

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

Legislative Document

No. 1042

S.P. 347

In Senate, March 29, 1993

An Act to Provide Equitable Treatment of Electric Utility Conservation Costs.

(EMERGENCY)

Reference to the Committee on Utilities suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator LUTHER of Oxford.
Cosponsored by Representative CLARK of Millinocket and
Senators: BERUBE of Androscoggin, DUTREMBLE of York, Representatives: ADAMS of
Portland, ALIBERTI of Lewiston, COFFMAN of Old Town, ERWIN of Rumford, GRAY of
Sedgwick, HEESCHEN of Wilton, JALBERT of Lisbon, KONTOS of Windham, MARTIN of
Eagle Lake, NICKERSON of Turner, PINEAU of Jay.

Emergency preamble. Whereas, Acts of the Legislature do not
2 become effective until 90 days after adjournment unless enacted
as emergencies; and

4
Whereas, in 1991 the Legislature authorized the Public
6 Utilities Commission to adopt rate-adjustment mechanisms to
promote efficiency and least-cost planning for the State's
8 electric utilities; and

10
Whereas, that legislation, which was enacted as the Maine
Revised Statutes, Title 35-A, chapter 31, subchapter VII,
12 specifically authorized the reconciliation of revenues on a
per-customer basis, as has been adopted by the Public Utilities
14 Commission for Central Maine Power Company in Docket No. 90-085;
and

16
Whereas, the Legislature also directed the Public Utilities
18 Commission to adopt a mechanism to limit the rate impact of the
per-customer rate-adjustment mechanism adopted in Docket No.
20 90-085; and

22
Whereas, the first year of the operation of the mechanism
adopted by the Public Utilities Commission for Central Maine
24 Power Company in Docket No. 90-085 increased revenues recognized
for Central Maine Power Company by about \$26,000,000 over the
26 revenues it would have received under rates set pursuant to
standard rate-making practices of the Public Utilities
28 Commission; and

30
Whereas, of this \$26,000,000 in additional revenues, only
approximately \$5,000,000 is for recovery of revenues lost due to
32 conservation and demand-side measures and the remaining
\$21,000,000 is due to the effects of the economy, the weather and
34 methodological aspects of the mechanism adopted by the Public
Utilities Commission; and

36
Whereas, Central Maine Power Company is expected to accrue
38 significant additional revenues in excess of the \$26,000,000 for
the 2nd year of the mechanism; and

40
Whereas, the Public Utilities Commission has decided to
42 allow Central Maine Power Company to commence recovery of
\$8,000,000 of the total amount accrued to date, effective
44 September 1, 1992, and to allow recovery of the remaining amounts
in the future; and

46
Whereas, recovery of these amounts in the future for Central
48 Maine Power Company and any other electric utility would place a
substantial and unreasonable burden on ratepayers, in significant
50 excess of the amount needed to promote conservation and
demand-side management measures; and

2 **Whereas**, the purposes of providing equitable regulatory
4 treatment for conservation and demand-side management measures
6 can be met by providing for the recovery of revenues lost due to
conservation and demand-side management measures by means of a
lost base revenue adjustment; and

8 **Whereas**, in the judgment of the Legislature, these facts
10 create an emergency within the meaning of the Constitution of
12 Maine and require the following legislation as immediately
necessary for the preservation of the public peace, health and
safety; now, therefore,

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

16 **Sec. 1. 35-A MRSA §3154, sub-§2-A is enacted to read:**

18 **2-A. Lost base revenue recovery.** In assuring the revenue
20 requirements of the utility with respect to programs for
implementing energy conservation techniques or innovations, the
22 commission shall permit, upon petition, the utility to adjust
rates to recover the base revenues that were not received by the
24 utility due to the implementation of the energy conservation
techniques or innovations to the extent that the lost base
26 revenues are not already reflected in the utility's rates and
provided that the adjustment does not result in rates that are
28 unjust or unreasonable.

30 **Sec. 2. 35-A MRSA §3154, sub-§3, as enacted by PL 1987, c.**
141, Pt. A, §6, is amended to read:

32 **3. Rules.** The commission shall adopt rules implementing
34 the requirements of ~~subsections~~ subsections 2 and 2-A.
Notwithstanding any other provision of this Title, such the rules
may include:

36 A. Procedures to periodically reconcile or adjust any rate
38 adjustment ordered under ~~subsections~~ subsections 2 and 2-A or
40 similar costs reflected in the utility's existing rates;

42 B. Procedures which that provide incentives and
44 disincentives for the effective implementation of this
subchapter; and

46 C. Procedures to provide for the financial cost or benefit
of under-collection or over-collection.

48 **Sec. 3. 35-A MRSA c. 31, sub-c. VII, as enacted by PL 1991, c.**
50 413, §1 and affected by §2, is repealed.

