

# MAINE STATE LEGISLATURE

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1 SECOND REGULAR SESSION

2  
3 ONE HUNDRED AND ELEVENTH LEGISLATURE

4  
5 Legislative Document

No. 2421

6  
7 H.P. 1826

House of Representatives, April 4, 1984

8 Reference to the Committee on Public Utilities is suggested and printing  
9 ordered.

EDWIN H. PERT, Clerk

10 Presented by Representative Vose of Eastport.

Cosponsors: Senator Danton of York, Senator Collins of Knox and  
Representative McGowan of Pittsfield.

11  
12 STATE OF MAINE

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

16  
17 AN ACT to Fairly Apportion the Cost of  
18 Canceled Electric Generating Facilities.  
19

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

22 Sec. 1. 35 MRSA §52-A, as amended by PL 1983, c.  
23 628, is repealed.

24 Sec. 2. 35 MRSA §52-B is enacted to read:

25 §52-B. Recovery of cost of canceled or abandoned  
26 electric generating facility

27 1. Determining rate-making treatment. In deter-  
28 mining the rate-making treatment for a utility's in-  
29 vestment in canceled or abandoned electric generating  
30 facilities, the commission shall balance the inter-  
31 ests of the utility and ratepayers in a just and rea-  
32 sonable manner in each individual case.

1           2. Canceled or abandoned generating facilities.  
2 As used in this section, the term "canceled or aban-  
3 doned generating facilities" means any electric gen-  
4 erating facility canceled or abandoned by the owner  
5 or by the joint participants in the facility in ac-  
6 cordance with the terms of applicable agreements or  
7 otherwise or any generating facility for which a  
8 utility seeks investment recovery if the commission  
9 finds that a substantial likelihood exists that the  
10 facility will not be completed.

11           3. Exception. This section does not apply to any  
12 canceled or abandoned electric generating facility  
13 for which the commission has authorized a recovery of  
14 any portion of the costs of that facility from  
15 ratepayers prior to the effective date of this sec-  
16 tion.

17           4. This section not intended to indicate prefer-  
18 ence. Neither anything in this section nor the repeal  
19 of section 52-A is intended to indicate a preference  
20 for any particular rate-making treatment of a  
21 utility's investment in a canceled or abandoned plant  
22 and the manner of the recovery, if any, of the in-  
23 vestment shall be left to the commission's discre-  
24 tion.

25           5. Canceled plant recovery filing fee. Any util-  
26 ity requesting recovery in rates of its investment in  
27 a canceled or abandoned electric generating facility  
28 shall pay to the commission a filing fee of \$75,000  
29 for each facility. The utility may request the com-  
30 mission to waive all or a portion of the filing fee.  
31 Notwithstanding any other provision of law, filing  
32 fees paid as required in this section shall be segre-  
33 gated, apportioned and expended by the commission for  
34 the purposes of this section. Any portion of the fil-  
35 ing fee that is received from any utility and is not  
36 expended by the commission for the purposes of this  
37 section shall be returned to the utility.

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STATEMENT OF FACT

The First Regular Session of the 111th Legislature enacted the Revised Statutes, Title 35, section 52-A to provide legislative guidance to the Public Utilities Commission on the canceled plant issue. Since that law has been in effect, several unexpected problems have arisen.

The Revised Statutes, Title 35, section 52-A has caused concern in the investment community, a concern which may contribute to higher capital costs and higher rates. For example, Moody's Investors Service, a major rating agency, recently downgraded a major Maine utility's bonds to the lowest investment grade, expressly noting the effects of the Revised Statutes, Title 35, section 52-A in creating uncertainties about the regulatory treatment of the canceled plant.

The unexpected circumstances produced by the enactment of the Revised Statutes, Title 35, section 52-A and the possible cancellation of Seabrook 2 require legislative action to restore confidence in the financial markets and to reduce the possibility of higher financing costs which will result in higher electric rates for Maine people and businesses.

This bill retains the basic concept of the Revised Statutes, Title 35, section 52-A by providing legislative guidance to the commission on this issue. The commission is given the flexibility to grant timely rate-making treatment balancing the interests of the utility and ratepayers in a just and reasonable manner.

This amendment allows the Public Utilities Commission to collect a filing fee from any utility requesting a rate increase to recover the cost of its investment in a canceled or abandoned generating facility. Request for recovery for canceled plants are unique rate case issues which involve the assessment of many volumes of complex information. The filing fee will be used to process the utility's request for recovery under Title 35, section 52-B, including the hiring of consultants and experts who may assist the commission in analyzing the prudence of the utility's decisions to invest in the plant initially and over

1 time, determining the proper balancing of the inter-  
2 ests of the utility and its ratepayers and selecting  
3 a reasonable method for recovery of any costs which  
4 the commission finds should be recovered in rates.

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