

APPENDIX 2

From the Article on the Electric Utility

1. 1899 – Madison was concerned with improving plant and service; paying for the company and its improvements; and setting rates that would accomplish these goals.
2. 1921 – Rates are cheaper than neighboring towns
3. 1935 – high users get no great reduction in taxes, just an additional form of taxation
4. 1952 – complaints about paying more than other cities; FPC 1950 study showed Madison paid more than comparably sized towns
5. 1958 – Rates lowered to JCPL rates. Town was 20% tax free; higher rates got return from same.
6. 1974 – Investigated ownership; also rate increase and profit and loss. Rate increase blamed on JCPL increase and increased cost of fuel.
7. 1975 – Rates aligned to JCPL rates (caused an increase).
 - a. Benedict – residents could have higher taxes or higher rates
 - b. Lundun – the little guy is subsidizing the bigger guy with property tax benefits because the large property owners get larger tax breaks
 - c. Head – Borough would not receive from tax exempt (e.g., Drew) if cut electric rates (and surplus) and increased taxes
8. 1979 – fight (again); JCPL rates up
 - a. New areas: corporate electric needs, law suits, change in rate setting process
9. 1918 – ended service to non-residents; feared losing local control
10. 1923 – Started wholesale purchase of power from JCPL. Decided to discontinue producing electric current at the plant. Council said buying power would generate a larger surplus.
11. 1983 – App. Div. Decided in favor of Boro's rate structure, and generating a surplus was legal. Council – continue to use to reduce taxes.
12. 1979 – Reid: higher electric bills aid the poor (have fewer luxury items and can control use); higher taxes benefit the affluent because deductible.
13. 1981 – Higgs sues: wants cost-based pricing, not pricing based upon JCPL rates. App. Div.: creating and transferring surplus is legal; rates to be based on costs and not solely on JCPL rates.
14. 1953 – Council: all are saving; larger taxpayers have larger savings.
15. 1890 – municipal ownership was basic premise
16. 1897 – Utility goals: to make money, to pay its own way, and to wipe out the debt incurred in building it.
17. 1927 – First generating surplus to transfer to municipal budget. “Made Madison almost independent of banks for borrowing because the Boro business free of charge from the wealthy utility plant.”
18. 1951 – Noted that charging rates to lower tax rate is a “mechanism to extract some share of costs of government from renters and the tax free property holders”.

Chronological

1890 – municipal ownership was basic premise

1899 – Madison was concerned with improving plant and service; paying for the company and its improvements; and setting rates that would accomplish these goals.

1897 – Utility goals: to make money, to pay its own way, and to wipe out the debt incurred in building it.

1918 – ended service to non-residents; feared losing local control

1921 – Rates are cheaper than neighboring towns

1923 – Started wholesale purchase of power from JCPL. Decided to discontinue producing electric current at the plant. Council said buying power would generate a larger surplus

1927 – First generating surplus to transfer to municipal budget. “Made Madison almost independent of banks for borrowing because the Boro business free of charge from the wealthy utility plant.”

1935 – high users get no great reduction in taxes, just an additional form of taxation

1951 – Noted that charging rates to lower tax rate is a “mechanism to extract some share of costs of government from renters and the tax free property holders”.

1952 – complaints about paying more than other cities; FPC 1950 study showed Madison paid more than comparably sized towns

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Code

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- 2 1899 – Madison was concerned with improving plant and service; paying for the company and its improvements; and setting rates that would accomplish these goals.
- 2 1897 – Utility goals: to make money, to pay its own way, and to wipe out the debt incurred in building it.
- 1 1918 – ended service to non-residents; feared losing local control
- 3 1921 – Rates are cheaper than neighboring towns
- 4 1923 – Started wholesale purchase of power from JCPL. Decided to discontinue producing electric current. Council said buying power would generate a larger surplus
- 5 1927 – First transfer to muni. bud. “Made Madison almost independent of banks for borrowing because the Boro business free of charge from the wealthy utility plant.”
- 6 1935 – high users get no great reduction in taxes, just an additional form of taxation
- 6 1951 – Noted that changing rates to lower tax rate is a “mechanism to extract some share of costs of government from renters and the tax free property holders”.
- 3 1952 – complaints about paying more than other cities; FPC 1950 study showed Madison paid more than comparably sized towns
- 6 1953 – Council: all are saving; larger taxpayers have larger savings.
- 3 1958 – Rates lowered to JCPL rates. Town was 20% tax free; higher rates got return from same.
- 1 1974 – Investigated ownership; also rate increase and profit and loss. Rate increase blamed on JCPL increase and increased cost of fuel.
- 6 1975 – Rates aligned to JCPL rates (caused an increase).
 - a. Benedict – residents could have higher taxes or higher rates
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- 6 1979 – Reid: higher electric bills aid the poor (have fewer luxury items and can control use); higher taxes benefit the affluent because deductible.
- 3 1981 – Higgs sues: wants cost-based pricing, not pricing based upon JCPL rates. Court: creating & transferring surplus legal; rates to be based on costs, not just JCPL rates.
- 5 1983 – App. Div. Decided in favor of Boro’s rate structure, and generating a surplus was legal. Council – continue to use to reduce taxes.

Key to Concerns and Goals

- 1 Independence
- 2 Rates to cover utility purposes and costs
- 3 Rates as compared with neighbors
- 4 Generating surplus
- 5 Surplus for municipal operations
- 6 Rates versus taxes