CERTIFICATION OF ENROLLMENT

**SECOND SUBSTITUTE HOUSE BILL 1514**

Chapter 263, Laws of 2025

69th Legislature
2025 Regular Session

THERMAL ENERGY COMPANIES AND NETWORKS

EFFECTIVE DATE: July 27, 2025

Passed by the House April 22, 2025
Yeas 70 Nays 26

LAURIE JINKINS

**Speaker of the House of Representatives**

Passed by the Senate April 15, 2025
Yeas 48 Nays 0

DENNY HECK

**President of the Senate**

Approved May 13, 2025 10:18 AM

BOB FERGUSON

**Governor of the State of Washington**

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE HOUSE BILL 1514** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

**Chief Clerk**

FILED

May 14, 2025

**Secretary of State**
**State of Washington**

# SECOND SUBSTITUTE HOUSE BILL 1514

AS AMENDED BY THE SENATE

Passed Legislature - 2025 Regular Session

**State of Washington 69th Legislature 2025 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Ramel, Berry, Doglio, Hunt, Reed, and Parshley)

READ FIRST TIME 02/28/25.

AN ACT Relating to encouraging the deployment of low carbon thermal energy networks; amending RCW 80.04.010, 80.04.550, 80.28.005, 80.28.010, 80.28.020, 80.28.030, 80.28.040, 80.28.050, 80.28.060, 80.28.065, 80.28.068, 80.28.070, 80.28.075, 80.28.080, 80.28.090, 80.28.100, 80.28.120, 80.28.130, 80.28.160, 80.28.170, 80.28.240, and 80.28.430; adding new sections to chapter 80.28 RCW; adding a new section to chapter 80.04 RCW; and creating a new section.

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

**Sec. 1.** RCW 80.04.010 and 2024 c 348 s 1 are each amended to read as follows:

The definitions in this section apply throughout this title unless the context clearly requires otherwise.

(1) "Automatic location identification" means a system by which information about a caller's location, including the seven-digit number or ten-digit number used to place a 911 call or a different seven-digit number or ten-digit number to which a return call can be made from the public switched network, is forwarded to a public safety answering point for display.

(2) "Automatic number identification" means a system that allows for the automatic display of the seven-digit or ten-digit number used to place a 911 call.

(3) "Battery charging facility" includes a "battery charging station" and a "rapid charging station" as defined in RCW 82.08.816.

(4) "Cogeneration facility" means any machinery, equipment, structure, process, or property, or any part thereof, installed or acquired for the primary purpose of the sequential generation of electrical or mechanical power and useful heat from the same primary energy source or fuel.

(5) "Commission" means the utilities and transportation commission.

(6) "Commissioner" means one of the members of such commission.

(7) "Competitive telecommunications company" means a telecommunications company which has been classified as such by the commission pursuant to RCW 80.36.320.

(8) "Competitive telecommunications service" means a service which has been classified as such by the commission pursuant to RCW 80.36.330.

(9) "Corporation" includes a corporation, company, association or joint stock association.

(10) "Department" means the department of health.

(11) "Electric plant" includes all real estate, fixtures and personal property operated, owned, used or to be used for or in connection with or to facilitate the generation, transmission, distribution, sale or furnishing of electricity for light, heat, or power for hire; and any conduits, ducts or other devices, materials, apparatus or property for containing, holding or carrying conductors used or to be used for the transmission of electricity for light, heat or power.

(12)(a) "Electrical company" includes any corporation, company, association, joint stock association, partnership and person, their lessees, trustees or receivers appointed by any court whatsoever (other than a railroad or street railroad company generating electricity solely for railroad or street railroad purposes or for the use of its tenants and not for sale to others), and every city or town owning, operating or managing any electric plant for hire within this state. An electrical company may own, operate, or manage any thermal energy network within this state.

(b) "Electrical company" does not include a company or person employing a cogeneration facility solely for the generation of electricity for its own use or the use of its tenants or for sale to an electrical company, state or local public agency, municipal corporation, or quasi municipal corporation engaged in the sale or distribution of electrical energy, but not for sale to others, unless such company or person is otherwise an electrical company.

(13) "Facilities" means lines, conduits, ducts, poles, wires, cables, cross-arms, receivers, transmitters, instruments, machines, appliances, instrumentalities and all devices, real estate, easements, apparatus, property and routes used, operated, owned or controlled by any telecommunications company to facilitate the provision of telecommunications service.

(14) "Gas company" includes every corporation, company, association, joint stock association, partnership and person, their lessees, trustees or receiver appointed by any court whatsoever, and every city or town, owning, controlling, operating or managing any gas plant within this state. A gas company may own, control, operate, or manage any thermal energy network within this state.

(15) "Gas plant" includes all real estate, fixtures and personal property, owned, leased, controlled, used or to be used for or in connection with the transmission, distribution, sale or furnishing of natural gas, or the manufacture, transmission, distribution, sale or furnishing of other type gas, for light, heat or power.

(16) "LATA" means a local access transport area as defined by the commission in conformance with applicable federal law.

(17) "Local exchange company" means a telecommunications company providing local exchange telecommunications service.

(18) "Noncompetitive telecommunications service" means any service which has not been classified as competitive by the commission.

(19) "Person" includes an individual, a firm or partnership.

(20) "Private shared telecommunications services" includes the provision of telecommunications and information management services and equipment within a user group located in discrete private premises in building complexes, campuses, or high-rise buildings, by a commercial shared services provider or by a user association, through privately owned customer premises equipment and associated data processing and information management services and includes the

provision of connections to the facilities of a local exchange and to interexchange telecommunications companies.

(21) "Private switch automatic location identification service" means a service that enables automatic location identification to be provided to a public safety answering point for 911 calls originating from station lines served by a private switch system.

(22)(a) "Private telecommunications system" means a telecommunications system controlled by a person or entity for the sole and exclusive use of such person, entity, or affiliate thereof, including the provision of private shared telecommunications services by such person or entity.

(b) "Private telecommunications system" does not include a system offered for hire, sale, or resale to the general public.

(23) "Public service company" includes every gas company, electrical company, telecommunications company, wastewater company, and water company. Ownership or operation of a cogeneration facility does not, by itself, make a company or person a public service company.

(24) "Radio communications service company" includes every corporation, company, association, joint stock association, partnership, and person, their lessees, trustees, or receivers appointed by any court, and every city or town making available facilities to provide radio communications service, radio paging, or cellular communications service for hire, sale, or resale.

(25) "Service" is used in this title in its broadest and most inclusive sense.

(26) "System of sewerage" means collection, treatment, and disposal facilities and services for sewerage, or storm or surface water runoff.

(27) "Telecommunications" is the transmission of information by wire, radio, optical cable, electromagnetic, or other similar means. As used in this definition, "information" means knowledge or intelligence represented by any form of writing, signs, signals, pictures, sounds, or any other symbols.

(28) "Telecommunications company" includes every corporation, company, association, joint stock association, partnership and person, their lessees, trustees or receivers appointed by any court whatsoever, and every city or town owning, operating or managing any facilities used to provide telecommunications for hire, sale, or resale to the general public within this state.

(29) "Thermal energy" means piped noncombustible fluids used for transferring heat into and out of buildings for the purpose of either: (a) Eliminating any resultant on-site greenhouse gas emissions of all types of heating and cooling processes including, but not limited to, comfort heating and cooling, domestic hot water, and refrigeration; (b) improving energy efficiency; or (c) both (a) and (b) of this subsection.

(30)(a) "Thermal energy company" means any private person, company, association, partnership, joint venture, or corporation engaged in or proposing to engage in thermal energy services, and may additionally engage in developing and producing thermal energy.

(b) A thermal energy company does not include any gas company, electrical company, or public utility district that owns, controls, operates, or manages a thermal energy network.

(c) A thermal energy company does not include a homeowners' association providing service to units solely within its own buildings.

(d) A thermal energy company does not include a company that develops, produces, or provides thermal energy independently from the company involved in the thermal energy distribution system.

(31) "Thermal energy network" means all real estate, fixtures, and personal property operated, owned, used, or to be used for or in connection with or to facilitate a utility-scale distribution infrastructure project that supplies thermal energy. A thermal energy network may not rely on combustion to create thermal energy, except for emergency backup purposes.

((~~(31)~~)) (32) "Thermal energy services" means transmitting, distributing, delivering, furnishing, or selling to or for the public thermal energy from a thermal energy system for any beneficial use other than electricity generation and includes such ancillary services as energy audits, metering, billing, maintenance, and repairs related to thermal energy.

(33) "Thermal energy system" means any system that provides thermal energy for space heating, space cooling, or process uses from a central plant, distributed plant, or combined heat and power facility, and that distributes the thermal energy to two or more buildings through a network of pipes. A thermal energy system includes, but is not limited to, a thermal energy network.

(34)(a) "Wastewater company" means a corporation, company, association, joint stock association, partnership and person, their

lessees, trustees, or receivers that owns or proposes to develop and own a system of sewerage that is designed for a peak flow of 27,000 to 100,000 gallons per day if treatment is by a large on-site sewerage system, or to serve one hundred or more customers.

(b) For purposes of commission jurisdiction, wastewater company does not include: (i) Municipal, county, or other publicly owned systems of sewerage; or (ii) wastewater company service to customers outside of an urban growth area as defined in RCW 36.70A.030.

((~~(32)~~)) (35)(a) "Water company" includes every corporation, company, association, joint stock association, partnership and person, their lessees, trustees or receivers appointed by any court whatsoever, and every city or town owning, controlling, operating, or managing any water system for hire within this state.

(b) For purposes of commission jurisdiction, "water company" does not include any water system serving less than 100 customers where the average annual gross revenue per customer does not exceed $300 per year, which revenue figure may be increased annually by the commission by rule adopted pursuant to chapter 34.05 RCW to reflect the rate of inflation as determined by the implicit price deflator of the United States department of commerce. The measurement of customers or revenues must include all portions of water companies having common ownership or control, regardless of location or corporate designation.

(c) "Control" is defined by the commission by rule and does not include management by a satellite agency as defined in chapter 70A.100 RCW if the satellite agency is not an owner of the water company.

(d) "Water company" also includes, for auditing purposes only, nonmunicipal water systems which are referred to the commission pursuant to an administrative order from the department, or the city or county as provided in RCW 80.04.110.

(e) Water companies exempt from commission regulation are subject to the provisions of chapter 19.86 RCW. A water company cannot be removed from regulation except with the approval of the commission. Water companies subject to regulation may petition the commission for removal from regulation if the number of customers falls below 100 or the average annual revenue per customer falls below $300. The commission is authorized to maintain continued regulation if it finds that the public interest so requires.

((~~(33)~~)) (36) "Water system" includes all real estate, easements, fixtures, personal property, dams, dikes, head gates, weirs, canals, reservoirs, flumes or other structures or appliances operated, owned, used or to be used for or in connection with or to facilitate the supply, storage, distribution, sale, furnishing, diversion, carriage, apportionment or measurement of water for power, irrigation, reclamation, manufacturing, municipal, domestic or other beneficial uses for hire.

**Sec. 2.** RCW 80.04.550 and 2015 3rd sp.s. c 19 s 12 are each amended to read as follows:

(1) It is the intent of the legislature to exempt from commission regulation ((~~thermal energy services provided by~~)) thermal energy companies in operation or under development before July 1, 2025, and combined heat and power facilities that are not otherwise regulated under this title. Nothing in this section shall prevent the commission from issuing or enforcing any order affecting combined heat and power facilities owned or operated by an electrical company that are subsidized by a regulated service.

(2) Nothing in this title shall authorize the commission to make or enforce any order affecting rates, tolls, rentals, contracts or charges for service rendered, or the adequacy or sufficiency of the facilities, equipment, instrumentalities, or buildings, or the reasonableness of rules or regulations made, furnished, used, supplied, or in force affecting any ((~~thermal energy system owned and operated by any thermal energy company or by a combined heat and power facility engaged in thermal energy services.~~

~~(3) For the purposes of this section:~~

~~(a) "Thermal energy company" means any private person, company, association, partnership, joint venture, or corporation engaged in or proposing to engage in developing, producing, transmitting, distributing, delivering, furnishing, or selling to or for the public thermal energy services for any beneficial use other than electricity generation;~~

~~(b) "Thermal energy system" means any system that provides thermal energy for space heating, space cooling, or process uses from a central plant or combined heat and power facility, and that distributes the thermal energy to two or more buildings through a network of pipes;~~

~~(c) "Thermal energy" means heat or cold in the form of steam, heated or chilled water, or any other heated or chilled fluid or gaseous medium; and~~

~~(d) "Thermal energy services" means the provision of thermal energy from a thermal energy system and includes such ancillary services as energy audits, metering, billing, maintenance, and repairs related to thermal energy~~)):

(a) Thermal energy company operating a thermal energy system that has less than five independent customers and less than 250 residential end users, unless the thermal energy company chooses to opt-in to commission regulation by providing the commission with a request to opt-in to regulation in writing.

(i) For the purposes of this section, "independent customer" means a unique direct customer receiving thermal energy for one or more buildings through one or more metered services.

(ii) For the purposes of this section, "residential end user" means a household in a dwelling unit that is not a direct customer of a thermal energy company but is located within a residential multifamily building or residential portion of a mixed-use building served by a thermal energy company.

(iii) If a thermal energy company's exempted thermal energy system grows to have five or more independent customers and 250 or more residential end users, the thermal energy company must submit the thermal energy system to the commission in a general rate case filing no later than 12 months after surpassing the exemption threshold so the commission can set the rates and charges of the thermal energy company;

(b) Thermal energy company owning and operating any thermal energy system in operation before July 1, 2025, unless the thermal energy company chooses to opt-in to commission regulation by providing the commission with a request to opt-in to regulation in writing;

(c) A combined heat and power facility engaged in thermal energy services, unless such a facility chooses to opt-in to commission regulation by providing the commission with a request to opt-in to regulation in writing.

(3) A thermal energy company that chooses to opt-in to commission regulation must remain under commission regulation and cannot subsequently opt-out of commission regulation.

(4) A thermal energy company that owns a thermal energy system that is under development but has not commenced operation as of July 1, 2025, is not subject to commission regulation if the thermal energy company notifies the commission in writing of the company's plans to operate the thermal energy system.

(5) The legislature finds that gas companies maintain their priority for developing thermal energy network pilot projects as provided in RCW 80.28.460.

**Sec. 3.** RCW 80.28.005 and 1994 c 268 s 1 are each amended to read as follows:

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

(1) "Bondable conservation investment" means all expenditures made by electrical, gas, or water companies with respect to energy or water conservation measures and services intended to improve the efficiency of electricity, gas, or water end use, including related carrying costs if:

(a) The conservation measures and services do not produce assets that would be bondable utility property under the general utility mortgage of the electrical, gas, or water company;

(b) The commission has determined that the expenditures were incurred in conformance with the terms and conditions of a conservation service tariff in effect with the commission at the time the costs were incurred, and at the time of such determination the commission finds that the company has proven that the costs were prudent, that the terms and conditions of the financing are reasonable, and that financing under this chapter is more favorable to the customer than other reasonably available alternatives;

(c) The commission has approved inclusion of the expenditures in rate base and has not ordered that they be currently expensed; and

(d) The commission has not required that the measures demonstrate that energy savings have persisted at a certain level for a certain period before approving the cost of these investments as bondable conservation investment.

(2) "Conservation bonds" means bonds, notes, certificates of beneficial interests in trusts, or other evidences of indebtedness or ownership that:

(a) The commission determines at or before the time of issuance are issued to finance or refinance bondable conservation investment by an electrical, gas or water company; and

(b) Rely partly or wholly for repayment on conservation investment assets and revenues arising with respect thereto.

(3) "Conservation investment assets" means the statutory right of an electrical, gas, or water company:

(a) To have included in rate base all of its bondable conservation investment and related carrying costs; and

(b) To receive through rates revenues sufficient to recover the bondable conservation investment and the costs of equity and debt capital associated with it, including, without limitation, the payment of principal, premium, if any, and interest on conservation bonds.

(4) "Finance subsidiary" means any corporation, company, association, joint stock association, or trust that is beneficially owned, directly or indirectly, by an electrical, gas, or water company, or in the case of a trust issuing conservation bonds consisting of beneficial interests, for which an electrical, gas, or water company or a subsidiary thereof is the grantor, or an unaffiliated entity formed for the purpose of financing or refinancing approved conservation investment, and that acquires conservation investment assets directly or indirectly from such company in a transaction approved by the commission.

(5) "Thermal energy" has the same definition as in RCW 80.04.010.

(6) "Thermal energy company" has the same definition as in RCW 80.04.010.

(7) "Thermal energy network" has the same definition as in RCW 80.04.010.

(8) "Thermal energy services" has the same definition as in RCW 80.04.010.

(9) "Thermal energy system" has the same definition as in RCW 80.04.010.

**Sec. 4.** RCW 80.28.010 and 2023 c 105 s 6 are each amended to read as follows:

(1) All charges made, demanded or received by any gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company for gas, electricity ((~~or~~)), water, or thermal energy, or for any service rendered or to be rendered in connection

therewith, shall be just, fair, reasonable and sufficient. Reasonable charges necessary to cover the cost of administering the collection of voluntary donations for the purposes of supporting the development and implementation of evergreen community management plans and ordinances under RCW 80.28.300 must be deemed as prudent and necessary for the operation of a utility.

(2) Every gas company, electrical company, wastewater company, ((~~and~~)) water company, and thermal energy company shall furnish and supply such service, instrumentalities and facilities as shall be safe, adequate and efficient, and in all respects just and reasonable.

(3) All rules and regulations issued by any gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company, affecting or pertaining to the sale or distribution of its product or service, must be just and reasonable.

(4) Utility service for residential space heating shall not be terminated between November 15 through March 15 if the customer:

(a) Notifies the utility of the inability to pay the bill. This notice should be provided within five business days of receiving a payment overdue notice unless there are extenuating circumstances. If the customer fails to notify the utility within five business days and service is terminated, the customer can, by fulfilling the requirements of this section, receive the protections of this chapter;

(b) Provides self-certification of household income for the prior twelve months to a grantee of the department of commerce, which administers federally funded energy assistance programs. The grantee shall determine that the household income does not exceed the maximum allowed for eligibility under the state's plan for low-income energy assistance under 42 U.S.C. 8624 and shall provide a dollar figure that is seven percent of household income. The grantee may verify information provided in the self-certification;

(c) Has applied for home heating assistance from applicable government and private sector organizations and certifies that any assistance received will be applied to the current bill and future utility bills;

(d) Has applied for low-income weatherization assistance to the utility or other appropriate agency if such assistance is available for the dwelling;

(e) Agrees to a payment plan and agrees to maintain the payment plan. The plan will be designed both to pay the past due bill by the following October 15th and to pay for continued utility service. If the past due bill is not paid by the following October 15, the customer is not eligible for protections under this chapter until the past due bill is paid. The plan may not require monthly payments in excess of seven percent of the customer's monthly income plus one-twelfth of any arrearage accrued from the date application is made and thereafter during November 15 through March 15. A customer may agree to pay a higher percentage during this period, but shall not be in default unless payment during this period is less than seven percent of monthly income plus one-twelfth of any arrearage accrued from the date application is made and thereafter. If assistance payments are received by the customer subsequent to implementation of the plan, the customer shall contact the utility to reformulate the plan; and

(f) Agrees to pay the moneys owed even if the customer moves.

(5) The utility shall:

(a) Include in any notice that an account is delinquent and that service may be subject to termination, a description of the customer's duties in this section;

(b) Assist the customer in fulfilling the requirements under this section;

(c) Be authorized to transfer an account to a new residence when a customer who has established a plan under this section moves from one residence to another within the same utility service area;

(d) Be permitted to disconnect service if the customer fails to honor the payment program except on the days indicated in subsection (8) of this section. Utilities may continue to disconnect service for those practices authorized by law other than for nonpayment as provided for in this subsection. Customers who qualify for payment plans under this section who default on their payment plans and are disconnected can be reconnected and maintain the protections afforded under this chapter by paying all amounts that would have been due and owing under the terms of the applicable payment plan, absent default, on the date on which service is reconnected; and

(e) Advise the customer in writing at the time it disconnects service that it will restore service if the customer contacts the utility and fulfills the other requirements of this section.

(6) A payment plan implemented under this section is consistent with RCW 80.28.080.

(7) Every gas company ((~~and~~)), electrical company, and thermal energy company shall offer residential customers the option of a budget billing or equal payment plan. The budget billing or equal payment plan shall be offered low-income customers eligible under the state's plan for low-income energy assistance prepared in accordance with 42 U.S.C. 8624(C)(1) without limiting availability to certain months of the year, without regard to the length of time the customer has occupied the premises, and without regard to whether the customer is the tenant or owner of the premises occupied.

(8)(a) Every electrical company ((~~and~~)), water company, and thermal energy company must have and must abide by the terms of a tariff approved by the commission that prohibits the electrical company ((~~or~~)), water company, or thermal energy company from effecting, due to lack of payment, an involuntary termination of electric ((~~or~~)), water, or thermal energy utility service to any residential user, including tenants of metered apartment buildings and residents of mobile homes, on any day for which the national weather service has issued or has announced that it intends to issue a heat-related alert, such as an excessive heat warning, a heat advisory, an excessive heat watch, or a similar alert, for the area in which the residential user's address is located.

(b) Nothing in this subsection (8) limits the authority of the commission to prohibit an electrical company ((~~or~~)), water company, or thermal energy company from terminating electric ((~~or~~)), water, or thermal energy utility service in accordance with an approved tariff, rule, or order, in circumstances independent of the weather.

(9)(a) A residential user at whose dwelling electric ((~~or~~)), water, or thermal energy utility service has been disconnected for lack of payment may request that the utility reconnect service on any day for which the national weather service has issued or has announced that it intends to issue a heat-related alert, such as an excessive heat warning, a heat advisory, an excessive heat watch, or a similar alert, for the area in which the residential user's address is located. The utility shall, through a process approved by the commission, inform all customers in the notice of disconnection of the ability to seek reconnection and provide clear and specific information on how to make that request, including how to contact the utility.

(b) Upon receipt of a request made pursuant to (a) of this subsection, the utility shall promptly make a reasonable attempt to reconnect service to the dwelling. The utility, in connection with a request made pursuant to (a) of this subsection, may require the residential user to enter into a payment plan prior to reconnecting service to the dwelling. If the utility requires the residential user to enter into a repayment plan, the repayment plan must comply with subsection (10) of this section.

(10) A repayment plan required by a utility pursuant to subsection (9)(b) of this section will be designed both to pay the past due bill by the following May 15th, or as soon as possible after May 15th if needed to maintain monthly payments that are no greater than six percent of the customer's monthly income, and to pay for continued utility service. The plan may not require monthly payments in excess of six percent of the customer's monthly income. A customer may agree to pay a higher percentage during this period, but will not be in default unless payment during this period is less than six percent of the customer's monthly income. If assistance payments are received by the customer subsequent to implementation of the plan, the customer shall contact the utility to reformulate the plan.

(11) Every gas company, electrical company, wastewater company, ((~~and~~)) water company, and thermal energy company shall construct and maintain such facilities in connection with the manufacture and distribution of its product, or provision of its services, as will be efficient and safe to its employees and the public.

(12) An agreement between the customer and the utility, whether oral or written, does not waive the protections afforded under this chapter.

(13) In establishing rates or charges for water service, water companies as defined in RCW 80.04.010 may consider the achievement of water conservation goals and the discouragement of wasteful water use practices.

(14) On an annual basis, each utility must submit a report to the commission that includes the total number of electric ((~~or~~)), water, or thermal energy disconnections that occurred on each day for which the national weather service issued, or announced that it intended to issue, a heat-related alert.

**Sec. 5.** RCW 80.28.020 and 2011 c 214 s 12 are each amended to read as follows:

Whenever the commission shall find, after a hearing had upon its own motion, or upon complaint, that the rates or charges demanded, exacted, charged or collected by any gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company, for gas, electricity, wastewater company services, ((~~or~~)) water, or thermal energy, or in connection therewith, or that the rules, regulations, practices or contracts affecting such rates or charges are unjust, unreasonable, unjustly discriminatory or unduly preferential, or in any wise in violation of the provisions of the law, or that such rates or charges are insufficient to yield a reasonable compensation for the service rendered, the commission shall determine the just, reasonable, or sufficient rates, charges, regulations, practices or contracts to be thereafter observed and in force, and shall fix the same by order.

**Sec. 6.** RCW 80.28.030 and 2021 c 65 s 96 are each amended to read as follows:

(1) Whenever the commission finds, after such hearing, that the illuminating or heating power, purity or pressure of gas, the efficiency of electric lamp supply, the voltage of the current supplied for light, heat or power, the quality of wastewater company services, ((~~or~~)) the purity, quality, volume, and pressure of water, or the quality or quantity of thermal energy, supplied by any gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company, as the case may be, is insufficient, impure, inadequate or inefficient, it shall order such improvement in the manufacture, distribution or supply of gas, in the manufacture, transmission or supply of electricity, in the operation of the services and facilities of wastewater companies, or in the storage, distribution or supply of water, or in the quality or quantity of thermal energy, or in the methods employed by such gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company, as will in its judgment be efficient, adequate, just and reasonable. Failure of a water company to comply with state board of health standards adopted under RCW 43.20.050(2)(a) or department standards adopted under chapter 70A.100 RCW for purity, volume, and pressure is prima facie evidence that the water supplied is insufficient, impure, inadequate, or inefficient. Failure of a wastewater company to comply with standards and permit conditions adopted and implemented under chapter 70A.115 or 90.48 RCW

for treatment and disposal of sewerage, is prima facie evidence that the system of sewerage is insufficient, inadequate, or inefficient.

(2) In ordering improvements in the storage, distribution, or supply of water, the commission shall consult and coordinate with the department of health. In the event that a water company fails to comply with an order of the commission within the deadline specified in the order, the commission may request that the department petition the superior court of Thurston county to place the company in receivership pursuant to chapter 7.60 RCW.

(3) In ordering improvements to the system of sewerage, the commission shall consult and coordinate with the department of health or the department of ecology, as appropriate to the agencies' jurisdiction. In the event that a wastewater company fails to comply with an order of the commission within the deadline specified in the order, the commission may petition the superior court of Thurston county to place the company in receivership pursuant to chapter 7.60 RCW.

**Sec. 7.** RCW 80.28.040 and 2011 c 214 s 14 are each amended to read as follows:

(1) Whenever the commission finds, after hearing, that any rules, regulations, measurements or the standard thereof, practices, acts or services of any such gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company are unjust, unreasonable, improper, insufficient, inefficient or inadequate, or that any service which may be reasonably demanded is not furnished, the commission shall fix the reasonable rules, regulations, measurements or the standard thereof, practices, acts or service to be thereafter furnished, imposed, observed and followed, and shall fix the same by order or rule.

(2) In ordering improvements to the service of any water company, the commission shall consult and coordinate with the department of health. In the event that a water company fails to comply with an order of the commission within the deadline specified in the order, the commission may request that the department petition the superior court of Thurston county to place the company in receivership pursuant to chapter 7.60 RCW.

(3) In ordering improvements to the service of any system of sewerage, the commission shall consult and coordinate with the department of health or the department of ecology, as appropriate to

the agencies' jurisdiction. In the event that a wastewater company fails to comply with an order of the commission within the deadline specified in the order, the commission may petition the superior court of Thurston county to place the company in receivership pursuant to chapter 7.60 RCW.

**Sec. 8.** RCW 80.28.050 and 2011 c 214 s 15 are each amended to read as follows:

Every gas company, electrical company, wastewater company, ((~~and~~)) water company, and thermal energy company shall file with the commission and shall print and keep open to public inspection schedules in such form as the commission may prescribe, showing all rates and charges made, established or enforced, or to be charged or enforced, all forms of contract or agreement, all rules and regulations relating to rates, charges or service, used or to be used, and all general privileges and facilities granted or allowed by such gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company.

**Sec. 9.** RCW 80.28.060 and 2011 c 214 s 16 are each amended to read as follows:

(1) Unless the commission otherwise orders, no change may be made in any rate or charge or in any form of contract or agreement or in any rule or regulation relating to any rate, charge or service, or in any general privilege or facility which shall have been filed and published by a gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company in compliance with the requirements of RCW 80.28.050 except after thirty days' notice to the commission and publication for thirty days, which notice must plainly state the changes proposed to be made in the schedule then in force and the time when the change will go into effect and all proposed changes must be shown by printing, filing and publishing new schedules, or shall be plainly indicated upon the schedules in force at the time and kept open to public inspection. Proposed changes may be suspended by the commission within thirty days or before the stated effective date of the proposed change, whichever is later. The commission, for good cause shown, may allow changes without requiring the thirty days' notice by duly filing, in such manner as it may direct, an order specifying the changes so to be made and the time when it takes effect. All such changes must be immediately indicated

upon its schedules by the company affected. When any change is made in any rate or charge, form of contract or agreement, or any rule or regulation relating to any rate or charge or service, or in any general privilege or facility, the effect of which is to increase any rate or charge, then in existence, attention must be directed on the copy filed with the commission to such increase by some character immediately preceding or following the item in such schedule, such character to be in form as designated by the commission.

(2) During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the operation or enforcement of this section or any portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

**Sec. 10.** RCW 80.28.065 and 1993 c 245 s 2 are each amended to read as follows:

(1) Upon request by an electrical ((~~or~~)), gas, or thermal energy company, the commission may approve a tariff schedule that contains rates or charges for energy conservation measures, services, or payments provided to individual property owners or customers. The tariff schedule shall require the electrical ((~~or~~)), gas, or thermal energy company to enter into an agreement with the property owner or customer receiving services at the time the conservation measures, services, or payments are initially provided. The tariff schedule may allow for the payment of the rates or charges over a period of time and for the application of the payment obligation to successive property owners or customers at the premises where the conservation measures or services were installed or performed or with respect to which the conservation payments were made.

(2) The electrical ((~~or~~)), gas, or thermal energy company shall record a notice of a payment obligation, containing a legal description, resulting from an agreement under this section with the county auditor or recording officer as provided in RCW 65.04.030.

(3) The commission may prescribe by rule other methods by which an electrical ((~~or~~)), gas, or thermal energy company shall notify property owners or customers of any such payment obligation.

**Sec. 11.** RCW 80.28.068 and 2021 c 188 s 3 are each amended to read as follows:

(1) Upon its own motion, or upon request by an electrical ((~~or~~)), gas, or thermal energy company, or other party to a general rate case hearing, or other proceeding to set rates, the commission may approve rates, charges, services, and/or physical facilities at a discount, or through grants, for low-income senior customers and low-income customers. Expenses and lost revenues as a result of these discounts, grants, or other low-income assistance programs shall be included in the company's cost of service and recovered in rates to other customers. Each gas ((~~or~~)), electrical, or thermal energy company must propose a low-income assistance program comprised of a discount rate for low-income senior customers and low-income customers as well as grants and other low-income assistance programs. The commission shall approve, disapprove, or approve with modifications each gas ((~~or~~)), electrical, or thermal energy company's low-income assistance discount rate and grant program. The gas ((~~or~~)), electrical, or thermal energy company must use reasonable and good faith efforts to seek approval for low-income program design, eligibility, operation, outreach, and funding proposals from its low-income and equity advisory groups in advance of filing such proposals with the commission. In order to remove barriers and to expedite assistance, low-income discounts or grants approved under this section must be provided in coordination with community-based organizations in the gas ((~~or~~)), electrical, or thermal energy company's service territory including, but not limited to, grantees of the department of commerce, community action agencies, and community-based nonprofit organizations. Nothing in this section may be construed as limiting the commission's authority to approve or modify tariffs authorizing low-income discounts or grants.

(2) Eligibility for a low-income discount rate or grant established in this section may be established upon verification of a low-income customer's receipt of any means-tested public benefit, or verification of eligibility for the low-income home energy assistance program, or its successor program, for which eligibility does not exceed the low-income definition set by the commission pursuant to RCW 19.405.020. The public benefits may include, but are not limited to, assistance that provides cash, housing, food, or medical care including, but not limited to, temporary assistance for needy families, supplemental security income, emergency assistance to elders, disabled, and children, supplemental nutrition assistance program benefits, public housing, federally subsidized or state-

subsidized housing, the low-income home energy assistance program, veterans' benefits, and similar benefits.

(3) Each gas ((~~or~~)), electrical, or thermal energy company shall conduct substantial outreach efforts to make the low-income discounts or grants available to eligible customers and must provide annual reports to the commission as to the gas ((~~or~~)), electrical, or thermal energy company's outreach activities and results. Such outreach: (a) Shall be made at least semiannually to inform customers of available rebates, discounts, credits, and other cost-saving mechanisms that can help them lower their monthly bills for gas ((~~or~~)), electrical, or thermal energy service; and (b) may be in the form of any customary and usual methods of communication or distribution including, without limitation, widely broadcast communications with customers, direct mailing, telephone calls, electronic communications, social media postings, in-person contacts, websites of the gas ((~~or~~)), electrical, or thermal energy company, press releases, and print and electronic media, that are designed to increase access to and participation in bill assistance programs.

(4) Outreach may include establishing an automated program of matching customer accounts with lists of recipients of the means-tested public benefit programs and, based on the results of the matching program, to presumptively offer a low-income discount rate or grant to eligible customers so identified. However, the gas ((~~or~~)), electrical, or thermal energy company must within 60 days of the presumptive enrollment inform such a low-income customer of the presumptive enrollment and all rights and obligations of a customer under the program, including the right to withdraw from the program without penalty.

(5) A residential customer eligible for a low-income discount rate must receive the service on demand.

(6) A residential customer may not be charged for initiating or terminating low-income discount rates, grants, or any other form of energy assistance.

(7) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Energy burden" has the same meaning as defined in RCW 19.405.020.

(b) "Low-income" has the same meaning as defined in RCW 19.405.020.

(c) "Physical facilities" includes, but may not be limited to, a community solar project as defined in RCW 80.28.370.

**Sec. 12.** RCW 80.28.070 and 1961 c 14 s 80.28.070 are each amended to read as follows:

Nothing in this chapter shall be taken to prohibit a gas company, electrical company ((~~or~~)), water company, or thermal energy company from establishing a sliding scale of charges, whereby a greater charge is made per unit for a lesser than a greater quantity for gas, electricity ((~~or~~)), water, or thermal energy, or any service rendered or to be rendered.

**Sec. 13.** RCW 80.28.075 and 1988 c 166 s 2 are each amended to read as follows:

Upon request by a natural gas company ((~~or~~)), an electrical company, or a thermal energy company, the commission may approve a tariff that includes banded rates for any nonresidential natural gas ((~~or~~)), electric, or thermal energy service that is subject to effective competition from energy suppliers not regulated by the utilities and transportation commission. "Banded rate" means a rate that has a minimum and maximum rate. Rates may be changed within the rate band upon such notice as the commission may order.

**Sec. 14.** RCW 80.28.080 and 2011 c 214 s 17 are each amended to read as follows:

(1)(a) Except as provided otherwise in this subsection, no gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company may charge, demand, collect or receive a greater or less or different compensation for any service rendered or to be rendered than the rates and charges applicable to such service as specified in its schedule filed and in effect at the time, nor may any such company directly or indirectly refund or remit in any manner or by any device any portion of the rates or charges so specified, or furnish its product at free or reduced rates except to its employees and their families, and its officers, attorneys, and agents; to hospitals, charitable and eleemosynary institutions and persons engaged in charitable and eleemosynary work; to indigent and destitute persons; to national homes or state homes for disabled volunteer soldiers and soldiers' and sailors' homes.

For the purposes of this subsection (1):

(i) "Employees" includes furloughed, pensioned and superannuated employees, persons who have become disabled or infirm in the service of any such company; and

(ii) "Families" includes the families of those persons named in this proviso, the families of persons killed or dying in the service, also the families of persons killed, and the surviving spouse prior to remarriage, and the minor children during minority of persons who died while in the service of any of the companies named in this subsection (1).

(b) Water companies may furnish free or at reduced rates water for the use of the state, or for any project in which the state is interested.

(c) Gas companies, electrical companies, wastewater companies, ((~~and~~)) water companies, and thermal energy companies may charge the defendant for treble damages awarded in lawsuits successfully litigated under RCW 80.28.240.

(2) No gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company may extend to any person or corporation any form of contract or agreement or any rule or regulation or any privilege or facility except such as are regularly and uniformly extended to all persons and corporations under like circumstances.

**Sec. 15.** RCW 80.28.090 and 2011 c 214 s 18 are each amended to read as follows:

No gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company may make or grant any undue or unreasonable preference or advantage to any person, corporation, or locality, or to any particular description of service in any respect whatsoever, or subject any particular person, corporation or locality or any particular description of service to any undue or unreasonable prejudice or disadvantage in any respect whatsoever.

**Sec. 16.** RCW 80.28.100 and 2011 c 214 s 19 are each amended to read as follows:

No gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company may, directly or indirectly, or by any special rate, rebate, drawback or other device or method, charge, demand, collect or receive from any person or corporation a greater or less compensation for gas, electricity, wastewater company

services, ((~~or~~)) water, or thermal energy, or for any service rendered or to be rendered, or in connection therewith, except as authorized in this chapter, than it charges, demands, collects or receives from any other person or corporation for doing a like or contemporaneous service with respect thereto under the same or substantially similar circumstances or conditions. If the commission finds any instance of a thermal energy resource provider injecting thermal energy into a thermal energy system that exceeds system needs and creates system imbalance, the commission may issue rules to address such an issue to ensure ratepayers are not charged for energy that does not provide a benefit.

**Sec. 17.** RCW 80.28.120 and 2011 c 214 s 21 are each amended to read as follows:

Every gas, water, wastewater, ((~~or~~)) electrical, or thermal energy company owning, operating or managing a plant or system for the distribution and sale of gas, water ((~~or~~)), electricity, or thermal energy, or the provision of wastewater company services to the public for hire is, and is held to be, a public service company as to such plant or system and as to all gas, water, wastewater company services, ((~~or~~)) electricity, or thermal energy distributed or furnished therefrom, whether such gas, water, wastewater company services, ((~~or~~)) electricity, or thermal energy be sold wholesale or retail or be distributed wholly to the general public or in part as surplus gas, water, wastewater company services, ((~~or~~)) electricity, or thermal energy to manufacturing or industrial concerns or to other public service companies or municipalities for redistribution. Nothing in this title may be construed to prevent any gas company, electrical company ((~~or~~)), water company, or thermal energy company from continuing to furnish its product or the use of its lines, equipment or service under any contract or contracts in force on June 7, 1911, at the rates fixed in such contract or contracts. However, the commission has power, in its discretion, to direct by order that such contract or contracts be terminated by the company party thereto and thereupon such contract or contracts must be terminated by such company as and when directed by such order.

**Sec. 18.** RCW 80.28.130 and 2024 c 351 s 15 are each amended to read as follows:

Whenever the commission finds, after hearing had upon its own motion or upon complaint, that repairs or improvements, to, or changes in, any gas plant, electrical plant, system of sewerage, ((~~or~~)) water system, or thermal energy system ought to be made, or that any additions or extensions should reasonably be made thereto, in order to promote the security or convenience of the public or employees, or in order to secure adequate service or facilities for manufacturing, distributing or supplying gas, electricity, wastewater company services, ((~~or~~)) water, or thermal energy, the commission may enter an order directing that such reasonable repairs, improvements, changes, additions or extensions of such gas plant, electrical plant, system of sewerage, ((~~or~~)) water system, or thermal energy system be made. The commission may require a large combination utility as defined in RCW 80.86.010 to incorporate any existing pipeline safety and replacement plans under this section into an integrated system plan established under RCW 80.86.020.

NEW SECTION. **Sec. 19.** A new section is added to chapter 80.28 RCW to read as follows:

The commission may appoint inspectors of thermal energy meters who shall, when required by the commission, inspect, examine, prove, and ascertain the accuracy of any and all thermal energy meters used or intended to be used for measuring and ascertaining the quantity of thermal energy, and inspect, examine, and ascertain the accuracy of all apparatus for testing and proving the accuracy of thermal energy meters, and when found to be or made to be correct, stamp or mark all such meters and apparatus with some suitable device to be prescribed by the commission. No thermal energy company may furnish, set, or put in use any thermal energy meters which have not been approved by the commission.

**Sec. 20.** RCW 80.28.160 and 1961 c 14 s 80.28.160 are each amended to read as follows:

Every gas company, electrical company ((~~and~~)), water company, and thermal energy company shall prepare and maintain such suitable premises, apparatus and facilities as may be required and approved by the commission for testing and proving the accuracy of gas, electric ((~~or~~)), water, or thermal energy meters furnished for use by it by which apparatus every meter may be tested.

**Sec. 21.** RCW 80.28.170 and 1961 c 14 s 80.28.170 are each amended to read as follows:

If any consumer to whom a meter has been furnished shall request the commission in writing to inspect such meter, the commission shall have the same inspected and tested, and if the same, on being so tested, shall be found to be more than four percent if an electric meter, ((~~or~~)) more than two percent if a gas meter, ((~~or~~)) more than two percent if a water meter, or more than two percent if a thermal energy meter, defective or incorrect to the prejudice of the consumer, the expense of such inspection and test shall be borne by the gas company, electrical company ((~~or~~)), water company, or thermal energy company, and if the same, on being so tested shall be found to be correct within the limits of error prescribed by the provisions of this section, the expense of such inspection and test shall be borne by the consumer.

**Sec. 22.** RCW 80.28.240 and 2011 c 214 s 24 are each amended to read as follows:

(1) A utility may bring a civil action for damages against any person who commits, authorizes, solicits, aids, abets, or attempts to:

(a) Divert, or cause to be diverted, utility services by any means whatsoever;

(b) Make, or cause to be made, any connection or reconnection with property owned or used by the utility to provide utility service without the authorization or consent of the utility;

(c) Prevent any utility meter or other device used in determining the charge for utility services from accurately performing its measuring function by tampering or by any other means;

(d) Tamper with any property owned or used by the utility to provide utility services; or

(e) Use or receive the direct benefit of all or a portion of the utility service with knowledge of, or reason to believe that, the diversion, tampering, or unauthorized connection existed at the time of the use or that the use or receipt was without the authorization or consent of the utility.

(2) In any civil action brought under this section, the utility may recover from the defendant as damages three times the amount of actual damages, if any, plus the cost of the suit and reasonable attorney's fees, plus the costs incurred on account of the bypassing,

tampering, or unauthorized reconnection, including but not limited to costs and expenses for investigation, disconnection, reconnection, service calls, and expert witnesses.

(3) Any damages recovered under this section in excess of the actual damages sustained by the utility may be taken into account by the utilities and transportation commission or other applicable rate-making agency in establishing utility rates.

(4) As used in this section:

(a) "Customer" means the person in whose name a utility service is provided;

(b) "Divert" means to change the intended course or path of electricity, gas, ((~~or~~)) water, or thermal energy without the authorization or consent of the utility;

(c) "Person" means any individual, partnership, firm, association, or corporation or government agency;

(d) "Reconnection" means the commencement of utility service to a customer or other person after service has been lawfully disconnected by the utility;

(e) "Tamper" means to rearrange, injure, alter, interfere with, or otherwise prevent from performing the normal or customary function;

(f) "Utility" means any electrical company, gas company, wastewater company, ((~~or~~)) water company, or thermal energy company, as those terms are defined in RCW 80.04.010, and includes any electrical, gas, system of sewerage, ((~~or~~)) water system, or thermal energy system operated by any public agency; and

(g) "Utility service" means the provision of electricity, gas, water, wastewater company services, thermal energy, or any other service or commodity furnished by the utility for compensation.

**Sec. 23.** RCW 80.28.430 and 2021 c 188 s 4 are each amended to read as follows:

(1) A gas company ((~~or~~)), electrical company, or thermal energy company shall, upon request, enter into one or more written agreements with organizations that represent broad customer interests in regulatory proceedings conducted by the commission, subject to commission approval in accordance with subsection (2) of this section, including but not limited to organizations representing low-income, commercial, and industrial customers, vulnerable populations, or highly impacted communities. The agreement must govern the manner

in which financial assistance may be provided to the organization. More than one gas company, electrical company, thermal energy company, or organization representing customer interests may join in a single agreement. Any agreement entered into under this section must be approved, approved with modifications, or rejected by the commission. The commission must consider whether the agreement is consistent with a reasonable allocation of financial assistance provided to organizations pursuant to this section among classes of customers of the gas or electrical company.

(2) Before administering an agreement entered into under subsection (1) of this section, the commission shall, by rule or order, determine:

(a) The amount of financial assistance, if any, that may be provided to any organization;

(b) The manner in which the financial assistance is distributed;

(c) The manner in which the financial assistance is recovered in the rates of the gas company ((~~or~~)), electrical company, or thermal energy company under subsection (3) of this section; and

(d) Other matters necessary to administer the agreement.

(3) The commission shall allow a gas company ((~~or~~)), electrical company, or thermal energy company that provides financial assistance under this section to recover the amounts provided in rates. The commission shall allow a gas company ((~~or~~)), electrical company, or thermal energy company to defer inclusion of those amounts in rates if the gas company ((~~or~~)), electrical company, or thermal energy company so elects. An agreement under this section may not provide for payment of any amounts to the commission.

(4) Organizations representing vulnerable populations or highly impacted communities must be prioritized for funding under this section.

NEW SECTION. **Sec. 24.** A new section is added to chapter 80.28 RCW to read as follows:

(1) Upon its own motion, or upon request by an electrical company or a thermal energy company, or other party to a general rate case hearing, or other proceeding to set rates, the commission may authorize an electrical company to provide discounted rates to a company operating a thermal energy network in the electrical company's service area.

(2) The commission may authorize an electrical company to provide such discounted rates if the thermal energy network operates in a way that allows the electrical company to deliver electricity more efficiently than an electrical company's standard electric service, including if the thermal energy network shifts load off of peak demand.

(3) If the commission approves discounted rates as described in this section, the commission must consider the benefits of reduced input costs to operate thermal energy networks in future proceedings to set rates for thermal energy networks.

NEW SECTION. **Sec. 25.** A new section is added to chapter 80.04 RCW to read as follows:

The commission must follow the national and international development of interoperability standards for thermal energy networks and report to the appropriate committees of the legislature by December 1, 2027, on the maturity and readiness for adoption of these standards.

NEW SECTION. **Sec. 26.** If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2025, in the omnibus appropriations act, this act is null and void.

Passed by the House April 22, 2025.
Passed by the Senate April 15, 2025.
Approved by the Governor May 13, 2025.
Filed in Office of Secretary of State May 14, 2025.

**--- END ---**