

CITY OF TACOMA, WASHINGTON

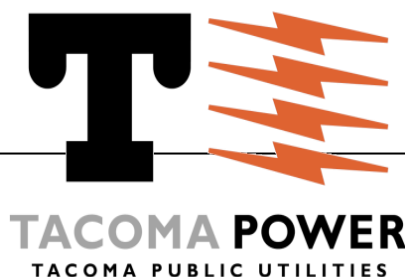
\$132,530,000*

Electric System Revenue Bonds,
Series 2025A (Green Bonds)

\$91,785,000*

Electric System Revenue Refunding Bonds,
Series 2025B (Green Bonds)

Investor Presentation



*Preliminary, subject to change

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The Investor Presentation you are about to view is provided as of May 23, 2025 for a proposed offering by the City of Tacoma, Washington (the “City” or “Tacoma Power”) for its Electric System Revenue Bonds, Series 2025A (Green Bonds) (the “2025A Bonds”) and Electric System Revenue Refunding Bonds, Series 2025B (Green Bonds) (the “2025B Bonds,” and together with the 2025A Bonds, the “2025 Bonds”). If you are viewing this presentation after that date, there may have been events that occurred subsequent to such date that would have a material adverse effect on the financial information or other data that was presented, and neither the City nor the Underwriters has undertaken any obligation to update this Investor Presentation. All market prices, data and other information are not warranted as to completeness or accuracy and are subject to change without notice.

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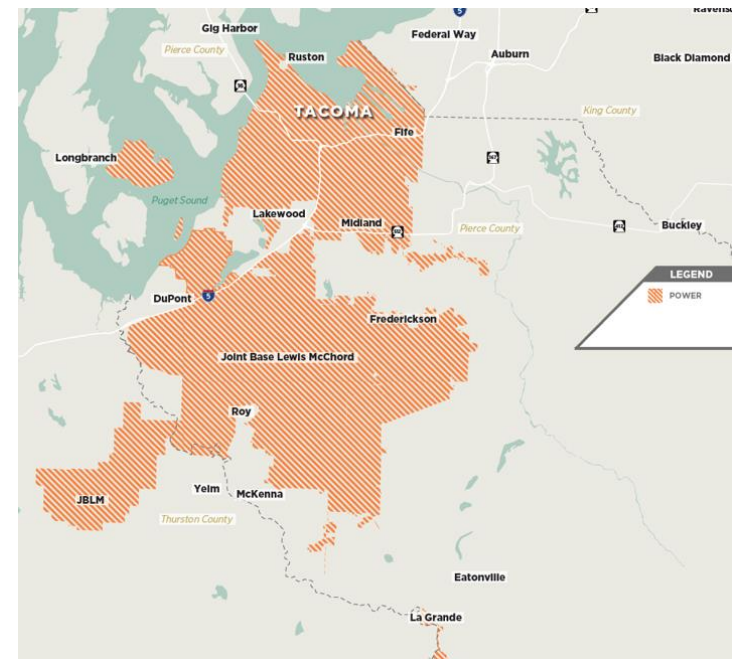
Transaction Overview

Issue Description	Electric System Revenue Bonds, Series 2025A (Green Bonds)	Electric System Revenue Refunding Bonds, Series 2025B (Green Bonds)
Par Amount*	\$132,530,000*	\$91,785,000*
Security	<ul style="list-style-type: none"> The 2025 Bonds will be paid from Revenues of the Electric System, after payment of Operating Expenses 	
Ratings	<ul style="list-style-type: none"> S&P: AA (Stable) Fitch: AA- (Stable) 	
Bond Structure*	<ul style="list-style-type: none"> Serial Bonds, due in 2043-2045 Term Bonds, due in 2050 and 2055 	<ul style="list-style-type: none"> Serial Bonds, due in 2027 and 2031-2035
Use of Proceeds	<ul style="list-style-type: none"> Finance and reimburse the City for improvements to the Electric System The 2025A Bonds have been designated as “Green Bonds” - Kestrel has provided an external review 	<ul style="list-style-type: none"> Extraordinary optional redemption of the outstanding Series 2010B Build America Bonds The 2025B Bonds have been designated as “Green Bonds” - Kestrel has provided an external review
Optional Redemption*	<ul style="list-style-type: none"> January 1, 2035 @ 100% 	<ul style="list-style-type: none"> N/A
Tax Status	<ul style="list-style-type: none"> Tax-Exempt 	
Pricing Date*	<ul style="list-style-type: none"> Tuesday, June 3, 2025 	
Closing Date*	<ul style="list-style-type: none"> Thursday, July 3, 2025 	
Syndicate	<ul style="list-style-type: none"> Bookrunner: Raymond James & Associates, Inc. Co-Senior Manager: BofA Securities, Inc. Co-Manager: Siebert Williams Shank & Co., LLC 	

*Preliminary – subject to change

Overview of Tacoma Power

- The City of Tacoma's (the "**City**") Department of Public Utilities (the "**Department**") consists of three divisions:
 - Light Division ("**Tacoma Power**")
 - Water Division ("**Tacoma Water**")
 - Belt Line Railroad Division ("**Tacoma Rail**")
- The Department is governed by a five-member Board, which has decision making authority
 - Rates, budget and debt proposals / actions are initiated by the Board and adopted by City Council
 - Retail rate setting is not subject to review by state or federal regulators
- Tacoma Power operates the City's electrical generation, transmission and distribution facilities
 - One of the largest municipally-owned utilities in the State of Washington (the "**State**")
 - Serves an average of approximately 195,000 retail customer accounts
 - Approximately 893 employees
 - Operating revenues of approximately \$512 million

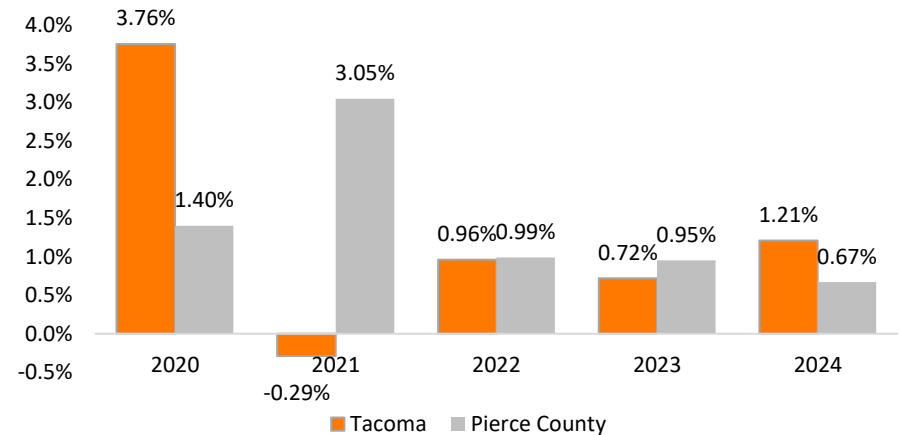


Source: POS—"THE DEPARTMENT OF PUBLIC UTILITIES –TACOMA POWER - Overview", chart from "THE DEPARTMENT OF PUBLIC UTILITIES – TACOMA POWER"

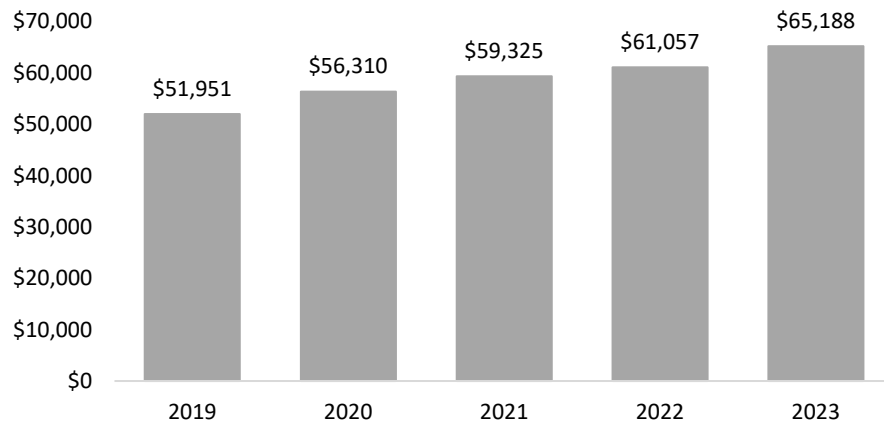
Regional Economy

- Population has grown by 6.36% in the City of Tacoma and by 7.06% in Pierce County from 2020 to 2024
- Per Capita income increased more than 25% in Pierce County from 2019 to 2023
- Anchor employers, like Joint Base Lewis-McChord, have significant history and infrastructure in Pierce County, providing a stable employment base

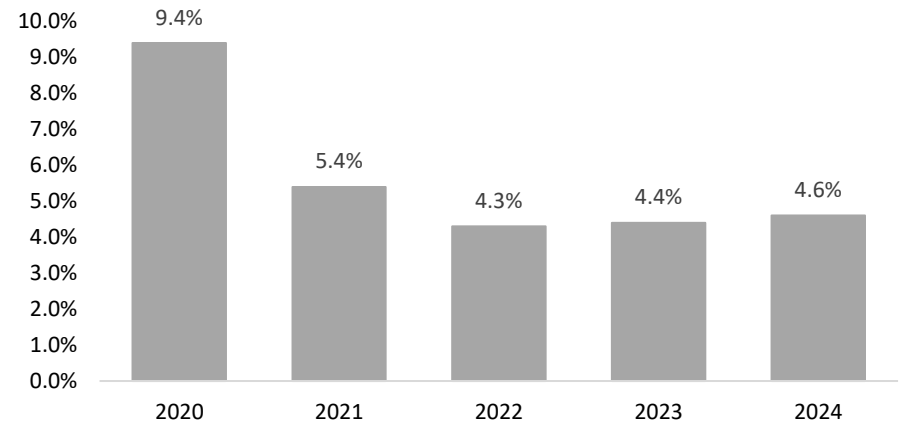
Percent Population Change from 2020 – 2024¹



Pierce County Per Capita Income³



Pierce County Unemployment Rate from 2020 – 2024²



(1) Washington State Office of Financial Management

(2) Washington State Employment Security Department (most recent data through December 2024)

(3) Census Bureau mid-year population estimates

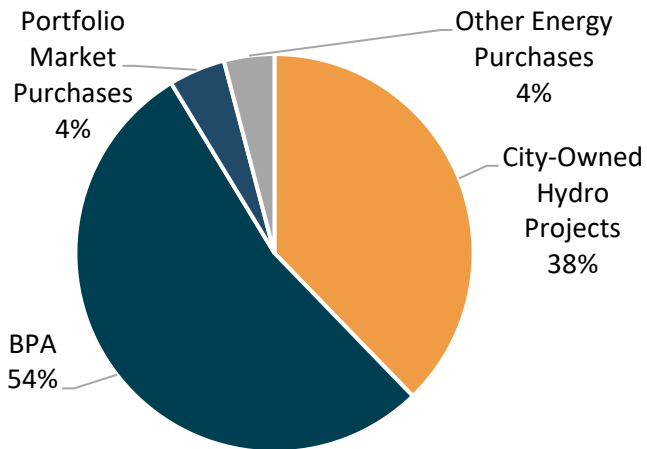
Credit Overview

Financial Management and Policies	<ul style="list-style-type: none">• History of Board and City Council support for implementing prudent rate increases when needed• Energy risk management policies are well defined and implemented• Management sets rates to maintain at least 1.5x debt service coverage assuming Adverse Water¹
Access to Low-Cost Virtually Carbon Free Power	<ul style="list-style-type: none">• Low cost and virtually carbon-free power supply portfolio
Competitive Market Position	<ul style="list-style-type: none">• Retail rates among the lowest in the region• Stable, diverse customer base
Financial Performance	<ul style="list-style-type: none">• 392 days cash on hand in 2024• 4.29x parity bond coverage in FY 2024
Bond Security	<ul style="list-style-type: none">• Rate covenant of 1.25x• Additional bonds test of 125% future Maximum Annual Debt Service of all Parity Bonds

(1) Water conditions for Tacoma Power's resource portfolio that have historically been exceeded 75% of the time

Power Supply Portfolio

2024 Power Supply



Quick Facts

- 7 hydro facilities on 4 rivers in Western Washington
- 66 substations serving retail load
- 352 miles of transmission lines
- 2,034 miles of distribution lines
- 23 load-service points to other utilities
- 8 generation switchyards

Power Supply

- Largest source is long-term power supply contract with the Bonneville Power Administration (“BPA”) which extends through 2028
- More than 90% “carbon-free” power supply
- 2024 IRP determined Tacoma Power has adequate resources for the foreseeable future
- 2024 IRP directs Tacoma Power to pursue BPA Slice/Block Product for next contract

Generating Facilities

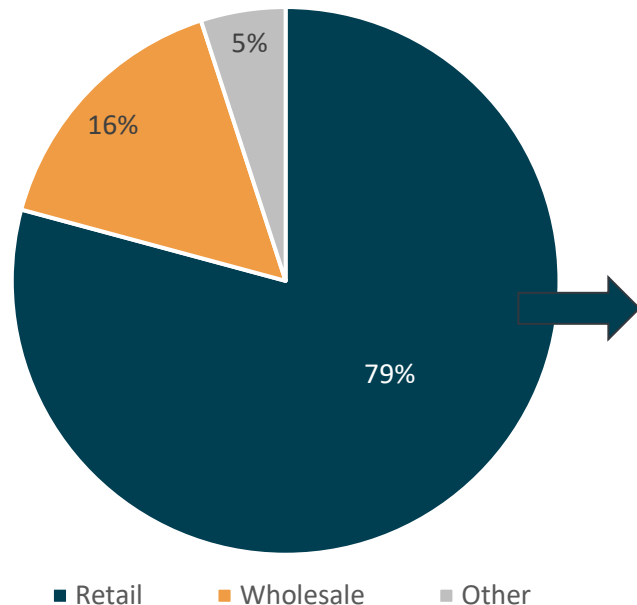


Source: POS—“POWER SUPPLY RESOURCES AND COST OF POWER”

Customer Classes and Sources of Revenue

- Tacoma Power's 2024 Total Operating Revenue was \$512 million
 - \$406 million, or 79%, is attributable to retail revenue
 - Retail rates are the same both inside and outside of the City of Tacoma

2024 Revenue Sales by Source



Retail Customer Classes	% of 2024 Retail Revenue
Residential (Class A)	52%
Small General (Class B) – Retail, restaurant, and other small business	8%
General (Class G) – Medium and large commercial & industrial customers	30%
High Voltage General (Class HVG) – Two military bases and five industrial customers	7%
Contract Industrial (Class CP) & New Large Load (Class NLL) – Large industrial customers	2%
Other (SP) (H-1) (H-2) (H-3) – Shore Power, Street, traffic, and private off-street lighting	1%
2024 Total Retail Sales Revenue	\$406,004,010

Source: POS—"ELECTRIC SYSTEM CUSTOMERS, ENERGY SALES, REVENUES AND RATES – ENERGY SALES AND REVENUE – TABLE 8"

Top Customers by Revenue

In 2024, the top 10 customers accounted for approximately **11.7%** of retail revenues and **17.3%** of retail energy sales

Customer	Business Description	% of 2024 Retail Revenue
Fort Lewis Army Post	Military Base	3.58
Linde Inc.*	Industrial Gases	1.79
McChord Air Force Base	Military Base	1.01
Tacoma School District	Education	1.01
MultiCare Health System	Healthcare	0.93
PSE Tacoma LNG	LNG Production	0.88
U.S. Oil & Refining	Oil Refining	0.73
James Hardie Building Products, Inc.	Manufacturing	0.67
Niagara Bottling LLC	Manufacturing	0.57
Westrock CP LLC	Pulp and Paper	0.56
Total		11.73%

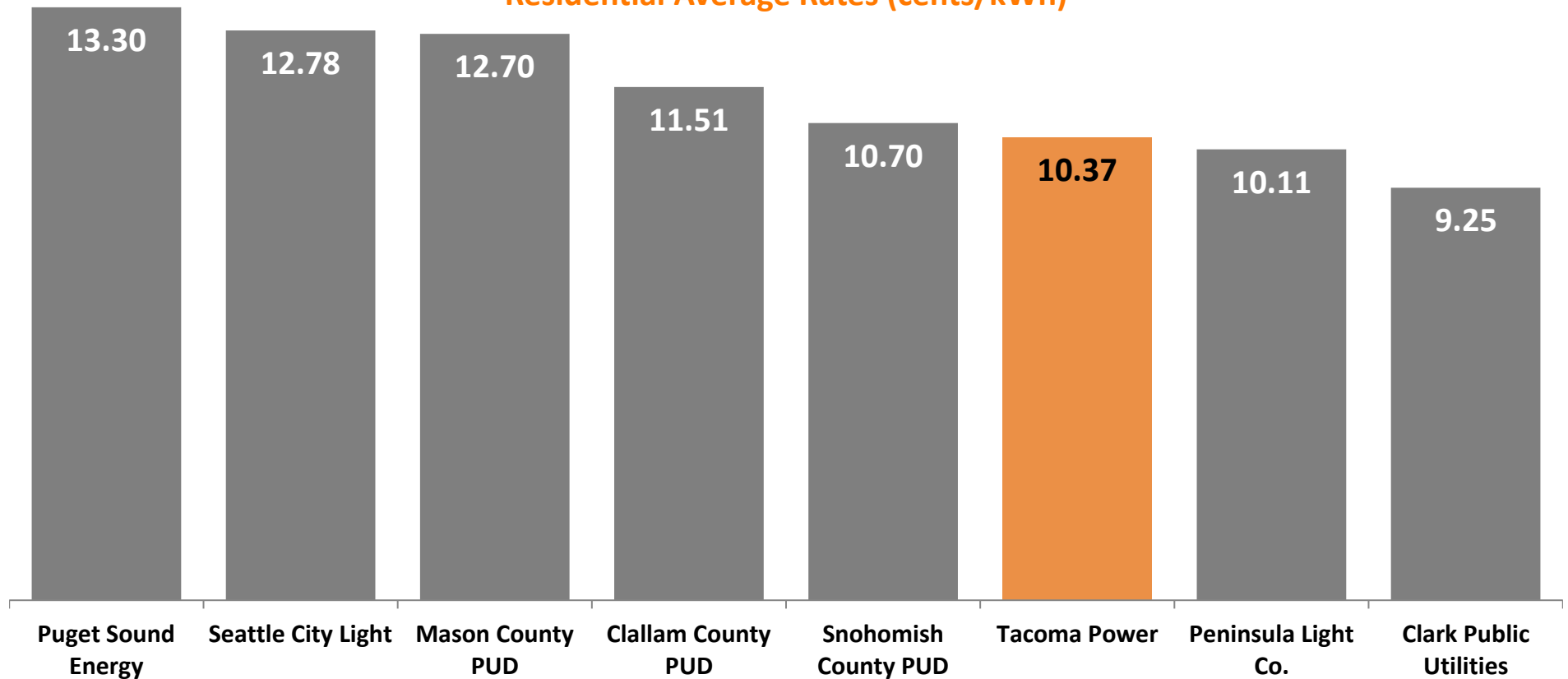
* Contract Industrial Customer

Source: POS—"ELECTRIC SYSTEM CUSTOMERS, ENERGY SALES, REVENUES AND RATES – TACOMA POWER CUSTOMERS – TABLE 7"

Peer Group Rates Comparison

Tacoma City Council approved a system average retail rate increase of 5.3% for 2025 and 2026 (effective April 1, 2025 and April 1, 2026, respectively)

2023 Comparative Monthly Electric Bills Residential Average Rates (cents/kWh)



Source: POS – “ELECTRIC SYSTEM CUSTOMERS, ENERGY SALES, REVENUES AND RATES – 2023 COMPARATIVE MONTHLY ELECTRIC BILLS – TABLE 11”
“ELECTRIC SYSTEM CUSTOMERS, ENERGY SALES, REVENUES AND RATES – ELECTRIC RATES – TABLE 9”

Financial Policies

- **Debt Service Coverage**

- Rates set to maintain at least 1.5x assuming Adverse Water conditions and 2.0x assuming Average Water conditions
- After transfer of Gross Earnings Tax
- Wholesale power sales are budgeted based on Adverse Water

- **Cash Balance**

- At least 90 days of current budgeted expenditures (equivalent to approximately 120 days cash)
 - \$423.7 million as of FYE 2024, inclusive of \$158 million in the Rate Stabilization Fund

- **Debt Funding**

- Targets financing approximately 50% of non-major capital projects with current revenue
- Financing of long-term major projects primarily through debt

Adverse Water: Water conditions for Tacoma Power's resource portfolio that have historically been exceeded 75% of the time

Budgeted Expenditures: O&M, debt service, revenue-financed capital

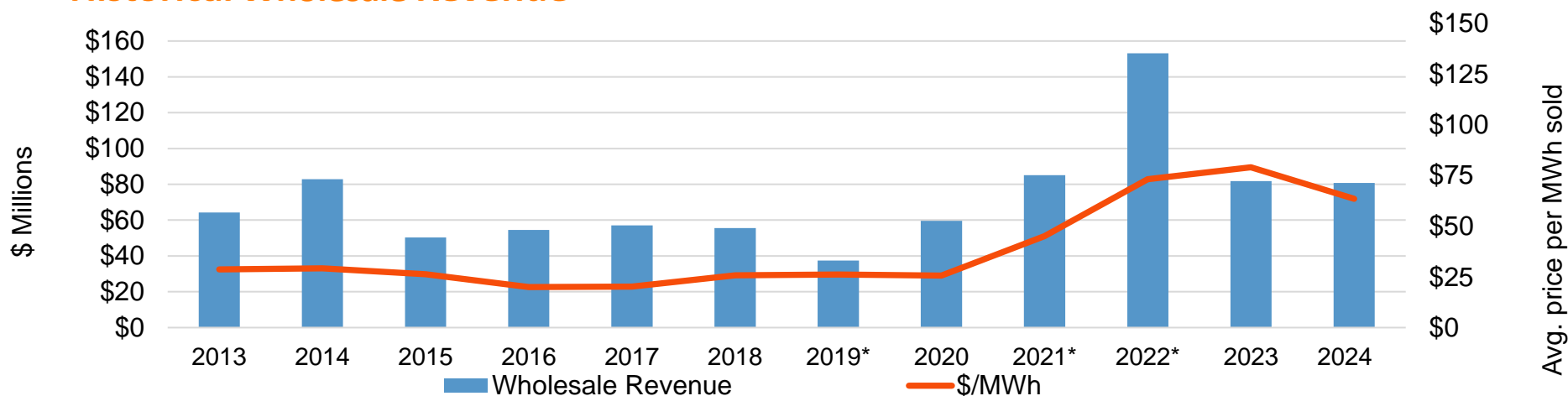
Gross Earnings tax payments: 7.5% to City of Tacoma – General Government (subordinate to debt service), moving to 6.0% in early 2026

Source: POS – "FINANCIAL INFORMATION – FINANCIAL POLICIES"
"SECURITY FOR THE 2025 BONDS – RATE STABILIZATION FUND"

Wholesale Revenue

- Tacoma Power sells power in the wholesale energy market when owned and contracted resources exceed retail load requirements (retail consumption) and makes purchases from the wholesale energy market when required to meet retail load obligations
- Due to its conservative planning assumptions, under most water conditions, Tacoma Power expects to be a net seller into the wholesale electricity market
- Tacoma Power has entered into a financial commitment through a funding agreement for Southwest Power Pool's (SPP) Markets+ day-ahead organized market development. Markets+ is expected to be operational in 2027 or 2028. To prepare, Tacoma Power has launched a multi-year effort to implement the operational changes necessary for participation in this new market
- Energy Risk Management's function is to manage variability in the value of the wholesale power portfolio, oversee risk control processes, manage Tacoma Power's hedging program, and enhance portfolio risk analytics

Historical Wholesale Revenue



* Does not include transfers to / from the Rate Stabilization Fund

Source: POS—"ELECTRIC SYSTEM CUSTOMERS, ENERGY SALES, REVENUES AND RATES – ENERGY SALES AND REVENUE – TABLE 8"

Historical Financial Results

(\$000s)	2020	2021	2022	2023	2024
Sales of Electric Energy ¹	\$430,538	\$448,242	\$454,760	\$488,845	\$486,894
Other Operating Revenue ²	24,212	19,095	23,151	25,194	23,304
Click! Network Operating Revenue ³	6,203	-	-	-	-
Property Lease Revenues ⁴	-	2,617	2,617	2,507	2,153
Total Operating Revenues	\$460,953	\$469,954	\$480,528	\$516,547	\$512,352
Total Operating Expenses	\$396,422	\$412,746	\$412,455	\$430,494	\$435,736
Net Revenue⁵	\$117,178	\$94,775	\$107,997	\$148,169	\$140,056
Net Debt Service	\$26,690	\$26,278	\$29,778	\$29,781	\$32,615
Parity Bond Coverage	4.39x	3.61x	3.63x	4.98x	4.29x
Cash and Investments	\$232,705	\$248,356	\$360,161	\$426,963	\$423,730
Days Cash on Hand	231	238	336	412	392

(1) Includes unbilled revenues.

(2) Includes wheeling and service fees, and telecommunications revenues.

(3) On April 1, 2020, operational control of Click! was transferred from Tacoma Power to a private operator. Thereafter, Click! began paying an annual fee to Tacoma Power which is reflected under "Property Lease Revenues."

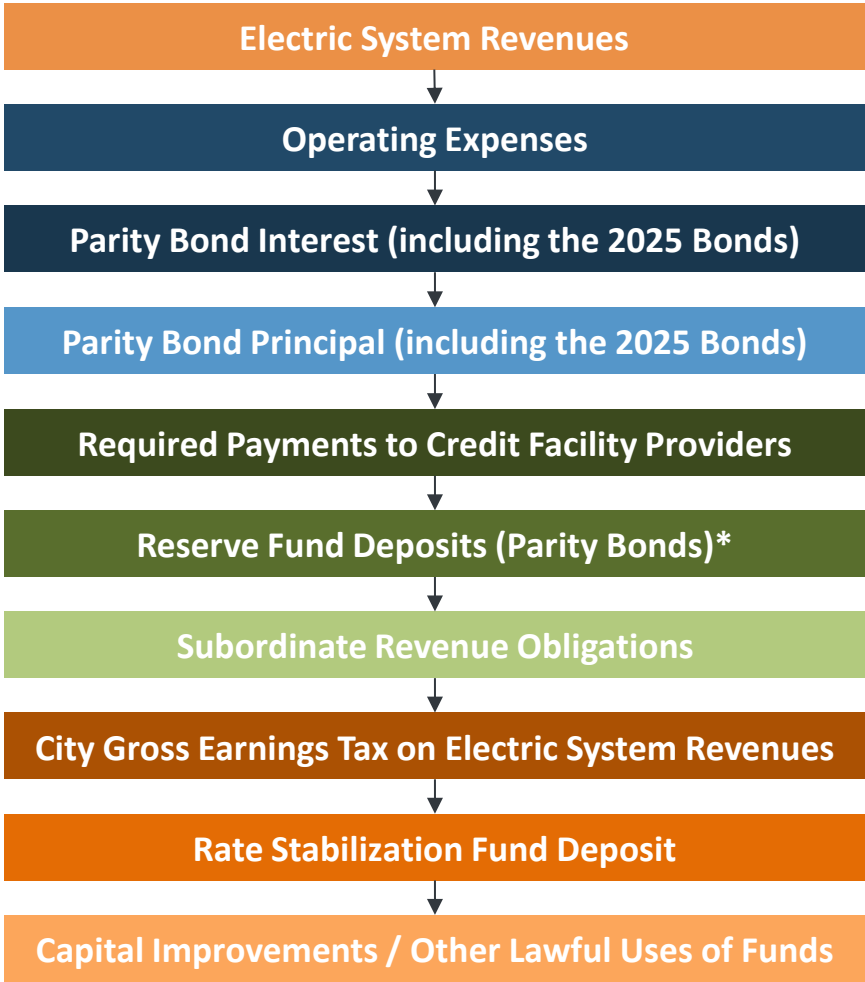
(4) Includes the Click! annual fee, rentals and leases, and interest income on lease activity from electrical properties and equipment.

(5) Reflects certain adjustments for non-operating revenues (expenses), capital contributions and interest subsidies etc.

For additional detail on operating results and debt service coverage please see Table 21 of the Preliminary Official Statement.

Security Features Supporting Parity Bonds*

Electric System Flow of Funds



*2010 and 2013A Bonds have a Debt Service Reserve Fund. The 2025 Bonds are not secured by or payable from a debt service reserve. The reserve requirement for the 2010 and 2013A Bonds is satisfied with a surety policy. Source: POS—“SECURITY FOR THE 2025 BONDS ”

Rate Covenant	<ul style="list-style-type: none"> The City will collect sufficient rates and charges to maintain a minimum annual debt service coverage of 1.25x
Additional Bonds Test	<ul style="list-style-type: none"> Additional bonds test of 125% future Maximum Annual Debt Service of all Parity Bonds
Rate Stabilization Fund	<ul style="list-style-type: none"> Current balance of \$158 million

*The Supplemental Ordinance includes certain springing provisions that will take effect immediately upon receipt of certain consents, including the consent of not less than 51% in aggregate principal amount of the Parity Bonds at the time outstanding, without with the need for further action of the City Council. These amendments:

- Modify the calculation of Net Revenues for purposes of the annual debt service coverage calculation
- Permit the City to take into consideration certain designated “Balloon Indebtedness” when calculating Annual Debt Service for purposes of satisfying the annual debt service coverage calculation and the additional bonds test

See “SECURITY FOR THE 2025 BONDS—Rate Covenant and Debt Service Coverage Covenant” in the Preliminary Official Statement

Capital Improvement Plan

Funding Source (\$000)	2025	2026	2027	2028	2029	2030
Debt Financed ¹	\$68,894	\$68,894	\$47,160	\$47,160	\$56,405	\$56,405
Revenue Financed	42,327	42,327	47,017	47,017	44,272	44,272
Total Capital	\$111,221	\$111,221	\$94,177	\$94,177	\$100,677	\$100,677

Major Capital Projects

- Fish Facility Improvements
- Dam Maintenance
- Fleet Replacements
- Transformer Replacements
- Grid Modernization
- Technology Upgrades



(1) Including proceeds of the 2025A Bonds for capital expenditures planned for 2025 and 2026.

Source: POS – “CAPITAL IMPROVEMENT PROGRAM – TABLE 20”
 “CAPITAL IMPROVEMENT PROGRAM – PAGE 68”

2025 Plan of Finance

Series 2025A: Issue approximately \$131 million of new money bonds to finance and reimburse the City for capital improvements

Series 2025B: Extraordinary optional redemption refunding of the outstanding Series 2010B Build America Bonds (subject to market conditions)

Tacoma Power is issuing the 2025A and 2025B Bonds as “**Green Bonds**” based on the climate adaption and/or mitigation benefits of the projects financed and refinanced by the 2025 Bonds

Tacoma Power is also expected to use available funds of the Electric System to redeem, in whole, the outstanding 2010C Clean Renewable Energy Bonds subject to the extraordinary optional redemption provision

Preliminary Amortization*		
Due (January 1)	Series 2025A Par Amount	Series 2025B Par Amount
2026	-	-
2027	-	\$530,000
2028	-	-
2029	-	-
2030	-	-
2031	-	16,590,000
2032	-	17,400,000
2033	-	18,200,000
2034	-	19,070,000
2035	-	19,995,000
2036-2040	-	-
2041	-	-
2042	-	-
2043	\$7,485,000	-
2044	7,855,000	-
2045	8,250,000	-
2050 (Term Bond)	47,860,000	-
2055 (Term Bond)	61,080,000	-

*Preliminary, subject to change

2025 Bonds Designated as Green Bonds



Kestrel has verified that the Series 2025A and 2025B Green Bonds conform with the International Capital Market Association's Green Bond Principles

Capital Improvement Projects	Net Zero Alignment	Reporting
<ul style="list-style-type: none"> The refinanced capital improvements support Tacoma Power's hydropower system—a renewable system that has minimal greenhouse gas emissions, prioritizes climate resiliency and environmental restoration, and expands community access to electricity Projects include: <ul style="list-style-type: none"> Substation upgrades and distribution network improvements Fish passage and hatchery projects Advanced metering infrastructure 	<ul style="list-style-type: none"> The Tacoma Power emissions factor is 0.0314 MTCO₂e/MWh The Tacoma Power system supports the State of Washington commitment to a carbon-free electricity supply by 2045 and the City of Tacoma target to meet net zero greenhouse gas emissions by 2050 	<ul style="list-style-type: none"> The City regularly provides publicly available updates on operating results of capital improvements Kestrel will provide one update report on the bonds within approximately 12 months of issuance. This report will include confirmation of continued alignment with the Green Bond Principles and relevant updates on financed projects, including allocation of proceeds

The 2025 Bonds advance the following United Nations Sustainable Development Goals:



Transaction Schedule and Contact Information

Key Transaction Dates*	
Date	Event
May 23	<ul style="list-style-type: none">• Mail / Post POS• Release investor presentation
June 3	<ul style="list-style-type: none">• Pricing
July 3	<ul style="list-style-type: none">• Closing

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