



# 116th MAINE LEGISLATURE

# **SECOND REGULAR SESSION-1994**

Legislative Document

No. 1666

H.P. 1239

House of Representatives, January 10, 1994

An Act to Permit Electric Utilities Greater Flexibility in Adjusting Electric Utility Prices to Meet Changing Market Conditions.

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26. Reference to the Committee on Utilities suggested and ordered printed.

JOSEPH W. MAYO, Clerk

Presented by Representative TAYLOR of Cumberland. Cosponsored by Representative: CLARK of Millinocket, Senators: BUTLAND of Cumberland, DUTREMBLE of York, KIEFFER of Aroostook, VOSE of Washington.

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

## Sec. 1. 35-A MRSA §310, sub-§4 is enacted to read:

4. Exception; reduction in the rates of certain customers of electric utilities. This section does not apply to a change 6 in a schedule of rates filed by an electric utility that would result in lower rates than would otherwise be available to the 8 utility customers for service of a similar character; except that if the commission, after investigation, finds that the rate 10 schedule is not reasonably likely to result in rates lower than they otherwise would have been for all of the utility's customer 12 classes had the utility not implemented the schedule, it may order the utility to modify or discontinue the rate schedule. 14 Nothing in this subsection affects the requirements of section 307. Notwithstanding any other section of this Title, such a 16 change in a rate schedule becomes effective upon its proposed effective date. The commission shall adopt rules as are 18 necessary to encourage the reductions under this subsection.

20

2

4

22

44

46

Sec. 2. 35-A MRSA §703, sub-§5 is enacted to read:

5. Exception for certain contracts for customers of an 24 electric utility. All electric utilities are required to file with the commission a contract for electric service for a definite term between the electric utility and a customer of the 26 utility. If the contract would vary the rates for electric service otherwise available to the customer for service of a 28 similar character, the contract becomes effective 30 days after the filing unless disapproved by the commission. The commission 30 may disapprove the contract if it determines that the contract is 32 not reasonably likely to result in rates for all other customer classes of the electric utility that are lower than they would have been had the electric utility not entered into the contract. 34 Notwithstanding section 702, such a contract is lawful if it is 36 filed with the commission in accordance with this subsection. The commission shall adopt rules as are necessary to encourage such reductions under this subsection. 38

 40 <u>This subsection does not affect the commission's authority over</u> an electric utility's purchases of generating capacity or energy
42 <u>under section 3133.</u>

### STATEMENT OF FACT

48 At present, all rates filed with the Public Utilities Commission are subject to suspension by the commission for as 50 long as 8 months, following an initial 30-day notice period,

Page 1-LR3034(1)

#### L.D.1666

pending the commission's investigation of the rate. This bill continues to require the utility to provide a 30-day notice of 2 the change in the rate schedule before the rate schedule becomes effective, but precludes the suspension of a rate when the rate 4 constitutes a reduction from a rate otherwise available to a utility customer for similar services, although the commission may continue to investigate the rate. This provision allows a utility to lower rates expeditiously. The commission may require 8 the utility to modify or discontinue the rate if the commission finds, after investigation, that the rate does not result in rates lower than otherwise available for all customer classes.

This bill permits the same procedure for contracts of a definite term entered into between an electric utility and a 14customer if the contract varies the rates for electric service otherwise available to such a customer for service of a similar 16 character. If, within the 30 days, the commission disapproves 18 the contract, the contract will not become effective. Under current law, the commission must approve the contract before it 20 becomes effective. There is no time limit on the commission's review of the contract.

This document has not yet been reviewed to determine the cross-reference, stylistic for and other technical need amendments to conform existing law to current drafting standards.

28

22

24

26

6

10

12