

SENATE BILL REPORT

SSB 5762

AS PASSED SENATE, MARCH 13, 1991

Brief Description: Financing water company safety improvements.

SPONSORS: Senate Committee on Energy & Utilities (originally sponsored by Senators Hayner, Cantu and Thorsness).

SENATE COMMITTEE ON ENERGY & UTILITIES

Majority Report: That Substitute Senate Bill No. 5762 be substituted therefor, and the substitute bill do pass.

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

Staff: Dave Monthie (786-7198)

Hearing Dates: February 26, 1991; February 28, 1991

BACKGROUND:

The Utilities and Transportation Commission regulates the rates of privately-owned water companies with 100 or more connections or with average annual gross revenues of \$300 per customer or more. State law generally permits a regulated water company to recover capital construction costs only after the capital improvement is in service. The UTC may, however, permit a regulated water company to fund a capital reserve account out of its rates exclusively for the purpose of making capital improvements approved by the Department of Health as part of a long-range plan, or required by the department to assure compliance with state or federal drinking water regulations. Expenditures from this fund are subject to prior approval by the UTC. Other health and safety expenditures, such as those required by the Department of Ecology to maintain dam safety, may not be funded under this mechanism because of the narrow language in the statute. This limits the ability of small water companies to finance required improvements.

SUMMARY:

The Utilities and Transportation Commission may provide for the funding of a reserve account by a regulated water company to perform construction or maintenance required by the Department of Ecology under the director's statutory authority to secure safety to life and property.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

This will permit small UTC regulated water companies to acquire the capital needed to make improvements ordered by the Department of Ecology.

TESTIMONY AGAINST: None

TESTIFIED: Senator Hayner, prime sponsor (pro)