

SENATE BILL REPORT

SSB 5292

As Passed Senate, February 8, 2002

Title: An act relating to modifying definitions of public energy projects.

Brief Description: Modifying definitions of public energy projects.

Sponsors: Senate Committee on Environment, Energy & Water (originally sponsored by Senators T. Sheldon, McDonald, Fraser, Hochstatter, Regala, Stevens, Kastama, Snyder, Honeyford, Patterson, Eide and Hale).

Brief History:

Committee Activity: Environment, Energy & Water: 2/9/01, 2/16/01 [DPS].

Passed Senate: 3/12/01, 38-11; 2/8/02, 38-5.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & WATER

Majority Report: That Substitute Senate Bill No. 5292 be substituted therefor, and the substitute bill do pass.

Signed by Senators Fraser, Chair; Regala, Vice Chair; Hale, Honeyford, McDonald and Morton.

Staff: Andrea McNamara (786-7483)

Background: Initiative No. 394 was enacted by the voters in 1981. It requires public agencies to obtain voter approval prior to issuing bonds for the construction or acquisition of major public energy projects. Public agencies include public utility districts (PUDs), joint operating agencies (which are groups of PUDs), cities, and counties.

The initiative defined a major public energy project as a new or expanded plant or installation capable of generating more than 250 megawatts. Projects larger than 250 megawatts are subject to a public vote by the voters living within the boundaries of the public agency. The manner in which the election must be conducted is specified, including when it shall be held, what information must be provided to the voters regarding the costs and financing of the project, and the form and content of the ballot proposition.

Summary of Bill: A "major public energy project" is redefined so as to include nuclear power plants of any size. Power plants other than nuclear plants that are constructed or acquired by public agencies are excluded from the definition and no longer subject to public vote. For non-nuclear projects larger than 250 megawatts, public agencies must undertake the same independent cost-effectiveness study required for "major public energy projects" and hold a public hearing on the study. Public notice of the hearing must include the same information that is required in the voter's pamphlet for projects subject to public vote.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Initiative 394 was directed at nuclear projects, so this bill retains the spirit of the original initiative. The current energy situation requires the removal of as many barriers to building new generation as possible, especially new cost-based resources that public utilities can offer. Public agencies are accountable for their decisions by virtue of their elected governing boards, and they also must go through the public EFSEC siting process for any major projects, so requiring a separate public vote will only add unnecessary costs and time delays on to the already lengthy process of bringing new generation on line.

Testimony Against: This bill would gut the original initiative, give a blank check to public agencies, and remove a key accountability measure. The current energy situation creates a climate ripe for repeating mistakes of a WPPSS-like nature. The public vote requirements are less stringent than Oregon, which requires a vote on all bond issuances. It is also less stringent than what school districts in Washington have to go through to finance their major projects.

Testified: Senator Tim Sheldon, prime sponsor; Stu Trefry, WA PUD Assn. (pro); Steve Zemke, Don't Bankrupt Washington (con); Danielle Dixon, NW Energy Coalition (con); Jim Rowland, Energy Northwest (pro); Donna Ewing, LWV (con).

House Amendment(s): The House amendment changes the definition of a "major public energy project" for the purposes of determining whether a public vote is required to approve financing of the project. The amendment changes the definition to include any public project that generates more than 350 megawatts.