



RESOLUTION NO. U-10909

A RESOLUTION relating to amending and revising Chapters 12.06 and 12.01 of the Tacoma Municipal Code (“TMC”) regarding Power rates and regulations, and approving changes to the Tacoma Power Electric Rates and Financial Policy.

WHEREAS the City of Tacoma, Department of Public Utilities, Power Division (d.b.a. “Tacoma Power”), has completed its rate analysis and has developed proposed rates and regulations for the 2017-2018 biennium, and

WHEREAS Tacoma Power’s revenue requirements analysis for the 24-month budget period (April 1, 2017, through March 31, 2019) indicates a revenue shortfall of approximately \$58.7 million at current rates. Expenses driving this shortfall are related to lower wholesale and retail revenues, and to a lesser extent, increases in city gross earnings taxes, assessments, and personnel costs, and

WHEREAS the overall adjustment in rates is an increase of 5.9 percent in both 2017 and 2018 for the system as a whole. The rate increases are distributed to different customer classes based on a cost-of-service analysis.

Based on this analysis, Tacoma Power is recommending the following rate adjustments:

Proposed Increase in Revenue Requirement by Class		
Rate Class		Rate Increase (two-step, levelized)
Residential	A	6.7%
Small General	B	2.4%
General	G	5.0%
High Voltage General	HVG	8.5%
Contract Industrial	CP	5.4%
Street Lighting and Traffic Signals	H1	11.0%
Private Off-Street Lighting	H2	9.3%



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WHEREAS Tacoma Power is recommending adding two new rate schedules: (1) H-3 Street Lighting Service is a new tariff for utility-owned, municipally-maintained street lighting service; and (2) Renewable Energy Program is a voluntary rate tariff for customers who want to buy qualified alternative renewable energy resources, and

WHEREAS Tacoma Power is recommending the following changes to its Power regulations:

- (1) TMC 12.06.140 – Tampering and injury to City equipment.
 - a. Currently 12.06.140.B states that if there is evidence that energy has been used illegally, the customer can be charged the estimated consumption. The current language does not explicitly grant authority to recover costs for resealing or fixing the meter. The proposed language clarifies that the customer, or the owner of the premises when there is no current customer of utility services, is responsible for energy consumption and costs associated with the investigation and resealing of the power meter when illegal tampering has been discovered.

- (2) TMC 12.06.225 – High Voltage General Service.
 - a. In the availability section, require customers over 8 Megawatts to have a contract with Tacoma Power or be served at the General Service Rate Schedule.



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b. In the availability section, include a requirement that customers who begin taking service at the High Voltage General rate after April 1, 2017, be required to enter into a contract with Tacoma Power. Requiring contracts for customers taking service at a high voltage will allow Tacoma Power to customize maintenance schedules and set clear expectations for the customer's responsibilities as a high voltage customer.

WHEREAS Tacoma Power is recommending a change to section 12.01.030 TMC, to clarify and establish criteria by which the Director of Public Utilities and the Director of Environmental Services may waive or adjust late fees and services charges, and

WHEREAS Tacoma Power is recommending changes to its Electric Rates and Financial Policy as follows:

- (1) In Section IV.A Subsection 3, fix a reference to Subsection 4 that should reference Subsection 5.
- (2) In Section IV.B.2.b.2, update the language regarding demand/energy classification of BPA purchased power to reflect current practice.
- (3) In Section IV.B.2.c, update the New Large Load language to reflect the 15% new resource adder for loads over 8 Megawatts. This will update the outdated language based on Bonneville Power Administration's New Large Single Load policy from the 1980s.



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WHEREAS revisions to Tacoma Power rates and regulations, and its Electric Rates and Financial Policy require approval by the Public Utility Board and Tacoma City Council, pursuant to Tacoma City Charter section 4.11, and

WHEREAS the recommended changes to the rates, regulations and policies are just, fair and reasonable, and are in the best interest of the citizens of Tacoma and the customers of Tacoma Power, and Tacoma Power requests that the Board approve said revisions and amendments; Now, Therefore,

BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

Sec. 1. The proposed revisions to Tacoma Power’s regulations, rates and charges are hereby approved, and the Council of the City of Tacoma is requested to pass an ordinance approving such revisions by amending Chapter 12.06 of the Tacoma Municipal Code, as set forth in the attached Exhibit “A-1” effective April 1, 2017, and Exhibit “A-2” effective April 1, 2018, substantially in the form as on file with the Clerk of the Board, and in final form to be approved by the City Attorney.

Sec. 2. The proposed revisions for the Director of Public Utilities and Director of Environmental Services’ clarifying the authority to waive and adjust late payment fees and service charges are hereby approved, and the Council of the City of Tacoma is requested to pass an ordinance approving such revisions by amending Chapter 12.01 of the Tacoma Municipal Code, as set forth in the attached Exhibit “B” substantially in the form as on file with the Clerk of the Board, and in final form to be approved by the City Attorney.



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Sec. 3. The proposed revisions to the Tacoma Power's Electric Rates and Financial Policy are hereby approved, and the Council of the City of Tacoma is requested to approve such revisions as set forth in the attached Exhibit "C" as on file with the Clerk of the Board.

Approved as to form and legality:

Paul C. Patterson
Chair

William F. Foye
Chief Deputy City Attorney

A. Douglas Jones
Secretary

Charles Jacobs
Clerk

Adopted 2-22-17