

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

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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

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.