

HOUSE BILL REPORT

HB 1578

As Reported by House Committee On:
Local Government

Title: An act relating to irrigation district authority.

Brief Description: Concerning irrigation district authority.

Sponsors: Representatives Dent, Ortiz-Self, McBride, Lovick, Dye, Harris and Griffey.

Brief History:

Committee Activity:

Local Government: 2/2/17, 2/9/17 [DP].

Brief Summary of Bill

- Authorizes irrigation districts to enter into contracts or agreements with private commercial or industrial entities that: (1) construct or operate electric power generation or transmission facilities; and (2) acquire electric power for their own use or resale.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 6 members: Representatives Appleton, Chair; McBride, Vice Chair; Griffey, Ranking Minority Member; Pike, Assistant Ranking Minority Member; Gregerson and Peterson.

Minority Report: Without recommendation. Signed by 1 member: Representative Taylor.

Staff: Yvonne Walker (786-7841).

Background:

An irrigation district (district) is a type of special purpose district with broad statutory authorization to engage in a wide range of activities and provide a myriad of services. Generally, districts provide for the construction, improvement, maintenance, and operation of irrigation systems. Districts also may provide drainage, domestic water supply, and electric

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power facilities. Districts may finance their operations and actions through fees, charges, and assessments, but districts do not have the authority to impose property taxes.

Irrigation Districts – Board.

An irrigation district's board (board) has the authority to develop and to sell, lease, or rent the use of the following:

- water derived from the operation of the district water facilities to municipal and quasi-municipal entities, the state of Washington, state agencies, public and private corporations, and individuals located within and outside the boundaries of the district; and
- power derived from hydroelectric facilities to municipal and quasi-municipal entities, electric companies, and other districts.

Contractual Authority.

Subject to specified conditions, a district may enter into contracts, agreements, or become part of a joint venture with various public and private entities for:

- purchasing and selling electric power; and
- developing and/or owning facilities for the generation or transmission of electric power.

The public and private entities with whom a district may engage in such energy projects include: federal agencies; states; municipalities; public utility districts; other districts; joint operating agencies; rural electric cooperatives; mutual corporations or associations; investor-owned utilities; or associations or other legal entities composed of any combination of such entities.

Summary of Bill:

Irrigation Districts – Board.

An irrigation district's board (board) may sell, lease, or rent the use of water facilities and water derived from the operation of water facilities and electric facilities, including power derived from electric facilities, to public and private entities.

Contracts with Private Commercial and Industrial Entities.

A district may contract or enter into agreements with private commercial or industrial entities that:

- construct or operate electric power generation or transmission facilities; and
- acquire electric power for its own use or resale.

In addition to its current authority, a district may work with a private commercial or industrial entity to:

- jointly construct, finance, acquire, own, lease, operate, improve, repair, and maintain hydroelectric facilities, irrigation water, domestic water, and drainage and sewerage works; or
- sell electric energy generated at a district's solely or jointly owned hydroelectric facilities.

Contractual Authority.

A district may enter into a contract or agreement to develop or own: (1) electric generating facilities for generating or transmitting electricity generated by water, solar power, thermal power, or batteries; and (2) water storage, pumping, and transmission facilities.

Limitations on District Liability.

If a district enters into a contract or agreement to create a legal entity or undertaking with an investor-owned utility or a private commercial or industrial entity, the district is severally liable only for its own acts.

When a district supplies money or property for planning, financing, acquisition, construction, operation, or maintenance of any common facility, the money or property cannot be credited or applied to the account of an investor-owned utility or private commercial or industrial entity. A district's undivided shares in a common facility cannot be charged with any debt or obligation of any investor-owned utility or private commercial or industrial entity or subject to a lien.

No action in connection with a common facility may be binding upon any district unless approved by the district's board.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) This bill gives irrigation districts the authority to enter into private/public partnerships. This enables the districts to do more when there is a lack of funding. It will also allow the irrigation districts in eastern Washington to put power generating stations in the canals. The profit generated from these stations will go into the maintenance and operation of the irrigation district system.

The Columbia Basin project is a federal reclamation project that is operated and maintained on a daily basis by three irrigation districts organized under state law. The federal government owns all of the facilities in the federal reclamation project, such as the Grand

Coulee Dam. This bill allows Columbia Basin Hydropower to enter into partnerships with private organizations to finance the construction of various projects. Having the ability to include private sector partners in the development of these projects will be helpful.

(Opposed) None.

Persons Testifying: Representative Dent, prime sponsor; and Mike Schwisow, Washington State Water Resources Association.

Persons Signed In To Testify But Not Testifying: None.