

MAINE STATE LEGISLATURE

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New Draft of: H. P. 1928, L. D. 2001
(New title)
SECOND REGULAR SESSION

ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 2137

H. P. 2092

House of Representatives, February 9, 1978

Reported by Mr. Wood from the Committee on Public Utilities and printed
under Joint Rule No. 2.

EDWIN H. PERT, Clerk

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-EIGHT

AN ACT to Reconstruct the Fuel Adjustment Clause.

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

Sec. 1. 35 MRSA § 131, as amended by PL 1977, c. 475, is repealed and the following enacted in its place:

§ 131. Fuel adjustment clause

1. **Definition.** For the purposes of this section, the words “electric utility” shall mean any electrical company, as defined in section 15, subsection 5, with total assets in excess of \$40,000,000.

2. **Fuel cost.** Subject to the approval of the commission, each electric utility shall include as part of its base rates a reasonable cost for fuel to provide its customers with electricity. The cost of fuel shall include fuel consumed in the electric utility’s generating stations and the cost of power purchased, excluding capacity charges, by the electric utility for use in Maine, pursuant to regulations promulgated by the commission under this section. The amount to be included in a utility’s base rates shall be determined at the time of general rate adjustment

under section 64 or 296 and shall be based upon the utility's reasonable costs of fuel during the test year used for the rate adjustment.

3. **Fuel cost adjustment.** Notwithstanding the requirements of section 69, an electric utility shall adjust its electricity charges to customers to recover increases and to credit for decreases in the cost of fuel used in the generating and supplying of electricity subsequent to a general rate proceeding under section 64 of 296, subject to the conditions of this section.

4. **Scope of adjustment.** Changes in the cost of fuel consumed in the electric utility's generating stations and changes in the cost of power purchased, excluding capacity charges, by the electric utility for use in Maine shall constitute the only items subject to adjustment, pursuant to regulations promulgated by the commission under this section. Credits received by the utility for fuel or the fuel component of either purchased power or power sold to other utilities, including credits associated with purchased energy received from the savings fund of the New England Power Exchange, shall be considered changes in the cost of fuel for the purposes of the fuel cost adjustment, pursuant to regulations promulgated by the commission under this section.

5. **Fuel adjustment rate applied uniformly to customers.** The fuel cost adjustment established under this section shall be billed or credited at a single uniform rate per kilowatt hour for all customers of the electric utility.

6. **Calculation and billing of fuel adjustment.** Within 120 days following the effective date of this section, the commission shall establish rules and regulations for the calculation and billing of fuel cost adjustments. The rules and regulations shall include, but shall not be limited to:

- A. The fuel accounting method to be used to determine cost of fuel;
- B. The fuel computation period and method of computation of fuel adjustment rate;
- C. Definitions and components of fuel costs to be included in the fuel cost adjustment;
- D. An appropriate method to amortize a utility's unrecovered reasonable fuel costs;
- E. An appropriate method to credit customers for fuel cost overcharges; and
- F. Reporting requirements to administer this section.

The commission may, in its discretion, establish a fuel adjustment rate for a fuel computation period based on projected kilowatt hour sales and fuel costs for that period, and make appropriate adjustments for overcharges or undercharges in customer bills in subsequent computation periods to account for the difference

between the projected kilowatt-hour sales and fuel costs and actual kilowatt-hour sales and reasonable fuel costs.

7. **Commissioner approval required.** In no event shall a fuel adjustment charge be billed to customers which has not been approved and ordered into effect by the commission pursuant to this section. Each electric utility shall file application for changes in its fuel adjustment rate in accordance with regulations promulgated pursuant to this section. The commission shall order notice of the application to be published within 7 days of receipt of the application and shall set a time and place for a public hearing which shall be held, unless otherwise ordered by the commission, within 14 days after publication of the notice. The commission shall render its decision on the application within 45 days of the close of the hearing, or within 45 days of receipt of the application, if no hearing is held. No electric utility shall make application for changes in its fuel adjustment rate until a period of 90 days has elapsed from the filing of its last application, unless otherwise ordered by the commission.

8. **Reports.** The commission may require electric utilities to provide such reports and information as it deems necessary to administer this section.

Sec. 2. **Transition.** From the effective date of this Act until the effective date of its next general rate adjustment under Title 35, section 64 or 296, following the effective date of regulations promulgated pursuant to this section, each electric utility is authorized to continue billing its fuel charge as authorized and directed by public law, 1975, chapter 489, section 1, as amended by public law, 1977, c. 475. The commission may authorize such interim fuel charges as it deems necessary in order to effect the transition from the fuel charge authorized under public law, 1975, c. 489, section 1, to that authorized under Title 35, section 131. Any reasonable amount of unrecovered fuel costs outstanding on the effective date of an electric utility's general rate adjustment implementing this Act may be recovered through the fuel adjustment clause, subject to commission approval.

Sec. 3. **Appropriation.** The following funds shall be appropriated from the General Fund to carry out the purposes of this Act:

	1978-79
PUBLIC UTILITIES COMMISSION	
Personal Services (1)	\$18,500
All Other	3,500
Capital Expenditures	500
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Total	\$22,500

STATEMENT OF FACT

The purpose of this bill is to restructure the fuel adjustment clause. Under this bill, the Public Utilities Commission will establish a fuel cost for each electric utility in Maine at the time of a general rate adjustment. If the cost of fuel per kilowatt-hour increases above the cost of fuel per kilowatt-hour in base rates, the customer will pay the difference and will be charged for the increased cost in the fuel adjustment clause. If the cost of fuel per kilowatt-hour decreases below the cost of fuel per kilowatt-hour in base rates, the customer will receive a credit to his bill.