



**TO:** Elizabeth Pauli, City Manager  
**FROM:** Jackie Flowers, Director of Utilities, Tacoma Public Utilities  
**COPY:** City Council and City Clerk  
**SUBJECT:** Proposed Rate Ordinance – Amend and revise TMC Chapter 12.06 regarding Prepaid Small General Service  
**DATE:** November 15, 2022

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**SUMMARY AND PURPOSE:**

Tacoma Power requests approval by the City Council for a new rate category—Prepaid Small General Service (Schedule PB).

**BACKGROUND:**

**This Department’s Recommendation is Based On:** Tacoma Power received inquiries from small general customers about prepayment options after the residential prepayment was launched in January 2021. One of the anticipated benefits of the Advanced Metering Infrastructure program currently underway is to allow the provision of this type of rate option.

This tariff will allow small general customers to elect to pay for electric service in advance of usage as soon as Advanced Metering Infrastructure (AMI) is installed. It will be a voluntary rate option. Many electric utility customers prefer to pay for electricity before they use it, as is the model for most other consumer purchases. This allows for better understanding of their electricity use and greater control over electricity costs.

**COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:**

The prepaid service concept is well received. Since the implementation of the prepaid rate Schedule PR – Prepaid Residential for residential customers in 2021, some small general customers have also requested the prepaid option.

**2025 STRATEGIC PRIORITIES:**

**Equity and Accessibility: (Mandatory)**

Tacoma Power received requests for prepayment service offerings from some small general customers. The prepayment model allows customers to better understand their electricity usage, giving them more agency to control their bills and budgets. Some small general customers desire the prepaid option because they can budget their electricity expenses, instead of being required to pay a large sum every month or every two months. This feature is especially important for small general customers with a tight and irregular cash flow, which includes minority business owners without good credit resources.

**Explain how your legislation will affect the selected indicator(s).**

The proposed rate schedule facilitates additional bill payment options. A wide selection of payment options allows all diverse segments of customers to choose the method they find easiest to pay their electric bills and retain electric service.

**ALTERNATIVES:**



Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Continue to offer only post-payment small general service.	No action needed.	Negation of one of the anticipated benefits of the Advanced Metering Infrastructure program. Failure to respond to customer requests.
2.		
3.		

**EVALUATION AND FOLLOW UP:**

Customer satisfaction with this rate offering will be illustrated by the proportion of customers who elect to take service under this schedule.

**STAFF/SPONSOR RECOMMENDATION:**

Tacoma Power requests approval by the City Council of a prepaid Small General tariff.

**FISCAL IMPACT:**

There is no fiscal impact for this action. The prepaid rates will be identical to the postpaid rates other than timing. This new payment option provides more flexibility to rate payers.

**What Funding is being used to support the expense?**

N/A

**Are the expenditures and revenues planned and budgeted in this biennium's current budget?**

YES

Service under the Prepaid Small General tariff is provided at the same effective rates as regular Small General service. The tariffs only differ in the timing of customer payment for the electric service. Therefore, no fiscal impact is anticipated.

**Are there financial costs or other impacts of not implementing the legislation?**

YES

Adoption of prepayment is anticipated to reduce customer service and uncollectible expense, although the size of such reduction is difficult to quantify or forecast.

**Will the legislation have an ongoing/recurring fiscal impact?**

No

**Will the legislation change the City's FTE/personnel counts?**

No

No additional personnel needed.



**City of Tacoma**

**City Council Action Memorandum**

**ATTACHMENTS:**

- Proposed Amendment to Chapter 12.06 TMC