

MAINE STATE LEGISLATURE

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1 (EMERGENCY)
2 SECOND REGULAR SESSION
3

4 ONE HUNDRED AND TENTH LEGISLATURE
5

6 **Legislative Document**

No. 1929

8 H. P. 1956 House of Representatives, February 9, 1982
Filed by the Joint Standing Committee on Public Utilities under
Joint Rule 18. Approved by the Legislative Council June 4, 1981.
Reported by Representative McGowan from the Committee on
9 Public Utilities and ordered printed under Joint Rules No. 18.
EDWIN H. PERT, Clerk

10
11 **STATE OF MAINE**
12

13 IN THE YEAR OF OUR LORD
14 NINETEEN HUNDRED AND EIGHTY-TWO
15

16 **AN ACT to Encourage Fuel Diversity by**
17 **Increased Use of Natural Gas.**
18

19 **Emergency preamble.** Whereas, Acts of the Legislature
20 do not become effective until 90 days after adjournment
21 unless enacted as emergencies; and

22 Whereas, permit applications are pending right now
23 before Canadian and United States Federal Agencies for a
24 major new international and interstate natural gas pipeline
25 through Maine, the New England States Pipeline Project; and

26 Whereas, this presents an opportunity to obtain addi-
27 tional natural gas supplies in the State, but only if quali-
28 fied distributors and users are available in a timely fash-
29 ion; and

30 Whereas, in many areas of the State either no natural
31 gas distribution company has authority to furnish service,
32 or the company which has the authority is not actively fur-
33 nishing service; and

1 Whereas, potential market information is not now avail-
2 able for areas which might be served; and

3 Whereas, a Joint Select Committee on Natural Gas can
4 represent the Legislature's interest in this matter and
5 include other interested parties in a continuing fashion;
6 and

7 Whereas, in the judgment of the Legislature, these
8 facts create an emergency within the meaning of the Consti-
9 tution of Maine and require the following legislation as
10 immediately necessary for the preservation of the public
11 peace, health and safety; now, therefore,

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

13 Sec. 1. 35 MRSA §15, sub-§9-A is enacted to read:

14 §9-A. Natural gas distribution company; distributor

15 "Natural gas distribution company" or "distributor"
16 means a corporation or other entity with the purpose of
17 selling, distributing or supplying natural gas, whether or
18 not mixed with other kinds of gas, for lighting, heating,
19 manufacturing or mechanical purposes anywhere in the State.

20 Sec. 2. 35 MRSA §2301 is amended by adding at the end
21 2 new paragraphs to read:

22 For any natural gas distributor authorized or
23 reauthorized to furnish service by the commission after July
24 1, 1982, that authorization shall be effective for a period
25 of 10 years. At the end of the 10-year period, for those
26 areas in which service is actually being provided by the
27 distributor, the authorization shall be renewed, provided
28 that the conditions of that authorization are being met.
29 But, for those areas in which service is not actually being
30 provided by the distributor, the authorization to serve
31 shall be terminated, without prejudice. The holder of any
32 authorization to serve terminated by the 10-year limit may
33 reapply at anytime.

34 No natural gas distributor organized under Title 13-A
35 may, without the consent of the Public Utilities Commission,
36 furnish its service in or to any city or town within the
37 State even if no other corporation, person, association or
38 cooperative is furnishing or is authorized to furnish a
39 similar service. Any distributor providing service on Janu-

1 ary 1, 1982, shall have until January 1, 1983, to obtain the
2 consent of the commission to continue to furnish service.

3 **Sec. 3. 35 MRSA §2537 is amended by adding at the end**
4 **a new paragraph to read:**

5 For any natural gas distributor authorized or
6 reauthorized to furnish service by the commission after July
7 1, 1982, that authorization shall be effective for a period
8 of 10 years. At the end of the 10-year period, for those
9 areas in which service is actually being provided by the
10 distributor, the authorization shall be renewed, provided
11 that the conditions of that authorization are being met.
12 But, for those areas in which service is not actually being
13 provided by the distributor, the authorization to serve
14 shall be terminated, without prejudice. The holder of any
15 authorization to serve terminated by the 10-year limit may
16 reapply at anytime.

17 **Sec. 4. Definitions.** As used in this Act, unless the
18 context otherwise indicates, the following terms have the
19 following meanings.

20 1. Area. "Area" means a group of at least 4 adjacent
21 municipalities, or any number of adjacent municipalities at
22 least 100 square miles in area which may, in the sole judg-
23 ment of the commission, be feasible for natural gas service.

24 2. Commission. "Commission" means the Public Utili-
25 ties Commission.

26 3. Natural gas distribution company; distribu-
27 tor. "Natural gas distribution company" or "distributor"
28 means a corporation or other entity with the purpose of
29 selling, distributing or supplying natural gas, whether or
30 not mixed with other kinds of gas, for lighting, heating,
31 manufacturing or mechanical purposes any where in the State.

32 **Sec. 5. Distribution franchise review.**

33 1. Review. The commission shall review, before July
34 1, 1982, the service and plans of any existing natural gas
35 distribution companies to determine:

36 A. What areas of the State are actively being served;

37 B. What areas of the State are likely to be served
38 within the next 5 years; and

1 C. What areas of the State are not likely to be served
2 within the next 5 years.

3 2. Unserved areas; termination. For areas of the
4 State not likely to be served by natural gas within the next
5 5 years the commission shall:

6 A. Give public notice inviting applications for
7 authority to serve in those areas; and

8 B. Terminate any existing authority to serve in those
9 areas, without prejudice to the possibility of a future
10 award of authority to serve to the distributor whose
11 authority is terminated.

12 3. Review of areas determined to be likely to be
13 served within 5 years. For any areas determined under sub-
14 section 1 to be likely to be served within 5 years, the
15 commission shall review progress by July 1, 1984. If the
16 commission finds that the distributor has not made reason-
17 able progress towards providing service, then the authority
18 to serve shall be immediately terminated in that area, in
19 accordance with subsection 2.

20 Sec. 6. Joint Select Committee on Natural Gas.

21 1. There is established a Joint Select Committee on
22 Natural Gas to be composed of 7 members of the joint stand-
23 ing committee having jurisdiction over public utilities, the
24 Director of the Office of Energy Resources, the Director of
25 the State Development Office, the Commissioner of Environ-
26 mental Protection, a representative of Northern Utilities
27 Inc., a representative of the Maine Development Foundation
28 and the Chairman of the Public Utilities Commission.

29 2. The Joint Select Committee on Natural Gas shall
30 study the opportunities for bringing additional natural gas
31 to users in Maine, including such factors as; supplies,
32 pipelines, wholesalers, distributors and consumers. The
33 Joint Select Committee on Natural Gas shall report to the
34 Legislature, including any legislative recommendations, at
35 the beginning of the First Regular Session of the 111th
36 Legislature, and at other times, as appropriate.

37 3. There is appropriated from the Legislative Account
38 for the work of the Joint Select Committee on Natural Gas,
39 including expenses for expert witnesses, and per diems and
40 travel expenses for legislative and nonlegislative members,
41 the sum of \$2500.

1 **Emergency clause.** In view of the emergency cited in
2 the preamble, this Act shall take effect when approved.

3 **STATEMENT OF FACT**

4 The purpose of this bill is to make more natural gas
5 available in Maine by:

6 1. Putting a 10 year sunset date on new distribution
7 franchises if they are not exercised;

8 2. Requiring the Public Utilities Commission to review
9 the service and plans of existing distributors, and termi-
10 nate their authority to serve in inactive areas; and

11 3. Establishing a Joint Select Committee on Natural
12 Gas to continue oversight of the issue.

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