
HOUSE BILL 2443

State of Washington

57th Legislature

2002 Regular Session

By Representatives Morris, Jackley and Pflug

Read first time 01/17/2002. Referred to Committee on Technology,
Telecommunications & Energy.

1 AN ACT Relating to public service companies; adding a new section
2 to chapter 80.28 RCW; and creating a new section.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature finds that:

5 (1) Infrastructure for distributing, transmitting, storing, and
6 generating energy is crucial to the delivery of safe, reliable, and
7 efficient energy service. The health, safety, and welfare of the
8 citizens of the state and the vitality of its economy depend upon such
9 infrastructure.

10 (2) Public service companies must make large and continuing
11 investments in their infrastructure to meet the demands of a growing
12 population, support economic development, and maintain and improve
13 system reliability and security.

14 (3) Changes in federal energy policy during the past decade have
15 fostered the development of a national wholesale energy market. This
16 market has changed traditional wholesale energy relationships and made
17 it necessary to update state law to allow more rapid regulatory
18 response to changing wholesale market conditions.

1 (4) The interests of utility customers and utility investors are
2 served by a financially sound and stable utility industry that is able
3 to attract needed investment capital. Neither interest is served by an
4 industry on the borderline of economic viability and creditworthiness.

5 NEW SECTION. **Sec. 2.** A new section is added to chapter 80.28 RCW
6 to read as follows:

7 (1) Every gas or electrical company that purchases natural gas,
8 fuel, or electric power to provide natural gas or electric power to the
9 public may recover through its rates the actual costs of natural gas,
10 fuel, and electric power using a purchased gas adjustment or power cost
11 adjustment process. The purchased gas adjustment or power cost
12 adjustment process must be included in its tariff.

13 (2)(a) An electrical company that recovers its actual costs of fuel
14 or electric power through its rates under subsection (1) of this
15 section must use deferred accounting by recording upon its books and
16 records in deferred accounts all increases and decreases in costs for
17 fuel and electric power that differ from the projected costs.

18 (b) An electrical company must file sufficient information as
19 determined by the commission to allow the commission to verify the
20 numerical calculations necessary to clear the deferred accounts.

21 (c) An electrical company using a power cost adjustment process
22 must file monthly reports of deferred accounts activity and entries.

23 (d) An electrical company using deferred accounting shall file an
24 application with the commission to clear its deferred accounts at least
25 annually and may not file an application more often than quarterly in
26 a twelve-month period. An electrical company must have used deferred
27 accounting for six months before filing its first application.

28 (3) If the net increase or decrease in fuel and electric power
29 costs necessary to clear its deferred accounts for the period requested
30 is more than fifteen percent of the projected costs for the six-month
31 period before the period in which application is made, the electrical
32 company's rate will be adjusted by a percentage equal to the percentage
33 increase above or decrease below fifteen percent. The rate adjustment
34 takes effect on the first day following the period in which the
35 application is made.

36 (4) For purposes of this section, "actual costs" means all costs
37 that are incurred by an electrical company subject to the jurisdiction

1 of the commission and that are required to purchase fuel, capacity, and
2 energy.

3 (5) The commission must adopt rules to implement this section by
4 December 31, 2002.

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