

HOUSE BILL REPORT

SSB 5260

As Passed Legislature

Title: An act relating to the regulatory authority of the utilities and transportation commission over certain nonmunicipal systems.

Brief Description: Regulating certain nonmunicipal water systems.

Sponsor(s): Senate Committee on Energy & Utilities (originally sponsored by Senators Thorsness, Madsen and Barr; by request of Utilities & Transportation Commission).

Brief History:

Reported by House Committee on:
Energy & Utilities, March 28, 1991, DP;
Passed House, April 18, 1991, 97-0;
Passed Legislature, 97-0.

**HOUSE COMMITTEE ON
ENERGY & UTILITIES**

Majority Report: *Do pass.* Signed by 11 members: Representatives Grant, Chair; H. Myers, Vice Chair; May, Ranking Minority Member; Hochstatter, Assistant Ranking Minority Member; Bray; Casada; Cooper; R. Fisher; Jacobsen; Miller; and Rayburn.

Staff: Fred Adair (786-7113).

Background: The jurisdiction of the Utilities and Transportation Commission (UTC) over water companies is limited to those serving 100 or more customers, or having average annual customer revenues of \$300 or more. For these systems the UTC sets rates, determines operating requirements, and acts on customer complaints regarding rates and service.

The Legislature in 1989 also required the UTC to exercise audit and accounting supervision or to initiate a formal complaint against any public water system if it receives notice from the Department of Health or the city or county where the system is located that the system is in violation of drinking water system standards. This provision has not been utilized by either the Department of Health or a local government to invoke UTC jurisdiction, and it is unclear to

the UTC what actions it is to take under the language added in 1989.

There are cost and economic burdens on the UTC and a water system of about 100 customers if customer numbers change up and down causing the company to come into and out from regulation.

Summary of Bill: Water companies subject to UTC regulation cannot be removed from regulation unless the UTC so approves. Regulated companies whose customer number falls below 100, or whose average annual customer revenues fall below \$300, may petition the UTC for removal from regulation. The UTC may retain jurisdiction where it finds that the public interest requires it.

The UTC's jurisdiction over substandard water systems referred to it by the Department of Health or a city or county is limited to nonmunicipal systems, and only for auditing purposes. The UTC shall provide the results of an audit to the requesting party. The number of such companies referred to the UTC in any calendar year shall not exceed 20 percent of the total number of companies subject to UTC regulation. Companies referred to the UTC for audit are required to pay an audit fee.

The number of customers required to file a complaint against a regulated water company with regard to rates or charges is changed from 25 to either 25 customers or at least 25 percent of the company's customers.

Fiscal Note: Available.

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

Testimony For: The bill is needed to remedy the administrative problems of regulating systems whose size fluctuates and whose status as a regulated company may change from year to year. It will also clarify the auditing role of the UTC with regard to nonregulated companies referred to it by the Department of Health or a city or county, and assist in providing those companies with realistic financial information.

Testimony Against: None.

Witnesses: Senator Ken Madsen, leading minority sponsor; Carol Monohon and Fred Ottavelli, Utilities and Transportation Commission; and Richard Siffert and Dave Clark, Department of Health.