

# MAINE STATE LEGISLATURE

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# 114th MAINE LEGISLATURE

## SECOND REGULAR SESSION - 1990

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Legislative Document

No. 2059

H.P. 1474

House of Representatives, December 29, 1989

Submitted by the Public Advocate pursuant to Joint Rule 24.  
Received by the Clerk of the House on December 29, 1989. Referred to the  
Committee on Utilities and 1600 ordered printed pursuant to Joint Rule 14.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative PARADIS of Old Town.

Cosponsored by Senator BOST of Penobscot, Representative CLARK of  
Millinocket and Senator WEYMOUTH of Kennebec.

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STATE OF MAINE

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IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND NINETY

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An Act to Amend the Fuel Adjustment Clause.

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

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4       **Sec. 1. 35-A MRSA §3101, sub-§§2 and 3,** as enacted by PL 1987, c. 141, Pt. A, §6, are amended to read:

6       **2. Fuel cost.** Subject to the approval of the commission, each electric utility shall must include as part of its base rates a reasonable cost for fuel to provide its customers with electricity. The cost of fuel shall must include the cost of fuel consumed in the electric utility's generating stations and the cost of power purchased by the electric utility for use in this State, pursuant to rules promulgated by the commission under this section and in accordance with the requirements of subsection 4. The amount to be included in a utility's base rates shall must be determined at the time of general rate adjustment under section 307 or 1303 and shall must be based upon the-utility's-reasonable-costs-of-fuel-during-the-test-year-used for-the-rate-adjustment, on the following:

20       A. The utility's reasonable price of fuel during the test year used for the rate adjustment; and

22       B. A 2-year projection of sales, including sales for resale. At the time of each general rate adjustment, the commission shall establish a reasonable projection of utility sales to customers within its jurisdiction and to other utilities during a period of at least 2 years following the effective date of the rate adjustment. The projection must also include a reasonable projection of credits associated with purchased energy or energy sold that are received from the savings fund of the New England Power Exchange during the same 2-year period.

34       **3. Fuel adjustment.** Notwithstanding the requirements of section 310, an electric utility shall must adjust its electricity charges to customers to recover increases and to credit for decreases in the east price of fuel and purchased power used in the generating and supplying of electricity subsequent to a general rate proceeding under section 307 or 1303, subject to the conditions of this section.

42       **Sec. 2. 35-A MRSA §3101, sub-§4,** as amended by PL 1987, c. 671, §1, is further amended to read:

44       **4. Scope of adjustment.** Changes in the east price of fuel consumed in the electric utility's generating stations and changes in the east price of power purchased by the electric utility for use in this State constitute the only items subject to adjustment, pursuant to rules promulgated by the commission under this section. Those changes in the east price of purchased power which that are subject to that adjustment shall must exclude all capacity charges, except that, to the extent the

2 commission determines just and reasonable, capacity charges for  
4 power purchased from small power producers or cogenerators, as  
6 defined in chapter 33, and capacity charges for Canadian power  
8 purchase contracts which that receive a certificate under section  
10 3133 on or after January 1, 1988, may be included in the  
12 adjustment, provided that capacity charges for small power  
14 producers or cogenerators and from Canadian power purchase  
16 contracts shall must be accorded the same ratemaking treatment in  
proceedings under this section. Credits received by the utility  
for fuel or the fuel component of either purchased power or power  
sold to other utilities, including, but not limited to, credits  
associated with purchased energy or energy sold which are  
received from the savings fund of the New England Power Exchange  
shall must be considered changes in the cost price of fuel for  
the purposes of the fuel cost adjustment, pursuant to rules  
promulgated by the commission under this section.

18 **Sec. 3. 35-A MRSA §3101, sub-§§6 and 7, as enacted by PL 1987,**  
20 c. 141, Pt. A, §6, are amended to read:

22 **6. Calculation and billing of fuel adjustment.** The  
24 commission shall establish rules for the calculation and billing  
of fuel cost adjustments. The rules shall must include, but shall  
are not be limited to:

26 A. The fuel accounting method to be used to determine cost  
of fuel;

28 B. The fuel computation period and method of computation of  
30 the fuel adjustment rate;

32 C. Definitions and components of fuel costs to be included  
in the fuel cost adjustment;

34 D. An appropriate method to amortize a utility's  
36 unrecovered reasonable fuel costs incurred as the result of  
increases in the prices paid for fuel and purchased power;

38 E. An appropriate method to credit customers for fuel cost  
40 overcharges incurred as the result of decreases in the  
prices paid for fuel and purchased power; and

42 F. Reporting requirements to administer this section.

44 The commission may establish a fuel adjustment rate for a fuel  
46 computation period, based on projected kilowatt hour sales as  
projected under subsection 2 and fuel costs prices for that  
48 period, and make appropriate adjustments for overcharges or  
undercharges in customer bills in subsequent computation periods  
50 to account for the difference between the projected kilowatt-hour  
sales and fuel costs prices and actual kilowatt-hour sales and  
52 the reasonable fuel costs prices.



2 that utility managers and investors have reason to fully explore load management options to which, under the current fuel adjustment clause, they are financially indifferent.