

HOUSE BILL REPORT

HB 1975

As Reported By House Committee On:

Energy & Utilities

Title: An act relating to the ownership of coal-fired thermal electric generating facilities placed in operation before July 1, 1975.

Brief Description: Regulating public ownership of coal-fired thermal electric generating facilities.

Sponsors: Representatives DeBolt, Morris, Benson and Sullivan.

Brief History:

Committee Activity:

Energy & Utilities: 2/25/97 [DPS].

HOUSE COMMITTEE ON ENERGY & UTILITIES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Crouse, Chairman; DeBolt, Vice Chairman; Mastin, Vice Chairman; Poulsen, Ranking Minority Member; Morris, Assistant Ranking Minority Member; Bush; Cooper; Honeyford; Kessler; Mielke and B. Thomas.

Staff: Margaret Allen (786-7110).

Background: Current statutes authorize cities of the first class, public utility districts (PUDs), and joint operating agencies (JOAs) to own shares in jointly held high voltage transmission facilities, capacity rights in those facilities, and in any kind of electric generating plants and facilities. The agreements may include related common facilities, and the planning, financing, acquisition, construction, operation, and maintenance of the plants and facilities. The agreements must give a city, PUD, or JOA a percentage ownership of any common facility, and of the electrical output, equal to the percentage of the money furnished, or the value of property supplied, by the city, PUD, or JOA, to acquire or construct the facility.

Cities are explicitly authorized to participate in agreements for the use of, as well as an undivided ownership of, such plants and facilities with (1) each other; (2) rural electric cooperatives in any state; (3) municipal corporations, utility districts, or other

political subdivisions in any state; (4) any agency of the United States authorized to generate or transmit electricity; and (5) investor-owned utilities (IOUs) under the jurisdiction of the regulatory commission of any state.

Public utility districts and JOAs are explicitly authorized to enter into agreements for an undivided ownership of such plants and facilities. However, PUDs and JOAs may enter into such agreements with fewer kinds of entities. They may enter into agreements with: (1) each other and cities of the first class; (2) rural electric cooperatives; and (3) IOUs under the jurisdiction of the Washington Utilities and Transportation Commission or the Oregon Public Utility Commission. Unlike cities, PUDs and JOAs are not expressly authorized to enter into such agreements with IOUs from states other than Washington or Oregon.

No statute expressly authorizes cities, PUDs, or JOAs to enter into such agreements with power marketers.

Two municipal utilities (of cities of the first class) and two PUDs are part owners of the Centralia Steam Plant, which is a coal-fired thermal electrical generating facility placed in operation prior to July 1, 1975. The other four owners are IOUs under the jurisdiction of Washington or Oregon utility commissions.

The lack of explicit authorization for PUDs to enter into ownership agreements with IOUs from states other than Washington and Oregon, and for either PUDs or cities to enter into such agreements with power marketers, limits the ability of any owner of the Centralia Steam Plant to sell its interest in the plant.

Summary of Substitute Bill: Cities of the first class, PUDs, and JOAs are authorized to enter into agreements for an undivided ownership of a coal-fired thermal electric generating plant and facility placed in operation before July 1, 1975. Cities of the first class may enter into agreements for the use of such facilities. The agreements may include related common facilities, and the planning, financing, acquisition, construction, operation, and maintenance of the plant and facility.

The agreements must give a city, PUD, or JOA a percentage ownership of any common facility, and of the electrical output, equal to the percentage of the money furnished, or the value of property supplied, by the city, PUD, or JOA to acquire or construct the facility.

The cities, PUDs, and JOAs may enter into the agreements with (1) each other; (2) rural electric cooperatives; (3) IOUs under the jurisdiction of the regulatory commission of any state regulatory commission; and (4) any power marketer under the jurisdiction of the Federal Energy Regulatory Commission. Other political subdivisions in any state and agencies of the United States authorized to generate or

transmit electricity are not included in the list of entities with which cities may enter into such agreements.

Substitute Bill Compared to Original Bill: The substitute bill makes technical corrections so that new language is consistent with existing statutory language.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 17, 1997.

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

Testimony For: This bill is narrowly drafted; it addresses the need of Centralia Steam Plant owners for authority to partner with other entities. It is good public policy to allow PUDs to partner with different entities; flexibility is important.

Testimony Against: The expansion of authority in the bill doesn't go far enough because it applies only to a specific project, and it does not allow PUDs to share ownership with their own customers.

Testified: (Pro) Collins Sprague, Washington Water Power; Ron Newbry, PacifiCorp; and Al Aldrich, Snohomish County PUD. (Con) Dave Arbaugh, Washington PUD Association. (No Position) George Tyler, citizen.