



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, 2023 through December 31, 2023

Published November 21, 2024

Report No. 1035915



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

November 21, 2024

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, 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 13 such electric utilities with more than 25,000 customers 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, 2023 through December 31, 2023

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 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 1,001,639 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, 2023 through December 31, 2023.

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.

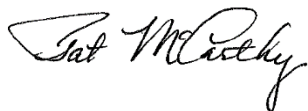
Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the Public Utility District No. 1 of Snohomish County complied, in all material respects, with the aforementioned requirements as of the annual renewable energy compliance period ended December 31, 2023.

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

October 22, 2024

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 2022		
Facility Name	WREGIS Generating Unit ID	Biomass RECs (MWh)	Solar RECs (MWh)	Wind RECs (MWh)
BPA Tier I				
Condon Wind Power Project	W774	--	--	2,726
Condon Wind Power Project – Phase II	W833	--	--	2,625
Klondike Wind Power – Phase I	W238	--	--	1,890
Klondike Wind Power – Phase III	W237	--	--	13,202
Stateline (WA)	W248	--	--	18,616
Arlington Microgrid Community Solar	W7552	--	1,312*	--
Bristol Solar	W10133	--	2*	--
Brush Solar	W10187	--	12,658*	--
Chopin Wind Farm	W5210	--	--	1
Cosmo Specialty Fibers – 1	W2233	3,625	--	--
Hampton Lumber Mill Biomass Facility, Darrington, WA	W2794	32,792*	--	--
Greenpark Solar	W10130	--	2*	--
Hay Canyon	W978	--	--	173,497
JJC – Multnomah, OR	W1964	--	3	--
Marengo	W185	--	--	4,463
Marengo II	W772	--	--	8,978
Meadow Creek Wind Farm – North Point	W3185	--	--	11,290
Milford Solar	W10137	--	2*	--
Morgan Solar	W10191	--	13,616*	--
Nine Canyon Wind Project – Phase 3	W697	--	--	5,319
Nine Canyon Wind Project	W684	--	--	8,993
Ontario Solar	W10189	--	14,064*	--
Sierra Pacific Burlington – Onsite Load	W2042	5,001	--	--
Solar Express A	W3708	--	428*	--
Solar Express B	W3710	--	310*	--
Solar Express C	W3711	--	456*	--

		Energy Production Year 2022		
Facility Name	WREGIS Generating Unit ID	Biomass RECs (MWh)	Solar RECs (MWh)	Wind RECs (MWh)
Solar Express D	W3712	--	460*	--
Solar Express E	W3713	--	236*	--
Solar Express F	W4046	--	478*	--
Solar Express G	W4047	--	636*	--
Solar Express H	W4634	--	414*	--
Solar Express I	W4635	--	500*	--
Solar Express J	W4636	--	460*	--
Solar Express K	W4637	--	654*	--
Solar Express L	W4986	--	448*	--
Solar Express M	W4987	--	426*	--
Solar Express N	W4988	--	258*	--
Solar Express O	W4989	--	356*	--
Solar Express P	W4990	--	402*	--
Solar Express Q	W4991	--	402*	--
Solar Express R	W4992	--	502*	--
Solar Express S	W4993	--	556*	--
Solar Express T	W5559	--	484*	--
Solar Express U	W5560	--	452*	--
Solar Express V	W5561	--	222*	--
Solar Express W	W5562	--	370*	--
Solar Express X	W5563	--	302*	--
Solar Express Y	W5564	--	256*	--
Solar Express Z	W5565	--	324*	--
Solar Express AA	W5566	--	520*	--
Solar Express AB	W5903	--	354*	--
Solar Express AC	W5904	--	502*	--
Solar Express AD	W5905	--	338*	--
Solar Express AE	W5912	--	420*	--
Solar Express AF	W5913	--	330*	--
Solar Express AG	W5914	--	336*	--
Solar Express AH	W5915	--	718*	--
Solar Express AI	W5916	--	496*	--

		Energy Production Year 2022		
Facility Name	WREGIS Generating Unit ID	Biomass RECs (MWh)	Solar RECs (MWh)	Wind RECs (MWh)
Solar Express AJ	W5917	--	360*	--
Stimson Lumber – Plummer	W813	308	--	--
Sulus Solar 25	W10134	--	2*	--
Sulus Solar 29	W10138	--	722*	--
Vale Solar	W10322	--	11,692*	--
Walgreens #6663	W1035	--	2	--
Walgreens #6426	W889	--	1	--
Walgreens #9287	W1019	--	1	--
Walgreens #1100	W888	--	1	--
Walgreens #9671	W1200	--	1	--
Walgreens #9544	W887	--	1	--
Walgreens #5780	W1014	--	1	--
Walgreens #5910	W891	--	1	--
Washington State Ferries – Mukilteo Ferry Terminal	W10888	--	260*	--
Wheat Field	W806	--	--	193,603
White Creek Wind 1	W360	--	--	50,782
Totals (MWh):		41,726	69,510	495,985
Total 2022 renewable energy and RECs for 2023 compliance (in MWh)		607,221		
* - 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 2023			
Facility Name	WREGIS Generating Unit ID	Biomass RECs (MWh)	Incremental Hydropower (MWh)	Solar RECs (MWh)	Wind RECs (MWh)
BPA Tier I					
Bonneville Dam	W3996	--	4,901	--	--
Chief Joseph Dam – Generating Unit 1	W4395	--	1,453	--	--
Chief Joseph Dam – Generating Unit 2	W4396	--	1,448	--	--
Chief Joseph Dam – Generating Unit 3	W4397	--	1,451	--	--
Chief Joseph Dam – Generating Unit 4	W4398	--	1,449	--	--
Chief Joseph Dam – Generating Unit 5	W4399	--	2,040	--	--
Chief Joseph Dam – Generating Unit 6	W4400	--	2,044	--	--
Chief Joseph Dam – Generating Unit 7	W4401	--	2,043	--	--
Chief Joseph Dam – Generating Unit 8	W4402	--	2,044	--	--
Chief Joseph Dam – Generating Unit 9	W4403	--	2,046	--	--
Chief Joseph Dam – Generating Unit 10	W4404	--	2,041	--	--
Chief Joseph Dam – Generating Unit 11	W4405	--	2,043	--	--
Chief Joseph Dam – Generating Unit 12	W4406	--	2,039	--	--
Chief Joseph Dam – Generating Unit 13	W4407	--	2,040	--	--
Chief Joseph Dam – Generating Unit 14	W4408	--	2,041	--	--
Chief Joseph Dam – Generating Unit 15	W4409	--	1,448	--	--
Chief Joseph Dam – Generating Unit 16	W4410	--	1,449	--	--
Cougar Dam – Generating Unit 2	W4422	--	220	--	--
Grand Coulee Dam – Generating Unit 3	W3802	--	46,767	--	--
Hills Creek Dam – Generating Unit 1	W10805	--	407	--	--
Lookout Point Dam – Generating Unit 3	W5088	--	712	--	--
Palisades Dam – Generating Unit 3	W7663	--	3,864	--	--
Arlington Microgrid Community Solar	W7552	--	--	1,394*	--
Bristol Solar	W10133	--	--	9,074*	--
Brush Solar	W10187	--	--	12,216*	--
Hampton Lumber Mill Biomass Facility, Darrington, WA	W2794	31,574*	--	--	--
Goshen Phase II	W1740	--	--	--	13,629
Greenpark Solar	W10130	--	--	3,768*	--
Horseshoe Bend Wind	W2067	--	--	--	22,304
Milford Solar	W10137	--	--	8,598*	--

		Energy Production Year 2023			
Facility Name	WREGIS Generating Unit ID	Biomass RECs (MWh)	Incremental Hydropower (MWh)	Solar RECs (MWh)	Wind RECs (MWh)
Morgan Solar	W10191	--	--	12,250*	--
North Hurlburt Wind	W2065	--	--	--	33,880
Ontario Solar	W10189	--	--	13,612*	--
Priest Rapids Dam – Generating Unit 2	W7513	--	14,164	--	--
Solar Express A	W3708	--	--	450*	--
Solar Express B	W3710	--	--	314*	--
Solar Express C	W3711	--	--	486*	--
Solar Express D	W3712	--	--	480*	--
Solar Express E	W3713	--	--	264*	--
Solar Express F	W4046	--	--	504*	--
Solar Express G	W4047	--	--	674*	--
Solar Express H	W4634	--	--	444*	--
Solar Express I	W4635	--	--	530*	--
Solar Express J	W4636	--	--	494*	--
Solar Express K	W4637	--	--	688*	--
Solar Express L	W4986	--	--	462*	--
Solar Express M	W4987	--	--	446*	--
Solar Express N	W4988	--	--	270*	--
Solar Express O	W4989	--	--	378*	--
Solar Express P	W4990	--	--	424*	--
Solar Express Q	W4991	--	--	448*	--
Solar Express R	W4992	--	--	534*	--
Solar Express S	W4993	--	--	558*	--
Solar Express T	W5559	--	--	502*	--
Solar Express U	W5560	--	--	472*	--
Solar Express V	W5561	--	--	208*	--
Solar Express W	W5562	--	--	392*	--
Solar Express X	W5563	--	--	318*	--
Solar Express Y	W5564	--	--	226*	--
Solar Express Z	W5565	--	--	328*	--
Solar Express AA	W5566	--	--	510*	--
Solar Express AB	W5903	--	--	362*	--

		Energy Production Year 2023			
Facility Name	WREGIS Generating Unit ID	Biomass RECs (MWh)	Incremental Hydropower (MWh)	Solar RECs (MWh)	Wind RECs (MWh)
Solar Express AC	W5904	--	--	316*	--
Solar Express AD	W5905	--	--	330*	--
Solar Express AE	W5912	--	--	422*	--
Solar Express AF	W5913	--	--	348*	--
Solar Express AG	W5914	--	--	344*	--
Solar Express AH	W5915	--	--	542*	--
Solar Express AI	W5916	--	--	518*	--
Solar Express AJ	W5917	--	--	402*	--
South Hurlburt Wind	W2066	--	--	--	22,004
Sulus Solar 17	W10097	--	--	8,388*	--
Sulus Solar 22	W10136	--	--	9,488*	--
Sulus Solar 25	W10134	--	--	6,782*	--
Sulus Solar 28	W10132	--	--	8,942*	--
Sulus Solar 29	W10138	--	--	7,662*	--
Sulus Solar 33	W10135	--	--	9,330*	--
Sulus Solar 35	W10131	--	--	9,336*	--
Vale Solar	W10322	--	--	11,462*	--
Wanapum Dam – Generating Unit 3A	W7453	--	15,535	--	--
Wanapum Dam – Generating Unit 5A	W7500	--	6,926	--	--
Washington State Ferries – Mukilteo Ferry Terminal	W10888	--	--	154*	--
Woods Creek Dam	n/a	--	568	--	--
Totals (MWh):		31,574	123,183	147,844	91,817
Total 2023 renewable energy and RECs for 2023 compliance (in MWh)		394,418			
* - 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 Energy Credits (RECs) and energy it purchased from facilities using eligible renewable resources, and energy it generated using eligible renewable resources from facilities it owns of a value of 1,001,639 MWhs to meet its renewable energy target. The District's renewable energy target for 2023 was 1,001,639 MWhs, which is 15 percent of its 6,677,595 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, 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 a portion the incremental amount of bundled renewable energy produced as a result of 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.

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.

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