
HOUSE BILL 2101

State of Washington

63rd Legislature

2014 Regular Session

By Representatives Morris and Fey

Prefiled 12/02/13. Read first time 01/13/14. Referred to Committee on Technology & Economic Development.

1 AN ACT Relating to creating the rural Washington natural gas access
2 and investment account; adding a new chapter to Title 80 RCW; and
3 providing an expiration date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that the availability
6 of natural gas is critical to economic development initiatives in
7 underserved and rural parts of Washington. The legislature further
8 finds that extending existing natural gas lines and upgrading other
9 existing natural gas infrastructure will improve access to natural gas
10 and lead to more economic development, greater job opportunity, lower
11 prices for consumers, and greater revenue for the state. The
12 legislature intends to provide incentives for the extension of existing
13 natural gas lines and the improvement of other existing natural gas
14 infrastructure for the purpose of economic development and public
15 safety and welfare in rural and underserved areas of the state.

16 NEW SECTION. **Sec. 2.** The definitions in this section apply
17 throughout this chapter unless the context clearly requires otherwise.

1 (1) "Account" means the rural Washington natural gas access and
2 investment account created in section 7 of this act.

3 (2) "Certificate" means the certificate obtained from the
4 commission as required under RCW 80.28.190.

5 (3) "Commission" means the utilities and transportation commission.

6 (4) "Construction" means the construction, building, acquisition,
7 alteration, reconstruction, improvement, enlargement, or extension of
8 an eligible project; the inspection and supervision thereof; and the
9 engineering, architectural, legal, fiscal, and economic investigations
10 and studies, surveys, designs, plans, working drawings, specifications,
11 procedures, and other actions necessary thereto.

12 (5) "Eligible costs" means that portion of an eligible project that
13 may qualify for funding through the account.

14 (6) "Eligible project" means a project intended to extend natural
15 gas supply to rural or underserved areas of the state for economic
16 development purposes by the construction of natural gas distribution
17 facilities. A project is not considered an eligible project if its
18 completion would result in a bypass or risk of bypass to any gas
19 company. A bypass or risk of bypass exists if the completed project
20 displaces any other gas company's gas load or gas load opportunity,
21 unless that gas company chooses not to exercise the gas load
22 opportunity.

23 (7) "Financing agreement" means an agreement between the commission
24 and one or more recipients meeting the requirements of this chapter.

25 (8) "Gas company" has the same meaning as defined in RCW 80.04.010.

26 (9) "Natural gas distribution facility" means, but is not limited
27 to, any main line, service line, and appurtenant facility constructed
28 under this chapter.

29 (10) "Recipient" means a gas company or other entity deemed
30 eligible, which is empowered to construct a portion of the eligible
31 project, or any two or more entities that are acting jointly and with
32 the prior consent of the gas company holding a certificate in the area
33 in which the proposed project is located.

34 NEW SECTION. **Sec. 3.** (1) The commission shall establish
35 procedures, which shall include, but not be limited to: (a) Criteria
36 and standards for selection of eligible projects; (b) determining the

1 amount of financial assistance available to a recipient for an eligible
2 project; and (c) the manner in which funding is applied and
3 distributed.

4 (2) The commission shall provide assistance to support the intent
5 of this chapter and make available to eligible recipients funding for
6 the construction of natural gas distribution facilities in accordance
7 with the provisions of this chapter or any other provision of law, as
8 determined by the commission.

9 NEW SECTION. **Sec. 4.** (1) The commission shall establish an
10 application process for entities to request project funding from the
11 account.

12 (2) The commission must review, with the advice of gas companies
13 and in consultation with any state agency or entity which in the
14 discretion of the commission it should wish to consult, applications
15 for funding of potentially eligible projects. Review of the
16 applications must include, but is not limited to:

17 (a) An assessment of the potential number of customers who would
18 acquire the ability to purchase natural gas supply;

19 (b) A demonstration that the proposed affected area is either
20 underserved or has seen a lack of appropriate infrastructure
21 improvement for any period of time;

22 (c) An independent environmental review, which outlines the
23 potentially affected natural resources throughout the area of the
24 project, and a specific plan to avoid environmental health and safety
25 risks surrounding that area during construction;

26 (d) Demonstration of the total project cost, along with
27 justification for the cost, including, but not limited to, the
28 applicant's consideration of using materials sourced within the state
29 as well as the most environmentally sound products during construction.
30 No provision in this section may be deemed to require applicants to, or
31 limit applicants from, purchasing specific materials; and

32 (e) An assessment of compliance with state and federal laws, rules,
33 and regulations.

34 (3) No provision of this chapter may be deemed to require a gas
35 company holding a certificate in or historically serving the area in
36 which the proposed project is located to undertake a proposed project.

1 (4) For all eligible recipients, provisions under this chapter may
2 be combined with existing tax credits, exemptions, and other incentives
3 that support natural gas infrastructure, including, but not limited to,
4 eligible recipients undergoing natural gas service expansion and
5 projects affecting the retention of jobs in the state.

6 NEW SECTION. **Sec. 5.** (1) Prior to the disbursement of any money
7 from the account, the commission and any recipient having the power to
8 contract with respect to the financing of an eligible project shall
9 enter into a grant disbursement agreement that provides for the
10 construction plan of the eligible project. The commission shall
11 prepare each agreement, which must include, but is not limited to, the
12 following provisions:

13 (a) A detailed description of the eligible project and the total
14 project cost;

15 (b) The right of the commission to approve any contracts for
16 funding pursuant to the agreement and to inspect and review the
17 construction of eligible projects to the extent authorized by
18 applicable law and rule;

19 (c) Remedies in the event of a recipient's failure to comply with
20 the terms of an agreement;

21 (d) Any other approvals required by state or federal law and other
22 conditions as the commission determines necessary or desirable; and

23 (e) An agreement by the recipient to:

24 (i) Proceed expeditiously with and complete the eligible project in
25 accordance with approved plans;

26 (ii) Operate and maintain the eligible project in accordance with
27 applicable requirements of federal and state law;

28 (iii) Establish and maintain project accounts in accordance with
29 the agreement and generally accepted accounting principles; and

30 (iv) Permit any reviews or audits and provide assistance determined
31 to be reasonable and necessary by the commission.

32 (2) No provision of this chapter may be deemed to limit the
33 commission's ability to terminate or impose conditions upon the
34 operation of an eligible project under this chapter or any other
35 provision of law.

36 (3) The commission shall make any other agreements or covenants as

1 the commission may deem necessary or desirable in connection with the
2 funding applicable to this chapter.

3 NEW SECTION. **Sec. 6.** (1) The commission shall ensure compliance
4 of recipients with each financing agreement by:

5 (a) Retaining the right to inspect and review work on each eligible
6 project in progress and upon completion and determining whether the
7 work was undertaken and completed in compliance with all relevant plans
8 and the terms of the financing agreement to the extent that the
9 inspections and reviews are permitted by applicable law and rule;

10 (b) Retaining the right to disburse or refuse to disburse payments
11 to a recipient pursuant to a financing agreement based upon the
12 determinations of any review or audit;

13 (c) Establishing remedies if work on an eligible project has not
14 been completed in accordance with all relevant plans and the terms of
15 the financing agreement due to factors within the recipient's control;
16 and

17 (d) Requiring a recipient to maintain appropriate project accounts
18 and records with respect to any eligible project.

19 (2) Nothing in this section may be construed to affect or diminish
20 the general authority of the commission to inspect and review the work
21 on any project financed under this chapter, or to inspect the records
22 relating to such a project, for the purpose of determining compliance
23 with any other provisions of this chapter.

24 NEW SECTION. **Sec. 7.** The rural Washington natural gas access and
25 investment account is created in the custody of the state treasurer.
26 Revenues to the account consist of moneys appropriated to the account
27 by the legislature. Expenditures from the account may be used only for
28 the purposes of this chapter. Only the executive director of the
29 commission or the executive director's designee may authorize
30 expenditures from the account. The account is subject to allotment
31 procedures under chapter 43.88 RCW, but an appropriation is not
32 required for expenditures.

33 NEW SECTION. **Sec. 8.** This chapter expires July 1, 2020.

1 NEW SECTION. **Sec. 9.** Sections 1 through 8 of this act constitute
2 a new chapter in Title 80 RCW.

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