

# SENATE BILL REPORT

## 2SHB 1803

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As of March 15, 2011

**Title:** An act relating to modifying the Columbia river basin management program to prospectively maximize investment tools.

**Brief Description:** Modifying the Columbia river basin management program.

**Sponsors:** House Committee on Capital Budget (originally sponsored by Representatives Chandler, Van De Wege, Blake, Kretz and Warnick; by request of Department of Ecology).

**Brief History:** Passed House: 3/04/11, 97-0.

**Committee Activity:** Environment, Water & Energy: 3/15/11.

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### SENATE COMMITTEE ON ENVIRONMENT, WATER & ENERGY

**Staff:** Karen Epps (786-7424)

**Background:** In 2006 the Legislature enacted the Columbia River Basin Water Supply Act (Act) relating to water resource management in the Columbia River Basin (Basin). A priority of this act is the development of new water supplies that includes storage and conservation for the economic and community development needs of people, as well as the instream flow needs of fish. The Act required the Department of Ecology (Ecology) to establish the Columbia River Basin Water Management Program (Program).

Ecology, in consultation with stakeholders, must develop a Columbia River Water Supply Inventory (Inventory) every year. The Inventory must identify potential conservation and storage projects in the Basin, as well as estimate the costs and benefits of the projects. The Inventory must also rank the identified projects in a number of different ways, including ranking the projects in order of expense, benefits to fish, and benefits to out-of-stream needs.

The Columbia River Basin Water Supply Development Account (Account), created in the Act, is allowed to accept direct appropriations, payments made pursuant to voluntary regional agreements, and other sources. Expenditures from the Account may be used to assess, plan, and develop new water storage, improve existing storage, fund conservation projects, and implement actions designed to provide new access to water in the Basin. Before any funds from the Account can be used for construction, Ecology must evaluate the water uses the new facility will serve, the benefits and costs of the project, and alternative means of achieving the same goals.

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Water supplies that are developed and secured through projects funded by the Account must be used in specified ways. Two-thirds of this water must be dedicated to out-of-stream uses, while one-third must be used by Ecology to enhance instream flows.

**Summary of Bill:** The Account is intended to fund projects using tax exempt bonds. Expenditures from the Account may be used to develop pump exchanges. Except for the development of new storage projects and pump exchanges, there can be no expenditures from the Account for water acquisition and transfers. Pump exchange means water supply projects that exchange water from one source to another or relocate an existing diversion downstream, resulting in instream benefit.

Ecology may enter into water services contracts with applicants receiving water from the Program to recover all or a portion of the cost of developing the water supply. Ecology may receive power revenue generated by the water supply developed by Ecology through water services contracts, with the applicant's agreement. Ecology may deny an application for a water right if the applicant does not enter into a water service contract.

Revenue collected from water services contracts is deposited into the Columbia River Basin Water Supply Revenue Recovery Account (Revenue Recovery Account), which is created in this act. Money from the Revenue Recovery Account may be used to assess, plan, and develop new storage, improve existing storage, implement conservation projects, develop pump exchanges, and implement actions designed to provide access to new water supplies within the Basin.

The Columbia River Basin Taxable Bond Water Supply Development Account (Development Account) is also created. The Development Account is intended to fund projects using taxable bonds. Money from the Development Account may be used to assess, plan, and develop new storage, improve existing storage, implement conservation projects, develop pump exchanges, and implement actions designed to provide access to new water supplies within the Basin.

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

Ecology must, within existing resources and in consultation with stakeholders, evaluate options for aggregating projects and report its findings to the Legislature.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: This bill tries to coordinate the activities of the Office of the Columbia with the requirements of the Bureau of Reclamation. With the development of service contracts in the course of moving water, the Revenue Recovery Account ensures that the money received by Ecology from those service contracts will continue to be reallocated to the Columbia River Management Program. The counties were put in alphabetical order because sometimes courts consider lists that are not in a predictable order to be a prioritized list and that was not the intent of the bill. This bill will greatly enhance Ecology's ability to aggressively pursue development of new water supplies for both in-stream and out-of-stream uses.

**Persons Testifying:** PRO: Representative Chandler, prime sponsor; Derek Sandison, Department of Ecology.