

FINAL BILL REPORT

ESSB 6248

PARTIAL VETO C 220 L 16 Synopsis as Enacted

Brief Description: Regarding a pathway for a transition of eligible coal units.

Sponsors: Senate Committee on Energy, Environment & Telecommunications (originally sponsored by Senators Ericksen and Ranker).

Senate Committee on Energy, Environment & Telecommunications
House Committee on Technology & Economic Development
House Committee on General Government & Information Technology

Background: Washington Utilities and Transportation Commission (UTC). The UTC is a three-member commission that has broad authority to regulate the rates, services, and practices of a variety of businesses in the state, including electric investor-owned utilities (IOUs). In a typical rate case, the petitioner must prove a requested action is in the public interest by preponderance of the evidence or a reasonable basis test.

As part of the ratemaking process for electric IOUs, the UTC considers whether, and to what extent, an IOU should recover the cost of a resource acquisition or the cost of an investment in a new generating facility. The UTC's decision is made on a case-by-case basis, taking into consideration such factors as the utility's need for the energy, public policies regarding resource preferences, and the cost of risks associated with the environmental effects of carbon dioxide.

Coal-Fired Generation Facilities. According to Integrated Resource Plans (IRPs) filed in 2013, the IOUs serving customers in the state currently own or partially own 12 coal-fired electric generation facilities throughout several western states, including Montana, Utah, and Wyoming. One of those facilities, the four-unit Colstrip generating plant in Montana, is owned by six entities, three of which are Avista, Puget Sound Energy, and PacificCorp.

Summary: Defining Eligible Coal Plant and Unit. An eligible coal plant means a coal-fired electric generation facility that (1) had two or less generating units as of January 1, 1980, and four generating units as of January 1, 2016; (2) has multiple owners; and (3) serves retail customers in Washington with a portion of its load. An eligible coal unit is any generating unit of an eligible coal plant.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Authorizing the Use of Regulatory Liabilities in a Retirement Account. After conducting an adjudicative proceeding, the UTC may authorize an electrical company to place regulatory liabilities into a retirement account to cover decommissioning and remediation costs of eligible coal units that commenced operation before January 1, 1980.

Regulatory liabilities in a retirement account must (1) not be used for any purpose other than to fund and recover prudently incurred decommissioning and remediation costs for eligible coal units; (2) not be reduced, altered, impaired, or limited from the date of UTC approval including regulatory liabilities until all costs are recovered or paid in full; and (3) provide that remaining funds in the retirement account be returned to customers.

Votes on Final Passage:

Senate	42	7
House	92	5

Effective: June 9, 2016

Partial Veto Summary: Removes the provision that prohibited an electrical company from using regulatory liabilities for decommissioning and remediation costs if the electrical company proposed a closing date or retired from service an eligible coal unit prior to December 31, 2022, subject to certain exceptions.