

2831-S2

Sponsor(s): House Committee on Appropriations (originally sponsored by Representatives Crouse and Mielke)

Brief Title: Requiring electric utilities to unbundle the costs of their assets and operations.

HB 2831-S2.E - DIGEST

(DIGEST AS ENACTED)

Provides that every electric utility must unbundle the costs of its electrical service and prepare a cost study. "Unbundle" means to separately identify and publish costs by classification, function, and allocation as used in common cost-of-service practice.

Provides that, by September 30, 1998, each investor-owned utility serving more than one retail customer must file a cost study with the Washington Utilities and Transportation Commission (WUTC), which the WUTC must review in an open public meeting.

Provides that, by September 1, 1998, each consumer-owned electric utility must submit a cost study to its governing body in an open public meeting.

Requires that, by December 1, 1998, the WUTC and state auditor are to submit a joint report on the results of the cost studies to the Energy and Utilities Committees of the House and Senate. The report is to include a summary of the cost studies submitted by electric utilities, and observations regarding the consistency or lack of consistency among utilities in the methods of classification, functionalization, and allocation, and in descriptions of unbundled costs. In addition, the WUTC is to describe any issues arising from the cost studies submitted by investor-owned utilities.

Declares that the act does not apply to a small utility, unless the governing body of the utility determines the utility should comply with the bill's provisions.

Declares that nothing in this act shall be construed as requiring an electric utility to establish new rates or to adopt new rate-making methods, or to require the commission to approve new revenue levels for electrical companies.

VETO MESSAGE ON HB 2831-S2

April 2, 1998

To the Honorable Speaker and Members,

The House of Representatives of the State of Washington
Ladies and Gentlemen:

I am returning herewith, without my approval as to section 5, Engrossed Second Substitute House Bill No. 2831 entitled:

"AN ACT Relating to unbundling the components of electrical service;"

E2SHB 2831 requires utilities to provide information on the components of electricity costs and on their histories of system reliability and customer satisfaction. This information, to be

assembled and reported by the Washington Utilities and Transportation Commission and the State Auditor, should prove useful in evaluating our current electric system and proposed changes to it.

Section 5 of the bill would single out one utility, Seattle City Light, and require it to produce additional information. No justification is offered for why one utility should be treated differently from others. Moreover, the information requested is already available and has been provided to interested parties. Section 5 is therefore unnecessary.

For these reasons, I have vetoed section 5 of Engrossed Second Substitute House Bill No. 2831.

With the exception of section 5, Engrossed Second Substitute House Bill No. 2831 is approved.

Respectfully submitted,
Gary Locke
Governor