



RESOLUTION NO. 41297

1 A RESOLUTION relating to the Department of Public Utilities, Light Division;
2 approving changes to Tacoma Power's Electric Rate and Financial Policy.

3 WHEREAS the City of Tacoma, through its Department of Public Utilities,
4 Light Division (d.b.a "Tacoma Power") is proposing updates to Tacoma Power's
5 Electric Rate & Financial Policy ("Policy") to protect existing customers from
6 subsidizing the costs of power for any new very large load requirements of
7 10 average megawatts ("aMW") or more over any 12-month period, and

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9 WHEREAS the Policy, which was last updated by Resolution No. 41063
10 on November 15, 2022, gives direction to future short-term and long-term
11 planning decisions and helps ensure that reliable service is provided to all
12 customers at the lowest possible cost, consistent with prudent utility
13 management, and

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15 WHEREAS Tacoma Power has received many inquiries from customers
16 with anticipated annual power needs in excess of 10 aMW, and

17 WHEREAS in order to serve these prospective customers, Tacoma
18 Power would need to procure costly additional power or build new resources at
19 costs that greatly exceed our current rates, and

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21 WHERAS Tacoma Power will not be able to obtain additional power supply
22 from Bonneville Power Administration ("BPA") at the Preference Rate if the new
23 load is 10 aMW or more during any consecutive 12-month period (defined as "New
24 Large Single Load" by the Pacific Northwest Electric Power Planning and
25 Conservation Act of 1980), and
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WHEREAS Tacoma Power has limited surplus capacity to serve new very large load customers, especially during peak power usage hours by current customers, and

WHEREAS BPA's New Large Single Load exclusion also applies to any existing customer whose load grows by 10 aMW or more over a consecutive 12-month period, and

WHEREAS Tacoma Power intends for customers that need more than 10 aMW during any 12-month period to pay for the actual incremental power costs from acquiring new resources to serve their load, together with any necessary or convenient ancillary services and administration costs, and

WHEREAS the existing Policy requires the traditional retail electric service rates to be based on an embedded cost-of-service study and serving any very large load customers based on embedded costs would create a significant net revenue deficit, because of the gap between the energy acquisition costs and the existing rates, and

WHEREAS without the proposed changes to the Policy, the financial burden of the under-recovery of our costs to serve the new very large load customers would likely lead to rate increases for all existing customers, and

WHEREAS Tacoma Power is requesting a modification to the Policy to exclude the rate consideration for new very large loads of 10 aMW or more over any consecutive 12-month period from the embedded cost basis enabling Tacoma Power to determine the power costs recovery for these new very large loads separately, and



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WHEREAS the revision to the Policy also contains other necessary and convenient changes to conform the Policy to the proposed ratemaking principle and removes certain terms and definitions no longer in the Policy, and

WHEREAS, by adoption of Public Utility Board Resolution No. U-11414 on October 25, 2023, the proposed Amendments were approved, pending confirmation from the City Council; Now, Therefore,

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

That the request of the Department of Public Utilities, Light Division (d.b.a "Tacoma Power"), to amend Tacoma Power's Electric Rate and Financial Policy, as set forth in the document on file with the City Clerk, is hereby approved.

Adopted _____

Mayor

Attest:

City Clerk

Approved as to form:

Chief Deputy City Attorney

Requested by Public Utility Board
Resolution No. U-11414