

TACOMA PUBLIC UTILITY BOARD

**2025 - 2026 PROPOSED BUDGET
TACOMA POWER**

Wednesday, September 25, 2024

Tacoma Power

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Tacoma Power Recapitulation of Biennial Budget	2023-2024 Current Budget	2025-2026 Proposed Budget	2023-24 to 2025-26 Budget Comparison	
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REVENUE

Operating Revenue

Sales of Electric Energy	\$ 957,839,988	\$ 1,004,149,435	\$ 46,309,447	4.8%
Anticipated Additional Revenue	30,749,496	49,682,245	18,932,749	61.6%
Other Electric Revenue	52,474,672	57,555,273	5,080,601	9.7%
Total Operating Revenue	1,041,064,156	1,111,386,953	70,322,797	6.8%
 Other Income	 23,788,317	 34,651,588	 10,863,271	 45.7%
Appropriation from Fund Balance	26,432,464	49,736,145	23,303,681	88.2%

Total Revenue & Available Funds	\$ 1,091,284,937	\$ 1,195,774,686	\$ 104,489,749	9.6%
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EXPENDITURES

Personnel Costs	\$ 263,203,666	\$ 313,575,340	\$ 50,371,674	19.1%
Supplies, Other Services & Charges	553,891,726	569,656,059	15,764,333	2.8%
Taxes - Current Revenue Estimate	120,041,555	126,443,636	6,402,081	5.3%
Taxes - Anticipated Additional Revenue	3,451,713	5,588,861	2,137,148	61.9%
Debt Service	68,059,277	80,856,790	12,797,513	18.8%
Cash Defeasance - (debt service)	0	15,000,000	15,000,000	100.0%
Capital Outlay	82,637,000	84,654,000	2,017,000	2.4%

Total Expenditures	\$ 1,091,284,937	\$ 1,195,774,686	\$ 104,489,749	9.6%
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CAPITAL OUTLAY FINANCING DETAIL

Funded from Operating Fund	\$ 82,637,000	\$ 84,654,000	\$ 2,017,000	2.4%
Funded from New Bonds	96,742,000	137,788,000	41,046,000	42.4%

Total Capital Outlay	\$ 179,379,000	\$ 222,442,000	\$ 43,063,000	24.0%
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PERSONNEL - Budgeted FTE **865.8 / 885.3** **902.7 / 902.7**

Prior years may have been reclassified or restated to reflect organizational changes.

Tacoma Power Revenue	2023-2024 Current Budget	2025-2026 Proposed Budget	2023-24 to 2025-26 Budget Comparison	
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REVENUE SUMMARY

Sales of Electric Energy	\$957,839,988	\$1,004,149,435	\$46,309,447	4.8%
Anticipated Additional Revenue	30,749,496	49,682,245	18,932,749	61.6%
Other Electric Revenue	52,474,672	57,555,273	5,080,601	9.7%
Total Operating Revenue	1,041,064,156	1,111,386,953	70,322,797	6.8%
Other Income	23,788,317	34,651,588	10,863,271	45.7%
Appropriation from Fund Balance	26,432,464	49,736,145	23,303,681	88.2%

Total Revenue & Available Funds	\$1,091,284,937	\$1,195,774,686	\$104,489,749	9.6%
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REVENUE DETAIL

Sales of Electric Energy

Residential	\$376,163,832	\$402,795,366	\$26,631,534	7.1%
Private Off-Street Lighting	3,259,053	2,431,718	(827,335)	(25.4%)
Small General	62,031,482	68,764,411	6,732,929	10.9%
General	229,142,956	271,327,154	42,184,198	18.4%
High Voltage General	55,960,667	59,458,684	3,498,017	6.3%
Contract Industrial - Firm	50,817,601	12,398,473	(38,419,128)	(75.6%)
New Large Load	3,473,441	6,134,492	2,661,051	76.6%
Street Lighting & Traffic Signals	1,544,744	1,799,092	254,348	16.5%
Total Retail Sales	782,393,776	825,109,390	42,715,614	5.5%

Other Sales

Bulk Power Sales	175,446,212	179,040,045	3,593,833	2.0%
Total Other Sales	175,446,212	179,040,045	3,593,833	2.0%
Anticipated Additional Revenue	30,749,496	49,682,245	18,932,749	61.6%
Total Sales of Electric Energy	988,589,484	1,053,831,680	65,242,196	6.6%

Tacoma Power Revenue	2023-2024 Current Budget	2025-2026 Proposed Budget	2023-24 to 2025-26 Budget Comparison	
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Other Electric Revenue

Rent from Electric Property	4,986,884	6,545,137	1,558,253	31.2%
Lightcurve (Rainier Connect) IRU	8,500,000	6,457,500	(2,042,500)	(24.0%)
BPA Efficiency Incentive	7,200,000	7,200,000	0	0.0%
Interdepartmental Rent	5,534,931	5,763,518	228,587	4.1%
Service Connection Fees	2,903,418	1,860,527	(1,042,891)	(35.9%)
Green Power	394,212	162,777	(231,435)	(58.7%)
Overhead on Work for Others	297,273	2,204,606	1,907,333	641.6%
Late Payment Fees	285,678	3,638,481	3,352,803	1,173.6%
Income from Campgrounds	4,196,494	5,700,000	1,503,506	35.8%
Wheeling	17,728,936	17,488,936	(240,000)	(1.4%)
Miscellaneous	446,846	533,791	86,945	19.5%
Total Other Electric Revenue	52,474,672	57,555,273	5,080,601	9.7%

Other Income

Interest	9,820,359	23,211,880	13,391,521	136.4%
Federal Subsidy for BABS/CREBS interest	7,458,448	7,191,602	(266,846)	(3.6%)
Miscellaneous	6,509,510	4,248,106	(2,261,404)	(34.7%)
Total Other Income	23,788,317	34,651,588	10,863,271	45.7%

Other Available Funds

Appropriation from Fund Balance	26,432,464	49,736,145	23,303,681	88.2%
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Total Revenue & Available Funds	\$1,091,284,937	\$1,195,774,686	\$104,489,749	9.6%
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Tacoma Power Division Consolidation	2023-2024 Current Budget	2025-2026 Proposed Budget	2023-24 to 2025-26 Budget Comparison	
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SUMMARY - Operation & Maintenance by Section

Power Administration	\$ 197,239,461	\$ 212,957,478	\$ 15,718,017	8.0%
Generation	112,754,369	125,143,291	12,388,923	11.0%
Power Management	402,528,460	404,278,065	1,749,606	0.4%
Power Shared Services	37,648,565	43,315,763	5,667,198	15.1%
Rates, Planning & Analysis	7,669,106	8,154,635	485,529	6.3%
Transmission & Distribution	133,692,711	163,111,299	29,418,588	22.0%
Utility Technology Services	49,055,989	58,303,365	9,247,376	18.9%

Total for Division	\$ 940,588,660	\$ 1,015,263,896	\$ 74,675,236	7.9%
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SUMMARY - Operation & Maintenance by Category

Salaries & Wages	\$ 236,128,654	\$ 278,159,078	\$ 42,030,424	17.8%
Employee Benefits	82,422,988	96,243,802	13,820,814	16.8%
Capital Credit & Labor To/From Others	(55,347,976)	(60,827,540)	(5,479,564)	(9.9%)
Total Personnel Costs	263,203,666	313,575,340	50,371,674	19.1%
Supplies	320,095,596	322,801,384	2,705,788	0.8%
Services	89,974,489	92,917,725	2,943,236	3.3%
Other Charges	60,899,298	57,370,095	(3,529,203)	(5.8%)
Total Assessments	82,922,343	96,566,855	13,644,512	16.5%
Taxes	123,493,268	132,032,497	8,539,229	6.9%
Total Supplies & Other Charges	677,384,994	701,688,556	24,303,562	3.6%

Total for Division	\$ 940,588,660	\$ 1,015,263,896	\$ 74,675,236	7.9%
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Tacoma Power Taxes	2023-2024 Current Budget	2025-2026 Proposed Budget	2023-24 to 2025-26 Budget Comparison	
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TAX PAYMENTS

City of Tacoma:				
Gross Earnings Tax (7.5%)	\$ 75,303,878	\$ 79,371,547	\$ 4,067,669	5.4%
State of Washington:				
Utility & Business Tax	30,820,295	31,992,731	1,172,436	3.8%
Other*				
County/Schools/Fire Protection Dist.	5,513,240	5,934,069	420,829	7.6%
Franchise Administrative Fees	8,404,142	9,145,289	741,147	8.8%
Subtotal	120,041,555	126,443,636	6,402,081	5.3%
Anticipated Additional Revenue**				
Gross Earnings Tax (7.5%)	2,280,148	3,687,243	1,407,095	61.7%
Utility & Business Tax	1,171,565	1,901,618	730,053	62.3%
	3,451,713	5,588,861	2,137,148	61.9%
Total City and Utility Tax	123,493,268	132,032,497	8,539,229	6.9%
Federal Taxes (FICA)	15,993,540	18,834,824	2,841,284	17.8%
Total Tacoma Power Taxes	\$ 139,486,808	\$ 150,867,321	\$ 11,380,513	8.2%

Note: State Sales Tax is included in O & M budget line items for materials.

FICA tax is included in O & M budget line items for personnel costs/employee benefits.

*Other includes franchise, administrative and other fees paid to other cities and entities and fire patrol assessments paid to WA State DNR.

**Taxes on anticipated additional revenue due to rate increase.

Tacoma Power Debt Service	2023-2024 Current Budget	2025-2026 Proposed Budget	2023-24 to 2025-26 Budget Comparison	
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DEBT SERVICE SUMMARY

Interest	\$ 54,619,277	\$ 65,451,790	\$ 10,832,513	19.8%
Principal	13,440,000	30,405,000	16,965,000	126.2%
Cash Defeasance	0	(15,000,000)	(15,000,000)	100.0%
Total Debt Service	\$ 68,059,277	\$ 80,856,790	\$ 12,797,513	18.8%

DEBT SERVICE DETAIL

2010B Revenue Bonds \$147,070,000	Interest	\$ 17,383,647	\$ 17,383,647	\$ 0	0.0%
	Principal	0	0	0	0.0%
2010C Revenue Bonds \$24,185,000	Interest	2,728,552	2,728,552	0	0.0%
	Principal	0	24,185,000	24,185,000	0.0%
2013A Ref & Rev Bonds \$181,610,000	Interest	7,785,200	4,321,200	(3,464,000)	(44.5%)
	Principal	0	0	0	0.0%
2013B Ref & Rev Bonds \$35,620,000	Interest	2,244,970	0	(2,244,970)	(100.0%)
	Principal	8,580,000	0	(8,580,000)	(100.0%)
2017 Bonds \$80,000,000	Interest	6,014,600	5,516,600	(498,000)	(8.3%)
	Principal	4,860,000	2,610,000	(2,250,000)	(46.3%)
2021 Line of Credit - Wells Fargo \$150,000,000	Interest	3,000,000	0	(3,000,000)	(100.0%)
	Principal	0	0	0	0.0%
2021 Line of Credit - Key Bank \$50,000,000	Interest	200,000	0	(200,000)	(100.0%)
	Principal	0	0	0	0.0%
2021 Bonds \$121,855,000	Interest	9,967,100	9,967,100	0	0.0%
	Principal	0	0	0	0.0%
2024A Revenue Bonds \$95,300,000	Interest	5,295,208	9,530,000	4,234,792	80.0%
	Principal	0	0	0	0.0%
2024B Revenue Bonds \$47,360,000	Interest	0	4,184,000	4,184,000	100.0%
	Principal	0	3,610,000	3,610,000	100.0%
2025 Revenue Bonds 180,000,000 - Anticipated	Interest	0	11,820,691	11,820,691	100.0%
	Principal	0	0	0	0.0%
Reduction due to Defeasance		0	(15,000,000)	(15,000,000)	100.0%
Total Debt Service		\$ 68,059,277	\$ 80,856,790	\$ 12,797,513	18.8%

Tacoma Power Capital Outlay	2023-2024 Current Budget	2025-2026 Proposed Budget
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SUMMARY

General Plant

Capital Projects:	\$8,393,000	\$24,501,000
Additions and Replacements:	<u>12,736,000</u>	<u>21,960,000</u>
General Plant Total	21,129,000	46,461,000

Generation

Capital Projects:	39,120,000	39,416,000
Additions and Replacements:	<u>2,431,000</u>	<u>1,798,000</u>
Generation Total	41,551,000	41,214,000

Power Management

Capital Projects:	13,832,000	9,000,000
Power Management Total	13,832,000	9,000,000

Transmission & Distribution

Capital Projects:	9,200,000	10,712,000
Additions and Replacements:	<u>55,101,000</u>	<u>86,086,000</u>
Transmission & Distribution Total	64,301,000	96,798,000

Utility Technology Services

Capital Projects:	31,401,000	23,170,000
Additions and Replacements:	<u>7,165,000</u>	<u>5,799,000</u>
Utility Technology Services Total	38,566,000	28,969,000

Sub-Total	\$179,379,000	\$222,442,000
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Projects Funded from New Bonds	(96,742,000)	(137,788,000)
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Total Operating Fund Capital Outlay	\$82,637,000	\$84,654,000
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Tacoma Power Capital Outlay	2023-2024 Current Budget	2025-2026 Proposed Budget
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General Plant Capital Projects

ABN Atrium and Entry Replacement	\$0	\$1,201,000
Facilities - TPU Garage Electrical System Replacement	293,000	0
South Service Center Storage	2,707,000	6,350,000
TPU Admin Complex Storage and Parking Facility	5,293,000	16,950,000
Windom Street Gate Replacement	100,000	0

General Plant A & R

Fleet Replacement	11,000,000	20,000,000
General Plant	200,000	250,000
Tacoma Power Security Upgrade	1,336,000	1,500,000
TPU Critical Operations Power Supply	200,000	210,000
General Plant Total	\$21,129,000	\$46,461,000

Generation Capital Projects

Cowlitz Falls Downstream Fish Passage Improvements	\$611,000	\$200,000
Cowlitz Mayfield Crane Controls Upgrade	517,000	2,000,000
Cowlitz Mayfield Downstream Collection	3,457,000	3,720,000
Cowlitz Mossyrock Dam Guard Valve and Stop Logs	716,000	0
Cowlitz Mossyrock Governor Controls Replacement	0	300,000
Cowlitz Mossyrock PDS-6 Replacement	0	380,000
Cowlitz Mossyrock SpillGate Seismic Structural Remediation	0	761,000
Cowlitz Mossyrock U51, U52 Exciter Controls Retrofit	453,000	290,000
Cowlitz Mossyrock U53 Draft Tube Wall	327,000	0
Cowlitz Off-Site Fish Rearing - Satellite Ponds	595,000	301,000
Cowlitz Trout Hatchery Remodel	2,500,000	3,820,000
Cushman #1 Dam ROV Replacement	7,000,000	0
Cushman #1 Debris Removal Ramp	0	80,000
Cushman #2 Draft Tube Stoplogs	2,758,000	0
Cushman #1 Right/Left Wing Wall Anchor	0	1,800,000
Cushman #2 Saltwater Park Hatchery Auxiliary Water Supply	796,000	1,000,000
Cushman #2 U31, U32 Unit Rebuild	7,496,000	10,000,000
Cushman #2 U31, U32, U33 TIV & Bypass Valve Actuator Replacement	471,000	0
Cushman #2 U31, U32, U33 Protective Relay Upgrade	0	1,175,000
Cushman #2 U31, U32 Pressure Regulating Valve Refurbishment	0	1,585,000
Cushman #2 Valve House EG Upgrades & ATS	155,000	110,000
Cushman FSC Upgrades and South Fork Chinook Recovery Develop	803,000	0
Cushman Powerhouse Crane Controls Upgrade	1,402,000	0
Generation Dam Deflection Survey Pedestal	0	302,000
Hydro Spillway Seismic Upgrades	0	4,000,000
Nisqually Alder & LaGrande Cooling Water Piping & Valve Replacement	225,000	144,000
Nisqually Alder Park Sewer Station EG & ATS Upgrade	0	132,000
Nisqually Alder U11 Generator Rewind	7,000,000	300,000
Nisqually LaGrande Downstream Fish Barrier - FERC	534,000	251,000

Tacoma Power Capital Outlay	2023-2024 Current Budget	2025-2026 Proposed Budget
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Nisqually LaGrande U1, U2, U3, U4 Excitation Upgrade	500,000	575,000
Nisqually LaGrande U1, U2, U3, U4 Protection Relay Upgrade	500,000	1,000,000
Nisqually U5, U12 Turbine Generation Modernization	0	5,000,000
Wynoochee Powerhouse Substation EG	304,000	190,000

Generation A & R

Cowlitz Project Generation	142,000	0
Cowlitz Project Recreation	201,000	0
Cushman Project Generation	210,000	0
Fish Facilities	452,000	0
Generation Engineering	0	110,000
Gen Engineering Automation	197,000	0
Gen Engineering Civil	50,000	0
Gen Engineering Electrical	130,000	0
Gen Engineering Mechanical	107,000	0
Generation Hydro Project	0	1,322,000
Generation HMI Server Replacement	491,000	0
Generation Natural Resources	0	366,000
Natural Resources	22,000	0
Nisqually Project Generation	150,000	0
Nisqually Project Recreation	110,000	0
Wynoochee Project Generation	169,000	0
Generation Total	\$41,551,000	\$41,214,000

Power Management Capital Projects

Customer Energy Programs	\$9,954,000	\$9,000,000
Hydrogen Production, Distribution, and Storage	2,340,000	0
Transportation Electrification	1,538,000	0
Power Management Total	\$13,832,000	\$9,000,000

Transmission & Distribution Capital Projects

#6 Copper Conductor Replacement	\$887,000	\$1,540,000
115 kV Sectionalizing MOD	352,000	400,000
Billable-WSDOT SR167 Ph1 Stg1b: I5-SR509	3,000,000	0
Distribution Automation	688,000	1,983,000
Fawcett Ave Duct bank	1,280,000	1,473,000
Substation Grounding Enhancements	107,000	520,000
Joint Use Pole Enhanced Permitting Project	279,000	0
LaGrande Bank 3 GSU Replacement	1,419,000	0
MC Switchgear Replacement Pilot Project	1,188,000	2,670,000
Southwest Bank 1 Replacement	0	60,000
South Service Area West Distribution Substation	0	1,778,000
Transmission Line Uprating	0	288,000

Tacoma Power Capital Outlay	2023-2024 Current Budget	2025-2026 Proposed Budget
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Transmission & Distribution A & R

Central Business District	\$1,962,000	\$2,595,000
Distribution Efficiency	232,000	280,000
Distribution Substation Transformer Replacement	4,487,000	3,319,000
Distribution System Upgrades	4,403,000	737,000
Distribution Transformer	5,723,000	16,640,000
Distribution UG/PM Switchgear Replacement	301,000	669,000
Energy Management System	1,577,000	3,520,000
HFC Fiber Projects	686,000	834,000
HFC Road Projects - Power Apps	695,000	0
Joint Use	1,252,000	2,290,000
MC Switchgear Replacement	0	2,495,000
Meters and Devices	2,285,000	2,690,000
New Services	3,990,000	4,430,000
Overhead Distribution & Transmission	14,308,000	26,570,000
Protection & Controls	1,554,000	2,127,000
Rental Light	500,000	760,000
Roads / Public R/W	5,270,000	4,690,000
Substation	2,814,000	5,105,000
T&D Tools and Materials	250,000	540,000
Transmission	1,191,000	3,385,000
Underground	1,621,000	2,410,000
Transmission & Distribution Total	\$64,301,000	\$96,798,000

Utility Technology Services Capital Projects

Advanced Metering Infrastructure (AMI)	\$0	\$590,000
AI for Quality Assurance	0	97,000
Asset Investment Planning Software	800,000	0
Automated Distribution Management System	13,997,000	10,572,000
Customer Engagement Portal	1,495,000	0
Distributed Antenna Systems	1,555,000	1,348,000
EAP Notifications	0	45,000
Financial Planning Software	587,000	0
Identity and Access Management	723,000	0
MyAccount Value Stream	0	704,000
Paging and Alert System Upgrade	0	1,095,000
Physical Access Control System Replacement	173,000	0
Power GIS Modernization	1,083,000	4,966,000
Power GIS Value Stream	6,140,000	0
Power VHF Radio System Upgrade	2,749,000	0
RTU Replacements	0	1,470,000
Telephony Modernization	0	2,283,000
Verint Upgrade	51,000	0
Wide Area Network Modernization	2,048,000	0

Tacoma Power Capital Outlay	2023-2024 Current Budget	2025-2026 Proposed Budget
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Utility Technology Services A & R

Advanced Metering	\$0	\$1,846,000
Conference Room AV Upgrades	718,000	558,000
Cybersecurity and Resilience	916,000	228,000
Operational Information Systems	478,000	0
Telephony	308,000	576,000
Unmanned Aircraft Systems Program	40,000	110,000
Utility/Grid Modernization	3,254,000	1,112,000
UTS Communications	1,451,000	1,369,000
Utility Technology Services Total	\$38,566,000	\$28,969,000

Total Capital Outlay	\$179,379,000	\$222,442,000
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