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FROM: Jackie Flowers, Director, Tacoma Public Utilities
COPY: Government Performance and Finance Committee;
Andy Cherullo, Director, Finance Department;
Claire Goodwin, City Council Assistant, City Manager's Office
PRESENTER: Jackie Flowers, Director, Tacoma Public Utilities
SUBJECT: **Sept 28 Public Utility Board Budget and Rates Follow-up**
DATE: October 4, 2022

PRESENTATION TYPE:

Informational Briefing

PURPOSE:

Summary of discussion and outcomes of Sept 28 Public Utility Board Budget and Rates Topic.

BACKGROUND:

Following our engagement on September 20th with the Government Performance and Finance Committee (GPFC) where we covered proposed budgets and rates for TPU's operating divisions (Tacoma Water, Power, and Rail), TPU leaders and staff subsequently met with the Public Utility Board (PUB) on September 28th where Tacoma Water and Tacoma Power presented their budget and rate proposals. Tacoma Rail had previously met with the Board on these topics in the latter part of August.

Chair Hines advised at TPU's September 20th engagement that, following the upcoming September 28th PUB engagement, we make a determination on whether any noteworthy guidance or substantive changes were made or directed by the PUB, and, if so, that we return to the GPFC on October 4th with an update. If a return to the Committee on Oct 4th were not deemed necessary, we were asked to keep the Committee members up to date by providing a summary of the PUB engagement. Given a lack of substantive changes, feedback or guidance from the PUB, this memo is to fulfill the meeting summary update.

GENERAL SUMMARY:

In our meeting with the PUB on September 28, we presented the 2023-2024 Tacoma Water and Tacoma Power Budget and Rate proposals, with ample time for discussion.

The proposals presented contained some insignificant changes that staff included in the budgets, subsequent to the meeting with the GPFC on September 20th, in order to present the latest developments. The updates included adjusted personnel expense to reflect agreement of recent contract negotiations and revised internal service assessments based on proportionate changes across the City. These final adjustments resulted in changes to some of the detailed line items in the budget, however, the updates are immaterial to the overall budget requests and had no impact on the related rate proposals.

The important takeaway from the PUB engagement is that TPU leaders and staff did not receive any substantive requests to modify or reconsider the Tacoma Water or Tacoma Power proposals. This was true for the Tacoma Rail proposals in August as well. The Board did engage in asking a number of questions and also made some comments.



QUESTION AND COMMENT SUMMARY:

Questions were generally clarifying questions such as topics like the make-up of other revenues, the customer arrearages collection process, financial coverage ratios, labor related cost clarification and non-represented wage assumptions, and how the automatic and achievable credits work in the enhanced Bill Credit Assistance Program (BCAP+).

Comments were generally supportive of the proposals and appreciative of the thorough presentations, the extensive work done, and the many helpful engagements with the Board members leading to this point around the proposals. There was recognition and appreciation for the greatly enhanced customer assistance program as a key component to help our residential customers. There was expressed Board interest and expectation in how we can expand the usage rate of BCAP to get more of the available benefits to our qualifying customers in need. Appreciation was expressed for the suite of options available to help customers.

TPU leaders and staff are committed to helping with whatever further questions the Committee members may have. Let us know if we may be of further assistance.

FISCAL IMPACT:

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

RECOMMENDATION:

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