

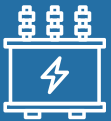
# Federal Legislative Items

October 2024



## Funding for Electric Distribution Supply Chain

The electric sector is facing an unprecedented supply chain crisis – especially for distribution transformers. The ongoing shortage of distribution transformers and other critical electric materials threatens to slow disaster recovery, economic development, and grid modernization. DME is a member of the American Public Power Association (APPA), which has joined with a coalition of electric utilities, manufacturers and other stakeholders to advocate for Congress to appropriate money to the Department of Energy to help alleviate the crisis. APPA supports a provision in the Senate’s Energy & Water Development Appropriations bill that would repurpose \$600 million in previously appropriated funds to enhance domestic manufacturing.



**DME has waited over 2 years for 2,055 transformers ordered with 1,500 more needed for growth.**



**DME currently has over 100,000 feet of cable on order needed to support growth.**

**Action: Support additional funding for increased domestic production of transformers.**

## Pole Attachments

DME staff met with representatives from Senator Cruz’s office and the Federal Communications Commission (FCC) to discuss pole attachments. Currently, the FCC does not have the authority to regulate attachments to municipally owned utilities’ (MOUs) poles. Under the Communications Act, MOUs can set their own fee structures for third-party attachments, such as those by telecom and fiber providers, unless a state has adopted a specific fee methodology. Since Texas has not adopted such a methodology, companies are attempting to defer to FCC guidelines, while the FCC is pointing back to local authorities like DME. This reinforces DME’s authority to define and charge appropriate fees for the use of its infrastructure.

Additionally, the City of Denton is seeking to clarify legislation to eliminate any grandfathering provisions for older lines, which have become a challenge in negotiations with certain providers. By removing grandfather clauses, DME aims to ensure all attachments are subject to modern safety and maintenance standards, preserving the integrity and lifespan of the utility’s infrastructure.



**DME currently has over 13,378 power poles with 640 more needed through 2026.**



**There are currently 219 stub poles in Denton needing providers to relocate equipment.**

**Action: Protect and maintain local municipal legislation that allows DME to continue to set fees and standards.**

## Pole Attachment Litter

Pole attachment litter is physical clutter and disorganization that occurs when multiple third-party entities (like telecommunications providers, cable companies, and internet service providers) attach their equipment or lines to utility poles, often owned by municipal utilities. This can include improper installations, abandoned or unused equipment, and unauthorized attachments. For municipally owned utilities (MOUs), pole attachment litter creates various operational, legal, and safety challenges.

Currently, it is difficult for DME to have the third-parties declutter, respond to service or nuisance requests, or maintain the equipment on the poles. DME is reviewing the Pole Attachment Agreements and associated ordinance to ensure that all of the needed protections are included.



DME receives calls for “downed power lines” that turn out to be telecommunication providers.



Providers currently have no standards to maintain equipment on poles.

***Action: Protect and maintain local municipal authority that requires third-party entities to properly maintain the equipment on poles, and preserve municipal authority that continues to allow MOUs to create standards for their Pole Attachment Agreements.***

## Advance Refunding

DME supports the American Public Power Association’s (APPA) position on addressing restrictions related to refunding municipal bonds. The current issue is not the elimination of tax-exempt bonds but rather the ability to issue tax-exempt advance refunding municipal bonds. Presently, municipalities can issue a tax-exempt current refunding bond within the 90-day window leading up to the call date, but they miss opportunities to take advantage of lower interest rates and the ability to restructure debt when waiting until this period.

Previously, tax-exempt advance refundings—allowing bonds to be refinanced more than 90 days before the call date—were a common tool used by municipalities to manage debt more efficiently. However, the Tax Cut and Jobs Act eliminated the ability to issue tax-exempt advance refunding bonds. This policy change limits the flexibility of municipal utilities, often forcing them to explore less favorable options, such as issuing taxable bonds, which carry higher interest rates and reduce the financial benefit of refinancing.

Reinstating the ability to issue tax-exempt advance refundings would allow public power utilities to better manage their debt, reduce borrowing costs, and ultimately pass those savings on to their customers through lower utility rates and enhanced infrastructure investment.

***Action: Support legislation that will reinstate a Municipality’s ability to advance refund outstanding bonds more than 90 days before the scheduled call date.***