



**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 Chapters 12.06 regarding New Large Load Service  
**DATE:** November 6, 2020

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### **SUMMARY AND PURPOSE:**

Tacoma Power requests approval by the City Council for a new rate category—New Large Load Service (Schedule NLL).

### **BACKGROUND:**

**This Department's Recommendation is Based On:** Tacoma Power is committed to supporting economic development in the City of Tacoma. Stating the rate for new large electric loads in the Tacoma Municipal Code increases transparency for industrial operations considering locating in the area and improves consistency with the practice for all other rate schedules.

This new tariff codifies the rate to be charged to new large loads between 8 and 20 MW. Currently, the pricing for these loads is specified in Tacoma Power's Electric Rate & Financial Policy. Restating this rate as a formal tariff in the municipal code is consistent with the practice for all other rates.

### **COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:**

This rate proposal is in response to the stated need of staff professionals in economic development.

### **2025 STRATEGIC PRIORITIES:**

#### **Equity and Accessibility: *(Mandatory)***

This rate is designed to assist economic development staff in liaising with businesses interested in moving to Tacoma. Expansion of the City's economic base provides additional opportunity to all Tacoma residents. In addition, retail revenues from new large loads contribute margin toward Tacoma Power's fixed costs, keeping rates low for all customer groups.

#### **Economy/Workforce: *Equity Index Score: Moderate Opportunity***

- Increase the number of Tacoma households that have livable wage jobs within proximity to the city.
- Increase the number of infrastructure projects and improvements that support existing and new business developments.
- Increase positive public perception related to the Tacoma economy.

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

Expansion of the City's industrial base provides increased employment opportunities as well as increased tax revenue for City programs. Large transmission-level loads served under this rate are often associated with industrial or manufacturing jobs that provide a living wage and multiplier effects in the community.



**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.

<b>Alternative(s)</b>	<b>Positive Impact(s)</b>	<b>Negative Impact(s)</b>
1. Continue to provide NLL service under the provisions of the Electric Rate & Financial Policy.	No action required.	Continued confusion by businesses considering locating in Tacoma.

**EVALUATION AND FOLLOW UP:**

Business siting decisions are based on a large number of factors, including but not limited to electric rates. Retail revenues received by new large loads, if realized, will strengthen Tacoma Power’s financials.

**STAFF/SPONSOR RECOMMENDATION:**

Tacoma Power requests approval by the City Council of a formal New Large Load tariff.



**FISCAL IMPACT:**

Please provide a short summary of the fiscal impacts associated with the grant, agreement, policy action, or other action.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1.4700-Power			
2.			
<b>TOTAL</b>			

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

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

**YES**  
This proposal does not changing existing revenue structures. In the 2021/2022 Budget period, Tacoma Power expects customers on Schedule NLL to provide \$7 million in retail revenue.

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

**NO**

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

**YES**  
Retail rates are an ongoing revenues.

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

**NO**  
No additional personnel needed.

**ATTACHMENTS:**

- Proposed Amendments to Chapters 12.06 TMC