
SEPTEMBER

TACOMA POWER

2014

**FINANCIAL
REPORT**



Public Utility Board

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BRYAN FLINT
Vice-Chair

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Secretary

DAVID NELSON
Member

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Member

WILLIAM A. GAINES
Director of Utilities/CEO

THEODORE C. COATES
Power Superintendent/COO

ANDREW CHERULLO
Finance Director

DEPARTMENT OF PUBLIC UTILITIES
CITY OF TACOMA

MANAGEMENT DISCUSSION AND ANALYSIS

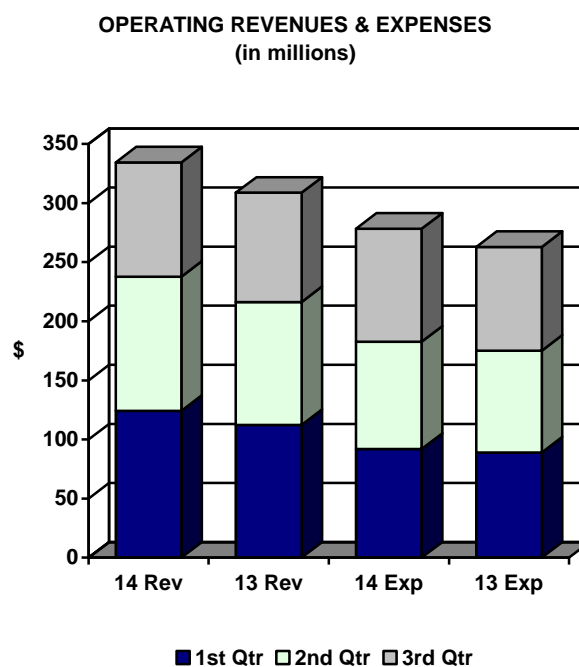
Overview of the Financial Statements

Summary

Tacoma Power is reporting September year-to-date operating income of \$56.2 million, compared to \$45.9 million in 2013 representing an increase of \$10.3 million (22.4%). Total operating revenues increased \$25.6 million (8.3%), while operating expenses increased \$15.3 million (5.8%). Tacoma Power ended the third quarter with net income of \$21.9 million compared to \$16.0 million a year earlier, an increase of \$5.8 million.

Revenues

Operating revenues were \$334.4 million at the end of the third quarter of 2014, compared to \$308.8 million in 2013, an increase of \$25.6 million (8.3%). Total electric energy sales increased \$24.9 million. Sales to retail customers increased \$11.7 million (5.1%). The customer category with the largest revenue increase was general sales, up \$5.1 million (6.2%). Sales to residential customers increased \$3.9 million (3.5%). Sales to commercial customers increased \$1.4 million (7.4%). Wholesale energy sales increased \$13.2 million (27.7%) primarily due to a 20% increase in volume, and partly due to price increases.



Expenses

September year-to-date operating expenses in 2014 were \$278.3 million compared to \$262.9 million for the same period in 2013, an increase of \$15.3 million (5.8%).

Purchased power expense remained almost the same in 2014 compared to 2013, with an increase of only \$61,000 (0.1%). BPA purchases decreased \$1.2 million primarily due to timing of invoices for the Energy Conservation Agreement (ECA). Purchases from Grand Coulee Project Hydroelectric Authority (GCPHA) decreased \$0.6 million. Other portfolio purchases are up \$2.1 million primarily due to trading portfolio optimization activities.

Hydraulic power production expenses increased \$3.3 million (26.2%), partly due to reclassifying a portion of Cushman relicensing costs from capital to expense and to timing differences in payments of invoices. Also, maintenance costs increased \$0.9

million due to painting of the penstocks at Cushman #2 and \$0.6 million due to painting of the spillway gate at Mayfield.

Distribution expenses increased \$3.4 million (17.5%). The Transmission and Distribution section began contributing to the Fleet Replacement Fund for the first time this biennium in July, which accounts for \$1.4 million of the increase. The remainder is primarily increased labor costs, which include back wages due to a labor contract settlement. There has also been a decrease in time being charged to capital projects.

Customer accounts expense increased \$1.2 million (16.8%). Customer records and collection expense increased \$0.9 million and supervision expense increased \$0.3 million.

Conservation and other customer assistance expenses increased \$0.9 million (13.7%). Amortization of deferred conservation costs increased \$0.8 million.

Administration and general expenses increased \$2.5 million (8.2%). Maintenance of general plant increased \$0.8 million, the credit for capitalized administrative and general costs decreased \$0.5 million, and labor costs increased \$1.5 million. This was partially offset by a decrease of \$0.3 million in outside contract services.



William A. Gaines
Director of Utilities/CEO



Andrew Cherullo
Finance Director

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES, LIGHT DIVISION
Doing Business As

TACOMA POWER

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Note: These financial statements are interim, unaudited reports prepared primarily for the use of management. Not all transactions reported in these statements have been recorded on the full accrual basis of accounting or in accordance with generally accepted accounting principles.

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CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA POWER

STATEMENTS OF NET POSITION - September 30, 2014 AND September 30, 2013

ASSETS	<u>2014</u>	<u>2013</u>
UTILITY PLANT		
Electric Plant in Service	\$1,788,322,139	\$1,708,482,242
Less Depreciation and Amortization	(880,429,013)	(824,391,875)
Total	<u>907,893,126</u>	<u>884,090,367</u>
Construction Work in Progress	62,579,671	70,320,565
Net Utility Plant	<u>970,472,797</u>	<u>954,410,932</u>
NON-UTILITY PROPERTY	<u>182,051</u>	<u>182,051</u>
RESTRICTED ASSETS		
Cash and Equity in Pooled Investments:		
2002 T&D Major Project Fund	-	987,216
2005 Construction Fund	-	6,458,284
2010B Construction Fund	16,717,872	30,124,853
2013 Construction Fund	50,580,434	86,760,565
Provision for Debt Service	30,742,843	28,829,448
Special Bond Reserves	16,997,639	16,997,639
Wynoochee Reserve--State of Washington	2,514,908	2,492,982
Total Restricted Assets	<u>117,553,696</u>	<u>172,650,987</u>
CURRENT ASSETS		
Cash and Equity in Pooled Investments:		
Current Fund	229,415,283	191,147,246
Customers' and Contractors' Deposits	2,884,829	2,850,275
Conservation Loan Fund	4,937,430	4,873,001
Rate Stabilization Fund	48,000,000	48,000,000
Receivables:		
Customers	14,650,645	13,990,387
Accrued Unbilled Revenue	29,416,868	27,765,060
Others	9,665,389	11,477,564
Provision for Uncollectibles	(579,441)	(2,845,085)
Materials and Supplies	6,299,445	6,795,705
Prepayments and Other	3,962,089	3,489,382
Total Current Assets	<u>348,652,537</u>	<u>307,543,535</u>
OTHER ASSETS		
Regulatory Asset - Conservation	40,488,499	36,940,578
Conservation Loan Fund Receivables	1,252,620	1,336,169
Total Other Assets	<u>41,741,119</u>	<u>38,276,747</u>
Total Assets	<u>1,478,602,200</u>	<u>1,473,064,252</u>
DEFERRED OUTFLOWS		
Unamortized Loss on Refunding Bonds	9,259,625	17,444,296
TOTAL ASSETS AND DEFERRED OUTFLOWS.....	<u>\$1,487,861,825</u>	<u>\$1,490,508,548</u>

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2013 Annual Report.

NET POSITION AND LIABILITIES	<u>2014</u>	<u>2013</u>
NET POSITION		
Net Investment in Capital Assets	\$508,069,282	\$653,089,838
Restricted for:		
Wynoochee Reserve - State of Washington	2,514,908	2,492,982
Debt Service	24,086,242	21,221,249
Unrestricted	<u>286,259,596</u>	<u>118,404,548</u>
 TOTAL NET POSITION	 <u>820,930,028</u>	 <u>795,208,617</u>
 LONG-TERM DEBT		
2005 Electric System Revenue Bonds, Series A	130,000	130,000
2005 Electric System Refunding Bonds, Series B ...	122,135,000	122,135,000
2007 Electric System Refunding Bonds	-	21,300,000
2010A Electric System Refunding Bonds	-	8,000,000
2010B Electric System Refunding Bonds	147,070,000	147,070,000
2010C Electric System Refunding Bonds	24,185,000	24,185,000
2013A Electric System Rev & Refunding Bonds	178,795,000	181,610,000
2013B Electric System Rev & Refunding Bonds	35,620,000	35,620,000
Total Bonded Indebtedness	<u>507,935,000</u>	<u>540,050,000</u>
Less: Unamortized Bond Premiums	23,211,824	25,559,341
Net Bonded Indebtedness	<u>531,146,824</u>	<u>565,609,341</u>
 CURRENT LIABILITIES		
Salaries and Wages Payable	2,478,731	2,037,777
Taxes and Other Payables	9,683,184	8,933,568
Purchases and Transmission of Power Accrued	11,306,388	11,022,552
Interest Payable	6,656,601	7,608,199
Customers' Deposits	2,844,568	2,767,564
Current Portion of Long-Term Debt	32,115,000	28,295,000
Current Accrued Compensated Absences	1,026,499	966,845
Total Current Liabilities	<u>66,110,971</u>	<u>61,631,505</u>
 LONG TERM LIABILITIES		
Long Term Accrued Compensated Absences	9,238,488	8,701,604
Other Long Term Liabilities	12,435,514	11,357,481
Total Long Term Liabilities	<u>21,674,002</u>	<u>20,059,085</u>
 TOTAL LIABILITIES	 <u>618,931,797</u>	 <u>647,299,931</u>
 DEFERRED INFLOWS		
Rate Stabilization	<u>48,000,000</u>	<u>48,000,000</u>
 TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS	 <u>\$1,487,861,825</u>	 <u>\$1,490,508,548</u>

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA POWER
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
September 30, 2014 AND September 30, 2013

	September 2014	September 2013
OPERATING REVENUES		
Sales of Electric Energy	\$27,724,723	\$25,447,139
Other Operating Revenues	1,387,544	1,252,312
Click! Network Operating Revenues	2,177,374	2,206,314
Total Operating Revenue	31,289,641	28,905,765
OPERATING EXPENSES		
Production Expense		
Hydraulic Power Production	3,046,509	2,232,843
Other Production Expense	306,959	294,521
Total Expense Power Produced	3,353,468	2,527,364
Purchased Power	10,143,346	9,730,496
Total Production Expense	13,496,814	12,257,860
Transmission Expense	2,140,039	2,023,320
Distribution Expense	3,053,604	2,009,721
Click! Network Commercial Operations Expense .	1,612,842	1,538,675
Customer Accounts Expense (CIS)	957,760	947,764
Conservation and Other Customer Assistance ...	819,599	786,043
Taxes	2,014,208	1,807,524
Depreciation	4,917,629	4,695,050
Administrative and General	3,376,078	3,413,554
Total Operating Expenses	32,388,573	29,479,511
OPERATING INCOME (LOSS)	(1,098,932)	(573,746)
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	303,604	212,839
Contribution to Family Need	(75,000)	(75,000)
Other Net Non-Op Revenues and Deductions	469,746	39,233
Interest on Long-Term Debt	(2,218,868)	(2,279,072)
Amort. of Debt Related Costs	(198,912)	(284,829)
Interest Charged to Construction	234,305	431,294
Total Non-Operating Revenues (Expenses) ..	(1,485,125)	(1,955,535)
Net Income (Loss) Before Capital Contributions and Transfers	(2,584,057)	(2,529,281)
Capital Contributions		
Cash	498,368	539,463
Donated Fixed Assets	-	-
BABs and CREBs Interest Subsidies	329,553	329,553
Transfers		
City Gross Earnings Tax	(2,038,270)	(1,548,169)
Transfers from (to) Other Funds	-	(7,000)
CHANGE IN NET POSITION	(\$3,794,406)	(\$3,215,434)
TOTAL NET POSITION - January 1		
TOTAL NET POSITION - September 30		

YEAR TO DATE		2014 OVER (UNDER)	PERCENT CHANGE
September 30 2014	September 30 2013	2013	
\$301,307,648	\$276,368,338	\$24,939,310	9.0%
13,006,309	13,071,004	(64,695)	-0.5%
20,121,402	19,383,846	737,556	3.8%
<u>334,435,359</u>	<u>308,823,188</u>	<u>25,612,171</u>	8.3%
16,041,095	12,706,008	3,335,087	26.2%
2,899,266	2,696,732	202,534	7.5%
<u>18,940,361</u>	<u>15,402,740</u>	<u>3,537,621</u>	23.0%
95,099,793	95,038,786	61,007	0.1%
<u>114,040,154</u>	<u>110,441,526</u>	<u>3,598,628</u>	3.3%
19,054,817	18,392,438	662,379	3.6%
22,697,858	19,310,605	3,387,253	17.5%
14,672,817	14,262,399	410,418	2.9%
8,354,607	7,150,025	1,204,582	16.8%
7,792,533	6,853,568	938,965	13.7%
14,702,704	14,095,292	607,412	4.3%
44,279,346	42,222,679	2,056,667	4.9%
32,657,848	30,192,160	2,465,688	8.2%
<u>278,252,684</u>	<u>262,920,692</u>	<u>15,331,992</u>	5.8%
<u>56,182,675</u>	<u>45,902,496</u>	<u>10,280,179</u>	22.4%
2,535,648	928,515	1,607,133	173.1%
(675,000)	(675,000)	-	0.0%
(1,444,538)	(538,659)	(905,879)	-168.2%
(19,969,807)	(19,751,955)	(217,852)	-1.1%
(2,001,236)	(660,952)	(1,340,284)	202.8%
1,331,642	2,805,162	(1,473,520)	-52.5%
<u>(20,223,291)</u>	<u>(17,892,889)</u>	<u>(2,330,402)</u>	-13.0%
35,959,384	28,009,607	7,949,777	28.4%
3,677,336	4,165,822	(488,486)	-11.7%
26,169	141,649	(115,480)	-81.5%
2,823,612	2,793,952	29,660	1.1%
(20,635,131)	(18,967,386)	(1,667,745)	8.8%
-	(141,512)	141,512	-100.0%
<u>21,851,368</u>	<u>16,002,132</u>	<u>5,849,236</u>	36.6%
799,078,660	779,206,485	19,872,175	2.6%
<u>\$820,930,028</u>	<u>\$795,208,617</u>	<u>\$25,721,411</u>	3.2%

These statements should be read in conjunction with the Management Discussion and Analysis in the September 2014 Financial Report.

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA POWER

SUMMARY OF REVENUES AND BILLINGS
September 30, 2014 AND September 30, 2013

	<u>For the month of</u> <u>September 2014</u>	<u>For the month of</u> <u>September 2013</u>
OPERATING REVENUE		
Sales of Electric Energy		
Residential	\$9,540,128	\$8,792,858
Commercial	2,183,051	1,971,779
General	9,743,012	8,856,270
Contract Industrial	1,837,395	1,739,743
Public Street and Highway Lighting	160,310	101,130
Sales to Other Electric Utilities	22,460	21,118
Total Sales to Customers	<u>23,486,356</u>	<u>21,482,898</u>
Bulk Power Sales	4,238,367	3,964,241
Total Sales of Electric Energy	<u>27,724,723</u>	<u>25,447,139</u>
Other Operating Revenue		
Rentals and Leases from Elect. Property ...	209,543	93,347
Wheeling	787,499	789,589
Service Fees and Other	390,502	369,376
Telecommunications Revenue	2,177,374	2,206,314
Total Other Operating Revenues	<u>3,564,918</u>	<u>3,458,626</u>
 TOTAL OPERATING REVENUES	 <u>\$31,289,641</u>	 <u>\$28,905,765</u>

BILLINGS (Number of Months Billed)

Residential	154,981	149,965
Commercial	16,109	15,717
General	2,706	2,594
Contract Industrial	2	2
Public Streets and Highway Lighting	1,064	1,127
Sales to Other Utilities	1	1
 TOTAL BILLINGS	 <u>174,863</u>	 <u>169,406</u>

YEAR TO DATE		2014 OVER	PERCENT CHANGE
September 30, 2014	September 30, 2013	(UNDER) 2013	
\$115,942,173	\$112,014,652	\$3,927,521	3.5%
20,307,326	18,906,043	1,401,283	7.4%
86,658,963	81,582,103	5,076,860	6.2%
15,823,353	14,965,263	858,090	5.7%
1,446,166	1,002,792	443,374	44.2%
248,306	232,402	15,904	6.8%
<u>240,426,287</u>	<u>228,703,255</u>	<u>11,723,032</u>	5.1%
<u>60,881,361</u>	<u>47,665,083</u>	<u>13,216,278</u>	27.7%
<u>301,307,648</u>	<u>276,368,338</u>	<u>24,939,310</u>	9.0%
2,433,529	2,231,939	201,590	9.0%
7,045,396	7,364,329	(318,933)	-4.3%
3,527,384	3,474,736	52,648	1.5%
<u>20,121,402</u>	<u>19,383,846</u>	<u>737,556</u>	3.8%
<u>33,127,711</u>	<u>32,454,850</u>	<u>672,861</u>	2.1%
<u>\$334,435,359</u>	<u>\$308,823,188</u>	<u>\$25,612,171</u>	8.3%
1,390,268	1,377,052	13,216	1.0%
139,795	138,555	1,240	0.9%
24,974	24,687	287	1.2%
18	18	-	0.0%
8,170	8,203	(33)	-0.4%
9	9	-	0.0%
<u>1,563,234</u>	<u>1,548,524</u>	<u>14,710</u>	0.9%

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA POWER

GROSS GENERATION REPORT - September 30, 2014 AND September 30, 2013

	For the month of Sep 2014	For the month of Sep 2013
KWH GENERATED, PURCHASED AND INTERCHANGED - Gross		
Generated - LaGrande	18,561,280	13,411,600
Generated - Alder	10,712,000	13,331,000
TOTAL NISQUALLY	<u>29,273,280</u>	<u>26,742,600</u>
Generated - Cushman No. 1	10,751,000	12,018,000
Generated - Cushman No. 2	18,297,000	17,915,000
TOTAL CUSHMAN	<u>29,048,000</u>	<u>29,933,000</u>
Generated - Mossyrock	70,995,000	51,628,000
Generated - Mayfield	37,473,000	34,210,000
TOTAL COWLITZ	<u>108,468,000</u>	<u>85,838,000</u>
Generated - Wynoochee	-	2,156,000
Generated - Hood Street	380,900	357,400
Grant Net Actual	-	(318,000)
Tacoma's Share of Priest Rapids	1,303,000	1,879,000
Tacoma's Share of GCPHA	28,076,000	25,865,000
TOTAL KWH GENERATED - TACOMA SYSTEM	196,549,180	172,453,000
Purchased Power		
BPA Slice Contract	125,526,000	128,402,000
BPA Block Contract	110,075,000	114,656,000
Interchange Net	(83,507,000)	(63,958,000)
TOTAL KWH GENERATED, PURCHASED AND INTERCHANGED ..	<u>348,643,180</u>	<u>351,553,000</u>
Losses	3,472,915	2,101,933
Baldi Replacement	287,868	21,237
Ketron	14,732	15,526
NT PC Mutuals Schedules	(2,432,000)	(2,388,000)
PC Mutual Inadvertent	559,087	345,098
TACOMA SYSTEM FIRM LOAD	<u>350,545,782</u>	<u>354,034,406</u>
Maximum Kilowatts (System Firm Load)	587,562	653,397
Average Kilowatts (System Firm Load)	486,869	491,714
PIERCE COUNTY MUTUAL LOAD	91,413,000	94,907,000
KWH BILLED		
Residential Sales	111,860,987	106,845,024
Commercial Sales	25,440,607	23,934,123
General	168,520,411	160,067,719
Contract Industrial	44,594,280	56,754,153
Public Street and Highway Lighting	2,523,360	2,435,715
Sales to Other Electric Utilities	419,400	430,200
TOTAL FIRM	<u>353,359,045</u>	<u>350,466,934</u>
Bulk Power Sales	105,657,000	109,570,000
TOTAL KWH BILLED	<u><u>459,016,045</u></u>	<u><u>460,036,934</u></u>

YEAR TO DATE		2014 OVER (UNDER)	PERCENT CHANGE
Sep 30 2014	Sep 30 2013	2013	
278,576,622	246,057,800	32,518,822	13.2%
179,576,000	157,602,000	21,974,000	13.9%
458,152,622	403,659,800	54,492,822	13.5%
57,327,000	63,493,000	(6,166,000)	-9.7%
93,417,000	90,325,000	3,092,000	3.4%
150,744,000	153,818,000	(3,074,000)	-2.0%
861,873,000	711,199,000	150,674,000	21.2%
620,002,000	482,501,000	137,501,000	28.5%
1,481,875,000	1,193,700,000	288,175,000	24.1%
14,272,000	17,787,000	(3,515,000)	-19.8%
1,596,300	3,115,700	(1,519,400)	-48.8%
(2,018,000)	(3,117,000)	1,099,000	0.0%
17,428,000	27,573,000	(10,145,000)	-36.8%
254,353,000	241,172,000	13,181,000	5.5%
2,376,402,922	2,037,712,500	338,690,422	16.6%
1,780,270,000	1,708,464,000	71,806,000	4.2%
1,123,672,000	1,170,484,000	(46,812,000)	-4.0%
(1,680,369,000)	(1,302,824,000)	(377,545,000)	-29.0%
3,599,975,922	3,615,436,500	(15,460,578)	-0.4%
31,211,346	29,215,424	1,995,922	6.8%
4,076,961	349,857	3,727,104	1065.3%
204,998	202,487	2,511	1.2%
(25,169,000)	(24,851,000)	(318,000)	-1.3%
4,375,792	4,682,346	(306,554)	-6.5%
3,614,676,019	3,625,035,614	(10,359,595)	-0.3%
1,040,714,000	1,049,677,000	(8,963,000)	-0.9%
1,433,665,029	1,440,672,002	(7,006,973)	-0.5%
242,237,300	236,317,768	5,919,532	2.5%
1,520,039,943	1,505,254,731	14,785,212	1.0%
389,527,939	390,882,285	(1,354,346)	-0.3%
24,571,175	24,613,325	(42,150)	-0.2%
4,838,400	4,871,000	(32,600)	-0.7%
3,614,879,786	3,602,611,111	12,268,675	0.3%
2,150,359,000	1,792,474,000	357,885,000	20.0%
5,765,238,786	5,395,085,111	370,153,675	6.9%

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA POWER

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	September 30, 2014	September 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers	\$339,725,410	\$317,302,090
Cash Paid to Suppliers	(152,021,359)	(151,426,243)
Cash Paid to Employees	(77,794,008)	(71,639,082)
Taxes Paid	(15,753,143)	(15,018,014)
Conservation Loans	55,229	159,207
Net Cash from Operating Activities	<u>\$94,212,129</u>	<u>\$79,377,958</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfer Out for Gross Earnings Tax	(20,635,131)	(18,967,386)
Transfer to Fleet Services Fund	-	(141,512)
Transfer to Family Need Fund	(675,000)	(675,000)
Net Cash from Non-Capital Financing Activities ..	<u>(21,310,131)</u>	<u>(19,783,898)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures	(53,509,062)	(39,545,377)
Proceeds from Issuance of Long-Term Debt	-	217,230,000
Debt Issuance Costs	-	(1,128,356)
Principal Payments on Long-Term Debt	(28,295,000)	(28,785,000)
Payments for Early Extinguishment of Debt	-	(176,862,835)
Premium on Sale of Bonds	-	25,028,879
Interest Paid	(27,758,620)	(25,657,345)
BABs and CREBs Interest Subsidies	2,823,612	2,793,952
Contributions in Aid of Construction	3,677,336	4,165,826
Other Deferred Credits	(1,374,880)	(842,403)
Net Cash from Capital and Related Financing Activities	<u>(104,436,614)</u>	<u>(23,602,659)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	2,535,648	928,515
Other Net Non-Op Revenues and Deductions	<u>1,536,887</u>	<u>589,696</u>
Net Cash from Investing Activities	<u>4,072,535</u>	<u>1,518,211</u>
Net Increase Change in Cash and Equity in Pooled Investments	(27,462,081)	37,509,612
Cash and Equity in Pooled Investments at January 1 ..	<u>\$421,492,069</u>	<u>\$373,250,647</u>
Cash and Equity in Pooled Investments at September 30.	<u><u>394,029,988</u></u>	<u><u>410,760,259</u></u>

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2013 Annual Report.

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA POWER

STATEMENTS OF CASH FLOWS

	September 30, 2014	September 30, 2013
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:		
Net Operating Income	\$56,182,675	\$45,902,496
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	44,279,346	42,222,679
Cash provided from changes in operating assets and liabilities:		
Accounts Receivable and Unbilled Revenue	5,290,049	8,478,898
Conservation Loans Receivable	55,229	159,207
Interfund Receivables	1,858,982	3,411,754
Inventory, Materials and Supplies, and Other	742,234	(253,841)
Taxes and Other Payables	(9,220,294)	(9,851,902)
Purchased Power Payable	(800,174)	(667,027)
Salaries and Wages Payable	(1,603,889)	(1,480,373)
Customers' Deposits	63,499	(69,356)
Regulatory Assets - Conservation	(1,371,039)	(4,499,315)
Interfund Payables	(1,264,489)	(3,975,262)
Total Adjustments	38,029,454	33,475,462
Net Cash from Operating Activities	94,212,129	79,377,958
 Reconciliation of Cash and Equity in Pooled Investments to Balance Sheet:		
Cash and Equity in Pooled Investments in Special Funds	\$108,792,446	\$163,889,737
Cash and Equity in Pooled Investments in Operating Funds.....	285,237,542	246,870,522
Cash and Equity in Pooled Investments at September 30	\$394,029,988	\$410,760,259

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
CLICK! NETWORK
COMMERCIAL OPERATIONS

OPERATIONAL SUMMARY - SEPTEMBER 30, 2014

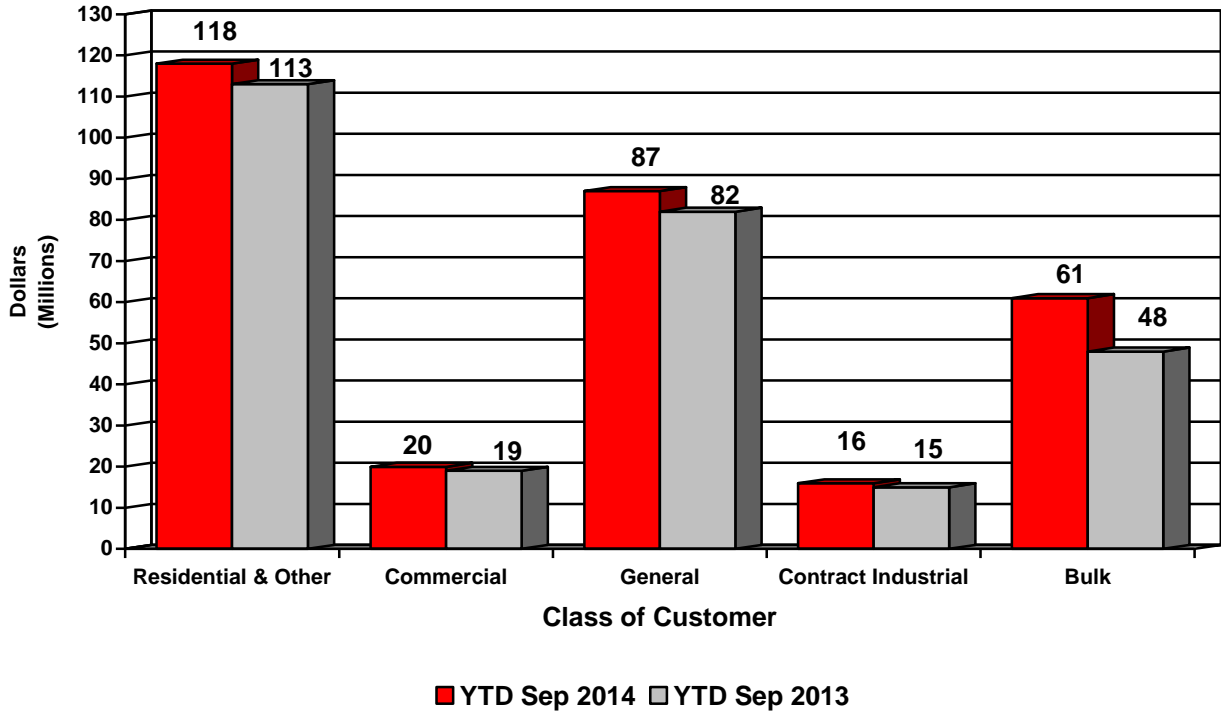
	<u>SEPTEMBER</u> 2014	<u>SEPTEMBER</u> 2013
TELECOMMUNICATIONS REVENUE		
CATV	\$1,558,824	\$1,635,362
Broadband	93,658	101,167
ISP	508,398	452,736
Interdepartmental	16,494	17,049
Total Operating Revenue	<u>2,177,374</u>	<u>2,206,314</u>
TELECOMMUNICATIONS EXPENSE-COMMERCIAL		
Administration & Sales Expense		
Salaries & Wages Expense	239,943	230,660
General Expense	4,433	106,083
Contract Services	1,056,359	938,678
IS & Intergovernmental Services	60,964	55,293
Fleet Services	1,374	1,184
Capitalized A & G Expense	(3,591)	(4,769)
Total Admin. & Sales Expense	<u>1,359,482</u>	<u>1,327,129</u>
Operations & Maintenance Expense ...		
Salaries & Wages Expense	209,982	198,471
General Expense	12,394	11,913
Contract Services	25,668	20,548
IS & Intergovernmental Services	2,101	2,138
Fleet Services	15,008	9,570
New Connect Capital	(11,793)	(31,094)
Total Oper. & Maint. Expense	<u>253,360</u>	<u>211,546</u>
Total Telecommunications Expense .	1,612,842	1,538,675
Net Revenues (Expenses) Before Taxes and Depreciation and Amortization	564,531	667,639
Taxes	299,853	315,827
Depreciation and Amortization	427,409	436,154
	<u>727,262</u>	<u>751,981</u>
NET OPERATING REVENUES (EXPENSES)	<u>(162,730)</u>	<u>(84,342)</u>

YEAR TO DATE			
SEPTEMBER 30 2014	SEPTEMBER 30 2013	2014/2013 VARIANCE	PERCENT CHANGE
\$14,681,004	\$14,344,681	\$336,323	2.3%
829,282	855,255	(25,973)	-3.0%
4,443,475	4,005,417	438,058	10.9%
167,641	178,493	(10,852)	-6.1%
<u>20,121,402</u>	<u>19,383,846</u>	<u>737,556</u>	3.8%
2,186,892	2,193,248	(6,356)	-0.3%
285,080	456,306	(171,226)	-37.5%
9,528,505	9,059,590	468,915	5.2%
464,756	431,548	33,208	7.7%
9,772	10,111	(339)	-3.4%
(44,783)	(94,671)	49,888	52.7%
<u>12,430,222</u>	<u>12,056,132</u>	<u>374,090</u>	3.1%
1,933,515	1,845,341	88,174	4.8%
165,842	134,706	31,136	23.1%
94,617	150,673	(56,056)	-37.2%
17,911	20,278	(2,367)	-11.7%
110,970	109,255	1,715	1.6%
(80,260)	(53,986)	(26,274)	-48.7%
<u>2,242,595</u>	<u>2,206,267</u>	<u>36,328</u>	1.6%
14,672,817	14,262,399	410,418	2.9%
5,448,585	5,121,447	327,138	6.4%
2,821,135	2,880,302	(59,167)	-2.1%
3,846,776	3,900,585	(53,809)	-1.4%
<u>6,667,911</u>	<u>6,780,887</u>	<u>(112,976)</u>	
<u>(1,219,326)</u>	<u>(1,659,440)</u>	<u>440,114</u>	-26.5%

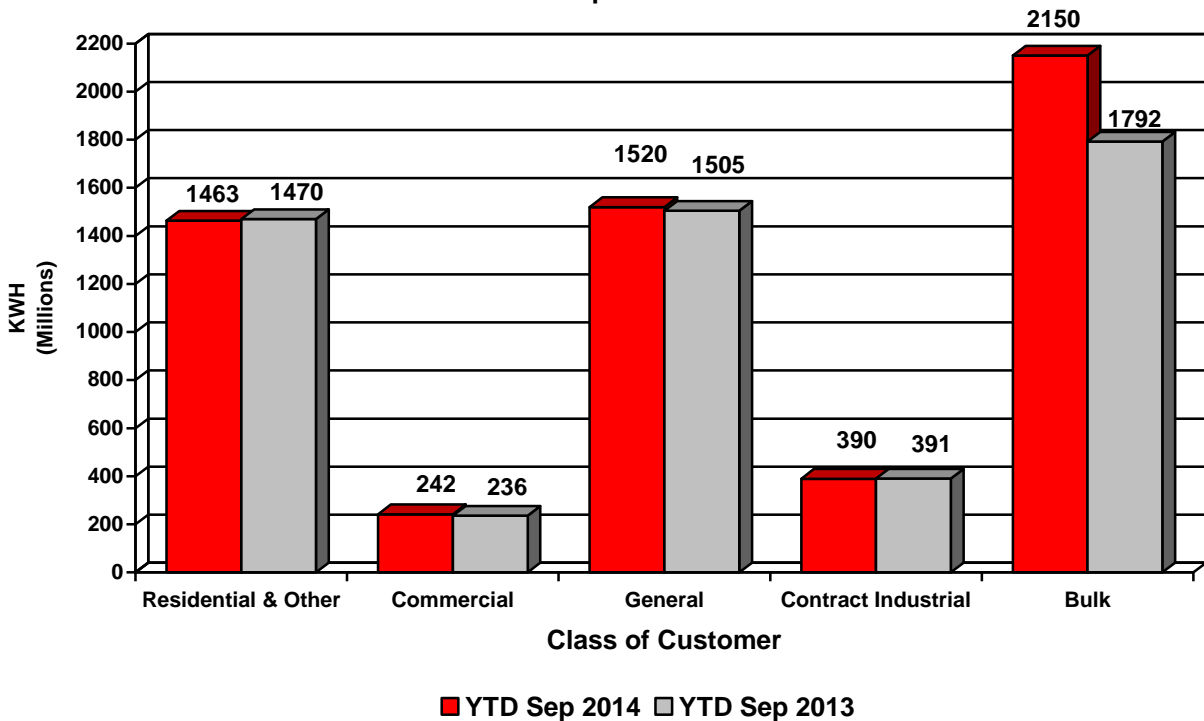
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Supplemental Data

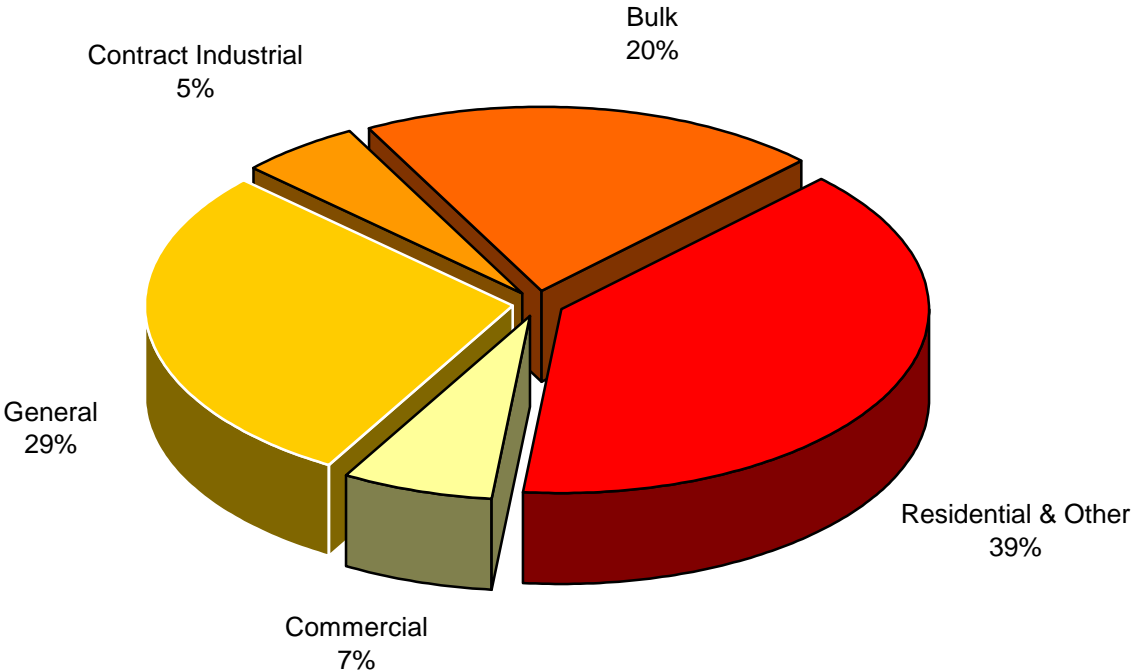
SALES OF ELECTRIC ENERGY
Year to Date - September 2014 & 2013



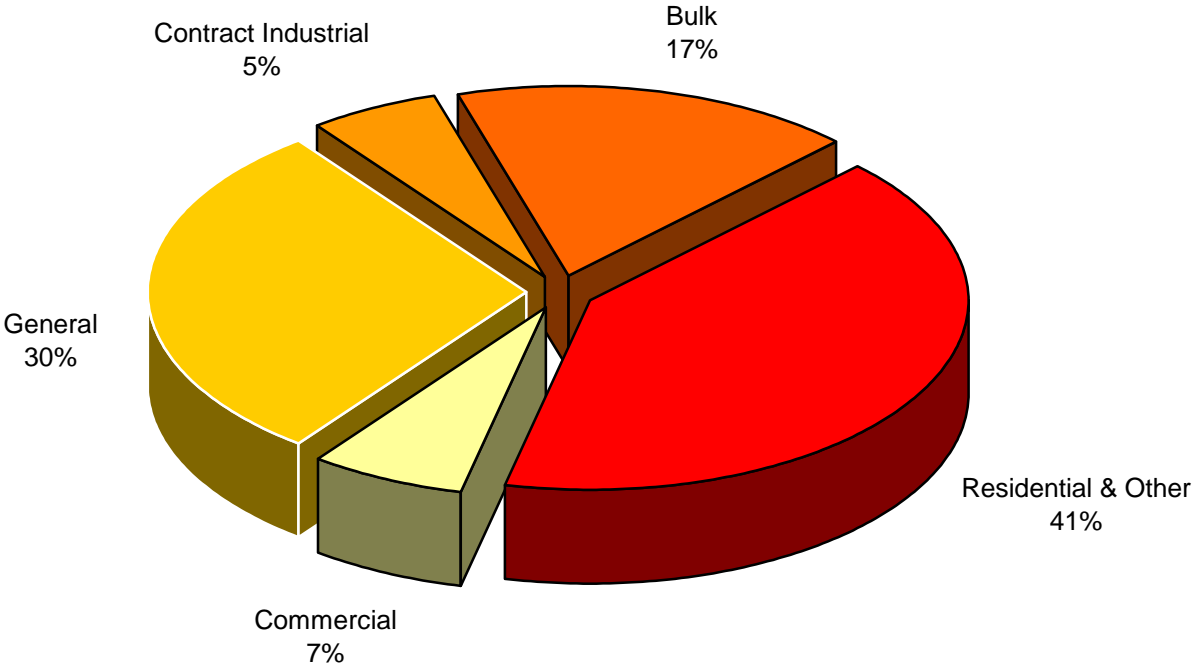
TOTAL POWER BILLED
Year to Date - September 2014 & 2013



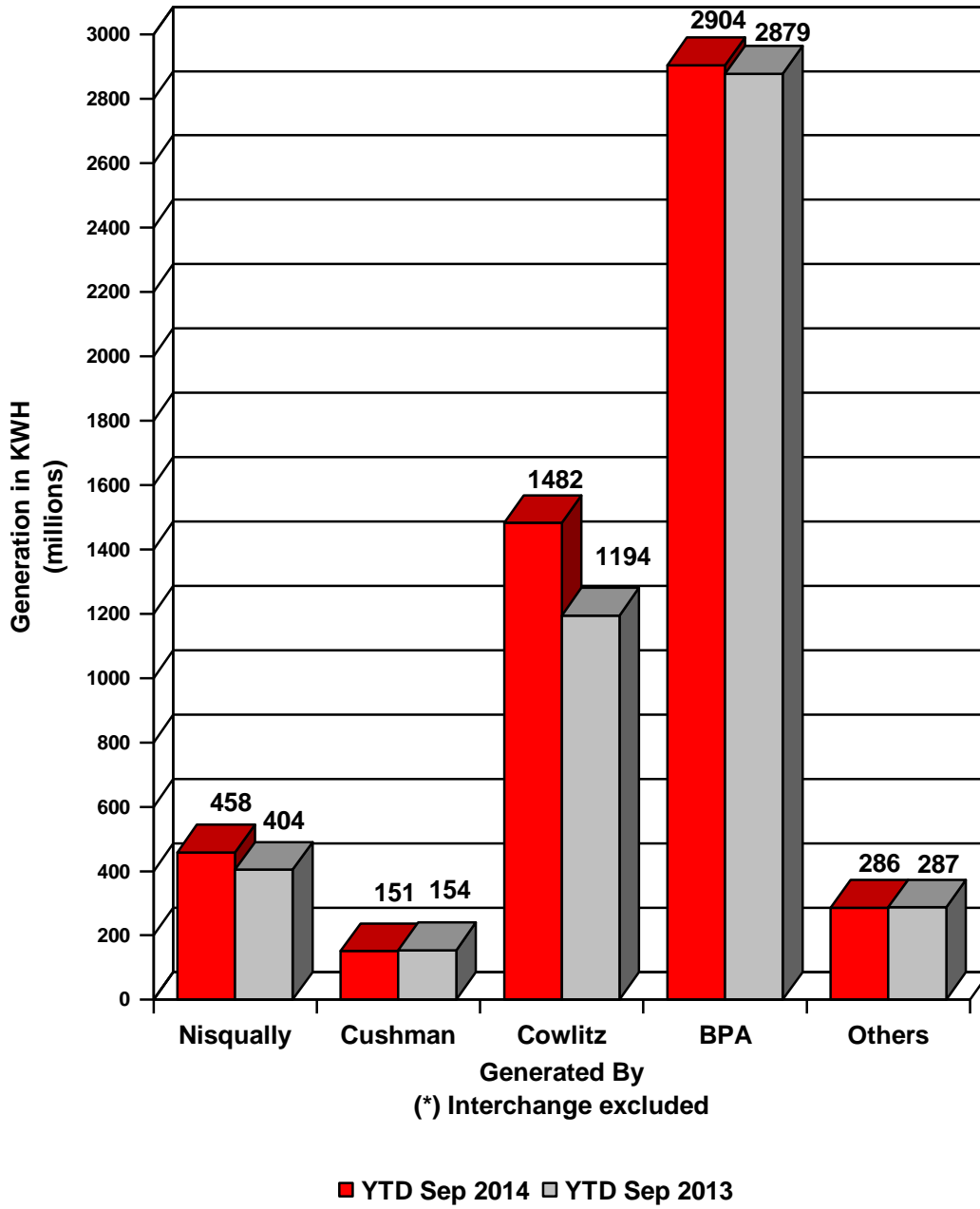
SALES OF ELECTRIC ENERGY
Year to Date - September 2014 (\$301,307,648)



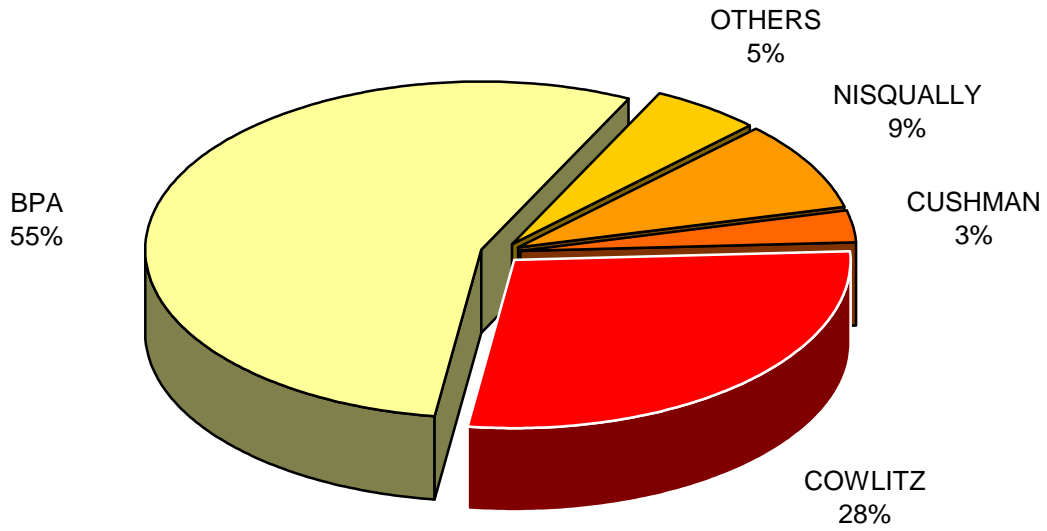
SALES OF ELECTRIC ENERGY
Year to Date - September 2013 (\$276,368,338)



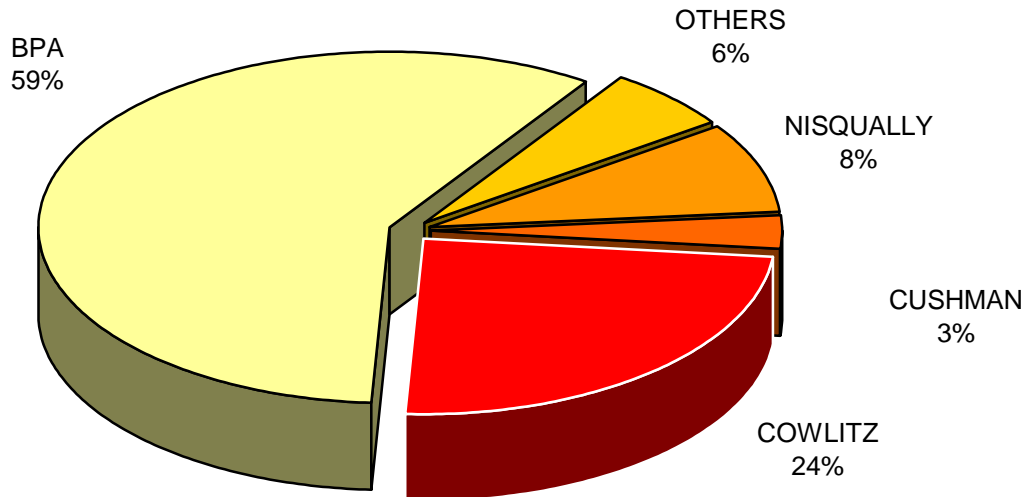
POWER SOURCES (*)
Year to Date September 2014 & 2013



POWER SOURCES (*)
Year to Date - September 2014

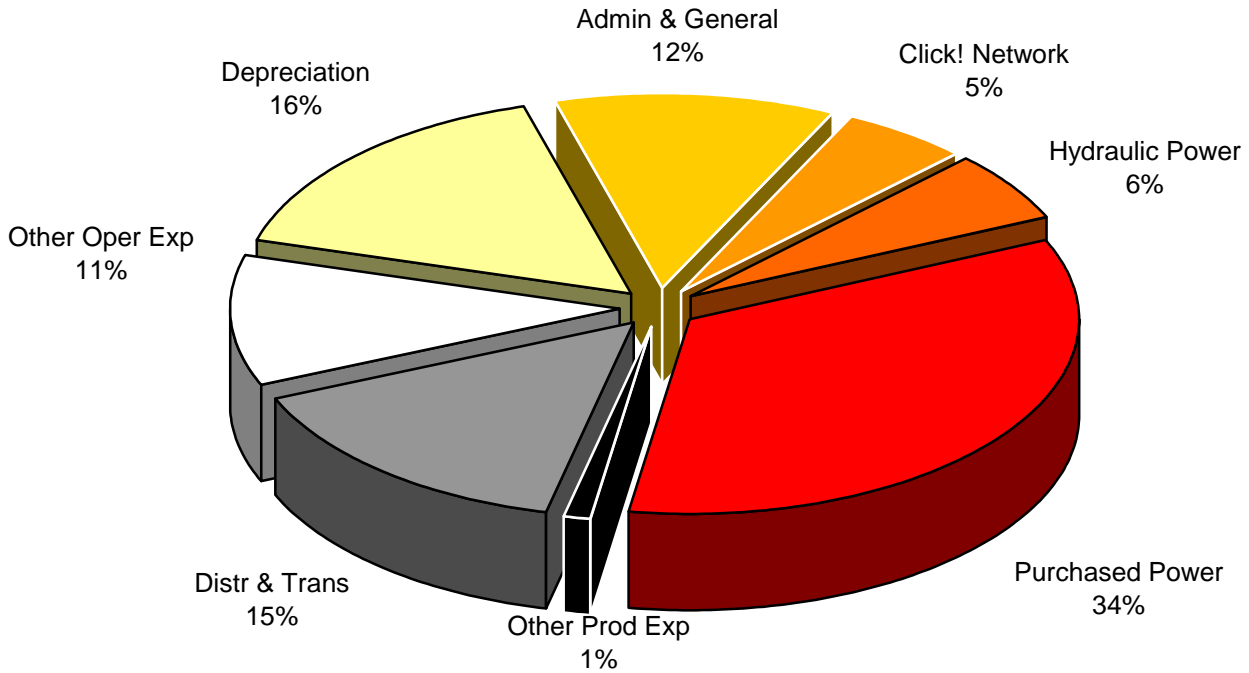


POWER SOURCES (*)
Year to Date - September 2013

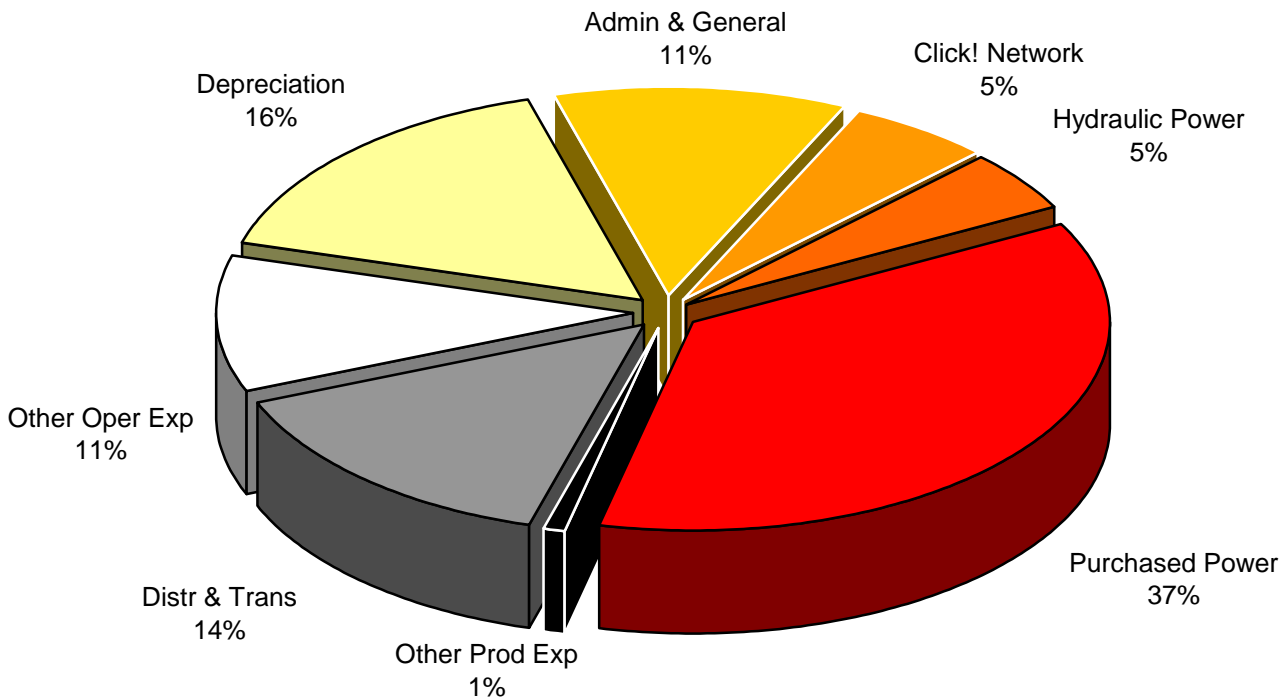


(*) Interchange excluded

TOTAL OPERATING EXPENSES *
Year to Date - September 2014 (\$278,252,684)



TOTAL OPERATING EXPENSES *
Year to Date - September 2013 (\$262,920,692)



* City Gross Earnings Taxes are not included in Total Operating Expenses.