

By Mr. Wetherbee of Pepperell, petition of Martha C. O'Neil and Bruce E. Wetherbee relative to exclusion of certain items from operating expenses and rate base of certain public utilities. Government Regulations.

## The Commonwealth of Massachusetts

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

### AN ACT RELATIVE TO EXCLUSION OF CERTAIN ITEMS FROM OPERATING EXPENSES AND RATE BASE OF CERTAIN PUBLIC UTILITIES.

*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 159 of the General Laws is hereby  
2 amended by inserting after section 17 the following new section:

3 *Section 17A.* Every common carrier engaged in the transmis-  
4 sion of intelligence by electricity shall include in the reports to be  
5 required to be filed by it, the following specified information, in  
6 as complete detail as the department may from time to time  
7 require:

8 (a) All contributions made by such carrier to any organization,  
9 corporation or association, whether profitable or non-profitable.

10 (b) All contributions, membership fees, assessments and  
11 expenses paid by such carrier to any trade organization, service  
12 organization, or other membership organization, specifying each  
13 such organization and the amount of each contribution,  
14 membership fee, assessment and expense made by such carrier to  
15 each such organization, together with a statement of the purposes  
16 and activities of each such organization during the period of the  
17 report.

18 (c) The names and addresses of all candidates for federal, state,  
19 or local public office to whom such carrier made payments or  
20 contributions, directly or indirectly, whether made to such person  
21 or to any political organization on behalf of such person.

22 (d) Costs of expenses incurred, directly or indirectly, for all  
23 advertising purchased by said carrier or any organization of  
24 which it is a member.

25 In determining whether charges made, demanded or received  
26 by such carrier for any service rendered or performed, or to be  
27 rendered or performed by it or in connection therewith in the  
28 conduct of its business are just and reasonable, to the extent that  
29 the payments included in such reports are determined by the  
30 department to be charitable contributions, political con-  
31 tributions, or costs or expenses for advertising which has as its  
32 primary object the enhancement of the public image of such  
33 carrier or does not provide information of practical value to its  
34 present or potential customers concerning changes in service,  
35 such payments, costs or expenses shall be excluded by the  
36 department from the calculation of the expenses of such carrier  
37 during the test year or other test period adopted by the  
38 department for rate-setting purposes.

39 In determining whether charges made, demanded or received  
40 by such carrier for any service rendered or performed, or to be  
41 rendered or performed by it or in connection therewith in the  
42 conduct of its business are just and reasonable, cost-free capital,  
43 property held for future use and construction work in progress  
44 shall be excluded by the department from the rate base of such  
45 carrier during the test year or other test period adopted by the  
46 department for rate-setting purposes.

1 SECTION 2. Chapter 164 of the General Laws is hereby  
2 amended by inserting after Section 94F the following new section:

3 *Section 94G.* Every gas or electric company shall include, in the  
4 reports to be required to be filed by it, the following specified  
5 information, in as complete detail as the department may from  
6 time to time require:

7 (a) All contributions made by such company to any organiza-  
8 tion, corporation or association, whether profitable or non-  
9 profitable.

10 (b) All contributions, membership fees, assessments and  
11 expenses paid by such company to any trade organization, service  
12 organization, or other membership organization, specifying each  
13 such organization and the amount of each such contribution,  
14 membership fee, assessment and expense made by such company  
15 to each such organization, together with a statement of the  
16 purposes and activities of each such organization during the  
17 period of the report.

18 (c) The names and addresses of all candidates for federal, state  
19 or local public office to whom such company made payments or  
20 contributions directly or indirectly, whether made to such person  
21 or to any political organization on behalf of such person.

22 (d) Costs or expenses incurred, directly or indirectly, for all  
23 advertising purchased by said company or any organization of  
24 which it is a member.

25 In determining whether charges made, demanded or received  
26 by such company for any service rendered or performed, or to be  
27 rendered or performed by it or in connection therewith in the  
28 conduct of its business are just and reasonable, to the extent that  
29 the payments included in such reports are determined by the  
30 department to be charitable contributions, political con-  
31 tributions, or costs or expenses for advertising which has as its  
32 primary object the enhancement of the public image of such  
33 company or does not provide information of practical value to its  
34 present or potential customers concerning changes in service, or  
35 are associated with the promotion of the use of electricity or gas,  
36 such payments, costs or expenses shall be excluded by the  
37 department from the calculations of the expenses of such  
38 company during the test year or other test period adopted by the  
39 department for rate-setting purposes.

40 In determining whether charges made, demanded or received  
41 by such company for any service rendered or performed, or to be  
42 rendered or performed by it or in connection therewith in the  
43 conduct of its business are just and reasonable, cost-free capital,  
44 property held for future use and construction work in progress  
45 shall be excluded by the department from the rate base of such  
46 carrier during the test year or other test period adopted by the  
47 department for rate-setting purposes.

The first part of the paper is devoted to a general discussion of the problem. It is shown that the problem is equivalent to the problem of finding a function which satisfies certain conditions. This is done by using the method of characteristics.

The second part of the paper is devoted to the construction of a function which satisfies the conditions. This is done by using the method of characteristics.

The third part of the paper is devoted to the proof of the uniqueness of the solution. This is done by using the method of characteristics.

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