
ENGROSSED SUBSTITUTE HOUSE BILL 2462

State of Washington

54th Legislature

1996 Regular Session

By House Committee on Energy & Utilities (originally sponsored by Representatives Casada, Poulsen, Crouse, Hankins, Grant, Patterson and Kessler)

Read first time 01/19/96.

1 AN ACT Relating to regulating cooling services as thermal heating
2 services; amending RCW 80.62.010, 80.62.020, 80.62.030, 80.62.040,
3 80.62.050, 80.62.060, 80.62.070, and 80.62.080; creating a new section;
4 and repealing RCW 80.62.900.

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

6 **Sec. 1.** RCW 80.62.010 and 1987 c 522 s 1 are each amended to read
7 as follows:

8 The legislature finds that traditional utility regulation may pose
9 unnecessary barriers to ~~((using Washington's heat sources for))~~ the
10 provision of district ~~((heating purposes))~~ thermal energy services.
11 The legislature further finds that regulation may be necessary to
12 protect the interests of the public in securing adequate ~~((heating))~~
13 thermal energy services ~~((from these heat sources))~~ at reasonable cost.
14 Therefore, it is the intent of the legislature and the purpose of this
15 chapter to provide a streamlined permitting system which will encourage
16 development and efficient utilization and distribution of ~~((heat))~~
17 thermal energy services while continuing to provide reasonable customer
18 protections.

1 **Sec. 2.** RCW 80.62.020 and 1987 c 522 s 2 are each amended to read
2 as follows:

3 Unless the context clearly requires otherwise, the definitions in
4 this section apply throughout this chapter.

5 (1) "Biomass energy system" means a system that provides for the
6 production or collection of organic materials such as wood and
7 agricultural residues and municipal solid waste that are primarily
8 organic materials and the conversion or use of such material for the
9 production of heat or substitute fuels through several processes
10 including, but not limited to, burning, pyrolysis, or anaerobic
11 digestion.

12 (2) "Geothermal heat" means the natural thermal energy of the
13 earth.

14 (3) (~~("Heat" means thermal energy.)~~) "Cooling service" means the
15 development, production, transmission, distribution, delivery,
16 furnishment, or sale of a chilled medium, which includes but is not
17 limited to chilled air or water.

18 (4) (~~("Heat source")~~) "Heating service" means the development,
19 production, transmission, distribution, delivery, furnishment, or sale
20 of a heated medium deriving from a heat source that includes but is not
21 limited to: (a) Any integral part of a heat production or heat
22 rejection system of an industrial facility, cogeneration facility, or
23 electric power generation facility(~~()~~); (b) a geothermal well or
24 spring(~~()~~); (c) a biomass energy system(~~()~~); (d) a solar collection
25 facility(~~(and)~~); (e) a hydrothermal resource or heat extraction
26 process; (f) natural gas-fired boiler; and (g) electric boiler.

27 (5) (~~("Heat")~~) "Thermal energy supplier" means any private person,
28 company, association, or corporation engaged or proposing to engage in
29 developing, producing, transmitting, distributing, delivering,
30 furnishing, or selling to or for the public (~~(heat from a heat source)~~)
31 thermal energy services for any beneficial use other than electricity
32 generation.

33 (6) "Commission" means the utilities and transportation commission.

34 (7) "Cogeneration facility" means any machinery, equipment,
35 structure, process, or property, or any part thereof, installed or
36 acquired for the primary purpose of cogeneration by a person or
37 corporation.

38 (8) "Cogeneration" means the sequential generation of two or more
39 forms of energy from a common fuel or energy source.

1 (9) "Waste heat" means the thermal energy which otherwise would be
2 released to the environment from an industrial process, electric
3 generation, or other process.

4 (10) "Hydrothermal resource" means the thermal energy available in
5 wastewater, sewage effluent, wells, or other water sources, natural or
6 man-made.

7 (11) "Distribution" means the conveyance of thermal energy to two
8 or more buildings through a network of pipes.

9 (12) "Thermal energy" means heat or cold in the form of steam,
10 heated or chilled water, or any other heated or chilled medium.

11 (13) "Thermal energy services" means the provision of heating
12 services, cooling services, or both, and includes such ancillary
13 services as energy audits, metering, billing, maintenance, and repairs.

14 **Sec. 3.** RCW 80.62.030 and 1983 c 94 s 3 are each amended to read
15 as follows:

16 Notwithstanding any other provision of law, ((heat)) thermal energy
17 suppliers are not subject to the general jurisdiction of the
18 commission, but are only subject to the limited jurisdiction conferred
19 to the commission by this chapter. Nothing in this chapter prohibits
20 existing regulated public utilities from providing ((heat from a heat
21 source, as defined in RCW 80.62.020)) thermal energy services, and
22 thereby being eligible to seek an operating permit as a ((heat))
23 thermal energy supplier as provided by this chapter.

24 **Sec. 4.** RCW 80.62.040 and 1983 c 94 s 4 are each amended to read
25 as follows:

26 The commission shall, within one hundred eighty days of ((July 24,
27 1983,)) June 1, 1996, adopt ((regulations)) rules governing application
28 contents, customer ((heating)) thermal energy service contracts, review
29 procedures, and fees necessary in implementing this chapter. The
30 commission shall set the fees so that total fees collected will
31 approximately equal the reasonable cost of supervising and regulating
32 ((heat)) thermal energy suppliers.

33 **Sec. 5.** RCW 80.62.050 and 1983 c 94 s 5 are each amended to read
34 as follows:

35 Upon application by a ((heat)) thermal energy supplier, the
36 commission shall notify all providers of ((heating)) thermal energy

1 services within the designated service territory of pending
2 application, and shall issue a nonexclusive operating permit to provide
3 (~~heating~~) thermal energy services within a designated service
4 territory, as proposed by the applicant, if the commission reasonably
5 determines:

6 (1) The applicant is qualified and financially responsible to
7 provide the services for which the permit is sought;

8 (2) The applicant's proposed system design is adequate for that
9 purpose; and

10 (3) The contract to be offered to the applicant's customers
11 substantially complies with the requirements set forth in RCW
12 80.62.060.

13 **Sec. 6.** RCW 80.62.060 and 1983 c 94 s 6 are each amended to read
14 as follows:

15 (1) Each (~~heat~~) thermal energy supplier shall enter into a
16 contract with each customer proposed to be served pursuant to an
17 operating permit.

18 (2) The terms of the contract, or any renewal, modification,
19 termination, or expiration thereof, to be offered to each customer or
20 class of customers, or representatives thereof, shall be subject to the
21 approval of the commission and shall specify, but not be limited to:

22 (a) The period of time during which the (~~heating~~) thermal energy
23 service will be provided;

24 (b) The rates or the formula for determining rates to be charged
25 during the contract term; and

26 (c) The adequacy of the service provided during the contract term.

27 **Sec. 7.** RCW 80.62.070 and 1983 c 94 s 7 are each amended to read
28 as follows:

29 In accordance with the purpose of this chapter as set forth in RCW
30 80.62.010, commission approval of the rates or rate formula specified
31 in the customer (~~heating~~) thermal energy service contract shall not
32 be based upon the (~~heat~~) thermal energy supplier's cost of providing
33 services or its rate of return on investment, but shall be based upon
34 the reasonableness of the proposed rates in relation to the rates
35 charged to customers for comparable (~~heating~~) thermal energy services
36 such as electric, oil, and natural gas (~~heating~~) thermal energy
37 otherwise available in the proposed service territory. Any proposed

1 rate less than eighty percent of the lowest rate of the foregoing
2 services shall be deemed reasonable as a matter of law and shall be
3 approved.

4 **Sec. 8.** RCW 80.62.080 and 1983 c 94 s 8 are each amended to read
5 as follows:

6 The commission shall have continuing jurisdiction to regulate
7 ((heat)) thermal energy suppliers as provided in this chapter to ensure
8 compliance with the terms of any operating permit issued in accordance
9 with this chapter.

10 NEW SECTION. **Sec. 9.** RCW 80.62.900 and 1983 c 94 s 9 are each
11 repealed.

12 NEW SECTION. **Sec. 10.** This act is not intended to affect
13 contracts entered into before the effective date of this act, nor is it
14 intended to affect fees paid with regard to supervising the contracts.

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