
**Agriculture & Natural Resources
Committee**

ESB 5647

Brief Description: Modifying the Columbia river basin management program.

Sponsors: Senators Fraser, Honeyford, Rockefeller, Morton, Shin and Chase; by request of Department of Ecology.

Brief Summary of Engrossed Bill

- Modifies the existing Columbia River Basin Water Supply Development Account.
- Creates the Columbia River Basin Taxable Bond Water Supply Development Account and the Columbia River Basin Water Supply Revenue Recovery Account.
- Authorizes the Department of Ecology (DOE) to enter into water service contracts to recover all or a portion of the costs of developing water supplies.
- Requires the DOE, in consultation with stakeholders, to evaluate options and report to the Legislature on aggregating projects to achieve instream and out-of-stream allocations.

Hearing Date: 3/11/11

Staff: Courtney Barnes (786-7194).

Background:

Columbia River Basin Water Supply Management Program.

In 2006 the Legislature created the Columbia River Basin Water Supply Development Program and directed the Department of Ecology (DOE) to aggressively pursue the development of water supplies to benefit both instream and out-of-stream uses.

The Columbia River Basin Water Supply Development Account.

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.

The Columbia River Basin Water Supply Development Account (Development Account) is authorized to receive direct appropriations, payments made pursuant to voluntary regional agreements, and other sources. Expenditures from the Development Account may be used to assess, plan, and develop new storage; improve or alter operations of existing storage facilities; implement conservation projects; or any other actions designed to provide access to new water supplies within the Columbia River Basin. Two-thirds of the funds placed in the Development Account must be used to support the development of new storage facilities. The remaining one-third must be used for other purposes listed in statute.

Water supplies secured through the development of new storage facilities made possible with funding from the Development Account must be allocated as follows:

- two-thirds of active storage must be available for appropriation for out-of-stream uses; and
- one-third of active storage must be available to augment instream flows managed by the DOE.

Summary of Bill:

The Columbia River Basin Water Supply Development Account.

The Development Account is intended to fund projects using tax exempt bonds. In addition to the projects already allowed by statute, expenditures from the Development Account may be used to develop pump exchanges. Two-thirds of the funds placed in the Development Account must be used to support the development of new storage facilities and pump exchanges. Pump exchanges are defined as water supply development projects that exchange water from one source to another or relocate an existing diversion downstream, with resulting instream benefit.

Two-thirds of the water made available through reoperation of Sullivan Lake funded from the Development Account must be used to supply or offset out-of-stream uses in Ferry, Douglas, Lincoln, Okanogan, Pend Oreille, and Stevens counties. At least one-half of this quantity must be made available for municipal, domestic, and industrial uses.

New Columbia River Basin Accounts.

The Columbia River Basin Taxable Bond Water Supply Development Account (Bond Account) and the Columbia River Basin Water Supply Revenue Recovery Account (Revenue Account) are created. The Bond Account and Revenue Account are allowed to accept direct appropriations, moneys directed pursuant to voluntary regional agreements, or other sources. The Revenue Account is also allowed to accept revenue from water service contracts. The Bond Account is intended to fund projects using taxable bonds.

Expenditures from the Bond Account and the Revenue Account may be used to assess, plan, and develop new storage; improve or alter operations of existing storage facilities; implement conservation projects, develop pump exchanges; or any other actions designed to provide access to new water supplies within the Columbia River Basin. Two-thirds of the moneys placed in the Bond Account and the Revenue Account must be used to support the development of new

storage facilities and pump exchanges. The remaining one-third must be used for the other purposes listed in the bill.

Funds may not be expended from the Bond Account or the Revenue Account for the construction of a new storage facility until the DOE evaluates:

- the water uses to be served by the facility;
- the quantity of water necessary to meet those uses;
- the benefits and costs to the state; and
- alternative means of supplying water to meet those uses.

With certain exceptions, net water savings achieved through conservation measures funded by the Bond Account or Recovery Account must be placed in trust in proportion to the state fund provided to implement a project.

The DOE may enter into water service contracts with applicants receiving water from the program to recover all or a portion of the cost of developing the water supply. Costs recovered under water service contracts do not include staff time. With the applicant's concurrence, the DOE may receive power revenue generated by the water supply developed by the DOE through water service contracts. The DOE may deny an application if the applicant does not enter into a water service contract.

Water supplies secured through the development of new storage facilities made possible with funding from the Development Account, Bond Account, and Revenue Account must be allocated as directed in statute.

Aggregating Projects.

The DOE is required to evaluate options for aggregating projects to achieve instream and out-of-stream allocations required by statute. The DOE must report its findings to the Legislature by September 15, 2011.

Appropriation: None.

Fiscal Note: Available.

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