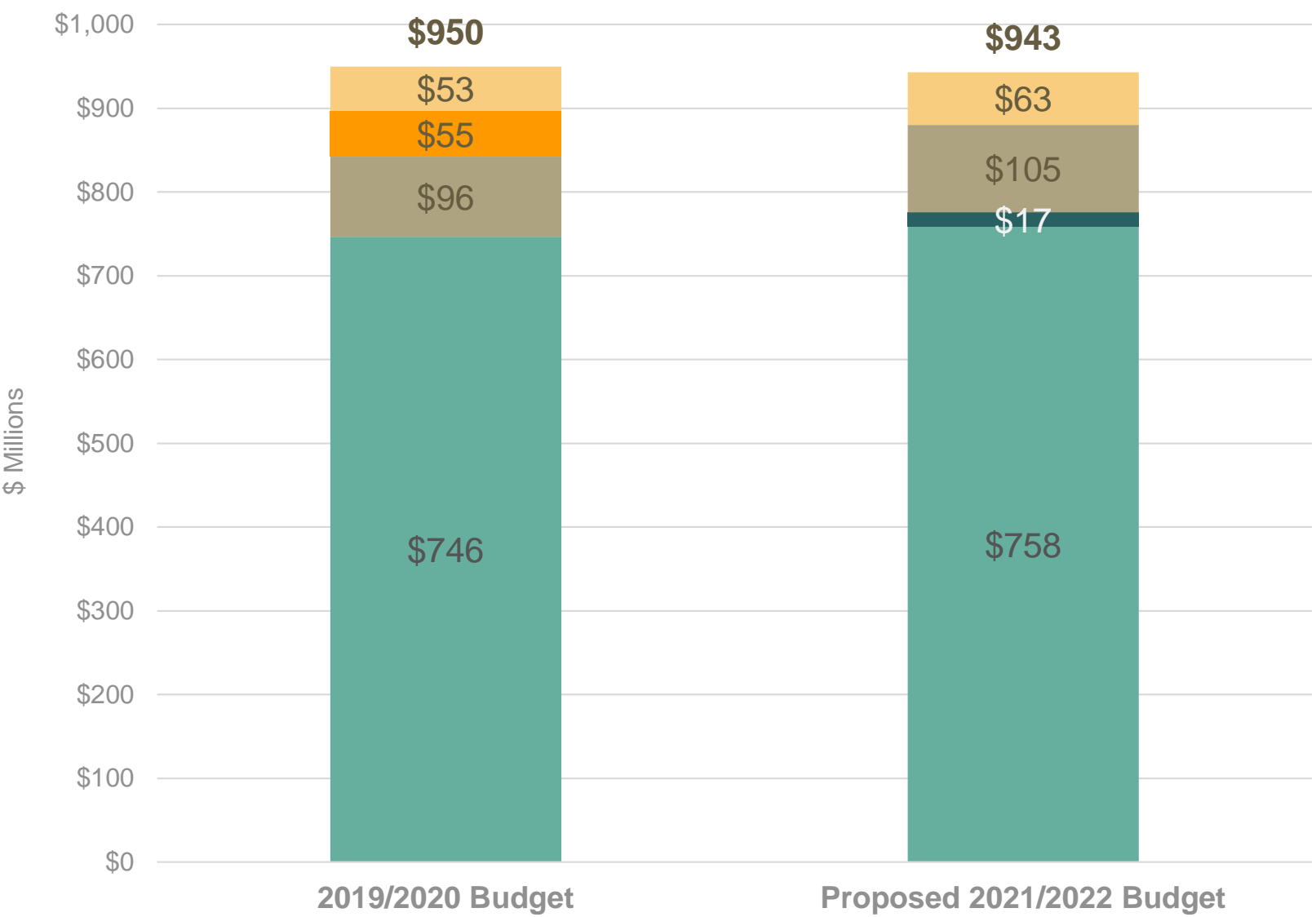
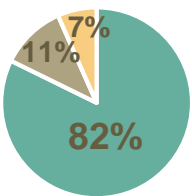
01

Preliminary Revenue Budget

+ *Revenue Summary*

+ *Wholesale Revenue*

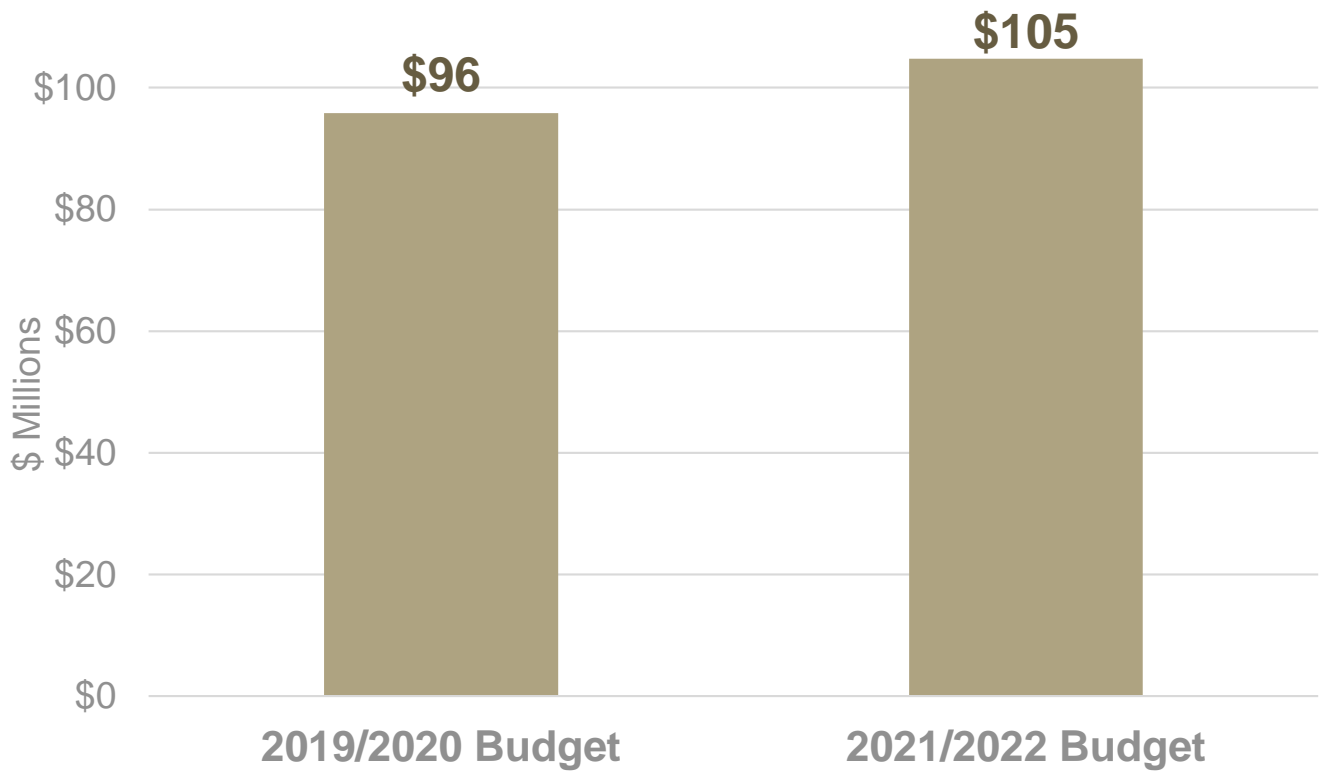
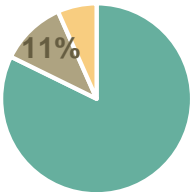
Preliminary Revenue Budget



- 2021/2022 Retail Revenue budget is \$29 million more than the 2019/2020 Budget
- Assumes a 2% rate increase on April 1, 2021 and April 1, 2022
- Retail revenue includes moderate recession assumptions for 2021

■ Retail Revenue ■ 2% Retail Rate Increase ■ Wholesale Revenue ■ Click! ■ Other Revenue

Revenue Budget: Wholesale



- 2021/2022 budget is \$9 million more than the 2019/2020 Budget
- 2021/2022 budget assumes higher prices in the wholesale market and 4aMW in additional sales
- \$10 million in Non-Traditional Product Revenue budgeted for 2021/2022

Wholesale Revenue	2019/2020 Budget	2021/2022 Budget	Budget to Budget	% Change
Dollars	\$95,840,208	104,798,779	\$8,958,571	9.3%
aMW	211.3	203.7	-7.6	-3.6%
\$/MWh	\$25.89	\$29.37	\$3.48	13.4%

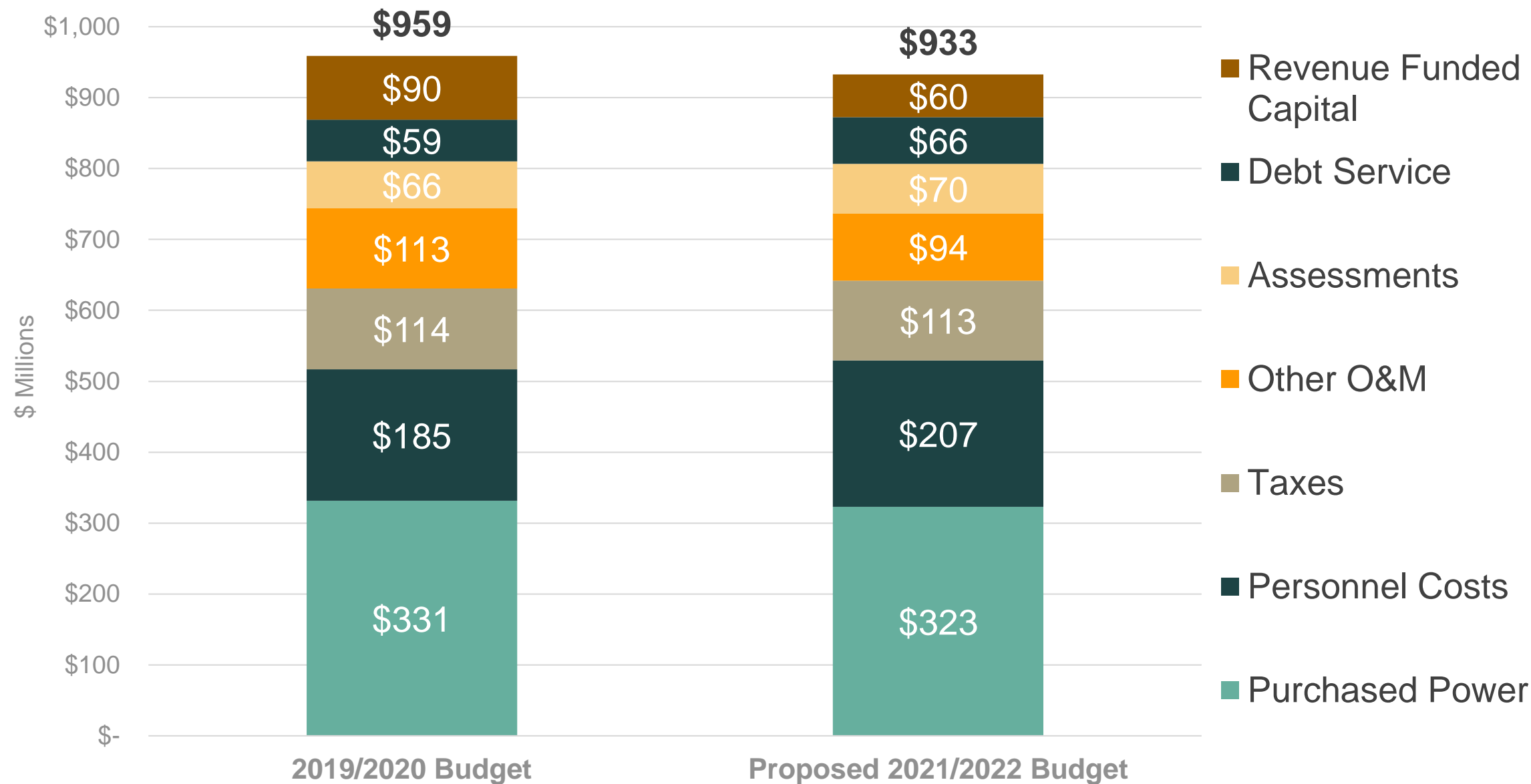


02

Preliminary O&M Budget

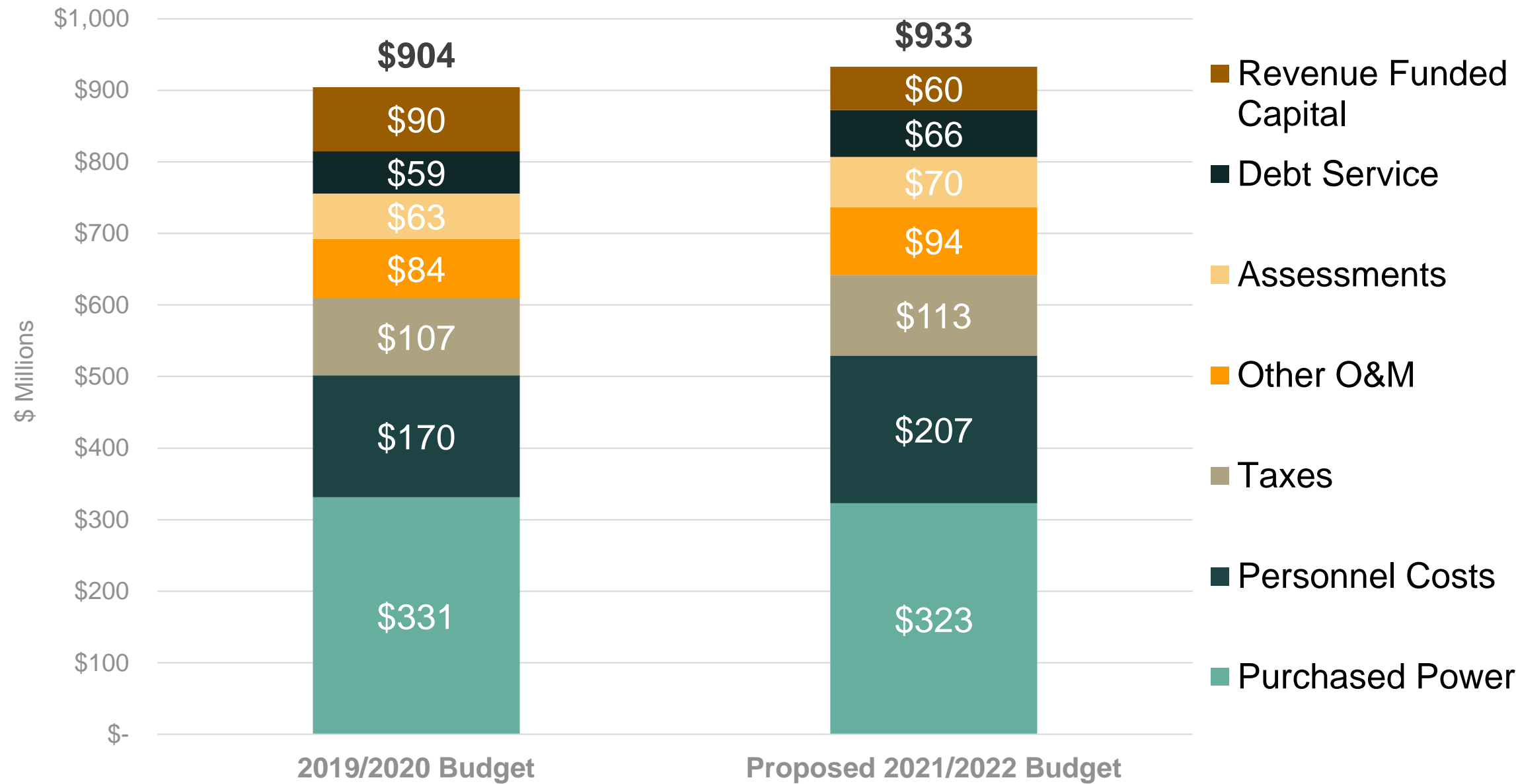
- + *Purchased Power*
- + *Personnel*
- + *FTEs*
- + *Taxes*
- + *Other O&M*
- + *Assessments*
- + *Revenue Funded Capital*
- + *Capital Projects*
- + *2021/22 Reductions*

Preliminary O&M Budget



Preliminary O&M Budget

EXCLUDES CLICK! NETWORK 2019/2020 BUDGET



2021/2022 Budget Reductions

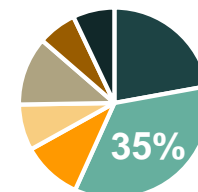
Overall, a 10% reduction in Personnel and Other O&M costs from pre-COVID 21/22 budget plan

- \$35 million in reductions:
 - Reduced Personnel costs
 - Reduced professional services contracts
 - Reduced EIM budget

Enables Tacoma Power to accommodate cost increases in other areas and still maintain 2% overall increase

- Plan to absorb \$7.4 million increase to medical benefits costs
- Plan to absorb increases in other non-controllable costs
 - Assessments - \$6.8 million increase
(*General Government & TPU service division*)
 - Bad Debt - \$4.6 million increase
 - Credit Card Fees - \$2.5 million increase
- Family Need contributions - \$1 million increase

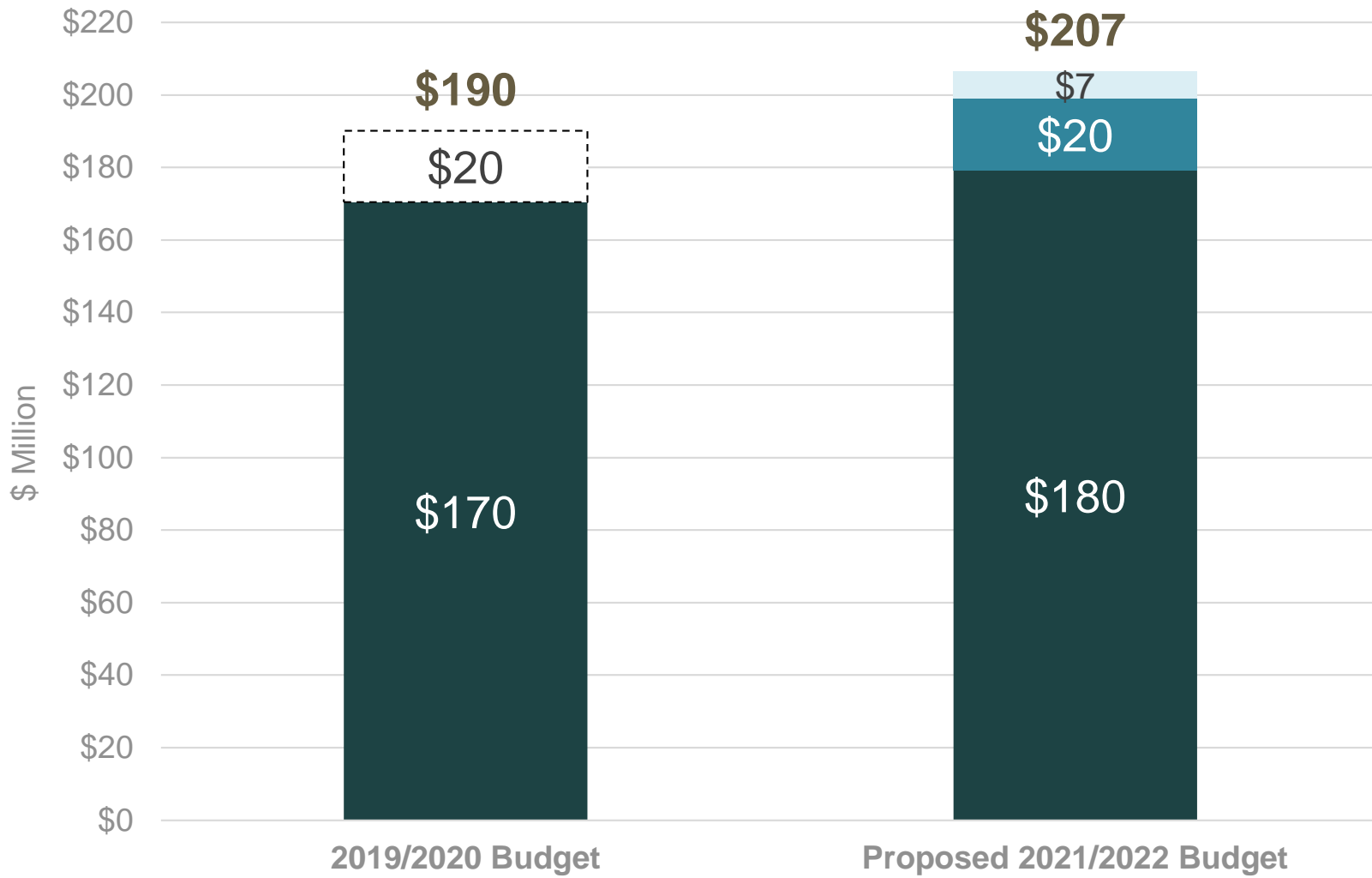
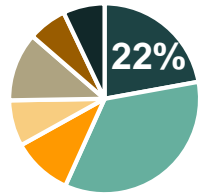
O&M Budget: Purchased Power



- Decrease from 2019/2020 due to planned Bonneville Power Administration (BPA) rate increases that did not occur
- Anticipating 2.5% BPA Power rate increase
- Anticipating 5% BPA Transmission rate increase

Purchased Power	2019/2020 Budget	2021/2022 Budget	Budget to Budget	% Change
BPA Power	\$244,745,737	239,369,141	(\$5,376,596)	-2.2%
BPA Transmission	46,617,820	44,024,285	(2,593,535)	-5.6%
Other Power Contract Costs	15,030,651	15,249,688	219,037	1.5%
Portfolio Purchases	17,729,860	17,825,952	96,092	0.5%
RECs	7,166,866	6,300,000	(866,866)	-12.1%
Total Purchased Power	\$331,290,934	\$322,769,066	(\$8,521,868)	-2.6%

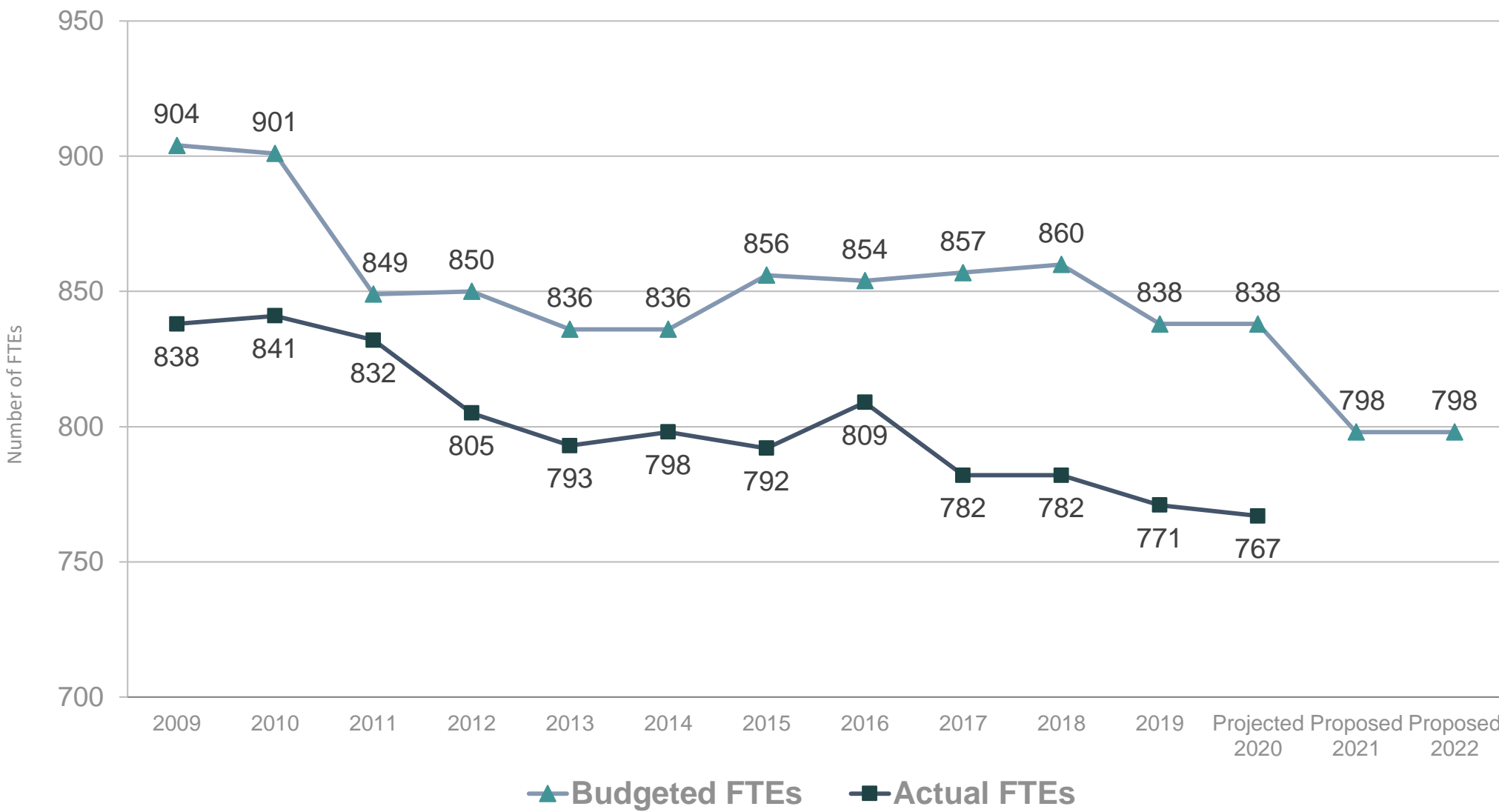
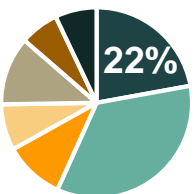
O&M Budget: Personnel



■ Personnel ▨ Vacancy Credit ■ Vacancy Credit ■ Medical Increase

- No vacancy credit assumed for 2021/2022
- 8% Vacancy Rate (\$20 million) assumed for 2019/2020
- 2021/2022 medical benefits increase of \$9,392 per FTE (30.2%)

O&M Budget: FTEs



Purchased Power

Personnel Costs

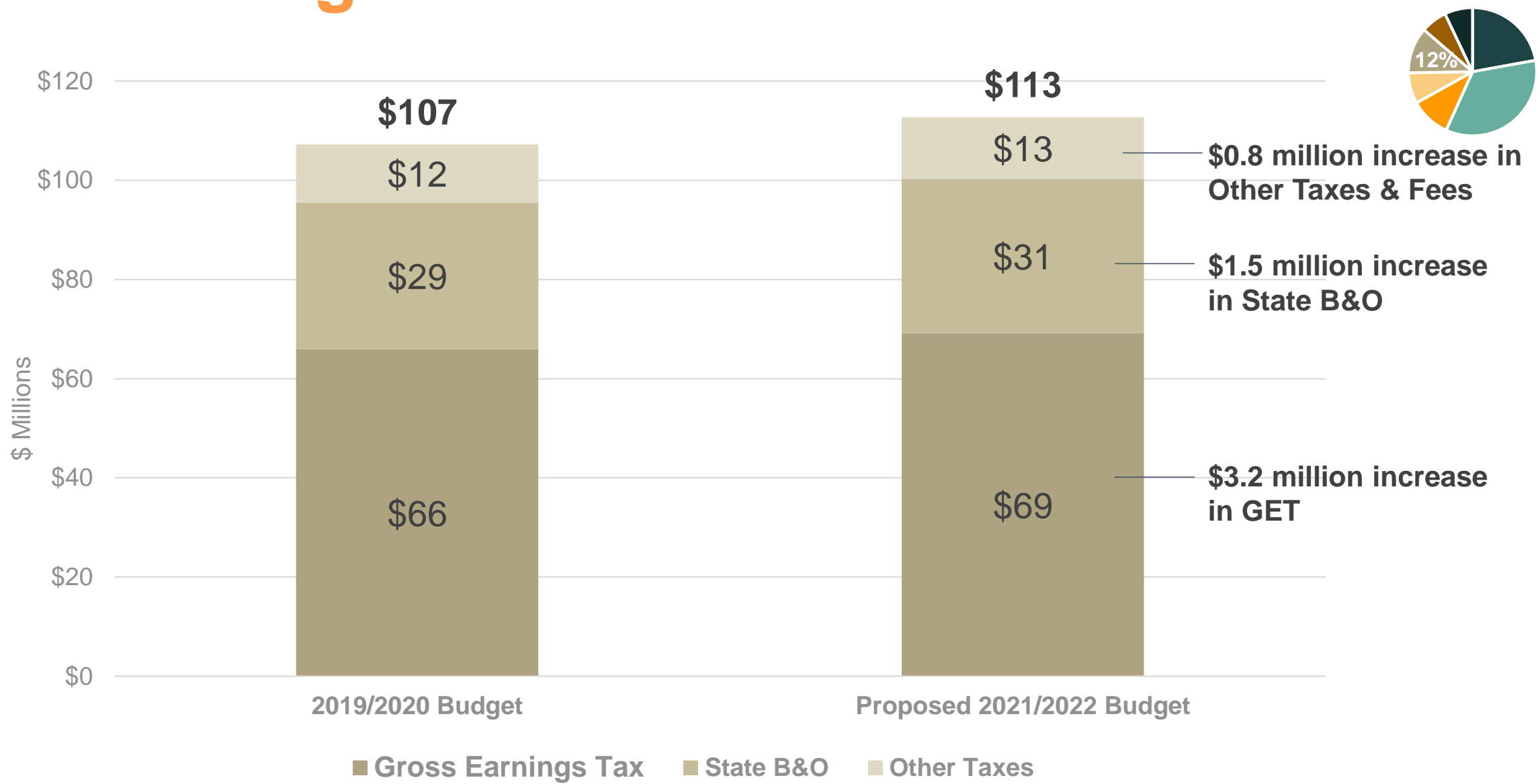
Taxes

Other O&M

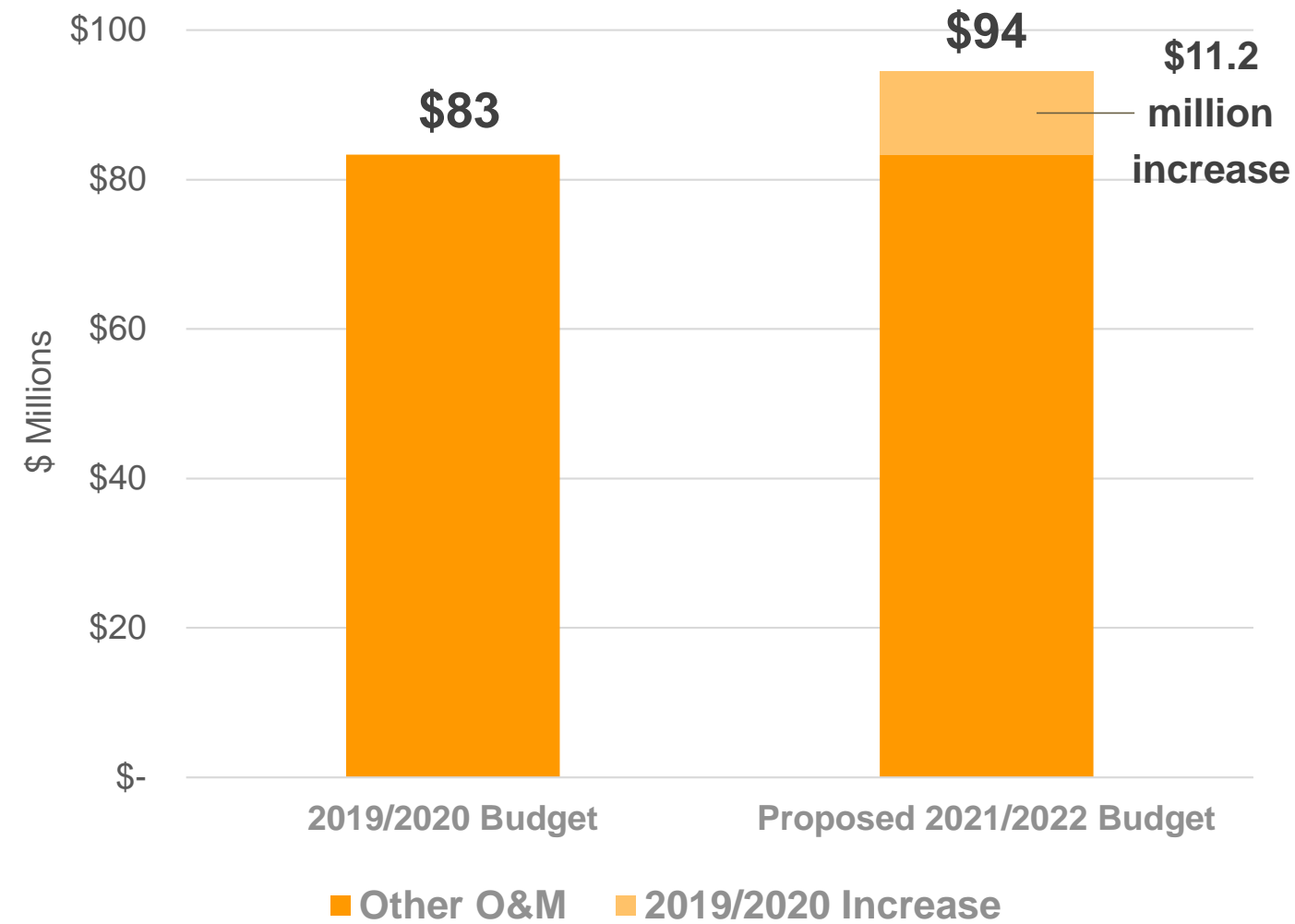
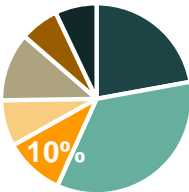
Assessments

Revenue-Funded Capital

O&M Budget: Taxes



O&M Budget: Other O&M



Notable Cost Drivers	2021/2022 Change
Uncollectibles (Bad Debt)	\$4.6 million
Credit Card Discount Fees	\$2.5 million
Family Need Contribution	\$1.0 million
Energy Imbalance Market	\$7.2 million
Customer Engagement Portal	\$2.8 million
Street Improvement Project	\$1.1 million
REDUCTIONS	
Professional Services	(\$7.2 million)
Training	(\$0.6 million)
Travel	(\$0.4 million)

SD1
Equity and Inclusion

SD2
Financial Stability

SD4
Stakeholder Engagement

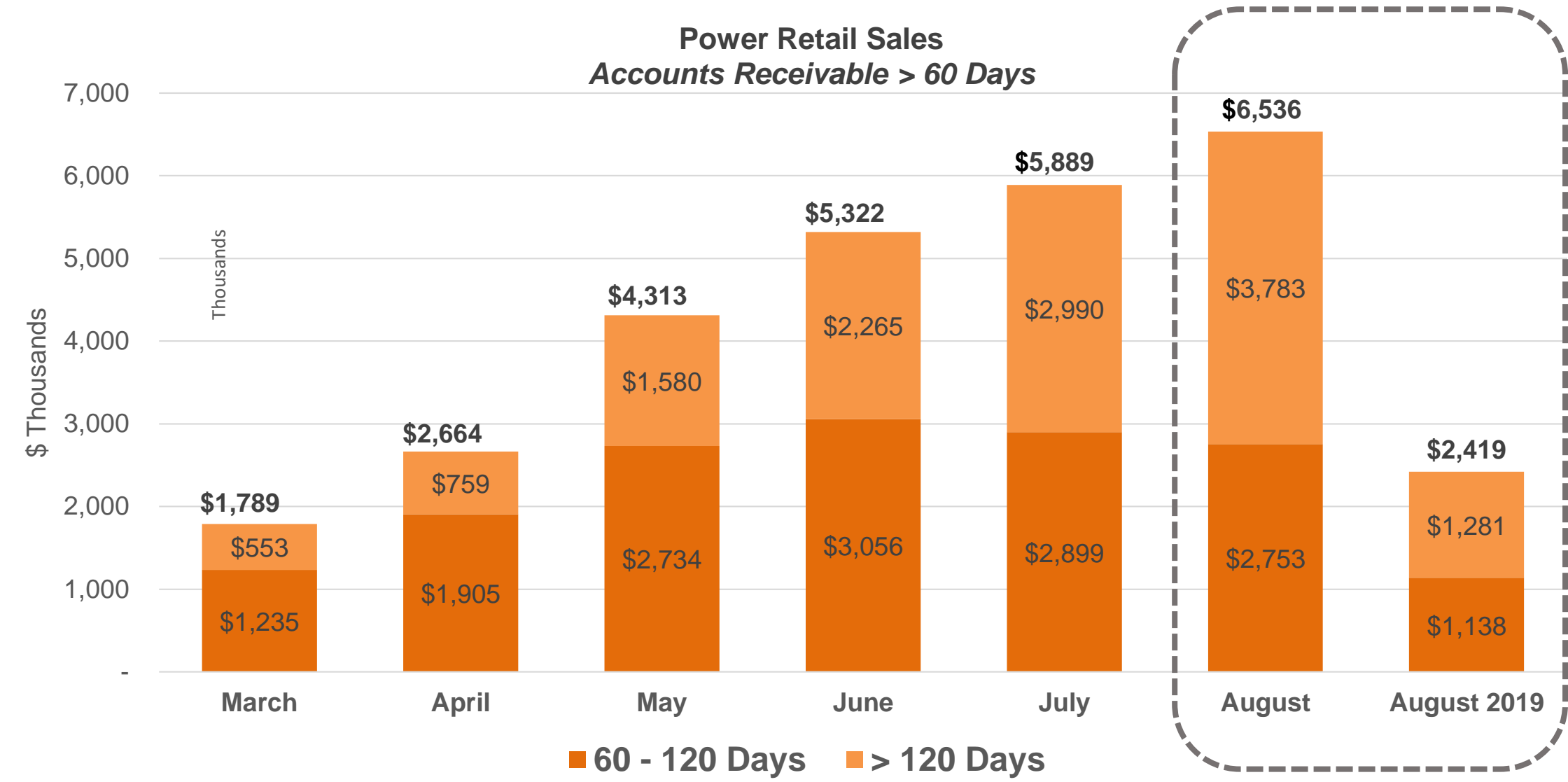
SD5
Environmental Leadership

SD6
Innovation

SD7
Reliability and Resiliency

SD13
Customer Service

COVID: Accounts Receivable



Purchased Power

Personnel Costs

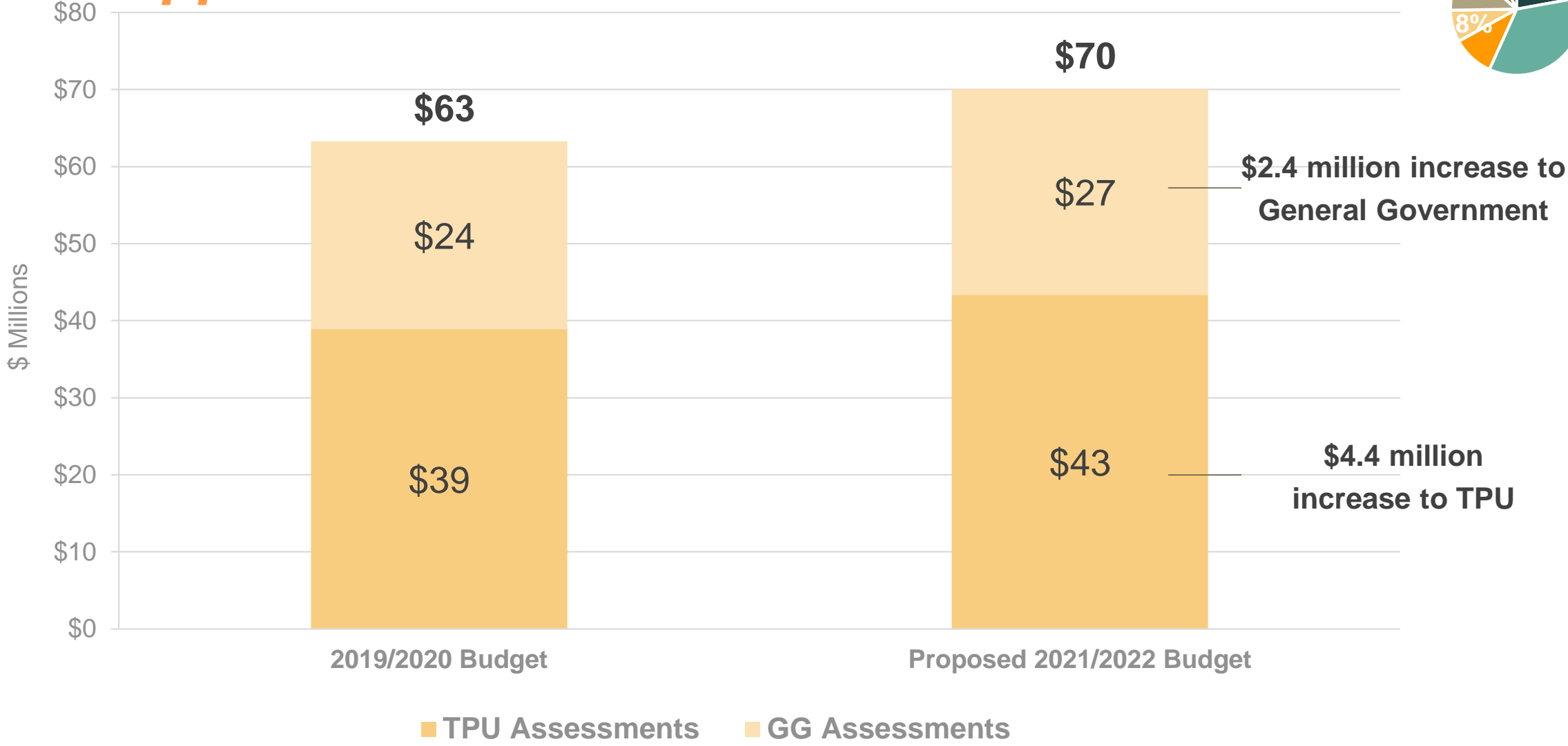
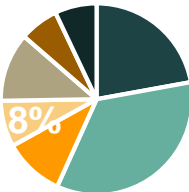
Taxes

Other O&M

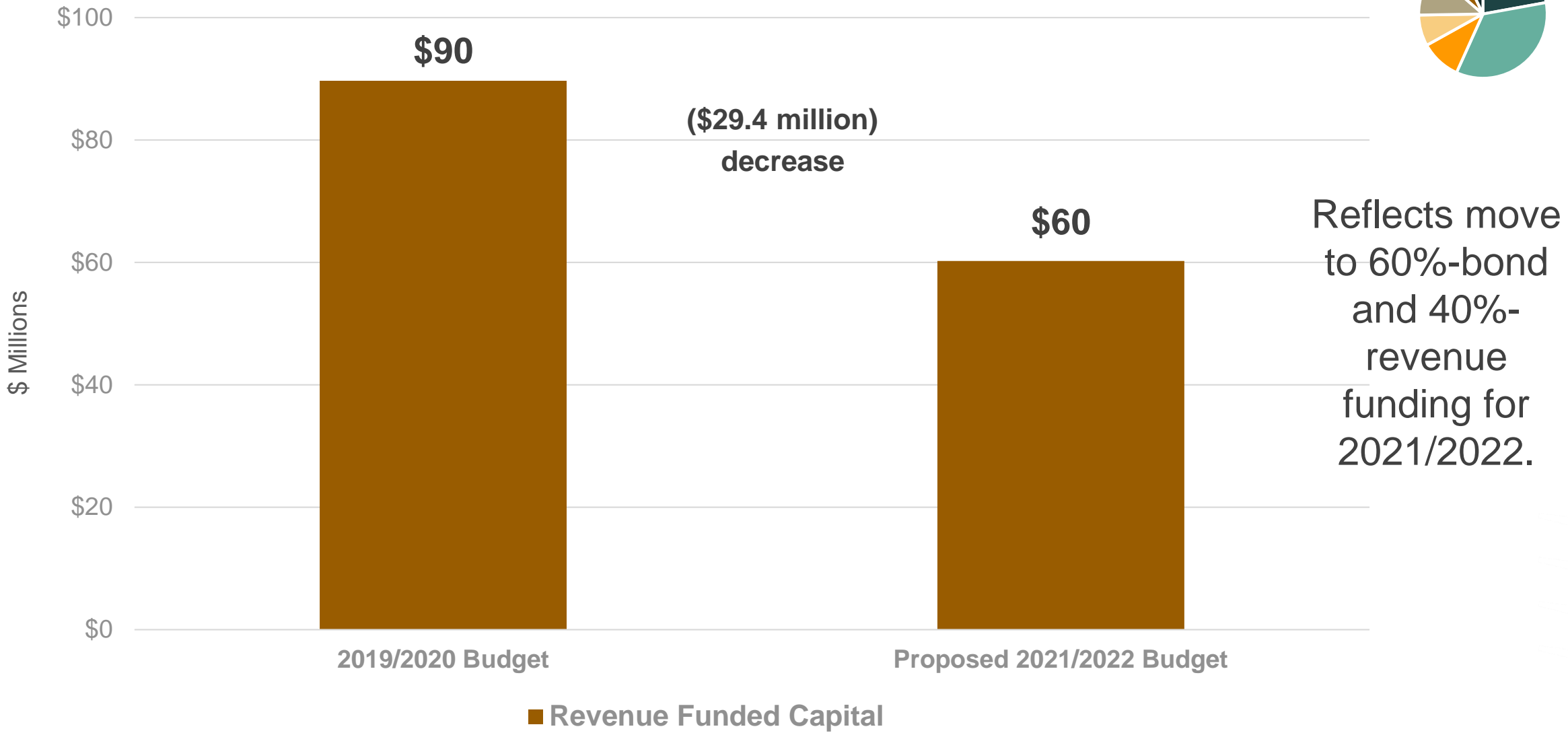
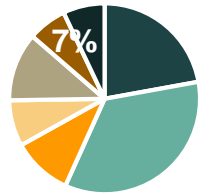
Assessments

Revenue-Funded Capital

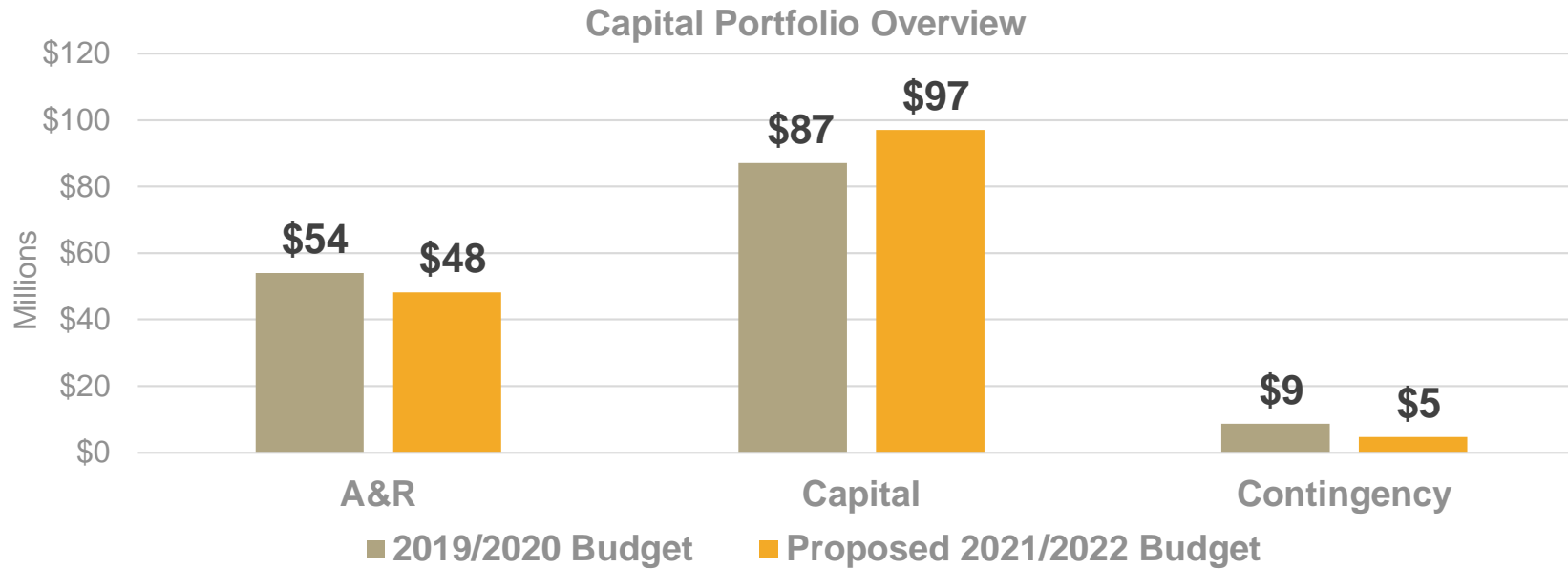
O&M Budget: Assessment for Support Services



O&M Budget: Revenue-Funded Capital



Total Capital Budget



Major Project Categories	2021/2022 Budget	% of Capital Budget	Change from 2019/2020
Aging Infrastructure Upgrades	\$32,659,000	22%	\$12,569,000
Advanced Metering Infrastructure (AMI)*	22,918,000	15%	(1,407,000)
Other Capital	19,571,000	13%	10,670,000
Technology	11,109,000	7%	(5,620,000)
Regulatory	11,000,000	7%	(3,713,000)
Facilities Improvements	3,343,000	2%	(188,000)
License Implementation	1,064,000	1%	(6,383,000)
Additions & Replacements	48,234,000	32%	(5,753,000)
TOTAL	\$149,898,000		\$175,000

*Power-only portion

Budget Summary

- 2.0% overall retail rate increase for 2021/2022 budget
- Budget supports the strategic directives and utility operational needs
- FTEs reduced except for AMI and EIM implementation requirements
- Many budget drivers are non-discretionary for Tacoma Power
 - Debt Service
 - Taxes & Assessments
 - Write-offs & Credit Card Fees
 - Medical Benefits
- Actions taken to manage costs and reduce revenue needs
 - Cost reductions implemented for 2020 and 2021/2022
 - Debt funding a greater proportion of capital over same period
 - Budget realigned with revenue requirement

03

Rates Update

- + *Class Overview*
- + *Items to Date*
- + *Rate Comparison*
- + *Additional Rate Items*
- + *Outreach*

Retail Customer Class Overview

- single-family and multifamily residences
- 162,000 accounts
- \$180.5 million revenue

Residential



- small businesses, such as flower shops, nail salons, small offices
- 16,500 accounts
- \$29.7 million revenue

Small General Service



- large businesses such as schools, restaurants, hospitals
- 2,600 accounts
- \$107.9 million revenue

General Service



- 8 large customers directly on the transmission system
- \$23.6 million revenue

High Voltage General



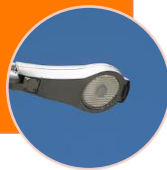
- 2 large manufacturers directly on the transmission system
- \$23.7 million revenue

Contract Power



- Streetlights and traffic signals
- 900 accounts
- \$600,000 revenue

Streetlights & Signals



- Rental street and area lighting
- 3,200 accounts
- \$1.5 million revenue

Private Off-Street Lighting



Rate Items Reviewed to Date

Discussed May 27:

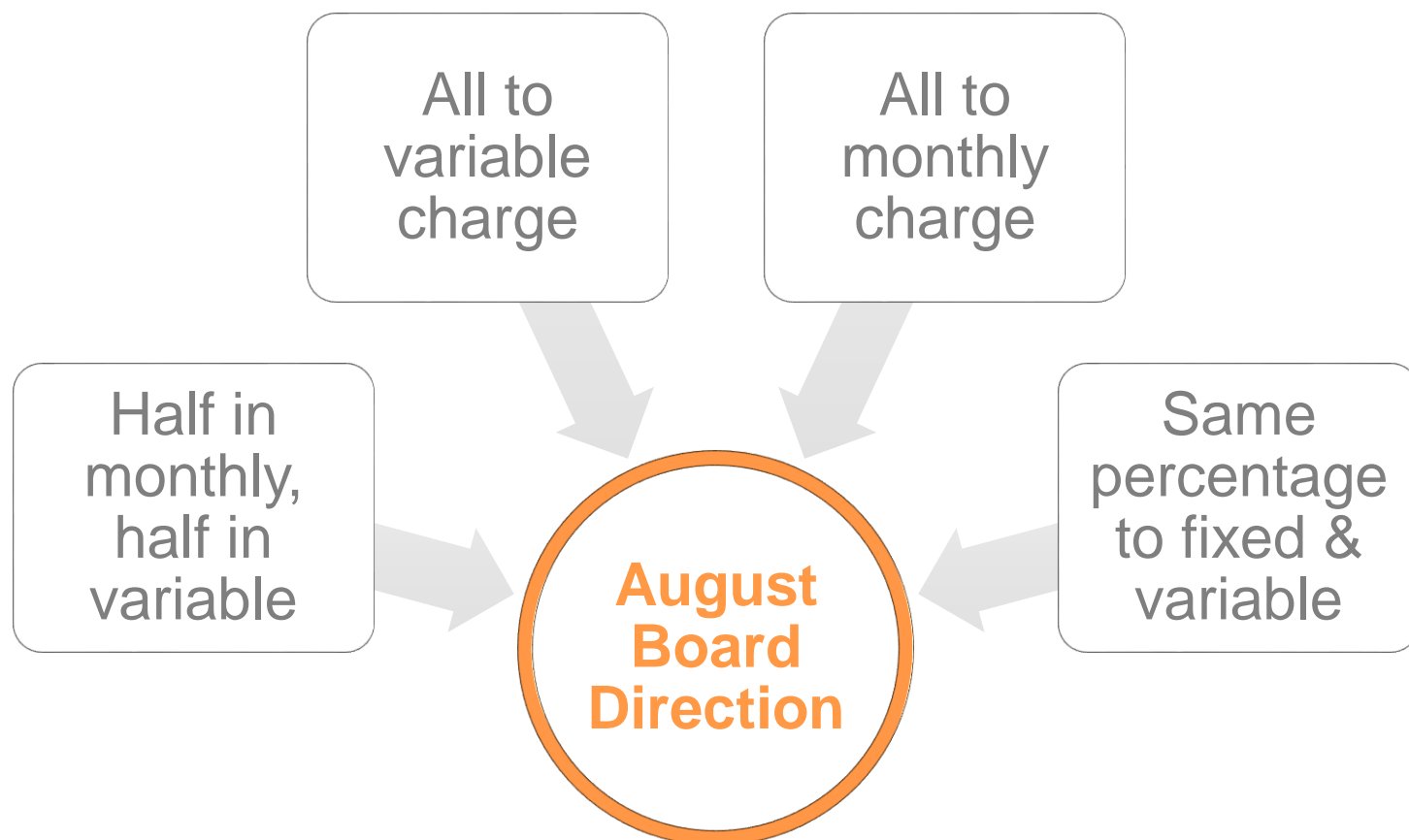
- Residential Prepayment rate
- Shore Power rate
- Distributed Generation (DG) rate
- Non-Firm rate
- New Large Load rate

Discussed August 26:

- Open Access Transmission Tariff (OATT) update
- New business service fees update
- Rate component attribution of increase






Rate Components



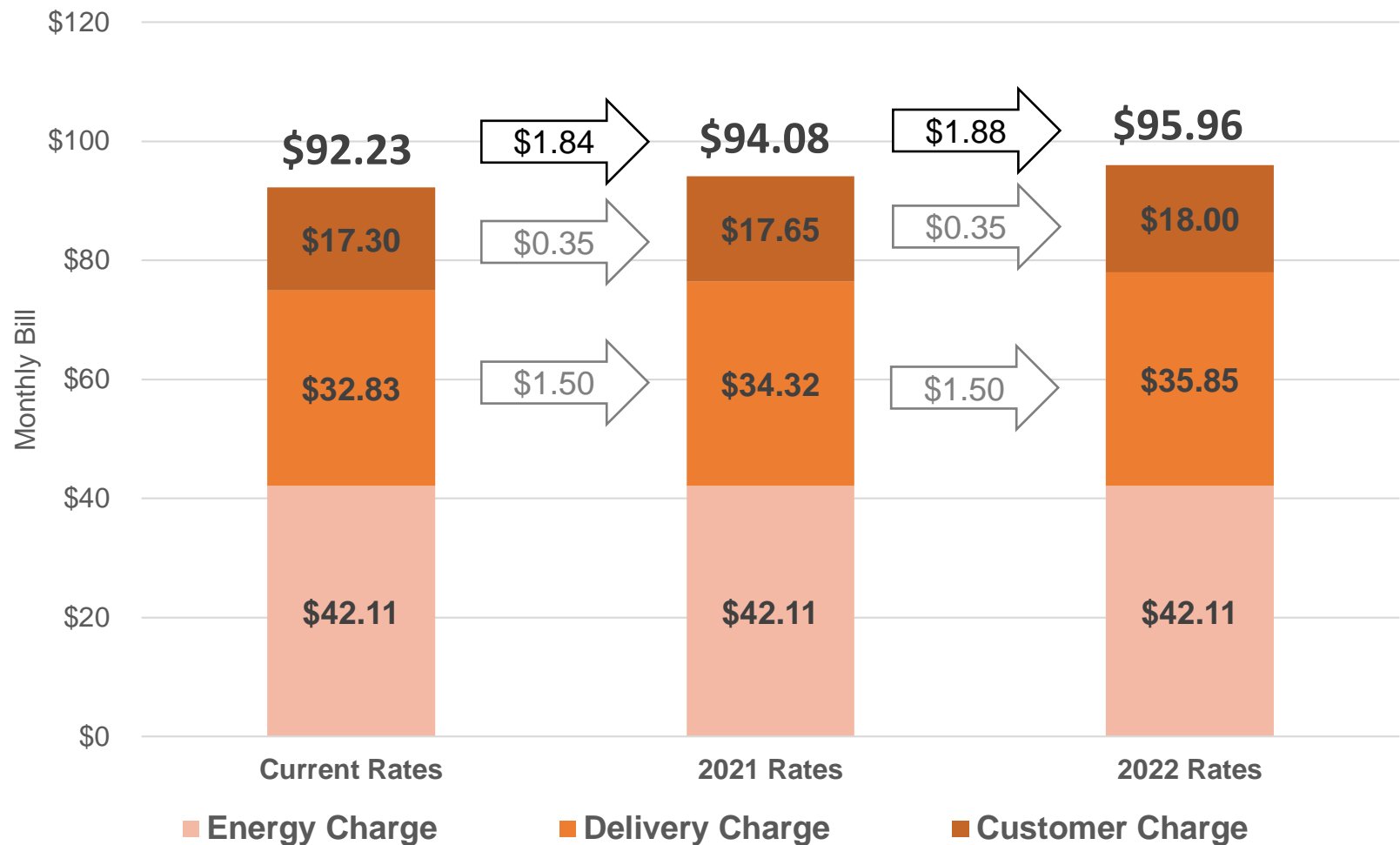
PUB stated a preference for same percentage applied to fixed and variable rate components (2%), consistent with class attribution

Proposed Residential Rate Design



	Current	2019	2020	
 Customer Charge (\$ per Month)	\$17.30 <i>current</i>	\$17.65 <i>+35¢</i>	\$18 <i>+35¢</i>	Monthly fixed customer charge increasing 2%
 Energy Charge (\$/kWh)	4.5351¢ <i>current</i>	4.5351¢ <i>no change</i>	4.5351¢ <i>no change</i>	
 Delivery Charge (\$/kWh)	3.5353¢ <i>current</i>	3.6967¢ <i>+4.6%</i>	3.8613¢ <i>+4.5%</i>	

Average Residential Bill Impact



- Average 2021/2022 projected bill
- Actual bills vary based on usage

Proposed Commercial & Industrial Rate Design



Schedule B	Small General		
	Current	2021	2022
Customer Charge	\$ 23.50	\$ 23.95	\$ 24.45
Energy Charge	4.4616¢	4.4616¢	4.4616¢
Delivery Charge	3.5207¢	3.6816¢	3.8431¢
Total per-kWh Charges	7.9823¢	8.1432¢	8.3047¢

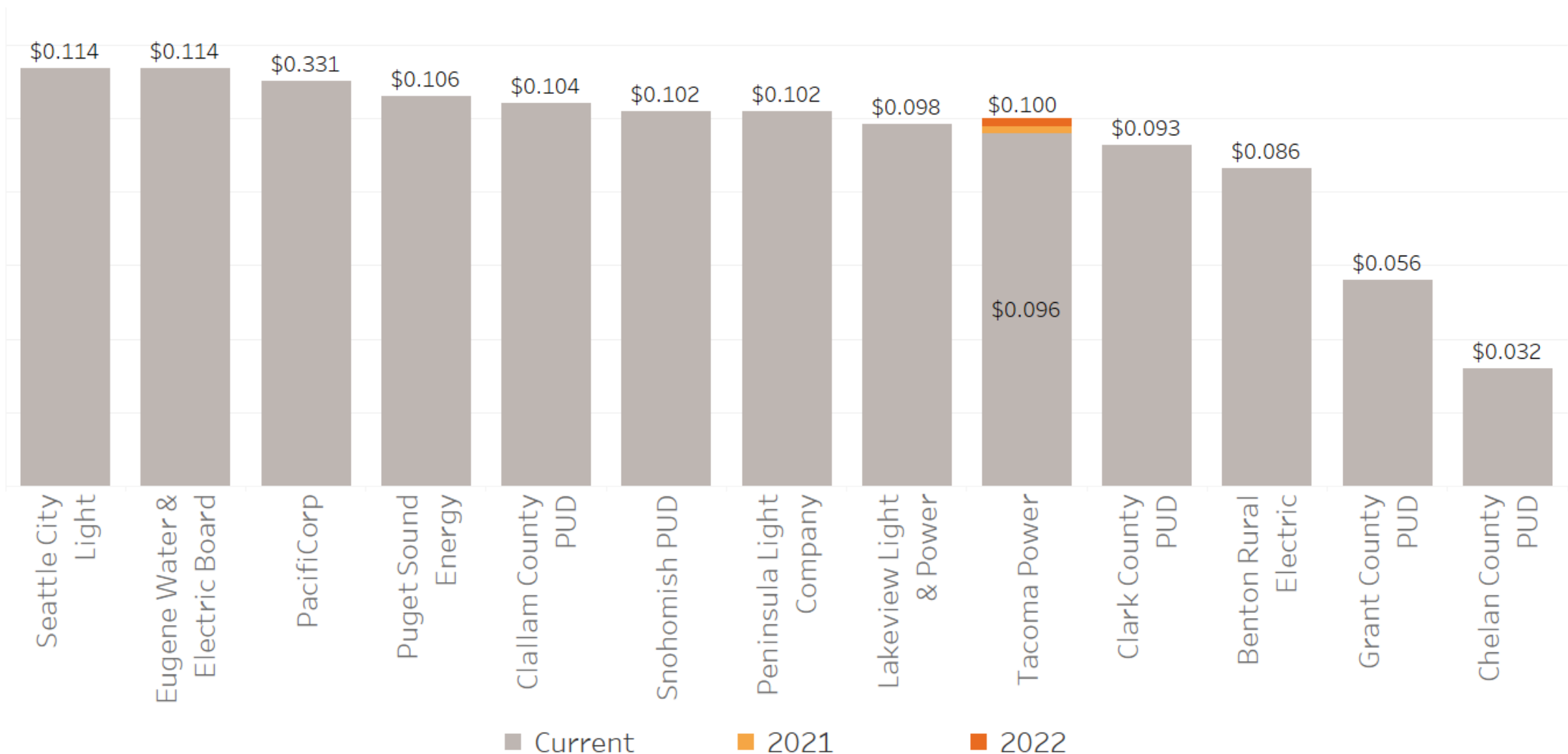
Schedule G	General		
	Current	2021	2022
Customer Charge	\$ 80	\$ 81.60	\$ 83.25
Energy Charge	4.9961¢	5.0960¢	5.1989¢
Delivery Charge	\$8.51	\$8.68	\$8.85

- Industrial classes (HVG and CP) also receiving 2% class increase
- Lighting classes will see 2% proportional increase in all bill elements

Residential Rate Comparison



Average Price per kWh for Residential Consumers



Source: Energy Information Administration, Form 861, 2019 (Early Release) | Impact of 2021 and 2022 adjustments are estimated by escalating prior year data by 2%.

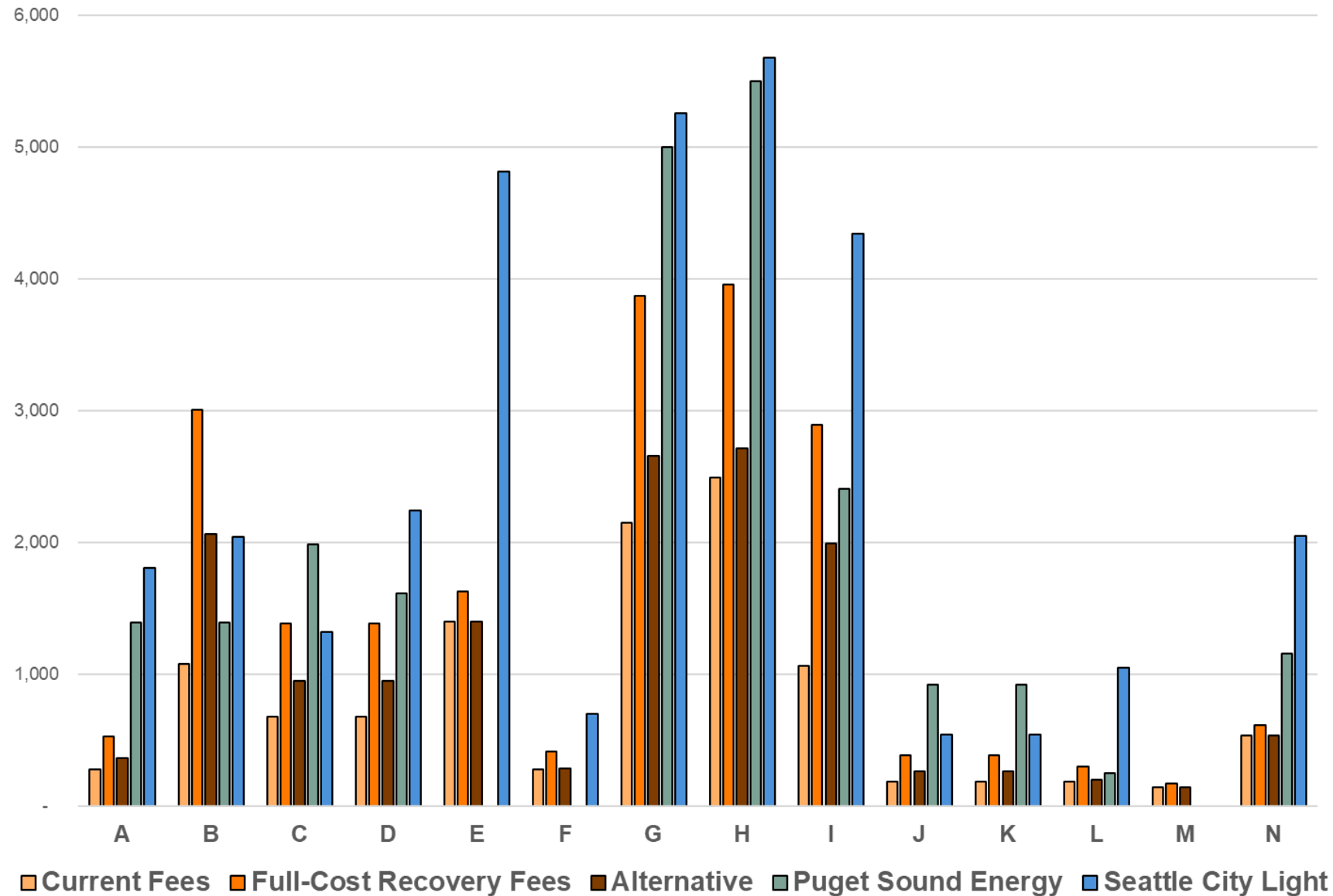
New Services Fees – Alternative Proposal

Fee Description	Current Fee	Actual Average Cost	Fee Proposal	Increase	as %
A Connect New 200A Service to an Existing SSB	\$275	\$530	\$365	\$90	33%
B Install and Connect New 200A Service and SSB to an Existing Transformer	\$1,075	\$3,010	\$2,065	\$990	92%
C Connect New 200A, Single-Phase Service to an Existing Overhead Secondary	\$675	\$1,385	\$950	\$275	41%
D Connect New 200A, Single-Phase Service to an Existing Overhead Secondary	\$675	\$1,385	\$950	\$275	41%
E Connect New 200A, Three-Phase Service to an Existing Overhead Secondary	\$1,395	\$1,630	\$1,395	\$0	0%
F Connect 200A, Single-Phase Temporary Service to Existing Overhead Secondary or SSB	\$275	\$410	\$280	\$5	2%
G Install New 200A Service, SSB, Conduit, and Wire to an existing Power Pole	\$2,150	\$3,875	\$2,660	\$510	24%
H Install New 320A Service, SSB, Conduits, and Wire to an existing Power Pole	\$2,495	\$3,960	\$2,715	\$220	9%
I Install New 200A Service and Wire to an Existing Power Pole in Customer-Provided Conduit	\$1,060	\$2,895	\$1,990	\$930	88%
J Connect Street Light Circuit to an Overhead or Underground Secondary Service	\$185	\$380	\$260	\$75	41%
K Connect Cable/DSL Service to an Overhead or Underground Secondary Service	\$185	\$380	\$260	\$75	41%
L Connect Cable/DSL Service to an Overhead or Underground Secondary Service.	\$185	\$295	\$200	\$15	8%
M Install Communications Conduits in addition to Power Conduits while Installing an SSB	\$140	\$170	\$140	\$0	0%

OH = overhead, UG = underground

How Tacoma Power Fees Compare

Peer Utility Benchmarking



Rate Proposal Outreach



August – September
Schedule outreach activities



September – November
Virtual engagements



August – January
Communications

04 Appendix

REVENUE

(\$ millions)	Current	Proposed	Increase (Decrease)	
	2019/2020 Budget	2021/2022 Budget	Budget to Budget	
Operating Revenue				
Retail Sales	\$ 729.9	\$ 758.4	\$ 28.5	3.9%
Anticipated Rate Increase	16.5	17.1	0.6	3.2%
Total Retail Sales	\$ 746.4	\$ 775.5	\$ 29.1	3.9%
Wholesale Sales	95.8	104.8	9.0	9.3%
Telecommunications	54.7	–	(54.7)	-100.0%
Other	39.8	49.2	9.4	23.8%
Total Operating Revenue	\$ 936.7	\$ 929.5	(\$ 7.2)	-0.8%
Non-Operating Revenue	12.9	13.5	0.6	5.2%
Total Revenue	\$ 949.6	\$ 943.0	(\$ 6.6)	-0.7%
Current Fund Appropriation	9.2	(10.3)	(19.5)	–
Total Revenue & Available Funds	\$ 958.8	\$ 932.7	(\$ 26.1)	-2.7%

EXPENSES

(\$ millions)	Current	Proposed	Increase (Decrease)	
	2019/2020 Budget	2021/2022 Budget	Budget to Budget	
Expenditures				
Personnel Costs	\$ 185.4	\$ 206.5	\$ 21.1	11.4%
Purchased Power	331.3	322.8	(8.5)	-2.6%
Other O&M	112.7	94.5	(18.2)	-16.1%
Assessments	66.2	70.1	3.9	5.7%
Capital Outlay	89.7	60.2	(29.5)	-32.8%
Debt Service	59.1	65.8	6.7	11.4%
Taxes	114.4	112.8	(1.6)	-1.4%
Total Expenditures	\$ 958.8	\$ 932.7	(\$ 26.1)	-2.7%

Capital Outlay				
Revenue Funded	\$ 89.7	\$ 60.2	(\$ 29.5)	-32.8%
Debt Funded	60.0	89.6	29.6	49.3%
Total Capital	\$ 149.7	\$ 149.8	\$ 0.1	0.1%

CAPITAL BUDGET

(\$ millions)	Current	Proposed	Increase (Decrease)	
	2019/2020 Budget	2021/2022 Budget	Budget to Budget	
Capital Projects				
AMI	\$ 24.3	\$ 22.9	(\$ 1.4)	-5.8%
Aging Infrastructure Upgrades	20.1	32.6	12.5	62.6%
Technology Projects	16.7	11.1	(5.6)	-33.6%
Regulatory	14.7	11.0	(3.7)	-25.2%
Additions & Replacements	54.0	48.2	(5.8)	-10.7%
Other Capital Projects	19.9	24.0	4.1	20.6%
Total Capital Projects	\$ 149.7	\$ 149.8	\$ 0.1	0.1%
Capital Funding Sources				
Revenue Funded	\$89.7	\$60.2	(\$29.5)	-32.8%
Debt Funded Bonds	60.0	89.6	29.6	49.3%
Total Capital Funding Sources	\$ 149.7	\$ 149.8	\$ 0.1	0.1%

ASSESSMENTS

(\$ millions)	Current	Proposed	Increase (Decrease)	
	2019/2020 Budget	2021/2022 Budget	Budget to Budget	
IT	\$ 14.1	\$ 13.5	(\$.6)	-4.6%
HR	4.0	4.0	-	-
Legal	1.7	1.8	0.1	5.1%
Finance	5.2	5.0	(0.2)	-4.3%
Other	1.4	2.4	1.0	71.6%
Total GG Assessments	\$ 26.4	\$ 26.7	\$ 0.3	0.8%
Customer Services	\$ 23.1	\$ 26.0	\$ 2.9	12.6%
Public Affairs & Communication	8.8	9.3	0.5	5.5%
Administration & Support	7.9	8.1	0.2	2.4%
Total TPU Assessments	\$ 39.8	\$ 43.4	\$ 3.6	9.0%
Total Assessments	\$ 66.2	\$ 70.1	\$ 3.9	5.7%

(\$ millions)	Current	Proposed	Increase (Decrease)	
	2019/2020 Budget	2021/2022 Budget	Budget to Budget	
Taxes to the General Fund	\$ 70.2	\$ 69.2	(\$ 1.0)	-1.5%
State Utility Taxes	30.2	31.1	0.9	3.0%
Other Taxes (including Franchise Fees)	14.0	12.5	(1.5)	-10.7%
Total Taxes	\$ 114.4	\$ 112.8	(\$ 1.7)	-1.4%

TACOMA PUBLIC UTILITY BOARD

**2021 - 2022 BUDGET
TACOMA POWER**

**Wednesday September 23, 2020
3:00 p.m.**

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	2019-2020	2021-2022 Proposed Budget	2019-20 to 2021-22 Budget Comparison	
---	------------------	--	---	--

REVENUE

Operating Revenue

Sales of Electric Energy	\$ 825,769,355	\$ 863,264,996	\$ 37,495,641	4.5%
Anticipated Additional Revenue	16,541,545	17,078,143	536,598	3.2%
Other Electric Revenue	39,743,995	49,199,161	9,455,166	23.8%
Telecommunications Revenue	54,732,255	0	(54,732,255)	-100.0%
Total Operating Revenue	936,787,150	929,542,300	(7,244,850)	-0.8%

Other Income	12,864,759	13,529,482	664,723	5.2%
Appropriation from Fund Balance	9,179,057	(10,318,607)	(19,497,664)	-212.4%

Total Revenue & Available Funds	\$ 958,830,967	\$ 932,753,175	\$ (26,077,792)	-2.7%
--	-----------------------	-----------------------	------------------------	--------------

EXPENDITURES

Personnel Costs	\$ 185,415,658	\$ 206,541,211	\$ 21,125,553	11.4%
Supplies, Other Services & Charges	510,242,691	487,387,064	(22,855,627)	-4.5%
Taxes - Current Revenue Estimate	112,496,480	110,816,181	(1,680,299)	-1.5%
Taxes - Anticipated Additional Revenue	1,881,336	1,926,329	44,993	2.4%
Debt Service	59,122,802	65,845,389	6,722,588	11.4%
Capital Outlay	89,672,000	60,237,000	(29,435,000)	-32.8%

Total Expenditures	\$ 958,830,966	\$ 932,753,175	\$ (26,077,792)	-2.7%
---------------------------	-----------------------	-----------------------	------------------------	--------------

CAPITAL OUTLAY FINANCING DETAIL

Funded from Operating Fund	\$ 89,672,000	\$ 60,237,000	\$ (29,435,000)	-32.8%
Funded from New Bonds	60,051,000	89,661,000	29,610,000	49.3%

Total Capital Outlay	\$ 149,723,000	\$ 149,898,000	\$ 175,000	0.1%
-----------------------------	-----------------------	-----------------------	-------------------	-------------

PERSONNEL - Budgeted FTE **838.28 / 838.28** **798.2 / 798.2**

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

Tacoma Power Revenue	2019-2020 Budget	2021-2022 Proposed Budget	2019-20 to 2021-22 Budget Comparison	
-----------------------------	-----------------------------	--	---	--

REVENUE SUMMARY

Sales of Electric Energy	\$825,769,355	\$863,264,996	\$37,495,641	4.5%
Anticipated Additional Revenue	16,541,545	17,078,143	536,598	3.2%
Other Electric Revenue	39,743,995	49,199,161	9,455,166	23.8%
Telecommunications Revenue	54,732,255	0	(54,732,255)	-100.0%
Total Operating Revenue	936,787,150	929,542,300	(7,244,850)	-0.8%
Other Income	12,864,759	13,529,482	664,723	5.2%
Appropriation from Fund Balance	9,179,057	(10,318,607)	(19,497,664)	-212.4%

Total Revenue & Available Funds	\$958,830,967	\$932,753,175	(\$26,077,792)	-2.7%
--	----------------------	----------------------	-----------------------	--------------

REVENUE DETAIL

Sales of Electric Energy

Residential	\$366,568,235	\$363,405,622	(\$3,162,613)	-0.9%
Private Off-Street Lighting	3,061,854	2,816,295	(245,559)	-8.0%
Small General	57,254,711	58,125,420	870,709	1.5%
General	208,176,072	220,957,858	12,781,786	6.1%
High Voltage General	45,607,004	51,644,499	6,037,495	13.2%
Contract Industrial - Firm	47,244,762	48,910,948	1,666,186	3.5%
New Large Load	0	10,456,714	10,456,714	-
Street Lighting & Traffic Signals	2,016,509	2,148,861	132,352	6.6%
Total Retail Sales	729,929,147	758,466,217	28,537,070	3.9%

Other Sales

Bulk Power Sales	95,840,208	104,798,779	8,958,571	9.3%
Total Other Sales	95,840,208	104,798,779	8,958,571	9.3%
Anticipated Additional Revenue	16,541,545	17,078,143	536,598	3.2%
Total Sales of Electric Energy	842,310,900	880,343,139	38,032,239	4.5%

Tacoma Power Revenue	2019-2020 Budget	2021-2022 Proposed Budget	2019-20 to 2021-22 Budget Comparison	
-----------------------------	-----------------------------	--	---	--

Other Electric Revenue

Rent from Electric Property	2,704,477	4,285,672	1,581,195	58.5%
Rainier Connect IRU	0	6,500,000	6,500,000	-
BPA Efficiency Incentive	0	7,500,000	7,500,000	-
Interdepartmental Rent	4,924,037	4,597,966	(326,071)	-6.6%
Service Connection Fees	2,451,276	1,825,504	(625,772)	-25.5%
Green Power	111,948	114,575	2,627	2.3%
Overhead on Work for Others	573,785	1,009,911	436,126	76.0%
Late Payment Fees	2,517,398	2,171,369	(346,029)	-13.7%
Income from Campgrounds	3,008,934	3,310,662	301,728	10.0%
Wheeling	23,374,353	17,665,990	(5,708,363)	-24.4%
Miscellaneous	77,787	217,512	139,725	179.6%
Total Other Electric Revenue	39,743,995	49,199,161	9,455,166	23.8%

Telecommunications Revenue

CATV	32,758,843	0	(32,758,843)	-
Broadband	2,446,773	0	(2,446,773)	-
Internet	18,427,102	0	(18,427,102)	-
Miscellaneous	1,099,537	0	(1,099,537)	-
Total Telecommunications	54,732,255	0	(54,732,255)	-

Other Income

Interest	3,645,145	3,955,752	310,607	8.5%
Federal Subsidy for BABS/CREBS interest	7,418,000	7,458,448	40,448	0.5%
Miscellaneous	1,801,614	2,115,282	313,668	17.4%
Total Other Income	12,864,759	13,529,482	664,723	5.2%

Other Available Funds

Appropriation from Fund Balance	9,179,057	(10,318,607)	(19,497,664)	-212.4%
---------------------------------	-----------	--------------	--------------	---------

Total Revenue & Available Funds	\$958,830,967	\$932,753,175	(\$26,077,792)	-2.7%
--	----------------------	----------------------	-----------------------	--------------

Tacoma Power	2019-2020 Budget	2021-2022 Proposed Budget	2019-20 to 2021-22 Budget Comparison	
---------------------	-----------------------------	--	---	--

SUMMARY - Operation & Maintenance by Section

Power Administration	\$ 135,193,579	\$ 177,105,215	\$ 41,911,636	31.0%
Click!	54,455,682	-	(54,455,682)	-100.0%
Generation	90,658,243	89,063,986	(1,594,257)	-1.8%
Power Management	363,789,727	364,140,650	350,923	0.1%
Power Shared Services	26,129,294	29,855,488	3,726,194	14.3%
Rates, Planning & Analysis	10,053,019	10,013,531	(39,489)	-0.4%
Transmission & Distribution	93,495,737	97,134,898	3,639,161	3.9%
Utility Technology Services	36,260,883	39,357,018	3,096,135	8.5%

Total for Division	\$ 810,036,165	\$ 806,670,785	\$ (3,365,380)	-0.4%
---------------------------	-----------------------	-----------------------	-----------------------	--------------

SUMMARY - Operation & Maintenance by Category

Salaries & Wages	\$ 169,701,179	\$ 186,496,133	\$ 16,794,954	9.9%
Employee Benefits	58,229,067	70,077,242	11,848,175	20.3%
Capital Credit & Labor To/From Others	(42,514,588)	(50,032,164)	(7,517,576)	-17.7%
Total Personnel Costs	185,415,658	206,541,211	21,125,553	11.4%
Supplies	298,920,868	295,662,996	(3,257,872)	-1.1%
Services	98,853,564	69,505,904	(29,347,660)	-29.7%
Other Charges	46,185,874	52,142,531	5,956,657	12.9%
Total Assessments	66,282,385	70,075,633	3,793,248	5.7%
Taxes	114,377,816	112,742,510	(1,635,306)	-1.4%
Total Supplies & Other Charges	624,620,507	600,129,574	(24,490,933)	-3.9%

Total for Division	\$ 810,036,165	\$ 806,670,785	\$ (3,365,380)	-0.4%
---------------------------	-----------------------	-----------------------	-----------------------	--------------

	2019-2020 Budget	2021-2022 Proposed Budget	2019-20 to 2021-22 Budget Comparison	
Tacoma Power Taxes				

TAX PAYMENTS

City of Tacoma:

Gross Earnings Tax (7.5%)	\$ 68,950,770	\$ 67,885,424	\$ (1,065,346)	-1.5%
---------------------------	---------------	---------------	----------------	-------

State of Washington:

Utility & Business Tax	29,555,802	30,443,275	887,473	3.0%
------------------------	------------	------------	---------	------

Other*

County/Schools/Fire Protection Dist.	4,188,800	4,508,900	320,100	7.6%
Franchise Administrative Fees	7,498,155	7,978,582	480,427	6.4%
Click! Franchise-like Fees	2,302,953	0	(2,302,953)	-100.0%

Subtotal	112,496,480	110,816,181	(1,680,299)	-1.5%
----------	--------------------	--------------------	--------------------	--------------

Anticipated Additional Revenue**

Gross Earnings Tax (7.5%)	1,240,616	1,270,326	29,710	2.4%
Utility & Business Tax	640,720	656,003	15,283	2.4%
	1,881,336	1,926,329	44,993	2.4%

Total City and Utility Tax	114,377,816	112,742,510	(1,635,306)	-1.4%
----------------------------	--------------------	--------------------	--------------------	--------------

Federal Taxes (FICA)	12,611,278	12,986,642	375,364	3.0%
----------------------	------------	------------	---------	------

Total Tacoma Power Taxes	\$ 126,989,094	\$ 125,729,152	\$ (1,259,942)	-1.0%
---------------------------------	-----------------------	-----------------------	-----------------------	--------------

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	2019-2020 Budget	2021-2022 Proposed Budget	2019-20 to 2021-22 Budget Comparison	
---------------------------	---------------------	---------------------------------	---	--

DEBT SERVICE SUMMARY

Interest	\$ 42,287,802	\$ 49,585,389	\$ 7,297,588	17.3%
Principal	16,835,000	16,260,000	(575,000)	-3.4%

Total Debt Service	\$ 59,122,802	\$ 65,845,389	\$ 6,722,588	11.4%
---------------------------	----------------------	----------------------	---------------------	--------------

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	8,990,450	7,785,200	(1,205,250)	-13.4%
\$181,610,000	Principal	16,835,000	0	(16,835,000)	-100.0%
2013B Ref & Rev Bonds	Interest	3,232,220	3,042,470	(189,750)	-5.9%
\$35,620,000	Principal	0	7,780,000	7,780,000	-
2017 Bonds	Interest	6,573,600	6,466,100	(107,500)	-1.6%
\$80,000,000 - Anticipated	Principal	0	4,405,000	4,405,000	-
2018 Line of Credit	Interest	1,600,000	0	(1,600,000)	-100.0%
\$100,000,000	Principal	0	0	0	0.0%
2019 Line of Credit	Interest	1,779,333	3,660,000	1,880,667	105.7%
\$150,000,000	Principal	0	0	0	0.0%
2021 Bonds	Interest	0	8,519,420	8,519,420	-
\$80,000,000 - Anticipated	Principal	0	4,075,000	4,075,000	-

Total Debt Service	\$ 59,122,802	\$ 65,845,389	\$ 6,722,588	11.4%
---------------------------	----------------------	----------------------	---------------------	--------------

Tacoma Power Capital Outlay	2019-2020 Budget	2021-2022 Proposed Budget
--------------------------------	---------------------	------------------------------

SUMMARY

Click! Network

Capital Projects:	\$0	\$0
Additions and Replacements:	1,797,000	0
Click! Total	1,797,000	0

General Plant

Capital Projects:	36,757,000	45,954,000
Additions and Replacements:	2,404,000	1,425,000
General Plant Total	39,161,000	47,379,000

Generation

Capital Projects:	17,950,000	28,560,000
Additions and Replacements:	4,622,000	1,758,000
Generation Total	22,572,000	30,318,000

Power Management

Capital Projects:	14,713,000	11,389,000
Power Management Total	14,713,000	11,389,000

Transmission & Distribution

Capital Projects:	9,587,000	5,041,000
Additions and Replacements:	41,492,000	42,108,000
Transmission & Distribution Total	51,079,000	47,149,000

Utility Technology Services

Capital Projects:	16,729,000	10,720,000
Additions and Replacements:	3,672,000	2,943,000
Utility Technology Services Total	20,401,000	13,663,000

Sub-Total	\$149,723,000	\$149,898,000
------------------	----------------------	----------------------

Projects Funded from New Bonds	(60,051,000)	(89,661,000)
--------------------------------	--------------	--------------

Total Operating Fund Capital Outlay	\$89,672,000	\$60,237,000
--	---------------------	---------------------

Tacoma Power Capital Outlay	2019-2020 Budget	2021-2022 Proposed Budget
--	-----------------------------	--------------------------------------

CLICK! Network A & R

Broadband Services - Comm	\$150,000	\$0
Click! Equipment	50,000	0
Customer Related Equip - Comm	694,000	0
FTTH ONT/OLT & Cabinets	100,000	0
Headend Replace & Upgrades - Comm	150,000	0
HFC Network Infrastructure Enhancements - Power	80,000	0
Network Infill MDU - Comm	149,000	0
Network Upgrades & Replacements - Power	164,000	0
New Service Drop Capitalization - Comm	200,000	0
Node Upgrades	60,000	0
Click! Network Total	\$1,797,000	\$0

General Plant Capital Projects

2021/22 Fleet Capital	\$0	\$14,800,000
Advanced Metering Infrastructure (AMI)	24,325,000	22,918,000
Capital Funding	8,678,000	4,677,000
ECC Battery Monitoring	0	122,000
Facilities ABN Main Fan Modernization	0	878,000
Tacoma Power Storage Facility	2,945,000	0
Service Division Capital-Customer Service	223,000	94,000
TPU ABN Main Floor Data Center Power System Upgrade	186,000	0
TPU ABN West Vault Electrical Equipment Replacement	170,000	0
TPU ABS Transfer Switch Replacement	230,000	0
Tacoma Power Facility Elevator Controls Upgrade	0	2,465,000

General Plant A & R

Facilities Critical Operations Power Systems	226,000	0
General Plant	901,000	200,000
Tacoma Power Security Upgrade	1,277,000	1,225,000
General Plant Total	\$39,161,000	\$47,379,000

Generation Capital Projects

Alder Cooling Water Pipe Replacements (2" Pipe)	\$177,000	\$0
Cowlitz Falls Downstream Fish Passage	0	408,000
Cowlitz Falls Fish Facility Start-Up (Downstream Fish Passage)	927,000	0
Cowlitz Fish Release Site Development - Tilton & Upper Cowlitz	821,000	0
Cowlitz Mossyrock Dam Guard Valve and Stop Logs	0	109,000
Cowlitz Mossyrock PDS-6 Replacement	0	289,000
Cowlitz Trout Hatchery Remodel	3,500,000	4,250,000
Cushman #1 Dam ROV Replacement	2,867,000	3,250,000
Cushman #2 Spillway Gate Remote Operation	237,000	0
Cushman #2 Station Service Upgrades (EG, ATS & SWGR)	612,000	0
Cushman #2 U31, U32 Unit Rebuild	0	4,250,000
Cushman Barrier Dam Repair Cont.	0	6,800,000
Cushman FSC Juvenile Fish Collector Upgrades	0	656,000
Cushman Powerhouse Cranes - Crane Upgrades	141,000	425,000

Tacoma Power Capital Outlay	2019-2020 Budget	2021-2022 Proposed Budget
--	-----------------------------	--------------------------------------

LaGrande Units 1 - 4 Excitation AC Supply Replacement	266,000	0
LaGrande Units 1 - 4 Protection Relay Replacement	223,000	0
LaGrande Downstream Fish Barrier - FERC	527,000	0
Mayfield Unit 41 Exciter Replacement	309,000	0
Mayfield Units 42, 43, 44 Generator Breaker Replacement	999,000	0
Mayfield Fish Passage Modification	1,672,000	0
Mayfield Water System Replacements & Upgrades	920,000	0
Mossyrock Dam ROV & Guard Valve Upgrades	500,000	0
Mossyrock Units 51 & 52 Generator Breakers	2,495,000	0
Nisqually Alder U11 Generator Rewind	0	8,123,000
Strong Motion Accelerometer (SMA) Replacement and Upgrade	200,000	0
Wynoochee Dam Electrical Power System Upgrade	557,000	0

Generation A & R

ADA Improvements	50,000	0
Cowlitz Project Generation	208,000	132,000
Cowlitz Project Recreation	192,000	108,000
Cushman Project Generation	200,000	127,000
Fish Facilities	1,434,000	425,000
Generation Electrical	244,000	175,000
Generation Paving	100,000	46,000
Hydro Plant Automation	268,000	340,000
Hydro Plant Mechanical	179,000	42,000
Hydro Plant Water and Sewer Systems	0	55,000
Hydro Wildlife	50,000	0
Natural Resources	50,000	51,000
Nisqually Project Generation	200,000	112,000
Nisqually Project Recreation	110,000	77,000
Plant Engineering	115,000	17,000
TPU Facility Energy Conservation	907,000	0
Water and Sewer Systems	217,000	0
Wynoochee River Project Generation	98,000	51,000
Generation Total	\$22,572,000	\$30,318,000

Power Management Capital Projects

2019/20 Conservation Portfolio	\$14,713,000	\$0
2021/22 Conservation Portfolio	0	11,000,000
Energy Imbalance Market (EIM)	0	331,000
Energy Trading and Risk Management system (ETRM)	0	58,000
Power Management Total	\$14,713,000	\$11,389,000

Transmission & Distribution Capital Projects

#6 Copper Conductor Replacement	\$1,500,000	\$1,550,000
Distribution Efficiency Program	180,000	207,000
Distribution Substation Transformer Replacement Program	2,878,000	2,145,000
Distribution System Upgrades	1,488,000	678,000
Mayfield Bank 1 Transformer Replacement	3,267,000	0

Tacoma Power Capital Outlay	2019-2020 Budget	2021-2022 Proposed Budget
--	-----------------------------	--------------------------------------

Narrows and North Bay Tower Fall Protection	0	178,000
Replace Digital Fault Recorders	0	283,000
Transmission Line Auto Sectionalizing	274,000	0

Transmission & Distribution A & R

Central Business District	2,726,000	2,981,000
Distribution Transformer Purchase	3,362,000	3,457,000
HFC Infill Construction	1,855,000	0
HFC Road Projects - Power Apps	1,029,000	433,000
Meters and Devices	919,000	2,308,000
New Services	4,823,000	3,822,000
Overhead Dist & Trans	14,998,000	14,834,000
Distribution UG/PM Switchgear Replacement	474,000	484,000
Protection & Controls	776,000	1,511,000
Rental Light	841,000	787,000
Roads / Public R/W	4,000,000	5,262,000
Substation	2,268,000	2,152,000
T&D Tools and Materials	135,000	185,000
Transmission	800,000	1,683,000
Underground	2,486,000	2,209,000
Transmission & Distribution Total	\$51,079,000	\$47,149,000

Utility Technology Services Capital Projects

Asset Analytics	\$64,081	\$0
Asset Investment Planning Software	0	695,918
Automated Fleet Fuel Management	443,168	155,479
Automated Testing	222,664	0
Avista Decision Support System Integration	500,310	0
Customer Engagement Portal	0	779,168
Facility/Comm Systems Monitoring	1,011,121	0
Financial Planning Software	0	1,020,663
ITSM/ITAM Tool Enhancements	346,701	0
Land Mobile Radio	2,045,241	0
Market Integration Tools	1,701,438	0
Physical Access Control System Replacement	0	1,331,603
Power GIS Modernization	3,830,245	3,905,951
Technology Contingency	0	0
TPU Auditorium TV Tacoma Upgrade	389,286	123,160
TPU Conference Rooms Tech Refresh	302,542	0
TPU Operations Center Ph2	817,470	0
Wan Modernization	1,962,821	2,102,451
Workforce Connect	3,049,334	605,607
Workplace Giving Automation	42,578	0

Tacoma Power Capital Outlay	2019-2020 Budget	2021-2022 Proposed Budget
--	-----------------------------	--------------------------------------

Utility Technology Services A & R

Analytics & Data Management	0	1,180,000
Communications	1,551,000	951,000
Cybersecurity and Resilience	636,000	194,000
System Administration	1,244,000	499,000
Telephony	241,000	119,000
Utility Technology Services Total	\$20,401,000	\$13,663,000

Total Capital Outlay	\$149,723,000	\$149,898,000
-----------------------------	----------------------	----------------------