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Real Estate Alert

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Massachusetts DPU targeting multi-building residential properties

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The Department of Public Utilities is issuing Notices of Probable Violations to multi-building residential complex owners—and failure to respond could be costly.



What's the Impact?

- / The Notices pertain to “Master Meter Systems” and alleged violations of federally regulated safety and training procedures
- / Owners/management companies that fail to respond within 30 days could face penalties of up to \$500,000 per day

The Massachusetts Department of Public Utilities recently issued Notices of Probable Violations to multi-building residential complex owners throughout the Commonwealth. The Notices state that the Department considers the owners/management companies “Master Meter Systems” operators and that they are in violation of pertinent delegated federal regulations by failing to have certain safety and training procedures in place.

A Master Meter System is a distribution system providing gas to consumers in conjunction with the rental, leasing, or management of real property. Master meter systems usually purchase gas

from the local gas utility, although occasionally a master meter system's supplier may be a transmission system. Master Meter Systems take their name from the "master meter" at the connection point between a Master Meter System and its supplier, which measures the amount of gas taken from the supplier by the system.

A master meter system operator will either (1) sell the gas it purchases from its supplier directly to the consumer or (2) include the cost of the gas in the fee or charge assessed for the use of the real property by the consumer (for example, in rent or condominium fee). However, the term "Master Meter System" applies only to gas distribution systems serving multiple buildings and does not apply to gas distribution systems consisting entirely or primarily of interior piping located within a single building.

The Notices propose entering into a Consent Order with the DPU by which the owner/management company takes on the responsibility (and liability) of operating the gas system or works with the local energy company to make changes to bring the property outside of the DPU's jurisdiction. If the owner/management company fails to respond within thirty (30) days, continued non-compliance carries a potential penalty of \$500,000 per day, up to \$10 million total.

We are actively handling several responses to these Notices and are negotiating a resolution on behalf of our clients.

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