



RESOLUTION NO. U-11416

1 A RESOLUTION related to amending and revising Chapter 12.10 (Water
2 Regulations and Rates) in Title 12 (Utilities) of the Tacoma Municipal
Code (TMC), Sections 12.10.301 and 12.10.400.

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4 WHEREAS the City of Tacoma, Department of Public Utilities, Water
5 Division (d/b/a "Tacoma Water") is requesting prompt action in response to
6 WestRock's announcement to permanently cease operating its paper mill
7 effective September 30, 2023, which has operated in Tacoma for more than 90
8 years, and most recently employed around 400 people, and

9 WHEREAS WestRock was Tacoma Water's largest customer, and their
10 operations provided a significant source of income for Tacoma Water;
11 specifically, in 2022, WestRock paid approximately \$7.5 million for water,
12 consumed about 1/3 of Tacoma Water's overall water use which is the
13 equivalent of the amount used by 100,000 homes in Tacoma, and was about
14 7.3 percent of our sales revenue, and
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16 WHEREAS the pipes and water system used to provide that amount of
17 water are a part of our overall system which must be maintained in order to
18 continue providing the same supply of clean and reliable drinking water, and

19 WHEREAS Tacoma Water is currently using cash reserves to mitigate
20 the loss of revenue in the near term, we must make up for this on-going loss of
21 income to maintain our system and service, and

22 WHEREAS Tacoma Water proposes an annual system average rate
23 adjustment of 5.0% effective January 1, 2024, in order to make up for part of
24 the cash reserves and revenue loss from the WestRock closure, which will be
25 implemented across all rate classes and distributed to fixed and variable rate
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1 elements where applicable or consistent with policy and contractual provisions,
2 and

3 WHEREAS this rate increase is in addition to the planned rate increase
4 for 2024 that was approved by the Public Utility Board ("Board") and City
5 Council in 2022, and

6 WHEREAS an updated revenue requirement, long-range financial plan,
7 and Cost of Service Analysis will be used to develop the rate proposal for 2025
8 - 2026 and will include adjustments to mitigate any remaining revenue losses
9 from the closure of WestRock, and

10 WHEREAS this proposal also includes an increase to the amount
11 available through our Bill Credit Assistance Program ("BCAP") for income-
12 eligible households to mitigate the impacts of the proposed rate increase for
13 our most vulnerable customers, and

14 WHEREAS the proposed rate increase will increase the average
15 monthly bill for a residential customer inside the City of Tacoma by about \$2.28
16 each month and we will increase the BCAP credit available by \$3.00 per month
17 to offset the impact of the rate increase, and

18 WHEREAS Tacoma Water and the TPU Public Affairs and
19 Communication team conducted extensive outreach and engagement with
20 customers and stakeholders including with the Puyallup Tribe, neighborhood
21 councils, franchise cities, large commercial customers, and various community
22 groups, and

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