

# Multiple Agency Fiscal Note Summary

|                             |                            |
|-----------------------------|----------------------------|
| <b>Bill Number:</b> 5562 SB | <b>Title:</b> Clean energy |
|-----------------------------|----------------------------|

## Estimated Cash Receipts

| Agency Name                | 2023-25  |             |               | 2025-27  |             |               | 2027-29  |             |          |
|----------------------------|----------|-------------|---------------|----------|-------------|---------------|----------|-------------|----------|
|                            | GF-State | NGF-Outlook | Total         | GF-State | NGF-Outlook | Total         | GF-State | NGF-Outlook | Total    |
| Office of Attorney General | 0        | 0           | 86,000        | 0        | 0           | 25,000        | 0        | 0           | 0        |
| <b>Total \$</b>            | <b>0</b> | <b>0</b>    | <b>86,000</b> | <b>0</b> | <b>0</b>    | <b>25,000</b> | <b>0</b> | <b>0</b>    | <b>0</b> |

## Estimated Operating Expenditures

| Agency Name                             | 2023-25    |                |                |                  | 2025-27    |                |                |                | 2027-29    |               |               |               |
|---|------------|----------------|----------------|------------------|------------|----------------|----------------|----------------|------------|---------------|---------------|---------------|
|   | FTEs       | GF-State       | NGF-Outlook    | Total            | FTEs       | GF-State       | NGF-Outlook    | Total          | FTEs       | GF-State      | NGF-Outlook   | Total         |
| Office of Attorney General              | .4         | 0              | 0              | 102,000          | .1         | 0              | 0              | 41,000         | .1         | 0             | 0             | 16,000        |
| Utilities and Transportation Commission | 3.0        | 944,948        | 944,948        | 944,948          | 1.4        | 450,607        | 450,607        | 450,607        | .1         | 39,960        | 39,960        | 39,960        |
| <b>Total \$</b>                         | <b>3.4</b> | <b>944,948</b> | <b>944,948</b> | <b>1,046,948</b> | <b>1.5</b> | <b>450,607</b> | <b>450,607</b> | <b>491,607</b> | <b>0.2</b> | <b>39,960</b> | <b>39,960</b> | <b>55,960</b> |

## Estimated Capital Budget Expenditures

| Agency Name                             | 2023-25    |          |          | 2025-27    |          |          | 2027-29    |          |          |
|---|------------|----------|----------|------------|----------|----------|------------|----------|----------|
|   | FTEs       | Bonds    | Total    | FTEs       | Bonds    | Total    | FTEs       | Bonds    | Total    |
| Office of Attorney General              | .0         | 0        | 0        | .0         | 0        | 0        | .0         | 0        | 0        |
| Utilities and Transportation Commission | .0         | 0        | 0        | .0         | 0        | 0        | .0         | 0        | 0        |
| <b>Total \$</b>                         | <b>0.0</b> | <b>0</b> | <b>0</b> | <b>0.0</b> | <b>0</b> | <b>0</b> | <b>0.0</b> | <b>0</b> | <b>0</b> |

## Estimated Capital Budget Breakout

|                                       |                                 |                                 |
|---------------------------------------|---------------------------------|---------------------------------|
| <b>Prepared by:</b> Tiffany West, OFM | <b>Phone:</b><br>(360) 890-2653 | <b>Date Published:</b><br>Final |
|---------------------------------------|---------------------------------|---------------------------------|

# Individual State Agency Fiscal Note

|                             |                            |   |
|-----------------------------|----------------------------|---|
| <b>Bill Number:</b> 5562 SB | <b>Title:</b> Clean energy | <b>Agency:</b> 100-Office of Attorney General |
|-----------------------------|----------------------------|---|

## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

| ACCOUNT   | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|---|---------|---------|---------|---------|---------|
| Legal Services Revolving Account-State<br>405-1 | 43,000  | 43,000  | 86,000  | 25,000  |         |
| <b>Total \$</b>                                 | 43,000  | 43,000  | 86,000  | 25,000  |         |

### Estimated Operating Expenditures from:

|   | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|---|---------|---------|---------|---------|---------|
| FTE Staff Years                                 | 0.4     | 0.4     | 0.4     | 0.1     | 0.1     |
| <b>Account</b>                                  |         |         |         |         |         |
| Public Service Revolving<br>Account-State 111-1 | 8,000   | 8,000   | 16,000  | 16,000  | 16,000  |
| Legal Services Revolving<br>Account-State 405-1 | 43,000  | 43,000  | 86,000  | 25,000  | 0       |
| <b>Total \$</b>                                 | 51,000  | 51,000  | 102,000 | 41,000  | 16,000  |

### 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: Kim Cushing  | Phone: (360) 786-7421 | Date: 01/24/2023 |
| Agency Preparation: Allyson Bazan | Phone: 360-586-3589   | Date: 01/30/2023 |
| Agency Approval: Joe Zawislak     | Phone: 360-586-3003   | Date: 01/30/2023 |
| OFM Review: Cheri Keller          | Phone: (360) 584-2207 | Date: 01/30/2023 |

## Part II: Narrative Explanation

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

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Section 1: Amends RCW 80.28.010 to prohibit gas companies with more than 500,000 customers from furnishing or supplying natural gas to residential and commercial customers if the location did not order or receive gas service prior to June 30, 2023.

Section 2: Definitions.

Section 3: Requires large gas companies to file with the Utilities and Transportation Commission (UTC) de-carbonization plans as part of any multiyear rate plan filed that would aim to achieve the gas company's proportional share of emissions reductions required under RCW 70A.45.020 on or after January 1, 2026; plan requirements.

Section 4: Combination utilities must file with UTC an electrification plan as part of a gas de-carbonization plan; plan requirements.

Section 5: Large gas companies and combination utilities must include certain emissions in their baseline and projected cumulative emissions for an estimated emissions period consistent with 173-441 WAC; calculation restrictions; measurements.

Section 6: UTC must establish cost target for gas de-carbonization plans and electrification plans and make appropriate calculations.

Section 7: UTC shall approve any plans if they are in the public interest; specific factors to evaluate to determine public interest; UTC must require a large gas company to achieve the maximum level of greenhouse gas emissions reductions practicable; requirements for any procurement by a combination utility with an electrification plan; power purchase agreement requirements.

Section 8: UTC must adopt depreciation schedules for multiyear rate plan filers; requirements.

Section 9: Requirements for prevailing wage and other specific employment conditions and benefits for projects in a gas de-carbonization or electrification plan.

Section 10: Encourage cooperation providing retail electric services and large gas companies; examples.

Sections 11 and 12: Codifications.

Section 13: Severability.

Section 14: Emergency clause.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

Cash receipts are assumed to equal the Legal Services Revolving Account (LSRA) cost estimates. These will be billed through the revolving account to the client agency.

The client agency is the Utilities and Transportation Committee (UTC). The Attorney General's Office (AGO) will bill all

clients for legal services rendered.

These cash receipts represent the AGO's authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agency's fiscal note. Appropriation authority is necessary in the AGO budget.

**AGO AGENCY ASSUMPTIONS:**

UTC will be billed for non-Seattle rates:

FY 2024: \$43,000 for 0.17 FTE Assistant Attorney General (AAG) and 0.09 FTE Legal Assistant (LA).

FY 2025: \$43,000 for 0.17 FTE AAG and 0.09 FTE LA.

FY 2026: \$8,000 for 0.03 FTE AAG and 0.02 FTE LA.

FY 2027: \$17,000 for 0.07 FTE AAG and 0.04 FTE LA.

The AGO Public Counsel Unit activities are funded with Public Service Revolving Account (Account 111-1) dollars. No cash receipt impact. There is no client agency to bill for legal services.

**II. C - Expenditures**

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

Attorney General's Office (AGO) Agency Assumptions:

This bill is assumed effective 90 days after the end of the 2023 legislative session.

Location of staffing housed is assumed to be in a Seattle and non-Seattle office buildings.

Total workload impact in this request includes standard assumption costs for goods & services, travel, and capital outlays for all FTE identified.

Agency administration support FTE are included in the tables, for every 1.0 Assistant Attorney General FTE (AAG), the AGO includes 0.5 FTE for a Legal Assistant 3 (LA) and 0.25 FTE of a Management Analyst 5 (MA). The MA is used as a representative classification.

1. The AGO Utilities and Transportation Commission Division (AGO-UTC) has reviewed this bill and determined the following impact related to the enactment of this bill:

This bill will require one Washington utility, Puget Sound Energy (PSE) to file de-carbonization and electrification plans, approved by the Utilities and Transportation Commission (UTC) through an adjudicative process. The bill also requires UTC's approval and guidance, which will come through two different rulemakings, per UTC. This fiscal note assumes the adjudications would likely take place in 2027 given PSE's current two-year rate plan, which will likely cause it to file rate cases in FY 2024 and FY 2027 (assuming the FY 2024 rate case produces a three-year rate plan). The adjudications will likely be heavily litigated by stakeholders (including UTC's staff, PSE, AGO's Public Counsel Unit, ratepayer advocates, and environmental advocates) and involve novel issues. While costs may come down after the initial round of hearings, the first hearing will involve significant divisional work.

AGO-UTC total FTE workload impact for non-Seattle rates:

FY 2024: \$43,000 for 0.17 FTE AAG and 0.09 FTE LA.

FY 2025: \$43,000 for 0.17 FTE AAG and 0.09 FTE LA.

FY 2026: \$8,000 for 0.03 FTE AAG and 0.02 FTE LA.

FY 2027: \$17,000 for 0.07 FTE AAG and 0.04 FTE LA.

2. The AGO Public Counsel Unit (PCU) has reviewed this bill and determined the following impact related to the enactment of this bill:

This bill would require PSE to file a de-carbonization plan and targeted electrification plan. Review of these plans and any rulemaking that would precede them. The addition of a new planning process across other utilities and review of plans from other utilities could require additional resources. PCU assumes that PSE would be the first and only utility to file under this bill if it is enacted.

PCU total FTE workload impact for Seattle rates:

FY 2024: \$8,000 for 0.02 FTE AAG, 0.01 FTE LA, and 0.02 Regulatory Analyst (RA).

FY 2025: \$8,000 for 0.02 FTE AAG, 0.01 FTE LA, and 0.02 RA.

FY 2026: \$8,000 for 0.02 FTE AAG, 0.01 FTE LA, and 0.02 RA.

FY 2027: \$8,000 for 0.02 FTE AAG, 0.01 FTE LA, and 0.02 RA.

FY 2028: \$8,000 for 0.02 FTE AAG, 0.01 FTE LA, and 0.02 RA.

3. The AGO Ecology Division (ECY) has reviewed this bill and determined it will not significantly increase or decrease the division’s workload in representing the Department of Ecology (Ecology). The enactment of this bill will not impact the provision of legal services to ECY because the bill does not include any significant role for the Ecology or any other ECY clients. Additionally, this bill does not have any substantial impact on client regulatory programs. Therefore, costs are not included in this request.

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

| Account         | Account Title                    | Type  | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|-----------------|----------------------------------|-------|---------|---------|---------|---------|---------|
| 111-1           | Public Service Revolving Account | State | 8,000   | 8,000   | 16,000  | 16,000  | 16,000  |
| 405-1           | Legal Services Revolving Account | State | 43,000  | 43,000  | 86,000  | 25,000  | 0       |
| <b>Total \$</b> |                                  |       | 51,000  | 51,000  | 102,000 | 41,000  | 16,000  |

**III. B - Expenditures by Object Or Purpose**

|                            | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|----------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years            | 0.4     | 0.4     | 0.4     | 0.1     | 0.1     |
| A-Salaries and Wages       | 34,000  | 34,000  | 68,000  | 26,000  | 10,000  |
| B-Employee Benefits        | 11,000  | 11,000  | 22,000  | 10,000  | 4,000   |
| E-Goods and Other Services | 6,000   | 6,000   | 12,000  | 5,000   | 2,000   |
| <b>Total \$</b>            | 51,000  | 51,000  | 102,000 | 41,000  | 16,000  |

**III. C - Operating FTE 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 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|------------------------------------|---------|---------|---------|---------|---------|---------|
| Assistant Attorney General         | 118,700 | 0.2     | 0.2     | 0.2     | 0.1     |         |
| Assistant Attorney General-Seattle | 124,635 | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| Legal Assistant 3                  | 55,872  | 0.1     | 0.1     | 0.1     | 0.0     |         |
| Legal Assistant 3-Seattle          | 67,044  | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| Management Analyst 5               | 91,524  | 0.0     | 0.0     | 0.0     | 0.0     |         |
| Regulatory Analyst                 | 82,896  | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| <b>Total FTEs</b>                  |         | 0.4     | 0.4     | 0.4     | 0.1     | 0.1     |

**III. D - Expenditures By Program (optional)**

| <b>Program</b>                            | <b>FY 2024</b> | <b>FY 2025</b> | <b>2023-25</b> | <b>2025-27</b> | <b>2027-29</b> |
|---|----------------|----------------|----------------|----------------|----------------|
| Public Counsel Unit (PCU)                 | 8,000          | 8,000          | 16,000         | 16,000         | 16,000         |
| Utilities & Transportation Division (UTC) | 43,000         | 43,000         | 86,000         | 25,000         |                |
| <b>Total \$</b>                           | 51,000         | 51,000         | 102,000        | 41,000         | 16,000         |

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

Revised

|                             |                            |  |
|-----------------------------|----------------------------|--|
| <b>Bill Number:</b> 5562 SB | <b>Title:</b> Clean energy | <b>Agency:</b> 215-Utilities and Transportation Commission |
|-----------------------------|----------------------------|--|

## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

|                          | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years          | 3.0     | 3.0     | 3.0     | 1.4     | 0.1     |
| <b>Account</b>           |         |         |         |         |         |
| General Fund-State 001-1 | 472,474 | 472,474 | 944,948 | 450,607 | 39,960  |
| <b>Total \$</b>          | 472,474 | 472,474 | 944,948 | 450,607 | 39,960  |

### 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: Kim Cushing | Phone: (360) 786-7421 | Date: 01/24/2023 |
| Agency Preparation: Amy Andrews  | Phone: 360-481-1335   | Date: 02/01/2023 |
| Agency Approval: Amy Andrews     | Phone: 360-481-1335   | Date: 02/01/2023 |
| OFM Review: Tiffany West         | Phone: (360) 890-2653 | Date: 02/02/2023 |

## Part II: Narrative Explanation

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

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Sections 1 and 2 implement the Washington decarbonization act for large gas companies and combination utilities, prohibiting furnishment or supply gas services to commercial or residential locations that did not receive gas service or applications for gas service, as of June 30, 2023, and requiring large gas utilities and combination utilities to file new decarbonization or electrification plans. To implement the act and provide guidance, UTC assumes an extensive new rulemaking beginning in July 2023 and development of a policy statement, before decarbonization or electrification plans are filed on or after January 1, 2026. The UTC assumes a 24-month timeline for this process to ensure adequate public participation, promulgating rules and finalizing a policy statement by June 30, 2025. The UTC also assumes an additional complex rulemaking to amend other sections of UTC rules for consistency, such as WAC 480-107 (see Section 7(4)), WAC 480-90 (see Sections 1 and 3), and WAC 480-100 (see Section 7(4)) and assumes a 24-month timeline for this process to ensure adequate public participation, promulgating rules by June 30, 2025.

Section 3 establishes requirements for investor-owned regulated large gas companies to file with the UTC a decarbonization plan on or after January 1, 2026, as part of any multiyear rate plan, and every four years thereafter. UTC assumes workload beginning July 1, 2025, including technical assistance, review, and approval by June 1, 2027.

Section 4 establishes requirements for investor-owned regulated combination utilities to file with the UTC an electrification plan on or after January 1, 2026, as part of a gas decarbonization plan, or may be combined with other demand-side management strategic issues or transportation electrification plans, and every four years thereafter. UTC assumes workload beginning July 1, 2025, including technical assistance, review, and approval by June 1, 2027.

Section 5 requires large gas companies and combination utilities to calculate and report their emissions baselines and projected cumulative emissions, consistent with WAC 173-441. UTC assumes no fiscal impact.

Section 6(1) requires the UTC to establish a cost target for a gas decarbonization plan that is 2.5 percent of the gas revenue requirement approved by the UTC for the large gas company for each year of the multiyear rate plan. UTC assumes the impact will be in the utilities multiyear rate plan. Section 6(2) requires the UTC to establish a cost target for an electrification plan, as part of the combination utility's gas decarbonization plan, that is 2.5 percent of the electric revenue requirement approved by the UTC for the combination utility for each year of the multiyear rate plan. The UTC assumes the impact will include review through the multiyear rate plan beginning January 1, 2026, which includes an additional 180 hours legal support from our AAGs, through June 30, 2027.

Section 7 requires the UTC to approve, or modify and approve, a gas decarbonization or electrification plan, and outlines provisions where costs greater than the cost target identified in Section 6, are allowed when certain criteria are met. Section 7(4) establishes procurement and ownership provisions for a combination utility with an electrification plan approved by the UTC, such that 40 percent of the total capacity and energy necessary to meet the requirements of chapter 19.405 RCW must be supplied through execution of power purchase agreements with a third party, and 60 percent of the total capacity and energy necessary to meet the requirements of chapter 19.405 RCW must be supplied from resources owned and operated by the combination utility. The UTC assumes workload associated with technical assistance beginning January 1, 2026, and associated workload through June 30, 2027.

Section 8 also requires the UTC to adopt depreciation schedules for any gas plant in service as of the effective date of the depreciation schedules of the multiyear rate plan and includes how to calculate the depreciation and actions to merge the rate bases (gas and electric) should the rate base for gas operations to the combined rate bases for gas and electric be less than or equal to 0.2. The UTC assumes associated workload beginning January 1, 2026, through June 30, 2029.

Section 9 requires large gas companies, for any project in a gas decarbonization or electrification plan that is part of a



competitive solicitation greater than \$1,000,000, to certify with the UTC construction related information, including workforce data, agreements, and apprenticeship utilization requirements. UTC assumes incremental work related to the review of company certification filings.

Section 10 establishes guidelines encouraging electric, including municipal, public utility districts and others, to work with large gas companies regarding opportunities for electrification and inclusion of an electrification plan or transportation electrification program as part of a clean energy plan. UTC assumes no fiscal impact involving coordination work.

UTC assumes Sections 11 through 14 are administrative and assumes no fiscal impacts.

## **II. B - Cash receipts Impact**

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

None

## **II. C - Expenditures**

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

Extensive new rulemaking and policy statement implementing decarbonization act

To implement the act and provide guidance, UTC assumes an extensive new rulemaking beginning in July 2023 and development of a policy statement, before decarbonization or electrification plans are filed on or after January 1, 2026. The UTC assumes a 24-month timeline for this process to ensure adequate public participation, including the promulgation of a new rule and policy statement by June 30, 2025.

FY2024 & FY2025 - \$276,533 each fiscal year

(Administrative Law Judge, 0.08 FTE; Commissioner, 0.04 FTE; Deputy Director | Regulatory Services, 0.08 FTE; Director, Administrative Law & Policy, 0.01 FTE; Paralegal 3, 0.04 FTE; Policy Advisor, 0.42 FTE; Deputy Asst. Director | Regulatory Services, 0.47 FTE; Regulatory Analyst 2, 0.30; Regulatory Analyst 3, 0.13 FTE; Asst. Director, Policy, 0.10 FTE)

Complex rulemaking to address revisions to other existing rules

The UTC also assumes an additional complex rulemaking to amend other sections of UTC rules for consistency, such as WAC 480-107 (see act Section 7(4)), WAC 480-90 (see act Sections 1 and 3), and WAC 480-100 (see act Section 7(4)). The UTC assumes a 24-month timeline for this process to ensure adequate public participation and promulgation of rules by June 30, 2025.

FY2024 & FY2025 - \$195,941 each fiscal year

(Administrative Law Judge, 0.17 FTE; Commissioner, 0.05 FTE; Cons Prog Spec 3, 0.31 FTE; Deputy Director | Regulatory Services, 0.05 FTE; Director, Regulatory Services, 0.05 FTE; Paralegal, 0.07 FTE; Policy Advisor, 0.13 FTE; Regulatory Analyst 2, 0.05; Regulatory Analyst 3, 0.31 FTE; Asst. Director, Policy, 0.10 FTE)

Technical assistance, review, and approve, or modify and approve, a large gas company decarbonization plan

UTC assumes Section 3 establishes requirements for one (1) qualifying large gas company to file with the UTC decarbonization plan on or after January 1, 2026, as part of any multiyear rate plan, and every four years thereafter. UTC assumes workload beginning July 1, 2025, including technical assistance, review, and approval by June 1, 2027.

FY2026 & FY2027 - \$89,044 per year

(Administrative Law Judge, 0.12 FTE; Director, Regulatory Services, 0.04 FTE; Deputy Director | Regulatory Services, 0.04 FTE; Policy Advisor, 0.08 FTE; Deputy Asst. Director | Regulatory Services, 0.05 FTE; Regulatory Analyst 2, 0.09;

Regulatory Analyst 3, 0.12 FTE; Asst. Director, Policy, 0.04 FTE)

Technical assistance, review, and approve, or modify and approve, a combination utility electrification plan  
UTC assumes Section 4 establishes requirements for one (1) investor-owned regulated combination utility to file with the UTC an electrification plan on or after January 1, 2026, as part of a gas decarbonization plan, or may be combined with other demand-side management strategic issues or transportation electrification plans, and every four years thereafter. UTC assumes workload beginning July 1, 2025, including technical assistance, review, and approval by June 1, 2027.

FY2026 & FY2027 - \$89,044 per year

(Administrative Law Judge, 0.12 FTE; Director, Regulatory Services, 0.04 FTE; Deputy Director | Regulatory Services, 0.04 FTE; Policy Advisor, 0.08 FTE; Deputy Asst. Director | Regulatory Services, 0.05 FTE; Regulatory Analyst 2, 0.09; Regulatory Analyst 3, 0.12 FTE; Asst. Director, Policy, 0.04 FTE)

Multiyear rate plan financial cost target review and approval

UTC assumes additional workload associated with multiyear rate plan review, including an additional 180 hours of AAG time. Section 6(1) requires the UTC to establish a cost target for a gas decarbonization plan that is 2.5 percent of the gas revenue requirement approved by the UTC for the large gas company for each year of the multiyear rate plan. UTC assumes the impact will be in the utilities multiyear rate plan, identified in Sections 2, 3, 6 and 8. Section 6(2) requires the UTC to establish a cost target for an electrification plan, as part of the combination utility's gas decarbonization plan, that is 2.5 percent of the electric revenue requirement approved by the UTC for the combination utility for each year of the multiyear rate plan. The UTC assumes the impact will be in the utilities multiyear rate plan and require additional review beginning January 1, 2026, through June 30, 2027.

FY2026 & FY2027 - \$66,584 total cost

FY2026: \$22,195

FY2027: \$44,389

(Director, Regulatory Services, 0.03 FTE; Deputy Director | Regulatory Services; Commissioner, 0.03 FTE; Policy Advisor, 0.015 FTE; Deputy Asst. Director | Regulatory Services, 0.03 FTE; Regulatory Analyst 2, 0.045; Regulatory Analyst 3, 0.06 FTE; Asst. Director, Policy, 0.015 FTE)

Procurement review and multiyear rate plan depreciation schedule adoption

Section 7 requires the UTC to approve, or modify and approve, a gas decarbonization or electrification plan, including any procurement by a combination utility and related requirements necessary to meet CETA through the execution of power purchase agreements. UTC also assumes incremental work related to requirements set forth in Section 8 related to multiyear rate plan review and adoption of depreciation schedules. The UTC assumes incremental workload beginning January 1, 2026, through June 30, 2029.

FY2026, FY2027, FY2028, FY2029 - \$55,069 total cost

FY2026: \$7,867

FY2027, FY2028, and FY2029: \$15,734 each year

(Deputy Asst. Director | Regulatory Services, 0.035 FTE; Regulatory Analyst 3, 0.14 FTE; Asst. Director, Policy, 0.035 FTE; Policy Advisor, 0.07 FTE; Regulatory Analyst 2, 0.07 FTE; Deputy Director | Regulatory Services, 0.035 FTE)

Certification filing review

Section 9 requires large gas companies, for any project in a gas decarbonization or electrification plan that is part of a competitive solicitation greater than \$1,000,000, to certify with the UTC construction related information, including workforce data, agreements and apprenticeship utilization requirements. UTC assumes incremental work related to the review of indeterminate certification filings.

FY2027, FY2028, FY2029 - \$4,246 per year

(Regulatory Analyst 3, 0.02 FTE; Deputy Asst. Director | Regulatory Services, 0.01 FTE)

The UTC does not have the financial resources to complete this work without both the indicated expenditure authority and corresponding revenue. Only providing for the expenditure authority does not increase the regulatory fee assessed to the companies regulated by the UTC. We request that if this bill is passed funding be provided by General Fund-State, or in the alternative, an adjustment to the statutory maximum regulatory fee in RCW 80.24.010 is required to maintain adequate fund balance in the Public Service Revolving Account.

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

| Account         | Account Title | Type  | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|-----------------|---------------|-------|---------|---------|---------|---------|---------|
| 001-1           | General Fund  | State | 472,474 | 472,474 | 944,948 | 450,607 | 39,960  |
| <b>Total \$</b> |               |       | 472,474 | 472,474 | 944,948 | 450,607 | 39,960  |

**III. B - Expenditures by Object Or Purpose**

|                                      | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--------------------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years                      | 3.0     | 3.0     | 3.0     | 1.4     | 0.1     |
| A-Salaries and Wages                 | 292,944 | 292,944 | 585,888 | 284,368 | 27,184  |
| B-Employee Benefits                  | 102,530 | 102,530 | 205,060 | 99,523  | 9,514   |
| C-Professional Service Contracts     |         |         |         |         |         |
| E-Goods and Other Services           | 77,000  | 77,000  | 154,000 | 66,716  | 3,262   |
| 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-                                   |         |         |         |         |         |
| <b>Total \$</b>                      | 472,474 | 472,474 | 944,948 | 450,607 | 39,960  |

**III. C - Operating FTE 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 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--|---------|---------|---------|---------|---------|---------|
| Administrative Law Judge                   | 119,088 | 0.3     | 0.3     | 0.3     | 0.2     |         |
| Asst Director   Policy                     | 110,064 | 0.2     | 0.2     | 0.2     | 0.1     | 0.0     |
| Commissioner                               | 168,012 | 0.1     | 0.1     | 0.1     |         |         |
| Consumer Prog Spec 3                       | 68,076  | 0.3     | 0.3     | 0.3     |         |         |
| Deputy Asst Director   Regulatory Services | 101,136 | 0.5     | 0.5     | 0.5     | 0.1     | 0.0     |
| Deputy Director   Regulatory Services      | 117,996 | 0.1     | 0.1     | 0.1     | 0.1     | 0.0     |
| Director   Administrative Law and Policy   | 134,772 | 0.0     | 0.0     | 0.0     |         |         |
| Director   Regulatory Services             | 134,532 | 0.1     | 0.1     | 0.1     | 0.1     |         |
| Paralegal 3                                | 78,900  | 0.1     | 0.1     | 0.1     |         |         |
| Policy Advisor                             | 100,008 | 0.6     | 0.6     | 0.6     | 0.2     | 0.0     |
| Regulatory Analyst 2                       | 82,896  | 0.4     | 0.4     | 0.4     | 0.2     | 0.0     |
| Regulatory Analyst 3                       | 93,840  | 0.4     | 0.4     | 0.4     | 0.3     | 0.1     |
| <b>Total FTEs</b>                          |         | 3.0     | 3.0     | 3.0     | 1.4     | 0.1     |

**III. D - Expenditures By Program (optional)**

NONE

## **Part IV: Capital Budget Impact**

### **IV. A - Capital Budget Expenditures**

NONE

### **IV. B - Expenditures by Object Or Purpose**

NONE

### **IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

### **IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

## **Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

The decarbonization act requires establishment of requirements applicable to large gas companies and combination utilities filing decarbonization and electrification plans for approval.

New rule—The UTC assumes an extensive new rulemaking beginning in July 2023 and development of a policy statement, before decarbonization or electrification plans are filed on or after January 1, 2026.

Revise existing rules—The UTC also assumes an additional complex rulemaking beginning in July 2023 to amend other sections of UTC rules to ensure consistency.