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**SENATE BILL 5816**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** Senators Carlyle and Ericksen

1 AN ACT Relating to clarifying the valuation and determination of  
2 used and useful property for rate making purposes; amending RCW  
3 80.04.250; and creating a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that the utility  
6 industry is facing transformational change brought on by new  
7 technology, rapidly changing costs, and emerging opportunities for  
8 customers. Given these changes, the legislature recognizes and finds  
9 that the utilities and transportation commission's statutory grant of  
10 authority for rate making includes consideration and implementation  
11 of performance and incentive-based regulation, multiyear rate plans,  
12 and other flexible regulatory mechanisms where appropriate to achieve  
13 fair, just, reasonable, and sufficient rates and its public interest  
14 objectives. The legislature further finds that the provisions in  
15 section 2 of this act are necessary to ensure that the utilities and  
16 transportation commission has sufficient flexible authority to  
17 determine the value of utility property for rate making purposes.

18 **Sec. 2.** RCW 80.04.250 and 2011 c 214 s 9 are each amended to  
19 read as follows:

1           (1) The commission has power upon complaint or upon its own  
2 motion to ascertain and determine the fair value for rate making  
3 purposes of the property of any public service company used and  
4 useful for service in this state by or during the rate effective  
5 period and shall exercise such power whenever it deems such valuation  
6 or determination necessary or proper under any of the provisions of  
7 this title. ~~((In determining what property is used and useful for~~  
8 ~~providing electric, gas, wastewater company services, or water~~  
9 ~~service, the commission may include the reasonable costs of~~  
10 ~~construction work in progress to the extent that the commission finds~~  
11 ~~that inclusion is in the public interest.)) The valuation may include  
12 consideration of any property of the public service company acquired  
13 or constructed by or during the rate effective period, including the  
14 reasonable costs of construction work in progress, to the extent that  
15 the commission finds that such an inclusion is in the public interest  
16 and will yield fair, just, reasonable, and sufficient rates.~~

17           (2) The commission may provide changes to rates under this  
18 section for up to forty-eight months after the rate effective date  
19 using any standard, formula, method, or theory of valuation  
20 reasonably calculated to arrive at fair, just, reasonable, and  
21 sufficient rates. The commission must establish an appropriate  
22 process to identify, review, and approve public service company  
23 property that becomes used and useful for service in this state after  
24 the rate effective date.

25           (3) The commission has the power to make revaluations of the  
26 property of any public service company from time to time.

27           ~~((3))~~ (4) The commission shall, before any hearing is had,  
28 notify the complainants and the public service company concerned of  
29 the time and place of such hearing by giving at least thirty days'  
30 written notice thereof, specifying that at the time and place  
31 designated a hearing will be held for the purpose of ascertaining the  
32 value of the company's property, used and useful as aforesaid, which  
33 notice must be sufficient to authorize the commission to inquire into  
34 and pass upon the matters designated in this section.

35           (5) Nothing in this section limits the commission's authority to  
36 consider and implement performance and incentive-based regulation,  
37 multiyear rate plans, and other flexible regulatory mechanisms.

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