

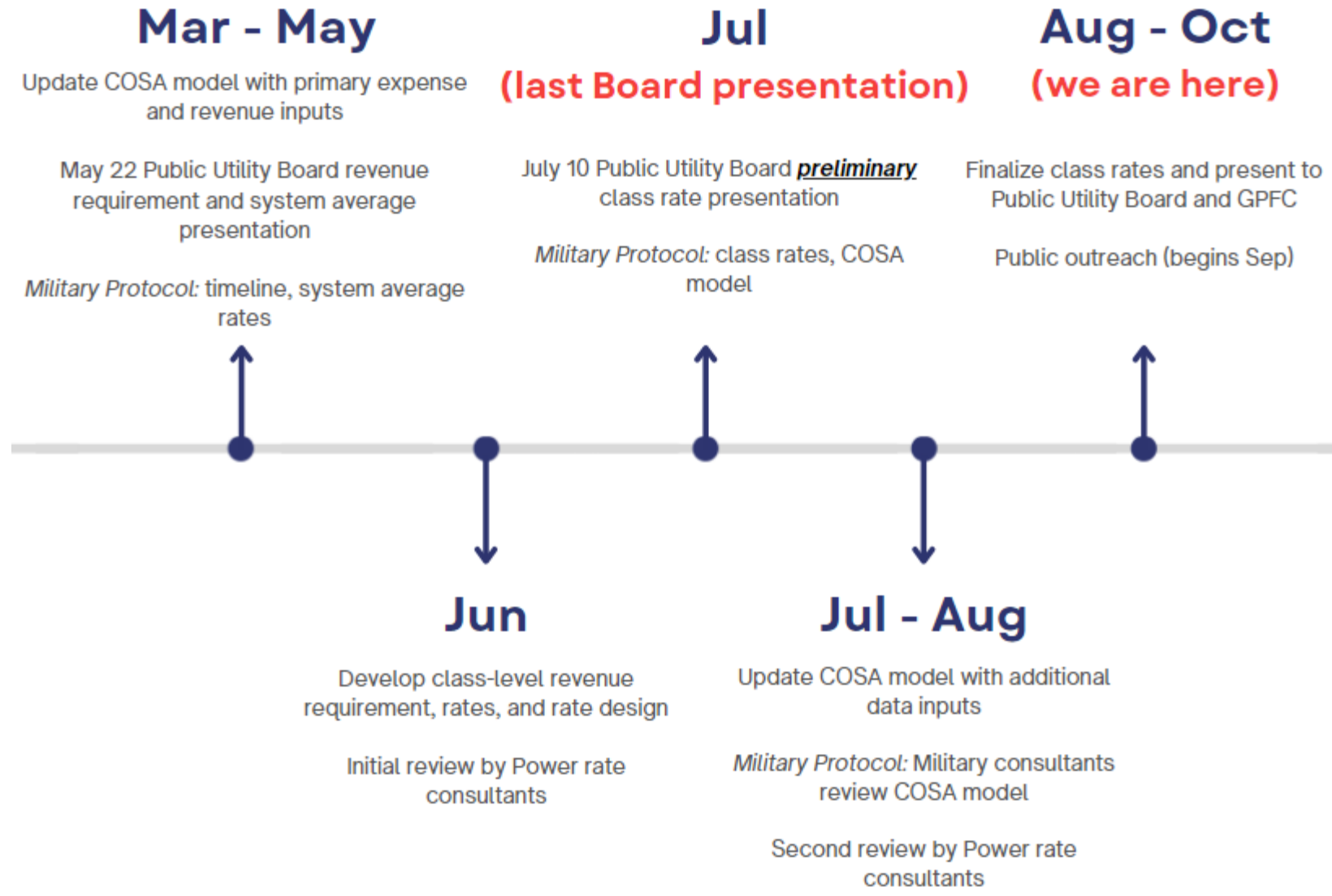
Tacoma Power Updated Rates for 2025-2026 Biennium

Jing Liu | Rates, Planning & Analysis

September 11, 2024



Power Class Rates Timeline



Slight Changes in Class Rates

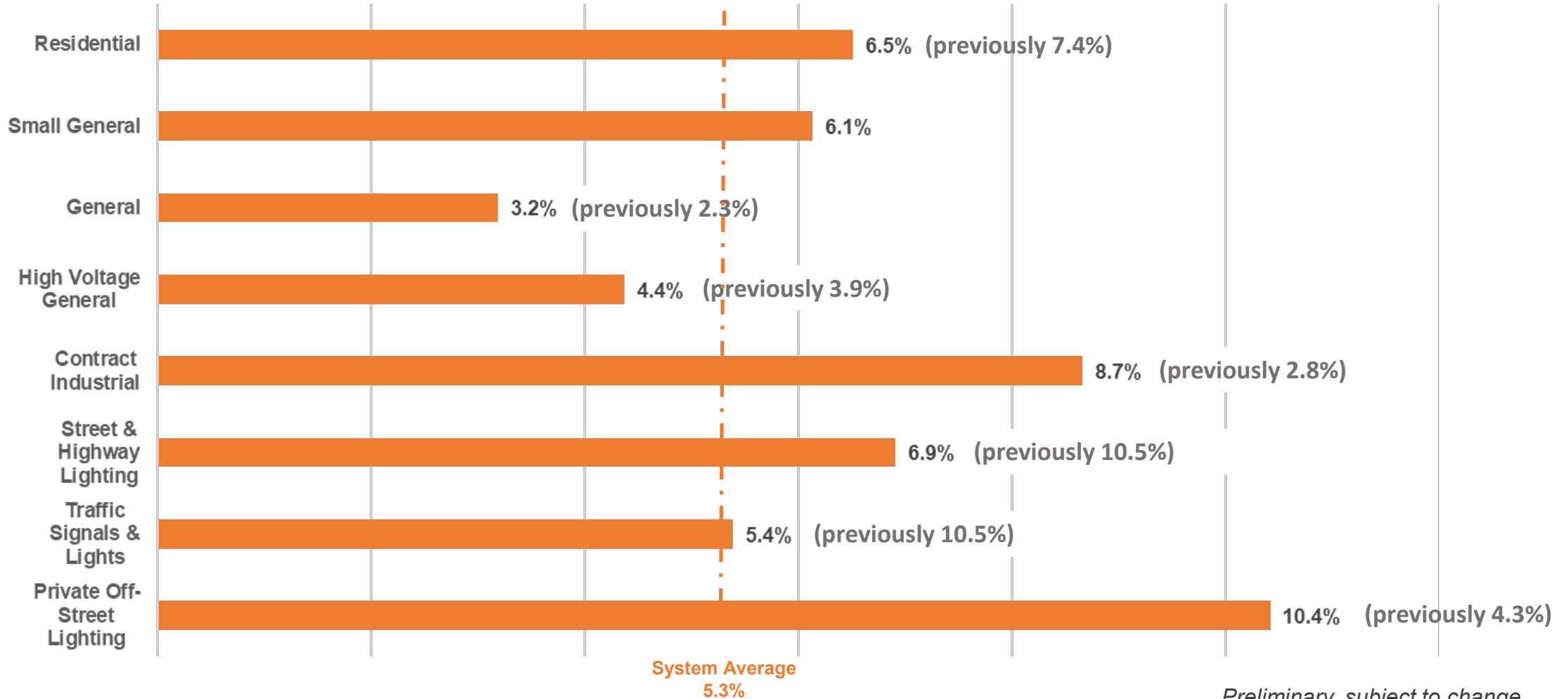
- **Residential** rate adjustment *decreased* from 7.4% to 6.5% annually
- Small General rate adjustment *remained the same* at 6.1%
- **General** rate adjustment *increased* from 2.3% to 3.2%

- Changes in rate adjustments were a result of typical updates, additional review and analysis:
 - Expenses
 - Assets
 - Taxes
 - Miscellaneous revenues
 - Customer allocations
 - Lighting revenues

Proposed Rate Adjustments – August Update

Policy Decision

2025/2026 Proposed Annual Rate Increase






Preliminary, subject to change.

Proposed Updated Residential Rates

Fixed Customer Charge: \$3.00 increase
Variable Charge: 4.6% increase in 2025 and 4.8% increase in 2026

Policy Decision




	Current	2025	2026	
 Customer Charge (\$ per Month)	\$25.30 <i>current</i>	\$28.30 <i>+\$3.00</i>	\$31.30 <i>+\$3.00</i>	Customer charge indicated by cost-of-service is \$31.08 Total volumetric charge will increase from 8.4 ¢ to 9.2 ¢ per kWh
 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>	4.2057¢ <i>+0.3850 ¢</i>	4.6295¢ <i>+0.4238 ¢</i>	

Preliminary, subject to change.



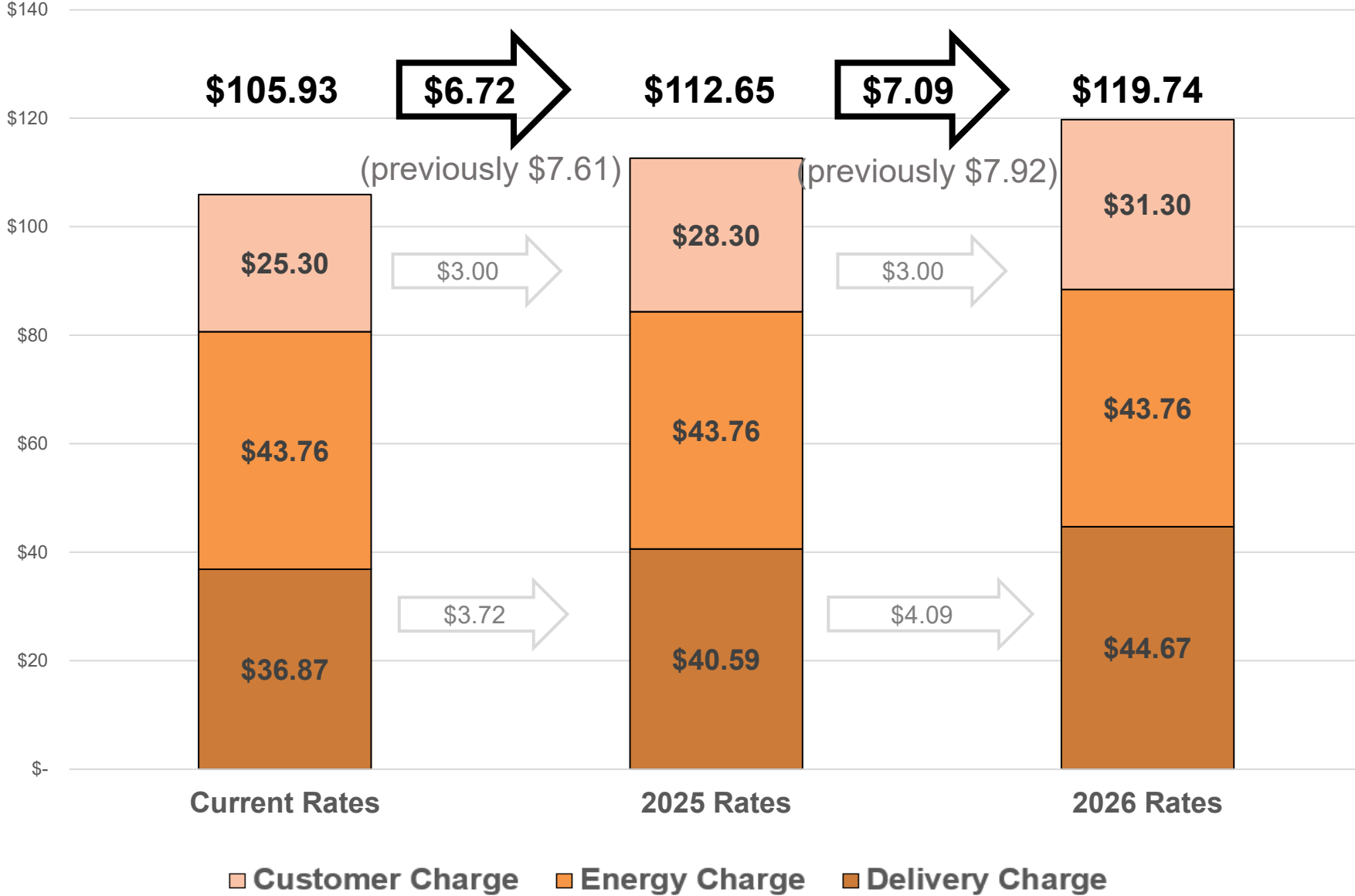
Effective Rates for BCAP Customers: Small Rate Change

Policy Decision

	Current	2025	2026	
 Customer Charge (\$ per Month)	\$0 <i>Due to \$25.30 automatic credit</i>	\$0 <i>Due to \$28.30 automatic credit</i>	\$0 <i>Due to \$31.30 automatic credit</i>	Customer charge completely offset by automatic BCAP credit Small increase in delivery charges to BCAP customers <i>\$21 incentive credit based on payment behavior available to cover these charges</i>
 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>	4.2057¢ +0.3850 ¢	4.6295¢ +0.4238 ¢	

Preliminary, subject to change.

Avg Residential Bill Impact



- 2025/2026 bill based on average usage of 965 kWh per month
- Actual bills vary based on usage

Preliminary, subject to change.

Rate Increase Is Mitigated by BCAP Credits

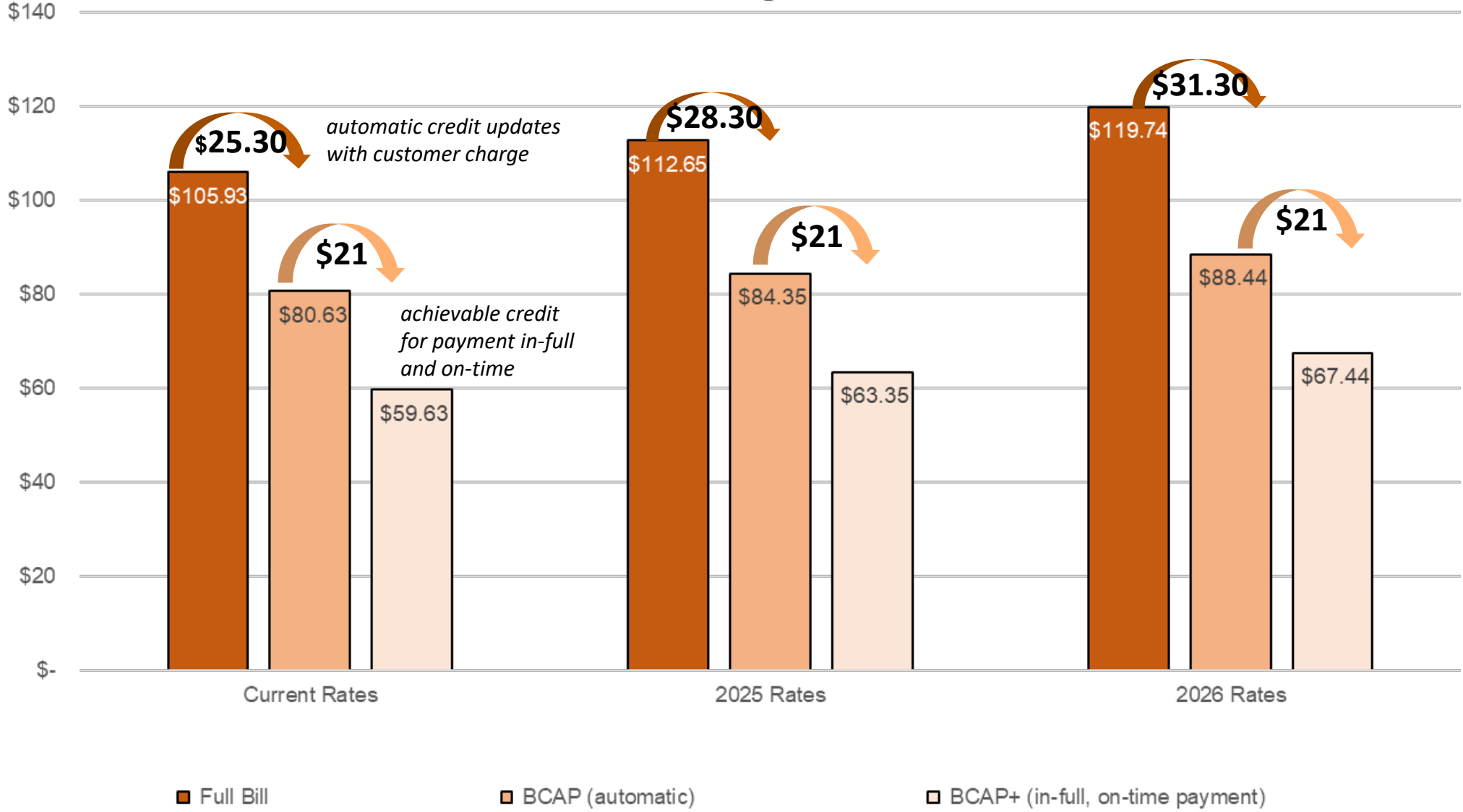


\$3.00 increase in fixed charge translates to about **\$360,000** additional BCAP funding each year

Preliminary, subject to change.

Regular vs. BCAP Bills

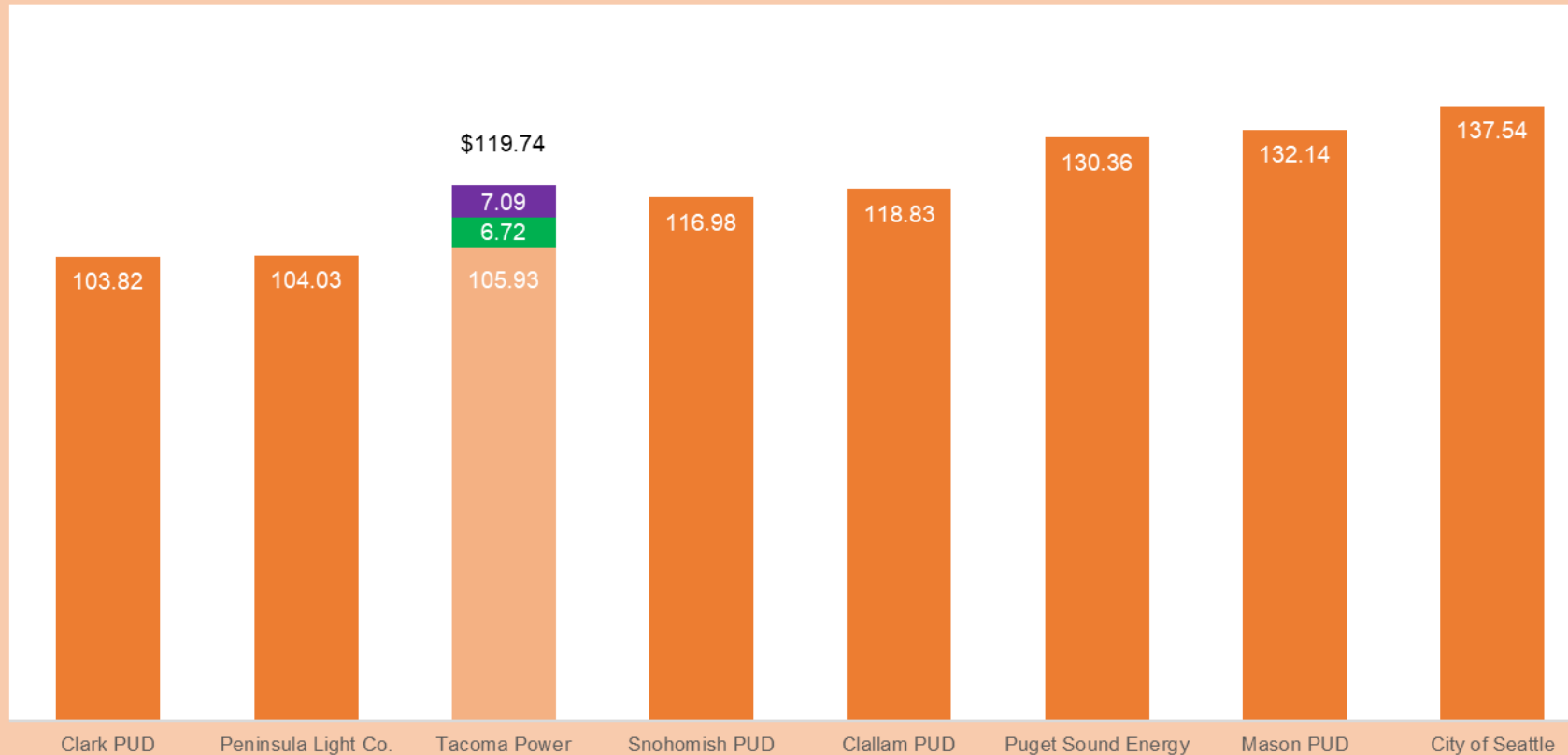
Bill Credit Assistance Program Enhancements



Preliminary, subject to change.

Residential Total Bill Comparison

Comparative Peer Utilities' Residential Monthly Bills



*Based on 965 kWh consumption per month using published residential rates from peer utilities.

■ 2024 ■ 2025 ■ 2026

Preliminary, subject to change.

Proposed Rate Increases from Peer Utilities

UTILITY	2025 Proposed System Rate Increase	2025 Proposed Residential Rate Increase
Pacific Power (OR)	11.9%	14.9%
Avista	12.6%*	13.3%*
Portland General Electric	10.9%**	TBD
Puget Sound Energy	6.7%	7.2%
Pacific Power (WA)	6.5%	6.5%
Seattle City Light	5.4%	5.4%
Tacoma Power	5.3%	6.5%

Avista Seeks to Raise Washington Electric Rates by 19%, Natural Gas Rates by 8%

Jan 19, 2024 Updated Jan 19, 2024

Pacific Power trims 2025 Oregon residential rate hike request to 14.9%, cites 'customer concerns about affordability'

Another rate hike? Portland General Electric asks for double-digit increase in 2025

Puget Sound Energy proposes hefty rate hikes to pay for hydro and wind power

Feb. 28, 2024 at 6:00 am | Updated Feb. 28, 2024 at 6:18 am



Seattle City Light plans 5.4% rate hike in 2025 amid rising costs, demand

*December 2024

**August update to previous system average rate increase proposal of 7.4%

Schedule Small General & General Rate Design

Revenue Increase: 6.1%
Fixed Charge: \$6.10 increase
Delivery Charge: 3.0% increase

Schedule B	Small General		
	Current	2025	2026
Customer Charge	\$ 28.95	\$ 35.05	\$ 41.15
Energy Charge	4.4616¢	4.4616¢	4.4616¢
Delivery Charge	3.8014¢	4.0384¢	4.2902¢
Total per-kWh Charges	8.2630¢	8.5000¢	8.7518¢

Revenue Increase: 3.2%
Delivery Charge: ~ \$1 per kW increase annually

Schedule G	General		
	Current	2025	2026
Customer Charge	\$82.80	\$82.80	\$82.80
Energy Charge	5.8014¢	5.8014¢	5.8014¢
Delivery Charge	\$9.44	\$10.37	\$11.39

Preliminary, subject to change.

Schedule HVG and CP Rate Design

Revenue Increase: 4.4%

Delivery Charge: \$1.24/\$1.54 per kW increase

Schedule HVG	HVG		
	Current	2025	2026
Customer Charge	\$1,750.00	\$1,750.00	\$1,750.00
Energy Charge	4.5729¢	4.5729¢	4.5729¢
Delivery Charge	\$ 5.21	\$ 6.45	\$ 7.99

Revenue Increase: 8.7%

Demand Charge: \$0.97/1.15 per kW increase

Delivery Charge: \$1.66/2.26 per kW increase

Schedule CP/NLL	CP/NLL		
	Current	2025	2026
Customer Charge	\$5,155.00	\$5,155.00	\$5,155.00
Energy Charge	3.4198¢	3.4198¢	3.4198¢
Demand Charge	\$ 5.25	\$ 6.22	\$ 7.37
Delivery Charge	\$ 4.61	\$ 6.27	\$ 8.53

Preliminary, subject to change.

Lighting Schedules Rate Design

Schedule H1 Street Lighting and Traffic Signals

Revenue Increase:

6.9% increase for street lighting
5.4% increase for traffic signals
Total \$180,000 increase for the biennium

Schedule H2 Off-Street Lighting

Revenue Increase:

10.4% each year
Total \$393,000 increase for the biennium

Reasons for a bigger increase for lighting schedules:

- Catching up with historical under-recovery from lighting schedules
- H1 and H2 lighting revenue was revised based on updated data
- GP3 – Rates: Planned gradual and consistent utility rate
- Financial impact from lighting revenue is relatively small

T&D Permit and Inspection Fees



- Targeted permit revenue increase to cover a projected deficit of \$339k in 2025 and 2026 rate years combined.
- Target Disc/Reconnect fee to cover actual crew costs



- Propose \$8 increase on non-commercial inspection fees and 5% increase on commercial inspection fees.
- Propose Disc/Reconnect increase by 13%



- Proposed increases are moderate and only intended to cover costs

EV Public Charging Rate



Current fee is 21 cents per kWh: The current charging fee was set in 2022. Tacoma Power had 35 charging ports in service at end of 2023. Tacoma Power will have 85 charging ports by the end of 2026, including new DC Fast Charging stations in downtown Tacoma.



Cost has increased from 2022 estimate: We base the rates on Small General rates and add network fees, maintenance cost and relevant taxes. Cost to replace cut cords and vandalized stations has led to higher operating cost estimates. DCFC stations have higher maintenance costs.



Proposed rates for the 2025-2026 biennium:

Rate for Level 2 chargers: \$0.25/kWh

Rate for DC Fast Charging: \$0.40/kWh

Rates are cost based and competitive with other charging providers.

Electro Fuel Rates – Proposed Changes April 26, 2024

Current	Proposed
Benchmark at Schedule CP rate (average system cost)	Benchmark at Schedule VLL (marginal cost)
Shift high power supply cost for the large customer to existing small customers	Passes through new power supply resource acquisition costs to new large customers
Stringent interruptible conditions	Tailor demand response program to VLL customers



Align with existing rate schedule structure



Protect existing customers by eliminating potential cost shifting



Cost-causation Principle



Technology neutral



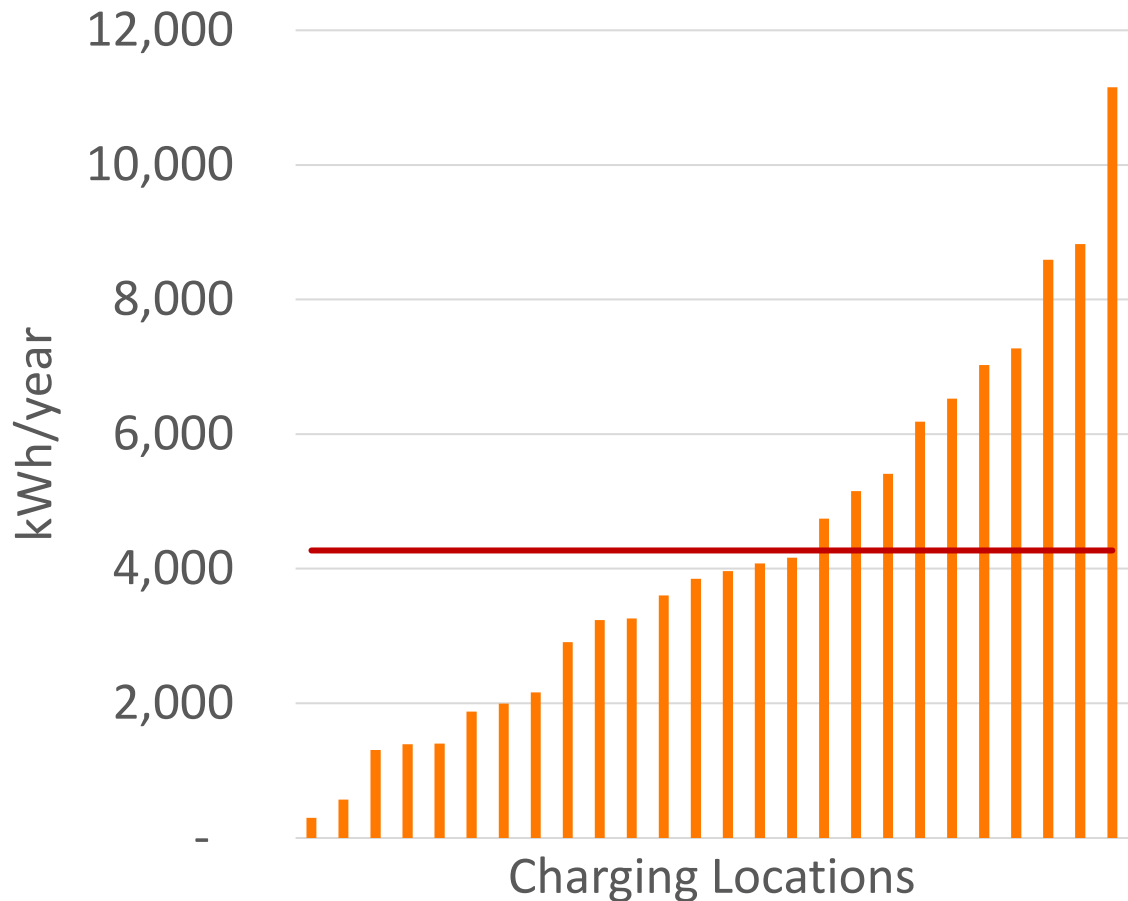
Appendix



EV Charger Usage

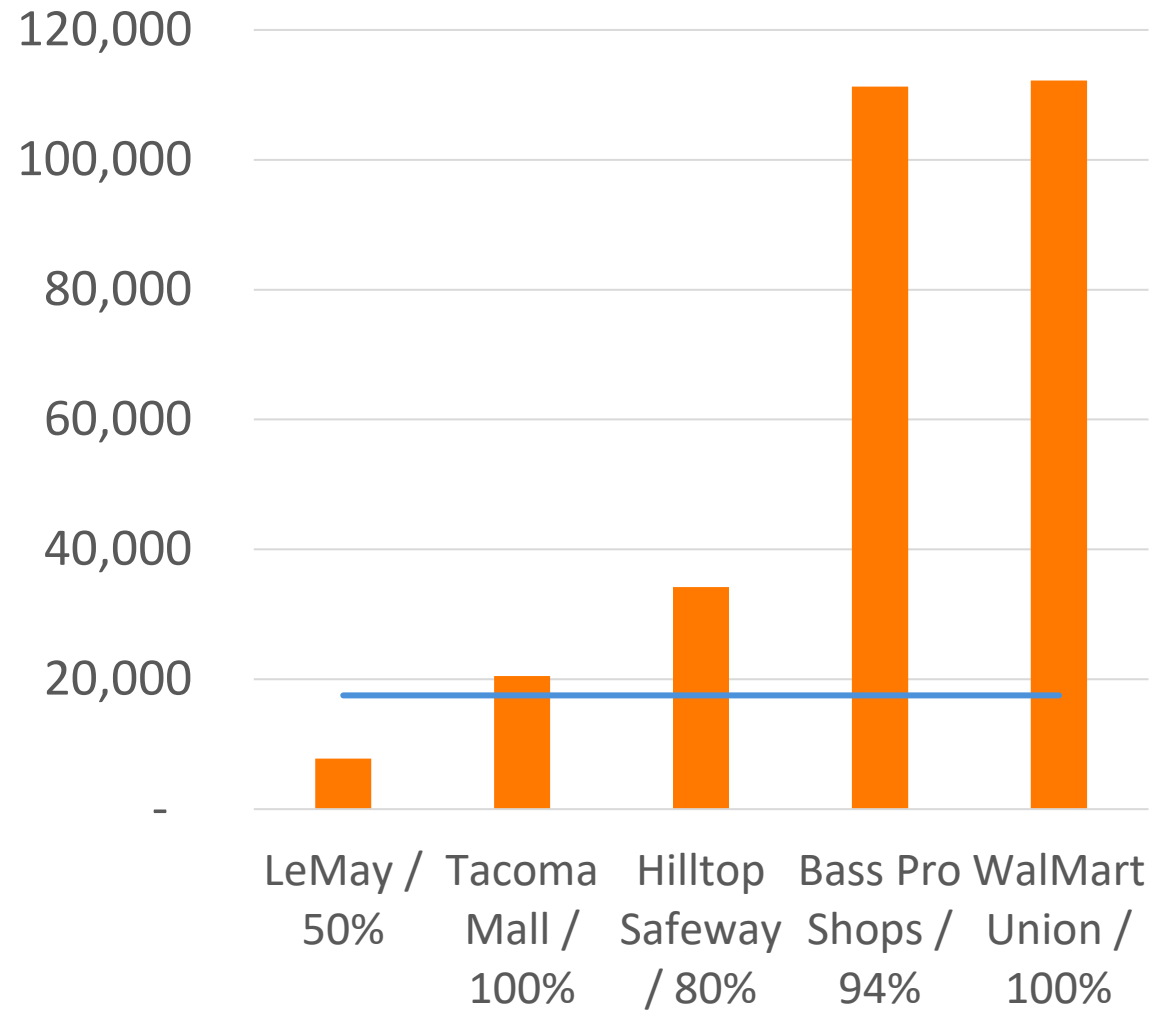
2024 Level 2

2024 Baseline = 4,270 kWh/year

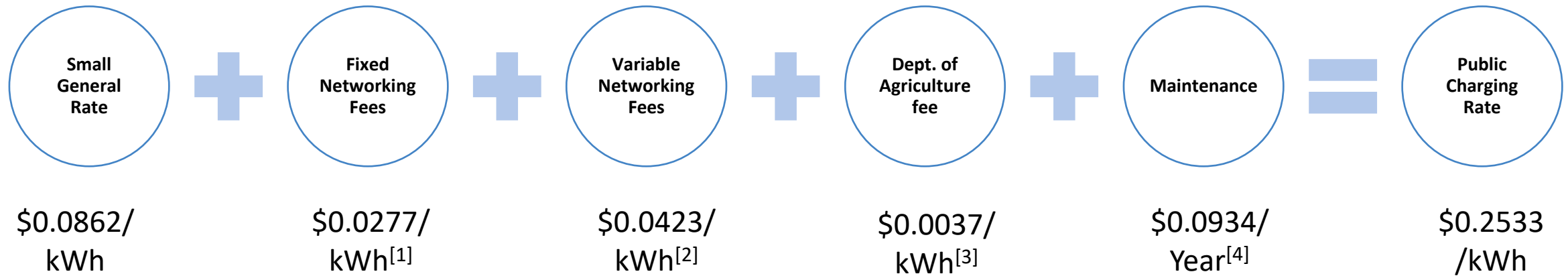


2024 DCFC

2024 Baseline = 17,520 kWh/year



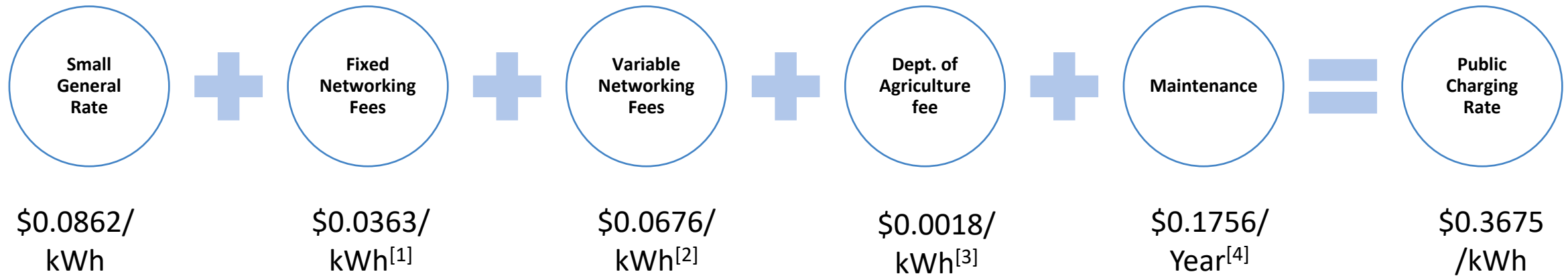
EV Cost of service – Level 2



Model assumes each level 2 charger sells 6,090 kWh/year^[5]

1. Fixed networking fees = \$150/year
2. Variable networking fees = 15% of revenue collected
3. Department of Agriculture fees = \$20/year
4. Maintenance cost = \$505/year (DOE planning assumes 12% maintenance cost)
5. Level 2 kWh/year is escalated at the same pace as EV adoption from the 2023 Electrification Study anticipated scenario

EV Cost of service – DCFC



Model assumes each DCFC charger sells 24,966 kWh/year ^[5]

1. Fixed networking fees = \$908/year
2. Variable networking fees = 15% of revenue collected
3. Department of Agriculture fees = \$40/year
4. Maintenance cost = \$3,888/year (DOE planning assumes 12% maintenance cost)
5. DCFC kWh/year is escalated at the same pace as EV adoption from the 2023 Electrification Study anticipated scenario

EV Public Charging Proposed Rates



Level 2 - \$0.25/kWh

COS = \$0.2533/kWh



DCFC - \$0.40/kWh

COS = \$0.3675/kWh

Affordable

- Keep rates as low as possible
- Alignment with commercial providers
- Acknowledges slower TP charge speeds

Encourage Usage

- A core group of regular users is key to financial viability
- High rate that limits use will never recover costs
- Whole cents for easy marketing

Equitable access

- Allows affordable Level 2 access to renters and affordable charging options in neighborhood business districts

Proposed EV Rates are Competitive

Proposed Tacoma Power DCFC = \$0.40/kWh

DCFC Charging Location	High Price	Low Price
ELECTRIFY AMERICA LLC		
WalMart on Union	\$ 0.48	\$ 0.48
EVGO SERVICES LLC		
Hilltop Safeway	\$ 0.59	\$ 0.45
LeMay Museum		
Tacoma Mall	\$ 0.59	\$ 0.59
Bass Proshop	\$ 0.55	\$ 0.55
TESLA INC		
Tacoma Mall	\$ 0.26	\$ 0.26
Tacoma Mall	\$ 0.30	\$ 0.16
Tacoma Mall and 52nd	\$ 0.45	\$ 0.16
Hosmer and 74th	\$ 0.26	\$ 0.26

Proposed Tacoma Power Level 2 = \$0.25/kWh

Level 2 Charging Location	Brand	Price
McLendons	Blink	\$0.49/kWh
Puyallup Shopping Center	EvGateway	\$0.49/kWh
Tacoma Shopping Center	EV Connect	\$0.35/kWh
Tacoma Power Owned Chargers		EV Connect
Seaport Museum	Chargepoint	\$0.19/kWh
Pacific Lutheran University	Chargepoint	\$0.17/kWh
University Place Shopping Center	Chargepoint	\$0.15/kWh
Walgreens	Blink	\$2/hour
Point Ruston Shopping Center	Blink	\$2/hour
Lakewood Walgreens	Blink	\$2/hour
Gig Harbor Shopping Center	Chargepoint	\$1/hour
Browns Point Elementary School	Chargepoint	\$0.4/hour
Pierce Co Library		\$0.15/kWh + \$0.25/hr
Pacific Lutheran University		\$0.17/kWh + \$5/hour
Tacoma Community College		Free
Tacoma Community Justice		Free
Downing Elementry School		Free
Safeway (Westgate / Proctor)		Free

EV Rates 2025/26 Projected Cashflow Analysis

Annual projections for 2025/26

Location	Rate	# Stalls	Costs	kWh Total	Revenue
Level 2 - Old Town, Business District, Downtown	\$0.25	47	\$ 74,944	286,230	\$ 71,558
ETS DCFC	\$0.40	4	\$ 37,558	99,864	\$ 39,946
Total			\$ 112,502		\$ 111,503

- Does not include equipment at TPU campus
- Analysis recovers funds required to operate the charging network – assumes no capital construction funds are collected through EV rates
- Cost does not include internal overhead to manage charging network.
 - These are fixed costs that would exist without the charging system.
 - Adding \$50,000 (0.23 FTE) would increase all rates by \$0.16/kWh.
 - Rate would be unaffordable and result in little to no usage.

Retail Customer Class Overview

- single family and multi-family residences
- 171,000 accounts
- \$200 million annual revenue

Residential



- small businesses, such as flower shops, nail salons, small offices
- 18,000 accounts
- \$32 million annual revenue

Small General Service



- large businesses such as schools, restaurants, hospitals
- 2,600 accounts
- \$136 million annual revenue

General Service



- 8 large customers directly on the transmission system
- \$27 million annual revenue

High Voltage General



- large manufacturers directly on the transmission system
- \$9 million annual revenue

Contract Industrial & New Large Load



- streetlights and traffic signals
- 1,500 accounts
- \$800,000 annual revenue

Streetlights & Signals



- rental street and area lighting
- 3,300 accounts
- \$2.6 million annual revenue

Private Off-Street Lighting

