



RESOLUTION NO. U-10908

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2 A RESOLUTION relating to amending section 6A.100.040 of the Tacoma
3 Municipal Code ("TMC") regarding deductions related to Tacoma City
4 utility gross earnings tax.

5 WHEREAS the City of Tacoma, Department of Public Utilities, Light
6 Division (d.b.a. "Tacoma Power"), recommends the Public Utility Board approve
7 and forward to the Tacoma City Council for consideration, two amendments to
8 TMC 6A.100.040, related to deduction from the measure of the City's utility
9 gross earnings tax, and

10 WHEREAS TMC 6A.100.010 imposes on the Power, Water, and Rail
11 Divisions of the Department of Public Utilities, taxes upon the gross earnings of
12 said divisions ("Tax"), and

13 WHEREAS TMC 6A.100.040 excludes from the computation of the Tax
14 certain utility revenue sources, and specifically under subsection 6A.100.040.I.
15 "Amounts received for street light energy and for street light maintenance and
16 operation" are to be deducted from the measure of the Tax, and

17 WHEREAS the deduction from revenues under TMC 6A.100.040.I is only
18 applicable to the energy portion of the rates and any separate charges for street
19 light operations and maintenance. All other revenues related to street lights are
20 subject to the Tax and the Tax is added to the rates charged and collected from
21 the City of Tacoma for its street lights. The Tax portion of the rate is then
22 returned to the City of Tacoma in the form of a Tax payment through internal
23 accounting mechanisms making the transaction revenue neutral but
24 administratively burdensome. Tacoma Power recommends the language of
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deduction in TMC 6A.100.040.I. be amended to clarify that all revenues charged and collected for street lighting be deducted from the Gross Earnings Tax, and

WHEREAS TMC 6A.100.040.Q. excludes from the computation of the Tax, - "Amounts received from Contract Industrial Service Contract Power ("CP") Customers (industrial non-portfolio power contracts) when the rate charged exceeds the rate for the same power at Contract Industrial Service Schedule CP rates for portfolio power. Revenues received in excess of the Contract Industrial Service Schedule CP rate shall be deducted from the measure of tax," and

WHEREAS the impact of TMC 6A.100.040.Q. is that Tacoma Power must deduct from revenue collected, which normally would be subject to the Tax, the sale of Contract Industrial service power when the rate charged exceeds the Public Utility Board and Tacoma City Council approved Contract Industrial Power rate schedule listed under TMC 12.06.260. This provision is left over from the non-portfolio program Tacoma Power offered Contract Industrial customers in the 1990s when Tacoma Power would buy power directly on the open market for Contract Industrial customers instead of selling these customers power from Tacoma Power's generators or other contract resources, and

WHEREAS Tacoma Power recommends the deduction under TMC 6A.100.040.Q. be eliminated so that all revenues collected by Tacoma Power from the sale of power to Contract Industrial customers be subject to the Tax, and



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WHEREAS this recommended change will not impact any current customers of Tacoma Power because no current Contract Industrial customer is utilizing this program, and

WHEREAS Tacoma Power is making this recommendation to remove any potential confusion and ensure the Tax is applied to the proposed resource adder for new Contract Industrial customers that will be subject to the New Large Load Policy being presented for approval as part of Tacoma Power's 2017-2018 rates and regulations, and

WHEREAS the elimination of this deduction will result in an increase in future Tax revenues whenever a new Contract Industrial customer subject to the New Large Policy is provided service by Tacoma Power, and

WHEREAS the recommended changes to TMC 6A.100.040 are in the best interest of the citizens of Tacoma and the customers of Tacoma Power, and Tacoma Power requests the Board approve said revisions and amendments; Now, Therefore,

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

That the proposed revisions to TMC 6A.100.040 are hereby approved, and the Council of the City of Tacoma is requested to pass an ordinance approving such revisions by amending section 6A.100.040 of the Tacoma Municipal Code, as set forth in the attached Exhibit "A" substantially in the form

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as on file with the Clerk of the Board, and in final form to be approved by the
City Attorney.

Approved as to form and legality:

William Foshe
Chief Deputy City Attorney

Charles Jacobs
Clerk

Paul Patterson
Chair

Woodrow Jones
Secretary

Adopted 2-22-17