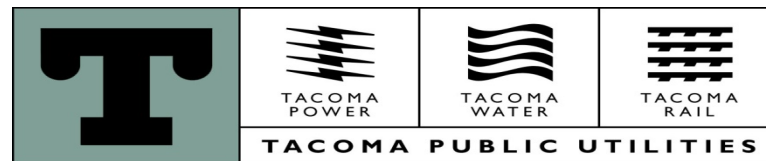


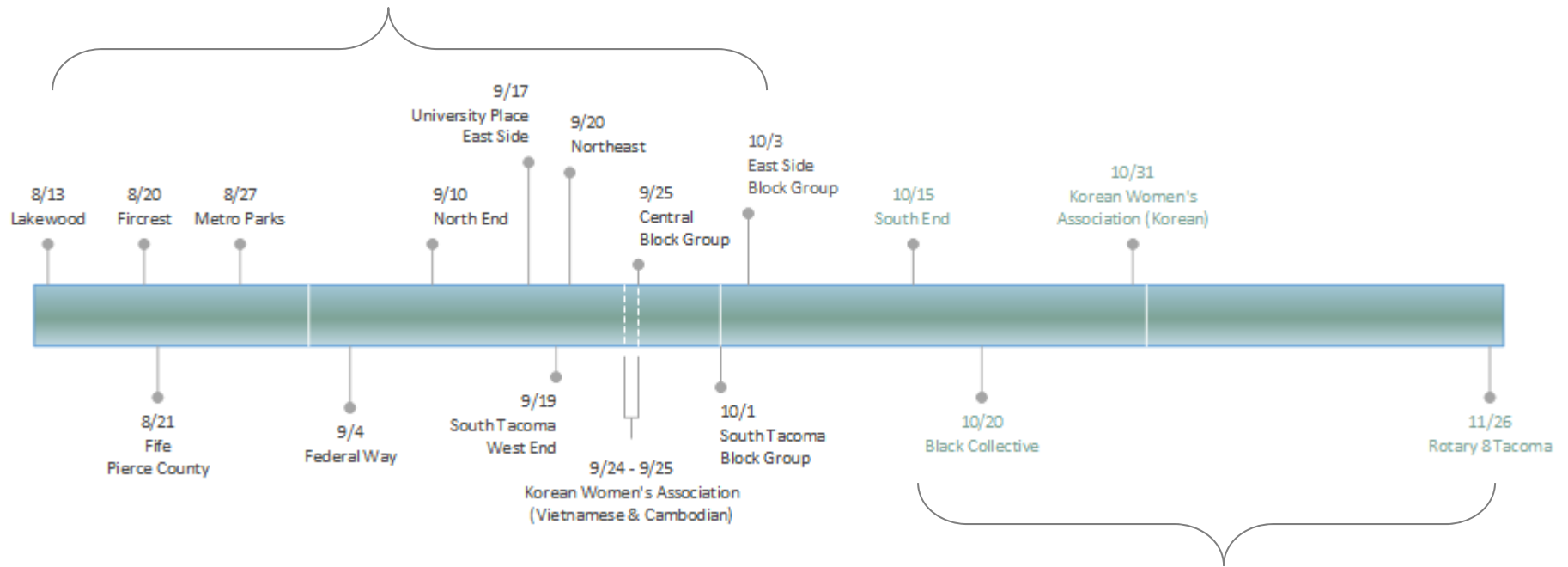
# TACOMA PUBLIC UTILITIES 2019/2020 PROPOSED BUDGET

**October 10, 2018**



# PUBLIC OUTREACH COMMUNICATIONS

Where we've been...



...and where we'll go.

# PUBLIC OUTREACH COMMUNICATIONS

## Rate proposal communications

- **Complete**
  - July *Utilities and You* newsletter story
  - Updated web page and banners
  - E-mail list sign up online
  - Bill message
  - Handout for public meetings
  - Translated versions of handouts
  - Updated public meeting info online and social media
  - E-mail notification to customers
  - October *Utilities and You* newsletter update
- **Upcoming**
  - Video series on social media
  - Newsletter content for business customers and other orgs
  - Lobby messaging

# TPU BIENNIAL BUDGET

(\$ in millions)	17/18 Budget	19/20 Budget	Budget to Budget
<b>O&amp;M Expenses</b>			
<b>Tacoma Power</b>	\$774.6	\$810.0	\$35.4
<b>Tacoma Water</b>	130.5	140.0	9.5
<b>Tacoma Rail</b>	60.6	61.5	0.9
<b>Total O&amp;M Expenses</b>	<b>965.7</b>	<b>1,011.5</b>	<b>45.8</b>
<b>Debt Service</b>			
<b>Tacoma Power</b>	67.0	59.1	-7.9
<b>Tacoma Water</b>	53.0	53.2	0.2
<b>Tacoma Rail</b>	1.8	1.7	-0.1
<b>Total Debt Service</b>	<b>121.8</b>	<b>114.0</b>	<b>-7.8</b>
<b>Capital Outlay (Revenue Financed)</b>			
<b>Tacoma Power</b>	81.8	89.7	7.9
<b>Tacoma Water</b>	8.0	35.1	27.1
<b>Tacoma Rail</b>	4.3	4.5	0.2
<b>Total Capital Outlay</b>	<b>94.1</b>	<b>129.3</b>	<b>35.2</b>
<b>Total Operating Divisions</b>	<b>\$1,181.6</b>	<b>\$1,254.8</b>	<b>\$73.2</b>

# RELATED RATE ADJUSTMENTS

- **TACOMA POWER**

- Proposed 2.0% system average rate increases in 2019 and 2020 (0.9% for residential customers), beginning April 1, 2019
- Click! transitional balanced budget responsive to court ruling includes 9.8% cable TV and \$5 internet wholesaler proposed increases in 2019

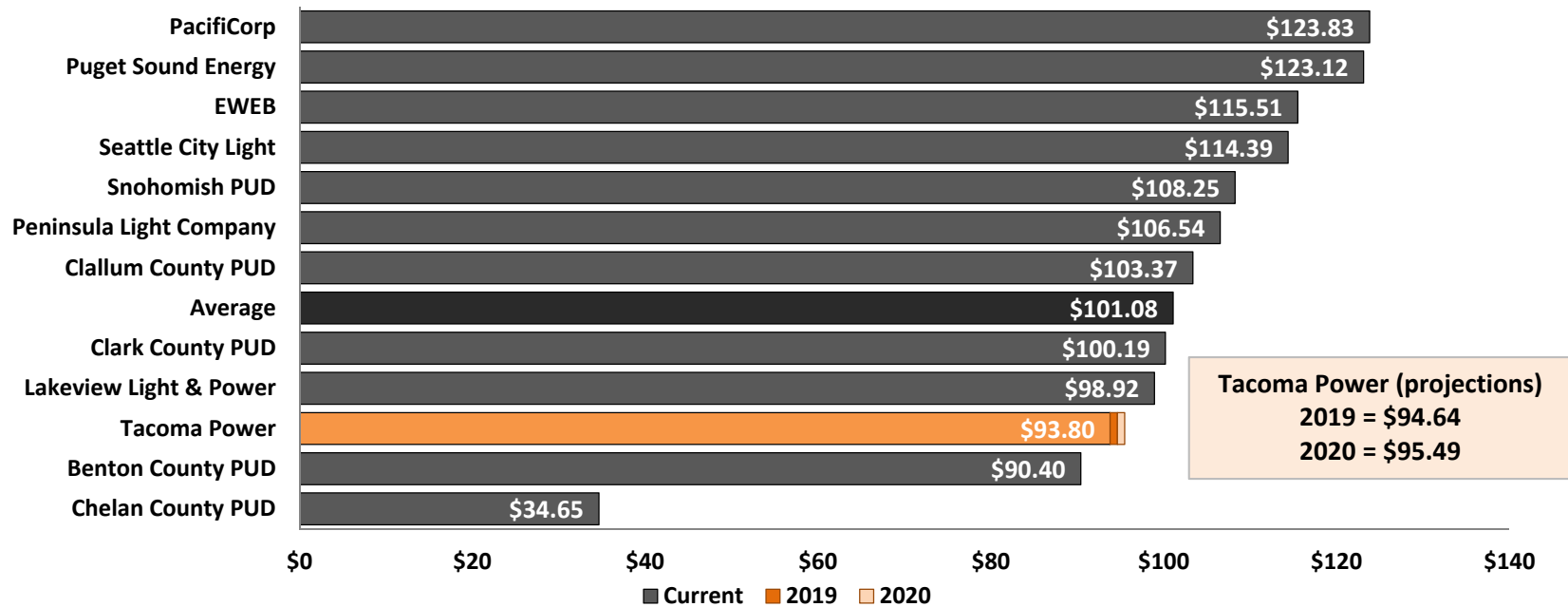
- **TACOMA WATER**

- Proposed 2.5% system average rate increases in 2019 and 2020, beginning January 1, 2019

- **TACOMA RAIL**

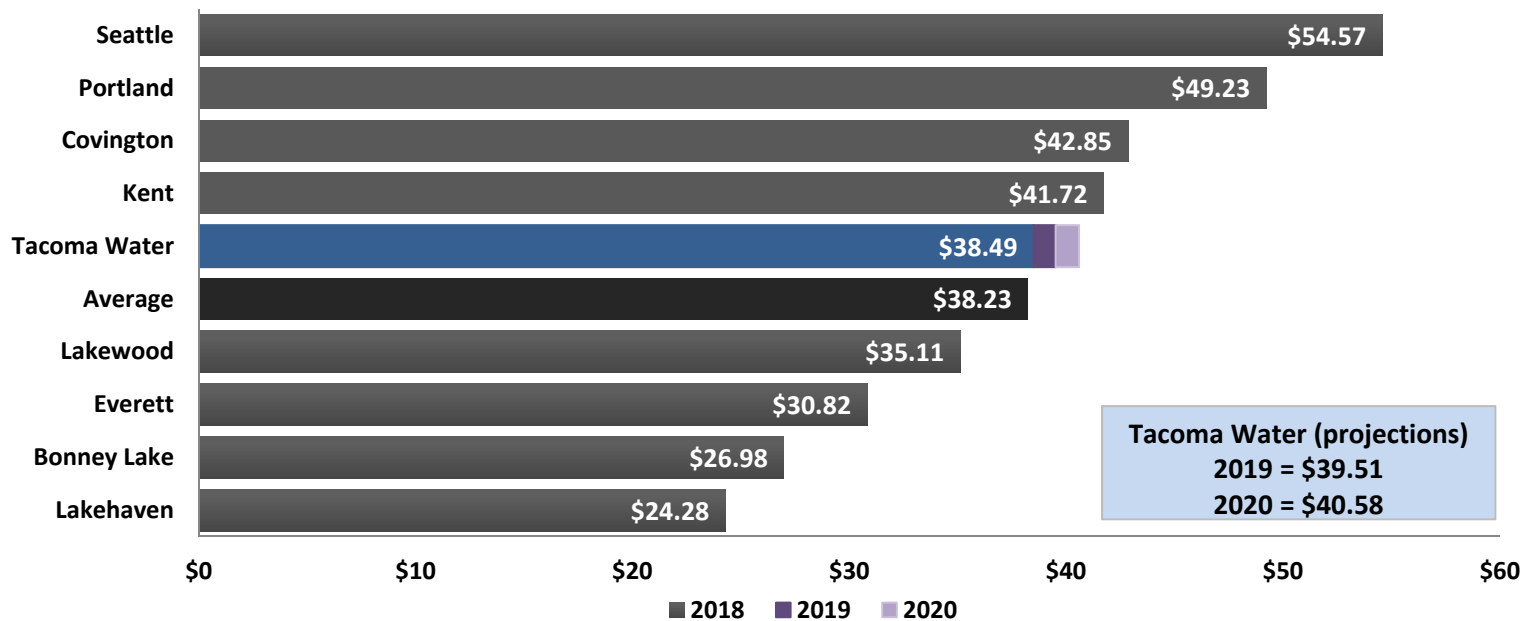
- Proposed 2% increase to intermodal and commercial traffic beginning January 1, 2019

# TACOMA POWER BILL COMPARISON - RESIDENTIAL



Assumptions: Average Price per kWh, adjusted for Tacoma Power average consumption (986 kWh per month)

# TACOMA WATER BILL COMPARISON - RESIDENTIAL



Assumptions: 5/8" Meter with 6 CCF per month demand in winter for 8 months and 9 CCF per month demand in summer for 4 months.

# BILL PAYMENT ASSISTANCE

**Multiple resources available to help manage utility bills**

## **TPU Programs**

- **Bill credit assistance program**
- **Residential discount rate program**
- **Conservation programs**
- **Budget billing**

**Go to:  
[MyTPU.org/Assistance](https://www.mytpu.org/Assistance)**

## **Outside programs**

- **Federal (LIHEAP)**
- **Community assistance resources**



# Financial Policy Updates

## Policy Changes

### Water/Power Alignment

#### 1. Low-Income and Senior/Disabled Assistance Programs (Water, Power)

Addresses programs available through utility assistance programs. *“The needs of low-income, senior, and disabled water (electric) customers will be considered when establishing rate levels, providing bill assistance, and offering financial education.”*

#### 2. Debt Service Coverage (Water)

Reduce All-In Debt Service Coverage from 1.25x to 1.00x during periods of spending down cash reserves to formalize commitment to carefully monitor debt service coverage and to demonstrate that gross revenues will be sufficient to cover all expenses. *“Senior Debt Service Coverage will be maintained above 1.50, exceeding Tacoma Water’s bond covenant requirement of net revenue at least 1.25 times annual senior debt service. All-In Debt Service Coverage will be maintained above 1.25 except when cash reserves are budgeted to meet the annual revenue requirement, when it will be maintained above 1.00.”*

# Financial Policy Updates

## Policy Changes - continued

### Water/Power Alignment

#### 3. Rate Stability (Power)

**Sets an objective that seeks to stabilize rates and better align with Water's rate and financial policies.** *"To the extent possible, rate adjustments should be as level across years and not exceed general inflationary trends."*

#### 4. Class Rate Increase Cap (Power)

**Addresses caps for class rate increases and enables better alignment with Water's rate and financial policies.** *"Rate adjustments may be phased-in over a limited time period and may be used if a disproportionate change in rate levels is expected for certain classes. Inter-class revenue requirements adjustments significantly in excess of the system average may be allocated proportionally to the remaining customer classes. A gradual approach may be used for the subsidized class to set subsequent rate increases until cost-of-service rates are reestablished."*

# NEXT STEPS

WHAT	WITH WHOM	WHEN
<b>Joint Study Session Re: TPU Preliminary Budgets Discussion</b>	<b>City Council and TPU Board</b>	<b>Oct 16</b>
<b>Consideration of Preliminary Budgets</b>	<b>TPU Board</b>	<b>Oct 24</b>
<b>Delivery of Preliminary Budgets</b>	<b>To City Clerk</b>	<b>Oct 31</b>
<b>Consideration and adoption of Tacoma Biennial Budgets</b>	<b>City Council</b>	<b>November</b>