

SENATE BILL REPORT

SB 6141

As Reported By Senate Committee On:
Energy, Telecommunications & Utilities, January 25, 1996

Title: An act relating to investor-owned water companies.

Brief Description: Requiring additional public notice and participation in various activities of investor-owned water companies.

Sponsors: Senators Swecker, Fraser and Rasmussen.

Brief History:

Committee Activity: Energy, Telecommunications & Utilities: 1/16/96, 1/25/96 [DPS].

SENATE COMMITTEE ON ENERGY, TELECOMMUNICATIONS & UTILITIES

Majority Report: That Substitute Senate Bill No. 6141 be substituted therefor, and the substitute bill do pass.

Signed by Senators Sutherland, Chair; Loveland, Vice Chair; Finkbeiner, Hochstatter and Owen.

Staff: Susan Ridgley (786-7444)

Background: The Utilities and Transportation Commission (UTC) regulates investor-owned water companies that (1) serve more than 100 customers, or (2) have average annual gross revenues per customer of more than \$300/year. There are around 80 of these UTC-regulated water companies out of over 14,000 water systems statewide. The largest of these regulated investor-owned water companies serves about 35,000 customers and the smallest only a few hundred.

When the water company proposes a rate change, there is a 30-day publication and notice period before a decision by the commission. The public can comment during the first 15 days of this period. At the end of the 30-day period, UTC staff prepare an analysis and recommendation on the rate change. As part of this analysis, the UTC staff audits past expenses; if a capital expenditure is found to be imprudent, the commission may only allow payment for the expenditure as adjusted to a lower level.

Summary of Substitute Bill: An additional 14-day comment period is added at the end of the 30-day review period for rate changes for investor-owned water companies that fall under UTC jurisdiction but only if the UTC staff recommends an increase.

Investor-owned water companies must call for bids for any capital expenditure over \$15,000. A "small works roster" may be used for projects less than \$100,000.

Substitute Bill Compared to Original Bill: The substitute bill clarifies that the amendments deal only with water companies under UTC jurisdiction, not all water companies. It allows

for the extended public comment period only when commission staff are recommending a rate increase, not when there is a suspension or denial of the rate increase. Finally, it does not limit the commission to disallow or allow the proposed change, but allows any authorized action.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Increased opportunities are provided for citizen input. It doesn't unduly restrict the ability of water companies to select bid or use other routes for capital projects. New amendments address UTC concerns.

Testimony Against: The bill is unfair because it only applies to investor-owned water companies, not all utilities. Current procedures already allow substantial opportunity for public input. The requirement to bring in outside contractors will lose ratepayers more money.

Testified: Senator Swecker, prime sponsor (pro); Teresa Osinski, WA Utilities and Transportation Commission (pro); John Robischon, South Sound Utility (con).