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Water And Power

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INITIATIVE
1922

WATER AND POWER

File: 1922-W-1

FILED

In the office of the Secretary of State
OF THE STATE OF CALIFORNIA

FEB 18 1922

FRANK C. JORDAN
SECRETARY OF STATE
By *Frank C. Jordan*
DEPUTY

200 to 1000

INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE ELECTORS

EXHIBIT "A"

The Attorney General has summarized the proposed measure as follows:

Water and Power: Initiative measure adding Article XIVa to Constitution. Creates board appointed by governor and subject to recall, chairman receiving fifteen thousand dollars annually, other members twenty dollars per day when acting. Authorizes issuance of bonds not exceeding \$500,000,000. Empowers board to develop and distribute water and electric energy (giving state and political subdivisions preferential rights thereto), do anything convenient therefor, fix rates to meet cost thereof and retire bonds in fifty years, use state waters and lands, and require reservation of water from appropriation and, when necessary in board's opinion, public lands from sale.

State of California, }
County (or City and County) of } ss.

To the Honorable Secretary of State of the State of California:

We, the undersigned, registered, qualified electors of the State of California, residents of.....

.....County (or City and County), present to the Secretary of State this petition and hereby propose that the Constitution of the State of California be amended by adding a new article thereto to be numbered Article XIVa, to read as hereinafter set forth in full, and petition that the same be submitted to the electors of the State of California for their adoption or rejection at the next succeeding general election or as provided by law. The proposed constitutional amendment reads as follows:

ARTICLE XIVa--WATER AND POWER DEVELOPMENT

Section 1. It is hereby declared to be the policy and purpose of the state to conserve, develop and control the waters of the state for the use and benefit of the people.

Sec. 2. The California Water and Power Board, hereinafter called the board, is hereby established, composed of five members who shall be appointed by the governor, one of whom he shall designate as chairman and executive officer, who shall devote all his time to the duties of the office. The members shall be qualified electors of the state and shall be so appointed as to be fairly representative of the state geographically and of its irrigation and municipal interests. Members shall hold office for four years, except that of those first appointed, one shall hold office until January 1, 1924, one until January 1, 1925, one until January 1, 1926, and two until January 1, 1927. The chairman shall receive a salary of fifteen thousand dollars per annum. The other members shall receive a per diem of twenty dollars while engaged in the performance of duty and all members shall receive their necessary expenses. The legislature may increase their compensation. Each member shall execute to the state such bonds as the governor may require. The legislature shall have power by a two-thirds vote of all its members to remove any one or more of the members of the board from office for dereliction of duty or corruption or incompetency; and it shall be the duty of the legislature to provide by law for the removal of members by recall, following so far as pertinent the provisions of Article XXIII of the constitution, except that a successor of any member recalled shall be appointed by the governor for the unexpired term, as shall be done in the case of a vacancy otherwise arising. A majority of the members shall constitute a quorum for the transaction of business and no vacancy in the board shall impair the right of the remaining members to exercise all powers of the board. The board shall maintain its office at Sacramento.

Sec. 3. The board shall have power:

(a) To acquire by purchase, lease, condemnation, gift or other legal means, land, water, water rights, easements, electric energy and any other property necessary or convenient for the purposes of this article, and likewise to acquire, and also to construct, complete and operate, works, dams, reservoirs, canals, pipe-lines, conduits, power-houses, transmission lines, structures, roads, railroads, machinery and equipment, and to do any and all things necessary or convenient for the conservation, development, storage and distribution of water, and the generation, transmission and distribution of electric energy. No electric energy shall be purchased by the board at a price to exceed one-half of one cent per kilowatt hour at the power plant, based upon a fifty per cent load factor, except for standby service as provided in Section twelve hereof;

(b) To purchase, acquire, produce, manufacture or otherwise provide facilities, materials and supplies, raw or finished, and any property or thing necessary or convenient to the accomplishment of the purposes of this article;

(c) To supply water or electric energy or both to the state, political subdivisions and other users, and, subject to the provisions of this article, to prescribe the terms of contracts, and fix the price therefor and collect the same;

(d) To use the waters and the lands of the state, or any material therein or thereon, and to acquire the reservation from sale or other disposition of such lands and material as, in the opinion of the board, will be required for the purposes of this article;

(e) To require the reservation of water from appropriation for such periods as it may provide;

(f) In the name of the state to apply for and accept, under the provisions of the laws of the United States or of any state, grants, permits, licenses and privileges in the opinion of the board necessary for the accomplishment of the purposes of this article;

(g) To co-operate and contract with political subdivisions of this state and, with the approval of the governor, with the United States and other states, concerning the conservation and use of interstate and other waters and the generation and use of electric energy and the acquisition, construction, completion, maintenance and operation of works necessary or convenient for the accomplishment of the purposes of this article;

(h) To acquire or construct for political subdivisions distributing systems for water or electric energy bought from the state, upon terms that, in the opinion of the board, will repay to the state within twenty-five years the cost thereof with interest. The title to or interest of the state in such systems shall vest in the political subdivision when paid for;

(i) To sue and be sued, and to exercise in the name of the state the power of eminent domain for the purpose of acquiring any property, or the use or joint use of any property, deemed by the board necessary for the purposes of this article;

(j) To provide itself with suitable office and field facilities, and to appoint, define the duties and fix the compensation of such expert and technical officers, legal and clerical assistants and other employes as it may require, subject to such civil service regulations as the board may provide;

(k) To define projects and to adopt rules and regulations to govern its activities;

(l) To exercise all powers needful for the accomplishment of the purposes of this article and such additional powers as may be granted by the legislature.

Sec. 4. The California Water and Power Finance Committee, herein called the committee, is hereby established, composed of the governor, controller, treasurer, chairman of the board of control and chairman of the California Water and Power Board, all of whom shall serve thereon without compensation. A majority of the committee shall constitute a quorum for the transaction of business.

Sec. 5. Bonds of the state of California, not exceeding the sum of five hundred million dollars (unless additional bonds are duly authorized by law), may be issued and sold from time to time to carry out the purposes of this article, and the full faith and credit of the state of California is hereby pledged for the payment of the principal of said bonds as the same mature, and the interest accruing thereon as the same falls due.

Sec. 6. Bonds herein authorized shall be issued and sold by the committee as herein provided and shall be serial bonds, payable in not more than fifty years from date of issuance, and shall be in such form or forms and denomination or denominations, and subject to such terms and conditions of issue, conversion, redemption, maturities, payment, and rate or rates of interest, not exceeding six per cent per annum payable semi-annually, and time or times of payment of interest, as the committee from time to time at or before the issue thereof may prescribe. The principal and interest thereof shall be payable in United States gold coin. Said bonds shall be signed by the treasurer and countersigned by the governor by his engraved signature, and the great seal of the state of California shall be impressed thereon; all coupons thereto shall be signed by the treasurer by his engraved or lithographed signature. The board shall pay, from funds available to it, the expense of issuing and selling such bonds and the necessary expenses of the committee in connection therewith.

Bonds herein authorized may from time to time first be offered at not less than par as a popular loan, under such regulations prescribed by the committee from time to time, as will in its opinion give the people as nearly as may be an equal opportunity to participate therein, but the committee may make allotment in full upon applications for smaller amounts of bonds in advance of any date which it may set for the closing of subscriptions and may reject or reduce allotments upon later applications and applications for larger amounts, and may reject or reduce allotments upon applications from incorporated banks and trust companies for their own account and make allotment in full or larger allotments to others, and may establish a graduated scale of allotments, and may from time to time adopt any or all of said methods, should any such action be deemed by it to be in the public interest; provided, that such reduction or increase of allotments of such bonds shall be made under general rules to be prescribed by said committee and shall apply to all subscribers similarly situated. Any portion of the bonds so offered and not taken may be otherwise disposed of by the committee in such manner and at such price or prices, not less than par, as it may determine. The committee may cancel any of the bonds so offered and not taken and reissue them in different denominations.

Sec. 7. Bonds herein authorized shall be issued and sold only for the acquisition of such property and rights, and for the acquisition, construction, development, completion, operation and maintenance of such projects as the board may deem necessary or convenient to the accomplishment of the purposes of this article; provided, that from time to time upon written requisition of the board the committee shall issue and sell bonds not exceeding in the aggregate five million dollars, the proceeds of which shall be placed in the water and power revolving fund in the state treasury, which

fund is hereby created, to be used by the board for the purpose of defraying its expenses, acquiring property, rights, facilities, materials and supplies, carrying charges during construction and meeting other costs incurred in carrying out the purposes of this article; provided further, that if at any time the revenues from projects shall be insufficient to pay the interest on and principal of outstanding bonds as the same fall due the committee with the consent of the governor, in order to avoid appropriations from the general fund and resulting taxation, may issue and sell bonds to provide funds required to make such payments of interest or principal.

Except as otherwise provided in this article, the committee shall issue and sell bonds only upon the written requisition of the board stating the amount of money required and the purpose for which it is to be used and accompanied by a duly authorized certificate of the board describing the property or rights to be acquired or the project proposed, and stating the estimated cost thereof and showing the same to have been investigated and approved and, in the case of a project, that plans and estimates therefor, a copy of which shall be annexed to such certificate, have been prepared and adopted by the board and further certifying that, in the opinion of the board, the revenue from the property or rights to be acquired or from the proposed project, together with available revenues from other projects, will be sufficient to pay within fifty years in addition to other necessary expenses, the principal and interest of the bonds requested to be issued. The proceeds of the sale of such bonds shall be placed in the treasury and shall be used by the board exclusively for the purposes for which the same were issued.

Sec. 8. The board shall establish such rates for service as in its judgment will provide, in addition to the expenses of operation, maintenance, depreciation, insurance and reserve for losses, funds to pay the principal and interest of all bonds issued under this article, as the same fall due, together with all sums which may be advanced from the general fund and interest thereon as herein provided.

Each project, as the same may be defined by the board, shall be charged by the board with its cost, which shall include its proper share as fixed by the board of all expenditures from the water and power revolving fund and the share so charged shall be credited to such revolving fund which shall be replenished, to the extent of the amount so credited, from the proceeds of bonds sold to provide funds for the cost of such project. The board shall establish such rates for the service furnished by each project as in its judgment will pay, within fifty years, such cost thereof, and the expenses of operation, maintenance, depreciation, interest, insurance and reserve for losses; provided that where the rates are intended to provide for the repayment of expenditures made in acquiring or constructing distributing systems for political subdivisions, they shall be so fixed as in the judgment of the board will repay the amount of such expenditures with interest within twenty-five years. The board may change rates when in its opinion advisable to meet changed conditions and shall always keep its rates as near the amount required to pay such cost and expenses as practicable, and shall fix similar rates under substantially similar conditions.

Sec. 9. All revenues of the board, except proceeds from the sale of bonds, shall be paid into the state treasury and shall be applied first, to payment of the expenses of the board, costs of operation, maintenance, depreciation, insurance and losses, and second, to the payment of interest on and principal of said bonds.

If at any time the moneys in the state treasury applicable to the payment of interest or principal of said bonds, shall be insufficient to pay the same as it falls due, moneys shall be temporarily advanced from the general fund for that purpose, and there is hereby appropriated from the general fund in the state treasury such sum annually as will be necessary to pay such interest and principal, and there shall be collected each year in the same manner and at the same time as other state revenue is collected such sum in addition to the other revenues of the state as shall be required to pay the sums appropriated for payment of interest and principal as herein provided; and it is hereby made the duty of all officers charged by law with any duty with regard to the levy and collection of said revenue to do and perform each and every act which shall be necessary to collect such additional sum.

All moneys paid from the general fund in the state treasury for principal of or interest on such bonds shall be returned into said general fund out of the revenues of the board as soon as the same become available, together with interest thereon from the several dates of such advances until so returned at the rate of six per cent per annum compounded semi-annually.

Sec. 10. Out of any money in the state treasury not otherwise appropriated, the sum of two hundred and fifty thousand dollars is hereby appropriated to be credited to the board and an equivalent amount shall be returned into the general fund in the state treasury out of the first moneys available in the water and power revolving fund.

Sec. 11. The committee may establish such funds in the state treasury as in its judgment may be required to carry out the purposes of this article.

Moneys herein provided for the board shall be drawn from the treasury by warrants of the controller on demands made by the board and allowed and audited by the state department of finance.

The board, the controller, the treasurer and the committee shall keep full and particular account and record of all their proceedings under this article, and shall transmit to the governor annually a report thereof, not less than one thousand

copies of which shall be printed, to be by the governor laid before the legislature biennially, and all books and papers pertaining to the matters provided for in this article, shall at all times be open to the inspection of any officer or citizen of the state. All accounts of receipts and disbursements shall be audited annually by the state department of finance.

Sec. 12. The state and political subdivisions shall have a preferred right to water and electric energy controlled by the board as against privately owned public utilities selling water or electric energy to the public and no contract or act of the board shall interfere with such preferred right. As between those otherwise equally entitled, the board shall supply water or electric energy to political subdivisions near the source of supply, to the extent of their reasonable needs, in preference to those more remote.

The board shall not supply water to a privately owned public utility for the production of electric energy and shall not supply directly or indirectly to privately owned public utilities which sell electric energy or water to the public more than twenty per cent of the total amount of electric energy or water under its control, and contracts therefor shall not extend over a longer period than five years, or be renewed before one year prior to their expiration. Before making or renewing such a contract, the board shall publish a notice of its intention so to do, at least six days each week for a period of sixty days, in at least one newspaper published and circulated in this state, and designated by order of the board for that purpose; and at least thirty days' prior notice shall be mailed to the legislative bodies of all counties and incorporated municipalities and to irrigation districts situate within the territory which, in the opinion of the board, may use such electric energy. Public utilities taking such contracts shall be required to provide the board with standby service at reasonable rates.

Sec. 13. Nothing contained in this article shall prevent any political subdivision itself, or in co-operation with other political subdivisions, from developing any water or electric energy owned or controlled by it; but plans for any such development hereafter proposed shall be submitted to the board for suggestions and criticism, so that the co-operation of the board may be secured, if practicable, for the fullest development of the proposed project. The board may acquire and develop any such project unless the political subdivision claiming the same shall have adopted plans and estimates for the development, and authorized bonds or made other provision to cover the cost thereof, or shall do so, within two years after the board shall have notified such political subdivision of its readiness to proceed with such development.

Sec. 14. In any proceeding in eminent domain brought by the board under the provisions hereof, the determination of the board that the taking of the property described in the complaint is necessary for the purposes hereof, shall be conclusive evidence of such necessity. In any such proceeding the state may take immediate possession and use of any property required for the purposes of this article, by paying into the court such amount of money as the court, upon five days' notice to the adverse party, may determine as reasonably adequate to secure to the owner of the property sought to be taken immediate payment of just compensation for such taking and any damages incident thereto.

In any such proceeding, trial by jury may be demanded and secured by any party thereto, and any proceeding begun under the provisions of Section 23a of Article XII of this constitution shall be dismissed on the filing therein of a written demand by such party. Such demand must be filed within thirty days after service upon such party of process in such proceeding.

Property appropriated to public use may be taken under the power of eminent domain for the purposes hereof, but, except as otherwise herein provided, this article shall not confer power to take the property or works owned or controlled by any political subdivision used or proposed to be used for supplying water or electric energy, or both, without its consent.

Sec. 15. All public officers, boards, commissions and agencies shall make available to the board all data and information in their possession required by the board, and shall render every assistance in their power in carrying out the provisions of this article.

Sec. 16. As far as practicable, consistent with the speedy development of its operations, the board shall so shape its plans as to furnish work during periods of unemployment.

Sec. 17. The term political subdivision, as used in this article, is hereby defined to mean and include any public board, public quasi corporation, public corporation, water district, lighting district, municipal utility district, public utility district, irrigation district, municipal corporation, town, city and county, city or county, having authority to contract for the purchase, sale or use of water, water power, or electric energy, but shall not be construed to include any privately owned public utility.

Sec. 18. This article is self-executing, but legislation may be enacted in furtherance of its purpose and to facilitate its operation.

NAME	RESIDENCE		Date of Signing	Precinct
	Street and Number	City or Town		