



## Board Action Memorandum

**TO:** Jackie Flowers, Director of Utilities  
**COPY:** Charleen Jacobs, Director and Board Offices  
**FROM:** Scott Dewhirst, Tacoma Water Superintendent  
**MEETING DATE:** November 6, 2020  
**DATE:** November 4, 2020

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### **SUMMARY:**

Tacoma Water requests approval by the Public Utility Board (PUB) to amend and revise sections of Chapter 10 (Water Regulations and Rates) in Title 12 (Utilities) of the Tacoma Municipal Code (TMC).

The requested changes are for water rate adjustments effective January 1, 2021 and January 1, 2022.

### **BACKGROUND:**

Tacoma Water serves over 300,000 customers in the greater Tacoma metropolitan area. In 2019, we delivered approximately 50 million gallons a day and generated about \$90 million in water sales. While overall water consumption has remained steady, ongoing costs to maintain our utility have increased. Tacoma Water is proposing annual system average rate adjustments of 1.5% effective January 1, 2021 and 2.0% effective January 1, 2022 in order to meet these ongoing needs. The rate adjustments will be implemented equally across all rate classes, and distributed proportionately to fixed and variable rate elements where applicable or consistent with policy and contractual provisions.

In the development of this proposal, Tacoma Water conducted a revenue requirement and rate-design that incorporates the 2021-2022 budget request. This proposal is in alignment with industry ratemaking standards and best practices, as well as the PUB's Strategic Directives of Financial Sustainability (SD-2) and Rates (SD-3), and supports Tacoma Water's Long-Range Financial Plan.

In preparation for this request, Tacoma Water sought input from customers and members of the public through various meetings such as: franchise city council meetings, neighborhood council meetings, PUB study sessions, Government Performance & Finance Committee meeting, City Council and PUB joint study session, and a public hearing. Communication has also been distributed through bill inserts, mailings, website, and social media.

Based on customer research on affordability, many of Tacoma Water's customers are able to afford low, stable rate adjustments. However, there are customers that are more negatively impacted by rate increases. Therefore, this proposal also includes increases to Tacoma Water's assistance programs, providing larger bill credits and discounts to customers currently in the program, as well as expanding eligibility.



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**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED?** Yes.

**IF THE EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.** N/A

**IF THE ACTION REQUESTED IS APPROVAL OF A CONTRACT, INCLUDE LANGUAGE IN RESOLUTION AUTHORIZING \$200,000 INCREASE IN ADMINISTRATIVE AUTHORITY TO DIRECTOR?** N/A

### **ATTACHMENTS:**

- Request for Resolution
- Council Action Memorandum
- Proposed Rate Ordinance

### **CONTACT:**

- Primary Contact: Lyna Vo, Utilities Economist
- Supervisor: Jodi Collins, Financial Stewardship Manager
- Presenter: Scott Dewhirst, Tacoma Water Superintendent