
HOUSE BILL 2177

State of Washington

63rd Legislature

2014 Regular Session

By Representatives Morris, Morrell, Blake, and Fey

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1 AN ACT Relating to the expansion of natural gas infrastructure in
2 rural or underserved areas; amending RCW 80.28.130 and 80.28.260; and
3 adding a new section to chapter 43.180 RCW.

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

5 **Sec. 1.** RCW 80.28.130 and 2011 c 214 s 22 are each amended to read
6 as follows:

7 (1) Whenever the commission finds, after hearing had upon its own
8 motion or upon complaint, that repairs or improvements, to, or changes
9 in, any gas plant, electrical plant, system of sewerage, or water
10 system ought to be made, or that any additions or extensions should
11 reasonably be made thereto, in order to promote the security or
12 convenience of the public or employees, or in order to secure adequate
13 service or facilities for manufacturing, distributing or supplying gas,
14 electricity, wastewater company services, or water, the commission may
15 enter an order directing that such reasonable repairs, improvements,
16 changes, additions or extensions of such gas plant, electrical plant,
17 system of sewerage, or water system be made.

18 (2)(a) Upon finding that a requested investment in natural gas
19 infrastructure will promote the security or convenience of the public,

1 the commission must grant recovery and authorize those mechanisms or
2 adjustments as are necessary for a gas company to recover operational
3 expenses or capital costs, or both, associated with those investments.

4 (b) For the purposes of this subsection, the term "security or
5 convenience of the public" includes but is not limited to natural gas
6 infrastructure in rural or underserved areas of the state that: (i)
7 Promotes economic development; (ii) improves environmental conditions;
8 or (iii) enhances public health. The term does not apply to a single
9 residential, commercial, or industrial building.

10 **Sec. 2.** RCW 80.28.260 and 1996 c 186 s 520 are each amended to
11 read as follows:

12 (1) The commission shall adopt a policy allowing an incentive rate
13 of return on investment (a) for payments made under RCW 19.27A.035 and
14 (b) for programs that improve the efficiency of energy end use if
15 priority is given to senior citizens and low-income citizens in the
16 course of carrying out such programs. The incentive rate of return on
17 investments set forth in this subsection is established by adding an
18 increment of two percent to the rate of return on common equity
19 permitted on the company's other investments.

20 (2) The commission shall consider and may adopt a policy allowing
21 an incentive rate of return on investment in additional programs to
22 improve the efficiency of energy end use or other incentive policies to
23 encourage utility investment in such programs.

24 (3) The commission shall consider and may adopt other policies to
25 protect a company from a reduction of short-term earnings that may be
26 a direct result of utility programs to increase the efficiency of
27 energy use. These policies may include allowing a periodic rate
28 adjustment for investments in end use efficiency or allowing changes in
29 price structure designed to produce additional new revenue.

30 (4) The commission shall authorize incentive rates of return for
31 investments in natural gas infrastructure that promote the security or
32 convenience of the public.

33 (5) The commission shall develop minimum filing requirements and
34 procedural schedules and is required to issue a final determination
35 regarding a gas company's request in ninety days.

36 (6) If the commission denies a gas company's request, the

1 commission shall state the reasons for the denial. A gas company may
2 refile, without prejudice, an amended request in sixty days. The
3 commission must approve or deny the amended request in sixty days.

4 (7) For the purposes of this section, the term "security or
5 convenience of the public" includes but is not limited to natural gas
6 infrastructure in rural or underserved areas of the state that: (a)
7 Promotes economic development; (b) improves environmental conditions;
8 or (c) enhances public health.

9 NEW SECTION. Sec. 3. A new section is added to chapter 43.180 RCW
10 to read as follows:

11 (1) The commission may issue bonds for the purpose of financing all
12 or part of a project's cost of converting to natural gas in underserved
13 rural and urban areas with newly extended or expanded natural gas
14 service when the conversions promote the security or convenience of the
15 public.

16 (2) Eligible projects may include, but are not limited to,
17 conversions of the following to natural gas:

18 (a) Wood burning stoves or oil-fired boilers in low-income
19 households in air quality nonattainment areas;

20 (b) Industrial boilers to combined heat and power applications that
21 yield energy efficiency gains and emission reductions;

22 (c) Commercial and industrial boilers currently burning hog fuel or
23 bunker oil; and

24 (d) The locating of industrial facilities in economically depressed
25 areas.

26 (3) For the purposes of this section, the term "security or
27 convenience of the public" has the same meaning as defined in RCW
28 80.28.130.

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