
Environment Committee

HB 1130

Brief Description: Concerning water power license fees.

Sponsors: Representatives Fey, Short, Tharinger, Fitzgibbon and Gregerson; by request of Department of Ecology and Department of Fish and Wildlife.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Extends a fee paid by water power development facilities that are licensed by the Federal Energy Regulatory Commission from the year 2017 to the year 2027.

Hearing Date: 1/20/15

Staff: Jacob Lipson (786-7196).

Background:

Most claimants to water intended to be used for power development are required to pay an annual fee to the Department of Ecology (DOE). The fee is assessed on approximately 93 different power generation facilities and is based on the theoretical amount of water claimed by the entity developing power. All revenues are deposited into the Reclamation Account.

The fees for water power development are based on a two-step model that considers theoretical horsepower claimed. The first step is the base fee paid by all water power claimants. Base fees are calculated using the following formula:

- Facilities that generate between 51 and 1,000 horsepower pay 18 cents per horsepower.
- Facilities that generate between 1,001 and 10,000 horsepower pay 3.6 cents per horsepower.
- Facilities that generate more than 10,001 horsepower pay 1.8 cents per horsepower.

In addition to the base fee, all water power generation facilities that are required by the Federal Power Act to be licensed by the Federal Energy Regulatory Commission (FERC) must, until

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June 30, 2017, pay an additional fee. Only power generation facilities above a certain power generating threshold are required to be licensed by the FERC. The additional fees are calculated using the following formula:

- Facilities that generate between 51 and 1,000 horsepower pay 32 cents per horsepower.
- Facilities that generate between 1,001 and 10,000 horsepower pay 6.4 cents per horsepower.
- Facilities that generate more than 10,001 horsepower pay 3.2 cents per horsepower.

The base fee and the second fee paid by facilities licensed by the FERC are additive until June 30, 2017, when the additional fee expires and all facilities are only required to pay the base fee.

According to the DOE, the base fees generated \$583,000 in the 2012-2013 biennium and the additional fee generated \$1,017,000. These funds are used by the DOE and the Department of Fish and Wildlife to assist power generation facilities in meeting environmental regulatory requirements and other requirements associated with the FERC licensing process.

Summary of Bill:

The expiration date for the additional fee charged to water power generating facilities that are licensed by the FERC is extended 10 years, from the year 2017 until the year 2027. The rates and collection methods of the additional fee is not changed.

After June 30, 2027, all claimants to water used for power generation will only pay the base fee.

Appropriation: None.

Fiscal Note: Available.

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