



City of Palo Alto

City Council Staff Report

(ID # 7677)

Report Type: Consent Calendar

Meeting Date: 2/13/2017

Summary Title: Utilities 2017 Legislative Guidelines

Title: Adoption of a Resolution Approving the 2017 City of Palo Alto Utilities Legislative Policy Guidelines

From: City Manager

Lead Department: Utilities

RECOMMENDATION

Staff and the Utilities Advisory Commission (UAC) recommends that Council adopt the attached resolution (Attachment A) approving amendments to the Utilities Legislative Policy Guidelines, as recommended by the UAC on January 11, 2017.

EXECUTIVE SUMMARY

Each year, Utilities Department staff drafts legislative and regulatory guidelines reflecting forthcoming and historical issues and priorities. These draft guidelines are reviewed by the UAC prior to moving to the City Council for approval. This year, at its January 11, 2017 meeting, the UAC reviewed and voted unanimously to recommend that Council approve the amended guidelines.

BACKGROUND

The utility industry is a high-profile and heavily regulated industry subject to continuous legislative action at both the state and federal levels. Such legislation can influence, among other things, the reliability and security of the supply and distribution infrastructure, customer service and billing, program design, rate design, and activities and costs associated with climate protection. Recognizing the high-profile and subject-specific nature of the utilities industry and the fast pace of the legislative and regulatory process, the Utilities Department annually prepares a set of guidelines for review and approval by both the UAC and the City Council.

The Utilities Legislative Guidelines were drafted parallel to the City's Legislative Priorities and Legislative Program Manual (2017 update), as approved by the Policy and Services Committee on November 29, 2016. The Guidelines contain complementary goals such as preserving and enhancing local accountability and oversight, ensuring system/program reliability, and preserving reasonable rates. These Utilities department-specific priorities are intended to

operate in conjunction with the City's priorities, and are consistent with the City's overarching legislative principles.

DISCUSSION

The proposed Utilities Legislative Policy Guidelines (Exhibit 1) were updated to respond to recent legislative and regulatory trends. At its January meeting, the Commission discussed whether the policies covered regulatory advocacy in addition to legislative and whether they provided staff with the ability to respond to federal legislative proposals. The Commission also discussed Western issues, both the Central Valley Project and regionalization of the California energy markets. After discussion, the UAC voted to recommend approval of the 2017 Legislative Guidelines as modified by:

- (1) Moving the guideline "support infrastructure and reliability, including equitable allocation of funds for increasing the security of infrastructure" from the suggested Wastewater category to the All Utilities category; and
- (2) Ensuring the Fiber category reflected the appropriate "dig once" wording.

Staff incorporated those changes to Exhibit 1. Attachment A is the resolution for Council's consideration, Attachment B is the redlined version of the 2017 update, and Attachment C is the draft minutes of the UAC meeting.

RESOURCE IMPACT

There is no direct resource impact associated with adoption of the proposed legislative policy guidelines. However, actions taken that support the efficient use of the City's assets and resources will help control costs, implement the Council's policies and goals, and protect utility customers.

POLICY IMPLICATIONS

The recommendation is consistent with Council policy and supports the Utilities Strategic Plan's objectives of: ensuring a reliable and safe supply of utility resources, providing customer service excellence, managing costs, and ensuring environmental sustainability.

ENVIRONMENTAL REVIEW

The Council's adoption of a resolution adopting the Utilities Legislative Policy Guidelines is not a project requiring California Environmental Quality Act (CEQA) review, under California Public Resources Code Sec. 21065, 21080(b)(8), and CEQA Guidelines Section 15378(b)(5), because it is an administrative governmental activity which will not cause a direct or indirect physical change in the environment.

Attachments:

- Exhibit 1: 2017 Utilities Legislative Guidelines
- Attachment A: RESO Legislative Guidelines
- Attachment B: Changes from 2016 guidelines
- Attachment C: Draft Minutes of the January 11 UAC Special Meeting

EXHIBIT 1

Approved by City Council on February 13, 2017; Resolution #---
Utilities' Legislative Policy Guidelines

Formal advocacy positions taken in alignment with these guidelines will be subject to the approval of the Utilities General Manager or City Manager.

ALL UTILITIES**Goals**

1. Preserve/enhance local accountability in the control and oversight of matters impacting utility programs and rates for our customers while balancing statewide climate protection goals.
2. Support efforts to maintain or improve the reliability of the supply, transmission, storage and distribution/collection infrastructures.
3. Support government action that makes bold progress in cost effectively reducing greenhouse gas (GHG) emissions, supporting electrification efforts, and recognizes early voluntary action advancing both.
4. Maintain the City of Palo Alto Utilities' (CPAU's) ability to provide safe, reliable, sustainable, and competitively-priced utility services.

		Goals			
Legislative Policy Guidelines	Venue	1. Local Accountability	2. Reliability & Infrastructure	3. Climate Protection	4. Service & Cost Control
1. Advocate goals through active participation in joint action efforts, including supporting the efforts of common goals through external organizations	Federal, State, and Regional	✓	✓	✓	✓
2. Support legislation that results in locally designed, cost-effective and efficient solutions to the goal of GHG emissions reductions.	Federal, State, and Regional	✓		✓	✓
3. Promote legislation and regulations that have undergone stakeholder review and cost benefit analysis to support effective and consistent reporting requirements, customer communications, and program results	Federal, State, and Regional Reliability Councils	✓	✓		✓

Legislative Policy Guidelines	Venue	Goals			
		1. Local Accountability	2. Reliability & Infrastructure	3. Climate Protection	4. Service & Cost Control
4. Oppose unreasonable and inequitable financial burdens and support policy changes that assist customers through active participation in the legislative activities of the Northern California Power Agency (NCPA) and the California Municipal Utilities Association (CMUA).	Federal, State, and CPUC	✓			✓
5. Advocate for state and federal grants for local and regional energy efficiency and conservation measures, renewable resources, fiber, fuel switching, wastewater collection systems and recycled water projects.	Federal and State	✓		✓	✓
6. Maintain right of way access for utility infrastructure.	Federal and State		✓		✓
7. Protect the value of existing assets and contracts and local regulatory approvals of same.	Federal and State	✓	✓		✓
8. Support government action allowing CPAU to maintain customer confidentiality.	State	✓			✓
9. Maintain existing low cost municipal financing options for infrastructure projects and advocate for new federal and state programs that recognize critical infrastructure needs.	Federal and State	✓	✓		✓
10. Promote utility legislation and regulations that support reasonable and consistent notification, compliance, and reporting requirements for operations, services, communications, billing and payments.	Federal and State	✓			✓

Legislative Policy Guidelines	Venue	Goals			
		1. Local Accountability	2. Reliability & Infrastructure	3. Climate Protection	4. Service & Cost Control
11. Through Account Representatives, educate key customer accounts about significant policy actions that could affect their business	Local	✓			✓
12. Oppose government action that could adversely impact our customers or that include mandates we could not reasonably achieve.	Federal and State	✓			✓
13. Support cap-and-trade market designs that: • protect consumers from the exercise of market power; • allocate allowances that mitigate impacts to Palo Alto customers while preserving City environmental goals; • advocate for an allowance allocation methodology that provides flexibility for Palo Alto to structure rates to align GHG costs and revenues; • provide flexible compliance mechanisms such as banking and borrowing of allowances; and • allocate funds generated from cap-and-trade markets to GHG related activities, not as a revenue source for state or federal general funds.	State	✓		✓	✓
14. Support infrastructure security and reliability including equitable allocation of funds for increasing the security of infrastructure.	Regional/State		✓		✓

ELECTRIC**Goals**

1. Preserve/enhance the ability of municipal utilities to exercise local accountability and oversight over matters impacting customer service, programs (such as demand side efficiency and conservation programs), and rate structure.
2. Preserve/enhance the reliability, local oversight, and security of infrastructure.
3. Support legislation that recognizes early voluntary action to combat climate change including initiatives to reduce GHG emissions and specifically exempts a municipality from burdensome requirements in subsequent legislation that could result from the early action.
4. Preserve just and reasonable utility rates/bills established by local governing bodies.

		Goals			
Legislative Policy Guidelines	Venue	1. Local Accountability	2. Reliability	3. GHG Reduction	4. Cost Control
1. Advocate goals through NCPA, CMUA, American Public Power Association (APPA), Transmission Agency of Northern California (TANC), and the Bay Area Municipal Transmission Group (BAMx) with support from Palo Alto staff to speak with a coordinated voice.	Federal and State	✓	✓	✓	✓
2. Support NCPA in its continued efforts to streamline state regulatory reporting responsibilities, to eliminate duplicative data and report submittals to multiple state regulatory agencies, including the CEC, CARB, and the California Independent System Operator (CAISO).	State	✓			✓
3. Advocate for legislation/regulations that provide local accountability and support for: • locally-designed and implemented solar programs and rates • development of long-term plans and reasonable and flexible integrated resource planning requirements • development of distributed energy resources and plans, and standards and permitting requirements for connecting such resources to the local distribution system; • transparent and consistent accounting and reporting of CHG emissions and portfolio content; • balancing state and local policy	Federal and State	✓	✓	✓	✓

		Goals			
Legislative Policy Guidelines	Venue	1. Local Accountability	2. Reliability	3. GHG Reduction	4. Cost Control
implementation and ratepayer equity; • equitable rate design and tariffs; • cost-effective electric efficiency and demand-side management programs; • implementation of renewable portfolio standards in a reasonable manner; • cost-effective and locally beneficial storage; • direct access; • advanced meters and smart grid design and implementation; • use of public benefit funds (as allowed in AB 1890 (1996)); and • Electrification, including electric vehicle infrastructure					
4. Support legislation for renewable portfolio standards that: • maintain local compliance authority; • avoid mandates for technology or source specific carve outs; • allow utilities to pursue the most cost effective resources available to meet portfolio needs including use of Renewable Energy Certificates (RECs); • ensure fair application of RPS standards, avoiding punitive and/or duplicative non-compliance penalties; • restrict extension of CEC jurisdiction and attempts of the CPUC to claim jurisdiction or obtain de facto jurisdiction over Publicly Owned Utilities; • allow local distributed generation to count in full towards RPS; and • prioritize the use of the existing transmission system over building new transmission.	Local and State	✓		✓	✓
5. Support/encourage transmission, generation, and demand-reduction projects and solutions including advocating for financing or funding solutions/options for projects that: • enhance/ensure reliability; • ensure equitable cost allocation following beneficiary pays principles (including protection against imposition of state-	Local, State, and Federal	✓	✓	✓	✓

		Goals			
Legislative Policy Guidelines	Venue	1. Local Accountability	2. Reliability	3. GHG Reduction	4. Cost Control
owned electric contract costs on municipal utility customers); • improve procurement flexibility (e.g. resource adequacy rules that ensure reliability and provide flexibility in meeting operational requirements or flexibility in meeting State renewable portfolio standards); • support the continuation of federal and state financial incentives that promote increased renewable development; • improve market transparency (particularly transparency of IOU's transmission and procurement planning and implementation); and • reduce the environmental impact on the Bay Area and the Peninsula.					
6. Advocate for actions on matters impacting the Western Area Power Administration (Western) such as: • support Congressional hearings to explore modernizing regulation and generation strategies at Central Valley Project (CVP) plants to enhance generation, water delivery, flood control and fisheries; • protection of the status of Western Power Marketing Administration and cost-based rates; • provisions for preference customers' first take at land available with economic potential for wind farms; • balancing efforts for competing environmental improvements in rivers and Delta conditions with water supply and hydropower impacts without compromising the primary mission of Western and recognizing the achievements already made in California without adding duplicate costly efforts; • monitoring and evaluating impacts of Delta conveyance proposals on Western Base Resource allocation; and • advocating for an equitable distribution of costs between water and power customers of the Central Valley Project.	Federal, State and Regional		✓	✓	✓

		Goals			
Legislative Policy Guidelines	Venue	1. Local Accountability	2. Reliability	3. GHG Reduction	4. Cost Control
advocating for clear product provisions, fair allocation of Base Resource Capacity and fair contract terms under Western's 2025 Power Marketing Plan and new Western Base Resource contracts.					
7. Advocate for actions on matters relating to overly burdensome reporting and compliance requirements established by the North American Reliability Corporation (NERC), the Federal Energy Regulatory Commission (FERC) and the Western Electricity Coordinating Council (WECC).	Federal, State and Regional	✓	✓		✓
8. Support fair and reasonable application of grid reliability requirements established by NERC, WECC, and FERC and seek appropriate remedies (if needed) for punitive application of fees and fines.	Federal and Regional	✓	✓		✓
9. Work with CAISO and/or FERC: - to give buyers of renewable intermittent resources relief from imbalance penalties; - to promote financial and operational changes that result in timely and accurate settlement and billing; and - to provide critical input on the need for various transmission projects in light of the escalating costs to the City to import power using the bulk transmission system.	Federal and State	✓		✓	✓
10. Monitor cyber security issues to ensure that CPAU, which currently does not have critical cyber assets, retains local control over its cyber security needs while remaining exempt from NERC cyber security standards. Support NCPA to protect it and its member agencies from unnecessary cyber security regulations.	Federal and Regional	✓			✓

FIBER OPTIC

Goals

1. Preserve and enhance the authority of local government to (1) develop broadband solutions that align with community needs and (2) expand consumer choice for competitive Internet connectivity and other advanced services delivered over fiber-optic networks.
2. Encourage the competitive delivery of broadband services by permitting the use of public rights-of-way and Utilities infrastructure in a responsible manner, provided that local rights of way authority and management is preserved and the use does not compromise the City's existing utility safety and services obligations.
3. Support local government authority over zoning-related land use for communications infrastructure in accordance with reasonable and non-discriminatory regulations.
4. Support the Council's *Technology and the Connected City* initiative to fully leverage the City's fiber-optic asset to provide ubiquitous and reliable ultra-high-speed broadband connectivity.

Legislative Policy Guidelines	Venue	Goals			
		1. Support Municipal Delivery	2. Competitive Delivery	3. Local Authority over Land Use	4. Support Council Initiatives
1. Advocate for these goals through the APPA, CMUA, National Association of Telecommunications Officers and Advisors (NATOA), National League of Cities (NLC), and the Next Century Cities initiative (NCC), with support from City staff.	Federal and State	✓	✓	✓	✓
2. Support legislation and regulations that preserve and enhance municipal delivery of conventional and advanced telecommunication services as prescribed by the <i>Telecommunications Act of 1996</i> .	Federal and State	✓		✓	✓
3. Support the goals of the Federal Communications Commission's (FCC), National Broadband Plan to improve Internet access nationwide.	Federal and State	✓	✓		✓
4. Oppose legislation and regulations that benefit the incumbent cable TV and telephone companies at the expense of community-owned fiber-optic and wireless networks.	Federal and State	✓	✓		✓
5. Support legislation and regulations that preserve and enhance consumer protections related to the incumbent providers of telecommunication	Federal and State	✓	✓		✓

Legislative Policy Guidelines	Venue	Goals			
		1. Support Municipal Delivery	2. Competitive Delivery	3. Local Authority over Land Use	4. Support Council Initiatives
services.					
6. Continue to support the Council's municipal fiber and wireless initiatives.	Local	✓			✓
7. Support legislation and regulations that: • Permit the use of public right-of-way and Utilities infrastructure; • Preserve local rights-of-way authority and management; • Preserve local government zoning and siting authority for wireless and wireline communication facilities; • Support local "dig once" policies to deploy infrastructure such as communications conduit for future fiber and wireless networks capable of delivering next-generation broadband services • Oppose legislation and regulations that reduce compensation received by local governments for the use of the public rights-of-way and other public properties that support communication infrastructure;	Federal, State and Local	✓	✓	✓	✓

NATURAL GAS**Goals**

1. Preserve/enhance the ability of municipal utilities to develop their own demand side efficiency and conservation programs, alternative gas supplies, and rate structure.
2. Increase the security and reliability of the gas supply and transmission infrastructure. This includes retaining access to intra- and interstate gas transmission systems to reliably serve customers.
3. Support efforts to reduce greenhouse gas emissions and protect the environment.
4. Preserve just and reasonable utility rates/bills established by local governing bodies.

Legislative Policy Guidelines	Venue	Goals			
		1. Local Accountability	2. Reliability of Infrastructure	3. Environment	4. Cost Control
1. Leverage the American Public Gas Association (APGA) to assist in natural gas goals.	Primarily Federal with minor advocacy at State level	✓	✓	✓	✓
2. Work with NCPA and CMUA to the extent that the City's goals as a gas distributor align with generators' use of natural gas.	Federal and State	✓	✓	✓	✓
3. Support cost effective renewable gas supplies from in or out of state sources. Advocate for locally reasonable mandated renewable portfolio standards.	Federal and State	✓	✓	✓	✓
4. Advocate for financing or funding for cost-effective natural gas efficiency and solar water heating end uses.	Federal and State	✓	✓	✓	✓
5. Support market transparency and efforts to eliminate market manipulation through reasonable oversight.	Federal				✓
6. Support municipal utilities' ability to enter into pre-pay transactions for gas supplies.	Federal				✓
7. Support efforts to improve pipeline safety.	Federal and State	✓	✓		✓
8. Work with partners to discourage extension of CPUC regulatory authority over municipal gas operations.	State	✓	✓		✓

Legislative Policy Guidelines	Venue	Goals			
		1. Local Accountability	2. Reliability of Infrastructure	3. Environment	4. Cost Control
9. Oppose legislative proposals resulting in unreasonable costs for Palo Alto's customers.	Federal and State	✓	✓		✓
10. Support legislation that aims to protect public health and encourages transparency regarding hydraulic fracturing or "fracking" for natural gas development, while opposing blanket moratoriums that aren't supported by science.	Federal and State			✓	✓

WASTEWATER COLLECTION

Goals

1. Support ability of municipal utilities to develop and manage their own conservation and efficiency programs and retain authority over ratemaking, including the imposition of non-volumetric customer meter or infrastructure charges for wastewater collection service.
2. Encourage efforts to increase the reliability of the local wastewater collection systems.
3. Maintain the provision of reliable and sustainable wastewater collection service at a fair price.
4. Support equal comparisons of wastewater collection systems by regulatory agencies in order to minimize and reduce onerous, costly, time-intensive reporting requirements and improve value and accuracy of information reported to the public.

Legislative Policy Guidelines	Venue	Goals			
		1. Local Accountability	2. Reliable Infrastructure	3. Maintain service	4. Valuable reporting
1. Advocate goals through active participation in the Association of Bay Area Governments (ABAG), and CMUA.	Local, Regional & State	✓	✓	✓	✓
2. Support regulations of wastewater collection systems that recognize: • local jurisdictions' proactive efforts to replace and maintain wastewater collections systems; • the need to provide affordable and cost based collection service; and • the unique characteristics of each collection system.	Local, Regional & State		✓	✓	✓
3. Support provision of sufficient resources for regional agencies to enable them to advocate for: • environmentally sustainable, reliable wastewater collection service at a fair price; and • regional comparisons of wastewater collection projects for future state grant funding.	Local and Regional		✓	✓	✓
4. Advocate for funding and local regulations for wastewater collections system projects and requirements that reduce overflows and improve collection system efficiency.	Regional, State and Federal		✓	✓	

WATER**Goals**

1. Support ability of municipal utilities to develop and manage their own conservation and efficiency programs and retain authority over ratemaking, including the ability to optimize volumetric and fixed charges to balance the goals of revenue certainty and water use efficiency.
2. Increase the security and reliability of the regional water system owned and operated by the San Francisco Public Utilities Commission (SFPUC).
3. Support efficiency and recycled water programs in order to minimize the use of imported supplies.
4. Maintain the provision of an environmentally sustainable, reliable supply of high quality water at a fair price.

Legislative Policy Guidelines	Venue	Goals			
		1. Local Authority	2. Reliable Infrastructure	3. Minimize imports	4. Supplies at fair cost
1. Advocate goals through active participation in the Bay Area Water Supply and Conservation Agency (BAWSCA) and CMUA, with support from Palo Alto staff for BAWSCA.	Local, Regional and State	✓	✓	✓	✓
2. Advocate to ensure that legislative actions regarding the Hetch Hetchy Regional Water System include: • timely rebuilding of the regional water system; • assurance that the SFPUC is adequately assessing and mitigating risks of infrastructure failure; • maintenance of the quality of delivered water; • minimization of any increase in the cost of water; • no additional exposure to more frequent or severe water shortages; • support for the existing water system and its operation.	Local, Regional and State		✓		✓
3. Advocate for interpretations or implementation of Water Code provisions that maintain or reinforce the authorities and protections available to the City and BAWSCA members outside of San Francisco.	Local, Regional and State	✓	✓		✓

Legislative Policy Guidelines	Venue	Goals			
		1. Local Authority	2. Reliable Infrastructure	3. Minimize imports	4. Supplies at fair cost
4. Support BAWSCA in efforts to achieve: - an environmentally sustainable, reliable supply of high quality water at a fair price; - a SFPUC rate structure that is consistent with the Water Supply Agreement and is based on water usage; - a contract amendment to modify the drought time water allocation between the SFPUC and the BAWSCA agencies; - preservation of Palo Alto's existing contractual water allocation and transportation rights on the SFPUC Hetch Hetchy system; and - regional planning for conservation, recycled water, and other water supply projects.	Local and Regional	✓	✓	✓	✓
5. Advocate for actions that: - preserve Palo Alto's existing contractual rights; - preserve local control over water use; and - limit encroachment from outside jurisdictions.	Local and Regional	✓			✓
6. Support infrastructure security and reliability including an interconnection between the SCVWD West Pipeline with the SFPUC's Bay Division Pipelines 3 and 4.	Regional and State		✓		
7. Support notification requirements that inform residents/customers but do not inflict undue or unobtainable requirements on the utility.	State	✓			✓
8. Support local control of public benefit funding levels and program design.	State	✓			✓
9. Support beneficiary pays methodologies to prevent taxes or fees imposed on SFPUC customers to fund infrastructure improvements and costs of water sources that do not serve Palo Alto customers.	State and Regional	✓	✓		✓

Legislative Policy Guidelines	Venue	Goals			
		1. Local Authority	2. Reliable Infrastructure	3. Minimize imports	4. Supplies at fair cost
10. Advocate for financing, funding, and, where applicable, tax exemption, for water conservation programs, water rebate programs, and recycled water projects that meet end-use needs and conserve potable water; oppose legislation that would reduce such funding.	State, Regional and Federal	✓	✓	✓	✓
11. Support legislation that promotes responsible groundwater management.	State	✓	✓	✓	✓
12. Support Proposition 218 reform efforts to provide ratemaking flexibility to balance preservation, revenue sustainability, and low income programs.	State	✓	✓		✓
13. Advocate for water conservation policies (both drought response and long term) that achieve water sustainability while minimizing customer and commercial impact, protecting the City's urban canopy and minimizing the City's enforcement costs.	Local and State	✓		✓	✓
14. Protect SFPUC's water rights.	Local and State	✓	✓		✓
15. Support legislation that would protect the City's infrastructure and treatment investments from future state-wide cuts in water use.	State	✓			✓
16. Oppose government action that creates undue burdens on or unreasonably expands the role and responsibility of water suppliers.	State	✓			✓

Not Yet Approved

Resolution No. _____

Resolution of the Council of the City of Palo Alto Approving the City of Palo Alto
Utilities' Legislative Policy Guidelines

R E C I T A L S

A. The City of Palo Alto Utilities Strategic Plan ("Strategic Plan"), approved by the Palo Alto City Council on July 18, 2011, [Staff Report #1880], and amended on August 5, 2013 (Staff Report #3950), provides a set of Strategic Objectives for the City of Palo Alto Utilities Department (CPAU) to follow in ensuring a reliable and safe supply of utility resources, providing customer service excellence, managing costs, and ensuring environmental sustainability.

B. CPAU annually identifies Utilities' Legislative Policy Guidelines that facilitate the Strategic Plan's Strategic Objectives, and advocates for utility-related issues at Federal and State legislative forums in furtherance of those objectives.

C. Action on some of these issues may require active involvement of Palo Alto elected and appointed officials.

D. The Utilities' Legislative Policy Guidelines were presented to the UAC at its January 11, 2017 meeting, and the UAC voted unanimously to recommend that the City Council approve the Utilities' Legislative Policy Guidelines.

The Council of the City of Palo Alto hereby RESOLVES as follows:

SECTION 1. The Council hereby adopts the resolution approving the Utilities Legislative Policy Guidelines, effective February 13, 2017. All prior versions of the City of Palo Alto Utilities Legislative Policy Guidelines are hereby repealed and replaced in their entirety by the Utilities Legislative Policy Guidelines, attached to this Resolution as Exhibit 1.

SECTION 2. Staff will review the Guidelines annually and any proposed changes will be approved by City Council.

SECTION 2. The Council finds that the adoption of this resolution is not a project requiring California Environmental Quality Act (CEQA) review, under California Public Resources

Not Yet Approved

Code Sec. 21065, 21080(b)(8), and CEQA Guidelines Section 15378(b)(5), because it is an administrative governmental activity which will not cause a direct or indirect physical change in the environment.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

Senior Deputy City Attorney

City Manager

Asst. City Manager/Utilities General Manger

Director of Administrative Services

EXHIBIT A

Approved by City Council on January XX, 2017; Resolution #---

Utilities' Legislative Policy Guidelines

Formal advocacy positions taken in alignment with these guidelines will be subject to the approval of the Utilities General Manager or City Manager ~~as per the City's Legislative Program Manual.~~

ALL UTILITES

Goals

1. Preserve/enhance local accountability in the control and oversight of matters impacting utility programs and rates for our customers while balancing statewide climate protection goals.
2. Support efforts to maintain or improve the reliability ~~and security~~ of the supply, transmission, storage, ~~and~~ distribution/collection, ~~and data~~ infrastructures.
3. Support ~~legislation~~ government action that makes bold progress in cost effectively reducing greenhouse gas (GHG) emissions, ~~supporting electrification efforts, and~~ recognizes ~~without penalizing~~ early voluntary action, ~~and supports statewide climate protection goals~~ advancing both.
4. Maintain the City of Palo Alto Utilities' (CPAU's) ability to provide safe, reliable, sustainable, and competitively-priced utility services.

		Goals			
Legislative Policy Guidelines	Venue	1. Local Accountability	2. Reliability, ~~Security~~ & Infrastructure	3. Climate Protection	4. Service & Cost Control
1. Advocate goals through active participation in joint action efforts, <u>including supporting the efforts of common goals through external organizations</u>	Federal, State, and Regional	✓	✓	✓	✓
2. Support legislation that ~~allows local evaluation~~ <u>results in locally designed, cost-effective and design of more efficient energy solutions, fuel switching, and demand control programs to the goal of GHG emissions reductions.</u>	Federal, State, and Regional	✓		✓	✓

Legislative Policy Guidelines	Venue	Goals			
		1. Local Accountability	2. Reliability, ~~Security~~ & Infrastructure	3. Climate Protection	4. Service & Cost Control
3. Promote ~~utility~~ legislation and regulations that <u>have undergone stakeholder review and cost benefit analysis to</u> support effective and consistent ~~compliance and~~ reporting requirements. ~~Ensure such legislation, customer communications, and regulations have received stakeholder review and cost benefit analysis program results~~	Federal, State, and Regional Reliability Councils	✓	✓		✓
4. Oppose unreasonable and inequitable financial burdens <u>and support policy changes that assist customers</u> through active participation in ~~CMUA and NCPA~~ the legislative activities ~~of the Northern California Power Agency (NCPA) and the California Municipal Utilities Association (CMUA).~~	Federal, State, and CPUC	✓			✓
5. Advocate for state and federal grants for local and regional energy efficiency and conservation measures, renewable resources, fiber- ~~optic~~ , fuel switching, wastewater collection systems and recycled water projects.	Federal and State	✓		✓	✓
6. Maintain right of way access for utility infrastructure.	Federal and State		✓		✓
7. Protect the ~~financial and operational~~ value of ~~utility existing~~ assets and contracts; <u>preserve and</u> local regulatory ~~control~~ <u>approvals</u> of ~~both same~~ .	Federal and State	✓	✓		✓

		Goals			
Legislative Policy Guidelines	Venue	1. Local Accountability	2. Reliability, ~~Security~~ & Infrastructure	3. Climate Protection	4. Service & Cost Control
8. ~~Enhance utility~~ <u>Support government action allowing CPAU to maintain</u> customer ~~protections for data security and confidentiality.~~	~~Federal and State~~	✓			✓
9. Maintain existing low cost municipal financing options for infrastructure projects and advocate for new federal and state programs that recognize critical infrastructure needs.	Federal and State	✓	✓		✓
10. <u>Oppose government action that could adversely impact our customers or that include mandates we could not reasonably achieve.</u>	<u>Federal and State</u>	✓			✓
11. Promote <u>utility</u> legislation and regulations ~~supporting~~ <u>that support</u> reasonable and consistent <u>notification, compliance, and reporting</u> requirements for ~~utility notifications,~~ <u>safety operations</u> , services, ~~public~~ communications, ~~billing, and payments, and~~ customer assistance.	Federal and State	✓			✓
<u>12. Through Account Representatives, educate key customer accounts about significant policy actions that could affect their business</u>	Local	✓			✓

		Goals			
Legislative Policy Guidelines	Venue	1. Local Accountability	2. Reliability, ~~Security~~ & Infrastructure	3. Climate Protection	4. Service & Cost Control
<u>13.</u> ~~11. Support Proposition 26-reform efforts to provide ratemaking flexibility to balance conservation, revenue sustainability, and low income assistance programs. Oppose government action that could adversely impact our customers or that include mandates we could not reasonably achieve.~~	<u>Federal and State</u>	✓			✓

		Goals			
Legislative Policy Guidelines	Venue	1. Local Accountability	2. Reliability, ~~Security~~ & Infrastructure	3. Climate Protection	4. Service & Cost Control
<u>14. Support cap-and-trade market designs that:</u> • <u>protect consumers from the exercise of market power;</u> • <u>allocate allowances that mitigate impacts to Palo Alto customers while preserving City environmental goals;</u> • <u>advocate for an allowance allocation methodology that provides flexibility for Palo Alto to structure rates to align GHG costs and revenues;</u> • <u>provide flexible compliance mechanisms such as banking and borrowing of allowances; and</u> • <u>allocate funds generated from cap-and-trade markets to GHG related activities, not as a revenue source for state or federal general funds.</u> ~~12. Seek state and regional funding to enhance the efficiency, security, and reliability of infrastructure that maintains utility customer data security and confidentiality.~~	~~Federal and State~~	✓	✓	✓	✓

ELECTRIC**Goals**

1. Preserve/enhance the ability of municipal utilities to exercise local accountability and oversight over matters impacting customer service, programs (such as demand side efficiency and conservation programs), and rate structure.
2. Preserve/enhance the reliability, local oversight, and security of infrastructure.
3. Support legislation that recognizes early voluntary action in reducing to combat climate change including initiatives to reduce GHG emissions and specifically exempts a municipality from burdensome requirements in subsequent legislation that could result from the early action.
4. Preserve just and reasonable utility rates/bills established by local governing bodies.

Legislative Policy Guidelines	Venue	Goals			
		1. Local Accountability	2. Reliability	3. GHG Reduction	4. Cost Control
1. Advocate goals through ~~Northern California Power Agency (NCPA)~~ , ~~California Municipal Utilities Association (CMUA)~~ , American Public Power Association (APPA), Transmission Agency of Northern California (TANC), and <u>the</u> Bay Area Municipal Transmission Group (BAMx) with support from Palo Alto staff; ~~strive to present the same or substantially the same messages~~ <u>speak with a coordinated voice.</u>	Federal and State	✓	✓	✓	✓
2. Support NCPA in its continued efforts to streamline ~~the~~ state regulatory reporting responsibilities, to eliminate duplicative data and report submittals to multiple state regulatory agencies, including the CEC, CARB, and the California Independent System Operator (CAISO).	State	✓			✓
3. Advocate for legislation/regulations that provide local accountability and ~~design of support for:~~ ~~Net Energy Metering (NEM) successor programs designed to fit local conditions and priorities;~~ ~~Electric Integrated Resource Plans~~ <u>cost-effective renewable locally-designed and implemented solar programs and rates</u> <u>development of long-term plans and reasonable and flexible integrated resource planning requirements</u> <u>development of</u> distributed	Federal and State	✓	✓	✓	✓

Legislative Policy Guidelines	Venue	Goals			
		1. Local Accountability	2. Reliability	3. GHG Reduction	4. Cost Control
~~generation energy resources~~ and ~~cogeneration projects~~ plans, and standards and permitting requirements for connecting such resources to the local distribution system; • <u>transparent and consistent accounting and reporting of GHG emissions and portfolio content</u>; • balancing state and local policy implementation and ratepayer equity; • equitable rate design and tariffs; • cost-effective electric efficiency <u>and demand-side management</u> programs; • implementation of renewable portfolio standards <u>in a reasonable manner</u>; • cost-effective <u>and locally beneficial</u> storage-~~integration~~; • direct access ~~requirements~~; • ~~smart~~ <u>advanced</u> meters and smart grid design and implementation; ~~and~~ • <u>use of public benefit funds (as allowed in AB 1890 (1996)); and</u> • <u>Electrification, including electric vehicle infrastructure</u>					
~~4. Support cap and trade market designs that:~~ • ~~protect consumers from the exercise of market power;~~ • ~~allocate allowances that help mitigate impacts to Palo Alto customers while providing incentives for utilities to lower GHG emission portfolios;~~ • ~~provide flexible compliance mechanisms such as banking and borrowing of allowances; and~~ • ~~allocate funds generated from cap and trade markets to cost-effective GHG reduction related activities, not as a revenue source for state or federal general funds.~~	Federal and State	✓		✓	✓
~~5.4. Support legislation for renewable portfolio standards that:~~ • maintain local compliance authority; • avoid mandates for technology or source specific carve outs, ~~and minimum term~~	Local and State	✓		✓	✓

		Goals			
Legislative Policy Guidelines	Venue	1. Local Accountability	2. Reliability	3. GHG Reduction	4. Cost Control
requirements; - allow utilities to pursue ~~all~~the most cost-effective resources available to meet portfolio needs including use- - of Renewable Energy Certificates (RECs); - ensure ~~uniform~~fair application of RPS standards, avoiding punitive and/or duplicative non-compliance penalties; - restrict ~~new regulations~~ ~~expanding extension of~~ CEC jurisdiction and attempts of the CPUC to claim jurisdiction or obtain de facto jurisdiction over ~~publicly owned utilities~~Publicly Owned Utilities; - allow local distributed generation to count in full towards RPS; and - prioritize the use of ~~the~~ existing transmission system ~~assets~~over building new transmission.					
5. Support/encourage transmission, generation, and demand-reduction projects and solutions including advocating for financing or funding- ~~6-~~solutions/options for projects that: - enhance/ensure reliability; - ensure equitable cost allocation following beneficiary pays principles (including protection against imposition of state-owned electric contract costs on municipal utility customers); - improve procurement flexibility (e.g. resource adequacy rules that ensure reliability and provide flexibility in meeting operational requirements or flexibility in meeting State renewable portfolio standards); - support the continuation of federal and state financial incentives that promote increased renewable development; - improve market transparency (particularly transparency of IOU's transmission and procurement planning and implementation- ~~activities~~); and - reduce ~~negative the~~ environmental ~~impacts~~impact on the Bay Area and the	Local, State, and Federal	✓	✓	✓	✓

		Goals			
Legislative Policy Guidelines	Venue	1. Local Accountability	2. Reliability	3. GHG Reduction	4. Cost Control
Peninsula.					
7.6. Advocate for ~~Congressional, legislative, or administrative~~ actions on matters impacting ~~costs or operations of~~ the Western Area Power Administration (Western) such as: • support ~~of~~ Congressional ~~Field Hearings~~ <u>hearings</u> to explore modernizing ~~flood control strategies, river~~ regulation and generation strategies at Central Valley Project (CVP) plants to enhance generation, water delivery, flood control and fisheries; • protection of the status of Western Power Marketing Administration and cost-based rates; • provisions for preference customers' first take at <u>land</u> available ~~land~~ with economic potential for wind farms; • balancing efforts for competing environmental improvements in rivers and Delta conditions with water supply and hydropower impacts; • ~~support grid modernization~~ without compromising the primary mission of Western and recognizing the achievements already made in California without adding duplicate costly efforts; • monitoring and evaluating impacts of Delta conveyance proposals on Western Base Resource allocation; <u>and</u> • advocating for an equitable distribution of costs between water and power customers of the Central Valley Project; and • advocating for clear product provisions, fair allocation of Base Resource Capacity and fair contract terms under Western's 2025 Power Marketing Plan and new Western Base Resource contracts.	Federal, State and Regional		✓	✓	✓
8.7. Advocate for ~~Congressional or administrative~~ actions on matters relating to overly burdensome reporting and compliance requirements established by the North American Reliability Corporation (NERC), the Federal Energy Regulatory Commission (FERC)	Federal, State and Regional	✓	✓		✓

Legislative Policy Guidelines	Venue	Goals			
		1. Local Accountability	2. Reliability	3. GHG Reduction	4. Cost Control
or the Western Electricity Coordinating Council (WECC).					
~~9.8.~~ Support fair and reasonable application of grid reliability requirements established by NERC, WECC, or FERC and seek appropriate remedies (if needed) for ~~inequitable or~~ punitive application of fees and fines.	Federal and Regional	✓	✓		✓
~~10.9.~~ Work with CAISO and/or FERC: - to give buyers of renewable intermittent resources relief from imbalance penalties; - to promote financial and operational changes that result in timely and accurate settlement and billing; and - to provide critical input on the need for various transmission projects in light of the escalating costs to the City to import power using the bulk transmission system.	Federal and State	✓		✓	✓
~~10.~~ ~~Work with NCPA, CMUA and NERC 10.~~ <u>Monitor cyber security issues</u> to ensure that: ~~Federal, state and regional designations of "CPAU, which currently does not have critical cyber assets" are appropriately applied to only truly critical local distribution infrastructure; and~~ ~~CPAU₂ retains local control over implementation of utility industry's cyber security needs while remaining exempt from NERC cyber security standards, policies, Support NCPA to protect it and procedures its member agencies from unnecessary cyber security regulations.~~	Federal and Regional	✓			✓

FIBER OPTIC**Goals**

1. Preserve and enhance the authority of local government to (1) develop broadband solutions that align with community needs and (2) expand consumer choice for competitive Internet connectivity and other advanced services delivered over fiber-optic networks.
2. Encourage the competitive delivery of broadband services by permitting the use of public rights-of-way and Utilities infrastructure in a responsible manner, provided that local rights of way authority and management is preserved and ~~contractual or other~~ use does not compromise the City's existing utility safety, ~~service~~, and ~~operational services~~ obligations.
3. Support local government authority over zoning-related land use for communications infrastructure in accordance with reasonable and non-discriminatory regulations.
4. Support the Council's *Technology and the Connected City* initiative ~~of 2013~~, to fully leverage the City's fiber- ~~optic~~ ~~asset to provide ubiquitous~~ and ~~infrastructure assets such as public rights-of-way, utility poles and conduit for the~~ ~~reliable ultra-high-speed~~ broadband ~~expansion connectivity~~

Legislative Policy Guidelines	Venue	Goals			
		1. Support Municipal Delivery	2. Competitive Delivery	3. Local Authority over Land Use	4. Support Council Initiatives
1. Advocate for these goals through the ~~American Public Power Association (APPA), California Municipal Utilities Association (CMUA),~~ National Association of Telecommunications Officers and Advisors (NATOA), National League of Cities (NLC), and the Next Century Cities initiative (NCC), with support from City staff.	Federal and State	✓	✓	✓	✓
2. Support legislation and regulations that preserve and enhance municipal delivery of conventional and advanced telecommunication services as prescribed by the <i>Telecommunications Act of 1996</i> .	Federal and State	✓		✓	✓
3. Support the goals of the Federal Communications Commission's (FCC), National Broadband Plan to improve Internet access nationwide.	Federal and State	✓	✓		✓
4. Oppose legislation and regulations that benefit the incumbent cable TV, ~~and~~ telephone, ~~and telecommunications~~ companies at the expense of community-owned fiber-optic and wireless networks.	Federal and State	✓	✓		✓
5. Support legislation and regulations that	Federal and	✓	✓		✓

Legislative Policy Guidelines	Venue	Goals			
		1. Support Municipal Delivery	2. Competitive Delivery	3. Local Authority over Land Use	4. Support Council Initiatives
preserve and enhance ~~utility customer data security and confidentiality~~ <u>consumer</u> protections - ~~by~~ <u>related to</u> the <u>incumbent</u> providers of ~~telecommunication services.~~	State				
6. <u>Continue to s</u> Support the Council's <u>municipal fiber and wireless initiatives.</u> ~~directive to concurrently pursue the findings and recommendations in the Fiber to the Premises Master Plan and Wireless Network Plan and continue discussions and negotiations with third parties considering new service deployments in Palo Alto.~~	Local	✓			✓
7.6. Support legislation and regulations that::: • Permit the ~~contractual~~ use of public right-of- way and Utilities infrastructure; • Preserve local rights-of-way authority and management; • Preserve local government zoning and siting authority for wireless and wireline communication facilities; • <u>Support local "dig once" policies to- <u>deploy infrastructure such as communications conduit for future fiber and wireless networks capable of delivering next-generation broadband services.</u></u> • ~~ensure conduit and fiber are available for lease on reasonable terms; and~~ • Oppose legislation and regulations that ~~arbitrarily~~ reduce compensation received by local governments ~~from other entities~~ for the ~~economic~~ use of the public rights-of-way and other public properties ~~required for that support~~ communication infrastructure ~~(e.g., utility poles,~~	Federal, State and Local	✓	✓	✓	✓

Legislative Policy Guidelines	Venue	Goals			
		1. Support Municipal Delivery	2. Competitive Delivery	3. Local Authority over Land Use	4. Support Council Initiatives
~~streetlight poles, ducts and conduits).~~					

NATURAL GAS

Goals

1. Preserve/enhance the ability of municipal utilities to develop ~~and implement their own~~ demand side efficiency and conservation programs, alternative gas supplies, and rate ~~structures~~structure.
2. Increase the security and reliability of the gas supply and transmission infrastructure. This includes retaining access to intra- and interstate gas transmission systems to reliably serve customers.
3. Support efforts to reduce greenhouse gas emissions and protect the environment.
4. Preserve just and reasonable utility rates/bills established by local governing bodies.

Legislative Policy Guidelines	Venue	Goals			
		1. Local Accountability	2. Reliability of Infrastructure	3. Environment	4. Cost Control
1. ~~Advocate most of these goals mainly through~~ Leverage the American Public Gas Association (APGA) ~~with minor support from Palo Alto staff~~ to assist in natural gas goals .	Primarily Federal with minor advocacy at State level	✓	✓	✓	✓
2. Work with ~~Northern California Power Agency (NCPA)~~ and ~~California Municipal Utilities Association (CMUA)~~ to the extent that the City's goals as a gas distributor align with generators' use of natural gas.	Federal and State	✓	✓	✓	✓
3. Support cost effective renewable gas supplies from in or out of state sources. ~~In case of~~ Advocate for locally reasonable mandated renewable portfolio standards, ~~advocate for controls and off-ramps similar to the electric RPS that minimize customer cost impact.~~	Federal and State	✓	✓	✓	✓

Legislative Policy Guidelines	Venue	Goals			
		1. Local Accountability	2. Reliability of Infrastructure	3. Environment	4. Cost Control
4. Advocate for financing or funding for cost-effective natural gas efficiency and solar water heating end uses.	Federal and State	✓	✓	✓	✓
5. Support market transparency and efforts to eliminate market manipulation through reasonable oversight.	Federal				✓
6. Support municipal utilities' ability to enter into pre-pay transactions for gas supplies.	Federal				✓
7. Support efforts to improve pipeline safety.	Federal and State	✓	✓		✓
8. Work with partners to discourage extension of CPUC regulatory authority over municipal gas operations.	State	✓	✓		✓
~~10-9. Oppose legislative proposals resulting in unreasonable costs for Support cap-and-trade market designs that:~~ ~~• protect consumers from the exercise of market power;~~ ~~• allocate allowances that mitigate impacts to Palo Alto's customers while preserving City environmental goals;~~ ~~• advocate for an allowance-allocation methodology that provides flexibility for Palo Alto to structure rates to align GHG costs and revenues;~~ ~~• provide flexible compliance mechanisms such as banking and borrowing of allowances; and~~ ~~• allocate funds generated from cap-and-trade markets to GHG related activities, not as a revenue source for state or federal general funds.~~	Federal and State	✓	✓	☐	✓

		Goals			
Legislative Policy Guidelines	Venue	1. Local Accountability	2. Reliability of Infrastructure	3. Environment	4. Cost Control
~~11. 10.~~ Support legislation that aims to protect public health and encourages transparency regarding ~~the practice of~~ hydraulic fracturing or “fracking” for natural gas development, while opposing blanket moratoriums that aren’t supported by science.	Federal and State			☐	✓

WASTEWATER COLLECTION

Goals

1. Support ability of municipal utilities to develop and manage their own conservation and efficiency programs and retain authority over ratemaking, including the imposition of non-volumetric customer meter or infrastructure charges for wastewater collection service.
2. Encourage efforts to increase the reliability of the local wastewater collection systems.
3. Maintain the provision of reliable and sustainable wastewater collection service at a fair price.
4. Support equal comparisons of wastewater collection systems by regulatory agencies in order to minimize and reduce onerous, costly, time-intensive reporting requirements and improve value and accuracy of information reported to the public.

Legislative Policy Guidelines	Venue	Goals			
		1. Local Accountability	2. Reliable Infrastructure	3. Maintain service	4. Valuable reporting
1. Advocate goals through active participation in the Association of Bay Area Governments (ABAG), <u>and CMUA.</u>	Local, Regional & State	✓	✓	✓	✓
2. Support regulations of wastewater collection systems that recognize: • local jurisdictions' proactive efforts to replace and maintain wastewater collections systems; • the need to provide affordable and cost based collection service; and • the unique characteristics of each collection system.	Local, Regional & State		✓	✓	✓
3. Support <u>provision of sufficient resources for</u> regional agencies ~~in their pursuit of~~ <u>to enable them to advocate for:</u> • environmentally sustainable, reliable wastewater collection service at a fair price; and • regional comparisons of wastewater collection projects for future state grant funding.	Local and Regional		✓	✓	✓
4. <u>Support infrastructure security and reliability including equitable allocation of funds for increasing the security of infrastructure.</u>	<u>Regional, and State</u>		✓	✓	

<i>Legislative Policy Guidelines</i>	<i>Venue</i>	<i>Goals</i>			
		<i>1. Local Accountability</i>	<i>2. Reliable Infrastructure</i>	<i>3. Maintain service</i>	<i>4. Valuable reporting</i>
5. Advocate for funding and local regulations for wastewater ~~collection~~ collections system projects and requirements that reduce overflows and improve collection system efficiency.	Regional, State and Federal		✓	✓	

WATER

Goals

1. Support ~~the~~ ability of ~~public~~municipal utilities ~~and districts~~ to develop and ~~implement~~manage their own ~~water efficiency and conservation~~ and efficiency programs ~~while retaining and retain~~ authority over ratemaking, including the ability to optimize volumetric, and fixed, ~~and drought-related pricing and charges to~~ balance the goals of revenue certainty and water use efficiency.
2. Increase the security and reliability of the regional water system owned and operated by the San Francisco Public Utilities Commission (SFPUC).
3. Support efficiency and recycled water programs in order to minimize the use of imported supplies.
4. ~~Provide~~Maintain the provision of an environmentally sustainable ~~and,~~ reliable ~~supplies~~supply of high quality water ~~at a fair price.~~

		Goals			
Legislative Policy Guidelines	Venue	1. Local Authority	2. Reliable Infrastructure	3. Minimize imports	4. Supplies at fair cost
1. Advocate goals through active participation in the Bay Area Water Supply and Conservation Agency (BAWSCA), ~~California Urban Water Conservation Council (CUWCC),~~ and ~~California Municipal Utilities Association (CMUA),~~ with support from Palo Alto staff for BAWSCA	Local, Regional and State	✓	✓	✓	✓
~~2. Participate in CUWCC Best Management Practice (BMP) revisions and development to ensure that aggressive and cost-effective efficiency goals are incorporated and operating proposals are reasonable, achievable, and cost-effective.~~	State	✓	✓	✓	✓

Legislative Policy Guidelines	Venue	Goals			
		1. Local Authority	2. Reliable Infrastructure	3. Minimize imports	4. Supplies at fair cost
~~3.2.~~ Advocate to ensure that legislative actions regarding the Hetch Hetchy Regional Water System include: - timely rebuilding of the regional water system; <u>assurance that the SFPUC is adequately assessing and mitigating risks of infrastructure failure;</u> - maintenance of the quality of delivered water; - minimization of any increase in the cost of water; - no additional exposure to more frequent or severe water shortages; ~~increased real-time monitoring data availability to ensure water quality;~~ ~~support for the existing water system and its operation;~~ ~~SWRCB responsiveness to SFPUC water quality issues;~~	Local, Regional and State		✓		✓
~~3.~~ ~~4.~~ Advocate for interpretations or implementation of Water Code provisions that maintain or reinforce the authorities and protections available to the City and BAWSCA members outside of San Francisco.	Local, Regional and State	✓	✓		✓

Legislative Policy Guidelines	Venue	Goals			
		1. Local Authority	2. Reliable Infrastructure	3. Minimize imports	4. Supplies at fair cost
~~5.~~ <u>4.</u> Support BAWSCA <u>in efforts to enable it to advocate for achieve</u>: - an environmentally sustainable, reliable supply of high quality water at a fair price; ~~for Wholesale Customers' rights under the Water Supply Agreement for water from SFPUC that meets quality standards;~~ - a SFPUC rate structure that is consistent with the Water Supply Agreement and is based on water usage; <u>a contract amendment to modify the drought time water allocation between the SFPUC and the BAWSCA agencies;</u> - preservation of Palo Alto's existing contractual water allocation and transportation rights on the SFPUC Hetch Hetchy system; and - regional planning for conservation, recycled water, and other water supply projects.	Local and Regional	✓	✓	✓	✓
~~6.~~ <u>5.</u> Advocate for actions that: - preserve Palo Alto's existing contractual rights; ~~and~~ <u>preserve local control over water use;</u> and - limit encroachment from outside jurisdictions.	Local and Regional	✓			✓
~~67.~~ Support infrastructure security and reliability including an interconnection between the SCVWD West Pipeline with the SFPUC's Bay Division Pipelines 3 and 4.	Regional and State		✓		
~~78.~~ Support notification requirements that inform residents/customers but do not inflict undue or unobtainable requirements on the utility.	State	✓			✓
~~89.~~ Support local control of public benefit ~~funds~~, funding levels and program design.	State	✓			✓

Legislative Policy Guidelines	Venue	Goals			
		1. Local Authority	2. Reliable Infrastructure	3. Minimize imports	4. Supplies at fair cost
~~9~~ 10. Support beneficiary pays methodologies to prevent taxes or fees imposed on SFPUC customers to fund infrastructure improvements and costs of water sources that do not serve Palo Alto customers.	State and Regional	✓	✓		✓
101. Advocate for financing ~~or,~~ funding, <u>and, where applicable, tax exemption,</u> for water conservation programs, <u>water rebate programs,</u> and recycled water projects that meet end-use needs and conserve potable water ~~and;~~ oppose legislation that would reduce such funding.	State, Regional and Federal	✓	✓	✓	✓
~~11, 12. Support infrastructure security and reliability that includes equitable allocation of funds for increasing the security of infrastructure and that protects the City from unnecessary regulations. Support legislation that promotes responsible groundwater management.~~	~~Local, State and Federal~~	✓	✓	✓	✓
~~123. Support legislation that promotes responsible groundwater management while recognizing Palo Alto's existing and historical groundwater extraction practices. Support Proposition 218 reform efforts to provide ratemaking flexibility to balance conservation, revenue sustainability, and low income programs.~~	State	✓	✓	✗	✓
~~134. Support Proposition 218 reform efforts to provide ratemaking flexibility to balance conservation, revenue sustainability, and low income assistance programs. Advocate for water conservation policies (both drought response and long term) that achieve water sustainability while minimizing customer and commercial impact, protecting the City's urban canopy and minimizing the City's enforcement costs.~~	~~Local and State~~	✓	✗	✓	✓

Legislative Policy Guidelines	Venue	Goals			
		1. Local Authority	2. Reliable Infrastructure	3. Minimize imports	4. Supplies at fair cost
~~145. Advocate for reasonable statewide water conservation efforts (both drought response and long term) that achieve required water savings while minimizing customer and commercial impact, protecting the City's urban canopy and minimizing the City's enforcement costs. Protect SFPUC's water rights.~~	<u>Local and State</u>	✓	✓		✓
~~156. Protect the City's infrastructure and County of San Francisco's treatment investments from future state-wide cuts in water rights as well as those of the co-grantees of the Raker Act.~~	State	✓	✗	✗	✓
~~167. Support legislation that would protect the City's infrastructure role and treatment investments from future state-wide cuts in responsibility of water use.~~	State	✓	✗		✓

ATTACHMENT C



EXCERPTED DRAFT MINUTES OF THE JANUARY 11, 2017 SPECIAL MEETING UTILITIES ADVISORY COMMISSION

ITEM 1: ACTION: Staff Recommendation that the Utilities Advisory Commission Recommend that the City Council Adopt a Resolution Approving the Updated City of Palo Alto Utilities Legislative Policy Guidelines

Acting Assistant Director of Engineering Debbie Lloyd said staff comes to the UAC annually to update the legislative guidelines. These guidelines are used when staff meets with legislators. The attachment to the report shows the redline changes.

Commissioner Trumbull asked if the guidelines covered regulatory items as well as legislative; Lloyd responded that they did.

Senior Resource Planner Heather Dauler said staff also coordinated with the City's guidelines as well. There were no changes to the goals for all utilities. The first recommendation was to provide policy guidance enabling staff to engage with key accounts when legislation comes up that would affect them. The next recommendations were to strike redundant language related to ratemaking, customer data security infrastructure, and cap and trade. The changes for the electric utility included modifications to language related to Net Energy Metering (NEM) successor programs to reflect the fact the City has already adopted a successor program. The only change for the gas utility was to modify redundant language related to the cap and trade program. The only change for the wastewater collection utility was to add a basic guideline related to infrastructure security.

Commissioner Schwartz asked why infrastructure security wasn't applicable to all utilities, not just wastewater; Dauler said staff could consider that.

Dauler discussed the changes recommended for the water utility guidelines. The guideline related to the CUWCC BMPs was recommended to be deleted because it was not currently applicable. Staff also recommended adding language related to SFPUC. Staff also recommended streamlining language related to Proposition 218. This was also in preparation for dealing with new upcoming State conservation plans.

Schwartz said policies were changing at the Federal level, with California trying to maintain its leadership role. Was there any specific language needed to give staff the ability to respond to those issues?

Dauler believed existing language was sufficient.

Lloyd said it was also possible to return to the UAC and Council if a change was needed. She agreed with Dauler that the existing language gave staff adequate flexibility.

Commissioner Johnston asked whether the guidelines were in priority order.

Lloyd said there was no priority order in the guidelines. The guidelines were meant to achieve the three to four high level goals for each section.

Utilities General Manager Shikada said the legislative guidelines were often effectively defensive, particularly to deal with “gut and amend” bills at the end of the legislative session. He addressed Commissioner Schwartz’s point about Federal action, saying he expected there to be lead time to respond to those issues.

Danaher asked whether the guidelines addressed energy efficiency; Dauler said they did.

Dauler discussed potential issues that were going to arise in 2017. She said that regionalization was potentially going to be delayed.

Lloyd said anticipated changes to environmental policy under the Trump administration could affect the appetite for other states to join California in a regional energy market. The City would be involved in upcoming discussions related to these issues through the BAMX group.

Dauler discussed Western issues. There was some hope that progress would be made on the Central Valley Project Improvement Act (CVPIA).

Chair Cook asked staff to state for the record why we were interested in Western issues.

Dauler said the Western Area Power Administration provided a large fraction of the City’s power. The CVPIA was passed a long time ago to address environmental impacts of the CVP, but there was some concern that the costs passed to power customers were too high.

Lloyd said staff was beginning working with Western on the next contract period ten years from now.

Schwartz asked whether regionalization could affect the carbon content of the power we buy
Lloyd said regionalization could affect the carbon content of market power.

Shikada said staff expected major changes to these issues due to the Trump administration.

Dauler said changes to Federal policies were expected due to the 2016 presidential election and the new appointees of the new administration. California was preparing to fight anticipated

actions. In 2016 water was a major issue due to drought. Currently the legislature was waiting to see whether precipitation would obviate the need for a drought bill. There was also an energy bill in 2016 that contained provisions that would help with dam relicensing, but it died. The bill sponsor was interested in it, but it was not clear whether there would be appetite in the House to move it forward.

Public speaker Jeff Hoel spoke regarding Fiber. He noted there was no discussion of Fiber Utility issues in the staff presentation. He said there were differences between the redlined and final draft. He noted there was no discussion of Dig Once. He asked whether the policy change would take effect prior to Council action.

Dauler said there were no substantive changes to Fiber policies proposed. The Dig Once policy language remained unchanged.

Commissioner Trumbull verified that no changes to policy would occur until Council acted.

Shikada noted there were unintentional differences between the redline and final drafts in that the proposed Dig Once language changes shown in the redline had not been made in the final version.

Dauler said it was the intention to keep Dig Once language in the policy. She would follow up to fix the issue with Fiber guideline six.

ACTION: Commissioner Trumbull moved, seconded by Commissioner Danaher to recommend approval of the guidelines with the correction of the Dig Once language. The motion carried unanimously (6-0, with Chair Cook, Vice Chair Danaher, Commissioners Forssell, Johnston, Schwartz, and Trumbull voting yes and Commissioner Ballantine absent).