

NEW SECTION. Sec. 17. CAPTIONS NOT PART OF LAW. As used in this act, captions constitute no part of the law.

NEW SECTION. Sec. 18. SEVERABILITY. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 19. Sections 1 through 10 and 12 through 15 of this act shall constitute a new chapter in Title 39 RCW.

Passed the Senate April 6, 1982.

Passed the House April 5, 1982.

Approved by the Governor April 20, 1982.

Filed in Office of Secretary of State April 20, 1982.

CHAPTER 43

[Engrossed Senate Bill No. 4996]

JOINT OPERATING AGENCIES—EXECUTIVE BOARD—POLICY GROUPS, OPEN MEETINGS

AN ACT Relating to joint operating agencies; amending section 43.52.250, chapter 8, Laws of 1965 as last amended by section 1, chapter 1, Laws of 1981 1st ex. sess. and RCW 43.52.250; amending section 43.52.370, chapter 8, Laws of 1965 as last amended by section 1, chapter 3, Laws of 1981 1st ex. sess. and RCW 43.52.370; amending section 2, chapter 3, Laws of 1981 1st ex. sess. and RCW 43.52.374; amending section 43.52.290, chapter 8, Laws of 1965 as amended by section 3, chapter 184, Laws of 1977 ex. sess. and RCW 43.52.290; amending section 43.52.373, chapter 8, Laws of 1965 and RCW 43.52.373; amending section 43.52.375, chapter 8, Laws of 1965 as amended by section 3, chapter 3, Laws of 1981 1st ex. sess. and RCW 43.52.375; amending section 1, chapter 220, Laws of 1979 ex. sess. as amended by section 4, chapter 3, Laws of 1981 1st ex. sess. and RCW 43.52.378; amending section 2, chapter 250, Laws of 1971 ex. sess. and RCW 42.30.020; adding a new section to chapter 43.52 RCW; creating a new section; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Section 1. Section 43.52.250, chapter 8, Laws of 1965 as last amended by section 1, chapter 1, Laws of 1981 1st ex. sess. and RCW 43.52.250 are each amended to read as follows:

As used in this chapter and unless the context indicates otherwise, words and phrases shall mean:

"District" means a public utility district as created under the laws of the state of Washington authorized to engage in the business of generating and/or distributing electricity.

"City" means any city or town in the state of Washington authorized to engage in the business of generating and/or distributing electricity.

"Canada" means Canada or any province thereof.

"Operating agency" or "joint operating agency" means a municipal corporation created pursuant to RCW 43.52.360, as now or hereafter amended.

"Board of directors" means the board established under RCW 43.52.370.

"Executive board" means the board established under RCW 43.52.374.

"Board" means the board of directors of the joint operating agency unless the operating agency is constructing, operating, terminating, or decommissioning a nuclear power plant under a site certification agreement under chapter 80.50 RCW, in which case "board" means the executive board.

"Public utility" means any person, firm or corporation, political subdivision or governmental subdivision including cities, towns and public utility districts engaged in or authorized to engage in the business of generating, transmitting or distributing electric energy.

"Revenue bonds or warrants" means bonds, notes, bond anticipation notes, warrants, certificates of indebtedness, commercial paper, refunding or renewal obligations, payable from a special fund or revenues of the utility properties operated by the joint operating agency.

Sec. 2. Section 43.52.370, chapter 8, Laws of 1965 as last amended by section 1, chapter 3, Laws of 1981 1st ex. sess. and RCW 43.52.370 are each amended to read as follows:

(1) Except as provided in subsection (2) of this section, the management and control of an operating agency shall be vested in a board of directors, herein sometimes referred to as the board. The legislative body of each member of an operating agency shall appoint a representative who may, at the discretion of the member and regardless of any charter or other provision to the contrary, be an officer or employee of the member, to serve on the board of the operating agency. Each representative shall have one vote and shall have, in addition thereto, one vote for each block of electric energy equal to ten percent of the total energy generated by the agency during the preceding year purchased by the member represented by such representative. Each member may appoint an alternative representative to serve in the absence or disability of its representative. Each representative shall serve at the pleasure of the member. The board of an operating agency shall elect from its members a president, vice president and secretary, who shall serve at the pleasure of the board. The president and secretary shall perform the same duties with respect to the operating agency as are provided by law for the president and secretary, respectively, of public utility districts, and such other duties as may be provided by motion, rule or resolution of the board. The board of an operating agency shall adopt rules for the conduct of its meetings and the carrying out of its business, and adopt an official seal. All proceedings of an operating agency shall be by motion or resolution and shall be recorded in the minute book which shall be a public record. A majority of the board members shall constitute a quorum for the transaction of business. A majority of the votes which the members present are entitled to cast shall be necessary and sufficient to pass any motion or resolution: PROVIDED, That such board members are entitled to cast a

majority of the votes of all members of the board. The members of the board of an operating agency may be compensated by such agency as is provided in RCW 43.52.290: **PROVIDED**, That the per diem compensation to any member shall not exceed five thousand dollars in any year except for board members who are elected to serve on an executive board established under RCW 43.52.374, in which case per diem compensation to any member shall not exceed ten thousand dollars in any year.

(2) If an operating agency is constructing, operating, terminating, or decommissioning a nuclear power plant under a site certification agreement under chapter 80.50 RCW, the powers and duties of the board of directors shall include and are limited to the following:

(a) Final authority on any decision of the operating agency to purchase, acquire, construct, ~~((or sell))~~ terminate, or decommission any power plants, works, and facilities except that once the board of directors has made a final decision regarding a nuclear power plant, the executive board established under RCW 43.52.374 shall have the authority to make all subsequent decisions regarding the plant and any of its components;

~~(b) ((Acceptance or rejection of bids or offers for bonds and the sale and issuance of bonds: PROVIDED, That the board may delegate this authority to the executive board;~~

~~(c) Appointment of a treasurer under RCW 43.52.375;~~

~~(d)) Election of members to and removal from the executive board under RCW 43.52.374(1)(a); and~~

~~((c) Approve annual budgets submitted by the executive board; and~~

~~(f) Select, appoint, and establish the compensation of the outside directors as provided in RCW 43.52.374)) (c) Selection and appointment of three outside directors as provided in RCW 43.52.374(1)(b).~~

All other powers and duties of the operating agency, including without limitation authority for all actions subsequent to final decisions by the board of directors, including but not limited to the authority to sell any power plant, works, and facilities are vested in the executive board established under RCW 43.52.374.

Sec. 3. Section 2, chapter 3, Laws of 1981 1st ex. sess. and RCW 43.52.374 are each amended to read as follows:

(1) With the exception of the powers and duties of the board of directors described in RCW 43.52.370(2), the management and control of an operating agency constructing, operating, terminating, or decommissioning a nuclear power plant under a site certification agreement under chapter 80.50 RCW is vested in an executive board established under this subsection and consisting of eleven members.

(a) ~~((Seven))~~ Five members of the executive board shall be elected to four-year terms by the board of directors from among the members of the board of directors. The board of directors may provide by rule for the composition of the ~~((seven))~~ five members of the executive board elected from

among the members of the board of directors so as to ~~((afford fair representation which reflects))~~ reflect the member public utility districts' and cities' participation in the joint operating agency's projects. The board of directors may also provide by rule for the removal of a member of the executive board, ~~((including))~~ except for the outside directors. Members of the board of directors may be elected to serve successive terms on the executive board.

(b) ~~((Four))~~ Six members of the executive board shall be outside directors ~~((and))~~. Three shall be selected and appointed by the board of directors, and three shall be selected and appointed by the governor and confirmed by the senate. ~~((The))~~ All outside directors shall:

(i) Serve four-year terms on the executive board. However, of the initial members of the executive board, the board of directors and the governor shall ~~((choose by lot two outside directors to serve two-year terms and two to serve four-year terms))~~ each appoint one outside director to serve a two-year term, one outside director to serve a three-year term, and one outside director to serve a four-year term. Thereafter, all outside directors shall be appointed for four-year terms. All outside directors are eligible for reappointment;

(ii) Receive per diem compensation and travel expenses on the same basis as the ~~((seven))~~ five members elected from the board of directors. The outside directors ~~((may be paid additional compensation as established by the board of directors))~~ shall also receive a salary from the operating agency as fixed by the governor;

(iii) Not be an officer or employee of, or in any way affiliated with, the Bonneville power administration or any electric utility conducting business in the states of Washington, Oregon, Idaho, or Montana;

(iv) Not be involved in the financial affairs of the operating agency as an underwriter or financial adviser of the operating agency or any of its members or any of the participants in any of the operating agency's plants; and

(v) Be representative of policy makers in business, finance, or science, or ~~((be recognized experts))~~ have expertise in the construction or management of such facilities as the operating agency is constructing or operating, or have expertise in the termination, disposition, or liquidation of corporate assets.

(c) ~~((The president of the board of directors shall be a nonvoting member of the executive board and shall serve as the presiding officer of the executive board:))~~ The governor may remove outside directors from the executive board for incompetency, misconduct, or malfeasance in office in the same manner as state appointive officers under chapter 43.06 RCW. For purposes of this subsection, misconduct shall include, but not be limited to, nonfeasance and misfeasance.

(2) Nothing in this chapter shall be construed to mean that an operating agency is in any manner an agency of the state. Nothing in this chapter alters or destroys the status of an operating agency as a separate municipal corporation or makes the state liable in any way or to any extent for any preexisting or future debt of the operating agency or any present or future claim against the agency.

(3) The eleven members of the executive board shall be selected with the objective of establishing an executive board which has the resources to effectively carry out its responsibilities. ~~((To the extent reasonably possible, the membership and operation of the executive board should be patterned after boards of directors of large private corporations.))~~ All members of the executive board shall conduct their business in a manner which in their judgment is in the interest of all ratepayers affected by the joint operating agency and its projects.

(4) The executive board shall elect from its members a chairman, vice chairman, and secretary, who shall serve at the pleasure of the executive board. The executive board shall adopt rules for the conduct of its meetings and the carrying out of its business. All proceedings shall be by motion or resolution and shall be recorded in the minute book, which shall be a public record. A majority of the executive board shall constitute a quorum for the transaction of business.

(5) With respect to any operating agency existing on ((July 28, 1981)) the effective date of this 1982 act, to which the provisions of this section are applicable:

(a) The board of directors shall elect ~~((seven))~~ five members to the executive board no later than sixty days after ~~((July 28, 1981))~~ the effective date of this 1982 act; and

(b) The board of directors and the governor shall select and appoint the initial outside directors and the executive board shall hold its organizational meeting no later than ~~((ninety))~~ sixty days after ~~((July 28, 1981))~~ the effective date of this 1982 act, and the powers and duties prescribed in ((RCW 43.52.375, 43.52.378, and this section)) this chapter shall devolve upon the executive board at that time.

(6) The executive board shall select and employ a managing director of the operating agency and may delegate to the managing director such authority for the management and control of the operating agency as the executive board deems appropriate. The managing director's employment is terminable at the will of the executive board.

(7) ~~((Any executive board created under this section shall cease to function upon the initiation of regular operations of the nuclear power plant over which it has exercised construction management powers and duties. If the operating agency is constructing two or more nuclear power plants simultaneously, the executive board shall cease exercising all powers as to each plant as it becomes operational.))~~ Members of the executive board

shall be immune from civil liability for mistakes and errors of judgment in the good faith performance of acts within the scope of their official duties involving the exercise of judgment and discretion. This grant of immunity shall not be construed as modifying the liability of the operating agency.

The operating agency shall undertake the defense of and indemnify each executive board member made a party to any civil proceeding including any threatened, pending, or completed action, suit, or proceeding, whether civil, administrative, or investigative, by reason of the fact he or she is or was a member of the executive board, against judgments, penalties, fines, settlements, and reasonable expenses, actually incurred by him or her in connection with such proceeding if he or she had conducted himself or herself in good faith and reasonably believed his or her conduct to be in the best interest of the operating agency.

In addition members of the executive board who are utility employees shall not be fired, forced to resign, or demoted from their utility jobs for decisions they make while carrying out their duties as members of the executive board involving the exercise of judgment and discretion.

NEW SECTION. Sec. 4. (1) All personnel and employees of a board of directors or executive board or committee displaced by section 3 of this act shall become personnel and employees of the executive board created in section 3 of this act without any loss of rights, subject to any appropriate action thereafter.

(2) All pending business before a board of directors or executive board or committee which is replaced by the executive board created in section 3 of this act shall be continued and acted upon by the new executive board.

(3) This act shall not be construed to alter:

(a) Any existing rights acquired under laws relating to operating agencies;

(b) The status of any actions, activities, or civil or criminal proceedings of any existing operating agencies;

(c) The status of any collective bargaining agreements, indebtedness, contracts, or other obligations;

(d) Any valid resolutions, covenants, or agreements between an operating agency and members, participants in any electric generating facility, privately owned public utilities, or agencies of the federal government; or

(e) Any rules, resolutions, or orders adopted by a board of directors or executive board or committee until canceled or superseded.

Sec. 5. Section 43.52.290, chapter 8, Laws of 1965 as amended by section 3, chapter 184, Laws of 1977 ex. sess. and RCW 43.52.290 are each amended to read as follows:

Members of the board of directors of an operating agency shall be paid the sum of fifty dollars per day for each day or major part thereof devoted to the business of the operating agency, together with their traveling and other necessary expenses. Such member may, regardless of any charter or

other provision to the contrary, be an officer or employee holding another public position and, if he be such other public officer or employee, he shall be paid by the operating agency such amount as will, together with the compensation for such other public position equal the sum of fifty dollars per day. The common law doctrine of incompatibility of offices is hereby voided as it applies to persons sitting on the board of directors or the executive board of an operating agency and holding an elective or appointive position on a public utility district commission or municipal legislative authority or being an employee of a public utility district or municipality.

Sec. 6. Section 43.52.373, chapter 8, Laws of 1965 and RCW 43.52.373 are each amended to read as follows:

The board of directors of an operating agency by rule may create an executive committee to be composed of not less than three nor more than seven members of the board of directors. The board of directors may provide by rule for the composition of the executive committee so as to afford, in its judgment, fair representation to the member public utility districts and cities. The executive committee shall administer the business of the board of directors during intervals between its meetings in accordance with its rules, motions or resolutions. The executive committee shall have authority to acquire or construct only such properties as may be provided for by motion or resolution of the board of directors. The terms of office of the members of the executive committee and the method of filling vacancies therein shall be fixed by the rules of the board of directors of the operating agency.

Sec. 7. Section 43.52.375, chapter 8, Laws of 1965 as amended by section 3, chapter 3, Laws of 1981 1st ex. sess. and RCW 43.52.375 are each amended to read as follows:

The board of each joint operating agency shall by resolution appoint a treasurer. ~~((If the joint operating agency is constructing a nuclear power plant under a site certification agreement under chapter 80.50 RCW, the appointment of the treasurer shall be on the recommendation of the executive board established under RCW 43.52.374.))~~ The treasurer shall be the chief financial officer of the operating agency, who shall report at least annually to the board a detailed statement of the financial condition of the operating agency and of its financial operations for the preceding fiscal year. The treasurer shall advise the board on all matters affecting the financial condition of the operating agency. Before entering upon his duties the treasurer shall give bond to the operating agency, with a surety company authorized to write such bonds in this state as surety, in an amount which the board finds by resolution will protect the operating agency against loss, conditioned that all funds which he receives as such treasurer will be faithfully kept and accounted for and for the faithful discharge of his duties. The amount of such bond may be decreased or increased from time to time as the board may by resolution direct.

The board shall also appoint an auditor and may require him to give a bond with a surety company authorized to do business in the state of Washington in such amount as it shall by resolution prescribe, conditioned for the faithful discharge of his duties. ~~((If the joint operating agency is constructing a nuclear power plant under a site certification agreement under chapter 80.50 RCW, the auditor shall be appointed by the executive board.))~~ The auditor shall report directly to the board and be responsible to it for discharging his duties.

The premiums on the bonds of the auditor and the treasurer shall be paid by the operating agency. The board may provide for coverage of said officers and other persons on the same bond.

All funds of the joint operating agency shall be paid to the treasurer and shall be disbursed by him only on warrants issued by the auditor upon orders or vouchers approved by the board: PROVIDED, That the board by resolution may authorize the ~~((executive committee or executive board))~~ managing director or any other bonded officer or employee as legally permissible to approve or disapprove vouchers presented to defray salaries of employees and other expenses of the operating agency arising in the usual and ordinary course of its business ~~((and expenses incurred by the executive committee or executive board in the performance of such duties as the operating agency may authorize it to perform)),~~ including expenses incurred by the board of directors, its executive committee, or the executive board in the performance of their duties. All moneys of the operating agency shall be deposited forthwith by the treasurer in such depositories, and with such securities as are designated by rules of the board. The treasurer shall establish a general fund and such special funds as shall be created by the board, into which he shall place all money of the joint operating agency as the board by resolution or motion may direct.

Sec. 8. Section 1, chapter 220, Laws of 1979 ex. sess. as amended by section 4, chapter 3, Laws of 1981 1st ex. sess. and RCW 43.52.378 are each amended to read as follows:

The executive board of any operating agency constructing, operating, terminating, or decommissioning a nuclear power plant under a site certification agreement issued pursuant to chapter 80.50 RCW shall appoint an administrative auditor. The administrative auditor shall be deemed an officer under chapter 42.23 RCW. The appointment of the administrative auditor shall be in addition to the appointment of the auditor for the issuance of warrants and other purposes as provided in RCW 43.52.375. The executive board shall retain a qualified firm or firms to conduct performance audits ~~((; including such engineering expertise as the executive board deems necessary;))~~ which is in fact independent and does not have any interest, direct or indirect, in any contract with the operating agency other than its employment hereunder. No member or employee of any such firm shall be connected with the operating agency as an officer, employee, or contractor.

The administrative auditor and the firm or firms shall be independently and directly responsible to the executive board of the operating agency. The executive board shall require a firm to conduct continuing audits of the methods, procedures and organization used by the operating agency to control costs, schedules, productivity, contract amendments, project design and any other topics deemed desirable by the executive board. The executive board may also require a firm to analyze particular technical aspects of the operating agency's projects and contract amendments. The firm or firms shall provide advice to the executive board in its management and control of the operating agency. At least once each year, the firm or firms shall prepare and furnish a report of its actions and recommendations to the executive board for the purpose of enabling it to attain the highest degree of efficiency in the management and control of any thermal power project under construction or in operation. The administrative auditor shall assist the firm or firms in the performance of its duties. The administrative auditor and the firm or firms shall consult regularly with the executive board and furnish any information or data to the executive board which the administrative auditor, firm, or executive board deems helpful in accomplishing the purpose above stated. The administrative auditor shall perform such other duties as the executive board shall prescribe to accomplish the purposes of this section.

In addition to the powers and duties conferred by chapter 44.28 RCW, the legislative budget committee shall evaluate such management audits as to adequacy and effectiveness of procedure and shall consult with and make reports and recommendations to the executive board. The operating agency shall reimburse the legislative budget committee for all costs of furnishing such services.

The operating agency shall file a copy of each firm's reports, and the legislative budget committee shall file a copy of each of its reports or recommendations in a timely manner, prepared in accordance with this section, with the respective chairmen of the senate and house energy and utilities committees. Upon the concurrent request of the chairmen of the senate or house energy and utilities committees, the operating agency shall report to the committees on a quarterly basis.

NEW SECTION. Sec. 9. There is added to chapter 43.52 RCW a new section to read as follows:

For the purposes of this chapter, including but not limited to RCW 43.52.343, the best interests of all ratepayers affected by the joint operating agency and its projects shall determine the interest of the operating agency and its board.

Sec. 10. Section 2, chapter 250, Laws of 1971 ex. sess. and RCW 42.30.020 are each amended to read as follows:

As used in this chapter unless the context indicates otherwise:

(1) "Public agency" means:

(a) Any state board, commission, committee, department, educational institution, or other state agency which is created by or pursuant to statute, other than courts and the legislature((-));

(b) Any county, city, school district, special purpose district, or other municipal corporation or political subdivision of the state of Washington;

(c) Any subagency of a public agency which is created by or pursuant to statute, ordinance, or other legislative act, including but not limited to planning commissions, library or park boards, commissions, and agencies;

(d) Any policy group whose membership includes representatives of publicly owned utilities formed by or pursuant to the laws of this state when meeting together as or on behalf of participants who have contracted for the output of generating plants being planned or built by an operating agency.

(2) "Governing body" means the multimember board, commission, committee, council, or other policy or rule-making body of a public agency.

(3) "Action" means the transaction of the official business of a public agency by a governing body including but not limited to a collective decision made by a majority of the members of a governing body, a collective commitment or promise by a majority of the members of a governing body to make a positive or negative decision, or an actual vote by a majority of the members of a governing body when sitting as a body or entity, upon a motion, proposal, resolution, order, or ordinance.

(4) "Meeting" means meetings at which action is taken.

NEW SECTION. Sec. 11. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 12. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

Passed the Senate April 10, 1982.

Passed the House April 10, 1982.

Approved by the Governor April 20, 1982.

Filed in Office of Secretary of State April 20, 1982.

CHAPTER 44

[Engrossed Senate Bill No. 4995]

JOINT OPERATING AGENCIES—CONTRACT PROCEDURES

AN ACT Relating to joint operating agencies; adding new sections to chapter 43.52 RCW; providing an expiration date; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington: