

SENATE BILL REPORT

SB 5319

As Passed Senate, February 15, 2008

Title: An act relating to the issuance of checks by joint operating agencies and public utility districts.

Brief Description: Regarding the issuance of checks by joint operating agencies and public utility districts.

Sponsors: Senators Berkey, Morton and Fairley.

Brief History:

Committee Activity: Government Operations & Elections: 2/12/07 [DP].
Passed Senate: 2/15/08, 44-0.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Majority Report: Do pass.

Signed by Senators Fairley, Chair; Oemig, Vice Chair; Roach, Ranking Minority Member; Benton, Kline, Pridemore and Swecker.

Staff: Sharon Swanson (786-7447)

Background: Public Utility Districts (PUDs) are nonprofit, community-owned and governed utilities that provide electricity, water, wholesale telecommunications, and sewer service to localities across the state. In 1953, the Legislature enacted legislation allowing any two or more cities or PUDs, or combinations of them, to form municipal corporations called Joint Operating Agencies (JOAs). These JOAs have many stipulated powers, including the power to generate, produce, transmit, deliver, exchange, purchase, or sell electric energy; to enter into contracts for any or all such purposes, among other authorities granted in statute; to acquire, construct, operate and own plants, systems, and other facilities and extensions thereof; and to generate and/or transmit electric energy and power. Joint Operating Agencies are governed by two boards: a board of directors and an executive board. The board of directors manages and controls the JOA. The board of each joint operating agency appoints the treasurer. The treasurer shall be the chief financial officer of the operating agency and reports at least annually to the board with a detailed statement of the financial condition of the operating agency and of its financial operations for the preceding fiscal year. All funds of the joint operating agency are paid to the treasurer and disbursed only on warrants issued by the auditor upon orders or vouchers approved by the board. The treasurer establishes a general fund and other funds, as necessary, are created by the board. Energy Northwest, formerly known as

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Washington Public Power Supply System, is headquartered in the city of Richland and is the only JOA in Washington.

Summary of Bill: A Joint Operating Agency's board of directors, and the board of commissioners of PUDs are given the authority to adopt a policy for the payment of claims or other obligations by check or warrant. If the applicable fund is solvent at the time payment is ordered, payment may be made by check or warrant. If the fund is not solvent, a warrant must be used as payment. The board must designate the public depository upon which to draw checks as well as the officers required or authorized to sign checks. The term "warrant" includes checks where allowed by these provisions.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This bill just gives joint operating agencies and PUDs the flexibility to use warrants or checks to pay claims and obligations. Checks are easier to work with than warrants.

Persons Testifying: PRO: Senator Berkey, prime sponsor; Jim Rowland, Energy Northwest.