

# HOUSE BILL REPORT

## EHB 1606

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**As Passed House:**

March 14, 2001

**Title:** An act relating to electricity rate structure for irrigation pumping installations.

**Brief Description:** Allowing tariffs for irrigation pumping installations to reduce energy usage.

**Sponsors:** By Representatives Clements, Crouse, B. Chandler, G. Chandler, Schoesler and Lisk.

**Brief History:**

**Committee Activity:**

Technology, Telecommunications & Energy: 2/19/01, 2/26/01 [DP].

**Floor Activity:**

Passed House: 3/14/01, 98-0.

**Brief Summary of Engrossed Bill**

- Provides that a public or private utility or an irrigation district may offer an irrigation pumping service program to buy back electricity from customers during the irrigation season.

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### HOUSE COMMITTEE ON TECHNOLOGY, TELECOMMUNICATIONS & ENERGY

**Majority Report:** Do pass. Signed by 19 members: Representatives Crouse, Republican Co-Chair; Poulsen, Democratic Co-Chair; Casada, Republican Vice Chair; Ruderman, Democratic Vice Chair; Anderson, Berkey, Bush, B. Chandler, Cooper, DeBolt, Delvin, Esser, Hunt, Linville, Mielke, Morris, Pflug, Reardon and Wood.

**Minority Report:** Do not pass. Signed by 1 member: Representative Simpson.

**Staff:** Pam Madson (786-7166).

**Background:**

The Washington Utilities and Transportation Commission has authority to approve or set

rates for retail electricity service provided by investor-owned utilities. Rates must be fair, just, reasonable and sufficient to return reasonable compensation to the utility for the service provided.

Rates charged by publicly owned utilities are generally set by the utility's board, or by another governing body such as a commission or council. Elected officials in most cases are ultimately accountable for rates that are set.

Low water conditions and a tight energy supply have prompted some private investor-owned utilities to submit proposals to the Washington Utilities and Transportation Commission to compensate agricultural irrigators for reducing their electrical consumption and disconnecting irrigation pumps for this agricultural growing season. The utilities will pay irrigators a specified amount per kilowatt hour for electricity not used during the 2001 growing season.

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**Summary of Bill:**

A public or private utility may offer an irrigation pumping service program to buy back electricity from customers to reduce electricity usage during the irrigation season.

This provision applies to investor-owned utilities, municipal utilities, public utility districts, electric cooperatives and mutuals, and irrigation districts.

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**Appropriation:** None.

**Fiscal Note:** Not Requested.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Testimony For:** (Original bill) There is a need to find ways to give relief to the agricultural community that is in dire straits in Eastern Washington. Irrigators pay an annual charge that is not related to the actual amount of electricity used. There is concern that during this irrigating season, there may not be power available. Some farmers may not plant a crop this year and will not use irrigation pumps. It is difficult to pay a charge when no crop is planted or harvested. The utility charges customers an annual fee. These are large demand customers who use electricity beginning in the spring. In order to have the facility and the capacity to guarantee the electricity, customers are charged a standby fee. This is an outdated way to charge. This bill would give relief for two years by allowing a charge to occur, but then apply that charge against the electricity used.

**Testimony Against:** This bill will significantly impact the utility's ability to recover

costs associated with irrigators. Though the utility is extremely sympathetic to the current situation in agriculture, there may be other ways to reduce the costs to irrigators. There are various types of charges associated with irrigation. One is a per kilowatt hour charge which is a very low rate and a load charge that is designed to recover fixed costs for infrastructure necessary to meet this demand. A utility may also charge a fee that is spread out over the entire year so irrigators are paying when they are not actually irrigating. The alternatives that this bill present to the utility may actually discourage conservation because it means customers will get electricity for free. It may drive a restructuring of rates that would result in some customers subsidizing others. This process would override the current rate-making process where customers may get involved in examining rate proposals. Restructuring rates is not a desirable alternative. In the face of competition with other providers, it is important not to remove any utilities currently identified in the bill.

**Testified:** (In support) Representative Jim Clements, prime sponsor; Linda Johnson, Washington State Farm Bureau; and Jim Holmstrom, Washington State Horticulture Association.

(Opposed) Collins Sprague and Tom Dukich, Avista Corporation; and Kathleen Collins and Tom Hosler, PacifiCorp.