



Office of the Washington State Auditor  
Pat McCarthy

# Report on Compliance with the Energy Independence Act

## City of Seattle, Seattle City Light

For the period January 1, 2022 through December 31, 2023

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

April 2, 2026

Mayor and City Council  
City of Seattle, Seattle City Light  
Seattle, 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. The City of Seattle, Seattle City Light is one of those utilities.

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

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

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## INDEPENDENT ACCOUNTANT'S REPORT

### **City of Seattle, Seattle City Light January 1, 2022 through December 31, 2023**

Mayor and City Council  
City of Seattle, Seattle City Light  
Seattle, Washington

We have examined the Seattle City Light's, a department of the City of Seattle (the Utility), 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 Utility:

- Developed and adopted its energy conservation target of 163,812 megawatt-hours (MWh) and complied with the Act's requirements to meet its target. The target compliance period was January 1, 2022 through December 31, 2023.

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

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

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

In our opinion, the City of Seattle, Seattle City Light complied, in all material respects, with the aforementioned requirements as of the two-year energy conservation compliance period ended December 31, 2023.

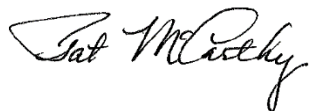
### **Other Reporting Required by *Government Auditing Standards***

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 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 2023-001.

### **Utility's Response to Findings**

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



Pat McCarthy, State Auditor

Olympia, WA

March 27, 2026

## SCHEDULE OF FINDINGS AND RESPONSES

### City of Seattle, Seattle City Light January 1, 2022 through December 31, 2023

**2023-001 The City's controls were inadequate to ensure the energy savings from its HomeWise low-income energy assistance program it used to comply with the Energy Independence Act were reasonable and accurate.**

#### *Background*

The Energy Independence Act (EIA) requires qualifying utilities to pursue all available conservation that is cost-effective, reliable and feasible. To do this, each utility must publicly adopt a biennial target no lower than the qualifying utility's pro-rata share for that two-year period of its cost-effective conservation potential for the subsequent 10-year period. Each utility must then demonstrate it acquired energy conservation savings during the target period sufficient to meet its adopted target.

Utilities are required to maintain and apply measurement and verification protocols to determine the amount of energy savings resulting from conservation measures and to verify the acquisition or installation of the conservation measures being recorded or claimed. Each utility may apply the following measurement and verification protocols:

- Adopted by the Regional Technical Forum or by the Bonneville Power Administration in its implementation manual
- Other measurement and verification protocols if those protocols are consistent with recognized industry practices

Utilities must document the methodologies, assumptions, and factual inputs used in the measurement and verification of energy savings.

During the biennial compliance period, the City's Office of Housing offered a HomeWise energy assistance program that provided weatherization and home-repair services to the income-qualified residents Seattle City Light (City Light) serves. The HomeWise program is also part of the low-income energy assistance programs City Light uses to comply with the Clean Energy Transformation Act. The Office of Housing tracks savings from all projects performed through the program in a software system and reports the energy savings to the City Light staff for compliance reporting.

### *Description of Condition*

Office of Housing staff did not obtain the documentation needed to support the energy savings it reported to City Light from projects completed during the compliance period through its HomeWise Weatherization Program. Office of Housing staff were unable to provide documentation to support the energy savings from 22 projects we randomly selected representing 155 megawatt-hours (MWh) of reported energy savings.

Office of Housing and City Light staff confirmed they had not obtained the supporting documentation for any of the projects completed through the HomeWise Weatherization Program during the period.

### *Cause of Condition*

City Light staff did not understand the Office of Housing's process for determining the energy savings achieved from projects completed through the program. City Light staff did not develop procedures for verifying the energy savings information it obtained from the Office of Housing was complete, accurate and reliable for compliance reporting.

Office of Housing staff relied on the assumptions and inputs recorded in the tracking system without a verification process to ensure the project information reported was complete and applicable to the compliance period. Office of Housing staff did not ensure it received the documentation from contractors or other city departments.

### *Effect of Condition*

City Light and Office of Housing staff were unable to provide a list of the completed projects to support the 1,884 MWh City Light reported toward its biennial energy conservation target from the HomeWise program during 2022 and 2023. Based on research performed during the examination, Office of Housing staff identified 219 completed projects representing 1,946 MWh of energy savings.

While we consider it highly likely the City achieved energy savings from projects completed and reported by third-party contractors that participated in the HomeWise program, we were unable to verify the energy savings City Light or the Office of Housing claimed. We also were unable to independently estimate the energy savings the program likely achieved to inform our compliance examination due to the lack of supporting documentation.

## ***Recommendation***

We recommend City Light and the Office of Housing review their processes for tracking savings from projects completed through the HomeWise program to ensure they receive documentation they can use to verify the project information in their tracking system is accurate and supported.

We also recommend Office of Housing staff work with City Light staff to ensure information it provides to City Light for compliance purposes is complete, accurate and responsive to its compliance with the EIA.

## ***City's Response***

*We would like to thank the State Auditor's Office for the time and effort dedicated to this examination, and we appreciate the collaborative approach taken throughout the review. We are encouraged that Seattle City Light was found to be in compliance with the Energy Independence Act under Section (e).*

*Despite this overall compliance, we agree with the control deficiency identified regarding the documentation and verification of energy savings reported through the HomeWise Weatherization Program. As noted, the lack of retained supporting documentation and clear verification processes resulted in an inability to substantiate the specific project-level energy savings included in the City's compliance reporting.*

*Seattle City Light and the City's Office of Housing have already begun addressing the issues outlined in the audit. Corrective actions underway include:*

- *Drafting an updated Memorandum of Agreement (MOA) that more clearly defines responsibilities, documentation standards, and verification requirements between the Seattle City Light and the Office of Housing.*
- *Working collaboratively to strengthen processes and procedures for capturing, retaining, and validating the supporting documentation needed to verify energy savings in alignment with BPA measurement and verification protocols.*
- *Improving communication and data-sharing processes to ensure that information reported to Seattle City Light is complete, accurate, and suitable for compliance reporting.*

*We appreciate the Auditor's recommendations and remain committed to strengthening internal controls to ensure accurate, reliable, and well-documented reporting of energy conservation achievements going forward.*

### *Auditor's Remarks*

We thank Seattle City Light and the City's Office of Housing management and staff for their cooperation and assistance and appreciate their efforts to address this issue. We will review the status of this issue during our next compliance examination.

### *Applicable Laws and Regulations*

RCW 19.285.040, Energy conservation and renewable energy targets

WAC 194-37-080, Documentation of conservation savings

*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.

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