

# MAINE STATE LEGISLATURE

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L.D. 1456

DATE: 5-19-99

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**UTILITIES AND ENERGY**

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**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
119TH LEGISLATURE  
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 1034, L.D. 1456, Bill, "An Act to Establish the Northern Maine Transmission Corporation"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

**Sec. 1. 10 MRSA §963-A, sub-§10, ¶P**, as amended by PL 1997, c. 500, §3, is further amended to read:

P. Any workers' compensation residual market mechanism project; and

**Sec. 2. 10 MRSA §963-A, sub-§10, ¶Q**, as enacted by PL 1997, c. 500, §4, is further amended to read:

Q. Any clean fuel vehicle project; ~~and~~

**Sec. 3. 10 MRSA §963-A, sub-§10, ¶R** is enacted to read:

~~R. Any transmission facilities project.~~

**Sec. 4. 10 MRSA §963-A, sub-§49-G** is enacted to read:

~~**49-G. Transmission facilities project.** "Transmission facilities project" means a project to carry out the purposes of chapter 1003.~~

**Sec. 5. 10 MRSA §1053, sub-§6**, as repealed and replaced by PL 1997, c. 781, §1, is amended to read:

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2 6. **Securities outstanding.** The principal amount of revenue  
3 obligation securities the authority may have outstanding at any  
4 one time, to which subsection 5 is stated to apply in the trust  
5 agreement or other document, may not exceed an aggregate  
6 principal amount equal to ~~\$657,000,000~~ \$692,000,000 as follows:

7 A. The sum of \$330,000,000 consisting of not more than  
8 \$275,000,000 for loans and up to \$55,000,000 for use of bond  
9 proceeds to fund capital reserve funds for revenue  
10 obligation securities issued pursuant to this subchapter  
11 relating to loans for electric rate stabilization projects;

12 B. The sum of \$120,000,000 consisting of not more than  
13 \$100,000,000 for loans and up to \$20,000,000 for use of bond  
14 proceeds to fund capital reserve funds for revenue  
15 obligation securities issued pursuant to this subchapter  
16 relating to loans for major business expansion projects;

17 C. The sum of \$57,000,000 consisting of not more than  
18 \$45,000,000 for loans and up to \$12,000,000 for use of bond  
19 proceeds to fund capital reserve funds for revenue  
20 obligation securities issued pursuant to this subchapter  
21 relating to workers' compensation residual market mechanism  
22 projects; and  
23

24 D. The sum of \$150,000,000 less the aggregate outstanding  
25 balance of mortgage loans secured by capital reserve funds  
26 pursuant to section 1032 for all other revenue obligation  
27 securities issued pursuant to this subchapter; and  
28

29 E. The sum of \$35,000,000 consisting of not more than  
30 \$30,000,000 for loans and up to \$5,000,000 for use of bond  
31 proceeds to fund capital reserve funds for revenue  
32 obligation securities issued pursuant to this subchapter  
33 relating to loans for transmission facilities projects.  
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35 The amount of revenue obligation securities issued to refund  
36 securities previously issued may not be taken into account in  
37 determining the principal amount of securities outstanding,  
38 ~~provided that~~ as long as proceeds of the refunding securities are  
39 applied as promptly as possible to the refunding of the  
40 previously issued securities. In computing the total amount of  
41 revenue obligation securities of the authority that may at any  
42 time be outstanding for any purpose, the amounts of the  
43 outstanding revenue obligation securities that have been issued  
44 as capital appreciation bonds or as similar instruments are  
45 valued as of any date of calculation at their then current  
46 accreted value rather than their face value.  
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49 **Sec. 6. 10 MRSA c. 1003** is enacted to read:

**CHAPTER 1003**

**COMMITTEE AMENDMENT**

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**NORTHERN MAINE TRANSMISSION CORPORATION**

**§9201. Definitions**

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Corporation. "Corporation" means the Northern Maine Transmission Corporation established in section 9202, subsection 1.

2. Fund. "Fund" means the Northern Maine Transmission Corporation Fund established in section 9204.

3. Authority. "Authority" means the Finance Authority of Maine.

**§9202. Northern Maine Transmission Corporation established**

1. Establishment and purpose. The Northern Maine Transmission Corporation is established as a body corporate and politic and public instrumentality of the State. The corporation is a special purpose corporation formed and managed as a subsidiary of the authority. The exercise by the corporation of the powers conferred by this chapter shall be deemed the performance of essential public functions. The purpose of the corporation is to examine the need for and viability of and to finance, permit, construct, own and operate electric transmission lines necessary to connect electric utilities in the northern region of the State with the transmission grid of the United States in a manner adequate, in the opinion of the authority, to allow customers serviced by those electric utilities to receive the benefits of service similar to all other electric customers in this State.

2. Board. The powers of the corporation are exercised by a board of directors, referred to in this section as the "board," that consists of 7 members.

3. Membership and appointment of directors. The directors of the board are the following 7 members:

A. The chief executive officer of the authority or the chief executive officer's designee;

B. The Treasurer of State or the treasurer's designee; and

C. Five people who have substantial knowledge of or experience in the electric utility industry, appointed by the Governor, including:

2 (1) A representative of the investor-owned electric  
utilities of the northern region of the State who must  
be experienced in electric transmission matters;

4 (2) A representative of the publicly owned and  
member-owned electric utilities of the northern region  
of the State, who must be experienced in financial  
matters;

10 (3) A representative of the residential consumers of  
the northern region of the State, who must be  
experienced in business matters;

14 (4) A representative of industrial customers of the  
northern region of the State, who must be experienced  
in the generation, transmission or purchase of  
electricity; and

18 (5) A member of the public with a demonstrated  
expertise in the economic development of the northern  
region of the State.

22 4. Terms. Members designated under subsection 3,  
paragraphs A and B serve during their tenure in the position they  
fill on the board. A vacancy among members appointed by the  
Governor is filled in the same manner as the original appointment  
for the unexpired term of that position. Members appointed by  
the Governor serve an initial term of 4 years and, upon  
completion of the term, the members are appointed as follows:

30 A. One member for one year;

32 B. One member for 2 years;

34 C. One member for 3 years; and

36 D. Two members for 4 years.

38 5. Compensation. Directors are compensated according to  
Title 5, chapter 379.

42 **§9203. Powers**

44 The corporation has all the powers necessary or convenient  
to carry out this chapter including, without limitation, those  
general powers provided to a nonprofit corporation by the Maine  
Nonprofit Corporation Act, Title 13-B and including, but not  
limited to, the following powers.

50 1. Receipt of money and property. The corporation may  
accept gifts, grants, bequests or devises from any source,  
including funds from the Federal Government or any of its  
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2 political subdivisions, and may do any acts necessary, useful,  
3 desirable or convenient in connection with procuring acceptance  
4 or disposition of gifts, grants, requests or devises.

6 2. Cooperation with public and private entities. The  
7 corporation may cooperate fully with any public and private  
8 entities as necessary, useful, desirable or convenient to carry  
9 out this chapter.

10 3. Acceptance of proposals for connections. The  
11 corporation shall request and receive proposals from public and  
12 private entities to finance, permit, construct or operate any  
13 transmission lines necessary to connect electric utilities in the  
14 northern part of the State with the transmission grid of the  
15 United States, and may approve those proposals if they are in  
16 keeping with the intent of this chapter.

18 **§9204. Fund established**

20 1. Establishment of fund. There is established the  
21 Northern Maine Transmission Corporation Fund, which must be used  
22 to provide funding for activities of the corporation to further  
23 its purpose under this chapter. The fund must be deposited with  
24 and maintained and administered by the authority and must contain  
25 appropriations provided for that purpose, interest accrued on the  
26 fund balance, funds received by the corporation to be applied to  
27 the fund and funds received in payment of loans. The fund is a  
28 nonlapsing revolving fund.

30 2. Administrative expenses. Costs and expenses of  
31 maintaining, servicing and administering the fund may be paid out  
32 of amounts in the fund.

34 **§9205. Tax exemption**

36 1. Bonds or notes. All bonds, notes or other evidences of  
37 indebtedness issued under this chapter are issued by a political  
38 subdivision or a body corporate and politic of the State and for  
39 an essential public and governmental purpose. Those bonds, notes  
40 or other evidences of indebtedness, the interest on them and the  
41 income from them, including any profit on their sale, and all  
42 activities of the corporation and fees, charges, funds, revenue,  
43 income and other money of the corporation, whether or not pledged  
44 or available to pay or secure the payment of those bonds, notes  
45 or other evidences of indebtedness or interest on them, are  
46 exempt from all taxation franchise fees or special assessments of  
47 whatever kind except for transfer, inheritance and estate taxes.

48 2. Property taxes. All real and personal property acquired  
49 by the corporation is subject to taxes to the same extent as real  
50 and personal property owned by other electric utilities.

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Sec. 7. 35-A MRSA §2102, sub-§2-A is enacted to read:

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2-A. Northern Maine Transmission Corporation. The commission's approval under subsection 1 is not required for the Northern Maine Transmission Corporation, established under Title 10, chapter 1003, or any person acting under the authority of the Northern Maine Transmission Corporation, to finance, permit, construct, own or operate any transmission lines necessary to connect electric utilities in the northern region of this State with the transmission grid of the United States. This subsection may not be construed to:

A. Authorize the Northern Maine Transmission Corporation, any person acting under the authority of the Northern Maine Transmission Corporation or any person that acquires a transmission line financed, permitted, constructed or operated by the Northern Maine Transmission Corporation to physically interconnect directly with any electric consumer within the service territory of a transmission and distribution utility without approval of the commission under subsection 1; or

B. Exempt the Northern Maine Transmission Corporation or any person acting under the authority of the Northern Maine Transmission Corporation from any other applicable provision of this Title.

Approval by the commission is required for any person owning, operating, managing or otherwise controlling any transmission line financed, constructed, permitted or operated by the Northern Maine Transmission Corporation to physically interconnect directly with any electric consumer within the service territory of a transmission and distribution utility.

**Sec. 8. Report.** By December 1, 2000, the corporation shall issue a public report detailing its analyses of the options for construction, ownership and operation of one or more electric transmission lines to interconnect the northern region of the State directly with the electric transmission grid of the remainder of New England. The report must include alternative routes and configurations, cost estimates and feasibility analyses.

**Sec. 9. Appropriation.** The following funds are appropriated from the General Fund to carry out the purposes of this Act.

1999-00

**FINANCE AUTHORITY OF MAINE**  
**Northern Maine Transmission Corporation**

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All Other \$500,000

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Provides funds for the cost of conducting a feasibility study of the options for building transmission lines necessary to connect northern Maine's electric utilities with the transmission grid of the United States.'

10 Further amend the bill by inserting at the end before the  
12 summary the following:

14 FISCAL NOTE

16 1999-00 2000-01

18 APPROPRIATIONS/ALLOCATIONS

20 General Fund \$500,000

22

24 The bill establishes the Northern Maine Transmission  
26 Corporation as a subsidiary of the Finance Authority of Maine and  
28 authorizes the corporation to finance, permit, construct, own or  
30 operate certain transmission lines. It also establishes the  
32 Northern Maine Transmission Corporation Fund. The bill  
capitalizes this fund at an amount of \$35,000,000 by increasing  
the authority's revenue obligation securities limit from  
\$657,000,000 to \$692,000,000. Authorizing the issuance of the  
\$35,000,000 extends the moral obligation of the State.

34 This bill may affect state tax revenue in the event that the  
36 business activity conducted by the Northern Maine Transmission  
38 Corporation replaces activity that would have been conducted by  
the private sector and, consequently, would have been subject to  
corporate income tax. The net effect and the timing of any tax  
impact can not be determined at this time.

40 The Northern Maine Transmission Corporation is required to  
42 conduct a feasibility study of the options for building certain  
44 transmission lines. A General Fund appropriation of \$500,000 in  
fiscal year 1999-00 is provided to the Finance Authority of Maine  
for this purpose.

46 The additional costs associated with serving as a member of  
48 the corporation's board of directors can be absorbed by the  
50 authority and the Office of the Treasurer of State utilizing  
existing budgeted resources.

52 The Public Utilities Commission will incur some minor  
additional costs to regulate certain operations of the Northern

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Maine Transmission Corporation. These costs can be absorbed within the commission's existing budgeted resources.'

SUMMARY

This amendment replaces the bill. This amendment:

1. Establishes the Northern Maine Transmission Corporation as a special purpose, tax-exempt, body politic and body corporate, public instrumentality of the State and subsidiary of the Finance Authority of Maine. The economy of the northern region of the State is highly dependent on manufacturing facilities with processes powered in whole or in part by electricity. The absence of direct electrical transmission facilities to interconnect the 4 northern Maine electric utilities with the electric transmission grid, which serves the rest of New England, is a limitation on the general health, safety and welfare of the northern region of the State. Construction and operation of electrical transmission lines to interconnect the northern region of the State with other lines will allow the inhabitants of this region to directly enjoy the benefits of wholesale and retail competition in electric generation and sales and may enhance the reliability of the supply of electricity to the region. The purpose of the Northern Maine Transmission Corporation is to bring the full resources of the state and federal governments and the private sector to bear on the task of providing electric transmission interconnection of the northern region of the State to the electric grid of New England;

2. Authorizes the Northern Maine Transmission Corporation to finance, permit, construct, own and operate any transmission lines necessary to connect northern Maine's electric utilities with the transmission grid of the United States;

3. Authorizes the Finance Authority of Maine to issue up to \$35,000,000 in bonds, backed by the State of Maine, to finance the construction of transmission lines necessary to connect northern Maine's electric utilities with the transmission grid of the United States;

4. Authorizes the Northern Maine Transmission Corporation to cooperate with private and public entities as desirable or convenient to accomplish the construction of transmission lines necessary to connect northern Maine's electric utilities with the transmission grid of the United States;

5. Authorizes the Northern Maine Transmission Corporation to request and receive proposals from public and private entities to finance, permit, construct, own and operate any transmission

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COMMITTEE AMENDMENT "A" to H.P. 1034, L.D. 1456

lines necessary to connect northern Maine's electric utilities with the transmission grid of the United States;

6. Prohibits customers of electric utilities from bypassing the systems of the those utilities through lines constructed by the Northern Maine Transmission Corporation;

7. Provides a \$500,000 appropriation to fund a feasibility study by the Northern Maine Transmission Corporation of the options for building transmission lines necessary to connect northern Maine's electric utilities with the transmission grid of the United States;

8. Grants to the Northern Maine Transmission Corporation the general powers provided to a nonprofit corporation by the Maine Nonprofit Corporation Act, which include the power:

- A. To sue and be sued;
- B. To acquire, hold, convey, lease or otherwise dispose of property;
- C. To make contracts and incur liabilities, borrow money, issue its notes and bonds and other obligations and secure any of its obligations by mortgage, pledge or other encumbrance of all or any part of its property, franchises and income;
- D. To lend money, invest its funds from time to time and take and hold any property as security for payment of funds so loaned or invested, unless in doing so the corporation would be engaging in a business prohibited to corporations organized under the Maine Revised Statutes, Title 13-A, section 401;
- E. To lend money to its employees other than its officers and directors and otherwise to assist its employees, officers and directors;
- F. To purchase, own, hold, vote or otherwise use and deal in and with the shares or other interests in or obligations of domestic business or foreign business corporations, associations, partnerships or individuals or obligations of the United States or any other government, state, territory, municipality or governmental district, or of any instrumentality thereof;
- G. To form or acquire the control of other corporations or business corporations;

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- 2 H. To participate with others in any corporation,  
partnership, transaction, arrangement, operation,  
4 organization or venture that the corporation has power to  
conduct by itself, even if such participation involves  
6 sharing with or delegation of control to others;
- 8 I. To reimburse and indemnify litigation expenses of  
directors, officers and employees; and
- 10 J. To have and exercise all powers necessary or convenient  
12 to effect the purposes for which the corporation is  
organized, or to further the activities in which the  
14 corporation may lawfully be engaged; and
- 16 9. Adds an appropriation section and a fiscal note to the  
bill.