

# HOUSE BILL REPORT

## SSB 5267

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### As Passed House:

April 13, 2009

**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:** Senate Committee on Government Operations & Elections (originally sponsored by Senators Sheldon, Berkey, Morton, Kastama and Delvin).

### Brief History:

#### Committee Activity:

Local Government & Housing: 3/16/09 [DP].

#### Floor Activity

Passed House: 4/13/09, 98-0.

### Brief Summary of Substitute Bill

- Authorizes the board of a joint operating agency and the commission of a public utility district to adopt a policy for the payment of claims or obligations by either check or warrant.

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## HOUSE COMMITTEE ON LOCAL GOVERNMENT & HOUSING

**Majority Report:** Do pass. Signed by 10 members: Representatives Simpson, Chair; Nelson, Vice Chair; Angel, Ranking Minority Member; Cox, Assistant Ranking Minority Member; Miloscia, Short, Springer, Upthegrove, White and Williams.

**Staff:** Thamas Osborn (786-7129)

### Background:

Public Utility District.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

A public utility district (PUD) is a type of special purpose district authorized for the purpose of generating and distributing electricity, providing water and sewer services, and providing telecommunications services. A PUD may operate on a countywide basis or may encompass a smaller jurisdiction. However, most PUDs have jurisdictional boundaries that are coextensive with a county and function as a regional governing body with respect to providing their statutorily authorized services to the public. There are currently 28 operating PUDs in this state, many of which provide a mix of services: 23 provide electrical services; 19 provide water and/or wastewater services; and 13 provide wholesale broadband telecommunications services. Public utility districts are governed by a board of either three or five elected commissioners.

Generally, the treasurer of the county in which a PUD is located acts as the treasurer of the district. The treasurer must establish a PUD fund for the deposit and disbursement of PUD funds. Disbursements from the fund may only be in the form of warrants which must be authorized by the PUD commission and issued by an auditor appointed by the commission.

#### Joint Operating Agency.

Joint operating agencies (JOAs) are a type of municipal corporation jointly formed by cities and public utility districts in order to develop electricity generation projects. The JOAs have broad authority to engage in projects involving the generation, production, transmission, purchase, or sale of electric energy.

Joint operating agencies are generally governed by a board of directors (board), but under specified circumstances may also be subject to management by an executive board with respect to the construction, management, and control of a nuclear power plant. The board is authorized to manage and control the activities of the JOA. The board of each JOA appoints the treasurer. The treasurer is the chief financial officer of the operating agency and must make a comprehensive annual financial report to the board. The board must also appoint an auditor who reports directly to the board. All funds of the JOA are paid to the treasurer and disbursed only on warrants issued by the auditor upon orders or vouchers approved by the board. The treasurer must establish a general fund and such other funds, as necessary, that are created by the board.

#### **Summary of Bill:**

The board of a JOA is authorized to adopt a policy for the payment of claims or obligations by either check or warrant. Checks may only be used if the pertinent fund is solvent, otherwise the payment must be by warrant. In order to use checks, the board must choose a qualified public depository upon which the checks are to be drawn and designate the officers required or authorized to sign the checks.

The commission of a PUD may also adopt such a policy for the payment of claims by check or warrant, but only if the treasurer of the PUD is someone other than the county treasurer.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**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) This is a good bill and should be passed.

(Opposed) None.

**Persons Testifying:** Jim Rowland, Energy Northwest.

**Persons Signed In To Testify But Not Testifying:** None.