



Office of the Washington State Auditor
Pat McCarthy

Report on Compliance with the Clean Energy Transformation Act

Town of Steilacoom

For the period January 1, 2022 through December 31, 2024

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

July 31, 2025

Mayor and Town Council
Town of Steilacoom
Steilacoom, Washington

Report on Compliance with the Clean Energy Transformation Act

In May 2019, the State of Washington enacted the Clean Energy Transformation Act into law. The Act requires all utilities engaged in the business of distributing electricity to more than one retail electric customer in the State to comply with its requirements.

Our Office is required to examine those consumer owned electric utilities under our jurisdiction for compliance with the Act's requirements. As of this reporting period, our Office was required to examine 39 such electric utilities with more than one customer operating in Washington State. The Town of Steilacoom is one of those utilities.

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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INDEPENDENT ACCOUNTANT'S REPORT

Town of Steilacoom January 1, 2022 through December 31, 2024

Mayor and Town Council
Town of Steilacoom
Steilacoom, Washington

We have examined the Town of Steilacoom's compliance with the following requirements of the Clean Energy Transformation Act codified in the Revised Code of Washington (RCW) 19.405 (the specified requirements). Specifically, we examined whether the Town:

- Made energy assistance programs and funding available to low-income households during the period examined and developed its assessment and plans for reducing the energy burden of those households in accordance with the Act for the reporting period January 1, 2022 through December 31, 2023.
- Calculated its greenhouse gas content based on the fuel sources it reported annually in conformity with the Act. The annual compliance period was January 1, 2022 through December 31, 2022.

Management of the Town is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town'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 Town complied, in all material respects, with the specified requirements referenced above.

An examination involves performing procedures to obtain evidence about whether the Town 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 the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the Town 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 Town's compliance with specified requirements.

Our examination procedures were not designed to determine whether the Town complied with the fuel mix reporting requirements of chapter 19.29A RCW. Accordingly, we express no such opinion.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements applicable during the three-year period ended December 31, 2024.

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. 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*.

We noted certain additional matters that we have reported to the management of the Town in a separate letter dated July 23, 2025.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

July 23, 2025



SUMMARY SCHEDULE OF PRIOR EXAMINATION FINDINGS

Town of Steilacoom January 1, 2022 through December 31, 2024

Examination Period: January 1, 2019 through December 31, 2021	Report Ref. No.: 61261	Finding Ref. No.: 2021-001
Finding Caption: <p>The Town did not develop the energy efficiency and demand response targets it reported in its clean energy implementation plan, as required by the Clean Energy Transformation Act.</p>		
Background: <p>As of May 2019, all utilities in Washington that sell electricity to more than one retail customer in the state are required to comply with the Clean Energy Transformation Act (CETA). CETA requires each electric utility to develop and adopt a clean energy implementation plan (CEIP) every four years. As part of that plan, each utility must propose four targets, including specific targets for the amounts of energy efficiency resources and demand response resources the utility will pursue during the plan period.</p> <p>Our examination found the Town did not assess its energy conservation, efficiency, and demand response resource potential to support the targets it reported in its CEIP. For its energy efficiency target, the Town relied on a historical average energy efficiency target value that the Bonneville Power Administration (BPA) provided in a report it completed to assist the Town with completing its CEIP.</p>		
Status of Corrective Action: (check one) <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Fully Corrected </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Partially Corrected </div> <div style="text-align: center;"> <input type="checkbox"/> Not Corrected </div> <div style="text-align: center;"> <input type="checkbox"/> Finding is considered no longer valid </div> </div>		
Corrective Action Taken: <p><i>The Town continues to explore the possibility of having this requirement removed from State law. We will also attempting to identify firms who perform this type of work and obtain cost estimates.</i></p>		

Examination Period: January 1, 2019 through December 31, 2021	Report Ref. No.: 61261	Finding Ref. No.: 2021-002
Finding Caption: <p>The Town did not fully comply with the Clean Energy Transformation Act by making programs and funding for energy assistance available to low-income households in a timely manner.</p>		
Background: <p>The Clean Energy Transformation Act (CETA) required all electric utilities to make programs and funding for energy assistance available to low-income households by July 31, 2021. CETA defines “low-income” households as those with annual incomes that do not exceed the higher of 80 percent of area median income or 200 percent of the federal poverty level, adjusted for household size.</p> <p>The Town offered only one energy assistance program, which it made available to customers on a case-by-case basis. The Town did not apply an income eligibility threshold to ensure all households considered low-income by CETA’s definition were able to obtain energy assistance from its program.</p>		
Status of Corrective Action: (check one) <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"><input checked="" type="checkbox"/> Fully Corrected</div> <div style="text-align: center;"><input type="checkbox"/> Partially Corrected</div> <div style="text-align: center;"><input type="checkbox"/> Not Corrected</div> <div style="text-align: center;"><input type="checkbox"/> Finding is considered no longer valid</div> </div>		
Corrective Action Taken: <p><i>The Town believes and continues to believe that the energy assistance program offered by the Town meets the low-income criteria required in State law. The Town also implemented an additional energy assistance program.</i></p>		

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.

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