



TPU Legislative Policies & Legislative Agenda

October 28, 2020

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Overview

- **Legislative Policies**
- **Federal Update & Proposed Agenda**
- **State Update & Proposed Agenda**
- **Upcoming Schedule Milestones**



Overview

TPU's Legislative Policies

- Provides direction on a variety of utility-related issues

TPU's Legislative Agenda

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



Proposed Legislative Policies

Consistent with City's Legislative Policies

Proposed Changes

- **TPU General Issues – Comprehensive**
 - TPU supports net neutrality
 - TPU opposed proposals to prohibit or inhibit the provision of telecommunications by municipalities
- **Tacoma Power – Comprehensive**
 - Adds language to support clean transportation fuels programs



Federal Update

Collaborating on federal pandemic legislation

Progress on Howard Hanson fish passage

Seeking funding from Bureau of Reclamation

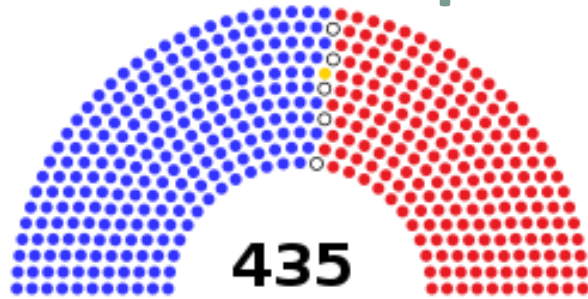


Seattle Times, February 13, 2020



Federal Government Overview

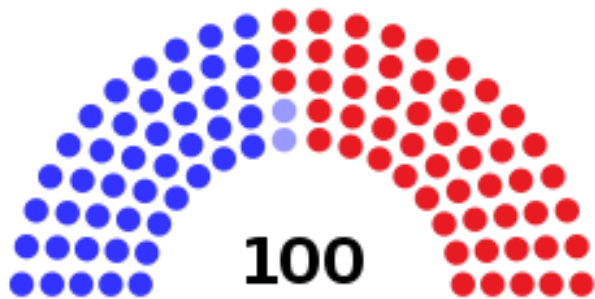
House of Representatives – Democratic Majority



- Democrats hold the majority in the House
- All 435 voting House seats up for election in 2020

232-197-1

Senate – Republican Majority



- Republicans hold the majority in the Senate
- Democrats & 2 Independents caucus together
- 35 Senate seats are up for election in 2020

53-47

President – Republican

- President Donald Trump - Republican



Proposed Federal Agenda

TPU-Wide

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

Water

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

Rail

- Support permanent extension of the '45G' tax credit
- Establish capital grant program for short line railroads



Proposed Federal Agenda

Power

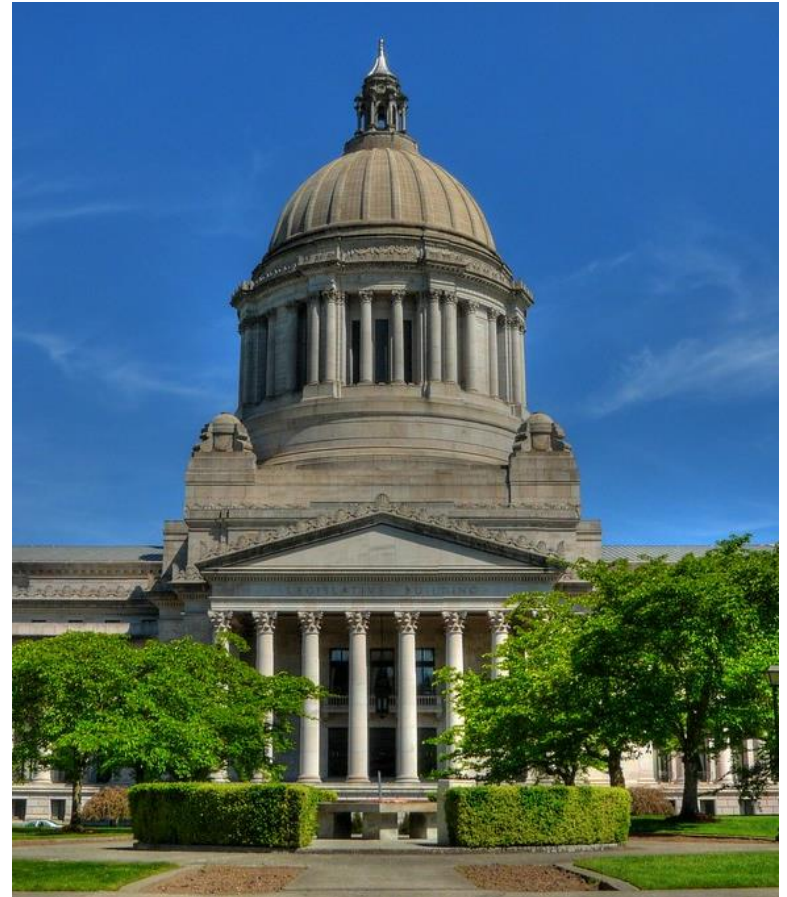
- Support proposals to improve BPA's cost competitiveness
- Actively engage, seek to support carbon reduction policies
- Support electrification of transportation and the development and production of clean fuels
- Provide funding for the Hydropower Incentive Program
- Maintain municipal control of pole attachments



State Update

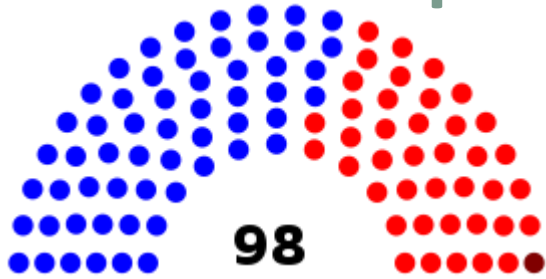
The State Legislature convenes on January 11, 2021 for 105-day Regular Session

- Likely virtual Legislative Session
- COVID-19 and impacts to state budgets
- Proclamation 20-23
 - Moratorium on utility disconnection and late fees
 - Currently in place until December 31, 2020 for all utilities



State Government Overview

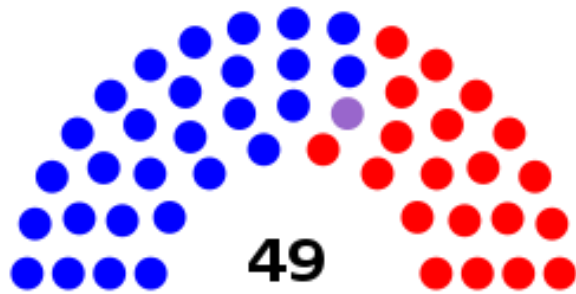
House of Representatives – Democratic Majority



- Democrats hold the majority in the House (57 Democrats – 41 Republicans)
- All 98 Representatives up for election in 2020

57 – 41

Senate – Democratic Majority



- Democrats hold the majority in the Senate (28 Democrats – 20 Republicans + 1 Ind. Democrat who caucuses with the Republicans)
- 24 Senators are up for election in 2020

28 – 21

Governor – Democrat

- Governor Jay Inslee - Democrat



Proposed State Agenda

Power

- Actively engage and seek to support proposals that decarbonize the economy at reasonable costs to customers and appropriately value carbon-free hydropower
- Support efforts to treat carbon-free resources equally
- Support electrification of transportation and the development and production of clean fuels



Proposed State Agenda

Water

- Support the Public Works Trust Fund

Rail

- Support Tacoma Rail's application for funding through the Freight Rail Infrastructure Bank



What's Ahead

Schedule for policymaker review & adoption

- October 28 – PUB Study Session on TPU Legislative Policies & Agenda
- November 17 – Joint Study Session presentation on proposed City-wide legislative agendas
- November 18 – PUB adoption of TPU Legislative Policies & Agenda
- November 24 – Mayor & Council adoption of City-wide legislative agendas



What's Ahead

Washington State Government

- 2021 Legislative Session Convenes – January 11, 2021
- Governor Inaugurated – January 13, 2021

Federal Government

- 117th Congress Convenes – January 3, 2021
- Presidential Inauguration – January 20, 2021





Thank you

What feedback or questions do you have?



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TPU Legislative Policies – (10.22.20 staff draft)

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-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 polices, 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 sector 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 the imposition of regional power markets in the Pacific Northwest that would lead to additional jurisdiction by FERC and add costs to ratepayers.
- 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.

Proposed Tacoma Public Utilities 2021 Legislative Agenda – 10.22.20 Staff Draft

TPU-Wide – Federal

- **Infrastructure financing tools:** TPU supports legislation that promotes the availability of tax-exempt municipal bonds and will support proposals that revoke changes relating to the advanced refunding of bonds. TPU also supports restoring Build America Bonds payments back to their originally-enacted levels.
- **TPU supports programs to assist lower-income residents:** TPU supports additional funding for programs that provide assistance to lower-income residents.

Tacoma Power – Federal

- **Support proposals to improve BPA’s competitiveness:** TPU will continue to support federal proposals to improve BPA’s cost competitiveness. Specific examples include renegotiating the power provisions of the Columbia River Treaty and achieving more accurate allocations of Federal Columbia River Power System (FCRPS) costs.
- **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 electric transportation infrastructure and programs that advance the development of clean fuels:** TPU will support additional funding for electric transportation infrastructure and programs that advance the development and production of clean fuels.
- **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 is supportive of 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

- **Support permanent extension of the Railroad Track Maintenance Credit:** Tacoma Rail supports permanent extension of the Railroad Track Maintenance Credit – or “45G” tax credit. Tacoma Rail receives about \$250,000 in annual revenues from the 45G tax credit. Those funds have been used for a number of safety upgrades as well as to comply with unfunded federal requirements mandated by the 2008 Rail Safety Act.
- **Establish capital grant program for short line railroads:** Tacoma Rail seeks to work with Congress to establish a short line specific freight railroad state-of-good-repair program as part of the federal freight/rail title and other federal programs. Specifically, establishment of a competitive capital grant program for short line regional railroad infrastructure improvement projects.

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.

- **Support investment in electric transportation infrastructure and programs that advance the development of clean fuels:** TPU will support additional funding for electric transportation infrastructure and programs that advance the development and production of clean fuels.
- **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:** More than 6.2 million Washington State residents, 85 percent of the state's population, get their drinking water from public water systems. Nationally, \$472 billion needs to be invested over the next 20 years to support a resilient system and keep up with aging drinking water infrastructure. The Public Works Trust Fund (PWTF) is a crucial funding program for many communities around our state providing low-interest loans to help maintain vital public infrastructure. TPU supports public water systems and city partners in their request to fully restore and protect existing funding of the PWTF.

Tacoma Rail – State

- **Support Loan Request for East End Locomotive Facility and Track Maintenance:** The State of Washington administers both a grant program and a loan program designed to support freight rail capital needs. Tacoma Rail has applied for three projects under the Freight Rail Infrastructure Bank (Loan Program). If awarded, the funds would be used to help update the East End Locomotive Facility as well as proactively rehabilitate two segments of our track.