



Washington State
Transportation Commission

2024 ANNUAL TOLLING REPORT

& TACOMA NARROWS BRIDGE LOAN UPDATE

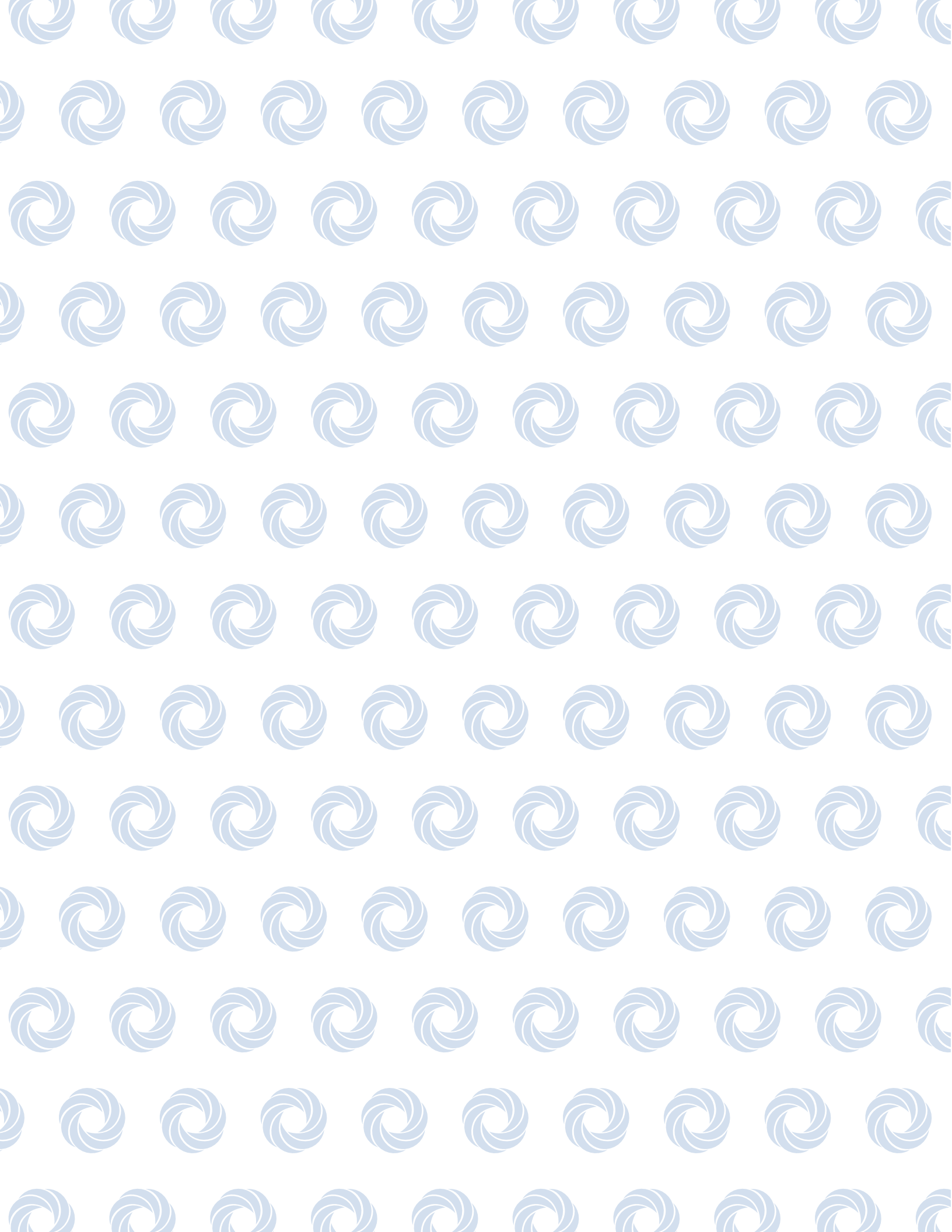


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EXECUTIVE SUMMARY

As the State Tolling Authority, the Washington State Transportation Commission (Commission) is responsible for setting toll rates, toll rate polices, exemption policies, and related fees for all of Washington state's tolled facilities. These facilities currently include: the State Route (SR) 520 Bridge, the SR 16 Tacoma Narrows Bridge (TNB), the Interstate 405 (I-405) express toll lanes (ETLs), the SR 167 High Occupancy Toll (HOT) lanes, and the SR 99 tunnel.

As tolling continues to advance and expand in the state, the importance of independent oversight and reporting of our state's toll facility performance is critical to achieving a transparent and efficient system. To this end, this report provides an update to the Legislature on the Commission's toll setting activities and findings over the past year, sets forth expectations for the year ahead, and provides recommendations for Legislative consideration. This report also includes an updated annual assessment of the TNB loan status ([RCW 47.46.200](#)), and the ability for the current loan plan to sustain toll rates at current levels through the life of the TNB debt service.

SR 167 HOT lanes and is expected to conclude in early-2024. More detail on this can be found in the I-405 ETL & SR 167 HOT lanes section of this report.

- Continued engagement for the I-405 Renton to Bellevue Widening and Express Toll Lanes project, as well as for the Puget Sound Gateway Program's SR 509 and SR 167 Expressway projects.
- Engaged with the Oregon Transportation Commission (OTC) to establish an updated Bi-State Tolling Agreement for the I-5 Bridge over the Columbia River, following passage of 2023's [SB 5765](#) which provided tolling authorization for the bridge.

2023 Commission Toll Setting Activities

In 2023, the Commission:

- Implemented a toll rate increase on the SR 520 Bridge on July 1, 2023. This was adopted by the Commission in August 2021.
- Initiated Phase 1 of its toll rate setting process for the I-405 ETLs / SR 167 HOT lanes, which will adjust toll rates for the current I-405 ETLs and

2024 WSTC Tolling Recommendations

Each year, the Commission provides tolling-related recommendations which are intended to inform legislative considerations that support the capacity to sustainably build and maintain tolled facilities in Washington state. More detail on each of these recommendations can be found in the 2024 Tolling Recommendations section of this report on page 19.



Tolling gantry

System-wide Recommendations – the Commission puts forward the following recommendations which can be applied to all Washington state tolled facilities:

- Advance work to develop and design a system-wide low-income tolling program for all existing and future toll facilities
- Advance projects that improve access to tolled facilities

Facility-specific Recommendations – the Commission puts forward the following recommendations specific to the following facilities:

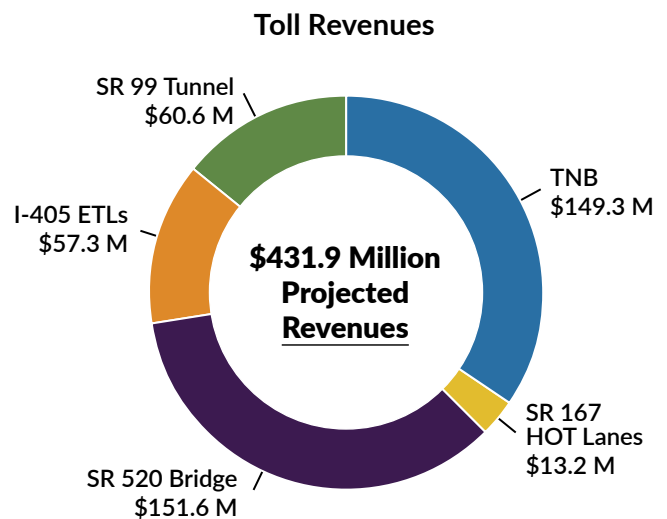
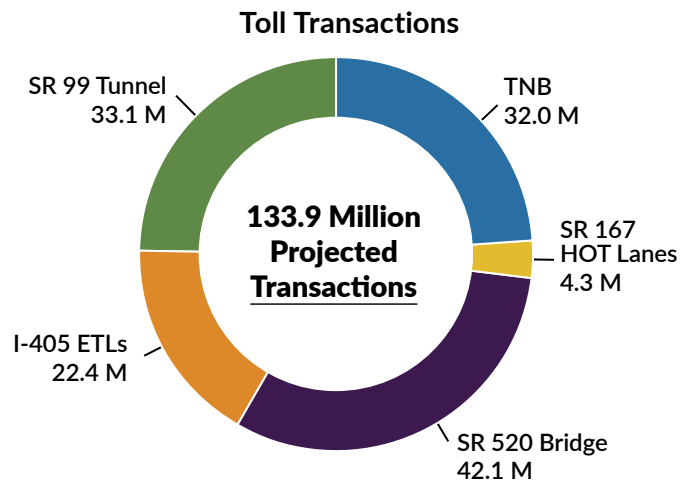
- Express Toll Lanes / HOT Lanes:
 - Pool express toll lane revenues to maximize systemwide toll operations and improvements
 - Advance tolling options to support the long-term expansion of the express toll lane system
- SR 99 Tunnel:
 - Take action to address long-term SR 99 tunnel funding needs

Overall Traffic & Revenue Assessment

The COVID-19 pandemic brought about a major change in the way that people work and commute starting in March 2020, sharply reducing toll traffic and related revenues. Over three years later, on May 11, 2023, the federal government declared an end to the COVID-19 public health emergency. However, the impacts of the pandemic are still being felt on our state’s tolled facilities to varying degrees. While all facilities generally performed better in FY 2023 than in FY 2022, total traffic for all five tolled facilities in FY 2023 was still about 17.4% below pre-COVID forecasted levels from November 2019. However, traffic on the TNB, SR 167 HOT Lanes, and SR 99 tunnel have fully recovered back to their actual pre-COVID traffic levels (FY 2019), whereas traffic on the SR 520 Bridge and I-405 ETLs still lag behind actual pre-COVID levels.

While the Legislature has provided significant support to our state’s tolled facilities in recent years, further consideration is needed for future appropriations on facilities that continue to struggle to meet financial requirements. Additional adjustments to toll rates and toll rate schedules may also be necessary to ensure adequate toll revenues are generated.

Projected Toll Transactions and Revenues by Facility for the 2023-25 Biennium (July 1, 2021 - June 30, 2023)



While the SR 520 Bridge generally receives the most toll transactions compared to the other facilities, the TNB generates the most revenues. This is due to varying toll rate structures among the facilities, with average toll rates greatest on the TNB.

More information on the performance of each facility can be found in the coming sections of this report.

Anticipated 2024 Tolling Activities

Below is a summary of tolling activities that the Commission anticipates in 2024. More detail on each of these activities can be found in the coming sections of this report.

I-405 ETLs / SR 167 HOT Lanes

The Commission anticipates finalizing its current Phase 1 toll rate setting process for the I-405 ETLs / SR 167 HOT Lanes in early 2024. The Commission will also continue preparations for its Phase 2 toll rate and policy setting process for the opening of the full corridor from Bellevue to Renton as soon as 2025.

SR 99 Tunnel

Pending funding decisions by the Legislature, the Commission anticipates the need for initiating a possible toll rate increase on the SR 99 tunnel as

soon as fall of 2024 (FY 2025) to address significant projected financial shortfalls for the facility. The Commission will continue working with the Office of the State Treasurer (OST) and the Washington State Department of Transportation (WSDOT) to assess traffic and revenue performance on the facility.

SR 509 / SR 167 Puget Sound Gateway Program

The Commission anticipates initiating a toll rate setting process in 2024 for the first phase of the SR 509 / SR 167 Puget Sound Gateway Program.

I-5 Bridge Over the Columbia River

The Commission will continue coordination with the Oregon Transportation Commission (OTC) in order to develop and finalize a Bi-State Tolling Agreement for the I-5 Bridge over the Columbia River, in addition to development of rate-setting scenarios.



Current I-5 Bridge over the Columbia River (WSDOT)

INTRODUCTION

Pursuant to [RCW 47.56.855](#), this report expands upon information provided in the Commission's [2023 Annual Report](#), giving an overview of the major tolling work efforts the Commission undertook in 2023, expectations for 2024, and performance updates for each tolled facility. This report also includes an updated annual assessment of the TNB loan status ([RCW 47.46.200](#)), and the ability for the current loan plan to sustain toll rates at current levels through the life of the TNB debt service.

Tolling in Washington State

In Washington state, tolling is used to help fund public improvement projects, manage congestion, improve mobility, and generate sufficient revenues for ongoing operation and maintenance costs. Toll revenue is dedicated to support the tolled corridor from which it was collected, as defined in law.

In determining the need to set or adjust toll rates, the Commission works closely with the Washington State Department of Transportation (WSDOT), the Washington State Legislature, the Office of the State Treasurer (OST), as well as impacted communities. The Commission monitors the performance of each tolled facility, reviews traffic, revenue, and operational cost data, considers projections for future performance, and serves as a public forum to ensure public access, education, and the opportunity to provide input.



Washington State Legislature

- Authorizes toll facilities
- Determines how toll revenue is spent



Washington State Department of Transportation

- Plans, builds and operates toll facilities



Washington State Transportation Commission

- Sets toll rates and exemptions



Office of State Treasurer

- Arranges financing and issues debt

The process for setting toll rates in Washington state generally includes the following elements:

- **Initial project scoping:** WSDOT defines the project and works with the Commission to determine whether tolling is necessary and for what purpose it would serve.
- **Legislative approval:** The Legislature authorizes tolling on the facility or section of road.
- **Research and analysis:** WSDOT, the Commission, and OST perform traffic and revenue studies to analyze future travel demand and revenue projections, studying different tolling scenarios.
- **Develop proposed toll policies and rates:** The Commission develops a toll rate proposal that meets the needs of WSDOT, the Legislature, and OST.
- **Gather public input:** The Commission seeks public input on the toll rate and policy options under consideration through a variety of ways including public meetings, online surveys, and email.
- **Final public hearing:** The Commission holds a final public hearing where it adopts the final toll rate schedule and policies for the facility.

Figure 1 shows the location of the proposed I-5 Bridge over the Columbia River program area corridor, which was provided tolling authorization following passage of 2023's SB 5765. Figure 2 shows the location of current and future Washington state tolling facilities, which are located in the Puget Sound area.

Figure 1: Map of the Proposed I-5 Bridge Over the Columbia River

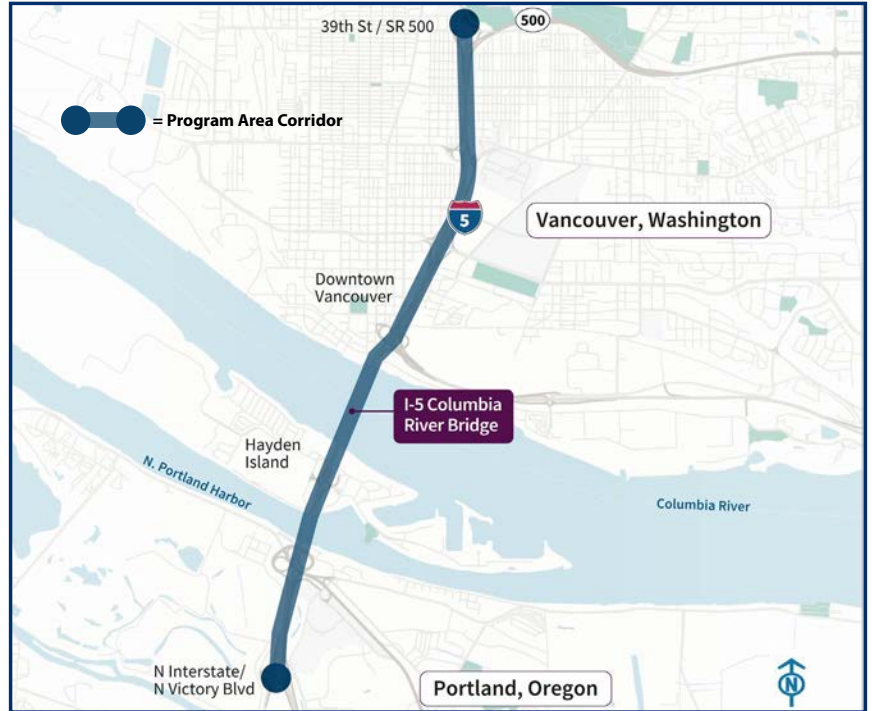
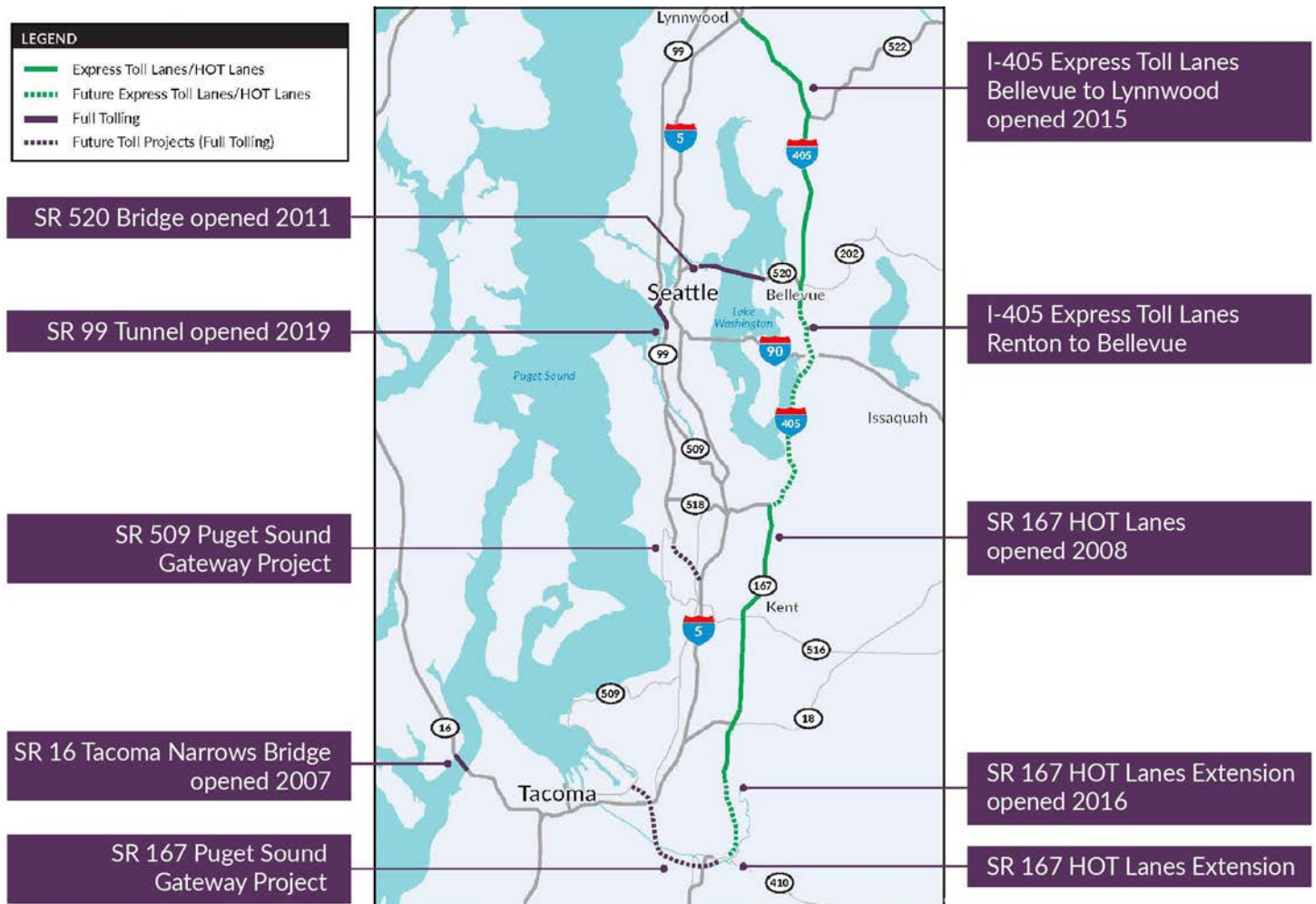


Figure 2: Map of Current and Future Washington State Tolling Facilities



SR 16 TACOMA NARROWS BRIDGE

When the new SR 16 Tacoma Narrows Bridge (TNB) opened in July 2007, eastbound traffic shifted to the new tolled bridge while westbound traffic remained on the old non-tolled bridge that opened in October 1950. Toll rates on the TNB are “flat”, meaning the same toll rates apply for all times of the day and day of the week.

The TNB has a unique financing structure compared to other tolled facilities in the state in that it has scheduled, automatic increases in debt service payments. For example, debt service payments in the 2021-23 biennium totaled approximately \$157.1 million, and will increase by about \$10.2 million (6.5%) in the 2023-25 biennium. This structure has required the Commission to regularly review traffic volumes and revenue collections on the facility in order to ensure TNB tolls generate sufficient revenues to make debt service payments and to maintain and operate the facility, as required in law.

Below are the current toll rates for the TNB for two-axle vehicles.

Payment Method	Toll Rates <i>Effective Oct 1, 2022</i>
Good To Go! pass	\$4.50
Cash at tollbooth	\$5.50
Pay By Mail	\$6.50

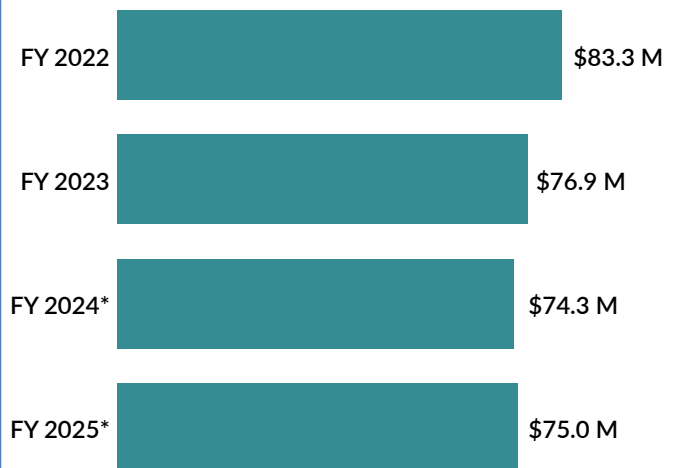
Note: For all payment methods, the toll rate increases with each additional axle.

Traffic and Revenue Performance

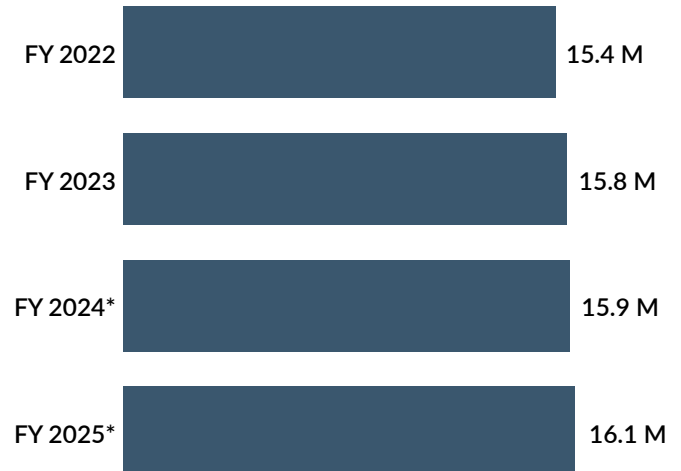
The TNB generated \$76.9 million in adjusted gross toll revenues in FY 2023, down about \$6.4 million (-7.7%) from FY 2022. This reduction is primarily due to a 75-cent toll rate reduction that took effect on October 1, 2022. This downward trend is expected to continue in FY 2024, with \$74.3 million currently forecasted for the year. Traffic, on the other hand, increased from 15.4 million transactions in FY 2022 to 15.8 million transactions in FY 2023. Looking at the entire 2023-25 biennium, the TNB is expected to generate about \$149.3 million in adjusted gross toll revenues from 32 million transactions.

SR 16 TNB Traffic and Revenue Performance

Toll Revenues



Toll Transactions



* FY 2024 and 2025 numbers are forecasted as included in the November 2023 Traffic and Revenue Forecast

TNB Loan Program

In 2018, legislation was passed which established intent to appropriate up to \$85 million in loans between FY 2020 - FY 2030, scheduled for repayment following the completion of debt service payments in FY 2030. \$12.5 million of this was appropriated by the Legislature in the 2019-21 biennium, \$30.3 million was appropriated in the 2021-23 biennium, and an additional \$6.6 million was appropriated in the 2023-25 biennium.

Then in 2022, legislation was passed which committed \$130 million in General Fund transfers to the TNB Account over ten years (FY 2023 – FY 2032) in installments of \$13 million per year. In alignment with Legislative intent, the Commission adopted a 75-cent toll rate reduction for the TNB in August 2022, which went into effect on October 1, 2022.

Even with the General Fund transfers, the loans remain critical in order to meet financial obligations for the facility. For example, approximately \$44.9 million in additional loans are projected to be needed for FY 2026 through the end of debt service payments in FY 2030 (June 30, 2030) to ensure the facility can cover financial obligations, and ensure no additional TNB toll rate increases.



Tacoma Narrows Bridge (WSDOT)

The Commission is required to provide an annual update on the TNB loan amounts needed going forward, to ensure no future toll rate changes are needed on the TNB. The 2024 TNB Loan Update is included on page 22 of this report.

TNB Sufficient Minimum Balance Policy

The Commission's TNB sufficient minimum balance (SMB) policy was put in place in March 2010 to ensure the TNB has a "revenue reserve" in the event the state faces an unanticipated fall in toll revenues.¹ The SMB policy requires the maintenance of a retrospective, three-month rolling average fund balance of \$10 million. If this balance cannot be maintained, it can serve as a trigger for the Commission to adjust toll rates on the TNB to address the shortfall.

The three-month rolling average fund balance is projected to meet the SMB policy target of \$10 million throughout the 2023-25 biennium, with a three-month rolling average fund balance of \$15.5 million in June 2025.

2023 Commission Activities

In 2023, the Commission did not make any changes to current or future rates for the TNB.

2024 Anticipated Commission Activities

The Commission does not anticipate any toll rate changes on the TNB in 2024.

¹ WSTC Tacoma Narrows Bridge Toll Rate Setting Policy: <https://wstc.wa.gov/wp-content/uploads/2019/08/TNB-SNB-Policy.pdf>

SR 99 TUNNEL

The SR 99 tunnel located in downtown Seattle opened for traffic in February 2019 and began tolling in November of that same year. Under current law, toll revenues generated by the SR 99 tunnel must be used to fund \$200 million of bonded construction costs for the tunnel, as well as to fund the facility’s toll collection, operations, maintenance, and repair and replacement costs.

The SR 99 tunnel has “variable tolling” meaning that toll rates vary based on a set schedule by day of week and time of day. This schedule is established to maximize revenue and vehicle throughput while minimizing diversion to other routes.

When tolls were initially set on the SR 99 tunnel, the Commission included a plan for three-percent toll rate increases to take effect every three years, subject to review by the Commission. The first of these planned three-percent toll rate increases took effect on July 1, 2022.²

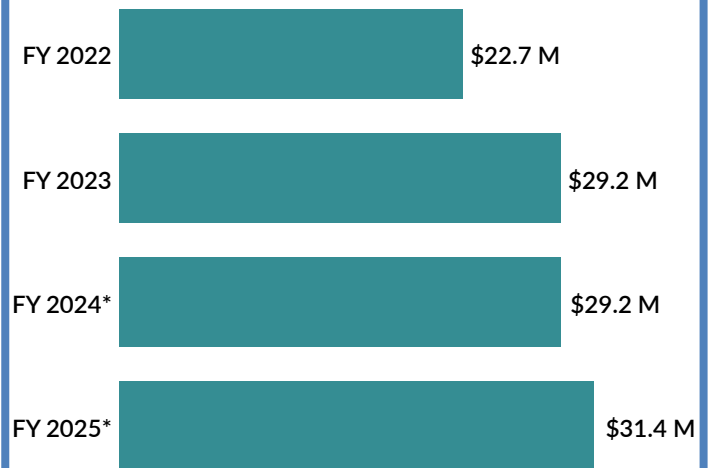
Below are the current toll rates for the SR 99 tunnel for two-axle vehicles, which are collected in both directions when exiting the tunnel.

Time of Day	Good To Go! Pass Rates Effective July 1, 2022
Morning peak period weekday rates (7 a.m.–9 a.m.)	\$1.80
Afternoon peak period weekday rates (3 p.m.–6 p.m.)	\$2.70
Off-peak weekday rates (6 a.m.–7 a.m.; 9 a.m.–3 p.m.; 6 p.m.–11 p.m.)	\$1.50
Weekend rates & specified holidays	\$1.20
Overnight rates (11 p.m.–6 a.m.)	\$1.20

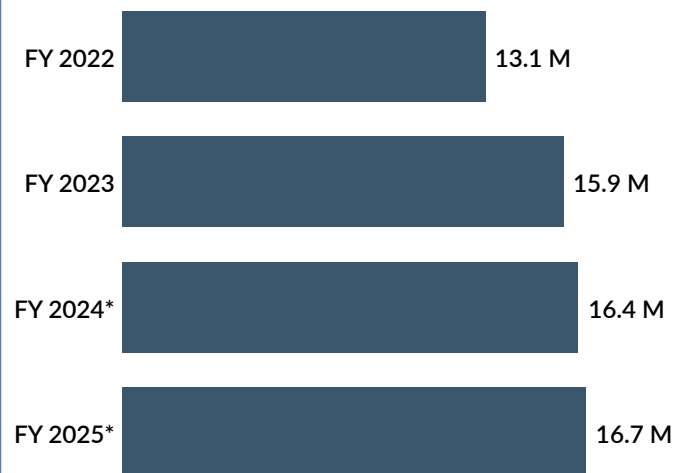
Note: Pay By Mail toll rates are \$2 higher than the Good To Go! pass toll rates. For vehicles with more than two axles, toll rates increase with each additional axle.

SR 99 Tunnel Traffic and Revenue Performance

Toll Revenues



Toll Transactions



* FY 2024 and 2025 numbers are forecasted as included in the November 2023 Traffic and Revenue Forecast

² Washington State Register 22-07-078: <https://lawfilesexst.leg.wa.gov/law/wsr/2022/07/22-07-078.htm>

Traffic and Revenue Performance

In FY 2023, the SR 99 tunnel generated \$29.2 million in adjusted gross toll revenues, up about \$6.5 million (28.8%) from FY 2022. Similarly, traffic on the tunnel increased from 13.1 million toll transactions in FY 2022 to 15.9 million transactions in FY 2023. These upward trends are expected to continue into the 2023-25 biennium, with about \$60.6 million in adjusted gross toll revenues forecasted from 33.1 million toll transactions throughout the two-year period. Regardless of these improvements, the SR 99 tunnel is still underperforming in comparison to pre-COVID/pre-completion projections. For example, traffic on the tunnel for the 2023-25 biennium is still expected to be about 5.6% below pre-COVID forecasts from November 2019.

Appropriations were provided to the SR 99 tunnel account as a result of the \$76.9 million Alaskan Way Viaduct Project settlement that was secured in late-2022, which ensured that current toll rates could maintain cash-flow sufficiency in the short-

term. However, current toll rates do not appear to maintain long-term sufficiency for the tunnel, with net revenues after deposits projected to be insufficient as soon as FY 2026.

2023 Commission Activities

In 2023, the Commission did not make any changes to current or future rates for the SR 99 tunnel.

2024 Anticipated Commission Activities

Possible toll rate activities anticipated in 2024

Pending funding decisions by the 2024 Legislature, the Commission anticipates the need for initiating a possible toll rate increase on the SR 99 tunnel as soon as fall of 2024 (FY 2025) to address significant projected financial shortfalls for the facility.

The intent of such an increase would be to support meeting long-term legal financial requirements. The Commission will continue to actively monitor and assess traffic and revenue performance of the tunnel in preparation for the possible toll rate increase.



SR 99 Tunnel Toll Rate Sign (WSDOT)

SR 520 BRIDGE

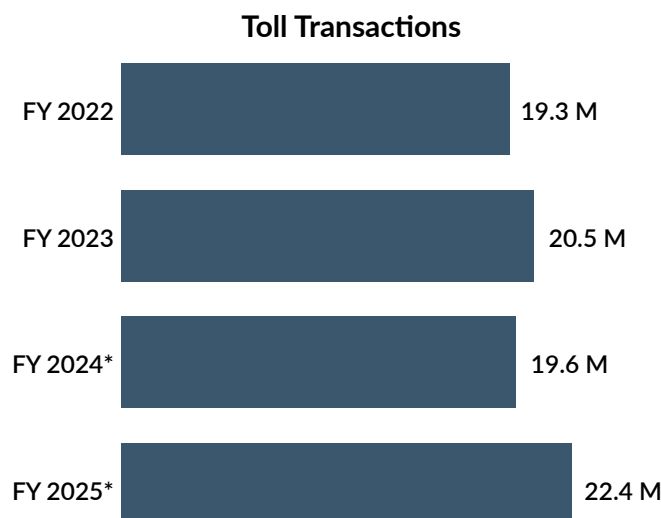
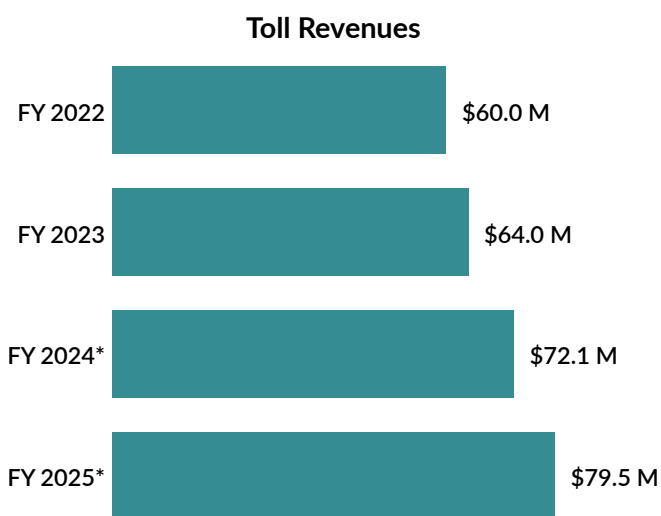
The current SR 520 Bridge across Lake Washington opened for traffic in April 2016, replacing the old four-lane bridge that opened in 1963. Tolls are required to contribute a total of \$1.2 billion over 39 years (through 2051) to repay construction bonds sold for the bridge. In addition, tolls are required to fully fund the operations, maintenance, preservation, and insurance for the bridge, and to help manage traffic. Like the SR 99 tunnel, the SR 520 Bridge has “variable tolling” meaning that toll rates vary based on a set schedule by day of week and time of day, designed to maximize both revenues and vehicle throughput while minimizing diversion to other routes. Tolls are collected in both directions on the SR 520 Bridge.

In August 2021, the Commission adopted a 15% toll rate increase by time period on the SR 520 Bridge, which took effect on July 1, 2023.³ This rate increase was necessary to meet long-term financial requirements, and ensured that the SR 520 Bridge financial plan demonstrated compliance with bond covenant requirements. The delayed effective date for the rate increase was enabled by a \$58 million appropriation of federal American Recovery Plan Act funds in the 2021-23 transportation budget. As part of this toll rate increase, the Commission also expanded the morning and afternoon peak periods by one hour. Below are the current toll rates for the SR 520 bridge for two-axle vehicles, as well as rates that were in place prior to the July 1, 2023, increase.

Time of Day	Good To Go! Pass Rates <i>Effective July 1, 2017 - June 30, 2023</i>	Good To Go! Pass Rates <i>Effective July 1, 2023</i>
Peak period weekday rates	\$4.30	\$4.50
Off-peak weekday rates	\$2.00 - \$3.40	\$2.50 - \$3.80
Weekend rates & specified holidays	\$1.40 - \$2.65	\$1.60 - \$3.05
Overnight rates	\$1.25	\$1.25

Note: Pay By Mail toll rates \$2 higher than the Good To Go! Pass toll rates. For all payment methods, the toll rate increases with each additional axle.

SR 520 Bridge Traffic and Revenue Performance



* FY 2024 and 2025 numbers are forecasted as included in the November 2023 Traffic and Revenue Forecast

³ Washington State Register 21-18-068: <https://lawfilesexst.leg.wa.gov/law/wsr/2021/18/21-18-068.htm>

Traffic and Revenue Performance

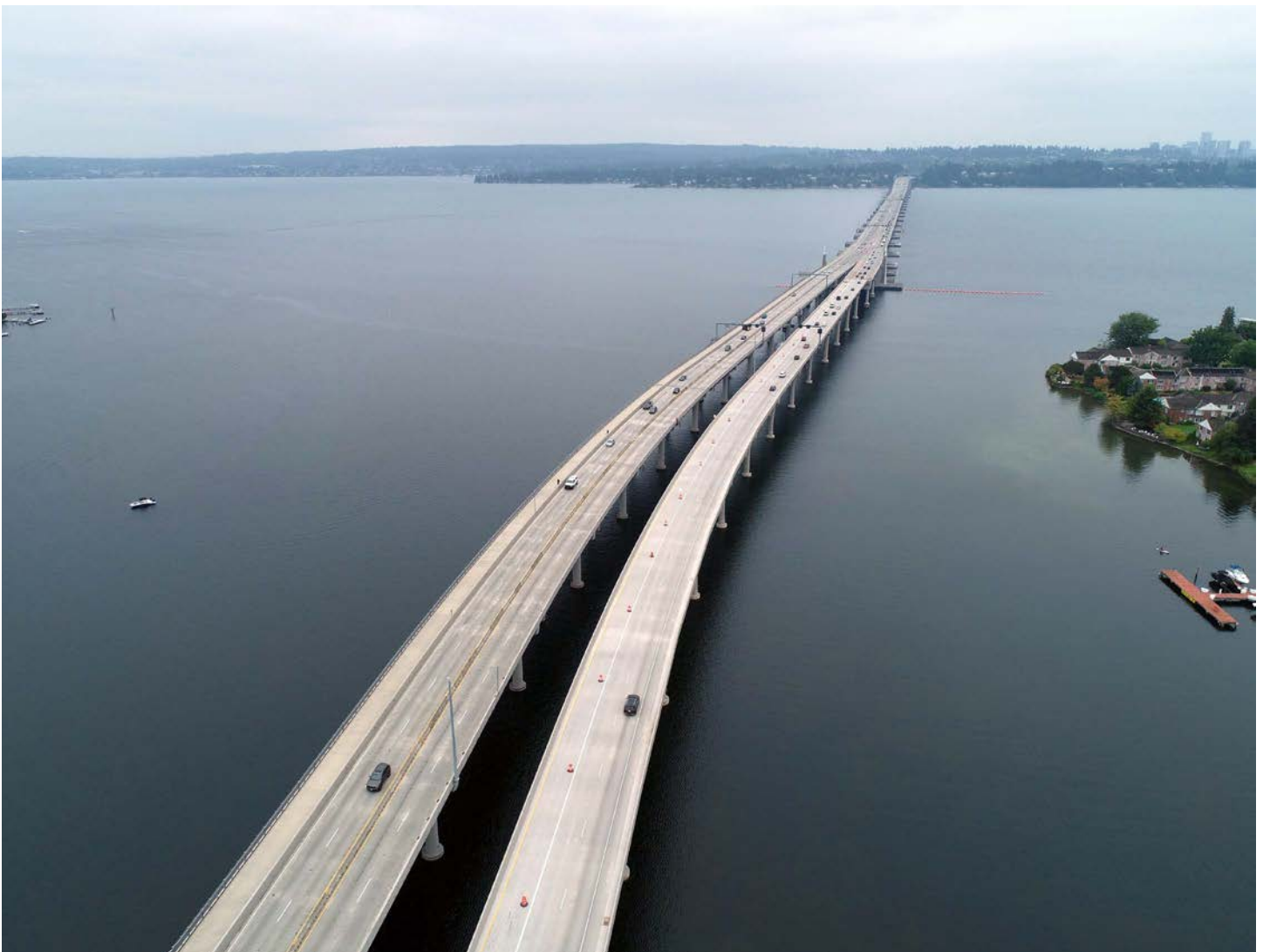
The SR 520 Bridge generated \$64 million in adjusted gross toll revenues in FY 2023, up about \$4 million (6.6%) from FY 2022. This upward trend is expected to continue in FY 2024 with \$72.1 million currently forecasted for the year. Traffic, on the other hand, is expected to decrease from 20.5 million toll transactions in FY 2023 to 19.6 million transactions in FY 2024. The reduction in toll transactions from FY 2023 to FY 2024 relative to the increase in revenues is primarily due to the 15% toll rate increase that took effect on July 1, 2023. Looking at the entire 2023-25 biennium, the SR 520 Bridge is expected to generate about \$151.6 million from 42 million toll transactions.

2023 Commission Activities

On July 1, 2023, the Commission implemented a toll rate increase on the SR 520 Bridge by time period, averaging 15% overall. The toll rate increase was adopted by the Commission in August 2021 in order to meet long-term financial requirements for the bridge.

2024 Anticipated Commission Activities

The Commission will continue working with partners to monitor traffic, revenues and costs on the SR 520 Bridge to determine the need for any toll rate adjustments for the facility in 2024, and confirm the sustainability of current toll rates for FY 2025 and beyond.



SR 520 bridge (WSDOT)

I-405 EXPRESS TOLL LANES & SR 167 HIGH OCCUPANCY TOLL LANES

The I-405 express toll lanes (ETLs), located between Bellevue and Lynnwood, opened in September 2015, while the SR 167 High Occupancy Toll (HOT) lanes, located between Renton and Auburn, opened in May 2008. Both facilities have “dynamic tolling”, meaning the price to travel in these lanes varies based on real-time traffic conditions, and is adjusted automatically using an algorithm. Toll revenues from the facilities are dedicated to the I-405 / SR 167 corridor, and may only be used to pay for the facilities’ operating costs, debt service, and to fund projects identified in the corridor’s master plan.

In 2008, the Commission set the toll rate range for the SR 167 HOT Lanes and has not made any changes since. And in 2015, the Commission set the toll rate range for the I-405 ETLs and has not made any changes since. The current toll rate range for the I-405 ETLs and SR 167 HOT Lanes are as follows:

Facility	Minimum Toll Rate	Maximum Toll Rate
I-405 ETLs	\$0.75	\$10.00
SR 167 HOT Lanes	\$0.50	\$9.00

Note: Pay By Mail toll rates \$2 higher than the Good To Go! Pass toll rates. For all payment methods, the toll rate increases with each additional axle.

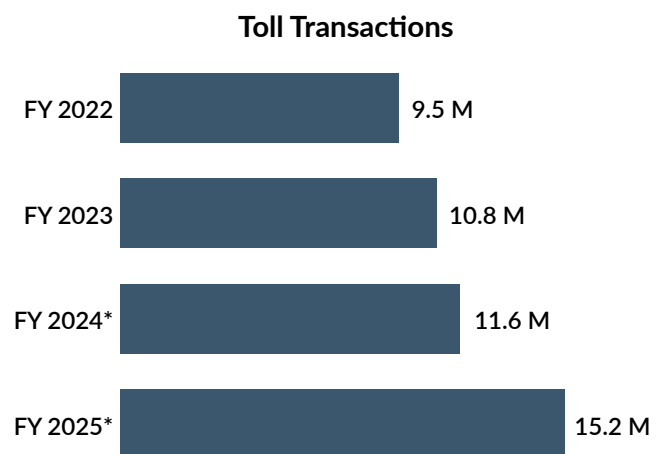
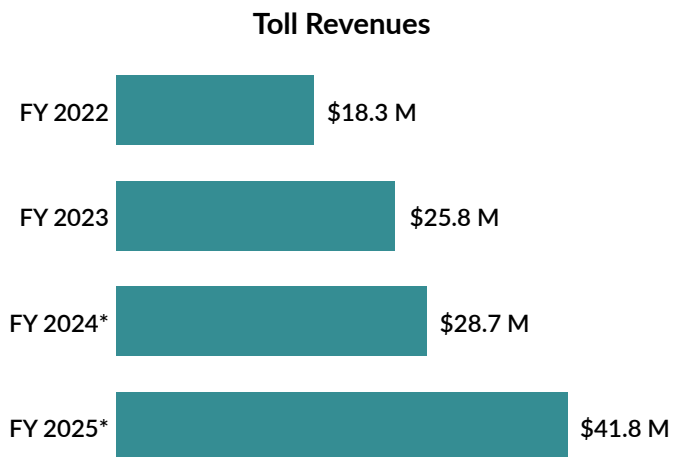
Traffic and Revenue Performance

The I-405 ETLs and SR 167 HOT Lanes generated a combined \$25.8 million in adjusted gross toll revenues in FY 2023, up about \$7.5 million (41%) from FY 2022. This upward trend is expected to continue in the 2023-25 biennium, with \$70.5 million in adjusted gross toll revenues forecasted for the two-year period. Similarly, traffic on the facilities is expected to increase, with 26.8 million toll transactions expected in the 2023-25 biennium, up 6.5 million transactions (32%) from the 2021-23 biennium.

While traffic performance on the facilities has greatly improved over the last year, this recovery has brought renewed challenges for meeting the state’s

I-405 ETL & SR 167 HOT Lanes Traffic and Revenue Performance

Below is actual and projected traffic and revenue performance for both the I-405 ETLs and SR 167 HOT Lanes combined.



* FY 2024 and 2025 numbers are forecasted as included in the November 2023 Traffic and Revenue Forecast, based on Current Law assumptions that assume the completion of the Renton to Bellevue Widening and ETL Project in early FY 2025

performance measure for the facilities of maintaining average vehicle speeds remaining above 45 miles per hour 90% of the time during peak hours. For example, the I-405 ETLs had average vehicle speeds above 45 miles per hour 87% of the time during peak hours in the first half of 2023, while the SR 167 HOT lanes met the standard just 63% of the time.

Future Improvements to the I-405/SR 167 Corridor

Looking ahead, several improvements are being made to the I-405 ETLs and SR 167 HOT Lanes that are expected to be completed in fall-2025. These improvements include replacing aging toll equipment and improving toll operations and consistency across the corridor. The I-405 ETLs will also be expanded to include the stretch of I-405 between Renton to Bellevue, connecting to the SR-167 HOT lanes to create one unified ETL facility. Recently awarded project bids for corridor improvements, supported by toll revenues, came in significantly over cost estimates and planned funding, resulting in an estimated funding gap of about \$275 million.

2023 Commission Activities

To address the revenue and performance needs of the I-405/SR 167 corridor, in 2023 the Commission initiated

a phased approach to adjusting toll rates and toll rate policies for the I-405 ETLs/SR 167 HOT Lanes:

- **Phase 1:** adjust toll rates and hours of operation for the current I-405 ETLs and SR 167 HOT lanes, which could take effect as soon as Q1 2024.
- **Phase 2:** adjust toll policies for the I-405 / SR 167 corridor in preparation for the opening of the Renton to Bellevue ETLs and the SR 167 toll equipment upgrade in 2025.

2024 Anticipated Commission Activities

Toll rate increase anticipated in early-2024

The Commission expects to finalize and implement Phase 1 of its rate setting process on for the I-405 ETLs / SR 167 HOT Lanes in early 2024. The Commission's proposed toll rate adjustment will increase the minimum toll rate for both facilities to \$1 and the maximum toll rate to \$15, as well as extend the hours of operation on both facilities by an additional hour from 7pm to 8pm.

The Commission will also continue discussions with WSDOT in spring/summer 2024 on Phase 2 of its rate setting process, and will also continue to gather public outreach through a variety of approaches to help inform their final decision-making.



I-405 ETL sign (WSDOT)

LOOKING AHEAD: FUTURE TOLLED FACILITIES

The Commission engages proactively with WSDOT on its planning efforts that assume tolling, which start many years before tolling is scheduled to begin. Currently, this planning work includes four facilities that have been authorized for tolling by the Legislature: the extension of the I-405 ETLs from Bellevue to Renton, the SR 509 and SR 167 expressway facilities that comprise the Puget Sound Gateway Program, and the I-5 Bridge over the Columbia River.

Summary of Authorized Toll Facilities in Progress

Facility	Commission Engagement in 2023	Toll Expectation	Expected Tolling Start Date*
I-405 Renton to Bellevue Widening and ETLs	I-405/SR 167 Interagency Working & Executive Advisory Groups	<ul style="list-style-type: none"> Traffic management Contribute funding for future corridor improvements 	Summer 2024
SR 167 Expressway (Puget Sound Gateway Program)	SR 167 Steering & Executive Committees	<ul style="list-style-type: none"> Generate \$180 M for Gateway Program construction costs 	Phase 1: About 2026 Full Project: About 2028
SR 509 Expressway (Puget Sound Gateway Program)	SR 509 Steering & Executive Committees	<ul style="list-style-type: none"> Ongoing operations and maintenance costs Traffic management 	
I-5 Bridge over the Columbia River	Discussions with the Oregon Transportation Commission (OTC) on development of a Bi-State Tolling Agreement	<ul style="list-style-type: none"> Generate \$1.2 B for construction costs Ongoing operations and maintenance costs Traffic management 	Pre-Completion Tolling anticipated Spring 2026

* Start dates are subject to change based on changes to project timelines.

The Commission is engaging on the ongoing legislatively directed joint Washington / Oregon assessment of options for moving forward with replacing the I-5 bridge over the Columbia River. Significant progress was made in 2023, which included updates to the project cost estimate and traffic and revenue analysis based on the preferred project design, as well as toll authorization by the Oregon and Washington legislatures, and collaboration on how to address setting toll rates and policies for the facility.

The Commission is also engaging in planning efforts for improvements to existing highway corridors in Washington state that either include or may include tolling. These include:

- SR 167 Master Plan:** In June 2023, WSDOT completed a Planning and Environmental Linkages (PEL) study which assessed existing and future conditions for the SR 167 corridor from Port of Tacoma to Renton. This corridor includes both the SR 167 HOT lanes and the future SR 167

Expressway. The study identified scenarios that address the corridor's near to long-term multimodal transportation needs, with input from public and stakeholder engagement. The project awaits further legislative direction and decision-making.

- **I-5 Study:** In support of a future I-5 Master Plan, WSDOT is undertaking a set of assessments that identify current and future transportation needs and recommendations for the I-5 corridor. This includes an assessment to identify HOV recommendations for near-term actions to improve I-5 HOV lane system-wide performance, including the possibility of converting HOV lanes to express toll lanes. WSDOT submitted their interim report on this assessment to the Legislature in June 2023, with final recommendations due December 1, 2024. The Commission will continue engagement on the development of the Master Plan which will include further development of near-, mid-, and long-term recommendations for HOV performance.
- **Hood River Bridge Replacement Financial Assessment:** The Commission conducted a financial assessment for options to fund a replacement Hood River Bridge. While this

replacement bridge will be owned and managed by Hood River-White Salmon Bridge Authority, which does not include the Commission, this study informed future funding support for the project by the Washington State Legislature, and will support the Hood River-White Salmon Bridge Authority's current bridge replacement project planning. The final report can be found at the Commission's website⁴.

- **US 2 Trestle Study:** WSDOT completed a preliminary planning study of alternatives for replacing the US 2 Westbound Trestle in Snohomish County, submitted to the Legislature in January 2021. This project awaits further legislative direction and decision-making around the role tolling may play in the financing of the project.

Engagement during the planning phases of these authorized and potential toll facilities informs the Commission's eventual rate-setting processes, should tolling be used. It also helps inform stakeholders about the potential effects of tolling and enables early Commission input directly into financial planning assumptions for the project.



Puget Sound Gateway Program, which will include the SR 509 and SR 167 expressway facilities (WSDOT)

⁴ Hood River Bridge Traffic & Revenue Study: <https://wstc.wa.gov/studies-surveys/hood-river-bridge-traffic-revenue-study/>

2024 TOLLING RECOMMENDATIONS

The following recommendations are intended to inform legislative considerations that support the capacity to sustainably build and maintain tolled facilities in Washington state. These are particularly important as we plan for a still uncertain future regarding toll facility performance and revenues, with the still evolving travel behavior changes following the impacts of the COVID-19 pandemic.

Systemwide Tolling Recommendations

Advance Work to Develop and Design a System-Wide Low-Income Tolling Program for All Existing and Future Toll Facilities

Building on the recommendations in the Commission's 2021 Low-Income Toll Program Study for I-405 & SR-167 Express Toll Lanes⁵, direction and funding should be provided to the Commission to develop a low-income tolling program for all existing and future toll facilities in close collaboration with WSDOT, with the intent of operationalizing the program first on the I-405 and SR 167 ETLs. The first step of this process could be a survey of low income communities to explore and understand their needs and preferences for how cost relief could be provided to them, along with a robust engagement process to fully assess their transportation needs, preferences, and challenges related to tolling.

Advance Projects That Improve Access to Tolled Facilities

For tolled facilities to provide the greatest value to the users of the state transportation system the facilities need to be successfully integrated with the surrounding transportation network. For example, regularly congested interchanges providing access to and from tolled corridors limit the time savings compared to alternative routes and create safety hazards with traffic backing up from the interchanges onto the through lanes of the connecting corridors.

When prioritizing unfunded transportation projects on tolled corridors, the Commission recommends serious consideration of projects which improve the ease and safety of accessing or exiting tolled facilities, and projects that improve interchange operations between I-405 and I-90, and I-405 and SR 520.

Facility-Specific Recommendations

Express Toll Lane/HOT Lane Recommendations

Pool Express Toll Lane Revenues to Maximize Systemwide Toll Operations and Improvements

Consider extending the current policy of pooling existing ETL / HOT Lane revenues for the I-405 ETLs and SR 167 HOT Lanes to include future ETL facilities in different locations. Doing so allows for a system approach to ensuring all ETLs are able to fully support their collective ability to meet financial requirements and also provide toll revenues necessary for financing future projects within the ETL corridors.

Advance Tolling Options to Support the Long-Term Expansion of the Express Toll Lane System

Explore the possibility of tolling existing HOV lanes on additional freeways to provide revenues in support of planned ETL expansion projects, and to create a more reliable trip on our freeways for transit, HOV's, and single occupancy vehicles. While a substantial initial capital investment would be needed to convert existing HOV lanes to ETLs, funding derived from tolling the lanes could both contribute to construction costs and reduce long-term financing costs of ETL projects.

⁵ Low-Income Toll Program Study for I-405 & SR 167 Express Toll Lanes: <https://wstc.wa.gov/wp-content/uploads/2021/08/2021-WSTC-Tolling-Equity-Report.pdf>

SR 99 Tunnel

Take Action to Address Long-Term SR 99 Tunnel Funding Needs

The Legislature is encouraged to take steps to close the long-term funding shortfall for the SR 99 tunnel. Traffic and revenue forecasts for the facility project long-term funding shortfalls based on lower than forecasted traffic and revenue projections and increased costs compared to initial projections. Providing funding or reducing cost obligations to address the shortfall will reduce the size and/or frequency of anticipated toll rate increases that will start in 2025 absent such funding being provided.

Possible approaches to closing the funding gap include providing non-toll funding and/or reducing costs that toll revenues pay for:

- Cost reduction approaches include no longer requiring the repayment of the Motor Vehicle Fund Account loans, and funding facility repair & replacement costs with general transportation funding.



SR 99 tunnel (WSDOT)

SUMMARY OF CURRENT TOLL RATES AND POLICIES BY FACILITY

Current Toll Rates by Facility

Toll Facility	Good To Go!*	Pay By Mail	Other
SR 16 Tacoma Narrows Bridge	\$4.50	\$6.50	\$5.50 (Toll Booth)
SR 520 Floating Bridge			
Weekdays	\$ 1.25 - \$ 4.50	\$ 3.25 - \$ 6.50	N/A
Weekends & Holidays	\$ 1.25 - \$ 3.05	\$ 3.25 - \$ 5.05	
SR 99 Tunnel			
Weekdays	\$ 1.20 - \$ 2.70	\$ 3.20 - \$ 4.70	N/A
Weekends & Holidays	\$ 1.20	\$ 3.20	
I-405 Express Toll Lanes	\$ 0.75 - \$ 10.00	\$ 2.75 - \$ 12.00	
SR 167 HOT Lanes	\$ 0.50 - \$ 9.00	N/A	

Note: All rates are for 2 axle vehicles. Rates increase per additional axle.

* 25 cents fee added to Good To Go! pass rate if a pass is not detected

Current Toll Rate Policies by Facility

Toll Facility	Rate Structure	Hours of Operation	HOV Policy
SR 16 Tacoma Narrows Bridge	Single Flat Rate	24 hrs., 7 days/wk.	2+ HOV lane w/toll
SR 520 Floating Bridge	Variable Rates by Time of Day & Weekends		3+ HOV lane w/toll
SR 99 Tunnel			No HOV lane; not exempt from tolls
I-405 Express Toll Lanes	Dynamic Pricing Based on Speeds & Volumes	5 a.m. – 7 p.m., Weekdays	3+ HOVs always exempt from tolls; 2+ HOVs exempt 9 a.m. – 3 p.m.*
SR 167 HOT Lanes		5 a.m. – 7 p.m., 7 days/wk.	2+ HOVs exempt from tolls

*Requires use of Good To Go! Flex Pass

Current Toll Rate Exemptions by Facility

Toll Facility	Carpools	Motorcycles	Transit/ Rideshare	Private Buses/ School Buses	Emergency/ Incident Response/ O&M Vehicles	Tow Trucks (WSP Authorized)
SR 16 Tacoma Narrows Bridge	No		At all times		On-Duty	In-Service
SR 520 Floating Bridge						
SR 99 Tunnel						
I-405 Express Toll Lanes	3+ peak/ 2+ off peak	At all times				
SR 167 HOT Lanes	2+					

On-Duty = Vehicle operating in an official capacity

In-Service = On-duty and responding to an incident. Includes private tow trucks directed by Washington State Patrol (WSP) to clear vehicles from SR 520 bridge

2024 TACOMA NARROWS BRIDGE LOAN UPDATE

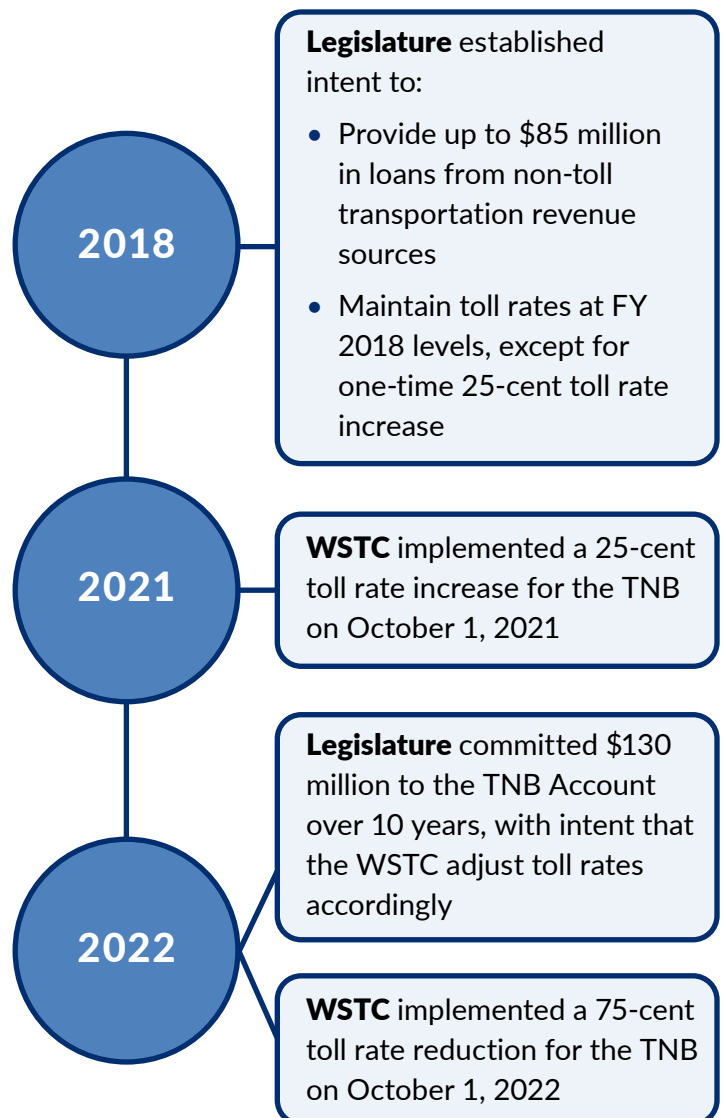
As enacted in 2018, [RCW 47.46.190](#) established legislative intent to provide up to \$85 million in loans from non-toll transportation revenue sources between FY 2020 – FY 2030, scheduled for repayment following the completion of debt service payments in FY 2030. It further established the Legislature’s intent that the Commission shall maintain toll rates at FY 2018 levels until debt service, deferred sales tax, and loans are repaid (through about 2033), except for no more than a one-time 25 cent toll rate increase beginning on July 1, 2021, or later. In line with this, in August 2021 the Commission adopted a 25 cent toll rate increase that took effect on October 1, 2021.⁶

Then in 2022, the Washington State Legislature committed \$130 million in transfers from the General Fund to the Tacoma Narrows Bridge (TNB) Account over ten years (FY 2023 – FY 2032), with annual installments totaling \$13 million per year. It was the intent of the Legislature that the Commission would adjust TNB toll rates accordingly, and as a result, the Commission adopted a 75-cent toll rate reduction for the TNB in August 2022, which took effect on October 1, 2022.⁷

This update is intended to inform the Legislature as to how much of a loan is necessary each biennium from non-toll sources, per [RCW 47.46.200](#), which requires the Commission to submit a status update to the Transportation Committees of the Legislature annually through the end of debt service payments (FY 2030).

The total loan amount needed over the life of the TNB debt is approximately \$94.3 million over the full term of the debt service (through FY 2030), which is \$7.4 million greater (+8.5%) than the amount estimated in last year’s 2023 TNB Loan Update. This increase is driven both by an overall decline in revenues along with an increase in costs throughout the forecast horizon.

With the additional funding needs for the 2025-27 biennium through the end of debt service, continued commitment to meeting the TNB Account funding needs, such as the General Fund installments committed by the Legislature in 2022, will be necessary to maintain toll rates at current levels.



Legislative direction and toll rate adjustments on the TNB since establishment of TNB loans in 2018

⁶ Washington State Register 21-18-070: <https://lawfilesexternal.wa.gov/law/wsr/2021/18/21-18-070.htm>

⁷ Washington State Register 22-18-016: <https://lawfilesexternal.wa.gov/law/wsr/2022/18/22-18-016.htm>

2024 Loan Update: Findings 2023-2025 Biennium Loan Estimates

In last year’s 2023 TNB Loan Update, the Commission identified a loan need of \$6.6 million to the TNB Account for the 2023-25 biennium. In response, the Legislature appropriated the identified \$6.6 million to the TNB Account in 2023 for the 2023-25 biennium as a loan. No adjustment to the current loan amount for the 2023-25 biennium is necessary to meet financial requirements for the TNB Account in FY 2024 and 2025.

Based on current toll rates and the appropriated loan amount for the 2023-25 biennium, the TNB Account is projected to have an ending fund balance of about \$16.3 million at the end of FY 2025. This is \$2.8 million greater (+21%) than the targeted ending fund balance of \$13.5 million stated in the 2023 TNB Loan Update. In addition to the appropriations provided by the Legislature, the higher projected fund balance is fueled primarily by changes in actual revenues and costs from FY 2023, resulting in a greater beginning fund balance for the 2023-25 biennium, as well as changes in projected revenues and costs for the 2023-25 biennium. This includes:

- Greater than anticipated TNB revenues and fees in FY 2023 compared to the 2023 TNB Loan Update by \$3.8 million, and greater projected revenues

and fees for the 2023-25 biennium by \$2.5 million. These increases are driven primarily by increases in civil penalty revenues.

- Slightly lower than anticipated costs in FY 2023 compared to the 2023 TNB Loan Update by \$1.0 million or 1%.

These improvements are partly offset by slightly greater projected costs for the 2023-25 biennium by \$4.8 million or 2.3%.

2023-25 Biennium Loan Estimates & Distribution

	2023-25 Biennium
2023 TNB Loan Update	\$6,611,000
Enacted Loan Amount	\$6,611,000
<i>Difference</i>	\$0

Current appropriations maintain compliance with the Commission’s sufficient minimum balance (SMB) policy throughout the 2023-25 biennium, which requires the Commission to consider adjusting toll rates if the TNB Account is not projected to maintain a retrospective three-month rolling average fund balance of at least \$10 million.⁸ The fund balance was last below the SMB policy target of \$10 million in October of 2021 at \$9.9 million and is not projected to drop below the target until May of 2026.

Ending Fund Balance Estimates with the Current Loan Estimates, by Fiscal Year (FY 2023 – 26)*

	FY 2023	FY 2024	FY 2025	FY 2026
2023 TNB Loan Update	\$36,866,000	\$19,290,000	\$13,500,000	\$13,500,000
2024 TNB Loan Update	\$41,615,000	\$26,287,000	\$16,345,000	\$13,500,000
<i>Difference</i>	\$4,749,000	\$6,997,000	\$2,845,000	\$0

* Estimates rounded to the nearest thousand

⁸ WSTC Tacoma Narrows Bridge Toll Rate Setting Policy: <https://wstc.wa.gov/wp-content/uploads/2019/08/TNB-SNB-Policy.pdf>

Comparison of Total Loan Estimates: FY 2020 – FY 2030

Looking at the full term of the debt service, total loan estimates for FY 2020 – FY 2030 total about \$94.3 million, which is \$7.4 million greater than estimated in last year's 2023 TNB Loan Update. This is \$9.3 million more than the intended \$85 million maximum total loan amount, as cited in [RCW 47.46.190](#). Considering

the \$49.4 million in loans that have been provided through the 2023-25 biennium, an additional \$44.9 million in unfunded revenue needs is estimated over the remaining term of the debt service for FY 2026-2030.

The increase in funding needs is primarily the result of a \$14 million dollar increase in projected costs throughout FY 2023 – FY 2030, offset slightly by a \$6 million increase in projected revenues and fees throughout this time period.

TNB Loan Estimates for FY 2019 – FY 2030 by Biennium*

Loan Scenarios	2019-21 Biennium	2021-23 Biennium [^]	2023-25 Biennium	2025-27 Biennium	2027-29 Biennium	2029-31 Biennium	FY 2019 – FY 2030
2023 TNB Loan Update	\$12,543,000	\$30,293,000	\$6,611,000	\$15,999,000	\$18,044,000	\$3,447,000	\$86,937,000
2024 TNB Loan Update	\$12,543,000	\$30,293,000	\$6,611,000	\$15,043,000	\$23,272,000	\$6,579,000	\$94,341,000
Difference	\$0	\$0	\$0	-\$956,000	\$5,228,000	\$3,132,000	\$7,404,000

* Loan estimates rounded to nearest thousand. Actual appropriations through the 2023-25 biennium.

[^]Additional \$15.7 million appropriated to TNB Account from federal ARPA funds with no repayment required.

TNB Loan Repayment Estimates

As established in current law, repayment of the TNB loans is scheduled to begin in FY 2031 following the completion of debt service payments in FY 2030. In FY 2031, loan repayment is limited by the requirement to first repay the \$57.6 million in deferred sales tax. Repayment of the deferred sales tax and the TNB loans would complete existing financial obligations, therefore requiring the end of TNB tolling, per [RCW 47.46.110](#).

In last year's 2023 TNB Loan Update, loan repayments were anticipated to end in FY 2032. While the total

loan amount needed over the life of the TNB debt increased by \$7.4 million from the 2023 Loan Update, repayment of these loans would have been possible in FY 2032 if not for a decrease in net revenues throughout FY 2031 – 2032. For example, projected costs for FY 2031 – FY 2032 increased by \$4 million, along with a \$201,000 reduction in projected revenues and fees throughout this time period. The result is that loan repayments are now estimated to extend to FY 2033, with \$18.2 million in loans now estimated to be repaid in FY 2031, \$73.2 million in FY 2032, and \$2.9 million in FY 2033.

TNB Loan Repayment Estimates & Distribution*

	FY 2031	FY 2032	FY 2033	Total
2023 TNB Loan Update	\$20,148,000	\$66,789,000	\$0	\$86,937,000
2024 TNB Loan Update	\$18,215,000	\$73,242,000	\$2,884,000	\$94,341,000
Difference	-\$1,933,000	\$6,453,000	\$2,884,000	\$7,404,000

* Estimates rounded to nearest thousand.

2024 Loan Update: Details & Assumptions

Factors Contributing to 2024 Loan Update Analysis

Below is a comparison between TNB traffic, revenues, and costs that inform findings for the 2024 TNB Loan Update. Changes are summarized in the included tables. Changes of less than +/- 0.1 percent are considered as effectively no change, as indicated in the tables by the yellow double arrows.

Toll Transactions

Toll Transactions 2023 vs 2024 TNB Loan Update




FY 2023 Actuals		FY 2024 Forecast		FY 2025 Forecast	
	-0.8%		+0.3%		-0.01%

In FY 2023, there were slightly fewer toll transactions on the TNB than had been expected in last year's 2023 TNB Loan Update by 128,000 transactions (-0.8%). Regardless of this, toll traffic in FY 2023 still exceeded FY 2022 toll traffic levels by about 309,000 transactions (+2.0%), demonstrating continued recovery from the COVID-19 pandemic. The 75-cent toll rate decrease that took effect in October 2022 also likely contributed to the stronger recent performance.

These improvements are expected to continue in FY 2024, with toll transactions in FY 2024 expected to exceed FY 2023 transactions by about 175,000 (1.1%). In comparison to the 2023 TNB Loan Update, this represents an increase of about 42,000 transactions (+0.3%), largely attributable to stronger-than-anticipated recent performance on the facility. Projected toll transactions for FY 2025 are effectively unchanged from the 2023 TNB Loan Update at 2,000 transactions below (-0.01%) previous expectations. Toll transactions are then expected to increase year-over-year from FY 2026 through FY 2032.

Toll Revenues

Adjusted Gross Toll Revenues 2023 vs. 2024 TNB Loan Update

FY 2023 Actuals		FY 2024 Forecast		FY 2025 Forecast	
	-0.2%		+0.02%		-0.4%

Similar to toll transactions, adjusted gross toll revenues were largely unchanged from the 2023 TNB Loan Update. Revenues in FY 2023 fell short of previous expectations by about \$184,000 (-0.2%), and for FY 2024, revenues are projected to exceed previous expectations by about \$15,000 (+0.02%). For FY 2025, revenues are projected to be about \$296,000 less (-0.4%) than expected in the 2023 TNB Loan Update.

Over the longer term, through the end of debt service (FY 2026 – FY 2030) revenue projections are \$3.6 million lower (-0.9%) over the five years when compared to the 2023 TNB Loan Update. Primarily, this decline is due to a projected increase in revenue leakage resulting from an increase in the forecasted share of image-based transactions (pay-by-plate and pay-by-mail) in relation to transponder-based transactions.

While adjusted gross toll revenues are down in comparison to the 2023 TNB Loan Update, total TNB revenues and fees exceeded previous expectations in FY 2023, and are expected to surpass expectations throughout the 2023-25 biennium. This is driven primarily by revenues from civil penalty and late fees exceeding the 2023 TNB Loan Update by a combined \$3.1 million, and a projected \$2.7 million in the 2023-25 biennium. This is due to the resumed escalation of unpaid toll bills following the launch of the new *Good To Go!* back office system in March 2023. In addition, interest earnings for FY 2023 – FY 2025 are expected to exceed expectations by \$1.6 million due to an increase in the assumed interest rate from 0.61% per year to 2.25% per year. Following the 2023-25 biennium, the more conservative projection of a 0.61% interest rate is applied in alignment with recent historical values.

Costs

TNB Costs

2023 vs. 2024 TNB Loan Update

FY 2023 Actuals		FY 2024 Forecast		FY 2025 Forecast	
	- 1.0%		+ 3.4%		+ 1.2%

Consistent with WSDOT’s preliminary 2024 TNB financial plan (December 2023), analysis of the current loan assessment includes slightly lower costs than previously assumed for FY 2023, which were about \$1.0 million less (-1.0%) than expected in the 2023 TNB Loan Update. However, costs for the 2023-25 biennium are projected to be about \$4.8 million (+2.3%) greater than previously expected. This includes increased projected costs of \$3.6 million (+3.4%) for FY 2024 and \$1.2 million (+1.2%) for FY 2025. These increases are primarily the result of increases in toll operations costs (+\$4.7 million) and toll vendor costs (+\$1.4 million), as well as a slight increase in bridge insurance costs (+\$388,000). These increases are then slightly offset by declines in bridge preservation costs (-\$1.3 million) and debt service costs (-\$360,000).

Over the longer term, through the end of debt service (FY 2026 – FY 2030) these trends are expected to continue with projected costs about \$10.2 million greater (+2%) over the five years compared to the 2023 TNB Loan Update. Primarily, these cost trends include increases in credit card and bank fees, printing and postage costs, civil penalty adjudication costs, and insurance costs. Other drivers include the continued appropriation of TNB toll funds to other agencies in support of TNB tolling operations, as well as increases in customer service and back-office system costs and WSDOT staff costs.

Financial Model Assumptions

The current loan estimates incorporate costs and inflation factors assumed in WSDOT’s preliminary 2024 TNB financial plan (December 2023), as prepared after the November 2023 transportation revenue forecast. Distinctions in assumptions from these documents include:

- WSDOT’s preliminary 2024 TNB financial plan and this analysis assumes interest revenues distributed to the TNB Account from the Statewide Tolling Account that are not assumed in the November 2023 forecast, at \$265,000 annually for the 2023-25 biennium and \$118,000 annually for FY 2026 – FY 2032.

Calculations for the proposed loan adjustments maintain some distinctions from the TNB financial plan. Specifically, this assessment assumes updated loan amounts that support projected annual ending fund balances of \$13.5 million to ensure compliance with the \$10 million retrospective three month rolling average requirement established by the Commission’s sufficient minimum balance policy. This is consistent with prior TNB Loan Updates.

