

# MAINE STATE LEGISLATURE

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R. of S.

740

L.D. 940

(Filing No. S- 160 )

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STATE OF MAINE  
SENATE  
116TH LEGISLATURE  
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "B" 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. In making any determination under this chapter, the commission shall consider the impact on 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 and take into account the needs of low-income customers, and must include, but are not limited to, proposals that provide for the development and implementation of:

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- 2           A. Load management techniques;
- 4           B. Rates that reflect marginal costs of services at  
6           different voltages, times of day or seasons of the year,  
          including long-run marginal costs associated with the  
          construction of new electric generating facilities;
- 8           C. Policies that encourage economic use of fuel and the  
10           maximum efficient utilization of natural energy resources  
          indigenous to the State;
- 12           D. Rates or other regulatory policies that encourage  
14           electric utility system reliability;
- 16           E. Electric utility financing or subsidization of capital  
18           improvements undertaken by ratepayers to conserve  
          electricity used by the ratepayers in the future. The  
20           commission may approve and allow cost recovery for proposals  
          that result in savings in fuel other than electricity. This  
22           paragraph applies to future programs for utility financing  
          of energy conservation or load management and to such  
24           programs that the commission has already approved prior to  
          September 29, 1987;
- 26           F. As defined by the commission by rule, cost-effective  
28           conversions of electric space heat systems to systems  
          relying on other fuels and other techniques for enabling  
30           homeowners and tenants to replace on-peak, winter period  
          electric usage with less expensive sources of heat; and
- 32           G. Rates or bill payment assistance programs for  
34           residential customers who have been certified eligible for  
          state or federal fuel assistance that take into account the  
36           difficulty these customers have paying in full for electric  
          service or that target assistance to these customers in the  
38           most efficient manner, taking into account the necessity of  
          maintaining electric service; and
- 40           H. Rates that allow incremental use or maintenance of  
42           existing use when those rates serve to minimize rate levels  
          for all electric customers.

44           In determining whether to approve any proposal under this  
46           section, the commission shall consider the impact on rates.

48           **Sec. 3. Construction.** Nothing in this Act is intended or may  
50           be construed to discourage energy conservation and demand  
          management programs or to encourage continued use of electric  
          baseboard heating systems. Nothing in this Act may be construed

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to encourage or discourage the development or implementation of any particular rate design.

FISCAL NOTE

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

STATEMENT OF FACT

This is the minority report of the Joint Standing Committee on Utilities.

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

The bill requires that the proposals be designed to minimize rates. This amendment strikes that requirement. Under this amendment, the Electric Rate Reform Act is amended to require the commission to consider the impact on rates when making a determination regarding rate design.

This amendment also adds an unallocated section to the bill to clarify the intent of the bill as amended. This provision makes it clear that the bill, as amended, is not to be interpreted to discourage energy conservation and demand management programs or to encourage continued or additional use of electric baseboard resistance heating systems. It also makes clear that the bill, as amended, is not to be construed to encourage or discourage the development or implementation of any particular rate design.

The amendment also adds a fiscal note.

Reported by the Minority for the Committee on Utilities.  
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COMMITTEE AMENDMENT