2027-2028 TPU Draft Revenues & Rates

July 22, 2026

TACOMA PUBLIC UTILITIES

2026 Budget & Rates Timeline

TACOMA PUBLIC UTILITIES

We are here

JAN
Start

FEB
Data Cleanup

MAR
Shared Services

Allocation Models

- 3/11:
  - Rate and Financial Policies
  - Reserves
  - Financing Updates (if needed)

APR
Initial Estimates

- 4/22:
  - TPU Shared Services (Proposed Major Changes)

MAY
Military Protocol

- 5/13: Operating Divisions (Proposed Major Changes)
- 5/27:
  - LRFP (Long-Range Financial Plan)
  - Cost Recovery Revenues
  - System Average Rates

JUN
- 6/10:
  - Utility Assistance Update

JUL
Revised Estimates

- 7/08:
  - Draft Expenditure Budgets
- 7/22:
  - Draft Revenues and Rates
  - GG Shared Services

AUG
Near Final Estimates

- 8/12: Follow-up Topics
- 8/18: GPFC
  - Utilities (TPU, ES) Budget & Rates

SEP
Outreach Begins

Balanced Budget

- 9/09: Budget & Rate Recommendations (Customer Services, Tacoma Rail)
- 9/23: Budget & Rate Recommendations (Tacoma Power, Tacoma Water)

OCT
Utility Board Approval

- 10/14:
  - CC/PUB Joint Study Session
  - Public Hearing
  - PUB 1st Reading
- 10/28: PUB 2nd Reading

NOV - DEC
City Council Approval

- 11/03: CC 1st Reading
- 11/17: CC 2nd Reading

Tacoma Water Long-Range Financial Plan

Presented by Hayley Falk for the Public Utility Board on July 22, 2026

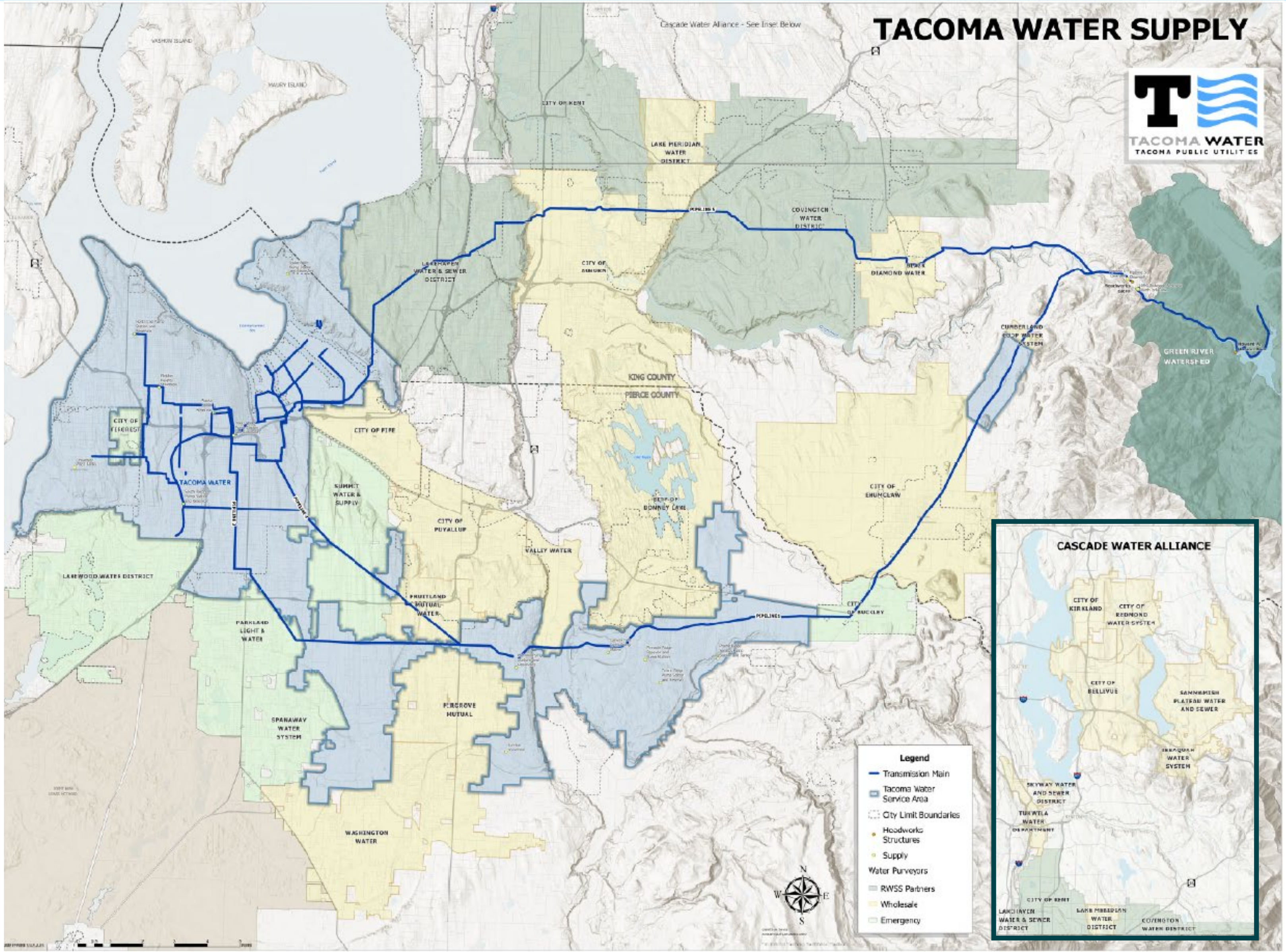
TACOMA WATER
TACOMA PUBLIC UTILITIES

Agenda

1. Background
2. Expense & Revenue Review
3. Revenue and Rates
4. System Average Rates

Background

Service Territory



Inflation & Construction Cost Growth

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Inflation

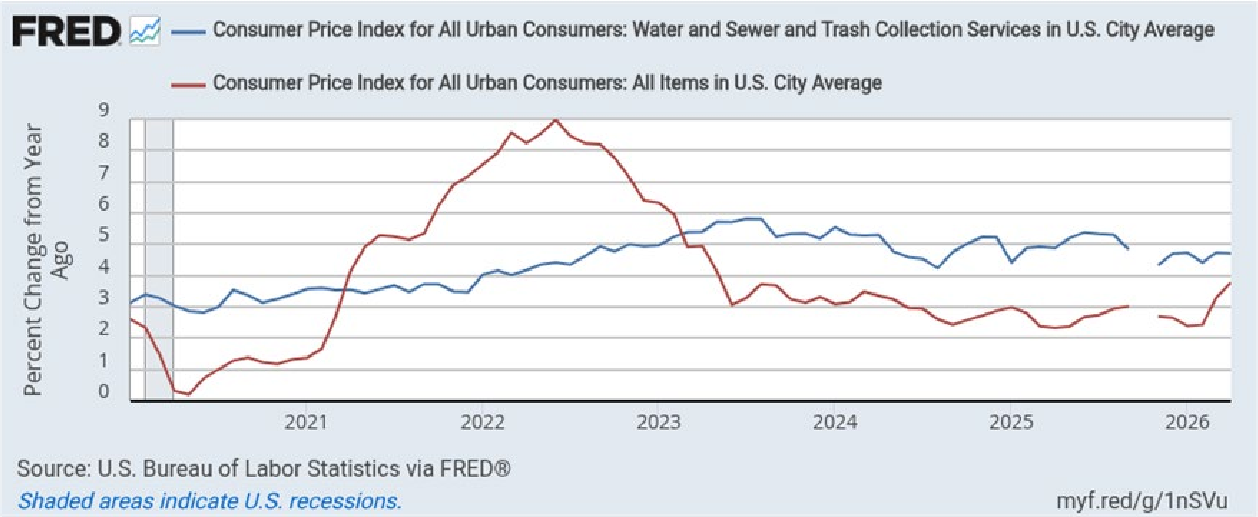
CPI for Water, Sewer & Trash peaked around 5-5.5% in 2023 and has stayed elevated in the 4-5% range through 2026 – well above general inflation for the past 3 years.

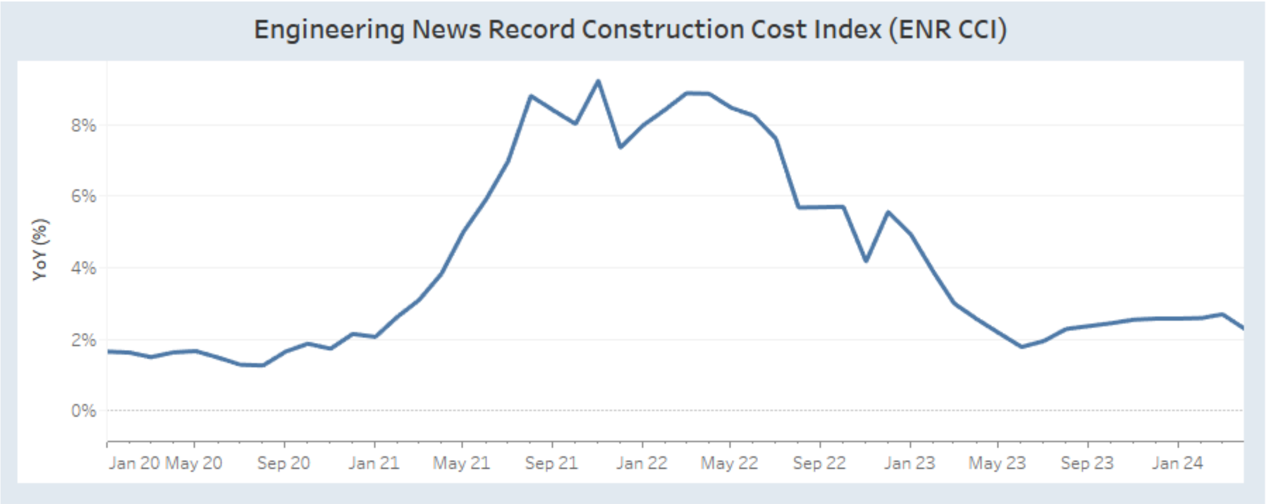
Construction

Construction costs spiked harder than general CPI in 2021, but have decelerated sharply, and are growing at a slower "normal" pace.

Overall

Utility cost pressures reflect ongoing, sector-specific cost growth (infrastructure, labor, materials specific to water systems) that hasn't eased the way broader prices have.





ENR publishes both a Construction Cost Index and Building Cost index that are widely used in the construction industry. The Construction Cost Index (CCI) tracks 200 hours of common labor at the 20-city average of common labor rates, plus 25 cwt of standard structural steel shapes at the mill price prior to 1996 and the fabricated 20-city price from 1996, plus 1.128 tons of portland cement at the 20-city price, plus 1,088 board ft.

Cumulative Increases – Handy Whitman

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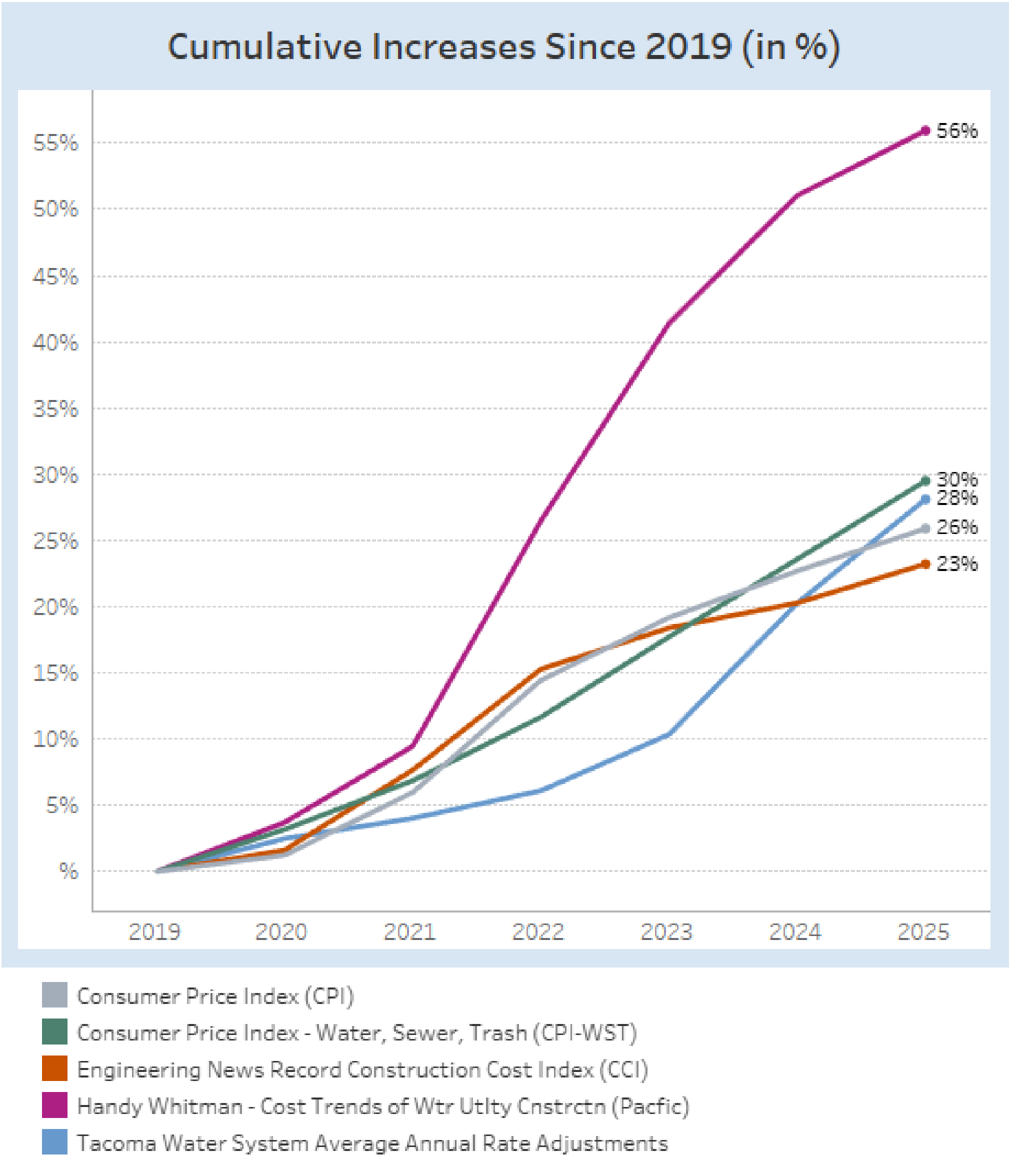

Tacoma Water rates (28%) have grown slower than most cost benchmarks

Water utility construction costs surged far above general inflation

Rate increases have been conservative relative to actual cost pressures

Ongoing Impacts

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Increased Expenses

- Technology & Fleet Replacement
- Supplies, Services & Transportation / Fuel
- Personnel Costs (salaries & benefits)
- Construction inflation
- Commodities (insurance, utilities)
- Regulatory mandates (PFAS & Pipeline 1)

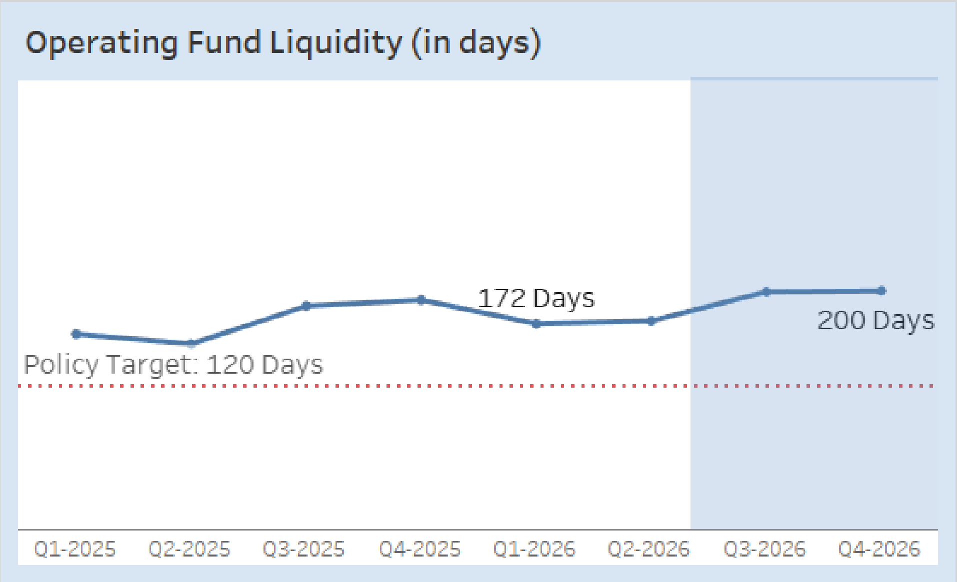
Balancing Efforts

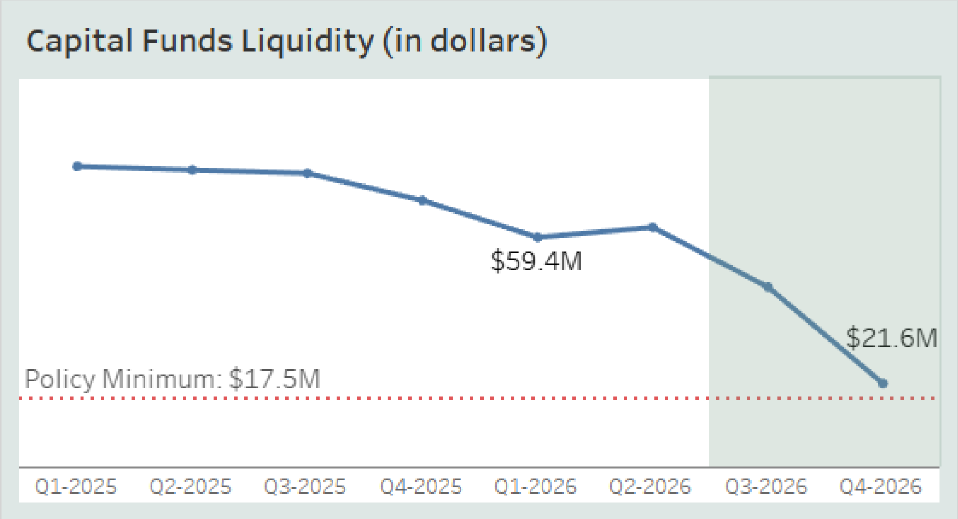
- Financial management
- Long-term planning
- Expense prioritization & Operational efficiencies
- Project & process management
- Strategic alignment
- FTEs / professional services
- Revenue expansion

Managing Expenses

- Hiring
- Debt management
- Meetings, travel, and trainings
- Cost savings (grants and loans, innovative projects)

Proposed Reserve Policies





2027-28 Reserve Policy Targets

Fund	Requirement	Purpose	June 2026
Operating (Current)	90-150 Days Budgeted Operating Expenses (*Target 120 days*) $43M	• Day to Day O&M • Flexibility to manage risk • Manage revenue fluctuations • Meet working capital needs	$63M
Capital	1% Original Cost Plant-in-Service $14M	• Capital funding for system projects • Mitigate risk • Financial stability • Stable rate adjustments	$14M
System Development Charge (SDC)	$4M	• Sunset Rate Stabilization Account (RSA) • Capital funding for system improvements • Mitigate risk • Financial stability • Stable rate adjustments	$49M

Minimum requirements of the 2027-2028 budget and current as of June 2026.

Long Range Supply & Demand

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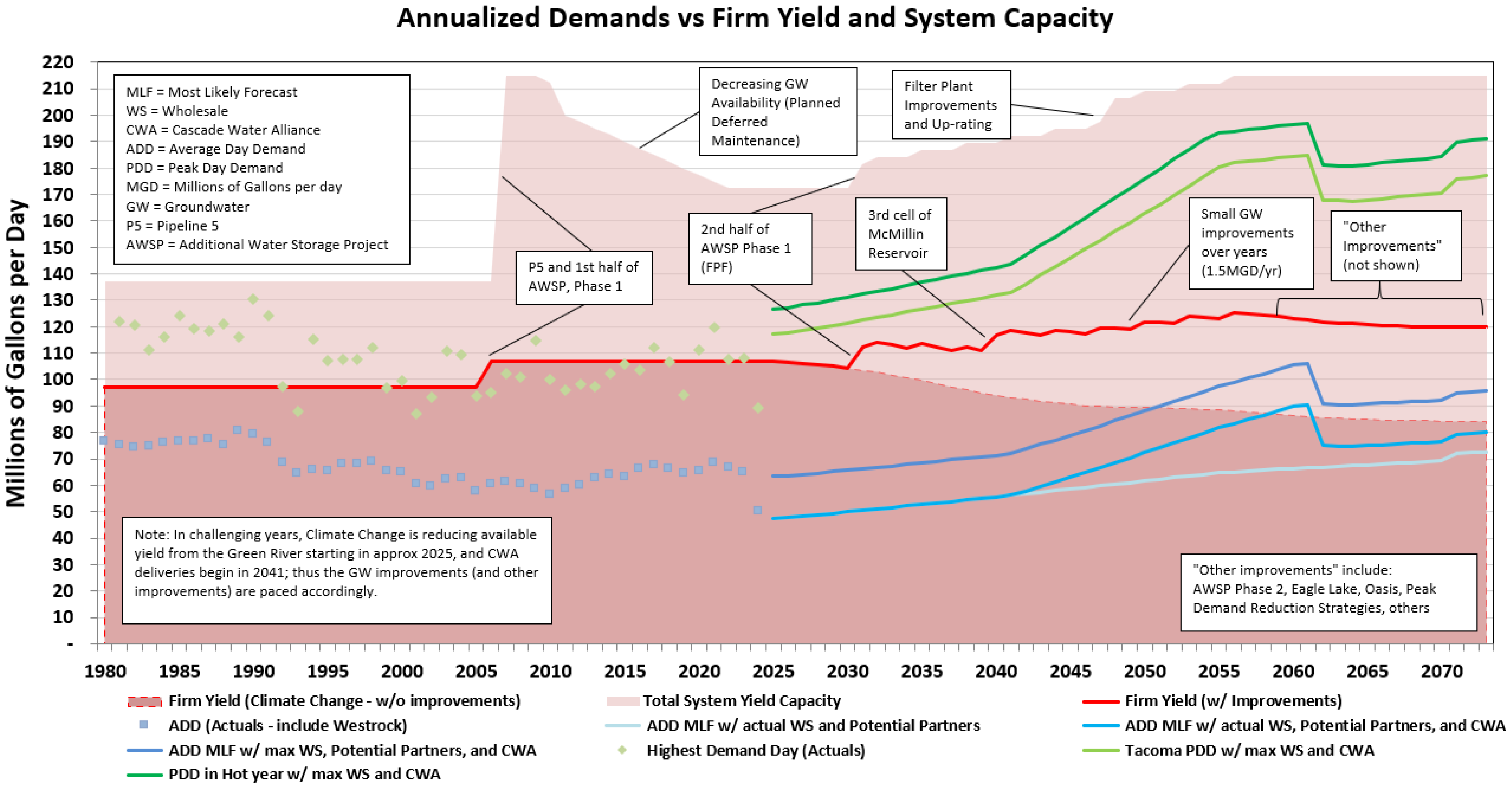


Expense and Revenue Overview

TACOMA WATER
TACOMA PUBLIC UTILITIES

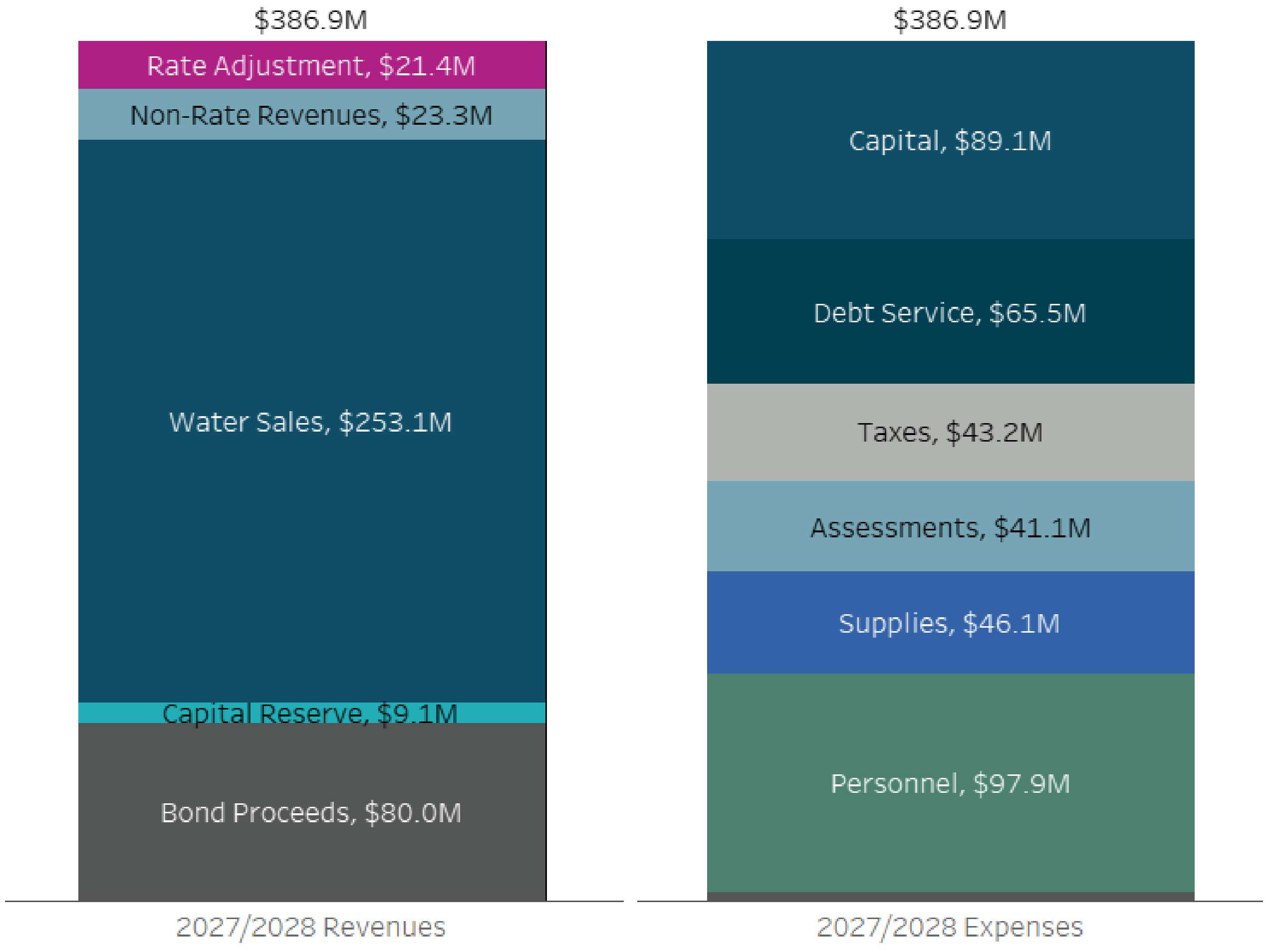
Cost Savings Stories

Efficiencies, reductions, and deferrals.

Description	Type	Duration	Total Est Savings
Vacancy Factor (3%)	Reduction	Ongoing	$1,550,000
Capital Completion Factor (80%)	Reduction	Ongoing	$22,275,000
Operationalize Water Treatment	Reduction	Ongoing	$1,155,000
Stop EnviroHouse/ Green Building Advocate Support	Reduction	Ongoing	$125,0000
Trim Professional Services	Reduction	Ongoing	$525,000

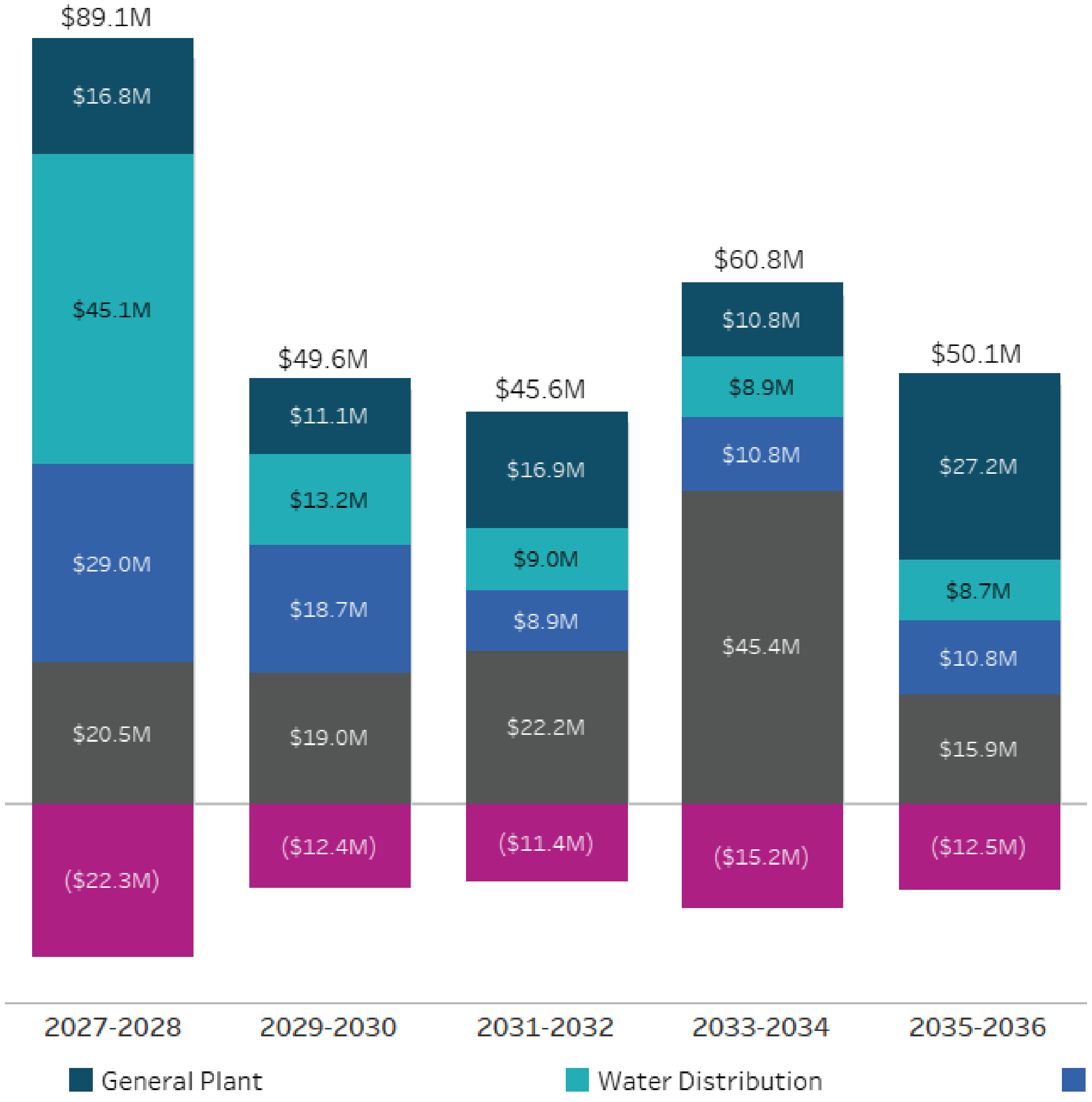
Proposed Budget: Expenditures & Revenue

- This chart gives a side-by-side view of how revenue and reserves are planned to be appropriated during the 27/28 biennium
- Approximately 72% of total expenditures are planned to be paid with revenue from water sales, including the rate adjustment
- About 2% of total expenditures are planned to be funded with cash reserves, 20% from anticipated revenue bond proceeds, and the remaining 6% from other miscellaneous revenue



Preliminary, subject to change.

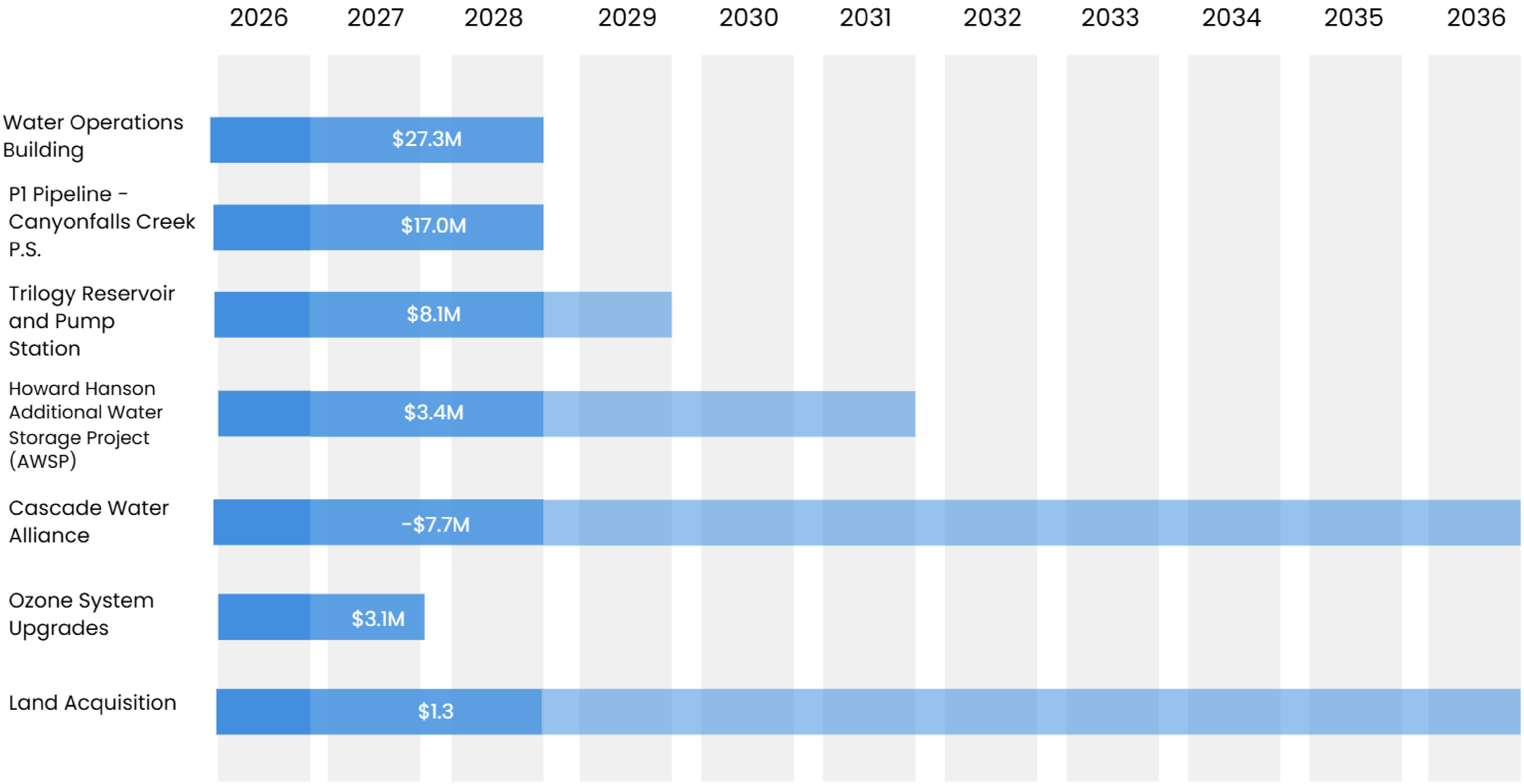
10- Year Proposed Capital Improvement Plan (CIP)



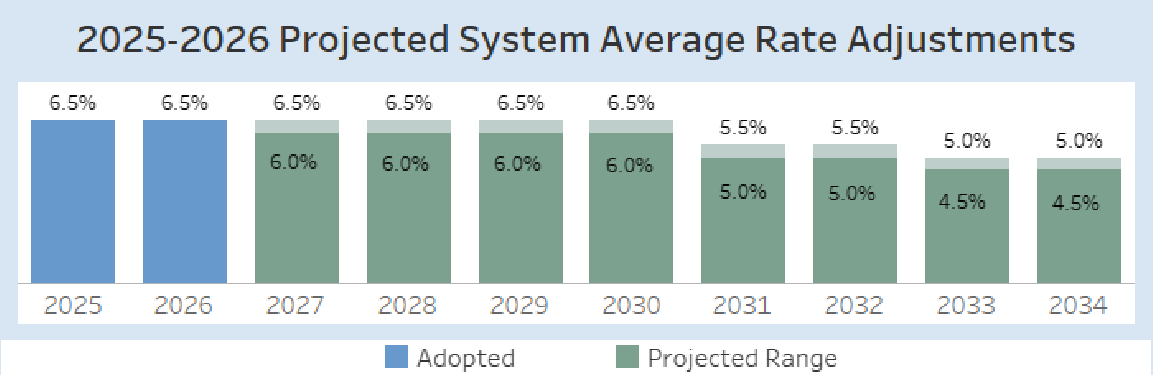
	2027-2028	2029-2030	2031-2032	2033-2034	2035-2036
General Plant	$16.8M	$11.1M	$16.9M	$10.8M	$27.2M
Water Distribution	$45.1M	$13.2M	$9.0M	$8.9M	$8.7M
Water Source & Transmission	$29.0M	$18.7M	$8.9M	$10.8M	$10.8M
Water Treatment	$20.5M	$19.0M	$22.2M	$45.4M	$15.9M
Completion Factor (80%)	($22.3M)	($12.4M)	($11.4M)	($15.2M)	($12.5M)
Grand Total	**$89.1M**	**$49.6M**	**$45.6M**	**$60.8M**	**$50.1M**

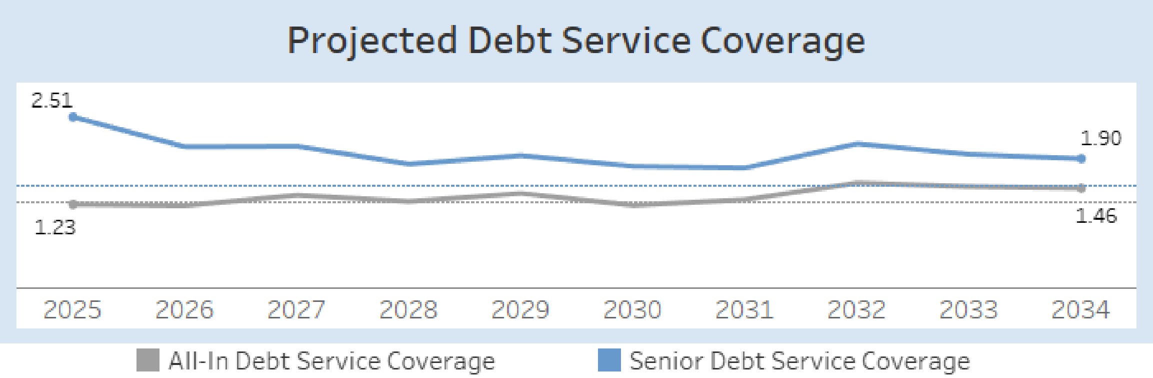
Preliminary, subject to change.

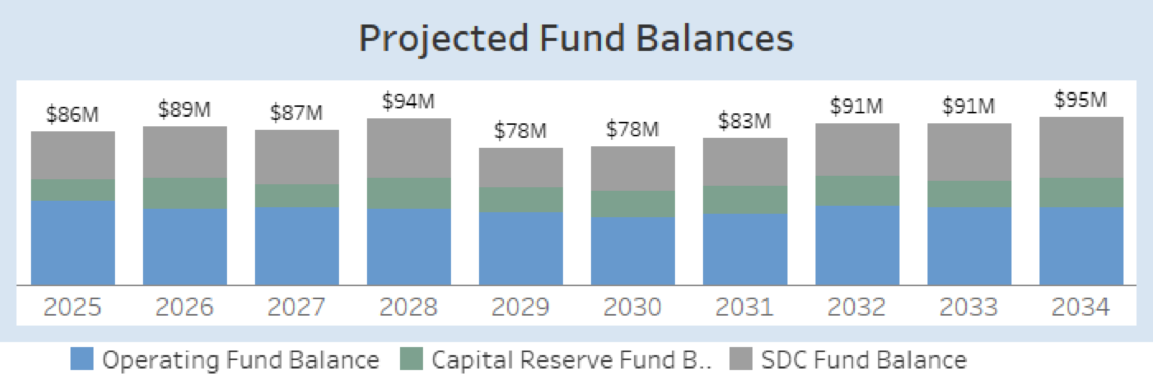
10 Year CIP

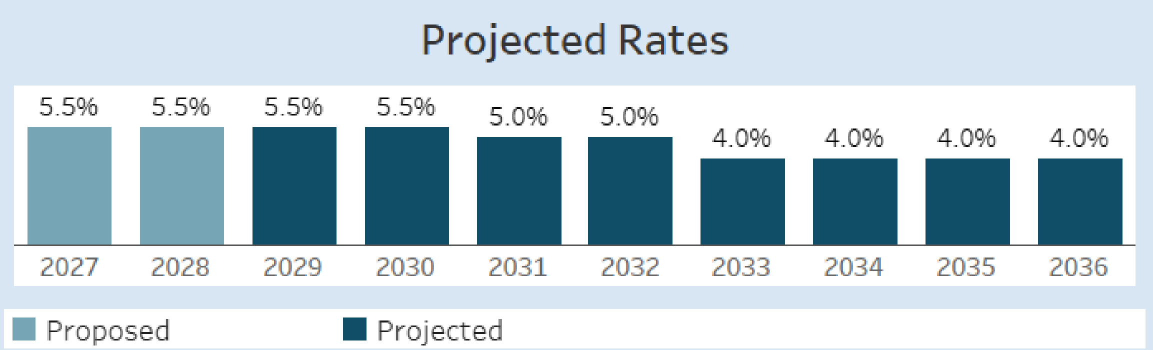

2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
2036
Water Operations Building
$27.3M
P1 Pipeline - Canyonfalls Creek P.S.
$17.0M
Trilogy Reservoir and Pump Station
$8.1M
Howard Hanson Additional Water Storage Project (AWSP)
$3.4M
Cascade Water Alliance
-$7.7M
Ozone System Upgrades
$3.1M
Land Acquisition
$1.3

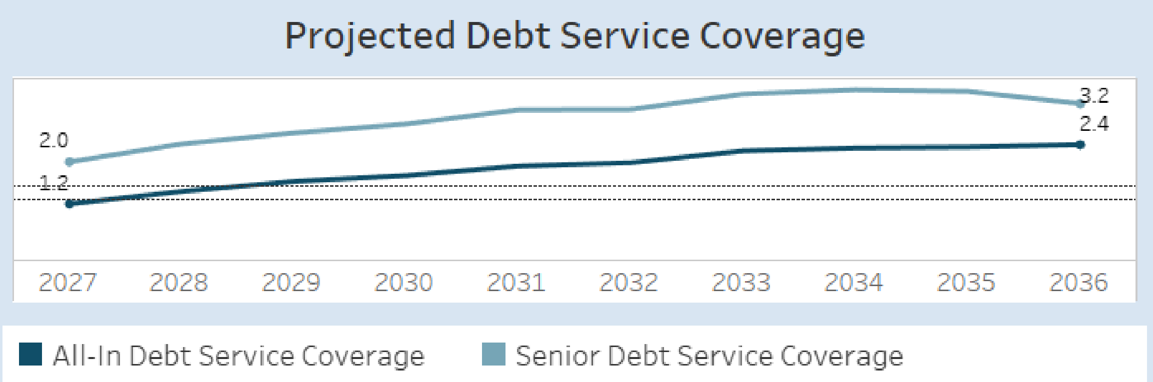
2027-2028 Base Case Comparison

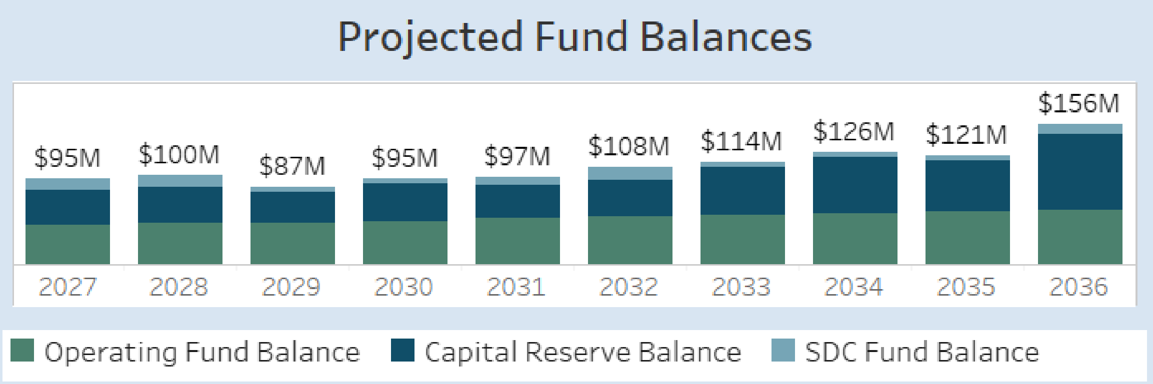






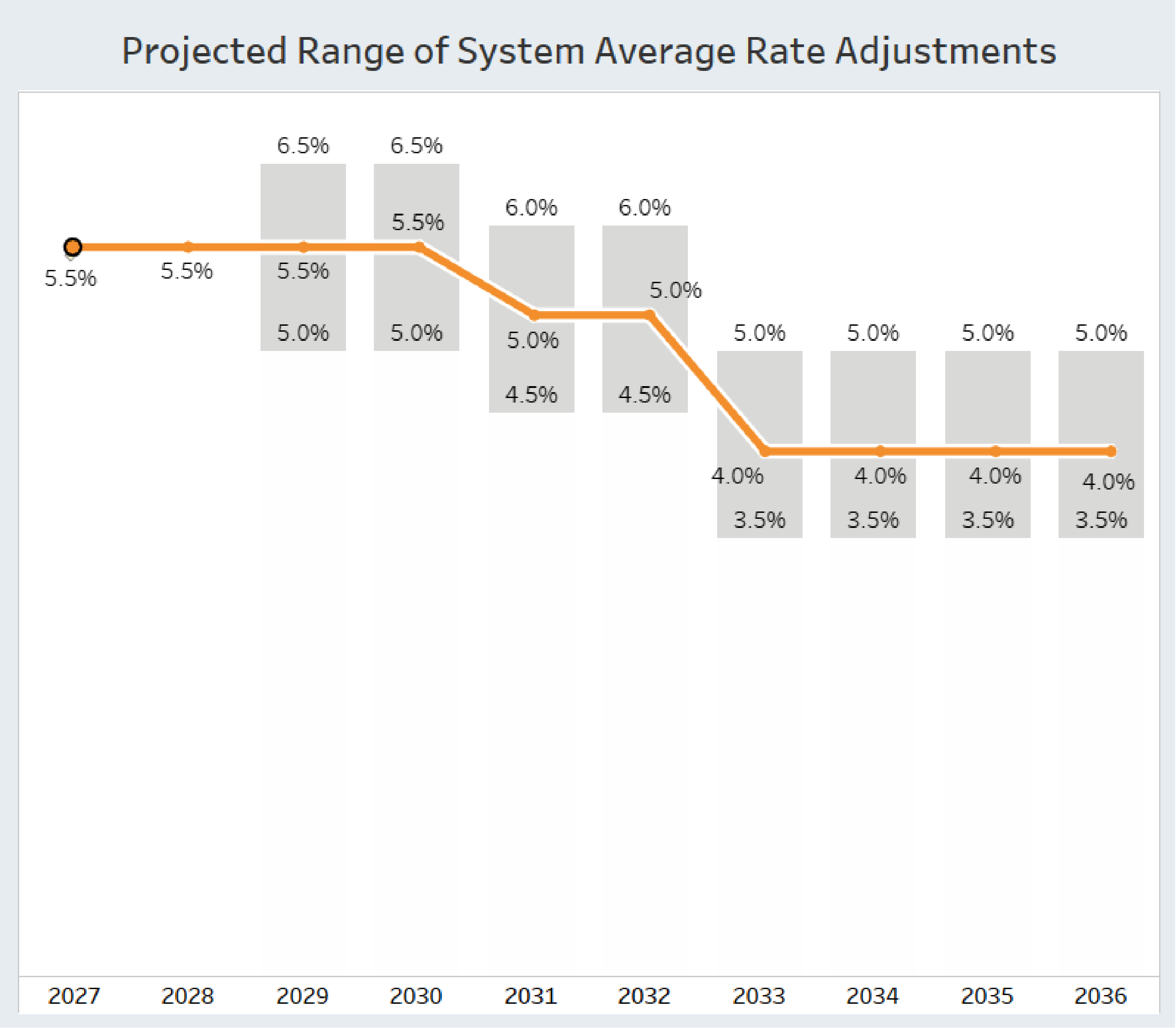






Projected Range of System Average Rates

We build our base case based on our expected revenue requirement and then develop scenarios based on possible risks and opportunities. This analysis provides ‘bookends’ for our rate projections.



Preliminary, subject to change.


2027-2028
Draft Revenue & Rates
TACOMA WATER
TACOMA PUBLIC UTILITIES

Ratemaking Process

What are our Expenses?	Who Uses What?	What Should They Pay?
1	2	3
Revenue Needs	Cost of Service	Rate Design
Identifies revenues needed to sustain operations, according to financial plan (i.e. budget)	Divides revenue into total amount to be paid by each customer class (seeks equity)	Sets rate structure to collect revenue from each customer in each class

Tacoma Water Customer Classes

- Single-family and multifamily residences
- 103,816 accounts
- $85.9M revenue

Residential

- Small & medium sized businesses such as flower shops and small offices
- 4,729 accounts
- $14.8M revenue

Commercial

- Large industries which use more than 65,000 CCF per year, such as U.S. Oil and Boeing
- 8 accounts
- $3.6M revenue

Large Volume

- Warehouses with large fire sprinkler systems
- 1,698 accounts
- $5.3M revenue

Private Fire

- Other utilities such as City of Fife and Firgrove Mutual Water Company
- 17 accounts
- $3.2M revenue

Wholesale

- Dedicated irrigation meter for primarily outdoor use such as Point Defiance Park
- 1,317 accounts
- $6.5M revenue

Irrigation

Based on 2025 financial statements

Top 20 Customers

We have a broad, diverse customer base with opportunities for growth.

No.	Customer		Revenue	% of Total Revenue	Usage	% of Total Usage
1	CITY OF FIFE	$	1,504,111	1.3%	812,881	4.5%
2	METRO PARKS DISTRICT	$	1,413,864	1.2%	250,885	1.4%
3	FREDERICKSON POWER	$	1,215,623	1.0%	445,945	2.4%
4	NIAGARA BOTTLING LLC	$	989,872	0.8%	362,345	2.0%
5	TACOMA SCHOOL DISTRICT	$	832,311	0.7%	124,726	0.7%
6	US OIL & REFINING	$	572,678	0.5%	241,416	1.3%
7	TEHALEH OWNERS ASSOCIATION	$	510,689	0.4%	75,365	0.4%
8	JAMES HARDIE BLDG PRODUCTS INC	$	453,192	0.4%	146,802	0.8%
9	SUNRISE MASTER ASSOCIATION	$	388,259	0.3%	56,542	0.3%
10	MULTICARE HEALTH SYSTEM	$	379,153	0.3%	73,007	0.4%
11	ST JOSEPH MEDICAL CENTER	$	355,822	0.3%	52,192	0.3%
12	UNIVERSITY PLACE SCHOOL DISTRICT	$	328,897	0.3%	50,825	0.3%
13	CITY OF BONNEY LAKE	$	316,249	0.3%	94,103	0.5%
14	PIERCE COUNTY FACILITIES MANAGEMENT	$	309,283	0.3%	55,366	0.3%
15	BOEING CO	$	296,068	0.2%	65,249	0.4%
16	PORT OF TACOMA	$	289,989	0.2%	19,424	0.1%
17	UNIVERSITY OF PUGET SOUND	$	284,235	0.2%	61,168	0.3%
18	CITY OF BLACK DIAMOND	$	282,892	0.2%	55,166	0.3%
19	WESTRIDGES APTS PROPERTY OWNER LLC	$	245,621	0.2%	51,433	0.3%
20	GENERAL METALS OF TACOMA INC	$	235,694	0.2%	70,781	0.4%

- Customer base diversified
- Potential to market excess contracted wholesale capacity
- Residential growth outside of Tacoma
- Customer inside vs outside: 60% vs 40%

System Average Rates

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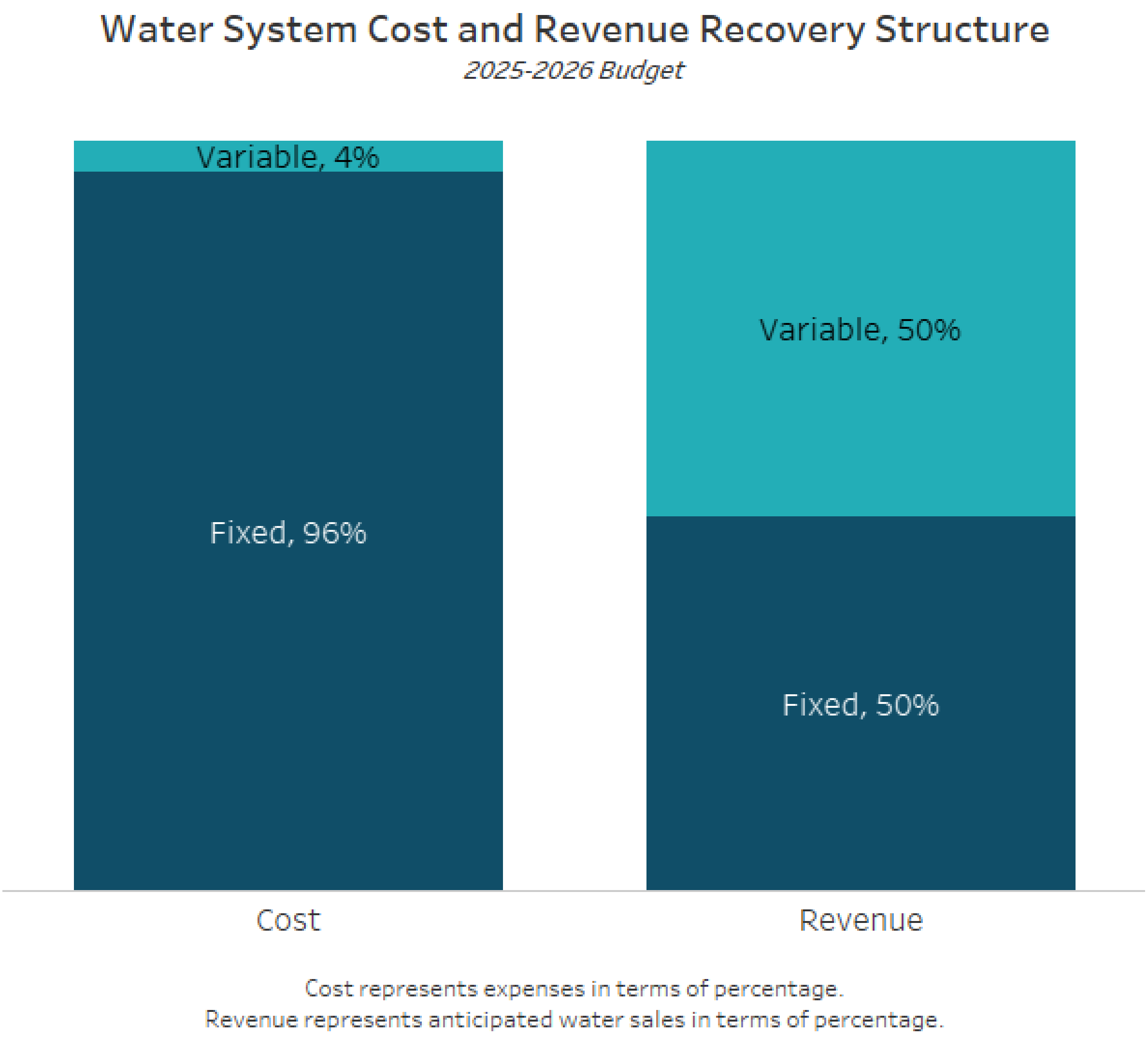
TACOMA PUBLIC UTILITIES

Costs and Revenue Structures Mismatched

Water utilities exist in a capital-intensive business environment.

Approximately 96% of costs are “fixed” in the very short run; power, treatment, and solids handling are the only variable costs on this time horizon.

Rate design can be used to contribute to revenue stability, improve equity across customer classes, and send a conservation signal.



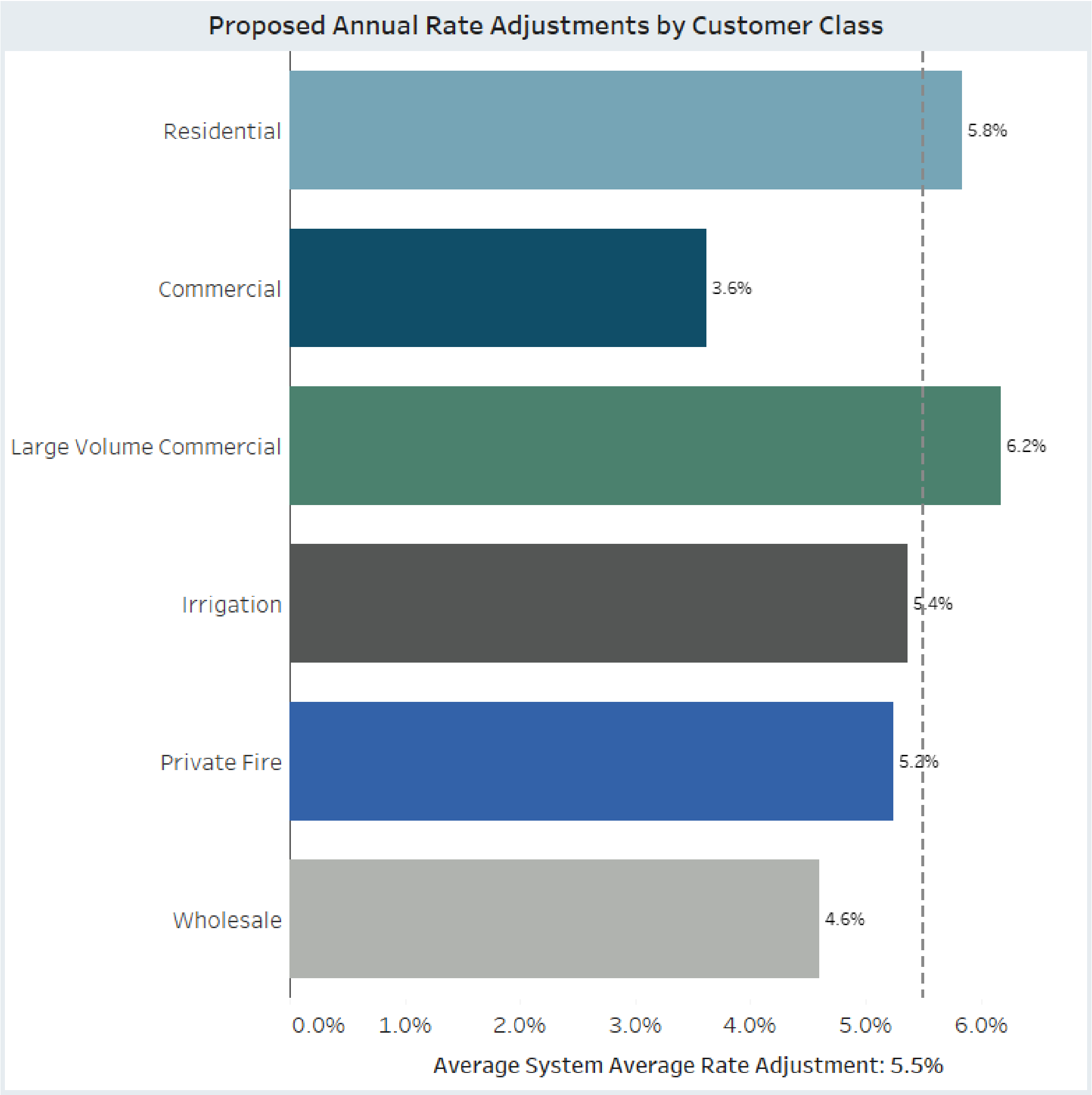
Preliminary Rate Proposal: System Average

Recommendations

- **5.5%** annual system average rate increase
- Rate adjustments would apply to both fixed and variable components for most classes

Mitigation

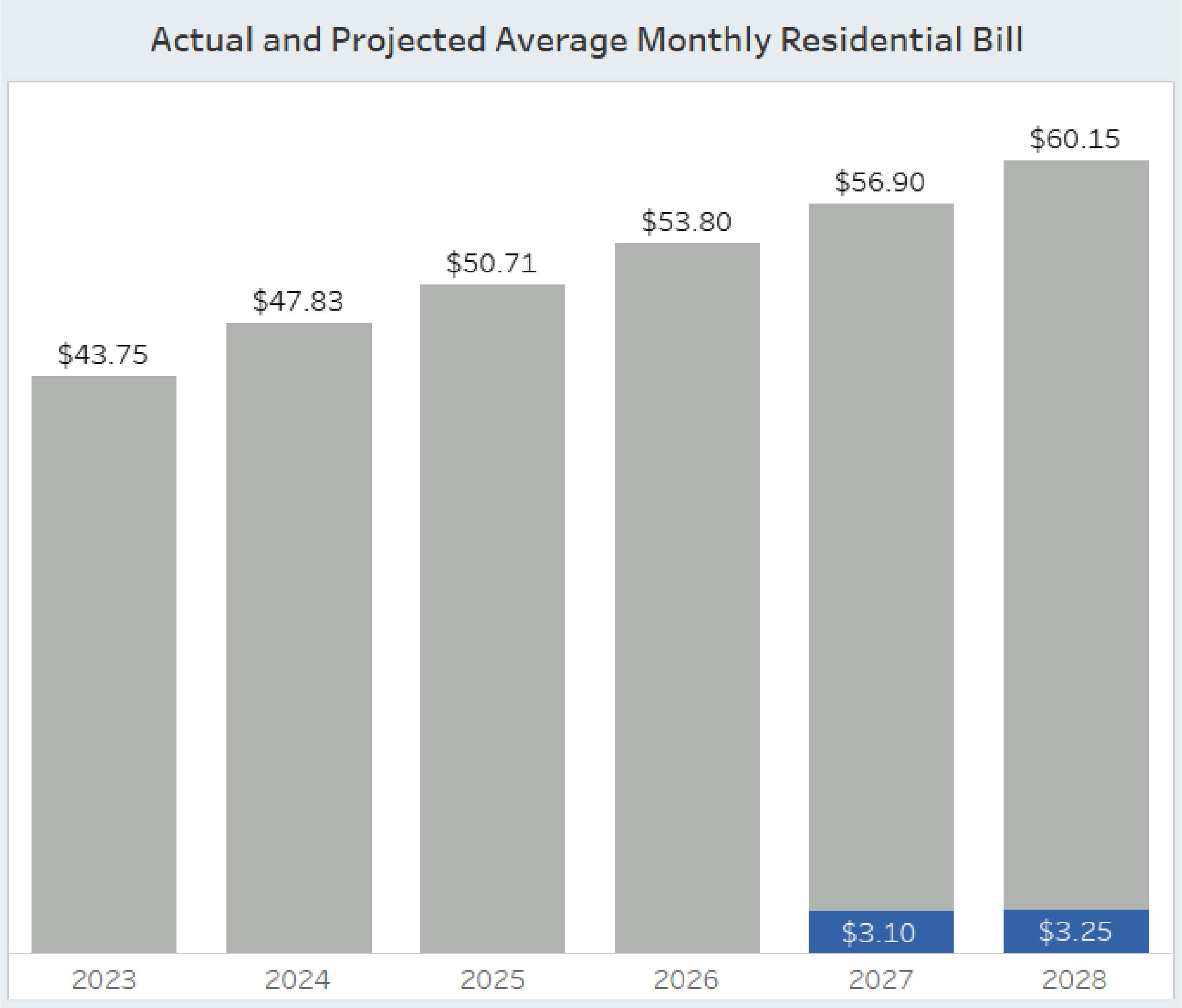
- Recommendations assume a phasing-in of COSA results



Preliminary, subject to change.

Average Monthly Residential Bill

- The recommended changes result in an increase of $3.10 per month in 2027 and $3.25 per month in 2028 for the average inside-city residential customer
- Assumes a City of Tacoma customer with 5/8" meter, 6 CCF (4,488 gallons) of consumption during Winter months and 9 CCF (6,732 gallons) of consumption during summer months



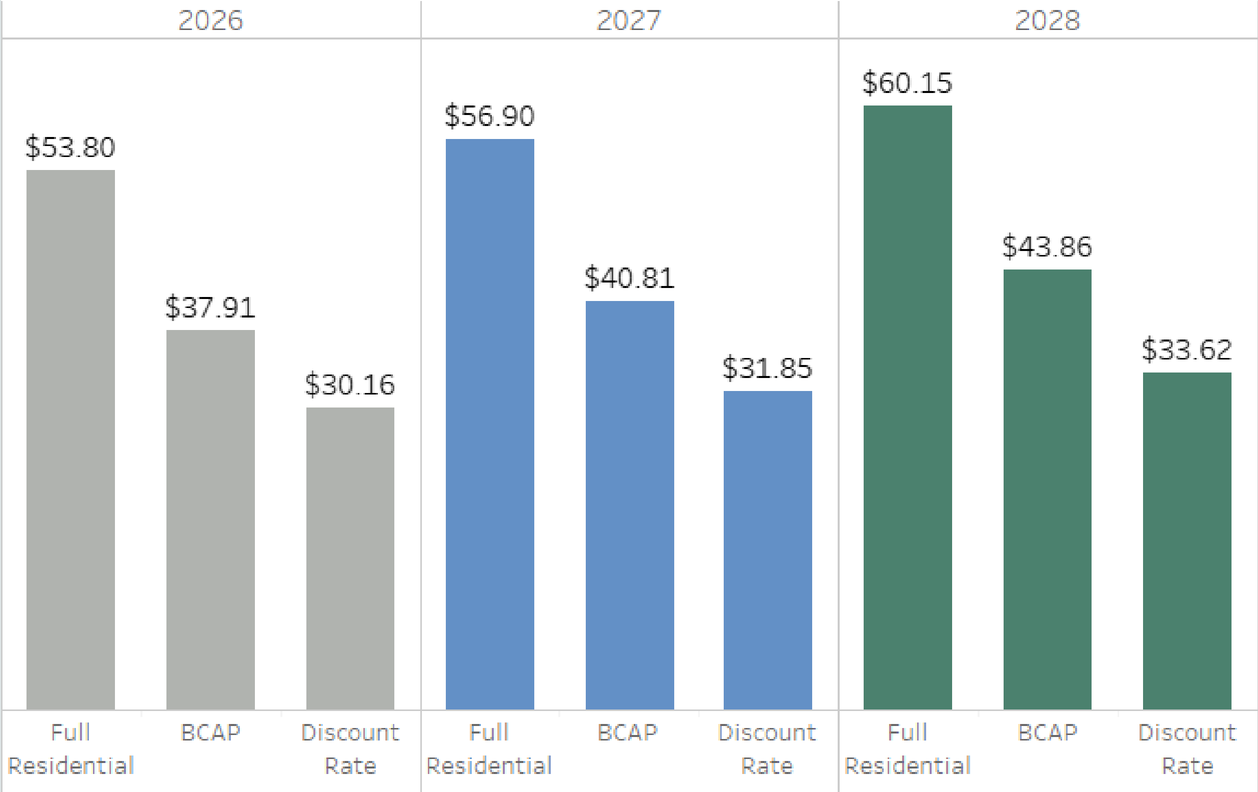
Preliminary, subject to change.

Rate Comparison

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.

Comparison of Average Monthly Bills with and without TPU Customer Assistance Programs



For BCAP customers, the monthly average is 6 CCF in winter months and 7 CCF in summer months. For Discount Rate customers, the monthly average is 4.22 CCF in winter months and 5.88 in summer months.

Preliminary, subject to change.

2027-2028
Draft Revenue & Rates

TACOMA RAIL
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Expenditure Summary

TACOMA RAIL
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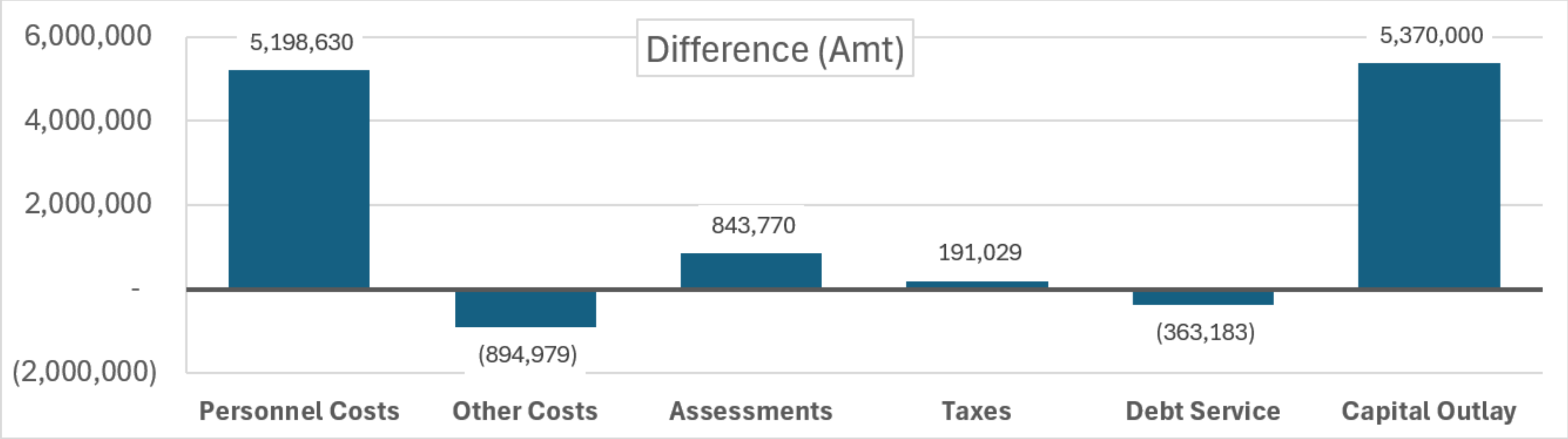
Budget Comparison

		2025-2026 (Current)	2027-2028(Draft)	Difference (Amt)	Difference(%)
FUND 4500	Personnel Costs	41,417,459	46,616,089	5,198,630	13%
	Other Costs	17,010,329	16,115,350	(894,979)	-5%
	Assessments	5,376,561	6,220,331	843,770	16%
	Taxes	7,718,971	7,910,000	191,029	2%
	Debt Service	1,568,763	1,205,580	(363,183)	(23%)
	Capital Outlay	7,395,000	12,765,000	5,370,000	73%
	Total	80,487,083	90,832,350	10,345,267	13%
	Budgeted FTE	120.00	120.00	-	-

Budget Highlights

- Net zero FTE's
- Benefits increases beyond COLA's
- Assessment increases
- Debt service decrease
- Large Capital Outlay increase due to locomotive projects



Primary Rate Payers

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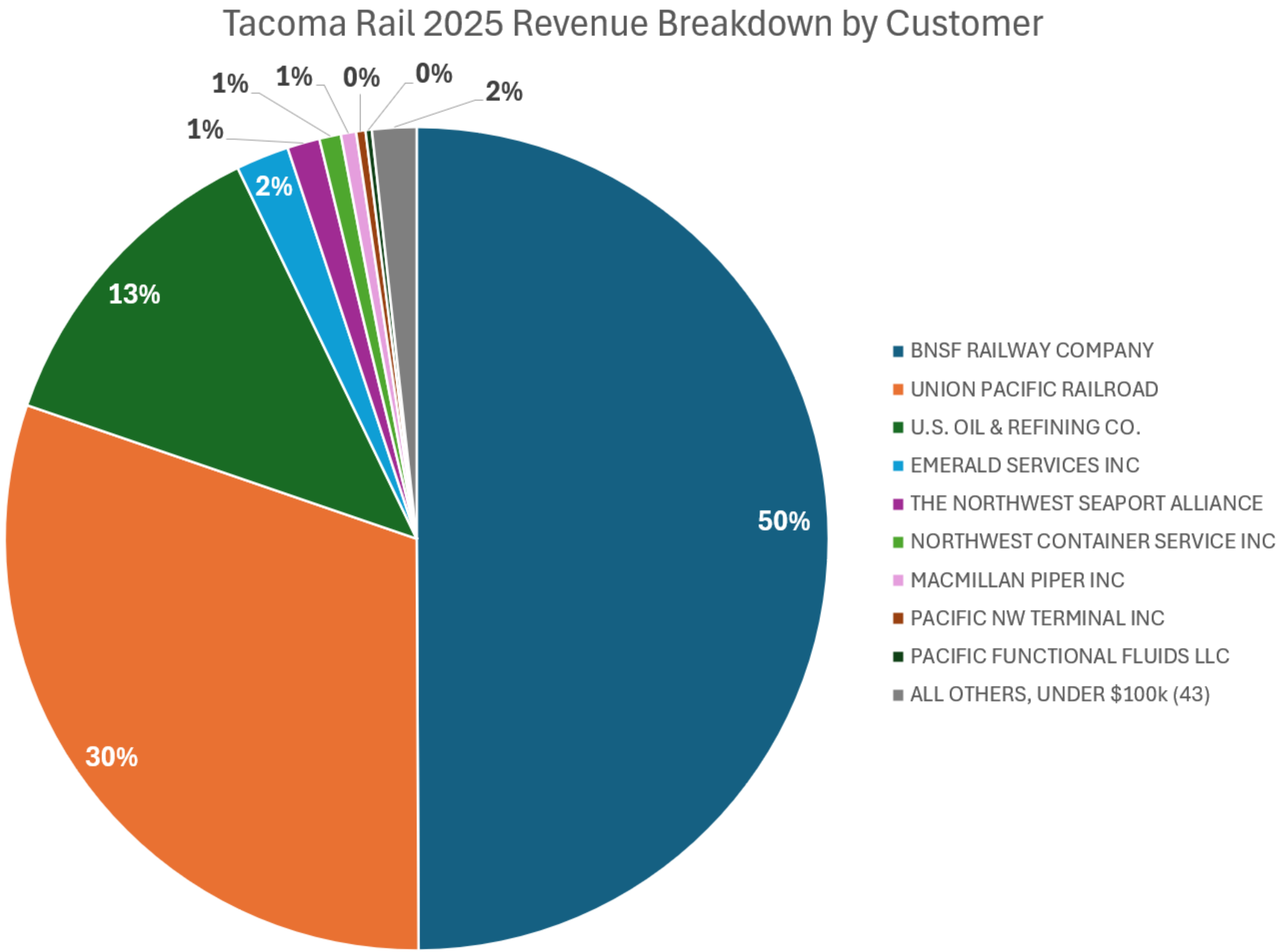
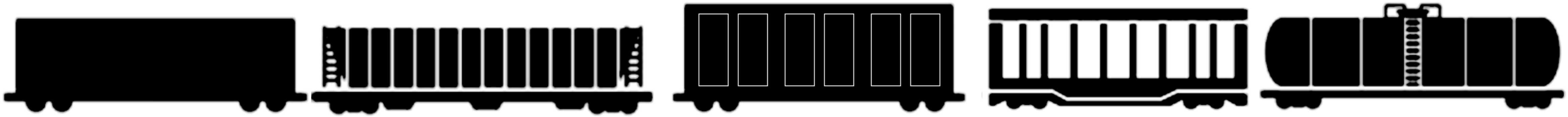
- **Line haul traffic**
  - BNSF Railway
  - Union Pacific Railroad
  - U.S. Oil Refining
- **Miscellaneous switching**
  - Local customers requesting additional service
- **Locomotive servicing**
  - BNSF Railway
  - Union Pacific Railroad
- **Demurrage**
  - Undo detention of a railcar
  - Local commercial customers
  - Excludes autorack & intermodal railcar traffic



Line Haul Railcars

- Railcars can have multiple platforms
- A platform is a location within a railcar that is separated by articulations
    - Mostly limited to intermodal railcars
- Examples of single platform railcars:



Box car Covered hopper Autorack Centerbeam Tank car

- Examples of multiple platform railcars:

Intermodal 3 well

Intermodal 5 well

Cost of Service

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- **Intermodal**
  - Less labor intensive
  - More volume
  - Yard management
  - Higher track wear
  - Service windows
  - Fewer destinations
  - Do not incur demurrage
  - Loaded & empty rate
- **Commercial**
  - Labor intensive
  - Lower volume
  - Less track utilization
  - Lower track wear
  - Daily service
  - More destinations
  - Subject to demurrage
  - Loaded rate
- **Unit Trains**
  - Hybrid of intermodal & commercial
  - Oil spill response plan & drills
  - Loaded rate

Rate Risks & Mitigation

- **Risks**
  - Line haul volumes
  - Economy
  - Capital program
  - Fuel expense
  - New & existing mandates
  - Assessments
  - Inflation
- **Mitigation**
  - Rail Volume Investment Fund
  - Grants & Loans
    - Defer projects and/or seek additional grant funding or financing
  - Fuel surcharge
  - Ongoing experience with existing mandates
    - Positive Train Control
    - Oil spill response plan & drills
    - Transportation Security Administration
  - Fiscal accountability
    - SSC Initiatives

Predicted Volumes

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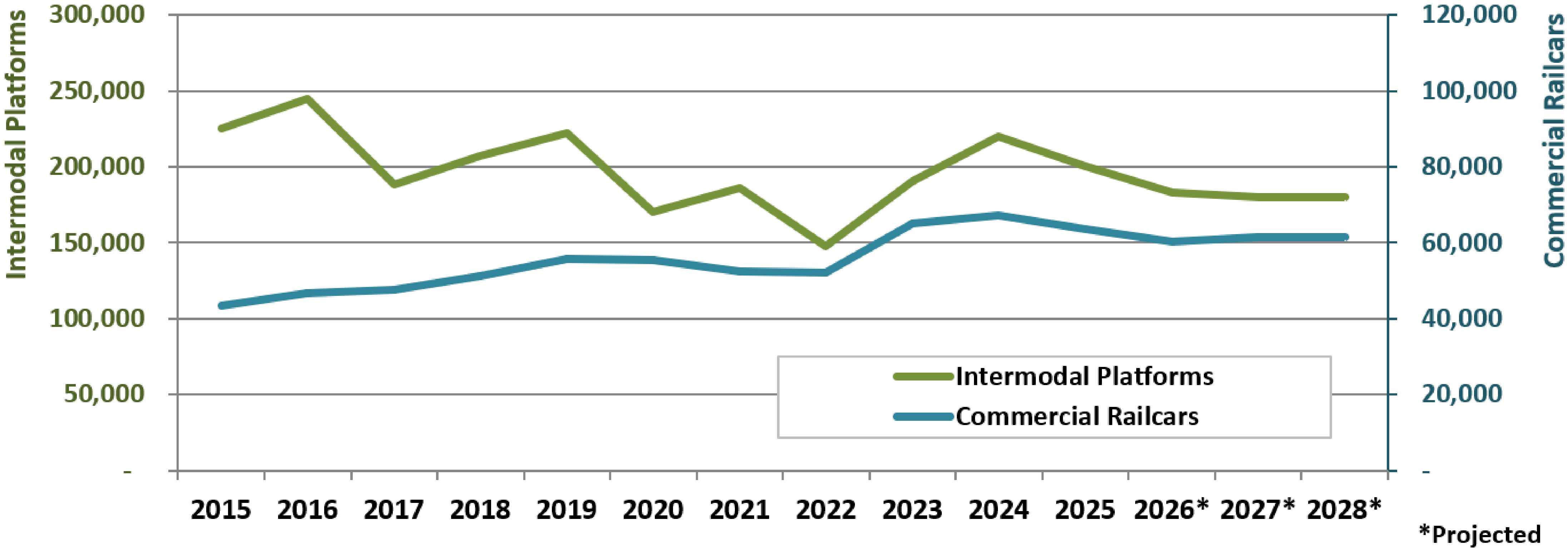


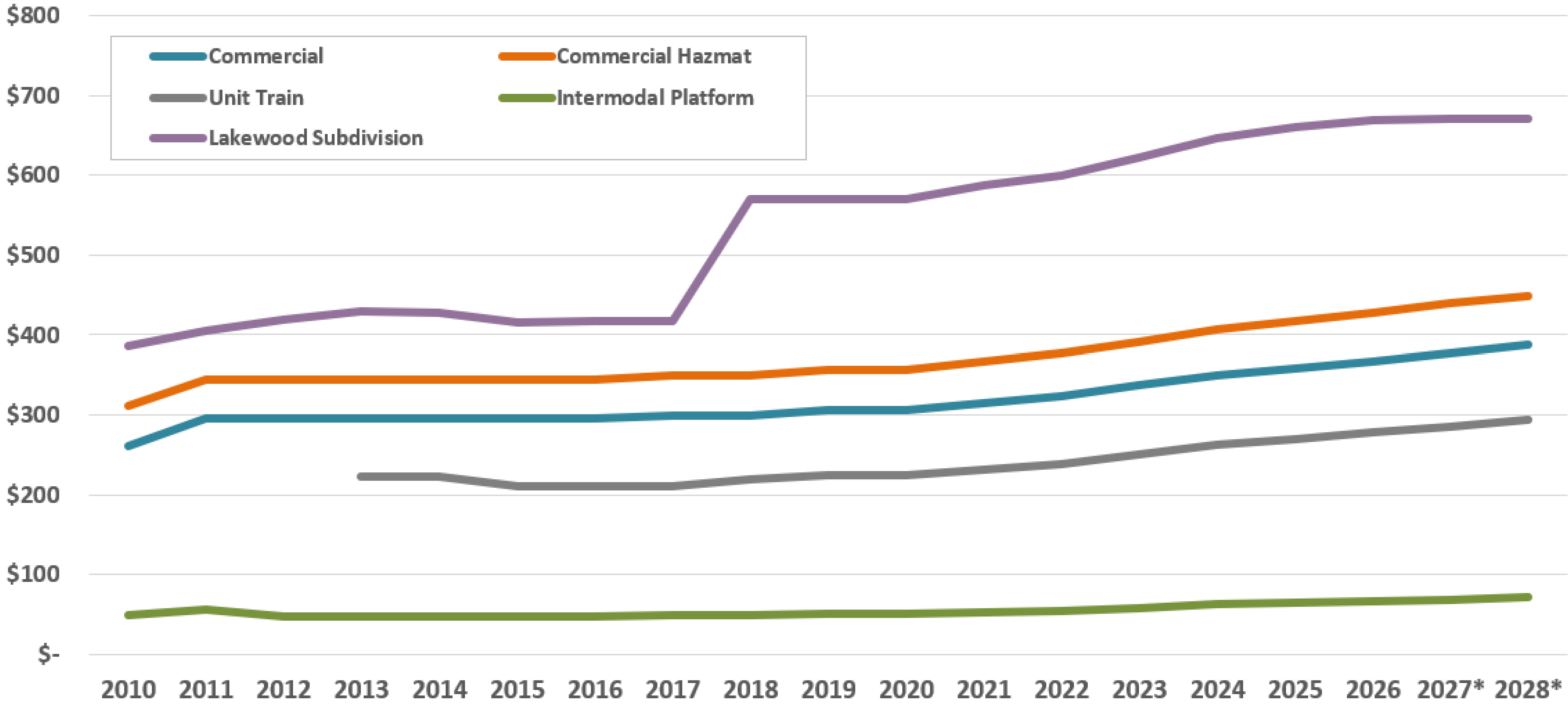
Expected Rate Impact

- **Demurrage tariff**
  - Last adjusted in 2025
  - No proposed changes
- **Line haul rates**
  - Last adjusted in 2026
  - 3% Rate adjustments per year (see chart)
    - Intermodal
    - Tidelands commercial
    - Single spot unit trains
    - Multiple spot unit trains
  - 2% average system rate adjustment
- **Miscellaneous switching tariff rates**
  - Last adjusted in 2025
  - Inter-terminal, intra-terminal, intra-plant, special switches
  - Rate adjustment of 3% for 2027

Expected Line Haul Rates

		Proposed Rates	
	2026	2027	2028
Intermodal	$ 67.00	$ 69.00	$ 71.00
Commercial			
Tidelands Division	367.00	378.00	388.00
Tidelands Division Hazardous	428.00	439.00	449.00
Lakewood Subdivision	669.00	670.00	670.00
Unit Train			
Single Spot	278.00	286.00	294.00
Multiple Spot	367.00	378.00	388.00

Historical Rate Comparison



Draft Revenue Summary

TACOMA RAIL
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	2025/26	2027	2028	2027/28	%
Switching Revenues					
Line Hauls	$ 67,526,600	$ 34,602,000	$ 35,551,000	$ 70,153,000	4%
Line Hauls Capital Division	903,720	455,600	455,600	$ 911,200	1%
Local & Miscellaneous	2,958,216	1,384,938	1,384,938	$ 2,769,876	-6%
Demurrage	3,240,000	1,680,000	1,680,000	$ 3,360,000	4%
Total Switching Revenues	$ 74,628,536	$ 38,122,538	$ 39,071,538	$ 77,194,076	3%
Locomotive Servicing	$ 2,547,420	$ 1,386,600	$ 1,386,600	$ 2,773,200	9%
Miscellaneous Revenues	426,600	213,300	213,300	$ 426,600	0%
Total Operating Revenues	$ 77,602,556	$ 39,722,438	$ 40,671,438	$ 80,393,876	4%
Other Income					
Rent Income	$ 2,300,000	$ 1,596,000	$ 1,596,000	$ 3,192,000	39%
Interest Income	480,000	384,000	384,000	$ 768,000	60%
Appropriation from Current Fund	104,527	6,478,474		$ 6,478,474	6098%
Total Revenue & Available Funds	$ 80,487,083	$ 48,180,912	$ 42,651,438	$ 90,832,350	13%

2027-2028 Draft Revenue & Rates

TACOMA POWER
TACOMA PUBLIC UTILITIES

TACOMA POWER
TACOMA PUBLIC UTILITIES

01 Introduction

- *Policy Guidance*
- *Retail Customer Class Overview*
- *Proposed System Average Rate Increase Review*

Policy Guidance

Board Guiding Principles

Financial Stability

Maintain responsible fiscal management to ensure fair, affordable pricing.

Electric Rate and Financial Policy

Cost-of-Service and Cost Allocation

A cost-of-service study will be accomplished to determine the cost of serving each customer class and will be used to allocate class responsibility for the projected expenses of the system.

Cost-Based Rates

Rates charged to each class of customer will generally be set to reflect the costs of providing their service.

Retail Customer Class Overview

- single family and multi-family residences
- 175,000 accounts
- $224 million annual revenue

Residential

- small businesses, such as flower shops, nail salons, small offices
- 18,000 accounts
- $35 million annual revenue

Small General Service

- large businesses such as schools, restaurants, hospitals
- 2,151 accounts
- $122 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
- $11 million annual revenue

Contract Industrial & New Large Load

- streetlights and traffic signals
- 1,000 accounts
- $600,000 annual revenue

Streetlights & Signals

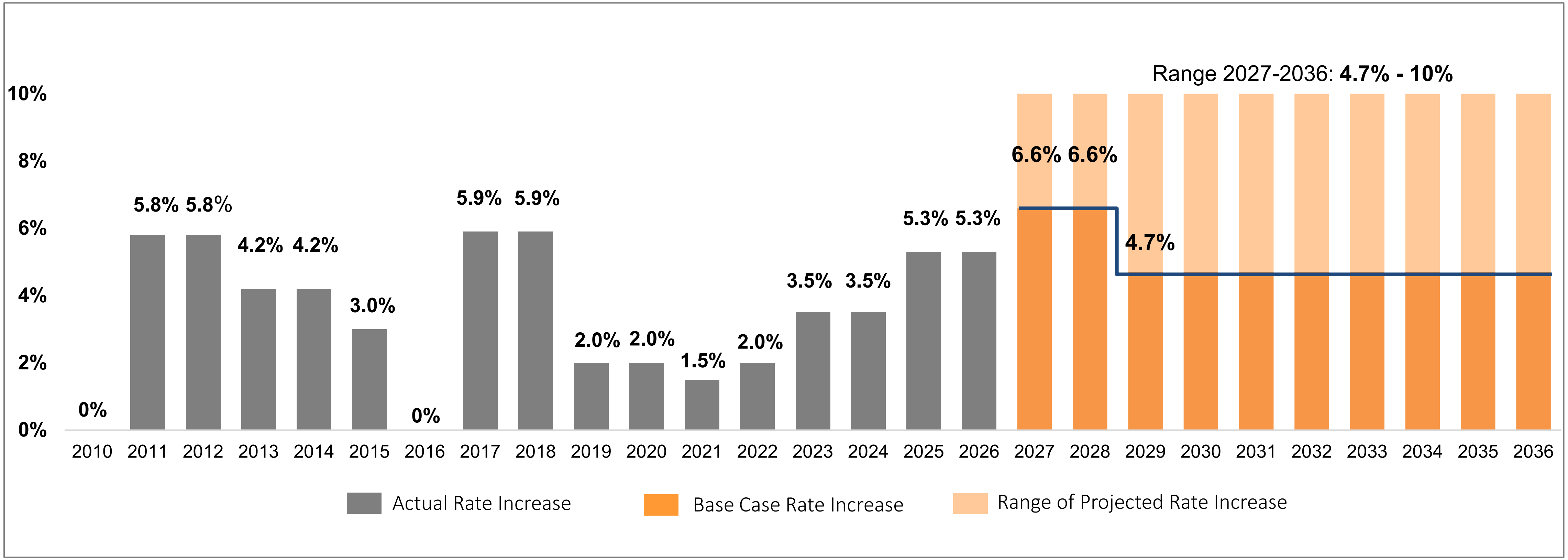
- rental street and area lighting
- 3,100 accounts
- $1.5 million annual revenue

Private Off-Street Lighting

Option B: Partially Recover Expense Increases

6.6% rate increases in 2027 & 2028 to partially recover expenses. Forecasted future rate projections are **4.7%**

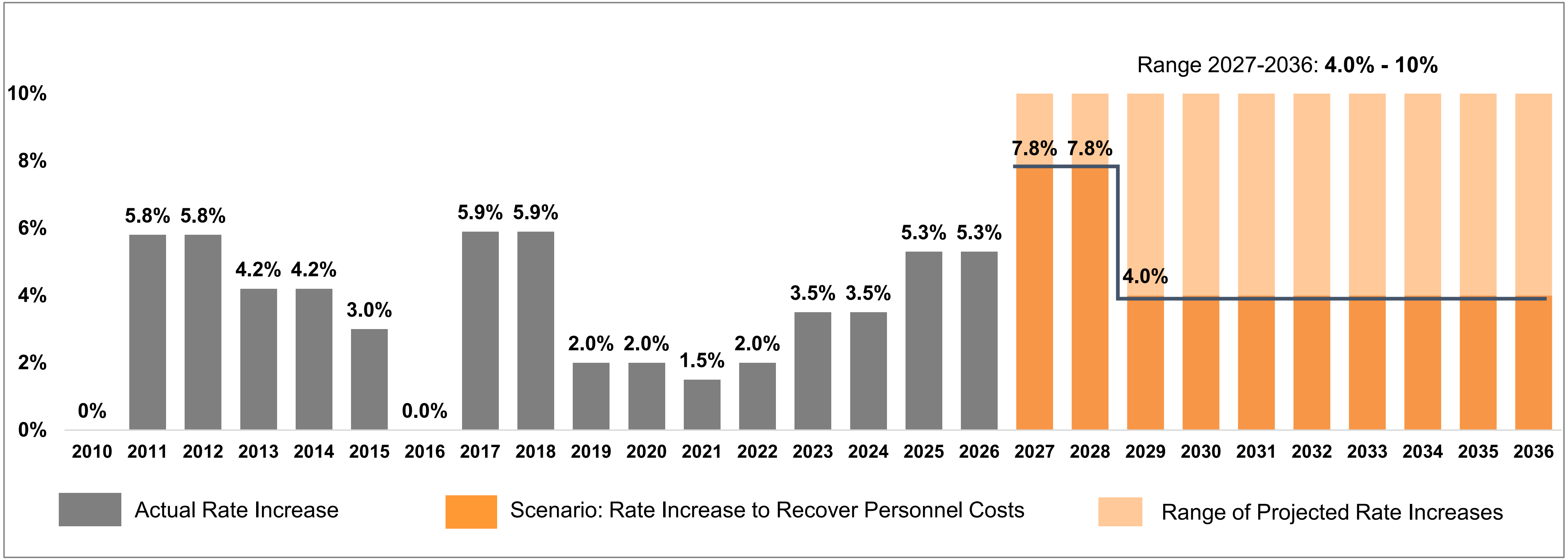
This forecast is subject to change and is dependent upon actual financial performance in future years.



Option C: Fully Recover Expense Increases

Higher **7.8%** rate increases in 2027 & 2028 to fully recover personnel expense increases in the biennium. Future forecasted rate projections are **4.0%**

This forecast is subject to change and is dependent upon actual financial performance in future years.



02 Cost-of-Service Analysis Preliminary Results

2027/2028 Rate Biennium

Option B: 6.6% Proposed Rate Increase

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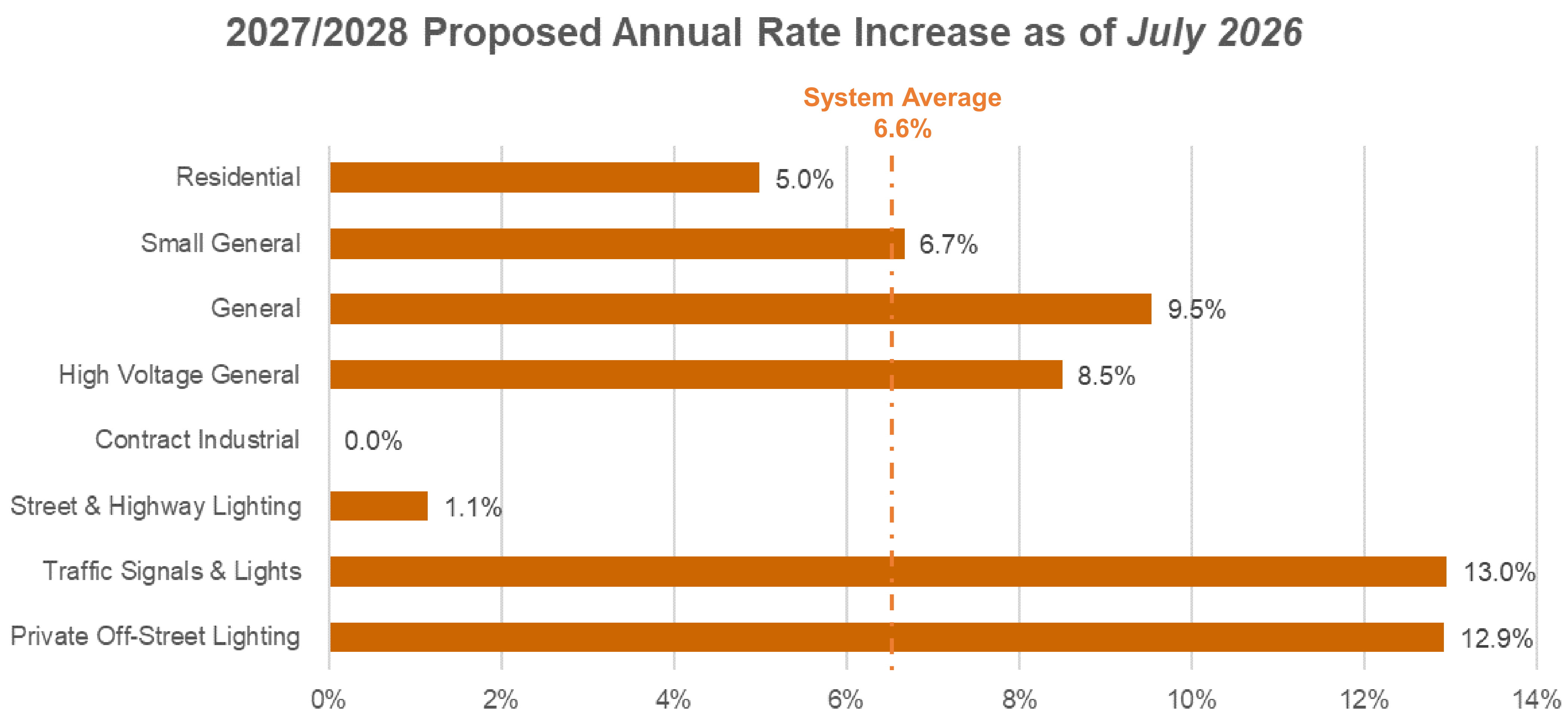
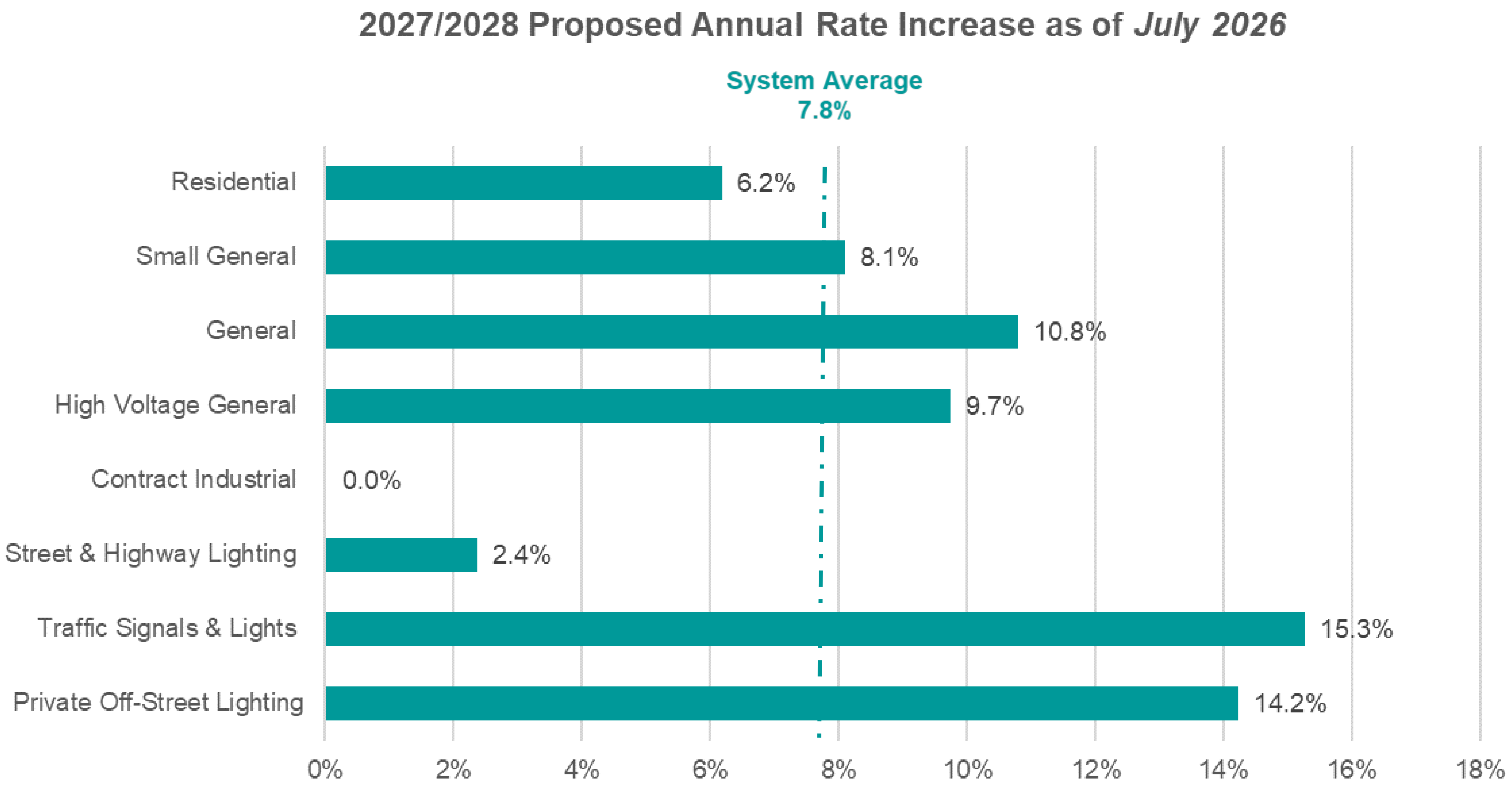


Preliminary, subject to change.

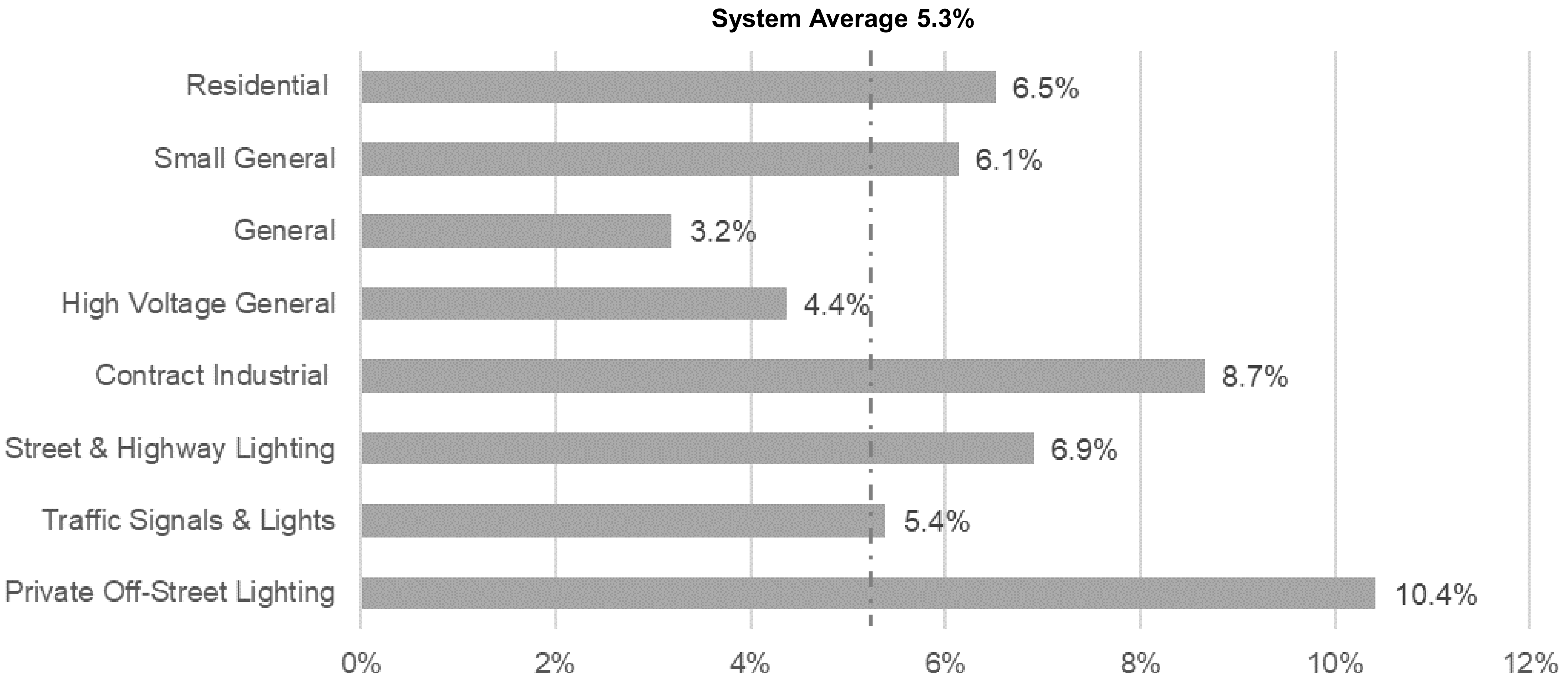
Option C: 7.8% System Average Rates



Preliminary, subject to change.

Rate Increase in 2025 and 2026

Annual Rate Increase Effective April 2025 and April 2026



Drivers for Rate Class Differences

- Lower projected wholesale revenues provide less offset to the power cost. Power cost has a proportionally greater impact on Schedule HVG.
- Changes in the sales forecast led to disparate outcomes for different rate classes.
- Improved data insights have enhanced the accuracy of H1 lighting revenue and usage information.

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03 Rate Design

- *Residential Rates*
- *Commercial & Industrial Rates*
- *Lighting Rates*

Option B: Residential Rate Increases

***Fixed Customer Charge**: $0.05 increase*
***Percentage Increase:** 4.99%*

	Current	2027	2028
Customer Charge ($ per Month)	$31.30	$31.35	$31.40
Energy Charge ($/kWh)	4.5351¢	3.8207¢	3.8207¢
Delivery Charge ($/kWh)	4.6295¢	5.9610¢	6.6602¢
Volumetric Charge ($/kWh)	9.1646¢	9.7817¢	10.4809¢

Customer charge indicated by **cost-of-service** is **$30.93**

Energy and delivery charges are aligned with cost-of-service

Total volumetric charge will increase from **9.16¢** to **10.48¢**

Preliminary, subject to change.

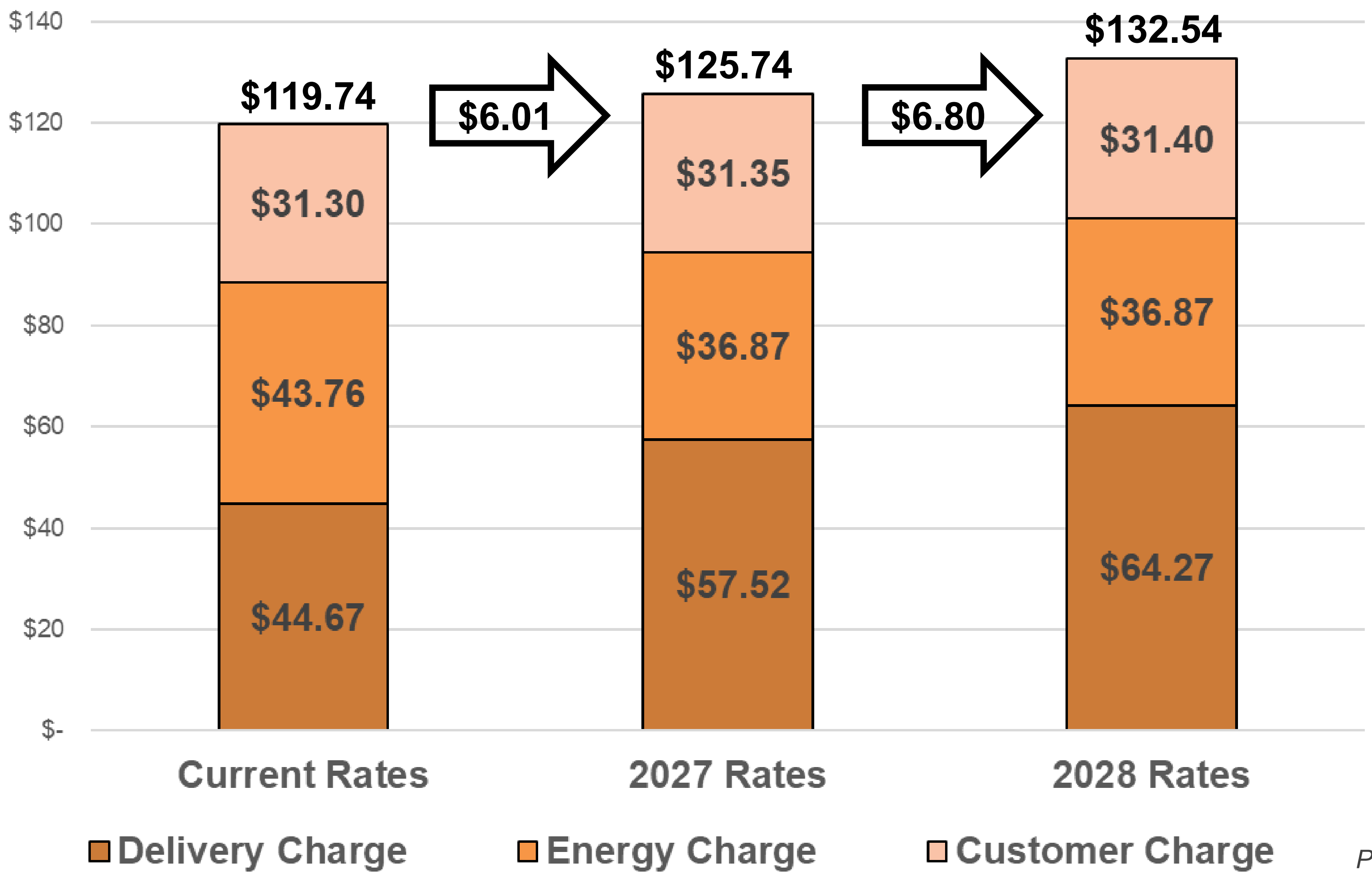
Option C: Residential Rate Increases

Fixed Customer Charge: *$0.10 increase*
Percentage Increase: *6.18%*

	Current	2027	2028	
Customer Charge ($ per Month)	$31.30	$31.40	$31.50	Customer charge indicated by **cost-of-service** is **$31.42**
Energy Charge ($/kWh)	4.5351¢	3.8906¢	3.8906¢	Energy and delivery charges are aligned with cost-of-service
Delivery Charge ($/kWh)	4.6295¢	6.0300¢	6.9095¢	
Volumetric Charge ($/kWh)	9.1646¢	9.9206¢	10.8001¢	Total volumetric charge will increase from **9.16¢** to **10.80¢**

Preliminary, subject to change.

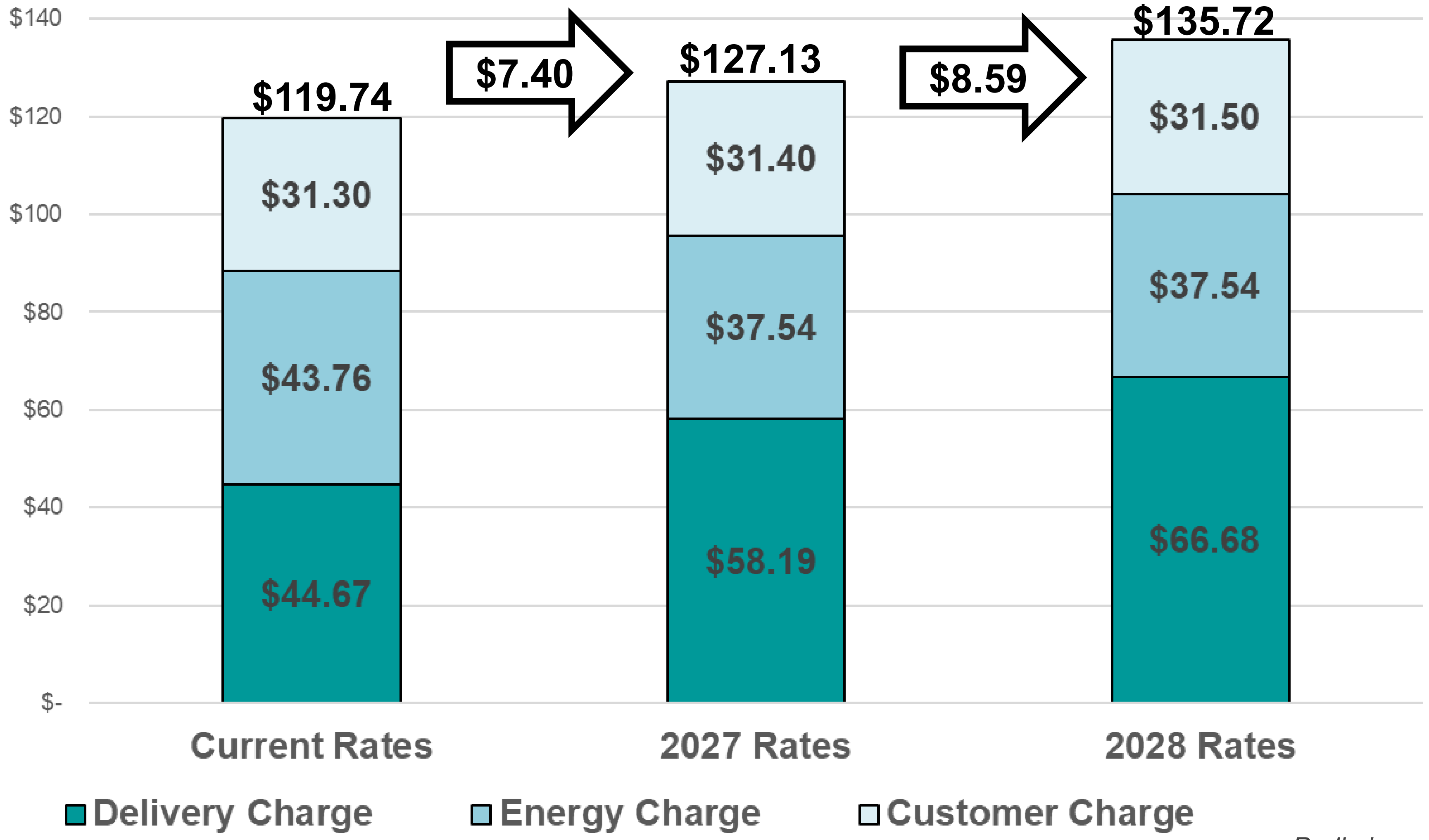
Option B: Average Residential Bill Impact



- 2027/2028 bill projected based on **average usage of 965 kWh** per month
- Actual bills **vary based on usage**

Preliminary, subject to change.

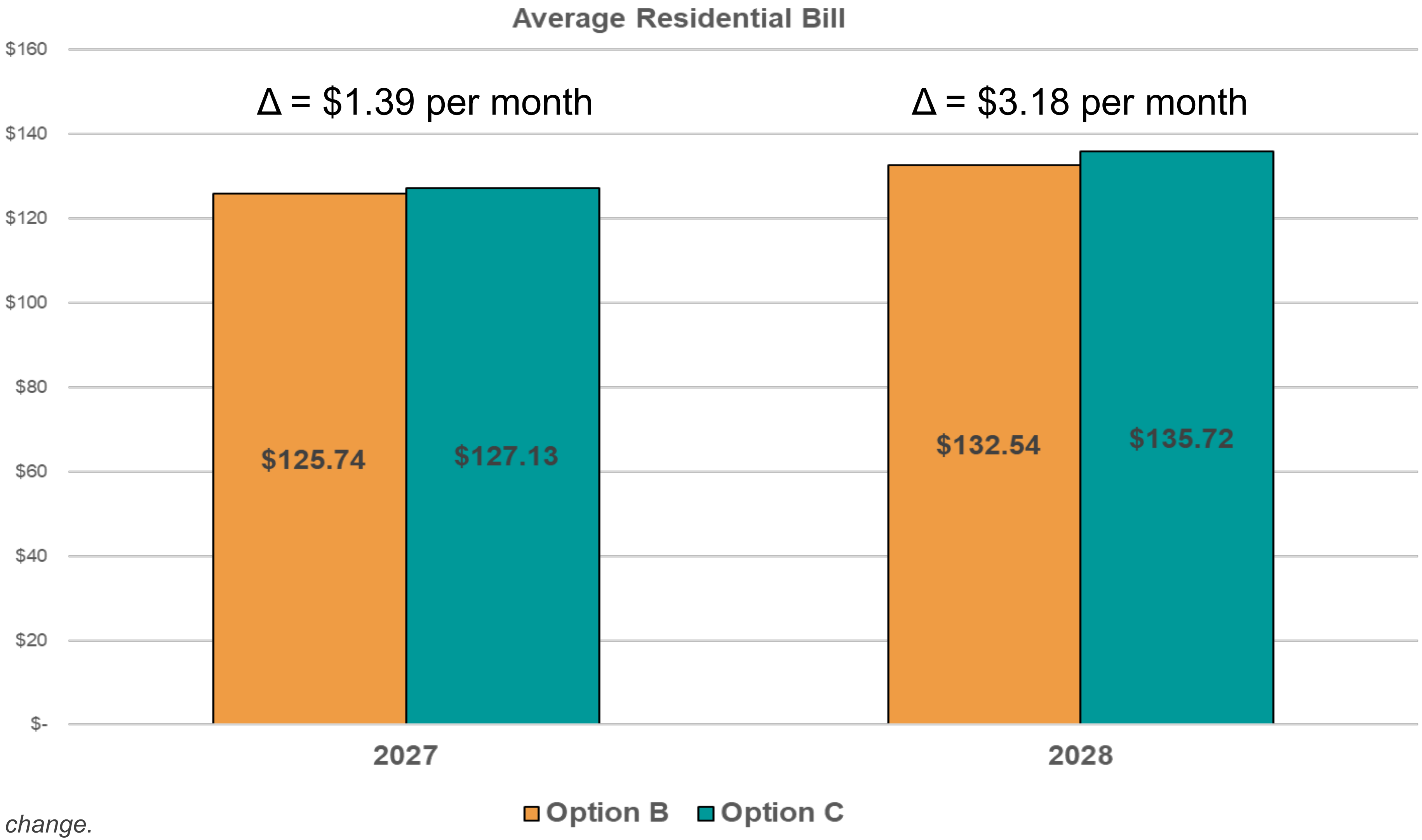
Option C: Average Residential Bill Impact



- 2027/2028 bill projected based on **average usage of 965 kWh** per month
- Actual bills **vary based on usage**

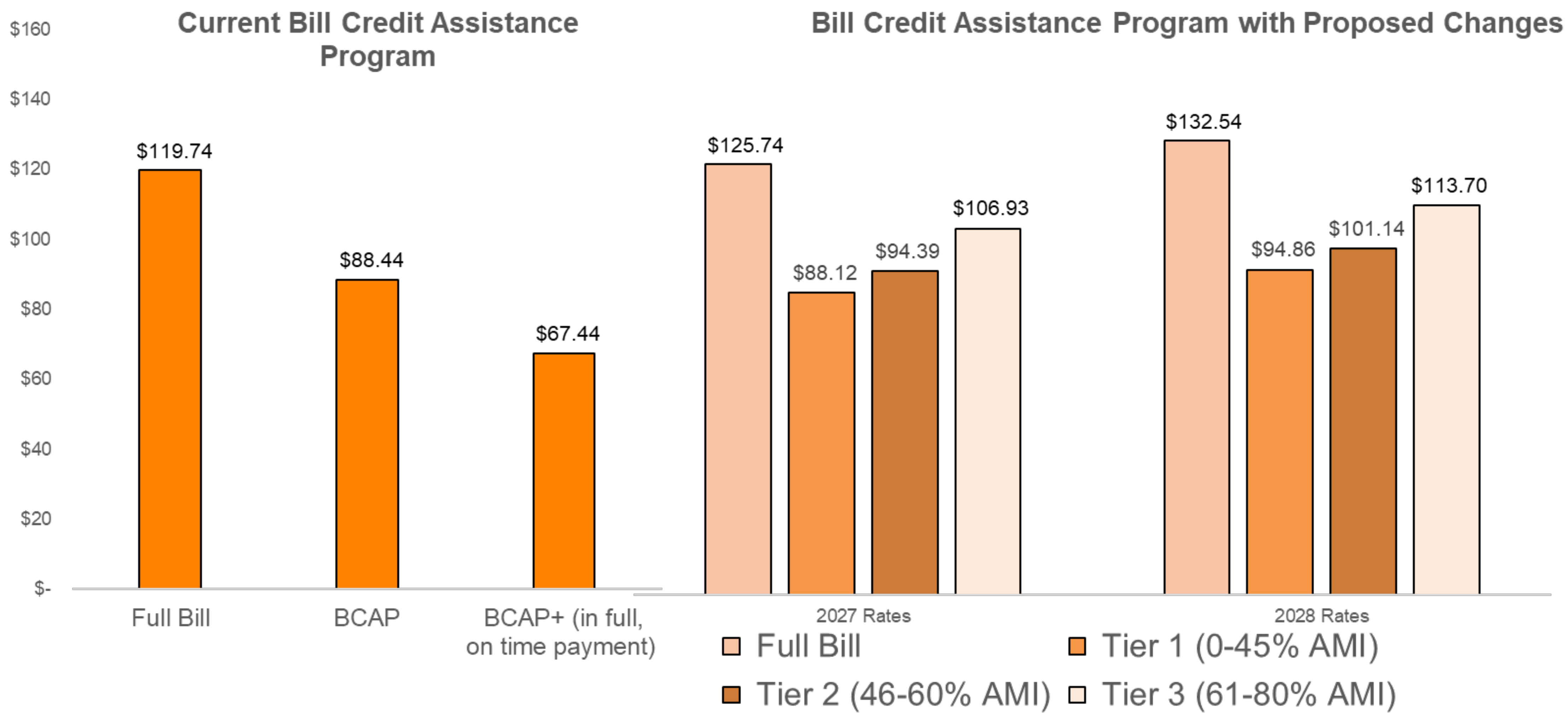
Preliminary, subject to change.

Comparing Option B and C Bill Impact



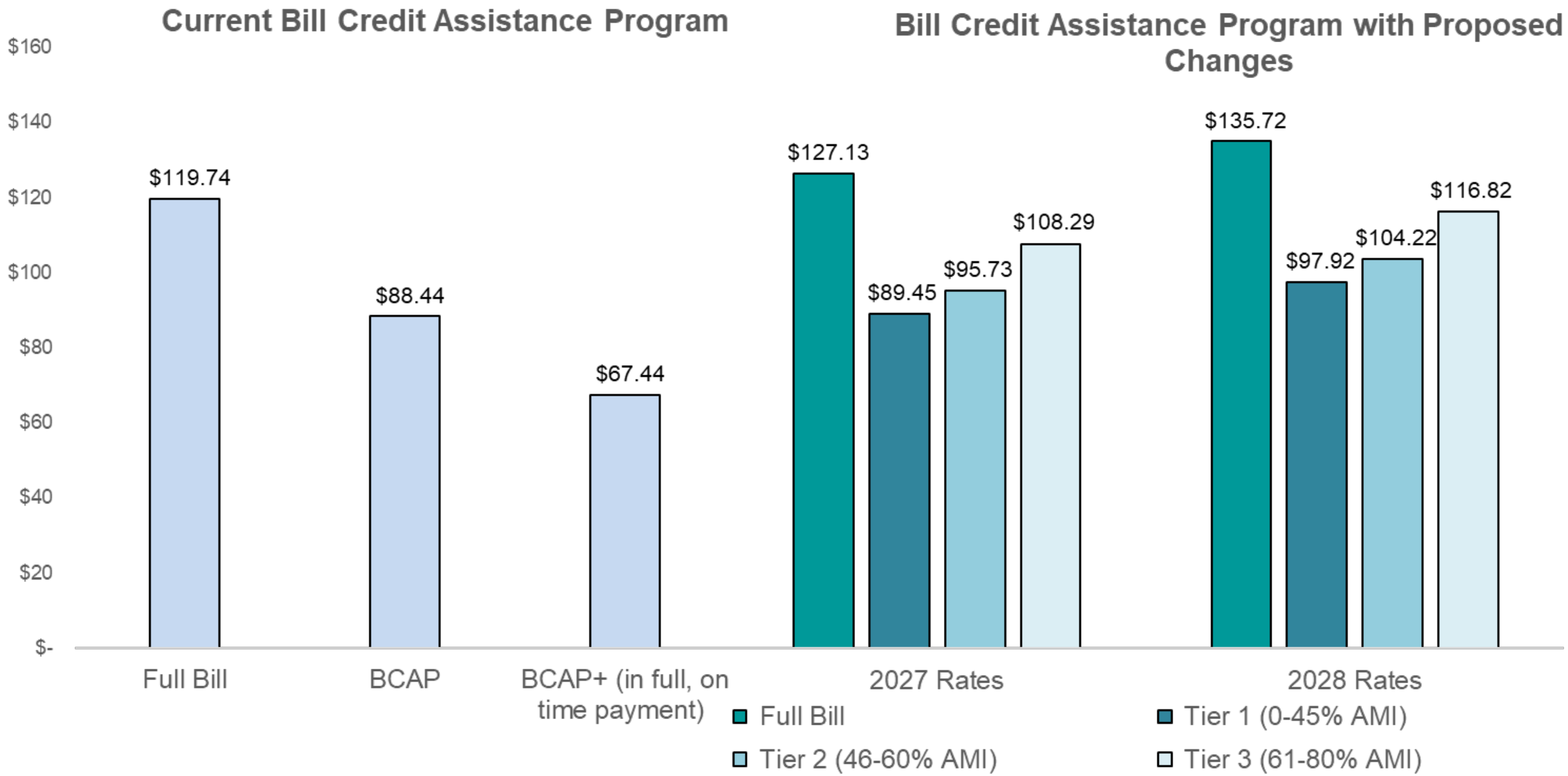
Preliminary, subject to change.

Option B: Regular vs. BCAP Bills



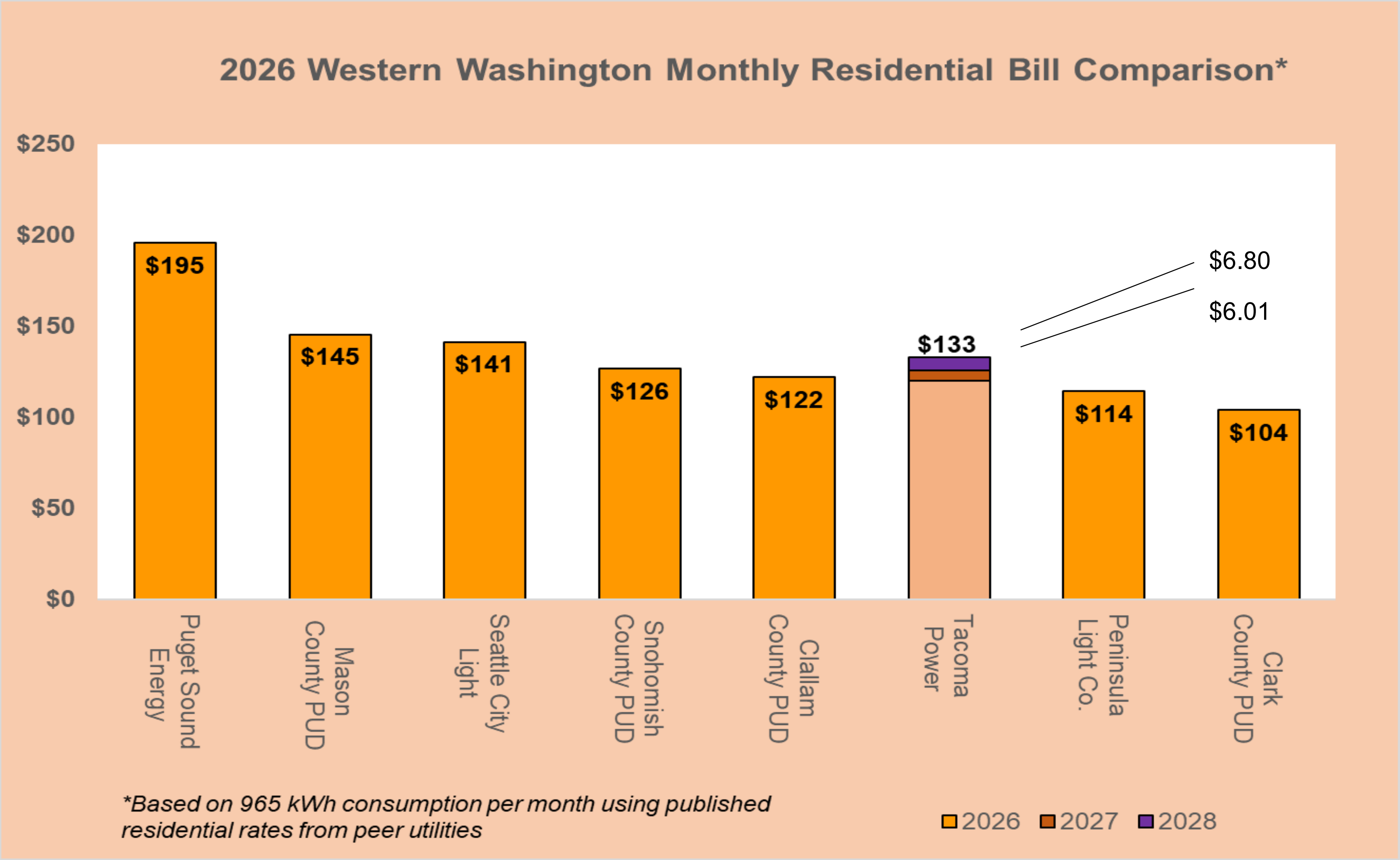
Preliminary, subject to change.

Option C: Regular vs. BCAP Bills

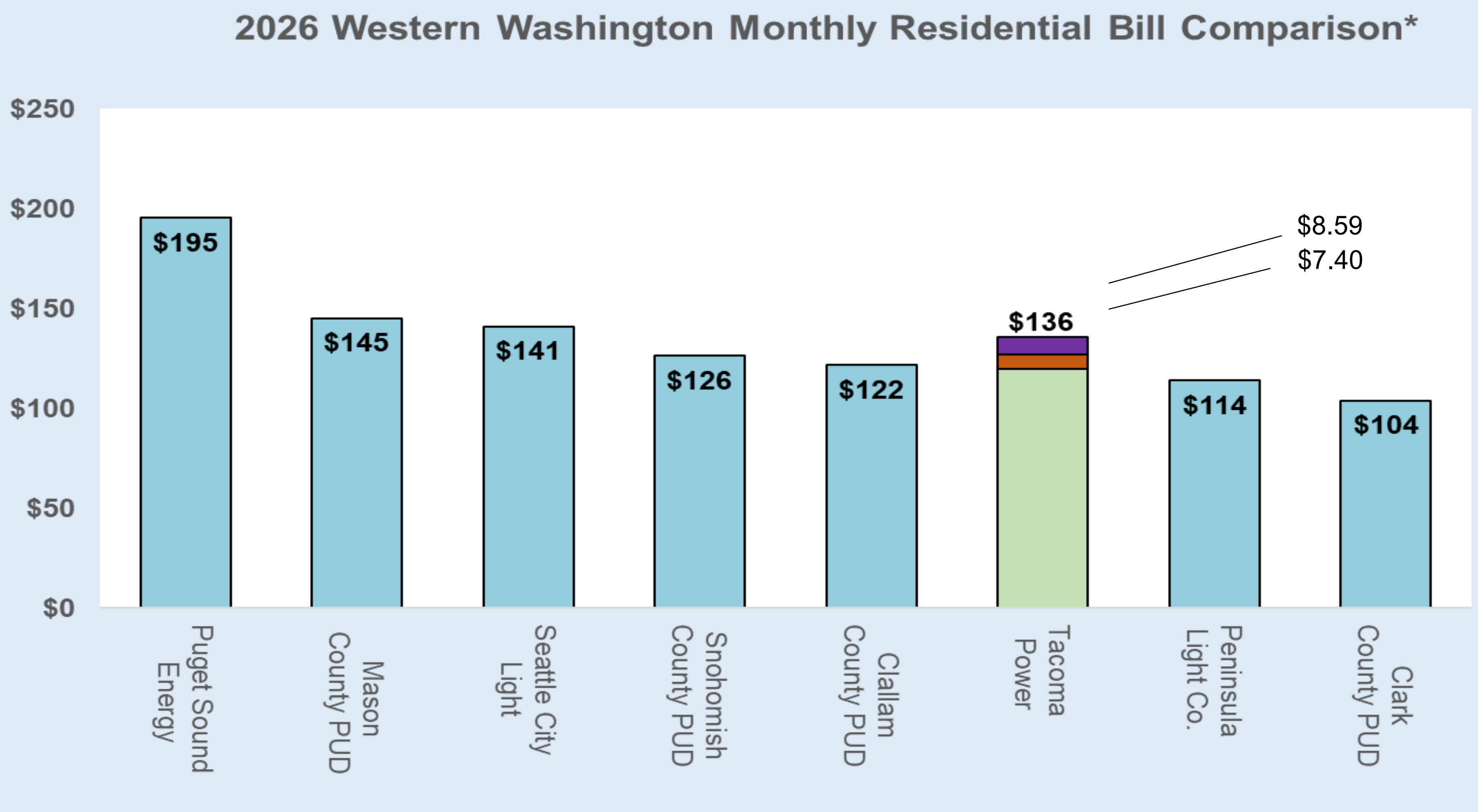


Preliminary, subject to change.

Option B: Residential Bill Comparison



Option C: Residential Bill Comparison



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

Peer Utility Rate Increases

Utility	2026 System Rate Increase	2027 Proposed System Rate Increase	2027 Proposed Residential Rate Increase	2028/2029 Proposed System Rate Increase
Avista	7.51%	13.9%	13.9%	4.7%/3.5%
Clallam PUD	3.75%	3.75%	3.75%*	TBD
Grant PUD (Core)	3.2%**	3.5%**	3.5%**	3.5%/3.5%**
Grant PUD (Non-Core)	8.2%**	8.5%**	TBD	8.5%/8.5%**
Pacific Power (WA)	10.5%	TBD	TBD	TBD
Portland General Electric	5%	TBD	TBD	TBD
Puget Sound Energy	7.5%	15.2%	16.75%	3.7%/8.7%
Seattle City Light	5.4%	9.5%	10.3%	7-10%*
Snohomish PUD	2.5%	0-2%	TBD	TBD
Tacoma Power	**5.3%**	**6.6% or 7.8%**	**5.0% or 6.2%**	**4.0-10%**

**Expected*
***Core customers: Residential, Agricultural, Small Business; Non-Core Customers: Large Business, Industrial, Large Loads*

Option B: Small General & General Rate Design

Revenue Increase: *6.7%*
Per kWh Charge: 0.76¢/1.0¢ per kWh increase

Schedule B	Small General		
	Current	**2027**	**2028**
Customer Charge	**$ 41.15**	**$ 41.15**	**$ 41.15**
Energy Charge	4.4616¢	3.8190¢	3.8190¢
Delivery Charge	4.2902¢	5.6900¢	6.6941¢
Total per-kWh Charges	**8.7518¢**	**9.5090¢**	**10.5131¢**

Revenue Increase: *9.5%*
Delivery Charge: *$2.85/$3.56 per kW increase*

Schedule G	General		
	Current	**2027**	**2028**
Customer Charge	$82.80	$82.80	$82.80
Energy Charge	5.8014¢	5.8014¢	5.8014¢
Delivery Charge	$11.39	$14.24	$17.80

Preliminary, subject to change.

Option C: Schedule Small General & General Rate Design

***Revenue Increase:** 8.1%*
***Fixed Charge**: $0.05 increase*
***Per kWh Charge:** 0.909 ¢ /1.10¢ per kWh increase*

Schedule B	Small General		
	Current	**2027**	**2028**
Customer Charge	**$ 41.15**	**$ 41.20**	**$ 41.25**
Energy Charge	4.4616¢	3.8880¢	3.8880¢
Delivery Charge	4.2902¢	5.7731¢	6.8751¢
Total per-kWh Charges	**8.7518¢**	**9.6611¢**	**10.7631¢**

Revenue Increase: 10.8%
Fixed Charge: $0.05 increase
Delivery Charge: $3.20/$4.10 per kW increase

Schedule G	General		
	Current	**2027**	**2028**
Customer Charge	$82.80	$82.85	$82.90
Energy Charge	5.8014¢	5.8014¢	5.8014¢
Delivery Charge	$11.39	$14.59	$18.69

Preliminary, subject to change.

Option B: Schedule HVG and CP Rate Design

Revenue Increase: *8.5%*
Fixed Charge: $300
Delivery Charge: $2.38/$3.09 per kW increase

Schedule HVG	HVG		
	Current	**2027**	**2028**
Customer Charge	$1,750.00	$2,050.00	$2,350.00
Energy Charge	4.5729¢	4.5729¢	4.5729¢
Delivery Charge	$ 7.99	$ 10.37	$ 13.46

Revenue Increase: 0.0%

Schedule CP/NLL	CP/NLL		
	Current	**2027**	**2028**
Customer Charge	$5,155.00	$5,155.00	$5,155.00
Energy Charge	3.4198¢	3.4198¢	3.4198¢
Demand Charge	$ 7.37	$ 7.37	$ 7.37
Delivery Charge	$ 8.53	$ 8.53	$ 8.53

Preliminary, subject to change.

Option C: Schedule HVG and CP Rate Design

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Revenue Increase: *9.7%*
Fixed Charge: *$300*
Delivery Charge: *$2.71/$3.63 per kW increase*

Schedule HVG	HVG		
	Current	**2027**	**2028**
Customer Charge	$1,750.00	$2,050.00	$2,350.00
Energy Charge	4.5729¢	4.5729¢	4.5729¢
Delivery Charge	$ 7.99	$ 10.70	$ 14.33

Revenue Increase: *0.024%*
Energy Charge: *0.017¢ per kWh*

Schedule CP/NLL	CP/NLL		
	Current	**2027**	**2028**
Customer Charge	$5,155.00	$5,155.00	$5,155.00
Energy Charge	3.4198¢	3.4215¢	3.4232¢
Demand Charge	$ 7.37	$ 7.37	$ 7.37
Delivery Charge	$ 8.53	$ 8.53	$ 8.53

Preliminary, subject to change.

Option B: Lighting Schedules Rate Design

Schedule H1
Street Lighting

Revenue Increase:
1.1% each year,
$30,764 in biennium

Schedule H1
Traffic Signals

Revenue Increase:
13.0% each year,
$44,883 in biennium

Schedule H2
Off-Street Lighting

Revenue Increase:
12.9% each year,
$77,602 in biennium

Preliminary, subject to change.

Option C: Lighting Schedules Rate Design

Schedule H1
Street Lighting

Revenue Increase:
2.4% each year,
$63,733 in biennium

Schedule H1
Traffic Signals

Revenue Increase:
15.3% each year,
$53,251 in biennium

Schedule H2
Off-Street Lighting

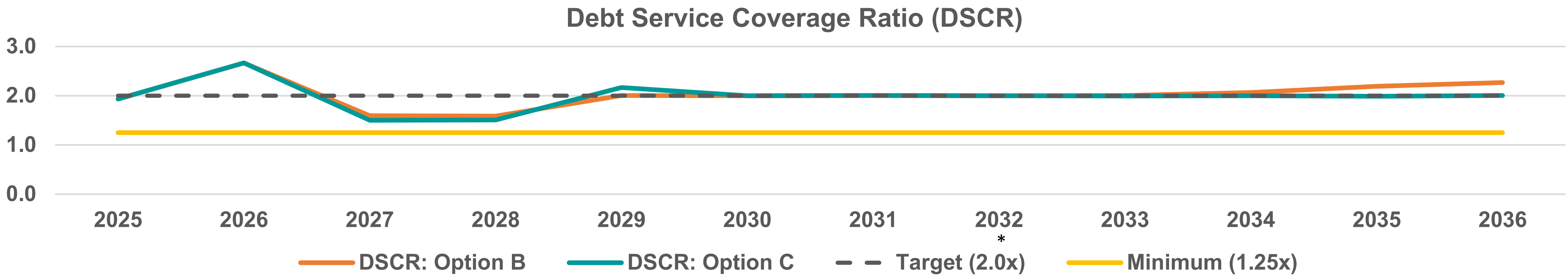
Revenue Increase:
14.2% each year,
$859,642 in biennium

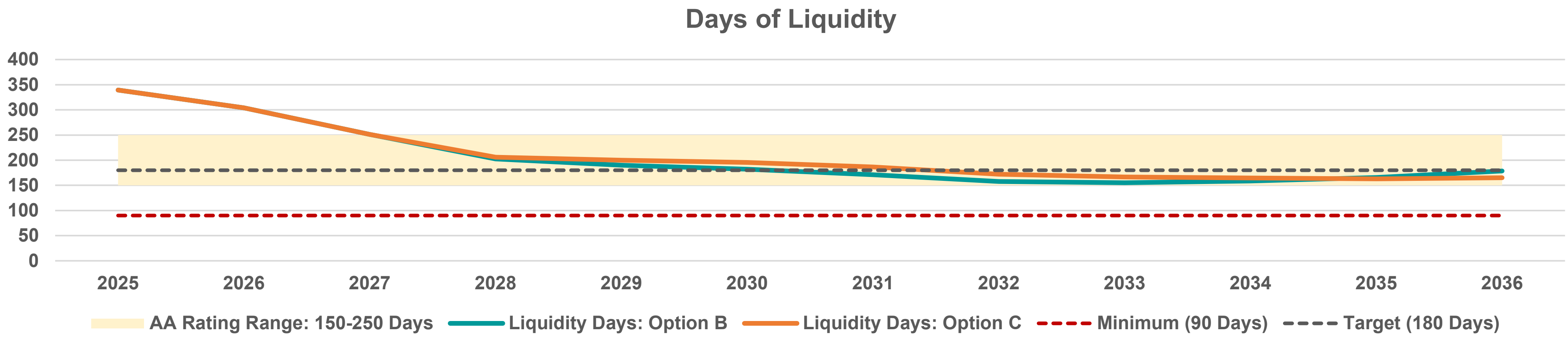
Preliminary, subject to change.

04 Appendix

- *Financial Metrics*

Financial Metrics: Rate Options B and C





Historical & Projected Rate Stabilization Fund Balances (year-end)

$ in millions	2010	2011	2012	2019	2021	2022	2027**	2028**	2029	2030	2031	2032	2033	2034	Balance (2036)
B: 6.6%	+ $10	+ $26	+ $12	- $10	+ $25	+ $95	- $13	- $14	- $2.5	- $12.5	- $13	- $14.5	- $6	0	$82.5
C: 7.8%	+ $10	+ $26	+ $12	- $10	+ $25	+ $95	- $10	- $6	0	- $6.5	- $10	- $15	- $10	- $4.5	$96

** Target for 2027 and 2028 is 1.5x (Adverse Water)*
***Projected use of the Rate Stabilization Fund under Adverse Water*

Next Steps

Aug

- Government Performance & Finance Committee – Utilities (TPU, ES) Budget & Rates
- Outreach Begins

Sep

- Final Budget & Rate Recommendations

Oct

- Joint Study Session (City Council/Public Utility Board)
- TPU Budget & Rates
  - Public Hearing
  - Consideration – 1st PUB Reading
  - Approval – 2nd PUB Reading

Nov

- City Council – 1st Reading
- City Council – 2nd Reading

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