



Office of the Washington State Auditor
Pat McCarthy

Report on Compliance with the Clean Energy Transformation Act

Public Utility District No. 1 of Ferry County

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

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

February 19, 2026

Board of Commissioners
Public Utility District No. 1 of Ferry County
Republic, 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. Public Utility District No. 1 of Ferry 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 Ferry County January 1, 2022 through December 31, 2024

Board of Commissioners
Public Utility District No. 1 of Ferry County
Republic, Washington

We have examined Public Utility District No. 1 of Ferry County'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 District:

- 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 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 the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified 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.

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

Our examination disclosed the following material noncompliance with the specified requirements for low-income energy assistance program offerings. The District did not fully comply with the specified requirements by making programs and funding for energy assistance available to low-income households.

In our opinion, except for the material noncompliance described in the preceding paragraph and in Finding 2024-001, the District complied, in all material respects, with the aforementioned requirements applicable during the three-year period ended December 31, 2024.

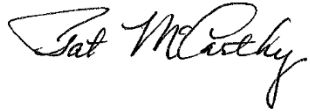
Other Reporting Required by *Government Auditing Standards*

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 certain findings that are required to be reported under *Government Auditing Standards* and those findings, along with the views of management, are described in the accompanying Schedule of Findings and Responses as Finding 2024-001.

District's Response to Findings

The District's response to the findings identified in our examination are described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the response.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized initial "P".

Pat McCarthy, State Auditor

Olympia, WA

February 17, 2026

SCHEDULE OF FINDINGS AND RESPONSES

Public Utility District No. 1 of Ferry County January 1, 2022 through December 31, 2024

2024-001 The District did not fully comply with the low-income energy assistance program offering requirements of the Clean Energy Transformation Act.

Background

The Clean Energy Transformation Act (CETA) requires all electric utilities to make programs and funding for energy assistance available to low-income households. CETA defines “low-income” households as those with annual incomes that do not exceed the higher of 80% of area median income (AMI) or 200% of the federal poverty level (FPL), adjusted for household size. CETA defines “energy assistance” as a program undertaken by a utility to reduce the energy burden of its customers.

The legislature assigned rule-making authority to the Washington State Department of Commerce to ensure the proper implementation of the statute supporting CETA by consumer-owned utilities. Based on information provided by Commerce, CETA requires utilities to offer more than one energy assistance program for low-income households. Specifically, utilities must provide low-income households the opportunity to receive some form of energy assistance from their suite of low-income programs. Utilities may offer energy assistance in several ways, and to prioritize customers with high energy burden effectively, utilities might provide different services to different customers based on their circumstances.

In applying CETA’s definition of “low income,” utilities are required to identify the income level that represents the higher of 80% AMI or 200% FPL, adjusted for household size. Utilities then must ensure all households who meet that income level have the opportunity to receive energy assistance from at least one of the low-income energy assistance programs they offer.

We issued a finding on the District’s compliance with this requirement in our previous examination.

Description of Condition

The District was unable to demonstrate it made energy assistance available to all households considered low-income under CETA's definition. While the District made two low-income energy assistance programs available during the period we examined – a Low-Income Senior Citizen Discount Program it made available to households age 62 or older and a low-income Energy Efficiency Rebate program – only those households with annual income levels up to 200% FPL were able to obtain energy assistance.

We independently compared the AMI and FPL income levels applicable during the examination period using FPL data from the U.S. Department of Health and Human Services and AMI data for Ferry County from the U.S. Department of Housing and Urban Development. Our independent comparison showed that income levels at 80% AMI are more than those at 200% FPL for household sizes of one to five. Income levels at 200% FPL are more than those at 80% AMI for household sizes of six or more.

Cause of Condition

Management did not identify and apply CETA's definition of low income as the higher of 80% of AMI or 200% of the FPL, adjusted for household size. Additionally, management did not adjust its portfolio of energy assistance programs to ensure the eligibility requirements of those programs made energy assistance available to all households meeting CETA's definition of "low-income."

Effect of Condition

The District did not fully comply with CETA by ensuring households considered low income by CETA's definition had the ability to obtain energy assistance from the programs the District undertook. Specifically, households of one to five residents with annual income levels between 200% FPL and 80% AMI were unable to obtain energy assistance from the programs the District offered during the entire period we examined.

Recommendation

We recommend District management adjust the eligibility requirements of its program offerings to ensure it makes energy assistance available to all low-income households.

We recommend the District annually review the eligibility requirements of its programs against FPL income data from the U.S. Department of Health and Human Services and AMI income data for Ferry and Okanogan counties from the U.S. Department of Housing and Urban Development to ensure all households meeting CETA's definition of "low income" are able to obtain energy assistance.

We also recommend the District work with Commerce in obtaining further guidance and clarification on how it is to comply with this requirement and retain that guidance in support of its actions.

District's Response

We do agree with the findings by the State Auditor's Office and are working towards compliant programs.

Auditor's Remarks

We thank the District for the cooperation and assistance its management and staff provided during the examination. We will review the status of this issue in our next compliance examination.

Applicable Laws and Regulations

RCW 19.405.100, Rule making

RCW 19.405.120, Energy assistance for low-income households.

RCW 19.405.020, Definitions.

WAC 194-40-030, Definitions.

Government Auditing Standards, 2018 Revision, Technical Update April 2021, paragraph 7.42 establishes reporting requirements related to significant deficiencies or material weaknesses in internal control.



PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY

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SUMMARY SCHEDULE OF PRIOR FINDINGS

**Public Utility District No. 1 of Ferry County
 January 1, 2022 through December 31, 2024**

This schedule presents the status of findings reported in prior audit periods.

Examination Period: January 1, 2019 through December 31, 2021	Report Ref. No.: 1035315	Finding Ref. No.: 2021-001
Finding Caption: The District did not develop the energy efficiency and demand response targets it reported in its clean energy implementation plan in accordance with the Clean Energy Transformation Act.		
Background: <p>The Clean Energy Transformation Act (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 specific targets to pursue all cost-effective, reliable and feasible energy efficiency resources and demand response resources during the plan period. CETA also requires utilities to incorporate the social cost of greenhouse gas emissions values prescribed by Commerce as a cost adder when assessing their cost-effective conservation and demand response potential.</p> <p>District management did not assess its energy efficiency and demand response resource potential to demonstrate it pursued all cost-effective, reliable and feasible energy efficiency and demand response to support the targets it reported in its CEIP.</p> <p>For its energy efficiency target, District management relied on a historical average energy efficiency target value that the Bonneville Power Administration (BPA) provided to assist the District with completing its CEIP. Management was unable to demonstrate the target it reported was based on an assessment that incorporated the cost of greenhouse gas emissions values required by CETA.</p> <p>The auditor did not include the District’s compliance with this requirement in the scope of the current examination as the District is currently drafting its next plan for submittal to Commerce after December 31, 2025. The auditor will follow up on the status of this issue in the next compliance examination, scheduled in 2027.</p>		
Status of Corrective Action: (check one) <input type="checkbox"/> Fully Corrected <input checked="" type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		
Corrective Action Taken: <i>An Efficiency & Demand Response Potential report was created using BPA’s, (2020 – 2039) Conservation Potential Assessment (CPA) as the Regional Assessment. This report estimates energy efficiency (EE) and demand response (DR) acquisition potential for Public Utility District No. 1 of Ferry County (FCPUD) over the CEIP planning horizon.</i>		

Examination Period: January 1, 2019 through December 31, 2021	Report Ref. No.: 1035315	Finding Ref. No.: 2021-002
Finding Caption: The District did not comply with all the energy assistance reporting requirements of the Clean Energy Transformation Act.		
Background: The Clean Energy Transformation Act (CETA) requires electric utilities to demonstrate their progress toward making energy assistance funds available to low-income households. Every two years, electric utilities must report to the Washington State Department of Commerce an assessment of the effectiveness of the energy assistance programs and funding they provided to low-income households to reduce their energy burden. As part of the report, each utility must include a cumulative assessment of the previous energy assistance funding it provided compared to the funding levels needed to meet: <ul style="list-style-type: none"> • Whichever is greater: 60% of its current energy assistance need, or an increase of energy assistance by 15% more than the amount it provided in 2018, by 2030; and • 90% of its current energy assistance need by 2050 For the biennial assessment period we examined, Commerce required utilities to provide data for calendar years 2019 and 2020. The District did not perform and report to Commerce the required cumulative assessment of its previous energy assistance funding levels compared to those it needed to meet its 2030 and 2050 energy assistance funding goals.		
Status of Corrective Action: (check one) <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		
Corrective Action Taken: <i>The 2019-2020 report template provided by the Department of Commerce did not contain a section to provide the energy assistance numbers required. Since this was the first reporting period, the District was unaware that it needed to submit more information than the template requested. The 2022-2024 report template did include a section to provide estimated energy assistance figures, which the District reported based on the results of an in-house survey of its customers. When this report was submitted, the District had not yet been instructed by the State Auditors' Office to use HUD AMI figures in its low-income calculations so the survey results will need to be adjusted for the change.</i>		

Examination Period: January 1, 2019 through December 31, 2021	Report Ref. No.: 1035315	Finding Ref. No.: 2021-003
Finding Caption: The District did not comply with the low-income energy assistance program offering requirements of the Clean Energy Transformation Act.		
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% of area median income or 200% of the federal poverty level, adjusted for household size. CETA defines “energy assistance” as a program undertaken by a utility to reduce the energy burden of its customers.</p> <p>Based on information provided by the Washington State Department of Commerce, CETA requires utilities to offer more than one energy assistance program just for low-income households. Specifically, utilities must offer low-income households the opportunity to receive some form of energy assistance from their suite of low-income programs.</p> <p>The District offered only one energy assistance program, which it made available to customers 62 years and older with income less than 200% of the federal poverty level. While the District offered a second energy assistance program, it was not specific to low-income households as the District made it available to all customers.</p>		
Status of Corrective Action: (check one) <input type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input checked="" type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		
Corrective Action Taken: <i>The entire service area of the District consists of Highly Impacted Communities containing Vulnerable Populations. The Board of Commissioners is concerned about the impact of increasing rates on its customers to fund CETA assistance programs. During this reporting period, the Board chose to maintain the existing programs while working with the Department of Commerce and various non-profit groups to advocate for a state administered and funded low-income assistance program.</i>		

ABOUT THE STATE AUDITOR'S OFFICE

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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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