

MAINE STATE LEGISLATURE

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1 SECOND REGULAR SESSION
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE
4

5 Legislative Document

No. 1712

6
7 H.P. 1205 House of Representatives, December 23, 1985
8 Approved for introduction by a majority of the Legislative Council
pursuant to Joint Rule 26.

9 Received by the Clerk of the House on December 23, 1985. Referred to
the Committee on Utilities and 1,600 ordered printed pursuant to Joint Rule
10 14.

EDWIN H. PERT, Clerk

Presented by Representative Paradis of Old Town.

11 Cosponsored by Senator Baldacci of Penobscot, Representative Vose of
Eastport and Senator Webster of Franklin.

12 STATE OF MAINE
13

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

17 AN ACT Regarding Utility Assessments.
18

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

21 35 MRSA §17, sub-§1, as amended by PL 1985, c.
22 125, §1, is further amended to read:

23 1. Utilities subject to assessments. Every elec-
24 tric, gas, telegraph, telephone and water utility
25 subject to regulation by the commission and every wa-
26 ter carrier subject to the jurisdiction of the com-
27 mission pursuant to Private and Special Act of the
28 Legislature shall be subject to an assessment of not
29 more than .25% on its intrastate gross operating rev-
30 enues to produce no more than \$1,894,000 in revenues
31 annually beginning in the 1985-86 fiscal year and no
32 more than \$1,939,000 in revenues annually beginning
33 in the 1986-87 fiscal year. The commission shall de-
34 termine the assessments annually prior to May 1st and
35 shall assess each utility for its pro rata share.
36 Each utility shall pay the assessment charged to the

1 utility on or before July 1st of each year except
2 that the commission may establish an alternative pay-
3 ment schedule for any utility assessed more than
4 \$100,000. This schedule shall not require payment
5 earlier than July 1st, nor less frequently than
6 quarterly.

7 A. The assessments charged to utilities under
8 this section shall be deemed just and reasonable
9 operating costs for rate-making purposes.

10 B. For the purposes of this section, intrastate
11 gross operating revenues means intrastate reve-
12 nues derived from filed rates, except revenues
13 derived from sales for resale.

14 C. Gas utilities subject to the jurisdiction of
15 the commission solely with respect to safety
16 shall not be subject to any assessment until such
17 time as the commission has reviewed the scope and
18 cost of such jurisdiction and an assessment or
19 fee structure is authorized by the Legislature.

20 D. The commission may at its discretion correct
21 any errors in the assessments by means of a cred-
22 it or debit to the following year's assessment
23 rather than reassessing all utilities in the cur-
24 rent year.

25 STATEMENT OF FACT

26 The Maine Revised Statutes, Title 35, section 17,
27 requires regulated public utilities to pay an annual
28 assessment to the Public Utilities Commission to de-
29 fray commission costs including administration ex-
30 penses, consulting fees and "other reasonable costs."
31 Assessments must be paid in lump sum on or before Ju-
32 ly 1st of each year.

33 Central Maine Power Company and its customers
34 will be assessed in excess of \$1,000,000 by the Pub-
35 lic Utilities Commission in 1986. A lump sum payment
36 of the assessment at the beginning of the assessment
37 period, as required by existing law, is very costly
38 to the company and its customers. Since the company

1 recovers the assessment from its customers over the
2 assessment period, in order to make the lump sum pay-
3 ment at the beginning of the assessment period, the
4 company must raise the capital from its investors who
5 require a return on such capital. If the payments
6 of the assessment followed more closely the timing of
7 recovery of such costs from customers, the funds
8 raised from investors would be lessened and as a re-
9 sult, the company and its customers would save by not
10 having to pay a return on such investor capital, carry-
11 ing costs. Central Maine Power Company estimates
12 that quarterly rather than annual up-front payments
13 of its assessment would reduce the company's revenue
14 requirement by \$75,000, \$50,000 if semiannual
15 up-front payments, a savings to its electric service
16 customers. Continuation of the up-front lump sum
17 payment of the assessment, on the other hand, will
18 continue to result in utility customers paying for
19 additional and unnecessary carrying costs on investor
20 supplied capital.

21 An act regarding utility assessments provides for
22 more efficient use of ratepayer money by authorizing
23 the commission to establish an alternative payment
24 schedule to the current annual lump sum requirement
25 for any utility assessed more than \$100,000, provid-
26 ing an opportunity for reduced customer costs while
27 assuring the commission's funding.

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