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*JUNE*

*TACOMA POWER*

2015

**FINANCIAL  
REPORT**





# Public Utility Board

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BRYAN FLINT  
Vice-Chair

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Secretary

DAVID NELSON  
Member

MONIQUE TRUDNOWSKI  
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

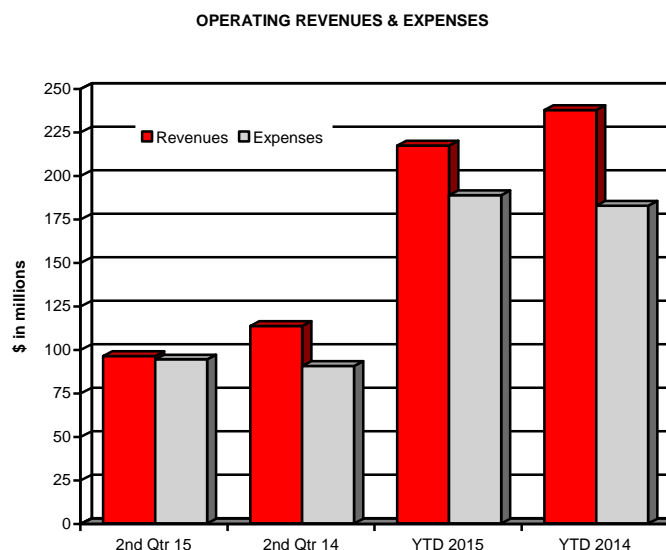
## Overview of the Financial Statements

### Summary

Tacoma Power's operating income at the end of the second quarter was \$28.5 million compared to \$55.0 million a year earlier. Operating revenues decreased \$20.4 million (8.6%), and operating expenses increased \$6.1 million (3.3%) compared to the prior year. Tacoma Power is reporting net income of \$8.6 million year-to-date in 2015 compared to \$29.2 million in 2014, a decrease of \$20.6 million.

### Revenues

Operating revenues were \$217.2 million at the end of the second quarter of 2015, compared to \$237.7 million a year earlier, a decrease of \$20.4 million (8.6%). Total electric energy sales decreased \$21.1 million (9.8%) year-to-date 2015, compared to the same period a year earlier. Sales to residential customers are down \$4.8 million (5.4%). Wholesale energy sales decreased \$16.4 million (36.3%) primarily due to decreased volume. Streamflows in 2015 were 82% of 2014 and 85% of average.



### Expenses

Operating expenses increased \$6.1 million (3.3%) at the end of the second quarter of 2015 compared to the same period in 2014.

Total purchased power expense increased \$0.2 million (0.3%). BPA purchases increased \$5.1 million primarily due to \$4.6 million in credits received in 2014 for the Energy Conservation Agreement (ECA) compared to \$0.1 million in 2015. Purchases from Priest Rapids increased \$1.0 million. These increases were offset by a decrease in other portfolio purchases of \$6.3 million. Because temperatures are higher than normal and streamflows are lower, both purchases and sales are down.

Hydraulic power production expenses increased \$2.3 million (28.0%). Natural Resources costs increased \$0.7 million due to testing and operations of new fish related structures and to hiring new personnel. Other cost increases include \$0.4 million in contributions to the Fleet Replacement Fund and \$0.5 million for a mechanical overhaul at Wynoochee.

Distribution expense increased \$0.9 million. The Transmission and Distribution section began making contributions to the Fleet Replacement Fund in July of 2014, which accounts for an increase of \$1.0 million.

Customer accounts expense increased \$0.7 million primarily due to a \$0.6 million increase in customer records and collection expense.

Administration and general expenses increased \$1.3 million primarily due to an increase of \$1.4 million in labor 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

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*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.*

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CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA POWER

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

<b>ASSETS</b>	<u>2015</u>	<u>2014</u>
<b>UTILITY PLANT</b>		
Electric Plant in Service .....	\$1,825,752,110	\$1,781,761,526
Less Depreciation and Amortization .....	(921,268,406)	(866,261,494)
Total .....	<u>904,483,704</u>	<u>915,500,032</u>
Construction Work in Progress .....	73,099,150	43,933,969
Net Utility Plant .....	<u>977,582,854</u>	<u>959,434,001</u>
<b>NON-UTILITY PROPERTY</b> .....	<u>182,051</u>	<u>182,051</u>
<b>RESTRICTED ASSETS</b>		
Cash and Equity in Pooled Investments:		
2002 T&D Major Project Fund .....	-	895,286
2010B Construction Fund .....	12,053,581	19,979,705
2013 Construction Fund .....	32,399,157	67,908,680
2015 Construction Fund .....	250,243	-
Provision for Debt Service .....	19,906,909	29,370,697
Special Bond Reserves .....	4,997,639	16,997,639
Wynoochee Reserve--State of Washington .....	2,530,240	2,509,361
Total Restricted Assets .....	<u>72,137,769</u>	<u>137,661,368</u>
<b>CURRENT ASSETS</b>		
Cash and Equity in Pooled Investments:		
Current Fund .....	256,967,537	237,662,945
Customers' and Contractors' Deposits .....	3,015,803	2,872,172
Conservation Loan Fund .....	3,965,088	4,912,870
Rate Stabilization Fund .....	48,000,000	48,000,000
Receivables:		
Customers .....	15,711,086	17,262,484
Accrued Unbilled Revenue .....	28,750,681	29,416,868
Others .....	8,090,806	10,980,196
Provision for Uncollectibles .....	(1,264,576)	(2,696,536)
Materials and Supplies .....	5,784,890	6,324,374
Prepayments and Other .....	4,827,937	3,869,893
Total Current Assets .....	<u>373,849,252</u>	<u>358,605,266</u>
<b>OTHER ASSETS</b>		
Regulatory Asset - Conservation .....	43,972,872	40,279,653
Conservation Loan Fund Receivables .....	1,267,992	1,315,740
Total Other Assets .....	<u>45,240,864</u>	<u>41,595,393</u>
Total Assets .....	<u>1,468,992,790</u>	<u>1,497,478,079</u>
<b>DEFERRED OUTFLOWS</b>		
Unamortized Loss on Refunding Bonds .....	6,740,879	10,657,165
TOTAL ASSETS AND DEFERRED OUTFLOWS.....	<u>\$1,475,733,669</u>	<u>\$1,508,135,244</u>

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



<b>NET POSITION AND LIABILITIES</b>	<u>2015</u>	<u>2014</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets .....	\$511,405,283	\$518,451,790
Restricted for:		
Wynoochee Reserve - State of Washington .....	2,530,240	2,509,361
Debt Service .....	7,367,504	16,057,492
Unrestricted .....	<u>310,134,229</u>	<u>291,307,592</u>
 TOTAL NET POSITION .....	 <u>831,437,256</u>	 <u>828,326,235</u>
 <b>LONG-TERM DEBT</b>		
2005 Electric System Revenue Bonds, Series A .....	-	130,000
2005 Electric System Refunding Bonds, Series B ...	99,690,000	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 .....	470,755,000	507,935,000
Less: Unamortized Bond Premiums .....	<u>21,736,565</u>	<u>23,778,137</u>
Net Bonded Indebtedness .....	492,491,565	531,713,137
Line of Credit .....	250,000	-
Total Long-Term Debt .....	<u>492,741,565</u>	<u>531,713,137</u>
 <b>CURRENT LIABILITIES</b>		
Salaries and Wages Payable .....	4,413,481	3,928,499
Taxes and Other Payables .....	12,280,299	12,277,799
Purchases and Transmission of Power Accrued .....	11,252,522	12,026,024
Interest Payable .....	12,539,405	13,313,205
Customers' Deposits .....	3,043,874	2,852,259
Current Portion of Long-Term Debt .....	37,180,000	32,115,000
Current Accrued Compensated Absences .....	1,048,309	1,026,499
Total Current Liabilities .....	<u>81,757,890</u>	<u>77,539,285</u>
 <b>LONG TERM LIABILITIES</b>		
Long Term Accrued Compensated Absences .....	9,434,785	9,238,488
Other Long Term Liabilities .....	<u>12,362,173</u>	<u>13,318,099</u>
Total Long Term Liabilities .....	<u>21,796,958</u>	<u>22,556,587</u>
 TOTAL LIABILITIES .....	 <u>596,296,413</u>	 <u>631,809,009</u>
 <b>DEFERRED INFLOWS</b>		
Rate Stabilization .....	<u>48,000,000</u>	<u>48,000,000</u>
 TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS	 <u><u>\$1,475,733,669</u></u>	 <u><u>\$1,508,135,244</u></u>

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

	June 2015	June 2014
<b>OPERATING REVENUES</b>		
Sales of Electric Energy .....	\$26,770,759	\$29,056,745
Other Operating Revenues .....	1,418,884	1,359,864
Click! Network Operating Revenues .....	2,232,350	2,229,296
Total Operating Revenue .....	30,421,993	32,645,905
<b>OPERATING EXPENSES</b>		
Production Expense		
Hydraulic Power Production .....	3,033,084	2,473,397
Other Production Expense .....	343,567	331,949
Total Expense Power Produced .....	3,376,651	2,805,346
Purchased Power .....	11,228,865	10,120,642
Total Production Expense .....	14,605,516	12,925,988
Transmission Expense .....	2,147,940	2,137,328
Distribution Expense .....	2,461,422	2,030,261
Click! Network Commercial Operations Expense .	1,381,905	1,624,541
Customer Accounts Expense (CIS) .....	1,139,131	928,791
Conservation and Other Customer Assistance ...	870,204	947,132
Taxes .....	1,970,388	1,876,429
Depreciation .....	4,743,378	4,915,409
Administrative and General .....	3,871,322	3,310,431
Total Operating Expenses .....	33,191,206	30,696,310
<b>OPERATING INCOME (LOSS)</b> .....	(2,769,213)	1,949,595
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income .....	287,252	622,744
Contribution to Family Need .....	(40,000)	(75,000)
Other Net Non-Op Revenues and Deductions .....	(39,050)	102,678
Interest on Long-Term Debt .....	(2,103,790)	(2,218,868)
Amort. of Debt Related Costs .....	(62,735)	(245,810)
Interest Charged to Construction .....	269,460	162,513
Total Non-Operating Revenues (Expenses) ..	(1,688,863)	(1,651,743)
Net Income (Loss) Before Capital Contributions and Transfers .....	(4,458,076)	297,852
Capital Contributions		
Cash .....	562,807	39,922
Donated Fixed Assets .....	-	13,140
BABs and CREBs Interest Subsidies	185,209	187,186
Transfers		
City Gross Earnings Tax .....	(1,845,052)	(2,185,723)
<b>CHANGE IN NET POSITION</b> .....	(\$5,555,112)	(\$1,647,623)
TOTAL NET POSITION - January 1 .....		
TOTAL NET POSITION - June 30 .....		

YEAR TO DATE		2015 OVER (UNDER) 2014	PERCENT CHANGE
June 30, 2015	June 30, 2014		
\$194,705,828	\$215,799,772	(\$21,093,944)	-9.8%
8,889,564	8,549,337	340,227	4.0%
13,639,492	13,302,620	336,872	2.5%
<u>217,234,884</u>	<u>237,651,729</u>	<u>(20,416,845)</u>	-8.6%
10,407,609	8,130,761	2,276,848	28.0%
2,129,534	1,939,992	189,542	9.8%
<u>12,537,143</u>	<u>10,070,753</u>	<u>2,466,390</u>	24.5%
65,750,645	65,579,100	171,545	0.3%
<u>78,287,788</u>	<u>75,649,853</u>	<u>2,637,935</u>	3.5%
12,369,412	12,097,191	272,221	2.3%
13,735,895	12,858,802	877,093	6.8%
9,918,205	9,717,391	200,814	2.1%
6,248,199	5,508,101	740,098	13.4%
5,388,110	5,235,390	152,720	2.9%
10,276,289	10,150,375	125,914	1.2%
29,326,635	29,535,997	(209,362)	-0.7%
23,175,567	21,894,155	1,281,412	5.9%
<u>188,726,100</u>	<u>182,647,255</u>	<u>6,078,845</u>	3.3%
<u>28,508,784</u>	<u>55,004,474</u>	<u>(26,495,690)</u>	-48.2%
1,371,337	1,649,036	(277,699)	-16.8%
(240,000)	(450,000)	210,000	-46.7%
139,115	(1,985,183)	2,124,298	107.0%
(12,553,294)	(13,313,205)	759,911	-5.7%
(376,405)	(1,474,847)	1,098,442	-74.5%
1,410,573	706,882	703,691	99.5%
<u>(10,248,674)</u>	<u>(14,867,317)</u>	<u>4,618,643</u>	-31.1%
18,260,110	40,137,157	(21,877,047)	-54.5%
2,267,288	1,929,136	338,151	17.5%
3,445	26,169	(22,724)	-86.8%
1,832,975	1,834,952	(1,977)	-0.1%
<u>(13,729,623)</u>	<u>(14,679,839)</u>	<u>950,217</u>	6.5%
8,634,195	29,247,575	(20,613,380)	-70.5%
822,803,061	799,078,660	23,724,401	3.0%
<u>\$831,437,256</u>	<u>\$828,326,235</u>	<u>\$3,111,021</u>	0.4%

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

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA POWER

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

	For the month of June 2015	For the month of June 2014
<b>OPERATING REVENUE</b>		
Sales of Electric Energy		
Residential .....	\$10,176,672	\$9,440,862
Commercial .....	2,042,872	1,766,876
General .....	9,663,070	9,193,352
Contract Industrial .....	1,817,065	1,181,807
Public Street and Highway Lighting .....	32,486	154,010
Sales to Other Electric Utilities .....	22,264	22,393
Total Sales to Customers .....	23,754,429	21,759,300
Bulk Power Sales .....	3,016,330	7,297,445
Total Sales of Electric Energy .....	26,770,759	29,056,745
Other Operating Revenue		
Rentals and Leases from Elect. Property ...	205,244	200,037
Wheeling .....	800,973	781,501
Service Fees and Other .....	412,667	378,326
Telecommunications Revenue .....	2,232,350	2,229,296
Total Other Operating Revenues .....	3,651,234	3,589,160
 TOTAL OPERATING REVENUES .....	 \$30,421,993	 \$32,645,905

**BILLINGS (Number of Months Billed)**

Residential .....	154,779	146,294
Commercial .....	14,782	13,834
General .....	2,804	2,581
Contract Industrial .....	2	2
Public Streets and Highway Lighting .....	696	674
Sales to Other Utilities .....	1	1
 TOTAL BILLINGS .....	 173,064	 163,386

YEAR TO DATE		2015 OVER	
June 30, 2015	June 30, 2014	(UNDER) 2014	PERCENT CHANGE
\$82,878,477	\$87,628,912	(\$4,750,435)	-5.4%
13,815,177	13,905,455	(90,278)	-0.6%
57,950,369	57,708,562	241,807	0.4%
10,470,310	10,288,486	181,824	1.8%
669,617	972,230	(302,613)	-31.1%
173,560	182,803	(9,243)	-5.1%
<u>165,957,510</u>	<u>170,686,448</u>	<u>(4,728,938)</u>	<u>-2.8%</u>
<u>28,748,318</u>	<u>45,113,324</u>	<u>(16,365,006)</u>	<u>-36.3%</u>
<u>194,705,828</u>	<u>215,799,772</u>	<u>(21,093,944)</u>	<u>-9.8%</u>
1,580,879	1,516,033	64,846	4.3%
4,883,266	4,690,640	192,626	4.1%
2,425,419	2,342,664	82,755	3.5%
<u>13,639,492</u>	<u>13,302,620</u>	<u>336,872</u>	<u>2.5%</u>
<u>22,529,056</u>	<u>21,851,957</u>	<u>677,099</u>	<u>3.1%</u>
<u>\$217,234,884</u>	<u>\$237,651,729</u>	<u>(\$20,416,845)</u>	<u>-8.6%</u>
929,334	921,459	7,875	0.9%
92,642	91,891	751	0.8%
16,265	16,644	(379)	-2.3%
12	12	0	0.0%
5,360	5,301	59	1.1%
6	6	0	0.0%
<u>1,043,619</u>	<u>1,035,313</u>	<u>8,306</u>	<u>0.8%</u>

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA POWER

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

	For the month of June 2015	For the month of June 2014
KWH GENERATED, PURCHASED AND INTERCHANGED - Gross		
Generated - LaGrande .....	20,522,826	22,095,490
Generated - Alder .....	12,084,000	12,737,000
TOTAL NISQUALLY .....	<u>32,606,826</u>	<u>34,832,490</u>
Generated - Cushman No. 1 .....	1,611,000	2,854,000
Generated - Cushman No. 2 .....	1,441,000	4,731,000
TOTAL CUSHMAN .....	<u>3,052,000</u>	<u>7,585,000</u>
Generated - Mossyrock .....	53,240,000	94,507,000
Generated - Mayfield .....	29,108,000	51,767,000
TOTAL COWLITZ .....	<u>82,348,000</u>	<u>146,274,000</u>
Generated - Wynoochee .....	-	-
Generated - Hood Street .....	-	61,200
Grant Net Actual .....	-	(564,000)
Tacoma's Share of Priest Rapids .....	1,853,000	2,166,000
Tacoma's Share of GCPHA .....	44,824,000	44,450,000
TOTAL KWH GENERATED - TACOMA SYSTEM .....	164,683,826	234,804,690
Purchased Power		
BPA Slice Contract .....	131,015,000	234,955,000
BPA Block Contract .....	109,820,000	103,960,000
Interchange Net .....	(52,722,000)	(231,960,000)
TOTAL KWH GENERATED, PURCHASED AND INTERCHANGED ..	<u>352,796,826</u>	<u>341,759,690</u>
Losses .....	2,917,311	4,555,922
Baldi Replacement .....	83,030	168,073
Ketron .....	15,772	15,651
NT PC Mutuals Schedules .....	(1,539,000)	(2,407,000)
PC Mutual Inadvertent .....	(281,166)	519,581
TACOMA SYSTEM FIRM LOAD .....	<u>353,992,773</u>	<u>344,611,917</u>
Maximum Kilowatts (System Firm Load) .....	626,230,000	569,929
Average Kilowatts (System Firm Load) .....	491,657	478,628
PIERCE COUNTY MUTUAL LOAD .....	95,615,000	90,891,000
KWH BILLED		
Residential Sales .....	116,444,243	111,583,560
Commercial Sales .....	23,156,972	21,212,351
General .....	159,020,449	158,174,446
Contract Industrial .....	43,537,800	28,756,692
Public Street and Highway Lighting .....	733,761	2,383,794
Sales to Other Electric Utilities .....	408,600	417,600
TOTAL FIRM .....	<u>343,301,825</u>	<u>322,528,443</u>
Bulk Power Sales .....	105,642,000	331,919,000
TOTAL KWH BILLED .....	<u><u>448,943,825</u></u>	<u><u>654,447,443</u></u>

YEAR TO DATE		2015 OVER (UNDER) 2014	PERCENT CHANGE
Jun 30, 2015	Jun 30, 2014		
180,350,054	216,207,770	(35,857,716)	-16.6%
113,800,000	142,097,000	(28,297,000)	-19.9%
<u>294,150,054</u>	<u>358,304,770</u>	<u>(64,154,716)</u>	<u>-17.9%</u>
38,307,000	42,600,000	(4,293,000)	-10.1%
53,856,000	69,238,000	(15,382,000)	-22.2%
<u>92,163,000</u>	<u>111,838,000</u>	<u>(19,675,000)</u>	<u>-17.6%</u>
467,065,000	695,405,000	(228,340,000)	-32.8%
302,005,000	466,888,000	(164,883,000)	-35.3%
<u>769,070,000</u>	<u>1,162,293,000</u>	<u>(393,223,000)</u>	<u>-33.8%</u>
1,919,000	13,689,000	(11,770,000)	-86.0%
1,303,500	860,200	443,300	51.5%
-	(1,858,000)	1,858,000	0.0%
14,532,000	12,131,000	2,401,000	19.8%
125,403,000	138,733,000	(13,330,000)	-9.6%
1,298,540,554	1,795,990,970	(497,450,416)	-27.7%
1,188,991,000	1,286,935,000	(97,944,000)	-7.6%
841,419,000	796,504,000	44,915,000	5.6%
(934,068,000)	(1,364,269,000)	430,201,000	31.5%
<u>2,394,882,554</u>	<u>2,515,160,970</u>	<u>(120,278,416)</u>	<u>-4.8%</u>
12,047,070	20,029,147	(7,982,077)	-39.9%
1,274,697	3,173,581	(1,898,884)	-59.8%
142,478	159,599	(17,121)	-10.7%
(14,741,000)	(17,891,000)	3,150,000	17.6%
832,365	2,673,860	(1,841,495)	-68.9%
<u>2,394,438,164</u>	<u>2,523,306,157</u>	<u>(128,867,993)</u>	<u>-5.1%</u>
711,433,000	754,410,000	(42,977,000)	-5.7%
997,154,695	1,102,252,921	(105,098,226)	-9.5%
160,112,381	167,752,211	(7,639,830)	-4.6%
989,011,337	1,027,129,036	(38,117,699)	-3.7%
248,228,953	255,277,752	(7,048,799)	-2.8%
15,630,478	17,162,696	(1,532,218)	-8.9%
3,285,000	3,630,600	(345,600)	-9.5%
<u>2,413,422,844</u>	<u>2,573,205,216</u>	<u>(159,782,372)</u>	<u>-6.2%</u>
985,101,005	1,751,275,000	(766,173,995)	-43.7%
<u>3,398,523,849</u>	<u>4,324,480,216</u>	<u>(925,956,367)</u>	<u>-21.4%</u>

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA POWER

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	June 30, 2015	June 30, 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash from Customers .....	\$229,907,716	\$241,132,226
Cash Paid to Suppliers .....	(106,048,751)	(97,822,514)
Cash Paid to Employees .....	(53,146,358)	(50,571,721)
Taxes Paid .....	(11,144,036)	(11,264,371)
Conservation Loans .....	609,477	(7,891)
Net Cash from Operating Activities .....	<u>60,178,048</u>	<u>81,465,729</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfer Out for Gross Earnings Tax .....	(13,729,622)	(14,679,839)
Transfer to Family Need Fund .....	(240,000)	(450,000)
Net Cash from Non-Capital Financing Activities ..	<u>(13,969,622)</u>	<u>(15,129,839)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Expenditures .....	(26,610,196)	(28,351,678)
Proceeds from Long-Term Debt .....	250,000	-
Principal Payments on Long-Term Debt .....	(32,115,000)	(28,295,000)
Interest Paid .....	(13,327,094)	(14,445,415)
BABs and CREBs Interest Subsidies .....	1,832,975	1,834,952
Contributions in Aid of Construction .....	2,267,288	1,929,137
Other Deferred Credits .....	-	(492,295)
Net Cash from Capital and Related Financing Activities .....	<u>(67,702,027)</u>	<u>(67,820,299)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received .....	1,371,337	1,649,036
Other Net Non-Op Revenues and Deductions .....	139,115	691,409
Net Cash from Investing Activities .....	<u>1,510,452</u>	<u>2,340,445</u>
Net Increase Change in Cash and Equity in Pooled Investments .....	(19,983,149)	856,036
Cash and Equity in Pooled Investments at January 1 ..	404,069,346	421,492,069
Cash and Equity in Pooled Investments at June 30.....	<u><u>384,086,197</u></u>	<u><u>422,348,105</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

	June 30, 2015	June 30, 2014
<b>Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:</b>		
Net Operating Income .....	\$28,508,784	\$55,004,474
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation .....	29,326,635	29,535,997
Amortization of Regulatory Assets .....	2,783,124	2,371,849
Cash provided from changes in operating assets and liabilities:		
Accounts Receivable and Unbilled Revenue .....	12,672,833	3,480,497
Conservation Loans Receivable .....	609,477	(7,891)
Interfund Receivables .....	2,509,436	1,858,982
Inventory, Materials and Supplies, and Other ....	140,307	809,501
Taxes and Other Payables .....	(8,947,924)	(6,625,680)
Purchased Power Payable .....	(307,662)	(80,538)
Salaries and Wages Payable .....	(136,408)	(154,121)
Customers' Deposits .....	146,606	71,190
Regulatory Assets - Conservation .....	(4,156,750)	(3,534,042)
Interfund Payables .....	(2,970,410)	(1,264,489)
Total Adjustments .....	31,669,264	26,461,255
Net Cash from Operating Activities .....	\$60,178,048	\$81,465,729
 Reconciliation of Cash and Equity in Pooled Investments to Balance Sheet:		
Cash and Equity in Pooled Investments in Special Funds .....	\$72,137,769	\$128,900,118
Cash and Equity in Pooled Investments in Operating Funds.....	311,948,428	293,447,987
Cash and Equity in Pooled Investments at June 30 .....	\$384,086,197	\$422,348,105

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

OPERATIONAL SUMMARY - JUNE 30, 2015

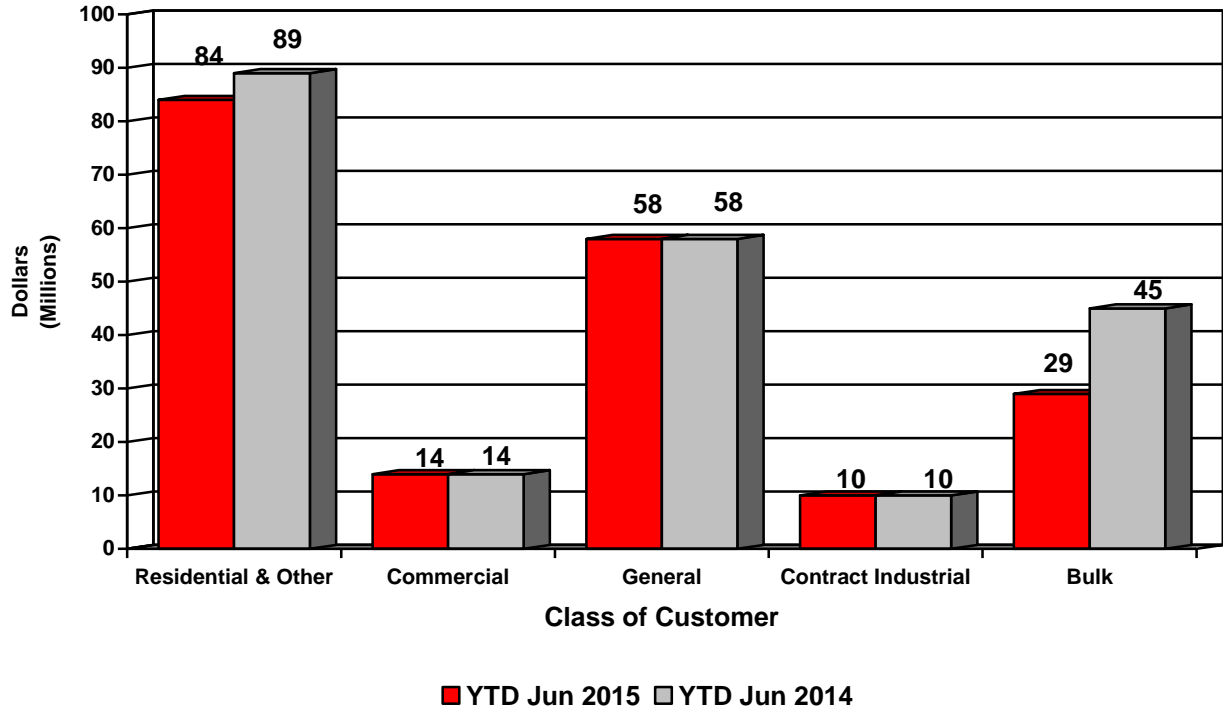
	<u>JUNE</u> <u>2015</u>	<u>JUNE</u> <u>2014</u>
<b>TELECOMMUNICATIONS REVENUE</b>		
CATV .....	\$1,575,125	\$1,625,677
Broadband .....	96,439	92,917
ISP .....	542,352	495,139
Interdepartmental .....	18,434	15,563
Total Operating Revenue .....	<u>2,232,350</u>	<u>2,229,296</u>
<b>TELECOMMUNICATIONS EXPENSE-COMMERCIAL</b>		
Administration & Sales Expense .....		
Salaries & Wages Expense .....	234,453	233,893
General Expense .....	44,234	56,007
Contract Services .....	793,176	1,060,329
IS & Intergovernmental Services .....	69,672	57,558
Fleet Services .....	257	1,343
Capitalized A & G Expense .....	(4,369)	(6,552)
Total Admin. & Sales Expense .....	<u>1,137,423</u>	<u>1,402,578</u>
Operations & Maintenance Expense ...		
Salaries & Wages Expense .....	212,348	191,559
General Expense .....	13,070	22,230
Contract Services .....	10,962	3,739
IS & Intergovernmental Services .....	1,028	1,670
Fleet Services .....	11,939	10,307
New Connect Capital .....	(4,865)	(7,542)
Total Oper. & Maint. Expense .....	<u>244,482</u>	<u>221,963</u>
Total Telecommunications Expense .	1,381,905	1,624,541
Net Revenues (Expenses) Before Taxes and Depreciation and Amortization ....	850,445	604,755
Taxes .....	308,012	321,699
Depreciation and Amortization .....	291,457	427,415
	<u>599,469</u>	<u>749,114</u>
NET OPERATING REVENUES (EXPENSES) ....	<u>250,976</u>	<u>(144,359)</u>

YEAR TO DATE			
JUNE 30 2015	JUNE 30 2014	2015/2014 VARIANCE	PERCENT CHANGE
\$9,745,593	\$9,723,505	\$22,088	0.2%
566,545	550,528	16,017	2.9%
3,211,280	2,934,667	276,613	9.4%
116,074	93,920	22,154	23.6%
<u>13,639,492</u>	<u>13,302,620</u>	<u>336,872</u>	2.5%
1,468,538	1,417,334	51,204	3.6%
204,973	208,972	(3,999)	-1.9%
6,441,386	6,407,177	34,209	0.5%
430,131	297,257	132,874	44.7%
2,328	6,539	(4,211)	-64.4%
(46,620)	(28,237)	(18,383)	-65.1%
<u>8,500,736</u>	<u>8,309,042</u>	<u>191,694</u>	2.3%
1,256,305	1,220,224	36,081	3.0%
82,051	110,943	(28,892)	-26.0%
40,148	39,753	395	1.0%
9,085	12,362	(3,277)	-26.5%
67,320	72,648	(5,328)	-7.3%
(37,440)	(47,581)	10,141	21.3%
<u>1,417,469</u>	<u>1,408,349</u>	<u>9,120</u>	0.6%
9,918,205	9,717,391	200,814	2.1%
3,721,287	3,585,229	136,058	3.8%
1,863,231	1,876,539	(13,308)	-0.7%
2,002,021	2,564,548	(562,527)	-21.9%
<u>3,865,252</u>	<u>4,441,087</u>	<u>(575,835)</u>	-13.0%
<u>(143,965)</u>	<u>(855,858)</u>	<u>711,893</u>	83.2%

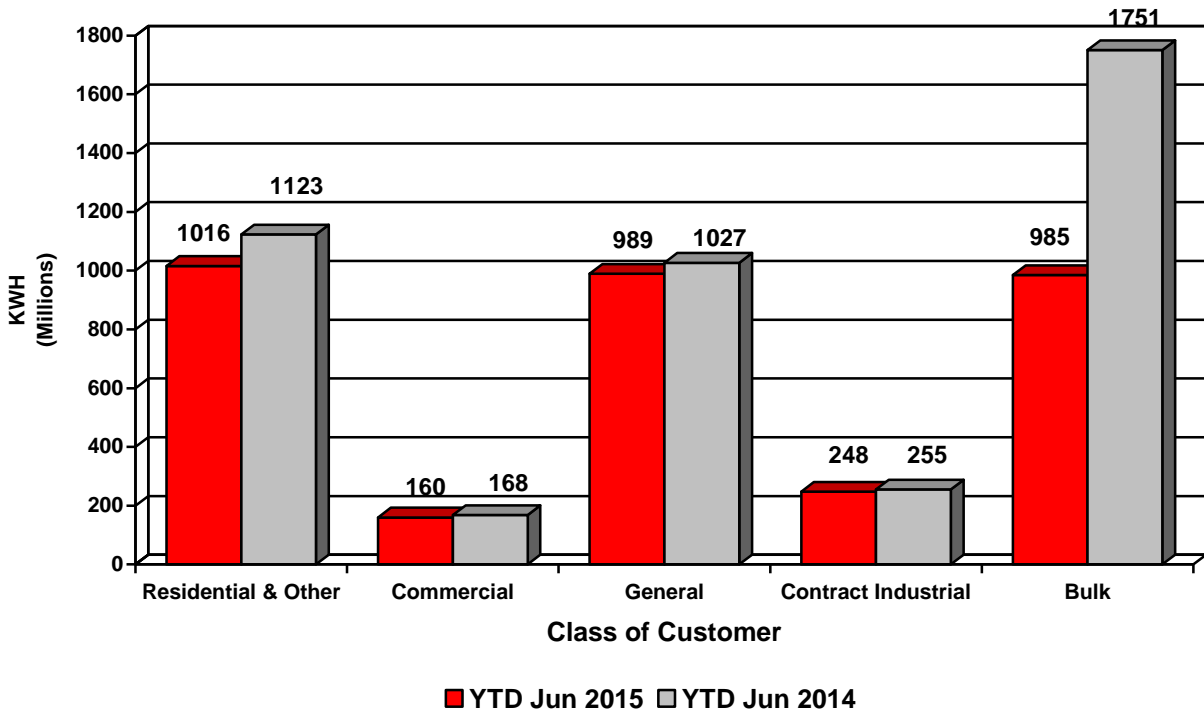
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# Supplemental Data

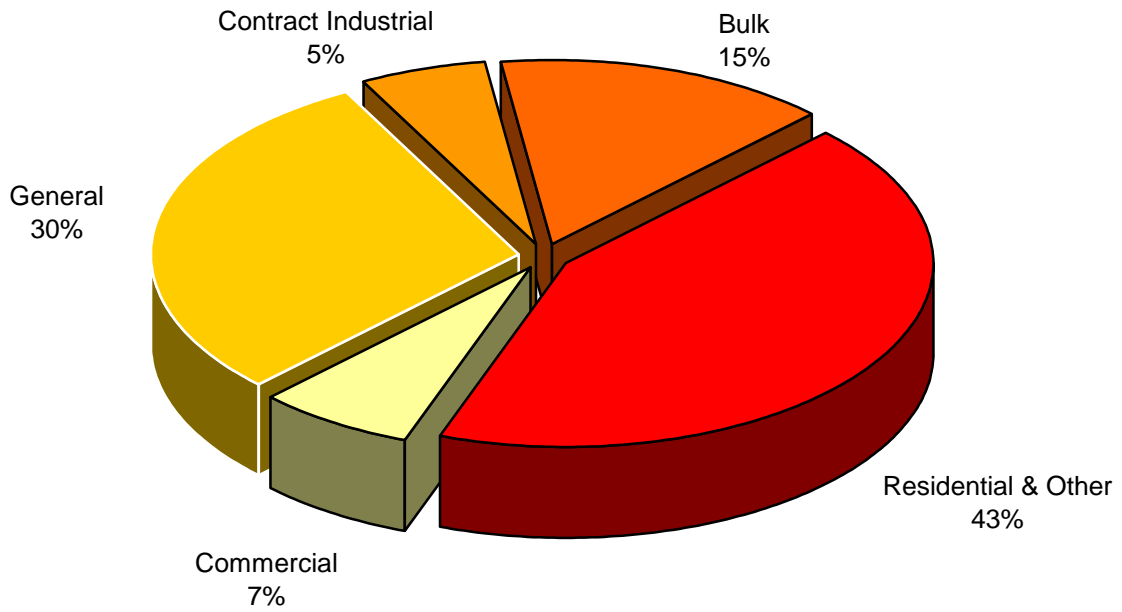
**SALES OF ELECTRIC ENERGY**  
Year to Date - June 2015 & 2014



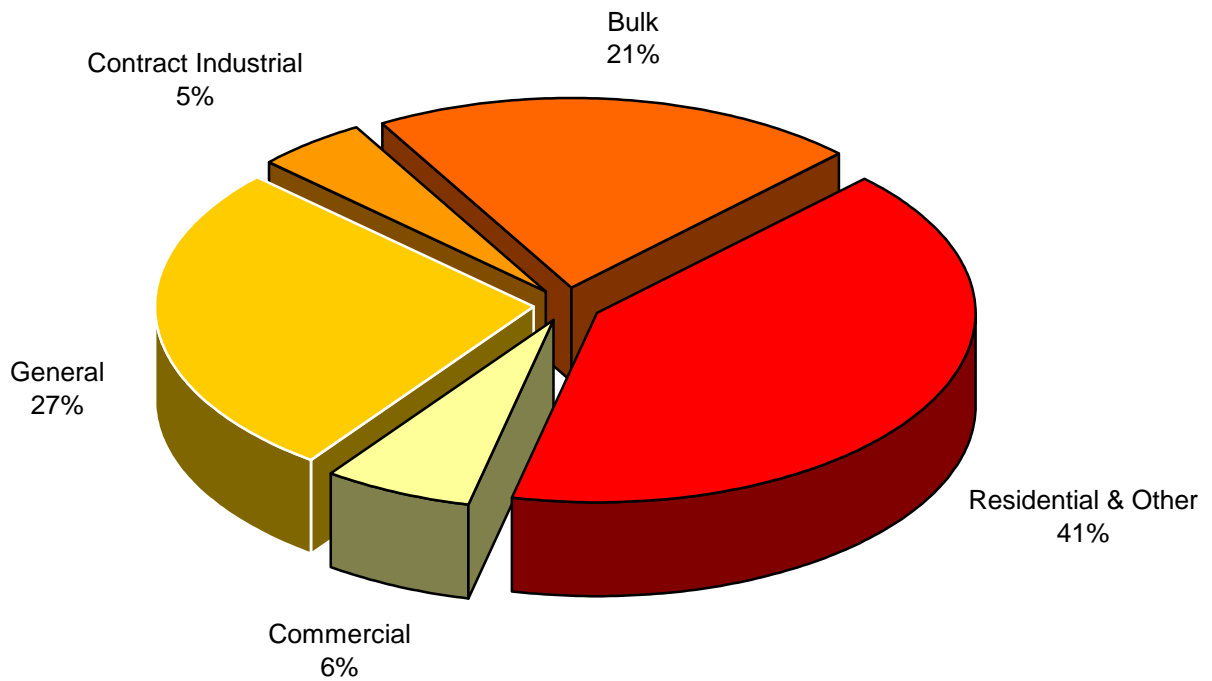
**TOTAL POWER BILLED**  
Year to Date - June 2015 & 2014



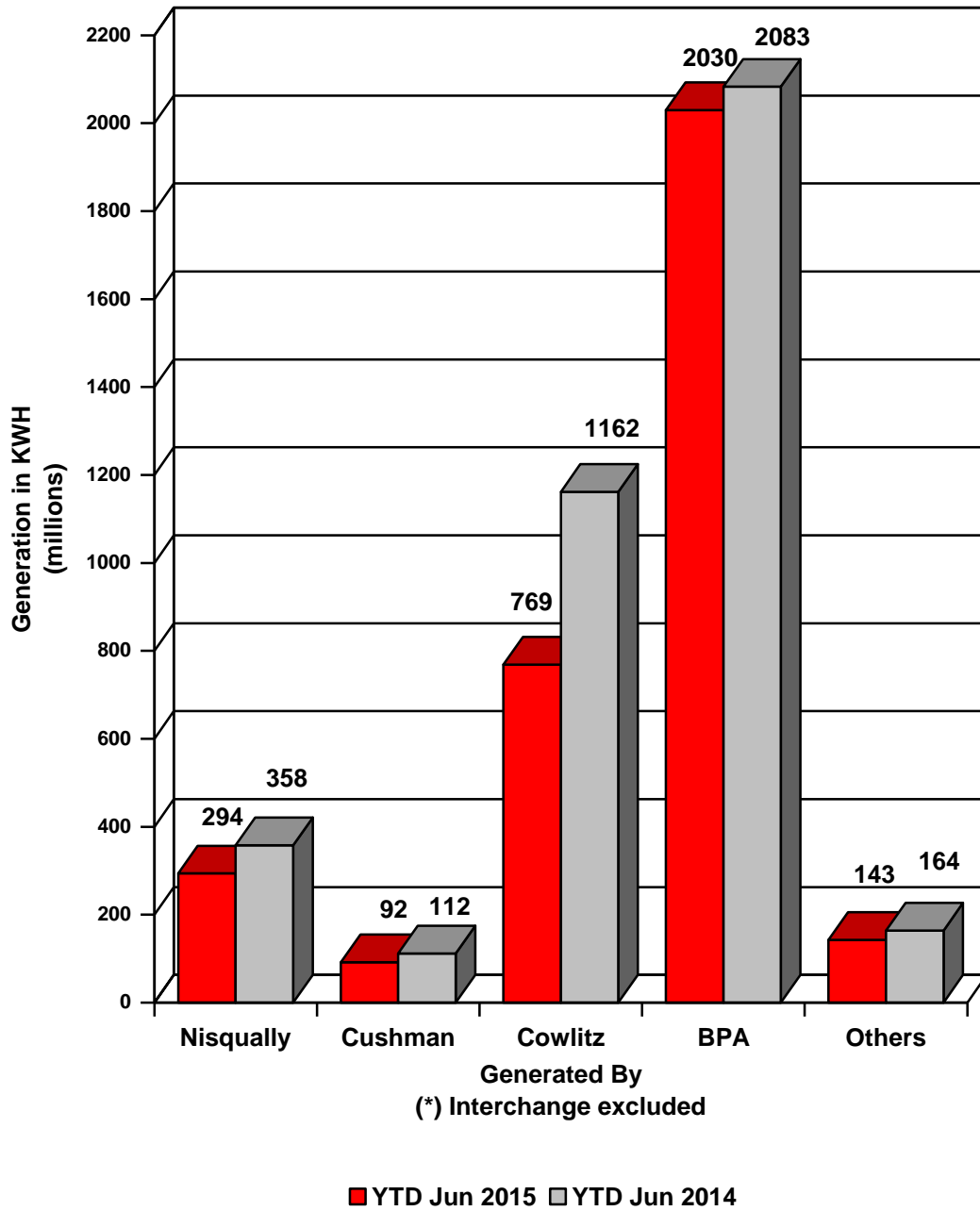
**SALES OF ELECTRIC ENERGY**  
**Year to Date - June 2015 (\$194,705,828)**



**SALES OF ELECTRIC ENERGY**  
**Year to Date - June 2014 (\$215,799,772)**

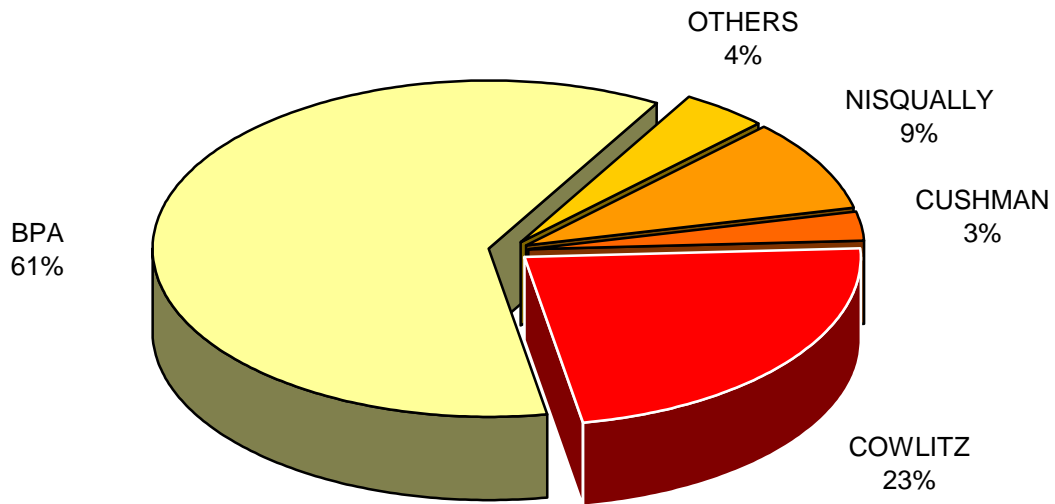


## POWER SOURCES (\*) Year to Date June 2015 & 2014

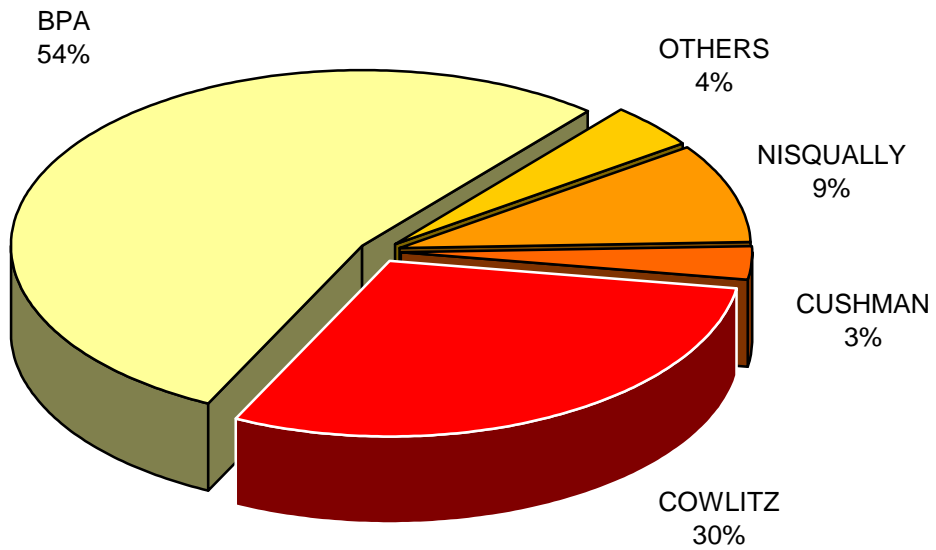




**POWER SOURCES (\*)**  
**Year to Date - June 2015**

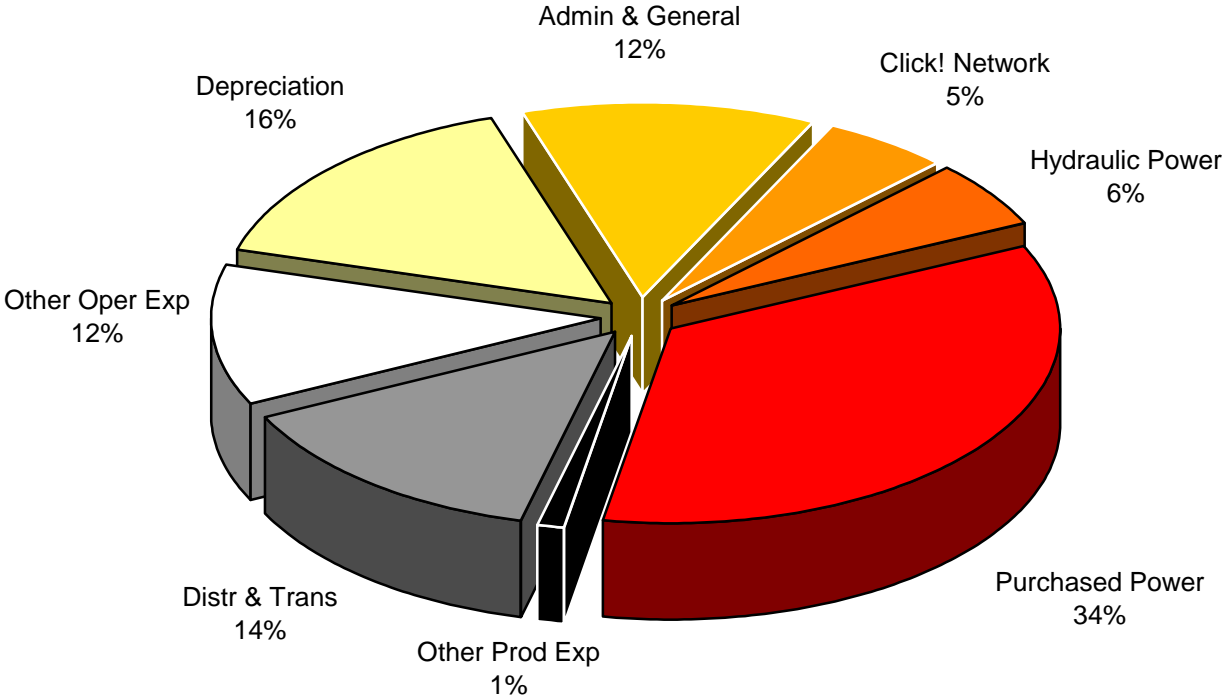


**POWER SOURCES (\*)**  
**Year to Date - June 2014**

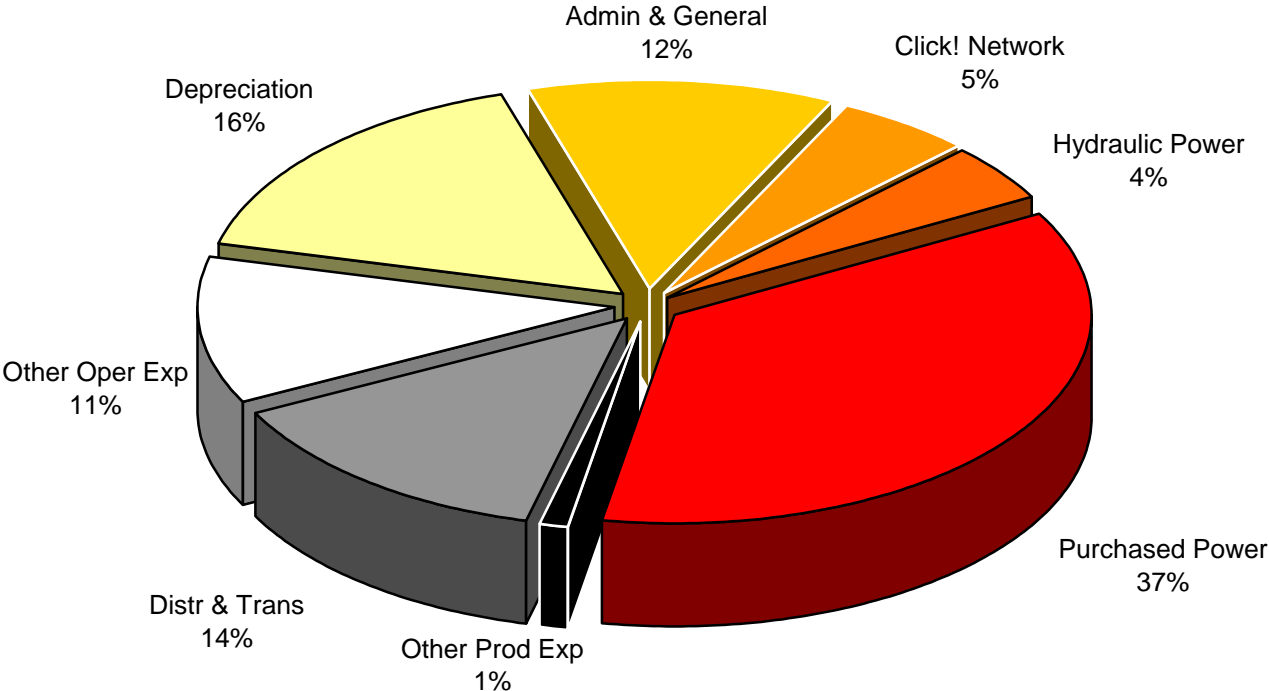


(\*) Interchange excluded

**TOTAL OPERATING EXPENSES \***  
**Year to Date - June 2015 (\$188,726,100)**



**TOTAL OPERATING EXPENSES \***  
**Year to Date - June 2014 (\$182,647,255)**



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



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