



RESOLUTION NO. U-11155

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2 A RESOLUTION relating to the revision of Chapter 12.06 of the Tacoma
3 Municipal Code ("TMC"), requesting that the City Council declare an
4 emergency and amend Ordinance No. 28551 to delay a scheduled
increase to electric rates due to COVID-19 related state of emergency.

5 WHEREAS, the City of Tacoma, Department of Public Utilities, Power
6 Division (d.b.a. "Tacoma Power"), passed Public Utility Board Resolution No.
7 U-11033 on October 24, 2018, regarding electric regulations and rates, and
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9 WHEREAS, the resolution provided for two system average 2.0% electric
10 rate increases, one that will was effective April 1, 2019, and the other that will
11 become effective April 1, 2020, and

12 WHEREAS, the Tacoma City Council passed Ordinance No. 28551 on
13 November 20, 2018, which approved and adopted the requested revisions and
14 increases to Tacoma Power's rates, and

15 WHEREAS, due to the emergency proclamation from the Mayor of
16 Tacoma regarding coronavirus COVID-19 on March 12, 2020 and confirmation
17 of that proclamation by the City Council on March 17, 2020; Tacoma Power
18 proposes that the rate increase currently scheduled for April 1, 2020, be delayed
19 until July 1, 2020, and
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21 WHEREAS, in order to delay the rate increases that are set forth in
22 Exhibits A and B to Ordinance No. 28551, Tacoma Power proposes
23 superseding and replacing said Exhibits with Exhibits A-1 and B-1 attached
24 hereto, and
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WHEREAS revisions regarding electric regulations and rates require approval by the Public Utility Board and Tacoma City Council, pursuant to Tacoma City Charter section 4.11, and

WHEREAS, due to the state of emergency and in order to immediately implement a delay in an increase to electric rates, Tacoma Power requests that the City Council use its emergency powers to (1) dispense with the normal second reading and ten-day waiting period for adoption of an Ordinance, and (2) approve the proposed revisions to Exhibit A and Exhibit B of Ordinance No.

28551 and TMC 12.06 to become effective immediately; Now, Therefore, BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

Sec. 1. The Board requests that the City Council supersede and replace Exhibits A and B to Council Ordinance No. 28551 with Exhibits A-1 and B-1 attached hereto in order to delay the scheduled rate increase, and

Sec. 2 The Board requests that the City Council uses its emergency powers to (1) dispense with a second reading and a ten-day waiting period for this Ordinance, and (2) approve Exhibits A-1 and B-1 to become effective April 1, 2020, with the rate increase specified in Exhibit B-1 to become effective per the date specified in Exhibit B-1.

Approved as to form:

[Signature]
Chief Deputy City Attorney

Chair

Secretary

Clerk

Adopted _____



TACOMA PUBLIC UTILITIES

3628 South 35th Street

Tacoma, Washington 98409-3192

March 19, 2020

To: Mayor Woodards and Tacoma City Council Members
Public Utility Board

Tacoma Power requests approval by the Public Utility Board and the City Council for rate adjustments effective April 1, 2020, and July 1, 2020, to delay the implementation the planned 2020 electric rate increase for three months due to the state of emergency caused by novel coronavirus COVID-19.

On October 24, 2018, the Public Utility Board passed Resolution No. U-11033 amending and revising Chapter 12.06 of the Tacoma Municipal Code regarding electric regulations and rates effective April 1, 2019 and April 1, 2020. The Resolution addressed a forecasted \$21.9 million revenue shortfall by implementing two system-average 2.0% electric rate increases to become effective April 1, 2019 and April 1, 2020. On November 20, 2018, the City Council passed Ordinance No. 28551 implementing these rate increases.

On March 12, 2020, the Mayor of Tacoma issued a proclamation of emergency due to novel coronavirus COVID-19. This state of emergency was confirmed by the City Council on March 17, 2020. In response to this emergency, Tacoma Power requests that the electric rate increase scheduled to become effective April 1, 2020 be delayed until July 1, 2020. This rate increase was designed to recover approximately \$7.5 million of additional revenue in the twelve months remaining in the Rate Period (April 1, 2020 through March 31, 2021). Tacoma Power now forecasts to collect \$5.7 million of additional revenue during the remaining Rate Period. No changes to rate design or apportionment of the rate increase among the classes is proposed.

In order to implement this rate increase delay in a timely fashion, Tacoma Power requests that the City Council use its emergency powers to dispense with the second reading and ten-day waiting period for this Ordinance change. Instead, the utility requests the City Council approval of the proposed rate adjustments in TMC 12.06 to become effective immediately.

Sincerely,

Jackie Flowers
Director of Utilities





Board Action Memorandum

TO: Jackie Flowers, Director of Utilities
COPY: Charleen Jacobs, Director and Board Offices
FROM:
MEETING DATE: Requested Board Meeting Date
DATE: Today's Date

SUMMARY: Provide a brief description of the action to be taken. Summarize the reason for the resolution and your recommendation.

Tacoma Power is requesting that the City Council revise Chapter 12.06 of the Tacoma Municipal Code ("TMC") by declaring an emergency and amend Ordinance No. 28551 to delay a scheduled increase to electric rates due to COVID-19 related state of emergency.

BACKGROUND: Provide information that is required to orient the Board. Provide context and frame the issue or topic.

On October 24, 2018, the Public Utility Board passed Resolution No. U-11033 amending and revising Chapter 12.06 of the Tacoma Municipal Code regarding electric regulations and rates effective April 1, 2019 and April 1, 2020. At that time, Tacoma Power's official revenue requirement analysis for the twenty-four month Rate Period (April 1, 2019 through March 31, 2021) projected a revenue shortfall of approximately \$21.9 million at current rates. The Resolution addressed this shortfall by implementing two system-average 2.0% electric rate increases to become effective April 1, 2019 and April 1, 2020.

On March 12, 2020, the Mayor of Tacoma issued a proclamation of emergency due to novel coronavirus COVID-19. This state of emergency was confirmed by the City Council on March 17, 2020. In response to this emergency, Tacoma Power recommends that the electric rate increase scheduled to become effective April 1, 2020 be delayed until July 1, 2020. This rate increase was designed to recover approximately \$7.5 million of additional revenue in the twelve months remaining in the Rate Period (April 1, 2020 through March 31, 2021). Tacoma Power now forecasts to collect \$5.7 million of additional revenue during the remaining Rate Period.

If applicable, outline all public and stakeholder outreach efforts undertaken.



Board Action Memorandum

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No.

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

The revenue increase was budgeted to occur on April 1st. The reduced revenue from implementing the rate increase on July 1st will be covered by utility reserves. No budget revision is necessary.

IF THE ACTION REQUESTED IS APPROVAL OF A CONTRACT, INCLUDE LANGUAGE IN RESOLUTION AUTHORIZING \$200,000 INCREASE IN ADMINISTRATIVE AUTHORITY TO DIRECTOR? No.

ATTACHMENTS: List any attachments (contracts, policies, agreements, etc.).

- a. Letter to Public Utility Board and City Council from Jackie Flowers dated March 17, 2020
- b. Proposed Amendments to Chapters 12.06 TMC

CONTACT: Provide name, title, and phone number of primary contact for this Board action item.

Bill Berry – Power Section Manager (253) 502-8294

Erin Erben – Power Section Assistant Manager (253) 502-8986