COMMUNITY AND TECHNICAL COLLEGES
Washington State Board

ENERGY UTILITY COSTS OVERVIEW

June 2025

Energy utility costs are increasing. Electricity costs have increased steadily at many utilities across WA State the past several years. Natural Gas rates tend to be more volatile and haven't climbed as steadily as electricity, but new state policy has added other costs to Natural Gas services which are being passed on to the customer.

It is important to understand the context and interplay between utility rates, total utility operating costs, and the benefits of energy management projects and practices. The WA Clean Buildings Performance Standard requires that active energy management programs be applied to all commercial buildings greater than 20,000 gross square feet. Such practices will ultimately reduce total utility costs but, within the context of rising rates, it isn't always possible to clearly recognize those cost reductions without active data analyses.

Several market factors are affecting and driving rising utility rates around the state. Those include the WA Clean Energy Transformation Act (CETA, 2019), which requires state electrical utilities to steadily increase their renewable energy supplies to 100% by 2045. CETA specifically allows for limited rate increases to cover the costs of this transition. PSE may be the most impacted by this act, since roughly 1/3 of their power is from coal, but most electrical utilities rely upon a small percentage of fossil fuel powered generation.

Another state policy, the Climate Commitment Act (CCA, 2021) requires major greenhouse gas emitters (>25,000 MTCO2e per year) to purchase compensatory emissions allowances through the Cap and Invest market. Both gas and electric utility providers are affected by this policy, with authority to pass on some of the cost to their customers. Revenues from this program are then allocated by the Legislature to support greenhouse gas emissions reduction and environmental justice projects across the state. The Community and Technical Colleges may request CCA funds to support energy efficiency, greenhouse gas emissions reduction, and renewable energy projects on our campuses. Some have already been funded in the past biennia.

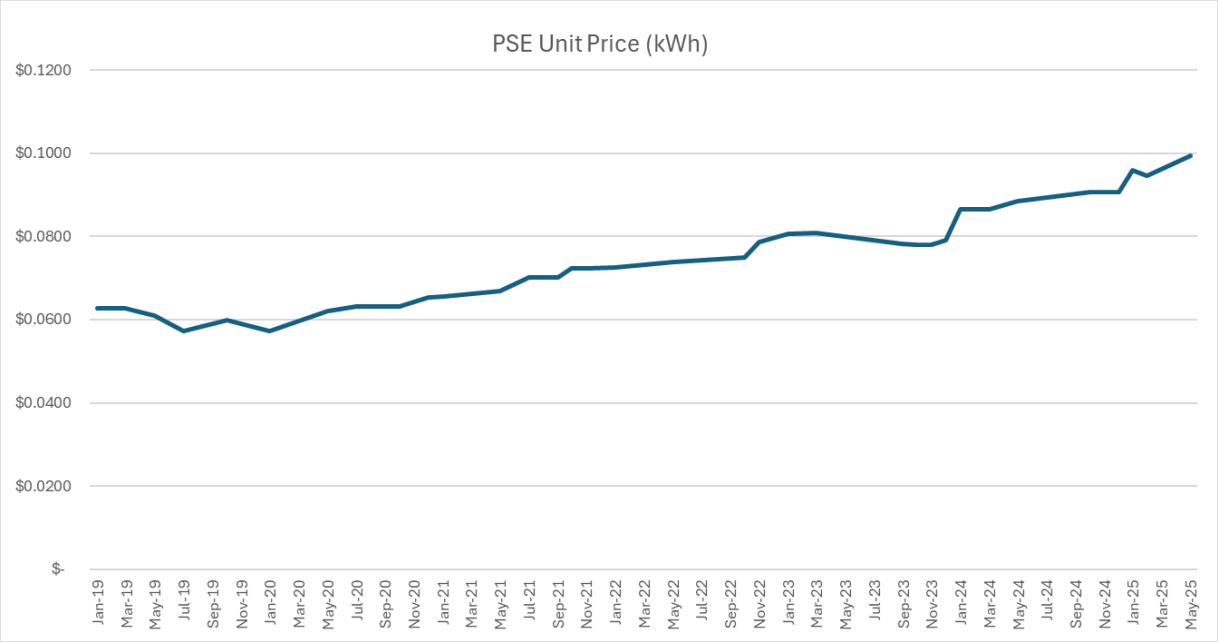
Finally, NW regional electrical demand has also been increasing with the addition of large data centers and some new manufacturing plants. Plus, some hydropower utilities are getting greater value for their production on the California market than they do locally. Private and public utilities are affected differently by these factors and so actual rate impacts vary from college to college around the state.

Electrical Rate Analyses

Puget Sound Energy (PSE) provides electrical service to 12 west-side colleges, at 31 campus and satellite locations. Avista provides electrical service to both Spokane Colleges at 5 campus and

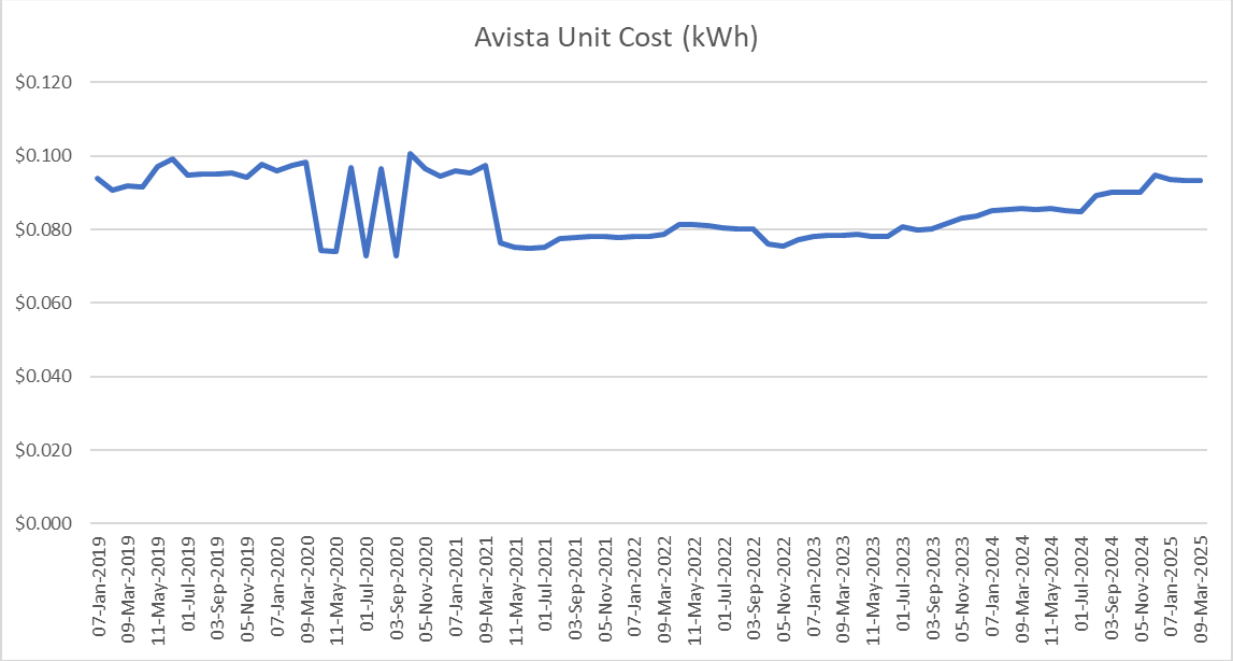
satellite locations, plus the Walla Walla Clarkston campus. Yakima Valley and Walla Walla colleges are served by PacifiCorp at three locations, and the remaining college campuses and satellite locations receive electrical service from various Public, Municipal, and Cooperative utilities, 22 in all.

PSE's electrical rates have been rising steadily since 2019, driven in part by CETA. The unit (kWh) cost of electricity (average of all associated costs, commercial rates) has increased by roughly 58% since January 2019 at Bellevue College and is expected to continue rising until 2045 when their transition to 100% renewable energy should be completed.



Avista's cost per unit (kWh) of electricity has been much more stable at Spokane College. It is currently very close to the 2019 cost, although that cost dropped about 11% in 2021 and remained low until late 2023 when it began to climb again.

Regional cost analyses compiled by the US Energy Information Administration indicate that the average state-wide commercial cost of electricity has climbed 32%, from $0.0872 to $0.1152 per kWh from January 2019 to March 2025, and about 10% year-over-year from March 2024 to March 2025. (Year to year increases may not indicate a trend, but this is consistent with the longer trend we've been experiencing.)


Avista Unit Cost (kWh)
$0.120
$0.100
$0.080
$0.060
$0.040
$0.020
$0.000
07-Jan-2019
09-Mar-2019
11-May-2019
01-Jul-2019
03-Sep-2019
05-Nov-2019
07-Jan-2020
09-Mar-2020
11-May-2020
01-Jul-2020
03-Sep-2020
05-Nov-2020
07-Jan-2021
09-Mar-2021
11-May-2021
01-Jul-2021
03-Sep-2021
05-Nov-2021
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11-May-2023
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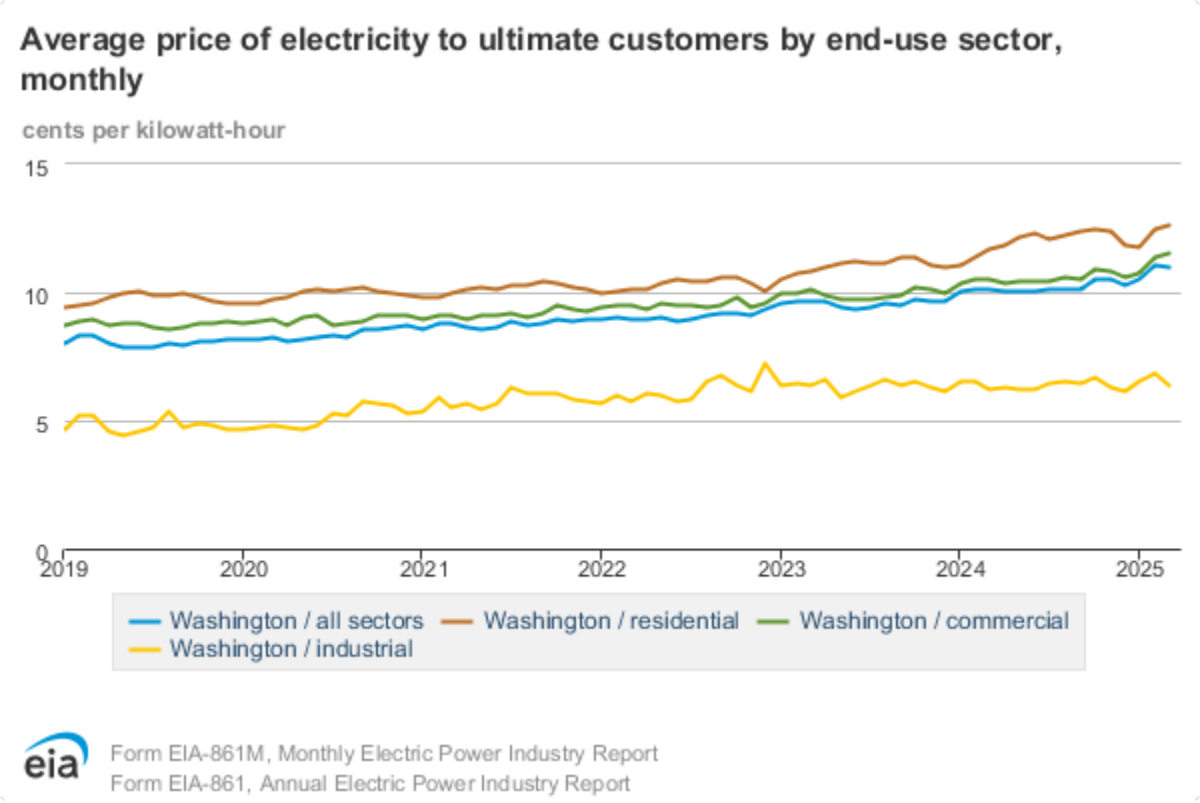
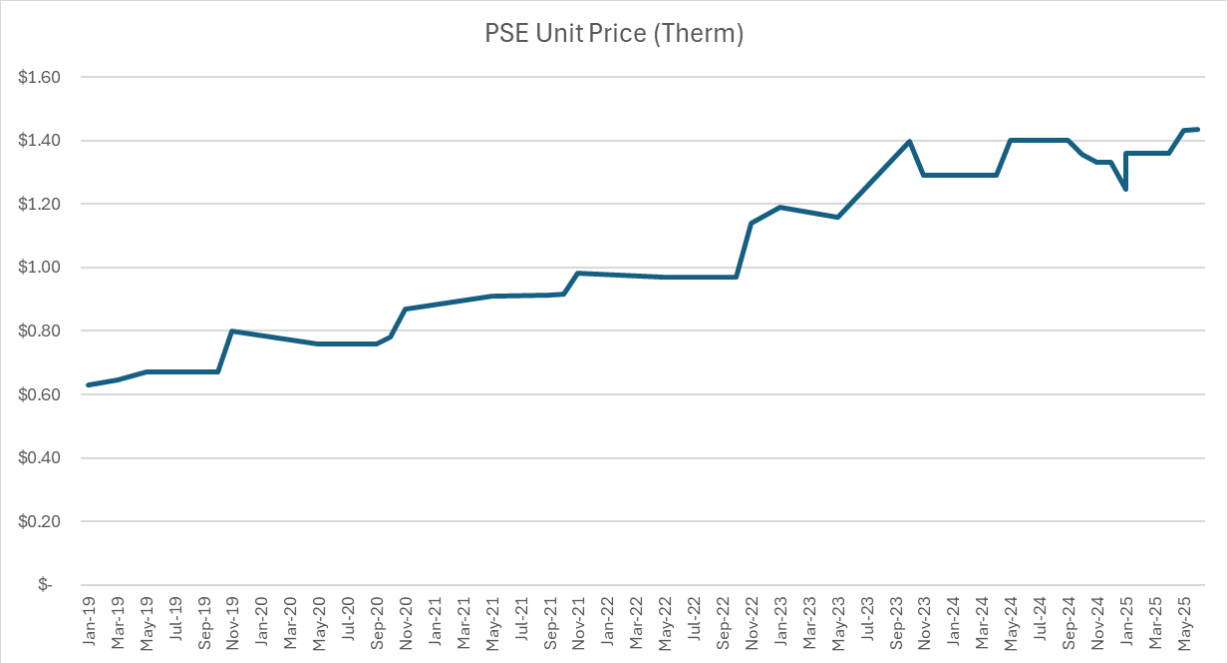
07-Jan-2025
09-Mar-2025


Average price of electricity to ultimate customers by end-use sector, monthly
cents per kilowatt-hour
15
10
5
0
2019
2020
2021
2022
2023
2024
2025
Washington / all sectors
Washington / residential
Washington / commercial
Washington / industrial
eia
Form EIA-861M, Monthly Electric Power Industry Report
Form EIA-861, Annual Electric Power Industry Report

Natural Gas Rate Analyses

Puget Sound Energy (PSE) provides gas service to 19 colleges at 37 main and satellite campus locations. Avista provides Natural Gas to the Spokane Colleges at 6 campus and satellite locations. Cascade Natural Gas services 11 colleges at 26 campus and satellite locations. At least one main campus, Peninsula, and 8 other satellite locations do not have Natural Gas utility service and must rely upon propane.

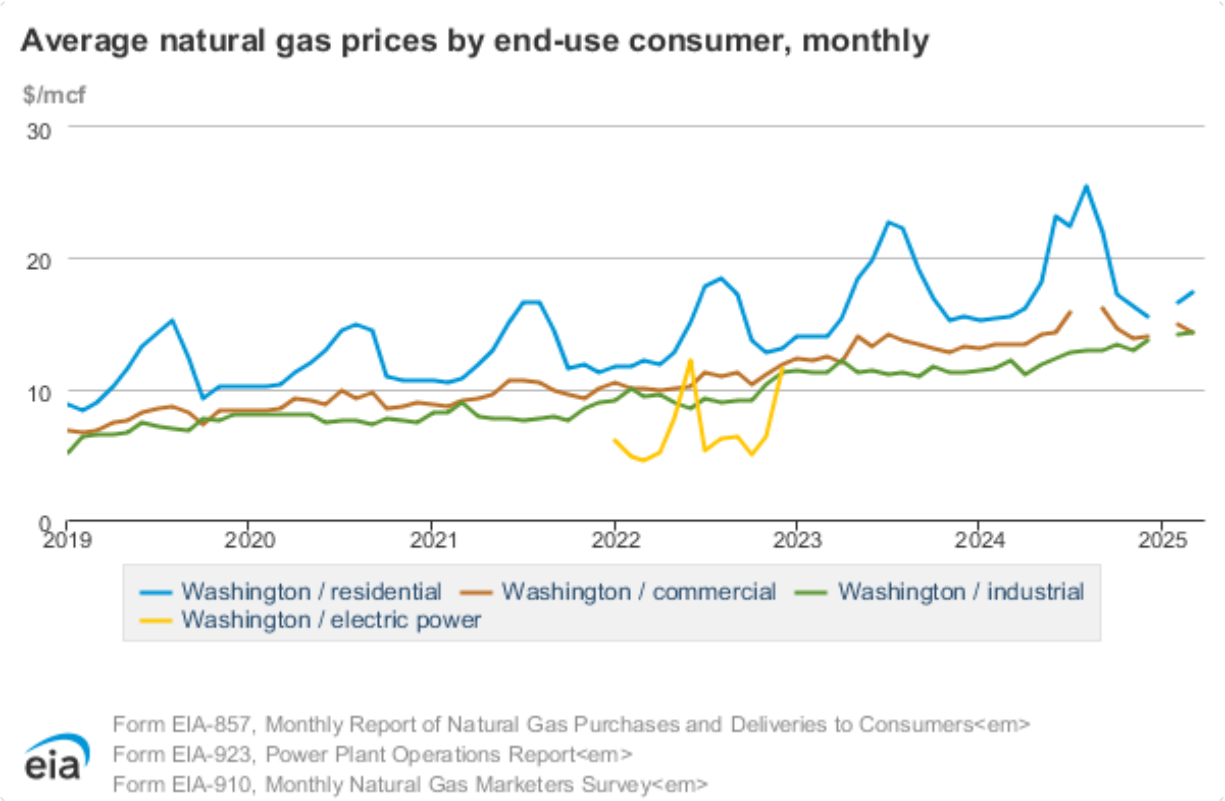
As mentioned previously, Natural Gas prices tend to be more volatile. Market variations can be exacerbated by time-limited infrastructure project costs, which lead to temporary bumps in the gas rate. Utilities are also now allowed to transfer the costs associated with the Climate Commitment Act to their customers, but no more than that cost. PSE was advised by the AG's office not to show those costs as a line-item, Avista is showing those line-item costs.



PSE's total cost per Therm has increased roughly 128% since January of 2019 at Bellevue College. Although the costs remain volatile, the trend has continued upward.

The Spokane Colleges purchase Natural Gas from a third-party provider and pay transport/delivery fees to Avista. Their third-party rate has shown some volatility, but then re-stabilized within a consistent range since June of 2020. Avista's transport/delivery costs were very stable from mid-2020 until April 2024, when the CCA charges were initiated. Those charges have since ranged from a few hundred $ to over $10,000 per month from April 2024 to May 2025. Avista has been adjusting that rate schedule and it isn't clear if or where it will stabilize.

Regional cost analyses compiled by the US Energy Information Administration indicate that the average state-wide commercial cost of Natural Gas has climbed 112% (from $6.74 to $14.29 per million cubic feet) from January 2019 to March 2025.



Cost Avoidance and Mitigation

Utility cost increases have created strains on operating budgets which are not increasing on comparable scales. There are proactive energy management strategies to mitigate these cost increases, but those strategies require staff time and small investments which also create operating costs. Such new costs are commonly avoided without fully understanding the long-term value of energy management, which is an investment in energy conservation projects and practices that will often reduce total energy use and keep it lowered over multiple years.

Energy management practices may be simplistically summarized as:

1. Situational Awareness – tracking both usage and cost in granular detail.
2. Opportunity Analyses – identifying high consumption or cost trends and probable causes.
3. Making Change – implementing efficiency practices or projects to reduce or control unnecessary energy consumption.

Energy efficiency projects often include:

- Replacing existing equipment with higher efficiency systems such as LED lighting or heat pump domestic water heaters.
- More efficient control or scheduling of building HVAC systems.
- Modification of common space usage assumptions to include synergistic energy-efficient behaviors.

Active energy management programs commonly focus on short payback projects, while helping to build arguments for larger capital replacements or upgrades that must necessarily provide multiple benefits to justify their longer payback periods.

Applied energy management programs will result in reduced and controlled energy consumption, which will be reflected in total utility costs. Those colleges experiencing reasonably stable utility rates have an opportunity to use an energy management program to redirect savings in their utility budgets into productive operational improvements. On the other hand, those colleges experiencing increasing rates should look at active energy management as a cost avoidance strategy to mitigate the impacts of rising utility rates.

REFERENCES

- Analysis of PSE costs was prepared by Cassidy Drew, Climate Fellow, for the Bellevue College Office of Sustainability.
- Analysis of Avista costs is taken from utility cost tracking managed by Kim Arman, Sustainability Project Manager, in the Spokane Colleges District Capital Construction Office.
- Regional cost trend data was pulled from the US Energy Information Administration web site: https://www.eia.gov/beta/states/states/wa/data/dashboard/prices-rates-revenues-costs-expenditures