

# HOUSE BILL REPORT

## HB 2901

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As Reported By House Committee On:  
Energy & Utilities

**Title:** An act relating to publicly owned utilities' authority to participate and enter into agreements with unregulated private nonutility developers.

**Brief Description:** Concerning the authority of public utilities to enter into agreements with private developers.

**Sponsors:** Representatives Bray, Kessler and Long.

**Brief History:**

Reported by House Committee on:  
Energy & Utilities, February 3, 1994, DPS.

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### HOUSE COMMITTEE ON ENERGY & UTILITIES

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Bray, Chair; Finkbeiner, Vice Chair; Caver; Johanson; Kessler; Kremen and Long.

**Minority Report:** Do not pass. Signed by 2 members: Representatives Casada, Ranking Minority Member; and Chandler, Assistant Ranking Minority Member.

**Staff:** Harry Reinert (786-7110).

**Background:** Cities, public utility districts, and joint operating agencies have authority to construct and operate electrical generating facilities. These entities may also enter into agreements to develop and operate electrical generating facilities with other cities, public utility districts and joint operating agencies. They may also enter into agreements with investor-owned utilities under the jurisdiction of the Washington Utilities and Transportation Commission, the Oregon Public Utilities Commission, and rural electric cooperatives.

Any agreement must provide that each public utility participant shall own a percentage of the facility equal to the percentage of money, property, or financing it has provided. Each participant in the facility is responsible for its share of taxes.

**Summary of Substitute Bill:** A city, public utility district, or joint operating agency may enter into an agreement with an unregulated private non-utility developer to construct or operate an electrical generating facility.

**Substitute Bill Compared to Original Bill:** The substitute bill assures that an unregulated private non-utility developer is responsible for its share of taxes, in the same manner as is required of other participants.

**Fiscal Note:** Not requested.

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

**Testimony For:** The electric utility industry is going to be facing significant changes in the next few years. Companies that are not traditional utilities will be getting into the business. The bill will give publicly owned electrical utilities needed flexibility to structure agreements to provide service to their customers in the most economical and efficient manner.

**Testimony Against:** With their authority to condemn property owned by private electrical utilities, this bill will give publicly owned utilities an unfair advantage in the competitive market that will be emerging in the future.

**Witnesses:** Dave Arbaugh, Washington PUD Association (pro); Co Hutchinson, Snohomish County PUD (pro); Collins Sprague, Washington Water Power (con); and Ron Newbry, Pacific Power (con).