

HOUSE BILL REPORT

SB 5261

As Passed House:
April 7, 2017

Title: An act relating to irrigation district authority.

Brief Description: Concerning irrigation district authority.

Sponsors: Senator Warnick.

Brief History:

Committee Activity:

Local Government: 3/16/17, 3/22/17 [DP].

Floor Activity:

Passed House: 4/7/17, 96-0.

Brief Summary of Bill

- Authorizes irrigation districts to enter into contracts or agreements with private commercial or industrial entities that: (1) construct or operate electric power generation or transmission facilities; and (2) acquire electric power for their own use or resale.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 7 members: Representatives Appleton, Chair; McBride, Vice Chair; Griffey, Ranking Minority Member; Pike, Assistant Ranking Minority Member; Gregerson, Peterson and Taylor.

Staff: Yvonne Walker (786-7841).

Background:

An irrigation district (district) is a type of special purpose district with broad statutory authorization to engage in a wide range of activities and provide a myriad of services. Generally, districts provide for the construction, improvement, maintenance, and operation of irrigation systems. Districts also may provide drainage, domestic water supply, electric power facilities, fire hydrants, and street lighting. Districts may finance their operations and

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actions through fees, charges, and assessments, but districts do not have the authority to impose property taxes.

Irrigation Districts–Board.

An elected board of directors comprised of three to seven members governs each district. An irrigation district's board (board) has the authority to develop and to sell, lease, or rent the use of the following:

- water derived from the operation of the district water facilities to municipal and quasi-municipal entities, the State of Washington, state agencies, public and private corporations, and individuals located within and outside the boundaries of the district; and
- power derived from hydroelectric facilities to municipal and quasi-municipal entities, electric companies, and other districts.

Contractual Authority.

Subject to specified conditions, a district may enter into contracts, agreements, or become part of a joint venture with various public and private entities for:

- purchasing and selling electric power; and
- developing and/or owning facilities for the generation or transmission of electric power.

The entities that a district may enter into a contract or agreement with include: federal agencies, states, municipalities, public utility districts, other districts, joint operating agencies, rural electric cooperatives, mutual corporations or associations, investor-owned utilities, or associations or other legal entities composed of any combination of such entities.

Summary of Bill:

In addition to its current authority, a district may work with a private commercial or industrial entity to finance, own, lease, improve, repair, and sell hydroelectric facilities, irrigation water, domestic water, and drainage and sewerage works.

Irrigation Districts–Board.

A board may sell, lease, or rent the use of water facilities and electric facilities to public and private entities.

Contractual Authority.

A district may enter into a contract or agreement to develop or own: (1) electric generating facilities for generating or transmitting electricity generated by water, solar power, thermal power, or batteries; and (2) water storage, pumping, and transmission facilities.

In addition to the current entities that a district may enter into a contract or agreement with, a district may contract or enter into agreements with private commercial or industrial entities that:

- construct or operate electric power generation or transmission facilities; and
- acquire electric power for its own use or resale.

Limitations on District Liability.

If a district enters into a contract or agreement to create a legal entity or undertaking with an investor-owned utility or a private commercial or industrial entity, the district is severally liable only for its own acts.

When a district supplies money or property for planning, financing, acquisition, construction, operation, or maintenance of any common facility, the money or property cannot be credited or applied to the account of an investor-owned utility or private commercial or industrial entity. A district's undivided shares in a common facility cannot be charged with any debt or obligation of any investor-owned utility or private commercial or industrial entity or subject to a lien.

No action in connection with a common facility may be binding upon any district unless approved by the district's board.

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) Irrigation districts mainly deliver water for agriculture purposes but they also develop hydropower for irrigation facilities, especially within the Columbia River Basin. This bill was brought forward by the Columbia River Basin Hydropower, which is the power generation arm of the three Columbia River Basin project irrigation districts. The Columbia River Basin got involved in hydropower generation in the early 1980s, collaborating with Seattle City Light and Tacoma Public Utilities to build five facilities. At that time, given the technology, those were the only projects that were economically feasible to do. Since that time there has been an increased focus on renewable clean energy and a change in technology.

The reason for this bill is the grid scale project that the Columbia River Basin has had in development for about three years. It is a 500-megawatt pump storage facility located upstream from the Grand Coulee Dam. The district is seeking the authority to seek private/public partnerships by inviting investors to join in looking at this plan in its next stages of development. This bill provides that authority. The key issues that was focused on in this legislation was the lending of state credit issues and the protection of liability for the irrigation district itself since its primary duties and responsibilities is delivery of water to farms.

(Opposed) None.

Persons Testifying: Mike Schwisow, Washington State Water Resources Association.

Persons Signed In To Testify But Not Testifying: None.