RESOLUTION NO. U-11237

A RESOLUTION related to a Public Utility Board Policy concerning the rate impacts associated with increases in utility taxes by jurisdictions outside the City of Tacoma and within the service area of Tacoma Public Utilities.

WHEREAS the City of Tacoma, Department of Public Utilities, ("TPU") provides power and water services beyond the boundaries of the City of Tacoma, and

WHEREAS, on June 18, 2020, a challenge to the City of Federal Way's imposition of an excise tax on all businesses providing water and sewer services within Federal Way's city limits was rejected in Lakehaven Water and Sewer District v. City of Federal Way, 195 Wn.2d 742 (2020), and

WHEREAS, on November 2, 2020, the City of University Place adopted Ordinance No. 737, which imposes a utility tax on electrical services, sewerage and water services within University Place, in the amount of three percent (3%) for the first year of imposition, and six percent (6%) thereafter, and

WHEREAS, TPU provides power and water services within the City of University Place, and

WHEREAS, the increases in utility taxes imposed by the City of University Place will increase TPU's costs of providing power and water service to University Place customers, and

WHEREAS, any increase in utility taxes by other jurisdictions with customers that are served by TPU will increase the costs of TPU providing service to the customers in those jurisdictions, and
WHEREAS, TPU's core rate-making principles are founded on the
concept that utility rates are based on the cost of service, and

WHEREAS, TPU is committed to transparency in communicating with
TPU customers, the City Council, and the public concerning the development
and calculation of utility rates, and

WHEREAS, it is consistent with TPU's commitment to transparency and
consistent with the process for generating utility bills, to clarify on TPU customer
bills whenever an increase in rates in a customer's bill is the result of the
imposition of a utility tax increase by the customer's jurisdiction, and

WHEREAS, it is consistent with TPU's commitment to open and effective
communication to ensure that the City Council, the public and TPU customers
are informed whenever a proposed rate increase is based on increased costs
due to an increase in utility taxes imposed by another jurisdiction, Now,
therefore,

BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

That the Public Utility Board of the City of Tacoma finds that increases in
utility taxes on the provision of power and water in jurisdictions within TPU's
service area will increase the cost of providing service in those areas, and the
Board adopts a policy that: 1) the costs associated with such utility tax
increases should be passed on as rate increases to the customers of the
relevant jurisdiction; 2) that information should be provided on the utility bills for
the impacted customers to clarify that the rate increase is based on an increase

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in utility tax imposed by the customers' jurisdiction; 3) that information should be
provided on utility bills to indicate the applicable taxes that are a component of
the rates being charged, and 4) that sufficient communication should be
provided to the City Council, the public, and TPU customers to clarify why the
increase is being recommended and to confirm that the proposed rate increase
is due to an increase cost of service imposed by another jurisdiction.

Approved as to form:

/s/

Chair

Chief Deputy City Attorney

Secretary

Clerk

Adopted 1-27-21