

By Mr. Alexander of Marblehead, petition of Lawrence R. Alexander and other members of the General Court and another relative to regulating fuel adjustment charges by utility companies. Government Regulations.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty.

AN ACT REGULATING FUEL ADJUSTMENT CHANGES 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 94S of chapter 164 of the General Laws is hereby
2 amended by inserting after the first sentence in paragraph one the
3 following paragraph:—

4 The department shall enact regulations which shall assist them in
5 considering the propriety of fuel adjustments and the reasonable-
6 ness of fuel expenses. These regulations shall include but not be
7 limited to the following areas: Delivery Efficiency, Generation
8 Mix, Plant Outages, fuel Supply Contracts and Prices and Pur-
9 chased Power. Such regulations shall be promulgated within four
10 months after passage of legislation.

11 Paragraph 2 is hereby amended by striking out in line 1 the word
12 “fossil” and by adding at the end thereof the following new
13 section:—

14 *Section 2A.* Before any fuel costs are included in the calculation
15 of fuel costs the department must determine that they are reason-
16 able and proper. The department must determine which costs can be
17 legitimately included in the fuel adjustment charge in accordance
18 with the following criteria.

19 A) Delivery Efficiency - Electric companies are hereby required
20 to detail to the department the number of unaccounted-for or lost

21 kilowatt hours. If delivery efficiency is determined by the depart-
22 ment to be unreasonably low, consumers must not be made to bear
23 the extra burden of this cost.

24 B) Generation Mix - The Department shall determine whether
25 or not an Electric Company has made every effort to assure opera-
26 tion of its most efficient generation facilities.

27 C) Plant Outages - The Department will examine planned out-
28 ages of generating facilities in advance of their expected shut-
29 downs. Unscheduled outages must be reasonably shown to have
30 been caused by factors which are beyond reasonable limits of the
31 utility's control. Costs shall not be assessed to consumers through
32 the fuel adjustment charge if said electric company could have
33 avoided the outage by reasonable foresight or means.

34 D) The department shall review fuel contracts and supply prac-
35 tices of each electric company to ascertain that the lowest price
36 possible was obtained. Costs incurred in transporting, storing or
37 otherwise transferring said fuels shall not be considered part of the
38 fuel adjustment charge; the department shall allow only the actual
39 cost for purchase of the fuel and state and federal taxes on that
40 purchase to be included in the fuel adjustment charge.

41 E) Purchased Power - When an electric company purchases
42 power from outside sources the department shall allow only the
43 energy charge — the actual fuel expense incurred to generate the
44 power said — to be included within the fuel adjustment charge.
45 Demand-related purchase power costs cannot properly be
46 recouped through the fuel charge and should be included within an
47 electric company's rate base and recovered thusly.

48 F) The department shall require that each electric company
49 include a reconciling adjustment in every calculation of the fuel
50 charge in order to insure that undercollections and/or overcollec-
51 tions are properly balanced and significant accumulations do not
52 develop.