

HOUSE BILL REPORT

SB 5319

As Reported by House Committee On:
Local Government

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:

Local Government: 2/28/08 [DP].

Brief Summary of Bill

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

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 7 members: Representatives Simpson, Chair; Takko, Vice Chair; Warnick, Ranking Minority Member; Schindler, Assistant Ranking Minority Member; Eddy, Nelson and Schmick.

Staff: Thamas Osborn (786-7129).

Background:

Public Utility Districts

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

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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.

The treasurer of the county in which a PUD is located acts as the treasurer of 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 Agencies

Two or more cities and/or PUDs, or combinations thereof, are authorized to form municipal corporations called Joint Operating Agencies (JOAs) for the purpose of providing electrical energy services to the public. Joint operating agencies have specified powers and authorities, including the authority to:

- produce, transmit, deliver, exchange, purchase, or sell electric energy;
- construct, acquire, own, operate, and regulate facilities for the generation and/or transmission of electric energy; and
- negotiate and enter into contracts or agreements related to such statutory authority.

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 or a PUD commission is authorized 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 either check or warrant. If the fund is not solvent, a warrant must be used as payment. The board or commission 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 permitted in accordance with the provisions of the act.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) This bill enhances the ability of PUDs and JOAs to efficiently conduct financial transactions and should be passed. Allowing JOAs and PUDs to use checks, rather than the more burdensome warrants, will simplify and modernize the methods by which funds may be disbursed.

(Opposed) None.

Persons Testifying: Jim Rowland, Energy Northwest.

Persons Signed In To Testify But Not Testifying: None.