

HOUSE BILL REPORT

HB 2031

*As Reported By House Committee on:
Energy & Utilities*

Title: An act relating to low-level waste sites.

Brief Description: Providing rate regulation for low-level waste sites.

Sponsor(s): Representatives Grant, Neher, Bray and Ludwig; by request of Utilities & Transportation Commission.

Brief History:

Reported by House Committee on:
Energy & Utilities, March 6, 1991, DPS.

**HOUSE COMMITTEE ON
ENERGY & UTILITIES**

Majority Report: *That Substitute House Bill No. 2031 be substituted therefor, and the substitute bill do pass.*
Signed by 11 members: Representatives Grant, Chair; H. Myers, Vice Chair; May, Ranking Minority Member; Hochstatter, Assistant Ranking Minority Member; Bray; Casada; Cooper; R. Fisher; Jacobsen; Miller; and Rayburn.

Staff: Fred Adair (786-7113).

Background: Federal law assigns responsibility for disposal of low-level radioactive wastes to states. States may group into regional compacts. After January 1, 1993, states or regional compacts may refuse to accept low-level radioactive waste generated outside the state or region.

Washington is a member of the seven state Northwest Compact.

There will be only one disposal site in the Northwest region. If waste cannot come in from the outside and if those generating waste inside the region do not have the option of sending their waste outside the region, there could be a monopoly situation. Recognizing this, the Utilities and Transportation Commission (UTC) was asked by the Legislature last year to study the need for regulation and suitable methods of regulation.

The study recommended a modified form of price cap regulation. An initially-determined cap would be modified

for inflation and differing volumes of disposed waste. There would be a special formula for determining rates in event of abnormally large single-event disposals.

Because of its location on the Hanford Reservation, a federal facility, the site operator is not subject to as much taxation as are comparable businesses not on the Hanford Reservation.

Summary of Substitute Bill: The rates for disposal of low-level radioactive waste shall be regulated when there is a monopoly. A motion by the UTC or an interested party can initiate notice and a hearing as to whether a monopoly exists or will exist as of January 1, 1993. Monopoly determinants are whether there are sites operated by more than one company and whether competitive disposal rates are available at other than the Hanford site. These considerations are disaggregated to particular types of radioactive waste. Regulated rates will be determined as explained below and will be effective if a monopoly is found by the UTC to exist.

The UTC shall establish rates to be charged by low-level radioactive waste disposal site operators. The UTC is given necessary powers to enable it to determine fair, just, reasonable, and sufficient rates.

By March 1, 1992, the site operator shall request the UTC to determine an initial maximum disposal rate. The determination shall be done by January 1, 1993. The UTC by then shall also determine the factors necessary to calculate the inflation, volume, and extraordinary volume adjustments and shall prescribe an administrative fee.

The maximum disposal rate shall be revised semiannually by inflation and volume adjustments. Situational adjustments may be made due to changes in government fees, factors outside the control of the site operator, and on petition of the site operator.

The site operator and waste generators may contract for a disposal rate less than the maximum disposal rate. There cannot be discrimination between generators receiving like and contemporaneous services under substantially similar circumstances.

A special formula is prescribed for rates in the event of delivery of an extraordinary volume of waste.

An interested person or the UTC may complain that rates are not proper, but the burden of proof is with the complainant. The UTC shall encourage simpler dispute resolution forums.

By May 1, 1992, the site operator shall give the UTC a statement on which to determine the administrative fee and then pay the fee. The fee should just cover the UTC regulatory costs and be placed in the Public Service Revolving Fund. The UTC can adjust the fees.

The site operator may be classified competitive on a finding that there is competition and thereby become exempt from regulation. Reclassification can occur if competition fades.

Nothing in this act shall affect the jurisdiction of another state agency.

The site operator's business and occupation tax lowers to 10 percent on the effective date of the act and to 5 percent on January 1, 1992.

A surcharge of \$7 per cubic foot of disposed waste is established. The sum of \$5 of this surcharge goes to the newly created Radioactive Waste Disposal Host Area Economic Development Account in the state treasury. From it, monthly allocations are made to a regional revolving economic development loan fund. The remaining \$2 is remitted monthly to Benton County for its use.

The bill shall take effect immediately.

Substitute Bill Compared to Original Bill: Distinction of types of radioactive waste is made. The \$7 surcharge is established, and the effective date of the bill is revised from July 1, 1991, to immediately upon enactment.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect immediately.

Testimony For: Although there currently is competition in the disposal of radioactive waste, there likely will not be after December 31, 1992. The chosen form of regulation involves minimum administration and reasonable predictability. There needs to be strengthening of provisions to determine whether there is a monopoly and, hence, the need for regulation. Also, the determination needs to be done by category, recognizing that there are significant differences and there could be a monopoly in one category of waste disposal and competition in another.

Benton County has suffered through a number of depressed years. This stems both from a downturn of Hanford Reservation activities and the fact that activities on the

Hanford Reservation are not taxed the same as activities outside the reservation. Also, there is a stigma to the radioactive waste disposal which discourages some economic development. Funding is needed to overcome these economically depressing factors.

Testimony Against: None.

Witnesses: Barry Bede and Jim Van Nostrand, U.S. Ecology; Ron English, Washington Public Power Supply System; Carol Monohon and Jeff Showman, Utilities and Transportation Commission; and Ray Isaacson, Chairman, Benton County Commissioners (all pro).