

FINAL BILL REPORT

HB 1407

C 285 L 11
Synopsis as Enacted

Brief Description: Allowing the negotiated sale and conveyance of all or part of a water system by a municipal corporation to first class and code cities.

Sponsors: Representatives Ryu, Hope, Dunshee, Angel and Kagi.

House Committee on Local Government
Senate Committee on Government Operations, Tribal Relations & Elections

Background:

A public utility district (PUD or district) 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. There are 28 operating PUDs in the state, many of which provide a mix of services: 23 provide electrical services; 19 provide water or wastewater services, or both; and 13 provide wholesale broadband telecommunications services. Public utility districts are governed by a board of either three or five elected commissioners.

A PUD may sell, lease, or convey its works, plants, systems, utilities, and properties in accordance with specified procedures and the approval of the district voters. In general, PUDs are subject to the same regulations as cities and towns with respect to the disposition of district property.

However, the governing statutes provide numerous exceptions to the general rule requiring voter approval for the disposition of property by a PUD. These exceptions are wide-ranging and allow disposition of property without voter approval under circumstances that include the following:

- where the property lies outside the boundaries of the district and is being sold to another PUD or other public entity;
- where the property is obsolete or otherwise not useable and is no longer needed by the PUD;
- where the property is being sold to another public utility, private utility, utility contractor, or governmental entity for not less than fair market value and in response to specified circumstances; and

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- where the property is all or any part of an electric generating project powered by a renewable resource, and the district has specific rights relating to the purchase of energy from the project and to an option to repurchase the project at fair market value upon termination of the right to purchase energy from the project.

Additionally, districts meeting certain population and geographic requirements are authorized to engage in disposition transactions under specified circumstances.

Summary:

A PUD located in a county that borders the Puget Sound and that has a population of between 650,000 and 750,000 inhabitants may, without voter approval, sell and convey all or part of its water system to a city or town that owns its own water system and has a population of fewer than 65,000 inhabitants.

Votes on Final Passage:

House	87	10	
Senate	44	2	(Senate amended)
House	90	7	(House concurred)

Effective: July 22, 2011