
SENATE BILL 6454

State of Washington 52nd Legislature 1992 Regular Session

By Senators Madsen and Gaspard

Read first time 01/31/92. Referred to Committee on Energy & Utilities.

1 AN ACT Relating to public water systems in receivership; and
2 amending RCW 43.70.195.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 43.70.195 and 1990 c 133 s 4 are each amended to read
5 as follows:

6 (1) In any action brought by the secretary of health or by a local
7 health officer pursuant to chapter 7.60 RCW to place a public water
8 system in receivership, the petition shall include the names of one or
9 more suitable candidates for receiver who have consented to assume
10 operation of the water system. The department shall maintain a list of
11 interested and qualified individuals, municipal entities, special
12 purpose districts, and investor-owned water companies with experience
13 in the provision of water service and a history of satisfactory
14 operation of a water system. If there is no other person willing and

1 able to be named as receiver, the court shall appoint the county in
2 which the water system is located as receiver. The county may
3 designate a county agency to operate the system, or it may contract
4 with another individual or public water system to provide management
5 for the system. If the county is appointed as receiver, the secretary
6 of health and the county health officer shall provide regulatory
7 oversight for the agency or other person responsible for managing the
8 water system.

9 (2)(a) In any petition for receivership under subsection (1) of
10 this section, the department shall recommend that the court grant to
11 the receiver full authority to act in the best interests of the
12 customers served by the public water system. The receiver shall assess
13 the capability, in conjunction with the department and local
14 government, for the system to operate in compliance with health and
15 safety standards, and shall report to the court its recommendations for
16 the system's future operation, including the formation of a water
17 district or other public entity, or ownership by another existing water
18 system capable of providing service.

19 (b) In a valuation of the public water system made for a change of
20 ownership, either to a public or private entity, the court shall deduct
21 the value of improvement made during the receivership. The court shall
22 also deduct from the valuation the value of any plant or real property
23 contributed by the customers. The value of the customer-contributed
24 assets for the purposes of a change of ownership is the total appraised
25 value, minus receivership improvements, multiplied by the ratio of the
26 cost of customer-contributed assets to the cost of all assets. The
27 court shall also deduct from the valuation the cost of improvements
28 required to be made to bring the public water system in compliance with
29 health and safety standards.

1 (3) If a petition for receivership and verifying affidavit executed
2 by an appropriate departmental official allege an immediate and serious
3 danger to residents constituting an emergency, the court shall set the
4 matter for hearing within three days and may appoint a temporary
5 receiver ex parte upon the strength of such petition and affidavit
6 pending a full evidentiary hearing, which shall be held within fourteen
7 days after receipt of the petition.

8 (4) A bond, if any is imposed upon a receiver, shall be minimal and
9 shall reasonably relate to the level of operating revenue generated by
10 the system. Any receiver appointed pursuant to this section shall not
11 be held personally liable for any good faith, reasonable effort to
12 assume possession of, and to operate, the system in compliance with the
13 court's orders.

14 (5) The court shall authorize the receiver to impose reasonable
15 assessments on a water system's customers to recover expenditures for
16 improvements necessary for the public health and safety.