

**HOUSE . . . . . No. 2927****The Commonwealth of Massachusetts**

PRESENTED BY:

*Stephen L. DiNatale and Jay R. Kaufman*

*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to the establishment of municipal lighting authorities.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Stephen L. DiNatale</i>	<i>3rd Worcester</i>	<i>1/14/2013</i>
<i>Jay R. Kaufman</i>	<i>15th Middlesex</i>	<i>1/14/2013</i>
<i>Jennifer L. Flanagan</i>	<i>Worcester and Middlesex</i>	<i>1/31/2013</i>
<i>Thomas P. Conroy</i>	<i>13th Middlesex</i>	<i>2/1/2013</i>
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>	<i>1/31/2013</i>
<i>James J. Dwyer</i>	<i>30th Middlesex</i>	<i>1/29/2013</i>
<i>Jason M. Lewis</i>	<i>Fifth Middlesex</i>	<i>2/1/2013</i>
<i>Dennis A. Rosa</i>	<i>4th Worcester</i>	<i>1/22/2013</i>
<i>Jennifer E. Benson</i>	<i>37th Middlesex</i>	<i>1/31/2013</i>
<i>Cory Atkins</i>	<i>14th Middlesex</i>	<i>1/29/2013</i>
<i>Thomas M. Stanley</i>	<i>9th Middlesex</i>	<i>2/1/2013</i>
<i>Sarah K. Peake</i>	<i>4th Barnstable</i>	<i>1/24/2013</i>
<i>Denise Provost</i>	<i>27th Middlesex</i>	<i>1/30/2013</i>
<i>Linda Campbell</i>	<i>15th Essex</i>	
<i>Chris Walsh</i>	<i>6th Middlesex</i>	
<i>Randy Hunt</i>	<i>5th Barnstable</i>	
<i>John V. Fernandes</i>	<i>10th Worcester</i>	
<i>William Smitty Pignatelli</i>	<i>4th Berkshire</i>	

<i>Michael R. Knapik</i>	<i>Second Hampden and Hampshire</i>
<i>James Arciero</i>	<i>2nd Middlesex</i>
<i>Paul McMurtry</i>	<i>11th Norfolk</i>
<i>Kevin J. Kuros</i>	<i>8th Worcester</i>

By Messrs. DiNatale of Fitchburg and Kaufman of Lexington, a petition (accompanied by bill, House, No. 2927) of Stephen L. DiNatale and others for legislation to regulate the establishment of municipal lighting plants. Telecommunications, Utilities and Energy.

[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE HOUSE, NO. 869 OF 2011-2012.]

## The Commonwealth of Massachusetts

## **In the Year Two Thousand Thirteen**

An Act relative to the establishment of municipal lighting authorities.

*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. The first sentence of section 19 of chapter 25 of the General Laws, as  
2 appearing in the 2010 Official Edition, is hereby amended by inserting after the word "plant" the  
3 words:- formed prior to July 31, 2012.

4 SECTION 2. Said section 19 of chapter 25 is hereby further amended by inserting after  
5 the word "companies", in line 5, the following words:- participating municipal lighting plants

6 SECTION 3. Section 20 of said chapter 25, as so appearing, is hereby amended by  
7 inserting after the word "plant", in line 3, the words:- formed prior to July 31, 2012

8 SECTION 4. Said section 20 of chapter 25 is hereby further amended by inserting after  
9 the word " plant", in line 10, the words:- formed prior to July 31, 2012

10 SECTION 5. Section 21 of said chapter 25 is hereby amended by inserting after the word  
11 "companies", in line 9, the words:- municipal light plants formed after July 31, 2012

12                   SECTION 6. Said section 21 of chapter 25 is hereby further amended by inserting after  
13 the word "companies", in line 77, the words:- municipal light plants

14            SECTION 7. Said section 21 of chapter 25 is hereby further amended by inserting after  
15 the word “companies”, in line 81, the words:- municipal light plants

16            SECTION 8. Said section 21 of chapter 25 is hereby further amended by inserting after  
17 the word “companies”, in line 83, the words:- municipal light plants

18            SECTION 9. Said section 21 of chapter 25 is hereby further amended by inserting after  
19 the word “companies”, in line 85, the words:- municipal light plants formed after July 31, 2012

20            SECTION 10. Said section 21 of chapter 25 is hereby further amended by inserting after  
21 the word “companies”, in line 93, the words:- and municipal light plants

22            SECTION 11. Said section 21 of chapter 25 is hereby further amended by inserting after  
23 the word “company”, in line 105, the words:- municipal light plant

24            SECTION 12. Said section 21 of chapter 25 is hereby further amended by inserting after  
25 the word “company”, in line 108, the words:- municipal light plant

26            SECTION 13. Said section 21 of chapter 25 is hereby further amended by inserting after  
27 the word “company”, in line 110, the words:- municipal light plant

28            SECTION 14. Section 1B of chapter 164 of the General Laws, as so appearing, is hereby  
29 amended by adding to the end of subsection (a) the following:-

30            except that the purchase by a municipality of plant from a distribution company shall  
31 transfer all rights and obligations established in this section to the municipal lighting plant of the  
32 purchasing municipality or cooperative.

33            SECTION 15. Said chapter 164 is hereby amended by striking out section 43, as so  
34 appearing, and inserting in place thereof the following section:-

35            Section 43. (a) If a municipality which votes to establish a municipal lighting plant fails,  
36 within 150 days from the passage of the final vote required by section 35 or 36, to agree, as to  
37 price or as to the property to be included in the purchase, with a distribution company currently  
38 serving such municipality, such municipality may apply to the department within 180 days after  
39 the expiration of said 150 days for review of the feasibility of the municipality’s acquisition of  
40 such property. The municipality’s filing shall include:

- 41            (1) an outline of the property the municipality wishes to acquire;
- 42            (2) a projection of purchase price of such property;
- 43            (3) a projection of total costs of establishing the municipal lighting plant;
- 44            (4) a financing plan to cover the purchase price, including a description of municipality’s  
45 bonding ability;

- 46                         (5) pro forma income statement and balance sheet for the municipal lighting plant;
- 47                         (6) the options for governance of the municipal lighting plant approved or anticipated by  
48                         the municipality, and;
- 49                         (7) a projection of electric rates to be charged by the municipal lighting plant.
- 50                         (b) The department may investigate the feasibility of the municipality's proposed  
51                         acquisition, and shall, within 180 days of the filing and after notice and a public hearing, issue a  
52                         report regarding the feasibility of the municipality's filing; provided, however, that the  
53                         department is not required to issue more than 3 such reports in any contiguous 12-month period.  
54                         Any reports that are not issued within 180 days of the filing shall be issued in the order of the  
55                         filings. If multiple municipalities file with the stated intent of establishing a joint or cooperative  
56                         system of municipal lighting plants, the department shall process such filing simultaneously, to  
57                         the extent possible. The department shall transmit its report to the distribution company, the clerk  
58                         of each such town and the department of energy resources. The department shall report to the  
59                         general court the results of its findings and file such reports with the clerks of the house of  
60                         representatives and the senate, who shall forward the same to the joint committee on  
61                         telecommunications, utilities and energy. The department may assess reasonable fees to fund its  
62                         responsibilities under this subsection from each municipality submitting a filing for a proposed  
63                         acquisition.
- 64                         (c) Upon the issuance of the department's report, the municipality may seek  
65                         determination as to what property ought in the public interest to be included in the purchase and  
66                         what price should be paid, which shall be based on the standard formula developed by the  
67                         department in subsection (d). Such value shall be estimated without enhancement on account of  
68                         future earning capacity or good will, or of exclusive privileges derived from rights in the public  
69                         ways. Such price shall include damages, if any, which the department finds would be caused by  
70                         the severance of the property proposed to be included in the purchase from other property of the  
71                         owner, including (1) stranded costs; (2) the capital costs of infrastructure reconfiguration or  
72                         additions caused by the severance; (3) engineering costs; and (4) any other costs incurred in  
73                         preparing for the reconfiguration and the sale. Such property shall include such portion of the  
74                         property within the limits of such municipality as is suitable for, and used in connection with, the  
75                         distribution of electricity within such limits. If any such property is subject to any mortgages,  
76                         liens or other encumbrances, the department in making its determination shall provide for the  
77                         deduction or withholding from the purchase price, pending discharge, of such sum or sums as it  
78                         deems proper. The department may assess reasonable fees to fund its responsibilities under this  
79                         subsection from each municipality seeking such determination for a proposed acquisition.
- 80                         (d) No later than December 31, 2012 the department shall develop a standard formula  
81                         used to determine the value of property, including any jointly-owned poles or other facilities  
82                         shared with other public utilities, to be purchased by any municipality seeking to establish a

83 municipal lighting plant under this section. Such formula shall be used by the department in all  
84 determinations of property value performed under subsections (c) and (g) of this section,  
85 provided, however, that the department may make reasonable exceptions to the formula in  
86 specific transactions.

87 (e) The department, after notice to the parties, shall give a hearing thereon and make the  
88 determination aforesaid within 180 days from the municipality's application.

89 (f) Within 60 days after such determination shall have been made by the department, the  
90 distribution company shall tender to the municipality's city or town clerk a copy of a good and  
91 sufficient deed of conveyance for the property required by the department to be purchased, and  
92 shall then place said deed in escrow. The municipality shall have 300 days in which to accept or  
93 reject said tender and, if accepting, to pay to the distribution company the price determined by  
94 the department. Such acceptance or rejection in case of a city shall be by vote of its city council  
95 and thereafter ratified by a majority of the voters at an annual or special city election, and in case  
96 of a town shall be by vote at a town meeting, or by such town officer or body to which town  
97 meeting shall delegate such authority, and thereafter ratified by a majority of voters at an annual  
98 or special town election.

99 (g) In connection with the exercise by a municipality of the option to purchase utility  
100 plant pursuant to this section, the municipality may elect to assume responsibilities for  
101 maintenance, placement and removal of jointly-owned poles or other facilities shared with other  
102 public utilities, or to purchase such facilities at a price set by the department, which shall be  
103 based on the standard formula developed by the department in subsection (d). Except where the  
104 municipality makes such election, the municipality shall assume the rights and obligations of the  
105 previous owner with respect to any person other than the distribution company controlling or  
106 using the poles, conduit or other jointly-owned or joint-use facilities, property and rights;  
107 provided, that in the assumption of the rights and obligations of the previous owner by such a  
108 municipality, such municipality shall in no way or form restrict, impede, or prohibit access that  
109 other parties would enjoy under the previous ownership.

110 (h) Any municipal lighting plant established pursuant to these provisions shall file with  
111 the department a plan for supporting development of renewable and alternative energy  
112 production comparable to the magnitude of such support achieved under sections 11F and 11F½  
113 of chapter 25A, sections 138 through 143, and section 83 of chapter 169 of the acts of 2008.  
114 Following department approval of such plan, the municipal lighting plant shall implement that  
115 plan and report annually to the department regarding such implementation.

116 (i) The department shall not allow as a cost of service any costs of the incumbent  
117 distribution company in connection with such proceedings, in excess of the costs reasonably  
118 necessary to provide information, negotiate necessary contractual arrangements, and represent  
119 the interests of the remaining ratepayers in designing any severance plan required.

120                   (j) If, at the time of purchase of the distribution equipment by a municipality, the  
121 distribution company has unfunded liabilities for pensions and other post-retirement benefits that  
122 would be recovered through distribution rates, the department shall determine the fair share of  
123 such liabilities attributable to the distribution system to be acquired by the municipality and the  
124 method by which the municipal lighting plant shall compensate the distribution company for that  
125 fair share.

126                   (k) To the extent that the distribution company has entered into any long term contracts  
127 for renewable energy pursuant to section 83 of chapter 169 of the acts of 2008 prior to the date of  
128 the acquisition, the municipality acquiring any electric distribution facilities pursuant to this  
129 section shall be required to assess its distribution customers an equivalent charge in distribution  
130 rates to cover its proportionate share of the monthly costs of such contracts, as would have been  
131 charged to the electric distribution customers in such municipality had the acquisition not  
132 occurred. Such amounts collected shall then be remitted to the electric distribution company  
133 within thirty days of being invoiced by the electric distribution company.

134                   (l) The department shall report to the joint committee on telecommunications, utilities  
135 and energy annually on the operation of this section, including a summary of activity under this  
136 section and any recommendations for amending the section.

137                   SECTION 16. The first sentence of section 47A of said chapter 164 is hereby amended  
138 by inserting after the word “law” the words:- formed prior to July 31, 2012

139                   SECTION 17. Said section 47A of chapter 164 is hereby further amended by inserting  
140 after the word “law”, in line 7, the words:- formed prior to July 31, 2012.

141                   SECTION 18. Said section 47A of chapter 164 is hereby further amended by inserting  
142 after subsection (f):-

143                   (g) Any municipal light plant formed after July 31, 2012, shall submit to the department a  
144 plan for allowing retail customers served by it competitive choice of generation supply. Such  
145 plan shall allow any customers purchasing competitive generation supply at the plan’s effective  
146 date to continue such purchase, and shall regulate migration of customers to and from  
147 competitive service only as necessary to protect the financial integrity of the municipal light  
148 plant while providing power to municipal-utility generation customers at the lowest feasible  
149 stable prices.

150                   SECTION 19. Said chapter 164 is hereby further amended by inserting after section 56E  
151 the following section:-

152                   Section 56F. The department is hereby authorized to promulgate rules and regulations to  
153 establish service quality standards for municipal light plants formed after July 31, 2012,  
154 including, but not limited to, standards for customer satisfaction, service outages, distribution

155 facility upgrades, repairs and maintenance, telephone service, billing service, and public safety  
156 provided. Each municipal light plant formed after July 31, 2012 shall file a report with the  
157 department by March first of each year comparing its performance during the previous calendar  
158 year to the department's service quality standards and any applicable national standards as may  
159 be adopted by the department.

160 SECTION 20. The executive office of energy and environmental affairs is hereby  
161 authorized to adopt rules and regulations necessary to carry out sections 45 through 63 of this  
162 Act, inclusive.