

MAINE STATE LEGISLATURE

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H. of S.

L.D. 2237

DATE: 3-18-98

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MINORITY
UTILITIES AND ENERGY

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
118TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "B" to H.P. 1611, L.D. 2237, "Resolve, Regarding Legislative Review of Chapter 820: Requirements for Non-Core Utility Activities and Transactions Between Affiliates, a Major Substantive Rule of the Public Utilities Commission"

Amend the resolve by striking out all of section 1 and inserting in its place the following:

Sec. 1. Adoption with amendment. Resolved: That the final adoption of Chapter 820: Requirements for Non-Core Utility Activities and Transactions Between Affiliates, a provisionally adopted major substantive rule of the Public Utilities Commission and submitted for review pursuant to the Maine Administrative Procedure Act, is authorized only if the rule is amended as follows:

1. Provisions relating to the calculation of the value of good will used by an affiliate are modified:

A. To require the Public Utilities Commission to establish for an initial 3-year period an annual amount that must be paid by the affiliate for the use of good will;

B. To require the Public Utilities Commission to reexamine the value of the good will at the end of the initial 3-year period and establish an amount that must be paid by the affiliate for the use of good will for the next 3 years; and

C. At the end of 6 years, to remove the presumption of the value of good will used by an affiliate and to allow parties to present evidence on whether payments for good will should continue and, if so, what the amount of payments should be; and

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2 2. Provisions relating to limitations on investments by
4 utilities in affiliates are modified:

6 A. To allow investments by a utility in a regulated
8 affiliate if the utility has not obtained an investment
10 grade bond rating or has filed for a temporary rate increase
12 within 6 months of the utility's filing for approval of the
investment if the utility obtains approval pursuant to the
Maine Revised Statutes, Title 35-A, sections 707 and 708, as
applicable; and

14 B. To allow utilities whose bonds are neither publicly
16 rated nor rated by a private letter bond rating to make
18 investments in affiliates if approved by the Public
Utilities Commission pursuant to the Maine Revised Statutes,
Title 35-A, sections 707 and 708, as applicable.

20 The Public Utilities Commission is not required to hold
22 hearings or conduct other formal proceedings prior to finally
adopting the rule in accordance with this resolve.'

24 **SUMMARY**

26 This amendment, which is the minority report of the Joint
28 Standing Committee on Utilities and Energy, authorizes the Public
Utilities Commission to finally adopt its rule, Chapter 820:
30 Requirements for Non-Core Utility Activities and Transactions
Between Affiliates rule, provided that the rule is amended as
32 follows:

34 1. Provisions relating to the calculation of the value of
good will used by an affiliate are modified to require the Public
36 Utilities Commission to establish for an initial 3-year period an
annual amount that must be paid by the affiliate for the use of
38 good will; to require the Public Utilities Commission to
reexamine the value of the good will at the end of the initial
40 3-year period and establish an amount that must be paid by the
affiliate for the use of good will for the next 3 years; and, at
42 the end of 6 years, to remove the presumption of the value of
good will used by an affiliate and to allow parties to present
44 evidence on whether payments for good will should continue and,
if so, what the amount of payments should be; and

46 2. Provisions relating to limitations on investments by
48 utilities in affiliates are modified to allow investments by a
utility in a regulated affiliate if the utility has not obtained
50 an investment grade bond rating or has filed for a temporary rate
increase within 6 months of the utility's filing for approval of
the investment and if the utility obtains approval pursuant to

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2 the Maine Revised Statutes, Title 35-A, sections 707 and 708; and
allow utilities whose bonds are neither publicly rated nor rated
4 by a private letter bond rating to make investments in affiliates
if approved by the Public Utilities Commission pursuant to the
Maine Revised Statutes, Title 35-A, sections 707 and 708.

COMMITTEE AMENDMENT