

A photograph of a waterfront city scene. In the foreground, a wooden pier with several white boats is visible. In the background, a city skyline with various buildings, including a prominent white, curved structure, is reflected in the water. The sky is clear and blue.

Serving our customers

Strategic Plan and Guiding Principles

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Senate Bill 1512 (2019)



Need to Clarify Authority

- Utilities under WA State law have authority to engage in sales of power and power services – but does this extend to promoting electrified transportation?
- Case law judgements cast doubt on how far this authority extended
- WUTC extended authority to investor owned utilities but no customer owned utilities
- Spent 3 years of work with legislators to get to SB1512 (2019)
- Customer advocacy groups, private industry sought limitations on utility spending, feared “crowding out”



Success!



“The Legislature finds that legislative clarity is important for utilities to offer programs and services, including incentives, in the electrification of transportation...”

HB 1512 - Clarified Utility Role

Self Directed

“...each electric utility, depending on its unique circumstances, can determine its appropriate role in the development of electrification of transportation infrastructure.”

Clarifies what is permitted

“...legislative clarity is important for utilities to offer programs and services, including incentives, in the electrification of transportation...”

Transportation electrification is voluntary

*“The governing authority...**may** adopt an electrification of transportation plan...”*

HB 1512 – Topics of consideration

“...the governing authority **may** consider some or all of the following...”

1. Applicability of multiple options for electrification of transportation across all customer classes
2. The impact of electrification on the utility’s load, the use of demand response or load management including direct load control and dynamic pricing
3. System reliability and distribution system efficiencies
4. Interoperability concerns for software or hardware
5. Overall customer experience

Bill 1512 – Limits on spending

Gift of Public Funds Prohibitions

- Each program must still adhere to the constitutional prohibitions against “gifts of public funds” as interpreted in case law to not be a donative act (except in cases of “poor and infirm”)
- Satisfied by a Ratepayer Impact Measure (RIM) test

Established a cost test

“...utility outreach and investment in the electrification of transportation infrastructure does not increase net costs to ratepayers in excess of one-quarter of one percent.”

- Interpreted to mean the sum of program costs plus general expenses explicitly used for programs must not exceed 0.25% of operating expenses for the biennium.

A compromise that provides permission with limits

The legislation and the required plan is an attempt at a compromise between two interests.

Required but Permissive Authority

Oversight by the governing body, caps on spending, requirement for programs to provide overall net benefit, identification of key topics

Operational flexibility to deal with reality

Recognized need for operational flexibility, local control, experimentation

Slide describing Strategic Plan vs. Action Plan

Tacoma Power will meet the intent of the legislation with two documents:

Transportation Electrification Strategic Plan

- Adopted by the governing body
- Sets the strategic direction and guiding principles
- No scheduled updates or revisions

Transportation Electrification Action Plan

- Not explicitly approved by the governing body
- Identifies tactical strategies in line with guiding principles
- Updated and reported to the governing body annually

The Strategic Plan



Requirements of a good strategic plan

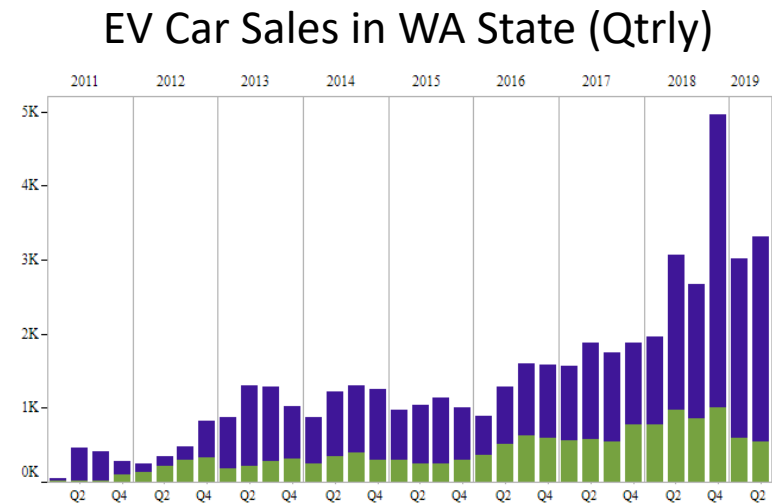
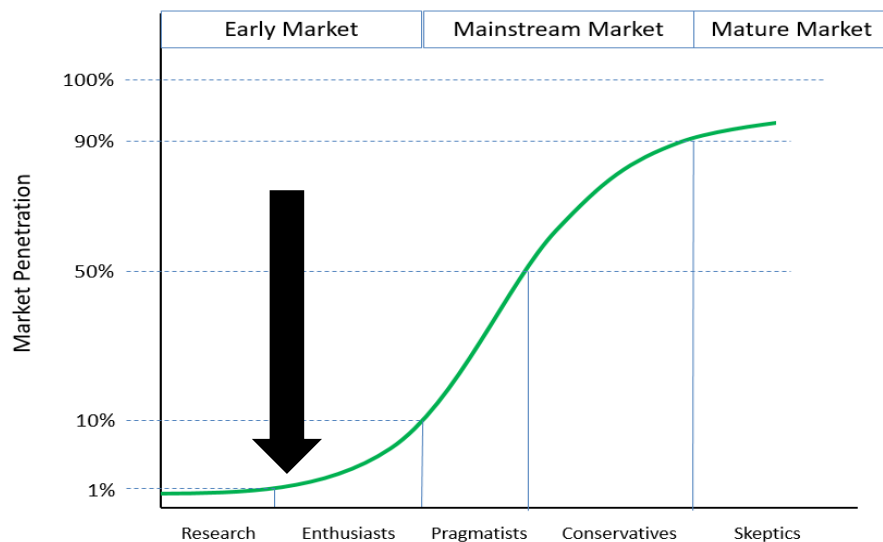
- Contains the strategic vision
- Provides guiding principles
- Compliance with HB 1512
- Establishes a defined role for the utility
- Contributes to organizational clarity and consistency
- Sets in place a governance process
 - Public Utility Board approval of Strategic Plan, review on demand
 - Describes internal processes for program design and delivery
 - Action Plan: annual update on progress and plan for future
- Public Input process before adoption

Guiding Principles



Understand the technology and state of the industry

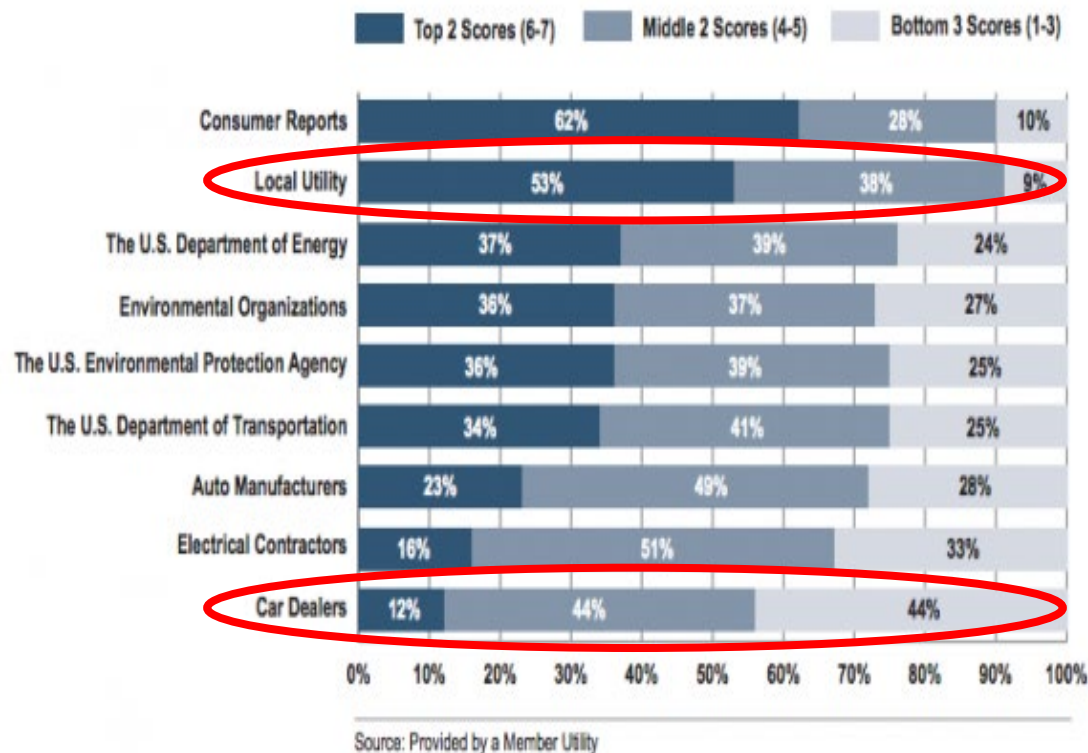
- To be a trusted advisor, the utility must be knowledgeable about the technology, environmental and economic benefits, and rate impacts
- Early adoption stage (<3% of new cars), things will continue to change
- Outlook is good – low cost, clean, renewable power, battery cost
- A period of innovation – best practices have not been set
- Utility should provide leadership but beware misinvestment



Help inform the public through education and outreach

- People trust utilities - these are our customers already
- Utilities are brand agnostic, not biased
- Answers about charging infrastructure and rate impacts
- Promote awareness of carbon free power

Website
Customer events
EV 101 Classes
Ride and Drive events
Training for customer service reps
Advertising and social media



Be responsible with utility finances and assets

- Safeguard the public trust by adhering to spending limits
- Evaluate each project or pilot with a Ratepayer Impact Measurement test (RIM)
- Seek external funding sources from grants, partnerships, tradeable environmental attributes
- Mitigate distribution system costs with managed charging
- Seek opportunities to locate charging during new construction
- Carefully assess new technology before adoption to protect against misinvestment or stranded assets



Help customers achieve the benefits of TE

- Assist all customer classes and communities achieve the benefits of transportation electrification
- Research and develop programs to address:
 - Home, workplace, and public charging
 - Engage companies to address commercial fleets
 - Garage orphans
 - Underserved communities
 - Promote interoperability
 - Open to non-traditional rate design



Maintain good governance and process to reduce risk and cost

- Provide Public Utility Board updates that review progress and preview planned programs for the upcoming year
- Abide by all necessary purchasing, contracting, budgeting, and financial policies
- Maintain strategic alignment and cooperation with the City of Tacoma on project and development of goals
- Develop program pilots based on market and customer research
- Use of cross-functional teams to leverage City and Utility talents
- Manage projects under the supervision of the ER&D Steering Committee



Thank You!

