



## RESOLUTION NO. 39171

1 A RESOLUTION relating to the Department of Public Utilities, Light Division  
2 (d.b.a. "Tacoma Power"); amending the Electric Rate and Financial Policy to  
3 address the use of long- and short-term debt to finance capital projects;  
4 provide clarification pertaining to use of financial metrics; and provide  
5 additional requirements pertaining to the funding of the Rate Stabilization  
6 Fund.

7 WHEREAS the City of Tacoma, Department of Public Utilities, Light  
8 Division (d.b.a. "Tacoma Power"), desires to revise its Electric Rate and Financial  
9 Policy ("Policy"), most recently amended in 2013 pursuant to Public Utility Board  
10 Resolution U-10597 and City Council Resolution No. 38629, and

11 WHEREAS the proposed amendments provide guidance for using long-  
12 and short-term debt to finance capital projects; provide clarification pertaining to  
13 use of financial metrics; and provide additional requirements pertaining to the  
14 funding of the Rate Stabilization Fund, and

15 WHEREAS proposed amendments to the Policy include the following:

16 (1) Aligning the "Purpose" statement with the 2015 Financing Plan;

17 (2) Clarifying that Tacoma Power shall, prior to committing to capital  
18 investments and other commitments that would significantly affect costs, rates,  
19 and prices, evaluate the incremental impacts on costs and revenues (Section I.D);

20 (3) Clarifying the requirement that taxes levied by various jurisdictions will  
21 be incorporated into the rate classes of those jurisdictions' customers (Section I.E);

22 (4) Adding "Maintain Tacoma Power's financial strength" as a specific rate  
23 and price design criteria (Section III);  
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(5) Revising the title of Section IV from “Rate Setting Practices” to “Financial Targets and Rate Setting Practices”;

(6) Adding a new rate-setting practice statement that relates to maintaining or improving credit ratings (Section IV);

(7) Clarifying that Tacoma Power must keep a minimum of 90 days of projected cash balances when setting rates and prices (Section IV.A.1);

(8) Requiring Tacoma Power to maintain sufficient liquidity to support operational objectives, preserve financial and management flexibility, maintain or improve credit ratings, and allow for the unused portion of dedicated bank lines, Rate Stabilization Fund, and other short-term debt agreements to qualify as liquidity (Section IV.A.2);

(9) Adding a new Subsection V.B.1, requiring Tacoma Power to evaluate, at the end of each fiscal year, whether the Rate Stabilization Fund has sufficient amounts to meet the forecast difference between critical and adverse water conditions over the next two fiscal years;

(10) Adding a new Subsection V.B.2, requiring Tacoma Power to take steps if the Rate Stabilization Fund is inadequate to meet the criteria under new Subsection V.B.1 by proposing budgets that will generate sufficient net revenue to replenish the Fund over a four-year period while still meeting the other goals related to the Fund; and



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(11) Adding a new Subsection V.B.6, requiring that deposits into the Fund should be done in a manner consistent with the goal to maintain or improve credit ratings, and

WHEREAS Tacoma Power and the Public Utility Board believe it is in the best interest of the public to approve said amendments to the Policy; Now,

Therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA

That the proposed revisions to the Electric Rate and Financial Policy, as set forth in the proposed document on file in the office of the City Clerk, are hereby approved.

Adopted \_\_\_\_\_

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

Approved as to form:

\_\_\_\_\_  
Chief Deputy City Attorney

Requested by Public Utility Board  
Resolution No. U-10768