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**Technology, Energy &  
Communications Committee**

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**HB 3196**

**Brief Description:** Requiring agreements for power generation projects or facilities operated by public utility districts in distressed counties.

**Sponsors:** Representative Clements.

**Brief Summary of Bill**

- Requires public utilities districts and counties to negotiate reasonable benefits associated with the construction of a hydroelectric project or power generation facility on the Columbia River in distressed counties.

**Hearing Date:** 1/31/06

**Staff:** Scott Richards (786-7156).

**Background:**

**Public Utility Districts**

According to the Washington Public Utility District Association, there are 23 Public Utility Districts (PUDs) providing electric service, serving more than 830,000 customers across the state. The PUDs may offer electricity, water, wholesale telecommunications, sewer and other services, depending on local needs.

*Powers of Public Utility Districts Related to Electric Energy*

Under Washington State law PUDs are entitled to:

- purchase, within or without its limits, electric current for sale and distribution within or without its limits;
- construct, condemn and purchase, purchase, acquire, add to, maintain, conduct, and operate works, plants, transmission and distribution lines and facilities for generating electric current, operated either by water power, steam, or other methods, within or without its limits;
- furnish the district, and the inhabitants and any other persons and public and private corporations, within or without its limits, with electricity;
- maintain full and exclusive authority to sell and regulate and control the use, distribution, rates, service, charges, and price, free from the jurisdiction and control of the Utilities and Transportation Commission.

## **Distressed County as Defined in the Public Facilities Construction Loan Account**

For the purposes of the Distressed County Public Facilities Construction Loan Account (Account), a distressed counties includes any county in which the average level of unemployment for the three years before the year in which an application for financial assistance is filed exceeds the average state employment for those years by 20 percent.

Moneys in the Account are used to provide financial assistance to distressed counties that have experienced extraordinary costs due to the location of a major new business facility or the substantial expansion of an existing business facility in the county.

## **Arbitration**

Arbitration is one form of non-judicial dispute resolution. Arbitration is done pursuant to an agreement made by two or more parties that they will submit a dispute to a third party for resolution. Arbitration has been described by its advocates as an economical and streamlined method of resolving disputes, particularly those that involve technical or highly specialized issues. Generally, procedural complexity is less in an arbitration than in a court proceeding. Under the common law of Washington, arbitration agreements are not enforceable.

### *Uniform Arbitration Act*

In the years since the enactment of Washington's law in 1943, arbitration has become widely accepted and is regularly used in this state and others. In 1955, the National Conference of Commissioners on Uniform State Laws drafted a proposed uniform state law on arbitration. The 1955 Uniform Act was based in large part on state statutes such as the one Washington had adopted in 1943. The 1955 Uniform Act, or modified versions of it, were eventually adopted in all 49 of the other states. Washington's law, as noted above, has remained virtually unchanged since 1943.

## **Summary of Bill:**

### **Negotiated Sharing of Reasonable Benefits**

When a PUD constructs or operates a hydroelectric project or power generation facility on the Columbia river, and the facility is located in a distressed county with less than 25 percent of its land mass subject to local property taxes, the PUD is required to negotiate an agreement with the county in which the project or facility is located. The purpose of the agreement is for the county and the PUD to share in the reasonable benefits derived from the facility. Within 125 days of the effective date of the legislation, the county and the PUD must reach a reasonable agreement.

### **Arbitration**

If an agreement cannot be reached, then the issue must be submitted to arbitration pursuant to the Uniform Arbitration Act. The county, the PUD, and the Governor will participate in the arbitration proceeding. The arbitrator or arbitrator panel must reach a final decision within 60 days.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.