

SENATE No. 381

Commonwealth of Massachusetts.

SENATE, May 18, 1909.

The committee on Public Lighting, to which was referred the petition (with accompanying bill, House, No. 447) of the Association of Massachusetts Gas Companies for legislation to permit gas companies and gas and electric light companies to adopt a sliding scale and to adjust capital to value of property employed in business, reports the accompanying bill.

For the committee,

E. C. HULTMAN.

Commonwealth of Massachusetts.

In the Year One Thousand Nine Hundred and Nine.

AN ACT

To establish the Sliding Scale System for Gas 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. Any gas company existing under the
2 laws of this commonwealth may be allowed to adopt
3 the sliding scale for the price of gas subject to and
4 upon the terms set forth in this act.

1 SECTION 2. Any company desiring to adopt the
2 sliding scale system shall upon the vote of its direc-
3 tors petition the board of gas and electric light com-
4 missioners for a valuation of its plant and property.
5 Such valuation shall be made by the said board who
6 may employ such assistance as they may deem nec-
7 essary, all expense of such appraisal shall be paid
8 by the company whose property has been valued.
9 Said board shall determine the actual value of the
10 real and personal property of the company, but
11 without increase on account of the value of location,
12 earning capacity, franchise or goodwill; from the

13 value so determined shall be deducted any indebted-
14 ness of the company and the remainder shall be the
15 net value of the plant and property for the purposes
16 of this act.

1 SECTION 3. After the net value of the plant and
2 property has been determined, as provided in sec-
3 tion two, the company, by a majority vote of its
4 stockholders at a meeting called for the purpose,
5 may accept the provisions of this act. Such vote
6 shall not, however, become valid and effective until
7 the same shall be approved as in the public interest
8 by the board of gas and electric light commissioners
9 after a public hearing.

1 SECTION 4. If the net valuation ascertained under
2 the provisions of this act exceeds the par value of
3 the capital stock of the company at the time of such
4 valuation, such company may, after the approval
5 of the board of gas and electric light commissioners,
6 as provided in the preceding section, thereupon in-
7 crease its capital stock by issuing new shares to the
8 amount at par of such excess not exceeding the
9 amount of the cash premiums which have actually
10 been paid in upon the existing capital stock, and
11 additional new shares in the proportion of one share
12 to each two hundred dollars of the remainder of
13 such excess. All such new shares shall be of the
14 par value of one hundred dollars each, shall be
15 deemed to be fully paid for by the property upon
16 which they are issued as herein above provided, and
17 shall be distributed among the stockholders, who
18 were such at the date of the vote to accept this act,
19 in proportion to their respective holdings.

1 SECTION 5. The standard rate of dividend for
2 every company accepting the provisions of this act
3 shall be six per cent per annum and the standard
4 price of gas shall be one dollar per thousand cubic
5 feet. Any company charging more than one dollar
6 per thousand cubic feet for the year preceding such
7 acceptance, and which desires to adopt the provi-
8 sions of this act, may start with such price with a
9 reduction of one per cent in dividends for each five
10 cents of price in excess of said standard of one
11 dollar.

1 SECTION 6. No company accepting the provisions
2 of this act shall thereafter declare and pay divi-
3 dends in excess of the standard rate except as herein
4 provided. If, during the whole of any year ending
5 June thirtieth, the maximum net price per thousand
6 cubic feet charged by such company has been less
7 than the standard price fixed by such company, it
8 may, during the following year, declare and pay
9 dividends exceeding the standard rate in the ratio
10 of one fifth of one per cent for every one cent of
11 reduction of such maximum net price below such
12 standard price. If, during any year ending June
13 thirtieth the maximum net price per thousand cubic
14 feet charged by such company has exceeded such
15 standard price, the rate of dividend which the com-
16 pany may declare and pay during the following year
17 shall be reduced below the standard dividend in the
18 ratio of one fifth of one per cent for every one cent
19 of excess of such maximum net price over such
20 standard price.

1 SECTION 7. Commencing with the thirtieth day

2 of June next ensuing after the acceptance of this act
3 by any company, the standard price and the stan-
4 dard rate of dividend for that company shall not be
5 changed for a period of fifteen years, but after the
6 expiration of the said term of fifteen years the board
7 of gas and electric light commissioners shall, upon
8 the petition of the company or of the mayor of any
9 city or of the selectmen of any town in which said
10 company is supplying gas, change such standard
11 price and such standard dividend as they may deem
12 just and proper, after a public hearing.

1 SECTION 8. Any company which is allowed to
2 accept the provisions of this act shall be allowed,
3 after making such allowance for depreciation as the
4 board of gas and electric light commissioners may
5 deem reasonable, to accumulate an emergency fund
6 not in excess of ten per cent of its capital stock in
7 the aggregate. Such emergency fund shall be in-
8 vested and used by the company in the manner that
9 the board of gas and electric light commissioners
10 shall decide to be in the interest of the public and
11 the company. The annual returns of such company
12 to the board of gas and electric light commissioners
13 shall be in such form as the board shall prescribe
14 to show the amount charged off to depreciation and
15 to the said emergency fund and shall be published
16 in the local papers under the direction of and in
17 such manner as the board shall prescribe.

1 SECTION 9. Any gas company which has been al-
2 lowed to accept the provisions of this act shall, upon
3 any increase of its capital stock other than as pro-
4 vided in section four of this act, issue its stock ac-

5 cording to the provisions of law then existing in
6 regard to issues of stock by gas companies.

1 SECTION 10. The provisions of sections thirty-
2 four and thirty-five of chapter one hundred and
3 twenty-one of the Revised Laws, so far as they re-
4 late to the price of gas shall not apply to any com-
5 pany which is allowed to adopt this act.

1 SECTION 11. The acceptance by any company of
2 the provisions of this act shall not be deemed an
3 admission against or an impairment or waiver of
4 any legal right of such company or of any stock-
5 holder thereof in respect to its property or the value
6 thereof.