

# Tacoma Public Utilities 2023 – 2024 Budget and Rate Proposal Overview

September 28, 2022

# 2022 Budget Journey – Policymaker Engagement



## Budget & Rate Presentations and Utility Board Direction

- 1/12:** Water Long Range Financial Plan
- 1/26:** Power Long Range Financial Plan
- 3/30:** Budget, Rates & Financial Policy Workshop
- 4/27:** Budget Overview & Status Update: TPU, Customer Services, Rail, Water
- 5/11:** Budget Overview: Power
- 5/11:** Residential Utility Assistance Program Proposed Changes
- 5/11:** Power Updated Long Range Financial Plan and Revenue Requirement
- 6/29:** Updated TPU Rate & Financial Policies
- 7/13:** Rail Revenues and Rates
- 7/27:** Power Cost of Service Analysis and Rates
- 8/10:** Water Cost of Service Analysis and Rates

## Public Utility Board Reviews

- 8/24:** Preliminary Budget Review: Customer Services, Rail
- 9/28:** Power and Water Budget and Rate Proposals
- 9/28:** Public Hearing with TPU Budget & Rates Overview

**\*\* Also:**

**General Government Engagement**  
(Gov't Perf. & Finance Committee – GPFC)

- ✓ 8 Public Presentation/Discussions  
(Feb through Sept.)

# Communications and Outreach



SD4  
Stakeholder  
Engagement



SD10  
Government  
Relations



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

**The Source of Valuable Budget and Rates Information: (over 15,000 views)**

- Find Public Presentations
- General Budget and Rate Information
- Upcoming Events
- Subscribe to Receive Regular Updates
- Ways to Manage Bills
- Links to Customer Assistance (Local and Federal options)
- Submit Comments or Questions

**Extensive Community Outreach is Underway**

- Virtual, Hybrid and In-person
- Early Listening Session, multiple Community Groups, Orgs., Businesses, etc.

# Budget & Rate Development



Supports Strategic Plans

Aligns with Strategic Directives

Follows Rate and Financial Policies

Considers Financial Sustainability  
over the Long-term

# Key Planning Takeaways

## **Cost Pressure Impacts**

- Inflation and Supply Chain
- Other Factors
- Rate Adjustments Proposed

## **Mitigations and Outcomes**

- Measures taken keep Rate Adjustments Below Inflation Rate
- Significant Enhancements to Assist Customers with Bills

# TPU Biennial Budget Expenditures



(\$ in millions)	21/22 Budget*	23/24 Budget	Budget to Budget
O&M Expenses			
Tacoma Power	\$809.3	\$940.6	\$131.3
Tacoma Water	153.0	178.5	25.5
Tacoma Rail	69.6	62.4	(7.2)
Total O&M Expenses	1,031.9	1,181.5	149.6
Debt Service			
Tacoma Power	65.8	68.1	2.3
Tacoma Water	50.6	46.1	(4.5)
Tacoma Rail	1.8	1.9	.1
Total Debt Service	118.2	116.1	(2.1)
Capital Outlay (Revenue Financed)			
Tacoma Power	60.2	82.6	22.4
Tacoma Water	79.3	72.8	(6.5)
Tacoma Rail	7.0	6.1	(.9)
Total Capital Outlay	146.5	161.5	15.0
<b>Total Operating Divisions</b>	<b>\$1,296.6</b>	<b>\$1,459.1</b>	<b>\$162.5</b>

\*Includes 2021-22 Mid Biennium Budget Modifications for Tacoma Power and Tacoma Water

# PROPOSED RATE ADJUSTMENTS



## TACOMA POWER

- Proposed 3.5% system average rate increases in 2023 and 2024 (beginning 04-01-23)
- Average monthly increases - **Residential:** \$3.70 in 2023; \$3.70 in 2024

## TACOMA WATER

- Proposed 4% system average rate increases in 2023 and 2024 (beginning 01-01-23)
- Average monthly increases 2023 - **Residential:** \$1.73 inside / \$2.05 outside City of Tacoma
- Average monthly increases 2024 - **Residential:** \$1.80 inside / \$2.11 outside City of Tacoma

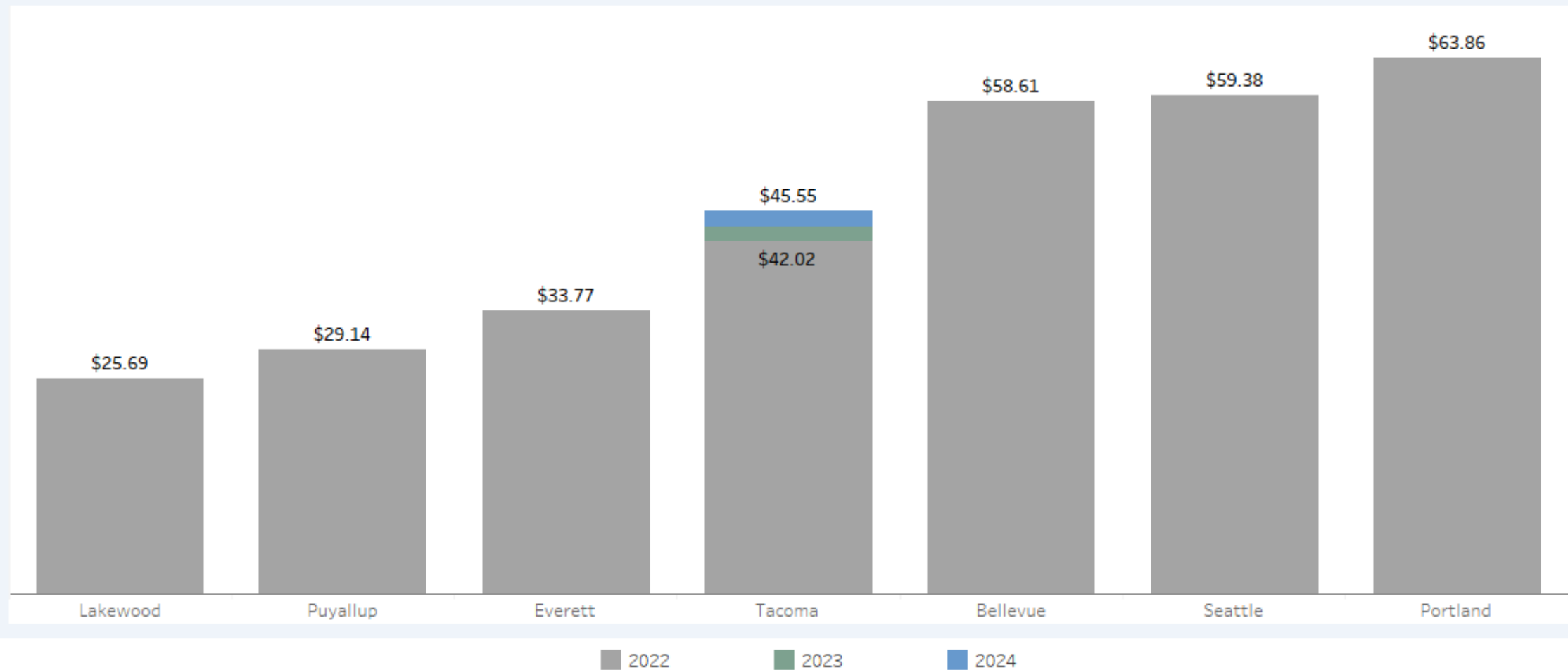
## TACOMA RAIL

- Proposed 3%-8% based on traffic types to tariff rates in 2023 & 2024 (beginning 01-01-23)

*\*Rates for Tacoma Power and Tacoma Water are slightly higher in University Place due to a 6% utility tax from the City of U.P.*

# Tacoma Water Rate Comparisons

2022 Regional Comparison of Average Monthly Residential Bills



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

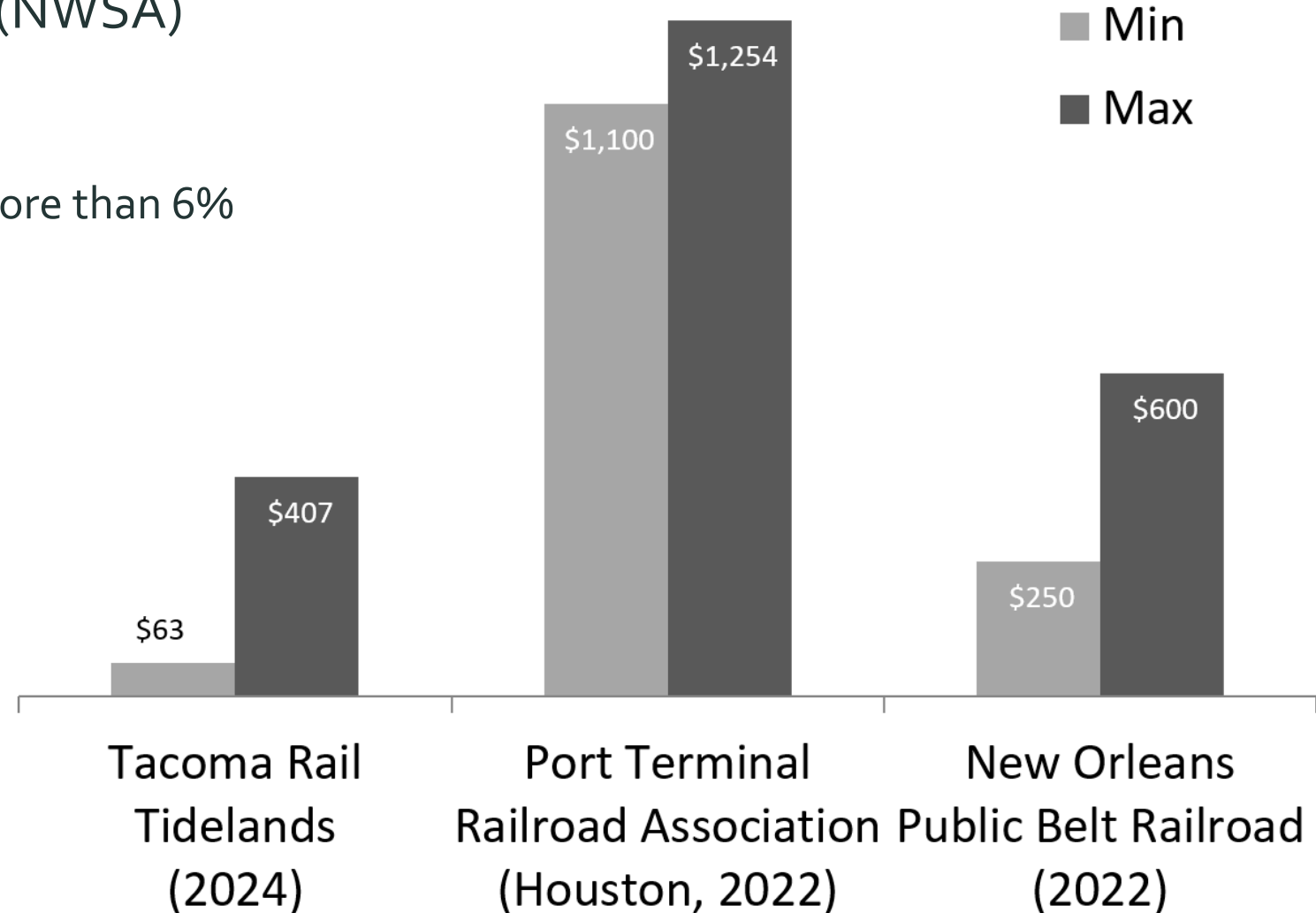


# Tacoma Rail Tariff Rate Comparisons



## Northwest Seaport Alliance (NWSA)

- July 1st, 2022
- General increase of 6%
- Specific rate increases of more than 6%



# Enhanced Customer Assistance Bill Credit Assistance Plan



SD1  
Equity and  
Inclusion



SD4  
Stakeholder  
Engagement



SD13  
Customer  
Service



## 2021-2022 Enhancements (BCAP)

- Expanded access through higher qualifying income levels
- Increased bill credit amounts
- Eligible customers received monthly bill credits with full, on-time payments

## 2023-2024 Proposed Enhancements (BCAP Plus)

Customers would receive monthly bill credits in two ways:

- Automatic credit. Households would receive an automatic credit regardless of payment.
- Achievable credit. Additional BCAP Plus credit could be achieved with full, on-time payments
- Significant increase to electric bill credits - offsets the fixed monthly charge

# Five Service Credits with BCAP Plus



SD1  
Equity and  
Inclusion



SD4  
Stakeholder  
Engagement



SD13  
Customer  
Service



*Households would receive an automatic credit regardless of payment.  
Additional BCAP Plus credit could be achieved with full, on-time payments.*

2023 BCAP Plus				
Service	Automatic Credit	Achievable Credit	Monthly Total	Annual Total
Power	\$21.60	\$21	\$42.60	\$511.20
Water	\$4	\$5	\$9	\$108
Wastewater	\$6	\$7	\$13	\$156
Stormwater	\$3	\$3	\$6	\$72
Solid Waste	\$5	\$5	\$10	\$120
Total *	\$39.60	\$41	\$80.60	\$967.20

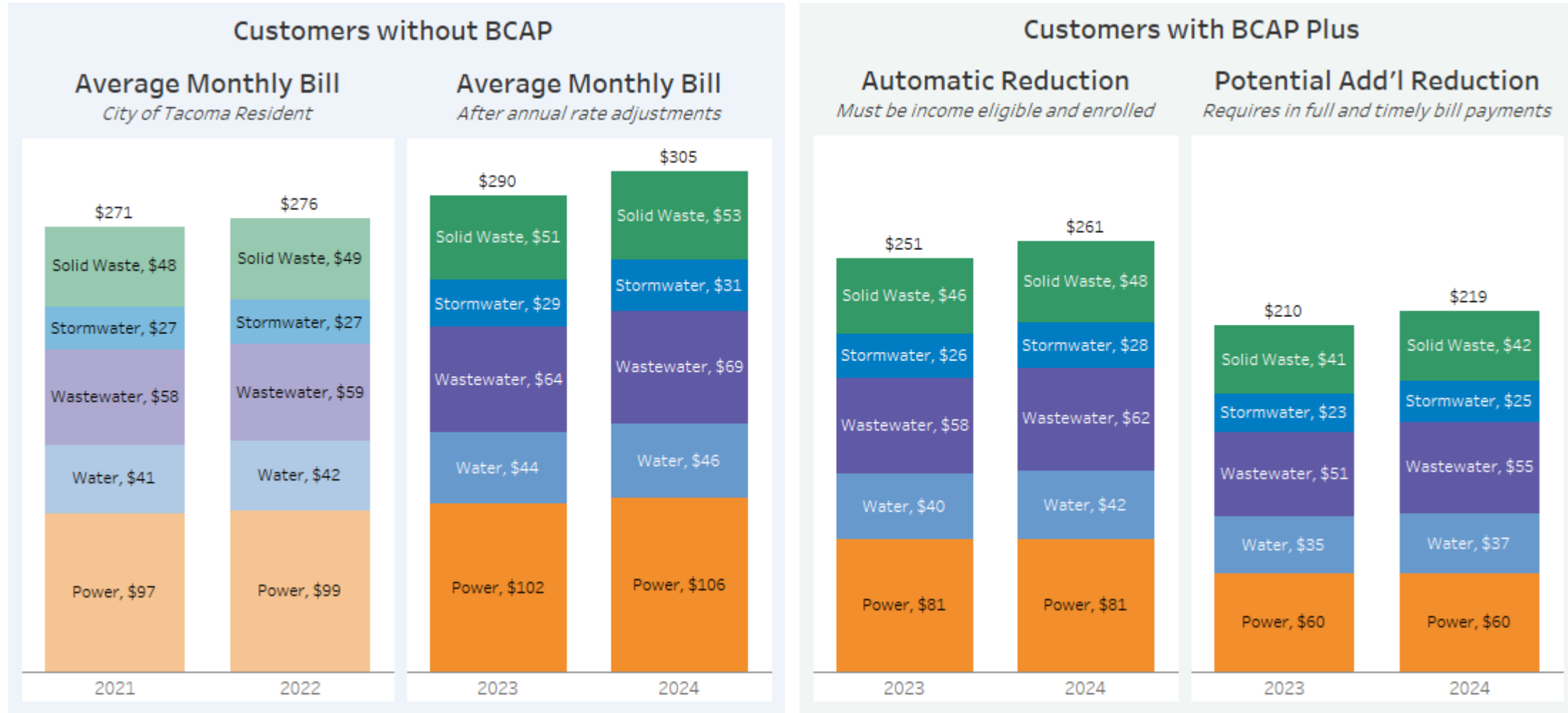
2024 BCAP Plus				
Service	Automatic Credit	Achievable Credit	Monthly Total	Annual Total
Power	\$25.30	\$21	\$46.30	\$555.60
Water	\$4	\$5	\$9	\$108
Wastewater	\$7	\$7	\$14	\$168
Stormwater	\$3	\$3	\$6	\$72
Solid Waste	\$5	\$6	\$11	\$132
Total *	\$44.30	\$42	\$86.30	\$1,035.60

\* The total only applies to residential customers receiving all 5 utility services.

# Five Service Bill with BCAP Plus



*Comparing an average monthly bill with and without bill credit assistance.*



\* For the total 5 service bill, proposed rate adjustments equate to an average of 5.1% increase per year in 2023 and 2024.

# Looking Ahead



## Public Utility Board Reviews (October)

**10/12: 1<sup>st</sup> Reading of TPU Preliminary Budget & Rate Ordinances**

**10/26: 2<sup>nd</sup> Reading (and adoption) of TPU Preliminary Budget & Rate Ordinances**

## City Council Reviews (October & November)

**10/11: Joint City Council/PUB Study Session TPU Preliminary Budget & Rate Proposals**

**11/17: 1<sup>st</sup> Reading of Budget & Rate Ordinances**

**11/24: 2<sup>nd</sup> Reading (and adoption) of Budget & Rate Ordinances**

*\* Feedback from the Public will remain open for consideration through final budget adoption*

# To Learn More or Get Involved



Visit our website:

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

- Review rates information and budget proposals
- Learn of public engagements
- Subscribe to rates email notifications
- Comment Form (submit online)
  
- Engage with comments tonight

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