

# SENATE BILL REPORT

## SB 5661

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As of February 10, 1997

**Title:** An act relating to the electric utility industry.

**Brief Description:** Providing for the unbundling of electrical services.

**Sponsors:** Senators Finkbeiner, Brown, Strannigan, Rossi, Hochstatter and Oke.

**Brief History:**

**Committee Activity:** Energy & Utilities: 2/10/97, 2/11/97.

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### SENATE COMMITTEE ON ENERGY & UTILITIES

**Staff:** Phil Moeller (786-7445)

**Background:** For the last several decades, most electricity customers have not had a choice as to their supplier of electricity. Most electric utilities were considered to be monopoly suppliers.

In 1992, Congress made a significant change in electricity policy by mandating competition in the wholesale transmission of electricity. Many owners of transmission lines were required to open these lines to other entities, developing standard rates and conditions that would apply to all users, including themselves as owners. This set of policy changes has resulted in a vigorously competitive wholesale electricity market. Congress did not mandate competition in the retail electricity market, leaving these policy decisions to the states.

Partly as a result of new competitive pressures on the Bonneville Power Administration, the governors of Idaho, Montana, Oregon and Washington convened in January of 1996 a group to review policy options for the Northwest Energy System. The steering committee of this review released its report in December, 1996. The report contains wide-ranging recommendations for many aspects of the regional electricity system. Pertaining to retail electricity competition, the report recommends that all regional retail customers have the ability to choose their supplier of electricity by July 1, 1999.

**Summary of Bill:** By January 1, 1998, electric utilities are required to separate generation, transmission, and distribution assets to assess the costs of each function. These utilities are required to publish separate rates and conditions for electricity, related services, and direct access to distribution facilities. Billing statements must contain price breakdowns of the components of electricity service.

The Washington Utilities and Transportation Commission and the governing bodies of consumer-owned utilities are given the authority to approve pilot programs that allow customers to choose their supplier of electrical service.

**Appropriation:** None.

**Fiscal Note:** Requested on February 7, 1997.

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