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

Webpage: 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
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

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

*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

- Lakewood: $25.69
- Puyallup: $29.14
- Everett: $33.77
- Tacoma: $45.55
- Bellevue: $58.61
- Seattle: $59.38
- Portland: $63.86

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.
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

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

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

<table>
<thead>
<tr>
<th>Service</th>
<th>2023 BCAP Plus</th>
<th>2024 BCAP Plus</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Automatic Credit</td>
<td>Achievable Credit</td>
</tr>
<tr>
<td>Power</td>
<td>$21.60</td>
<td>$21</td>
</tr>
<tr>
<td>Water</td>
<td>$4</td>
<td>$5</td>
</tr>
<tr>
<td>Wastewater</td>
<td>$6</td>
<td>$7</td>
</tr>
<tr>
<td>Stormwater</td>
<td>$3</td>
<td>$3</td>
</tr>
<tr>
<td>Solid Waste</td>
<td>$5</td>
<td>$5</td>
</tr>
<tr>
<td>**Total *</td>
<td>$39.60</td>
<td>$41</td>
</tr>
</tbody>
</table>

* 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\textsuperscript{st} Reading of TPU Preliminary Budget & Rate Ordinances
10/26:  2\textsuperscript{nd} 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\textsuperscript{st} Reading of Budget & Rate Ordinances
11/24:  2\textsuperscript{nd} 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

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

- Engage with comments tonight

Presenter:
Jim Sant
Deputy Director for Administration
jsant@cityoftacoma.org