

FINAL BILL REPORT

ESSB 5770

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SYNOPSIS AS ENACTED

Brief Description: Authorizing obtaining electrical supplies through conservation and generation.

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

SENATE COMMITTEE ON ENERGY & UTILITIES

HOUSE COMMITTEE ON ENERGY & UTILITIES

BACKGROUND:

The Northwest Electric Power and Conservation Planning Council has issued a draft plan to guide power planning in the region for the next 20 years. The plan states that the region's electrical power surplus of the 1980's is gone, and that a number of strategies should be pursued in order to acquire additional electrical resources to insure an adequate and reliable supply into the next century. Two of these strategies are: the acquisition of all cost-effective conservation and efficiency--including approximately 660 megawatts in the commercial and industrial sector in the next 10 years; and the review by public service commissions of their regulatory policies to insure that utilities receive appropriate rate treatment in pursuing generating resources.

Privately-owned electrical utilities operating in Washington are regulated by the Utilities and Transportation Commission. The rates authorized by the UTC are based on a rate of return on the fair value of the property "used and useful for service." The Supreme Court has interpreted this statutory language to mean that capital construction costs of privately-owned utilities cannot be used by the UTC in setting rates until construction is completed and the facility is in service. It is contended that this is an impediment to obtaining major new generating resources, and ultimately increases the costs to the customer because of higher financing costs. Nonregulated utilities do not have this statutory constraint.

In 1990, the Legislature modified the State Energy Code with regard to new residential construction, requiring more energy-efficient homes. It did not amend existing provisions with regard to nonresidential buildings, which were adopted by the Legislature in 1985. Existing law simply requires adoption of a nonresidential code for new buildings that is designed to achieve a 10 percent reduction in energy consumption relative

to buildings constructed under the previous code adopted in 1980.

SUMMARY:

The Legislature finds that the state is facing an energy shortage that will have a harmful impact on its citizens; energy efficiency is the most effective near term measure to lessen the risk of shortages; and the Northwest Power Planning Council has recommended both empowering utility commissions with more ratemaking flexibility and updating the commercial building energy code.

The Utilities and Transportation Commission, in determining what property is used and useful for rate making purposes, may include the reasonable costs of construction work in progress for electric, gas, and water companies to the extent that it finds the inclusion to be in the public interest.

The 1986 edition of the Washington State Energy Code is declared the minimum code for new nonresidential buildings. The Building Code Council is authorized to amend that code, provided that the amendments increase energy efficiency for typical new nonresidential buildings, and the new measures are technically feasible, commercially available, and cost-effective to owners and tenants. The council must define cost-effective. In developing any amendments to the code, the council must establish and consult with a technical advisory group with a broad range of interests represented, as specified. Decisions to amend the code must be made by the council by December 15 of any year, and shall not take effect until the end of the regular legislative session of the next year. Any disputed provisions within an amendment presented to the Legislature must be approved by the Legislature before going into effect. A disputed provision is defined as one adopted by the Building Code Council with less than a two-thirds majority vote. Substantial amendments may be adopted no more frequently than every three years.

VOTES ON FINAL PASSAGE:

Senate	35	14	
House	95	1	(House amended)
Senate	30	16	(Senate concurred)

EFFECTIVE: July 28, 1991