

Subject: PRESS RELEASE- Mason Co. PUD 1 Board Formally Opposes Carbon Tax Initiative



Media Release

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Mason County PUD No. 1 Commission Formally Opposes Carbon Tax Initiative

Potlatch, WA- At their regular board meeting on Tuesday, May 24th, the board of commissioners for Mason County PUD No. 1 followed the path of neighboring PUD commissions including Mason PUD No. 3, Cowlitz PUD and Clallam PUD by passing a resolution to formally oppose Initiative 732 which is commonly known as the "Carbon Tax Initiative". State legislators failed to act on the proposal so the initiative is scheduled to go to a vote of the people on the ballot this fall. If passed, PUD 1 commissioners warn that it will have serious implications to the District's finances with no real impact on carbon reduction.

I-732 introduces a \$15 per ton tax on carbon emissions from fossil fuels in the first year, which jumps to \$25 per a ton in the second year, rises annually by 3.5 percent, plus inflation, and eventually tops out at \$100 a ton. It would affect virtually all consumers through higher gas prices and higher product costs. The resolution stated that by 2017 the impact to PUD 1 is estimated to reach \$217,000 and could be as high as half a million dollars by 2025, not including the costs for staff time. Commissioner Karl Denison said that the proposed offset of a one percent reduction to the state sales tax and the working families tax incentive are not enough to repay what his own household would incur in new taxes just from commuting alone, let alone any increase on his power bill over the first year.

At a public hearing on the issue on May 10th, several PUD 1 ratepayers also voiced their concerns regarding the bill and asked the commission not to support it. Only one individual, Mike Massa with Carbon Washington, the organization sponsoring the initiative, spoke in favor of the proposal. Mr. Massa was also in attendance at this week's meeting where Commissioner Jack Janda thanked him for his time to exchange dialogue on the ideas and help educate the board. However all three commissioners stated they could not support the initiative due to financial consequences to ratepayers and in Mason County, such as potential loss of industry and jobs due to these additional taxes on transportation and energy. Mr. Massa agreed that any loss of employment as a result of the carbon tax "would be considered a policy failure".

Commissioners expressed concern that this initiative will only compound upon the already-imposed Energy Independence Act, formally known as I-937, causing more expenses for public utilities and their customers. Commissioner Janda said he would need to see a better model to replace the existing mandates, not compound them, in order to be on board with any carbon tax measure. Commissioner Denison suggested that there were other more impactful areas that this initiative could focus on to realize real carbon reduction such as battery storage, electrifying the transportation sector, and helping the shipping industry find ways to burn cleaner fuel.

Mr. Massa asked the commission to consider the impending impact of climate change and what ratepayers and future commissioners will think looking back on their decision 20 years later, to which the commission replied that public power providers are already about 95% or more carbon free. Commissioner Denison added, "PUDs especially are already leaders in carbon reduction and clean energy efforts. We are part of the solution." They stated that the way this initiative is written, it penalizes power resources that may already be wind or solar that the public already pays to subsidize through tax incentives, but these resources are not specified by Bonneville Power Administration. This was the issue that weighed the heaviest in their decision to pass the resolution in opposition of the initiative, which will be ultimately decided by Washington State's citizens on the November ballot.

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Founded in 1935, Mason County PUD No. 1 was the first public utility district formed in Washington State. PUD 1 provides non-for-profit water, sewer and electric services to approximately 7,200 customers in both Mason and Jefferson counties. The District's mission is to provide customers with safe, reliable and valued utility services.

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