

Multiple Agency Fiscal Note Summary

Bill Number: 1233 HB	Title: Distributed energy
-----------------------------	----------------------------------

Estimated Cash Receipts

Agency Name	2017-19		2019-21		2021-23	
	GF- State	Total	GF- State	Total	GF- State	Total
Utilities and Transportation Commission	0	0	0	14,000	0	7,000
Total \$	0	0	0	14,000	0	7,000

Estimated Expenditures

Agency Name	2017-19			2019-21			2021-23		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Auditor	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	1.3	0	397,006	1.3	0	397,006	1.3	0	397,006
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Utilities and Transportation Commission	1.0	0	257,133	1.6	0	449,116	.5	0	83,794
Total	2.3	\$0	\$654,139	2.9	\$0	\$846,122	1.8	\$0	\$480,800

Local Gov. Courts *									
Loc School dist-SPI									
Local Gov. Other **	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Impact

NONE

Prepared by: Kathy Cody, OFM	Phone: (360) 902-9822	Date Published: Final 1/31/2017
-------------------------------------	---------------------------------	---

* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 45427

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 1233 HB	Title: Distributed energy	Agency: 095-Office of State Auditor
-----------------------------	----------------------------------	--

Part I: Estimates

☒ No Fiscal Impact

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Nikkole Hughes	Phone: 360-786-7156	Date: 01/16/2017
Agency Preparation: Janel Roper	Phone: 360-725-5600	Date: 01/19/2017
Agency Approval: Janel Roper	Phone: 360-725-5600	Date: 01/19/2017
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 01/20/2017

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part IV: Capital Budget Impact

Individual State Agency Fiscal Note

Bill Number: 1233 HB	Title: Distributed energy	Agency: 100-Office of Attorney General
-----------------------------	----------------------------------	---

Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	1.3	1.3	1.3	1.3	1.3
Account					
Public Service Revolving Account-State 111-1	198,503	198,503	397,006	397,006	397,006
Total \$	198,503	198,503	397,006	397,006	397,006

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☒

If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐

If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Nikkole Hughes	Phone: 360-786-7156	Date: 01/16/2017
Agency Preparation: Michael Shinn	Phone: 360-759-2100	Date: 01/20/2017
Agency Approval: Brendan VanderVelde	Phone: 360 586-2104	Date: 01/20/2017
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 01/23/2017

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1 is a new section, and a findings section.

Section 2 adds a new section to Chapter 19.280 RCW. The section allows consumer and investor-owned electric utilities to submit an annually updated ten-year distributed energy resource plan to the Utilities and Transportation Commission (UTC). Section 2 requires the UTC to review and approve or reject resource plans and requires the UTC to adopt rules for resource plan requirements.

Section 3 is a new section. The section allows the UTC to regulate an electrical company by regulation forms alternative to traditional rate of return regulation. The UTC may establish by rule or order requirements for electrical companies to petition the UTC for an alternative form of regulation. The UTC is required, after notice and hearing, to rule on petitions within nine months of submission unless extended by the UTC for good cause. The UTC or any person may file a complaint that an alternatively-regulated electrical company has not complied with the terms set forth in an alternative form of regulation.

Section 4 is a new section defining consumer-owned utility and governing body. The section also allows consumer-owned utilities to provide other energy services besides the sale and distribution of electricity.

Section 5 is a new section and is a definitions section.

Section 6 is a new section allowing the UTC to register third party vendors and investor-owned utilities as direct retail to electric consumer companies.

Section 7 is a new section requiring the UTC to publish a list of financing models offered by companies registered under Section 6.

Section 8 is a new section requiring the UTC to approve or note a hearing concerning applications under Section 6 within 30 days. The UTC is required to adopt rules describing how it will register companies under Section 6, as well as annual reporting requirements.

Section 9 adds a new section to Chapter 80.28 RCW making a violation of Section 8 an unfair practice under the Consumer Protection Act.

Sections 11 and 12 make Sections 3 and 4 a new chapter in Title 80 RCW and sections 5-7 a new chapter in Title 19 RCW.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

No cash receipt impact. The Attorney General's Office (AGO) assumption is that the activities impacted by this proposed legislation would be funded with Public Service Revolving Account (Account 111-1) dollars. There is no client agency to bill for legal services.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

In order to provide legal services for the enactment of this bill, the AGO estimates a workload impact of 0.3 Assistant Attorney General (AAG), 0.15 Legal Assistant (LA), 0.75 Regulatory Analyst (RA) at a cost of \$198,503 (including direct litigation costs of \$45,000) in FY 2018 and in each FY thereafter.

AGO Agency Assumptions:

1. Legal services associated with the enactment of this bill will begin on July 1, 2017.
2. The AGO Utilities and Transportation division has reviewed this bill and determined it will not increase or decrease costs to the division's workload in representing the Utilities and Transportation Commission (UTC). The level of new legal services is nominal and costs are not included in this request.
3. The AGO Consumer Protection (CPR) division has reviewed this bill and determined it will not increase or decrease costs to the division's workload. The provision in Section 9 concerning violations of Section 8 will not impact the legal work of CPR because Section 8 is a strong statement of UTC jurisdiction, and it is unlikely that Consumer Protection Act enforcement will be necessary or appropriate. The AGO does not anticipate any investigations or lawsuits under the bill. The level of new legal services is nominal and costs are not included in this request.

Assumptions for the AGO Public Counsel Unit (PCU) Legal Services:

This bill will create several new types of proceedings and issues for PCU practice before the UTC.

1. A new type of filing for Distributed Energy Resources (DER) plans will be filed annually with the UTC, as well as the potential for a new stakeholder discussion platform for the annual DER plan filings. PCU assumes additional workload associated with the stakeholder work and plan reviews. This work will be performed by a Regulatory Analyst (RA), who will follow the filings, attend meetings, analyze comments filed by other stakeholders, file comments regarding UTC action on the DER filings. This workload will require 0.5 RA in FY2018 and in each FY thereafter.
2. The bill will allow electric utilities to file a petition for Alternative Form of Regulation (AFOR) for some or all of their utility services. AFORs are adjudicative proceedings and require an AAG to prepare for the adjudication, including requesting data from the petitioner utility, reviewing the data, formulating PCU's litigation position and strategy, monitoring preparation of testimony, reviewing testimony, proffering witnesses, examining witnesses at hearing, and legal briefing. AFORs will require the work of an RA to conduct technical research, analyze issues, support the litigation efforts, assist AAG in working with expert witness, and provide support during litigation.

PCU assumes three AFOR filings per biennium.

This workload will require 0.3 AAG and 0.25 RA in FY2018 and in each FY thereafter.

AFORs will require the work of an expert witness. Experts will be required in the fields of consumer protections, accounting, and utility finance. Cost are based on recent experience of \$30,000 to \$50,000 per contract per expert witness for major utility litigation. PCU assumes ongoing direct litigation costs for expert

witnesses at the low end of \$30,000 per AFOR (\$90,000 per bien; \$45,000 per FY).

3. This bill will require UTC to register third-party vendors and investor-owned utilities (or their affiliates) as “direct retail to electric customer companies.” PCU does not assume workload associated with the registration of these companies. If investor-owned utilities or their affiliates register as “direct retail to electric customer companies”, PCU may intervene. PCU assumes one adjudication will be adjudicated in 2020 and that these nominal costs can be provided within existing resources.

Note: Agency administration support FTEs are included in the tables below, using a Management Analyst 5 as a representative classification.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	1.3	1.3	1.3	1.3	1.3
A-Salaries and Wages	104,061	104,061	208,122	208,122	208,122
B-Employee Benefits	33,750	33,750	67,500	67,500	67,500
C-Professional Service Contracts	45,000	45,000	90,000	90,000	90,000
E-Goods and Other Services	14,051	14,051	28,102	28,102	28,102
G-Travel	1,191	1,191	2,382	2,382	2,382
J-Capital Outlays	450	450	900	900	900
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$198,503	\$198,503	\$397,006	\$397,006	\$397,006

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2018	FY 2019	2017-19	2019-21	2021-23
Assistant Attorney General	100,128	0.3	0.3	0.3	0.3	0.3
Legal Assistant III	48,060	0.2	0.2	0.2	0.2	0.2
Management Analyst 5	73,140	0.1	0.1	0.1	0.1	0.1
Regulatory Analyst 3	80,725	0.8	0.8	0.8	0.8	0.8
Total FTE's	302,053	1.3	1.3	1.3	1.3	1.3

III. C - Expenditures By Program (optional)

Program	FY 2018	FY 2019	2017-19	2019-21	2021-23
Public Counsel Unit (PCU)	198,503	198,503	397,006	397,006	397,006
Total \$	198,503	198,503	397,006	397,006	397,006

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None.

Department of Revenue Fiscal Note

Bill Number: 1233 HB	Title: Distributed energy	Agency: 140-Department of Revenue
-----------------------------	----------------------------------	--

Part I: Estimates

☒ No Fiscal Impact

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Nikkole Hughes	Phone: 360-786-7156	Date: 01/16/2017
Agency Preparation: Marianne McIntosh	Phone: 360-535-1505	Date: 01/31/2017
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 01/31/2017
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 01/31/2017

Request # 1233-1-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This bill makes several changes to the regulation of utilities and distributed energy by the Utilities and Transportation Commission. This bill allows a consumer-owned utility to provide other energy services, beyond the sale and distribution of electricity, and recover the cost of providing these services directly from its ratepayers.

The bill also regulates third-party vendors that provide competitive electrical services or electrical companies offering direct retail to electric consumer programs. "Competitive electrical services" means the provision of electricity generated by a renewable energy system to a customer and may include other services associated with the use of the renewable energy system under a lease, power purchase agreement (PPA), loan, or other financial transaction. "Direct retail to electric consumer program" means a program developed by an electric utility to provide customers of the utility access to renewable energy systems through a consumer contract, such as a lease or PPA.

The bill takes effect 90 days after final adjournment of the session in which it is enacted.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

This legislation results in no revenue impact to taxes administered by the Department of Revenue.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The Department of Revenue will not incur any costs with the implementation of this legislation.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

No rule-making required.

Individual State Agency Fiscal Note

Bill Number: 1233 HB	Title: Distributed energy	Agency: 215-Utilities and Transportation Commission
-----------------------------	----------------------------------	--

Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2018	FY 2019	2017-19	2019-21	2021-23
Public Service Revolving Account-State 111-1				14,000	7,000
Total \$				14,000	7,000

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	1.7	0.3	1.0	1.7	0.5
Account					
Public Service Revolving Account-State 111-1	229,013	28,120	257,133	449,116	83,794
Total \$	229,013	28,120	257,133	449,116	83,794

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

Legislative Contact: Nikkole Hughes	Phone: 360-786-7156	Date: 01/16/2017
Agency Preparation: Melissa Hamilton	Phone: 360 664-1158	Date: 01/19/2017
Agency Approval: Sondra Walsh	Phone: 360-664-1286	Date: 01/19/2017
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 01/19/2017

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

DER Rulemaking (Complex)

Section 2(2) requires the UTC to conduct a complex rulemaking to establish new methodologies and outline requirements for resource solicitations. Per Section 2(1)(b), the rulemaking will establish a methodology by which to assign a locational value to distributed energy resources. Per Section 2(5), the rulemaking will establish methods to compensate customer investments in the distribution system. Per Section 2(4), the rulemaking will include establishing requirements related to utility calls for resources. The complex rulemaking will entail two day-long workshops, development of draft and proposed rules, and two rounds of stakeholder comments.

Review of DER Plans (Annual review)

Section 2(2) requires the UTC to review and approve/reject annual DER plans. These annual plans will begin subsequent to the UTC rulemaking described above. It is likely these plans will result in tariff filings as well.

AFOR Rulemaking (None)

Section 3(2)(b) allows the UTC to establish, by rule or order, requirements governing the filing of petitions for alternative regulation plans. Based on prior experience implementing an AFOR for its largest regulated telecommunications company, the UTC assumes it would not conduct a rulemaking, but would rely on the requirements of the statute when considering a petition for an alternative form of regulation.

AFOR Adjudication

Section 3(4) requires the UTC, after notice and hearing, to issue an order accepting, modifying or rejecting a utility's AFOR plan within nine months the petition or notice is filed. The UTC will be required to conduct a full hearing to consider the components of the plan, which will include numerous elements outlined in Section 3(3) (c). The UTC would hear up to three petitions in three separate proceedings. For the purposes of this analysis, the UTC assumes that it would hear one petition in FY 2020-21

Publishing Financing Models

Section 7 – The UTC shall publish a list of financing models being offered by investor-owned utilities or third-party vendors.

Rulemaking for Third-Party Vendors of Competitive Electric Services (Complex)

Section 8(7) – The UTC shall adopt rules for third-party vendors of competitive electric services. The UTC is required to conduct a complex rulemaking to establish the manner by which it will register direct retail to electric consumer companies, ensure that consumer contracts comply with UTC rules and the requirements of this act, and establish the companies' responsibilities for responding to customer complaints and disputes.

Regulation of a New Industry (Direct Retail to Electric Consumers)

Section 8 requires regulation of a currently unregulated industry, requiring additional staffing resources. Section 8(2) requires the UTC to process registration of third-party vendors or electrical companies offering "direct retail to electric consumers" service, annual reporting requirements, and regulatory fees. Registration must be on a form prescribed by the UTC. Registration with the UTC is required annually. Upon receiving applications, per Section 8(5), the UTC shall take action to approve, or issue notice of hearing. Per Section 8(8), the UTC may suspend or revoke a registration after notice and hearing. Per Section 8(4), the UTC may deny registration to any company that does not provide required information. The number of companies offering "direct retail to electric

consumers” service that would register with the UTC as a result of this bill is unknown. For the purpose of this fiscal note, the UTC assumes that 10 companies would register as DRECCs in years 2020 and 2021 and 5 companies will register in years 2022, 2023 and 2024

Enforcement of Additional Consumer Protection Laws

Section 9 – The UTC may assess penalties on DRECCs as provided in Title 80. The UTC may also consult with the office of the attorney general regarding the administration and enforcement of this chapter as the Attorney General applies the consumer protection act in chapter 19.86 RCW. This is not likely to increase the UTC workload.

Net Metering Rulemaking (complex)

The UTC currently does not have rules specific to its administration of net metering. The UTC assumes that it would adopt rules regarding net metering to implement Section 10. The complex rulemaking will entail two day-long workshops, development of draft and proposed rules, and two rounds of stakeholder comments.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Per Section 8(6), the UTC may charge a one-time application fee to recover the cost of processing applications for registration under this section. Consistent with the UTC’s estimate of processing applications for registration, annual revenues from applications we expect 10 companies will file an application in years 2020, and 2021 at a cost of \$700 per application. In subsequent years we anticipate 5 applications in each year.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Rulemaking (Complex) for DER Plans

Section 2(2) requires the UTC to conduct a complex rulemaking. The rulemaking would likely begin January 2018. The complex rulemaking will entail two day-long workshops, development of draft and proposed rules, and two rounds of stakeholder comments.

\$74,832 (Administrative Law Judge = 0.08; Assistant Director, Energy Conservation = 0.07; Consumer Program Specialist 3 = 0.15; Director, Regulatory Services = 0.02; Legal Assistant 2 = 0.01; Administrative Assistant = 0.03; Regulatory Analyst 2 = 0.02; Regulatory Analyst 3 = 0.10; Senior Policy Advisor = 0.06)

Review of DER Plans (annual)

Section 2(2) requires the UTC to review and approve/reject annual DER plans. These annual plans will begin subsequent to the UTC rulemaking described above. The UTC assumes the first year of review to be 2019. The UTC must review and process plans for three electric utilities, annually. These proceedings may be adjudicated, and will entail ongoing oversight through an advisory group or similar process. For this purpose of this fiscal note, the UTC assumes that no DER plans will be adjudicated. If a plan requires adjudication, this would result in additional costs of \$38,170.

Beginning 2019, continues annually in perpetuity:

\$24,405 (Regulatory Analyst 2 = 0.17; Assistant Director, Energy Conservation = 0.02; Senior Engineering Specialist = 0.07)

AFOR Adjudication

Section 3(4) requires the UTC, after notice and hearing, to issue an order accepting, modifying or rejecting a utility's AFOR plan within nine months the petition or notice is filed. The UTC assumes one adjudication in 2020-21. The estimated cost of this adjudication are based on the actual costs for the UTC to implement the first AFOR for a telecommunications company.

\$327,153 (Administrative Assistant 4 = 0.02; Administrative Law Judge = 0.53; Assistant Director, Energy Conservation = 0.12; Commissioner = 0.07; Consumer Program Specialist 1 = 0.01; Consumer Program Specialist 2 = 0.01; Customer Service Specialist 1 = 0.02; Legal Assistant 2 = 0.03; Regulatory Analyst 2 = 0.37; Regulatory Analyst 3 = 0.01; Section Manager = 0.01; Senior Policy Advisor = 0.11; Senior Engineering Specialist = 0.84)

Publishing Financing Models

Section 7 requires the UTC to publish a list of financing models being offered by investor-owned utilities or third-party vendors. The UTC assumes that these financing models would be filed with the Commission and reviewed by regulatory staff prior to being posted on the UTC's website.

First year 2018

\$3,534 (Information Technology Specialist 4 = 0.01; Regulatory Analyst 2 = 0.03; Assistant Director, Energy Conservation = 0.00)

Beginning 2019, continues in perpetuity:

\$1,676 (Regulatory Analyst 2 = 0.02; Assistant Director, Energy Conservation = 0.00)

Rulemaking for Direct Retail to Electric Consumer registration (Complex)

Section 8(7) requires the UTC to adopt rules. The UTC is required to conduct a complex rulemaking to establish the manner by which it will register direct retail to electric consumer companies, ensure that consumer contracts comply with UTC rules and the requirements of this act, and establish the companies' responsibilities for responding to customer complaints and disputes. The UTC assumes the rulemaking would begin January 2018. The complex rulemaking will entail two day-long workshops, development of draft and proposed rules, and two rounds of stakeholder comments.

\$75,159 (Administrative Law Judge = 0.08; Assistant Director, Energy Conservation = 0.07; Consumer Program Specialist 3 = 0.15; Director, Regulatory Services = 0.02; Legal Assistant 2 = 0.01; Administrative Assistant = 0.03; Regulatory Analyst 2 = 0.02; Regulatory Analyst 3 = 0.10; Senior Policy Advisor = 0.06)

Regulation of a New Industry (Direct Retail to Electric Consumers)

Section 8 requires regulation of a currently unregulated industry, requiring additional staffing resources. Section 8(2) requires the UTC to process registration of third-party vendors or electrical companies offering direct retail to electric consumer services. Registration must be on a form prescribed by the UTC. Registration with the UTC is annual. Upon receiving applications, per Section 8(5), the UTC shall take action to approve, or issue notice of hearing. Per Section 8(8), the UTC may suspend or revoke a registration after notice and hearing. Per Section 8(4), the UTC may deny registration to any company that does not provide required information. We assume at least one registration will be adjudicated. Each additional adjudication will result in additional costs of \$38,170.

Processing annual applications for registration, first year 2019

\$2,039 (Information Technology Specialist 4 = 0.02)

Administering and reviewing annual reporting requirements pursuant to new rules.

Beginning 2020, continues in perpetuity (ongoing regulation):

\$8,308 (Regulatory Analyst 2 = 0.07; Assistant Director, Energy Conservation = 0.02)

Beginning 2020, continues in perpetuity (processing applications for registration)

\$7,360 (Regulatory Analyst 2 = 0.03; Assistant Director, Energy Conservation = 0.01; Administrative Law Judge = 0.01; Research Analyst 2 = 0.03)

In 2020, one adjudication

\$38,170 (Administrative Law Judge = 0.05; Assistant Director, Energy Conservation = 0.02; Legal Assistant 2 = 0.05; Regulatory Analyst 2 = 0.05; Regulatory Analyst 3 = 0.05; Director, Regulatory Services = 0.02)

Net Metering Rulemaking (complex)

The UTC currently does not have rules specific to its administration of net metering. The added complexities in Section 10 will require the UTC to conduct a complex rule making. The complex rulemaking will entail two day-long workshops, development of draft and proposed rules, and two rounds of stakeholder comments.

\$75,159 (Administrative Law Judge = 0.08; Assistant Director, Energy Conservation = 0.07; Consumer Program Specialist 3 = 0.15; Director, Regulatory Services = 0.02; Legal Assistant 2 = 0.01; Administrative Assistant = 0.03; Regulatory Analyst 2 = 0.02; Regulatory Analyst 3 = 0.10; Senior Policy Advisor = 0.06)

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	1.7	0.3	1.0	1.7	0.5
A-Salaries and Wages	128,465	20,677	149,142	274,842	61,612
B-Employee Benefits	30,832	4,962	35,794	65,962	14,788
C-Professional Service Contracts					
E-Goods and Other Services	69,716	2,481	72,197	108,312	7,394
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$229,013	\$28,120	\$257,133	\$449,116	\$83,794

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2018	FY 2019	2017-19	2019-21	2021-23
Administrative Assistant 4	50,496	0.1		0.1	0.0	
Administrative Law Judge	125,880	0.2		0.1	0.3	0.0
Assist. Director, CEP	89,736	0.2	0.0	0.1	0.1	0.1
Commissioner	120,096				0.0	
Consumer Prgm Spec 1	45,684				0.0	
Consumer Prgm Spec 2	53,016				0.0	
Consumer Prgm Spec 3	58,548	0.5		0.2		
Customer Service Spec 1	35,928				0.0	
Director, Regulatory Services	108,156	0.1		0.0	0.0	
Information Technology Spec. 4	74,964	0.0	0.0	0.0		
Legal Assist. 2	43,524	0.0		0.0	0.0	
Regulatory Analyst 2	61,632	0.1	0.2	0.1	0.5	0.3
Regulatory Analyst 3	69,756	0.3		0.2	0.0	
Section Manager	6,704				0.0	
Senior Engineering Specialist	81,036		0.1	0.0	0.5	0.1
Senior Policy Advisor	75,000	0.2		0.1	0.1	
Transportation Spec. 3	50,496				0.0	0.0
Total FTE's	1,150,652	1.7	0.3	1.0	1.7	0.5

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Explicitly Required:

- Section 2(2) requires the UTC to conduct a complex rulemaking for DER Planning
- Section 3(2)(b) allows the UTC to conduct a rulemaking to establish requirements governing the filing of a petition to approve an alternative regulation plan.

Section 3(2)(b) allows the UTC to establish, by rule or order, requirements governing the filing of petitions for alternative regulation plans. Based on prior experience implementing an AFOR for its largest regulated telecommunications company, the UTC assumes it would not conduct a rulemaking, but would rely on the requirements of the statute when considering a petition for an alternative form of regulation.

- Section 8(7) requires the UTC to conduct a complex rulemaking to establish requirements for third-party vendors of competitive electric services.

Implicitly Required:

- Section 10 may necessitate a rulemaking to administer state net metering laws.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1233 HB

Title: Distributed energy

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Cities with consumer-owned utilities
- ☒ Counties: Counties with consumer-owned utilities
- ☒ Special Districts: Special districts that operate consumer-owned utilities
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☐ Legislation provides local option:
- ☒ Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

Indeterminate Impact

Estimated expenditure impacts to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: Larry Leveen	Phone: 360-725-5030	Date: 01/25/2017
Leg. Committee Contact: Nikkole Hughes	Phone: 360-786-7156	Date: 01/16/2017
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 01/25/2017
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 01/26/2017

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

The bill affects utilities, including consumer-owned municipal utilities, public utility districts (PUDs), irrigation districts, cooperatives, mutual corporations/associations, port districts, and water-sewer districts. It allows consumer-owned utilities to annually submit a 10-year distributed energy resources (DER) plans to their governing bodies. The bill provides various valuation requirements for these plans that may provide incentives to consumer-owned utilities to develop such resource facilities.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

Local government expenses are indeterminate. Consumer-owned utilities may incur the following types of costs:

- Staff costs related to creating the optional DER plans for consideration/adoption by their governing bodies
- Capital and operational expenses for those consumer-owned utilities electing to build distributed energy resource facilities
- Operational costs to purchase power from others who build/install such facilities

It cannot be determined how many consumer-owned utilities would elect to prepare and adopt DER plans. Nor can it be determined what capital and operational costs would result from enacting those plans that are approved.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

Local government revenue impacts are indeterminate. Direct retail to electric consumer companies (defined in Section 5(3) of the bill) might not be subject to the Municipal Utility Tax (MUT). If customers switch from electricity providers that generate MUT to ones that do not, or have more opportunities/incentives to produce their own electricity, cities could lose tax revenue.

SOURCES:

Utilities and Transportation Commission

Microdesign Northwest Energy Consulting