



## RESOLUTION NO. U-11413

1 A RESOLUTION related to amending Chapter 12.06 of the Tacoma Municipal  
2 Code (TMC) to add a new Section 12.06.266, entitled "Very large load  
3 service of 10 aMW or more -- Schedule VLL", and to allow for conforming  
4 revisions to Sections 12.06.215 - 265 of the Tacoma Municipal Code in  
5 order to align with the new Schedule VLL.

6 WHEREAS the City of Tacoma, Department of Public Utilities, Light  
7 Division (d/b/a "Tacoma Power") is requesting the creation of a new rate class  
8 Schedule Very Large Load (VLL) for customers requesting power service of 10  
9 average megawatts (aMW) or more during any consecutive 12-month period,  
10 effective on January 1, 2024, and

11 WHEREAS Tacoma Power has limited surplus capacity to serve new  
12 very large load customers, especially during peak power usage hours by  
13 current customers and

14 WHEREAS in order to serve these prospective customers, Tacoma  
15 Power would need to procure costly additional power or build new resources at  
16 costs that greatly exceed our existing rates, and

17 WHEREAS Tacoma Power will not be able to obtain additional power  
18 supply from Bonneville Power Administration (BPA) at the Preference Rate if  
19 the new load is 10 aMW or more during any consecutive 12-month period  
20 (defined as "New Large Single Load" by the Pacific Northwest Electric Power  
21 Planning and Conservation Act of 1980), and

22 WHEREAS New Large Single Load exclusion also applies to any  
23 existing customer whose load grows by 10 aMW or more over a consecutive  
24 12-month period, and  
25  
26



WHEREAS Tacoma Power intends for customers that require 10 aMW or more during any 12-month period to pay for the actual incremental power costs from acquiring new resources to serve their load, together with any necessary or convenient ancillary services and administration costs, and

WHEREAS the requested changes and additions in Chapter 12.06 to the TMC will protect existing customers from subsidizing the costs of power for any customers who require 10aMW or more over any 12-month period, and

WHEREAS In conjunction with the addition of the new Schedule VLL, Tacoma Power requests other necessary modifications to TMC to ensure the alignment of all rate schedules that include: (1) revising the upper threshold for the qualifying load on the existing Schedule New Large Load (NLL) from 20 MW to 10 aMW over any consecutive 12-month period; (2) revising Schedule Contract Industrial (also called Contract Power, or CP) to clarify that it will only be available to existing customers as of December 31, 2023; (3) providing a local distribution credit for Schedule General (G) customers who receive power from the high-voltage transmission and no longer need Tacoma Power's local distribution service but who is not served under Schedule CP; and (4) limiting the growth for all existing customers to less than 10 total aMW during any consecutive 12-month period in order to remain on their existing rate schedule, and

WHEREAS the Board held a public hearing on the proposed code changes at its regular meeting on August 25, 2023, Now, therefore,



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

1       Sec. 1. The proposed addition of TMC 12.06.266 on file with the Clerk of  
2 the Board is hereby approved with an anticipated effective date of January 1,  
3 2024.

4  
5       Sec. 2. The proposed amendments set forth in Sections 12.06.215-265  
6 of the Tacoma Municipal Code and on file with the Clerk of the Board are  
7 approved with an anticipated effective date of January 1, 2024.

8       Sec. 3. The Council of the City of Tacoma is requested to pass an  
9 ordinance approving such revisions adding a new Section 12.06.266 to the  
10 Tacoma Municipal Code and amending Sections 12.06.215-265 of the Tacoma  
11 Municipal Code to align with the creation of the new Schedule VLL, all  
12 substantially in the form as set forth in the documents on file with the Clerk of  
13 the Board, and in final form to be approved by the City Attorney's Office.  
14

15 Approved as to form:

16		_____	Chair
17	/s/	_____	
18	Chief Deputy City Attorney	_____	Secretary
19	_____	Adopted	_____
20	Clerk		



## Board Action Memorandum

**TO:** Jackie Flowers, Director of Utilities  
**COPY:** Charleen Jacobs, Director and Board Offices  
Chris Robinson, Superintendent, Tacoma Power  
**FROM:** Ying Hall, Section Manager, Power Utility, Tacoma Power  
**MEETING DATE:** October 25, 2023  
**DATE:** October 13, 2023

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### STRATEGIC DIRECTIVE ALIGNMENT (select as many that apply):

Please indicate which of the Public Utility Board's Strategic Directives is supported by this action.

- |  |   |
|--|---|
| <input type="checkbox"/> SD1 – Equity & Inclusion                  | <input type="checkbox"/> SD8 – Telecom                            |
| <input checked="" type="checkbox"/> SD2 – Financial Sustainability | <input type="checkbox"/> SD9 – Economic Development               |
| <input checked="" type="checkbox"/> SD3 – Rates                    | <input type="checkbox"/> SD10 – Government Relations              |
| <input type="checkbox"/> SD4 – Stakeholder Engagement              | <input type="checkbox"/> SD11 – Decarbonization/Electric Vehicles |
| <input type="checkbox"/> SD5 – Environmental Leadership            | <input type="checkbox"/> SD12 – Employee Relations                |
| <input type="checkbox"/> SD6 – Innovation                          | <input type="checkbox"/> SD13 – Customer Service                  |
| <input type="checkbox"/> SD7 – Reliability & Resiliency            | <input checked="" type="checkbox"/> SD14 – Resource Planning      |

**SUMMARY:** Provide a brief description of the action to be taken. Summarize the reason for the resolution and your recommendation.

Tacoma Power requests the Public Utility Board (Board) approve amendments to Tacoma Municipal Code (TMC) Chapter 12.06 Electric Energy – Regulations and Rates that adopt a new rate class for very large power requirements of 10 average megawatts or more during any consecutive 12-month period - Schedule Very Large Load (VLL), and implement other necessary and convenient changes to align its existing rate classes with the new Schedule VLL.

**BACKGROUND:** Provide information that is required to orient the Board. Provide context and frame the issue/topic.

Tacoma Power requests the Board approve the changes to TMC 12.06 Electric Energy – Regulations and Rates to accommodate the addition of the rate class for very large power requirements of 10 average megawatts (aMW) or more during any consecutive 12-month period as well other necessary and convenient changes to align the existing rate schedules with the new rate class. Via a separate resolution, Tacoma Power also requests the Board approve the necessary corresponding changes in Tacoma Power's Electric Rate and Financial Policy.

Recently, Tacoma Power has received many inquiries from prospective customers with anticipated annual power needs in excess of 10 aMW. However, Tacoma Power has limited surplus capacity to serve new large load customers, especially during peak power usage hours by current customers. Therefore, in order to serve these prospective customers, Tacoma Power would need to procure costly additional power from a third-party provider or build new resources at costs that greatly exceed our existing rates.<sup>1</sup>

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<sup>1</sup> Tacoma Power will not be able to obtain additional power supply from Bonneville Power Administration (BPA) at the Preference Rate if the new load is 10 aMW or more during any consecutive 12-month period (defined as "New Large Single Load" by Pacific Northwest Electric Power Planning and Conservation Act of 1980). The New Large Single Load exclusion also applies to any existing customer whose load grows by 10 aMW or more over a consecutive 12-month period.



## Board Action Memorandum

To accommodate new very large load customers without increasing rates for existing customers, Tacoma Power requests the Board approve a new rate class for power requirements of 10 aMW or more for any consecutive 12-month period – Schedule Very Large Load (VLL), applicable to both new customers and any expanding existing customers. Schedule VLL anticipates that customers in this rate class will pay for the actual incremental power cost from acquiring new resources to serve their load, plus a de minimis charge to recover ancillary services and administrative costs by entering into a specific power service contract with Tacoma Power. For power delivery and customer-related rates, Tacoma Power will charge the same delivery charge and customer the otherwise applicable rate schedules based on the latest Cost-of-Service Analysis.

In conjunction with the addition of Schedule VLL, Tacoma Power requests the Board to approve the other necessary modifications to TMC to ensure the alignment of all rate schedules.

- Revise the upper threshold for the qualifying load on the existing Schedule New Large Load (NLL) from 20 MW to 10 aMW over any consecutive 12-month period;
- Revise Schedule Contract Industrial (also called Contract Power, or CP) to clarify that it will only be open to existing customers;
- Provide a local distribution credit for Schedule General (G) customers who receive power from the high-voltage transmission and no longer need Tacoma Power's local distribution service but who is not served under Schedule CP;
- Limit the growth of all existing customers to less than 10 aMW during any consecutive 12-month period. The exceedance will result in the customer being moved to Schedule VLL with contract requirement.

In summary, serving any new very large load customers on the existing Tacoma Power rate schedules would create a significant net revenue deficit. Without the proposed changes to the TMC, the financial burden of the under-recovery of our costs to serve the new very large load customers would likely lead to rate increases for all existing customers.



## Board Action Memorandum

Provide all relevant history to this action to include all previous contracts, contract amendments. Include dates and aggregate totals and any previously Board action associated with this request. Include any C&A Board action (applicable if contract is over \$500,000 or is a request for additional funding of a previously-approved contract beyond the administratively authorized increase).

### **ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No**

#### **IF THE EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW IT IS TO BE COVERED.**

Explain how expenditures are to be covered and if budget modifications are required.

Tacoma Power currently does not have any new customer over 10 aMW during any 12-month period. If the new rate class is adopted, Tacoma Power will request the Board and the City Council to approve each contract under the new rate class. When a new contract is approved, Tacoma Power will budget the expense and revenue accordingly.

#### **IF THE ACTION REQUESTED IS APPROVAL OF A CONTRACT, INCLUDE LANGUAGE IN RESOLUTION AUTHORIZING \$200,000 INCREASE IN ADMINISTRATIVE AUTHORITY TO DIRECTOR? No**

**ATTACHMENTS:** List any attachments (contracts, policies, agreements, etc.).  
Proposed Amendments to Chapter 12.06 of the Tacoma Municipal Code

#### **CONTACT:**

Primary Contact: Ying Hall, Section Manager, Power Utility, Tacoma Power  
206-393-2231

Supervisor's Name: Chris Robinson, Superintendent, Tacoma Power

Presenter (if different from primary contact):

Jing Liu, Rates and Data Analyst, Rates, Planning and Analysis, Tacoma Power

Additional staff requiring a Zoom presentation link:



**TO:** Elizabeth Pauli, City Manager  
**FROM:** Jackie Flowers, Director of Utilities  
**COPY:** City Council and City Clerk  
**SUBJECT:** Resolution/Ordinance – Proposals to Modify Large Load Rate Class Structures  
**DATE:** November 14, 2023

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### **SUMMARY AND PURPOSE:**

Tacoma Power requests the City Council approve amendments to Tacoma Municipal Code (TMC) Chapter 12.06 Electric Energy – Regulations and Rates that adopt a new rate class for very large power requirements of 10 average megawatts or more during any consecutive 12-month period – Schedule Very Large Load (VLL), and implement other necessary and convenient changes to align its existing rate classes with the new Schedule VLL.

### **BACKGROUND:**

Tacoma Power requests the City Council approve changes to TMC 12.06 Electric Energy – Regulations and Rates to accommodate the addition of the rate class for very large power requirements of 10 average megawatts (aMW) or more during any consecutive 12-month period as well other necessary and convenient changes to align the existing rate schedules with the new rate class. Via a separate resolution, Tacoma Power also requests the City Council approve the necessary corresponding changes in Tacoma Power's Electric Rate and Financial Policy.

Recently, Tacoma Power has received many inquiries from prospective customers with anticipated annual power needs in excess of 10 aMW. However, Tacoma Power has limited surplus capacity to serve new large load customers, especially during peak power usage hours by current customers. Therefore, in order to serve these prospective customers, Tacoma Power would need to procure costly additional power from a third-party provider or build new resources at costs that greatly exceed our existing rates.<sup>1</sup>

To accommodate new very large load customers without increasing rates for existing customers, Tacoma Power requests the Board approve a new rate class for power requirements of 10 aMW or more for any consecutive 12-month period – Schedule Very Large Load (VLL), applicable to both new customers and any expanding existing customers. Schedule VLL anticipates that customers in this rate class will pay for the actual incremental power cost from acquiring new resources to serve their load, plus a de minimis charge to recover ancillary services and administrative costs by entering into a specific power service contract with Tacoma Power. For power delivery and customer-related rates, Tacoma Power will charge the same delivery charge and customer the otherwise applicable rate schedules based on the latest Cost-of-Service Analysis.

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<sup>1</sup> Tacoma Power will not be able to obtain additional power supply from Bonneville Power Administration (BPA) at the Preference Rate if the new load is 10 aMW or more during any consecutive 12-month period (defined as "New Large Single Load" by Pacific Northwest Electric Power Planning and Conservation Act of 1980). The New Large Single Load exclusion also applies to any existing customer whose load grows by 10 aMW or more over a consecutive 12-month period.



In conjunction with the addition of Schedule VLL, Tacoma Power requests the Board to approve the other necessary modifications to TMC to ensure the alignment of all rate schedules.

- Revise the upper threshold for the qualifying load on the existing Schedule New Large Load (NLL) from 20 MW to 10 aMW over any consecutive 12-month period;
- Revise Schedule Contract Industrial (also called Contract Power, or CP) to clarify that it will only be open to existing customers;
- Provide a local distribution credit for Schedule General (G) customers who receive power from the high-voltage transmission and no longer need Tacoma Power’s local distribution service but who is not served under Schedule CP;
- Limit the growth of all existing customers to less than 10 aMW during any consecutive 12-month period. The exceedance will result in the customer being moved to Schedule VLL with contract requirement.

In summary, serving any new very large load customers on the existing Tacoma Power rate schedules would create a significant net revenue deficit. Without the proposed changes to the TMC, the financial burden of the under-recovery of our costs to serve the new very large load customers would likely lead to rate increases for all existing customers.

**COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:**

Click or tap here to enter text.

The proposals do not affect any existing customers. The proposals will bring clarity to prospective large load customers.

**ALTERNATIVES:**

Click or tap here to enter text.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Refuse to serve new large load customers requiring 10 aMW or more over any 12-month period	Avoid high marginal cost of serving such customers	We may violate Tacoma Power’s obligation to serve all customers in our service area.
2. Serve new large load customers requiring 10 aMW or more under existing Rate Schedule New Large Load (NLL)	Serve new large load customers with low rates	Incremental cost is much higher than incremental revenue; Tacoma Power will need to raise rates for all customers to make up for the revenue deficiency.
3.		



**EVALUATION AND FOLLOW UP:**

Not applicable.

**STAFF/SPONSOR RECOMMENDATION:**

[Click or tap here to enter text.](#)

Tacoma Power recommends modifications to multiple rate schedules to address the financial gap in recovering the cost of serving new very large loads; to prevent cost shifting and harm to existing customers; to bring more clarity to the placement of large commercial and industrial customers on the right rate schedules; and to address potential gaps in our rate classes.

Specifically, Tacoma Power requests to add a new rate class for power requirements of 10 aMW or more with a contract requirement. This new rate class will allow Tacoma Power to recover the incremental cost of serving such customers from those who incurred the cost on the utility.

Tacoma Power requests other modifications Chapter 12.06 of the TMC to align the remaining provisions with the new proposed rate class. These changes include (1) modifying the qualifying load for the existing Schedule New Large Load (NLL) to align with the threshold for the new rate class; (2) clarifying the pathways to Schedule CP to reduce customer confusion; (3) providing a local distribution credit on Schedule G to better reflect the cost basis for a high-voltage Schedule G customer; and (4) limiting all existing customers' load growth under their current rate schedules to less than 10 aMW over any consecutive 12-month period to be consistent with our costs to service all customers.

**FISCAL IMPACT:**

The proposed modifications do not have rate impacts on any existing customers. Currently we don't have any new very large load customers who require 10 aMW or more over a 12-month period. The recommendations are intended to prevent a scenario in which new very large loads are served on current rate schedules, leading to substantial rate pressure and cost shifting to existing customers due to the high costs of serving the new customers.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1.			
2.			
<b>TOTAL</b>			



**What Funding is being used to support the expense?**

Not applicable.

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

**NO, PLEASE EXPLAIN BELOW**

Tacoma Power currently does not have any customers that meet the criteria for the proposed new rate class.

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

**YES**

If Tacoma Power were to serve a 50 MW new customer under the existing Rate Schedule New Large Load (NLL), Tacoma Power will need to implement a 9.4% rate increase in Year 1 to make up for the net revenue deficit for serving the customer.

**Will the legislation have an ongoing/recurring fiscal impact?**

**YES**

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

**No**

**ATTACHMENTS:**

List attachments using bullet points.

- Proposed Amendment to Chapter 12.06 of the Tacoma Municipal Code

## EXHIBIT “A”

### CHAPTER 12.06 ELECTRIC ENERGY – REGULATIONS AND RATES

#### Sections:

- 12.06.010 General application.  
\* \* \*
- 12.06.160 Residential service – Schedule A-1.  
12.06.165 Low-income/senior and/or low-income/disabled discount residential service – Schedule A-2.  
12.06.166 Prepaid residential service – Schedule PR.  
12.06.170 Small general service – Schedule B.  
12.06.176 Prepaid small general service – Schedule PB.  
12.06.180 *Repealed.*  
12.06.190 *Repealed.*  
12.06.210 *Repealed.*  
12.06.215 General service – Schedule G. *Effective April 1, 2023.*  
12.06.220 *Repealed.*  
12.06.225 High voltage general service – Schedule HVG. *Effective April 1, 2023.*  
12.06.240 *Repealed.*  
12.06.250 *Repealed.*  
12.06.260 Contract industrial service – Schedule CP. *Effective April 1, 2022.*  
12.06.265 New large load service under 10 aMW– Schedule NLL. *Effective April 1, 2022.*  
12.06.266 Very large load service of 10 aMW or more – Schedule VLL.  
12.06.270 *Repealed.*  
12.06.280 *Repealed.*  
12.06.290 Street lighting and traffic signal service – Schedule H-1.  
12.06.295 Street lighting service – Schedule H-3.  
12.06.300 Private off-street lighting service – Schedule H-2.

\* \* \*

#### **12.06.215 General service – Schedule G. *Effective April 1, 2023.***

##### A. Availability.

For general power use where a demand meter is installed, for standby capacity to customers generating all or a part of their electric power requirements, and for intermittent use. The customer's actual demand as determined by Tacoma Power must exceed 50 kilovolt amperes or total connected load as estimated by Tacoma Power must exceed 65 kilowatts upon initial service energization.

The customer's initial load or subsequent load growth cannot exceed 10 average megawatts (aMW) over any consecutive 12-month period. If a customer's energy consumption grows by 10 aMW or more during any consecutive 12-month period, it will no longer be eligible for this rate schedule. The customer will be transitioned to Schedule Very Large Load (VLL) pursuant to subsection E of TMC 12.06.266.

For customers providing all their own transformation from Tacoma Power's distribution system voltage, a discount for transformer investment and maintenance will be provided by reducing the monthly bill by 0.8 percent. For customers metered on the primary side of a transformer, a discount for transformer losses will be provided by reducing the monthly bill by 1 percent. These discount percentages are additive, and not compounded.

For customers (1) who take power directly from the high-voltage transmission level and do not use any of Tacoma Power's local distribution facilities other than substation transformation; and (2) who do not take service under Schedule Contract Industrial Service, a local distribution credit of \$3.73 per kilowatts per month will be provided.

##### B. Monthly Rate.

\* \* \*

**12.06.225 High voltage general service – Schedule HVG. *Effective April 1, 2023.*****A. Availability.**

For customers receiving service from Tacoma Power under this rate schedule prior to April 1, 2021. After April 1, 2021, customers served under this rate schedule who transition their service to another rate schedule shall no longer be eligible for service under this schedule. For general power use where a demand meter is installed and where a customer served does not require the use of Tacoma Power's distribution facilities other than substation transformation. For customers who provide all of their own transformation from Tacoma Power's transmission system voltage, a credit of 20.00 percent will be applicable to the delivery charge.

The customer's load growth cannot exceed 10 average megawatts (aMW) over any consecutive 12-month period. If a customer's energy consumption grows by 10 aMW or more during any consecutive 12-month period, it will no longer be eligible for this rate schedule. The customer will be transitioned to Schedule Very Large Load (VLL) pursuant to subsection E of TMC 12.06.266.

**B. Monthly Rate.**

\* \* \*

**12.06.260 Contract industrial service – Schedule CP. *Effective April 1, 2023.*****A. Availability.**

For (1) existing customers receiving service from Tacoma Power under this rate schedule as of December 31, 2023; (2) existing Tacoma Power customers migrating from Schedule NLL, provided such customers were served under Schedule NLL for at least ten consecutive years; (3) existing Tacoma Power customers migrating from Schedule G who begin taking power from high voltage transmission level and do not use Tacoma Power's distribution system and who meet the requirements this rate schedule; (4) existing Tacoma Power customers migrating from Schedule HVG and meet the requirements for this rate schedule major industrial power use

If a customer's energy consumption grows by 10 average megawatts or more during any consecutive 12-month period, it will no longer be eligible for this rate schedule. The customer will be transitioned to Schedule Very Large Load (VLL) pursuant to subsection E of TMC 12.06.266.

**B. Minimum Requirements.**

Every customer under Schedule CP must execute upon the execution of a written Power Service Agreement (Contract) with Tacoma Power, which shall require among other conditions:

1. A minimum Contract Demand (as set forth in the Contract) of not less than 8,000 kilowatts;
2. Delivery of power at one primary voltage;
3. Metering at primary voltage but in no case at less than nominal 4,160 volts;
4. Power factor adjustment to 95 percent lagging or better; and
5. Service is subject to curtailment ~~and certain notice provisions are applicable.~~

**BC. Monthly Rate.**

The sum of the following power service, delivery, customer and other charges:

**1. Power Service Charges:**

- (a) Energy: All energy measured in kilowatt-hours at \$0.034198 per kWh.
- (b) Demand: All kilowatts of Billing Demand delivered at \$5.25 per kW.
- (c) Minimum Charge: The Demand Charge.
- (d) Contract Demand Overrun: A Contract Demand Overrun charge shall be imposed when the total measured demand (highest 30-minute integrated demand) exceeds the Contract Demand (as set forth in the Contract). Said charge is pursuant to the following formula:

Contract Demand Overrun Charge = Excess MW x 300% x DC

Where: Excess MW = MW of metered Demand in excess of the Contract Demand; DC = Demand Charge.

2. Delivery: All kilowatts of Billing Demand delivered at \$4.61 per kW.

3. Customer Charge: Calculated on a monthly basis, invoiced, and collected pursuant to the applicable customer service policies: \$5,155.00 per month.

4. ~~Exceptions:~~

~~(a) Within the City of Fife:~~

~~(1) Power Service Charges:~~

~~(i) Energy: All energy measured in kilowatt-hours at \$0.034198 per kWh.~~

~~(ii) Demand: All kilowatts of Billing Demand delivered at \$5.25 per kW.~~

~~(iii) Minimum Charge: The Demand Charge.~~

~~(iv) Contract Demand Overrun: A Contract Demand Overrun charge shall be imposed when the total measured demand (highest 30-minute integrated demand) exceeds the Contract Demand (as set forth in the Contract). Said charge is pursuant to the following formula:~~

~~Contract Demand Overrun Charge = MW x 300% x DC~~

~~Where: MW = MW of metered Demand in excess of the Contract Demand; DC = Demand Charge.~~

~~(2) Delivery: All kilowatts of Billing Demand delivered at \$4.61 per kW.~~

~~(3) Customer Charge: Calculated on a monthly basis, invoiced, and collected pursuant to the applicable customer service policies: \$5,155.00 per month.~~

4. Additional Charges:

This rate schedule specifies power rates based on Tacoma Power's system portfolio. If the customer requires additional environmental or locational attributes in power supply, additional charges including the incremental costs and Tacoma Power's administrative costs will apply and be stated in the Power Service Agreement.

CD. Billing Demand.

Determined by means of a demand meter, 30-minute interval.

1. The Billing Demand shall be the highest of:

(a) The highest measured demand for the month, adjusted for power factor;

(b) 60 percent of the highest measured demand occurring during any of the preceding 11 months after adjustment for power factor; or

(c) 60 percent of the highest Contract Demand (as set forth in the Contract) during any of the preceding 11 months.

DE. Service Conditions.

1. Power factor provision applicable; and

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

**12.06.265 New large load service under 10 aMW – Schedule NLL. *Effective April 1, 2023.***

A. Applicability

For new loads or expanding existing loads greater than 8 MW-megawatts (MW) but less than 20 MW-10 average megawatts (aMW) within any consecutive 12-month period. Loads receiving service under Schedule NLL may receive service under Schedule CP (or a successor rate) after a period of ten consecutive years from the beginning of service if applicable requirements are met.

The customer's initial load or subsequent load growth cannot exceed 10 aMW over any consecutive 12-month period. If a customer's energy consumption grows by 10 aMW or more during any consecutive 12-month period, it will no longer be eligible for this rate schedule. The customer will be transitioned to Schedule Very Large Load (VLL) pursuant to subsection E of TMC 12.06.266.

B. Availability/Minimum Requirements.

For ~~major industrial large~~ power use upon the execution of a written Power Service Agreement (Contract) with Tacoma Power, which shall require among other conditions:

1. A minimum Contract Demand (as set forth in the Contract) of not less than ~~8,000 kilowatts~~ MW and not more than 10 aMW within any consecutive 12-month period;
2. Delivery of power at one primary voltage;
3. Metering at primary voltage but in no case at less than nominal 4,160 volts;
4. Power factor adjustment to 95 percent lagging or better; and
5. Service is subject to curtailment ~~and certain notice provisions are applicable.~~

C. Monthly Rate.

The sum of the following power service, delivery, customer and other charges:

1. Power Service Charges:

- (a) Energy: All energy measured in kilowatt-hours at \$0.039328 per kWh.
- (b) Demand: All kilowatts of Billing Demand delivered at \$6.04 per kW.
- (c) Minimum Charge: The Demand Charge.
- (d) Contract Demand Overrun: A Contract Demand Overrun charge shall be imposed when the total measured demand (highest 30-minute integrated demand) exceeds the Contract Demand (as set forth in the Contract). Said charge is pursuant to the following formula:

Contract Demand Overrun Charge = Excess MW x 300% x DC

Where: Excess MW = MW of metered Demand in excess of the Contract Demand; DC = Demand Charge.

2. Delivery: All kilowatts of Billing Demand delivered at \$5.30 per kW.
3. Customer Charge: Calculated on a monthly basis, invoiced, and collected pursuant to the applicable customer service policies: \$5,928.25 per month.
4. This rate schedule specifies power rates based on Tacoma Power's system portfolio. If the customer requires additional environmental or locational attributes in power supply, additional charges including the incremental costs and Tacoma Power's administrative costs will apply in the Power Service Agreement.

D. Billing Demand.

Determined by means of a demand meter, 30 minute interval.

1. The Billing Demand shall be the highest of:

- (a) The highest measured demand for the month, adjusted for power factor;
- (b) 60 percent of the highest measured demand occurring during any of the preceding 11 months after adjustment for power factor; or
- (c) 60 percent of the highest Contract Demand (as set forth in the Contract) during any of the preceding 11 months.

E. Service Conditions.

1. Power factor provision applicable; and
2. Applicable provisions of the Tacoma Municipal Code, General Provisions, and Customer Service Policies governing the sale of electric energy and delivery services shall apply.

**12.06.266 Very large load service of 10 aMW or more– Schedule VLL.**

A. Applicability.

For new loads of 10 average megawatts (aMW) or more, or existing loads that grow by 10 average megawatts or more within any consecutive 12-month period.

B. Minimum Conditions.

For very large power use upon the execution of a written Power Service Agreement (Contract) with Tacoma Power, which shall require among other conditions:

1. A minimum Contract Demand (as set forth in the Contract) of not less than 10 megawatts;
2. Delivery of power at one primary voltage;
3. Metering at primary voltage but in no case at less than nominal 4,160 volts;
4. Power factor adjustment to 95 percent lagging or better;
5. Service is subject to curtailment;
6. The new power supply resource acquisition to serve the customer may be based on a Power Purchase Agreement (PPA) Tacoma Power enters with an independent power provider. If the underlying PPA is terminated for any reason, Tacoma Power may look for a different power supply resource for the customer and shall have the right to amend the Contract based on the new resource costs and terms.
7. Service is subject to the evaluation and approval of Tacoma Power's Transmission and Distribution department. Customer is responsible for the cost of substation and other necessary infrastructure to serve their load.

#### C. Monthly Rate.

The sum of the following power service, delivery, customer and other charges:

##### 1. Power Supply Charges:

(a) Energy: to be based on Tacoma Power's incremental cost of acquiring power to serve the customer's load including applicable taxes, plus a reasonable service fee no greater than 10% to recover ancillary services and administrative costs, pursuant to the contract between Tacoma Power and the customer.

(b) Demand: to be based on Tacoma Power's incremental cost of acquiring power capacity to serve the customer's load including applicable taxes, plus a reasonable service fee no greater than 10% to recover ancillary services and administrative costs, pursuant to the contract between Tacoma Power and the customer. The demand costs will include any transmission costs to deliver the power from the generation sites to Tacoma Power's network delivery point, including line losses over the transmission system. The demand for billing purpose follows subsection D of this rate schedule, unless otherwise specified in the Contract.

(c) Minimum Charge: The Energy and Demand Charge.

(d) Contract Demand Overrun: A Contract Demand Overrun charge shall be imposed when the total measured demand (highest 30-minute integrated demand) exceeds the Contract Demand (as set forth in the Contract). This charge is pursuant to the following formula:

Contract Demand Overrun Charge = Excess MW x 300% x DC

Where: Excess MW = MW of metered Demand in excess of the Contract Demand; DC = Demand Charge.

2. Delivery: Applicable delivery charge on Schedule CP if local distribution service is not required, or Schedule G if local distribution service is required.

3. Customer Charge: Applicable customer charge on Schedule CP if local distribution service is not required, or Schedule G if local distribution service is required.

#### D. Billing Demand.

Determined by means of a demand meter, 30 minute interval.

##### 1. The Billing Demand shall be the highest of:

(a) The highest measured demand for the month, adjusted for power factor;

(b) 60 percent of the highest measured demand occurring during any of the preceding 11 months after adjustment for power factor; or

(c) 60 percent of the highest Contract Demand (as set forth in the Contract) during any of the preceding 11 months.

#### E. Applicable Interim Rate

If a customer on Schedule G, Schedule HVG, Schedule CP and Schedule NLL grows its energy consumption by 10 average megawatts or more during any consecutive 12-month period, the customer will become a "New Large Single Load" as

determined by Bonneville Power Administration (BPA) and will no longer be eligible for the customer's original rate schedule. To continue to receive power service, the customer will be required to enter a Power Service Agreement with Tacoma Power for specific rates, terms and conditions pursuant to TMC 12.06.266, subject to the approval by Tacoma Public Utility Board and Tacoma City Council.

During the period beginning from the month the customer becomes "New Large Single Load" and before a Power Service Agreement becomes effective (Transition Period), the customer's Power Supply Charges shall be based on BPA's New Resource Firm Power rates effective at the time plus the costs for the additional environmental attributes that the customer may require. BPA's New Resource Firm Power rates include energy charges, demand charges and all other applicable charges. The customer's Delivery Charge and Customer Charge will be based on Schedule CP if no local distribution is needed; and based on Schedule G if local distribution is needed. Additionally, the customer may be subject to mandatory curtailment based on power costs and reliability reasons at Tacoma Power's discretion during any Transition Period.

The initial Transition Period will last up to 12 months and may be extended subject to Tacoma Power's approval. If the Transition Period is not extended, the customer will be charged two times the BPA's New Resource Firm Power rates after the initial Transition Period until a Power Service Agreement becomes effective.

Tacoma Power will charge BPA's New Resource Firm Power rates as the customer's Power Supply Charges starting from the month in which the customer exceeds 10 aMW or more during any consecutive 12-month period until such time as the customer executes a Contract for service under this Schedule VLL. To the extent Tacoma Power's billing process is not immediately updated, Tacoma Power may retroactively charge the customer based on BPA's New Resource Firm Power rates in order to properly account for all consumption during the Transition Period.

F. Service Conditions.

1. Power factor provision applicable; and

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

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AN ORDINANCE relating to Electric Energy; amending Chapter 12.06 of the Municipal Code, "Electric Energy - Regulations and Rates," to add a new Section 12.06.266, entitled "Very large load service of 10 aMW or more -- Schedule VLL", and to allow for conforming revisions to Sections 12.06.215 - 265 of the Tacoma Municipal Code in order to align with the new Schedule VLL, effective January 1, 2024.

WHEREAS the City of Tacoma, Department of Public Utilities, Light Division (d/b/a "Tacoma Power") is requesting the creation of a new Section 12.06.266 to the Tacoma Municipal Code ("TMC") for a new rate class Schedule Very Large Load (VLL) for customers requesting power service of 10 average megawatts ("aMW") or more during any consecutive 12-month period, effective on January 1, 2024, and

WHEREAS in conjunction with the addition of the new rate class Schedule VLL, Tacoma Power requests other necessary and convenient modifications to Chapter 12.06 of the TMC, last updated by Ordinance 28844 on November 22, 2022, to ensure the alignment of all rate schedules that include: (1) revising the upper threshold for the qualifying load on the existing Schedule New Large Load from 20 MW to 10 aMW over any consecutive 12-month period; (2) revising Schedule Contract Industrial (also called Contract Power, or "CP") to clarify that it will only be available to existing customers as of December 31, 2023; (3) providing a local distribution credit for Schedule General customers who receive power from the high-voltage transmission and no longer need Tacoma Power's local distribution service but who is not served under Schedule CP; and (4) limiting the growth for all existing customers to less than 10 total aMW during any consecutive 12-month period in order to remain on their existing rate schedule, and

WHEREAS Tacoma Power has limited surplus capacity to serve new very large load customers, especially during peak power usage hours by current customers and

WHEREAS in order to serve these prospective customers, Tacoma Power would need to procure costly additional power or build new resources at costs that greatly exceed our existing rates, and

WHEREAS Tacoma Power will not be able to obtain additional power supply from Bonneville Power Administration ("BPA") at the Preference Rate if the new load is 10 aMW or more during any consecutive 12-month period (defined as "New Large Single Load" by the Pacific Northwest Electric Power Planning and Conservation Act of 1980), and

WHEREAS New Large Single Load exclusion also applies to any existing customer whose load grows by 10 aMW or more over a consecutive 12-month period, and

WHEREAS Tacoma Power intends for customers that require 10aMW or more during any 12-month period to pay for the actual incremental power costs from acquiring new resources to serve their load, together with any necessary or convenient ancillary services and administration costs, and

WHEREAS the requested changes and additions in Chapter 12.06 to the TMC will protect existing customers from subsidizing the costs of power for any customers who require 10aMW or more over any 12-month period, and

WHEREAS the Public Utility Board passed Resolution U-\_\_\_\_\_ on October 25, 2023, approving the addition of TMC 12.06.266, together with the necessary and convenient amendments to Sections 12.05.215 - 265 of the TMC in order to align the existing rate schedules and provisions with the proposed new Schedule VLL and requesting that the City Council do the same, Now, therefore

BE IT ORDAINED BY THE CITY OF TACOMA:

Section 1. That Chapter 12.06 of the Municipal Code, "Electric Energy - Regulations and Rates," is hereby amended to add a new Section 12.06.266, entitled ""Very large load service of 10 aMW or more -- Schedule VLL", to read as set forth in the attached Exhibit "A."

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Section 2. That the new Section 12.06.266, entitled “Very large load service of 10 aMW or more -- Schedule VLL” which will create a new customer class for loads that exceed 10 average megawatts or more shall have an effective date of January 1, 2024.

Section 3. That Sections 12.06.215 - 265 of the Tacoma Municipal Code are hereby amended to include necessary and convenient changes to align the existing rate classes with the new Schedule VLL created by Section 12.06.266, to read as set forth in the attached Exhibit “A,” effective January 1, 2024.

Section 5. That the City Clerk, in consultation with the City Attorney’s Office, is authorized to make necessary corrections to this ordinance, including, but not limited to, the correction of scrivener’s/clerical errors, references, ordinance numbering, section/subsection numbers, and any references thereto.

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