

MAINE STATE LEGISLATURE

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L.D. 1221

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Date: 2-6-08

(Filing No. S- 412)

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UTILITIES AND ENERGY

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Reproduced and distributed under the direction of the Secretary of the Senate.

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STATE OF MAINE

6

SENATE

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123RD LEGISLATURE

8

SECOND REGULAR SESSION

9

COMMITTEE AMENDMENT "A" to S.P. 422, L.D. 1221, Bill, "An Act To Amend the Charter of the Kennebunk Light and Power District"

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Amend the bill in section 1 in section 3 in the 9th line (page 1, line 11 in L.D.) by inserting after the following: "electric service." the following: 'Extension of service by the district to any area of the Town of Kennebunk beyond the territory served by the district on November 7, 2006, may not occur unless the district has acquired by purchase the plants, properties, rights, privileges and franchises of any other public utility furnishing electric service to the public in that area of the Town of Kennebunk. Notwithstanding the Maine Revised Statutes, Title 35-A, sections 2102, 2105 and 2110 as amended, extension of service by the district within the Town of Kennebunk is not subject to the consent of the Public Utilities Commission.'

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Amend the bill by striking out all of section 2 and inserting the following:

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'Sec. 2. P&SL 1951, c. 53, §4 is amended to read:

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Sec. 4. Power of sale and purchase. The Kennebunk Light and Power District is authorized to acquire by purchase the plants, properties, rights, privileges and franchises of any public utility now furnishing electric service to the public within the territorial limits of the district and after acquisition shall have, hold, exercise and enjoy in its own name all of the plants, properties, rights, privileges and franchises as though originally granted to it, and the public utility is authorized to convey its plants, properties, rights, privileges and franchises to the Kennebunk Light and Power District. Any public utility now furnishing electric service to the public within the territorial limits of said the district is hereby authorized to acquire by purchase the plants, properties, rights, privileges and franchises of the Kennebunk Light and Power District and after acquisition shall have, hold, exercise and enjoy in its own name all of said plants, properties, rights, privileges and franchises as though originally granted to it, and said the Kennebunk Light and Power District is hereby authorized to convey its plants, properties, rights, privileges and franchises to such the public utility.'

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Amend the bill by inserting after section 2 the following:

COMMITTEE AMENDMENT

1 ‘**Sec. 3. Stranded costs.** If the Kennebunk Light and Power District purchases the
2 plants, properties, rights, privileges and franchises of a public utility pursuant to Private
3 and Special Law 1951, chapter 53, section 4, as amended by this Act, the district shall
4 pay to the utility an amount to be determined by the Public Utilities Commission to be a
5 reasonable allocation of the utility's stranded costs. The Public Utilities Commission shall
6 make its determination of the amount the district must pay based on the commission's
7 initial determination of the utility's stranded costs pursuant to the Maine Revised Statutes,
8 Title 35-A, section 3208. Beginning on the date of purchase, the Kennebunk Light and
9 Power District becomes liable for those stranded costs allocated to the district by the
10 Public Utilities Commission under this Act. The method and timing of payments by the
11 district to the utility must be established by agreement between the district and the utility
12 or, agreement failing, on a schedule determined by the Public Utilities Commission.’

13 Amend the bill by striking out all of section 3 and inserting the following:

14 ‘**Sec. 3. Resolve disagreements; independent appraisal.** The Public Utilities
15 Commission is authorized to resolve by hearing and order:

16 1. Any disagreement or dispute between the Kennebunk Light and Power District,
17 referred to in this section as “the district,” and any public utility as to the valuation of
18 facilities that the district seeks to acquire under Private and Special Law 1951, chapter 53,
19 section 4, as amended by this Act;

20 2. Any disagreement or dispute between the district and the public utility regarding
21 payment to compensate the public utility’s remaining customers for costs incurred as a
22 result of the migration of customers to the district as the result of any acquisition of
23 facilities by the district under Private and Special Law 1951, chapter 53, section 4, as
24 amended by this Act;

25 3. Any issue with respect to the severance or realignment of facilities rated 50
26 kilovolts or below resulting from any acquisition of facilities by the district from the
27 public utility; and

28 4. Any disagreement or dispute regarding the use of poles and related issues during
29 any transfer of property resulting from the acquisition of facilities by the district from the
30 public utility.

31 In the event that there is a disagreement or dispute between the district and the public
32 utility as to the valuation of facilities, the Public Utilities Commission shall obtain an
33 independent appraisal of the value of the facilities from a person with expertise in the
34 appraisal of electric utility properties. The district and the public utility shall jointly
35 select the person to conduct the appraisal or, agreement failing, the Public Utilities
36 Commission shall make the selection.’

37 Amend the bill in section 4 in the 3rd line (page 1, line 35 in L.D.) by striking out the
38 following: "2008" and inserting the following: '2009'

39 Amend the bill in section 4 in the referendum question in the 2nd line (page 2, line 2
40 in L.D.) by inserting after the following: "Kennebunk" the following: 'if the district
41 arranges the purchase of Central Maine Power Company's facilities within the town'

COMMITTEE AMENDMENT "A" to S.P. 422, L.D. 1221

1 Amend the bill in section 4 in the last indented paragraph in the last line (page 2, line
2 10 in L.D.) by striking out the following: "2008" and inserting the following: '2009'

3 Amend the bill by relettering or renumbering any nonconsecutive Part letter or
4 section number to read consecutively.

5 **SUMMARY**

6 This amendment is the majority report of the committee.

7 The purpose of this bill, as amended by the majority report, is to address the unique
8 circumstance of a geographic line drawn by the Legislature in 1903 that has divided
9 electricity supply in the Town of Kennebunk for nearly 115 years. This line, which carves
10 out a portion of the Kennebunk Light and Power District territory to be served by another
11 public utility, warrants the enactment of special legislation to allow the Kennebunk Light
12 and Power District to purchase the plant and property of the public utility that currently
13 furnishes electric service within the district's territory in the Town of Kennebunk and,
14 upon purchase, to extend service to all inhabitants of Kennebunk.

15 The amendment makes the following changes to the bill.

16 1. It clarifies that extension of service by the Kennebunk Light and Power District,
17 within the Town of Kennebunk, but beyond its current service territory, may not occur
18 unless the district has acquired by purchase the facilities of the public utility now
19 furnishing electricity service to that area of Kennebunk outside the district's current
20 service territory.

21 2. It amends the bill "to restore the language in the district charter" regarding the
22 district's authority to convey its property to another public utility now furnishing service
23 within the Town of Kennebunk.

24 3. It adds a provision to the bill to require that, in the event of a purchase, the district
25 pay the utility for stranded costs and requires the Public Utilities Commission to calculate
26 the value of stranded costs and allocate the appropriate costs to the district.

27 4. It adds a provision to the bill to authorize the Public Utilities Commission to
28 resolve any disputes regarding payment to compensate the public utility's remaining
29 customers for costs incurred as a result of the migration of customers to the district, in the
30 event that a sale occurs, as well as any disputes regarding the use of poles and related
31 issues during the transfer of property.

32 5. It adds a provision to require that, in the event of a dispute or disagreement over
33 the value of the facilities the district seeks to purchase, the Public Utilities Commission
34 obtain an independent appraisal of the value of the utility facilities.

35 **FISCAL NOTE REQUIRED**

36 (See attached)



Approved: 01/30/08 *mac*

123rd MAINE LEGISLATURE

LD 1221

LR 102(02)

An Act To Amend the Charter of the Kennebunk Light and Power District

Fiscal Note for Bill as Amended by Committee Amendment "A "

Committee: Utilities and Energy

Fiscal Note Required: Yes

Fiscal Note

Minor cost increase - Other Special Revenue Funds

Fiscal Detail and Notes

The additional costs to the Public Utilities Commission can be absorbed utilizing existing budgeted resources.