



April 20, 2020

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Charles Schumer
Minority Leader
United States Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
Washington, D.C. 20515

Dear Majority Leader McConnell, Speaker Pelosi, Minority Leader Schumer, and Minority Leader McCarthy:

As the nation continues to respond to the rapidly changing demands of a global pandemic, public power is fully committed to serving the needs of our communities during these challenging times. Reliable, affordable electric power remains critical as we move from response to recovery. With this in mind, the Large Public Power Council (LPPC) expresses its appreciation to Congress for acting swiftly and providing much-needed resources to states, individuals, and programs that serve as essential safety nets for our customers. As Congress contemplates future relief and stimulus actions, LPPC seeks congressional support to ensure public power utilities have the tools, flexibility, and liquidity needed to meet these unprecedented circumstances. Specifically, LPPC urges additional support to low-income customers, assistance to ensure the costs for keeping essential employees on the job are not borne solely by customers, updates to the tax code to ensure public power's access to financing, and support for continued infrastructure development.

LPPC is an association of 27 of the nation's largest publicly-owned, not-for-profit electric utilities. LPPC members serve over 30 million customers in 21 states and the Commonwealth of Puerto Rico. LPPC utilities own and operate more than 71,000 megawatts of generation capacity, including wind, solar, hydroelectric, coal, natural gas, nuclear, and other renewable energy resources. LPPC members are firmly committed to maintaining affordable rates; their customers, on average, pay ten percent less than the national average for electricity.

LPPC utilities and our electric customers will be deeply impacted by the economic fallout of the ongoing COVID-19 pandemic. Low-income customers, displaced workers, and small businesses may be unable to pay their electric bills. Costs associated with disruptions to ongoing capital projects, increased workforce and family support program costs, and newly-mandated sick leave and Family Medical Leave Act requirements will increase the pressure on cost-of-service electric rates for already-burdened consumers.

LARGE PUBLIC POWER COUNCIL MEMBER COMPANIES

AMERICAN MUNICIPAL POWER, INC. (AMP) / AUSTIN ENERGY / CHELAN COUNTY PUD NO. 1 / CLARK PUBLIC UTILITIES / COLORADO SPRINGS UTILITIES / CPS ENERGY / ELECTRICITIES OF NORTH CAROLINA, INC. / GRAND RIVER DAM AUTHORITY / GRANT PUD / IMPERIAL IRRIGATION DISTRICT (IID) / JEA / LONG ISLAND POWER AUTHORITY / LOS ANGELES DEPARTMENT OF WATER & POWER / LOWER COLORADO RIVER AUTHORITY / MEAG POWER / NEBRASKA PUBLIC POWER DISTRICT / NEW YORK POWER AUTHORITY / OMAHA PUBLIC POWER DISTRICT / ORLANDO UTILITIES COMMISSION (OUC) / PLATTE RIVER POWER AUTHORITY / PUERTO RICO ELECTRIC POWER AUTHORITY / SMUD / SALT RIVER PROJECT / SANTEE COOPER / SEATTLE CITY LIGHT / SNOHOMISH COUNTY PUD NO. 1 / TACOMA PUBLIC UTILITIES

As Congress contemplates providing additional assistance in a Phase IV or Phase V relief and economic stimulus package, LPPC recommends that the following provisions be included to provide near term relief to our customers and communities and allow for timely investments in reliability, resilience and grid modernization as we pivot to recovery:

USE FEMA DISASTER RELIEF FUND TO COVER PANDEMIC-RELATED COSTS

Utilities are working around the clock to ensure our workforces are safe and healthy in order to provide reliable electric services during this crisis. Our response has required unprecedented coordination of processes and protocols, personnel, and supplies previously unseen in response to natural disasters and weather events. In addition to screening, testing, and isolating employees, some utilities have been required to sequester essential staff. Utilities are bearing increased labor costs, and costs of protective gear, on-site lodging, food services, laundry, deep sanitation of shared space, and other essential services. With increased costs coupled with declining loads, a stalling economy, and our strong desire to accommodate customers' needs to delay bill repayment and shutoffs, it is imperative that public power utilities are able to seek reimbursement through FEMA's Disaster Relief Fund. LPPC urges Congress to provide robust funding for this program and ensure FEMA regulations allow for reimbursement of these expenses.

INCREASE FEDERAL SUPPORT FOR LOW-INCOME HOME ENERGY ASSISTANCE

LPPC applauds Congress for appropriating \$900 million through the CARES Act for LIHEAP. But we cannot stop there. LIHEAP is the national program that provides financial assistance to households unable to pay their home heating and cooling bills. LIHEAP is a proven program to assist the country's most vulnerable. According to the National Energy Assistance Directors' Association, full funding for LIHEAP would serve over 4.4 million more families and seniors in need. LIHEAP will need significantly more funding as unemployment soars. LPPC requests that this program be given the resources it needs to meet the urgency of the situation.

It is important to note that LPPC member utilities have already suspended disconnects for all customer classes, and are also offering a variety of payment plans and support tailored to the unique needs of the communities they serve. As not-for-profit utilities, our members must continue to have the flexibility to respond to the particular needs of their communities. Instead of one-size-fits-all federal mandates that may put public power operations at risk, Congress should support proven programs such as LIHEAP to provide essential support to low-income populations. LPPC members are committed to working with their local governing bodies to meet the needs of their customers, and working with Congress to ensure adequate resources are available to cover nonpayment of utility bills.

RESTORE ADVANCE REFUNDING OF MUNICIPAL BONDS

LPPC members rely on tax-exempt municipal bonds to fund their energy infrastructure projects. Issuing municipal bonds makes important energy infrastructure investment cheaper for our customers and communities and frees up resources for other needs. Fully restoring the ability for state and local governments to advance refund these bonds so our members can take advantage of favorable interest rates and structure their bond payments in light of the impact of the pandemic will provide even more funds that could help alleviate costs for low income and small business customers.

END MANDATORY SEQUESTRATION FOR BUILD AMERICA BONDS

Build America Bonds (BABs) were once effective in helping finance public infrastructure projects at reduced borrowing costs. Unfortunately, the ability to issue BABs expired in 2010. In addition, the subsidy payments on existing bonds have been negatively impacted by across-the-board cuts – sequestration – that went into effect on March 1, 2013.

LPPC urges Congress to end mandatory sequestration's adverse effects on BABs and other tax credit bonds. Although BABs were a successful tool to deliver capital to energy projects, mandatory sequestration has cost LPPC members hundreds of millions of dollars. These extra costs get passed on to customers through higher electricity rates, at a time when many of our customers are facing economic distress.

AUTHORIZE ISSUANCE OF NEW BUILD AMERICA BONDS

LPPC urges Congress to build on the successes of BABs and reinstate the authority to issue direct pay bonds for energy projects without restrictive issuance caps and allocation methods. In the past decade, public power utilities have invested more than \$100 billion in energy infrastructure, with many more projects scheduled to begin construction. Expanding the financing tools available to public power utilities, such as by reinstating authority to issue BABs (or other direct pay bonds) to support infrastructure investment without exposure to future sequestration, will enable LPPC utilities to continue investing in needed infrastructure improvements.

ENSURE THAT SUPPORT FOR INFRASTRUCTURE INVESTMENT IS AVAILABLE TO PUBLIC POWER

As federal policies to stimulate infrastructure investment are considered in subsequent COVID-19 response legislation, it is critical that support for public power investment in electricity facilities is included. Like publicly-owned transportation, water, and wastewater systems, the nation's electricity infrastructure is essential to the efficient operation of the economy. Federal funding, financing, or incentives for infrastructure should be available to support electric infrastructure investments by public power utilities.

STREAMLINE INFRASTRUCTURE PERMITTING

It is imperative that Congress couple federal investment in our nation's infrastructure with smart streamlining of federal permitting processes. It is now more important than ever that federal agencies provide for efficient review of permit applications related to energy infrastructure projects. Inter-agency coordination in federal permitting is critical, as is effective federal-state collaboration.

The members of LPPC have long embraced their role as partners with the communities that they serve. Deploying these effective, simple, and tested measures will allow public power utilities to enhance these community partnerships during these challenging times. While Congress contemplates federal funding for industries impacted by the current economic crisis, LPPC urges Congress to enable the use of public financing tools that have been proven to provide enormous benefits to American citizens and businesses.

As providers of critical infrastructure services, LPPC members recognized the need to swiftly prepare for and respond to the novel coronavirus. We have policies and procedures in place to ensure reliable power service. But unlike our responses to a hurricane or cyber incident, we must take additional steps here to

protect our workforce and assets and meet the needs of our customers for an undetermined period of time under constantly changing and challenging circumstances. Public power plays a key role in the response to COVID-19 in the many communities we serve, and LPPC strongly urges Congress to ensure that support for public power is included in any further legislation considered in response to the pandemic.

Sincerely,

A handwritten signature in black ink, appearing to read "John Di Stasio", is positioned below the word "Sincerely,".

John Di Stasio
President
Large Public Power Council