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## Appropriations Committee

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### HB 1931

**Brief Description:** Sustaining hydropower license fees.

**Sponsors:** Representative Fey; by request of Department of Ecology.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Removes the expiration date of a fee charged to water power generation facilities licensed by the Federal Energy Regulatory Commission.</li></ul>
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**Hearing Date:** 1/25/22

**Staff:** Dan Jones (786-7118).

**Background:**

The Department of Ecology (ECY) issues Clean Water Act water quality certifications to hydroelectric dam operators licensed by the Federal Energy Regulatory Commission (FERC). After the FERC license and water quality certificate have been issued for a project, the water quality protection criteria are monitored, and permit condition compliance is overseen by the ECY and the Washington Department of Fish and Wildlife (WDFW).

Most claimants to water intended to be used for power development are required to pay an annual fee to the ECY, which is deposited into the Reclamation Account. The fees for water power development are based on a two-step model that considers theoretical horsepower generated. The first step is the base fee paid by all water power claimants. Base fees are calculated using the following formula:

- Facilities that generate between 51 and 1,000 horsepower pay 18 cents per horsepower.
- Facilities that generate between 1,001 and 10,000 horsepower pay 3.6 cents per horsepower.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

- Facilities that generate more than 10,000 horsepower pay 1.8 cents per horsepower.

In addition to the base fee, all water power generation facilities that are required to be licensed by the FERC must, until June 30, 2017, pay an additional fee. The additional fees are calculated using the following formula:

- Facilities that generate between 51 and 1,000 horsepower pay 32 cents per horsepower.
- Facilities that generate between 1,001 and 10,000 horsepower pay 6.4 cents per horsepower.
- Facilities that generate more than 10,000 horsepower pay 3.2 cents per horsepower.

The base fee and the second fee paid by facilities licensed by the FERC are additive until June 30, 2023, when the additional fee expires and all facilities are only required to pay the base fee. These funds are used by the ECY and the WDFW to assist power generation facilities in meeting environmental regulatory requirements and other requirements associated with the FERC licensing process.

The ECY submits a biennial report to the Legislature describing how license fees were spent on the ECY and the WDFW's water quality certification work for the FERC-licensed hydropower projects.

**Summary of Bill:**

The secondary fee, paid by FERC-licensed water power generation facilities, is made permanent. A requirement that the ECY's biennial progress reports serve as the basis for considering extension of the fee is removed.

**Appropriation:** None.

**Fiscal Note:** Available.

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