

# SENATE BILL REPORT

## SB 6726

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As Reported By Senate Committee On:  
Energy, Telecommunications & Utilities, February 1, 1996

**Title:** An act relating to the utilities and transportation commission.

**Brief Description:** Requiring the utilities and transportation commission to review the impact that utility rate increases, merger decisions, and layoffs have on the economy, society, and the quality of utility service provided.

**Sponsors:** Senators Prentice, Spanel and Thibaudeau.

**Brief History:**

**Committee Activity:** Energy, Telecommunications & Utilities: 1/31/96, 2/1/96 [DPS].

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### SENATE COMMITTEE ON ENERGY, TELECOMMUNICATIONS & UTILITIES

**Majority Report:** That Substitute Senate Bill No. 6726 be substituted therefor, and the substitute bill do pass.

Signed by Senators Sutherland, Chair; Loveland, Vice Chair; and Owen.

**Staff:** Phil Moeller (786-7445)

**Background:** The Washington Utilities and Transportation Commission (WUTC) has regulatory authority over investor-owned utilities in the state. Consumer-owned utilities are regulated by the elected officials of the political subdivision (such as cities) or the elected board members from the utility entity (such as cooperatives).

The regulatory authority of the WUTC generally varies depending on the market power of the utility, but in many cases includes the rates and the service quality of certain utilities. This authority most often is exercised over electricity companies, natural gas companies, local exchange telecommunications companies and some water companies. In some cases, the WUTC has authority to approve mergers of these utilities.

With several high-profile mergers and downsizing efforts in the utility industry, concern has been raised over the impacts on the utility workforce, and in some cases, utility service quality.

**Summary of Substitute Bill:** Utility companies under the purview of the Washington Utilities and Transportation Commission (WUTC) are required to notify the WUTC 60 days prior to a workforce reduction of at least 100 employees. Within 30 days, the WUTC reviews the impact of the workforce reduction on utility service quality.

**Substitute Bill Compared to Original Bill:** The original bill required the WUTC to consider the economic, societal, and quality of service impacts prior to approving a merger by a public utility supplier if the merger affects the employment status of at least 100

employees of the public utility supplier, and to consider the economic, societal, and quality of service impacts of a rate increase or rate decrease that is the result of a work force reduction by a public utility supplier that affects at least 100 employees of the public utility supplier.

The WUTC was given authority to modify or reject a merger, rate changes, or proposed reductions in work forces upon findings of significant adverse impacts from the proposals.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** This bill is necessary to allow proper transition and consideration pertaining to the large reductions in utility workforces. Some downsizings have been too deep and utilities have had to hire new employees to do the work of those released.

**Testimony Against:** The WUTC has some of this authority now. In a new competitive utility marketplace, all suppliers are not regulated equally and this only addresses part of the entire market.

**Testified:** Rosemary Williamson, GTE (con); Teresa Osinski, WUTC (concerns); Collins Sprague, The Washington Water Power Co. (con); Phyllis Dionne, C.W.A. (pro); Don Guillor, IBEW LU77 (pro); Dan Sexton, WA State Assn. of Plumbers & Pipefitters (pro); Mora Nydam, C.W.A. (pro); Bruce Shaul, Sprint/United Telephone (con); Robert Stein, WSLC/AFL/CIO (pro); Charlie Brown, WA Natural Gas (con); Mike Tracy, Puget Power (con); Dale Vincent, US West (con).