

2025-2026 Proposed Budget & Rates Overview

October 09, 2024



2024 Policymaker Engagement



Public Utility Board

Mar 27: TPU Rate & Financial Policies | Reserve & Rate Stabilization funds

Apr 10: Cost Saving Measures

Apr 24: Shared Services Budget Overview | Residential Utility Assistance Programs

May 8: Rail Budget Overview, Strategy, and Capital

May 22: Power Budget Overview, Long-Range Financial Plan and Revenue Requirement
Water Budget Overview, Strategy, and Long-Term Financial Plan

Jul 10: Shared Services Budget | Power Cost-of-Service & Rates

Aug 14: Rail Revenue and Rates | Water Budget, Long-Range Financial Plan, Cost-of-Service Analysis, and Rates

Aug 28: Water Follow-up on Budget, Long-Range Financial Plan, Cost-of-Service Analysis, and Rates

Sep 11: Customer Services Preliminary Budget Review

Sep 30: Rail Preliminary Budget and Rates Review
Water Preliminary Budget and Rates Review
Power Preliminary Budget and Rates Review

City Council/GPFC

Aug 20: (CC) Joint Study Session Power and Water Long-Range Financial Plans

Sep 17: (GPFC) TPU Cost-of-Service Analysis and Rate Design Results

Oct 1: (GPFC) TPU Proposed Budget and Rates

Oct 8: (CC) Joint Study Session TPU Proposed Budget & Rates

Public Engagement



Budget & Rates

- Neighborhood Councils, Block Groups, Metro Parks
(in partnership with Environmental Services)
- Chamber of Commerce and Economic Development and Trade Organizations
- Franchise Cities and local government partners
- Key Account Customers (JBLM, hospitals, school districts, etc.)
- Business Districts
- where possible, joining existing community events or meetings

Ongoing

- Website contains links to meetings, presentations, and recordings
- Social Media posts
- Online customer feedback form
- Utility bill inserts and messaging
- Multilingual fact sheets and newsletters

Budget & Rates Strategy



Support Strategic Plan



Align with PUB Guiding Principles



Follow Rate and Financial Policies



Mitigate Rate Impacts

Challenges & Considerations



- Increased costs of Wages, Materials, and Contract Services
- Regulatory Requirements
- Capital Planning
- Technology Investments
- Impacts of removing GET exemptions

2025-2026 Goals



- Continue low-income **energy efficiency** pilot program
- Continue water grant/loan programs



Strengthen pipelines and pathways to **livable wage jobs** through TPU programs and partnerships

- Internships
- Pre-apprenticeships
- Academic fellowships
- Tacoma Training and Employment Program (TTEP)

- Advance **technology**



- SAP Now! Program in alignment with City of Tacoma
- Power Grid Modernization
- Smart Water Program

Capital Projects



Tacoma Power	2025-2026
Overhead Distribution & Transmissions A&R	\$ 26.6M
TPU Admin Complex Storage & Parking Facility* <i>*Priority due to the need to vacate Cushman Substation</i>	\$ 16.9M
Distribution Transformer A&R	\$ 16.6M
Automated Distribution Mgmt System (ADMS)	\$ 10.6M
Cushman #2 Units 31 and 32 Rebuild	\$ 10.0M

Cushman Substation



Tacoma Water	2025-2026	2027-2034
Water Operations Warehouse Building	\$ 24.7M	\$ 4.0M
Pipeline 1 Pressurization Program	\$ 12.8M	\$ 74.6M
PFAS Treatment	\$ 1.3M	\$ 46.8M
AWSP, Fish Passage & Mitigation (Water & RWSS)	\$ 7.9M	\$ 11.4M
Cascadia Reservoir & Pump Station	\$ 2.7M	\$ 10.6M



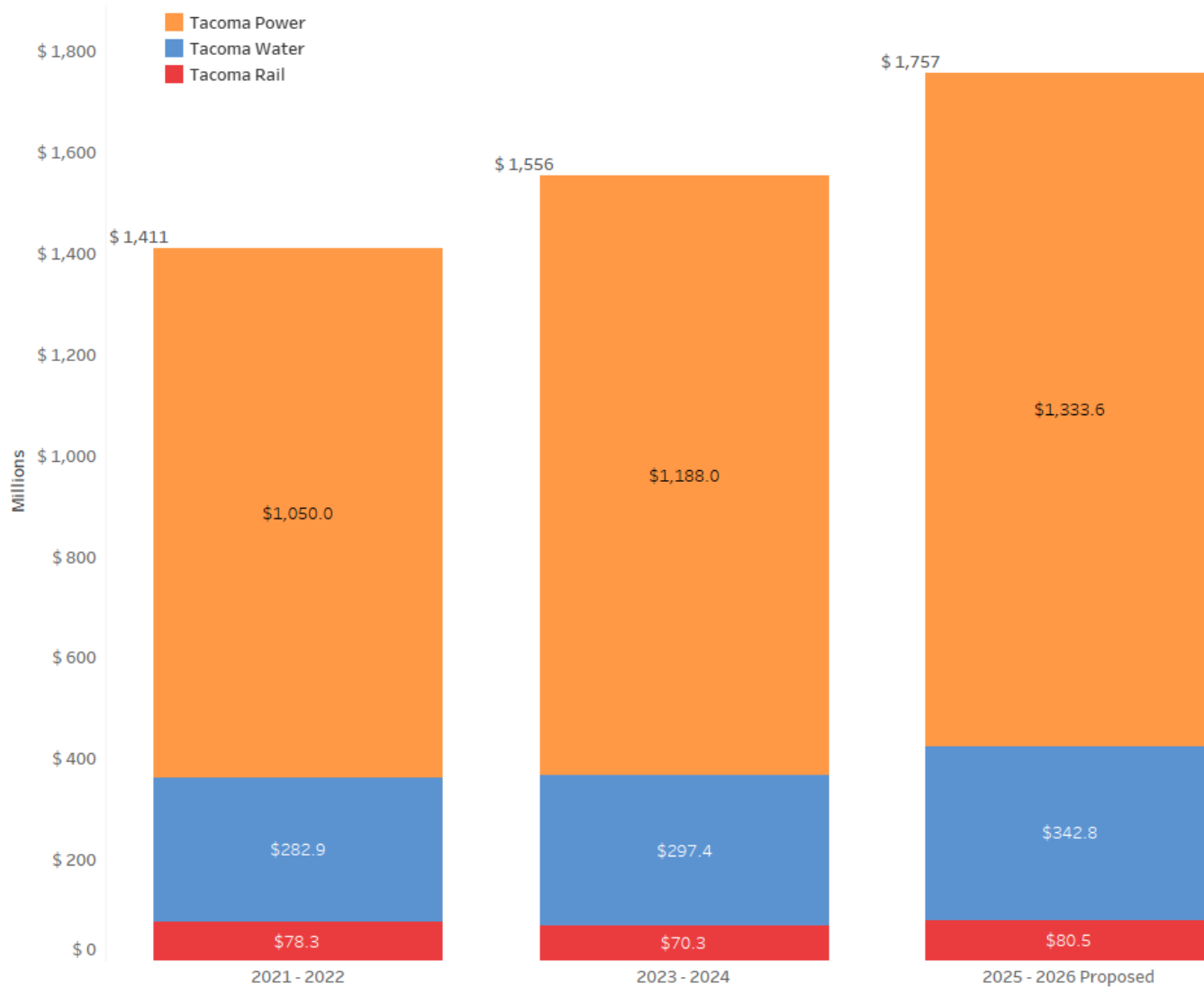
HUMAN &
ENVIRONMENTAL
HEALTH

Tacoma Rail	2025-2026
Battery-Electric (zero emission) Locomotives	\$ 16.0M
US Oil Grade Crossing Signalization	\$ 2.5M
Taylor Way Yard Improvements	\$ 1.6M



COMMUNITY SAFETY

Biennial Budgets



Proposed Rate Adjustments



	Tacoma Power		Tacoma Water		Tacoma Rail	
	2025	2026	2025	2026	2025	2026
System average	5.3%	5.3%	6.5%	6.5%	2.3%	2.3%
Residential	6.5%	6.5%	6.3%	6.3%	N/A	N/A
Average monthly increase	\$6.72	\$7.09	\$2.88	\$3.09	N/A	N/A

Residential rates fact sheets also made available in

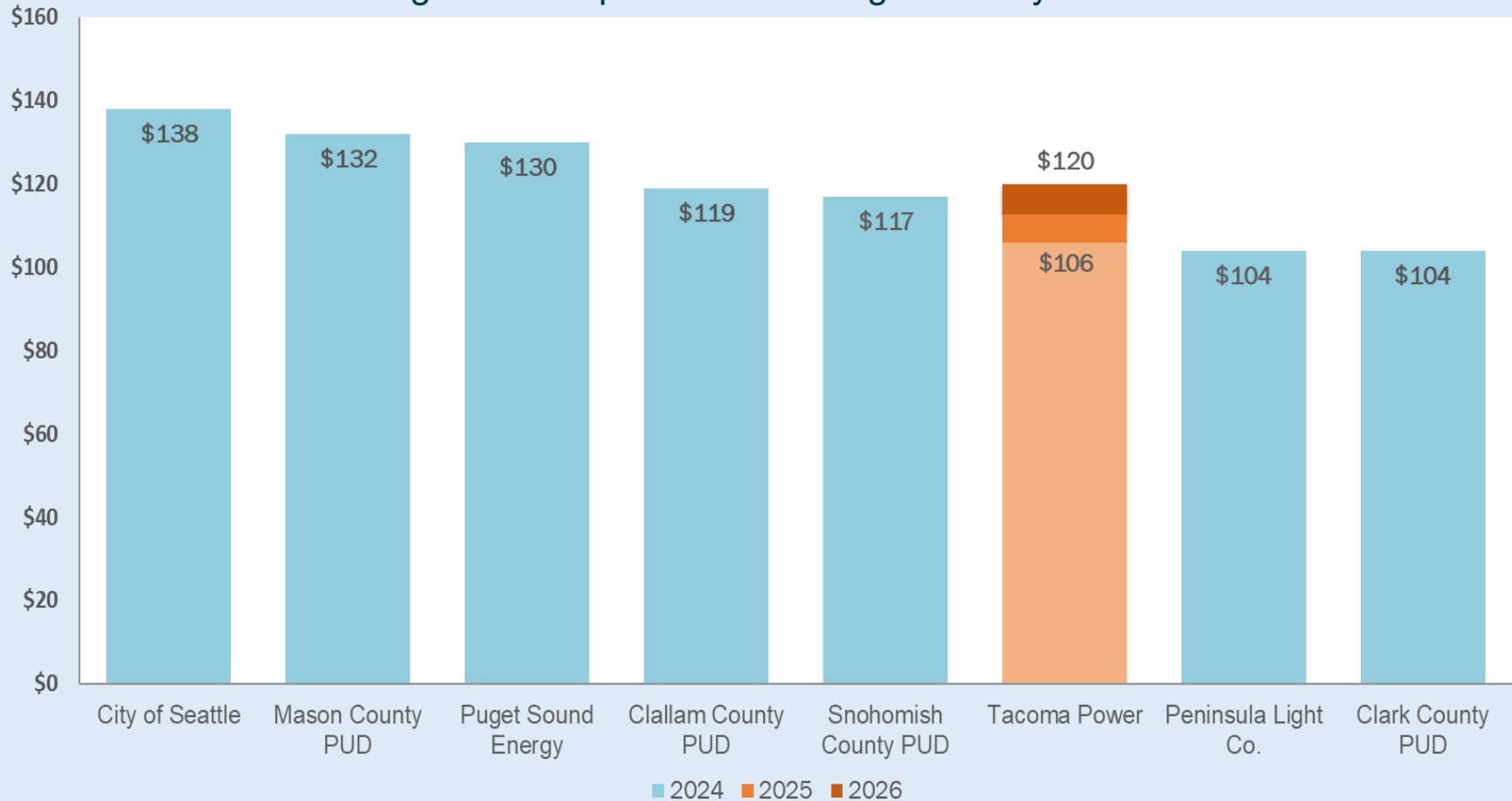
- Spanish
- Russian
- Vietnamese
- Korean
- Khmer
- Ukrainian

[MyTPU.org/rates](https://www.mytpu.org/rates)

Tacoma Power Residential Rate Comparisons



2024 Regional Comparison of Average Monthly Residential Bills*

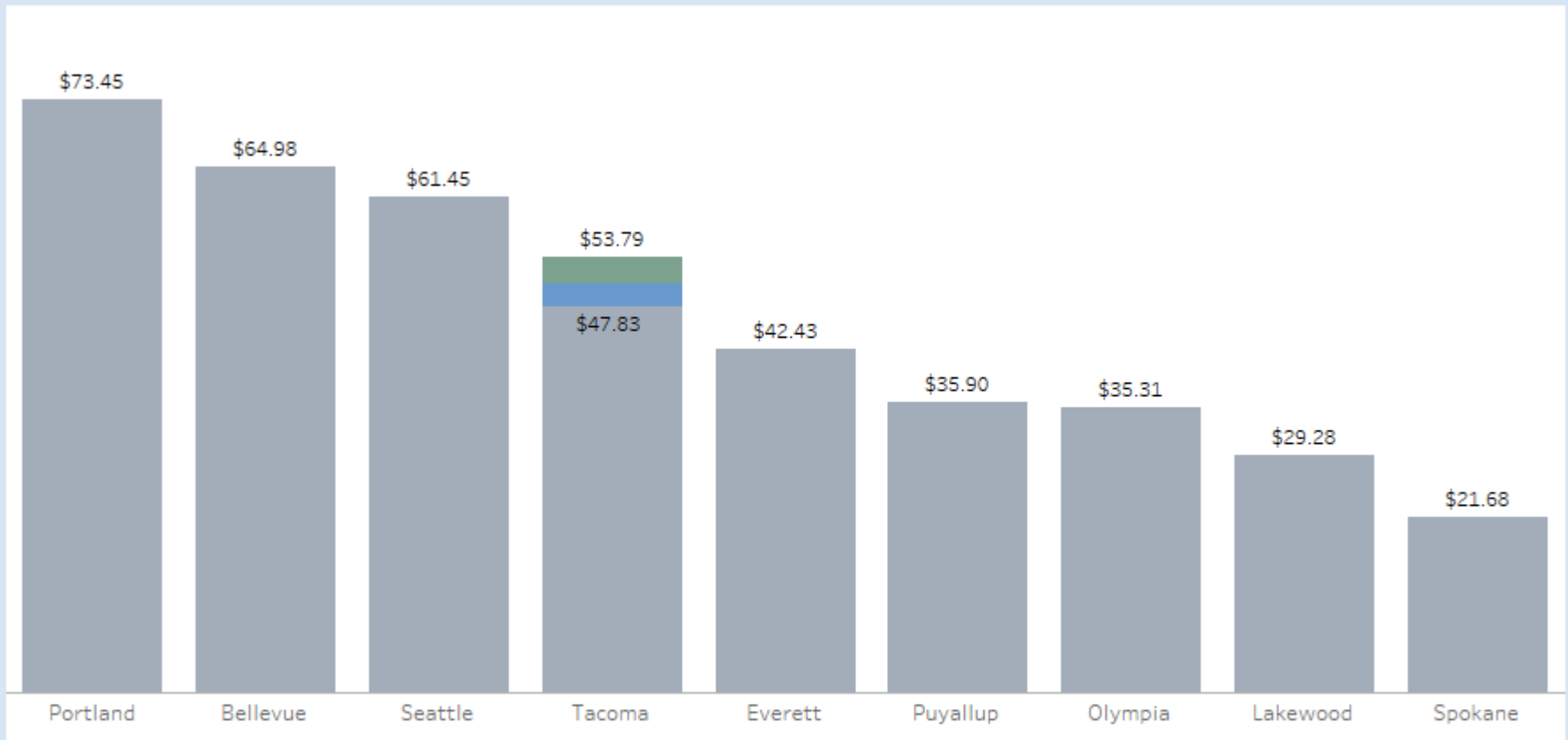


*Average bill based on utility published residential rates at 965 kWh consumption. 2025 and 2026 proposed rates for peer utilities are not represented.

Tacoma Water Residential Rate Comparisons



2024 Regional Comparison of Average Monthly Residential Bills



This comparison assumes a single family in Tacoma consumes a monthly average of 6 CCF (4,488 gallons) in winter months and 9 CCF (6,732 gallons) in summer months, with a 5/8" meter.

■ 2024 ■ 2025 ■ 2026

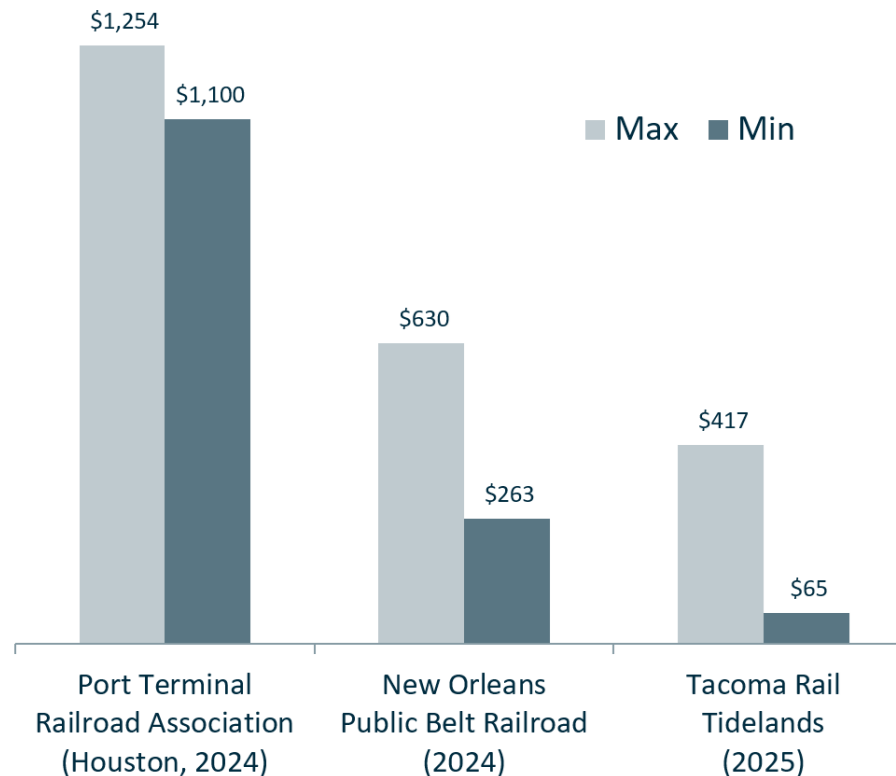
Tacoma Rail Industry Comparisons



- **Northwest Seaport Alliance (NWSA)**

- July 10th, 2024
- Rate increases of 5% - 12%

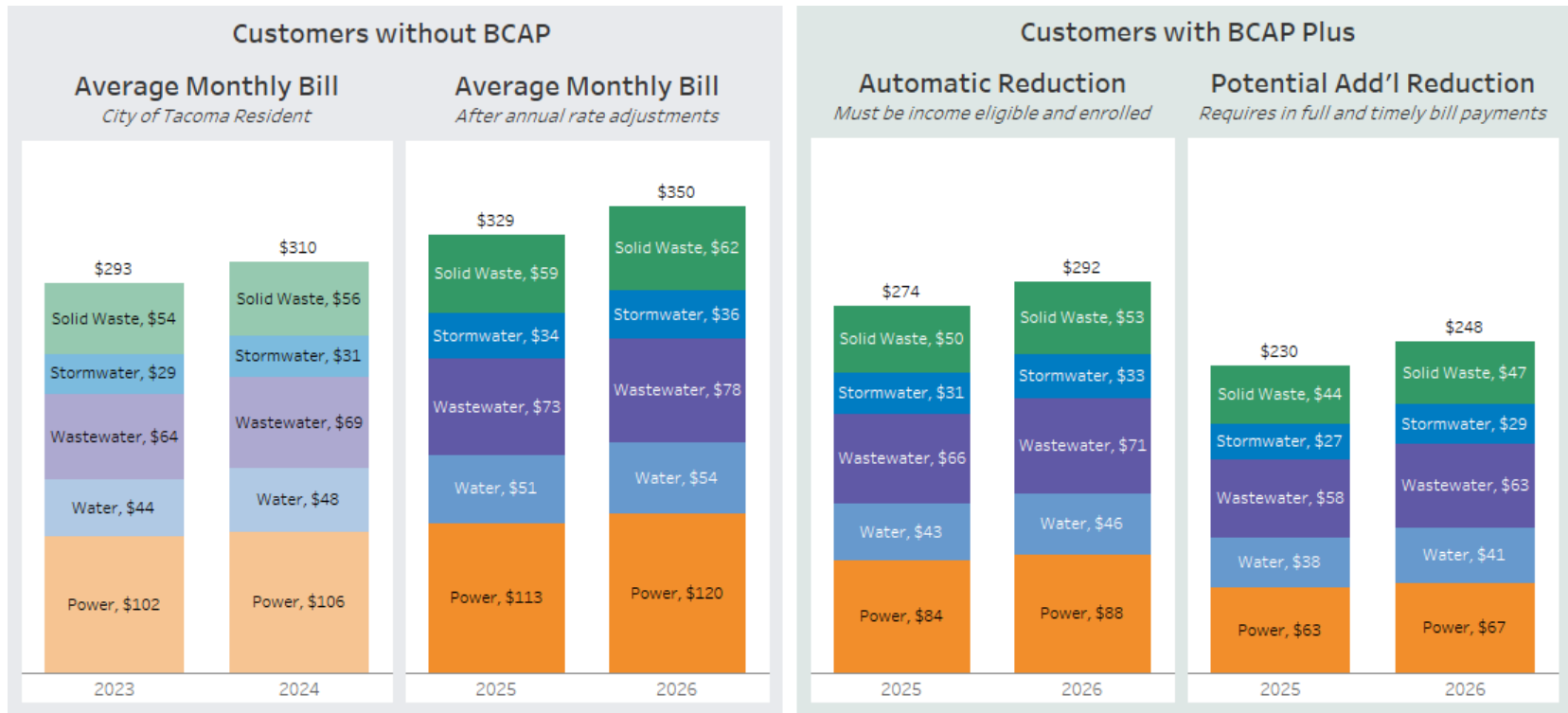
- **Other tariff based short lines:**



Bill Credit Assistance Program



Comparing an average monthly five-service bill with and without bill credit assistance.



** For the total 5 service bill, proposed rate adjustments equate to an average of 6.4% increase per year in 2025 and 2026.*

Over 80% to goal of reaching 10,000 BCAP enrollment by the end of 2024

Looking Ahead



Public Utility Board

Oct 9

- Public Hearing
- 1st Reading and Consideration of Proposed Budget & Rate

Oct 23

- 2nd Reading and Approval of Proposed Budget & Rates

City Council

Nov 19: 1st Reading of City Budget & Rate Ordinances

Dec 3: 2nd Reading of City Budget & Rate Ordinances

Feedback from the Public remains open for consideration through final budget adoption

Questions?

