



Office of the Washington State Auditor
Pat McCarthy

Report on Compliance with the Energy Independence Act

Public Utility District No. 1 of Snohomish County

For the period January 1, 2020 through December 31, 2020

Published July 19, 2021

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**Office of the Washington State Auditor
Pat McCarthy**

July 19, 2021

Board of Commissioners
Public Utility District No. 1 of Snohomish County
Everett, Washington

Report on Compliance with the Energy Independence Act

In November 2006, Washington voters approved Initiative 937, also referred to as the Energy Independence Act. The Act requires electric utilities with more than 25,000 customers to meet renewable energy and energy conservation targets.

Our Office is required to examine municipal utilities' and public utility districts' compliance with these targets. As of this reporting period, 12 such utilities with more than 25,000 customers were operating in Washington State. Public Utility District No. 1 of Snohomish County is one of those utilities.

Please find attached our report on the District's compliance with the Act.

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

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INDEPENDENT ACCOUNTANT'S REPORT

Public Utility District No. 1 of Snohomish County January 1, 2020 through December 31, 2020

Board of Commissioners
Public Utility District No. 1 of Snohomish County
Everett, Washington

We have examined Public Utility District No. 1 of Snohomish County's compliance with the requirements of the Energy Independence Act codified in the Revised Code of Washington (RCW) 19.285.040. Specifically, we examined whether the District:

- Complied with its renewable energy target of 976,396 MWh, developed as a percentage of the District's average retail load, in accordance with the Act's requirements. The target compliance period was January 1, 2020 through December 31, 2020.

The District's management is responsible for the District's compliance with those specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above.

An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. In making an assessment of the risks of material noncompliance, we considered and obtained an understanding on internal control relevant to compliance in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we express no such opinion. We believe that the evidence we obtained about the renewable energy credits and renewable resource energy acquired for compliance, as summarized in Attachment A, is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, Public Utility District No. 1 of Snohomish County complied, in all material respects, with the aforementioned requirements as of the annual renewable energy compliance period ended December 31, 2020.

Our examination disclosed no issues that are required to be reported under *Government Auditing Standards*.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

July 6, 2021

Attachment A: Public Utility District No. 1 of Snohomish County Schedule of Claimed Renewable Energy Resources

Attachment A: Public Utility District No. 1 of Snohomish County Schedule of Claimed Renewable Energy Resources

This list is not intended to be a complete representation of all eligible renewable resource energy and/or RECs the District had available as of January 1 of the compliance period.

		Energy Production Year 2019		
Facility Name	WREGIS Generating Unit ID	Biomass RECs (MWh)	Solar RECs (MWh)	Wind RECs (MWh)
BPA Tier I				
Condon Wind Power Project – Phase II	W833	--	--	4,192
Condon Wind Power Project	W774	--	--	4,096
Klondike Wind Power – Phase I	W238	--	--	5,109
Klondike Wind Power – Phase III	W237	--	--	13,456
Stateline (WA)	W248	--	--	18,191
Hay Canyon	W978	--	--	194,390
Wheat Field	W806	--	--	185,497
White Creek Wind Project – Phase 1	W360	--	--	48,834
Arlington Microgrid Community Solar	W7552	--	908*	--
Solar Express A	W3708	--	484*	--
Solar Express B	W3710	--	440*	--
Solar Express C	W3711	--	538*	--
Solar Express D	W3712	--	530*	--
Solar Express E	W3713	--	286*	--
Solar Express F	W4046	--	576*	--
Solar Express G	W4047	--	742*	--
Solar Express H	W4634	--	456*	--
Solar Express I	W4635	--	546*	--
Solar Express J	W4636	--	494*	--
Solar Express K	W4637	--	794*	--
Solar Express L	W4986	--	528*	--
Solar Express M	W4987	--	472*	--
Solar Express N	W4988	--	298*	--
Solar Express O	W4989	--	438*	--

		Energy Production Year 2019		
Facility Name	WREGIS Generating Unit ID	Biomass RECs (MWh)	Solar RECs (MWh)	Wind RECs (MWh)
Solar Express P	W4990	--	460*	--
Solar Express Q	W4991	--	456*	--
Solar Express R	W4992	--	544*	--
Solar Express S	W4993	--	604*	--
Solar Express T	W5559	--	540*	--
Solar Express U	W5560	--	514*	--
Solar Express V	W5561	--	234*	--
Solar Express W	W5562	--	406*	--
Solar Express X	W5563	--	356*	--
Solar Express Y	W5564	--	446*	--
Solar Express Z	W5565	--	450*	--
Solar Express AA	W5566	--	606*	--
Solar Express AB	W5903	--	400*	--
Solar Express AC	W5904	--	366*	--
Solar Express AD	W5905	--	400*	--
Solar Express AE	W5912	--	472*	--
Solar Express AF	W5913	--	378*	--
Solar Express AG	W5914	--	404*	--
Solar Express AH	W5915	--	568*	--
Solar Express AI	W5916	--	576*	--
Solar Express AJ	W5917	--	418*	--
Hampton Lumber Mill Biomass Facility, Darrington, WA	W2794	33,184*	--	--
Qualco Energy Biogas Facility	W3954	84*	--	--
Totals (MWh):		33,268	18,128	473,765
Total MWh value of 2019 RECs acquired for 2020 compliance		525,161		
* - MWh value represents two times the actual number of RECs claimed to recognize the Act’s multiplier available for facilities with a generating capacity of not more than five megawatts.				

		Energy Production Year 2020			
Facility Name	WREGIS Generating Unit ID	Biomass RECs (MWh)	Solar RECs (MWh)	Incremental Hydropower (MWh)	Wind RECs (MWh)
BPA Tier I					
Bonneville Dam	W3996	--	--	6,236	--
Chief Joseph Dam – Generating Unit 1	W4395	--	--	1,754	--
Chief Joseph Dam – Generating Unit 2	W4396	--	--	1,755	--
Chief Joseph Dam – Generating Unit 3	W4397	--	--	1,753	--
Chief Joseph Dam – Generating Unit 4	W4398	--	--	1,757	--
Chief Joseph Dam – Generating Unit 5	W4399	--	--	2,471	--
Chief Joseph Dam – Generating Unit 6	W4400	--	--	2,472	--
Chief Joseph Dam – Generating Unit 7	W4401	--	--	2,474	--
Chief Joseph Dam – Generating Unit 8	W4402	--	--	2,478	--
Chief Joseph Dam – Generating Unit 9	W4403	--	--	2,474	--
Chief Joseph Dam – Generating Unit 10	W4404	--	--	2,472	--
Chief Joseph Dam – Generating Unit 11	W4405	--	--	2,470	--
Chief Joseph Dam – Generating Unit 12	W4406	--	--	2,471	--
Chief Joseph Dam – Generating Unit 13	W4407	--	--	2,471	--
Chief Joseph Dam – Generating Unit 14	W4408	--	--	2,473	--
Chief Joseph Dam – Generating Unit 15	W4409	--	--	1,753	--
Chief Joseph Dam – Generating Unit 16	W4410	--	--	1,761	--
Cougar Dam – Generating Unit 2	W4422	--	--	531	--
Grand Coulee Dam – Generating Unit 3	W3802	--	--	56,474	--
Hills Creek Dam – Generating Unit 1	W10805	--	--	267	--
Lookout Point Dam – Generating Unit 3	W5088	--	--	1,400	--
Palisades Dam – Generating Unit 3	W7663	--	--	6,003	--
Condon Wind Power Project – Phase II	W833	--	--	--	5,903
Condon Wind Power Project	W774	--	--	--	5,761
Klondike Wind Power – Phase I	W238	--	--	--	5,996
Klondike Wind Power – Phase III	W237	--	--	--	17,583
Stateline (WA)	W248	--	--	--	23,403
Solar Express A	W3708	--	500*	--	--

		Energy Production Year 2020			
Facility Name	WREGIS Generating Unit ID	Biomass RECs (MWh)	Solar RECs (MWh)	Incremental Hydropower (MWh)	Wind RECs (MWh)
Solar Express B	W3710	--	556*	--	--
Solar Express C	W3711	--	718*	--	--
Solar Express D	W3712	--	658*	--	--
Solar Express E	W3713	--	270*	--	--
Solar Express F	W4046	--	542*	--	--
Solar Express G	W4047	--	684*	--	--
Solar Express H	W4634	--	450*	--	--
Solar Express I	W4635	--	552*	--	--
Solar Express J	W4636	--	508*	--	--
Solar Express K	W4637	--	794*	--	--
Solar Express L	W4986	--	534*	--	--
Solar Express M	W4987	--	462*	--	--
Solar Express N	W4988	--	292*	--	--
Solar Express O	W4989	--	436*	--	--
Solar Express P	W4990	--	438*	--	--
Solar Express Q	W4991	--	394*	--	--
Solar Express R	W4992	--	726*	--	--
Solar Express S	W4993	--	596*	--	--
Solar Express T	W5559	--	516*	--	--
Solar Express U	W5560	--	498*	--	--
Solar Express V	W5561	--	230*	--	--
Solar Express W	W5562	--	400*	--	--
Solar Express X	W5563	--	330*	--	--
Solar Express Y	W5564	--	448*	--	--
Solar Express Z	W5565	--	428*	--	--
Solar Express AA	W5566	--	588*	--	--
Solar Express AB	W5903	--	376*	--	--
Solar Express AC	W5904	--	342*	--	--
Solar Express AD	W5905	--	382*	--	--

		Energy Production Year 2020			
Facility Name	WREGIS Generating Unit ID	Biomass RECs (MWh)	Solar RECs (MWh)	Incremental Hydropower (MWh)	Wind RECs (MWh)
Solar Express AE	W5912	--	452*	--	--
Solar Express AF	W5913	--	376*	--	--
Solar Express AG	W5914	--	388*	--	--
Solar Express AH	W5915	--	554*	--	--
Solar Express AI	W5916	--	554*	--	--
Solar Express AJ	W5917	--	384*	--	--
Arlington Microgrid Community Solar	W7552	--	1,182*	--	--
Brush Solar	W10187	--	8,988*	--	--
Greenpark Solar	W10130	--	210*	--	--
Morgan Solar	W10191	--	9,634*	--	--
Ontario Solar	W10189	--	9,608*	--	--
Qualco Energy Biogas Facility	W3954	1,048*	--	--	--
Hampton Lumber Mill Biomass Facility, Darrington, WA	W2794	32,288*	--	--	--
Hay Canyon	W978	--	--	--	156,218
Sulus Solar – Generating Unit 17	W10097	--	4,784*	--	--
Sulus Solar – Generating Unit 25	W10134	--	426*	--	--
Sulus Solar – Generating Unit 28	W10132	--	1,062*	--	--
Sulus Solar – Generating Unit 29	W10138	--	394*	--	--
Sulus Solar – Generating Unit 35	W10131	--	3,100*	--	--
Vale Solar	W10322	--	5,374*	--	--
Washington State Ferries – Mukilteo Ferry Terminal	W10888	--	34*	--	--
White Creek Wind Project – Phase I	W360	--	--	--	34,323
Woods Creek Dam	n/a	--	--	390	--
Totals (MWh):		33,336	62,152	106,560	249,187
Total MWh value of 2020 renewable energy and RECs acquired for 2020 compliance		451,235			
* - MWh value represents two times the actual number of RECs claimed to recognize the Act’s multiplier available for facilities with a generating capacity of not more than five megawatts.					

Public Utility District No. 1 of Snohomish County used renewable resource energy and Renewable Energy Credits (RECs) it purchased and renewable resource energy it generated of a value of 976,396 megawatt hours (MWhs) to meet its renewable energy target for the 2020 compliance period. The District's renewable energy target for 2020 was 976,396 MWhs, which is 15 percent of its 6,509,307 MWh average retail load sold during the previous two years.

The Act (RCW 19.285.030 (20)) defines a Renewable Energy Credit as a tradable certificate of proof of at least 1 megawatt-hour (MWh) of electricity produced from an eligible renewable resource. In general, a REC represents the environmentally related characteristics, or "non-power" attributes, associated with the 1 MWh of energy produced from a renewable resource.

To be eligible for use toward the District's renewable energy target, all RECs claimed from power producing facilities, called "generating units", must be recorded and tracked in the Western Renewable Energy Generation Information System (WREGIS). WREGIS is an independent, renewable energy tracking system maintained by the Western Electricity Coordinating Council (WECC). The District uses WREGIS to track all of its RECs.

WREGIS identifies each generating unit using a unique identification number, or WREGIS Generating Unit ID. Each REC is registered in the District's own account with a unique serial number. When the District uses a REC toward compliance, it labels the REC as having been used to meet the Act's requirements to ensure it is removed from further sale, transfer or use.

The Act considers each REC produced by a small generating unit with a capacity of no more than 5 megawatts to be classified as "Distributed Generation." The Act permits the District to count each REC associated with Distributed Generation at two times its MWh value towards its renewable energy target. We indicated MWh values associated with Distributed Generation using an asterisk (*) in the above schedule.

Provided certain requirements are met, RECs created from the utility's share of the electricity resulting from improvements to hydroelectric projects are eligible under the Act. This resource became eligible for compliance periods starting January 1, 2020.

The District claimed the incremental amount of energy and associated nonpower attributes, or "bundled renewable energy", it produced from efficiency improvements it made to its Woods Creek dam.

RECs created from solar energy, energy produced from wind-driven turbines and energy generated using methane created from the decomposition of specific organic materials also are eligible under the Act.

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In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

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