

# FINAL BILL REPORT

## SSB 5055

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Synopsis as Enacted

**Brief Description:** Protecting the interests of customers of public service companies in proceedings before the Washington utilities and transportation commission.

**Sponsors:** Senate Committee on Environment, Water & Energy (originally sponsored by Senators Brown, Fraser, Ranker and Kline).

**Senate Committee on Environment, Water & Energy**  
**House Committee on Technology, Energy & Communications**

**Background:** The Washington Utilities and Transportation Commission (WUTC) is a three-member commission that has broad authority to regulate the rates, services, and practices of privately-owned utilities and transportation companies. The WUTC regulates these utilities under a "rate of return" system, where a utility is generally allowed to charge rates that cover its costs, plus an opportunity to make a fair profit.

Changing the Ownership of a Utility. The WUTC has broad authority to approve and condition the sale or purchase of regulated utilities if the transaction is "consistent with the public interest." When analyzing these transactions, the WUTC applies a "no harm" test, which means the transaction will be approved if it does not harm customers or the public. Some states such as Oregon apply a "net benefit" test, which means a transaction will be approved only if customers and the public will somehow benefit from the transaction. There is no deadline for denying or approving a sale or purchase of a regulated utility.

**Summary:** Creating a "Net Benefit" Test When Considering the Sale, Merger, or Transfer of a Utility. The WUTC may not approve the sale, merger, or transfer of any regulated gas or electric utility that would result in a person, directly or indirectly, acquiring a controlling interest in the utility without a finding that the transaction would provide a net benefit to the customers of the utility.

"Person" means an individual, partnership, joint venture, corporation, association, firm, public service company, or any other entity, however organized.

Creating an Eleven-Month Clock for Considering the Sale or Purchase of a Utility. The WUTC must approve or deny a sale or purchase of a regulated utility within 11 months of the date of filing, which the WUTC may extend up to four months for cause.

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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.*

**Votes on Final Passage:**

Senate	48	0
House	97	0

**Effective:** July 26, 2009