

LC01999

**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, a distribution electric  
12 provider 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 chairperson  
5 who shall assume all duties of the chairperson in the chairperson's absence; and ~~(2)~~ (3) a  
6 secretary, who shall maintain minutes of the meetings of the board of utility commissioners,  
7 provide notice of the meetings in accordance with law, and shall have such other duties as the  
8 board of utility commissioners may determine. The board of utility commissioners shall appoint a  
9 treasurer, who may be a member of the board or a general or special employee of the utility  
10 district, and who 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. The salaries,

1 compensation and expenses of all members and officers of the board, and all employees and  
2 agents of the utility district, shall be paid solely out of funds of the utility district. No part of the  
3 earnings of the utility district shall inure to the benefit of any private person.

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

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

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

18 **45-58-15. Tax exemption.** – It is hereby declared that the district, in the carrying out of  
19 its quasi-municipal purposes, is in all respects providing essential services to the people of the  
20 state that improves their health, safety and welfare. Accordingly, the district shall not be required  
21 to pay taxes, assessments or sums in lieu of taxes to the state or any political subdivision thereof  
22 upon any of the property now owned or acquired in the future by the district, or under its  
23 jurisdiction and/or control possession or supervision or upon its activities or operations or upon  
24 any earnings, revenues, moneys or other income derived by the district. The bonds issued by the  
25 district and any income therefrom shall at all times be exempt from taxation.

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

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

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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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