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SENATE BILL 5424

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State of Washington

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By Senators Rockefeller, Chase, Nelson, Fraser, and White

Read first time 01/25/11. Referred to Committee on Environment, Water & Energy.

1 AN ACT Relating to integrated resource plans; amending RCW  
2 19.280.020 and 19.280.040; and adding a new section to chapter 19.280  
3 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 19.280.020 and 2009 c 565 s 19 are each amended to  
6 read as follows:

7 The definitions in this section apply throughout this chapter  
8 unless the context clearly requires otherwise.

9 (1) "Commission" means the utilities and transportation commission.

10 (2) "Conservation and efficiency resources" means any reduction in  
11 electric power consumption that results from increases in the  
12 efficiency of energy use, production, transmission, or distribution.

13 (3) "Consumer-owned utility" includes a municipal electric utility  
14 formed under Title 35 RCW, a public utility district formed under Title  
15 54 RCW, an irrigation district formed under chapter 87.03 RCW, a  
16 cooperative formed under chapter 23.86 RCW, a mutual corporation or  
17 association formed under chapter 24.06 RCW, a port district formed  
18 under Title 53 RCW, or a water-sewer district formed under Title 57

1 RCW, that is engaged in the business of distributing electricity to one  
2 or more retail electric customers in the state.

3 (4) "Department" means the department of commerce.

4 (5) "Electric utility" means a consumer-owned or investor-owned  
5 utility.

6 (6) "Full requirements customer" means an electric utility that  
7 relies on the Bonneville power administration for all power needed to  
8 supply its total load requirement other than that served by  
9 nondispatchable generating resources totaling no more than six  
10 megawatts or renewable resources.

11 (7) "Governing body" means the elected board of directors, city  
12 council, commissioners, or board of any consumer-owned utility.

13 (8) "High efficiency cogeneration" means the sequential production  
14 of electricity and useful thermal energy from a common fuel source,  
15 where, under normal operating conditions, the facility has a useful  
16 thermal energy output of no less than thirty-three percent of the total  
17 energy output.

18 (9) "Integrated resource plan" means an analysis describing the mix  
19 of generating resources and conservation and efficiency resources that  
20 will meet current and projected needs at the lowest reasonable cost to  
21 the utility and its ratepayers and that complies with the requirements  
22 specified in RCW 19.280.030(1).

23 (10) "Investor-owned utility" means a corporation owned by  
24 investors that meets the definition in RCW 80.04.010 and is engaged in  
25 distributing electricity to more than one retail electric customer in  
26 the state.

27 (11) "Lowest reasonable cost" means the lowest cost mix of  
28 generating resources and conservation and efficiency resources  
29 determined through a detailed and consistent analysis of a wide range  
30 of commercially available resources. At a minimum, this analysis must  
31 consider resource cost, market-volatility risks, demand-side resource  
32 uncertainties, resource dispatchability, resource effect on system  
33 operation, the risks imposed on the utility and its ratepayers, public  
34 policies regarding resource preference and energy adopted by Washington  
35 state or the federal government, and the cost of risks associated with  
36 environmental effects including emissions of carbon dioxide.

37 (12) "Plan" means either an "integrated resource plan" or a  
38 "resource plan."

1 (13) "Renewable resources" means electricity generation facilities  
2 fueled by: (a) Water; (b) wind; (c) solar energy; (d) geothermal  
3 energy; (e) landfill gas; (f) biomass energy utilizing animal waste,  
4 solid organic fuels from wood, forest, or field residues or dedicated  
5 energy crops that do not include wood pieces that have been treated  
6 with chemical preservatives such as creosote, pentachlorophenol, or  
7 copper-chrome-arsenic; (g) by-products of pulping or wood manufacturing  
8 processes, including but not limited to bark, wood chips, sawdust, and  
9 lignin in spent pulping liquors; (h) ocean thermal, wave, or tidal  
10 power; or (i) gas from sewage treatment facilities.

11 (14) "Resource plan" means an assessment that estimates electricity  
12 loads and resources over a defined period of time and complies with the  
13 requirements in RCW 19.280.030(2).

14 **Sec. 2.** RCW 19.280.040 and 2006 c 195 s 4 are each amended to read  
15 as follows:

16 (1) Investor-owned utilities shall submit integrated resource plans  
17 to the commission.

18 (a) The commission shall acknowledge by order an integrated  
19 resource plan that is consistent with RCW 19.280.030. In any  
20 cost-recovery proceeding, the commission shall give considerable weight  
21 to utility actions that are consistent with an acknowledged integrated  
22 resource plan. The commission shall not penalize a utility for any  
23 reasonable action that is inconsistent with an acknowledged integrated  
24 resource plan.

25 (b) The commission shall reject by order any integrated resource  
26 plan that is inconsistent with RCW 19.280.030. The commission shall  
27 set forth the reasons for rejection and provide direction regarding any  
28 additional analyses or actions that should be undertaken.

29 (c) The commission shall establish by rule the requirements for  
30 ((preparation)) preparing and ((submission-of)) submitting integrated  
31 resource plans and its guidelines for acknowledging the plans.

32 (2) The commission may adopt additional rules as necessary to  
33 clarify the requirements of RCW 19.280.030 as they apply to  
34 investor-owned utilities.

35 NEW SECTION. **Sec. 3.** A new section is added to chapter 19.280 RCW  
36 to read as follows:

1           For any consumer-owned utility subject to the jurisdiction of the  
2 state auditor under chapter 43.09 RCW, the department may request the  
3 state auditor to audit a utility for compliance with RCW 19.280.050 (1)  
4 and (2) at the discretion of the state auditor. Should the state  
5 auditor report noncompliance with this chapter in the audit report, the  
6 department shall note those audit findings in the report prepared under  
7 RCW 19.280.060.

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