



**TO:** Elizabeth Pauli, City Manager  
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**SUBJECT:** TPU Rate Design  
**DATE:** June 21, 2022

**PRESENTATION TYPE:** Informational Briefing

**SUMMARY:**

Rate design blends judgement, best practices, and policies in that there of often competing needs and priorities that must be balanced when determining how to charge for utility services. There are also limits imposed by accessibility and resolution of data.

**BACKGROUND:**

Once a Revenue Requirement has been established and the Cost-of-Service analysis has been completed, Tacoma Power and Tacoma Water undergo rate design processes to set the rates charged to customers.

**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.