

# SENATE BILL REPORT

## SB 6521

---

---

As Reported By Senate Committee On:  
Government Operations & Elections, February 6, 2004

**Title:** An act relating to revising boundaries of a public utility district in incorporated territory.

**Brief Description:** Providing for withdrawal from and addition to a public utility district.

**Sponsors:** Senators Hewitt and Berkey.

**Brief History:**

**Committee Activity:** Government Operations & Elections: 2/4/04, 2/6/04 [DP].

---

### SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

**Majority Report:** Do pass.

Signed by Senators Roach, Chair; Stevens, Vice Chair; Berkey, Fairley, Horn, Kastama and McCaslin.

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

**Background:** Public utility districts (PUDs) are municipal corporations that operate utility systems, such as electric, water, and sewer. PUDs are governed by elected boards of commissioners, and they are generally elected from commissioner districts. Commissioner district boundaries must include all the territory of a PUD, and all registered voters within the territorial boundaries are entitled to vote in all district elections. Once a PUD is formed, there is no statutory process for commissioners to exclude from commissioner districts all or part of a city that subsequently begins to operate its own utilities.

**Summary of Bill:** A process is established for changing the commissioner district boundaries of a PUD that is located in a county with a federal nuclear reservation.

Process for removing or including voting precincts. A precinct is withdrawn from a PUD if the precinct receives at least one electric, water, or sewer service from a city, and no such service from a PUD. A precinct is included in a PUD if any portion of the precinct receives at least one electric distribution, water, or sewer service from the PUD. Requirements are specified for notifying the county auditor and the affected city and PUD whenever a precinct is withdrawn from or included in a PUD.

Upon receiving the specified notice, the county auditor must determine which voting precincts must be withdrawn from or included in the PUD, and provide that information to the PUD commissioners. The commissioners must then revise the boundaries of the district without dividing any voting precinct.

Property taxes and debt obligations. A PUD may not generally levy or impose taxes on property located in voting precincts withdrawn from the PUD, except for (1) taxes or assessments levied or assessed before the withdrawal or (2) levies or assessments made to pay

or secure PUD obligations incurred or issued before the withdrawal. The withdrawal of an area from a PUD does not exempt the property from taxes or assessments made to retire or redeem PUD obligations incurred or issued before the withdrawal.

Service agreements. This act does not affect PUD authority to enter into service agreements with cities and towns.

Additional technical changes are made.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Testimony For:** When PUDs are first formed, they are allowed to exclude cities that operate utilities. But the City of Richland was created from the Hanford Reservation after the Benton PUD was already formed. But as the Attorney General has noted, the current statutes never contemplated the process of excluding cities created after the initial formation of a PUD. Because service agreements cannot change territorial or electoral lines, the Legislature must change the statutes. The issue is not economic development or service agreements. It is about voting. There is an upcoming commissioner election, and if the bill does not pass, the City of Richland will be able to control one of the seats on the PUD commission. It would be unfair for the rate payers of Benton PUD to have a competitor on their governing board. The bill is fair because it requires a neutral third party, the county auditor, to help determine the voting districts for PUD elections. The parties have hired a facilitator, but ambiguous language in the current statutes have created a legal quagmire that only the Legislature can fix.

**Testimony Against:** This bill is not necessary because it addresses a local dispute between the City of Richland and the Benton PUD over an expired service agreement concerning a portion of the city that was served by the PUD. This disputed area, known as the "Y," is city property that was served by the PUD for about 25 years. The service agreement expired in 2002. During that time, the city has been promoting the area for economic development and the city utility can offer electricity to the areas for 30 to 40 percent less than the PUD. The PUD now wants to deprive the area from voting in PUD elections while still being able to tax the area when needed. It's the Boston Tea Party all over again. The dispute over the "Y" is in negotiations and this bill will tilt negotiations in favor of the PUD. Why does this bill single out Richland when other cities such as McCleary in Grays Harbor and Cashmere in Chelan also have their own utilities?

**Testified:** Jerry Greenfield, City of Richland (con); Karen Miller, Benton PUD (pro); Randy Ray, Benton PUD (pro); Raymon Sieler, City of Richland (con).