

2024 --

LC005170

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

A N A C T

RELATING TO TOWNS AND CITIES -- CLEAR RIVER ELECTRIC AND WATER DISTRICT

Introduced By:

Date Introduced:

Referred To:

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 45 of the General Laws entitled "TOWNS AND CITIES" is hereby
2 amended by adding thereto the following chapter:

3 CHAPTER 39.2

4 CLEAR RIVER ELECTRIC AND WATER DISTRICT

5 45-39.2-1. Short title.

6 This act shall be known and may be cited as the "Clear River Electric and Water District
7 Act of 2024".

8 45-39.2-2. Definitions.

9 Terms used in this chapter shall be construed as follows, unless another meaning is
10 expressed or is clearly apparent from the language or context:

11 (1) "Electric and water district" means the Clear River electric and water district, a quasi-
12 municipal corporation, district and political subdivision of the state established and empowered by
13 this chapter to:

14 (i) Succeed to and fulfill the electric and water utility functions, powers, rights, property
15 and obligations heretofore held and fulfilled by the Pascoag utility district and Harrisville fire
16 district water department as defined above and not to include the fire protection, suppression and
17 prevention functions or the emergency medical, rescue and ambulance services of the Harrisville
18 fire district.

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

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

5 (2) "Fire district" means the Harrisville fire district created by the act passed as chapter
6 637 of the Public Laws of 1910, entitled "An Act to Incorporate the Harrisville fire district" as
7 thereafter amended and supplemented from time to time.

8 (3) "Fire protection assets" means that real property, facilities, equipment, statutory rights
9 and privileges, and other tangible or intangible property of any kind whatever used in, or useful to,
10 the conduct of the fire protection, suppression and prevention operations and/or the emergency
11 medical, rescue and ambulance services conducted prior to, on and after January 1, 2025, by the
12 fire district.

13 (4) "Pascoag utility district" means that quasi-municipal corporation, district and political
14 subdivision of the state established by and through Pub. L. 2001, ch. 12, § 1, effective April 4,
15 2001, to have and succeed to the utility powers and functions held and exercised prior to that date
16 by the Pascoag Fire District, as established under the act passed at the May session 1887, entitled
17 "An Act to Incorporate the Pascoag Fire District" as thereafter amended and supplemented from
18 time to time, and further having such additional powers, rights, and functions as set forth in title 45
19 chapter 58.

20 (5) "Qualified voter" means any person whose name appears on an active account with the
21 Clear River electric and water district and who resides in the villages served by Clear River electric
22 and water district or owns property in the villages served by Clear River electric and water district.

23 (6) "Utility assets" means that real property, personal property, rights in any real and
24 personal property, facilities, equipment, contract rights, statutory rights and privileges, franchises
25 and other tangible or intangible property of any kind whatever used in, or useful to, the conduct of
26 the electric and water utility operations conducted prior to January 1, 2025, by the Pascoag utility
27 district and the Harrisville fire district, and on and after January 1, 2025, by the Clear River electric
28 and water district.

29 (7) "Utility bond obligations" means the obligations represented by and inherent in any
30 revenue or general obligation bond issued by the Pascoag utility district and Harrisville fire district
31 prior to January 1, 2025, for the purpose of financing any aspect of its electric or water utility
32 system or operations, which obligations remain outstanding in any part as of January 1, 2025.

33 (8) "Utility service area" means that geographic area located within the boundaries of the
34 Pascoag fire district, as defined above and the Harrisville fire district as defined above and the

geographic area located within the boundaries of any other fire district that may be served by the Clear River electric and water district from time to time.

45-39.2-3. Purpose.

This chapter is intended to:

(a) Establish the Clear River electric and water district as the successor to the utility functions fulfilled prior to January 1, 2025, by the Pascoag utility district and the Harrisville fire district;

(b) Provide for the orderly separation and transfer of those utility functions and related utility assets and utility bond obligations (without impairment thereof) from the Pascoag utility district and the public water supply functions of the Harrisville fire district to the electric and water district;

(c) Provide for the retention and fulfillment of the fire protection and emergency medical and rescue functions and fire protection assets of the Harrisville fire district by the fire district; and

(d) Authorize and enable the electric and water district to provide such other utility products and services as may be authorized, from time to time, by the electric and water district's board of utility commissioners.

45-39.2-4. Clear River electric and water district established.

There is hereby created a quasi-municipal corporation, district and political subdivision of the state, to be known as the Clear River electric and water district, the boundaries of which shall be coterminous with the boundaries of the utility service area of the Pascoag Fire District, as established under the act passed at the May session 1887, entitled "An Act to Incorporate the Pascoag Fire District" as thereafter amended and supplemented from time to time and such other areas as provided for by this chapter and the boundaries of the utility service area of the Harrisville fire district as established in and by chapter 637 of the Public Laws of 1910, as thereafter amended and supplemented from time to time, and such other areas as provided for by this chapter. The electric and water district shall, upon January 1, 2025, have and succeed to the utility powers and functions heretofore held and exercised by the Pascoag Fire District and the Harrisville fire district, and shall further have and be entitled to exercise the additional powers, rights and functions set forth in this chapter.

45-39.2-5. Board of utility commissioners of the Clear River electric and water district established.

There is hereby created a board to be known as the board of utility commissioners of the Clear River electric and water district. The powers of the electric and water district as set forth in this chapter, or conferred on the electric and water district by operation of this chapter, shall be

1 vested in and exercised by a majority of the members of the board of utility commissioners then in
2 office; provided, however, that the board of utility commissioners in its discretion may delegate
3 executive functions to general managers, by resolution, rule or otherwise.

4 **45-39.2-6. Membership of board of commissioners.**

5 (a) The board of utility commissioners shall consist of not more than seven (7) nor less
6 than five (5) members. Four (4) members of the board shall constitute a quorum and a vote of four
7 (4) members shall be necessary for all action taken by the board unless the board consists of only
8 five (5) members, in which case three (3) members shall constitute a quorum and a vote of three
9 (3) members shall be necessary for all action taken by the board. No vacancy in the membership of
10 the board shall impair the right of a quorum to exercise all the rights and perform all the duties of
11 the board. The initial members of the board of utility commissioners shall be comprised of three
12 (3) members of the utility commissioners currently holding office under the auspices of the Pascoag
13 utility district, three (3) members of the operating committee of the Harrisville fire district (to be
14 selected by the Harrisville fire district operating committee), and one member to be elected by
15 qualified voters at a special election. The terms of such initial board members shall be three (3)
16 years for one member elected and the most senior member from the Pascoag utility district and the
17 Harrisville fire district, and a two (2) year term for the next most senior member of each, and one
18 year term for the third most senior member of each, each of whom shall continue to serve until their
19 initial terms expire. Thereafter, the members of the board of utility commissioners of the Clear
20 River electric and water district shall be elected for a term of three (3) years by ballot of qualified
21 voters otherwise eligible to vote in the annual or special election in succeeding years.

22 (b) The members of the board of utility commissioners, moderator or clerk shall be
23 residents of the villages of Pascoag, Harrisville or Oakland. Such residents of the villages of
24 Pascoag, Harrisville and Oakland and whose name appears on an active account with the Clear
25 River electric and water district shall be eligible to be a candidate for election to any one of the
26 above offices; provided, however, that they shall first have filed a declaration of candidacy with
27 the secretary of the board of utility commissioners not later than thirty (30) calendar days prior to
28 the scheduled date of the election through which such person seeks to be elected. In the event of a
29 vacancy occurring on the board of utility commissioners, moderator or clerk by reason of death,
30 resignation or other cause, the board itself may select an eligible candidate to fill the vacancy until
31 the next annual election.

32 (c) The board of utility commissioners shall elect each year from among its members:

33 (1) A chairperson, who shall chair and moderate meetings of the board of utility
34 commissioners and shall execute such other authorities and duties as the board may provide;

1 (2) A vice chairperson who shall assume all duties of the chairperson in the chairperson's
2 absence; and

3 (3) A secretary, who shall maintain minutes of the meetings of the board of utility
4 commissioners, provide notice of the meetings in accordance with law, and shall have such other
5 duties as the board of utility commissioners may determine.

6 The board of utility commissioners shall appoint a treasurer, who may be a member of the
7 board or a general or special employee of the electric and water district, and who shall have charge
8 and control of the money and deposits of the electric and water district.

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

15 (e) In order to ensure that the status of the electric and water district as a quasi-municipal
16 corporation, district and political subdivision of the state does not prejudice its ability to contribute
17 to the development of effective competition in the electricity and communications industries in the
18 state, it is specifically found and determined that:

19 (1) Strategic business planning records of the electric and water district (including without
20 limitation business plans, draft contracts, proposals, financial analyses and other similar
21 documents) shall not be subject to the disclosure requirements of chapter 2 of title 38 unless the
22 same materials in comparable circumstances in the hands of an investor-owned utility would be
23 subject to disclosure under other laws of the state; and

24 (2) Strategic business planning discussions of the board of utility commissioners, including
25 such discussions with electric and water district employees or consultants, are deemed to fall within
26 the circumstances defined in § 42-46-5(a)(7).

27 **45-39.2-7. Compensation of the board – Employees of the electric and water district.**

28 (a) Each member of the board of utility commissioners shall be entitled to receive
29 compensation of not less than twenty-five dollars (\$25.00) per year and not more than three
30 thousand dollars (\$3,000) per year for attendance at scheduled and special meetings of the board
31 of utility commissioners, and shall be entitled to reimbursement of the actual and necessary
32 expenses incurred in the performance of their official duties. The salaries, compensation and
33 expenses of all members and officers of the board, and all employees and agents of the electric and
34 water district, shall be paid solely out of funds of the electric and water district. No part of the

1 earnings of the electric and water district shall inure to the benefit of any private person.

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

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

14 (d) The board of utility commissioners may elect to accept the provisions of chapter 21 of
15 title 45 ("Retirement of Municipal Employees") by resolution, the acceptance to be forwarded to
16 the state retirement board by the board of utility commissioners in the same manner as provided in
17 § 45-21-4.

18 **45-39.2-8. Powers of the electric and water district.**

19 (a) The electric and water district shall have the power:

20 (1) To acquire real or personal property and tangible or intangible personal property by
21 voluntary purchase from the owner or owners of the property, and to the extent that the board of
22 utility commissioners deems it advisable, to acquire property held by a corporation through
23 acquisition of the stock of the corporation and dissolution of the corporation;

24 (2) To acquire real property, fixtures, and rights and interests in real property within its
25 utility service area by eminent domain, subject to the supervision of the public utilities commission
26 in the manner prescribed in § 39-1-31, and the electric and water district may, within and without
27 the district and the town of Burrillville and also without the consent of the town, install, make,
28 construct, and maintain pipes, aqueducts, conduits, machinery, or other equipment or appliances,
29 or authorize the same to be done, and regulate the use thereof to the extent deemed necessary or
30 appropriate to carry out the purposes of the electric and water district. The power conferred upon
31 the electric and water district by this provision shall include the authority to carry any works to be
32 constructed over or enter upon and excavate under any highway, turnpike, railroad, street, or other
33 public way for the purpose of locating, laying, constructing, building, installing, operating,
34 maintaining, altering, repairing or replacing any pipes, appliances or other such apparatus, upon or

1 beneath the surface, in such a manner so as not to permanently obstruct free travel thereon. In
2 exercising the power granted under this provision, the electric and water district shall, except in
3 emergencies, provide advance notice to and otherwise cooperate and coordinate with the town to
4 ensure that any such installation or excavation shall be carried out with reasonable dispatch and
5 with as little interference with and inconvenience to the rights of the public as may be feasible. The
6 electric and water district shall restore any highway, turnpike, railroad, street, or other public way
7 as near as may be possible to its original condition of safety and utility after any such installation
8 or excavation;

9 (3) To own, operate, maintain, repair, improve, enlarge, and extend, in accordance with the
10 provisions of this chapter, any property acquired under this section all of which, together with the
11 acquisition of the property, are hereby declared to be public purposes;

12 (4) To produce, purchase, acquire, distribute, and sell water and electricity at wholesale or
13 retail within or without its utility service area subject to franchise rights of other utilities; to lay
14 down, construct, own, operate, maintain, repair, and improve mains, pipes, wells, towers, and other
15 equipment and facilities necessary, appropriate or useful for those purposes; and to contract with
16 others for any or all of the foregoing purposes;

17 (5) To produce, buy, sell, and trade electric capability, power, or energy products or
18 services at wholesale or retail; to purchase for its own use or for resale electric transmission service
19 and ancillary services; and to engage in any other transaction with respect to electricity or electricity
20 products that was heretofore authorized for the Pascoag utility district or investor-owned electric
21 companies operating as domestic electric utilities within the state (including participation in
22 generating facilities as authorized by chapter 20 of title 39); provided, that the electric and water
23 district electric operations shall operate and be subject to regulation of its retail rates for electricity
24 under title 39 when operating within its utility service area; and provided, further, that except to the
25 extent otherwise provided with respect to the exercise of its power of eminent domain under § 45-
26 39.2-8(2), the electric and water district water operations shall not be subject to regulation of its
27 retail rates or supervision or regulation by any department, division, district, board, bureau, or
28 agency of the state or any of its political subdivisions, including, without limitation, the public
29 utilities commission and the division of public utilities under title 39 when operating within its utility
30 service area.

31 (6) To acquire, own, lease, operate, maintain, repair, and expand facilities and equipment
32 necessary, appropriate, or useful to the operation of other utilities, including, but not limited to,
33 communications services such as Internet service, high-speed data transfer, local and long-distance
34 telephone service, community antenna television service, and to engage in the operation of such

1 utilities;

2 (7) To sue and be sued;

3 (8) To adopt and alter a corporate seal;

4 (9) To acquire, hold, use, lease, sell, transfer, assign, or otherwise dispose of any property,
5 real, personal, or mixed, or any interest therein, for its corporate purposes, and to mortgage, pledge,
6 or lease any such property;

7 (10) To make and adopt bylaws for the management and regulation of its affairs;

8 (11) To borrow money for any of the purposes or powers granted to it under or by operation
9 of this chapter, including the creation and maintenance of working capital, and to issue negotiable
10 bonds, notes, or other obligations, to fund or refund the same, and to secure the obligation of such
11 bond, notes, or other obligations in any case by pledge of, or security interest in, the revenues and
12 property of the electric and water district.

13 (12) To fix rates (subject to the requirements of title 39 in the case of retail electric rates
14 within its utility service area) and collect charges for the use of the facilities or services rendered
15 by or any commodities furnished by the electric and water district;

16 (13) To contract in its own name for any lawful purpose that would effectuate the purposes
17 and provisions of this chapter; to execute all instruments necessary to carry out the purposes of this
18 chapter; and to do all things necessary or convenient to carry into effect and operation the powers
19 granted by this chapter; and

20 (14) Until, and only until, such time as those utility bond obligations to which the Clear
21 River electric and water district succeeds under or by operation of this chapter shall have been
22 retired, defeased, or otherwise satisfied in their entirety, to levy property tax assessments upon
23 property owners within its utility service area for the purpose of supporting utility bond obligations
24 of the Pascoag utility district and those of the Harrisville fire district outstanding as of January 1,
25 2025, in the same manner and to the same extent as each of the Pascoag utility district and
26 Harrisville fire district was authorized to do so under chapter 58 of title 45 ("Pascoag utility
27 district"), as to Pascoag utility district, and chapter 637 of Public Laws of 1910 as to Harrisville
28 fire district, and each as thereafter amended and supplemented from time to time.

29 **45-39.2-8.1. Limitation of powers.**

30 All services provided by the electric department of the electric and water district that
31 constitute public utility services within the meaning of § 39-1-2 or community antennae television
32 systems (CATV) services within the meaning of § 39-19-1 shall be subject to the applicable
33 jurisdictions of the public utilities commission and the division of public utilities and carriers.

34 **45-39.2-9. Separation of utility assets and fire protection assets.**

1 Upon January 1, 2025, ownership of the utility assets previously titled to, or otherwise
2 owned or controlled by, the Pascoag utility district and the Harrisville fire district shall be
3 transferred to the electric and water district, subject to any security interest of record relating to
4 such utility assets, which security interests, if any, shall remain in full force and effect and be
5 unimpaired by the transfer of ownership of the utility assets. All fire protection assets that are the
6 property of Harrisville fire district on January 1, 2025, shall remain the property of the Harrisville
7 fire district. To the extent that individual assets presently titled to the Harrisville fire district cannot
8 be classified as either utility assets or fire protection assets, the electric and water district and the
9 fire district shall negotiate in good faith to transfer title to such assets to one entity or the other,
10 with or without cost but in all cases preserving any applicable contract rights of third parties. The
11 electric and water district and the fire district may agree to joint ownership or control of assets that
12 cannot reasonably be classified as either utility assets or fire protection assets. Notwithstanding
13 anything in this chapter to the contrary, the electric and water district shall take ownership and
14 provide for the care and maintenance of fire hydrants located within the Harrisville fire district;
15 provided, the Harrisville fire district shall be granted full access to such hydrants in the performance
16 of its fire suppression duties, for which the electric and water district may charge a reasonable usage
17 fee.

18 **45-39.2-10. Succession of electric and water district to certain obligations of Pascoag**
19 **utility district and of Harrisville fire district.**

20 (a) On January 1, 2025, the electric and water district shall:

21 (1) Succeed to and become subject to the utility bond obligations heretofore imposed by
22 any security interest or trust instrument upon the Harrisville fire district; and

23 (2) Succeed to the precise position of Pascoag utility district, without any waiver or
24 augmentation of that position whatsoever, as to each wholesale power purchase or power sales
25 agreement, and each transmission service agreement or interconnection agreement heretofore
26 entered into by the utility district, that position to include such rights, claims or defenses as Pascoag
27 utility district may have had prior to January 1, 2025, with respect to any obligation of any such
28 contract.

29 **45-39.2-11. Bonds.**

30 (a) The electric and water district shall have the power and is hereby authorized from time
31 to time to issue its negotiable bonds for any of its corporate or district purposes and to secure the
32 payment of the bonds in such manner and by such means as may be provided in the resolution or
33 resolutions of the electric and water district authorizing the bonds, subject to the regulatory
34 jurisdiction of the division of public utilities and carriers in the manner prescribed in § 39-3-15,

1 where applicable.

2 (b) The electric and water district is specifically authorized to secure bonds that it may
3 issue from time to time by a pledge of, or creation of other security interest in, the revenues of the
4 electric and water district, which pledge or security interest may be enforceable by the grant of a
5 conditional franchise, in the event of default in the payment of the bonds, entitling the secured party
6 or trustee to enter upon and take control of the electric and water district's facilities and service and
7 to provide utility service and receive the revenues from the electric and water district's facilities
8 and service for such period, not exceeding forty (40) years, as may be necessary to recover all
9 payments due on the bonds.

10 (c) The bonds of the electric and water district shall be authorized by resolution of the board
11 of utility commissioners. The bonds shall bear such date or dates, mature at such time or times not
12 exceeding forty (40) years from their issuance, bear interest at such rate or rates payable at such
13 time or times, be in such denominations and in such form, carry such registration privileges, be
14 executed in such manner, be payable in such medium of payment, at such place or places and such
15 time or times and be subject to redemption at such premium, if required, and on such terms, as the
16 resolution may provide. The bonds so authorized and issued pursuant to this chapter may be sold
17 at public or private sale for any price or prices that the electric and water district shall determine.

18 (d) Pending the issuance of bonds in definitive form, the electric and water district may
19 issue bond anticipation notes or interim receipts in such form as the board of utility commissioners
20 may elect.

21 (e) The electric and water district is hereby authorized to provide for the issuance of
22 refunding bonds of the electric and water district for the purpose of refunding any bonds then
23 outstanding which shall have been issued under the provisions of this chapter, including the
24 payment of any redemption premium on the bonds or interest accrued or to accrue to the earliest or
25 subsequent date of redemption, purchase or maturity of the bonds and, if deemed advisable by the
26 electric and water district, for the additional purpose of paying all or a part of the cost of acquiring,
27 constructing, reconstructing, rehabilitating, or improving any property, facilities or systems or parts
28 of property facilities or systems of the electric and water district. The proceeds of bond or notes
29 issued for the purpose of refunding outstanding bonds or notes may be applied, in the discretion of
30 the electric and water district, to the purchase, retirement at maturity or redemption of outstanding
31 bonds or notes either on their earliest or a subsequent redemption date and may, pending that
32 application, be placed in escrow in the same manner and through the same means as are generally
33 available to and incumbent upon political subdivisions of the state.

34 (f) It is hereby declared that the electric and water district and the carrying out of its

1 corporate, district and political subdivision purposes is in all respects for the benefit of the people
2 of the state and for the improvement of their health, welfare and prosperity, and the electric and
3 water district will be performing an essential governmental function in the exercise of the powers
4 conferred by this chapter. The state therefore covenants with the holders of the electric and water
5 district's bonds that the electric and water district shall not be required to pay taxes or payments in
6 lieu of taxes to the state or any other political subdivision of the state upon any property of the
7 electric and water district or under its jurisdiction, control or supervision, or upon any of the electric
8 and water district's activities in the operation or maintenance of the property or upon any earnings,
9 revenues, monies or other income derived by the electric and water district, and that the bonds of
10 the electric and water district and the income from the bonds shall at all times be exempt from
11 taxation by the state and its political subdivisions. Notwithstanding the foregoing, nothing in this
12 section shall be deemed to prohibit the division of public utilities and carriers, the public utilities
13 commission and the department of attorney general from assessing the utility in accordance with
14 the provisions of §§ 39-1-23, 39-1-26, 39-19-9, and 39-19-14.

15 (g) The state does hereby pledge to and agree with the holders of the bonds, notes or other
16 evidence of an indebtedness of the electric and water district that the state will not limit or alter the
17 rights vested in the electric and water district until the bonds, notes or other evidence of
18 indebtedness, together with the interest on the debt, are fully met and discharged.

19 (h) Any resolution or resolutions authorizing any bond, or any issue of bonds, may contain
20 provisions which shall be a part of the contract with the bondholders of the bonds thereby
21 authorized, as to:

22 (1) Pledging all or any part of the money, earnings, income, and revenues derived from all
23 or any part of the property of the electric and water district to secure the payment of any bonds or
24 of any issue of bonds subject to such agreements with bondholders as may then exist;

25 (2) The rates to be fixed and the charges to be collected and the amounts to be raised in
26 each year and the use and disposition of the earnings and other revenue;

27 (3) The setting aside of reserves and the creation of sinking funds and the regulation and
28 disposition thereof;

29 (4) Limitations on the right of the electric and water district to restrict and regulate the use
30 of the properties in connection with which the bonds are issued;

31 (5) Limitations on the purposes to which the proceeds of sale of any issue of bonds may be
32 put;

33 (6) Limitations on the issuance of additional bonds, including refunding bonds and the
34 terms upon which additional bonds may be issued and secured;

1 (7) The procedure, if any, by which the terms of any contract with bondholders may be
2 amended or abrogated, the percentage of bondholders whose consent shall be required for such
3 amendment or abrogation, and the manner in which consent may be given;

4 (8) The creation of special funds into which any earnings or revenues of the electric and
5 water district may be deposited, and the investment of the funds;

6 (9) The appointment of a fiscal agent and the determination of its powers and duties;

7 (10) Limitations on the power of the electric and water district to sell or otherwise dispose
8 of its properties;

9 (11) The preparation of annual budgets by the authority and the employment of consultants
10 and auditors;

11 (12) The rights and remedies of bondholders in the event of failure on the part of the electric
12 and water district to perform any covenant or agreement relating to a bond indenture;

13 (13) Covenanting that as long as any bonds are outstanding the electric and water district
14 shall use its best efforts to establish and maintain its rates and charges at levels adequate at all times
15 to pay and provide for all operating expenses of the electric and water district, all payments of
16 principal, redemption premium (if any), and interest on bonds, notes or other evidences of
17 indebtedness incurred or assumed by the electric and water district, all renewals, repairs and
18 replacements to the property and facilities of the electric and water district, and all other amounts
19 which the electric and water district may be required by law to pay; and

20 (14) Any other matters of like or different character which in any way affect the security
21 or protection of the bonds.

22 (i) The bonds of the electric and water district are hereby made securities in which all public
23 officers and bodies of this state and all municipalities and municipal subdivisions, all insurance
24 companies and associations and other persons carrying on an insurance business, all banks, bankers,
25 trust companies, savings banks, and savings associations (including savings and loan associations),
26 building and loan associations, investment companies and other persons carrying on a banking
27 business, all administrators, guardians, executors, trustees and other fiduciaries and all other
28 persons whomsoever, who are now or may thereafter be authorized to invest in bonds or other
29 obligation of the state may properly and legally invest funds including capital in their control or
30 belonging to them. The bonds are also hereby made securities which may be deposited with and
31 shall be received by all public officers and bodies of this state, and all municipalities and municipal
32 subdivisions, for any purpose for which the deposit of bonds or other obligations of this state is
33 now or may thereafter be required.

34 **45-39.2-12. Money of the electric and water district.**

1 (a) All money of the electric and water district, from whatever source derived, shall be paid
2 to the treasurer of the electric and water district. The money on receipt shall be deposited forthwith
3 in a separate bank account or accounts. The money in the accounts shall be paid out with a check
4 of the treasurer, on requisition by the electric and water district, or of any other person or persons
5 that the electric and water district may authorize to make the requisitions. All deposits of money
6 shall be secured by obligations of the United States or of the state, of a market value at all times
7 not less than the amount of deposits, and all banks and trust companies are authorized to give
8 security for the deposits. The electric and water district shall have the power, notwithstanding the
9 provisions of this section, to contract with the holders of any of its bonds as to the custody,
10 collection, security, investment and payment of any money of the authority, or any money held in
11 trust or otherwise for the payment of bonds or in any way to secure the bonds, and to carry out any
12 contract notwithstanding that the contract may be inconsistent with the previous provisions of this
13 section. Money held in trust or otherwise for the payment of bonds or in any way to secure bonds
14 and deposits of money may be secured in the same manner as the money of the authority, and all
15 banks and trust companies are authorized to give security for the deposits.

16 (b) Notwithstanding subsection (a) of this section, or any other provision of this chapter,
17 the board of utility commissioners shall have the power to authorize by resolution a loan or advance
18 from one utility fund of the electric and water district to another. Any such interfund advance or
19 loan shall be for a term specified in the authorizing resolution of the board of utility commissioners
20 and shall bear interest at a rate reasonably determined by the board of utility commissioners to be
21 consistent with the public interest implicated in all funds involved in the interfund loan or advance;
22 provided, however, that an interest rate set at the rate applicable to the electric and water district's
23 most recent borrowing from a bank or other financial institution shall be presumptively reasonable
24 as the rate of interest for an interfund loan or advance.

25 **45-39.2-13. Alteration, amendment, repeal or severability.**

26 The right to alter, amend or repeal this chapter is reserved to the state, but no such
27 alteration, amendment or repeal shall operate to impair the obligation of any contract made by the
28 electric and water district under any power conferred by this chapter. If any section, clause,
29 provision or term of this chapter shall be declared unconstitutional, void, ultra vires or otherwise
30 ineffective in whole or in part, such determination of invalidity shall not otherwise affect the
31 validity or enforceability of any other provision of this chapter.

32 **45-39.2-14. Harrisville fire district.**

33 Nothing in this chapter shall be construed to effect in any way the continued existence and
34 operation of the Harrisville fire district's fire prevention and suppression functions, its emergency

1 medical, rescue, and ambulance services, its charter and/or bylaws governing the fire district.

2 **45-39.2-15. Tax exemption.**

3 It is hereby declared that the Clear River electric and water district, in the carrying out its
4 quasi-municipal purposes, is in all respects providing essential services to the people of the State
5 of Rhode Island that improves their health, safety and welfare. Accordingly, the electric and water
6 district shall not be required to pay taxes, assessments or sums in lieu of taxes to the State of Rhode
7 Island or any political subdivision thereof upon any of the property now owned or acquired in the
8 future by the electric and water district, or under its jurisdiction and/or control, possession or
9 supervision or upon its activities or operations, or upon any earnings, revenues, monies or other
10 income derived by the electric and water district. The bonds issued by the electric and water district
11 and any income therefrom shall at all times be exempt from taxation; provided, however, nothing
12 in this section shall have any effect upon the water resources board, or the division of public utilities
13 and carriers, and/or the public utilities commission's authority to impose regulation-related
14 assessments and charges on Clear River electric and water district.

15 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TOWNS AND CITIES -- CLEAR RIVER ELECTRIC AND WATER
DISTRICT

1 This act would create the Clear River electric and water district, a quasi-municipal
2 corporation, district and political subdivision of the state as the successor to the utility functions
3 fulfilled prior to January 1, 2025 by the Pascoag utility district and Harrisville fire district. This
4 would provide for the orderly separation and transfer of those utility functions and related utility
5 assets and bond obligations from the Pascoag utility district and public water supply functions of
6 the Harrisville fire district to the newly established electric and water district.

7 This act would take effect upon passage.

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LC005170
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