

SENATE BILL REPORT

ESSB 5756

AS PASSED SENATE, MARCH 19, 1991

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

SPONSORS: Senate Committee on Energy & Utilities (originally sponsored by Senators Hayner, Jesernig and Thorsness; by request of Utilities & Transportation Commission).

SENATE COMMITTEE ON ENERGY & UTILITIES

Majority Report: That Substitute Senate Bill No. 5756 be substituted therefor, and the substitute bill do pass.

Signed by Senators Thorsness, Chairman; Saling, Vice Chairman; Nelson, Patterson, Roach, Stratton, Sutherland, and Williams.

Staff: Phil Moeller (786-7445)

Hearing Dates: February 26, 1991; March 5, 1991

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5756 as recommended by Committee on Energy & Utilities be substituted therefor, and the substitute bill do pass.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Bailey, Bauer, Bluechel, Cantu, Gaspard, Hayner, Johnson, L. Kreidler, Metcalf, Newhouse, Owen, Saling, L. Smith, West, Williams, and Wojahn.

Staff: Michael Groesch (786-7715)

Hearing Dates: March 8, 1991; March 11, 1991

HOUSE COMMITTEE ON ENERGY & UTILITIES

BACKGROUND:

Federal legislation passed in 1980 allowed states to form compacts for the purpose of collectively finding solutions to the problem of disposing commercial low-level radioactive waste. Amendments to the federal legislation were passed in 1985 when certain enforcement mechanisms in the original legislation proved ineffective.

Washington is the host state for the Northwest Interstate Compact on Low-Level Radioactive Waste. Other compact members include the states of Alaska, Hawaii, Idaho, Montana, Oregon and Utah.

The Hanford facility is located on federal land leased to the state and then subleased to the operator of the site. This facility is scheduled to remain open after 1992, when federal law requires all states to develop their own sites or form compacts to develop a collective site. Of the three operating sites in the nation, only Hanford will remain open after 1992.

Beginning in 1993 the Hanford site is expected to be the only disposal option for in-region generators of this type of waste material. Entities generating this type of waste include industrial facilities, commercial power plants, hospitals, research universities, and biomedical research firms.

SUMMARY:

If the Washington Utilities and Transportation Commission (WUTC) finds that a monopoly situation exists for disposal of commercial low-level radioactive waste, the WUTC is directed to regulate the disposal rates for low-level radioactive waste.

By March 1, 1992, a low-level radioactive waste disposal site operator is directed to file a request with the WUTC for an initial maximum disposal rate, with the rate to be effective January 1, 1993. The maximum disposal rates are to be adjusted every six months. Disposal site operators may contract with waste generators for lower disposal rates. Provisions are made for allowing different disposal rates for extraordinary volumes of waste.

Conditions are outlined defining when a monopoly situation exists for disposal of low-level radioactive waste. The disposal site operator may petition the WUTC to be classified as competitive. If classified as competitive, the disposal site operator shall be exempt from WUTC regulation.

The basic rate of Business and Occupations tax on entities disposing of low-level radioactive waste is reduced from 15 percent to 10 percent on the day the bill is signed. The rate is further reduced to 5 percent on January 1, 1992.

Beginning in 1993, a surcharge of \$5.25 on each cubic foot of low-level radioactive waste disposed in the state is made on the generator of such waste. Of this surcharge, \$3.25 is remitted to the county in which the disposal facility is located. \$2 of the surcharge is placed in a fund established for Hanford area infrastructure projects and economic development. "Hanford area" is defined as Benton and Franklin counties. Disbursements from the fund may only be made on authorization of the Director of the Department of Trade and Economic Development or the director's designee for the purpose of contracting with Hanford area associate development organizations.

Appropriation: none

Revenue: none

Fiscal Note: requested March 5, 1991

TESTIMONY FOR (Energy & Utilities):

Federal law provides that the low-level radioactive waste disposal site located in the state will become a regional monopoly after 1992. Entities that generate waste will need disposal rate protection. If, however, a competitive condition exists, the site operator should not be subject to rate regulation. The host area should receive some compensation for the site being located in that location.

TESTIMONY AGAINST (Energy & Utilities): None

TESTIFIED (Energy & Utilities): PRO: Carol Monohon, WUTC; Ron English, WPPSS; Barry Bede, U.S. Ecology; James M. Vannostrand, U.S. Ecology; Sandi Strawn, Benton County Commissioner; Claude Oliver, Benton County Treasurer; Peter Birney, Benton County Prosecutor's Office

TESTIMONY FOR (Ways & Means):

There have been complex negotiations to support this legislation. The parties involved intend to continue work on perfecting the bill.

TESTIMONY AGAINST (Ways & Means): None

TESTIFIED (Ways & Means): Barry Bede, U.S. Ecology (pro)

HOUSE AMENDMENT(S):

The striking amendment retains the major provisions that specified the details of rate regulation for an operator of a commercial low-level radioactive waste disposal facility.

Changes in the striking amendment include a further reduction of the basic rate of the business and occupations tax for operators of commercial low-level radioactive waste disposal facilities, from 5 percent to 3 percent on July 1, 1993.

The surcharge on each cubic foot of waste, imposed beginning on January 1, 1993, is changed to \$6.50. The surcharge will be distributed as follows: in 1993, the entire amount to the host county; in 1994, \$3.25 to the host county and \$3.25 to the Hanford area economic investment fund; in 1995 and thereafter, \$2.00 to the host county and \$4.50 to the economic investment fund.

Effective January 1, 1993, a committee is created to make recommendations to the director of the Department of Trade and Economic Development on projects eligible for funding from the Hanford area economic investment fund. The committee is to have 11 members, with representation from local elected officials, local ports, labor and business. Terms of membership are specified.

When determining the leasehold excise tax for subleased lands on the Hanford reservation, "taxable rent" is defined to only include the annual cash payment made by the subleasing entity to the Department of Ecology.