

SENATE BILL REPORT

SHB 2845

As of February 25, 2002

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

Brief Description: Requiring a performance audit of the utilities and transportation commission.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Morris, Crouse, Morell, Pflug, Ogden, Linville and Simpson).

Brief History:

Committee Activity: Environment, Energy & Water: 2/28/02.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & WATER

Staff: Andrea McNamara (786-7483)

Background: The Washington Utilities and Transportation Commission (WUTC) is a three-member board who, along with a staff of over 165 people, regulates the rates, services and practices of privately-owned utilities and transportation companies. These companies include electric, telephone, natural gas distribution, private water, solid waste collection, commercial ferries and low-level radioactive waste disposal. The commission is primarily an economic regulator with some public safety responsibility for in-state pipelines and railroads.

Commissioners are appointed by the Governor and confirmed by the Senate for six-year terms. The staff includes accountants, auditors, economists, engineers, consumer complaint specialists, enforcement officers and investigators. The staff is organized into three main divisions: regulatory, advisory, and administrative services.

Companies regulated by the WUTC pay the cost of regulation through fees based on a percentage of each company's gross annual operating revenue. The fee is limited to a maximum of one-tenth of 1 percent on the first \$50,000 plus two-tenths of 1 percent on any amount over \$50,000.

The Joint Legislative Audit and Review Committee (JLARC) is a statutorily created committee of eight senators and eight representatives, equally divided between the two major political parties. The JLARC staff conducts performance audits, program evaluations, sunset reviews and other policy and fiscal studies.

Summary of Bill: The Joint Legislative and Audit Review Committee (JLARC) must conduct a performance audit of the Washington Utilities and Transportation Commission (WUTC) focused on its responsibilities for telecommunications, energy, and natural gas. The audit must include an analysis of the WUTC's roles and responsibilities, and evaluation of its activities in relationship to its strategic plan, an analysis of its organizational structure,

and recommendations for improving the commission's accountability and performance within its current mandates.

The JLARC must submit a preliminary report of the performance audit to the appropriate legislative committees by December 31, 2002, which must include specified analysis and a work plan for the remainder of the audit. The final report is due by December 1, 2003, but subject to extension by JLARC for up to one year.

The performance audit is funded by a surcharge on the regulatory fees paid by telecommunications, electrical and natural gas companies regulated by the commission. The amount of the surcharge is calculated as a uniform percentage of current fees paid by all affected companies, is in effect July 1, 2002, through December 31, 2003, and may not exceed a total of \$400,000.

Appropriation: None.

Fiscal Note: Available.

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