



RESOLUTION NO. U-11205

1 A RESOLUTION related to Tacoma Power, amending Chapter 12.06 of the
2 Municipal Code, Electric Energy – Regulation and Rates, by adding
thereto a new Section 12.06.166 to be known as “Prepaid Residential
Service (Schedule PR)”, effective January 1, 2021.

3 WHEREAS the City of Tacoma, Department of Public Utilities, Light
4 Division, (d/b/a “Tacoma Power”) formerly piloted a program called PAYGO,
5 that allowed residential customers to pay for electric service in advance of
6 usage, and
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8 WHEREAS PAYGO was popular among the customers who liked to pay
9 for electricity before they used it and wanted to exhibit greater control over
10 costs and electricity use, and
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12 WHEREAS Tacoma Power often receives requests for prepayment
13 service options from low-income customers, customers who are unbanked and
14 customers with irregular incomes, and
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16 WHEREAS the Prepaid Residential Service rate will allow for greater
17 control over electricity costs and greater understanding of electricity use, and
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19 WHEREAS Tacoma Power will be able to offer the Prepaid Residential
20 Service rate as a voluntary option as soon as the Advanced Metering
Infrastructure (AMI) is installed, and
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22 WHEREAS the Prepaid Residential tariff will be provided at the same
23 effective rates as the regular Residential service, the only difference being the
24 timing of the customer payment for the electric service, and
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26 WHEREAS Tacoma Power desires to amend Chapter 12.06 of the
Tacoma Municipal Code, Electric Energy - Regulations and Rates, by adding a



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new Section 12.06.166 to be known as “Prepaid Residential Service (Schedule PR)”, effective January 1, 2021; Now, therefore,

BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

That the Public Utility Board approves the new residential electric rate category – Prepaid Residential Service (Schedule PR), effective January 1, 2021, and the Council of the City of Tacoma is requested to concur by enacting an ordinance adding a new Section 12.06.166 to be known as “Prepaid Residential Service (Schedule PR)”, substantially in the same form as on file with the Clerk of the Board and as approved by the City Attorney.

Approved as to form:

_____	_____
<i>/s/</i>	Chair
Chief Deputy City Attorney	Secretary
_____	Adopted _____
Clerk	



Board Action Memorandum

TO: Jackie Flowers, Director of Utilities
COPY: Charleen Jacobs, Director and Board Offices
FROM: Chris Robinson, Tacoma Power Superintendent/COO
MEETING DATE: October 28, 2020
DATE: October 15, 2020

SUMMARY: Tacoma Power requests approval by the Public Utility Board for a new rate category—Prepaid Residential Service (Schedule PR).

BACKGROUND: This service type was formerly piloted as the PAYGO program. This tariff will allow residential customers to elect to pay for electric service in advance of usage as soon as Advanced Metering Infrastructure (AMI) is installed. It will be a voluntary rate option.

Many electric utility customers prefer to pay for electricity before they use it, as is the model for most other consumer purchases. This allows for greater control over electricity costs and understanding of electricity use. The PAYGO pilot was very popular with customers; Tacoma Power frequently receives requests for restoration of this service offering.

Service under the Prepaid Residential tariff is provided at the same effective rates as regular Residential service. The tariffs only differ in the timing of customer payment for the electric service. Therefore, no fiscal impact is anticipated.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

IF THE EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.

IF THE ACTION REQUESTED IS APPROVAL OF A CONTRACT, INCLUDE LANGUAGE IN RESOLUTION AUTHORIZING \$200,000 INCREASE IN ADMINISTRATIVE AUTHORITY TO DIRECTOR? n/a

ATTACHMENTS: Proposed Amendments to Chapter 12.06 of the Tacoma Municipal Code

CONTACT: Erin Erben, Tacoma Power Rates & Financial Planning Manager, 253-502-8986
Bill Berry, Tacoma Power Rates, Planning & Analysis Section Manager, 253-502-8294



TO: Elizabeth Pauli, City Manager
FROM: Jackie Flowers, Director of Utilities, Tacoma Public Utilities
COPY: City Council and City Clerk
SUBJECT: Proposed Rate Ordinance - Amend and revise TMC Chapters 12.06 regarding Prepaid Residential Service
DATE: October 28, 2020

SUMMARY AND PURPOSE:

Tacoma Power requests approval by the City Council for a new rate category—Prepaid Residential Service (Schedule PR).

BACKGROUND:

This Department's Recommendation is Based On: Tacoma Power frequently receives inquiries about prepayment options, particularly from vulnerable customer groups. One of the anticipated benefits of the Advanced Metering Infrastructure program currently underway is to allow the provision of this type of rate option.

This tariff will allow residential customers to elect to pay for electric service in advance of usage as soon as Advanced Metering Infrastructure (AMI) is installed. This service type was formerly piloted as the PAYGO program. It will be a voluntary rate option. Many electric utility customers prefer to pay for electricity before they use it, as is the model for most other consumer purchases. This allows for greater control over electricity costs and understanding of electricity use.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

The PAYGO pilot was very popular with customers; Tacoma Power frequently receives requests for restoration of this service offering.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility: (Mandatory)

Tacoma Power regularly receives requests for prepayment service offerings from low-income customers, customers who are unbanked, or customers with irregular income sources. The prepayment model allows customers to better understand their electricity usage, giving them more agency to control their bills and budgets. Customers with low and/or unstable incomes, or who do not have access to banking services particularly benefit from the cash flow flexibility provided by prepayment services. Customers are able to “save” some income in their utility account when they receive it, instead of being required to pay a large sum every two months.

Livability: Equity Index Score: Moderate Opportunity

Improve access and proximity by residents to diverse income levels and race/ethnicity to community facilities, services, infrastructure, and employment.

Explain how your legislation will affect the selected indicator(s).

The proposed rate schedule facilitates additional bill payment options. A wide selection of payment options allows all diverse segments of customers to choose the method they find easiest to pay their electric bills and retain electric service.



ALTERNATIVES:

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Continue to offer only post-payment residential service.	No action needed.	Negation of one of the anticipated benefits of the Advanced Metering Infrastructure program. Failure to respond to customer requests.

EVALUATION AND FOLLOW UP:

Customer satisfaction with this rate offering will be illustrated by the proportion of customers who elect to take service under this schedule.

STAFF/SPONSOR RECOMMENDATION:

Tacoma Power requests approval by the City Council of a Prepaid Residential tariff.



FISCAL IMPACT:

Please provide a short summary of the fiscal impacts associated with the grant, agreement, policy action, or other action.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1.4700-Power			
2.			
TOTAL			

What Funding is being used to support the expense?

Are the expenditures and revenues planned and budgeted in this biennium's current budget?

YES

Service under the Prepaid Residential tariff is provided at the same effective rates as regular Residential service. The tariffs only differ in the timing of customer payment for the electric service. Therefore, no fiscal impact is anticipated.

Are there financial costs or other impacts of not implementing the legislation?

YES

Adoption of prepayment is anticipated to reduce customer service and uncollectables expense, although the size of such reduction is difficult to quantify or forecast.

Will the legislation have an ongoing/recurring fiscal impact?

YES

The legislation will establish a new category of retail rate.

Will the legislation change the City's FTE/personnel counts?

No

No additional personnel needed.

ATTACHMENTS:

- Proposed Amendments to Chapters 12.06 TMC

Chapter 12.06
Electric Energy – Regulations and Rates¹

Amended and Added Section:

12.06.166 Prepaid residential service – Schedule PR.

12.06.166 Prepaid residential service – Schedule PR. Effective January 1, 2021.

A. Availability. Available for domestic purposes in residences, apartments, duplex houses, multiple-family dwellings, and residential garages with Advanced Metering Infrastructure installed, subject to billing system availability.

B. Applicability. To single residences and individually metered apartments.

C. Monthly Rate: The sum of the following energy, delivery and customer charges:

1. Energy: The energy rate of the otherwise applicable published rate schedule as set forth in Chapter 12.06.160 Residential service.

2. Delivery: The delivery rate of the otherwise applicable published rate schedule as set forth in Chapter 12.06.160 Residential service.

3. Customer Charge: Calculated on a daily basis: The customer charge of the otherwise applicable published rate schedule as set forth in Chapter 12.06.160 Residential service, multiplied by 12, divided by 365, and rounded to the nearest cent.

4. Exceptions:

For Tacoma Power customers who meet the Applicability criteria as set forth in Chapter 12.06.165 Low-income senior and/or low-income disabled discount residential service, the amounts set forth above shall be reduced in the same proportion as set forth in Section C of that Chapter.

D. Service Conditions.

1. Where load conditions warrant, three-phase electric service may be made available by prior written agreement, subject to metering and billing system availability.

2. Applicable provisions of the Tacoma Municipal Code, General Provisions, and Customer Service Policies governing the sale of electric energy shall apply.

¹ Prior legislation: Ords. 16486, 16718, 16729, 16979, 17181, 17335, 17652, 17740, 18074, 18121, 18378, 18379, 18577, 18654, 18705 and 19120.