

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE
ONE HUNDRED AND SIXTEENTH LEGISLATURE

SECOND REGULAR SESSION

January 5, 1994 to April 14, 1994

THE GENERAL EFFECTIVE DATE FOR
SECOND REGULAR SESSION
NON-EMERGENCY LAWS IS
JULY 14, 1994

PUBLISHED BY THE REVISOR OF STATUTES
IN ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED,
TITLE 3, SECTION 163-A, SUBSECTION 4.

J.S. McCarthy Company
Augusta, Maine
1993

Whereas, individual self-insurers, with the approval of the Superintendent of Insurance, have a range of options to satisfy the self-insurer's responsibility to post the security required by the superintendent; and

Whereas, there are employers that qualify for self-insurance with the assistance of a parent guarantor; and

Whereas, the cost of workers' compensation remains a significant cost of doing business; and

Whereas, the cost of providing workers' compensation coverage could be substantially lower if the same security options available to individual self-insurers were available to employers that utilize guarantees of a parent corporation; and

Whereas, these options should be available to employers renewing their self-insurer status prior to the expiration of the 90-day period; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. 39-A MRSA §403, sub-§3, as enacted by PL 1991, c. 885, Pt. A, §8 and affected by §§9 to 11, is amended by amending the next to the last paragraph to read:

As a further alternative to the methods described in this subsection, an employer is eligible for approved self-insurance status pursuant to this Act if the employer submits a written guarantee of the obligations incurred pursuant to this Act, the guarantee to be issued by a United States or Canadian corporation that is a member of an affiliated group of which the employer is a member, and which corporation is solvent and demonstrates an ability to pay the compensation and benefits, and the guarantee is in a form acceptable to the superintendent. The guarantor shall provide quarterly financial statements, audited annual financial statements and such other information as the superintendent may require, and the employer shall provide a cash deposit, satisfactory securities, irrevocable standby letters of credit issued by a qualified financial institution, or a surety bond as otherwise required by this Act in an amount not less than ~~\$1,000,000~~ \$100,000. Any such guarantor is deemed to have submitted to the jurisdiction of the board and the courts of this State for purposes of enforcing any such guarantee. The guarantor, in all respects, is bound by and subject to the orders, findings, decisions

or awards rendered against the employer for payment of compensation and any penalties or forfeitures provided under this Act. The superintendent, following hearing, may revoke the self-insured status of the employer if at any time the assets of the guarantor become impaired, encumbered or are otherwise found to be inadequate to support the guarantee.

Sec. 2. 39-A MRSA §403, sub-§7, as enacted by PL 1991, c. 885, Pt. A, §8 and affected by §§9 to 11, is amended to read:

7. Self-insurance. "Self-insurance," as used in this section, means the system of securing compensation as provided in subsections 2 3 to 16.

Emergency clause. In view of the emergency cited in the preamble, this Act takes effect when approved.

Effective March 10, 1994.

CHAPTER 511

S.P. 557 - L.D. 1593

An Act to Amend the Conditions of Probation

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

Sec. 1. 17-A MRSA §1204, sub-§1-B, as enacted by PL 1991, c. 783, §1, is amended to read:

1-B. Upon the request of the Department of Corrections, the court shall attach as a condition of probation or intensive supervision that the convicted person pay an electronic monitoring fee, a substance testing fee or both, as determined by the court, for the term of probation or intensive supervision unless the court determines that the convicted person does not have the financial resources to pay these fees. Funds received from probationers or those sentenced to intensive supervision must be deposited into the department's Correctional Program Improvement Fund, except that where authorized by the Department of Corrections, a person on probation or sentenced to intensive supervision may be required to pay fees directly to a provider of electronic monitoring, drug testing or other services. ~~These funds~~ Funds from this account, which may not lapse, must be used to defray costs associated with the purchase and operation of electronic monitoring and substance testing programs, including costs associated with those programs for people who do not have the financial resources to pay the fees.

See title page for effective date.

CHAPTER 512

S.P. 559 - L.D. 1595

An Act to Improve the Efficiency of Rate Processing by Consumer-owned Electric Utilities

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

Sec. 1. 35-A MRSA §3502, first ¶, as enacted by PL 1987, c. 141, Pt. A, §6, is amended to read:

Notwithstanding section 310, any consumer-owned electric utility ~~which that~~ proposes to increase rates, tolls or charges by not more than 15% of the utility's annual operating revenues; or proposes to decrease rates, tolls or charges in any amount may elect to set rates pursuant to this section and section 3503. These sections do not apply to fuel adjustment clauses as governed by section 3101.

Sec. 2. 35-A MRSA §3502, sub-§12, as enacted by PL 1987, c. 141, Pt. A, §6, is amended to read:

12. Frequency of rate increases. No consumer-owned electric utility may ~~initiate~~ institute a ~~proceeding~~ general increase in its rates under this section ~~for a general increase in its rates within one year of its most recent notification~~ general increase in accordance with subsection 3 rates pursuant to this section. For the purposes of this section, a "general increase in rates" means any change in the rates, tolls and charges of the electric utility, the effect of which is to increase the annual operating revenues of an electric utility by more than 1%, ~~provided that this term but~~ does not include a rate change made for the sole purpose of implementing a fuel cost adjustment rate, pursuant to section 3101.

Sec. 3. 35-A MRSA §3503, sub-§5, as enacted by PL 1987, c. 141, Pt. A, §6, is amended to read:

5. Purposes. The governing body may establish and file rates under this section to provide revenue for the following purposes, but no other:

A. To pay the current expenses for operating and maintaining the electric system and to provide for normal renewals and replacements;

B. To provide for the payment of the interest on the indebtedness created or assumed by the utility;

C. For consumer-owned electric utilities, except rural electrification cooperatives:

(1) To provide each year a sum equal to not less than 2% nor more than 10% of the term indebtedness represented by the issuance of bonds created or assumed by the utility, which sum ~~shall~~ must be turned into a sinking fund and ~~there~~ kept to provide for the extinguishment of term indebtedness. The money set aside in this sinking fund and all interest accrued to this fund ~~shall~~ must be devoted to the retirement of the term obligations of the utility and may be invested in such securities as savings banks in the State are allowed to hold;

(2) To provide for annual principal payments on serial indebtedness created or assumed by the utility; and

(3) To provide for a contingency reserve fund to reflect up to a 5% addition to yearly revenues over ~~what is the amount~~ required to operate the electric utility. Any surplus in excess of 5% ~~shall~~ must be used to offset future revenue requirements in the setting of rates. Any interest generated on these funds ~~shall~~ must be deposited into the contingency reserve fund. The balance in the contingency reserve fund at the close of the utility's fiscal year ~~shall may~~ not exceed 5% of the yearly revenues over ~~what is the amount~~ required to operate the electric utility; and

D. For rural electrification cooperatives supplying or authorized to supply energy, to provide for ~~a contingency reserve fund~~ debt service coverage by providing rates to reflect an additional amount no more than the amount of yearly long-term interest payments. The total ~~accumulation amount of funds shall~~ equity may not exceed the level of equity required by the lender and in no case may exceed ~~25%~~ 40% of the ~~long term debt~~ rural electrification cooperative's total assets minus total reserves as shown on the cooperative's annual report to the commission submitted pursuant to section 504, subsection 2. Any surplus in excess ~~shall~~ must be used to offset future revenue requirements in the setting of rates.

The limitations set out in this subsection apply only in the case of rates established pursuant to this section and do not limit the discretion of the commission in setting rates under any other section.

See title page for effective date.