

Multiple Agency Fiscal Note Summary

Bill Number: 1514 S HB	Title: Low carbon thermal energy
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Estimated Cash Receipts

Agency Name	2025-27			2027-29			2029-31		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of Attorney General	0	0	40,000	0	0	40,000	0	0	40,000
Total \$	0	0	40,000	0	0	40,000	0	0	40,000

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	No fiscal impact					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of Attorney General	1.0	0	0	334,000	.9	0	0	280,000	.9	0	0	280,000
Department of Commerce	Fiscal note not available											
Utilities and Transportation Commission	.9	0	0	277,086	.8	0	0	250,917	.8	0	0	282,098
Total \$	1.9	0	0	611,086	1.7	0	0	530,917	1.7	0	0	562,098

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	Fiscal note not available								
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

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

Estimated Capital Budget Breakout

NONE

Prepared by: Kyle Siefering, OFM	Phone: (360) 995-3825	Date Published: Preliminary 2/14/2025
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Individual State Agency Fiscal Note

Bill Number: 1514 S HB	Title: Low carbon thermal energy	Agency: 100-Office of Attorney General
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
Legal Services Revolving Account-State 405-1	20,000	20,000	40,000	40,000	40,000
Total \$	20,000	20,000	40,000	40,000	40,000

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	1.0	1.0	1.0	0.9	0.9
Account					
Public Service Revolving Account-State 111-1	147,000	147,000	294,000	240,000	240,000
Legal Services Revolving Account-State 405-1	20,000	20,000	40,000	40,000	40,000
Total \$	167,000	167,000	334,000	280,000	280,000

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: Megan McPhaden	Phone: 360-786-7114	Date: 02/06/2025
Agency Preparation: Chad Standifer	Phone: 3605863650	Date: 02/11/2025
Agency Approval: Leah Snow	Phone: 360-586-2104	Date: 02/11/2025
OFM Review: Rayanna Evans	Phone: (360) 902-0553	Date: 02/13/2025

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: Amending RCW 80.04.010. Definition of “thermal energy company,” “thermal energy services,” and “thermal energy system” added.

Section 2: Amending RCW 80.04.550. Removing certain definitions. Clarifying that the Utilities and Transportation Commission (UTC) may regulate thermal energy companies, except those companies operating a network with less than five independent customers and less than 250 households in a unit of a residential building served by a thermal energy company, unless those companies choose to opt-in to UTC regulation. Thermal energy companies with a network under development by July 1, 2025, are not subject to UTC regulation if a company notifies UTC in writing of the company's plans to operate the network. A thermal energy company operating a network in operation before July 1, 2025, may choose to opt-in to UTC regulation.

Section 3: Amending RCW 80.28.005. Amending definitions.

Section 4: Amending RCW 80.28.010. Adding reference to thermal energy companies.

Section 5: Amending RCW 80.28.020. Adding reference to thermal energy companies.

Section 6: Amending RCW 80.28.030. Adding reference to thermal energy companies.

Section 7: Amending RCW 80.28.040. Adding reference to thermal energy companies.

Section 8: Amending RCW 80.28.050. Adding reference to thermal energy companies.

Section 9: Amending RCW 80.28.060. Adding reference to thermal energy companies.

Section 10: Amending RCW 80.28.065. Adding reference to thermal energy companies.

Section 11: Amending RCW 80.28.068. Adding reference to thermal energy companies.

Section 12: Amending RCW 80.28.070. Adding reference to thermal energy companies.

Section 13: Amending RCW 80.28.075. Adding reference to thermal energy companies.

Section 14: Amending RCW 80.28.080. Adding reference to thermal energy companies.

Section 15: Amending RCW 80.28.090. Adding reference to thermal energy companies.

Section 16: Amending RCW 80.28.100. Adding reference to thermal energy companies. Authorizing UTC to issue rules to address the issue of thermal energy creating a system imbalance.

Section 17: Amending RCW 80.28.120. Adding reference to thermal energy companies.

Section 18: Amending RCW 80.28.130 Adding reference to thermal energy companies.

Section 19: New section added to chapter 80.28 RCW. Authorizing UTC to appoint inspectors of thermal energy meters.

Section 20: Amending RCW 80.28.160. Adding reference to thermal energy companies.

Section 21: Amending RCW 80.28.170. Adding reference to thermal energy companies.

Section 22: Amending RCW 80.28.240. Adding reference to thermal energy companies.

Section 23: Amending RCW 80.28.430. Adding reference to thermal energy companies.

Section 24: New section added to chapter 80.28 RCW. Authorizing UTC to approve an electrical company to provide discounted rates to a company operating a thermal energy network. Specifying what UTC should consider when authorizing such rates.

Section 25: Amending RCW 19.280.030. Requiring electric utilities to develop an integrated resource plan that includes an assessment of thermal energy networks and a consideration of providing discounted rates to thermal energy networks. Requiring all other utilities to develop a resource plan that at a minimum considers the value of thermal energy networks.

Section 26: New section added to chapter 80.04 RCW. Requiring UTC to following the national and international development of interoperability standards for thermal energy networks and report to the Legislature by December 1, 2026, on adopting these standards.

Section 27: New section added to chapter 43.31 RCW. Authorizing the Department of Commerce (Commerce) to award grants to local governments for the purpose of developing thermal energy networks.

Section 28: New section added to chapter 80.28 RCW. Requiring UTC to adopt rules to require each gas company to incorporate a thermal energy network plan into the company's annual filings.

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 Commission (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-King County rates:

FY 2026 and in each FY thereafter: \$20,000 for 0.1 Assistant Attorney General FTE (AAG) and 0.1 Paralegal 1 FTE (PL1)

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 2025 legislative session.

Location of staffing is assumed to be in a King County and non-King County office building.

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 FTE (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 Paralegal 1 FTE (PL1) and 0.4 MA.

1. Assumptions for the AGO Utilities and Transportation Commission (AGO-UTC) Legal Services for the Utilities and Transportation Commission (UTC):

The AGO will bill UTC for legal services based on the enactment of this bill. Sections 4 through 23 subject thermal energy companies to utility-style regulation, including the need to file tariff revisions with UTC to increase the rates charged for services. There will be thermal energy companies that make such filings, some or all of which will result in adjudications before UTC. AGO-UTC will represent UTC staff at the administrative level in those proceeding, and UTC itself in any appeal of its orders in those proceedings. UTC will also provide guidance about the applicability of the public service laws to thermal energy companies pursuant to Sections 4 through 23 of this bill. UTC assumes one thermal energy company rate filing every two years, requiring advice and legal representation that amounts to roughly 18 AAG hours per year. The yearly figure results from the fact that these filings can span multiple years or require advice in the off years to prepare for the filing. Section 24 will result in increased complexity in electric company rate filings, including power cost proceedings. AGO-UTC will represent UTC staff at the administrative level in those proceedings, and UTC itself in any appellate matters arising therefrom. UTC assumes three electric filing rate cases every two years, with advice and legal representation averaging out to roughly 72 AAG hours per year given that the filings can span years or require advice in the off years to prepare for the filings. Sections 25 and 28 require utilities to consider thermal energy companies and thermal energy networks as a resource when engaging in long-term resource adequacy planning. AGO-UTC will advise UTC as to how this bill affects the integrated resource planning process and clean energy action planning process. UTC assumes ongoing annual and biennial advice concerning integrating thermal energy networks or companies into utility planning processes for three electric and two natural gas utilities will require roughly 36 AAG hours per year.

AGO-UTC: Total non-King County workload impact:
FY 2026 and in each FY thereafter: \$20,000 for 0.1 AAG, and 0.1 PL1

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

AGO PCU activities are funded with the Public Service Revolving Account (PSRA). There is no client agency to bill for legal services. Thermal Energy Networks (TENs) constitute a new class and type of utility that may or may not be operated by traditional utilities. TENs construction will result in complex rate filings and proceedings and will require rulemaking to clarify filing requirements and review processes. The timing and complexity of the rulemaking will depend on the scale of adoption and construction of TENs. In the first two years following the enactment of this bill, PCU estimates approximately 540 AAG hours per year. For the following years, 2028 through 2031, PCU estimates approximately 360 AAG hours per year. Sections 4 through 23 of this bill subject thermal energy companies to utility-style regulation, including the need to file tariff revisions with UTC to increase the rates charged for services. There will be thermal energy companies that make such filings, some or all of which will result in adjudications before UTC in which PCU will be involved. In the first two years following enactment, PCU estimates approximately 77 AAG hours per year based on one thermal energy company rate filing every two years. The annual figure results from the fact that these filings can span multiple years and will require participation in the off years to prepare for filings. In subsequent years, with reduced rulemaking participation required, PCU estimates approximately 52 AAG hours per year. Section 24 of this bill will result in increased complexity in electric company rate filings, including power cost proceedings. PCU will represent ratepayers in

these proceedings. PCU assumes three electric filing rate cases every two years, with required participation averaging out to roughly 310 AAG hours per year for the first two years following enactment. In subsequent years, PCU estimates approximately 206 AAG hours per year. Section 25 requires utilities to consider thermal energy companies and thermal energy networks as a resource when engaging in long-term resource adequacy planning. PCU will provide feedback throughout these resource and clean energy action plan planning processes. PCU assumes ongoing annual and biennial participation associated with this resource integration planning work that equates to roughly 153 AAG hours per year in the first two years following enactment and approximately 102 AAG hours annually in subsequent years. Expert consultant costs for this bill were calculated using recent utility legislation that required new regulations, such as the Clean Energy Transformation Act (CETA), the Climate Commitment Act (CCA), and HB 1589 (PSE’s decarbonization bill from last session).

PCU: Total King County workload impact:
FY 2026 and FY 2027: \$147,000 for 0.3 AAG, 0.1 Paralegal 2 FTE (PL2), and 0.2 PL1, which includes direct litigation costs of \$43,000
FY 2028 and in each FY thereafter: \$120,000 for 0.2 AAG, 0.3 PL2, and 0.1 PL1, which includes direct litigation costs of \$25,000

3. The AGO Agriculture & Health Division (AHD) has reviewed this bill and determined it will not significantly increase or decrease the division’s workload in representing the Department of Commerce (Commerce). Commerce was assigned this fiscal note request for its role in estimating the impact of bills on local governments. Commerce itself would not be given any new authorities or responsibilities under this bill. No new legal services are anticipated to assist Commerce in implementing the grants to local governments required by Section 27. Therefore, no costs are included in this request.

AGO Total King County and non-King County workload impact:
FY 2026 and FY 2027: \$167,000 for 0.4 AAG, 0.1 PL2, and 0.3 PL1, which includes direct litigation costs of \$43,000
FY 2028 and in each FY thereafter: \$140,000 for 0.3 AAG, 0.3 PL2, and 0.2 PL2, which includes direct litigation costs of \$25,000

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
111-1	Public Service Revolving Account	State	147,000	147,000	294,000	240,000	240,000
405-1	Legal Services Revolving Account	State	20,000	20,000	40,000	40,000	40,000
Total \$			167,000	167,000	334,000	280,000	280,000

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	1.0	1.0	1.0	0.9	0.9
A-Salaries and Wages	85,000	85,000	170,000	154,000	154,000
B-Employee Benefits	25,000	25,000	50,000	48,000	48,000
C-Professional Service Contracts	43,000	43,000	86,000	50,000	50,000
E-Goods and Other Services	13,000	13,000	26,000	26,000	26,000
G-Travel	1,000	1,000	2,000	2,000	2,000
Total \$	167,000	167,000	334,000	280,000	280,000

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 2026	FY 2027	2025-27	2027-29	2029-31
Assistant Attorney General	132,912	0.1	0.1	0.1	0.1	0.1
Assistant Attorney General-King County	139,558	0.3	0.3	0.3	0.2	0.2
Management Analyst 5	98,040	0.2	0.2	0.2	0.1	0.1
Paralegal 1	71,148	0.1	0.1	0.1	0.1	0.1
Paralegal 1-King County	74,700	0.2	0.2	0.2	0.1	0.1
Paralegal 2-King County	82,392	0.1	0.1	0.1	0.3	0.3
Total FTEs		1.0	1.0	1.0	0.9	0.9

III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Public Counsel Unit (PCU)	147,000	147,000	294,000	240,000	240,000
Utilities & Transportation Division (UTC)	20,000	20,000	40,000	40,000	40,000
Total \$	167,000	167,000	334,000	280,000	280,000

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: 1514 S HB	Title: Low carbon thermal 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 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	1.0	0.7	0.9	0.8	0.8
Account					
Public Service Revolving Account-State 111-1	157,301	119,785	277,086	250,917	282,098
Total \$	157,301	119,785	277,086	250,917	282,098

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: Megan McPhaden	Phone: 360-786-7114	Date: 02/06/2025
Agency Preparation: Michelle Parish	Phone: 360-664-1158	Date: 02/11/2025
Agency Approval: Michelle Parish	Phone: 360-664-1158	Date: 02/11/2025
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 02/14/2025

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

This bill establishes Thermal Energy Networks (“TENs” or “networks”) as (mostly) utilities, with a handful of exemptions for existing and small operators, and the bill requires traditional utilities to at minimum consider TENs in resource planning processes. The bill also requires utilities and the commission to consider discounted rates for TENs in certain scenarios.

Applicable Sections

Section 1 – The substitute bill alters the definition of “thermal energy company” to make it more general and adds a definition of “thermal energy service” and “thermal energy system”.

Section 2 – The substitute bill alters Establishes which Thermal Energy Companies and Thermal Energy Networks are subject to Commission regulation. Companies operating prior to July 1, 2025, and industrial combined-heat-and-power facilities are not regulated. Small networks/companies that will serve five customers and/or less than 250 residential end users are also not subject to regulation. Companies and facilities can opt-in to regulation. The new bill maintains gas companies prioritize developing thermal energy network pilot projects as provided in RCW 80.28.460.

Sections 4 through 23 – These sections apply various public service statutes to regulated Thermal Energy Companies. These include traditional UTC regulations such as setting rates, billing protections, meter reading, and disconnections.

Section 24 – New Section in RCW 80.28 to require electrical companies to provide discounted rates to Thermal Energy Companies where those companies can improve efficiency over electric heating and/or shift peak electric loads.

Section 25 – Requires utility resource planning and clean energy action plans to include consideration of Thermal Energy Companies and TENs. The utilities must assess where and how to incorporate TENs in the relevant service area and must consider data developed by the Department of Commerce’s mapping tool. Utilities must also consider providing discounted rates to TENs where efficiency is improved and whether TENs can shift peak loads.

Section 26 – The commission must follow national and international standards for TENs and report to legislative committees by December 1, 2026.

NEW Section 28 – this new section requires the Commission to adopt rules to require each gas company to incorporate thermal energy network plans into the company annual filings with the Commission.

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.

UTC assumes no cash receipts will go to UTC as a result of this legislation.

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.

The primary necessary expenditure would be staffing/time. The bill would impact rate filings and proceedings and increase workload/complexity. Depending on the pace of adoption/construction of TENs, additional rulemaking may be required to delineate filing requirement and review of TENs-related filings. Additionally, there is an assumption that the Commission

will have staff available to inspect thermal energy meters, on its own motion or in response to a consumer as outlined in Sec. 21.

TOTAL:

FY 2026 - \$157,301

Activity 1: Sections 4 through 23 - TENs included in public service statute and rate case filings 0.09 FTE (0.01 ALJ, 0.01 AAG, 0.01 Commissioner, 0.05 Reg Analyst 3, 0.01 Utilities Engineer 3),

Activity 2: Section 24 - Evaluation of TENs feasibility, load impact, and rate design and discounts
0.43 FTE (Administrative Law Judge, 0.02 FTE; Attorney General, 0.04 FTE; Commissioner, 0.01 FTE; Regulatory Analyst 3, 0.36 FTE)

Activity 3: Section 25 - Planning Requirements
0.32 FTE (Administrative Law Judge, 0.02 FTE; Attorney General, 0.02 FTE; Policy Advisor, 0.04 FTE; Regulatory Analyst 3, 0.24 FTE)

Activity 4: Section 26 - Follow TEN standards internationally and report to Legislature 12/1/2026
0.53 FTE (Policy Advisor, 0.05 FTE; Regulatory Analyst 3, 0.48 FTE)

FY 2027 – \$119,785
0.84 FTE (Activities 1 through 3 included from 2026; Activity 4 concluded)

FY 2028 - \$109,868
FY 2029 - \$141,049
FY 2030 - \$141,049 (same as FY 2029)
FY 2031 - \$141,049 (same as FY 2029)

Sec. 28 – Simple Rulemaking requiring each gas company to incorporate thermal energy network plans into the company annual filings

FY2027 - \$41,099
(Administrative Law Judge, 0.06 FTE; Director, Regulatory Services 0.02 FTE; Deputy Director, Energy Planning, 0.02 FTE; Policy Advisor, 0.02 FTE; Section Manager, Energy 0.02 FTE; Regulatory Analyst 2, 0.03 FTE; Regulatory Analyst 3, 0.04 FTE; Attorney General, 0.02 FTE)

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
111-1	Public Service Revolving Account	State	157,301	119,785	277,086	250,917	282,098
Total \$			157,301	119,785	277,086	250,917	282,098

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	1.0	0.7	0.9	0.8	0.8
A-Salaries and Wages	107,008	81,487	188,495	170,692	191,904
B-Employee Benefits	37,453	28,520	65,973	59,742	67,166
C-Professional Service Contracts					
E-Goods and Other Services	12,840	9,778	22,618	20,483	23,028
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 \$	157,301	119,785	277,086	250,917	282,098

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 2026	FY 2027	2025-27	2027-29	2029-31
Administrative Law Judge	115,008	0.0	0.1	0.1	0.1	0.1
Attorney General	237,600	0.0	0.1	0.1	0.1	0.1
Commissioner	149,532	0.0	0.0	0.0	0.0	0.0
Deputy Director, Energy Planning	122,472		0.0	0.0		
Director, Regulatory Services	144,108		0.0	0.0		
Energy/Utilities Engineer 3	105,612	0.0	0.0	0.0	0.0	0.0
Policy Advisor, Energy	104,568	0.1	0.0	0.1	0.0	0.0
Regulatory Analyst 2	88,800		0.0	0.0		
Regulatory Analyst 3	100,524	0.8	0.4	0.6	0.6	0.7
Section Manager, Energy Rates and Services Unit B	110,004		0.0	0.0		
Total FTEs		1.0	0.7	0.9	0.8	0.8

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.

Section 2 will likely require a rulemaking to clarify filing requirements and review processes for TENs and Thermal Energy Companies as a new type of utility in either WAC 480-90 and 480-100 series or a new series. Rulemaking may also be necessary to clarify 480-80 and 480-85 series related to TENs-related tariffs and cost of service changes in Sections 24 and 25 of this bill. The timing and complexity of the rulemaking will depend on the scale of adoption/construction of TENs.

Section 28 requires the Commission to adopt rules to require each gas company to incorporate thermal energy network plans into the company annual filings with the Commission.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1514 S HB	Title: Low carbon thermal energy
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Part I: Jurisdiction—Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☐ Cities:
- ☐ Counties:
- ☐ Special Districts:
- ☐ 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:

None

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

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Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

This note is on 1514 SHB and compares it to 1514 HB.

CHANGES BETWEEN THIS VERSION AND THE PRIOR VERSION OF THE BILL:

This version of the bill makes minor changes to the definition of “thermal energy company” in Sec. 1. Sec. 2 is also amended to provide an option for thermal energy companies to opt-in to Utilities and Transportation Commission (UTC) regulation by providing a written request to the commission.

These changes do not affect the fiscal impacts discussed below.

SUMMARY OF CURRENT BILL:

This legislation provides an exemption from utilities and transportation commission (UTC) regulations for certain thermal energy companies. A definition of "thermal energy company" is provided. Thermal energy companies may opt-in to UTC regulation.

This legislation would take effect 90 days after adjournment of the session in which the bill is passed.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

This bill would not impact local government expenditures.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

This bill would not impact local government revenues.

As noted in the definition of "thermal energy company" described in section 1(b) of the bill, a thermal energy company does not include any electrical company or public utility district that owns, controls, operates, or manages a thermal energy network. The definition of "electrical company" in RCW 80.04.010 (12)(a) is as follows: "Electrical company" includes any corporation, company, association, joint stock association, partnership and person, their lessees, trustees or receivers appointed by any court whatsoever (other than a railroad or street railroad company generating electricity solely for railroad or street railroad purposes or for the use of its tenants and not for the sale to others), and every city or town owning, operating or managing any electric plant for hire within this state. An electrical company may own, operate, or manage any thermal energy network within this state. Therefore, cities that own or operate electric utilities and electricity public utility districts are not included in the definition of "thermal energy company".

SOURCES

RCW 80.04.010