

# **Washington Public Affairs Digest**

### **Contents**

Politics	∠
Federal/D.C.	
State Government	
Local Government	
<u>Legal</u>	
Business/Economy.	
Environment	
Health/Social	
Culture/Media	
People	
Excerpts.	
<u>Calendar</u>	



# **Washington Public**

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**Affairs Digest** 

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**AIRPORT**: A Washington state view of the Jefferson County airport near Port Townsend, on May 7. (from Washington Department of Transportation)

### **Key stories**

With this issue, we're moving toward changing our format for the Washington Public Affairs Digest – weekly instead of monthly, and all on-line.

- <u>Dicks near Appropriations chair</u>
- **■** Supplemental budget signed
- San Juan Land Transfers

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The Digest is an independent nonpartisan review. Portions are adapted or excerpted from public documents and press releases. Contact the editor at stapilus@ridenbaugh.com

# **Politics**

## The race is on

2

Primary election day is August.

Percentages are probability of party winning the seat in November, as of this issue (they may change through the campaign season).

U.S. Senate	D 75%	
	R	The main imponderable running through April was whether two-term gubernatorial candidate <b>Dino Rossi</b> would enter the Senate race. Rossi appeared to have some interest, but took no substantial organizational steps toward running. Democrats continued sniping at him, however, including pressing references to a \$20,000 property tax debt owned by an investment company where Rossi has worked; company spokesmen said that Rossi had no involvement with paying the tax bills.
U.S. House 1	D 85%	
	R	
U.S. House 2	D 75%	
	R	
U.S. House 3	D 50%	Competition between the two main candidates in the Democratic primary, <b>Denny Heck</b> (who has raised about \$532,000 – but about half of that is debt), and state Senator <b>Craig Pridemore</b> (about \$51,000) intensified during April.
	R 50%	A seemingly tough contest between main contenders legislator <b>Jaime Herrera</b> (about \$56,000) and <b>David Castillo</b> (about \$73,000) continued in April. Herrera most often is given the edge.
U.S. House 4	R 95%	
	D	
U.S. House 5	R 98%	
	D	
U.S. House 6	D 90%	
	R	
U.S. House 7	D 98%	

**POLLING/SENATE** Poll numbers in the U.S. Senate race <u>have been all over the place</u>.

- Elway Poll: Patty Murray-D/Dino Rossi-R, 51%-34%.
- Rasmussen Poll: Murray/Rossi, 48%-46%.
- SurveyUSA (mid-April): Murray/Rossi: 52%-42%.

The SUSA polling indicated similar results in Murray matchups with other Republican candidates, but the Elway poll indicated much larger gaps.

article that mathematical strategy may play a role in deciding which parties win the District 18 state House seats this year, because of the vagaries of the state's "top two" election law. Under the law, the two top vote-getters in the May primary election advance to November – regardless whether those two are of the same or of different parties. Under the right conditions, that may allow one party to lock up an election in May, even if that party doesn't have a large numerical advantage.

In District 18 (which covers most of rural and small-town Clark County outside of Vancouver, and southern Cowlitz County), incumbent Representative **Jaime Herrera**, R-Camas, is leaving her seat in the district in a run for the U.S. House. Because the district has recently had a Republican lean, a number of Republicans quickly expressed interest, and six are considered to be active candidates. They are **Shannon Barnett**, **Anthony Bittner**, **Ann Rivers**, **Jon Russell** and **Brandon Vick**. One Democrat, **Dennis Kampe**, and one independent, **Richard Carson**, also have indicated they will run. Filing is a couple of months off.

The independent is considered unlikely to draw more than a small vote, but since only one Democrat is in, that candidate would be likely to be pull enough to move on to November along with whichever Republican came in first. But analysts pointed out that if the six Republicans deeply split perhaps 60% of the vote, averaging 10% each, the Democrats might be able to shut them out if they ran two candidates instead, each averaging 20% of the vote.

Confronting the problem, Clark County Republican leaders last week reviewed their options and considered the possibility of slimming the field before the filing deadline. The Daily News said the plan is to interview the six candidates and conduct a vote by party officials. Then:

"The names of the three candidates who get the most votes will be placed in a sealed envelope, where they will remain until the June 11 filing deadline for state and local candidates. 'If a second Democrat files, that is where we run the risk with a top two primary system, and we will reveal our results," Hart said. "If a second Democrat doesn't file, we will destroy the ballots and results, and all six candidates will run. Our hope is not to interfere."

# Federal/D.C.

**DICKS MAYBE IN RACE FOR APPROPRIATIONS CHAIR** Assuming Democrats remain in control of the House after November elections, Washington Representative **Norm Dicks** would be in line to become chair of the key House Appropriations Committee, since Representative David Obey, the current chair, isn't seeking reelection.

But this week at least one other committee Democrat, Representative Chaka Fattah of Pennsylvina, said <u>he too might take a run for the chairmanship</u>. Significantly junior to Dicks, Fattah may be close in line philosophically to the overall House Democratic caucus. Dicks, he noted, is strongly oriented around the defense budgets.

■ BELLINGHAM QUITS NOAA MOVE CHALLENGE The challenge by Washington agencies to the decision of the National Atmospheric and Oceanic Administration to move its mid-Pacific fleet operations from Seattle to Newport, Oregon, apparently has been dropped.

<u>Port of Bellingham</u> officials <u>told the Crosscut blog on May 5</u> that "We've given it our best shot. We're moving on." Bellingham was one of the contenders for a relocation of the operation. The center has been located at Seattle for about 60 years.

**CANTWELL FINANCE BILL** Senators Maria Cantwell and John McCain (R-AZ) introduced a bipartisan amendment to separate commercial and investment banking. The proposed change in the banking and financial reform legislation being debated in the Senate is also cosponsored by Senators Ted Kaufman (D-DE), Tom Harkin (D-IA), and Russell Feingold (D-WI). The amendment restores safeguards modeled after the 1933 Glass-Steagall Act that protect bank deposits from being used in Wall Street's risky speculation. The amendment is based on the Cantwell-McCain Banking Integrity Act introduced in December 2009.

The amendment filed today would prohibit commercial banks from affiliating in any manner with investment banks and vice versa; prevent officers, directors, and employees of a commercial bank from serving as an officer, director, or employee of an investment bank and vice versa; prohibit commercial banks from engaging in all insurance activities; and establish one year from date of enactment as the deadline for financial houses to transition and separate their commercial and investment banking operations.

**REICHERT ON HANSON DAM** Representative **Dave Reichert** on May 6 met with Washington state and local leaders and federal agency representatives to discuss funding and safety issues related to ongoing repairs at the Howard Hanson Dam. Reichert released this statement following the meeting:

"I'm pleased that our state and local representatives traveled here for this important meeting, and that together we're all working hard to protect the people,

businesses, and infrastructure of the Green River Valley," Reichert said. "I grew up in the valley – I remember the last flood. This is a critical issue for our state because it concerns the safety of our citizens and the health of our local and state economy. I anticipate the same level of participation and collaboration as we address not only the funding issues and the short- and long-term fixes for the dam, but also broader issues including the safety and integrity of the levee system. I also fully expect to see this same spirit of cooperation among the federal agencies that manage the dam and the levee system so that all levels of government are working for the good of the people."

Today's meeting included discussion of funding the short- and long-term fixes for the dam, levee certification issues, and floodplain maps and the impact on economic development. Representatives from FEMA, Army Corps of Engineers, the Washington Governor's office, the King County Executive's office, the congressional delegation, and city mayors were among those in attendance.

■ BONNEVILLE REVENUES DOWN The Bonneville Power Administration now estimates it will likely finish the fiscal year with negative net revenues of approximately \$230 million. This shortfall was reported in BPA's second quarterly review published April 30 and is a direct result of the Northwest's low snowpack. Reduced stream flows have resulted in \$450 million less revenue than BPA anticipated at the beginning of the fiscal year.

Traditionally, BPA's sales of surplus power – power available beyond BPA's commitments to its customers – have represented about a fifth of the agency's revenues. Snowpack is the fuel that typically provides surplus power from the hydro system, and revenues from these sales help keep Northwest electricity rates down.

"This is a bad situation that has just gotten worse," said BPA Administrator Steve Wright. "We had hoped a wet spring would help snowpack across the Columbia River Basin, but that didn't happen. We are now looking at the fifth lowest runoff since the hydro system has been in existence."

BPA does not expect to make significant changes in the short term because the agency is dipping into its reserves to cover costs. This depletion of reserves, however, reduces BPA's ability in the future to handle additional financial risks, such as another below-average water year.

BPA's internal expenses are projected to be at or modestly below start-of-year estimates and hence are not contributing to the problem.

The Northwest is unique in its reliance on hydropower, which in good years provides ample clean, renewable and low-cost electricity. Snowpack, rather than rain, is most critical since the hydropower system has limited storage for water. In an ideal spring, the snow melts gradually so that water is available to power generators at federal dams throughout the summer. This surplus generation can provide upwards of a fifth of BPA's total revenue in an average year. With reduced snowpack, the fuel to power the dams is running low. By April, snowpack building season is pretty much over.

The April forecast from the National Weather Service's Northwest River Forecast Center called for 69 million acre-feet of runoff from January through July as traditionally measured at The Dalles, Ore. The reduced runoff results from a persistent El Niño weather pattern that brought unusually dry conditions to the Northwest this past winter.

BPA has been aware of the El Nino pattern and the likelihood of low runoff.

**SEATTLE DOCK REPLACEMENT** The U.S. Army Corps of Engineers Seattle District is preparing an Environmental Impact Statement to analyze the environmental effects of replacing an existing dock and resuming sand and gravel mining operations. The Corps issued a permit to Northwest Aggregates for the dock replacement project on June 2, 2008, under Section 10 of the Rivers and Harbors Act and Section 404 of the Clean Water Act. Construction of the new dock began in December 2008 and approximately 49% of the construction was completed as of January 2009. The Corps has been directed by the U.S. District Court to complete an EIS on the project. The EIS will include additional analysis of potential impacts of the project on the marine environment, including Chinook salmon, Southern Resident Killer whales, and forage fish, additional analysis and evaluation of the no action and off-site alternatives, and additional analysis of cumulative impacts associated with the permit project.

# **State Government**

### Supplemental budget signed

Governor **Chris Gregoire** on May 4 <u>signed a supplemental budget</u> that funds critical state programs while implementing new reform measures to streamline and reduce state government.

"This budget is a fair mix of cuts and revenue that ensures our most vulnerable receive the services they need, our young learners get the education required to be successful and productive, and our communities remain safe and protected," Gregoire said. "Despite our difficult economic times – we managed to protect many core services that Washingtonians value, and at the same time reduce and streamline state government. That's something to be proud of."

Despite a \$2.8 billion dollar deficit, Gregoire applauded state lawmakers for developing a budget that maintains several critical state programs, including the state's Basic Health and State Need Grant programs. The budget also addresses several of the governor's priorities, including job creation and reform.

Gregoire vetoed some sections of the budget – including the provisions that would have put the Insurance Commissioner in the red and stripped the Life Sciences Discovery Fund of funding. Gregoire also vetoed 26 of the 52 reports assigned through legislation to the Executive Branch. Combined with vetoes to the Legislature's revenue package – the state's ending fund balance is now expected to be approximately \$453 million.

Overall, the state's \$2.8 billion deficit was filled by a combination of \$747 million in cuts, \$618 million in federal funding and \$757 million in new revenue. This is on top of actions the state took to solve the \$9 billion shortfall the state faced last year, which included \$4.4 billion in cuts.

**FEW CAR POOL LANE BUYERS** A pilot project to allow solo drivers to buy permits to let them legally drive in car pool lanes on state Route 167 has attracted about 2,000 takers, the Tacoma *News Tribune* reported on May 3. But that is still only about half the number expected. Department of Transportation officials said they will continue to monitor the numbers to evaluate how well they are working.

### **Local Government**

**MCGINN BLASTS OVERRUN PROVISION** Seattle Mayor Mike McGinn, who campaigned against the Alaskan Way Viaduct tunnel project but said he would allow it to proceed, warned he still might kill the deal unless a provision is removed that would require Seattle to pay for cost overruns.

He said that a 1% overrun could hit the city for \$31 million beyond its already large commitment. He was quoted as saying, "This is our chance to say maybe we shouldn't commit to paying these cost overruns, because the consequences are enormous."

**CLARK SURVEY SUGGESTS 2030 SUPPORT** A survey for the C-Tran Clark County bus system suggests residents are supportive of some long-range expansions. The agency summarized the results:

- Residents are generally optimistic about the direction of Clark County.
- Residents' top concern right now is jobs and the economy.
- C-TRAN is viewed very favorably by most residents and a majority agree that C-TRAN is using their tax dollars responsibly only one-in-five disagree.
- A strong majority support the C-TRAN 2030 measure, with support closely correlated to household transit use. Even among households with no transit users, a majority support the measure.

The latter question was stated: "Moving on, if there were a proposal to fund expanded C-TRAN services to preserve current service and increase the frequency of bus service on major travel corridors, add new routes, build a new bus rapid transit line on Fourth Plain between the Vancouver mall and downtown Vancouver, increase bus service to Portland, and build a light rail extension from downtown Vancouver to connect with Max Light rail, that could be funded by an increase in the sales tax of three tenths of one percent which is three pennies on a ten dollar purchase, in general, would you strongly support, somewhat support, somewhat oppose, or strongly oppose it? "Strongly support 29%; somewhat support 32%; somewhat oppose 13%; strongly oppose 25%.

**WHATCOM ADOPTS E-VERIFY** Whatcom County said that it plans to begin using the <u>E-Verify system</u> to determine the in-country legal status of people it employs and contracts with. E-Verify is a federally-run system (through the Department of Homeland Security).

The Bellingham *Herald* noted, "Trying to ascertain statistics on illegal workers in the county is nearly impossible. It's clear there have been illegal workers at certain businesses in the county - 28 foreign employees were detained in federal immigrations raids at Yamato Engine Specialists in early 2009, and 26 Mexican nationals were detained in 2006 at Bellingham's Northwest Healthcare Linen."

**YAKIMA REJECTS STOP CAMERAS** After considering the matter for some weeks, the **Yakima City Council** voted 5-2 on May 4 <u>not to move toward setting up stop light cameras</u> in the city. A number of speakers at the council meeting warned that the devices could simply turn into a money-making, rather than a safety, tool.

Legal

### Colacurio case reaches settlement

The long-running federal investigation and legal action into businesses associated with **Frank Colacurio Sr.**, most notably a group of strip clubs, <u>culminated on April 28</u> with guilty pleas from Colacurio and others in the business.

As part of the complex set of settlements, four clubs will close and three of those will be sold at auction, the proceeds headed to the federal government. One of those is what may be Seattle's best-known strip club, Rick's. Generally, the targets of the investigation were expected to agree to probation deals with no prison time.

Federal charges filed in June 2009 said that the clubs were fronts for prostitution and other offenses.

**DRUG SETTLEMENT REACHED** A drug manufacturer will pay Washington state nearly \$10 million for improperly marketing Seroquel, a drug used to treat schizophrenia and manic depression. Federal and state officials say that AstraZeneca Pharmaceuticals LP illegally paid for doctors to attend meetings at resorts, where those doctors would "advise" the drug maker about marketing messages for unapproved uses. Medical professionals were also paid to serve as authors of promotional articles and to conduct studies for unapproved uses of the drug.

An investigation shows that as a result of these activities, misleading information was distributed about Seroquel. This led health providers to wrongly prescribe the drug to children, adolescents and dementia patients in long term care facilities – costing publicly funded programs millions of dollars.

"AstraZeneca's marketing practices were a bad deal for taxpayers and Medicaid patients," Washington State Attorney General Rob McKenna said. "This settlement recovers millions of dollars and sends a strong message about the marketing of drugs for unapproved uses.

Of the nearly \$10 million in settlement funds, \$4.6 million will be split between the state's Medicaid Program and general fund. The rest will cover the federal government's contribution to the state's Medicaid program.

### **Supreme Court opinions**

Opinions posted last week.

<u>Washington v. Robert Lee Vance</u> (May 6, Docket 81393-1) "In 2003 a jury convicted Robert Lee Vance of multiple counts of child molestation and communicating with a minor for immoral purposes. Vance claims the trial court's imposition of an exceptional sentence, in the form of consecutive sentences, violated his constitutional right to trial by jury. We cannot agree. Based on recent United States Supreme Court precedent, Vance's sentence was proper."

Washington v. Michael Eugene Peterson (May 6, docket 82089-9) "Presented as a challenge to the sufficiency of the State's evidence, this case requires us to consider what elements constitute the crime of failure to register as a sex offender (failure to register) under former RCW 9A.44.130 (Laws of 2003, ch. 215, § 1).1 Specifically, we must determine whether a registrant's residential status must be proved at trial and whether the crime is an alternative means crime. We hold that failure to register as a sex offender is not an alternative means crime and that the elements of the crime do not include a registrant's particular residential status. Accordingly, the evidence was sufficient to sustain the defendant's conviction."

Washington v. David Ray Lucero (May 6, Docket 83777-5) "We previously granted David Lucero's petition for review of a Court of Appeals decision affirming his sentence for second degree assault, and we remanded to that court for reconsideration in light of our decision in State v. Mendoza, 165 Wn.2d 913, 205 P.3d 113 (2009). On remand, the Court of Appeals adhered to its original decision. Lucero again petitioned for review. Because Mendoza clearly controls the outcome in Lucero's favor, we grant review, reverse the Court of Appeals, and remand to the trial court for further proceedings."

James Douglas Rivard v. Washington (May 6, Docket 82431-2) "This case asks us to determine whether individuals are eligible to own or possess firearms under RCW 9.41.040 if they were convicted of vehicular homicide before the 1996 legislative reclassification of that crime from a class B to a class A felony. The trial court, concluding that the reclassification had no retroactive effect, restored the petitioner's right to possess firearms. The Court of Appeals reversed and concluded that the petitioner was ineligible to possess firearms. We reverse the Court of Appeals."

Certification from the U.S. District Court: <u>Sarah Bradburn et al v. North Central Regional Library District</u> (May 6, Docket 82200-0) "The question in this case has been certified to us from the United States District Court for the Eastern District of Washington: Whether a public library, consistent with Article I, § 5 of the Washington Constitution, may filter Internet access for all patrons without disabling Web sites containing constitutionally-protected speech upon the request of an adult library patron. We conclude that a library can, subject to the limitations set forth in this opinion, filter Internet access for all patrons, including adults, without violating article I, section 5 of the Washington State Constitution."

# **Business/Economy**

### Bradwood Landing project spiked

The intensely controversial Bradwood Landing natural gas terminal project was dropped on May 4 by its planned developers, the NorthernStar Natural Gas Company.

The terminal was planned to be a massive \$650 million project and bring jobs to an area east of Astoria, Oregon. But local opposition was intense, and investors questioned whether the project ultimately could clear all the needed regulatory and other hurdles.

The company didn't mention the point, but the announcement also came about a week after news of the massive oil spill in the Gulf of Mexico, which may affect the political climate on environmental matters.

#### From the company's statement:

"The extended delays in the processing of state and federal permits for Bradwood Landing and the difficult investment environment have forced us to suspend development," said NorthernStar Natural Gas President Paul Soanes. "In particular, the challenging regulatory environment gives investors pause, especially considering that Bradwood Landing would have such a positive impact on the Northwest's economy and environment while supporting the region's transition to renewable energy by providing a new source of reliable and affordable natural gas."

Since its inception, Bradwood has worked to ensure it will provide a significant and sustainable net benefit for the lower Columbia ecosystem, and serve as a model of sustainable development. Using best available science and recovery plans, the project included innovative measures to avoid and minimize impacts, robust mitigation, and a \$59 million voluntary (but legally binding) Salmon Enhancement Initiative: the largest private investment of its kind ever proposed for the region.

"While we're disappointed, we are truly grateful for the tremendous support the project received from citizens in Clatsop County and Oregon's business and labor communities," said Mr. Soanes. "Bradwood Landing is a great example of a project that business and labor came together to support. Not only would it have created hundreds of jobs, but it would have provided a needed new source of natural gas, which would have helped stabilize energy costs for thousands of businesses."

Initial development work on Bradwood Landing began nearly six years ago. Bradwood is the site of the former Bradwood lumber mill, company town and has a natural deep-water port. Bradwood Landing received its FERC certificate order September 18, 2008 after an extensive scientific and technical review, which took three and a half years and included an official record in excess of 50,000 pages. On March 20, 2008, the Clatsop County Board of Commissioners approved Bradwood's consolidated land use application on a 4-1 vote after a nine-month public process.

Earlier this year, Bradwood reached a key milestone when formal consultation began under the Endangered Species Act with the National Marine Fisheries Service and the Federal Energy Regulatory Commission. Previously, the U.S. Coast Guard determined that the Columbia River could be made suitable for the LNG marine traffic associated in its record of decision dated April 24, 2009, provided full implementation of the risk mitigation measures detailed in the Waterway Suitability Report are accomplished. Those measures were included as conditions when FERC

issued its Certificate Order for the Bradwood Landing LNG terminal in September 2008.

Bradwood Landing's coalition of supporters included the Oregon AFL-CIO, the Columbia Pacific Building Trades Council, the Washington State Building and Construction Trades Council, the Oregon Machinists Council, the Washington Machinists Council, Carpenters Local 1707, the International Longshore Workers' Union (Columbia River Oregon Area), and the Steamship Operators Association.

Bradwood Landing and its associated 36.3-mile pipeline would have provided a new source of natural gas directly into the Oregon and Washington natural gas market. It would have created more than 450 jobs over three years of construction and 65 permanent jobs while contributing more than \$7.8 million annually in taxes to Clatsop County. An analysis of the effects of increased natural gas supply by former University of Oregon economist Dr. Phil Romero, showed that Bradwood Landing could reduce the wholesale cost of natural gas by 13 percent. Dr. Romero's analysis showed this decrease in energy costs would help support the creation of between 5,100 and 20,300 jobs."

**FACEBOOK AT SEATTLE** The social networking company Facebook said on May 5 it plans to open an engineering office in Seattle. Facebook, a social networking service, boasts over 400 million users around the world and is headquartered in Palo Alto, Calif. The expansion to Seattle marks the first engineering office in the U.S. outside its corporate headquarters.

"We are looking to hire world-class software engineers to continue to build the best products to support our users, developers and advertisers," said Mike Schroepfer, vice president of engineering for Facebook. "Seattle has distinguished itself as a city with an extremely deep technical talent pool as well as a high quality of life, which makes it the ideal place for an engineering office."

According to Schroepfer, Facebook, which plans to open the Seattle office in July, is actively looking to lease office space to eventually accommodate up to 30 employees over the next year. Recruiting for experienced engineers in the Seattle area will begin immediately.

**QWEST RECOMMENDED FOR PENALTIES** State regulatory staff recommended \$69,000 in penalties against Qwest, saying the phone company repeatedly violated numerous consumer protection regulations in 2009. Staff members of the Washington Utilities and Transportation Commission recommended the fine, alleging that Qwest failed to comply with UTC rules designed to protect telephone customers in Washington. A commission administrative law judge will review the matter and decide whether to impose penalties.

The UTC staff's review of the company's complaint data found that on numerous occasions the telephone company incorrectly billed customers, disconnected customers' phone service without proper notice and refused phone service to qualified customers. Commission staff also alleged Qwest charged customers for services not provided, did not allow customers the option of making payment arrangements and failed to repair phone-service interruptions in a timely manner.

From January 1 to June 30, 2008, UTC staff conducted an initial investigation by reviewing 212 Qwest customer complaints that resulted in 149 violations of laws and

rules enforced by the commission. After providing remedies and technical assistance to the company to correct its noncompliance, the commission staff did a follow-up review of 102 consumer complaints from March 1 through June 30, 2009, and found the phone company continued to violate seven of the 11 laws and rules identified the year before.

The administrative law judge will hold a prehearing conference at 10 a.m. Tuesday, May 25 in the second-floor hearing room of the UTC's headquarters, 1300 S. Evergreen Park Drive S.W., Olympia.

**PUGET SOUND RATES UP A BIT** State regulators <u>approved a small rate increase</u> for <u>Puget Sound Energy</u> electric and natural gas customers. The three-member Washington Utilities and Transportation Commission is allowing the company to raise electric rates by about 2.8% and natural gas prices by .8%. New rates are expected to take effect approximately April 7. Under the commission's decision, the average PSE residential electric customer using 1000 kilowatt hours-a-month will see an increase of about \$2.80, and the average natural-gas customer using 70 therms a month will pay about 87 cents more.

These rate hikes are in addition to amounts approved by the UTC April 1 for funding PSE's conservation programs. Those amounts are \$1.78 more a month for residential electric customers and 45 cents extra for natural gas customers. Including both increases the average residential customers' monthly bill will rise to about \$97 for electricity and \$80 for natural gas service.

The utility originally asked the commission to increase its annual revenues by more than \$148 million, or 7.4% for electric service, and nearly \$27.2 million, or 2.2%, for natural gas service.

The UTC also agreed to raise the basic service charge for PSE's electric customers to \$7.25 a month from the current \$7 charge. The basic service charge for natural gas customers will remain the same at \$10 a month.

The UTC is allowing PSE the opportunity to earn a 10.1 percent rate of return on equity, not the 10.8 percent the company was requesting. This accounts for the majority for the difference between what the company requested and the commission approved.

#### **Stocks**

Prices trended downward this week almost across the board after several weekly rises.

		This wk	Last wk	
Microsoft Corporation	MSFT	28.2	30.5	
Boeing Corporation	BA	66.7	72.4	
Weyerhaeuser	WY	44.7	49.5	Weyerhaeuser reported a loss in the first

Corportion				quarter but <u>reduced its size</u> by more than 90% through land and licensing sales.
Starbucks	SBUX	25.5	26	
Washington Federal	WFSL	17.8	20.6	
Amazon	AMZN	125	137.1	
Avista	AVA	20.2	21.6	
Northwest Natural Gas	NWN	43.5	47.4	
Red Lion	RLH	6.4	7.6	
Alaska Air	ALK	41	41.4	
Banner Corp	BANR	4.9	5.7	
PACCAR	PCAR	41.6	46.5	

### **GAS PRICES** Price of gasoline continued a steady march upward in April.

Gas prices (idahogasprices.com)	This week	Last week
low	2.85	2.87
high	3.34	3.24

# **Environment**

#### San Juan historic land transfers

The state Board of Natural Resources on May 4 <u>approved the direct transfer</u> of 320 acres of Common School trust forestland to San Juan County for \$3.1 million. The transfer will be paid for by a federal appropriation passed last year and sets the stage for the property to be included in the U. S. National Park Service's San Juan Island National Historic Park.

The 320 acres of state trust land are adjacent to the English Camp unit of the federal historic park and include a 19th Century-era road used by British and American troops who jointly occupied the area until 1872.

The price was set after an appraisal determined the property had high value as a potential site for large-lot residences. With the \$3.1 million it receives from the transfer, the state will purchase replacement property for the Common School trust

elsewhere that is more suitable for natural resources revenue production to support public school construction in Washington State.

The property has been managed for the school trust by the Washington State Department of Natural Resources. Because of federal restrictions on direct purchases of land from states by the Park Service, the San Juan County Land Bank and The Conservation Fund, a private, non-profit corporation, partnered with DNR and the Park Service to facilitate the transaction.

In another action, the board approved the transfer of seven acres of Common School Trust land to Mason County Parks for \$81,000 via the state's Trust Land Transfer Program. Located along North Shore Road, adjacent to Menards Landing County Park, about 20 miles west of Belfair, the parcel will be used by Mason County as a recreation area and trailhead for hikers for future planned trails in the area.

The Board also approved the transfer of 26 acres of Common School Trust land adjoining Hood Canal for \$860,000. The property will be managed as state-owned tidelands.

The TLT program will reimburse the Common School Trust for both properties. The trust uses the legislatively appropriated funds to fund school construction and replace lands (and any standing timber) that are transferred to other public agencies for open space, wildlife habitat, or recreation.

**SPOKANE RIVER PLAN UPHELD** The director of the **Department of Ecology** determined that the conditions in the Spokane River's water quality improvement plan should be upheld. **Ted Sturdevant**'s decision follows a review of the plan by a dispute resolution panel that met April 5, 2010, to hear concerns raised by several stakeholders.

When implemented, the Spokane River/Lake Spokane Dissolved Oxygen Water Quality Improvement Report, often referred to as the total maximum daily load report, will guide work toward bringing the Spokane River into compliance with water quality standards for dissolved oxygen.

The plan calls for a reduction in phosphorus pollution from industrial and municipal pipes by approximately 80,000 pounds of phosphorus a year. Phosphorus encourages algae growth, which then depletes oxygen from the water that fish need to live. Due to the sensitivity of the Spokane River system, the phosphorous limits for industrial and municipal discharges are among the most stringent in the country.

Dischargers will have up to 10 years to comply with new discharge limits specified in the water quality improvement plan, with extension up to 20 years possible under some limited circumstances.

Several of the dischargers objected to the new limits. In February, they asked to enter into dispute resolution. The dispute resolution process considers the concerns of stakeholders that have not been resolved during the TMDL development process. Inland Empire Paper company, the city of Coeur d'Alene, the city of Post Falls, the Hayden Area Regional Sewer Board, Avista Corp. and the Sierra Club requested dispute resolution.

Ecology created a panel of experts not previously involved in the TMDL development process to review the details of the disputes, listen to oral presentations by the disputants and make a recommendation to the Ecology director regarding

whether the TMDL should be revised. Following the April 5 meeting the panel found that the issues raised don't necessitate a change in the TMDL.

The U.S. Environmental Protection Agency still has to approve the water quality plan before it is considered final.

**LIMITED YAKIMA WATER** The <u>U.S. Bureau of Reclamation's May 2010, water supply forecast</u> for the Yakima Basin indicates a shortage for junior water rights and a full water supply for senior water rights based on the Total Water Supply Available.

"April precipitation was very good; 132% of average for the month. Many of the basin's snow stations have held or improved in April," said Chuck Garner, Yakima Project River Operations Supervisor. "On the other hand the Yakima basin reservoir system is lagging behind at only 64% of capacity (which is 86% of average)."

Senior water rights holders are expected to receive their full water supply this season. Junior users are expected to receive 78% of their entitlement from the beginning of prorationing until September 30, 2010. The start of prorationing and water entitlement amounts will be determined later. Those with water rights issued after May 1905 must cease diverting water as soon as prorationing begins.

**SNOWPACK** % **OF NORM** is running above normal statewide. <u>From the Natural</u> Resources Conservation Service.

last	this		basin
81		84	Northern Panhandle
70		75	Spokane
87		91	Upper Columbia
84		87	Central Columbia
79		82	Upper Yakima
92		94	Lower Yakima
72		78	Lower Snake
87		88	Lower Columbia
77		80	South Puget Sound
81		84	Central Puget Sound
95		99	North Puget Sound
147		148	Olympic

The percentage represents the precipitation (beginning October 1) at selected SNOTEL sites in or near the basin compared to the average value for those sites on this day.

**WEATHER** Washington gained some moisture throughout April, but not much. The state still seems, however, to be running well above drought levels.

	04/30/10	05/04/10
Seattle	59/46 c	66/45 s
Tacoma	56/42 c	64/41 c

Spokane	52/39 c	59/38 s
Vancouver	55/42 r	67/44 c
Yakima	61/40 c	64/40 c
Bellingham	57/42 c	61/40 s

s- sunny; c - cloudy; r - rainy; p-snow

## Health/Social

**IMPROVEMENT GRANTS FOR THREE SCHOOLS** Seattle Public Schools received grants totaling \$5.76 million over three years for three schools under the School Improvement Grant program. Funding for the first year totals \$2 million. The three-year grants – awarded by the Office of the Superintendent of Public Instruction with funding from the federal stimulus package – will support school improvement plans at Cleveland High School and Hawthorne and West Seattle elementary schools.

Working in collaboration with employee association partners and the school community, SPS submitted school improvement plans that use the "Transformation model," one of four federally designated intervention strategies eligible for funding under the program. Each plan addresses the following four areas: teacher and principal effectiveness; instructional approach and reform strategies; learning time (additional instructional time for students) and community-oriented schools; and operational flexibility and sustained support.

# Culture/Media

**LOCAL RADIO SHOW IN BELLINGHAM** The Cascade Radio Group launched the first live and local daily talk show for AM 930, KBAI, on May 3.

"The Joe Show", hosted by **Joe Teehan**, <u>debuted on KBAI</u>, the company's progressive/liberal station on Monday, May 3 at Noon. It will be a weekday one hour program giving the station a live discussion, dealing with local and national issues. Teehan will continue his role as morning co-anchor of sister station KGMI's Morning News and co-host of the KGMI's Morning Talk show with Patti Brooks. Joe's prior afternoon show, The Liberal Outpost, was featured on KGMI for several years.

**LA CENTER SPILL OPPOSES CASINO** The city of **La Center** in May 2007 passed a resolution opposing a **Cowlitz Tribe** casino near town, by an Interstate 5 interchange. On May 3, the council reconsidered the matter but in the end decided to continue the opposition.

# **People**

**Lary Coppola**, the mayor of Port Orchard, <u>was charged on May 2</u> by Port Orchard police with driving under the influence of alcohol.

<u>Jim Justin</u>, long a lobbyist and state and federal affairs leader for the Association of Washington cities, was on May 7 named legislative relations director for Governor Chris Gregoire. He starts in that job in June, and follows **Marty Brown** in that position.

<u>Joe Kearney</u>, 83, athletic director at the University of Washington from 1969 to 1975, died May 5 at Tucson, Arizona.

<u>Sam Kinzer</u>, 63, a prominent attorney at Everett and Ellensburg and active in politics in Snohomish County, died on May 2 in an accident at vacation property in eastern Washington. He was once a chief of staff to Vermont Senator Patrick Leahy.

# **Excerpts**

### Libraries, the Net, and filtering

In <u>Bradburn v. North Central Regional Library District</u>, the Washington Supreme Court concluded that libraries can, under the Washington constitution, filter Internet connections at their libraries. From the decision:

NCRL is an intercounty rural library district with 28 branch libraries, established in 1960 by citizens of Chelan, Douglas, Ferry, Grant, and Okanogan Counties. Its mission is to promote reading and lifelong learning. It is also committed to support of public education, with 26 school districts operating within its area. In 14 of these districts, the branch libraries act as de facto school libraries. NCRL is managed and controlled by a board of trustees that is responsible for its policies.

NCRL maintains a collection of more than 675,000 books and other materials that are available to its patrons at the branch libraries, by order through its web site, or by mail order. The branch libraries vary in size from 701 square feet of public area to 12,000 square feet, with an average of 2,865 square feet. Only one branch has a wall or partition separating the children's section of the library from the rest of it. Twenty of the branches are staffed by one librarian.

NCRL provides public Internet access in all of its branches in furtherance of its mission and to meet the diverse needs and interests of its patrons. This access is subject to two policies, the Collection Development Policy and the Internet Public Use Policy. NCRL's director and director of public services interpret and apply these policies. . . .

In October 2006, following its earlier use of other software, NCRL implemented the "FortiGuard Web Filtering Service," a widely used filtering service. Using proprietary algorithms and human review, FortiGuard sorts web sites into 76 categories based upon predominant content. The database catalogues over 43 million web sites and over 2 billion individual web pages. It is continually updated. Anyone can ask for FortiGuard to review its classification of a particular site or page by using an electronic form available on the Fortinet site.

A FortiGate unit, which acts as an intermediary between a computer's browser and the server, is installed at each of NCRL's 28 branches. All Internet traffic on NCRL's public computers is routed through one of these units, which filters content.

NCRL's FortiGuard filter is configured to block the following of the 76 categories that can be blocked using the FortiGuard system:

Hacking: Websites that depict illicit activities surrounding the unauthorized modification or access to programs, computers, equipment and websites.

Proxy Avoidance: Websites that provide information or tools on how to bypass Internet access controls and browse the Web anonymously, includes anonymous proxy servers.

Phishing: Counterfeit web pages that duplicate legitimate business webpages for the purpose of eliciting financial, personal or other private information from the users. Adult Materials: Mature content websites (18+ years and over) that feature or promote sexuality, strip clubs, sex shops, etc. excluding sex education, without the intent to sexually arouse.

Gambling: Sites that cater to gambling activities such as betting, lotteries, casinos, including gaming information, instruction, and statistics.

Nudity and Risqu[é]: Mature content websites (18+ years and over) that depict the human body in full or partial nudity without the intent to sexually arouse.

Pornography: Mature content websites (18+ years and over) which present or display sexual acts with the intent to sexually arouse and excite.

Web Chat: Websites that promote Web chat services.

Instant Messaging: Websites that allow users to communicate in "real-time" over the Internet.

Malware: Sites that are infected with destructive or malicious software, specifically designed to damage, disrupt, attack or manipulate computer systems without the user's consent, such as virus or trojan horse.

Spyware: Sites that host software that is covertly downloaded to a user's machine, to collect information and monitor user activity, including spyware, adware, etc.

NCRL also blocks the Image Search, Video Search, and Spam classifications, certain specific image search web sites, and the "personals" section of craigslist.org.

NCRL also initially blocked but subsequently unblocked access to youtube.com, myspace.com, and craigslist.org (except for the "personals" section). In addition, to qualify for certain federal funding, i.e., discounted Internet access and grants available to state libraries, NCRL is required to certify its compliance with the Children's Internet Protection Act

. . . Plaintiffs Sarah Bradburn, Pearl Cherrington, and Charles Heinlen are patrons of NCRL who use or have used computers that NCRL has made available to access the Internet. Each claims that access to certain web sites was blocked by NCRL's Internet filter. Plaintiff Second Amendment Foundation (SAF) is a Washington nonprofit corporation dedicated to issues associated with the constitutional right to keep and bear firearms, with about 1,000 members in the counties served by NCRL. SAF has a web site and sponsors on-line publications, including Women and Guns. SAF was advised by a member or members that access to its publication www.womenandguns was blocked on NCRL's computers. Prior to this lawsuit, NCRL had not received any report that this site was blocked and does not contend that it should be blocked. It is not presently blocked. SAF is concerned about possible future blocking.

Plaintiffs brought suit against NCRL, challenging the filtering policy's constitutionality and, in particular, NCRL's decision that it would not disable the filter at the request of an adult (except in the case of a site being blocked when it did not in fact fall within a prohibited category such as spyware, gambling, or pornography).

. . . We agree with the observations made in A.L.A. and conclude that a library's decision about what materials to make available to its patrons does not constitute a prior restraint. NCRL's filtering policy does not prevent any speech and in particular it does not ban or attempt to ban online speech before it occurs. Rather, it is a standard for making determinations about what will be included in the collection available to NCRL's patrons.

. . . Although the plaintiffs would make it appear that NCRL's filtering policy presents the same kind of restriction as condemned in these cases, there are significant differences. Most importantly, just as a public library has discretion to make content-based decisions about which magazines and books to include in its collection, it has discretion to make decisions about Internet content. A public library can decide that it will not include pornography and other adult materials in its collection in accord with its mission and policies and, as explained, no unconstitutionality necessarily results. It can make the same choices about Internet access.

### Editorially

#### **SEATTLE TIMES**

● The *Times* supported with Cascade Land Conservancy's efforts: "The extraordinary confidence invested in the Land Conservancy's vision of how to rethink development and growth was affirmed with the Cascade Agenda Campaign reaching its \$20 million goal. Almost 2,000 people, from 17 counties, turned out for breakfast Thursday to endorse, applaud and write checks for a market-based strategy to land conservation. The land trust has protected more than 158,000 acres of working forests, farmlands and natural lands as it promotes new ways of building and planning rural communities and established urban areas."

#### **Our Take**

**A LOT OF BANKS** The state of George has gotten some attention for being the home of a bunch of banks that have failed. But Washington state seems to be catching up.

Frontier Bank of Everett <u>is gone now</u>, absorbed – via regulatory action – by Union Bank of San Francisco. (How much more concentrated will banking be at the end of all this?)

But the list is getting long. On April 16 City Bank was closed. On february 26, Umpqua Bank (of Oregon) bought out Rainier Pacific Savings Bank. On January 29, Columbia State Bank bought American Marine Bank. One week before that, Umpqua bought Evergreen Bank. Two weeks before that, Washington Federal bought Horizon Bank. And of course there have been many more, back to and beyond the megafailure of Washington Mutual.

The numbers, even allowing for the larger size of state and larger overall numbers of banks, are larger than in Oregon or Idaho. Has there been something more deeply wrong in Washington banking? Is it going to continue for a while: Are we anywhere near done with the closures?

## Calendar

### May

- 1 *Washington State Register* publishes.
- 5 Board for Community/Technical Colleges meeting. Walla Walla.
- 10 PDC Form c-4 due (campaign filing).
  - Beer Commission meeting.
- 11 Northwest Power & Conservation Council meeting. Portland.
  - Columbia River Gorge Commission meeting. Camas.
- 12 State Arts Commission meeting. Seattle.
  - Conservation Commission/Farmland Preservation Task force. Kirkland.
- 13 Board of Education meeting. Des Moines.
  - State Gambling Commission meeting. Pasco.
- 14 Commission on Judicial Conduct meeting. SeaTac.
  - Sentencing Guidelines Commission meeting. SeaTac.
- 15 River People's 2<sup>nd</sup> Annual Cultural Exchange. Lyle.
- 18 State Transportation Commission meeting. Olympia.
  - Special election day.
- Washington State Register publishes.
- 21 First day candidate filings can be submitted by mail.
- Deadline to file a resolution for the August 17 primary.
- 31 Memorial Day. State and federal holiday.
  - Latest that a vacancy in office may trigger a special three-day filing period for the primary.

### June

- 1 Washington State Register publishes.
- 2 Certification of the May 18 election.
- 8 Northwest Power & Conservation Council meeting. Missoula, Montana.
- Washington State Register publishes.

### July

- 1 Washington State Register publishes.
- 4 Independence Day. State and federal holiday.
- 13 Northwest Power & Conservation Council meeting. Portland.
- Washington State Register publishes.