

SENATE BILL REPORT

SB 5634

As Passed Senate, January 26, 2022

Title: An act relating to updating the utilities and transportation commission's regulatory fees.

Brief Description: Updating the utilities and transportation commission's regulatory fees.

Sponsors: Senator Carlyle.

Brief History:

Committee Activity: Environment, Energy & Technology: 1/13/22, 1/20/22 [DP, DNP].

Floor Activity: Passed Senate: 1/26/22, 29-19.

Brief Summary of Bill

- Increases the fees assessed by the Utilities and Transportation Commission for electric, natural gas, telecommunications, wastewater, and water companies from 0.2 percent to 0.4 percent of intrastate gross operating revenues.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Majority Report: Do pass.

Signed by Senators Carlyle, Chair; Lovelett, Vice Chair; Das, Liias, Lovick, Nguyen, Sheldon, Stanford and Wellman.

Minority Report: Do not pass.

Signed by Senators Short, Ranking Member; Brown, Fortunato and Schoesler.

Staff: Kimberly Cushing (786-7421)

Background: Utilities and Transportation Commission. The Utilities and Transportation Commission (UTC) is a three-member commission that regulates the rates, services, and practices of privately-owned utilities and transportation companies in Washington.

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

The UTC is funded almost entirely through fees assessed to regulated companies each May based on their annual intrastate gross revenues. Under current law, every electric, natural gas, telecommunications, wastewater, and water company regulated by the UTC must pay a fee equal to 0.2 percent of its intrastate gross operating revenues in excess of \$50,000. The UTC may, by rule, set minimum fees that do not exceed the cost of collecting the fees. The UTC may also waive any or all of the minimum fees. The fees paid are deposited in the Public Service Revolving Account. The UTC draws from this fund subject to appropriation set by the Legislature.

Summary of Bill: Electric, natural gas, telecommunications, and water companies must pay the UTC a fee equal to 0.4 percent, instead of 0.2 percent, of intrastate gross operating revenues in excess of \$50,000.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The integrity of the regulatory process is incredibly important. The behind the scenes work at the UTC is extraordinary. These are the folks responsible for grid reliability. The goal is for the UTC to have the resources to do the work they need to do. The UTC receives funding from regulatory fees, which are capped in statute and have not changed in decades. The revenues are no longer sufficient to cover expenses due to general wage increases, increase costs for information technology, and the growing work load. The UTC has a busy docket of rate proceedings, complicated by COVID arrearages, examination of costs related to wildfire planning, high energy costs due to weather events, and low-income tariffs. The UTC has a key role in the clean energy transformation act (CETA), reviewing clean energy implementation plans; a consultative role for the climate commitment act; and leadership roles in transmission planning and developing regional energy markets. The UTC identifies costs in their fiscal notes and have the authority to spend what is in the bank account, but the bank account is shrinking. The fund balance will go negative in 2023. The fees the UTC assesses are significantly lower than comparable states. It will add modest fees of \$0.07 to \$0.22 on an average bill of \$100. It is vital that the UTC has resources to guide the energy transition.

Historically the role of the commission has been to ensure rates to customers are fair and adequate for the utility to recover the costs it occurred to provide the services. Utility rate proceedings are becoming more complex and demanding. The Legislature had delegated considerable responsibilities for landmark laws to the UTC, and it is facing emerging issues with wildfires and natural gas decarbonization. The UTC does not have adequate staff

today to manage its workload and additional funding will help grow the bench so staff turnover is not as pronounced. We should fund the UTC to do their work adequately and even excel for the benefit of ratepayers and all Washingtonians.

CON: This is a fee or a tax. It is a 100 percent increase. And citizens have to make up the difference. Why can't the legislature use its surplus to fund the UTC?

OTHER: We are appreciative of the work that the UTC does and agree it needs additional support and staff. However, we a needs assessment is needed to better understand where the dollars will go to relieve the burden for the UTC. We need to follow up on whether the need was met. We all benefit from the UTC being adequately funded.

Persons Testifying: PRO: Senator Reuven Carlyle, Prime Sponsor; Ken Johnson, Puget Sound Energy; John Rothlin, Avista Corp; Amy Wheelless, NW Energy Coalition; Kelly Hall; Dave Danner, Chair, Utilities and Transportation Commission.

CON: Jeff Pack, Me.

OTHER: Brandon Houskeeper, Alliance of Western Energy Consumers.

Persons Signed In To Testify But Not Testifying: No one.