

# 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 Water Revenue Requirement, Rate Design, and Long-range Financial Plan Update
- 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



SD4  
Stakeholder  
Engagement



SD10  
Government  
Relations



## 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



SD4  
Stakeholder  
Engagement



SD13  
Customer  
Service



## 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



(\$ in millions)	19/20 Budget*	21/22 Budget	Budget to Budget
O&M Expenses			
Tacoma Power	\$810.0	\$806.7	(\$3.3)
Tacoma Water	140.0	151.7	11.7
Tacoma Rail	64.0	69.6	5.6
Total O&M Expenses	1,014.0	1,028.0	14.0
Debt Service			
Tacoma Power	59.1	65.8	6.7
Tacoma Water	53.2	50.6	(2.6)
Tacoma Rail	1.6	1.8	0.2
Total Debt Service	114.0	118.2	4.2
Capital Outlay (Revenue Financed)			
Tacoma Power	89.7	60.2	(29.5)
Tacoma Water	35.1	79.3	44.2
Tacoma Rail	9.7	7.0	(2.7)
Total Capital Outlay	134.5	146.5	12.0
<b>Total Operating Divisions</b>	<b>\$1,262.5</b>	<b>\$1,292.7</b>	<b>\$30.2</b>

\*Includes 2019-20 Mid Biennium Adjustment for Tacoma Rail

# Your Rates



SD2  
Financial  
Stability



SD3  
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

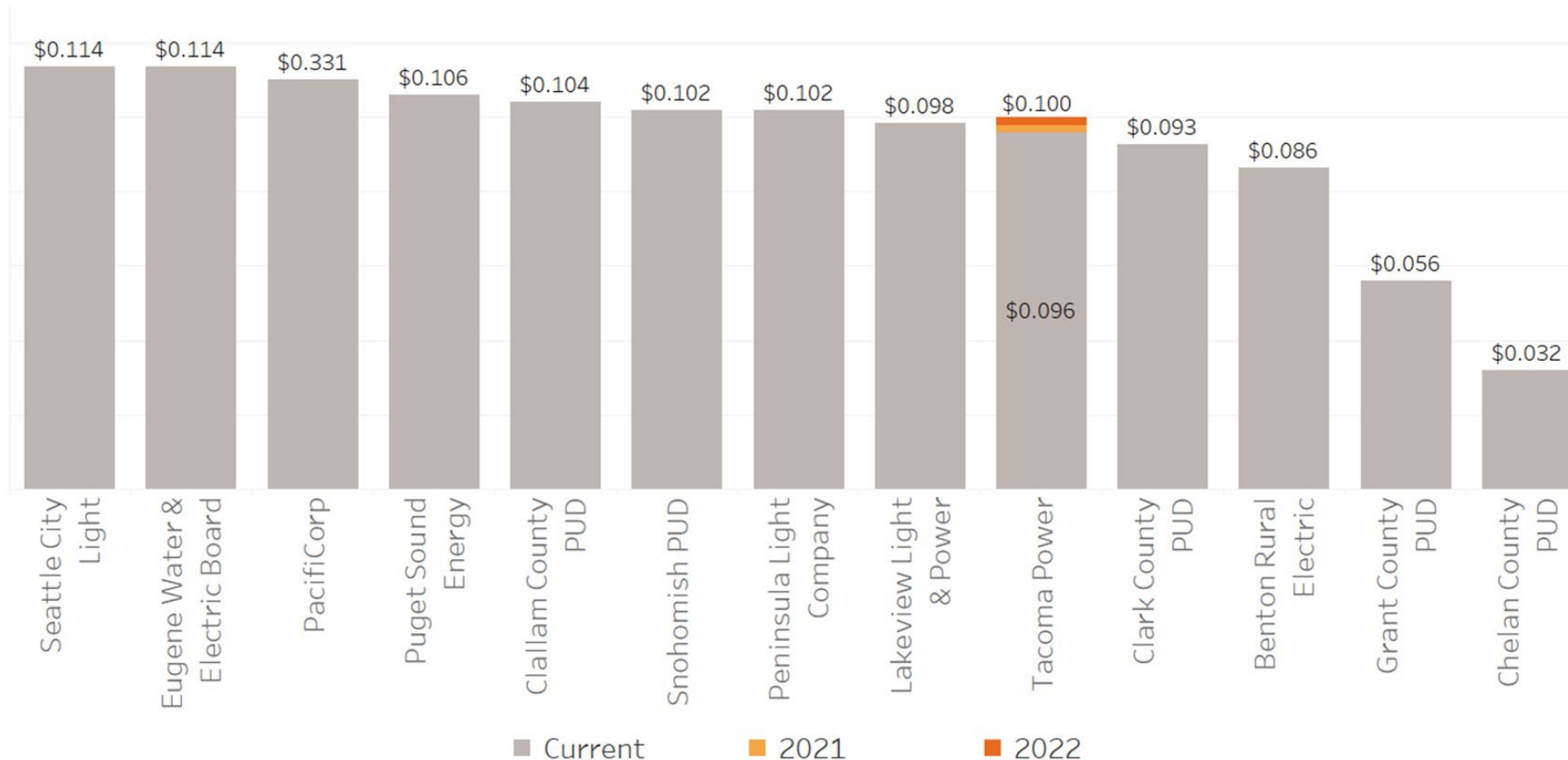


# POWER



## Residential Rate Comparisons

Average Price per kWh for Residential Consumers



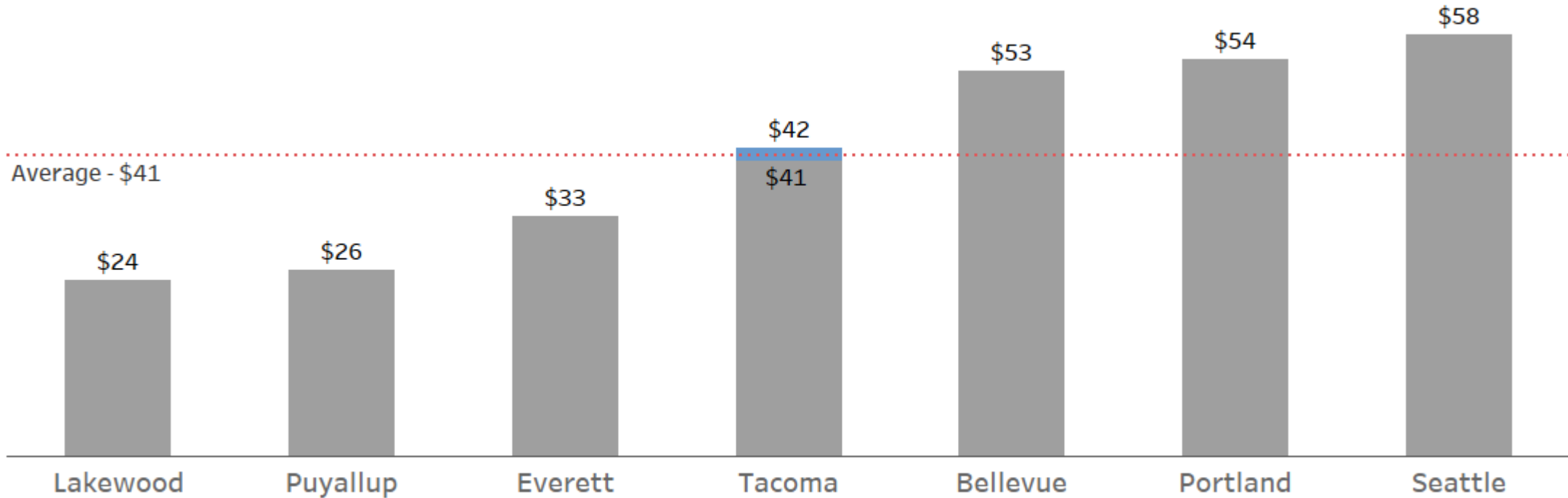
Source: Energy Information Administration, Form 861, 2019 (Early Release) | Impact of 2021 and 2022 adjustments are estimated by escalating prior year data by 2%.

# WATER

## Residential Rate Comparison



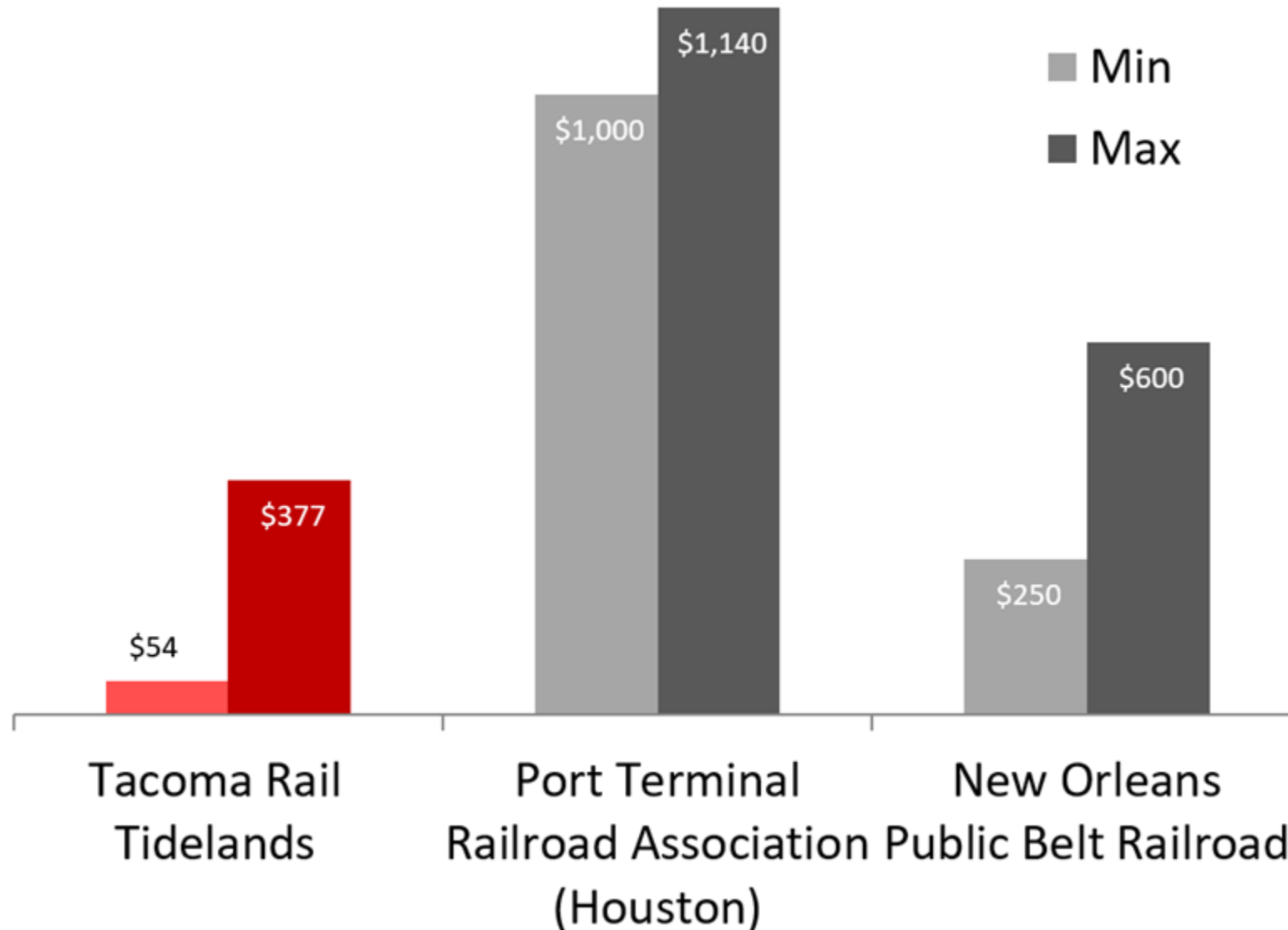
2020 Average Monthly Water Bill for a Single Family Residential Customer



*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



# BILL PAYMENT ASSISTANCE



SD1  
Equity and  
Inclusion



SD4  
Stakeholder  
Engagement



SD13  
Customer  
Service



## 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](https://MyTPU.org/BudgetBilling)

[MyTPU.org/Assistance](https://MyTPU.org/Assistance)

# NEXT STEPS



## Public Utility Board (PUB) Reviews

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

Presenter:

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