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 FACIL: 50-397 WPPSS Nuclear Project, Unit 2, Washington Public Power  
 AUTH NAME: BOUCHEY, G. D. AUTHOR AFFILIATION: Washington Public Power Supply System  
 RECIP NAME: SCHWENCER, A. RECIPIENT AFFILIATION: Licensing Branch 2

SUBJECT: Forwards revised code re privilege taxes & "Taxation of Energy Generating Facilities During Const & Operation," in response to ANL request.

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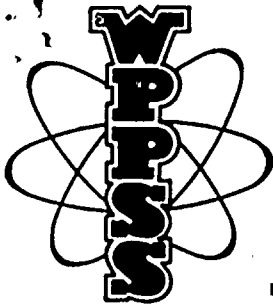
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Washington Public Power Supply System  
A JOINT OPERATING AGENCY

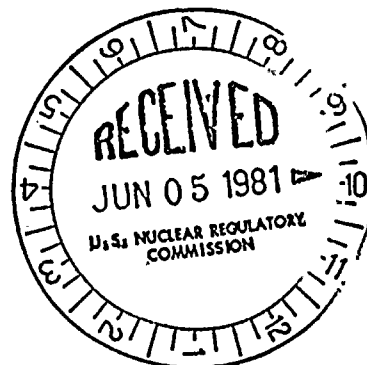
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June 2, 1981  
NS-L-GCS-81-149  
G02-81-125

Docket No. 50-397

Director, Division of Licensing  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Attention: Mr. A. Schwencer, Chief  
Licensing Branch No. 2



Dear Mr. Schwencer:


Subject: TRANSMITTAL OF REQUESTED INFORMATION

At the request of Mr. R. Sundell of Argonne National Laboratory, we have enclosed one copy each of the following:

1. Revised Code of Washington Chapter 54.28, "Privilege Taxes."
2. "Taxation of Energy Generating Facilities During Construction and Operation," Research and Information Division, Washington State Department of Revenue, 1977.

Should you have any questions, please contact Mr. G. C. Sorensen at (509) 372-5238.

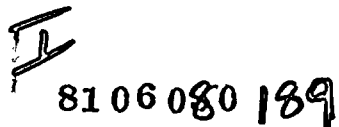
Very truly yours,

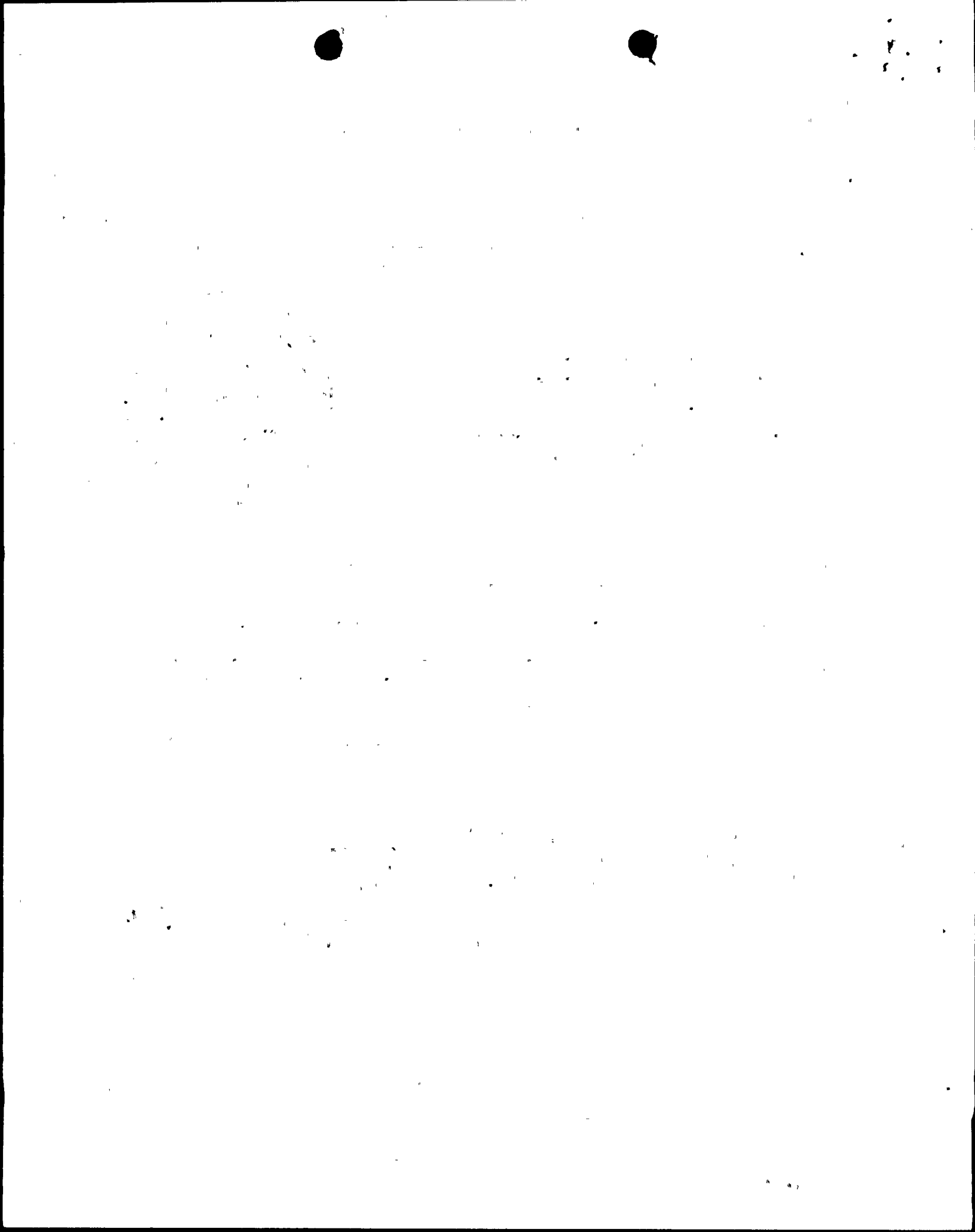
  
G. D. BOUCHEY  
Director, Nuclear Safety

1c  
Enclosure

cc: R. Sundell, ANL  
N. S. Reynolds, D&L

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the voters: *Provided further*, That a public utility district located within a county of the first class may sell and convey to a city of the first class, which owns its own water system, all or any part of a water system owned by said public utility district where a portion of it is located within the boundaries of such city, without approval of the voters upon such terms and conditions as the district shall determine: *Provided further*, That a public utility district located in a fifth class county and bordered by the Columbia river may, separately or in connection with the operation of a water system, or as part of a plan for acquiring or constructing and operating a water system, or in connection with the creation of another or subsidiary local utility district, may provide for the acquisition or construction, additions or improvements to, or extensions of, and operation of a sewage system within the same service area as in the judgment of the district commission is necessary or advisable in order to eliminate or avoid any existing or potential danger to the public health by reason of the lack of sewerage facilities or by reason of the inadequacy of existing facilities: *And provided further*, That a public utility district located within a county of the first class bordering on Puget Sound may sell and convey to any city of the third class or town all or any part of a water system owned by said public utility district without approval of the voters upon such terms and conditions as the district shall determine. Public utility districts are municipal corporations for the purposes of this section and the commission shall be held to be the legislative body and the president and secretary shall have the same powers and perform the same duties as the mayor and city clerk and the resolutions of the districts shall be held to be ordinances within the meaning of the statutes governing the sale, lease, or other disposal of public utilities owned by cities and towns. [1977 1st ex.s. c 31 § 1; 1963 c 196 § 1; 1959 c 275 § 1; 1955 c 390 § 19. Prior: 1945 c 143 § 1(m); 1931 c 1 § 6(m); Rem. Supp. 1945 § 11610(m).]

Chapter 54.28  
PRIVILEGE TAXES

Sections	Definitions.
54.28.010	Tax imposed—Rates.
54.28.020	Tax imposed with respect to thermal electric generating facilities—Rate.
54.28.025	Districts' report to department of revenue.
54.28.030	Distribution of tax.
54.28.050	Distribution of tax proceeds from thermal electric generating facilities.
54.28.055	Deposit of funds to credit of taxing district.

54.28.010 Definitions. As used in this chapter:

- (1) "Operating property" means all of the property utilized by a public utility district in the operation of a plant or system for the generation, transmission, or distribution of electric energy for sale;
- (2) "Taxing districts" means counties, cities, towns, school districts, and road districts;
- (3) "Distributes to consumers" means the sale of electric energy to ultimate consumers thereof, and does

not include sales of electric energy for resale by the purchaser;

(4) "Wholesale value" means all costs of a public utility district associated with the generation and transmission of energy from its own generation and transmission system to the point or points of inter-connection with a distribution system owned and used by a district to distribute such energy to consumers, or in the event a distribution system owned by a district is not used to distribute such energy, then the term means the gross revenues derived by a district from the sale of such energy to consumers;

(5) "Thermal electric generating facility" means a steam-powered electrical energy producing facility utilizing nuclear or fossil fuels;

(6) "Placed in operation" means delivery of energy into a transmission or distribution system for use or sale in such a manner as to establish a value accruing to the power plant operator, except operation incidental to testing or startup adjustments;

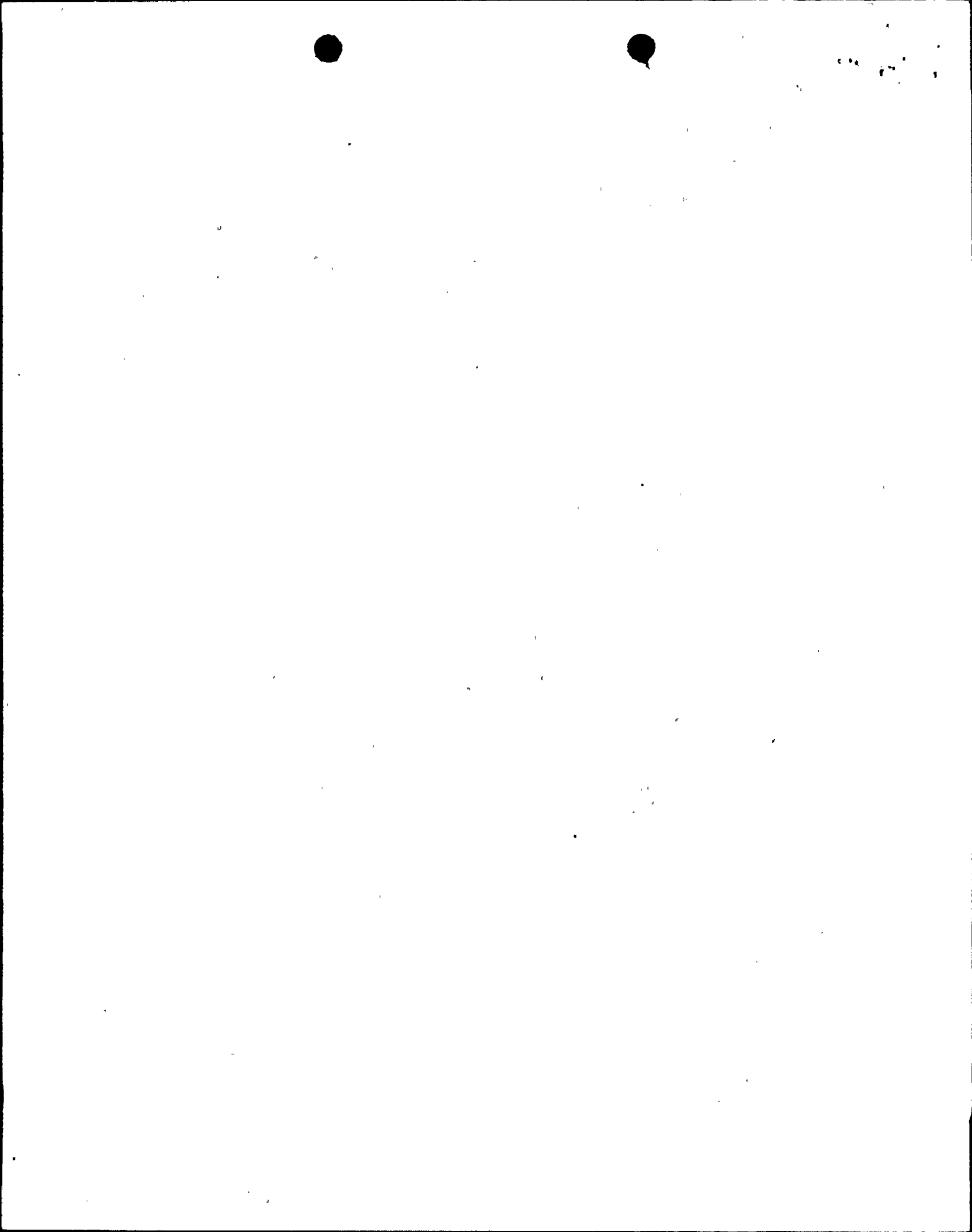
(7) "Impacted area" for a thermal electric generating facility on a federal reservation means that area in the state lying within thirty-five statute miles of the most commonly used entrance of the federal reservation and which is south of the southern boundary of township fifteen north. [1977 1st ex.s. c 366 § 1; 1967 ex.s. c 26 § 22; 1959 c 274 § 1; 1957 c 278 § 7. Prior: (i) 1941 c 245 § 1, part; Rem. Supp. 1941 § 11616-1, part. (ii) 1949 c 227 § 1(f); Rem. Supp. 1949 § 11616-2(f).]

Effective date—Savings—1967 ex.s. c 26: See note following RCW 82.01.050.

54.28.020 Tax imposed—Rates. There is hereby levied and there shall be collected from every district a tax for the act or privilege of engaging within this state in the business of operating works, plants or facilities for the generation, distribution and sale of electric energy. With respect to each such district, except with respect to thermal electric generating facilities taxed under RCW 54.28.025, such tax shall be the sum of the following amounts: (1) Two percent of the gross revenues derived by the district from the sale of all electric energy which it distributes to consumers who are served by a distribution system owned by the district; (2) five percent of the first four mills per kilowatt-hour of wholesale value of self-generated energy distributed to consumers by a district; (3) five percent of the first four mills per kilowatt-hour of revenue obtained by the district from the sale of self-generated energy for resale. [1977 1st ex.s. c 366 § 2; 1959 c 274 § 2; 1957 c 278 § 2. Prior: 1949 c 227 § 1(a); 1947 c 259 § 1(a); 1941 c 245 § 2(a); Rem. Supp. 1949 § 11616-2(a).]

Severability—1947 c 259: "If any section, subsection, clause, sentence or phrase of this act be for any reason adjudged unconstitutional, such adjudication shall not invalidate the remaining portions of this act, and the legislature hereby declares that it would have enacted this act notwithstanding the omission of the portion so adjudicated invalid." [1947 c 259 § 2.]

54.28.025 Tax imposed with respect to thermal electric generating facilities—Rate. There is hereby levied and there shall be collected from every district operating a thermal electric generating facility, as



defined in RCW 54.28.010 as now or hereafter amended, having a design capacity of two hundred fifty thousand kilowatts or more, located on a federal reservation, which is placed in operation after September 21, 1977, a tax for the act or privilege of engaging within the state in the business of generating electricity for use or sale, equal to one and one-half percent of wholesale value of energy produced for use or sale, except energy used in the operation of component parts of the power plant and associated transmission facilities under control of the person operating the power plant. [1977 1st ex.s. c 366 § 6.]

**54.28.030** Districts' report to department of revenue. On or before the fifteenth day of March of each year, each district subject to this tax shall file with the department of revenue a report verified by the affidavit of its manager or secretary on forms prescribed by the department of revenue. Such report shall state (1) the gross revenues derived by the district from the sale of all distributed energy to consumers and the respective amounts derived from such sales within each county; (2) the gross revenues derived by the district from the sale of self-generated energy for resale; (3) the amount of all generated energy distributed from each of the facilities subject to taxation by a district from its own generating facilities, the wholesale value thereof, and the basis on which the value is computed; (4) the total cost of all generating facilities and the cost of acquisition of land and land rights for such facilities or for reservoir purposes in each county; and (5) such other and further information as the department of revenue reasonably may require in order to administer the provisions of this chapter. In case of failure by a district to file such report, the department may proceed to determine the information, which determination shall be contestable by the district only for actual fraud. [1977 1st ex.s. c 366 § 3; 1975 1st ex.s. c 278 § 30; 1959 c 274 § 3; 1957 c 278 § 3. Prior: 1949 c 227 § 1(b); 1947 c 259 § 1(b); 1941 c 245 § 2(b); Rem. Supp. 1949 § 11616-2(b).]

Construction—Severability—1975 1st ex.s. c 278: See notes following RCW 11.08.160.

**54.28.050** Distribution of tax. After computing the tax imposed by RCW 54.28.020, the department of revenue shall instruct the state treasurer, after placing four percent in the state general fund, to distribute the balance collected under RCW 54.28.020 subsection (1) to each county in proportion to the gross revenue from sales made within each county; and to distribute the balance collected under RCW 54.28.020 (2) and (3) as follows: If the entire generating facility, including reservoir, if any, is in a single county then all of the balance to the county where such generating facility is located. If any reservoir is in more than one county, then to each county in which the reservoir or any portion thereof is located a percentage equal to the percentage determined by dividing the total cost of the generating facilities, including adjacent switching facilities, into twice the cost of land and land rights acquired for any reservoir within each county, land and land rights to be defined the same as used by the federal power commission. If

the powerhouse and dam, if any, in connection with such reservoir are in more than one county, the balance shall be divided sixty percent to the county in which the owning district is located and forty percent to the other county or counties or if said powerhouse and dam, if any, are owned by a joint operating agency organized under chapter 43.52 RCW, or by more than one district or are outside the county of the owning district, then to be divided equally between the counties in which such facilities are located. If all of the powerhouse and dam, if any, are in one county, then the balance shall be distributed to the county in which the facilities are located.

The provisions of this section shall not apply to the distribution of taxes collected under RCW 54.28.025. [1977 1st ex.s. c 366 § 4; 1975 1st ex.s. c 278 § 32; 1959 c 274 § 4; 1957 c 278 § 5. Prior: 1949 c 227 § 1(d); 1947 c 259 § 1(d); 1941 c 245 § 2(d); Rem. Supp. 1949 § 11616-2(d).]

Construction—Severability—1975 1st ex.s. c 278: See notes following RCW 11.08.160.

Effective date—1959 c 274: "The effective date of section 4 of this 1959 amendatory act shall be January 1, 1960." [1959 c 274 § 6.] This applies to RCW 54.28.050.

**54.28.055** Distribution of tax proceeds from thermal electric generating facilities. (1) After computing the tax imposed by RCW 54.28.025, the department of revenue shall instruct the state treasurer to distribute the amount collected as follows:

(a) Fifty percent to the state general fund for the support of schools; and

(b) Twenty-two percent to the counties, twenty-three percent to the cities, three percent to the fire protection districts, and two percent to the library districts.

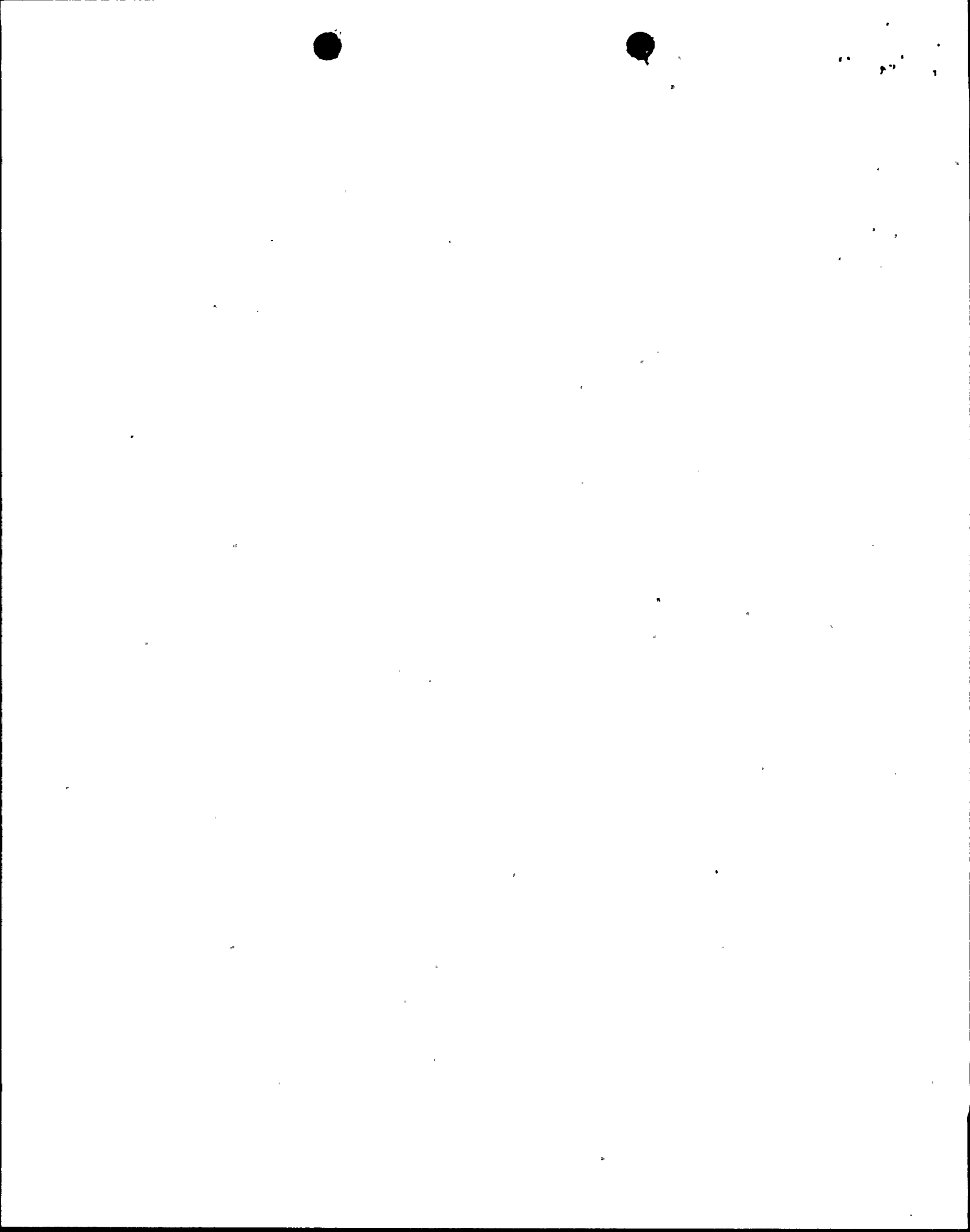
(2) Each county, city, fire protection district and library district shall receive a percentage of the amount for distribution to counties, cities, fire protection districts and library districts, respectively, in the proportion that the population of such district residing within the impacted area bears to the total population of all such districts residing within the impacted area.

(3) If any distribution pursuant to subsection (1)(b) of this section cannot be made, then that share shall be prorated among the state and remaining local districts.

(4) All distributions directed by this section to be made on the basis of population shall be calculated in accordance with data to be provided by the office of program planning and fiscal management. [1977 1st ex.s. c 366 § 7.]

Reviser's note: "office of program planning and fiscal management" redesignated as "office of financial management" by 1977 1st ex.s. c 114. See RCW 43.41.035.

**54.28.090** Deposit of funds to credit of taxing district. The county commissioners of each county shall direct the county treasurer to deposit funds to the credit of each taxing district in the county according to the manner they deem most equitable; except not less than thirty-five percent of all moneys so received shall be apportioned to the school districts within the county having district properties within their limits, and not less





than an amount equal to three-fourths of one percent of the gross revenues obtained by a district from the sale of electric energy within any incorporated city or town shall be remitted to such city or town. Information furnished by the district to the county commissioners shall be the basis for the determination of the amount to be paid to such cities or towns.

The provisions of this section shall not apply to the distribution of taxes collected under RCW 54.28.025. [1977 1st ex.s. c.366 § 5; 1957 c 278 § 10.]

Chapter 54.40  
FIRST CLASS DISTRICTS

Sections	
54.40.010	Five commissioner districts—Requirements— Three commissioner districts.
54.40.020	Existing districts—Qualifications—Voters' approval.
54.40.030	Transmittal of copies of federal hydroelectric license to county auditor.
54.40.040	Election to reclassify district as a five commissioner district—Ballot form—Vote required.
54.40.050	Petition for reclassification—Certificate of suffi- ciency—Election, date, notice.
54.40.060	Division of district into at large districts.
54.40.070	Election of commissioners from at large districts— Special election—Terms.

54.40.010 Five commissioner districts—Requirements—Three commissioner districts. A five commissioner public utility district is a district which shall have a license from the federal power commission to construct a hydroelectric project of an estimated cost of more than two hundred and fifty million dollars, including interest during construction, and which shall have received the approval of the voters of the district to become a five commissioner district as provided herein. All other public utility districts shall be known as three commissioner districts. [1977 1st ex.s. c 36 § 1; 1959 c 265 § 2.]

54.40.020 Existing districts—Qualifications—Voters' approval. Every public utility district which on \*the effective date of this amendatory act shall be in existence and have such a license shall be qualified to become a five commissioner district upon approval of the voters of said district, and every public utility district which on \*the effective date of this amendatory act shall have become a first class district as previously provided by chapter 265, Laws of 1959 shall be a five commissioner district. [1977 1st ex.s. c 36 § 2; 1959 c 265 § 3.]

\*Reviser's note: "the effective date of this amendatory act" [1977 1st ex.s. c 36] was September 21, 1977, see preface 1977 session laws.

54.40.030 Transmittal of copies of federal hydroelectric license to county auditor. Within five days after a public utility district shall receive a license from the federal power commission to construct a hydroelectric project of an estimated cost of more than two hundred and fifty million dollars, including interest during construction, or, in the case of a district which on \*the effective date of this amendatory act is in existence and has such a license within five days of \*the effective date of this amendatory act the district shall forward a true

copy of said license, certified by the secretary of the district, to the county auditor of the county wherein said district is located. [1977 1st ex.s. c 36 § 3; 1959 c 265 § 4.]

\*Reviser's note: "the effective date of this amendatory act" [1977 1st ex.s. c 36] was September 21, 1977, see preface 1977 session laws.

54.40.040 Election to reclassify district as a five commissioner district—Ballot form—Vote required. A public utility district shall be classified as a five commissioner district only by approval of the qualified voters of the district. Such approval shall be by an election upon petition as hereinafter provided. In submitting the question to the voters for their approval or rejection, the proposition shall be expressed on the ballot in substantially the following terms:

Shall Public Utility District No. \_\_\_\_\_ be reclassified a Five Commissioner District for the purpose of increasing the number of commissioners to five . . . . . YES   
NO

Should a majority of the voters voting on the question approve the proposition, the district shall be declared a five commissioner district upon the completion of the canvass of the election returns. [1977 1st ex.s. c 36 § 4; 1959 c 265 § 5.]

54.40.050 Petition for reclassification—Certificate of sufficiency—Election, date, notice. The question of reclassification of a public utility district as a five commissioner public utility district shall be submitted to the voters only upon filing a petition with the county auditor of the county in which said district is located, identifying the district by number and praying that an election be held to determine whether it shall become a five commissioner district. The petition must be signed by a number of qualified voters of the district equal to at least ten percent of the number of voters in the district who voted at the last general election. In addition to the signature of the voter, the petition must indicate each signer's residence address and further indicate whether he is registered in a precinct in an unincorporated area or a precinct in an incorporated area and if the latter, give the name of the city or town wherein he is registered. Said petition shall be presented to the county auditor for verification of the validity of the signatures. Within thirty days after receipt of the petition, the county auditor, in conjunction with the city clerks of the incorporated areas in which any signer is registered, shall determine the sufficiency of the petition. If the petition is found insufficient, the person who filed the same shall be notified by mail and he shall have an additional fifteen days from the date of mailing such notice within which to submit additional signatures, and the county auditor shall have an additional thirty days after the submission of such additional signatures to determine the validity of the entire petition. No signature may be withdrawn after the petition has been filed. If the petition, including these additional signatures if any, is found sufficient, the county auditor shall certify

