

ARIZONA REVISED STATUTES

Title 45 - Waters

Chapter 10 – State Water and Power Plan

Article 1 - In General

45-1701. Declaration of purpose and policy

The legislature declares and finds:

1. That the development of an adequate supply of water for agriculture, municipal, industrial and fish and wildlife uses within the state of Arizona is vital for the well being, health and prosperity of the people of the state.

2. That the state's right and obligation to receive two million eight hundred thousand acre feet of main stream Colorado river water annually having been confirmed by the United States supreme court in Arizona v. California, 376 U.S. 340 (1964) [84 S.Ct. 755], it is essential to the continued well-being, health and prosperity of the people of the state that the state proceed promptly to establish, develop and execute an appropriate program for the development and utilization of such water.

3. That the development of the state's power resources is an essential and integral part of the effectuation of such program, including the financing thereof.

4. That such power resources and the use of the energy therefrom must be developed in order to provide effective support for and implementation of the state's water program and to promote the general welfare, health, safety and prosperity of the people of the state.

45-1702. Definitions

In this article, unless the context otherwise requires:

1. "Authority" means the Arizona power authority created pursuant to title 30, chapter 1.

2. "Bonds" and "notes" means bonds and notes, respectively, of the authority issued pursuant to this article.

3. "District" means any irrigation district, power district, electrical district, agricultural improvement district or water users association now or hereafter organized under the laws of this state that is directly engaged in the sale, distribution or delivery of municipal, industrial or irrigation water or in the sale, distribution or use of electric power or energy.

4. "Municipality" means any incorporated city or town or other corporation organized for municipal purposes.

5. "Power" means electric power or electric energy or both.

6. "Project" or "work" means:

(a) Any of the projects or works authorized by this article or hereafter authorized, including each and every facility or improvement necessary or incidental thereto and all rights-of-way, lands or interests in lands, the use or occupancy of which is necessary or appropriate in the construction, reconstruction, replacement, extension, betterment, development, improvement or operation and maintenance of such facilities and improvements.

(b) Financing or refinancing authorized by section 45-1703, subsection A, paragraph 5.

7. "Public utility" means any person, corporation, district, electric cooperative, public agency or political subdivision of the state that provides electrical service to the public by means of electric facilities or provides water for municipal, industrial, irrigation, recreation and fish and wildlife purposes to the public.

8. "Real property" means lands, rights in lands, interests in land, including lands under water, appurtenances, improvements and any and all other things and rights usually included within the term and includes also any and all interest in such property less than full title, such as easements, permanent or temporary rights-of-way, uses, leases, licenses and other such incorporeal hereditaments.

9. "Retail" means sales to persons, corporations, firms, partnerships or other entities for their use and not for resale.

10. "State" means the state of Arizona.

11. "State water and power development fund" means the fund by that name established by section 45-1711.
12. "State water and power plan" means the plan established pursuant to section 45-1703.
13. "Wholesale" means sales to municipalities, districts or public utilities for resale or distribution.

45-1703. [State water and power plan](#)

A. A water and power plan for the state is established consisting of all or part of the following works and facilities:

1. Central Arizona project, including:
 - (a) Granite Reef aqueduct to extend from Lake Havasu to a point in central Arizona on the Salt river near the city of Phoenix, together with pumping plants therefor.
 - (b) The Salt-Gila aqueduct to extend from the terminus of the Granite Reef aqueduct in central Arizona to the Tucson aqueduct, Colorado source, in the vicinity of Picacho reservoir, together with pumping plants therefor.
 - (c) The following alternative to Orme dam:
 - (i) New Waddell dam.
 - (ii) Cliff dam.
 - (iii) Modifications to Roosevelt dam.
 - (d) Buttes dam and reservoir on the Gila river east of the town of Florence.
 - (e) Tucson aqueduct to extend from the terminus of the Salt-Gila aqueduct in the vicinity of Picacho reservoir to and beyond the city of Tucson, together with pumping plants and terminal storage therefor.
2. Montezuma pumped storage power project to be located approximately twenty-five miles south of the city of Phoenix.
3. The authority's interest in or rights to capacity and any associated energy of the Hoover power plant modifications project consisting of an additional powerhouse or powerhouses at the Hoover dam and power plant located on the Colorado river in Clark county, Nevada and Mohave county, Arizona and Lake Mead, the reservoir formed behind Hoover dam.
4. The authority's interest in or rights to capacity and any associated energy of the Hoover power plant uprating project consisting of an increase in capacity of existing generating units at Hoover dam and power plant as a result of replacement and improvement of equipment for such units. In each case the project shall include any improvements thereto and any incidental or associated capacity, energy, buildings, structures, transmission lines or mains, and all other appurtenances and facilities necessary or appropriate thereto.
5. The financing or refinancing of this state's proportionate share of the costs incurred by the United States with respect to the Hoover visitor facilities as defined in section 101(a) of the Hoover power plant act of 1984 (P.L. 98-381; 98 Stat. 1333; 43 United States Code section 619) and this state's proportionate share of the costs incurred by the bureau of reclamation with respect to the air slot treasury loan for the construction of air slots at Hoover dam.

B. The state water and power plan may also include such further water and power projects, either in addition to or in substitution of the projects set forth above, or any portion thereof, as the Arizona legislature may from time to time authorize. However, in no event may such further power projects include thermal generating plants or interests therein, except that the authority may enter into an agreement with other electric power interests proposing to construct a thermal generating power plant whereby the state shall acquire the right to such portion of the capacity of such plant, including delivery of power and energy over appurtenant transmission facilities to mutually agreed on delivery points as is required to provide central Arizona project pumping. Power and energy acquired thereunder may be disposed of intermittently by the authority when not required in connection with the central Arizona project.

C. Except as otherwise provided in this subsection, nothing in this article shall authorize the inclusion in the state water and power plan of the power and energy under the Hoover energy contract 1-1r-1455 dated November 23, 1945 as it may be supplemented, amended, renewed or replaced and the rights to deliver such power and energy under the 1964 Wheeling contract 14-06-0300-1444 dated January 1, 1965 as it may be supplemented, amended, renewed or replaced which power and energy and Wheeling rights shall continue to be administered under title 30, chapter 1. Power and energy of the authority from the Hoover power plant modifications project and the Hoover power plant uprating project shall be sold by the authority

pursuant to this article. The contracts for the sale of the power and energy of the authority from such projects shall be treated as contracts under this article. Notwithstanding title 30, chapter 1, the authority may pledge its contracts, rights and interests in or to power and energy from the Hoover power plant modifications project, the Hoover power plant uprating project, the 1945 Hoover energy contract or the 1964 Wheeling contract, or any supplements, amendments, renewals or replacements of such contracts, or any other contract or contracts for the purchase or transmission of power and energy from the United States or any United States agency as security for any bonds or notes of the authority issued under this article for the purpose of the Hoover power plant modifications project, the Hoover power plant uprating project, the Hoover visitor facilities or the air slots at Hoover dam.

45-1704. Construction, acquisition and operation

A. The director of water resources may plan, construct, operate and maintain the central Arizona project, or any portion of the project, and any other water projects hereafter included in the state water and power plan, acquire all real property required therefor in the name of the state and take such actions and proceedings as may be necessary or desirable in connection therewith. The authority may plan, acquire, construct, operate and maintain any power project included in the state water and power plan, or any portion of any such project, and any other power projects hereafter included in the state water and power plan, acquire all real property required therefor in the name of the state and take such actions and proceedings as may be necessary or desirable in connection therewith. In carrying out their functions hereunder, the director and the authority shall consult with each other and with appropriate state officials and shall coordinate their activities so that the development of the state water and power plan shall proceed with all reasonable dispatch and efficiency.

B. Before either the director or the authority undertakes the financing or construction of any portion of the central Arizona project, the director or authority shall file with the president of the senate and the speaker of the house, at least thirty calendar days prior to the scheduled adjournment of the legislature's regular session or within five days following the convening of a special session called for that purpose, a feasibility report on such project. Such feasibility report shall set forth estimated costs, the financing steps contemplated, and the anticipated means and schedule of debt payment. Upon approval in whole or in part of such feasibility report by the legislature, the director or the authority shall thereupon be authorized to proceed in accordance with the approval granted by the legislature and the provisions of this article.

C. The state consents to the use and occupation of any real property now or hereafter owned by it, and not dedicated to public use, necessary for the construction, operation or maintenance of any project or projects included in the state water and power plan subject, however, to such payment as lawfully may be required.

45-1705. Construction of works across public or private property

The director or authority may construct facilities or works pursuant to this article across any stream of water, watercourse, street, avenue, highway, railway, canal, ditch, flume or private property. If the director or authority and the persons, firms, corporations, municipalities, federal or state agencies, state trust lands or political subdivisions of the state owning or controlling any property or installation to be used or crossed cannot agree upon the amount to be paid for the taking, use or privilege thereof, such amount shall be ascertained and determined in the manner provided by law for the taking of land for public uses.

45-1706. Right of eminent domain

A. Condemnation proceedings may be brought by the director or authority and all laws of the state relating to the exercise of the right of eminent domain and the taking of private property for public use and obtaining immediate possession thereof shall apply to the proceedings. The use of property which is condemned, taken or appropriated under the provisions of this article is declared to be a public use subject to regulation and control by the state in the manner provided by law.

B. When real property has been appropriated to public use by any person, firm or corporation, the taking of the property for the construction and operation of the state water and power plan by the director or authority shall be deemed a more necessary public use than the use of the property by such person, firm or corporation.

C. Notwithstanding any other provision of this article, the director or authority shall have no authority to condemn, take or destroy the whole or any part of property belonging to any district, public utility or municipality unless and until the director or authority has provided and substituted for the property to be taken, condemned or destroyed new property of like character and at least equal in usefulness with suitable adjustment for any increase or decrease in the costs of operating and maintaining thereof, or unless and until the taking, condemnation or destruction has been permitted by agreement executed between the director or authority and such district, public utility or municipality. Nothing contained herein shall grant the authority or director the authority to condemn, take or use the generating, transmission or distribution facilities or other real or personal property of any type whatsoever of a public utility except for the purpose of procuring rights-of-way across real property of the public utility.

D. In the event any property is to be acquired hereunder pursuant to a license granted by the United States department of energy, such property may be acquired through the exercise of the right of eminent domain as provided in section 21 of the federal power act, as amended.

45-1707. Issuance of bonds and notes

A. The authority:

1. Shall have the power and is authorized from time to time to issue its negotiable bonds and notes in such principal amount as, in the opinion of the authority, shall be necessary to provide sufficient monies for the construction, reconstruction and improvement of the projects included in the state water and power plan or any portion thereof, or for payments required with respect to any such project, together with suitable facilities and appurtenances, the cost of acquisition of all real property, the expense of maintenance and operation, interest on bonds and notes during construction and for a reasonable period thereafter, establishment of reserves to secure bonds or notes, and all other expenditures of the authority incident to and necessary or convenient to carry out the aforesaid purpose. Notwithstanding any other provision herein, the director shall determine whether bonds or notes shall be offered for public or private sale for the central Arizona project or any part thereof, or any future water projects, the time of the offering, the amount, and the terms and conditions thereof. When such determination has been made, the authority shall proceed to offer the bonds or notes, or cause the same to be offered for sale in accordance with the determination of the director. In the event the authority fails to do so, the director may proceed to issue the bonds or notes for the water features of the state water and power plan. In such event the director shall have all of the rights and powers invested in the authority under the terms of this article to issue such bonds or notes.

2. Shall have power from time to time to issue renewal notes, to issue bonds to pay notes, and whenever it deems refunding expedient, to refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured, and may issue bonds partly to refund bonds then outstanding and partly for any other purpose. Whether or not the bonds or notes are of such form and character as to be negotiable instruments under the terms of the uniform commercial code, title 47, chapter 3, the bonds or notes shall be and are hereby made negotiable instruments within the meaning of and for all the purposes of the negotiable instrument law, subject only to the provisions of the bonds for registration.

B. The bonds and notes shall be authorized by resolution of the authority, shall bear such date or dates and mature at such time or times, in the case of notes and any renewals thereof within five years after their respective dates and in the case of bonds not exceeding sixty years from their respective dates, as such resolution or resolutions may provide. The bonds and notes shall bear interest at such rate or rates, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in such medium of payment, at such place or places, and be subject to such terms of redemption as such resolution or resolutions may provide. The bonds and notes shall be sold at public or private sale at such price and on such terms as the authority may determine, provided that bonds or notes to fund or refund other bonds or notes may be exchanged with the holders of such bonds or notes being funded or refunded on such terms as the authority may determine.

C. Any resolution or resolutions or trust indenture or indentures authorizing or securing any bonds or notes or any issue thereof may contain provisions, which shall be a part of the contract with the holders thereof, as to:

1. Pledging all or any part of the fees, charges, gifts, grants, rents, revenues or other monies received or to be received by the authority or the director from or in connection with the ownership or operation of the projects included in the state water and power plan and leases or agreements to secure the payment of

the bonds or notes or of any issue thereof, including any amounts deposited in the state water and power development fund, subject to such agreements with bondholders or noteholders as may then exist.

2. The rates of the fees, charges or rents to be established for the projects included in the state water and power plan, and the amounts to be raised in each year thereby and the use and disposition of the fees, charges, gifts, grants, rents, revenues or other monies received or to be received therefrom.

3. The setting aside of reserves or sinking funds, and the regulation and disposition thereof.

4. Notwithstanding the provisions of section 30-203, the custody, collection, securing, investment and payment of any monies held pursuant to any such resolution or trust indenture in trust or otherwise for the payment of bonds or notes or in any way to secure bonds or notes. Such monies and the deposits thereof may be secured in the same manner as monies of the authority, and all banks and trust companies are authorized to give such a security for such deposits.

5. Limitations on the purpose to which the proceeds of sale of any issue of bonds or notes then or thereafter to be issued may be applied and pledging such proceeds to secure the payment of the bonds or notes or of any issue thereof.

6. Limitations on the issuance of additional bonds or notes, the terms upon which additional bonds or notes may be issued and secured and the refunding of outstanding or other bonds or notes.

7. The procedure, if any, by which the terms of any contract with bondholders or noteholders may be amended or abrogated, the amount of bonds or notes the holders of which must consent thereto, and the manner in which such consent may be given.

8. Limitations on the amount of monies to be expended for operating, administrative or other expenses with respect to the projects included in the state water and power plan.

9. Vesting in a trustee or trustees such property, rights, powers and duties in trust as the authority may determine which may include any or all of the rights, powers and duties of the trustee appointed by the bondholders pursuant to this article, and limiting or abrogating the right of the bondholders to appoint a trustee under this article or limiting the rights, duties and powers of such trustee.

10. Any other matters, of like or different character, which in any way affect the security or protection of the bonds or notes.

D. It is the intention in the enactment of this article:

1. That any pledge made pursuant to this article of all or any part of the fees, charges, gifts, grants, rents, revenues or other monies received or to be received by the authority or the director from or in connection with the ownership or operation of the projects included in the state water and power plan shall be valid and binding from the time when the pledge is made.

2. That the monies so pledged and thereafter received by the authority or the director shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and that the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the authority or the director irrespective of whether such parties have notice thereof. Neither the resolution nor trust indenture nor any other instrument by which a pledge is created need be recorded.

E. Neither the members of the authority nor any person executing the bonds or notes shall be liable personally on the bonds or notes or be subject to any personal liability or accountability by reason of the issuance thereof. In case any one or more of the officers who shall have signed manually or by facsimile or sealed any of the bonds or notes shall cease to be such officer before the bonds or notes so signed and sealed shall have been delivered, such bonds or notes may, nevertheless, be issued as if the persons who signed or sealed such bonds or notes had not ceased to hold such offices. Any bonds or notes may be signed and sealed on behalf of the authority by such persons as at the actual time of the execution of such bonds or notes shall be duly authorized or hold the proper office in the authority, although at the date of such bonds or notes such persons may not have been so authorized or held such office.

F. The authority shall have power out of any funds available therefor to purchase bonds or notes, which shall thereupon be cancelled, at a price not exceeding either of the following:

1. If the bonds or notes are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date thereon.

2. If the bonds or notes are not then redeemable, the redemption price applicable on the first date after such purchase upon which the bonds or notes become subject to redemption plus accrued interest to such date.

45-1708. Contracts

A. The director may enter into and carry out contracts with water users for the delivery of Colorado river water through the facilities of the central Arizona project and for the sale and delivery of water from other sources included in the central Arizona project or other water projects, if any, hereafter included in the state water and power plan. The director shall provide in all contracts executed for the delivery of water from the central Arizona project that such contracts shall be subordinate to the satisfaction of all existing contracts between the United States secretary of the interior and users in Arizona heretofore made pursuant to the Boulder canyon project act. It may be required as a condition in any contract under which water is provided from the central Arizona project that the contractor agree to accept main stream water of the Colorado river in exchange for or in replacement of existing supplies from sources other than the main stream. Water which has been developed, stored or appropriated shall be sold only at wholesale rates which will not be unreasonably discriminatory for the same.

B. The authority may enter into and carry out contracts for the sale and transmission of power from power projects included in the state water and power plan. Notwithstanding the provisions of title 30, chapter 1, articles 2, 3 and 4, the power from such power projects included in the state water and power plan shall be sold at wholesale only to such power purchasers, located within or without the state, in such manner and upon such terms and conditions, as shall be determined by the authority to be necessary or advisable to effectuate the purposes of this article, except that power and energy of the authority from the Hoover power plant modifications project and Hoover power plant uprating project shall be sold to power purchasers within this state. Any public utility providing electrical service and any district organized to provide electrical service may enter into such contracts with the authority for the sale and transmission of power and energy by which such public utility or district is obligated to make payments in amounts which shall be sufficient to enable the authority to meet all its costs allocable thereto, including interest and principal payments, whether at maturity or upon sinking fund or other mandatory redemption, for its bonds or notes, reasonable reserves for debt service, operation and maintenance expenses and amounts to pay for renewals, replacements and improvements and to meet the requirements of any rate covenant with respect to debt service coverage and any other amounts required for reserves or other purposes, all as shall be provided in the resolution, trust indenture or other security instrument of the authority; except that nontax-exempt public utilities shall be granted an option to purchase the maximum amount of said capacity permitted by federal regulations governing the issuance of tax-free bonds. Such contracts may contain such other terms and conditions as the authority and such public utility or district may determine, including provisions by which the public utility or district is obligated to pay for power irrespective of whether energy is produced or delivered to it or whether any project contemplated by any such agreement is completed, operable or operating, and notwithstanding suspension, interruption, interference, reduction or curtailment of the output of such project.

C. The surplus revenues derived by the director from the central Arizona project and any other water project and by the authority from any power project shall be paid into the state water and power development fund in the amounts and in the manner and at the times specified in an agreement which shall be entered into by the authority and the director prior to the issuance of any bonds or notes. For this purpose, surplus revenues shall mean the revenues of any such project remaining after payment therefrom of operating and maintenance expenses of such project, debt service with respect to bonds and notes issued for such project, payments for renewals and replacements of such project and improvements thereof, any payments required under any license from the United States department of energy with respect to such project and any other charges or liens with respect to such project payable out of such revenues, including in each case reserves therefor, all to the extent required to be paid or provided for under the terms of any resolution or resolutions or trust indenture or indentures authorizing or securing bonds or notes issued for such project or any license from the United States department of energy with respect to such project. Such agreement may also provide for reasonable limitations on the amounts of the necessary operation and maintenance expense for the projects included in the state water and power plan, and it may contain such other terms, conditions and provisions consistent with the provisions of this article as may be necessary or desirable to effectuate the state water and power plan. It is recognized that such agreement will provide additional security for the bonds and notes of the authority and that the same may be pledged by the authority for such purpose.

D. The director or authority may enter into any obligation or contract with the United States necessary or required in carrying out or accomplishing any of the purposes or power authorized or permitted by this article and may conform to such requirements, rules or regulations not otherwise inconsistent with

the laws of this state as may be prescribed by the United States in accordance with the acts of Congress applicable thereto now in effect or which may hereafter be adopted and the rules and regulations promulgated thereunder. Contracts or agreements entered into with the United States may contain such terms, conditions, covenants and restrictions for the security of the United States or any subsequent holders of bonds issued to evidence such loans, grants or advances of money. The director or authority may do any and all acts and things considered necessary or advisable by the United States and the director or authority in connection with or additionally to secure any such loans, grants or advances of money or issuance or sale of bonds provided for in the contract or agreement with the United States.

45-1709. General powers

The director and the authority, respectively, may:

1. Cooperate with the appropriate agencies or officials of the federal government and of the state and political subdivisions of the state to the end that the purposes of this article shall be realized.
2. Apply to the appropriate agencies or officials of the state and of the federal government, including the United States departments of energy and of the interior, for such licenses, permits, easements and such other approvals or authorizations as may be necessary or advisable and accept the same upon such terms and conditions as may be deemed appropriate.
3. Accept any gifts or any grant or advance of funds or property from the federal government or from the state or any other federal or state public body or political subdivision or any other person and comply with the terms and conditions thereof.
4. Fix and establish the prices, rates, rents and charges for water and power delivered or produced by the projects authorized by this article.
5. Retain and employ engineering, accounting, legal, financial and other private consultants on a contract basis for rendering professional and technical assistance and advice.
6. Promote, foster and encourage the use, development, protection and conservation of water and power.
7. Institute and maintain actions and proceedings necessary to enforce, maintain, protect or preserve all rights, privileges or immunities created or granted by this article or otherwise in pursuance thereof, and in all courts, actions and proceedings the director or authority may sue, appear and defend in person in their respective names.
8. Enter into contracts and agreements and do all things which are necessary or convenient for the effectuation of the state water and power plan.
9. Exercise all the powers necessary or convenient to carry out and effectuate the purposes and provisions of this article, and as incidental thereto, own, lease, construct, operate, maintain and dispose of real and personal property of every kind and character, acquire real and personal property and any or every interest therein for its lawful purposes by purchase, lease, condemnation or otherwise, and generally do anything and everything necessary or convenient to carry out the purposes of this article. The authority may not at any time pledge the credit of the state nor shall any of its obligations or securities be deemed to be obligations of the state.
10. Be specifically charged with the responsibility to begin immediate studies and continue them in an effort to determine alternate ways and means to finance and fund the construction of the central Arizona project and bring those studies to the legislature so that this water project may be constructed at the earliest possible time.

45-1710. Powers of municipalities, districts and other public bodies and officers

Notwithstanding any provision of law but subject to the exceptions prescribed by this section, all municipalities, districts and other public bodies are authorized and empowered to enter into contracts with the director or the authority as provided in section 45-1708 for the sale or delivery of water or the sale or transmission of power, on such terms and conditions as shall be determined by the parties, and to carry out their obligations under the contracts, except that groundwater replenishment districts established under title 48, chapter 27 are not eligible to contract for the sale or transmission of power under this chapter. Eligible municipalities, districts and other public bodies, their officials and all state agencies and officials may do such acts and make such additional agreements not inconsistent with law as may be necessary or desirable in connection with the construction, operation, maintenance and financing of any project or projects included in the state water and power plan.

45-1711. State water and power development fund

The state water and power development fund is established. The resolution or trust indenture of the authority securing the bonds or notes shall fix the amount and the provisions of the application of a bond reserve to be held by the state treasurer in such development fund. The surplus revenues as determined pursuant to section 45-1708 from each project included in the state water and power plan shall be deposited, pursuant to sections 35-146 and 35-147, in the fund in accordance with the agreement between the director and the authority referred to in section 45-1708, together with any other funds which may be made available for the purposes of this article, including funds from the state or federal government. Amounts in such development fund in excess of the bond reserve therein shall be paid by the state treasurer in such manner and at such times as shall be specified in the bond resolution or trust indenture securing such bonds or notes to the trustee appointed by the authority thereunder. The bond reserve in such development fund shall be applied by the state treasurer as provided in such resolution or trust indenture.

45-1712. Agreement of state

The state of Arizona does pledge to and agree with the holders of the bonds and notes that the state will not limit or alter the rights hereby vested in the director and the authority to maintain, reconstruct and operate the projects included in the state water and power plan, and to establish and collect such charges, fees and rentals as may be convenient or necessary to produce sufficient revenue to meet the expense of maintenance and operation and to fulfill the terms of any agreements made with the holders of the bonds and notes, or in any way impair the rights and remedies of the bondholders or noteholders, until the bonds and notes, together with interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of the bondholders and noteholders, are fully met and discharged. The authority as agent for the state is hereby authorized to include this pledge and undertaking by the state in its resolutions and indentures securing the bonds and notes.

45-1713. Exemption from taxation

The director and the authority shall be regarded as performing a governmental function in undertaking and carrying out the state water and power plan and shall be required to pay no taxes or assessments on any of the property thereof or upon their activities in the operation and maintenance thereof or upon the revenues therefrom. The bonds and notes, their transfer and the income therefrom shall at all times be free from taxation within the state.

45-1714. Remedies of bondholders and noteholders

A. In the event the authority defaults in the payment of principal of or interest on any issue of bonds or notes after the same shall become due, whether at maturity or upon call for redemption, and such default shall continue for a period of thirty days, or in the event the authority shall fail or refuse to comply with the provisions of this article, or shall default in any agreement made with the holders of any issue of bonds or notes, the holders of twenty-five per cent in aggregate principal amount of the bonds or notes of such issue then outstanding, by instrument or instruments filed in the office of the clerk of Maricopa county and proved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of such bonds or notes for the purposes provided in this article.

B. Such trustee may, and upon written request of the holders of twenty-five per cent in principal amount of such bonds or notes then outstanding shall, in his or its own name:

1. By mandamus or other suit, action or proceeding at law or in equity enforce all rights of the bondholders or noteholders, including the right to require the authority to collect fees, rentals and charges adequate to carry out any agreements with the holders of such bonds or notes and to perform its duties under this title.
2. Bring suit upon such bonds or notes.
3. By action or suit in equity, require the authority to account as if it were the trustee of an express trust for the holders of such bonds or notes.
4. By action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of such bonds or notes.

5. Declare all such bonds or notes due and payable, and if all defaults shall be made good then with the consent of the holders of twenty-five per cent of the principal amount of such bonds or notes then outstanding, to annul such declaration and its consequences.

C. Such trustee, whether or not the issue of bonds or notes represented by such trustee has been declared due and payable, shall be entitled as of right to the appointment of a receiver of any project or projects included in the state water and power plan or any part of the plan, the fees, rentals, charges or other revenues of which are pledged for the security of the bonds or notes of such issue and such receiver may enter and take possession of such project or projects and, subject to any pledge or agreement with bondholders, shall take possession of all monies and other property derived from or applicable to the construction, operation, maintenance and reconstruction of such project or projects, and proceed with any construction thereon which the director or the authority is under obligation to do and shall operate, maintain and reconstruct such project or projects, and collect and receive all fees, rentals, charges and other revenues thereafter arising therefrom subject to any pledge thereof or agreement with bondholders or noteholders relating thereto and perform the public duties and carry out the agreements and obligations of the director and the authority under the direction of the court. In any suit, action or proceeding by the trustee the fees, counsel fees and expenses of the trustee and of the receiver, if any, shall constitute taxable disbursements and all costs and disbursements allowed by the court shall be a first charge on any fees, rentals and other revenues derived from such project or projects.

D. Such trustee shall in addition to the foregoing have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth herein or incident to the general representation of bondholders or noteholders in the enforcement and protection of their rights.

E. The superior court shall have jurisdiction of any suit, action or proceeding by the trustee on behalf of such bondholders or noteholders. The venue of any such suit, action or proceeding shall be laid in Maricopa county.

45-1715. Certification of bonds by attorney general

The authority may submit to the attorney general of the state of Arizona any bonds to be issued under this article after all proceedings for the authorization of such bonds have been taken. Upon the submission of such proceedings to the attorney general, it shall be the duty of the attorney general to examine into and pass upon the validity of such bonds and the regularity of all proceedings in connection therewith. If such proceedings conform to the provisions of this article, and such bonds when delivered and paid for will constitute binding and legal obligations of the authority enforceable according to the terms thereof, the attorney general shall certify in substance upon the back of each of such bonds that it is issued in accordance with the constitution and laws of the state of Arizona.

45-1716. State not liable on bonds and notes

Neither the state nor any political subdivision thereof shall be liable on the bonds or notes of the authority and such bonds and notes shall not constitute a debt or liability of the state or of any such political subdivision.

45-1717. Bonds and notes legal investments

The bonds and notes are hereby made securities in which all public officers and bodies of the state and all municipalities and political subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of the state, may properly and legally invest funds including capital in their control or belonging to them. The bonds and notes are also hereby made securities which may be deposited with and may be received by all public officers and bodies of the state and all municipalities and political subdivisions for any purpose for which the deposit of bonds or other obligations of the state is now or may hereafter be authorized.

[45-1718. Water rights](#)

Nothing contained in this article shall be construed as affecting or be intended to affect or to in any way interfere with the laws of the state or the United States relating to the control, appropriation, use or distribution of water used in Arizona, or to any contract or vested right acquired therefor, and the powers and duties herein set forth shall be limited and restricted to only that quantity of water which may be available for use in the state of Arizona, after the satisfaction of all existing contracts between the secretary of the interior and users in the state of Arizona for the delivery of water of the main stream of the Colorado river, and shall not extend to any such contracts, any amendments or supplements thereto, or to any federal statute enacted before the effective date of this article pertaining to any federal reclamation project within the state of Arizona constructed and using water of the main stream of the Colorado river before the effective date of this article.

[45-1719. Reversion of projects to state](#)

When all bonds and notes issued under the provisions of this article to finance the state water and power plan and the interest thereon shall have been paid or a sufficient amount for the payment of all such bonds and notes and the interest thereon to the maturity thereof shall have been set aside in trust for the benefit of the holders of such bonds and notes, all projects then included in the state water and power plan shall thereafter be operated and maintained by the director and the authority, and water and power rates shall be reduced accordingly unless the legislature shall provide that the revenues therefrom shall be deposited in the general fund of the state, in the state water and power development fund or as the legislature may otherwise direct.

[45-1720. No jurisdiction of Arizona corporation commission](#)

The rates, services and practices relating to the generation, transmission, distribution and sale of power or to the distribution and sale of water pursuant to this chapter shall not be subject to regulation by or the jurisdiction of the Arizona corporation commission or any successor agency or department.

[45-1721. Joint ownership of power projects](#)

Notwithstanding anything to the contrary in this chapter or in title 30, chapter 1, the Arizona power authority may participate in the Montezuma pumped storage power project, the Hoover power plant modifications project or Hoover power plant uprating project as a joint owner with other publicly-owned or privately-owned utilities. In such event, the authority's undivided interest or share of such project shall be deemed to be the power project included in the state water and power plan for the purposes of this chapter, provided that the authority may contract with other joint owners or the United States or any United States agency to act as agent for the acquisition, construction and operation of the entire project and for this purpose the authority shall have all powers with respect thereto necessary to carry out its obligations under such contract, including, without limitation, the powers set forth in section 45-1706.

[45-1722. Exclusive law](#)

The powers conferred by this article shall be in addition to and supplemental to the powers conferred by any other law, general or special. This article shall, without reference to title 30, chapter 1 or chapter 1 or 2 of this title, or to any other law, general or special, be deemed full authority for the construction, acquisition, reconstruction, improvement, operation and maintenance of the projects herein provided for and contracts in connection therewith, and for the authorization, issuance and sale of the bonds and notes pursuant to this chapter and without regard to the procedure required by any other such law. Except as otherwise provided in this article, the provisions of title 30, chapter 1 and chapter 1 or 2 of this title, insofar as they relate to the matters herein contained, are superseded, it being the legislative intent that this article shall constitute the exclusive law on such matters.