

2016 -- H 8275

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LC006103  
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

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A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS - NEW SHOREHAM UTILITY  
ASSOCIATION ACT OF 2016

Introduced By: Representative Blake Anthony Filippi

Date Introduced: June 01, 2016

Referred To: House Corporations

(by request)

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 39 of the General Laws entitled "PUBLIC UTILITIES AND  
2 CARRIERS" is hereby amended by adding thereto the following chapter:

3 CHAPTER 32

4 NEW SHOREHAM UTILITY ASSOCIATION ACT OF 2016

5 **39-32-1. Short title.** -- This act shall be known and may be cited as the "New Shoreham  
6 Utility Association Act of 2016".

7 **39-32-2. Declaration of policy.** -- (1) The town of New Shoreham desires to purchase  
8 the shares of the Block Island Power Company. If such a transaction is consummated, the town of  
9 New Shoreham desires to transfer the Block Island Power Company to a nonprofit entity that will  
10 be governed by a utility board elected by the electric ratepayers.

11 (2) The general assembly finds that if the town of New Shoreham gains ownership of the  
12 Block Island Power Company, it is in the public interest to create a nonprofit successor  
13 organization governed by an elected board to operate the electric distribution company and any  
14 remaining generation assets.

15 (3) The general assembly finds that the electors of the town of New Shoreham shall vote  
16 on the form of nonprofit entity and declare that following the acquisition of the Block Island  
17 Power Company, the town of New Shoreham is authorized to transfer the acquired shares and the  
18 assets of the Block Island Power Company to a nonprofit entity chosen by the electors of the

1 town of New Shoreham as set forth in this chapter.

2 **39-32-3. Definitions.** -- Terms used in this chapter shall be construed as follows, unless  
3 another meaning is expressed or is clearly apparent from the language or context:

4 (1) "Date of approval" means the date of certification of the results of a referendum in  
5 which the electors of the town of New Shoreham choose the form of the utility association, being  
6 either a utility cooperative or a utility district.

7 (2) "Qualified elector" means any person whose name appears on an active account with  
8 the utility association.

9 (3) "Utility association" means either a utility cooperative or utility district on and after  
10 the date of approval and filing of articles of incorporation, if necessary, whichever is later. The  
11 name of the utility association shall be the New Shoreham Utility Association.

12 (4) "Utility assets" means that real property, personal property, rights in any real and  
13 personal property, facilities, equipment, contract rights, statutory rights and privileges, franchises  
14 and other tangible or intangible property of any kind whatever used in, or useful to, the conduct  
15 of the utility operations conducted by the Block Island Power Company and after the date of  
16 approval, by the utility association.

17 (5) "Utility cooperative" means a nonprofit corporation organized under the laws of the  
18 state of Rhode Island whose purpose is to act as an electric distribution company, water/sewer  
19 supplier, Internet provider, or telecommunications provider within the utility service area.

20 (6) "Utility debt obligations" means the obligations represented by and inherent in any  
21 debt incurred by the Block Island Power Company for the purpose of financing any aspect of its  
22 electric system or operations, which obligations remain outstanding in any part as of the date of  
23 approval.

24 (7) "Utility district" means a quasi-municipal corporation, district and political  
25 subdivision of the town established and empowered by this chapter to:

26 (i) Succeed to and fulfill the functions, powers, rights, property and obligations  
27 heretofore held and fulfilled by the Block Island Power Company;

28 (ii) Exercise certain additional powers as an electric distribution company and as a  
29 generator of electricity for retail sale within the utility service area, if authorized by a waiver  
30 under §39-1-27(g); and

31 (iii) To provide additional utility services not inconsistent with the duties, powers and  
32 obligations of the utility association as defined in this section, including acting as a water  
33 supplier, Internet provider, or telecommunications provider within the utility service area.

34 (8) "Utility service area" means that geographic area located within the boundaries of the

1 town of New Shoreham.

2 **39-32-4. Statement of purpose.** -- This chapter is intended to:

3 (1) Establish the New Shoreham Utility Association as the successor to the utility  
4 functions fulfilled prior to the date of approval by the Block Island Power Company;

5 (2) Provide for the orderly separation and transfer of those utility functions and related  
6 utility assets and utility debt obligations (without impairment thereof) from the Block Island  
7 Power Company to the utility district; and

8 (3) Authorize and enable the utility district to provide such other utility products and  
9 services as may be authorized from time to time by the utility district's board of utility  
10 commissioners.

11 **39-32-5. New Shoreham utility association established.** -- (a) The town of New  
12 Shoreham shall conduct an election to present the question to the electors of the town of New  
13 Shoreham whether to create a utility district or utility cooperative, which question shall be  
14 decided by the majority of electors who cast a vote.

15 (b) If the electors choose a utility district, then effective on the date of approval, there is  
16 hereby created a quasi-municipal corporation, district and political subdivision of the town, to be  
17 known as the New Shoreham Utility Association, the boundaries of which shall be coterminous  
18 with the boundaries of the utility service area of the Block Island Power Company, as established  
19 under the act passed at the January session A, D, 1925, entitled "An Act to Incorporate the Island  
20 Light and Power Company" as thereafter amended and supplemented from time to time and such  
21 other areas as provided for by this chapter. The utility district shall, upon the date of approval,  
22 have and succeed to the utility powers and functions heretofore held and exercised by the Block  
23 Island Power Company, and shall further have and be entitled to exercise the additional powers,  
24 rights and functions set forth in this chapter.

25 (c) If the electors choose a utility cooperative, then effective on the date of approval, the  
26 general assembly authorizes the creation of a nonprofit corporation, to be organized under the  
27 laws of the state of Rhode Island, to be known as the New Shoreham Utility Association, the  
28 boundaries of which shall be coterminous with the boundaries of the utility service area of the  
29 Block Island Power Company, as established under the act passed at the January session A.D.  
30 1925, entitled "An Act to Incorporate the Island Light and Power Company" as thereafter  
31 amended and supplemented from time to time and such other areas as provided for by this  
32 chapter. The utility cooperative shall, upon the date of approval, have and succeed to the utility  
33 powers and functions heretofore held and exercised by the Block Island Power Company, and  
34 shall further have and be entitled to exercise the additional powers, rights and functions set forth

1 in this chapter.

2 **39-32-6. Board of utility commissioners of the town of New Shoreham utility**  
3 **association established.** -- There is hereby created a board to be known as the board of utility  
4 commissioners of the town of New Shoreham Utility Association. The powers of the utility  
5 association as set forth in this chapter, or conferred on the utility association by operation of this  
6 chapter, shall be vested in and exercised by a majority of the members of the board of utility  
7 commissioners then in office; provided, however, that the board of utility commissioners in its  
8 discretion may delegate executive functions to general managers, by resolution, rule or otherwise.

9 **39-32-7. Membership of board of commissioners.** -- (a) The board of utility  
10 commissioners shall consist of five (5) members. Three (3) members of the board shall constitute  
11 a quorum and a vote of three (3) members shall be necessary for all action taken by the board. No  
12 vacancy in the membership of the board shall impair the right of a quorum to exercise all the  
13 rights and perform all the duties of the board. The initial members of the board of utility  
14 commissioners shall be elected, but two (2) shall be elected for a term of two (2) years and three  
15 (3) for a term of four (4) years. Thereafter, the members of the board of utility commissioners of  
16 the New Shoreham Utility Association shall be elected for a term of four (4) years by ballot of  
17 qualified electors.

18 (b) The members of the board of utility commissioners, moderator or clerk shall be a  
19 resident, taxpayer, ratepayer or spouse of a ratepayer, or the beneficial owner of a ratepayer.  
20 Such residents, ratepayers and spouse, or beneficial owner of a ratepayer shall be eligible to be a  
21 candidate for election to any one of the above offices; provided, however, that they shall first  
22 have filed a declaration of candidacy with the secretary of the board of utility commissioners not  
23 later than thirty (30) calendar days prior to the scheduled date of the election through which such  
24 person seeks to be elected. In the event of a vacancy occurring on the board of utility  
25 commissioners, moderator or clerk by reason of death, resignation or other cause, the board itself  
26 may select an eligible candidate to fill the vacancy until the next annual election.

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

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

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

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

1 shall appoint a treasurer, who may be a member of the board or a general or special employee of  
2 the utility district, and who shall have charge and control of the money and deposits of the utility  
3 district.

4 (d) The board of utility commissioners shall establish and adopt bylaws for the  
5 management and conduct of the utility district's affairs, and other aspects of the governance of the  
6 utility district not otherwise controlled by this chapter. Pending the adoption of the bylaws, the  
7 board of utility commissioners shall be deemed to have adopted, and shall conduct the board's  
8 business in accordance with, the existing bylaws of the Block Island Power Company.

9 (e) In order to ensure that the status of the utility district as a quasi-municipal corporation,  
10 district and political subdivision of the state does not prejudice its ability to contribute to the  
11 development of effective competition in the electricity and communications industries in the  
12 state, it is specifically found and determined that:

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

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

21 **39-32-8. Compensation of the board - Employees of the utility association. --** (a) Each  
22 member of the board of utility commission shall be entitled to receive compensation and  
23 reimbursement of actual and necessary expenses incurred in the performance of their official  
24 duties at levels subject to approval by a vote of the qualified electorate. The salaries,  
25 compensation and expenses of all members and officers of the board, and all employees and  
26 agents of the utility district, shall be paid solely out of funds of the utility district.

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

31 (c) No member of the board of utility commissioners shall directly or indirectly engage or  
32 participate in the proceeds of any contract or agreement to supply anything of value or receive  
33 anything of value from the utility district. The prohibition set forth in this subsection may be  
34 waived by a vote of three (3) members of the board of utility commissioners, if and only if the

1 board of utility commissioners shall have first obtained an opinion of the attorney general and/or  
2 the Rhode Island ethics commission based on full disclosure of all relevant facts that the waiver  
3 does not contravene state law and is otherwise in the best interests of the consumers served by the  
4 utility district.

5 **39-32-9. Powers of the utility association. --** (a) The power of the utility association  
6 shall include the following:

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

11 (2) To acquire real property, fixtures and rights and interests in real property within its  
12 utility service area by eminent domain, subject to the supervision of the public utilities  
13 commission in the manner prescribed in §39-1-31;

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

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

22 (5) To produce, buy, sell and trade electric capability, power or energy products or  
23 services at wholesale or retail; to purchase for its own use or for resale electric transmission  
24 service and ancillary services; and to engage in any other transaction with respect to electricity or  
25 electricity products that was heretofore authorized for the Block Island Power Company  
26 (including participation in electric generating facilities as authorized by chapter 20 of title 39);  
27 provided, that the utility district shall operate and be subject to regulation of its retail rates for  
28 electricity under title 39 when operating within its utility service area;

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

34 (7) To sue and be sued;

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

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

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

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

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

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

18           **39-32-10. Limitation of powers.** -- All services provided by the utility association that  
19 constitute public utility services within the meaning of §39-1-2(20) or community antennae  
20 television systems (CATV) services within the meaning of §39-19-1 shall be subject to the  
21 applicable jurisdictions of the public utilities commission and the division of public utilities and  
22 carriers.

23           **39-32-11. Separation of utility assets.** -- Within eighteen (18) months of acquisition by  
24 the town of New Shoreham, ownership of the utility assets previously titled to, or otherwise  
25 owned or controlled by, the Block Island Power Company shall be transferred to the utility  
26 association, subject to any security interest of record relating to such utility assets, which security  
27 interests, if any, shall remain in full force and effect and be unimpaired by the transfer of  
28 ownership of the utility assets.

29           **39-32-12. Succession of utility district to certain obligations of Block Island power**  
30 **company.** -- Upon the date of transfer, the utility association shall:

31           (1) Succeed to and become subject to the utility debt obligations heretofore imposed by  
32 any security interest or trust instrument upon the Block Island Power Company; and

33           (2) Succeed to the precise position of Block Island Power Company, without any waiver  
34 or augmentation of that position whatsoever, as to each Block Island Power Company, that

1 position to include such rights, claims or defenses as Block Island Power Company may have had  
2 prior to the date of transfer with respect to any obligation of any such contract.

3 **39-32-13. Bonds. --** (a) The utility association shall have the power and is hereby  
4 authorized from time to time to issue its negotiable bonds for any of its corporate or association  
5 purposes and to secure the payment of the bonds in such manner and by such means as may be  
6 provided in the resolution or resolutions of the utility association authorizing the bonds, subject to  
7 the regulatory jurisdiction of the division of public utilities and carriers in the manner prescribed  
8 in §39-3-15, where applicable.

9 (b) The utility association is specifically authorized to secure bonds that it may issue from  
10 time to time by a pledge of, or creation of other security interest in, the revenues of the utility  
11 association, which pledge or security interest may be enforceable by the grant of a conditional  
12 franchise, in the event of default in the payment of the bonds, entitling the secured party or trustee  
13 to enter upon and take control of the utility association's facilities and service and to provide  
14 utility service and receive the revenues from the utility association's facilities and service for such  
15 period, not exceeding twenty (20) years, as may be necessary to recover all payments due on the  
16 bonds.

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

25 (d) Pending the issuance of bonds in definitive form, the utility association may issue  
26 bond anticipation notes or interim receipts in such form as the board of utility commissioners may  
27 elect.

28 (e) The utility association is hereby authorized to provide for the issuance of refunding  
29 bonds of the utility association for the purpose of refunding any bonds then outstanding which  
30 shall have been issued under the provisions of this chapter, including the payment of any  
31 redemption premium on the bonds or interest accrued or to accrue to the earliest or subsequent  
32 date of redemption, purchase or maturity of the bonds and, if deemed advisable by the utility  
33 association, for the additional purpose of paying all or a part of the cost of acquiring,  
34 constructing, reconstructing, rehabilitating, or improving any property, facilities or systems or



1 parts of property facilities or systems of the utility association. The proceeds of bond or notes  
2 issued for the purpose of refunding outstanding bonds or notes may be applied, in the discretion  
3 of the utility association, to the purchase, retirement at maturity or redemption of outstanding  
4 bonds or notes either on their earliest or a subsequent redemption date and may, pending that  
5 application, be placed in escrow in the same manner and through the same means as are generally  
6 available to and incumbent upon political subdivisions of the state.

7 (f) It is hereby declared that the utility association and the carrying out of its corporate,  
8 association and political subdivision purposes is in all respects for the benefit of the people of the  
9 state and for the improvement of their health, welfare and prosperity, and the utility association  
10 will be performing an essential governmental function in the exercise of the powers conferred by  
11 this chapter. The state therefore covenants with the holders of the utility association's bonds that  
12 the utility association shall not be required to pay taxes or payments in lieu of taxes to the state or  
13 any other political subdivision of the state upon any property of the utility association or under its  
14 jurisdiction, control or supervision, or upon any of the utility association's activities in the  
15 operation or maintenance of the property or upon any earnings, revenues, moneys or other income  
16 derived by the utility association, and that the bonds of the utility association and the income  
17 from the bonds shall at all times be exempt from taxation by the state and its political  
18 subdivisions. Notwithstanding the foregoing, nothing in this section shall be deemed to prohibit  
19 the division of public utilities and carriers, the public utilities commission and the department of  
20 the attorney general from assessing the utility in accordance with the provisions of §§39-1-23, 39-  
21 1-26, 39-19-9, and 39-19-14.

22 (g) The state does hereby pledge to and agree with the holders of the bonds, notes or  
23 other indebtedness of the utility association that the state will not limit or alter the rights vested in  
24 the utility association until the bonds, notes or other evidence of indebtedness, together with the  
25 interest on the debt, are fully met and discharged.

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

29 (1) Pledging all or any part of the money, earnings, income, and revenues derived from  
30 all or any part of the property of the utility association to secure the payment of any bonds or of  
31 any issue of bonds subject to such agreements with bondholders as may then exist;

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

34 (3) The setting aside of reserves and the creation of sinking funds and the regulation and

1 disposition thereof;

2 (4) Limitations on the right of the utility association to restrict and regulate the use of the  
3 properties in connection with which the bonds are issued;

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

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

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

11 (8) The creation of special funds into which any earnings or revenues of the utility  
12 association may be deposited, and the investment of the funds;

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

14 (10) Limitations on the power of the utility association to sell or otherwise dispose of its  
15 properties;

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

18 (12) The rights and remedies of bondholders in the event of failure on the part of the  
19 utility association to perform any covenant or agreement relating to a bond indenture;

20 (13) Covenanting that as long as any bonds are outstanding the utility association shall  
21 use its best efforts to establish and maintain its rates and charges at levels adequate at all times to  
22 pay and provide for all operating expenses of the utility association, all payments of principal,  
23 redemption premium if any, and interest on bonds, notes or other evidences of indebtedness  
24 incurred or assumed by the utility association, all renewals, repairs and replacements to the  
25 property and facilities of the utility association, and all other amounts which the utility  
26 association may be required by law to pay; and

27 (14) Any other matters of like or different character that in any way affects the security or  
28 protection of the bonds.

29 (i) The bonds of the utility association are hereby made securities in which all public  
30 officers and bodies of this state and all municipalities and municipal subdivisions, all insurance  
31 companies and associations and other persons carrying on an insurance business, all banks,  
32 bankers, trust companies, savings banks, and savings associations, including savings and loan  
33 associations, building and loan associations, investment companies and other persons carrying on  
34 a banking business, all administrators, guardians, executors, trustees and other fiduciaries and all

1 other persons whomsoever, who are now or may thereafter be authorized to invest in bonds or  
2 other obligation of the state may properly and legally invest funds including capital in their  
3 control or belonging to them. The bonds are also hereby made securities which may be deposited  
4 with and shall be received by all public officers and bodies of this state, and all municipalities and  
5 municipal subdivisions, for any purpose for which the deposit of bonds or other obligations of  
6 this state is now or may thereafter be required.

7 **39-32-14. Money of the utility association.** -- (a) All money of the utility association,  
8 from whatever source derived, shall be paid to the treasurer of the utility association. The money  
9 on receipt shall be deposited forthwith in a separate bank account or accounts. The money in the  
10 accounts shall be paid out with a check of the treasurer, on requisition by the utility association,  
11 or of any other person or persons that the utility association may authorize to make the  
12 requisitions. All deposits of money shall be secured by obligations of the United States or of the  
13 state, of a market value at all times not less than the amount of deposits, and all banks and trust  
14 companies are authorized to give security for the deposits. The utility association shall have the  
15 power, notwithstanding the provisions of this section, to contract with the holders of any of its  
16 bonds as to the custody, collection, security, investment and payment of any money of the  
17 authority, or any money held in trust or otherwise for the payment of bonds or in any way to  
18 secure the bonds, and to carry out any contract notwithstanding that the contract may be  
19 inconsistent with the previous provisions of this section. Money held in trust or otherwise for the  
20 payment of bonds or in any way to secure bonds and deposits of money may be secured in the  
21 same manner as the money of the authority, and all banks and trust companies are authorized to  
22 give security for the deposits.

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

32 **39-32-15. Alteration, amendment, repeal or severability.** -- The right to alter, amend  
33 or repeal this chapter is reserved to the state, but no such alteration, amendment or repeal shall  
34 operate to impair the obligation of any contract made by the utility association under any power

1 conferred by this chapter. If any section, clause, provision or term of this chapter shall be  
2 declared unconstitutional, void, ultra vires or otherwise ineffective in whole or in part, such  
3 determination of invalidity shall not otherwise affect the validity or enforceability of any other  
4 provision of this chapter.

5 **39-32-16. Tax exemption.** -- It is hereby declared that the town of New Shoreham Utility  
6 Association, in the carrying out of its purposes, is in all respects providing essential services to  
7 the people of the state of Rhode Island that improves their health, safety and welfare.  
8 Accordingly, the town of New Shoreham Utility Association shall not be required to pay taxes,  
9 assessments or sums in lieu of taxes to the state of Rhode Island or any political subdivision  
10 thereof upon any of the property now owned or acquired in the future by the district, or under its  
11 jurisdiction and/or control, possession or supervision or upon its activities or operations, or upon  
12 any earnings, revenues, moneys or other income derived by the district. The bonds issued by the  
13 district and any income therefrom shall at all times be exempt from taxation; provided, however,  
14 nothing in this section shall have any effect upon the water resources board, or the division of  
15 public utilities and carriers, and/or the public utilities commission's authority to impose  
16 regulation-related assessments and charges on the town of New Shoreham Utility Association.

17 **39-32-17. Reversion to town upon dissolution or termination of the utility**  
18 **association.** -- Upon termination or dissolution of the utility association, the title of all funds and  
19 other properties owned by the utility association that remain after payment or making provision  
20 for payment of all bonds, notes and other obligations of the utility association shall rest in the  
21 town of New Shoreham.

22 **39-32-18. References in the general laws to Block Island power company.** -- Upon the  
23 creation of the New Shoreham Utility Association, all references in the general laws to Block  
24 Island Power Company shall refer to the New Shoreham Utility Association.

25 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 PUBLIC UTILITIES AND CARRIERS - NEW SHOREHAM UTILITY  
ASSOCIATION ACT OF 2016

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1           This act would enable the town of New Shoreham to present to the electors the question  
2 of whether to create a utility district or utility cooperative which would be called The New  
3 Shoreham Utility Association which would consist of a board of utility commissioners to manage  
4 the utility.

5           This act would take effect upon passage.

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