Tacoma Public Utilities
2021 – 2022
Budget and Rate Proposal
Overview

September 23, 2020
BUDGET DEVELOPMENT 2020

Budget & Rate Presentations and Board Direction

2/4: Rates & Financial Policy Workshop
4/22: Budget Preview and Situation Update
5/13: Tacoma Water and Rail Rate & Financial Policy; Tacoma Water Financial Outlook
5/13: Tacoma Power Financial Projections, Budgetary Impacts and Strategic Direction
5/27: Tacoma Power Rate Policy Discussion
7/8: Affordability and Income Assistance Programs
7/22: Tacoma Power Financial Update and Revenue Requirement Preview

Public Utility Board Reviews

8/26: Tacoma Power Revenue Requirement and Rate Proposal Update
8/26: Customer Services Budget Proposal; Budget and Rates Outreach and Communications
9/9: Tacoma Rail and Tacoma Water Budget & Rates Proposal
9/23: Tacoma Power Budget and Rates Proposal
9/23: TPU Budget & Rates Overview and Public Hearing
PUBLIC OUTREACH

Virtual Engagement: September - November

- Neighborhood Councils & Block Groups
- Partnering with existing events of organizations
- Franchise Cities/Local Government Partners
- Chambers of Commerce/Economic Development Organizations
- Key Account Customers, including JBLM
- Business Districts

Virtual Community Meetings

- Public Hearing with Utility Board - Today September 23
- Working with regional organizations to present at other large gatherings and provide customers with diverse times and opportunities to participate
COMMUNICATIONS & RESOURCES

Resources for the Public

- MyTPU.org/Rates (source for real-time budget & rate information)
- Budget and Rate proposals posted online
- Virtual meetings and outreach events
- Newsletter updates, with links, in monthly email and quarterly print
- Bill inserts and invoice messaging
- MyAccount login page messaging with links to rates page
- Social media promoting events, public meetings and resources
- TV Tacoma educational segments on how rates benefit customers
- Videos on keeping costs low posted
- Foreign language translated outreach materials
- Online Customer Feedback Form
TPU’s COMMITMENT TO EQUITY

Budgets and Strategies Built to Advance Racial Equity Action Plan

Commitment to Equity through:

- We provide equitable delivery of services to residents and visitors.
- Our workforce reflects the communities we serve.
- We engage in purposeful community outreach.
## TPU Biennial Budget

<table>
<thead>
<tr>
<th></th>
<th>19/20 Budget*</th>
<th>21/22 Budget</th>
<th>Budget to Budget</th>
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<tbody>
<tr>
<td><strong>O&amp;M Expenses</strong></td>
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<tr>
<td>Tacoma Power</td>
<td>$810.0</td>
<td>$806.7</td>
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<tr>
<td>Tacoma Water</td>
<td>140.0</td>
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<td><strong>Total O&amp;M Expenses</strong></td>
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<td><strong>Debt Service</strong></td>
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<td>Tacoma Power</td>
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<tr>
<td>Tacoma Water</td>
<td>53.2</td>
<td>50.6</td>
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<tr>
<td>Tacoma Rail</td>
<td>1.6</td>
<td>1.8</td>
<td>0.2</td>
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<tr>
<td><strong>Total Debt Service</strong></td>
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<td>118.2</td>
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<tr>
<td><strong>Capital Outlay (Revenue Financed)</strong></td>
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<tr>
<td>Tacoma Power</td>
<td>89.7</td>
<td>60.2</td>
<td>(29.5)</td>
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<tr>
<td>Tacoma Water</td>
<td>35.1</td>
<td>79.3</td>
<td>44.2</td>
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<tr>
<td>Tacoma Rail</td>
<td>9.7</td>
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<tr>
<td><strong>Total Capital Outlay</strong></td>
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<td>146.5</td>
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<td><strong>Total Operating Divisions</strong></td>
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*Includes 2019-20 Mid Biennium Adjustment for Tacoma Rail
Your Rates

Managing Affordability and Quality Services

• Provide safe and reliable services
• Protect natural resources
• Invest in system improvements
• Prudent use of resources
• Thoughtful short and long-term planning

Rate Mitigation

• Why adjust rates during pandemic? (gradual changes)
• Challenges and cost savings
• Payment Assistance and Bill Management Programs
• Conversation programs
PROPOSED RATE ADJUSTMENTS

• TACOMA POWER
  • Proposed 2% system average rate increases in 2021 and 2022, beginning April 1, 2021
  • Average monthly increases - **Residential**: $1.84 in 2021; $1.88 in 2022

• TACOMA WATER
  • Proposed 2% system average rate increases in 2021 and 2022, beginning Jan. 1, 2021
  • Average monthly increases 2021 - **Residential**: $0.79 inside / $0.95 outside City of Tacoma
  • Average monthly increases 2022 - **Residential**: $0.81 inside / $0.98 outside City of Tacoma

• TACOMA RAIL
  • Proposed 3% increase to shortline tariff rates in 2021 and 2022, beginning Jan. 1, 2021
POWER
Residential Rate Comparisons

Average Price per kWh for Residential Consumers

Source: Energy Information Administration, Form 861, 2019 (Early Release) | Impact of 2021 and 2022 adjustments are estimated by escalating prior year data by 2%.
WATER
Residential Rate Comparison

2020 Average Monthly Water Bill for a Single Family Residential Customer

- Lakewood: $24
- Puyallup: $26
- Everett: $33
- Tacoma: $41
- Bellevue: $53
- Portland: $54
- Seattle: $58

Average: $41

Assumptions for an average single family customer are 6 CCF in winter months and 9 CCF in summer months with 5/8” meter inside the City of Tacoma. The blue bar projects the impact of 2% annual rate adjustments in 2021-2022.
RAIL
Shortline Tariff Rates

- Tacoma Rail Tidelands: $54, $377
- Port Terminal Railroad Association Public Belt Railroad (Houston): $1,000, $1,140
- New Orleans: $250, $600

Legend:
- Min
- Max
BILL PAYMENT ASSISTANCE

2020 Emergency Assistance Program
• COVID-19 pandemic response
• Moratorium on involuntary disconnections implemented
• Credits for utility services available to eligible households
• Approximately $2.0M in utility bill assistance provided (as of Sep 15)
• Around 10,000 households assisted

Ongoing Assistance and Program Enhancements
• Payment arrangements to ease past-due impacts
• Budget billing
• Monitor affordability metrics
• Assistance program enhancement considerations:
  • Expand assistance eligibility criteria
  • Increase assistance levels (bill credits and discount rates)

MyTPU.org/BudgetBilling
MyTPU.org/Assistance
NEXT STEPS

Public Utility Board (PUB) Reviews

- **9/23**: TPU Budget & Rates Overview and Public Hearing*
- **10/14**: 1st Reading of TPU Preliminary Budget & Rate Ordinances
- **10/28**: 2nd Reading (and adoption) of TPU Preliminary Budget & Rate Ordinances

City Council Reviews

- **9/30**: Presentation of TPU preliminary rate proposals to Government Performance and Finance Committee
- **10/6**: Joint City Council/PUB Study Session on TPU Preliminary Budget & Rate Proposals
- **11/17**: 1st Reading of Budget & Rate Ordinances
- **11/24**: 2nd 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)

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