



2021-2022 University Place Rates

TACOMA POWER
TACOMA PUBLIC UTILITIES

TACOMA WATER
TACOMA PUBLIC UTILITIES

PUBLIC UTILITY BOARD MEETING

JANUARY 27, 2020



● ● ● OVERVIEW

- Request for approval of 2021-2022 University Place power and water rates
- Recent utility tax approval by the City of University Place
- Aligns with cost-of-service and rate-design principles
- New rates effective April 1, 2021

● ● ● BACKGROUND

- Recent Washington Supreme Court ruling regarding taxing government entities
- Utility tax was approved by the University Place City Council on November 2020 after 2021/2022 TPU rates were set
- Geographical rate structure already in SAP
- 3% from April 1, 2021 — March 31, 2022
- 6% after April 1, 2022

●●● COST-OF-SERVICE & RATE-DESIGN

Cost-of-service utilities set rates based on cost causation:

- Tax is on *gross* revenues, which include revenues that will be used to pay taxes
- All taxes are applied concurrently, so if revenue is increased to pay one tax (UP), additional tax liability will be incurred for other revenue taxes (GET, State Utility Tax)
- **POWER:** UP rates must increase by **3.50%** to make up for a 3.0% additional tax, and by **7.26%** to make up for a 6.0% additional tax
- **WATER:** UP rates must increase by **3.6%** to make up for a 3.0% additional tax, and by **7.4%** to make up for a 6.0% additional tax

● ● ● DEMOGRAPHICS



TACOMA POWER TACOMA PUBLIC UTILITIES

TACOMA WATER TACOMA PUBLIC UTILITIES

Accounts	14,276; 90% residential
Usage (kWh)	907 per month average residential
Monthly Bill	\$100.66 average residential
Assistance	\$104,184; 425 accounts (3%)

Accounts	9,497; 96% residential
Usage (ccf)	7 in winter, 14 in summer
Monthly Bill	\$57.16 average residential
Assistance	\$15,728; 109 accounts (1%)

In addition, \$108,900 in Power and \$9,920 in Water special COVID assistance was distributed in 2020.

●●● POWER IMPACT



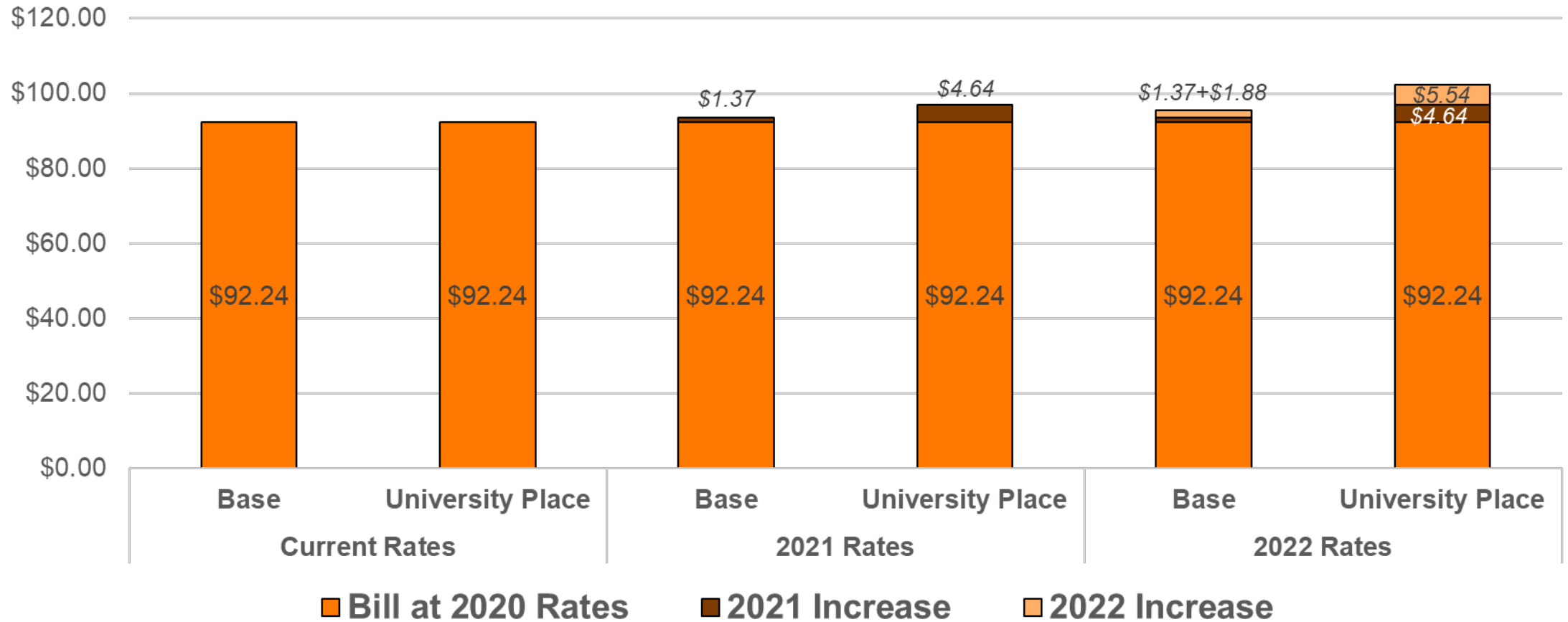
Effective Rate Changes

Tax Effect 2021/2022

April 1, 2021-base <i>(rate increase only)</i>	1.5%	Gross Earnings <i>(est. incremental tax impact from higher UP rates)</i>	\$136,000
April 1, 2021-UP <i>(rate increase plus tax increase)</i>	5.0%	State Utility <i>(est. incremental tax impact from higher UP rates)</i>	\$70,000
April 1, 2022-base <i>(rate increase only)</i>	2.0%	University Place	\$1,609,000
April 1, 2022-UP <i>(rate increase plus tax increase)</i>	5.7%	Total	\$1,815,000

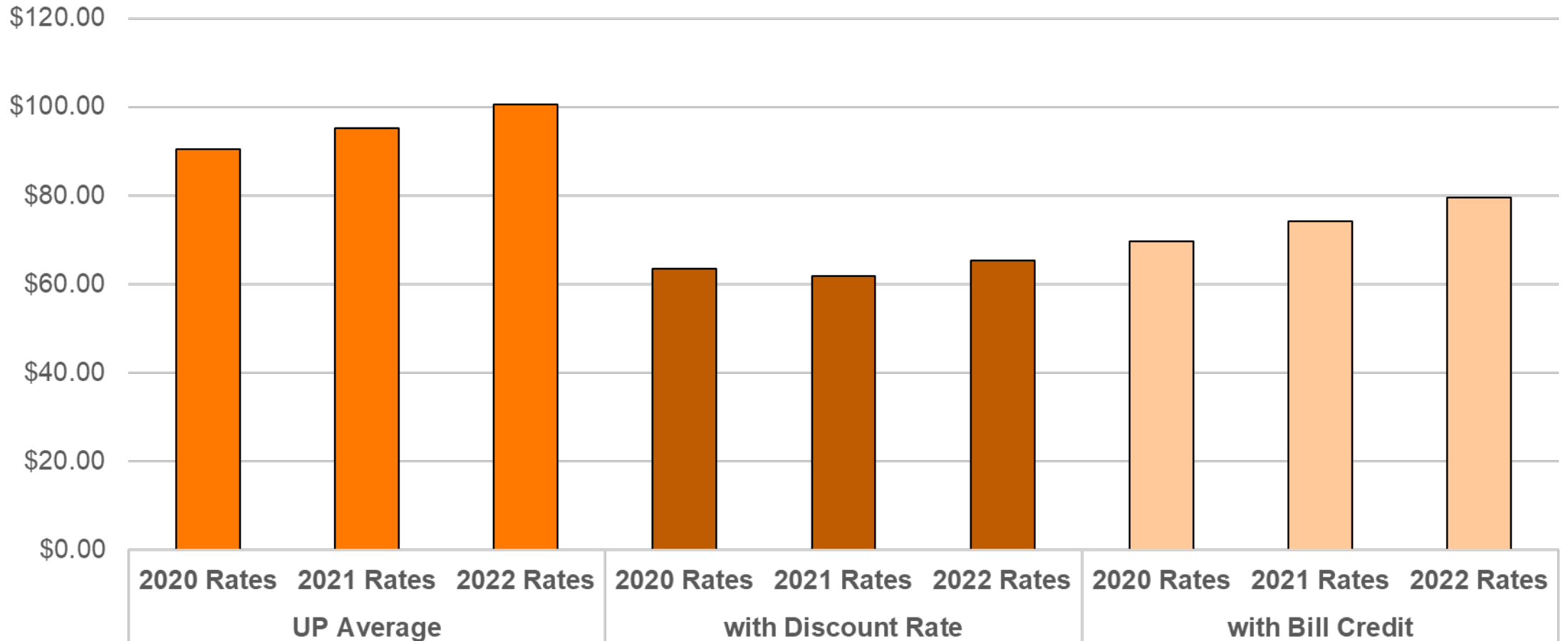
PROJECTED POWER BILL

Residential System-Average Usage: 928.5 kWh



UP BILLS & ASSISTANCE

Residential University Place Average Usage: 907 kWh



Effective Rate Adjustments*

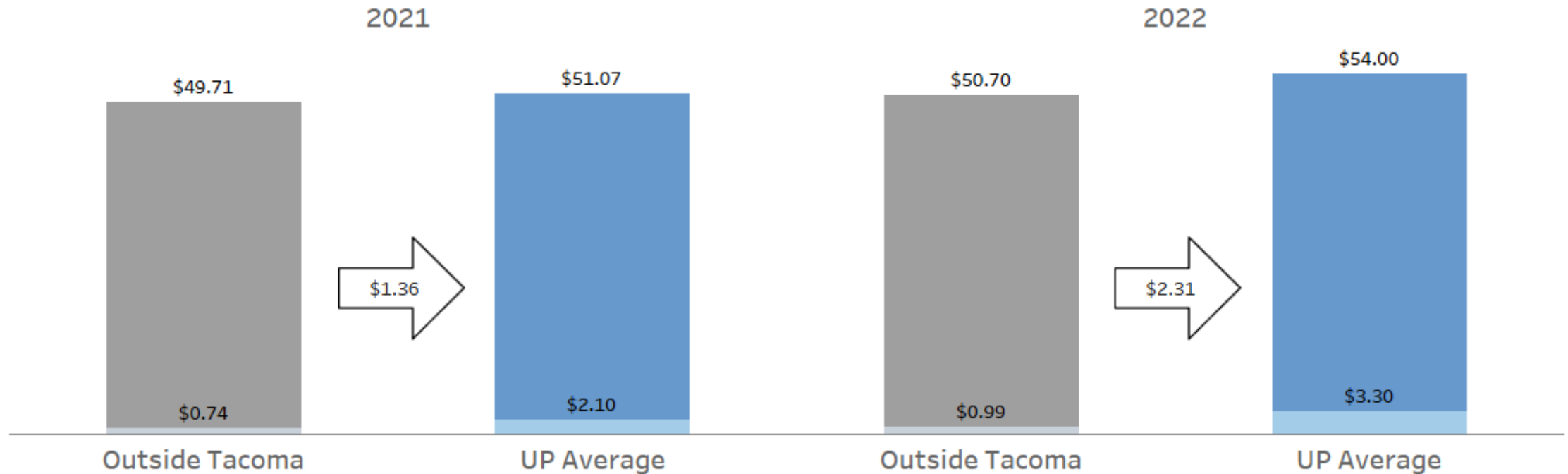
Tax Effect 2021/2022

<p>January 1, 2021 <i>(system average rate adjustment)</i></p>	<p>1.5%</p>	<p>Gross Earnings <i>(est. incremental tax impact from higher UP rates)</i></p>	<p>\$59,242</p>
<p>April 1, 2021 <i>(University Place tax increase)</i></p>	<p>3.6%</p>	<p>State Utility <i>(est. incremental tax impact from higher UP rates)</i></p>	<p>\$43,527</p>
<p>January 1, 2022 <i>(system average rate adjustment)</i></p>	<p>2.0%</p>	<p>University Place</p>	<p>\$752,752</p>
<p>April 1, 2022 <i>(University Place tax increase)</i></p>	<p>3.7%</p>	<p>Total</p>	<p>\$865,520</p>

* University Place customers will have all four rate adjustments in 2021 and 2022.

PROJECTED WATER BILL

Comparing System Average & University Place Rate Adjustments for 2021-2022

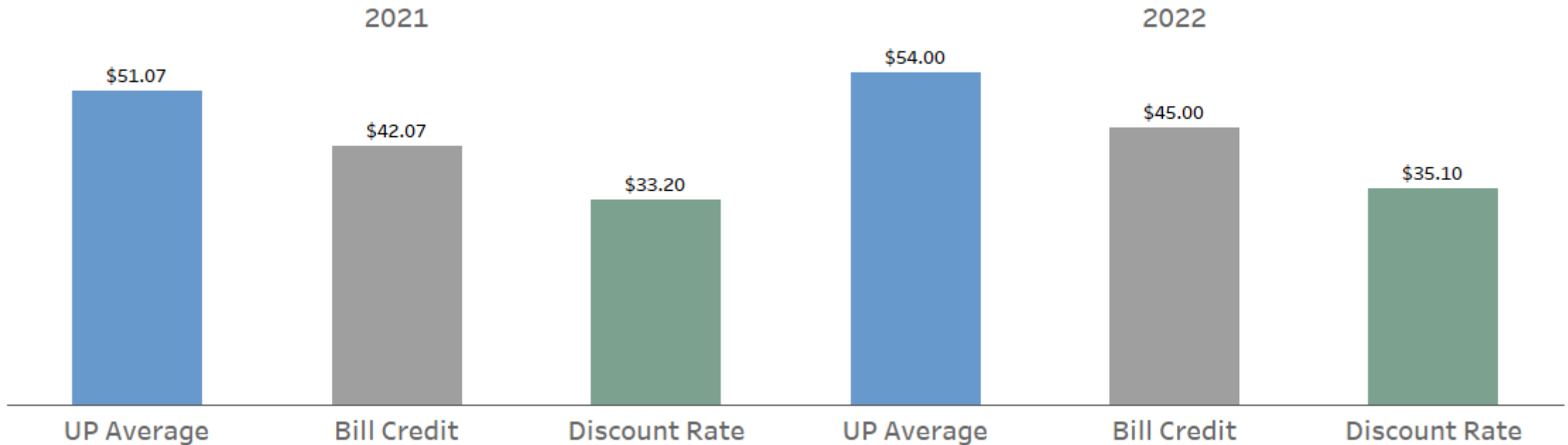


These projections assume an average family consumes 6 CCF in winter months and 9 CCF in summer months with a 5/8" meter. The lighter shades at the bottom represent the average monthly impact of new rates. The arrows isolate the average monthly impact of the utility tax on University Place customers.

●●● WATER BILLS & ASSISTANCE



Projected Average Monthly Water Bill for a Single Family in University Place



These projections assume an average family consumes 6 CCF in winter months and 9 CCF in summer months with a 5/8" meter. For customers eligible to receive payment assistance, monthly bills are offset by \$9 from the Bill Credit Assistance Plan, or 35% from the Discount Rate Program.

For payment assistance, please visit: <https://www.mytpu.org/payment-billing/payment-information/payment-assistance/>.

● ● ● OUTREACH



- Billing inserts beginning in February
- Targeted mailings via letters to University Place customers
- TPU Website: www.mytpu.org/payment-billing/rate-information

● ● ● NEXT STEPS

JAN
27

Rate Adoption
PUB Meeting

FEB
9

First Reading
City Council Meeting

FEB
16

Second Reading
City Council Meeting

APR
1

Rates Effective