

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1046

H.P. 742

House of Representatives, March 12, 1991

Received by the Clerk of the House on March 8, 1991. Referred to the Committee on Utilities and 1400 ordered printed pursuant to Joint Rule 14.

A handwritten signature in cursive script, reading "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative CLARK of Millinocket.
Cosponsored by Senator CARPENTER of York.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-ONE

**An Act to Amend the Proceedings for Approval of Interim Rates by the
Public Utilities Commission.**

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

Sec. 1. 35-A MRSA §312, as enacted by PL 1987, c. 141, Pt. A, §6, is repealed.

Sec. 2. 35-A MRSA §312-A is enacted to read:

§312-A. Temporary rates during rate proceeding

During any proceeding initiated by a public utility through a filing pursuant to section 307 or 1302, upon request of the utility, the commission may approve a temporary rate increase if the utility has not earned its allowed rate of return for 3 consecutive 12-month periods in the 15 months preceding the request for a temporary rate increase.

1. Determination of temporary revenue requirement. The utility may request a temporary rate increase under this section at any time after its filing pursuant to section 307 or 1302. The utility's request must include information sufficient to allow the commission to determine the utility's present earned rate of return information showing temporary revenue requirement increase necessary to allow the utility an opportunity to achieve a fair rate of return. Upon request of any party, the commission shall hold hearings to take evidence on the need for a temporary increase. The commission shall take final action on the utility's request for a temporary rate increase within 45 days of filing of that request. The commission may approve a temporary revenue requirement increase up to an amount that allows the utility to receive a fair rate of return, provided that the temporary amount does not exceed 1/2 of the utility's request under section 307 or 1302 and does not cause the utility's total revenues to change by more than 5%.

2. Filing and approval of temporary rates. The utility shall file rate schedules reflecting the temporary revenue requirement increase approved pursuant to subsection 1. The rate schedules are effective from the date indicated by the commission upon approval until the issuance of the final order in the section 307 or 1302 proceeding and in the event of a rate increase is subject to partial or full refund with interest if the commission in its final order approves an amount less than the temporary increase allowed by the rate schedules filed under this subsection.

3. Notice to customers of temporary rates. The utility shall notify each customer of any rate increase allowed under this section. The notice must be mailed with the first bill mailed to each customer beginning 5 days after the date of approval of the temporary rates and must state:

A. The amount of increase allowed under this section;

2 B. That the rate increase allowed under this section is a
4 temporary increase approved by the commission subject to
6 partial or full refund with interest if the commission in
 its final order approves an amount less than the increase
 allowed by the temporary rates;

8 C. The amount of the remaining portion of the requested
10 rate increase; and

12 D. If available, an estimate of the date that the rate
 proceeding will be decided.

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16 **STATEMENT OF FACT**

18 The purpose of this bill is to address the problem of
20 regulatory lag and lost earnings during the 9-month period
22 allowed for final resolution by the Public Utilities Commission
24 of an electric utility rate-base request. The bill allows an
26 electric utility that has filed a revenue request with the Public
28 Utilities Commission to receive a temporary rate increase during
 the pendency of the proceeding when the utility has not been
 earning its allowed rate of return. This bill preserves the
 protections in current law, which provides that temporary rates
 are subject to partial or full refund if the rates in the final
 order are less than those in the temporary order.