

By Mr. Caron of Springfield, petition of Paul E. Caron for legislation to prohibit the inclusion of charges for construction work in progress by certain utility companies. Government Regulations.

The Commonwealth of Massachusetts

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

AN ACT RELATIVE TO CHARGES FOR CONSTRUCTION WORK IN PROGRESS.

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

1 Whereas, Many recent construction projects of energy producing
2 facilities have experienced cost overruns; and,

3 Whereas, Rate payers who often are unable to effect decisions
4 regarding long-range planning may suffer severe rate increases
5 because of misjudgments and imprudent decisions; and,

6 Whereas, there exists the possibility that such imprudent deci-
7 sions may affect the financial viability of some Massachusetts utility
8 providers; and,

9 Whereas the Department of Public Utilities should have maxi-
10 mum flexibility to protect the rate payers of the Commonwealth
11 from unreasonable cost increases and the financial viability of
12 energy providers so as to guarantee the reliability of service; There-
13 fore be it established as a policy of the Commonwealth:

14 Section 2, Chapter 164 of the General Laws is hereby amended
15 by inserting after section 94H the following new sections; —

16 Section 94I. Notwithstanding the provision of any general or
17 special law to the contrary, the Department of Public Utilities shall
18 not approve any retail rate schedule filed by an electric company
19 pursuant to sections 94 or 94G of this chapter, if such rate, fare, or
20 toll or charge includes charges providing for recovery of costs incur-
21 red by an electric company or any of its suppliers, in the planning,

22 development or construction of a nuclear power plant prior to
23 receipt of all local, state, and federal permits and licenses necessary
24 for the commercial operation of said plant. Nor shall the Depart-
25 ment approve any such retail rate schedule for any electric company
26 which includes the cost of a cancelled or abandoned nuclear plant
27 unless the Department determines that said costs were prudently
28 incurred and in the public interest by said company on behalf of its
29 retail customers.

30 *Section 94J.* The Department shall disapprove any schedule
31 filed by a gas or electric company pursuant to section 94 of this
32 chapter, if such schedule includes rates, prices or charges providing
33 for the recovery of costs incurred in planning, development, or
34 construction of a nuclear power plant in excess of the cost estimate
35 for the proposed plant presented by the utility company seeking
36 initial approval for the construction of the facility in its petition for
37 a certificate of environmental impact and public need to the energy
38 facilities siting council pursuant to section 69K of this chapter; or
39 for proposed nuclear power plants in other states in which Massa-
40 chusetts utilities have invested, the cost estimate presented to the
41 agency of such other state which regulates utility rates or has
42 jurisdiction over the initial approval of the construction of such
43 facilities; or, in no such cost estimate must be presented to such a
44 state agency in another state, the cost estimate presented to the
45 nuclear regulatory commission in licensing proceedings for a con-
46 struction permit.

47 *Section 3.* Notwithstanding the provisions of any general or
48 special law to the contrary, the Massachusetts Municipal Whole-
49 sale Electric shall, within thirty days of the effective date of this act,
50 and at such other times as the Department may order, file with the
51 Department of Public Utilities an estimate of the financial impact
52 upon its member customers of electric power facilities in which
53 Massachusetts Municipal Wholesale Electric Company is a partic-
54 ipant, including but not limited to the Seabrook Nuclear Power
55 Project, along with any additional materials relating to its invest-
56 ments in said or like facilities the Department may require.

57 Upon review of such filings, the Department may conduct an
58 investigation into said financial impacts and upon completion
59 thereof, the Department is authorized to order the Massachusetts

60 Municipal Wholesale Electric Company and its participating mem-
61 bers to take such actions as the Department deems reasonable to
62 ameliorate any potential adverse financial impacts which said facil-
63 ities may have on customers of the municipal light departments,
64 provided that any action taken by the Department shall not impair
65 any contracts to which the Massachusetts Municipal Wholesale
66 Electric Company is a party.

67 Section 4. The provisions of this act are severable, and if any
68 provision shall be held unconstitutional by any court of competent
69 jurisdiction, the decision of such court shall not affect or impair any
70 of the remaining provisions.

