

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 1481

S.P. 496

In Senate, February 23, 1999

**An Act to Increase the Contingency Reserve Fund Percentage for
Consumer-owned Electric Utilities.**

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

A handwritten signature in cursive script, reading "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator KONTOS of Cumberland.

2
3 **Be it enacted by the People of the State of Maine as follows:**

4 **Sec. 1. 35-A MRSA §3503, sub-§5, ¶C,** as amended by PL 1993, c.
5 512, §3, is further amended to read:

6 C. For consumer-owned electric utilities, except rural
7 electrification cooperatives:

8
9 (1) To provide each year a sum equal to not less than
10 2% nor more than 10% of the term indebtedness
11 represented by the issuance of bonds created or assumed
12 by the utility, which sum must be turned into a sinking
13 fund and kept to provide for the extinguishment of term
14 indebtedness. The money set aside in this sinking fund
15 and all interest accrued to this fund must be devoted
16 to the retirement of the term obligations of the
17 utility and may be invested in such securities as
18 savings banks in the State are allowed to hold;

19 (2) To provide for annual principal payments on serial
20 indebtedness created or assumed by the utility; and

21
22 (3) To provide for a contingency reserve fund, 1/2 of
23 which may be used for capital purposes, to reflect up
24 to a 5% 25% addition to yearly revenues over the amount
25 required to operate the electric utility, not including
26 purchased power supply costs, if any. Any surplus in
27 excess of 5% this 25% must be used to offset future
28 revenue requirements in the setting of rates. Any
29 interest generated on these funds must be deposited
30 into the contingency reserve fund. The balance in the
31 contingency reserve fund at the close of the utility's
32 fiscal year may not exceed 5% 25% of the yearly
33 revenues over the amount required to operate the
34 electric utility, not including purchased power supply
35 costs, if any; and

36
37
38 **SUMMARY**

39
40 This bill increases the contingency reserve fund percentage
41 for consumer-owned electric utilities. After March 1, 2000,
42 electric utilities will no longer have power supply costs
43 included as part of their operating costs. Increasing the
44 allowed percentage from 5% to 25% is intended to result in the
45 consumer-owned electric utilities being allowed to collect the
46 same level for the contingency reserve fund as is currently
47 collected.
48