



TACOMA PUBLIC UTILITY BOARD

3628 South 35th Street
Tacoma, Washington 98409-3192

October 2, 2018

To the Chair and Members of the Public Utility Board:

Below is a detailed overview of the various policy change recommendations for the following two documents: (1) Tacoma Municipal Code and (2) Water Rate and Financial Policy. Policy changes (non-rate related) are addressed by section with an explanation of the changes.

(1) TACOMA MUNICIPAL CODE (TMC):

- **12.10.301 Fire hydrant services fee.**
 - Removed references to inside City of Tacoma.
 - Updated rates for Public Fire Protection for inside and outside City of Tacoma.
 - Added language to disclose that the Public Fire Protection is included in the Ready to Serve Charge.
- **12.10.303 Franchise hydrant service fee.**
 - Removed section since it will be included in 12.10.301.
- **12.10.400 Rates – Inside and outside City limits.**
 - Updated rates for Ready to Serve Charge.
 - Added language to disclose that the Ready to Serve Charge includes Public Fire Protection.
 - Added a Wholesale Ready to Serve Charge rate table to exclude Public Fire Protection.
 - Updated rates for Rate per CCF.
 - Updated water system acquisitions to include Andrain and Curran Road.

(2) WATER RATE AND FINANCIAL POLICY:

- **III.B.3. Policies. Water Rates Should Be As Low As Is Responsible.**
 - **Current Language:** *“Senior Debt Service Coverage will be maintained above 150%, exceeding Tacoma Water’s bond covenant requirement of 125%. All In Debt Service Coverage will be maintained above 125%.”*
 - **Proposed Change:** *“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.”*
 - **Explanation:** We propose a reduction in All-In Debt Service Coverage from 1.25x to 1.00x during periods of spending down cash reserves to formalize our

commitment to carefully monitor our debt service coverage and to demonstrate that our gross revenues will be sufficient to cover all of our expenses.

- **III.C.16. Policies. Water Rates Shall Be Fair.**
 - **Current Language:** *"A discounted water rate will be considered to help low-income/elderly and low-income/handicapped water customers."*
 - **Proposed Change:** *"The needs of low-income, senior, and disabled water customers will be considered when establishing rate levels, providing bill assistance, and offering financial education."*
 - **Explanation:** We propose modernizing the existing language to address low-income, senior, and disabled programs available through utility assistance programs.

Sincerely,



Jackie Flowers
Director of Utilities