

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

FIRST SPECIAL SESSION-1997

Legislative Document

No. 1771

H.P. 1252

House of Representatives, April 10, 1997

An Act to Extend the Electric Rate Stabilization Program.

(AFTER DEADLINE)

(EMERGENCY)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

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.
Cosponsored by Senator CAREY of Kennebec and
Representatives: CAMPBELL of Holden, JONES of Bar Harbor, SAXL of Bangor, Senators:
GOLDTHWAIT of Hancock, KIEFFER of Aroostook, MICHAUD of Penobscot, MURRAY
of Penobscot, RUHLIN of Penobscot.

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,** pursuant to current legislation no certificates of
approval for electric rate stabilization projects may be issued
after February 1, 1997; and

8
10 **Whereas,** there continues to be a need for the approval of
electric rate stabilization projects; and

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

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

20 **Sec. 1. 10 MRSA §1053, sub-§6,** as repealed and replaced by PL
1995, c. 289, §6, is repealed and the following enacted in its
22 place:

24 6. Securities outstanding. The principal amount of revenue
obligation securities the authority may have outstanding at any
one time to which subsection 5 is stated to apply in the trust
agreement or other document may not exceed an aggregate principal
28 amount equal to \$657,000,000 as follows:

30 A. The sum of \$330,000,000, consisting of not more than
\$275,000,000 for loans and up to \$55,000,000 for use of bond
32 proceeds to fund capital reserve funds for revenue
obligation securities issued pursuant to this subchapter
34 relating to loans for electric rate stabilization projects;

36 B. The sum of \$120,000,000 consisting of not more than
\$100,000,000 for loans and up to \$20,000,000 for use of bond
38 proceeds to fund capital reserve funds for revenue
obligation securities issued pursuant to this subchapter
40 relating to loans for major business expansion projects;

42 C. The sum of \$57,000,000 consisting of not more than
\$45,000,000 for loans and up to \$12,000,000 for use of bond
44 proceeds to fund capital reserve funds for revenue
obligation securities issued pursuant to this subchapter
46 relating to workers' compensation residual market mechanism
48 projects; and

50 D. The sum of \$150,000,000 less the aggregate outstanding
balance of mortgage loans secured by capital reserve funds

2 pursuant to section 1032 for all other revenue obligation
3 securities issued pursuant to this subchapter.

4 The amount of revenue obligation securities issued to refund
5 securities previously issued may not be taken into account in
6 determining the principal amount of securities outstanding,
7 provided that proceeds of the refunding securities are applied as
8 promptly as possible to the refunding of the previously issued
9 securities. In computing the total amount of revenue obligation
10 securities of the authority that may at any time be outstanding
11 for any purpose, the amounts of the outstanding revenue
12 obligation securities that have been issued as capital
13 appreciation bonds or as similar instruments are valued as of any
14 date of calculation at their then current accreted value rather
15 than their face value.

16 **Sec. 2. 35-A MRSA §3156, 2nd ¶,** as enacted by PL 1993, c. 712,
17 §6, is amended to read:

18 The commission may not, in any rate proceeding or other
19 context, disallow or otherwise prevent the recovery of costs
20 incurred by the electric utility, including costs projected to be
21 paid by an electric utility to a qualifying facility as defined
22 in section 3303, under the terms of an agreement certified under
23 this section based solely on the execution of the certified
24 agreement. The commission shall take all reasonable action to
25 ensure that amounts required to be paid pursuant to an agreement
26 certified under this section are available.

27 **Sec. 3. 35-A MRSA §3156, last ¶,** as amended by PL 1995, c. 698,
28 §1 and affected by §4, is further amended to read:

29 A certificate may not be issued under this section after
30 February 1, ~~1997~~ 1998.

31 **Sec. 4. PL 1993, c. 712, §8,** as amended by PL 1995, c. 698, §2
32 and affected by §4, is further amended to read:

33 **Sec. 8. Loans authorized.** The Finance Authority of Maine may
34 make loans to electric utilities or to municipal solid waste
35 facilities financed by industrial development or exempt facility
36 bonds, if those facilities are qualifying facilities as defined
37 in the Maine Revised Statutes, Title 35-A, section 3303, for
38 electric rate stabilization projects, as defined in the--Maine
39 Revised-Statutes, Title 10, section 963-A from up to \$220,000,000
40 \$275,000,000 of the proceeds of revenue obligation securities
41 secured by capital reserve funds pursuant to Title 10, section
42 1053. Notwithstanding any provision of Title 10, chapter 110,
43 loans may aggregate up to \$220,000,000 \$275,000,000 plus an
44 amount determined by the Finance Authority of Maine of up to an
45 amount determined by the Finance Authority of Maine of up to an
46 amount determined by the Finance Authority of Maine of up to an
47 amount determined by the Finance Authority of Maine of up to an
48 amount determined by the Finance Authority of Maine of up to an
49 amount determined by the Finance Authority of Maine of up to an
50 amount determined by the Finance Authority of Maine of up to an

2 additional aggregate of \$44,000,000 \$55,000,000 to fund any
3 capital reserve fund established by the authority for these
4 loans. Revenue obligation securities secured by capital reserve
5 funds pursuant to Title 10, section 1053 relating to such loans
6 may not be issued for an electric rate stabilization agreement,
7 as defined in Title 35-A, section 3156, executed after February
8 1, 1997 1998. Any revenue obligation securities issued for
9 electric rate stabilization projects secured by capital reserve
10 funds pursuant to Title 10, section 1053 are limited obligations
11 of the Finance Authority of Maine payable from revenues from
12 borrowers and any capital reserve funds pledged for those
13 securities as those funds are administered under Title 10,
14 chapter 110, subchapter III and are not payable from any other
15 assets or funds of the Finance Authority of Maine. In addition
16 to all other applicable provisions, the requirements of Title 10,
17 section 1045-A apply to loans for electric rate stabilization
18 projects.

19 **Sec. 3. PL 1993, c. 712, §9**, as amended by PL 1995, c. 698, §3
20 and affected by §4, is further amended to read:

21 **Sec. 9. Reports.** The Finance Authority of Maine shall report
22 by February 1, 1996 and May 1, 1997 to the joint standing
23 committee of the Legislature having jurisdiction over utilities
24 matters on all loans made to electric utilities, and by May 1,
25 1998 on all loans made to qualifying facilities as defined in the
26 Maine Revised Statutes, Title 35-A, section 3303, for electric
27 rate stabilization projects, as defined in ~~the Maine Revised~~
28 ~~Statutes,~~ Title 10, section 963-A. Each report must identify
29 each loan made, to whom the loan was made, the amount of the loan
30 and the general description of the electric rate stabilization
31 project for which the loan was made. Each report may include
32 recommendations for extending the period during which loans to
33 electric utilities may be made or any other suggestions for
34 changes to the provisions of this Act. The Public Utilities
35 Commission shall report by February 1, 1996 and May 1, 1997 to
36 the joint standing committee of the Legislature having
37 jurisdiction over utilities matters on all electric rate
38 stabilization agreements for which an application for a
39 certificate of approval has been processed pursuant to Title
40 35-A, section 3156. Each report must identify the number of
41 applications received by the commission, the identity of the
42 applicants, a general description of each application and, for
43 each application, whether the application was approved or
44 denied. Each report may include recommendations for extending
45 the period during which certificates of approval may be issued to
46 electric utilities or any other suggestions for changes to the
47 provisions of this Act.

48 **Sec. 4. Retroactivity.** This Act applies retroactively to
49 February 1, 1997.

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

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SUMMARY

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This bill increases the amount of the moral obligation of
the State that may be pledged to support electric rate
stabilization projects from \$264,000,000 to \$330,000,000.

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The bill expands the group of eligible borrowers to include
qualifying facilities that are municipal solid waste facilities
financed by industrial development or exempt facility bonds.

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The bill extends from February 1, 1997 to February 1, 1998,
the period during which certificates of approval may be issued.