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**Technology, Telecommunications  
& Energy Committee**

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**HB 1013**

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

**Sponsors:** Representative Morris.

**Brief Summary of Bill**

- Directs the Joint Legislative Audit and Review Committee to conduct a performance audit of the Washington Utilities and Transportation Commission focused on its responsibility regarding telecommunication, energy, and natural gas.
- Establishes a surcharge for a period of 18 months to be paid by each telecommunications, electrical, and natural gas company to fund the performance audit.

**Hearing Date:** 1/14/03

**Staff:** Pam Madson (786-7166).

**Background:**

The Washington Utilities and Transportation Commission (WUTC) is a three-member commission who along with a staff of over 165 people regulate 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.

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. The commission is primarily an economic regulator with some public safety responsibility for in-state pipelines and railroads.

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 JLARC must conduct a performance audit of the WUTC focused on its responsibilities for telecommunications, energy, and natural gas.

The JLARC must submit a preliminary report of the performance audit to the appropriate legislative committees by December 31, 2003. The preliminary report must include an analysis of the commission's functions and structure which may include a comparison with other states' commissions. The final report of the performance audit must be submitted by December 1, 2004.

The performance audit is funded by a surcharge calculated as a percentage of the regulatory fee paid by telecommunications, electrical and natural gas companies regulated by the commission and may generate no more than \$400,000. The surcharge is in effect beginning July 1, 2003 through December 31, 2004.

**Appropriation:** None.

**Fiscal Note:** Not Requested.

**Effective Date:** The bill takes effect on July 1, 2003.