

MAINE STATE LEGISLATURE

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EIGHTY-THIRD LEGISLATURE

House Document

No. 54

House of Representatives, Feb. 1, 1927.

Read and tabled by Mr. Wing of Auburn for printing, pending consideration. 500 copies ordered printed.

CLYDE R. CHAPMAN, Clerk.

STATE OF MAINE

IN THE YEAR OF OUR LORD ONE THOUSAND NINE
HUNDRED AND TWENTY-SEVEN

To the Honorable, the House of Representatives:

Pursuant to the terms of the Order hereto attached, we have made an examination of the operating expense accounts of the Central Maine Power Company with reference to charges to Advertising. Account E 702 (Advertising) of the Commission's Uniform Classification of Accounts for Electrical Utilities provides:

"This account shall include the cost of all advertising, including newspaper advertisements, booklets, posters, dodgers, display signs and items of a similar nature."

Account E 707 (General Office Supplies and Expenses) provides:

"This account shall include the cost of office supplies, stationery, books, blanks and other records for use in the general

office; also the cost of postage, repairs to general office furniture, wages of janitor, porters and messengers; traveling and incidental expenses of general officers and other general office employees, meals, telegrams, telephone and all other similar expenses of the general office.

“This account shall also include the cost of publishing and distributing annual reports to stockholders, advertising notices of stockholders’ meetings, dividend notices, and other corporate and financial notices of a general character, association dues, contributions for conventions, and meetings of the industry, cost of experimental work conducted for the benefit of the industry or the improvement of service, fees of transfer agents, of registrars of stock, and of fiscal agents, and other miscellaneous expenses connected with the general management not otherwise provided for.”

Under the foregoing classification, advertising relating to New Business Expense would be charged to Account E 702, and advertising of a general nature is usually charged under Account E 707.

An examination of the accounts for several months shows no entries in either of these operating expense accounts of the nature referred to in the attached Order. A total amount of \$1,347.70 covering cost of these so-called “Water Power Ads” is carried on the books of the Central Maine Power Company in the suspense account 135, “Other Unadjusted Debits,” pending decision by the company as to the final distribution of this expense. Account 135 (“Other Unadjusted Debits”) provides:

“This account shall include all debits not elsewhere provided for and concerning which the final disposition thereof is uncertain. Each account under this section shall be maintained separately.”

The classification adopted by this Commission agrees substantially with the classification in use by the Interstate Commerce Commission and the several state commissions, with such modifications only as more readily adapt it to the local needs and requirements of our own State.

It would be the duty of this Commission, in a rate investigation, to examine and consider the various items of the company's operating expense account charged to these and to the other accounts, and if any items are improperly charged or if the amounts are excessive, to disregard such improper charges or excessive amounts in determining the operating expense of the company, which is one of the elements considered in fixing rates.

Answering specifically the question asked: The matters referred to in the Order have not come formally before this Commission, and can be determined only after careful consideration of evidence presented as to the legality and reasonableness in amount of the charges in question.

Dated at Augusta, Maine, this first day of February, A. D.
1927.

Respectfully submitted,

CHARLES E. GURNEY,

HERBERT W. TRAFTON,

Public Utilities Commission of Maine.

STATE OF MAINE

In House, January 25, 1927.

Ordered, That the Public Utilities Commission of the State of Maine be requested to furnish this body with the following information:

Are the costs of certain advertisements, copy of one of which is hereto attached, urging the people of Maine to repeal the Fernald Law and permit the export of hydro-electricity from the State signed by the Central Maine Power Company, allowed by said Commission as operating cost of said utility company, which the users of the service of said company pay for in their rates?

A MILLION DOLLARS OR MORE IN TAXES IS
POSSIBLE EACH YEAR IF—

Twenty-seven cents out of every dollar collected by Central Maine Power Company during 1925, after the payment of all charges and interest obligations, were paid out in taxes.

Each year Central Maine Power Company pays well over a third of a million dollars in taxes—over a thousand dollars a day, every day in the year.

If Maine people will authorize the export of surplus power, Central Maine Power Company can profitably spend millions of dollars more within the next few years for power houses and transmission lines.

This alone should yield several hundreds of thousands of

dollars more each year to the State and to the counties and towns in which the constructions are made.

These larger and more efficient power houses and lines will enable the Company to generate power cheaper than has ever been before possible. This really cheap energy should attract very large users of power to Maine as it has to Niagara Falls.

These new industries should in turn attract dependent industries; cause new and bigger communities; still more taxable property.

This growth, which could be conservatively estimated to come to Maine within the next ten to fifteen years should yield millions of dollars yearly in new tax money. This should mean either lower taxes for Maine people—or more for their tax money.

Change the present law against the export of surplus power and Maine can easily hope to get this new prosperity.

CENTRAL MAINE POWER COMPANY

Augusta, Maine