

RESOLUTIONS
PROPOSED FOR CONSIDERATION AT THE
2019 SUMMER POLICY SUMMIT
OF THE
**NATIONAL ASSOCIATION OF
REGULATORY UTILITY COMMISSIONERS**

Revised 7/9/2019 11:05 a.m.

Important caveat: The descriptions in the Table of Contents are truncated. If you are interested in the topic, you should read the entire resolution to get a better idea of what is being proposed.

Also note, these are only drafts and could change during Committee or Board of Director deliberations.

(Questions? Contact Brad Ramsay at 202.898.2207 or jramsay@naruc.org)

TABLE OF CONTENTS

I. Committee on Telecommunications

- TC-1** **Resolution to Maintain Full Voice Support in the Lifeline Program and Freezing the December 2018 Lifeline Broadband Minimum Standards** **Page 1**
Sponsors: Commissioner Hofmann and Commissioner Rhoades
[7/8 2:20 version from Sponsors]

Resolution urges the FCC to maintain the full support for voice services in the Lifeline program at December 1, 2018 levels and not phase-down or eliminate support for voice services as it has proposed for 2019 to 2021.

- TC-2** **Resolution Regarding the FCC's NPRM Seeking to Establish a Cap on the Universal Service Fund ("USF")** **Page 3**
Sponsor: [7/8 12:41 version]

Resolution supports the establishment of self-enforcing budget caps for the Lifeline and CAF programs similar in nature to self-enforcing caps in place in the E-Rate and RHC programs; and opposes the proposed cap limiting the total budget for the overall FUSF.

- TC-3** **Resolution on the Lifeline National Verifier Launch & Minimum Data Stds** **Page 5**
Sponsor: Commissioner Clendenin, USVI.

Resolution urges the FCC and the USAC to consider halting or suspending the National Verifier hard launch rollout in any additional states or Territories through 2019, to permit, based on lessons learned to date, an improved National Verification process that includes access to multiple State and Territory databases that can be interrogated with standard Application Programming Interfaces (APIs) included and developed by January 2020. It also suggests the FCC suspend mandated increases in the data allotment for Lifeline services set for this December.

II. Committee on Water

- WC-1** **Resolution on Contributions in Aid of Construction for Water and Wastewater Systems** **Page 7**
Sponsors: Commissioner Betkoski and Commissioner Holden
[7/3 9:16 version from Cathy Pedemonti]

Resolution supports the exemption of CIAC funds received by regulated water and wastewater utilities from income tax liability; and encourages and supports an amendment to the TCJA which would exempt CIAC from income taxes for regulated water and wastewater utilities.

III. Subcommittee on Supplier & Workforce Diversity

SWD-1 **Resolution Encouraging Inclusion of Minority-Serving Institutions
in the Development of Long-Term Strategic Partnerships to Address
Pending Retirements of Utility Professionals** **Page 9**
Sponsor: Commissioner Oliva
[7/8 4:52 version from Janel Haretoun]

Resolution supports enhanced efforts to include MSIs, HBCUs, HSIs, TCUs, AANAPISIs, and women and veteran serving institutions within the development of long-term utility workforce plans to cultivate new talented and diverse professionals for the utility industry including utility regulatory agencies.

SWD-2 **Resolution Supporting Diversity in Financial & Professional Services
within Investor-Owned Utilities** **Page 11**
Sponsor: Commissioner Oliva
[7/8 4:52 version from Janel Haretoun]

Resolution supports enhanced efforts to support supplier diversity within investor-owned utilities.

TC-1 Resolution to Maintain Full Voice Support in the Lifeline Program and Freezing the December 2018 Lifeline Broadband Minimum Standards

Whereas since 1985, the federal Lifeline program has provided eligible low-income households with affordable access to telecommunications services so that low-income households can be connect to jobs, healthcare, education, family, and friends;

Whereas in the Third Report and Order, In the Matter of Lifeline and Link Up Reform and Modernization, 31 F.C.C. Rcd. 3962 ¶¶ 69-125 (2016), the Federal Communications Commission (“FCC”) established minimum service standards for the Lifeline program. As part of the minimum service standards proposal, the FCC adopted a policy to phase-out voice support and to support only broadband. To that end, the current FCC minimum service standard beginning in December 1, 2018 permits full support of \$9.25 per month/household for either 1000 voice minutes; 2 GB of data; or a voice/data bundle that meets either of the minimum service standards for voice or data. However, in December 1, 2019, the support for voice will be reduced to \$7.25 for 1000 voice minutes per month/household or bundled voice/data services that meet the voice minimum. And, the minimum standard for broadband will be 9.75 GB per month/household. By December 1, 2021, Lifeline support for voice will be eliminated;

Whereas Section 254(b) establishes the universal service principles that “Consumers in all regions on the Nation, including low-income consumers...should have access to telecommunications and information services...” at reasonable and affordable rates;

Whereas according to the Universal Service Administrative Company’s 2018 Annual Report, approximately 53% of Lifeline monies go to support either a voice-only or bundled voice services (bundles of voice and broadband that meet the voice minimum service standard) for low-income consumers. Consequently, if the FCC eliminates Lifeline voice support, it will significantly and negatively impact low-income households;

Whereas National Association of Regulatory Utility Commissioners (“NARUC”), National Association of State Utility Consumer Advocates (“NASUCA”), American Association of Retired Persons, National Association for the Advancement of Colored People, the Leadership Conference on Human Rights, and many others have filed comments at the Federal Communications Commission (“FCC”) advocating for full voice support in the Lifeline program;

Whereas today, wireless providers typically retail 10 GB data plans for \$40 per month or higher. If the FCC adopts the December 2019 broadband minimum standards, the new standards will effectively impose a \$30 per month price increase on Lifeline subscribers – an increase that low-income subscribers cannot afford;

Whereas Lifeline subscribership has been declining in the past couple of years. In 2017, 11.3 million households utilized Lifeline and in 2019, only 8.8 million households participated in Lifeline. NASUCA is concerned that the imposition of the 2019 minimum service standards would accelerate this downward trend;

Whereas on June 27, CTIA (“the Wireless Association”), National Consumer Law Center, National Hispanic Media Coalition, OCA – Asian Pacific American Advocates, and United Church of Christ, OC Inc., filed a Joint Petition to Pause Implementation of the December 2019 Lifeline Minimum Service Standards Pending Forthcoming Marketplace Study;

Whereas on June 20, NASUCA passed Resolution 2019-02, Urging the FCC to Preserve Lifeline Support for Voice Service and to Stay and Study the Scheduled Changes in Lifeline Minimum Services. now, therefore be it

Resolved that the Board of Directors of the National Association of Regulatory Commissioners, convened at its 2019 Summer Policy Summit in Indianapolis, Indiana, urges the FCC to maintain the full support for voice services in the Lifeline program at the December 1, 2018 levels. Moreover, the FCC should not phase-down or eliminate support for voice services as it has proposed for 2019 to 2021. Many consumers, including seniors, elders, and families with children, rely on voice services to contact first responders in time of emergency, reach social service agencies, access healthcare, and keep connected to other essential services;

Resolved NARUC also urges the FCC to freeze the broadband minimum service standards for Lifeline to the December 2018 numbers – 2 GB per month/household at \$9.25 – until the FCC concludes its 2021 Lifeline Study and determines an appropriate standard based on then available data.

Sponsored by the Committee on Telecommunications

Recommended by the NARUC Board of Directors on July , 2019

TC-2 Resolution Regarding the FCC’s NPRM Seeking to Establish a Cap on the Universal Service Fund (“USF”)

Whereas on May 31, 2019, the FCC released a Notice of Proposed Rulemaking (FCC 19-46), in which the FCC seeks comment on establishing an overall cap on the federal Universal Service Fund (“FUSF”). Currently, the FUSF consists of four separate USF programs: High Cost/Connect America Fund (“CAF”), Schools and Libraries (E-Rate), Rural Health Care (“RHC”) and Lifeline – each with its own independent budget and budget cap.

Whereas the FCC’s proposed overall cap proposal would limit the total budget for the FUSF at \$11.42 billion, which was the combined budget cap for all four programs in calendar-year 2018 and the proposed rulemaking notes that (i) although the creation of a topline budget cap would not eliminate the FCC’s ability to increase funding for a particular program, a cap would require the FCC to “expressly consider the consequences and tradeoffs of spending decisions for the overall fund, and more carefully evaluate how to efficiently and responsibly use USF financial resources.”

Whereas each of the four federal Universal Service Fund (“FUSF”) programs is currently independent and serves a unique public need and purpose, and the proposed budget cap could produce “tradeoffs” between programs that may lead to the reduction of funding of a critical program in the event that the proposed cap is being approached and/or in danger of being exceeded;

Whereas the FCC has not identified a compelling reason to discard the current budget methodology, whereby a program’s funding level is evaluated its own merit, rather than being subject to arbitrary reduction in the event that the overall cap is being approached and/or in danger of being exceeded; and the FCC’s proposal could cause the individual FUSF programs to essentially compete amongst each other for funding;

Whereas the FCCs proposes to limit the total budget for the FUSF at \$11.42 billion, which is the sum of the budget caps for each of the four programs in calendar-year 2018, technological advances could lead to unexpected increases in demand for support in the not too distant future;

Whereas the federal Lifeline program is undergoing a transition to support broadband services and the current trend shows a decrease in demand for Lifeline voice service, however, there will likely be a future increase in demand for Lifeline due to the transition, resulting in the need for funding in excess of current levels, therefore an arbitrary reduction in funding to Lifeline, or any one of FUSF programs, merely to ensure that that the overall cap is not exceeded, puts consumers who benefit from the programs at risk of losing critical support;

Whereas the NPRM notes that both the Schools and Libraries (“E-Rate”) and Rural Health Care (“RHC”) currently operate with self-enforcing budget caps, and seeks comment on the implementation of self-enforcing caps for Lifeline and the Connect America Fund (“CAF”); it makes sense that the establishment of self-enforcing caps on all of the FUSF programs, including Lifeline and CAF would allow expenditures within each respective program to be more efficiently and accurately examined, and would be the preferred method to eliminate potential wasteful spending within the individual programs and the FUSF as a whole;

Whereas establishing self-enforcing budget caps for the individual FUSF programs in lieu of an overall budget cap would protect the funding of each program in the event of any new FUSF programs that may be introduced in the future; and the addition of a new or pilot program should not result in the reduction of

funding available to existing programs; and any new FUSF program should have its own self-enforcing budget cap;

Whereas establishing self-enforcing budget caps allows for efficient and accurate spending and they also seek to balance subsidization so as to not negatively affect the affordability of telecommunications services for those consumers who ultimately provide the support for universal service; *now, therefore be it*

Resolved that the Board of Directors of the National Association of Regulatory Utility Commissioners, convened at its 2019 Summer Policy Summit in Indianapolis, Indiana, supports the establishment of self-enforcing budget caps for the Lifeline and CAF programs similar in nature to self-enforcing caps in place in the E-Rate and RHC programs; and opposes the proposed cap limiting the total budget for the overall FUSF.

Sponsored by the Committee on Telecommunications

Recommended by the NARUC Board of Directors on July , 2019

TC-3 Resolution on the Lifeline National Verifier Launch and Minimum Data Standards

Whereas in 1985 the Lifeline program was created to provide a discount on phone service for qualifying low-income consumers to ensure that all Americans have the opportunities and security that phone service brings, including being able to connect to jobs, family, healthcare and emergency services. In 2012 the Federal Communications Commission (“FCC”) approved expansion of Lifeline to give eligible subscribers access to broadband internet service;

Whereas in 2016 the FCC issued the Third Report and Order, Further Report and Order, and Order on Reconsideration, 31 FCC Rcd 3962 (2016) (*Lifeline Modernization Order*) which created a standardized national verification program (the “National Verifier”) to transfer the responsibility of eligibility determination away from Lifeline providers to a streamlined verification and improved enrollment program for prospective Lifeline subscribers;

Whereas the *Lifeline Modernization Order*, also, at ¶ 91, mandated implementation of mobile broadband minimum service standards including a minimum data allowance for Lifeline subscribers to have sufficient speed and capacity to utilize all that the Internet has to offer,” at ¶¶ 65, 77, 91 et. seq., required annual evaluations to ensure continued support of robust broadband connectivity, and, at ¶ 385, created a 12-month port freeze to encourage subscribers to stay with a Lifeline provider to help offset the expense of the data and speed mandates, to increase program stability and to help root out waste, fraud and abuse;

Whereas currently Lifeline service providers are required to deliver subscribers mobile data speeds of 18 Mbps upload and 2 Mbps download plus mobile internet on a 3G or better network with a data usage allowance of 2Gb per month,

Whereas Lifeline subscribers can obtain additional data by choosing to purchase more data allotments from the provider - a free market consumer choice model that should continue to be the preferred means for subscribers to access additional data;

Whereas in 2018 the National Verifier implementation commenced with a systematic hard launch rollout of states continuing throughout 2019 with full nationwide rollout scheduled for completion in December 2019;

Whereas in describing the National Verifier, the *Lifeline Modernization Order* stated, at ¶ 133, the expectation that “. . . the National Verifier will be able to accommodate and utilize many of the varying state databases available” and that the resulting “electronic certification process will produce at least near real-time results;”

Whereas, those expectations have not been fulfilled as the state hard launch National Verifier rollout has not functioned as intended, to date experiencing numerous deficiencies caused, among other things, by, first, the National Verifier’s often limited (or non-existent) access to state databases needed to confirm subscriber eligibility, and second by failing to include an application program interface (API’s) between providers, potential subscribers, and the National Verifier program which would enable providers in real time to efficiently communicate with the National Verifier program to determine a prospective or existing subscribers’ eligibility;

Whereas, anecdotal data strongly suggests that many eligible Lifeline subscribers have been denied service or were de-enrolled from the program, a problem which will necessarily continue in each hard launch state until needed improvements are implemented;

Whereas the Lifeline Modernization Order, at ¶ 93 requires periodic reviews and possible increases in the minimum data service provided to Lifeline subscribers;

Whereas the next mandated increase in minimum data services to Lifeline Subscribers is set for December 1, 2019;

Whereas the FCC should investigate the impact of a mandated increase over the current data 2 Gb level will make the cost to provide service more expensive than the federal support available to providers;

Whereas if that is the impact of the next increase, many Lifeline providers may withdraw from the program, or institute an additional charge for lifeline services, adversely impacting subscribers across the country;

Whereas the Lifeline program is intended to help low-income Americans be able to access jobs, family, healthcare, education and emergency services but the deficits in the current rollout processes have inadvertently rejected eligible subscribers' access and the anticipated possible increases imposed by mandated increases in data allocations could further impact this sector resulting in many eligible low-income Americans lacking access to these critical services;

*Whereas if the increase in mandated service requirements does result in providers exiting the market or including additional fees on Lifeline subscribers, this can only broaden the divide between Americans who have access to mobile broadband telecommunications service and those who do not - disproportionately impacting lower income elderly and veterans living in rural America; *now therefore be it**

*Resolved, that the Board of Directors of the National Association of Regulatory Utility Commissioners ("NARUC") convened at its 2019 Meetings in Indianapolis, Indiana requests that the FCC and the Universal Service Administrative Company to work to quickly correct the deficits in the National Verifier and coordinate more closely with Lifeline providers and existing and new subscribers to ensure the program application changes work as intended before the program is rolled out to states; *and be it further**

Resolved, that NARUC recommends the FCC temporarily suspend any further "hard launch" roll-outs of the National Verifier in states for the remainder of 2019, and that only soft launches² continue in states the remainder of this year to allow sufficient time to ensure that hard launches will work as intended.; and be it further

*Resolved, in existing hard launch states where documented Lifeline enrollment has dropped 35 percent or more, the FCC should permit those states revert to soft launch National Verifier status for the rest of 2019; *and be it further**

Resolved, NARUC requests that the FCC not increase the mandated mobile broadband minimum data service requirements on December 1, 2019, without also re-instating a subscriber port freeze of at least 60 days which is proven to reduce subscriber churn and provide some financial stability for providers.

*Sponsored by the NARUC Committee on Telecommunications
Adopted by the NARUC Board of Directors, July __, 2019*

WC-1 Resolution on Contributions in Aid of Construction for Water and Wastewater Systems

Whereas Contributions in Aid of Construction (“CIAC”) represent the amount of money or property advanced or contributed to a utility by a developer to provide for the expansion, improvement or replacement of the utility’s water or wastewater facilities;

Whereas CIAC finances a substantial amount of the capital costs of water and wastewater utilities and has the effect of ensuring that the expansion of water or wastewater service to new customers or new locations does not unfairly burden a utility’s existing customers;

Whereas the Tax Cuts and Jobs Act (“TCJA”) of 2017 made changes to federal tax law so that CIAC is now federal taxable income to the water and wastewater utilities that receive them;

Whereas prior to the TCJA, the tax code treated CIAC as nontaxable contributions to capital;

Whereas as a tradeoff for these amounts being nontaxable, prior law prohibited water and wastewater utilities from including system expansion property funded by CIAC in the rate base upon which the utility is allowed the opportunity to earn a return;

Whereas prior law also prohibited utilities from taking any depreciation deductions with respect to CIAC property;

Whereas water and wastewater utilities are severely impacted by the increased taxation because of the capital-intensive nature of water infrastructure and the resulting large amounts of CIAC funds they receive;

Whereas for water and wastewater utilities, the loss of tax-free CIAC will increase the cost of providing water and wastewater utility service to the public and result in higher rates for customers for waterline extensions or other expenditures funded by CIAC;

Whereas the TCJA also allows most businesses to deduct 100 percent of the cost of water infrastructure in the first year, but does not make that deduction available to regulated utilities;

Whereas the first-year deduction will enable non-utilities that receive CIAC to offset the tax on the CIAC and thus avoid adding a tax charge to the CIAC;

Whereas the discrepancy in the availability of the first-year deduction thus creates a tax incentive for developers to shift investment in water infrastructure away from regulated water utilities to non-utility companies that may lack the expertise and experience to ensure safe and reliable water and wastewater services for consumers;

Whereas no action has been taken by Congress to amend the TCJA and exempt CIAC from taxable income for water and wastewater utilities;

Whereas it has been a longstanding position of the National Association of Regulatory Utility Commissioners (“NARUC”) to support the exemption of CIAC from taxable income, as the membership has passed two resolutions on the subject with respect to prior tax laws;

Whereas the first of these resolutions, which the NARUC Executive Committee adopted on March 1, 1995, encouraged and supported an amendment to the Tax Reform Act of 1986, which, similar to the TCJA, eliminated capital-contribution treatment for CIAC;

Whereas in 1996, Congress amended the Tax Reform Act of 1986 and restored capital-contribution treatment for CIAC received by water utilities, thereby making CIAC for investments in water and wastewater systems again tax exempt.

Whereas the TCJA has reversed that change and has once again made CIAC taxable income to the detriment of water and wastewater utilities and water consumers across the nation; *now, therefore be it*

Resolved that the Board of Directors of the National Association of Regulatory Utility Commissioners, convened at its 2019 Summer Policy Summit in Indianapolis, Indiana, supports the exemption of CIAC funds received by regulated water and wastewater utilities from income tax liability; *and* encourages and supports an amendment to the TCJA which would exempt CIAC from income taxes for regulated water and wastewater utilities.

Sponsored by the Committee on Water

Recommended by the NARUC Board of Directors on July , 2019

SWD-1 Resolution Encouraging Inclusion of Minority-Serving Institutions in the Development of Long-Term Strategic Partnerships to Address Pending Retirements of Utility Professionals

Whereas the Subcommittee on Supplier & Workforce Diversity (“SSWD”) of the National Association of Regulatory Utility Commissioners (“NARUC”) works to highlight areas of opportunity to encourage economic growth and inclusion among regulated utilities;

Whereas according to the United States Bureau of Labor and Statistics, as of 2018, about 52 percent of the utilities industry workforce is age 45 or older;

Whereas many of these workers will retire or prepare to retire within the next ten years and will need to be replaced with new skilled utility professionals;

Whereas on-the-job training is very intensive in many utilities industry occupations, and preparing a new workforce will be one of the industry’s highest priorities during the next decade;

Whereas the imminent loss of such a large number of highly skilled utility professionals over the next ten to fifteen years, whose considerable training and expertise is extremely valuable to both utility performance and safety, represents a growing dilemma within the utility industry;

Whereas it is critical that utilities, the State commissions that regulate them, and interested stakeholders work collaboratively to establish long-term strategic partnerships to develop continuing educational programs and partnerships with private industry and universities to cultivate the next generation’s utility professionals;

Whereas the Hispanic Association of Colleges and Universities and Hispanics In Energy have formed a collaborative to prepare engineering and occupational trade students to address America’s need for engineering, Information Technology, Clean Tech, and other solutions;

Whereas America’s more than 523 Hispanic-Serving Institutions are represented by HACU and successfully educate, train and prepare the largest numbers of Hispanic, African American, American Indian, and Asian American college students and are a viable network of higher education institutions successfully serving America’s diverse population;

Whereas in 2017, the Illinois legislature passed the Future Energy Jobs Act (“FEJA”), which mandates job training programs across Illinois to avail the citizens of Illinois the opportunity to participate in employment and economic growth happening in the solar and energy efficiency markets. FEJA provides funding for programs in solar training, craft apprenticeship, and multi-cultural jobs. These job training programs are administered by local community organizations and trade associations, and overseen by ComEd, which is one of the Illinois regulated utilities. This is an example of how to bring about newly trained diverse professionals to make them available to the industry;

Whereas the Illinois legislature amended Section 5-117 of the Public Utilities Act [220 ILCS 5/5-117](#), to require all gas, electric, and water companies with at least 100,000 customers under its authority, as well as suppliers of wind energy, solar energy, hydroelectricity, nuclear energy, and any other supplier of energy within this State, to submit an annual report by April 15 of every year, on all procurement goals and actual spending for female-owned, minority-owned, veteran-owned, and small business enterprises in the previous calendar year, and the utilities’ plan for implementing and realizing their goals for the following year. This is an example of how to hold companies accountable to bring diverse professionals into the industry;

Whereas the Board of Directors of the National Association of Regulatory Utility Commissioners convened at its 2012 Winter Committee Meetings in Washington, D.C. and through the initiative and leadership of Utility Marketplace Access (“UMA”) Subcommittee Chairman Commissioner Harold D. Williams and Commissioner Timothy Alan Simon adopted a Resolution Encouraging Inclusion of Historically Black Colleges and Universities in the Development of Long-Term Strategic Partnerships to Address Pending Retirements of Utility Professionals to develop and cultivate new talented and diverse professionals for the utility industry, including utility regulatory agencies;

Whereas this Resolution expands and does not supersede said 2012 Resolution;

Whereas the Subcommittee on Supplier & Workforce Diversity, through its members and leaders, Chairman Illinois Commerce Commission Commissioner Sadzi M. Oliva and Vice-Chairman District of Columbia Public Service Commission Chairman Willie Phillips, wishes to remind, recommend, and encourage interested parties to include and engage America’s Minority-Serving Institutions (“MSIs”), including Historically Black Colleges and Universities (“HBCUs”), Hispanic-Serving Institutions (“HSIs”), Tribal Colleges and Universities (“TCUs”), Asian American and Native American Pacific Islander-Serving Institutions (“AANAPISIs”), and institutions serving women and veterans into their workforce strategic development plans when establishing partnerships and initiatives to address impending retirements of utility professionals; *now, therefore be it*

Resolved that the Board of Directors of the National Association of Regulatory Utility Commissioners, convened at its 2019 Summer Committee Meetings in Indianapolis, Indiana, supports enhanced efforts to include MSIs, HBCUs, HSIs, TCUs, AANAPISIs, and women and veteran serving institutions within the development of long-term utility workforce plans to cultivate new talented and diverse professionals for the utility industry including utility regulatory agencies.

*Sponsored by the Subcommittee on Supplier & Workforce Diversity
Recommended by the NARUC Board of Directors on July , 2019*

SWD-2 Resolution Supporting Diversity in Financial & Professional Services within Investor-Owned Utilities

Whereas historically, financial services institutions have played a critical role in the regulatory framework and market participation of investor-owned utilities, including but not limited to cost of capital, debt and preferred equity issuance of securities, investment management of employee pensions, nuclear decommissioning trust funds, mergers and acquisitions, futures markets, and other critical components of utility operations;

Whereas professional services institutions, including law firms, IT firms, advertising and marketing firms, business consulting firms, banking firms, engineering and technical consulting firms, and HR services, also play a critical role in the regulatory framework of investor-owned utilities by providing ancillary services in the operation of the institution from licensing and certifications to rate cases;

Whereas historically, veterans, women, and minorities, including African-American, Hispanic, Asian and Pacific Islander, and Native American, have been underrepresented in the financial and professional services industries relationships with investor-owned utilities, which has limited the ability of such firms to achieve their economic potential, to spur job growth in underserved communities, that may bring lower cost advantages by way of increased competition to ratepayers;

Whereas supporting supplier diversity for the diverse financial and professional services firms is an essential business need, because it brings enhanced benefits to society by supporting increased competition, and helps to sustain the overall health of America's economy including underrepresented communities while creating jobs;

Whereas it is necessary to increase the participation of diverse firms in the investor-owned utilities to utilize their unique talents and resources which can broaden the number of investors seeking to purchase utilities' financial instruments, both of which may lower utilities' cost of capital due to expanding markets for common and preferred stock as well as long-term debt, leading to lower costs to ratepayers;

Whereas it is beneficial to increase the participation of diverse firms in utility employee pension, Nuclear Decommissioning Trust Funds ("NDTF"), and investment management to better shape the governance of the trust funds improve returns and/or lowering risks through the diversification of ideas and investments that these firms offer;

Whereas it is necessary to increase the participation of diverse firms in the investor-owned utilities to provide additional competition among suppliers thereby providing opportunities for lower financial costs;

Whereas it is beneficial to increase the participation of diverse firms in the competitive and/or negotiated bidding rules for the utilities to provide additional opportunities to strengthen diverse firms, which may be to the ultimate benefit of the utilities' ratepayers and shareholders;

Whereas procurement decisions are made by the utility parent company leadership, including the Chief Financial Officer, Treasurer, General Counsel, and other executive leaders. We hope that these entities and executives take the importance of supplier diversity in both the financial and professional services into consideration when making procurement determinations within their utilities.

Whereas the Board of Directors of the National Association of Regulatory Utility Commissioners convened at its 2011 Summer Committee Meetings in Los Angeles, California and through the initiative and

leadership of the Subcommittee on Utility Marketplace Access (“UMA”) Chairman Commissioner Harold D. Williams and Commissioner Timothy Alan Simon adopted a Resolution Supporting Supplier Diversity in Financial Services within Investor-Owned Utilities to develop and cultivate diverse professionals in financial services institutions;

Whereas this Resolution expands and does not supersede said 2011 Resolution;

Whereas to the extent that mergers and acquisition are important in shaping how communities are served by investor-owned utilities, it is recommended that the ideas and expertise of diverse firms be utilized as part of the advisory team for the benefit of the ratepayers and the communities in which they live; *now, therefore be it*

Resolved that the Board of Directors of the National Association of Regulatory Utility Commissioners, convened at its 2019 Summer Committee Meetings in Indianapolis, Indiana, supports enhanced efforts to support supplier diversity within investor-owned utilities.

*Sponsored by the Subcommittee on Supplier & Workforce Diversity
Recommended by the NARUC Board of Directors on July , 2019*