

HOUSE BILL REPORT

ESHB 2901

As Passed House
February 15, 1994

Title: An act relating to publicly owned utilities' authority to participate and enter into agreements with unregulated private nonutility developers.

Brief Description: Concerning the authority of public utilities to enter into agreements with private developers.

Sponsors: By House Committee on Energy & Utilities (originally sponsored by Representatives Bray, Kessler and Long).

Brief History:

Reported by House Committee on:
Energy & Utilities, February 3, 1994, DPS;
Passed House, February 15, 1994, 95-2.

HOUSE COMMITTEE ON ENERGY & UTILITIES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Bray, Chair; Finkbeiner, Vice Chair; Caver; Johanson; Kessler; Kremen and Long.

Minority Report: Do not pass. Signed by 2 members: Representatives Casada, Ranking Minority Member; and Chandler, Assistant Ranking Minority Member.

Staff: Fred Adair (786-7110).

Background: Cities, public utility districts, and joint operating agencies have authority to construct and operate electrical generating facilities. These entities may also enter into agreements to develop and operate electrical generating facilities with other cities, public utility districts and joint operating agencies. They may also enter into agreements with investor-owned utilities under the jurisdiction of the Washington Utilities and Transportation Commission, the Oregon Public Utilities Commission, and rural electric cooperatives.

Any agreement must provide that each public utility participant shall own a percentage of the facility equal to the percentage of money, property, or financing it has

provided. Each participant in the facility is responsible for its share of taxes.

Summary of Bill: A city, public utility district, or joint operating agency may enter into an agreement with an unregulated private non-utility developer to construct or operate an electrical generating facility.

When associated with an unregulated private non-utility developer in the operation of an electrical generating facility: cities, public utility districts, and joint operating agencies shall not acquire ownership in the portion of the facility which supplies energy to a regulated utility without that regulated utility's consent; cities and public utility districts shall not sell any of their portion of the facility's output to a customer in a regulated utility's service territory without the regulated utility's consent; and regulated utilities shall not sell any of their portion of the facility's output to a customer in a city's or public utility district's service territory without the city's or public utility district's consent.

Fiscal Note: Not requested.

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

Testimony For: The electric utility industry is going to be facing significant changes in the next few years. Companies that are not traditional utilities will be getting into the business. The bill will give publicly owned electrical utilities added flexibility to structure agreements to provide service to their customers in the most economical and efficient manner.

Testimony Against: With their authority to condemn property owned by private electrical utilities, this bill will give publicly owned utilities an unfair advantage in the competitive market that will be emerging in the future.

Witnesses: Dave Arbaugh, Washington PUD Association (pro); Coe Hutchinson, Snohomish County PUD (pro); Collins Sprague, Washington Water Power (con); and Ron Newbry, Pacific Power (con).