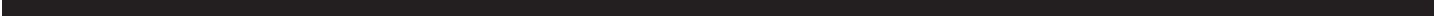

SEPTEMBER

TACOMA POWER

2015

**FINANCIAL
REPORT**



Public Utility Board

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MARK PATTERSON

Vice-Chair

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WOODROW JONES

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Member

WILLIAM A. GAINES

Director of Utilities/CEO

CHRIS ROBINSON

Power Superintendent/COO

ANDREW CHERULLO

Finance Director

DEPARTMENT OF PUBLIC UTILITIES
CITY OF TACOMA

MANAGEMENT DISCUSSION AND ANALYSIS

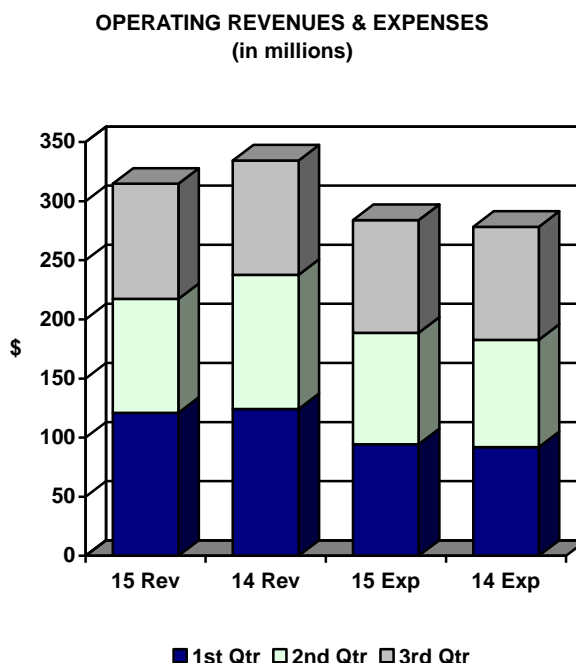
Overview of the Financial Statements

Summary

Tacoma Power is reporting September year-to-date operating income of \$24.2 million, compared to \$56.2 million in 2014 representing a decrease of \$32.0 million (57.0%). Total operating revenues decreased \$26.3 million (7.9%), while operating expenses increased \$5.7 million (2.1%). Tacoma Power ended the third quarter with net loss of \$5.3 million compared to a net income of \$21.9 million a year earlier, a decrease of \$27.2 million.

Revenues

Operating revenues were \$308.1 million at the end of the third quarter of 2015, compared to \$334.4 million in 2014, a decrease of \$26.3 million (7.9%). Total electric energy sales decreased \$26.5 million. Sales to retail customers decreased \$2.5 million (1.0%). The retail customer category with the largest revenue decrease was residential sales, down \$3.1 million (2.6%). Wholesale energy sales decreased \$24.1 million (39.5%) primarily due to decreased volume. Water Inflows into Tacoma's system for the 3rd quarter were 34% of average inflows and 20% of 2014 inflows. The very low flows were the result of an unprecedented low spring snowpack, followed by a dry summer.



Expenses

September year-to-date operating expenses in 2015 were \$284.0 million compared to \$278.3 million for the same period in 2014, an increase of \$5.7 million (2.1%).

Purchased power expense increased \$2.2 million (2.4%). BPA purchases increased \$6.3 million primarily due to timing of invoices for the Energy Conservation Agreement (ECA). Credits received in 2014 were \$0.8 million compared to \$5.7 million in 2015. Purchases from Priest Rapids increased \$1.3 million. Purchases from Grand Coulee Project Hydroelectric Authority (GCPHA) increased \$0.7 million. Other portfolio purchases are down \$6.3 million, primarily due to lower volume. Temperatures are still higher than normal and streamflows are lower than usual.

Hydraulic power production expenses increased \$1.0 million (5.9%). Cost increases include \$0.6 million in contributions to the Fleet Replacement Fund and \$0.5 million for a mechanical overhaul at Wynoochee.

Click! expense increased \$5.3 million due primarily to an updated cost allocation between Power and Click! Previously, allocated costs were approximately 75% Click! and 25% Power. This cost allocation has been updated to reflect shared costs of approximately 94% to Click! and 6% to Power. Year-to-date results incorporate the effects of this change with a January 1, 2015 effective date.

Distribution expenses decreased \$4.1 million (17.9%). Of this decrease, \$2.8 million was the result of the change in cost allocation between Click! and Power. The remainder is primarily a decrease in labor costs. Year-to-date 2014 costs included back wages of \$1.1 million due to a labor contract settlement.

Customer accounts expense increased \$1.1 million (12.8%). Customer records and collection expense increased \$0.8 million and miscellaneous customer accounts expense increased \$0.2 million.

Conservation and other customer assistance expenses increased \$0.4 million (5.4%). Amortization of deferred conservation costs increased \$0.6 million. Professional services expense increased \$0.2 million due to a Bright Rebates Study. These increases were offset by a \$0.4 million decrease due to a reclassification of assessments.

Administration and general expenses increased \$1.0 million (3.0%). The credit for capitalized administrative and general costs increased \$1.3 million. This decrease in expense was partially offset by a \$1.6 million increase in labor costs and a \$.3 million increase in license and maintenance costs.



William A. Gaines
Director of Utilities/CEO



Andrew Cherullo
Finance Director

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES, LIGHT DIVISION
Doing Business As

TACOMA POWER

TABLE OF CONTENTS

Note: These financial statements are interim, unaudited reports prepared primarily for the use of management. Not all transactions reported in these statements have been recorded on the full accrual basis of accounting or in accordance with generally accepted accounting principles.

STATEMENTS OF NET POSITION	2 - 3
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	4 - 5
SUMMARY OF REVENUES AND BILLINGS	6 - 7
GROSS GENERATION REPORT	8 - 9
STATEMENTS OF CASH FLOWS	10 - 11
CLICK! NETWORK OPERATIONAL SUMMARY	12 - 13
SUPPLEMENTAL DATA	15 - 20

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA POWER

STATEMENTS OF NET POSITION - September 30, 2015 AND September 30, 2014

ASSETS	<u>2015</u>	<u>2014</u>
UTILITY PLANT		
Electric Plant in Service	\$1,830,506,048	\$1,788,322,139
Less Depreciation and Amortization	(933,409,023)	(880,429,013)
Total	<u>897,097,025</u>	<u>907,893,126</u>
Construction Work in Progress	90,760,597	62,579,671
Net Utility Plant	<u>987,857,622</u>	<u>970,472,797</u>
NON-UTILITY PROPERTY	<u>182,051</u>	<u>182,051</u>
RESTRICTED ASSETS		
Cash and Equity in Pooled Investments:		
2010B Construction Fund	10,623,479	16,717,872
2013 Construction Fund	31,432,687	50,580,434
2015 Construction Fund	609,335	-
Provision for Debt Service	15,991,566	30,742,843
Special Bond Reserves	4,997,639	16,997,639
Wynoochee Reserve--State of Washington	2,535,843	2,514,908
Total Restricted Assets	<u>66,190,549</u>	<u>117,553,696</u>
CURRENT ASSETS		
Cash and Equity in Pooled Investments:		
Current Fund	133,532,732	229,415,283
Customers' and Contractors' Deposits	3,049,339	2,884,829
Conservation Loan Fund	4,010,714	4,937,430
Rate Stabilization Fund	48,000,000	48,000,000
Receivables:		
Customers	12,130,712	14,650,645
Accrued Unbilled Revenue	28,750,681	29,416,868
Others	8,399,900	9,665,389
Provision for Uncollectibles	(1,643,033)	(579,441)
Materials and Supplies	6,071,133	6,299,445
Prepayments and Other	4,983,672	3,962,089
Total Current Assets	<u>247,285,850</u>	<u>348,652,537</u>
OTHER ASSETS		
Regulatory Asset - Conservation	44,369,563	40,488,499
Conservation Loan Fund Receivables	1,249,016	1,252,620
Total Other Assets	<u>45,618,579</u>	<u>41,741,119</u>
 Total Assets	 <u>1,347,134,651</u>	 <u>1,478,602,200</u>
DEFERRED OUTFLOWS		
Unamortized Loss on Refunding Bonds	2,374,915	9,259,625
 TOTAL ASSETS AND DEFERRED OUTFLOWS.....	 <u>\$1,349,509,566</u>	 <u>\$1,487,861,825</u>

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2014 Annual Report.

NET POSITION AND LIABILITIES	<u>2015</u>	<u>2014</u>
NET POSITION		
Net Investment in Capital Assets	\$637,745,930	\$508,069,282
Restricted for:		
Wynoochee Reserve - State of Washington	2,535,843	2,514,908
Debt Service	11,051,252	24,086,243
Unrestricted	<u>166,129,043</u>	<u>286,259,596</u>
 TOTAL NET POSITION	 <u>817,462,068</u>	 <u>820,930,028</u>
 LONG-TERM DEBT		
2005 Electric System Revenue Bonds, Series A	-	130,000
2005 Electric System Refunding Bonds, Series B ...	-	122,135,000
2010B Electric System Refunding Bonds	147,070,000	147,070,000
2010C Electric System Refunding Bonds	24,185,000	24,185,000
2013A Electric System Rev & Refunding Bonds	164,190,000	178,795,000
2013B Electric System Rev & Refunding Bonds	<u>35,620,000</u>	<u>35,620,000</u>
Total Bonded Indebtedness	371,065,000	507,935,000
Less: Unamortized Bond Premiums	<u>21,043,149</u>	<u>23,211,824</u>
Net Bonded Indebtedness	392,108,149	531,146,824
Line of Credit	20,250,000	-
Total Long-Term Debt	<u>412,358,149</u>	<u>531,146,824</u>
 CURRENT LIABILITIES		
Salaries and Wages Payable	2,848,340	2,478,731
Taxes and Other Payables	12,385,556	9,683,184
Purchases and Transmission of Power Accrued	10,829,187	11,306,388
Interest Payable	4,940,314	6,656,601
Customers' Deposits	3,105,685	2,844,568
Current Portion of Long-Term Debt	14,735,000	32,115,000
Current Accrued Compensated Absences	1,048,309	1,026,499
Total Current Liabilities	<u>49,892,391</u>	<u>66,110,971</u>
 LONG TERM LIABILITIES		
Long Term Accrued Compensated Absences	9,434,785	9,238,488
Other Long Term Liabilities	<u>12,362,173</u>	<u>12,435,514</u>
Total Long Term Liabilities	<u>21,796,958</u>	<u>21,674,002</u>
 TOTAL LIABILITIES	 <u>484,047,498</u>	 <u>618,931,797</u>
 DEFERRED INFLOWS		
Rate Stabilization	<u>48,000,000</u>	<u>48,000,000</u>
 TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS	 <u><u>\$1,349,509,566</u></u>	 <u><u>\$1,487,861,825</u></u>

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA POWER
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
September 30, 2015 AND September 30, 2014

	September 2015	September 2014
OPERATING REVENUES		
Sales of Electric Energy	\$25,960,240	\$27,724,723
Other Operating Revenues	1,294,380	1,387,544
Click! Network Operating Revenues	2,284,681	2,177,374
Total Operating Revenue	29,539,301	31,289,641
OPERATING EXPENSES		
Production Expense		
Hydraulic Power Production	2,005,290	3,046,509
Other Production Expense	315,999	306,959
Total Expense Power Produced	2,321,289	3,353,468
Purchased Power	10,371,300	10,143,346
Total Production Expense	12,692,589	13,496,814
Transmission Expense	1,999,784	2,140,039
Distribution Expense	2,107,219	3,053,604
Click! Network Commercial Operations Expense .	2,887,981	1,612,842
Customer Accounts Expense (CIS)	1,289,130	957,760
Conservation and Other Customer Assistance ...	955,469	819,599
Taxes	2,211,799	2,014,208
Depreciation	4,679,361	4,917,629
Administrative and General	3,298,610	3,376,078
Total Operating Expenses	32,121,942	32,388,573
OPERATING INCOME (LOSS)	(2,582,641)	(1,098,932)
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	200,321	303,604
Contribution to Family Need	(40,000)	(75,000)
Other Net Non-Op Revenues and Deductions	(3,562,152)	469,746
Interest on Long-Term Debt	(1,682,058)	(2,218,868)
Amort. of Debt Related Costs	3,875,992	(198,912)
Interest Charged to Construction	338,460	234,305
Total Non-Operating Revenues (Expenses) ..	(869,437)	(1,485,125)
Net Income (Loss) Before Capital Contributions and Transfers	(3,452,078)	(2,584,057)
Capital Contributions		
Cash	281,657	498,368
Donated Fixed Assets	-	-
BABs and CREBs Interest Subsidies	329,553	329,553
Transfers		
City Gross Earnings Tax	(2,238,893)	(2,038,270)
CHANGE IN NET POSITION	(\$5,079,761)	(\$3,794,406)
TOTAL NET POSITION - January 1		
TOTAL NET POSITION - September 30		

YEAR TO DATE		2015 OVER	PERCENT CHANGE
September 30, 2015	September 30, 2014	(UNDER) 2014	
\$274,776,868	\$301,307,648	(\$26,530,780)	-8.8%
12,913,938	13,006,309	(92,371)	-0.7%
20,447,865	20,121,402	326,463	1.6%
<u>308,138,671</u>	<u>334,435,359</u>	<u>(26,296,688)</u>	-7.9%
16,992,854	16,041,095	951,759	5.9%
3,117,322	2,899,266	218,056	7.5%
<u>20,110,176</u>	<u>18,940,361</u>	<u>1,169,815</u>	6.2%
97,346,418	95,099,793	2,246,625	2.4%
<u>117,456,594</u>	<u>114,040,154</u>	<u>3,416,440</u>	3.0%
18,062,100	19,054,817	(992,717)	-5.2%
18,641,194	22,697,858	(4,056,664)	-17.9%
20,017,927	14,672,817	5,345,110	36.4%
9,421,932	8,354,607	1,067,325	12.8%
8,210,278	7,792,533	417,745	5.4%
15,125,663	14,702,704	422,959	2.9%
43,397,420	44,279,346	(881,926)	-2.0%
33,651,019	32,657,848	993,171	3.0%
<u>283,984,127</u>	<u>278,252,684</u>	<u>5,731,443</u>	2.1%
<u>24,154,544</u>	<u>56,182,675</u>	<u>(32,028,131)</u>	-57.0%
1,938,499	2,535,648	(597,149)	-23.6%
(360,000)	(675,000)	315,000	-46.7%
(2,947,354)	(1,444,538)	(1,502,816)	-104.0%
(17,553,349)	(19,969,807)	2,416,458	-12.1%
(157,973)	(2,001,236)	1,843,263	-92.1%
2,358,061	1,331,642	1,026,419	77.1%
<u>(16,722,116)</u>	<u>(20,223,291)</u>	<u>3,501,175</u>	-17.3%
7,432,428	35,959,384	(28,526,956)	-79.3%
3,681,188	3,677,334	3,854	0.1%
508,802	26,169	482,633	1844.3%
2,821,634	2,823,612	(1,978)	-0.1%
<u>(19,785,044)</u>	<u>(20,635,131)</u>	<u>850,087</u>	-4.1%
(5,340,992)	21,851,368	(27,192,360)	-124.4%
<u>822,803,060</u>	<u>799,078,660</u>	<u>23,724,400</u>	3.0%
<u>\$817,462,068</u>	<u>\$820,930,028</u>	<u>(\$3,467,960)</u>	-0.4%

These statements should be read in conjunction with the Management Discussion and Analysis in the September 2015 Financial Report.

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA POWER

SUMMARY OF REVENUES AND BILLINGS
September 30, 2015 AND September 30, 2014

	<u>For the month of</u> <u>September 2015</u>	<u>For the month of</u> <u>September 2014</u>
OPERATING REVENUE		
Sales of Electric Energy		
Residential	\$10,053,434	\$9,540,128
Commercial	2,266,626	2,183,051
General	9,632,028	9,743,012
Contract Industrial	1,840,411	1,837,395
Public Street and Highway Lighting	31,153	160,310
Sales to Other Electric Utilities	22,474	22,460
Total Sales to Customers	<u>23,846,126</u>	<u>23,486,356</u>
Bulk Power Sales	2,114,114	4,238,367
Total Sales of Electric Energy	<u>25,960,240</u>	<u>27,724,723</u>
Other Operating Revenue		
Rentals and Leases from Elect. Property ...	83,048	209,543
Wheeling	812,300	787,499
Service Fees and Other	399,032	390,502
Telecommunications Revenue	2,284,681	2,177,374
Total Other Operating Revenues	<u>3,579,061</u>	<u>3,564,918</u>
 TOTAL OPERATING REVENUES	 <u>\$29,539,301</u>	 <u>\$31,289,641</u>

BILLINGS (Number of Months Billed)

Residential	160,865	154,981
Commercial	16,746	16,109
General	2,656	2,706
Contract Industrial	2	2
Public Streets and Highway Lighting	1,082	1,064
Sales to Other Utilities	1	1
 TOTAL BILLINGS	 <u>181,352</u>	 <u>174,863</u>

YEAR TO DATE		2015 OVER	
September 30, 2015	September 30, 2014	(UNDER) 2014	PERCENT CHANGE
\$112,879,207	\$115,942,173	(\$3,062,966)	-2.6%
20,434,341	20,307,326	127,015	0.6%
87,440,109	86,658,963	781,146	0.9%
15,989,733	15,823,353	166,380	1.1%
988,022	1,446,166	(458,144)	-31.7%
241,368	248,306	(6,938)	-2.8%
<u>237,972,780</u>	<u>240,426,287</u>	<u>(2,453,507)</u>	<u>-1.0%</u>
<u>36,804,088</u>	<u>60,881,361</u>	<u>(24,077,273)</u>	<u>-39.5%</u>
<u>274,776,868</u>	<u>301,307,648</u>	<u>(26,530,780)</u>	<u>-8.8%</u>
1,939,547	2,433,529	(493,982)	-20.3%
7,326,697	7,045,396	281,301	4.0%
3,647,694	3,527,384	120,310	3.4%
<u>20,447,865</u>	<u>20,121,402</u>	<u>326,463</u>	<u>1.6%</u>
<u>33,361,803</u>	<u>33,127,711</u>	<u>234,092</u>	<u>0.7%</u>
<u>\$308,138,671</u>	<u>\$334,435,359</u>	<u>(\$26,296,688)</u>	<u>-7.9%</u>
1,403,314	1,390,268	13,046	0.9%
140,478	139,795	683	0.5%
24,403	24,974	(571)	-2.3%
18	18	-	0.0%
8,274	8,170	104	1.3%
9	9	-	0.0%
<u>1,576,496</u>	<u>1,563,234</u>	<u>13,262</u>	<u>0.8%</u>

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA POWER

GROSS GENERATION REPORT - September 30, 2015 AND September 30, 2014

	For the month of Sep 2015	For the month of Sep 2014
KWH GENERATED, PURCHASED AND INTERCHANGED - Gross		
Generated - LaGrande	13,523,000	18,561,280
Generated - Alder	7,951,000	10,712,000
TOTAL NISQUALLY	21,474,000	29,273,280
Generated - Cushman No. 1	7,834,000	10,751,000
Generated - Cushman No. 2	11,136,000	18,297,000
TOTAL CUSHMAN	18,970,000	29,048,000
Generated - Mossyrock	43,163,000	70,992,000
Generated - Mayfield	24,671,000	37,473,000
TOTAL COWLITZ	67,834,000	108,465,000
Generated - Wynoochee	-	-
Generated - Hood Street	-	380,900
Grant Net Actual	-	-
Tacoma's Share of Priest Rapids	1,488,000	1,303,000
Tacoma's Share of GCPHA	25,948,000	28,076,000
TOTAL KWH GENERATED - TACOMA SYSTEM	135,714,000	196,546,180
Purchased Power		
BPA Slice Contract	133,181,000	125,526,000
BPA Block Contract	116,280,000	110,075,000
Interchange Net	(41,368,000)	(83,507,000)
TOTAL KWH GENERATED, PURCHASED AND INTERCHANGED ..	343,807,000	348,640,180
Losses	2,678,797	2,687,340
Baldi Replacement	118,887	235,008
Ketron	14,915	13,738
NT PC Mutuals Schedules	(1,761,000)	(2,308,000)
PC Mutual Inadvertent	(269,008)	596,133
TACOMA SYSTEM FIRM LOAD	344,589,591	349,864,399
Maximum Kilowatts (System Firm Load)	583,067	595,881
Average Kilowatts (System Firm Load)	478,597	486,869
PIERCE COUNTY MUTUAL LOAD	93,185,000	91,413,000
KWH BILLED		
Residential Sales	113,504,554	111,860,987
Commercial Sales	25,677,920	25,440,607
General	322,716,715	168,520,411
Contract Industrial	44,102,760	44,594,280
Public Street and Highway Lighting	714,904	2,523,360
Sales to Other Electric Utilities	414,000	419,400
TOTAL FIRM	507,130,853	353,359,045
Bulk Power Sales	62,945,000	105,657,000
TOTAL KWH BILLED	570,075,853	459,016,045

YEAR TO DATE		2015 OVER (UNDER) 2014	PERCENT CHANGE
Sep 30, 2015	Sep 30, 2014		
222,788,732	278,869,332	(56,080,600)	-20.1%
138,197,000	179,576,000	(41,379,000)	-23.0%
<u>360,985,732</u>	<u>458,445,332</u>	<u>(97,459,600)</u>	<u>-21.3%</u>
47,971,000	57,327,000	(9,356,000)	-16.3%
67,957,000	93,417,000	(25,460,000)	-27.3%
<u>115,928,000</u>	<u>150,744,000</u>	<u>(34,816,000)</u>	<u>-23.1%</u>
620,055,000	904,568,000	(284,513,000)	-31.5%
386,830,000	577,262,000	(190,432,000)	-33.0%
<u>1,006,885,000</u>	<u>1,481,830,000</u>	<u>(474,945,000)</u>	<u>-32.1%</u>
1,919,000	14,272,000	(12,353,000)	-86.6%
1,303,500	1,786,100	(482,600)	-27.0%
-	(2,018,000)	2,018,000	0.0%
19,897,000	17,428,000	2,469,000	14.2%
240,542,000	254,353,000	(13,811,000)	-5.4%
1,747,460,232	2,376,840,432	(629,380,200)	-26.5%
1,621,005,000	1,780,270,000	(159,265,000)	-8.9%
1,187,029,000	1,123,672,000	63,357,000	5.6%
(1,072,805,000)	(1,680,369,000)	607,564,000	36.2%
<u>3,482,689,232</u>	<u>3,600,413,432</u>	<u>(117,724,200)</u>	<u>-3.3%</u>
27,329,576	30,429,715	(3,100,139)	-10.2%
1,805,713	4,024,102	(2,218,389)	-55.1%
189,835	204,004	(14,169)	-6.9%
(19,650,000)	(25,045,000)	5,395,000	21.5%
3,219,008	4,412,838	(1,193,830)	-27.1%
<u>3,495,583,364</u>	<u>3,614,439,091</u>	<u>(118,855,727)</u>	<u>-3.3%</u>
1,003,385,000	1,040,714,000	(37,329,000)	-3.6%
1,336,742,230	1,433,665,029	(96,922,799)	-6.8%
235,385,272	242,237,300	(6,852,028)	-2.8%
1,649,828,383	1,520,039,943	129,788,440	8.5%
380,120,715	389,527,939	(9,407,224)	-2.4%
22,941,896	24,571,175	(1,629,279)	-6.6%
4,607,100	4,838,400	(231,300)	-4.8%
<u>3,629,625,596</u>	<u>3,614,879,786</u>	<u>14,745,810</u>	<u>0.4%</u>
1,210,918,005	2,150,359,000	(939,440,995)	-43.7%
<u>4,840,543,601</u>	<u>5,765,238,786</u>	<u>(924,695,185)</u>	<u>-16.0%</u>

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA POWER

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	September 30, 2015	September 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers	\$324,461,238	\$339,725,410
Cash Paid to Suppliers	(159,628,387)	(152,021,359)
Cash Paid to Employees	(79,270,443)	(77,794,008)
Taxes Paid	(15,287,632)	(15,753,143)
Conservation Loans	628,453	55,229
Net Cash from Operating Activities	<u>70,903,229</u>	<u>94,212,129</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfer Out for Gross Earnings Tax	(19,785,044)	(20,635,131)
Transfer to Family Need Fund	(360,000)	(675,000)
Net Cash from Non-Capital Financing Activities ..	<u>(20,145,044)</u>	<u>(21,310,131)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures	(49,502,903)	(53,509,062)
Proceeds from Long-Term Debt	20,250,000	-
Debt Issuance Costs	(114,250)	-
Principal Payments on Long-Term Debt	(32,115,000)	(28,295,000)
Payments for Early Extinguishment of Debt	(122,135,000)	-
Interest Paid	(25,926,240)	(27,758,620)
BABs and CREBs Interest Subsidies	2,821,634	2,823,612
Contributions in Aid of Construction	3,681,188	3,677,336
Other Deferred Credits	-	(1,374,880)
Net Cash from Capital and Related Financing Activities	<u>(203,040,571)</u>	<u>(104,436,614)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	1,938,499	2,535,648
Other Net Non-Op Revenues and Deductions	1,057,875	1,536,887
Net Cash from Investing Activities	<u>2,996,374</u>	<u>4,072,535</u>
Net Increase Change in Cash and Equity in Pooled Investments	(149,286,012)	(27,462,081)
Cash and Equity in Pooled Investments at January 1 ..	404,069,346	421,492,069
Cash and Equity in Pooled Investments at September 30	<u><u>254,783,334</u></u>	<u><u>394,029,988</u></u>

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2014 Annual Report.

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA POWER

STATEMENTS OF CASH FLOWS

	September 30, 2015	September 30, 2014
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:		
Net Operating Income	\$24,154,544	\$56,182,675
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	43,397,420	44,279,346
Amortization of Regulatory Assets	4,174,686	3,557,774
Cash provided from changes in operating assets and liabilities:		
Accounts Receivable and Unbilled Revenue	16,322,571	5,290,049
Conservation Loans Receivable	628,453	55,229
Interfund Receivables	2,509,436	1,858,982
Inventory, Materials and Supplies, and Other	(301,672)	742,234
Taxes and Other Payables	(8,842,666)	(9,220,294)
Purchased Power Payable	(730,998)	(800,174)
Salaries and Wages Payable	(1,701,549)	(1,603,889)
Customers' Deposits	208,417	63,499
Regulatory Assets - Conservation	(5,945,003)	(4,928,813)
Interfund Payables	(2,970,410)	(1,264,489)
Total Adjustments	46,748,685	38,029,454
Net Cash from Operating Activities	\$70,903,229	\$94,212,129
 Reconciliation of Cash and Equity in Pooled Investments to Balance Sheet:		
Cash and Equity in Pooled Investments in Special Funds	\$66,190,549	\$108,792,446
Cash and Equity in Pooled Investments in Operating Funds.....	188,592,785	285,237,542
Cash and Equity in Pooled Investments at September 30	\$254,783,334	\$394,029,988

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
CLICK! NETWORK
COMMERCIAL OPERATIONS

OPERATIONAL SUMMARY - SEPTEMBER 30, 2015

	<u>SEPTEMBER 2015</u>	<u>SEPTEMBER 2014</u>
TELECOMMUNICATIONS REVENUE		
CATV	\$1,597,693	\$1,558,824
Broadband	92,718	93,658
ISP	559,006	508,398
Interdepartmental	35,264	16,494
Total Operating Revenue	<u>2,284,681</u>	<u>2,177,374</u>
TELECOMMUNICATIONS EXPENSE-COMMERCIAL		
Administration & Sales Expense		
Salaries & Wages Expense	260,480	239,943
General Expense	82,166	4,433
Contract Services	1,776,737	1,056,359
IS & Intergovernmental Services	114,122	60,964
Fleet Services	1,313	1,374
Capitalized A & G Expense	(7,972)	(3,591)
Total Admin. & Sales Expense	<u>2,226,846</u>	<u>1,359,482</u>
Operations & Maintenance Expense ...		
Salaries & Wages Expense	471,320	209,982
General Expense	33,916	12,394
Contract Services	125,899	25,668
IS & Intergovernmental Services	3,434	2,101
Fleet Services	41,395	15,008
New Connect Capital	(14,829)	(11,793)
Total Oper. & Maint. Expense	<u>661,135</u>	<u>253,360</u>
Total Telecommunications Expense .	2,887,981	1,612,842
Net Revenues (Expenses) Before Taxes and Depreciation and Amortization	(603,300)	564,531
Taxes	315,270	299,853
Depreciation and Amortization	269,597	427,409
	<u>584,867</u>	<u>727,262</u>
NET OPERATING REVENUES (EXPENSES)	<u>(1,188,167)</u>	<u>(162,731)</u>

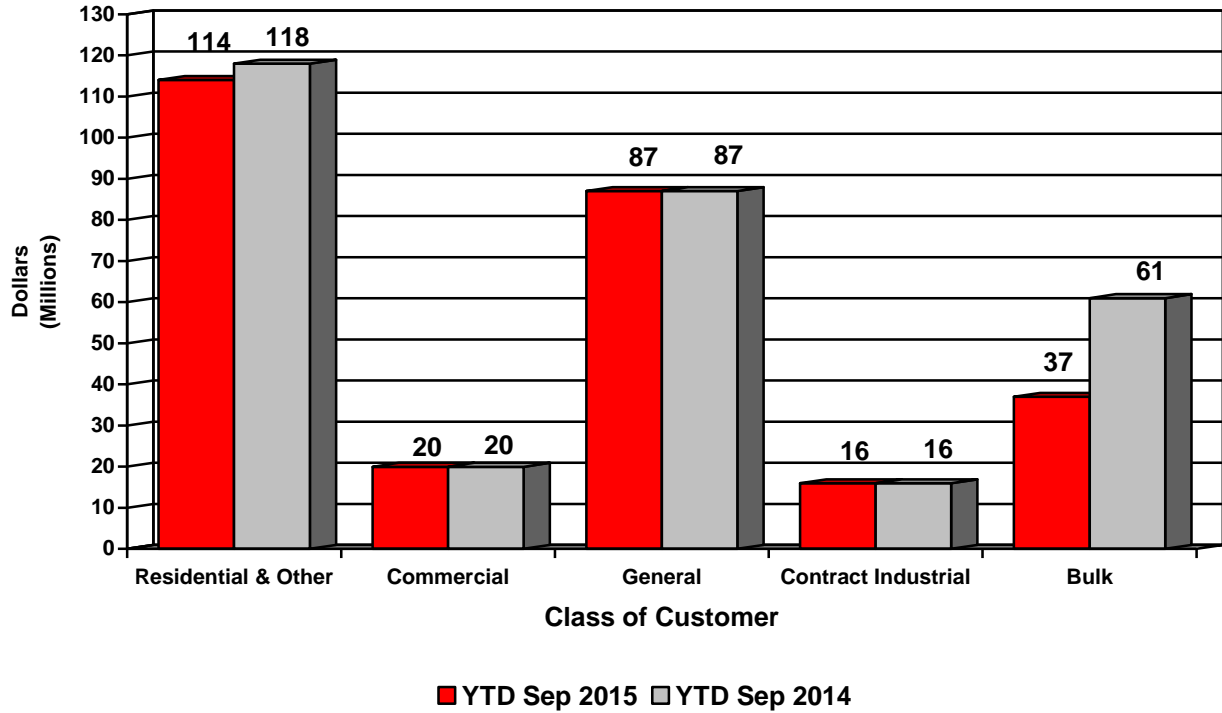
* The Operational Summary includes an update to cost allocations between Click! and Tacoma Power. Previously, allocated costs were approximately 75% Click! and 25% Tacoma Power. This cost allocation has been updated to reflect shared costs of approximately 94% to Click! and 6% to Tacoma Power. Year-to-date results incorporate the effects of this change with a January 1, 2015 effective date.

YEAR TO DATE			
SEPTEMBER 30 2015	SEPTEMBER 30 2014	2015/2014 VARIANCE	PERCENT CHANGE
\$14,544,143	\$14,681,004	(\$136,861)	-0.9%
847,430	829,282	18,148	2.2%
4,869,490	4,443,475	426,015	9.6%
186,802	167,641	19,161	11.4%
<u>20,447,865</u>	<u>20,121,402</u>	<u>326,463</u>	1.6%
2,444,884	2,186,892	257,992	11.8%
415,992	285,080	130,912	45.9%
10,975,011	9,528,505	1,446,506	15.2%
1,003,907	464,756	539,151	116.0%
4,818	9,772	(4,954)	-50.7%
(70,712)	(44,783)	(25,929)	57.9%
<u>14,773,900</u>	<u>12,430,222</u>	<u>2,343,678</u>	18.9%
4,289,180	1,933,515	2,355,665	121.8%
307,205	165,842	141,363	85.2%
371,753	94,617	277,136	292.9%
32,606	17,911	14,695	82.0%
361,324	110,970	250,354	225.6%
(118,041)	(80,260)	(37,781)	47.1%
<u>5,244,027</u>	<u>2,242,595</u>	<u>3,001,432</u>	133.8%
20,017,927	14,672,817	5,345,110	36.4%
429,938	5,448,585	(5,018,647)	-92.1%
2,799,254	2,821,135	(21,881)	-0.8%
2,818,396	3,846,776	(1,028,380)	-26.7%
<u>5,617,650</u>	<u>6,667,911</u>	<u>(1,050,261)</u>	
<u>(5,187,712)</u>	<u>(1,219,326)</u>	<u>(3,968,388)</u>	325.5%

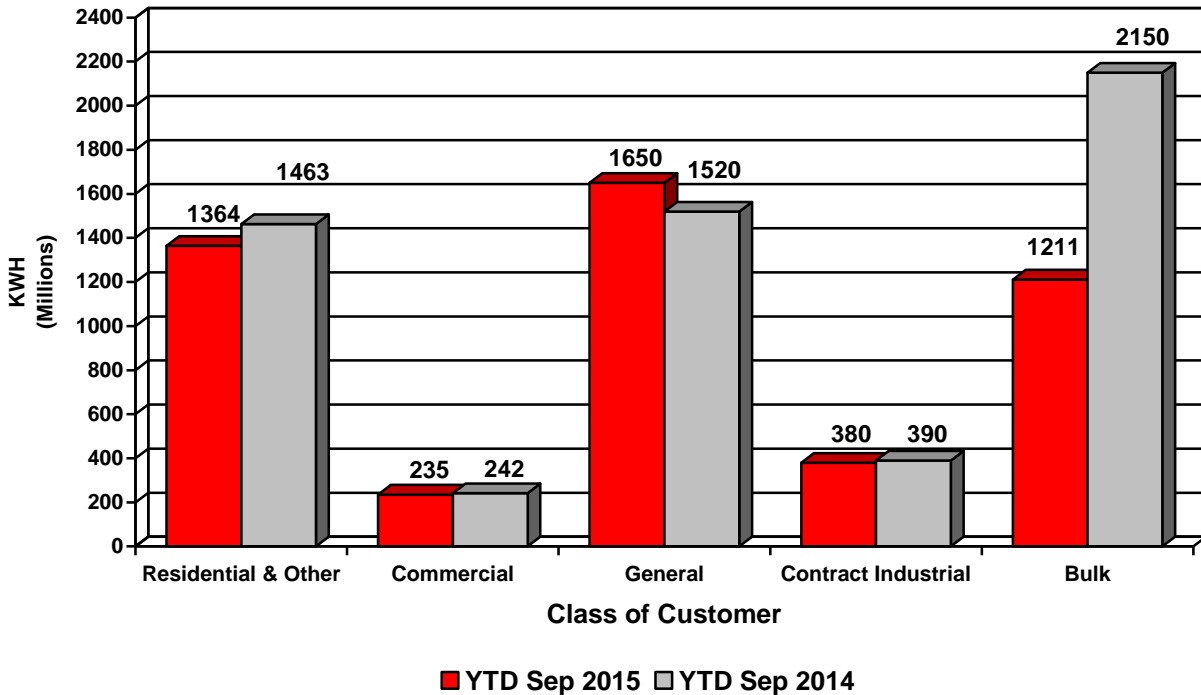
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Supplemental Data

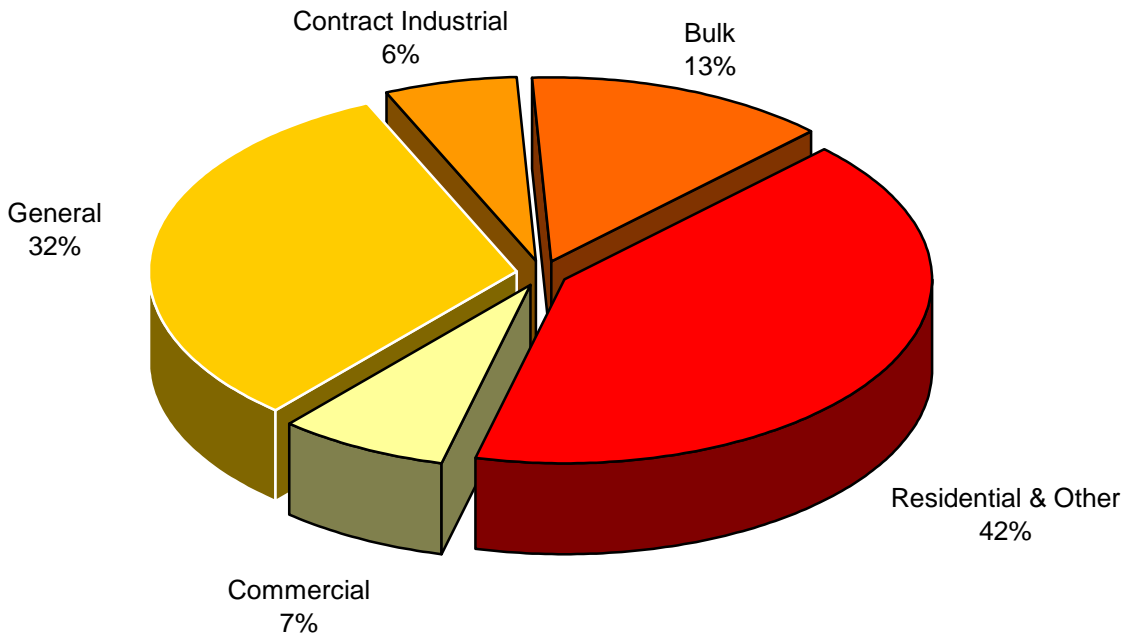
SALES OF ELECTRIC ENERGY
Year to Date - September 2015 & 2014



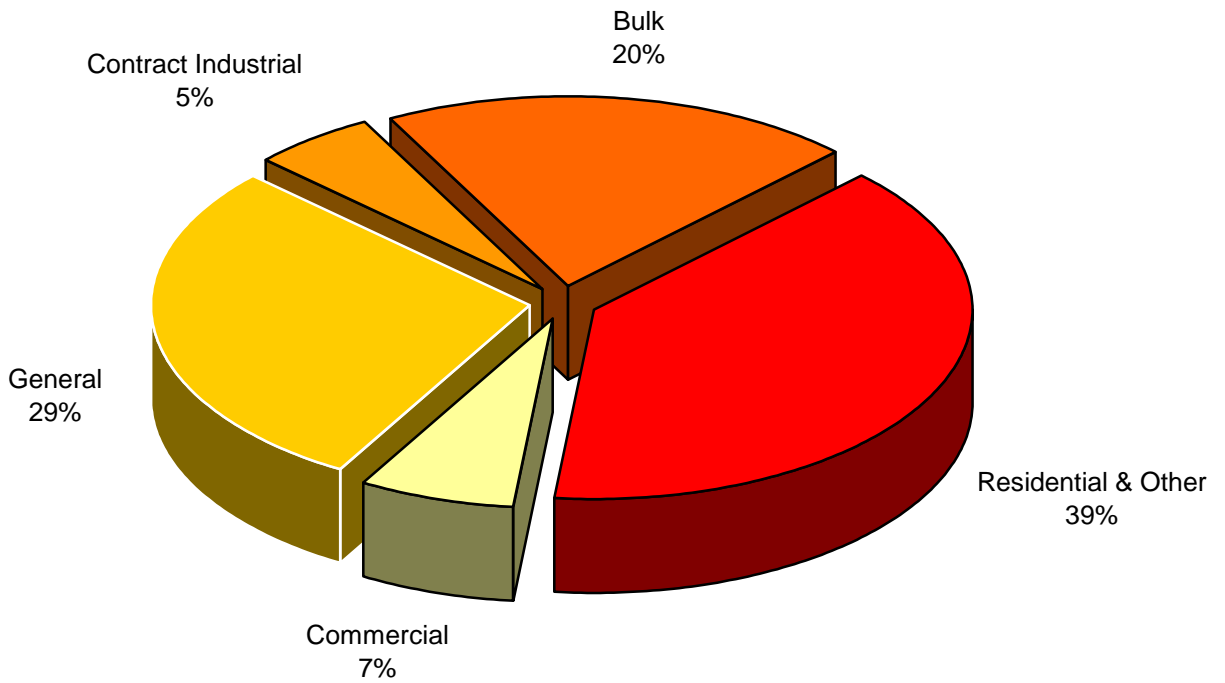
TOTAL POWER BILLED
Year to Date - September 2015 & 2014



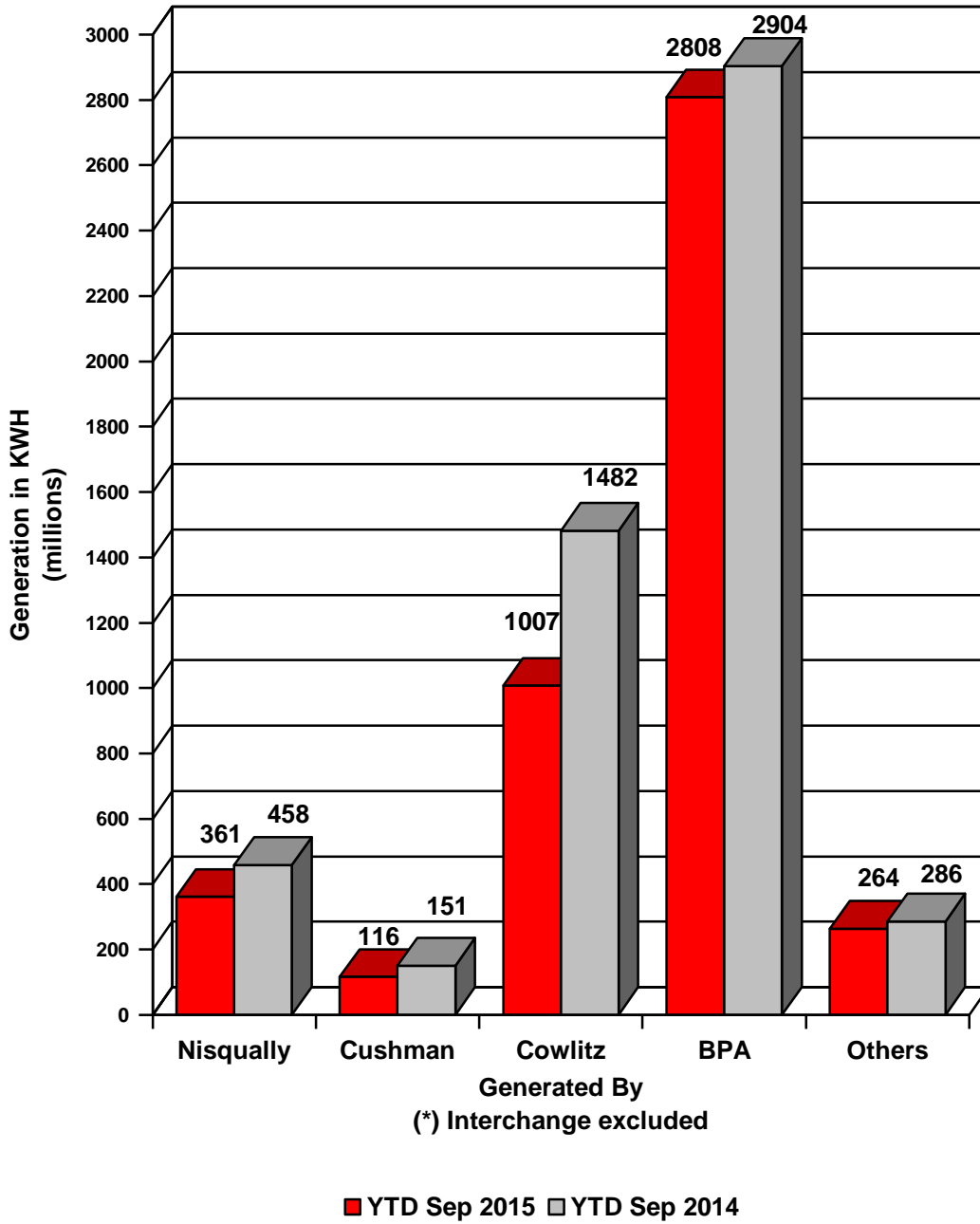
SALES OF ELECTRIC ENERGY
Year to Date - September 2015 (\$274,776,868)



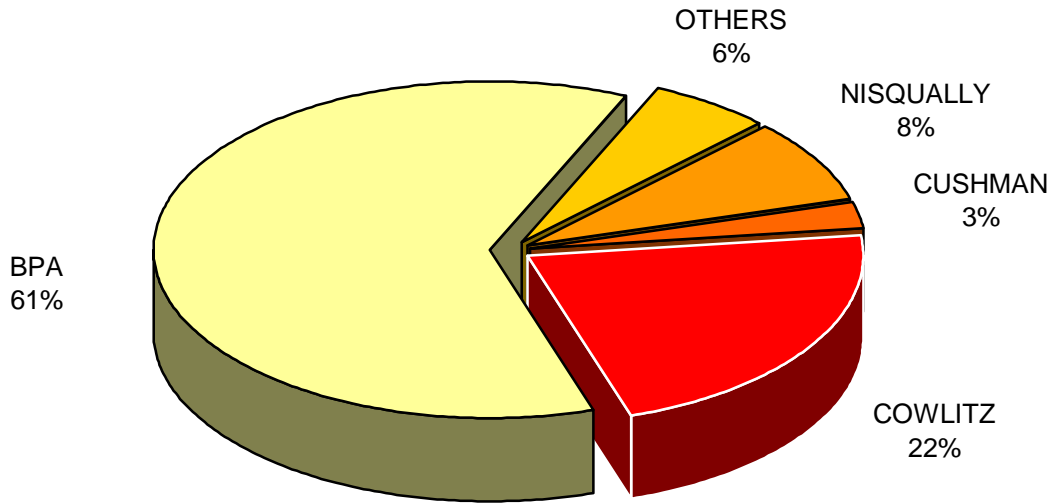
SALES OF ELECTRIC ENERGY
Year to Date - September 2014 (\$301,307,648)



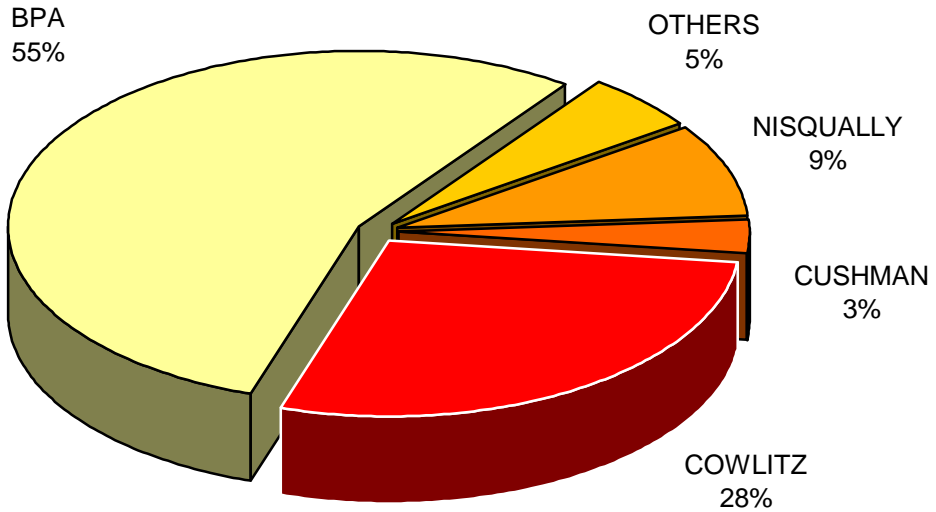
POWER SOURCES (*)
Year to Date September 2015 & 2014



POWER SOURCES (*)
Year to Date - Sep 2015

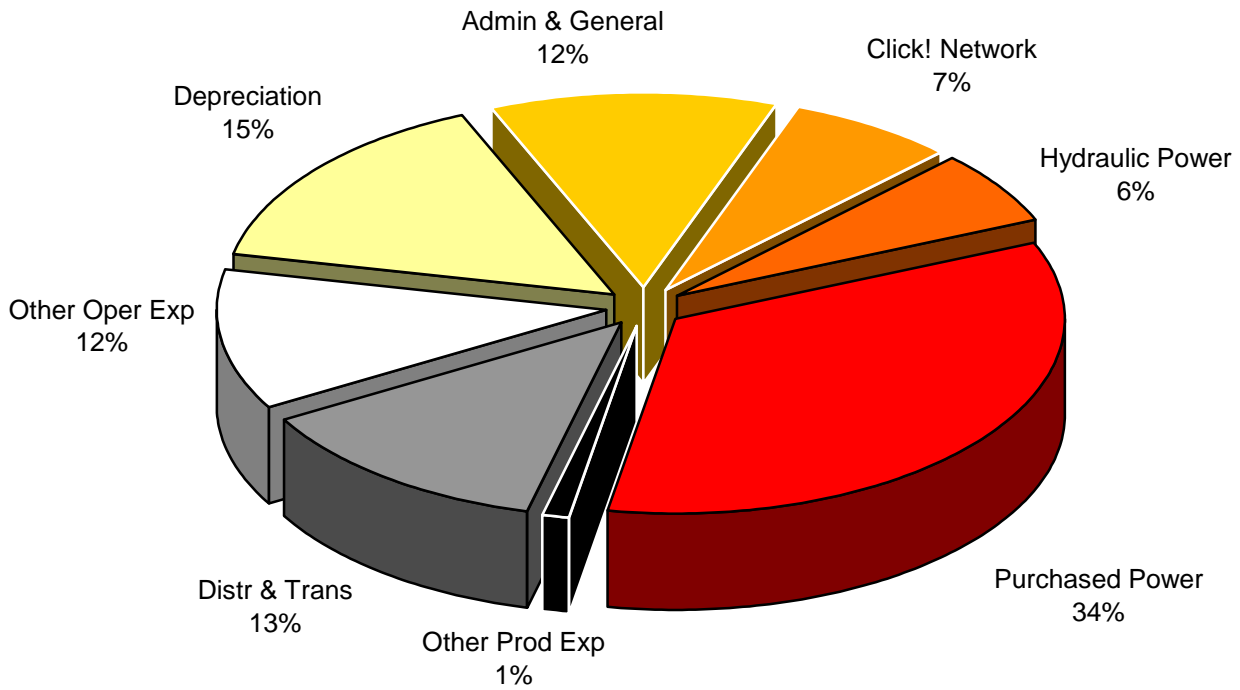


POWER SOURCES (*)
Year to Date - September 2014

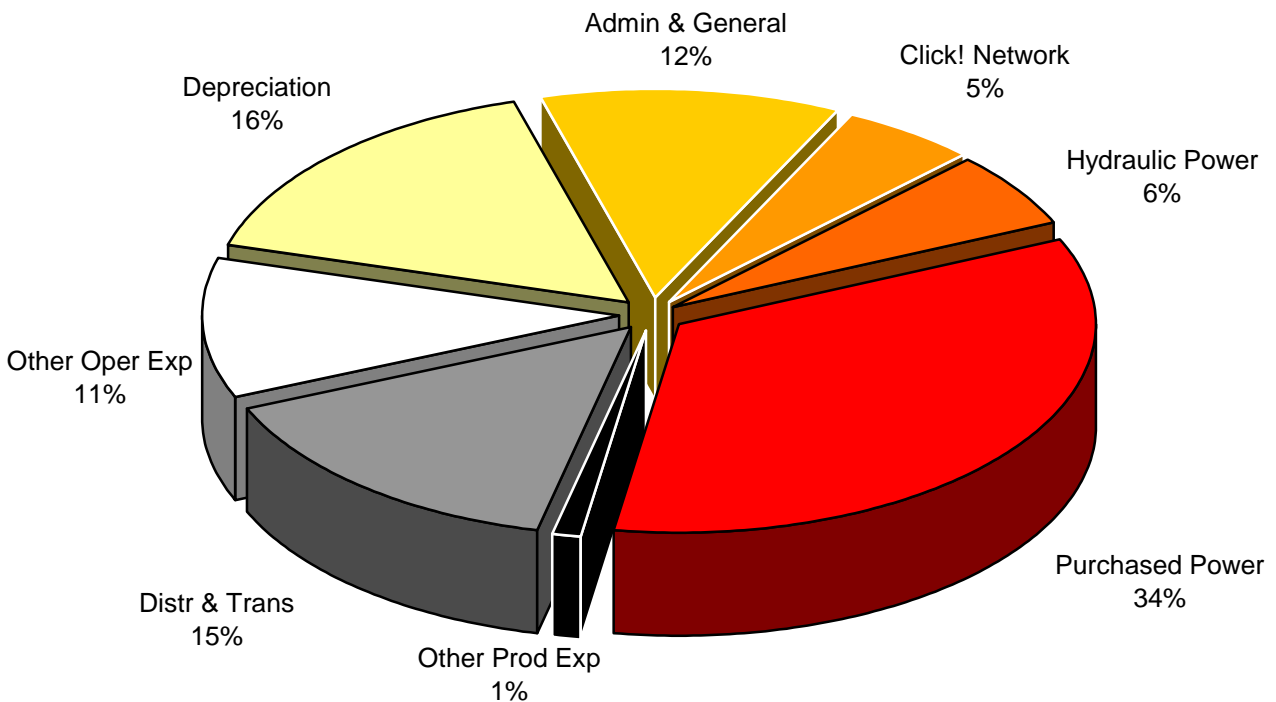


(*) Interchange excluded

TOTAL OPERATING EXPENSES *
Year to Date - September 2015 (\$283,984,127)



TOTAL OPERATING EXPENSES *
Year to Date - September 2014 (\$278,252,684)



* City Gross Earnings Taxes are not included in Total Operating Expenses.



The City of Tacoma does not discriminate on the basis of disability in any of its programs, activities, or services. To request this information in an alternative format or to request a reasonable accommodation, please contact the City Clerk's Office at (253) 591-5505. TTY or speech to speech users please dial 711 to connect to Washington Relay Services.