

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

SECOND REGULAR SESSION-2000

Legislative Document

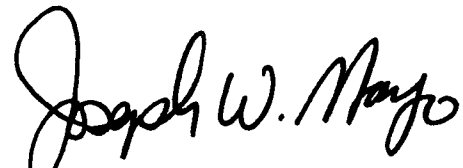
No. 2428

H.P. 1722

House of Representatives, January 10, 2000

**An Act to Make Certain Public Utility Commission Rules Routine
Technical Rules.**

Submitted by the Public Utilities Commission pursuant to Joint Rule 204.
Reference to the Committee on Utilities and Energy suggested and ordered printed.


JOSEPH W. MAYO, Clerk

Presented by Representative DAVIDSON of Brunswick.

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

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Sec. 1. 35-A MRSA §3204, sub-§3, as amended by PL 1999, c. 398, Pt. N, §1, is further amended to read:

3. Extension; separation required. An investor-owned electric utility may apply to the commission for an extension to permit the utility to divest one or more generation assets or generation-related business activities after March 1, 2000. The commission shall grant an extension if the commission finds that an extension would be likely to improve the sale value of those assets on the market or would be likely to reduce the level of the utility's stranded costs.

The commission by rule shall establish the procedure for granting extensions. Rules adopted under this subsection are ~~major substantive~~ routine technical rules pursuant to Title 5, chapter 375, subchapter II-A.

Sec. 2. 35-A MRSA §3204, sub-§4, as enacted by PL 1997, c. 316, §3, is amended to read:

4. Sale of capacity and energy required. The commission by rule shall require each investor-owned electric utility after February 28, 2000 to sell rights to capacity and energy from all generation assets and generation-related business, including purchased power contracts that are not divested pursuant to subsection 1, except those rights to capacity and energy that the commission determines are necessary for the utility to perform its obligations as a transmission and distribution utility in an efficient manner.

In the rules adopted under this subsection, the commission shall establish procedures to promote the maximum market value for these rights. Nothing in this subsection prohibits a utility from re-negotiating, buying out or buying down a contract with a qualifying facility in accordance with applicable laws. ~~By March 1, 1999, the~~ The commission shall ~~previsionally~~ adopt all rules required under this subsection. Rules adopted under this subsection are ~~major-substantive~~ routine technical rules pursuant to Title 5, chapter 375, subchapter II-A.

Sec. 3. 35-A MRSA §3212, sub-§1, as enacted by PL 1997, c. 316, §3, is amended to read:

1. Establishment of terms and conditions. The commission shall open a rule-making proceeding no later than October 1, 1997 to establish terms and conditions for standard-offer service that include, but are not limited to:

- 2 A. Entry and exit restrictions;
- 4 B. Protection against a standard-offer service provider's failure to provide service as contracted for;
- 6 C. Appropriate rate design issues;
- 8 D. Retaining averaged prices for all customers in the same class; and
- 10 E. Credit, collection and disconnection practices.

12 ~~By February 15, 1998, the~~ The commission shall provisionally
14 adopt rules establishing terms and conditions for standard-offer
16 service. Rules adopted under this subsection are ~~major~~
18 substantive routine technical rules pursuant to Title 5, chapter
375, subchapter II-A.

20 **Sec. 4. 35-A MRSA §3212, sub-§2**, as amended by PL 1999, c.
398, Pt. F, §1, is further amended to read:

22 **2. Selection of standard-offer service providers.** After
24 terms and conditions for standard-offer service have been
26 established under subsection 1, the commission shall administer a
28 bid process to select a standard-offer service provider for that
30 transmission and distribution utility's service territory. By
December 1, 1999, the commission shall review the bid submissions
for each transmission and distribution utility and select the
standard-offer service provider or providers for that utility's
service territory.

32 A. The commission shall determine the general credit data
34 and specific information from general load and usage data
36 that transmission and distribution utilities must provide to
38 potential standard-offer service bidders, including, but not
40 limited to, monthly demand and energy consumption and the
42 number of customers in each customer class. The commission
44 shall ensure that individual customer confidentiality is
46 preserved in this process and that a transmission and
distribution utility releases customer-specific data only
with the customer's permission. If the transmission and
distribution utility incurs additional costs to develop and
produce the required data, the commission shall permit that
utility to recover those costs through transmission and
distribution rates.

48 B. The commission shall establish the maximum duration of a
standard-offer service contract after considering all
relevant factors, including, but not limited to, market

2 risks and the need for price stability and contract flexibility.

4 C. A competitive electricity provider that is an affiliate
6 of a large investor-owned transmission and distribution
8 utility may submit bids to provide standard-offer service
10 for up to 20% of the electric load within the service
12 territory of the large investor-owned transmission and
14 distribution utility with which it is affiliated. To
prevent the unfair use of information possessed by a large
investor-owned transmission and distribution utility, the
commission shall ensure that a utility seeking to bid on
standard-offer service has no greater access to relevant
information than is provided to other potential bidders.

16 D. A consumer-owned transmission and distribution utility
18 and a small investor-owned transmission and distribution
20 utility may submit bids to provide standard-offer service
22 for that utility's service territory. To prevent the unfair
24 use of information possessed by a consumer-owned
26 transmission and distribution utility or a small
investor-owned transmission and distribution utility, the
commission shall ensure that a utility seeking to bid on
standard-offer service has no greater access to relevant
information than is provided to other potential bidders.

28 ~~By February 15, 1998, the~~ The commission shall ~~provisionally~~
30 adopt rules establishing a methodology for structuring the
32 bidding process for standard-offer service in order to implement
34 the provisions of this subsection. In adopting rules, the
36 commission shall consider methods to ensure, to the extent
possible, at least 3 providers of standard-offer service in each
transmission and distribution utility service territory, as long
as the method does not result in any significant adverse impacts
on rates paid by consumers. Rules adopted under this subsection
are ~~major-substantive~~ routine technical rules pursuant to Title
5, chapter 375, subchapter II-A.

38 Notwithstanding any other provision of this Title, the commission
40 may, in the event of a default by a standard-offer service
42 provider, require the transmission and distribution utility in
whose service territory the provider was providing standard-offer
44 service to arrange and to provide for default service.
Notwithstanding any other provision of this Title, the commission
46 may, in the event that the commission receives no bids to provide
standard-offer service in a transmission and distribution
48 utility's territory or the commission determines that the bids it
receives are inadequate or unacceptable, require the transmission
and distribution utility to arrange and to provide for default
50 service. The arrangement and provision of such default service

2 by a transmission and distribution utility does not constitute
3 selling electric energy or capacity at retail for purposes of
4 section 3205, subsection 2.

6 Notwithstanding Title 5, section 1831, the commission is not
7 subject to rules adopted by the State Purchasing Agent in
8 conducting the competitive bidding process required under this
9 section.

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11 SUMMARY

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13 This bill changes the Public Utilities Commission rules
14 governing divestiture of generation and provision of
15 standard-offer service from major substantive rules to routine
16 technical rules.