

# HOUSE BILL REPORT

## SB 5634

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**As Passed House:**

March 7, 2022

**Title:** An act relating to updating the utilities and transportation commission's regulatory fees.

**Brief Description:** Updating the utilities and transportation commission's regulatory fees.

**Sponsors:** Senator Carlyle.

**Brief History:**

**Committee Activity:**

Appropriations: 2/22/22, 2/24/22 [DP].

**Floor Activity:**

Passed House: 3/7/22, 53-45.

**Brief Summary of Bill**

- Increases the fees assessed by the Utilities and Transportation Commission for electric, natural gas, telecommunications, wastewater, and water companies from 0.2 percent to 0.4 percent of intrastate gross operating revenues.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass. Signed by 19 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Chopp, Cody, Dolan, Fitzgibbon, Frame, Hansen, Johnson, J., Lekanoff, Pollet, Ryu, Senn, Springer, Stonier, Sullivan and Tharinger.

**Minority Report:** Do not pass. Signed by 12 members: Representatives Stokesbary, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Boehnke, Caldier, Chandler, Dye, Jacobsen, Rude, Schmick and Steele.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

**Minority Report:** Without recommendation. Signed by 1 member: Representative Harris.

**Staff:** Jackie Wheeler (786-7125).

**Background:**

The Utilities and Transportation Commission (Commission) regulates privately-owned utility and transportation companies providing certain goods and services, including: electricity and natural gas, community solar projects, landline telecommunications, solid waste collection, water systems, natural gas and hazardous liquid pipelines, railroad carriers, residential movers, commercial ferries, passenger buses, low-level nuclear waste storage, and marine pilotage. Generally, the Commission regulates rates, service quality, consumer protection, and safety measures.

The Commission is almost entirely funded through fees paid by the regulated companies based on a percentage of intrastate gross operating revenues reported by those companies annually. Electric, natural gas, telecommunications, wastewater, and water companies regulated by the Commission must pay a regulatory fee equal to 0.1 percent of the first \$50,000 of gross operating revenue, plus 0.2 percent of gross operating revenue in excess of \$50,000. The collected fees are deposited in the Public Service Revolving Account to cover expenses of operation of the Commission, subject to appropriation by the Legislature. The Commission may, by rule, set minimum fees that do not exceed the cost of collecting the fees and may also waive any or all of the minimum fees.

When establishing fees, the Commission considers the funds available in the Public Service Revolving Account and determines the amounts required to fund the Commission's costs of supervising and regulating each industry. The fees are established by general order through a process with open public meetings. The Commission is required to issue an order to set the regulatory fee for each industry by March 1 of each year.

**Summary of Bill:**

Regulated electric, natural gas, telecommunications, and water companies must pay the Utilities and Transportation Commission a fee equal to 0.4 percent of intrastate gross operating revenues in excess of \$50,000, increased from 0.2 percent.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) The Utilities and Transportation Commission (Commission) has not had a fee increase in more than a decade and one is overdue. The fund balance is declining at an accelerating rate as the Commission's expenditures are outpacing its revenue. The Commission projects that the fund balance will go negative in Fiscal Year 2023 before they receive the fees from the regulated companies in May 2023. The Commission will end the year without sufficient funding to maintain a positive fund balance through the ensuing biennium. Increases in expenditures are due to more complex rate cases and the Commission's role in the transformational energy policies enacted by the Legislature in recent years as well as increases in general wages, rent, and information technology costs. The Commission experiences staff turnover at a time when it is difficult to attract and retain people. It is to everyone's benefit to have qualified people in the Commission working on behalf of customers, and additional funding can help with hiring and retention. With proper staffing, the Commission will be able to better scrutinize the general rate requests and better positioned to lower energy bills. The rate impacts of the fee increase will be very modest, ranging from 7 cents to 22 cents per month on utility bills that average over \$100 per month.

(Opposed) None.

(Other) The fines and penalties for violations by public service companies regulated by the Commission, including railroad safety violations, also need to be revised to appropriate levels. These were originally enacted in 1911 and a revision is long overdue.

**Persons Testifying:** (In support) Ken Johnson, Puget Sound Energy; John Rothlin, Avista; and Dave Danner, Utilities and Transportation Commission.

(Other) Herb Krohn, Sheet Metal Air Rail Transport Transportation Division and United Transportation Union.

**Persons Signed In To Testify But Not Testifying:** None.