



TO: Elizabeth Pauli, City Manager
FROM: Jackie Flowers, Director of Utilities, Tacoma Public Utilities
COPY: City Council and City Clerk
SUBJECT: Proposed Rate Ordinance—revise TMC Chapter 12.01 and 12.06A regarding inspection, permitting, and disconnection/reconnection fees
DATE: March 18, 2025

SUMMARY AND PURPOSE:

Tacoma Power requests that the City Council revise the inspection and permitting fees in Tacoma Municipal Code (TMC) Chapter 12.06A and disconnection/reconnection fees in TMC Chapter 12.01 to recover additional and increased operating costs incurred by the Division, effective on April 7, 2025.

BACKGROUND:

This Department’s Recommendation is Based On: On October 23, 2024, the Public Utility Board approved Resolution U-11483 which updated the inspection and permitting fees in TMC 12.06A as well as the disconnection/reconnection fees in TMC 12.01. On December 3, 2024, the Tacoma City Council approved the fee update in Ordinance 28995. These fees were raised to cover the increased cost of providing the services due to general inflation, vehicle costs, and the need to hire a full-time inspector to provider swifter resolution of inspection requests. The updated fees were slated to take effect on April 1, 2025.

Tacoma Power is proposing an update to the inspection and permitting fees to recover additional and increased operating costs incurred by Power.. This second update will supersede the fees approved in 2024. The labor costs to provide these services increased significantly with market volatility, since the fee update last year. Additional operating cost pressures are also necessitating this update.

These modifications are consistent with the cost-causation principle in ratemaking. If these fees are not updated, the additional expense associated with these services will be paid by retail customers.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

Tacoma Power engages with the Master Builders Association of Pierce County on an ongoing basis. From these meetings, Power communicated changes to made to TMC 12.01 and 12.06A. Tacoma Power has presented this proposal to the Public Utility Board on February 26, 2025.

ALTERNATIVES:

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
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1. Continue the current inspection and permitting, as well as disconnection/reconnection fees.	No action is needed.	Retail customers who do not use the inspection, permitting, and disconnection/reconnection service will be paying the operating expenses of those who do.
2.		
3.		

EVALUATION AND FOLLOW UP:

Tacoma Power will continue to evaluate the costs of the inspection, permitting, and disconnection/reconnection services. The updated cost evaluation will be incorporated in the next rate-setting process.

STAFF/SPONSOR RECOMMENDATION:

Tacoma Power requests approval from the City Council to revise the inspection and permitting fees in Tacoma Municipal Code (TMC) Chapter 12.06A and disconnection/reconnection fees in TMC Chapter 12.01 to recover additional and increased operating costs, effective on April 7, 2025.

FISCAL IMPACT:

Tacoma Power will receive approximately \$650,000 annually from this revision to fees, which will cover the additional and increased operating expenses.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1. 4700-Power			\$650,000
2.			
TOTAL			\$650,000



What Funding is being used to support the expense?

N/A

Are the expenditures and revenues planned and budgeted in this biennium's current budget?

NO, PLEASE EXPLAIN BELOW

The expenditures and revenues are already planned, but the increase in operating costs are not budgeted for, so the revenues will prevent shifting the costs to other utility customers.

Are there financial costs or other impacts of not implementing the legislation?

YES

Will the legislation have an ongoing/recurring fiscal impact?

YES

Will the legislation change the City's FTE/personnel counts?

NO

This legislation will not change the FTE counts at the City.

ATTACHMENTS:

- Proposed Amendments to Chapter 12.01 and 12.06A of the Tacoma Municipal Code.