



RESOLUTION NO. U-11237

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

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

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

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

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

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

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

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

6 WHEREAS, it is consistent with TPU's commitment to transparency and
7 consistent with the process for generating utility bills, to clarify on TPU customer
8 bills whenever an increase in rates in a customer's bill is the result of the
9 imposition of a utility tax increase by the customer's jurisdiction, and
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11 WHEREAS, it is consistent with TPU's commitment to open and effective
12 communication to ensure that the City Council, the public and TPU customers
13 are informed whenever a proposed rate increase is based on increased costs
14 due to an increase in utility taxes imposed by another jurisdiction, Now,
15 therefore,
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18 BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

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