

Multiple Agency Fiscal Note Summary

Bill Number: 5562 S SB	Title: Clean energy
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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	78,000	0	0	25,000	0	0	8,000
Total \$	0	0	78,000	0	0	25,000	0	0	8,000

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	1.1	0	0	338,000	1.1	0	0	365,000	.4	0	0	145,000
Utilities and Transportation Commission	3.0	944,948	944,948	944,948	1.4	465,331	465,331	465,331	.2	56,762	56,762	56,762
Total \$	4.1	944,948	944,948	1,282,948	2.5	465,331	465,331	830,331	0.6	56,762	56,762	201,762

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
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

Prepared by: Tiffany West, OFM	Phone: (360) 890-2653	Date Published: Final 2/17/2023
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Individual State Agency Fiscal Note

Bill Number: 5562 S SB	Title: Clean energy	Agency: 100-Office of Attorney General
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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 405-1	39,000	39,000	78,000	25,000	8,000
Total \$	39,000	39,000	78,000	25,000	8,000

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.1	1.1	1.1	1.1	0.5
Account					
Public Service Revolving Account-State 111-1	130,000	130,000	260,000	340,000	137,000
Legal Services Revolving Account-State 405-1	39,000	39,000	78,000	25,000	8,000
Total \$	169,000	169,000	338,000	365,000	145,000

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: 02/15/2023
Agency Preparation: Allyson Bazan	Phone: 360-586-3589	Date: 02/17/2023
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 02/17/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/17/2023

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.

Summary:

Section 1: Findings

Section 2: 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 3: Definitions.

Section 4: Requires large gas companies to file with the Utilities and Transportation Commission (UTC) de-carbonization plans as part of any multi-year 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 Jan. 1, 2026; plan requirements.

Section 5: Large gas companies must file with UTC an electrification plan as part of a gas de-carbonization plan; plan requirements.

Section 6: Large gas companies 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 7: UTC must establish cost target for gas de-carbonization plans and electrification plans and make appropriate calculations.

Section 8: 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 9: UTC must adopt depreciation schedules for multiyear rate plan filers; requirements.

Section 10: Requirements for prevailing wage and other specific employment conditions and benefits for projects in a gas de-carbonization or electrification plan.

Section 11: Encourage cooperation providing retail electric services and large gas companies; examples.

Sections 12 and 13: Codifications.

Section 14: Severability.

Section 15: 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: \$39,000 for 0.16 Assistant Attorney General FTE (AAG) and 0.08 Legal Assistant 3 FTE (LA).

FY 2025: \$39,000 for 0.16 AAG and 0.08 LA.

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

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

FY 2029 and each FY thereafter: \$8,000 for 0.03 AAG and 0.02 LA.

The AGO Public Counsel Unit (PCU) 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 immediately based on the emergency clause.

Location of staffing housed is assumed to be in 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. The Management Analyst 5 (MA), is used as a representative classification. An example ratio is 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 an MA.

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 and Puget Sound Energy (PSE) to file de-carbonization and electrification plans, which the Utilities and Transportation Commission (UTC) would need to approve. UTC will do so through an adjudicative process. This bill also requires UTC approval and guidance. This guidance would come through two different rulemakings, per UTC. This fiscal note assumes the adjudications would likely take place in FY 2027 per PSE's current two-year rate plan, which will likely cause PSE to file rate cases in FY 2024, FY 2027, and FY 2030 (assuming FY 2024 and FY 2027 rate cases produce three-year rate plans). AGO-UTC assumes that the adjudications would be heavily litigated by stakeholders, including UTC's staff, PSE, AGO's Public Counsel Unit (PCU), ratepayer advocates, and environmental advocates. AGO-UTC assumes legal assistance would occur after the initial round of hearings.

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

FY 2024 and FY 2025: \$39,000 for 0.16 AAG and 0.08 LA.
 FY 2026: \$8,000 for 0.03 AAG and 0.02 LA.
 FY 2027: \$17,000 for 0.07 AAG and 0.04 LA.
 FY 2029 and each FY thereafter: \$8,000 for 0.03 AAG and 0.02 LA.

2. The AGO PCU has reviewed this bill and determined the following impact related to the enactment of this bill:

PCU assumes, if this bill passes, the de-carbonization and electrification plan rulemaking and the plans themselves would be heavily litigated. PCU assumes that the Clean Energy Implementation Plan rulemaking, review, and litigation are potential indicators of what will happen with gas de-carbonizations, electrification plans, and rulemaking.

UTC rulemaking will take place in FY 2024 and FY 2025. PCU will be an active participant. In FY 2026 and FY 2027, PCU will review and respond to filed de-carbonization and electrification plans. PCU expects that this process would be similar to the process used to review utility Clean Energy Implementation Plans, involving initial review and comments on the plan, stakeholder work, and potential adjudication. In FY 2029, PCU assumes a second round of de-carbonization and electrification plans. PCU will be preparing for a FY 2030 filing, with stakeholder work and review of draft plans, or potentially review of a formal filing.

PCU total FTE workload impact for Seattle rates:

FY 2024 and FY 2025: \$130,000 for 0.25 AAG, 0.13 LA, 0.10 Paralegal FTE (PL), 0.25 Regulatory Analyst 2 FTE (RA), and direct litigation costs of \$18,000.
 FY 2026: \$198,000 for 0.3 AAG, 0.15 LA, 0.25 PL, 0.5 RA, and direct litigation costs of \$25,000.
 FY 2027: \$142,000 for 0.25 AAG, 0.13 LA, 0.10 PL, 0.3 RA, and direct litigation costs of \$25,000.
 FY 2029 and each FY thereafter: \$137,000 for 0.25 AAG, 0.13 LA, 0.10 PL, 0.3 RA, and direct litigation costs of \$20,000.

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 this bill does not include any significant role for 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.

AGO total FTE workload and direct costs impact for Seattle and non-Seattle rates:

FY 2024 and FY 2025: \$169,000 for 0.41 AAG, 0.21 LA, 0.10 PL, 0.25 RA, and direct litigation costs of \$18,000.
 FY 2026: \$206,000 for 0.33 AAG, 0.17 LA, 0.25 PL, 0.5 RA, and direct litigation costs of \$25,000.
 FY 2027: \$159,000 for 0.32 AAG, 0.17 LA, 0.10 PL, 0.3 RA, and direct litigation costs of \$25,000.
 FY 2029 and each FY thereafter: \$145,000 for 0.28 AAG, 0.15 LA, 0.10 PL, 0.3 RA, and direct litigation costs of \$20,000.

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	130,000	130,000	260,000	340,000	137,000
405-1	Legal Services Revolving Account	State	39,000	39,000	78,000	25,000	8,000
Total \$			169,000	169,000	338,000	365,000	145,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.1	1.1	1.1	1.1	0.5
A-Salaries and Wages	100,000	100,000	200,000	208,000	83,000
B-Employee Benefits	32,000	32,000	64,000	69,000	27,000
C-Professional Service Contracts	18,000	18,000	36,000	50,000	20,000
E-Goods and Other Services	18,000	18,000	36,000	36,000	14,000
G-Travel	1,000	1,000	2,000	2,000	1,000
Total \$	169,000	169,000	338,000	365,000	145,000

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	0.0
Assistant Attorney General-Seattle	124,635	0.3	0.3	0.3	0.3	0.1
Legal Assistant 3	55,872	0.1	0.1	0.1	0.0	0.0
Legal Assistant 3-Seattle	67,044	0.1	0.1	0.1	0.1	0.1
Management Analyst 5	91,524	0.1	0.1	0.1	0.1	0.0
Paralegal 2-Seattle	75,096	0.1	0.1	0.1	0.2	0.1
Regulatory Analyst	82,896	0.3	0.3	0.3	0.4	0.2
Total FTEs		1.1	1.1	1.1	1.2	0.5

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Public Counsel Unit (PCU)	130,000	130,000	260,000	340,000	137,000
Utilities & Transportation Division (UTC)	39,000	39,000	78,000	25,000	8,000
Total \$	169,000	169,000	338,000	365,000	145,000

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

Bill Number: 5562 S SB	Title: Clean energy	Agency: 215-Utilities and Transportation Commission
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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	0.2
Account					
General Fund-State 001-1	472,474	472,474	944,948	465,331	56,762
Total \$	472,474	472,474	944,948	465,331	56,762

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: 02/15/2023
Agency Preparation: Kim Anderson	Phone: 360-664-1153	Date: 02/17/2023
Agency Approval: Kim Anderson	Phone: 360-664-1153	Date: 02/17/2023
OFM Review: Tiffany West	Phone: (360) 890-2653	Date: 02/17/2023

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 2 and 3 implement the Washington decarbonization act for large gas companies, 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 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 4 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 5 establishes requirements for investor-owned regulated large gas companies 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 6 requires large gas companies to calculate and report their emissions baselines and projected cumulative emissions, consistent with WAC 173-441. UTC assumes no fiscal impact.

Section 7(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 7(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 8 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 7, are allowed when certain criteria are met. Section 8(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.

As modified in the substitute bill, Section 8(6) requires a combination utility to meet a minimum of two percent of electric load with energy efficiency and achieve demand response of a minimum of ten percent of winter and summer peak electric demand. The Commission is granted explicit authority to issue a penalty for noncompliance with this subsection. The UTC assumes additional, annual review work.

Section 9 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 10 requires large gas companies, for any project in a gas decarbonization or electrification plan that is part of a competitive solicitation greater than \$10,000,000, to certify with the UTC construction related information, including workforce data, agreements, and apprenticeship utilization requirements. UTC assumes a relative decrease in work related to the review of company certification filings resulting from substitute bill provisions outlining a project cost greater than \$10 million, rather than a cost greater than \$1 million.

Section 11 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 collaboration with large gas companies. UTC assumes no fiscal impact involving coordination work.

UTC assumes Sections 12 through 15 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.

No cash receipt impact.

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 8(4)), WAC 480-90 (see act Sections 2 and 4), and WAC 480-100 (see act Section 8(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 4 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 5 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 7(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 3, 4, 7 and 9. Section 7(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 8 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 9 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 10 requires large gas companies, for any project in a gas decarbonization or electrification plan that is part of a competitive solicitation greater than \$10,000,000, to certify with the UTC construction related information, including workforce data, agreements, and apprenticeship utilization requirements. UTC assumes de minimis incremental work related to the review of certification filings resulting from the substitute bill project cost change; the UTC removes this certification filing review expenditure.

Annual review: 2% load (energy efficiency) and 10% of winter/summer peak demand (demand response)
 As modified in the substitute bill, Section 8(6) requires a combination utility with an electrification plan approved by the commission to meet a minimum of two percent of electric load with energy efficiency and achieve demand response of a minimum of ten percent of winter and summer peak electric demand. UTC assumes technical assistance beginning January 1, 2026, and annual review beginning July 1, 2027, and annually thereafter.

FY2026: \$6,323
 FY2027, FY2028, FY2029: \$12,646 each year
 (Deputy Director | Regulatory Services, 0.01 FTE; Policy Advisor, 0.01 FTE; Deputy Asst. Director | Regulatory Services, 0.01 FTE; Regulatory Analyst 2, 0.02 FTE; Regulatory Analyst 3, 0.04 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	465,331	56,762
Total \$			472,474	472,474	944,948	465,331	56,762

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	0.2
A-Salaries and Wages	292,944	292,944	585,888	294,385	38,614
B-Employee Benefits	102,530	102,530	205,060	103,028	13,514
C-Professional Service Contracts					
E-Goods and Other Services	77,000	77,000	154,000	67,918	4,634
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 \$	472,474	472,474	944,948	465,331	56,762

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		
Cons 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 & 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
Total FTEs		3.0	3.0	3.0	1.4	0.2

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 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.