

# MAINE STATE LEGISLATURE

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(EMERGENCY)

THIRD SPECIAL SESSION

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ONE HUNDRED AND ELEVENTH LEGISLATURE

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Legislative Document

No. 2488

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H.P. 1891

House of Representatives, September 6, 1984

Received by the Clerk of the House on September 6, 1984.

Referred to the Committee on Public Utilities. Sent up for concurrence and ordered printed pursuant to Joint Rule 14.

EDWIN H. PERT, Clerk

Presented by Representative Vose of Eastport.

Cosponsored by: Representative Tammaro of Baileyville, Representative Moholland of Princeton and Senator Carpenter of Aroostook.

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STATE OF MAINE

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

---

AN ACT to Allow the Establishment of  
Generation and Transmission Cooperatives for  
the Purpose of Reducing Borrowing Costs for  
Ratepayers.

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

Whereas, Eastern Maine Electric Cooperative, Inc., has purchased an interest in a generating plant and the financing of that purchase, currently to be obtained by the agency through which the purchase was made, entails a high interest cost; and

Whereas, Eastern Maine Electric Cooperative, Inc., may borrow directly at a lower cost, thus producing potential savings of millions of dollars for its ratepayers over the life of the financing; and

1           Whereas, scheduling of debt requires prompt ac-  
2           tion in order to permit direct borrowing so as to re-  
3           alize these savings; and

4           Whereas, the Rural Electrification Administration  
5           and the National Rural Utilities Cooperative Finance  
6           Corporation require that direct borrowing of this  
7           kind must be accomplished through a generation and  
8           transmission cooperative; and

9           Whereas, current Maine statutory authority for  
10          the creation of a generation and transmission cooper-  
11          ative is incomplete; and

12          Whereas, in the judgment of the Legislature,  
13          these facts create an emergency within the meaning of  
14          the Constitution of Maine and require the following  
15          legislation as immediately necessary for the preser-  
16          vation of the public peace, health and safety; now,  
17          therefore,

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

20                35 MRSA c. 228 is enacted to read:

21                                CHAPTER 228

22                                GENERATION AND TRANSMISSION COOPERATIVES

23           §2931. Purpose

24           Notwithstanding any other provision of this Ti-  
25           tle, one or more cooperatives formed under this Title  
26           may organize and control a cooperative having as its  
27           principal purpose the generation, manufacture, pur-  
28           chase, acquisition, accumulation, transmission, sale,  
29           supply and disposal of electric energy. Such a coop-  
30           erative shall have all of the powers of cooperatives  
31           formed under this Title.

32           §2932. Generation and transmission cooperatives are  
33           public utilities

34           Cooperatives formed under this chapter shall be  
35           public utilities and subject to this Title, notwith-

1 standing any public or private and special laws to  
2 the contrary.

3 **Emergency clause.** In view of the emergency cited  
4 in the preamble, this Act shall take effect when ap-  
5 proved.

6 STATEMENT OF FACT

7 This bill permits the creation of generation and  
8 transmission cooperatives which in turn sell electric  
9 energy to distribution cooperatives and possibly to  
10 other consumer-owned electric utilities. The  
11 ratepayers of a generation and transmission coopera-  
12 tive are generally the same as those of a distribu-  
13 tion cooperative, but the rates which must be levied  
14 to cover debt service are lower in the case of a gen-  
15 eration and transmission cooperative. All savings re-  
16 sulting from the creation of a generation and trans-  
17 mission cooperative are passed on to ratepayers.  
18 There are currently 4 rural electrification coopera-  
19 tives in Maine which would be eligible to create or  
20 join in a generation and transmission cooperative.

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