

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND ELEVENTH LEGISLATURE
4

5 Legislative Document

No. 1042

6
7 H.P. 802

House of Representatives, March 4, 1983

8 Submitted by the Office of Public Advocate pursuant to Joint Rule 24.

9 On Motion of Representative Vose of Eastport, referred to the Committee
on Public Utilities. Sent up for concurrence and ordered printed.

10 EDWIN H. PERT, Clerk

Presented by Representative Baker of Portland.

Cosponsor: Senator Kany of Kennebec.

11
12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-THREE
16

17 AN ACT to Fairly Apportion the Cost of
18 Canceled Generating Facilities.
19

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

22 35 MRSA §52-A is enacted to read:

23 §52-A. Recovery of cost of canceled or abandoned
24 electric generating facility

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

28 A. "Allowance for funds used during construction"
29 means the capital cost associated with the cost
30 of a generating facility in the process of con-
31 struction, but not ready for service, which was

1 accrued during the time before the generating
2 facility was being placed in service, canceled or
3 abandoned.

4 2. Purpose and intent. The commission shall not
5 unfairly burden ratepayers with the costs of a can-
6 celed or abandoned generating facility.

7 3. Commission determines reasonableness. When the
8 participation of a public utility in the construction
9 of a generating facility is terminated and when the
10 utility has incurred costs toward the construction or
11 equipping of that facility, the commission shall
12 determine whether the public utility acted reasonably
13 in initiating, maintaining and canceling or abandon-
14 ing its participation. This section applies when the
15 decision to terminate the construction of a facility
16 is made by another public utility, or other public
17 utilities, regardless of whether the other utility or
18 utilities are subject to the jurisdiction of the com-
19 mission.

20 4. Commission to allocate recovery costs. The
21 commission shall equitably allocate the prudently
22 incurred nonallowance for funds used during construc-
23 tion costs of the generating facility between the
24 shareholders and the ratepayers of the utility.

25 5. No allowance for funds used during construc-
26 tion. The public utility shall not recover from
27 ratepayers any allowance for funds used during con-
28 struction for the canceled or abandoned generating
29 facility.

30 6. Recovery period to begin. The recovery period
31 shall begin no earlier than the date that the gener-
32 ating facility was expected to be completed and
33 useful. The date when the facility was expected to be
34 completed and useful shall be no earlier than the
35 latest estimated completion date that had been
36 announced by the public utility, or another public
37 utility owning an interest in the facility, prior to
38 the decision to cancel or abandon.

39 7. Recovery period. The portion of the prudently
40 incurred nonallowance for funds used during construc-
41 tion costs as the commission deems just, shall be re-

1 covered over a period no shorter than the estimated
2 useful life of the generating facility had it been
3 completed.

4 8. Unamortized costs to be excluded from rate
5 base. That portion of the reasonably incurred cost of
6 the canceled or abandoned generating facility which
7 the commission has allowed to be recovered, and which
8 has not been recovered, shall be excluded from the
9 rate base of the public utility.

10 STATEMENT OF FACT

11 Over the last few years, several proposed elec-
12 trical generating facilities in New England have been
13 canceled. The Public Utilities Commission has been
14 faced with, and will be faced with, the obligation to
15 decide who shall bear the cost of the canceled gener-
16 ating facilities, in what proportion, and in what
17 manner. The Legislature has provided no explicit
18 guidance to the commission in carrying out this very
19 important task.

20 This bill provides that ratepayers shall not pay
21 for the interest costs associated with the costs of
22 the canceled facility and further provides that a
23 portion of the prudently incurred costs of the util-
24 ity may be recovered from ratepayers no more rapidly
25 than over a period equal to what would have been the
26 useful life of the generating facility had it been
27 completed. The bill also provides that any recovery
28 period shall start no sooner than when the generating
29 facility was expected to have been operational. The
30 length of the recovery period and the starting date
31 for the recovery period are designed to approximate
32 the recovery of costs that would have been obtained
33 through book depreciation if the plant had become
34 operational.

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