



Legislative Policies & Agenda October 27, 2021

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Agenda

- Overview
- Proposed Federal & State Agenda
- Upcoming Schedule Milestones



Overview

TPU's Legislative Policies

- PUB direction on a variety of issues

TPU's Legislative Agenda

- Includes some of the specific policy outcomes that TPU staff will be seeking



Proposed Legislative Policies

Proposed Changes

- **TPU General Issues – Comprehensive**
 - TPU supports programs for limited-income customers
- **Tacoma Power – Federal**
 - Adds language supporting regional power markets that provide additional services and value for customers



Proposed TPU-wide Agenda

TPU-Wide

- Infrastructure financing tools
- TPU supports programs to assist limited-income residents



Proposed Federal Agenda

Power – Federal

- Support proposals to maintain and improve BPA's cost competitiveness
- Actively engage, seek to support carbon reduction policies
- Support investment in zero-emission transportation infrastructure, clean fuels
- Support funding for the Hydropower Incentive Program
- Maintain municipal control of pole attachments



Proposed Federal Agenda

Water – Federal

- Support Howard Hanson Dam Additional Water Storage Project Implementation
- Support Water Infrastructure Finance and Innovation Act funding
- Support funding for the Drinking Water State Revolving Fund

Rail – Federal

- Explore infrastructure funding opportunities



Proposed State Agenda

Power – State

- Actively engage and seek to support proposals that decarbonize the economy at reasonable costs to customers and appropriately value carbon-free hydropower
- Support reasonable policies to decarbonize buildings
- Support investment in zero-emission transportation infrastructure, clean fuels
- Support equal incentives for hydropower



Proposed State Agenda

Water – State

- Support the Public Works Trust Fund

Rail – State

- Explore infrastructure funding opportunities



What's Ahead

Schedule for policymaker review & adoption

- October 27 – PUB 'Reports of the Director' on TPU Legislative Policies & Agenda
- November 9 – Joint Study Session presentation on proposed City-wide legislative agendas
- November 17 – PUB scheduled adoption of TPU Legislative Policies & Agenda
- November 23 – Mayor & Council scheduled adoption of City-wide legislative agendas



Draft Tacoma Public Utilities 2022 Legislative Agenda

TPU-Wide

- **Infrastructure financing tools:** TPU supports legislation that promotes the availability of tax-exempt municipal bonds and will support proposals that revoke changes made in 2017 relating to advance refunding. TPU supports providing comparable tax incentives to consumer-owned utilities. TPU also supports restoring Build America Bond payments back to their originally-enacted levels.
- **TPU supports programs to assist limited-income residents:** TPU supports policies and additional funding for programs that provide assistance to limited-income residents.

Tacoma Power – Federal

- **Support proposals that maintain and improve BPA's competitiveness:** TPU will continue to support federal proposals to maintain and improve BPA's cost competitiveness.
- **Carbon reduction policies:** TPU will actively engage in and seek to support proposals that decarbonize the economy at reasonable costs to customers and that appropriately acknowledge and credit hydropower as a carbon-free generating resource.
- **Support investment in zero-emission transportation infrastructure and programs that advance the development of clean fuels:** TPU will support additional funding for zero-emission transportation infrastructure and policies that advance the development and production of clean fuels, including electrolytic hydrogen.
- **Provide funding for the Hydropower Incentive Program:** Tacoma Power continues to support federal appropriations for the Department of Energy's Hydropower Incentive Program. The program provides payments to hydropower utilities, including Tacoma Power, for hydroelectric production added to an existing dam or conduit.
- **Support legislation to maintain municipal utility control over poles and pole attachment rate setting:** TPU supports legislation that would ensure that municipally-owned utilities maintain their historic authority to safely manage pole attachments on utility poles.

Tacoma Water – Federal

- **Support implementation of the Howard Hanson Dam – Additional Water Storage Project:** Tacoma Water continues to support federal authorization, appropriations, and actions necessary to complete the Howard Hanson Dam – Additional Water Storage Project. Any federal action must respect federal/non-federal cost share agreements already in place. TPU believes Howard Hanson Dam fish passage and the Additional Water Storage Project are critical to salmon and orca recovery as a construction-ready project with broad impact.
- **Support funding of the Water Infrastructure Finance and Innovation Act (WIFIA):** Tacoma Water supports appropriations to fully fund the Water Infrastructure Finance and Innovation Act (WIFIA).
- **Support funding of the Drinking Water State Revolving Fund:** Tacoma Water supports adequate appropriations for the Drinking Water State Revolving Fund.

Tacoma Rail – Federal

- **Explore opportunities for infrastructure funding:** Tacoma Rail intends to pursue funding opportunities to make investments in rolling stock, track, and other infrastructure.

Tacoma Power -- State

- **Carbon reduction policies:** Washington lawmakers have indicated that they will continue to focus on legislative solutions aimed at decarbonizing Washington State's economy. TPU will actively engage in and seek to support proposals that decarbonize the economy at reasonable costs to customers and that appropriately acknowledge and credit hydropower as a carbon-free generating resource and align with existing and emerging regional organized markets.
- **Building decarbonization policies:** TPU will support reasonable policies to decarbonize the state's residential and commercial building sector, including proposals to provide municipal electric utilities the authority to adopt beneficial electrification plans. Any comprehensive building decarbonization policy must be based on sound cost/benefit analysis to understand the impacts on energy capacity and reliability.
- **Support investment in zero-emission transportation infrastructure and programs that advance the development of clean fuels:** TPU will support additional funding for zero-emission transportation infrastructure and policies that advance the development and production of clean fuels, including electrolytic hydrogen.

- **Support equal treatment of hydropower:** Tacoma Power customers have invested in renewable, carbon-free hydroelectric generating facilities for decades. These facilities will continue to require significant reinvestment to ensure their future safe and reliable operation. During the 2019 Legislative Session, other renewable generating resources were given special tax treatment. TPU will continue to advocate for consistent tax treatment or alternative approaches that support equal treatment of all renewable, carbon-free resources.

Tacoma Water – State

- **Support the Public Works Trust Fund:** Tacoma Water supports funding for the Public Works Trust Fund (PWTF). It is a critical program for many public water systems by providing low-interest loans to maintain and preserve their infrastructure. TPU supports public water systems and city partners in their request to restore and protect the existing funding of the PWTF.

Tacoma Rail – State

- **Explore opportunities for infrastructure funding:** Tacoma Rail intends to pursue funding opportunities to make investments in rolling stock, track, and other infrastructure.



Staff-Proposed TPU Legislative Policies

TPU General Issues – Comprehensive

- TPU supports consistency between federal and state policies affecting utilities.
- TPU supports economically sound policies that encourage and reward energy and water conservation and that assist efficiencies in utility delivery and use.
- TPU supports programs that assist ~~lower~~limited-income customers.
- TPU supports policies for protection of the natural environment, including stream protection, and that support public stewardship of fishery resources and wildlife habitat.
- TPU supports net neutrality.
- TPU opposes proposals to prohibit or inhibit the provision of telecommunications by municipalities.

TPU General Issues – Federal

- TPU supports policies that allow for and protect tax-exempt financing for publicly-owned utilities.
- TPU supports federal cybersecurity policies that complement utility actions to deter cyberattacks.

TPU General Issues – State

- TPU supports local control of municipal utilities and opposes unfunded mandates and mandated rate structures.
- TPU opposes the diversion by the State of utility tax revenues to non-related uses, as well as diversion of revenues intended for infrastructure financing assistance to non-related programs.
- TPU supports retention and protection of municipal utility lien authority.
- TPU supports the approval and funding of utility facilities and services consistent with state policies of growth management and regional efficiencies.
- TPU opposes authority for counties to impose taxes on utility service already subject to local utility or gross earnings taxes.
- TPU opposes policies that would shift the obligations of building and construction parties onto utility providers (including undergrounding utilities).



Tacoma Power – Comprehensive

- TPU supports consistent statutory recognition of hydropower as a renewable, emissions-free resource.
- TPU supports proposals for greenhouse gas emissions reduction that achieve the most efficient carbon emission reduction at reasonable cost to utility customers, and are market-based, economy-wide, and coordinated with regional or national strategies. If policymakers implement greenhouse gas reduction policies, they should appropriately acknowledge and credit hydropower as a carbon-free generating resource and recognize the role the electricity sector could play in reducing carbon emissions in the transportation and heating/building sectors and in the production of new clean transportation fuels. Any changes in federal or state policy must be sensitive to rate pressures, especially on lower-income customers.
- TPU opposes the imposition by federal or state government of pole attachment requirements and ratemaking formulas.

Tacoma Power – Federal

- TPU supports retention of primary authority for energy reliability with the North American Electric Reliability Corporation (NERC).
- TPU supports efficiencies and streamlining of Federal Energy Regulatory Commission (FERC) hydropower licensing and relicensing policies.
- TPU supports reasonable regulation of trading markets, including under the Dodd-Frank Act, and accommodations for utilities by the Commodity Futures Trading Commission (CFTC).
- TPU ~~opposes~~ supports ~~the imposition of~~ regional power markets ~~in the Pacific Northwest that would lead to additional jurisdiction by FERC and add costs to ratepayers~~ provide additional services and value to our customers.
- TPU supports modifications to, or related to, the Columbia River Treaty that would equitably distribute the power benefits gained from the Treaty between the United States and Canada.
- TPU supports policies that appropriately acknowledge and credit ongoing ratepayer investment in emissions-free hydropower electric generating resources.

Tacoma Power – State

- TPU supports reasonable amendments to reporting and portfolio statutes that would better recognize energy efficiency and renewable hydropower.
- TPU supports the recognition of energy efficiency in statutes, regulations, and codes relating to building construction and operation.
- TPU supports distributed generation policies that facilitate customer choice for on-site generation and provide utility flexibility to design equitable price structures that balance costs and benefits.
- TPU supports the development of evolving distribution level services and technologies.
- TPU supports in-lieu of tax payments to local governments by power generators that are predictable, equitable, and justified.
- TPU supports current law provisions on preemption of local land use, development regulations, or rights-of-way provisions dealing with location of transmission or distribution facilities or lines.
- TPU supports additional state funding that would make residential solar generation and community solar projects financially feasible for low-income customers and TPU's broader customer base.



Tacoma Water – Comprehensive

- TPU supports policies that assist public utilities in developing, upgrading, and maintaining infrastructure.
- TPU supports policies to protect drinking water sources and supplies, including requirements for spill prevention and reporting.

Tacoma Water – Federal

- TPU supports adequate funding of the Water Infrastructure Finance and Innovation Act (WIFIA).
- TPU supports adequate funding of the Drinking Water State Revolving Fund (DWSRF).
- TPU supports maintenance, enforcement, and funding of federal commitments related to the Howard Hanson Dam, including for downstream fish passage.

Tacoma Water – State

- TPU supports retention of the Public Works Trust Fund (Public Works Assistance Account) and continued use of its revenue streams for utility-related infrastructure financing, and opposes diversion of those funds based on inequitable considerations or formulas.
- TPU supports policies that recognize and protect the reasonable use of municipal water rights and allow for flexible mitigation options.
- TPU supports modernization of provisions on state water rights permitting, and opposes efforts to weaken notice requirements for such decisions.
- TPU supports adequate and reliable funding of water programs administered by the Departments of Ecology and Health.
- TPU supports policies encouraging regional water supply and delivery, and state assistance for small system consolidation. TPU is committed to participate with other governments in efforts to deal with comprehensive regional and state water management.



Tacoma Rail – Comprehensive

- TPU supports reasonable safety policies and opposes proposals that would unfairly burden short line carriers or inhibit their shipment of materials and goods.
- TPU opposes policies that would inhibit the ability to serve its customers.
- TPU supports policies that recognize that rail transportation of freight and goods is the most effective, efficient, and environmentally friendly mode of transportation.

Tacoma Rail – Federal

- TPU supports retention and expansion of federal policies that would lead to infrastructure maintenance and construction, such as inclusion of funding programs for short-line rail infrastructure in the federal surface transportation reauthorization legislation or as stand-alone legislation.

Tacoma Rail – State

- TPU supports policies that would provide incentives for rail transportation and ongoing funding of grant and loan programs for rail infrastructure upgrades.