

# MAINE STATE LEGISLATURE

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# 119th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1999

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Legislative Document

No. 1500

H.P. 1069

House of Representatives, February 25, 1999

**An Act to Establish a Trust Fund to Provide Statewide Assistance to  
Low-income Electric Consumers.**

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Reference to the Committee on Utilities and Energy suggested and ordered printed.

A handwritten signature in black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative SAXL of Portland.  
Cosponsored by Senator KONTOS of Cumberland and  
Representatives: BERRY of Belmont, COLWELL of Gardiner, DAVIDSON of Brunswick,  
KNEELAND of Easton, LEMONT of Kittery, Senators: CAREY of Kennebec, MITCHELL  
of Penobscot.

Be it enacted by the People of the State of Maine as follows:

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Sec. 1. 35-A MRSA §3153-A, sub-§1, ¶F, as amended by PL 1993, c. 402, §2, is further amended to read:

F. As defined by the commission by rule, cost-effective conversions of electric space heat systems to systems relying on other fuels and other techniques for enabling homeowners and tenants to replace on-peak, winter period electric usage with less expensive sources of heat; and

Sec. 2. 35-A MRSA §3153-A, sub-§1, ¶G, as amended by PL 1993, c. 402, §2, is repealed.

Sec. 3. 35-A MRSA §3204, sub-§9 is enacted to read:

9. Tax revenues from divestiture. Corporate income taxes collected from electric utilities by the State Tax Assessor pursuant to Title 36, Part 8, to the extent attributable to the sale or transfer of generation assets divested pursuant to this section, must be paid by the State Tax Assessor to the Maine State Housing Authority, which shall deposit them in the Low-income Electric Consumer Trust Fund established pursuant to section 3214-A.

Sec. 4. 35-A MRSA §3214, as enacted by PL 1997, c. 316, §3, is amended to read:

**§3214. Needs-based low-income assistance**

1. **Policy.** In order to meet legitimate needs of electricity consumers who are unable to pay their electricity electric utility bills in full and who satisfy eligibility criteria for assistance, and recognizing that electricity is a basic necessity to which all residents of the State should have access, it is the policy of the State to ensure adequate provision of financial assistance.

~~2. Low income assistance. In order to continue existing levels of financial assistance for low income households and to meet future increases in need caused by economic exigencies, the commission shall:~~

~~A. Receive funds collected by all transmission and distribution utilities in the State at a rate set by the commission in periodic rate cases; and~~

~~B. Set initial funding for programs based on an assessment of aggregate customer need in periodic rate cases. The funding formula may not result in assistance being counted as income or as a resource in other means tested assistance programs for low income households. To the extent possible,~~

2 assistance must be provided in a manner most likely to  
prevent the loss of other federal assistance.

4 ~~3. Special rate. Nothing in this section may be construed~~  
to prohibit a transmission and distribution utility from offering  
6 any special rate or program for low-income customers that is not  
in effect as of the effective date of this chapter, subject to  
8 the approval of the commission.

10 4. Financial support. If the Legislature appropriates from  
the General Fund trust created in section 3214-A does not  
12 generate sufficient funds for financial support for households  
and individuals receiving assistance under this section, the  
14 commission may not terminate the assistance provided by  
transmission and distribution utilities unless the General Fund  
16 source trust has completely replaced such assistance. The  
commission may adjust the assistance provided pursuant to this  
18 section based on the amount of any financial support from the  
General Fund and may reinstitute assistance subsequent to any  
20 termination of assistance if the commission finds that the  
General Fund source no longer completely replaces such assistance.  
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24 Sec. 5. 35-A MRSA §3214-A is enacted to read:

26 §3214-A. Low-income Electric Consumer Trust Fund

28 1. Definitions. As used in this section, unless the  
context otherwise indicates, the following terms have the  
following meanings.

30 A. "Authority" means the Maine State Housing Authority.

32 B. "Program" means the electric utility bill payment  
34 assistance program.

36 C. "Trust" means the Low-income Electric Consumer Trust  
38 Fund.

40 2. Creation of trust fund. To continue financial  
assistance for low-income households and to meet future increases  
42 in need caused by economic exigencies, there is created and  
established, under the jurisdiction and control of the Maine  
State Housing Authority, the Low-income Electric Consumer Trust  
44 Fund.

46 3. Purpose of trust. The purpose of the trust is to help  
fund an electric utility bill payment assistance program for  
48 residential customers with income of up to 150% of the federal  
poverty guidelines. The program must be available to all  
50 qualified customers in accordance with eligibility criteria  
established by the authority in consultation with the Low-income

2 Electric Consumer Trust Advisory Board established pursuant to  
3 subsection 7.

4 4. Sources of trust funds. Money obtained from the  
5 following sources must be paid to the authority, which shall  
6 deposit the money in the trust:

8 A. Corporate income taxes collected by the State Tax  
9 Assessor to the extent attributable to the sale or transfer  
10 of generation assets divested pursuant to section 3204:

12 B. All interest, dividends and pecuniary gains from  
13 investment of money of the fund;

14 C. All proceeds from the issuance of bonds on behalf of the  
15 State for inclusion in the fund;

18 D. All money appropriated or dedicated for inclusion in the  
19 fund;

20 E. Gifts, bequests and donations to the trust from private  
21 individuals or corporations;

24 F. Grants to the trust from private or public foundations;

26 G. Other money available to the authority and directed by  
27 the authority to be paid into the fund; and

28 H. Funds from the transmission and distribution utilities  
29 to be paid into the trust as directed by the commission  
30 pursuant to subsection 5.

32 All funds received pursuant to this subsection, whether as  
33 proceeds from corporate income taxes or investment or other  
34 revenues, are trust funds to be held and applied solely as  
35 provided in this section.

38 5. Additional funds. In order to protect the fund in the  
39 initial years, between March 1, 2000 and March 1, 2002 all  
40 utilities shall continue to collect in transmission and  
41 distribution rates the amount necessary to support a program as  
42 current levels using existing eligibility requirements. Between  
43 March 1, 2000 and March 1, 2002 consumer-owned utilities shall  
44 introduce on a phased-in basis the collection of funds in  
45 transmission and distribution rates necessary to support the  
46 program based on the projected level of customer contribution as  
47 of March 1, 2002. On March 1, 2002, the utilities shall begin  
48 assessing their customers based on any anticipated program and  
49 administration costs above the amount covered by income from the  
50 trust.

2       6. Trust administration. The authority shall administer  
the trust and the program in a manner that meets the purpose of  
4       the trust as set forth in subsection 3. The authority shall  
establish eligibility criteria and benefit levels for households  
6       using a percentage of income formula that is substantially  
similar to the low-income electric program operated by Central  
8       Maine Power Company in 1998. Beginning in 2005 and thereafter,  
the authority may revise eligibility criteria and assistance  
10      levels for the program year, but eligibility criteria and  
assistance levels may not be made more restrictive than those in  
12      effect in Central Maine Power Company's service territory in  
1998. Assistance under this section may not be counted as income  
14      or a resource in other means-tested assistance programs for  
low-income households. Assistance must be provided in a manner  
16      most likely to prevent loss of other assistance.

18      7. Program administration advisory board. There is  
established the Low-income Electric Consumer Trust Advisory Board  
20      referred to in this section as LIECTAB. The advisory board is  
charged with advising the authority regarding all aspects of the  
22      program.

24      The LIECTAB must have access to relevant documents and must be  
given opportunity for participation in considering the  
26      development of eligibility standards and benefit levels, outreach  
plans and other issues related to policy development and the  
program. The authority shall consult the LIECTAB before taking  
28      action significantly affecting program recipients.

30      The authority shall provide LIECTAB with staff assistance and  
technical assistance as necessary to enable LIECTAB to make  
32      effective recommendations. In addition, the authority shall make  
financial arrangements as necessary to make possible the  
34      participation of low-income members of the LIECTAB.

36      The LIECTAB consists of a representative of the Office of the  
Public Advocate, 9 members appointed by the authority and 3  
38      members appointed by the commission as follows:

40      A. The commission shall appoint:

42              (1) A representative of the Consumer Assistance  
Division of the commission;

44              (2) A representative of the transmission and  
46              distribution utilities; and

48              (3) A representative of a competitive electricity  
50              provider.

52      B. The authority shall appoint:

2                     (1) One representative of elderly people taken from  
nominations by an organization representing the elderly;

4                     (2) One representative of an organization that  
provides legal assistance to low-income people and that  
6                     has significant knowledge of public assistance programs;

8                     (3) Two representatives of community action programs;

10                    (4) Two representatives of low-income families, as  
nominated by an organization comprised primarily of  
12                    low-income people; and

14                    (5) Three persons knowledgeable in residential energy  
usage or utility affairs.

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18                    8. Annual report. Annually, the authority shall make a  
reasonable estimate of whether the combined principal and income  
from the fund will be sufficient to meet the reasonably  
20                    anticipated cost of the low-income assistance program for the  
ensuing program year, taking into account factors that include,  
22                    but are not limited to, the number of households enrolled, the  
number projected to be enrolled, the state economy, the price of  
24                    electricity and projected principal and income from the fund.  
The authority shall report its findings to the LIECTAB, which may  
26                    make recommendations to the authority based upon this information.

28                    9. Depletion of principal. The authority may not authorize  
an appropriation that would deplete the base level of the trust's  
30                    principal to less than the initial investment established  
pursuant to subsection 4, paragraph A.

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34                    If the authority determines that the money available from the  
trust will be insufficient to meet the program costs for the  
remainder of the following program year, it may petition the  
36                    commission to assess transmission and distribution utilities the  
amount necessary to sufficiently fund the program. The  
38                    assessment is recoverable in the rates of the transmission and  
distribution utilities.

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42                    10. Rules. The commission and the authority shall adopt  
rules necessary to implement this section. Rules adopted under  
44                    this section are routine technical rules pursuant to Title 5,  
chapter 375, subchapter II-A.

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48    **SUMMARY**

50                    This bill establishes a nonlapsing trust fund to finance a  
statewide low-income electric assistance program using the Maine  
corporate income taxes derived from the sale of electric  
52                    utilities' generation-related assets.            Transmission and

2 distribution utilities will augment the trust fund allocation to  
the extent needed with ratepayer contributions established by the  
Public Utilities Commission.

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6 The Maine State Housing Authority will administer both the  
trust and the program. The program design is based on the  
eligibility requirements of Central Maine Power's Electricity  
8 Lifeline Program.

10 An advisory board is established to advise the authority  
regarding all aspects of the low-income electric assistance  
12 program.