

Fixed-Charge Proration

Government Performance & Finance Committee

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Tacoma Water – Finance & Analytics

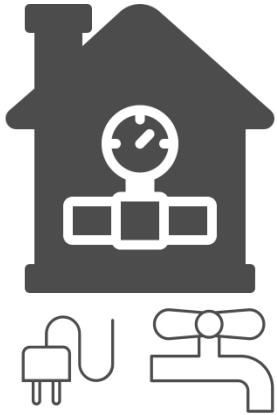
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Tacoma Power – Rates, Planning & Analysis



Fixed-Charge Proration

Context & Issue



Context

Tacoma Power and Tacoma Water customers have fixed components on their bills each month:

- Customer Charge (Tacoma Power)
- Fire Hydrant Service Fee (Tacoma Water)
- Franchise Hydrant Service Fee (Tacoma Water)
- Ready to Serve Charge (Tacoma Water)



Issue

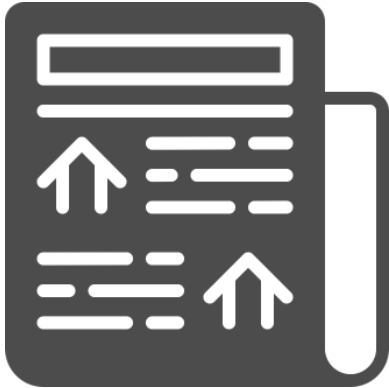
Under current billing practice, Tacoma Water and Tacoma Power customers pay fixed charges in full, even when they receive service for only a portion of a month.

Example: If a customer moves four days into a billing month they incur fixed charges in full for only four days of water and power services.

Customers have noted the billing practice and presented complaints.

Fixed-Charge Proration

Proposed Solution & Business Impact

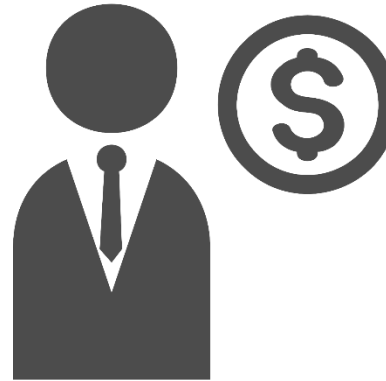


Proposed Solution

Tacoma Water and Tacoma Power propose Tacoma Municipal Code be modified to support fixed charge proration. Under the proposed solution, Tacoma Water and Tacoma Power customers incur fixed charges based on days of service.

Example: If a customer moves four days into a billing month they incur 4/30^{ths} of each fixed charge.

All three Environmental Service utilities (Surface Water, Solid Waste, and Wastewater) prorate fixed charges.

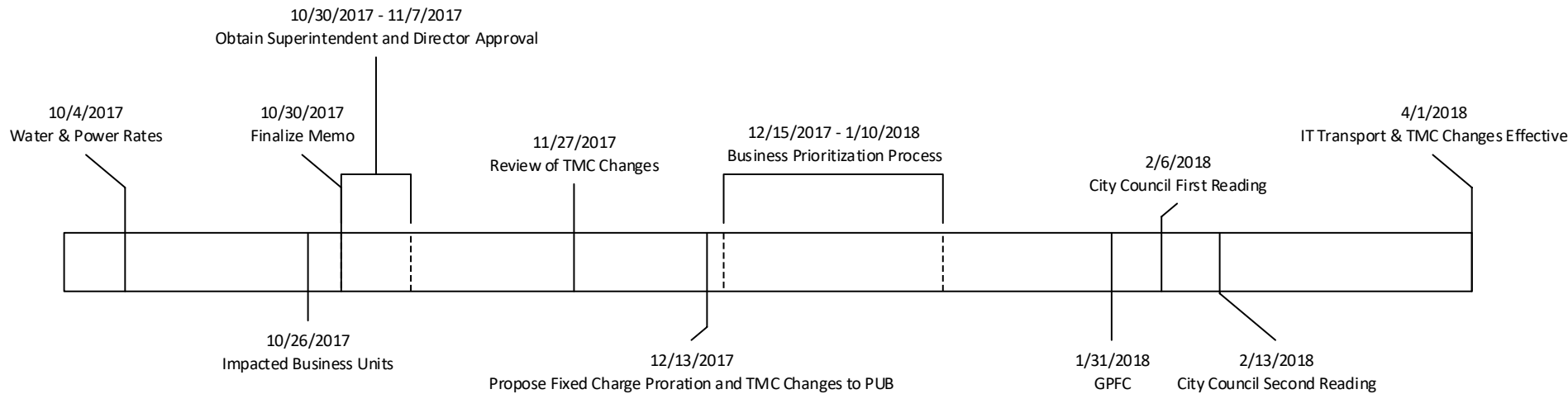


Business Impact

	Revenue Impact	Number of Events
Water	\$450,000	36,400
Power	\$800,000	90,000
Combined	\$1,250,000	126,400
<i>Values derived from the move-in/move-out events observed each year from 2014 through 2016.</i>		

Fixed-Charge Proration

Proposed Timeline



We are here.

Fixed-Charge Proration

Recommendation



Recommendation

Tacoma Water and Tacoma Power recommend the Government Performance & Finance Committee approve the proposed Tacoma Municipal Code amendments and forward the recommendation to City Council for approval.



Questions? Comments?