

MAINE STATE LEGISLATURE

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R. of S.

L.D. 940

(Filing No. S-159)

STATE OF MAINE
SENATE
116TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 307, L.D. 940, Bill, "An Act to Minimize Electric Rates"

Amend the bill by striking out everything after the enacting clause and before the statement of fact and inserting in its place the following:

'Sec. 1. 35-A MRSA §3152, sub-§1, ¶B, as amended by PL 1991, c. 253, §2, is further amended to read:

B. Encourage the commission to set electric rates to promote the maximum efficient utilization of natural energy resources existing in the State in order to promote the use of indigenous energy resources to the extent that this will reduce overall electric costs or electric rates, or both, provided equivalent consideration is given to the goals of reducing costs and reducing rates; and

Sec. 2. 35-A MRSA §3153-A, sub-§1, as amended by PL 1991, c. 253, §4, is further amended to read:

1. **Proposals and programs developed.** The commission, as it determines appropriate, shall order electric utilities to develop and submit specific rate design proposals and related programs for implementing energy conservation and energy efficiency techniques and innovations, either in conjunction with or independent of any rate-making proceeding pending before the commission. The proposals, as the commission determines, must be designed to encourage energy conservation, minimize the need for new electrical generating capacity, minimize costs of electricity to consumers, minimize rates over the long term or short term and take into account the needs of low-income customers, ~~and~~ . In

COMMITTEE AMENDMENT

2 approving a proposal under this section, the commission shall
3 give equivalent consideration to the goals of minimizing costs
4 and minimizing rates of electricity to consumers. Proposals must
5 include, but are not limited to, proposals that provide for the
6 development and implementation of:

7 A. Load management techniques;

8
9 B. Rates that reflect marginal costs of services at
10 different voltages, times of day or seasons of the year,
11 including long-run marginal costs associated with the
12 construction of new electric generating facilities;

13 C. Policies that encourage economic use of fuel and the
14 maximum efficient utilization of natural energy resources
15 indigenous to the State;

16 D. Rates or other regulatory policies that encourage
17 electric utility system reliability;

18
19 E. Electric utility financing or subsidization of capital
20 improvements undertaken by ratepayers to conserve
21 electricity used by the ratepayers in the future. The
22 commission may approve and allow cost recovery for proposals
23 that result in savings in fuel other than electricity. This
24 paragraph applies to future programs for utility financing
25 of energy conservation or load management and to such
26 programs that the commission has already approved prior to
27 September 29, 1987;

28
29 F. As defined by the commission by rule, cost-effective
30 conversions of electric space heat systems to systems
31 relying on other fuels and other techniques for enabling
32 homeowners and tenants to replace on-peak, winter period
33 electric usage with less expensive sources of heat; and

34
35 G. Rates or bill payment assistance programs for
36 residential customers who have been certified eligible for
37 state or federal fuel assistance that take into account the
38 difficulty these customers have paying in full for electric
39 service or that target assistance to these customers in the
40 most efficient manner, taking into account the necessity of
41 maintaining electric service; and

42
43 H. Rates that allow incremental use or maintenance of
44 existing use when those rates serve to minimize rate levels
45 for all electric customers.

46
47 **Sec. 3. Construction.** Nothing in this Act is intended or may
48 be construed to discourage energy conservation and demand
49

2 management programs or to encourage continued or additional use
of electric baseboard resistance heating systems. Nothing in
4 this Act may be construed to encourage or discourage the
development or implementation of any particular rate design.

6
8 **FISCAL NOTE**

The Public Utilities Commission will incur some minor
10 additional costs to revise its existing framework for the
consideration of rate design proposals from electric utilities.
12 These costs can be absorbed within the commission's existing
budgeted resources.'

14
16 **STATEMENT OF FACT**

18 This is the majority report of the Joint Standing Committee
on Utilities.

20 The current Electric Rate Reform Act encourages the Public
22 Utilities Commission to set electric rates to promote efficient
utilization of natural energy resources in order to promote the
24 use of indigenous resources, to the extent that this reduces
overall electric costs.

26 Under this amendment, the commission is encouraged to
28 achieve the same rate design goal of promoting indigenous
resources, but the counter-balancing goal, reducing overall
30 electric costs, is changed. Under this amendment, the commission
is directed to give equivalent consideration to the goals of
32 reducing costs and reducing rates.

34 Current law also requires the Public Utilities Commission to
order electric utilities to submit rate design proposals. Under
36 current law, the proposals are required to be designed to
encourage energy conservation, minimize the need for new
38 generating capacity, minimize costs and take into account the
needs of low-income customers.

40 The bill requires that the proposals also be designed to
42 minimize rates. This amendment modifies that requirement. Under
this amendment, the commission, in approving an electric utility
44 rate design proposal, is required to give equivalent
consideration to the goals of minimizing costs and minimizing
46 rates of electricity to consumers.

48 This amendment also adds an unallocated section to the bill
to clarify the intent of the bill as amended. This provision
50 makes it clear that the bill, as amended, is not to be

COMMITTEE AMENDMENT "A" to S.P. 307, L.D. 940

2 interpreted to discourage energy conservation and demand
management programs or to encourage continued or additional use
4 of electric baseboard resistance heating systems. It also makes
clear that the bill, as amended, is not to be construed to
6 encourage or discourage the development or implementation of any
particular rate design.

8 This amendment clarifies the Public Utilities Commission's
authority to balance the sometimes competing goals of minimizing
10 costs and minimizing rates for electricity.

12 The amendment also adds a fiscal note.

Reported by the Majority for the Committee on Utilities.
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