

2 SSB 6006 - S AMD TO S AMD - 222
3 By Senators Brown and Jacobsen

4 NOT ADOPTED 3/18/97

5 Beginning on line 7, of the striking amendment #219, strike all
6 material down through and including "RCW." on page 4, line 6, and
7 insert the following:

8 NEW SECTION. **Sec. 1.** INTENT. The state of Washington is affected
9 by national, regional, and state-wide changes that are transforming the
10 nature of the electric power industry. These changes have profound
11 implications for Washington's economy and environment. The legislature
12 finds that:

13 (1) The interests of the citizens of Washington will be served by
14 having access to a choice of electric services and energy providers,
15 provided that basic safeguards relating to consumer protection and
16 access are met and investments that preserve the electric system
17 reliability and environmental protection are not undermined.

18 (2) The transition to a competitive retail electricity market
19 requires that investments in conservation, renewable resources, and
20 low-income service be made in a competitively neutral manner and,
21 further, that minimum investment standards for these purposes are
22 necessary and desirable as the industry becomes more competitive.

23 (3) Electricity is an essential service and should be reasonably
24 accessible and affordable to all consumers, regardless of income or
25 geographic location. The unique circumstances and value of small,
26 rural electric systems should be taken into account as industry
27 restructuring moves forward.

28 It is the intent of this act to begin the comprehensive
29 restructuring of the retail sale of energy in the state of Washington.

30 NEW SECTION. **Sec. 2.** DEFINITIONS. The definitions in this
31 section apply throughout this act unless the context clearly requires
32 otherwise.

33 (1) "Commission" means the utilities and transportation commission.

34 (2) "Department" means the department of community, trade, and
35 economic development.

1 (3) "Direct service industrial customer" has the same meaning as
2 the term is defined in section 3(8) of the Pacific Northwest electric
3 power plan and conservation act, P.L. 96-501.

4 (4) "Electric cooperative" means a cooperative or association
5 organized under chapter 23.86 or 24.06 RCW.

6 (5) "Electricity distributor" means an electrical company, electric
7 cooperative, irrigation district, municipal electric utility, public
8 utility district, or public service company engaged in the business of
9 providing distribution services to retail customers.

10 (6) "Electricity service supplier" means any person or entity that
11 sells electricity to one or more retail customers, including but not
12 limited to electrical companies, electric cooperatives, irrigation
13 districts, municipal electric utilities, public utility districts,
14 aggregators, marketers, brokers, independent power producers, public
15 service companies, or other municipal or state authorities.

16 (7) "Irrigation district" means a district authorized by chapter
17 87.03 RCW.

18 (8) "Municipal electric utility" means a city or town that owns and
19 operates an electric utility authorized by chapter 35.92 RCW.

20 (9) "Pilot program" means an experimental program, rate, or tariff
21 designed to elicit information concerning the cost-effectiveness,
22 marketing, design, evaluation, or cost structure of the provision of
23 distribution and electricity by electrical distribution companies and
24 electricity service suppliers.

25 (10) "Public utility district" means a district authorized by
26 chapter 54.04 RCW that sells electricity to retail customers.

27 (11) "Retail customer" means any person or entity that purchases
28 electricity for ultimate consumption and not for resale.

29 (12) "Task force" means the task force created in section 3 of this
30 act.

31 NEW SECTION. **Sec. 3.** TASK FORCE ON ELECTRIC SYSTEM RESTRUCTURING.

32 (1) There is created a task force on electric system restructuring.
33 The task force shall recommend measures needed for the Washington
34 component of a regional and national restructured electric system that
35 will:

36 (a) Recognize the multiple uses, benefits, and claims on our
37 natural rivers;

38 (b) Preserve low-cost power for Washington consumers;

1 (c) Foster real competition whose benefits are fairly distributed
2 across all sectors of Washington consumers;

3 (d) Fairly distribute the cost of past investments that are
4 uneconomic in today's market;

5 (e) Build into the competitive structure system benefits, including
6 reliability and safety of electric service, environmental quality,
7 conservation of electricity, encouragement of renewable resources, and
8 affordable service;

9 (f) Substantially implement the recommendations contained in the
10 final report of the comprehensive review of the northwest energy system
11 dated December 12, 1996.

12 (2) The task force shall consist of seven members: One from each
13 legislative caucus, appointed by the senate majority leader and the
14 speaker of the house of representatives, as appropriate, and three
15 members appointed by the governor. The governor shall appoint the
16 chair from among the members of the task force, but the chair must be
17 a member of the majority legislative caucus in either the senate or the
18 house of representatives.

19 (3) The senate, the house of representatives, the office of the
20 governor, the commission, the department, and the department of revenue
21 shall provide staff support to the task force, as appropriate.

22 (4) Meetings of the full task force shall be open to the public.
23 Task force members shall make appropriate efforts to inform affected
24 interest groups and the general public, regarding the issue of
25 restructuring and the progress of the task force. This subsection does
26 not prevent members of the task force from meeting with each other in
27 nontask force meetings or forums.

28 (5) The task force may establish work groups of knowledgeable or
29 affected persons to advise the task force on components of its work
30 plan. The task force shall seek information and opinions from diverse
31 interests, including, but not limited to, public power, private power,
32 smaller rural utilities, large consumers, direct service industries,
33 small consumers, nonutility power providers, the gas industry,
34 conservation groups, renewable resource providers, the environmental
35 community, low-income groups, local governments, the office of public
36 counsel of the attorney general's office, and the Washington office of
37 the Northwest power planning council.

1 NEW SECTION. **Sec. 4.** RESPONSIBILITIES OF THE TASK FORCE. The
2 task force created in section 3 of this act shall:

3 (1) Recommend mechanisms and steps needed to ensure competitive
4 access by energy service providers over the distribution facilities
5 operated by electricity distributors by July 1, 1999, or as soon
6 thereafter as reasonably practicable;

7 (2) Recommend ways to ensure the safety and reliability of the
8 electric power system including the evaluation of operating and
9 maintenance budget levels, system average duration interruption, system
10 average frequency interruption and reportable accident and incident
11 rates under the Occupational Safety and Health Act and Washington
12 Industrial Safety and Health Act;

13 (3) Develop guidelines for determining and fairly distributing the
14 costs of past investments that are no longer economically competitive
15 including potential negative impacts on utility personnel directly
16 affected by electric industry restructuring;

17 (4) Identify changes to electricity distributors' obligation to
18 serve retail customers made necessary through the mechanisms identified
19 in subsections (1) and (3) of this section;

20 (5) Develop uniform billing standards, and consumer education and
21 outreach programs, to assist customers and electrical service providers
22 in comparing available services;

23 (6) Recommend ways to ensure that electricity service is reasonably
24 accessible and affordable to all customers, including identifying
25 barriers to the aggregation of small customers and recommending means
26 to overcome those barriers;

27 (7) Recommend the most appropriate means to ensure adequate funding
28 for conservation, renewable resources, and low-income weatherization
29 and energy assistance;

30 (8) Identify mechanisms and steps needed to establish a uniform
31 state-wide system benefits charge to ensure accomplishment of the
32 minimum standard of investment described in section 7 of this act on a
33 state-wide basis;

34 (9) Address special needs of rural electricity customers;

35 (10) Take into account state, regional, and national roles of
36 responsibility and cooperation;

37 (11) Take such other steps, including drafting legislation, as are
38 needed to accomplish the purposes and tasks set forth in this act.

1 NEW SECTION. **Sec. 5.** The task force shall report to the governor
2 and the legislature by December 1, 1997, concerning its activities,
3 draft legislation, and any recommendations for further action.

4 NEW SECTION. **Sec. 6.** PILOT PROGRAMS. In order to obtain
5 information about the likely effects of restructuring the electric
6 industry, the legislature:

7 (1) Encourages pilot programs between retail customers and
8 electrical companies under the commission's rate jurisdiction,
9 particularly programs to facilitate the development of aggregators that
10 can provide competitively priced power for small consumers;

11 (2) Encourages governing bodies of public utility districts,
12 municipal electric utilities, and electric cooperatives to undertake
13 pilot programs with retail electric customers under their rate
14 jurisdiction, particularly programs to facilitate the development of
15 aggregators that can provide competitively priced power for small
16 consumers;

17 (3) Encourages the commission and governing bodies to provide to
18 the task force results of information learned from the pilot programs.

19 NEW SECTION. **Sec. 7.** STUDY OF MINIMUM INVESTMENT STANDARD. The
20 department shall undertake a study of ways to achieve a minimum state-
21 wide standard of investment in local conservation resources, renewable
22 resources, renewable research and development, regional market
23 transformation, and low-income weatherization. For the purposes of
24 this section, the minimum standard is presumed to equal three percent
25 of total electricity expenditures. The department shall consult with
26 and obtain necessary information from electricity distributors,
27 electricity service suppliers, direct service industrial customers, and
28 others in developing its study. The department shall report the
29 results of its study to the task force by September 1, 1997.

30 NEW SECTION. **Sec. 8.** ACCESS AND AFFORDABILITY. On or before
31 September 1, 1997, the department shall provide recommendations to the
32 task force concerning mechanisms for ensuring that electricity service
33 is reasonably accessible and affordable to all customers, including
34 low-income and rural customers. The department shall consult with
35 utilities, low-income customer advocates, rural customer advocates, the

1 office of the attorney general, the commission, and others in
2 developing its recommendations.

3 NEW SECTION. **Sec. 9.** CAPTIONS NOT LAW. Captions used in this act
4 are not part of the law.

5 NEW SECTION. **Sec. 10.** This act expires March 1, 1998."

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9 On page 4, line 10 of the title amendment #219, after "industry;"
10 strike the remainder of the title and insert "studying and developing
11 recommendations for the restructuring of the electric energy industry;
12 creating new sections; and providing an expiration date."

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