

SENATE BILL REPORT

SB 5292

As of January 26, 2005

Title: An act relating to nuclear power plant audits.

Brief Description: Requiring an administrative auditor to conduct nuclear power plant audits.

Sponsors: Senators Poulsen and Morton.

Brief History:

Committee Activity: Water, Energy & Environment: 1/25/05.

SENATE COMMITTEE ON WATER, ENERGY & ENVIRONMENT

Staff: William Bridges (786-7424)

Background: In the 1950s, the Legislature authorized the formation of joint operating agencies (JOA) that allowed cities and public utility districts to jointly develop electricity generation projects. In 1957, 17 public utilities formed a JOA called the Washington Public Power Supply System (WPPSS).

During the early 1970s, WPPSS started constructing five nuclear power plants. By the late 1970s, the construction of the plants was falling behind schedule and costs were escalating. Concerned about its investment in three of the plants, the Bonneville Power Administration hired a consulting firm, Theodore Barry and Associates, to investigate the matter.

The consulting firm presented its findings to the Joint Senate and House Energy and Utilities Committees in January 1979. Among other things, the Barry report concluded that the WPPSS board lacked internal financial and management controls.

The legislature swiftly responded to the Barry findings. It required the board of directors of a JOA to appoint two different types of auditors: (1) independent performance auditors and (2) an administrative auditor to coordinate the independent auditors. In 1981, the legislature transferred the duty of hiring the independent and administrative auditors to a newly created executive board.

WPPSS was renamed Energy Northwest in 1999, and it is the only JOA currently operating. Energy Northwest now comprises 19 public utilities and operates the state's only nuclear power plant.

Summary of Bill: The JOA position of independent performance auditor is eliminated, and its duties are transferred to the administrative auditor.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Testimony For: The position of performance auditor is no longer needed. A performance auditor may have been a good idea in the 1970's, but now ENW has over 20 years of experience operating nuclear generation. ENW is already subject to audits by the Institute of Nuclear Power Operations. ENW has not hired a performance auditor in about five years.

Testimony Against: None.

Who Testified: PRO: Alan Lund, Energy Northwest.