

# Initiative Measure No. 166

## BALLOT TITLE

AN ACT relating to public utility districts; requiring the approval of voters thereof as a prerequisite to acquisition of any operating electrical utility properties or adoption of a plan therefor by any such district; requiring voters' approval of bonds or indebtedness in connection therewith; providing for the calling of elections for such purpose; prescribing the manner in which resolutions for such acquisition or for adoption of plans therefor may become effective; subjecting acquisition of properties pursuant to pending proceedings and contracts to approval under this act; providing for liberal construction and repealing inconsistent acts.

AN ACT giving to the people in public utility districts the right to approve or reject proposed plans or systems for purchase, or condemnation and purchase, of operating electric utility properties, or for issuance of revenue or other bonds or incurring other obligations by such districts for or in connection with such acquisitions; providing manner of submitting such propositions to voters at elections; making provision for pending condemnation proceedings or executory contracts to acquire such properties; providing for liberal construction of this act; and repealing all acts and parts of acts in conflict herewith.

*Be it enacted by the People of the State of Washington:*

SECTION 1. The purpose of this act is to remedy defects in existing laws relating to public utility districts, under which such districts have been permitted, in the sole discretion of their district commissions, and without regard to the wishes of the people in such districts, to purchase, or condemn and purchase, establish electric utility properties then operating to the satisfaction of the people in such districts, and to issue revenue or other bonds and incur other financial obligations of the districts in connection with such acquisitions. To remedy such defects, and to give effect to the will of the people in such districts, whether in favor of or opposed to any such proposed purchases, or condemnations, and

purchases, or the proposed financing thereof, the right is hereby given to the people in every such district to approve or reject, by their vote at an election duly held for the purpose, any proposed purchase, or condemnation and purchase, by the district of any operating electric utility properties, otherwise permitted by law to be acquired by such district, and any proposed plan or system for such acquisition of such properties or for the issuance of revenue or other bonds or the incurring of other obligations by the district for or in connection with such acquisition.

SEC. 2. Before any such public utility district shall purchase, or condemn and purchase, any properties then being operated as an electric utility, or shall issue any revenue or other bonds or incur any other financial obligations for or in connection with any such acquisition of such properties, the commission of such district shall first adopt a resolution, describing such properties so proposed to be acquired, setting forth the plan or system proposed for such acquisition and the financing thereof, and specifying the amount and nature of the revenue or other bonds or other financial obligations proposed to be issued or incurred by the district in connection with such proposed acquisition. No such resolution shall become effective until and unless approved by the voters of such district as hereinafter provided.

SEC. 3. The commission of such district shall submit every such resolution to the qualified voters of the district for their approval or rejection.

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tion at a general or a special election, to be called in the manner provided by law for the holding of elections in public utility districts. The purpose and substance of such resolution, and its identifying number, shall be clearly and fairly stated in the notice of such election. The ballot to be presented to the voters at such election shall provide for expressing the voters' approval or rejection of such resolution in substantially the following form:

Shall Public Utility District No. ....  
of ..... County be authorized, as proposed in Resolution No. .... adopted by the commission of said district, to acquire the existing operating electric utility properties described in said resolution, and to issue (here insert description of proposed bonds or other obligations of the district) for or in connection with such acquisition in the aggregate principal amount of \$ ..... ?

Yes

No

Such elections shall be conducted in all other respects in the manner provided by law for the holding of general or special elections, as the case may be, in public utility districts.

SEC. 4. Such resolution shall be effective only after it shall have been approved by the qualified voters of the district by a majority vote of those voting on the proposition, or by such vote as may be required by the constitution if general obligation bonds are to be issued; and upon such approval of such resolution, but not otherwise, the district, through its commission, may proceed to purchase,

or to condemn and purchase, such properties, and for such purpose to issue revenue or other bonds and incur any other financial obligations, as specified in such resolution.

SEC. 5. Nothing in this act contained shall interfere with the prosecution of any condemnation action or proceeding for the acquisition of any such properties by a public utility district, which may be pending at the time this act becomes effective, or with any executory contract or agreement to purchase or acquire such properties entered into prior to the time this act becomes effective; but, after this act becomes effective, no such properties shall be purchased or acquired pursuant to any such pending condemnation action or proceedings, or pursuant to any such executory contract or agreement, nor shall any revenue or other bonds be issued or other financial obligations be incurred by any such district for or in connection with any such acquisition, unless and until the resolution providing for acquiring such property, and for the issuance of such bonds or the incurring of such other financial obligations for or in connection therewith, shall have been approved by the voters of the district as in this act provided.

SEC. 6. Adjudication of invalidity of any section, clause, or part of a section of this act shall not impair or otherwise affect the validity of this act as a whole or any other part hereof. The rule of strict construction shall have no application to this act, and this act shall be liberally construed in order to carry out the remedial purposes hereof.

SEC. 7. All acts and parts of acts in conflict herewith are hereby repealed.

STATE OF WASHINGTON—ss.

Filed in the office of the Secretary of State April 24, 1946.

BELLE REEVES,  
Secretary of State.

## ARGUMENT IN FAVOR OF INITIATIVE NO. 166

### **Present PUD Law Denies People Any Voice In Power System Purchase Deals**

The Washington PUD law, as it now stands, denies citizens the right, by their vote, to answer the big question:

"Do we want our electric service company to be taken over and run by a PUD?"

The present law also denies the voters any control over the price to be paid for a utility system, or over the amount of debt to be incurred to pay for it.

These serious and far-reaching questions can now be decided arbitrarily by any two of three PUD commissioners, and without regard to what the people affected may think about it.

### **Initiative 166 Restores Your Right to Vote**

The sole purpose of Initiative No. 166 is to assure to the residents of a utility district the right to vote on any scheme to take over an operating electric system. All it does is require PUD commissioners to submit to the voters, for their approval or rejection, any proposed plan for taking over an existing electric system, together with the amount of bonds or other obligations proposed to be incurred. If the people approve the proposal, the PUD can go ahead with the acquisition, in the same manner as before. If the people don't want the PUD to take over the property, they will have the chance to say "No" and stop the proposal.

### **Oregon Law Safeguarded Citizens in \$175,000,000 Promotion at Hood River**

The fact that citizens of Oregon have an opportunity to vote on PUD bond issues was all that kept a big-money New York financial promoter from putting over an amazing \$175,000,000 scheme, under which a small rural PUD in the Hood River valley was to issue bonds to buy up all the power systems in sight. Under

the Oregon law, the proposition had to be submitted to the people of the district. It was turned down, and its promoters had to turn to other fields.

The present PUD law does not afford citizens of Washington the same valuable protection against multi-million-dollar promotions of this type. Initiative No. 166 will remedy that defect.

### **Operating PUD Systems not Restricted in Making Extensions and Improvements**

Initiative No. 166 in no way limits or restricts the present rights of operating PUDs to go ahead with extensions or improvements of their systems, or to build new power lines to serve their customers. It only requires a vote on the taking over of "operating electric utility properties," as will be noted in the provisions of the initiative.

### **Ability of PUDs to Go Into Business is not Impaired**

Nor does Initiative No. 166 unduly restrict the PUDs who wish to negotiate for electric systems, and to make investigations and studies of the feasibility of buying or taking over such systems. Any PUD is still free to negotiate, agree on a price and otherwise make plans to buy or take over electric properties. The only difference, under Initiative No. 166, is that before such plans can be carried out and the properties acquired, they will have to be revealed to the public and submitted to a vote of the people of the PUD.

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In short, Initiative No. 166 gives you the right which should be the privilege of every citizen and user of electricity—the right to decide, by popular vote, who shall operate your electric service, and how much debt shall be incurred if a PUD is to take over.

COMMITTEE FOR INITIATIVE NO.  
166,

By E. R. Wells, Member.

STATE OF WASHINGTON—ss.

Filed in the office of the Secretary of State July 9, 1946.

BELLE REEVES,  
Secretary of State.

**ARGUMENT AGAINST INITIATIVE NO. 166**  
**The Power Company Initiative**

**POWER TRUST "REHASH"—  
VOTE AGAINST "166"**

"166" is simply a revision of Initiative 139. Private Power companies sponsored this at the 1940 general election. They were beaten almost 2-1.

In 1939 they tried unsuccessfully to get such a bill passed in the legislature (Substitute S. B. 200). Before that they tried to impose the same kind of a law on our city light systems.

**DON'T BE FOOLED—  
VOTE AGAINST "166"**

The Federal Power Commission, in a special investigation, found that the power companies were the real backers of "139" (the old "166") and the other similar proposals. They spent over a million dollars in the five years 1935-40. (See Opinion No. 59.) The 1940 campaign was one of the most corrupt this state has seen.

The private power companies are continuing this campaign in 1946. The only difference is that they have a new "Citizens Committee" to promote Initiative "166."

**A COULEE-BONNEVILLE STEAL  
VOTE AGAINST "166"**

At stake in this campaign is Coulee-Bonneville power. Will you permit the private companies to monopolize it for themselves and distribute it at the highest rates the traffic will bear?

The Power Trust sponsored "166" to block the PUD's because it knows the PUD's are the most effective means the people have for preventing this "steal." The PUD's have brought low power rates, which the power trust has been forced to meet in order to stay in business.

**MORE BOOTY FOR POWER TRUST  
VOTE AGAINST "166"**

"166" requires that PUD commissions submit a "plan and system" resolution to election before they are in a position to negotiate effectively for privately owned power properties, or condemn them. The estimated cost of the acquisition must be stated.

In practice, this means that the

commissioners must allow for the highest possible price for the properties in the resolution in order to have sufficient leeway if the election carries.

What booty this provides for the power trust! Instead of starting with the lowest price in negotiations or condemnation, the commissioners are forced to publish the highest one. They are placed in the worst possible position to acquire the properties at a fair price.

Don't underrate the danger. Large Eastern Holding Companies are out to "get" the PUD's. Electric Bond and Share uses Washington Water Power and Pacific Power & Light Companies as its tools to corner Coulee-Bonneville Power and impede the development of Northwest resources.

**HELP MAKE JOBS FOR ALL—  
VOTE AGAINST "166"**

With the war over, what program do we have for development of Northwest industries and agriculture, for providing jobs and opportunities for all?

Grand Coulee and Bonneville power sold at cost through *locally owned and controlled public power districts, city light systems and cooperatives* is the answer.

Our public power program benefits all: Farmer, business man, working man, veteran, you and me.

**JOKER STOPS SERVICE—  
VOTE AGAINST "166"**

Under "166" a proposal to acquire properties serving even a small part of a county must be submitted to a vote of the entire county. In each case of this kind the PUD commissioners would have to incur election expense and face a well-financed, deceptive campaign before they could proceed with their business. The public loses in curtailed service.

**JOKER MAKES ELECTION UN-  
WORKABLE—  
VOTE AGAINST "166"**

Under present law a PUD can have a court and jury fix a fair price at which it can buy privately owned

## Argument Against Initiative Measure No. 166

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electric properties. Then, when it knows the price, the district decides whether or not it should buy them. Under Initiative "166" the election on the acquisition would have to be held *before* the price is known.

If any requirement for an election were desired, it should be so drawn that the election is held *after* the proposed price is fixed. Otherwise, the people cannot possibly know what they are voting on.

### DELAY AND CONFUSION VOTE AGAINST "166"

The above and many other ramifications of "166" add up to delay and confusion. This is exactly what the power trust desires, and intends to accomplish by this measure.

### DON'T SPOIL PUD RECORD VOTE AGAINST "166"

The PUD commissioners have made a fine record to date. In every case where they have acquired any sizeable properties they have reduced rates, extended and improved service and developed community assets. They have been pioneers among all public agencies in making contracts with labor unions, providing higher wages and better working conditions.

Bear in mind, too, that all of such electric properties acquired to date are being paid for entirely out of the revenues which otherwise would go to the private companies.

Remember also that *PUD's pay*

*taxes* to State and local government agencies. A gross earning tax law written in cooperation with the State Tax Commission applies to distribution properties and yields at least the equivalent in taxes for State and local agencies that the private companies would pay on these properties.

In effect "166" says: Go on with this fine record but we will "correct defects in existing law" by tying your hands. This is not fair to people who are doing a fine job.

Voters, this is a power battle where the help of everyone is needed! Let us unite, fight, vote *against* "166."

The following is only a partial list of prominent individuals and organizations who are fighting this vicious bill:

Henry P. Carstensen, Master Washington State Grange  
Harry C. Huse, Olympia  
Wesley McDonnell, President Washington State Machinists Council  
Carl Ericson, President Washington State Public Ownership League  
A. L. King, President Washington Public Utility District Commissioners Association  
E. M. Weston, President Washington State Federation of Labor  
Max Wedekind, President Washington State Industrial Union Council  
William J. Pennock, President Washington Old Age Pension Union  
Jesse Vetter, President Washington State Farmers Union  
Jack R. Cluck, President Progressive Citizens of Washington

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STATE OF WASHINGTON—ss.

Filed in the office of the Secretary of State July 19, 1946.

BELLE REEVES,  
Secretary of State.