

# MAINE STATE LEGISLATURE

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**LAWS**  
OF THE  
**STATE OF MAINE**  
AS PASSED BY THE

ONE HUNDRED AND TENTH LEGISLATURE

**SECOND SPECIAL SESSION**

September 25, 1981

AND

**THIRD SPECIAL SESSION**

December 9, 1981

AND

**SECOND REGULAR SESSION**

January 6, 1982 to April 13, 1982

AND AT THE

**FOURTH SPECIAL SESSION**

April 28, 1982 to April 29, 1982

AND AT THE

**FIFTH SPECIAL SESSION**

May 13, 1982

PUBLISHED BY THE DIRECTOR OF LEGISLATIVE RESEARCH IN  
ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED,  
TITLE 3, SECTION 164, SUBSECTION 6.

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J.S. McCarthy Co.  
Augusta, Maine  
1981

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**PUBLIC LAWS**  
OF THE  
**STATE OF MAINE**

AS PASSED AT THE  
SECOND AND THIRD SPECIAL SESSIONS

and

SECOND REGULAR SESSION

and

FOURTH AND FIFTH SPECIAL SESSIONS

of the

ONE HUNDRED AND TENTH LEGISLATURE

1981

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**CHAPTER 672**

H.P. 2267 - L.D. 2114

**AN ACT to Provide that Corporate Re-  
organizations Affecting Public  
Utilities be Subject to Approval  
by the Public Utilities Commission.**

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

Sec. 1. 35 MRSA §104, sub-§1, ¶A, sub-¶¶(3) and (4), as enacted by PL 1977, c. 426, §1, are amended to read:

(3) Any person, 10% or more of whose voting securities are owned, directly or indirectly, by a public utility; or

(4) Any person, or group of persons acting in concert, which the commission may determine, after investigation and hearing, exercises substantial influence over the policies and actions of a public utility, provided that the person or group of persons beneficially owns more than 3% of the public utility's voting securities; or

Sec. 2. 35 MRSA §104, sub-§1, ¶A, sub-¶(5) is enacted to read:

(5) Any public utility company of which any person defined in subsections 1 to 4 is an affiliated interest.

Sec. 3. 35 MRSA §104, sub-§1, ¶B-1 is enacted to read:

B-1. "Reorganization" means any creation, organization, extension, consolidation, merger, transfer of ownership or control, liquidation, dissolution or termination, direct or indirect, in whole or in part, of an affiliated interest accomplished by the issue, sale, acquisition, lease, exchange, distribution or transfer of voting securities or property. The commission may decide what other public utility actions constitute a reorganization to which the provisions of this section apply. Reorganizations include any reorganizations for which a proceeding for approval is pending before any state or federal agency or court on

or after the effective date of this paragraph. For purposes of this subsection, a reorganization does not include any proceedings under the federal antitrust laws or the transfer of voting securities by gift, devise or inheritance.

Sec. 4. 35 MRSA §104, sub-§1, ¶D is enacted to read:

D. "Voting security" means any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a company or any proprietary or other interest serving the same purpose.

Sec. 5. 35 MRSA §104, sub-§3-A is enacted to read:

3-A. Reorganization subject to commission approval. Reorganization shall be subject to commission approval as follows.

A. Unless exempted by rule or order of the commission, no reorganization may take place without the approval of the commission. No reorganization may be approved by the commission unless it is established by the applicant for approval that the reorganization is consistent with the interests of the utility's ratepayers and investors. The commission shall rule upon all requests for approval of a reorganization within 60 days of the filing of the request for approval. If it deems that the necessary investigation cannot be concluded within 60 days, the commission may extend the period for a further period of no more than 120 days. In granting its approval, the commission shall impose such terms, conditions or requirements as, in its judgment, are necessary to protect the interests of ratepayers. These conditions shall include provisions which assure the following:

(1) That the commission has reasonable access to books, records, documents and other information relating to the utility or any of its affiliates, except that the Public Utilities Commission shall not have access to trade secrets unless such access is essential to the protection of the interests of ratepayers or investors. The commission shall afford trade secrets and other information such protection from public disclosure as is provided in the Maine Rules of Civil Procedure;

(2) That the commission has all reasonable powers to detect, identify, review and approve, or disapprove, all transactions between affiliated inter-

ests;

(3) That the utility's ability to attract capital on reasonable terms, including the maintenance of a reasonable capital structure, is not impaired;

(4) That the ability of the utility to provide safe, reasonable and adequate service is not impaired;

(5) That the utility continues to be subject to applicable laws, principles and rules governing the regulation of public utilities;

(6) That the utility's credit is not impaired or adversely affected;

(7) That reasonable limitations be imposed upon the total level of investment in nonutility businesses, except that the commission shall not have the authority to approve or disapprove of the nature of the nonutility business;

(8) That the commission has reasonable remedial power including, but not limited to, the power, after notice to the utility and all affiliated entities of the issues to be determined and the opportunity for an adjudicatory proceeding, to order the divestiture of the utility in the event that divestiture is necessary to protect the interests of the utility, ratepayers or investors. A divestiture order shall provide a reasonable period within which the divestiture shall be completed; and

(9) That neither ratepayers nor investors are adversely affected by any reorganization.

B. The commission may intervene on behalf of the State in any proceeding before any state or federal agency or court before which an application for approval of reorganization is pending. The commission may enter into any binding settlement related to any proceeding in which the commission has intervened and may exercise any powers or rights provided by that settlement and may enforce those powers or rights.

Sec. 6. 35 MRSA §104, sub-§4, first sentence, as enacted by PL 1977, c. 426, §1, is amended to read:

The commission shall may, by general rules applicable alike to all public utilities affected thereby, exempt classes of

reorganizations from the requirements of subsection 3-A. The commission may, by general rules, waive the filing and necessity for approval of contracts and arrangements described in subsection 3 in cases of:

Sec. 7. Transitional provision. Title 35, section 104, as amended, applies to any reorganization pending on the date on which amendments to that section, adopted by the Second Regular Session of the 110th Legislature, enter into effect without regard to the date when any affected utility has sought appropriate regulatory sanction from the United States Securities and Exchange Commission or any other regulatory body. This includes the reorganization proposed by Central Maine Power Company. If the commission has reached a mutual agreement with any affected utility, with respect to any matter included in Title 35, section 104, prior to the effective date of this Act, it shall deem such an agreement to constitute a partial approval of the pending reorganization to the extent of that mutual agreement, and no affected utility may be required to apply, with regard to such matters, for further commission approval. Nothing in this transitional provision may affect the commission's authority to approve any portion of a pending reorganization on which no such mutual agreement has been reached prior to the effective date, nor may it authorize the commission to exercise jurisdiction with respect to any action by a utility that has been completed and put into effect which might have been deemed to be a reorganization.

Effective July 13, 1982.

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## CHAPTER 673

H.P. 2272 - L.D. 2119

AN ACT Requiring Public Utilities Commission Approval for the Purchase of Portions of Electrical Generating Facilities by Electrical Companies or Fuel Conversion in Electrical Generating Facilities.

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

Sec. 1. 35 MRSA §13-B is enacted to read: