



TO: T.C. Broadnax, City Manager
FROM: William A. Gaines, Director of Utilities/CEO
COPY: City Council and City Clerk
SUBJECT: Proposed Rate Ordinance – Amend and revise TMC Chapters 12.06 – March 3, 2015
DATE: February 13, 2015

SUMMARY:

Tacoma Power requests approval by the Public Utility Board and the City Council for a one-step rate increase effective April 1, 2015.

STRATEGIC POLICY PRIORITY:

Tacoma Power’s revenue requirements analysis for the twenty-four month Budget period (January 1, 2015 through December 31, 2016) indicates a revenue shortfall of approximately \$15.8 million at current rates.

- Strengthen and maintain a strong fiscal management position.

BACKGROUND:

In preparation for this request, Tacoma Power has sought public input through public presentations at Neighborhood Council and City Council meetings in communities served by Tacoma Power. A public hearing was held by the Public Utility Board on February 11, 2015 and the first reading by the City Council is scheduled for March 3, 2015.

ISSUE:

Tacoma Power

Tacoma Power looks to recover revenues of approximately \$15.8 million over the January 1, 2015 to December 31, 2016 Budget period. These revenues were included in the approved 2015/2016 Budget to be collected from an adjustment in the electric rates. The approximate overall adjustment in rates is a one-time increase of 3 percent for the system as a whole.

Proposed Increase in Revenue Requirement by Class		
Rate Class		Rate Increase (one-step)
Residential	A	2.7%
Small General	B	3.5%
General	G	3.9%
High Voltage General	HVG	2.1%
Contract Industrial	CP	1.7%
Street Lighting and Traffic Signals	H1	3.7%
Private Off-Street Lighting	H2	2.5%

ALTERNATIVES:

This rate adjustment was included in the 2015/2016 Budgets for Tacoma Power, as approved by the Public Utility Board and City Council.

RECOMMENDATION:

Tacoma Power requests approval by the Public Utility Board and the City Council for a one-step rate increase effective April 1, 2015.



FISCAL IMPACT:

Tacoma Power’s revenue requirements analysis for the twenty-four month Budget period (January 1, 2015 through December 31, 2016) indicates a revenue shortfall of approximately \$15.8 million at current rates. Expense increases driving this shortfall are increases related to the Bonneville Power Authority (BPA) rates for purchased power, regulatory mandates including hydro project license compliance and assessments, and aging infrastructure renewal and replacement.

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
TOTAL			

* General Fund: Include Department

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Residential			6,626,290
Commercial/Industrial			9,094,243
Other			121,223
TOTAL			15,841,756

POTENTIAL POSITION IMPACT:

POSITION TITLE	PERMANENT/ PROJECT TEMPORARY POSITION	FTE IMPACT	POSITION END DATE
TOTAL			

This section should only be completed if a subsequent request will be made to increase or decrease the current position count.

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$15.8 million

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

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

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