

MAINE STATE LEGISLATURE

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1 (EMERGENCY)
2 FIRST REGULAR SESSION
3

4 ONE HUNDRED AND TWELFTH LEGISLATURE
5

6 Legislative Document

No. 1451

7
8 S.P. 542

In Senate, May 2, 1985

9 Reference to the Committee on Utilities suggested and ordered printed.

10 JOY J. O'BRIEN, Secretary of the Senate

11 Presented by Senator Baldacci of Penobscot.

12
13 STATE OF MAINE
14

15 IN THE YEAR OF OUR LORD
16 NINETEEN HUNDRED AND EIGHTY-FIVE
17

18 Resolve, Encouraging State Policy of
19 Independence from Foreign Sources of
20 Energy for Electric Utilities.
21

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

26 Whereas, the Public Utilities Commission is con-
27 sidering whether to order Maine utilities to disen-
28 gage from construction of the Seabrook Nuclear Power
29 Plant; and

30 Whereas, the decision on Seabrook will have a
31 significant effect on the State's electric system for
32 the foreseeable future; and

33 Whereas, in the judgment of the Legislature,
34 these facts create an emergency within the meaning of
35 the Constitution of Maine and require the following

1 legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore, be it

4 **Avoidance of excessive dependence on foreign sources of energy.** Resolved: That it is the policy of the State to avoid excessive dependence on foreign sources of energy, but in 1982 nearly 40% of the State's electric power was supplied from foreign sources, 31% from fossil fired generation facilities using imported oil and 8% purchased directly from Canada. This is excessive. A target is established in the utility sector to reduce dependence on foreign sources of energy to less than 20% by 1990. Completion of Seabrook I would help achieve that goal by supplying 112 megawatts of domestic generating capacity. In the immediate future that will allow "backing out" of an equal amount of fossil-fired capacity fueled with imported oil; and be it further

19 **Broad policy considerations to be applied in the Seabrook I case.** Resolved: That the economics of the Seabrook I nuclear power plant is uncertain. If the project goes well and the price of oil increases significantly and the need for power grows substantially the economics of the plant will be favorable. If the project goes poorly or the price of oil does not increase or the need for power does not increase then the economics of the plant will be unfavorable. Given that degree of economic uncertainty, broad policy considerations should be given great weight in deciding whether to complete Seabrook I; and be it further

31 **Need for electric generating capacity.** Resolved: That at present Maine utilities have sufficient generating capacity for the immediate future, but according to the Public Utilities Commission examiners report of November 1984, additional and replacement base load capacity will be needed by Bangor Hydroelectric Company by 1995 and by Central Maine Power in the late 1990's. In view of their recently signed contract for 17 megawatts of cogeneration capacity, Maine public service may not need new baseload generating capacity until after the year 2000. Eastern Maine Electric Power also has cheaper alternatives available. Completion of Seabrook I would provide the State with the needed capacity in the 1995-2000 time period; and be it further

1 **Financial considerations. Resolved:** That as of
2 December, 1984, Maine utilities have already invested
3 \$340,000,000 in Seabrook I. Whether or not the plant
4 is completed, it is likely that these costs will add
5 to the cost of electric power for consumers, either
6 directly through the rates or indirectly through
7 their effect on the credit ratings of the utilities
8 and on their cost of borrowing for other purposes.
9 The joint participants have estimated the cost of
10 completing Seabrook I by the fall of 1986, including
11 financing, as \$1,300,000,000, of which Maine utili-
12 ties' share, about 10%, would be \$130,000,000. Al-
13 though this is a large sum, it allows the ratepayers
14 to get something of value from their added costs due
15 to Seabrook. At that level, the cost of completing
16 Seabrook I is roughly the same as the cost of build-
17 ing an alternative coal-fired plant. Provided that
18 the added costs can be held at a reasonable level and
19 construction can be completed in a reasonable time,
20 close to current projections, then completion of
21 Seabrook I is in the long-term interest of the State;
22 and be it further

23 **Good faith with other states. Resolved:** That
24 Seabrook I is a joint project sponsored by 15 utili-
25 ties in 5 of the New England states. It was under-
26 taken in good faith by all these partners. Now that
27 the project has encountered financial difficulty, it
28 is unfair for the Maine utilities to disengage
29 unilaterally, thus increasing the problems of our
30 neighboring states. It is preferable to focus our en-
31 ergies on completion of Seabrook I, together with
32 cancellation of Seabrook II, as soon as possible as a
33 realistic package that recognizes these contractual
34 relationships and best fits the energy needs of the
35 region.

36 **Emergency clause.** In view of the emergency cited
37 in the preamble, this resolve shall take effect when
38 approved.

1

STATEMENT OF FACT

2 The purpose of this resolve is to provide policy
3 guidance to the Public Utilities Commission in con-
4 sidering the plans of Maine utilities for providing
5 future electric generation capacity, including con-
6 sideration of the advisability of continued partici-
7 pation in construction of the Seabrook I nuclear pow-
8 er plant. State policy is to avoid excessive depen-
9 dence on foreign sources of energy. Provided certain
10 conditions are met, Maine participation in the com-
11 pletion of Seabrook I could have that effect and be
12 in the best interest of the State.

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