



Office of the Washington State Auditor
Pat McCarthy

Report on Compliance with the Energy Independence Act

Public Utility District No. 1 of Benton County

For the period January 1, 2021 through December 31, 2021

Published October 10, 2022

Report No. 1031293



Find out what's new at SAO
by scanning this code with
your smartphone's camera



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

October 10, 2022

Board of Commissioners
Public Utility District No. 1 of Benton County
Kennewick, Washington

Report on Compliance with the Energy Independence Act

In November 2006, Washington voters approved Initiative 937, 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 electric utilities' and public utility districts' compliance with these requirements. As of this reporting period, our Office was required to examine 12 such electric utilities with more 25,000 customers operating in Washington State. Public Utility District No. 1 of Benton 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

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

INDEPENDENT ACCOUNTANT'S REPORT

Public Utility District No. 1 of Benton County January 1, 2021 through December 31, 2021

Board of Commissioners
Public Utility District No. 1 of Benton County
Kennewick, Washington

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

- Complied with its renewable energy target of 262,920 megawatt-hours (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, 2021 through December 31, 2021.

Management of the District is responsible for the District's compliance with the 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 of 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 as summarized in Attachment A, is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our engagement.

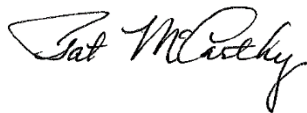
Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the Public Utility District No. 1 of Benton County complied, in all material respects, with the aforementioned requirements as of the annual renewable energy compliance period ended December 31, 2021.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; and fraud or noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on compliance with the specified requirements of the Act. We are also required to obtain and report the views of management concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over compliance and other matters; accordingly, we express no such opinions.

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

September 23, 2022

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

Attachment A: Public Utility District No. 1 of Benton 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.

Facility Name	WREGIS Generating Unit ID	Energy Production Year 2020			Energy Production Year 2021		
		Landfill gas RECs (MWh)	Biomass RECs (MWh)	Wind RECs (MWh)	Incremental Hydropower RECs (MWh)	Biomass RECs (MWh)	Wind RECs (MWh)
BPA Tier I							
Bonneville Dam	W3996	--	--	--	1,217	--	--
Chief Joseph Dam – Generating Unit 1	W4395	--	--	--	455	--	--
Chief Joseph Dam – Generating Unit 2	W4396	--	--	--	458	--	--
Chief Joseph Dam – Generating Unit 3	W4397	--	--	--	453	--	--
Chief Joseph Dam – Generating Unit 4	W4398	--	--	--	452	--	--
Chief Joseph Dam – Generating Unit 5	W4399	--	--	--	639	--	--
Chief Joseph Dam – Generating Unit 6	W4400	--	--	--	645	--	--
Chief Joseph Dam – Generating Unit 7	W4401	--	--	--	641	--	--
Chief Joseph Dam – Generating Unit 8	W4402	--	--	--	642	--	--
Chief Joseph Dam – Generating Unit 9	W4403	--	--	--	639	--	--
Chief Joseph Dam – Generating Unit 10	W4404	--	--	--	644	--	--
Chief Joseph Dam – Generating Unit 11	W4405	--	--	--	641	--	--
Chief Joseph Dam – Generating Unit 12	W4406	--	--	--	645	--	--
Chief Joseph Dam – Generating Unit 13	W4407	--	--	--	640	--	--
Chief Joseph Dam – Generating Unit 14	W4408	--	--	--	641	--	--

		Energy Production Year 2020			Energy Production Year 2021		
Facility Name	WREGIS Generating Unit ID	Landfill gas RECs (MWh)	Biomass RECs (MWh)	Wind RECs (MWh)	Incremental Hydropower RECs (MWh)	Biomass RECs (MWh)	Wind RECs (MWh)
Chief Joseph Dam – Generating Unit 15	W4409	--	--	--	456	--	--
Chief Joseph Dam – Generating Unit 16	W4410	--	--	--	455	--	--
Cougar Dam – Generating Unit 2	W4422	--	--	--	94	--	--
Grand Coulee Dam – Generating Unit 3	W3802	--	--	--	12,899	--	--
Hills Creek Dam – Generating Unit 1	W10805	--	--	--	144	--	--
Lookout Point Dam – Generating Unit 3	W5088	--	--	--	296	--	--
Palisades Dam – Generating Unit 3	W7663	--	--	--	1,081	--	--
Condon Wind Power Project – Phase II	W833	--	--	9,869	--	--	1,412
Condon Wind Power Project	W774	--	--	9,636	--	--	1,382
Klondike Wind Power – Phase I	W238	--	--	798	--	--	1,368
Klondike Wind Power – Phase III	W237	--	--	2,007	--	--	4,083
Stateline (WA)	W248	--	--	1,775	--	--	5,263
Stateline (OR)	W249	--	--	3,312	--	--	--
Pierce County Recycling, Composting, & Disposal, LLC (LRI) – Land Fill Gas- To-Energy (LFGTE) Facility – Phase 1	W3845	52,358*	--	--	--	--	--
Mountain Air Wind Projects	W2869	--	--	5,000	--	--	--
Yahoo Creek Wind Park	W1874	--	--	36,446	--	--	--
Salmon Falls Wind Park	W1885	--	--	2,560	--	--	--
Nine Canyon Wind Project - Phase 3	W697	--	--	8,835	--	--	--
Nine Canyon Wind Project	W684	--	--	16,333	--	--	--

		Energy Production Year 2020			Energy Production Year 2021		
Facility Name	WREGIS Generating Unit ID	Landfill gas RECs (MWh)	Biomass RECs (MWh)	Wind RECs (MWh)	Incremental Hydropower RECs (MWh)	Biomass RECs (MWh)	Wind RECs (MWh)
Cosmo Specialty Fibers – Generating Unit 1	W2233	--	18,822	--	--	--	--
Cosmo Specialty Fibers – Generating Unit 2	W2242	--	17,866	--	--	--	--
Stimson Lumber – Plummer	W813	--	--	--	--	8,460	
Thousand Springs Wind Park	W1881	--	--	1,184	--	--	--
White Creek Wind Project – Phase 1	W360	--	--	29,274	--	--	--
Totals (MWh):		52,358	36,688	127,029	24,877	8,460	13,508
Total MWh value of RECs acquired for 2021 compliance		262,920					
* - 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 Benton County used Renewable Energy Credits (RECs) it purchased and energy it purchased from facilities using eligible renewable resources of a value of 262,920 MWhs to meet its renewable energy target. The District's renewable energy target for 2021 was 262,920 MWhs, which is 15 percent of its 1,752,802 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 classifies the eligible renewable resource energy produced by a facility with a generating 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, a qualifying utility's share of RECs created from electricity generated from efficiency improvements made to hydroelectric projects are eligible under the Act. RECs from these improvements became eligible for compliance periods starting January 1, 2020.

The Act recognizes as eligible energy produced by solar power, wind-driven turbines, biomass energy, and landfill gas. Landfill gas, produced from the decomposition of organic materials in a landfill, is captured and used to fuel generators that produce electricity.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

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.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

Stay connected at sao.wa.gov

- [Find your audit team](#)
- [Request public records](#)
- Search BARS manuals ([GAAP](#) and [cash](#)), and find [reporting templates](#)
- Learn about our [training workshops](#) and [on-demand videos](#)
- Discover [which governments serve you](#) — enter an address on our map
- Explore public financial data with the [Financial Intelligence Tool](#)

Other ways to stay in touch

- Main telephone:
(564) 999-0950
- Toll-free Citizen Hotline:
(866) 902-3900
- Email:
webmaster@sao.wa.gov