

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

FIRST REGULAR SESSION-1995

Legislative Document

No. 1063

S.P. 386

In Senate, March 28, 1995

Resolve, to Require a Study of the Structure of the Electric Utility Industry by the Public Utilities Commission.

Reference to the Committee on Utilities and Energy suggested and ordered printed.

A handwritten signature in cursive script that reads "May M. Ross".

MAY M. ROSS
Secretary of the Senate

Presented by Senator CARPENTER of York.
Cosponsored by Senator CLEVELAND of Androscoggin and
Senators: AMERO of Cumberland, BEGLEY of Lincoln, BENOIT of Franklin, BUSTIN of
Kennebec, BUTLAND of Cumberland, CASSIDY of Washington, CIANCHETTE of
Somerset, HANLEY of Oxford, HARRIMAN of Cumberland, KIEFFER of Aroostook,
LAWRENCE of York, LORD of York, SMALL of Sagadahoc, STEVENS of Androscoggin,
Representatives: ADAMS of Portland, CAMERON of Rumford, CLARK of Millinocket,
GIERINGER of Portland, GUERRETTE of Pittston, GWADOSKY of Fairfield, JACQUES of
Waterville, KONTOS of Windham, LUTHER of Mexico, McELROY of Unity, MORRISON
of Bangor, O'NEAL of Limestone, POIRIER of Saco, POULIN of Oakland, STONE of
Bangor, TAYLOR of Cumberland, WHITCOMB of Waldo, WINSOR of Norway.

2 **Sec. 1. Study. Resolved:** That the Public Utilities
3 Commission, referred to in this resolve as the "commission,"
4 shall conduct a study of the electric utility industry for the
5 following purposes:

6 1. To provide for an orderly transition to a more
7 economically efficient and competitive market for electricity;

8 2. To establish standards and procedures for consideration
9 by the Legislature and the commission of measures necessary to
10 effectuate such a transition;

11 3. To eliminate or reduce regulation unnecessary for the
12 protection of consumer and investor interests as the market for
13 electricity becomes more competitive and to promote the
14 efficiency and fairness of any remaining regulations of electric
15 utilities; and

16 4. To ensure the continued reliability of the electrical
17 system; and be it further

18 **Sec. 2. Findings. Resolved:** That the Legislature finds:

19 1. A reliable and efficient electric utility industry
20 structure is vital to the growth of the state economy and the
21 well-being of its citizens;

22 2. Markets for electricity are becoming increasingly
23 competitive nationally and within the region;

24 3. There is a growing national debate as to whether
25 restructuring of the electric utility industry may be desirable
26 to remove impediments to more effective competition within the
27 industry and whether greater competition is compatible with
28 protecting electrical system reliability and efficiency,
29 shareholder and consumer interests and the environment and the
30 economy;

31 4. Failure to provide for an orderly transition to
32 increased competition in the market for electricity will result
33 in unnecessary harm to consumer and shareholder interest and may
34 prevent all citizens and businesses of the State from enjoying
35 the full potential benefits of effective competition equitably;

36 5. Providing for an orderly transition to increased
37 competition requires careful consideration, with full opportunity
38 for public participation, of possible changes to the structure of
39 the electric utility industry and of the system of electric
40 utility regulation; and

2 6. In order to prevent arbitrary competitive disadvantages
3 to electric utilities in the State, any change in the State's
4 electric utility industry structure must be undertaken with due
5 regard for the structures of other utilities in the region; and
6 be it further

8 **Sec. 3. Commission investigation. Resolved:** That the commission
9 shall investigate the issues associated with the orderly
10 transition to a more competitive market for electricity. In its
11 investigation, the commission shall take into account the
12 purposes identified in section 1 and the findings of fact in
13 section 2 when addressing at least the following:

14 1. The potential of structural changes to the electric
15 utility industry and changes to the system of electric utility
16 regulation to remove impediments to increased economic efficiency
17 while protecting electrical system reliability and efficiency,
18 ratepayer and shareholder interests, the environment and the
19 economy;

22 2. The means by which desirable changes in electric
23 industry structure and the system of electric utility regulation
24 should be phased in or accompanied by interim measures to avoid
25 harm to consumer or shareholder interests;

26 3. To the extent that changes in the electric utility
27 industry structure or regulations are found to be desirable,
28 measures to ensure that those changes are not implemented in a
29 manner that violates the constitutional rights of utility
30 shareholders or otherwise diminishes the value of existing
31 shareholder investments through forced sales of utility assets,
32 allowance of bypass or failure to provide reasonable mechanisms
33 for recovery of costs prudently incurred in fulfilling a
34 utility's obligation to serve;

36 4. Mechanisms to ensure that costs incurred pursuant to
37 legal or regulatory obligations are recovered in a manner that
38 avoids distortions between competing suppliers of electricity;

40 5. Means to ensure that the openness of the State's
41 electricity market to out-of-state suppliers is conditioned on
42 reciprocal rights of access for suppliers located in the State;

44 6. How any aspects of electric utility systems that remain
45 monopolistic should be regulated to protect consumers, ensure
46 economic efficiency and avoid unnecessary regulatory burdens;

48 7. Whether and to what extent utilities should continue to
50 have a legal obligation to provide service; and

2 8. The impact of existing regulations on the
competitiveness of the electric utility industry; and be it
further

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6 **Sec. 4. Public hearings. Resolved:** That the commission shall
conduct a minimum of 4 hearings at different locations throughout
the State to receive public comment on the topics of this
8 investigation; and be it further

10 **Sec. 5. Commencement of investigation. Resolved:** That
beginning no later than January 1, 1996, the commission shall
12 commence the investigation pursuant to the guidelines set forth
in this resolve; and be it further

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16 **Sec. 6. Report of findings. Resolved:** That the commission shall
complete its investigation and submit to the Legislature a report
of its findings, together with any recommendations for statutory
18 changes by October 1, 1998.

20

22 STATEMENT OF FACT

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24 This resolve requires the Public Utilities Commission to
investigate the issues associated with the orderly transition to
a more competitive market for electricity. In the course of this
26 investigation, the Public Utilities Commission must hold at least
4 public hearings throughout the State. The Public Utilities
28 Commission is required to report its findings to the Legislature
by October 1, 1998.