

**JOINT COMMITTEE ON TELECOMMUNICATIONS, UTILITIES, AND ENERGY**

**BILL SUMMARY**

**BILL NO.** H.3515

**TITLE:** An Act to enhance municipal choice and provide affordable electricity options.

**SPONSOR:** Representative Michael P. Kushmerek

**COMMITTEE:** Telecommunications, Utilities, and Energy

**HEARING DATE:** June 12, 2025

**PRIOR HISTORY:** 2023-2024: H.3184 heard by committee, accompanied a study order, see H.4778  
2021-2022: H.3331 (with a different title, “An Act relative to the establishment of municipal lighting authorities”) heard by Committee, no further action taken.  
2017-2018: SD.2492 referred to the Joint Committee on Rules, no further action taken.  
2015-2016: H.2866 heard by Committee, accompanied a study order, H.4177.  
2013-2014: H.2927 heard by Committee; accompanied a study order, H.4396.  
2011-2012: H.869 accompanied a redraft, H.3896; reported favorably by Committee; referred to House Ways and Means, no further action taken.  
2009-2010: H.3087 accompanied a redraft, H.4791; reported favorably by Committee; referred to House Ways and Means, no further action taken.  
2007-2008: H.3319 heard by Committee; accompanied a study order, H.4682.  
2005-2006: H.3294 heard by Committee; accompanied a study order, H.4831.

**CURRENT LAW:**

Chapter 25, Section 19 exempts consumers of municipal lighting plants from a mandatory 2.5 mills/kilowatt hour of electricity charge on all end users to fund energy efficiency programs.

Chapter 25, Section 20 exempts consumers of municipal lighting plants from a mandatory .5 mills/kilowatts hour of electricity charge on all end users to support renewable energy projects.

Chapter 164, Sections 35 and 36 state that any city or town within the Commonwealth may, after a vote of the city or town, establish a municipal light plant. Any city or town that votes to establish a municipal light plant may purchase an existing privately owned light plant as well as any other property or portion thereof. The purchase must be agreed upon by both the municipality and the property owner and will only be consummated by a vote of the city or town.

Chapter 164, Section 1B(a) states that distribution companies have the exclusive right to provide distribution service to all retail customers within their respective service territories.

Chapter 164, Section 43 establishes the procedure by which a city or town that has voted to acquire an existing plant or property can appeal to the Department of Public Utilities (DPU) if the city or town cannot reach an agreement with the property owners as to price or property included in the agreement. The DPU is then charged with conducting a hearing and making a determination as to what property should be included in the purchase and what price should be paid. The price will include damages that the DPU finds would be caused by the severance of a parcel of property from other property of the owner. If within 30 days of a DPU ruling, the owner notifies the town of its acceptance of the determination, they will then have 30 additional days to tender a deed of conveyance to the city or town clerk, who will then place the deed in escrow. The city or town will then have 60 days to accept or reject such tender. If it accepts it will have an additional 60 days to tender payment.

#### **SUMMARY:**

Section 1 amends Section 19 of Chapter 25 to exempt only those municipal lighting plants that were formed prior to December 31, 2026 from the energy efficiency surcharge.

Section 2 requires municipal lighting plants formed after December 31, 2026 to administer energy efficiency programs.

Section 3 amends Section 20 of Chapter 25 to exempt only those municipal lighting plants that were formed prior to December 31, 2026 from the renewable energy program surcharge.

Section 4 allows municipal plants formed prior to December 31, 2026 to opt into the renewable energy program to promote renewable energy generating sources.

Section 5 requires municipal lighting plants formed after December 31, 2026 to file 3-year energy efficiency plans with the Department of Public Utilities.

Section 6 – 13 updates Section 21 of Chapter 25 to reflect the changes to the municipal light exemption from the energy efficiency and renewable energy program surcharges.

Section 14 states that the purchase of a plant by a municipality from a distribution company transfers all rights and obligations for electricity distribution to that municipality.

Section 15 strikes Chapter 164, Section 43 and replaces it with the following:

*Section 43(a):* Section 43, subparagraph (a) stipulates that, in the event a municipality and owner (the distribution company serving said municipality) are unable to reach an agreement as to price or as to the property to be included in the purchase within 150 days of the final vote required, the municipality may apply to the Department of Public Utilities (DPU) within 180 days for review of the feasibility of the municipality's acquisition of such property. The municipality must provide information about the property, purchase price and costs to the department.

*Section 43(b):* The DPU may investigate the feasibility of the municipality's proposal, and will issue a report, after notice and a public hearing, on the feasibility of the municipality's filing within 180 days. The DPU is required to issue no more than 3 such reports in any 12 month period. DPU must submit reports to the distribution company, the clerk of each relevant town, the Department of Energy Resources and the Joint Committee on Telecommunications, Utilities and Energy. DPU may access necessary fees on the municipalities requesting a report.

*Section 43(c):* Upon the issuance of the DPU's report, the municipality may seek determination as to what property ought in the public interest to be included in the purchase and what price should be paid. DPU may access necessary fees on the municipalities requesting such a determination.

*Section 43(d):* DPU is required by December 31, 2026 to develop a standard formula for assessing the value of property for purchase when forming a municipal lighting plant. DPU shall use this formula for all municipalities seeking a DPU property value determination.

*Section 43(e):* DPU, after notice to the parties, will conduct a hearing and make the determination within 180 days of the request.

*Section 43(f):* No more than 60 days after the DPU makes such a determination, the distribution company will tender to the municipality's city or town clerk a good and sufficient deed of conveyance for the property required by the DPU to be purchased and will then place the deed in escrow. The municipality will have no more than 300 days to accept or reject the tender or to appeal to the DPU any aspect of the proposed deed of conveyance, and if the municipality accepts, to pay the distribution company.

*Section 43(g):* The municipality may elect to assume responsibilities for maintenance, placement, and removal of jointly owned poles or other facilities shared with public utilities, or to purchase the facilities at a price set by the DPU. Except when the municipality makes such election, the municipality will assume the rights and obligations of the previous owner with respect to any person other than the distribution company controlling or using the poles, conduit, or other jointly-owned or joint-use facilities, property, and rights.

*Section 43(h):* A municipal lighting plant formed after December 31, 2026 must file with the DPU a plan for supporting the development of renewable and alternative energy production, and report annually to the department once that plan is implemented.

*Section 43(i):* The DPU will not allow as a cost of service any costs of the incumbent distribution

company in connection with such proceedings, in excess of the costs reasonably necessary to provide information, negotiate necessary contractual arrangements, and represent the interests of the remaining ratepayers in designing the severance plans.

*Section 43(j):* If at the time of purchase, a distribution company has unfunded liabilities for pensions or other retirement benefits that would otherwise recovered through distribution rates, DPU shall determine the fair share that the municipal lighting plant shall compensate.

*Section 43(k):* If the subject distribution company has entered into long term contracts to purchase renewable energy pursuant to the Green Communities Act, the municipality acquiring an electric distribution facility must assess its customers an equivalent charge to cover its proportionate share of monthly costs associated with such contracts and remit those funds to the distribution company.

*Section 43(l):* The DPU will report to the Joint Committee on Telecommunications, Utilities and Energy annually on the operation of this revised section, including a summary of activity under this section and any recommendations for amending this section.

Section 16 exempts municipal lighting plants formed prior to December 31, 2026 from requirements to allow competitive choice of generation supply, unless and until such lighting plant is dissolved pursuant to existing statutory procedures.

Section 17 allows municipal lighting plants formed prior to December 31, 2026 to prohibit retail sales by suppliers and electric companies to customers within the service territory of said lighting plant.

Section 18 requires municipal lighting plants formed after December 31, 2026 to submit a plan to the DPU to allow retail customers served by it competitive choice in generation supply.

Section 19 authorizes DPU to promulgate rules and regulations to establish service quality standards for municipal light plants formed after December 31, 2026. Each plant must file annual performance reports to DPU.

Section 20 authorizes the Executive Office of Energy and Environmental Affairs to adopt rules and regulations as necessary for the implementation of this legislation.