

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, April 5, 1979.

The committee on Government Regulations, to whom were referred the petition (accompanied by bill, Senate, No. 350) of Francis D. Doris for legislation to regulate the assessment of charges for construction work in progress, the petition (accompanied by bill, Senate, No. 382) of Alan D. Sisitsky for legislation relating to construction work performed by the Massachusetts Wholesale Electric Company, the petition (accompanied by bill, House, No. 1201) of the Association of Mass. Consumers, Inc., Richard H. Demers and Antone S. Aguiar, Jr., for legislation to prohibit the inclusion of construction work in progress by gas or electric companies in rate setting proceedings before the Department of Public Utilities, the petition (accompanied by bill, House, No. 1202) of the Association of Mass. Consumers, Inc., Richard H. Demers and Antone S. Aguiar, Jr., that telephone companies be prohibited from including construction work in determining rates, the petition (accompanied by bill, House, No. 2354) of Jonathan L. Healy, Andrew H. Card, Jr., and another that the Department of Public Utilities be prohibited from approving utility rate increases which include construction work in progress costs, so-called, the petition (accompanied by bill, House, No. 2362) of Richard L. Walsh, Nicholas A. Paleologos, William F. Galvin, James G. Collins, William P. Nagle, Jr., Bruce E. Wetherbee and others for legislation to prohibit utility companies from charging customers for costs relating to construction work in progress or for any cost for construction of plants that are not fully operational, the petition (accompanied by bill, House, No. 2558) of Joseph M. Tierney that utility companies be prohibited from charging consumers for the cost of certain construction work in progress, the petition (accompanied by bill, House, No. 5086) of Melvin H. King that electric companies be prohibited from including the financing of nuclear power plants as part of the rates for such companies, the petition (accompanied by bill, House, No. 5087) of Melvin H. King for legislation to prohibit the Department of Public

Utilities from authorizing increased electrical rates for the purpose of financing nuclear construction, the petition (accompanied by bill, House, No. 5092) of Richard P. Roche, William D. Benson, Walter E. Bickford, John G. King and another that the Department of Public Utilities be directed to prohibit utility groups from assessing certain expenses associated with the construction of nuclear power plants to consumers, the petition (accompanied by bill, House, No. 5093) of Richard P. Roche, Alan D. Sisitsky, William D. Benson, John G. King and others for legislation to regulate the assessment of charges by utility companies for construction work in progress, and the petition (accompanied by bill, House, No. 5094) of Denise Cafaro, Richard P. Roche, William D. Benson, Bruce E. Wetherbee, Walter E. Bickford, John A. Businger, John G. King and another relative to certain charges assessed by electric utilities for nuclear power installation, reports recommending that the accompanying bill (House, No. 5906) ought to pass.

For the committee,

RICHARD L. WALSH

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-Nine.

AN ACT RELATIVE TO CHARGES FOR CONSTRUCTION WORK IN PROGRESS BY UTILITY COMPANIES.

Be it enacted by the Senate and House of Representatives in General Court assembled and by the authority of the same, as follows:

1 SECTION 1. The Department of Public Utilities shall for a
2 period of two years after the effective date of this act, disapprove
3 any schedule filed by a gas or electric company pursuant to section
4 94 of Chapter 164 of the General Laws, if such rate, fare, toll or
5 charge includes costs relating to construction work in progress, or
6 for any costs of constructing, owning, maintaining, operating or
7 financing any property which has never been fully operational and
8 used for service.

1 SECTION 2. Notwithstanding sections 17 and 18 of Chapter
2 twenty-five of the General Laws, the Department of Public Utili-
3 ties is hereby authorized to make an assessment against each
4 electric company under the jurisdictional control of the Depart-
5 ment of Public Utilities, based upon the intrastate operating
6 revenues of each of said companies derived from sales within the
7 Commonwealth of electric service, as shown in the most recent
8 year's annual report of each of said companies to the Department of
9 Public Utilities. Said assessments shall be made at a rate as shall be
10 determined and certified annually by the Department of Public
11 Utilities as sufficient to produce fifty thousand dollars in revenue
12 to the Commission established herein. Assessments under this
13 section may not be credited to the normal operating costs of any
14 company. The funds produced by said assessments shall be used by
15 said Commission, in addition to other funds received or approp-
16 riated, to assist in defraying the general operating expenses of the
17 Commission and may be used to compensate consultants retained
18 by the Commission for the purposes of the study authorized by this
19 act.

1 SECTION 3. A special commission to consist of six members
2 of the Senate and eleven members of the House of Representatives
3 who shall be the members of the Joint Committee on Government
4 Regulations and four non-voting members, one of whom shall be
5 the director of the Executive Office of Energy Resources or his
6 designee, and Chairman of the Department of Public Utilities or
7 his designee, and a designee of the Energy Facilities Siting Council
8 is hereby established for the purpose of making an investigation
9 and study relative to need for construction of, and if shown neces-
10 sary, the proposed method of financing new energy generating
11 facilities which shall include; (1) a study and review of existing
12 facilities and their potential for rehabilitation, repowering and/or
13 regeneration; (2) a study and review of existing and potential
14 energy sources for generation of electrical power which shall
15 include but not necessarily be limited to the use of coal, oil, natural
16 gas, solar power and nuclear fuel, and the relative safety of each; (3)
17 a study and review of proposed energy facilities construction in the
18 Commonwealth and necessity therefor; (4) a study and review of
19 traditional and alternative financing techniques including but not
20 limited to, so-called "construction work in progress charges" and
21 "allowance for funds used during construction" for the purpose of
22 defining the economic need of such approaches in relation to the
23 present and future condition of available in world money markets
24 as well as other areas and sources of capital available for the
25 construction of such energy generating facilities.

1 SECTION 4. Said Commission shall make findings and file a
2 report with the clerk of the senate not later than six months from
3 the effective date of this act on items (1) and (2) of section 1 of this
4 act. Said Commission shall make findings and file a report with the
5 clerk of the senate not later than two years from the effective date
6 of this act.