

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

FIRST REGULAR SESSION-1995

Legislative Document

No. 1456

H.P. 1037

House of Representatives, May 2, 1995

An Act to Further Encourage Electric Rate Stabilization.

(EMERGENCY)

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

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative KONTOS of Windham. (GOVERNOR'S BILL)
Cosponsored by Senator CARPENTER of York and
Representatives: AULT of Wayne, BARTH of Bethel, BIGL of Bucksport, BOUFFARD of
Lewiston, BRENNAN of Portland, CAMERON of Rumford, CAMPBELL of Holden,
CHASE of China, CHIZMAR of Lisbon, CLOUTIER of South Portland, DAGGETT of
Augusta, DAVIDSON of Brunswick, DEXTER of Kingfield, DiPIETRO of South Portland,
DORE of Auburn, FARNUM of South Berwick, FISHER of Brewer, FITZPATRICK of
Durham, GATES of Rockport, GIERINGER of Portland, GOOLEY of Farmington, GOULD
of Greenville, GREENLAW of Standish, GUERRETTE of Pittston, GWADOSKY of
Fairfield, JACQUES of Waterville, JONES of Pittsfield, JOSEPH of Waterville, JOYCE of
Biddeford, JOYNER of Hollis, KERR of Old Orchard Beach, KNEELAND of Easton,
KONTOS of Windham, LEMAIRE of Lewiston, LEMONT of Kittery, LIBBY of Kennebunk,
LIBBY of Buxton, LUMBRA of Bangor, MADORE of Augusta, MAYO of Bath,
MITCHELL of Vassalboro, MORRISON of Bangor, MURPHY of Berwick, O'GARA of
Westbrook, PAUL of Sanford, POIRIER of Saco, POULIOT of Lewiston, POVICH of
Ellsworth, REED of Dexter, RICE of South Bristol, ROWE of Portland, SAXL of Bangor,
SAXL of Portland, SIMONEAU of Thomaston, SIROIS of Caribou, SPEAR of Nobleboro,

Additional cosponsors on next page

STEVENS of Orono, STONE of Bangor, TAYLOR of Cumberland, TRIPP of Topsham, TUFTS of Stockton Springs, TUTTLE of Sanford, VIGUE of Winslow, WATSON of Farmingdale, WHITCOMB of Waldo, WINN of Glenburn, YACKOBITZ of Hermon, Senators: ABROMSON of Cumberland, AMERO of Cumberland, BUSTIN of Kennebec, BUTLAND of Cumberland, CAREY of Kennebec, CLEVELAND of Androscoggin, FAIRCLOTH of Penobscot, FERGUSON of Oxford, GOLDTHWAIT of Hancock, HANLEY of Oxford, KIEFFER of Aroostook, LAWRENCE of York, LONGLEY of Waldo, McCORMICK of Kennebec, MILLS of Somerset, O'DEA of Penobscot, PARADIS of Aroostook, PINGREE of Knox, RAND of Cumberland, RUHLIN of Penobscot, STEVENS of Androscoggin.

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

4
6 **Whereas,** there is an immediate need to increase amounts
available that may be used for electric rate stabilization
projects; and

8
10 **Whereas,** in the judgment of the Legislature, these facts
create an emergency within the meaning of the Constitution of
Maine and require the following legislation as immediately
12 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. 10 MRSA §1053, sub-§6,** as amended by PL 1995, c. 4,
18 §8, is further amended to read:

20 **6. Securities outstanding.** The authority may not have at
any one time outstanding revenue obligation securities to which
22 subsection 5 is stated in the trust agreement or other document
to apply in principal amount exceeding an amount equal to
24 \$150,000,000 less the aggregate outstanding balance of mortgage
loans secured by capital reserve funds pursuant to section 1032.
26 Notwithstanding any other provision of this subsection, the
authority may additionally have outstanding at any one time up to
28 ~~\$120,000,000~~ \$240,000,000 of bonds under this subchapter relating
to loans for electric rate stabilization projects, consisting of
30 not more than \$200,000,000 for loans and up to \$40,000,000 for
use of bond proceeds to fund capital reserve funds and
32 \$120,000,000 of bonds under this subchapter relating to loans for
major business expansion projects, ~~in-each-case~~ consisting of not
34 more than \$100,000,000 for loans and up to \$20,000,000 for use of
bond proceeds to fund capital reserve funds. The amount of
36 revenue obligation securities issued to refund securities
previously issued may not be taken into account in determining
38 the principal amount of securities outstanding, provided that
proceeds of the refunding securities are applied as promptly as
40 possible to the refunding of the previously issued securities.
In computing the total amount of revenue obligation securities of
42 the authority that may at any time be outstanding for any
purpose, the amounts of the outstanding revenue obligation
44 securities that have been issued as capital appreciation bonds or
as similar instruments are valued as of any date of calculation
46 at their then current accreted value rather than their face value.

48 **Sec. 2. 35-A MRSA §3156, last ¶,** as enacted by PL 1993, c. 712,
50 §6, is amended to read:

2 A certificate may not be issued under this section after May
February 1, 1995 1996.

4 **Sec. 3. PL 1993, c. 712, §8** is amended to read:

6 **Sec. 8. Loans authorized.** The Finance Authority of Maine may
8 make loans to electric utilities for electric rate stabilization
projects, as defined in the Maine Revised Statutes, Title 10,
10 section 963-A from up to ~~\$100,000,000~~ \$200,000,000 of the
proceeds of revenue obligation securities secured by capital
12 reserve funds pursuant to Title 10, section 1053.
Notwithstanding any provision of Title 10, chapter 110, loans may
14 aggregate up to ~~\$100,000,000~~ \$200,000,000 plus an amount
determined by the Finance Authority of Maine of up to an
16 additional aggregate of ~~\$20,000,000~~ \$40,000,000 to fund any
capital reserve fund established by the authority for these
18 loans. Revenue obligation securities secured by capital reserve
funds pursuant to Title 10, section 1053 relating to such loans
20 may not be issued for an electric rate stabilization agreement,
as defined in Title 35-A, section 3156, executed after May 1,
22 1995 1996. Any revenue obligation securities issued for electric
rate stabilization projects secured by capital reserve funds
24 pursuant to Title 10, section 1053 are limited obligations of the
Finance Authority of Maine payable from revenues from borrowers
and any capital reserve funds pledged for those securities as
26 those funds are administered under Title 10, chapter 110,
subchapter III and are not payable from any other assets or funds
28 of the Finance Authority of Maine.

30 **Sec. 4. PL 1993, c. 712, §9** is amended to read:

32 **Sec. 9. Reports.** The Finance Authority of Maine shall report
by April 15, 1995 and by February 1, 1996 to the joint standing
34 committee of the Legislature having jurisdiction over utilities
matters on all loans made to electric utilities for electric rate
36 stabilization projects, as defined in the Maine Revised Statutes,
Title 10, section 963-A. The Each report must identify each loan
38 made, to whom the loan was made, the amount of the loan and the
general description of the electric rate stabilization project
40 for which the loan was made. The Each report may include
recommendations for extending the period during which loans to
42 electric utilities may be made or any other suggestions for
changes to the provisions of this Act. The Public Utilities
44 Commission shall report by April 15, 1995 and by February 1, 1996
to the joint standing committee of the Legislature having
46 jurisdiction over utilities matters on all electric rate
stabilization agreements for which an application for a
48 certificate of approval has been processed pursuant to Title
35-A, section 3156. The Each report must identify the number of
50 applications received by the commission, the identity

2 of the applicants, a general description of each application and,
3 for each application, whether the application was approved or
4 denied. The Each report may include recommendations for
5 extending the period during which certificates of approval may be
6 issued to electric utilities or any other suggestions for changes
7 to the provisions of this Act.

8 **Sec. 5. Retroactivity.** This Act applies retroactively to May
9 1, 1995.

10

11 **Emergency clause.** In view of the emergency cited in the
12 preamble, this Act takes effect when approved.

13

14 **STATEMENT OF FACT**

15

16 This bill increases the authority of the Finance Authority
17 of Maine to issue loans to electric utilities to fund agreements
18 with qualifying facilities that reduce the costs to the utility
19 and benefit the ratepayers. This bill increases from
20 \$100,000,000 to \$200,000,000, the amount in bonds that may be
21 issued for loans. An additional \$40,000,000 in bonds, increased
22 from \$20,000,000, may be issued to fund capital reserve funds.
23 The bill also extends, from May 1, 1995 to February 1, 1996, the
24 period during which loans may be made.