

# **TACOMA WATER 2019 - 2020 BUDGET PREVIEW**

**Scott Dewhirst, Superintendent**

**May 23, 2018**



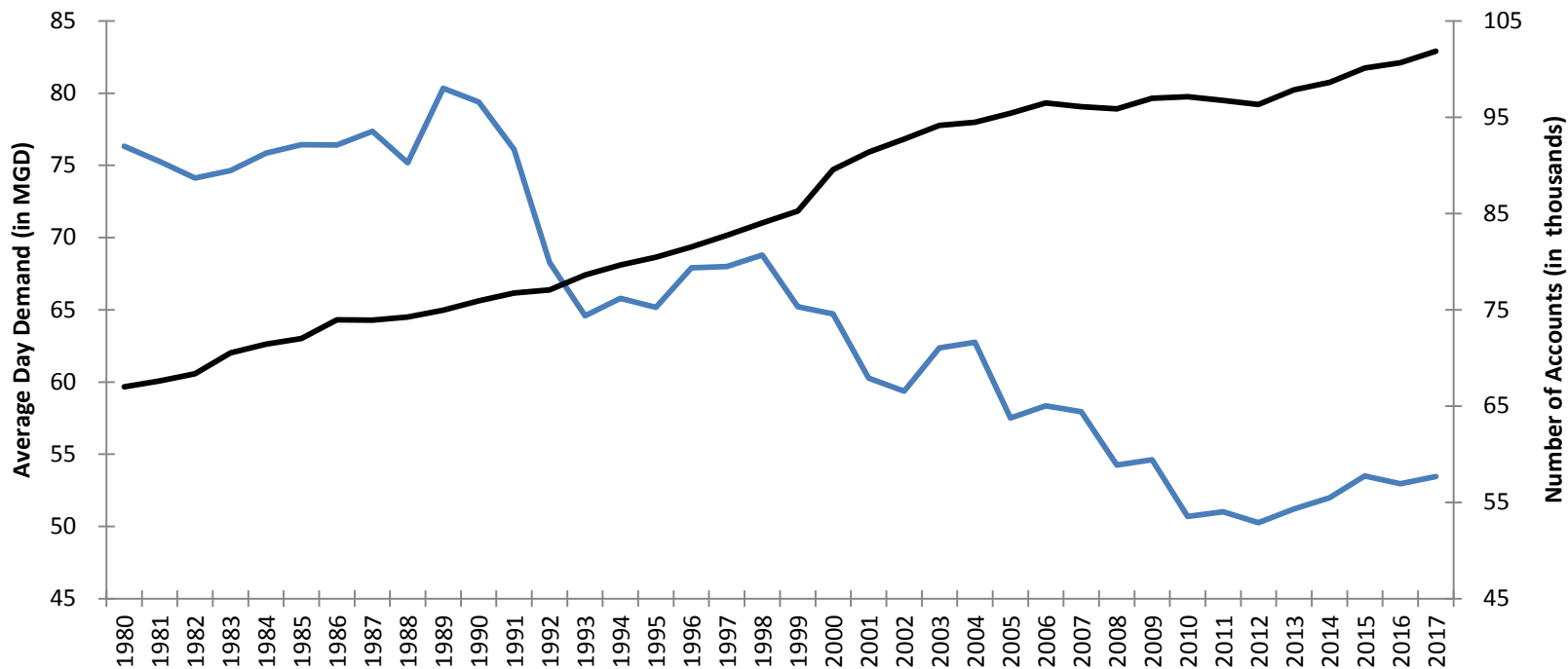


# TODAY'S DISCUSSION

- **State of the Utility**
- **Strategy**
- **Budget Drivers**
- **Base Case Rate Scenario**
- **Budget & Rate Impacts**
- **Next Steps**



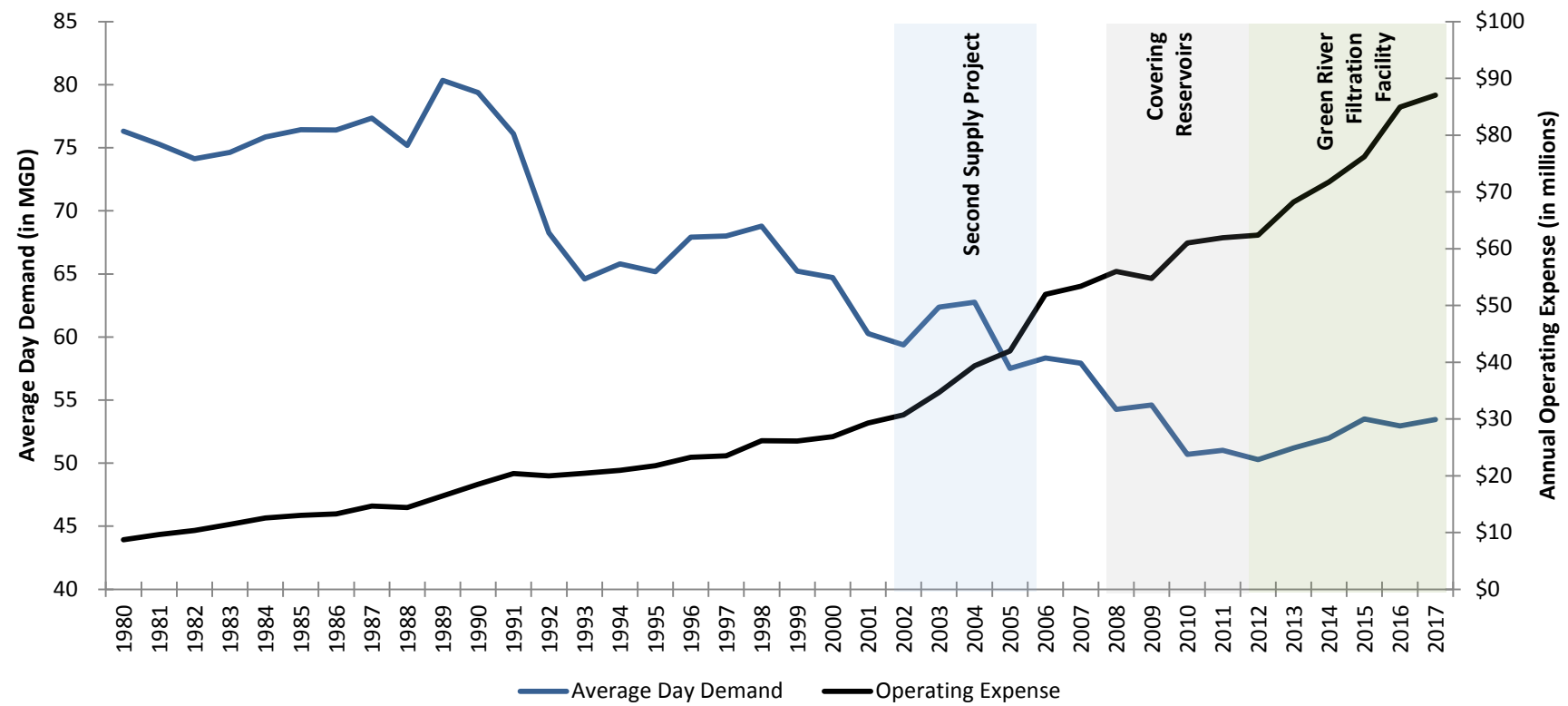
# STATE OF THE UTILITY: DEMAND



\* Excludes demand from RWSS partners.

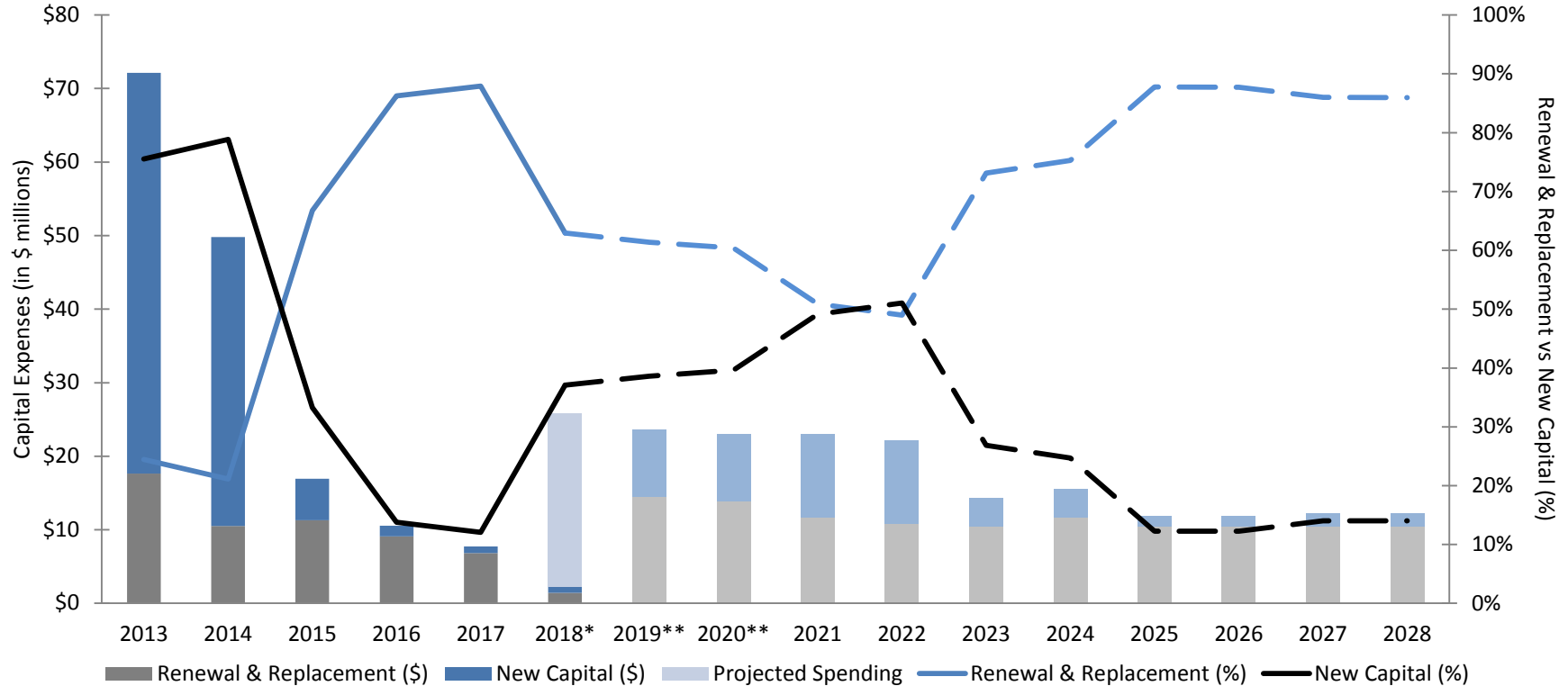


# STATE OF THE UTILITY: INCREASING COSTS





# STATE OF THE UTILITY: CAPITAL SPENDING

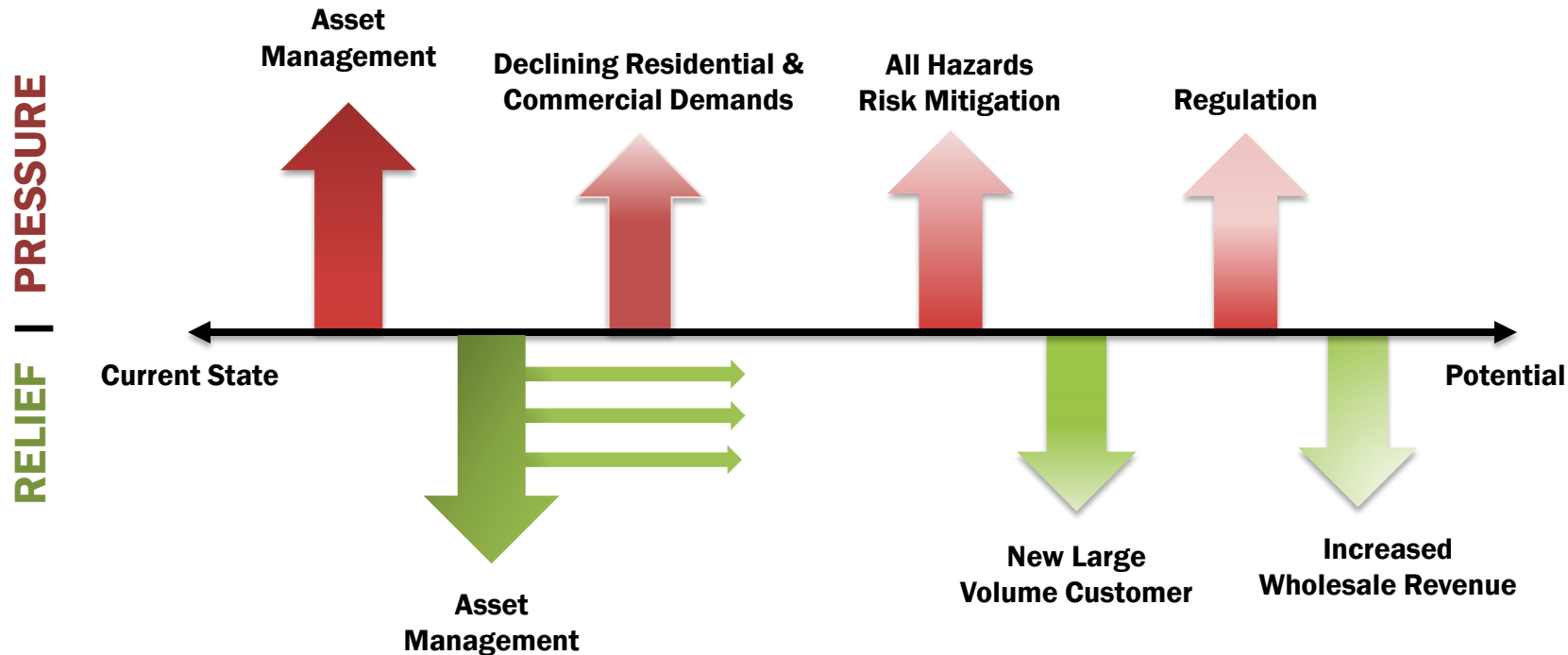


\* 2018 reflects spending through Q1

\*\* 2019/2020 budgeted projections are preliminary



# STATE OF THE UTILITY: RATE PRESSURE & RELIEF

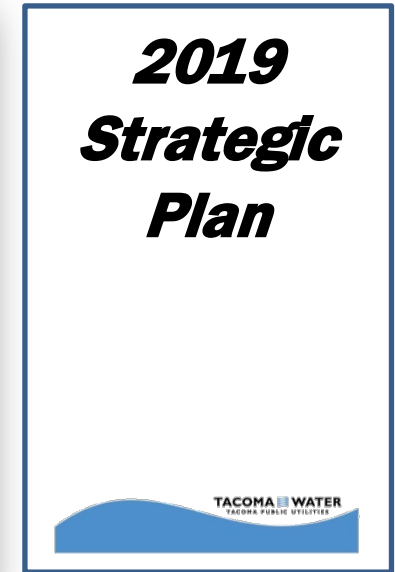
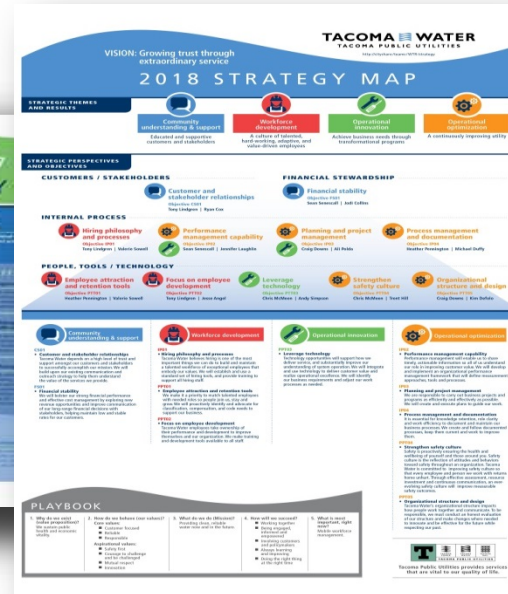




# STRATEGY: EVOLUTION

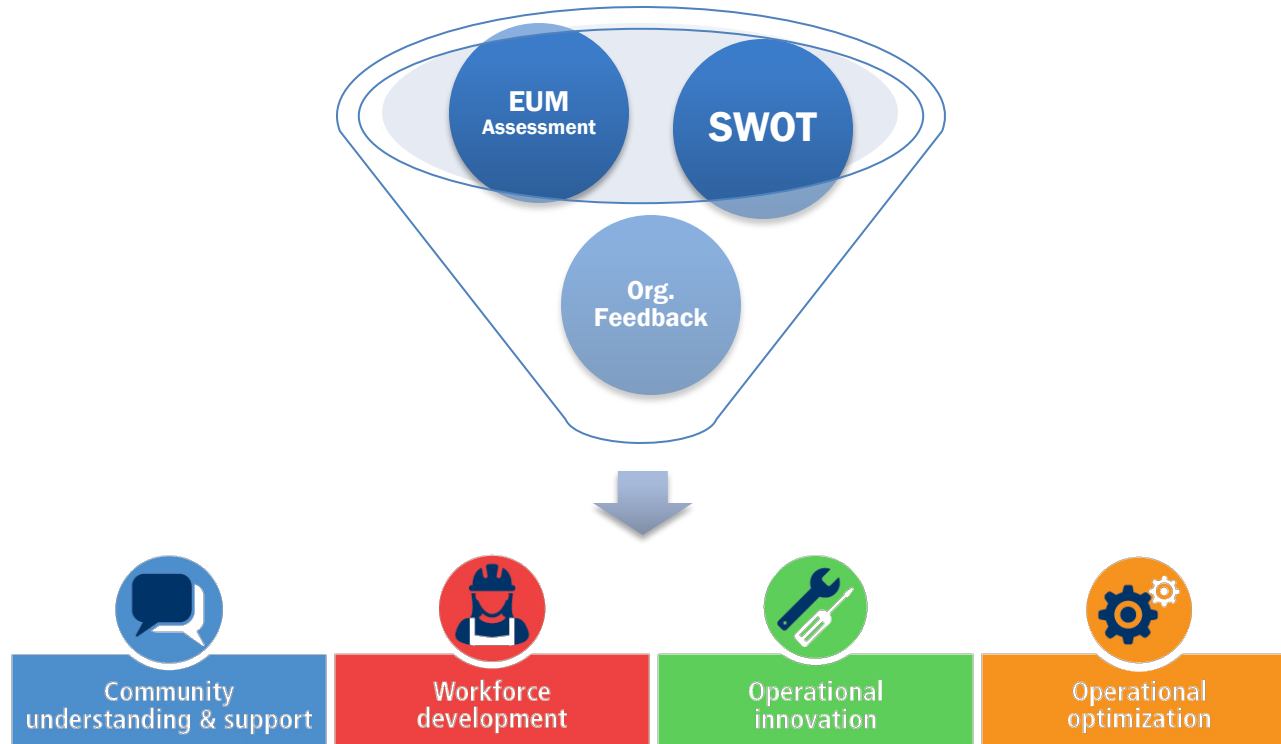
**VISION:** Growing trust through extraordinary service

**Mission:** Providing clean, reliable water now and in the future.





# STRATEGY: 2018 STRATEGIC THEMES





# STRATEGY: EFFECTIVE UTILITY MANAGEMENT



**Largest gaps (importance and achievement)**

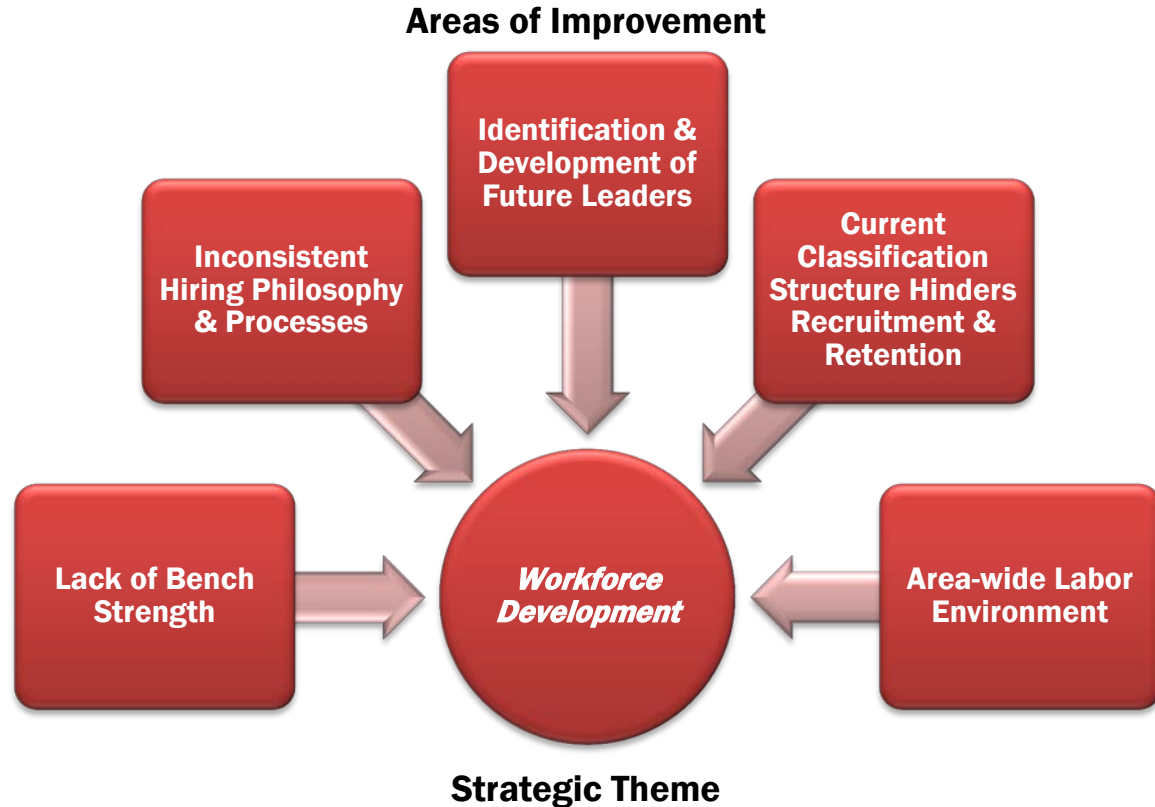


# STRATEGY: COMMUNITY UNDERSTANDING & SUPPORT



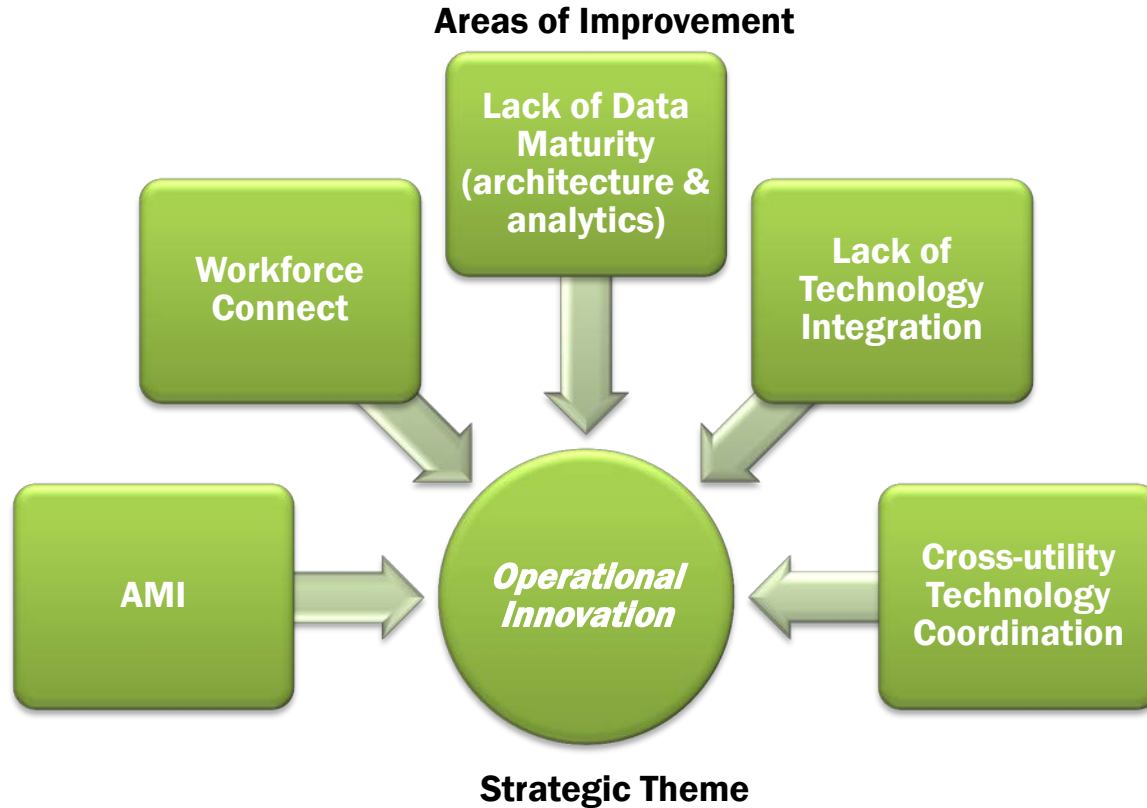


# STRATEGY: WORKFORCE DEVELOPMENT



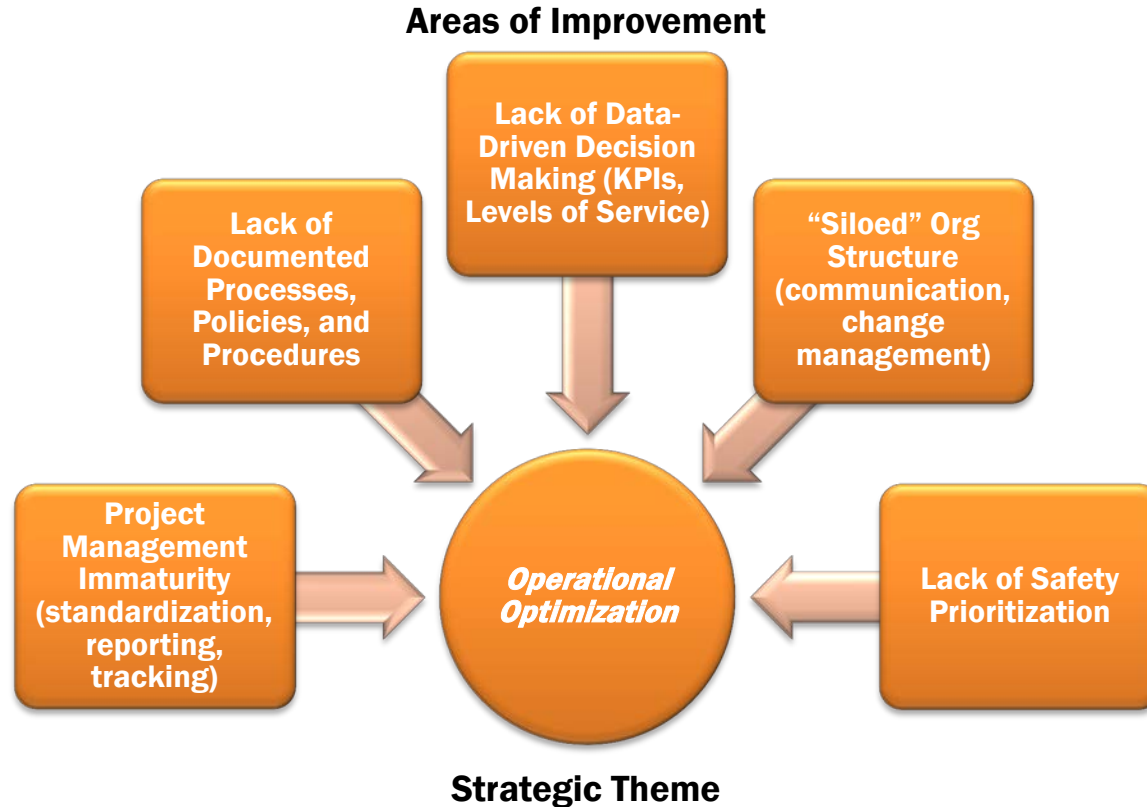


# STRATEGY: OPERATIONAL INNOVATION












# STRATEGY: OPERATIONAL OPTIMIZATION





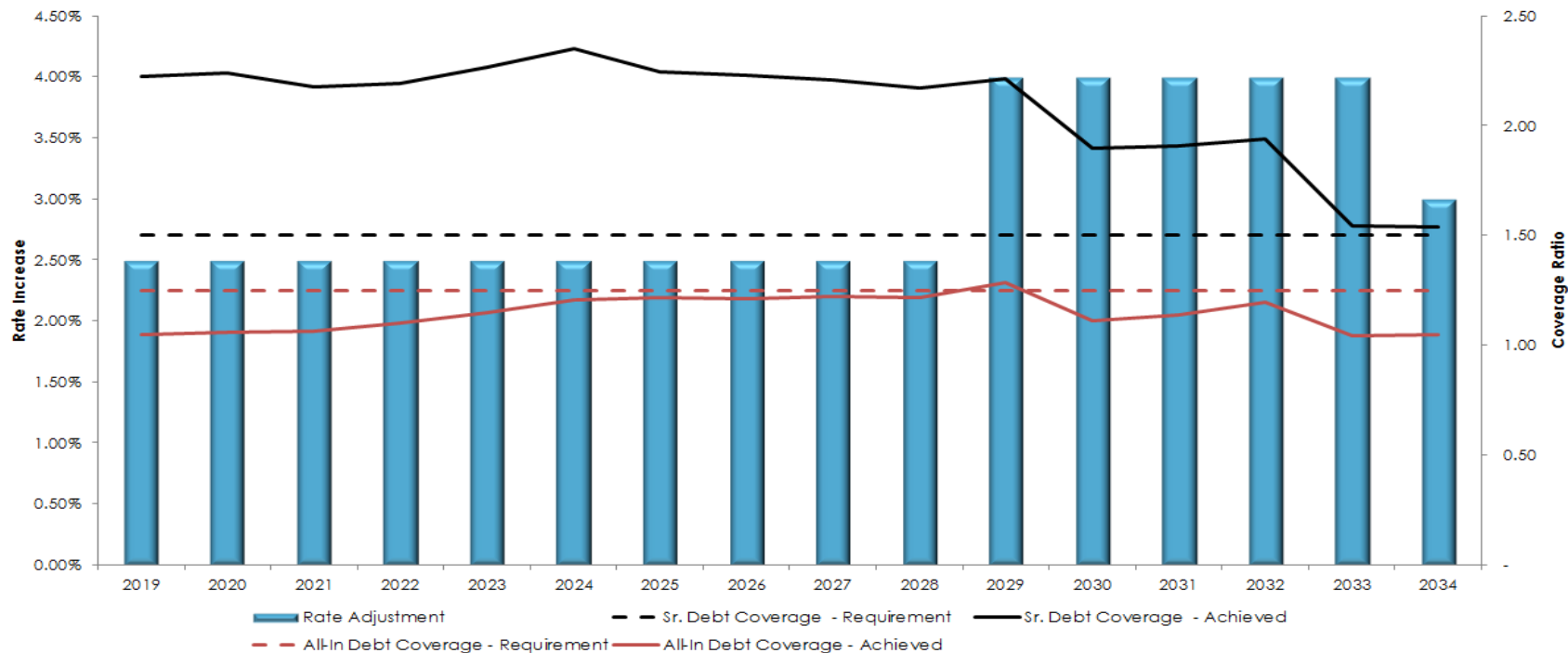
# BUDGET DRIVERS

Financial Modeling Scenario	Description	Rate Pressure & Relief
2019/2020 Base Case	Expected customer growth, base CIP, base O&M	
High Customer Growth	Assumes account growth with historical modeling	
New Large Volume Customer	Assume additional large volume customer with demand similar to Niagara	
Increased Wholesale Revenue	Expanded wholesale sales through market-based and traditional wholesale agreements, assumes additional \$1.2M per year additional revenue	
High Case CIP	Includes high range capital mitigation from the Vulnerability Assessment, assumes additional capital of \$128M over the next 10 years	
Pulp Mill Shutdown	Models 2019 closure, assumes loss of \$6M per year	
AWSP Finalization	Fish Passage, Howard Hanson Dam Biological Assessment, assumes additional capital of \$2.6M in 2020	



# BASE CASE RATE SCENARIO

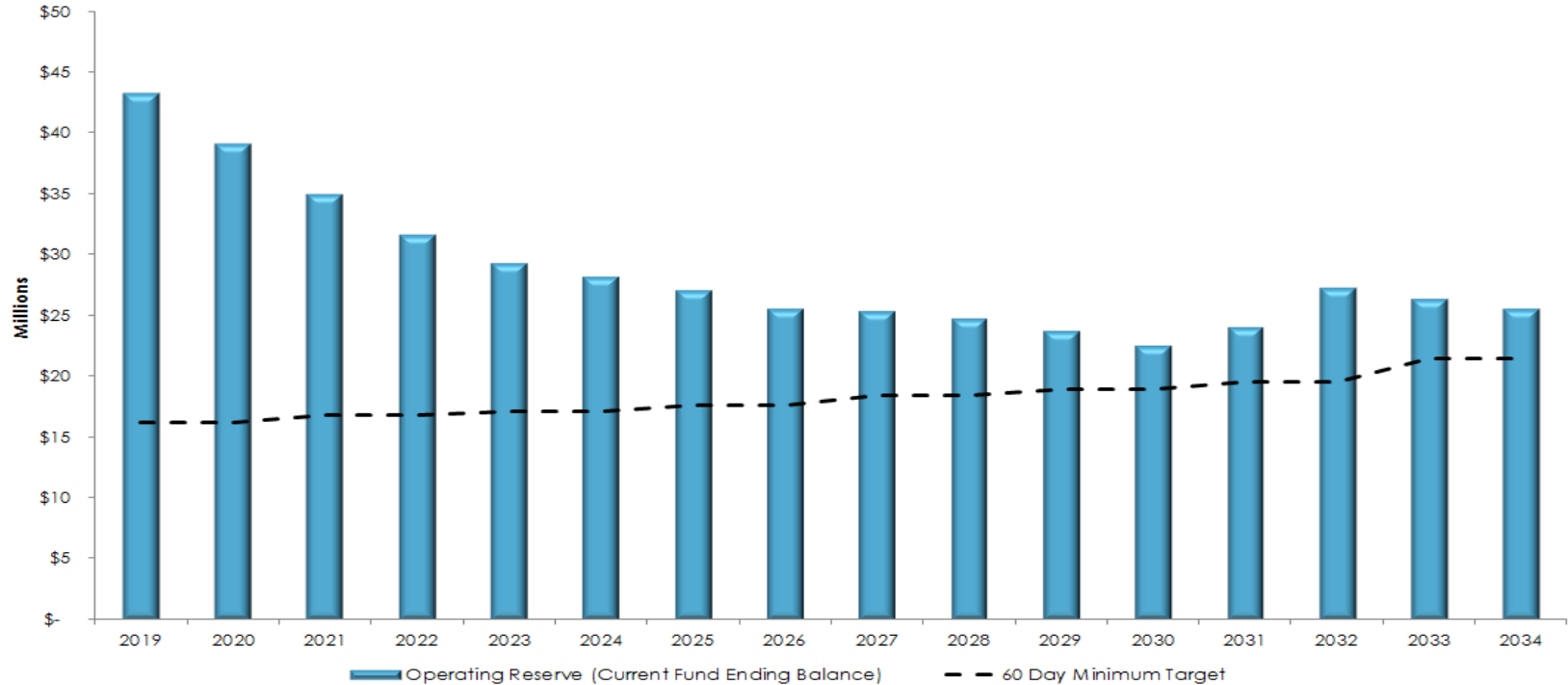
Rate Increases & Coverage Tests





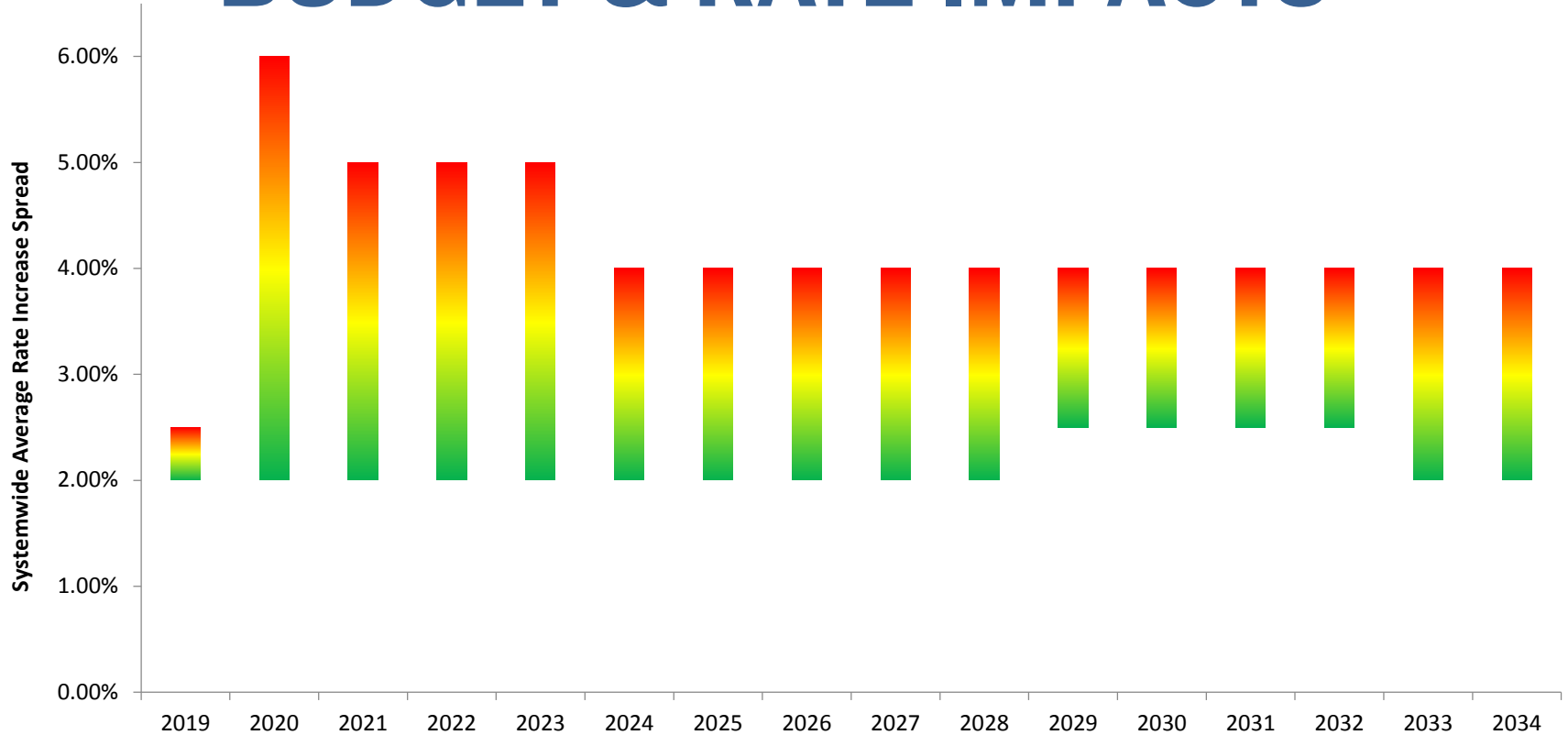
# BASE CASE RATE SCENARIO

## Current Fund - Water



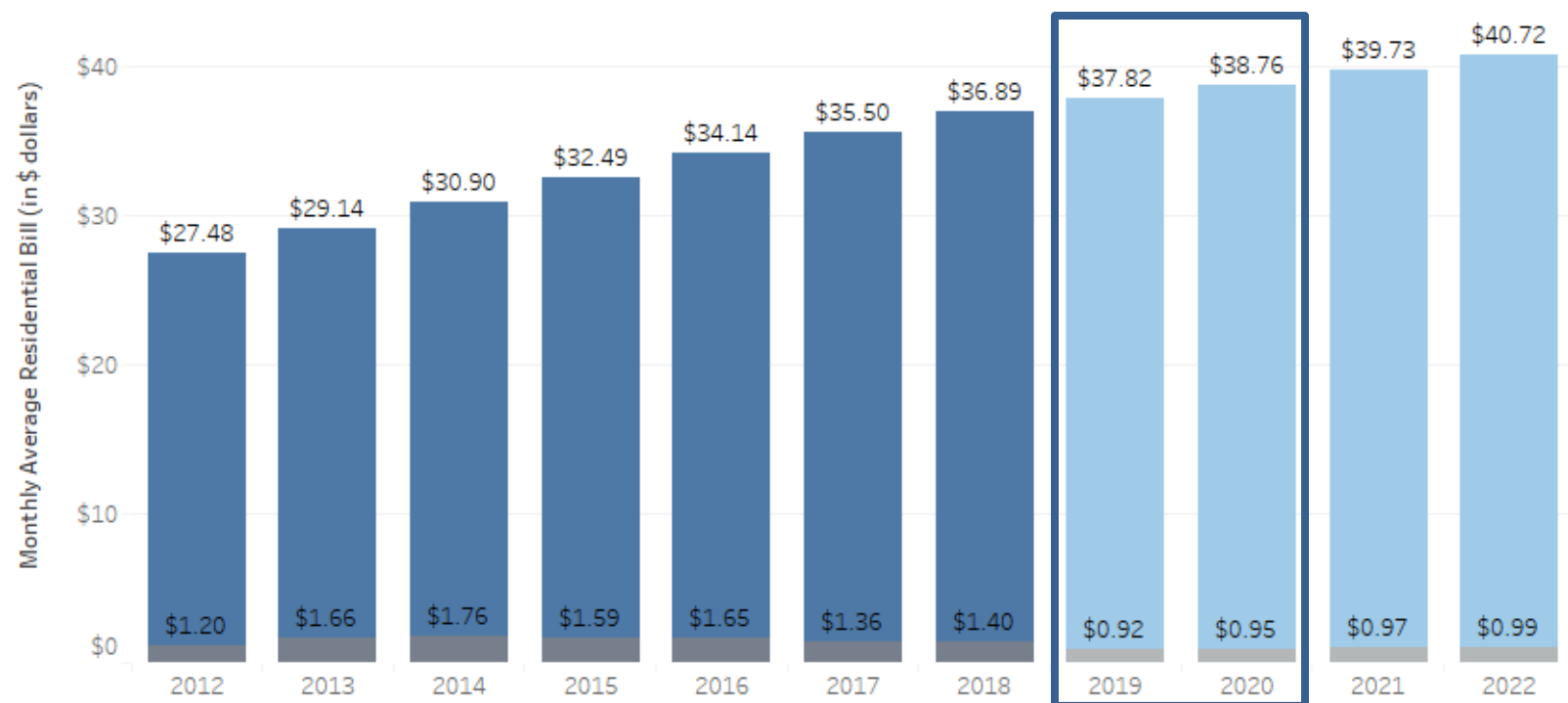


# BUDGET & RATE IMPACTS





# BUDGET & RATE IMPACTS: MONTHLY BILL



The monthly average residential bill assumes water consumption of 7 CCF per month. The years 2019 - 2022 assumes an annual rate increase of 2.5%.



# NEXT STEPS

- **June 13<sup>th</sup>**
  - **Public Outreach Planning**
- **July 25<sup>th</sup>**
  - **Revenue Requirement**
  - **Rate Design**
- **September 12<sup>th</sup>**
  - **TPU Board Study Session Budget Presentation**
- **October 16<sup>th</sup>**
  - **Joint Council/PUB Study Session Presentation**
- **October 24<sup>th</sup>**
  - **Public Utility Board approval of preliminary budget**