

# SENATE BILL REPORT

## SHB 1975

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As Reported By Senate Committee On:  
Energy & Utilities, March 25, 1997

**Title:** An act relating to the ownership of coal-fired thermal electric generating facilities placed in operation before July 1, 1975.

**Brief Description:** Regulating public ownership of coal-fired thermal electric generating facilities.

**Sponsors:** House Committee on Energy & Utilities (originally sponsored by Representatives DeBolt, Morris, Benson and Sullivan).

**Brief History:**

**Committee Activity:** Energy & Utilities: 3/25/97 [DP].

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### SENATE COMMITTEE ON ENERGY & UTILITIES

**Majority Report:** Do pass.

Signed by Senators Finkbeiner, Chair; Hochstatter, Vice Chair; Brown, Jacobsen, Rossi and Strannigan.

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

**Background:** Current statute authorizes first class cities, public utility districts (PUDs), and joint operating agencies (JOAs) to own shares in jointly held high voltage transmission facilities, capacity rights in those facilities, and in any kind of electric generating plants and facilities. The agreements may include related common facilities, and the planning, financing, acquisition, construction, operation, and maintenance of the plants and facilities. The agreements must give a city, PUD, or JOA a percentage ownership of any common facility, and of the electrical output, equal to the percentage of the money furnished, or the value of property supplied, by the city, PUD, or JOA, to acquire or construct the facility.

Cities are explicitly authorized to participate in agreements for the use of, as well as an undivided ownership of, such plants and facilities with: (1) each other; (2) rural electric cooperatives in any state; (3) municipal corporations, utility districts, or other political subdivisions in any state; (4) any agency of the United States authorized to generate or transmit electricity; and (5) investor-owned utilities (IOUs) under the jurisdiction of the regulatory commission of any state.

Public utility districts and JOAs are explicitly authorized to enter into agreements for an undivided ownership of such plants and facilities. However, PUDs and JOAs may enter into such agreements with fewer kinds of entities. They may enter into agreements with: (1) each other and cities of the first class; (2) rural electric cooperatives; and (3) IOUs under the jurisdiction of the Washington Utilities and Transportation Commission or the Oregon

Public Utility Commission. Unlike cities, PUDs and JOAs are not expressly authorized to enter into such agreements with IOUs from states other than Washington or Oregon.

No statute expressly authorizes cities, PUDs, or JOAs to enter into such agreements with power marketers.

Two first class city municipal utilities and two PUDs are part owners of the Centralia Steam Plant, which is a coal-fired thermal electrical generating facility placed in operation prior to July 1, 1975. The other four owners are IOUs under the jurisdiction of Washington or Oregon utility commissions.

The lack of explicit authorization for PUDs to enter into ownership agreements with IOUs from states other than Washington and Oregon, and for either PUDs or cities to enter into such agreements with power marketers, limits the ability of any owner of the Centralia Steam Plant to sell its interest in the plant.

**Summary of Bill:** First class cities, PUDs, and JOAs are authorized to enter into agreements for an undivided ownership of a coal-fired thermal electric generating plant and facility placed in operation before July 1, 1975. Cities of the first class may enter into agreements for the use of such facilities. The agreements may include related common facilities, and the planning, financing, acquisition, construction, operation, and maintenance of the plant and facility.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Testimony For:** This bill will allow more options for utilities that wish to sell their share in such a generating facility. This in turn can help make such a plant more valuable and may keep it in operation.

**Testimony Against:** None.

**Testified:** Collins Sprague, Washington Water Power Co. (pro); Kristin Harte, Snohomish County PUD (pro).