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## Environment Committee

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### HB 1046

**Brief Description:** Concerning uncontested rate modifications for utilities and transportation commission regulated water companies.

**Sponsors:** Representatives Fey, Upthegrove, Takko, Seaquist, Zeiger, Walsh, Blake, Kochmar and Haigh.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Allows private water companies to adjust their charges by up to 3 percent without a hearing in front of the Utilities and Transportation Commission.</li></ul>
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**Hearing Date:** 2/14/13

**Staff:** Jacob Lipson (786-7196).

**Background:**

Private, investor-owned water companies that serve more than 100 customers or have an average annual per-customer gross revenue exceeding \$557 are regulated by the Utilities and Transportation Commission (UTC). The UTC regulates the rates these companies may charge customers, as well as the terms and conditions of the services they provide. The UTC reviews the rates charged by private water providers to ensure that they are just, fair, reasonable, and sufficient.

A private water company seeking to adjust the rates charged to customers must file the proposed rate adjustment with the UTC and notify customers 30 days before the new proposed charges would go into effect. To facilitate the review of a company's rate adjustment petition by the commissioners of the UTC, stakeholders and UTC staff sometimes speak to the company's rate adjustment petition at periodic public meetings held by the UTC. The UTC commissioners have 30 days after a company files a rate adjustment petition to approve the rate adjustment, deny it, or to suspend it.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

If the UTC decides to suspend the proposed rate increase of a water company, the UTC may designate an administrative law judge to subsequently preside over a formal hearing. Formal hearings, orders, appeals, and other administrative proceedings related to suspended proposed rate adjustments are governed by the state Administrative Procedure Act (RCW 34.05), in conjunction with rules adopted by the UTC.

**Summary of Bill:**

Private water companies may adjust all charges by up to 3 percent in a calendar year without a hearing in front of the Utilities and Transportation Commission (UTC). To be eligible to make a 3 percent charge adjustment without a UTC hearing, a water company must not have changed its rates during the previous 12 months, and must be in compliance with applicable requirements of the UTC. The justification for the rate adjustment must be to cover increased water costs and increased employee compensation and benefits.

When a water company proposes to make a rate adjustment of 3 percent or less without a hearing in front of the UTC, the company must provide written notice of the rate adjustment to current customers. Rate changes become effective no earlier than 30 days after the notice of the rate change is filed with the UTC.

**Appropriation:** None.

**Fiscal Note:** Available.

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