

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

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

Approved April 1, 2016 4:50 PM with the
exception of Section 3, which is
vetoed.

JAY INSLEE

Governor of the State of Washington

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

Secretary

FILED

April 4, 2016

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE SENATE BILL 6248

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)

READ FIRST TIME 02/05/16.

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

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

4 NEW SECTION. **Sec. 1.** The definitions in this section apply
5 throughout this chapter unless the context clearly requires
6 otherwise.

7 (1) "Eligible coal plant" means a coal-fired electric generation
8 facility that: (a) Had two or fewer generating units as of January 1,
9 1980, and four generating units as of January 1, 2016; (b) is owned
10 by more than one electrical company as of January 1, 2016; and (c)
11 provides, as a portion of the load served by the coal-fired electric
12 generation facility, electricity paid for in rates by customers in
13 the state of Washington.

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

16 NEW SECTION. **Sec. 2.** (1) The commission may, after conducting
17 an adjudicative proceeding under chapters 34.05 and 80.04 RCW,
18 authorize an electrical company to place amounts from one or more
19 regulatory liabilities into a retirement account established pursuant
20 to RCW 80.04.350 to cover decommissioning and remediation costs of

1 eligible coal units that commenced commercial operations before
2 January 1, 1980.

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

16 ***NEW SECTION. Sec. 3. (1) If an electrical company proposes a**
17 **closure date or retires from service an eligible coal unit that**
18 **commenced commercial operations before January 1, 1980, prior to**
19 **December 31, 2022, then the commission may not authorize the**
20 **electrical company to use regulatory liabilities placed in a**
21 **retirement account for decommissioning and remediation costs pursuant**
22 **to section 2 of this act.**

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

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

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

**Sec. 3 was vetoed. See message at end of chapter.*

35 **NEW SECTION. Sec. 4.** Sections 1 through 3 of this act
36 constitute a new chapter in Title 80 RCW.

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."