



Center for Government **Innovation**

Identifying Asset Retirement Obligations in Washington

Overview

Governments previously implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations* for reporting periods beginning after June 15, 2019. GASB codified these requirements into the GASB codification, Section A10 (which will also reflect potential future amendments). While governments should have completed the initial implementation, they must continue to update their accounting records each year.

While government officials are solely responsible for accounting standard research and implementation, we provide the following information to help you with your analysis. This information describes possible assets with asset retirement obligations. We have recently updated our listing based on our experiences and ongoing research.

If you have questions, consider inquiring with GASB using its [technical inquiry](#) process or submit questions to the SAO HelpDesk located in the client portal. If you have questions about decommissioning requirements, reach out to the applicable oversight agency.

Consider the following assets that might have an associated asset retirement obligation

- **Cell or communications tower lease agreements** – These agreements typically include an asset retirement obligation, but the private party/lessee is usually responsible. Governments typically act as the lessor in these agreements.
- **Coal or other hazardous material export terminals** – Federal or state environmental regulation, terms of various licenses and permits and the Washington State Department of Ecology hazardous material statutes may govern these types of facilities. If a government leases out its property to a private party to use as an export facility, then the lease agreement may include an asset retirement obligation. Our Office is not aware of any coal terminals in Washington state, and the Department of Ecology denied permitting a 2017 proposal from [Millenium Bulk Terminals](#).

- **Coal strip mines** – The Washington State Department of Natural Resources is the oversight agency for these operations. Our Office is not aware of government-owned coal strip mines, and a private company owned and operated one in Centralia, Washington until it closed in 2006. Washington state does have a history of coal mining, (you can find that information [here](#)), but it appears to be in our past.
- **Coal ash ponds** – A coal ash pond is usually found adjacent to an active coal power plant, and contains the “ash” remnants of burning coal and can contaminate groundwater. We are only aware of one privately-owned coal power plant in Centralia, Washington (which will close 2025). The U.S. Environmental Protection Agency, potentially the Department of Ecology, and likely the Washington State Department of Health would serve as oversight agencies over these operations, if they existed.
- **Dams or hydroelectric facilities (produce electricity)** – The Federal Energy Regulatory Commission regulates dams that produce electricity and require a decommissioning plan as part of a surrender process. A local government may face political or economic pressure to surrender a dam: for example, a dam may not generate sufficient energy to justify the maintenance costs. Local governments may struggle to estimate the end of life for many dams, particularly those that would potentially last hundreds of years and that the municipality plans to maintain in perpetuity.
- **Dams (does not produce electricity)** – The Department of Ecology regulates about 1,200 dams that do not produce electricity, and local governments own about 20% of them. The Department of Ecology requires local governments to obtain special permits to decommission them, and any decommissioning is subject to environmental regulations. If you are not sure whether your government owns any dams, review the Department of Ecology’s dam inventory report [here](#).
- **Distribution and transmission line systems** – According to the Washington State Utilities and Transportation Commission, some lines go over federal- or state-owned lands, and these governments can have removal requirements. Governments should review their easement agreements for potential removal obligations.

If a local government opted in for the State of Washington Energy Facility Site Evaluation Council to approve these systems, decommissioning requirements apply (RCW 463.72).

- **Irrigation canals** – The Department of Ecology regulates any irrigation canals that qualify as a dam, and it imposes decommissioning obligations on them (refer to the section on dams that do not produce electricity for more information).
- **Leased assets** – A lease agreement may contain an asset retirement obligation for either the lessor or lessee, but usually not both. You should review the terms of all lease agreements for potential asset retirement obligations.
- **Natural gas storage** – The Department of Natural Resources regulates natural gas storage facilities. According to the Department website, there is no gas production in Washington but there is at least one private natural gas storage facility. Our Office is not aware of any government-owned natural gas storage facilities.

- **Nuclear research reactors and materials** – The U.S. Nuclear Regulatory Commission and the Department of Health regulate these (with potential applicable regulations under RCW 70, WAC 246). Due to the severe threat to public health, we expect these to always have decommissioning requirements.
- **Oil and gas wells** – The Department of Natural Resources regulates these under RCW 78.52. You can find decommissioning requirements at WAC 344-12. They keep a list [here](#) and several cities appear on the list (under oil and gas tabular data). It is possible cities may have intended to drill water wells but located gas in the process, which means they must now comply with the standards in WAC 344-12.
- **Power generation plants (Other/non hydro)** – The Federal Energy Regulatory Commission does not appear to have regulatory oversight over these types of facilities. However, the State of Washington Energy Facility Site Evaluation Council might have regulatory oversight depending on whether the regulations in WAC 463.72 apply to the facility. If these regulations apply, then the facility’s owner must comply with the decommissioning requirements. In addition, depending upon the facility, the Department of Ecology also might impose decommissioning requirements under various permits or the hazardous materials laws, WAC 173-303. Also consider:
 - **Natural gas plants** might require water and consequently tap into water reservoirs, which then may trigger decommissioning obligations. See wells.
 - **Geothermal plants** use steam generated by the earth. They will likely have decommissioning requirements due to drilling and exposing natural earth surfaces. The Department of Natural Resources most likely will regulate these. While none currently exist in Washington, there are plans for several in the future. For more information, go [here](#).
 - **Wind and solar facilities** may involve a lease agreement. Review these for obligations to remove equipment and restore the site. Many local and state municipalities require decommissioning plans as a permitting condition too. In addition, these facilities can use substantial amounts of heavy metals, which may have special decommissioning requirements.
- **Radioactive machines** – This might include equipment used in college research facilities or hospitals such as teletherapy or brachytherapy units. The Department of Health regulates these under RCW 70A.388. As the Department of Health’s radiation protection programs are essentially equivalent to the guidance issued by the U.S. Nuclear Regulatory Commission, local governments should also refer to U.S. Nuclear Regulatory Commission’s [licensing guides](#) (NUREG-1556) and [consolidated decommissioning](#) guidance (NUREG-1757).
- **Research facilities** – Colleges and university research facilities might use radioactive machines (RCW 70A.388), and other potential hazardous materials (Department of Ecology, WAC 173-303) that require special disposition. As the Department of Health’s radiation protection programs are essentially equivalent to the guidance issued by the U.S. Nuclear Regulatory Commission, local governments should also refer to U.S. Nuclear

Regulatory Commission's [licensing guides](#) (NUREG-1556) and [consolidated decommissioning](#) guidance (NUREG-1757).

- **Sewage treatment plants** – A National Pollutant Discharge Elimination System permit may require decommissioning upon a facility's closure. Decommissioning requirements can vary depending on aspects of the facility, such as its age, complexity, location and the extent of hazardous material (such as biosolids, sludge or bio-contaminated material). Local governments should consider Department of Ecology permits and requirements in evaluating decommissioning requirements.
- **Sewer lagoons (including those part of a sewer treatment plant)** – The Department of Ecology requires a permit to operate a sewer lagoon and does not allow a local government to discharge into the groundwater. Therefore, you must decommission a lagoon at end of life (to avoid the eventual failure of the liner and discharge into the groundwater).
- **Surface mining such as sand, gravel or dredge spoil stock areas** – The Department of Natural Resources requires reclamation at end of life under the Surface Mining Act (RCW 78.44). The Department maintains an inventory of mining operations: [Surface Mining and Reclamation | WA - DNR](#) (open the geologic information portal).
- **Underground fuel storage tanks** – The Department of Ecology monitors and regulates fuel storage tanks. It imposes disposition requirements as per WAC 173-360A-0810. If unexpected ground contamination occurs, the Model Toxic Control Act (WAC 173-340) would apply and you would follow the GASB guidance for pollution remediation. If contamination occurs as part of the normal operation, follow the GASB guidance for asset retirement obligations. The Department of Ecology maintains an online inventory of underground tanks online at its website [here](#).
- **Water treatment plants** – The Department of Ecology could impose requirements on a facility within the dangerous waste permit upon a facility's closure under WAC 173-303. These facilities can contain chemicals, chlorine tanks and coagulant material. The requirements will depend on aspects of the facility such as its complexity, location, age and size. It is our understanding that unless there is an order from the Department of Health, there are no predetermined requirements for decommissioning from the Department of Health.
- **Wells** – The Department of Ecology regulates wells. Governments cannot abandon them without decommissioning them. Regulations include WAC 173-160-381, WAC 173-162 and RCW Chapter 18.104 for the Washington Well Construction Act. The Department of Ecology also has decommissioning requirements for resource protection wells (often used for monitoring or environmental sampling) as per WAC 173-160-460. Governments with certain types of buildings that use water for heating and cooling might also have a well that they must decommission when abandoned. You can search for wells [here](#).
- **X-ray and MRI machines** – These machines produce radiation when they have an electric power supply but otherwise have no radioactive source. They contain toxic substances and heavy metals such as lead, gold, silver or mercury for which state and federal

hazardous waste regulations apply (see WAC 173-303-071). You can learn more about disposal requirements for x-rays [here](#).

Additional resources

- Governmental Accounting Research System (to read the GASB Codification or original pronouncements) - [GARS Login \(gasb.org\)](#)
- The *Budgeting, Accounting and Reporting System*, BARS [GAAP Manual](#) and BARS [Cash Manual](#).

For assistance

This resource has been developed by the Center for Government Innovation of the Office of the Washington State Auditor. Please send any comments, suggestions or questions to Center@sao.wa.gov.

Disclaimer

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