

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

No. 729

S.P. 256

In Senate, March 12, 1987

Reference to the Committee on Utilities suggested and ordered printed.

JOY J. O'BRIEN, Secretary of the Senate
Presented by President PRAY of Penobscot.

Cosponsored by Representative WEYMOUTH of West Gardiner,
Senator PERKINS of Hancock, Speaker MARTIN of Eagle Lake.

STATE OF MAINE

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

AN ACT Establishing the Maine-Canada Energy
Cooperation Act.

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

Sec. 1. 35 MRSA §13-A, 7th ¶, as enacted by PL 1979, c. 265, §5, is amended to read:

If the cost adjustments specified herein exceed the cost relied upon by the commission in the original proceeding under this section by more than 20% of the original cost, the company or companies shall not proceed with any construction of the proposed facilities, the commission's original certificate of public convenience and necessity notwithstanding. The commission, upon notification of the cost increase, shall reopen its original decision concerning the fa-

1 cilities and shall make specific findings with regard
2 to the need for the facilities to the same extent and
3 with the same authority as if the company's or compa-
4 nies' petition for approval were before it. Except as
5 modified herein, the commission shall retain all au-
6 thority granted to it under section 306. The issu-
7 ance of a certificate of public convenience and ne-
8 cessity or an order on reopening which approves con-
9 tinued construction, establishes that, as of the date
10 of issuance of that certificate or order, the deci-
11 sion of the electric company to construct or to con-
12 tinue with construction was prudent.

13 Sec. 2. 35 MRSA c. 172-A is enacted to read:

14 CHAPTER 172-A

15 THE MAINE-CANADA ENERGY COOPERATION ACT

16 §2331. Short title

17 This chapter shall be known and may be cited and
18 referred to as the "Maine-Canada Energy Cooperation
19 Act."

20 §2332. Purpose and policy

21 The Legislature finds and declares as follows.

22 1. Current generating capacity. Electrical com-
23 panies in the State currently own or have contracts
24 for 2,200 megawatts of electric generating capacity,
25 including cogeneration and small power production,
26 and expect to add approximately 300 megawatts, most
27 of which is cogeneration, in the next 5 years.

28 2. Growing demand. Even with increasing energy
29 conservation, demand for electricity in the State is
30 growing such that an additional 200 megawatts of ca-
31 capacity are likely to be required in the early 1990's,
32 rising to 500 megawatts by the year 2000.

33 3. Plan for 1990's. Because of the lead times
34 for both licensing and constructing electrical gener-
35 ation and transmission facilities, there is an imme-
36 diately need to plan for adequate electrical supplies
37 for the 1990's.

1 4. Availability of Canadian electricity. Sub-
2 stantial quantities of electricity are likely to be
3 available from Canada, at lower cost, without many of
4 the domestic problems, environmental impacts, air
5 emissions and solid waste disposal that would result
6 from many domestic alternatives, including
7 cogenerators and small power producers.

8 5. Current policies. Electrical companies are
9 not permitted under current regulatory policies to
10 earn a profit on their power purchase contracts, but
11 those contracts are not without risk to electrical
12 companies who are not now assured of full recovery of
13 their costs under those contracts.

14 6. Purchases of Canadian electricity. Purchases
15 of electricity from Canada are consistent with the
16 public policies of the State to provide a stable,
17 long-term, reasonably priced source of energy which
18 will enhance the attractiveness of the State for eco-
19 nomical growth and job opportunities.

20 §2333. Effect of approval of Canadian power purchase
21 contracts

22 Notwithstanding any other provision of law, the
23 following subsections shall apply to any power pur-
24 chase transaction approved by the commission pursu-
25 ant to section 13-B and involving a power purchase of
26 firm capacity or energy from Canadian generation
27 sources.

28 1. Recovery of Canadian power purchase costs.
29 The electrical company making such a purchase shall
30 be permitted to recover promptly all costs incurred
31 in connection with that purchase.

32 2. Calculation and billing of Canadian power
33 purchase costs. By December 31, 1987, the commission
34 shall establish reasonable rules, consistent with the
35 purposes of this chapter, for the calculation and
36 billing of Canadian purchase cost adjustments. The
37 rules shall establish a cost computation period on
38 the basis of projected kilowatt hour purchases, pro-
39 jected load factors for that period and projected
40 contract costs and shall provide, in subsequent com-
41 putation periods, for appropriate adjustments for

1 overcharges or undercharges, including without limi-
2 tation, carrying charges thereon based on the elec-
3 trical company's short-term debt costs, to account
4 for any differences between the projected kilowatt
5 hour purchases, projected load factors for that peri-
6 od and projected contract costs and actual kilowatt
7 hour purchases, actual load factors and actual costs
8 incurred under the contract, and shall establish a
9 method for the allocation of Canadian purchase power
10 costs among customer classes.

11 3. Application for recovery. Each electrical
12 company shall file an application for changes in its
13 Canadian purchase power cost adjustment in accordance
14 with rules promulgated pursuant to this section. The
15 commission shall issue public notice of the applica-
16 tion and the opportunity to request a hearing within
17 7 days after the application is filed with the com-
18 mission. The commission may render its decision on
19 the application without holding a public hearing. If
20 a public hearing is held, the commission shall hold
21 the first session within 45 days of the filing of the
22 application. The commission shall render its deci-
23 sion on the application within 45 days of the close
24 of the hearing, or within 45 days of receipt of the
25 application if no hearing is held. No electric util-
26 ity may make application for changes in its Canadian
27 power purchase costs until a period of 90 days has
28 elapsed from the filing of its last application, un-
29 less otherwise ordered by the commission.

30 4. Reports. The commission may require electri-
31 cal companies to provide such reports and information
32 as are necessary to administer this section.

33 5. Right to recover other investments not im-
34 paired. In no event may the consummation of any Ca-
35 nadian power purchase by an electrical company impair
36 its right to recover costs associated with its exist-
37 ing power purchase contracts or its right to recover
38 and receive a return on its existing prudent invest-
39 ments.

40 §2334. Effect of approval of transmission facilities
41 associated with Canadian power purchases

1 reliable new energy source for the next 25 years to
2 help meet Maine's growing energy needs.

3 In addition, the lower and predictable energy
4 costs from Hydro-Quebec can provide a stabilizing
5 base for Maine's economic growth.

6 This bill codifies as state policy that further
7 diversification of energy sources should include a
8 portion of Canadian power sources.

9 It also establishes as policy the principle al-
10 ready adopted by the Public Utilities Commission that
11 utilities should be able to fully recover costs in-
12 curred with respect to prudently undertaken contracts
13 generating or transmission facilities and purchase
14 power.

15 Finally, this bill provides that state agencies
16 such as the Department of Environmental Protection
17 and the Maine Land Use Regulation Commission, but not
18 to include the Public Utilities Commission, shall
19 make a determination on any required permits within
20 105 working days of the completion of application.

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