

other major change in its business or corporate structure or management, are unfair or prejudicial to policyholders; ((or))

(e) The competence, experience and integrity of those persons who would control the operation of the insurer indicate that it would not be in the interest of policyholders(~~(, shareholders, or)~~) and the public to permit them to do so; or

(f) There has not been full compliance with this chapter or other applicable provisions of Title 48 RCW by the acquiring person.

(2) The provisions of RCW 48.31A.020 through 48.31A.050 apply to any change of control ((if and to)) except to the extent that the commissioner, by rule or regulation or by order, shall exempt the same from the provisions of such sections as not comprehended within the purpose of ((this)) those sections.

Passed the Senate March 2, 1983.

Passed the House April 12, 1983.

Approved by the Governor April 19, 1983.

Filed in Office of Secretary of State April 19, 1983.

## CHAPTER 47

[Substitute Senate Bill No. 3511]

### HYDROELECTRIC RESOURCE DEVELOPMENT—POLITICAL SUBDIVISIONS

AN ACT Relating to the creation of separate legal authorities by one or more irrigation districts and any combination of cities, towns, or public utility districts for the purpose of constructing, financing, acquiring, owning, operating, and maintaining hydroelectric facilities; adding new sections to chapter 87.03 RCW; and declaring an emergency.

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

NEW SECTION. Sec. 1. There is added to chapter 87.03 RCW a new section to read as follows:

The legislature finds that a significant potential exists for the development of cost-effective renewable hydroelectric resources by irrigation districts, cities, towns, and public utility districts and further finds that it is in the best interests of the state and its citizens for such entities to develop that hydroelectric generating resource cooperatively whenever possible through the use of separate legal authorities. The legislature also finds that the development of such hydroelectric resources will be beneficial in meeting the present and future energy needs of the citizens of the state, will further a state purpose and policy, and will be in the public interest.

NEW SECTION. Sec. 2. There is added to chapter 87.03 RCW a new section to read as follows:

One or more irrigation districts and any combination of cities, towns, or public utility districts may create a separate legal authority to construct, finance, acquire, own, operate, and maintain hydroelectric facilities including, but not limited to, dams, canals, plants, transmission lines, other power

equipment and the necessary property and property rights therefor, located within or outside the boundaries of the entities creating the authority, for the purpose of utilizing for the generation of electricity water power made available by and as a part of the irrigation water storage, conveyance, and distribution facilities, wasteways, and drainage water facilities which serve or may in the future serve irrigation districts, and to sell by contract on such terms and conditions as deemed appropriate by the legislative body of the authority the electric power and energy created by or generated at such hydroelectric facilities to municipal or quasi municipal corporations or cooperatives authorized to engage in the business of distributing electricity, electrical companies subject to the jurisdiction of the utilities and transportation commission, or irrigation districts. Any authority so created shall have the same powers and only those powers granted to irrigation districts by chapter 185, Laws of 1979 ex. sess. and has such additional powers relating to its organization, right to contract in its own name, and general ability to exist and function as a separate legal authority as deemed appropriate by the entities creating it. The authority shall be created and organized by contract in the manner described in chapter 39.34 RCW and shall be a separate legal entity capable of exercising in its own name the powers granted it. No provision of chapter 39.34 RCW or any other provision of law may be interpreted to require the entities creating the authority to submit the contract creating the authority to any state, county, or municipal officer, entity, agency, or board for approval or disapproval.

NEW SECTION. Sec. 3. There is added to chapter 87.03 RCW a new section to read as follows:

This chapter supplements and neither restricts nor limits any powers which a city, town, public utility district, or irrigation district might otherwise have under any laws of this state, except that no such authority created by section 2 of this act and no city, town, or public utility district member of an authority may condemn for the benefit of the authority any plant, works, dam, facility, right, or property owned by any city, town, irrigation district, public utility district, or electrical company subject to the jurisdiction of the utilities and transportation commission.

NEW SECTION. Sec. 4. There is added to chapter 87.03 RCW a new section to read as follows:

Cities, towns, and public utility districts not engaged in the generation, transmission, or distribution of electricity on the effective date of this act may be members of a separate legal authority created under the provisions of section 2 of this act without the necessity of obtaining prior approval of their voters. However, no such city, town, or public utility district member of such a separate legal authority may construct or acquire facilities for the generation, transmission, or distribution of electricity independently of the separate legal authority without complying with the election requirements applicable to each individual entity.

NEW SECTION. Sec. 5. There is added to chapter 87.03 RCW a new section to read as follows:

After demand made by a majority of the authority's members, the actions of an authority shall become subject to ratification and approval by the voters of its members in accordance with procedures agreed to by its members. Every contract establishing an authority shall provide appropriate procedures for ratification and approval of actions taken by the authority by the voters of its members.

NEW SECTION. Sec. 6. There is added to chapter 87.03 RCW a new section to read as follows:

A separate legal authority shall only have power to incur indebtedness that is repayable from rates, tolls, charges, or contract payments for services or electricity provided by the authority and to pledge such revenues for the payment and retirement of indebtedness issued for the construction or acquisition of hydroelectric facilities. An authority shall not have power to levy taxes or to impose assessments for the payment of obligations of the authority. Every bond or other evidence of indebtedness issued by an authority shall provide (1) that repayment shall be limited solely to the revenues of the authority, and (2) that no member of the authority shall be obligated to repay directly or indirectly any obligation of the authority except to the extent of fair value for services actually received from the authority. No member may pledge its revenues to support the issuance of revenue bonds or other indebtedness of an authority. This section shall not be construed to prohibit members of an authority from paying the necessary expenses of organizing and administering the authority and of studies performed, applications prepared, and consultants retained with regard to projects the authority is studying, developing, constructing, or operating.

NEW SECTION. Sec. 7. 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. 8. 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 March 28, 1983.

Passed the House April 12, 1983.

Approved by the Governor April 19, 1983.

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