



RESOLUTION NO. 41558

1 A RESOLUTION relating to the Department of Public Utilities, Power Division;
2 approving changes to the Tacoma Power Electric Rate and Financial
3 Policy to reflect resource planning to meet customer needs, update load
4 forecasting language to incorporate anticipated electrification, clarify
5 minimum and targeted financial ratios, and establish a core balance
6 target in the Rate Stabilization Fund.

7 WHEREAS the Department of Public Utilities, Power Division's ("Tacoma
8 Power") Electric Rate and Financial Policy ("Policy"), which was last updated in
9 November 2023, gives direction to short-term and long-term financial planning
10 decisions and helps ensure that reliable service is provided to all customers at
11 the lowest possible cost consistent with prudent utility management, and

12 WHEREAS power rates and financial planning staff conducts regular
13 quantitative and qualitative reviews of the Policy to ensure that the Policy is sound
14 and is reflective of management and Public Utility Board ("PUB") directives and
15 priorities, and

16 WHEREAS during this review, staff found that although the current policy is
17 still effective, there is opportunity to modernize existing language and highlight
18 important areas of focus, including the clarification and expansion of policy
19 language as follows: (1) propose minor changes to subsections IV.A.1 and IV.A.3
20 regarding minimum financial ratios and projected cash balances to ensure the
21 Policy is consistent with business practices, (2) update load forecasting language
22 to include assumptions around electrification in subsections IV.B.1.a and IV.B.1.c,
23 (3) add a new subsection, IV.B.1.d, to better align the Policy with updated Board
24 Guiding Principle 14 regarding resource planning in meeting customer needs with
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1 sufficient and reliable power supply and transmission, and (4) propose revisions to
2 Subsection V.B.1 to establish a core balance target in the Power Rate Stabilization
3 Fund (“RSF”), and

4 WHEREAS the Government Performance and Finance Committee was
5 briefed on June 4, 2024, and October 1, 2024, on the proposed updates to the
6 Policy which aim to minimize drastic fluctuations in rate increases while ensuring
7 sufficient power supply and transmission are reflected to meet anticipated
8 increases in electrification demand and evolving customer needs, and

9 WHEREAS the changes to the Policy also establishes a RSF core balance
10 target to mitigate hydro supply and wholesale market price variability in order to
11 help stabilize rates into the future, and

12 WHEREAS the updated Policy will improve community engagement and
13 customer research through its emphasis on maintaining financial stability and
14 minimizing drastic fluctuations in rate increases to customers, and

15 WHEREAS the communities Tacoma Power serves will benefit from the
16 utility’s updated forecasting goals and requirements as Tacoma Power aims to
17 minimize drastic fluctuations in rate increases, and

18 WHEREAS by adoption of Public Utility Board Resolution No. U-11480 on
19 October 23, 2024, the proposed update was approved, pending confirmation
20 from the City Council; Now, Therefore,

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BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

That the request of the Department of Public Utilities, Power Division, (“Tacoma Power”) for changes to the Tacoma Power Electric Rate and Financial Policy to reflect resource planning to meet customer needs, update load forecasting language to incorporate anticipated electrification, clarify minimum and targeted financial ratios, and establish a core balance target in the Rate Stabilization Fund is hereby approved, and the Tacoma Power Electric Rate and Financial Policy may be updated to reflect such changes, as more fully set forth in the documents on file with the City Clerk.

Adopted _____

Mayor

Attest:

City Clerk

Approved as to form:

Chief Deputy City Attorney

Requested by Public Utility Board
Resolution No. U-11480