

# 2025-2026 Budget & Rates Proposal

**Presented by Heather Pennington, Jodi Collins, and Alyssa Flores Brown**

**for the Public Utility Board on September 25, 2024**

# Agenda



**Water's Commitment to a Transparent Data Driven Budget**

**Heather Pennington**

**Budget Development & Cost Efficiencies**

**Heather Pennington**

**Budget Assumptions & Risks**

**Jodi Collins**

**Preliminary O&M and Capital Budget Proposal**

**Alyssa Flores Brown**

**Long-Range Financial Planning and Funding the Proposal**

**Jodi Collins**

**Preliminary Rates Proposal**

**Jodi Collins**

**Summary and Next Steps**

**Jodi Collins**

**Appendix**

*Our budget is based on prudent financial stewardship and operational innovation.*

- **Strategic long-range planning & gradual approach**
- **Operational efficiencies**
- **Financial, project, and process management**
- **Budget decision-making framework**
- **Forecasting, phased approach**
- **Managing inflationary pressures and supply chain issues**
- **Responsible, intentional use of cash reserves to reduce rate increases**
- **Continue work with other utilities in the region to market surplus capacity**
- **Balance internal resources & professional services**
- **Actively manage expenditures through asset management & prioritization**
- **Budgeted deduction to salaries & benefits for vacancy factor**
- **Budgeted capital carry-forward factor deduction to capital budget**
- **BCAP automatic credits for customers that qualify for assistance**
- **Expanded grant & loan program for customers**
- **Mid-biennium adjustment if needed**

# Budget Development



CAPITAL PROJECTS	DEPENDENCIES / DEFERRALS
<b>Renewal and Replacements</b>	
<ul style="list-style-type: none"> <li>• Main Replacement Program</li> </ul>	<ul style="list-style-type: none"> <li>• In addition to Asset Management lifecycle model, we partner with Public Works and other utility departments to share costs on replacing infrastructure together; budget reflects roughly half the AMP Team recommendation to replace \$8M of main per biennium</li> </ul>
<b>Environmental Stewardship</b>	
<ul style="list-style-type: none"> <li>• Additional Water Storage Project (AWSP)</li> <li>• Fish Passage</li> <li>• Fish Habitat and Mitigation</li> </ul>	<ul style="list-style-type: none"> <li>• Complete by 2030 to meet the 2019 Biological Opinion (Bi-Op)</li> <li>• Fully functional by end of 2030 in accordance with 2003 Project Cooperative Agreement with USACE</li> <li>• To meet obligations under AWSP in alignment with 2019 Biological Opinion (Bi-Op)</li> </ul>
<b>Supply and Treatment Facilities</b>	
<ul style="list-style-type: none"> <li>• Prairie Ridge Reservoir</li> <li>• Wells Master Plan</li> <li>• Bismark and Fletcher Heights Standpipes</li> <li>• McMillin Pump Station #1 Upgrade</li> <li>• Portland Ave Reservoir Overflow Sanitary Correction</li> <li>• Other</li> </ul>	<ul style="list-style-type: none"> <li>• Prairie Ridge Site - 2nd Reservoir: Moved start from 2029 to 2033 (\$8.5M)</li> <li>• GPL Wells Improvement and Treatment: Moved start from 2029 to 2034 (\$9.3M)</li> <li>• Moved start from 2027 to 2033 (\$2.5M)</li> <li>• Moved start from 2028 to 2033 (\$2.3M)</li> <li>• Moved start from 2032 to 2047 (\$1.0M)</li> <li>• Other previously identified projects deferred due to WestRock Mill closure (\$7.0M)</li> </ul>
<b>Infrastructure/Facilities</b>	
<ul style="list-style-type: none"> <li>• Water Operations Warehouse</li> </ul>	<ul style="list-style-type: none"> <li>• Essential project to design and construct new warehouse and shops buildings to ensure appropriate life safety standards, increase seismic resilience</li> </ul>
<b>Regulatory</b>	
<ul style="list-style-type: none"> <li>• Pipeline 1 Pressurization Program</li> <li>• PFAS Treatment (South Tacoma Wells)</li> </ul>	<ul style="list-style-type: none"> <li>• Bi-lateral agreement with DOH to pressurize Pipeline 1 by 2051; Shifted CIP from 2031 to 2034 (\$10.6M)</li> <li>• Complete by 2029 to meet compliance with PFAS Rule</li> </ul>
<b>Technology</b>	
<ul style="list-style-type: none"> <li>• SAP Now!</li> <li>• GIS Utility Network Migration</li> </ul>	<ul style="list-style-type: none"> <li>• In alignment with City of Tacoma to upgrade the SAP ECC Platform prior to its end of life</li> <li>• Transition to new ArcGIS Pro software prior to depreciation of current Esri Geometric Network model in 2026</li> </ul>

*Our budget proposal includes cost efficiencies to help mitigate rate increases.*

## Budget Variance in 2023/24 applied to reserves

- Projected savings and expenditure deferrals of \$22.8M lowers cash needed from rate increase and delays borrowing costs

## Refinancing for Debt Service Savings and Restructuring

- RWSS Refunding saved \$1.1M in the Tacoma 2025/26 budget

## Deferred Infrastructure Investments

- Deferred nearly \$41M Capital expenditures, includes WestRock related and other
- Capital Carryforward deduction of \$7.5M mitigates rate impact

## Personnel Expense Management and Hiring Prioritization

- Repurpose existing project positions, no additional FTEs included for 2025/26
- Vacancy factor deduction of \$3.2M mitigates rate impact

## Responsible Budgeting and Financial Management

- Use of Reserves and anticipated Revenue Bond issue to fund capital
- Prioritization, long-term planning, Decision-Making Framework

# Budget Assumptions & Risks

*This proposal includes known cost increases, capital deferrals, and use of reserves.*

## Revenues

- Updated short-term demand forecast (weather, account growth)
- Incorporated WestRock Mill closure

## Increased Personnel Costs

- No additional FTEs
- Higher salaries and benefits expenses (class & comp adjustments, wage inflation)

## Other Cost Expense Increases

- Increased assessments from internal service providers (SAP ERP replacement, wage inflation)
- Higher operational costs including utilities, fuel, insurance, and water treatment supplies
- High costs for construction contracts, labor, supplies, and materials
- Additional support for customer assistance programs

## Long-term Economic Projections ('normal' inflation & interest rates)

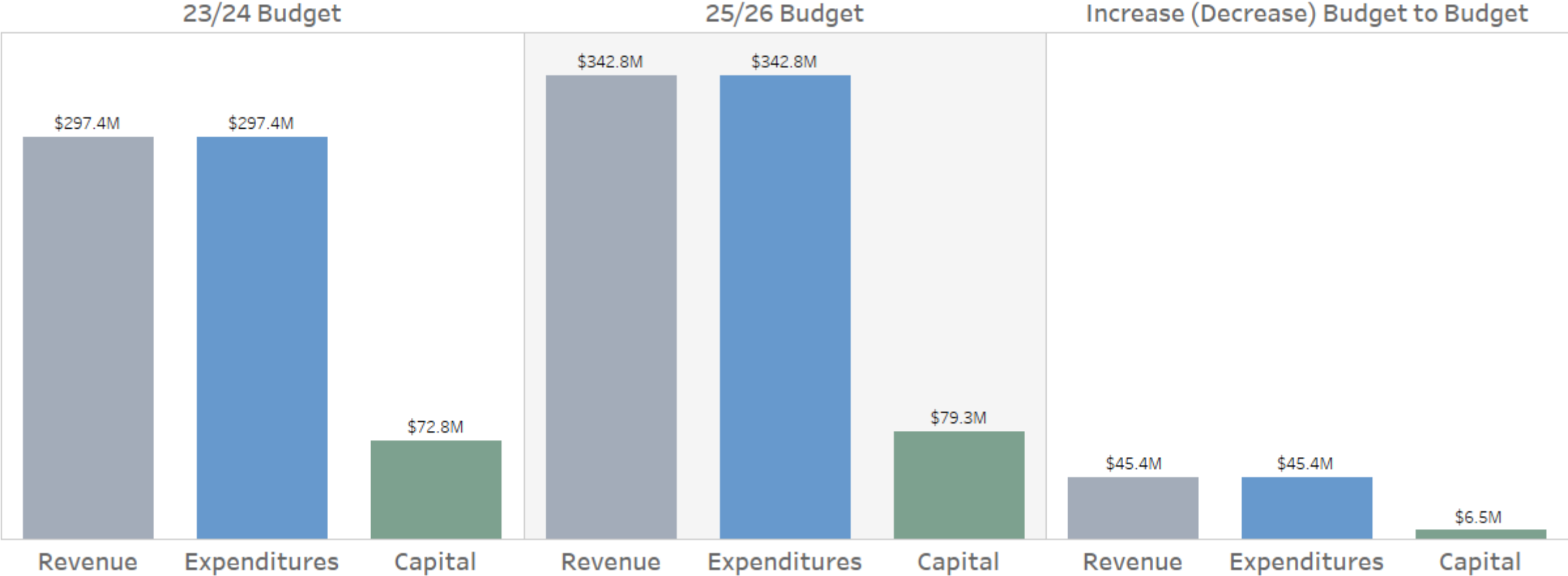
## Increased Capital Budget and CIP

- Funded from debt (revenue bonds in 2025/26) and reserves
- Capital deferrals within and beyond the planning period

# Budget Comparison

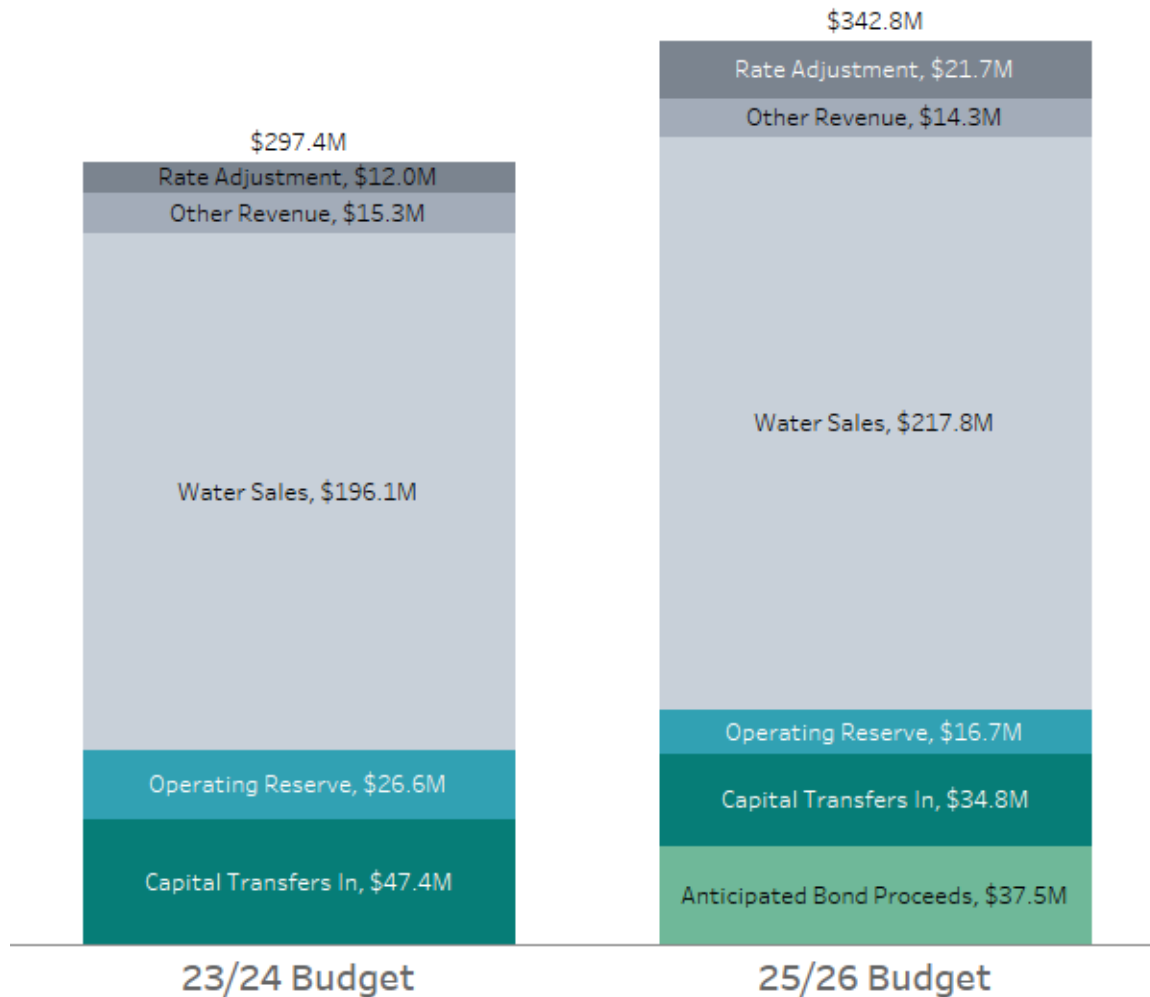


*We have developed a balanced budget proposal with revenue equal to expenditures.*



\* Capital is also included in Revenue and Expenditure bars.

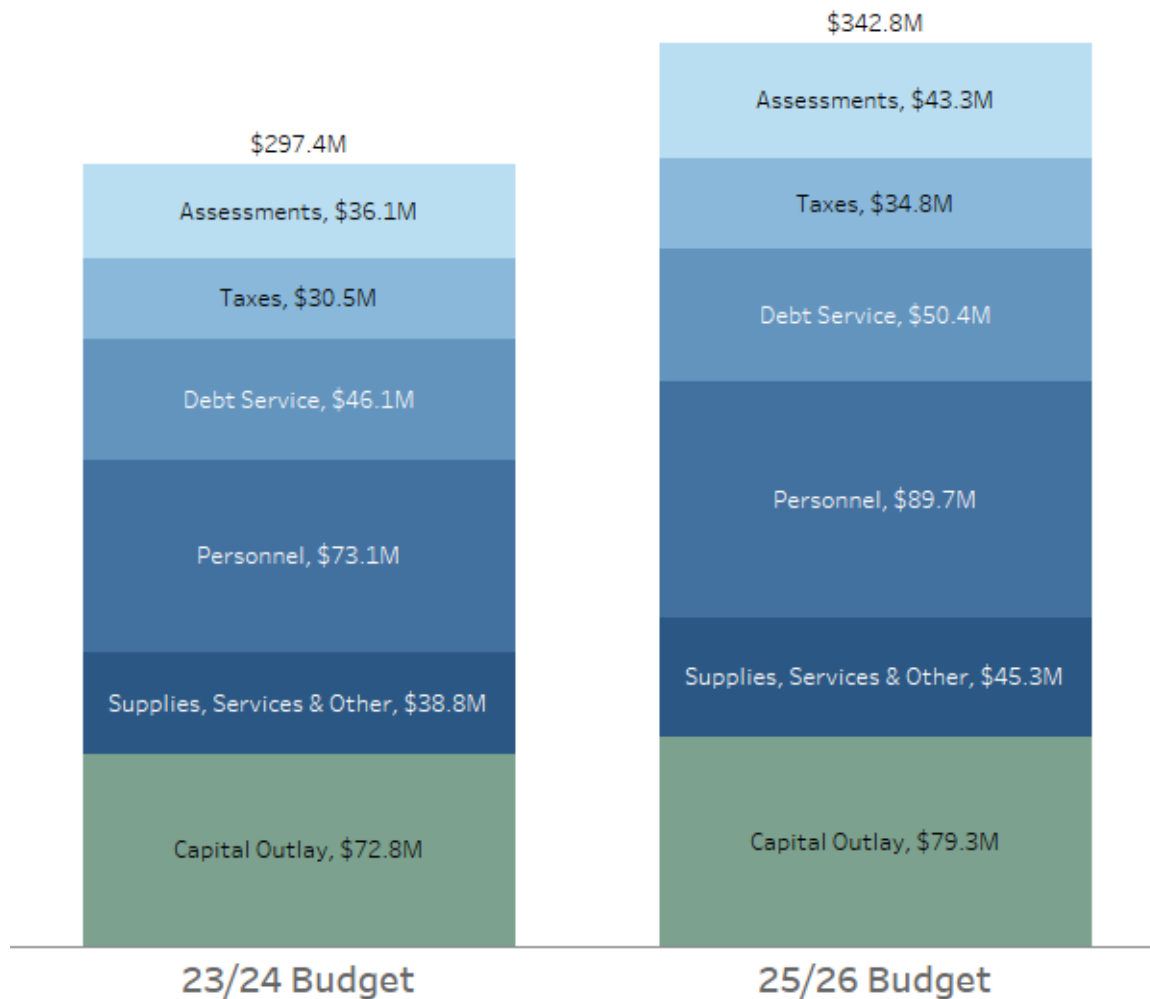
# Proposed Budget: Revenue



- This chart includes capital outlay funded from cash reserves
- Proposed water sales budget incorporates updated demand forecast at existing rates
- Revenue from proposed rate adjustment is **\$21.7M** and assumes **6.5%** system average increases in each year
- Water sales, including the rate adjustment, makes up about **70.0%** of the budget, **15.0%** is spending cash reserves, **10.9%** is anticipated bond proceeds, and **4.1%** is other revenue

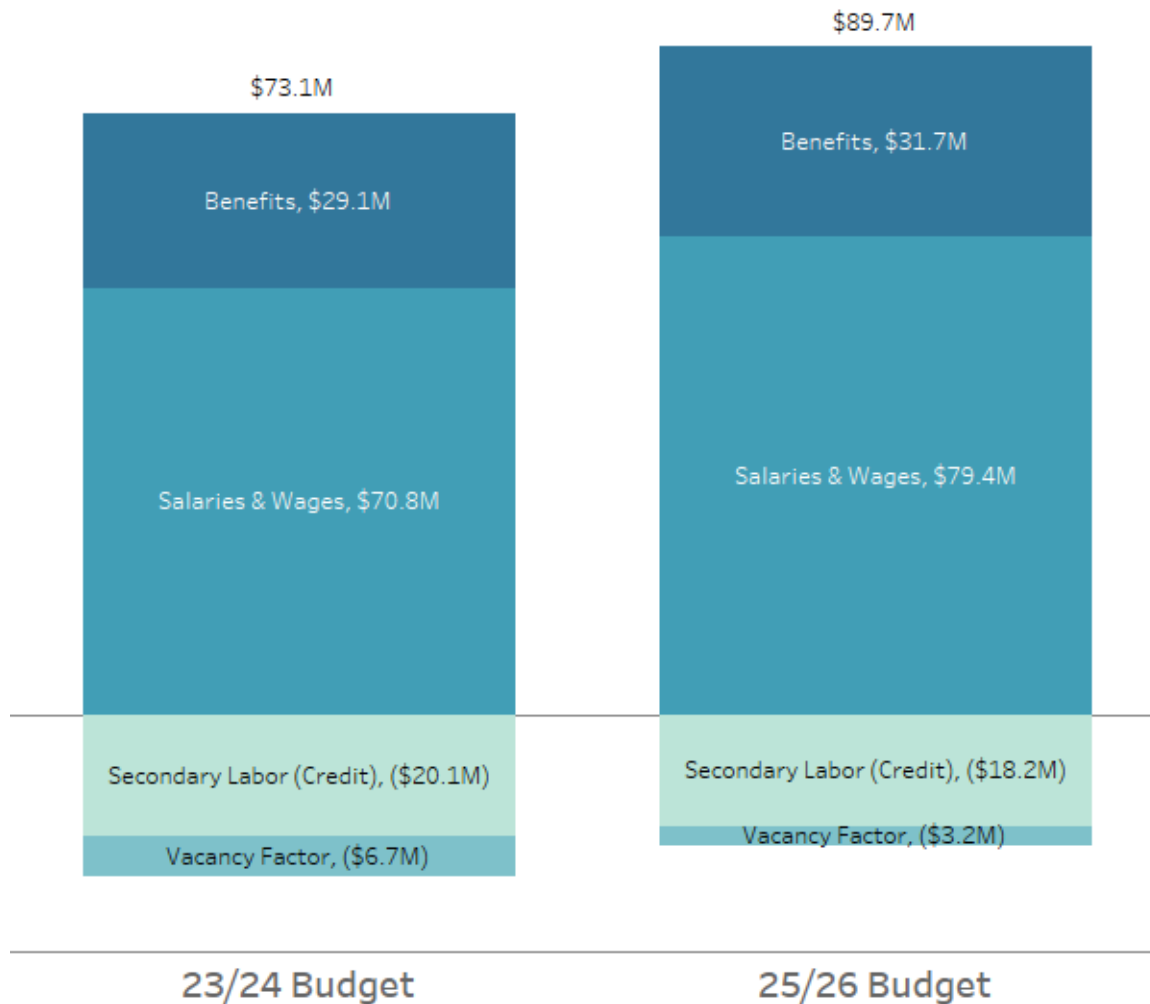


# Proposed Budget: Expenditures



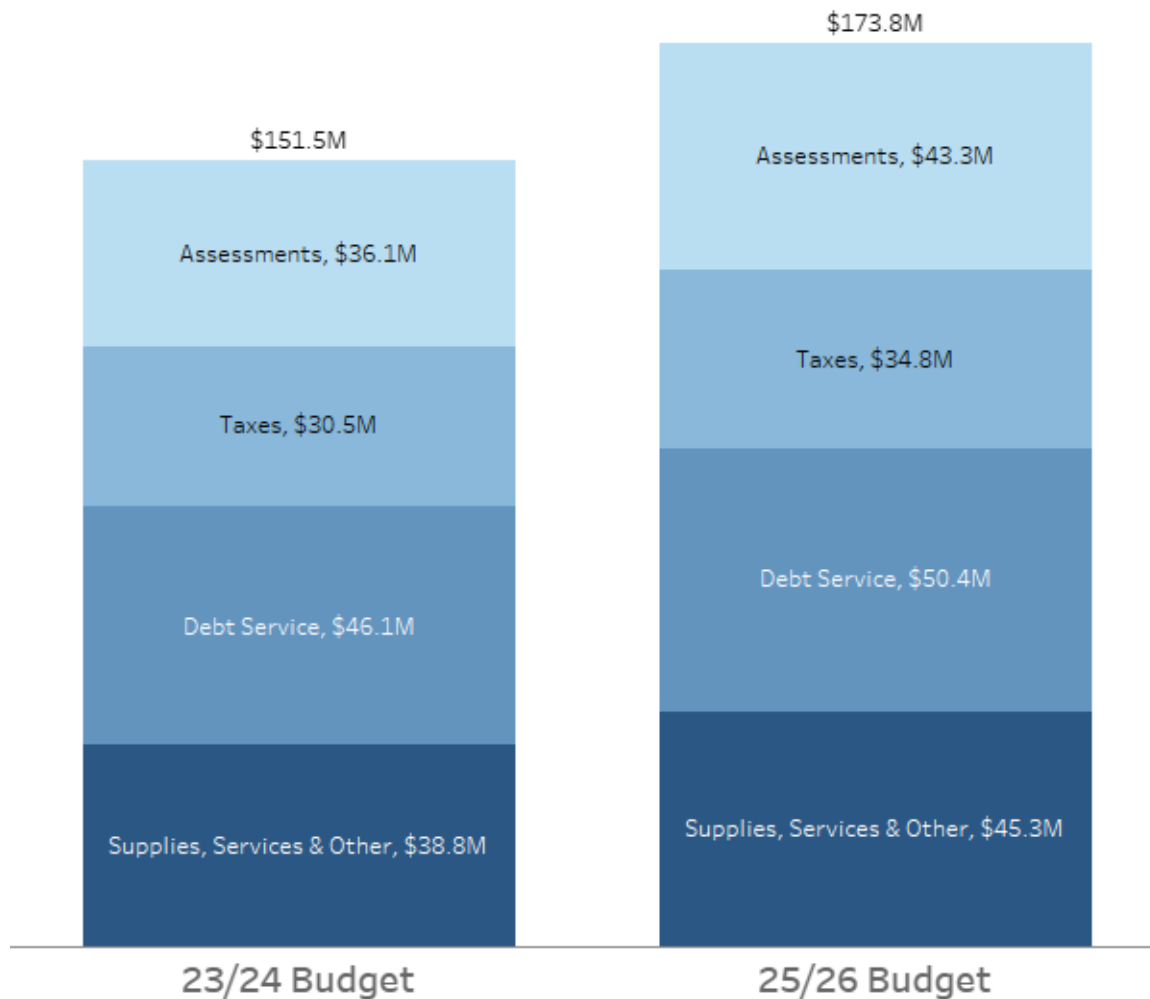
- **Overall Operations & Maintenance (O&M), including capital outlay, is about \$45.4M higher in 25/26 than in 23/24**
- **Personnel costs have increased by \$16.6M, with increases in both salaries and benefits**
- **Supplies, Services & Other Charges increased \$6.5M primarily due to inflation**
- **Internal service assessments are about 12.6% of total O&M budget and are \$7.2M higher in 25/26**

# Proposed Budget: Personnel



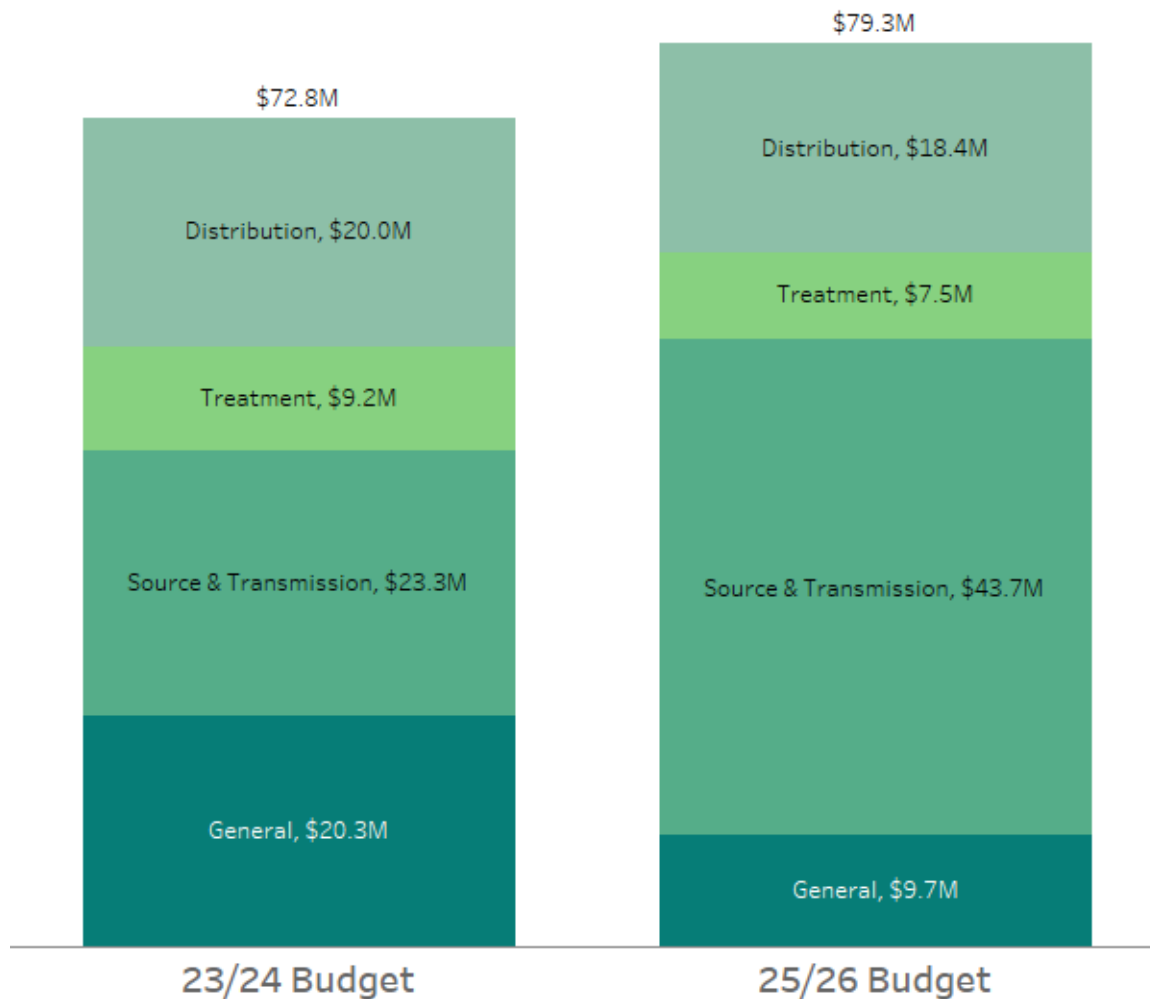
- Overall personnel is about **\$16.6M** higher in 25/26 than in 23/24
- Budget includes no new positions
- Incorporates deferred market wage adjustments and general wage increases from updated contracts for represented positions
- Budget includes **\$3.2M** deduction to salaries and benefits for vacancy factor, about **\$3.5M** less than 23/24

# Proposed Budget: Other O&M



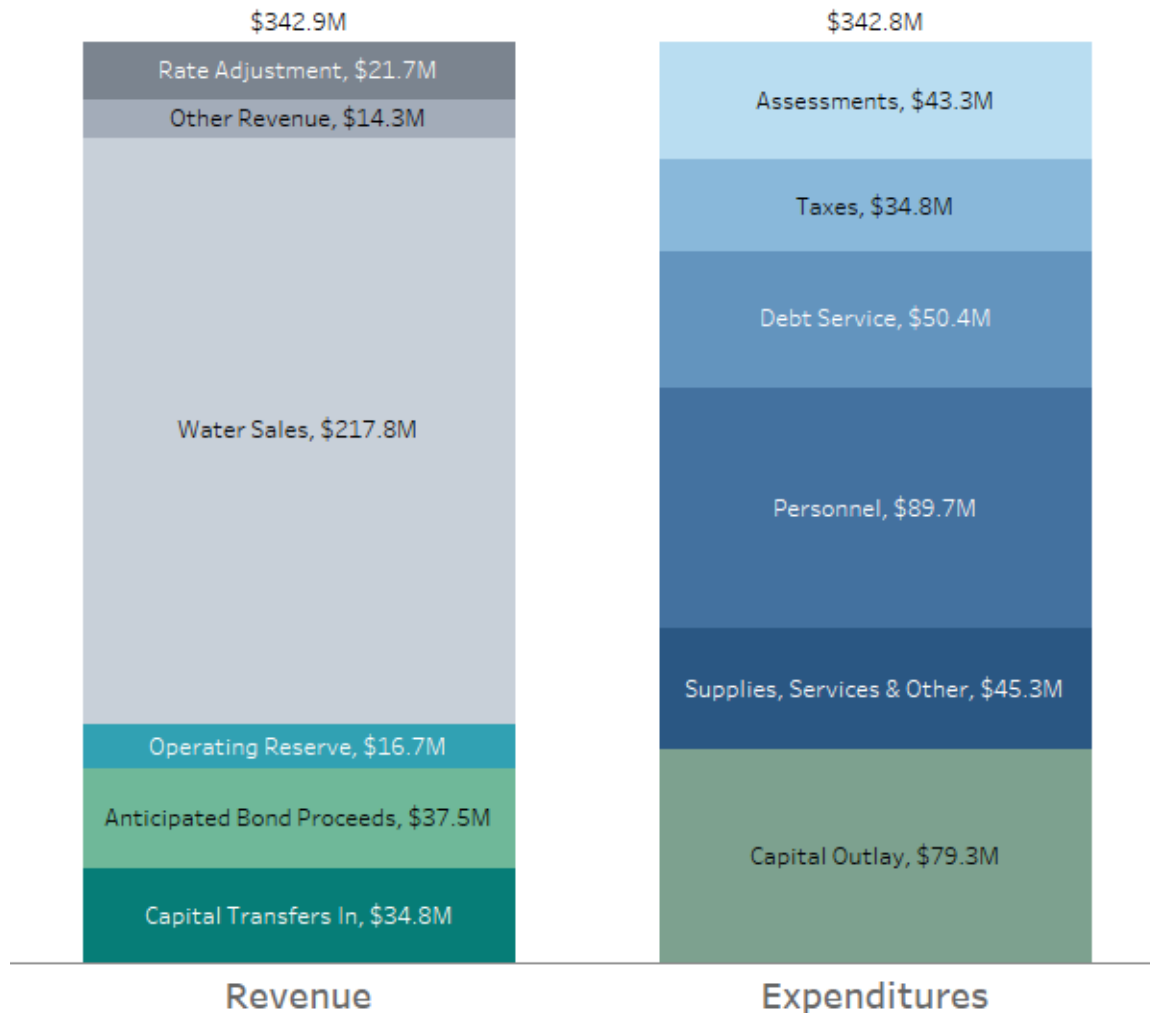
- **Total Other O&M is about \$22.3M higher in 25/26 than in 23/24**
  - **Assessments increase \$7.2M**
  - **Taxes increase \$4.3M**
  - **Debt Service increase \$4.3M**
  - **Supplies, Services & Other increase \$6.5M**
- **Higher operational costs, inflation of expenses, contract service cost increases, supply chain delays contribute to increase for Supplies, Services & Other Charges**

# Proposed Budget: Capital



- Overall capital is about **\$6.5M** higher in 25/26 than in 23/24
- Capital funded by cash reserves and new debt
  - **\$7.0M** from Operating Fund
  - **\$34.8M** from Capital Funds
  - **\$37.5M** from Anticipated Revenue Bond Proceeds
- Includes reappropriation from 23/24 of **\$12.2M** for projects in process, and **\$7.5M** Carry Forward Factor to account for re-appropriated spending in the next biennium
- Budget has been informed with asset management tools & processes, project prioritization matrix based on values & constraints, and resource planning

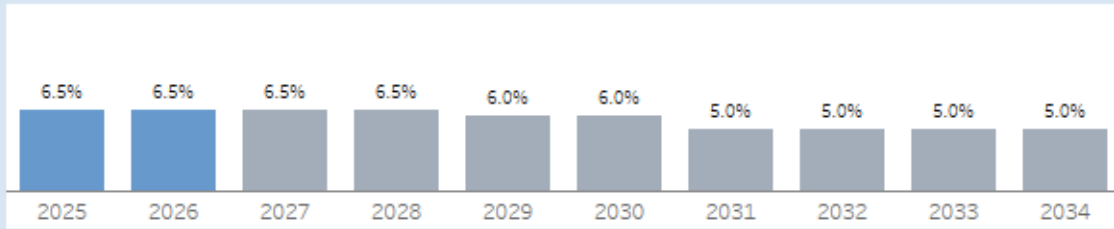
# Proposed Budget: Expenditures & Revenue



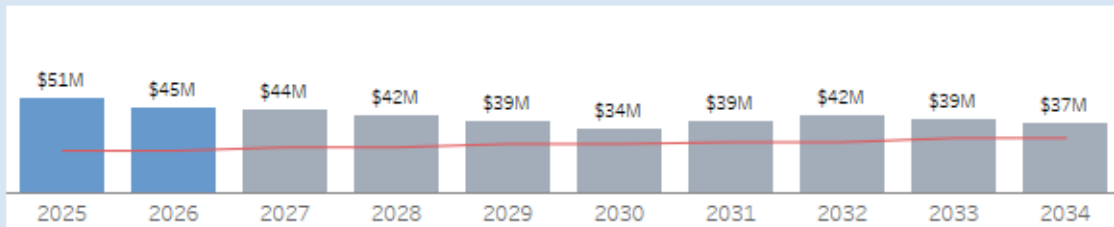
- This chart gives a side-by-side view of how revenue and reserves are planned to be appropriated during the 25/26 biennium
- Nearly **70%** of total expenditures are planned to be paid with revenue from water sales, including the rate adjustment
- About **15%** of total expenditures are planned to be funded with cash reserves, **11%** from anticipated revenue bond proceeds, and the remaining **4%** from other miscellaneous revenue

# Long-Range Financial Planning

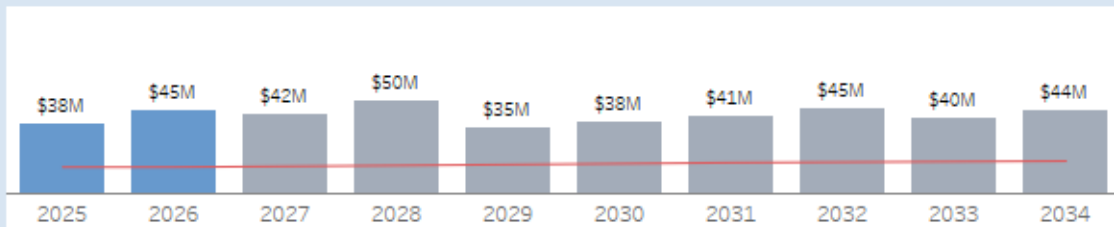
### System Average Rates



### Operating Reserve Fund



### Capital Reserve Funds



## Rates

- **6.5% annual system average rates for 2025/2026**

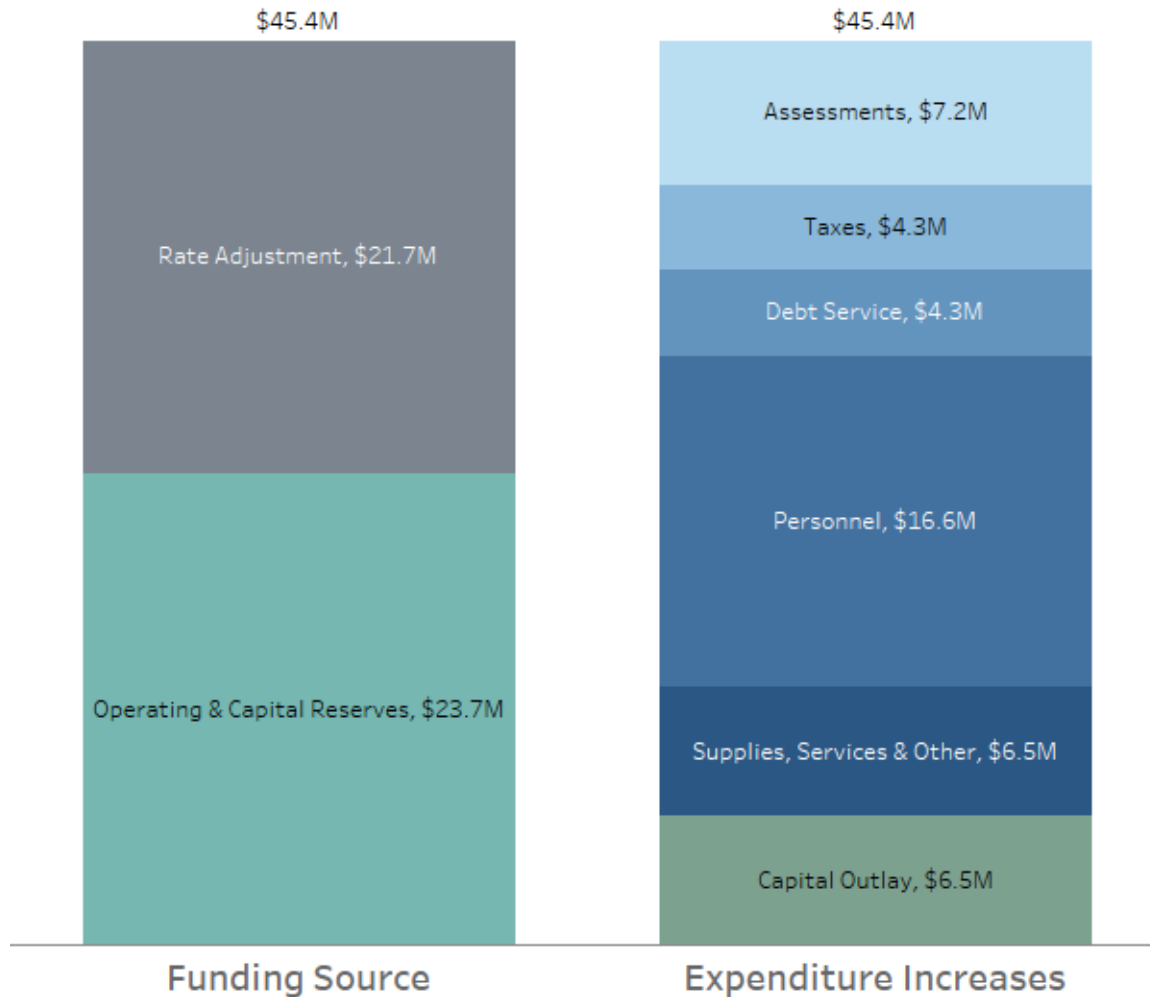
## Coverage

- **Continue meeting debt service coverage requirements**

## Liquidity

- **Responsible spend-down of reserves within liquidity policy**

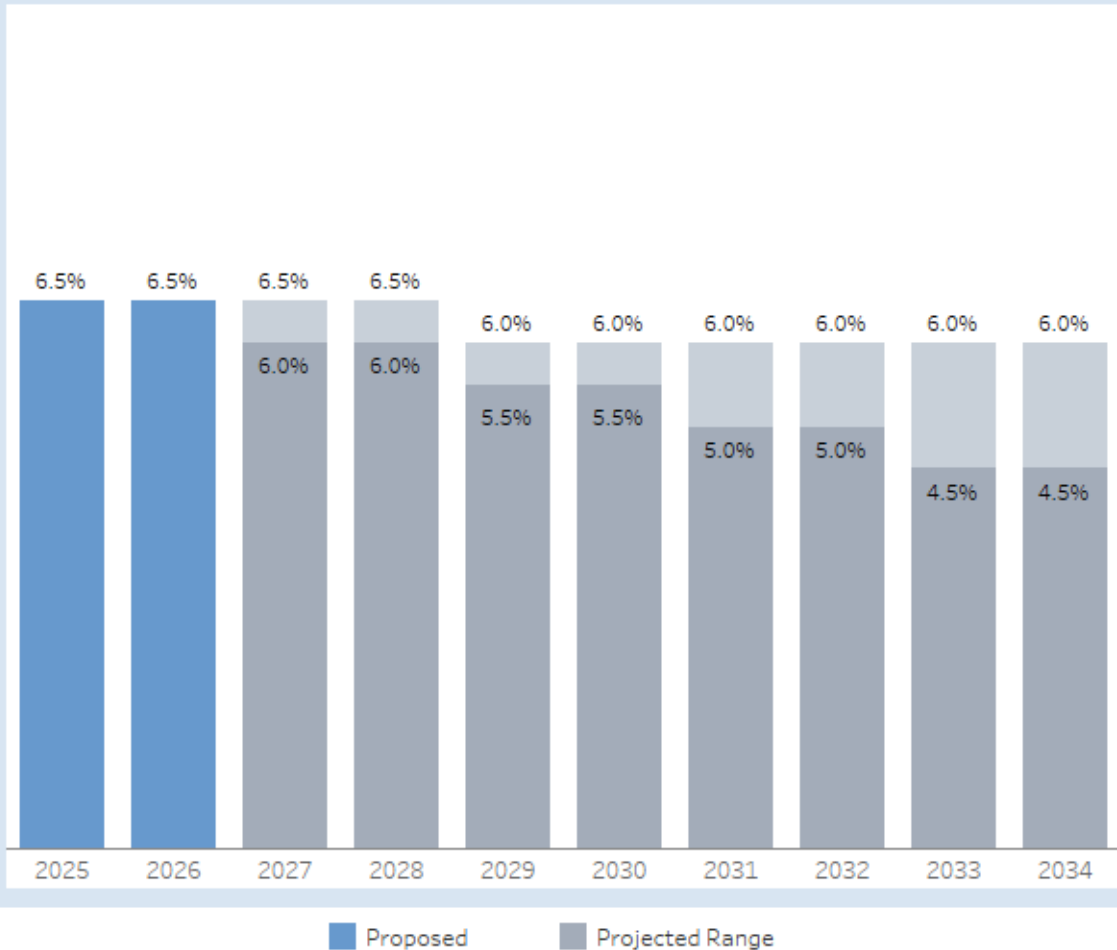
# Funding for Expenditure Increases



- This chart illustrates how the **\$45.4M** increase in expenses from 23/24 for 25/26, including capital outlay, are proposed to be funded and appropriated
- Nearly **52%** of increased expenditures will be funded from cash reserves
- Remaining **48%** proposed to be paid from rate adjustment

# Projected Range of System Average Rates

Proposed and Projected System Average Rate Adjustments



## Base Case Assumptions

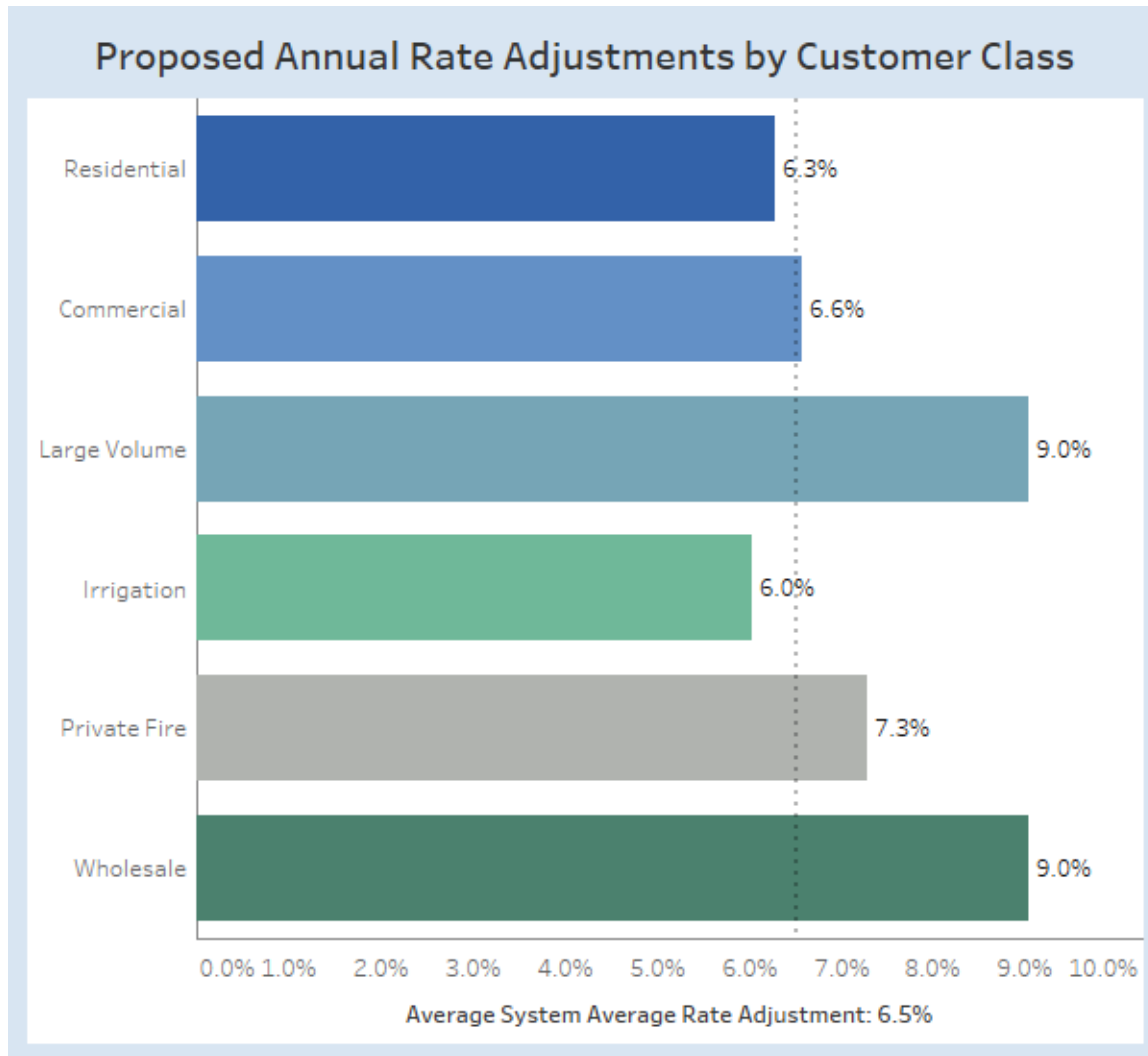
- Inflationary Costs (general, labor, etc)
- Incremental Franchise Fees
- System Account Growth
- Demand Growth
- Interest Earnings

## Scenario Development

- Flat 6% Rate Adjustments
- Deferred PFAS Treatment
- Wholesale Revenue Opportunities



# Preliminary Rate Proposal: System Average



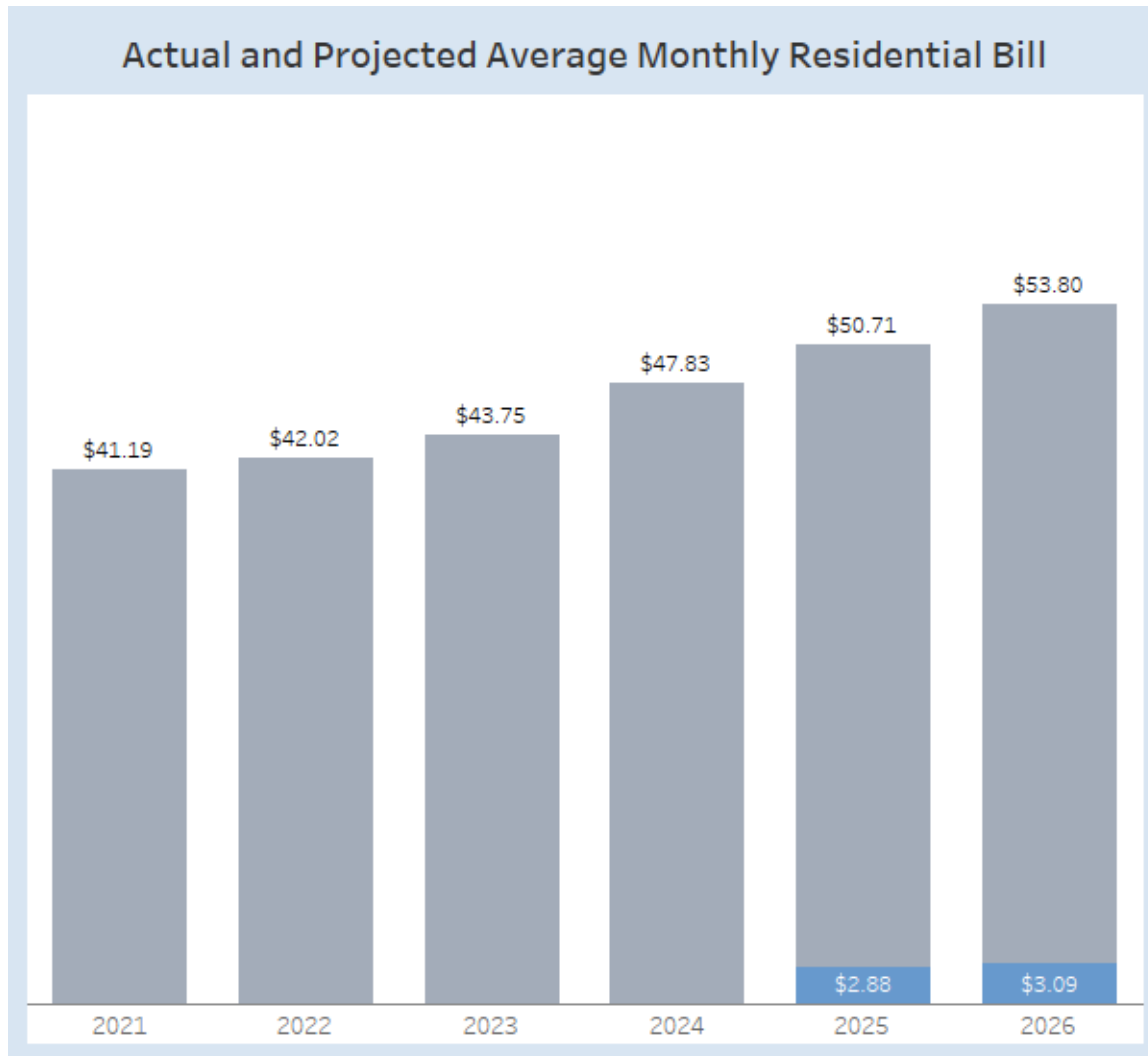
## Recommendations

- **6.5% annual system average rate increase**
- **Rate adjustments would apply to both fixed and variable components for most classes**

## Mitigation

- **Recommendations assume a phasing-in of COSA results**

# Average Monthly Residential Bill

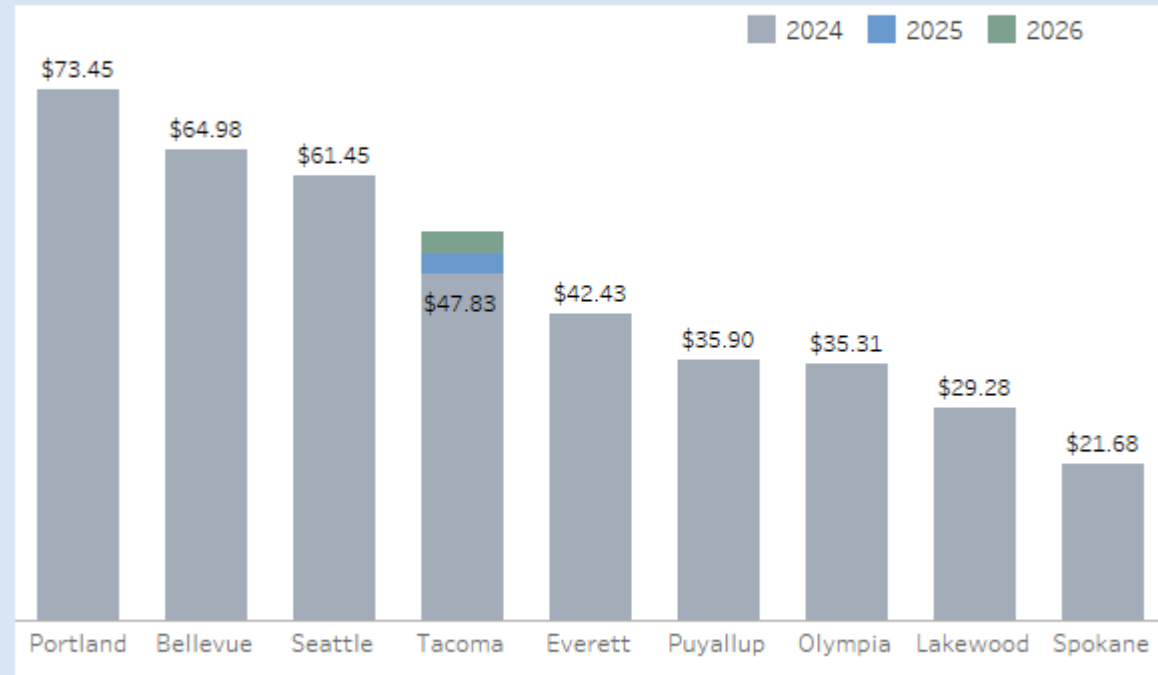


- The recommended changes result in an increase of **\$2.88 per month in 2025** and **\$3.09 per month in 2026** for the average inside-city residential customer
- Assumes a City of Tacoma customer with 5/8" meter, 6 CCF (4,488 gallons) of consumption during Winter months and 9 CCF (6,732 gallons) of consumption during summer months
- BCAP automatic credit will increase by \$1 for a total of an **\$8 automatic credit** and a **\$5 achievable credit**

# Customer Assistance Programs

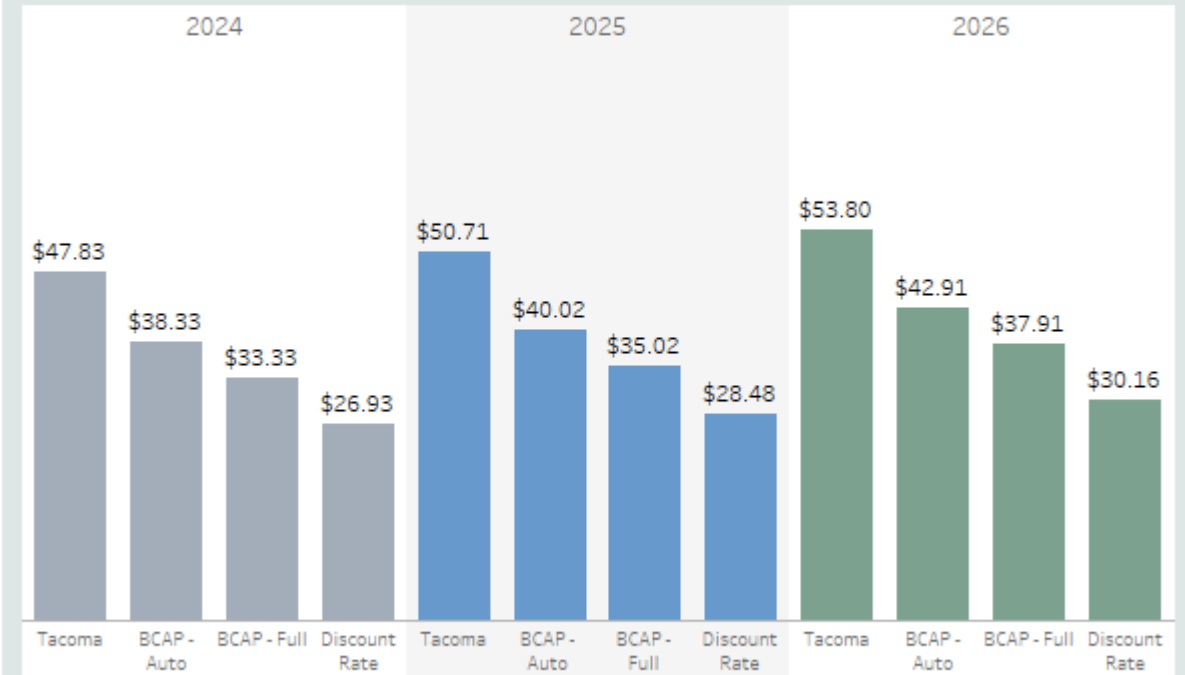
*The average residential drinking water bill in Tacoma is approximately 0.6% of area median income in the Tacoma Water service territory.*

### Regional Comparison of Average Monthly Bills



*This comparison assumes a single family in Tacoma consumes a monthly average of 6 CCF (4,488 gallons) in winter months and 9 CCF (6,732 gallons) in summer months, with a 5/8" meter.*

### Comparison of Average Monthly Bills with and without TPU Customer Assistance Programs



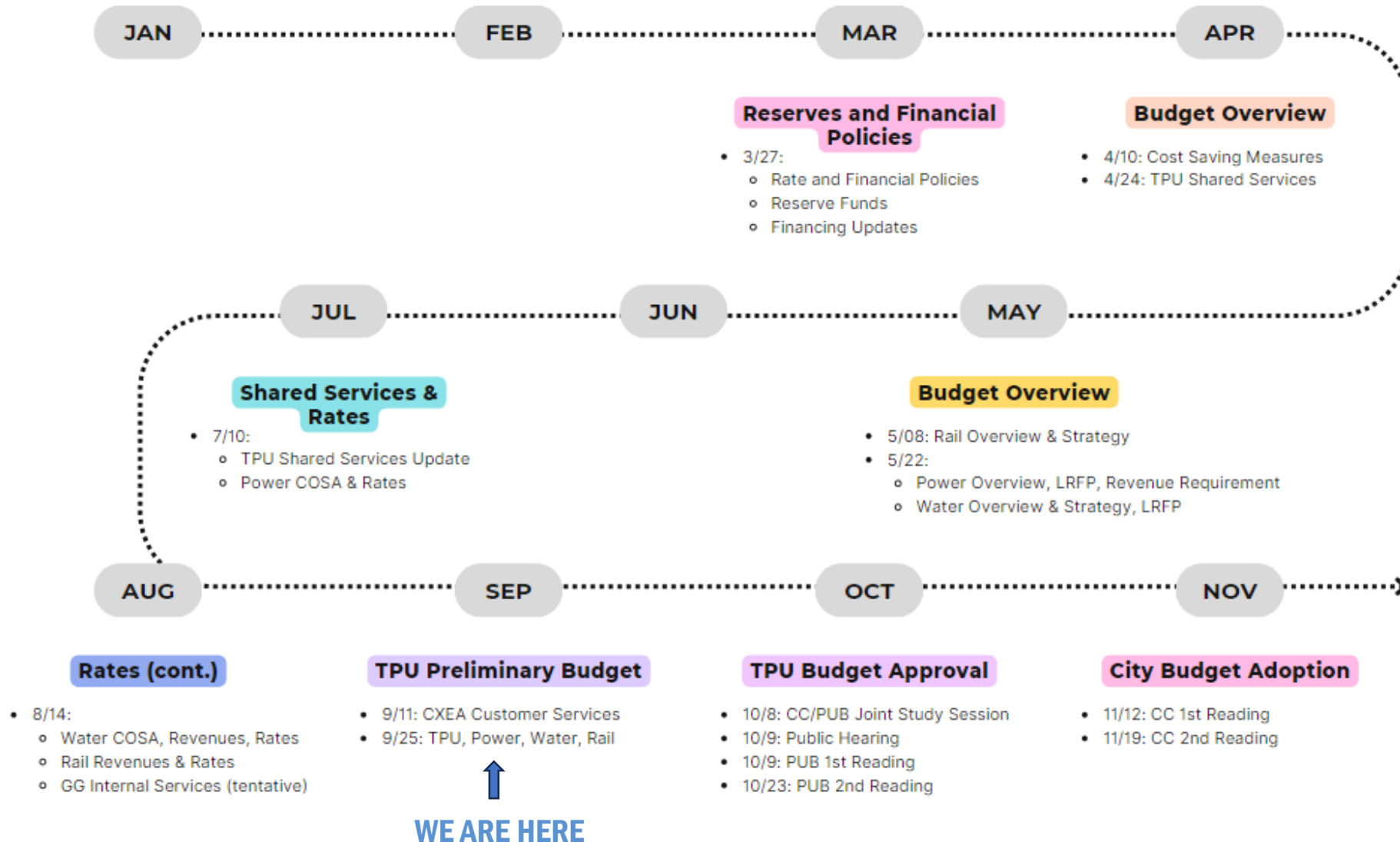
*For BCAP customers, the monthly average is 6 CCF in winter months & 7 CCF in summer months. For Discount Rate customers, the monthly average is 4 CCF in winter months & 6 CCF in summer months.*

# Budget & Rate Summary



- **Water Rate & Financial Policy and PUB Guiding Principles inform the budget**
- **Ongoing financial, operational, and infrastructure changes due to the mill closure have been included in the plan**
- **High inflation and other cost increases have been included and cost efficiencies including capital deferrals, use of reserves, and expense prioritization help mitigate impacts and maintain rates as low as is responsible**
- **Gradualism minimizes rate impacts while preserving financial flexibility & stability**
- **Projected rate impact for an average residential bill (inside Tacoma)**
  - **\$2.88 per month in 2025 and \$3.09 per month in 2026**
- **Increased & expanded BCAP Plus credits will offset rate adjustments and provide assistance to qualifying customers**

# Next Steps: Budget and Rates Timeline



# Appendix

# Appendix: Tacoma Water Customer Classes

• **Single-family and multifamily residences**

- **101,722 accounts**
- **\$72.2M revenue**

**Residential**



• **Small & medium sized businesses such as flower shops and small offices**

- **4,689 accounts**
- **\$12.7M revenue**

**Commercial**



• **Large industries which use more than 65,000 CCF per year, such as U.S. Oil and Boeing**

- **7 accounts**
- **\$3.0M revenue**

**Large Volume**



• **Dedicated irrigation meter for primarily outdoor use such as Point Defiance Park**

- **1,175 accounts**
- **\$5.2M revenue**

**Irrigation**



• **Warehouses with large fire sprinkler systems**

- **1,623 accounts**
- **\$4.5M revenue**

**Private Fire**



• **Other utilities such as City of Fife and Firgrove Mutual Water Company**

- **18 accounts**
- **\$2.5M revenue**

**Wholesale**



• **WestRock in the Tideflats**

- **1 account**
- **\$7.1M revenue**

**Pulp Mill**



# Appendix: Revenue



Revenue (\$ in millions)	Current	Proposed	Increase (Decrease)	
	23/24 Budget	25/26 Budget	Budget to Budget	
<b>Operating Revenue</b>				
Residential Water Sales	135.4	161.2	25.8	19.1%
Wholesale Water Sales	5.8	5.7	-0.1	-1.7%
Pulp Mill Water Sales	14.6	0.0	-14.6	-100.0%
Other Water Sales	40.3	50.9	10.6	26.3%
Other Operating Revenue	8.2	7.3	-0.9	-11.0%
Anticipated Rate Increase	12.0	21.7	9.7	80.8%
Operating Reserve Appropriation	26.6	17.5	-9.1	-34.2%
<b>Total Operating Revenue</b>	<b>\$242.9</b>	<b>\$264.3</b>	<b>\$21.4</b>	<b>8.8%</b>
<b>Non-Operating Revenue</b>				
BABs Subsidy	5.6	5.5	-0.1	-1.8%
Interest and Other	1.5	1.5	0.0	0.0%
Transfers in from Capital Reserve Fund	12.3	9.4	-2.9	-23.6%
Transfers in from SDC Fund	35.1	26.2	-8.9	-34.0%
Anticipated Bond Proceeds	0.0	36.7		
<b>Total Non-Operating Revenue</b>	<b>\$54.5</b>	<b>\$79.3</b>	<b>\$24.8</b>	<b>45.5%</b>
<b>Total Revenue &amp; Available Funds</b>	<b>\$297.4</b>	<b>\$343.6</b>	<b>\$46.2</b>	<b>15.5%</b>



# Appendix: Expenses



Expenditures (\$ in millions)	Current	Proposed	Increase (Decrease)	
	23/24 Budget	25/26 Budget	Budget to Budget	
<b>Expenditures</b>				
Personnel Costs	73.1	89.7	16.6	22.7%
Supplies/Other	38.8	46.1	7.3	18.8%
Assessments	36.1	43.3	7.2	19.9%
Debt Service	46.1	50.4	4.3	9.3%
Taxes	30.5	34.8	4.3	14.1%
Capital Outlay	72.8	79.3	6.5	8.9%
<b>Total Expenditures</b>	<b>\$297.4</b>	<b>\$343.6</b>	<b>\$46.2</b>	<b>15.5%</b>
<b>Capital Funding</b>				
Transfers in from Capital Reserve Fund	12.3	9.4	-2.9	-23.6%
Transfers in from SDC Fund	35.1	26.2	-8.9	-34.0%
Operating Reserve	25.4	7.0	-18.4	-72.4%
Anticipated Bond Proceeds	0.0	36.7	36.7	0.0%
<b>Total Capital Funding</b>	<b>\$72.8</b>	<b>\$79.3</b>	<b>\$6.5</b>	<b>8.9%</b>

# Appendix: Capital



Capital (\$ in millions)	Current	Proposed	Increase (Decrease)	
	23/24 Budget	25/26 Budget	Budget to Budget	
<b>Capital Projects</b>				
General Plant	20.3	9.7	-10.6	-52.2%
Water Treatment	9.2	7.5	-1.7	-18.5%
Water Source	23.3	43.7	20.4	87.6%
Water Distribution	20.0	18.4	-1.6	-8.0%
<b>Total Capital Projects</b>	<b>\$72.8</b>	<b>\$79.3</b>	<b>\$6.5</b>	<b>8.9%</b>
<b>Capital Funding Sources</b>				
Transfers in from Capital Reserve Fund	12.3	9.4	-2.9	-23.6%
Transfers in from SDC Fund	35.1	26.2	-8.9	-25.4%
Operating Reserve	25.4	7.0	-18.4	-72.4%
Anticipated Bond Proceeds	0.0	36.7	36.7	0.0%
<b>Total Capital Funding Sources</b>	<b>\$72.8</b>	<b>\$79.3</b>	<b>\$6.5</b>	<b>8.9%</b>

# Appendix: Assessments & Taxes

Assessments (\$ in millions)	Current	Proposed	Increase (Decrease)	
	23/24 Budget	25/26 Budget	Budget to Budget	
<b>GG Assessments</b>				
Information Technology	6.1	9.2	3.1	50.8%
Human Resources	1.6	1.7	0.1	6.2%
Legal	0.8	0.9	0.1	12.5%
Finance	2.1	2.0	-0.1	-4.8%
Other	1.5	1.9	0.4	26.7%
<b>Total GG Assessments</b>	<b>\$12.1</b>	<b>\$15.7</b>	<b>\$3.6</b>	<b>29.8%</b>
<b>TPU Assessments</b>				
Customer Services	13.6	14.9	1.3	9.6%
Public Affairs & Communication	3.3	4.9	1.6	48.5%
Utility Technology Services	4.3	4.4	0.1	2.3%
Administration & Support	2.8	3.4	0.6	21.4%
<b>Total TPU Assessments</b>	<b>\$24.0</b>	<b>\$27.6</b>	<b>\$3.6</b>	<b>15.0%</b>
<b>Total Assessments</b>	<b>\$36.1</b>	<b>\$43.3</b>	<b>\$7.2</b>	<b>19.9%</b>

Taxes (\$ in millions)	Current	Proposed	Increase (Decrease)	
	23/24 Budget	25/26 Budget	Budget to Budget	
Taxes to the General Fund	17.3	19.8	2.5	14.5%
State Utility Taxes	10.6	12.0	1.4	13.2%
Other Taxes (including Franchise Fees)	2.6	3.0	0.4	15.4%
<b>Total Taxes</b>	<b>\$30.5</b>	<b>\$34.8</b>	<b>\$4.3</b>	<b>14.1%</b>

# Appendix: RWSS Revenue

Revenue (\$ in millions)	Current	Proposed	Increase (Decrease)	
	23/24 Budget	25/26 Budget	Budget to Budget	
<b>Operating Revenue</b>				
Operations - Partners	6.7	6.9	0.2	3.0%
Operations - Tacoma	6.3	6.3	0.0	0.0%
<b>Total Operating Revenue</b>	<b>\$13.0</b>	<b>\$13.2</b>	<b>\$0.2</b>	<b>1.5%</b>
<b>Non-Operating Revenue</b>				
Capital - Partners	2.0	15.8	13.8	690.0%
Capital - Tacoma	1.5	11.2	9.7	646.7%
Debt Service - Partners	6.8	4.3	-2.5	-36.8%
Debt Service - Tacoma	0.4	0.4	0.0	0.0%
RWSS BABs Subsidy - Partners	8.8	8.7	-0.1	-1.1%
RWSS BABs Subsidy - Tacoma	1.2	1.2	0.0	0.0%
Interest	0.1	0.0	-0.1	-90.0%
<b>Total Non-Operating Revenue</b>	<b>\$20.8</b>	<b>\$41.6</b>	<b>\$20.8</b>	<b>100.0%</b>
<b>Total Revenue &amp; Available Funds</b>	<b>\$33.8</b>	<b>\$54.8</b>	<b>\$21.0</b>	<b>62.2%</b>

# Appendix: RWSS Expenditures



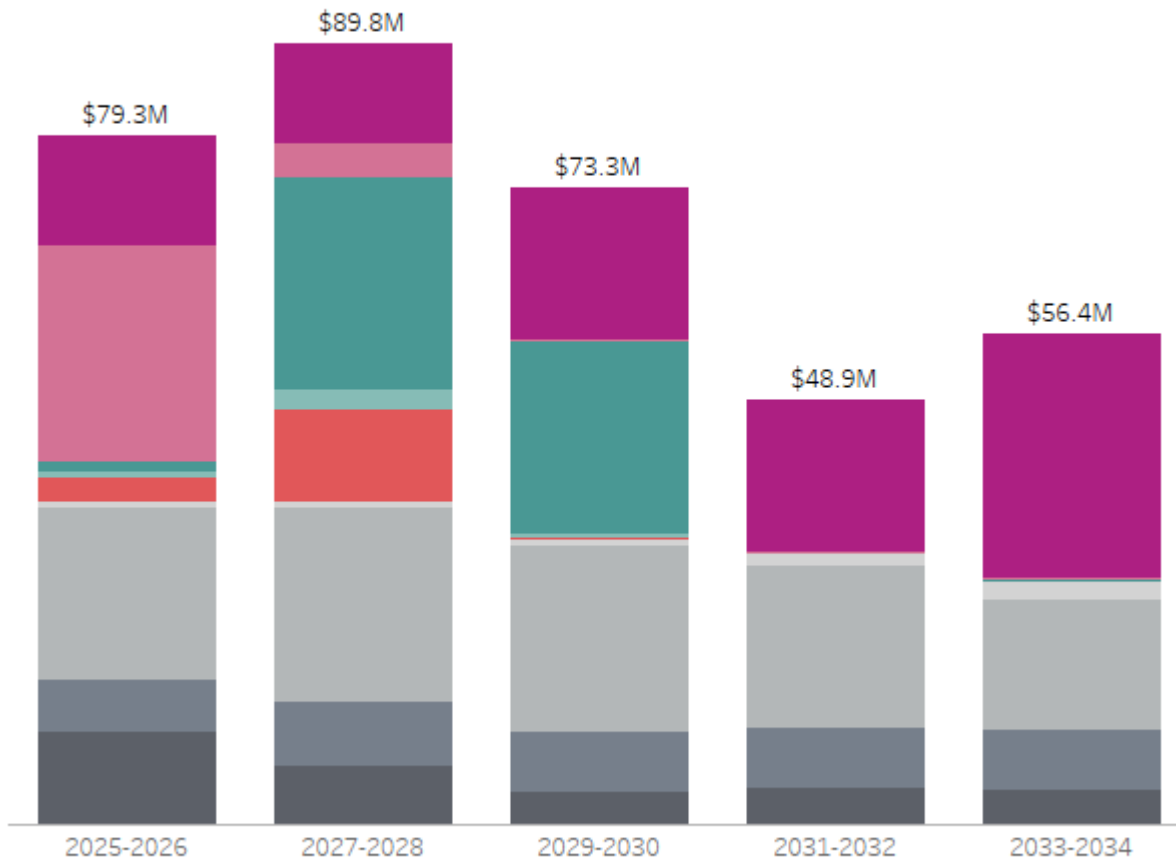
Expenditures (\$ in millions)	Current	Proposed	Increase (Decrease)	
	23/24 Budget	25/26 Budget	Budget to Budget	
<b>Expenditures</b>				
Personnel Costs	5.0	5.0	0.0	0.2%
Supplies/Other	8.0	8.2	0.2	2.1%
Debt Service	17.2	14.6	-2.6	-15.0%
Interest	0.0	0.0	0.0	-79.6%
Capital Outlay	3.6	27.0	23.4	657.9%
<b>Total Expenditures</b>	<b>\$33.8</b>	<b>\$54.8</b>	<b>\$21.0</b>	<b>62.0%</b>

Capital (\$ in millions)	Current	Proposed	Increase (Decrease)	
	23/24 Budget	25/26 Budget	Budget to Budget	
<b>Capital Projects</b>				
General	0.5	0.5	0.0	0.0%
Source & Transmission	2.0	0.3	-1.7	-85.0%
Water Treatment	1.1	26.2	25.1	2281.8%
<b>Total Capital</b>	<b>\$3.6</b>	<b>\$27.0</b>	<b>\$23.4</b>	<b>650.0%</b>

# Appendix: Capital Improvement Plan



## 2025-2026 Capital Improvement Plan (Proposed)



	2025-2026	2027-2028	2029-2030	2031-2032	2033-2034
Pipeline 1 Pressurization	\$12.8M	\$11.5M	\$17.5M	\$17.5M	\$28.1M
Water Operations Warehouse	\$24.7M	\$4.0M	\$0.0M	\$0.0M	\$0.2M
PFAS Treatment	\$1.3M	\$24.3M	\$22.5M	\$0.0M	\$0.0M
AWSP, Fish Passage & Mitigation	\$0.7M	\$2.4M	\$0.4M	\$0.0M	\$0.0M
Cascadia Reservoir and PS	\$2.7M	\$10.6M	\$0.0M	\$0.0M	\$0.0M
Treatment	\$0.7M	\$0.7M	\$0.9M	\$1.7M	\$2.4M
Source & Transmission	\$3.4M	\$11.1M	\$13.9M	\$7.3M	\$8.7M
General & Fleet	\$16.3M	\$11.2M	\$7.5M	\$11.3M	\$6.2M
Distribution	\$6.0M	\$7.3M	\$6.9M	\$6.9M	\$6.9M
Main Replacement Projects	\$10.7M	\$6.8M	\$3.8M	\$4.2M	\$4.0M
<b>Grand Total</b>	<b>\$79.3M</b>	<b>\$89.8M</b>	<b>\$73.3M</b>	<b>\$48.9M</b>	<b>\$56.4M</b>

- Pipeline 1 Pressurization
- PFAS Treatment
- Cascadia Reservoir and PS
- Source & Transmission
- Distribution
- Water Operations Warehouse
- AWSP, Fish Passage & Mitigation
- Treatment
- General & Fleet
- Main Replacement Projects

# Appendix: Rate Schedule (Ready-to-Serve Charge)



Residential, Commercial & Large Volume - Ready to Serve Charge						
Meter Size (Inches)	Inside City of Tacoma		Outside City of Tacoma		City of University Place	
	Rate Effective Dates					
	1/1/2025	1/1/2026	1/1/2025	1/1/2026	1/1/2025	1/1/2026
5/8	\$30.40	\$31.97	\$36.70	\$38.55	\$39.42	\$41.41
3/4	\$44.21	\$46.68	\$53.28	\$56.21	\$57.22	\$60.37
1	\$71.83	\$76.10	\$86.42	\$91.51	\$92.82	\$98.29
1.5	\$140.88	\$149.65	\$169.28	\$179.77	\$181.82	\$193.09
2	\$223.74	\$237.91	\$268.71	\$285.68	\$288.62	\$306.85
3	\$417.08	\$443.85	\$500.72	\$532.81	\$537.82	\$572.29
4	\$693.28	\$738.05	\$832.16	\$885.85	\$893.82	\$951.49
6	\$1,383.78	\$1,473.55	\$1,660.76	\$1,768.45	\$1,783.82	\$1,899.49
8	\$2,212.38	\$2,356.15	\$2,655.08	\$2,827.57	\$2,851.82	\$3,037.09
10	\$3,179.08	\$3,385.85	\$3,815.12	\$4,063.21	\$4,097.82	\$4,364.30
12	\$4,663.66	\$4,967.18	\$5,596.62	\$5,960.81	\$6,011.32	\$6,402.50

Fire Protection Service - Ready to Serve Charge							
Meter Size (Inches)	Inside City of Tacoma		Outside City of Tacoma		City of University Place		Maximum Allowable Monthly Water
	Rate Effective Dates						
	1/1/2025	1/1/2026	1/1/2025	1/1/2026	1/1/2025	1/1/2026	
2	\$33.95	\$36.36	\$40.74	\$43.63	\$43.76	\$46.87	2.99
3	\$49.45	\$52.96	\$59.34	\$63.55	\$63.74	\$68.26	2.99
4	\$82.61	\$88.48	\$99.13	\$106.18	\$106.48	\$114.04	2.99
6	\$185.32	\$198.49	\$222.38	\$238.19	\$238.86	\$255.84	2.99
8	\$329.89	\$353.34	\$395.87	\$424.01	\$425.20	\$455.43	2.99
10	\$515.98	\$552.66	\$619.18	\$663.19	\$665.06	\$712.33	2.99
12	\$825.31	\$883.97	\$990.37	\$1,060.76	\$1,063.76	\$1,139.37	2.99

Hydrant Service Fee					
Inside City of Tacoma		Outside City of Tacoma		City of University Place	
Rate Effective Dates					
1/1/2025	1/1/2026	1/1/2025	1/1/2026	1/1/2025	1/1/2026
\$2.78	\$2.55	\$3.56	\$3.25	\$3.82	\$3.49

Wholesale – Ready to Serve Charge		
Range in MGD (million gallons per day)	Rate Effective Dates	
	1/1/2025	1/1/2026
For each MGD of contracted peak capacity	\$ 3,188.34	\$3,395.58

*Parks and Irrigation Customers of all jurisdictions and meter sizes have a \$0 Monthly Ready to Serve Charge*

# Appendix: Rate Schedule (Variable Rates)



Residential Service						
Range in CCF (100 cubic feet)	Inside City of Tacoma		Outside City of Tacoma		City of University Place	
	Rate Effective Dates					
	1/1/2025	1/1/2026	1/1/2025	1/1/2026	1/1/2025	1/1/2026
For each CCF of water consumption during the winter months of October through and including May	\$2.769	\$2.977	\$3.323	\$3.572	\$3.569	\$3.837
For the first five CCF of water consumption per month during the summer months of June through and including September	\$2.769	\$2.977	\$3.323	\$3.572	\$3.569	\$3.837
For each CCF of water consumption over five CCF during the summer months of June through and including September	\$3.461	\$3.721	\$4.154	\$4.465	\$4.461	\$4.796

Commercial and Industrial - General Service						
Range in CCF (100 cubic feet)	Inside City of Tacoma		Outside City of Tacoma		City of University Place	
	Rate Effective Dates					
	1/1/2025	1/1/2026	1/1/2025	1/1/2026	1/1/2025	1/1/2026
For each CCF of water consumption	\$2.783	\$2.973	\$3.340	\$3.568	\$3.587	\$3.832

Commercial and Industrial - Large Volume Service *						
Range in CCF (100 cubic feet)	Inside City of Tacoma		Outside City of Tacoma		City of University Place	
	Rate Effective Dates					
	1/1/2025	1/1/2026	1/1/2025	1/1/2026	1/1/2025	1/1/2026
For each CCF of water consumption	\$2.210	\$2.410	\$2.652	\$2.892	\$2.849	\$3.106

\* Customers may qualify for this rate based on an established consumption history greater than 65,000 CCF annually.

Parks and Irrigation Service						
Range in CCF (100 cubic feet)	Inside City of Tacoma		Outside City of Tacoma		City of University Place	
	Rate Effective Dates					
	1/1/2025	1/1/2026	1/1/2025	1/1/2026	1/1/2025	1/1/2026
For each CCF of water consumption	\$5.637	\$5.971	\$6.764	\$7.165	\$7.266	\$7.696

Fire Protection Service						
Range in CCF (100 cubic feet)	Inside City of Tacoma		Outside City of Tacoma		City of University Place	
	Rate Effective Dates					
	1/1/2025	1/1/2026	1/1/2025	1/1/2026	1/1/2025	1/1/2026
For each CCF of water consumption	\$4.158	\$4.158	\$4.990	\$4.990	\$5.359	\$5.359

Wholesale Constant Use Customer		
Range in CCF (100 cubic feet)	Rate Effective Dates	
	1/1/2025	1/1/2026
Per CCF for winter months (October - May)	\$1.598	\$1.766
Per CCF for summer months (June - September)	\$1.998	\$2.208

Wholesale Summer Season, Peaking		
Range in CCF (100 cubic feet)	Rate Effective Dates	
	1/1/2025	1/1/2026
For each CCF of water consumption	\$2.996	\$3.311



# Appendix: Five Service Credits with BCAP



*Households would receive an automatic credit regardless of payment.  
Additional BCAP credit could be achieved with full, on-time payments.*

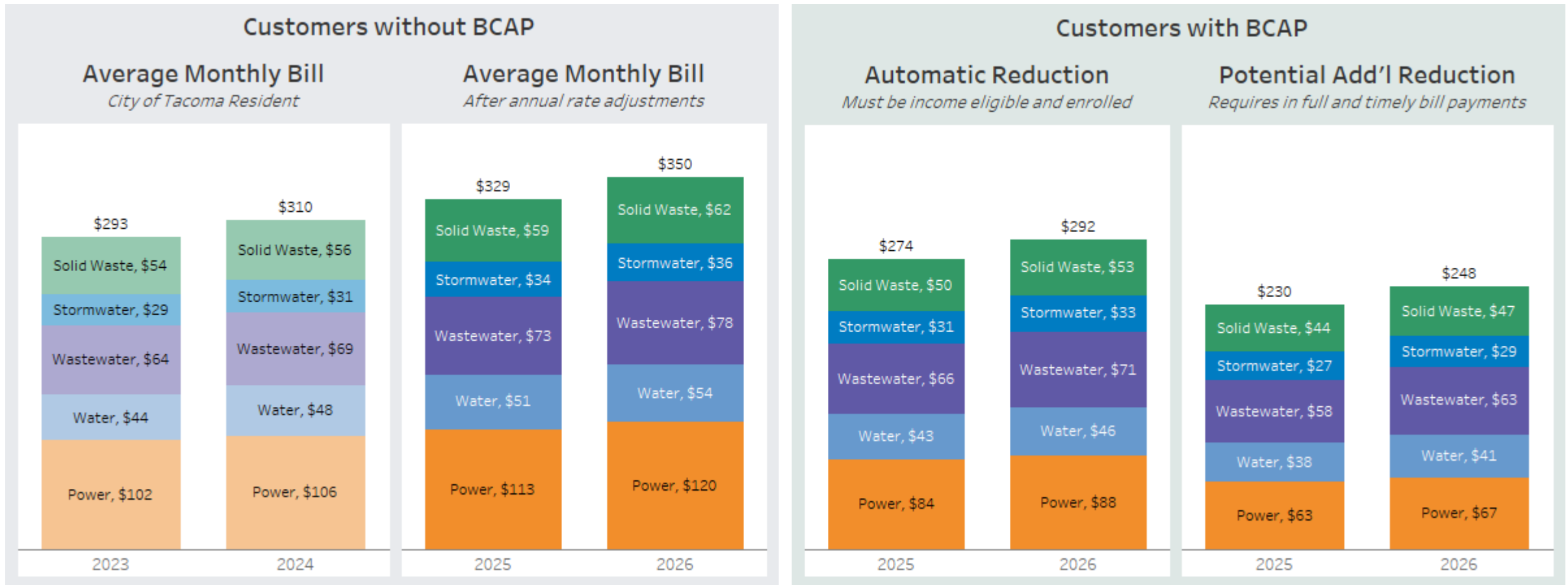
2025 BCAP				
Service	Automatic Credit	Achievable Credit	Monthly Total	Annual Total
Power	\$28.30	\$21	\$49.30	\$591.60
Water	\$8	\$5	\$13	\$156
Wastewater	\$7	\$8	\$15	\$180
Stormwater	\$3	\$4	\$7	\$84
Solid Waste	\$9	\$6	\$15	\$180
<b>Total *</b>	<b>\$55.30</b>	<b>\$44</b>	<b>\$99.30</b>	<b>\$1,191.60</b>

2026 BCAP				
Service	Automatic Credit	Achievable Credit	Monthly Total	Annual Total
Power	\$31.30	\$21	\$52.30	\$627.60
Water	\$8	\$5	\$13	\$156
Wastewater	\$7	\$8	\$15	\$180
Stormwater	\$3	\$4	\$7	\$84
Solid Waste	\$9	\$6	\$15	\$180
<b>Total *</b>	<b>\$58.30</b>	<b>\$44</b>	<b>\$102.30</b>	<b>\$1,227.60</b>

\* The total is an example for eligible residential customers receiving all 5 utility services with full and on-time payments.

# Appendix: Five Service Bill with BCAP

*Comparing an average monthly bill with and without bill credit assistance.*



\* For the total 5 service bill, proposed rate adjustments equate to an average of 6.6% increase per year in 2025 and 2026.

# Appendix: Peer Utility Rates / Rate Proposals



*Rates are estimated based on public documents.*

Utility	2025	2026
<a href="#"><u>Lakewood</u></a>	8%	7.74%
<a href="#"><u>Puyallup</u></a>	9%	9%
Everett	No Available Information	No Available Information
Tacoma	6.5%	6.5%
<a href="#"><u>Bellevue</u></a>	-0.58%	2.36%
<a href="#"><u>Seattle</u></a>	2%	2%
<a href="#"><u>Portland</u></a>	8%	8%