

By Mr. Nagle of Northampton, petition of William P. Nagle, Jr., and other members of the House for legislation to promote the conservation of electricity and to require economic rates for residential consumers of electricity. Government Regulations.

**The Commonwealth of Massachusetts**

In the Year One Thousand Nine Hundred and Eighty-Two.

AN ACT TO PROMOTE CONSERVATION OF ELECTRICITY AND TO REQUIRE ECONOMIC RATES FOR RESIDENTIAL CONSUMERS OF ELECTRICITY.

1     *Whereas*, The deferred operation of this act would tend to defeat  
2 its purpose, which is to immediately provide for the establishment  
3 of electric rates for residential customers, therefore, it is hereby  
4 declared to be an emergency law necessary for the preservation of  
5 the public convenience.

*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. Chapter 164 of the General Laws is hereby  
2 amended by adding after section 128 the following seven sections.

3     *Section 129A.* The department shall establish, after notice and  
4 a public hearing, a lifeline block of electric usage, as hereinafter  
5 defined, for all residential customers of electric companies as de-  
6 fined in section one.

7     As used in this section and sections one hundred and twenty-nine  
8 B to one hundred and twenty-nine G, inclusive, the following  
9 words shall have the following meanings:

0     “Lifeline block”, the initial amount of monthly electric usage,  
1 measured in kilowatt-hours which the department determines is  
2 required by a designated group of residential customers to satisfy  
3 basic household needs; provided, however, that such amount shall  
4 not be less than three hundred and fifty kilowatt hours per month;

15 "Minimum monthly or customer charge", a periodic charge  
16 imposed for electric service whenever a residential customer uses  
17 during such period less than a specified number of kilowatt-hours  
18 as determined by the department.

19 The department, after such hearing, shall also establish kilowatt  
20 hour rates for such lifeline blocks which shall not exceed eighty-  
21 five percent of the average kilowatt-hour rate for the residential  
22 class. The department shall determine the average kilowatt-hour  
23 rate for the residential class by dividing total revenues, not includ-  
24 ing fuel adjustment charges, received by an electric company from  
25 all its residential customers, during a twelve month period, by the  
26 kilowatt hour sales to such customers for said period. Minimum  
27 monthly or customer charge for residential customers shall be  
28 prohibited after the department has established the size of and  
29 rates for the lifeline block; except, that residential customers may  
30 be additionally charged for special time-of-use meters or special  
31 services not normally provided to all residential customers. Within  
32 the lifeline block, the charge per kilowatt-hour may not decrease as  
33 usage increases.

34 After establishing the lifeline blocks and rates, the department  
35 shall not allow a company to increase such rates by a percentage  
36 greater than the overall percentage increase in revenues allowed by  
37 the department for such company as part of a general rate case  
38 conducted under section ninety-four. In any proceeding other than  
39 a general rate case in which the department proposes to revise or  
40 adjust the rate design of any electric company, including but not  
41 limited to hearings in response to the Public Utilities Regulatory  
42 Policies Act., (Pub. L. 95-617), the department is hereby prohibi-  
43 ted from increasing the rates for the lifeline block established by this  
44 section.

45 *Section 129B.* The department may establish as many different  
46 categories of lifeline blocks and associated rates as it deems advisa-  
47 ble in recognition of the end usage of energy and in recognition of  
48 the goals of this section and section one hundred and twenty-nine  
49 A, such goals being the promotion of conservation and getting of  
50 economic rates for residential customers; provided, however, that  
51 no lifeline block shall be allowed which is specifically designed for  
52 new residential customers with electric resistance space heat.

53 The department shall consider adoption of lifeline rates for  
54 existing customers with electric resistance space heating.

55 The department is hereby authorized to determine whether se-  
56 parate lifeline blocks and rates should be developed for elderly  
57 customers and customers who rely on electricity for medically  
58 necessary life support systems.

59 Nothing in this section or section one hundred and twenty-nine  
60 A shall prohibit the department from increasing the kilowatt-hour  
61 size of the lifeline blocks initially established or setting the lifeline  
62 rates below the maximum rate called for in section one hundred  
63 and twenty-nine A.

64 *Section 129C.* Any loss in revenues resulting from the imple-  
65 mentation of lifeline blocks and lifeline rates as described in sec-  
66 tions one hundred twenty-nine A and one hundred twenty-nine B  
67 shall be apportioned among all other retail sales of the affected  
68 company, exclusive of the sales within the lifeline blocks, on an  
69 equal per kilowatt-hour basis.

70 *Section 129D.* Whenever a company provides electricity to a  
71 master-metered customer who then provides electricity to one or  
72 more residential dwelling units, and said company does not bill the  
73 master-metered customer on a residential rate schedule, the de-  
74 partment shall develop separate lifeline rates for such customer.  
75 The lifeline block for the master-metered customer shall be deter-  
76 mined by multiplying the number of residential dwelling units by  
77 the lifeline block size applicable for a single residential unit of the  
78 type included in the master-metered building. The lifeline rate shall  
79 be set by the department in a manner consistent with the provisions  
80 of sections one hundred twenty-nine A and one hundred twenty-  
81 nine B. Any benefit which a master-metered customer receives  
82 from this section shall be directly transferred to the customer's  
83 tenants.

84 *Section 129E.* As part of any hearings on requests for rate relief  
85 or as part of any hearings affecting rate design held after the  
86 effective date of this chapter, the department shall establish rates  
87 for the electric usage beyond the lifeline blocks described in sec-  
88 tions one hundred twenty-nine A and one hundred twenty-nine B  
89 in accordance with the following principles:

90 A. Rates shall be designed to promote conservation and deter  
91 unnecessary uses of energy. Declining block rates shall be eliminat-  
92 ed unless the department finds that declining block rates do not  
93 conflict with the goals of promoting conservation, that declining  
94 block rates are economically justified by a preponderance of the  
95 evidence, and that it is in the public interest to continue declining  
96 block rates.

97 B. Rates shall be designed to assign the cost of future capacity or  
98 supply needs to the customer classes or sub-classes which contrib-  
99 ute most to that need. In carrying out this mandate, the department  
100 may choose among the following methods of setting rates:

101 (1) It may set the rates for the highest block or energy usage at  
102 not less than the present value of the estimated average cost per  
103 kilowatt-hour of the next major source of electric power or supply  
104 that is being projected as the next addition to the electric compa-  
105 ny's system. The estimated average cost shall include, but not be  
106 limited to, capital costs, fuel and operating costs, and a prorated  
107 share of the transmission and distribution costs.

108 (2) The department may choose other methods consistent with  
109 the purposes of this section if it finds that the method listed in  
110 paragraph (1) will not promote conservation as well as other  
111 methods.

112 (3) The department is hereby authorized to exempt from rate  
113 increases electricity sold to residential customers who use less than  
114 the amount of kilowatt-hours in the applicable lifeline block, and  
115 to exempt other customers who do not contribute significantly to  
116 the need for new electric generating capacity.

117 *Section 129F.* Nothing in sections one hundred twenty-nine A  
118 to one hundred twenty-nine E inclusive, shall be construed to  
119 prohibit the department or any company from promoting conser-  
120 vation or providing rate relief to low-income residential customers  
121 through means other than those specified therein, so long as such  
122 means are consistent with the goals and methods specified therein.

123 *Section 129G.* The department shall, within thirty days of the  
124 conclusion of the hearings called for in section one hundred twen-  
125 ty-nine A, adopt regulations specifying the manner in which the  
126 lifeline block and rates will be applied to companies which either  
127 routinely or occasionally bill less frequently than once monthly

128 and such regulations shall insure that no residential customer is  
129 barred from receiving the benefits of this chapter which such  
130 customer would otherwise receive if billed for service on a regular  
131 monthly basis.

1 SECTION 2. Until the hearings on lifeline blocks as defined in  
2 section one of this act are concluded, the department shall consider  
3 three hundred and fifty kilowatt-hours of electric usage to be the  
4 lifeline block for electric companies. Within thirty days of the  
5 effective date of this act, the department shall set interim rates for  
6 the three hundred and fifty kilowatt-hour rate for the residential  
7 class as defined in said section one, notwithstanding the provisions  
8 of chapter one hundred sixty-four of the General Laws.

1 SECTION 3. The hearing required in section one of this act  
2 shall be concluded, including implementation of the lifeline rates,  
3 no later than twelve months after the effective date of this act.

1 SECTION 4. The department is hereby authorized to make a  
2 one-time assessment against each electric company subject to as-  
3 sessment under section seventeen of chapter twenty-five of the  
4 General Laws based upon the intrastate operating revenues of each  
5 such company attributable to electric sales as shown in the annual  
6 report to the department; provided, however, that such assessment  
7 shall not exceed eighty thousand dollars in the aggregate and shall  
8 be made under the provisions of section seventeen A of chapter  
9 twenty-five of the General Laws; and provided further, that the  
10 department shall certify the amount of such assessment to be made  
11 against each company within sixty days of the effective date of this  
12 act. Such assessment shall be used by the department to defray its  
13 costs in carrying out the purposes of the act. The department shall  
14 assign the equivalent of at least one full-time staff attorney and one  
15 half-time economist, analyst or rate specialist to the hearings re-  
16 quired under this act as a condition for receipt of such funds.

1 SECTION 5. Nothing in this act shall be interpreted to interfere  
2 with the authority of the department of public utilities to imple-  
3 ment time-differentiated charges for electric use. The department

4 may use a hypothetical or typical time-differentiated bill, or such  
5 other methods as it deems appropriate, for purposes of setting  
6 lifeline rates at no more than eighty-five percent of the average  
7 kilowatt-hour rate for the residential class, as required by section 1

1 SECTION 6. The provisions of the third paragraph of section  
2 129A of Chapter 164 of the General Laws shall apply only to rate  
3 proceedings instituted within five years of the effective date of this  
4 act.

1 SECTION 7. This act shall take effect on December first, nine-  
2 teen hundred and eighty-two.



1. [Faint text]
2. [Faint text]
3. [Faint text]
4. [Faint text]
5. [Faint text]
6. [Faint text]
7. [Faint text]
8. [Faint text]
9. [Faint text]
10. [Faint text]

[Faint text]  
 [Faint text]  
 [Faint text]  
 [Faint text]  
 [Faint text]