

1 S.95

2 Introduced by Senator Cummings

3 Referred to Committee on

4 Date:

5 Subject: Utilities; electric companies; municipal; capital investments;  
6 financing

7 Statement of purpose of bill as introduced: This bill proposes to make  
8 amendments to the laws governing capital investments by municipal utilities.

9 An act relating to municipal utility capital investment

10 It is hereby enacted by the General Assembly of the State of Vermont:

11 Sec. 1. 24 V.S.A. § 1822 is amended to read:

12 § 1822. POWERS; APPROVAL OF VOTERS

13 (a) In addition to the powers it may now or hereafter have, a municipal  
14 corporation otherwise authorized to own, acquire, improve, control, operate, or  
15 manage a public utility or project and to issue bonds pursuant to this  
16 subchapter, may also, by action of its legislative branch, exercise any of the  
17 following powers:

18 (1) to borrow money and issue bonds for the purposes of acquiring,  
19 improving, maintaining, financing, controlling, or operating the public utility

1 or project, or for the purpose of selling, furnishing, or distributing the services,  
2 facilities, products, or commodities of such utility or project;

3 (2) to enter into contracts in connection with the issuance of bonds for  
4 any of the purposes enumerated in subdivision (1) of this subsection;

5 (3) to purchase, hold, and dispose of any of its bonds;

6 (4) to pledge or assign all or part of any net revenues of the public utility  
7 or project, to provide for or to secure the payment of the principal of and the  
8 interest on bonds issued in connection with such public utility or project;

9 (5) to do any and all things necessary or prudent to carry out the powers  
10 expressly granted or necessarily implied in this subchapter, including without  
11 limitation those powers enumerated in section 1824 of this title.

12 (b)(1) The bonds authorized under this section shall be in such form, shall  
13 contain such provisions, and shall be executed as may be determined by the  
14 legislative branch of the municipal corporation, but shall not be executed,  
15 issued, or made, and shall not be valid and binding, unless and until at least a  
16 majority of the legal voters of such municipal corporation present and voting at  
17 a duly warned annual or special meeting called for that purpose shall have first  
18 voted to authorize the same.

19 (2) The warning calling such a meeting shall state the purpose for which  
20 it is proposed to issue bonds, the estimated cost of the project, the amount of  
21 bonds proposed to be issued under this subchapter therefor, that such bonds are

1 to be payable solely from net revenues, and shall fix the place where and the  
2 date on which such meetings shall be held and the hours of opening and  
3 closing the polls.

4 (3) The notice of the meeting shall be published and posted as provided  
5 in section 1756 of this title.

6 (4) When a majority of all the voters voting on the question at such  
7 meeting vote to authorize the issuance of bonds under this subchapter to pay  
8 for such project, the legislative body shall be authorized to issue bonds or enter  
9 into contracts, pledges, and assignments as provided in this subchapter.

10 (5) Sections 1757 and 1758 of this title shall apply to the proceedings  
11 taken hereunder, except that the form of ballot to be used shall be substantially  
12 as follows:

13 Shall bonds of the (name of municipality) to the amount of \$\_\_\_\_\_

14 be issued under subchapter 2 of chapter 53 of Title 24, Vermont Statutes

15 Annotated, payable only from net revenues derived from the (type) public

16 utility system, for the purpose of paying for the following public utility

17 project?

18 If in favor of the bond issue, make a cross (x) in this square .

19 If opposed to the bond issue, make a cross (x) in this square .

1 (c) The bonds authorized by this subchapter shall be sold at par, premium,  
2 or discount by negotiated sale, competitive bid, or to the Vermont Municipal  
3 Bond Bank.

4 (d) Notwithstanding the provisions of subsection (b) of this section, the  
5 legislative branch of a municipal corporation owning a municipal plant as  
6 defined in 30 V.S.A. § 2901 may authorize by resolution the issuance of bonds  
7 in an amount not to exceed 50 percent of the total assets of said municipal  
8 plant without the need for either voter approval or Public Utility Commission  
9 approval pursuant to 30 V.S.A. § 108.

10 Sec. 2. 30 V.S.A. § 108 is amended to read:

11 § 108. ISSUE OF BONDS OR OTHER SECURITIES

12 \* \* \*

13 (b) The provisions of this section shall not apply to the Vermont Public  
14 Power Supply Authority or to a public utility which that meets each and all of  
15 the following four conditions:

16 (1) is incorporated in some state other than Vermont;

17 (2) is conducting an interstate and intrastate telephone business ~~which~~  
18 that is subject to regulation by the Federal Communications Commission in  
19 some respects;

20 (3) is conducting telephone operations in four or more states; and

1 (4) has less than 10 percent of its total investment in property used or  
2 useful in rendering service located within this State to the extent that such  
3 public utility may issue stock, bonds, notes, debentures, or other evidences of  
4 indebtedness not directly or indirectly constituting or creating a lien on any  
5 property used or useful in rendering service ~~which~~ that is located within this  
6 State.

7 (c)(1) A municipality shall not issue bonds or notes or pledge its net  
8 revenues under 24 V.S.A. chapter 53, respecting the ownership or operation of  
9 a gas or electric utility, unless the Public Utility Commission first finds, upon  
10 petition of the municipality and after notice and an opportunity for hearing,  
11 that the proposed action will be consistent with the general good of the State.

12 (2) If the Public Utility Commission does not issue its ruling within  
13 90 days of the filing of the petition, as may be extended by consent of the  
14 municipality, the issuance of the proposed bonds or notes or pledge of net  
15 revenues shall be deemed to be consistent with the general good of the State.

16 (3) If the Public Utility Commission issues a ruling in accordance with  
17 subdivision (1) of this subsection, or does not rule within the period specified  
18 in subdivision (2) of this subsection, a municipality must ~~subsequently obtain~~  
19 also have obtained voter approval in accordance with 24 V.S.A. chapter 53  
20 prior to issuing bonds or notes or pledging its net revenues.

21 \* \* \*

1 Sec. 3. 30 V.S.A. § 5031(a)(4) is amended to read:

2 (4) Bonds and notes may be issued in accordance with this chapter,  
3 ~~subject to~~ without the need to obtain the consent and approval of the Public  
4 Utility Commission as provided in this title.

5 Sec. 4. EFFECTIVE DATE

6 This act shall take effect on July 1, 2019.