



RESOLUTION NO. U-11480

1 A RESOLUTION relating to Tacoma Power; approving changes to Tacoma
2 Power's Electric Rate and Financial Policy and requesting the Council of
the City of Tacoma also approve such changes.

3 WHEREAS the City of Tacoma, Department of Public Utilities, Light
4 Division ("Tacoma Power") is requesting changes to Tacoma Power's Electric
5 Rate & Financial Policy (the "Policy") to reflect resource planning to meet
6 customer needs, update load forecasting language to incorporate anticipated
7 electrification, clarify minimum and target financial ratios, and establish a core
8 balance target in the Rate Stabilization Fund ("RSF"), and
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10 WHEREAS the Electric Rate and Financial Policy gives direction to
11 short-term financial planning decisions and helps ensure that reliable service is
12 provided to all customers at the lowest possible cost consistent with prudent
13 utility management; the policy was last updated in November 2023, and
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15 WHEREAS Power rates and financial planning staff conducts regular
16 qualitative reviews of the Electric Rate and Financial Policy to ensure that the
17 policy is sound and is reflective of management and Public Utility Board
18 directives and priorities, and
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20 WHEREAS during the review of the Policy, staff found that although the
21 current policy is functional, there is an opportunity to modernize existing
22 language and highlight important areas of focus that includes clarifying and
23 expanding the policy language as follows:
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- 25 • Propose minor changes to subsections IV.A.1 and IV.A.3
26 regarding our minimum financial ratios and projected cash



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balances to ensure the Policy is consistent with business practices;

- Update load forecasting language to include assumptions around electrification in subsection IV.B.1 and IV.B.1.c;
- Add a new subsection, IV.B.1.d to better align the Policy with updated Board Guiding Principle 14 regarding Resource Planning in meeting customer needs with sufficient and reliable power supply and transmission; and
- Propose revision to Subsection V.B.1 to establish a core balance target in Power's Rate Stabilization Fund.

WHEREAS the proposed updates to Tacoma Power's Electric Rate and Financial Policy aim to minimize drastic fluctuations in rate increases while ensuring sufficient power supply and transmission are reflected to meet anticipated increases in electrification demand and evolving customer needs, and

WHEREAS the changes to the policy also establish a RSF core balance target to mitigate hydro power supply and wholesale market price variability in order to help stabilize rates into the future; Now, Therefore,

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

Sec. 1. That the proposed amendments to Tacoma Power's Electric Rate & Financial Policy on file with the Clerk of the Board are approved.

Sec. 2. The Council of the City of Tacoma is requested to pass a resolution approving the proposed amendments to Tacoma Power's Electric Rate & Financial Policy, all substantially in the form as set forth in the documents on file with the Clerk of the Board, and in final form to be approved by the City Attorney's Office.

