

# MAINE STATE LEGISLATURE

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# ONE HUNDRED AND EIGHTH LEGISLATURE

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## Legislative Document

No. 873

H. P. 691

House of Representatives, March 9, 1977

Speaker laid before the House and on motion of Mr. Davies of Orono, referred to Committee on Energy. Sent up for concurrence and 2,000 ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Davies of Orono.

Cosponsor: Mrs. Mitchell of Vassalboro.

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## STATE OF MAINE

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IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-SEVEN

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**AN ACT to Reduce the Cost of Electric Utility Services to Customers and Encourage Energy Conservation through Improvements in Electric Utility Rate Design.**

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

35 MRSA c. 4-A is enacted to read:

### CHAPTER 4-A

### REDUCTION OF THE COST OF ELECTRICAL SERVICE AND THE ENCOURAGEMENT OF ENERGY CONSERVATION THROUGH IMPROVEMENTS IN ELECTRIC UTILITY RATE DESIGN LAW

#### § 91. Title

This chapter shall be known as the Reduction of the Cost of Electrical Service and the Encouragement of Energy Conservation through Improvements in Electric Utility Rate Design Law.

#### § 92. Policy and findings

The Legislature declares and finds that improvements in electric utility rate design and related regulatory programs have great potential for reducing

the cost of electric utility services to consumers and the current and projected shortages of capital, for encouraging energy conservation and the better use of existing electrical generating facilities and for minimizing the need for new electrical generating capacity. It is the purpose of this chapter to require the Public Utilities Commission to develop and implement proposals for improving electrical utility rates design and related regulatory programs to achieve some or all of these objectives.

§ 93. The Public Utilities Commission shall have the authority to require the necessary improvements

The Public Utilities Commission is authorized to mandate a scheduled phasing-in of improvements in electric utility rate design and related regulatory programs, to order that utilities develop and implement electric utility rate design improvements on temporary, pilot and experimental bases, affecting either a portion or all of any class of consumers of any utility as the commission may determine is appropriate to carry out the purposes of this Act, to order other energy conservation techniques, programs and innovations relating to electric public utility service that, in the commission's judgment are practicable, just and reasonable and reasonably related to fulfilling the purposes of this chapter, any other laws to the contrary notwithstanding.

§ 94. The Public Utilities Commission shall develop proposals to improve electrical utility rate design

1. Authorization to direct utilities to submit rate design proposals. In developing the proposals heretofore referred to in sections 92 and 93, the commission is authorized to direct electric public utilities to submit specific rate design proposals and related programs for implementing energy conservation techniques and innovations, either in conjunction with or independently of any rate-making proceeding pending before the commission. These proposals shall, as the commission determines in its discretion, be designed to encourage energy conservation, minimize the need for new electrical generating capacity and minimize costs of electrical energy to consumers and shall include, but not be limited to, proposals which provide for the development and implementation of:

- A. Load management techniques which are cost effective;
- B. Rates which reflect marginal costs of service, or time of use of service or fully allocated costs, or any combination thereof;
- C. Rate-making policies which discourage inefficient use of fuel and encourage economic purchases of fuel; and
- D. Rates or other regulatory policies which encourage electric utility system reliability and reliability of major items of electrical utility equipment.

A. Authorization to adopt flat rates and time-of-day rates. As interim measures, pending the development and adoption of any of the proposals heretofore described, the commission is authorized to adopt as expeditiously as possible flat rates within each class of service as well as time-of-day rates

for large industrial consumers who either are presently metered or who can be readily metered for time-of-day consumption.

A. To expedite the adoption of these interim rates, the commission is authorized to order each utility to submit to it schedules providing for:

(1) Flat rates within each class of service for customers taking service at the same voltage level, coupled with a fixed monthly charge set to recover some, but not necessarily all, of the fixed costs associated with servicing these customers, as computed by traditional cost-of-service studies, and sufficiently low so as to achieve a substantially flat rate overall; and

(2) Time-of-day rates for large industrial customers.

B. The interim rates provided for in this section may be based on fully allocated costs and are to be designed to provide each utility with the same total net revenues the commission determines it would be expected reasonably to obtain from the rates in effect at the time these interim rates are adopted.

§ 95. The Bureau of Consumer Protection is authorized to intervene before the commission to protect consumer interests

The Bureau of Consumer Protection, heretofore established by law, is hereby authorized to:

1. Assessments of impact of proposed rate changes and actions upon consumers. Make general factual assessments of the impact of proposed rate changes and other proposed regulatory actions upon all affected consumers;

2. Consumer assistance. Assist consumers in the presentation of their positions before utility regulatory commissions;

3. Advocacy. Advocate, on its own behalf, a position which it determines represents the position most advantageous to consumers, taking into account developments in rate design reform; and

4. Grants and funds. Obtain grants pursuant to Public Law 94-385, Section 205(a), 42 United States Code, Section 6805 and the funds thus made available are to be in addition to, and not in substitution for, funds made available to that bureau from other sources.

## STATEMENT OF FACT

The purpose of this bill is to reduce the cost of electric utility services to customers and encourage energy conservation through improvements in electric utility rate design.

This statute is modeled after the Federal Energy Conservation and Production Act, Public Law 94-385, 42 United States Code, Sections 6801-6892, which directs the Federal Energy Administration to develop rate design

reforms and regulated regulatory reforms similar to those set forth in this bill. The interim rate provision is designed to promote energy conservation until the longer-term reforms can be implemented, as some of them may require further data gathering and research.

The provisions of the Act relating to the Bureau of Consumer Protection are designed to make it possible for the State to take advantage of Section 205 of the Federal Energy Conservation and Production Act which provides for grants to be made to offices of consumer protection which are authorized to carry out the responsibilities set forth in this bill for the bureau.