

HOUSE BILL REPORT

SSB 5762

As Passed Legislature

Title: An act relating to the financing of safety improvements by regulated water companies.

Brief Description: Financing water company safety improvements.

Sponsor(s): Senate Committee on Energy & Utilities (originally sponsored by Senators Hayner, Cantu and Thorsness).

Brief History:

Reported by House Committee on:
Energy & Utilities, March 26, 1991, DP;
Passed House, April 11, 1991, 94-1;
Passed Legislature, 94-1.

**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: State law generally permits a regulated water company to recover capital construction costs only after the capital improvement is in service. The Utilities and Transportation Commission (UTC) may, however, permit a regulated water company to fund a capital reserve account out of its rates to make capital improvements approved by the Department of Health as part of a long-range plan, or as required by the department to assure compliance with state or federal drinking water regulations. Expenditures from this fund are subject to prior approval by the UTC.

Other health and safety expenditures, such as those required by the Department of Ecology to maintain dam safety, may not be funded under this mechanism because of the narrow language in the statute. This limits the ability of small water companies to finance required improvements.

Summary of Bill: The UTC may allow funding of a reserve account by a regulated water company to perform construction or maintenance required by the Department of Ecology under the director's statutory authority to assure safety to life and property.

Fiscal Note: Available.

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

Testimony For: A water company needs to modify its dam to comply with Department of Ecology dam safety requirements; but statutes do not allow paying for it, or even accumulating funds to pay for it, until the work is complete. This bill would eliminate this "catch 22" situation.

Testimony Against: None.

Witnesses: Malachy Murphy, attorney representing Elliot Lake Water Company (near Kennewick).