CERTIFICATION OF ENROLLMENT

**ENGROSSED SUBSTITUTE SENATE BILL 6248**

Chapter 220, Laws of 2016

(partial veto)

64th Legislature

2016 Regular Session

COAL PLANTS--TRANSITION--RETIREMENT ACCOUNTS

EFFECTIVE DATE: 6/9/2016

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| Passed by the Senate February 17, 2016  Yeas 42 Nays 7  BRAD OWEN  **President of the Senate**  Passed by the House March 4, 2016  Yeas 92 Nays 5  FRANK CHOPP  **Speaker of the House of Representatives** | CERTIFICATE  I, Hunter G. Goodman, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 6248** as passed by Senate and the House of Representatives on the dates hereon set forth.  HUNTER G. GOODMAN  **Chief Clerk** |
| Approved April 1, 2016 4:50 PM with the exception of Section 3, which is vetoed. | April 4, 2016 |
| JAY INSLEE  **Governor of the State of Washington** | **Secretary of State**  **State of Washington** |

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**ENGROSSED SUBSTITUTE SENATE BILL 6248**

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Passed Legislature - 2016 Regular Session

**State of Washington 64th Legislature 2016 Regular Session**

**By** Senate Energy, Environment & Telecommunications (originally sponsored by Senators Ericksen and Ranker)

AN ACT Relating to a pathway for a transition of eligible coal units; and adding a new chapter to Title 80 RCW.

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

NEW SECTION. **Sec.**  The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Eligible coal plant" means a coal-fired electric generation facility that: (a) Had two or fewer generating units as of January 1, 1980, and four generating units as of January 1, 2016; (b) is owned by more than one electrical company as of January 1, 2016; and (c) provides, as a portion of the load served by the coal-fired electric generation facility, electricity paid for in rates by customers in the state of Washington.

(2) "Eligible coal unit" means any generating unit of an eligible coal plant.

NEW SECTION. **Sec.**  (1) The commission may, after conducting an adjudicative proceeding under chapters 34.05 and 80.04 RCW, authorize an electrical company to place amounts from one or more regulatory liabilities into a retirement account established pursuant to RCW 80.04.350 to cover decommissioning and remediation costs of eligible coal units that commenced commercial operations before January 1, 1980.

(2) Regulatory liabilities placed in a retirement account pursuant to subsection (1) of this section must: (a) Not be used for any purpose other than the funding and recovery of prudently incurred decommissioning and remediation costs for such eligible coal units; (b) except as provided in RCW 80.04.350, not be reduced, altered, impaired, or limited from the date of commission approval of the inclusion of the regulatory liabilities in the retirement account until all prudently incurred decommissioning and remediation costs for such coal units are recovered or paid in full; and (c) provide that any remaining funds in the retirement account, after recovery by the electrical company of all prudently incurred decommissioning and remediation costs for such eligible coal units, be returned to customers.

NEW SECTION. **Sec.**  (1) If an electrical company proposes a closure date or retires from service an eligible coal unit that commenced commercial operations before January 1, 1980, prior to December 31, 2022, then the commission may not authorize the electrical company to use regulatory liabilities placed in a retirement account for decommissioning and remediation costs pursuant to section 2 of this act.

(2) Subsection (1) of this section does not apply if an electrical company demonstrates to the commission that a decision to retire from service an eligible coal unit that commenced commercial operations before January 1, 1980, prior to December 31, 2022:

(a) Is prudent as determined by evidence showing the continued operation of an eligible coal unit is economically or technologically unfeasible or requires a capital investment that is outside the scope of a prudent improvement or investment or the eligible coal unit has reached the end of its useful life; or

(b) Does not meet the standard in (a) of this subsection but is attributable to the actions of a co-owner or operator of the eligible coal unit over whom the electrical company does not exercise control.

NEW SECTION. **Sec.**  Sections 1 through 3 of this act constitute a new chapter in Title 80 RCW.

**--- END ---**

Passed by the Senate February 17, 2016.

Passed by the House March 4, 2016.

Approved by the Governor April 1, 2016, with the exception of certain items that were vetoed.

Filed in Office of Secretary of State April 4, 2016.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith, without my approval as to Section 3, Engrossed Substitute Senate Bill No. 6248 entitled:

"AN ACT Relating to risk mitigation plans to promote the transition of eligible coal units."

Section 3 of the bill prohibits the Utilities and Transportation Commission (UTC) from authorizing the use of retirement account funds if the electrical company proposes a closure or retirement date before December 31, 2022, subject to certain exceptions. This section inappropriately changes the long-standing definition of how the commission determines whether utility investment and expenses are prudent. It unnecessarily interferes with the market and with UTC's role in determining how best to protect the ratepayers of Washington-owned utilities.

For these reasons I have vetoed Section 3 of Engrossed Substitute Senate Bill No. 6248.

With the exception of Section 3, Engrossed Substitute Senate Bill No. 6248 is approved."