

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 548

S.P. 188

In Senate, February 6, 2003

An Act To Require Fair Treatment of Ratepayers When Electric Utilities Are Sold

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

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator TREAT of Kennebec.

Cosponsored by Senators: BROMLEY of Cumberland, GAGNON of Kennebec, STRIMLING of Cumberland, Representatives: ADAMS of Portland, COWGER of Hallowell.

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

4 **Sec. 1. 35-A MRSA §301, sub-§4**, as amended by PL 1993, c. 506,
§1, is further amended to read:

6 **4. Determining rates.** In determining just and reasonable
rates, the commission:

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10 A. Shall provide such revenues to the utility as may be
required to perform its public service and to attract
necessary capital on just and reasonable terms; and

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14 B. Shall, to a level within the commission's discretion,
consider whether the utility is operating as efficiently as
possible and is utilizing sound management practices,
16 including the treatment in rates of executive compensation;
and

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20 C. For a transmission and distribution utility purchased by
sale, merger or other transfer of ownership after January 1,
2003, may not permit the recovery in rates set by the
commission, either directly or indirectly, of any part of
the so-called "acquisition premium," which is the sum of
money that is the difference between the purchase price per
share and the book value per share of the utility. In the
case of the acquisition of a parent of a wholly owned
transmission and distribution utility, the commission shall
determine the portion of the sale price that is attributable
to the acquisition of the subsidiary transmission and
distribution utility.

32 **Sec. 2. Retroactivity.** This Act applies retroactively to
January 1, 2003.

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36 **SUMMARY**

38 This bill prohibits electric utilities that are purchased
after January 1, 2003 at a price above their book value per share
40 from charging the "acquisition premium" paid above the book value
to ratepayers in rates set by the Public Utilities Commission.
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