

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2006

A N A C T

RELATING TO PASCOAG UTILITY DISTRICT

Introduced By: Representatives Pacheco, and Church

Date Introduced: February 09, 2006

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 45-58-2, 45-58-6 and 45-58-7 of the General Laws in Chapter 45-
2 58 entitled "Pascoag Utility District" are hereby amended to read as follows:

3 **45-58-2. Definitions.** – Terms used in this chapter shall be construed as follows, unless
4 another meaning is expressed or is clearly apparent from the language or context:

5 (1) "Utility district" means the Pascoag utility district, a quasi-municipal corporation,
6 district and political subdivision of the state established and empowered by this chapter to:

7 (i) Succeed to and fulfill the electric and water utility functions, powers, rights, property
8 and obligations heretofore held and fulfilled by the Pascoag fire district created by the act passed
9 at the May session 1887, entitled "An Act to Incorporate the Pascoag Fire District" as thereafter
10 amended and supplemented from time to time;

11 (ii) Exercise certain additional powers as a utility water supplier, an electric distribution
12 company and as a nonregulated power producer; and

13 (iii) To provide additional utility services not inconsistent with the duties, powers and
14 obligations of the utility district as defined in this section.

15 (2) "Fire district" means the Pascoag fire district created by the act passed at the May
16 session 1887, entitled "An Act to Incorporate the Pascoag Fire District" as thereafter amended
17 and supplemented from time to time.

18 (3) "Utility assets" means that real property, personal property, rights in any real and
19 personal property, facilities, equipment, contract rights, statutory rights and privileges, franchises

1 and other tangible or intangible property of any kind whatever used in, or useful to, the conduct
2 of the electric and water utility operations conducted prior to April 4, 2001 by the fire district, and
3 on and after April 4, 2001 by the utility district.

4 (4) "Fire protection assets" means that real property, facilities, equipment, statutory
5 rights and privileges, and other tangible or intangible property of any kind whatever used in, or
6 useful to, the conduct of the fire protection and prevention operations conducted prior to, on and
7 after April 4, 2001 by the fire district.

8 (5) "Utility service area" means that geographic area located within the boundaries of the
9 Pascoag fire district, as established under the act passed at the May session 1887, entitled "An
10 Act to Incorporate the Pascoag Fire District" as thereafter amended and supplemented from time
11 to time.

12 (6) "Utility bond obligations" means the obligations represented by and inherent in any
13 revenue or general obligation bond issued by the Pascoag fire district prior to April 4, 2001 for
14 the purpose of financing any aspect of its electric or water utility system or operations, which
15 obligations remain outstanding in any part as of April 4, 2001.

16 (7) "Qualified voter" means any registered voter who resides in the village of Pascoag.

17 **45-58-6. Membership of board of commissioners.** -- (a) The board of utility
18 commissioners shall consist of seven (7) members. Four (4) members of the board shall constitute
19 a quorum and a vote of four (4) members shall be necessary for all action taken by the board. No
20 vacancy in the membership of the board shall impair the right of a quorum to exercise all the
21 rights and perform all the duties of the board. The initial members of the board of utility
22 commissioners shall be the utility commissioners currently holding office under the auspices of
23 the Pascoag fire district, who shall continue to serve until their current terms expire. Thereafter,
24 the members of the board of utility commissioners of the Pascoag utility district shall be elected
25 for a term of three (3) years by ballot of voters otherwise eligible to vote in the general election in
26 succeeding years in the village of Pascoag.

27 (b) The members of the board of utility commissioners shall be residents of the village of
28 Pascoag. Any registered voter within the geographic boundaries of the village of Pascoag shall be
29 eligible to run for election to the board of utility commissioners; provided, however, that he or
30 she shall first have filed a declaration of candidacy with the secretary of the board of utility
31 commissioners not later than thirty (30) calendar days prior to the scheduled date of the election
32 through which such person seeks to be elected to the board of utility commissioners. In the event
33 of a vacancy occurring on the board of utility commissioners by reason of death, resignation or
34 other cause, the board itself may select an eligible voter to ~~fulfill the unexpired portion of the~~

1 ~~term of office thereby left vacant~~ fill the vacancy until the next annual election.

2 (c) The board of utility commissioners shall elect each year from among its members: (1)
3 a chairperson, who shall chair and moderate meetings of the board of utility commissioners and
4 shall execute such other authorities and duties as the board may provide; (2) a vice chair who
5 shall assume all duties of the chair in the chair's absence; and ~~(2)~~ (3) a secretary, who shall
6 maintain minutes of the meetings of the board of utility commissioners, provide notice of the
7 meetings in accordance with law, and shall have such other duties as the board of utility
8 commissioners may determine. The board of utility commissioners shall appoint a treasurer, who
9 may be a member of the board or a general or special employee of the utility district, and who
10 shall have charge and control of the money and deposits of the utility district.

11 (d) The board of utility commissioners shall establish and adopt bylaws for the
12 management and conduct of the utility district's affairs, and other aspects of the governance of the
13 utility district not otherwise controlled by this chapter. Pending the adoption of the bylaws, the
14 board of utility commissioners shall be deemed to have adopted, and shall conduct the board's
15 business in accordance with, those portions of the bylaws of the Pascoag fire district relating to
16 utility matters.

17 (e) In order to ensure that the status of the utility district as a quasi-municipal
18 corporation, district and political subdivision of the state does not prejudice its ability to
19 contribute to the development of effective competition in the electricity and communications
20 industries in the state, it is specifically found and determined that: (1) strategic business planning
21 records of the utility district (including without limitation business plans, draft contracts,
22 proposals, financial analyses and other similar documents) shall not be subject to the disclosure
23 requirements of chapter 2 of title 38 of the general laws unless the same materials in comparable
24 circumstances in the hands of an investor-owned utility would be subject to disclosure under
25 other laws of the state; and (2) strategic business planning discussions of the board of utility
26 commissioners, including such discussions with utility district employees or consultants, are
27 deemed to fall within the circumstances defined in section 42-46-5(a)(7).

28 **45-58-7. Compensation of the board -- Employees of the utility district.** -- (a) Each
29 member of the board of utility commissioners shall be entitled to receive compensation of not less
30 than twenty-five dollars (\$25.00) per year for attendance at scheduled and special meetings of the
31 board of utility commissioners, and shall be entitled to reimbursement of the actual and necessary
32 expenses incurred in the performance of his or her official duties. In addition, each member of
33 the board shall be eligible to participate in the health care plan in effect during the commissioner's
34 tenure, subject to all applicable copayments and other necessary charges subject to the approval

1 of the public utilities commission for purposes of setting the electric distribution rates. The
2 salaries, compensation and expenses of all members and officers of the board, and all employees
3 and agents of the utility district, shall be paid solely out of funds of the utility district. No part of
4 the earnings of the utility district shall inure to the benefit of any private person.

5 (b) The board shall appoint a general manager and may enter into employment contracts
6 with its executive employees. The board shall have the authority to approve employee benefit
7 plans, including fringe benefits such as but not limited to pension and health and disability and
8 other insurances.

9 (c) No member of the board of utility commissioners shall directly or indirectly engage
10 or participate in the proceeds of any contract or agreement to supply anything of value or receive
11 anything of value from the utility district. The prohibition set forth in the subsection may be
12 waived by a vote of five (5) members of the board of utility commissioners, if and only if the
13 board of utility commissioners shall have first obtained an opinion of the attorney general and/or
14 the Rhode Island ethics commission based on full disclosure of all relevant facts that the waiver
15 does not contravene state law and is otherwise in the best interests of the consumers served by the
16 utility district.

17 SECTION 2. Chapter 45-58 of the General Laws entitled "Pascoag Utility District" is
18 hereby amended by adding thereto the following section:

19 **45-58-15. Tax exemption.** – It is hereby declared that the district, in the carrying out of
20 its quasi-municipal purposes, is in all respects providing essential services to the people of the
21 state that improves their health, safety and welfare. Accordingly, the district shall not be required
22 to pay taxes, assessments or sums in lieu of taxes to the state or any political subdivision thereof
23 upon any of the property now owned or acquired in the future by the district, or under its
24 jurisdiction and/or control possession or supervision or upon its activities or operations or upon
25 any earnings, revenues, moneys or other income derived by the district. The bonds issued by the
26 district and any income therefrom shall at all times be exempt from taxation. Nothing in this
27 section, however, shall have any effect upon the public utilities commission's authority to assess
28 Pascoag administrative expenses pursuant to section 39-1-23.

29 SECTION 3. This act shall take effect upon passage.

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LC01999/SUB A
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO PASCOAG UTILITY DISTRICT

1 This act would make certain amendments to the Pascoag Utility District Act, such as
2 amending and adding certain definitions as well as a vice chairperson and creating a tax
3 exemption.

4 This act would take effect upon passage.

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LC01999/SUB A
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