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**Technology, Energy &  
Communications Committee**

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**SHB 2179**

**Brief Description:** Providing for the resolution of disputes between electrical suppliers regarding electrical service to customers.

**Sponsors:** House Committee on Technology, Energy & Communications (originally sponsored by Representative Morris).

**Brief Summary of Substitute Bill**

- Provides procedures for resolving disputes between electric utilities regarding electrical service to customers.

**Hearing Date:** 1/19/06.

**Staff:** Scott Richards (786-7156).

**Background:**

Washington State does not have certificated electricity distribution service territories. No territorial constraint exists for any entity authorized to provide retail electric service from providing such service to any person in the state. Consequently, no territorial protection is granted to any entity acting as a utility from any other entity authorized to provide electricity service. However, there are practical matters such as voluntary service agreements and duplication of facilities that prevent one service provider from providing electricity to an area already served by another service provider.

Under current law, electric utilities and cooperatives can enter into agreements with other electric utilities and cooperatives for the designation of the boundaries of adjoining service areas, for establishing procedures to extend service in adjoining areas not currently served by either utility, and for purchase or sale of duplicating utility facilities. When an agreement involves an investor-owned utility, the agreement must be approved by the Washington Utilities and Transportation Commission (Commission).

In addition, under the Growth Management Act, certain counties and cities develop comprehensive land use plans outlining the coordinated land use policy of the county or city. The comprehensive land use planning process includes adopting development regulations, such as zoning ordinances, critical areas ordinances, and binding site plan ordinances. The state has three growth management hearings boards to hear matters related to the Growth Management Act.

Each board can hear matters pertaining to the cities and counties located within its jurisdictional boundaries.

**Summary of Bill:**

When a dispute arises between electric utilities regarding an existing service entrance or a new service entrance, the dispute can be resolved by the Commission, if the dispute involves an investor-owned utility, or by the Growth Management Hearings Board, if the dispute involves only consumer-owned utilities.

When the dispute involves an investor-owned utility, either party to the dispute can request the Commission to conduct an investigation, and the Commission can resolve the dispute after a hearing. If either party objects to the dispute being heard by the Commission, the dispute can be submitted to arbitration. If the Commission determines that the disputed issue is already covered by an approved agreement, the Commission will issue an order based on that agreement.

Disputes submitted to an arbitration shall be heard by one qualified arbitrator, unless the parties agree to use three arbitrators. The arbitration panel is bound by the laws of the state. The parties and the arbitration panel shall use all reasonable efforts to complete the arbitration within three months of the date in which the dispute was referred to arbitration. The determination of the arbitration panel is final and binding upon both parties, subject to review in superior court, upon petition of either party, regarding whether the decision of the panel was arbitrary or capricious.

When a dispute arises that involves only consumer-owned utilities, either party may request the Growth Management Hearings Board where the service area in question is located to conduct an investigation, and the growth management hearings board can resolve the dispute after a hearing. The Growth Management Hearings Board must give consideration to policies set forth in a county or city's comprehensive land use plans, capital facility plans, and development regulations.

The Commission or the growth management hearings board may use alternative dispute resolution, including arbitration, mediation, or the assignment of settlement judges. The Commission or the growth management hearings board must also consider a number of other factors:

- the intent expressed in current law that duplication of electric lines and service is uneconomical and may affect public safety;
- the geographical boundaries of existing service lines and capacity;
- any safety issues involved with extending service to the customer;
- any visual or aesthetic impacts;
- the extent to which extending service will require uneconomic duplication of facilities;
- the length of time in which a utility has provided service in the area;
- any existing agreements approved by the Commission under current law;
- consistency with development of the region;
- any natural geographical boundaries;
- compatibility with the interests of all customers; and
- any other relevant factors.

Unless the above factors require otherwise, if the dispute is about providing new service and more than one electric utility is available to service the property, the utility with the closest service line is entitled to serve the property.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.