

# SENATE BILL REPORT

## ESHB 1013

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As Reported By Senate Committee On:  
Technology & Communications, February 26, 2004

**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 Technology, Telecommunications & Energy (originally sponsored by Representatives Morris, Miloscia, Eickmeyer, Linville, Chase, Anderson, Ruderman, Mielke, Conway, Bush, Haigh and Sullivan).

**Brief History:**

**Committee Activity:** Technology & Communications: 3/20/03, 4/3/03 [DP]; 2/19/04, 2/26/04 [DP-WM].

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### SENATE COMMITTEE ON TECHNOLOGY & COMMUNICATIONS

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Schmidt, Chair; Esser, Vice Chair; Berkey, Eide, McCaslin, Poulsen and Stevens.

**Staff:** William Bridges (786-7424)

**Background:** The Washington Utilities and Transportation Commission (WUTC) is a three-member commission that regulates the rates, services, and practices of privately-owned utilities and transportation companies. Commissioners are appointed by the Governor and confirmed by the Senate for six-year terms.

The commission employs about 165 people who are organized into three main divisions: regulatory, advisory, and administrative services. Staff members include accountants, auditors, economists, engineers, consumer complaint specialists, enforcement officers, and investigators.

Regulated companies include electric, telephone, natural gas distribution, private water, solid waste collection, commercial ferries, low-level radioactive waste disposal, and railroads. These regulated companies pay the cost of regulation through fees based on a percentage of each company's gross annual operating revenue. The fees generally equal one-tenth of 1 percent of the first \$50,000 of gross operating revenue, plus two-tenths of 1 percent of any gross operating revenue in excess of \$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. JLARC staff conducts performance audits, program evaluations, sunset reviews, and other policy and fiscal studies.

**Summary of Bill:** JLARC must conduct a performance audit of the WUTC focused on its responsibilities for telecommunications, energy, and natural gas. Among other things, the audit must include an analysis of the agency's legal roles and responsibilities and an analysis comparing the WUTC's organization, structure, and operating principles with other state commissions.

JLARC must submit a preliminary report of the performance audit to the appropriate legislative policy and fiscal committees by December 31, 2004. The preliminary report must include an analysis of the commission's functions and structure. The final report of the performance audit must be submitted by December 1, 2005.

The performance audit is funded by a surcharge calculated as a percentage of the regulatory fee paid by regulated telecommunications, electrical, and natural gas companies. The total amount recovered by the surcharge may not exceed \$200,000. The surcharge is in effect July 1, 2004 through December 31, 2005.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** This bill almost passed last session. It is based on the Governor's Competitiveness Council's recommendations concerning burdensome regulations. The bill identifies benchmarks so the Legislature can systematically determine the effectiveness of the WUTC and do a better job of oversight. An efficient WUTC is important if Washington is to maintain its competitive economic position with other states and foreign countries. The WUTC welcomes scrutiny and notes that it is already working on efficiency standards mandated by the Governor's office. JLARC anticipates that the audit will cost \$200,000 more than what the utility surcharge will recover, but there is no provision in the Senate budget concerning this contingency.

**Testimony Against:** None.

**Testified:** Rep. Morris, prime sponsor (pro); Sam Thompson, WUTC (neutral).