

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 371

H.P. 291

House of Representatives, January 30, 2003

**An Act To Require Review of Utility Rates Prior to Approval of
Alternative Rate Plans**

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

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative BLISS of South Portland.
Cosponsored by Senator HALL of Lincoln and
Representative: GOODWIN of Pembroke.

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

2
4 **Sec. 1. 35-A MRSA §3195, sub-§2**, as amended by PL 1999, c.
398, Pt. A, §71 and affected by §§104 and 105, is further amended
to read:

6
8 **2. Just and reasonable rates.** In determining the
reasonableness of any rate-adjustment mechanism established under
this subchapter, the commission shall apply the standards of
10 section 301 to ensure that the rates resulting from the
implementation of the mechanism are just and reasonable. Prior
12 to the adoption of a new or replacement alternative rate plan or
renewal of any existing alternative rate plan, the commission
14 shall, in order to ensure that rates at the starting point of the
plan are just and reasonable, conduct a revenue requirement and
16 earnings review pursuant to the standards of section 301.

18 **Sec. 2. 35-A MRSA §4706, sub-§§3 and 6**, as enacted by PL 1997,
c. 707, §10, are amended to read:

20
22 **3. Just and reasonable rates.** In determining the
reasonableness of any rate-adjustment mechanism established under
this subchapter, the commission shall apply the standards of
24 section 301 to ensure that the rates resulting from the
implementation of a rate-adjustment mechanism are just and
26 reasonable. Prior to the adoption of a new or replacement
alternative rate plan or renewal of any existing alternative rate
28 plan, the commission shall, in order to ensure that rates at the
starting point of the plan are just and reasonable, conduct a
30 revenue requirement and earnings review pursuant to the standards
of section 301.

32
34 **6. Amendment to multiyear rate plans.** The commission may
not amend or prematurely terminate the terms of a multiyear rate
36 plan in a manner that prevents or threatens the utility's
opportunity to recover a reasonable rate of return over the
entire term of the plan. The commission shall ensure compliance
38 with the requirements of this subsection in the revenue
requirement proceeding and earnings review required by subsection
40 3.

42 **Sec. 3. 35-A MRSA §9103, sub-§§5 and 6**, as enacted by PL 1993,
c. 638, §2, are amended to read:

44
46 **5. Reasonable charges.** The alternative form of regulation
must ensure that customers pay only reasonable charges for local
48 telephone services. Prior to the adoption of a new or
replacement alternative rate plan or renewal of any existing
50 alternative form of regulation, in order to ensure that rates at
the starting point of the plan are just and reasonable, the

2 commission shall conduct a revenue requirement and earnings
3 review pursuant to the standards of section 301.

4 **6. Reasonable return.** The alternative form of regulation
5 must ensure that the telephone utility has, over the period of
6 the alternative form of regulation, a reasonable opportunity to
7 earn a fair return on the investment necessary to provide local
8 telephone services. The commission shall ensure compliance with
9 the requirements of this subsection in the revenue requirement
10 proceeding and earnings review required by subsection 5.

12
13 **SUMMARY**

14 This bill requires the Public Utilities Commission to
15 conduct a rate case ensuring the justness of rates before
16 authorizing or reauthorizing a price cap plan.
17
18