



**TO:** Elizabeth Pauli, City Manager  
**FROM:** Jackie Flowers, Director, Tacoma Public Utilities (TPU);  
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**COPY:** Government Performance and Finance Committee (GPFC);  
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**PRESENTER:** Andrew Zarembo, Utilities Economist, Tacoma Water;  
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**SUBJECT:** TPU Rate-Making Principles  
**DATE:** May 3, 2022

**PRESENTATION TYPE:** Informational Briefing

**SUMMARY:**

Throughout the rate-making process, Tacoma Power and Tacoma Water adhere to legal, industry-standard, and TPU principles. These principles are highlighted in the development of the revenue requirement and the cost-of-service analysis.

**BACKGROUND:**

Tacoma Power and Tacoma Water perform rate-making on a biennial basis to determine the sufficiency of current rate levels and suitability of current rate structures.

**ISSUE:**

The GPFC requires a foundational understanding of the rate-making process and principles to better inform forthcoming utility budget and rate proposals. Subsequent presentations will provide additional foundational information for this purpose.

**ALTERNATIVES:**

This is an information briefing only. There are no alternatives presented.

**FISCAL IMPACT:**

This is an information briefing only. There is no fiscal impact.

**RECOMMENDATION:**

This is an information briefing only. There is no recommendation.